

BANG & OLUFSEN

**CARNEGIE VIRTUAL NORDIC
SMALL & MID CAP SEMINAR 2020**

NIKOLAJ WENDELBOE, CFO

7 SEPTEMBER 2020



DISCLAIMER

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities issued by Bang & Olufsen a/s in any jurisdiction, including the United States of America, Canada, Australia, Japan or the United Kingdom, or an inducement to enter into investment activity in any jurisdiction.

This presentation contains forward looking statements. Such statements concern management's current expectations, beliefs, intentions or strategies relating to future events and hence involve substantial risks and uncertainties. Actual future results and performance may differ materially from those contained in such statements. This presentation does not imply that Bang & Olufsen a/s has undertaken to revise these forward looking statements, except what is required under applicable law or stock exchange regulation.

No part of the information contained in this presentation should form the basis of or be relied upon in connection with any contract or commitment or investment decision whatsoever. Neither Bang & Olufsen a/s nor any of its affiliates, advisors or other representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents.

SOUND | DESIGN | CRAFTSMANSHIP



A GLOBAL COMPANY WITH STRONGHOLD IN EMEA AND GROWTH POTENTIAL IN ALL REGIONS

REVENUE SPLITS FY 2019/20

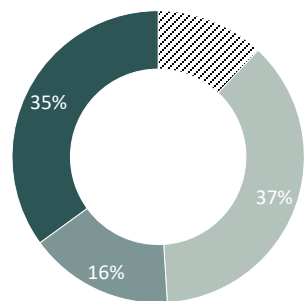
REVENUE DKKm

2,036

GROSS MARGIN

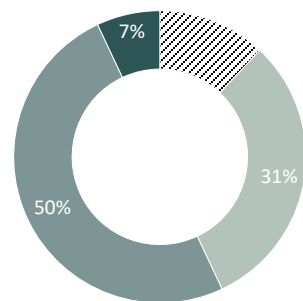
39.4%

THREE PRODUCT CATEGORIES



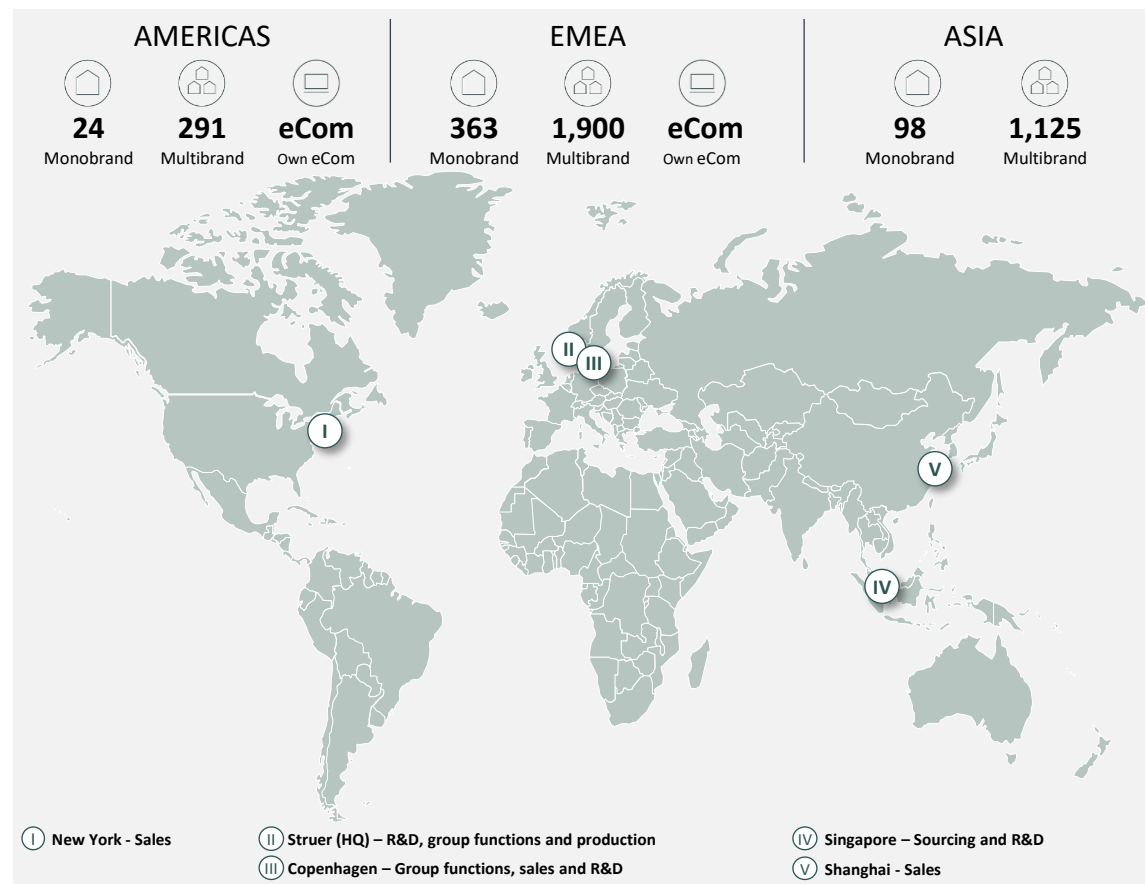
- On-the-go
- Flexible living
- Staged
- ▨ Brand partnerships & other

