Coloplast

Announcement no. 5/2014
7 May 2014

H1 2013/14

Interim financial report, H1 2013/14

(1 October 2013 - 31 March 2014)

Highlights

- Organic revenue growth was 10%. Revenue in DKK was up by 7% to DKK 6,080m.
- Organic growth rates by business area: Ostomy Care 9%, Continence Care 11%, Urology Care 10% and Wound & Skin Care 11%.
- Gross profit was up by 9% to DKK 4,162m, bringing the gross margin to 68% from 67% in the same period of last year.
- EBIT before special items was up by 14% to DKK 1,997m. The EBIT-margin before special items was 33% against 31% in H1 2012/13.
- EBIT is affected by a cost of DKK 1,000m to cover for legal expenses in connection with US mesh litigation.
- EBIT amounted to DKK 997m and the EBIT-margin was 16%.
- The net profit before special items for the period was up by 21% to DKK 1,516m. Earnings per share before special items was DKK 7.18.
- The net profit was DKK 761m against DKK 1,252m for the same period last year. Earnings per share was DKK 3.61.
- The first half of the share buy-back programme was launched in the second quarter of 2013/14, and it is expected to be completed by the end of August 2014.
- The Board of Directors has resolved that Coloplast will pay an interim dividend of DKK 4 per share and a payout of DKK 844m.

Financial guidance for 2013/14

- We now expect an organic revenue growth of about 9% and a growth of about 7% in DKK, while the previous guidance was about 8% organic growth and about 6% in DKK.
- We now expect the EBIT-margin before special items to be 33-34% at constant exchange rates and about 33% in DKK. The previous guidance was about 33% both at constant exchange rates and in DKK.
- We now expect the EBIT-margin to be 25-26% at constant exchange rates and about 25% in DKK.
- Capital expenditure is still expected to be around DKK 500m.
- The effective tax rate is still expected to be around 25%.

Conference call
Coloplast will host a conference call on 7 May 2014 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3271 4611, +44 (0)207 1620 177 or +1 334 323 6203. Teleconference reference no. 941425.
A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

Financial highlights and key ratios

1 October - 31 March

(Unaudited)

	Consolidated		Change	Consolidated		Change
	DKK million			DKK million		
	2013/14	2012/13		2013/14	2012/13	
	6 mths	6 mths		Q2	Q2	
Income statement						
Revenue	6,080	5,707	7%	3,017	2,842	6%
Research and development costs	-185	-195	-5%	-91	-103	-12%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	1,206	2,012	-40%	87	993	-91%
Operating profit before special items	1,997	1,756	14%	984	859	15%
Operating profit (EBIT)	997	1,756	-43%	-16	859	<-100%
Net financial income and expenses	25	-68	<-100%	-2	-3	-33%
Profit before tax	1,022	1,687	-39%	-18	855	<-100%
Profit for the period	761	1,252	-39%	-19	635	<-100%
Revenue growth						
Period growth in revenue, %	7	7		6	6	
Growth break down:						
Organic growth, %	10	6		9	7	
Currency effect, %	-3	1		-3	-1	
Balance sheet						
Total assets	9,278	10,066	-8%	9,278	10,066	-8%
Invested capital	6,194	6,551	-5%	6,194	6,551	-5%
Equity end of period	5,847	6,350	-8%	5,847	6,350	-8%
Cash flow and investments						
Cash flow from operating activities	997	1,059	-6%	395	591	-33%
Cash flow from investing activities	-201	-187	7%	-89	-104	-14%
Investments in property, plant and equipment, gross	-210	-170	24%	-100	-83	20%
Free cash flow	796	872	-9%	306	487	-37%
Cash flow from financing activities	-1,602	-932	72%	-149	-181	-18%
Key figures ratios						
Operating margin, EBIT, %	16	31		-1	30	
Operating margin, EBITDA, %	20	35		3	35	
Return on average invested capital before tax (ROIC), %	31	54		-1	52	
Return on average invested capital after tax (ROIC), %	23	40		-1	39	
Return on equity, %	24	40		-1	41	
Equity ratio, %	63	63		63	63	
Net asset value per share, DKK	27	29	-7%	27	29	-7%
Per share data						
Share price, DKK	439	313	40%	439	313	40%
Share price/net asset value per share	16.5	11.0	50%	16.5	11.0	50%
Average number of outstanding shares, millions	210.7	210.7	0%	211.0	211.2	0%
PE, price/earnings ratio	30.5	26.3	16%	31.5	26.0	21%
Earnings per share (EPS), diluted	3.54	5.83	-39%	-0.09	2.95	<-100%
Free cash flow per share	3.8	4.1	-7%	1.5	2.3	-35%

Management's report

Sales performance

Revenue in DKK was up by 7% to DKK 6,080m on 10% organic growth. Depreciation of especially JPY and USD against DKK, reduced growth by 3 % points.

