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Publication of Annual Report 2011

Strong growth in revenues of 17% and growth in net profits of 21%
The Group gained more than two thirds of unit growth in the hearing aid market

Today, the Board of Directors of William Demant Holding A/S adopted the Company's Annual Report 2011. This announcement includes the highlights of the annual report:

- In 2011, consolidated revenues totalled DKK 8,041 million, matching a growth rate of 17%, with organic growth accounting for 9 percentage points.
- The Group's three business activities Hearing Devices, Diagnostic Instruments and Personal Communication achieved organic growth rates in revenues of 8%, 12% and 8 %, respectively. If we only look at wholesale of hearing aids, the Group achieved an organic growth rate of just over 8%.
- In 2011, the Group generated operating profits (EBIT) of DKK 1,709 million and net profits of DKK 1,199 million. In the period under review, operating profits (EBIT) went up by 20% and net profits for the year rose by 21% compared with last year.
- The reported profit ratio (EBIT margin) rose by 0.6 percentage point to 21.3%. If adjusted for the acquisition of Otix Global, the increase in the Group's profit ratio would have been about 1 percentage point.
- In 2012, we expect growth in revenues of 5-9% and thus to increase our market share. An acquisition effect of 1-3 percentage points is included in this expected growth in revenues.

"2011 was another good year for the William Demant Group. With total unit growth in the wholesale of hearing aids of 17%, we maintained our position as the fastest-growing company in the industry. In fact, the underlying business was able to capture what corresponds to more than two thirds of market unit growth in addition to the growth contribution from the acquisition of Otix Global. The global market for hearing aids saw volume growth of just under 4%, which is a reflection of the usual growth pattern. In other words, the hearing aid market seems essentially unaffected by the general economic slowdown," says Niels Jacobsen, President & CEO of William Demant Holding.

Hearing Devices

In our estimation, global unit growth in the market in 2011 was just under 4%, and with a fall of 2-3% in the average selling price on the market, it is estimated that measured in value, overall market growth for the period under review was 1-2%. In 2011, the Group's hearing device activities generated revenues of DKK 7,075 million, or 16% growth, of which just over 8 percentage points are organic growth. In the wholesale business, unit sales grew by 17% in total, the acquisition of Otix Global contributing by 3 percentage points. The underlying growth is primarily driven by our strong product offerings in the mid-priced and low-end segments, resulting in a 5% decline in average wholesale prices for hearing aids. Once again, we have not only generated growth significantly exceeding market growth, but we have also captured market shares in all major geographic regions.

Driven by the successful mid-priced product Oticon Acto launched in autumn 2010, Oticon entered 2011 with a comprehensive product range, which was further reinforced with the launch of the basic product Oticon Ino in February and the design product Oticon Intiga in September. The launches progressed very satisfactorily, and Oticon has taken significant market shares in these segments. However, product launches have not been the only drivers of this major growth: the breadth of its product portfolio and its enhanced profile have also bolstered Oticon's market position. We also believe that the high service level, coupled with a strong image, makes Oticon an attractive business partner and the industry brand that adds most value for customers. The launch of Oticon Intiga^{i} in March 2012 will add yet another cosmetically attractive member to the Intiga family. Intiga^{i}, an IIC (Invisible Inside the Canal) instrument, fits in the auditory canal so snugly as to be invisible. Intiga^{i} will be available in two variants in the upper price category and will offer those of our customers suffering from mild to moderate hearing losses the possibility to have an invisible solution based on Oticon's unique and groundbreaking technology.

Driven by the basic product Inizia and a generally strong product offering, Bernafon recorded impressive unit sales again in 2011, noting a rise in sales to both independent dispensers and so-called volume customers. In the second half-year 2011, Bernafon launched its mid- and high-end product Chronos in different styles, so Bernafon is in a good position for further growth in 2012.

Since our acquisition of Sonic in November 2010, much effort has been devoted to revitalising Sonic and establishing a sustainable platform for the Group's third hearing aid brand. At end-2011, Sonic had rebuilt a strong sales organisation, and under the slogan *"Everyday Sounds Better"*, Sonic has launched an enhanced profile with a view to underpinning its future strategic aim to be a dynamic and innovative business partner under stable ownership. This is also reflected in the ongoing updating of Sonic's product portfolio with the latest wireless technology.

Corporate retail activities have in 2011 focused on operational optimisation and have generated healthy growth exceeding market growth. In this connection, we would like to mention that our retail activities in the UK and our US HearingLife chain, which we took over in connection with the acquisition of Otix Global, have both undergone positive transformation.

