

Announcement no. 3/2016
2 February 2016

Q1 2015/16

Interim financial report, Q1 2015/16

(1 October 2015 - 31 December 2015)

Highlights

- Organic revenue growth was 7%. Revenue in DKK was up by 11% to DKK 3,656m.
- Organic growth rates by business area: Ostomy Care 8%, Continence Care 6%, Urology Care 7% and Wound & Skin Care 10%.
- Gross profit was up by 11% to DKK 2,506m, equal to a gross margin of 69%, and unchanged from Q1 2014/15.
- EBIT was up by 11% to DKK 1,194m, with the EBIT margin at 33%, compared with 33% in the first quarter of last year. At constant exchange rates, the EBIT margin was also 33%.
- The net profit for the reporting period was up by 4% to DKK 825m, while diluted earnings per share were up by 3% to DKK 3.87.
- The free cash flow amounted to DKK 831m, DKK 84m less than in the same period of last year.
- ROIC after tax before special items was 47% against 47% in the same period of last year.
- The Board of Directors has approved a new DKK 1bn share buy-back programme. The first part will commence in the second quarter of the 2015/16 financial year.

Financial guidance for 2015/16

- We expect revenue growth of 7-8% at constant exchange rates and of around 7% in DKK.
- We expect an EBIT margin of 33-34% at constant exchange rates and of around 33% in DKK.
- Capital expenditure is expected to be around DKK 700m.
- The effective tax rate is expected to be around 23%.

Conference call

Coloplast will host a conference call on 2 February 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. 956828. 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 December

(Unaudited)

Consolidated	DKK million		Change
	2015/16 Q1	2014/15 Q1	
Income statement			
Revenue	3,656	3,301	11%
Research and development costs	-126	-110	-15%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	1,325	1,194	11%
Operating profit (EBIT)	1,194	1,076	11%
Net financial income and expenses	-123	-28	>100%
Profit before tax	1,071	1,048	2%
Net profit for the year	825	797	4%
Revenue growth			
Period growth in revenue, %	11	8	
Growth break down:			
Organic growth, %	7	6	
Currency effect, %	4	2	
Balance sheet			
Total assets	10,810	9,663	12%
Invested capital	5,100	6,437	-21%
Equity end of period	4,026	5,395	-25%
Cash flow and investments			
Cash flow from operating activities	629	646	-3%
Cash flow from investing activities	202	269	-25%
Investments in property, plant and equipment, gross	-118	-147	20%
Free cash flow	831	915	-9%
Cash flow from financing activities	-1,588	-1,735	8%
Key ratios			
Operating margin, EBIT, %	33	33	
Operating margin, EBITDA, %	36	36	
Return on average invested capital before tax (ROIC), % ¹⁾	62	62	
Return on average invested capital after tax (ROIC), % ¹⁾	47	47	
Return on equity, %	76	55	
Equity ratio, %	37	56	
Net asset value per outstanding share, DKK	19	25	-24%
Per share data			
Share price, DKK	557	519	7%
Share price/net asset value per share	29.3	21.2	38%
Average number of outstanding shares, millions	211.7	210.8	0%
PE, price/earnings ratio	35.7	34.3	4%
Earnings per share (EPS), diluted	3.87	3.74	3%
Free cash flow per share	3.9	4.3	-10%

1) This item is before Special items. After Special items, ROIC before tax was 97%/69%, and ROIC after tax was 75%/52%.

Management's report

Sales performance

Revenue in DKK was up by 11% to DKK 3,656m 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		
	2015/16 3 mths	2014/15 3 mths	Organic growth	Exchange rates	Reported growth
Ostomy Care	1,469	1,344	8%	1%	9%
Continence Care	1,308	1,192	6%	4%	10%
Urology Care	376	327	7%	8%	15%
Wound & Skin Care	503	438	10%	5%	15%
Net revenue	3,656	3,301	7%	4%	11%

Sales performance by region

	DKK million		Growth composition		
	2015/16 3 mths	2014/15 3 mths	Organic growth	Exchange rates	Reported growth
European markets	2,313	2,142	5%	3%	8%
Other developed markets	763	664	6%	9%	15%
Emerging markets	580	495	16%	1%	17%
Net revenue	3,656	3,301	7%	4%	11%

Ostomy Care

Sales of ostomy care products amounted to DKK 1,469m, a 9% increase in DKK. Organic growth, at 8%, was driven mainly by the portfolio of SenSura® products and the Brava® accessory range. The UK, the US and the Nordics were the main markets in which the SenSura® portfolio contributed to driving growth. SenSura® Mio products generated particularly strong sales. SenSura® Mio Convex is now available in 12 countries. Feedback on the product is highly satisfactory.

