Ostomy Care
Urology & Continence Care
Wound & Skin Care

Coloplast

Announcement no. 8/2014
13 August 2014

Q3 2013/14

Interim financial report, Q3 2013/14

(1 October 2013 - 30 June 2014)

Highlights

- Organic revenue growth was 9%. Revenue in DKK was up by 6% to DKK 9,214m.
- Organic growth rates by business area: Ostomy Care 8%, Continence Care 11%, Urology Care 10% and Wound & Skin Care 10%.
- Gross profit was up by 8% to DKK 6,304m, and the gross margin improved to 68% from 67% in the same period of last year.
- EBIT before special items increased by 13% to DKK 3,047m. The EBIT margin before special items was 33% against 31% in 9M 2012/13.
- EBIT amounted to DKK 2,047m, for an EBIT margin of 22%.
- Net profit was DKK 1,549m, compared with DKK 1,962m in the same period of last year, and earnings per share were DKK 7.23 (DKK 10.76 before special items).
- New long-term guidance released at the Capital Markets Day in June: 7-10% revenue growth and 0.5-1.0 percentage point EBIT margin improvement per year.
- New management structure per 1 July 2014 included expanding Executive Management from two to four members.

Financial guidance for 2013/14

- We continue to expect organic revenue growth of about 9% and of about 7% in DKK.
- We continue to expect the EBIT margin before special items to be 33-34% at constant exchange rates and about 33% in DKK.
- We continue to expect the EBIT margin to be 25-26% at constant exchange rates and about 25% in DKK.
- Capital expenditure is expected to be in the neighbourhood of DKK 500m.
- The effective tax rate is still expected to be around 25%.

Conference call
Coloplast will host a conference call on 13 August 2014 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. Teleconference reference no. 944428. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

Financial highlights and key ratios

1 October - 30 June

(Unaudited)

	Consolidated		Change	Consolidated		Change
	DKK million			DKK million		
	2013/14	2012/13		2013/14	2012/13	
	9 mths	9 mths		Q3	Q3	
Income statement						
Revenue	9,214	8,665	6%	3,134	2,958	6%
Research and development costs	-281	-286	-2%	-96	-91	5%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	2,362	3,070	-23%	1,156	1,058	9%
Operating profit before special items	3,047	2,699	13%	1,050	943	11%
Operating profit (EBIT)	2,047	2,699	-24%	1,050	943	11%
Net financial income and expenses	32	-81	<-100%	7	-13	<-100%
Profit before tax	2,079	2,617	-21%	1,057	930	14%
Profit for the period	1,549	1,962	-21%	788	710	11%
Revenue growth						
Period growth in revenue, %	6	6		6	5	
Growth break down:						
Organic growth, %	9	6		8	7	
Currency effect, %	-3	0		-2	-2	
Balance sheet						
Total assets	9,121	8,637	6%	9,121	8,637	6%
Invested capital	6,075	6,660	-9%	6,075	6,660	-9%
Equity end of period	5,423	6,155	-12%	5,423	6,155	-12%
Cash flow and investments						
Cash flow from operating activities	1,988	1,947	2%	991	888	12%
Cash flow from investing activities	-343	-297	15%	-142	-110	29%
Investments in property, plant and equipment, gross	-347	-271	28%	-137	-101	36%
Free cash flow	1,645	1,650	0%	849	778	9%
Cash flow from financing activities	-2,759	-3,332	-17%	-1,157	-2,400	-52%
Key figures ratios						
Operating margin, EBIT, %	22	31		34	32	
Operating margin, EBITDA, %	26	35		37	36	
Return on average invested capital before tax (ROIC), %	44	55		68	57	
Return on average invested capital after tax (ROIC), %	33	42		51	43	
Return on equity, %	34	43		52	46	
Equity ratio, %	59	71		59	71	
Net asset value per share, DKK	25	28	-11%	25	28	-11%
Per share data						
Share price, DKK	493	321	53%	493	321	53%
Share price/net asset value per share	20.0	12.0	67%	20.0	12.0	67%
Average number of outstanding shares, millions	210.7	210.7	0%	210.9	210.9	0%
PE, price/earnings ratio	50.4	25.9	95%	32.9	23.8	38%
Earnings per share (EPS), diluted	7.23	9.14	-21%	3.69	3.30	12%
Free cash flow per share	7.8	7.8	0%	4.0	3.7	8%

Management's report

Sales performance

Revenue in DKK was up by 6% to DKK 9,214m on 9% organic growth. Currency depreciation, especially of USD, JPY and ARS against DKK, reduced growth by 3 percentage points.

