Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Announcement no. 3/2017
3 May 2017

Coloplast A/S
Holtedam 1
DK-3050
Humlebæk
Denmark

CVR no. 69749917

H1 2016/17

Interim financial report, H1 2016/17

(1 October 2016 - 31 March 2017)

Highlights

- Organic revenue growth was 6%. Revenue in DKK was up by 5% to DKK 7,636m.
- Organic growth rates by business area: Ostomy Care 7%, Continence Care 6%, Urology Care 11% and Wound & Skin Care 0%.
- The US Chronic Care business reported double-digit organic sales growth in the second quarter.
- Sales growth in the Wound and Skin Care business was adversely affected by the US Skin Care business' very strong performance in the second quarter of last year. This was partly offset by a positive momentum in Wound Care in China in the second quarter.
- The SenSura® Mio Hospital Assortment is launched today and will be available in all core markets within the next 12 months. The Brava® Protective Seal accessory launched last year is now available in 13 countries.
- The Q2 gross margin was adversely affected by restructuring costs of about DKK 13m in relation to the reduction of production employees in Denmark.
- EBIT was up by 8% at constant exchange rates and by 5% in DKK to stand at DKK 2,472m. The EBIT margin was 33% at constant exchange rates, against 32% last year.
- The net profit for the reporting period was up by 8% to DKK 1,877m. Diluted earnings per share were up by 8% to DKK 8.84.
- The free cash flow was negative at DKK 648m, DKK 1,834m less than in the same period of last year. Adjusted for payments made in connection with lawsuits alleging injury resulting from the use of transvaginal surgical mesh products, the acquisition of Comfort Medical, and timing differences in tax payments, the underlying free cash flow was in line with last year's free cash flow.
- The integration of the US distributor Comfort Medical acquired at the end of 2016, is proceeding according to plan.
- The second part of the share buy-back programme totalling DKK 1bn running until the end of the 2016/17 financial year was launched in the second quarter 2016/17.
- 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 2016/17

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

Conference call
Coloplast will host a conference call on 3 May 2017 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +453271 1658, +44 (0)20 3427 1903 or +1 212 444 0412. Conference call reference number is 7796699. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

Coloplast

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Financial highlights and key ratios

1 October - 31 March

(Unaudited)

Consolidated	DKK million 2016/17 6 mths	DKK million 2015/16 6 mths	Change	DKK million 2016/17 Q2	DKK million 2015/16 Q2	Change
Income statement						
Revenue	7,636	7,256	5%	3,881	3,600	8%
Research and development costs	-290	-248	17%	-152	-122	25%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	2,769	2,622	6%	1,401	1,297	8%
Operating profit (EBIT)	2,472	2,361	5%	1,246	1,167	7%
Net financial income and expenses	-35	-100	-65%	-37	23	N/A
Profit before tax	2,437	2,261	8%	1,209	1,190	2%
Net profit for the year	1,877	1,741	8%	931	916	2%
Revenue growth						
Period growth in revenue, %	5	8		8	4	
Growth break down:						
Organic growth, %	6	7		7	7	
Currency effect, %	-2	1		-1	-3	
Acquired business, %	1	0		2	0	
Balance sheet						
Total assets	12,511	10,602	18%	12,511	10,602	18%
Capital invested	8,246	5,642	46%	8,246	5,642	46%
Equity end of period	5,064	4,923	3%	5,064	4,923	3%
Cash flow and investments						
Cash flow from operating activities	558	1,094	-49%	304	465	-35%
Cash flow from investing activities	-1,206	92	N/A	-119	-110	8%
Investments in property, plant and equipment, gross	-250	-217	15%	-143	-99	44%
Free cash flow	-648	1,186	N/A	185	355	-48%
Cash flow from financing activities	-1,905	-1,571	21%	-74	17	N/A
Key ratios						
Operating margin, EBIT, %	32	33		32	32	
Operating margin, EBITDA, %	36	36		36	36	
Return on average invested capital before tax (ROIC), % 1)	58	59		56	59	
Return on average invested capital after tax (ROIC), % 1)	44	46		43	45	
Return on equity, %	81	79		80	82	
Equity ratio, %	40	46		40	46	
Net asset value per outstanding share, DKK	24	23	4%	24	23	4%
Share data						
Share price, DKK	545	496	10%	545	496	10%
Share price/net asset value per share	22.8	21.4	7%	22.8	21.4	7%
Average number of outstanding shares, millions	212.1	211.9	0%	212.2	212.1	0%
PE, price/earnings ratio	30.7	30.1	2%	31.0	28.6	8%
Earnings per share (EPS), diluted	8.84	8.18	8%	4.38	4.31	2%
Free cash flow per share	-3.1	5.6	N/A	0.9	1.7	-46%

1) This item is before Special items. After Special items, ROIC before tax is 72% (2015/16: 91%), and ROIC after tax is 55% (2015/16: 70%).

