

Company announcement no 2020-05

15 March 2020

**Coronavirus expected to have substantial, short-term negative impact on hearing healthcare market
Maintain expectation to generate organic sales growth significantly above market growth rate in 2020
Outlook for 2020 withdrawn due to uncertainty of impact of current outbreak of coronavirus disease**

As a result of the current global outbreak of coronavirus, we expect to see a substantial, short-term negative impact on demand in the hearing healthcare market. This is a consequence of the recent increase in the spread of coronavirus in several large markets where people – particularly the elderly population – are advised and choose to stay at home to limit the spread of coronavirus. We believe the negative impact will be temporary and lead to pent-up demand, which will materialise later in 2020 or in 2021 as we see no changes to the fundamental drivers of demand for hearing healthcare products and services.

Year-to-date, our Group has seen strong growth, and our financial performance has been in line with our own expectations despite negative impacts in a number of our smaller markets from the early stages of the outbreak of coronavirus. However, due to the changed outlook for the hearing healthcare market, we expect a negative impact on our business and financial performance in the coming months. Given the rapid day-to-day developments in many markets, we are currently unable to accurately assess the magnitude of this short-term impact, including the duration of the expected temporary market contraction, and we thus withdraw our outlook for 2020 pending further clarification of the market development and actual financial impact. We still expect to generate organic sales growth significantly above the market growth rate in 2020.

We are fully focused on adapting our business and commercial activities to the changing situation, while maintaining our ability to service our customers and users in the best way possible. In terms of our supply chain, we are currently in a position to fully meet demand within Hearing Devices, Hearing Implants and Diagnostics. In our Communications (EPOS) business, we have seen some supply chain limitations, but the situation is improving.

Given the current uncertainty, we have decided to temporarily halt our share buy-backs until we have a better overview of the financial implications of the current situation. From a financial perspective, we are in a strong position with ample access to funding through existing facilities, including considerable undrawn credit facilities.

Since the initial outbreak of coronavirus, we have taken steps to ensure the health and safety of our employees, customers, users and other stakeholders, and we are focused on acting proactively and diligently. We are following directions and recommendations from local authorities, and in some cases, we are taking an even more cautious approach.

As soon as we are able to properly assess the impact of coronavirus on the hearing healthcare market and the derived impact on our own business, we will release an updated outlook for 2020 and we will publish any other material new information as it materialises. As per our financial calendar, our interim management statement is scheduled for release on 5 May 2020.

“Our global society is currently in a very difficult and constantly changing situation, which impacts everyone including the Demant Group. Many people that normally rely on us are facing extraordinary risks and we are doing everything we can to continue our services in the best way possible and to act proactively and diligently. We are monitoring the situation closely and collaborating worldwide across all our business activities and functions to take good care of our employees and to reduce the impact on our business. Fortunately, our Group is financially strong and well-equipped to withstand a period of turbulence and we have very strong backing from our majority shareholder, the William Demant Foundation. There is no doubt that the situation is serious for health and safety, and at Demant, we do what we can to help reduce the risk of spreading the coronavirus,” says Søren Nielsen, President & CEO of Demant.

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