

INTRODUCTION – Tue Mantoni, CEO & President

THE FINANCIAL RESULT FOR THE FIRST THREE QUARTERS OF 2010/11 - Henning Bejer Beck, CFO

THE EXPECTATIONS FOR 2010/11 AND OBSERVATIONS/REFLECTIONS – Tue Mantoni, CEO & President

Introduction Q3 2010/11

Third quarter

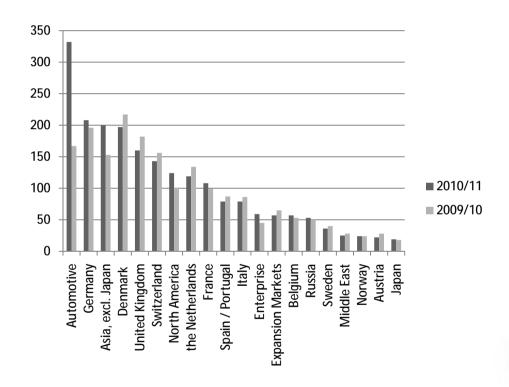
- The Group increased turnover by 10 per cent from DKK 749 million to DKK 820 million. The increase in turnover is primarily driven by Automotive achieving a turnover increase of DKK 63 million or 123 per cent.
- The result before tax was positive at DKK 30 million against a positive result of DKK 28 million in the same period last year.

Accumulated

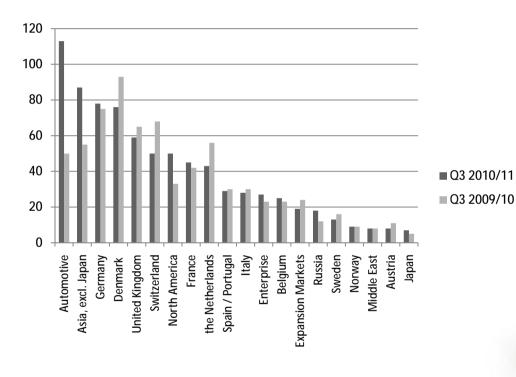
- The Group increased turnover by 9 per cent from DKK 1,982 million to DKK 2,156 million. This was primarily driven by a 98 per cent turnover increase in Automotive, which now represents 15 per cent of the total turnover.
- The result before tax was positive at DKK 32 million against a negative result of DKK 72 million for the same period last year.

Looking forward

- The Group expects turnover in the fourth quarter of the 2010/11 financial year to be on par with or slightly below the previous year's quarter, which was positively affected by the Football World Cup, which resulted in increased sales of video products. Moreover, it has been necessary to postpone the launch of the Group's new product, BeoSound 5 Encore, until the first quarter of the 2011/12 financial year.
- In line with previous guidance, Bang & Olufsen expects that the 2010/11 financial year as a whole will result in a turnover level of DKK 2,850 million and a result before tax in the region of DKK 40-50 million.

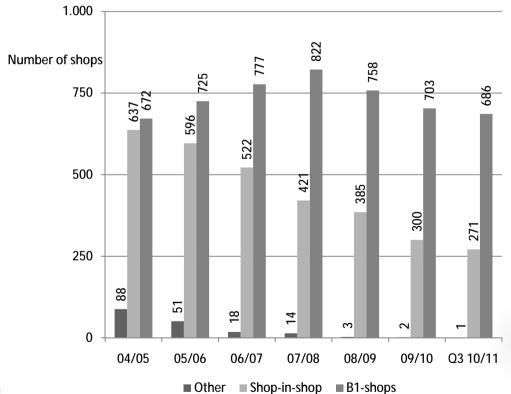


- Automotive continues the strong performance.
- The Asian markets recorded an increase of 30.7 per cent in the first three quarters of the 2010/11 financial year compared to the corresponding period last year.
- North America and France saw increases of 11.5 and 9.0 per cent compared to the same period last year, while Russia recorded an increase in sales of 6.3 per cent.
- The Group's largest market, Germany, increased by 6.0 per cent while the other main markets, Denmark and the UK, saw a decline in sales of 9.0 per cent and 12.5 per cent respectively.



