

William Demant Holding A/S

Investor Presentation March 2005



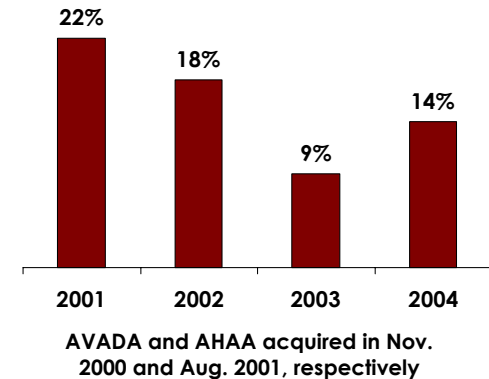
Headlines 2004

- Profits in line with expectations
- 14.1% organic growth
- Another year with market share gains
- Revenues of DKK 4.3 billion – 11.2% reported growth
- Continued increase in gross profit ratio from 65.2% to 66.4%
- EBIT of DKK 1,004 million - underlying growth exceeding 25%
- Profit margin grew to 23.3%, reached 24.7% in H2 2004
- EPS growth of 21.6%
- Operational cash flow of DKK 735 million, equivalent to net profits

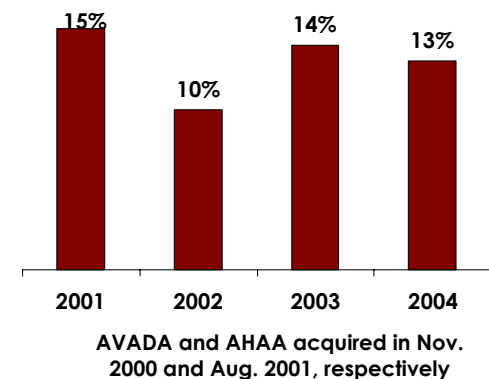
Hearing Aids

- Accounted for 88% of revenues
- Growth of 14% in local currencies
- 13% unit growth in sales of hearing aids manufactured by Group
- More than half of the units sold in 2004 have been introduced within the last two years
- Growth driven by the launch of Oticon Syncro
- Other 2004 launches: Atlas Plus, GO, Symbio XT and Neo
- Bernafon back on the growth track

Growth in HA business



Growth in Group manufactured HA'

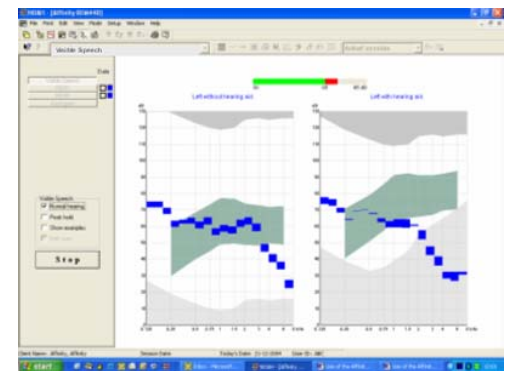


Hearing aid market status

- **Hearing aid market continues to grow 3-5% in units**
- **Unit growth more evenly distributed across segments in 2004**
- **Overall feature upgrade in low-end segment but also less differentiation with increasing focus on price**
- **Product differentiation now more apparent in high end**
- **However, competition within this segment could increase during the first half of 2005**
- **Large manufacturers have now introduced the new 3D scanning technology for the manufacturing of shells**

Diagnostic Instruments

- Business area accounted for 6% of revenues – strong organic growth
- Autometer market returned to positive growth rates in 2004
- However, still a slow-growing market
- Trend expected to continue into 2005
- Launch in Q2 of Affinity, a PC-based audiometer and fitting system, global rollout almost completed
- Continued solid double-digit profit margin



Personal Communication

- **Business area consists Phonic Ear and Sennheiser Communications**
- **Accounted for 6% of revenues**
- **9% organic growth realised in 2004**
- **Phonic Ear now in a better shape following a successful restructuring in a difficult 2003**
- **Increasing use of Lexis, a wireless FM system mainly for classrooms**
- **Sennheiser has met expectations in 2004**
- **Continued growth in the sale of headsets for the telecom and IT segments**



