Ostomy Care
Urology & Continence Care
Wound & Skin Care

Coloplast

Announcement no. 7/2015
11 August 2015

9M 2014/15

Interim financial report, 9M 2014/15

(1 October 2014 - 30 June 2015)

Highlights

- Organic revenue growth was 7%. Revenue in DKK was up by 12% to DKK 10,288m.
- Organic growth rates by business area: Ostomy Care 6%, Continence Care 7%, Urology Care 5% and Wound & Skin Care 9%.
- Gross profit was up by 11% to DKK 7,020m, and the gross margin was 68%, which was in line with last year.
- EBIT before special items increased by 8% to DKK 3,286m. The EBIT margin before special items was 32%, against 33% in 9M 2013/14. At constant exchange rates, the EBIT margin was also 32%.
- Net profit for the period before special items was DKK 2,321m against DKK 2,304m last year. Earnings per share before special items (EPS before special items) were DKK 10.98, compared with DKK 10.92 in the 9M 2013/14 period.
- Net profit for the period after special items was DKK 2,321m against DKK 1,549m last year.
- The free cash flow grew by 21% to DKK 1,950m, a DKK 339m increase on the same period of last year.
- ROIC after tax before special items was 46%, i.e. at last year's level.

Financial guidance for 2014/15

- We continue to expect organic revenue growth of about 7% and of about 12% in DKK.
- We continue to expect the EBIT margin to be about 32%, both at constant exchange rates and in DKK.
- Capital expenditure is still expected to be around DKK 650m.
- The effective tax rate is still expected to be about 24%.

Conference call
Coloplast will host a conference call on 11 August 2015 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. Conference call reference no. 953289.
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	DKK million 2014/15 9 mths	DKK million 2013/14 9 mths	Change	DKK million 2014/15 Q3	DKK million 2013/14 Q3	Change
Income statement						
Revenue	10,288	9,214	12%	3,540	3,134	13%
Research and development costs	-328	-281	-17%	-115	-96	-20%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	3,649	2,362	54%	1,197	1,156	4%
Operating profit before special items	3,286	3,047	8%	1,073	1,050	2%
Operating profit (EBIT)	3,286	2,047	61%	1,073	1,050	2%
Net financial income and expenses	-233	32	<-100%	-140	7	<-100%
Profit before tax	3,053	2,079	47%	933	1,057	-12%
Net profit for the period	2,321	1,549	50%	709	788	-10%
Revenue growth						
Period growth in revenue, %	12	6		13	6	
Growth break down:						
Organic growth, %	7	9		7	8	
Currency effect, %	5	-3		6	-2	
Balance sheet						
Total assets	9,945	9,321	7%	9,945	9,321	7%
Invested capital	7,014	6,075	15%	7,014	6,075	15%
Equity end of period	5,793	5,423	7%	5,793	5,423	7%
Cash flow and investments						
Cash flow from operating activities	1,958	1,988	-2%	1,095	991	10%
Cash flow from investing activities	-8	-377	98%	-110	89	<-100%
Investments in property, plant and equipment, gross	-426	-347	-23%	-111	-137	19%
Free cash flow	1,950	1,611	21%	985	1,080	-9%
Cash flow from financing activities	-2,977	-2,759	-8%	-1,310	-1,157	-13%
Key figures ratios						
Operating margin, EBIT, %	32	22		30	34	
Operating margin, EBITDA, %	35	26		34	37	
Return on average invested capital before tax (ROIC), % 1)	60	62		53	64	
Return on average invested capital after tax (ROIC), % 1)	46	46		41	48	
Return on equity, %	51	34		47	52	
Equity ratio, %	58	58		58	58	
Net asset value per share, DKK	26	25	4%	26	25	4%
Per share data						
Share price, DKK	439	493	-11%	439	493	-11%
Share price/net asset value per share	16.7	20.0	-17%	16.7	20.0	-17%
Average number of outstanding shares, millions	211.2	210.7	0%	211.5	210.9	0%
PE, price/earnings ratio	30.1	50.4	-40%	32.8	32.9	0%
Earnings per share (EPS), diluted	10.88	7.23	50%	3.32	3.69	-10%
Free cash flow per share	9.2	7.6	21%	4.7	5.1	-9%

1) This item is before Special items. After Special items, ROIC before tax was 67%, and ROIC after tax was 51% in 2014/15.
For 2013/14 ratios were 44% and 33% respectively

Management's report

Sales performance

Revenue in DKK was up by 12% to DKK 10,288m on 7% organic growth. Currency appreciation, especially of USD and GBP against DKK, increased the growth rate by 5 percentage points.