Sales performance by business area

	DKK million		Growth composition			DKK million	Organic growth
	2013/14 9 mths	2012/13 9 mths	Organic growth	Exchange rates	Reported growth	2013/14 Q3	Q3
Ostomy Care	3,764	3,613	8%	-4%	4%	1,273	6%
Continence Care	3,288	3,029	11%	-2%	9%	1,129	10%
Urology Care	898	844	10%	-4%	6%	304	9%
Wound & Skin Care	1,264	1,179	10%	-3%	7%	428	9%
Net revenue	**9,214**	**8,665**	**9%**	**-3%**	**6%**	**3,134**	**8%**

Ostomy Care

Sales of ostomy care products in the 9M period amounted to DKK 3,764m, which translated into reported growth of 4%. Organic growth, at 8%, remained driven by SenSura® ostomy care products and the Brava™ accessory range. Growth picked up in Assura® ostomy care products relative to last year, particularly in Emerging Markets.

The next generation of ostomy care products has now been launched in 12 countries under the SenSura® Mio brand.

The main drivers of the 6% organic growth in the third quarter were once more SenSura® and Brava™. The performance was driven by growth in Emerging Markets, especially in China and Brazil, but also in Russia, where the number of tenders grew compared to last year. Growth in Europe and the US softened after a very strong first-half performance. Europe was to a large extent impacted by weaker momentum in the UK and healthcare reform in France, but the Ostomy Care business saw decent growth in the Nordic and the southern European markets.

Continence Care

Continence Care revenue was DKK 3,288m, a 9% improvement in DKK and 11% organically. SpeediCath® intermittent catheters, especially the compact catheters, and the Peristeen® anal irrigation system were the drivers of growth, most of all in Europe and the USA. Sales of Conveen® uridomes and urine bags were satisfactory, driven especially by Europe and Emerging Markets.

Q3 organic growth was 10%. As for the 9M period, SpeediCath® intermittent catheters contributed strongly to performance. Growth in Q3 was driven especially by the USA, but Emerging Markets, notably Argentina and Russia, also contributed. The best performing products in the European markets were compact catheters and the Peristeen® anal irrigation system. The UK market accounted for a large part of the revenue improvement in Europe.

Urology Care

Sales of urology care products improved by 6% in the 9M 2013/14 period to DKK 898m at 10% organic growth. Growth was driven mainly by Titan® penile implants and Altis® slings for treating female stress incontinence, both mostly in the USA, and by endourology products in Europe.

As for the 9M period, the Q3 organic growth, at 9%, was mainly driven by sales of Titan® penile implants in the USA and sales of endourology products in Europe and Brazil. Products for treating female stress incontinence saw satisfactory growth, driven mainly by sales of Altis® slings in the US market.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,264m, equal to a 7% increase in DKK and 10% organic growth. Wound Care sales improved by 11% in the 9M period. Sales of Biatain® foam dressings, especially foam dressings with a silicone adhesive, were the main growth driver. The strong growth of the 9M period was based in Emerging Markets, notably China, Brazil and Greece, and with Biatain® foam dressings and Comfeel® hydrocolloid dressings as the main growth drivers. Contract production of Compeed® delivered a strong 9M growth performance. The Skin Care business lost momentum after a very strong first quarter, delivering only moderate growth in the 9M period.

The Q3 organic growth rate was 9%, while the Wound Care business reported 8% growth. Biatain® Silicone and the contract production of Compeed® both delivered strong growth. China and Greece weakened the momentum relative to the first two quarters of the financial year. Apart from fair growth in InterDry® sales during the quarter, the Skin Care business reported negative growth across the portfolio.

Organic growth was 5% in the third quarter, which was in line with the second-quarter rate, supported especially by the UK and the Nordic markets. Compact catheters, SenSura® ostomy care products and the Peristeen® anal irrigation system were the main drivers of sales growth, but accessory products also performed well. Ostomy Care and Continence Care both reported negative growth rates in France, due to lower prices resulting from the healthcare reform implemented in September 2013. Growth in the Dutch market remains unsatisfactory.

Other developed markets

Revenue was up by 2% to DKK 1,817m. Organic growth was 10%. Currency developments reduced growth by 8 percentage points, as JPY continued to weaken and USD and AUD both depreciated against DKK. Revenue was driven especially by strong sales growth in continence care and ostomy care products in the USA, with SpeediCath® intermittent catheters and the Brava™ range of accessories contributing strongly to performance. Sales of urology care products, especially Titan® and Altis®, also supported growth in the US market. Satisfactory performances were delivered in Canada, driven by the new and improved version of Biatain® Silicone, and in Japan, mainly through sales of the Brava™ range of accessories.

