

## **Bang & Olufsen reports preliminary Q3 numbers in line with expectations, but revises full year outlook for 2019/20 due to the anticipated impact from COVID-19**

Preliminary results for Q3 2019/2020:

- Revenue of DKK 613 million, down 12% in local currencies compared to the same quarter in 2018/19
- EBIT margin of 0.3% (before special items)
- Free cash flow of DKK 39 million

Revenue in Q3 was overall as expected. However, in Asia in-store activity was negatively impacted by COVID-19 in the last part of the quarter, whereas the important online channel and business to business sales performed as expected. The company's supply of products was only marginally impacted in Q3 as a result of the COVID-19, however logistic costs increased.

Free cash flow was positive for the quarter, driven by EBITDA as well as a positive development in net working capital partly due to a reduced inventory level.

The COVID-19 situation is expected to impact consumer behaviour and demand in all of the company's major markets, and hence the company's expected financial performance in Q4. Currently, the company does not expect material changes to previously communicated product launch plans for new and upgraded products in Q4 although some uncertainty remains due to COVID-19.

Based on the preliminary numbers for Q3 and the anticipated impact from COVID-19 on the company's financial performance in Q4 2019/20, Bang & Olufsen revises its outlook for 2019/20 as follows:

- Revenue: 20-29% lower than last year (previously minus 13-18%)
- EBIT margin: Minus 10-15% before special items (previously minus 4-9%)
- Free cash flow: Negative DKK 200-350 million (previously negative DKK 100-150 million)

Due to the current market situation, the outlook remains subject to a high level of uncertainty. Further, the company refers to the general assumptions related to the company's financial outlook as described in the Q2 report which continues to apply.

CEO Kristian Teär comments:

“Overall, revenue was as expected in Q3, and we have only experienced minor constraints on our supply of products due to the COVID-19 situation. We continue to monitor the situation closely, but we expect that COVID-19 and the uncertainty related to the current market situation will affect consumer behaviour and demand in all major markets, which is why we are adjusting our

operations and financial outlook. We will now accelerate the cost reduction program initiated in December and expect to be able to inform the market about this in due course.”

Due to the situation, the company will postpone the Capital Markets Day, originally planned for 3 April 2020 until further notice. Instead the company will provide an update on the 2020/21 key strategic priorities and a strategic direction for the future on 2 April 2020 in connection with the Q3 interim report.

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