Sales performance by business area

	DKK million		Growth composition			DKK million	Organic growth
	2014/15 9 mths	2013/14 9 mths	Organic growth	Exchange rates	Reported growth	2014/15 Q3	Q3
Ostomy Care	4,118	3,764	6%	2%	9%	1,419	7%
Continence Care	3,689	3,288	7%	5%	12%	1,259	5%
Urology Care	1,017	898	5%	8%	13%	356	6%
Wound & Skin Care	1,464	1,264	9%	7%	16%	506	9%
Net revenue	**10,288**	**9,214**	**7%**	**5%**	**12%**	**3,540**	**7%**

Ostomy Care

Sales of ostomy care products amounted to DKK 4,118m, equal to an increase in DKK of 9%. Organic growth, at 6%, remained driven mainly by the portfolio of SenSura® products and the Brava® accessory range.
The Nordics, Germany, the UK, Italy and France were the main markets in which the SenSura® portfolio contributed to driving growth. SenSura® Mio products generated particularly strong sales. The SenSura® Mio product portfolio is now available in 18 countries.
An inventory build-up by a major distributor in the second and third quarters lifted sales in the US market. In the UK, the performance of the Charter homecare business remains unsatisfactory. Lower reimbursement rates in the Dutch market continued to impact overall growth. In addition, the German homecare company SIEWA lost growth momentum in a more competitive market.
Assura® products generated satisfactory sales growth, mainly driven by China and Mexico, whereas Algeria and Russia were negative contributors. The performance in Algeria was due to a distributor's inventory build-up last year, while the low tender activity in Russia continued.
The Brava® range of accessories continued to contribute to growth, particularly in the USA, the UK, France and China.

Q3 organic growth was 7%. As for the H1 period, SenSura® Mio and the Brava® range of accessories contributed strongly to performance. The sales growth of the SenSura® Mio product portfolio was in particular driven by the Nordic countries, the UK and France. Sales growth in the Brava® range of accessories was driven largely by the US, French and Chinese markets.
The Netherlands and Brazil were negative contributors in the third quarter. The performance in the Dutch market was due to reimbursement prices, while in Brazil tender activity has dropped.

Continence Care

Continence Care revenue was DKK 3,689m, a 12% improvement in DKK and 7% organically.
Sales of SpeediCath® intermittent catheters, especially the compact catheters, continued to drive growth. Compact catheters were a key growth driver, in particular in France, the UK, the USA and Germany. Delivery on a large tender win in the first quarter drove performance in Saudi Arabia. Lastly, the US market contributed to sales growth, in part due to the inventory build-up by a major distributor in the second quarter.
Standard catheters saw negative sales growth in the first nine months of the financial year, mainly because last year's comparator was boosted by a large tender win in Algeria, and due to negative Q3 sales performance for standard catheters in the USA resulting from the buying patterns of a major distributor.
SpeediCath® Compact Set continued the satisfactory growth following the December 2012 launch, and the SpeediCath® Compact Eve is now available in 13 countries.

The sales growth for urine bags and urisheaths was not satisfactory, mainly due to the negative performance of urine bag sales in the more competitive Dutch and UK markets.
Sales of the Peristeen® anal irrigation system grew at a fair rate, especially in the UK, France, Germany and Italy.

The Q3 organic growth rate was 5% on revenue of DKK 1,259m. We achieved satisfactory Q3 growth in France, Germany, Argentina and Italy, whereas the UK and the Netherlands were negative contributors. SpeediCath® intermittent catheters and the Peristeen® anal irrigation system were the positive contributors, while sales of standard catheters and of urine bags and urisheaths detracted from performance. The sales growth in compact catheters was driven by France, the UK, Germany and the USA. The buying patterns of a major distributor had a negative impact on the sales performance in the USA. Sales of Peristeen® products were driven by France and the UK. Lastly, the sales growth for urine bags and urisheaths in the Netherlands, the UK and the USA was not satisfactory.

Urology Care

Sales of urology care products rose by 13% to DKK 1,017m, while the organic growth rate was 5%. Growth was mainly driven by sales of disposable endourological products in France, Saudi Arabia and Germany.
The performance of implantable devices remains unsatisfactory due to the weaker sales momentum for penile implants, especially in the USA. In addition, Coloplast's overall business for transvaginal surgical mesh products designed to treat stress urinary incontinence and pelvic organ prolapse is also experiencing weaker sales momentum, and healthy sales of Altis® slings and Restorelle® products have not fully offset the declining sales of Aris®, an older sling product.

Q3 organic growth was 6%, driven mainly by sales of disposable endourological products, particularly in France, and by sales of Altis® slings for treating female stress incontinence and also Restorelle® products for pelvic organ prolapse repair. The US market for penile implants remains challenged.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,464m, equal to a 16% y/y increase in DKK and 9% organic growth. The Wound Care business alone generated 12% organic growth. Growth was driven by sales of Biatain® foam dressings, especially by Biatain® Silicone in Europe and notably in the German and UK markets. The lower reimbursement rates that took effect on 1 October 2014 continued to impact the French market. Outside Europe, our sales performance was driven by fair growth in the Chinese and Greek markets and by a large tender win in Saudi Arabia.
Organic growth in the US Skin Care business improved.
Contract production of Compeed® generated weak growth in the 9M period.

The Q3 organic growth rate was 9% on revenue of DKK 506m. The Wound Care business alone generated 12% organic growth. As in the second quarter, growth was driven by sales of Biatain® foam dressings, especially in China and Greece, and particularly by Biatain® Silicone in Europe, especially in the UK and France. The Skin Care business reported a strong third quarter, although Compeed® detracted from performance.

