

William Demant Holding A/S

Investor Presentation

August 2005

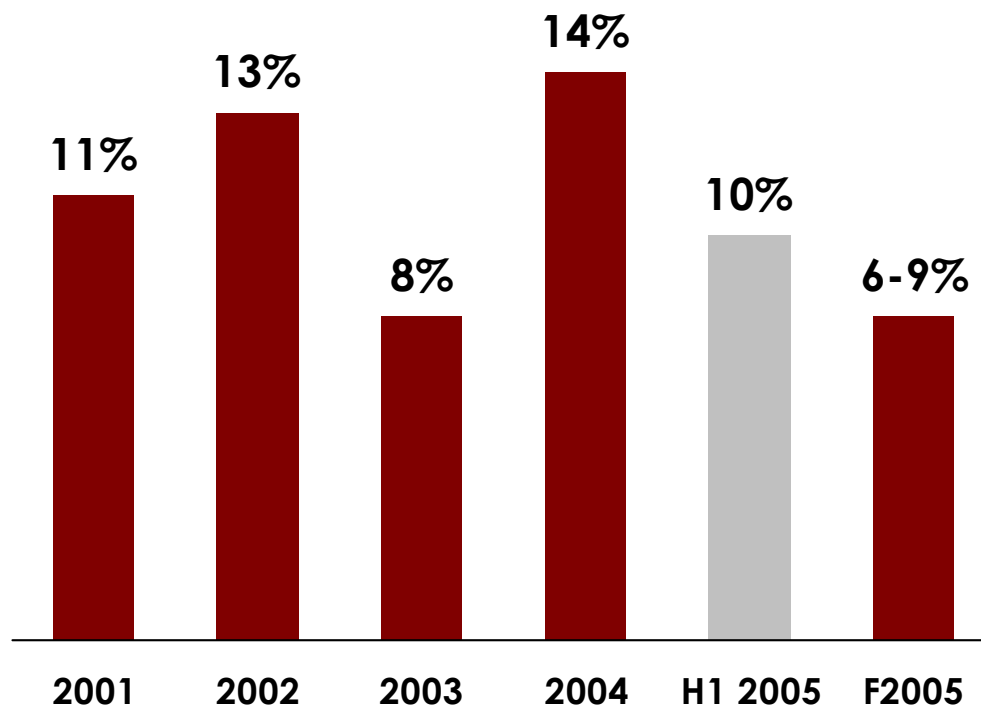
Headlines first half 2005

- **Strong growth in sales DKK 2,258 million – up from DKK 2,067 million in H1 2004**
- **Organic growth of 12% in wholesale of hearing aids supported by several successful product launches**
- **R&D expenditures up by 24% - totalling DKK 185 million**
- **EBIT of DKK 523 million corresponding to 16% growth**
- **EBIT margin of 23.1% or 1.3 percentage points better than H1 2004**
- **EPS DKK 5.7 - improvement of 21% versus H1 2004**
- **CFFO at DKK 423 million is a doubling on H1 2004**
- **Share buy-back programme continues – expected to reach the level of DKK 600-700 million**
- **EBIT guidance for 2005 maintained at DKK 1,050-1,100 million – small upgrade of revenue forecast due to currency movements**

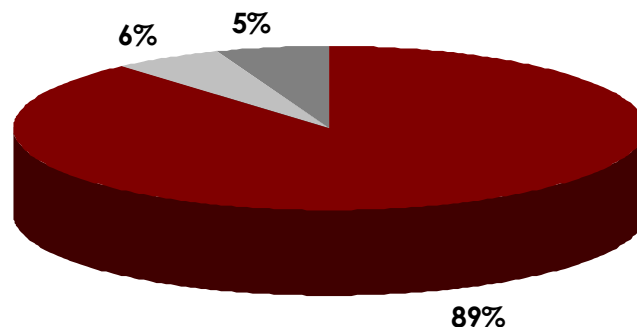
Profit and loss account

DKK million	H1 2005	H1 2004	% change	% change in local currency	Full Year 2004
Net revenue	2,258	2,067	9%	11%	4,303
Gross profit	1,497	1,368	9%	10%	2,859
Gross profit ratio	66.3%	66.2%			66.4%
R&D costs	-185	-150	24%	24%	-324
Distribution costs	-648	-631	3%	4%	-1,264
Administrative expenses etc.	-141	-136	4%	4%	-266
Operating profit (EBIT)	523	451	16%	16%	1,005
Profit margin	23.1%	21.8%			23.4%
Net profit	373	319	17%	17%	717
Earnings per share (EPS), DKK	5.7	4.7	21%		10.7