Management's report

Sales performance

Organic growth was 6%, while revenue in DKK increased by 5% to DKK 7,636m. Foreign exchange rates had a negative impact of 2% on revenue due to depreciation against DKK, especially of GBP, which was partly offset by USD appreciation. Acquired growth contributed with 1%, driven by the acquisition of the US distributor Comfort Medical, acquired in December 2016.

Sales performance by business area

	DKK million		Growth composition				DKK million	Growth composition			
	2016/17 6 mths	2015/16 6 mths	Organic growth	Acquired operations	Exchange rates	Reported growth	2016/17 Q2	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	3,056	2,898	7%	1%	-3%	5%	1,547	7%	2%	-1%	8%
Continence Care	2,688	2,557	6%	2%	-3%	5%	1,371	8%	3%	-1%	10%
Urology Care	828	741	11%	-	1%	12%	420	14%	-	1%	15%
Wound & Skin Care	1,064	1,060	0%	-	0%	0%	543	-4%	-	1%	-3%
Net revenue	**7,636**	**7,256**	**6%**	**1%**	**-2%**	**5%**	**3,881**	**7%**	**2%**	**-1%**	**8%**

Sales performance by region

	DKK million		Growth composition				DKK million	Growth composition			
	2016/17 6 mths	2015/16 6 mths	Organic growth	Acquired operations	Exchange rates	Reported growth	2016/17 Q2	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	4,655	4,586	6%	-	-4%	2%	2,324	5%	-	-3%	2%
Other developed markets	1,745	1,531	6%	3%	5%	14%	924	8%	8%	4%	20%
Emerging markets	1,236	1,139	8%	-	1%	9%	633	10%	-	3%	13%
Net revenue	**7,636**	**7,256**	**6%**	**1%**	**-2%**	**5%**	**3,881**	**7%**	**2%**	**-1%**	**8%**

Ostomy Care

Ostomy Care products generated 7% organic sales growth in H1, whereas revenue in DKK increased by 5% to DKK 3,056m. Acquired growth was 1%, driven by the acquisition of the US distributor Comfort Medical.
The sales growth was driven mainly by the portfolio of SenSura® products and the Brava® accessory range.
For the SenSura® portfolio, sales performances in the UK, Germany and China were the main drivers. Especially the SenSura® Mio portfolio, and the SenSura® Mio Convex range in particular, drove sales growth in all markets. Coloplast increased its SenSura® Mio Convex production capacity in Hungary at the end of March in order to accommodate the greater than expected market demand.
Sales growth for the Assura/Alterna® portfolio was also satisfactory, driven mainly by the Emerging Markets region, including China, Russia and Argentina.
The UK, French and Chinese markets were the main drivers of sales performance in the Brava® range of accessories. The new Brava® Protective Seal is now available in 13 countries and the feedback is positive which is reflected in the sales performance.
From a country perspective, the UK reported satisfactory sales growth, which was partly driven by the Charter homecare business. China and southern Europe were also positive contributors.
In particular, developments in Brazil and Saudi Arabia and inventory reductions at major US distributors in the first quarter impacted growth negatively. The US inventory levels normalised in the first quarter.

Organic growth was 7% in Q2 and revenue in DKK grew 8% to DKK 1,547m. Acquired growth was 2%, driven by the acquisition of the US distributor Comfort Medical. As for the Q1 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 and Chinese markets, while growth in sales of the Brava® range of accessories was mainly based on positive performances in the UK, French and US markets.
From a country perspective, the UK, the USA, China, Argentina and Russia all reported satisfactory growth rates. Brazil and the Netherlands continued to negatively impact sales growth in the second quarter due to a weaker momentum.

Continence Care

Continence Care generated H1 revenue of DKK 2,688m, an improvement of 6% organically and of 5% in DKK. Acquired growth was 2%, driven by the acquisition of the US distributor Comfort Medical.
Growth remained driven by sales of SpeediCath® intermittent catheters and Peristeen®. The performance was driven in particular by sales of compact catheters in the French, US and UK markets.

The flat sales growth in standard catheters was mainly due to the lower tender value in Saudi Arabia in the first quarter relative to last year and to inventory reductions by major US distributors in the first quarter. The US inventory levels normalised in the first quarter.
SpeediCath® Flex is now available in 13 countries, and feedback on the product is positive.
The slightly positive sales performance in urine bags and urisheaths was based on an improved momentum in France, but growing competition in the Netherlands and the UK had a negative impact.
Sales of Peristeen® continued to grow at a fair rate, driven by good performances in the UK, the US and France.
From a country perspective, the US, French, German and UK markets were positive contributors. Argentina, Russia, Japan and South Korea all maintained good momentum, in Japan and South Korea due to enhanced subsidy schemes for intermittent catheters introduced in 2016 and 2017, respectively. For the reasons mentioned above, the sales growth was challenged by first quarter developments in Saudi Arabia and in the USA.

