Announcement no. 10/2020
3 November 2020

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

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

Company reg. (CVR)
no. 69749917

2019/20

Announcement of full-year financial results 2019/20

(01 October 2019 - 30 September 2020)

Back to organic growth in Q4 2019/20. In 2020/21 we expect 7-8% organic growth and 31-32% EBIT margin.

- Organic growth of 2% in Q4. Reported revenue in DKK was down by 1% to DKK 4,590 million. Organic growth for the full year was 4% and reported revenue in DKK increased by 3% to DKK 18,544 million.
- Organic growth rates by business area for the financial year 2019/20: Ostomy Care 6%, Continence Care 6%, Interventional Urology -7% and Wound & Skin Care 1%.
- Organic growth for the full year was negatively impacted by the COVID-19 outbreak and the cancellation of elective procedures which had a significant negative impact on the US Interventional Urology business, as well as a negative impact on the Wound & Skin Care business, particularly in China and UK Chronic Care. The Chronic Care business in the US and Emerging markets delivered largely stable underlying growth throughout the year.
- Organic growth in Q4 was negatively impacted by flat growth in several countries in Europe due to limited growth in new patients, particularly in the UK Chronic business. Emerging markets growth in Q4 was flat, negatively impacted by Russian tender orders in the comparison period.
- EBIT before special items amounted to DKK 5,854 million for the full year, a 5% increase, corresponding to an EBIT margin of 32% against 31% 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 46% for the full year against 48% last year. Excluding the impact from IFRS 16, ROIC after tax before special items would have been 48% - on par with last year.
- New strategy “Strive25 – Sustainable Growth Leadership” presented in September with an emphasis on innovation, US and China. New long-term financial guidance issued of 7-9% organic growth p.a. and EBIT margin of more than 30% in constant currencies. Long-term underlying market growth is not expected to be impacted by COVID-19 and is unchanged at 4-5%.
- 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.
- The Board of Directors recommends that the shareholders attending the annual general meeting approve a year-end dividend of DKK 13.00 per share. In addition to the dividend of DKK 5.00 per share paid out in connection with the half-year results, this brings the total dividend for the year to DKK 18.00 per share, as compared with DKK 17.00 per share last year.

Financial guidance for 2020/21

- We expect organic revenue growth of 7-8% at constant exchange rates. Reported growth in DKK is expected to be 4-5%.
- The reported margin in DKK is expected to be 31-32%. 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 expected to be around DKK 1.1 billion.
- The effective tax rate is expected to be around 23%.

Conference call
Coloplast will host a conference call on Tuesday, 3 November 2020 at 15.00 CET.
The call is expected to last about one hour.
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 84248229#.

Access the conference call webcast directly here:
https://getvisualtv.net/stream/?coloplast-ywk6r28f0n

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Continence Care
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Interventional Urology

Financial highlights and key ratios

1 October 2019 – 30 September 2020, unaudited

Consolidated[3]	2019/20 12 mths	2018/19 12 mths	Change	2019/20 Q4	2018/19 Q4	Change
Income statement, DKK million						
Revenue	18,544	17,939	3%	4,590	4,618	-1%
Research and development costs	-708	-692	2%	-175	-165	6%
Operating profit before interest, tax, depr. and amort. (EBITDA)	6,705	5,807	15%	1,687	1,244	36%
Operating profit (EBIT) before special items	5,854	5,556	5%	1,472	1,479	0%
Special items	-	-400	N/A	-	-400	N/A
Operating profit (EBIT)	5,854	5,156	14%	1,472	1,079	36%
Net financial income and expenses	-388	-128	N/A	-105	-51	N/A
Profit before tax	5,466	5,028	9%	1,367	1,028	33%
Net profit for the period	4,197	3,873	8%	1,041	793	31%
Revenue growth, %						
Period growth in revenue	3	9		-1	9	
Organic growth	4	8		2	8	
Currency effect	-1	1		-3	1	
Balance sheet, DKK million						
Total assets	13,499	12,732	6%	13,499	12,732	6%
Capital invested	9,864	8,748	13%	9,864	8,748	13%
Net interest-bearing debt	1,162	539	N/A	1,162	539	N/A
Equity end of period	7,406	6,913	7%	7,406	6,913	7%
Cash flow and investments, DKK million						
Cash flows from operating activities	4,759	4,357	9%	1,687	1,770	-5%
Cash flows from investing activities	-901	-591	52%	-265	-219	21%
Investments in property, plant and equipment, gross	-846	-617	37%	-219	-260	-16%
Free cash flow	3,858	3,766	2%	1,422	1,551	-8%
Cash flows from financing activities	-3,857	-3,714	4%	-1,496	-1,642	-9%
Key ratios						
Operating margin (EBIT margin) before special items, %	32	31		32	32	
Operating margin (EBIT margin), %	32	29		32	23	
Operating margin before interest, tax, depr. and amort., (EBITDA margin), %	36	32		37	27	
Return on average invested capital before tax (ROIC), %[1]	59	62		58	63	
Return on average invested capital after tax (ROIC), %[1]	46	48		44	49	
Return on equity, %	66	65		60	49	
Equity ratio, %	55	54		55	54	
Net asset value per outstanding share, DKK	35	33	6%	35	33	6%
Share data						
Share price, DKK	1,004	825	22%	1,004	825	22%
Share price/net asset value per share	28.8	25.4	13%	28.8	25.4	13%
Average number of outstanding shares, millions	212.7	212.4	0%	212.7	212.3	0%
PE, price/earnings ratio	50.8	45.2	12%	51.3	55.1	-7%
Pay-out ratio, %[2]	91.2	86.0	6%			
Earnings per share (EPS), diluted	19.67	18.18	8%	4.88	3.72	31%
Free cash flow per share	18.1	17.7	2%	6.7	7.3	-8%

[1] Before Special items. After Special items, ROIC before tax was 61% (2018/19: 60%), and ROIC after tax was 47% (2018/19: 46%).

[2] For the 2018/19 financial year, this item is before special items. After special items, the pay-out ratio is 93%.

[3] Comparative figures for 2018/19 were not restated to reflect the adoption of IFRS 16 "Leases". See note 1 to the financial statements.

Sales performance

The full-year organic growth was 4%, adversely impacted by the COVID-19 pandemic. Reported revenue in DKK was up by 3% to DKK 18,544 million. Exchange rate developments decreased revenue by 1% mainly related to a significant decrease in the value of ARS and BRL against DKK, partly offset by a positive development in USD and GBP against DKK in the beginning of the fiscal year.

