Coloplast

Announcement no. 01/2012
25 January 2012

Q1 2011/12

Interim financial report, Q1 2011/12

(1 October 2011 - 31 December 2011)

Highlights

- Organic revenue growth was 4%. Revenue in DKK was also up by 4% to DKK 2,654m.
- Organic growth rates by business area: Ostomy Care 6%, Continence Care 5% and Urology 3%. In Wound & Skin Care, sales fell by 3% relative to Q1 2010/11.
- Gross profit was up by 8% to DKK 1,738m, equal to a gross margin of 65% (Q1 2010/11: 63%).
- EBIT was up by 13% to DKK 693m. The EBIT margin was 26% against 24% in Q1 2010/11. At constant exchange rates, the EBIT margin was also 26%.
- The free cash flow improved by DKK 395m relative to Q1 2010/11 to DKK 162m.
- ROIC after tax was 32%, compared with 27% in Q1 2010/11.
- The first half of the share buy-back programme is expected to start in the second quarter of 2011/12.

Financial guidance for 2011/12

- We still expect an organic revenue growth of about 6%. Revenue growth in DKK is now expected to be about 8%.
- We still expect an EBIT margin of about 27% at constant exchange rates while the EBIT margin in DKK is now expected to be about 28%.
- Capital expenditure is expected to be around DKK 300m.
- The effective tax rate is expected to be 25–26%.

Conference call
Coloplast will host a conference call on 25 January 2012 at 15.00 CET. The call is expected to last about one hour.
To attend the conference call, call +45 3271 4607, +44 (0)20 7162 0077 or +1 334 323 6201. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

Financial highlights and key ratios

1 October - 31 December

	Group		Change
	DKK million		
	2011/12 Q1	2010/11 Q1	
Income statement			
Revenue	2,654	2,541	4%
Research and development costs	(95)	(112)	(15%)
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	817	747	9%
Operating profit (EBIT)	693	613	13%
Net financial income and expenses	(43)	(63)	(32%)
Profit before tax	650	550	18%
Coloplast's share of profit for the period	484	407	19%
Revenue growth			
Annual growth in revenue, %	4	11	
Growth break down:			
Organic growth, %	4	6	
Currency effect, %	0	5	
Balance sheet			
Total assets	8,916	8,116	10%
Invested capital	6,608	7,008	(6%)
Net interest-bearing debt	872	2,190	(60%)
Equity at year-end, Coloplast´s share	4,440	3,522	26%
Cash flow and investments			
Cash flow from operating activities	223	(6)	<(100%)
Cash flow from investing activities	(61)	(227)	(73%)
Investments in property, plant and equipment, gross	(61)	(67)	(9%)
Free cash flow	162	(233)	<(100%)
Cash flow from financing activities	(692)	76	<(100%)
Key figures ratios			
Operating margin, EBIT, %	26	24	
Operating margin, EBITDA, %	31	29	
Return on average invested capital before tax (ROIC), %	43	37	
Return on average invested capital after tax (ROIC), %	32	27	
Return on equity, %	43	47	
Ratio of net debt to EBITDA	0.3	0.7	
Interest cover	45	30	
Equity ratio, %	50	43	
Rate of debt to enterprise value, %	2	6	
Net asset value per share, DKK	99	78	27%
Per share data			
Share price, DKK	826	758	9%
Share price/net asset value per share	8.3	9.7	(14%)
Average number of outstanding shares, millions	41.9	42.2	(1%)
PE, price/earnings ratio	17.8	19.7	(10%)
Earnings per share (EPS), diluted	11.4	9.5	20%
Free cash flow per share	3.9	(5.7)	<(100%)

Management's review

Sales performance

Revenue in DKK was up by 4% to DKK 2,654m. Organic growth was also 4%.

