Announcement no. 6/2020
18 August 2020

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

9M 2019/20

Interim financial report, 9M 2019/20

(01 October 2019 - 30 June 2020)

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Significant negative impact from COVID-19 in Q3 due to the decline in elective procedures and the reversal of stock building, guidance range for 2019/20 narrowed

- Negative organic growth of -2% in Q3. Reported revenue in DKK was down by 4% to DKK 4,419m. Year to date organic growth was 5% and reported revenue in DKK increased by 5% to DKK 13,954m.
- Organic growth rates by business area year to date: Ostomy Care 8%, Continence Care 7%, Interventional Urology -10% and Wound & Skin Care 2%.
- The Chronic Care business delivered stable underlying growth in Q3, but was adversely impacted by the reversal of the majority of the positive DKK around 150m impact from the previous stock building in mainly Europe. US and EM performed well and the situation in China in Ostomy Care normalised during Q3.
- The Interventional Urology business reported -10% organic growth year to date. In Q3, organic growth was -40% due to a significant decline in elective procedures in primarily the US following the COVID-19 outbreak. As elective procedures gradually resumed across the US and in most European markets, performance improved during Q3 with April down 70%, May down 45% and June down 3%.
- The Wound & Skin Care business delivered 2% organic growth year to date. In Q3, organic growth was -6% primarily due to a decline in hospital procedures and sales in China, Europe and the US Skin Care business following the COVID-19 outbreak.
- EBIT amounted to DKK 4,382m for the first nine months, a 7% increase, corresponding to an EBIT margin of 31% on par with last year. The development reflects strong cost control during the COVID-19 outbreak, but also sustained investments in growth opportunities and innovation.
- ROIC after tax before special items was 45% for the first nine months in line with last year.
- Executive Leadership Team expanded from four to six members to deliver on upcoming 2025 strategy centred around innovation and growth.
- The health and safety of the company's employees and continuity of service to customers continue to be the key priority during these globally challenging times.

Financial guidance for 2019/20

On 18 March 2020 Coloplast issued revised guidance for the financial year 2019/20. With one quarter left of the financial year, Coloplast's guidance is narrowed as follows:

- We expect organic revenue growth of around 4% at constant exchange rates from previously 4-6% due to a weaker outlook for the Wound & Skin Care business and the UK Chronic Care business. Due to currency fluctuations reported growth in DKK is expected to be 3-4% from previously 4-6%.
- We expect an EBIT margin of around 31% at constant exchange rates from previously 30-31%. The reported margin in DKK is expected to be around 31% from previously 30-31%. The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing initiatives and continued prudent cost management.
- Capital expenditure is still expected to be DKK around 950m; the effective tax rate is still expected to be around 23%.

Conference call

Coloplast will host a conference call on Tuesday 18 August 2020 at 15.00 pm CEST / 14.00 pm BST / 09.00 am EDT. The call is expected to last about one hour. Any participants who do not wish to actively participate in the Q&A session can access the conference call as a webcast directly here: https://getvisualtv.net/stream/?coloplast-x8szhv9t4e.
To actively participate in the Q&A session please call +45 3544 5577, +44 3333 000 804 or +1 631 913 1422. The participant PIN code is 90177613#. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

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Continence Care
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Interventional Urology

Financial highlights and key ratios

1 October - 30 June

(Unaudited)

Consolidated	DKK million			DKK million		
	2019/20	2018/19 [2]		2019/20	2018/19 [2]	
	9 mths	9 mths	Change	Q3	Q3	Change
Income statement						
Revenue	13,954	13,321	5%	4,419	4,599	-4%
Research and development costs	-533	-527	1%	-182	-175	4%
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	5,018	4,563	10%	1,582	1,604	-1%
Operating profit (EBIT)	4,382	4,077	7%	1,368	1,438	-5%
Net financial income and expenses	-283	-77	N/A	-72	-51	41%
Profit before tax	4,099	4,000	2%	1,296	1,387	-7%
Net profit for the period	3,156	3,080	2%	997	1,068	-7%
Revenue growth						
Period growth in revenue, %	5	9		-4	9	
Growth break down:						
Organic growth, %	5	8		-2	8	
Currency effect, %	0	1		-2	1	
Acquired operations, %	-	0		-	-	
Balance sheet						
Total assets	13,315	12,551	6%	13,315	12,551	6%
Capital invested	10,036	9,412	7%	10,036	9,412	7%
Net interest-bearing debt	2,378	2,177	9%	2,378	2,177	9%
Equity end of period	6,362	5,939	7%	6,362	5,939	7%
Cash flow and investments						
Cash flows from operating activities	3,072	2,587	19%	1,431	1,353	6%
Cash flows from investing activities	-636	-372	71%	-176	-142	24%
Investments in property, plant and equipment, gross	-627	-357	76%	-192	-120	60%
Free cash flow	2,436	2,215	10%	1,255	1,211	4%
Cash flows from financing activities	-2,361	-2,072	14%	-1,345	-1,070	26%
Key ratios						
Operating margin, EBIT, %	31	31		31	31	
Operating margin, EBITDA, %	36	34		36	35	
Return on average invested capital before tax (ROIC), % [1]	59	59		52	59	
Return on average invested capital after tax (ROIC), % [1]	45	45		40	46	
Return on equity, %	68	70		62	71	
Equity ratio, %	48	47		48	47	
Net asset value per outstanding share, DKK	30	28	7%	30	28	7%
Share data						
Share price, DKK	1,028	742	39%	1,028	742	39%
Share price/net asset value per share	34.4	26.5	30%	34.4	26.5	30%
Average number of outstanding shares, millions	212.6	212.4	0%	212.7	212.3	0%
PE, price/earnings ratio	51.9	38.3	36%	54.8	36.9	49%
Earnings per share (EPS), diluted	14.79	14.46	2%	4.67	5.02	-7%
Free cash flow per share	11.5	10.4	11%	5.9	5.7	4%

1) This item is before Special items. After Special items, ROIC before tax was 61% (2018/19: 61%), and ROIC after tax was 47% (2018/19: 47%).
2) Comparative figures were not restated to reflect the adoption of IFRS 16 "Leases". See note 1 to the interim financial statements.

