Announcement no. 4/2015
5 May 2015

H1 2014/15

Interim financial report, H1 2014/15

(1 October 2014 - 31 March 2015)

Highlights

- Organic revenue growth was 7%. Revenue in DKK was up by 11% to DKK 6,748m.
- Organic growth rates by business area: Ostomy Care 6%, Continence Care 8%, Urology Care 5% and Wound & Skin Care 9%.
- Gross profit was up by 11% to DKK 4,624m, and the gross margin improved to 69% from 68% in the same period of last year.
- EBIT before special items increased by 11% to DKK 2,213m. The EBIT margin before special items was 33%, against 33% in H1 2013/14. At constant exchange rates, the EBIT margin was also 33%.
- Net profit for the period before special items increased by 6% to DKK 1,612m, and earnings per share before special items (EPS before special items) were up by 6% to DKK 7.63.
- The free cash flow amounted to DKK 965m, a DKK 434m increase on the same period of last year.
- ROIC after tax before special items was 45%, compared with 44% the year before.
- The Board of Directors has resolved that Coloplast will pay an interim dividend of DKK 4.50 per share, for a dividend pay-out of DKK 953m.

Financial guidance for 2014/15

- We continue to expect organic revenue growth of 8-9% but now 13-14% in DKK
- We continue to expect the EBIT margin to be about 34%, both at constant exchange rates and in DKK.
- Capital expenditure is still expected to be around DKK 650m.
- The effective tax rate is still expected to be about 24%.

Conference call
Coloplast will host a conference call on 5 May 2015 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3271 4607, +44 (0)20 7162 0077 or +1 334 323 6201. Conference call reference no. 950266.
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		
	2014/15	2013/14		2014/15	2013/14	
	6 mths	6 mths		Q2	Q2	
Income statement						
Revenue	6,748	6,080	11%	3,447	3,017	14%
Research and development costs	-213	-185	-15%	-103	-91	-13%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	2,452	1,206	>100%	1,258	87	>100%
Operating profit before special items	2,213	1,997	11%	1,137	984	16%
Operating profit (EBIT)	2,213	997	>100%	1,137	-16	<-100%
Net financial income and expenses	-93	25	<-100%	-65	-2	>100%
Profit before tax	2,120	1,022	>100%	1,072	-18	<-100%
Net profit for the period	1,612	761	>100%	815	-19	<-100%
Revenue growth						
Period growth in revenue, %	11	7		14	6	
Growth break down:						
Organic growth, %	7	10		8	9	
Currency effect, %	4	-3		6	-3	
Balance sheet						
Total assets	10,620	9,478	12%	10,620	9,478	12%
Invested capital	7,365	6,194	19%	7,365	6,194	19%
Equity end of period	6,473	5,847	11%	6,473	5,847	11%
Cash flow and investments						
Cash flow from operating activities	863	997	-13%	217	395	-45%
Cash flow from investing activities	102	-466	<-100%	-167	-246	32%
Investments in property, plant and equipment, gross	-315	-210	-50%	-168	-100	-68%
Free cash flow	965	531	82%	50	149	-66%
Cash flow from financing activities	-1,667	-1,602	-4%	68	-149	<-100%
Key figures ratios						
Operating margin, EBIT, %	33	16		33	-1	
Operating margin, EBITDA, %	36	20		36	3	
Return on average invested capital before tax (ROIC), % 1)	59	59		59	58	
Return on average invested capital after tax (ROIC), % 1)	45	44		45	43	
Return on equity, %	51	24		55	-1	
Equity ratio, %	61	62		61	62	
Net asset value per share, DKK	29	27	7%	29	27	7%
Per share data						
Share price, DKK	526	439	20%	526	439	20%
Share price/net asset value per share	17.9	16.5	8%	17.9	16.5	8%
Average number of outstanding shares, millions	211.2	210.7	0%	211.4	211.0	0%
PE, price/earnings ratio	34.5	30.5	13%	34.2	31.5	9%
Earnings per share (EPS), diluted	7.56	3.54	>100%	3.82	-0.09	<-100%
Free cash flow per share	4.6	2.5	84%	0.2	0.7	-66%

1) This item is before Special items. After Special items, ROIC before tax was 66%, and ROIC after tax was 50% in 2014/15.
For 2013/14 ratios were 31% and 23% respectively

Management's report

Sales performance

Revenue in DKK was up by 11% to DKK 6,748m on 7% organic growth. Currency appreciation, especially of USD and GBP against DKK, increased the growth rate by 4 percentage points.

