GOLDMAN SACHS EUROPEAN SMALL & MID CAP SYMPOSIUM

07 May 2013

BANG & OLUFSEN

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CONTENTS

SELECTED HISTORICAL MILESTONES

- Founded in Struer, Denmark, in 1925 by Peter Bang and Svend Olufsen, two innovative, young engineers devoted to high quality audio reproduction
- In 1977 Bang & Olufsen was listed on the Copenhagen Stock Exchange
- In 2005 initiated the first collaboration on Automotive sound systems with Audi. This has since been expanded to Aston Martin, BMW and Mercedes
- In 2006 Bang & Olufsen opened a production facility in Koprivnice in the Czech Republic
- In 2012 B&O PLAY was launched to attract new and younger customers to Bang & Olufsen

THE BUSINESS LOGIC

B&O PLAY

Bang & Olufsen

Automotive

‘LEANER, FASTER, STRONGER’ – MUST-WIN BATTLES

1. Build Acoustics as our hero

2. Launch new product category

3. Optimise retail network

4. Grow BRIC

5. Transition R&D

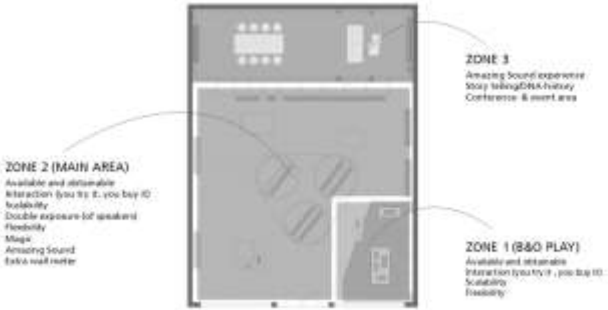
6. Simplify & speed up execution

STRATEGIC REVIEW OF MUST-WIN BATTLE ”OPTIMISE RETAIL NETWORK”

- Ensuring the success of Must-win Battle –”Optimise Retail Network” is key to realising the full potential of Bang & Olufsen
- Closing stores is a necessary action to ensure long term growth
- Created a taskforce dedicated to the implementation of the Next Level Retail project

ACTIONS	IMPACT	OBJECTIVE
• Restructure retail network • Closures of up to 125 low performing stores. 80 stores terminated in Jan./Feb. • Accelerate new retail partner attraction • Open Bang & Olufsen owned stores in selected locations • Introduction of new contract and terms and conditions • Bedst dealers invited to Copenhagen to see product pipeline and new store design	• Motivate high performing partners • Improve customer experience • Support the Bang & Olufsen Brand • Focus resources • Reflect changes consumer demand for luxury shopping experiences • Short-term adverse revenue impact	• Grow Bang & Olufsen’s long term revenue • Significantly improve health and profitability of the retail network • Ensure the retail network can market and represent the brand in the best possible way

UPGRADING THE NETWORK WITH LUXURY SHOPPING EXPERIENCES



- Launch of a new retail concept giving customers a truly magical shopping experience: combining the best of luxury shopping with experiential retail
- Uniting Bang & Olufsen and B&O PLAY while clearly highlighting the differences between the two brands and recognising the different shopping patterns
- Official store opening in Ny Østergade, Copenhagen, with the new retail concept on 18 April and shortly thereafter in Shanghai
- Global concept roll out will begin in September 2013

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PRODUCT LAUNCHES AND NEW FEATURES

Spotify

Spotify has been launched as a free software up-date for all existing BeoSound 5 customers signalling Bang & Olufsen's commitment to creating enduring product value

GLOBAL BRAND COLLABORATION WITH UNIVERSAL MUSIC

Possible activities in collaboration with Universal Music

- Product launch events
- In-store audio and video content
- Artist endorsements
- Tailored high quality audio content
- And much more…

- Yellow Lounge was born as a event and lounge concept, which has grown into a movement that has brought classical music to new audiences in new locations in a number of major urban centers
- Typically 600-800 participants at concerts
- A unique awareness creation opportunity by reaching the right target group such as artists, designers etc.