Organic growth was 8% in the third quarter and was driven mainly by the US market. The positive performance in the USA was driven by SpeediCath® and SelfCath® intermittent catheters and by the Brava™ range of accessories. However, the 9M y/y growth rate for the Brava™ range of accessories softened compared with the H1 y/y

Sales performance by region

	DKK million		Growth composition			DKK million	Organic growth
	2013/14 9 mths	2012/13 9 mths	Organic growth	Exchange rates	Reported growth	2013/14 Q3	Q3
European markets	6,128	5,784	6%	0%	6%	2,110	5%
Other developed markets	1,817	1,782	10%	-8%	2%	602	8%
Emerging markets	1,269	1,099	24%	-10%	15%	422	23%
Net revenue	**9,214**	**8,665**	**9%**	**-3%**	**6%**	**3,134**	**8%**

European markets

Revenue amounted to DKK 6,128m, which translated into both reported and organic growth of 6%. The performance was driven by the UK, Germany and the Nordic markets. Southern Europe reported improvements, but on the back of last year's weak performance caused by spending cuts and reforms. The region produced satisfactory growth in the Wound Care business, driven by the new and improved version of Biatain® Silicone and the Compeed® contract production. Sales of ostomy care accessories also contributed to lifting the performance in Europe.

rate due to last year's strong third quarter. Inventory reductions in Japan impacted growth in that market, because Japanese distributors had built up their stocks during the second quarter ahead of an announced price increase.

Emerging markets

Revenue increased by 15% to DKK 1,269m, while underlying organic growth was 24%. The negative currency effect was driven especially by ARS depreciation. Growth in the 9M period was driven by China, Brazil and Argentina, and especially involved Assura® and SenSura® ostomy care products. In addition, the inventory build-up by the new distributor in Algeria also supported performance. The Russian market supported growth, mainly due to an increase in the number of tenders relative to last year.

Organic growth was 23% in the third quarter, supported by the increase in tenders in Russia relative to last year and a change in the distribution channel in Taiwan. China reported softening growth compared with the first six months of the financial year due to a weak third quarter for Wound Care. Greece also reported weaker growth, resulting from last year's inventory build-up.

Gross profit

Gross profit was up by 8% to DKK 6,304m from DKK 5,837m in 9M 2012/13. The gross margin was 68%, against 67% in 9M 2012/13. The change was the result of improvements in production efficiencies. At constant exchange rates, the gross margin was 69%.

The Q3 gross margin was 68% in DKK both this year and last year. At constant exchange rates, the Q3 gross margin was 69%.

Capacity costs

Distribution costs were DKK 2,622m against DKK 2,463m in 9M 2012/13. Distribution costs amounted to 28% of revenue, which was in line with last year. The 9M distribution costs included an increase of about DKK 150m for investments for sales-enhancing initiatives.

The Q3 distribution costs amounted to DKK 876m, equal to 28% of revenue, against 29% last year due to scale economies resulting from higher sales. The Q3 distribution costs included about a DKK 50m increase in investments for sales-enhancing initiatives.

Administrative expenses were DKK 366m against DKK 411m in the 9M period of last year. Administrative expenses accounted for 4% of revenue, or one percentage point less than last year. The lower percentage was due to efficiency improvements, fewer project activities and the part reversal of the provision for losses on trade receivables, which related especially to southern Europe. In the second quarter, Coloplast received a payment of DKK 45m for overdue receivables from public customers in Spain.

The Q3 administrative expenses also amounted to 4% of revenue, compared to 5% in the same period last year. The lower percentage was due to fewer project activities and a stable cost base relative to the higher revenue level.

R&D costs were DKK 281m in the 9M period and accounted for 3% of revenue. Both figures were in line with the same period of last year.The Q3 R&D costs amounted to DKK 96m, which was also equal to 3% of revenue, up from DKK 91m last year.

Other operating income and other operating expenses amounted to a net income of DKK 12m in the 9M period, against a net income of DKK 22m in 9M 2012/13. For the third quarter, the net income amounted to DKK 6m against DKK 7m in the same period of last year.

Special items

Coloplast made a provision of DKK 1,000m to cover possible settlements and other legal costs in lawsuits in the United States alleging injury resulting from use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. See note 8 to the financial statements for more details.

Operating profit (EBIT)

EBIT before special items was DKK 3,047m against DKK 2,699m last year. The EBIT margin before special items was 33%, both at constant exchange rates and in DKK, against 31% in the same period of last year. The improvement was due to higher sales, production and administrative efficiency improvements, and lower provisions for losses on trade receivables.

The Q3 EBIT margin before special items was 34% in DKK and 33% at constant exchange rates, an improvement of two percentage points in DKK relative to Q3 2012/13 as a result of greater production and administrative efficiency improvements.

EBIT was DKK 2,047m for the 9M period and DKK 1,050m for the third quarter.

Financial items and tax

Financial items amounted to a net income of DKK 32m, against a net expense of DKK 81m in the same period of last year, the difference being mainly due to a net gain this year on realised forward exchange contracts, compared to a net loss last year, particularly in USD and AUD denominations, and net interest income this year against a net interest expense last year.

The Q3 financial items amounted to a net expense of DKK 7m, against a net expense of DKK 13m in Q3 2012/13.

The effective tax rate was 25%, which was in line with last year. Due to special items, the tax expense was reduced by DKK 245m and amounted to DKK 530m compared with DKK 655m last year.

