

Copenhagen Stock Exchange
Nikolaj Plads 6
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Translation

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Financial statement for 3rd quarter 2001/2002

- Turnover showed a satisfactory increase of DKK 284 million to DKK 3,189 million, i.e. 10% on the year.
- The ordinary result before tax was DKK 201 million against DKK 214 million last year. With a pre-tax result for ordinary operations of DKK 103 million against DKK 79 million for the same period last year, the third quarter showed satisfactory growth. The result represents an increase of DKK 24 million or 30%.
- Important European markets, including UK, Holland, France and Spain, continue to report a positive development.
- Although there are early signs of an improvement in the US market, continuing losses have affected the result negatively by approximately DKK 43 million. 3rd quarter losses in the US amounted to approximately DKK 11 million.
- Planned product launches within the audio/video segment were implemented. These included the plasma concept, BeoVision 5, which has been favourably received by retailers and customers. The company expects to launch yet another new product, a portable digital music player, during the fourth quarter.
- The adjustment of investment and cost levels is proceeding as planned.
- We maintain our expectations for satisfactory growth in turnover and a result on a par with last year.
- The Group's objective is to obtain average annual growth in earnings of 10-15% in order to achieve pre-tax earnings of DKK 300-350 million no later than at the end of the 2004/2005 financial year.

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Chairman

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President, CEO

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Main figures - Bang & Olufsen a/s – the Group (unaudited)
(DKK million)

1/6-2001 - 28/2-2002

	2001/02	2000/01
Net turnover	3,189	2,905
Operating profit	213	253
Result from ordinary operations in associated company	1	2
Financial items	(13)	(41)
Result from ordinary operations before tax	<u>201</u>	<u>214</u>
Tax on ordinary result	(82)	(72)
Ordinary result after tax	<u>119</u>	<u>142</u>
Of which minority holdings	7	-
Result for the period after tax and minority interests	<u>126</u>	<u>142</u>

Corporation tax has been calculated as the share of the financial year's expected tax liability relating to the result for 9 months.

Balance sheet information

	28/2-02	28/2-01
Equity capital	1,275	1,191
Assets	2,479	2,327
Assets, excl. liquid funds and securities	2,313	2,220

Development in equity capital

Equity capital as at 1 June 2001	1,147
Exchange rate adjustment for investment in subsidiaries	(2)
Capital increase for staff shares, net after tax	1
Dividend from own shares	3
Profit after tax carried forward	<u>126</u>
Equity capital as at 28 February 2002	<u>1,275</u>

The accounting policy is unchanged compared to previously.

Parentheses denote negative figures or amounts to be deducted.

Notes on developments for the past three quarters

Bang & Olufsen a/s

The third quarter showed satisfactory progress. The pre-tax result for ordinary operations was DKK 103 million (against DKK 79 million for the same period last year). This constitutes an increase of DKK 24 million or 30%.

Turnover for the Bang & Olufsen a/s group for the period 1/6 2001 - 28/2 2002 totalled DKK 3,189 million against DKK 2,905 million for the same period last year, i.e. an increase of DKK 284 million or 10%. This is especially due to positive sales trends in the UK, Holland, France and Spain.

Operating profit for the period 1/6 2001 - 28/2 2002 was DKK 213 million against DKK 253 million last year.

The ordinary result before tax was DKK 201 million against DKK 214 million last year. The weaker profitability was caused by continuing operating losses in the US and a shift towards the product portfolio's TV segment.

Bang & Olufsen AudioVisual a/s

Advances in Europe

Turnover in Bang & Olufsen AudioVisual a/s totalled DKK 2,928 million, i.e. a rise of DKK 232 million or 9% on the same period in 2000/2001. The UK, Holland, France and Spain continue to see particularly positive sales trends. With the exception of Switzerland, other markets performed in line with expectations.

The Danish, Norwegian and Swedish markets all showed positive development during the quarter, with the Danish market performing above the accumulated 3rd quarter level of last year. Sales in Norway and Sweden, however, remain below last year's level. The positive development in the 3rd quarter partly reflects the continued strengthening of the distribution and the accelerated launch programme.

In the United States developments continue to be characterised by uncertainty. Although the 3rd quarter showed a slightly positive trend in the retail sector and an overall sales increase compared to the first three quarters last year, earnings on both wholesale and retail levels remain unsatisfactory. Since Bang & Olufsen owns or partly owns 28 retail outlets in the US, this has had a noticeable impact on the result for the period.

