Announcement no. 8/2013
31 October 2013

2012/13

Announcement of full-year financial results 2012/13

(1 October 2012 - 30 September 2013)

Highlights

- Organic revenue growth was 7%. Revenue in DKK was up by 6% to DKK 11,635m.
- Organic growth rates by business area: Ostomy Care 7%, Continence Care 7%, Urology Care 9% and Wound & Skin Care 5%.
- Gross profit was up by 7% to DKK 7,866m, bringing the gross margin to 68% from 67% last year.
- EBIT was up by 13% to DKK 3,672m. The EBIT margin was 32%, against 30% last year. At constant exchange rates, the EBIT margin was also 32%.
- The net profit for the year was up by 24% to DKK 2,711m, while earnings per share improved by 23% relative to last year to DKK 12.62.
- The free cash flow amounted to DKK 2,699m, a DKK 363m increase compared to last year.
- ROIC after tax was 44%, compared to 38% last year.
- The Board of Directors recommends, at the annual general meeting to be held on 5 December 2013, to approve a year-end dividend of DKK 7 per share. This brings the dividend paid for the year to DKK 10 per share, as compared to DKK 4 last year.
- Coloplast intends to launch a DKK 1bn share buy-back programme that will be executed before the end of the 2014/15 financial year.
- The dividend policy will be amended effective from 2013/14 to the effect that excess liquidity will be returned to the shareholders. Coloplast will pay dividend twice a year going forward.

Financial guidance for 2013/14

- Coloplast expect organic revenue growth of around 7% and of around 5% in DKK
- Expected EBIT margin of around 33%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 500m.
- The effective tax rate is expected to be around 25%.

Conference call
Coloplast will host a conference call on 31 October 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.

Financial highlights and key ratios

1 October - 30 September

	Consolidated		Change	Consolidated		Change
	DKK million			DKK million		
	2012/13	2011/12		2012/13	2011/12	
	12 mths	12 mths		Q4	Q4	
Income statement						
Revenue	11,635	11,023	6%	2,970	2,849	4%
Research and development costs	-380	-342	11%	-94	-85	11%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	4,160	3,756	11%	1,090	1,016	7%
Operating profit (EBIT)	3,672	3,255	13%	973	891	9%
Net financial income and expenses	-46	-300	-85%	35	-74	<-100%
Profit before tax	3,625	2,954	23%	1,008	816	24%
Profit for the period	2,711	2,194	24%	749	608	23%
Revenue growth						
Period growth in revenue, %	6	8		4	11	
Growth break down:						
Organic growth, %	7	6		9	6	
Currency effect, %	-1	2		-5	5	
Balance sheet						
Total assets	9,364	10,176	-8%	9,364	10,176	-8%
Invested capital	6,320	6,295	0%	6,320	6,295	0%
Net interest-bearing debt, deposit	-1,744	-1,042	67%	-1,744	-1,042	67%
Equity end of period	6,769	6,042	12%	6,769	6,042	12%
Cash flow and investments						
Cash flow from operating activities	3,136	2,649	18%	1,189	965	23%
Cash flow from investing activities	-437	-313	40%	-140	-96	46%
Investments in property, plant and equipment, gross	-409	-317	29%	-138	-93	48%
Free cash flow	2,699	2,336	16%	1,049	869	21%
Cash flow from financing activities	-3,430	-1,653	>100%	-98	-756	-87%
Key figures ratios						
Average number of employees, FTEs	8,143	7,624				
Operating margin, EBIT, %	32	30		33	31	
Operating margin, EBITDA, %	36	34		37	36	
Return on average invested capital before tax (ROIC), %	58	52		60	55	
Return on average invested capital after tax (ROIC), %	44	38		45	41	
Return on equity, %	42	42		48	47	
Ratio of net debt/deposits to EBITDA	-0.4	-0.3		-0.4	-0.3	
Interest cover	160	77		-363	102	
Equity ratio, %	72	59		72	59	
Rate of debt to enterprise value, %	-3	-2		-3	-2	
Net asset value per share, DKK[1)]	31	27	16%	31	134	-77%
Per share data						
Share price, DKK[1)]	314	242	30%	314	242	30%
Share price/net asset value per share	10.0	9.0	11%	10.0	9.0	11%
Average number of outstanding shares, millions[1)]	210.8	210.0	0%	210.5	210.0	0%
PE, price/earnings ratio	24.4	23.1	6%	22.0	20.8	6%
Dividend per share, DKK[1)]	10.0	4.0	>100%			
Pay-out ratio, %	77.7	38.0	>100%			
Earnings per share (EPS), diluted[1)]	12.62	10.30	23%	3.49	2.86	22%
Free cash flow per share[1)]	12.8	11.1	15%	5.0	4.1	20%

1) Comparative figures have been restated to reflect a 1-to-5 split of the company's A and B shares.

