Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Announcement no. 8/2016
16 August 2016

Coloplast A/S
Holtedam 1
3050 Humlebæk
Denmark

Company reg.
(CVR) no.
69749917

9M 2015/16

Interim financial report, 9M 2015/16
(1 October 2015 - 30 June 2016)

Highlights

- Organic revenue growth was 7%. Revenue in DKK was up by 6% to DKK 10,942m.
- Organic growth rates by business area: Ostomy Care 9%, Continence Care 5%, Urology Care 8% and Wound & Skin Care 7%.
- Gross profit was up by 6% to DKK 7,471m, equal to a gross margin of 68% (9M 2014/15: 68%). At constant exchange rates, the gross margin was 69%, against 68% in 9M 2014/15.
- EBIT was up by 8% to DKK 3,562m, with the EBIT margin at 33%, compared with 32% in the same period of last year. At constant exchange rates, the EBIT margin was also 33%, against 32% in 9M 2014/15.
- The net profit for the reporting period was up by 17% to DKK 2,719m, while diluted earnings per share were also up by 17% to DKK 12.78.
- The free cash flow amounted to DKK 1,643m, DKK 307m (16%) less than in the same period of last year.
- ROIC after tax before special items was 46%, which was in line with the same period of last year.

Financial guidance for 2015/16

- We continue to expect organic revenue growth of 7–8% at constant exchange rates and now of about 6% in DKK from previously 6-7%.
- We continue to expect the EBIT margin to be 33–34% at constant exchange rates and to be about 33% in DKK.
- Capital expenditure is still expected to be DKK 600–700m.
- The effective tax rate is still expected to be about 23%.

Conference call
Coloplast will host a conference call on 16 August 2016 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3271 4611, +44 (0)20 7162 0177 or +1 646 934 6795. Conference call reference no. 959116.
A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

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Financial highlights and key ratios

1 October - 30 June

(Unaudited)

Consolidated	DKK million			DKK million		
	2015/16	2014/15		2015/16	2014/15	
	9 mths	9 mths	Change	Q3	Q3	Change
Income statement						
Revenue	10,942	10,288	6%	3,686	3,540	4%
Research and development costs	-380	-328	16%	-132	-115	15%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	3,955	3,649	8%	1,333	1,197	11%
Operating profit (EBIT)	3,562	3,286	8%	1,201	1,073	12%
Net financial income and expenses	-31	-233	-87%	69	-140	<100%
Profit before tax	3,531	3,053	16%	1,270	933	36%
Net profit for the year	2,719	2,321	17%	978	709	38%
Revenue growth						
Period growth in revenue, %	6	12		4	13	
Growth break down:						
Organic growth, %	7	7		8	7	
Currency effect, %	-1	5		-4	6	
Balance sheet						
Total assets	11,280	9,945	13%	11,280	9,945	13%
Invested capital	6,094	7,014	-13%	6,094	7,014	-13%
Equity end of period	4,499	5,793	-22%	4,499	5,793	-22%
Cash flow and investments						
Cash flow from operating activities	1,702	1,958	-13%	608	1,095	-44%
Cash flow from investing activities	-59	-8	>100%	-151	-110	37%
Investments in property, plant and equipment, gross	-370	-426	-13%	-153	-111	38%
Free cash flow	1,643	1,950	-16%	457	985	-54%
Cash flow from financing activities	-2,903	-2,977	2%	-1,332	-1,310	-2%
Key ratios						
Operating margin, EBIT, %	33	32		33	30	
Operating margin, EBITDA, %	36	35		36	34	
Return on average invested capital before tax (ROIC), % [1)]	60	60		60	53	
Return on average invested capital after tax (ROIC), % [1)]	46	46		46	41	
Return on equity, %	80	51		83	47	
Equity ratio, %	40	58		40	58	
Net asset value per outstanding share, DKK	21	26	-19%	21	26	-19%
Per share data						
Share price, DKK	498	439	13%	498	439	13%
Share price/net asset value per share	23.4	16.7	40%	23.4	16.7	40%
Average number of outstanding shares, millions	211.9	211.2	0%	211.9	211.5	0%
PE, price/earnings ratio	29.1	30.1	-3%	26.9	32.8	-18%
Earnings per share (EPS), diluted	12.78	10.88	17%	4.60	3.32	39%
Free cash flow per share	7.8	9.2	-15%	2.2	4.7	-53%

1) This item is before Special items. After Special items, ROIC before tax was 88%/67%, and ROIC after tax was 68%/51%.

Management's report

Sales performance

Revenue in DKK was up by 6% in the 9M period to DKK 10,942m on 7% organic growth. Currency depreciation, especially of ARS and BRL against DKK, reduced revenue growth by 1 percentage point. The Q3 revenue in DKK was up by 4% to DKK 3,686m on 8% organic growth. Currency depreciation, especially of GBP, ARS and USD against DKK, reduced revenue growth by 4 percentage points.

