

Information to the Copenhagen Stock Exchange no. 4/2005
Humblebæk, 19 August 2005

Quarterly report, 3 quarters, 2004/05

(1 October 2004 – 30 June 2005)

- Sales increased by 8% in local currencies and 7% in Danish kroner, continuing the positive development of the previous quarters
- The profit margin was 15% and operating profit amounted to DKK 699m
- The positive development achieved by Wound Care and Breast Care business units contributed to an improved profit margin for the period
- Inventories were reduced by DKK 128m
- Free cash flow was DKK 580m, compared with a negative balance of DKK 81m last year
- Expectations for the full year 2004/05 are maintained at an organic revenue growth of 8-9% in local currencies and a profit margin of 15-16%

Key figures and ratios mDKK (unaudited)	Actual	Actual	Indexed on	Actual
	2004/05 9 months	2003/04 9 months	2003/04 9 months	2003/04 full year
Revenue	4,786	4,468	107	6,069
Operating profit (EBIT)	699	749	93	988
Separate items	-19	0		0
Net financial income and expenses	-73	-87	84	-89
Profit before tax	607	662	92	899
Tax on profit for the period	-192	-226	85	-317
Net profit for the period	415	436	95	582
Minority interests	-1	-3	33	-5
Coloplast's share of profit for the period	414	433	96	577
Profit margin, EBIT, %	15	17		16
Earnings per share of 5 DKK, EPS, DKK	9	9		12
Return on equity, %	23	28		27
Return on average invested capital (ROAIC), %	16	17		17
PE, price/earnings ratio	31	24		24
Equity interest, %	42	40		42
Total assets	5,922	5,673		5,643
Investments in tangible assets	290	223		548
Investments in intangible assets	48	91		106
Adjustments of tangible assets under construction	16	178		-4

Appended are income statement, balance sheet, cash flow statement, statement of changes in equity, notes and 5 years' key figures and ratios.

Revenue for the first three quarters increased by 8% in local currencies, generating a profit margin of 15%. This brings our performance after 3 quarters into line with expectations for the full financial year 2004/05. Revenue growth and profit margin were affected by the German healthcare reform which, as previously announced, cut reimbursement prices for ostomy products in Germany by an average 13% with effect from 1 January 2005. The German authorities have not set new reimbursement prices for Continence Care products yet, and the Coloplast management assume that these will be decided during the financial year 2005/06.

Financial performance

Despite of the effects of the German healthcare reform and the indirect production overheads, operating profit before separate items was DKK 699m. This is below the level of the same period last year, which generated DKK 749m. The profit margin was 15%. Compared with the interim statement, there was a continuing, positive development in profit margin, reflecting, among other factors, the improved performance by the Wound Care and Breast Care business units.

R&D spending increased by 7% compared with last year, while administrative costs increased by 4%. The cost of distribution, sales and marketing increased by 8% compared with last year as a result, among other things, of increasing oil prices, an intensified sales drive in the USA and the establishment of a European distribution centre which will, in the longer term, reduce distribution and warehouse costs.

During the period, inventories were reduced by DKK 128m, including indirect cost of sales. The largest reduction was made in the first quarter. When inventories are reduced, previously capitalised indirect production overhead are expensed. This cost item totalled DKK 33m while, in the first 9 months of 2003/04, the corresponding capitalised cost amounted to DKK 54m.

Separate items include non-recurring project costs relating to an acquisition activity now closed.

Free cash flow was DKK 580m for the period, an improvement of DKK 661m from last year's negative balance of DKK 81m. This significant improvement is the combined result of the reduction of inventories, lower investment activity and a strengthened cash flow from operations. The cash flow from investments closed at a negative balance of DKK 295m compared with a negative balance of DKK 485m last year.

The financial items include interest and exchange-rate adjustments. They amounted to a net expense of DKK 73m compared with DKK 87m for the comparison period. The Group's total net interest-bearing debt has been decreasing during the first 9 months in step with the positive cash flow development.

Tax on profit for the period has been calculated at DKK 192m, corresponding to a tax rate of 32%. The lowering of the Danish tax rate from 30% to 28% only had a modest effect, as the major part of earnings is generated outside Denmark.

