

Bang & Olufsen adjusts outlook for the financial year 2018/19

Based on preliminary revenue and estimated financial performance for the fourth quarter 2018/19, which ended on 31 May 2019, the company's outlook for the financial year 2018/19 has been adjusted as follows:

- 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)

Revenue in the fourth quarter was primarily impacted by 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, expected EBIT margin and free cash flow was also negatively impacted.

CEO Henrik Clausen says:

“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.”

“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 for the company.”

“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 know that we still have a great deal of work ahead of us.”

Financial targets

For the financial year 2019/20, Bang & Olufsen expect 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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