Management's report

Sales performance

The organic growth rate was 5% in the first nine months of 2019/20. Reported revenue in DKK was up by 5% to DKK 13,954m. The net effect from exchange rate developments was neutral. A positive effect from a favourable development in USD and GBP against DKK was offset by a significant decrease in the value of ARS and BRL against DKK.

Organic growth in the third quarter was negative by -2%. Reported revenue in DKK was down by -4% to DKK 4,419m. Exchange rate developments decreased revenue by -2% mainly related to the negative development in ARS and BRL against DKK.

Sales performance by business area

	DKK million		Growth composition (9 mths)			DKK million	Growth composition (Q3)		
	2019/20 9 mths	2018/19 9 mths	Organic growth	Exchange rates	Reported growth	2019/20 Q3	Organic growth	Exchange rates	Reported growth
Ostomy Care	5,697	5,317	8%	-1%	7%	1,870	4%	-2%	2%
Continence Care	5,142	4,811	7%	0%	7%	1,680	4%	-2%	2%
Interventional Urology	1,355	1,476	-10%	2%	-8%	313	-40%	1%	-39%
Wound & Skin Care	1,760	1,717	2%	0%	2%	556	-6%	-1%	-7%
Net revenue	**13,954**	**13,321**	**5%**	**0%**	**5%**	**4,419**	**-2%**	**-2%**	**-4%**

Sales performance by region

	DKK million		Growth composition (9 mths)			DKK million	Growth composition (Q3)		
	2019/20 9 mths	2018/19 9 mths	Organic growth	Exchange rates	Reported growth	2019/20 Q3	Organic growth	Exchange rates	Reported growth
European markets	8,168	7,911	3%	0%	3%	2,577	-4%	0%	-4%
Other developed markets	3,434	3,206	5%	2%	7%	1,083	-6%	1%	-5%
Emerging markets	2,352	2,204	11%	-4%	7%	759	9%	-10%	-1%
Net revenue	**13,954**	**13,321**	**5%**	**0%**	**5%**	**4,419**	**-2%**	**-2%**	**-4%**

Ostomy Care

Ostomy Care generated 8% organic sales growth in the first nine months of 2019/20, with reported revenue in DKK growing by 7% to DKK 5,697m.
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 was the main contributor to growth driven predominantly by Europe and the US. The SenSura® and Assura/Alterna® portfolios also delivered satisfactory sales growth in the markets where they are being actively promoted, most notably China.
Sales of the Brava® range of supporting products continue to contribute to growth, primarily driven by growth in the US, China and the UK.

From a country perspective, the UK, the US and Germany were the main contributors to growth in the first nine months. Emerging markets also contributed to growth driven by Latin America, tenders in Russia as well as the Chinese business despite being adversely affected by the COVID-19 outbreak in the second quarter. Growth in France was negatively impacted by the French price reform introduced 1 July 2019.

Q3 organic growth was 4% with reported revenue in DKK increasing by 2% to DKK 1,870m. Sales growth in Q3 was as expected negatively impacted by the unwinding of the previous stock building which happened particularly in Europe in the second quarter in response to COVID-19.
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 Germany and the US. The SenSura® and Assura/Alterna® portfolios continued to deliver satisfactory sales growth in Q3 driven by growth in China. Revenue growth in the Brava® range of supporting products was driven by China and the US.

From a country perspective, the US and China were the main contributors to growth in Q3. Sales growth was negatively impacted by the unwinding of the

previous stock building that occurred in Q2 in predominantly Europe. France was negatively impacted by the unwinding of safety stock, but also the previously mentioned reimbursement reform had a negative impact in the quarter. Phasing of tender deliveries in Russia also impacted growth negatively due to a tough comparison period. Last year, tender deliveries in Russia were concentrated in the second half of the year.
Across the Ostomy Care business, the rate of new patients has been negatively impacted as only the most acute ostomy surgeries have taken place following the COVID-19 outbreak.

Continence Care

Continence Care generated 7% organic sales growth for the first nine months of 2019/20, with reported revenue in DKK also growing by 7% to DKK 5,142m. SpeediCath® intermittent catheters and Peristeen® continued to be the main drivers of revenue growth. The growth in sales of the SpeediCath® portfolio was driven by compact catheters, flexible catheters and standard catheters, all of which are ready-to-use hydrophilic coated catheters. The growth in compact catheters was driven by Europe, particularly the UK, whereas the growth in flexible catheters was driven by the US and the UK. The Peristeen® portfolio also continued to show good results driven by the US, France and the UK.

From a country perspective, sales growth was driven by Europe and the US. France also contributed to growth despite a negative impact from the French price reform introduced 1 July 2019.

Q3 organic growth was 4%, while reported revenue in DKK increased by 2% to DKK 1,680m. Sales growth in Q3 for intermittent catheters, collecting devices and bowel management was negatively impacted by the unwinding of the previous stock building which happened in the second quarter as a result of the COVID-19 outbreak, particularly in Europe.
As in the first six months, organic growth for Q3 was driven by the SpeediCath® portfolio, and more specifically flexible catheters.