The satisfactory performance of the Assura/Alternata® portfolio continued, with growth driven mainly by the Russian, Algerian and Chinese markets.

Sales growth in the Brava® range of accessories was driven largely by France, the UK, the US and Russia.

From a country perspective, the UK, Russia and the US produced highly satisfactory growth in the ostomy care business, whereas the German market had a negative growth impact. In addition, China lost growth momentum. The Charter homecare business in the UK produced a satisfactory performance following the implementation of a number of operational initiatives in the previous financial year. The performance in Russia was driven by an increase in tender activity, and US sales of SenSura® products and the Brava® accessory range were satisfactory. Developments in the German market were due to the weaker growth momentum experienced by the German

homecare company SIEWA in a more competitive market.

Continence Care

Continence Care revenue was DKK 1,308m, a 10% improvement in DKK and 6% organically. Growth continues to be driven by SpeediCath® intermittent catheters, and Peristeen® also had good sales momentum. The performance was driven in particular by sales of compact catheters in the UK and French markets.

The negative growth in standard catheter sales was due in part to a major tender win in Saudi Arabia last year, in part to lower sales of this product type in the US market.

The improved momentum in China, Russia and the UK produced a satisfactory sales performance for urine bags and urisheaths. Increased market competition impacted sales performances negatively in Germany and the Netherlands.

Sales of the Peristeen® anal irrigation system continued to grow at a fair rate, especially in the UK, the USA and France.

SpeediCath® Compact Eve is now available in 13 countries, with feedback on the product remaining very satisfactory.

From a country perspective, the UK was a very strong contributor to growth in the continence care business backed by satisfactory growth in the Charter homecare business. Other factors were an increase in tender activity in Russia and a healthy momentum in Argentina. On the other hand, last year's large tender win in Saudi Arabia, as mentioned above, and developments in the US market both had a negative impact on growth. The US market reported flat organic growth, which was mainly due to the buying patterns of a major US distributor. Also, several European core markets have become more competitive.

Urology Care

Sales of urology care products rose by 15% to DKK 376m, while the organic growth rate was 7%. Market growth for implantable devices was driven mainly by Titan® penile implants, but transvaginal surgical mesh products designed to treat stress urinary incontinence and pelvic organ prolapse also contributed. Sales of Titan® penile implants in

the US market were satisfactory given the increased market activity. Transvaginal surgical mesh products produced very positive Q1 sales growth, mainly supported by positive results of a number of sales initiatives involving Altis® slings. Sales of disposable surgical products contributed to Q1 growth performance, especially sales of endourological products in France, Brazil and Germany.

From a country perspective, the US market drove growth in the Urology business, with Europe and Emerging Markets also contributing.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 503m, equal to a 15% increase in DKK and 10% organic growth. The Wound Care business in isolation generated 9% organic growth. Growth was driven by sales of Biatain® foam dressings, especially by Biatain® Silicone in Europe and notably in the UK and German markets. China, Greece and Brazil were also contributors to Q1 topline growth. Saudi Arabia, on the other hand, had a negative impact on growth due to last year's large tender win. The French market was a negative contributor in the first quarter.

Sales of skin care products in the US market improved nicely, especially in the InterDry category. Contract production of Compeed® was a positive contributor to Q1 growth.

From a country perspective, China, the US, the UK, Germany and Greece all contributed favourably to growth in the Wound & Skin Care business, whereas France and Saudi Arabia were negative contributors.

Gross profit

Gross profit was up by 11% to DKK 2,506m from DKK 2,263m in Q1 2014/15. The gross margin was 69%, which was in line with last year. The ongoing efficiency improvements supported the gross margin, including in particular moving the production of SenSura[®] Mio products to Hungary, whereas higher costs in Emerging Markets and product mix, due to higher initial costs of new products, had a negative margin impact.

Costs

Distribution costs amounted to DKK 1,041m, a DKK 95m increase from DKK 945m last year. As a result, distribution costs accounted for 28% of revenue. Costs in the first quarter include continued sales and marketing initiatives in the USA, China, the UK and other markets.

