Announcement no. 7/2019
14 August 2019

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

9M 2018/19

Interim financial report, 9M 2018/19

(01 October 2018 - 30 June 2019)

Coloplast A/S
Holtedam 1
DK-3050 Humlebaek,
Denmark

Company reg. (CVR)
no. 69749917

Solid underlying performance continues in Q3

- Coloplast delivered 8% organic growth in the third quarter. Year to date organic growth was also 8% while reported revenue in DKK was up by 9% to DKK 13,321m.
- Organic growth rates by business area year to date: Ostomy Care 7%, Continence Care 8%, Interventional Urology 10% and Wound & Skin Care 9%.
- Continued strong momentum in Europe with 6% organic growth in the first three quarters, driven by all business areas.
- Positive performance within Chronic Care in the US in Q3 with double-digit growth, driven by the hydrophilic upgrade in catheters and market share gains in Ostomy Care.
- The Wound Care business delivered 8% organic growth year to date, driven by the Biatain® Silicone portfolio in Europe and in particular France and the UK.
- The Interventional Urology business delivered 10% organic growth year to date, driven by sales and marketing investments in the US.
- Improved momentum in Emerging Markets in Q3 driven by increased tender activity in Russia and solid momentum in China.
- The French reimbursement reform in Ostomy Care, Continence Care and Wound Care has been announced. For Coloplast, the price reform represents an average reduction in prices in France for Ostomy Care and Continence Care of ~9% and Wound Care of ~2%.
- The incremental investments into innovation and sales and marketing initiatives of up to 2% of revenue that were initiated in Q1 are making satisfactory progress.
- EBIT amounted to DKK 4,077m for the first nine months, a 11% increase in DKK, corresponding to an EBIT margin of 31% against 30% last year. The last volume factory in Denmark, Thisted, has now been closed and restructuring costs of DKK 43m were included in the first nine months in connection with the reduction of production staff in Denmark.
- ROIC after tax before special items was 45% in the first nine months against 42% in the same period last year.
- Coloplast is conducting an unconditional strategic review of the Interventional Urology division. The review is expected to be concluded by the end of 2019.

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 ~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 expected to be DKK ~700m.
- The effective tax rate is expected to be about ~23%.

Conference call

Coloplast will host a conference call on 14 August 2019 at 15.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3272 7518, +44 (0) 203 0095710 or +1 917 720 0178. Conference call reference number is 3488046. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Financial highlights and key ratios

1 October - 30 June

(Unaudited)

Consolidated	DKK million			DKK million		
	2018/19	2017/18		2018/19	2017/18	
	9 mths	9 mths	Change	Q3	Q3	Change
Income statement						
Revenue	13,321	12,215	9%	4,599	4,225	9%
Research and development costs	-527	-481	10%	-175	-160	9%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	4,563	4,145	10%	1,604	1,422	13%
Operating profit (EBIT)	4,077	3,676	11%	1,438	1,269	13%
Net financial income and expenses	-77	-31	N/A	-51	-36	42%
Profit before tax	4,000	3,645	10%	1,387	1,233	12%
Net profit for the year	3,080	2,806	10%	1,068	948	13%
Revenue growth						
Period growth in revenue, %	9	6		9	8	
Growth break down:						
Organic growth, %	8	8		8	8	
Currency effect, %	1	-4		1	-3	
Acquired operations, %	0	1		-	1	
Other matters, %	-	1		-	2	
Balance sheet						
Total assets	12,551	12,667	-1%	12,551	12,667	-1%
Capital invested	9,412	8,809	7%	9,412	8,809	7%
Net interest-bearing debt	2,177	2,311	-6%	2,177	2,311	-6%
Equity end of period	5,939	5,202	14%	5,939	5,202	14%
Cash flow and investments						
Cash flows from operating activities	2,587	2,787	-7%	1,353	1,369	-1%
Cash flows from investing activities	-372	-799	-53%	-142	-192	-26%
Investments in property, plant and equipment, gross	-357	-491	-27%	-120	-182	-34%
Free cash flow	2,215	1,988	11%	1,211	1,177	3%
Cash flows from financing activities	-2,072	-1,858	12%	-1,070	-856	25%
Key ratios						
Operating margin, EBIT, %	31	30		31	30	
Operating margin, EBITDA, %	34	34		35	34	
Return on average invested capital before tax (ROIC), %[1)]	59	54		59	54	
Return on average invested capital after tax (ROIC), %[1)]	45	42		46	42	
Return on equity, %	70	71		71	72	
Equity ratio, %	47	41		47	41	
Net asset value per outstanding share, DKK	28	25	12%	28	25	12%
Share data						
Share price, DKK	742	638	16%	742	638	16%
Share price/net asset value per share	26.5	26.0	2%	26.5	26.0	2%
Average number of outstanding shares, millions	212.4	212.2	0%	212.3	212.1	0%
PE, price/earnings ratio	38.3	36.3	6%	36.9	35.7	3%
Earnings per share (EPS), diluted	14.46	13.21	9%	5.02	4.47	12%
Free cash flow per share	10.4	9.4	11%	5.7	5.6	2%