Sales performance by business area

	DKK million		Growth composition			DKK million	Organic growth
	2014/15 6 mths	2013/14 6 mths	Organic growth	Exchange rates	Reported growth	2014/15 Q2	Q2
Ostomy Care	2,699	2,491	6%	2%	8%	1,355	7%
Continence Care	2,430	2,159	8%	5%	13%	1,238	9%
Urology Care	661	594	5%	6%	11%	334	2%
Wound & Skin Care	958	836	9%	6%	15%	520	14%
Net revenue	**6,748**	**6,080**	**7%**	**4%**	**11%**	**3,447**	**8%**

Ostomy Care

Sales of ostomy care products amounted to DKK 2,699m, equal to an increase in DKK of 8%. Organic growth, at 6%, remained driven mainly by the portfolio of SenSura® products and the Brava® accessory range. We achieved satisfactory H1 growth in China, southern Europe, the USA and in the Nordic markets, whereas Algeria, Russia and the Netherlands were all negative contributors. The portfolio of SenSura® products drove the high growth rates in southern Europe, the USA and in the Nordic markets. We also had very strong sales of SenSura® products in Germany, the UK and France, whereas a reduction of reimbursement rates in the Dutch market had a negative impact. The new product portfolio SenSura® Mio is helping to drive growth. The product portfolio was launched in the UK, Norway, the Czech Republic and Australia in the second quarter and is now available in 18 countries.
The US market contributed to growth through an inventory build-up by a major distributor, particularly in the second quarter, which partly offset an inventory reduction in the first quarter. Challenges in Charter Healthcare kept the growth performance in the UK unsatisfactory, but the sales momentum has improved relative to the first quarter. The performance of the Assura® portfolio was satisfactory, with growth driven mainly by the Chinese, Mexican and Turkish markets. Algeria and Russia on the other hand were both negative growth drivers, due to an inventory build-up by a distributor in Algeria last year and the drop in tender activity in Russia resulting from challenging political and economic conditions.
The Brava® range of accessories continued to contribute to growth, particularly in the USA, the UK and China.

Q2 organic growth was 7%. As for the H1 period, SenSura® Mio and the Brava® range of accessories contributed strongly to performance. For SenSura® Mio, sales were particularly satisfactory in the European markets, especially the Nordic region and France, while the USA and the UK were the main drivers of sales growth in the Brava® range of accessories.
Weaker sales growth by the German homecare company SIEWA and the above-mentioned inventory build-up by a distributor in Algeria were among the factors detracting from Q2 sales growth.

Continence Care

Continence Care revenue was DKK 2,430m, a 13% improvement in DKK and 8% organically. We achieved satisfactory H1 growth in the USA, Saudi Arabia and France, whereas Algeria was a negative contributor.
Sales of SpeediCath® intermittent catheters, especially the compact catheters, continued to drive growth. Particularly in France, the UK, the USA and Germany, compact catheters were a key growth driver. Sales under a large tender win in Saudi Arabia was also a positive growth contributor. Developments in the US market were driven

by momentum in all intermittent catheter product categories.
Standard catheters saw negative sales growth in the first half of the year, mainly because last year's comparator was boosted by a large tender win in Algeria.
SpeediCath® Compact Set continued the satisfactory growth following the December 2012 launch, and the SpeediCath® Compact Eve is now available in 10 countries.
Sales of urine bags and urisheaths were driven by good momentum in France and China, whereas the Peristeen® anal irrigation system grew at a fair rate, especially in France, Germany and Italy.

The Q2 organic growth rate was 9% on revenue of DKK 1,238m. The performance was driven by SpeediCath® intermittent catheters, particularly by compact catheters in the USA and Europe, notably in France and the UK.
Sales of urine bags and urisheaths were satisfactory in the second quarter, driven by France and the UK.
The Q2 Peristeen® sales growth was mainly driven by positive performances by France, Germany and Italy.

Urology Care

Sales of urology care products rose by 11% to DKK 661m, while the organic growth rate was 5%. Growth was mainly driven by sales of disposable endourological products in France, Germany and Saudi Arabia.
Titan® penile implants continued to be the main sales driver in the implants market, with the UK and South Korea contributing strongly to performance, whereas US sales were impacted by weaker market activity. Growth in sales of transvaginal surgical mesh products for the treatment of stress urinary incontinence and pelvic organ prolapse was challenged, the main reason being slumping sales of Aris®, an older sling product.

Q2 organic growth was 2%, held back by the weaker activity in the US market for penile implants. Growth was supported by sales of endourological products in France, Saudi Arabia and Germany.