- Bang & Olufsen and Universal Music have entered a partnership with a long term perspective dedicated to musical excellence and sound experiences
- Universal Music is the biggest record label in the world, representing and growing the most well-known artists
- First initiative is the launch of new B&O PLAY headphones and earphones at Universal Music's ‘Yellow Lounge’ event in London on April 8, 2013

PRODUCT LAUNCHES THE LAST 12 MONTHS

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CONTENTS

REVENUE AND GROSS MARGIN

Revenue						
DKK million	3rd quarter			YTD		
	2012/13	2011/12	Index	2012/13	2011/12	Index
AV	362	559	65	1,179	1,538	77
B&O PLAY	162	78	207	420	195	215
B2C	**524**	**637**	**82**	**1,599**	**1,733**	**92**
Automotive	118	103	114	405	334	121
ICEpower	13	23	58	68	77	88
B2B	**131**	**126**	**104**	**473**	**411**	**115**
Other	0	3	-10	2	-4	-49
Group	**655**	**766**	**85**	**2,074**	**2,140**	**97**

Gross margin						
%	3rd quarter			YTD		
	2012/13	2011/12	Chg.	2012/13	2011/12	Chg.
AV	35.1	39.9	-4.8	44.2	41.8	2.4
B&O PLAY	30.1	27.8	2.3	29.1	29.7	-0.6
Automotive	36.1	36.2	-0.1	36.2	38.2	-2.0
ICEpower	48.3	47.2	1.1	53.3	47.5	5.8
Group	**34.9**	**38.3**	**-3.4**	**40.1**	**40.3**	**-0.2**

- Group revenue for the third quarter was DKK 655 million compared to DKK 766 million last year
- The revenue decline was mainly due to a lower AV revenue, whereas growth in B&O PLAY and Automotive remains strong with 107 per cent and 14 per cent respectively
- The lower AV revenue was almost entirely related to a decline in revenue in Europe
- Group gross margin was 34.9 per cent compared to 38.3 per cent in the same quarter last year driven by a lower margin in the AV segment
- The gross margin in B&O PLAY improved to 30.1 per cent from 27.8 per cent, mainly due to the launch of the BeoPlay A9

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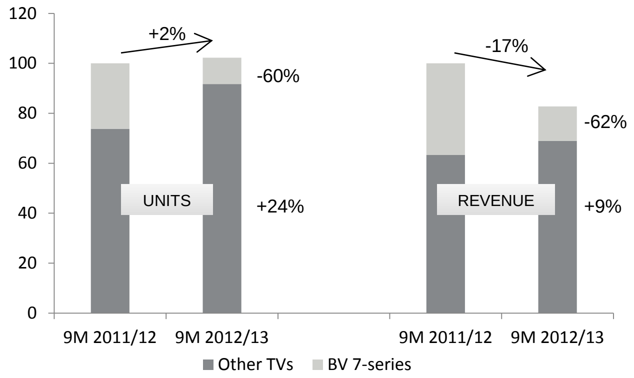
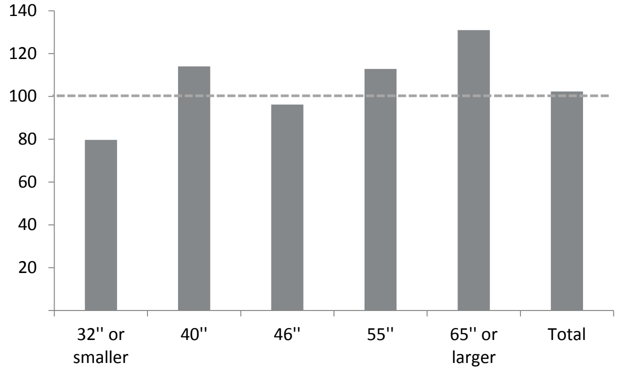
THE KEY ISSUE WITH THE TV BUSINESS

