

Bang & Olufsen Group

Annual Report 2006/07



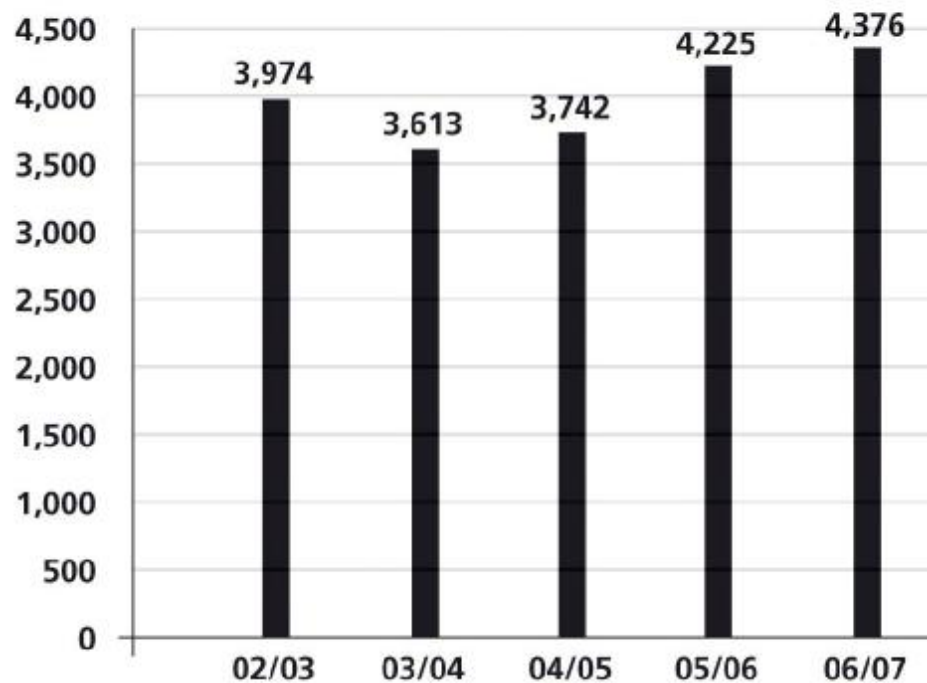
BANG & OLUFSEN 



- Profit before tax DKK 524 million, an increase of DKK 93 million (22 %)
- Turnover DKK 4,376 million, an increase of DKK 151 million (4 %)
- Turnover branded business an increase of DKK 230 million (6 %)
- Continued focus on product development and marketing
- Profitability is improved - EBIT-margin now 12.1 %
- Dividend of DKK 20 per share (nominal DKK 10) - approx. DKK 242 million and repurchase of own shares amounting to approx. DKK 200 million during the financial year



DKK million



• Turnover distribution

Branded business	DKK 4,194 million	+6 %
Medicom a/s*	DKK 101 million	
ICEpower a/s	DKK 117 million	+17 %
Internal turnover	DKK -36 million	

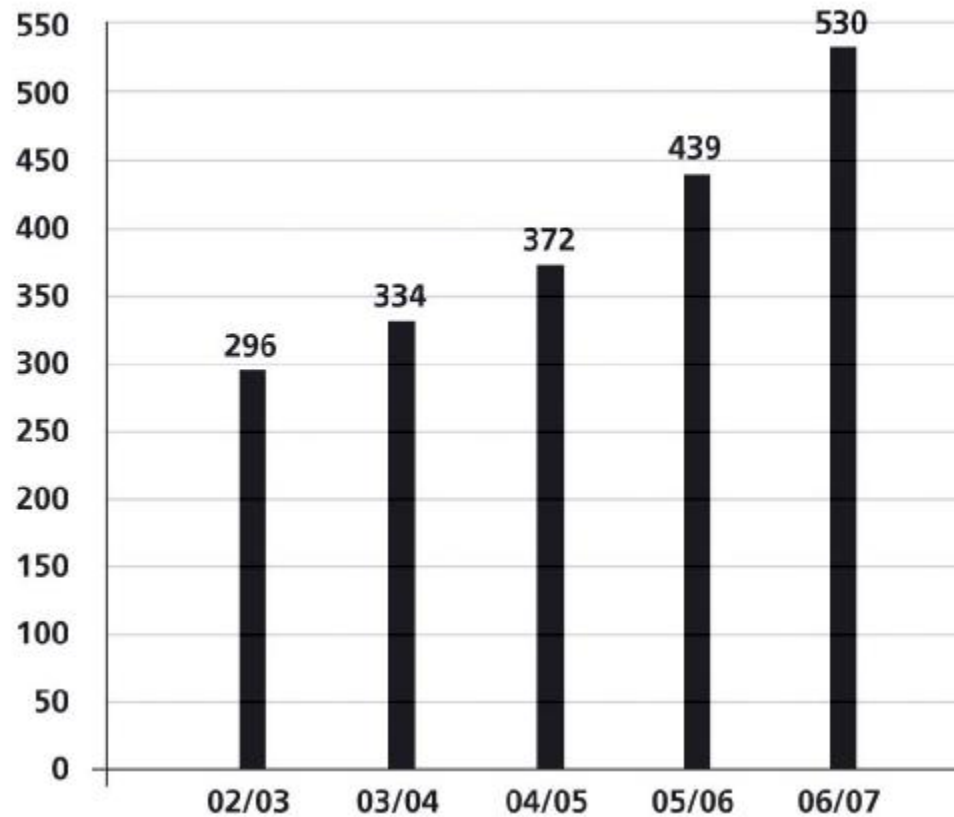
Total DKK 4,376 million

* 1/6-2006 - 28/2-2007 (9 months)

- Turnover in Germany improved for the 3rd year in a row.
- B&O Automotive increased turnover from DKK 19 million to DKK 87 million (358 %).
- B&O Enterprise continued growth - turnover up with DKK 41 million (75 %).