Developments in major markets

Germany

Turnover in Germany totalled DKK 462 million against DKK 451 million last year. This corresponds to a rise of DKK 11 million or 2%. Seen in isolation, the 3rd quarter - in comparison with the 3rd quarter last year - did not meet expectations. The turnover of DKK 146 million (against DKK 160 million in the third quarter last year) showed a fall of DKK 14 million.

We expect the German market to end the year with a turnover above the level of last year and, in the longer term, for the market to stabilise following the decline over the past three years.

There are now 66 B1 shops and 388 other shops in Germany. Efforts to enhance B1 development and profitability continue. We also aim at improving relations with the many multibrand shops.

Scandinavia

The Danish market showed good progress but the advances here have not yet extended to Norway and Sweden. For the first 9 months, turnover in Denmark totalled DKK 358 million - an increase of DKK 6 million on the year. In Norway turnover remained largely unchanged at DKK 52 million while Sweden, at DKK 83 million, experienced a fall in turnover of DKK 8 million. The region now has 68 B1 shops and 333 other shops.

UK

The UK, Bang & Olufsen's second most important market, recorded an increase in turnover of DKK 73 million, i.e. from DKK 356 million to DKK 429 million. This is mainly due to satisfactory operations in all current shops and a continuing successful development of new shops. During the period under review 10 new B1 shops were opened, bringing the total to 72 B&O dedicated shops.

Holland

Bang & Olufsen's fifth largest market, Holland, saw a 10% increase in turnover - from DKK 205 million to DKK 226 million. There are 35 B1 shops in Holland.

France, Spain and Portugal

Turnover in France rose by 6%, from DKK 144 million to DKK 153 million. Spain/Portugal posted a satisfactory increase of 24%, to DKK 145 million. There are now 48 B1 shops in France, 63 in Spain and 11 in Portugal.

Italy

In Italy turnover was DKK 139 million against DKK 133 million for the same period last year, i.e. a rise of 5 %.

Switzerland

Despite satisfactory pre-Christmas sales, turnover declined by DKK 4 million, to DKK 214 million against DKK 218 million last year. During the period, the Swiss market was characterised by stagnation and uncertainty among consumers.

USA

The quarter showed some improvement for our American activities although earnings continue to be unsatisfactory and subject to considerable fluctuation in turnover per shop from month to month. Customer traffic remains weak.

Some B1 shops continue to experience a lack of activity. In several shops, however, large scale customer installations have compensated for the lower traffic. Overall, we recorded a loss of DKK 43 million on our American activities for the period 1 June 2001 - 28 February 2002. The loss in the 3rd quarter totalled DKK 11 million.

As, in general, older, well-established shops perform best we intend to focus on strengthening the newer shops through an enhanced training programme, support for marketing on the retail level and close follow-up on individual shops.

Despite the difficult situation, the US remains a key, long-term growth market for the group.

Positive trends in Asia

Developments in Asian markets continue to show a positive trend with growth rates running into double figures. In Japan turnover improved by 24% compared to the same period last year, while turnover in Hong Kong, Korea and Australia rose by 7, 35 and 45% respectively.

There are now 35 dedicated B1 shops in Asia. In Japan alone we have 15 B1 shops and 21 other shops.

B1 shops: share of turnover continues to increase

Between 1/6 2001 and 28/2 2002 Bang & Olufsen opened 55 new B1 shops, upgraded a further 29 and closed down 20. The total number of B1 shops worldwide now stands at 602. B1 shops account for 62% of all turnover against 56% in the same period last year.

Product launches meet expectations

During the autumn of 2001, Bang & Olufsen AudioVisual launched a new "tabletop" TV, BeoVision 3, as well as an upgrade of BeoVision Avant with integrated DVD player.

Both products were given a favourable reception in their launch markets and have contributed to both turnover and traffic in the shops.

During the autumn, we also launched BeoVision 4, a plasma-solution designed for the US market.

In the 3rd quarter we launched a unique plasma solution for the European market, BeoVision 5, which was enthusiastically received by both customers and retailers. Expectations are for BeoVision 5 to contribute positively to the result for the 4th quarter.

Overall, demand - and launches - focused on the product portfolio's TV segment during the period. As this segment traditionally has the lowest margins, we shall continue to strengthen marketing and product development initiatives, favouring audio products.

The 4th quarter will also see the launch of BeoSound 2, a compact and elegant portable digital music player (mp3, wma) in all markets.

