

# INTERIM REPORT

## SECOND QUARTER OF THE 2011/12 FINANCIAL YEAR

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## AGENDA

THE SECOND QUARTER HIGHLIGHTS – Tue Mantoni, CEO

THE FINANCIAL RESULT FOR THE SECOND QUARTER OF 2011/12 – Henning Bejer Beck, CFO

THE EXPECTATIONS FOR THE 2011/12 FINANCIAL YEAR – Tue Mantoni, CEO

QUESTIONS & ANSWERS



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## FINANCIAL HIGHLIGHTS FOR SECOND QUARTER

- Second quarter revenues at 776 million, which is on the same level as last year
- AV revenues in BRIC markets grew 25 per cent
- Improved gross margin
- EBIT-Margin increased from 5 per cent last year to 6 per cent this year
- Result before tax was DKK 41 million against DKK 36 million in same period last year
- Cash flow from operations reached DKK 104 million
- Expectations for the year unchanged



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## NEW PRODUCTS RELEASED IN SECOND QUARTER



BeoVision 7-40 3D launched in November:

- Integrated Blu-ray player
- Second-to-none sound and picture experiences
- Completes 3D portfolio – entire BeoVision 4 and BeoVision 7 families are offered in 3D



CD Ripping Device launched in November:

- Creates a “bridge” between the analogue and the digital world of music
- Rips automatically all tracks on a CD to BeoSound 5
- High quality – no downgrade of the music quality



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## SUBSEQUENT NEWS

- B&O PLAY and Beolit 12 launched at Consumer Electronics show (CES) in Las Vegas
- BeoVision 12 announced at CES
- BeoLab 12 announced at CES

### **Other recent news**

- BeoSound 5 Encore awarded 'Best Danish Gadget 2011'
- Successful take over of Hong Kong and Southern China operations
- Three store openings in China within one day – first shop-in-shop in Aston Martin store
- Christian Iversen started as new Executive Vice President, Corporate Services



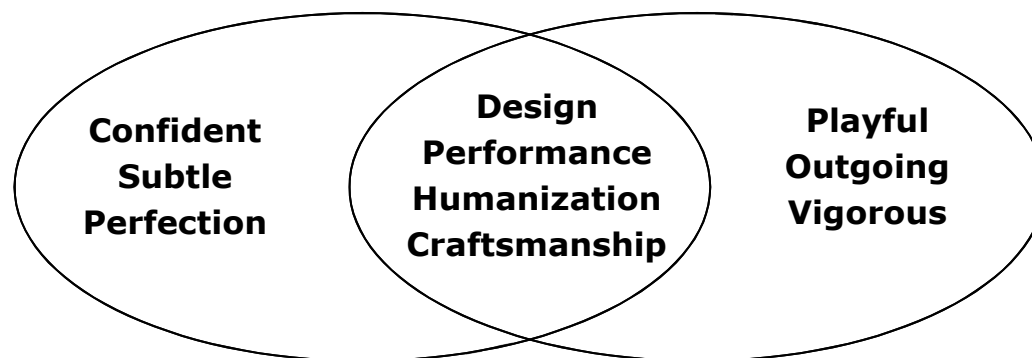
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## B&O PLAY

- B&O PLAY is expected to deliver incremental turnover and generate new customer leads to the existing Bang & Olufsen distribution.
- B&O PLAY products will be marketed through
  - Bang & Olufsen's dedicated shops
  - Complementary retail channels, e.g. Apple
  - New B&O PLAY branded online shop
- BeoLit 12 is the first new product to be launched under the B&O PLAY brand.
- Unit sales expectations above BeoSound 8 unit sales.

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BeoVision 12 / BeoLab 12





## NEW DEALERS OPENED



- Xian, China
- Hohhot, China
- Tianjin, China
- Mauritius
- Forte dei Marmi, Italy
- Nancy, France
- Murcia, Spain
- Sevilla, Spain
- Coimbra, Portugal
- Kingston, UK
- Groeningen, Holland
- Richmond, Australia
- Sassou N Guesso, Congo
- Seoul, South Korea