TV unit sales and revenue (9M 2011/12 = index 100)



TV unit index sales 9M 2012/13 (9M 2011/12 = index 100)



- TV units sold increased by 2 per cent in the first nine months of the 2012/13 financial year compared to the same period last year. Excluding the BV7-series unit growth was 24 per cent in the same period
- TV revenue declined by 17 per cent in the first nine months of the 2012/13 financial year. Excluding the BV-7 series TV revenue increased by 9 per cent
- TV unit growth was seen in the categories 40'', 55'' and 65'' or larger
- A strategic objective of the 'Leaner, Faster, Stronger' strategy is to improve the price-value relationship for TVs. This has been done as evidenced by the BeoPlay V1 and the BeoVision 11
- BeoVision 11 and BeoPlay V1 have won numerous awards and received top reviews e.g.
    - BeoVision 11: "HD TV award 2012" for best TV
    - BeoPlay V1: "Red dot design award"

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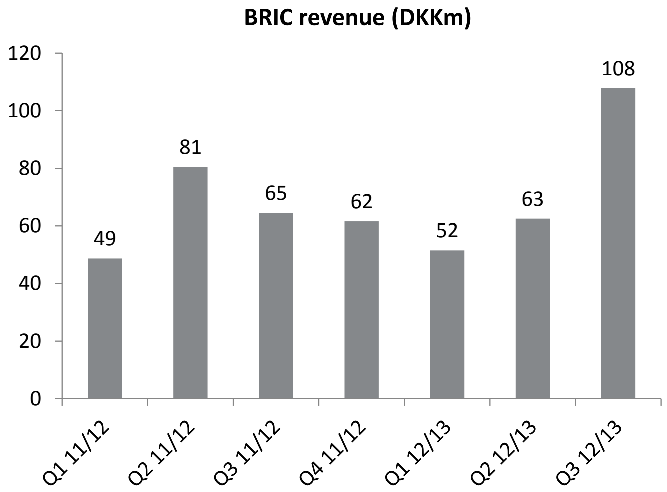
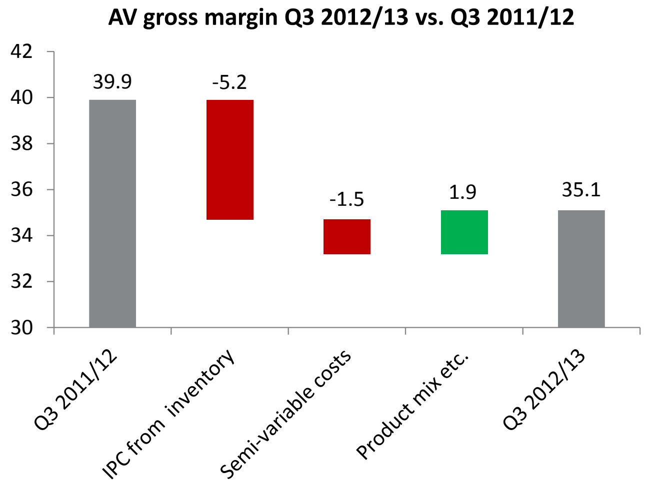
CHINA STRATEGY STARTING TO SHOW TRACTION



- Revenue in BRIC increased by 67 per cent driven mainly by strong growth in Bang & Olufsen’s own stores in Hong Kong and South China as well as sales related to the opening of new stores
- Sparkle Roll will open 3 B1 shops and more than 50 dedicated B&O PLAY shop-in-shops in high-traffic locations in the 2013 calendar year
- As communicated in the second quarter, the take-over of the existing master dealer in min-China is expected to have a negative impact on revenue in China of up to DKK 100m in the 2012/13 financial year

AV GROSS MARGIN DEVELOPMENT



- The AV gross margin was adversely impacted by indirect production costs (IPC) due to a significant reduction in AV inventory. This had a negative impact on the gross margin of 5.2 percentage points