Wound & Skin Care

H1 sales of wound and skin care products amounted to DKK 958m, equal to a 15% year on year increase in DKK and 9% organic growth. The Wound Care business alone generated 12% organic growth.
Growth was driven by sales of Biatain® foam dressings, especially by Biatain® Silicone in Europe and notably in the German market. On the other hand, the French market continued to be impacted by lower reimbursement rates, which took effect on 1 October 2014.
Other drivers of the fair H1 growth rate were decent growth in the Chinese market, a large tender in Saudi Arabia and positive developments in Greece.
The Biatain® Silicone launch continued to produce highly satisfactory results, and the product is now available in all core markets.
The US skin care business reported organic growth, despite the inventory build-up by a major distributor in the first quarter of last year triggered by price changes taking effect on 1 January 2014.
Contract production of Compeed® contributed to the positive H1 growth performance.

The Q2 organic growth rate was 14% on revenue of DKK 520m. The Wound Care business alone generated 15% organic growth. Growth was driven by sales of Biatain® foam dressings, especially in Greece and China, and particularly by Biatain® Silicone in Europe, especially in Germany.
The Q2 growth performance was impacted by an inventory buy back from an Algerian distributor.
Lastly, contract production of Compeed® contributed greatly to the decent Q2 growth performance.

European markets

H1 revenue was up by 8% to DKK 4,323m on 5% organic growth. France, the Nordic markets and southern Europe all reported highly satisfactory organic growth rates, whereas growth in the UK and the Netherlands was not satisfactory. Growth in the French market was mainly driven by the Continence Care business, while southern Europe and the Nordic markets were also driven by the Ostomy Care business. The Dutch market continues to feel the challenge of changes to reimbursement rates in the ostomy care market, and volatility will remain high in that market for the rest of 2015. Lastly, the UK operations continue to face challenges in Charter Healthcare, which are expected to be overcome in the current financial year.

Q2 organic growth was 7%, supported by the performance in France, Germany, southern Europe and the Nordic markets. Although it contributed to growth, the UK performance was not satisfactory due to the continuing challenges relating to Charter Healthcare. The Continence Care business continued its very solid performance in France, Germany and Italy, and all three countries also reported good growth momentum for the Ostomy Care business. Lastly, the Nordic markets were driven by good momentum in the Ostomy Care and Wound Care businesses.

Other developed markets

Revenue was DKK 1,398m, which translates into reported growth of 15%, while the underlying organic growth rate was 4%. Following a change in the buying pattern of a major US ostomy care and continence care distributor, the US market is once again adding to growth, and both Canada and Australia were also contributors. In the Canadian business, particularly inventory build-ups by distributors contributed to growth in ostomy care and continence care.

The 8% organic growth in the second quarter was mainly driven by sales of ostomy care and continence care products in the USA and by the continued positive growth in the Canadian market. Inventory build-ups by ostomy care and continence care distributors lifted growth in both the US and Canadian markets. The weaker sales of Titan® penile implants in the US market had a negative impact on growth.

Sales performance by region

	DKK million		Growth composition			DKK million	Organic growth
	2014/15 6 mths	2013/14 6 mths	Organic growth	Exchange rates	Reported growth	2014/15 Q2	Q2
European markets	4,323	4,018	5%	3%	8%	2,181	7%
Other developed markets	1,398	1,215	4%	11%	15%	734	8%
Emerging markets	1,027	847	20%	1%	21%	532	16%
Net revenue	**6,748**	**6,080**	**7%**	**4%**	**11%**	**3,447**	**8%**

Emerging markets

Revenue increased by 21% to DKK 1,027m, while organic growth was 20%. The performance was driven especially by satisfactory growth in China, Saudi Arabia, Greece and Argentina, whereas Russia and Algeria were negative contributors. In addition Mexico, South Korea and Turkey all reported very strong growth rates. Performance in the Chinese market was driven by good momentum in Ostomy Care and Wound Care. Greece reported fair growth rates in the Continence Care and Wound Care businesses. In Saudi Arabia, the growth performance was boosted by a major tender win in Continence Care, Wound Care and Urology Care, whereas developments in Argentina were due to an inventory build-up on a tender won in the first quarter. In Russia, political and economic factors continued to lead to substantially less tender activity. The negative growth in Algeria was due to an inventory buy back coupled with the inventory build-up by a new distributor last year.

Q2 organic growth was 16%, driven by China, Greece, Saudi Arabia and Brazil, whereas Algeria and Russia were both negative contributors. As was the case for the H1 period, the Q2 growth performances in China and Greece were driven by good market momentum, while growth in Saudi Arabia was driven by the above-mentioned large tender. Performance in Brazil recovered following weak tender activity in the first quarter.

Gross profit

Gross profit was up by 11% to DKK 4,624m from DKK 4,162m in H1 2013/14. The gross margin was 69%, against 68% in H1 2013/14. The performance was supported by the ongoing focus on efficiency improvements and costs, which has offset the negative effect of new product launches with their high initial costs and increasing depreciations resulting from increased capital expenditure. We also incurred costs in connection with expanding the factory at Nyírbátor, Hungary.

