

## **Bang & Olufsen adjusts revenue outlook for 2018/19. Outlook for EBIT margin and free cash flow is unchanged**

Today, Bang & Olufsen a/s announces that the Board of Directors has decided to adjust the company's financial guidance for 2018/19.

### **Preliminary second quarter revenue and adjusted revenue outlook**

Based on preliminary sales numbers for the second quarter 2018/19, where revenue is expected to decline by approximately 9 per cent compared to same quarter last year, as well as a slower than expected start to the third quarter 2018/19, Bang & Olufsen a/s now expects revenue for the financial year 2018/19 at the same level as 2017/18 (revenue was previously expected to grow above 10 per cent).

The following has impacted revenue in the second quarter and will also impact the third quarter:

- A time-lag effect of the transformation of the sales and distribution network from closing of low performing points-of-sale to opening of new points-of-sale
- The change to a more direct distribution model, which has impacted sales in especially EMEA and Americas
- Change of distributor in Australia and New Zealand, which has impacted sales in Asia
- Challenges related to the onboarding of a new logistics service partner meant delays in fulfilling customer orders, which has impacted sales in EMEA and Americas, especially in November

"We have the right strategy in place and are progressing well on our key strategic initiatives. A focus area is the transformation of our sales and distribution network, which is necessary to strengthen the customer experience and ensure future growth," said CEO Henrik Clausen. "However, there is a time-lag effect as we close down a number of existing points-of-sale and establish new ones, which has impacted sales. Adding to that, issues with our new logistics partner meant delays in fulfilling customer orders in November. Therefore, we have adjusted outlook for revenue growth, while outlook for EBIT margin and free cash flow is unchanged."

### **Outlook for EBIT margin and free cash flow is unchanged**

EBIT margin for the second quarter 2018/19 is estimated to be approximately 10 per cent and outlook for EBIT margin for the full year is expected to be in the range of 7-9 per cent (unchanged).

Free cash flow for full year is expected to be above DKK 100 million (unchanged).

The content of this release will not affect the ongoing share buyback programme.

Bang & Olufsen a/s will release its full interim report for the second quarter 2018/2019 on 8 January 2019 (previously scheduled for 15 January 2019). Following the release of the full interim report, the company will host a conference call for investors and analysts.

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