



**INTERIM REPORT
4TH QUARTER 2014/15**

1 MARCH 2015 -
31 MAY 2015

Q4 HIGHLIGHTS

The fourth quarter of 2014/15 was financially challenging for Bang & Olufsen's continuing business, which showed healthy revenue growth but unsatisfactory underlying earnings. A number of significant steps, including a brand license agreement and the sale of the Automotive assets were taken to sharpen the company's strategic focus, thereby strengthening the capital structure and creating a leaner, more agile business model on which a profitable, growing company can be built.

Key financial highlights Q4

(DKK million)	4th quarter		YTD	
	2014/15	2013/14	2014/15	2013/14
Continuing Business:				
Revenue	695	608	2,356	2,162
Bang & Olufsen	502	481	1,743	1,628
B&O PLAY	193	127	613	534
Gross Margin, %	9.2	40.1	24.6	38.4
Bang & Olufsen, %	6.4	44.7	26.5	44.1
B&O PLAY, %	20.1	30.8	27.2	31.8
Gross Margin, underlying business*, %	38.9	-	37.2	-
Bang & Olufsen, %	38.2	-	35.2	-
B&O PLAY, %	29.5	-	30.2	-
Capacity Costs	(474)	(260)	(1,387)	(1,090)
Capacity Costs, underlying business*	(324)	-	(1,198)	-
EBIT	(410)	(16)	(807)	(261)
EBIT, underlying business*	(53)	-	(323)	-
Earnings after tax	(319)	(11)	(607)	(228)
Discontinued Business:				
Earnings after tax excl. gain from sale of assets and businesses	48	59	172	199
Earnings after tax incl. gain from sale of assets and businesses	540	59	664	199
Group:				
Earnings after tax excl. gain from sale of assets and businesses	(271)	48	(435)	(29)
Earnings after tax incl. gain from sale of assets and businesses	221	48	57	(29)
Free cash flow incl. gain from sale of assets and businesses	1,166	(73)	913	(101)
Free cash flow excl. gain from sale of assets and businesses	43	(73)	(211)	(101)

* Underlying business has been adjusted for non-recurring and aperiodic items and costs and license fees previously allocated to the Automotive business in 2014/15

On 31 March Bang & Olufsen entered into an Automotive brand license agreement with HARMAN International Industries, Incorporated and an agreement to transfer its Automotive assets to HARMAN. The agreement enables Bang & Olufsen to focus on building the Bang & Olufsen and B&O PLAY consumer brands as well as strengthening the company's financial position, while maintaining a strong brand presence in the Automotive industry. The transaction was closed on 29 May and impacted the free cash flow positively by DKK 1,105 million in the fourth quarter.

Revenue of the continuing business grew 14 per cent in the fourth quarter, driven especially by B&O PLAY as strong customer demand for newly launched products, as well as continued expansion of the third party distribution drove growth. The revenue growth for the continuing business was in line with the guidance for the quarter.

Earnings before interest and tax for the continuing business was a loss of DKK 410 million in the fourth quarter, of which DKK 357 million related to the non-recurring and aperiodic items and costs for shared functions and license fees previously allocated to Automotive as detailed below. The underlying EBIT for the continuing business was negative DKK 53 million, which was below guidance of a positive EBIT in the quarter.

The free cash flow adjusted for the sale of assets was DKK 43 million compared to negative DKK 73 million for the same period last year, and was in line with guidance. The free cash flow for the quarter was DKK 1,166 million, of which DKK 1,123 million relates to the sale of assets.

As a result of the Automotive transaction and the sale of the 33 per cent stake in Medicom as well as

the revised strategy, the company has reassessed the value of certain assets of the continuing business. This resulted in value adjustments of the tangible assets, investment property, inventory, and specific trade receivables.

The gross margin of the continuing business was 9.2 per cent in the fourth quarter. The underlying gross margin (i.e. adjusted for non-recurring and aperiodic items and cost and license fees previously allocated to the Automotive business) was 38.9 per cent. The gross margin was 40.1 per cent in the same quarter last year in the continuing business. The decline in gross margin was mainly related to a higher share of revenue from B&O PLAY and a change in product mix in the Bang & Olufsen segment. (See further details on page 8).

In accordance with IFRS and as no external Automotive related licence fee income is expected in 2015/16, no internal license fee has been charged to the Automotive division. The internal license fee charged to the Automotive division in previous periods have been reversed in the unadjusted figures.

The capacity costs of the continuing business increased by DKK 214 million compared to the same quarter last year, of which DKK 131 million were non-recurring and aperiodic, non-cash items (See further details on page 8-9).

In addition, the capacity costs were negatively impacted by DKK 19 million related to shared costs and license fees, previously allocated to discontinued operations. These shared costs will be mitigated during 2015/16 through cost reduction measures such as footprint optimization, streamlining of supply-chain related areas and reduction in service and support functions as described in Company Announcement no. 14.26 (31 March 2015).

Reported EBIT in the continuing business was negative DKK 807 million for the 2014/15 financial year. The underlying EBIT for the continuing business was negative DKK 323 million. This was below guidance of negative DKK 230 - 260 million. EBIT for the continuing business was negative DKK 261 million last year.

Earnings after tax for the Group including earnings from the sale of assets and businesses was positive DKK 221 million in the fourth quarter.

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A webcast will be hosted on 13 August 2015 at 10.00 CET. Access to the webcast is obtained through our home page www.bang-olufsen.com.