Bang & Olufsen Telecom a/s

Continued stable development

Despite weak December and January sales, Bang & Olufsen Telecom a/s continues to show steady progress. Turnover rose by DKK 8 million to DKK 198 million against DKK 190 million for the same period last year.

Bang & Olufsen Medicom a/s

Continued steady growth

Bang & Olufsen Medicom a/s' turnover for the period totalled DKK 211 million against DKK 150 million last year, i.e. a rise of DKK 61 million or 41 %. The steady growth, which has characterised the business unit in recent years has, therefore, been sustained.

Bang & Olufsen New Business a/s

The business unit maintains a positive dialogue with selected high-end car manufacturers concerning commercial exploitation of Bang & Olufsen's acoustics competencies, design and brand. We continue to develop this segment although financial benefits are not expected to materialise for some time to come.

Bang & Olufsen ICEpower a/s

During the quarter we agreed an important development and license contract with Sanyo, the world's largest supplier of amplifier ICs based on conventional technology. The combination of ICEpower patents and Sanyo's production technologies and well-established distribution network will make ICEpower available to the amplifier mass market within the next few years.

At the same time, the company continues development and sales of ICEpower amplifiers, both as components and as customer specific ICEpower systems developed for larger customers. Currently the company supplies approximately 20 customers, including an increasing number of Japanese customers such as Sony and Foster Electric Company. Turnover for 2001/2002 is expected to be approximately DKK 15 million.

Bang & Olufsen and the 4th quarter

Expectations for the full year

In our interim statement of January 16, we announced that the Group expects a satisfactory increase in turnover and a result in line with last year. Turnover for the first three quarters has exceeded expectations and has compensated for declining margins and the negative operating result in the retail business in the US.

The initiated cost savings measures have been implemented as planned and important launches have been moved forward. We expect to launch Bang & Olufsen's first portable digital music player, BeoSound 2, during the 4th quarter.

In the US we expect to see a gradual improvement of our operations. Nevertheless market uncertainties will remain.

The 4th quarter has got off to a satisfactory start.

Based on this, we maintain our expectations for a satisfactory increase in turnover and a result in line with last year.

Longer-term expectations

Strong and versatile product portfolio

The development and launch of a strong product portfolio - in terms of concept as well as design - remains the cornerstone of the Bang & Olufsen Group. Along with tube technology, new flat screen technologies will form the basis for continued innovation within the TV portfolio. New, advanced - and, in several instances, patented - acoustics technologies will also offer opportunities for developing a versatile, high-performance programme for audio products and quality loudspeakers. In addition, general developments within the field of digital systems offer scope for building on Bang & Olufsen's unique systems and link solutions. The Group's expertise within the field of user-friendly operations also lays the groundwork for strong differentiation. The aim, therefore, is to launch one to two breakthrough products per year.

Distribution development

The substantial restructuring of Bang & Olufsen's distribution over the past seven years is now entering a new phase where the main emphasis will be on the shops' qualitative development and organic growth. Resources will, therefore, be systematically allocated to support sales for both established and new shops, through, for example, increased focus on staff development, method development and training. The Group's main communication activities will also increasingly be applied to traffic-enhancing tools and activities. Over the next three years, the Group will open around 50 B1 shops per year. In previous years, around 100 B1 shops were opened each year. The overall target is around 750 B1 shops and 740 shop-in-shops before the end of the 2004/2005 financial year.

Geographical development

Over the next three to four years, Europe, which has several markets with strong growth potential, will continue to account for the majority of the Group's sales. We continue to consider the US a significant growth potential-market despite the current, and fairly substantial, uncertainties. Over the next two years, resources will be committed to regaining momentum in the 60 existing North American B1 shops.

Once satisfactory profitability is established, we will resume the development of our US distribution through the opening of new B1 shops. The intention, however, is not for Bang & Olufsen to own retail businesses in the longer term.

Over the next three years, Bang & Olufsen will continue to build on its position in the Far East which, spearheaded by Japan, offers considerable growth potential.

The objective: annual growth in earnings of 10-15%

Over the next three years, the Group plans to achieve an annual turnover of approx. DKK 5 billion. In order to ensure satisfactory development of the Group's profitability, initiatives have been made towards improving earnings. These include measures designed to increase the product portfolio's contribution margins, re-establish profitability in the US retail business and improve the operating results for Telecom and the new business areas which were established the year before last.

The Group's objective is to obtain average annual growth in earnings of 10-15% in order to achieve pre-tax earnings of DKK 300-350 million no later than at the end of the 2004/2005 financial year.