Organic growth – WDH Group



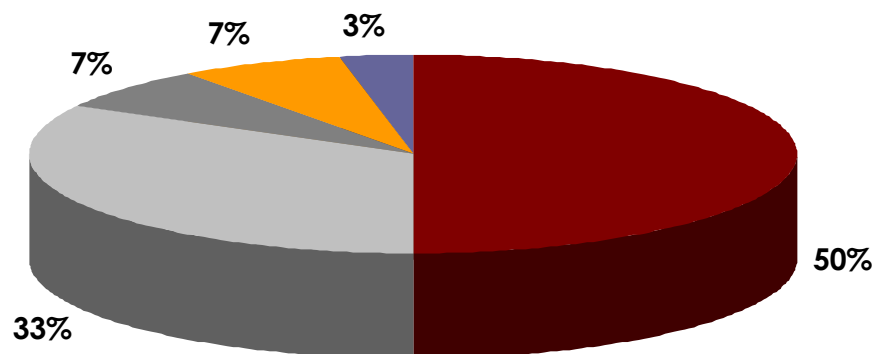
Net revenue by business area



DKK million	H1 2005*	H1 2004*	% change in local currency	H1 2004
■ Hearing Aids	2,002	1,808	11%	1,832
■ Diagnostic Instruments	138	115	20%	117
■ Personal Communication	118	116	2%	118
Total	2,258	2,039	11%	2,067

* Computed at H1 2005 exchange rates

Net revenue by region



DKK million	H1 2005*	H1 2004*	% change in local currency
Europe	1,123	992	13%
North America	744	706	5%
Asia	149	124	20%
Pacific Rim	162	143	13%
Other countries	80	74	8%
Total	2,258	2,039	11%

* Computed at H1 2005 exchange rates

Currency impact on revenue

- Negative impact on H1 revenue amounts to DKK 28 million or 1% (versus H1 2004)
- USD strengthened more than 10% during H1 2005
- Impact on revenues recognized at the time of currency movement
- Positive impact of 1% on revenue expected for the full year based on a DKK/USD rate of 620 in August – December
- Delayed impact on EBIT due to currency hedging
- Negative currency impact still estimated to be DKK 30 million on EBIT for the full year compared to 2004

<u>FOREIGN EXCHANGE RATES</u>	<u>USD</u>	<u>JPY</u>	<u>GBP</u>
Realised rate 1st half 2004	607	5.60	1105
Realised rate 2004	599	5.54	1097
Realised rate January 2005	567	5.49	1065
Realised rate 1st half 2005	580	5.47	1085
Realised rate July 2005	585	5.48	1085
Expected rate Aug - Dec 2005	620	5.54	1085

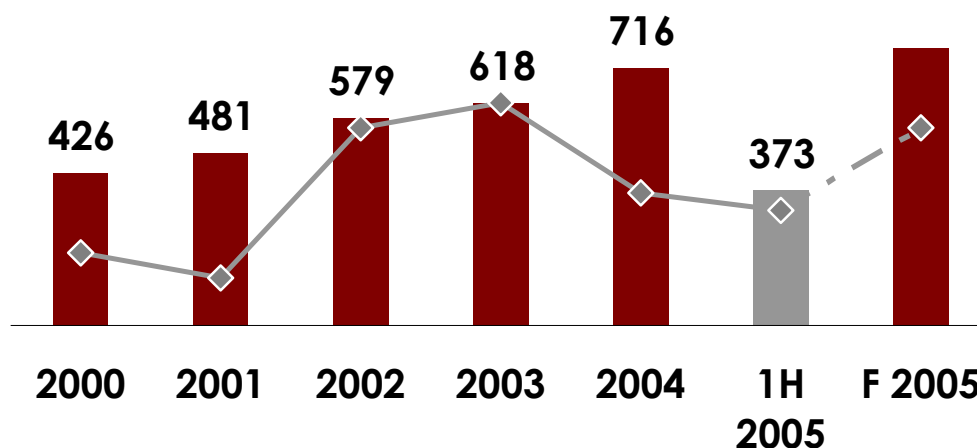
<u>CURRENT HEDGING</u>	<u>USD</u>	<u>JPY</u>	<u>EUR</u>
Hedging per 31 December 2004	601	5.74	746
Hedging period	13m	9m	8m
Hedging per 30 June 2005	596	5.75	746
Hedging period	10m	11m	10m