Sales performance by business area

	DKK million		*Growth composition*			
	2011/12 3 mth	*2010/11 3 mth*	*Organic growth*	*Acquired operations*	*Exchange rates*	*Reported growth*
Ostomy	1,127	1,058	6%		1%	7%
Continence	928	883	5%		0%	5%
Urology	242	231	3%	2%	0%	5%
Wound & Skin Care	357	369	(3%)		0%	(3%)
Net revenue	**2,654**	**2,541**	**4%**	**0%**	**0%**	**4%**

Ostomy Care
Sale of ostomy care products amounted to DKK 1,127m, an increase of 7%. Organic growth was 6%. The growth performance in the first quarter was driven mainly by emerging markets and by improved sales of ostomy accessories. The contribution from the Russian market was particularly strong, thanks to several large tender wins. The US market improved, but that was partly due to placement of major distributor orders between quarters. The UK reported good growth rates in line with last year, while the sales performance in the rest of Europe was not satisfactory. Especially France and to some extent Spain showed a disappointing development. The highly satisfactory sales performance of SenSura® Mio continued, and the product is now available in 12 markets.

Continence Care
Continence Care revenue grew by 5%, both in DKK and organically, to DKK 928m. The growth performance was not satisfactory and was substantially below the corresponding figure of 2010/11, where sales of intermittent catheters declined over the year as the impact of reimbursement changes in the USA gradually took full effect. In the USA, sales recovered after a weak fourth quarter, in part due to timing of distributor orders. The reintroduction of the SpeediCath® product portfolio on the US market is progressing to plan. Lower growth rates prevailed in the European markets, especially in Spain and France, while a large, non-recurring tender won in South-East Asia in the first quarter of 2010/11 had a negative impact on this quarter's sales growth.
Urine bag and urisheath sales were considerably lower than in the previous quarters, mainly because sales in France were adversely impacted by changes in the reimbursement rules for product packages containing both a urisheath and a urine bag. As a result of these changes, the product packages have been recalled and repackaged. Henceforth, it will be necessary to sell the two products separately. Peristeen® for anal irrigation again saw high growth rates, although at a lower level than in the previous quarters.

Urology
Urology revenue increased by 5% to DKK 242m on 3% organic growth. Acquired growth accounted for 2%. Declining sales of slings for women continued to impact the Urology business, while sales of Restorelle® for pelvic organ prolapse repair were satisfactory. Sales of penile implants improved once again following a stagnant fourth quarter, but were still below the level prevailing before last year's increase in the number of cancelled and postponed surgical operations.
Growth in sales of disposable surgical products weakened compared with Q1 2010/11, impacted by a recall of an endourology product.

Wound & Skin Care
Sales of wound and skin care products amounted to DKK 357m, equal to a 3% decline year on year both in DKK and organically. The Wound Care business reported 6% negative growth, and the sustained negative performance was mainly driven by Greece, where distributor inventories have been reduced by a substantial margin in order to reduce credit risk. Sales growth in France was still not satisfactory, the reason being, in addition to the market conditions, that we have yet to

see the expected effects of the added sales pressure in community sales channels. On the other hand, Germany and the UK reported sustained positive sales growth. Outside of Europe, China, Brazil and Canada all contributed decent sales growth. The North American skin care business also made a positive contribution to growth in the first quarter.

Sales performance by region

	DKK million		*Growth composition*			
	2011/12 3 mth	*2010/11 3 mth*	*Organic growth*	*Acquired operations*	*Exchange rates*	*Reported growth*
Europe	1,912	1,862	3%		0%	3%
Americas	482	435	10%	1%	0%	11%
Rest of the world	260	244	3%		4%	7%
Net revenue	**2,654**	**2,541**	**4%**	**0%**	**0%**	**4%**

Europe
Revenue amounted to DKK 1,912m, which translated into reported growth of 3%. The Q1 organic growth rate was also 3%, one percentage point lower than in Q4 2010/11. Growth in our European markets remained under pressure, with unsatisfactory performances reported by France, The Netherlands and Spain, in particular. In several countries, sales were affected by shifting distributor inventories in the first quarter, while, as already mentioned, inventories at our Greek distributor's have been lowered substantially. Sales to the Russian market doubled relative to last year, contributing to growth in the Europe region. The Wound Care business continued to have a negative effect on overall European sales growth.

The Americas
Revenue in the Americas increased by 11% to DKK 482m. Organic growth was 10% and acquired growth contributed 1%. Revenue growth in the US, where a new management was appointed last summer, is on track, and sales growth improved relative to the fourth quarter 2010/11, however, partly due to placement of major distributor orders between quarters. The South American market, Argentina in particular, made a positive contribution to overall growth in the region.

