Ostomy Care
Urology & Continence Care
Wound & Skin Care

Coloplast

Announcement no. 3/2013
30 January 2013

Q1 2012/13

Interim financial report, Q1 2012/13

(1 October 2012 - 31 December 2012)

Highlights

- Organic revenue growth was 6%. Revenue in DKK was up by 8% to DKK 2,865m.
- Organic growth rates by business area: Ostomy Care 5%, Continence Care 7% and Urology Care 11%. Wound & Skin Care sales were unchanged relative to Q1 2011/12.
- Gross profit was up by 11% to DKK 1,930m, bringing the gross margin to 67% from 65% in Q1 2011/12. At constant exchange rates, the gross margin was also 67%.
- EBIT was up by 29% to DKK 897m. The EBIT margin was 31% against 26% in Q1 2011/12. At constant exchange rates, the EBIT margin was also 31%.
- The net profit for the period was up by 27% to DKK 617m, while earnings per share also improved by 27% relative to Q1 2011/12 to DKK 2.88.
- The free cash flow was up by 138% to DKK 385m.
- ROIC after tax was 41%, compared with 32% in Q1 2011/12.
- The second stage of the share buy-back programme, of DKK 500m, is expected to be initiated in the second quarter of 2012/13.

Financial guidance for 2012/13

Our financial guidance for the 2012/13 has been revised as follows:

- We continue to expect organic revenue growth of 6–7% but now expect growth of 5-6% in DKK.
- Expected EBIT margin of 31–32%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 400m.
- The effective tax rate is expected to be 25–26%.

Conference call
Coloplast will host a conference call on 30 January 2013 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3271 4607, +44 (0)20 7162 0077 or +1 334 323 6201. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

Ostomy Care
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Financial highlights and key ratios

1 October 2012 - 31 December 2012

	Consolidated DKK million 2012/13 Q1	2011/12 Q1	Change
Income statement			
Revenue	2,865	2,654	8%
Research and development costs	-92	-95	-3%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	1,019	817	25%
Operating profit (EBIT)	897	693	29%
Net financial income and expenses	-65	-43	51%
Profit before tax	832	650	28%
Profit for the period	617	484	27%
Revenue growth			
Period growth in revenue, %	8	4	
Growth break down:			
Organic growth, %	6	4	
Currency effect, %	2	0	
Balance sheet			
Total assets	9,773	8,916	10%
Invested capital	6,530	6,608	-1%
Net interest-bearing debt	-687	872	<-100%
Equity end of period	5,921	4,414	34%
Cash flow and investments			
Cash flow from operating activities	468	223	>100%
Cash flow from investing activities	-83	-61	36%
Investments in property, plant and equipment, gross	-87	-61	43%
Free cash flow	385	162	>100%
Cash flow from financing activities	-1,443	-692	>100%
Key figures ratios			
Operating margin, EBIT, %	31	26	
Operating margin, EBITDA, %	36	31	
Return on average invested capital before tax (ROIC), %	56	43	
Return on average invested capital after tax (ROIC), %	41	32	
Return on equity, %	41	43	
Ratio of net debt to EBITDA	-0.2	0.3	
Interest cover	39	45	
Equity ratio, %	61	50	
Rate of debt to enterprise value, %	-1	2	
Net asset value per share, DKK	26	20	30%
Per share data			
Share price, DKK	277	165	68%
Share price/net asset value per share	10.5	8.4	25%
Average number of outstanding shares, millions	210.7	209.6	1%
PE, price/earnings ratio	23.6	17.8	33%
Earnings per share (EPS), diluted	2.88	2.27	27%
Free cash flow per share	1.8	0.8	>100%

Management's report

Sales performance

Revenue in DKK was up by 8% to DKK 2,865m. The organic growth rate was 6%.

