

Bang & Olufsen a/s releases preliminary results for the fourth quarter of the 2013/14 financial year in line with the company's previous guidance.

Preliminary results for the fourth quarter of the 2013/14 financial year

Bang & Olufsen a/s' ("Bang & Olufsen") revenue for the fourth quarter of the 2013/14 financial year (1 March 2014 - 31 May 2014) amounted to DKK 801 million, corresponding to a growth of 8.2 per cent compared to the same quarter in the 2012/13 financial year.

Revenue in the AV segment was DKK 483 million in the fourth quarter compared to DKK 470 million in the same quarter last financial year corresponding to 2.9 per cent growth. The turnover in the AV segment in the fourth quarter of this financial year was generated through Bang & Olufsen's distribution network consisting of 692 B1/SiS stores (ex. Sparkle Roll SiS) compared to 816 stores in the same quarter last year. Thus, the increase in the AV sales per store in the quarter was 21 percent. The reception of the new TV, BeoVision Avant, launched on 8 May 2014 has been very positive, and early indications of customer demand are promising. Revenue impact in the fourth quarter from BeoVision Avant was limited due to the launch of it being late in the quarter.

Revenue in the B&O PLAY segment was DKK 127 million in the fourth quarter compared to DKK 113 million in the same quarter last financial year, corresponding to 12.4 per cent growth. Especially third party channels demonstrated strong performance and reached total revenue of DKK 31 million in the fourth quarter, corresponding to a growth of 106 per cent.

The Automotive segment revenue was DKK 169 million in the fourth quarter compared to DKK 140 million in the same quarter last financial year, corresponding to 20.7 per cent growth. The Automotive segment continues to show solid growth driven by new car models launched by cooperation partners as well as increased take-rates.

Revenue in ICEpower was DKK 27 million in the fourth quarter compared to DKK 19 million in the same quarter last financial year, corresponding to a growth of 42.1 per cent.

Total revenue for Bang & Olufsen for the 2013/14 financial year was DKK 2,864 million compared to DKK 2,814 million in the 2012/13 financial year, corresponding to a growth of 1.8 per cent.

The group gross margin was significantly higher in the fourth quarter of the 2013/14 financial year, compared to the same quarter last financial year, and therefore the gross margin for the full year is expected to be significantly above last year's gross margin.

The combination of revenue growth, improved gross margin and disciplined cost management led to a strong EBIT performance in the fourth quarter. For the full year, an EBIT around break-even is therefore expected, which is in line with the company's previous guidance.

Preliminary outlook for the financial year 2014/15

For the AV segment, focus will be on creating a growth momentum based on the revitalised product portfolio. The expected growth in 2014/15 will be highly dependent on the success of the newly launched IWS speaker range, the BeoVision Avant as well as other key products launched in the AV segment during 2014/15.

The B&O PLAY segment will focus on accelerating new product launches as well as expanding third party retail distribution, which is expected to ensure growth in the 2014/15 financial year.

Automotive is expected to continue the stable growth through the launch of new car models launched by cooperation partners as well as by increasing take-rates.

Bang & Olufsen expects an increase in the Group EBIT margin compared to the last financial year.

The Leaner, Faster, Stronger strategy

2014/15 will be the first year in the second phase of the Leaner, Faster, Stronger strategy. With many of the legacy issues fixed during the last three years, the aim in the next three years will be to accelerate growth by building on new products like BeoVision Avant and the Immaculate Wireless Sound speakers. Further, the company will continue to lift the level of innovation and agility of the company to respond to the rapidly changing market conditions. Bang & Olufsen will in connection with the publication of the Annual Report for 2013/14 present details of the plans and targets for the next phase of the strategy.

Potential strengthening of the capital base

Referring to the Company Announcement no. 13.14 (11 April 2014), Bang & Olufsen is still considering various possibilities for strengthening the company's capital base with the objective of accelerating growth through:

- Increasing the investment in retail, marketing and the revitalization of the Bang & Olufsen brand
- Maintaining a high level of R&D investment to continue the strengthening of the product portfolio
- Stimulating growth through other initiatives, e.g. expansion in the US and third-party distribution for B&O PLAY

On this basis Bang & Olufsen has decided to investigate the possibility of strengthening the capital base through an accelerated book building offering during the period until the announcement of the annual report for the 2013/14 financial year.

Annual Report

Bang & Olufsen will publish the annual report for the 2013/14 financial year on Wednesday, 13 August 2014.

Conference call

Bang & Olufsen will host a conference call on 19 June 2014 at 10:00 CET

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