Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Coloplast A/S
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Denmark

Company reg. (CVR)
no. 69749917

2017/18

Announcement of full-year financial results 2017/18

(01 October 2017 - 30 September 2018)

Highlights

- Lars Rasmussen steps down as CEO of Coloplast A/S. The Board of Directors appoints Kristian Villumsen as new CEO of Coloplast A/S.
- Q4 organic growth was 8%, while revenue in DKK increased by 6% to DKK 4,234m. Full-year organic growth was also at 8%, while full-year revenue in DKK increased by 6% to DKK 16,449m. Currency developments reduced revenue by 4% for the full year and by 3% in the fourth quarter.
- Full-year organic growth rates by business area: Ostomy Care 9%, Continence Care 8%, Interventional Urology 10% and Wound & Skin Care 3%. Price pressure of up to 1% detracted from the full-year growth performance, driven in particular by the comprehensive healthcare reform implemented in Greece which has impacted all business areas.
- Chronic care continued the positive performance in the fourth quarter, as new products such as SenSura® Mio Convex and SpeediCath® Flex continued to drive performance. SenSura® Mio Concave has now been launched and is eligible for reimbursement in ten countries. The launch continues to go well, and Coloplast's new product segment has been well received in the market. 2018/19 will be another launch year and in Q1 Coloplast will launch the new SenSura® Mio Baby & Kids portfolio, setting a new standard for paediatric ostomy care products.
- The Interventional Urology business delivered 10% organic growth in the fourth quarter driven by the sales and marketing investments made in the US. The Wound Care business retained its good momentum in the fourth quarter, outperforming market growth and reporting 6% organic growth driven by China and Europe.
- As a consequence of the ambition to accelerate organic growth during the period to 2019/2020, incremental investments of up to 2% of revenue were made at the beginning of the financial year into innovation as well as sales and marketing initiatives.
- Full-year EBIT amounted to DKK 5,091m, a 1% increase in DKK, corresponding to an EBIT margin of 31%, compared to 32% in 2016/17. However, at constant exchange rates and adjusted for the one-off revenue adjustment relating to Veterans Affairs last year, EBIT was up by 4%, equal to an EBIT margin of 31% against 33% last year. Restructuring costs of about DKK 50m were incurred in the full-year reporting period in relation to the reduction of production staff in Denmark.
- Full-year ROIC after tax before special items was 44%.
- The Board of Directors recommends that the shareholders attending the general meeting to be held on 5 December 2018 approve a year-end dividend of DKK 11.00 per share. This brings the dividend paid for the year to DKK 16.00 per share, as compared with DKK 15.00 per share last year.

Financial guidance for 2018/19

- We expect organic revenue growth of ~8% at constant exchange rates. Reported growth in DKK is guidance at 8-9%.
- We expect an EBIT margin of 30-31% at constant exchange rates and a reported EBIT margin of ~31% in DKK. The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing purposes.
- Capital expenditure is expected to be DKK ~750m, and the effective tax rate is expected to be about 23%.

Conference call

Coloplast will host a conference call on 1 November 2018 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3515 8049, +44 (0)330 336 9127 or +1 323-794-2575. Conference call reference number is 5470238. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

Financial highlights and key ratios

1 October - 30 September

(Unaudited)

Consolidated	DKK million			DKK million		
	2017/18	2016/17		2017/18	2016/17	
	12 mths	12 mths	Change	Q4	Q4	Change
Income statement						
Revenue	16,449	15,528	6%	4,234	3,980	6%
Research and development costs	-640	-574	11%	-159	-138	15%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	5,716	5,635	1%	1,571	1,479	6%
Operating profit (EBIT)	5,091	5,024	1%	1,415	1,319	7%
Net financial income and expenses	-82	-72	14%	-51	13	N/A
Profit before tax	5,009	4,950	1%	1,364	1,330	3%
Net profit for the year	3,845	3,797	1%	1,039	1,010	3%
Revenue growth						
Period growth in revenue, %	6	6		6	6	
Growth break down:						
Organic growth, %	8	7		8	8	
Currency effect, %	-4	-1		-3	-3	
Acquired operations, %	1	1		1	1	
Other matters, %	1	-1		0	0	
Balance sheet						
Total assets	11,769	12,050	-2%	11,769	12,050	-2%
Capital invested	8,468	7,977	6%	8,468	7,977	6%
Net interest-bearing debt	754	826	-9%	754	826	-9%
Equity end of period	6,418	5,952	8%	6,418	5,952	8%
Cash flow and investments						
Cash flows from operating activities	4,361	3,251	34%	1,574	1,583	-1%
Cash flows from investing activities	-947	-1,619	-42%	-148	-273	-46%
Investments in property, plant and equipment, gross	-616	-661	-7%	-125	-259	-52%
Free cash flow	3,414	1,632	N/A	1,426	1,310	9%
Cash flows from financing activities	-3,430	-1,854	85%	-1,081	-119	N/A
Key ratios						
Average number of employees, FTEs	11,155	10,420				
Operating margin, EBIT, %	31	32		33	33	
Operating margin, EBITDA, %	35	36		37	37	
Return on average invested capital before tax (ROIC), % 1)	57	61		62	59	
Return on average invested capital after tax (ROIC), % 1)	44	47		48	45	
Return on equity, %	72	77		72	74	
Equity ratio, %	55	49		55	49	
Net asset value per outstanding share, DKK	30	28	7%	30	28	7%
Share data						
Share price, DKK	657	511	29%	657	511	29%
Share price/net asset value per share	21.7	18.2	19%	21.7	18.2	19%
Average number of outstanding shares, millions	212.2	212.2	0%	212.2	212.3	0%
PE, price/earnings ratio	36.2	28.5	27%	33.5	26.8	25%
Proposed dividend per share, DKK 2)	16.0	15.0	7%			
Pay-out ratio, %	88.3	83.8	5%			
Earnings per share (EPS), diluted	18.10	17.87	1%	4.89	4.75	3%
Free cash flow per share	16.1	7.7	N/A	6.7	6.2	8%

1) This item is before Special items. After Special items, ROIC before tax is 62% (2016/17: 74%), and ROIC after tax is 47% (2016/17: 57%).
2) The figure shown for the 2017/18 financial year is the proposed dividend.

