

William Demant Holding A/S

**Investor Presentation
August 2004**

Headlines first half 2004

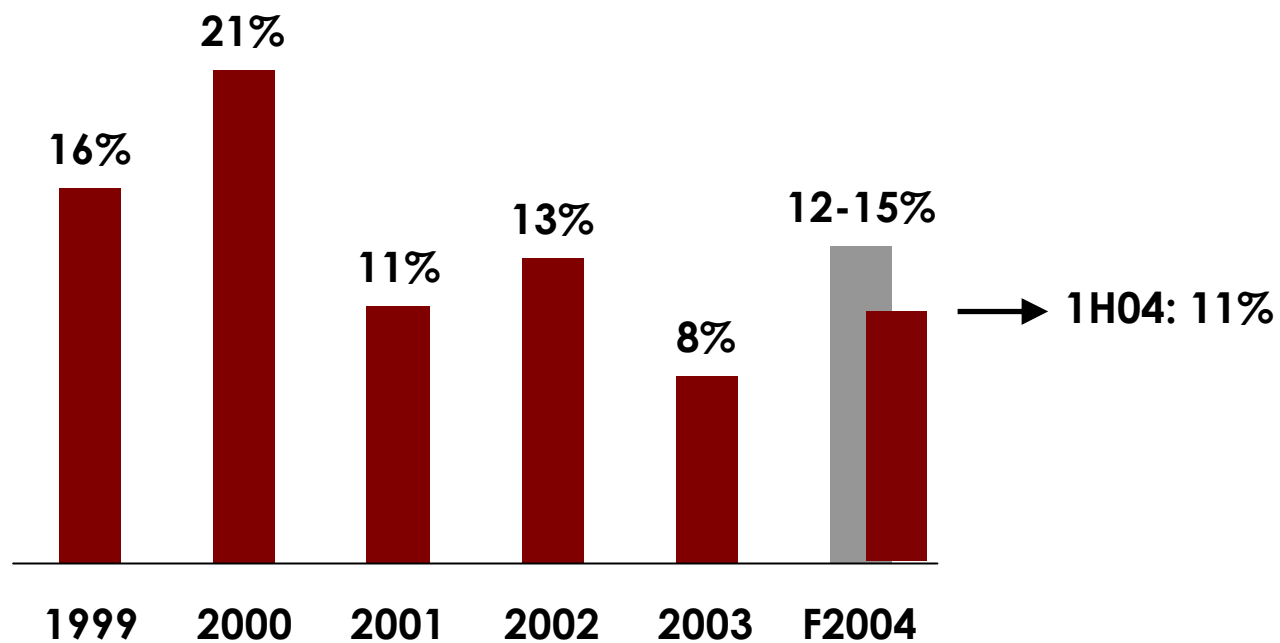
- Upgrade of expectations for 2004
- Organic growth of 11.3%
- Revenues of DKK 2,067 million - headwind of 2.4% from currencies
- High profit margin maintained at 21.8%
- EBIT of DKK 451 million – up from DKK 423 million last year – approx. 10% headwind from currencies
- EPS improvement of 10%
- CFFO before financials and tax of DKK 371 million



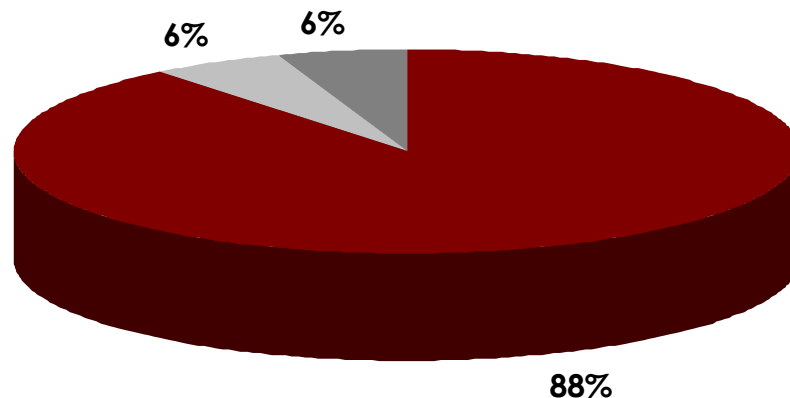
Profit and loss account

DKK million	1H04	1H03	% change	% change in local currency	Full Year 2003
Net revenue	2,067	1,903	9%	11%	3,870
Gross profit	1,368	1,255	9%		2,522
Gross profit ratio	66.2%	65.9%			65.2%
R&D costs	-150	-143	5%	6%	-294
Distribution costs	-631	-563	12%	15%	-1,130
Administrative expenses	-136	-126	9%	11%	-242
Operating profit (EBIT)	451	423	7%		856
Profit margin	21.8%	22.2%			22.1%
Net profit	319	304	5%		618
Earnings per share (EPS), DKK	4.7	4.3	10%		8.8