Sales performance by business area

	DKK million		Growth composition			DKK million	Organic
	2015/16 9 mths	2014/15 9 mths	Organic growth	Exchange rates	Reported growth	2015/16 Q3	growth Q3
Ostomy Care	4,416	4,118	9%	-2%	7%	1,518	11%
Continence Care	3,839	3,689	5%	-1%	4%	1,282	6%
Urology Care	1,121	1,017	8%	2%	10%	380	8%
Wound & Skin Care	1,566	1,464	7%	0%	7%	506	4%
Net revenue	**10,942**	**10,288**	**7%**	**-1%**	**6%**	**3,686**	**8%**

Sales performance by region

	DKK million		Growth composition			DKK million	Organic
	2015/16 9 mths	2014/15 9 mths	Organic growth	Exchange rates	Reported growth	2015/16 Q3	growth Q3
European markets	6,943	6,581	6%	0%	6%	2,357	8%
Other developed markets	2,291	2,151	4%	3%	7%	760	3%
Emerging markets	1,708	1,556	16%	-6%	10%	569	18%
Net revenue	**10,942**	**10,288**	**7%**	**-1%**	**6%**	**3,686**	**8%**

Ostomy Care

Sales of ostomy care products amounted to DKK 4,416m, a 7% increase in DKK. Organic growth, at 9%, remained driven mainly by the portfolio of SenSura® products and the Brava® accessory range.

Highly satisfactory sales growth for the SenSura® portfolio; driven especially by the UK, German, Nordic and US markets, with Italy also contributing. In particular, the SenSura® Mio products helped drive growth with all country organisations contributing to performance.

SenSura® Mio Convex is now available in sixteen countries. Feedback on the product remains highly satisfactory.

Sales growth for the Assura/Alterna® portfolio also remained satisfactory, driven mainly by the Chinese, Russian and Algerian markets but with Spain and Argentina also contributing.

Sales growth in the Brava® range of accessories was driven mainly by the French and UK markets, and with Australia and China also contributing.

From a country perspective, the UK reported highly satisfactory 9M sales growth, supported by satisfactory growth in the Charter homecare business, which continues to win market share. China, Russia, Argentina and the Nordic markets were also positive contributors to growth. While contributing to sales growth, China continued to report weaker growth rates than last year. The positive development in Russia was due to an increase in tender activity in the first half of the financial year. Sales growth in the US was negatively impacted by distributor buying patterns and inventory reductions.

Q3 organic growth was 11%. As for the Q2 period, the SenSura® portfolio and the Brava® range of accessories contributed strongly to performance. Growth in the SenSura® portfolio sales was driven by a positive performance in the UK, German, Nordic and US markets. Sales of SenSura® Mio Convex contributed nicely to the strong sales momentum of the SenSura® Mio portfolio. Sales growth in the Brava® range of accessories was driven largely by positive trends in the UK, French and Chinese markets.

From a country perspective, the UK, China, Germany and Argentina all reported satisfactory growth rates. In the Chinese market, sales of the Assura/Alterna® portfolio performed particularly well. Sales growth in the US was negatively impacted by inventory reductions by a major distributor.

Continence Care

Continence Care revenue was DKK 3,839m, a 4% improvement in DKK and 5% organically. SpeediCath® intermittent catheters and Peristeen® continued to drive growth in the 9M period. The performance was driven in particular by sales of compact catheters in the UK, French and US markets, with Germany and Greece also performing well.
Sales growth in standard catheters remained challenged, due to distributor buying patterns and inventory reductions of this product type in the US market and a lower tender value in Saudi Arabia compared with last year. Sales in Argentina and Russia supported overall 9M growth.
An improved momentum in Russia and France produced a slightly positive sales performance for urine bags and urisheaths.
Peristeen® sales continued to grow at a fair rate, driven especially by good performances in the UK, the US and France.
From a country perspective, the UK was a very strong contributor to growth in the continence care business due to satisfactory growth in the Charter homecare business. Also, France and Argentina reported momentum improvements, and there was an increase in tender activity in the Russian market in the first half of the financial year. For the reasons set out above, sales growth was challenged by developments in the US market and in Saudi Arabia. Also, several European core markets have become more competitive.

Q3 organic growth, at 6%, was driven by SpeediCath® intermittent catheters and Peristeen®. Sales of compact catheters in the US, French and UK markets contributed particularly well to performance. Sales of standard catheters detracted from growth, with particular challenges in the US market due to inventory reductions by a major distributor. France also detracted from overall growth in standard catheters.
Urine bag and urisheath sales growth improved, mainly driven by France, the UK and Greece, whereas the Dutch operations reported challenges. The performance in the Dutch market was due to increased competition.
Sales of Peristeen® improved in most markets, particularly in the UK, US, France and Germany. From a country perspective, the UK, France, Germany and Argentina contributed to sales growth, whereas the Algerian operations reported negative growth due to an inventory buy-back from a former distributor. In addition, catheter sales in Norway were adversely affected by a price reform that took effect on 1 January 2016.

