Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Q1 2018/19

Interim financial report, Q1 2018/19

(01 October 2018 - 31 December 2018)

Coloplast A/S
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DK-3050 Humlebaek,
Denmark

Company reg. (CVR)
no. 69749917

Solid start to the year, guidance for 2018/19 maintained

- Coloplast delivered 8% organic growth in the first quarter. Reported revenue in DKK was up by 9% to DKK 4,321m.
- Organic growth rates by business area: Ostomy Care 8%, Continence Care 8%, Interventional Urology 9% and Wound & Skin Care 11%.
- Solid growth across all geographical regions in particular Europe with 6% organic growth, driven by new product launches including SenSura® Mio Convex and SpeediCath® Flex.
- The Wound Care business delivered 10% organic growth in the first quarter driven by the Biatain® Silicone portfolio in Europe and in particular in the UK and France.
- The Interventional Urology business delivered 9% organic growth driven by sales and marketing investments in the US.
- Coloplast expands its SpeediCath® portfolio with the launch of SpeediCath® Navi, a hydrophilic catheter specifically designed for Emerging markets. The product will be launched during 2019 and 2020.
- 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 in the first quarter into innovation as well as sales and marketing initiatives across multiple markets and business areas.
- EBIT amounted to DKK 1,297m, an 8% increase in DKK, corresponding to an EBIT margin of 30%, compared to 31% in the same period last year. Restructuring costs of DKK 17m were included in the first quarter in connection with the reduction of production staff in Denmark.
- ROIC after tax before special items was 44% in the first quarter against 42% in the same period last year

Financial guidance for 2018/19

- We continue to expect organic revenue growth of ~8% at constant exchange rates and a reported growth in DKK of 8-9%.
- We continue to 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 still expected to be DKK ~750m, and we continue to expect the effective tax rate to be ~23%.

Conference call
Coloplast will host a conference call on 5 February 2019 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3272 7548, +44 (0) 203 0095709 or +1 646 787 1226. Conference call reference number is 8494716. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

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Financial highlights and key ratios

1 October - 31 December

(Unaudited)

Consolidated	DKK million 2018/19 Q1	2017/18 Q1	Change
Income statement			
Revenue	4,321	3,955	9%
Research and development costs	-181	-158	15%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	1,455	1,366	7%
Operating profit (EBIT)	1,297	1,207	8%
Net financial income and expenses	-10	14	N/A
Profit before tax	1,287	1,221	5%
Net profit for the year	991	940	5%
Revenue growth			
Period growth in revenue, %	9	5	
Growth break down:			
Organic growth, %	8	8	
Currency effect, %	0	-4	
Acquired operations, %	1	1	
Balance sheet			
Total assets	12,113	12,193	-1%
Capital invested	8,888	8,180	9%
Net interest-bearing debt	2,400	2,173	10%
Equity end of period	5,192	4,711	10%
Cash flow and investments			
Cash flows from operating activities	772	1,007	-23%
Cash flows from investing activities	-114	-188	-39%
Investments in property, plant and equipment, gross	-112	-189	-41%
Free cash flow	658	819	-20%
Cash flows from financing activities	-525	-625	-16%
Key ratios			
Operating margin, EBIT, %	30	31	
Operating margin, EBITDA, %	34	35	
Return on average invested capital before tax (ROIC), % [1)]	57	55	
Return on average invested capital after tax (ROIC), % [1)]	44	42	
Return on equity, %	68	71	
Equity ratio, %	43	39	
Net asset value per outstanding share, DKK	24	22	9%
Share data			
Share price, DKK	605	494	22%
Share price/net asset value per share	24.8	22.3	11%
Average number of outstanding shares, millions	212.4	212.3	0%
PE, price/earnings ratio	32.4	27.8	17%
Earnings per share (EPS), diluted	4.66	4.42	5%
Free cash flow per share	3.1	3.9	-21%

1) This item is before Special items. After Special items, ROIC before tax is 60% (2017/18: 59%), and ROIC after tax is 46% (2017/18: 46%).