Organic growth



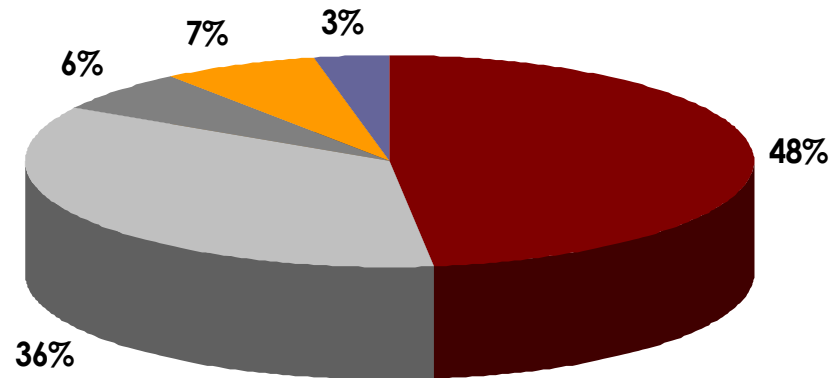
Net revenue by business area



DKK million	1H04*	1H03*	% change in local currency	1H03
■ Hearing Aids	1,832	1,660	10%	1,698
■ Diagnostic Instruments	117	102	15%	104
■ Personal Communication	118	95	24%	101
Total	2,067	1,857	11%	1,903