Revenue development

Revenue increased during the first 3 quarters of 2004/05 by 8% in local currencies. Group revenue was DKK 4,786m compared with DKK 4,468m last year. As the value of Coloplast's invoicing currencies was reduced by 1 %-point compared with the same period of the last financial year, the increase amounted to 7% in Danish kroner. The figures confirm the positive trend reported after 6 months of growth rates of 7% in local currencies and 6% in Danish kroner, respectively.

Segment information

Primary segment split

Coloplast's primary segment comprises the Chronic Care segment, including ostomy and continence care products as well as home care, and the SBU segment, which includes three strategic business units, Wound Care, Skin Health and Breast Care.

Chronic Care segment

Total revenue for the Chronic Care segment was DKK 3,638m, which reflects a 9% growth in local currencies compared with the same period last year. The segment includes sales

through the home care companies of other manufacturers' products.

Ostomy

Sales of ostomy products increased by 9% in local currencies.

Previously reported growth rates for the first quarter and the first 6 months included part of the sales through the German HSC of other manufacturers' products. The growth recorded in sales of Coloplast's own ostomy products was 9% for both periods. Growth in the third quarter followed the growth curve of previous quarters. The only change is the distribution of revenue in the Chronic Care segment. The combined revenue for the Chronic Care segment is unchanged.

The revenue development should be seen in the light of the implementation of the German healthcare reform, which has meant price reductions of 13% on average.

Sales of open bags with **Hide-away** outlet and bags with convex adhesive were the key growth drivers. The **Easiflex** product range continued its strong growth curve. Also sales of urostomy bags showed good growth. Sales of the **Corsinel** support garment for ostomists with hernia problems continue to grow satisfactorily, and the product is being introduced to new markets on an on-going basis, most recently in Germany.

Coloplast's market share in the German ostomy market continues to develop positively despite the healthcare reform. During the period, a shared service centre has been established for the HSC companies and administrative systems have been improved. Some sales representatives have chosen to leave HSC to join a recently established competitor business. This fact has not yet had any significant effect on the HSC revenue.

Continence Care

Sales of continence care products increased by 10% in local currencies compared with last year. There was good growth in most European markets, and sales of intermittent catheters increased by more than 15%. Catheter sales accounted for more than half of total Continence Care sales. Sales of urine bags

also increased, while sales of urisheaths decreased correspondingly. **Peristeen** anal irrigation, our bowel management system, has been well received. Sales of the **SpeediCath** Compact female catheter exceeded expectations. In addition to being a key product in the Coloplast portfolio, the catheter has caused an actual extension of the market for intermittent catheters.

The SBU segment

Revenue for the three business units Wound Care, Skin Health and Breast Care amounted to a total of DKK 1,148m, corresponding to a growth rate of 7% in local currencies. The profit margin for the segment improved, primarily because of a better performance in the Wound Care and Breast Care business units.

Wound Care

Sales of Wound Care products increased by 9% in local currencies, confirming the positive trend of the first 6 months. Some 11% of Wound Care sales are now generated by the anti-bacterial foam dressing with silver, **Con-treet**. The launch of the silver dressings in France has contributed to this growth. Sales of silver dressings also increased strongly in the other European Wound Care markets.

Skin Health

The Skin Health business unit is also responsible for sales of wound care products in the USA. Sales increased by 8% in local currencies, skin health products being the main growth driver. Sales of 'private label' products have been lower than expected over the last part of the period because of inventory reductions with some customers.

Breast Care

Sales of breast care products increased by 4% in local currencies. Sales of breast forms as well as sales of special textiles increased and, especially in the last part of the period, developments have been very positive, both in the USA and Europe. Part of the revenue growth is attributable to stockbuilding with the distributors.

Secondary segment split

Sales in Europe increased by 7% in local currencies. The good growth curve continued in many markets, and new products are launched within all business areas.

The revenue growth in the Americas was 11% in local currencies. In the USA, all business areas saw growth. Also sales through the home care activities increased.

Sales in Australia, Japan and the other markets in Asia increased by 22%.

Corporate affairs

Investments

Investments in fixed assets, exclusive of assets divested, decreased by DKK 131m compared with the same period last year. The main reason for the decrease was a lower level of investments in buildings and IT systems.