Urology Care

Sales of urology care products rose by 10% to DKK 1,121m, while the organic growth rate was 8%. Growth remained driven mainly by implant sales, especially of Titan® penile implants in the US market. Also, sales in the US of Altis® slings and Restorelle® products designed to treat stress urinary incontinence and pelvic organ prolapse contributed well to the growth.
Sales of disposable surgical products were supported by healthy sales in France, but were negatively impacted by lower tender activity in Saudi Arabia and Brazil.
From a country perspective, the US market remained a strong growth driver in the Urology Care business, with Europe, and particularly France, also contributing, whereas Brazil and Saudi Arabia detracted from growth.

The Q3 organic growth rate, at 8%, was mainly driven by Altis® slings, Titan® penile implants and Restorelle® products in the US, with Coloplast successfully winning market share. The weak growth in sales of disposable surgical products was due to negative sales performances in Brazil and Saudi Arabia.
From a country perspective, the US and French markets drove growth in the Urology Care business, while especially Saudi Arabia contributed negatively to growth.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,566m, equal to a 7% increase both when measured in DKK and as organic growth. The Wound Care business in isolation generated 6% organic growth.
Growth in the Wound Care business was mainly driven by sales of Biatain® foam dressings, especially by Biatain® Silicone. The UK and the German markets continued to drive Biatain® Silicone sales growth. China contributed to the Biatain® foam dressing sales performance although still at a lower growth rate than last year.
Skin care products generated a satisfactory sales performance in the US market due to sales of InterDry® products.
Contract production of Compeed® was also a positive contributor to 9M growth.

From a country perspective, the US, China and the UK all contributed favourably to growth in the Wound & Skin Care business, whereas Saudi Arabia and France were negative contributors. Saudi Arabia detracted from growth due to this year's lower tender value relative to last year. Sales in the French market were impacted by changes in reimbursement rules taking effect on 1 April 2016.

Q3 organic growth rates were 4% for Wound & Skin Care, and 6% for the Wound Care business in isolation.
The Q3 Wound Care sales were driven by Biatain® foam dressings in China, Greece and the UK. The US operations had a negative impact on growth in Biatain® foam dressings due to shipments on a major order in the same period of last year. In addition, Brazil was a negative contributor in the third quarter. China contributed to sales growth, but is still facing a weak growth momentum.
Sales of skin care products performed negatively due to negative sales growth for InterDry® products in the US market after a strong second quarter performance. Sales in Canada contributed to overall growth.
From a country perspective, Wound & Skin Care sales growth found support in China and Greece, which recovered after a weak second quarter performance, and in the continued growth in the UK market. The Q3 performance was dented by sales growth in the US for the above-mentioned reasons and due to a weaker growth momentum in Emerging Markets.

Gross profit

Gross profit was up by 6% to DKK 7,471m from DKK 7,020m in the 9M 2014/15 period. The gross margin was 68%, which was in line with last year. In the 9M 2014/15 period, the margin included a writedown on NPWT inventory when the partnership with Devon Medical was discontinued. In the current financial year to date, the product mix and depreciation on new machinery have reduced the gross margin. The ongoing efficiency enhancements supported the gross margin, especially the production relocation of the SenSura® Mio portfolio to Hungary. The relocation of machinery from Denmark to Hungary remains on schedule. At constant exchange rates, the gross margin was 69%, against 68% in 9M 2014/15.
The Q3 gross margin was 68% and in line with Q3 of last year. At constant exchange rates, both this year's and last year's Q3 gross margins were 68%.

Costs

Distribution costs amounted to DKK 3,114m, a DKK 177m increase from DKK 2,937m last year. Distribution costs amounted to 28% of revenue, which was in line with last year. The 9M period costs included sales and marketing initiatives, mainly in the USA and China.
The Q3 distribution costs amounted to DKK 1,037m, equal to 28% of revenue and in line with last year.

Administrative expenses for the 9M period amounted to DKK 423m, DKK 54m less than last year's DKK 477m. Last year's administrative expenses included non-recurring costs of DKK 75m relating to the industry-wide investigation of sales and marketing practices in the USA by the US Department of Justice and an increase in losses on trade receivables in southern Europe. As a result, administrative expenses amounted to 4% of revenue, compared with 5% in 9M 2014/15, and was in line with last year's percentage before non-recurring costs.
The Q3 administrative expenses amounted to DKK 148m against DKK 208m in the year-before period. Last year's figure included the above-mentioned non-recurring costs. As a result, administrative expenses amounted to 4% of revenue compared with 6% in Q3 2014/15, and was in line with last year's percentage before non-recurring costs.