Management's report

Sales performance

Revenue in DKK was up by 6% to DKK 11,635m on 7% organic growth. Q4 organic growth was 9%. Especially the depreciation of GBP and JPY against DKK reduced revenue growth by 5 percentage points, bringing growth in DKK to 4%.

Sales performance by business area

	DKK million		Growth composition			DKK million	Organic
	2012/13	2011/12	Organic	Exchange	Reported	2012/13	growth
	12 mths	12 mths	growth	rates	growth	Q4	Q4
Ostomy Care	4,849	4,633	7%	-2%	5%	1,237	7%
Continence Care	4,081	3,831	7%	0%	7%	1,051	11%
Urology Care	1,124	1,037	9%	-1%	8%	280	10%
Wound & Skin Care	1,581	1,522	5%	-1%	4%	402	7%
Net revenue	**11,635**	**11,023**	**7%**	**-1%**	**6%**	**2,970**	**9%**

Ostomy Care

Sales of ostomy care products amounted to DKK 4,849m, equal to an increase in DKK of 5%. Organic growth, at 7%, was driven by the portfolio of SenSura® ostomy care products and the Brava™ range of accessories in Europe and the USA. Both China and Brazil showed highly satisfactory sales performances, driven by sales of Assura® and, in Brazil, also of SenSura®. Sales were down in Russia due to a decline in the number of tenders.

The Q4 organic growth was also 7% and, like the full year, driven by SenSura® og Brava™ in the established markets and highly satisfactory growth in China and Brazil. Sales growth in the USA was higher in Q4 than in the first nine months of the year, and Coloplast continued to take market share. Sales fell sharply in Russia, considerable reducing the Q4 growth.

The value of the global market for ostomy care products is estimated to DKK 13–14bn with an annual market growth at 4–5%. Coloplast is the global market leader, holding a market share of 35–40%. The definition of the market for ostomy care products includes accessories for people with a stoma. The market for ostomy care accessories is estimated at DKK 1.5–2bn with annual market growth at 5-7%. Coloplast currently has 10–15% of the accessories market.

Continence Care

Continence Care revenue was DKK 4,081m, a 7% improvement both in DKK and organically. Growth was driven by sales of SpeediCath® intermittent catheters, especially compact catheters. Sales of SelfCath® and EasiCath® catheters were stagnant due to the very competitive US market and the efforts to move users to the more advanced SpeediCath catheters. SpeediCath catheters now account for more than 20% of our intermittent catheter sales in the US. With the SpeediCath Compact Set now available in seven markets, this product is expected to contribute to growth from the next financial year.
Urine bag and urisheath sales growth was weak, especially due to the very competitive major European markets. Sales of the Peristeen® anal irrigation system continued to contribute to growth, although the growth rate has declined over the past 12 months.

Q4 organic growth was 11%. The rate of increase should be seen relative to last year's developments in our UK market, when consolidation in the number of distributors in the third quarter of 2011/12 caused an inventory build-up that was reduced in the following quarter. Our growth in the US market remained satisfactory, driven by the above-mentioned upgrade of the market to SpeediCath Catheters. The recently launched SpeediCath Compact Set contributed nicely to Q4 growth. Sales of urine bags were still impacted by the very competitive markets in Europe and by the reduced amount of tenders in emerging markets. On 1 October 2013, Coloplast introduced a new and improved design for the portfolio of urine bags that makes the products more discreet and offers improved functionality. In addition, the portfolio has been scaled down considerably, and we now only market urine bags in the Conveen® and Simpla® ranges.

The part of the continence care market in which Coloplast competes is estimated to have a value of DKK 9bn, and an annual market growth of 4-6%. Coloplast is the global market leader, with a market share of 40–45%.

Urology Care

The full-year sales of urology care products increased by 8% to DKK 1,124m, while the organic growth rate was 9%. Growth was driven by Titan® penile implants, where Coloplast is gaining market share in the USA. Sales of Restorelle® for pelvic organ prolapse repair increased in a contracting market. Sales of slings for treating female stress urinary incontinence were satisfactory, the positive performance being driven by Altis®, the single incision sling launched in November 2012. Sales of disposable surgical products, in particular endourological products, were satisfactory.

Q4 organic growth amounted to 10%, and the higher growth rate relative to the first nine months of the year was attributable to increased growth in sales of disposable surgical products and continued growth in sales of Altis® as the year progressed.

The part of the urology care market in which Coloplast products are represented has an estimated value of DKK 9–10bn. This year, market growth was once again adversely impacted by the updated Public Health Notification issued by the US Food and Drug Administration (FDA) on the use of transvaginal mesh therapies for stress urinary incontinence and pelvic organ prolapse. Market growth is estimated at 3–5%. Coloplast currently holds a 10–15% share of the overall global market for urology care products.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,581m, equal to a 4% increase in DKK and 5% organic growth. Wound care sales increased by 3%, driven by sales of Biatain® foam dressings, especially foam dressings with a silicone adhesive. Sales of Comfeel® hydrocolloid dressings were stagnant, with declining sales in Europe caused by a change in user preferences being offset by increased growth in China. Sales of wound care products in the European markets continued to decline, although the trend did improve during the year. The negative growth in Europe was more than offset by growth in emerging markets and in the USA, which combined continued to account for a growing proportion of total sales in this business area.