From a country perspective, the US was the main contributor to growth in Q3. Tender deliveries in Saudi Arabia also contributed to growth. As mentioned above, destocking in Europe had a significant negative impact on growth in the quarter. Across the Continence Care business, the rate of new patients has been negatively impacted as only the most acute patient groups such as spinal cord injuries have been treated whereas other patient groups including MS and BPH patients have postponed their treatment following the COVID-19 outbreak.

Interventional Urology

Interventional Urology generated a negative organic growth of -10% in the first nine months of 2019/20, and reported revenue in DKK decreased by -8% to DKK 1,355m.
The negative growth was mainly linked to a decrease in sales of Titan® penile implants and Altis ® single incision slings, due to the cancellation of elective surgeries and procedures in the US within Men's and Women's Health due to the COVID-19 outbreak. Elective procedures outside of the US including stone management procedures were also postponed in several countries. The negative revenue impact is expected to be temporary and Coloplast expects the revenue loss to be recaptured gradually. As elective procedures gradually resumed across the US and in most European markets, performance improved during Q3 with April down 70%, May down 45% and June down 3%. Due to the improved outlook for Interventional Urology, the commercial investments that were temporarily put on hold due to COVID-19 will be initiated starting Q4.

The Axis™ biologics portfolio in the US continued to contribute positively to growth in the first nine months despite a negative impact in Q3 linked to the above. Revenues from disposable surgical products remained on par with last year despite a challenging Q3.

From a country perspective, the challenges in the US market was the main driver of the negative growth in Interventional Urology, along with France which also contributed negatively to growth.

Q3 organic growth down by -40%, while reported revenue in DKK decreased by -39% to DKK 313m. The third quarter was significantly impacted by the cancellation of elective procedures as outlined above. Albeit less significant, sales of disposable surgical products also contributed negatively to growth.

Wound & Skin Care

Wound & Skin Care generated 2% organic sales growth in the first nine months of 2019/20, with reported revenue in DKK growing by 2% to DKK 1,760m.
The wound care business delivered a negative organic growth of -1% in the first nine months of 2019/20. The negative growth was primarily due to a significant decline in wound care procedures and hospital sales in China in Q2 and Q3 due to the

COVID-19 outbreak. In Q3, growth was also negatively impacted by a decline in activity in the hospital channel in Europe, most notably in France where Coloplast has its largest European exposure to the hospital channel.

From a country perspective, the negative growth was driven by China due to hospital closures and other restrictions linked to the COVID-19 outbreak. Conversely, the US and Germany contributed positively to growth in the first nine months.

The skin care business reported a satisfactory growth in the first nine months, mainly driven by the EasiCleanse™ products. Likewise, the Compeed contract manufacturing business contributed to growth in the first nine months.

Q3 organic growth for Wound & Skin Care was negative by -6%, while reported revenue in DKK decreased by -7% to DKK 556m.
The wound care business generated a negative organic growth of -7%. As outlined above, the negative growth was a result of the significant decline in wound care procedures and hospital sales in China as well as negative growth in France primarily due to a decline in hospital sales. The launch of Biatain® Fiber, a gel-forming fibre dressing used for deeper wounds and wound cavities with exudate, was delayed from Q2 due to the COVID-19 outbreak. The product has now been launched across 6 markets and has been well received.

Despite the positive development in the first six months of 2019/20, the Skin Care business contracted from growth in the third quarter due to a decline in demand for InterDry and EasiCleanse™ products, which is correlated with the decline in non-covid hospital admissions in the US. The Compeed contract manufacturing business contributed to growth in Q3, but was impacted by lower demand due to COVID-19.

Gross profit

Gross profit was up by 5% to DKK 9,452m from DKK 8,983m last year for a gross margin of 68%, against 67% last year. The gross margin included a small positive impact from currencies, mainly related to the appreciation of USD and GBP against DKK and the depreciation of the HUF against the DKK.

The higher gross margin was driven by operating leverage from revenue growth as well as savings from the Global Operations Plan 4 including the closure of the factory in Thisted, Denmark in 2019. Furthermore, the gross margin improvement was positively impacted by restructuring costs of DKK 43m in the comparison period last year whereas there were no restructuring costs in the first nine months this year. On the other hand, the gross margin was negatively impacted by product mix due to the decline in US sales in Interventional Urology in Q3. There was a further negative impact on the gross margin from increasing costs in Hungary due to salary inflation, labour shortages and extraordinary costs related to the COVID-19 outbreak including the implementation of extensive safety measures across the company.

The Q3 gross margin was 67% against 68% in the same period last year. The gross margin was positively impacted by savings from the Global Operations Plan 4 including the closure of the factory in Thisted, Denmark in 2019. Furthermore, the gross margin was positively impacted by restructuring costs of DKK 16m in the comparison period last year whereas there were no restructuring costs in Q3 this year. The gross margin was negatively impacted by product mix due to the significant decline in sales in Interventional Urology in Q3 as well as the previously mentioned cost headwinds in Hungary and extraordinary costs related to the COVID-19 outbreak.

Costs

Distribution costs amounted to DKK 3,991m, a DKK 128m increase (3%) from DKK 3,863m last year. Distribution costs amounted to 29% of revenue on par with last year. The higher distribution costs reflect further investments in sales and marketing activities across multiple markets and business areas including China and other emerging markets as well as the US and the UK. The impact from the above-mentioned investments was offset by lower travel and sales & marketing expenses due to the COVID-19 situation.
Distribution costs in Q3 amounted to DKK 1,221m, a decrease of 8% compared to last year, and a margin of 28% of revenue against 29% last year. The decrease was mainly attributable to cost savings which was only partly offset by investments in sales and marketing activities initiated at the beginning of the year.