THREE GEOGRAPHICAL REGIONS

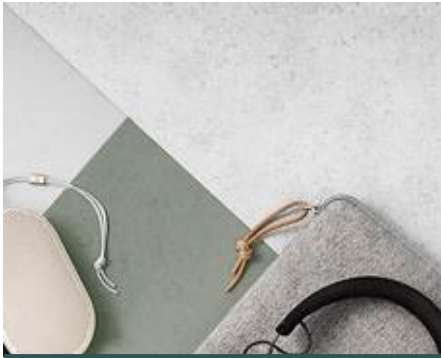


- EMEA
- Asia
- Americas
- ▨ Brand partnerships & other

GLOBAL FOOTPRINT¹



A DECADE OF TRANSFORMATION HAS CONSTRUCTED A FOUNDATION FOR GROWTH



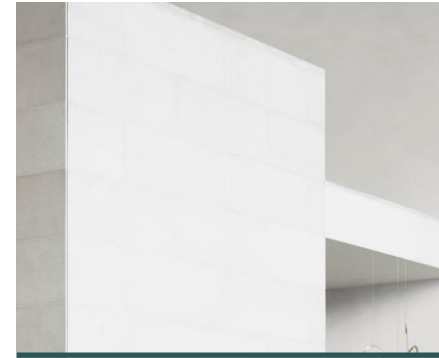
Scalable & asset-light business model



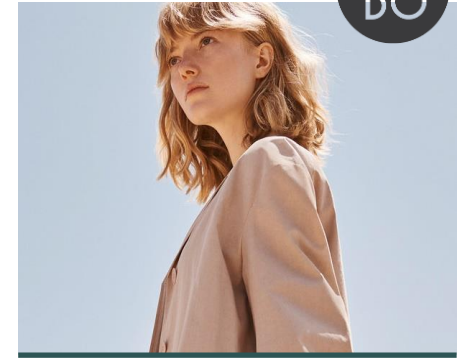
Unique in-house capabilities



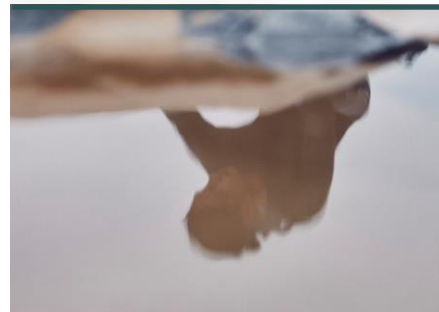
Global luxury brand



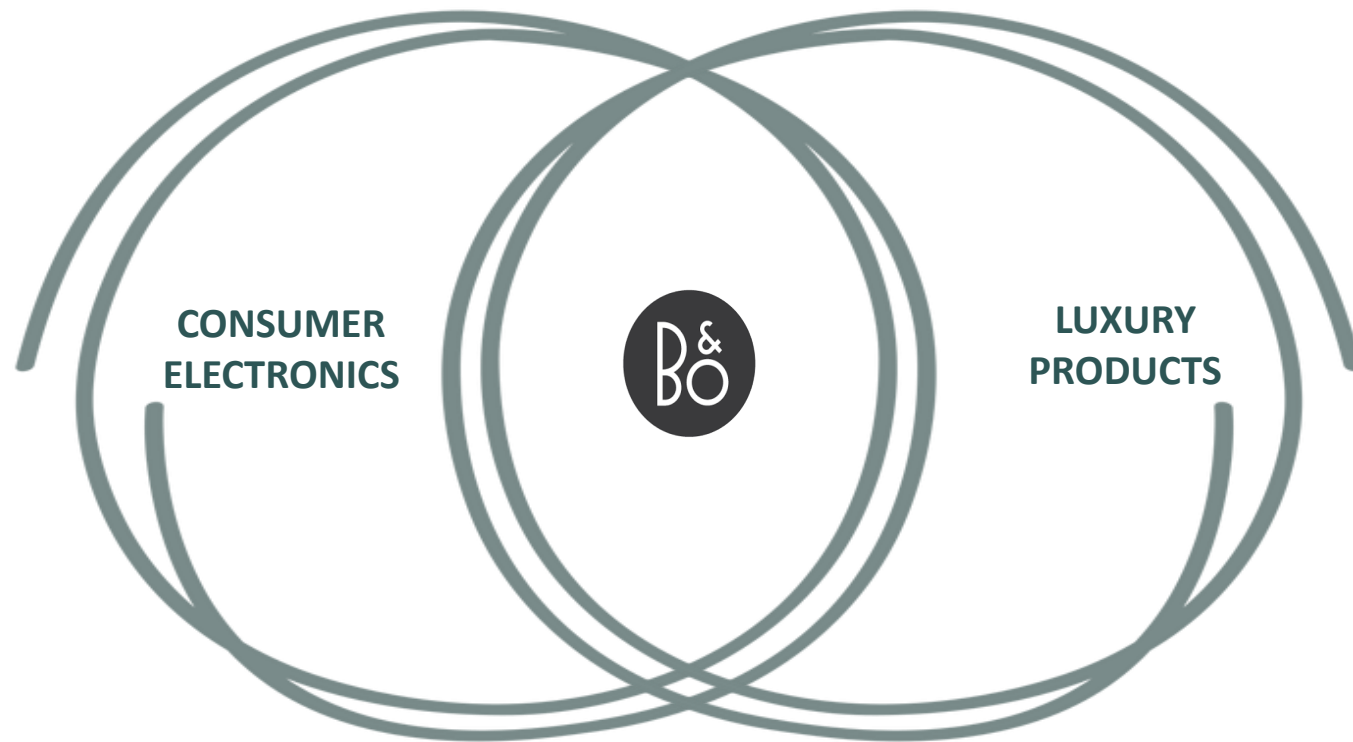
Iconic products and solid product pipeline



Consumer centric distribution network



UNIQUE POSITION IN THE INTERSECTION BETWEEN CONSUMER ELECTRONICS AND LUXURY



THE CAPITAL POSITION HAS BEEN STRENGTHENED TO SAFEGUARD THE COMPANY THROUGH THE COVID-19 CRISIS

NEW TEAM AND STRATEGY

- New management team onboarded following deteriorating financial performance
- New strategy launched in April, to get back to profit and sustainable growth
- Aspiration to reach sustainable growth faster

SIGNS OF UNDERLYING IMPROVEMENT

- Initiation of cost reduction programme and other strategic initiatives
- New product launches supporting gradual revenue stabilisation
- Underlying improvement in business performance
- Increasing gross margin and free cash flow from Q1 to Q3 2019/20