Sales performance by region

	DKK million		Growth composition			DKK million	Organic growth
	2014/15 9 mths	2013/14 9 mths	Organic growth	Exchange rates	Reported growth	2014/15 Q3	Q3
European markets	6,581	6,128	5%	2%	7%	2,258	4%
Other developed markets	2,151	1,817	5%	13%	18%	753	8%
Emerging markets	1,556	1,269	20%	3%	23%	529	19%
Net revenue	**10,288**	**9,214**	**7%**	**5%**	**12%**	**3,540**	**7%**

European markets

Revenue was up by 7% to DKK 6,581m on 5% organic growth. France, the Nordic markets and southern Europe all reported highly satisfactory organic growth rates, whereas both the Dutch and the UK markets saw challenging conditions. Growth in France, southern Europe and the Nordics was driven mainly by the Continence Care and Ostomy Care businesses. The Dutch market continues to feel the challenge of changes to reimbursement rates in the ostomy care market, and this factor is now also affecting the continence care market. Also, the UK operations remain challenged by the performance of the Charter homecare business. In addition, the German homecare company SIEWA lost growth momentum in a more competitive market.

Q3 organic growth was 4%, once more supported by the performance in France, the Nordic markets and southern Europe, whereas the performance of the Dutch and UK markets were not satisfactory. Growth in the French and southern European markets was driven by the Continence Care and Ostomy Care businesses, whereas growth in the Nordics was mainly driven by the Ostomy Care business. The UK and the Netherlands once more failed to deliver satisfactory growth due to the above-mentioned factors.

Other developed markets

Revenue was DKK 2,151m, which translates into reported growth of 18%, while the underlying organic growth rate was 5%. A change in the buying patterns of a major US ostomy care and continence care distributor made the US market a contributor to growth. An industry-wide investigation of sales and marketing practices by the US Department of Justice has impacted our performance in the US market and affected sales activities. The growth performance of Titan® penile implants in the USA was unsatisfactory due to a drop in market activity. Canada and Australia were contributors to growth. In the Canadian business, particularly inventory build-ups by distributors contributed to growth in both Ostomy Care and Continence Care. The Canadian Wound Care business is also enjoying good momentum.

The 8% organic growth in the third quarter was mainly driven by the US Ostomy Care business and by continued positive growth in the Canadian market. In the US market, the growth performance was impacted by the above-mentioned investigation by the US Department of Justice. The growth performance in the US market was driven by a large order from an ostomy care distributor, while the Canadian market was supported by deliveries from the Wound and Skin Care business. The weaker sales of Titan® penile implants in the US market weighed on the growth performance.

Emerging markets

Revenue increased by 23% to DKK 1,556m, while organic growth was 20%. The performance was driven especially by satisfactory growth in China, Saudi Arabia, Greece and Argentina, whereas Algeria, Russia and Brazil were negative contributors. In addition, Mexico, South Korea and Turkey all reported very strong growth rates. Performance in the Chinese market was driven by good momentum in Ostomy Care and Wound Care. Greece reported healthy growth rates in the Continence Care and Wound Care businesses. In Saudi Arabia, tender wins from earlier in the year in Continence Care, Wound Care and Urology Care continued to support the growth performance. The performance in Argentina was driven by good momentum in Ostomy Care and Continence Care. The negative growth in Algeria was due to an inventory buy-back coupled with an inventory build-up by a new distributor last year. In Russia, political and economic factors reduced tender activity, especially in the first quarter. A drop in tender activity impacted the growth performance in Brazil.

Q3 organic growth was 19%, driven by China, Argentina, Greece, Russia and Saudi Arabia, whereas Brazil was a negative contributor. The growth performance in China, Greece and Argentina was driven by good market momentum, while delivery on a large tender win in Moscow supported Russian operations. The performance of Saudi Arabia and Brazil was driven by the above-mentioned factors.

Gross profit

Gross profit was up by 11% to DKK 7,020m from DKK 6,304m in 9M 2013/14. The gross margin was 68%, in line with the same period of last year. Included in the gross margin is a DKK 25m write-down of the NPWT inventory as a result of the discontinuation of our partnership with Devon Medical. When adjusted for this writedown, the gross margin was 69%.
The performance was supported by the ongoing focus on efficiency improvements and costs, which has offset the negative effect of new product launches with their high initial cost per unit and rising depreciation charges resulting from increased capital expenditure. We also incurred costs in connection with expanding the factory at Nyírbátor, Hungary.

The Q3 gross margin was 68% and in line with last year. At constant exchange rates, the gross margin was 68% this year and 69% last year. The Q3 financial statements include restructuring costs relating to the organisational changes announced on the release of the H1 interim report as well as the above-mentioned writedown of the NPWT inventory.

Capacity costs

Distribution costs were DKK 2,937m against DKK 2,622m in 9M 2013/14. The 9M distribution costs amounted to 29% of revenue, compared to 28% in the same period of last year. Included in the 9M costs were ongoing investments, mainly sales and marketing initiatives, for a total of about DKK 150m in China, the UK, the USA and a number of emerging markets. Lastly, we continue to invest in “522 Postmarket Surveillance” studies for products in our Urology Care business.

