

COLOPLAST

Moderator: Lars Rasmussen
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Operator: This is conference # 955389.

Lars Rasmussen: Good evening. I am Lars Rasmussen, CEO of Coloplast and I'm joined by our CFO Anders Lonning-Skovgaard and our Investor Relations team.

Earlier today, it was announced that we have increased our provision for the mesh litigation by DKK3 billion. In addition to last year's provision of DKK1.5 billion, for which we received DKK500 million in insurance coverage, the total current expected cost of the mesh litigation before tax is DKK4.5 billion.

I would like to describe the circumstances leading up to today's announcement. Over the last couple of months, and in particular last week, there has been a shift in the landscape of the mesh litigation. We have seen a number of plaintiff wins and the total number of claims against the industry is still increasing. Furthermore, other defendants, who have not traditionally settled cases, have started to settle.

On Monday, September 14, Judge Joseph Goodwin, who presides over the multidistrict litigation issued an order requiring Coloplast and the plaintiffs to engage in discovery on 200 cases. As such discovery has not occurred before this order, the cost in connection with the mesh litigation will increase. There has been no change in Coloplast's ongoing program to resolve verified claims where appropriate.

At the status meeting with our US lawyers today, all of the aforementioned factors were analyzed and discussed and it was concluded that we need to increase the mesh provision by DKK3 billion. In May last year, we had made a provision of DKK1.5 billion and received DKK500 million in insurance coverage. Including today's DKK3 billion provision, our current best estimate of the total cost of the mesh litigation is DKK4.5. The total cost includes legal advisory costs.

At this point in time, Coloplast continues to settle verified claims and actively participate in negotiations. Given the confidential nature of settlement negotiations, going forward the Company will not discuss the current number of claims against Coloplast. Due to the increased provision, the expected EBIT margin for 2014/2015 is lowered from around 32 percent at constant exchange rates and in Danish kroner to around 10 percent at constant exchange rates and around 11 percent in Danish kroner.

The effective tax rate for 2014/2015 is expected to be around 28 percent compared to the previous expectation of around 24 percent. Coloplast's dividend policy of paying out all excess cash is unaffected by the change in provision. However, the free cash flow impact of the mesh litigation is to be viewed as extraordinary, and therefore, we expect to neutralize the cash impact through borrowing.

At this point in time, we would like to open up for questions.

Operator: Thank you. If you wish to ask a question on the phone lines, please press star one on your telephone keypad and wait for your name to be announced. If you wish to cancel your request please press the has key.

So once again that's star one if you wish to ask a question.

Your first question today comes from Soren Holm. Please go ahead

Soren Holm: yes, hello, Soren from Nordea with a couple of questions. Could you maybe explain a bit the impact from preparing these court cases? Are you now going to court and is that opening up for -- also you receiving punitive damages as we have seen with some of your competitors. And how much of the provision

includes a potential loss from this? And secondly, on the dividend policy, is it correctly understood that the future cash outflow from this is not going to affect the future dividend payout and share buybacks? And then finally and more strategically on the mesh market, we have seen some consolidation going on here, how do you see yourself participating as a buyer or a seller with maybe two of the market leaders losing focus?

Lars Rasmussen: Let me start with the first and the last question you have and then I'll refer the middle one to Anders. Now, we have to create our own opinion why the Judge is giving us an order to start preparing for discovery, because up until now, we have settled almost 4500 cases and we think that the Judge is trying to put pressure on both us and the litigators in order to speed up the pace of us settling. So that's what we think.

But if that means that we'll end up in having full blown court cases and so on, it is still to be seen. So therefore, what we could do when we got this order was to say okay, this is a change of strategy. So now, we have to include the cost of doing discovery, the cost of going to court and the potential cost of settlements, while also including the number of cases to everything that realistically we will actually settle. And it is significantly more expensive to do discovery, to run the legal cases in front of a judge and so on than it has been for us to settle historically. The amounts that we have used per case to settle historically are far lower than if we are to do for full-blow discovery and so on.

