Coloplast

Announcement no. 12/2012
6 November 2012

2011/12

Announcement of full-year financial results 2011/12

(1 October 2011 - 30 September 2012)

Highlights

- Organic revenue growth was 6%. Revenue in DKK was up by 8% to DKK 11,023m.
- Organic growth rates by business area: Ostomy Care 6%, Continence Care 8% and Urology Care 6%. In Wound & Skin Care, sales declined by 1% relative to last year.
- Gross profit was up by 12% to DKK 7,345m, bringing the gross margin to 67% from 65% last year. At constant exchange rates, the gross margin was 66%.
- EBIT was up by 26% to DKK 3,255m. The EBIT margin was 30% against 25% last year. At constant exchange rates, the EBIT margin was 29%.
- The net profit for the year was up by 21% to DKK 2,194m, while earnings per share also improved by 21% relative to last year to DKK 51.5.
- The free cash flow was up by 28% to DKK 2,336m.
- ROIC after tax was 38%, compared with 30% last year.
- The Board of Directors recommends that the shareholders attending the general meeting to be held on 11 December 2012 approve the following proposals:
    - to pay a dividend of DKK 20 per share (FY 2010/11: DKK 14), equal to a pay-out ratio of 38%.
    - that the Board of Directors be authorised to pay extraordinary dividend during the financial year, if warranted by the company's cash position.
    - to make a 1-to-5 split of the Coloplast share. This will change the nominal value per share from DKK 5 to DKK 1.
    - that the share capital be reduced by a nominal value of DKK 5m, equal to 1,000,000 shares each with a nominal value of DKK 5.

Financial guidance for 2012/13

- Expected revenue growth of 6–7%, both organically and in DKK.
- Expected EBIT margin of 31–32%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 400m.
- The effective tax rate is expected to be 25–26%.

Conference call
Coloplast will host a conference call on 6 November 2012 at 19.00 CET. The call is expected to last about one hour. To attend the conference call, call +45 3271 4611, +44 (0)20 7162 0177 or +1 334 323 6203. A webcast will be posted on www.coloplast.com shortly after the conclusion of the conference call.

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Financial highlights and key ratios

1 October - 30 September

	Consolidated DKK million 2011/12 12 mths	Consolidated DKK million 2010/11 12 mths	Change	Consolidated DKK million 2011/12 Q4	Consolidated DKK million 2010/11 Q4	Change
Income statement						
Revenue	11,023	10,172	8%	2,849	2,571	11%
Research and development costs	(342)	(415)	(18%)	(85)	(88)	(3%)
Operating profit before interest, tax, depreciation and amortisation (EBITDA)	3,756	3,108	21%	1,016	879	16%
Operating profit (EBIT)	3,255	2,581	26%	891	742	20%
Net financial income and expenses	(300)	(124)	>100%	(74)	(25)	>100%
Profit before tax	2,954	2,456	20%	816	716	14%
Profit for the period	2,194	1,819	21%	608	531	15%
Revenue growth						
Period growth in revenue, %	8	7		11	2	
Growth break down:						
Organic growth, %	6	6		6	4	
Currency effect, %	2	1		5	(2)	
Balance sheet						
Total assets	10,176	9,218	10%	10,176	9,218	10%
Invested capital	6,295	6,312	(0%)	6,295	6,312	(0%)
Net interest-bearing debt	(1,042)	539	<(100%)	(1,042)	539	<(100%)
Equity end of period	6,042	4,452	36%	6,042	4,452	36%
Cash flow and investments						
Cash flow from operating activities	2,649	2,205	20%	965	1,002	(4%)
Cash flow from investing activities	(313)	(387)	(19%)	(96)	(53)	81%
Investments in property, plant and equipment, gross	(317)	(230)	38%	(93)	(52)	79%
Free cash flow	2,336	1,818	28%	869	949	(8%)
Cash flow from financing activities	(1,730)	(894)	94%	(793)	(537)	48%
Key figures ratios						
Average number of employees, FTEs	7,624	7,328				
Operating margin, EBIT, %	30	25		31	29	
Operating margin, EBITDA, %	34	31		36	34	
Return on average invested capital before tax (ROIC), %	52	41		55	45	
Return on average invested capital after tax (ROIC), %	38	30		41	34	
Return on equity, %	42	46		47	54	
Ratio of net debt to EBITDA	-	0.2		-	0.2	
Interest cover	77	35		102	55	
Equity ratio, %	59	49		59	49	
Rate of debt to enterprise value, %	(2)	1		(2)	1	
Net asset value per share, DKK	134	100	34%	134	100	34%
Per share data						
Share price, DKK	1,208	804	50%	1,208	804	50%
Share price/net asset value per share	9.0	8.1	11%	9.0	8.1	11%
Average number of outstanding shares, millions	42.0	42.0	0%	42.0	41.8	0%
PE, price/earnings ratio	23.1	18.6	24%	20.8	15.8	32%
Dividend per share, DKK	20.0	14.0	43%			
Pay-out ratio, %	38.0	32.0	19%			
Earnings per share (EPS), diluted	51.5	42.6	21%	14.3	12.5	14%
Free cash flow per share	55.6	43.3	28%	20.7	22.7	(9%)

Management's report

Sales performance

Revenue in DKK was up by 8% to DKK 11,023m. The organic growth rate was 6%. Q4 organic growth was also 6%.