Management's report

Sales performance

The full-year organic growth rate was 8%. Reported revenue in DKK was up by 6% to DKK 16,449m. Currency developments reduced revenue by 4% as especially the US dollar (USD) and the Argentine peso (ARS) depreciated against DKK. Revenue from acquisitions contributed 1%, resulting from the acquisitions of French distributor Lilial and German distributor IncoCare in Q2 2017/18 and of US distributor Comfort Medical in Q1 2016/17.

Other matters contributed 1%, as the reported revenue growth was based on low comparative numbers due to the DKK 90m one-off revenue adjustment made for sales to the U.S. Department of Veterans Affairs (Veterans Affairs) recognised in Q3 2016/17. The DKK 90m one-off revenue adjustment in Q3 2016/17 arose due to incorrect management of contractual obligations relating to a 2009 contract with Veterans Affairs. The amount related to continence care products and was deducted directly from Q3 2016/17 revenue. The matter did not affect organic growth for the period.

Q4 organic growth was 8%. Reported revenue in DKK was up by 6% to DKK 4,234m. Revenue from acquisitions contributed 1% due to acquisitions in the distribution channel. On the other hand, currency developments reduced revenue by 3%. The negative effect from currency developments in Q4 was due to a further drop in the value of ARS against DKK. The negative impact of currency developments was further amplified by the move to hyperinflationary accounting principles for ARS-denominated revenue. As the Argentine peso is now considered hyperinflationary, the full-year revenue must be adjusted for inflation and translated using the exchange rate at the balance sheet date (30 September 2018). The resulting correction for the full-year is reflected in the reported growth for Q4. The negative currency impact of the ARS depreciation was DKK 70m in the fourth quarter, of which DKK 45m was related to the move to hyperinflationary accounting principles. The full-year negative currency impact of ARS depreciation was DKK 120m, of which DKK 45m was related to the move to hyperinflationary accounting principles.

Sales performance by business area

	DKK million		Growth composition (12 mths)					DKK million	Growth composition (Q4)			
	2017/18 12 mths	2016/17 12 mths	Organic growth	Acquired operations	Exchange rates	Other matters	Reported growth	2017/18 Q4	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	6,643	6,291	9%	1%	-4%	-	6%	1,700	9%	1%	-4%	6%
Continence Care	5,926	5,543	8%	2%	-3%	-	7%	1,520	7%	3%	-3%	7%
Interventional Urology	1,740	1,641	10%	-	-4%	-	6%	432	10%	-	1%	11%
Wound & Skin Care	2,140	2,143	3%	0%	-3%	-	0%	582	4%	0%	-2%	2%
Other matters	-	(90)	-	-	-	1%	1%	-	-	-	-	0%
Net revenue	**16,449**	**15,528**	**8%**	**1%**	**-4%**	**1%**	**6%**	**4,234**	**8%**	**1%**	**-3%**	**6%**

Sales performance by region

	DKK million		Growth composition (12 mths)					DKK million	Growth composition (Q4)			
	2017/18 12 mths	2016/17 12 mths	Organic growth	Acquired operations	Exchange rates	Other matters	Reported growth	2017/18 Q4	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	9,941	9,394	5%	2%	-1%	-	6%	2,530	6%	2%	0%	8%
Other developed markets	3,791	3,642	11%	1%	-8%	-	4%	1,019	7%	-	0%	7%
Emerging markets	2,717	2,582	14%	-	-9%	-	5%	685	14%	-	-14%	0%
Other matters	-	(90)	-	-	-	1%	1%	-	-	-	-	0%
Net revenue	**16,449**	**15,528**	**8%**	**1%**	**-4%**	**1%**	**6%**	**4,234**	**8%**	**1%**	**-3%**	**6%**

Ostomy Care

Ostomy Care generated 9% organic sales growth for the 2017/18 financial year, with reported revenue in DKK growing by 6% to DKK 6,643m. Revenue from acquisitions contributed 1% due to acquisitions in the distribution channel.

The SenSura® Mio portfolio and the Brava® range of supporting products were the main drivers of sales growth. The European and US markets were the main drivers of the SenSura® Mio portfolio. At product level, the SenSura® Mio Convex was the main contributor to growth. The SenSura® Mio Concave is now available in ten countries, and feedback has been positive.

The SenSura® and Assura/Alterna® portfolios also produced satisfactory sales in the markets where they are being actively promoted, including in particular China and Brazil. The sales performance of the Brava® range of supporting products was driven especially by sales in the USA and China. The Brava® Elastic Tape and the new Brava® Protective Seal were the main contributors to growth.

From a country perspective, China, the UK and the US all contributed favourably to growth. The sales performance in the US market was supported by low comparative numbers caused by inventory reductions by large distributors in that market in the first quarter of last year.
On the other hand, reduced prices at distributor level in Greece resulting from a pricing reform implemented in October 2017 detracted from sales performance.

Organic growth for the Q4 period was 9%, while revenue in DKK increased by 6% to DKK 1,700m. Revenue from acquisitions contributed 1% due to acquisitions in the distribution channel. As in the first nine months of the financial year, the SenSura® Mio portfolio and the Brava® range of supporting products were also the main contributors to Q4 growth. The UK, German and US markets were the main drivers of sales growth in the SenSura® Mio portfolio. The SenSura® and Assura/Alterna® portfolios also both produced satisfactory Q4 sales. Q4 sales growth in the Brava® range of supporting products was driven by positive trends in the Chinese market in particular. From a country perspective, China and the UK were the main contributors to growth. Coloplast recognised revenue in the fourth quarter on shipments to Emerging Markets from a number of tenders won in the third quarter, but not delivered on. In addition, lower prices in the distribution channel in Greece detracted from Q4 performance due to the above-mentioned pricing reform implemented in October 2017.