* Computed at 1H04 exchange rates

Net revenue by region

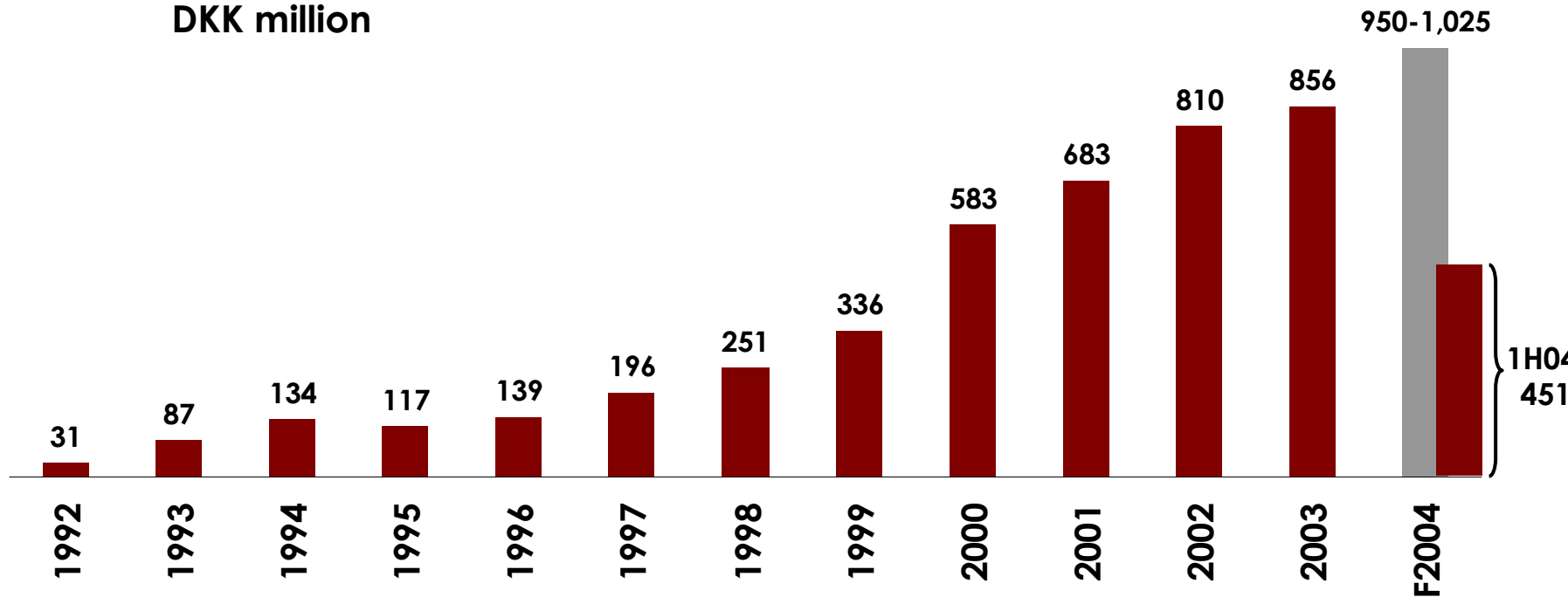


DKK million	1H04*	1H03*	% change in local currency
Europe	993	880	13%
North America	731	623	17%
Asia	131	123	6%
Pacific Rim	143	176	-19%
Other countries	69	55	25%
Total	2,067	1,857	11%

* Computed at 1H04 exchange rates

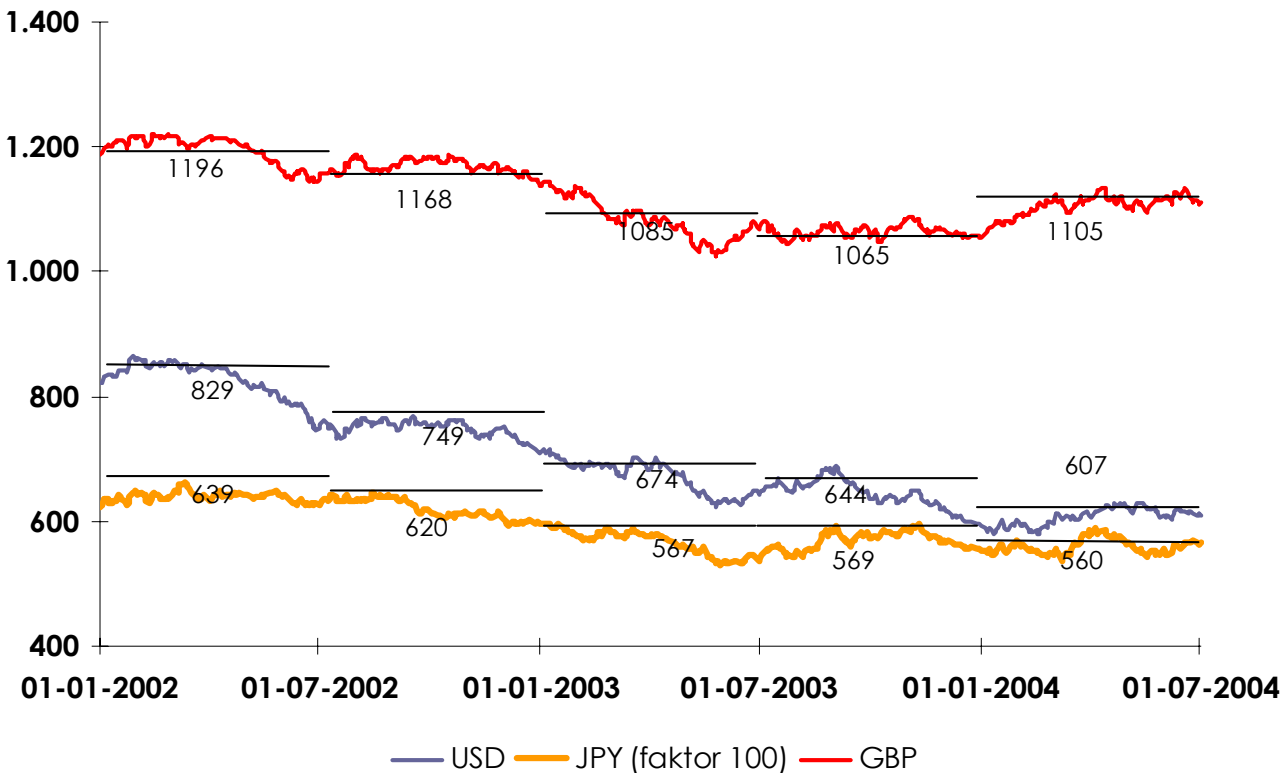
Operating profit (EBIT)