KEY FIGURES

Bang & Olufsen a/s – Group

(DKK million)	4th quarter*		YTD*	
	2014/15	2013/14	2014/15	2013/14
Income statement:				
Revenue	695	608	2,356	2,162
Gross margin, %	9.2	40.1	24.6	38.4
Earnings before interest, taxes, depreciation, amortisation andt capitalisation (EBITDAC)	(273)	15	(535)	(95)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	(237)	72	(376)	81
Earnings before interest and tax (EBIT)	(410)	(16)	(807)	(261)
Financial items, net	(18)	(2)	(6)	(29)
Earnings before tax (EBT)	(422)	(15)	(803)	(286)
Earnings after tax, continued operations	(319)	(11)	(607)	(228)
Earnings after tax, discontinued operations	540	59	664	199
Earnings after tax	221	48	57	(29)
Financial position:				
Total Assets	3,449	2,892	3,449	2,892
Share capital	432	393	432	393
Equity	1,921	1,604	1,921	1,604
Net interest-bearing deposit / (debt)	788	(374)	788	(374)
Net working capital	261	657	261	657
Cash flow:				
– from operating activities	85	64	55	184
– from investment activities	1,081	(137)	858	(285)
– free cash flow	1,166	(73)	913	(101)
– from financing activities	(11)	(1)	233	64
Cash flow for the period	1,155	(74)	1,146	(37)
Key figures:				
EBITDA-margin, %	(34.1)	11.8	(16.0)	3.8
EBIT-margin, %	(59.0)	(2.7)	(34.3)	(12.1)
NIBD/EBITDA ratio	-	5.2	-	4.6
Return on assets, %	(18.3)	(0.6)	(36.1)	(10.6)
Return on invested capital, excl. Goodwill, %	(24.3)	2.7	(41.5)	(0.9)
Return on equity, %	12.7	2.9	3.2	(1.8)
Full time employees at the end of the period	2,015	2,180	2,015	2,180
Stock related key figures:				
Earnings per share (EPS), DKK	5	1	1	(1)
Earnings per share from continuing operations (EPS), DKK	(8)	-	(14)	(6)
Earnings per share, diluted (EPS-D), DKK	5	1	1	(1)
Earnings per share from continuing operations, diluted (EPS-D), DKK	(8)	-	(14)	(6)
Price/Earnings	11	51	44	(84)

* Comparative figures for 2013/14 have been adjusted to reflect that the discontinuing operations have been separated.

MANAGEMENT REPORT

The fourth quarter of the 2014/15 financial year showed 14 per cent revenue growth in the consumer business, driven especially by a 52 per cent growth in B&O PLAY, while the profitability in the quarter was adversely impacted by non-recurring and aperiodic, non-cash items mainly related to adjustments to the company's balance sheet resulting from the new strategy and the Automotive transaction as well as costs for shared functions and license fees previously allocated to the discontinued business.

Revenue by segment

Revenue in the continuing business grew by 14 per cent in the fourth quarter of the 2014/15 financial year compared to last year, and reached DKK 695 million. For the full year revenue grew 9 per cent in line with guidance.

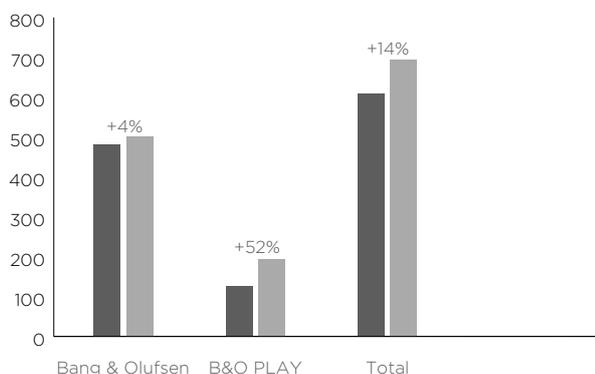
The Bang & Olufsen segment recorded revenue of DKK 502 million in the fourth quarter of the 2014/15 financial year compared to DKK 481 million in the same period

last year, corresponding to an increase of 4 per cent. For the full year revenue grew 7 per cent in line with guidance.

B&O PLAY revenue grew to DKK 193 million in the fourth quarter from DKK 127 million in the same quarter last year, corresponding to a growth of 52 per cent, driven by growth in all distribution channels. Especially, revenue from third party stores grew significantly and reached total revenue of DKK 79 million in the fourth

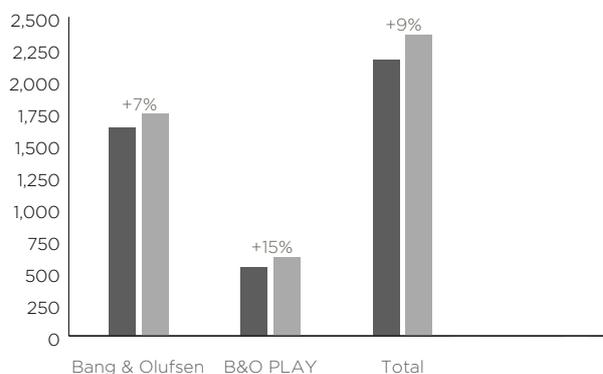
Revenue and growth by segment Q4 (DKK million)

■ Q4 13/14
■ Q4 14/15



Revenue and growth by segment YTD (DKK million)

■ YTD 13/14
■ YTD 14/15



quarter, corresponding to a growth of 154 per cent. The B1 and shop-in-shop distribution showed 19 per cent growth in B&O PLAY revenue.

Revenue development by region

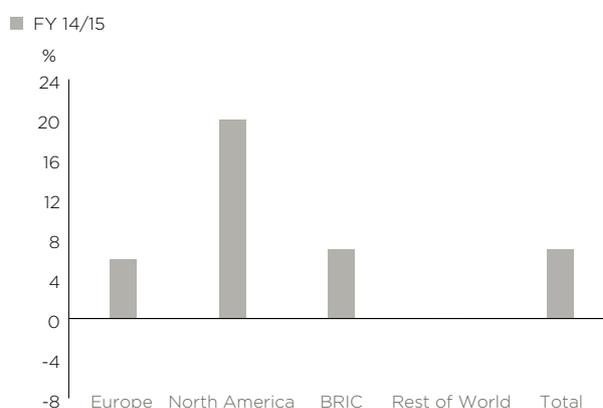
Revenue from Bang & Olufsen as well as B&O PLAY sold through the B1 and shop-in-shop distribution in Europe increased by 6 per cent in the quarter compared to last year, driven especially by growth in Denmark, UK and Germany.