The global market for ostomy care products is worth an estimated DKK 17-18bn with annual market growth forecast at 4-5%. Coloplast is the global market leader, holding a market share of 35–40%. The ostomy supporting products market is estimated at about DKK 2-3bn of the overall market for ostomy care products with annual market growth of 6-8%. Coloplast has grown its market share of the supporting products market from 25-35% to 30-35%.

Continence Care

Continence Care generated 8% organic sales growth for the 2017/18 financial year, with reported revenue in DKK growing by 7% to DKK 5,926m. Revenue from acquisitions contributed 2% due to acquisitions in the distribution channel. SpeediCath® intermittent catheters and Peristeen® continued to drive growth in the Continence Care business. Sales of SpeediCath® compact catheters contributed to growth driven especially by good momentum in the French, UK and US markets. The sales increase for SpeediCath® standard catheters was driven especially by the sales performance in the US. The anticipated negative effect of patent expiry for SpeediCath® standard catheters early in the reporting period remains limited. SpeediCath® Flex also contributed to driving Continence Care sales growth, especially in the US, UK, French and German markets.
The Peristeen® portfolio continued to show good results, with performance driven mainly by the US, French, UK and Italian markets. Higher sales in France and generally across the Emerging Markets region supported a positive sales performance for urine bags and urisheaths.

From a country perspective, the US, French and UK markets in particular drove sales performance. Sales growth in the US market was partly due to low comparative numbers as a result of inventory reductions by large distributors in that market last year. In addition, the upgrade to hydrophilic catheters continued to drive growth in the US market.
On the other hand, lower prices in the distribution channel in Greece resulting from a pricing reform implemented in October 2017 detracted from the full-year growth performance.

Organic growth for the Q4 period was 7%, and revenue in DKK also grew by 7% to DKK 1,520m. Revenue from acquisitions contributed 3% due to acquisitions in the distribution channel. As in the first nine months of the financial year, organic growth was driven by SpeediCath® intermittent catheters and Peristeen®. Sales of compact catheters in the French, German and UK markets contributed to performance. In addition, SpeediCath® Flex was also a positive contributor to Q4 growth, driven by Europe and the US. Growth in sales of SpeediCath® standard catheters was driven mainly by a positive performance in the US and generally across the Emerging Markets region.
From a country perspective, the French, UK and US markets contributed to growth in the fourth quarter, along with a number of countries in the Emerging Markets region. On the other hand, reduced prices at distributor level in Greece due to the above-mentioned pricing reform had a negative impact on sales growth.

Coloplast is the global market leader in the continence care market, with a market share of about 40%. The market is growing by 5-6% per year and is worth about DKK 13-14bn.

Interventional Urology

Interventional Urology generated 10% organic sales growth in the 2017/18 financial year, with reported revenue in DKK growing by 6% to DKK 1,740m. Growth was mainly driven by Titan® penile implants in the US market. Sales growth of disposable surgical products and, in particular, of endourological products, was driven by the French and German markets.

From a country perspective, the US market continued to drive growth in Interventional Urology as an effect of the sales and marketing initiatives taken in the US. France, Italy and the Middle East also contributed to growth.

Organic growth for the Q4 period was 10%, and revenue in DKK grew by 11% to DKK 432m. As in the first nine months of the financial year, the strong sales performance of Titan® penile implants in the US market was a main driver. From a country perspective, the US market drove growth in the Interventional Urology business.

The part of the urology market in which Coloplast operates is worth about DKK 11-12bn, and market growth is estimated at 3-5% per year. The world's fourth-largest manufacturer of interventional urology products Coloplast holds a market share of about 15% and continues to outgrow the market.

Wound & Skin Care

Wound & Skin Care generated 3% organic sales growth for the 2017/18 financial year, with reported revenue flat at DKK 2,140m.

The Wound Care business alone delivered 5% organic growth in the financial year. At product level, the Biatain® Silicone portfolio continued its satisfactory sales performance, driven by Europe and France in particular. The Biatain® Silicone Sizes & Shapes portfolio drove a significant part of the sales increase in Biatain® Silicone products. The positive sales performance of the upgraded Comfeel® Plus portfolio continued, driven in particular by the French, Australian and German markets.

From a country perspective, the sales performance of wound care products in China and France contributed to growth in the Wound & Skin Care business. Reduced prices and inventory reductions in the distribution channel in Greece resulting from a pricing reform implemented in October 2017 detracted from sales growth in the Wound & Skin Care business. At the same time, growth was also negatively impacted by a high comparison period for the Skin Care business in the US due to temporary customer contracts.

Wound & Skin Care generated Q4 organic growth rates of 4% with the Wound Care business alone accounting for 6%. Growth in Wound Care sales was driven by sales of Biatain® Silicone. From a country perspective, the Wound & Skin Care business saw good momentum in China, France and Germany whereas the sales performance was negatively impacted by the above-mentioned high comparative numbers of the Skin Care business in the US market in the year-earlier period. The Q4 sales performance was also impacted by reduced prices in Greece resulting from the above-mentioned pricing reform implemented in October 2017.

As in the preceding quarter, timing differences in Compeed contract manufacturing had a positive effect on Q4 sales. Johnson & Johnson's sale of the Compeed trademark to HRA Pharma had a negative impact on sales in the first six month of the financial year. The negative effects of the first-half timing differences were eliminated in the second half of the year.

The global wound care segment is worth an estimated DKK 18-20bn with annual market growth of 2-4%. The market is defined as advanced wound care products excluding the negative pressure wound therapy segment. Coloplast is the world's fifth-largest manufacturer of advanced wound care products, holding a market share of 7-9%.

The market for skin care products Coloplast competes in is estimated at DKK ~5bn, and market growth is forecast at 4-5%. Coloplast holds a market share of 7-9% in the Skin Care segment, which is mainly a US-based business.

Gross profit

Gross profit for the year was up by 5% to DKK 11,066m from DKK 10,571m last year. The gross margin was 67%, against 68% last year. When adjusted for the DKK 90m one-off revenue adjustment relating to Veterans Affairs in 2016/17, the gross margin at constant exchange rates was 68%, compared with 68% last year.