Administrative expenses were DKK 135m against DKK 136m in the first quarter of last year. Administrative expenses accounted for 4% of revenue, which was in line with Q1 and FY 2014/15.

R&D costs were up by 15% to DKK 126m due to a general increase in business activity. As a result, R&D costs amounted to 3% of revenue, which was in line with both the Q1 and the FY 2014/15 periods.

Other operating income and other operating expenses amounted to a net expense of DKK 10m in the first quarter, against a net income of DKK 4m in Q1 2014/15. The increase in operating expenses was mainly due to timing differences in terms of royalty payments.

Operating profit (EBIT)

EBIT amounted to DKK 1,194m, a DKK 118m (11%) increase from DKK 1,076m last year. The EBIT margin was 33% both at constant exchange rates and in DKK, which was in line with Q1 2014/15.

Financial items and tax

Financial items were a net expense of DKK 123m, against DKK 28m in the same period of last year, the difference being mainly due to a net loss on realised forward exchange contracts.

The tax rate was 23%, compared with 24% last year, the difference being due to the lower Danish corporate tax rate. The Q1 tax expense was DKK 246m against DKK 251m in the same period as last year.

Net profit

Net profit for the period was DKK 825m, representing a year-on-year increase of DKK 28m (4%). Earnings per share (EPS), diluted improved by 3% to DKK 3.87.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 629m, against DKK 646m last year. The decline was due to an increase in payments made in respect of settlements for product liability cases in the USA relating to the use of transvaginal surgical mesh products, partly offset by lower tax payments due to voluntary payments made in the 2014/15 financial year.

Investments

Coloplast spent DKK 124m on investments in Q1 2015/16 compared with DKK 153m in Q1 2014/15. The decline was due to timing differences of investments in machinery used for new products and the factory expansion in Tatabanya. As a result, gross investments in property, plant and equipment and intangible assets (CAPEX) accounted for 3.4% of revenue.

The sale of securities was DKK 102m lower compared to last year and amounted to DKK 317m. The cash flows from investing activities was equal to DKK 202m.

Free cash flow

The free cash flow was DKK 831m against DKK 915m in the same period last year.

Capital resources

Interest-bearing net deposits at 31 December 2015 amounted to DKK 222m, against DKK 254m at 31 December 2014.

Coloplast has set up a two-year confirmed credit facility for DKK 1,500m to counter cash flow fluctuations in connection with settlements to be paid in product liability cases in USA relating to the use of transvaginal surgical mesh products.

Statement of financial position and equity

Balance sheet

At DKK 10,810m, total assets were DKK 7m less than at 30 September 2015.

Intangible assets amounted to DKK 1,514m, which was DKK 3m more than at 30 September 2015. The increase was attributable to goodwill resulting from the appreciation of USD against DKK and partly offset by amortisation of patents and trademarks.

Investment in property, plant and equipment was up by DKK 22m relative to 30 September 2015 to DKK 2,727m, increasing non-current assets by a total of DKK 25m to DKK 5,077m.

Working capital was 24% of revenue, which was in line with the percentage at 30 September 2015. Inventories were up by 2% (DKK 32m) to DKK 1,505m due to inventory build-ups ahead of the relocation of production from Denmark to Hungary, while trade receivables were up by 2% (DKK 43m) to DKK 2,510m. 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 use of transvaginal surgical mesh products was increased by a net amount of DKK 491m to stand at DKK 563m at 31 December 2015.

Security holdings were DKK 318m less than at the beginning of the financial year and cash and cash equivalents were 469m less.

Current assets fell by DKK 32m relative to 30 September 2015 to stand at DKK 5,733m.

Equity

Equity fell by DKK 680m relative to 30 September 2015 to DKK 4,026m. Payment of dividends of DKK 1,696m was offset by the net profit for the period of DKK 825m and the net effect of DKK 191m of share-based remuneration and the sale of employee shares plus related tax charges.

Share buy-backs

The Board of Directors has resolved to establish a share buy-back programme totalling DKK 1bn and running until the end of the 2016/17 financial year. The first part of the programme will commence in the second quarter and is expected to be completed by the end of the current financial year.