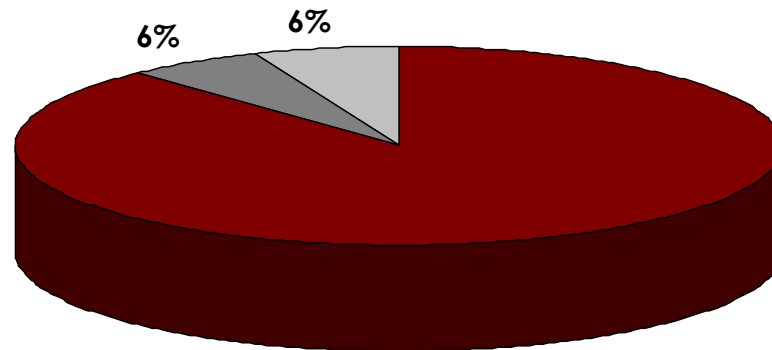
Profit and loss account, full-year

DKK million	2003	2004	% change	% change in local currency
Net revenue	3,870	4,303	11%	14%
Gross profit	2,521	2,859	13%	15%
Gross profit ratio	65.2%	66.4%		
Research and development costs	-295	-324	10%	11%
Distribution costs	-1,130	-1,264	12%	15%
Administrative expenses	-242	-270	12%	14%
Other income/expenses	2	3		
Operating profit (EBIT)	856	1,004	17%	
Profit margin	22.1%	23.3%		
Net profit for the year	618	716	16%	
Earnings per share (EPS), DKK	8.8	10.7	22%	

Profit and loss account, 2nd half

DKK million	2003 H2	2004 H2	% change	% change in local currency
Net revenue	1,966	2,236	14%	17%
Gross profit	1,266	1,490	18%	20%
Gross profit ratio	64.4%	66.7%		
Research and development costs	-152	-175	15%	16%
Distribution costs	-567	-632	11%	14%
Administrative expenses	-116	-135	16%	16%
Other income/expenses	1	5		
Operating profit (EBIT)	432	553	28%	
Profit margin	22.0%	24.7%		
Net profit for the period	315	397	26%	
Earnings per share (EPS), DKK	4.5	6.0	33%	

Net revenue by business area

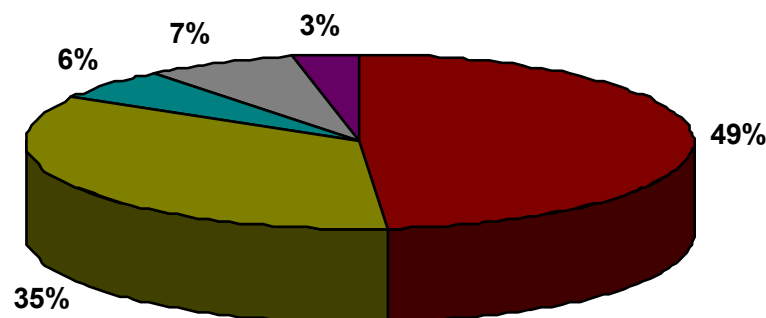


DKK million	2003*	2003**	2004**	% change in local currency
■ Hearing Aids	3,424	3,334	3,817	14.5%
■ Diagnostic Instruments	211	206	242	17.5%
■ Personal Communication	235	223	244	9.4%
Total	3,870	3,763	4,303	14.4%

* Computed at 2003 exchange rates

** Computed at 2004 exchange rates

Net revenue by region



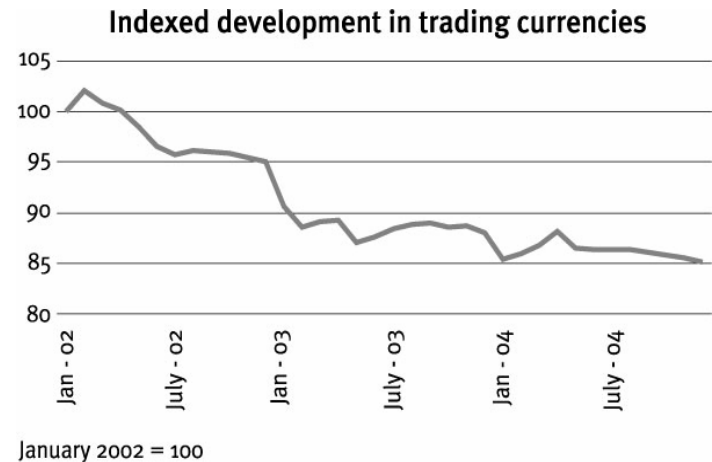
DKK million	2003*	2003**	2004**	% change in local currency	% change for Hearing Aids in local currency
Europe	1,819	1,823	2,068	13%	13%
North America	1,384	1,273	1,507	18%	20%
Asia	240	234	271	16%	14%
Pacific Rim	302	311	309	-1%	-1%
Other countries	125	122	148	21%	22%
Total	3,870	3,763	4,303	14%	15%

