Ostomy Care
Urology & Continence Care
Wound & Skin Care

Coloplast

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H1 2015/16

Coloplast A/S
Holtedam 1
3050 Humlebæk
Denmark

Company reg. (CVR) no. 69749917

Interim financial report, H1 2015/16

(1 October 2015 - 31 March 2016)

Highlights

- Organic revenue growth was 7%. Revenue in DKK was up by 8% to DKK 7,256m.
- Organic growth rates by business area: Ostomy Care 8%, Continence Care 4%, Urology Care 8% and Wound & Skin Care 9%.
- Gross profit was up by 7% to DKK 4,959m, equal to a gross margin of 68% (H1 2014/15: 69%). At constant exchange rates, the gross margin was 69%, against 69% in H1 2014/15.
- EBIT was up by 7% to DKK 2,361m. The EBIT margin was 33%, which is in line with the margin for the H1 2014/15 period. At constant exchange rates, the EBIT margin was also 33%.
- The net profit for the reporting period was up by 8% to DKK 1,741m, while diluted earnings per share were also up by 8% to DKK 8.18.
- The free cash flow amounted to DKK 1,186m, a 23% increase on the same period of last year.
- ROIC after tax before special items was 46% against 45% in the same period of last year.
- 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 955m.

Financial guidance for 2015/16

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

Conference call
Coloplast will host a conference call on 3 May 2016 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. 957899.
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	DKK million			DKK million		
	2015/16	2014/15		2015/16	2014/15	
	6 mths	6 mths	Change	Q2	Q2	Change
Income statement						
Revenue	7,256	6,748	8%	3,600	3,447	4%
Research and development costs	-248	-213	16%	-122	-103	18%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	2,622	2,452	7%	1,297	1,258	3%
Operating profit (EBIT)	2,361	2,213	7%	1,167	1,137	3%
Net financial income and expenses	-100	-93	8%	23	-65	<100%
Profit before tax	2,261	2,120	7%	1,190	1,072	11%
Net profit for the year	1,741	1,612	8%	916	815	12%
Revenue growth						
Period growth in revenue, %	8	11		4	14	
Growth break down:						
Organic growth, %	7	7		7	8	
Currency effect, %	1	4		-3	6	
Balance sheet						
Total assets	10,602	10,620	0%	10,602	10,620	0%
Invested capital	5,642	7,365	-23%	5,642	7,365	-23%
Equity end of period	4,923	6,473	-24%	4,923	6,473	-24%
Cash flow and investments						
Cash flow from operating activities	1,094	863	27%	465	217	>100%
Cash flow from investing activities	92	102	-10%	-110	-167	-34%
Investments in property, plant and equipment, gross	-217	-315	-31%	-99	-168	-41%
Free cash flow	1,186	965	23%	355	50	>100%
Cash flow from financing activities	-1,571	-1,667	-6%	17	68	-75%
Key ratios						
Operating margin, EBIT, %	33	33		32	33	
Operating margin, EBITDA, %	36	36		36	36	
Return on average invested capital before tax (ROIC), % [1)]	59	59		59	59	
Return on average invested capital after tax (ROIC), % [1)]	46	45		45	45	
Return on equity, %	79	51		82	55	
Equity ratio, %	46	61		46	61	
Net asset value per outstanding share, DKK	23	29	-21%	23	29	-21%
Per share data						
Share price, DKK	496	526	-6%	496	526	-6%
Share price/net asset value per share	21.4	17.9	20%	21.4	17.9	20%
Average number of outstanding shares, millions	211.9	211.2	0%	212.1	211.4	0%
PE, price/earnings ratio	30.1	34.5	-13%	28.6	34.2	-16%
Earnings per share (EPS), diluted	8.18	7.56	8%	4.31	3.82	13%
Free cash flow per share	5.6	4.6	22%	1.7	0.2	>100%

1) This item is before Special items. After Special items, ROIC before tax was 91%/66%, and ROIC after tax was 70%/50%.

Management's report

Sales performance

Revenue in DKK was up by 8% to DKK 7,256m on 7% organic growth. Currency appreciation, especially of USD against DKK, increased the reported growth rate by 1 percentage point.