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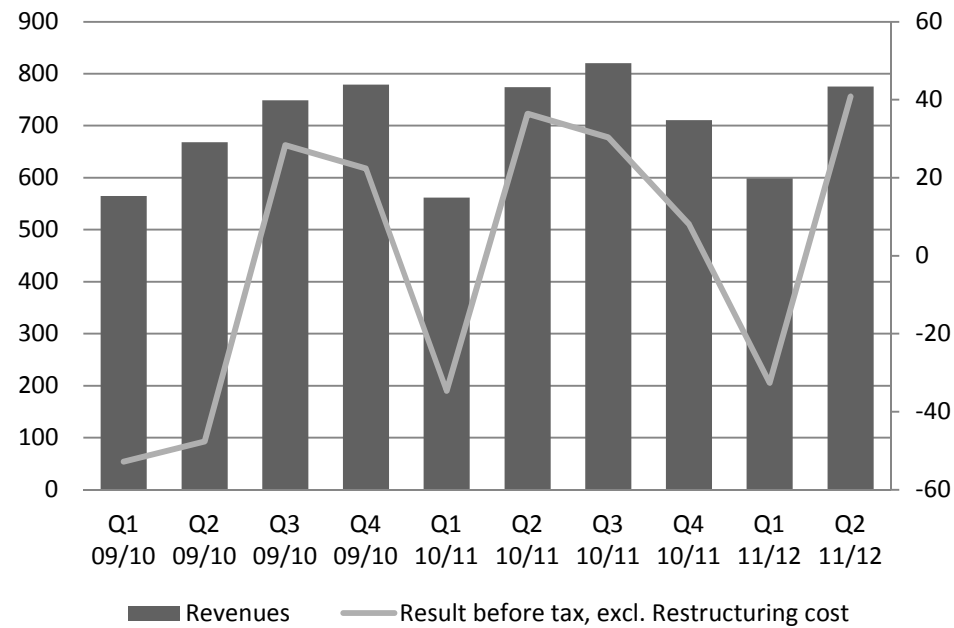
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## DEVELOPMENT IN REVENUE AND RESULT BEFORE TAX (DKK MILLION)

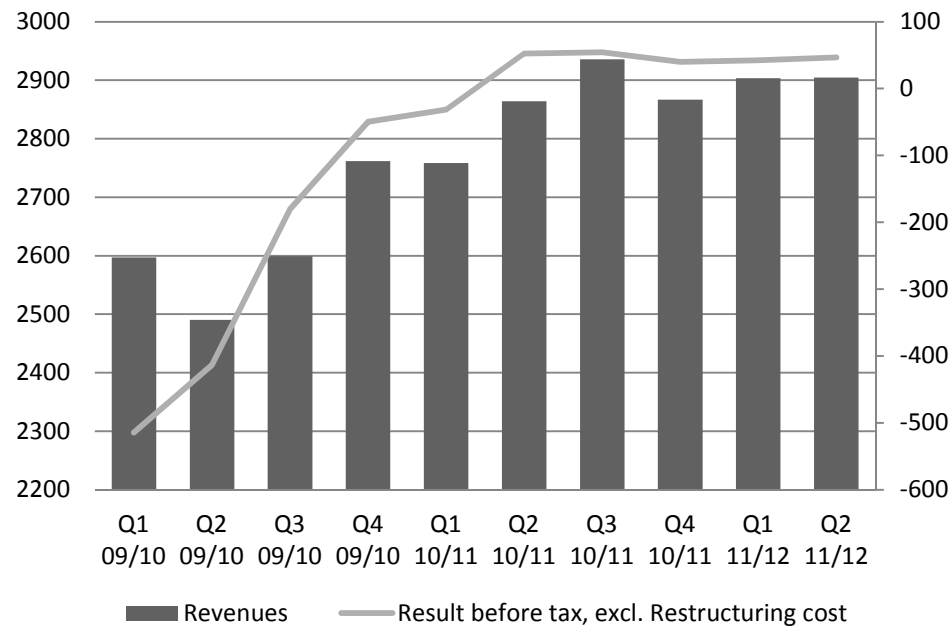


- Revenues for the second quarter were DKK 776 million, which is marginally above last year's level.
- Result before tax was positive at DKK 41 million against a positive result last year of DKK 36 million.
- The result in the second quarter of the 2011/12 financial year is positively affected by non-recurring items of net DKK 5 million.