Q2 organic growth was 8% and revenue in DKK grew 10% to DKK 1,371m. Acquired growth was 3%, driven by the acquisition of the US distributor Comfort Medical. Sales performance was driven by SpeediCath® intermittent catheters and Peristeen®. Sales of compact catheters in the UK, US and French markets contributed particularly well to performance. In addition, SpeediCath® Flex was a positive contributor to Q2 growth.
The slightly positive sales growth in standard catheters was driven by positive performances in Spain, Argentina and South Korea.
Sales of urine bags and urisheaths lifted Continence Care sales slightly, driven by China and other markets, but the effect was offset by challenges in the UK and the Netherlands.
Sales of Peristeen® improved in most markets, particularly in the UK, US and France.
From a country perspective, France, the US and the UK all contributed favourably to growth. A weaker momentum in Greece and the Netherlands had a negative impact on growth.

Urology Care

Urology care products generated 11% organic growth in H1, and revenue in DKK was up by 12% to DKK 828m. Growth was driven primarily by the US market and by Altis® slings and Restorelle® products designed to treat stress urinary incontinence and pelvic organ prolapse. This is a market where Coloplast continues to take market share. In addition, sales of Titan® penile implants contributed to sales growth in the Urology Care business. Growth in sales of disposable surgical products was supported by sales in France and by an increase in tender activity in Saudi Arabia.
From a country perspective, the US market continued to drive growth in the Urology Care business, with Europe, and particularly France, also contributing.

Organic growth, at 14% in the second quarter, was mainly driven by the strong performance in sales of Altis® slings and Restorelle® products in the US market. Growth in sales of disposable surgical products was supported by sales in France and by an increase in tender activity in Saudi Arabia in the second quarter.
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 in the second quarter.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,064m in the H1 reporting period. The organic growth rate was 0%, as was sales growth in DKK. The Wound Care business alone generated 5% organic growth. In Wound Care, growth was driven by sales of Biatain® foam dressings, especially by Biatain® Silicone and Biatain® Super. Biatain® Silicone sales growth was driven by the European markets, including in particular the German, UK and French markets. China contributed to the Biatain® foam dressing sales performance. Healthcare reforms in Greece have led to a shift in the product portfolio to products such as Biatain® Super and have had a positive effect on sales due to inventory build-ups in the first quarter.
The Biatain® Silicone Sizes & Shapes product portfolio is now available in 15 countries, and feedback is positive. The Comfeel® Plus portfolio featuring a new and improved design and user experience has now been relaunched in 14 countries.
Skin care products generated negative sales growth in the reporting period due to strong sales in the US market in the same period last year.
Contract production of Compeed detracted from sales growth due to timing differences in orders.
From a country perspective, the USA had a negative impact on sales growth in the Skin Care business. In the Wound Care business, Greece and Germany were positive contributors to sales

growth, whereas Saudi Arabia, France and Brazil reported challenging performances. Saudi Arabia detracted from growth in the first quarter due to a lower tender value compared with the first quarter of last year, and sales in France were adversely affected by price reforms.

Q2 organic growth rates were negative at 4% for Wound & Skin Care and positive by 2% in the Wound Care business alone. Wound care sales growth was driven by sales of Biatain® foam dressings in Germany and in China. In Europe, sales growth was challenged by price reforms in France and by a weaker momentum in the UK. The growth performance in the Emerging Markets region was driven by a stronger momentum in China, but challenged in a number of countries, including Greece and Brazil. As expected, growth in Greece was adversely affected by inventory reductions following inventory build-ups in the first quarter. The negative sales growth for skin care products was due to very strong sales in the US market in the second quarter of last year.
From a country perspective, Germany and China contributed favourably to growth in the Wound & Skin Care business, whereas the US sales performance had a negative impact on the Skin Care segment and several Emerging Market countries were negative contributors to the Wound Care business.

Gross Profit

Gross profit was up by 5% to DKK 5,202m from DKK 4,959m in the H1 2015/16 period. The gross margin was 68%, which was in line with last year. The ongoing efficiency enhancements supported the gross margin, including especially the production relocation of SenSura® Mio and Compeed products to Hungary. Wage increases in Hungary, the product mix and depreciation charges reduced the H1 gross margin. At constant exchange rates, the gross margin was 68%, against 68% last year.
The Q2 gross margin was 68%, against 68% in Q2 2015/16. At constant exchange rates, both this year's and last year's Q2 gross margins were 68%. The Q2 gross margin was adversely affected by restructuring costs of about DKK 13m in relation to the reduction of production employees in Denmark.

Costs

Distribution costs amounted to DKK 2,144m, a DKK 67m increase from DKK 2,077m last year. The H1 distribution costs amounted to 28% of revenue, compared with 29% in the same period of last year. The H1 costs included sales and marketing initiatives, mainly in the USA and in the Wound Care business.
The Q2 distribution costs amounted to DKK 1,077m, equal to 28% of revenue, against 29% in the same period of last year. The costs are stated inclusive of the increased investment initiatives.