The Q2 gross margin was 69% and in line with last year. At constant exchange rates, both this year's and last year's Q2 gross margins were 68%.

Capacity costs

Distribution costs were DKK 1,944m against DKK 1,746m in H1 2013/14. Distribution costs amounted to 29% of revenue, which was in line with last year. Included in H1 costs were ongoing investments, for a total of about DKK 100m, mainly in sales and marketing initiatives in China, the UK, the USA and a number of emerging markets. Lastly, we continue to invest in “522 Post-market Surveillance” studies in our Urology Care business.

The Q2 distribution costs amounted to DKK 999m, equal to 29% of revenue, in line with last year's amount. The costs are stated inclusive of the increased investment initiatives.

Administrative expenses were DKK 269m against DKK 240m in the first half of last year. Last year's administrative expenses included a reversal of a DKK 20m provision for losses on trade receivables relating mainly to Spain. In addition, we incurred higher legal expenses in the first half of this year than last year. Administrative expenses accounted for 4% of revenue in both H1 2014/15 and H1 2013/14.

The Q2 administrative expenses amounted to DKK 133m, equal to 4% of revenue, against DKK 118m in the same period of last year.

R&D costs were DKK 213m, up from DKK 185m last year due to a general increase in business activity. R&D costs amounted to 3% of revenue, which was in line with last year.

The Q2 R&D costs amounted to DKK 103m, equal to 3% of revenue and was in line with last year's amount.

Other operating income and other operating expenses amounted to net income of DKK 15m in the first half-year, against net income of DKK 6m in H1 2013/14.

Other operating income and other operating expenses amounted to a net expense of DKK 11m in the second quarter, against net income of DKK 4m in Q2 2013/14.

Operating profit (EBIT)

EBIT before special items was DKK 2,213m, an 11% improvement from DKK 1,997m in H1 2013/14. The EBIT margin was 33% both at constant exchange rates and in DKK, which was in line with H1 2013/14.

The Q2 EBIT was DKK 1,137m, against last year's EBIT before special items of DKK 984m, for an EBIT margin of 33% in both Q2 periods.

Financial items and tax

Financial items amounted to a net expense of DKK 93m, against a net income of DKK 25m in the first half of last year, the difference being mainly due to realised net losses on forward exchange contracts, especially in USD and GBP, this year and a net gain in the year-earlier period.

The Q2 financial items were a DKK 65m net expense, against a DKK 2m net expense in Q2 2013/14.

The tax rate was 24%, compared with 25% last year, the difference being due to changes to the Danish corporate tax rate. The tax expense before special items was DKK 508m against DKK 506m last year.

Net profit for the period

The net profit for the reporting period was up by 212% to DKK 1,612m from DKK 761m in H1 2013/14. The improvement lifted earnings per share before special items (EPS before special items) by 6% to DKK 7.63.

For the Q2 periods, the net profit was DKK 815m in 2014/15 against a net loss of DKK 19m in 2013/14. Earnings per share before special items (EPS before special items) were up by 11% to DKK 3.85.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 863m, against DKK 997m last year. The change was mainly due to higher tax payments resulting from a voluntary on-account payment of DKK 450m. The rest of the change was due to payments made for currency hedging transactions, which were offset by a higher EBITDA, and the receipt of the outstanding insurance cover of DKK 150m relating to litigation in the USA.

Investments

Coloplast made net investments of DKK 322m in H1 2014/15 compared with DKK 201m in H1 2013/14. The increase was due to investment in machinery to be used for new products, including for a new SenSura® Mio platform, added capacity for existing products and the expansion of the factory in Nyírbátor, which was inaugurated in April 2015. Gross investments in property, plant and equipment (CAPEX) and intangible assets increased by 48% over H1 2013/14 to DKK 325m, which is equal to 4.8% of revenue.
The sale of securities increased the cash flows from investing activities by DKK 668m.

Free cash flow

The free cash flow amounted to DKK 965m against DKK 531m last year.

Capital reserves

Interest-bearing net deposits at 31 March 2015 amounted to DKK 405m, against DKK 949m at 31 March 2014.

Balance sheet and equity

Balance sheet

At DKK 10,620m, total assets increased by DKK 241m relative to 30 September 2014.

Intangible assets amounted to DKK 1,617m, which was DKK 136m more than at 30 September 2014. The increase was attributable to higher goodwill, which was due to the appreciation of USD against DKK.

Investment in property, plant and equipment amounted to DKK 315m, increasing non-current assets by a total of DKK 404m.