- During the third quarter the Asian markets recorded an increase of 58.2 per cent.
- North America and France saw increases of 40.6 and 8.7 per cent compared to the same period last year, while Russia recorded an increase in sales of 52.2 per cent.
- The Group's largest market, Germany, increased by 4.2 per cent while the other main markets, Denmark and the UK, saw a decline in sales of 18.3 per cent and 10.4 per cent respectively.

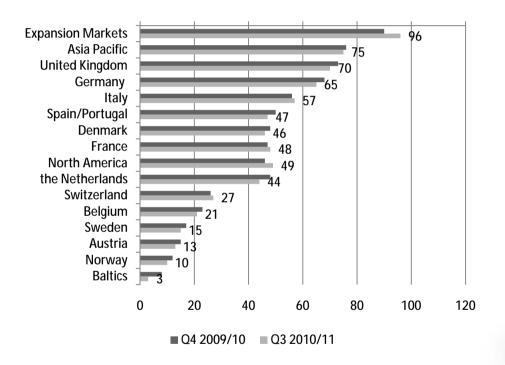
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- The movement in the B1 segment for the first three quarters of the financial year 2010/11 was minus 17 shops.
- During the third quarter the movement was minus one shop divided into 13 openings and 14 closures.

Number of B1 shops per market February 28 2011

Q3 2010/11



| | Δ Q4 |
|--------------------------|---------|
| Market | 2009/10 |
| Expansion Markets | 6 |
| Asia Pacific | -1 |
| United Kingdom | -3 |
| Germany | -3 |
| Italy | 1 |
| Spain/Portugal | -3 |
| Denmark | -2 |
| the Netherlands | 1 |
| France | 3 |
| North America | -4 |
| Switzerland | 1 |
| Belgium | -2 |
| Sweden | -2 |
| Austria | -2 |
| Norway | -2 |
| Baltics | -5 |

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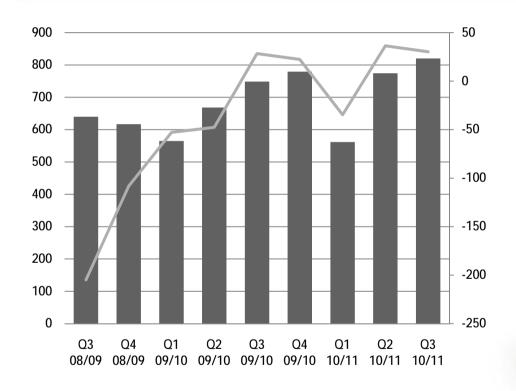
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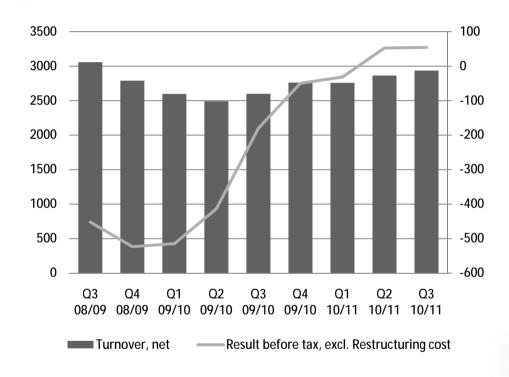
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Development in turnover and result before tax

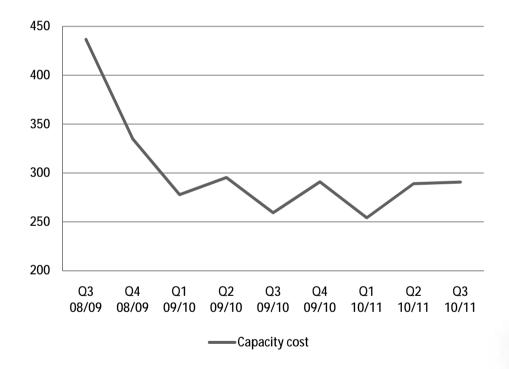
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- The third quarter showed an increase in turnover of 10 per cent.
- The Group's gross margin for the third quarter was 39.8 per cent against 38.9 per cent for the same quarter of the 2009/10 financial year. The higher gross margin is in part owing to improved product margins in the audio-video business and in part to the higher turnover and thus a better utilisation of the production capacity.
- Result before tax in the third quarter was positive at DKK 30 million against a positive result of DKK 28 million for the corresponding period last year.
- The result was negatively affected by DKK 21 million which is attributed to costs of DKK 14 million associated with the departure of the former President & CEO and an impairment loss on buildings.