The Q3 distribution costs amounted to DKK 993m, equal to 28% of revenue, in line with last year's amount. The costs are stated inclusive of the increased investment initiatives.

Administrative expenses amounted to DKK 477m against DKK 366m in the 9M period of last year. Last year's administrative expenses included a reversal of a DKK 20m provision for bad debt relating mainly to Spain. In addition, we incurred higher legal expenses in 9M 2014/15 than in the same period of last year. The 9M financial statements contain provisions totalling DKK 75m relating to the industry-wide investigation of sales and marketing practices in the USA by the US Department of Justice and increased bad debt in southern Europe. As a result, administrative expenses amounted to 5% of revenue compared with 4% in 9M 2013/14.

The Q3 administrative expenses amounted to DKK 208m, equal to 6% of revenue, against DKK 126m (4% of revenue) in the same period of last year. The above-mentioned provisions are recognised in the Q3 financial statements.

R&D costs were DKK 328m, up from DKK 281m last year due to a general increase in business activity, restructuring costs relating to the organisational changes announced on the release of the H1 interim report and an increase in depreciation charges. R&D costs amounted to 3% of revenue, which was in line with last year.

The Q3 R&D costs amounted to DKK 115m, equal to 3% of revenue, in line with last year. The above-mentioned restructuring costs are recognised in the Q3 financial statements.

Other operating income and other operating expenses amounted to a net income of DKK 8m in

9M 2014/15, against a net income of DKK 12m in 9M 2013/14.

Other operating income and other operating expenses amounted to a net expense of DKK 7m in the third quarter, against net income of DKK 6m in Q3 2013/14.

Operating profit (EBIT)

EBIT before special items was DKK 3,286m, an 8% improvement from DKK 3,047m in 9M 2013/14. The EBIT margin was 32%, both at constant exchange rates and in DKK, against 33% in the same period of last year.

Q3 EBIT was DKK 1,073m, for an EBIT margin of 30% both in DKK and at constant exchange rates, against last year's EBIT before special items of DKK 1,050m (EBIT margin of 34% both in DKK and at constant exchange rates).

Financial items and tax

Financial items amounted to a net expense of DKK 233m, against a net income of DKK 32m in the first nine months of last year, the difference being mainly due to realised net losses on forward exchange contracts, especially in USD and GBP, this year and a net gain in the year-earlier period. The Q3 financial items were a DKK 140m net expense, against a DKK 7m net income in Q3 2013/14.

The tax rate was 24%, compared with 25% last year, the difference being due to changes to the Danish corporate tax rate. The tax expense before special items was DKK 732m against DKK 775m last year.

Net profit for the period

The net profit for the reporting period amounted to DKK 2,321m, a 50% improvement from DKK 1,549m in 9M 2013/14. Earnings per share before special items (EPS before special items) were DKK 10.88, up from DKK 10.76.

The Q3 net profit amounted to DKK 709m, against DKK 788m in Q3 2013/14. The Q3 earnings per share before special items (EPS before special items) were DKK 3.32, compared with DKK 3.69 in Q3 2013/14.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 1,958m, against DKK 1,988m last year. The change was mainly due to higher tax payments resulting from a voluntary on-account payment of DKK 450m. The rest of the change was due to payments made for currency hedging transactions, which were offset by a higher EBITDA, and the receipt of the outstanding insurance cover of DKK 150m relating to litigation in the USA.

Investments

Coloplast grew its net capital expenditure in property, plant and equipment and intangible assets by DKK 74m in 9M 2014/15, increasing CAPEX investments by 23% over the 9M 2013/14 period to DKK 447m. The 9M financial statements include investment in machinery to be used for new products, including for a new SenSura® Mio platform, added capacity for existing products and the expansion of the factory in Nyírbátor, which was inaugurated in April 2015. The sale of securities increased the cash flows from investing activities by DKK 443m.

Free cash flow

The free cash flow amounted to DKK 1,950m against DKK 1,611m last year.

Capital reserves

Interest-bearing net deposits at 30 June 2015 amounted to DKK 75m, against DKK 644m at 30 June 2014, the increase being mainly due to a loan raised for the purpose of a voluntary on-account tax payment.

Balance sheet and equity

Balance sheet

At DKK 9,945m, total assets were DKK 434m lower than at 30 September 2014.

Intangible assets amounted to DKK 1,544m, which was DKK 63m more than at 30 September 2014. The increase was attributable to an increase in goodwill resulting from the appreciation of USD against DKK.

Investment in property, plant and equipment amounted to DKK 207m, increasing non-current assets by a total of DKK 275m to DKK 4,607m.

Relative to 30 September 2014, inventories increased by 12% to DKK 1,484m due to inventory build-ups in connection with new product roll-outs, relocation of production and weaker-than-expected sales. Trade receivables were up by 12% to DKK 2,480m, due to higher payment terms in Emerging Market countries and due to currency developments. Trade payables amounted to DKK 448m, marking a 21% drop relative to 30 September 2014. This brought working capital to 26% of revenue, 2 percentage points higher than at 30 September 2014.

Amounts held in escrow in connection with the litigation in the United States alleging injury resulting from use of transvaginal surgical mesh products were DKK 191m, DKK 227m less than at 30 September 2014. The difference reflects the net amount of settlement payments offset by additional deposits made.