The Q4 organic growth rate was 7% with the Wound Care business reporting 5% growth. Our European business reported positive growth for the quarter, driven by Biatain® Silicone and particularly by the launch of the new and improved version of the product. Growth remained satisfactory in China, the USA and Brazil, but negative in Greece following a strong third quarter performance. The North American Skin Care business delivered growth rates in line with the full-year growth, whereas the contract production of Compeed® reported highly satisfactory Q4 growth following a weak third quarter performance.

The global wound care segment Coloplast competes in has an estimated value of DKK 14bn and a market growth of 2–4%. Coloplast holds a 5–10% market share, making us the world's fourth-largest manufacturer of advanced wound care products. The market is defined as advanced wound care products other than the negative pressure wound therapy (NPWT) segment.

Sales performance by region

	DKK million		Growth composition			DKK million	Organic growth
	2012/13 12 mths	2011/12 12 mths	Organic growth	Exchange rates	Reported growth	2012/13 Q4	Q4
European markets	7,749	7,388	5%	0%	5%	1,965	8%
Other developed markets	2,395	2,288	9%	-4%	5%	613	10%
Emerging markets	1,491	1,347	14%	-3%	11%	392	10%
Net revenue	**11,635**	**11,023**	**7%**	**-1%**	**6%**	**2,970**	**9%**

European markets

Revenue amounted to DKK 7,749m, which translated into reported growth of 5%. Organic growth in the European business was also 5%. The main contributors to growth were the highly satisfactory sales of ostomy care products and intermittent catheters, especially in the UK and the Nordic markets. Urine bags and urisheaths faced challenging market conditions in Europe, and sales growth decreased relative to last year. Sales of wound care products declined compared with last year, especially in France and Spain, while the Urology Care business reported an increase in growth over last year.

Q4 organic growth was 8%. The strong growth should be seen relative to the before-mentioned inventory reductions by UK distributors in the same period of last year. The Q4 performance was also supported by strong growth in the contract production of Compeed® and positive growth in the Wound Care business.

Other developed markets

Revenue was up by 5% to DKK 2,395m. The weakening of JPY in particular, but also of USD and AUD against DKK reduced the reported growth by 4%-points. The organic growth rate was 9%, a 2%-points improvement compared to last year. The improvement was driven by the much higher growth rate in the US ostomy care business compared to last year. In addition, the wound and skin care business reported highly satisfactory growth, and growth in sales of penile implants and synthetic mesh products for pelvic organ prolapse also contributed to the sales region's overall growth performance.

The continence care business reported a weaker growth performance in the USA than last year.

Q4 organic growth was 10%. We continue to generate highly satisfactory sales growth in the USA in all business areas and in Japan where distributors built up their inventories ahead of an announced price increase taking effect from October 2013.

Emerging markets

Revenue increased by 11% to DKK 1,491m, while organic growth was 14%. In particular the weakening of the BRL against DKK was the main reason why revenue growth decreased by 3%-points. China and Brazil were significant contributors to full-year growth. Coloplast achieved a significant increase in the Brazilian market that in addition to low comparative numbers was the result of the investments made in the fourth quarter of last year, which included setting up a dedicated Wound Care sales force. Argentina and Greece also contributed to the overall growth of this sales region, whereas sales in Russia decreased compared to last year, as a number of large tenders were postponed or cancelled during the financial year.

Q4 organic growth was 10%. Although China, Argentina and Brazil all reported sales growth in line with the full-year growth rate, the sales region's overall growth performance was not satisfactory. The Q4 growth rate was lower than the full-year rate mainly due to a sharp drop in sales in Russia resulting from postponed or cancelled tenders. Following a strong third quarter, Greece also reported negative growth, and several of the minor markets failed to deliver as expected.

Gross profit

Gross profit for the year was up by 7% to DKK 7,866m from DKK 7,345m last year. The gross margin was 68%, compared to 67% last year. The change was the result of improvements in production efficiency. At constant exchange rates, the gross margin was 68%.

The Q4 gross margin was 69% at constant exchange rates and 68% in DKK. At constant exchange rates this represents an improvement of 2 percentage points compared with the first nine months of the year, which was mainly the result of improvements in production efficiency. In addition, the Q4 gross margin increased by about half a percentage point due to the reversal of inventory provisions and a reduction in the amortisation of intangible assets taken over in connection with the acquisition of Mentor's urology business in 2006.

Capacity costs

Distribution costs were up by 4% compared to 2011/12, at DKK 3,312m. Distribution costs as percentage of revenue were 28%, which was in line with last year. The full-year distribution costs included a DKK 160m increase in sales-enhancing investments.

