Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Coloplast A/S
Holtedam 1
DK-3050 Humlebæk
Denmark

CVR no. 69749917

2016/17

Announcement of full-year financial results 2016/17

(1 October 2016 - 30 September 2017)

New long-term guidance and strategic update

- Coloplast presents a new long-term guidance for the LEAD20 strategy period. This new guidance is driven by changed market dynamics which create opportunities to accelerate growth. Furthermore, Coloplast intends to pursue inorganic growth opportunities to further strengthen our service offering to the consumer. Organic revenue growth guidance is maintained at 7-9% p.a. where the ambition is to reach the upper end of the interval. Consequently, the EBIT margin guidance is changed from a 50-100 basis point improvement p.a., to a guidance of delivering an EBIT margin of more than 30% at constant currencies.

Highlights

- Q4 organic growth was 8%, and reported revenue increased by 6% to DKK 3,980m in Q4. Full-year organic growth was 7%, and full-year reported revenue increased by 6% to DKK 15,528m. Full-year organic growth rates by business area were as follows: Ostomy Care 7%, Continence Care 7%, Urology Care 10% and Wound & Skin Care 4%.
- EBIT before special items was DKK 5,024m, up by 9% at constant exchange rates (before the one-off adjustment related to Veterans Affairs) and by 4% in DKK. The EBIT margin at constant exchange rates and before the DKK 90m one-off adjustment related to Veterans Affairs was 33%.
- The full-year net profit before special items was up by 2% to DKK 3,797m, and diluted earnings per share before special items were also up by 2% to DKK 17.87.
- The full-year free cash flow amounted to DKK 1,632m, DKK 793m lower than last year. Adjusted for payments made in connection with lawsuits alleging injury resulting from the use of transvaginal surgical mesh products and the acquisition of Comfort Medical, the underlying free cash flow was in line with last year's cash flow.
- ROIC after tax before special items was 47% against 49% last year.
- A new operational plan 'Global Operations Plan IV' is being launched as part of Coloplast's LEAD20 strategy. The plan is expected to lift the EBIT margin by 150bp and to take full effect from the start of the 2020/21 financial year.
- The Board of Directors recommends that the shareholders attending the general meeting to be held on 7 December 2017 approve a year-end dividend of DKK 10.5 per share. This brings the dividend paid for the year to DKK 15.0 per share, as compared with DKK 13.5 per share last year.

Financial guidance for 2017/18

- We expect organic revenue growth of ~7% at constant exchange rates and of 5-6% in DKK primarily due to the development in USD relative to DKK. The guidance includes a potential negative effect of DKK 100m due to the patent expiry of SpeediCath® standard catheters. The guidance also includes the effects of a comprehensive healthcare reform in Greece of DKK 100m, which is expected to impact all business areas, resulting in a price pressure of more than 1% in the year.
- We expect an EBIT margin of 31-32% at constant exchange rates and at ~31% in DKK. The EBIT margin guidance includes the impact of the above factors as well as investments in commercial activities of up to 2% of revenue.
- Capital expenditure is expected to be about DKK 700m and the effective tax rate is expected to be about 23%.

Conference call

Coloplast will host a conference call on 2 November 2017 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3271 1659, +44 (0)20 3427 1903 or +1 646 254 3388. Conference call reference number is 1711035. 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 - 30 September

(Unaudited)

Consolidated	DKK million			DKK million		
	2016/17	2015/16		2016/17	2015/16	
	12 mths	12 mths	Change	Q4	Q4	Change
Income statement						
Revenue	15,528	14,681	6%	3,980	3,739	6%
Research and development costs	-574	-509	13%	-138	-129	7%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	5,635	4,624	22%	1,479	669	N/A
Operating profit (EBIT) before special items	5,024	4,846	4%	1,319	1,284	3%
Special items	0	-750	N/A	0	-750	N/A
Operating profit (EBIT)	5,024	4,096	23%	1,319	534	N/A
Net financial income and expenses	-72	-13	N/A	13	18	-28%
Profit before tax	4,950	4,082	21%	1,330	551	N/A
Net profit for the year	3,797	3,143	21%	1,010	424	N/A
Revenue growth						
Period growth in revenue, %	6	6		6	3	
Growth break down:						
Organic growth, %	7	7		8	7	
Currency effect, %	-1	-1		-3	-4	
Acquired operations, %	1	0		1	0	
Other matters, %	-1	0		0	0	
Balance sheet						
Total assets	12,050	11,007	9%	12,050	11,007	9%
Capital invested	7,977	5,551	44%	7,977	5,551	44%
Equity end of period	5,952	5,068	17%	5,952	5,068	17%
Cash flow and investments						
Cash flow from operating activities	3,251	3,028	7%	1,583	1,326	19%
Cash flow from investing activities	-1,619	-603	N/A	-273	-544	-50%
Investments in property, plant and equipment, gross	-661	-627	5%	-259	-257	1%
Free cash flow	1,632	2,425	-33%	1,310	782	68%
Cash flow from financing activities	-1,863	-2,868	-35%	-119	35	N/A
Key ratios						
Average number of employees, FTEs	10,420	9,817				
Operating margin, EBIT, %	32	28		33	14	
EBIT margin before special items, %	32	33		33	34	
Operating margin, EBITDA, %	36	31		37	18	
Return on average invested capital before tax (ROIC), %[1]	61	63		59	66	
Return on average invested capital after tax (ROIC), %[1]	47	49		45	51	
Return on equity, %	77	69		74	35	
Equity ratio, %	49	46		49	46	
Net asset value per outstanding share, DKK	28	24	17%	28	24	17%
Share data						
Share price, DKK	511	514	-1%	511	514	-1%
Share price/net asset value per share	18.2	21.5	-15%	18.2	21.5	-15%
Average number of outstanding shares, millions	212.2	211.7	0%	212.3	211.6	0%
PE, price/earnings ratio	28.5	29.2	-2%	26.8	26.9	0%
Dividend per share, DKK[2]	15.0	13.5	11%			
Pay-out ratio, %[3]	83.8	76.7	9%			
Earnings per share (EPS), diluted	17.87	14.78	21%	4.75	2.00	N/A
Free cash flow per share	7.7	11.4	-32%	6.2	3.7	68%