Sales performance by business area

	DKK million		Growth composition				DKK million	Organic
	2011/12 12 mth	2010/11 12 mth	Organic growth	Acquired operations	Exchange rates	Reported growth	2011/12 Q4	growth Q4
Ostomy Care	4,633	4,266	6%		3%	9%	1,217	7%
Continence Care	3,831	3,456	8%		3%	11%	979	6%
Urology Care	1,037	938	6%	1%	4%	11%	266	10%
Wound & Skin Care	1,522	1,512	(1%)		2%	1%	387	1%
Net revenue	**11,023**	**10,172**	**6%**	**0%**	**2%**	**8%**	**2,849**	**6%**

Ostomy Care
Sales of ostomy care products amounted to DKK 4,633m, which translated into reported growth of 9%. The 6% organic growth was driven by growth in the established European markets, especially the UK. China and Russia were also major contributors to the full-year growth. Growth was driven by the SenSura® portfolio, as especially the SenSura® Mio, a 1-piece colostomy bag launched in April 2011, performed well. Earlier in the year, Coloplast launched a series of accessories under the Brava™ brand. The products have been well received by users, and the launch is part of the reason why sales of accessories continue to contribute well to overall growth in the Ostomy Care business. Organic growth in the fourth quarter was 7%. In particular, the UK and Spain had lower growth rates than in the first nine months of the year, whereas growth in emerging markets recovered after the weak third quarter.

The global market for ostomy care products is worth an estimated DKK 12–13bn, and market growth is estimated at 4–5%. Coloplast continues to be a market leader, holding a market share of 35–40%. The definition of the market for ostomy products now also includes accessory products for people with a stoma. The ostomy accessories market is estimated at about DKK 1.5bn, and market growth is forecast at about 8%. Coloplast currently has less than 10% of the accessories market.

Continence Care
Continence Care revenue was DKK 3,831m, an 11% improvement in DKK and 8% organically. Highly satisfactory growth in sales of intermittent catheters was driven mainly by the UK and the USA. The other mature European markets also contributed with satisfactory growth rates, although at lower levels. Growth was driven mainly by the SpeediCath® catheter portfolio, especially by compact catheters. At the end of the 4th quarter, the portfolio of compact catheters was expanded by launching the SpeediCath® Compact Set, an instantly ready to use catheter in a compact design with an integrated urine bag. The launch is expected to position Coloplast more strongly in this segment of the catheter market, where Coloplast is not currently the market leader. The new catheter is expected to be rolled out in the major markets during 2013. Urisheaths and urine bags also generated satisfactory sales growth, driven in part by the UK and emerging markets, mainly Russia. Sales of the Peristeen® anal irrigation system grew at a satisfactory rate. Growth in the Continence Care business was 6% in the fourth quarter, which was less than the rate recorded for the first nine months of the year. The weaker Q4 growth rate was due especially to the performance in the UK where, as expected, stock building in the third quarter in connection with the consolidation of the number of distributors had a negative impact on growth in the fourth quarter.

The part of the continence care market in which Coloplast operates is worth an estimated DKK 8–9bn and growth is still estimated at 4-6% per year. Coloplast remains the global market leader, with an estimated market share of 40-45%. The market definition does not include permanent catheters.

Urology Care

Urology Care revenue grew by 11% to DKK 1,037m on 6% organic growth. Acquired growth accounted for 1%, while the appreciation of USD against DKK added 4%. The full-year growth was driven by sales of endourology products in Europe and by decent growth in sales of penile implants in the US market. The declining sales of slings for treating female stress incontinence had a negative impact on the overall sales growth, whereas sales of Restorelle® for pelvic organ prolapse repair saw decent growth.
The Q4 organic growth was 10%, an improvement relative to the first nine months of the year. The reason was that the European urology business more than recovered after a weak third quarter, and the sale of penile implants returned to decent growth, while there was a decline in the number of surgical procedures in Q4 2010/11 and early in 2011/12.

The part of the urology care market in which Coloplast products are represented is estimated at DKK 8–9bn. This year, market growth has been impacted by the updated Public Health Notification issued by the US Food and Drug Administration (FDA) on the use of transvaginal mesh therapies for stress incontinence and pelvic organ prolapse. In addition, the economic downturn in North America has continued to subdue market growth. These factors are reflected in the expected annual market growth of 3-5%, which is slightly lower than last year. Coloplast currently holds a 10-15% share of the global market for urology products.

Wound & Skin Care

Sales of wound and skin care products amounted to DKK 1,522m, equal to a 1% increase in DKK and a 1% decline organically. The Wound Care business reported 3% negative growth during the quarter due to the challenging market conditions in France, Greece and Spain primarily. Sales in the Chinese market were highly satisfactory. Overall organic growth in Q4 was 1%. The Wound Care business reported negative growth at 2%, in line with prior quarters when adjusted for the inventory cut-backs our Greek distributor made in the first quarter. Overall growth in the fourth quarter was positively impacted by contract production of Compeed®[1], and the US skin care business once again reported highly satisfactory growth.

Growth in the part of the global wound care market in which we operate is still estimated at 2–4%. The market is estimated to be worth about DKK 13bn, and Coloplast holds a 5–10% market share, making us the world's fourth-largest manufacturer of advanced wound care products in these segments. The market is defined as advanced wound care products without negative pressure wound therapy (NPWT).

