

BANG & OLUFSEN

Announcement of rights issue

Webcast Presentation, 12 May 2020

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CAPITAL INJECTION REQUIRED TO SAFEGUARD THE COMPANY THROUGH THE COVID-19 CRISIS

THE SITUATION IN BRIEF

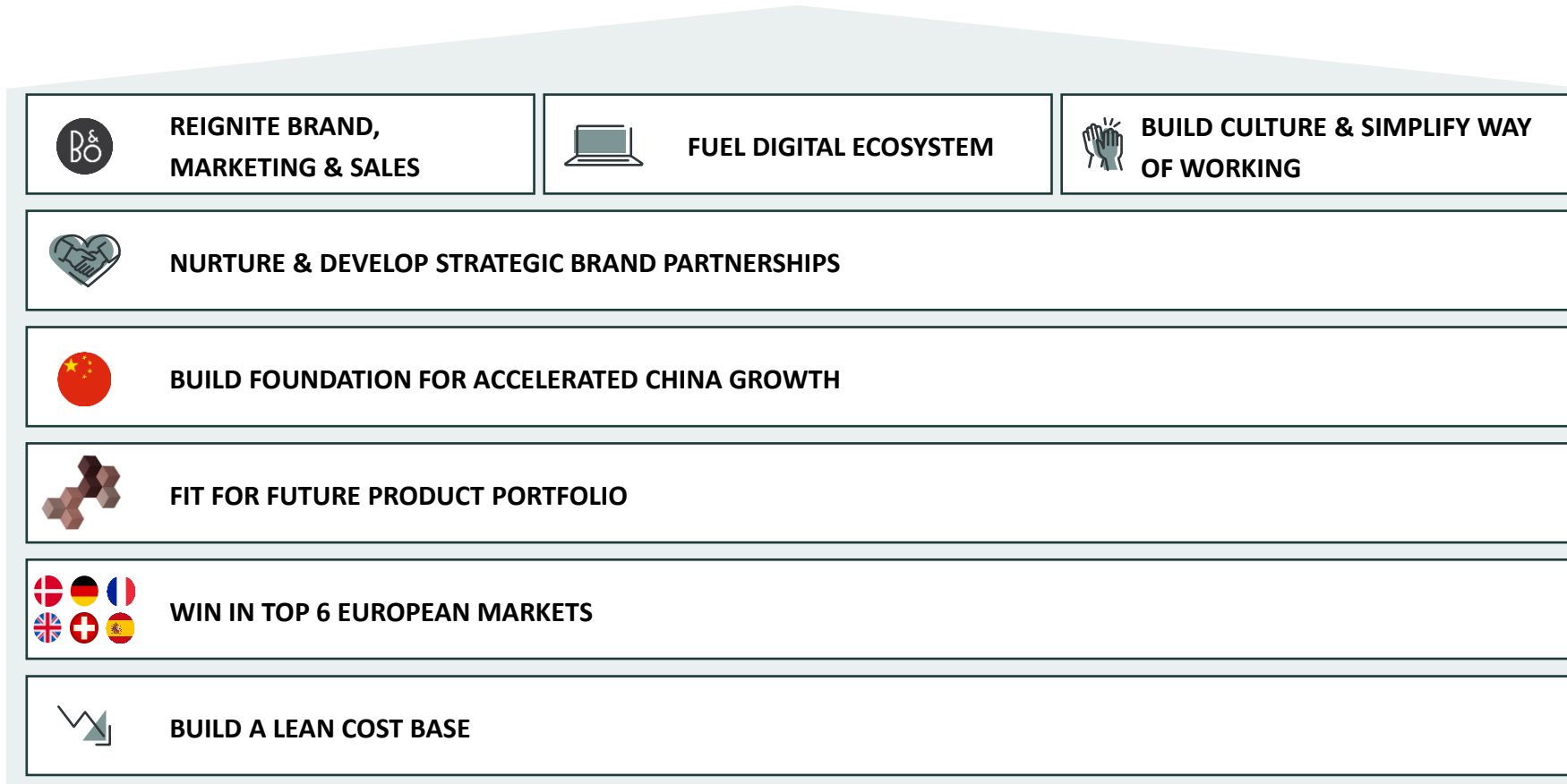
- As stated in the Q3 2019/20 announcement, Bang & Olufsen has analysed measures to strengthen its capital base due to the COVID-19 outbreak
- The Company is seeking shareholders' approval for a fully underwritten rights issue of approx. DKK 400 million
- Support from a number of institutional investors, including our Danish shareholders ATP, Chr. Augustinus Fabrikker and Færchfonden
- A commitment letter for a DKK 100 million committed credit facility has been entered into, subject to successful execution of the rights issue
- The Board of Directors and the executive management team have agreed to co-invest and to a temporary fee and salary reduction of 20%
- All shareholders are urged to vote for the proposals put forward by the Board of Directors