The ongoing production efficiency improvements, including the relocation of Biatain® Silicone and SenSura® Mio production to Hungary, had a positive effect on the gross margin. On the other hand, the gross margin was negatively impacted by the prod-

uct mix, restructuring costs and currency developments, especially due to the USD depreciating against DKK.
Restructuring costs for the period amounted to about DKK 50m, against DKK 20m last year. The cost increase was due to the final implementation of the plans to reduce the number of production staff in Denmark from 700 to 400 by the end of 2017/18 and the initial steps to close the factory at Thisted, Denmark in 2018/19.

The Q4 gross profit was up by 7% to DKK 2,895m from DKK 2,717m in the Q4 2016/17 period. The Q4 gross margin was 68% and in line with last year. At constant exchange rates, the Q4 gross margin was 68%, against 69% last year. Q4 restructuring costs amounted to DKK 20m, against DKK 5m in Q4 of last year.

Costs

Distribution costs amounted to DKK 4,721m, a DKK 350m increase from DKK 4,371m last year. Distribution costs amounted to 29% of revenue, compared with 28% last year. The higher distribution costs reflect an increase in investments in sales and marketing activities across a number of markets in Chronic Care, Wound Care and Interventional Urology. The Q4 distribution costs amounted to DKK 1,162m, equal to 27% of revenue, which was in line with last year.

Administrative expenses amounted to DKK 653m, against DKK 623m in 2016/17. Administrative expenses accounted for 4% of revenue, which was in line with last year. The Q4 administrative expenses amounted to DKK 162m against DKK 155m in the year-earlier period. The Q4 administrative expenses amounted to 4% of revenue, which was in line with Q4 2016/17.

The full-year R&D costs were DKK 640m, a DKK 66m (11%) increase over the 2016/17 period that was due to a general increase in business activity. R&D costs amounted to 4% of revenue, which was consistent with last year's percentage. The Q4 R&D costs amounted to DKK 159m, which was DKK 21m higher than the Q4 2016/17 figure. Accordingly, Q4 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 39m in 2017/18, against DKK 21m in 2016/17. The increase was mainly due to non-recurring income in Q1 from a settlement in a matter regarding the use of Interventional Urology patent rights. Other operating income and other operating expenses for the Q4 period amounted to net income of DKK 4m, against net income of DKK 6m in Q4 2016/17.

Operating profit (EBIT)

The full-year EBIT amounted to DKK 5,091m, a DKK 67m increase from DKK 5,024m last year. When adjusted for the DKK 90m one-off revenue adjustment relating to Veterans Affairs, EBIT was down by DKK 23m, for an EBIT margin of 31%, against 32% last year. However, at constant exchange rates and adjusted for the one-off revenue adjustment relating to Veterans Affairs, EBIT was up by 4%, equal to an EBIT margin of 31% against 33% last year.

The Q4 EBIT was DKK 1,415m, for an EBIT margin of 33%, against last year's Q4 EBIT of DKK 1,319m (EBIT margin of 33%). At constant exchange rates, the Q4 EBIT margin was 33%, against 34% in Q4 2016/17.

Financial items and tax

Financial items were a net expense of DKK 82m, compared to a net expense of DKK 72m last year. The net expense for the year was attributable to net currency adjustments reflecting currency losses on balance sheet items denominated in ARS and BRL that were partly offset by gains on currency hedges, especially of USD against DKK.
The Q4 financial items were a net expense of DKK 51m, compared with a net income of DKK 13m in the year-earlier period.

The tax rate was 23%, which was in line with last year. The tax expense amounted to DKK 1,164m against DKK 1,153m last year.

Net profit

Net profit for the full-year was DKK 3,845m, a DKK 48m (1%) increase from DKK 3,797m last year. Diluted earnings per share (EPS) improved by 1% to DKK 18.10. The net profit was down DKK 21m (1%) when adjusted for last year's one-off revenue adjustment relating to Veterans Affairs.

The Q4 net profit amounted to DKK 1,039m, against DKK 1,010m last year. The Q4 earnings per share (EPS), diluted, were up by 3% to DKK 4.89.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 4,361m, against DKK 3,251m last year. Most of the increase was due to a reduction in payments relative to 2016/17 in connection with settlements in lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products. Payments made in respect of the above-mentioned lawsuits in the US amounted to DKK 0.5bn in the financial year, bringing total payments to date to DKK 4.7bn.

Investments

Coloplast made net investments (CAPEX) of DKK 669m in 2017/18, compared with DKK 685m in 2016/17. As a result, CAPEX accounted for 4% of revenue. Capital investments made included the factory expansion at Nyírbátor, Hungary, and the acquisition of a plot in Costa Rica for the purpose of establishing new production facilities.

Total cash flows from investing activities was a DKK 947m outflow, against a DKK 1,619m outflow in 2016/17. The cash flow reduction was mainly due to the DKK 1,144m acquisition of Comfort Medical in the previous financial year, which was only partly offset by acquisitions of DKK 293m made in Q2 2017/18.

Free cash flow

As a result, the free cash flow was an inflow of DKK 3,414m against DKK 1,632m last year. Most of the increase was due to a reduction in cash flows for acquisitions and a decline in payments relative to 2016/17 in connection with settlements in lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products. Adjusted for payments made in connection with these lawsuits and acquisitions, the free cash flow was an inflow of DKK 4,058m against DKK 4,079m in 2016/17, equal to a 1% decrease, due to the reduced cash flows from buying and selling marketable securities.

Capital resources

At 30 September 2018, Coloplast had net interest-bearing debt, including securities, of DKK 754m, against DKK 826m at 30 September 2017. The net interest-bearing debt was raised to serve as a buffer cash holding in connection with payments made in connection with settlements in lawsuits in the US alleging injury resulting from the use of transvaginal surgical mesh products and for the acquisition of distribution businesses.