Management's report

Sales performance

The organic growth rate was 8% in the first quarter of 2018/19. Reported revenue in DKK was up by 9% to DKK 4,321m. Currency developments reduced revenue by less than 1% due to the depreciation of the Argentinian Peso (ARS) and other emerging markets currencies against DKK, which was only partly offset by a favourable development in USD against DKK. Revenue from acquisitions contributed 1%, resulting from the acquisitions of French distributor Lilial and German distributor IncoCare in the second quarter of 2017/18.

As the Argentinian peso is considered hyperinflationary, the revenue must be adjusted for inflation and translated using the exchange rate at the balance sheet date (31 December 2018). The resulting correction is reflected in the impact from currency developments and is immaterial.

Sales performance by business area

	DKK million		Growth composition (3 mths)			
	2018/19 3 mths	2017/18 3 mths	Organic growth	Acquired operations	Exchange rates	Reported growth
Ostomy Care	1,736	1,613	8%	1%	-1%	8%
Continence Care	1,579	1,435	8%	3%	-1%	10%
Interventional Urology	479	434	9%	-	2%	11%
Wound & Skin Care	527	473	11%	1%	-1%	11%
Net revenue	**4,321**	**3,955**	**8%**	**1%**	**0%**	**9%**

Sales performance by region

	DKK million		Growth composition (3 mths)			
	2018/19 3 mths	2017/18 3 mths	Organic growth	Acquired operations	Exchange rates	Reported growth
European markets	2,605	2,392	6%	2%	1%	9%
Other developed markets	1,041	928	10%	-	2%	12%
Emerging markets	675	635	14%	-	-8%	6%
Net revenue	**4,321**	**3,955**	**8%**	**1%**	**0%**	**9%**

Ostomy Care

Ostomy Care generated 8% organic sales growth in the first quarter and reported revenue in DKK grew 8% to DKK 1,736m. Revenue from acquisitions contributed 1% due to acquisitions in the distribution channel.

The SenSura® Mio portfolio and the Brava® range of supporting products continued to be the main drivers of sales growth. At product level, SenSura® Mio Convex continues to be the main contributor to growth. SenSura® Mio Concave is now available in 14 countries, and feedback continues to be positive. The new SenSura® Mio Baby & Kids portfolio, setting a new standard for paediatric ostomy care products, has now been launched in 2 countries.

The SenSura® and Assura/Alterna® portfolios also delivered satisfactory sales growth 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 growth in China and the US. The Brava® Elastic Tape was the main contributor to growth.

From a country perspective, the UK, China and France were the key drivers of Ostomy Care sales growth.

Continence Care

Continence Care generated 8% organic sales growth in the first quarter, with reported revenue in DKK growing by 10% to DKK 1,579m. Revenue from acquisitions contributed 3% driven by 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 by good momentum in the French and US markets. The sales increase for SpeediCath® standard catheters was driven by the US and Saudi Arabia. SpeediCath® Flex also contributed nicely to Continence Care sales growth, especially in the US and across the European markets.
The Peristeen® portfolio continued to show good results driven by France and the US. The sales performance of urisheaths and urine bags also developed positively as a result of higher sales in France and the US.

From a country perspective, the US and French markets in particular drove sales performance. The upgrade to hydrophilic catheters continued to drive growth in the US market.

Interventional Urology

Interventional Urology generated 9% organic sales growth in the first quarter. Reported revenue in DKK grew 11% to DKK 479m.
Growth was mainly driven by Titan® penile implants and Altis® single incision slings in the US market driven by the commercial investments made last year. Sales of disposable surgical products also contributed positively to growth in the first quarter driven by Europe.

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.

Wound & Skin Care

Wound & Skin Care generated 11% organic sales growth in the first quarter and reported revenue in DKK grew by 11% to DKK 527m.

The Wound Care business alone delivered 10% organic growth in the first quarter. At product level, the Biatain® Silicone portfolio continued its satisfactory sales performance, driven by Europe, in particular France and UK. The Biatain® Silicone Sizes & Shapes portfolio accounted for a significant part of the sales increase in Biatain® Silicone products.

From a country perspective, France and the UK were the main contributors to the growth in the Wound Care business. Growth in the Wound Care business was also positively impacted by low comparative numbers in Greece due to inventory reductions among distributors last year following the pricing reform implemented in October 2017.

