

# William Demant Holding's Capital Market Day 28 March 2006



Oticon ♦ Safran

Oticon ♦ Delta

# Today's agenda

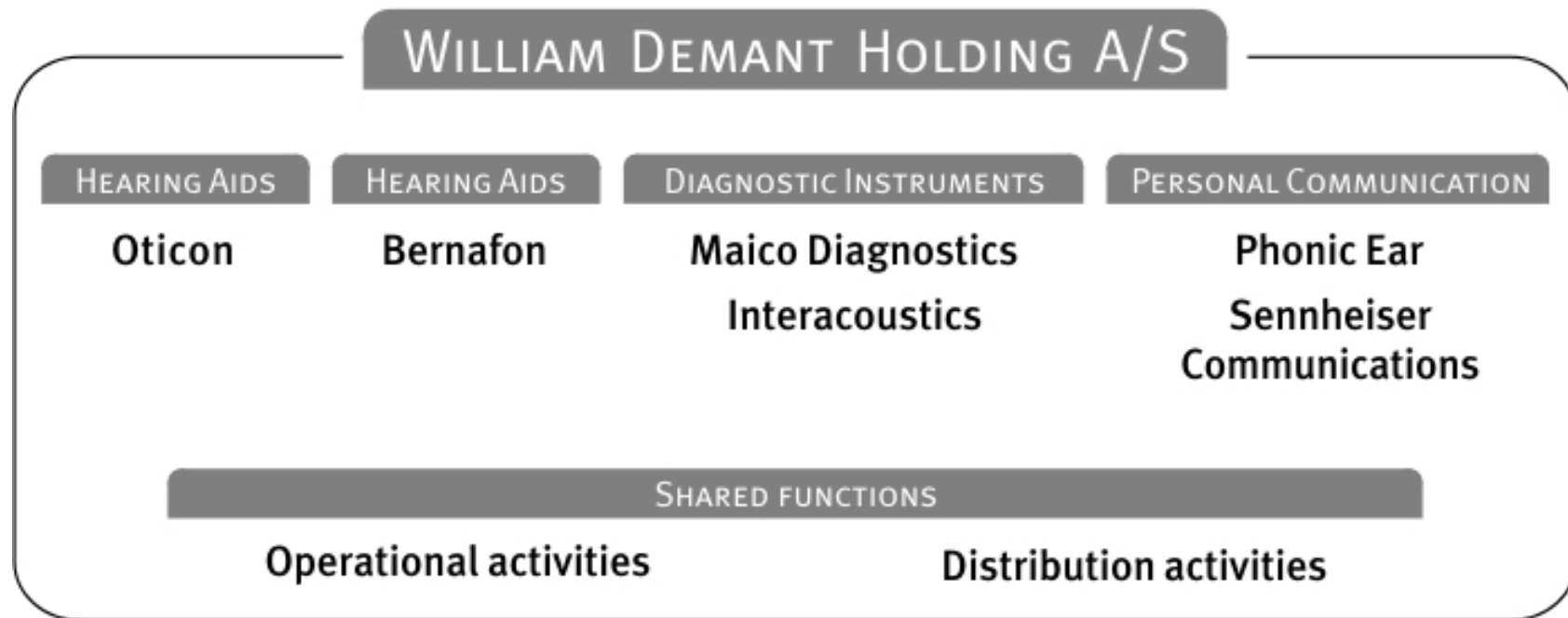
- 08:00 Registration and breakfast
- 08:30 Welcome
- 08:35 Brief overview of the WDH Group,  
including update on latest financials
- 09:00 WDH's new headquarters and development centre,  
including tour of facilities
- 09:45 Important hearing aid market trends
- 10:20 Coffee break
- 10:35 Oticon's and Bernafon's strategies and product portfolios
- 11:20 Oticon Delta: a way to reach the baby boomer generation?
- 12:00 Hearing aid clinic session:  
how to support and create value for dispensers
- 12:45 Lunch
- 13:25 Insight into audiology & hearing loss
- 14:05 Sennheiser Communications:  
a high-end niche player in the headset market
- 14:40 Coffee break
- 15:00 Future challenges to the hearing aid industry,  
followed by Q&A
- 16:00 Close

