

# CONMED Corporation



*A World of Solutions*

## MEDSC Meeting

November 8, 2012

# A Commercial Perspective & the Importance of Supply Chain

Chip Jones, VP Corporate Sales



# Our History

Corporate Overview

- Headquartered in Utica, Central New York
- Founded in 1973 to sell disposable medical devices
- Growth fueled via internal product development & acquisitions
- 25 years as a public company on NASDAQ



# Corporate Overview

Corporate Overview

ConMed develops, manufactures and markets thousands of products used in:

- Operating Rooms
- Surgery Centers
- Physicians' Offices
- Hospitals

Products sold in 100+ countries

- 50% of Sales from outside the U.S.
  - 40% Europe, 25% Americas, 35% Middle East & Asia

3,400 World-wide employees

# Corporate Overview

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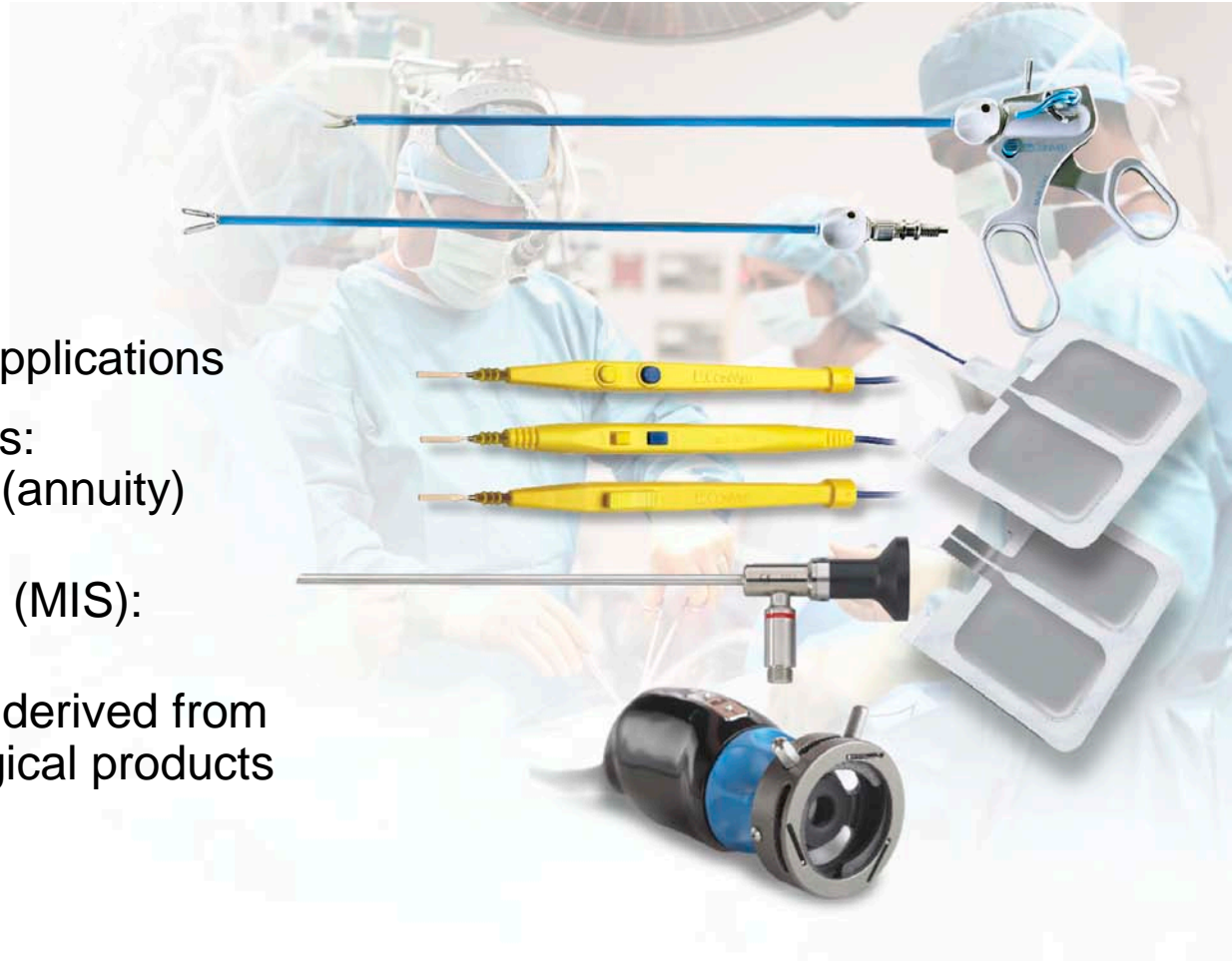
## Focus