The growth in Wound & Skin Care was positively impacted by the low comparative numbers for Compeed contract manufacturing in the same period last year due to inventory reductions related to Johnson & Johnson's sale of the Compeed trademark to HRA Pharma.

The Skin Care business detracted from growth, despite good momentum, due to a strong comparison period driven by temporary customer contracts in the US in the comparison period.

Gross profit

Gross profit was up by 9% to DKK 2,903m from DKK 2,666m last year. The gross margin was 67% which was in line with last year. The gross margin includes a negative impact from currencies of less than 1%.

The gross margin was positively impacted by operating leverage driven by revenue growth as well as the ongoing efficiency improvements. The gross margin continues to be negatively impacted by product mix, salary inflation in Hungary, restructuring costs and acquisitions. Adjusted for currency and acquisitions, the underlying gross margin improved year-on-year.

Restructuring costs for the period amounted to DKK 17m, against DKK 3m last year. The increase was due to the planned closure of the factory at Thisted, Denmark during 2018/19. The plan for closing the factory are progressing faster than originally anticipated, we now estimate that total restructuring costs for 2018/19 will amount to approximately DKK 35m against the previous estimate of DKK 25m.

Costs

Distribution costs amounted to DKK 1,256m, a DKK 82m increase (7%) from DKK 1,174m last year. Distribution costs amounted to 29% of revenue, compared with 30% 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.

Administrative expenses amounted to DKK 182m, against DKK 151m in 2017/18. The increase of DKK 31m (21%) was mainly related to timing of expenses within IT and legal. Administrative expenses accounted for 4% of revenue, which was in line with last year.

The R&D costs were DKK 181m, a DKK 23m (15%) increase which was due to a general increase in R&D activities. R&D costs amounted to 4% of revenue, which was consistent with last year.

Other operating income and other operating expenses amounted to a net income of DKK 13m in the first quarter of 2018/19, against DKK 24m in 2017/18. The decrease was mainly due to non-recurring income last year from a settlement in a matter regarding the use of Interventional Urology patent rights.

Operating profit (EBIT)

EBIT amounted to DKK 1,297m, a DKK 90m (8%) increase from DKK 1,207m last year. The EBIT margin was 30% in the first quarter against 31% last year. The EBIT margin includes a negative impact from currencies of less than 1%.

Financial items and tax

Financial items were a net expense of DKK 10m, compared to a net income of DKK 14m last year. During the first quarter of 2018/19, currency hedges have resulted in a net expense of DKK 26m, mainly due to the appreciation of USD against DKK, which is offset by a net gain of DKK 14m on balance sheet items denominated in foreign currencies and a hyperinflationary adjustment of DKK 12m related to the accounting treatment of the Argentinian Peso. The net expense for the first quarter was attributable to bank charges and fees.

The tax rate was 23%, which was in line with last year. The tax expense amounted to DKK 296m against DKK 281m last year.

Net profit

Net profit for the first quarter of 2018/19 was DKK 991m, a DKK 51m (5%) increase from DKK 940m last year. Diluted earnings per share (EPS) improved by 5% to DKK 4.66 per share.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 772m, against DKK 1,007m last year. The decrease is mainly explained by an increase in tax payments due to lower tax deductions in connection with the payments made in respect of settlements in lawsuits in the USA alleging injury resulting from the use of transvaginal surgical mesh products.

Investments

Coloplast made net investments (CAPEX) of DKK 131m in the first quarter of 2018/19, compared with DKK 196m last year. As a result, CAPEX accounted for 3% of revenue in the period against 5% last year. The decline was mainly linked to timing of investments during the course of the fiscal year.

Total cash flows from investing activities was a DKK 114m outflow, against a DKK 188m outflow last year.

Free cash flow

As a result, the free cash flow was an inflow of DKK 658m against DKK 819m last year.

Capital resources

At 31 December 2018, Coloplast had net interest-bearing debt, including securities, of DKK 2,400m, against DKK 754m at 30 September 2018. The increase in net interest-bearing debt is due to the payment of dividends in December 2018.

Statement of financial position and equity

Balance sheet

At DKK 12,113m, total assets decreased by DKK 344m relative to 30 September 2018.