# William Demant Holding

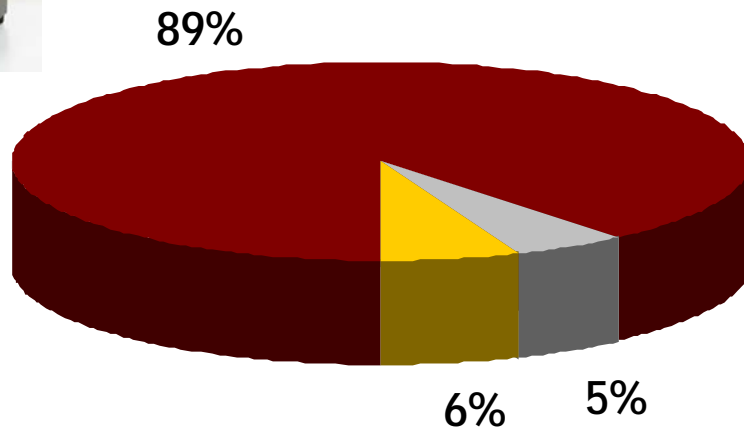
## Brief overview of the Group Niels Jacobsen



# Group structure



# What do we sell?



■ Hearing Aids

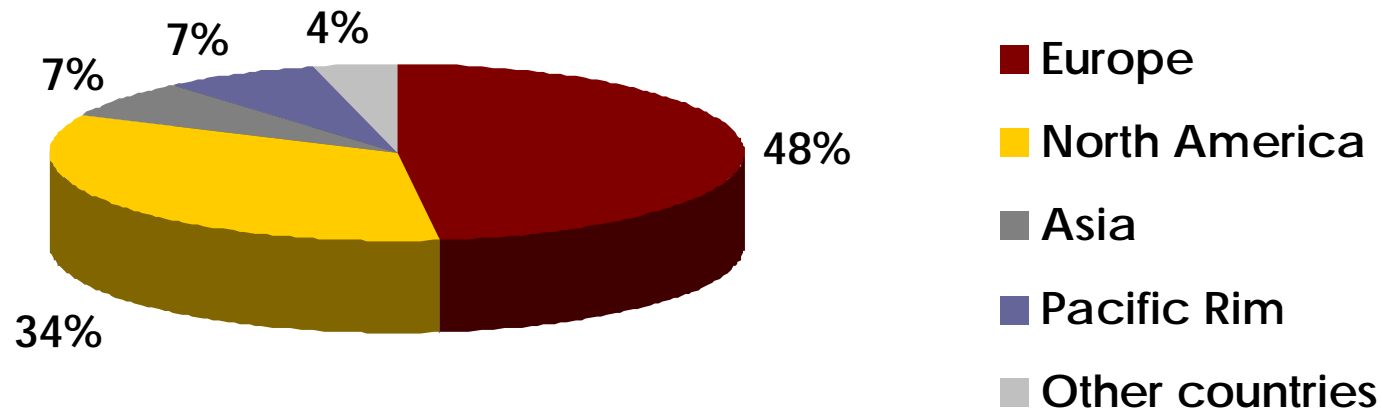
■ Personal Communication

■ Diagnostic Instruments

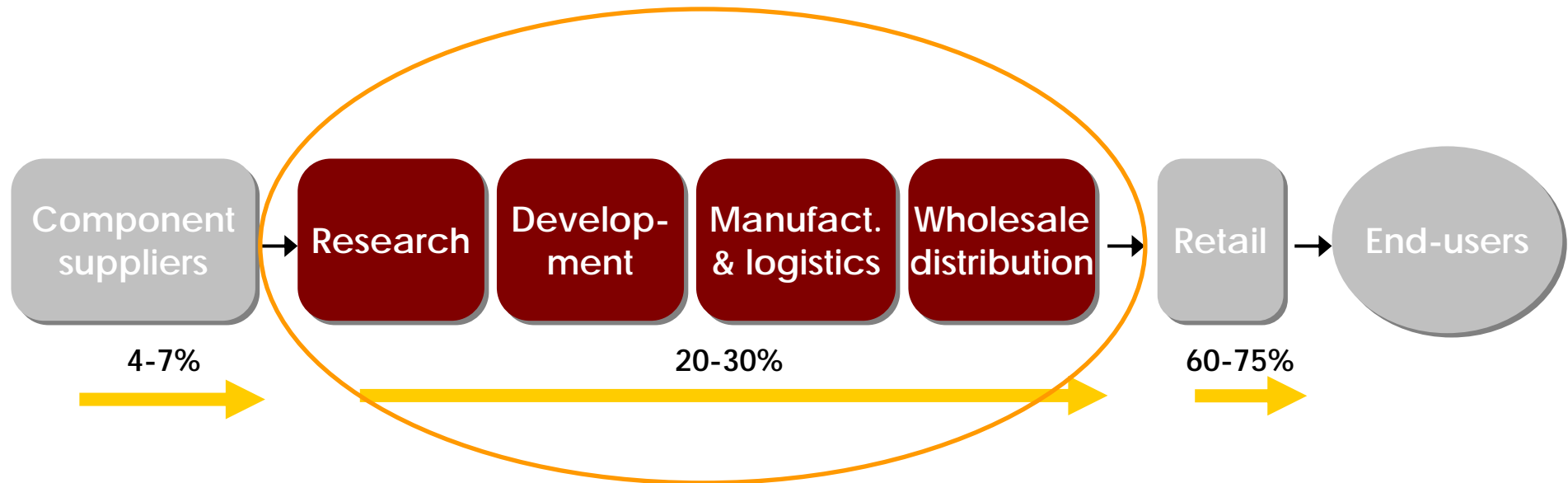


## Where do we do business?

- The greater part of Group revenues originate from OECD countries
- The major part of Group products are sold through own subsidiaries in more than 20 countries



# The hearing aid industry - the value chain



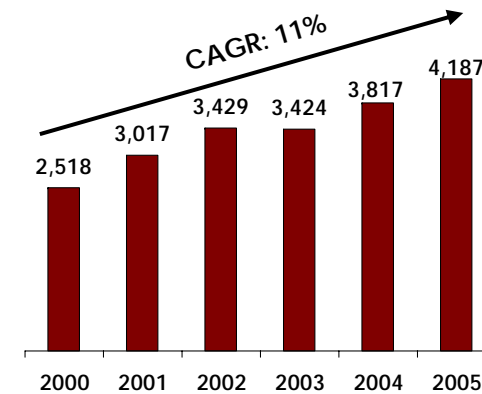
## Group highlights 2005

- Revenues and EBIT in line with expectations in 2005
- Revenues of DKK 4.7 billion, equivalent to 9.6% growth
- EBIT of DKK 1,103 million or an operating margin of 23.4%
- Cash flow from operations amounted to DKK 892 million, or 24% above 2004
- Shares worth DKK 695 million were repurchased in 2005
- EPS growth of 14% to DKK 12.2

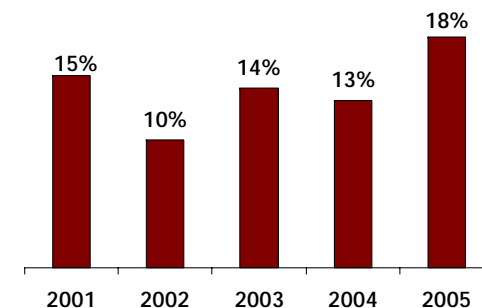
## Hearing Aid update 2005

- 10% reported revenue growth
- 18% unit growth in sales of Group-manufactured hearing aids
- Significant market share gains as the market grew an estimated 4-6% in units in 2005
- Major growth drivers from Oticon: Syncro, Tego Pro, Tego and GO
- Major growth drivers from Bernafon: SwissEar, Neo and Win
- In addition, solid growth in deliveries to National Health Service (NHS) in the UK