PROMPT NEGATIVE EFFECTS CAUSED BY COVID-19

- Q4 significantly impacted by COVID-19
- Sales impacted by temporary store closures and lockdown in all key markets
- Increased uncertainty due to lack of transparency around duration, speed of re-opening and the impact from COVID-19 on the global economy

CAPITAL POSITION STRENGTHENED

- Approx. DKK 356 million in net proceeds raised through a rights issue
- Overall purpose to strengthen capital resources and to support the implementation of Bang & Olufsen's key strategic priorities

FOCUS ON HEALTHY SELL-OUT AND CASH MANAGEMENT | PAST PERFORMANCE IMPACTED BY OWN AND CHANNEL INVENTORY

REVENUE, DKKm

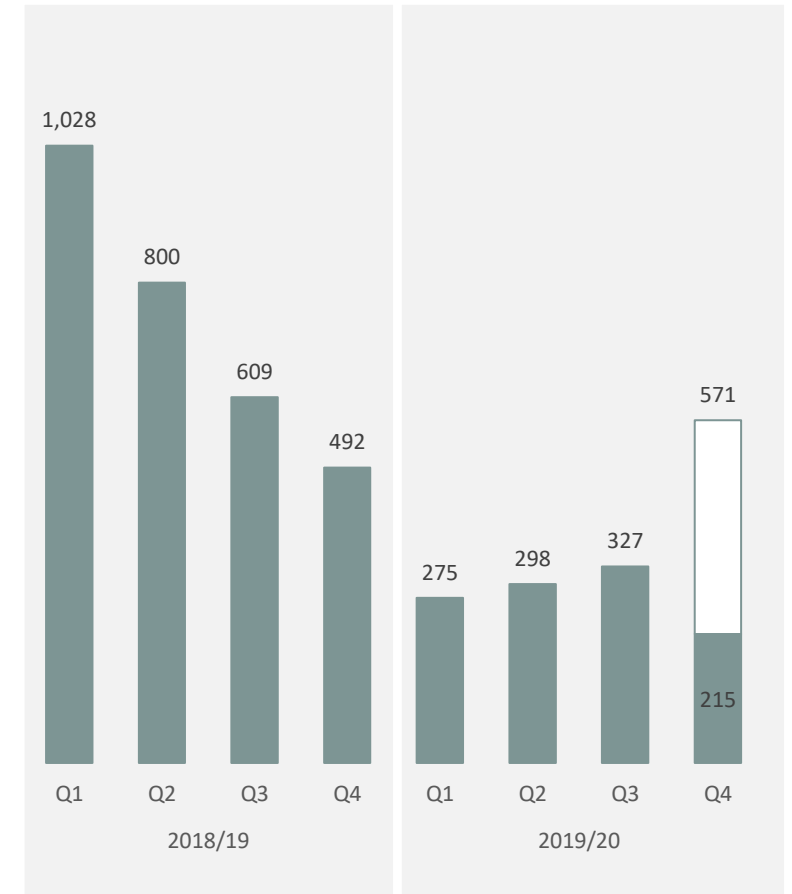
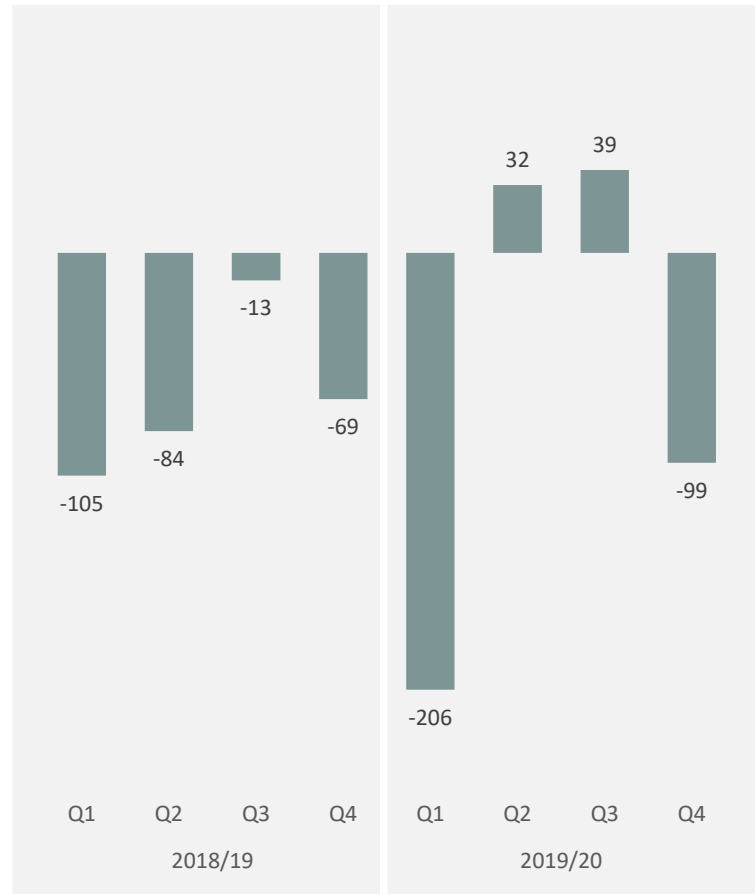
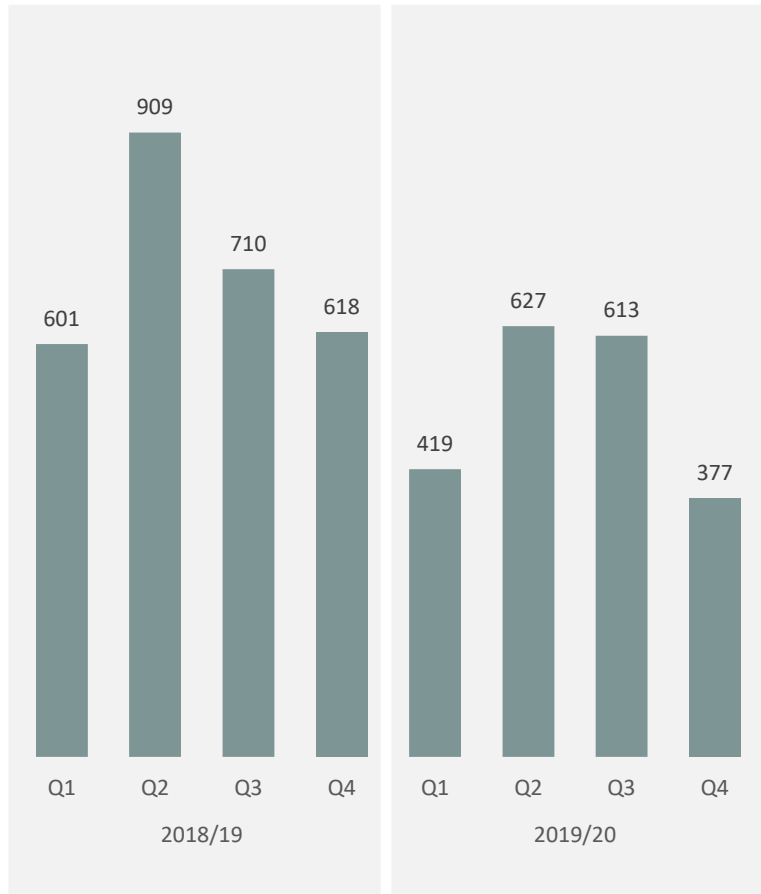
FREE CASH FLOW, DKKm