Sales performance by business area

	DKK million		Growth composition			DKK million	Organic growth
	2013/14 H1	2012/13 H1	Organic growth	Exchange rates	Reported growth	2013/14 Q2	Q2
Ostomy Care	2,491	2,385	9%	-5%	4%	1,218	7%
Continence Care	2,159	1,990	11%	-3%	8%	1,074	12%
Urology Care	594	556	10%	-3%	7%	299	9%
Wound & Skin Care	836	776	11%	-3%	8%	426	6%
Net revenue	**6,080**	**5,707**	**10%**	**-3%**	**7%**	**3,017**	**9%**

Ostomy Care

Sales of ostomy care products in H1 amounted to DKK 2,491m, which translated into a reported growth of 4%. The organic growth was driven by the portfolio of SenSura® products and the Brava™ accessory range. The rest of the ostomy care portfolio generated revenue at last year's level, driven by satisfactory growth in the Emerging Markets region.

The next generation of SenSura® Mio ostomy care products was prelaunched in seven European markets during the first six months of the financial year. The products have been well received.

Organic growth in Q2 was 7%. The main contributors were SenSura® and Brava™, as was also the case for H1. In the second quarter, growth was mainly driven by the USA and particularly by very satisfactory accessory sales in that market, and by the Emerging Markets region driven by shipments under a large tender win in Argentina and stock-building by a new distributor in Algeria. In addition, particularly the Nordic markets reported good sales growth.

Continence Care

Continence Care revenue was DKK 2,159m, an 8% improvement in DKK and 11% organically. SpeediCath® intermittent catheters, especially the compact catheters, were still the main drivers of growth in Europe and the USA. Conveen® urisheaths and urine bags generated satisfactory sales growth, driven especially by the European markets. Sales of the Peristeen® anal irrigation system continued to grow at a highly satisfactory rate, contributing to the positive performance of Continence Care.

Organic growth in Q2 was 12%. As for the H1 period, SpeediCath® intermittent catheters contributed strongly to performance. Revenue in the USA improved nicely due to a revised discount structure for a major distributor and the relatively weak sales in the second quarter of last year.

Urology Care

Sales of urology care products increased by 7% to DKK 594m, and the organic growth rate was 10%. Growth was driven mainly by Titan® penile implants in the USA, Altis® slings for treating female stress urinary incontinence, and by endourology products in Europe.

Organic growth, at 9% in the second quarter, was mainly driven by sales of Titan® in the USA and by endourology products, as France in particular contributed decent sales growth. In addition, tender wins in Russia supported growth. Q2 sales were well supported by products for treating female stress urinary incontinence, driven mainly by Altis® in the USA.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 836m, equal to an 8% increase in DKK and 11% organic growth. Wound care sales improved by 13% in H1, driven by sales of Biatain® foam dressings. The strong H1 revenue growth was driven especially by China, Greece and Brazil, with highly satisfactory sales of both Comfeel® hydrocolloid dressings and Biatain® foam dressings. The European Wound Care business reported positive H1 growth, which was mainly driven by sales of the new and improved version of Biatain® Silicone foam dressings. Contract production of Compeed® delivered strong H1 growth. The Skin Care business delivered satisfactory H1 growth.

Organic growth in Q2 was 6% with the Wound Care business reporting 10% growth, driven by China and Brazil and shipments under a tender win in the Middle East. The new and improved version of Biatain® Silicone was a major contributor to overall sales growth, especially in the European markets. Contract production of Compeed® also delivered strong growth in the second quarter, whereas the Skin Care business incurred a drop in sales due to fluctuations in distributor purchasing from the first to the second quarter.

ing contract production of Compeed®, reported decent growth performance.