Growth in HA business



Growth in Group-manufactured HA's



## Diagnostic Instruments

- Double-digit growth driven by market share gains
- Growth is broadly founded with progress in all product categories
- Interacoustics' launch in 2004 of Affinity, a PC-based audiometer and fitting system, contributed positively to growth in 2005
- Continued solid double-digit profit margin
- Favourable sales and earnings trends likely to continue in 2006
- Audiometer market is growing by 3-5%



## Personal Communication

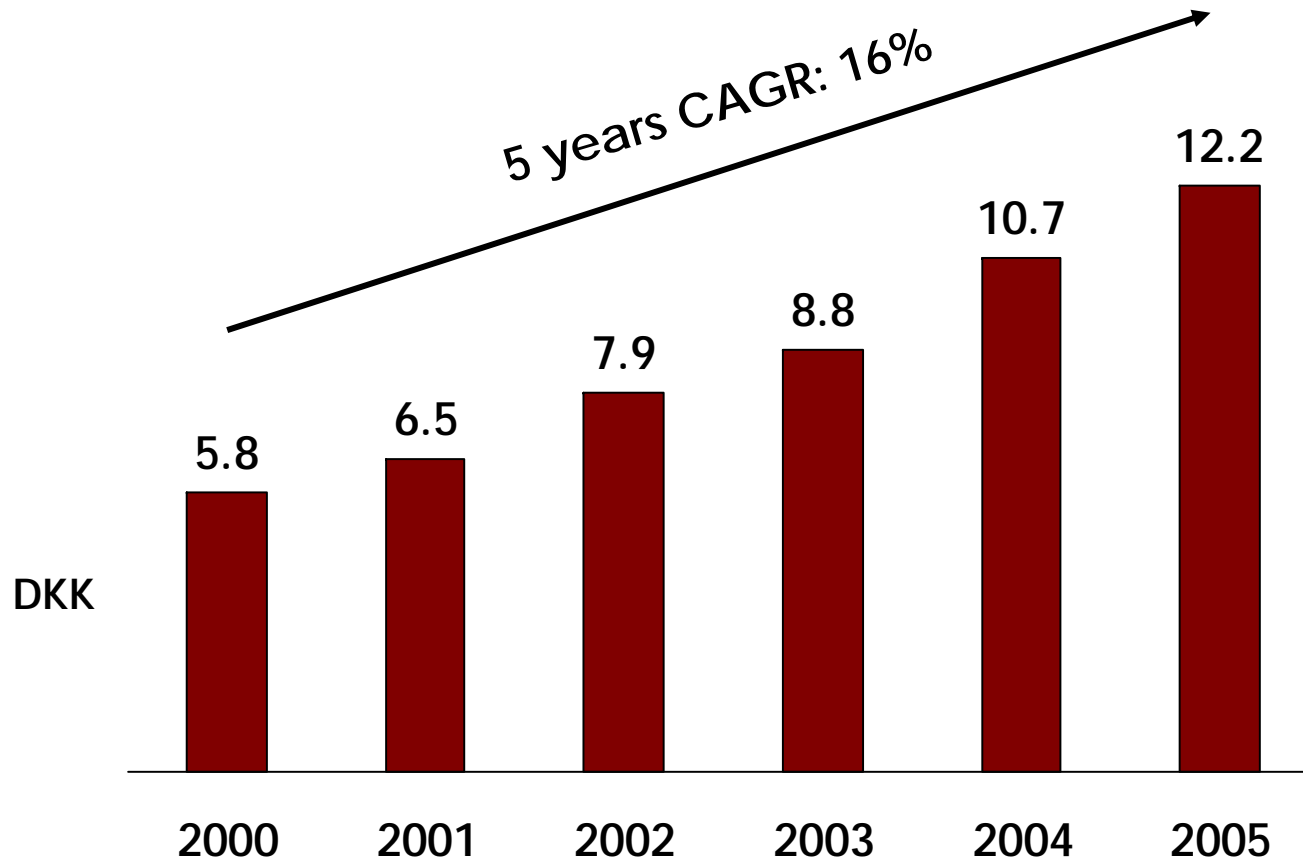
- Consists of Phonic Ear and the headset joint venture, Sennheiser Communications (SeCom)
- Business area generated modest growth in 2005
- Phonic Ear developed flatly
- Personal FM equipment has been transferred from Phonic Ear to Oticon
- SeCom generated decent growth in all product areas
- SeCom's positive trend is expected to continue in 2006