Working capital was 24% of revenue. Inventories increased by DKK 93m to DKK 1,818m and trade receivables increased DKK 17m to DKK 2,894m. Trade payables, on the other hand, decreased by DKK 115m relative to 30 September 2018 to stand at DKK 636m.

Equity

Equity decreased by DKK 1,226m relative to 30 September 2018 to DKK 5,192m. Payment of dividends amounting to DKK 2,336m was only partly offset by total comprehensive income for the period of DKK 1,068m, net effect of treasury shares bought and sold of DKK 33m and the share-based remuneration of DKK 9m.

Treasury shares

At 31 December 2018, Coloplast's holding of treasury shares consisted of 3,547,283 B shares, which was 86,147 fewer than at 30 September 2018. The decline was due to the exercise of share options.

In Q2 2018/19 the second part of the share buy-back programme equal to DKK 500m is expected to be launched, totalling DKK 1bn by the end of the 2018/19 financial year.

Financial guidance for 2018/19

- We continue to expect organic revenue growth of ~8% at constant exchange rates and reported growth in DKK of 8-9%.
- We continue to expect an EBIT margin of 30-31% at constant exchange rates and ~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 still expected to amount to DKK ~750m.
- The effective tax rate is still 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 increase 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

Organisational changes to Executive management and Board of Directors

As of December 4th, 2018, Kristian Villumsen was appointed new President & CEO by the Board of Directors following Lars Rasmussen's decision to step down as CEO and assume the role of Chairman of the Board of Directors of Coloplast A/S, succeeding Michael Pram Rasmussen who did not stand for re-election at the Annual General Meeting on December 5th. Following Kristian Villumsen's appointment as CEO, Paul Marcun was appointed as Kristian's successor and joined Coloplast's Executive Management as Executive Vice President, Chronic Care in mid-January 2019.

Following Paul's appointment, Coloplast's Executive Management as of mid-January consists of four members, Kristian Villumsen, President & CEO, Anders Lonning-Skovgaard, EVP & CFO, Allan Rasmussen, EVP Global Operations and Paul Marcun, EVP Chronic Care.

Launch of SpeediCath® Navi

Coloplast expands its SpeediCath® portfolio with the launch of SpeediCath® Navi, a single-use, hydrophilic coated catheter with a flexible tip and insertion grip for men. The catheter has been specifically developed for the Emerging market region and aims to raise the standard of care for catheter users in markets with lower reimbursement, while further strengthening the SpeediCath® product portfolio. SpeediCath® Navi will be launched during 2019 and 2020.

Remuneration and Nomination Committee

The Board of Directors established a Nomination and Remuneration Committee in December 2018 and elected the following members:

- Lars Rasmussen (Chairman, not independent)
- Niels Peter Louis Hansen (Member, not independent)
- Jette Nygaard-Andersen (Member, independent)

The Remuneration and Nomination Committee will assist the Board of Directors with oversight of a) the competence profile and composition of the Board of Directors, b) nomination of members of the Board of Directors, c) nomination of members of Board of Directors committees, d) oversight of the leadership pipeline, and e) the remuneration policy for the members of the Board of Directors and Executive Management and other tasks on an ad hoc basis as specifically decided by the Board.

The Committee will conduct three meetings annually. Please find the Committee Charter here: https://www.coloplast.com/investor-relations/corporate-governance/

Audit Committee – Election of new members

The Board of Directors has in December 2018 elected the following members to the Audit Committee:

- Jørgen Tang-Jensen (Chairman, independent)
- Lars Rasmussen (Member, not independent)
- Carsten Hellman (Member, independent)
- Birgitte Nielsen (Member, independent)

Global Operations Plan 4

The factory in Thisted is scheduled to close in June 2019 and the factory building was sold in Q1.

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 3M 2016/17	839	632	2.39
Average exchange rate 3M 2017/18	841	654	2.31
Change in average exchange rates for 2018/19 compared with the same period last year	0%	3%	-3%
Average exchange rate 2017/18[1)]	842	627	2.36
Spot rate, 31 January 2019	853	649	2.37
Estimated average exchange rate 2018/19[2)]	850	650	2.36
Change in estimated average exchange rates compared with average exchange rate 2017/18	1%	4%	0%

1) Average exchange rates for 2017/18 are from 1 October 2017 to 28 September 2018.
2) Estimated average exchange rates are calculated as the average exchange rates for Q1 combined with the spot rates at 31 January 2019.