Q2 organic growth was 5% supported especially by the Nordic markets, the UK and Germany. The lower growth rate relative to the first quarter was due to a weaker momentum in several European markets.

Other developed markets

Revenue was up by 2% to DKK 1,215m. The depreciation of JPY in particular, but also of USD and AUD, against DKK reduced growth by 9 percentage points. Organic growth, at 11%, was mainly driven by strong sales growth of continence care and ostomy care products in the USA, supported especially by the Brava™ range of accessories. Increased revenue in the urology care business, especially from Titan®, also supported growth in the US market. Japan and Canada reported highly satisfactory growth. The performance in Japan was driven by Japanese distributors building up inventories ahead of an announced price increase due to take effect in the second quarter and by the very satisfactory accessories sales performance.

Sales performance by region

	DKK million		Growth composition			DKK million	Organic growth
	2013/14 H1	2012/13 H1	Organic growth	Exchange rates	Reported growth	2013/14 Q2	Q2
European markets	4,018	3,792	7%	-1%	6%	1,987	5%
Other developed markets	1,215	1,188	11%	-9%	2%	590	12%
Emerging markets	847	727	25%	-8%	17%	440	22%
Net revenue	**6,080**	**5,707**	**10%**	**-3%**	**7%**	**3,017**	**9%**

European markets

Revenue amounted to DKK 4,018m, which translated into reported growth of 6%. Organic growth in the European business was 7%, driven by the UK, Germany and the Nordic markets. Southern Europe reported improvements, but on the back of weak performance last year due to spending cuts and reforms. Sales of endourology products in France contributed to lifting the urology care business in Europe. The wound care business, includ-

Organic growth was 12% in the second quarter and was driven mainly by the US market where the continence care business found strong support in changing buying patterns caused by the revised discount structure for a major distributor. Japan also reported a positive effect from the sales of Brava™ accessories in the second quarter.

Emerging markets

Revenue increased by 17% to DKK 847m, while organic growth was 25%. Growth in H1 was driven by China, Brazil and Greece. The improvement in the Greek market should be seen relative to inventory reductions in the first half of last year.

Sales grew by 22% in the second quarter, supported by the inventory build-up of a newly appointed distributor in Algeria, timing difference in a large tender in Argentina and satisfactory growth in China and Brazil. Russia reported negative growth due to fewer tenders in the second quarter relative to the same period last year.

In line with the growth strategy for the region, a new subsidiary in Turkey began operations in January 2014.

Gross profit

Gross profit was up by 9% to DKK 4,162m from DKK 3,824m in H1 2012/13. The gross margin was 68%, against 67% in H1 2012/13 due to improvements in production efficiency. At constant exchange rates, the gross margin was 69%.

The gross margin was 69% both at constant exchange rates and in DKK, against 67% in the same period of last year.

Capacity costs

Distribution costs were DKK 1,746m against DKK 1,614m in H1 2012/13. Distribution costs amounted to 29% of revenue, which was one percentage point higher than in the same period last year. The distribution costs included an increase of about DKK 100m in investments for sales-enhancing initiatives.

The Q2 distribution costs amounted to DKK 880m, equal to 29% of revenue, against 28% in the same period of last year. The Q2 distribution costs included a DKK 60m incremental investments in sales-enhancing initiatives.

Administrative expenses were DKK 240m against DKK 274m in the first half of last year. Administrative expenses accounted for 4% of revenue, or one percentage point less than in the same period of last year. The reduction was due to increased efficiency, fewer project activities and partial reversal of the provision for losses on trade receivables.

The Q2 administrative expenses also amounted to 4% of revenue, compared to 5% in the same period last year. DKK 20m of the provision for losses on trade receivables was reversed in the second quarter. The reversal relates mainly to Spain, as Coloplast received a payment of DKK 45m for overdue receivables from public customers.

R&D costs were DKK 185m, which was in line with the same period last year. R&D costs amounted to 3% of revenue, which was also in line with last year. The Q2 R&D costs amounted to DKK 91m, which was also equal to 3% of revenue.

Other operating income and other operating expenses amounted to a net income of DKK 6m in the first half-year, against a net income of DKK 15m in H1 2012/13. For the second quarter, the net income amounted to DKK 4m against DKK 7m in the same period of last year.