The H1 administrative expenses amounted to DKK 301m, a DKK 26m increase from DKK 275m last year. Administrative expenses thus accounted for 4% of H1 revenue, which was in line with the same period last year. The H1 costs include transaction costs of about DKK 7m relating to the acquisition of Comfort Medical.
The Q2 administrative expenses amounted to DKK 153m against DKK 140m in the same period last year. The Q2 administrative expenses amounted to 4% of revenue, which was in line with the second quarter of last year.

The H1 R&D costs were DKK 290m, a DKK 42m or 17% increase over the H1 2015/16 period due to a higher activity level. R&D costs amounted to 4% of revenue, compared with 3% in the same period of last year.
The Q2 R&D costs amounted to DKK 152m, which was DKK 30m higher than in the same period last year. Accordingly, R&D costs amounted to 4% of revenue, compared with 3% in the same period of last year.

Other operating income and other operating expenses amounted to net income of DKK 5m in H1 2016/17, against net income of DKK 2m in the same period last year.
Other operating income and other operating expenses amounted to net income of DKK 6m in the second quarter, against net income of DKK 12m in the same period last year.

Operating profit (EBIT)

The H1 EBIT was DKK 2,472m, a DKK 111m or 5% increase from DKK 2,361m in the same period last year. The EBIT margin was 32%, against 33% in the same period of last year. At constant exchange rates, the H1 EBIT margin was 33%, against 32% in the same period last year.
The Q2 EBIT was DKK 1,246m against DKK 1,167m last year, for an EBIT margin of 32% in both periods. At constant exchange rates, the Q2 EBIT margin was 32%, unchanged from the same period last year.

Financial items and tax

Financial items were a net expense of DKK 35m, compared with a net expense of DKK 100m in the the same period last year. The change in net financials was mainly due to last year's loss on realised forward exchange contracts, especially on USD and ARS. This year, losses on USD were offset by gains on GBP.
Financial items amounted to a net expense of DKK 37m in the second quarter, against a net income of DKK 23m in the same period last year, the difference being due to a net gain on forward exchange contracts last year mainly relating to GBP.

The tax rate was 23%, which was in line with last year. The H1 tax expense was DKK 560m as against DKK 520m in the same period last year.

Net profit

The H1 net profit was DKK 1,877m, a DKK 136m or 8% increase over last year's net profit of DKK 1,741m. Diluted earnings per share (EPS) also improved by 8% to DKK 8.84.
For the second quarter, the net profit amounted to DKK 931m against DKK 916m in the Q2 2015/16 period. Diluted earnings per share (EPS) improved by 2% to DKK 4.38 in the second quarter.

Cash flow and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 558m, against DKK 1,094m last year. Most of the decline was due to payments in connection with settlements in lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products. The decline was partly offset by an increase in EBIT. Payments made in respect of the above-mentioned lawsuits in the US in the H1 period amounted to DKK 1.5bn. Total payments made to date amount to DKK 3.9bn.

Investments

Coloplast made net investments of DKK 262m in H1 2016/17 compared with DKK 227m in the same period last year. The increase was due to investment in machinery to be used for new and existing products and for factory extensions. CAPEX accounted for 3% of revenue. The Comfort Medical acquisition was a DKK 1.1bn investment, and sales of securities amounted to DKK 155m, which was DKK 164m less than in the same period last year. Total cash flows from investing activities were a DKK 1,206m outflow.

Free cash flow

The free cash flow was an outflow of DKK 648m against an inflow of DKK 1,186m in the same period of last year, which was primarily due to the Comfort Medical acquisition and settlements in lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products. Adjusted for payments made in connection with the above-mentioned lawsuits and the acquisition of Comfort Medical, the free cash flow was an inflow of DKK 1,271m against DKK 1,753m in H1 2015/16. The difference was due to timing differences in tax payments and lower tax payments in the same period last year, which brought the underlying free cash flow for the reporting in line with last year's free cash flow.

Capital resources

At 31 March 2017, Coloplast had interest-bearing net debt of DKK 1,886m, against interest-bearing net deposits of DKK 577m at 31 March 2016. Liquidity outflows due to settlements in lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products and the Comfort Medical acquisition are covered by the credit facilities established for those purposes.

Statement of financial position and equity

Balance sheet

At DKK 12,511m, total assets increased by DKK 1,504m relative to 30 September 2016.
Intangible assets amounted to DKK 2,458m, which was DKK 1,061m more than at 30 September 2016. The increase was due to the Comfort Medical acquisition.
Property, plant and equipment increased by DKK 3m relative to 30 September 2016 to stand at DKK 2,928m.
Other non-current assets declined by DKK 4m from DKK 521m to DKK 517m.
As a result, non-current assets increased by a total of DKK 1,060m to DKK 5,903m.