The 9M R&D costs were DKK 380m, a DKK 52m (16%) increase over the 9M 2014/15 period that was due to a general increase in business activity. R&D costs amounted to 3% of revenue, which was consistent with last year's percentage.
The Q3 R&D costs amounted to DKK 132m, which was DKK 17m higher than the Q3 2014/15 figure. Accordingly, R&D costs amounted to 4% of revenue, compared to 3% in the same period of last year.

Other operating income and other operating expenses amounted to net income of DKK 8m in both the 9M 2015/16 and the 9M 2014/15 periods. Other operating income and other operating expenses amounted to net income of DKK 6m in the third quarter, against net expense of DKK 7m in Q3 2014/15. The increase in operating income was mainly due to timing differences in terms of royalty payments.

Operating profit (EBIT)

EBIT amounted to DKK 3,562m, a DKK 276m (8%) increase from DKK 3,286m last year, for an EBIT margin of 33% against 32% in the same period of last year. At constant exchange rates, the EBIT margin was 33%, against 32% in 9M 2014/15.

Q3 EBIT was DKK 1,201m, against DKK 1,073m in Q3 2014/15, for an EBIT margin of 33%, against last year's Q3 EBIT margin of 30% in both DKK and at constant exchange rates.

Financial items and tax

Financial items were a net expense of DKK 31m, compared to a net expense of DKK 233m last year. The net expense for the 9M period was mainly due to developments in ARS-denominated non-hedged receivables and a net loss on realised forward exchange contracts mainly relating to USD and being offset by GBP.

The Q3 financial items amounted to a net income of DKK 69m, against a net expense of DKK 140m in Q3 2014/15, the difference being due to a net gain on forward exchange contracts mainly relating to GBP.

The tax rate was 23%, compared with 24% last year, the difference being due to the lower Danish corporate tax rate. The 9M tax expense was DKK 812m as against DKK 732m in the year-earlier period.

Net profit

Net profit for the period was DKK 2,719m, representing a year-on-year increase of DKK 398m (17%). Earnings per share (EPS), diluted, also improved by 17% to DKK 12.78.

For the third quarter, the net profit amounted to DKK 978m against DKK 709m in the Q3 2014/15 period. Earnings per share (EPS), diluted, improved by 39% to DKK 4.60 in the third quarter.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 1,702m, against DKK 1,958m last year. Most of the decline was due to payments in connection with settlements in lawsuits in the United States alleging injury resulting from the use of transvaginal mesh products, which was partly offset by lower tax payments due to voluntary payments made in the 2014/15 financial year. Payments made in respect of the lawsuits in the United States in the 9M 2015/16 period amounted to DKK 1.4bn.

Investments

Coloplast spent DKK 386m on investments in the 9M 2015/16 period compared with DKK 447m in 9M 2014/15. Gross investments in property, plant and equipment (CAPEX) and intangible assets consisted mainly of machinery used for new and existing products and the factory expansion in Hungary. The lower CAPEX level was due to timing differences of investments, as the expansion of the Tatabánya facility will have a greater impact on this year's Q4 investment level and because of last year's higher CAPEX resulting from the investment in the new SenSura® Mio platform. CAPEX accounted for 4% of revenue.
Sales of securities amounted to DKK 318m, DKK 91m less than in the same period of last year. As a result, cash flows from investing activities was a DKK 59m outflow.

Free cash flow

The free cash flow was DKK 1,643m against DKK 1,950m in the same period of last year.

Capital resources

Coloplast had net interest-bearing debt of DKK 299m at 30 June 2016, against net interest-bearing deposits of DKK 75m at 30 June 2015, having utilised a two-year credit facility to cover liquidity fluctuations resulting from settlements in lawsuits in the United States in respect of product liability relating to the use of transvaginal mesh products.

Statement of financial position and equity

Balance sheet

At DKK 11,280m, total assets increased by DKK 463m relative to 30 September 2015.

Intangible assets amounted to DKK 1,430m, which was DKK 81m less than at 30 September 2015. The reduction was mainly due to the amortisation of acquired patents and trademarks.
Property, plant and equipment increased by DKK 57m relative to 30 September 2015 to stand at DKK 2,762m.
Other non-current assets fell by DKK 394m from DKK 836m to DKK 442m, the drop being related to deferred tax on provisions made in respect of the lawsuits in the United States alleging injury resulting from the use of transvaginal surgical mesh products.

This reduced non-current assets by a total of DKK 418m to DKK 4,634m.

Working capital amounted to 26% of revenue, 2 percentage points higher than at 30 September 2015. Inventories were DKK 29m higher at DKK 1,502m due to inventory build-ups in connection with the relocation of production. Trade receivables were up by 12%, or DKK 302m, to DKK 2,769m due to timing effects of distributor buying patterns. Trade payables were reduced by 11% (DKK 66m) relative to 30 September 2015.

