

A close-up, profile view of a man's head and shoulder. He is wearing a white, circular earbud in his left ear, which has the 'B&O' logo on it. His hand is raised to his ear, with his index finger pointing towards the earbud. The background is blurred, showing another person's head in profile. The overall mood is contemplative and focused on audio quality.

INTERIM REPORT

Q1 2021/22

WEBCAST PRESENTATION

6 OCTOBER 2021

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AGENDA

KEY HIGHLIGHTS AND STRATEGY UPDATE

FINANCIAL PERFORMANCE

OUTLOOK

BANG & OLUFSEN

POSITIVE EBIT AND FREE CASH FLOW FOLLOWING 44% REVENUE GROWTH IN Q1

- Continued to execute on the turnaround strategy, and maintained strong momentum from last year
- Broad based performance across regions, product categories and distribution channels
- Solid double-digit sell-out growth across product categories
- Component and logistics challenges had a negative effect on sales and margin
- Component sourcing and supply taskforce successfully secured components, but there are still longer delivery times on some products
- Outlook maintained. Uncertainty higher than normal



FY 2020/21

REVENUE

DKK 666m

44% growth in local currencies

*EBIT MARGIN bsi**

1.4%

(EBIT bsi DKK 9m)

FREE CASH FLOW

DKK 21m

OUTLOOK FY 2021/22

REVENUE

DKK 2.9bn to 3.1bn

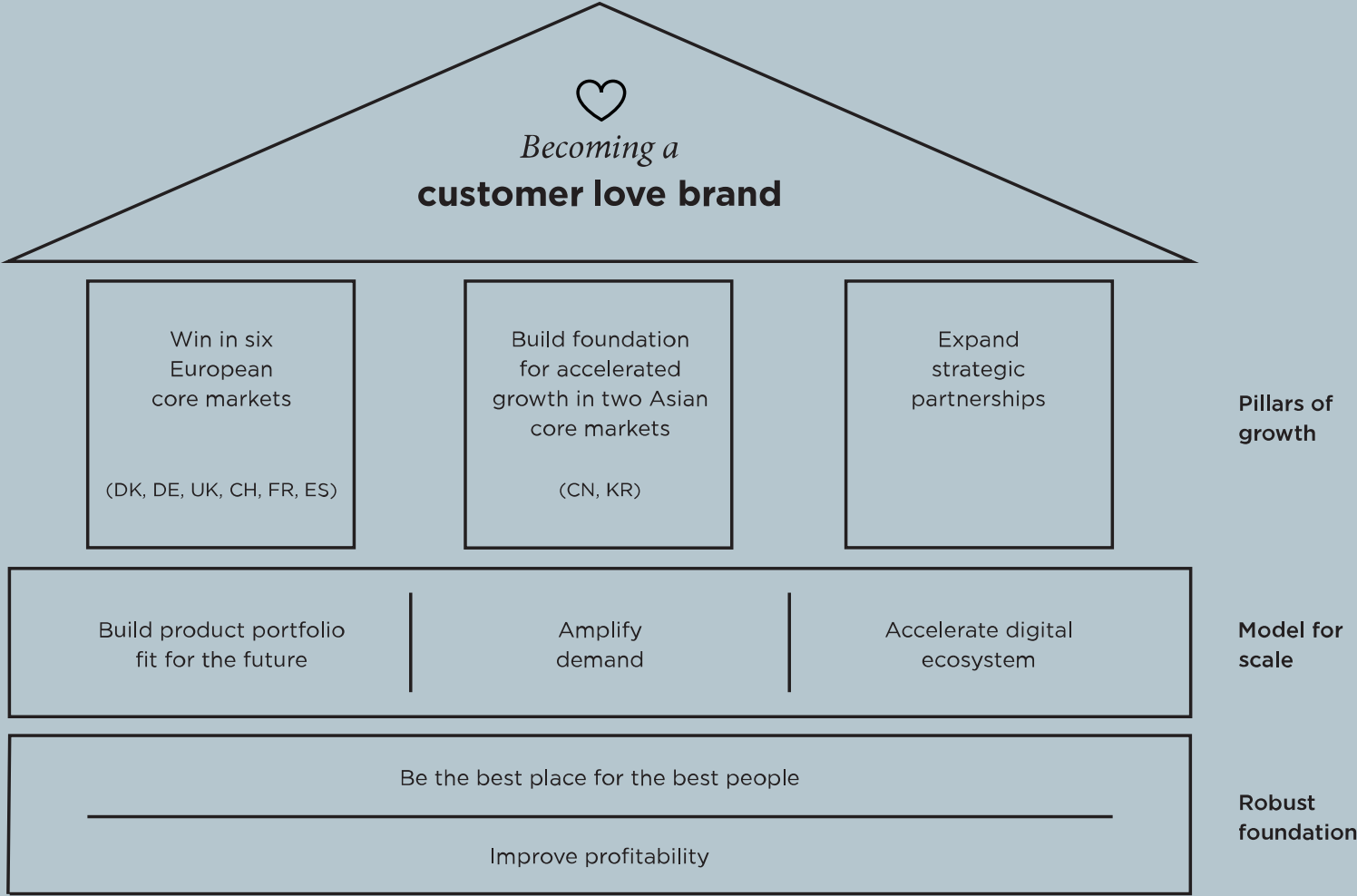
*EBIT MARGIN bsi**

2-4%

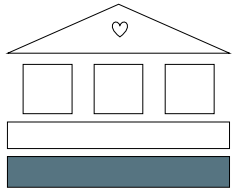
FREE CASH FLOW

DKK 0m to 100m

GOOD PROGRESS ON OUR STRATEGY



SECURING A ROBUST FOUNDATION OF THE BUSINESS



STRONG BACKBONE FOR BUSINESS RESILIENCE & HEALTHY GROWTH

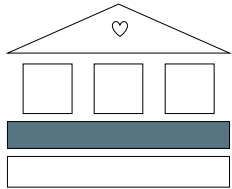
Improve profitability

- Full run-rate of cost reduction programme completed last year
- Price increases implemented
- Production on some products shifted between Asia and EMEA to reduce logistics costs

Be the best place to work for the best people

- 85 new employees hired (gross), particularly in
 - Software
 - Engineering

BUILDING THE MODEL FOR SCALE IN THE FUTURE



PROVEN SCALABLE GROWTH FORMULA

