

William Demant



Diagnostic Instruments

Arne Boye Nielsen

President, Diagnostic Instruments



Arne Boye Nielsen

President, Diagnostic Instruments and Personal Communication, William Demant Holding A/S

- Born in 1968
- M.Sc. in Business Administration, Copenhagen Business School
- President, Diagnostic Instruments and Personal Communication in William Demant since 1996
- Employed with the William Demant since 1990

Board positions:

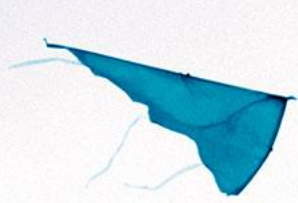
- Össur
- Directorships in a number of Group-owned subsidiaries





Agenda

- Diagnostic Instruments in William Demant
- The value chain and distribution
- Areas for future growth
- Synergies in William Demant
- Q&A



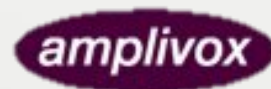
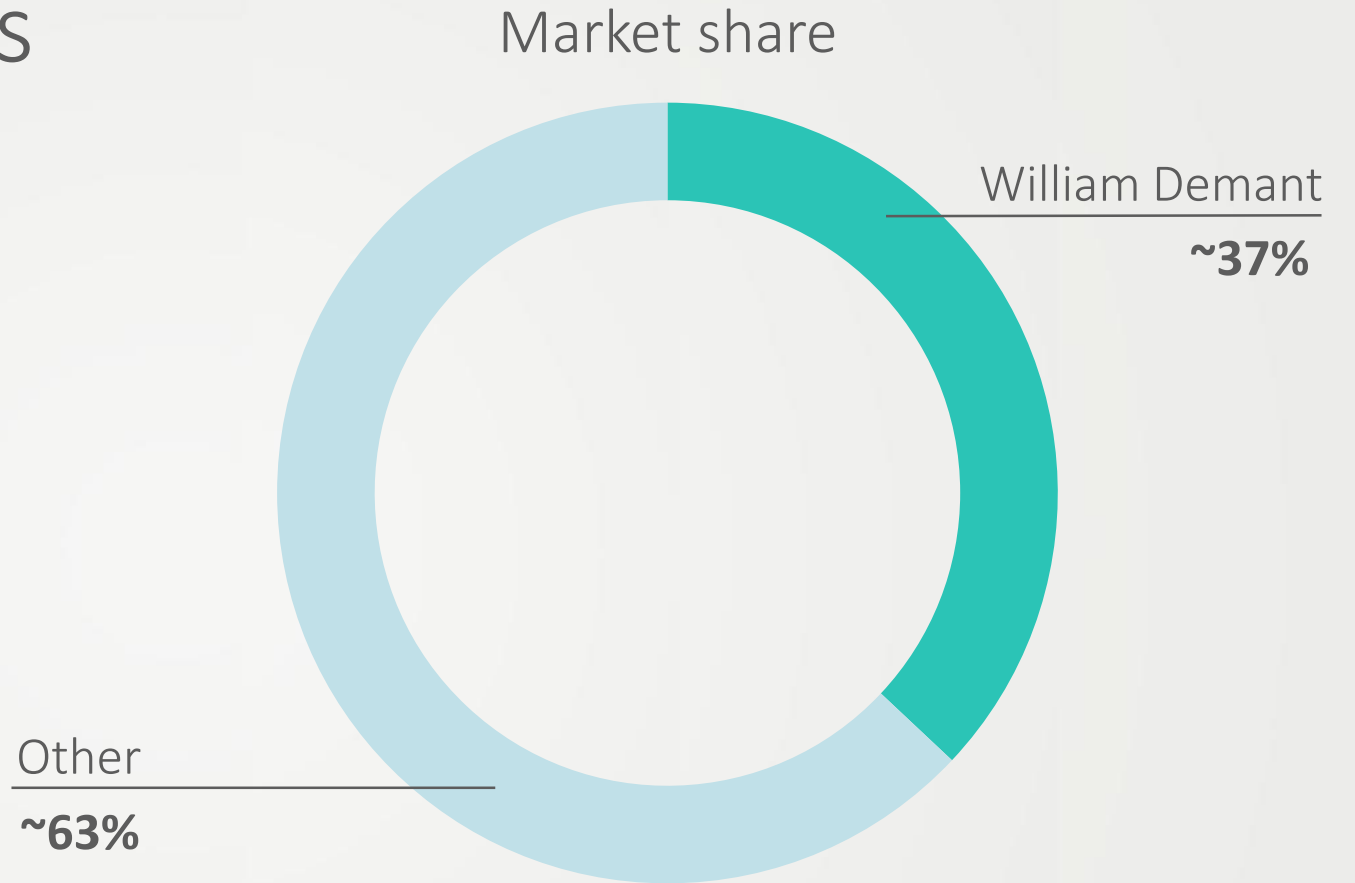
Diagnostic Instruments