Revenue from Bang & Olufsen as well as B&O PLAY sold through the B1 and shop-in-shop distribution in North America increased by 20 percent, to DKK 45 million from DKK 38 million in the fourth quarter last year. The growth was supported by a strengthening of the US dollar. North America has performed below expectations in 2014/15, and therefore organizational as well as network adjustments have been implemented during the year.

BRIC revenues from Bang & Olufsen as well as B&O PLAY products sold through our B1 and shop-in-shop distribution increased by 7 per cent. The BRIC markets continue to be adversely affected by the political and economic uncertainty in Russia. Greater China grew by 15 per cent compared to the same quarter last year.

Revenue in Rest of World was unchanged in the fourth quarter compared to last year.

Growth by region – excluding third party retail



¹⁾ Europe covers Austria, Belgium, Denmark, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, Switzerland and United Kingdom.

²⁾ North America covers USA, Canada and Mexico.

³⁾ BRIC covers Brazil, Russia, India and Greater China (Mainland China, Hong Kong, Korea and Taiwan).

Development in the number of shops

At the end of the fourth quarter, the number of B1 stores was 525 corresponding to a decline of 16 stores during the quarter. The negative effect from the B1 closures was partially mitigated by an increase in the number of shop-in-shops of 11 in the same period.

The greatest changes in the quarter were in Europe where 10 B1 stores closed and 4 shop-in-shops opened,

Store development

B1	28.02.15	Openings	Closures	Conversions	31.05.15
Europe	340	5	(10)	(1)	334
North America	47	0	(6)	(5)	36
BRIC	68	1	(1)	(3)	65
Rest of World	86	4	(1)	1	90
Total	541	10	(18)	(8)	525

and in North America, where the above mentioned restructuring of the retail network has resulted in the closure of 6 B1 stores and 5 store conversions from B1 to shop-in-shops.

The number of third party retailers for B&O PLAY products grew to 3,300 at the end of the quarter, corresponding to an increase of 1,000 stores from the end of the third quarter of the 2014/15 financial year.

Revenue in fourth quarter from B1 stores and shop-in-shop stores which have been in operation for more than 24 months decreased by 1 per cent for B1 stores and 6 per cent for shop-in-shops in the quarter. For the full year 2014/15 the corresponding revenue growth was 2 per cent and 10 per cent for B1 stores and shop-in-shops respectively.

During the quarter, work has continued to roll out the Sensory Store concept, which has proven to significantly lift the like-for-like sales of the upgraded stores.

Gross margin

The Group's gross margin for the continuing operations in the fourth quarter of 2014/15 was 9.2 per cent. Adjusted for non-recurring and aperiodic items in the quarter and costs and license fees previously allocated to the discontinued operations, the underlying gross margin for the quarter was 38.9 per cent. The gross margin in the continuing business was 40.1 per cent in the same quarter last year.

The non-recurring and aperiodic items impacting the gross profit in the fourth quarter totaled DKK 168 million and were related to:

- Revaluation of inventory values on service stock and terminated products corresponding to DKK 62 million. This was partly due to the reassessment of the future service obligations as well as the strategic decision to discontinue certain products and focus on the best selling products.
- Write down of fixed assets, primarily production facilities, corresponding to DKK 17 million.
- Adverse effects on indirect production costs from the write-down of inventory and other adjustments corresponding to DKK 61 million.
- Other items related to restructuring due to the Automotive transaction in the quarter of DKK 28 million.

In addition, the gross profit in the quarter was affected by costs for shared functions and license fees previously allocated to Automotive of DKK 39 million.

The gross margin in the Bang & Olufsen segment was 6.4 per cent, as the non-recurring and aperiodic items detailed above primarily impacted this segment. The underlying gross margin for the quarter was 38.2 per cent. The gross margin for the fourth quarter last year was 44.7 per cent. The decline in the underlying gross margin was primarily due to product mix, as the quarter had a higher share of TV turnover compared to the same quarter last year.

The gross margin for B&O PLAY in the fourth quarter of the 2014/15 financial year was 20.1 per cent. Adjusted for the non-recurring and aperiodic items above, the gross margin in B&O PLAY was 29.5 per cent. The gross margin was 30.8 per cent for the same period last year. The decline in the underlying gross margin was a result of a change in product and channel mix.

Capacity costs

During the fourth quarter of the 2014/15 financial year, the capacity costs for the continuing business increased to DKK 474 million from DKK 260 million in the same period last year. The capacity costs include non-recurring, non-cash and aperiodic items of approximately DKK 131 million in the fourth quarter.

The non-recurring and aperiodic costs were related to:

- Restructuring of the Bang & Olufsen business corresponding to DKK 16 million
- Impairment of buildings following the sale of the Automotive assets and Medicom of DKK 22 million
- An impairment of development assets and an assessment of warranty provisions in line with the strategy to focus on the most innovative and best selling products, of DKK 36 million
- Provisions for losses on specific debtors and other adjustments following the strategy to lift the quality of the network of DKK 42 million.
- Other non-recurring and aperiodic items of DKK 15 million

The capacity costs include costs for shared functions of DKK 19 million previously allocated to the Automotive business. The final closing of the Automotive transaction was completed on 29 May, and pursuant to the agreement Bang & Olufsen will continue to deliver services to HARMAN during a transition period. During this transition period, the Group will work to adapt the capacity costs, to align with the future activity level of the Group.

Distribution and marketing costs were DKK 280 million in the fourth quarter of the 2014/15 financial year compared to DKK 184 million last year. This corresponds to an increase of DKK 96 million. A major part relates to the above mentioned provisions for losses on specific debtors and other adjustments of DKK 42 million. The remaining increase mainly relates to increased marketing of new products in Bang & Olufsen as well as B&O PLAY.

Capitalised development costs and carrying amount (DKK million)

Q4 - 2014/15	B2C
Capitalised, net	36
Carrying amount, net	392
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Q4 - 2013/14	B2C
Capitalised, net	57
Carrying amount, net	471

Administration costs totaled DKK 17 million in the fourth quarter of the 2014/15 financial year compared to DKK 16 million last year.