Sales performance by business area

	DKK million		Growth composition			DKK million	Organic growth
	2015/16 6 mths	2014/15 6 mths	Organic growth	Exchange rates	Reported growth	2015/16 Q2	Q2
Ostomy Care	2,898	2,699	8%	-1%	7%	1,429	9%
Continence Care	2,557	2,430	4%	1%	5%	1,249	3%
Urology Care	741	661	8%	4%	12%	365	8%
Wound & Skin Care	1,060	958	9%	2%	11%	557	9%
Net revenue	**7,256**	**6,748**	**7%**	**1%**	**8%**	**3,600**	**7%**

Sales performance by region

	DKK million		Growth composition			DKK million	Organic growth
	2015/16 6 mths	2014/15 6 mths	Organic growth	Exchange rates	Reported growth	2015/16 Q2	Q2
European markets	4,586	4,323	5%	1%	6%	2,273	5%
Other developed markets	1,531	1,398	5%	5%	10%	768	4%
Emerging markets	1,139	1,027	15%	-4%	11%	559	14%
Net revenue	**7,256**	**6,748**	**7%**	**1%**	**8%**	**3,600**	**7%**

Ostomy Care

Sales of ostomy care products amounted to DKK 2,898m, a 7% increase in DKK. Organic growth, at 8%, remained driven mainly by the portfolio of SenSura® products and the Brava® range of accessories.

Sales growth for the SenSura® portfolio was driven especially by the UK, German, Nordic and US markets. The SenSura® Mio products generally contributed to sales growth in all geographical markets.

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

Sales growth for the Assuma/Alterna® portfolio was also satisfactory, driven mainly by the Russian, Algerian and Chinese markets.

Sales growth in the Brava® range of accessories was driven largely by the French, UK and Russian markets.

From a country perspective, the UK reported highly satisfactory H1 sales growth, supported by satisfactory growth in the Charter homecare business. Russia, the Nordic markets and Argentina were also positive contributors to growth. While contributing to sales growth, China continued to report weaker growth rates relative to last year. The positive development in Russia was due to an increase in tender activity.

Q2 organic growth was 9%. As for the Q1 period, 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 and Nordic markets, while growth in sales of the Brava® range of accessories was based on a positive performance in the UK and France.
From a country perspective, the UK, Russia and Argentina reported satisfactory growth rates. The Assura/Alterna® portfolio performed very well in

Russia, and the SenSura® portfolio produced fair sales growth in Argentina. The US market impacted growth negatively due to last year's inventory build-up by a distributor.

Continence Care

Continence Care revenue was DKK 2,557m, a 5% improvement in DKK and 4% organically. SpeediCath® intermittent catheters and Peristeen® continued to drive sales growth in the H1 period. The performance was driven in particular by sales of compact catheters in the UK and French markets, but Greece also reported a positive sales performance.
The SpeediCath® Compact Eve is now available in 13 countries.
Sales growth in standard catheters was challenged by slowing sales of this product type in the US market and by a lower tender value in Saudi Arabia this year compared to last year. Sales in Argentina and Russia supported overall H1 growth.
The sales performance for urine bags and urisheaths was not satisfactory due to developments in the US, Dutch and Spanish markets, but the resulting effects were offset by an improved momentum in the Russian and French markets.
Peristeen® sales continued to grow at a good rate, driven especially by good performances in the UK, 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, Argentina and France reported momentum improvements, and there was an increase in tender activity in the Russian market. Sales growth was challenged by developments in the US market and a lower tender value in Saudi Arabia this year compared to last year.
The developments in the US market were due to the buying patterns of a major US distributor and reduced distributor inventories resulting from contractual changes implemented last year. Also, several European core markets have become more competitive.