Build product portfolio fit for the future

- Three product innovations launched
 - Beovision Contour 55”
 - Beoplay EQ
 - Stereo pairing for Beosound Balance, Level and Emerge
- Sports collection of Beosound A1 2nd Gen and Beoplay E8 Sport

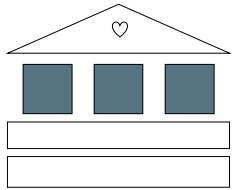
Amplify demand

- Sports campaigns
- Executing on influencer strategy
 - Lay Zhang as new global brand ambassador
 - Partnership with Trent Alexander-Arnold
 - Engagement with 50+ influencers
- 7.5% increase in customer base during Q1

Accelerate digital ecosystem

- Own eCommerce grew by 20%
- Launch of own eCommerce in Japan end Q1
- Doubling of page views following release of sports campaigns
- Feature updates to the B&O App

CONCERTED EFFORTS WITHIN PILLARS OF GROWTH



MARKET AND GROWTH PRIORITIES FOR THE YEAR

Win in six European core markets

- 37% growth in local currencies
- Staged and Flexible Living products driving most of the growth
- Monobrand network delivering majority of absolute growth
- Etailers channel more than doubled
- Roll-out of new active display concept for multibrand, BeoCube

Build foundation for accelerated in two Asian core markets

- 17% growth in local currencies
- +30% growth, adjusted for phasing of orders LY
- Continued strong momentum from Flexible Living
- Lay Zhang ambassador programme, boosted relevancy and brand awareness with the Chinese audience.

Expand strategic partnerships

- Renewal of partnership agreement with HP
- New agreement with Sagemcom
 - Sold to Vodafone, Spain and Totalplay, Mexico
- Collaboration with Saint Laurent

WE CONTINUE TO RECEIVE STRONG REVIEWS OF NEW PRODUCTS





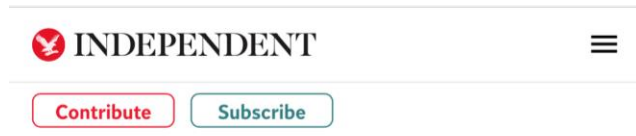
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Home > Headphones > Headphone reviews > Bang & Olufsen headphone reviews

Bang & Olufsen Beoplay EQ review: Classy design, even classier sound

 Cam Bunton, Contributing editor  · 12 September 2021 · [Review](#)



Extras > IndyBest > Tech > Headphones & Earphones

Beoplay EQ review: Premium Bang & Olufsen audio quality in a stylish pair of noise-cancelling earbuds