So therefore the amounts have gone up so significantly. But none of us know, at this point in time, how many cases will actually end up in court and how many will be settled and so on. But we just have to reflect the fact that we have gotten a different order from the judge and therefore we also have a different strategy.

So that's actually the background for it and of course, we can't start to spill out each of the elements in this and it's basically a point in time where we have gotten very far with the strategy that we have had and now we need a different strategy and that's at least what the Judge thinks and that's what we are working with. And I forgot your last question what was that again?

Soren Holm: On the strategy going forward

(Multiple speakers)?

Lars Rasmussen: Yes, but when you are in the US you have -- it is the land of opportunity and so many great opportunities for you to pursue. It's also a country where, when you are a part of legal battles, as we are right now, it's extremely expensive. So we are not scared away from this. We know it's a cost of doing business in the US and longer term, of course, we will take the learning's that we have here into consideration, but at this point in time, no change to the strategy we have. And then back to you Anders on the dividend.

Anders Lonning-Skovgaard: Yes, so as Lars also mentioned, in terms of our dividend policy we will continue to pay out our excess cash, so that is unaffected by the change in the provision. But the free cash flow will be impacted by the mesh litigations and we are viewing this as extraordinary and therefore we will also expect to utilize this through borrowing. So that is how we see it.

Soren Holm: But, could you give some flavor of the average settlements that has been made in court so far among your competitors and also the amount of punitive damages?

Lars Rasmussen: No, and we actually think that we have a very different type of products than many of our competitors and that's also why we have been settling at pretty low amounts compared to what our competitors have been able to do. So therefore, we would not like to speculate in this, but there's a lot of public knowledge out there, but we are not the ones who are going to entertain with that.

Soren Holm: OK, thank you.

Operator: Thank you, your next question comes from Niels Leth. Please go ahead

Lars Rasmussen: We can't hear you Niels.

Niels Granholm-Leth: Can you hear me now?

Lars Rasmussen: Yes.

Niels Granholm-Leth: Great.

So, over how many years would you expect the remaining part of your provisions should be consumed and--

Lars Rasmussen: That's two to three years, we think.

Niels Granholm-Leth: Two to three years?

Lars Rasmussen: Yes.

Niels Granholm-Leth: Okay, and what will be the impact on your tax payments? I expect you would, as usual, pay your next tax bill, is it -- in early December or so, would you then suddenly get at tax refund (instead)?

Anders Lonning-Skovgaard: In terms of our -- we will pay that in, as we normally do, in our Q1. In terms of -- it depends very much on the cash flow of when we are going to settle this going forward and that is too early to say how that will impact us going forward, Niels.

Niels Granholm-Leth: Okay, but except from this year you will continue to set aside about 25 percent in tax.

Anders Lonning-Skovgaard: For this year we are now saying that the tax rate for this year is going to be 28 percent where we guided previously 24 percent and then we will -- when we come to our guidance for 2015/2016, we will return, how we see the tax rate develop next year.

Niels Granholm-Leth: OK, very good. Thank you.

Operator: Thank you. Your next question comes from Yi-Dan Wang. Please go ahead

Yi-Dan Wang: Thank you very much. Just want to clarify whether the DKK3 billion relates to the 200 cases or does it include additional cases beyond the 200? And then, on the tax rate, is all of this additional settlement tax deductible? Looking at the tax rate, the new tax rate that you've announced for this year as a result of

this increase in provision, it seems that the tax rates are different. So if you could walk us through that that will be helpful.

And then the cost of discovery, can you give us some sense of how much of cost would go through discovery on a -- roughly on a per case basis and whether the plaintiffs would have to carry that cost and presumably that would encourage them to settle?