Working capital was at 25% of Q3 revenue, which was in line with last year's percentage.

The amount held in escrow in connection with the lawsuits in the United States alleging injury resulting from the use of transvaginal surgical mesh products had increased by a net amount of DKK 1,080m relative to 30 September 2015 to stand at a total of DKK 1,152m at 30 June 2016. Net deposits made in the third quarter amounted to DKK 518m.

Security holdings amounted to DKK 200m at 30 June 2016, DKK 319m less than at the beginning of the financial year, while cash and cash equivalents were reduced by DKK 457m to stand at DKK 424m. Current assets rose by DKK 881m relative to 30 September 2015 to stand at DKK 6,646m.

Equity
Equity fell by DKK 207m relative to 30 September 2015 to DKK 4,499m. Comprehensive income for the reporting period of DKK 2,675m was offset by the net effect of share-based remuneration and treasury shares bought and sold amounting to DKK 254m and dividend payments of DKK 2,650m.

Net interest-bearing debt and capital structure
Net interest-bearing debt exceeded net interest-bearing assets by DKK 299m at 30 June 2016, equal to a net reduction of DKK 1,599m.

Dividends and share buy-backs
In the second quarter of 2015/16, Coloplast launched a DKK 1bn share buy-back programme running until the end of the 2016/17 financial year. The first half of the programme, for DKK 500m, was launched in the second quarter and the company expects to complete it by the end of the current financial year. At 30 June 2016, the company had bought back shares worth DKK 473m under the programme.

Treasury shares
At 30 June 2016, Coloplast's holding of treasury shares consisted of 4,488,167 B shares, which was 4,160,280 fewer than at 30 September 2015. The holding was reduced due to the cancellation of 4,000,000 shares, the exercise of options for 1,116,280 shares, which were partly offset by 956,000 shares bought back.

Financial guidance for 2015/16

- We continue to expect organic revenue growth of 7–8% at constant exchange rates and now of about 6% in DKK from previously 6-7%.
- We continue to expect the EBIT margin to be 33–34% at constant exchange rates and to be about 33% in DKK.
- Capital expenditure is still expected to be DKK 600–700m.
- The effective tax rate is still expected to be about 23%.

Our financial guidance takes account of reforms with known effects. Our expectations for long-term price pressures, of about 1% in annual price pressure, are unchanged.

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 its growth target, will continue to deliver scale economies and efficiency improvements. We continue to expect investments in sales-enhancing initiatives of about DKK 175m.

The capital investments will boost the production capacity for new and existing products and will provide for the completion of the factory expansion at Tatabánya in 2016.
The provision made to cover costs relating to transvaginal surgical mesh products remains subject to a high degree of estimation.

At the Capital Markets Day in Minneapolis in June 2016, Coloplast revised its long-term financial guidance to annual sales growth of 7–9% and an EBIT margin improvement of 0.5–1.0 percentage point per year.
The overall weighted market growth in Coloplast's current markets is about 5%.

Other matters

Factory expansion at Tatabánya, Hungary
The 20,000 m^2 factory extension announced in October 2015 will be operational in late August 2016.

Investor Relations
Ian Christensen, VP Investor Relations, has been appointed country manager for Coloplast South Africa effective 22 August 2016. Ellen Bjurgert, IR Manager, will act as interim Head of IR until a replacement has been identified.

Exchange rate exposure

Our financial guidance for the 2015/16 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 2014/15[1)]	1,005	651	2.41	745
Spot rate, 5. August 2016	877	668	2.39	744
Estimated average exchange rate 2015/2016	930	670	2.39	745
Change in estimated average exchange rates compared with last year[2)]	-7%	3%	-1%	0%

1) Average exchange rates from 1 October 2014 to 30 September 2015.

2) Estimated average exchange rate is calculated as the average exchange rate year to date combined with the spot rates at 5. August 2016.

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 2014/15)	Revenue	EBIT
USD	-260	-90
GBP	-240	-160
HUF	0	50

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 2015 – 30 June 2016. The interim report, which has neither been audited nor reviewed by the company's auditors, is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, equity, liabilities and financial position at 30 June 2016 and of the results of the Group's operations and cash flows for the period 1 October 2015 – 30 June 2016.

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 2014/15.

Humlebæk, 16 August 2016

Executive Management:

Lars Rasmussen
President, CEO

Anders Lonning-Skovgaard
Executive Vice President, CFO

Allan Rasmussen
Executive Vice President, Global Operations

Kristian Villumsen
Executive Vice President, Chronic Care

Board of Directors:

Michael Pram Rasmussen
Chairman

Niels Peter Louis-Hansen
Deputy Chairman

Sven Håkan Björklund

Per Magid

Birgitte Nielsen

Jette Nygaard-Andersen

Brian Petersen

Jørgen Tang-Jensen

Thomas Barfod
Elected by the employees

Martin Giørtz Müller
Elected by the employees

Torben Rasmussen
Elected by the employees

Tables

The financial figures are unaudited.