Security holdings were DKK 409m less than at the beginning of the financial year and cash and cash equivalents were 327m less due to dividends and taxes paid.

As a result, current assets fell by a total of DKK 709m relative to 30 September 2014 to stand at DKK 5,338m. Dividend payments offset by the voluntary on-account tax payment and trade receivables were the main reasons for the drop in current assets.

Equity

Equity fell by DKK 490m relative to 30 September 2014 to DKK 5,973m. The comprehensive income for the period of DKK 2,466m was offset by dividends paid of DKK 2,534m and by the net effect of treasury shares bought and sold, losses on share options exercised and share-based payment for a total of DKK 422m.

In the second quarter of 2013/14, the Board of Directors resolved to establish a share buy-back programme for a total of up to DKK 1bn running until the end of the 2014/15 financial year. The second half of the programme, for DKK 500m, was completed on 3 June 2015.

Treasury shares

At 30 June 2015, Coloplast's holding of treasury shares consisted of 8,717,987 B shares, which was 732,976 fewer than at 30 September 2014. The reduction in the holding of treasury shares was mainly due to options being exercised.

Financial guidance for 2014/15

- We continue to expect organic revenue growth of about 7% and of about 12% in DKK.
- We continue to expect the EBIT margin to be about 32%, both at constant exchange rates and in DKK.
- Capital expenditure is still expected to be around DKK 650m.
- The effective tax rate is still expected to be about 24%.

Price pressures in 2014/15 are still expected to be in line with those of 2013/14, for an annual price pressure of almost 1%. Our financial guidance takes account of reforms with known effects.

Also, the financial guidance assumes sustained and stable sales growth in Coloplast's core markets and a continuation of the successful roll-out of new products.

The EBIT margin guidance assumes that Coloplast, in addition to achieving the growth target, will continue to deliver scale economies and efficiency improvements. The guidance for investments in sales-enhancing initiatives remains at about DKK 200m.

The capital investments will boost the production capacity for new and existing products.

The provision made to cover costs relating to transvaginal surgical mesh products remains subject to a high degree of estimation.

Coloplast's long-term financial guidance, as announced at the Capital Markets Day on 4 June 2014, remains to generate 7-10% sales growth 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 is about 5%, an increase of 50 basis points relative to 2013/14.

Other matters

Launch of SenSura® Mio Convex product portfolio
The SenSura® Mio Convex portfolio is being launched today and by the end of the next financial year, it will be available in 16 countries. The SenSura® Mio Convex portfolio provides solutions for all types of stoma. The market for Convex products is growing by 5-8% per year, and represents about 30% of the global market for ostomy bags and base plates. The SenSura® Mio Convex completes the SenSura® Mio portfolio.

Update on the investigation in the US market by the US Department of Justice
In February 2014, the US Department of Justice issued a subpoena against Coloplast regarding Coloplast's sales and marketing activities in the United States. In June 2015, Coloplast reached an agreement in principle with the US Department of Justice. Provisions for these matters were made in the Q3 financial statements.

Change in the presentation of segment information
Pursuant to IFRS 8, segment information in both interim reports and annual reports must be based on internal management reporting. Our revised management structure and the resulting presentation changes has led us to update our segment reporting. See note 1 for further information.

Exchange rate exposure

Our financial guidance for the 2014/15 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 2013/14*	911	550	2.44	746
Spot rate, 31 July 2015	1,062	682	2.42	746
Estimated average exchange rate 2014/2015	1,010	653	2.42	745
Change in estimated average exchange rates compared with last year**	11%	19%	-1%	0%

*) Average exchange rates from 1 October 2013 to 30 September 2014.

**) Estimated average exchange rate is calculated as the average exchange rate year to date combined with the spot rates at 31 July 2015.

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 2013/14)	Revenue	EBIT
USD	-200	-70
GBP	-230	-155
HUF	0	40

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 2014 – 30 June 2015. The interim report, which has neither been unaudited nor reviewed by the company's auditors, 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 2015 and of the results of the Group's operations and cash flows for the period 1 October 2014 – 30 June 2015.

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. Other than as set forth in the interim report, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the annual report for 2013/14.

Humlebæk, 11 August 2015

Executive Management:

Lars Rasmussen
Adm. Direktør, CEO

Anders Lonning-Skovgaard
Koncerndirektør, 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

Martin Giørtz Müller
Elected by the employees

Torben Rasmussen
Elected by the employees

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Quarterly financial figures are unaudited

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Statement of comprehensive income

1 October - 30 June

(Unaudited)