Sales performance by region

The presentation of sales performance by region has been changed to reflect the new structure of sales regions (see Announcement No. 11/2012 of 19 September 2012).

	DKK million		*Growth composition*				*DKK million*	*Organic growth*
	2011/12 12 mth	*2010/11 12 mth*	*Organic growth*	*Acquired operations*	*Exchange rates*	*Reported growth*	*2011/12 Q4*	*Q4*
European markets	7,388	7,000	4%		2%	6%	1,851	3%
Other developed markets	2,288	1,987	7%	0%	8%	15%	621	9%
Emerging markets	1,347	1,185	13%		1%	14%	377	21%
Net revenue	**11,023**	**10,172**	**6%**	**0%**	**2%**	**8%**	**2,849**	**6%**

European markets

Revenue amounted to DKK 7,388m, which translated into reported growth of 6%. Organic growth in the European business was 4%. The positive currency effect of 2 percentage points was mainly due to the appreciation of GBP against DKK. In most of the established European markets, the Chronic Care business generated satisfactory growth, while the Wound Care business remained a negative contributor.
Q4 organic growth was 3%. The weaker Q4 growth rate was due especially to the performance in the UK where, as expected, stock building in the third quarter in connection with the consolidation of the number of distributors had a negative impact on growth in the fourth quarter. On the other hand, the Compeed contract production was a positive contributor to growth after making a significant negative contribution in the preceding quarter.

[1] Compeed® is a registered trademark of Johnson & Johnson

Other developed markets
Revenue was up by 15% to DKK 2,288m. The appreciation of USD, JPY and AUD against DKK accounted for 8%. Organic growth for the financial year was 7%. Sales growth in the USA for intermittent catheters was highly satisfactory, lifted by the relaunch of SpeediCath®, an advanced coated, ready-to-use intermittent catheter. The Ostomy Care business reported satisfactory growth driven by the USA and Japan. Sales of penile implants and synthetic mesh products for pelvic organ prolapse also contributed to the region's overall growth.
Q4 organic growth was 9%. The US Chronic Care business reported Q4 growth in line with the full-year rate.

Emerging markets
Revenue increased by 14% to DKK 1,347m on 13% organic growth. China reported high, stable growth rates during the year, and Russia continued the very satisfactory growth performance. Reduced growth in Brazil during the year and a major inventory cut-back at our Greek distributor in the first quarter was the main reasons for the lower growth rate relative to last year's 20% organic growth. Argentina reported satisfactory growth, albeit at a rate below last year's level, which was supported by a couple of large tender wins.
The Q4 organic growth rate was 21%, which was to some extent due to shifts in sales from the third to the fourth quarter. Brazil reported flat growth, improving the performance from the previous quarter, and Russia once again produced good growth rates.

Gross profit

Gross profit was up by 12% to DKK 7,345m from DKK 6,568m last year.
The full-year gross margin was 67%, against 65% last year. In addition to improvements in production efficiency, the higher gross margin was due to higher revenue and positive currency effects. The Q4 gross margin was 67%, both in DKK and at constant exchange rates. The relatively higher Q4 revenue was a key driver of the improvement compared to the first nine months of the year.

Capacity costs

Distribution costs amounted to DKK 3,172m, equal to 29% of revenue, which was consistent with last year. Disregarding non-recurring items of the first quarter totalling DKK 50m, distribution costs accounted for 28% of revenue. The Q4 distribution costs made up 29% of revenue. The higher level of costs of the quarter was due to a number of minor factors.

Administrative expenses amounted to DKK 622m against DKK 604m last year. Administrative expenses accounted for 6% of revenue, which was in line with 2010/11. During the year, provisions of DKK 67m were established to cover bad debts in southern Europe. The Q4 administrative costs made up 5% of revenue, the reason for the reduced level being that provisions for losses on trade receivables made during the quarter were not material.

R&D costs were DKK 342m and accounted for 3% of revenue, which was less than used last year. The changes in the R&D organisation implemented towards the end of the 2010/11 financial year constitute the main reason for the lower level of R&D costs.

Other operating income and other operating expenses amounted to a net income of DKK 46m against DKK 20m in FY 2010/11. During the fourth quarter, Coloplast agreed to a settlement in a patent dispute giving an extra income of DKK 30m.

Operating profit (EBIT)

EBIT was up by 26% to DKK 3,255m against DKK 2,581m last year. The EBIT margin was 30% against 25% last year. At constant exchange rates, the EBIT margin was 29%. The Q4 EBIT margin was 31%, both in DKK and at constant exchange rates. When adjusted for an income of DKK 30m in the fourth quarter relating to the above-mentioned patent dispute, the EBIT margin was 30%.

Financial items and tax

Financial items amounted to a net expense of DKK 300m, against DKK 124m last year. The increase was due to realised losses on forward currency contracts resulting from the general depreciation of EUR, and thus of DKK, against a number of currencies, especially USD and GBP. At the same time, HUF weakened against DKK, and that also contributed to the increased expenses. The reduction of debt reduced the net interest expense by DKK 39m relative to the same period of last year.