Relative to 30 September 2014, inventories increased by 11% to DKK 1,467m due to weaker sales in the first quarter and inventory build-ups in connection with new product roll-outs. Trade receivables were up by 13% to DKK 2,507m, 6 percentage points of which was due to currency appreciation, mostly in USD and GBP. Trade payables amounted to DKK 503m, marking an 11% drop. This brought working capital to 26% of revenue, 2 percentage points higher than at 30 September 2014.

Amounts held in escrow in connection with litigation in the United States alleging injury resulting from use of transvaginal surgical mesh products were DKK 288m, DKK 130m less than at 30 September 2014. The difference reflects the net amount of settlement payments offset by additional deposits made.

Security holdings were DKK 403m less than at the beginning of the financial year and cash and cash equivalents were 315m less due to dividends and taxes paid.

As a result, current assets fell by a total of DKK 163m relative to 30 September 2014 to stand at DKK 5,884m. Dividend payments offset by the voluntary on-account tax payment and trade receivables were the main reasons for the drop in current assets.

Equity

Equity fell by DKK 190m relative to 30 September 2014 to DKK 6,473m. The comprehensive income for the period of DKK 1,843m was offset by dividends paid of DKK 1,581m and by the net effect of treasury shares bought and sold, losses on share options exercised and share-based payment for a total of DKK 72m.

Dividends and share buy-backs

The Board of Directors has resolved that the company will pay an interim dividend of DKK 4.50 per share, for a dividend pay-out of DKK 953m.

The last day Coloplast shares will trade cum dividend will be 6 May 2015, and they will trade ex dividend starting on 7 May 2015. Dividends will be paid to shareholders on 11 May 2015.

In the second quarter of 2013/14, the Board of Directors resolved to establish a share buy-back programme for a total of up to DKK 1 billion running until the end of the 2014/15 financial year. The second half of the programme, for DKK 500m, commenced in the second quarter and is expected to be completed by the end of the current financial year. At 31 March 2015, the company had bought back shares worth DKK 107m.

Treasury shares

At 31 March 2015, Coloplast's holding of treasury shares consisted of 8,207,486 B shares, which was 1,243,477 fewer than at 30 September 2014. The reduction in the holding of treasury shares was mainly due to options being exercised.

Financial guidance for 2014/15

- We continue to expect organic revenue growth of 8-9% but now 13-14% in DKK
- We continue to expect the EBIT margin to be about 34%, both at constant exchange rates and in DKK.
- Capital expenditure is still expected to be around DKK 650m.
- The effective tax rate is still expected to be about 24%.

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

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

The EBIT margin guidance assumes that Coloplast, in addition to achieving the growth target, will continue to deliver scale economies and efficiency improvements. The guidance for investments in sales-enhancing initiatives remains at DKK 150-200m.

The capital investments will boost the production capacity for new and existing products and will provide for the completion of the factory expansion at Nyírbátor.

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

Coloplast's long-term financial guidance, as announced at the Capital Markets Day on 4 June 2014, remains to generate 7-10% sales growth per year and to improve the EBIT margin by 0.5-1.0 percentage point per year.
The overall weighted market growth in Coloplast's current markets is about 5%, an increase of 50 basis points relative to 2013/14.

Other matters

Organisational changes in our Chronic Care business

Coloplast has made organisational changes to the Chronic Care business for the purpose of strengthening the execution of our Consumer Journey and to reinforce innovation at Coloplast.

As a result of the organisational changes, Nicolas Nemery, SVP Global Marketing, has resigned from his position.

Organisational changes in our UK operations

Our UK Country Manager Sue Kernahan retired on 6 March 2015. Ulrik Berthelsen, whose previous positions include Country Manager of Italy, has been appointed new UK country manager. Ulrik Berthelsen has been with Coloplast for the past nine years, spending most of his time holding various management positions in our US organisation.

Commercial partnership with Devon Medical discontinued

Due to product safety issues involving the Devon Medical Extricare portfolio, Coloplast discontinued all commercial activities relating to NPWT, including sales and marketing in Brazil, Switzerland and Greece, where the products had been launched. The decision put a final stop to the commercial partnership with Devon Medical.
Coloplast remains committed to selling and marketing NPWT products as part of its product range.

Exchange rate exposure

Our financial guidance for the 2014/15 financial year has been prepared on the basis of the following assumptions for the company's principal currencies:

DKK	GBP	USD	HUF	EUR
Average exchange rate 2013/14*	911	550	2.44	746
Spot rate, 29 April 2015	1,044	679	2.48	746
Estimated average exchange rate 2014/2015	1,008	653	2.45	745
Change in estimated average exchange rates compared with last year**	11%	19%	0%	0%

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

**) Estimated average exchange rate is calculated as the average exchange rate year to date combined with the spot rates at 29 April 2015.