Treasury shares

At 31 December 2015, Coloplast's holding of treasury shares consisted of 7,955,104 B shares, which was 693,343 fewer than at 30 September 2015. The reduction in the holding of treasury shares was due to options being exercised. The shareholders at the annual general meeting adopted the Board of Directors' proposal to reduce the share capital by a nominal value of DKK 4m, equal to 4,000,000 shares with a nominal value of DKK 1. Following the cancellation of the shares, which was effected on 8 January 2016, the share capital consists of 216m shares divided into 198m B shares and 18m A shares.

Financial guidance for 2015/16

- We expect organic revenue growth of 7-8% at constant exchange rates and of around 7% in DKK.
- We expect an EBIT margin of 33-34% at constant exchange rates and of around 33% in DKK.
- Capital expenditure is expected to be around DKK 700m.
- The effective tax rate is expected to be around 23%.

Price pressures in 2015/16 are expected to be in line with those of 2014/15, for an annual price pressure of about 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 its growth target, will continue to deliver scale economies and efficiency improvements. Investments in sales-enhancing initiatives are expected to amount to about DKK 150m.

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 maintains the long-term financial guidance of 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

Final agreement with the US Department of Justice

In February 2014, the US Department of Justice issued a subpoena against Coloplast regarding Coloplast's sales and marketing activities in the United States. In June 2015, Coloplast reached an agreement in principle with the US Department of Justice. In December 2015, Coloplast reached a final agreement with the US Department of Justice. As part of the agreement, Coloplast has paid USD 3.1m plus legal fees. These expenses were recognised in the FY 2014/15 financial statements.

Capital Markets Day to be held in Minneapolis, Minnesota, USA on 22 June 2016

Coloplast will host a capital markets day in Minneapolis, USA on 22 June 2016. The event is intended to give institutional investors and equity analysts an opportunity to update on our business and learn about our main strategic themes.

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, 29 January 2016	984	685	2.38	746
Estimated average exchange rate 2015/2016	997	684	2.38	746
Change in estimated average exchange rates compared with last year ²⁾	-1%	5%	-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 for the first quarter combined with the spot rates at 29 January 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 December 2015. 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.

Humblebæk, 2 February 2016

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

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

In our opinion, the interim report gives a true and fair view of the Group's assets, equity, liabilities and financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the period 1 October 2015 – 31 December 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 2014/15.

Tables

Quarterly financial figures are unaudited

Statement of comprehensive income.....	11
Balance sheet.....	12
Statement of changes in equity.....	14
Cash flow statement.....	16
Notes.....	17
Income statement, quarterly.....	20

Statement of comprehensive income

1 October - 31 December

(Unaudited)

Consolidated	DKK million		
	2015/16	2014/15	
Note	Q1	Q1	
1 Revenue	3,656	3,301	111
Cost of sales	-1,150	-1,038	111
Gross profit	2,506	2,263	111
Distribution costs	-1,041	-945	110
Administrative expenses	-135	-136	99
Research and development costs	-126	-110	115
Other operating income	7	9	78
Other operating expenses	-17	-5	>100
Operating profit (EBIT)	1,194	1,076	111
2 Financial income	8	4	>100
3 Financial expenses	-131	-32	>100
Profit before tax	1,071	1,048	102
Tax on profit for the period	-246	-251	98
Net profit for the period	825	797	104
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	-6	-20	
Tax on remeasurements of defined benefit plans	1	4	
	-5	-16	
Items that may be reclassified to profit or loss:			
Value adjustment of currency hedging	-36	-3	
Of which transferred to financial items	77	21	
Tax effect of hedging	-10	-4	
Currency adjustment, assets in foreign currency	27	44	
Currency adjustment of opening balances and other adjustments relating to subsidiaries	25	2	
	83	60	
Total other comprehensive income	78	44	
Total comprehensive income	903	841	
Earnings per Share (EPS)	3.90	3.78	
Earnings per Share (EPS), diluted	3.87	3.74	