Financial items

	DKK million		DKK million	
	2011/12	*2010/11*	*2011/12*	*2010/11*
	12 mths	*12 mths*	*Q4*	*Q4*
Interest, net	(49)	(88)	(10)	(16)
Fair value adjustment of options	(29)	(35)	(2)	(3)
Net exchange adjustments	(194)	16	(50)	(4)
Other financial items	(28)	(17)	(12)	(2)
Total financial items	**(300)**	**(124)**	**(74)**	**(25)**

The effective tax rate was 26%, in line with FY 2010/11, for a tax expense of DKK 760m, as compared with DKK 637m in FY 2010/11.

Net profit for the year

The net profit for the year was up by 21% to DKK 2,194m, while earnings per share also improved by 21% relative to last year to DKK 51.5.

Cash flows and investments

Cash flows from operating activities
Cash flows from operating activities were up by 20% to DKK 2,649m from DKK 2,205m in FY 2010/11. The reasons for the improvement were increased earnings and less increase in working capital than for the same period of last year, which were partly offset by a higher loss on forward contracts.

Investments (CAPEX)
Coloplast made gross investments of DKK 338m compared with DKK 410m last year. Last year's investments included DKK 160m for the acquisition of Mpathy. Investments accounted for 3% of revenue, against 4% last year. Gross investments in property, plant and equipment amounted to DKK 317m, against DKK 230m in 2010/11.

Free cash flow
The free cash flow amounted to DKK 2,336m, against DKK 1,818m last year.

Capital reserves
The confirmed credit facilities expire during 2012/13 and are therefore not included in the long-term capital reserves. Coloplast repaid mortgage debt and loans from the European Investment Bank for a total of DKK 892m in 2011/12, and the remaining debt is expected to be repaid at maturity in 2012/13. At the balance sheet date, the gross interest-bearing debt amounted to DKK 1,576m. Instead of confirmed facilities, Coloplast will maintain a minimum cash reserve of DKK 1bn.

Balance sheet and equity

Balance sheet

At DKK 10,176m, total assets increased by DKK 958m relative to the beginning of year.
Intangible assets amounted to DKK 1,705m, which was DKK 97m less than last year. The change was mainly due to amortisation of acquired patents and trademarks.

Current assets increased by DKK 1,004m relative to the beginning of the year to DKK 5,969m due to an increase in cash.

Relative to last year, trade receivables were up by 6% to DKK 1,922m.

Trade payables amounted to DKK 478m, against DKK 420m at the beginning of the year.

Working capital was 22% of revenue down from 23% last year.

Equity

During the year, equity[2] increased by DKK 1,590m to DKK 6,042m. The comprehensive income for the year of DKK 2,267m was partly offset by dividend payments of DKK 587m and share buy-backs of DKK 500m. Employees' exercise of share options and the sale of employee shares lifted equity by DKK 326m.

Dividend and share buy-backs

The Board of Directors recommends that the shareholders attending the general meeting to be held on 11 December 2012 approve a dividend of DKK 20 per share, equal to a 43% increase from DKK 14 per share last year. This corresponds to a pay-out ratio of 38% against 32% last year. Accordingly, the total dividend paid for the year is therefore expected to amount to DKK 841m.
The Board of Directors also recommends the shareholders attending the general meeting to authorise the Board of Directors to pay extraordinary dividend during the financial year if warranted by the company's cash position.
The Board of Directors will also ask the shareholders to approve that Coloplast make a 1-to-5 stock split before the end of the calendar year. This would change the nominal value per share from DKK 5 to DKK 1.
At the annual general meeting held in December 2011, the Board of Directors was authorised to buy back shares for up to 10% of the company's share capital, and the Board subsequently established another share buy-back programme totalling up to DKK 1bn running until the end of the 2012/13 financial year.
The first part of the share buy-back programme, for DKK 500m, was closed in June 2012, and as Coloplast has continued the high level of cash generation, the Board of Directors expects the second stage of the programme to be completed as planned. Should alternative opportunities arise during the period which are considered more beneficial for the shareholders, the share buy-backs may be discontinued.

Treasury shares and recommendation to reduce the share capital

At 30 September 2012, Coloplast's holding of treasury shares consisted of 2,949,492 B shares, which was DKK 239,375 fewer than at the beginning of the year. The reduction was due to share options exercised, the effects of which were partly offset by the share buy-back programme.

The Board of Directors recommends to the shareholders attending the general meeting to be held on 11 December 2012 that the share capital be reduced by a nominal value of DKK 5m, equal to 1,000,000 shares each with a nominal value of DKK 5. The reduction of the share capital is recommended because Coloplast has bought more shares through the buy-back programmes than are needed to cover share option programmes for senior employees.

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[2] There has been a change in accounting policies (prospective implementation of IAS 19) to the effect that actuarial losses and gains on defined contribution plans are taken directly to comprehensive income. The change has reduced the opening equity for the year by DKK 26m and further reduced equity during the financial year by DKK 35m. See note 1 to the financial statements in the Annual Report for more information.

Financial guidance for 2012/13

- Expected revenue growth of 6–7%, both organically and in DKK.
- Expected EBIT margin of 31–32%, both at constant exchange rates and in DKK.
- Capital expenditure is expected to be around DKK 400m.
- The effective tax rate is expected to be 25–26%.