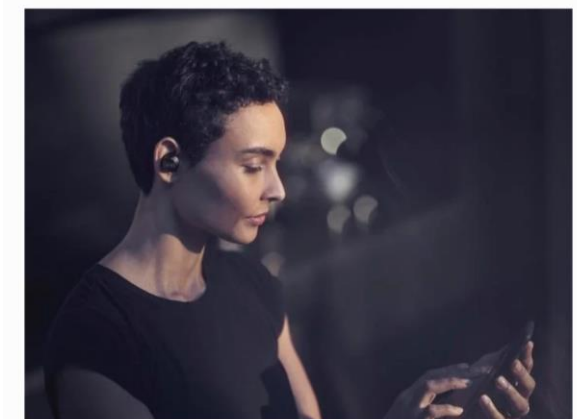
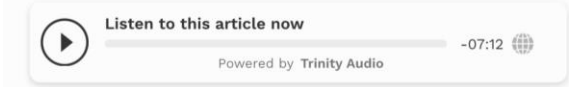
B&O gets serious noise-cancelling game with its first pair of wireless ANC earphones

Steve Hogarty | Thursday 19



Review: B&O Embraces The Sound Of Silence With These Great New EQ Noise-Canceling Earphones

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Consumer Tech
Technology journalist specializing in audio, computing and photography



The new Beoplay EQ from Danish audio legend Bang &... [\[+\]](#)
B&O

AGENDA

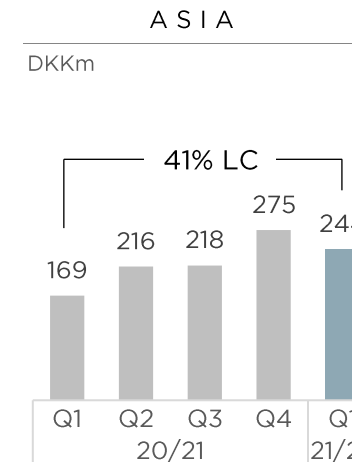
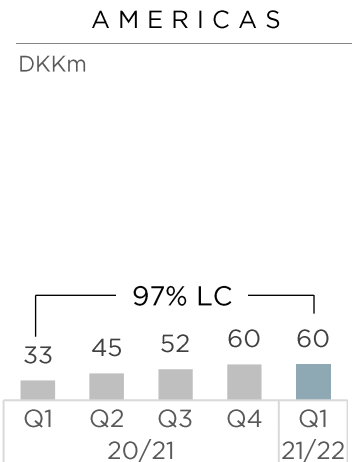
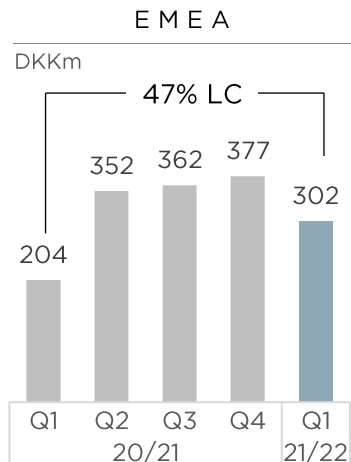
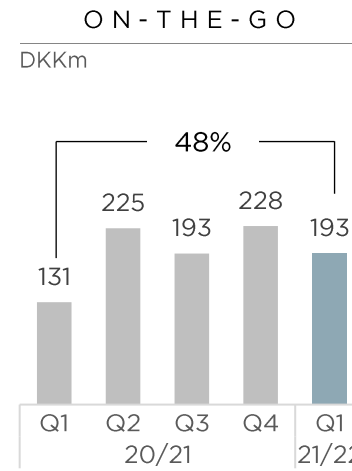
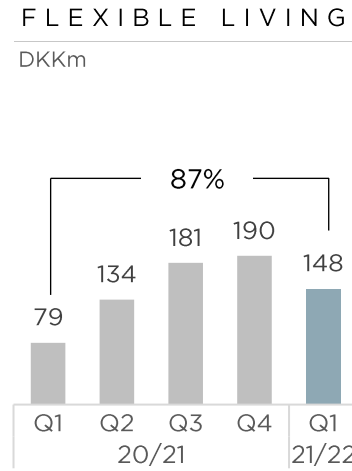
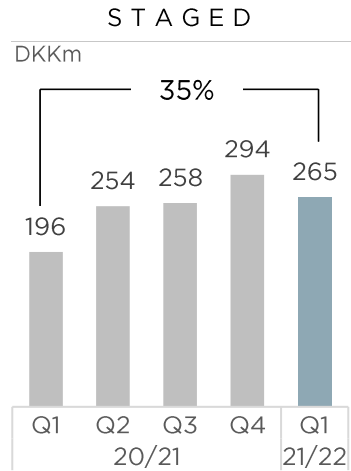
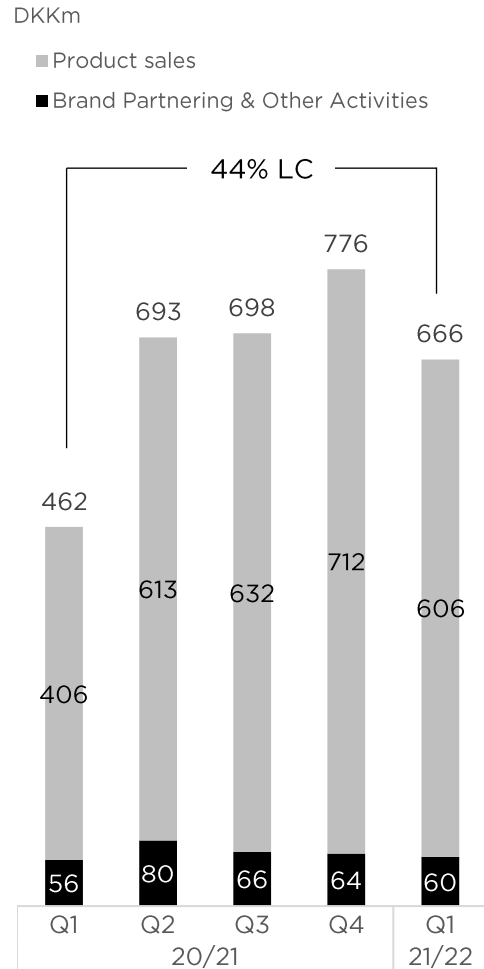
KEY HIGHLIGHTS AND STRATEGY UPDATE