Balance sheet

At 31 December

Consolidated Note	DKK million		
	31.12.15	31.12.14	30.09.15
Assets			
Acquired patents and trademarks etc.	562	622	579
Goodwill	862	799	842
Software	62	58	61
Prepayments and intangible assets in progress	28	25	29
Intangible assets	1,514	1,504	1,511
Land and buildings	1,006	926	1,017
Plant and machinery	973	877	987
Other fixtures and fittings, tools and equipment	309	227	319
Prepayments and property, plant and equipment under construction	439	486	382
Property, plant and equipment	2,727	2,516	2,705
Investment in associates	11	13	11
Deferred tax asset	809	364	808
Other receivables	16	15	17
Other non-current assets	836	392	836
Non-current assets	5,077	4,412	5,052
Inventories	1,505	1,384	1,473
Trade receivables	2,510	2,285	2,467
Income tax	63	64	43
Other receivables	345	180	203
Prepayments	134	154	107
Receivables	3,052	2,683	2,820
Restricted cash	563	556	72
Marketable securities	201	200	519
Cash and cash equivalents	412	428	881
Current assets	5,733	5,251	5,765
Assets	10,810	9,663	10,817

Balance sheet

At 31 December

Consolidated Note	DKK million		
	31.12.15	31.12.14	30.09.15
Equity and liabilities			
Share capital	220	220	220
Currency translation reserve	-29	-130	-54
Reserve for currency hedging	24	-75	-7
Proposed dividend for the year	0	0	1,691
Retained earnings	3,811	5,380	2,856
Total equity	4,026	5,395	4,706
Provisions for pensions and similar liabilities	178	202	169
Provision for deferred tax	0	71	1
7 Other provisions	1,017	161	1,322
Other payables	1	2	1
Deferred income	42	17	40
Non-current liabilities	1,238	453	1,533
Provisions for pensions and similar liabilities	28	28	31
7 Other provisions	1,270	466	2,029
Other credit institutions	391	367	100
Trade payables	441	396	591
Income tax	321	330	65
Other payables	3,083	2,200	1,746
Deferred income	12	28	16
Current liabilities	5,546	3,815	4,578
Current and non-current liabilities	6,784	4,268	6,111
Equity and liabilities	10,810	9,663	10,817

8 Contingent liabilities

Statement of changes in equity

Consolidated							
DKK million	Share capital		Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
	A shares	B shares					
2015/16							
Balance at 1.10.	18	202	-54	-7	1,691	2,856	4,706
<i>Comprehensive income:</i>							
Net profit for the year						825	825
Other comprehensive income that will not be reclassified to profit or loss:							
Remeasurements of defined benefit plans						-6	-6
Tax on remeasurements of defined benefit plans						1	1
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency hedging					-36		-36
Of which transferred to financial items					77		77
Tax effect of hedging					-10		-10
Currency adjustment, assets in foreign currency						27	27
Currency adjustment of opening balances and other adjustments relating to subsidiaries							25
<i>Total other comprehensive income</i>	0	0	25	31	0	22	78
<i>Total comprehensive income</i>	0	0	25	31	0	847	903
<i>Transactions with shareholders:</i>							
Transfers						5	-5
Sale of treasury shares and loss on exercised options						108	108
Share-based payment						5	5
Dividend paid out in respect of 2014/15						-1,696	-1,696
<i>Total transactions with shareholders</i>	0	0	0	0	-1,691	108	-1,583
Balance at 31.12.	18	202	-29	24	0	3,811	4,026

Statement of changes in equity

Consolidated							
DKK million	Share capital		Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
	A shares	B shares					
2014/15							
Balance at 1.10.	18	202	-132	-89	1,579	4,705	6,283
<i>Comprehensive income:</i>							
Net profit for the year						797	797
Other comprehensive income that will not be reclassified to profit or loss:							
Remeasurements on defined benefit plans						-20	-20
Tax on remeasurements on defined benefit plans						4	4
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency hedging					-3		-3
Of which transferred to financial items					21		21
Tax effect of hedging					-4		-4
Currency adjustment, assets in foreign currency						44	44
Currency adjustment of opening balances and other adjustments relating to subsidiaries					2		2
<i>Total other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>14</i>	<i>0</i>	<i>28</i>	<i>44</i>
<i>Total comprehensive income</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>14</i>	<i>0</i>	<i>825</i>	<i>841</i>
<i>Transactions with shareholders:</i>							
Transfers					2	-2	0
Sale of treasury shares and loss on exercised options						-154	-154
Share-based payment						6	6
Dividend paid out in respect of 2013/14					-1,581		-1,581
<i>Total transactions with shareholders</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-1,579</i>	<i>-150</i>	<i>-1,729</i>
Balance at 31.12.	18	202	-130	-75	0	5,380	5,395