Sales performance by business area

	DKK million		Growth composition		
	2012/13 3 mths	2011/12 3 mths	Organic growth	Exchange rates	Reported growth
Ostomy Care	1,212	1,127	5%	3%	8%
Continence Care	1,016	928	7%	2%	9%
Urology Care	274	242	11%	2%	13%
Wound & Skin Care	363	357	0%	2%	2%
Net revenue	**2,865**	**2,654**	**6%**	**2%**	**8%**

Ostomy Care

Sales of ostomy care products amounted to DKK 1,212m, which translated into a reported growth of 8%. Organic growth was at 5% and below the rate reported for the 2011/12 financial year. The UK, US and Nordic markets were the markets driving growth, whereas the markets in southern Europe were negative contributors as well as Russia where the first quarter of last year included revenue from several large tender wins. The Brava™ series of accessories made a substantial contribution to overall growth in the quarter.

Continence Care

Continence Care revenue was DKK 1,016m, a 9% improvement in DKK and 7% organically. Growth was driven by sales of intermittent catheters, mainly in the UK, Nordic and US markets, although sales growth in the latter market fell below the level of FY 2011/12. Q1 growth was driven by the SpeediCath® catheter portfolio, especially by compact catheters. The launch programme for SpeediCath® Compact Set is on schedule. In the first quarter, the product was launched in the USA, Germany and France. Urisheaths and urine bags generated unsatisfactory sales growth, while sales of the Peristeen® anal irrigation system grew at a satisfactory rate.

Urology Care

Urology Care revenue was up by 13% to DKK 274m on 11% organic growth. The appreciation of USD against DKK relative to the prior-year period accounted for 2%. Penile implants in the USA and endourology products in Europe were the primary drivers of sales growth during the quarter. The improvement should be seen in the light of the first quarter of 2011/12 when the growth performance was impacted by the recall of an endourology product and the market for penile implants was still recovering from a decline in the number of operations. The declining sales of slings for treating female stress incontinence had a negative impact on the sales growth, whereas sales of Restorelle® for pelvic organ prolapse repair saw decent growth.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 363m, equal to a 2% increase in DKK. At constant exchange rates, sales were unchanged from Q1 2011/12. The Wound Care business reported 4% negative organic growth for the quarter, which is an unsatisfactory performance. The lower growth rate relative to FY 2011/12 was mainly attributable to declining revenue in Germany, the UK and Spain as well as a lower growth rate in China, where distributors reduced their inventories. The Q1 growth rate was impacted by an inventory reduction in Greece in Q1 2011/12 and by improved sales growth in France in Q1 2012/13. The North American Skin Care business and the contract production of Compeed® once again reported satisfactory growth rates.

Sales performance by region

	DKK million		Growth composition		
	2012/13 3 mths	2011/12 3 mths	Organic growth	Exchange rates	Reported growth
European markets	1,900	1,790	4%	2%	6%
Other developed markets	626	554	9%	4%	13%
Emerging markets	339	310	9%	0%	9%
Net revenue	**2,865**	**2,654**	**6%**	**2%**	**8%**

European markets

Revenue amounted to DKK 1,900m, which translated into reported growth of 6%. The organic growth rate was 4%, which was in line with FY 2011/12. The positive currency effect of 2 percentage points was mainly due to the appreciation of GBP against DKK. Ostomy Care and Continence Care both reported satisfactory growth rates, driven by the UK, the Nordic countries and France. Italy, on the other hand, reported declining sales and a market situation of upcoming cuts in public spending and reforms. The Wound Care business was a negative contributor to the regions overall growth.

Other developed markets

Revenue was up by 13% to DKK 626m. The appreciation of USD, CAD and AUD against DKK relative to the prior-year period accounted for 4%. Organic growth was 9%. In the USA, the main growth driver for the Continence Care business was the relaunch of the SpeediCath® catheter portfolio. The Ostomy Care business reported considerable growth compared with last year, thanks especially to highly satisfactory sales of accessory products. Sales of penile implants and synthetic mesh products for pelvic organ prolapse also contributed to the region's overall growth performance.

Emerging markets

Revenue increased by 9% to DKK 339m, while organic growth was also 9%. The rate of organic growth was not satisfactory, in part due to the expected negative growth in Russia given the additional revenue from several large tender wins in the first quarter of last year. In addition, China reported weaker growth than in the preceding quarters. Brazil and Argentina reported satisfactory growth rates, and Q1 last year included inventory reductions in Greece.