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## DEVELOPMENT IN REVENUES AND RESULT BEFORE TAX – 12 MONTHS ROLLING (DKK MILLION)

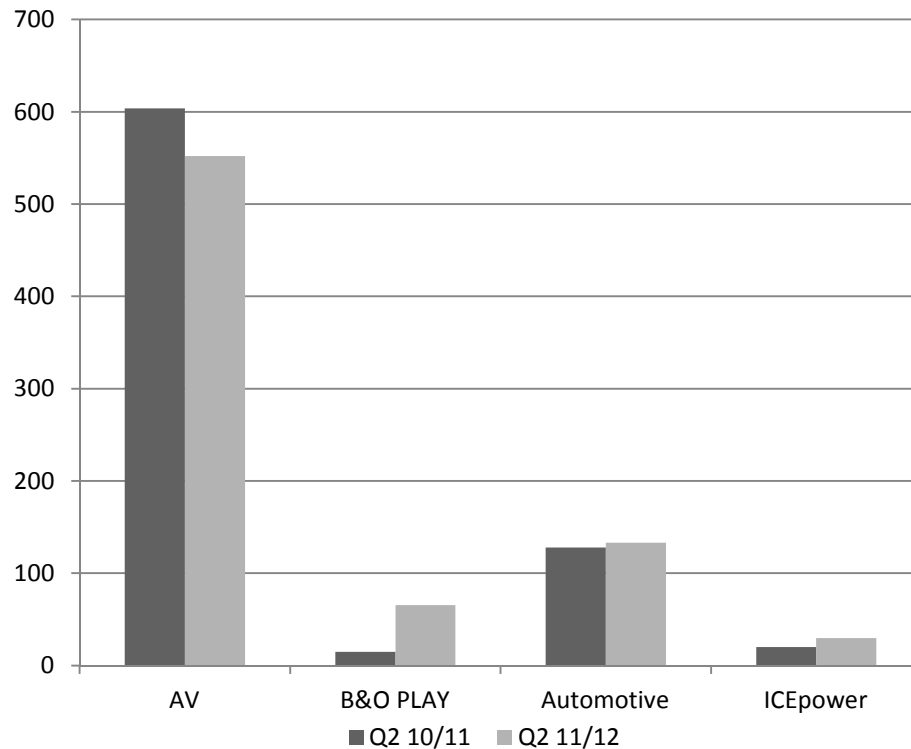


- During the last 12 months the Group has experienced a revenue increase of 1.4 per cent and a positive result before tax of DKK 47 million against a positive result of DKK 53 million in the previous 12 months.
- The result is negatively affected by non-recurring items of DKK 33 million.



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## DEVELOPMENT IN REVENUE BY PRODUCT AREA (DKK MILLION)

