

BANG & OLUFSEN A/S GROUP

Company announcement no. 12.07 – 15 August 2012

Q4 2011/12  
COMPANY  
ANNOUNCEMENT

01 MARCH 2012 –  
31 MAY 2012



BANG & OLUFSEN



# Q4 2011/12 COMPANY ANNOUNCEMENT

"In line with the announced expectations for the 2011/12 financial year, the Bang & Olufsen a/s Group realised revenue of DKK 3,008 million and a profit before tax of DKK 104 million, with an EBIT-margin of 4.1%," says CEO Tue Mantoni.

"During a strong fourth quarter, where our topline increased 22% compared to last year, B&O PLAY introduced a new TV family, BeoPlay V1, and two new audio products, BeoPlay A3 and BeoPlay A8. In the fourth quarter, Bang & Olufsen also announced that the company's audio systems in the future will be part of the equipment list for a number of new car models."

## Headlines

- The Group's revenue was DKK 867 million for the fourth quarter of the 2011/12 financial year compared to revenue of DKK 711 million last year. This is an increase of 22%.
- The B2C business line recorded revenue of DKK 688 million in the fourth quarter of the 2011/12 financial year compared to DKK 555 million in the same period last year. The growth was driven primarily by new product launches and a favorable impact on TV sales from the European Championships in football. The B2B business line recorded revenue of DKK 158 million in the fourth quarter of the 2011/12 financial year compared to revenue of DKK 149 million in the same period last year.
- The Group's gross margin for the fourth quarter of the 2011/12 financial year was 40.6% against a gross margin of 39.2% in the same period last year.
- The profit before tax for the fourth quarter was DKK 77 million against DKK 8 million last year.
- Free cash flow in the fourth quarter was negative at DKK 47 million compared to a negative figure of DKK 22 million in the same period last year. The Group's net working capital was DKK 613 million at the end of the 2011/12 financial year. The net working capital has increased by DKK 162 million from DKK 451 million at the end of financial year 2010/11. This is primarily a result of the significant amount of new products launched late in the quarter adversely impacting accounts receivables and inventories.
- The Group's total revenue for the 2011/12 financial year was DKK 3,008 million against DKK 2,867 million last year, which is an increase of 5%. The profit before tax for the 2011/12 financial year was DKK 104 million against DKK 40 million last year. In the 2011/12 financial year, the positive net impact from non-recurring items was DKK 3 million, compared to negative one-off items of DKK 32 million last year. Free cash flow in the 2011/12 financial year was negative DKK 155 million compared to positive DKK 2 million last year.

## **Outlook**

The challenging macroeconomic outlook, the low level of consumer confidence and the company's high exposure to Europe lead to an uncertain trading environment ahead. However, due to the company's strong innovation pipeline and the continued implementation of the strategic initiatives from the "Leaner, Faster, Stronger" strategy, we expect double-digit revenue growth in 2012/13 driven mainly by Automotive and B&O PLAY.

The core AV business will remain challenged due to two factors: 1. Exposure to Europe remains high and trading conditions in the region continue to be tough 2. The impact from key improvement initiatives like retail network restructuring takes time to materialise. This is consistent with the communication made at the launch of the "Leaner, Faster, Stronger" strategy, that the first two years represent a transition period to prepare the business for future growth.

We expect Q2 and Q3 to be strong compared to last year, the timing driven primarily by product launches and updates. Q1 and Q4 represent tough comparisons and no or moderate growth can be expected in these quarters.

We expect an improved EBIT-margin compared to the previous year, despite increased amortisation charges on development projects.

Any enquiries about this announcement can be addressed to:

President & CEO Tue Manton, tel.: +45 9684 5000.

A webcast will be hosted on 15 August 2012 at 10.00.

Access to the webcast is obtained through our home page [www.bang-olufsen.com](http://www.bang-olufsen.com).