Q2 organic growth, at 3%, was driven by SpeediCath® intermittent catheters and Peristeen®. Sales of compact catheters in the UK and French markets contributed particularly well to the performance. Sales of standard catheters detracted from growth in the Continence Care business with the US market severely challenged by the above-mentioned factors.
Sales of urine bags and urisheaths had a negative impact on Continence Care sales growth, despite improvements in France and Russia but the US, UK and Dutch markets were all severely challenged. Developments in the UK and the Netherlands were due to increased competition.
Sales of Peristeen® improved in most markets, particularly in the UK, US and France.
From a country perspective, France, the UK, Argentina and Russia contributed to sales growth, whereas the US market was challenged by the above-mentioned factors. 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 12% to DKK 741m, while the organic growth rate was 8%. Sales growth was primarily driven implantable devices and mainly by Titan® penile implants, but Altis® slings and Restorelle® products designed to treat stress urinary incontinence and pelvic organ prolapse also contributed. Sales of Titan® penile implants in the US market were satisfactory. Sales in the US and positive developments in France lifted sales growth of transvaginal surgical mesh products, especially of Altis® slings.
Sales of disposable surgical products were supported by healthy sales in France, but were dented by weaker sales in Saudi Arabia and Brazil, both countries facing macroeconomic challenges.
The commercial launch of the Isiris® disposable cystoscope in Europe was completed on 1 April 2016.
From a country perspective, the US market drove growth in the Urology Care business, with Europe, and particularly France, also contributing.

The Q2 organic growth rate, at 8%, was mainly driven by Titan® penile implants, Altis® slings 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 Saudi Arabia and Brazil.
From a country perspective, the US market drove growth in the Urology Care business, as it did in the first quarter, but with France also contributing.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,060m, for an 11% increase in DKK and 9% 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. In particular, the UK and the German markets drove the positive sales performance by Biatain® Silicone. China contributed to the Biatain® foam dressing sales performance although not at a satisfactory growth rate. Saudi Arabia and Greece were negative contributors to growth.
Skin care products generated a highly satisfactory sales performance in the US market, driven especially by higher sales of InterDry®.
Contract production of Compeed® was also a positive contributor to H1 growth.
From a country perspective, the US, China, the UK and Germany all contributed favourably to growth in the Wound & Skin Care business, whereas Saudi Arabia, France and Greece were negative contributors. Saudi Arabia detracted from growth due to a lower tender value in Saudi Arabia this year compared to last year. Sales in the French market were impacted by changes in reimbursement rules taking effect on 1 April 2016. Sales in the Greek market were also impacted by changes in reimbursement rules taking effect on 1 January 2016.

Q2 organic growth rates were 9% for Wound & Skin Care with the Wound Care business in isolation accounting for 3%.
Q2 Wound Care sales were driven by Biatain® foam dressings in the UK and German markets. Saudi Arabia, France and Greece were negative contributors to growth due to the above-mentioned market challenges. China was also a negative contributor to Q2 sales growth.
Skin care products generated a highly positive sales performance driven by sales of InterDry® products in the US market.
From a country perspective, the US market contributed favourably to growth in the Wound & Skin Care business, while several Emerging Market countries were negative contributors.

Gross profit

Gross profit was up by 7% to DKK 4,959m from DKK 4,624m in H1 2014/15. The gross margin was 68%, against 69% in H1 2014/15. Changes to the product mix, higher costs in Emerging Markets resulting from, among other things, customs duties, depreciation on new machinery and currency effects all weighed on the margin. The ongoing efficiency enhancements supported the gross margin, including in particular moving the production of SenSura® Mio products to Hungary.
The Q2 gross margin was 68%, against 69% in Q2 2014/15. At constant exchange rates, both this year's and last year's Q2 gross margins were 69%.

Costs

Distribution costs amounted to DKK 2,077m, a DKK 133m increase from DKK 1,944m last year. As a result, distribution costs accounted for 29% of revenue. H1 costs included sales and marketing initiatives in the USA, China and the UK.
The Q2 distribution costs amounted to DKK 1,036m, 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 275m, a DKK 6m increase from DKK 269m in the first half of last year. Administrative expenses accounted for 4% of revenue, which was in line with the H1 2014/15 period.
The Q2 administrative expenses were DKK 140m against DKK 133m in the year-before period. The Q2 administrative expenses amounted to 4% of revenue, which was in line with last year.

The H1 R&D costs were DKK 248m, a DKK 35m or 16% increase over the H1 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 Q2 R&D costs amounted to DKK 122m, which was DKK 19m higher than the Q2 2014/15 figure. Q2 2015/16 R&D costs amounted to 3% of revenue, equal to the year-before period.

Other operating income and other operating expenses amounted to net income of DKK 2m in H1 2015/16, against net income of DKK 15m in H1 2014/15. The increase in operating income was mainly due to timing differences in last year's royalty payments.
Other operating income and other operating expenses amounted to net income of DKK 12m in the second quarter, against net income of DKK 11m in Q2 2014/15.

