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**Coloplast**

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**Interim Financial Report, 2004/05**

(1 October 2004 – 31 March 2005)

- During the first six months, sales grew by 7% in local currencies, 6% in Danish kroner, as the second quarter saw the expected positive development of revenue and profit
- The profit margin was 14% and operating profit came to DKK 430m
- Inventories were reduced by DKK 106m
- Free cash flow was DKK 366m compared with a negative balance of DKK 115m last year
- Sales of ostomy products increased by 12%, making this business area the strongest performer
- Expectations for the full year 2004/05 remain an organic revenue growth of 8-9% and a profit margin of 15-16%

**Key figures mDKK**  
(unaudited)

	Actual 2004/05 6 months	Actual 2003/04 6 months	Indexed on H1 2003/04	Actual 2003/04 full year
Revenue	3.099	2.924	106	6.069
Operating profit (EBIT)	430	477	90	988
Separate items	-17	0		0
Net financial income and expenses	-52	-48	108	-89
Profit before tax	361	429	84	899
Tax on profit for the period	-119	-152	78	-317
Net profit for the period	242	277	87	582
Minority interests	-2	-2	100	-5
Coloplast's share of profit for the year	240	275	87	577
Profit margin, EBIT, %	14	16		16
Earnings per share of 5 DKK, EPS, DKK	5	6		12
Return on equity, %	20	27		27
Return on average invested capital (ROAIC), %	15	17		17
PE, price/earnings ratio	30	25		24
Equity interest, %	43	39		42
Total assets	5.644	5.404		6.43
Investments in tangible assets	208	173		548
Investments in intangible assets	27	79		106
Adjustments of tangible assets under construction	8	78		-4

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

8% in local currencies on the first six months of 2003/04. The segment includes sales of products from other manufacturers through the home care business.

### **Ostomy**

Sales of ostomy products increased by 12% in local currencies, making this business area the strongest performer.

Open bags with **Hide-away** closure and bags with convex adhesive were the key sales growth drivers. The **Easiflex** range saw strong growth, accounting for an increasing share of ostomy turnover. Also sales of urostomy bags saw good growth. The support garment for ostomists with hernia problems, **Corsinel**, has been very well received in Denmark and Australia, where the product was launched in the second quarter.

**Corsinel** is also available in the British and Spanish markets and will be launched in several other countries in the coming quarters.

In Europe, Coloplast's market share continues to grow, also in the German market, where all manufacturers are affected by the healthcare reform. To counter increasing competition in the home care market, Coloplast's German home care business, HSC, is going through a restructuring process aiming to strengthen the effort and improve efficiency. This process has resulted in a common service centre for the HSC companies and changes to the administrative systems. Some sales people have, during this process, chosen to leave HSC to start competing business. This may negatively affect the HSC result for the last six months.

### **Continence Care**

Sales of continence care products increased by 9% in local currencies compared with the year before. There was good growth in most European markets, and sales of intermittent catheters grew by more than 15%. Catheter sales accounted for more than half of continence care sales. Sales of urine bags increased by approx. 5%, while sales of

Our **SpeediCath** Compact catheter for women was launched in 2003/04. Sales of this catheter exceeded expectations in the first six months.

### **The SBU segment**

Revenue for the business units Wound Care, Skin Health and Breast Care came to a total of DKK 724m, corresponding to a 5% growth in local currencies.

### **Wound Care**

Sales of wound care products increased by 8% in local currencies. The performance was driven by good sales growth for the **Contreet**, **Alione** and **Biatain** products. More than 10% of wound care sales are now generated by the range of antibacterial silver foam dressings. These products were launched in February in the important French wound care market, where they were well received. In the markets in Great Britain and Germany the silver dressings made strong headway, too.

### **Skin Health**

Skin health products increased by 7% in local currencies. The skin health business unit is also responsible for sales of wound care products in the USA. Both product areas grew. In the second quarter, the distributors reduced their inventories after extra purchases in anticipation of a price increase announced to take effect from early January. During the quarter sales returned to normal levels.