The Q4 distribution costs accounted for 29% of revenue. The Q4 distribution costs included a DKK 55m increase in sales-enhancing investments.

Administrative expenses amounted to DKK 533m, compared to DKK 622m last year. Administrative expenses accounted for 5% of revenue, which was one percentage point less than last year. Adjusted for last year's provisions for losses on trade receivables in southern Europe and a reduction of this year's provisions, the administrative expenses accounted for 5% of revenue in both financial years.

The Q4 administrative expenses amounted to DKK 122m, or 4% of revenue. Part of the reduction in expenses was due to a drop in project activities.

The full-year R&D costs were up by 11% to DKK 380m. The absolute level of costs increased due to a higher number of employees and additional investments relating to establishing a dedicated development unit for the wound care business. R&D costs amounted to 3% of revenue, which was in line with last year.

The Q4 R&D costs also accounted for 3% of revenue.

Other operating income and other operating expenses amounted to a net income for the year of DKK 31m, compared to a net income of DKK 46m for 2011/12.

For the fourth quarter, the net income was DKK 9m, against DKK 41m last year. Last year, the item included an income of DKK 30m from a settlement in a patent dispute.

Operating profit (EBIT)

EBIT was DKK 3,672m, a 13% improvement from DKK 3,255m in 2011/12. The EBIT margin was 32% both in DKK and at constant exchange rates, compared to 30% last year. Adjusted for non-recurring items last year totalling DKK 102m, the EBIT margin improved by around 1%-point.

The Q4 EBIT margin was 33% in DKK and 34% at constant exchange rates. The improvement relative to the first 9 months of the year was driven by the higher absolute Q4 revenue and the lower cost of sales and lower administrative expenses of the fourth quarter.

Financial items

	DKK million		DKK million	
	2012/13	2011/12	2012/13	2011/12
	12 mths	12 mths	Q4	Q4
Interest, net	-26	-49	3	-10
Fair value adjustment of options	-9	-29	10	-2
Net exchange adjustments	18	-194	30	-50
Other financial items	-29	-28	-8	-12
Total financial items	-46	-300	35	-74

Financial items and tax

Financial items amounted to a net expense of DKK 46m, compared to a net expense of DKK 300m last year, the difference being mainly due to a relatively large realised net loss on forward exchange contracts last year and a small net gain in the current year.

The effective tax rate was 25%, compared to 26% last year, for a tax expense of DKK 914m, compared to DKK 760m last year.

Net profit for the year

The net profit for the year was up by 24% to DKK 2,711m, and earnings per share increased by 23% relative to last year to DKK 12.62.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities were up by 18% to DKK 3,136m from DKK 2,649m in 2011/12. The improvement was due to a DKK 404m EBITDA increase and a combined DKK 418m year-on-year drop in realised net losses on forward exchange contracts and other foreign exchange adjustments. The improvement was partly offset by an increase in income tax paid of DKK 230m and a larger increase in working capital compared to last year, of DKK 118m.

Investments

Coloplast made net investments of DKK 437m compared to DKK 313m last year. The increase was due to a larger amount invested in machinery to be used for new products. Gross investments in property, plant and equipment (CAPEX) and intangible assets increased by 30% compared to last year to DKK 440m.

Free cash flow

Free cash flow amounted to DKK 2,699m, compared to DKK 2,336m last year.

The Q4 free cash flow amounted to DKK 1,049m against DKK 869m in the same period of last year.

Capital reserves

The confirmed long-term credit facilities expired in the third quarter. At the balance sheet date, the gross interest-bearing debt amounted to DKK 126m. Coloplast repaid most of the outstanding debt in April 2013. At the balance sheet date, Coloplast had net interest-bearing deposits of DKK 1,744m.

Balance sheet and equity

Balance sheet

Total assets were DKK 812m lower than last year and ended at DKK 9,364m.
Intangible assets amounted to DKK 1,516m, which was DKK 189m less than last year. The reduction was mainly due to the amortisation of acquired patents and trademarks as well as the weakening of USD against DKK.

Relative to last year current assets fell by DKK 603m to DKK 5,366m. The reduction was due to repayment of loans, distribution of extraordinary dividends and share buy-back.

Relative to last year, trade receivables were up by 2% to DKK 1,970m and inventories were up by 6% to DKK 1,069m. Trade payables were reduced by 13% to DKK 418m.
Working capital accounted for 23% of revenue, which was in line with last year.

Equity

Equity increased by DKK 727m during the year to DKK 6,769m. The comprehensive income for the year of DKK 2,639m was partly offset by dividend payments of DKK 1,476m. The net effect of treasury shares acquired, employees' exercise of share options, share-based payment, the sale of employee shares and tax on equity entries reduced equity by DKK 436m.

Dividends and share buy-backs

The Board of Directors recommends that the shareholders attending the general meeting to be held on 5 December 2013 approve a year-end dividend of DKK 7 per share. When added to the dividend of DKK 3 per share paid in connection with the half-year interim report, this will bring the total dividend for the year to DKK 10 per share, as compared to DKK 4 last year. The total dividend payout for 2012/13 will be DKK 2,105m and the pay-out ratio 78%.