For the third quarter, the tax expense amounted to DKK 269m, against DKK 220m in Q3 2012/13.

Net profit for the period

Net profit before special items for the reporting period was up by 17% to DKK 2,304m, while earnings per share before special items improved by 18% to DKK 10.76.

The Q3 net profit was up by 11% to DKK 788m, and earnings per share improved by 12% to DKK 3.69.

The net profit for the reporting period was down by 21% to DKK 1,549m, while earnings per share were DKK 7.23.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 1,988m, against DKK 1,947m last year. Basically, cash flows were driven by the improvement in EBITDA before special items of DKK 292m and the opposing effect of a DKK 305m increase in income tax paid. The higher tax payment was due to a DKK 200m voluntary on-account payment made in the second quarter.

Investments

Coloplast made net investments of DKK 343m in the first three quarters of the financial year, compared with DKK 297m in the 9M 2012/13 period. The increase was due to investment in machinery to be used for new products. Gross investments in property, plant and equipment and intangible assets (CAPEX) increased by 23% from 295m last year to DKK 363m.

Free cash flow

The free cash flow was DKK 1,645m against DKK 1,650m in the same period of last year.

Statement of financial position and equity

Balance sheet

At DKK 9,121m, total assets were DKK 243m lower than at 30 September 2013.

Intangible assets amounted to DKK 1,420m, which was DKK 96m less than at 30 September 2013. The reduction was mainly due to the amortisation of acquired patents and trademarks as well as the depreciation of USD against DKK in the quarter.

Non-current assets increased due to a larger deferred tax asset resulting from the provisions made in respect of the lawsuits in the USA.

Current assets fell by DKK 394m relative to 30 September 2013 to stand at DKK 4,972m. The decline was mainly composed of ordinary dividends paid, income tax paid and share buy-backs, and was partially offset by an increase in receivables from insurers relating to the lawsuits in the USA.

Relative to 30 September 2013, trade receivables were up by 9% to DKK 2,142m, and inventories were up by 14% to DKK 1,218m. Trade payables increased by 9% relative to 30 September 2013 to stand at DKK 454m. Working capital made up 24% of revenue, which was one percentage point higher than at 30 September 2013.

Non-current liabilities increased by DKK 434m relative to 30 September 2013 due to the provisions made in respect of the lawsuits in the USA.

Current liabilities increased by DKK 669m due to the provision for litigation in the USA. The increase was partially offset by the payment of income tax relating to last year.

At the balance sheet date, Coloplast had net interest-bearing deposits of DKK 644m.

Equity
Equity fell by DKK 1,346m relative to 30 September 2013 to DKK 5,423m. The decrease was mainly due to dividend payments of DKK 2,320m, which exceeded the comprehensive income for the period of DKK 1,388m and, accordingly, reduced equity by DKK 932m. In addition, the net effect of treasury shares acquired, the exercise of share options and share-based payment reduced equity by DKK 414m.

Dividends and share buy-backs
In the first quarter of 2013/14, the Board of Directors resolved to establish a share buy-back programme for a total of DKK 1bn until the end of the 2014/15 financial year. See Announcement No. 2/2014.
The first half of the buy-back programme, for DKK 500m, was launched in Q2 2013/14 and is expected to be completed by the end of August 2014. The second half of the share buy-back programme is expected to commence in early 2015.

Treasury shares
At 30 June 2014, Coloplast's holding of treasury shares consisted of 9,314,967 B shares, which was 263,207 fewer than at 30 September 2013. The holding was reduced due to the exercise of options, which was partly offset by the buy-back of shares.

Financial guidance for 2013/14

- We continue to expect organic revenue growth of about 9% and of about 7% in DKK.
- We continue to expect the EBIT margin before special items to be 33-34% at constant exchange rates and about 33% in DKK.
- We continue to expect the EBIT margin to be 25-26% at constant exchange rates and about 25% in DKK.
- Capital expenditure is expected to be in the neighbourhood of DKK 500m.
- The effective tax rate is still expected to be around 25%.

The guidance for investments in sales-enhancing initiatives remains at DKK 200-250m.

The financial guidance assumes sustained and stable sales growth in Coloplast's core markets. Pricing pressure is still expected to be slightly higher in 2013/14 than in 2012/13, but also below the long-term estimate of 1% in annual pricing pressure. Our financial guidance takes account of reforms with known effects.

The EBIT margin guidance assumes that Coloplast, in addition to generating sales growth, can successfully deliver scale benefits and efficiency improvements. The provision made to cover possible settlements and other legal costs relating to transvaginal surgical mesh products is subject to a high degree of estimation.

Coloplast's long-term financial ambition, as announced at the Capital Markets Day in June 2014, is to grow by 7-10% per year and to improve the EBIT margin by 0.5-1.0 percentage point per year.

The overall weighted market growth in Coloplast's current markets remains at 4–5%.

