







William Demant

Interim Management Statement

Covering the period year-to-date
9 November 2017

Key take-aways

-  Continued strong performance in line with our expectations
-  The expanded Oticon Opn family continues to drive strong organic growth
-  Retail continues to deliver organic growth rates in line with market growth rates
-  Continued strong momentum in Hearing Implants, particularly in the CI segment
-  Organic growth in Diagnostic Instruments in line with strong growth in H1 2017
-  Full-year outlook maintained: EBIT of DKK 2.3-2.6 billion

A blue behind-the-ear hearing aid is shown against a dark blue background. The device has a curved, ergonomic shape. A clear, flexible tube is attached to the front, leading to a small, clear earpiece. The text "Hearing Devices" is centered over the device in a white, sans-serif font.

Hearing Devices

Global hearing aid market in 2017

Value market growth
in line with our expectations



- We maintain our estimate that the global market growth rate in units will in 2017 be slightly below our general expectations of 4-6%
- The global average selling price (ASP) is seen as relatively stable and slightly above our general expectations
- In terms of value, the global market for hearing aids is estimated to have seen moderate growth of 1-3%, which is in line with our general expectations

Strong organic growth in wholesale of hearing aids

With Oticon Opn as the main driver, strong performance continues

- Strong organic growth in the second half increasingly driven by the ASP
 1. Positive product mix
 - Driven by expanded Oticon Opn portfolio
 - Improved mix in Bernafon and Sonic due to Zerena and Enchant
 2. Positive channel mix
 - Increased sales to independents and VA
 - Lost sales to large chain in Europe (due to acquisition by a competitor)
 - Timing of NHS orders
 3. Positive geographical mix
 - Strong growth in North America
- Comparative figures becoming somewhat tougher during the second half



Opn has introduced a paradigm shift in hearing care

“In the past 20 years, I’ve worked in this field, I never encountered such a big breakthrough.”

Roland Zweers, hearing care professional and Oticon Opn user

“I can’t remember that I was ever so enthusiastic.

Oticon Opn is a revelation.”

Henkjan Bosch, hearing care professional and Oticon Opn user

“I feel that listening is effortless.

I hear naturally without thinking about it.”

Valérie Leperchois, Oticon Opn user

“I feel like I’m alive again.

I can participate in all the discussions that I previously wasn’t a part of.”

Eugène Goetz, Oticon Opn user

New releases complement recent Oticon Opn launches

Broadening the reach of the open sound paradigm

Launch kicked off in June, practical introduction in Q3:

- ▶ **Rechargeability**
- ▶ **New styles:** BTE13PP and miniRITE-T
- ▶ **New features:** Tinnitus and Speech Rescue

*Highly flexible
rechargeable
solution*



miniRITE

miniRITE-T

BTE13 PP

Introducing stereo streaming from all smartphones

Overcoming the limitations of Classic Bluetooth

Oticon Opn with 2.4 GHz BLE enables:

- ▶ Streaming in stereo to both ears
- ▶ High-quality sound thanks to extended frequency range (7.5 kHz)
- ▶ Low battery consumption
- ▶ Made for iPhone® (MFI)

Industry standards coming for Bluetooth
Low Energy audio streaming standard





Bernafon Zerena 9|7|5

- Introduction in largest markets with excellent feedback
- Introduction in some export markets in progress
- Costco: Launched in the USA and Canada, additional countries to follow
- ZPower rechargeable Silver-Zinc batteries
- Made for iPhone® and 2.4 GHz streaming to all phones



bernafon[®]
Your hearing • Our passion

Sonic Enchant 100|80|60

- International roll-out ongoing
- SoundDNA technology extremely well received
- Upcoming news:
 - Wireless connectivity solution for all phones
 - miniRITE rechargeable with ZPower solution



Organic growth in retail supported by acquisitions

- Organic growth in retail YTD in line with market growth:
 - Impacted by negative growth in Australian market
 - Strong growth momentum in mature retail operations in Canada, the UK and France
 - It remains a complex task to consolidate more fragmented retail markets, e.g. the US
- Acquisitions primarily made in North America, however with a lower level in the second half of 2017 against the first half of 2017



Hearing Implants



Because
sound matters

oticon
MEDICAL

Strong growth in cochlear implants in second half-year

- ◊ Increased uptake of the Neuro system due to launches in new markets
- ◊ Some large tender orders placed by export markets for previous product generation
 - Negative impact on overall ASP
- ◊ First reliability report for the Neuro implant released with excellent results
- ◊ Neuro 2 external processor and new fitting software to be launched around year-end
 - Pending regulatory approval including CE mark



BAHS carried strong momentum into second half-year



- ◊ Growth continues to be driven by Ponto 3, particularly the SuperPower version
- ◊ Positive clinical results on improved speech understanding



A close-up photograph of a dental professional's hand holding a blue and white diagnostic probe. The probe is positioned over a large, dark blue touch-screen monitor. The monitor displays a grid of diagnostic icons. The brand name 'NACO' is visible on the bottom left of the screen. The background is a clean, white clinical setting.

Diagnostic Instruments

Strong organic growth in line with first half-year

- Mainly driven by North America, South America and Asia
- Continued market share gains
- Several new product launches



A blurred background image of a desk setup. In the foreground, a black headset with a microphone is visible. Below it, a notebook with a white cover and a black strap is lying flat. To the left, a smartphone is partially visible, showing a colorful screen. The overall scene is softly lit, creating a professional yet relaxed atmosphere.

Personal Communication

Sennheiser Communications: Positive momentum in underlying business



- Positive contributions from all three segments: CC&O, Mobile and Gaming
- Reported growth negatively impacted by inventory reductions in second half-year



Outlook for 2017



Outlook 2017

We see a global unit growth rate for 2017 slightly below our general expectation of 4-6% unit growth and estimate that average selling prices have been relatively stable.

We expect to generate growth in sales in all the Group's three business activities: Hearing Devices, Hearing Implants and Diagnostic Instruments.

Based on current exchange rates and including the impact of exchange rate hedging, we expect a slightly negative exchange rate impact on revenue of less than 1% in 2017. Acquisitions made in 2016 will impact consolidated revenue by approx. 1% in 2017.

We aim at a target gearing multiple of 1.5-2.0 measured as NIBD (net interest-bearing debt) relative to EBITDA.

Operating profit (EBIT) of DKK 2.3–2.6 billion before restructuring costs of around DKK 175 million.

Q&A

IR Contacts:



Søren B. Andersson
Vice President, Investor Relations
Email: sba@demant.com
Tel: +45 3913 8967
Mob: +45 5117 6657



Mathias Holten Møller
Investor Relations Officer
Email: msmo@demant.com
Tel: +45 3913 8827
Mob: +45 2924 9407



Meet us!

14 November	London (UBS European Conference)
15 November	London (Jefferies Global Healthcare Conference)
23 November	Frankfurt (HSBC Healthcare Day)
24 November	Paris (Danske Bank)
6-7 December	New York (Citi Global Healthcare Conference)
8 December	Toronto (Mirabaud)
12 December	Copenhagen (Danske Bank Winter Seminar)