

## Coloplast announces agreement to acquire Atos Medical

**Coloplast has signed an agreement to acquire Atos Medical, the global market leader in laryngectomy, for EUR 2,155 million (around DKK 16 billion) from PAI Partners**

- Coloplast has signed an agreement to acquire Atos Medical, the global market leader in laryngectomy from PAI Partners, a global private equity firm headquartered in Paris.
- Atos Medical's purpose of making life easier for people living with a neck stoma is closely aligned with Coloplast's purpose of making life easier for people with intimate healthcare needs
- Atos Medical represents a new long-term growth category for Coloplast operating with its own identity, brand and execution strength while benefitting from the industry leading capabilities and track record of Coloplast to drive continuous growth and value creation
- Following the expected acquisition, Coloplast gains access to a new chronic care segment to be run as a separate strategic business unit operating on shared Coloplast infrastructure
- The total purchase price (enterprise value) for Atos Medical amounts to EUR 2,155 million (around DKK 16 billion)
- The transaction is expected to be increasingly EPS accretive from 2022/23<sup>1</sup>
- Closing of the transaction is subject to customary regulatory approvals and is anticipated in Q2 2021/22

Atos Medical, with its attractive growth profile and margin structure, presents an attractive new long-term growth opportunity for Coloplast. Atos Medical will benefit from Coloplast's commercial capabilities, as well as financial strength, allowing Atos Medical to continue its strong growth outlook.

"As part of our Strive25 strategy, Coloplast is committed to securing future long-term growth drivers through organic and inorganic initiatives. Atos Medical is a purpose-driven chronic care business with a mission that fits perfectly with Coloplast. The strategic and financial logic is compelling. I am truly pleased to welcome a new chronic care business into the family with a strong fit to our chronic commercial model – category leadership through innovation, strong relationships with healthcare professionals and a direct-to-consumer set-up," says Kristian Villumsen, President & CEO of Coloplast.

"Atos Medical is an undisputed leader in chronic neck stomas care, and we are well-positioned for long-term growth. Our companies have comparable business models, and the acquisition will enable us to leverage Coloplast's strengths to serve more people living with a neck stoma even better than today. Coloplast is a world leading medical device company with an impressive track record. I believe our companies are a great match, and I am confident that together we can accelerate our journey to the benefit of our customers worldwide," says Britt Meelby Jensen CEO of Atos Medical.

"We are proud to have been part of Atos Medical's impressive growth journey under Britt and her team's inspiring leadership. The company's strong organic growth track-record and industry leading margins are a testimony to its unique direct-to-consumer set-up while also being able to do selective M&A in existing and adjacent segments such as tracheostomy. I feel privileged having had the opportunity to work alongside Atos Medical management and its employees on their quest to improve the quality of life of neck stoma patients," says Ragnar Hellenius, PAI Partners.

### **Atos Medical – the global market leader in laryngectomy**

Founded in Sweden in 1986, Atos Medical was born out of a desire to make life easier for people living with a laryngectomy by providing personalised care and innovative solutions for restoring speaking ability after surgical removal of the patients' voice box. Today, Atos Medical helps improve the lives of patients following both laryngectomy and tracheostomy procedures.

Atos Medical has developed the laryngectomy category and is the leading global company serving this patient group with end-to-end solutions from surgical intervention to lifetime patient care. Laryngectomy is a niche chronic segment with many similarities to Coloplast's existing chronic patient segments. The laryngectomy market remains significantly underserved, also across existing markets, due to patients not being served adequately with products

1) After integration, transaction and financing costs.

or not being served at all. The market is projected to grow high single digit in existing markets from increased patient inflow and improved treatment as well as establishing or increasing presence in new markets e.g. Brazil, Poland, South Korea and China. Atos Medical has a market share of more than 80% in the Laryngectomy market.

On 1 October 2021, Atos Medical completed the acquisition of TRACOE medical GmbH and Kapitex Healthcare Ltd. (together "Tracoe"). Together with the already established tracheostomy category in Atos Medical, the acquisition of Tracoe makes Atos Medical an even stronger and better positioned global tracheostomy player.

Headquartered in Sweden, the Atos Medical group serves customers in around 90 countries and has around 1,150 employees and a direct presence in 30 countries across the world. Atos Medical has a track-record of high single-digit organic growth, solid EBITDA margins and high cash conversion. Approximately 50% of the company's laryngectomy revenues come from its direct-to-consumer channel.

For the year ended 31 December 2020, Atos Medical delivered proforma revenues including Tracoe of SEK 2.2 billion and an adjusted proforma EBITDA of SEK 0.8 billion.

### Compelling strategic rationale behind acquisition of Atos Medical

- Laryngectomy is a chronic business that fits into Coloplast's mission, vision and values
- Stable flow of chronic patients with recurring revenues and high profitability
- Atos Medical is the leading global player with a comprehensive product portfolio
- Significant growth potential from development of Laryngectomy market in existing and new markets
- Growth potential from penetration of the Tracheostomy segment
- Operational synergies from leveraging Coloplast infrastructure

### Key transaction and financial highlights

The transaction represents an enterprise value on a cash and debt free basis of EUR 2,155 million (around DKK 16 billion). The acquisition will be structured as a 100% cash payment financed through debt financing.

It is estimated that the combined entity will produce operational synergies from utilising Coloplast infrastructure. The transaction is expected to be increasingly EPS accretive from 2022/23<sup>1</sup>.

Following closing of the transaction, Coloplast will focus on de-leveraging and by the end of the Strive25 period leverage is expected to be in Coloplast's target range of 1-2x NIBD/EBITDA. The announcement does not impact Coloplast's capital allocation and dividend policy to return excess liquidity (after repayment of net-interest bearing debt down to the target range of 1-2x NIBD/EBITDA) to shareholders through dividends and share buybacks. Coloplast will target a pay-out ratio of 60-80% of net profit.

Closing of the transaction is subject to customary regulatory approvals and is anticipated in Q2 2021/22.

Coloplast's financial guidance for 2021/22 excluding transaction related costs is confirmed.

### Investor and analyst conference call

Coloplast will host a conference call today, Monday 8 November 2021, at 11.00 am CET.

Access the conference call webcast directly here:

<https://getvisualtv.net/stream/?coloplast-ywdcmce>

Dial-in details for investors and analysts who wish to actively participate in the Q&A session:

DK: +45 3544 5577, UK: +44 3333 000 804, US: +1 631 913 1422

Access code: 56993966#

### Advisors

Moelis & Company is serving as Financial Advisors to Coloplast. Kromann Reumert is serving as Legal Advisors to Coloplast. Danske Bank will act as underwriter for the debt financing.

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### Our mission

Making life easier for people  
with intimate health care needs

### Our values

Closeness... to better understand  
Passion... to make a difference  
Respect and responsibility... to guide us

### Our vision

Setting the global standard  
for listening and responding

## For further information, please contact

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This announcement is available in a Danish and an English-language version. In the event of discrepancies, the Danish version shall prevail.

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 health care. Our business includes Ostomy Care, Continence Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,500 employees.

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