Rest of the World
Revenue in the Rest of the World was up by 7% to DKK 260m. The appreciation of JPY in particular relative to DKK lifted the reported growth. Organic growth for the quarter was 3%. China continued the very satisfactory growth performance, whereas a large, non-recurring tender won in the region last year had a negative impact on this year's sales growth.

Gross profit

Gross profit was up by 8% to DKK 1,738m from DKK 1,612m last year.

The gross margin was 65%, against 63% last year. The improvement was due to lower cost prices resulting from the relocation of production and continued efficiency enhancements. The Q1 gross margin was in line with the Q4 2010/11 margin, when adjusted for non-recurring items in the fourth quarter last year following completion of the relocation project.

Capacity costs

Distribution costs amounted to DKK 782m, equal to 29% of revenue, which was in line with last year. Included in distribution costs for the quarter were costs from an arbitration case in the USA which Coloplast lost. The proceedings involved a partnership taken over in the acquisition of Mentor in 2006. The plaintiffs were awarded damages of USD 12m. We had made a provision for less than half of that amount when the case was started.

Administrative expenses amounted to DKK 163m, equal to 6% of revenue and in line with last year. The administrative expenses included a provision for losses on trade receivables in southern Europe of DKK 15m.

R&D costs were DKK 95m and accounted for 4% of revenue, which was in line with last year.

Other operating income and other operating expenses amounted to a net expense of DKK 5m against an income of DKK 9m last year.

Operating profit (EBIT)

EBIT was up by 13% to DKK 693m against DKK 613m in the same period of last year. The EBIT margin was 26% against 24% in the same period of last year. At constant exchange rates, the EBIT margin was also 26%. The Q1 EBIT margin was impacted by the equivalent of DKK 40m from the above-mentioned arbitration case and by extra costs totalling DKK 25m from an extraordinary bonus paid to all employees.

Financial items and tax

Financial items amounted to a net expense of DKK 43m against DKK 63m last year. Fair value adjustment of share options and a lower net interest expense were partly offset by higher realised losses on forward currency contracts which were mainly due to the depreciation of the Hungarian forint against Danish kroner.

Financial items

	DKK million	
	2011/12	*2010/11*
	3 mths	*3 mths*
Interest, net	(22)	(25)
Fair value adjustment of options	(4)	(28)
Exchange rate adjustments	(11)	(7)
Other financial items	(6)	(3)
Total financial items	**(43)**	**(63)**

The effective tax rate of 26% was unchanged relative to last year, for a tax expense of DKK 166m, as compared with DKK 143m last year.

Net profit for the period

The Q1 net profit was up by 19% to DKK 484m, which was satisfactory. Earnings per share (EPS) were DKK 11.6, against DKK 9.6 in the same period of last year.

Cash flow and investments

Cash flow from operating activities

The cash flow from operating activities was an inflow of DKK 223m against an outflow of DKK 6m last year. Enhanced earnings and changes in receivables and trade payables reducing the working capital tie-up were the main reasons for the improvement. These items were partly offset by an increase in income tax paid and a realised loss on forward contracts.

Investments (CAPEX)

Coloplast made gross investments of DKK 64m compared with DKK 231m last year. Last year's larger amount was due to the DKK 160m acquisition of Mpathy. Investments accounted for 2% of revenue against 9% last year. Gross investments in property, plant and equipment amounted to DKK 61m against DKK 67m in Q1 2010/11.

Free cash flow

The free cash flow was positive at DKK 162m, while it was negative at DKK 233m last year. The improvement was mainly due to the smaller working capital tie-up and last year's acquisition of Mpathy.

Capital reserves
We have confirmed long-term credit facilities of almost DKK 5bn, of which about half is utilised.

Statement of financial position and equity

Balance sheet
At DKK 8,916m, total assets were DKK 302m lower than at 30 September 2011. Non-current assets were in line with the balance at 30 September 2011, while current assets fell by DKK 301m because payment of dividends and income tax reduced cash and bank balances.