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.

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Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the interim report of Coloplast A/S for the period 1 October 2018 – 31 December 2018. The interim report, which has neither been audited nor reviewed by the company's auditors, is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's operations and cash flows for the period 1 October 2018 – 31 December 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 period and of the financial position of the Group. Other than as set forth in the interim report, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the annual report for 2017/18.

Humlebæk, 5 February 2019

Executive Management:

Kristian Villumsen
President, CEO

Anders Lonning-Skovgaard
Executive Vice President, CFO

Allan Rasmussen
Executive Vice President, Global Operations

Paul Marcun
Executive Vice President, Chronic Care

Board of Directors:

Lars Rasmussen
Chairman

Niels Peter Louis-Hansen
Deputy Chairman

Carsten Hellmann

Birgitte Nielsen

Jette Nygaard-Andersen

Jørgen Tang-Jensen

Thomas Barfod
Elected by the employees

Roland Vendelbo Pedersen
Elected by the employees

Nikolaj Kyhe Gundersen
Elected by the employees

Tables

The financial figures are unaudited

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Statement of comprehensive income

1 October - 31 December

(Unaudited)

Consolidated		DKK million		
		2018/19	2017/18	
Note		Q1	Q1	Index
	Income statement			
1	Revenue	4,321	3,955	109
	Production costs	-1,418	-1,289	110
	Gross profit	**2,903**	**2,666**	**109**
	Distribution costs	-1,256	-1,174	107
	Administrative expenses	-182	-151	121
	Research and development costs	-181	-158	115
	Other operating income	16	27	59
	Other operating expenses	-3	-3	100
	Operating profit (EBIT)	**1,297**	**1,207**	**108**
2	Financial income	28	41	68
3	Financial expenses	-38	-27	141
	Profit before tax	**1,287**	**1,221**	**105**
	Tax on profit for the period	-296	-281	105
	Net profit for the period	**991**	**940**	**105**
	Other comprehensive income			
	Items that will not be reclassified to income statement:			
	Remeasurements of defined benefit plans	2	-4	
	Tax on remeasurements of defined benefit plans	0	1	
		2	**-3**	
	Items that may be reclassified to income statement:			
	Value adjustment of currency hedging	9	31	
	Transferred to financial items	26	-37	
	Tax effect of hedging	-8	1	
	Currency adjustment of opening balances and other market value adjustments relating to subsidiaries	48	-20	
		75	**-25**	
	Total other comprehensive income	**77**	**-28**	
	Total comprehensive income	**1,068**	**912**	
	Earnings per Share (EPS)	4.67	4.43	
	Earnings per Share (EPS), diluted	4.66	4.42	

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Balance sheet

At 31 December

(Unaudited)

Consolidated		DKK million	
Note	31.12.18	31.12.17	30.09.18
Non-current assets			
Intangible assets	2,516	2,248	2,518
Property, plant and equipment	3,175	3,134	3,169
Other equity investments	10	10	10
Deferred tax asset	462	464	460
Other receivables	21	15	22
Total non-current assets	6,184	5,871	6,179
Current assets			
Inventories	1,818	1,686	1,725
Trade receivables	2,894	2,755	2,877
Income tax	22	38	13
Other receivables	204	278	195
Prepayments	180	160	161
Amounts held in escrow	74	584	12
Marketable securities	305	316	310
Cash and cash equivalents	432	505	297
Total current assets	5,929	6,322	5,590
Total assets	**12,113**	**12,193**	**11,769**

Balance sheet

At 31 December

(Unaudited)