1) This item is before Special items. After Special items, ROIC before tax is 61% (2017/18: 58%), and ROIC after tax is 47% (2017/18: 45%).

Management's report

Sales performance

The organic growth rate was 8% in the first nine months of 2018/19. Reported revenue in DKK was up by 9% to DKK 13,321m. Exchange rate developments increased revenue by 1% due to a favourable development in USD against DKK which was partly offset by the depreciation of the Argentinian Peso (ARS) against DKK. Revenue from acquisitions contributed less than 1%, resulting from the acquisitions of French distributor Lilial and German distributor IncoCare in the second quarter of 2017/18.

Organic growth in the third quarter was 8%. Reported revenue in DKK was up by 9% to DKK 4,599m. Exchange rate developments increased revenue by 1% mainly related to the positive development of the USD against DKK.

Sales performance by business area

	DKK million		Growth composition (9 mths)				DKK million	Growth composition (Q3)		
	2018/19 9 mths	2017/18 9 mths	Organic growth	Acquired operations	Exchange rates	Reported growth	2018/19 Q3	Organic growth	Exchange rates	Reported growth
Ostomy Care	5,317	4,943	7%	0%	1%	8%	1,839	8%	1%	9%
Continence Care	4,811	4,406	8%	1%	0%	9%	1,648	7%	1%	8%
Interventional Urology	1,476	1,308	10%	-	3%	13%	513	10%	4%	14%
Wound & Skin Care	1,717	1,558	9%	0%	1%	10%	599	7%	2%	9%
Net revenue	**13,321**	**12,215**	**8%**	**0%**	**1%**	**9%**	**4,599**	**8%**	**1%**	**9%**

Sales performance by region

	DKK million		Growth composition (9 mths)				DKK million	Growth composition (Q3)		
	2018/19 9 mths	2017/18 9 mths	Organic growth	Acquired operations	Exchange rates	Reported growth	2018/19 Q3	Organic growth	Exchange rates	Reported growth
European markets	7,911	7,411	6%	1%	0%	7%	2,695	5%	0%	5%
Other developed markets	3,206	2,772	11%	-	5%	16%	1,137	12%	5%	17%
Emerging markets	2,204	2,032	13%	-	-5%	8%	767	14%	-2%	12%
Net revenue	**13,321**	**12,215**	**8%**	**0%**	**1%**	**9%**	**4,599**	**8%**	**1%**	**9%**

Ostomy Care

Ostomy Care generated 7% organic sales growth in the first nine months and reported revenue in DKK grew 8% to DKK 5,317m. Revenue from acquisitions contributed less than 1%.
The SenSura® Mio portfolio and the Brava® range of supporting products continued to be the main drivers of revenue growth. At product level, SenSura® Mio Convex continues to be the main contributor to growth driven predominately by Europe. SenSura® Mio Concave is now available in 16 countries and is increasingly contributing to growth. The new SenSura® Mio Baby & Kids portfolio, setting a new standard for paediatric ostomy care products, has been launched in 11 countries.
The SenSura® and Assura/Alterna® portfolios also delivered satisfactory sales growth in the markets where they are being actively promoted, most notably China.
The sales performance of the Brava® range of supporting products was driven especially by growth in China and the US.