Working capital was 26% of revenue, against 24% at 30 September 2016. Inventories were DKK 224m higher at DKK 1,742m due to inventory build-ups in connection with replenishing of inventories following back orders on urostomy bags and product launch preparations. Trade receivables were up by DKK 140m to DKK 2,819m, while trade payables were down by DKK 131m, or 19%, to DKK 566m relative to 30 September 2016.

Coloplast reached a number of additional agreements during the H1 reporting period relating to lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh. In that connection, amounts held in escrow increased by net DKK 339m relative to 30 September 2016 to stand at DKK 796m. Management estimates that more than 95% of the known lawsuits in the US have been settled.

Security holdings amounted to DKK 334m, DKK 155m less than at the beginning of the financial year, while cash and cash equivalents were reduced by DKK 104m to stand at DKK 442m.
Current assets rose by DKK 444m relative to 30 September 2016 to stand at DKK 6,608m.

Equity
Equity fell by DKK 4m relative to 30 September 2016 to DKK 5,064m. Payment of dividends of DKK 1,909m was offset by the comprehensive income for the period of DKK 1,885m, the net effect of treasury shares bought and sold of DKK 5m and share-based remuneration of DKK 15m.

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 2015/16, Coloplast launched a DKK 1bn share buy-back programme running until the end of the 2016/17 financial year. The first part of the share buy-back programme of DKK 500m was completed in August 2016. The second part of the programme commenced in the second quarter and is expected to be completed by the end of the current financial year. At 31 March 2017, the company had bought back shares worth DKK 137m under the second part of the programme.

Treasury shares
At 31 March 2017, Coloplast's holding of treasury shares consisted of 3,853,171 B shares, which was 407,405 fewer than at 30 September 2016. The holding was reduced due to the exercise of options for 676,920 shares, which was partly offset by 269,515 shares bought back.

Financial guidance for 2016/17

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

Our financial guidance takes account of reforms with known effects. Our expectations for long-term price pressures, of about 1.0% 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.

The capital investments will boost the production capacity for new and existing products and will provide for the completion of a new factory during 2017/18.

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

Other matters

Launch of SenSura® Mio Hospital Assortment and Brava® Protective Seal range of accessories
The new SenSura® Mio Hospital Assortment is being launched today and will be available in all core markets within the next 12 months. The SenSura® Mio Hospital Assortment provides post-operative solutions for all types of stoma. The launch further strengthens the SenSura® Mio product portfolio and will help ease patients' transition from the hospital to community.
The Brava® Protective Seal accessory product was launched last year and is now available in 13 countries. The product features improved adhesive properties that help protect against leakage.

Acquisition of plot in Slovakia
Aiming for a continued security of supply of its products, Coloplast has agreed to acquire a plot in Slovakia for the purpose of constructing a production facility at a later date. A date has not yet been set for the construction of new factory premises on the site.

Meet the Management event in London on 18 August 2017
Coloplast will host a capital markets day in London on 18 August 2017. The event is intended to give institutional investors and equity analysts an opportunity to meet with the Executive Management and to be updated on the business and learn about our main strategic themes.

Timetable for interim dividend of DKK 4.50 per share
3 May 2017 – Declaration date
8 May 2017 – Ex-dividend date
9 May 2017 – Value date
10 May 2017 – Disbursement date

Exchange rate exposure
Our financial guidance for the 2016/17 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 2015/16[1)]	956	671	2,39	745
Spot rate, 19 January 2017	858	699	2,41	744
Spot rate, 1 May 2017	877	682	2,38	744
Estimated average exchange rate 2016/17[2)]	869	688	2,40	744
Change in estimated average exchange rates compared with last year	-9%	3%	0%	0%

1) Average exchange rate from 1 October 2015 to 30 September 2016.

2) Estimated average exchange rate is calculated as the average exchange rate year to date combined with the spot rates at 1 May 2017.

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 2015/16)	Revenue	EBIT
USD	-290	-130
GBP	-260	-170
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 2016 – 31 March 2017. 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 2017 and of the results of the Group's operations and cash flows for the period 1 October 2016 – 31 March 2017.

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 2015/16.

Humlebæk, 3 May 2017

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	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)