Trade receivables increased by DKK 82m, or 5%, relative to 30 September 2011, driven by sales growth and an increase in receivables in southern Europe.

Trade payables amounted to DKK 399m, against DKK 420m at 30 September 2011, whereas inventories increased by DKK 11m.

Working capital made up 23% of revenue, unchanged from 30 September 2011.

Equity
Equity fell by DKK 38m relative to 30 September 2011 to stand at DKK 4,440m. Payment of dividends of DKK 587m was offset by the comprehensive income for the period of DKK 445m and by employees' exercise of share options and the sale of employee shares for a total of DKK 99m.

Net interest-bearing debt and capital structure
As a result of the payment of dividends and income tax, the net interest-bearing debt increased by DKK 333m relative to 30 September 2011 to stand at DKK 872m. The ratio of interest-bearing debt to EBITDA was 0.3, as compared with 0.2 at 30 September 2011. About 60% of our total debt carries a fixed rate, which was unchanged from the beginning of the year.

Mortgage loans were reduced by DKK 113m to DKK 352m at the end of the quarter.

Share buy-backs and dividends
In December 2011, the shareholders in general meeting authorised Coloplast to establish a share buy-back programme totalling up to DKK 1bn until the end of the 2012/13 financial year. The first half of the programme, for DKK 500m, is expected to start in Q2 2011/12 and to be completed by the end of the current financial year.

Treasury shares
At 31 December 2011, Coloplast's holding of treasury shares consisted of 2,985,247 B shares, which was DKK 203,620 less than at 30 September 2011.

Financial guidance for 2011/12

- We still expect an organic revenue growth of about 6%. Revenue growth in DKK is now expected to be about 8%.
- We still expect an EBIT margin of about 27% at constant exchange rates while the EBIT margin in DKK is now expected to be about 28%.
- Capital expenditure is expected to be around DKK 300m.
- The effective tax rate is expected to be 25–26%.

Achieving the financial guidance will depend on our ability to execute the business plan devised for the US business including both the Chronic Care and the Urology businesses. Further, we assume that our current growth in Europe will improve throughout the year. Finally, growth will continue to be impacted by the development in the Wound Care business, where the results from the implemented changes have not yet shown.

Coloplast's current long-term financial ambition is to outgrow the market while achieving earnings margins that are in line with the best performing med-tech companies.[1]

The overall weighted market growth in Coloplast's current markets going forward is expected to be 4–5%. The market growth forecast was most recently revised in November 2011 in connection with the Annual Report.

Our financial guidance is inherently subject to some degree of uncertainty. Significant changes in currency, business or macroeconomic conditions, including changes within healthcare, are examples of factors that may impact the company's financial conditions.

Other events

Exchange rate exposure
Our financial guidance for the 2011/12 financial year has been prepared on the basis of the following assumptions for the company's main currencies:

DKK	*GBP*	*USD*	*HUF*	*EUR*
Average exchange rate 2010/11*	858	535	2.74	745
Spot rate 17 January 2012	895	581	2.39	744
Estimated average exchange rate 2011/2012	888	574	2.41	744
Change in estimated average exchange rates compared with last year**	4%	7%	-12%	0%

*) Average exchange rates from 1 October 2010 to 30 September 2011.

**) Estimated average exchange rate is calculated as the average exchange rate year to date combined with the spot rate for the remainder of the year.

As the bulk of our revenue is in EUR, changes in the EUR/DKK exchange rate will also affect revenue. Considering Denmark's fixed-rate policy against EUR, however, such risk is considered to be minimal. In addition to EUR, our revenue and operating profit is also exposed especially to developments in USD and GBP relative to DKK. Fluctuations in HUF against DKK have an effect on the operating profit, because a substantial part of our production, and thus of our costs, are in Hungary, whereas our sales there are moderate.

In DKKm over 12 months on a 10% initial drop in exchange rates (Average exchange rates 2010/11)	**Revenue**	**EBIT**
USD	-140	-35
GBP	-160	-100
HUF	0	40

Management changes in Germany
In January 2012, Greger Karlsson resigned his position as general manager of Coloplast's German subsidiary and was replaced by Chima Abuba. Mr. Abuba has 13 years of experience from the medical devices industry, most recently as head of Maquet's US operations. Maquet is a member of the Getinge group. Mr. Karlsson has now moved on to another position within Coloplast.