DKK million



Currency impact on revenue

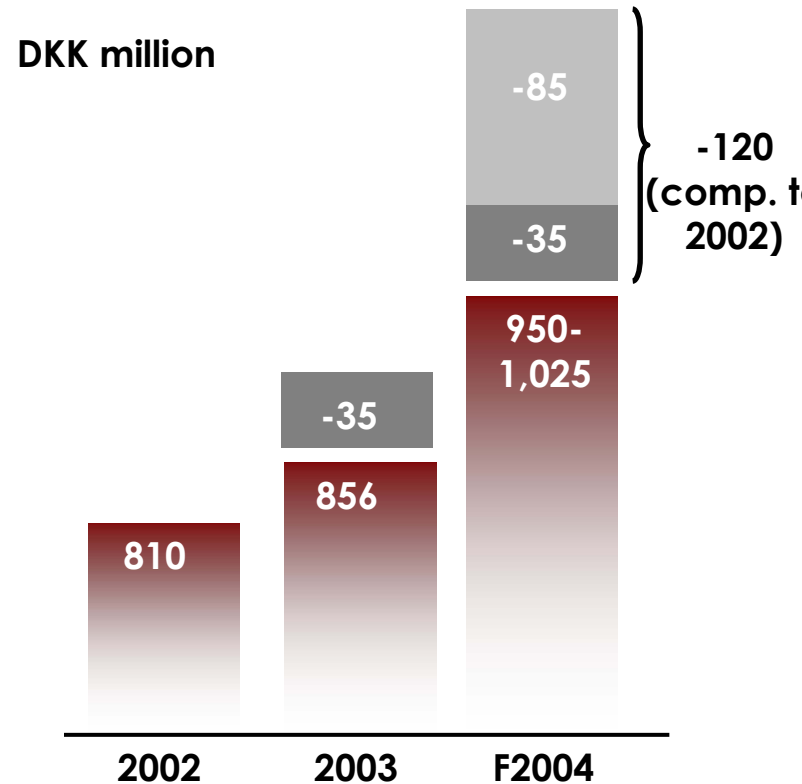
Development in currencies



- Negative impact 1H03 to 1H04 on revenues of 2.4% or DKK 46 million
- Expected impact for full year – based on July rates – of 2.0%
- USD weakened 27% since 1H02
- Impact on revenues recognized at time of currency movement

Currency impact on earnings

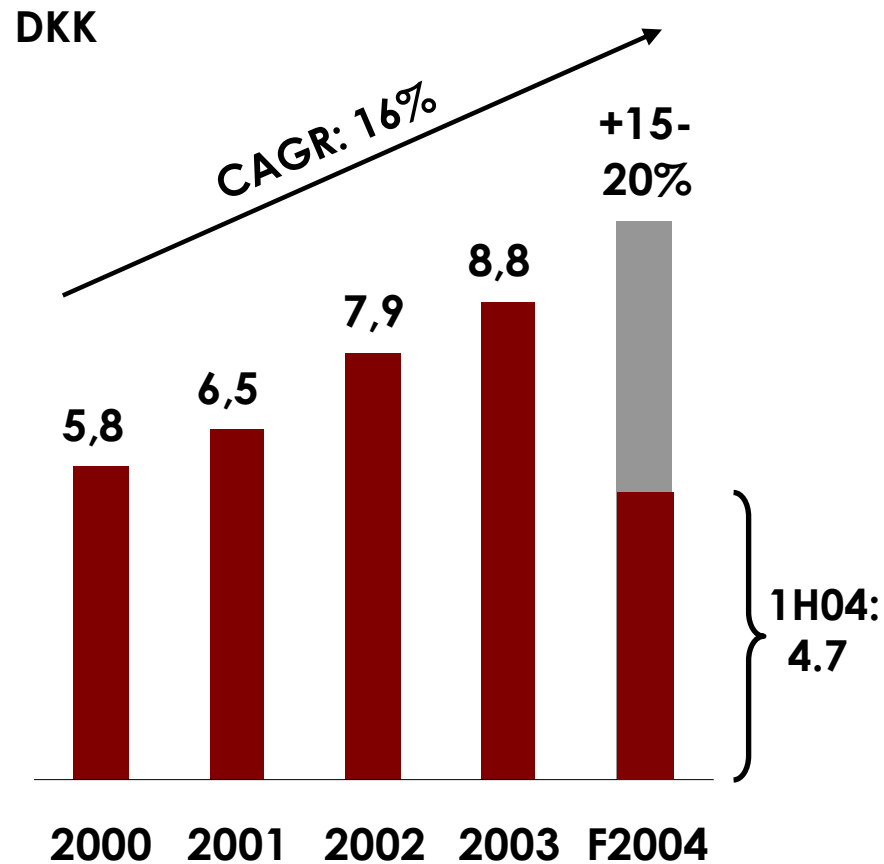
- Impact on earnings delayed due to hedging of transaction-related effect of currency development - major trading currencies hedged 6-24 months
- Annualized effect on earnings in 2004 relative to 2002 expected to be DKK 120 million
- Effect 1H04 relative to 1H03 was approx. DKK 40 million