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

Q3 organic growth was 8%, while reported revenue in DKK increased by 9% to DKK 1,839m. As in the first six months, the SenSura® Mio portfolio and the Brava® range of supporting products were the main contributors to growth. Revenue growth in the SenSura® Mio portfolio was driven by the UK, Germany, France and the US. The SenSura® and Assura/Alterna® portfolios also delivered satisfactory sales growth in Q3 driven by China as well as improved tender activity in Russia. Revenue growth in the Brava® range of supporting products continued to be driven by positive trends in the US and China.
From a country perspective, China, Russia, the UK and the US were the main contributors to growth.

Continence Care

Continence Care generated 8% organic sales growth in the first nine months and reported revenue in DKK grew 9% to DKK 4,811m. Revenue from acquisitions contributed 1% driven by acquisitions in the distribution channel.
SpeediCath® intermittent catheters and Peristeen® continued to be the main drivers of revenue growth. Sales of SpeediCath® compact catheters contributed

positively to growth driven by good momentum in France, the UK and the US. SpeediCath® Flex contributed positively to growth, especially in the US and across the European markets. Growth in sales of SpeediCath® standard catheters was driven by the US and Emerging markets. The new SpeediCath® Navi, a hydrophilic catheter specifically designed for emerging markets and lower priced developed markets, has been launched in 3 countries and has been positively received.

The Peristeen® portfolio continued to show good results driven by France, Italy and the UK. 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, growth was driven by France and the US. The upgrade to hydrophilic catheters continues to drive growth in the US.

Q3 organic growth was 7%, while reported revenue in DKK increased by 8% to DKK 1,648m. As in the first six months, organic growth was driven by SpeediCath® intermittent catheters and Peristeen®. Sales of compact catheters in the UK, the US and France contributed positively to growth. In addition, SpeediCath® Flex also contributed to the positive development, driven mainly by Europe and the US. Growth in sales of SpeediCath® standard catheters was in particular driven by the US, but also Emerging markets continued to contribute.

From a country perspective, the US, France and the UK were the main drivers of growth. The quarter was negatively impacted by a weaker quarter in Emerging markets.

Interventional Urology

Interventional Urology generated 10% organic sales growth in the first nine months. Reported revenue in DKK grew 13% to DKK 1,476m.

Growth was mainly driven by Titan® penile implants, Axis™ biologics portfolio as well as Altis® single incision slings in the US. Sales of disposable surgical products also contributed positively to growth in the first nine months driven by Europe.

From a country perspective, the US market continues to drive growth in Interventional Urology as a result of commercial investments made over the last two years.

Q3 organic growth was 10%, while reported revenue in DKK increased by 14% to DKK 513m. As in the first six months of the financial year, the strong sales performance in the US of Titan® penile implants and Altis® single incision slings performed well, however, the main driver in Q3 was the good uptake in sales of the Axis™ biologics portfolio following the FDA order to stop selling and distributing Restorelle® DirectFix Anterior products.

Wound & Skin Care

Wound & Skin Care generated 9% organic sales growth in the first nine months and reported revenue in DKK grew by 10% to DKK 1,717m.

The Wound Care business delivered 8% organic growth in the first nine months. At a product level, the Biatain® Silicone portfolio continued to be the main contributor to growth, driven by France and the UK. The Biatain® Silicone Sizes & Shapes portfolio accounted for a significant part of the revenue growth in the Biatain® Silicone portfolio.

From a country perspective, China, France and the UK were the main contributors to growth in the Wound Care business.

The Compeed contract manufacturing business contributed to growth in the first nine months helped by low comparative numbers 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 reported positive growth in the first nine months despite negative growth in Q1 which was due to a strong comparison period.

Q3 organic growth for Wound & Skin Care was 7%, while reported revenue in DKK increased by 9% to DKK 599m. The Wound Care business delivered an organic growth of 6% in Q3. As in the first six months, growth in Wound Care sales continued to be driven by sales of Biatain® Silicone. From a country perspective, the Wound Care business saw good momentum in China, France and the US. Compared to the first six months the US market is beginning to contribute to growth as a result of commercial investments and the launch of the Biatain® Silicone portfolio approximately one year ago.