[1]Coloplast's current peer group consists of the following listed med-tech companies: Medtronic Inc., Baxter International Inc., Covidien PLC, Stryker Corp., St. Jude Medical Inc., Boston Scientific Corp., Sonova Holding AG, Smith&Nephew PLC, CR Bard Inc., Getinge AB, WDH A/S, , Shandon Weigao Group Medical.

Update on FDA panel discussions

In the follow-up to its September 2011 hearing, the FDA has ordered that manufacturers of transvaginal mesh (TVM) therapies for pelvic organ prolapse must conduct postmarket surveillance studies (“522 studies”), the purpose of which is to monitor the safety and effectiveness of TVM implantation.

Postmarket surveillance of transvaginal prolapse repair devices will provide additional insight into treatment outcomes, aiding the selection of therapies that will result in improving a patient's quality of life. We had anticipated this new requirement, but the full effect will not be known until the final study plan has been approved.

More information can be found on the following websites:

http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfPMA/pss.cfm

http://www.fda.gov/MedicalDevices/ProductsandMedicalProcedures/ImplantsandProsthetics/UroGynSurgicalMesh/default.htm

Capital Market Day 2012

Coloplast will be hosting a Capital Market Day in London on Wednesday, 13 June 2012 from 15:00–22:00.

At the event, we will provide an update to the market with a special emphasis on these current topics: an update on healthcare reforms, a presentation of the strategy for the Urology business as well as updates of the market strategy for the USA and of the Coloplast group strategy.

The event will include presentations by CEO Lars Rasmussen, CFO Lene Skole as well as Claus Bjerre, SVP Chronic Care USA, Steffen Hovard, SVP Urology Care, and Public Affairs managers. In addition, a number of Coloplast's key employees will be present, including John Raabo Nielsen, SVP R&D, and Allan Rasmussen, SVP Global Operations. On 13 June, CEO Lars Rasmussen will host a dinner event.

Forward-looking statements

The forward-looking statements in this announcement, including revenue and earnings guidance, do not constitute a guarantee of future results and are subject to risk, uncertainty and assumptions, the consequences of which are difficult to predict. The forward-looking statements are based on our current expectations, estimates and assumptions and are provided on the basis of information available to us at the present time.

Major fluctuations in the exchange rates of key currencies, significant changes in the healthcare sector or major developments in the global economy may impact our ability to achieve the defined long-term targets and meet our guidance. This may impact our company’s financial results.

Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Management today considered and approved the interim report of Coloplast A/S for the period 1 October 2011 – 31 December 2011. The interim report, which is unaudited, is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group’s assets, equity, liabilities and financial position at 31 December 2011 and of the results of the Group’s operations and cash flows for the period 1 October 2011 – 31 December 2011.

Also, in our opinion, the management’s review includes a fair account of the development and performance of the Group, the results for the period and of the financial position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Humlebæk, 25 January 2012

Executive Management:

Lars Rasmussen President, CEO	Lene Skole Executive Vice President, CFO

Board of Directors:

Michael Pram Rasmussen	Niels Peter Louis-Hansen		
Per Magid	Brian Petersen	Jørgen Tang-Jensen	Sven Håkan Björklund
Thomas Barfod Controller	Gitte Böse Andersen Senior Market Manager	Torben Julle Rasmussen Worker	

List of tables

Unaudited

Statement of comprehensive income

1 October - 31 December

(Unaudited)