Consolidated		DKK million			DKK million		
		2016/17	2015/16		2016/17	2015/16	
Note		6 mths	6 mths	Index	Q2	Q2	Index
1	Revenue	7,636	7,256	105	3,881	3,600	108
	Production costs	-2,434	-2,297	106	-1,259	-1,147	110
	Gross profit	**5,202**	**4,959**	**105**	**2,622**	**2,453**	**107**
	Distribution costs	-2,144	-2,077	103	-1,077	-1,036	104
	Administrative expenses	-301	-275	109	-153	-140	109
	Research and development costs	-290	-248	117	-152	-122	125
	Other operating income	21	20	105	13	13	100
	Other operating expenses	-16	-18	89	-7	-1	>200
	Operating profit (EBIT)	**2,472**	**2,361**	**105**	**1,246**	**1,167**	**107**
2	Financial income	30	11	>200	-7	3	<-200
3	Financial expenses	-65	-111	59	-30	20	-150
	Profit before tax	**2,437**	**2,261**	**108**	**1,209**	**1,190**	**102**
	Tax on profit for the period	-560	-520	108	-278	-274	101
	Net profit for the period	**1,877**	**1,741**	**108**	**931**	**916**	**102**
	Other comprehensive income						
	Items that will not be reclassified to income statement:						
	Remeasurements of defined benefit plans	22	-27		4	-21	
	Tax on remeasurements of defined benefit plans	-5	6		0	5	
		17	**-21**		**4**	**-16**	
	Items that may be reclassified to income statement:						
	Value adjustment of currency hedging	-56	57		-3	93	
	Of which transferred to financial items	-20	61		13	-16	
	Tax effect of hedging	17	-28		-2	-18	
	Currency adjustment of opening balances and other currency adjustments relating to subsidiaries	50	-36		-29	-88	
		-9	**54**		**-21**	**-29**	
	Total other comprehensive income	**8**	**33**		**-17**	**-45**	
	Total comprehensive income	**1,885**	**1,774**		**914**	**871**	
	Earnings per Share (EPS)	8.86	8.23		4.39	4.33	
	Earnings per Share (EPS), diluted	8.84	8.18		4.38	4.31	

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Balance sheet

At 31 March

(Unaudited)

Consolidated	DKK million		
Note	31.03.17	31.03.16	30.09.16
Assets			
Acquired patents and trademarks etc.	591	518	468
Goodwill	1,772	834	844
Software	63	56	65
Prepayments and intangible assets in progress	32	30	20
Intangible assets	**2,458**	**1,438**	**1,397**
Land and buildings	1,065	988	1,089
Plant and machinery	1,150	914	1,075
Other fixtures and fittings, tools and equipment	350	316	344
Prepayments and property, plant and equipment under construction	363	499	417
Property, plant and equipment	**2,928**	**2,717**	**2,925**
Investment in associates	12	11	11
Deferred tax asset	489	412	495
Other receivables	16	15	15
Other non-current assets	**517**	**438**	**521**
Non-current assets	**5,903**	**4,593**	**4,843**
Inventories	**1,742**	**1,455**	**1,518**
Trade receivables	2,819	2,663	2,679
Income tax	55	196	37
Other receivables	250	331	312
Prepayments	170	128	126
Receivables	**3,294**	**3,318**	**3,154**
Amounts held in escrow	**796**	**634**	**457**
Marketable securities	**334**	**200**	**489**
Cash and cash equivalents	**442**	**402**	**546**
Current assets	**6,608**	**6,009**	**6,164**
Assets	**12,511**	**10,602**	**11,007**

Balance sheet

At 31 March

(Unaudited)

Consolidated		DKK million		
Note		31.03.17	31.03.16	30.09.16
	Equity and liabilities			
	Share capital	216	216	216
	Currency translation reserve	-51	-79	-78
	Reserve for currency hedging	-18	83	41
	Proposed dividend for the year	955	955	1,905
	Retained earnings	3,962	3,748	2,984
	Total equity	**5,064**	**4,923**	**5,068**
	Provisions for pensions and similar liabilities	219	178	236
	Provision for deferred tax	123	8	106
7	Other provisions	75	669	258
	Other payables	0	1	1
	Prepayments	48	42	29
	Non-current liabilities	**465**	**898**	**630**
	Provisions for pensions and similar liabilities	3	24	14
7	Other provisions	405	835	814
	Other credit institutions	2,662	25	222
	Trade payables	566	441	697
	Income tax	399	104	111
	Other payables	2,939	3,344	3,436
	Prepayments	8	8	15
	Current liabilities	**6,982**	**4,781**	**5,309**
	Current and non-current liabilities	**7,447**	**5,679**	**5,939**
	Equity and liabilities	**12,511**	**10,602**	**11,007**

8 Contingent liabilities
9 Acquisition

Statement of changes in equity

(Unaudited)

Consolidated DKK million	Share capital A shares	 B shares	Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2016/17							
Balance at 1.10.	18	198	-78	41	1,905	2,984	5,068
Comprehensive income:							
Net profit for the year					955	922	1,877
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements of defined benefit plans						22	22
Tax on remeasurements of defined benefit plans						-5	-5
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				-56			-56
Of which transferred to financial items				-20			-20
Tax effect of hedging				17			17
Currency adjustment of opening balances and other currency adjustments relating to subsidiaries			27			23	50
Total other comprehensive income	*0*	*0*	*27*	*-59*	*0*	*40*	*8*
Total comprehensive income	*0*	*0*	*27*	*-59*	*955*	*962*	*1,885*
Transactions with shareholders:							
Transfers					4	-4	0
Acquisition of treasury shares						-137	-137
Sale of treasury shares						142	142
Share-based payment						15	15
Dividend paid out in respect of 2015/16					-1,909		-1,909
Total transactions with shareholders	*0*	*0*	*0*	*0*	*-1,905*	*16*	*-1,889*
Balance at 31.03.	**18**	**198**	**-51**	**-18**	**955**	**3,962**	**5,064**