Statement of financial position and equity

Balance sheet

At DKK 11,769m, total assets decreased by DKK 281m relative to 30 September 2017. Intangible assets amounted to DKK 2,518m, which was DKK 223m more than at 30 September 2017. The increase was mainly attributable to the distribution companies acquired in Q2 2017/18. Property, plant and equipment increased by DKK 97m relative to 30 September 2017 to stand at DKK 3,169m. Other non-current assets amounted to DKK 492m, a DKK 3m increase. As a result, non-current assets increased by a total of DKK 323m to DKK 6,179m.

Working capital was 23% of revenue, against 25% at 30 September 2017. Inventories increased by DKK 33m to DKK 1,725m, while trade receivables were DKK 13m lower at DKK 2,877m. Trade payables increased by DKK 76m relative to 30 September 2017 to stand at DKK 751m.

Amounts held in escrow in connection with the lawsuits in the US alleging injury resulting from use of transvaginal surgical mesh products decreased by a net amount of DKK 519m from the start of the financial year to stand at DKK12m at 30 September 2018, as amounts held in escrow were released on receipt of confirmation from claimants waiving further claims in accordance with the agreed settlements. Management estimates that more than 95% of known lawsuits in the US have now been settled.

Security holdings amounted to DKK 310m, DKK 5m less than at the beginning of the financial year, while cash and cash equivalents were reduced by DKK 17m to stand at DKK 297m. Current assets decreased by a total of DKK 604m relative to 30 September 2017 to stand at DKK 5,590m.

Equity

Equity increased by DKK 466m relative to 30 September 2017 to DKK 6,418m. The full-year comprehensive income of DKK 3,714m, share-based remuneration of DKK 35m and tax on equity entries of DKK 51m were only partly offset by dividend payouts totalling DKK 3,288m and the net effect of treasury shares bought and sold of DKK 46m.

Share buy-backs

In 2017/18, Coloplast launched a DKK 1bn share buy-back programme running until the end of the 2018/19 financial year. The first part of the share buy-back programme of DKK 500m was completed in May 2018.

Treasury shares

At 30 September 2018, Coloplast's holding of treasury shares consisted of 3,633,430 B shares, which was 176,836 fewer than at 30 September 2017. The decline was due to the exercise of options for 1,116,140 shares, which was partly offset by a total of 939,304 shares bought back.

Financial guidance for 2018/19

- We expect organic revenue growth of ~8% at constant exchange rates. Reported growth in DKK is forecast at 8-9%.
- We expect an EBIT margin of 30-31% at constant exchange rates and at ~31% in DKK. The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing purposes.
- Capital expenditure is expected to amount to about DKK 750m.
- The effective tax rate is expected to be about 23%.

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

Also, the financial guidance assumes sustained and stable sales growth in Coloplast's core markets and a continuation of the successful roll-out of new products.

The EBIT margin guidance assumes that Coloplast, in addition to achieving its growth target, will continue to deliver scale economy and efficiency improvements.

The capital investments will boost production capacity for new and existing products and will provide for the construction of a new factory facility in Costa Rica, which is expected to be operational during the 2019/20 financial year.

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

Other matters

Lars Rasmussen steps down as CEO

After 30 years in Coloplast, of which 17 years in the Executive Management and 10 years as CEO, Lars Rasmussen has decided to step down as CEO of Coloplast A/S as of December 4th, 2018. Lars Rasmussen has been nominated by the Board of Directors to assume the role of Chairman of the Board of Directors of Coloplast A/S, succeeding Michael Pram Rasmussen who will not stand for re-election at the next Annual General Meeting on December 5th, 2018. The Board of Directors has appointed Kristian Villumsen, currently Executive Vice President, Chronic Care, as new CEO as of December 4th, 2018. The process to find a successor for Kristian Villumsen has been initiated.

Launch of SenSura® Mio Baby & Kids

The new SenSura® Mio Mio Baby & Kids portfolio is due to be launched in all core markets over the next 12 months. This new portfolio will set a new standard for paediatric ostomy care products, while further strengthening the SenSura® Mio product portfolio.

Accounting treatment of revenue in Argentina

Under the rules of IAS 29, the Argentinian economy must be treated as hyperinflationary for accounting purposes, because the accumulated three-year rate of inflation is above 100%. As a result, revenue denominated in ARS must be restated for inflation and translated at the exchange rate applying at the balance sheet date. The resulting full-year 2017/18 restatement is reflected in Q4 reported growth.

Timetable for dividend of DKK 11.00 per share

5 December 2018 – Declaration date
6 December 2018 – Ex-dividend date
7 December 2018 – Value date
10 December 2018 – Disbursement date

Exchange rate exposure
Our financial guidance for the 2018/19 financial year has been prepared on the basis of the following assumptions for the company's principal currencies:

DKK	GBP	USD	HUF
Average exchange rate 2016/17	853	674	2.41
Average exchange rate 2017/18	842	627	2.36
Change in average exchange rates for 2017/18 compared with the same period last year	-1%	-7%	-2%
Spot rate, 30 October 2018	839	657	2.30
Change in spot rates compared with average exchange rate 2017/18	0%	5%	-3%

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 2017/18)	Revenue	EBIT
USD	-330	-140
GBP	-250	-160
HUF	0	110

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 have today considered and approved the Annual Report of Coloplast A/S for the financial year 1 October 2017 – 30 September 2018.

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 2018 and of the results of the Group's operations and cash flows for the financial year 1 October 2017 – 30 September 2018.