Operating profit (EBIT)

EBIT amounted to DKK 2,361m, a DKK 148m or 7% increase from DKK 2,213m last year. The EBIT margin was 33% both at constant exchange rates and in DKK, which was in line with the H1 2014/15 period.

The Q2 EBIT was DKK 1,167m, for an EBIT margin of 32%, against last year's Q2 EBIT of DKK 1,137m, and EBIT margin of 33%. The margin change was due to GBP depreciation, which impacts the DKK-reported revenue, but does not affect costs to the same extent. The Q2 EBIT margin at constant exchange rates was 33%, unchanged from the year-before period.

Financial items and tax

Financial items were a net expense of DKK 100m, against DKK 93m in the same period of last year, the difference being mainly due to a net loss on realised forward exchange contracts.

Financial items amounted to a net income of DKK 23m in the second quarter, against a net expense of DKK 65m in Q2 2014/15, the difference being due to a net gain on forward exchange contracts last year 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 H1 tax expense was DKK 520m as against DKK 508m in the year-earlier period.

Net profit

Net profit for the period was DKK 1,741m, representing a year-on-year increase of DKK 129m or 8% growth. Earnings per share (EPS), diluted improved by 8% to DKK 8.18.

For the second quarter, the net profit amounted to DKK 916m against DKK 815m in the Q2 2014/15 period. Earnings per share (EPS), diluted improved by 13% to DKK 4.31 in the second quarter.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 1,094m, against DKK 863m last year. The increase was due to lower tax payments resulting from voluntary payments made in the 2014/15 financial year which were offset by costs related to settlements in lawsuits in the United Stated alleging injury resulting from the use of transvaginal surgical mesh products.

Investments

Coloplast spent DKK 227m on investments in H1 2015/16 compared with DKK 325m in H1 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 in H1 2015/16 relative to the year-before period was due to timing differences of investments, as the expansion of the Tatabanya facility will have a greater impact on this year's H2 investment level and because of last year's higher CAPEX resulting from the investment in the new SenSura® Mio platform. As a result, CAPEX accounted for 3.1% of revenue.
Sales of securities amounted to DKK 319m, DKK 84m less than in the same period of last year. As a result, cash flows from investing activities amounted to DKK 92m.

Free cash flow

The free cash flow was DKK 1,186m against DKK 965m in the same period of last year.

Capital resources

Interest-bearing net deposits at 31 March 2016 amounted to DKK 577m, against DKK 405m at 31 March 2015.

Statement of financial position and equity

Balance sheet

At DKK 10,602m, total assets were DKK 215m less than at 30 September 2015.

Intangible assets amounted to DKK 1,438m, which was DKK 73m 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 12m relative to 30 September 2015 to stand at DKK 2,717m.
Other non-current assets fell by DKK 398m from DKK 836m to DKK 438m, the drop being related to deferred tax in connection with 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 459m to DKK 4,593m.

Working capital amounted to 25% of revenue, 1 percentage point higher than at 30 September 2015. Inventories were DKK 18m lower at DKK 1,455m due to an increase in skin care sales in the US market. Trade receivables were up by 8%, or DKK 196m, to DKK 2,663m, due to the higher Emerging Markets revenue. Trade payables were reduced by 25% (DKK 150m) relative to 30 September 2015.

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 562m relative to 30 September 2015 to stand at a total of DKK 634m at 31 March 2016. Net deposits made in the second quarter amounted to DKK 71m.

Security holdings amounted to DKK 200m at 31 March 2016, DKK 319m less than at the beginning of the financial year, while cash and cash equivalents were reduced by DKK 479m to stand at DKK 402m.
As a result, current assets increased by DKK 244m relative to 30 September 2015 to stand at DKK 6,009m.

Equity

Equity grew by DKK 217m relative to 30 September 2015 to DKK 4,923m. Comprehensive income for the reporting period of DKK 1,774m and the net effect of DKK 124m from share-based remuneration and treasury shares bought and sold were offset by dividend payments of DKK 1,696m.

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 payout of DKK 955m.

In the second quarter, 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 31 March 2016, the company had bought back shares worth DKK 62m under the programme.