### Surgical products:

- 90% used in surgical applications
- Single-use, disposables:  
75% - 80% of revenue (annuity)

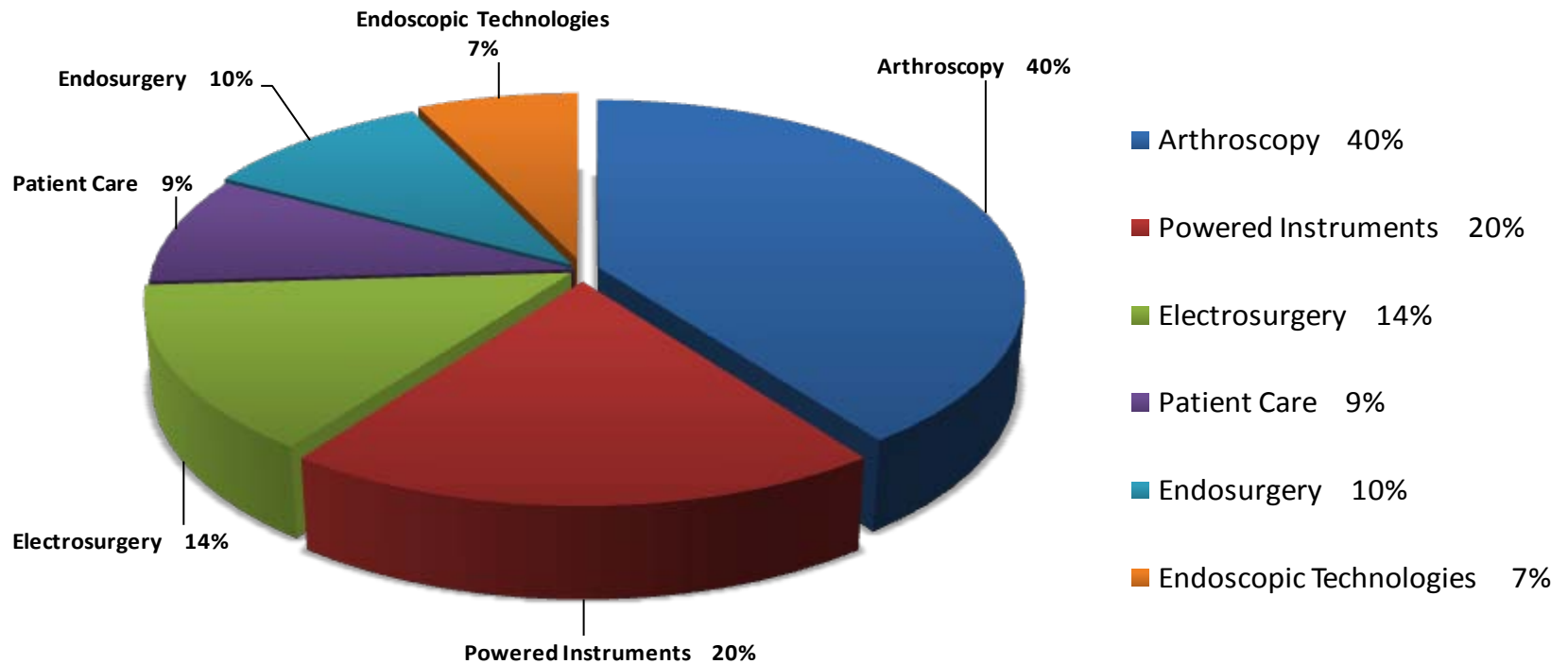
### Minimally Invasive Surgery (MIS):