1) This item is before Special items. After Special items, ROIC before tax is 74% (2015/16: 80%), and ROIC after tax is 57% (2015/16: 62%).
2) The figure shown for the 2016/17 financial year is the proposed dividend.
3) This item is before Special items. After Special items, pay-out ratio is 84% (2015/16: 91%)

Management's report

Sales performance

The full-year organic growth rate was 7%. Revenue in DKK was up by 6% to DKK 15,528m. Currency developments reduced revenue by 1% as GBP, among other currencies, depreciated against DKK. Revenue from acquisitions contributed 1%, resulting from the acquisition of US distributor Comfort Medical in December 2016. Other matters reduced revenue growth by 1% due to the DKK 90m one-off revenue adjustment made in the third quarter for sales to the U.S. Department of Veterans Affairs (Veterans Affairs) after Coloplast had identified incorrect management of contractual obligations relating to a 2009 contract with Veterans Affairs. The amount of DKK 90m related to continence care products and was deducted directly from Q3 revenue. The matter has not affected the organic growth rate for the reporting period.

Sales performance by business area

	DKK million		Growth composition					DKK million	Growth composition				
	2016/17 12 mths	2015/16 12 mths	Organic growth	Acquired operations	Exchange rates	Other matters	Reported growth	2016/17 Q4	Organic growth	Acquired operations	Exchange rates	Other matters	Reported growth
Ostomy Care	6,291	5,935	7%	1%	-2%	-	6%	1,597	7%	1%	-3%	-	5%
Continence Care	5,543	5,182	7%	2%	-2%	-	7%	1,424	7%	2%	-3%	-	6%
Urology Care	1,641	1,497	10%	-	0%	-	10%	390	7%	-	-3%	-	4%
Wound & Skin Care	2,143	2,067	4%	-	0%	-	4%	569	16%	-	-2%	-	14%
Other matters	-90	-	-	-	-	-1%	-1%	-	-	-	-	-	-
Net revenue	**15,528**	**14,681**	**7%**	**1%**	**-1%**	**-1%**	**6%**	**3,980**	**8%**	**1%**	**-3%**	**-**	**6%**

Sales performance by region

	DKK million		Growth composition					DKK million	Growth composition				
	2016/17 12 mths	2015/16 12 mths	Organic growth	Acquired operations	Exchange rates	Other matters	Reported growth	2016/17 Q4	Organic growth	Acquired operations	Exchange rates	Other matters	Reported growth
European markets	9,394	9,213	5%	-	-3%	-	2%	2,345	5%	-	-2%	-	3%
Other developed markets	3,642	3,177	8%	6%	1%	-	15%	948	7%	6%	-6%	-	7%
Emerging markets	2,582	2,291	13%	-	0%	-	13%	687	22%	-	-4%	-	18%
Other matters	-90	-	-	-	-	-1%	-1%	-	-	-	-	-	-
Net revenue	**15,528**	**14,681**	**7%**	**1%**	**-1%**	**-1%**	**6%**	**3,980**	**8%**	**1%**	**-3%**	**-**	**6%**

Ostomy Care

Ostomy Care generated 7% organic sales growth for the 2016/17 financial year, with revenue in DKK growing by 6% to DKK 6,291m. Revenue from acquisitions contributed 1% due to the acquisition of US distributor Comfort Medical. The portfolio of SenSura® products and the Brava® range of accessories were the main drivers of Ostomy Care sales growth. For the SenSura® portfolio, the UK, German and Chinese markets drove the sales performance. In Europe, the SenSura® Mio, including SenSura® Mio Convex, was the main growth driver. SenSura® Mio Convex was relaunched in April 2017 in response to strong demand and as a result of the capacity constraints occurring after the original launch late in 2015. The Brava® range of accessories produced a satisfactory sales performance in all markets, and especially in the USA, the UK, France and China. The Brava® Elastic Tape and the new Brava® Protective Seal were the main contributors within accessories. The Brava® Protective Seal is now available in 13 countries and feedback on the product remains positive. Sales of the Assura/Alterna® portfolios were satisfactory, driven mainly by the Emerging Markets region, including China and Argentina.

From a country perspective, Coloplast generated satisfactory growth in the UK, in part due to the positive performance by the Charter homecare business, and in China, driven by the satisfactory sales performance of the original Sensura® portfolio. Germany, France and Italy were also contributors to sales growth. Inventory reductions by large US distributors in the first quarter and a weaker momentum in the Dutch market had a negative impact on full-year sales growth.

Organic growth for the Q4 period was 7%, while revenue in DKK increased by 5% to DKK 1,597m. Revenue from acquisitions contributed 1% due to the acquisition of US distributor Comfort Medical. As in the first nine months of the financial year, the SenSura® portfolio and the Brava® range of accessories also contributed to performance in the fourth quarter. SenSura® Mio portfolio sales improved in the fourth quarter mainly due to a strong momentum in the UK and Germany, especially for the SenSura® Mio Convex product. Q4 sales growth in the Brava® range of accessories was driven by positive trends in the US and UK markets.

From a country perspective, the UK and the US were the main contributors. A weaker momentum in Brazil and the Netherlands had an adverse impact on Q4 sales growth.

The global market for ostomy care products is worth an estimated DKK 16-17bn with annual market growth forecast at 4-5%. Coloplast is the global market leader, holding a market share of 35–40%. The value of the ostomy accessories market is estimated at DKK 2-3bn with annual market growth of 6-8%. Coloplast currently holds 25-30% of the accessories market.

Continence Care

Continence Care generated full-year revenue of DKK 5,543m, an improvement of 7% organically and of 7% in DKK. Revenue from acquisitions contributed 2% due to the acquisition of US distributor Comfort Medical. Sales of SpeediCath® intermittent catheters and Peristeen® continued to drive growth in the continence care business. Sales of compact catheters in the US, French and UK markets lifted sales growth. The new SpeediCath® Flex also contributed to the Continence Care sales performance, especially in the US, UK, German and French markets. SpeediCath® Flex is now available in 14 countries, and feedback on the product is positive. Standard catheters also generated positive sales, due in part to the sales performance in the US market. Sales of urine bags and urisheaths were up slightly, although growing competition in the Dutch, UK and US markets weighed on performance. Peristeen® sales continued to grow at a fair rate, driven by good performances in Europe and the USA.