Consolidated		DKK million		
Note		31.12.18	31.12.17	30.09.18
	Equity			
	Share capital	216	216	216
	Currency translation reserve	-126	-95	-161
	Reserve for currency hedging	-9	50	-36
	Proposed ordinary dividend for the year	0	0	2,336
	Retained earnings	5,111	4,540	4,063
	Total equity	5,192	4,711	6,418
	Liabilities			
	Non-current liabilities			
	Provisions for pensions and similar liabilities	191	221	192
	Provision for deferred tax	284	253	282
7	Other provisions	43	44	49
	Lease liability	92	99	91
	Prepayments	30	39	29
	Total non-current liabilities	640	656	643
	Current liabilities			
	Provisions for pensions and similar liabilities	3	3	3
7	Other provisions	173	283	222
	Other credit institutions	3,039	2,895	1,262
	Trade payables	636	550	751
	Income tax	368	356	823
	Other payables	2,047	2,730	1,628
	Lease liability	6	0	8
	Prepayments	9	9	11
	Total current liabilities	6,281	6,826	4,708
	Total liabilities	**6,921**	**7,482**	**5,351**
	Total equity and liabilities	**12,113**	**12,193**	**11,769**

8 Contingent liabilities

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Statement of changes in equity

(Unaudited)

Consolidated DKK million	Share capital A shares	 B shares	Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2018/19							
Balance at 1.10.	18	198	-161	-36	2,336	4,063	6,418
Comprehensive income:							
Net profit for the year						991	991
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements of defined benefit plans						2	2
Tax on remeasurements of defined benefit plans						0	0
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				9			9
Transferred to financial items				26			26
Tax effect of hedging				-8			-8
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries			35			13	48
Total other comprehensive income	0	0	35	27	0	15	77
Total comprehensive income	0	0	35	27	0	1,006	1,068
Transactions with shareholders:							
Sale of treasury shares						33	33
Share-based payment						9	9
Dividend paid out in respect of 2017/18					-2,336		-2,336
Total transactions with shareholders	0	0	0	0	-2,336	42	-2,294
Balance at 31.12.	**18**	**198**	**-126**	**-9**	**0**	**5,111**	**5,192**

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Statement of changes in equity

(Unaudited)

Consolidated DKK million	Share capital A shares	 B shares	Currency translation reserve	Reserve for currency hedging	Proposed dividend	Retained earnings	Total equity
2017/18							
Balance at 1.10.	18	198	-86	55	2,228	3,539	5,952
Comprehensive income:							
Net profit for the year						940	940
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements on defined benefit plans						-4	-4
Tax on remeasurements on defined benefit plans						1	1
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				31			31
Transferred to financial items				-37			-37
Tax effect of hedging				1			1
Currency adjustment of opening balances and market value adjustments relating to subsidiaries			-9			-11	-20
Total other comprehensive income	0	0	-9	-5	0	-14	-28
Total comprehensive income	0	0	-9	-5	0	926	912
Transactions with shareholders:							
Transfers					2	-2	0
Sale of treasury shares						68	68
Share-based payment						9	9
Dividend paid out in respect of 2015/16					-2,230		-2,230
Total transactions with shareholders	0	0	0	0	-2,228	75	-2,153
Balance at 31.12.	**18**	**198**	**-95**	**50**	**0**	**4,540**	**4,711**

Coloplast

Cash flow statement

1 October - 31 December

(Unaudited)

Consolidated		DKK million	
		2018/19	2017/18
Note		3 mths	3 mths
	Operating profit	1,297	1,207
	Depreciation and amortisation	158	159
4	Adjustment for other non-cash operating items	-50	-51
5	Changes in working capital	166	226
	Ingoing interest payments, etc.	2	41
	Outgoing interest payments, etc.	-37	-21
	Income tax paid	-764	-554
	Cash flows from operating activities	**772**	**1,007**
	Investments in intangible assets	-19	-7
	Investments in land and buildings	-1	-3
	Investments in plant and machinery	-9	-13
	Investments in property, plant and equipment under construction	-102	-173
	Property, plant and equipment sold	11	9
	Net sales/purchase of marketable securities	6	-1
	Cash flow from investing activities	**-114**	**-188**
	Free cash flow	**658**	**819**
	Dividend to shareholders	-2,336	-2,230
	Sale of treasury shares	34	68
	Financing from shareholders	-2,302	-2,162
	Drawdown on credit facilities	1,777	1,537
	Cash flows from financing activities	**-525**	**-625**
	Net cash flows	**133**	**194**
	Cash and cash equivalents at 1.10.	297	314
	Value adjustment of cash and bank balances	2	-3
	Net cash flows	133	194
6	**Cash and cash equivalents at 31.12.**	**432**	**505**

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

Notes

(Unaudited)

Consolidated

1. Segment information

Operating segments

The operating segments are defined on the basis of the monthly reporting to the Executive Management, which is considered the senior operational management, and the management structure. Reporting to Management is based on three operating segments: Chronic Care, 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.