Other matters

Executive Management strengthened
Coloplast implemented a new management structure at 1 July 2014. The Executive Management was expanded from two to four members and now has the following members:

- Lars Rasmussen
  President, CEO
- Anders Lonning-Skovgaard
  Executive Vice President, CFO
- Kristian Villumsen
  Executive Vice President, Chronic Care
- Allan Rasmussen
  Executive Vice President, Global Operations

The expansion of the Executive Management team aligned with Coloplast's ambitious growth strategy and the new long term financial guidance.

In connection with the management changes, Lene Skole decided to leave Coloplast.

See company announcement No. 7/2014 for more information.

Exchange rate exposure

Our financial guidance for the 2013/14 financial year has been prepared on the basis of the following assumptions for the company's principal currencies:

DKK	GBP	USD	HUF	EUR
Average exchange rate 2012/13*	888	569	2.54	746
Spot rate, 5 August 2014	937	556	2.38	746
Estimated average exchange rate 2013/2014	910	548	2.44	746
Change in estimated average exchange rates compared with last year**	3%	-4%	-4%	0%

*) Average exchange rates from 1 October 2012 to 30 September 2013.

**) Estimated average exchange rate is calculated as the average exchange rate for the first three quarter combined with the spot rates at 5 August 2014.

Revenue is particularly exposed 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 DKK millions over 12 months on a 10% initial drop in exchange rates (Average exchange rates 2012/13)	Revenue	EBIT
USD	-160	-45
GBP	-180	-120
HUF	0	35

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 the 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 2013 – 30 June 2014. 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 30 June 2014 and of the results of the Group’s operations and cash flows for the period 1 October 2013 – 30 June 2014.

Also, in our opinion, the management’s report 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, 13 August 2014

Executive Management:

Lars Rasmussen President, CEO	Anders Lonning-Skovgaard Executive Vice President, CFO
Kristian Villumsen Executive Vice President, Chronic Care	Allan Rasmussen Executive Vice President, Global Operations

Board of Directors:

Michael Pram Rasmussen Chairman	Niels Peter Louis-Hansen Deputy Chairman	Per Magid
Brian Petersen	Jørgen Tang-Jensen	Sven Håkan Björklund
Thomas Barfod Elected by the employees	Jane Lichtenberg Elected by the employees	Torben Rasmussen Elected by the employees

Tables

Quarterly financial figures are unaudited

Statement of comprehensive income..………………………... 12

Balance sheet……………………………………….………………………………....... 13

Statement of changes in equity…………………….……………………...………........ 15

Cash flow statement...…………………………………….….……...……………..... 17

Notes..……………………..…………………………………………..………………… 18

Income statement, quarterly.……………………………….………………………......... 21

Statement of comprehensive income

1 October - 30 June

(Unaudited)

Note		Consolidated		Index	Consolidated		Index
		DKK million			DKK million		
		2013/14	2012/13		2013/14	2012/13	
		9 mths	9 mths		Q3	Q3	
1	Revenue	9,214	8,665	106	3,134	2,958	106
	Cost of sales	-2,910	-2,828	103	-992	-945	105
	Gross profit	**6,304**	**5,837**	**108**	**2,142**	**2,013**	**106**
	Distribution costs	-2,622	-2,463	106	-876	-849	103
	Administrative expenses	-366	-411	89	-126	-137	92
	Research and development costs	-281	-286	98	-96	-91	105
	Other operating income	30	30	100	9	10	90
	Other operating expenses	-18	-8	>100	-3	-3	100
	Operating profit before special items	**3,047**	**2,699**	**113**	**1,050**	**943**	**111**
2	Special items	-1,000	0	<-100	0	0	-
1	**Operating profit (EBIT)**	**2,047**	**2,699**	**76**	**1,050**	**943**	**111**
	Profit/loss after tax on investment in associates	0	-1	-	0	0	-
3	Financial income	89	33	>100	13	17	76
4	Financial expenses	-57	-114	50	-6	-30	20
	Profit before tax	**2,079**	**2,617**	**79**	**1,057**	**930**	**114**
	Tax on profit for the period	-530	-655	81	-269	-220	122
	Net profit for the period	**1,549**	**1,962**	**79**	**788**	**710**	**111**
	Other comprehensive income						
	Items that will not be reclassified subsequently to the Income statement:						
	Remeasurements on defined benefit plans	-24	-10		-30	-3	
	Tax on remeasurements on defined benefit plans	3	2		5	0	
		-21	-8		-25	-3	
	Items that will be reclassified subsequently to the Income statement:						
	Value adjustment of currency and interest hedging	-32	174		-53	84	
	Of which transferred to financial items	-57	-18		0	-16	
	Tax effect of hedging	22	-39		13	-17	
	Currency adjustment, assets in foreign currency	-11	-10		6	-17	
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	-62	-58		-4	38	
		-140	49		-38	72	
	Total other comprehensive income	**-161**	**41**		**-63**	**69**	
	Total comprehensive income	**1,388**	**2,003**		**725**	**779**	
	Earnings per Share (EPS) before special items	10.92	9.31		3.74	3.37	
	Earnings per Share (EPS)	7.35	9.31		3.74	3.37	
	Earnings per Share (EPS) before special items, diluted	10.76	9.14		3.69	3.30	
	Earnings per Share (EPS), diluted	7.23	9.14		3.69	3.30	