Organic growth in the fourth quarter was 2%, reflecting improving momentum and recovery in the group following a quarter of negative growth in Q3 due to a large negative impact on the Interventional Urology business due to COVID-19. Reported revenue in DKK was down by 1% to DKK 4,590 million. Exchange rate developments decreased revenue by 3% mainly related to the negative development in USD and BRL against DKK.

Sales performance by business areas

	DKK million		**Growth composition (12 mths)**			**DKK million**	**Growth composition (Q4)**		
	2019/20 12 mths	2018/19 12 mths	Organic growth	Exchange rates	Reported growth	2019/20 Q4	Organic growth	Exchange rates	Reported growth
Ostomy Care	7,538	7,166	6%	-1%	5%	1,841	3%	-3%	0%
Continence Care	6,819	6,459	6%	0%	6%	1,677	4%	-2%	2%
Interventional Urology	1,835	1,970	-7%	0%	-7%	480	0%	-3%	-3%
Wound & Skin Care	2,352	2,344	1%	-1%	0%	592	-3%	-3%	-6%
Net revenue	**18,544**	**17,939**	**4%**	**-1%**	**3%**	**4,590**	**2%**	**-3%**	**-1%**

Sales performance by region

	DKK million		**Growth composition (12 mths)**			**DKK million**	**Growth composition (Q4)**		
	2019/20 12 mths	2018/19 12 mths	Organic growth	Exchange rates	Reported growth	2019/20 Q4	Organic growth	Exchange rates	Reported growth
European markets	10,820	10,573	2%	0%	2%	2,652	0%	0%	0%
Other developed markets	4,644	4,380	5%	1%	6%	1,210	8%	-5%	3%
Emerging markets	3,080	2,986	8%	-5%	3%	728	1%	-8%	-7%
Net revenue	**18,544**	**17,939**	**4%**	**-1%**	**3%**	**4,590**	**2%**	**-3%**	**-1%**

Ostomy Care

Ostomy Care generated 6% organic sales growth for the 2019/20 financial year, with reported revenue in DKK growing by 5% to DKK 7,538 million.

The SenSura® Mio portfolio and the Brava® range of supporting products continued to be the main drivers of revenue growth. At the 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 actively promoted, most notably in China, which delivered growth in the period despite the COVID-19 pandemic. During 2019/20, the SenSura Mio portfolio was launched in China and has been positively received.
Sales of Brava supporting products continue to contribute to growth, primarily driven by growth in the US, China and the UK.

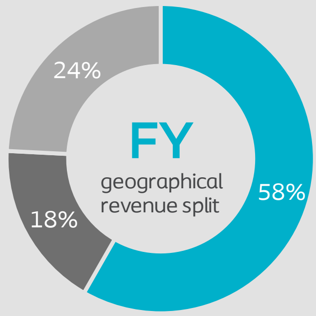
From a country perspective, the US, the UK and China were the main contributors to growth. Solid performance in Latin America also contributed to growth. Weaker growth in Europe and particularly in the UK in Q4 negatively impacted full-year growth. Growth in France in the first three quarters of 2019/20, was negatively impacted by the reimbursement reform introduced 1 July 2019.

Across the Ostomy Care business, growth in new patients has been negatively impacted as only the most acute ostomy surgeries have taken place following the COVID-19 outbreak. The impact has been the largest in Europe and particularly in the UK, which is Coloplast's largest market in Europe. Growth in new patients continues to improve, albeit at a slower pace in Europe.

Q4 organic growth was 3% with reported revenue in DKK decreasing by DKK 8 million to DKK 1,841 million. Sales growth in Q4 was adversely impacted by weaker growth in Europe due to the COVID-19 pandemic. As in the first nine 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 in particular driven by SenSura Mio Convex in Germany and the US. The SenSura and Assura/Alterna portfolios continued to deliver satisfactory sales growth in Q4 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, China and the US were the main contributors to growth in Q4. Phasing of tender deliveries in Russia last year impacted growth negatively due to a tough comparison period as tender deliveries in Russia last year were concentrated in the second half of the year. As mentioned above, growth in Europe, particularly in the UK, was challenged by lower growth in new patients due to COVID-19. The quarter also saw destocking of the remaining stock in Europe following the stocking of products in the early phase of the COVID-19 pandemic in Q2.

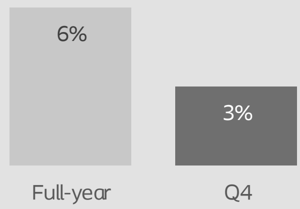
The global market for ostomy care products is worth an estimated DKK 18-19 billion. Annual market growth is forecasted at 4-5% excluding any short-term impact from the COVID-19 pandemic. Coloplast is the global market leader, holding a market share of 35–40%. The ostomy supporting products market is estimated at about DKK 3 billion of the overall market for ostomy care products with a forecasted annual market growth of 6-8%. Coloplast has increased its market share since last year from 30-35% to 35-40%.



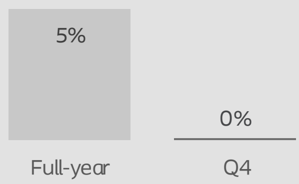
1.8 billion

Reported revenue
in DKK for Q4 2019/20

Organic growth



Reported growth



European markets
Other developed markets
Emerging markets

Continence Care

Continence Care generated 6% organic sales growth for the 2019/20 financial year, with reported revenue in DKK also growing by 6% to DKK 6,819 million.

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 flexible catheters, compact catheters and standard catheters, all of which are ready-to-use hydrophilic coated catheters. The growth in flexible catheters was driven by the US and the UK, whereas the growth in compact catheters was driven by Europe, particularly the UK and Germany. The Peristeen portfolio also continued to show good results driven by the US and France.

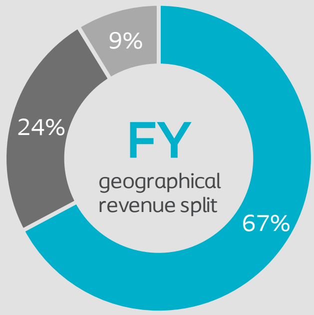
From a country perspective, sales growth was driven by the US and Europe. Weaker growth in Europe, particularly in the UK in Q4, negatively impacted full-year growth. France contributed to growth despite a negative impact in the first three quarters from the French price reform introduced 1 July 2019.

Across the Continence Care business, growth in new patients has been negatively impacted due to the COVID-19 outbreak 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. The impact has been the largest in Europe and in particular in the UK, which is Coloplast's largest market in Europe. Growth in new patients continues to improve, albeit at a slower pace in Europe.