## Profit and loss account

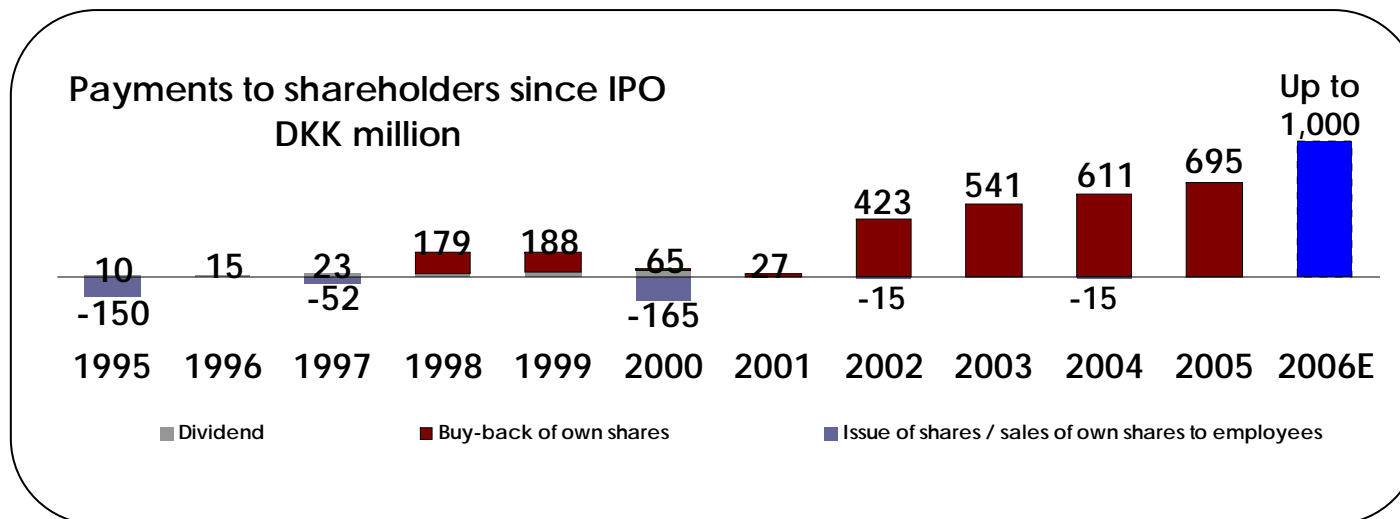
DKK million	2004	2005	% change	Percentage change in local currency
Net revenue	4,303	4,716	9.6%	8.4%
Gross profit	2,859	3,133	9.6%	8.9%
Gross profit ratio	66.4%	66.4%		
Research and development costs	-324	-383	18%	18%
Distribution costs	-1,264	-1,354	7%	6%
Administrative expenses	-270	-297	10%	8%
Other income	3	4		
<b>Operating profit (EBIT)</b>	<b>1,004</b>	<b>1,103</b>	<b>10%</b>	
Profit margin	23.3%	23.4%		
<b>Net profit for the year</b>	<b>717</b>	<b>791</b>	<b>10%</b>	
<b>Earnings per share (EPS), DKK</b>	<b>10.7</b>	<b>12.2</b>	<b>14%</b>	