- 50% of products sales derived from minimally invasive surgical products



# Primary Markets of Activity

Corporate Overview



**2011 Sales: \$725.1 MM**

# Growth Strategy

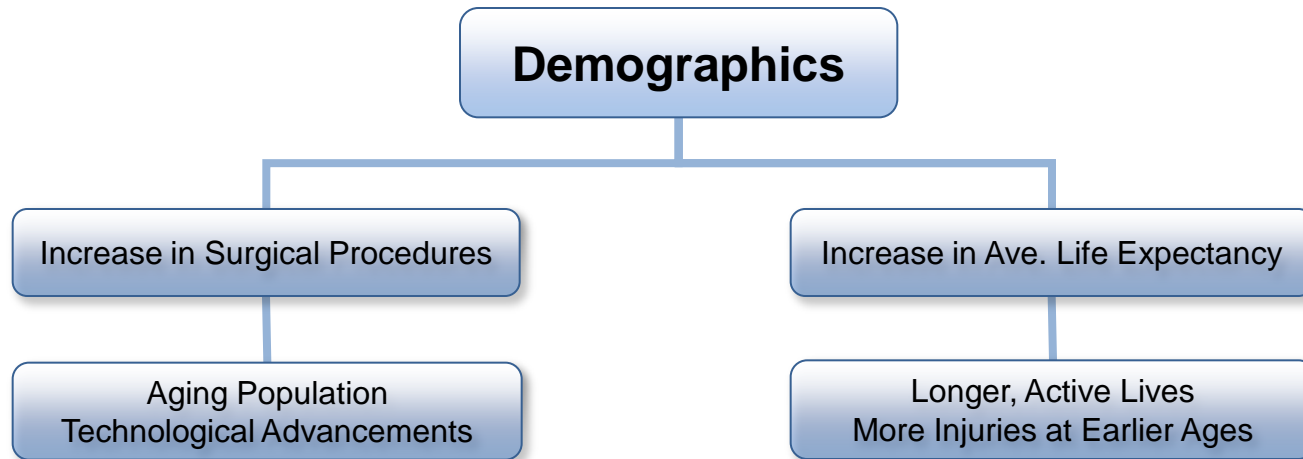


**Result: Leverage the structure and increase operating margin**



# Demographics: Driving Growth

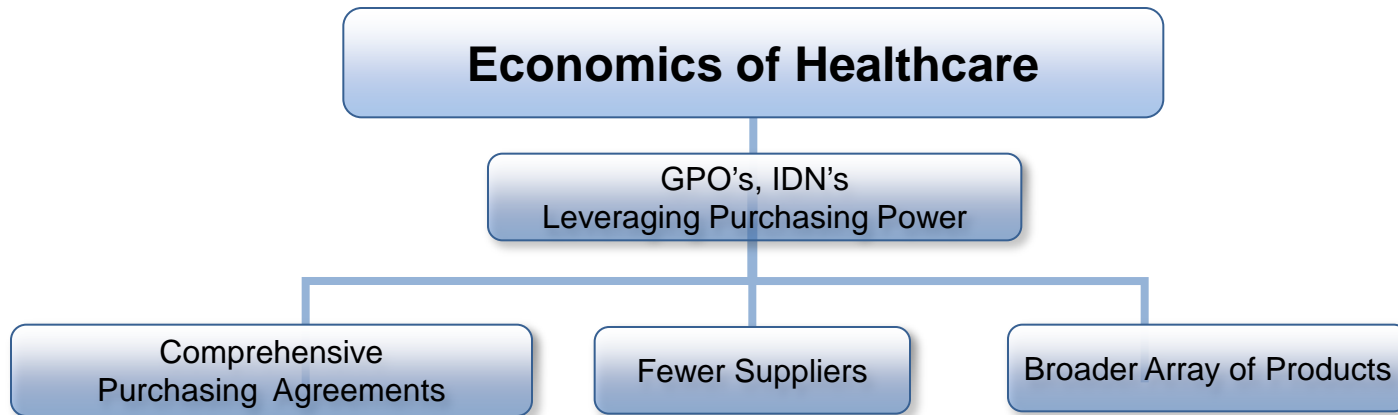
*Trends, Growth Drivers, Long-Term View*