Q4 organic growth was 4%, while reported revenue in DKK increased by 2% to DKK 1,677 million. Sales growth in Q4 was adversely impacted by weaker growth in Europe and mainly in the UK due to the COVID-19 pandemic. As in the first nine months, organic growth for Q4 was driven by the SpeediCath portfolio, and more specifically flexible catheters.

From a country perspective, the US, Argentina, Germany and Italy were the main contributors to growth in Q4. As mentioned above, growth in Europe and mainly the UK was challenged by lower growth in new patients due to COVID-19. The quarter also saw destocking of the remaining stock in Europe following the stocking of products in the early phase of the COVID-19 pandemic in Q2.

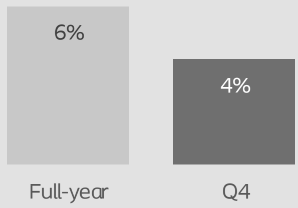
The global market for continence care products is estimated to be about DKK 14-15 billion in size. Annual market growth is forecasted at 5-6% excluding any short-term impact from the COVID-19 pandemic. Coloplast is the global market leader in the continence care market and has increased its market share since last year from around 40% to 40-45%.



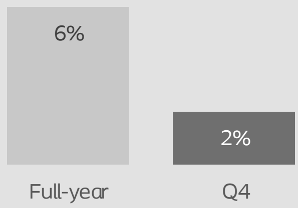
1.7 billion

Reported revenue in DKK for Q4 2019/20

Organic growth



Reported growth



- European markets
- Other developed markets
- Emerging markets

Interventional Urology

Interventional Urology generated a negative organic growth of 7% in 2019/20 financial year the and reported revenue in DKK also decreased by 7% to DKK 1,835 million.

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.

As elective procedures gradually resumed across the US and in most European markets, performance improved during the second half of 2019/20 with April being the low point down 70% and September ending almost back to growth.

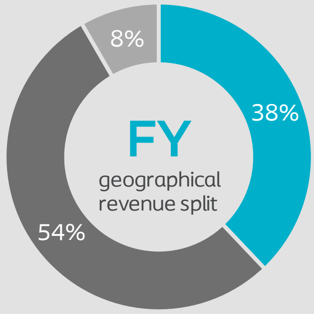
Due to the improved outlook for Interventional Urology, the commercial investments that were temporarily put on hold due to the COVID-19 pandemic were initiated again during Q4.

The Axis™ biologics portfolio in the US contributed positively to growth for the full year despite a negative impact in Q3 and Q4 linked to the above challenges. Revenues from disposable surgical products remained on par with last year despite a challenging second half of the year.

From a country perspective, the challenges due to COVID-19 in the US market led to a significant negative impact on growth in the Interventional Urology business, along with France which also contributed negatively to growth.

Q4 organic growth was flat while reported revenue in DKK decreased by 3% to DKK 480 million. Similar to Q3 but to a much lesser extent, Q4 saw a negative impact on growth due to the impact of COVID-19 on patient activity within elective procedures. Men's Health and the Titan penile implants contributed positively to growth in Q4 as elective procedures within this area recovered positively in the US. Sales of implantable devices in Women's Health contributed negatively to growth.

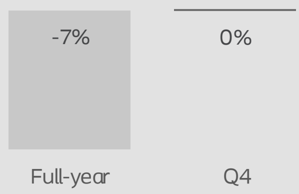
In 2019/20, the global market for Interventional Urology products in which Coloplast operates declined from DKK 12-13 billion to an estimated DKK 11-12 billion due to the negative impact from the COVID-19 pandemic. COVID-19 is not expected to impact the underlying dynamics of the Interventional Urology market over time. Annual market growth is forecasted at 3–5% excluding any short-term impact from COVID-19. Coloplast is the fourth largest global manufacturer of interventional urology products holding a global market share of about 15%.



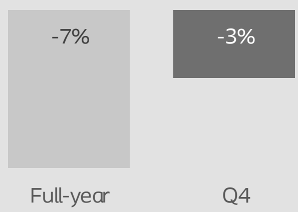
0.5 billion

Reported revenue in DKK for Q4 2019/20

Organic growth



Reported growth



European markets
Other developed markets
Emerging markets

Wound & Skin Care

Wound & Skin Care generated 1% organic sales growth for the 2019/20 financial year, with reported revenue in DKK growing by 0% to DKK 2,352 million.

The wound care business in isolation delivered organic growth of 0% for the 2019/20 financial year. The Biatain® Silicone portfolio was the main contributor to growth, driven by the US and Germany. The Biatain Silicone Sizes & Shapes portfolio accounted for a significant part of the revenue growth. Growth in Biatain Silicone was offset by a decline in revenues in the Biatain® and Comfeel® product portfolios primarily in China.

From a country perspective, the flat development in growth in wound care was primarily due to a significant decline in hospital activity globally, particularly hospital sales in China due to the COVID-19 pandemic. This was offset by positive growth in the US and Germany.

The skin care business reported satisfactory high single-digit growth in 2019/20 despite a significant decline in demand in Q3 due to COVID-19. The growth was mainly driven by the EasiCleanse™ product portfolio in North America. The Compeed contract manufacturing business delivered revenue on par with last year in 2019/20 adversely impacted by lower demand due to COVID-19 in the second half of the year.

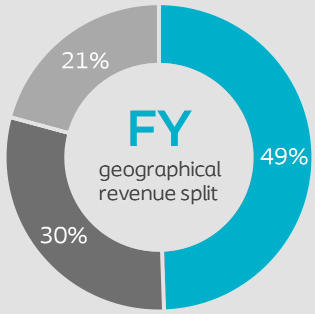
Q4 organic growth for Wound & Skin Care was negative by 3% while reported revenue in DKK decreased by 6% to DKK 592 million.

In Q4, organic growth in Wound Care in isolation was 1% primarily driven by growth in the Biatain Silicone portfolio in Germany, France and the US. The European wound care business improved significantly in Q4 compared to Q3, in part driven by a good contribution from the recently launched Biatain Fiber portfolio. Biatain Fiber, a gel-forming fiber dressing used for deeper wounds and wound cavities with exudate, has now been launched across 7 markets and continues to be well-received. China and the wider Emerging markets region contributed negatively to growth in Q4 due to a decline in hospital activity and sales related to COVID-19.

The Skin Care business reported double-digit organic growth in Q4 due to increased demand for InterDry and EasiCleanse products, which is correlated with an increase in non-covid hospital admissions in the US.
The Compeed contract manufacturing business contracted from growth in Q4, impacted by lower demand due to the COVID-19 pandemic.