William Demant

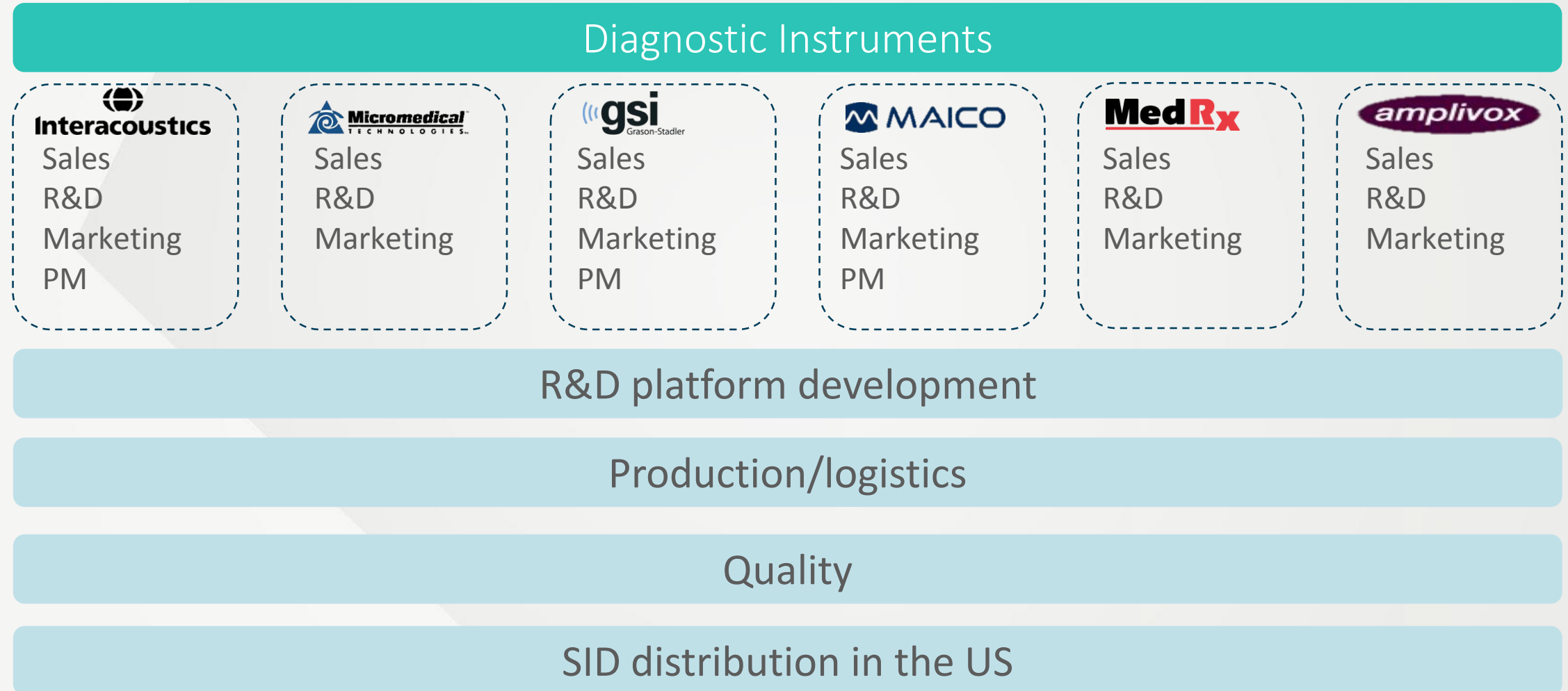


Diagnostic Instruments







- DKK 1,072 billion in sales in 2015
 - +1% from 2014 in local currencies
- ~1,000 employees
- Global presence
- Market leader – ~37% market share
- Multi-brand company



Business model



Product range overview

						
Audiometers	✓	✓	✓	✓		✓
Impedance	✓	✓	✓			✓
Fitting		✓		✓		
ABR*	✓	✓	✓			
OAE*	✓	✓	✓			
VNG*		✓			✓	

*Note: ABR: Auditory Brainstem Response; OAE: Otoacoustic Emissions and VNG: Videonystagmography

Customer segments

- New-born screening
- ENT doctors
- University clinics
- Schools
- Paediatricians
- Army
- Audiologists
- Hearing aid dispensers
- General practitioners
- Balance centres
- Neurologists
- Chiropractors
- Emergency rooms
- Physical therapists