Our financial guidance is inherently subject to some degree of uncertainty. Achieving the financial guidance will specifically depend on our ability to execute the revised growth strategy announced in March 2012.
The financial guidance assumes sustained stable growth in the European business and higher growth rates both in the developed markets outside Europe and in emerging markets relative to 2011/12. We expect price pressures in 2012/13 to be about the same as in 2011/12.
Our financial guidance only takes into account reforms where the impact is known.

The EBIT margin guidance assumes that Coloplast, in addition to generating sales growth, can successfully deliver results consistent with the previously estimated productivity-enhancement potential of a 0.5–1.0 percentage point improvement of the overall gross margin.

Finally, the guidance also includes expected investments under the revised strategy.

The Board of Directors maintains Coloplast's current long-term financial ambition of outgrowing the market while achieving earnings margins that are in line with the best performing med-tech companies[3].

The overall weighted market growth in Coloplast's current markets is expected to be 4–5%, which is unchanged from last year's forecast.

Other matters

Update on mesh litigation
Since 2011, Coloplast 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 incontinence.
On August 6, 2012, a multidistrict litigation (MDL) was formed to consolidate federal court cases in which Coloplast is the first named defendant in the Southern District of West Virginia as part of MDL No. 2387. The cases are consolidated for purposes of pre-trial discovery and motion practice only. Separate MDLs have also been formed to manage litigation against other major mesh manufacturers in the same venue. Coloplast cannot predict the timing or outcome of any such litigation, or whether any additional litigation will be brought against the company or its subsidiaries. Based on the current information available to Coloplast, we do not expect this to have a significant impact on the financial position of the Group.

[3] Coloplast's current peer group consists of the following listed med-tech companies: Medtronic Inc., Baxter International Inc., Covidien PLC, Stryker Corp., St. Jude Medical Inc., Boston Scientific Corp., Sonova Holding AG, Smith&Nephew PLC, CR Bard Inc., Getinge AB, WDH A/S, Shandon Weigao Group Medical.

Exchange rate exposure
Our financial guidance for the 2012/13 financial year has been prepared on the basis of the following assumptions for the company's main currencies:

DKK	*GBP*	*USD*	*HUF*	*EUR*
Average exchange rate 2011/12*	904	574	2.53	744
Spot rate, 23 October 2012	916	572	2.66	746
Estimated Average exchange rate 2012/2013	916	572	2.66	746
Change in estimated average exchange rates compared with last year**	1%	0%	5%	0%

*) Average exchange rates from 1 October 2011 to 30 September 2012.

**) Spot rates at 23 October 2012 used as average exchange rates for the year.

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 2011/12)	*Revenue*	*EBIT*
USD	-150	-40
GBP	-170	-105
HUF	0	35

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 Executive Board

The Board of Directors and the Executive Management today considered and approved the Annual Report of Coloplast A/S for the financial year 1 October 2011 – 30 September 2012.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The parent company financial statements are presented in accordance with the Danish Financial Statements Act.

In addition, the consolidated financial statements and the parent company financial statements are presented in accordance with additional Danish disclosure requirements for the annual reports of 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 and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, equity, liabilities and financial position at 30 September 2012 and of the results of the Group's and the parent company's operations and the cash flows for the Group for the financial year 1 October 2011 – 30 September 2012.

Also, in our opinion, the management's review includes a fair account of the development and performance of the Group and the parent company, the results for the year and of the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that the Group and the parent company face.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Humlebæk, 6 November 2012

Executive Management:

Lars Rasmussen President, CEO	Lene Skole Executive Vice President, CFO

Board of Directors:

Michael Pram Rasmussen Chairman	Niels Peter Louis-Hansen Deputy Chairman	Per Magid
Brian Petersen	Jørgen Tang-Jensen	Sven Håkan Björklund
Thomas Barfod Elected by the employees	Jane Lichtenberg Elected by the employees	Torben Rasmussen Elected by the employees

Tables

Quarterly financial figures are unaudited

Statement of comprehensive income

1 October - 30 September

(Unaudited)

Note		Consolidated		Index	Consolidated		Index
		DKK million			DKK million		
		2011/12	2010/11		2011/12	2010/11	
		12 mths	12 mths		Q4	Q4	
1	Revenue	11,023	10,172	108	2,849	2,571	111
	Cost of sales	(3,678)	(3,604)	102	(937)	(863)	109
	Gross profit	**7,345**	**6,568**	**112**	**1,912**	**1,708**	**112**
	Distribution costs	(3,172)	(2,988)	106	(839)	(724)	116
	Administrative expenses	(622)	(604)	103	(138)	(160)	86
	Research and development costs	(342)	(415)	82	(85)	(88)	97
	Other operating income	68	52	131	42	25	168
	Other operating expenses	(22)	(32)	69	(1)	(19)	5
1	**Operating profit (EBIT)**	**3,255**	**2,581**	**126**	**891**	**742**	**120**
	Profit/loss after tax on investment in associates	(1)	(1)	100	(1)	(1)	100
2	Financial income	42	47	89	(5)	9	(56)
3	Financial expenses	(342)	(171)	200	(69)	(34)	203
	Profit before tax	**2,954**	**2,456**	**120**	**816**	**716**	**114**
	Tax on profit for the period	(760)	(637)	119	(208)	(185)	112
	Net profit for the period	**2,194**	**1,819**	**121**	**608**	**531**	**115**
	Other comprehensive income						
	Value adjustment of currency and interest hedging	(165)	(10)		(17)	(87)	
	Of which transferred to financial items	154	(5)		60	(10)	
	Tax effect of hedging	3	4		(11)	25	
	Actuarial gains/losses	(49)	21		(49)	21	
	Tax on actuarial gains/losses	14	(5)		(52)	(5)	
	Currency adjustment, assets in foreign currency	55	7		(28)	67	
	Tax effect of currency adjustment, assets in foreign currency	(13)	(2)		(13)	(2)	
	Currency adjustment of opening balances and other adjustments relating to subsidiaries	74	(59)		6	(86)	
	Total other comprehensive income	**73**	**(49)**		**(104)**	**(77)**	
	Total comprehensive income	**2,267**	**1,770**		**504**	**454**	
	Earnings per Share (EPS)	52.3	43.3		14.5	12.7	
	Earnings per Share (EPS), diluted	51.5	42.6		14.3	12.5	
	Profit distribution:						
	Retained earnings	1,353	1,234				
	Proposed dividend for the year	841	585				
	Total	**2,194**	**1,819**				