Development costs recognised as an expense (incl. amortization and impairment losses) were DKK 178 million for the fourth quarter of the 2014/15 financial year, compared to DKK 60 million for the same period last year. The development costs included non-recurring and aperiodic costs of DKK 90 million.

In the fourth quarter of the 2014/15 financial year the capitalized development costs were DKK 36 million. The Group's capitalisation rate was 30.6 per cent in the fourth quarter of the 2014/15 financial year compared to 82.6 per cent last year, which was extraordinarily high due to the completion and near completion of a number of major development projects, e.g. the Avant TV family.

Total amortization charges and impairment losses on development projects were DKK 96 million compared to DKK 48 million last year. The net effect of amortiza-

tion and capitalization adversely impacted earnings before interest and tax of the continuing business by DKK 60 million compared to a positive effect of DKK 9 million last year.

Earnings before interest and tax for the continuing business in the fourth quarter of the financial year were negative DKK 410 million against negative DKK 17 million in the same period last year.

Income tax on earnings was DKK 63 million against DKK 14 million in the same period last year impacted by the sale of the Automotive assets.

Development in balance sheet items and cash flow

Because of the Automotive and Medicom transactions as well as the revised strategy, the company has reassessed the value of the assets of the continuing business. This resulted in adjustments of the tangible assets, investment property, inventory, and trade receivables. The adjustments have no cash effect for the company.

At the end of the fourth quarter the Group's net working capital was DKK 261 million compared to DKK 657 million at the end of the 2013/14 financial year. Approximately DKK 145 million of the reduction was the result of the discontinuation of ICEpower and Automotive. The remaining reduction mainly came from inventory adjustments and write downs on receivables as well as higher payables.

Free cash flow in the fourth quarter was DKK 1,166 million compared to negative DKK 73 million in the same period last year. The sale of assets positively affected the cash flow by DKK 1,123 million. Adjusted for this, the

cash flow was DKK 43 million in the fourth quarter of the financial year.

The free cash flow excl. sale of assets in the first half of 2014/15 was negative DKK 281 million compared with positive DKK 71 million in the second half of 2014/15. This was positive in line with the guidance.

At the end of the financial year, the company had a net interest bearing deposit of DKK 788 million, compared to a net interest bearing debt of DKK 374 million at the end of 2013/14.

Group equity increased to DKK 1,921 million from DKK 1,604 million last year. The increase in the equity was mainly a result of the Automotive transaction and the capital increase made in the first quarter of the 2014/15 financial year. The Group equity ratio was 56 per cent at the end of the 2014/15 financial year against 55 per cent at the end of the 2013/14 financial year.

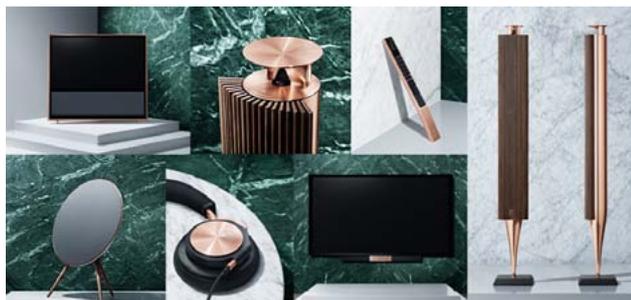
Dividend

At the end of 2014/15 the company received significant proceeds from the Automotive transaction. Nonetheless, due to the company's vulnerable situation, historical earnings volatility, the fact that the new strategy is not yet proven, and the fact that the company's bank debt facilities have been repaid, the Board of Directors will recommend to the AGM that no dividend is paid to the shareholders.

The company is currently undergoing a significant transformation. When the new strategy starts to gain traction the Board of Directors will establish a long term capital structure and will reconsider distribution of capital to the shareholders.

Product launches Q4 2014/15

In the fourth quarter of the 2014/15 financial year Bang & Olufsen launched the following products:



Love Affair Collection

March Bang & Olufsen commemorates its 90th Anniversary with the Love Affair Collection, which is a carefully selected range of iconic Bang & Olufsen products in a rose golden finish. The Love Affair Collection consists of BeoVision Avant 85, BeoVision 11-46, BeoLab 5, BeoLab 19, BeoRemote One, BeoPlay A9, BeoPlay H6 and BeoLab 18 with a new walnut lamella front.

Automotive

March The Bang & Olufsen Sound System in the new Audi R8 debuts in Geneva. The new Audi R8 features 13 active loudspeakers, each with their own dedicated amplifier channel including a subwoofer placed into the cavity of the front wheel liner.



ICEpower

April 700ASC2 is the newest addition to ICEpower's broad range of Class D amplifiers and the company's most powerful two-channel solution to date with an output power of 2 x 700 watts. 700ASC2 opens up for endless design applications within consumer and professional audio products such as active speakers, subwoofers and PA amplifiers.



BeoPlay A2 Black Copper

May B&O PLAY introduces a new Black Copper edition of the BeoPlay A2 Bluetooth speaker. The Black Copper edition joins the already existing grey, green and black editions that made Bang & Olufsen history by becoming the fastest selling product in the history of the company.



BeoPlay H3 Ocean Blue

May B&O PLAY introduces a combination consisting of the special edition BeoPlay H3 Ocean Blue headphones together with POINT, a leather and felt pouch from Hard Graft.

BeoPlay H6 Rapha Edition

May The BeoPlay H6 Rapha Edition over-ear headphones are designed in close collaboration with British cycling brand Rapha.



OUTLOOK FOR 2015/16

In the 2015/16 financial year, the key focus will be to create profitable growth, by growing revenue, improving gross margin and adapting the cost base to reflect the reduced size of the company.

Revenue

Revenue for the Group's business is expected to grow 8 to 12 per cent compared to 2014/15. B&O PLAY is expected to be the main growth driver, while the rate of growth in Bang & Olufsen is expected to be moderate.

New product launches and organic growth in Bang & Olufsen and B&O PLAY, as well as a continued expansion of especially the third party retail network will be the main growth contributors.