The global wound care market is estimated to be worth DKK 22-24 billion. Annual market growth is forecasted at an 2-4% excluding any short-term impact from COVID-19. The market is defined as advanced wound care products excluding the negative pressure wound therapy segment. Coloplast is the world's fifth-largest manufacturer of advanced wound care products, holding a market share of 5-10%.

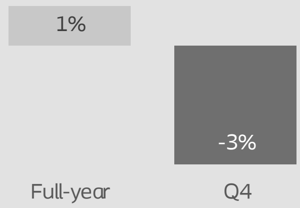
The market for skin care products, in which Coloplast competes, is estimated at DKK 4-5 billion. Coloplast holds a market share of 10-15% in the fragmented Skin Care market, which is mainly a US-based business. The forecasted annual market growth is 2–4% excluding any short-term impact from COVID-19.



0.6 billion

Reported revenue in DKK for Q4 2019/20

Organic growth



Reported growth

- European markets
- Other developed markets
- Emerging markets

Earnings

Income statement, DKK million	2019/20	Index
Revenue	**18,544**	**103**
Production costs	-5,932	103
Gross profit	**12,612**	**104**
Distribution costs	-5,317	102
Administrative expenses	-762	101
Research and development costs	-708	102
Other operating income	49	64
Other operating expenses	-20	105
Operating profit (EBIT) before special items	**5,854**	**105**
Special items	-	n/a
Financial income	20	37
Financial expenses	-408	224
Profit before tax	**5,466**	**109**
Tax on profit for the year	-1,269	110
Net profit for the year	**4,197**	**108**

Gross profit
Gross profit was up by 4% to DKK 12,612 million from DKK 12,153 million last year equivalent to a gross margin of 68%, on par with last year. The gross margin included a small positive impact from currencies, mainly related to the appreciation of USD against DKK and the depreciation of the HUF against the DKK.

The positive development in the gross profit included savings from the Global Operations Plan 4, including the closure of the factory in Thisted, Denmark in 2019. The gross margin was positively impacted by restructuring costs of DKK 43 million in the comparison period last year, whereas there were no restructuring costs in this financial 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 H2, a business that has a higher gross margin on average. 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 Q4 gross margin was 69% against 69% in the same period last year. The gross margin was positively impacted by savings from the Global Operations Plan 4 but negatively impacted by the previously mentioned cost headwinds in Hungary and extraordinary costs related to the COVID-19 outbreak.

Costs
Distribution costs amounted to DKK 5,317 million, a DKK 111 million increase (2%) from DKK 5,206 million 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 digital efforts. The impact from the above-mentioned investments was offset by lower travel and sales & marketing expenses in connection with the COVID-19 pandemic.

Distribution costs in Q4 amounted to DKK 1,326 million, a decrease of 1% compared to last year, and a margin of 29% of revenue which is on par with last year. The decrease was mainly attributable to cost savings and a decline in travel expenses which was only partly offset by investments in sales and marketing activities.

Administrative expenses amounted to DKK 762 million, up DKK 5 million (1%) from DKK 757 million last year. Part of the increase this year included increased bad debt reservations in several countries, primarily in Emerging Markets due to the COVID-19 pandemic. Administrative expenses accounted for 4% of revenue which was consistent with last year. Likewise, the Q4 administrative expenses amounted to 4% of revenue which was consistent with last year.

The R&D costs were DKK 708 million which was largely unchanged from last year. R&D costs amounted to 4% of revenue on par with last year. The Q4 R&D costs amounted to DKK 175 million up DKK 10 million (6%) from DKK 165 million last year corresponding to 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 29 million, against DKK 58 million last year. The decrease was mainly due to a DKK 16 million gain on the sale of former production facilities in Denmark which was included in the comparison period. Other operating income and other operating expenses in Q4 amounted to a net income of DKK 3 million, against DKK 14 million last year.

Operating profit (EBIT)
The full-year EBIT amounted to DKK 5,854 million, a DKK 298 million (5%) increase from the full-year EBIT before special items of DKK 5,556 million last year. The EBIT margin was 32% compared to 31% last year. The EBIT margin includes a small positive impact from currencies, mainly related to the appreciation of USD against DKK and the depreciation of the HUF against the DKK, partially offset by the depreciation of several Emerging market currencies including ARS and BRL.

In Q4, EBIT before special items was DKK 1,472 million a DKK 7 million decrease from the same period last year (DKK 1,479 million). The EBIT margin was 32% in Q4, which was consistent with last year. EBIT was negatively impacted by the decrease in revenues and reflects continued investments in commercial activities and innovation to drive future growth. On the other hand, the decrease in EBIT was limited by prudent cost management during the COVID-19 pandemic including cost savings on travel and sales & marketing expenses.

Financial items and tax
Financial items were a net expense of DKK 388 million, compared to a net expense of DKK 128 million last year. The net expense of DKK 388 million was mainly due to losses on balance sheet items denominated in several foreign currencies (DKK 248 million), including the Brazilian Real and the Argentinian Peso. In addition, a net loss on currency hedges (DKK 90 million) also continued to weigh on financial items, mainly linked to the appreciation of the USD and GBP against DKK.

The Q4 financial items were a net expense of DKK 105 million, compared with a net expense of DKK 51 million in the year-earlier period.

The tax rate was 23%, which was in line with last year. The tax expense amounted to DKK 1,269 million against DKK 1,155 million last year.

Net profit
Net profit before special items was DKK 4,197 million, a DKK 12 million increase from DKK 4,185 million last year. Diluted earnings per share (EPS) before special items was DKK 19.67 per share compared to DKK 19.64 last year.

The Q4 net profit before special items amounted to DKK 1,041 million, a decrease of DKK 64 million (-6%) from last year. The Q4 earnings per share (EPS), diluted, was down by 6% to DKK 4.88.

Cash flows and investments

Cash flows from operating activities
Cash flows from operating activities amounted to DKK 4,759 million, against DKK 4,357 million last year, and included a positive impact of DKK 197 million 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) and the above-mentioned impact from the adoption of IFRS 16 "Leases"[1].

Investments
Coloplast made investments (CAPEX) of DKK 931 million in 2019/20 compared with DKK 636 million last year. As a result, CAPEX accounted for 5% of revenues compared to 4% 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 51 million from the 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 901 million outflow, against a DKK 591 million 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 3,858 million which was up 2% from DKK 3,766 million in the same period last year. Adjusted for the positive impact of DKK 197 million related to a reclassification of lease payments following the adoption of IFRS 16 "Leases"[1], the free cash flow was down by -3%.