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	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Segment revenue								
Ostomy Care	1,736	1,613	0	0	0	0	1,736	1,613
Continence Care	1,579	1,435	0	0	0	0	1,579	1,435
Interventional Urology	0	0	479	434	0	0	479	434
Wound & Skin Care	0	0	0	0	527	473	527	473
External revenue as per the Statement of comprehensive income	**3,315**	**3,048**	**479**	**434**	**527**	**473**	**4,321**	**3,955**
Segment operating profit/loss	1,886	1,793	177	166	201	173	2,264	2,132
Shared/non-allocated							-967	-925
Operating profit before tax (EBIT) as per the Statement of comprehensive income							**1,297**	**1,207**
Net financials							-10	14
Tax of profit/loss for the year							-296	-281
Profit/loss for the year as per the Statement of comprehensive income							**991**	**940**

Note: The comparison figures for Wound & Skin Care are adjusted to reflect organizational changes where certain segment functions are changed to group functions.

Notes

(Unaudited)

Consolidated		DKK million	
		2018/19	2017/18
2.	**Financial income**		
	Interest income	2	4
	Fair value adjustments of forward contracts transferred from Other comprehensive income	0	37
	Net exchange adjustments	14	0
	Hyperinflationary adjustment of monetary position	12	0
	Total	**28**	**41**
3.	**Financial expenses**		
	Interest expenses	2	2
	Fair value adjustments of forward contracts transferred from Other comprehensive income	26	0
	Net exchange adjustments	-1	14
	Other financial expenses and fees	11	11
	Total	**38**	**27**
4.	**Adjustment for other non-cash operating items**		
	Net gain/loss on divestment of non-current assets	-5	-1
	Change in other provisions	-54	-59
	Other non-cash operating items	9	9
	Total	**-50**	**-51**
5.	**Changes in working capital**		
	Inventories	-69	1
	Trade receivables	-2	128
	Other receivables, including amounts held in escrow	-86	-81
	Trade and other payables etc.	323	178
	Total	**166**	**226**
6.	**Cash and cash equivalents**		
	Cash	0	1
	Short term bank balances	432	504
	Total	**432**	**505**

Notes

(Unaudited)

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.

Management estimates that more than 95% of known lawsuits in the US have been settled.

The remaining provision made for legal claims at 31 December 2018 amounted to DKK 0.2bn (30 September 2018: DKK 0.2bn) plus DKK 0.3bn recognised under other debt (30 September 2018: DKK 0.3bn). 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.

Income statement, quarterly

(Unaudited)

Consolidated

DKK million	2018/19 Q1	2017/18 Q4	Q3	Q2	Q1
Revenue	4,321	4,234	4,225	4,035	3,955
Production costs	-1,418	-1,339	-1,415	-1,340	-1,289
Gross profit	**2,903**	**2,895**	**2,810**	**2,695**	**2,666**
Distribution costs	-1,256	-1,162	-1,205	-1,180	-1,174
Administrative expenses	-182	-163	-182	-157	-151
Research and development costs	-181	-159	-160	-163	-158
Other operating income	16	8	10	21	27
Other operating expenses	-3	-4	-4	-16	-3
Operating profit (EBIT)	**1,297**	**1,415**	**1,269**	**1,200**	**1,207**
Financial income	28	28	19	37	41
Financial expenses	-38	-79	-55	-46	-27
Profit before tax	**1,287**	**1,364**	**1,233**	**1,191**	**1,221**
Tax on profit for the period	-296	-325	-285	-273	-281
Net profit for the period	**991**	**1,039**	**948**	**918**	**940**
Earnings per Share (EPS)	4.67	4.90	4.47	4.32	4.43
Earnings per Share (EPS), diluted	4.66	4.89	4.47	4.32	4.42

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

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.