Balance sheet

DKK million	30/6/05	31/12/04	30/6/04		30/6/05	31/12/04	30/6/04
<u>Assets</u>				<u>Liabilities</u>			
Intangible	58	59	27	Shareholders' equity	703	652	474
Tangible	657	621	436	Provisions	36	41	59
Financial	174	143	111	Long-term creditors	674	458	545
Total fixed assets	889	823	574	Short-term creditors	1,235	1,289	1,150
Inventories	635	603	673	Total creditors	1,909	1,747	1,695
Debtors	972	888	844	Total liabilities	2,648	2,440	2,228
Liquid funds	152	126	137				
Total current assets	1,759	1,617	1,654				
Total assets	2,648	2,440	2,228				

Cash flow

- CFO doubled to DKK 423 million (from DKK 209 million in H1 2004)
- Strong cash flow driven by improvements in operating performance, working capital and taxes paid
- Free cash flow for the full year (including new HQ) expected to exceed the 2004 level



■ Net profit for the year (DKK million)

—◆— Free cash flow (DKK million)

Hearing aids

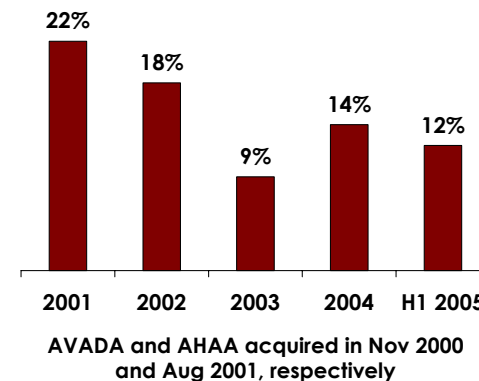
- Business area accounted for 89% of revenues
- 12% organic growth and 15% unit growth (own manufactured hearing aids)
- Growth negatively impacted by the loss of sales to US Veteran Affairs (VA) in H2 2004
- Overall market grew in line with long-term expectations of 3-5% growth
- WDH growth in H1 supported by a huge number of product launches
- Sales of Oticon Tego accounted for the largest contribution to unit growth in H1 - supports Tego's potential to become one of the world's best-selling hearing aids