Cash flow statement

1 October - 31 December

Consolidated	DKK million	
	2015/16 3 mths	2014/15 3 mths
Note		
Operating profit	1,194	1,076
Depreciation and amortisation	131	118
4 Adjustment for other non-cash operating items	-1,062	-348
5 Changes in working capital	509	276
Ingoing interest payments, etc.	8	4
Outgoing interest payments, etc.	-132	-9
Income tax paid	-19	-471
Cash flows from operating activities	629	646
Investments in intangible assets	-6	-6
Investments in land and buildings	-2	-5
Investments in plant and machinery	-3	-6
Investments in property, plant and equipment under construction	-113	-136
Property, plant and equipment sold	9	3
Company divestment	0	0
Net sales/purchase of marketable securities	317	419
Cash flow from investing activities	202	269
Free cash flow	831	915
Dividend to shareholders	-1,696	-1,581
Acquisitions of treasury shares	0	-76
Sale of treasury shares and loss on exercised options	108	-78
Financing from shareholders	-1,588	-1,735
Cash flows from financing activities	-1,588	-1,735
Net cash flows	-757	-820
Cash, cash equivalents and short-term debt with credit institutions at 1.10.	781	879
Value adjustment of cash and bank balances	-3	2
Net cash flows	-757	-820
6 Cash, cash equivalents and short-term debt with credit institutions at 31.12.	21	61

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	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
DKK million										
Segment revenue										
Ostomy Care	1,469	1,344							1,469	1,344
Continence Care	1,308	1,192							1,308	1,192
Urology Care			376	327					376	327
Wound & Skin Care					503	438			503	438
External revenue as per the Statement of comprehensive income	2,777	2,536	376	327	503	438	0	0	3,656	3,301
Segment operating profit/loss	1,667	1,500	137	115	184	165	-794	-703	1,194	1,077
Costs not included in segment operating profit/loss									0	-1
Operating profit (EBIT) as per the Statement of comprehensive income									1,194	1,076
Net financials									-123	-28
Tax of profit for the year									-246	-251
Profit/loss for the year as per the Statement of comprehensive income									825	797

Notes

Consolidated	DKK million	
	2015/16	2014/15
2. Financial income		
Interest income	8	4
Total	8	4
3. Financial expenses		
Interest expense	1	1
Fair value adjustments of forward contracts transferred from Other comprehensive income	77	21
Fair value adjustments of cash-based share options	1	1
Net exchange adjustments	43	1
Other financial expenses and fees	9	8
Total	131	32
4. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	2	0
Change in other provisions	-1,064	-348
Total	-1,062	-348
5. Changes in working capital		
Inventories	-15	-67
Trade receivables	-32	-74
Other receivables	-633	13
Trade and other payables etc.	1,189	404
Total	509	276
6. Cash, cash equivalents and current debt with credit institutions		
Cash	1	1
Bank balances	411	427
Cash and bank balances	412	428
Short-term debt	-391	-367
Total	21	61

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.

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 December 2015 amounted to DKK 2.3bn plus DKK 1.7bn 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		2014/15		
	Q1	Q4	Q3	Q2	Q1
Revenue	3,656	3,621	3,540	3,447	3,301
Cost of sales	-1,150	-1,108	-1,144	-1,086	-1,038
Gross profit	2,506	2,513	2,396	2,361	2,263
Distribution costs	-1,041	-1,025	-993	-999	-945
Administrative expenses	-135	-123	-208	-133	-136
Research and development costs	-126	-114	-115	-103	-110
Other operating income	7	7	0	22	9
Other operating expenses	-17	-9	-7	-11	-5
Operating profit before special items	1,194	1,249	1,073	1,137	1,076
Special items	0	-3,000	0	0	0
Operating profit (EBIT)	1,194	-1,751	1,073	1,137	1,076
Profit/loss after tax on investment in associates	0	-1	0	0	0
Financial income	8	2	-17	24	4
Financial expenses	-131	-58	-123	-89	-32
Profit before tax	1,071	-1,808	933	1,072	1,048
Tax on profit for the period	-246	386	-224	-257	-251
Net profit for the period	825	-1,422	709	815	797
Earnings per Share (EPS) before special items	3.90	4.35	3.35	3.85	3.78
Earnings per Share (EPS)	3.90	-6.72	3.35	3.85	3.78
Earnings per Share (EPS) before special items, diluted	3.87	4.31	3.32	3.82	3.74
Earnings per Share (EPS), diluted	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.

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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.

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