The Compeed contract manufacturing business contracted from growth in Q3 due to high comparative numbers in Q3 last year which were linked to the aforementioned inventory reductions. On the other hand, the Skin Care business continued to contribute to growth in Q3 driven by the InterDry® portfolio.

Gross profit

Gross profit was up by 10% to DKK 8,983m from DKK 8,171m last year. The gross margin was 67%

which was on par with last year. The gross margin includes a neutral impact from currencies.
The gross margin was positively impacted by operating leverage driven by revenue growth as well as on-going efficiency improvements. On the other hand, the gross margin continues to be negatively impacted by product mix, salary inflation in Hungary, restructuring costs and acquisitions.
Restructuring costs for the period amounted to DKK 43m, against DKK 29m last year. The increase is related to the reduction in production employees in connection with the closure of the factory in Thisted, Denmark which was completed in June 2019.

The Q3 gross margin was 68% against 67% last year. The gross margin was positively impacted by operating leverage driven by revenue growth as well as a positive product mix. The Q3 margin includes a negative impact from restructuring costs of DKK 16m against DKK 21m in the same period last year.

Costs

Distribution costs amounted to DKK 3,863m in the first nine months, a DKK 304m increase (9%) from DKK 3,559m last year. Distribution costs amounted to 29% of revenue which was on par with 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. Q3 distribution costs amounted to DKK 1,330m, equal to 29% of revenue, which was in line with last year.

Administrative expenses amounted to DKK 560m in the first nine months, against DKK 490m last year. The increase of DKK 70m (14%) was mainly related to an increase in costs within IT and legal. Administrative expenses accounted for 4% of revenue in line with last year. Likewise, the Q3 administrative expenses amounted to 4% of revenue which was consistent with last year.

The R&D costs were DKK 527m in the first nine months, a DKK 46m (10%) increase which was due to a general increase in R&D activities. R&D costs amounted to 4% of revenue, which was in line with last year. The Q3 R&D costs amounted to DKK 175m or 4% on par with last year.

Other operating income and other operating expenses amounted to a net income of DKK 44m in the first nine months of 2018/19, against DKK 35m last year. The increase was mainly due to a gain of DKK 16m on the sale of former production facilities in Denmark. Other operating income and other operating expenses for the Q3 period amounted to DKK 3m, against net income of DKK 6m last year.

Operating profit (EBIT)

EBIT amounted to DKK 4,077m in the first nine months of 2018/19, a DKK 401m (11%) increase from DKK 3,676m last year. The EBIT margin was 31% for the first nine months against 30% last year. The EBIT margin includes a neutral impact from currencies.

In Q3, EBIT was DKK 1,438m, a DKK 169m (13%) increase from the same period last year. The EBIT margin was 31% in Q3, against last year's EBIT margin of 30%.

Financial items and tax

Financial items were a net expense of DKK 77m in the first nine months, compared to a net expense of DKK 31m last year. The net expense of DKK 77m was mainly due to losses on currency hedges of DKK 93m, mainly due to the appreciation of the USD and GBP against DKK. This was only partly offset by a net gain of DKK 8m on balance sheet items denominated in foreign currencies and a hyperinflationary adjustment of DKK 32m related to the accounting treatment of the Argentinian Peso.

The Q3 financial items were a net expense of DKK 51m, compared with a net expense of DKK 36m in the year-earlier period. The net expense in Q3 is mainly due to losses on currency hedges and the appreciation of USD and GBP against DKK.

The tax rate was 23%, which was in line with last year. The tax expense amounted to DKK 920m against DKK 839m last year.

Net profit

Net profit in the first nine months of 2018/19 was DKK 3,080m, a DKK 274m (10%) increase from DKK 2,806m last year. Diluted earnings per share (EPS) increased by 9% to DKK 14.46 per share.