### **Breast Care**

Sales of breast care products decreased by 1% in local currencies. We believe that the sales development has now stabilised since sales grew in spite of the decline in the US market. Also several European markets showed progress. In Europe, sales were affected by lower sales in Germany, Coloplast's biggest single market in Europe. This development reflects replacement by many customers of old breast forms last year before co-payment was introduced for the products. However, sales normalised also in the Ger-

**Coloplast Group**
**INCOME STATEMENT (unaudited)**

1 October 2004 - 31 March 2005

NOTE	Group		Index	Group		
	MDKK			MDKK		
	2004/05 6 months	2003/04 6 months		2004/05 Q2	2003/04 Q2	
1	Revenue	3,099	2,924	106	1,534	1,408
	Cost of sales	-1,274	-1,121	114	-597	-533
	<b>Gross profit</b>	<b>1,825</b>	<b>1,803</b>	<b>101</b>	<b>937</b>	<b>875</b>
	Distribution, sales and marketing costs	-947	-864	110	-465	-419
	Administrative expenses	-352	-352	100	-173	-174
	Research and development costs	-106	-106	100	-50	-58
	Other operating income	15	11	136	2	2
	Other operating expenses	-5	-15	33	-3	-3
1	<b>Operating profit</b>	<b>430</b>	<b>477</b>	<b>90</b>	<b>248</b>	<b>223</b>
	Seperate items	-17	0		-17	0
2	Financial income	19	27	70	51	13
3	Financial expenses	-71	-75	95	-73	-35
	<b>Profit before tax</b>	<b>361</b>	<b>429</b>	<b>84</b>	<b>209</b>	<b>201</b>
	Tax on profit for the period	-119	-152	78	-66	-77
	<b>Net profit for the period</b>	<b>242</b>	<b>277</b>	<b>87</b>	<b>143</b>	<b>124</b>
4	Minority interests	-2	-2	100	-1	2
	<b>Coloplast's share of profit for the period</b>	<b>240</b>	<b>275</b>	<b>87</b>	<b>142</b>	<b>126</b>
	Earnings per Share (EPS)	5	6		3	3

**Coloplast Group**
**BALANCE SHEET (unaudited)**

At 31 March 2005

NOTE	<b>Group</b>		
	<i>mDKK</i>		
	<i>At 31 Mar 05</i>	<i>At 31 Sep 04</i>	<i>At 31 Mar 04</i>
<b>Assets</b>			
Acquired patents and trademarks	12	13	6
Goodwill	298	298	302
Software	119	83	78
Prepayment for intangible assets and intangible assets in progress	7	31	26
<b>Intangible assets</b>	<b>436</b>	<b>425</b>	<b>412</b>
Land and buildings	1,133	1,191	1,036
Plant and machinery	437	397	336
Other fixtures and fittings, tools and equipment	227	214	229
Property, plant and equipment in progress and prepayments for property, plant and equipment	292	284	370
<b>Property, plant and equipment</b>	<b>2,089</b>	<b>2,086</b>	<b>1,971</b>
Investment in associates	2	2	2
Other investments	6	0	0
Deferred tax asset	96	102	134
<b>Investments</b>	<b>104</b>	<b>104</b>	<b>136</b>
<b>Fixed assets</b>	<b>2,629</b>	<b>2,615</b>	<b>2,519</b>
<b>Inventories</b>	<b>816</b>	<b>922</b>	<b>1,025</b>
Trade receivables	1,127	1,195	1,127
Receivables from associates	7	6	7
Other receivables	103	116	153
Prepayments	48	47	47
<b>Receivables</b>	<b>1,285</b>	<b>1,364</b>	<b>1,334</b>
<b>Marketable and securities</b>	<b>97</b>	<b>2</b>	<b>82</b>
<b>Cash and bank balances</b>	<b>817</b>	<b>740</b>	<b>444</b>
<b>Current assets</b>	<b>3,015</b>	<b>3,028</b>	<b>2,885</b>
<b>Assets</b>	<b>5,644</b>	<b>5,643</b>	<b>5,404</b>