Lars Rasmussen: Well, first of all, we had included also the number of cases that we think will come in going forward, so actually to what we expect to be at the end of the MDL? That's of course, at this point in time, our best estimate. So that part is included. It's very hard for us to give you the amount of discovery or the amount that we spent on discovery and maybe I should explain a little bit further to you why it is that we are not -- why we don't want to talk about the number of cases and so on going forward, because actually that we did do previously.

So previously we said, okay, we did not have much public knowledge. But when AMS came out and they published a very large number of cases in settlements and so on, we were able to calculate a number out of that. So we took the 7,000 cases that we had and we used more or less the same per case average and that was all for 100 percent settlements. Now, we are in a situation where we set aside an amount to do discovery, which is what -- an amount that we have gotten from our lawyers, because they have some kind of insight into that.

We have set aside some number of cases that will be settled. We have also included the number of incoming cases until the end of the MDL and we have included the cost of discovery and all kinds of doing trails and so on. So it's a very, very mixed picture. So if you have this picture together with a number per case average and so on does not really make up any sense compared to what we had previously, because it's a new strategy. So that's the reason why we can't be precise about this, because we also think it will probably harm us in the negotiations that we have to go into now with people that are litigating against us.

And I can confirm that the pressure that is now put on us with the 200 cases that we have to prepare, the same pressure is on the litigators, because they also have to establish medical files and sent that in and so on and so forth. So it puts a pressure on both parties in this case to make sure that we have an incentive to try to settle.

Yi-Dan Wang: Okay. So, but generally, how much does discovery costs? Not for your mesh, but your lawyer verbally would have give you some sense of how similar--

Lars Rasmussen: Yes, we have gotten that and I can't share that information.

Yi-Dan Wang: Okay. And then the 200 cases, do they need to be addressed individually or could they be --

Lars Rasmussen: Yes. If we end up in a situation where they will be put forward to the court, then each of them will have to be seen as individual cases. That's the whole idea about a multidistrict litigation is that every single case is an individual case. But, so many things can happen from now on and until this whole case complex is closed. So it's very hard to say what will be the outcome here.

Yi-Dan Wang: Okay. And how good have you been in predicting the number of valid cases that are against you so far?

Lars Rasmussen: I think that so far we had been very good. But you also have to take into consideration that we still see TV commercials for these cases. You also have to take into consideration that some of the other manufactures they have lost in court and have, at least in the first instances, seen very high amounts that they had to pay. So that keeps the interest going and therefore, we still expect that there are cases coming in and that we have also taken into account with the provision that we have made today.

Yi-Dan Wang: Okay. And then before the tax question, just last one, what proportion of the meshes that you've sold have turned out to be valid cases against you, roughly?

Lars Rasmussen: You will never know that when you are settling a case because the whole idea about settling a cases is that it's not progressed to court. But of course, when

we receive complaints or a case, then for us to acknowledge it and even start settling discussions, we have a medical record, so we fully understand it is our product and we also understand the history of that individual so that we know that that is not without grounds. But of course, we don't have the same kind of depth in the understanding that you'll have if you go through a full discovery.

Yi-Dan Wang: Okay, but you have included a number of future cases in the DKK3 billion provision. So the additional, post the ones that you're will (multiple speakers) risk is for your product?

Lars Rasmussen: Can I suggest that Anders will take your question about tax and then we move on because then you can come back in line but I think that we also need to give other people an opportunity to ask questions, would that be okay?

Yi-Dan Wang: Yeah that is fine.

Anders Lonning-Skovgaard: So in terms of the tax -- so what we have said now, we expect the tax rate this year to be 28 percent, where we previously had the 24 percent and the way we have calculated is that the mesh cost is not deductible until they are paid out. So we have used the corporate tax rate in Denmark next year of 22 percent in that calculation.

Yi-Dan Wang: So why would the tax rate be 28 percent this year, wouldn't it be --

Anders Lonning-Skovgaard: No, it's because --

Yi-Dan Wang: Okay. Yeah, it's lower.