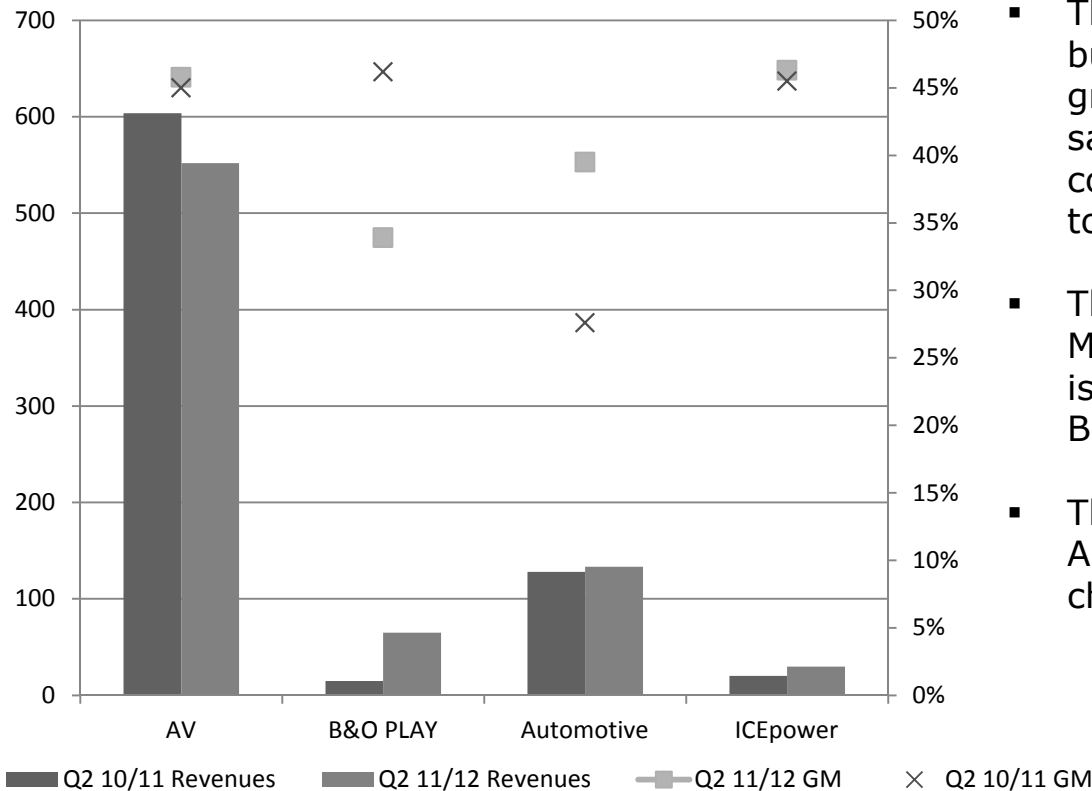


- The AV business recorded revenues of DKK 552 million compared to DKK 604 million in the same period last year.
- B&O PLAY recorded revenues of DKK 65 million compared to DKK 15 million in the same period last year.
- The Automotive business recorded revenues of DKK 133 million compared to DKK 128 million in the same period last year.
- The ICEpower business recorded revenues of DKK 30 million compared to DKK 20 million in the same period last year.



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## DEVELOPMENT IN REVENUE AND GROSS MARGIN BY PRODUCT AREA (DKK MILLION)

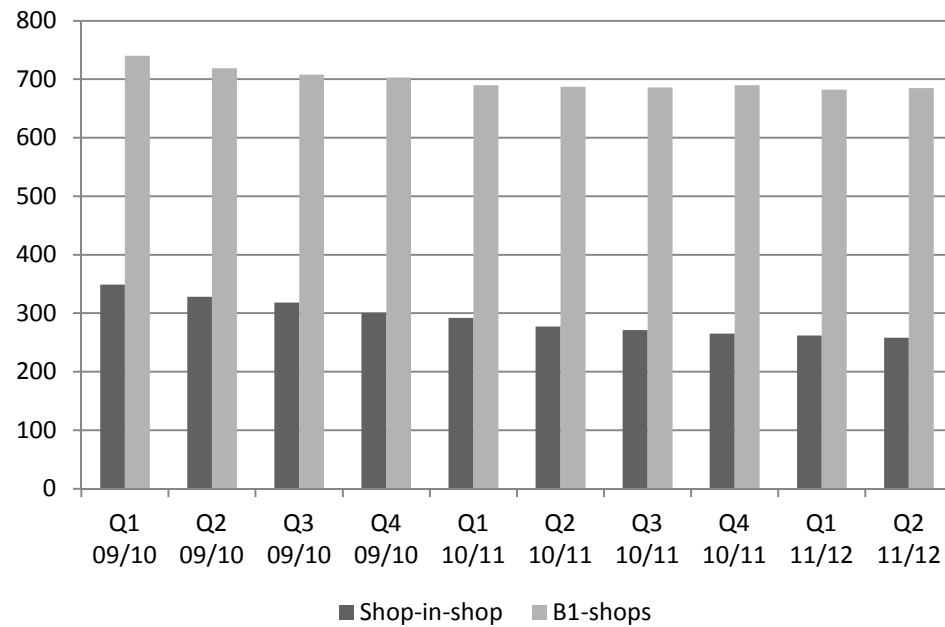


- The Gross Margin within the AV business was 45.8 per cent against a gross margin of 45.0 per cent for the same period last year. The change in contribution margin is primarily due to a change in product mix.
- The significant change in Gross Margin within the B&O PLAY business is due to the recent extension of the B&O PLAY segment.
- The increased Gross Margin in the Automotive business is due to a change in product mix