Administrative expenses amounted to DKK 572m, up DKK 12m (2%) from DKK 560m last year. Administrative expenses accounted for 4% of revenue which was consistent with last year. The Q3 administrative expenses amounted to 5% of revenue against 4% in the same period last year. The relative increase was partly due to lower revenues compared to last year and phasing of expenditures.

The R&D costs were DKK 533m which was largely unchanged from last year. R&D costs amounted to 4% of revenue on par with last year. The Q3 R&D costs amounted to DKK 182m or 4% of revenue, in line with the same period last year.

Other operating income and other operating expenses amounted to a net income of DKK 26m, against DKK 44m last year. The decrease was mainly due to a DKK 16m gain on the sale of former production facilities in Denmark which was included in the comparison period. Other operating income and other operating expenses for Q3 increased to a net income of DKK 6m, against net income of DKK 3m last year.

Operating profit (EBIT)

EBIT amounted to DKK 4,382m, a DKK 305m (7%) increase from DKK 4,077m last year. The EBIT margin was 31% on par with last year. The EBIT margin includes a small positive impact from currencies, mainly related to the appreciation of USD and GBP against DKK and the depreciation of the HUF against the DKK, partially offset by the depreciation of a number of EM currencies including ARS and BRL.

In Q3, EBIT was DKK 1,368m, a DKK 70 (-5%) decrease from the same period last year. The EBIT margin was 31% in Q3, which was consistent with last year. EBIT was negatively impacted by the decrease in revenues as well as continued investments in commercial activities and innovation. On the other hand, the decrease in EBIT was limited by cost savings on travel and sales & marketing expenses due to the COVID-19 situation.

Financial items and tax

Financial items were a net expense of DKK 283m, compared to a net expense of DKK 77m last year. The net expense of DKK 283m was mainly due to losses on balance sheet items denominated in a number of foreign currencies (DKK 157m), including the Brazilian Real and the Argentinian Peso. In addition, a net loss on currency hedges (DKK 94m) also continued to weigh on financial items, mainly linked to the appreciation of the USD and GBP against DKK.

The Q3 financial items were a net expense of DKK 72m, compared with a net expense of DKK 51m in the year-earlier period.
The tax rate was 23%, which was in line with last year. The tax expense amounted to DKK 943m against DKK 920m last year.

Net profit

Net profit was DKK 3,156m, a DKK 76m (2%) increase from DKK 3,080m last year. Diluted earnings per share (EPS) increased by 2% to DKK 14.79 per share.

The Q3 net profit amounted to DKK 997m, a decrease of -7% from last year. The Q3 earnings per share (EPS), diluted, were down by -7% to DKK 4.67.

Cash flows and investments

Cash flows from operating activities

Cash flows from operating activities amounted to DKK 3,072m, against DKK 2,587m last year, and included a positive impact of DKK 144m related to a reclassification of lease payments following the adoption of IFRS 16 “Leases”[1]. The positive development in cash flows from operating activities was mainly due to an increase in operating profit (EBIT).

Investments

Coloplast made investments (CAPEX) of DKK 690m in the first nine months of 2019/20 compared with DKK 414m last year. As a result, CAPEX accounted for 5% of revenues compared to 3% last year. The increase is mainly linked to increased investments in automation, IT and the new factory in Costa Rica. The outflow from investments were partly offset by a net cash flow of DKK 50m from sale/purchase of marketable securities linked to a holding of corporate bonds which matured in the third quarter.
Total cash flows from investing activities were a DKK 636m outflow, against a DKK 372m outflow in the same period last year, mainly due to the above-mentioned increase in planned investments.

Free cash flow

As a result, the free cash flow was an inflow of DKK 2,436m which was up 10% from DKK 2,215m in the same period last year. Adjusted for the positive impact of DKK 144m related to a reclassification of lease payments following the adoption of IFRS 16 “Leases”[1], the free cash flow was up by 3%.

[1] Please refer to Note 1 “Accounting Policies”.

Capital resources

At 30 June 2020, Coloplast had net interest-bearing debt, including securities, of DKK 2,378m, against DKK 539m at 30 September 2019. The increase in net interest-bearing debt was due to the payment of dividends to shareholders.

Statement of financial position and equity

Balance sheet

At DKK 13,315m, total assets increased by DKK 583m relative to 30 September 2019. The increase is mainly due to the adoption of IFRS 16 "Leases"[1] which entails that right-of-use assets are now recognised on the balance sheet along with a corresponding lease liability.

Working capital was 24% of revenue in line with last year (25%). Inventories increased by DKK 183m to DKK 2,116m while trade receivables decreased by DKK 156m to DKK 2,997m. Trade payables decreased by DKK 236m relative to 30 September 2019 to stand at DKK 623m.

Equity

Equity decreased by DKK 551m relative to 30 September 2019 to DKK 6,362m. Payment of dividends amounting to DKK 3,613m and the net effect of treasury shares bought and sold of DKK 54m was only partly offset by total comprehensive income for the period of DKK 3,090m and share-based remuneration of DKK 26m.

Dividends and share buy-backs

Coloplast paid interim dividends totalling DKK 1,064m in the third quarter, equal to DKK 5.00 per share.
A share buy-back programme of DKK 500m was initiated in Q2 2019/20 and is expected to be completed before the end of the current financial year. At 30 June 2020, the company had bought back shares for a total amount of DKK 456m under the programme.