Note		Group 2011/12 Q1 (DKK million)	Group 2010/11 Q1 (DKK million)	Index
1	Revenue	2,654	2,541	104
	Cost of sales	(916)	(929)	99
	Gross profit	**1,738**	**1,612**	**108**
	Distribution costs	(782)	(760)	103
	Administrative expenses	(163)	(136)	120
	Research and development costs	(95)	(112)	85
	Other operating income	8	10	80
	Other operating expenses	(13)	(1)	-
1	**Operating profit (EBIT)**	**693**	**613**	**113**
2	Financial income	16	13	123
3	Financial expenses	(59)	(76)	78
	Profit before tax	**650**	**550**	**118**
	Tax on profit for the period	(166)	(143)	116
	Net profit for the period	**484**	**407**	**119**
	Other comprehensive income			
	Value adjustment of currency and interest hedging	(109)	(48)	
	Of which transferred to financial items	19	17	
	Tax effect of hedging	23	8	
	Exchange rate adjustment, assets in foreign currency	49	36	
	Exchange rate adjustment of opening balances and other adjustments relating to subsidiaries	(21)	8	
	Total other comprehensive income	**(39)**	**21**	
	Total comprehensive income	**445**	**428**	
	Earnings per Share (EPS)	11.6	9.6	
	Earnings per Share (EPS), diluted	11.4	9.5	
	Profit distribution:			
	Retained earnings	484	407	
	Total	**484**	**407**	

Statement of financial position

At 31 December

Note		Group DKK million 31.12.11	31.12.10	30.09.11
	Assets			
	Acquired patents and trademarks	939	1,051	941
	Goodwill	764	785	737
	Software	103	125	115
	Prepayments and assets under development	12	25	9
	Intangible assets	**1,818**	**1,986**	**1,802**
	Land and buildings	1,111	1,182	1,133
	Plant and machinery	835	884	886
	Other fixtures and fittings, tools and equipment	148	179	154
	Prepayments and assets under construction	139	190	93
	Property, plant and equipment	**2,233**	**2,435**	**2,266**
	Investment in associates	6	2	6
	Other investments	0	4	0
	Deferred tax asset	179	181	163
	Other receivables	16	17	16
	Investments	**201**	**204**	**185**
	Non-current assets	**4,252**	**4,625**	**4,253**
	Inventories	**957**	**984**	**946**
	Trade receivables	1,902	1,867	1,820
	Income tax	11	24	11
	Other receivables	200	186	231
	Prepayments	87	79	71
	Receivables	**2,200**	**2,156**	**2,133**
	Marketable securities	**659**	**1**	**568**
	Cash and bank balances	**848**	**350**	**1,318**
	Current assets	**4,664**	**3,491**	**4,965**
	Assets	**8,916**	**8,116**	**9,218**

Statement of financial position

At 31 December

Note		Group DKK million 31.12.11	31.12.10	30.09.11
	Equity and liabilities			
	Share capital	225	225	225
	Reserve for currency and interest rate hedging	(99)	(44)	(32)
	Proposed dividend for the year	0	0	585
	Retained earnings	4,314	3,341	3,700
	Total equity	**4,440**	**3,522**	**4,478**
	Provision for pensions and similar liabilities	77	82	75
	Provision for deferred tax	181	210	167
	Other provisions	4	7	4
	Mortgage debt	352	458	459
	Other credit institutions	1,586	1,564	1,537
	Other payables	290	351	334
	Deferred income	82	121	77
	Non-current liabilities	**2,572**	**2,793**	**2,653**
	Provision for pensions and similar liabilities	7	9	8
	Other provisions	16	20	35
	Mortgage debt	0	7	6
	Other credit institutions	156	200	92
	Trade payables	399	369	420
	Income tax	178	182	516
	Other payables	1,121	1,009	983
	Deferred income	27	5	27
	Current liabilities	**1,904**	**1,801**	**2,087**
	Current and non-current liabilities	**4,476**	**4,594**	**4,740**
	Equity and liabilities	**8,916**	**8,116**	**9,218**