The Q3 net profit amounted to DKK 1,068m, up 13% from DKK 948m last year. The diluted earnings per share (EPS) in Q3 were up by 12% to DKK 5.02.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 2,587m in the first nine months, against DKK

2,787m last year. The decrease is mainly explained by an increase in working capital driven by higher inventory levels of strategic products, as well as an increase in tax payments, mainly due to high tax deductions last year 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 investments (CAPEX) of DKK 414m in the first nine months of 2018/19 compared with DKK 521m last year. As a result, CAPEX accounted for 3% of revenue in the period against 4% 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 372m outflow in the first nine months, against a DKK 799m outflow last year, mainly due to the acquisitions of French distributor Lilial and German distributor IncoCare in the second quarter of 2017/18.

Free cash flow
As a result, the free cash flow was an inflow of DKK 2,215m. The free cash flow is up 11% from DKK 1,988 in the same period last year.

Capital resources
At 30 June 2019, Coloplast had net interest-bearing debt, including securities, of DKK 2,177m, against DKK 754m at 30 September 2018. The increase in net interest-bearing debt since year-end is due to dividends.

Statement of financial position and equity

Balance sheet
At DKK 12,551m, total assets increased by DKK 782m relative to 30 September 2018.

Working capital was 25% of revenue. Inventories increased by DKK 189m to DKK 1,914m and trade receivables increased by DKK 350m to DKK 3,227m. Trade payables, on the other hand, decreased by DKK 78m relative to 30 September 2018 to stand at DKK 673m.

Equity
Equity decreased by DKK 479m relative to 30 September 2018 to DKK 5,939m. Payment of dividends amounting to DKK 3,398m, along with net effect of treasury shares bought and sold of DKK 252m, were only partly offset by total comprehensive income for the period of DKK 3,142m and the share-based remuneration of DKK 29m.

Dividends and share buy-backs
Coloplast paid interim dividends totalling DKK 1,062m in the third quarter, equal to DKK 5.00 per share.
The second part of the share buy-back programme, equal to DKK 500m of a total amount of DKK 1bn, was initiated in Q2 2018/19 and is expected to be completed before the end of the current financial year. At 30 June 2019, the company had bought back shares at a total of DKK 386m under the second part of the programme.

Treasury shares
At 30 June 2019, Coloplast's holding of treasury shares consisted of 3,909,192 B shares, which was 275,762 more than at 30 September 2018. The increase was due to the share buy-back programme which was only partly offset by the exercise of share options.

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 ~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 expected to be DKK ~700m.
- 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 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

French price reform within Ostomy Care, Continence Care and Wound Care

As announced in announcement nr. 6/2019, the French Ministry of Health has published new classifications and prices within Ostomy Care, Continence Care and Wound Care in France. The new classifications and prices were implemented as of 1 July 2019 for Ostomy Care and Continence Care and as of 1 June 2019 for Wound Care.

For Coloplast, the price reform represents an average reduction in prices in France for Ostomy Care and Continence Care of ~9% and Wound Care of ~2%. For 2017/18, Coloplast reported revenues of around DKK 1.7bn in Ostomy Care and Continence Care in France. Coloplast has implemented mitigating activities.

Unconditional strategic review of Interventional Urology

As announced in announcement nr. 5/2019, Coloplast is conducting an unconditional strategic review of the Interventional Urology division. The review is expected to be concluded by the end of 2019.

Meet the Management event in London on 20 August 2019

Coloplast will host a Capital Markets Day in London on 20 August 2019. The event is intended to give institutional investors and equity analysts an opportunity to meet with the broader Management team and get an update on the business and main strategic themes. A webcast of the first presentation will be available on our website later the same day.

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 9M 2017/18	844	622	2.38
Average exchange rate 9M 2018/19	850	658	2.32
Change in average exchange rates for 2018/19 compared with the same period last year	1%	6%	-3%
Average exchange rate 2017/18 1)	842	627	2.36
Spot rate, 13 August 2019	804	667	2.30
Estimated average exchange rate 2018/19 2)	839	660	2.32
Change in estimated average exchange rates compared with average exchange rate 2017/18	0%	5%	-2%

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 9 months combined with the spot rates at 13 August 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.

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 – 30 June 2019. 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 30 June 2019 and of the results of the Group's operations and cash flows for the period 1 October 2018 – 30 June 2019.