Oticon ♦ Tego Oticon ♦ Tego Pro

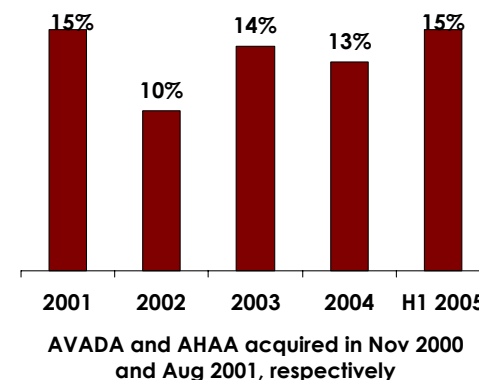
Oticon ♦ Syncro



Growth in HA business

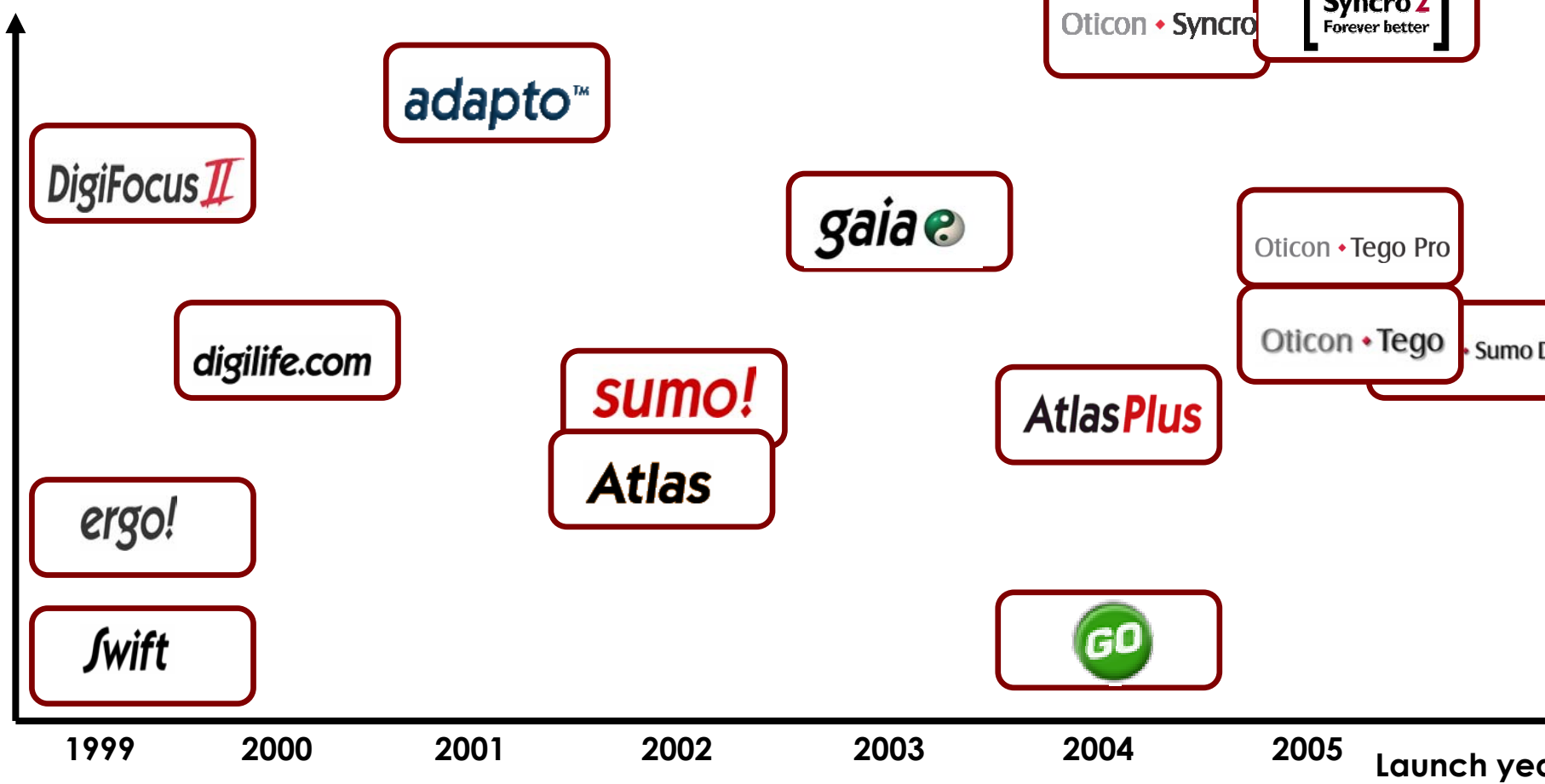


Growth in Group manufactured HA's



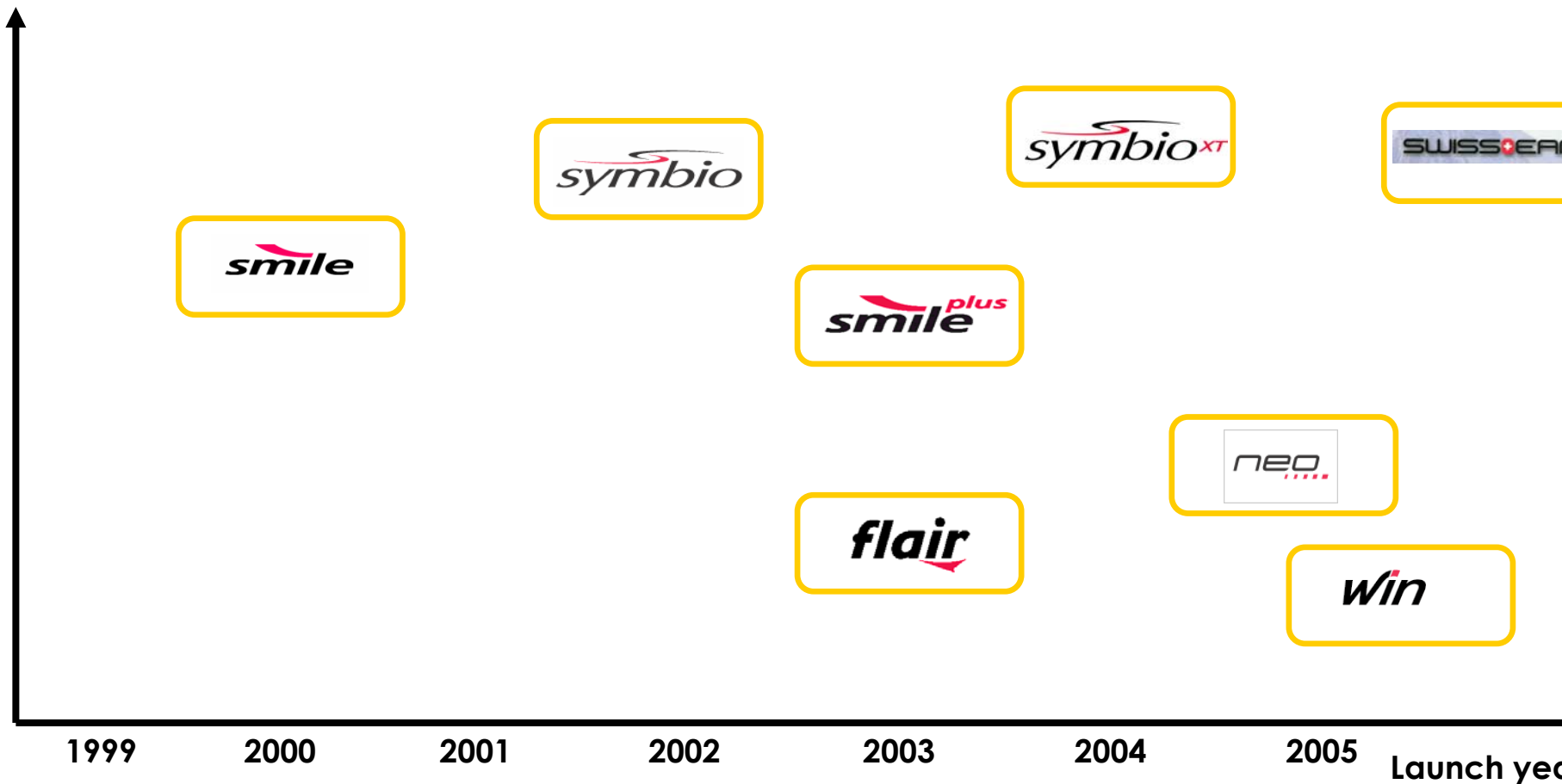
Oticon product launches

Price/Performance



Bernaforon product launches