CASH POSITION, DKKm

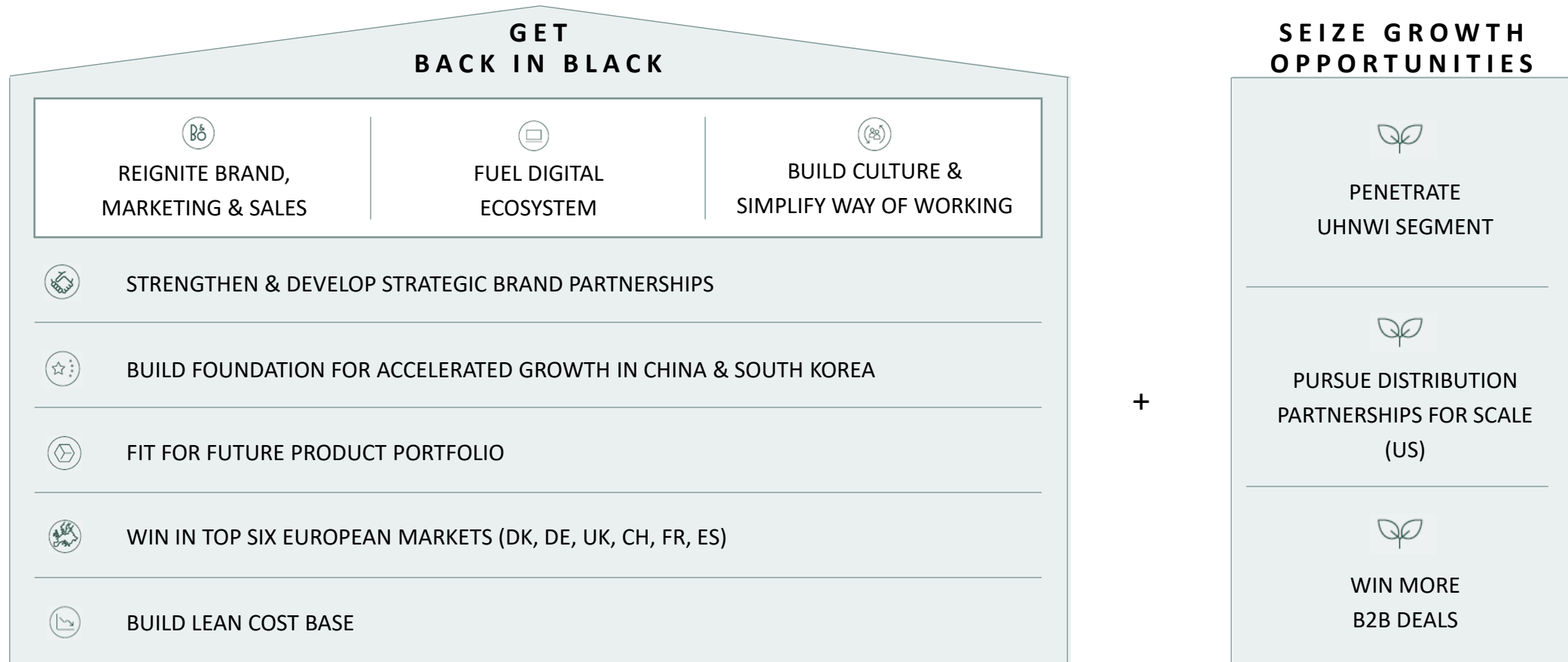
NEW MANAGEMENT

NEW MANAGEMENT

NEW MANAGEMENT



SHORT TERM, WE WILL FIX FUNDAMENTALS IN OUR CORE BUSINESS, AND SEIZE POTENTIAL IN OPPORTUNITY POCKETS



OUTLOOK 2020/21 | EXPECTED POSITIVE DEVELOPMENT COMPARED TO 19/20

OUTLOOK

Revenue

Approx. DKK 2.2bn

EBIT BSI*

Approx. DKK -100m

Free cash flow

Approx. DKK -200m

MAIN ASSUMPTIONS

- Revenue supported by +10 new products and upgrades as well as new colour, material, finish (CMF) versions of existing products
 - COVID-19 increases guidance uncertainty due to lack of transparency and uncertainty
-
- EBIT impacted positively by lower capacity costs as a result of the cost reduction programme
-
- Free cash flow impacted positively by lower capacity costs as a result of the cost reduction programme
 - Adverse impact from working capital management and use of government relief packages in 19/20