EBIT

As a result of higher revenue, an improved gross margin and continued cost reduction efforts, Bang & Olufsen

expects to significantly improve the earnings before interest and tax (EBIT) of the continuing business, compared to 2014/15.

However, as costs for functions that previously were shared with the Automotive division will not be fully eliminated during 2015/16, and since the strategic initiatives such as footprint optimization and restructuring will take time to implement and as the company does not expect to receive any license payment related to Automotive during 2015/16, Bang & Olufsen expects to realize a negative EBIT. Adjusted for costs for shared functions previously allocated to Automotive, EBIT in 2015/16 is expected to be around break-even.

Safe Harbour statement

The report contains statements relating to the expectations for future developments, including future revenues and Operating results, as well as expected business-related events. Such statements are uncertain and carry an element of risk since many factors, of which some are beyond Bang & Olufsen's control, can mean that actual developments will deviate significantly from the expectations expressed in the report. Without being exhaustive, such factors include among others general economic and commercial factors, including market and competitive matters, supplier issues and financial issues in the form of foreign exchange, interest rates, credit and liquidity risk.

MANAGEMENT'S STATEMENT

We have today considered and approved the interim report for the period 1 June 2014 – 31 May 2015 for Bang & Olufsen a/s.

The interim report is presented in accordance with IAS 34, Interim Financial Reporting, as endorsed by the EU and further Danish disclosure requirements for interim reports for listed companies.

It is our opinion that the interim report provides a true and fair view of the Group's assets, liabilities and finan-

cial position as at 31 May 2015 and the results of the Group's operations and cash flows for the period 1 June 2014 – 31 May 2015.

It is also our opinion that the management report gives a true and fair view of developments in the

Group's activities and financial situation, the earnings for the period and the Group's financial position in general as well as a description of the most significant risks and uncertainties to which the Group is exposed.

Struer, 13 August 2015

Executive Management:

Tue Mantoni
President & CEO

Anders Aakær Jensen
Executive Vice President & CFO

Stefan Persson
Executive Vice President & COO

Board of Directors:

Ole Andersen
Chairman

Jim Hagemann Snabe
Deputy Chairman

Jesper Jarlbæk

Majken Schultz

Albert Bensoussan

Mads Nipper

Knud Olesen

Jesper Olesen

Per Østergaard Frederiksen

CONSOLIDATED INCOME STATEMENT

(DKK million)	Note	4th quarter		YTD	
		2014/15	2013/14	2014/15	2013/14
Revenue		695.1	608.3	2,356.5	2,161.7
Production costs		(631.0)	(364.4)	(1,776.2)	(1,332.0)
Gross profit		64.2	243.9	580.3	829.7
Development costs	3	(177.8)	(60.0)	(448.5)	(292.8)
Distribution and marketing costs		(279.8)	(183.9)	(861.7)	(731.9)
Administration costs		(16.8)	(16.4)	(77.1)	(65.8)
Operating profit (EBIT)		(410.2)	(16.5)	(807.0)	(260.6)
Share of result after tax in associated companies		6.7	3.2	10.5	3.2
Financial income		-	1.6	24.8	5.6
Financial expenses		(18.1)	(3.8)	(30.9)	(34.5)
Financial items, net		(18.1)	(2.2)	(6.1)	(28.9)
Earnings before tax (EBT)		(421.7)	(15.4)	(802.7)	(286.4)
Income tax		102.9	4.6	195.4	58.7
Earnings for the year - continued operations		(318.8)	(10.8)	(607.3)	(227.6)
Earnings for the year - discontinued operations	7	539.9	58.5	664.3	198.6
Earnings for the year		221.0	47.7	57.0	(29.0)
Earnings per share					
Earnings per share (EPS) DKK		5.4	1.2	1.3	(0.7)
Diluted earnings per share (EPS-D) DKK		5.4	1.2	1.3	(0.7)
Earnings per share from continuing operations, DKK		(7.7)	(0.3)	(14.2)	(5.8)
Diluted earnings per share (EPS-D) from continuing operations, DKK		(7.7)	(0.3)	(14.2)	(5.8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(DKK million)	Note	4th quarter		YTD	
		2014/15	2013/14	2014/15	2013/14
Earnings for the year		221.0	47.7	57.0	(29.0)
<i>Items that will be reclassified subsequently to the income statement:</i>					
Exchange rate adjustment of investment in foreign subsidiaries		2.2	1.6	12.1	(9.6)
Change in fair value of derivative financial instruments used as cash flow hedges		(8.3)	4.5	(8.8)	(2.7)
Transfer to the income statement of fair value adjustments of derivative financial instruments used as cash flow hedges, realised cash flows:					
Transfer to revenue		(4.8)	0.1	(8.2)	1.7
Transfer to production costs		6.3	(1.3)	12.4	(2.9)
Income tax on items that will be reclassified to the income statement:		1.6	(0.8)	1.1	1.0
<i>Items that will not be reclassified subsequently to the income statement:</i>					
Actuarial gains/(losses) on defined benefit plans		(4.2)	(0.1)	(4.2)	(0.1)
Income tax on items that will not be reclassified to the income statement:		0.9	-	0.9	-
Other comprehensive income for the year, net of tax		(6.3)	4.0	5.3	(12.7)
Total comprehensive income for the year		214.7	51.7	62.3	(41.7)

CONSOLIDATED BALANCE SHEET

(DKK million)	Notes	31/5/15	31/5/14
Goodwill		70.2	63.5
Acquired rights		8.0	14.5
Completed development projects		312.1	406.2
Development projects in progress		80.3	317.6
Intangible assets		470.6	801.7
Land and buildings		104.6	114.7
Plant and machinery		68.9	123.5
Other equipment		26.8	26.8
Leasehold improvements		44.9	39.5
Tangible assets in course of construction and prepayments for tangible assets		9.1	29.8
Tangible assets		254.2	334.3
Investment property		17.2	38.6
Investments in associates		5.9	10.2
Other financial receivables		123.3	44.2
Financial assets		129.3	54.4
Deferred tax assets		187.5	180.4
Total non-current assets		1,058.8	1,409.5
Inventories		533.1	666.2
Trade receivables		456.6	537.4
Receivables from associates		-	1.9
Corporation tax receivable		33.5	21.3
Other receivables		71.5	65.8
Prepayments		19.9	69.5
Total receivables		581.5	696.0
Cash		1,198.0	120.4
Assets held for sale		77.6	-
Total current assets		2,390.2	1,482.6
Total assets		3,449.0	2,892.1