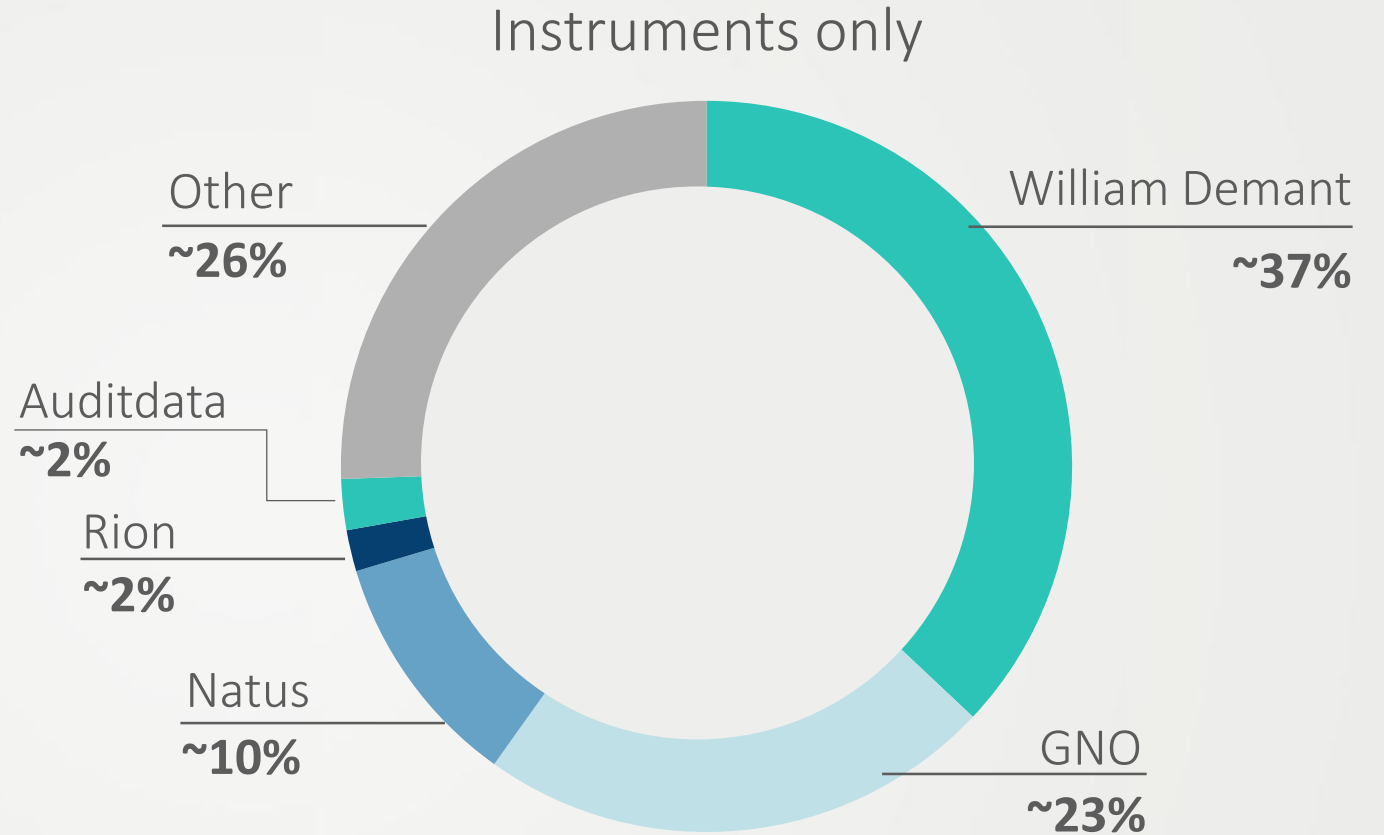
Total market 2015



Growth of 1-2%
in 2015



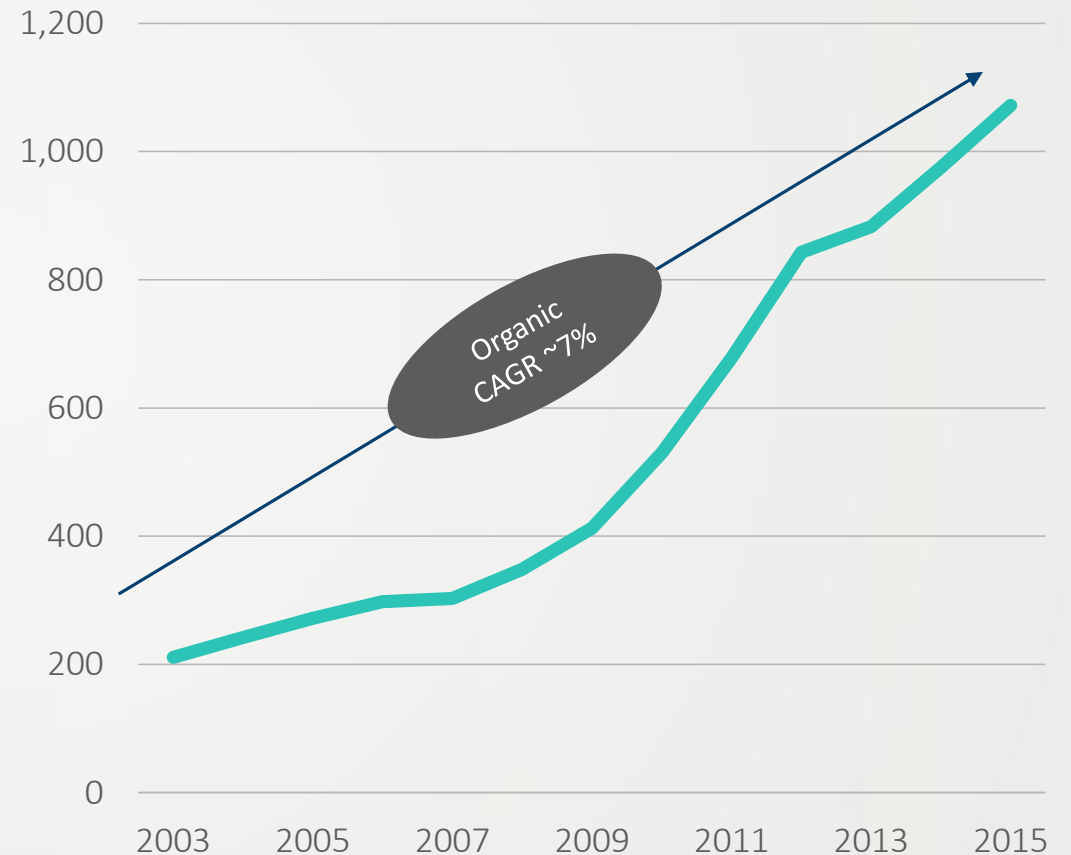
Total market
USD ~265 million
in wholesale value



Sales per year

- Acquisitions on top of strong organic growth of 7% per year
- CAGR of 18% from 2010-2015