Anders Lonning-Skovgaard: Yeah, it's lower. So we have used the 22 percent that is the corporate Danish tax rate for next year and it's not paid out -- the mesh cost is not deductible until they are paid out.

Yi-Dan Wang: And that would be in December or --?

Anders Lonning-Skovgaard: No, that's going to be sometime in the future and that is something that's difficult for us to predict. But our assumption in the tax calculation is that we have used the 22 percent. That is the corporate Danish tax rate for next year.

Yi-Dan Wang: OK, thank you.

Operator: Thank you. Your next question comes from Alex Kleban. Please go ahead.

Alex Kleban: Thanks for taking the questions. Three, so first is, how many plaintiff law firms are involved across the 200 cases. I'll do one at a time, if that's okay.

Lars Rasmussen: Well, we actually don't know at this point in time how many are involved in those specific court cases.

Alex Kleban: Okay. Yes, fair enough. I guess the second one was on, just to clarify, you (will there were up) to protect the dividend and do you think about then taking all of the amount, say DKK3 billion now just because you can access a low rate and what kind of rate are you going to be thinking about on that?

Lars Rasmussen: Yes, it's something we have not decided upon yet.

Alex Kleban: Should we be thinking more or something 2.5 percent, 3 percent range, is that generally about right for your financing cost base on any recent discussions you may have had?

Lars Rasmussen: No. We have not yet decided on when to do this.

Alex Kleban: Okay. Would it be fair to say that you would prefer to do it upfront or would you do it, as you see the payouts coming, you would maybe go 6 to 12 months in advance or something like that?

Lars Rasmussen: Again, we have not decided on how we will do this.

Alex Kleban: Okay, that's fair enough. And then the last question is just more about -- I think it was asked earlier, but just to follow on. So it seems that we get to a point now where the liabilities or the provision for this business are probably a lot greater than the profits or maybe even sales that have been made out of it since you've owned it. I'm not sure if that's a fair statement.

But does it come to the point now where you think about winding it down, just given all the issues and given that maybe this comes back again at some stage

in the future or just trying to sell it to somebody else and just kind of taking some residual value or maybe -- I was going to say, maybe putting it -- get back to Coloplast and just put this in the bad part and then we can focus on the businesses without the overhangs like these?

Lars Rasmussen: Yes. Well, it's almost like when you think about what you could have done. There is plenty of things that you could have done. Now we are in the middle of this. We find it extremely uncomfortable. And I just see no other way than just moving forward and get on the other side of this and what we do at the other side of this is a different discussion. As it is right now, we can't do anything else than what we do and that is to produce great products and help as many women as we can. And then we have to get on the other side of this legal battle. It's very, very uncomfortable, but that's just the situation. We don't have any options than to move forward here.

Alex Kleban: Yes, but then when we get there, let's say when we get through this -- if it's a year or two from now, is there then a strategic evaluation that goes on about whether you really want to stay involved in surgical urology in general at least on the implantable side of the business going forward?

Lars Rasmussen: Yes, we always take stock of what kind of value creation does our different business areas produce to us. And of course we also do that for the urology business. But right now, because of the situation that we are in, we have basically no other options than to run the business and to move forward and get on the other side of this.

Alex Kleban: That's fair enough. How is the business going in general because we did see, at least from the male side, some pressure in the last few quarters, has that improved? At least can you comment on that now?

Lars Rasmussen: Yes, it's improved a little, but it's not as good as it was last year.

Alex Kleban: Okay. And on the female health side, similar situation where maybe this is depressing volumes or has that recovered well?

Lars Rasmussen: Well, it's not going that bad. I mean, you could think that when you have all of these court cases going on and all of the negative press then you'll see a real dip in the business, but it's actually doing okay.

Alex Kleban: OK, well thanks, sorry I've probably gone for five questions instead but thank you (with them)

Lars Rasmussen: But you all do (tonight)

Operator: Thank you, your next question comes from (Widor Kaka) please go ahead.

