



Q1 Interim Report 2011

CEO, GN ReSound
CEO, GN Netcom
CFO, GN Store Nord
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Copenhagen, May 5, 2011



Agenda

- Q1 2011 Highlights
- GN ReSound
- GN Netcom
- Financial Outlook



Q1 2011 Group Highlights

GN Store Nord

- 7% organic growth driven by ReSound Alera™ and Unified Communications
- EBITA improved by DKK 11 million compared to Q1 2010. EBITA impacted by a duty/tax-related DKK 25 million one-time provision
- EBITA guidance maintained at DKK 675-775 million

GN ReSound

- 9% organic growth driven by ReSound Alera™
- Excluding the duty/tax-related one-time provision, EBITA increased by DKK 7 million

GN Netcom

- 15% organic growth for CC&O. Mobile Headsets was as expected affected by a weak market in NA
- EBITA more than doubled compared to Q1 2010

Group financials (DKK million)	Q1 2011	Q1 2010
Revenue	1,298	1,174
Organic Growth	7%	2%
Gross profit	774	662
Gross margin	60%	56%
EBITA	97	86
EBITA margin	7%	7%
Net Profit	54	58
Free Cash Flow	-27	58
ROIC*	10%	3%

* Excl. TPSA award



Update on Arbitration Case Against TPSA

Latest development

- TPSA's challenge of the Arbitrators' integrity was dismissed by the President of the Austrian Federal Economic Chamber on April 12, 2011
- The first hearing in the challenge proceedings filed by TPSA in Austria took place on March 30, 2011. The court ordered a further exchange of submissions and scheduled the final hearing for September 8, 2011
- The deadline for TPSA to respond to the claim for phase 2 which DPTG filed in January is set to May 27, 2011. On June 10, 2011 there will be a planning meeting discussing the upcoming steps in the arbitration
- In relation to DPTG's enforcement proceedings in Poland, DPTG is in the process of preparing the submission for the next hearing which will be conducted in Q3, 2011



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GN ReSound – Key Financials

- 9% organic growth in Q1 2011 driven by a strong 23% growth in North America

DKK million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011
Revenue	726	789	794	855	3,164	820
Organic growth	(2)%	0%	5%	5%	2%	9%
Gross margin	59%	59%	60%	61%	60%	60%
SG&A, R&D etc.	(359)	(399)	(406)	(390)	(1,554)	(442)
EBITA	70	63	68	128	329	52
EBITA margin	9.6%	8.0%	8.6%	15.0%	10.4%	6.3%
Free cash flow excl. tax & financials	26	(8)	(6)	57	69	(47)

- Strongest quarterly organic growth in more than 2 years
- As expected margins were relatively soft in Q1
- Cash flow was negatively affected by a temporary increase in inventories



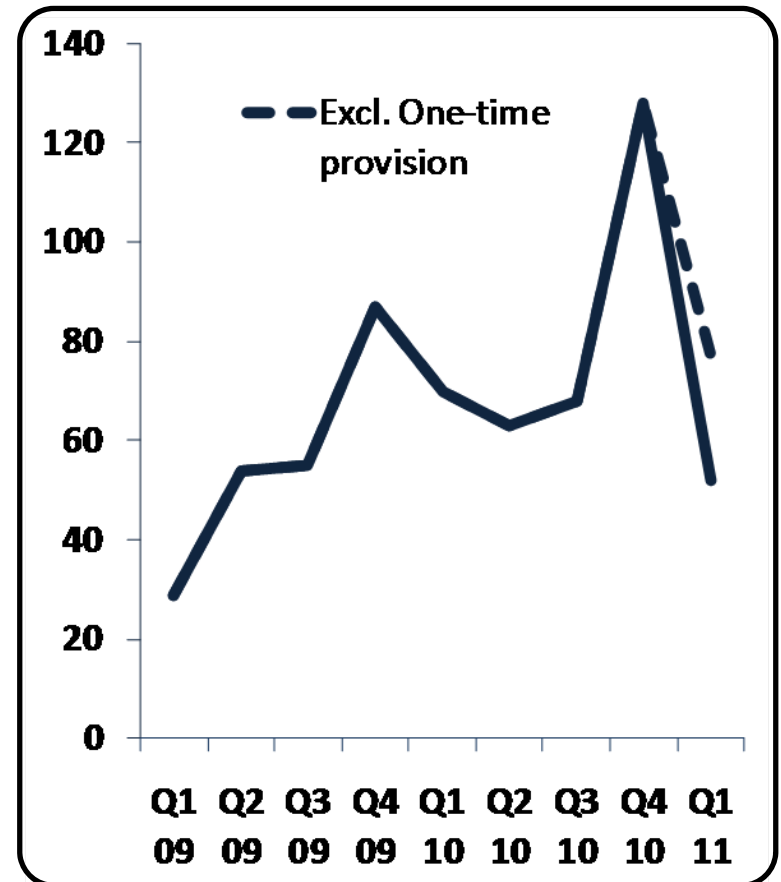
Temporary Soft Margins in Q1

Key comments

EBITA was affected by:

- One-time duty/tax provision of DKK 25 million
- Launch costs related to ReSound Alera™ Wave 2
- Other growth related initiatives, including R&D

EBITA (DKK million)





The Launch of ReSound Alera™ Wave 2

- Encouraging initial development

Key comments

- The launch of ReSound Alera™ Wave 2 did only have partial effect in Q1 as the launch was conducted during the quarter
- The initial launch development is very encouraging proving that a full portfolio is pivotal for capturing new customers
- ReSound Alera™ Wave 2 will be available for VA from May, 2011

ReSound Alera Wave 2

ReSound Alera™ fusion BTE:

- The world's first fusion BTE Standard and power BTE in one device
- Size of a standard BTE makes it an exceptional small power BTE
- Open and closed fittings



ReSound Alera™ custom remote mic:

- Significant benefits due to the natural location of the external microphone
- Elimination of wind noise
- Improved speech clarity





ReSound Alera™ - A Complete Family

- Wave 3 announced at AudiologyNOW! 2011

Wave 1

Launched Q3, 2010

Form factors

- Receiver-In-the-Ear



Wave 2

Launched Q1, 2011

Form factors

- Behind-The-Ear
- Custom Remote Mic



Wave 3

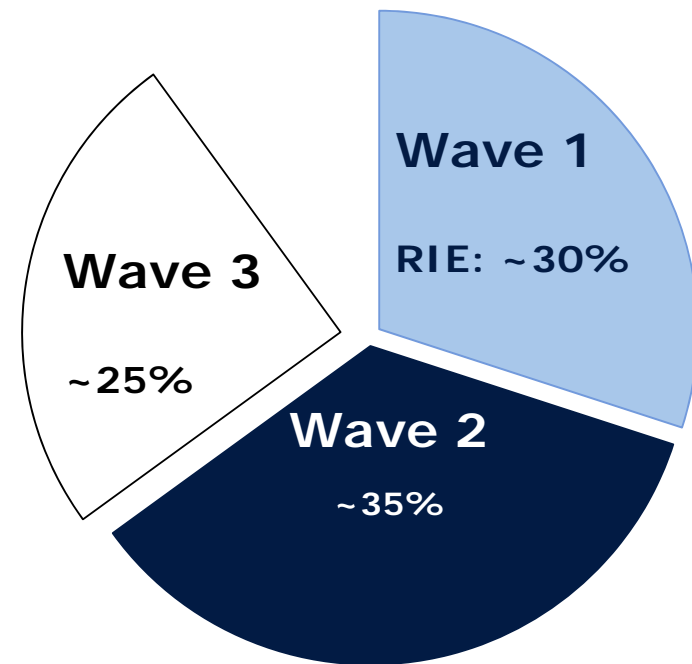
To be launched Q3, 2011

Form factors

- Mini Behind-The-Ear
- Custom Products



Market addressed by ReSound Alera™



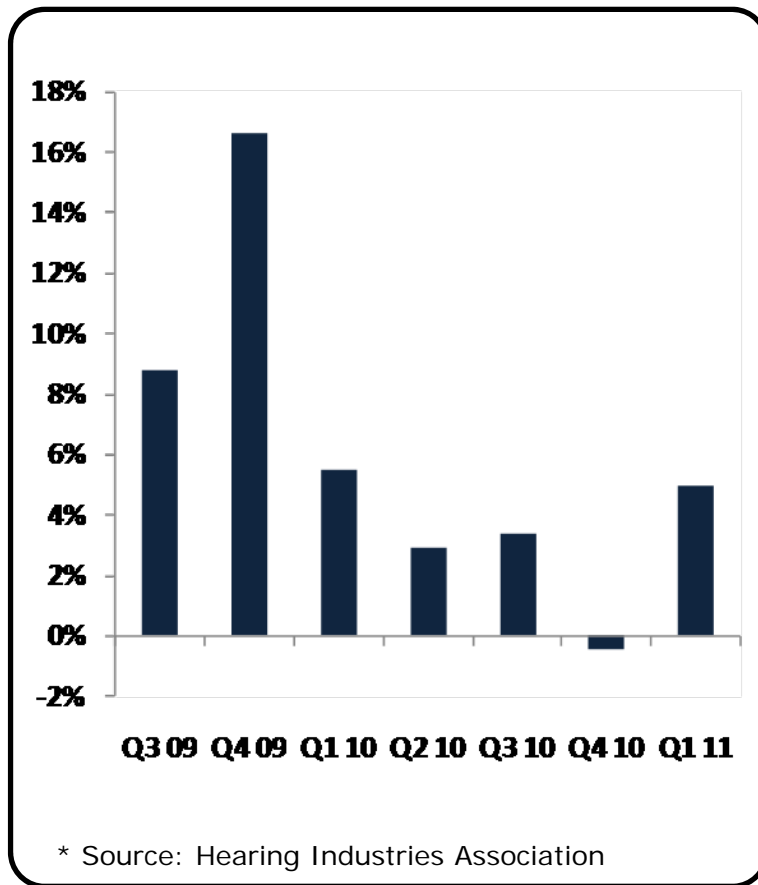
Based on current form factor preferences