7 Contingent items
8 Acquired operations

Statement of changes in equity

Group DKK million	Share capital A shares	B shares	Reserve for currency and nterest rate hedging	Proposed dividend	Retained earnings	Total equity
2010/11						
Balance at 1.10 as reported in annual report	18	207	(21)	422	2,826	3,452
Comprehensive income:						
Result for the period				0	407	407
Other comprehensive income			(23)		44	21
Total comprehensive income for the period	*0*	*0*	*(23)*	*0*	*451*	*428*
Transactions with owners:						
Treasury shares purchased					0	0
Treasury shares sold					60	60
Share-based payments					4	4
Dividend paid out in respect of 2009/10				(422)		(422)
Total transactions with owners	*0*	*0*	*0*	*(422)*	*64*	*(358)*
Balance at 31.12	**18**	**207**	**(44)**	**0**	**3,341**	**3,522**
2011/12						
Balance at 1.10 as reported in annual report	18	207	(32)	585	3,700	4,478
Comprehensive income:						
Result for the period				0	484	484
Other comprehensive income			(67)		28	(39)
Total comprehensive income for the period	*0*	*0*	*(67)*	*0*	*512*	*445*
Transactions with owners:						
Transfers				2	(2)	0
Treasury shares purchased					0	0
Treasury shares sold					99	99
Share-based payments					5	5
Dividend paid out in respect of 2010/11				(587)		(587)
Total transactions with owners	*0*	*0*	*0*	*(585)*	*102*	*(483)*
Balance at 31.12	**18**	**207**	**(99)**	**0**	**4,314**	**4,440**

Statement of cash flows

1 October - 31 December

Note		Group DKK million 2011/12 3 mths	Group DKK million 2010/11 3 mths
	Operating profit	693	613
	Depreciation and amortisation	124	134
4	Adjustment for other non-cash operating items	6	(1)
5	Changes in working capital	10	(257)
	Ingoing interest payments, etc.	8	3
	Outgoing interest payments, etc.	(134)	(41)
	Income tax paid	(484)	(457)
	Cash flow from operating activities	**223**	**(6)**
	Investments in intangible assets	(3)	(4)
	Investments in land and buildings	0	(1)
	Investments in plant and machinery	(42)	(6)
	Investments in non-current assets under constructions	(19)	(60)
	Property, plant and equipment sold	3	4
	Acquisition of associate	0	(160)
	Cash flow from investing activities	**(61)**	**(227)**
	Free cash flow	**162**	**(233)**
	Dividend to shareholders	(587)	(422)
	Net investment in treasury shares	99	60
	Financing from shareholders	**(488)**	**(362)**
	Acquisition of mortgage bonds	(91)	0
	Financing through long-term borrowing, debt funding	0	438
	Financing through long-term borrowing, instalments	(113)	0
	Cash flow from financing activities	**(692)**	**76**
	Net cash flow for the period	**(530)**	**(157)**
	Cash, cash equivalents and short term debt at 1.10.	1,220	303
	Value adjustments of cash and balances	2	(3)
	Net cash flow for the period	(530)	(157)
6	**Cash, cash equivalents and short term debt at 31.12**	**692**	**143**

The cash flow statement cannot be extracted directly from the financial statements.

Notes

1. Segment information

Group, 2011/12

Operating segments

The operating segments are defined on the basis of the monthly reporting to the Executive Management, which is considered to be the senior operational management. Reporting to management is based on two global operating segments: Sales Regions and Production Units as well as three small operating segments; Wound and Skin Care; Disposable Surgical Urology (DSU) and Surgical Urology (SU). The segments Global Marketing, Global R&D and Staff are not operating segments, as they do not aim to generate revenue. This breakdown also reflects our global organisational structure.

The operating segments Sales Regions and Production Units segments comprise sales and/or production from each of our three business areas, Ostomy Care, Urology and Continence Care and Wound and Skin Care. Inter-segment trading consists of the Sales Regions procuring goods from the Production Units. Inter-segment trading is made on an arm's length basis.

The operating segment Wound and Skin Care exclusively covers the sale of wound and skin care products in selected European markets, where the Wound and Skin Care segment is separated from the other business areas. In this way, the segmentation reflects the structure of reporting to Executive Management. The sale of wound and skin care products in other markets is included in the Wound and Skin Care business area. DSU covers the production and sale of disposable urology products, while SU covers the sale of urology products.

The operating segments Wound and Skin Care, DSU, SU, Global Marketing, Global Research and Development and Staff are non-reporting segments. The Wound and Skin Care, DSU and SU segments are included in the operating segment Sales Regions as they meet the criteria for combination. The Shared/Non-allocated segment includes support functions and eliminations, as these segments do not generate revenue. The segments listed (with the exception of SU) each represent less than 10% of total segment revenue, segment profit/loss and segment assets. The SU operating segment represents more than 10% of total assets, but as the assets are exclusively allocated to the segments in connection with impairment tests and are not reported by segment to management, the segment is not considered a reporting segment.