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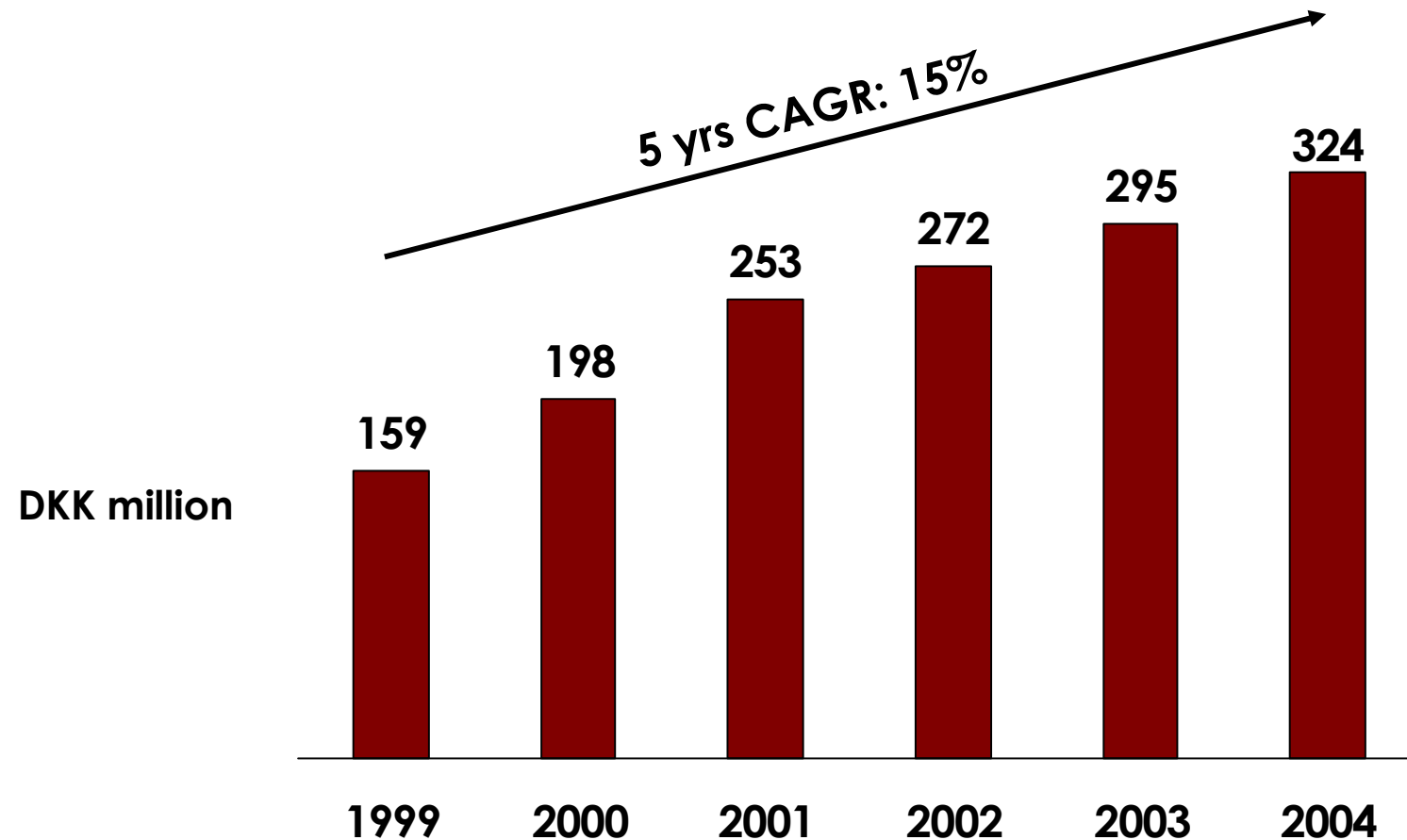
FX impact on revenues and earnings

- 15% impact on revenues over 3 years - USD weakened +30% since Jan 2002
- Impact on earnings somewhat delayed due to hedging
- Major trading currencies hedged 6-24m
- Negative effect on EBIT since 2002 amounts to DKK 40 million in 2003 and DKK 70-80 million in 2004
- Negative EBIT effect of DKK 30 million is expected in 2005
- Continued negative EBIT effect with current FX rates