Capital resources
At 30 September 2020, Coloplast had net interest-bearing debt, including securities, of DKK 1,162 million, against DKK 539 million at 30 September 2019. The increase in net interest-bearing debt was mainly due to the adoption of IFRS 16 "Leases"[1], which increased net interest bearing debt by DKK 472 million at the initial date of application.

Statement of financial position and equity

Balance sheet
At DKK 13,499 million, the total assets increased by DKK 767 million relative to 30 September 2019. The increase was 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 23% of revenue in line with last year (24%). Inventories increased by DKK 294 million to DKK

[1] Please refer to note 1 "Accounting Policies"

2,227 million due to an increase in the inventories of strategic products. Trade receivables decreased by DKK 219 million to DKK 2,934 million due to an increased focus on payment terms in primarily Emerging Markets. Trade payables decreased by DKK 45 million relative to 30 September 2019 to stand at DKK 814 million.

Equity
Equity increased by DKK 493 million relative to 30 September 2019 to DKK 7,406 million. Total comprehensive income for the period of DKK 4,078 million, share-based remuneration of DKK 40 million and tax on equity entries of DKK 81 million were only partly offset by payment of dividends amounting to DKK 3,613 million, along with the net effect of treasury shares bought and sold of DKK 93 million.

Share buy-backs
A share buy-back programme of DKK 500 million was initiated in Q2 2019/20 and completed during Q4.

Treasury shares
At 30 September 2020, Coloplast's holding of treasury shares consisted of 3,318,995 B shares, which was 258,160 fewer than at 30 September 2019. The decrease was due to the exercise of share options.

Sustainability targets

Coloplast has reached its 2020 targets to increase the use of renewable energy, recycle more of the company's waste and increase the diversity of management. For more details, please see the company's Sustainability report published together with the Annual report.

Highlights from our ***sustainability*** 2019/20 agenda

44%

reduction of injuries with absence since 16/17.

41%

of production waste is recycled, up from 32% last year.

100%

of electricity use at our production sites and HQ is matched with renewable sources.

Download our Sustainability report
www.coloplast.com/About-Coloplast/Responsibility/Policies/

Other matters

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 health care 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 health care 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 health care professionals through webinars and other digital events, and we continuously rebalance our go-to market model.

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

New corporate strategy "Strive25" launched at Capital Markets Day in September
Coloplast's new strategy "Strive25" will drive value creation through Sustainable Growth Leadership with an emphasis on innovation, US and China. The long-term guidance for the strategy period is 7-9% organic growth p.a. and an EBIT margin of more than 30% in constant currencies. The strategy will be supported by key growth enablers including Efficiency, People & Culture and Sustainability.

As part of the new strategy, Sustainability has become an enterprise theme with a key focus on "Reducing Emissions" and "Improving products and packaging". In terms of targets, Coloplast aims to achieve 0 emissions from Scope 1 & 2 in 2025 through 100% renewable energy, 80% of our packaging should be from renewable materials and 50% of our production waste should be recycled. In order to achieve these targets, Coloplast will invest up to DKK 250 million.

In the Strive25 strategy period, beyond COVID-19, the company expects continued attractive market growth of 4-5% driven by demographics and improving access to health care in Emerging markets. The strategy will be supported by yearly incremental investments of up to 2% of revenue in innovation and commercial initiatives to drive growth. Please visit the Investor Relations website for more details including all presentations and a full webcast. www.coloplast.com/investor-relations

Organisational changes
To deliver on the Strive25 strategy the Executive Leadership Team has been strengthened as previously announced. This has resulted in changes within the Growth and Innovation organisations led by EVP Paul Marcun and EVP Nicolai Buhl Andersen. The European Chronic Care business has been separated into three regions reflecting the size and strategic ambitions of the region. Region Europe North will be led by SVP Henning Reichardt and Region UK/Ireland will be led by Annemarie van Neck. Region Europe South will be led by Jesper Johnsen Steen. Subsequently the SVP of Chronic Care Europe, Alain Morvan will leave the company.
To simplify and organize for deliver on our new innovation strategy and the Clinical Performance Programme, a new structure has been put in place. As part of these changes, the SVP of R&D, Oliver Johansen will leave the company.

Coloplast acquires Nine Continents Medical Inc
Coloplast is actively seeking long-term growth opportunities in adjacent segments in the interventional urology business through inorganic means, including early-stage acquisitions. Coloplast announced today that it has completed the acquisition of Nine Continents Medical Inc, an early stage company pioneering an implantable tibial nerve stimulation treatment for over-active bladder. The acquisition price consists of a USD 145 million upfront cash payment and an additional contingent future milestone payment. Please see the press release for more details https://www.coloplast.com/press/press/2020/

Timetable for dividend of DKK 13.00 per share
3 December 2020 – Declaration date
4 December 2020 – Ex-dividend date
7 December 2020 – Value date
8 December 2020 – Disbursement date

Our *financial guidance* for 2020/21

7-8%
Organic revenue growth at constant exchange rates

31-32%
Reported EBIT margin

around 1.1 billion
Capital expenditure in DKK

around 23%
Effective tax rate

Key financial guidance assumptions

Revenue growth
The impact of COVID-19 is continuously being monitored and evaluated on a short- and medium-term basis and due to COVID-19 there is higher uncertainty in the financial guidance.

Coloplast's full year guidance assumes the following:

a) Phasing of growth expected to be back-end loaded with low single-digit growth in the first half of 2020/21 and double-digit growth in the second half of 2020/21
b) Interventional Urology positively impacted by comparison period in 2019/20
c) Uncertainty around growth in new patients across Chronic Care in the UK and other markets particularly in Europe
d) Uncertainty around resumption of hospital activity impacting Wound & Skin Care
e) No current knowledge of significant health care reform vs. French reform in 2019/20
f) A stable supply and distribution of products across the company.

Reported growth in DKK is expected to be 4-5%.

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

EBIT margin
The EBIT margin guidance reflects additional incremental investments of up to 2% of revenue for innovation and sales and marketing purposes. The guidance assumes that Coloplast, in addition to achieving its growth target, will continue to deliver scale economy and efficiency improvements and prudent cost management.

Capex
The capex guidance includes investments in automation initiatives at volume sites in Hungary and China as part of GOP5, establishment of new volume site in Costa Rica, investments in new machines for existing and new products, IT investments and sustainability investments.

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

Long term financial guidance

Our long-term financial guidance for the Strive25 strategy period running until end 2024/25 is the following:

7-9%
Organic growth p.a.

above 30%
EBIT margin at constant exchange rates

Dividend policy
The Board of Directors intends to distribute excess liquidity to the shareholders through dividends and share buy-backs.

