



GN Store Nord

Goldman Sachs European Medtech and Healthcare Services Conference

CEO GN ReSound Mike van der Wallen
London, September 2, 2009



Safe Harbour Statement

The forward-looking statements in this interim report reflect management's current expectations of certain future events and financial results. Statements regarding 2009 are, of course, subject to risks and uncertainties which may result in material deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Factors that may cause actual results to deviate materially from expectations include – but are not limited to – general economic developments and developments in the financial markets, technological developments, changes and amendments to legislation and regulations governing GN's markets, changes in the demand for GN's products, competition, fluctuations in sub-contractor supplies, developments in class action and patent infringement litigation in the United States, and the integration of company acquisitions.

This presentation should not be considered an offer to sell or buy securities in GN Store Nord.



GN Store Nord A/S

GN Store Nord

- Listed company
- Supervisory Board
- Equally ranked CEO's GN Netcom and GN ReSound

Outlook 2009:
EBITA DKK ~ (30)m

GN Netcom

Contact Center & Office Headsets, Mobile Headsets



Outlook 2009:
Revenue DKK ~2bn
EBITA DKK ~ (100)m

GN ReSound

Hearing Instruments and Audiologic Diagnostics Equip.



Outlook 2009:
Revenue DKK ~3bn
EBITA DKK ~200m

Total GN Outlook 2009:

- Revenue: around DKK 5 billion
- EBITA: around same level as 2008
- Amortization, finance etc.: ~ DKK (175) million
- Investing activities cash outflow considerably lower than in 2008
- Free cash flow: significant, positive



Attractive Hearing Instrument Industry

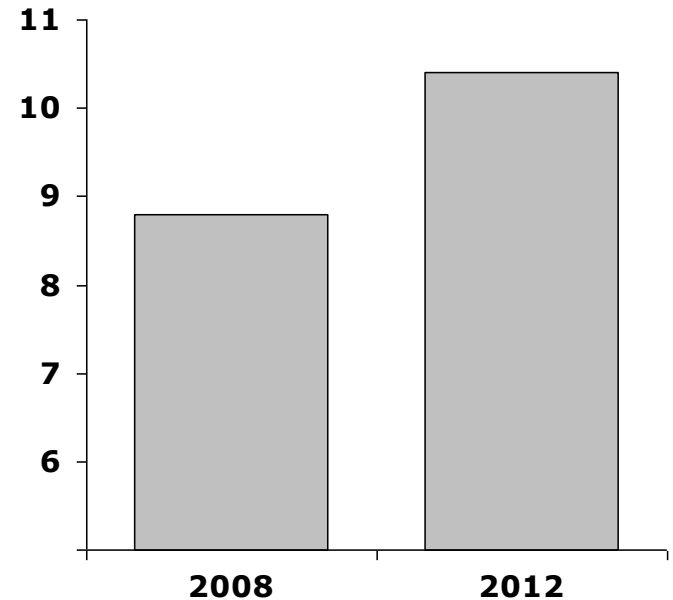
Market volume drivers

- Ageing population
- Higher prevalence
- Improving adoption rates
- Improving binaural fitting rates
- Additional replacements cycle
- Developing countries' potential