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, 14 August 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

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Statement of comprehensive income

1 October - 30 June

(Unaudited)

Note	Consolidated	DKK million 2018/19 9 mths	2017/18 9 mths	Index	DKK million 2018/19 Q3	2017/18 Q3	Index
	Income statement						
2	Revenue	13,321	12,215	109	4,599	4,225	109
	Production costs	-4,338	-4,044	107	-1,476	-1,415	104
	Gross profit	**8,983**	**8,171**	**110**	**3,123**	**2,810**	**111**
	Distribution costs	-3,863	-3,559	109	-1,330	-1,205	110
	Administrative expenses	-560	-490	114	-183	-182	101
	Research and development costs	-527	-481	110	-175	-160	109
	Other operating income	57	58	98	9	10	90
	Other operating expenses	-13	-23	57	-6	-4	150
	Operating profit (EBIT)	**4,077**	**3,676**	**111**	**1,438**	**1,269**	**113**
3	Financial income	54	97	56	-1	19	-5
4	Financial expenses	-131	-128	102	-50	-55	91
	Profit before tax	**4,000**	**3,645**	**110**	**1,387**	**1,233**	**112**
	Tax on profit for the period	-920	-839	110	-319	-285	112
	Net profit for the period	**3,080**	**2,806**	**110**	**1,068**	**948**	**113**
	Other comprehensive income						
	Items that will not be reclassified to income statement:						
	Remeasurements of defined benefit plans	-26	20		-11	8	
	Tax on remeasurements of defined benefit plans	7	-3		3	-1	
		-19	**17**		**-8**	**7**	
	Items that may be reclassified to income statement:						
	Value adjustment of currency hedging	-63	-25		41	-60	
	Transferred to financial items	93	-87		37	-13	
	Tax effect of hedging	-7	25		-18	16	
	Currency adjustment of opening balances and other market value adjustments relating to subsidiaries	58	-37		-38	46	
		81	**-124**		**22**	**-11**	
	Total other comprehensive income	**62**	**-107**		**14**	**-4**	
	Total comprehensive income	**3,142**	**2,699**		**1,082**	**944**	
	Earnings per Share (EPS)	14.51	13.22		5.03	4.47	
	Earnings per Share (EPS), diluted	14.46	13.21		5.02	4.47	

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Balance sheet

At 30 June

(Unaudited)

Consolidated		DKK million	
Note	30.06.19	30.06.18	30.09.18
Non-current assets			
Intangible assets	2,486	2,533	2,518
Property, plant and equipment	3,146	3,151	3,169
Other equity investments	10	10	10
Deferred tax asset	465	458	460
Other receivables	29	21	22
Total non-current assets	6,136	6,173	6,179
Current assets			
Inventories	1,914	1,679	1,725
Trade receivables	3,227	2,970	2,877
Income tax	62	34	13
Other receivables	195	197	195
Prepayments	189	159	161
Amounts held in escrow	73	694	12
Marketable securities	311	311	310
Cash and cash equivalents	444	450	297
Total current assets	6,415	6,494	5,590
Total assets	**12,551**	**12,667**	**11,769**

Balance sheet

At 30 June

(Unaudited)

Consolidated		DKK million		
Note		30.06.19	30.06.18	30.09.18
	Equity			
	Share capital	216	216	216
	Currency translation reserve	-121	-135	-161
	Reserve for currency hedging	-13	-32	-36
	Proposed ordinary dividend for the year	0	0	2,336
	Retained earnings	5,857	5,153	4,063
	Total equity	5,939	5,202	6,418
	Liabilities			
	Non-current liabilities			
	Provisions for pensions and similar liabilities	224	201	192
	Provision for deferred tax	300	270	282
8	Other provisions	17	56	49
	Lease liability	84	97	91
	Prepayments	32	41	29
	Total non-current liabilities	657	665	643
	Current liabilities			
	Provisions for pensions and similar liabilities	0	3	3
8	Other provisions	81	245	222
	Other credit institutions	2,840	2,975	1,262
	Trade payables	673	659	751
	Income tax	677	613	823
	Other payables	1,672	2,302	1,628
	Lease liability	8	0	8
	Prepayments	4	3	11
	Total current liabilities	5,955	6,800	4,708
	Total liabilities	**6,612**	**7,465**	**5,351**
	Total equity and liabilities	**12,551**	**12,667**	**11,769**