- The decline in revenue in the AV segment had an adverse impact on the gross margin, as the lower revenue resulted in relatively higher semi-variable production costs

- The product mix positively impacted the gross margin in AV by 1.9 per cent in the third quarter of the financial year compared to the same quarter last year

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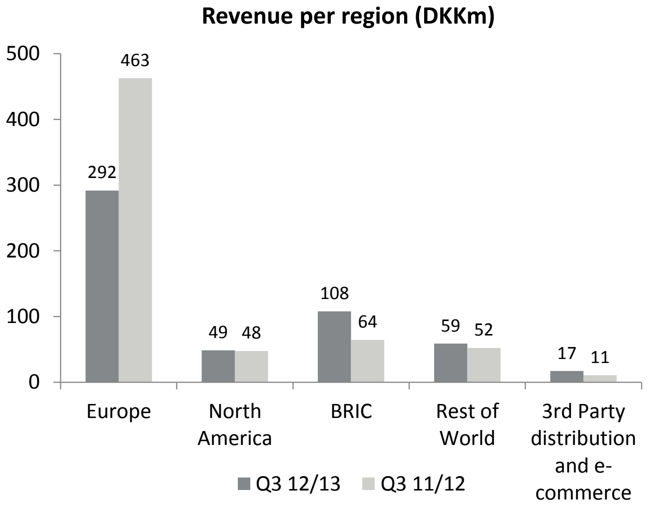
REVENUE PER REGION, B2C BUSINESS



- B2C revenue decreased to DKK 524 million from DKK 638 million in the same quarter last year
- Revenue in Europe was DKK 292 million compared to DKK 463 million last year. The decline was seen in all European markets
- BRIC revenue increased by 67 per cent mainly driven by strong growth in own stores and sales to new stores. The takeover of the master dealer in mid-China continued to have an adverse impact on revenue
- Third party distribution increased to DKK 17 million from DKK 11 million last year

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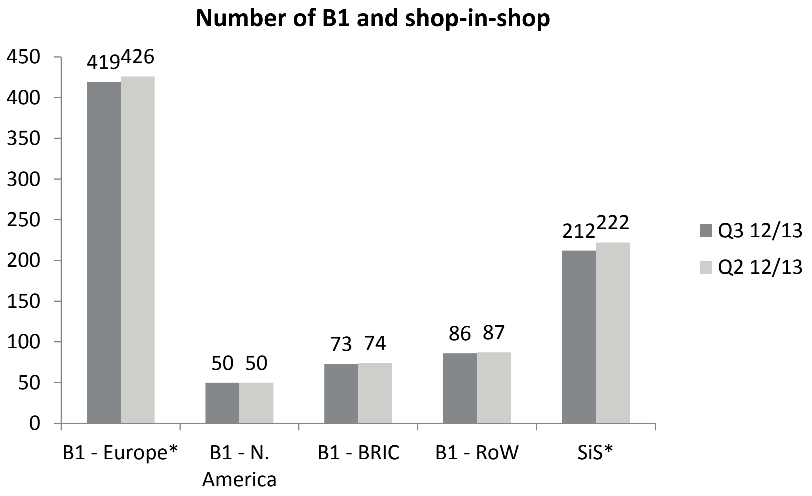
TRANSITIONING TO FEWER, MORE PRODUCTIVE STORES



*Stores typically have a notice period of 6 months. Therefore it will take up to 6 months for the store count to fully reflect the accelerated closings

- In accordance with strategy, more than 80 stores were terminated (closed or notified) in Europe during the third quarter
- The remaining stores up to the projected 125 stores will be closed during the next couple of quarters. This completes the accelerated store closing programme
- Estimated full year adverse revenue impact in 2012/13 of up to DKK 130 million (previously DKK 100m) due to the acceleration of the transformation
- Continued focus on opening stores in locations where there is unexploited potential. In the third quarter B1 stores were opened in Tokyo, Beijing and Las Vegas among other places

