

Bang & Olufsen adjusts full-year outlook – but expects profitable growth in 2019/20

Lower than expected sales in Europe means that Bang & Olufsen adjusts the financial expectations for 2018/19. The company expects to deliver profitable growth in 2019/20.

Struer, 3 June 2019

Bang & Olufsen adjusts the expectations for the 2018/19 financial year. Revenue is expected to decline by 13-14 per cent against a previous expectation of a decline around 10 per cent as previously reported by the company. At the same time, the EBIT margin is expected to be 2-3 per cent against a previously expected EBIT margin of approximately 4-5 per cent.

B&O's CEO Henrik Clausen explains that revenue in the fourth quarter was lower than expected due to lower than expected sales in Europe. Primarily the monobrand network in Europe performed below expectations, as the anticipated normalisation of TV sell-in level, mentioned in the interim report for the third quarter, did not materialise.

As a consequence of the lower than expected revenue in the fourth quarter, expectations of the EBIT margin and free cash flow are also negatively impacted.

“Clearly our financial performance this year has not been satisfactory, and we are very disappointed with the development. We knew that the fourth quarter would be challenging and that especially TV sell-in was associated with a considerable level of uncertainty. Unfortunately, TV sell-in in our European monobrand network did not normalise as we anticipated,” says Henrik Clausen, underlining, however, that Bang & Olufsen expects profitable growth in the financial year which has just started.

“We expect to return to profitable growth in the financial year 2019/20, and we will, in connection with the publication of the annual report for 2018/19 on 11 July, provide more detailed financial targets,” says Henrik Clausen.

Despite the current outlook adjustment, B&O has, according to Henrik Clausen, come a long way with the necessary transformation of the business.

“Despite a disappointing development the past quarters, it is important to stress that we have come a long way with the transformation of Bang & Olufsen. We have launched a number of innovative products the past years, we have established a scalable less complex business model and we have strengthened our digital competences. All in all, today we have a profitable business despite the current growth challenges. But we are far from finished with the transformation

and we know that we still have a great deal of work ahead of us," says Henrik Clausen.

Key figures – revised expectations for 2018/19

- **Revenue:** 13-14% lower compared with the last financial year (previously around 10% lower)
- **EBIT margin:** 2-3% (previously approximately 4-5%)
- **Free cash flow:** Negative DKK 275 to 300 million (previously negative DKK 200-250m)

Financial targets

For the financial year 2019/20, Bang & Olufsen expects to again deliver profitable growth. As communicated in the interim report for third quarter 2018/19 published on 4 April 2019, the company is in a process of assessing financial targets, which will be announced in connection with the publication of the annual report for 2018/19 on 11 July 2019.

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About Bang & Olufsen

Bang & Olufsen is a global luxury-lifestyle brand founded in 1925 in Struer, Denmark by Peter Bang and Svend Olufsen whose devotion and vision remains the foundation for the company.

The rich heritage built around the relentless determination to create products that push the boundaries of audio technology continues to place the company at the forefront of audio innovation. Today, every Bang & Olufsen product is still characterized by the unique combination of beautiful sound, timeless design, and unrivalled craftsmanship.

The company's innovative and progressive audio products are sold worldwide in Bang & Olufsen monobrand stores, online and in multibrand stores. The company employs around 1,000 people and operates in more than 70 markets and Bang & Olufsen's shares are listed on NASDAQ Copenhagen A/S.

For more information on Bang & Olufsen, please visit www.bang-olufsen.com.
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