Revenue is particularly exposed to developments in USD and GBP relative to DKK. Fluctuations in HUF against DKK have an effect on the operating profit, because a substantial part of our production, and thus of our costs, are in Hungary, whereas our sales there are moderate.

In DKK millions over 12 months on a 10% initial drop in exchange rates (Average exchange rates 2013/14)	Revenue	EBIT
USD	-200	-70
GBP	-230	-155
HUF	0	40

Forward-looking statements

The forward-looking statements in this announcement, including revenue and earnings guidance, do not constitute a guarantee of future results and are subject to risk, uncertainty and assumptions, the consequences of which are difficult to predict. The forward-looking statements are based on our current expectations, estimates and assumptions and are provided on the basis of information available to us at the present time. Major fluctuations in the exchange rates of key currencies, significant changes in the healthcare sector or major developments in the global economy may impact our ability to achieve the defined long-term targets and meet our guidance. This may impact our company's financial results.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management today considered and approved the interim report of Coloplast A/S for the period 1 October 2014 – 31 March 2015. The interim report, which has neither been unaudited nor reviewed by the company's auditors, is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group’s assets, equity, liabilities and financial position at 31 March 2015 and of the results of the Group’s operations and cash flows for the period 1 October 2014 – 31 March 2015.

Also, in our opinion, the management’s report includes a fair account of the development and performance of the Group, the results for the period and of the financial position of the Group. Other than as set forth in the interim report, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the annual report for 2013/14.

Humlebæk, 5 May 2015

Executive Management:

Lars Rasmussen
President, CEO

Anders Lonning-Skovgaard
Executive Vice President, CFO

Kristian Villumsen
Executive Vice President, Chronic Care

Allan Rasmussen
Executive Vice President, Global Operations

Board of Directors:

Michael Pram Rasmussen
Chairman

Niels Peter Louis-Hansen
Deputy Chairman

Per Magid

Brian Petersen

Jørgen Tang-Jensen

Sven Håkan Björklund

Thomas Barfod
Elected by the employees

Martin Giørtz Müller
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 DKK million 2014/15 6 mths	Consolidated DKK million 2013/14 6 mths	Index	Consolidated DKK million 2014/15 Q2	Consolidated DKK million 2013/14 Q2	Index
1	Revenue	6,748	6,080	111	3,447	3,017	114
	Cost of sales	-2,124	-1,918	111	-1,086	-948	115
	Gross profit	**4,624**	**4,162**	**111**	**2,361**	**2,069**	**114**
	Distribution costs	-1,944	-1,746	111	-999	-880	114
	Administrative expenses	-269	-240	112	-133	-118	113
	Research and development costs	-213	-185	115	-103	-91	113
	Other operating income	31	21	148	22	12	183
	Other operating expenses	-16	-15	107	-11	-8	138
	Operating profit before special items	**2,213**	**1,997**	**111**	**1,137**	**984**	**116**
2	Special items	0	-1,000	-	0	-1,000	-
1	**Operating profit (EBIT)**	**2,213**	**997**	**>100**	**1,137**	**-16**	**<-100**
3	Financial income	28	76	37	24	23	104
4	Financial expenses	-121	-51	>100	-89	-25	>100
	Profit before tax	**2,120**	**1,022**	**>100**	**1,072**	**-18**	**<-100**
	Tax on profit for the period	-508	-261	195	-257	-1	>100
	Net profit for the period	**1,612**	**761**	**>100**	**815**	**-19**	**<-100**
	Other comprehensive income						
	Items that will not be reclassified to profit or loss:						
	Remeasurements on defined benefit plans	-39	6		-19	14	
	Tax on remeasurements on defined benefit plans	9	-2		5	-4	
		-30	4		-14	10	
	Items that may be reclassified to profit or loss:						
	Value adjustment of currency hedging	-241	21		-238	-28	
	Of which transferred to financial items	102	-57		81	-13	
	Tax effect of hedging	33	9		37	10	
	Currency adjustment, assets in foreign currency	178	-17		134	1	
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	189	-58		187	-65	
		261	-102		**201**	**-95**	
	Total other comprehensive income	**231**	**-98**		**187**	**-85**	
	Total comprehensive income	**1,843**	**663**		**1,002**	**-104**	
	Earnings per Share (EPS) before special items	7.63	7.18		3.85	3.48	
	Earnings per Share (EPS)	7.63	3.61		3.85	-0.09	
	Earnings per Share (EPS) before special items, diluted	7.56	7.07		3.82	3.44	
	Earnings per Share (EPS), diluted	7.56	3.54		3.82	-0.09	