(Widor Kaka): Hi, it (Widor Kaka) actually.

Couple of questions from me, very simple. The first one because you might have said -- you said that in the comment, but I (didn't manage getting into call) maybe early enough. So the provision now, the total provision is regarding all your -- like your view of the liabilities for you in all future cases, not just for the extra 200 cases you had to (go through this call) right.

Lars Rasmussen: Yes.

(Widor Kaka): Okay, so if tomorrow another judge adds another 200 cases, it's not going to be another DKK2 billion.

Lars Rasmussen: No, it's including everything that we know of at this point in time plus all future cases that we estimate will come in. So, it's all of that, it's plus the settlements that we think that we'd be able to do plus the amounts that we have to set aside for discovery, running court cases and also potential outcomes of that. So it's everything we know at this point in time. This is, however, not a guarantee but it's also including, by the way, the legal expenses on all of this. So it's all we know, but of course, I mean, it's highly volatile. So therefore, it's hard for us to be very certain of this, but we have taken into account everything possible.

Operator: Thank you. Your next question comes from Veronika Dubajova. Please go ahead.

Veronika Dubajova: So couple of questions from me. The first one is, I just want to understand if these 200 cases do not progress to court and instead you end up settling them, is it fair to assume that the real pay outs on the cash flow would be significantly smaller than the provision you've taken today?

Lars Rasmussen: It depends what kind of amount you are settling, those cases happen.

Veronika Dubajova: Okay. And then, if I look at the incremental amount per case that you have taken and I appreciate you can't tell us what part of the provision is for new cases and what part of the provision is for the 200 that you have been ordered to take to discovery and to court. But I mean, the cost is, we're talking somewhere between \$2million and \$3million per case here that you're provisioning for. Is that the right way to think about it?

Lars Rasmussen: I think it's very easy to be in a situation where you are oversimplifying the calculation which is behind this. It's actually taking us and our lawyers quite a bit of time to put this together. So it's such that before there will be a number of cases, of course, that we will still be settling. We will also have cost to prepare discovery and so will the litigators.

So therefore, how this pressure that the Judge have been putting on both us and the litigators, how that will play out is very hard to say and that's the reason why, when we do this provision, we need to take into account a situation where we have to handle all of this, also the 200 cases going forward.

But it's not going to be exactly as we predict it today, but how that comes out is very hard to say. So I would not like to start to give bits and pieces because that would put us in a very awkward situation going forward when we have to discuss this with the different parties that are understanding what we say at this call.

Veronika Dubajova: Okay, understood. And last of all is, I'm not aware of any of your competitors being forced to take their cases to court. I think most of them have been pretty successful at settling the vast majority of cases that they've been in.

Lars Rasmussen: No, that's not a correct assumption Veronika.

Veronika Dubajova: Okay, please correct me.

Lars Rasmussen: No, it's actually some of our competitors have pursued a strategy, which is solely go to court and they have not settled anything and some have primarily been going for the court route and some have done, like us, where it's primarily the route of settling. So that's -- you have to change that assumption.

Veronika Dubajova: Okay. So you wouldn't say you pursued a different litigation strategy to your competitors and it is fair to assume that some of your competitors are seeing a similar progression at this stage?

Lars Rasmussen: Yeah, I think it's fair to say that the Judge is putting pressure on all parties in this instance in order to make sure that we get this total complex resolved.

Operator: Thank you. Your next question comes from Yi-Dan Wang. Please go ahead..

Yi-Dan Wang: So, I was wondering what the failure risk for the product is based on what you know and what you expect to come through in terms of the cases that you have provided for?

Lars Rasmussen: I'm not sure I understand or follow what you mean by failure rate or risk?

Yi-Dan Wang: Basically, you know the total number of devices that have been implanted, you know how many allegations or how many plaintiffs have come forwards to make a claim against you and how many you've settled based on what you've seen and how many you're provided for in the future. So I just wondered what the risk profile of the device is.