At the general meeting held on 7 December 2011, the shareholders authorised Coloplast's Board of Directors to launch a share buy-back programme totalling up to DKK 1bn to be executed before the end of the 2012/13 financial year. When this programme was completed in July 2013, Coloplast had bought back shares for DKK 1bn.
Provided the shareholders attending the general meeting to be held on 5 December 2013 authorise the Board of Directors to buy back shares for up to 10% of the total share capital, the Board of Directors has resolved to establish a new share buy-back programme of up to DKK 1bn to be executed before the end of the 2014/15 financial year.

The Board of Directors has amended the company's dividend policy and now intends to distribute excess liquidity to the shareholders by way of dividends and share buy-back. It is expected that dividend will be paid twice a year; after the annual general meeting and after the release of the half-year interim report. Furthermore, it has been decided no longer to maintain a minimum cash reserve of DKK 1bn. However, share buy-back and distribution of dividend will always be made with due consideration for the Group's liquidity requirements.

Treasury shares

At 30 September 2013, Coloplast's holding of treasury shares consisted of 9,640,859 B shares, which was 5,106,601 less than at 30 September 2012. The holding was reduced mainly due to the cancellation of 5 million shares.

Financial guidance for 2013/14

- Coloplast expect organic revenue growth of around 7% and of around 5% in DKK.
- Expected EBIT margin of around 33%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 500m.
- The effective tax rate is expected to be around 25%.

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

The EBIT margin guidance assumes that Coloplast, in addition to delivering on the sales growth, can successfully deliver results consistent with the previously estimated productivity-enhancement potential of an annual 0.5–1.0%-point improvement of the overall gross margin. The guidance also includes expected investments in sales-enhancing initiatives 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 markets has been reviewed in connection with the release of the Annual Report for 2012/13 and remains at 4–5%.

1Coloplast'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, Shandon Weigao Group Medical.

Other matters

Update on mesh litigation

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 incontinence. See note 7 to the financial statements for more details.

Distribution agreement on Negative Pressure Wound Therapy

After the balance sheet date, Coloplast signed a partnership agreement with Devon Medical International, USA. The agreement gives Coloplast access to the market for Negative Pressure Wound Therapy (NPWT) through an exclusive distribution agreement covering Devon's approved NPWT product portfolio. Under the agreement, Coloplast is granted exclusivity to market and sell the products in the EU, Switzerland, Brazil, China, Australia, South Korea and South Africa.
Devon will be responsible for production and Coloplast and Devon are expected in future to co-develop a product portfolio of NPWT solutions. The distributor agreement will lead to investment in sales initiatives already in 2014.

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, 22 October 2013	880	545	2.54	746
Estimated average exchange rate 2013/2014	880	545	2.54	746
Change in estimated average exchange rates compared with last year**	-1%	-4%	0%	0%

*) Average exchange rates from 1 October 2012 to 30 September 2013.
**) Spot rates at 22 October 2013 used as average exchange rates.

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 the production, and thus of the 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 Annual Report of Coloplast A/S for the financial year 1 October 2012 – 30 September 2013.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The parent company financial statements are presented in accordance with the Danish Financial Statements Act.

In addition, the consolidated financial statements and the parent company financial statements are presented in accordance with additional Danish disclosure requirements for the annual reports of listed companies. The Management's report is also presented in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, equity, liabilities and financial position at 30 September 2013 and of the results of the Group's and the parent company's operations and the cash flows for the Group for the financial year 1 October 2012 – 30 September 2013.

Also, in our opinion, the Management's report includes a fair account of the development and performance of the Group and the parent company, the results for the year and of the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that the Group and the parent company face.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Humlebæk, 31 October 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 - 30 September