Furthermore, 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, 1 November 2018

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	Carsten Hellmann
Birgitte Nielsen	Jette Nygaard-Andersen	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
Interventional Urology

Statement of comprehensive income

1 October - 30 September

(Unaudited)

Consolidated		DKK million			DKK million		
		2017/18	2016/17		2017/18	2016/17	
Note		12 mths	12 mths	Index	Q4	Q4	Index
	Income statement						
1	Revenue	16,449	15,528	106	4,234	3,980	106
	Production costs	-5,383	-4,957	109	-1,339	-1,263	106
	Gross profit	**11,066**	**10,571**	**105**	**2,895**	**2,717**	**107**
	Distribution costs	-4,721	-4,371	108	-1,162	-1,111	105
	Administrative expenses	-653	-623	105	-163	-155	105
	Research and development costs	-640	-574	111	-159	-138	115
	Other operating income	66	46	143	8	15	53
	Other operating expenses	-27	-25	108	-4	-9	44
	Operating profit (EBIT)	**5,091**	**5,024**	**101**	**1,415**	**1,319**	**107**
	Profit/loss after tax on investment in associates	0	-2	0	0	-2	0
2	Financial income	125	73	171	28	40	70
3	Financial expenses	-207	-145	143	-79	-27	>200
	Profit before tax	**5,009**	**4,950**	**101**	**1,364**	**1,330**	**103**
	Tax on profit for the period	-1,164	-1,153	101	-325	-320	102
	Net profit for the period	**3,845**	**3,797**	**101**	**1,039**	**1,010**	**103**
	Other comprehensive income						
	Items that will not be reclassified to income statement:						
	Remeasurements of defined benefit plans	30	29		10	-4	
	Tax on remeasurements of defined benefit plans	-5	-8		-2	-1	
		25	**21**		**8**	**-5**	
	Items that may be reclassified to income statement:						
	Value adjustment of currency hedging	-28	70		-3	25	
	Transferred to financial items	-89	-52		-2	-32	
	Tax effect of hedging	26	-4		1	2	
	Currency adjustment of opening balances and other market value adjustments relating to subsidiaries	-62	-74		21	24	
	Tax effect of currency adjustment, assets in foreign currency	-3	14		-49	14	
		-156	**-46**		**-32**	**33**	
	Total other comprehensive income	**-131**	**-25**		**-24**	**28**	
	Total comprehensive income	**3,714**	**3,772**		**1,015**	**1,038**	
	Earnings per Share (EPS)	18.12	17.91		4.90	4.76	
	Earnings per Share (EPS), diluted	18.10	17.87		4.89	4.75	

Balance sheet

At 30 September

Consolidated	DKK million	
Note	30.09.18	30.09.17
Non-current assets		
Intangible assets	2,518	2,295
Property, plant and equipment	3,169	3,072
Other equity investments	10	10
Deferred tax asset	460	464
Other receivables	22	15
Total non-current assets	6,179	5,856
Current assets		
Inventories	1,725	1,692
Trade receivables	2,877	2,890
Income tax	13	36
Other receivables	195	264
Prepayments	161	152
Amounts held in escrow	12	531
Marketable securities	310	315
Cash and cash equivalents	297	314
Total current assets	5,590	6,194
Total assets	**11,769**	**12,050**

Balance sheet

At 30 September

Consolidated		DKK million	
Note		30.09.18	30.09.17
	Equity		
	Share capital	216	216
	Currency translation reserve	-161	-86
	Reserve for currency hedging	-36	55
	Proposed ordinary dividend for the year	2,336	2,228
	Retained earnings	4,063	3,539
	Total equity	6,418	5,952
	Liabilities		
	Non-current liabilities		
	Provisions for pensions and similar liabilities	192	213
	Provision for deferred tax	282	253
7	Other provisions	49	68
	Lease liability	91	98
	Prepayments	29	41
	Total non-current liabilities	643	673
	Current liabilities		
	Provisions for pensions and similar liabilities	3	3
7	Other provisions	222	319
	Other credit institutions	1,262	1,358
	Trade payables	751	675
	Income tax	823	626
	Other payables	1,628	2,433
	Lease liability	8	0
	Prepayments	11	11
	Total current liabilities	4,708	5,425
	Total liabilities	**5,351**	**6,098**
	Total equity and liabilities	**11,769**	**12,050**

8 Contingent liabilities

9 Acquisitions of operations

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

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
2017/18							
Balance at 1.10.	18	198	-86	55	2,228	3,539	5,952
Comprehensive income:							
Net profit for the year					3,395	450	3,845
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements of defined benefit plans						30	30
Tax on remeasurements of defined benefit plans						-5	-5
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				-28			-28
Transferred to financial items				-89			-89
Tax effect of hedging				26			26
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries			-75			13	-62
Tax effect of currency adjustment, assets in foreign currency						-3	-3
Total other comprehensive income	0	0	-75	-91	0	35	-131
Total comprehensive income	0	0	-75	-91	3,395	485	3,714
Transactions with shareholders:							
Transfers					1	-1	0
Acquisition of treasury shares						-500	-500
Sale of treasury shares						454	454
Share-based payment						35	35
Tax on share-based payment, etc.						51	51
Interim dividend paid out in respect of 2017/18					-1,059		-1,059
Dividend paid out in respect of 2016/17					-2,229		-2,229
Total transactions with shareholders	0	0	0	0	-3,287	39	-3,248
Balance at 30.9.	**18**	**198**	**-161**	**-36**	**2,336**	**4,063**	**6,418**

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 on defined benefit plans						29	29
Tax on remeasurements on defined benefit plans						-8	-8
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				70			70
Transferred to financial items				-52			-52
Tax effect of hedging				-4			-4
Currency adjustment of opening balances and 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						374	374
Share-based payment						34	34
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**

Cash flow statement

1 October - 30 September

Note	Consolidated	DKK million 2017/18 12 mths	2016/17 12 mths
	Operating profit	5,091	5,024
	Depreciation and amortisation	625	611
4	Adjustment for other non-cash operating items	-82	-652
5	Changes in working capital	-422	-1,406
	Ingoing interest payments, etc.	101	73
	Outgoing interest payments, etc.	-78	-4
	Income tax paid	-874	-395
	Cash flows from operating activities	**4,361**	**3,251**
	Investments in intangible assets	-53	-24
	Investments in land and buildings	-90	-126
	Investments in plant and machinery	-99	-75
	Investments in property, plant and equipment under construction	-427	-460
	Property, plant and equipment sold	11	36
9	Acquisition of operations	-293	-1,144
	Net sales/purchase of marketable securities	4	174
	Cash flow from investing activities	**-947**	**-1,619**
	Free cash flow	**3,414**	**1,632**
	Dividend to shareholders	-3,288	-2,864
	Acquisitions of treasury shares	-500	-500
	Sale of treasury shares	454	374
	Financing from shareholders	-3,334	-2,990
	Drawdown on credit facilities	-96	1,136
	Cash flows from financing activities	**-3,430**	**-1,854**
	Net cash flows	**-16**	**-222**
	Cash and cash equivalents at 1.10.	314	546
	Value adjustment of cash and bank balances	-15	-10
	Cash and cash equivalents, acquisition of operations	14	0
	Net cash flows	-16	-222
6	**Cash and cash equivalents at 30.9.**	**297**	**314**

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, Interventional Urology and Wound & Skin Care.