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## DISTRIBUTION DEVELOPMENT – NUMBER OF SHOPS

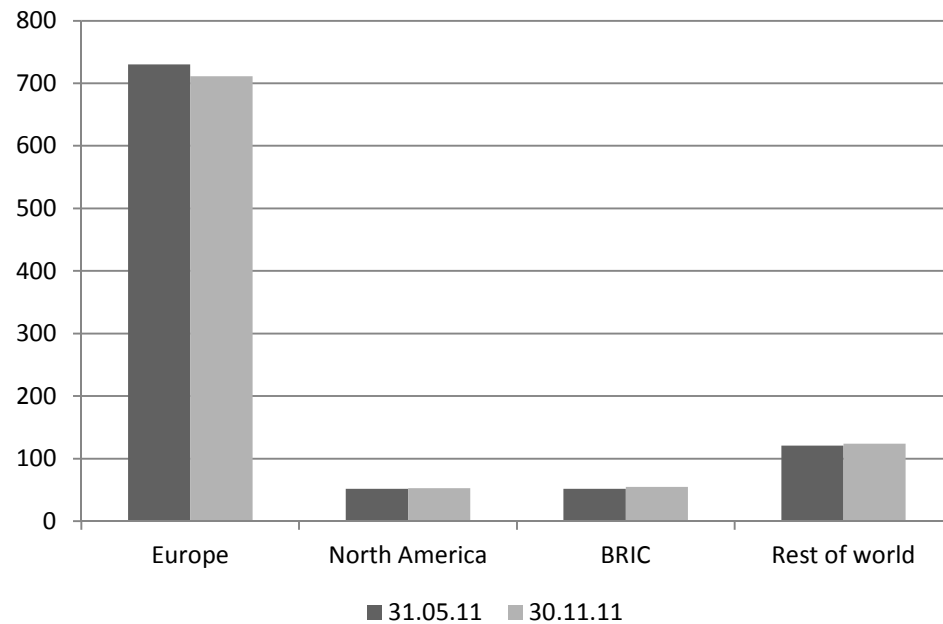


- During the second quarter 14 B1-shops were opened or upgraded, while 11 shops were closed. Thus, the net movement for the second quarter amounted to an additional 3 shops.
- By the end of November 2011 there were 685 B1-shops across the world against 682 at the end of the first quarter of 2011/12.



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## DISTRIBUTION DEVELOPMENT – NUMBER OF SHOPS PER REGION

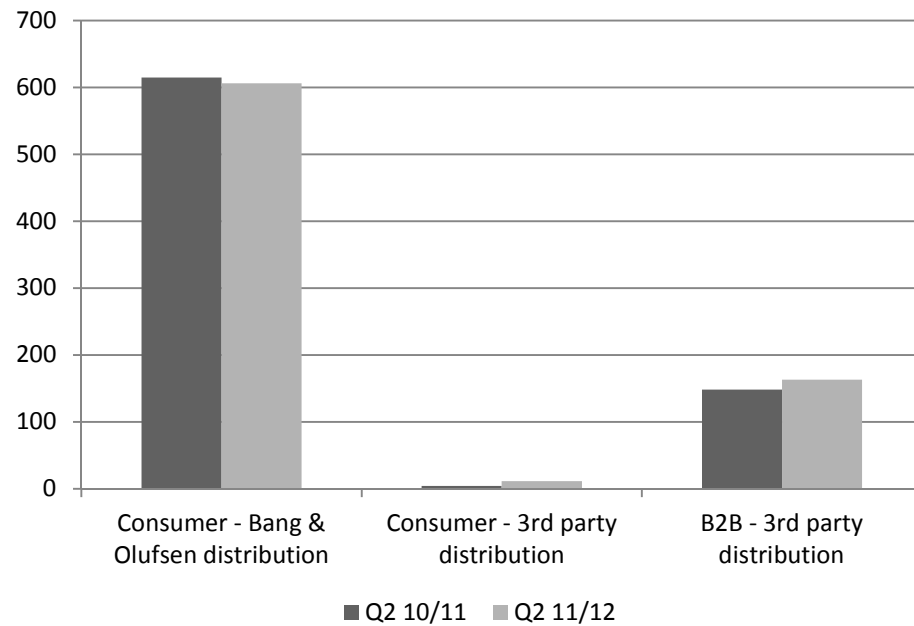


- By the end of November 2011 there were 455 B1-shops in Region Europe against 457 at the end of the first quarter of 2011/12.
- In Region North America, there were 51 B1-shops, which is unchanged from the end of first quarter of 2011/12.
- In the BRIC markets there were 55 B1-shops against 53 at the end of the first quarter of 2011/12.
- In Rest of World there were 124 B1-shops against 121 at the end of the first quarter of 2011/12.



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## DEVELOPMENT IN REVENUE BY BUSINESS AREA (DKK MILLION)