CURRENT HEDGING:

	<u>USD</u>	<u>JPY</u>	<u>EUR</u>
July 2004 rates	606	5.55	744
Hedging per 1 August 2004	632	5.79	746
Hedging period	14m	14m	16m
Hedging per 31 December 2003	650	6.11	745
Hedging period	13m	19m	10m

Earnings per share

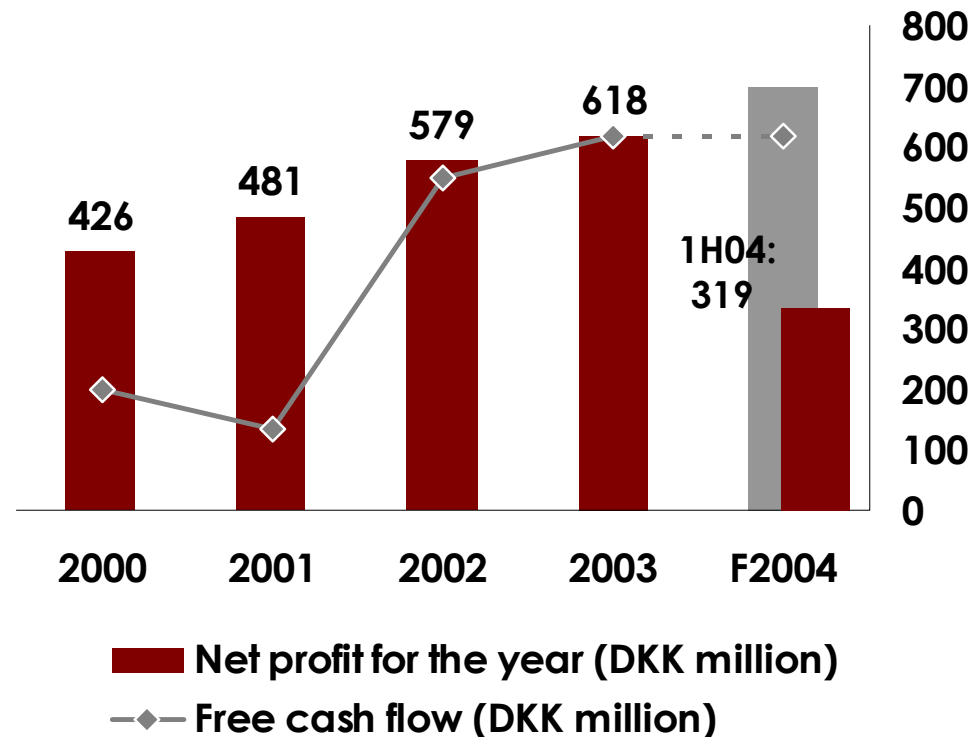


Balance sheet

DKK million	30/6/04	31/12/03	30/6/03		30/6/04	31/12/03	30/6/03
<u>Assets</u>				<u>Liabilities</u>			
Intangible	27	14	15	Shareholders' equity	473	522	419
Tangible	436	439	428	Provisions	60	65	39
Financial	111	98	81	Long-term creditors	545	541	628
Total fixed assets	574	551	524	Short-term creditors	1,150	887	968
Inventories	673	573	634	Total creditors	1,695	1,428	1,596
Debtors	844	783	758	Total liabilities	2,228	2,015	2,054
Liquid funds	137	108	138				
Total current assets	1,654	1,464	1,530				
Total assets	2,228	2,015	2,054				