DKK million



MedRx

Interacoustics **MAICO**

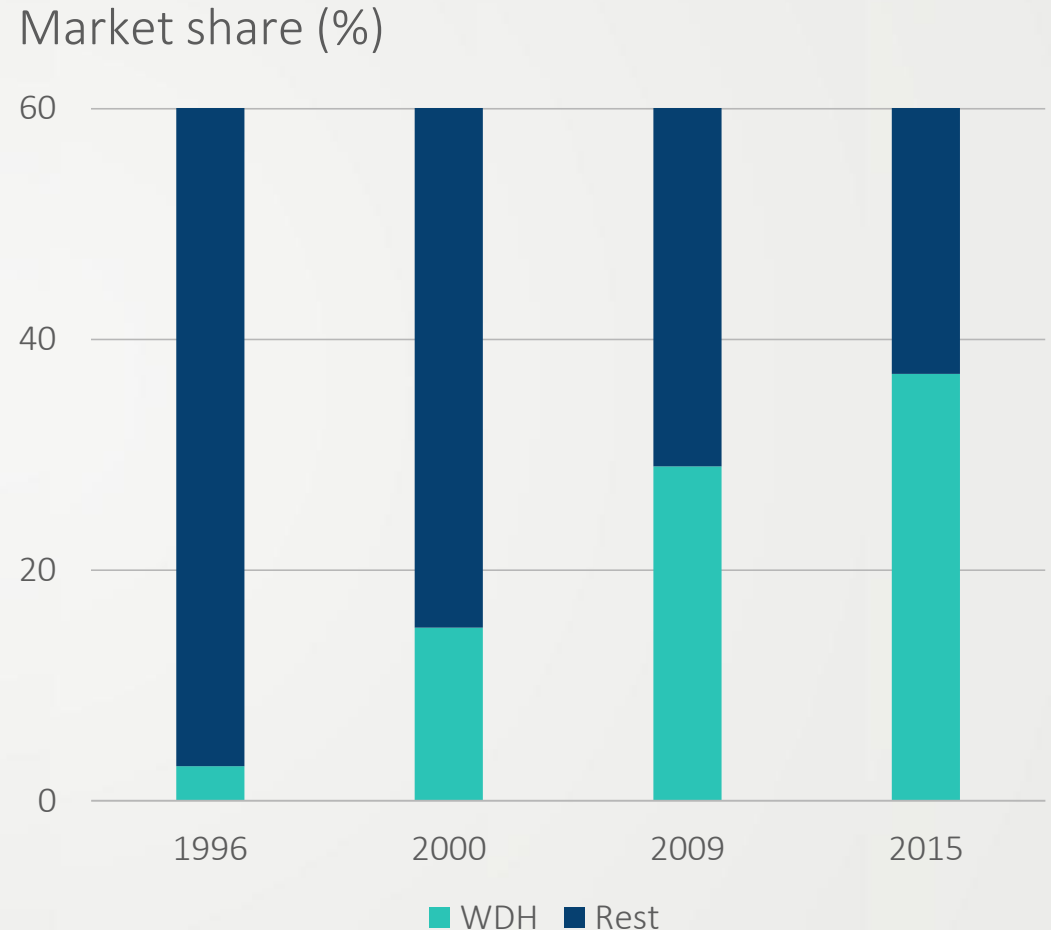
amplivox

Micromedical
TECHNOLOGIES™

gsi
Grason-Stadler

William Demant's market share development

Since we entered the market in 1996, we have continued to grow our market share to ~40% measured in value



Production in Poland

- Production site with 200 employees
- Distribution and production centre for Diagnostic Instruments worldwide

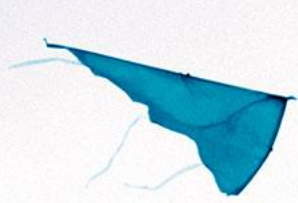


Interacoustics HQ and Diagnostics innovation centre



Grason-Stadler – new product family





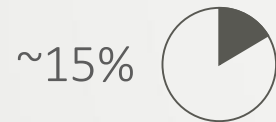
The value chain and distribution



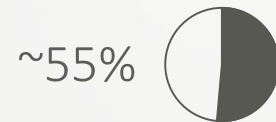
Diagnostic instruments value chain



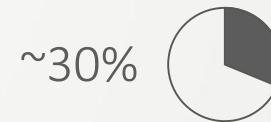
Percentage of value chain



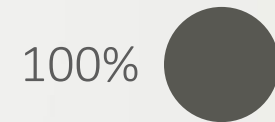
- Components
- Sub-assembly



- Three large players
- Critical mass is crucial
- Wide range of product segments to address



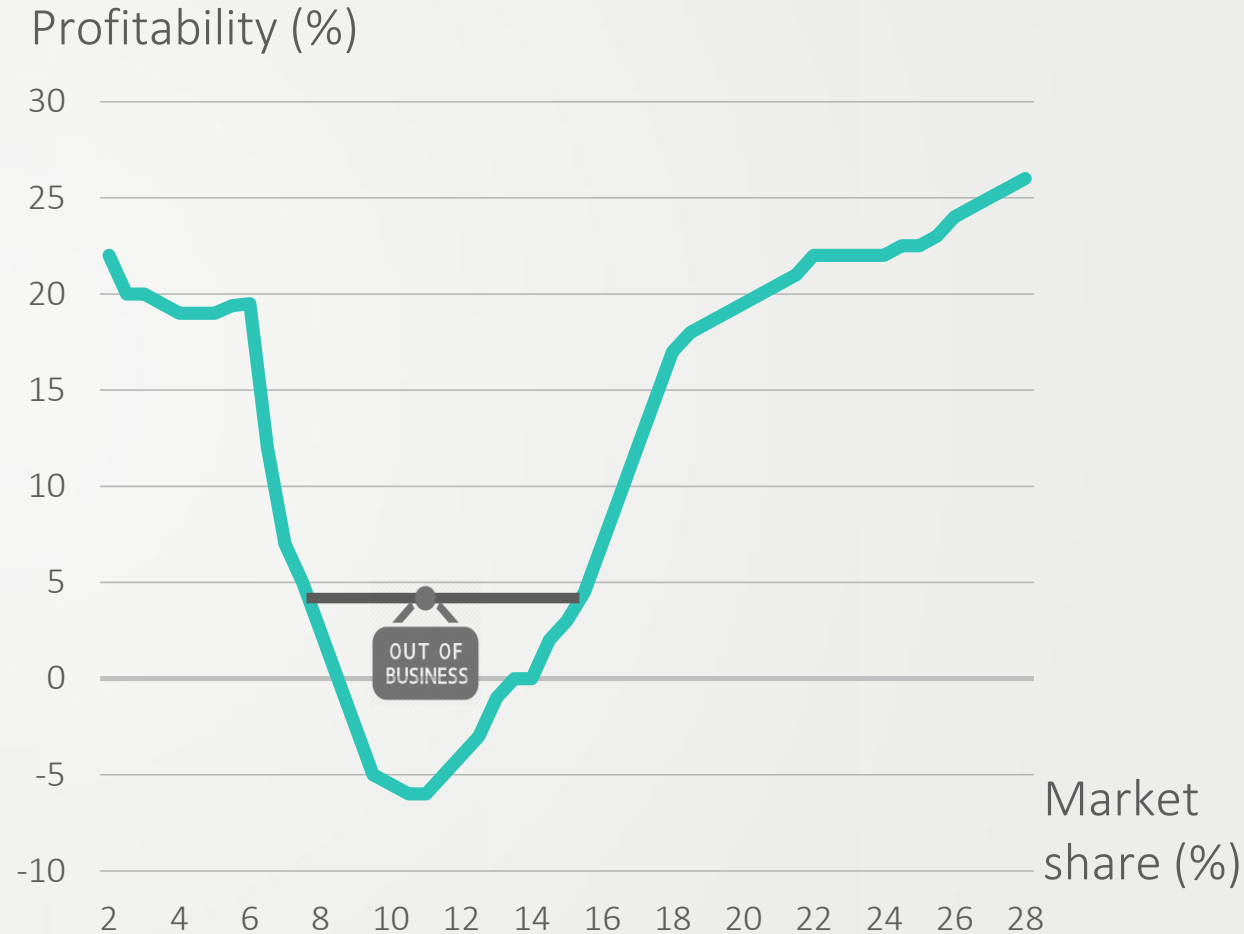
- BtB
- SIDs
- Consolidation in main market