Forward-looking statements

The forward-looking statements in this annual report, 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 health care 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.

Exchange rate exposure

Our financial guidance for the 2020/21 financial year has been prepared on the basis of the following assumptions for the company's principal currencies:

OVERVIEW OF EXCHANGE RATES FOR KEY CURRENCIES AGAINST DKK

	GBP	USD	HUF
Average exchange rate 2018/19	844	662	2.31
Average exchange rate 2019/20	850	667	2.17
Change in average exchange rates for 2019/20 versus 2018/19	1%	1%	-6%
Spot rate on 2 November 2020	826	640	2.03
Change in spot rates compared with average exchange rate 2019/20	-3%	-4%	-6%

EFFECT OVER 12 MONTHS OF A 10% INITIAL DROP IN EXCHANGE RATES FOR KEY CURRENCIES (DKK MILLION)

	Revenue	EBIT
USD	-410	-170
GBP	-280	-190
HUF	-	100

Revenue is particularly exposed to developments in USD and GBP relative to DKK. Fluctuations in HUF against DKK impact the operating profit, because a substantial part of our production, and thus of our costs, are in Hungary, whereas our sales there are moderate.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Coloplast A/S for the financial year 1 October 2019 – 30 September 2020.

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

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2020 and of the results of the Group's operations and cash flows for the financial year 1 October 2019 – 30 September 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 year and of the financial position of the Group, together with a description of the principal risks and uncertainties that the Group and the parent company face.

Humlebæk, 3 November 2020

Executive Management

Kristian Villumsen President, CEO	Anders Lonning-Skovgaard Executive Vice President, CFO	Nicolai Buhl Andersen Executive Vice President
Paul Marcun Executive Vice President	Allan Rasmussen Executive Vice President	

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 V. Pedersen Elected by the employees	Nikolaj Kyhe Gundersen Elected by the employees

Statement of comprehensive income

1 October – 30 September, unaudited

Consolidated DKK million	Note	2019/20 12 mths	2018/19 12 mths	Index	2019/20 Q4	2018/19 Q4	Index
Revenue	2	18,544	17,939	103	4,590	4,618	99
Production costs		-5,932	-5,786	103	-1,430	-1,448	99
Gross profit		**12,612**	**12,153**	**104**	**3,160**	**3,170**	**100**
Distribution costs		-5,317	-5,206	102	-1,326	-1,343	99
Administrative expenses		-762	-757	101	-190	-197	96
Research and development costs		-708	-692	102	-175	-165	106
Other operating income		49	77	64	14	20	70
Other operating expenses		-20	-19	105	-11	-6	183
Operating profit (EBIT) before special items		**5,854**	**5,556**	**105**	**1,472**	**1,479**	**100**
Special items	3	-	-400	-	-	-400	-
Operating profit (EBIT)		**5,854**	**5,156**	**114**	**1,472**	**1,079**	**136**
Financial income	4	20	54	37	4	-	-
Financial expenses	4	-408	-182	>200	-109	-51	>200
Profit before tax		**5,466**	**5,028**	**109**	**1,367**	**1,028**	**133**
Tax on profit for the period		-1,269	-1,155	110	-326	-235	139
Net profit for the period		**4,197**	**3,873**	**108**	**1,041**	**793**	**131**
Remeasurements of defined benefit plans		12	-5		5	21	
Tax on remeasurements of defined benefit plans		-4	3		-2	-4	
Items that will not be reclassified to the income statement		**8**	**-2**		**3**	**17**	
Value adjustment of currency hedging		55	-143		44	-80	
Transferred to financial items		90	121		-4	28	
Tax effect of hedging		-32	5		-9	12	
Currency adjustment of opening balances and other market value adjustments relating to subsidiaries		-252	35		-99	-23	
Tax effect of currency adjustment, assets in foreign currency		12	-11		12	-11	
Items that may be reclassified to income statement		**-127**	**7**		**-56**	**-74**	
Total other comprehensive income		**-119**	**5**		**-53**	**-57**	
Total comprehensive income		**4,078**	**3,878**		**988**	**736**	
DKK							
Earnings per share (EPS) before special items		19.74	19.72		4.89	5.21	
Earnings per share (EPS)		19.74	18.25		4.89	3.74	
Earnings per share (EPS) before special items, diluted		19.67	19.64		4.88	5.18	
Earnings per share (EPS), diluted		19.67	18.18		4.88	3.72	

Coloplast

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Statement of cash flows

1 October – 30 September, unaudited

Consolidated DKK million	Note	2019/20 12 mths	2018/19 12 mths
Operating profit		5,854	5,156
Depreciation and amortisation		851	651
Adjustment for other non-cash operating items	6	-135	213
Changes in working capital	6	-352	-291
Ingoing interest payments, etc.		9	20
Outgoing interest payments, etc.		-191	-207
Income tax paid		-1,277	-1,185
Cash flows from operating activities		**4,759**	**4,357**
Investments in intangible assets		-85	-73
Investments in land and buildings		-18	-63
- of which finance leases		-	54
Investments in plant and machinery and other fixtures and fittings, tools and equipment		-42	-80
Investments in property, plant and equipment under construction		-786	-474
Property, plant and equipment sold		5	47
Investment in other investments		-26	-
Net sales/purchase of marketable securities		51	-2
Cash flows from investing activities		**-901**	**-591**
Free cash flow		**3,858**	**3,766**
Dividend to shareholders		-3,612	-3,398
Acquisition of treasury shares		-500	-500
Sale of treasury shares		407	380
Financing from shareholders		**-3,705**	**-3,518**
Repayment of lease liabilities		-197	-
Drawdown on credit facilities		45	-196
Cash flows from financing activities		**-3,857**	**-3,714**
Net cash flows		**1**	**52**
Cash and cash equivalents at 1 October		**356**	**297**
Value adjustment of cash and bank balances		-34	7
Net cash flows		1	52
Cash and cash equivalents at 30 September	7	**323**	**356**

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

Assets

At 30 September

Consolidated **DKK million**	**Note**	**30.09.20**	**30.09.19**
Intangible assets		2,364	2,502
Property, plant and equipment		3,311	3,249
Right-of-use assets		615	-
Other equity investments		27	5
Deferred tax asset		669	590
Other receivables		24	27
Non-current assets		**7,010**	**6,373**
Inventories		2,227	1,933
Trade receivables		2,934	3,153
Income tax		242	231
Other receivables		338	197
Prepayments		163	163
Amounts held in escrow		-	13
Marketable securities		262	313
Cash and cash equivalents		323	356
Current assets		**6,489**	**6,359**
Assets		**13,499**	**12,732**