 During the last 12 months the Group has experienced a turnover increase of 13 per cent and a positive result before tax of DKK 54 million against a negative result of DKK 180 million in the previous 12 months.



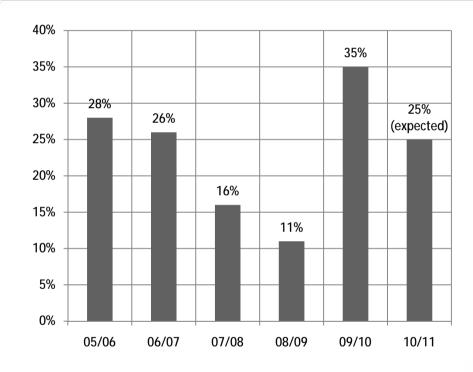
- During the first three quarters of the 2010/11 financial year, the Group reduced its capacity costs by DKK 12 million from DKK 846 million for the same period last year to DKK 834 million this year.
- Distribution and marketing costs fell during the first three quarters by DKK 5 million from DKK 525 million to DKK 520 million among other things as a result of lower provisions for losses on trade receivables.
- The Group's incurred development costs were DKK 326 million against DKK 320 million for the same period last year. The Group continues to expect to maintain a high activity level within the product development area.

| | 2010/11 |
|---|---|
| Development costs incurred before capitalisation Amount hereof capatilised Total amortisation and impairment losses on development projects Development costs recognised in the profit and loss account | 325,7 -178,1 <u>81,2</u> 228,8 |
| | mDKK |
| Completed development projects, 31/5 Development projects in progress, 31/5 Development projects total | 249,1 206,7 455,8 |
| Capitalised development costs Q1-3 | 178,1 |
| ouphunised development costs Q1 5 | 170,1 |
| Received reimbursement Q 1-3 | -35,1 143,0 |
| Depreciation Q 1-3 | -81,2 -81,2 |
| Development projects total | 517,6 |
| Completed development projects, 28/02 Development projects in progress, 28/02 | 197,7 319,9 |
| Development projects total | 517,6 |
| Net change in development projects | 61,8 |

- The incurred development costs were DKK 326 million from which DKK 178 million have been capitalised. Depreciation from completed developments projects amount for DKK 81 million, which gives a total cost in the P/L of DKK 229 million.
- The net investment in development projects amount for DKK 62 million against DKK 67 million in the same period last year.

Launch products' share of audio/video turnover

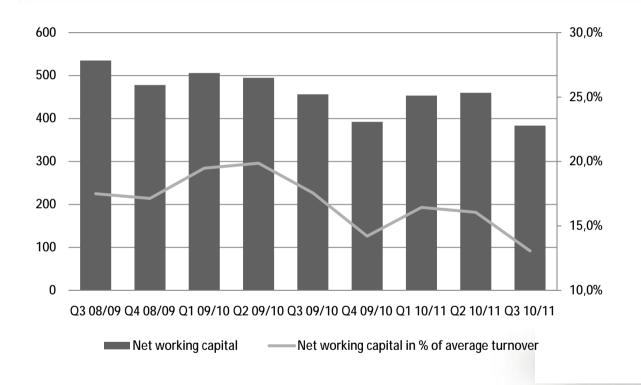
Q3 2010/11



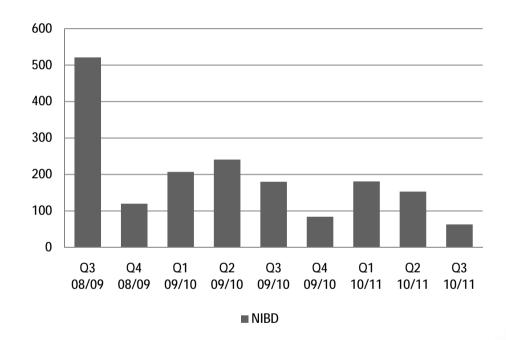
 In the 2010/11 financial year the Group expects around 25 per cent of the Group's turnover within the audio and video business to derive from new products.