Cash flow - cash conversion

- CFFO before financials and tax of DKK 371 million
- Free cash flow 1H04 affected by:
 - Increase in inventories of DKK 100 million due to launch of Syncro
 - Increase in debtors of DKK 88 million due to strong Q2
 - Increase in payments of taxes on account
- Balance sheet expected to be reduced from current level
- Free cash flows expected to reach same level as last year



Hearing aids

- Business area accounted for 88% of revenues
- Growth of 10% in local currencies
- 12% unit growth in sales of own manufactured hearing aids
- Market conditions:
 - Sound market development on most markets except Germany
 - US market grew well above expected long-term growth rate of 3-5% annually
 - Estimated overall unit market growth of 5-7% in 1H04
- Several product introductions during first half
 - GO, AtlasPlus, Symbio XT, Oticon Syncro



Hearing aids

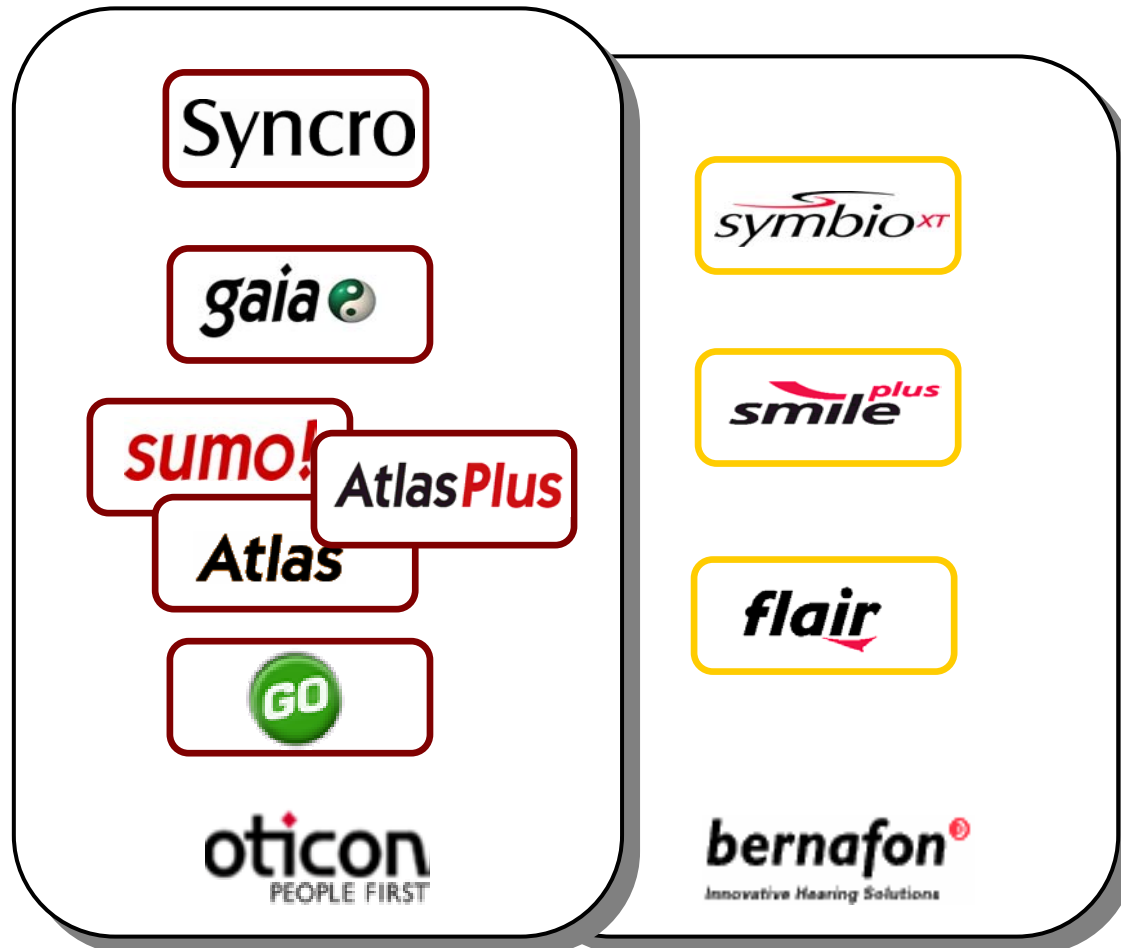
- **Successful introduction of Oticon Syncro, which was launched at AAA in April and released for sale in May**
- **Introduced on all major markets during first 6 weeks after release for sale with steep ramp-up in production**
- **Additional campaigns to be rolled out following summer holidays**
- **First hearing aid to introduce Artificial Intelligence**
- **In addition – most advanced within**
 - **Multi-band adaptive directionality**
 - **Tri-state noise reduction**
 - **New speech processing**
 - **Software-based product demo**
 - **Comprehensive PC-counseling tool**