Statement of comprehensive income

1 October - 30 June

(Unaudited)

Consolidated	DKK million			DKK million		
	2015/16	2014/15		2015/16	2014/15	
Note	9 mths	9 mths		Q3	Q3	
1 Revenue	10,942	10,288	106	3,686	3,540	104
Cost of sales	-3,471	-3,268	106	-1,174	-1,144	103
Gross profit	**7,471**	**7,020**	**106**	**2,512**	**2,396**	**105**
Distribution costs	-3,114	-2,937	106	-1,037	-993	104
Administrative expenses	-423	-477	89	-148	-208	71
Research and development costs	-380	-328	116	-132	-115	115
Other operating income	30	31	97	10	0	>100
Other operating expenses	-22	-23	96	-4	-7	57
Operating profit (EBIT)	**3,562**	**3,286**	**108**	**1,201**	**1,073**	**112**
2 Financial income	20	11	182	9	-17	-53
3 Financial expenses	-51	-244	21	60	-123	-49
Profit before tax	**3,531**	**3,053**	**116**	**1,270**	**933**	**136**
Tax on profit for the period	-812	-732	111	-292	-224	130
Net profit for the period	**2,719**	**2,321**	**117**	**978**	**709**	**138**
Other comprehensive income						
Items that will not be reclassified to profit or loss:						
Remeasurements of defined benefit plans	-46	-13		-19	26	
Tax on remeasurements of defined benefit plans	12	2		6	-7	
	-34	**-11**		**-13**	**19**	
Items that may be reclassified to profit or loss:						
Value adjustment of currency hedging	62	-254		5	-13	
Of which transferred to financial items	12	201		-49	99	
Tax effect of hedging	-17	12		11	-21	
Currency adjustment, assets in foreign currency	7	135		18	-43	
Currency adjustment of opening balances and other currency adjustments relating to subsidiaries	-74	62		-49	-127	
	-10	**156**		**-64**	**-105**	
Total other comprehensive income	**-44**	**145**		**-77**	**-86**	
Total comprehensive income	**2,675**	**2,466**		**901**	**623**	
Earnings per Share (EPS)	12.85	10.98		4.62	3.35	
Earnings per Share (EPS), diluted	12.78	10.88		4.60	3.32	

Balance sheet

At 30 June

Consolidated	DKK million		
Note	30.06.16	30.06.15	30.09.15
Assets			
Acquired patents and trademarks etc.	497	610	579
Goodwill	847	847	842
Software	72	54	61
Prepayments and intangible assets in progress	14	33	29
Intangible assets	**1,430**	**1,544**	**1,511**
Land and buildings	986	917	1,017
Plant and machinery	965	922	987
Other fixtures and fittings, tools and equipment	321	241	319
Prepayments and property, plant and equipment under construction	490	589	382
Property, plant and equipment	**2,762**	**2,669**	**2,705**
Investment in associates	11	13	11
Deferred tax asset	416	365	808
Other receivables	15	16	17
Other non-current assets	**442**	**394**	**836**
Non-current assets	**4,634**	**4,607**	**5,052**
Inventories	**1,502**	**1,484**	**1,473**
Trade receivables	2,769	2,480	2,467
Income tax	226	63	43
Other receivables	266	160	203
Prepayments	107	106	107
Receivables	**3,368**	**2,809**	**2,820**
Restricted cash	**1,152**	**191**	**72**
Marketable securities	**200**	**210**	**519**
Cash and cash equivalents	**424**	**644**	**881**
Current assets	**6,646**	**5,338**	**5,765**
Assets	**11,280**	**9,945**	**10,817**

Balance sheet

At 30 June

Consolidated		DKK million		
Note		30.06.16	30.06.15	30.09.15
	Equity and liabilities			
	Share capital	216	220	220
	Currency translation reserve	-128	-70	-54
	Reserve for currency hedging	50	-130	-7
	Proposed dividend for the year	0	0	1,691
	Retained earnings	4,361	5,773	2,856
	Total equity	**4,499**	**5,793**	**4,706**
	Provisions for pensions and similar liabilities	196	183	169
	Provision for deferred tax	19	71	1
7	Other provisions	206	11	1,322
	Other payables	1	1	1
	Deferred income	42	41	40
	Non-current liabilities	**464**	**307**	**1,533**
	Provisions for pensions and similar liabilities	22	28	31
7	Other provisions	1,024	462	2,029
	Other credit institutions	923	779	100
	Trade payables	525	448	591
	Income tax	335	133	65
	Other payables	3,484	1,989	1,746
	Deferred income	4	6	16
	Current liabilities	**6,317**	**3,845**	**4,578**
	Current and non-current liabilities	**6,781**	**4,152**	**6,111**
	Equity and liabilities	**11,280**	**9,945**	**10,817**