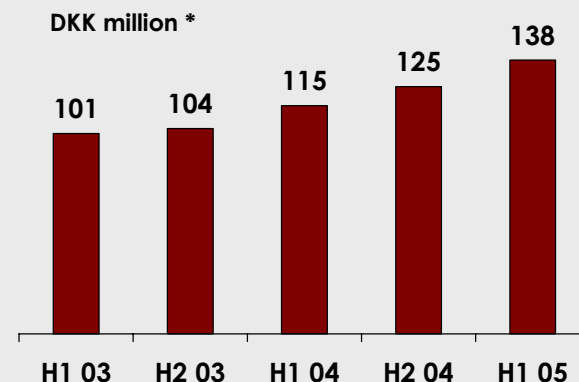
Price/Performance



Other business areas

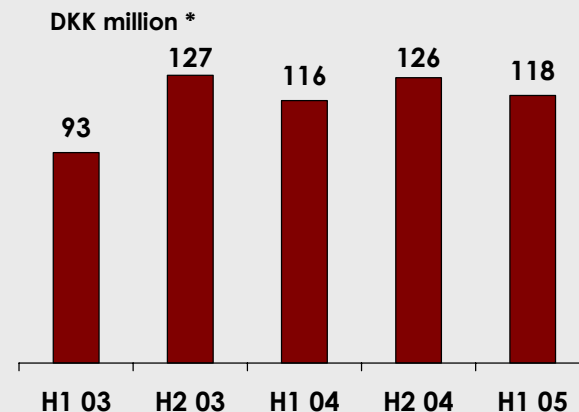
Diagnostic Instruments

- Business area accounted for 6% of revenues
- Strong organic growth of 20% in a market being slightly upward
- Growth supported by a more aggressive and concentrated effort in sales and distribution