Note	Consolidated	DKK million 2014/15 9 mths	DKK million 2013/14 9 mths		DKK million 2014/15 Q3	DKK million 2013/14 Q3	
1	Revenue	10,288	9,214	112	3,540	3,134	113
	Cost of sales	-3,268	-2,910	112	-1,144	-992	115
	Gross profit	**7,020**	**6,304**	**111**	**2,396**	**2,142**	**112**
	Distribution costs	-2,937	-2,622	112	-993	-876	113
	Administrative expenses	-477	-366	130	-208	-126	165
	Research and development costs	-328	-281	117	-115	-96	120
	Other operating income	31	30	103	0	9	0
	Other operating expenses	-23	-18	128	-7	-3	>100
	Operating profit before special items	**3,286**	**3,047**	**108**	**1,073**	**1,050**	**102**
2	Special items	0	-1,000	-	0	0	-
1	**Operating profit (EBIT)**	**3,286**	**2,047**	**161**	**1,073**	**1,050**	**102**
3	Financial income	11	89	12	-17	13	-131
4	Financial expenses	-244	-57	>100	-123	-6	>100
	Profit before tax	**3,053**	**2,079**	**147**	**933**	**1,057**	**88**
	Tax on profit for the period	-732	-530	138	-224	-269	83
	Net profit for the period	**2,321**	**1,549**	**150**	**709**	**788**	**90**
	Other comprehensive income						
	Items that will not be reclassified to profit or loss:						
	Remeasurements on defined benefit plans	-13	-24		26	-30	
	Tax on remeasurements on defined benefit plans	2	3		-7	5	
		-11	**-21**		**19**	**-25**	
	Items that may be reclassified to profit or loss:						
	Value adjustment of currency hedging	-254	-32		-13	-53	
	Of which transferred to financial items	201	-57		99	0	
	Tax effect of hedging	12	22		-21	13	
	Currency adjustment, assets in foreign currency	135	-11		-43	6	
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	62	-62		-127	-4	
		156	**-140**		**-105**	**-38**	
	Total other comprehensive income	**145**	**-161**		**-86**	**-63**	
	Total comprehensive income	**2,466**	**1,388**		**623**	**725**	
	Earnings per Share (EPS) before special items	10.98	10.92		3.35	3.74	
	Earnings per Share (EPS)	10.98	7.35		3.35	3.74	
	Earnings per Share (EPS) before special items, diluted	10.88	10.76		3.32	3.69	
	Earnings per Share (EPS), diluted	10.88	7.23		3.32	3.69	

Balance sheet

At 30 June

Consolidated		DKK million		
	Note	30.06.15	30.06.14	30.09.14
Assets				
Acquired patents and trademarks etc.		610	609	624
Goodwill		847	730	772
Software		54	68	66
Prepayments and intangible assets in progress		33	13	19
Intangible assets		**1,544**	**1,420**	**1,481**
Land and buildings		917	909	927
Plant and machinery		922	849	868
Other fixtures and fittings, tools and equipment		241	168	196
Prepayments and property, plant and equipment under construction		589	442	471
Property, plant and equipment		**2,669**	**2,368**	**2,462**
Investment in associates		13	14	13
Deferred tax asset		365	532	360
Other receivables		16	15	16
Other non-current assets		**394**	**561**	**389**
Non-current assets		**4,607**	**4,349**	**4,332**
Inventories		**1,484**	**1,218**	**1,322**
Trade receivables		2,480	2,142	2,210
Income tax		63	33	40
Other receivables		160	640	344
Prepayments		106	134	123
Receivables		**2,809**	**2,949**	**2,717**
Restricted cash		**191**	**0**	**418**
Marketable securities		**210**	**401**	**619**
Cash and cash equivalents		**644**	**404**	**971**
Current assets		**5,338**	**4,972**	**6,047**
Assets		**9,945**	**9,321**	**10,379**

Balance sheet

At 30 June

Consolidated		DKK million		
Note		30.06.15	30.06.14	30.09.14
	Equity and liabilities			
	Share capital	220	220	220
	Reserve for exchange rate adjustments	-70	-151	-132
	Reserve for currency hedging	-130	-32	-89
	Proposed dividend for the period	0	0	1,579
	Retained earnings	5,773	5,386	4,705
	Total equity	**5,793**	**5,423**	**6,283**
	Provisions for pensions and similar liabilities	183	192	181
	Provision for deferred tax	71	304	71
8	Other provisions	11	432	297
	Other payables	1	1	1
	Deferred income	41	34	17
	Non-current liabilities	**307**	**963**	**567**
	Provisions for pensions and similar liabilities	28	16	29
8	Other provisions	462	510	680
	Other credit institutions	779	154	92
	Trade payables	448	454	566
	Income tax	133	329	521
	Other payables	1,989	1,460	1,619
	Deferred income	6	12	22
	Current liabilities	**3,845**	**2,935**	**3,529**
	Current and non-current liabilities	**4,152**	**3,898**	**4,096**
	Equity and liabilities	**9,945**	**9,321**	**10,379**