In the past year, Oticon Medical experienced strong growth in the sale of bone-anchored hearing systems in all geographic regions, generating a profit from autumn 2011. The launch of the more powerful sound processor Ponto Pro Power in summer 2011 made Oticon Medical a one-stop supplier of bone-anchored hearing systems, enabling the company to now offer solutions for even severely hearing-impaired users. In the first half of 2012, Oticon Medical will launch a new implant system offering multiple innovative user benefits, including easier engagement, better stability and not least faster and simpler surgery.

Diagnostic Instruments

In 2011, Diagnostic Instruments generated revenues totalling DKK 686 million, or as much as 28% growth, with organic growth accounting for 12 percentage points and the remaining growth being attributable to exchange rate fluctuations and the acquisitions of among other companies MedRx, a niche manufacturer of diagnostic instruments, and Gordon N. Stowe, a distributor of diagnostic equipment. On the whole, Diagnostic Instruments has in 2011 strengthened its position in distribution in the USA, which is mainly performed by so-called Special Instrument Distributors (SIDs). As the underlying market is believed to have grown by 2-3% in 2011, Diagnostic Instruments has thus once again captured significant market shares and reinforced its position as the world's largest provider of diagnostic equipment. Diagnostic Instruments accounted in 2011 for close on 9% of the Group's overall revenues.

Personal Communication

Personal Communication realised revenues of DKK 280 million in 2011, or a rise of 8%. By and large, negative exchange rate fluctuations of just over 1% even out the acquired growth in this business activity. The revenue increase is solely attributable to the impressive double-digit growth recorded by Sennheiser Communications, which was also driven by strong growth in Unified Communication. In the same period, Phonic Ear and FrontRow saw declining revenues due to harsh market conditions. In the past year, Personal Communication accounted for slightly more than 3% of Group revenues.

The year's result

Due to growth in revenues, operating profits (EBIT) rose by 20%, or a reported profit margin of 21.3%. The profit margin is thus up 0.6 percentage point compared with 2010. If adjusted for the effect of our acquisition of Otix Global, the increase in the consolidated EBIT margin would have been about 1 percentage point. Some of the explanations for this gradual improvement of the EBIT margin in the reporting period are that operating profits (EBIT) in Otix Global have improved continuously during the period and that most of the non-recurring costs relating to the integration of Otix Global were expensed in the first half-year.

Other matters

In the third quarter of 2011, the Company resumed its buyback of shares and has during the year acquired a total of 708,870 treasury shares worth DKK 301 million in total.

Outlook for 2012

With volume growth rates in the global hearing aid market of 2-4% and flat to slightly negative development in average selling prices, the global market for hearing aids is estimated to show low single-digit growth in 2012.

For 2012, we expect the Group to continue to improve its market shares. Consolidated revenues for 2012 are thus expected to grow by 5-9% of which acquisitions are estimated to account for 1-3 percentage points.

Based on average exchange rates to date, we expect movements in exchange rates to have a slightly positive impact on consolidated revenues in 2012. The full effect of such movements is, however, postponed due to the Group's foreign currency hedging.

Consolidated operating profits (EBIT) are thus expected to continue to grow in 2012 compared with the level realised in 2011.

The Group's effective tax rate is estimated at 25-26% in 2012.

As we expect to continue to generate substantial cash flows from operating activities in 2012, as our level of investments is expected to match that of 2011, and as our level of acquisitions is expected to be moderate, we are planning to continue our buyback of shares in 2012. Through our share buyback programme, we will thus continue to channel any excess cash flows back to our shareholders while maintaining the level of consolidated net interest-bearing debt to the tune of DKK 1.5-2.0 billion.

Lars Nørby Johansen	Niels Jacobsen
Chairman of the Board	*President & CEO*

The full Annual Report 2011 for William Demant Holding A/S totalling 92 pages will be published immediately after this announcement.

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	2007	2008	2009	2010	2011	Development 2010-2011
Key figures, DKK million						
Revenue	5,488	5,374	5,701	6,892	8,041	17%
Gross profit	3,971	3,725	4,035	4,959	5,777	16%
Operating profit (EBIT)	1,268	1,042	1,149	1,430	1,709	20%
Net financial items	-97	-139	-94	-116	-103	-11%
Profit before tax	1,171	903	1,055	1,314	1,606	22%
Profit for the year	895	682	795	988	1,199	21%
Total assets	3,714	3,914	4,626	6,786	7,646	13%
Equity	426	532	1,302	2,443	3,304	35%
Cash flow from operating activities (CFFO)	848	828	950	818	1,381	67%
Financial ratios						
Gross margin	72.4%	69.3%	70.8%	71.9%	71.8%	-
Profit margin (EBIT margin)	23.1%	19.4%	20.2%	20.7%	21.3%	-
Earnings per share (EPS), DKK	14.8	11.6	13.6	16.9	20.6	21.9%
Return on equity	160.3%	162.9%	87.2%	49.5%	41.7%	-