Gross profit

Gross profit was up by 11% to DKK 1,930m from DKK 1,738m in Q1 2011/12. The Q1 gross margin was 67%, against 65% last year. In addition to improvements in production efficiency, the higher gross margin was mainly due to the higher revenue. At constant exchange rates, the gross margin was also 67%.

Capacity costs

Distribution costs amounted to DKK 812m, equal to 28% of revenue, which was below the Q4 2011/12 level. Adjusted for non-recurring costs, the Q1 2011/12 distribution costs also made up 28% of revenue.

Administrative expenses were DKK 137m against DKK 163m in the same period of last year. Administrative expenses accounted for 5% of revenue, which was in line with FY 2011/12 when adjusted for provisions for losses on trade receivables in southern Europe.

R&D costs were DKK 92m and amounted to 3% of revenue, which was in line with FY 2011/12.

Other operating income and other operating expenses net amounted to an income of DKK 8m, against an expense of DKK 5m in Q1 2011/12.

Operating profit (EBIT)

EBIT was up by 29% to DKK 897m, against DKK 693m in Q1 2011/12. The EBIT margin was 31%, against 26% in the same period of last year. Adjusted for non-recurring costs totalling DKK 80m, last year's Q1 EBIT margin was 29%. At constant exchange rates, the EBIT margin was unchanged at 31%.

Financial items and tax

Financial items amounted to a net expense of DKK 65m, against DKK 43m in the same period of last year. The increase was due to a net loss on foreign exchange adjustments, mainly resulting from the appreciation of GBP against DKK. Also contributing to the increase was the effect of fair value adjustments of cash-settled option schemes expiring at the end of 2013. The repayment of debt reduced the net interest expense by DKK 10m relative to the same period of last year.

Financial items

	DKK million	
	2012/13 *3 mths*	*2011/12* *3 mths*
Interest, net	-12	-22
Fair value adjustment of options	-12	-4
Net exchange adjustments	-34	-11
Other financial items	-7	-6
Total financial items	**-65**	**-43**

The effective tax rate was 26%, in line with last year, for a tax expense of DKK 215m, as compared with DKK 166m in Q1 2011/12.

Net profit for the period

The net profit for the reporting period was up by 27% to DKK 617m, while earnings per share also improved by 27% relative to Q1 2011/12 to DKK 2.88.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities more than doubled to DKK 468m from DKK 223m in Q1 2011/12. Improved earnings and less realised losses on currency forward contracts relative to Q1 of last year were the reasons for the improvement.

Investments (CAPEX)

Coloplast made gross investments of DKK 83m in Q1 2012/13 compared with DKK 61m in Q1 2011/12. The increase was due to investments in machinery for new products. Investments accounted for 3% of revenue against 2% in Q1 2011/12. Gross investments in property, plant and equipment and in intangible assets (CAPEX) amounted to DKK 91m, against DKK 64m in Q1 2011/12.

Free cash flow

The free cash flow amounted to DKK 385m against DKK 162m in the same period of last year.

Capital reserves

The confirmed credit facilities expire during the 2012/13 financial year and are not included in the long-term capital reserves. Coloplast expects to redeem most of the remaining debt on expiry in April 2013. At the balance sheet date, the gross interest-bearing debt amounted to DKK 1,637m. Instead of confirmed facilities, Coloplast will maintain cash reserves of around DKK 1bn.

Balance sheet and equity

Balance sheet

At DKK 9,773m, total assets were DKK 403m lower than at 30 September 2012.

Intangible assets amounted to DKK 1,633m, which was DKK 72m less than at 30 September 2012. The change was mainly due to the amortization of acquired patents and trademarks as well as the depreciation of USD against DKK since the beginning of the financial year.

Current assets fell by DKK 315m relative to the beginning of the financial year to DKK 5,654m due to a reduction in cash and securities resulting from the payment of dividends.