9 Contingent liabilities

Statement of changes in equity

Consolidated			Reserve for exchange rate	Reserve for currency	Proposed	Retained	Total
	Share capital						
DKK million	A shares	B shares	adjustments	hedging	dividend	earnings	equity
2014/15							
Balance at 1.10.	18	202	-132	-89	1,579	4,705	6,283
Comprehensive income:							
Net profit for the period					953	1,368	2,321
Other comprehensive income that will not be reclassified to profit or loss:							
Remeasurements on defined benefit plans						-13	-13
Tax on remeasurements on defined benefit plans						2	2
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency hedging				-254			-254
Of which transferred to financial items				201			201
Tax effect of hedging				12			12
Currency adjustment, assets in foreign currency						135	135
Currency adjustment of opening balances and other adjustments relating to subsidiaries			62				62
Total other comprehensive income	0	0	62	-41	0	124	145
Total comprehensive income	*0*	*0*	*62*	*-41*	*953*	*1,492*	*2,466*
Transactions with shareholders:							
Transfers					2	-2	0
Investment in treasury shares						-500	-500
Sale of treasury shares and loss on exercised options						58	58
Share-based payment						20	20
Dividend paid out in respect of 2014/15					-953		-953
Dividend paid out in respect of 2013/14					-1,581		-1,581
Total transactions with shareholders	*0*	*0*	*0*	*0*	*-2,532*	*-424*	*-2,956*
Balance at 30.06	**18**	**202**	**-70**	**-130**	**0**	**5,773**	**5,793**

Statement of changes in equity

Consolidated DKK million	Share capital A shares	 B shares	Reserve for exchange rate adjustments	Reserve for currency 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 that will not be reclassified to profit or loss:							
Remeasurements on defined benefit plans						-24	-24
Tax on remeasurements on defined benefit plans						3	3
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency 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**

Cash flow statement

1 October - 30 June

Note		Consolidated DKK million 2014/15 9 mths	2013/14 9 mths
	Operating profit	3,286	2,047
	Depreciation and amortisation	363	315
5	Adjustment for other non-cash operating items	-521	912
6	Changes in working capital	227	-253
	Ingoing interest payments, etc.	11	60
	Outgoing interest payments, etc.	-278	-17
	Income tax paid	-1,130	-1,076
	Cash flows from operating activities	**1,958**	**1,988**
	Investments in intangible assets	-21	-16
	Investments in land and buildings	-2	-1
	Investments in plant and machinery	-20	-53
	Investments in property, plant and equipment under construction	-404	-293
	Property, plant and equipment sold	10	20
	Divestment of operations	20	0
	Net sales/purchase of marketable securities	409	-34
	Cash flow from investing activities	**-8**	**-377**
	Free cash flow	**1,950**	**1,611**
	Dividend to shareholders	-2,535	-2,320
	Net investment in treasury shares and exercise of share options	-442	-439
	Financing from shareholders	**-2,977**	**-2,759**
	Cash flows from financing activities	**-2,977**	**-2,759**
	Net cash flows for the period	**-1,027**	**-1,148**
	Cash and short-term debt at 1.10.	879	1,393
	Value adjustment of cash and bank balances	13	5
	Net cash flows for the period	-1,027	-1,148
7	**Cash and short-term debt at 30.06**	**-135**	**250**

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

Notes

Consolidated

1. Operating segments

Operating segments

Changes to the management structure has led to changes in our management reporting and a change in the segment information for the 2014/15 financial year. Comparative figures have been restated accordingly.

The operating segments are defined on the basis of the monthly reporting to the Executive Management, which is considered the senior operational management, and the management structure. Reporting to Management is based on three operating segments: Chronic Care, Urology Care and Wound & Skin Care.

The operating segment Chronic Care covers the sale of ostomy care products and continence care products.

The operating segment Urology Care covers the sale of urological products, including disposable products.

The operating segment Wound & Skin Care covers the sale of wound and skin care products.

The reporting segments are also Chronic Care, Urology Care and Wound & Skin Care. The segmentation reflects the structure of reporting to the Executive Management.

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

Management reviews each operating segment separately based on EBIT before internal items and eliminations (market contribution) and allocates resources on that background.

Costs are allocated directly to segments. Certain immaterial indirect costs are allocated systematically to the Shared/Non-allocated segment and the reporting segments.

Management does not receive reporting on asset and liabilities by the reporting segments. 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	Chronic Care		Urology		Wound & Skin Care		Shared/ Non-allocated		Total	
DKK million	**2014/15**	2013/14	**2014/15**	2013/14	**2014/15**	2013/14	**2014/15**	2013/14	**2014/15**	2013/14
Segment revenue										
Ostomy Care	4,118	3,764		0		0		0	4,118	3,764
Continence Care	3,689	3,288		0		0		0	3,689	3,288
Urology Care		0	1,017	898	1,464	1,264		0	2,481	2,162
Wound and Skin Care		0		0		0		0	0	0
Group external revenue	**7,807**	**7,052**	**1,017**	**898**	**1,464**	**1,264**	**0**	**0**	**10,288**	**9,214**
Segment operating profit	4,693	4,239	352	331	519	450	-2,278	-1,973	3,286	3,047
Costs not included in segment operating profit/loss. See note 2									0	-1,000
Operating profit before tax									**3,286**	**2,047**
Net financials									-233	32
Tax of profit for the period									-732	-530
Profit/loss for the periode after tax									**2,321**	**1,549**

Notes

Consolidated	DKK million 2014/15	2013/14
2. Special items		
Provisions for litigation about transvaginal surgical mesh products	0	1,500
Sum insured	**0**	**-500**
Total	**0**	**1,000**

Special items for 2013/14 contain expenses to cover potential claims and settlements, other costs arising in connection with legal assistance and insurance cover relating to litigation about transvaginal surgical mesh products. See note 8 to the financial statements for more information about transvaginal surgical mesh litigation.