Note		Consolidated DKK million 2012/13 12 mths	2011/12 12 mths	Index	Consolidated DKK million 2012/13 Q4 *	2011/12 Q4 *	Index
1	Revenue	11,635	11,023	106	2,970	2,849	104
	Cost of sales	-3,769	-3,678	102	-941	-937	100
	Gross profit	**7,866**	**7,345**	**107**	**2,029**	**1,912**	**106**
	Distribution costs	-3,312	-3,172	104	-849	-839	101
	Administrative expenses	-533	-622	86	-122	-138	88
	Research and development costs	-380	-342	111	-94	-85	111
	Other operating income	43	68	63	13	42	31
	Other operating expenses	-12	-22	55	-4	-1	>100
1	**Operating profit (EBIT)**	**3,672**	**3,255**	**113**	**973**	**891**	**109**
	Profit/loss after tax on investment in associates	-1	-1	100	0	-1	-
2	Financial income	96	42	>100	63	-5	<-100
3	Financial expenses	-142	-342	42	-28	-69	41
	Profit before tax	**3,625**	**2,954**	**123**	**1,008**	**816**	**124**
	Tax on profit for the period	-914	-760	120	-259	-208	125
	Net profit for the period	**2,711**	**2,194**	**124**	**749**	**608**	**123**
	Other comprehensive income						
	Items that will not be reclassified subsequently to the Income statement:						
	Remeasurements on defined benefit plans	-30	-49		-20	-49	
	Tax on remeasurements on defined benefit plans	6	14		4	-52	
		-24	-35		-16	-101	
	Items that will be reclassified subsequently to the Income statement:						
	Value adjustment of currency and interest hedging	172	-165		-2	-17	
	Of which transferred to financial items	-72	154		-54	60	
	Tax effect of hedging	-25	3		14	-11	
	Currency adjustment, assets in foreign currency	-45	55		-35	-28	
	Tax effect of currency adjustment, assets in foreign currency	11	-13		11	-13	
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	-89	74		-31	6	
		-48	108		-97	-3	
	Total other comprehensive income	**-72**	**73**		**-113**	**-104**	
	Total comprehensive income	**2,639**	**2,267**		**636**	**504**	
	Earnings per Share (EPS)	12.87	10.46		3.56	2.90	
	Earnings per Share (EPS), diluted	12.62	10.30		3.49	2.86	

* Unaudited

Balance sheet

At 30 September

Note		Consolidated DKK million 30.09.13	30.09.12
	Assets		
	Acquired patents and trademarks etc.	687	837
	Goodwill	735	767
	Software	59	79
	Prepayments and intangible assets in progress	35	22
	Intangible assets	**1,516**	**1,705**
	Land and buildings	978	1,107
	Plant and machinery	789	826
	Other fixtures and fittings, tools and equipment	110	121
	Prepayments and property, plant and equipment under construction	409	232
	Property, plant and equipment	**2,286**	**2,286**
	Investment in associates	14	7
	Deferred tax asset	164	193
	Other receivables	18	16
	Other non-current assets	**196**	**216**
	Non-current assets	**3,998**	**4,207**
	Inventories	**1,069**	**1,008**
	Trade receivables	1,970	1,922
	Income tax	56	55
	Other receivables	313	282
	Prepayments	87	84
	Receivables	**2,426**	**2,343**
	Marketable securities	**367**	**645**
	Cash and cash equivalents	**1,504**	**1,973**
	Current assets	**5,366**	**5,969**
	Assets	**9,364**	**10,176**

Balance sheet

At 30 September

Note		Consolidated DKK million 30.09.13	30.09.12
	Equity and liabilities		
	Share capital	220	225
	Reserve for exchange rate adjustments	-89	0
	Reserve for currency and interest hedging	35	-40
	Proposed dividend for the period	1,473	841
	Retained earnings	5,130	5,016
	Total equity	**6,769**	**6,042**
	Provisions for pensions and similar liabilities	181	157
	Provision for deferred tax	96	176
	Other provisions	8	5
	Mortgage debt	0	0
	Other credit institutions	0	0
	Other payables	8	16
	Deferred income	36	72
	Non-current liabilities	**329**	**426**
	Provisions for pensions and similar liabilities	14	13
	Other provisions	9	14
	Other credit institutions	111	1,296
	Trade payables	418	478
	Income tax	764	671
	Other payables	925	1,208
	Deferred income	25	28
	Current liabilities	**2,266**	**3,708**
	Current and non-current liabilities	**2,595**	**4,134**
	Equity and liabilities	**9,364**	**10,176**
7	Contingent liabilities		

Statement of changes in equity

Consolidated DKK million	Share capital A shares	B shares	Reserve for exchange rate adjustments	Reserve for currency and interest rate hedging	Proposed dividend	Retained earnings	Total equity
2012/13							
Balance at 1.10.	18	207	0	-40	841	5,016	6,042
Comprehensive income:							
Net profit for the period					2,105	606	2,711
Other comprehensive income							
Remeasurements on defined benefit plans						-30	-30
Tax on remeasurements on defined benefit plans						6	6
Value adjustment of currency and interest hedging				172			172
Of which transferred to financial items				-72			-72
Tax effect of hedging				-25			-25
Currency adjustment, assets in foreign currency						-45	-45
Tax effect of currency adjustment, assets in foreign currency						11	11
Currency adjustment of opening balances and other adjustments relating to subsidiaries			-89				-89
Total other comprehensive income	0	0	-89	75	0	-58	-72
Total comprehensive income	*0*	*0*	*-89*	*75*	*2,105*	*548*	*2,639*
Transactions with shareholders:							
Transfers					3	-3	0
Investment in treasury shares						-500	-500
Sale of treasury shares and loss on exercised options						-34	-34
Share-based payment						33	33
Tax on equity entries						65	65
Reduction of share capital		-5				5	0
Extraordinary payment of dividend					-632	0	-632
Dividend paid out in respect of 2011/12					-844	0	-844
Total transactions with shareholders:	*0*	*-5*	*0*	*0*	*-1,473*	*-434*	*-1,912*
Balance at 30.09	**18**	**202**	**-89**	**35**	**1,473**	**5,130**	**6,769**