Lars Rasmussen: Okay. Yes, but that's -- what kind of risk are you taking about then, because this is -- at least, I think that you should try not to compare the US legal system and the way it works to the way it works when you are in a European legal system. It's very different mechanics that are driving the number of cases that forward and therefore -- I think that you should call Ian to get an in-depth talk about this so that you understand the background for this because it's very

hard to just give an answer that sort of makes sense if it have to be a short answer, at least.

Yi-Dan Wang: Okay. Well, basically the question was asked in relation to your comment earlier that you expect the whole thing to wrap up over a two to three year period and I'm thinking that these devices probably sale over time, how can you be sure that you would actually wrap it up over the next two to three years?

Lars Rasmussen: Well, that's a very good question. Thank you for clarifying. The reason why I can say two to three years or why I believe in two to three years is because that's what I have been told from our lawyers because what they normally say is that MDLs, they historically are running five to six years before they close down and it's about the whole underlying, you could say business model of these things that at certain point in time, it makes or it creates a better return on investment to move on to other cases. So they have sort of a life cycle and this is the historic picture that we have been explained.

Operator: Thank you. Your next question comes from Niels Leth.. Please go ahead..

Niels Granholm-Leth: Yes, a quick follow-up. Do you know how this mesh litigation cases will impact the way that your auditors will do the goodwill impairment testing of your urology division in combination with your prior year record.

Lars Rasmussen: Yes, we actually have looked at that and we are not changing the way that we are handling that and it seems as if we are still having a very big safety margin and therefore there's no change.

Operator: Thank you. Your next question comes from Alex Kleban. Please go ahead.

Alex Kleban: Yes, hi. Thanks for letting me have one more. Just a quick follow-up to Yi-Dan's question, is there a sort of statutory limitations on these things where if you have a device that was implanted prior to the MDL, it fails after the five to six year window, if somebody has missed that window and then their device fails, can they then open up a lawsuit against you after the (fact that says) 10 years from now or six or seven years from now, whatever is the case maybe.

Lars Rasmussen: You can always -- there's nobody who is refraining you from opening a case against the Company where you've bought or gotten a product from. But there's a certain dates by which the MDL have not or is not accepting products anymore. So in that sense, it's not like you are -- the products that you're selling today you are still feeding the MDL with those.

Alex Kleban: Okay. And then, do you have a general sense of how many more cases or what's the total base of devices in this category that have been installed or have been implanted over time and is there a risk that maybe there is another 5,000 or 6,000 out there that could go wrong at some stage down the road that we haven't seen yet?

Lars Rasmussen: This year, we have seen TV commercials for four years trying to get women to sign up for this court cases of this MDL and we still see that coming. There is an inflow, but we also see that the rate of the inflow is decreasing.

Operator: Thank you. Your next question comes from Ian Douglas-Pennant. Please go ahead.

Ian Douglas-Pennant: Thanks very much for squeezing me at the end. And it's a quick one on the guidance. Last time you gave guidance, the (CR) and the reported margin was the same and now they're different. Have you updated your assumptions for FX or is it just happened to fall the other side of rounding errors?

Lars Rasmussen: It's -- what you're saying the latter thing. So we see a little bit higher, nominal in actual rates -- nominal EBIT in actual rates. So that's why that's a little bit bigger. So our guidance in -- is 11 percent EBIT.

Ian Douglas-Pennant: Okay, great. So I've manage to draw you on a question on guidance. That's something for me for the record books, thanks very much.

Operator: Thank you. Your next question comes from Morten Larsen. Please go ahead..

Morten Larsen: Two questions, just to follow-up first on Ian's question. Is this a confirm -- the new guidance you're putting out have updated, is this a confirmation of the old guidance i.e. that what you have seen for the first 14, 15 weeks of the last

quarters, is this confirming the full year guidance, is one. And second, Lars, first time you provisioned, you provisioned DKK1.5 billion, now you say DKK4.5 billion, that's three times up. How should we sit here and have any sort of visibility into whether this could actual be a higher number or not?