	2014/15	2013/14
3. Financial income		
Interest income	11	32
Fair value adjustments of forward contracts transferred from Other comprehensive income	0	57
Total	**11**	**89**
4. Financial expenses		
Interest expense	4	1
Fair value adjustments of cash-based share options	0	10
Fair value adjustments on forward contracts transferred from equity	201	0
Net exchange adjustments	19	30
Other financial expenses and fees	20	16
Total	**244**	**57**
5. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	1	2
Change in other provisions	-522	910
Total	**-521**	**912**
6. Changes in working capital		
Inventories	-130	-171
Trade receivables	-182	-173
Other receivables	430	-379
Trade and other payables etc.	109	470
Total	**227**	**-253**
7. Cash and short-term debt		
Cash	1	1
Bank balances	643	403
Cash and bank balances	**644**	**404**
Short-term debt	-779	-154
Total	**-135**	**250**

Notes

Consolidated

8. 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 of cases covered by tolling agreements. Nor can Coloplast predict 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 settlements with groups of law firms.

An expense of DKK 1,500m has been recognised in the Q2 2013/14 financial statements to cover potential claims and settlements and other costs arising in connection with legal assistance. 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 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.

9. Contingent liabilities

Other than as set out in Note 8 Other provisions, the Coloplast Group is a party to a few minor legal proceedings, which are not expected to influence the Group's future earnings.

In February 2014 the Department of Justice in the United States initiated an investigation of Durable Medical Equipment producers among these Coloplast, focusing on marketing and promotion activities related to the ostomy and continence business. Coloplast is cooperating with the Department of Justice in this investigation by providing documents and participating in interviews. Coloplast does not expect the investigation to result in any claims that may have a material impact on Coloplasts financial position, operating profit or cash flow.

Income statement, quarterly

(Unaudited)

Consolidated

DKK million	2013/14 Q1	2013/14 Q2	2013/14 Q3	2013/14 Q4	2014/15 Q1	2014/15 Q2	2014/15 Q3
Revenue	3,063	3,017	3,134	3,214	3,301	3,447	3,540
Cost of sales	-970	-948	-992	-980	-1,038	-1,086	-1,144
Gross profit	**2,093**	**2,069**	**2,142**	**2,234**	**2,263**	**2,361**	**2,396**
Distribution costs	-866	-880	-876	-897	-945	-999	-993
Administrative expenses	-122	-118	-126	-132	-136	-133	-208
Research and development costs	-94	-91	-96	-109	-110	-103	-115
Other operating income	9	12	9	13	9	22	0
Other operating expenses	-7	-8	-3	-9	-5	-11	-7
Operating profit before special items	**1,013**	**984**	**1,050**	**1,100**	**1,076**	**1,137**	**1,073**
Special items	0	-1,000	0	0	0	0	0
Operating profit (EBIT)	**1,013**	**-16**	**1,050**	**1,100**	**1,076**	**1,137**	**1,073**
Profit/loss after tax on investment in associates	0	0	0	-2	0	0	0
Financial income	53	23	13	0	4	24	-17
Financial expenses	-26	-25	-6	14	-32	-89	-123
Profit before tax	**1,040**	**-18**	**1,057**	**1,112**	**1,048**	**1,072**	**933**
Tax on profit for the period	-260	-1	-269	-271	-251	-257	-224
Net profit for the period	**780**	**-19**	**788**	**841**	**797**	**815**	**709**
Earnings per Share (EPS) before special items	3.70	3.48	3.74	3.99	3.78	3.85	3.35
Earnings per Share (EPS)	3.70	-0.09	3.74	3.99	3.78	3.85	3.35
Earnings per Share (EPS) before special items, diluted	3.63	3.44	3.69	3.94	3.74	3.82	3.32
Earnings per Share (EPS), diluted	3.63	-0.09	3.69	3.94	3.74	3.82	3.32

Operating segments

DKK million

Operating segments

DKK million	Chronic Care 2013/14	Chronic Care 2012/13	Continence Care 2013/14	Continence Care 2012/13	Wound & Skin Care 2013/14	Wound & Skin Care 2012/13	Shared/Non-allocated 2013/14	Shared/Non-allocated 2012/13	Total 2013/14	Total 2012/13
Segment revenue										
Ostomy Care	5,091	4,849							5,091	4,849
Continence Care	4,438	4,081							4,438	4,081
Urology Care			1,199	1,124					1,199	1,124
Wound & Skin Care					1,700	1,581			1,700	1,581
External revenue	**9,529**	**8,930**	**1,199**	**1,124**	**1,700**	**1,581**			**12,428**	**11,635**
Segment operating profit/loss	5,734	5,356	433	392	623	592	-2,643	-2,668	4,147	3,672
Costs not included in segment operating profit/loss. See note 2									-1,000	0
Operating profit/loss before tax									**3,147**	**3,672**
Net financials									46	-46
Tax on profit/loss for the period									-801	-914
Profit/loss after tax on investment in associates									-2	-1
Profit/loss for the period after tax									**2,390**	**2,711**

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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 10,000 people.