Equity and liabilities

At 30 September

Consolidated DKK million	Note	30.09.20	30.09.19
Share capital		216	216
Currency translation reserve		-375	-175
Reserve for currency hedging		60	-53
Proposed ordinary dividend for the year		2,765	2,549
Retained earnings		4,740	4,376
Equity		**7,406**	**6,913**
Provisions for pensions and similar liabilities		176	200
Provision for deferred tax		369	264
Other provisions	5	128	257
Lease liability		430	134
Prepayments		11	22
Non-current liabilities		**1,114**	**877**
Provisions for pensions and similar liabilities		13	9
Other provisions	5	159	201
Other credit institutions		1,111	1,066
Trade payables		814	859
Income tax		1,003	1,068
Other payables		1,664	1,720
Lease liability		206	8
Prepayments		9	11
Current liabilities		**4,979**	**4,942**
Equity and liabilities		**13,499**	**12,732**

Statement of changes in equity, current year

At 30 September

Consolidated	Share capital		Reserves				
DKK million	A shares	B shares	Currency translation	Currency hedging	Proposed dividend	Retained earnings	Total
2019/20							
Equity at 1 October	18	198	-175	-53	2,549	4,376	6,913
Net profit for the year	-	-	-	-	3,829	368	4,197
Other comprehensive income	-	-	-200	113	-	-32	-119
Total comprehensive income	**-**	**-**	**-200**	**113**	**3,829**	**336**	**4,078**
Acquisition of treasury shares	-	-	-	-	-	-500	-500
Sale of treasury shares	-	-	-	-	-	407	407
Share-based payment	-	-	-	-	-	40	40
Tax on share-based payment, etc.	-	-	-	-	-	81	81
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
Transactions with shareholders	**-**	**-**	**-**	**-**	**-3,613**	**28**	**-3,585**
Equity at 30 September	**18**	**198**	**-375**	**60**	**2,765**	**4,740**	**7,406**

Statement of changes in equity, last year

At 30 September

Consolidated	Share capital		Reserves				
DKK million	A shares	B shares	Currency translation	Currency hedging	Proposed dividend	Retained earnings	Total
2018/19							
Equity at 1 October	**18**	**198**	**-161**	**-36**	**2,336**	**4,063**	**6,418**
Net profit for the period	-	-	-	-	3,611	262	**3,873**
Other comprehensive income	-	-	-14	-17	-	36	**5**
Total comprehensive income	**-**	**-**	**-14**	**-17**	**3,611**	**298**	**3,878**
Acquisition of treasury shares	-	-	-	-	-	-500	**-500**
Sale of treasury shares	-	-	-	-	-	380	**380**
Share-based payment	-	-	-	-	-	40	**40**
Tax on share-based payment, etc.	-	-	-	-	-	95	**95**
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**
Transactions with shareholders	**-**	**-**	**-**	**-**	**-3,398**	**15**	**-3,383**
Equity at 30 September	**18**	**198**	**-175**	**-53**	**2,549**	**4,376**	**6,913**

List of notes

Note 1
Accounting policies

The financial statements in this report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. The accounting policies for recognition and measurement applied in the preparation of the financial statements in this report are consistent with those applied in the Annual Report 2019/20.

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 472m 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 financial year 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 472m 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 197m 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

Note 1, 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.

Note 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.

Consolidated	**Chronic Care**		**Interventional Urology**		**Wound & Skin Care**		**Group**	
DKK million	**2019/20**	**2018/19**	**2019/20**	**2018/19**	**2019/20**	**2018/19**	**2019/20**	**2018/19**
Segment revenue:								
Ostomy Care	7,538	7,166	-	-	-	-	7,538	7,166
Continence Care	6,819	6,459	-	-	-	-	6,819	6,459
Interventional Urology	-	-	1,835	1,970	-	-	1,835	1,970
Wound & Skin Care	-	-	-	-	2,352	2,344	2,352	2,344
External revenue as per the Statement of comprehensive income	**14,357**	**13,625**	**1,835**	**1,970**	**2,352**	**2,344**	**18,544**	**17,939**
Costs allocated to segment	-6,039	-5,827	-1,181	-1,242	-1,411	-1,430	-8,631	-8,499
Segment operating profit/loss	**8,318**	**7,798**	**654**	**728**	**941**	**914**	**9,913**	**9,440**
Shared/non-allocated							-4,059	-3,884
Special items not included in segment operating profit/loss (see note 3)							-	-400
Operating profit before tax (EBIT) as per the Statement of comprehensive income							**5,854**	**5,156**
Net financials							-388	-128
Tax on profit/loss for the year							-1,269	-1,155
Profit/loss for the year as per the Statement of comprehensive income							**4,197**	**3,873**

Note 3
Special items

Special items contain expenses to cover further costs to resolve the remaining claims in connection with legal assistance relating to litigation about transvaginal surgical mesh products as the process takes longer than previously anticipated.

See note 5 to the financial statements for more information regarding the litigation about transvaginal surgical mesh products.

DKK million	2019/20	2018/19
Provisions for litigation about transvaginal surgical mesh products	-	400
Total	**-**	**400**

Note 4
Financial income and expenses

DKK million	2019/20	2018/19
Financial income		
Interest income	8	19
Net exchange adjustments	-	2
Hyperinflationary adjustment of monetary position	11	32
Other financial income	1	1
Total	**20**	**54**
Financial expenses		
Interest expenses	16	6
Interest expenses, lease liabilities	14	-
Fair value adjustments of forward contracts transferred from other comprehensive income	90	121
Fair value adjustments of cash-based share options	7	7
Net exchange adjustments	248	-
Other financial expenses and fees	33	48
Total	**408**	**182**

Note 5
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 2017, Judge Joseph Goodwin issued a court order stating that plaintiffs may no longer direct claims against Coloplast in the ongoing MDL and in 2019 the remaining cases were remanded to the relevant Courts.

The total amount recognised since the 2013/14 financial year for expected costs of litigation in the USA amounts to DKK 5.65 billion including legal costs (before insurance cover of DKK 0.5 billion).

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 amounted to DKK 0.3 billion at 30 September 2020 (DKK 0.5 billion at 30 September 2019) plus DKK 0.1 billion recognised under other debt (DKK 0.1 billion at 30 September 2019). 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.