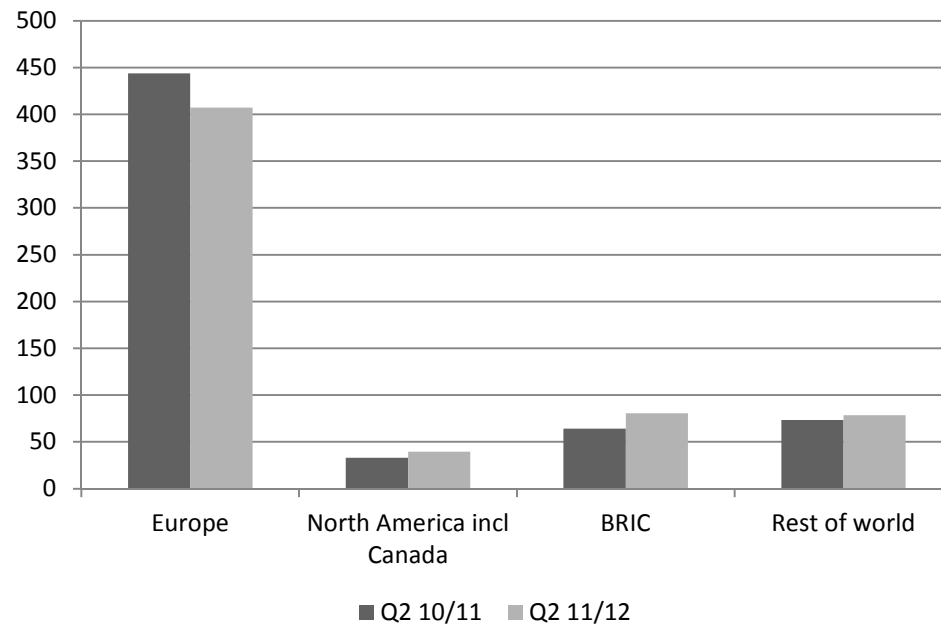


- The B2C business line, which consists of the AV and the B&O PLAY segments, recorded revenues of DKK 617 million compared to revenues of DKK 604 million in the same period last year.
- The B2B business line, which consists of the Automotive and ICEpower segments, recorded revenues of DKK 163 million compared to revenues of DKK 148 million in the same period last year. This corresponds to a growth of 10 per cent.



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## REVENUE DEVELOPMENT PER REGION, CONSUMER BUSINESS (DKK MILLION)

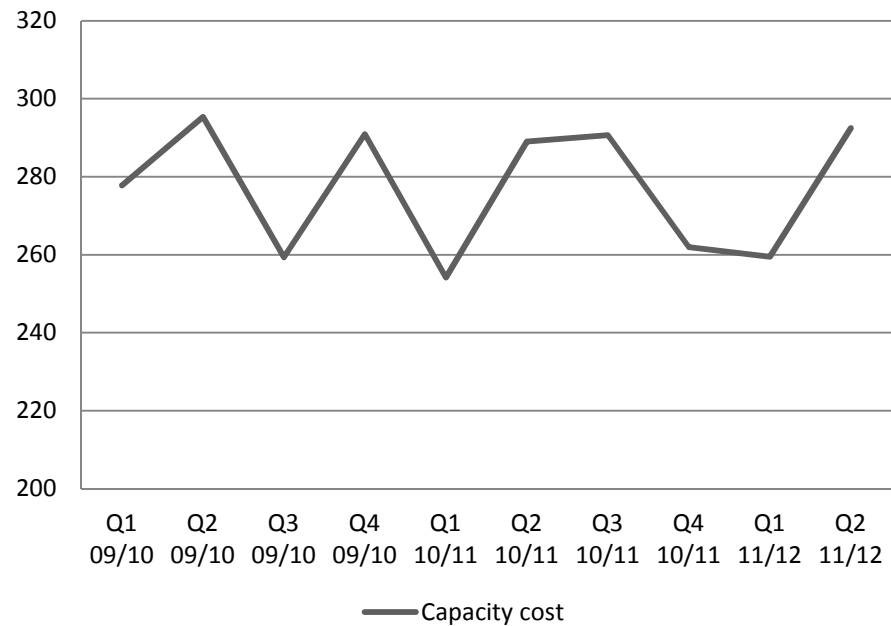


- Region Europe saw a decline in revenues of DKK 37 million or 8 per cent from DKK 444 million to DKK 407 million in the same period last year.
- North America recorded revenues of DKK 40 million compared to DKK 33 million last year, an increase of 20 per cent.
- The BRIC countries increased from DKK 64 million to DKK 81 million, i.e. 25 per cent.
- Revenues in Rest of World increased from DKK 73 million to DKK 79 million, i.e. an increase of 7 per cent.



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## CAPACITY COSTS (DKK MILLION)

