

Bang & Olufsen accelerates China growth plans through strategic partnership with Sparkle Roll and A CAPITAL. DKK 177 million in net proceeds expected from new share issue solely directed to the Chinese partners.

Background

As part of the Leaner, Faster, Stronger strategy plan announced in August 2011, expansion in China is a strategic priority. To further accelerate the growth of the Bang & Olufsen brand in China, the company has entered into a strategic partnership with Sparkle Roll Holdings Limited ("Sparkle Roll") and A CAPITAL China Outbound Fund, FCP-SIF and A CAPITAL Bravo Holding S.à.r.l. ("A CAPITAL").

The strategic partnership aims at leveraging the resources and experience of the strategic investors in distribution, branding and local operations to assist Bang & Olufsen's development in China.

Sparkle Roll is a private company 100% owned by Mr. Qi Jianhong. It owns 28% of Sparkle Roll Group Ltd. [970:HK], which is a leading distributor of luxury cars (Bentley, Rolls-Royce and Lamborghini), jewellers (Boucheron and Royal Asscher), watches (Richard Mille, Dewitt and Parmigiani), and fine wines in China. It holds investments also in Burberry China, TSL China and Jackie Chan Cultural Media. With 15 years' experience of distributing and marketing luxury goods in China, Sparkle Roll has built a strong customer base of high net worth individuals and reliable relationships with luxury shopping malls in major Chinese cities.

A CAPITAL is a leading China-Europe growth capital fund, specialized in investing into market leading European companies with strong growth potential in China.

New shares issue

As part of the strategic partnership the board of directors has decided to increase the company's share capital by 8.35% of the existing share capital at market price in a share issue directed to Sparkle Roll and A CAPITAL.

Sparkle Roll has subscribed for new shares representing 6.63% of the existing share capital (corresponding to 6.12% of Bang & Olufsen's share capital after the capital increase) and A CAPITAL has subscribed for new shares representing 1.72% of the

existing share capital (corresponding to 1.59% of Bang & Olufsen's share capital after the capital increase) both at market price.

The net proceeds from the transaction of approximately DKK 177 million will be used to accelerate the growth in China, other growth initiatives and for general business purposes.

Under the terms of the collaboration agreement regarding the strategic partnership, Sparkle Roll and A CAPITAL have undertaken a stand still obligation restricting Sparkle Roll and A CAPITAL and their respective related parties from trading in Bang & Olufsen shares until 1 August 2014, except in connection with a public tender offer to all shareholders of Bang & Olufsen, a merger or another form of business combination. The stand still obligation does not apply if after the expiration of the first 12 months after closing of the transaction there is a material adverse effect in respect of the business of Bang & Olufsen or a material increase or decrease in the Bang & Olufsen share price.

The strategic partnership is subject to completion of the directed share issue. In order to complete the directed share issue, Sparkle Roll must obtain approvals from Chinese authorities pursuant to Chinese rules on overseas investments. The strategic partnership and the capital increase will be cancelled, if Sparkle Roll cannot obtain the necessary approvals from Chinese authorities.

A CAPITAL has been instrumental in initiating and structuring the transaction and the strategic partnership and will coordinate the partnership between Bang & Olufsen and Sparkle Roll and provide input to the parties on how to continuously optimize the cooperation to the benefit of Bang & Olufsen. For these reasons, the Board of Directors have undertaken to nominate A CAPITAL Chairman Andre Loesekrug-Pietri as member of the Board of Directors at the upcoming Annual General Meeting.

Quote

Tue Mantoni, President & CEO: "The strategic partnership will be important for accelerating our growth in China. We have been very impressed with Sparkle Roll's track record and execution in China, especially their insights and experience in the Chinese luxury market. Sparkle Roll's advice on building our brand, retail network and awareness with high net worth individuals will positively impact Bang & Olufsen's development in a strategically important market by providing access to relevant high end retail locations, media and marketing opportunities.

A CAPITAL has demonstrated a unique ability to create a bridge between Sparkle Roll and Bang & Olufsen and will play an important role in the partnership going forward.