**Coloplast Group**
**BALANCE SHEET (unaudited)**

At 31 March 2005

NOTE	<b>Group</b>		
	<i>mDKK</i>		
	<i>At 31 Mar 05</i>	<i>At 31 Sep 04</i>	<i>At 31 Mar 04</i>
	<b>Liabilities</b>		
	Contributed capital	240	240
	Fair value reserve	-87	-39
	Proposed dividend for the year	0	140
	Retained earnings	2,255	2,016
	<b>Equity</b>	<b>2,408</b>	<b>2,357</b>
4	<b>Minority interests</b>	<b>3</b>	<b>5</b>
	Provision for pensions and similar liabilities	79	83
	Provision for deferred tax	31	29
	Other provisions	10	28
	<b>Provisions</b>	<b>120</b>	<b>140</b>
	Mortgage debt	522	529
	Other credit institutions	1,202	1,287
	Deferred income	255	203
	<b>Long-term liabilities</b>	<b>1,979</b>	<b>2,019</b>
	Mortgage debt	5	6
	Other credit institutions	174	181
	Trade payables	245	298
	Income taxes	34	61
	Other payables	546	508
	Deferred income	130	68
	<b>Short-term liabilities</b>	<b>1,134</b>	<b>1,122</b>
	<b>Short-term and long-term liabilities</b>	<b>3,113</b>	<b>3,141</b>
	<b>Liabilities</b>	<b>5,644</b>	<b>5,643</b>
5	Contingent items		2
		<b>5,404</b>	<b>5,404</b>

## Coloplast Group

### CASH FLOW STATEMENT (unaudited)

1 October 2004 - 31 March 2005

NOTE	Group	
	MDKK 2004/05 6 months	2003/04 6 months
	440	477
A	143	157
B	163	-123
	-17	0
	14	11
	-71	-75
	-121	-234
	<b>551</b>	<b>213</b>
	-27	-79
	-32	-54
	-176	-119
	-8	-78
	64	2
	-6	0
	<b>-185</b>	<b>-328</b>
	<b>366</b>	<b>-115</b>
	-140	-117
	-4	-13
	0	-55
	<b>-144</b>	<b>-185</b>
	-41	37
	<b>-185</b>	<b>-148</b>
	<b>181</b>	<b>-263</b>
	555	573
	-1	-2
	181	-263
	<b>735</b>	<b>308</b>
	97	82
	5	2
	812	442
	914	526
	-179	-218
	<b>735</b>	<b>308</b>
<p>The consolidated cash flow statement cannot be extracted directly from the published financial statements.</p>		
<b>A</b>		
	165	143
	-22	14
	<b>143</b>	<b>157</b>
<b>B</b>		
	101	-148
	64	8
	12	-13
	-14	30
	<b>163</b>	<b>-123</b>

**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					
<b>1.10.2003 - 31.3.2004</b>							
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				-13			-13
Effect of hedging on deferred tax				4			4
Hedging against exchange-rate risks							
Effect of hedging on deferred tax							
Net gain/loss not recognised in income statement	0	0	0	-9	0	0	-9
Dividend paid out for 2002/03					-117		-117
Tax value of loss on employee shares							
Profit for the period						275	275
Own shares purchased and exchange loss on exercised options						-59	-59
Own shares sold						4	4
Dividend on own shares							0
Foreign currency translation adjustment relating to subsidiaries						-12	-12
<b>Balance at 31.3.2004</b>	<b>18</b>	<b>222</b>	<b>462</b>	<b>-39</b>	<b>0</b>	<b>1,421</b>	<b>2,084</b>
<b>1.10.2004 - 31.3.2005</b>							
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				-64			-64
Effect of hedging on deferred tax				19			19
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	-48	0	0	-48
Dividend paid out for 2003/04					-140		-140
Tax value of loss on employee shares							0
Profit for the period						240	240
Own shares purchased and exchange loss on exercised options						-4	-4
Own shares sold						4	4
Dividend on own shares							0
Foreign currency translation adjustment relating to subsidiaries						-1	-1
<b>Balance at 31.3.2005</b>	<b>18</b>	<b>222</b>	<b>512</b>	<b>-87</b>	<b>0</b>	<b>1,743</b>	<b>2,408</b>