From a country perspective, the US and French markets were positive contributors to sales growth. Japan, South Korea and Australia all maintained good momentum, the performance being driven by enhanced reimbursement schemes for intermittent catheters introduced in 2016 and 2017, respectively. The Emerging Markets region was a strong contributor to full-year revenue growth, with Argentina, China and Russia as the main drivers. Inventory reductions by large US distributors in the first quarter and a weaker momentum in the Dutch market had a negative impact on full-year revenue growth.

Organic growth for the Q4 period was 7%, and revenue in DKK grew by 6% to DKK 1,424m. Revenue from acquisitions contributed 2% due to the acquisition of US distributor Comfort Medical. Organic growth was driven by SpeediCath® intermittent catheters and Peristeen®. Sales of compact catheters in the US, UK and French markets contributed to performance. In addition, SpeediCath® Flex was a positive contributor to Q4 growth, driven by Europe and the USA. Sales growth for standard catheters was driven by positive performances in the USA, Saudi Arabia and South Korea. China and France drove sales of urine bags and urisheaths, but the effect was offset by more competitive markets in the UK and the Netherlands.
Sales of Peristeen® improved in most markets, including in the UK, Italy and the USA.
From a country perspective, the USA, Saudi Arabia, China and the UK contributed favourably to growth. A weaker momentum in the Netherlands had a negative impact on sales growth.
The part of the continence care market Coloplast competes in is worth an estimated DKK 12-13bn, and annual market growth is estimated at 5-6%. Coloplast is the global market leader, with a market share of about 40%.

Urology Care

Urology Care products generated 10% organic sales growth for the 2016/17 financial year, with revenue in DKK also growing by 10% to DKK 1,641m. 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 generated strong revenue growth during the year and took market share following a competitor's decision to withdraw from the market. Growth in sales of disposable surgical products was supported by an increase in tender activity in Saudi Arabia and an improved momentum in Europe.
From a country perspective, the US market continued to drive growth in the urology care business, with France also contributing.

Organic growth, at 7% in the fourth quarter, was mainly driven by the strong sales performance of Altis® slings, Titan® implants and Restorelle® products in the US market. Growth in sales of disposable surgical products was supported by sales in Europe and by an increase in tender activity in Saudi Arabia. In the US market, Q4 sales growth was constrained by the impact Hurricane Harvey had on Florida, which is a large market for the urology care business.
From a country perspective, the US market drove growth in the urology care business, as it did in the first nine months of the financial year, but with Europe also contributing in the fourth quarter.

The part of the urology care market in which Coloplast products are represented is estimated to be worth DKK 11-12bn. Market growth is estimated at 3-5%. Coloplast holds about a 15% share of the combined global urology product market.

Wound & Skin Care

Full-year sales of wound and skin care products amounted to DKK 2,143m. The full-year organic growth rate was 4%, with sales growth in DKK also at 4%. The wound care business alone also generated 4% organic growth. Biatain® foam dressings continued to drive sales growth in the wound care business, especially Biatain® Silicone and Biatain® Super. Germany, China and Brazil were positive contributors to growth in Biatain® foam dressing sales. The Biatain® Silicone Sizes & Shapes product portfolio is now available in 21 countries, and feedback on the product has been positive. The Comfeel® Plus portfolio featuring a new and improved design and user experience has now been relaunched in 15 countries.

Contract production of Compeed® also contributed to full-year growth.
From a country perspective, a healthy momentum in Europe drove growth in the wound care business, with in particular Germany contributing to growth. In addition, the momentum improved in China during the year. Pricing reforms in Greece and France detracted from growth in the wound care business. The pricing reforms introduced in Greece and France early in the year resulted not only in lower prices, but also caused a shift in the product portfolio in Greece from Biatain® Silicone to products such as Biatain® Super. The US market drove sales growth in the skin care business.

Wound & Skin Care generated Q4 organic growth rates of 16% and the wound ware business in isolation generated 8% organic growth. Both Q4 and full-year wound care sales were driven by sales of Biatain® foam dressings. The sales increase was driven by favourable performances in Germany, Brazil and China. Sales of skin care products also improved in the fourth quarter, with growth driven by new customer contracts in the US market. From a country perspective, the Wound and skin care business generated double-digit growth rates in the US market and strong growth in both China and Brazil.

The global wound care segment Coloplast competes in is worth an estimated DKK 17-19bn with annual market growth of 2-4%. The market is defined as advanced wound care products, and Coloplast holds a market share of 7-9%. The global skin care segment Coloplast competes in is worth an estimated DKK 5-6bn with annual market growth of 4-5%. Coloplast holds about a 7-9% share of the combined global market for skin care products.

Gross Profit

Gross profit was up by 5% to DKK 10,571m from DKK 10,032m last year. The gross margin was 68%, which was in line with last year. The ongoing efficiency improvements and the relocation of SenSura® Mio and the Compeed contract production to Hungary contributed to lifting the gross margin. Wage inflation in Hungary, product mix and depreciation charges reduced the full-year gross margin. In addition, Coloplast incurred restructuring costs of about DKK 20m in the full-year reporting period in relation to the reduction of production employees in Denmark. At constant exchange rates, the gross margin was 68%, which is consistent with last year. Before the one-off revenue adjustment related to Veterans Affairs, the gross margin for the period was also 68%.
The Q4 gross profit was up by 6% to DKK 2,717m from DKK 2,561m in the Q4 2015/16 period. The Q4 gross margin was also 68% and in line with Q4 of last year. At constant exchange rates, both this year's and last year's Q4 gross margins were 69%.

Costs

Distribution costs amounted to DKK 4,371m, a DKK 240m increase from DKK 4,131m last year. Distribution costs amounted to 28% of revenue, which was unchanged from last year. The full-year distribution costs included sales and marketing initiatives, mainly for Wound Care, Urology Care in the USA and for Continence Care in Japan, Australia and South Korea.
The Q4 distribution costs amounted to DKK 1,111m, equal to 28% of revenue, against 27% in the same period of last year. The costs are stated inclusive of the sales and marketing initiatives mentioned.