Oticon • Syncro



New products since 2002



Other business areas

- **Diagnostic Instruments**

- Business area accounted for 6% of revenues
- Satisfactory growth in first half after slow start in January
- Growth carried by new products and a positive market recovery



- **Personal Communications**

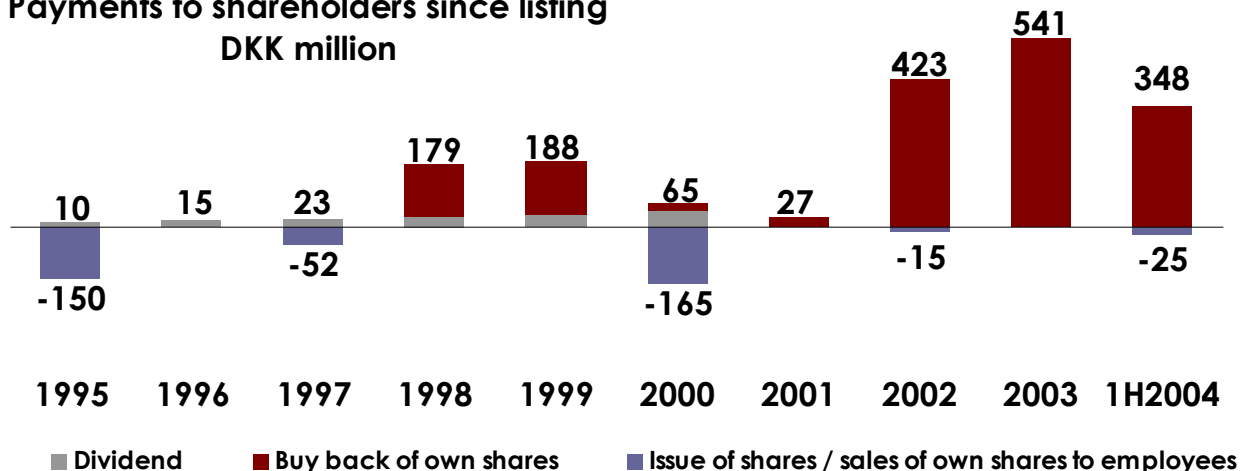
- Business area accounted for 6% of revenues
- Strong growth of 24% in local currencies
- Growth driven by introduction of Lexis 12 months ago and a positive development for Sennheiser Communications, the joint venture with German Sennheiser electronic



Shareholder information

- Dividends through share buy-back - net flow of DKK 1.4 billion to shareholders since listing in 1995
- At AGM in March 2004, the company cancelled 4% of issued shares – the share capital is now DKK 67.5 million
- Holding of own shares on 18 August 2004 amounts to 943,520
- Main shareholder, the Oticon Foundation, holds 62.3% of shares and intends to keep its ownership interest below 65%

Payments to shareholders since listing
DKK million



Guidance 2004

March 2004

- Organic growth of 7-10%
- Revenues of DKK 4.0 billion - headwind from currencies of 4%
- EBIT of DKK 875 million - higher in the second half than in the first due to introduction of new products
- EPS growth of approx. 10%

August 2004

- Organic growth of 12-15%
- Revenues of DKK 4.25–4.35 billion - headwind from currencies of 2%
- EBIT of DKK 950–1,025 million – after headwind from currencies of DKK 80-85 million compared to 2003
- EPS growth of 15-20%

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