## NOTES (unaudited)

### 1. Segment information

<b>Primary segment - business activities</b>						
<b>Group 2004/05</b>						
mDKK	Chronic Care		SBU segment		Total	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
Revenue, outside segment						
1 October 2004 - 31 March 2005	2,375	2,220	724	704	3,099	2,924
Operating profit for segment,						
1 October 2004 - 31 March 2005	376	441	54	36	430	477
					<b>Group</b>	
					<b>MDKK</b>	
					2004/05	2003/04

### 2. Financial income

Interest income		11	11
Exchange-rate adjustments		8	16
<b>Total</b>		<b>19</b>	<b>27</b>

### 3. Financial expenses

Interest expense		64	60
Fair-value adjustments transferred from equity		4	13
Other financial expenses		3	2
<b>Total</b>		<b>71</b>	<b>75</b>

### 4. Minority interests

Minority interests at 1.10.2004		5	14
Acquisitions		0	-1
Share of net profit from subsidiaries		2	2
Dividend paid		-4	-13
<b>Minority interests at 31.3.2005</b>		<b>3</b>	<b>2</b>

### 5. Contingent items

#### Contingent liabilities

At 31 March 2005 the parent company had guaranteed loans raised by Group enterprises and associates of mDKK 426 (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 - 31 March 2005

	Group		Group
	mDKK		mDKK
	2004/05	2003/04	2003/04
	6 months	6 months	Year
<b>Income statement</b>			
Revenue	3,099	2,924	6,069
Research & development costs	106	106	203
Operating profit before amortisation and depreciation (EBITDA)	595	620	1,295
Operating profit (EBIT)	430	477	988
Net financial income and expenses	-52	-48	-89
Profit before tax	361	429	899
Coloplast's share of profit for the year	240	275	577
<b>Revenue growth</b>			
Annual growth in revenue, %	6	9	8
Increase consists of:			
Organic growth, %	7	12	10
Currency effect, %	-1	-3	-2
Acquired business, %	0	0	0
Divested business, %	0	0	0
<b>Balance sheet</b>			
Total assets	5,644	5,404	5,643
Invested capital	5,667	5,869	5,838
Net interest-bearing debt	1,249	1,773	1,465
Equity	2,408	2,084	2,357
<b>Cash flow and investments</b>			
Cash flow from operations	551	213	845
Cash flow from investments	-185	-328	-621
Acquisition of tangible assets, gross	208	173	544
Cash flow from financing	-185	-148	-239
Free cash flow	366	-115	224
<b>Key figures</b>			
Profit margin, EBIT, %	14	16	16
Return on average invested capital (ROAIC), %	15	17	17
Return on equity, %	20	27	27
Ratio of net debt to EBITDA	105	143	113
Interest cover	11	12	13
Equity interest, %	43	39	42
Rate of debt to enterprise value, %	8	12	10
Book value per share, DKK	50	43	49
<b>Share data</b>			
Share price	297	282	291
Share price/Book value per share	6	7	6
PE, price/earnings ratio	30	25	24
Dividend per share, DKK	-	-	6.00
Pay-out ratio, %	-	-	24
Earnings per share, EPS, DKK	5	6	12
Free cash flow per share	8	-2	5