Balance sheet

At 30 June

(Unaudited)

Note		Consolidated		
		DKK million		
		30.06.14	30.06.13	30.09.13
	Assets			
	Acquired patents and trademarks etc.	609	731	687
	Goodwill	730	757	735
	Software	68	68	59
	Prepayments and intangible assets in progress	13	28	35
	Intangible assets	**1,420**	**1,584**	**1,516**
	Land and buildings	909	1,018	978
	Plant and machinery	849	764	789
	Other fixtures and fittings, tools and equipment	168	121	110
	Prepayments and property, plant and equipment under construction	442	364	409
	Property, plant and equipment	**2,368**	**2,267**	**2,286**
	Investment in associates	14	14	14
	Deferred tax asset	332	205	164
	Other receivables	15	16	18
	Other non-current assets	**361**	**235**	**196**
	Non-current assets	**4,149**	**4,086**	**3,998**
	Inventories	**1,218**	**1,087**	**1,069**
	Trade receivables	2,142	2,027	1,970
	Income tax	33	56	56
	Other receivables	640	335	313
	Prepayments	134	94	87
	Receivables	**2,949**	**2,512**	**2,426**
	Marketable securities	**401**	**335**	**367**
	Cash and cash equivalents	**404**	**617**	**1,504**
	Current assets	**4,972**	**4,551**	**5,366**
	Assets	**9,121**	**8,637**	**9,364**

Balance sheet

At 30 June

(Unaudited)

Note		Consolidated		
		DKK million		
Note		30.06.14	30.06.13	30.09.13
	Equity and liabilities			
	Share capital	220	220	220
	Reserve for exchange rate adjustments	-151	-58	-89
	Reserve for currency and interest hedging	-32	77	35
	Proposed dividend for the period	0	0	1,473
	Retained earnings	5,386	5,916	5,130
	Total equity	**5,423**	**6,155**	**6,769**
	Provisions for pensions and similar liabilities	192	163	181
	Provision for deferred tax	104	166	96
8	Other provisions	432	7	8
	Other payables	1	16	8
	Deferred income	34	69	36
	Non-current liabilities	**763**	**421**	**329**
	Provisions for pensions and similar liabilities	16	12	14
	Other provisions	510	10	9
	Other credit institutions	154	146	111
	Trade payables	454	433	418
	Income tax	329	625	764
	Other payables	1,460	828	925
	Deferred income	12	7	25
	Current liabilities	**2,935**	**2,061**	**2,266**
	Current and non-current liabilities	**3,698**	**2,482**	**2,595**
	Equity and liabilities	**9,121**	**8,637**	**9,364**

8 Contingent liabilities

Statement of changes in equity

Consolidated DKK million	Share capital A shares	 B shares	Reserve for exchange rate adjustments	Reserve for currency and interest rate hedging	Proposed dividend	Retained earnings	Total equity
2013/14							
Balance at 1.10.	18	202	-89	35	1,473	5,130	6,769
Comprehensive income:							
Net profit for the period					844	705	1,549
Other comprehensive income							
Remeasurements on defined benefit plans						-24	-24
Tax on remeasurements on defined benefit plans						3	3
Value adjustment of currency and interest hedging				-32			-32
Of which transferred to financial items				-57			-57
Tax effect of hedging				22			22
Currency adjustment, assets in foreign currency						-11	-11
Currency adjustment of opening balances and other adjustments relating to subsidiaries			-62				-62
Total other comprehensive income	0	0	-62	-67	0	-32	-161
Total comprehensive income	*0*	*0*	*-62*	*-67*	*844*	*673*	*1,388*
Transactions with shareholders:							
Transfers					3	-3	0
Investment in treasury shares						-414	-414
Sale of treasury shares and loss on exercised options						-24	-24
Share-based payment						24	24
Dividend paid out in respect of 2013/14					-844		-844
Dividend paid out in respect of 2012/13					-1,476		-1,476
Total transactions with shareholders:	*0*	*0*	*0*	*0*	*-2,317*	*-417*	*-2,734*
Balance at 30.06	**18**	**202**	**-151**	**-32**	**0**	**5,386**	**5,423**