FINANCIAL PERFORMANCE

OUTLOOK



44% REVENUE GROWTH DRIVEN BY ALL CHANNELS, REGIONS AND PRODUCT CATEGORIES



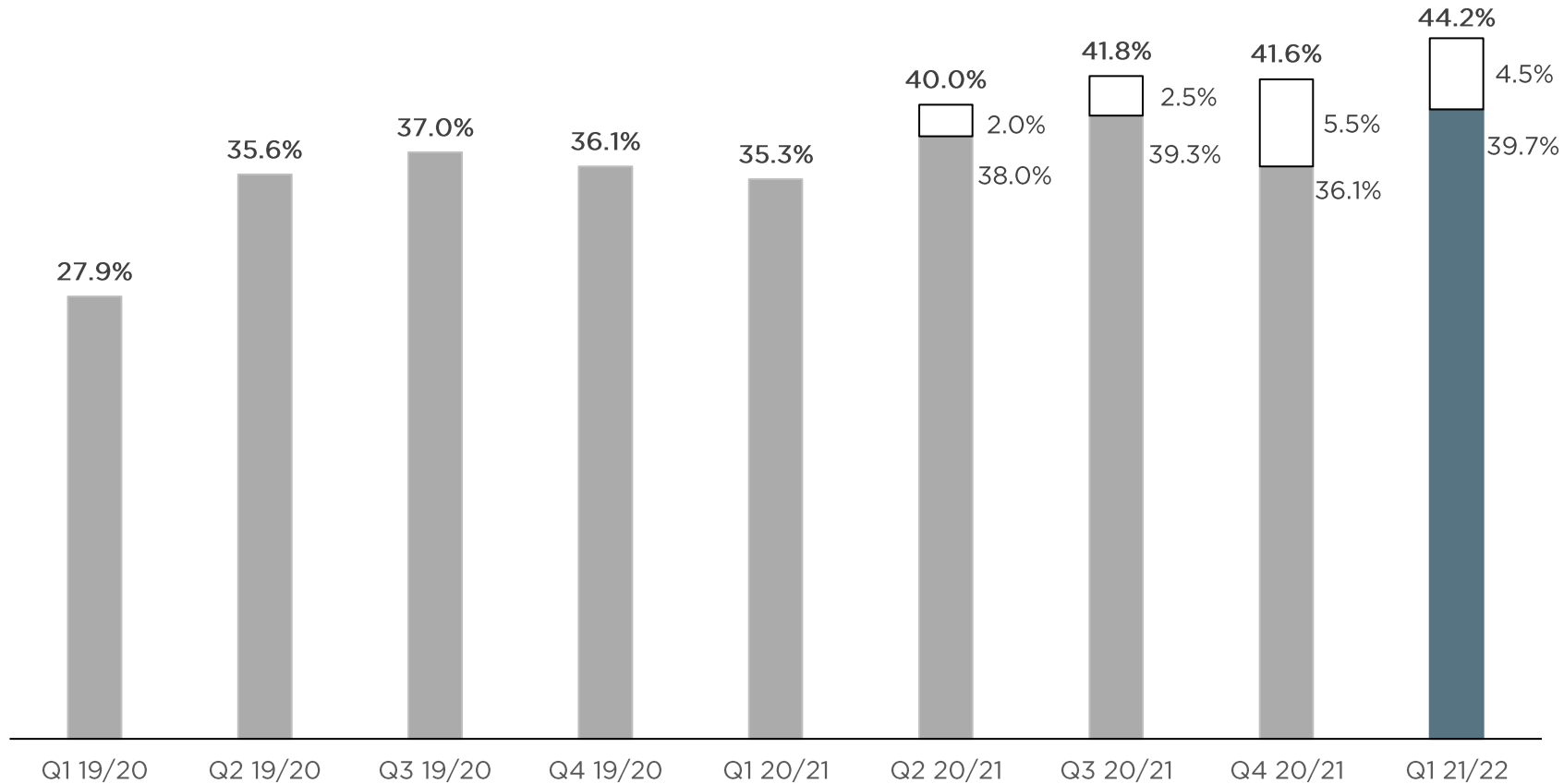
Revenue grew 44% YoY

- Product sales grew 48% to DKK 666m
- Brand Partnering & other activities increased 9% in local currencies, driven by licencing income.
- Component scarcity impacted growth within both brand licencing and product sales