The full-year administrative expenses amounted to DKK 623m, a DKK 62m increase from DKK 561m last year. The full-year increase was due to legal costs in respect of patent litigation and transaction costs of about DKK 7m relating to the Comfort Medical acquisition. Administrative expenses accounted for 4% of revenue, which was in line with last year.
The Q4 administrative expenses amounted to DKK 155m against DKK 138m in the year-earlier period. Accordingly, the Q4 administrative expenses amounted to 4% of revenue, which was in line with last year.

The full-year R&D costs were DKK 574m, a DKK 65m or 13% increase over the 2015/16 period that was due to a general increase in business activity. The full-year R&D costs amounted to 4% of revenue, compared with 3% in the same period of last year.
The Q4 R&D costs amounted to DKK 138m, which was DKK 9m higher than the Q4 2015/16 figure. Accordingly, R&D costs amounted to 3% of revenue, compared with 3% in the same period of last year.

Other operating income and other operating expenses amounted to a net income for the year of DKK 21m, against a net income of DKK 15m last year. Other operating income and other operating expenses for the Q4 period amounted to net income of DKK 6m, against net income of DKK 7m in Q4 2015/16.

Operating Profit (EBIT)

The full-year EBIT before special items was DKK 5,024m, a DKK 178m or 4% increase from DKK 4,846m last year, for an EBIT margin of 32%, against 33% last year. At constant exchange rates, adjusted for the DKK 90m one-off revenue adjustment related to Veterans Affairs, EBIT was up by 9% corresponding to an EBIT margin of 33%, which was consistent with last year's margin.

The Q4 EBIT before special items amounted to DKK 1,319m, resulting in an EBIT margin of 33%, against last year's Q4 EBIT of DKK 1,284m and EBIT margin of 34%. At constant exchange rates, the Q4 EBIT margin was 34%, against 35% in Q4 2015/16.

Financial items and tax

Financial items were a net expense of DKK 72m, compared to a net expense of DKK 13m last year. The change was due to foreign exchange adjustments, which amounted to a net expense of DKK 48m against DKK 0m in the same period last year. The DKK 48m net expense represents a currency hedging loss on BRL and ARS that was partly offset by a significant gain on hedging of GBP. The Q4 financial items were a net income of DKK 13m, compared to a net income of DKK 18m last year.

The tax rate was 23%, which was in line with last year. The tax expense amounted to DKK 1,153m against DKK 939m last year.

Net profit

The full-year net profit before special items was DKK 3,797m, a DKK 69m or 2% increase from DKK 3,728m last year. Before the one-off revenue adjustment related to Veterans Affairs, the net profit amounted to DKK 3,866m, while earnings per share before special items, diluted were also up by 2% to DKK 17.87.

The Q4 net profit before special items amounted to DKK 1,010m against DKK 1,009m in the Q4 2015/16 period. The Q4 net profit before special items was adversely affected by an increase in the effective tax rate relative to the year-earlier period. Earnings per share (EPS) before special items, diluted were DKK 4.75, which was unchanged from the Q4 2015/16 period.

Cash flow and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 3,251m, against DKK 3,028m last year. The increase was mainly due to the higher EBIT. During the financial year, a total of DKK 1.8bn was paid in connection with the lawsuits in the USA alleging injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence, bringing total payments made to date to DKK 4.2bn.

Investments

Coloplast made investments of DKK 685m compared with DKK 649m last year. The increase was due to investment in machinery to be used for new and existing products and for factory extension purposes. CAPEX accounted for 4% of revenue. The Comfort Medical acquisition was a DKK 1.1bn investment, and net sales of securities amounted to DKK 174m, DKK 144m more than last year. Total cash flows from investing activities were a DKK 1,619m outflow.

Free cash flow

The free cash flow was an inflow of DKK 1,632m against an inflow of DKK 2,425m last year. The reduction was primarily due to the Comfort Medical acquisition of DKK 1,144m in Q1. The amount was only partly offset by timing differences for payments made in connection with the lawsuits in the USA alleging injury resulting from the use of transvaginal surgical mesh products designed to treat pelvic organ prolapse and stress urinary incontinence. 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 4,079m against DKK 4,023m in 2015/16.

Capital resources

At 30 September 2017, Coloplast had interest-bearing net debt including securities of DKK 826m, against net cash funds including securities of DKK 813m at 30 September 2016. Liquidity outflows due to settlements in lawsuits in the USA 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 12,050m, total assets increased by DKK 1,043m relative to 30 September 2016.
Intangible assets amounted to DKK 2,295m, which was DKK 898m more than at 30 September 2016. The increase was mainly due to the Comfort Medical acquisition.
Property, plant and equipment increased by DKK 147m relative to 30 September 2016 to stand at DKK 3,072m.
Other non-current assets declined by DKK 32m from DKK 521m to DKK 489m.
As a result, non-current assets increased by a total of DKK 1,013m to DKK 5,856m.

Working capital was 25% of revenue, against 24% at 30 September 2016. Inventories increased by DKK 174m to DKK 1,692m in connection with the replenishment of inventories following back orders on urostomy bags and product launch preparations. Trade receivables were up by DKK 211m to DKK 2,890m, while trade payables were down by DKK 22m, or 3%, to DKK 675m relative to 30 September 2016.

During the financial year, Coloplast reached a number of additional agreements relating to lawsuits in the USA alleging injury resulting from the use of transvaginal surgical mesh products. In that connection, amounts held in escrow increased by DKK 74m net relative to 30 September 2016 to stand at DKK 531m. It is estimated that more than 95% of the known lawsuits in the USA have now been settled.

Security holdings amounted to DKK 315m, DKK 174m less than at the beginning of the financial year, while cash and cash equivalents were reduced by DKK 232m to stand at DKK 314m.
Current assets increased by DKK 30m relative to 30 September 2016 to stand at DKK 6,194m.

Equity
Equity increased by DKK 884m relative to 30 September 2016 to DKK 5,952m. Payment of dividends of DKK 2,864m and the net effect of treasury shares bought and sold of DKK 126m were offset by the comprehensive income for the period of DKK 3,772m and by share-based payments of DKK 34m and tax on equity entries of DKK 68m.