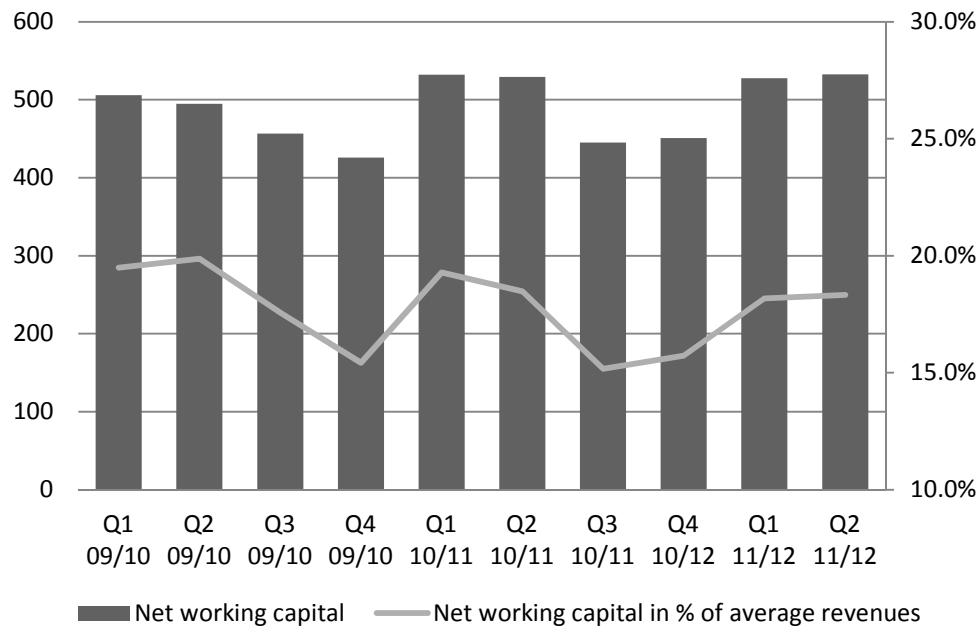


- During the second quarter of the 2011/12 financial year, the Group increased its capacity costs by DKK 4 million from DKK 289 million to DKK 293 million. The increase is caused by a high activity level in product development.
- Distribution and marketing costs decreased by DKK 13 million from DKK 188 million to DKK 175 million, among other things as a result of organisational changes in the global sales organisation, following the implementation of the new corporate strategy.



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## NET WORKING CAPITAL (DKK MILLION)

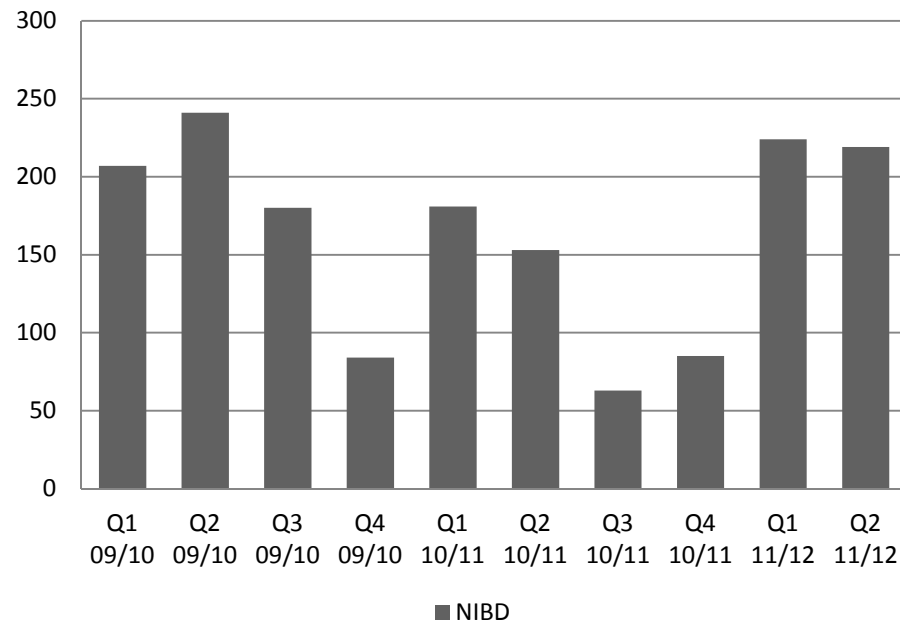


- Net working capital is on the same level as last year, with a minor increase of DKK 4 million.
- Net working capital in percentage of revenue is on the same level as last year at 18.3 per cent.



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## DEBT SITUATION (DKK MILLION)



- Net interest bearing debt has increased to DKK 219 million compared to DKK 153 million by the end of the second quarter of the 2010/11 financial year.
- The increase in the net interest bearing debt is primarily caused by higher investments in fixed assets.
- The NIBD/EBITDA ratio is 0.7 on a 12 months rolling basis compared to 0.5 in the previous 12 months.