Treasury shares

At 30 June 2020, Coloplast's holding of treasury shares consisted of 3,285,097 B shares, which was 292,058 fewer than at 30 September 2019. The decrease was due to the exercise of share options.

Financial guidance for 2019/20

On 18 March 2020 Coloplast issued revised guidance for the financial year 2019/20. With one quarter left of the financial year, Coloplast's guidance is narrowed as follows:

- We expect organic revenue growth of around 4% at constant exchange rates from previously 4-6% due to a weaker outlook for the Wound & Skin Care business and the UK Chronic Care business. Due to the depreciation of the USD, BRL and ARS against the DKK reported growth in DKK is expected to be 3-4% from previously 4-6%.
- We expect an EBIT margin of around 31% at constant exchange rates from previously 30-31%. The reported margin in DKK is expected to be around 31% from previously 30-31%. The reported margin in DKK is positively impacted by the HUF, but this is offset by the depreciation of the USD, BRL and ARS against the DKK. The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing initiatives and continued prudent cost management.
- Capital expenditure is still expected to be DKK around 950m
- The effective tax rate is still expected to be around 23%.

The impacts of COVID-19 are continuously being monitored and evaluated on a short- and medium-term basis. The company continues to have a prudent focus on costs as we navigate this difficult situation.

Coloplast's full year guidance assumes the following:

a) After a significant negative impact in Q3, the situation in Interventional Urology is expected to gradually normalise in Q4. The situation improved throughout Q3 at a pace that implies that the worst case scenario is now out of scope.
b) The majority of the positive stock building impact of DKK around 150m in mainly Europe in Q2 reversed in Q3 and is now expected to fully reverse in Q4.
c) Lower growth in the UK chronic care business in Q4 driven by a decline in new patients due to COVID-19. Due to COVID-19 and the extended lockdown in the UK, there has been a significant decline in screening, referrals, diagnostics and operations. This has resulted in a more pronounced decline in NPDs in both Ostomy and Continence Care in the UK compared to other markets.
d) A larger negative impact on the Wound & Skin Care business (incl. Contract manufacturing) in Europe and the US in H2 19/20 than previously anticipated. The situation in China in Wound Care is still expected to normalise in Q4.
e) A stable supply and distribution of products across the company.
f) Prudent cost management as well as continued execution and investments into key strategic growth drivers.

The financial guidance takes account of known reforms. Our expectations for long-term price pressure, 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 by the end of 2020.

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

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Other matters

Coloplast expands Executive Leadership Team

Coloplast Executive Leadership Team is expanded from four to six people as of 1 October 2020, in order to deliver on the upcoming 2025 strategy centred around Innovation and Growth, which will be presented at the Capital Markets Day on September 29th. A new Innovation EVP position with responsibility for the company's commercial offering and combining marketing, R&D and select global functions will be led by Nicolai Buhl Andersen. A new Growth EVP position which combines the chronic care sales organization and the Wound & Skin care SBU will be led by Paul Marcun. Finally, HR is renamed People & Culture and elevated to the Executive leadership team to be led by Camilla G. Møhl.

As of 1 October 2020, the Executive Leadership Team will consist of:

- President & CEO, Kristian Villumsen
- EVP, Innovation, Nicolai Buhl Andersen
- EVP & CFO, Anders Lonning-Skovgaard
- EVP, Growth, Paul Marcun
- SVP, People & Culture, Camilla G. Møhl
- EVP, Global Operations, Allan Rasmussen

Please see Company Announcement no. 07/2020 of 18 August 2020 for further details.

COVID-19 update

Coloplast continues to take all necessary precautionary measures globally to protect all employees and will continue to comply with and support local, national and global guidelines from healthcare authorities. Coloplast is monitoring developments closely across all markets and business areas.

Coloplast continues to focus on adapting our business and commercial activities to the challenging situation, while continuing to service users to the best of the company's ability. This includes applying new digital tools and competencies. Supporting healthcare professionals during the crisis has been critical, and in the absence of face-to-face meetings the company has found new ways to engage with healthcare professionals through webinars and other digital events. In Ostomy and Continence Care, the company has increased its focus on relevant digital tools and services including education and learning as well as virtual selling. In Interventional Urology, the professional physician education program is now offered virtually. In Wound Care, the new wound dressing Biatain Fiber has now been launched supported by virtual activities.

Coloplast's global manufacturing sites are operating as normal and in terms of production and supply chain, and the company continues to fully meet demand.

Capital Markets Day on 29 September 2020 – join us virtually or in Humlebæk

Coloplast will host a Capital Markets Day at the company's headquarter in Humlebæk, Denmark, on 29 September 2020. The event is intended to give institutional investors and equity analysts an introduction to the new long-term strategy for the company. Due to the COVID-19 situation we have a maximum of 50 seats available in Humlebaek which will be allocated on a first come, first served basis. The entire event including Q&A sessions will be webcasted live for all participants. The entire webcast will also be available on our website after the event.

Exchange rate exposure

Our financial guidance for the 2019/20 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 2018/19	850	658	2.32
Average exchange rate 9M 2019/20	859	677	2.19
Change in average exchange rates for 2018/19 compared with the same period last year	1%	3%	-6%
Average exchange rate 2018/19[1)]	844	662	2.31
Spot rate, 14 August 2020	825	631	2.16
Estimated average exchange rate 2019/20[2)]	850	665	2.18
Change in estimated average exchange rates compared with average exchange rates 2018/19	1%	1%	-6%

1) Average exchange rates for 2018/19 are from 1 October 2018 to 30 September 2019.
2) Estimated average exchange rates are calculated as the average exchange rates for the first three months combined with the spot rates at 14 August 2020.