Special items

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 prolapsed and stress urinary incontinence. In connection with the lawsuits it has been decided to take a net cost of DKK 1,000m to cover possible settlements and other legal costs.
The product liability insurance of DKK 500m, brings the total cost to around DKK 1,500m.

Reference is made to note 8 for further information.

Operating profit (EBIT)

EBIT before special items was DKK 1,997m against DKK 1,756m 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 mainly due to production efficiency and administrative efficiency improvements.

In the second quarter, the EBIT margin before special items was 33% in both DKK and at fixed exchange rates, an improvement of three percentage points in DKK relative to Q2 2012/13. The reduction of provisions for losses on trade receivables supported the improvement in the quarter.

EBIT for the first half year was DKK 997m.
For the second quarter the EBIT was negative by DKK 16m.

Financial items and tax

Financial items amounted to a net income of DKK 25m, against a net expense of DKK 68m in the same period last year, mainly due to a net gain on realised forward exchange contracts, compared to a net loss last year, and net interest income this year against a net interest expense last year.

The Q2 financial items amounted to a net expense of DKK 2m, against a net expense of DKK 3m last year.

The effective tax rate was 26%, unchanged compared with same period last year. The tax expense for the period was reduced by DKK 245m as a result of special items and amounted to DKK 261m, against DKK 435m last year.

For the second quarter, the tax expense amounted to DKK 1m, against DKK 220m last year.

Net profit for the period

The net profit before special items for the reporting period was up by 21% to DKK 1,516m, while earnings per share before special items also improved by 21% to DKK 7.18.

Q2 net profit before special items was up by 16% to DKK 736m, and earnings per share before special items also improved by 16% to DKK 3.48.

Net profit was down by 39% compared to the same period last year and amounted to DKK 761m. Earnings per share were DKK 3.61.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 997m, against DKK 1,059m last year. The change was mainly due to a DKK 352m increase in income tax paid, which was partly offset by a DKK 194m increase in EBITDA before special items and a DKK 53m contribution from net interest income. The increase in income tax paid was mainly due to a voluntary payment on account of DKK 200m .

Investments

Coloplast made net investments of DKK 201m in the first two quarters of the year, compared with DKK 187m last year. The increase was due to investment in machinery to be used for new products. Gross investments in property, plant and equipment (CAPEX) and intangible assets increased by 20% over H1 of last year to DKK 220m.

Free cash flow

Free cash flow was DKK 796m against DKK 872m in the same period last year.

Statement of financial position and equity

Balance sheet

At DKK 9,278m, total assets were DKK 86m lower than at 30 September 2013.

Intangible assets amounted to DKK 1,439m, DKK 77m 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 the tax asset related to the provision regarding lawsuits in the US.

Current assets decreased by DKK 271m relative to 30 September 2013 to stand at DKK 5,095m. The decline was mainly composed of ordinary dividends paid, income tax paid and share buy-backs partly offset by increased insurance receivables in connection with the litigation in the US.

Relative to 30 September 2013, trade receivables were up by 5% to DKK 2,070m, and inventories were up by 9% to DKK 1,163m. Trade payables increased by 3% relative to 30 September 2013 to DKK 430m.

Working capital was up 23% of revenue, which was one percentage point higher than at 30 September 2013.

Non-current liabilities increased to DKK 1,061m compared to the beginning of the financial year due to the provision for the litigation in the USA.

Current liabilities were down by DKK 225m due to payments of income tax related to last year. The decrease is partly offset by the provision for the litigation in the US.

At the balance sheet date, Coloplast had net interest-bearing deposits of DKK 949m.

Equity
Equity decreased by DKK 922m relative to 30 September 2013 to DKK 5,847m. Comprehensive income for the period was DKK 663m and dividend payment was DKK 1,476m. The net effect of treasury shares acquired, the exercise of share options and share-based payment reduced equity by DKK 109m.

Dividends and share buy-backs
The Board of Directors has resolved that the company will pay an interim dividend of DKK 4 per share, for a dividend payout of DKK 844m.

The payout is a consequence of the amended dividend policy announced last year, according to which the company distributes excess liquidity to the shareholders by way of dividends and share buy-backs and pays dividends twice a year: after the AGM and after the release of the half-year interim report. Share buybacks and distribution of dividend will always be made with due consideration for the Group's liquidity requirements.