Investments in property, plant and equipment amounted to DKK 306m, including adjustment for tangible assets under construction. This is DKK 95m below the level of the same period last year. The facility at Tatabánya, Hungary, has been completed, and the current capacity is expected to cover our needs for manufacturing space some years ahead.

Changes in equity

Total equity increased during the period by DKK 158m to DKK 2,515m at the close of the financial period. The increase is arrived at after deducting from profit for the period of DKK 414m dividend payments of DKK 140m and other changes representing DKK 116m. As at 30 June 2005, equity interest stood at 42%.

Palle Marcus
Chairman

Holdings of own shares amounted to 1,312,565 units, corresponding to 3% of the class B share capital at the end of the period. Own shares have been purchased during the period, and the net increase in the holdings was 129,079 units after share options had been exercised and allocated employee shares been sold. After the purchase of own shares during the period, about half of the share repurchase programme initiated in August 2004 has been completed. The programme represents a total of DKK 250m.

Outlook

Expectations for the full financial year 2004/05 are maintained at a revenue growth of 8-9% in local currencies and a profit margin of 15-16%. These expectations allow for a 2% effect on revenue caused by the German healthcare reform and a negative effect on profit of about DKK 100m.

Investments in fixed assets are expected to amount to DKK 400-450m. The tax rate is expected to be 32%.

Coloplast's long-term objectives for 2008, including a revenue of DKK 9bn through organic growth, a profit margin of 18% and a return on average invested capital (ROAIC) of 20%, are still expected to be met.

Major fluctuations in the exchange rates of key currencies, significant changes in the healthcare sector or radical changes in the world economy may affect the company's possibilities of achieving its long-term objectives and meeting expectations.

Sten Scheibye
Chief executive

This announcement includes information about Management's expectations for future developments. Being based on assumptions that embody uncertainty and risk, including – but not restricted to – changes in relevant legislation and treatment methods as well as the financial markets, actual results may turn out to differ from those expected.

This information is available in a Danish and an English version. In case of doubt, the Danish version shall prevail. For further information, please contact Group Director Carsten Lønfeldt, phone + 45 4911 1611.

Coloplast Group

INCOME STATEMENT (unaudited)

1 October 2004 - 30 June 2005

NOTE	Group		Index	Group		
	mDKK			mDKK		
	2004/05	2003/04		2004/05	2003/04	
	9 months	9 months		Q3	Q3	
1	Revenue	4,786	4,468	107	1,687	1,548
	Cost of sales	-1,947	-1,696	115	-673	-575
	Gross profit	2,839	2,772	102	1,014	973
	Distribution, sales and marketing costs	-1,434	-1,329	108	-487	-469
	Administrative expenses	-560	-541	104	-208	-189
	Research and development costs	-160	-150	107	-54	-44
	Other operating income	19	17	112	4	6
	Other operating expenses	-5	-20	25	0	-5
1	Operating profit	699	749	93	269	272
	Separate items	-19	0		-2	0
2	Financial income	30	19	158	11	67
3	Financial expenses	-103	-106	97	-32	-106
	Profit before tax	607	662	92	246	233
	Tax on profit for the period	-192	-226	85	-73	-74
	Net profit for the period	415	436	95	173	159
4	Minority interests	-1	-3	33	1	-1
	Coloplast's share of profit for the period	414	433	96	174	158
	Earnings per Share (EPS)	9	9		4	3

Coloplast Group

BALANCE SHEET (unaudited)

At 30 June 2005

NOTE	Group		
	At 30.6.05	<i>mDKK</i> At 30.9.04	At 30.6.04
Assets			
Acquired patents and trademarks	11	13	6
Goodwill	302	298	302
Software	121	83	79
Prepayment for intangible assets and intangible assets in progress	16	31	27
Intangible assets	450	425	414
Land and buildings	1,125	1,191	1,028
Plant and machinery	461	397	323
Other fixtures and fittings, tools and equipment	221	214	218
Property, plant and equipment in progress and prepayments for property, plant and equipment	300	284	473
Property, plant and equipment	2,107	2,086	2,042
Investment in associates	1	2	2
Other investments	7	0	0
Deferred tax asset	100	102	140
Investments	108	104	142
Fixed assets	2,665	2,615	2,598
Inventories	794	922	1,046
Trade receivables	1,234	1,195	1,219
Receivables from associates	7	6	7
Other receivables	108	116	132
Prepayments	46	47	42
Receivables	1,395	1,364	1,400
Marketable and securities	142	2	35
Cash and bank balances	926	740	594
Current assets	3,257	3,028	3,075
Assets	5,922	5,643	5,673