***90% of ConMed Sales are Surgical Products***

# Health Cost Pressures: Driving Growth

Trends, Growth Drivers, Long-Term View

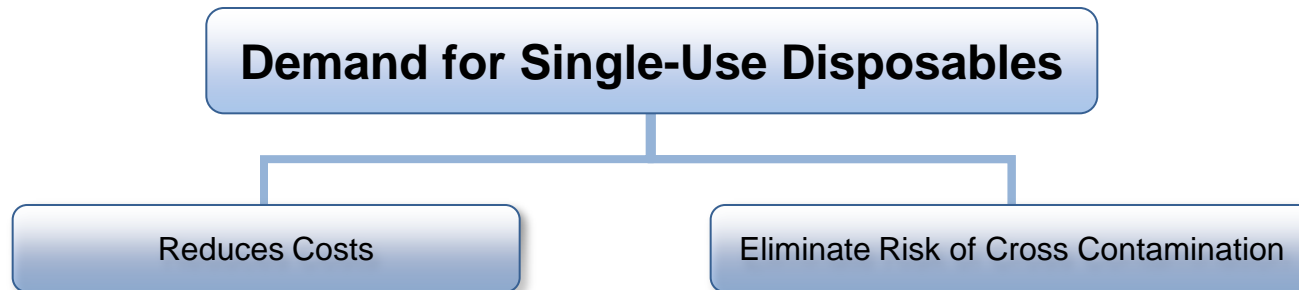


*CONMED Offers a Diverse,  
Yet Integrated Product Portfolio*



# Increased Demand for Single-Use Disposables

*Trends, Growth Drivers, Long-Term View*



*75% - 80% of CONMED's Sales Are Derived From Single-Use Disposables*

# Outlook For 2013

*Financial Review*

**We expect improved profitability over 2012 due to:**

- New products gain traction
- MTF distribution financial benefit
- We realize economic benefit of cost efficiencies
  - Manufacturing consolidation
    - Santa Barbara plant consolidation
    - Lean manufacturing initiatives
    - Product line moves to Mexican plant
    - Begin consolidation of Finnish plant
  - Leverage the fixed cost structure

# 2013 Potential Head Winds



- Currency Exchange Rates
- Medical Excise Tax
- China ~ Barriers To Entry
- Global Trade Item Numbers (GTIN)
- Patient Protection and Affordable Care Act (PPACA)



# Future Healthcare Model



- Better Care at Lower Cost -

"Executive leadership needs to change its view of supply chain from an operational department to a strategic arm critical to the financial and clinical success of the organization."



Mathew Pehrson  
President Supply Chain Management  
Presbyterian Healthcare Services  
Albuquerque, New Mexico



# Healthcare Supply Chain Success Stories



Intermountain Healthcare



University of Pittsburgh Medical Center



Cooperative Services of Florida



# IHC Supply Chain – A Success Story



IHC developed improved systems and also developed data and performance metrics

- Identify Key Process
- Measure Current Outcomes
- Identify Best Practices
- Define Pathway to Improve
- Implement New Processes
- Re-measure Outcomes