CONSOLIDATED BALANCE SHEET

(DKK million)	Notes	31/5/15	31/5/14
Share capital		432.0	392.7
Translation reserve		24.6	12.4
Reserve for cash flow hedges		(3.5)	0.0
Retained earnings		1,468.3	1,199.2
Total equity		1,921.4	1,604.4
Pensions		17.1	13.3
Deferred tax		10.6	7.7
Provisions		44.8	39.8
Mortgage loans		191.1	197.8
Other non-current liabilities		1.6	1.9
Deferred income		148.7	-
Total non-current liabilities		414.0	260.5
Mortgage loans		8.4	8.2
Loans from banks		210.0	220.0
Overdraft facilities		-	68.5
Provisions		25.4	28.8
Trade payables		443.1	434.0
Corporation tax payable		33.7	18.1
Other liabilities		309.1	215.8
Deferred income		67.7	33.9
Other current liabilities		1,097.4	1,027.2
Liabilities associated with assets held for sale		16.3	-
Total liabilities		1,527.6	1,287.8
Total equity and liabilities		3,449.0	2,892.1

CONSOLIDATED CASH FLOW STATEMENT

(DKK million)	Note	4th quarter		YTD	
		2014/15	2013/14	2014/15	2013/14
Earnings for the year - continuing operations		(318.8)	(10.8)	(607.3)	(227.6)
Earnings for the year - discontinued operations		539.9	58.5	664.3	198.6
Amortisation, depreciation and impairment losses		172.8	88.5	430.8	342.1
Adjustments for non-cash items	4.0	(596.6)	9.1	(662.3)	(13.9)
Change in receivables		17.5	(114.2)	10.6	(141.2)
Change in inventories		161.5	(15.4)	78.5	(63.2)
Change in trade payables etc		132.5	55.1	155.8	127.1
Cash flow from operations		108.8	70.9	70.3	221.8
Interest received and paid, net		(18.1)	(2.1)	(6.1)	(28.9)
Income tax paid		(5.4)	(5.0)	(9.2)	(9.5)
Cash flow from operating activities		85.3	63.8	55.0	183.4
Purchase of intangible non-current assets		(47.1)	(84.5)	(209.2)	(310.5)
Purchase of tangible non-current assets		(9.6)	(11.2)	(82.9)	(82.3)
Acquisition of activity		-	(41.0)	-	(41.0)
Sales of tangible non-current assets		-	0.8	-	142.7
Proceeds from sale of associated companies		12.5	-	12.5	-
Proceeds from sale of businesses		1,110.8	-	1,110.8	-
Received reimbursements, intangible non-current assets		2.7	0.3	12.5	7.4
Change in financial receivables		11.3	(1.6)	14.0	(0.9)
Cash flow from investing activities		1,080.7	(137.2)	857.8	(284.6)
Free cash flow		1,166.0	(73.3)	912.7	(101.1)
Repayment of long-term loans		(0.4)	(1.3)	(6.6)	(6.8)
Proceeds from/repayment of short-term borrowings		(10.0)	-	(10.0)	70.0
Capital increase		0.0	-	248.2	-
Purchase of own shares		-	-	-	-
Sale of own shares		0.4	0.6	2.6	1.2
Settlement of share options		(0.9)	-	(0.9)	-
Cash flow from financing activities		(11.1)	(0.7)	233.4	64.4
Change in cash and cash equivalents		1,154.7	(73.9)	1,146.1	(36.8)
Cash and cash equivalents, opening balance		43.3	127.1	51.9	89.7
Exchange rate adjustment, cash and cash equivalents		-	(1.3)	-	(1.1)
Cash and cash equivalents, closing balance		1,198.0	51.9	1,198.0	51.9
Cash and cash equivalents:					
Cash		1198.0	120.4	1,198.0	120.4
Current overdraft facilities		-	(68.5)	-	(68.5)
Cash and cash equivalents, closing balance		1198.0	51.9	1,198.0	51.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(DKK million)	2014/15	2013/14
Equity, opening balance	1,604.4	1,640.1
Earnings for the period	57.0	(29.0)
Other comprehensive income, net of tax	5.3	(12.7)
Comprehensive income for the period	62.3	(41.7)
Capital increase	259.2	-
Costs relating to capital increase	(10.9)	4.2
Grant of share options	4.6	0.6
Reversal of dividend	-	-
Sale of own shares	2.6	1.2
Settlement of share options	(0.9)	
Equity, closing balance	1,921.4	1,604.4

NOTES

1 ACCOUNTING PRINCIPLES

The interim report for Bang & Olufsen a/s is prepared as a condensed set of financial statements in accordance with IAS 34 'Interim Financial Reporting', as endorsed by the European Union and further additional Danish disclosure requirements for interim reports for listed companies. The interim report has not been audited or reviewed by the company's external auditors. An interim report for the parent company has not been prepared. The interim report is stated in Danish krone (DKK) which is the functional currency of the parent company.

The accounting principles and computation methods applied in the interim report are unchanged compared to the principles applied in the 2014/15 Annual Report.

The Annual Report 2014/15 contains a full description of applied accounting principles.

2 SIGNIFICANT ESTIMATES AND ASSESSMENTS BY MANAGEMENT

The preparation of interim reports requires that management makes estimates and assessments which affect the application of accounting principles and recognized assets, liabilities, income and expenses. Actual results may vary from these estimates.