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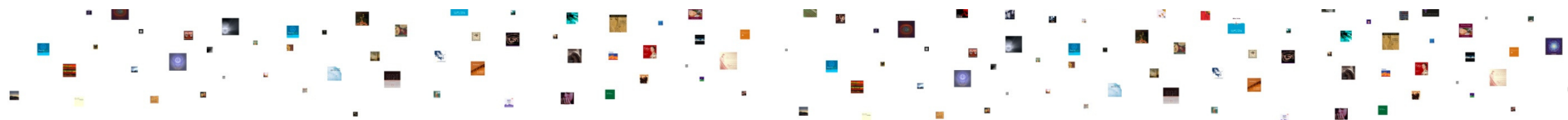
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## EXPECTATIONS FOR THE 2011/12 FINANCIAL YEAR

Bang & Olufsen maintains its guidance of a 2011/12 result before tax in the level of DKK 100 million based on a revenue level exceeding DKK 3,000 million.

The EBIT-margin for the 2011/12 financial year is expected to be 3.5-4.0 per cent. This compares to an EBIT-margin of 2.1 per cent for the 2010/11 financial year.



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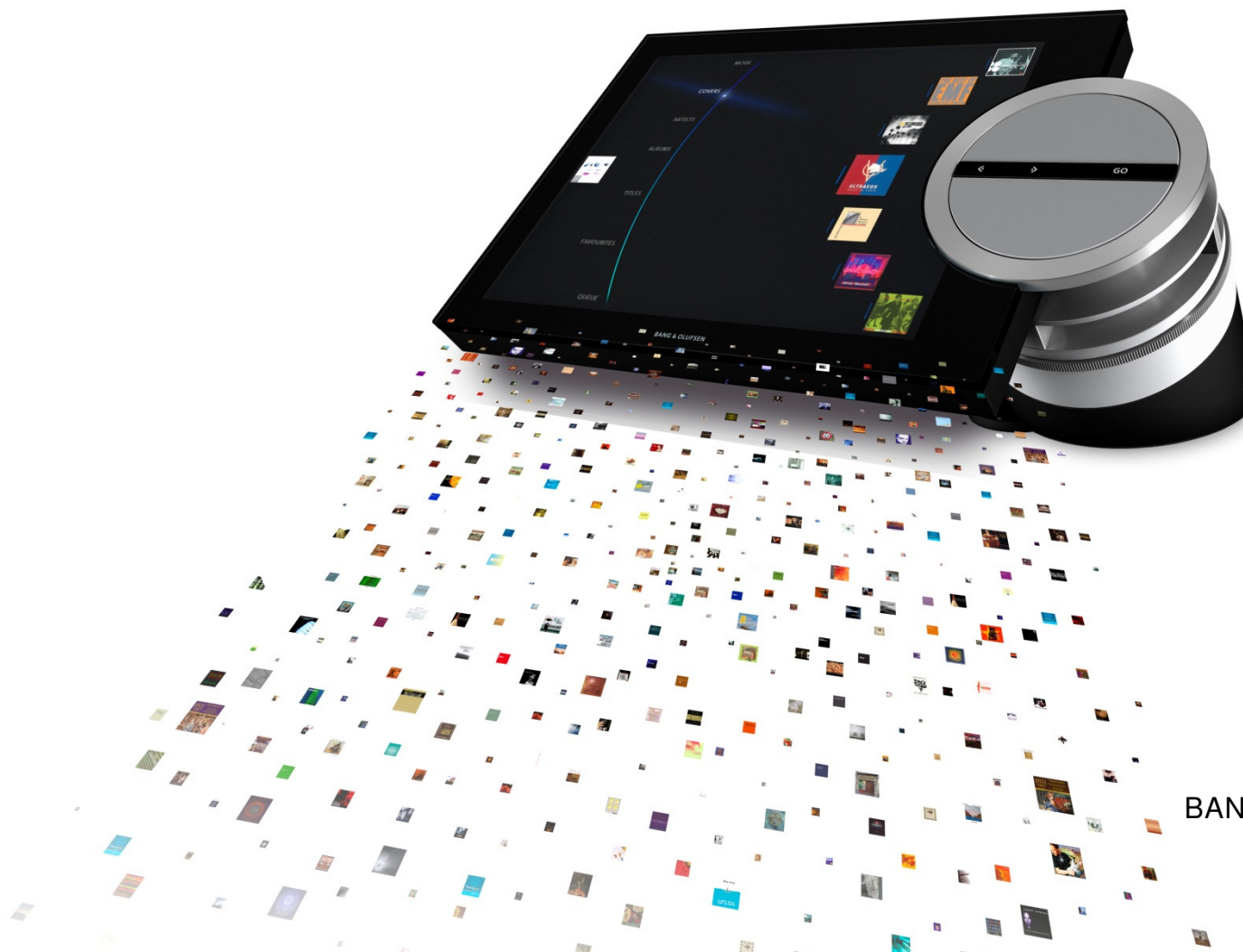


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