KEY HIGHLIGHTS OF RIGHTS ISSUE

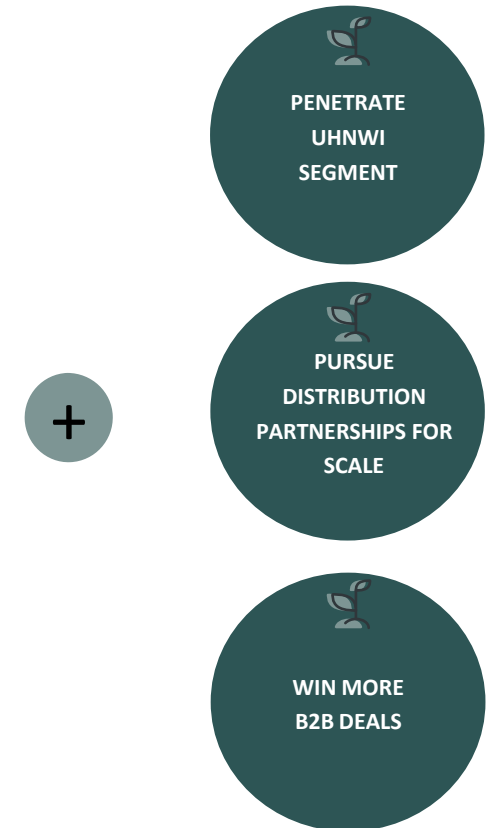
Transaction	<ul style="list-style-type: none">▪ Rights issue with pre-emptive subscription rights for existing shareholders. Subscription rights may be traded▪ Terms to be fixed ahead of EGM based on prevailing market conditions
Use of funds and proceeds	<ul style="list-style-type: none">▪ Generally strengthen our capital base▪ General corporate purposes in accordance with our key strategic priorities and strategic direction
Proceeds and underwriting	<ul style="list-style-type: none">▪ Fully underwritten rights issue with gross proceeds of approx. DKK 400 million▪ Withdrawal right e.g. in case of material adverse changes
Timing	<ul style="list-style-type: none">▪ Extraordinary general meeting on 3 June 2020▪ The rights issue is expected to take place during June 2020 after publication of the prospectus on 4 June 2020

