

Bang & Olufsen a/s restructures the AV business and confirms guidance for the financial year based on a strong growth in the third quarter.

As previously announced in Company Announcement no. 14.23 the Board of Directors and the Executive Management have initiated a review to identify strategic and structural options to increase scale and further reduce complexity. On the basis of the ongoing strategic review, the Board of Directors and Executive Management have decided to take significant steps to reduce the cost base, in particular in the AV business.

Reducing complexity and increasing flexibility in the AV business

The reduction of the cost base is a consequence of the company's continuous focus on leveraging technology partnerships and platforms, a streamlined innovations process and ongoing optimisation of the supply-chain and manufacturing footprint. The changes will lead to a leaner organization and a simplified organizational structure.

The restructuring will result in a reduction of approximately 125 full-time employees, the majority of these in the AV segment. The full scope of the restructuring is expected to result in full year cost savings of approximately DKK 100 million (equally split between capacity cost reductions and gross margin improvements). There will be non-recurring costs of DKK 15 - 20 million in the fourth quarter of the 2014/15 financial year related to the restructuring.

Preliminary results for the third quarter of 2014/15 and outlook for the full year 2014/15

After an initial review of the third quarter results, the company now releases preliminary figures. The revenue for the third quarter of the 2014/15 financial year was DKK 800 million, corresponding to 19 per cent growth compared to the same period last year. The growth was driven primarily by new, innovative products in the B2C segment. Earnings before interest and tax improved compared to the third quarter last year, but remain negative for the quarter. Free cash flow for the quarter was positive.

BANG & OLUFSEN A/S
12 MARCH 2015

ANNOUNCEMENT No. 14.25

Except for non-recurring costs of DKK 15 – 20 million, the outlook for the 2014/15 financial year remains unchanged compared to the outlook given in company announcement no. 14.24 published on 19 January 2015 (Interim Report for the second quarter of 2014/15).

The final results for the third quarter of the 2014/15 financial year are expected to be published on 16 April 2015.

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