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CAPACITY COSTS – DISTRIBUTION AND MARKETING COSTS

Capacity costs						
DKK million	3rd quarter			YTD		
	2012/13	2011/12	Index	2012/13	2011/12	Index
Development	119	86	138	348	265	132
Dist. and marketing	202	163	124	568	486	117
Administration	22	21	100	64	72	90
Total capacity costs	**343**	**271**	**127**	**981**	**822**	**119**

- Capacity costs increased to DKK 343 million from DKK 271 million in the same quarter last year
- Distribution and marketing costs increased by DKK 39 million during the third quarter of the 2012/13 financial year from DKK 163 million to DKK 202 million
  - DKK 10 million of the increase in distribution and marketing costs related to Bang & Olufsen taking over ownership of stores – mainly in China and in Hong Kong
  - The capacity cost includes non-recurring costs of DKK 15 million for the third quarter of the financial year, which mainly relate to organisational changes and network restructuring and with the majority impacting the distribution and marketing costs
  - The remaining increase in distribution and marketing costs relate to investments in B&O PLAY and China

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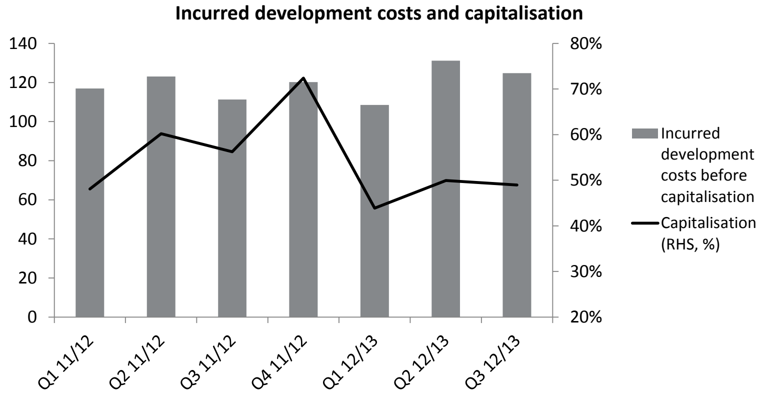
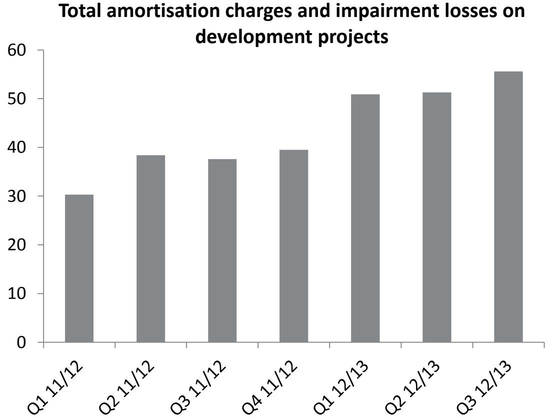
CAPACITY COSTS – DEVELOPMENT COSTS





- Development costs were DKK 119 million in the third quarter compared to DKK 86 million in the same quarter last year
- Development costs increased mainly due to DKK 19 million higher amortisation on development projects and lower capitalised development costs in the third quarter compared to the same quarter last year
- Incurred development costs were DKK 125 million compared to DKK 111 million last year and DKK 131 million in the second quarter of the 2012/13 financial year
- The capitalisation percentage was 49 per cent compared to 56 per cent in the same quarter last year

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INCOME STATEMENT

Consolidated income statement						
DKK million	3rd quarter			YTD		
	2012/13	2011/12	Index	2012/13	2011/12	Index
Revenue	655	766	85	2074	2140	97
Gross profit	228	293	78	831	863	96
EBIT	-114	23	-	-149	41	-
EBT	-125	19	-	-167	27	-
Earnings after tax	**-91**	**17**	-	**-123**	**19**	-
Gross margin, %	34.9	38.3	91	40.1	40.3	99
EBIT margin, %	-17.5	2.9	-	-7.2	1.9	-
Capitalised dev.	-61	-63	98	-174	-193	90
Amort. of dev. projects	56	38	148	158	106	148
Other depreciation	29	26	112	85	76	113
EBITDAC	**-91**	**24**	-	**-80**	**30**	-