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Statement of changes in equity

(Unaudited)

Consolidated DKK million	Share capital A shares	 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 income statement:							
Remeasurements on defined benefit plans						-27	-27
Tax on remeasurements on 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 of opening balances and other currency adjustments relating to subsidiaries			-25			-11	-36
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
Acquisition of treasury shares						-62	-62
Sale of treasury shares						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**

Coloplast

Ostomy Care
Continence Care
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Urology Care

Cash flow statement

1 October - 31 March

(Unaudited)

Consolidated		DKK million	
		2016/17	2015/16
Note		6 mths	6 mths
	Operating profit	2,472	2,361
	Depreciation and amortisation	297	261
4	Adjustment for other non-cash operating items	-600	-1,865
5	Changes in working capital	-1,268	597
	Ingoing interest payments, etc.	10	11
	Outgoing interest payments, etc.	-98	-18
	Income tax paid	-255	-253
	Cash flows from operating activities	**558**	**1,094**
	Investments in intangible assets	-12	-10
	Investments in land and buildings	-11	-6
	Investments in plant and machinery	-24	-21
	Investments in property, plant and equipment under construction	-215	-190
	Property, plant and equipment sold	45	0
	Acquisition of operations	-1,144	0
	Net sales/(-purchase) of marketable securities	155	319
	Cash flow from investing activities	**-1,206**	**92**
	Free cash flow	**-648**	**1,186**
	Dividend to shareholders	-1,909	-1,696
	Acquisitions of treasury shares	-137	-62
	Sale of treasury shares	141	187
	Cash flows from financing activities	**-1,905**	**-1,571**
	Net cash flows	**-2,553**	**-385**
	Cash, cash equivalents and short-term debt with credit institutions at 1.10.	323	781
	Value adjustment of cash and bank balances	10	-19
	Net cash flows	-2,553	-385
6	**Cash, cash equivalents and short-term debt with credit institutions at 31.03.**	**-2,220**	**377**

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

Notes

(Unaudited)

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	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16
Segment revenue										
Ostomy Care	3,056	2,898	0	0	0	0	0	0	3,056	2,898
Continence Care	2,688	2,557	0	0	0	0	0	0	2,688	2,557
Urology Care	0	0	828	741	0	0	0	0	828	741
Wound & Skin Care	0	0	0	0	1,064	1,060	0	0	1,064	1,060
Group external revenue as per the Statement of comprehensive income	**5,744**	**5,455**	**828**	**741**	**1,064**	**1,060**	**0**	**0**	**7,636**	**7,256**
Segment operating profit/loss	3,443	3,270	321	270	382	402	-1,674	-1,581	2,472	2,361
Costs not included in segment operating profit/loss									0	0
Operating profit before tax as per the Statement of comprehensive income									**2,472**	**2,361**
Net financials									-35	-100
Tax of profit for the year									-560	-520
Profit/loss for the year as per the Statement of comprehensive income									**1,877**	**1,741**

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Notes

(Unaudited)

Consolidated		DKK million	
		2016/17	2015/16
2.	**Financial income**		
	Interest income	10	11
	Fair value adjustments of forward contracts transferred from Other comprehensive income	20	0
	Total	**30**	**11**
3.	**Financial expenses**		
	Interest expense	6	1
	Fair value adjustments of forward contracts transferred from Other comprehensive income	0	61
	Fair value adjustments of cash-based share options	0	1
	Net exchange adjustments	40	31
	Other financial expenses and fees	19	17
	Total	**65**	**111**
4.	**Adjustment for other non-cash operating items**		
	Net gain/loss on divestment of non-current assets	0	2
	Change in other provisions	-600	-1,867
	Total	**-600**	**-1,865**
5.	**Changes in working capital**		
	Inventories	-200	18
	Trade receivables	-59	-229
	Other receivables	-316	-739
	Trade and other payables etc.	-693	1,547
	Total	**-1,268**	**597**
6.	**Cash, cash equivalents and current debt with credit institutions**		
	Cash	1	1
	Short-term bank balances	441	401
	Cash and bank balances	**442**	**402**
	Short-term debt	-2,662	-25
	Total	**-2,220**	**377**

Notes

(Unaudited)

Consolidated

7. Other provisions

Product liability case regarding transvaginal surgical mesh products

The amounts are gross amounts relating to certain legal claims.

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

A multidistrict litigation (MDL) was formed in 2012 in Southern District of West Virginia to consolidate federal court cases in which Coloplast is the first named defendant.

Since the first lawsuits were filed, Coloplast has been intent on disputing the current and any future litigation, and has continually considered which strategy and other steps may serve the company's best interests.