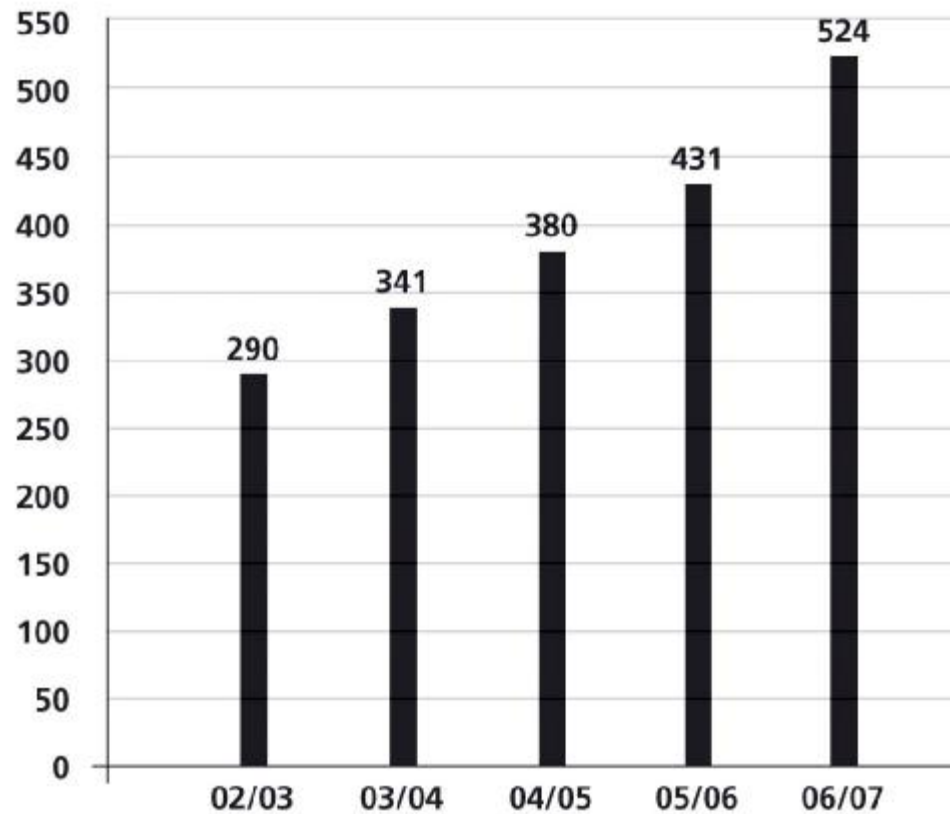
DKK million



- EBIT of 12.1 % increased from 10.4 %.
- Gross margin 46.6 against 46.0 in 2005/06, due to change in product mix.
- Development costs declined to DKK 494 million, number of product launches unchanged.
- Net impact of capitalisation DKK 35 million against DKK 68 million last year.
- Marketing pressure maintained.
- Automotive is still an investment area with a negative EBIT of DKK 19 million.



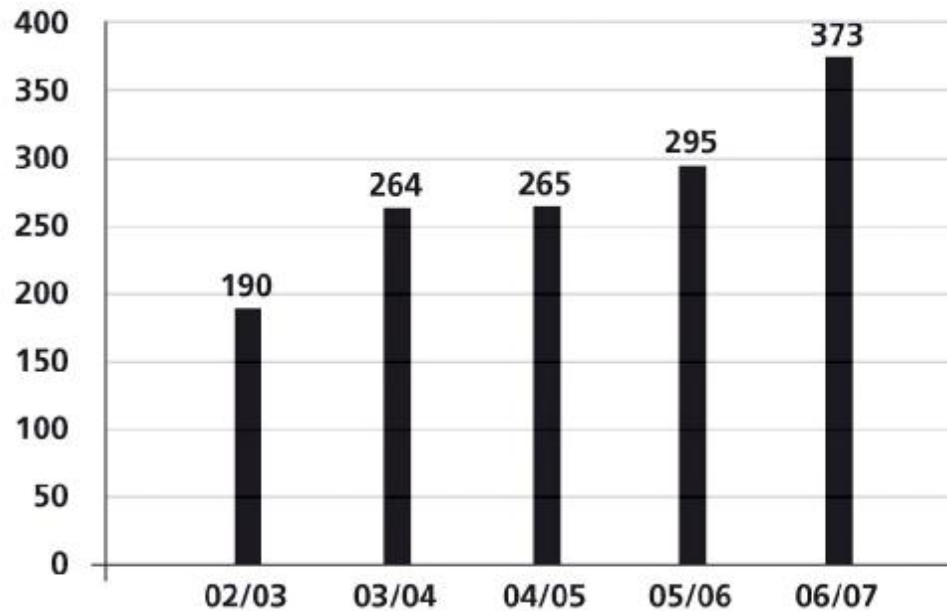
DKK million



- One-off gain, sale of shares in Bang & Olufsen Medicom a/s DKK 12 million. (Bang & Olufsen retains 35 % ownership).
- Financial costs increased DKK 9 million.



DKK million

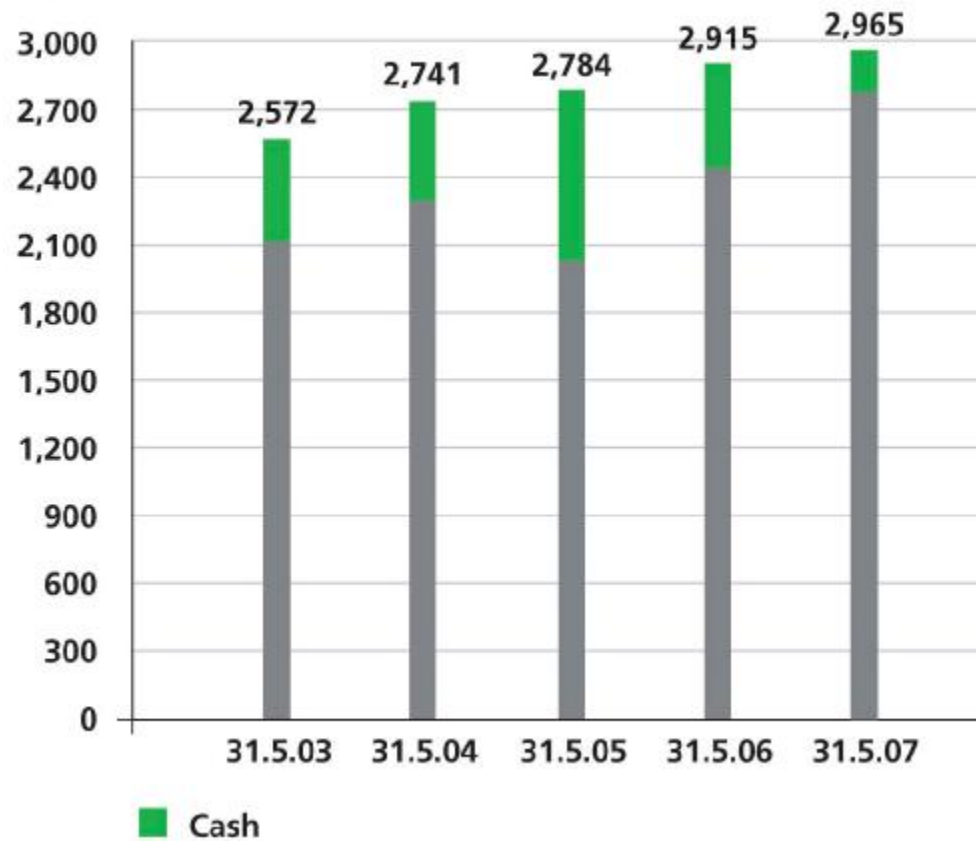


- Tax on result for the year amounts to DKK 152 million corresponding to a tax rate of 29.0 %.
- As at June 1st the Danish tax rate will be reduced to 25 %. This will mean a gain in the 1st quarter of 2007/08 of DKK 18 million.