Balance sheet

At 30 September

Note		Consolidated DKK million 30.09.12	30.09.11
	Assets		
	Acquired patents and trademarks etc.	837	941
	Goodwill	767	737
	Software	79	115
	Prepayments and intangible assets in progress	22	9
	Intangible assets	**1,705**	**1,802**
	Land and buildings	1,107	1,133
	Plant and machinery	826	886
	Other fixtures and fittings, tools and equipment	121	154
	Prepayments and property, plant and equipment under construction	232	93
	Property, plant and equipment	**2,286**	**2,266**
	Investment in associates	7	6
	Other securities and investments	0	0
	Deferred tax asset	193	163
	Other receivables	16	16
	Investments	**216**	**185**
	Non-current assets	**4,207**	**4,253**
	Inventories	**1,008**	**946**
	Trade receivables	1,922	1,820
	Income tax	55	11
	Other receivables	282	231
	Prepayments	84	71
	Receivables	**2,343**	**2,133**
	Marketable securities	**645**	**568**
	Cash and cash equivalents	**1,973**	**1,318**
	Current assets	**5,969**	**4,965**
	Assets	**10,176**	**9,218**

Balance sheet

At 30 September

Note		Consolidated DKK million 30.09.12	30.09.11
	Equity and liabilities		
	Share capital	225	225
	Reserve for currency and interest hedging	(40)	(32)
	Proposed dividend for the year	841	585
	Retained earnings	5,016	3,674
	Total equity	**6,042**	**4,452**
	Provisions for pensions and similar liabilities	157	113
	Provision for deferred tax	176	155
	Other provisions	5	4
	Mortgage debt	0	459
	Other credit institutions	0	1,537
	Other payables	16	334
	Deferred income	72	77
	Non-current liabilities	**426**	**2,679**
	Provisions for pensions and similar liabilities	13	8
	Other provisions	14	35
	Mortgage debt	0	6
	Other credit institutions	1,296	92
	Trade payables	478	420
	Income tax	671	516
	Other payables	1,208	983
	Deferred income	28	27
	Current liabilities	**3,708**	**2,087**
	Current and non-current liabilities	**4,134**	**4,766**
	Equity and liabilities	**10,176**	**9,218**
7	Contingent liabilities		

Statement of changes in equity

Consolidated DKK million	Share capital A shares	B shares	Reserve for currency and interest rate hedging	Proposed dividend	Retained earnings	Total equity
2011/12						
Restated balance at 1.10.	18	207	(32)	585	3,674	4,452
Comprehensive income:						
Net profit for the period				841	1,353	2,194
Other comprehensive income			(8)		81	73
Total comprehensive income for the period	*0*	*0*	*(8)*	*841*	*1,434*	*2,267*
Transactions with shareholders:						
Transfers				2	(2)	0
Investment in treasury shares					(500)	(500)
Sale of treasury shares					326	326
Share-based payment					29	29
Tax on equity entries					55	55
Dividend paid out in respect of 2010/11				(587)		(587)
Total transactions with shareholders:	*0*	*0*	*0*	*(585)*	*(92)*	*(677)*
Balance at 30.09	**18**	**207**	**(40)**	**841**	**5,016**	**6,042**
2010/11						
Balance at 1.10 as per annual report	18	207	(21)	422	2,826	3,452
Effect of accounting policy changes					(42)	(42)
Restated equity at 1.10.	18	207	(21)	422	2,784	3,410
Comprehensive income:						
Net profit for the period				585	1,234	1,819
Other comprehensive income			(11)		(38)	(49)
Total comprehensive income for the period	*0*	*0*	*(11)*	*585*	*1,196*	*1,770*
Transactions with shareholders:						
Investment in treasury shares					(500)	(500)
Sale of treasury shares					156	156
Share-based payment					29	29
Tax on equity entries					9	9
Dividend paid out in respect of 2009/10				(422)		(422)
Total transactions with shareholders:	*0*	*0*	*0*	*(422)*	*(306)*	*(728)*
Restated balance at 30.09	**18**	**207**	**(32)**	**585**	**3,674**	**4,452**