**Solid long-term
market growth
rates expected**

World HI market

**Million
units**

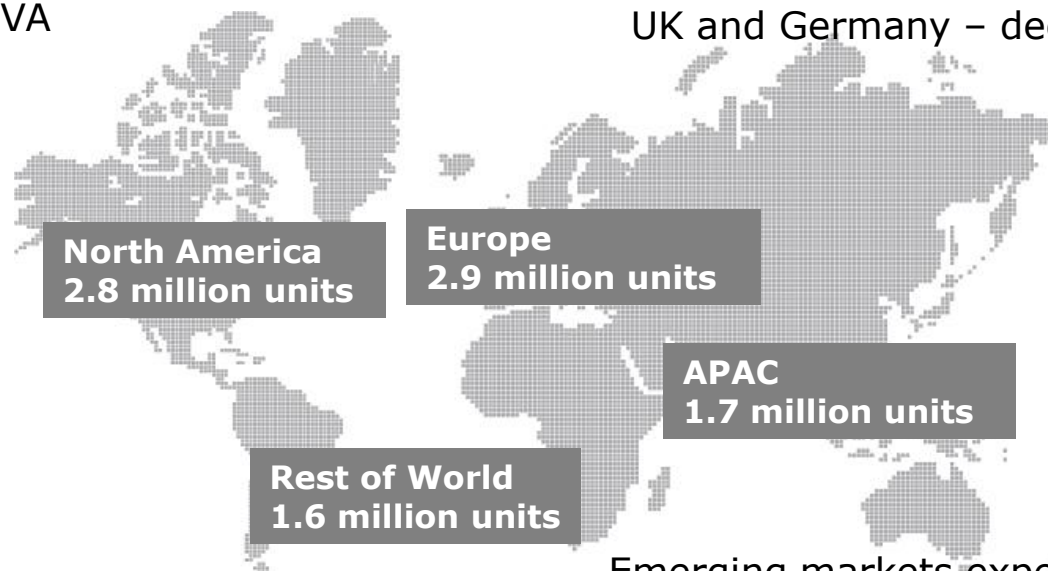




Current growth trends in the Industry

US growth H1 2009: 5% including VA,
1% excluding VA

Growth in the European markets very
modest with the two largest markets –
UK and Germany – declining in value



Emerging markets experience
double-digit growth rates

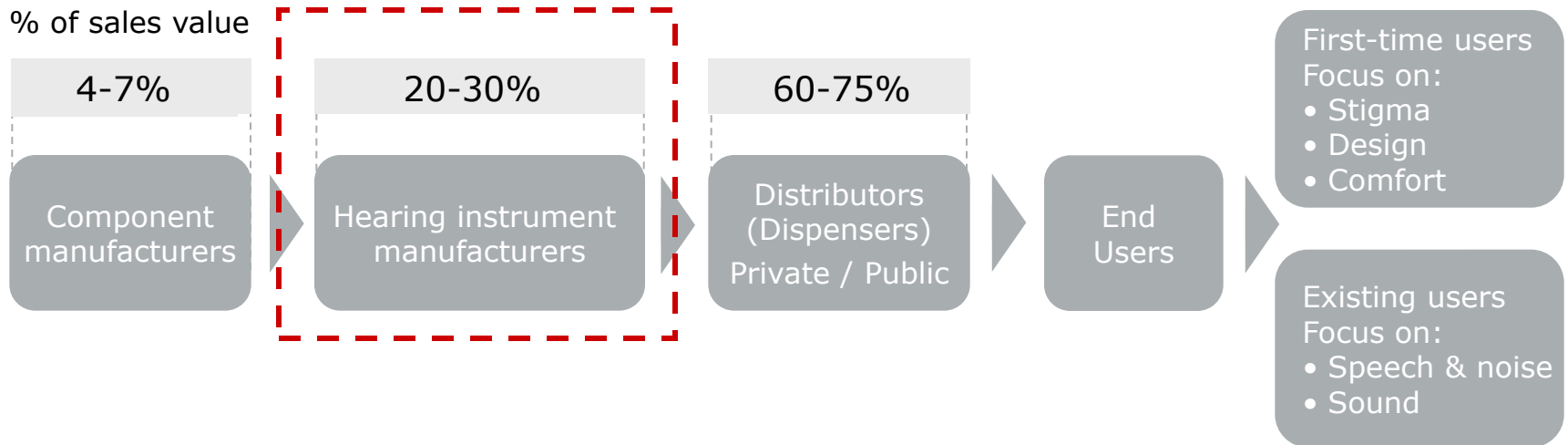
Long-term growth expectations remain solid,
however, the current trends indicate tougher short-term market conditions:

- Overall hearing instrument unit growth is modest
- Customers currently trading down
- US growth driven by public sector (VA)
- Solid unit growth in emerging markets



The Hearing Instrument Value Chain

Hearing instrument manufacturers capture 20-30% and are the most profitable players





GN ReSound in short

- The GN ReSound Group is one of the world's largest providers of hearing instruments and diagnostic audiological instrumentation
- GN ReSound sales totaled DKK 3,178 million (EUR 427 million) in 2008
- With headquarters in Denmark, GN ReSound employs approximately 3,450 employees in 22 countries, and markets its products in more than 90 countries