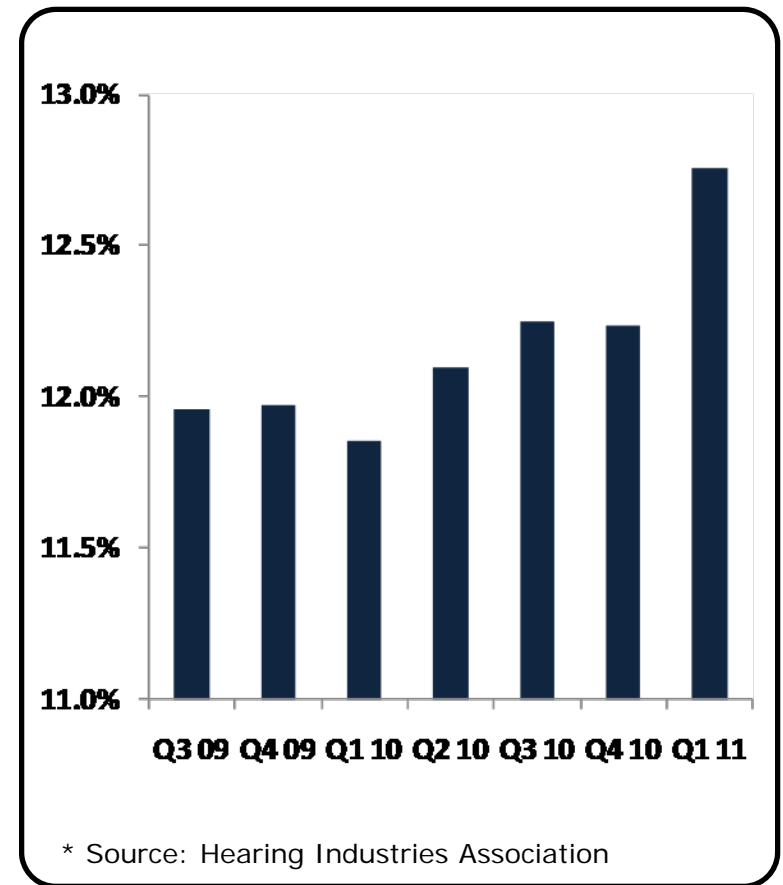
Gaining Market Share in the US

- And the US market grew at healthy rates in Q1

US unit market growth



GN ReSound US market share in units



23% organic Q1 growth in GN ReSound North America



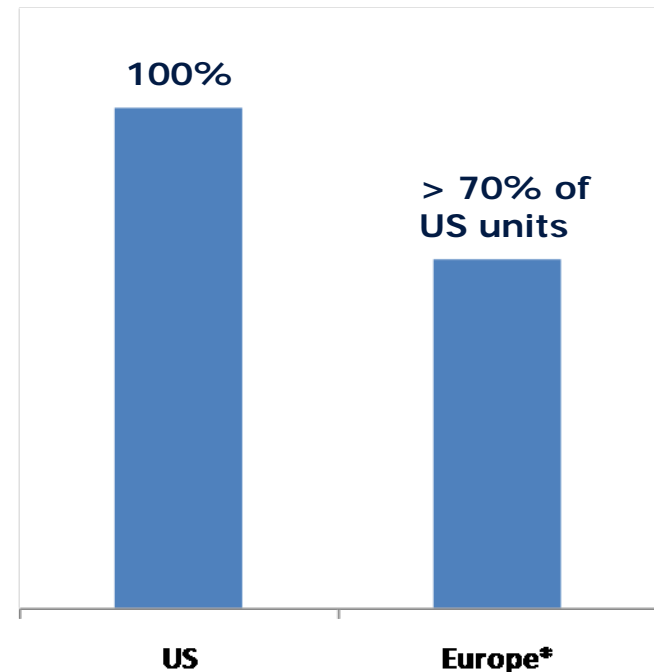
Encouraging Performance in Europe

Key comments

Disregarding tender markets, Germany, and France:

- Europe organic growth was solid, driven by ReSound Alera™
- Solid ReSound Alera™ volumes in Europe compared to the US market

Accumulated ReSound Alera™ units since launch



*Excluding tender markets, Germany, and France

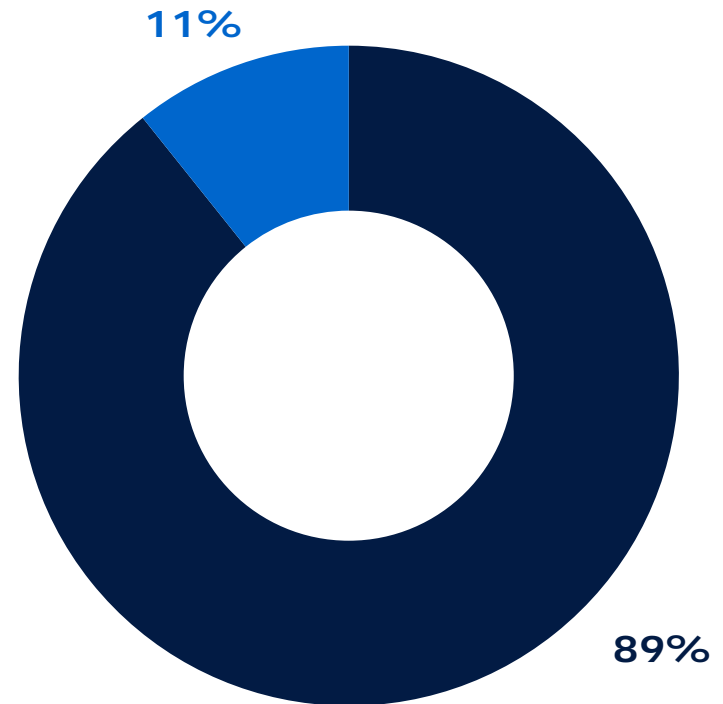


Strong Top-line Momentum

- Driven by successful product launches for both Hearing Instruments and Otometrics

Revenue split on business areas

Q1 2011	Organic growth
Hearing Instruments	9%
Otometrics	9%
GN ReSound	9%



■ Hearing Instruments ■ Otometrics



Otometrics Product Launches

- The new AURICAL underpins Otometrics' strong market position within hearing instrument fitting

Key comments

- Otometrics has conducted a comprehensive and successful turnaround
- Average organic growth in the last four quarters is 12%
- Revenue growth is driven by successful product launches
- Growth is broadly founded with strong growth in all three regions

Recent product launches

The new AURICAL

- Audiometer
- Wireless REM unit
- Loudspeaker
- HIT BOX
- OTOsuite Software



MADSEN AccuScreen

- Reliable and fast
- Touch screen display
- Docking station
- Small and lightweight
- Detailed test and result screens





Supply Chain Transformation

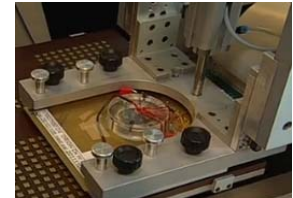
- Well on track

- The Supply Chain Transformation is on track
- The first few countries have implemented the new model
- As previously communicated, the EBITA impact for the calendar year 2011 is skewed towards the end of the year
- Net EBITA impact in Q1 was limited
- The expected net EBITA impact is unchanged:
 - 2011: DKK 75 million
 - Run rate end 2011: up to DKK 200 million