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 2018/19)	Revenue	EBIT
USD	-390	-170
GBP	-270	-170
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 2019 – 30 June 2020. 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 2020 and of the results of the Group's operations and cash flows for the period 1 October 2019 – 30 June 2020.

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 2018/19.

Humlebæk, 18 August 2020

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

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Statement of comprehensive income

1 October - 30 June

(Unaudited)

Note	Consolidated	DKK million 2019/20 9 mths	DKK million 2018/19 9 mths	Index	DKK million 2019/20 Q3	DKK million 2018/19 Q3	Index
	Income statement						
2	Revenue	13,954	13,321	105	4,419	4,599	96
	Production costs	-4,502	-4,338	104	-1,449	-1,476	98
	Gross profit	**9,452**	**8,983**	**105**	**2,970**	**3,123**	**95**
	Distribution costs	-3,991	-3,863	103	-1,221	-1,330	92
	Administrative expenses	-572	-560	102	-205	-183	112
	Research and development costs	-533	-527	101	-182	-175	104
	Other operating income	35	57	61	5	9	56
	Other operating expenses	-9	-13	69	1	-6	-17
	Operating profit (EBIT)	**4,382**	**4,077**	**107**	**1,368**	**1,438**	**95**
3	Financial income	16	54	30	1	-1	-100
4	Financial expenses	-299	-131	>200	-73	-50	146
	Profit before tax	**4,099**	**4,000**	**102**	**1,296**	**1,387**	**93**
	Tax on profit for the period	-943	-920	103	-299	-319	94
	Net profit for the period	**3,156**	**3,080**	**102**	**997**	**1,068**	**93**
	Other comprehensive income						
	Items that will not be reclassified to income statement:						
	Remeasurements of defined benefit plans	7	-26		-41	-11	
	Tax on remeasurements of defined benefit plans	-2	7		9	3	
		5	**-19**		**-32**	**-8**	
	Items that may be reclassified to income statement:						
	Value adjustment of currency hedging	11	-63		14	41	
	Transferred to financial items	94	93		20	37	
	Tax effect of hedging	-23	-7		-7	-18	
	Currency adjustment of opening balances and other market value adjustments relating to subsidiaries	-153	58		-28	-38	
		-71	**81**		**-1**	**22**	
	Total other comprehensive income	**-66**	**62**		**-33**	**14**	
	Total comprehensive income	**3,090**	**3,142**		**964**	**1,082**	
	Earnings per Share (EPS)	14.85	14.51		4.69	5.03	
	Earnings per Share (EPS), diluted	14.79	14.46		4.67	5.02	

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Balance sheet

At 30 June

(Unaudited)

Consolidated		DKK million	
Note	30.06.20	30.06.19	30.09.19
Non-current assets			
Intangible assets	2,419	2,486	2,502
Property, plant and equipment	3,282	3,146	3,249
Right-of-use assets	516	0	0
Other equity investments	4	10	5
Deferred tax asset	578	465	590
Other receivables	26	29	27
Total non-current assets	6,825	6,136	6,373
Current assets			
Inventories	2,116	1,914	1,933
Trade receivables	2,997	3,227	3,153
Income tax	272	62	231
Other receivables	257	195	197
Prepayments	163	189	163
Amounts held in escrow	12	73	13
Marketable securities	262	311	313
Cash and cash equivalents	411	444	356
Total current assets	6,490	6,415	6,359
Total assets	**13,315**	**12,551**	**12,732**

Balance sheet

At 30 June

(Unaudited)

Consolidated		DKK million		
Note		30.06.20	30.06.19	30.09.19
	Equity			
	Share capital	216	216	216
	Currency translation reserve	-307	-121	-175
	Reserve for currency hedging	29	-13	-53
	Proposed ordinary dividend for the year	0	0	2,549
	Retained earnings	6,424	5,857	4,376
	Total equity	6,362	5,939	6,913
	Liabilities			
	Non-current liabilities			
	Provisions for pensions and similar liabilities	189	224	200
	Provision for deferred tax	273	300	264
8	Other provisions	169	17	257
	Lease liability	380	84	134
	Prepayments	19	32	22
	Total non-current liabilities	1,030	657	877
	Current liabilities			
	Provisions for pensions and similar liabilities	5	0	9
8	Other provisions	166	81	201
	Other credit institutions	2,515	2,840	1,066
	Trade payables	623	673	859
	Income tax	882	677	1,068
	Other payables	1,573	1,672	1,720
	Lease liability	156	8	8
	Prepayments	3	4	11
	Total current liabilities	5,923	5,955	4,942
	Total liabilities	**6,953**	**6,612**	**5,819**
	Total equity and liabilities	**13,315**	**12,551**	**12,732**

1 Accounting policies
9 Contingent liabilities

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

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
2019/20							
Balance at 1.10.	18	198	-175	-53	2,549	4,376	6,913
Comprehensive income:							
Net profit for the period					1,064	2,092	3,156
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements of defined benefit plans						7	7
Tax on remeasurements of defined benefit plans						-2	-2
Other comprehensive income that may be reclassified to income statement:							
Value adjustment of currency hedging				11			11
Transferred to financial items				94			94
Tax effect of hedging				-23			-23
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries			-132			-21	-153
Total other comprehensive income	0	0	-132	82	0	-16	-66
Total comprehensive income	0	0	-132	82	1,064	2,076	3,090
Transactions with shareholders:							
Acquisition of treasury shares						-456	-456
Sale of treasury shares						402	402
Share-based payment						29	29
Tax on share-based payment, etc.						-3	-3
Interim dividend paid out in respect of 2019/20					-1,064		-1,064
Dividend paid out in respect of 2018/19					-2,549		-2,549
Total transactions with shareholders	0	0	0	0	-3,613	-28	-3,641
Balance at 30.06.	**18**	**198**	**-307**	**29**	**0**	**6,424**	**6,362**