# APPENDIX 1

(DKK million)

## Profit/(loss) by quarter 2011/12

	2011/12			
	Q1	Q2	Q3	Q4
<b>Revenue</b>	<b>598.6</b>	<b>775.5</b>	<b>766.3</b>	<b>867.4</b>
<b>Gross profit</b>	<b>231.0</b>	<b>339.3</b>	<b>293.2</b>	<b>352.4</b>
<b>Operating profit (EBIT)</b>	<b>(28.5)</b>	<b>46.8</b>	<b>22.7</b>	<b>81.4</b>
Result of investments in associates after tax	(0.9)	(0.9)	(0.2)	(0.1)
Financial items, net	(3.2)	(5.1)	(3.7)	(4.1)
<b>Profit/(loss) before tax (EBT)</b>	<b>(32.6)</b>	<b>40.8</b>	<b>18.8</b>	<b>77.2</b>
Tax on profit/(loss) for the period	5.6	(12.0)	(1.8)	(22.7)
<b>Profit/(loss) for the period</b>	<b>(27.0)</b>	<b>28.8</b>	<b>17.0</b>	<b>54.5</b>

(DKK million)

## Accumulated profit/(loss) by quarter 2011/12

	2011/12			
	Q1	Q2	Q3	Q4
<b>Revenue</b>	<b>598.6</b>	<b>1,374.1</b>	<b>2,140.3</b>	<b>3,007.7</b>
<b>Gross profit</b>	<b>231.0</b>	<b>570.3</b>	<b>863.3</b>	<b>1,215.7</b>
<b>Operating profit (EBIT)</b>	<b>(28.5)</b>	<b>18.3</b>	<b>41.0</b>	<b>122.4</b>
Result of investments in associates after tax	(0.9)	(1.8)	(2.0)	(2.1)
Financial items, net	(3.2)	(8.3)	(12.0)	(16.1)
<b>Profit/(loss) before tax (EBT)</b>	<b>(32.6)</b>	<b>8.2</b>	<b>27.0</b>	<b>104.2</b>
Tax on profit/(loss) for the period	5.6	(6.4)	(8.2)	(30.9)
<b>Profit/(loss) for the period</b>	<b>(27.0)</b>	<b>1.8</b>	<b>18.8</b>	<b>73.3</b>

# APPENDIX 1 – CONTINUED

(DKK million)

## Profit/(loss) by quarter 2010/11

	2010/11			
	Q1	Q2	Q3	Q4
<b>Revenue</b>	<b>561.7</b>	<b>774.5</b>	<b>820.1</b>	<b>710.6</b>
<b>Gross profit</b>	<b>224.8</b>	<b>326.0</b>	<b>326.4</b>	<b>278.3</b>
<b>Operating profit (EBIT)</b>	<b>(29.3)</b>	<b>37.0</b>	<b>35.7</b>	<b>16.4</b>
Result of investments in associates after tax	(2.9)	4.1	(2.4)	1.4
Financial items, net	(2.5)	(4.7)	(3.0)	(9.7)
<b>Profit/(loss) before tax (EBT)</b>	<b>(34.7)</b>	<b>36.4</b>	<b>30.3</b>	<b>8.1</b>
Tax on profit/(loss) for the period	8.0	(8.3)	(2.4)	(9.4)
<b>Profit/(loss) for the period</b>	<b>(26.7)</b>	<b>28.1</b>	<b>27.9</b>	<b>(1.3)</b>

(DKK million)

## Accumulated profit/(loss) by quarter 2010/11

	2010/11			
	Q1	Q2	Q3	Q4
<b>Revenue</b>	<b>561.7</b>	<b>1,336.2</b>	<b>2,156.3</b>	<b>2,866.9</b>
<b>Gross profit</b>	<b>224.8</b>	<b>550.8</b>	<b>877.2</b>	<b>1,155.5</b>
<b>Operating profit (EBIT)</b>	<b>(29.3)</b>	<b>7.7</b>	<b>43.4</b>	<b>59.8</b>
Result of investments in associates after tax	(2.9)	1.2	(1.2)	0.2
Financial items, net	(2.5)	(7.2)	(10.2)	(19.9)
<b>Profit/(loss) before tax (EBT)</b>	<b>(34.7)</b>	<b>1.7</b>	<b>32.0</b>	<b>40.1</b>
Tax on profit/(loss) for the period	8.0	(0.3)	(2.7)	(12.1)
<b>Profit/(loss) for the period</b>	<b>(26.7)</b>	<b>1.4</b>	<b>29.3</b>	<b>28.0</b>