# IHC Supply Chain – A Success Story



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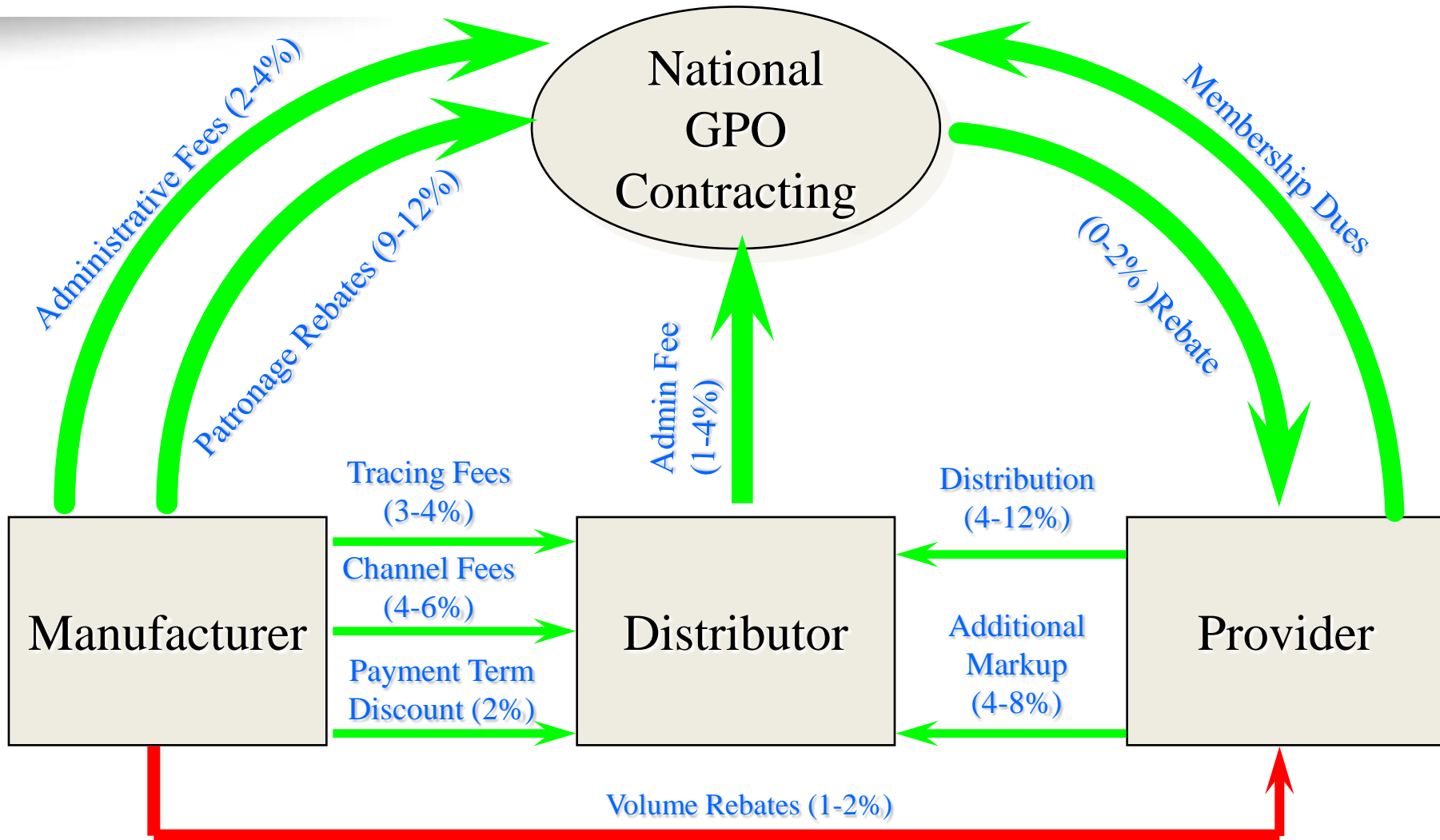
- 25 New Staff members
- Dedicated Buyers
- Total of 600 Supply Chain Employees across 18 Hospital Chain
- Expanding Self Contracting
- Self Distribution
- Joint Contracting (Cherry Picking)
- Exercise more control over Supply Chains beyond MedSurg (ie - clinical, IT, Nutrition)
- Commitment to Industry Data Standards , GS1
- \$130M in savings over 4-Years