With the directed share issue to Sparkle Roll and A CAPITAL we have secured global alignment of interests with our strategic partners, which was very important for us."

Present Chinese operation

During the last 12 months, Bang & Olufsen has acquired the operations in Hong Kong and South China from the previous distributor and opened a sales and marketing office in Shanghai. In parallel, Bang & Olufsen has investigated alternative strategic partnerships opportunities in the region. These investigations have resulted in a strategic partnership with Sparkle Roll and A CAPITAL.

The existing master dealer structure will continue, but Sparkle Roll and A CAPITAL will help accelerate the growth of the Bang & Olufsen brand in China.

Issue of new shares

The 3,026,421 new Bang & Olufsen shares of DKK 10 each to be issued to Sparkle Roll and A CAPITAL have been subscribed for at a price of DKK 60.22 per share of DKK 10 nominal value. The subscription price is equal to the market price calculated as the average closing price of Bang & Olufsen's shares within a 30 days period prior to (and excluding) 19 July 2012.

Payment of the subscription price is expected to take place in September 2012 when Sparkle Roll has obtained the necessary approvals from Chinese authorities pursuant to Chinese rules on overseas investments. Unless otherwise agreed between the parties, the capital increase will be cancelled, if Sparkle Roll has not obtained the necessary approvals on or before 30 September 2012.

The 3,026,421 new shares will be issued without pre-emption rights for Bang & Olufsen's current shareholders. The directed share issue has been decided by Bang & Olufsen's Board of Directors pursuant to Article 4(6) of Bang & Olufsen's Articles of Association authorising the Board of Directors to increase the share capital of Bang & Olufsen with up to 10% of the existing share capital. The new shares will have the same rights as the existing shares.

Registration, admission to trading and official listing of the new shares

The new shares will be issued and registered with VP Securities Service and admitted to trading and official listing on the Nasdaq OMX Copenhagen exchange under the ISIN code of Bang & Olufsen's existing shares (ISIN code DK0010218429) once the subscription price has been paid and the new shares have been registered with the Danish Business Authority. Admission to trading and official listing of the new shares will take place as soon as possible after the registration of the new shares with the Danish Business Authority.

Before the directed share issue, the number of shares was 36,244,014. After the directed share issue the total number of shares amounts to 39,270,435.

Expected time table for the capital increase:

Date	Event
19 July 2012	Decision by Bang & Olufsen's Board of Directors to exercise its authorisation to increase the share capital
19 July 2012	Subscription for the new shares by Sparkle Roll and A

	CAPITAL
No later than 30 September 2012	Registration of the new shares with the Danish Business Authority as well as issue and registration of the new shares with VP Securities Services as soon as possible after receipt of payment.
As soon as possible after registration of the new shares	Admittance to trading and official listing of the new shares with the Nasdaq OMX Copenhagen exchange.

Outlook

The establishment of the strategic partnership with Sparkle Roll and A CAPITAL and the directed share issue has no impact on Bang & Olufsen's expectations for the financial year 2011/2012. Bang & Olufsen expects to publish its annual report for 2011/2012 and expectations for the financial year 2012/2013 on 15 August 2012.

Ole Andersen
Chairman

Tue Mantoni
President & CEO

Questions related to this announcement to be made to:

President & CEO Tue Mantoni, tel.: +45 4030 8986

Bang & Olufsen was founded in Struer, Denmark, in 1925 by Peter Bang and Svend Olufsen, two innovative, young engineers devoted to high quality audio reproduction. Since then, the brand has become an icon of performance and design excellence through its long-standing craftsmanship tradition and the strongest possible commitment to high-tech research and development.

Still at the forefront of home entertainment technology, Bang & Olufsen has extended its comprehensive experience with integrated audio and video solutions for the home to other areas such as the hospitality and automotive industries in recent years. Consequently, its current product range epitomizes seamless media experiences in the home as well as in the car and on the move.

For more information on Bang & Olufsen, please visit www.bang-olufsen.com.