Development in product sales

- Improved channel performance across regions
- All product categories delivering strong growth
- Double-digit sell-out growth in all product categories

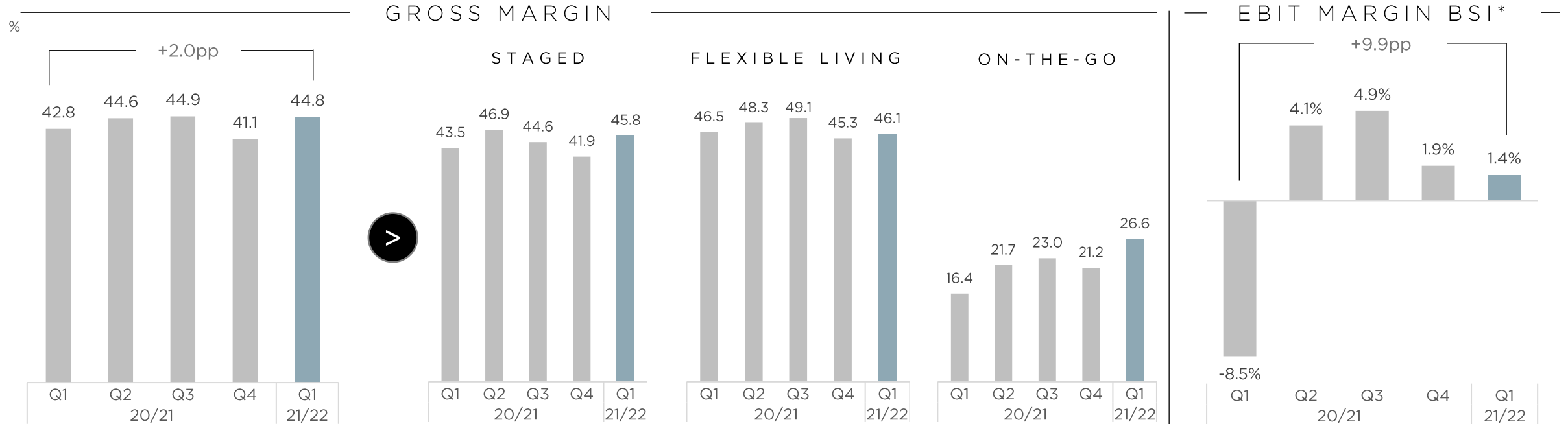
IMPROVED PRODUCT GROSS MARGIN, BUT ADVERSELY IMPACTED BY COMPONENT AND LOGISTICS COSTS