The last day Coloplast shares will trade including dividend will be 8 May 2014, and they will trade ex dividend starting on 9 May 2014. Dividends will be paid to investors on 14 May 2014.

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 it is expected to be completed it by the end of the current financial year.

Treasury shares
At 31 March 2014, Coloplast's holding of treasury shares consisted of 8,886,577 B shares, which was 754,282 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 now expect organic revenue growth of about 9% and of about 7% in DKK, while the previous guidance was for about 8% organic growth and about 6% in DKK.
- We expect the EBIT-margin before special items to be 33-34%, at constant exchange rates and about 33% in DKK.
- We expect the EBIT-margin to be 25-26%, at constant exchange rates and about 25% in DKK.
- Capital expenditure is still expected to be around DKK 500m.
- The effective tax rate is still expected to be around 25%.

Based on the Group's current strong revenue growth, which is expected to continue, Coloplast upgrades the guidance for the full-year growth rate from about 8% to about 9%.

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 results consistent with the previously estimated productivity-enhancement potential. The provision to cover costs regarding mesh litigations is based on management's best estimates and judgements.

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 remains at 4–5%.

Other matters

Organisational changes in our German operations
Chima Abuba has resigned at his own request as country manager for Germany effective 30 April 2014, and Coloplast is currently in the process of identifying his successor.

Capital markets day, 4 June 2014
Coloplast will host a capital markets day on 4 June 2014. The event is intended to give institutional investors and equity analysts an opportunity to be updated on our business and to learn about our main strategic themes.
On 3 June, there will be an opportunity to visit the Coloplast production facilities north of Copenhagen. Anyone interested in attending can already now make a non-binding registration by sending an e-mail to Investor Relations coordinator Sara Munch at dksafrm@coloplast.com.

[1] Coloplast's current peer group consists of the following med-tech companies: Medtronic Inc., Baxter International Inc., ConvaTec 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 and Shandon Weigao Group Medical.

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, 29 April 2014	906	538	2.41	746
Estimated average exchange rate 2013/2014	894	542	2.44	746
Change in estimated average exchange rates compared with last year**	1%	-5%	-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 quarter combined with the spot rates at 29 Aril 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 – 31 March 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 31 March 2014 and of the results of the Group's operations and cash flows for the period 1 October 2013 – 31 March 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, 7 May 2014

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 March

(Unaudited)

Note		Consolidated		Index	Consolidated		Index
		DKK million			DKK million		
		2013/14	2012/13		2013/14	2012/13	
		6 mths	6 mths		Q2	Q2	
1	Revenue	6,080	5,707	107	3,017	2,842	106
	Cost of sales	-1,918	-1,883	102	-948	-948	100
	Gross profit	**4,162**	**3,824**	**109**	**2,069**	**1,894**	**109**
	Distribution costs	-1,746	-1,614	108	-880	-802	110
	Administrative expenses	-240	-274	88	-118	-137	86
	Research and development costs	-185	-195	95	-91	-103	88
	Other operating income	21	20	105	12	10	120
	Other operating expenses	-15	-5	>100	-8	-3	>100
	Operating profit before special items	**1,997**	**1,756**	**114**	**984**	**859**	**115**
2	Special items	-1,000	0	<-100	-1,000	0	<-100
1	**Operating profit (EBIT)**	**997**	**1,756**	**57**	**-16**	**859**	**-2**
	Profit/loss after tax on investment in associates	0	-1	0	0	-1	-
3	Financial income	76	16	>100	23	9	>100
4	Financial expenses	-51	-84	61	-25	-12	>100
	Profit before tax	**1,022**	**1,687**	**61**	**-18**	**855**	**-2**
	Tax on profit for the period	-261	-435	60	-1	-220	0
	Net profit for the period	**761**	**1,252**	**61**	**-19**	**635**	**-3**
	Other comprehensive income						
	Items that will not be reclassified subsequently to the Income statement:						
	Remeasurements on defined benefit plans	6	-7		14	-2	
	Tax on remeasurements on defined benefit plans	-2	2		-4	1	
		4	-5		10	-1	
	Items that will be reclassified subsequently to the Income statement:						
	Value adjustment of currency and interest hedging	21	90		-28	9	
	Of which transferred to financial items	-57	-2		-13	-20	
	Tax effect of hedging	9	-22		10	3	
	Currency adjustment, assets in foreign currency	-17	7		1	32	
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	-58	-96		-65	-57	
		-102	-23		-95	-33	
	Total other comprehensive income	**-98**	**-28**		**-85**	**-34**	
	Total comprehensive income	**663**	**1,224**		**-104**	**601**	
	Earnings per Share (EPS) before special items	7.18	5.94		3.48	3.01	
	Earnings per Share (EPS)	3.61	5.94		-0.09	3.01	
	Earnings per Share (EPS) before special items, diluted	7.07	5.83		3.44	2.95	
	Earnings per Share (EPS), diluted	3.54	5.83		-0.09	2.95	