Treasury shares

At 31 March 2016, Coloplast's holding of treasury shares consisted of 3,765,576 B shares, which was 4,882,871 fewer than at 30 September 2015. The holding was reduced due to the cancellation of 4,000,000 shares, the exercise of options for 1,003,871 shares, which were partly offset by 121,000 shares bought back.

Financial guidance for 2015/16

- We continue to expect organic revenue growth of 7–8% at constant exchange rates and now 6-7% in DKK from previously about 7%.
- We continue to expect the EBIT margin to be 33–34% at constant exchange rates and still to be about 33% in DKK.
- Capital expenditure is now expected to be DKK 600-700m from previously about DKK 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. Investments in sales-enhancing initiatives are now expected to amount to about DKK 175m, due to improved subsidies for continence care products in Japan and Australia and investments in the US urology business.

The capital investments will increase the production capacity for new and existing products and will provide for the completion of the factory expansion at Tatabanya in 2016.

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 is 7–10% sales growth per year 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

Improved reimbursement schemes for continence care products in Japan and Australia

Japan’s healthcare authorities have enhanced reimbursement schemes for intermittent catheters effective 1 April 2016. The changes will help the more than 100,000 people in Japan who are affected by incontinence and use a catheter. The scheme improvement will raise the monthly subsidy for each user of catheters by more than 50%. In 2013, the Australian authorities adopted the National Disability Insurance Scheme (“NDIS”) for people with a permanent disability. NDIS is scheduled for roll-out beginning in July 2016 and will apply to some 460,000 Australians, including a large number of catheter users.
The new reimbursement schemes are expected to help Coloplast meet its long-term goals.

Establishing a distribution centre in Hungary

A new 25,000 sqm distribution centre is being built in Tatabanya, Hungary, to support Coloplast’s greater output capacity in the country. The new centre will begin operations in the summer of 2017 and will not have a financial effect until in the 2016/17 financial year.

Organisational changes in our German operations

Coloplast’s country manager for Germany, Mr Michael Zwick, has resigned his position effective 31 May 2016. The recruitment process for a new country manager has begun, and Alain Morvan, Senior Vice President for Chronic Care Region Europe, will take over as interim country manager.

Business relationship with US-based group purchasing organisation Vizient

The ostomy care contracts with a number of major US purchasing organisations are scheduled for renegotiation during 2016. The US-based group purchasing organisation Vizient decided in March not to include Coloplast in its GPO contract. The decision will not affect Coloplast’s long-term financial guidance.
Vizient has extended the Advanced Technology Agreement with Coloplast until 31 December 2016, which means that Coloplast’s newest products are available to Vizient’s hospital members.

Timetable for interim dividend of DKK 4.50 per share

3 May 2016 – Declaration date
9 May 2016 – Ex-dividend date
10 May 2016 – Value date
11 May 2016 – Payment date

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, 28 April 2016	957	656	2.39	744
Estimated average exchange rate 2015/2016	979	667	2.39	745
Change in estimated average exchange rates compared with last year[2)]	-2%	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 28 April 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 – 31 March 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 31 March 2016 and of the results of the Group's operations and cash flows for the period 1 October 2015 – 31 March 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, 3 May 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 - 31 March

(Unaudited)