The transformation project

Manufacturing

- Consolidate 24 sites
- Simplify
- Enhance service



Warehousing

- Consolidate 24 sites
- Simplify
- Direct ship



Service & Repairs

- Establish swap pool
- Consolidate sites
- Enhance service





Drivers and Challenges for GN ReSound

Key Value Drivers

- Solid long-term market growth in an industry with attractive margins
- Continued innovation resulting in new and groundbreaking products
- Leverage attractive partner strategy – including VA
- Strong position in Emerging markets
- Comprehensive transformation of the supply chain in 2011

Challenges

- Continue winning top-end share
- Pressure on average prices
- Improve profitability; gain market share at prudent spend level
- Shorter product life cycles, demanding more effective R&D
- Turn around the business and financial performance in Germany



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GN Netcom – Key Financials

- EBITA more than doubled compared to Q1 2010

DKK million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011
Revenue	446	495	452	580	1,973	476
Organic growth	9%	8%	3%	17%	9%	5%
Gross margin	52%	53%	55%	52%	53%	58%
SG&A, R&D etc.	(205)	(211)	(200)	(203)	(819)	(222)
EBITA	26	52	50	96	224	56
EBITA margin	5.8%	10.5%	11.1%	16.6%	11.4%	11.8%
Free cash flow excl. tax & financial items	59	82	45	47	233	44

- Organic growth driven by a healthy 15% growth in CC&O Headsets
- Growth was negatively impacted by a weak market for Mobile Headsets in North America
- Gross margins increased 6%-points compared to Q1 2010 reflecting margin improvements for CC&O Headsets and a more attractive revenue mix