Cash flow statement

1 October - 30 September

		Consolidated	
		DKK million	
		2011/12	2010/11
Note		12 mths	12 mths
	Operating profit	3,255	2,581
	Depreciation, amortisation and impairment	501	527
4	Adjustment for other non-cash operating items	(19)	16
5	Changes in working capital	(133)	(260)
	Ingoing interest payments, etc.	42	40
	Outgoing interest payments, etc.	(402)	(86)
	Income tax paid	(595)	(613)
	Cash flows from operating activities	**2,649**	**2,205**
	Investments in intangible assets	(21)	(20)
	Investments in land and buildings	(10)	(21)
	Investments in plant and machinery	(99)	(70)
	Investments in property, plant and equipment under construction	(208)	(139)
	Property, plant and equipment sold	25	23
	Acquisition of operations	0	(160)
	Cash flow from investing activities	**(313)**	**(387)**
	Free cash flow	**2,336**	**1,818**
	Dividend to shareholders	(587)	(422)
	Net investment in treasury shares and exercise of share options	(174)	(344)
	Financing from shareholders	(761)	(766)
	Acquisition of mortgage bonds	(77)	(567)
	Financing through long-term borrowing, debt funding	0	439
	Financing through long-term borrowing, instalments	(892)	0
	Cash flows from financing activities	**(1,730)**	**(894)**
	Net cash flows for the period	**606**	**924**
	Cash, cash equivalents and short-term debt at 1.10.	1,220	303
	Value adjustment of cash and bank balances	4	(7)
	Net cash flows for the period	606	924
6	**Cash, cash equivalents and short-term debt at 30.09**	**1,830**	**1,220**

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

Notes

1. Segment information

Consolidated, 2011/12

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. Reporting to Management is based on two global operating segments, Sales Regions and Production Units, as well as three smaller operating segments: Wound and Skin Care, Porgès and Surgical Urology (SU). The segments Global Marketing, Global R&D and Staff are not operating segments, as they do not aim to generate revenue. This breakdown also reflects our global organisational structure.

The operating segments Sales Regions and Production Units segments comprise sales and production from each of our three business areas, Ostomy Care, Urology Care, Continence Care and Wound and Skin Care. Inter-segment trading consists of the Sales Regions procuring goods from the Production Units. Trading takes place on an arm's length basis.

The operating segment Wound and Skin Care exclusively covers the sale of wound and skin care products in selected European markets, where the Wound and Skin Care segment is separate from the other business areas. The sale of wound and skin care products in other markets is included in the Wound and Skin Care business area of the Sales Regions operating segment. Porgès covers the production and sale of disposable urology products, while SU covers the sale of urology products. The segmentation reflects the structure of reporting to the Executive Management.

The Wound and Skin Care, Porgès and SU operating segments are included in the reporting segment Sales Regions as they meet the criteria for combination. Accordingly, the operating segments Wound and Skin Care, Porgès and SU are non-reporting segments. The shared/non-allocated segment comprises support functions (Global marketing, Global R&D and Staff) and eliminations, as these segments do not generate revenue. The segments listed (with the exception of SU) each represent less than 10% of total segment revenue, segment profit/loss and segment assets. The SU operating segment represents more than 10% of total assets, but as the assets are exclusively allocated to the segments in connection with impairment tests and are not reported by segment to Management, the segment is not considered a reporting segment. Financial items and income tax are not allocated to the operating segments.

Management reviews each operating segment separately based on EBIT and allocates resources on that background. The performance targets are calculated the same way as in the consolidated financial statements.
Costs are allocated directly to segments. Certain immaterial indirect costs are allocated systematically to the Shared/Non-allocated segment and the reporting segments Sales Regions and Production Units.

Management does not receive reporting on asset and liabilities by the reporting segments Sales Regions and Production Units. 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	**Sales regions**		**Production units**		**Shared/ Non-allocated**		**Total**	
DKK million	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
External revenue	10,839	9,980	184	192	0	0	11,023	10,172
Segment operating profit (EBIT)	556	627	4,155	3,673	(1,456)	(1,719)	3,255	2,581
Net financials	0	0	0	0	(300)	(124)	(300)	(124)

Notes

	Consolidated DKK million	
	2011/12	2010/11
2. Financial income		
Interest income	42	27
Fair value adjustments on forward contracts transferred from equity	0	5
Net exchange adjustments	0	11
Other financial income and fees	0	4
Total	**42**	**47**
3. Financial expenses		
Interest expense	91	115
Fair value adjustments, share options	29	35
Fair value adjustments on forward contracts transferred from equity	154	0
Net exchange adjustments	40	0
Other financial expenses and fees	28	21
Total	**342**	**171**
4. Adjustment for other non-cash operating items		
Net gain/loss on divestment of non-current assets	7	13
Change in other provisions	(26)	3
Total	**(19)**	**16**
5. Changes in working capital		
Inventories	(29)	3
Trade receivables	(46)	(128)
Other receivables	(62)	(98)
Trade and other payables etc.	4	(37)
Total	**(133)**	**(260)**
6. Cash and short-term debt		
Cash	1	1
Bank balances	1,972	1,317
Cash and bank balances	1,973	1,318
Short-term debt	(1,296)	(98)
Of which bullet loans transferred during the year from non-current liabilities	1,153	0
Total	**1,830**	**1,220**

7. Contingent liabilities

In addition to a few minor legal proceedings, the Coloplast Group is a party to 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. Based on the current information available to Coloplast, we do not expect this to have a significant financial impact on the Group's financial position.