Management reviews each operating segment separately based on EBIT and allocates resources on that background. The performance targets are calculated the same way as in the consolidated financial statements.

Costs are allocated directly to segments. Certain indirect costs are allocated systematically to the Shared/Non-allocated segment and the reporting segments Sales Regions and Production Units.

Management does not receive reporting on asset and liabilities by the reporting segments Sales Regions and Production Units. Accordingly, the reporting segments are not measured in this respect, nor do we allocate resources on this background. No single customer accounts for more than 10% of revenue.

Operating segments	**Sales Regions**		**Production units**		**Shared/ Not allocated**		**Total**	
DKK million	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
External revenue	2,622	2,509	32	32	(0)	(0)	2,654	2,541
Operating profit (EBIT) by segment	89	52	1,021	945	(416)	(384)	693	613
Financial items	0	0	0	0	(43)	(63)	(43)	(63)

Notes

	Group DKK million 2011/12	Group DKK million 2010/11
2. Financial income		
Interest income	8	3
Exchange rate adjustments	8	10
Other financial income and fees	0	0
Total	**16**	**13**
3. Financial expenses		
Interest expense	30	28
Fair value adjustments, share options	4	28
Fair value adjustments on forward contracts transferred from equity	19	17
Other financial expenses and fees	6	3
Total	**59**	**76**
4. Adjustment for other non-cash operating items		
Net gain/loss on non-current assets	(1)	0
Change in other provisions	7	(1)
Total	**6**	**(1)**
5. Changes in working capital		
Inventories	9	(2)
Trade receivables	(52)	(149)
Other receivables	16	(60)
Trade and other payables etc.	37	(46)
Total	**10**	**(257)**
6. Liquid resources and short term debt		
Cash	1	0
Bank balances	847	350
Liquid resources	848	350
Short-term debt	(156)	(207)
Total	**692**	**143**

Notes

7. Contingent items

Contingent liabilities

The Coloplast Group is a party to a number of legal proceedings, which are not expected to influence material the Group's future earnings.

8. Acquired operations

On 29 October 2010, Coloplast signed an agreement to acquire 100% of the shares and voting rights of Mpathy Medical Devices Limited (UK) and Gyne Ideas Limited (UK). Mpathy Medical Devices Limited develops products within the Urology Care business area which are sold in the US market, whilst Gyne Ideas Limited owns intellectual property rights also within the Urology Care business area. Detailed information about the acquisition is set out in the Annual Report 2010/11.

Income statement, quarterly

		Group				
DKK million						
			2010/11			2011/12
Note		Q1	Q2	Q3	Q4	Q1
1	Revenue	2,541	2,463	2,597	2,571	2,654
	Cost of sales	(929)	(886)	(926)	(863)	(916)
	Gross profit	**1,612**	**1,577**	**1,671**	**1,708**	**1,738**
	Distribution costs	(760)	(748)	(756)	(724)	(782)
	Administrative expenses	(136)	(149)	(159)	(160)	(163)
	Research and development costs	(112)	(111)	(104)	(88)	(95)
	Other operating income	10	10	7	25	8
	Other operating expenses	(1)	(4)	(8)	(19)	(13)
1	**Operating profit (EBIT)**	**613**	**575**	**651**	**742**	**693**
	Profit/loss after tax on investment in associates	0	0	0	(1)	0
2	Financial income	13	3	22	9	16
3	Financial expenses	(76)	(43)	(18)	(34)	(59)
	Profit before tax	**550**	**535**	**655**	**716**	**650**
	Tax on profit for the period	(143)	(139)	(170)	(185)	(166)
	Profit for the period	**407**	**396**	**485**	**531**	**484**
	Earnings per Share (EPS)	9.6	9.4	11.6	12.7	11.6
	Earnings per Share (EPS), diluted	9.5	9.2	11.4	12.5	11.4

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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 healthcare.

Our business includes Ostomy Care, Urology Care, Continence Care and Wound and Skin Care. We operate globally and employ around 7,500 people.

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