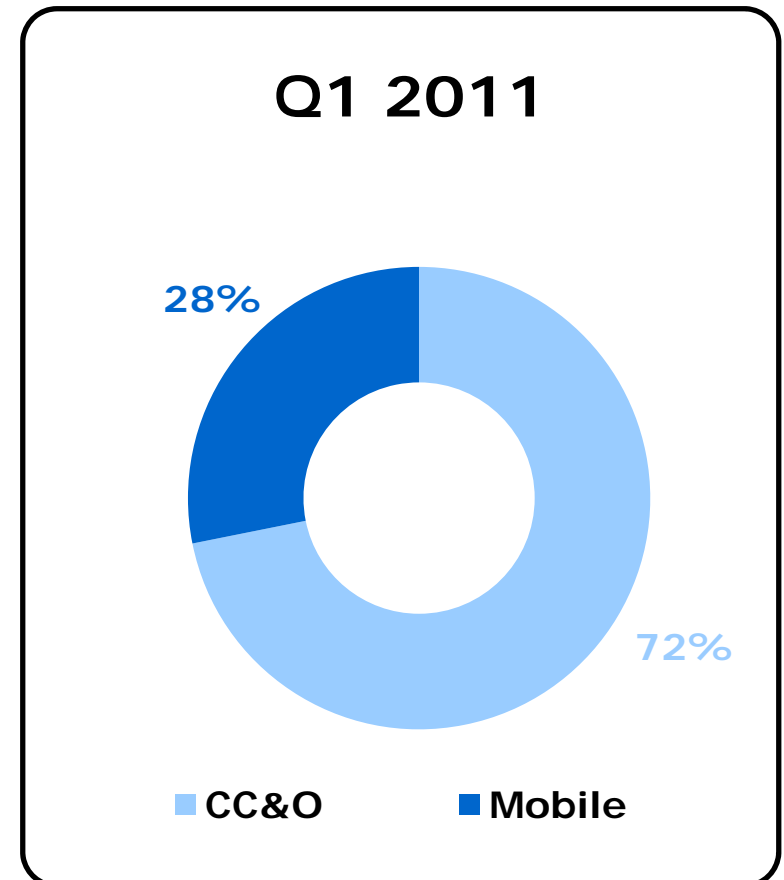
CC&O Headsets Driving GN Netcom Growth

Revenue Q1, 2011

	Revenue (MDKK)
CC&O Headsets	342
Mobile Headsets	134
GN Netcom	476

	Organic growth
CC&O Headsets	15%
Mobile Headsets	-15%
GN Netcom	5%

Revenue split on business areas





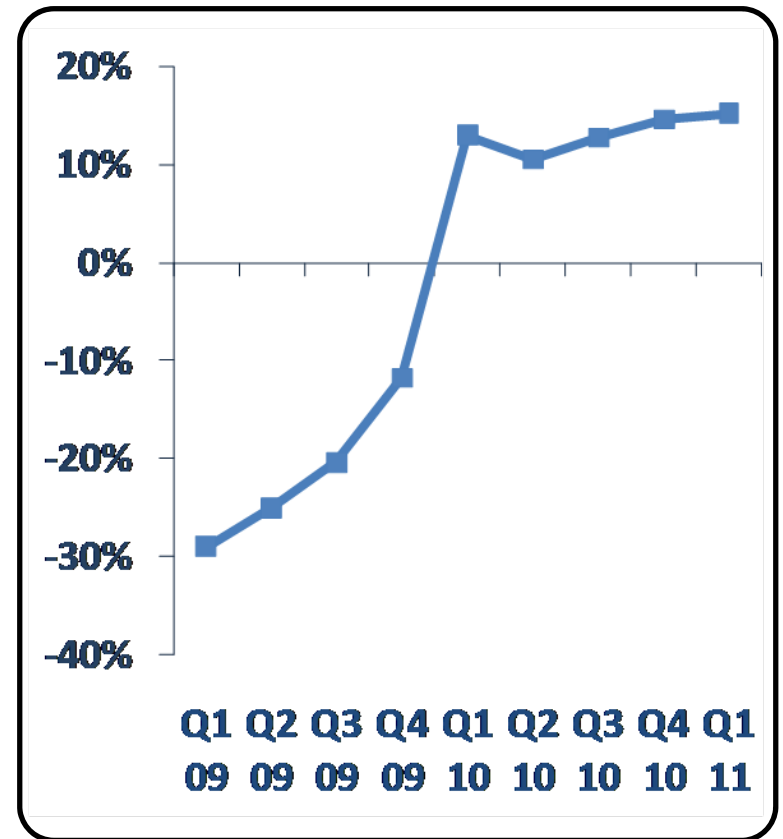
Encouraging CC&O Headsets Performance

– Solid growth at attractive margins

- CC&O Headsets revenue increased 15% compared to Q1 2010
 - Driven by UC growth
 - Growth in traditional CC&O Headsets remains robust at levels in line with historic trend
- CC&O Headsets gross margin improved 4%-points compared to Q1 2010
 - Continued optimization of cost structure
 - Attractive ASP development



Organic growth in CC&O Headsets