FIVE-YEAR FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK million	**2011/12**	2010/11	2009/10	2008/09	2007/08
Income statement					
Revenue	11,023	10,172	9,537	8,820	8,463
Research and development costs	-342	-415	-409	-389	-415
Operating profit before special items, interest, tax, depreciation and amortisation	3,756	3,108	2,584	1,944	1,531
Operating profit before special items	3,255	2,581	2,078	1,475	1,154
Operating profit (EBIT)	3,255	2,581	1,995	1,395	994
Net financial income and expenses	-300	-124	-321	-184	-2
Profit before tax	2,954	2,456	1,674	1,211	992
Coloplast's share of profit for the year	2,194	1,819	1,243	883	715
Revenue growth					
Annual growth in revenue, %	8	7	8	4	5
Growth breakdown:					
Organic growth; %	6	6	7	6	7
Currency effect, %	2	1	1	-2	-4
Contract manufacturing, %	0	0	0	0	2
Balance sheet					
Total assets	10,176	9,218	7,771	7,963	7,981
Invested capital	6,295	6,312	6,340	6,442	7,014
Net interest-bearing debt	-1,042	539	1,593	2,297	3,428
Equity at year-end, Coloplast's share	6,042	4,478	3,452	2,850	2,290
Cash flows and investments					
Cash flows from operating activities	2,649	2,205	1,769	1,830	1,324
Cash flows from investing activities	-313	-387	-293	-402	-671
Investment in property, plant and equipment, gross	-318	-230	-260	-487	-718
Free cash flow	2,336	1,818	1,476	1,428	653
Cash flows from financing activities	-1,730	-894	-1,559	-723	-469
Key ratios					
Average number of employees, FTEs	7,624	7,328	7,207	7,349	7,420
Operating margin, EBIT, %	30	25	21	16	12
Operating margin, EBITDA, %	34	31	27	22	18
Return on average invested capital before tax (ROIC), %	52	41	31	21	14
Return on average invested capital after tax (ROIC), %	38	30	23	15	10
Return on equity, %	42	46	39	34	31
Ratio of net debt to EBITDA	-0.3	0.2	0.6	1.2	2.2
Interest cover	77	35	23	14	10
Equity ratio, %	59	49	44	36	29
Ratio of debt to enterprise value, %	-2	1	5	11	16
Net asset value per share, DKK	134	100	77	63	50
Per share data					
Share price, DKK	1,208	804	654	426	388
Share price/net asset value per share	9	8	9	7	8
Average number of outstanding shares, millions	42	42	43	43	44
PE, price/earnings ratio	23	19	22	21	25
PE, price/earnings ratio, excl. discontinued operations	23	19	22	21	25
[1] Dividend per share, DKK	20	14	10	7	6
Pay-out ratio, %	38	32	34	34	36
Earnings per share (EPS)	52	43	29	21	16
Free cash flow per share	56	43	35	33	15

1) For 2011/12, the figure is the proposed dividend.
The key ratios have been calculated and applied in accordance w ith "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

Income statement, quarterly

(Unaudited)

		Consolidated							
	DKK million								
		2010/11				2011/12			
Note		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Revenue	2,541	2,463	2,597	2,571	2,654	2,692	2,828	2,849
	Cost of sales	(929)	(886)	(926)	(863)	(916)	(917)	(908)	(937)
	Gross profit	**1,612**	**1,577**	**1,671**	**1,708**	**1,738**	**1,775**	**1,920**	**1,912**
	Distribution costs	(760)	(748)	(756)	(724)	(782)	(771)	(780)	(839)
	Administrative expenses	(136)	(149)	(159)	(160)	(163)	(158)	(163)	(138)
	Research and development costs	(112)	(111)	(104)	(88)	(95)	(82)	(80)	(85)
	Other operating income	10	10	7	25	8	11	7	42
	Other operating expenses	(1)	(4)	(8)	(19)	(13)	(5)	(3)	(1)
1	**Operating profit (EBIT)**	**613**	**575**	**651**	**742**	**693**	**770**	**901**	**891**
	Profit/loss after tax on investment in associates	0	0	0	(1)	0	0	0	(1)
2	Financial income	13	3	22	9	16	14	17	(5)
3	Financial expenses	(76)	(43)	(18)	(34)	(59)	(94)	(120)	(69)
	Profit before tax	**550**	**535**	**655**	**716**	**650**	**690**	**798**	**816**
	Tax on profit for the period	(143)	(139)	(170)	(185)	(166)	(176)	(210)	(208)
	Net profit for the period	**407**	**396**	**485**	**531**	**484**	**514**	**588**	**608**
	Earnings per Share (EPS)	9.6	9.4	11.6	12.7	11.6	12.2	14.0	14.5
	Earnings per Share (EPS), diluted	9.5	9.2	11.4	12.5	11.4	12.0	13.8	14.3

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This announcement is available in a Danish and an English-language version.
In the event of discrepancies, the Danish version shall prevail.

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare.

Our business includes Ostomy Care, Urology Care, Continence Care and Wound and Skin Care. We operate globally and employ around 8,000 people.