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
2011/12							
Balance at 1.10.	18	207	-74	-32	585	3,748	4,452
Comprehensive income:							
Net profit for the period					841	1,353	2,194
Other comprehensive income							
Remeasurements on defined benefit plans						-49	-49
Tax on remeasurements on defined benefit plans						14	14
Value adjustment of currency and interest hedging				-165			-165
Of which transferred to financial items				154			154
Tax effect of hedging				3			3
Currency adjustment, assets in foreign currency						55	55
Tax effect of currency adjustment, assets in foreign currency						-13	-13
Currency adjustment of opening balances and other adjustments relating to subsidiaries			74				74
Total other comprehensive income	*0*	*0*	*74*	*-8*	*0*	*7*	*73*
Total comprehensive income	*0*	*0*	*74*	*-8*	*841*	*1,360*	*2,267*
Transactions with shareholders:							
Transfers					2	-2	0
Investment in treasury shares						-500	-500
Sale of treasury shares and loss on exercised options						326	326
Share-based payment						29	29
Tax on equity entries						55	55
Dividend paid out in respect of 2011/12					-587	0	-587
Total transactions with shareholders:	*0*	*0*	*0*	*0*	*-585*	*-92*	*-677*
Balance at 30.09	**18**	**207**	**0**	**-40**	**841**	**5,016**	**6,042**

Cash flow statement

1 October - 30 September

Note		Consolidated DKK million 2012/13 12 mths	2011/12 12 mths
	Operating profit	3,672	3,255
	Depreciation and amortisation	488	501
4	Adjustment for other non-cash operating items	-1	-19
5	Changes in working capital	-251	-133
	Ingoing interest payments, etc.	95	42
	Outgoing interest payments, etc.	-42	-402
	Income tax paid	-825	-595
	Cash flows from operating activities	**3,136**	**2,649**
	Investments in intangible assets	-31	-21
	Investments in land and buildings	-5	-10
	Investments in plant and machinery	-111	-99
	Investments in property, plant and equipment under construction	-293	-208
	Property, plant and equipment sold	11	25
	Investment in associate	-8	0
	Cash flow from investing activities	**-437**	**-313**
	Free cash flow	**2,699**	**2,336**
	Dividend to shareholders	-1,476	-587
	Net investment in treasury shares and exercise of share options	-537	-174
	Financing from shareholders	**-2,013**	**-761**
	Financing through long-term borrowing, instalments	-1,417	-892
	Cash flows from financing activities	**-3,430**	**-1,653**
	Net cash flows for the period	**-731**	**683**
	Cash, cash equivalents and short-term debt at 1.10.	2,475	1,788
	Value adjustment of cash and bank balances	16	4
	Net cash flows for the period	-731	683
6	**Cash, cash equivalents and short-term debt at 30.09**	**1,760**	**2,475**

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

Notes

1. Segment information

Consolidated, 2012/13

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	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
External revenue	11,635	11,023	0	0	0	0	11,635	11,023
Segment operating profit7loss (EBIT)	945	616	4,438	4,095	-1,711	-1,456	3,672	3,255
Net financials	0	0	0	0	-46	-300	-46	-300

[1] Due to a change in segment reporting taking effect from the second quarter a part of the contract production w ill henceforth be reported under the sales regions. The changes exclusively reflect a reclassification from the reporting segment 'Production units' to the reporting segment 'Sales regions'. Due to the change, the external revenue betw een the segments has changed by DKK 207m (2012/13: DKK 183m) and EBIT has changed by DKK 81m (2011/12: DKK 60m).

Notes

	Consolidated	
	DKK million	
	2012/13	2011/12
2. Financial income		
Interest income	23	42
Fair value adjustments on forward contracts transferred from equity	72	0
Other financial income and fees	1	0
Total	**96**	**42**
3. Financial expenses		
Interest expense	49	91
Fair value adjustments of cash-based share options	9	29
Fair value adjustments on forward contracts transferred from equity	0	154
Net exchange adjustments	54	40
Other financial expenses and fees	30	28
Total	**142**	**342**
4. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	2	7
Change in other provisions	-3	-26
Total	**-1**	**-19**
5. Changes in working capital		
Inventories	-139	-29
Trade receivables	-121	-46
Other receivables	-44	-62
Trade and other payables etc.	53	4
Total	**-251**	**-133**
6. Cash and short-term debt		
Marketable securities	367	645
Cash	1	1
Bank balances	1,503	1,972
Cash and bank balances	**1,871**	**2,618**
Short-term debt	-111	-1,296
Of which bullet loans transferred during the period from non-current liabilities	0	1,153
Total	**1,760**	**2,475**

Notes

7. Contingent liabilities

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.