1 Accounting policies
9 Contingent liabilities

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					1,062	2,018	3,080
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements of defined benefit plans						-26	-26
Tax on remeasurements of defined benefit plans						7	7
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				-63			-63
Transferred to financial items				93			93
Tax effect of hedging				-7			-7
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries			40			18	58
Total other comprehensive income	0	0	40	23	0	-1	62
Total comprehensive income	0	0	40	23	1,062	2,017	3,142
Transactions with shareholders:							
Acquisition of treasury shares						-386	-386
Sale of treasury shares						134	134
Share-based payment						29	29
Interim dividend paid out in respect of 2018/19					-1,062		-1,062
Dividend paid out in respect of 2017/18					-2,336		-2,336
Total transactions with shareholders	0	0	0	0	-3,398	-223	-3,621
Balance at 30.06.	**18**	**198**	**-121**	**-13**	**0**	**5,857**	**5,939**

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					1,060	1,746	2,806
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements on defined benefit plans						20	20
Tax on remeasurements on defined benefit plans						-3	-3
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				-25			-25
Transferred to financial items				-87			-87
Tax effect of hedging				25			25
Currency adjustment of opening balances and market value adjustments relating to subsidiaries			-49			12	-37
Total other comprehensive income	0	0	-49	-87	0	29	-107
Total comprehensive income	0	0	-49	-87	1,060	1,775	2,699
Transactions with shareholders:							
Acquisition of treasury shares						-500	-500
Sale of treasury shares						313	313
Share-based payment						26	26
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	-3,288	-161	-3,449
Balance at 30.06.	**18**	**198**	**-135**	**-32**	**0**	**5,153**	**5,202**

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Cash flow statement

1 October - 30 June

(Unaudited)

Consolidated		DKK million	
		2018/19	2017/18
Note		9 mths	9 mths
	Operating profit	4,077	3,676
	Depreciation and amortisation	486	469
5	Adjustment for other non-cash operating items	-163	-61
6	Changes in working capital	-608	-495
	Ingoing interest payments, etc.	14	97
	Outgoing interest payments, etc.	-115	-64
	Income tax paid	-1,104	-835
	Cash flows from operating activities	**2,587**	**2,787**
	Investments in intangible assets	-57	-30
	Investments in land and buildings	-10	-86
	Investments in plant and machinery	-45	-46
	Investments in property, plant and equipment under construction	-302	-359
	Property, plant and equipment sold	42	11
	Acquisition of operations	0	-293
	Net sales/purchase of marketable securities	0	4
	Cash flow from investing activities	**-372**	**-799**
	Free cash flow	**2,215**	**1,988**
	Dividend to shareholders	-3,398	-3,288
	Acquisitions of treasury shares	-386	-500
	Sale of treasury shares	134	313
	Financing from shareholders	-3,650	-3,475
	Drawdown on credit facilities	1,578	1,617
	Cash flows from financing activities	**-2,072**	**-1,858**
	Net cash flows	**143**	**130**
	Cash and cash equivalents at 1.10.	297	314
	Value adjustment of cash and bank balances	4	13
	Cash and cash equivalents, acquisition of operations	0	-7
	Net cash flows	143	130
7	**Cash and cash equivalents at 30.06.**	**444**	**450**

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

Notes

(Unaudited)

Consolidated

1. Accounting policies

The interim report 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. The accounting policies for recognition and measurement applied in the preparation of the interim report are consistent with those applied in the Annual Report 2017/18 except for new standards, amendments and interpretations that are effective from the 2018/19 financial year.

IFRS 15

An analysis of the new framework for recognising revenues per IFRS 15 has shown that the current accounting practice is in line with the new standard. For this reason, accounting policies for recognition and measurement remain unchanged.

IFRS 9

An analysis of the new recognition and measurement principles for financial instruments, including trade receivables and forward exchange contracts (used for hedging purposes), shows that the current accounting practice is in line with the new standard. For this reason, accounting policies for recognition and measurement remain unchanged.