Balance sheet

At 31 March

		Consolidated		
		DKK million		
Note		31.03.15	31.03.14	30.09.14
	Assets			
	Acquired patents and trademarks etc.	659	630	624
	Goodwill	877	726	772
	Software	51	73	66
	Prepayments and intangible assets in progress	30	10	19
	Intangible assets	**1,617**	**1,439**	**1,481**
	Land and buildings	965	921	927
	Plant and machinery	900	834	868
	Other fixtures and fittings, tools and equipment	227	120	196
	Prepayments and property, plant and equipment under construction	620	434	471
	Property, plant and equipment	**2,712**	**2,309**	**2,462**
	Investment in associates	13	14	13
	Deferred tax asset	377	606	360
	Other receivables	17	15	16
	Other non-current assets	**407**	**635**	**389**
	Non-current assets	**4,736**	**4,383**	**4,332**
	Inventories	**1,467**	**1,163**	**1,322**
	Trade receivables	2,507	2,070	2,210
	Income tax	372	29	40
	Other receivables	259	664	344
	Prepayments	119	83	123
	Receivables	**3,257**	**2,846**	**2,717**
	Restricted cash	**288**	**0**	**418**
	Marketable securities	**216**	**632**	**619**
	Cash and cash equivalents	**656**	**454**	**971**
	Current assets	**5,884**	**5,095**	**6,047**
	Assets	**10,620**	**9,478**	**10,379**

Balance sheet

At 31 March

Note		Consolidated DKK million 31.03.15	31.03.14	30.09.14
	Equity and liabilities			
	Share capital	220	220	220
	Reserve for exchange rate adjustments	57	-147	-132
	Reserve for currency hedging	-195	8	-89
	Proposed dividend for the period	953	844	1,579
	Retained earnings	5,438	4,922	4,705
	Total equity	**6,473**	**5,847**	**6,283**
	Provisions for pensions and similar liabilities	207	158	181
	Provision for deferred tax	72	296	71
8	Other provisions	11	1,099	297
	Other payables	1	2	1
	Deferred income	42	35	17
	Non-current liabilities	**333**	**1,590**	**567**
	Provisions for pensions and similar liabilities	28	14	29
8	Other provisions	624	348	680
	Other credit institutions	467	130	92
	Trade payables	503	430	566
	Income tax	231	189	521
	Other payables	1,948	913	1,619
	Deferred income	13	17	22
	Current liabilities	**3,814**	**2,041**	**3,529**
	Current and non-current liabilities	**4,147**	**3,631**	**4,096**
	Equity and liabilities	**10,620**	**9,478**	**10,379**

9 Contingent liabilities

Statement of changes in equity

Consolidated DKK million	Share capital A shares	 B shares	Reserve for exchange rate adjustments	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2014/15							
Balance at 1.10.	18	202	-132	-89	1,579	4,705	6,283
Comprehensive income:							
Net profit for the period					953	659	1,612
Other comprehensive income that will not be reclassified to profit or loss:							
Remeasurements on defined benefit plans						-39	-39
Tax on remeasurements on defined benefit plans						9	9
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency hedging				-241			-241
Of which transferred to financial items				102			102
Tax effect of hedging				33			33
Currency adjustment, assets in foreign currency						178	178
Currency adjustment of opening balances and other adjustments relating to subsidiaries			189				189
Total other comprehensive income	0	0	189	-106	0	148	231
Total comprehensive income	*0*	*0*	*189*	*-106*	*953*	*807*	*1,843*
Transactions with shareholders:							
Transfers					2	-2	0
Investment in treasury shares						-107	-107
Sale of treasury shares and loss on exercised options						22	22
Share-based payment						13	13
Dividend paid out in respect of 2013/14					-1,581		-1,581
Total transactions with shareholders	*0*	*0*	*0*	*0*	*-1,579*	*-74*	*-1,653*
Balance at 31.03	**18**	**202**	**57**	**-195**	**953**	**5,438**	**6,473**

Statement of changes in equity

Consolidated DKK million	Share capital A shares	 B shares	Reserve for exchange rate adjustments	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2013/14							
Balance at 1.10.	18	202	-89	35	1,473	5,130	6,769
Comprehensive income:							
Net profit for the period					844	-83	761
Other comprehensive income that will not be reclassified to profit or loss:							
Remeasurements on defined benefit plans						6	6
Tax on remeasurements on defined benefit plans						-2	-2
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency hedging				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**

