

Company announcement no 2009-06

Interim information, first quarter 2009

12 May 2009

Stabilised hearing aid market in first quarter Positive reception of Group's many new products

- In the past part of 2009, the Group's hearing aid business has developed satisfactorily and in accordance with the plans made. Having been under pressure in the second half-year 2008, in particular, the average wholesale prices obtained by the Group's hearing aid business during this period are now back on par with the prices obtained in the first quarter 2008.
- Since autumn 2008, the Group's hearing aid business has significantly strengthened its product offering, particularly through the many new products presented at the US hearing aid convention *AudiologyNOW!* (AAA) at the beginning of the second quarter 2009. The many product introductions have proceeded satisfactorily.
- In our *Annual Report 2008*, we announced that in 2009 the Group expects to see growth in revenues exceeding market growth by 2-4%. Trends in the past part of 2009 support this expectation, which is therefore maintained.
- It is estimated that following the gradual deterioration of market conditions that characterised most of last year and particularly the second half-year, development on the global hearing aid market has now stabilised. It is estimated that in the first quarter 2009 the hearing aid market has seen flat development compared with the same period last year.

In the past part of 2009, slightly improved and more stable market conditions succeeded the unfavourable market conditions that characterised most of 2008 and deteriorated as the year wore on. Thus, the Company estimates that if measured in volume and if compared with the same period last year, the hearing aid market has seen flat development in the first quarter 2009; or an estimated increase on the fourth quarter 2008.

In the first quarter 2009, the Group's core business, i.e. the development, manufacture and wholesale of hearing aids, has developed in accordance with the plans made as indicated by the Dual launch as well as satisfactory Vigo and Epoq sales. Unit sales to the British healthcare system (NHS) were, however, realised somewhat under the first-quarter-2008 level, which is due to generally lower demand by the NHS because of recent years' reduction of waiting lists. It is estimated that the Group has maintained its market share with the NHS in the first quarter 2009.

At the US hearing aid convention AAA held from 1 through 4 April 2009, the Group presented a wide range of new products, which completed the significant strengthening of the Group's product portfolio commenced by the introduction of Vigo in spring 2008 and followed up by the Dual launch in autumn 2008.

At AAA, Oticon launched the two Hit families to the lower part of the mid-priced segment as well as a new, compact and cosmetically attractive Power BTE instrument with a classic hook. The new Power BTE instrument is available in Oticon Epoq, Oticon Vigo and Oticon Hit. Moreover, Oticon presented a new, compact, cosmetically attractive and moderate BTE version with a size-13 battery; this version is launched in all versions of Epoq, Vigo and Hit, or in a total of seven price points, as is the case with the Power BTE.

Oticon ConnectLine was also launched at AAA: in addition to the existing possibilities of using hearing aids together with a mobile phone or an MP3 player, it is now also possible to *stream* sound from TV and landline phones directly to the user's hearing aids.

A new, wireless RITE hearing aid, Bernafon Vérité was also introduced at AAA. With this introduction, Bernafon now has one of the market's most attractive hearing aids in terms of cosmetics, audiology and other user benefits, including wireless features.

All the new hearing aids have now been released for sale. Even though customer feedback and the first few weeks' realised sales are encouraging, it is still a bit too early to form a clear opinion on the rate of success of each individual product.

In the past part of 2009, corporate retail activities succeeded in generating increased revenues exceeding market growth.

Diagnostic Instruments has continued its positive development from 2008, albeit at a slightly lower pace, whereas Personal Communication has to a greater extent been impacted by the financial crisis and the economic slowdown. It is however the Company's opinion that the Group continues to win market shares within these business areas.

Expectations

In its *Annual Report 2008*, the Company stated that in 2009 the global hearing aid market is expected to see flat development, and that average selling prices are expected to contribute neutrally or negatively to market growth. In the report, the Company also stated that in 2009 the Group expects to generate growth in revenues exceeding market growth by 2-4%. Trends in the past part of 2009 support these expectations.



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