Hearing aids



**Premium full line
wholesale brand**



**World's leading
retail brand**



Wholesale guerrilla

Instrumentation



**World leading
brands**



Current strategic focus of GN ReSound

Customer focused

- Key accounts & tenders
- Emerging markets
- Germany and France

Market innovation

- Regain position in top end
- Launch effectiveness
- Meeting needs for end-users and dispensers

Efficient

- Execution excellence / Reducing costs
- End to end supply chain

Culture

- Performance driven culture



Transformation of Organization on Track

R&D

- New structure and leadership
- Increased efficiency, new products to market at lower cost
- Projects and core technologies re-evaluated

Operations

- Consolidate true global organization with new SVP
- Improved repair and inventory management
- Fewer stock keeping units

Marketing

- New SVP and organization
- Focus on life cycle management
- Increased efficiency in marketing products

Sales

- Reorganization to increase sales and customer focus
- Global Commercial Excellence
- Transfer and consolidation of local manufacturing

Finance, HR and IT

Resized and customer focused



First Results of Transformation Showing

- Cash impact from working capital reductions YTD > DKK 100 million
- Headcount reduced from ~ 3,775 end of 2008 to ~3,450 end Q209
- Annual cost base in 2010 reduced by > DKK 200 million vs. 2008
- Expanded strategic partnership with Amplifon
- New partnership with KIND Hörgeräte
- Complete ReSound portfolio on VA contract
- Increased efficiency and market focus in R&D
- Global launch of two new product families on track for October



Head of KIND Hörgeräte: "GN has a convincing product roadmap and a full-line product offering. Furthermore the 3-brand strategy includes suitable product lines for all markets in which KIND is present with its more than 550 retail shops. "



GN ReSound Q2 Income Statement

(DKK million)	Q1	Q2	Q3	Q4	2008	Q1	Q2
Revenue	772	776	787	843	3,178	774	757
Organic growth	1%	(1)%	9%	10%	5%	(4)%	(7)%
Gross margin	60%	62%	57%	62%	60%	62%	61%
SG&A, R&D etc.	(432)	(410)	(447)	(465)	(1,754)	(448)	(405)
EBITA	31	72	4	56	163	29	54
EBITA margin	4.0%	9.3%	0.5%	6.6%	5.1%	3.7%	7.1%

- GN ReSound continues the initiatives to create a leaner, more customer-focused organization with improved cash flows and a strong platform for profitable growth in 2010.
- Operating expenses, excluding costs related to the restructuring program, have been reduced by 11% relative to quarterly average of 2008 (2008 being the base line for the restructuring program).
- Hearing Instruments generated revenue of DKK 679 million corresponding to organic growth of (7)% adversely impacted by market conditions and a shift in the product mix.
- Audiologic Diagnostics Equipment contributed with a revenue of DKK 78 million corresponding to organic growth of (3)%.
- Hearing instrument unit growth was (1)%.



GN ReSound Q2 Balance Sheet & Cash Flow

Balance sheet selected items (DKK million)	Q2 2008	FY 2008	Q1 2009	Q2 2009
Inventories	390	391	373	332
Trade receivables	758	744	741	687
Trade payables	161	206	155	126
Cash flow (DKK million)				
Cash flow before working capital	104	462	100	113
Change in working capital & restructuring/non-recurring costs paid	(45)	(166)	72	52
Cash flow from investing activities	(107)	(443)	(75)	(61)
Free cash flow excl. tax & financial items	(48)	(147)	97	104

- GN ReSound reduced its working capital during the quarter with both accounts receivable days and inventory turns improving.
- The cash flow from investing activities was reduced significantly.
- The positive change in working capital and lower investments has resulted in positive cash flow from operating and investing activities excluding tax and financial items of DKK 104 million.



The Outlook for GN ReSound

Key value drivers

- Solid long term market growth
- Company transformation on track to harvest profitability upside
- Reduced headcount, working capital and cost base
- Improved cash flow, efficiency and market focus
- Significant new partnerships and tenders won
- Innovative pipeline focused on regaining position in top end and with key accounts
- Leading position in emerging markets, which are growing double digit

Challenging environment

- Customers trading down during economic downturn
- Short term negative volume growth in some markets
- Competitors and chains buying retail aggressively
- Shorter product life cycles



Thank you

Q&A