Relative to 30 September 2012, trade receivables were down by 5% to DKK 1,834m.

Trade payables amounted to DKK 352m, against DKK 478m at 30 September 2012.

Working capital made up 22% of revenue, unchanged from 30 September 2012.

Equity

Equity fell by DKK 121m during the reporting period to stand at DKK 5,921m. The comprehensive income for the period of DKK 623m was offset by dividend payments of DKK 844m. Employees' exercise of share options and the sale of employee shares increased equity by DKK 93m.

Stock split and share buy-backs

In December 2012, the shareholders in general meeting authorised Coloplast to make a 5-for-1 stock split before the end of the calendar year. The stock split was effected on 21 December 2012. As a result, the nominal value per share has changed from DKK 5 to DKK 1.

At the annual general meeting held in December 2012, the shareholders voted to renew the authorisation for the Board of Directors to buy back shares for up to 10% of the company's share capital, and the Board subsequently established a share buy-back programme totalling up to DKK 1bn running until the end of the 2012/13 financial year.
The first stage of the share buy-back programme, for DKK 500m, was closed in 2011/12. The second stage of the programme is expected to be initiated in the second quarter of 2012/13 and to be completed within the current financial year. Should alternative opportunities arise during the period which are considered more beneficial for the shareholders, the share buy-backs may be discontinued.

Treasury shares and reduction of the share capital

At 31 December 2012, Coloplast's holding of treasury shares consisted of 13,790,087 B shares, which was DKK 957,373 fewer than at 30 September 2012. The reduction was due to the exercise of share options and the sale of employee shares.

At the annual general meeting held in December 2012, the Board of Directors was authorised to reduce the share capital by a nominal value of DKK 5m, equal to 5,000,000 shares each with a nominal value of DKK 1. The capital reduction was motivated by the fact that Coloplast had bought more shares through the buy-back programmes than were needed to cover share option programmes. Share buy-backs form a part of Coloplast's general dividend policy. The capital decrease was finalised effective 15 January, as reported in Company announcement no. 1/2013.

Financial guidance for 2012/13

Our financial guidance for the 2012/13 has been revised as follows:

- We continue to expect organic revenue growth of 6–7% but now expect growth of 5-6% in DKK.
- Expected EBIT margin of 31–32%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 400m.
- The effective tax rate is expected to be 25–26%.

Our financial guidance is inherently subject to some degree of uncertainty. Achieving the financial guidance will specifically depend on our ability to execute the revised growth strategy announced in March 2012.

The financial guidance assumes sustained stable growth in the European business. In addition, emerging markets are now expected to grow by at least the same rates as last year, while the mature markets outside Europe, especially the USA, are expected to see higher growth rates than in 2011/12. Price pressures in 2012/13 are expected to be in line with those of the previous year. 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 results consistent with the previously estimated productivity-enhancement potential of a 0.5–1.0% improvement of the overall gross margin.

Finally, the guidance also includes capital expenditure expectations under the revised strategy.

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

The overall weighted market growth in Coloplast's current markets is expected to be 4–5% and was last revised in connection with our full year 2011/12 financial results..

Other matters

Rule on tax on medical devices in the USA

On 5 December 2012, the US Internal Revenue Service ("IRS") published a final rule on a tax on certain medical devices introduced in the Affordable Care Act. The 2.3% excise tax applies from January 2013 and will apply to our Urology Care business.

New Head of Global R&D appointed

Effective January 2013, SVP Oliver Johansen, who was formerly general manager of Coloplast's Italian subsidiary, was appointed new Head of Global R&D. Mr Johansen replaced SVP John Raabo Nielsen, who has been appointed general manager of our Swedish subsidiary.

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

Exchange rate exposure

Our financial guidance for the 2012/13 financial year has been prepared on the basis of the following assumptions for the company's main currencies:

DKK	GBP	USD	HUF	EUR
Average exchange rate 2011/12*	904	574	2,53	744
Spot rate, 24 January 2013	887	560	2,53	746
Estimated average exchange rate 2012/2013	896	564	2,56	746
Change in estimated average exchange rates compared with last year**	-1%	-2%	1%	0%

*) Average exchange rates from 1 October 2011 to 30 September 2012.