Although Coloplast has insurance cover of DKK 500m, there is a risk that the outcome of such litigation may have an adverse impact on the company's financial position. Based on the current information available to Coloplast, it is not possible to evaluate and estimate with reasonable certainty the impact that current or any future litigation may have on the Group.

Based on the current information available to Coloplast and to the best of our knowledge, we do not expect this to have a significant impact on the financial position of the Group.

FIVE-YEAR FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK million	2012/13	2011/12	2010/11	2009/10	2008/09
Income statement					
Revenue	11,635	11,023	10,172	9,537	8,820
Research and development costs	-380	-342	-415	-409	-389
Operating profit before interest, tax, depreciation and amortisation	4,160	3,756	3,108	2,584	1,944
Operating profit (EBIT)	3,672	3,255	2,581	1,995	1,395
Net financial income and expenses	-46	-300	-124	-321	-184
Profit before tax	3,625	2,954	2,456	1,674	1,211
Profit for the year	2,711	2,194	1,819	1,243	883
Revenue growth					
Annual growth in revenue, %	6	8	7	8	4
Growth breakdown:					
Organic growth, %	7	6	6	7	6
Currency effect, %	-1	2	1	1	-2
Balance sheet					
Total assets	9,364	10,176	9,218	7,771	7,963
Invested capital	6,320	6,295	6,312	6,340	6,442
Net interest-bearing debt, deposits	-1,744	-1,042	539	1,593	2,297
Equity at year end	6,769	6,042	4,478	3,452	2,850
Cash flows and investments					
Cash flows from operating activities	3,136	2,649	2,205	1,769	1,830
Cash flows from investing activities	-437	-313	-387	-293	-402
Investment in property, plant and equipment, gross	-409	-317	-230	-260	-487
Free cash flow	2,699	2,336	1,818	1,476	1,428
Cash flows from financing activities	-3,430	-1,653	-1,461	-1,559	-723
Key ratios					
Average number of employees, FTEs	8,143	7,624	7,328	7,207	7,349
Operating margin, EBIT, %	32	30	25	21	16
Operating margin, EBITDA, %	36	34	31	27	22
Return on average invested capital before tax (ROIC), %	58	52	41	31	21
Return on average invested capital after tax (ROIC), %	44	38	30	23	15
Return on equity, %	42	42	46	39	34
Ratio of net debt/deposits to EBITDA	-0.4	-0.3	0.2	0.6	1.2
Interest cover	160	77	35	23	14
Equity ratio, %	72	59	49	44	36
Ratio of debt to enterprise value, %	-3	-2	1	5	11
Net asset value per share, DKK 2)	31	27	20	15	13
Per share data					
Share price, DKK 2)	314	242	161	131	85
Share price/net asset value per share 2)	10	9	8	9	7
Average number of outstanding shares, millions 2)	211	210	210	213	214
PE, price/earnings ratio	24	23	19	22	21
Dividend per share, DKK 1) 2)	10.0	4.0	2.8	2.0	1.4
Pay-out ratio, %	78	38	32	34	34
Earnings per share (EPS) 2)	13	10	9	6	4
Free cash flow per share 2)	13	11	9	7	7

1) For 2012/13, the figure is the proposed dividend.
2) Restated to reflect a 1-to-5 split of the company's A and B shares.
The key ratios have been calculated and applied in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

Income statement, quarterly

(Unaudited)

		Consolidated							
DKK million									
		2011/12				2012/13			
Note		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Revenue	2,654	2,692	2,828	2,849	2,865	2,842	2,958	2,970
	Cost of sales	-916	-917	-908	-937	-935	-948	-945	-941
	Gross profit	**1,738**	**1,775**	**1,920**	**1,912**	**1,930**	**1,894**	**2,013**	**2,029**
	Distribution costs	-782	-771	-780	-839	-812	-802	-849	-849
	Administrative expenses	-163	-158	-163	-138	-137	-137	-137	-122
	Research and development costs	-95	-82	-80	-85	-92	-103	-91	-94
	Other operating income	8	11	7	42	10	10	10	13
	Other operating expenses	-13	-5	-3	-1	-2	-3	-3	-4
1	**Operating profit (EBIT)**	**693**	**770**	**901**	**891**	**897**	**859**	**943**	**973**
	Profit/loss after tax on investment in associates	0	0	0	-1	0	-1	0	0
2	Financial income	16	14	17	-5	7	9	17	63
3	Financial expenses	-59	-94	-120	-69	-72	-12	-30	-28
	Profit before tax	**650**	**690**	**798**	**816**	**832**	**855**	**930**	**1,008**
	Tax on profit for the period	-166	-176	-210	-208	-215	-220	-220	-259
	Net profit for the period	**484**	**514**	**588**	**608**	**617**	**635**	**710**	**749**
	Earnings per Share (EPS)	2.32	2.43	2.79	2.89	2.93	3.01	3.37	3.56
	Earnings per Share (EPS), diluted	2.27	2.40	2.76	2.86	2.88	2.95	3.30	3.49

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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.