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

Revenue for the 2016/17 comparative year in the operating segment Chronic Care included a one-off revenue adjustment of sales to the U.S. Department of Veterans Affairs, which had a DKK 90m negative impact on reported revenue from continence care products.

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

The 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, 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 and the reporting segments.

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

Operating segments

	Chronic Care		Interventional Urology		Wound & Skin Care		Total	
DKK million	**2017/18**	2016/17	**2017/18**	2016/17	**2017/18**	2016/17	**2017/18**	2016/17
Segment revenue								
Ostomy Care	6,643	6,291	0	0	0	0	6,643	6,291
Continence Care	5,926	5,453	0	0	0	0	5,926	5,453
Interventional Urology	0	0	1,740	1,641	0	0	1,740	1,641
Wound & Skin Care	0	0	0	0	2,140	2,143	2,140	2,143
External revenue as per the Statement of comprehensive income	**12,569**	**11,744**	**1,740**	**1,641**	**2,140**	**2,143**	**16,449**	**15,528**
Segment operating profit/loss	7,344	6,991	653	624	775	779	8,772	8,394
Shared/non-allocated							-3,681	-3,370
Operating profit before tax (EBIT) as per the Statement of comprehensive income							**5,091**	**5,024**
Net financials							-82	-72
Tax of profit/loss for the year							-1,164	-1,153
Income from investments in associates							0	-2
Profit/loss for the year as per the Statement of comprehensive income							**3,845**	**3,797**

Coloplast

Notes

Consolidated		DKK million	
		2017/18	2016/17
2.	**Financial income**		
	Interest income	10	20
	Fair value adjustments of forward contracts transferred from Other comprehensive income	89	52
	Hyperinflationary adjustment of monetary position	24	0
	Other financial income	2	1
	Total	**125**	**73**
3.	**Financial expenses**		
	Interest expenses	12	12
	Fair value adjustments of cash-based share options	1	0
	Net exchange adjustments	162	100
	Other financial expenses and fees	32	33
	Total	**207**	**145**
4.	**Adjustment for other non-cash operating items**		
	Net gain/loss on divestment of non-current assets	0	1
	Change in other provisions	-117	-688
	Other non-cash operating items	35	35
	Total	**-82**	**-652**
5.	**Changes in working capital**		
	Inventories	-88	-193
	Trade receivables	-26	-243
	Other receivables, including amounts held in escrow	552	-59
	Trade and other payables etc.	-860	-911
	Total	**-422**	**-1,406**
6.	**Cash and cash equivalents**		
	Cash	1	1
	Short term bank balances	296	313
	Total	**297**	**314**

Notes

Consolidated

7. Other provisions

Product liability case regarding transvaginal surgical mesh products

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 2018 amounted to DKK 0.2bn (30 September 2017: DKK 0.4bn) plus DKK 0.3bn recognised under other debt (30 September 2017: DKK 1.2bn). 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.

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

Group

9. Acquisitions

Coloplast made a number of aquisitions during the financial year. The fair values of the acquired net assets at the date of acquisition are shown in the table below.

	Fair value at date of acquisition		
DKK million	**Lilial**	**Other**	**Total**
Intangible assets	58	7	65
Property, plant and equipment	6	0	6
Inventories	16	0	16
Receivables	17	9	26
Deferred tax	-15	-2	-17
Trade payables	-31	-3	-34
Other payables	-14	-2	-16
Net assets acquired	**37**	**9**	**46**
Goodwill	218	29	247
Consideration, cash and debt-free	**255**	**38**	**293**
Acquired cash and short-term debt to credit institutions	10	4	14
Other interest-bearing debt	-5	-1	-6
Cash consideration	**260**	**41**	**301**
The cash consideration may be specified as follows:			
Paid in cash at date of acquisition	260	33	293
Fair value of contingent consideration	0	8	8
Cash consideration	**260**	**41**	**301**

Acquisition of Lilial

On 10 January 2018, Coloplast completed the acquisition of all shares and voting rights of Lilial. Lilial is a French-based direct-to-consumer home delivery company with nationwide distribution of catheter and ostomy supplies for the French market. The transaction will strengthen Coloplast's position and its service offering in France and will open for additional access to payers. Coloplast expects to continue to work with healthcare professionals and channel partners through the various consumer programs with the intent of improving overall end user outcomes.

Lilial is recognised in consolidated net revenue at DKK 132m and in consolidated profit after tax at DKK 7m. The pro forma effect on consolidated net revenue for 2017/18, as if the company had been acquired on 1 October 2017, amounts to approximately DKK 180m. The pro forma effect on consolidated profit after tax for 2017/18, as if the company had been acquired on 1 October 2017, amounts to approximately DKK 10m.

Intangible assets consist of customer lists (DKK 42m) and trademarks (DKK 16m). Customer lists consist of access to Lilial's existing customer base (users) and physicians lists. Trademarks consist of the Lilial trademark and name, which are both associated with sales of catheter and ostomy supplies. Receivables represent a gross amount of DKK 13m and have only been subject to insignificant writedowns.

Notes

Group

9. Acquisitions, continued

After recognition of identifiable assets and liabilities at fair value, goodwill related to the acquisition amounts to DKK 218m, which is not deductible for tax purposes. Goodwill expresses expected future earnings and includes synergies expected to be achieved from Coloplast's strengthened position and stronger product and service offering in the French market.

In 2017/18, Coloplast incurred transaction costs relating to the acquisition of approximately DKK 3m, which has been recognised in administrative expenses in the statement of comprehensive income.