Share buy-backs
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, also for DKK 500m, was completed in July 2017.

Treasury shares
At 30 September 2017, Coloplast's holding of treasury shares consisted of 3,810,266 B shares, which was 450,310 fewer than at 30 September 2016. The holding was reduced due to the exercise of options for 1,378,320 shares, which was partly offset by 928,010 shares bought back.

Financial guidance for 2017/18

- We expect organic revenue growth of ~7% at constant exchange rates and of 5-6% in DKK, primarily due to the development in USD relative to DKK. The guidance includes a potential negative effect of DKK 100m due to the patent expiry of SpeediCath® standard catheters. The guidance also includes the effects of a comprehensive healthcare reform in Greece of DKK 100m, which is expected to impact all business areas, resulting in a price pressure of more than 1% in the year.
- We expect an EBIT margin of 31-32% at constant exchange rates and at ~31% in DKK. The EBIT margin guidance includes the effects of the above factors as well as investments in commercial activities of up to 2% of revenue.
- Capital expenditure is expected to be about DKK 700m.
- The effective tax rate is expected to be about 23%.

The financial guidance takes account of reforms with known effects. 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 facility during the 2017/18 financial year.

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

New long-term guidance and strategic update

Coloplast presents a new long-term guidance for the LEAD20 strategy period. This new guidance is driven by changed market dynamics which create opportunities to accelerate growth. Furthermore, Coloplast intends to pursue inorganic growth opportunities to further strengthen our service offering to the consumer.

- To achieve accelerated growth Coloplast will invest up to 2% of revenue per year in new investment cases. This includes, but is not limited to Emerging markets, the US and selected countries in Europe.
- Coloplast will pursue inorganic growth opportunities to strengthen the service offering directly towards consumers. Coloplast has built an industry leading consumer machine through Coloplast Care and Direct-to-consumer activities. Since acquiring Comfort Medical the appetite for moving closer to our consumers has increased and we see opportunities in several markets.

Organic revenue growth guidance is maintained at 7-9% p.a. where the ambition is to reach the upper end of the interval. Consequently, the EBIT margin guidance is changed from a 50-100 basis point improvement p.a., to a guidance of delivering an EBIT margin of more than 30% at constant currencies.

Other matters

New Global Operations Plan IV (GOP4)

A new Global Operations Plan IV (GOP4) is being introduced as part of the LEAD20 strategy for "Unparalleled Efficiency". Overall, GOP4 is to deliver EBIT margin improvements of about 150bp with full effect from the start of the 2020/21 financial year. With the launch of GOP4, Coloplast has resolved not to establish new production in Slovakia. Instead, Central America will be the target area for the next high-volume production facilities. As part of GOP4, it is Coloplast's intention to close the factory at Thisted, Denmark before the end of 2019/20. GOP4 will require strengthening of the organisation in Hungary and Central America and restructuring costs of approximately DKK 50m distributed over the 2018/19 and 2019/20 financial years.

SpeediCath® Flex Coudé in the USA

SpeediCath® Flex Coudé will be relaunched in the USA in a new design. The product is expected to be launched in 2017/18 in reimbursement category A4352, which has an average Medicare reimbursement of USD 6.60.

Certification to ISO/IEC 27001

Coloplast has been certified to ISO 27001 (Information Security Management), and has now strengthened its position in terms of organising the security of information assets, such as employee details, business processes and other data and to comply with the new European Global Data Protection Regulation (GDPR).

Timetable for dividend of DKK 10.50 per share

7 December 2017 – Declaration date
8 December 2017 – Ex-dividend date
11 December 2017 – Value date
12 December 2017 – Payment date

Proposal for changes to the composition of the Board of Directors

Mr Brian Petersen will not be seeking re-election to the Board of Directors. The Board of Directors intends to recommend to the shareholders in general meeting on 7 December 2017 that Carsten Hellmann be elected as a new member of the Board of Directors.

Curriculum Vitae for Carsten Hellmann (born 24 April 1964)

Mr Hellmann holds the following managerial positions:
President & CEO, ALK A/S

Work experience

2013-2016	CEO Merial/EVP & Member of the Executive Committee, Sanofi
2006-2013	EVP, Global Sales & Colors & Blends Division, Chr. Hansen
2005-2006	President & CEO, Nunc Group & Group VP Fischer Scientific Products, Nunc Group Int.
2000-2005	President & CEO, Nunc Group, Nunc Group Int.
1997-2000	EVP & COO, Pronosco
1996-1996	Sales & Marketing Director, Scandinavia, Synthelabo
1996-1996	Head of Business Intelligence & Strategic Alliances, Novo Nordisk
1995-1995	Head of Business Development & CNS Marketing, Novo Nordisk
1993-1994	International Sales & Marketing Manager, Plasma/Blood Products, Novo Nordisk
1992-1993	International Product Manager, Radiometer
1991-1992	Medical Product Specialist, Radiometer Medical

Educational background

BSc, Business Administration (Copenhagen Business School)
MSc, Information Management (Lancaster University Management School)

Carsten Hellmann is being recommended as a new member of the Board of Directors to support the Board's general management expertise as well as its expertise in the areas of sales, marketing and strategy.

Exchange rate exposure
Our financial guidance for the 2017/18 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 2016/17[1)]	853	674	2.41	744
Spot rate, 31 October 2017	845	639	2.39	744
Change in spot rate compared with the average exchange rate 2016/17	-1%	-5%	-1%	0%

1) Average exchange rate from 1 October 2016 to 30 September 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 2016/17)	Revenue	EBIT
USD	-330	-130
GBP	-240	-160
HUF	0	75

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.

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Coloplast A/S for the financial year 1 October 2016 – 30 September 2017.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In addition, the consolidated financial statements have been prepared in accordance with additional Danish disclosure requirements for listed companies. The Management's report is also presented in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2017 and of the results of the Group's operations and cash flows for the financial year 1 October 2016 – 30 September 2017.

In our opinion, the Management's report includes a fair account of the development and performance of the Group, the results for the year and of the financial position of the Group, together with a description of the principal risks and uncertainties that the Group and the parent company face.