The improvements in product gross margin are related to

- Less end-of-life sales
- Less discounts
- Product mix
- Price increases
- Better fixed cost to revenue ratio

FOURTH CONSECUTIVE QUARTER WITH POSITIVE EBIT



- Improved gross margin driven by:
 - Higher product gross margin
 - partly offset by Brand Partnering accounting for relatively less of gross profit

- Increased 2.3pp
 - Improved product mix

- Decreased 0.4pp

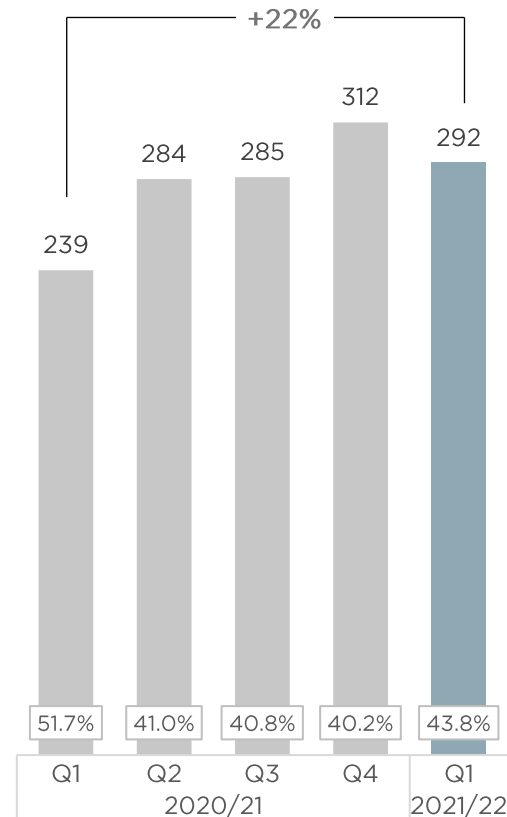
- Increased 10.2pp
 - Last year, impacted by sales of end-of-life products

- Year-on-year, improved by revenue growth and higher gross margin

CAPACITY COSTS RATIO IMPROVED YEAR-ON-YEAR

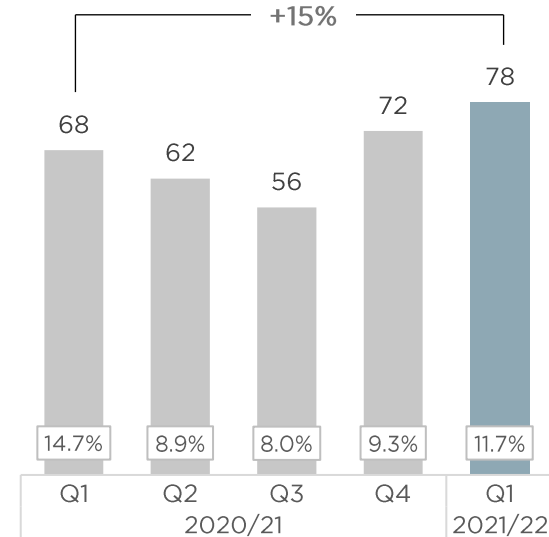
CAPACITY COSTS

DKKm



DEVELOPMENT COSTS

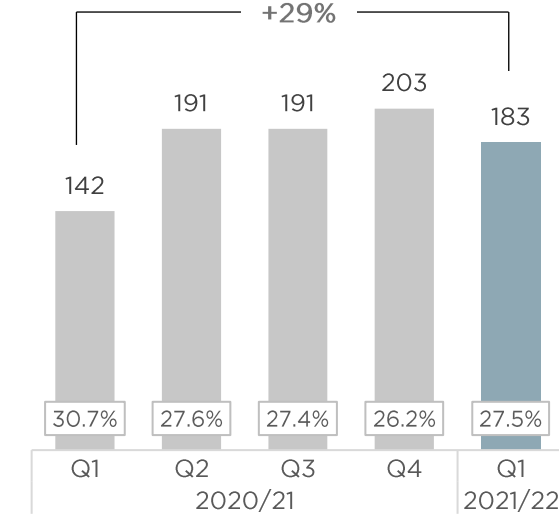
DKKm



- Absolut increase related to higher amortisation and higher incurred development costs
- Incurred development costs grew by 11% to DKK 72m
- Investments in platform upgrades and upcoming product launches