# Earnings per share



## Shareholder information

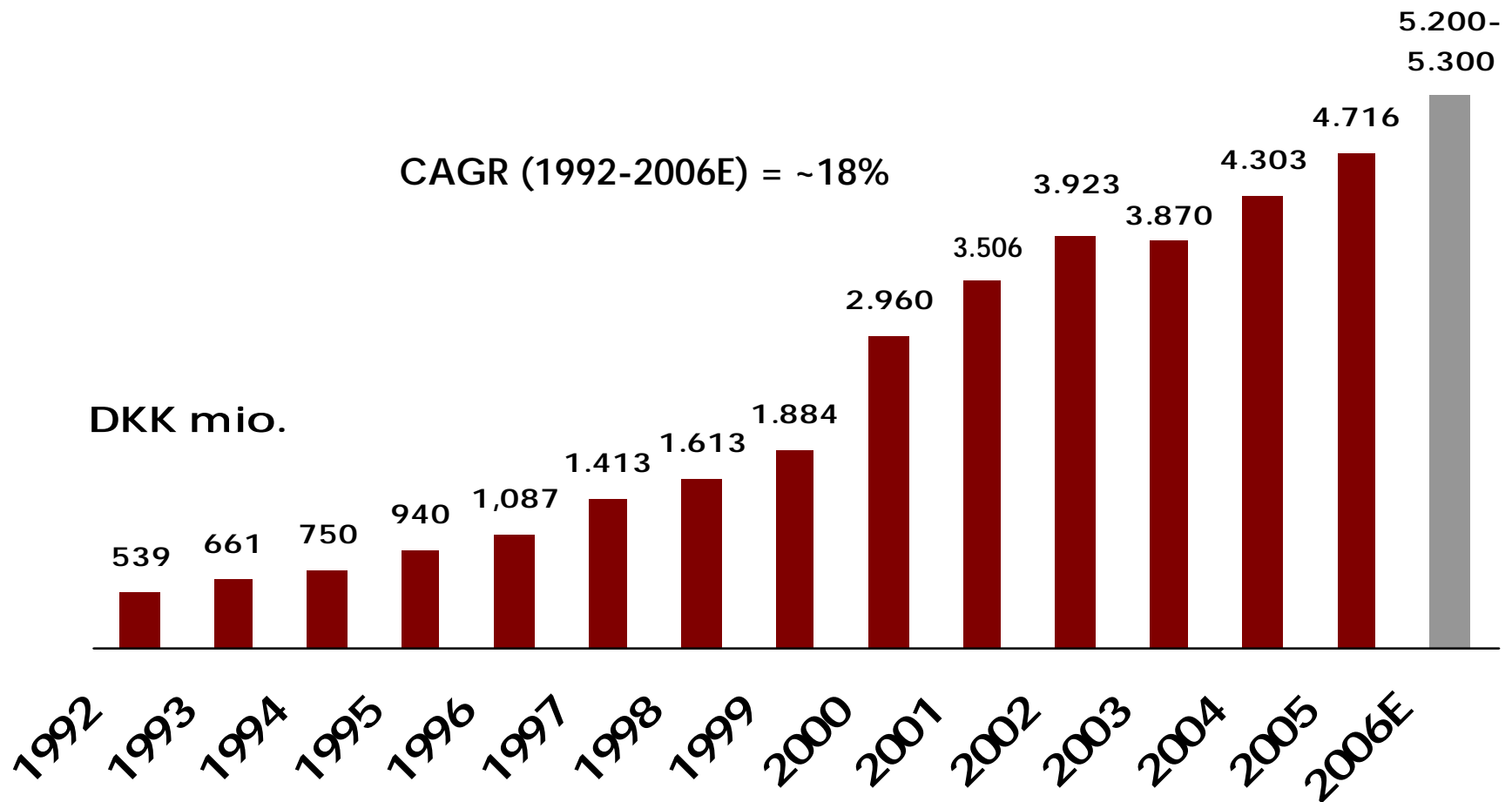
- Dividends through share buy-back - total net flow of nearly DKK 2.4 billion to shareholders since IPO in 1995
- In addition, shares worth up to DKK 1 billion are expected to be repurchased in 2006
- Assuming full exploitation of the DKK 1 billion frame, the buy-back in 2006 represents an increase of more than 40% on 2005
- The Oticon Foundation intends to keep its ownership interest in the range of 55-60%