Cash flow statement

1 October - 31 March

Note		Consolidated DKK million 2014/15 6 mths	2013/14 6 mths
	Operating profit	2,213	997
	Depreciation and amortisation	239	209
5	Adjustment for other non-cash operating items	-361	1,414
6	Changes in working capital	-1	-638
	Ingoing interest payments, etc.	16	70
	Outgoing interest payments, etc.	-146	-10
	Income tax paid	-1,097	-1,045
	Cash flows from operating activities	**863**	**997**
	Investments in intangible assets	-10	-10
	Investments in land and buildings	-6	0
	Investments in plant and machinery	-8	-18
	Investments in property, plant and equipment under construction	-301	-192
	Property, plant and equipment sold	3	19
	Divestment of operations	21	0
	Net sales/purchase of marketable securities	403	-265
	Cash flow from investing activities	**102**	**-466**
	Free cash flow	**965**	**531**
	Dividend to shareholders	-1,581	-1,476
	Net investment in treasury shares and exercise of share options	-86	-126
	Financing from shareholders	**-1,667**	**-1,602**
	Cash flows from financing activities	**-1,667**	**-1,602**
	Net cash flows for the period	**-702**	**-1,071**
	Cash and short-term debt at 1.10.	879	1,393
	Value adjustment of cash and bank balances	12	2
	Net cash flows for the period	-702	-1,071
7	**Cash and short-term debt at 31.03**	**189**	**324**

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

Notes

1. Segment information

Consolidated, 2014/15

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

The operating 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.

	Sales regions		Production units		Shared/ Non-allocated		Total	
DKK million	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
External revenue	6,748	6,080	0	0	0	0	6,748	6,080
Segment operating profit/loss (EBIT)	355	172	2,602	2,473	-744	-1,648	2,213	997
Net financials	0	0	0	0	-93	25	-93	25

Notes

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

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

	2014/15	2013/14
3. Financial income		
Interest income	16	19
Fair value adjustments of forward contracts transferred from Other comprehensive income	0	57
Net exchange adjustments	12	0
Total	**28**	**76**

	2014/15	2013/14
4. Financial expenses		
Interest expense	2	2
Fair value adjustments of cash-based share options	1	10
Fair value adjustments on forward contracts transferred from equity	102	0
Net exchange adjustments	0	31
Other financial expenses and fees	16	8
Total	**121**	**51**

	2014/15	2013/14
5. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	1	3
Change in other provisions	-362	1,411
Total	**-361**	**1,414**

	2014/15	2013/14
6. Changes in working capital		
Inventories	-77	-130
Trade receivables	-202	-119
Other receivables	227	-352
Trade and other payables etc.	51	-37
Total	**-1**	**-638**

	2014/15	2013/14
7. Cash and short-term debt		
Cash	1	1
Bank balances	655	453
Cash and bank balances	**656**	**454**
Short-term debt	-467	-130
Total	**189**	**324**

Notes

8. Other provisions

Product liability case regarding transvaginal mesh

Since 2011, Coloplast has been named as a defendant in individual lawsuits in various federal and state courts around the United States, alleging injury resulting from use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence.

A multidistrict litigation (MDL) was formed in August 2012 to consolidate federal court cases in which Coloplast is the first named defendant in the Southern District of West Virginia as part of MDL No. 2387. The cases are consolidated for purposes of pre-trial discovery and motion practice. MDLs against other major transvaginal mesh manufacturers are being heard at the same venue. A date has not yet been set for the hearing of cases against Coloplast. As an alternative to litigation, Coloplast has entered into tolling agreements. The parties to a tolling agreement agree all defences are preserved while the parties exchange medical histories and other relevant information for the purpose of evaluating and potentially resolving or eliminating a claim out of court. Under a tolling agreement the limitation period is suspended. Coloplast cannot predict the timing or outcome of any such litigation or of cases covered by tolling agreements. Nor can Coloplast predict whether any additional litigation will be brought against the company.

Litigation involving the use of transvaginal surgical mesh products against a few of Coloplast's competitors has been decided or settled at the present time. Coloplast monitors such litigation in order to determine how it might influence litigation that Coloplast is involved in.

Coloplast intends to dispute the current and any future litigation, but will continually consider other options that may better serve the company's best interests. As a result, Coloplast has reached settlements with groups of law firms.

An expense of DKK 1,500m has been recognised in the Q2 2013/14 financial statements to cover potential claims and settlements and other costs arising in connection with legal assistance. The full product liability insurance of DKK 500m has been set off against this amount, and the net expense of DKK 1,000m has been recognised under special items in the income statement.

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

9. Contingent liabilities

Other than as set out in Note 7 Other provisions, the Coloplast Group is a party to a few minor legal proceedings, which are not expected to influence the Group’s future earnings.

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

Income statement, quarterly

(Unaudited)

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

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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 9,000 people.