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 period					1,062	2,018	3,080
Other comprehensive income that will not be reclassified to income statement:							
Remeasurements on defined benefit plans						-26	-26
Tax on remeasurements on 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 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**

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Cash flow statement

1 October - 30 June

(Unaudited)

Note	Consolidated	2019/20 9 mths (DKK million)	2018/19 9 mths (DKK million)
	Operating profit	4,382	4,077
	Depreciation and amortisation	636	486
5	Adjustment for other non-cash operating items	-103	-163
6	Changes in working capital	-497	-608
	Ingoing interest payments, etc.	5	14
	Outgoing interest payments, etc.	-161	-115
	Income tax paid	-1,190	-1,104
	Cash flows from operating activities	**3,072**	**2,587**
	Investments in intangible assets	-63	-57
	Investments in land and buildings	-15	-10
	Investments in plant and machinery and other fixtures and fittings, tools and equipment	-37	-45
	Investments in property, plant and equipment under construction	-575	-302
	Property, plant and equipment sold	4	42
	Net sales/purchase of marketable securities	50	0
	Cash flow from investing activities	**-636**	**-372**
	Free cash flow	**2,436**	**2,215**
	Dividend to shareholders	-3,612	-3,398
	Acquisitions of treasury shares	-456	-386
	Sale of treasury shares	402	134
	Financing from shareholders	**-3,666**	**-3,650**
	Repayment of lease liabilities	-144	0
	Drawdown on credit facilities	1,449	1,578
	Cash flows from financing activities	**-2,361**	**-2,072**
	Net cash flows	**75**	**143**
	Cash and cash equivalents at 1.10.	356	297
	Value adjustment of cash and bank balances	-20	4
	Net cash flows	75	143
7	**Cash and cash equivalents at 30.06.**	**411**	**444**

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 2018/19 except for new standards, amendments and interpretations that are effective from the 2019/20 financial year.

Adoption of IFRS 16 ”Leases” with effect from 1 October 2019

The new reporting standard, IFRS 16 ”Leases”, was adopted with effect from 1 October 2019 using the modified retrospective approach. Consequently, comparative information was not restated and the cumulative effect from the initial application of the reporting standard was recognised in the opening balances at 1 October 2019.

The main change introduced by the new reporting standard is a revised accounting model for those lease contracts which were previously classified as operating leases. Previously, lease payments for operating leases were recorded as operating expenses and neither the leased asset nor the lease liability were recognised on the balance sheet. Pursuant to the new reporting standard, right-of-use assets are now recognised on the balance sheet for all lease contracts which were previously classified as operating leases, except for short-term leases and leases of low-value assets. Similarly, corresponding lease liabilities are also recognised on the balance sheet. The lease payments are now recorded partly as a repayment of the lease liability and partly as an interest charge. Conversely, a depreciation charge is recorded for the right-of-use assets.

As anticipated, the adoption of IFRS 16 ”Leases” has had an immaterial, positive effect on EBIT for the current period due to the new classification of interest charges related to lease liabilities. The impact on net profit for and earnings per share the current period were also immaterial. Total assets increased by DKK 472 million at the initial date of application, corresponding to 4% of total assets. The right-of-use assets relate mainly to cars and buildings. There was no impact on the opening balance of equity

As a result of this, return on invested capital (ROIC) after tax for the first nine months of 2019/20 was negatively impacted by 2 percentage points due to the increase in assets recognised on the balance sheet which were only partly offset by an immaterial increase in EBIT due to the new classification of interest charges related to lease liabilities. Net interest-bearing debt (NIBD) increased by DKK 472 million at the initial date of application due to the recognition of lease liabilities related to those lease contracts which were previously classified as operating leases.

Cash flows were also impacted by the adoption of IFRS 16 ”Leases”. For the current period, cash flows from operating activities were improved by DKK 144 million because the principal repayment of lease liabilities is now classified as cash flows from financing activities. This change in classification is a result of the adoption of the new reporting standard. Free cash flows were likewise improved by the same amount while net cash flows remain unchanged.

Practical expedients applied at the initial application of IFRS 16 ”Leases”

At the initial application of IFRS 16 ”Leases”, the following practical expedients were used:

- A single discount rate was applied to a portfolio of leases with similar characteristics
- Initial direct cost at the inception of the lease contract were excluded from the measurement of the right-of-use asset
- Hindsight was used when determining the remaining lease term from the initial date of initial application

Notes

(Unaudited)

Consolidated

1. Accounting policies, continued

New accounting policy for lease contracts from 1 October 2019

At the commencement date, when a leased asset is made available for use, a right-of-use asset and a corresponding lease liability is recognised on the balance sheet.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made prior to the commencement date and any initial direct costs. Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses, and adjusted for remeasurement of the lease liability. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the right-of-use asset.

Lease liabilities are initially measured at the present value of future lease payments. The lease payments are discounted using the implicit rate of the lease contract or, if not readily determinable, the incremental borrowing rate of Coloplast for loans with similar term and security. As a practical expedient, the discount rates are determined on basis of a portfolio of leases with similar characteristics, e.g. a portfolio of leased cars in a specific country. The lease liabilities are subsequently reduced by the portion of lease payments which is regarded as repayment of those lease liabilities. Lease liabilities are remeasured in the event of a lease modification or a reassessment of the lease term which in turn may also impact the carrying value of the right-of-use assets. The lease term is reassessed when a significant event or change, which is within the control of Coloplast, affects the prior assessment.