Statement of changes in equity

Consolidated DKK million	Share capital A shares	 B shares	Reserve for exchange rate adjustments	Reserve for currency and interest rate hedging	Proposed dividend	Retained earnings	Total equity
2012/13							
Balance at 1.10.	18	207	0	-40	841	5,016	6,042
Comprehensive income:							
Net profit for the period					632	1,330	1,962
Other comprehensive income							
Remeasurements on defined benefit plans						-10	-10
Tax on remeasurements on defined benefit plans						2	2
Value adjustment of currency and interest hedging				174			174
Of which transferred to financial items				-18			-18
Tax effect of hedging				-39			-39
Currency adjustment, assets in foreign currency						-10	-10
Currency adjustment of opening balances and other adjustments relating to subsidiaries			-58				-58
Total other comprehensive income	*0*	*0*	*-58*	*117*	*0*	*-18*	*41*
Total comprehensive income	*0*	*0*	*-58*	*117*	*632*	*1,312*	*2,003*
Transactions with shareholders:							
Transfers					3	-3	0
Investment in treasury shares						-416	-416
Sale of treasury shares and loss on exercised options						-22	-22
Share-based payment						24	24
Reduction of share capital		-5				5	0
Dividend paid out in respect of 2012/13					-632	0	-632
Dividend paid out in respect of 2011/12					-844		-844
Total transactions with shareholders:	*0*	*-5*	*0*	*0*	*-1,473*	*-412*	*-1,890*
Balance at 30.06	**18**	**202**	**-58**	**77**	**0**	**5,916**	**6,155**

Cash flow statement

1 October - 30 June

(Unaudited)

Note		Consolidated DKK million 2013/14 9 mths	2012/13 9 mths
	Operating profit	2,047	2,699
	Depreciation and amortisation	315	371
5	Adjustment for other non-cash operating items	912	-3
6	Changes in working capital	-253	-352
	Ingoing interest payments, etc.	60	15
	Outgoing interest payments, etc.	-17	-12
	Income tax paid	-1,076	-771
	Cash flows from operating activities	**1,988**	**1,947**
	Investments in intangible assets	-16	-24
	Investments in land and buildings	-1	-4
	Investments in plant and machinery	-53	-52
	Investments in property, plant and equipment under construction	-293	-215
	Property, plant and equipment sold	20	6
	Investment in associate	0	-8
	Cash flow from investing activities	**-343**	**-297**
	Free cash flow	**1,645**	**1,650**
	Dividend to shareholders	-2,320	-1,476
	Net investment in treasury shares and exercise of share options	-439	-439
	Financing from shareholders	**-2,759**	**-1,915**
	Financing through long-term borrowing, instalments	0	-1,417
	Cash flows from financing activities	**-2,759**	**-3,332**
	Net cash flows for the period	**-1,114**	**-1,682**
	Cash, cash equivalents and short-term debt at 1.10.	1,760	2,475
	Value adjustment of cash and bank balances	5	13
	Net cash flows for the period	-1,114	-1,682
7	**Cash, cash equivalents and short-term debt at 30.06**	**651**	**806**

The cash flow statement cannot be derived using only the published financial data.

Notes

1. Segment information

Consolidated, 2013/14

Operating segments

The operating segment Wound and Skin Care exclusively covers the sale of wound and skin care products in selected European markets and Brazil, where the Wound and Skin Care segment is separate from the other business areas. The sale of wound and skin care products in other markets is included in the Wound and Skin Care business area of the Sales Regions operating segment. Porgès covers the sale of disposable urology products, while SU covers the sale of urology products. The segmentation reflects the structure of reporting to the Executive Management.

The Wound and Skin Care, Porgès and SU operating segments are included in the reporting segment Sales Regions as they meet the criteria for combination. Accordingly, the operating segments Wound and Skin Care, Porgès and SU are non-reporting segments.

The shared/non-allocated segment comprises support functions (Global marketing, Global R&D and Staff) and eliminations, as these segments do not generate revenue. The operating 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. Financial items and income tax are not allocated to the operating segments.

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 immaterial 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/ Non-allocated**		**Total**	
DKK million	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
External revenue	9,214	8,665	0	0	0	0	9,214	8,665
Segment operating profit&loss (EBIT)	690	579	3,429	3,260	-2,072	-1,140	2,047	2,699
Net financials	0	0	0	0	32	-81	32	-81

Notes

	Consolidated	
	DKK million	
	2013/14	2012/13
2. Special items		
Special items	-1,000	0
I alt	**-1,000**	**0**

Special items represent potential costs associated with ongoing legal claims

	2013/14	2012/13
3. Financial income		
Interest income	32	15
Fair value adjustments on forward contracts transferred from equity	57	18
Total	**89**	**33**
4. Financial expenses		
Interest expense	1	44
Fair value adjustments of cash-based share options	10	19
Net exchange adjustments	30	30
Other financial expenses and fees	16	21
Total	**57**	**114**
5. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	2	0
Change in other provisions	910	-3
Total	**912**	**-3**
6. Changes in working capital		
Inventories	-171	-135
Trade receivables	-173	-169
Other receivables	-379	-70
Trade and other payables etc.	470	22
Total	**-253**	**-352**
7. Cash and short-term debt		
Marketable securities	401	335
Cash	1	1
Bank balances	403	616
Cash and bank balances	**805**	**952**
Short-term debt	-154	-146
Total	**651**	**806**

