

## **Company Announcement No 2009-02**

**10 March 2009**

### **Wide range of notable new products to be presented at AAA Establishment of Oticon Medical as new business activity**

Today, William Demant Holding announced that in connection with the upcoming US hearing aid convention AudiologyNOW! (AAA) the Group will launch a wide range of product novelties which are expected to contribute to the Group's continued capture of market shares in 2009 and beyond. This year, AAA will take place in Dallas, Texas, from 1 through 4 April.

At the AAA convention, Oticon will launch a number of significant new products, which will result in a considerable strengthening of the Company's product portfolio. All the new products are based on the RISE platform known from successful products like Oticon Epoq, Oticon Dual and Oticon Vigo. The product portfolio will be strengthened through the following introductions:

- Two new complete product families, Oticon Hit and Oticon Hit Pro, will be introduced at the lower end of the mid-priced segment where our high-volume products Go Pro and Tego are currently marketed.
- A new, compact and cosmetically attractive Power BTE with a classic hook will be introduced for Oticon Epoq, Oticon Vigo and Oticon Hit, or in a total of seven price points. People with severe hearing losses of up to 110 dB HL can be fitted with these products.
- A new, compact, cosmetically attractive and moderate BTE with a 13-size battery. As is the case with the Power BTE, this product will also be introduced in all versions of Hit, Vigo and Epoq, i.e. in seven price points in total.
- Apart from the existing possibilities of using hearing aids together with mobile phones and MP3 players, the new ConnectLine will add two new significant applications that expand the possibilities of "streaming" sound from TV and landline telephones directly to the user's hearing aids. The TV solution has been developed to allow the user to receive sound not only through the microphones of the hearing aids, but also through Oticon Streamer – this can even be achieved without the annoying echo that typically develops when using the solutions already on the market. The Group therefore expects to see considerable growth in the number of users who will choose Oticon Epoq and Oticon Dual. Also, we expect Epoq sales to increase as a consequence of the new powerful BTE instruments.

Particularly the introductions of the new Power BTE and the moderate BTE with a 13-size battery will represent a significant strengthening of our portfolio of RISE products, which will from now on be the most complete product programme on the market with considerable potential for high user satisfaction with a very broad range of users. All products will be available on the market in connection with AAA.

At AAA, Bernafon will present Vérité, a new wireless RITE hearing aid based on the company's award-winning design. With Vérité, Bernafon will have one of the most attractive hearing aids on the market in terms of cosmetics, audiology and other user benefits, including binaural co-ordination enabled by wireless ear-to-ear communication. When using Soundgate, it is also possible to establish Bluetooth connection to other electronic sound sources like for instance mobile phones, landline phones, TV, MP3 players etc. Furthermore, Vérité users will benefit from Bernafon's proprietary ChannelFree signal processing, which has over time obtained much recognition among hearing care professionals. Vérité will be available on the market immediately after AAA.

Also at AAA, Diagnostic Instruments will present Interacoustics' new portable analyzer, Titan, that measures the middle ear function, including any build-up of liquid. Titan, whose target group is ear, nose and throat doctors and hearing care professionals, can either be used separately or together with a PC, provided that matching software is used. Titan is expected to become one of the best and most sought-after analyzers on the market and will be released for sale in connection with AAA.

"We are convinced that with these product introductions we can capture market shares in 2009 and in the years to come. The launches clearly demonstrate that we have the ability and the will to continuously develop innovative solutions that will significantly increase the quality of life of the end-users," says Niels Jacobsen, President & CEO of William Demant Holding.

### **The Group is moving into an entirely new market**

Today, William Demant Holding also announced that the Group's Oticon business has established Oticon Medical, whose main activities are the development and sale of bone-anchored hearing solutions. The products belong to a special market segment characterised by high growth and considerable unexploited sales potential.

The target group for bone-anchored hearing solutions are people whose hearing losses cannot be remedied by means of ordinary hearing aids, for instance people whose hearing losses are due to the malfunctioning of either the ear canal or the middle ear (so-called conductive or mixed hearing losses). Also single-sided deafness can be remedied by means of this technology.

Bone-anchored hearing solutions consist of two parts: the implant and the actual sound processor. Made of titanium, the implant is anchored in the skull behind the ear. The hearing solution is based on the transmission of sound through the bone, which thus functions as a conductor of sound directly to the inner ear (Direct Bone Conduction). This way, the sound bypasses both the ear canal and the middle ear. An important part of the bone-anchored hearing solution is the sound processor, which handles the actual sound processing and is based on the most advanced technological platform on the market.

Fitting bone-anchored hearing solutions requires the patient to go through a surgical procedure, where the implant is placed in the bone behind the ear. Therefore, Oticon Medical's direct customers will be hospitals and clinics specialising in these types of surgical procedures.

Prior to the establishment of Oticon Medical, Oticon's development organisation has for a number of years worked with the development of a complete product programme consisting of sound processors, implants, fitting software, patient accessories and the special tools to be used by surgeons for the purpose of implanting the bone-anchored hearing solution.

It is estimated that the global market for bone-anchored hearing solutions has an overall value of USD 60-70 million calculated at wholesale prices and that the market has historically grown by more than 20% annually. The high market growth is expected to be maintained in the years to come. The wholesale price for a complete solution is between USD 4,000 and USD 6,000, excluding considerable costs for implanting, fitting and training.

Up until now, the market for bone-anchored hearing solutions has consisted of a few main markets, including Scandinavia, the UK, the Netherlands and the USA, where public reimbursement schemes have been established for these kinds of products. Continued growth will therefore be driven by further penetration of the main markets as well as the building of new markets. Oticon Medical's entry into the market is expected to very much support this continued market expansion.

Oticon Medical is expected to present its first products at the US hearing aid convention AAA. The first products are scheduled to be released for sale in the second half-year.

An Oticon employee since 1986 and most recently the Company's head of development, Jes Olsen (aged 48) will as General Manager of Oticon Medical head the Group's venture as regards bone-anchored hearing solutions. In his new role, Jes Olsen will be able to draw on his strong audiological profile, his substantial development experience within all competence areas as well as his long-standing business experience from the hearing aid industry.

"Our dedicated focus on development implies that on a continuous basis we allocate considerable resources to the development of entirely new business areas, as clearly illustrated by the establishment of Oticon Medical. The market for bone-anchored hearing solutions is a high-growth market with considerable unexploited growth potential, but also a market on which only few manufacturers have the technical skill to act," says Niels Jacobsen, President & CEO of William Demant Holding.



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