- Hearing aid dispensers
- Hearing clinics etc.
- Government services
- ENTs and general practitioners

Market share and profitability

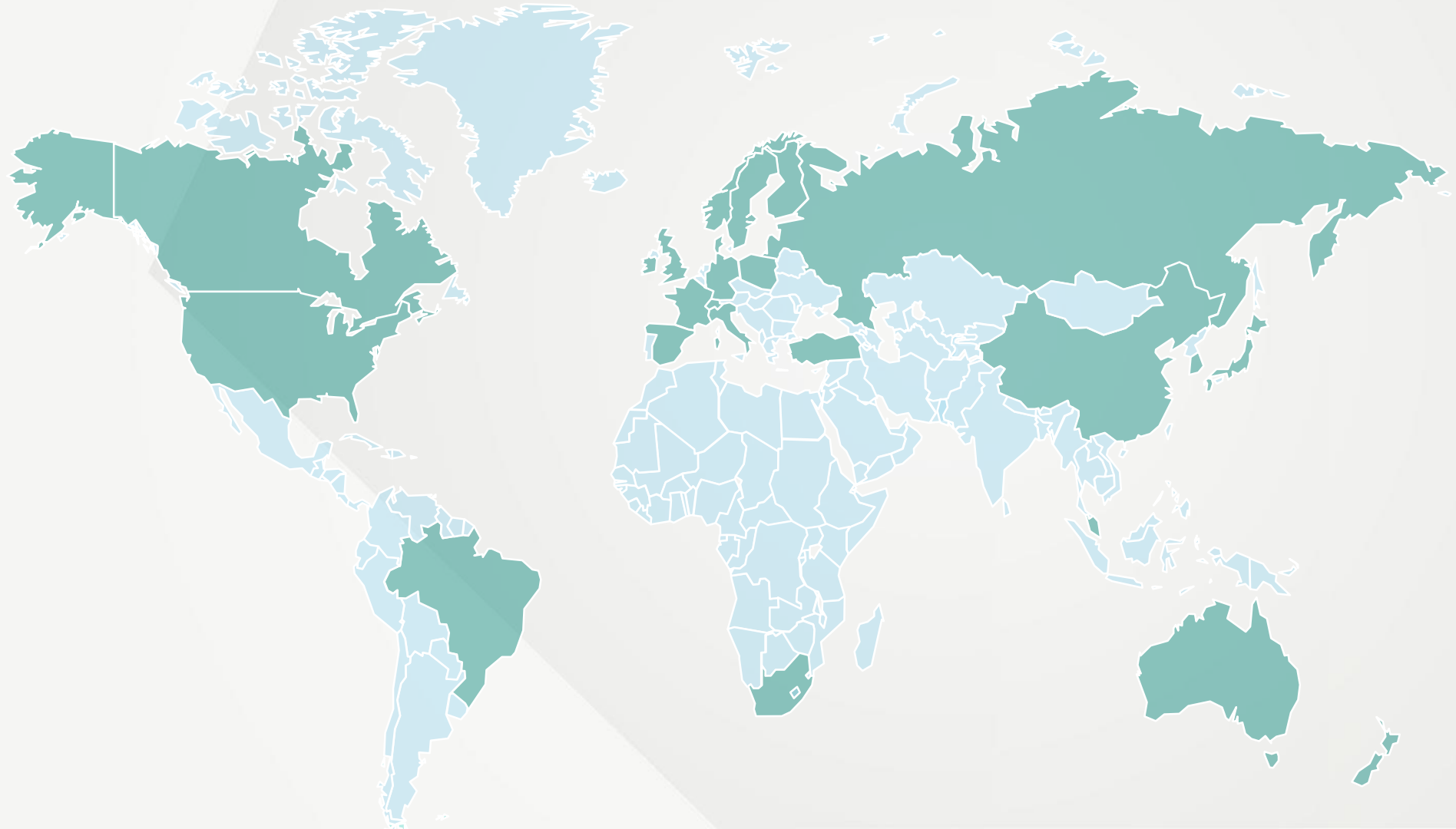
Size matters – still opportunities for acquisitions



Source: Michael Porter

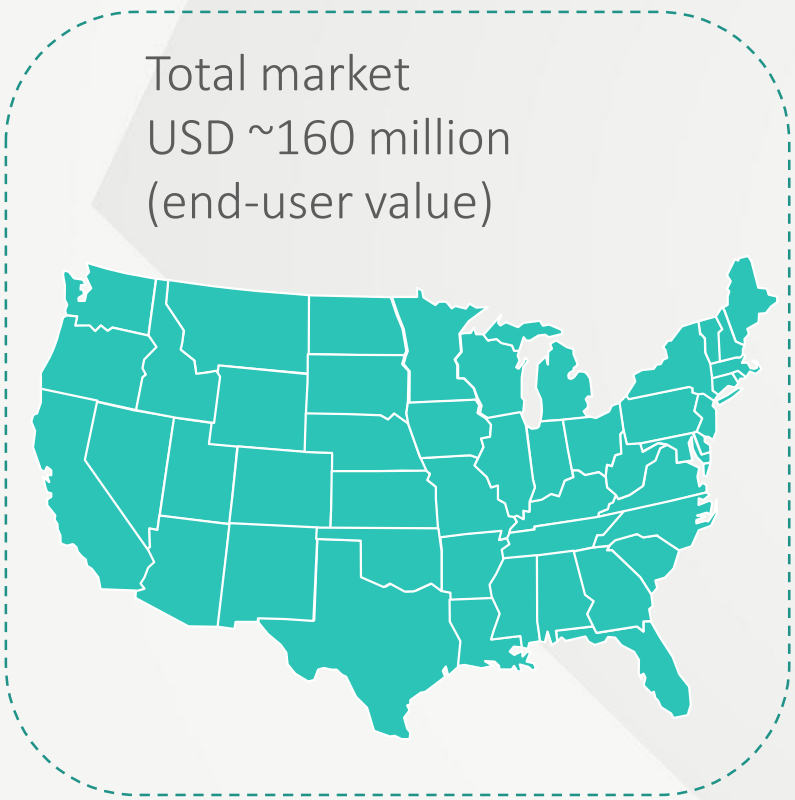
“Sales companies”