8 Contingent liabilities

Statement of changes in equity

Consolidated

DKK million	Share capital A shares	Share capital B shares	Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2015/16							
Balance at 1.10.	18	202	-54	-7	1,691	2,856	4,706
Comprehensive income:							
Net profit for the year					954	1,765	2,719
Other comprehensive income that will not be reclassified to profit or loss:							
Remeasurements of defined benefit plans						-46	-46
Tax on remeasurements of defined benefit plans						12	12
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency hedging				62			62
Of which transferred to financial items				12			12
Tax effect of hedging				-17			-17
Currency adjustment, assets in foreign currency						7	7
Currency adjustment of opening balances and other currency adjustments relating to subsidiaries			-74				-74
Total other comprehensive income	0	0	-74	57	0	-27	-44
Total comprehensive income	*0*	*0*	*-74*	*57*	*954*	*1,738*	*2,675*
Transactions with shareholders:							
Transfers					5	-5	0
Investment in treasury shares						-473	-473
Sale of treasury shares and loss on exercised options						219	219
Share-based payment						19	19
Tax on equity entries						3	3
Reduction of share capital		-4				4	0
Dividend paid out in respect of 2015/16					-954		-954
Dividend paid out in respect of 2014/15					-1,696		-1,696
Total transactions with shareholders	*0*	*-4*	*0*	*0*	*-2,645*	*-233*	*-2,882*
Balance at 30.06.	**18**	**198**	**-128**	**50**	**0**	**4,361**	**4,499**

Statement of changes in equity

Consolidated

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

Cash flow statement

1 October - 30 June

Consolidated		DKK million	
		2015/16	2014/15
Note		9 mths	9 mths
	Operating profit	3,562	3,286
	Depreciation and amortisation	393	363
4	Adjustment for other non-cash operating items	-2,139	-521
5	Changes in working capital	291	227
	Ingoing interest payments, etc.	20	11
	Outgoing interest payments, etc.	-104	-278
	Income tax paid	-321	-1,130
	Cash flows from operating activities	**1,702**	**1,958**
	Investments in intangible assets	-16	-21
	Investments in land and buildings	-17	-2
	Investments in plant and machinery	-56	-20
	Investments in property, plant and equipment under construction	-297	-404
	Property, plant and equipment sold	9	10
	Company divestment	0	20
	Net sales/purchase of marketable securities	318	409
	Cash flow from investing activities	**-59**	**-8**
	Free cash flow	**1,643**	**1,950**
	Dividend to shareholders	-2,650	-2,535
	Acquisitions of treasury shares	-473	-364
	Sale of treasury shares and loss on exercised options	220	-78
	Cash flows from financing activities	**-2,903**	**-2,977**
	Net cash flows	**-1,260**	**-1,027**
	Cash, cash equivalents and short-term debt with credit institutions at 1.10.	781	879
	Value adjustment of cash and bank balances	-20	13
	Net cash flows	-1,260	-1,027
6	**Cash, cash equivalents and short-term debt with credit institutions at 30.06.**	**-499**	**-135**

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

Notes

Consolidated

1. Segment information

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, and the management structure. Reporting to Management is based on three operating segments: Chronic Care, Urology Care and Wound & Skin Care.

The operating segment Chronic Care covers the sale of ostomy care products and continence care products.
The operating segment Urology Care covers the sale of urological products, including disposable products.
The operating segment Wound & Skin Care covers the sale of wound and skin care products.

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

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

Management reviews each operating segment separately based on EBIT before internal items and eliminations (market contribution) and allocates resources on that background. Costs are allocated directly to segments. Certain immaterial indirect costs are allocated systematically to Shared/Non-allocated and the reporting segments.

Management does not receive reporting on asset and liabilities by the reporting segments. Accordingly, the reporting segments are not measured in this respect, nor are there resources allocated this background. No single customer accounts for more than 10% of revenue.