Humlebæk, 2 November 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

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Statement of comprehensive income

1 October - 30 September

(Unaudited)

Consolidated		DKK million			DKK million		
		2016/17	2015/16		2016/17	2015/16	
Note		12 mths	12 mths	Index	Q4	Q4	Index
	Income statement						
1	Revenue	15,528	14,681	106	3,980	3,739	106
	Production costs	-4,957	-4,649	107	-1,263	-1,178	107
	Gross profit	**10,571**	**10,032**	**105**	**2,717**	**2,561**	**106**
	Distribution costs	-4,371	-4,131	106	-1,111	-1,017	109
	Administrative expenses	-623	-561	111	-155	-138	112
	Research and development costs	-574	-509	113	-138	-129	107
	Other operating income	46	42	110	15	12	125
	Other operating expenses	-25	-27	93	-9	-5	180
	Operating profit (EBIT) before special items	**5,024**	**4,846**	**104**	**1,319**	**1,284**	**103**
2	Special items	0	-750	-	0	-750	-
	Operating profit (EBIT)	**5,024**	**4,096**	**123**	**1,319**	**534**	**>100**
	Profit/loss after tax on investment in associates	-2	-1	>100	-2	-1	>100
3	Financial income	73	66	111	40	46	87
4	Financial expenses	-145	-79	184	-27	-28	96
	Profit before tax	**4,950**	**4,082**	**121**	**1,330**	**551**	**>100**
	Tax on profit for the period	-1,153	-939	123	-320	-127	>200
	Net profit for the period	**3,797**	**3,143**	**121**	**1,010**	**424**	**>100**
	Other comprehensive income						
	Items that will not be reclassified to income statement:						
	Remeasurements of defined benefit plans	29	-83		-4	-37	
	Tax on remeasurements of defined benefit plans	-8	20		-1	8	
		21	**-63**		**-5**	**-29**	
	Items that may be reclassified to income statement:						
	Value adjustment of currency hedging	70	99		25	37	
	Of which transferred to financial items	-52	-37		-32	-49	
	Tax effect of hedging	-4	-14		2	3	
	Currency adjustment of opening balances and other market value adjustments relating to subsidiaries	-74	-22		24	45	
	Tax effect of currency adjustment, assets in foreign currency	14	-1		14	-1	
		-46	**25**		**33**	**35**	
	Total other comprehensive income	**-25**	**-38**		**28**	**6**	
	Total comprehensive income	**3,772**	**3,105**		**1,038**	**430**	
	Earnings per Share (EPS) before special items	17.91	17.62		4.76	4.77	
	Earnings per Share (EPS)	17.91	14.85		4.76	2.00	
	Earnings per Share (EPS) before special items, diluted	17.87	17.53		4.75	4.75	
	Earnings per Share (EPS), diluted	17.87	14.78		4.75	2.00	

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Balance sheet

At 30 September

Consolidated	DKK million	
Note	30.09.17	30.09.16
Non-current assets		
Intangible assets	2,295	1,397
Property, plant and equipment	3,072	2,925
Investment in associates	10	11
Deferred tax asset	464	495
Other receivables	15	15
Total non-current assets	5,856	4,843
Current assets		
Inventories	1,692	1,518
Trade receivables	2,890	2,679
Income tax	36	37
Other receivables	264	312
Prepayments	152	126
Amounts held in escrow	531	457
Marketable securities	315	489
Cash and cash equivalents	314	546
Total current assets	**6,194**	**6,164**
Total assets	**12,050**	**11,007**

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Balance sheet

At 30 September

Consolidated		DKK million	
Note		30.09.17	30.09.16
	Equity		
	Share capital	216	216
	Currency translation reserve	-86	-78
	Reserve for currency hedging	55	41
	Proposed ordinary dividend for the year	2,228	1,905
	Retained earnings	3,539	2,984
	Total equity	5,952	5,068
	Liabilities		
	Non-current liabilities		
	Provisions for pensions and similar liabilities	213	236
	Provision for deferred tax	253	106
8	Other provisions	68	258
	Other payables	98	1
	Prepayments	41	29
	Total non-current liabilities	673	630
	Current liabilities		
	Provisions for pensions and similar liabilities	3	14
8	Other provisions	319	814
	Other credit institutions	1,358	222
	Trade payables	675	697
	Income tax	626	111
	Other payables	2,433	3,436
	Prepayments	11	15
	Total current liabilities	5,425	5,309
	Total liabilities	**6,098**	**5,939**
	Equity and liabilities	**12,050**	**11,007**

9 Contingent liabilities
10 Acquisition of operations

Coloplast

Statement of changes in equity

Consolidated DKK million	Share capital A shares	 B shares	Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2016/17							
Balance at 1.10.	18	198	-78	41	1,905	2,984	5,068
Comprehensive income:							
Net profit for the year					3,183	614	3,797
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements of defined benefit plans						29	29
Tax on remeasurements of defined benefit plans						-8	-8
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				70			70
Of which transferred to financial items				-52			-52
Tax effect of hedging				-4			-4
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries			-8			-66	-74
Tax effect of currency adjustment, assets in foreign currency						14	14
Total other comprehensive income	0	0	-8	14	0	-31	-25
Total comprehensive income	0	0	-8	14	3,183	583	3,772
Transactions with shareholders:							
Transfers					4	-4	0
Acquisition of treasury shares						-500	-500
Sale of treasury shares						373	373
Share-based payment						35	35
Tax on share-based payment, etc.						68	68
Interim dividend paid out in respect of 2016/17					-955		-955
Dividend paid out in respect of 2015/16					-1,909		-1,909
Total transactions with shareholders	0	0	0	0	-2,860	-28	-2,888
Balance at 30.9.	**18**	**198**	**-86**	**55**	**2,228**	**3,539**	**5,952**