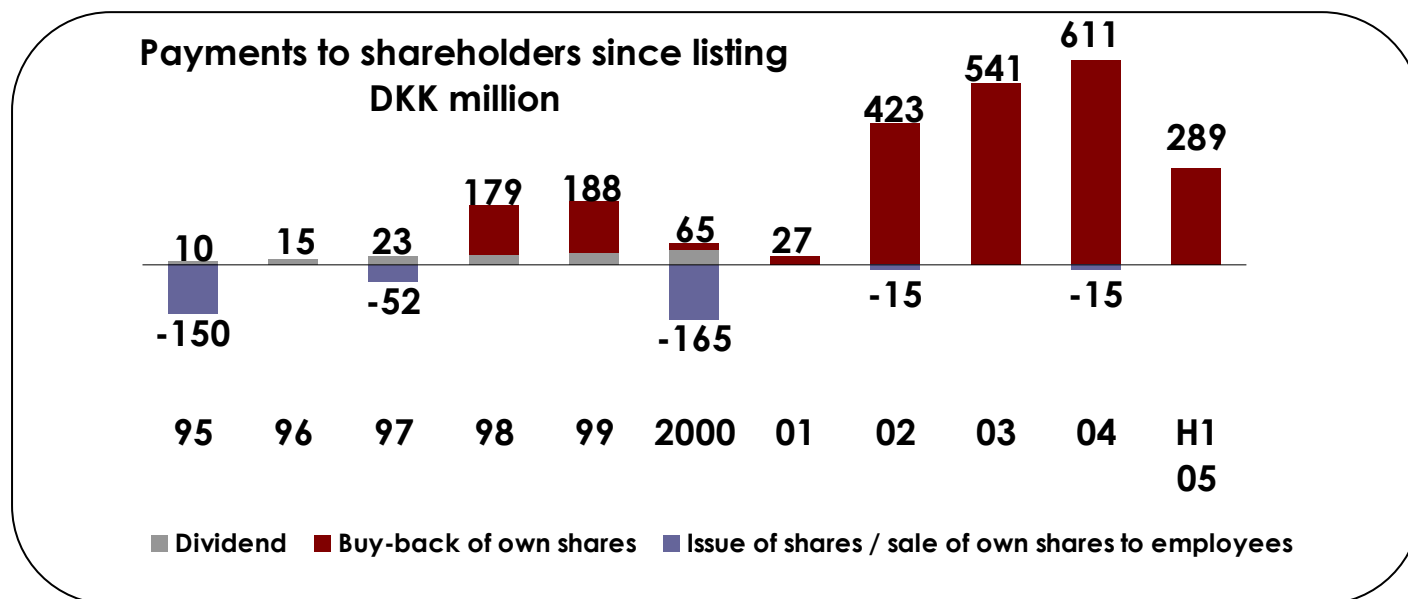
Personal Communication

- Business area accounted for 5% of revenues
- Organic growth modest at 2%
- Phonic Ear saw slight decline in sales
- FrontRow classroom loudspeaker system launched in Q2
- Sennheiser Communications generated fair growth in all segments



Shareholder information

- Excess cash distributed to shareholders through buy-backs – DKK 1.9 billion in total since 2002
- At AGM in April 2005, the company cancelled 2.9% of issued shares – the share capital is now DKK 65.6 million
- 797,150 treasury shares held on 17 August 2005 corresponding to 1.2% of the number of outstanding shares
- Main shareholder, the Oticon Foundation, holds 61.3% as of 17 August 2005



Guidance

- **EBIT guidance for the full year maintained at DKK 1,050-1,100 million**
- **Revenues forecast raised to DKK 4.6–4.7 billion due to currency movements**
- **Currency fluctuations have little impact on EBIT in the short term due to hedging**
- **Consequently, EBIT margin now expected at 23.0–24.0% for 2005**
- **EPS expected to grow 10% in 2005**
- **Free cash flow in 2005 now expected to exceed level in 2004**
- **Shares worth DKK 600-700 million expected to be repurchased in 2005 versus a previous indication of DKK 550-600 million**

Summary of key points

- **WDH continues to gain market shares ⇒ 15% unit growth in own manufactured hearing aids in H1 2005**
- **Oticon Tego has been a huge success so far ⇒ heavy demand supports Tego's potential to become one of the world's best-selling hearing aids**
- **We continue to generate a strong cash flow ⇒ CFFO doubled to DKK 423 million versus DKK 209 million in H1 2004**