Operating segments	Chronic Care		Urology Care		Wound & Skin Care		Shared/ Non-allocated		Total	
DKK million	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15
Segment revenue										
Ostomy Care	4,416	4,118							4,416	4,118
Continence Care	3,839	3,689							3,839	3,689
Urology Care			1,121	1,017					1,121	1,017
Wound & Skin Care					1,566	1,464			1,566	1,464
External revenue as per the Statement of comprehensive income	**8,255**	**7,807**	**1,121**	**1,017**	**1,566**	**1,464**	**0**	**0**	**10,942**	**10,288**
Segment operating profit/loss	4,966	4,638	403	352	573	592	-2,380	-2,296	3,562	3,286
Operating profit (EBIT) as per the Statement of comprehensive income									**3,562**	**3,286**
Net financials									-31	-233
Tax of profit for the year									-812	-732
Profit/loss for the year as per the Statement of comprehensive income									**2,719**	**2,321**

Notes

Consolidated	DKK million 2015/16	2014/15
2. Financial income		
Interest income	20	11
Net exchange adjustments	0	0
Total	**20**	**11**
3. Financial expenses		
Interest expense	3	4
Fair value adjustments of forward contracts transferred from Other comprehensive income	12	201
Fair value adjustments of cash-based share options	4	0
Net exchange adjustments	8	19
Other financial expenses and fees	24	20
Total	**51**	**244**
4. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	2	1
Change in other provisions	-2,141	-522
Total	**-2,139**	**-521**
5. Changes in working capital		
Inventories	-27	-130
Trade receivables	-331	-182
Other receivables	-1,169	430
Trade and other payables etc.	1,818	109
Total	**291**	**227**
6. Cash, cash equivalents and current debt with credit institutions		
Cash	1	1
Bank balances	423	643
Cash and bank balances	**424**	**644**
Short-term debt	-923	-779
Total	**-499**	**-135**

Notes

Consolidated

7. Other provisions

Product liability case regarding transvaginal surgical mesh products

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) presided over by Judge Joseph Goodwin 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.

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. Against this background, Coloplast has reached settlements with groups of law firms.

On September 14, 2015, Judge Joseph Goodwin ordered Coloplast to make substantial progress in the settlement process and to enter into the discovery phase of litigation with a number of cases. This order has been stayed until further.

Coloplast intends to dispute the current and any future litigation, and will continually consider which strategy and other steps that may serve the company's best interests.

An expense of DKK 3,000m was recognised in the 2014/15 financial year to cover potential claims and settlements and other costs arising in connection with legal assistance. The expense is recognised under special items in the income statement.

A similar provision, for DKK 1.5bn (before insurance cover of DKK 0.5bn), was recognised in the 2013/14 financial year, bringing the total expected cost of litigation in the USA including legal costs to DKK 4.5bn. The total expense 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 materially over time.

The remaining provision made for legal claims at 30 June 2016 amounted to DKK 1.2bn plus DKK 2.4bn recognised under other debt. In reference to the provisions of IAS 37, Coloplast will not disclose any further information about the assumptions for the provision, including any details about current and the expected number of claims and settlements.

The disclosure of such information is believed to be detrimental to Coloplast in connection with the ongoing confidential negotiations and could inflict financial losses on Coloplast and its shareholders.

8. 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.

Income statement, quarterly

(Unaudited)

Consolidated

DKK million	2015/16 Q3	2015/16 Q2	2015/16 Q1	2014/15 Q4	2014/15 Q3	2014/15 Q2	2014/15 Q1
Revenue	3,686	3,600	3,656	3,621	3,540	3,447	3,301
Cost of sales	-1,174	-1,147	-1,150	-1,108	-1,144	-1,086	-1,038
Gross profit	**2,512**	**2,453**	**2,506**	**2,513**	**2,396**	**2,361**	**2,263**
Distribution costs	-1,037	-1,036	-1,041	-1,025	-993	-999	-945
Administrative expenses	-148	-140	-135	-123	-208	-133	-136
Research and development costs	-132	-122	-126	-114	-115	-103	-110
Other operating income	10	13	7	7	0	22	9
Other operating expenses	-4	-1	-17	-9	-7	-11	-5
Operating profit before special items	**1,201**	**1,167**	**1,194**	**1,249**	**1,073**	**1,137**	**1,076**
Special items	0	0	0	-3,000	0	0	0
Operating profit (EBIT)	**1,201**	**1,167**	**1,194**	**-1,751**	**1,073**	**1,137**	**1,076**
Profit/loss after tax on investment in associates	0	0	0	-1	0	0	0
Financial income	9	3	8	2	-17	24	4
Financial expenses	60	20	-131	-58	-123	-89	-32
Profit before tax	**1,270**	**1,190**	**1,071**	**-1,808**	**933**	**1,072**	**1,048**
Tax on profit for the period	-292	-274	-246	386	-224	-257	-251
Net profit for the period	**978**	**916**	**825**	**-1,422**	**709**	**815**	**797**
Earnings per Share (EPS) before special items	4.62	4.33	3.90	4.35	3.35	3.85	3.78
Earnings per Share (EPS)	4.62	4.33	3.90	-6.72	3.35	3.85	3.78
Earnings per Share (EPS) before special items, diluted	4.60	4.31	3.87	4.31	3.32	3.82	3.74
Earnings per Share (EPS), diluted	4.60	4.31	3.87	-6.68	3.32	3.82	3.74

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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 10,000 people.