Total assets



DKK million

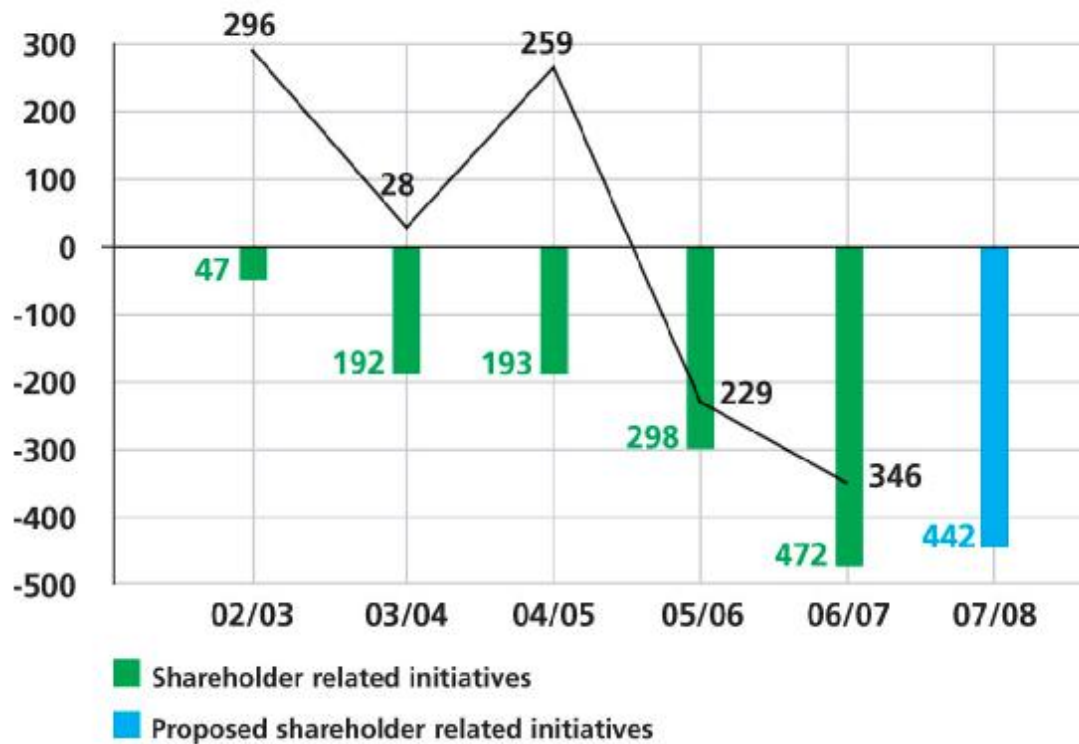


- Capitalised development costs 2006/07 - DKK 142 million against DKK 165 million in 2005/06.
- Net impact of capitalisation DKK 35 million against DKK 68 million last year.
- Inventories increased by DKK 127 million.
- Trade receivables increased by DKK 88 million.
- Cash decreased by DKK 306 million to DKK 196 million.

Cash flow



DKK million



- DKK 472 million spent on shareholder-related initiatives:
 - Repurchase of shares DKK 272 million.
 - Dividend DKK 200 million.
- Repayment of loans amounts to DKK 46 million.