Notes

8. Contingent liabilities/Other provisions

Product liability case regarding transvaginal mesh

Since 2011, Coloplast has been named as a defendant in individual lawsuits in various federal and state courts around the United States, alleging injury resulting from use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence.
A multidistrict litigation (MDL) was formed in August 2012 to consolidate federal court cases in which Coloplast is the first named defendant in the Southern District of West Virginia as part of MDL No. 2387. The cases are consolidated for purposes of pre-trial discovery and motion practice. MDLs against other major transvaginal mesh manufacturers are being heard at the same venue. A date has not yet been set for the hearing of cases against Coloplast. As an alternative to litigation, Coloplast has entered into tolling agreements. The parties to a tolling agreement agree all defences are preserved while the parties exchange medical histories and other relevant information for the purpose of evaluating and potentially resolving or eliminating a claim out of court. Under a tolling agreement the limitation period is suspended. Coloplast cannot predict the timing or outcome of any such litigation or cases covered by tolling agreements, or whether any additional litigation will be brought against the company.

Litigation involving the use of transvaginal surgical mesh products against a few of Coloplast's competitors has been decided or settled at the present time. Coloplast monitors such litigation in order to determine how it might influence litigation that Coloplast is involved in. Coloplast intends to dispute the current and any future litigation, but will continually consider other options that may better serve the company's best interests. As a result, Coloplast has reached preliminary settlements with groups of law firms.

The years financial report contains an expense of DKK 1,500m to cover potential claims and settlements and other costs arising in connection with legal assistance and litigation. The full product liability insurance of DKK 500m has been set off against this amount, and the net expense of DKK 1,000m has been recognised under special items in the income statement. The impact on the net profit for the period amounted to DKK 755m.

The expense of DKK 1,500m is based on a number of estimates and assumptions and is therefore subject to substantial uncertainty. As a result, there can be no assurance that the amount will not change over time. Current and future litigation is expected to involve around 7,000 legal claims against the company.

Income statement, quarterly

(Unaudited)

DKK million	Consolidated						
	2012/13				2013/14		
Note	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	2,865	2,842	2,958	2,970	3,063	3,017	3,134
Cost of sales	-935	-948	-945	-941	-970	-948	-992
Gross profit	**1,930**	**1,894**	**2,013**	**2,029**	**2,093**	**2,069**	**2,142**
Distribution costs	-812	-802	-849	-849	-866	-880	-876
Administrative expenses	-137	-137	-137	-122	-122	-118	-126
Research and development costs	-92	-103	-91	-94	-94	-91	-96
Other operating income	10	10	10	13	9	12	9
Other operating expenses	-2	-3	-3	-4	-7	-8	-3
Operating profit before special items	**897**	**859**	**943**	**973**	**1,013**	**984**	**1,050**
Special items	0	0	0	0	0	-1,000	0
Operating profit (EBIT)	**897**	**859**	**943**	**973**	**1,013**	**-16**	**1,050**
Profit/loss after tax on investment in associates	0	-1	0	0	0	0	0
Financial income	7	9	17	63	53	23	13
Financial expenses	-72	-12	-30	-28	-26	-25	-6
Profit before tax	**832**	**855**	**930**	**1,008**	**1,040**	**-18**	**1,057**
Tax on profit for the period	-215	-220	-220	-259	-260	-1	-269
Net profit for the period	**617**	**635**	**710**	**749**	**780**	**-19**	**788**
Earnings per Share (EPS) before special items	2.93	3.01	3.37	3.56	3.70	3.48	3.74
Earnings per Share (EPS)	2.93	3.01	3.37	3.56	3.70	-0.09	3.74
Earnings per Share (EPS) before special items, diluted	2.88	2.95	3.30	3.49	3.63	3.44	3.69
Earnings per Share (EPS), diluted	2.88	2.95	3.30	3.49	3.63	-0.09	3.69

For further information, please contact

Investors and analysts

Anders Lonning-Skovgaard
Executive Vice President, CFO
Tlf. 4911 1111

Ian Christensen
Vice President, Investor Relations
Tlf. 4911 1800 / 4911 1301
E-mail dkisec@coloplast.com

Nick Fridberg
Senior Manager, Investor Relations
Tlf. 4911 1800 / 4911 1456
E-mail dknf@coloplast.com

Press and the media

Simon Mehl Augustesen
Media Relations Manager
Tlf. 4911 3488
E-mail dksia@coloplast.com

Website

www.coloplast.com

Adress

Coloplast A/S
Holtedam 1
3050 Humlebæk
Danmark

Company reg. (CVR) no. 69749917

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 more than 8,500 people.