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Coloplast continues solid performance in Q2 and raises expectations for reported growth in DKK

Coloplast delivered 8% organic growth and EBIT increased by 12% to DKK 1,342m, corresponding to an EBIT margin of 30%, in the second quarter of the 2018/19 financial year. The company raises its expectations for reported growth in DKK from previously 8-9% to ~9% for 2018/19.

Coloplast delivered 8% organic growth in the second quarter. Year to date organic growth was also 8% and reported revenue in Danish kroner was up by 9% to DKK 8,722m. This is mainly due to a positive development in USD against DKK, and currency developments increased revenue by 1% in the second quarter.

In the second quarter, the organic growth rates by business area were 6% in Ostomy Care, 9% in Continence Care, 10% in Interventional Urology, and 9% in Wound & Skin Care.

Looking at sales by geography in the second quarter, the European markets contributed with 6% growth, Other developed markets delivered 10% revenue growth, while Emerging Markets provided a 11% increase.

- "We maintain solid growth rates across all geographical regions and business areas, and our organic revenue growth continues to be twice the market growth. I would like to highlight our strong performance in Europe driven by our product launches within Ostomy Care and Continence Care, SenSura® Mio Convex, SenSura® Mio Concave and SpeediCath® Flex, as well as our strong Wound Care performance driven by the Biatain® Silicone portfolio in Europe, particularly in the UK and France," says CEO Kristian Villumsen, Coloplast.

The incremental investments into innovation and sales and marketing initiatives of up to 2% of revenue that were initiated in Q1 are progressing according to plan.

EBIT amounted to DKK 2,639m for the first six months, a 10% increase in DKK, corresponding to an EBIT margin of 30% on par with the same period last year.

Important win in the US

Coloplast is the new primary ostomy supplier for Kindred at Home, a home health agency with more than 700 locations throughout 41 states. With an estimated market share of ~5%, Kindred at Home is the largest home health agency in the US.

- "The US market holds great potential for our company, and our ambition is to continue to take market share. Our aim is to deliver double digit growth in both Ostomy Care and Continence Care, while raising the standard of care and making sure patients have access to their preferred products. The contract with Kindred at Home is an important win for us," says Mr Villumsen.

Financial guidance for 2018/19

Coloplast continues to expect organic revenue growth of ~8% at constant exchange rates and now a reported growth in DKK of ~9% from previously 8-9%.

Coloplast continues to expect an EBIT margin of 30%-31% at constant exchange rates and a reported EBIT margin of ~31% in DKK.

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare. Our business includes Ostomy Care, Continence Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,000 employees.

Capital expenditure is now expected to be DKK ~700m from previously DKK ~750m, and we continue to expect the effective tax rate to be ~23%.

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Financial highlights and key ratios (DKKm)	2018/19 Q2	2017/18 Q2	Change
Revenue	4,401	4,035	9%
EBIT	1,342	1,200	12%
EBIT margin (in DKK)	30%	30%	
Profit for the period	1,021	918	11%
Financial highlights and key ratios (DKKm)	2018/19 H1	2017/18 H1	Change
Revenue	8,722	7,990	9%
EBIT	2,639	2,407	10%
EBIT margin (in DKK)	30%	30%	
Profit for the period	2,012	1,858	8%

Sales performance by business area (DKKm)	2018/19 H1	2017/18 H1	Organic growth	Reported growth
Ostomy Care	3,478	3,250	7%	7%
Continence Care	3,163	2,875	8%	10%
Urology Care	963	859	9%	12%
Wound & Skin Care	1,118	1,006	10%	11%
Revenue	8,722	7,990	8%	9%

Financial guidance	Guidance for 2018/19	Guidance for 2018/19 (DKK)
Sales growth	~8% (organic)	~9% from previously 8-9%
EBIT margin	30-31% (at constant exchange rates)	~31%
Capital expenditure	-	~700 from previously ~750
Tax rate	-	~23%

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