Balance sheet

At 31 March

(Unaudited)

Note		Consolidated DKK million 31.03.14	31.03.13	30.09.13
	Assets			
	Acquired patents and trademarks etc.	630	772	687
	Goodwill	726	768	735
	Software	73	78	59
	Prepayments and intangible assets in progress	10	17	35
	Intangible assets	**1,439**	**1,635**	**1,516**
	Land and buildings	921	1,036	978
	Plant and machinery	834	776	789
	Other fixtures and fittings, tools and equipment	120	126	110
	Prepayments and property, plant and equipment under construction	434	280	409
	Property, plant and equipment	**2,309**	**2,218**	**2,286**
	Investment in associates	14	14	14
	Deferred tax asset	406	205	164
	Other receivables	15	19	18
	Other non-current assets	**435**	**238**	**196**
	Non-current assets	**4,183**	**4,091**	**3,998**
	Inventories	**1,163**	**1,060**	**1,069**
	Trade receivables	2,070	1,961	1,970
	Income tax	29	24	56
	Other receivables	664	265	313
	Prepayments	83	99	87
	Receivables	**2,846**	**2,349**	**2,426**
	Marketable securities	**632**	**1,149**	**367**
	Cash and cash equivalents	**454**	**1,417**	**1,504**
	Current assets	**5,095**	**5,975**	**5,366**
	Assets	**9,278**	**10,066**	**9,364**

Balance sheet

At 31 March

(Unaudited)

Note		Consolidated DKK million 31.03.14	31.03.13	30.09.13
	Equity and liabilities			
	Share capital	220	220	220
	Reserve for exchange rate adjustments	-147	-96	-89
	Reserve for currency and interest hedging	8	26	35
	Proposed dividend for the period	844	634	1,473
	Retained earnings	4,922	5,566	5,130
	Total equity	**5,847**	**6,350**	**6,769**
	Provisions for pensions and similar liabilities	158	162	181
	Provision for deferred tax	96	202	96
8	Other provisions	1,099	6	8
	Other payables	2	16	8
	Deferred income	35	67	36
	Non-current liabilities	**1,390**	**453**	**329**
	Provisions for pensions and similar liabilities	14	12	14
	Other provisions	348	10	9
	Other credit institutions	130	1,311	111
	Trade payables	430	419	418
	Income tax	189	396	764
	Other payables	913	1,101	925
	Deferred income	17	14	25
	Current liabilities	**2,041**	**3,263**	**2,266**
	Current and non-current liabilities	**3,431**	**3,716**	**2,595**
	Equity and liabilities	**9,278**	**10,066**	**9,364**

8 Contingent liabilities

Coloplast

Statement of changes in equity

Consolidated DKK million	Share capital A shares	Share capital 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	-83	761
Other comprehensive income							
Remeasurements on defined benefit plans						6	6
Tax on remeasurements on defined benefit plans						-2	-2
Value adjustment of currency and interest hedging				21			21
Of which transferred to financial items				-57			-57
Tax effect of hedging				9			9
Currency adjustment, assets in foreign currency						-17	-17
Currency adjustment of opening balances and other adjustments relating to subsidiaries			-58				-58
Total other comprehensive income	0	0	-58	-27	0	-13	-98
Total comprehensive income	*0*	*0*	*-58*	*-27*	*844*	*-96*	*663*
Transactions with shareholders:							
Transfers					3	-3	0
Investment in treasury shares						-221	-221
Sale of treasury shares and loss on exercised options						97	97
Share-based payment						15	15
Dividend paid out in respect of 2012/13					-1,476		-1,476
Total transactions with shareholders:	*0*	*0*	*0*	*0*	*-1,473*	*-112*	*-1,585*
Balance at 31.03	**18**	**202**	**-147**	**8**	**844**	**4,922**	**5,847**

