

Annual report from Bang & Olufsen: Revenue up by 12 per cent

Bang & Olufsen has announced financial results for 2016/17.

Struer, Denmark, July 12th, 2017

CEO in Bang & Olufsen, Henrik Clausen comments:

"In 2016/17 Bang & Olufsen continued to progress and delivered satisfactory growth, improved the company's profitability and generated a positive free cash flow. We have had focus on delivering new and innovative products for our customers, developing our brand partnerships, and creating a more agile business model and that has contributed to the strengthening of our underlying business and results."

"We still have some work to do before we reach our long-term goals but our progress shows that we are on the right track. We will continue to execute diligently on our strategy and strengthen our focus on the company's core capabilities to maintain the current growth momentum and create a more profitable business."

The report is available at <http://www.bang-olufsen.com/da/corporate/investors/company-announcements>

Highlights from the report are listed below:

2016/17 compared to 2015/16

- Group revenue was DKK 2,954 million in 2016/17. This was an increase of 12 per cent (14 per cent in local currency), which was in line with guidance for the year
- The B&O PLAY business unit showed a strong growth of 27 per cent (28 per cent in local currency), and the Bang & Olufsen business unit showed a growth of 3 per cent (5 per cent in local currency)
- The Group gross margin was 38.1 per cent against 36.1 per cent last year. Both the Bang & Olufsen and the B&O PLAY business unit gross margins improved compared to last year
- Free cash flow in 2016/17 was DKK 307 million against negative DKK 187 million last year. The development was impacted by the release of the final escrow payment from HARMAN of DKK 93 million and DKK 123 million from the sale of the Czech subsidiary
- EBITDAC was DKK 25 million compared to negative DKK 106 million last year. EBITDAC in the underlying business was DKK 81 million compared to DKK 14 million in the underlying business last year, corresponding to an improvement of DKK 67 million. This corresponds to an EBITDAC margin of 2.7 per cent, and was in line with the guidance of an EBITDAC margin of 2-3 per cent.
- Bang & Olufsen will strengthen its focus on the company's core capabilities and continue the implementation of a more agile and

asset light operating model to reduce complexity, increase flexibility and to scale the business.

Outlook for 2017/18

Revenue for the Group is expected to grow by around 10 per cent compared to 2016/17. Earnings before interest, tax, depreciation, amortization and capitalisation (EBITDAC) for the underlying business is expected to be 8-10 per cent of revenue.

Long term financial targets

The company aims to deliver a growth of above 10 per cent in average per year over the next three years, while earnings before interest and tax (EBIT) for the underlying business is to be above 12 percent at the end of 2019/20.

Webcast

A webcast will be hosted on 12 July 2017 at 10:00 CET. Access to the webcast is obtained through our website www.bang-olufsen.com

For more information, please contact:

Head of Group Communications
Jens Gamborg
Mobile: +45 2496 9371
E-mail: JGAM@bang-olufsen.dk

***Bang & Olufsen** was founded in Struer, Denmark, in 1925 by Peter Bang and Svend Olufsen, two innovative, young engineers devoted to high quality audio reproduction. Since then, the brand has become an icon of performance and design excellence through its long-standing craftsmanship tradition and the strongest possible commitment to high-tech research and development.*

Still at the forefront of domestic technology, Bang & Olufsen has extended its comprehensive experience with integrated audio and video solutions for the home to other areas such as the hospitality and automotive industries in recent years. Consequently, its current product range epitomizes seamless media experiences in the home as well as in the car and on the move.

*For more information on Bang & Olufsen, please visit www.bang-olufsen.com. Images are available free of charge from the **Bang & Olufsen media centre**: <http://mediacenter.bang-olufsen.dk>.*