**) Estimated average exchange rate is calculated as the average exchange rate for the first quarter combined with the spot rates at 24 January 2013.

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 2011/12)	Revenue	EBIT
USD	-160	-45
GBP	-180	-105
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 Executive Board

The Board of Directors and the Executive Management today considered and approved the interim report of Coloplast A/S for the period 1 October 2012 – 31 December 2012. The interim report, which is unaudited, is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group’s assets, equity, liabilities and financial position at 31 December 2012 and of the results of the Group’s operations and cash flows for the period 1 October 2012 – 31 December 2012.

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

Humlebæk, 30 January 2013

Executive Management:

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

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

1 October - 31 December

(Unaudited)

Note		Consolidated DKK million 2012/13 Q1	2011/12 Q1	Index
1	Revenue	2,865	2,654	108
	Cost of sales	-935	-916	102
	Gross profit	**1,930**	**1,738**	**111**
	Distribution costs	-812	-782	104
	Administrative expenses	-137	-163	84
	Research and development costs	-92	-95	97
	Other operating income	10	8	125
	Other operating expenses	-2	-13	15
1	**Operating profit (EBIT)**	**897**	**693**	**129**
2	Financial income	7	16	44
3	Financial expenses	-72	-59	122
	Profit before tax	**832**	**650**	**128**
	Tax on profit for the period	-215	-166	130
	Net profit for the period	**617**	**484**	**127**
	Other comprehensive income			
	Items that will not be reclassified to profit or loss:			
	Actuarial gains/losses	-5	0	
	Tax on actuarial gains/losses	1	0	
		-4	0	
	Items that may be reclassified subsequently to profit or loss:			
	Value adjustment of currency and interest hedging	81	-109	
	Of which transferred to financial items	18	19	
	Tax effect of hedging	-25	23	
	Currency adjustment, assets in foreign currency	-25	49	
	Tax effect of currency adjustment, assets in foreign currency	0	0	
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	-39	-21	
		10	-39	
	Total other comprehensive income	6	-39	
	Total comprehensive income	**623**	**445**	
	Earnings per Share (EPS)	2.93	2.32	
	Earnings per Share (EPS), diluted	2.88	2.27	
	Profit distribution:			
	Retained earnings	617	484	
	Proposed dividend for the year	0	0	
	Total	**617**	**484**	

Balance sheet

At 31 December

Note		Consolidated DKK million		
		31.12.12	31.12.11	30.09.12
	Assets			
	Acquired patents and trademarks etc.	787	939	837
	Goodwill	750	764	767
	Software	88	103	79
	Prepayments and intangible assets in progress	8	12	22
	Intangible assets	**1,633**	**1,818**	**1,705**
	Land and buildings	1,070	1,111	1,107
	Plant and machinery	791	835	826
	Other fixtures and fittings, tools and equipment	127	148	121
	Prepayments and property, plant and equipment under construction	269	139	232
	Property, plant and equipment	**2,257**	**2,233**	**2,286**
	Investment in associates	7	6	7
	Other securities and investments	0	0	0
	Deferred tax asset	205	179	193
	Other receivables	17	16	16
	Investments	**229**	**201**	**216**
	Non-current assets	**4,119**	**4,252**	**4,207**
	Inventories	**1,024**	**957**	**1,008**
	Trade receivables	1,834	1,902	1,922
	Income tax	21	11	55
	Other receivables	345	200	282
	Prepayments	105	87	84
	Receivables	**2,305**	**2,200**	**2,343**
	Marketable securities	**1,337**	**659**	**645**
	Cash and cash equivalents	**988**	**848**	**1,973**
	Current assets	**5,654**	**4,664**	**5,969**
	Assets	**9,773**	**8,916**	**10,176**