BANG & OLUFSEN

WE ARE ON TRACK TO FIX THE BASICS AND REGAIN STRENGTH

**GROW
SUSTAINABLY**

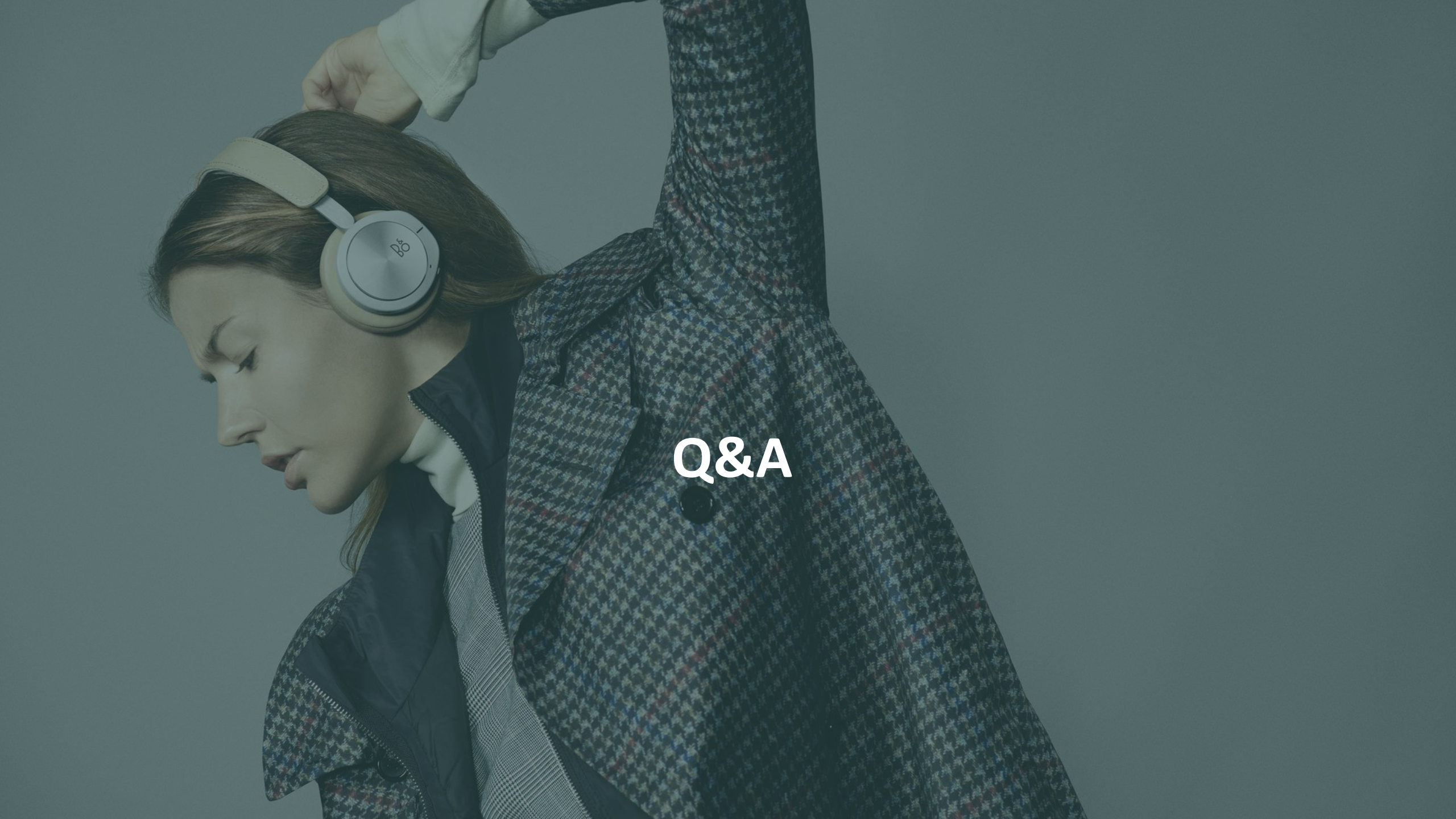
**BUILD
ROBUSTNESS**

**FIX
THE BASICS**

- Healthy growth in focus markets
- Scalable business model

- P&L robustness
- Proof of concept for scalability

- P&L improvement
- Few priorities,
deep implementation



Q&A