Net working capital

Q3 2010/11



- Net working capital has been reduced.
- Net working capital in percentage of turnover has been reduced from 18 per cent to 13 per cent over the last 12 months.



- The net interest bearing debt has been reduced by DKK 90 million from the second quarter of the 2010/11 financial year to the third quarter of the 2010/11 financial year.
- Compared to the third quarter of the 2009/10 financial year, the net interest bearing debt has been reduced by DKK 117 million.
 At the same time, the net investments in R&D (capitalised development cost less reimbursements) during the last 12 months equated to DKK 175 million.
- Improved NIBD/EBITDA ratio to 0.20 on a 12 months rolling basis.

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Expectations for the 2010/11 financial year

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Product portfolio

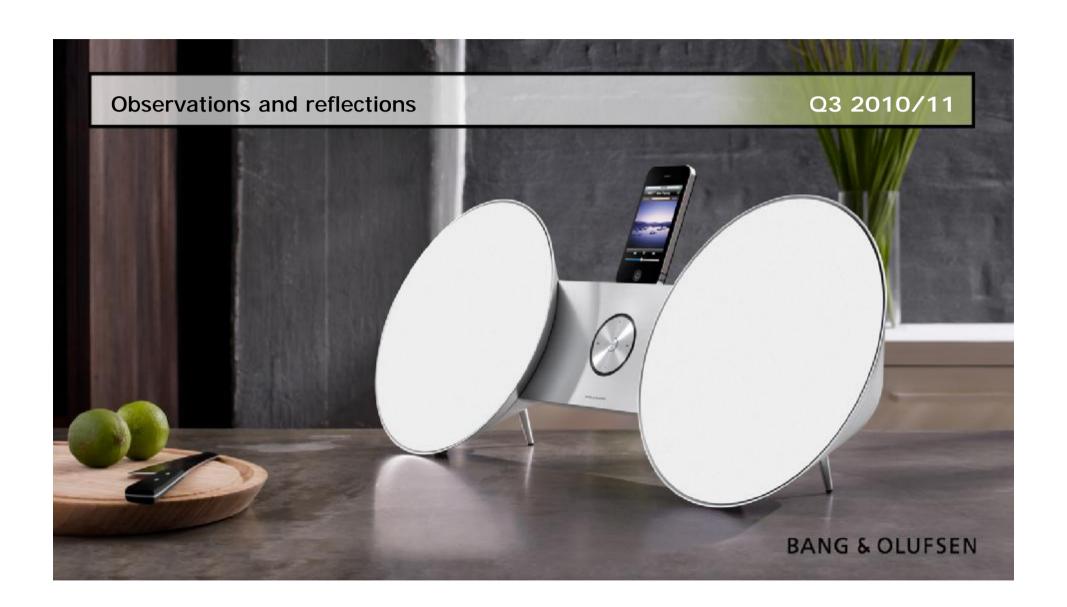
The Group's objective for the 2010/11 financial year is to support the growth ambitions for the branded business through a continuing high activity level within product development. The Group, therefore, expects 25 per cent of the Group's sales within the audio and video business to derive from new products, defined as sales in the first 12 months following the launch.

Distribution development

The Group expects that the total number of B1 shops will not be significantly different at the end of the 2010/11 financial year compared to the end of the 2009/10 financial year.

Expectations for the Group's results for 2010/11

In line with previous guidance, Bang & Olufsen expects that the 2010/11 financial year as a whole will result in a turnover level of DKK 2,850 million and a result before tax in the region of DKK 40-50 million.



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