Coloplast Group

BALANCE SHEET (unaudited)

At 30 June 2005

NOTE	Group			
		mDKK		
	At 30.6.05	At 30.9.04	At 30.6.04	
Liabilities				
	Contributed capital	240	240	240
	Fair value reserve	-100	-39	-41
	Proposed dividend for the year	0	140	0
	Retained earnings	2,375	2,016	2,045
	Equity	2,515	2,357	2,244
4	Minority interests	1	5	3
	Provision for pensions and similar liabilities	81	83	86
	Provision for deferred tax	26	29	15
	Other provisions	10	28	35
	Provisions	117	140	136
	Mortgage debt	488	529	531
	Other credit institutions	1,297	1,287	1,325
	Deferred income	172	203	178
	Long-term liabilities	1,957	2,019	2,034
	Mortgage debt	5	6	5
	Other credit institutions	194	181	320
	Trade payables	284	298	267
	Income taxes	82	61	57
	Other payables	623	508	593
	Deferred income	144	68	14
	Short-term liabilities	1,332	1,122	1,256
	Short-term and long-term liabilities	3,289	3,141	3,290
	Liabilities	5,922	5,643	5,673
5	Contingent items			

Coloplast Group

CASH FLOW STATEMENT (unaudited)

1 October 2004 - 30 June 2005

NOTE	Group	
	mDKK	
	2004/05 9 months	2003/04 9 months
	699	749
A Operating profit	226	239
A Adjustment for non-cash operating items	182	-227
B Changes in working capital	-19	0
Separate items	38	9
Ingoing interest payments, etc.	-102	-106
Outgoing interest payments, etc.	-149	-260
Company tax paid	875	404
Cash flow from operations	-48	-91
Investments in intangible assets	-43	-66
Investments in land and buildings	-247	-157
Investments in plant and machinery	-16	-178
Adjustments of tangible assets under construction	66	7
Fixed assets sold	-7	0
Acquisition of business	-295	-485
Cash flow from investments	580	-81
Free cash flow	-140	-117
Dividend to shareholders	-5	-13
Dividend to minority interests	-59	-46
Investment in own shares	-204	-176
Financing from shareholders	-62	-10
Financing through long-term loans	-266	-186
Cash flow from financing	314	-267
Net cash flow for the period		
Liquidity at 1 October 2004	555	573
Adjustment, exchange rate	0	-3
Change in liquidity for the period	314	-267
Liquidity at 30 June 2005	869	303
Liquidity includes:		
Marketable securities	142	35
Cash	1	2
Bank balances	925	592
	1,068	629
Utilised credit facilities, short term	-199	-326
	869	303
The consolidated cash flow statement cannot be extracted directly from the published financial statements.		
A Adjustment for non-cash operating items		
Depreciation	256	223
Gain on sale of fixed assets	-9	0
Change in provisions	-21	16
	226	239
B Changes in working capital		
Inventories	123	-170
Trade receivables	-49	-85
Other receivables	9	12
Trade and other payables	99	16
	182	-227

STATEMENT OF CHANGES IN EQUITY (unaudited)