Balance sheet

At 31 December

Note		Consolidated DKK million		
		31.12.12	31.12.11	30.09.12
	Equity and liabilities			
	Share capital	225	225	225
	Reserve for currency and interest hedging	34	-99	-40
	Proposed dividend for the year	0	0	841
	Retained earnings	5,662	4,288	5,016
	Total equity	**5,921**	**4,414**	**6,042**
	Provisions for pensions and similar liabilities	162	115	157
	Provision for deferred tax	192	169	176
	Other provisions	6	4	5
	Mortgage debt	0	352	0
	Other credit institutions	0	1,586	0
	Other payables	16	290	16
	Deferred income	70	82	72
	Non-current liabilities	**446**	**2,598**	**426**
	Provisions for pensions and similar liabilities	12	7	13
	Other provisions	12	16	14
	Mortgage debt	0	0	0
	Other credit institutions	1,335	156	1,296
	Trade payables	352	399	478
	Income tax	358	178	671
	Other payables	1,316	1,121	1,208
	Deferred income	21	27	28
	Current liabilities	**3,406**	**1,904**	**3,708**
	Current and non-current liabilities	**3,852**	**4,502**	**4,134**
	Equity and liabilities	**9,773**	**8,916**	**10,176**
7	Contingent liabilities			

Statement of changes in equity

Consolidated DKK million	Share capital A shares	 B shares	Reserve for currency and interest rate hedging	Proposed dividend	Retained earnings	Total equity
2012/13						
Restated balance at 1.10.	18	207	-40	841	5,016	6,042
Comprehensive income:						
Net profit for the period				0	617	617
Other comprehensive income			74		-68	6
Total comprehensive income for the period	*0*	*0*	*74*	*0*	*549*	*623*
Transactions with shareholders:						
Transfers				3	-3	0
Investment in treasury shares					0	0
Sale of treasury shares					93	93
Share-based payment					7	7
Tax on equity entries					0	0
Dividend paid out in respect of 2011/12				-844		-844
Total transactions with shareholders:	*0*	*0*	*0*	*-841*	*97*	*-744*
Balance at 31.12	**18**	**207**	**34**	**0**	**5,662**	**5,921**
2011/12						
Balance at 1.10 as per annual report	18	207	-32	585	3,674	4,452
Comprehensive income:						
Net profit for the period					484	484
Other comprehensive income			-67		28	-39
Total comprehensive income for the period	*0*	*0*	*-67*	*0*	*512*	*445*
Transactions with shareholders:						
Transfers				2	-2	0
Investment in treasury shares					0	0
Sale of treasury shares					99	99
Share-based payment					5	5
Dividend paid out in respect of 2010/11				-587		-587
Total transactions with shareholders:	*0*	*0*	*0*	*-585*	*102*	*-483*
Restated balance at 31.12	**18**	**207**	**-99**	**0**	**4,288**	**4,414**

Cash flow statement

1 October - 31 December

Note		Consolidated DKK million 2012/13 3 mths	2011/12 3 mths
	Operating profit	897	693
	Depreciation, amortisation and impairment	122	124
4	Adjustment for other non-cash operating items	0	6
5	Changes in working capital	30	10
	Ingoing interest payments, etc.	7	8
	Outgoing interest payments, etc.	-69	-134
	Income tax paid	-519	-484
	Cash flows from operating activities	**468**	**223**
	Investments in intangible assets	-4	-3
	Investments in land and buildings	-1	0
	Investments in plant and machinery	-3	-42
	Investments in property, plant and equipment under construction	-83	-19
	Property, plant and equipment sold	8	3
	Cash flow from investing activities	**-83**	**-61**
	Free cash flow	**385**	**162**
	Dividend to shareholders	-844	-587
	Net investment in treasury shares and exercise of share options	93	99
	Financing from shareholders	-751	-488
	Acquisition of bonds	-692	-91
	Financing through long-term borrowing, debt funding	0	0
	Financing through long-term borrowing, instalments	0	-113
	Cash flows from financing activities	**-1,443**	**-692**
	Net cash flows for the period	**-1,058**	**-530**
	Cash, cash equivalents and short-term debt at 1.10.	1,830	1,220
	Value adjustment of cash and bank balances	10	2
	Net cash flows for the period	-1,058	-530
6	**Cash, cash equivalents and short-term debt at 31.12**	**782**	**692**

