

## Interim report for the 1<sup>st</sup> quarter from Bang & Olufsen: **Improved profitability and 15 per cent revenue growth**

***Bang & Olufsen has announced the financial results for the first quarter of 2017/18.***

Struer, Denmark, 4 October , 2017

CEO in Bang & Olufsen, Henrik Clausen, comments:

"We are pleased with the development in the first quarter, with double-digit growth across both business units and an improved profitability compared to last year. We launched several new, innovative products, increased our brand partnering activities, and continued to strengthen our business model. Overall, we have had a satisfactory start and we are on track for the year."

The interim report for the first quarter is available at <https://www.bang-olufsen.com/da/corporate/investors/company-announcements>

Highlights from the report are listed below:

### **1<sup>st</sup> quarter 17/18 compared to 1<sup>st</sup> quarter 16/17**

- Group revenue was DKK 592 million. This was an increase of 15 per cent (17 per cent in local currency)
- The B&O PLAY business unit continued the growth momentum and realised a growth of 17 per cent (18 per cent in local currency), and the Bang & Olufsen business unit had a good start to the year with a growth of 13 per cent (15 per cent in local currency)
- Bang & Olufsen launched BeoLab 50 and the new BeoVision Eclipse TV, and B&O PLAY launched E8 and E4. Furthermore, the Group announced new collaborations with LG on their new V30 smartphone, and with HARMAN to deliver an audio system to Bentley Motors' new Continental GT
- The Group gross margin was 39.9 per cent against 33.4 per cent in the same period last year. The development comprises a gross margin improvement of 6.7 percentage points in Bang & Olufsen and 6.0 percentage points in B&O PLAY compared to last year
- In line with expectations, free cash flow was negative DKK 159 million compared to negative DKK 32 million last year. The change was, among other things, due to more product launches driving higher inventory, and increased investments in products and the Innovation Lab in Struer

- Profitability – EBITDAC (earnings before interest, tax, depreciation, amortisation and capitalisation) was negative DKK 42 million compared to negative DKK 67 million last year. This was due to expected seasonal variations as well as increased development costs

**Outlook for 2017/18 is maintained**

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

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***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](http://www.bang-olufsen.com). Images are available free of charge from the **Bang & Olufsen media centre**: <http://mediacenter.bang-olufsen.dk>.*