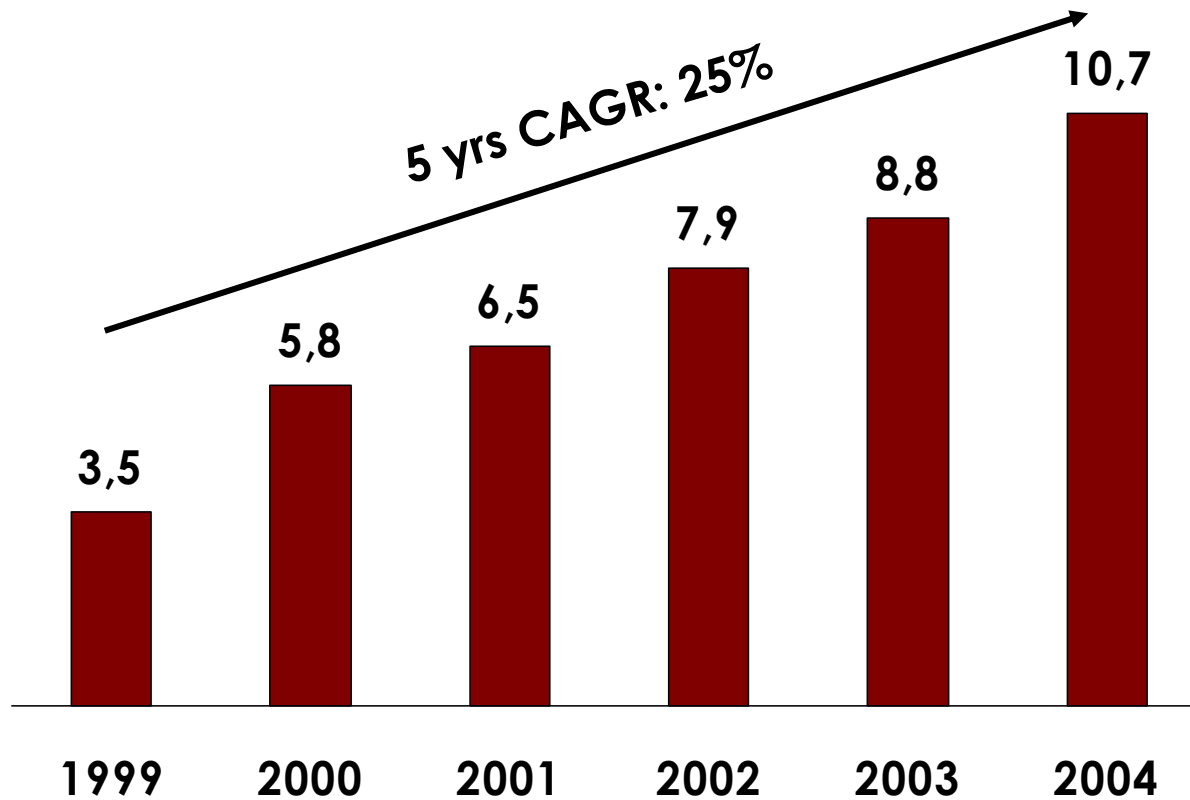
<u>CURRENT HEDGING:</u>	<u>USD</u>	<u>JPY</u>	<u>EUR</u>
Hedging per 31 December 2004	601	5.74	746
Hedging period	13m	9m	8m

Research & Development



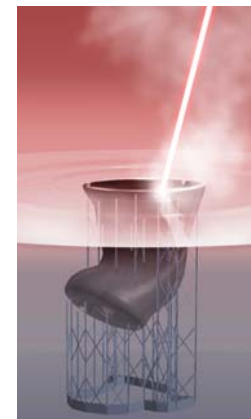
Earnings per share

DKK



One-time investments to facilitate future growth

- Current HQ outgrown as headcount has trebled
- New property located at Smørum, 25 km from current head office
- Acquired in Dec 2004 for DKK 171 million. Ongoing fitting and refurbishing will in 2005 amount to an additional DKK 80 million
- Ownership selected over lease due to attractive price
- Investment to be funded through mortgage loans
- No increase in costs associated with new head office despite double the size
- Continued investments in advanced ITE shell making



Cash flows

DKK million	2001	2002	2003	2004
Net profit for the year	481	579	618	716
CFFO	317	669	754	735
CFFI, excl. acquisitions	-184	-120	-138	-366*
Free cash flow	133	549	616	369
Acquisitions	-477	-7	0	-30
Buy-back of shares	-27	-423	-541	-611
Other financing activities	524	-84	-156	-77
Year's net effect	-337	35	-81	-349