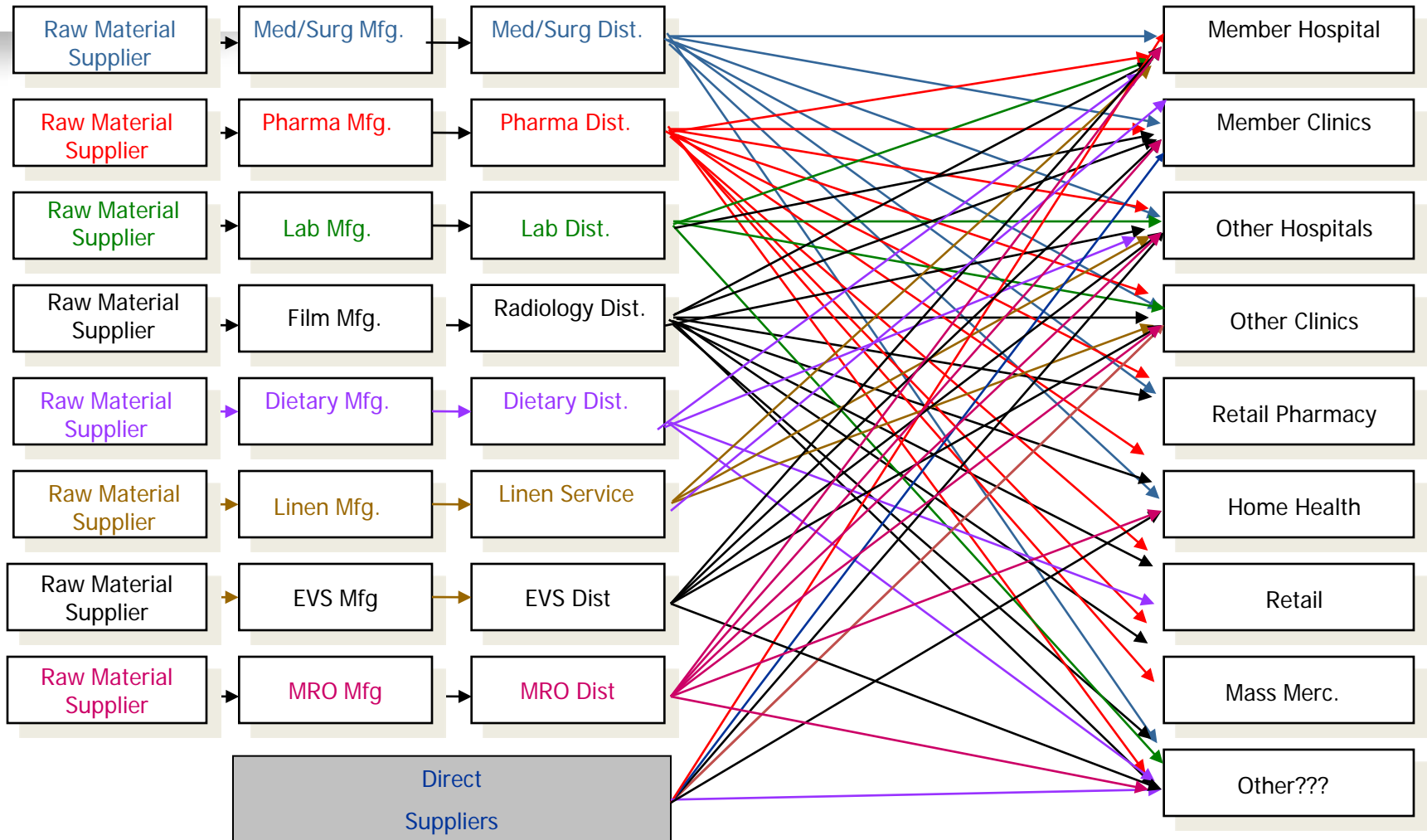


# Current Healthcare Supply Chain is Inherently Complex and Costly

This drives the SCO Vision



# Another view at Healthcare's Supply Chain



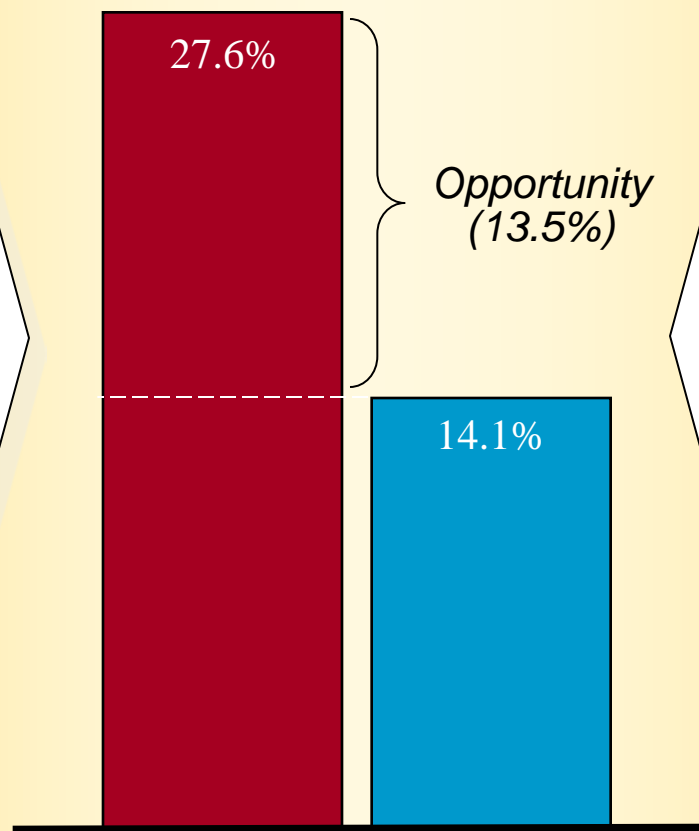
# Suppliers in Healthcare Have Double SG&A Costs

## Retail vs. Healthcare Suppliers

### HEALTHCARE



### RETAIL



Source: Average of group as per public company financials.

# Supply Chain Professionals



## Keys to Supply Chain best practices needed in the healthcare industry

- Greater use of Strategic Alliances between Hospitals & Suppliers
- Simplify the supply chain – control the distribution



# Supply Chain Professionals



## Opportunities & Responsibilities

- More talent
- More skills
- More data & technology
- More rigorous strategies
- More recognition by C-suit





*Q&A*

Thank You!