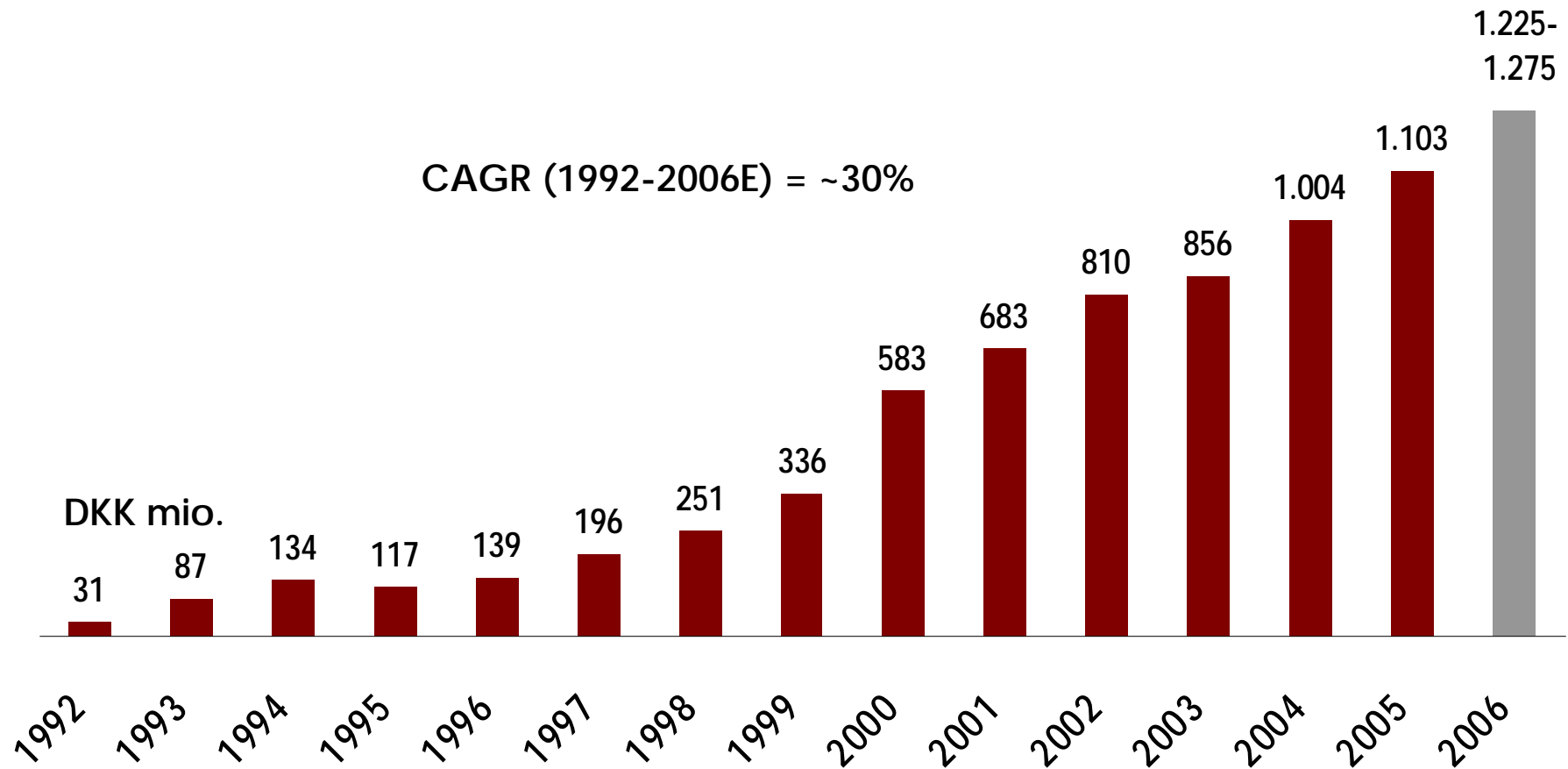
## 2006 guidance

- Revenues of DKK 5.2-5.3 billion based on 10% growth in the underlying business and a positive currency impact
- Growth to be supported by new products such as Oticon Delta, Oticon Safran as well as ICOS from Bernafon
- EBIT of DKK 1,225-1,275 million, equivalent to an EBIT margin of at least the same percentage as in 2005
- Earnings per share (EPS) are expected to grow by 15-17%

# The growth story- revenues



# The growth story - EBIT



# Oticon ♦ Delta



# Oticon ♦ Safran



*Capital Market Day, 28 March 2006*