Lars Rasmussen: So I could start with the last part of the question. For a very long time we did not provide any guidance on these cases because we have no, we seem to had no background to provide a guidance. Then AMS came out with very large settlements that gave us a per case average, which we used to give a guidance because that was at least a public number in the market.

And then we also clearly stated at that point in time that we pursue a settlement strategy and that's been very -- actually, I think it's been very successful for us and it's worked up until now. Now, the Judges have issued a court order ordering us to begin preparing for court for 200 cases. That's a complete change of our strategy. And the only thing we can do when we get that is to do a new calculation for how to view this and that's basically what we can do. And I just have to say that I feel as uncomfortable about this as everybody else, but that's the base of it. We need to use the facts that we have at hand and the facts have changed and therefore our provision have changed.

Morten Larsen: So, basically you apply some sort of probability to that, some of the 200 cases or all the remaining cases go all the way through a verdict and you get a high penalty of that, is that what you're doing?

Lars Rasmussen: Yes.

Morten Larsen: And that probability could go up and could go down going forward and so on?

Lars Rasmussen: Yes, but I can't give you details on this because I think it's a very complicated math that you have do at it, but at the end of the day, it is an informed case and of course informed by people who have tried this many times and we are guessing, of course, but we think that the whole idea why the Judge is putting this pressure on us and on the litigators is to speed up the rate of settlements.

Morten Larsen: And on the guidance, that must be Anders question, just a conformation --

Anders Lonning-Skovgaard: So, on the guidance, so the EBIT before special items is still 32 percent both in Danish kroner and constant exchange rate. So no change to that.

Morten Larsen: So, it's a confirmation that what you are seeing in the first part of -- in all of the fourth quarter here is basically in line with your trading guidance from last quarter?

Lars Rasmussen: Yes.

Operator: Thank you. Your next question comes from Ines Silva.. Please go ahead

Ines Silva: Hi, thank you so much for taking my last minute question. Could you just explain what is the difference between this 200 cases versus the 7,000 that you have? So why will these expectedly end up in court and how don't you expect more to end up in court please? Thank you.

Lars Rasmussen: Yes, the strategy that Coloplast have pursued up until now has been to avoid getting in court or to settle, because in the US court system, it's often less expensive to settle than it is to go through the whole process of bringing up a case in front of a court. So that's been our strategy up until now and the whole idea about a multidistrict litigation is to make sure that a large number of the cases are settled because the court system does not have the capacity to handle all of the cases.

If you take the total number of cases, you know that up until now Coloplast have 7,000 cases. If you take the whole complex, it's more than 100,000 cases, if you include all of the manufacturers and there is no way that this could be handled in a court system, and therefore the pressure is on in the system that a large number of cases are settled, they need to be settled and that is the process that we are in now.

So when we have been ordered to take 200 cases to the court, it's to make sure that we are speeding up the process of settling, but that's the whole -- I don't know, if you're from America, then I shouldn't entertain you about how the U.S. system works but otherwise, I think that you could get a debrief from our Investor Relations guys on this, because it's a very different system.

Ines Silva: Thank you. Could you just clarify how long usually it takes for you to settle a case and how is that going to be shorter now (with discretion)?

Lars Rasmussen: Settling cases can be a lengthy process or it can be very, very fast. It depends how much you're willing to pay. So it's basically a negotiation and therefore I can't give you an average for that.

Operator: Thank you. Your next question comes from Soren Holm. Please go ahead.

Soren Holm: Just a quick one, the 4,500 cases you have already settled, are they all settled under your initial assumptions or have there also been higher settlements which is part of your increased provision?

Lars Rasmussen: No, they have been settled under the initial assumptions. And I think that would be the last question for tonight. Thank you very much for participating.

Operator: Thank you. That does conclude the conference today. Thank you for participating. You may now disconnect.

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