Statement of changes in equity

Consolidated DKK million	Share capital A shares	 B shares	Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2015/16							
Balance at 1.10.	18	202	-54	-7	1,691	2,856	4,706
Comprehensive income:							
Net profit for the year					2,859	284	3,143
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements on defined benefit plans						-83	-83
Tax on remeasurements on defined benefit plans						20	20
Other comprehensive income that may be reclassified to profit or loss:							
Value adjustment of currency hedging				99			99
Of which transferred to financial items				-37			-37
Tax effect of hedging				-14			-14
Currency adjustment of opening balances and market value adjustments relating to subsidiaries			-24			2	-22
Tax effect of currency adjustment, assets in foreign currency						-1	-1
Total other comprehensive income	0	0	-24	48	0	-62	-38
Total comprehensive income	0	0	-24	48	2,859	222	3,105
Transactions with shareholders:							
Transfers					5	-5	0
Acquisition of treasury shares						-500	-500
Sale of treasury shares						282	282
Share-based payment						27	27
Tax on share-based payment, etc.						98	98
Reduction of share capital		-4				4	0
Interim dividend paid out in respect of 2015/16					-954		-954
Dividend paid out in respect of 2014/15					-1,696		-1,696
Total transactions with shareholders	0	-4	0	0	-2,645	-94	-2,743
Balance at 30.9.	**18**	**198**	**-78**	**41**	**1,905**	**2,984**	**5,068**

Cash flow statement

1 October - 30 September

Consolidated		DKK million	
		2016/17	2015/16
Note		12 mths	12 mths
	Operating profit	5,024	4,096
	Depreciation and amortisation	611	528
5	Adjustment for other non-cash operating items	-652	-2,271
6	Changes in working capital	-1,406	1,100
	Ingoing interest payments, etc.	73	29
	Outgoing interest payments, etc.	-4	-89
	Income tax paid	-395	-365
	Cash flows from operating activities	**3,251**	**3,028**
	Investments in intangible assets	-24	-22
	Investments in land and buildings	-126	-134
	Investments in plant and machinery	-75	-176
	Investments in property, plant and equipment under construction	-460	-317
	Property, plant and equipment sold	36	16
	Acquisition of operations	-1,144	0
	Net sales/purchase of marketable securities	174	30
	Cash flow from investing activities	**-1,619**	**-603**
	Free cash flow	**1,632**	**2,425**
	Dividend to shareholders	-2,864	-2,650
	Acquisitions of treasury shares	-500	-500
	Sale of treasury shares	374	282
	Financing from shareholders	-2,990	-2,868
	Drawdown on credit facilities	1,127	0
	Cash flows from financing activities	-1,863	-2,868
	Net cash flows	**-231**	**-443**
	Cash, cash equivalents and short-term debt with credit institutions at 1.10.	324	781
	Value adjustment of cash and bank balances	-10	-14
	Net cash flows	-231	-443
7	**Cash, cash equivalents and short-term debt with credit institutions at 30.9.**	**83**	**324**

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, applying their market contributions to earnings and allocating resources on that basis. The market contribution is defined as external revenue less the sum of direct production costs as well as distribution and marketing costs and administrative expenses. Costs are allocated directly to segments. Certain immaterial indirect costs are allocated systematically to the Shared/Non-allocated segment 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 do we allocate resource on this background. No single customer accounts for more than 10% of revenue.

Operating segments

	Chronic Care		Urology Care		Wound & Skin Care		Total	
DKK million	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16
Segment revenue								
Ostomy Care	6,291	5,935	0	0	0	0	6,291	5,935
Continence Care	5,453	5,182	0	0	0	0	5,453	5,182
Urology Care	0	0	1,641	1,497	0	0	1,641	1,497
Wound & Skin Care	0	0	0	0	2,143	2,067	2,143	2,067
Group external revenue as per the Statement of comprehensive income	**11,744**	**11,117**	**1,641**	**1,497**	**2,143**	**2,067**	**15,528**	**14,681**
Segment operating profit/loss	6,991	6,716	624	533	779	761	8,394	8,010
Shared/Non-allocated							-3,370	-3,164
Costs not included in segment operating profit/loss							0	-750
Operating profit before tax (EBIT) as per the Statement of comprehensive income							**5,024**	**4,096**
Net financials							-72	-13
Tax of profit/loss for the year							-1,153	-939
Income from investments in associates							-2	-1
Profit/loss for the year as per the Statement of comprehensive income							**3,797**	**3,143**

Notes

Consolidated		DKK million 2016/17	2015/16
2.	**Special items**		
	Provisions for litigation about transvaginal surgical mesh products	0	750
	Total	**0**	**750**

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

		2016/17	2015/16
3.	**Financial income**		
	Interest income	20	29
	Fair value adjustments of forward contracts transferred from Other comprehensive income	52	37
	Other financial income and fees	1	0
	Total	**73**	**66**
4.	**Financial expenses**		
	Interest expense	12	9
	Fair value adjustments of cash-based share options	0	1
	Net exchange adjustments	100	37
	Other financial expenses and fees	33	32
	Total	**145**	**79**
5.	**Adjustment for other non-cash operating items**		
	Net gain/loss on divestment of non-current assets	1	2
	Change in other provisions	-688	-2,299
	Other non-cash operating items	35	26
	Total	**-652**	**-2,271**
6.	**Changes in working capital**		
	Inventories	-193	-37
	Trade receivables	-243	-247
	Other receivables, including amounts held in escrow	-59	-539
	Trade and other payables etc.	-911	1,923
	Total	**-1,406**	**1,100**
7.	**Cash, cash equivalents and current debt with credit institutions**		
	Cash	1	1
	Short-term bank balances	313	545
	Cash and bank balances	**314**	**546**
	Short-term debt	-231	-222
	Total	**83**	**324**

Notes

Consolidated

8. 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 start reached settlements with groups of law firms. In June 2017, Judge Joseph Goodwin issued a court order stating that plaintiffs may no longer direct claims against Coloplast in the ongoing MDL. The court order is a further step towards closure and full resolution of the MDL.

The total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA amounts 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 uncertainty.

The remaining provision made for legal claims at 30 September 2017 amounted to DKK 0.4bn (30 September 2016: DKK 1.1bn) plus DKK 1.2bn recognised under other debt (30 September 2016: DKK 2.4bn). Liabilities are classified as other debt when agreements are reached with the plaintiffs' legal counsel 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.

9. Contingent liabilities

Other than as set out in Note 8 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

Consolidated

10. Acquisition

On 20 December 2016, Coloplast agreed to acquire all membership interest 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 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 176m and a net profit after tax of DKK 8m for the period. The pro forma effect on revenue for 2016/17, as if the company had been acquired on 1 October 2016, amounted to approximately DKK 229m. The pro forma effect on net profit after tax for 2016/17, as if the company had been acquired on 1 October 2016, amounted to approximately DKK 10m.