- In the third quarter of the 2012/13 financial year EBIT was negative DKK 114 million compared to DKK 23 million in the same quarter last year
- The EBIT was adversely affected by lower revenue, a lower gross margin, and higher costs
- The Earnings after tax were negative DKK 91 million compared to positive DKK 17 million in the same quarter last year

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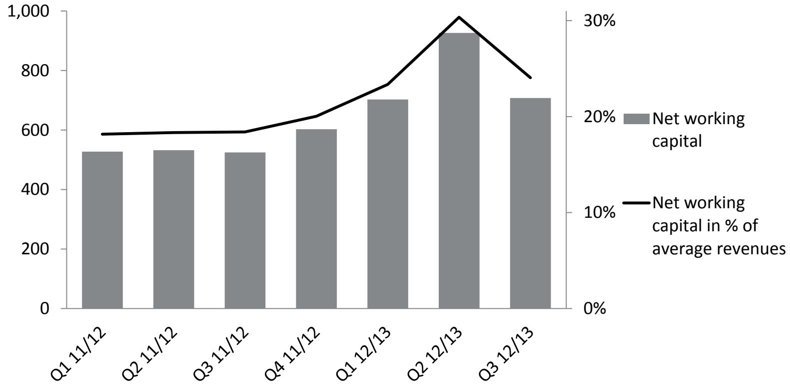
CASH FLOW AND NET WORKING CAPITAL

Cash Flow				
DKK million	3rd quarter		YTD	
	2012/13	2011/12	2012/13	2011/12
Earnings for the period	**-91**	**17**	**-123**	**19**
Amort., depr. and imp.	85	64	243	182
Change in receivables	200	79	85	-50
Change in inventories	144	1	-40	-49
Change in trade payables	-121	-72	-138	25
Other	-45	-1	-70	12
Cash flow from operating activities	**172**	**87**	**-42**	**139**
Cash flow from investing activities	-80	-72	-219	-246
Free Cash Flow	**92**	**16**	**-261**	**-108**



- Free cash flow was DKK 92 million for the quarter compared to DKK 16 million in the same quarter last year
- The positive cash flow in the third quarter reflects the significant decrease in inventories and trade receivables
- Net working capital decreased by DKK 219 million to DKK 708 million in the third quarter from DKK 927 million in the previous quarter
- The decrease compared to the previous quarter mainly relates to a reduction in inventory and trade receivables
- The net working capital of DKK 708 million corresponds to 24 per cent of the last 12 months' revenue
- The net working capital is expected to be further reduced in the fourth quarter

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CONTENTS

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EXPECTATIONS TO THE 2012/13 FINANCIAL YEAR

Outlook for the 2012/13 financial year

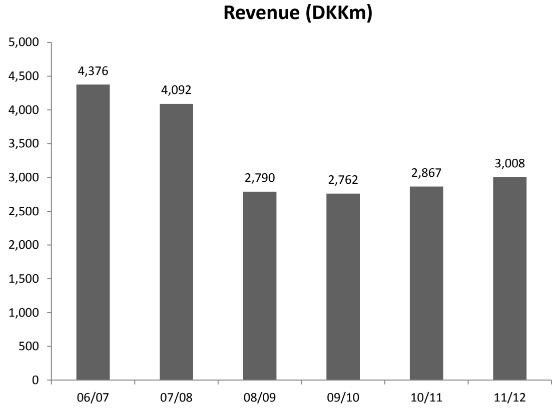
- Revenue of DKK 2,800 – 2,900 million
- Gross margin at the same level as in the 2011/12 financial year
- A negative EBIT in the range of DKK 150-200 million