Short-term leases and leases of low-value assets are exempted from the above accounting model. Consequently, lease payments associated with such lease contracts are recognised as an operating expense on either a straight-line basis over the lease term or another systematic basis which is more representative of the pattern of the benefit the leased assets.

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, as well as R&D activities. 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 (i.e. production units and staff functions) and eliminations, as these functions do not generate revenue. While costs of R&D activities for Interventional Urology is included in the segment operating profit/loss for that segment, R&D activities for Chronic Care and Wound & Skin Care are shared functions which are comprised in shared/non-allocated.

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 costs, sales costs, 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	**2019/20**	2018/19	**2019/20**	2018/19	**2019/20**	2018/19	**2019/20**	2018/19
Segment revenue								
Ostomy Care	5,697	5,317	0	0	0	0	5,697	5,317
Continence Care	5,142	4,811	0	0	0	0	5,142	4,811
Interventional Urology	0	0	1,355	1,476	0	0	1,355	1,476
Wound & Skin Care	0	0	0	0	1,760	1,717	1,760	1,717
External revenue as per the Statement of comprehensive income	**10,839**	**10,128**	**1,355**	**1,476**	**1,760**	**1,717**	**13,954**	**13,321**
Segment operating profit/loss	6,307	5,715	455	558	703	664	7,465	6,937
Shared/non-allocated							-3,083	-2,860
Operating profit before tax (EBIT) as per the Statement of comprehensive income							**4,382**	**4,077**
Net financials							-283	-77
Tax of profit/loss for the period							-943	-920
Profit/loss for the period as per the Statement of comprehensive income							**3,156**	**3,080**

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Notes

(Unaudited)

Consolidated		DKK million	
		2019/20	2018/19
3.	**Financial income**		
	Interest income	5	14
	Net exchange adjustments	0	8
	Hyperinflationary adjustment of monetary position	11	32
	Total	**16**	**54**
4.	**Financial expenses**		
	Interest expenses	9	3
	Interest expenses, lease liabilities	10	2
	Fair value adjustments of forward contracts transferred from Other comprehensive income	94	93
	Fair value adjustments of cash-based share options	7	4
	Net exchange adjustments	157	0
	Other financial expenses and fees	22	29
	Total	**299**	**131**
5.	**Adjustment for other non-cash operating items**		
	Net gain/loss on divestment of non-current assets	-1	-23
	Change in other provisions	-132	-169
	Other non-cash operating items	30	29
	Total	**-103**	**-163**
6.	**Changes in working capital**		
	Inventories	-249	-163
	Trade receivables	75	-320
	Other receivables, including amounts held in escrow	-77	-95
	Trade and other payables etc.	-246	-30
	Total	**-497**	**-608**
7.	**Cash and cash equivalents**		
	Short term bank balances	411	444
	Total	**411**	**444**

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 the 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 and in September 2019 Judge Goodwin started to remand the remaining cases to the relevant Courts. The process is a further step towards closure and full resolution of the MDL.

An additional expense of DKK 0.4bn was recognised in the 2018/19 financial year to cover further costs to resolve the remaining claims as the process takes longer than previously anticipated. The expense was recognised under special items in the income statement. This brings the total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA to DKK 5.65bn including legal costs (before insurance cover of DKK 0.5bn).

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

The remaining provision made for legal claims at 30 June 2020 amounted to DKK 0.3bn (30 September 2019: DKK 0.5bn) plus DKK 0.1bn recognised under other debt (30 September 2019: DKK 0.1bn). 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.

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Income statement, quarterly

(Unaudited)

Consolidated

	2019/20			2018/19			
DKK million	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	4,419	4,823	4,712	4,618	4,599	4,401	4,321
Production costs	-1,449	-1,553	-1,500	-1,448	-1,476	-1,444	-1,418
Gross profit	**2,970**	**3,270**	**3,212**	**3,170**	**3,123**	**2,957**	**2,903**
Distribution costs	-1,221	-1,355	-1,415	-1,343	-1,330	-1,277	-1,256
Administrative expenses	-205	-196	-171	-197	-183	-195	-182
Research and development costs	-182	-182	-169	-165	-175	-171	-181
Other operating income	5	13	17	20	9	32	16
Other operating expenses	1	-8	-2	-6	-6	-4	-3
Operating profit before special items	**1,368**	**1,542**	**1,472**	**1,479**	**1,438**	**1,342**	**1,297**
Special items	0	0	0	-400	0	0	0
Operating profit (EBIT)	**1,368**	**1,542**	**1,472**	**1,079**	**1,438**	**1,342**	**1,297**
Financial income	1	5	10	0	-1	27	28
Financial expenses	-73	-162	-64	-51	-50	-43	-38
Profit before tax	**1,296**	**1,385**	**1,418**	**1,028**	**1,387**	**1,326**	**1,287**
Tax on profit for the period	-299	-318	-326	-235	-319	-305	-296
Net profit for the period	**997**	**1,067**	**1,092**	**793**	**1,068**	**1,021**	**991**
Earnings per Share (EPS) before special items	4.69	5.02	5.14	5.21	5.03	4.81	4.67
Earnings per Share (EPS)	4.69	5.02	5.14	3.74	5.03	4.81	4.67
Earnings per Share (EPS) before special items, diluted	4.67	5.00	5.12	5.18	5.02	4.78	4.66
Earnings per Share (EPS), diluted	4.67	5.00	5.12	3.72	5.02	4.78	4.66

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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www.coloplast.com

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.