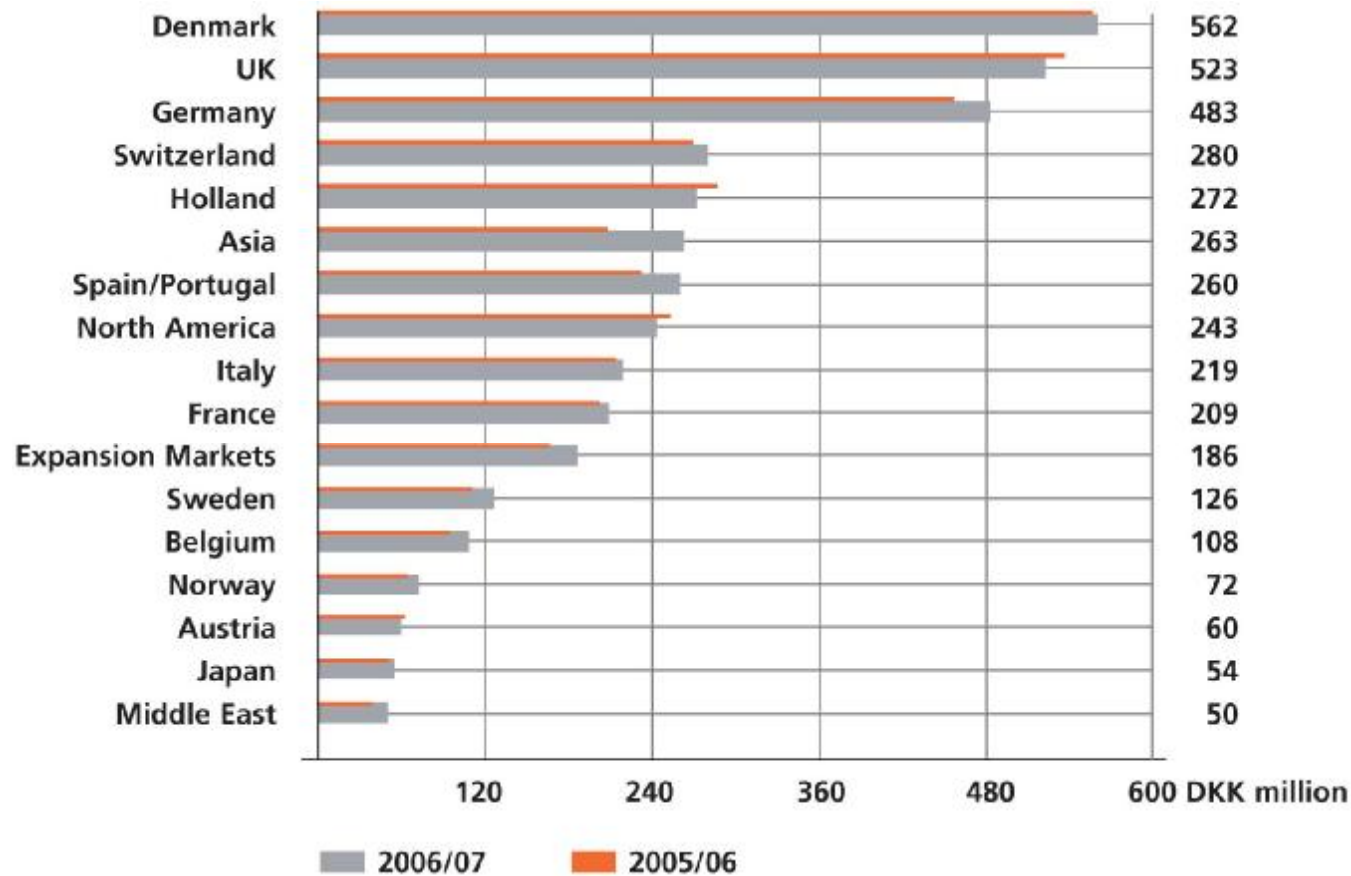
Shareholder-related initiatives



- Proposed dividend of DKK 20 per nominal DKK 10 share, approx. DKK 242 million.
- Repurchase of own shares amounting to approx. DKK 200 million during the financial year.

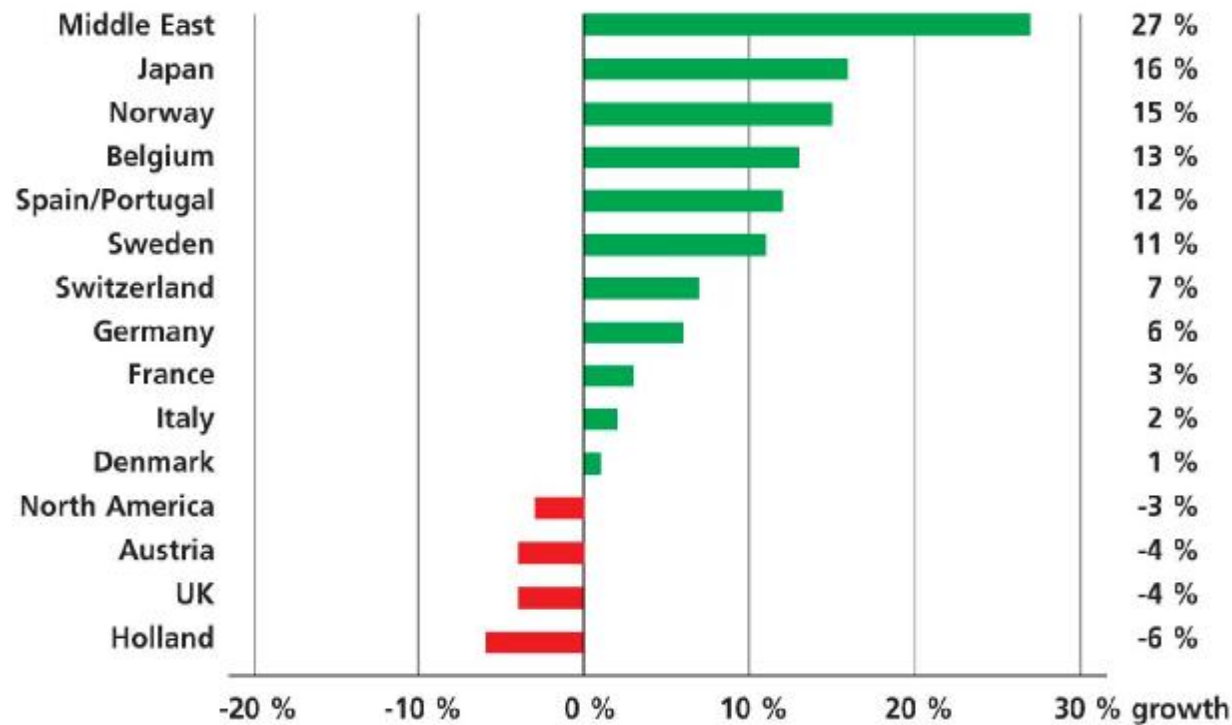
	Dividend paid per share (nom. DKK 10)	Dividend paid (DKK million)	Repurchase of own shares (DKK million)	Total (DKK million)
2007/08 (proposed)	20	241.6	200.0	441.6
2006/07	16	200.2	271.3	471.5
2005/06	12	149.0	148.9	297.9
2004/05	7	86.7	105.5	192.2
2003/04	7	94.0	98.1	192.1

Turnover per market 2006/07



Bang & Olufsen Branded business

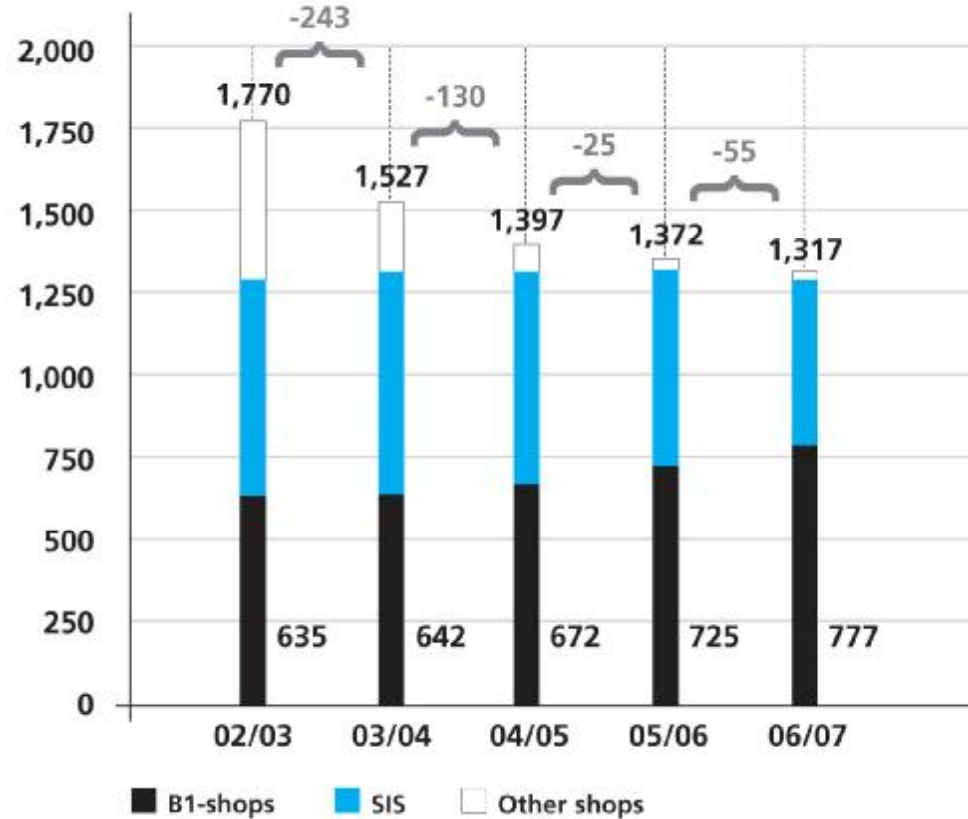
Growth in turnover per market 2006/07
(local currency)