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					634	618	1,252
Other comprehensive income							
Remeasurements on defined benefit plans						-7	-7
Tax on remeasurements on defined benefit plans						2	2
Value adjustment of currency and interest hedging				90			90
Of which transferred to financial items				-2			-2
Tax effect of hedging				-22			-22
Currency adjustment, assets in foreign currency						7	7
Currency adjustment of opening balances and other adjustments relating to subsidiaries			-96				-96
Total other comprehensive income	0	0	-96	66	0	2	-28
Total comprehensive income	*0*	*0*	*-96*	*66*	*634*	*620*	*1,224*
Transactions with shareholders:							
Transfers					3	-3	0
Investment in treasury shares						-204	-204
Sale of treasury shares and loss on exercised options						116	116
Share-based payment						16	16
Reduction of share capital		-5				5	0
Dividend paid out in respect of 2011/12					-844		-844
Total transactions with shareholders:	*0*	*-5*	*0*	*0*	*-841*	*-70*	*-916*
Balance at 31.03	**18**	**202**	**-96**	**26**	**634**	**5,566**	**6,350**

Cash flow statement

1 October - 31 March

(Unaudited)

Note		Consolidated DKK million 2013/14 6 mths	2012/13 6 mths
	Operating profit	997	1,756
	Depreciation and amortisation	209	256
5	Adjustment for other non-cash operating items	1,414	-2
6	Changes in working capital	-638	-226
	Ingoing interest payments, etc.	70	14
	Outgoing interest payments, etc.	-10	-46
	Income tax paid	-1,045	-693
	Cash flows from operating activities	**997**	**1,059**
	Investments in intangible assets	-10	-13
	Investments in land and buildings	0	-4
	Investments in plant and machinery	-18	-27
	Investments in property, plant and equipment under construction	-192	-139
	Property, plant and equipment sold	19	4
	Investment in associate	0	-8
	Cash flow from investing activities	**-201**	**-187**
	Free cash flow	**796**	**872**
	Dividend to shareholders	-1,476	-844
	Net investment in treasury shares and exercise of share options	-126	-88
	Financing from shareholders	**-1,602**	**-932**
	Financing through long-term borrowing, debt funding	0	0
	Financing through long-term borrowing, instalments	0	0
	Cash flows from financing activities	**-1,602**	**-932**
	Net cash flows for the period	**-806**	**-60**
	Cash, cash equivalents and short-term debt at 1.10.	1,760	2,475
	Value adjustment of cash and bank balances	2	12
	Net cash flows for the period	-806	-60
7	**Cash, cash equivalents and short-term debt at 31.03**	**956**	**2,427**

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[1)]		Production units[1)]		Shared/ Non-allocated		Total	
DKK million	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
External revenue	6,080	5,703	0	0	0	4	6,080	5,707
Segment operating profit7loss (EBIT)	172	327	2,473	2,167	-1,648	-738	997	1,756
Net financials	0	0	0	0	25	-68	25	-68

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	19	14
Fair value adjustments, share options	0	0
Fair value adjustments on forward contracts transferred from equity	57	2
Total	**76**	**16**
4. Financial expenses		
Interest expense	2	38
Fair value adjustments of cash-based share options	10	18
Fair value adjustments on forward contracts transferred from equity	0	0
Net exchange adjustments	31	17
Other financial expenses and fees	8	11
Total	**51**	**84**
5. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	3	0
Change in other provisions	1,411	-2
Total	**1,414**	**-2**
6. Changes in working capital		
Inventories	-130	-77
Trade receivables	-119	-74
Other receivables	-352	-2
Trade and other payables etc.	-37	-73
Total	**-638**	**-226**
7. Cash and short-term debt		
Marketable securities	632	1,149
Cash	1	1
Bank balances	453	1,416
Cash and bank balances	**1,086**	**2,566**
Short-term debt	-130	-1,311
Of which bullet loans transferred during the period from non-current liabilities	0	1,172
Total	**956**	**2,427**

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 H1 2013/14 interim 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)

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

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

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare.

Our business includes Ostomy Care, Urology Care, Continence Care and Wound and Skin Care. We operate globally and employ more than 8,500 people.