Global presence

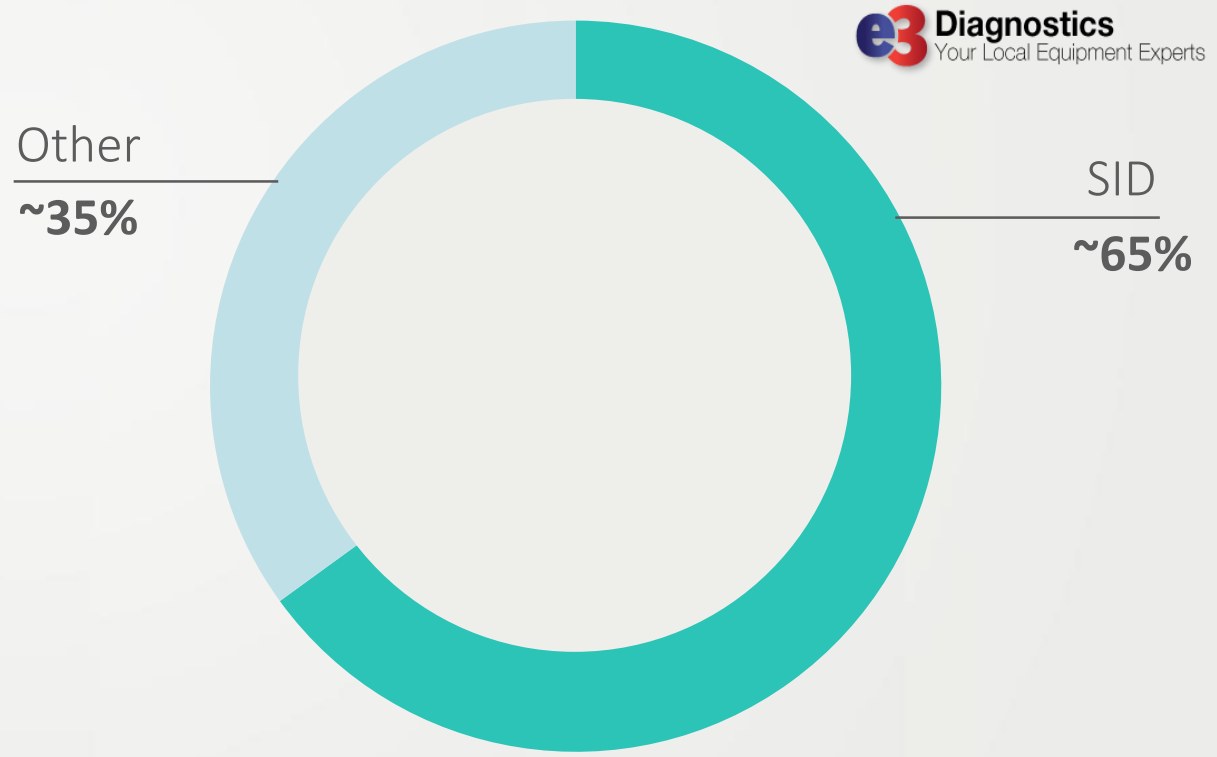




US market for hearing and balance equipment



Sales split

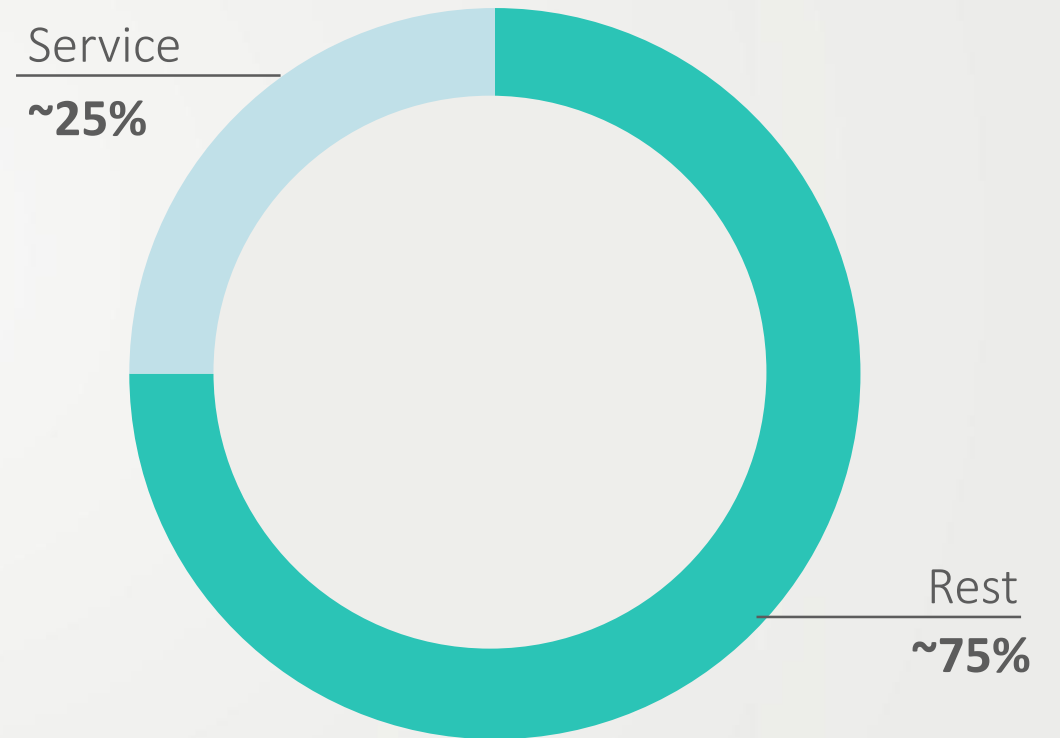


What is a SID?