- Germany and Switzerland - 3 years with growth.



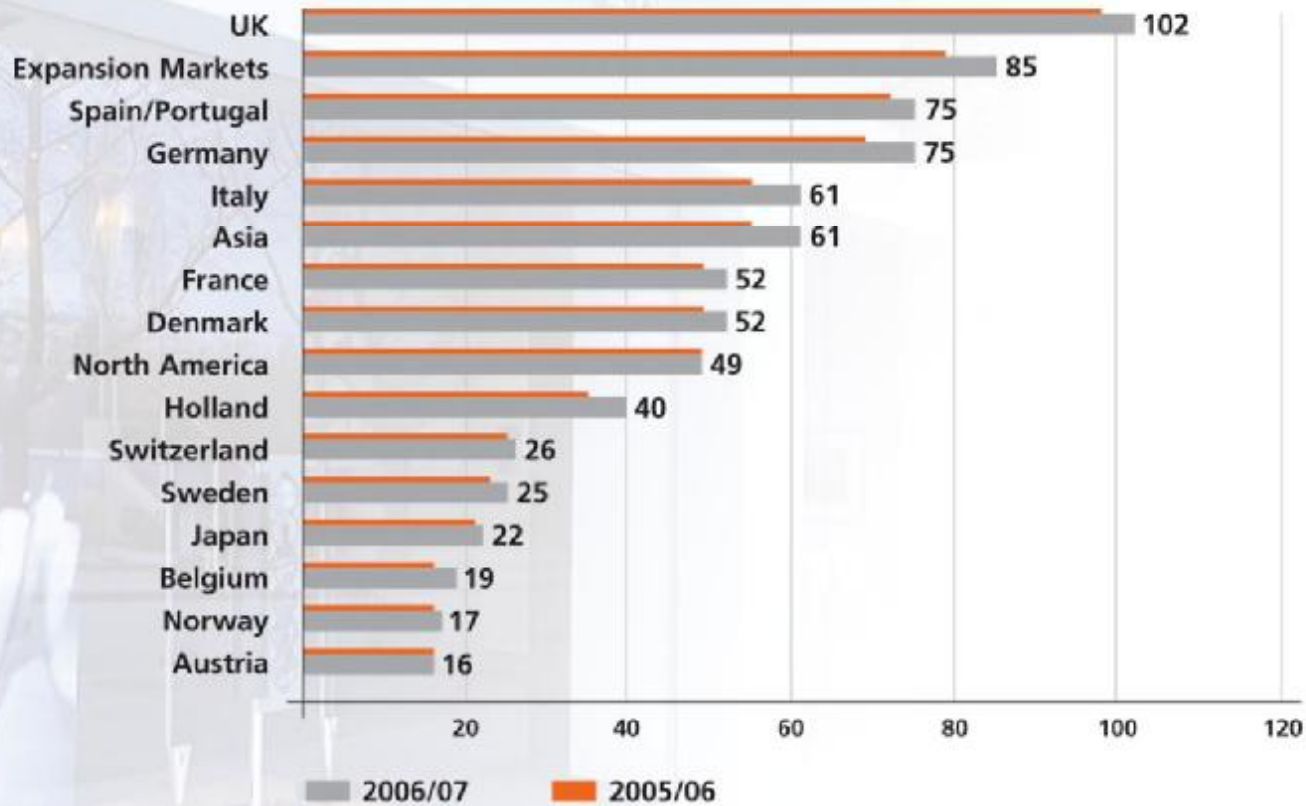
Number of shops



- Changes in number of shops compared to 31/5-06:

B1	+52
SIS	-74
Other	-33
<hr/>	
Total	-55

Number of B1-shops per market 31.05



• Total number of B1-shops: 777

Number of B1 1/6-06	725
New	64
Upgraded	22
Closed/downgraded	-34

Total 31/5-07 777

Bang & Olufsen Branded business

New established B1-shops 2006/07

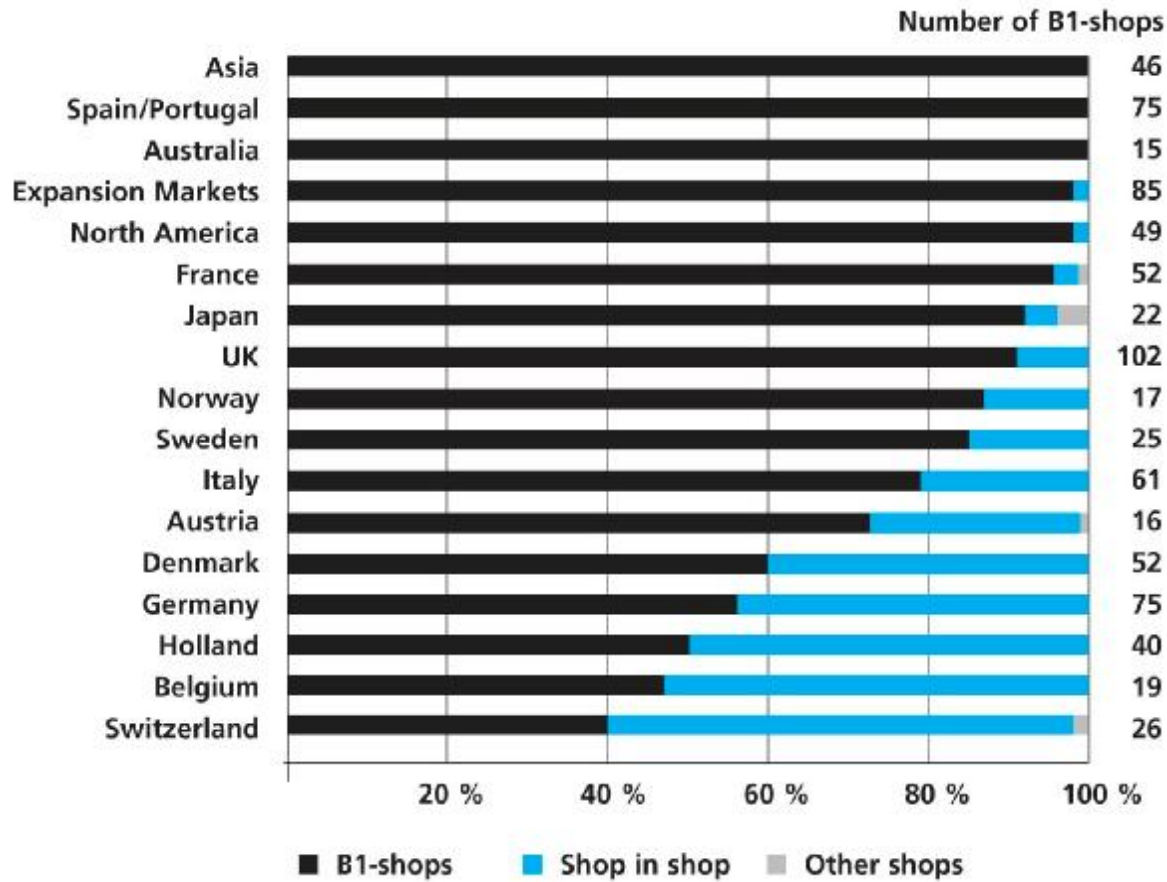


BANG & OLUF

Country	Number
Denmark	5
Norway	3
Sweden	3
Germany	5
UK	4
Holland	3
Belgium	1
France	5
Spain	6
Italy	4
North America	6
Expansion	11
Asia	7
Japan	1
Total	64



Share of turnover per shop segment 2006/07

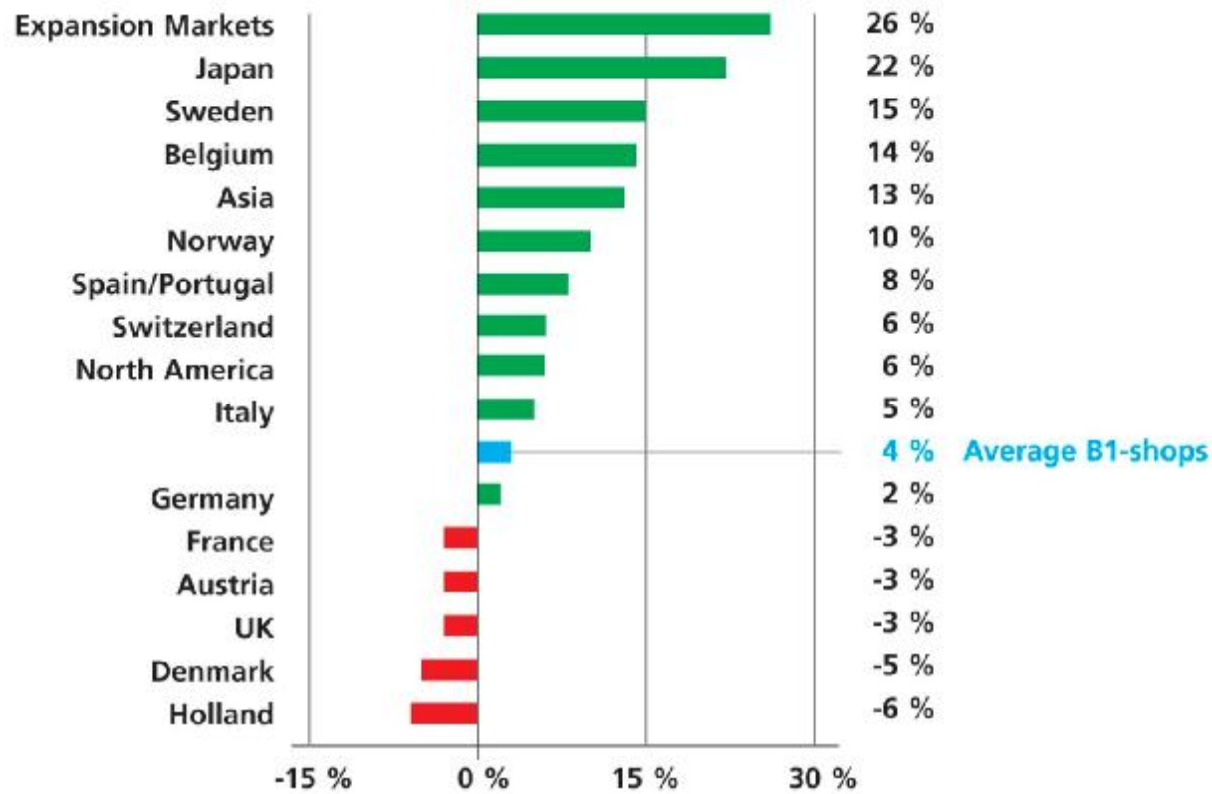


• Share of turnover per segment:

	2006/07	2005/06
- B1	75 %	73 %
- SIS	25 %	26 %
- Other	0 %	1 %
	100 %	100 %

Bang & Olufsen Branded business

Turnover development in the mature B1-shops
(with a minimum of two years in operation)