The cash consideration for the shares amounted to EUR 35.0m, which fell due for payment on the date of acquisition. The cash consideration for the shares corresponds to a consideration of EUR 34.3m on a cash and debt-free basis, which is slightly lower than the estimated value indicated in company announcement no. 1/2018 (EUR 35.5m). The transaction was made on locked-box terms, pursuant to which a fixed cash consideration is agreed for the shares on conclusion of the agreement with no adjustment for debt and changes to working capital in the period until closing. As a result, the final consideration paid for the company on a cash and debt-free basis may differ from the estimated value prior to closing. The difference is mainly attributable to a shift between net working capital and net cash.

Other acquisitions

Other acquisitions made during the financial year are not considered to be material to the consolidated financial statements.

Five-year financial highlights and key ratios

DKK million	2017/18	2016/17	2015/16	2014/15	2013/14
Income statement					
Revenue	16,449	15,528	14,681	13,909	12,428
Research and development costs	-640	-574	-509	-442	-390
Operating profit before interest, tax, depreciation and amortisation	5,716	5,635	4,624	2,020	3,573
Operating profit (EBIT) before special items	5,091	5,024	4,846	4,535	4,147
Special items[1)]	0	0	-750	-3,000	-1,000
Operating profit (EBIT)	5,091	5,024	4,096	1,535	3,147
Net financial income and expenses	-82	-72	-13	-289	46
Profit before tax	5,009	4,950	4,082	1,245	3,191
Net profit for the year	3,845	3,797	3,143	899	2,390
Revenue growth					
Annual growth in revenue, %	6	6	6	12	7
Growth breakdown:					
Organic growth, %	8	7	7	7	9
Currency effect, %	-4	-1	-1	5	-2
Acquired operations, %	1	1	0	0	0
Other matters, %	1	-1	0	0	0
Balance sheet					
Total assets	11,769	12,050	11,007	10,817	10,379
Capital invested	8,468	7,977	5,551	4,702	6,088
Net interest-bearing debt	754	826	-813	-1,300	-1,490
Equity at year end	6,418	5,952	5,068	4,706	6,283
Cash flows and investments					
Cash flows from operating activities	4,361	3,251	3,028	3,337	3,149
Cash flows from investing activities	-947	-1,619	-603	-468	-777
Investments in property, plant and equipment, gross	-616	-661	-627	-583	-505
Free cash flow	3,414	1,632	2,425	2,869	2,372
Cash flows from financing activities	-3,430	-1,854	-2,868	-2,963	-2,898
Key ratios					
Average number of employees, FTEs	11,155	10,420	9,817	9,303	8,741
Operating margin, EBIT, %	31	32	28	11	25
EBIT margin before special items, %	31	32	33	33	33
Operating margin, EBITDA, %	35	36	31	15	29
Return on average invested capital before tax (ROIC), %[2)]	57	61	63	62	60
Return on average invested capital after tax (ROIC), %[2)]	44	47	49	48	49
Return on equity, %	72	77	69	16	37
Equity ratio, %	55	49	46	44	61
Net asset value per outstanding share, DKK	30	28	24	22	30
Per share data					
Share price, DKK	657	511	514	473	494
Share price/net asset value per share	22	18	21	22	17
Average number of outstanding shares, millions	212	212	212	211	211
PE, price/earnings ratio	36	29	29	111	44
Proposed dividend per share, DKK[3)]	16.0	15.0	13.5	12.5	11.5
Pay-out ratio, %[4)]	88	84	77	82	77
Earnings per share (EPS), diluted	18.10	17.87	14.78	4.20	11.17
Free cash flow per share	16	8	11	14	11

[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)] This item provided before special items. After special items, ROIC before tax is 62%/74%/80%/28%/51%, and ROIC after tax is 47%/57%/62%/21%/38%.
[3)] The figure shown for the 2017/18 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

Income statement, quarterly

(Unaudited)

Consolidated

DKK million	2017/18 Q4	2017/18 Q3	2017/18 Q2	2017/18 Q1	2016/17 Q4	2016/17 Q3	2016/17 Q2	2016/17 Q1
Revenue	4,234	4,225	4,035	3,955	3,980	3,912	3,881	3,755
Production costs	-1,339	-1,415	-1,340	-1,289	-1,263	-1,260	-1,259	-1,175
Gross profit	**2,895**	**2,810**	**2,695**	**2,666**	**2,717**	**2,652**	**2,622**	**2,580**
Distribution costs	-1,162	-1,205	-1,180	-1,174	-1,111	-1,116	-1,077	-1,067
Administrative expenses	-163	-182	-157	-151	-155	-167	-153	-148
Research and development costs	-159	-160	-163	-158	-138	-146	-152	-138
Other operating income	8	10	21	27	15	10	13	8
Other operating expenses	-4	-4	-16	-3	-9	0	-7	-9
Operating profit (EBIT)	**1,415**	**1,269**	**1,200**	**1,207**	**1,319**	**1,233**	**1,246**	**1,226**
Profit/loss after tax on investment in associates	0	0	0	0	-2	0	0	0
Financial income	28	19	37	41	40	3	-7	37
Financial expenses	-79	-55	-46	-27	-27	-53	-30	-35
Profit before tax	**1,364**	**1,233**	**1,191**	**1,221**	**1,330**	**1,183**	**1,209**	**1,228**
Tax on profit for the period	-325	-285	-273	-281	-320	-273	-278	-282
Net profit for the period	**1,039**	**948**	**918**	**940**	**1,010**	**910**	**931**	**946**
Earnings per Share (EPS)	4.90	4.47	4.32	4.43	4.76	4.29	4.39	4.47
Earnings per Share (EPS), diluted	4.89	4.47	4.32	4.42	4.75	4.28	4.38	4.46

Our mission
Making life easier for people
with intimate healthcare needs

Our values
Closeness... to better understand
Passion... to make a difference
Respect and responsibility... to guide us

Our vision
Setting the global standard
for listening and responding

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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, Continence Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,000 employees.