Parent mDKK	Contributed capital		Reserve for equity value	Reserve for fair value	Proposed dividend	Retained earnings	Equity Total
	A-shares	B-shares					
1.10.2003 - 30.6.2004							
Balance at 1.10.2003							
As reported in annual report	18	222	456	-30	117	1,213	1,996
Effect of changes in accounting policies			6				6
Restated value at 1.10.2003	18	222	462	-30	117	1,213	2,002
Hedging against interest risks				-20			-20
Effect of hedging on deferred tax				6			6
Hedging against exchange-rate risks				5			5
Effect of hedging on deferred tax				-2			-2
Net gain/loss not recognised in income statement	0	0	0	-11	0	0	-11
Dividend paid out for 2002/03					-117		-117
Tax value of loss on employee shares						12	12
Profit for the period						433	433
Own shares purchased and exchange loss on exercised options						-61	-61
Own shares sold						15	15
Dividend on own shares							0
Foreign currency translation adjustment relating to subsidiaries						-29	-29
Balance at 30.6.2004	18	222	462	-41	0	1,583	2,244
1.10.2004 - 30.6.2005							
Balance at 1.10.2004							
As reported in annual report	18	222	512	-39	140	1,504	2,357
Effect of changes in accounting policies							0
Restated value at 1.10.2004	18	222	512	-39	140	1,504	2,357
Hedging against interest risks				-81			-81
Effect of hedging on deferred tax				23			23
Hedging against exchange-rate risks				-4			-4
Effect of hedging on deferred tax				1			1
Net gain/loss not recognised in income statement	0	0	0	-61	0	0	-61
Dividend paid out for 2003/04					-140		-140
Tax value of loss on employee shares							0
Profit for the period						414	414
Own shares purchased and exchange loss on exercised options						-85	-85
Own shares sold						26	26
Dividend on own shares							0
Foreign currency translation adjustment relating to subsidiaries						4	4
Balance at 30.6.2005	18	222	512	-100	0	1,863	2,515

NOTES (unaudited)

1 October 2004 - 30 June 2005

1. Segment information

Primary segment - business activities

Group 2004/05

mDKK	Chronic Care		SBU segment		Total	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
Revenue, outside segment	3,638	3,372	1,148	1,096	4,786	4,468
Operating profit for segment	579	692	120	57	699	749

Group

mDKK

2004/05 2003/04

2. Financial income

Interest income	16	19
Exchange-rate adjustments	7	0
Fair-value adjustments transferred from equity	7	0
Total	30	19

3. Financial expenses

Interest expense	99	96
Exchange-rate adjustments	0	1
Fair-value adjustments transferred from equity	0	5
Other financial expenses	4	4
Total	103	106

4. Minority interests

Minority interests at 1.10.2004	5	14
Acquisitions	0	-1
Share of net profit from subsidiaries	1	3
Dividend paid	-5	-13
Minority interests at 30.6.2005	1	3

5. Contingent items

Contingent liabilities

At 30 June 2005 the parent company had guaranteed loans raised by Group enterprises and associates of mDKK 440 (2003/04 mDKK 431).

Minor lawsuits are pending against the Group. These are not expected to influence the company's future earnings.

Coloplast Group

KEY FIGURES AND RATIOS (unaudited)

1 October 2004 - 30 June 2005

	Group		Group
	<i>mDKK</i>		<i>mDKK</i>
	<i>2004/05</i>	<i>2003/04</i>	<i>2003/04</i>
	<i>9 months</i>	<i>9 months</i>	<i>year</i>
Income statement			
Revenue	4,786	4,468	6,069
Research & development costs	160	150	203
Operating profit before amortisation and depreciation (EBITDA)	955	972	1,295
Operating profit (EBIT)	699	749	988
Net financial income and expenses	-73	-87	-89
Profit before tax	607	662	899
Coloplast's share of profit for the period	414	433	577
Revenue growth			
Annual growth in revenue, %	7	8	8
Increase consists of:			
Organic growth, %	8	11	10
Currency effect, %	-1	-3	-2
Acquired business, %	0	0	0
Divested business, %	0	0	0
Balance sheet			
Total assets	5,922	5,673	5,643
Invested capital	5,616	5,989	5,838
Net interest-bearing debt	1,089	1,732	1,465
Equity	2,515	2,244	2,357
Cash flow and investments			
Cash flow from operations	875	404	845
Cash flow from investments	-295	-485	-621
Acquisition of tangible assets, gross	306	401	544
Cash flow from financing	-266	-186	-239
Free cash flow	580	-81	224
Key figures			
Profit margin, EBIT, %	15	17	16
Return on average invested capital (ROAIC), %	16	17	17
Return on equity, %	23	28	27
Ratio of net debt to EBITDA	86	134	113
Interest cover	12	12	13
Equity interest, %	42	40	42
Rate of debt to enterprise value, %	6	11	10
Book value per share, DKK	52	47	49
Share data			
Share price	358	288	291
Share price/Book value per share	7	6	6
PE, price/earnings ratio	31	24	24
Dividend per share, DKK	-	-	3.00
Pay-out ratio, %	-	-	24
Earnings per share, EPS, DKK	9	9	12
Free cash flow per share	12	-2	5