STRATEGY LAUNCHED ON 2 APRIL 2020 INTACT | OVERVIEW OF FIX THE BASICS INITIATIVES

GETTING OUR HOUSE IN ORDER

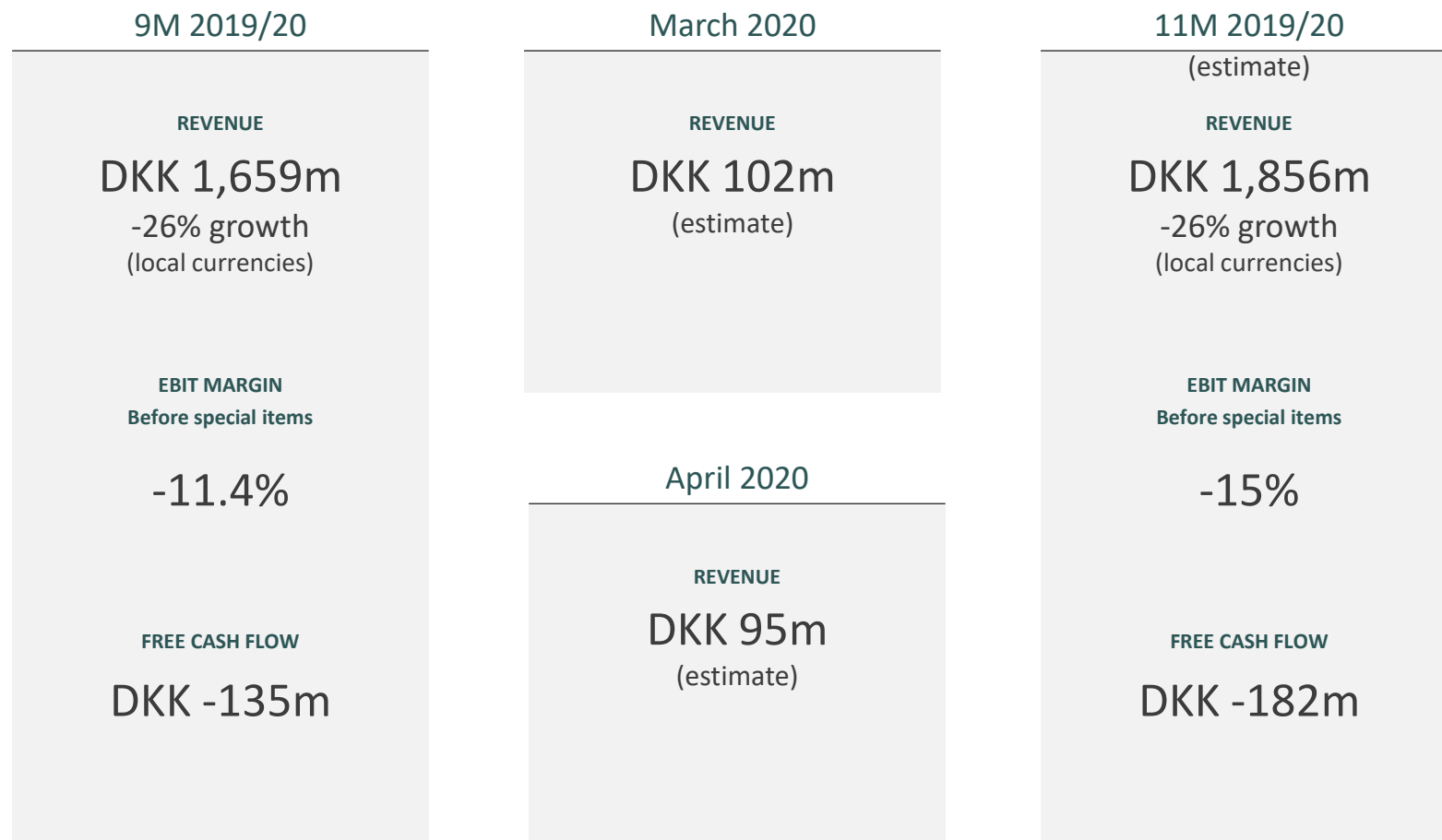


SEIZING GROWTH OPPORTUNITIES



TRADING UPDATE | COVID-19 IMPACTING FINANCIALS NEGATIVELY IN MARCH AND APRIL

- Financial performance in March and April has been significantly impacted by COVID-19 and the lockdown in all key markets
- During the period more than 60% of global doors have been closed
- We have taken measures to seek to alleviate and mitigate the negative effects of COVID-19 and have also made use of government relief packages
- Already before the global outbreak of COVID-19, the company launched a strategy to improve operational and financial performance



OUTLOOK FOR 2019/20

OUTLOOK	STATUS	COVID-19 UNCERTAINTIES AND MITIGANTS
Revenue growth Decline by 20-29%	<ul style="list-style-type: none">▪ Based on the preliminary numbers for March and April and projections for May, we expect to be within previously communicated ranges▪ However, we expect that revenue is most likely to be in the low end of the range	<ul style="list-style-type: none">▪ Generally uncertain environment, due to the COVID-19 pandemic▪ Potential risk of minor further downside, if the Chinese market does not continue to normalise and the European markets are not gradually re-opening during May as expected▪ Mitigating activities include:<ul style="list-style-type: none">○ Utilising government relief packages○ Collaboration with partners○ Digital activities intensified
EBIT margin BSI* Negative 10-15%	<ul style="list-style-type: none">▪ EBIT margin before special items is most likely to be in the low end of the range	
Free cash flow Negative DKK 200-350m	<ul style="list-style-type: none">▪ Free cash flow is expected to be closer to the middle of the range	

PRELIMINARY GUIDANCE FOR 2020/21

PRELIMINARY GUIDANCE

Revenue

Approx. DKK 2.2bn

EBIT BSI*

Approx. DKK -100m

Free cash flow

Approx. DKK -200m

MAIN ASSUMPTIONS

- COVID-19 increases guidance uncertainty due to lack of transparency and uncertainty around:
 - Duration of the COVID-19 crisis
 - Timing and speed of the re-opening of key markets
 - Impact on the economies globally
 - Financial and operational impact for business partners
 - Revenue supported by more than 10 new product launches and upgrades as well as new colour, material, finish (CMF) versions of existing products
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- EBIT impacted positively by lower capacity costs as a result of the cost reduction programme
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- 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 in especially Q1 20/21

UNCERTAIN MARKET OUTLOOK

- In an alternative scenario, management would expect EBIT BSI* to breakeven with revenue of DKK 2.4bn
 - In this scenario, the implications of COVID-19 are less severe than reflected in the preliminary guidance
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- In a more adverse scenario, management would expect revenue of DKK 1.6bn, EBIT BSI* margin of -25% and free cash flow of negative DKK 400m
 - In this scenario, COVID-19 extends further into 2020/21 with 50% of points-of-sale closed in Europe and North America before normalisation towards 30% in Q4
 - China is assumed less impacted with around 30% of points-of-sale closed for the first half of the year before starting to normalise

SUMMARY | CONTINUED BELIEF IN THE FUTURE OF BANG & OLUFSEN

- Capital injection required to safeguard Bang & Olufsen through the COVID-19 crisis
- Support from a number of institutional investors, including our three largest Danish shareholders, our Board of Directors and Executive Management Team
- Very disappointing performance in the last three quarters of the financial year 2018/19 and the first two quarters of the financial year 2019/20
- During the last six months and prior to the COVID-19 pandemic outbreak, the leadership team and business has been strengthened including:
 - Strengthening of sales leadership in core markets
 - A new strategy plan has been launched
 - An organisational cost reduction programme has been initiated
 - New products have been launched
- Continued belief in the future of Bang & Olufsen after COVID-19 if the capital base is improved in the short term



To secure Bang & Olufsen, we urge all our shareholders to vote for the proposal put forward by the BoD

Q&A