DISTRIBUTION & MARKETING COSTS

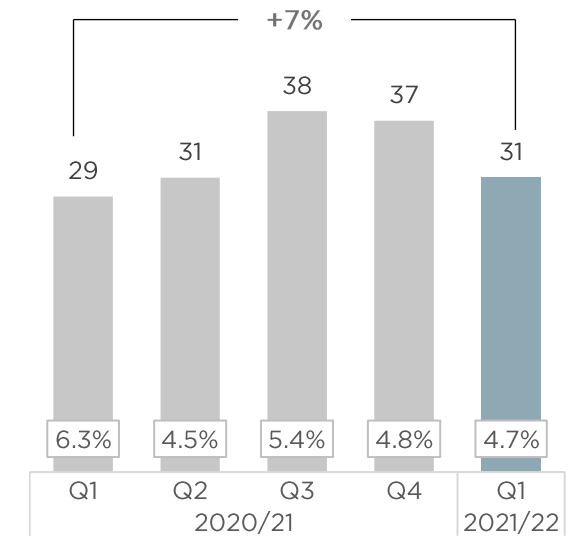
DKKm



- Investments in sales and marketing
- Higher warranty provisions following revenue growth
- Effect of monobrand stores taken over during 20/21

ADMINISTRATIVE COSTS

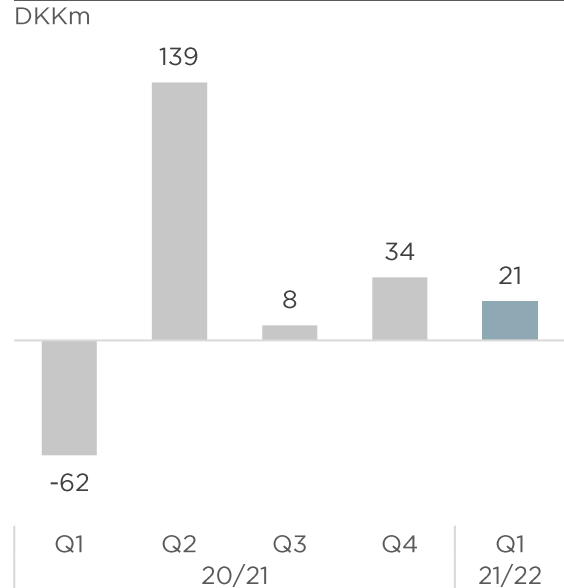
DKKm



- Continued focus on administrative cost development

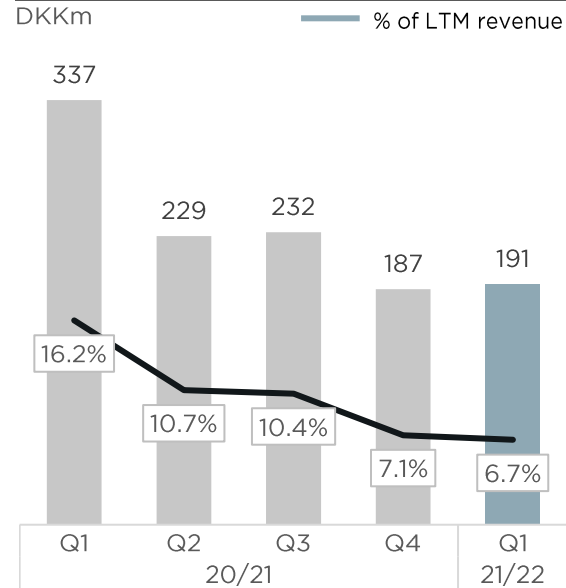
FOURTH CONSECUTIVE QUARTER WITH POSITIVE FREE CASH FLOW

FREE CASH FLOW



- EBITDA of DKK 59m in line with Q4 and DKK 54m better than Q1 LY
- Minor negative impact from working capital
- CAPEX in line with last year