The material estimates that management makes when applying the accounting principles of the Group, and the material uncertainty connected with these estimates and assessments are unchanged in the preparation of the interim report compared to the preparation of the Annual Report.

3 DEVELOPMENT COSTS

(DKK million)	4th quarter		YTD	
	2014/15	2013/14	2014/15	2013/14
Incurring development costs before capitalization	117.6	68.5	369.7	285.0
Hereof capitalized	(36.0)	(56.6)	(159.2)	(176.1)
Incurring development costs after capitalization	81.6	11.9	210.5	108.9
<i>Capitalization (%)</i>	30.6%	82.6%	43.1%	61.8%
Total charges and impairment losses on development projects	96.2	48.1	238.0	183.9
Development costs recognised in the consolidated income statement	177.8	60.0	448.5	292.8

NOTES

4 ADJUSTMENTS FOR NON-CASH ITEMS IN
THE CASH FLOW STATEMENT

(DKK million)	4th quarter		YTD	
	2014/15	2013/14	2014/15	2013/14
Change in other liabilities	7.3	(15.6)	7.0	(29.0)
Financial items, net	18.2	2.1	6.1	28.9
Result of investments in associates after tax	(6.7)	(3.2)	(10.5)	(3.2)
Gain/loss on sale of non-current assets	2.5	(3.2)	1.8	(11.7)
Gain/loss on sale of business	(643.0)	-	(643.0)	-
Tax on earnings for the year	63.0	16.8	8.7	5.8
Other adjustments	(38.0)	12.1	(32.4)	(4.8)
Total adjustments	(596.6)	9.1	(662.3)	(13.9)

5 SEGMENT INFORMATION

(DKK million)	4th quarter		YTD	
	2014/15	2013/14	2014/15	2013/14
Revenue by segment and business area				
Consumer business:				
Bang & Olufsen	501.6	481.2	1,743.0	1,628.0
B&O PLAY	193.5	127.1	613.5	534.7
Total consumer business	695.1	608.3	2,356.5	2,161.7
Gross margin by business area, %				
Consumer business:*				
Bang & Olufsen	6.4%	44.7%	26.5%	44.1%
B&O PLAY	20.1%	30.8%	27.2%	31.8%
Gross margin %, Group**	9.2%	40.1%	24.6%	38.4%

*Comparative figures for 2013/14 have been adjusted to reflect that the discontinuing operations have been separated.

**The gross margin for the underlying business was 38.9 per cent in the fourth quarter, and 37.2 per cent for the 2014/15 as presented in the management report.

NOTES

5 SEGMENT INFORMATION (CONTINUED)

(DKK million)	4th quarter		YTD	
	2014/15	2013/14	2014/15	2013/14
Consumer business				
Bang & Olufsen distribution:				
Europe	419.6	394.1	1,421.7	1,335.0
North America	45.2	37.7	165.2	159.8
BRIC	86.7	81.0	307.3	306.1
Rest of World	64.3	64.3	218.0	225.2
Total Bang & Olufsen distribution	615.8	577.1	2,112.2	2,026.0
Third party distribution and e-commerce:				
B&O PLAY	79.4	31.2	244.3	135.7
Total third party distribution and e-commerce	79.4	31.2	244.3	135.7
Total consumer business Group	695.1	608.3	2,356.5	2,161.7

6 SHOPS BY REGION - BANG & OLUFSEN DISTRIBUTION
(B1 AND SHOP-IN-SHOP)

Number (units)	31/5/15	28/2/15	30/11/14	31/8/14	31/5/14
B1					
Europe	334	340	340	340	347
North America	36	47	48	47	47
BRIC	65	68	68	67	68
Rest of world	90	86	85	84	87
	525	541	541	538	549

Number (units)	31/5/15	28/2/15	30/11/14	31/8/14	31/5/14
SHOP-IN-SHOP					
Europe	137	133	132	133	136
North America	8	4	4	4	5
BRIC *	42	40	36	30	33
Rest of world	2	1	1	1	1
	189	178	173	168	175

*includes Sparkle Roll dedicated B&O PLAY stores

NOTES

7 DISCONTINUED OPERATIONS

(DKK million)	4th quarter		YTD	
	2014/15	2013/14	2014/15	2013/14
Revenue	172.5	195.7	647.1	714.5
Expenses	(109.8)	(119.3)	(421.7)	(451.4)
Earnings before tax	62.7	76.2	225.4	263.1
Income tax	(14.7)	(18.0)	(53.0)	(64.5)
Earnings for the year discontinued operations	48.0	58.5	172.4	198.6
Gains/losses on sale of assets and businesses	643.0	-	643.0	-
Income tax	(151.1)	-	(151.1)	-
Gains/losses on sale of assets and businesses after tax	491.9	-	491.9	-
Earnings per share of discontinued operations	13.1	1.5	15.5	5.1
Diluted earnings per share of discontinued operations	13.1	1.5	15.5	5.1
Cash flow from operating activities current year: proceeds	78.8	83.0	283.3	273.2
Cash flow used for investing activities	1,100.5	(25.0)	1,063.2	(102.6)
Cash flow from financing activities	-	-	-	-
Net cash flow from discontinued operations	1,179.3	58.0	1,346.5	170.6

(DKK million)	31/5/15	31/5/14
Balance sheet items comprise:		
Development projects	34.4	252.6
Plant & machinery	0.2	44.4
Other equipment and assets under construction	1.1	2.5
Inventories	9.1	56.2
Trade receivables	18.9	87.9
Other receivables	12.0	19.5
Prepayments	1.8	28.2
Cash	0.1	0.2
Assets held for sale	77.6	491.5
Trade payables	8.4	36.2
Provisions	1.8	0.3
Corporation tax payable	3.3	6.5
Other liabilities	2.8	15.1
Liabilities associated with assets held for sale	16.3	58.1

APPENDIX 1

Earnings by quarter 2014/15:

(DKK million)	2014/15			
	Q1	Q2	Q3	Q4
Revenue	433.5	578.5	649.4	695.1
Production costs	(304.4)	(423.0)	(417.8)	(631.0)
Gross profit	129.0	155.5	231.6	64.2
Development costs	(88.6)	(86.9)	(95.2)	(177.8)
Distribution and marketing costs	(191.2)	(204.5)	(186.3)	(279.8)
Administration costs	(20.5)	(19.4)	(20.3)	(16.8)
Earnings before interest and tax (EBIT)	(171.2)	(155.3)	(70.2)	(410.2)
Share of result after tax in associated companies	0.2	1.6	2.0	6.7
Financial income	0.9	12.8	20.6	(9.5)
Financial expenses	(3.5)	18.3	(37.1)	(8.6)
Financial items, net	(2.6)	31.1	(16.5)	(18.1)
Earnings before tax (EBT)	(173.6)	(122.6)	(84.7)	(421.7)
Income tax	32.1	34.3	26.1	102.9
Earnings for the year - continued operations	(141.6)	(88.3)	(58.6)	(318.8)
Earnings for the year - discontinued operations	32.2	46.0	46.3	539.9
Earnings for the year	(109.4)	(42.3)	(12.3)	221.0

Accumulated earnings by quarter 2014/15:

(DKK million)	2014/15			
	3M	6M	9M	12M
Revenue	433.5	1,011.9	1,661.4	2,356.5
Production costs	(304.4)	(727.4)	(1,145.2)	(1,776.2)
Gross profit	129.0	284.6	516.1	580.3
Development costs	(88.6)	(175.5)	(270.7)	(448.5)
Distribution and marketing costs	(191.2)	(395.7)	(582.0)	(861.7)
Administration costs	(20.5)	(40.0)	(60.3)	(77.1)
Earnings before interest and tax (EBIT)	(171.2)	(326.6)	(396.8)	(807.0)
Share of result after tax in associated companies	0.2	1.8	3.8	10.5
Financial income	0.9	13.7	34.3	24.8
Financial expenses	(3.5)	14.8	(22.3)	(30.9)
Financial items, net	(2.6)	28.5	12.0	(6.1)
Earnings before tax (EBT)	(173.6)	(296.3)	(381.0)	(802.7)
Income tax	32.1	66.4	92.5	195.4
Earnings for the year - continued operations	(141.6)	(229.9)	(288.5)	(607.3)
Earnings for the year - discontinued operations	32.2	78.2	124.5	664.3
Earnings for the year	(109.4)	(151.7)	(164.0)	57.0

APPENDIX 1

Earnings by quarter 2013/14:

(DKK million)	2013/14			
	Q1	Q2	Q3	Q4
Revenue	397.0	630.9	525.6	608.3
Production costs	(261.9)	(383.9)	(321.9)	(364.4)
Gross profit	135.1	247.0	203.7	243.9
Development costs	(75.0)	(77.9)	(79.9)	(60.0)
Distribution and marketing costs	(160.7)	(191.8)	(195.5)	(183.9)
Administration costs	(21.4)	(19.3)	(8.6)	(16.4)
Earnings before interest and tax (EBIT)	(122.0)	(41.9)	(80.4)	(16.5)
Share of result after tax in associated companies	-	-	-	3.2
Financial income	1.5	1.6	0.9	1.6
Financial expenses	(4.8)	(15.6)	(10.3)	(3.8)
Financial items, net	(3.3)	(14.0)	(9.4)	(2.2)
Earnings before tax (EBT)	(125.3)	(55.9)	(89.8)	(15.4)
Income tax	28.3	8.2	17.6	4.6
Earnings for the year - continued operations	(97.0)	(47.7)	(72.1)	(10.8)
Earnings for the year - discontinued operations	44.2	55.5	40.4	58.5
Earnings for the year	(52.8)	7.8	(31.7)	47.7

Accumulated earnings by quarter 2013/14:

(DKK million)	2013/14			
	3M	6M	9M	12M
Revenue	397.0	1,027.9	1,553.5	2,161.7
Production costs	(261.9)	(645.8)	(967.6)	(1,332.0)
Gross profit	135.1	382.1	585.8	829.7
Development costs	(75.0)	(152.8)	(232.8)	(292.8)
Distribution and marketing costs	(160.7)	(352.5)	(548.0)	(731.9)
Administration costs	(21.4)	(40.7)	(49.4)	(65.8)
Earnings before interest and tax (EBIT)	(122.0)	(163.9)	(244.2)	(260.7)
Share of result after tax in associated companies	-	-	-	3.2
Financial income	1.5	3.1	4.0	5.6
Financial expenses	(4.8)	(20.4)	(30.7)	(34.5)
Financial items, net	(3.3)	(17.3)	(26.7)	(28.9)
Earnings before tax (EBT)	(125.3)	(181.2)	(270.9)	(286.4)
Income tax	28.3	36.4	54.1	58.7
Earnings for the year - continued operations	(97.0)	(144.8)	(216.9)	(227.7)
Earnings for the year - discontinued operations	44.2	99.8	140.2	198.6
Earnings for the year	(52.8)	(45.0)	(76.7)	(29.0)

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Financial calendar

Annual General Meetings

10 September 2015	Annual General Meeting 2014/15
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Financial statements

30 September 2015	Interim report (1 st quarter 2015/16)
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13 January 2016	Interim report (2 nd quarter 2015/16)
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6 April 2016	Interim report (3 rd quarter 2015/16)
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11 August 2016	Annual report 2015/16
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27 September 2016	Interim report (1 st quarter 2016/17)
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Safe Harbour statement

The report contains statements relating to expectations for future developments, including future revenue and earnings, as well as expected business-related events. Such statements are uncertain and carry an element of risk since many factors, of which some are beyond Bang & Olufsen's control, can mean that actual developments will deviate significantly from the expectations expressed in the report. Without being exhaustive, such factors include among others general economic and commercial factors, including market and competitive matters, supplier issues and financial issues in the form of foreign exchange, interest rates, credit and liquidity risks.

About Bang & Olufsen

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 domestic 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 epitomises seamless media experiences in the home as well as in the car and on the move.

For additional information refer to www.bang-olufsen.com.