Note	**Consolidated**	DKK million 2015/16 6 mths	2014/15 6 mths		DKK million 2015/16 Q2	2014/15 Q2	
1	Revenue	7,256	6,748	108	3,600	3,447	104
	Cost of sales	-2,297	-2,124	108	-1,147	-1,086	106
	Gross profit	**4,959**	**4,624**	**107**	**2,453**	**2,361**	**104**
	Distribution costs	-2,077	-1,944	107	-1,036	-999	104
	Administrative expenses	-275	-269	102	-140	-133	105
	Research and development costs	-248	-213	116	-122	-103	118
	Other operating income	20	31	65	13	22	59
	Other operating expenses	-18	-16	113	-1	-11	9
	Operating profit (EBIT)	**2,361**	**2,213**	**107**	**1,167**	**1,137**	**103**
2	Financial income	11	28	39	3	24	13
3	Financial expenses	-111	-121	92	20	-89	-22
	Profit before tax	**2,261**	**2,120**	**107**	**1,190**	**1,072**	**111**
	Tax on profit for the period	-520	-508	102	-274	-257	107
	Net profit for the period	**1,741**	**1,612**	**108**	**916**	**815**	**112**
	Other comprehensive income						
	Items that will not be reclassified to profit or loss:						
	Remeasurements of defined benefit plans	-27	-39		-21	-19	
	Tax on remeasurements of defined benefit plans	6	9		5	5	
		-21	**-30**		**-16**	**-14**	
	Items that may be reclassified to profit or loss:						
	Value adjustment of currency hedging	57	-241		93	-238	
	Of which transferred to financial items	61	102		-16	81	
	Tax effect of hedging	-28	33		-18	37	
	Currency adjustment, assets in foreign currency	-11	178		-38	134	
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	-25	189		-50	187	
		54	**261**		**-29**	**201**	
	Total other comprehensive income	**33**	**231**		**-45**	**187**	
	Total comprehensive income	**1,774**	**1,843**		**871**	**1,002**	
	Earnings per Share (EPS)	8.23	7.63		4.33	3.85	
	Earnings per Share (EPS), diluted	8.18	7.56		4.31	3.82	

Balance sheet

At 31 March

Consolidated	DKK million		
Note	31.03.16	31.03.15	30.09.15
Assets			
Acquired patents and trademarks etc.	518	659	579
Goodwill	834	877	842
Software	56	51	61
Prepayments and intangible assets in progress	30	30	29
Intangible assets	**1,438**	**1,617**	**1,511**
Land and buildings	988	965	1,017
Plant and machinery	914	900	987
Other fixtures and fittings, tools and equipment	316	227	319
Prepayments and property, plant and equipment under construction	499	620	382
Property, plant and equipment	**2,717**	**2,712**	**2,705**
Investment in associates	11	13	11
Deferred tax asset	412	377	808
Other receivables	15	17	17
Other non-current assets	**438**	**407**	**836**
Non-current assets	**4,593**	**4,736**	**5,052**
Inventories	**1,455**	**1,467**	**1,473**
Trade receivables	2,663	2,507	2,467
Income tax	196	372	43
Other receivables	331	259	203
Prepayments	128	119	107
Receivables	**3,318**	**3,257**	**2,820**
Restricted cash	**634**	**288**	**72**
Marketable securities	**200**	**216**	**519**
Cash and cash equivalents	**402**	**656**	**881**
Current assets	**6,009**	**5,884**	**5,765**
Assets	**10,602**	**10,620**	**10,817**

Balance sheet

At 31 March

Consolidated		DKK million		
Note		31.03.16	31.03.15	30.09.15
	Equity and liabilities			
	Share capital	216	220	220
	Currency translation reserve	-79	57	-54
	Reserve for currency hedging	83	-195	-7
	Proposed dividend for the year	955	953	1,691
	Retained earnings	3,748	5,438	2,856
	Total equity	**4,923**	**6,473**	**4,706**
	Provisions for pensions and similar liabilities	178	207	169
	Provision for deferred tax	8	72	1
7	Other provisions	669	11	1,322
	Other payables	1	1	1
	Deferred income	42	42	40
	Non-current liabilities	**898**	**333**	**1,533**
	Provisions for pensions and similar liabilities	24	28	31
7	Other provisions	835	624	2,029
	Other credit institutions	25	467	100
	Trade payables	441	503	591
	Income tax	104	231	65
	Other payables	3,344	1,948	1,746
	Deferred income	8	13	16
	Current liabilities	**4,781**	**3,814**	**4,578**
	Current and non-current liabilities	**5,679**	**4,147**	**6,111**
	Equity and liabilities	**10,602**	**10,620**	**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					955	786	1,741
Other comprehensive income that will not be reclassified to profit or loss:							
Remeasurements of defined benefit plans						-27	-27
Tax on remeasurements of defined benefit plans						6	6
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency hedging				57			57
Of which transferred to financial items				61			61
Tax effect of hedging				-28			-28
Currency adjustment, assets in foreign currency						-11	-11
Currency adjustment of opening balances and other adjustments relating to subsidiaries			-25				-25
Total other comprehensive income	0	0	-25	90	0	-32	33
Total comprehensive income	*0*	*0*	*-25*	*90*	*955*	*754*	*1,774*
Transactions with shareholders:							
Transfers					5	-5	0
Investment in treasury shares						-62	-62
Sale of treasury shares and loss on exercised options						186	186
Share-based payment						12	12
Tax on equity entries						3	3
Reduction of share capital		-4				4	0
Dividend paid out in respect of 2014/15					-1,696		-1,696
Total transactions with shareholders	*0*	*-4*	*0*	*0*	*-1,691*	*138*	*-1,557*
Balance at 31.03.	**18**	**198**	**-79**	**83**	**955**	**3,748**	**4,923**