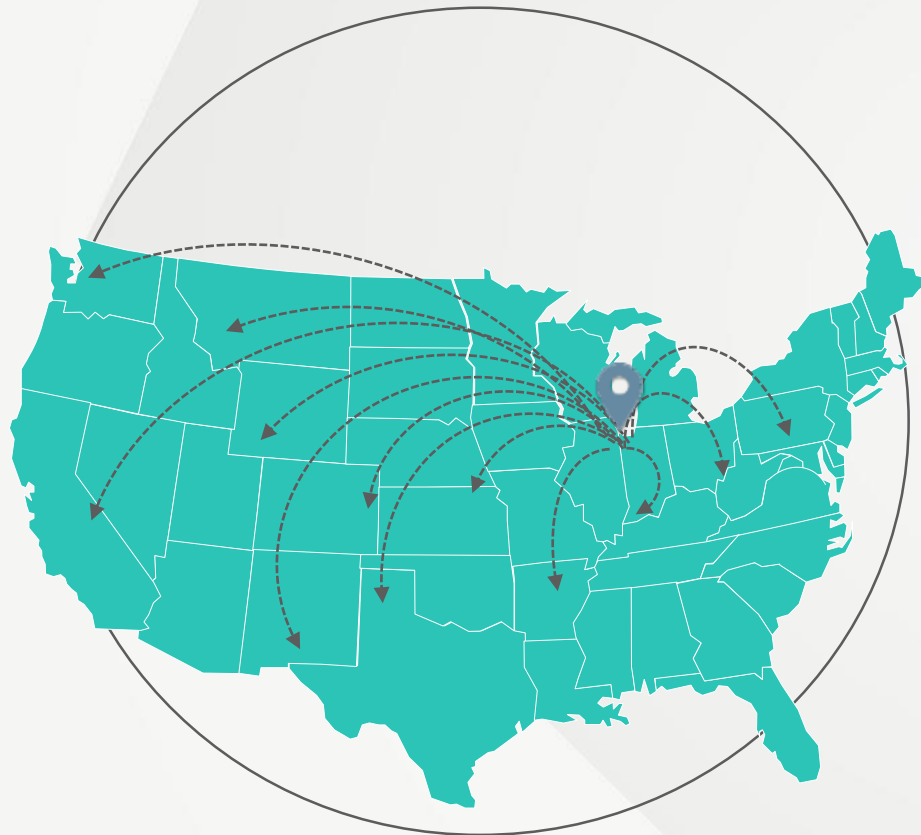
- Special Instrument **D**istributor – a distribution channel focusing on hearing and balance
- Focus on selling, servicing and supporting equipment in hearing and balance
- Optimal size of territory is 6-8 million citizens per sales person
- Size, service and calibration business are key to profitability



Sales split



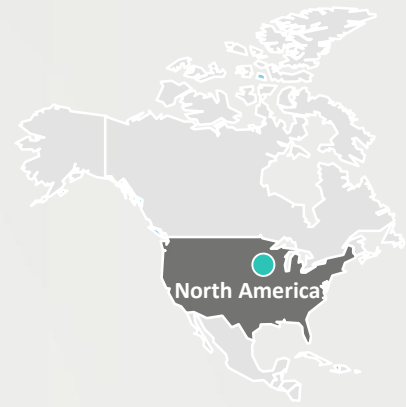
William Demant – strong distribution in US

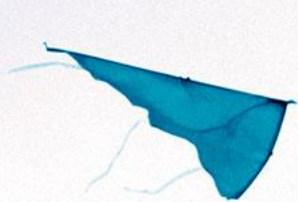


- Acquired and merged 20+ independent SIDs from 2011
- 200+ employees including 45 sales people and 100 service technicians
- All offices on the same business system – designed to run an efficient SID business



Leading SIDs joining forces





Future growth



Potential growth areas



- New-born hearing screening
- Consumables
- Service and calibration business
- Hearing aid fitting systems
- China/Asia
- Balance



Great opportunities
for future growth

Balance market



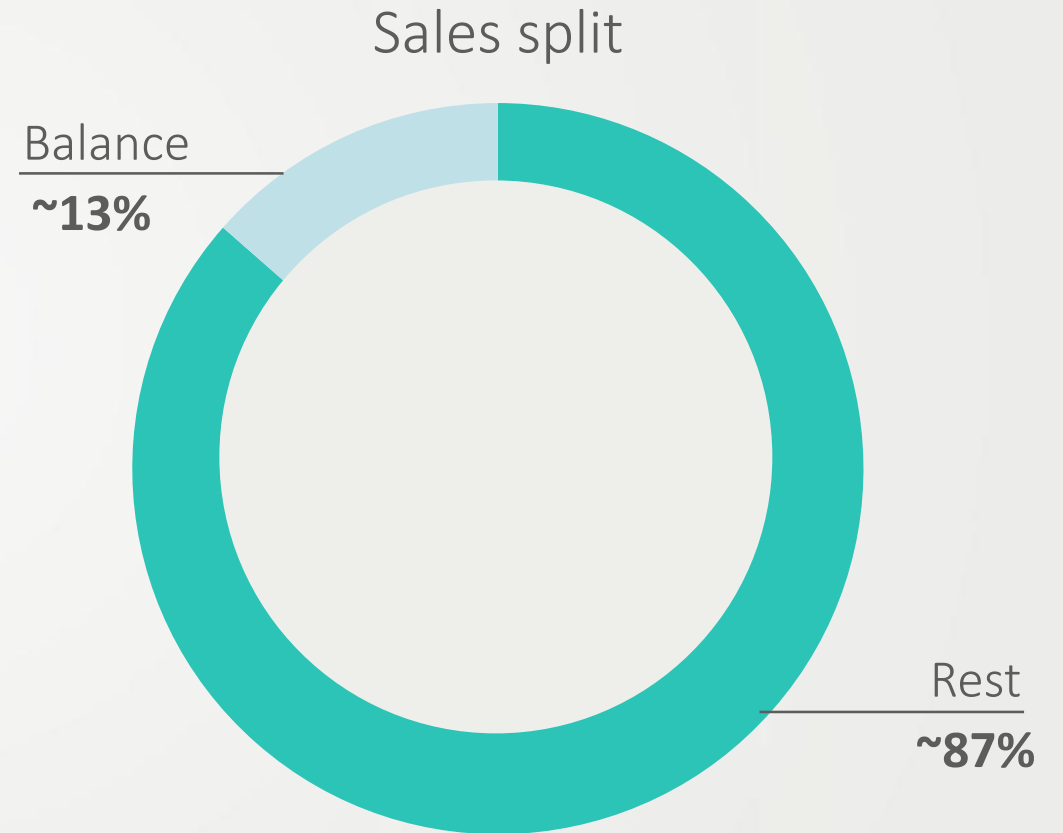
Instrumentation for diagnosing and treating dizziness and balance disorders