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

Notes

1. Segment information

Consolidated, 2012/13

Operating segments

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

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

The operating segment Wound and Skin Care exclusively covers the sale of wound and skin care products in selected European markets, where the Wound and Skin Care segment is 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 production and 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 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	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
External revenue	2,830	2,622	35	32	0	0	2,865	2,654
Segment operating profit (EBIT)	155	89	1,094	1,021	-352	-416	897	693
Net financials	0	0	0	0	-65	-43	-65	-43

Notes

	Consolidated DKK million	
	2012/13	2011/12
2. Financial income		
Interest income	7	8
Net exchange adjustments	0	8
Other financial income and fees	0	0
Total	**7**	**16**
3. Financial expenses		
Interest expense	19	30
Fair value adjustments, share options	12	4
Fair value adjustments on forward contracts transferred from equity	18	19
Net exchange adjustments	16	0
Other financial expenses and fees	7	6
Total	**72**	**59**
4. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	0	-1
Change in other provisions	0	7
Total	**0**	**6**
5. Changes in working capital		
Inventories	-42	9
Trade receivables	57	-52
Other receivables	-88	16
Trade and other payables etc.	103	37
Total	**30**	**10**
6. Cash and short-term debt		
Cash	1	1
Bank balances	987	847
Cash and bank balances	988	848
Short-term debt	-1,335	-156
Of which bullet loans transferred during the year from non-current liabilities	1,129	0
Total	**782**	**692**

7. Contingent liabilities

In addition to a few minor legal proceedings, the Coloplast Group is a party to 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. Based on the current information available to Coloplast, we do not expect this to have a significant financial impact on the Group's financial position.

Ostomy Care
Urology & Continence Care
Wound & Skin Care

Income statement, quarterly

(Unaudited)

		Consolidated				
DKK million						
			2011/12			2012/13
Note		Q1	Q2	Q3	Q4	Q1
1	Revenue	2,654	2,692	2,828	2,849	2,865
	Cost of sales	-916	-917	-908	-937	-935
	Gross profit	**1,738**	**1,775**	**1,920**	**1,912**	**1,930**
	Distribution costs	-782	-771	-780	-839	-812
	Administrative expenses	-163	-158	-163	-138	-137
	Research and development costs	-95	-82	-80	-85	-92
	Other operating income	8	11	7	42	10
	Other operating expenses	-13	-5	-3	-1	-2
1	**Operating profit (EBIT)**	**693**	**770**	**901**	**891**	**897**
	Profit/loss after tax on investment in associates	0	0	0	-1	0
2	Financial income	16	14	17	-5	7
3	Financial expenses	-59	-94	-120	-69	-72
	Profit before tax	**650**	**690**	**798**	**816**	**832**
	Tax on profit for the period	-166	-176	-210	-208	-215
	Net profit for the period	**484**	**514**	**588**	**608**	**617**
	Earnings per Share (EPS)	2.32	2.43	2.79	2.89	2.93
	Earnings per Share (EPS), diluted	2.27	2.40	2.76	2.86	2.88

For further information, please contact

Investors and analysts

Lene Skole
Executive Vice President, CFO
Tel. +45 4911 1700

Ian S.E. Christensen
Vice President, Investor Relations
Tel. +45 4911 1800/+45 4911 1301
Email: dkisec@coloplast.com

Henrik Nord
Senior Manager, Investor Relations
Tel. +45 4911 1800/+45 4911 3108
Email: dkhno@coloplast.com

Press and the media

Ulla Lundhus
Head of Media and Positioning
Tel. +45 4911 1929
Email: dkul@coloplast.com

Website

www.coloplast.com

Address

Coloplast A/S
Holtedam 1
3050 Humlebæk
Denmark

CVR NR. 69749917

This announcement is available in a Danish and an English-language version.
In the event of discrepancies, the Danish version shall prevail.

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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 around 8,000 people.