Note 6
Specifications of cash flow from operating activities

DKK million	2019/20	2018/19
Net gain/loss on divestment of non-current assets	2	-24
Change in other provisions	-177	197
Other non-cash operating items	40	40
Adjustment for other non-cash operating items	**-135**	**213**
Inventories	-403	-197
Trade receivables	81	-222
Other receivables, including amounts held in escrow	-150	-17
Trade and other payables etc.	120	145
Changes in working capital	**-352**	**-291**

Note 7
Cash and cash equivalents

DKK million	2020	2019
Bank deposits, short term	323	356
Cash and cash equivalents at 30 September	**323**	**356**

Note 8
Contingent liabilities

Other than as set out in note 5 to the financial statements, the Coloplast Group is a party to a few minor legal proceedings, which are not expected to influence the Group's future earnings.

Ostomy Care
Continence Care
Wound & Skin Care
Interventional Urology

Income statement, quarterly

Unaudited

Consolidated	2019/20				2018/19			
DKK million	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	4,590	4,419	4,823	4,712	4,618	4,599	4,401	4,321
Production costs	-1,430	-1,449	-1,553	-1,500	-1,448	-1,476	-1,444	-1,418
Gross profit	**3,160**	**2,970**	**3,270**	**3,212**	**3,170**	**3,123**	**2,957**	**2,903**
Distribution costs	-1,326	-1,221	-1,355	-1,415	-1,343	-1,330	-1,277	-1,256
Administrative expenses	-190	-205	-196	-171	-197	-183	-195	-182
Research and development costs	-175	-182	-182	-169	-165	-175	-171	-181
Other operating income	14	5	13	17	20	9	32	16
Other operating expenses	-11	1	-8	-2	-6	-6	-4	-3
Operating profit (EBIT) before special items	**1,472**	**1,368**	**1,542**	**1,472**	**1,479**	**1,438**	**1,342**	**1,297**
Special items	-	-	-	-	-400	-	-	-
Operating profit (EBIT)	**1,472**	**1,368**	**1,542**	**1,472**	**1,079**	**1,438**	**1,342**	**1,297**
Financial income	4	1	5	10	-	-1	27	28
Financial expenses	-109	-73	-162	-64	-51	-50	-43	-38
Profit before tax	**1,367**	**1,296**	**1,385**	**1,418**	**1,028**	**1,387**	**1,326**	**1,287**
Tax on profit for the period	-326	-299	-318	-326	-235	-319	-305	-296
Net profit for the period	**1,041**	**997**	**1,067**	**1,092**	**793**	**1,068**	**1,021**	**991**

DKK								
Earnings per share (EPS) before special items	4.89	4.69	5.02	5.14	5.21	5.03	4.81	4.67
Earnings per share (EPS)	4.89	4.69	5.02	5.14	3.74	5.03	4.81	4.67
Earnings per share (EPS) before special items, diluted	4.88	4.67	5.00	5.12	5.18	5.02	4.78	4.66
Earnings per share (EPS), diluted	4.88	4.67	5.00	5.12	3.72	5.02	4.78	4.66

Five-year financial highlights and key ratios

	2019/20	2018/19	2017/18	2016/17	2015/16
Income statement, DKK million					
Revenue	18,544	17,939	16,449	15,528	14,681
Research and development costs	-708	-692	-640	-574	-509
Operating profit before interest, tax, depr. and amort. (EBITDA)	6,705	5,807	5,716	5,635	4,624
Operating profit (EBIT) before special items	5,854	5,556	5,091	5,024	4,846
Special items[1)]	-	-400	-	-	-750
Operating profit (EBIT)	5,854	5,156	5,091	5,024	4,096
Net financial income and expenses	-388	-128	-82	-72	-13
Profit before tax	5,466	5,028	5,009	4,950	4,082
Net profit for the year	4,197	3,873	3,845	3,797	3,143
Revenue growth					
Annual growth in revenue, %	3	9	6	6	6
Growth breakdown:					
Organic growth, %	4	8	8	7	7
Currency effect, %	-1	1	-4	-1	-1
Acquired operations, %	-	0	1	1	-
Other matters, %	-	-	1	-1	-
Balance sheet, DKK million					
Total assets	13,499	12,732	11,769	12,050	11,007
Capital invested	9,864	8,748	8,468	7,977	5,551
Net interest-bearing debt	1,162	539	754	826	-813
Equity at year end	7,406	6,913	6,418	5,952	5,068
Cash flows and investments, DKK million					
Cash flows from operating activities	4,759	4,357	4,361	3,251	3,028
Cash flows from investing activities	-901	-591	-947	-1,619	-603
Investments in property, plant and equipment, gross	-846	-617	-616	-661	-627
Free cash flow	3,858	3,766	3,414	1,632	2,425
Cash flows from financing activities	-3,857	-3,714	-3,430	-1,863	-2,868
Key ratios					
Average number of employees, FTEs	12,250	11,821	11,155	10,420	9,817
Operating margin (EBIT margin) before special items, %	32	31	31	32	33
Operating margin (EBIT margin), %	32	29	31	32	28
Operating margin before interest, tax, depr. and amort. (EBITDA margin), %	36	32	35	36	31
Return on average invested capital before tax (ROIC), %[2)]	59	62	57	61	63
Return on average invested capital after tax (ROIC), %[2)]	46	48	44	47	49
Return on equity, %	66	65	72	77	69
Equity ratio, %	55	54	55	49	46
Net asset value per outstanding share, DKK	35	33	30	28	24
Share data					
Share price, DKK	1,004	825	657	511	514
Share price/net asset value per share	29	25	22	18	21
Average number of outstanding shares, in million	213	212	212	212	212
PE, price/earnings ratio	51	45	36	29	29
Dividend per share, DKK[3)]	18.0	17.0	16.0	15.0	13.5
Payout ratio, %[4)]	91	86	88	84	77
Earnings per share (EPS), diluted	19.67	18.18	18.10	17.87	14.78
Free cash flow per share	18	18	16	8	11

1) Special items include the costs of settlements and costs in connection with the lawsuits in the United States alleging injury resulting from the use of transvaginal surgical mesh products. **2)** This item is provided before special items. After special items, ROIC before tax was 61%/60%/62%/74%/80%, and ROIC after tax was 47%/46%/47%/57%/62%. **3)** The figure shown for the 2019/20 financial year is the proposed dividend. **4)** For the 2018/19 and 2015/16 financial years, this item is before special items. After special items, the payout ratio is 93%/91%. Key ratios have been calculated and applied in accordance with Recommendations & Financial Ratios issued by the Danish Society of Financial Analysts.

Our mission
Making life easier for people
with intimate health care 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 health care. Our business includes Ostomy Care, Continence Care, Wound and Skin Care and Interventional Urology. We operate globally and employ about 12,500 employees.