Growing awareness and market opportunities



Link to hearing instrument market



Interacoustics Academy



- Interacoustics Academy is the academic sparring partner for end-users of Interacoustics' specialised technologies and procedures
- Actual clinical end-user value hugely depends on their skill and insight – Interacoustics Academy makes this increased value possible

Examples of projects from 2015



Face-to-face academic or technological training; more than 3,000 end-users trained



15 webinars and more than 1,500 monthly off-line downloads

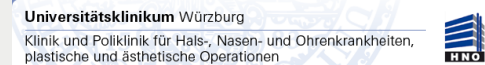


E-learning courses with more than 700 students per year

IRU – Interacoustics Research Unit



- The "R" in R&D is an avenue to increased growth through new unique applied technologies
- Three full-time researchers benefit from the inspiring location at the Technical University of Denmark – one of the world's leading hearing research environments
- Extensive project cooperation with local and external researchers

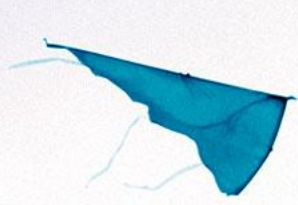


IRU - Interacoustics Research Unit

Current IRU research projects include

- Validation of hearing aid fitting in infants by measuring electrical brain potential
- Improving diagnosis of vestibular nerve tumors
- "Hidden Hearing Loss" (diagnosing a previously unknown type of noise induced hearing loss)
- Optimising signal analysis in electro-physiological testing

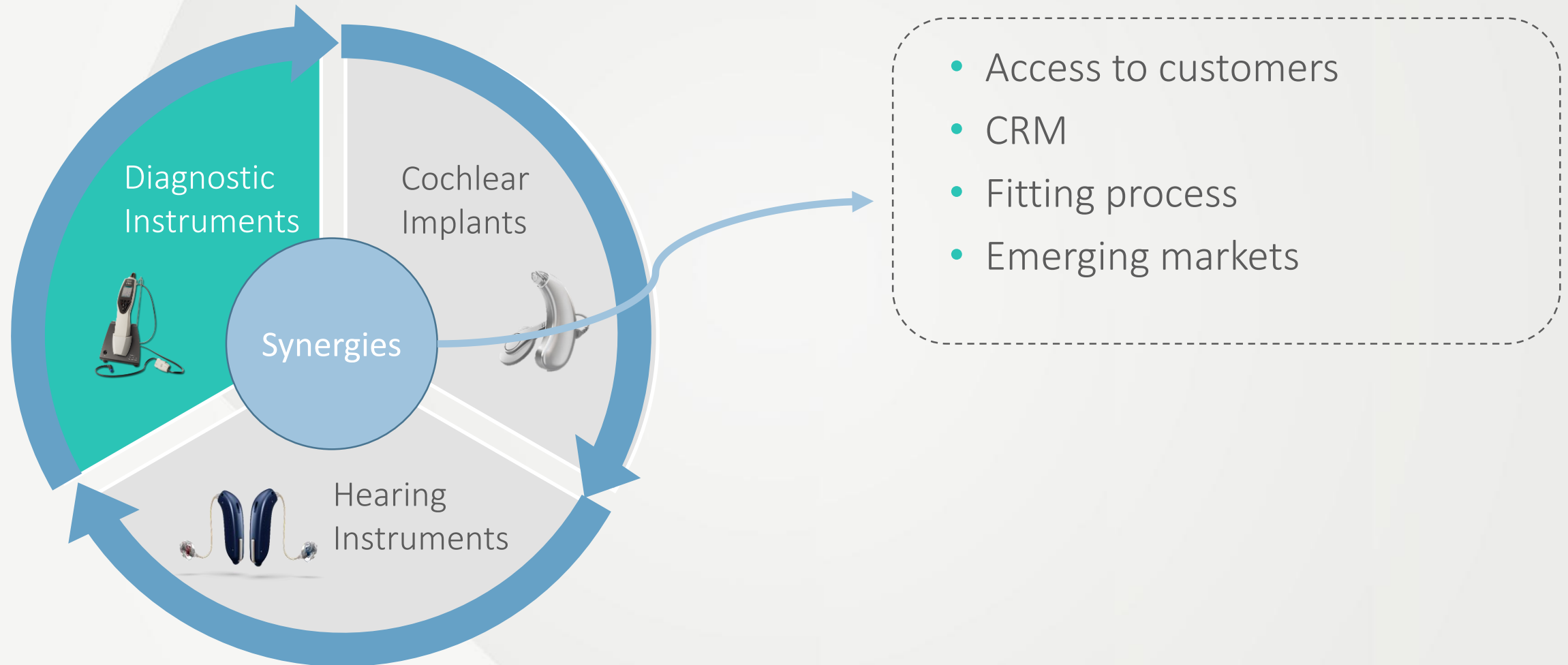





Synergies in William Demant



Synergies with other William Demant activities





William Demant

Thank you