	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
Trade payables	-9
Other payables	-3
Net assets acquired	**225**
Goodwill	919
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.

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.

FIVE-YEAR FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK million	2016/17	2015/16	2014/15	2013/14	2012/13
Income statement					
Revenue	15.528	14.681	13.909	12.428	11.635
Research and development costs	-574	-509	-442	-390	-380
Operating profit before interest, tax, depreciation and amortisation	5.635	4.624	2.020	3.573	4.160
Operating profit (EBIT) before special items	5.024	4.846	4.535	4.147	3.672
Special items[1)]	0	-750	-3.000	-1.000	0
Operating profit (EBIT)	5.024	4.096	1.535	3.147	3.672
Net financial income and expenses	-72	-13	-289	46	-46
Profit before tax	4.950	4.082	1.245	3.191	3.625
Net profit for the year	3.797	3.143	899	2.390	2.711
Revenue growth					
Annual growth in revenue, %	6	6	12	7	6
Growth breakdown:					
Organic growth, %	7	7	7	9	7
Currency effect, %	-1	-1	5	-2	-1
Acquired operations, %	1	0	0	0	0
Other matters, %	-1	0	0	0	0
Balance sheet					
Total assets	12.050	11.007	10.817	10.379	9.564
Capital invested	7.977	5.551	4.702	6.088	6.320
Equity at year end	5.952	5.068	4.706	6.283	6.769
Cash flows and investments					
Cash flows from operating activities	3.251	3.028	3.337	3.149	3.136
Cash flows from investing activities	-1.619	-603	-468	-777	-159
Investment in property, plant and equipment, gross	-661	-627	-583	-505	-409
Free cash flow	1.632	2.425	2.869	2.372	2.977
Cash flows from financing activities	-1.863	-2.868	-2.963	-2.898	-3.430
Key ratios					
Average number of employees, FTEs	10.420	9.817	9.303	8.741	8.143
Operating margin, EBIT, %	32	28	11	25	32
EBIT margin before special items, %	32	33	33	33	32
Operating margin, EBITDA, %	36	31	15	29	36
Return on average invested capital before tax (ROIC), %[2)]	61	63	62	60	58
Return on average invested capital after tax (ROIC), %[2)]	47	49	48	49	44
Return on equity, %	77	69	16	37	42
Equity ratio, %	49	46	44	61	71
Net asset value per outstanding share, DKK	28	24	22	30	32
Per share data					
Share price	511	514	473	494	314
Share price/net asset value per share	18	21	22	17	10
Average number of outstanding shares, millions	212	212	211	211	211
PE, price/earnings ratio	29	29	111	44	24
Dividend per share, DKK[3)]	15,0	13,5	12,5	11,5	10,0
Pay-out ratio, %[4)]	84	77	82	77	78
Earnings per share (EPS), diluted	17,87	14,78	4,20	11,17	12,62
Free cash flow per share	8	11	14	11	13

1) Special items include costs of settlements and costs in connection with the lawsuits in the United Stated alleging injury resulting from the use of transvaginal surgical mesh products.

2) For the 2016/17, 2015/16, 2014/15 and 2013/14 financial years, this item is before special items. After special items, ROIC before tax is 74%/80%/28%/51%, and ROIC after tax is 57%/62%/21%/38%.

3) The figure shown for the 2016/17 financial year is the proposed dividend.

4) For the 2015/16, 2014/15 and 2013/14 financial years, this item is before special items. After special items, the pay-out ratio is 91%/294%/101%.

The key ratios have been calculated and applied in accordance with “Recommendations & Financial Ratios 2015” issued by the Danish Society of Financial Analysts.

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

Income statement, quarterly

(Unaudited)

Consolidated

DKK million	2016/17 Q4	2016/17 Q3	2016/17 Q2	2016/17 Q1	2015/16 Q4	2015/16 Q3	2015/16 Q2	2015/16 Q1
Revenue	3,980	3,912	3,881	3,755	3,739	3,686	3,600	3,656
Production costs	-1,263	-1,260	-1,259	-1,175	-1,178	-1,174	-1,147	-1,150
Gross profit	**2,717**	**2,652**	**2,622**	**2,580**	**2,561**	**2,512**	**2,453**	**2,506**
Distribution costs	-1,111	-1,116	-1,077	-1,067	-1,017	-1,037	-1,036	-1,041
Administrative expenses	-155	-167	-153	-148	-138	-148	-140	-135
Research and development costs	-138	-146	-152	-138	-129	-132	-122	-126
Other operating income	15	10	13	8	12	10	13	7
Other operating expenses	-9	0	-7	-9	-5	-4	-1	-17
Operating profit before special items	**1,319**	**1,233**	**1,246**	**1,226**	**1,284**	**1,201**	**1,167**	**1,194**
Special items	0	0	0	0	-750	0	0	0
Operating profit (EBIT)	**1,319**	**1,233**	**1,246**	**1,226**	**534**	**1,201**	**1,167**	**1,194**
Profit/loss after tax on investment in associates	-2	0	0	0	-1	0	0	0
Financial income	40	3	-7	37	46	9	3	8
Financial expenses	-27	-53	-30	-35	-28	60	20	-131
Profit before tax	**1,330**	**1,183**	**1,209**	**1,228**	**551**	**1,270**	**1,190**	**1,071**
Tax on profit for the period	-320	-273	-278	-282	-127	-292	-274	-246
Net profit for the period	**1,010**	**910**	**931**	**946**	**424**	**978**	**916**	**825**
Earnings per Share (EPS) before special items	4.76	4.29	4.39	4.47	4.77	4.62	4.33	3.90
Earnings per Share (EPS)	4.76	4.29	4.39	4.47	2.00	4.62	4.33	3.90
Earnings per Share (EPS) before special items, diluted	4.75	4.28	4.38	4.46	4.75	4.60	4.31	3.87
Earnings per Share (EPS), diluted	4.75	4.28	4.38	4.46	2.00	4.60	4.31	3.87

Ostomy Care
Continence Care
Wound & Skin Care
Urology Care

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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.