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
2014/15							
Balance at 1.10.	18	202	-132	-89	1,579	4,705	6,283
Comprehensive income:							
Net profit for the year					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**

Cash flow statement

1 October - 31 March

Consolidated		DKK million	
		2015/16	2014/15
Note		6 mths	6 mths
	Operating profit	2,361	2,213
	Depreciation and amortisation	261	239
4	Adjustment for other non-cash operating items	-1,865	-361
5	Changes in working capital	597	-1
	Ingoing interest payments, etc.	11	16
	Outgoing interest payments, etc.	-18	-146
	Income tax paid	-253	-1,097
	Cash flows from operating activities	**1,094**	**863**
	Investments in intangible assets	-10	-10
	Investments in land and buildings	-6	-6
	Investments in plant and machinery	-21	-8
	Investments in property, plant and equipment under construction	-190	-301
	Property, plant and equipment sold	0	3
	Company divestment	0	21
	Net sales/purchase of marketable securities	319	403
	Cash flow from investing activities	**92**	**102**
	Free cash flow	**1,186**	**965**
	Dividend to shareholders	-1,696	-1,581
	Acquisitions of treasury shares	-62	-8
	Sale of treasury shares and loss on exercised options	187	-78
	Financing from shareholders	**-1,571**	**-1,667**
	Cash flows from financing activities	**-1,571**	**-1,667**
	Net cash flows	**-385**	**-702**
	Cash, cash equivalents and short-term debt with credit institutions at 1.10.	781	879
	Value adjustment of cash and bank balances	-19	12
	Net cash flows	-385	-702
6	**Cash, cash equivalents and short-term debt with credit institutions at 31.03.**	**377**	**189**

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	2,898	2,699							2,898	2,699
Continence Care	2,557	2,430							2,557	2,430
Urology Care			741	661					741	661
Wound & Skin Care					1,060	958			1,060	958
External revenue as per the Statement of comprehensive income	**5,455**	**5,129**	**741**	**661**	**1,060**	**958**	**0**	**0**	**7,256**	**6,748**
Segment operating profit/loss	3,270	3,031	270	228	402	384	-1,581	-1,430	2,361	2,213
Costs not included in segment operating profit/loss									0	0
Operating profit (EBIT) as per the Statement of comprehensive income									**2,361**	**2,213**
Net financials									-100	-93
Tax of profit for the year									-520	-508
Profit/loss for the year as per the Statement of comprehensive income									**1,741**	**1,612**

Notes

Consolidated	DKK million 2015/16	2014/15
2. Financial income		
Interest income	11	16
Net exchange adjustments	0	12
Total	**11**	**28**
3. Financial expenses		
Interest expense	1	2
Fair value adjustments of forward contracts transferred from Other comprehensive income	61	102
Fair value adjustments of cash-based share options	1	1
Net exchange adjustments	31	0
Other financial expenses and fees	17	16
Total	**111**	**121**
4. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	2	1
Change in other provisions	-1,867	-362
Total	**-1,865**	**-361**
5. Changes in working capital		
Inventories	18	-77
Trade receivables	-229	-202
Other receivables	-739	227
Trade and other payables etc.	1,547	51
Total	**597**	**-1**
6. Cash, cash equivalents and current debt with credit institutions		
Cash	1	1
Bank balances	401	655
Cash and bank balances	**402**	**656**
Short-term debt	-25	-467
Total	**377**	**189**

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 200 cases. This order has been stayed, provisionally until 1 June 2016.

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. As a result of Judge Goodwin's order, Coloplast has amended its strategy, and there is an increased probability that certain cases will proceed to trial.

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 31 March 2016 amounted to DKK 1.5bn plus DKK 2.3bn 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

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