Against this background, Coloplast has from the outset reached settlements with groups of law firms. This process was accelerated after Judge Joseph Goodwin several times ordered the parties involved to make substantial progress in the settlement process.

The total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA to DKK 5.25bn including legal costs (before insurance cover of DKK 0.5bn).

The total expense is based on a number of estimates and assumptions and is therefore subject to substantial uncertainty.

The remaining provision made for legal claims at 31 March 2017 amounted to DKK 0.5bn (30 September 2016: DKK 1.1bn) plus DKK 1.9bn recognised under other debt (30 September 2016: DKK 2.4bn). Liabilities are classified as other debt when settlements are reached and amounts and timing become known.

With reference to the prejudicial exemption in 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 lawsuits and settled claims.

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.

Notes

(Unaudited)

Consolidated

9. Acquisition

On 20 December 2016, Coloplast agreed to acquire all shares and voting rights of Comfort Medical, LLC. Comfort Medical, LLC is a US direct-to-consumer Durable Medical Equipment (DME) nationwide dealer of catheters and ostomy supplies. The acquisition is expected to expand Coloplast's footprint in the US market and enable the company to offer innovative products and services to a broader part of the US market, including through the CARE program. The acquisition also represents an opportunity for Coloplast to build closer relationships with end-users and to attract new users through Comfort Medical's business model of direct response advertising and physician referrals.

Comfort Medical is recognised in the consolidated income statement at a revenue of DKK 67m for the period. The pro forma effect on consolidated revenue for 2016/17, as if the company had been acquired on 1 October 2016, amounted to approximately DKK 120m.

	Preliminary fair value at date of acquisition (20.12.16) DKKm
Intangible assets	188
Property, plant and equipment	1
Other non-current assets	2
Receivables	46
Cash	2
Trade payables	-9
Other payables	-3
Net assets acquired	**227**
Goodwill	919
Total consideration paid for the company	**1,146**
Acquired cash and short-term debt	-2
Cash consideration	**1,144**

Intangible assets consist of customer lists (DKK 143m), trademarks (DKK 34m) and software (DKK11m).

Customer lists consist of access to Comfort Medical's existing customer base.

Trademarks represent the Comfort Medical brand and name, both associated with sales of catheters and ostomy supplies.

Trade receivables represent a gross amount of DKK 112m, implying that a DKK 66m writedown has been recognised.

After recognition at fair value of identifiable assets and liabilities, goodwill related to the acquisition amounts to DKK 919m, which is deductible for tax purposes. Goodwill expresses the synergies expected to be achieved from the broader geographical coverage of the US market, access to providing innovative products and services and the opportunity to attract new users through Comfort Medical's business model of direct response advertising and physician referrals.

Coloplast incurred transaction costs relating to the acquisition of approximately DKK 7m in the 2016/17 financial year, which amount was recognised in administrative expenses in the statement of comprehensive income.

The agreed consideration for the shares amounted to USD 160m, which amount fell due for payment on the date of acquisition.

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Income statement, quarterly

(Unaudited)

Consolidated

DKK million	2016/17 Q2	2016/17 Q1	2015/16 Q4	2015/16 Q3	2015/16 Q2	2015/16 Q1
Revenue	3,881	3,755	3,739	3,686	3,600	3,656
Production costs	-1,259	-1,175	-1,178	-1,174	-1,147	-1,150
Gross profit	**2,622**	**2,580**	**2,561**	**2,512**	**2,453**	**2,506**
Distribution costs	-1,077	-1,067	-1,017	-1,037	-1,036	-1,041
Administrative expenses	-153	-148	-138	-148	-140	-135
Research and development costs	-152	-138	-129	-132	-122	-126
Other operating income	13	8	12	10	13	7
Other operating expenses	-7	-9	-5	-4	-1	-17
Operating profit before special items	**1,246**	**1,226**	**1,284**	**1,201**	**1,167**	**1,194**
Special items	0	0	-750	0	0	0
Operating profit (EBIT)	**1,246**	**1,226**	**534**	**1,201**	**1,167**	**1,194**
Profit/loss after tax on investment in associates	0	0	-1	0	0	0
Financial income	-7	37	46	9	3	8
Financial expenses	-30	-35	-28	60	20	-131
Profit before tax	**1,209**	**1,228**	**551**	**1,270**	**1,190**	**1,071**
Tax on profit for the period	-278	-282	-127	-292	-274	-246
Net profit for the period	**931**	**946**	**424**	**978**	**916**	**825**
Earnings per Share (EPS) before special items	4.39	4.47	4.77	4.62	4.33	3.90
Earnings per Share (EPS)	4.39	4.47	2.00	4.62	4.33	3.90
Earnings per Share (EPS) before special items, diluted	4.38	4.46	4.75	4.60	4.31	3.87
Earnings per Share (EPS), diluted	4.38	4.46	2.00	4.60	4.31	3.87

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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 about 11,000 people.