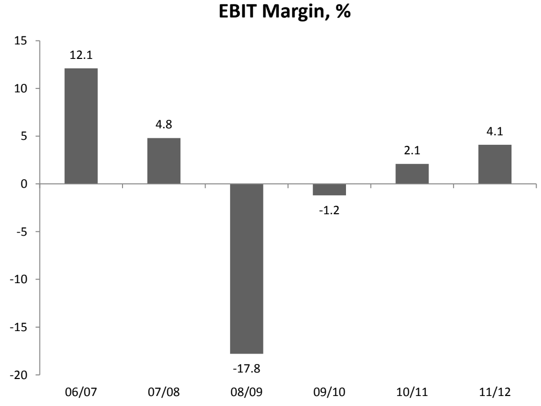
The outlook includes

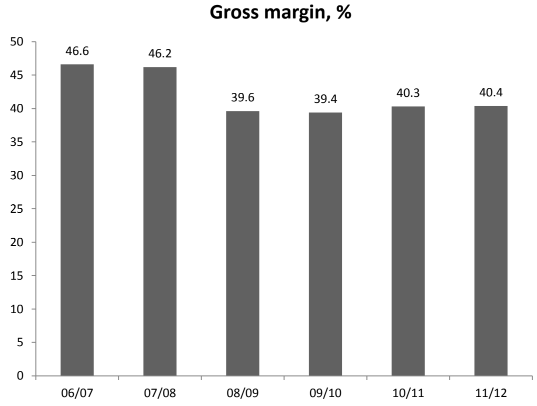
- Non-recurring costs of DKK 40 million
- An adverse impact of more than DKK 100 million compared to last year from higher amortisation and lower capitalisation of development projects

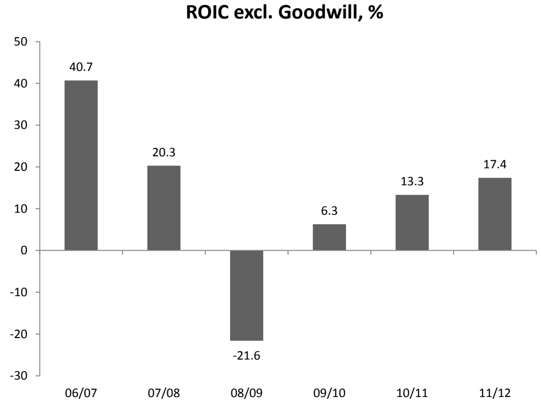
CONTENTS

FINANCIAL HIGHLIGHTS









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SELECTED BANG & OLUFSEN PRODUCTS

BeoVision 11 and Beo4

BeoSound 5 Encore and BeoLab 5

A HISTORY OF TRULY ICONIC PRODUCTS

BeoSound 9000 and BeoVision 10

BeoSound 3200 and Beolab 6002

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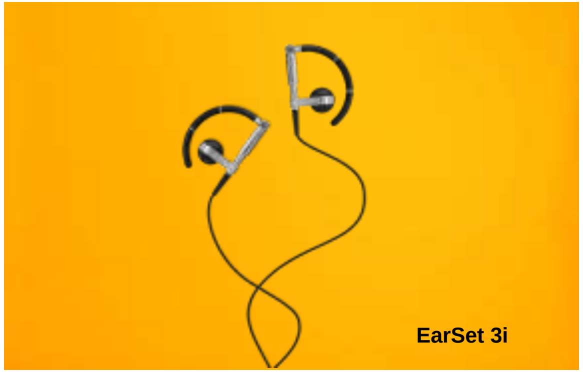
SELECTED B&O PLAY PRODUCTS



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AUTOMOTIVE PARTNERS

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SELECTED ICEPOWER PRODUCTS

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Investor relations contact:

Claus Højmark Jensen
Investor Relations Manager

Direct tel. : +45 96 84 12 51
Mobile tel. : +45 23 25 10 67
Email : chm@bang-olufsen.dk