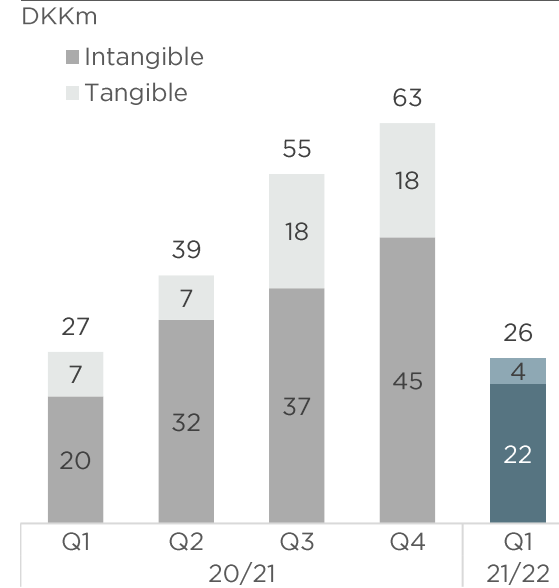
NWC



Net working capital increased DKK 4m within the quarter

- Trade payables up DKK 131m due to higher production
- Inventories up DKK 84m due to timing of supply
- Receivables up DKK 33m driven by revenue growth
- NWC ratio to revenue declined to 6.7%

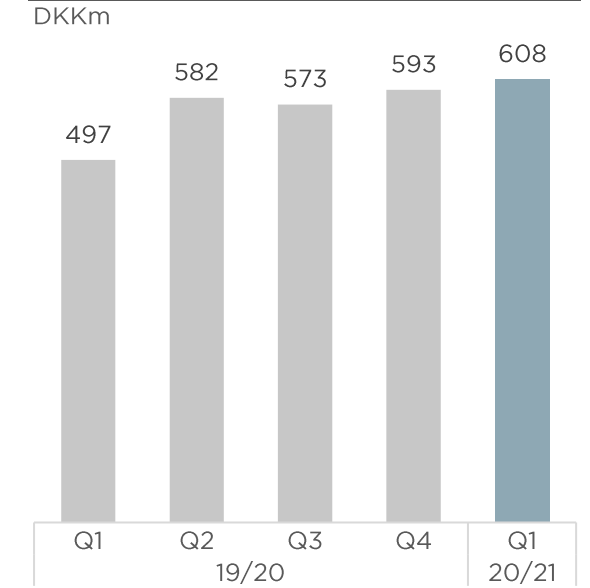
CAPEX



Investments primarily in intangible assets related to

- Development of new products
- Development of product platforms

AVAILABLE LIQUIDITY



- Available liquidity increased to DKK 608m
- Available liquidity increased by DKK 111m during the past 12 months

AGENDA

A person's hand is hovering just above a cylindrical speaker. The speaker has a light-colored, textured fabric grille and a gold-colored top and bottom. It sits on a light-colored wooden cylindrical stand. The background is a blurred indoor setting with a dark table and a white sofa.

KEY HIGHLIGHTS AND STRATEGY UPDATE

FINANCIAL PERFORMANCE

OUTLOOK

OUTLOOK 2021/22 MAINTAINED

OUTLOOK

Revenue
DKK 2.9bn to 3.1bn

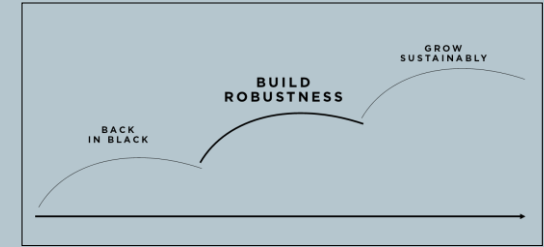
EBIT margin BSI*
2-4%

Free cash flow
DKK 0m to 100m

MAIN ASSUMPTIONS

- Growth mainly driven by product sales
 - Full-year effect from products launched last year
 - Launching +4 product innovations in the next nine months
 - Double-digit customer base growth
 - No significant worsening of product availability e.g. due to component scarcity
 - New COVID-19 outbreaks will not be materially different from 2020/21
-
- Component and logistics costs assumed to stay at the current increased price level
 - Higher capacity costs related to investments in robustness
 - Full-year effect of costs related to company owned and operated stores taken over in 20/21
 - Full-year effect of cost reduction programme
-
- No material changes in overdue receivables
 - Higher CAPEX related to both product and retail development

SUMMARY | STRONG MOMENTUM FROM LAST YEAR MAINTAINED



- Continued execution on turnaround strategy
- The first time since 2007/08 with a positive Q1 result from operations.
- Broad based revenue growth of 44% across regions, channels and product categories
- Component shortage had a negative effect on sales and margin
- Outlook maintained as uncertainty and visibility remains challenged

A woman with dark hair pulled back, wearing a brown blazer over a white shirt, is seated in the back of a car. She is wearing large, black, over-ear headphones with the 'B&O' logo on the ear cup. She is looking out the window to her left. The car's interior is visible, including the leather seats and window frame. The background outside the window is a blurred city street at night.

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