Notes

(Unaudited)

Consolidated

2. 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	5,317	4,943	0	0	0	0	5,317	4,943
Continence Care	4,811	4,406	0	0	0	0	4,811	4,406
Interventional Urology	0	0	1,476	1,308	0	0	1,476	1,308
Wound & Skin Care	0	0	0	0	1,717	1,558	1,717	1,558
External revenue as per the Statement of comprehensive income	**10,128**	**9,349**	**1,476**	**1,308**	**1,717**	**1,558**	**13,321**	**12,215**
Segment operating profit/loss	5,715	5,445	558	489	664	585	6,937	6,519
Shared/non-allocated							-2,860	-2,843
Operating profit before tax (EBIT) as per the Statement of comprehensive income							**4,077**	**3,676**
Net financials							-77	-31
Tax of profit/loss for the year							-920	-839
Profit/loss for the year as per the Statement of comprehensive income							**3,080**	**2,806**

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
3.	**Financial income**		
	Interest income	14	10
	Fair value adjustments of forward contracts transferred from Other comprehensive income	0	87
	Net exchange adjustments	8	0
	Hyperinflationary adjustment of monetary position	32	0
	Total	**54**	**97**
4.	**Financial expenses**		
	Interest expenses	5	9
	Fair value adjustments of forward contracts transferred from Other comprehensive income	93	0
	Fair value adjustments of cash-based share options	4	0
	Net exchange adjustments	0	94
	Other financial expenses and fees	29	25
	Total	**131**	**128**
5.	**Adjustment for other non-cash operating items**		
	Net gain/loss on divestment of non-current assets	-23	1
	Change in other provisions	-169	-88
	Other non-cash operating items	29	26
	Total	**-163**	**-61**
6.	**Changes in working capital**		
	Inventories	-163	-13
	Trade receivables	-320	-94
	Other receivables, including amounts held in escrow	-95	-127
	Trade and other payables etc.	-30	-261
	Total	**-608**	**-495**
7.	**Cash and cash equivalents**		
	Cash	0	1
	Short term bank balances	444	449
	Total	**444**	**450**

Notes

(Unaudited)

Consolidated

8. 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 30 June 2019 amounted to DKK 0.1bn (30 September 2018: DKK 0.2bn) plus DKK 0.2bn 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.

9. Contingent liabilities

Other than as set out in note 8 other provisions, the Coloplast Group is a party to a few minor legal proceedings, which are not expected to influence the Group's future earnings.

Income statement, quarterly

(Unaudited)

Consolidated

DKK million	2018/19 Q3	2018/19 Q2	2018/19 Q1	2017/18 Q4	2017/18 Q3	2017/18 Q2	2017/18 Q1
Revenue	4,599	4,401	4,321	4,234	4,225	4,035	3,955
Production costs	-1,476	-1,444	-1,418	-1,339	-1,415	-1,340	-1,289
Gross profit	**3,123**	**2,957**	**2,903**	**2,895**	**2,810**	**2,695**	**2,666**
Distribution costs	-1,330	-1,277	-1,256	-1,162	-1,205	-1,180	-1,174
Administrative expenses	-183	-195	-182	-163	-182	-157	-151
Research and development costs	-175	-171	-181	-159	-160	-163	-158
Other operating income	9	32	16	8	10	21	27
Other operating expenses	-6	-4	-3	-4	-4	-16	-3
Operating profit (EBIT)	**1,438**	**1,342**	**1,297**	**1,415**	**1,269**	**1,200**	**1,207**
Financial income	-1	27	28	28	19	37	41
Financial expenses	-50	-43	-38	-79	-55	-46	-27
Profit before tax	**1,387**	**1,326**	**1,287**	**1,364**	**1,233**	**1,191**	**1,221**
Tax on profit for the period	-319	-305	-296	-325	-285	-273	-281
Net profit for the period	**1,068**	**1,021**	**991**	**1,039**	**948**	**918**	**940**
Earnings per Share (EPS)	5.03	4.81	4.67	4.90	4.47	4.32	4.43
Earnings per Share (EPS), diluted	5.02	4.78	4.66	4.89	4.47	4.32	4.42

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.