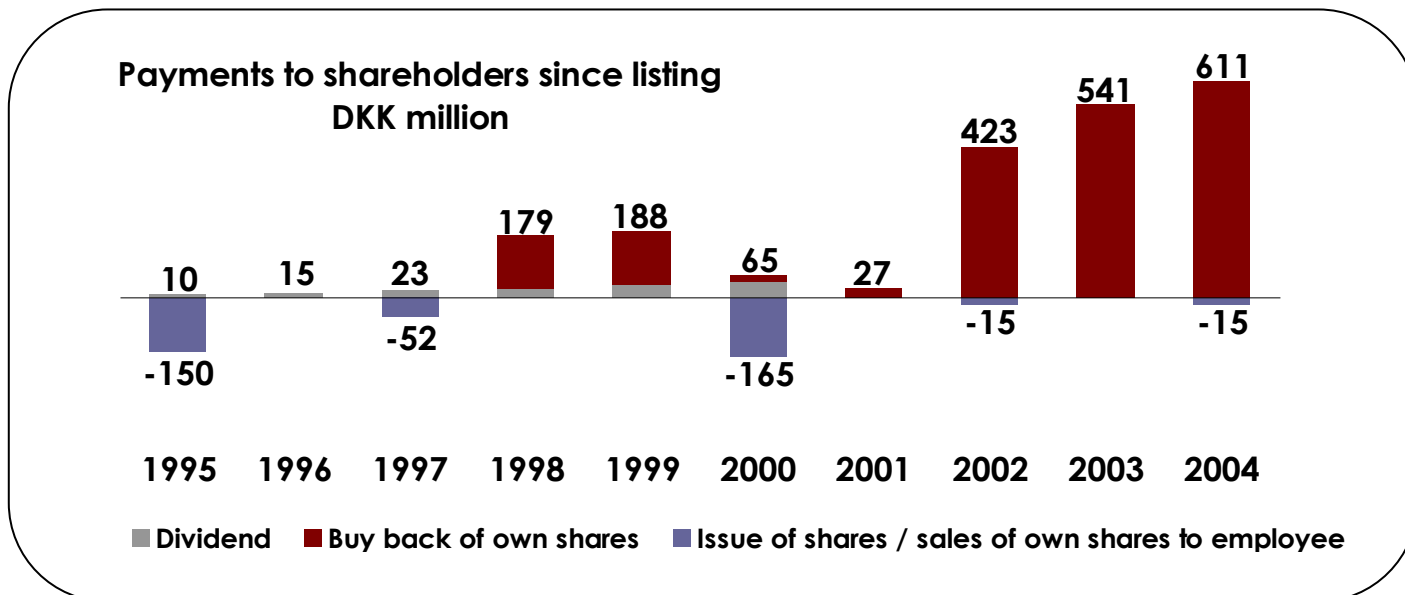
*: Includes DKK 171 million for new HQ

Balance sheet

DKK million	2003	2004		2003	2004
<u>Assets</u>			<u>Liabilities</u>		
Intangible	13	59	Shareholders' equity	522	651
Tangible	439	620	Provisions	65	41
Financial	99	143	Long-term creditors	541	458
Total fixed assets	551	822	Short-term creditors	887	1,289
Inventories	573	603	Total creditors	1,428	1,747
Debtors	783	888	Total liabilities	2,015	2,439
Liquid funds	108	126			
Total current assets	1,464	1,617			
Total assets	2,015	2,439			

Shareholder information

- Dividends through share buy-back – net flow of DKK 1.7 billion to shareholders since listing in 1995
- At 7 March 2005, the Company holds 2.6% of issued shares – shares to be cancelled at AGM
- Main shareholder, the Oticon Foundation, holds 60% of shares and intends to keep its ownership interest below 65%



Guidance – 2005

- **6-9% organic growth, with revenues of DKK 4.5-4.6 billion (assuming a negative 2% currency impact)**
- **Continued market share gains for the Group**
- **Recent years' strong profitability enhancement expected to continue**
- **EBIT margin of 23.5-24.5%, with reported EBIT of DKK 1,050-1,100 million**
- **Continued growth supported by Syncro and new product introductions**
- **However, Syncro might be faced with increased competition due to anticipated high end launches by competitors**
- **EPS to grow by approximately 10%**
- **Revenue and earnings growth strongest in the first half-year**
- **Buy-back of own shares to be continued at current level**

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