New products

2006/07



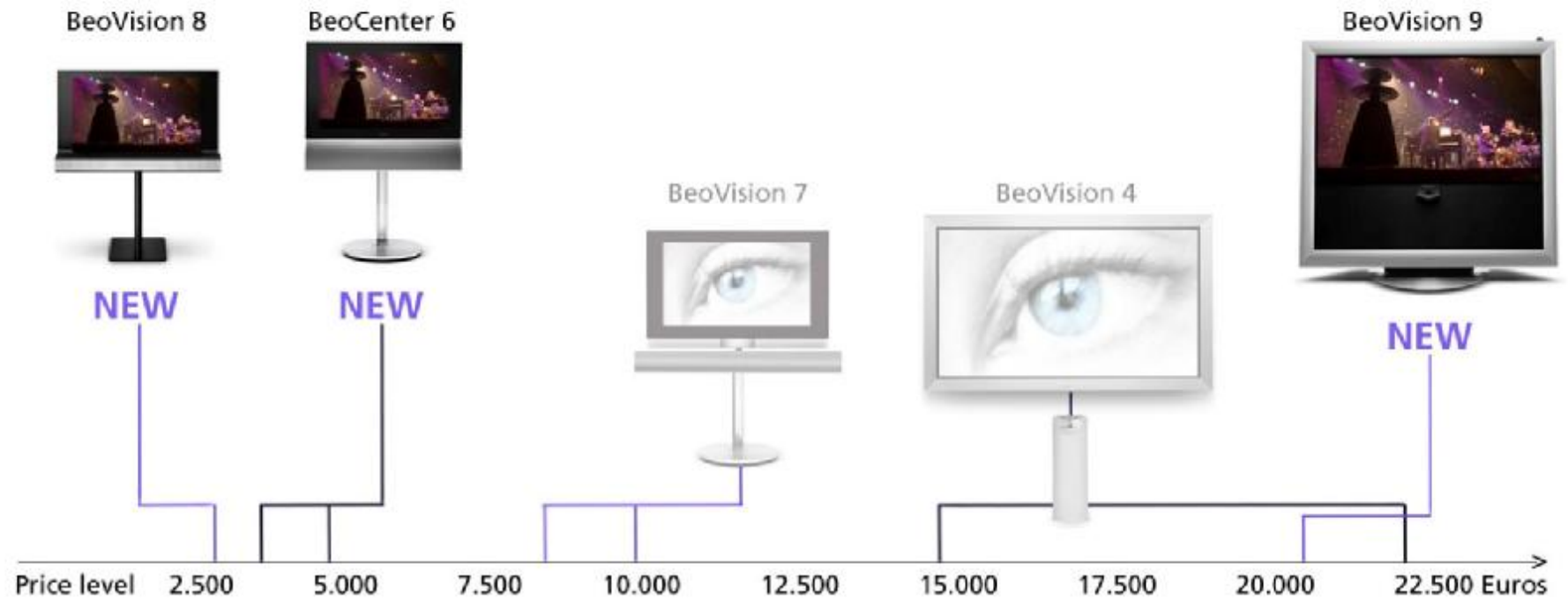
BANG & OLUFSEN **B&O**

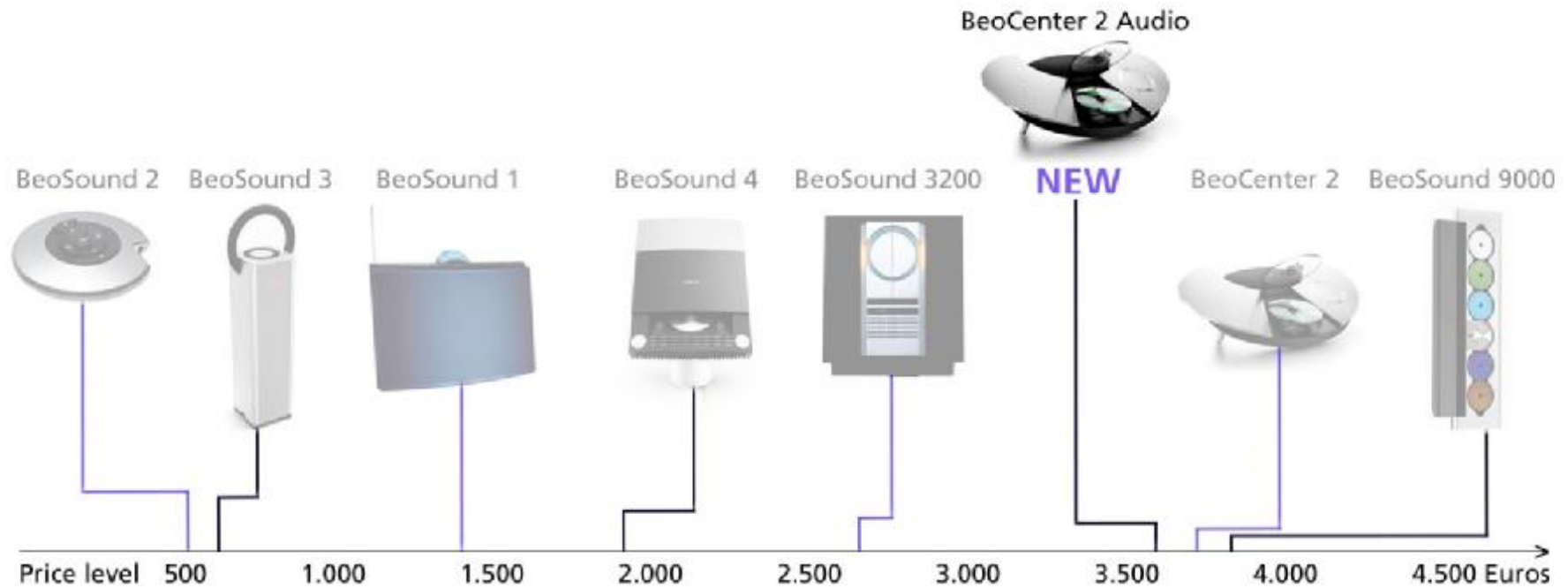


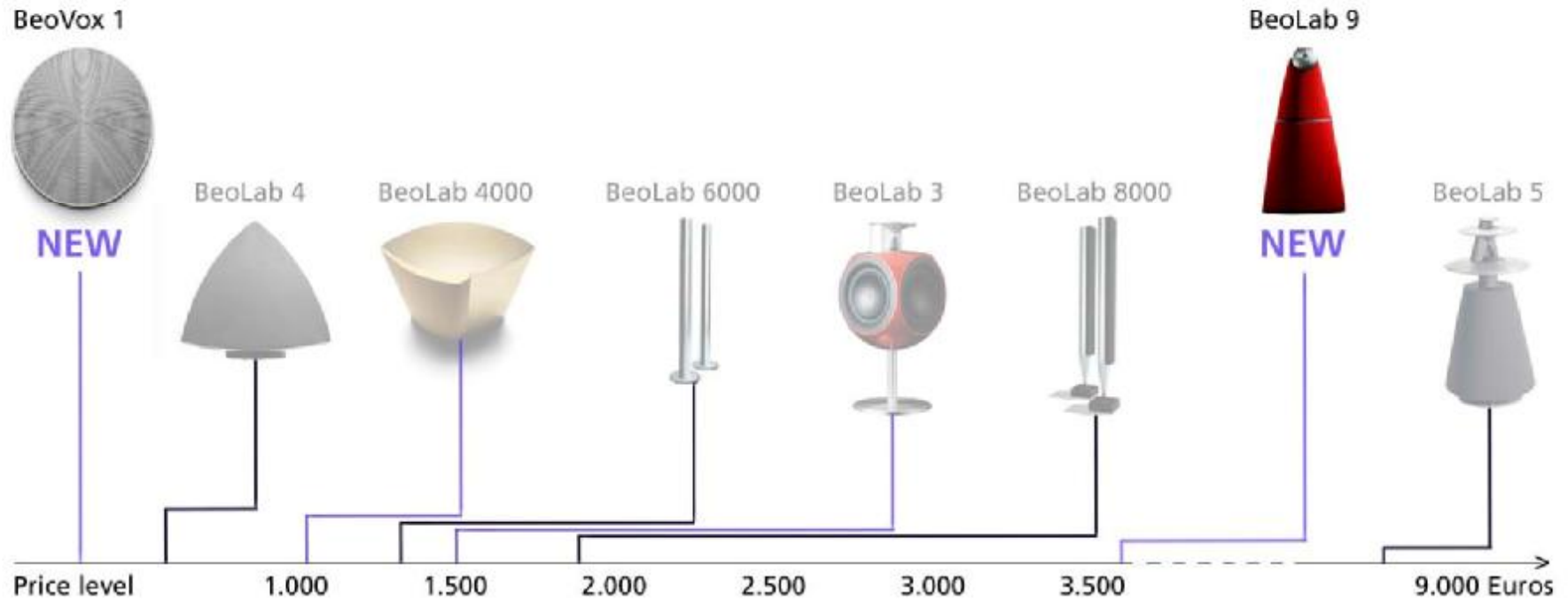
BANG & OLUFSEN **B&O**



BANG & OLUFSEN 









Bang & Olufsen Sound System



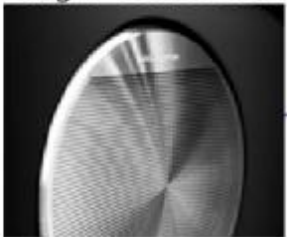
2006: R8



2007: A5 / S5



Bang & Olufsen Advanced Sound System



2005: A8 / S8



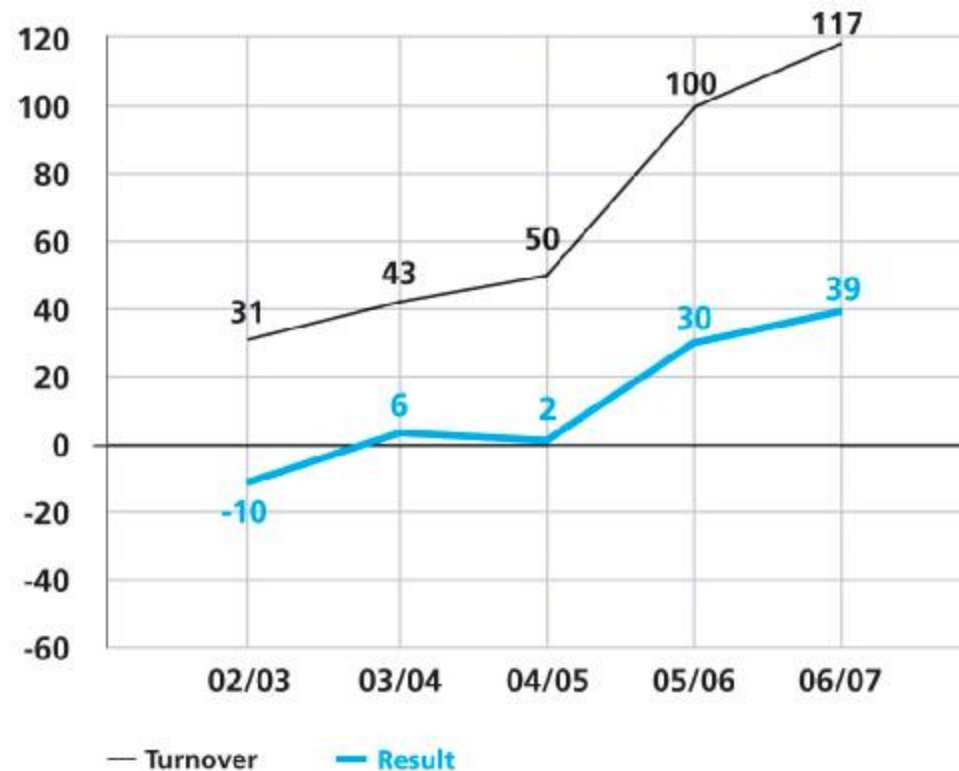
2007: Q7



Turnover and result before tax



DKK million



- Turnover growth of DKK 17 million (17 %).
- More than 90 % of the turnover is now to external customers.
- Some of the external customers:
 - Samsung TN (Mobile phones)
 - RCF (Professional loudspeakers)
 - Rotel (Domestic HiFi)
 - Alpine (Domestic HiFi)
 - Pioneer (Home entertainment + Domestic HiFi)
 - B&W (Consumer subwoofers)
 - KEF (Consumer subwoofers)

Expectations



BANG & OLUFSEN 



- Turnover level: DKK 4,700-4,800 million (Growth 8 %).
- EBIT: DKK 560-590 million .
- Result before tax: DKK 540-570 million.
- Opening of 50 B1-shops.
- Continued high launch frequency of new products.



BeoVision 8-32 (1st quarter 2007/08)

To complement the 26-inch version.

BeoVision 7-40 US (1st quarter 2007/08)

The successful flatscreen will be launched in the US market and in Korea and Japan.

DVD2 (1st quarter 2007/08)

A new integrated DVD recorder/player with an integrated hard disc.

Beo5 (2nd quarter 2007/08)

A new and highly flexible remote control device to operate any product combination.



New music-concept (2nd quarter 2007/08)

A newly developed portable music concept which brings together portable sound and telephony.

BeoSound 6 (2nd quarter 2007/08)

Portable product, an MP3-player with a very simple interface.

New audio concept (2nd half 2007/08)

A new standard for the way people can enjoy music in their homes of the future.



- Reaching a turnover level of around DKK 6 billion in 2010.
- EBIT-margin of at least 12 %.
- Annual positive cash flow from operations.

Assumptions:

- Organic growth of 8 % within established business areas.
- Net addition of 50 B1-shops per year.



- Growth within business to business:
 - Bang & Olufsen ICEpower a/s turnover level of DKK 200 million.
 - Bang & Olufsen Automotive turnover level range between DKK 300-500 million.
 - Bang & Olufsen Enterprise turnover level of at least DKK 250 million.
- Increased launch frequency - and increased investments in product development.
- Increased marketing pressure.

B&
BO