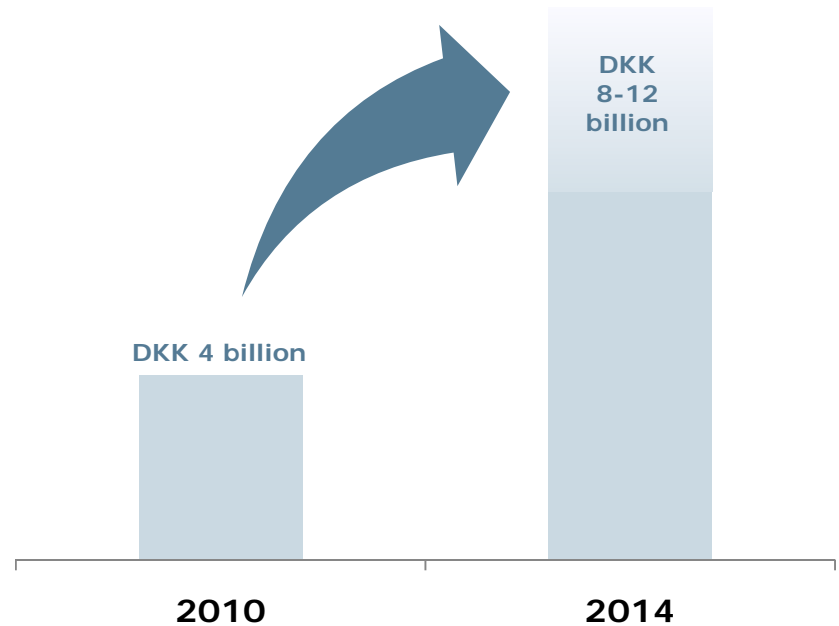
CC&O Market Potential

- UC growth outlook remains attractive. In connection with their latest interim report, Microsoft stated that its UC solution grew 30% and that they are seeing "tremendous reception to the product"
- The UC growth is an immense opportunity for headset suppliers
- Due to the projected market growth rate, new entrants to the market are expected – although partly mitigated by barriers to entry related to demanding requirements within software and sound performance
- For the 2013 targets, GN has assumed a decrease in the CC&O market share and a gross margin decrease of 10%-points compared to the current level on large UC deals. Stronger growth in CC&O Headsets than Mobile Headsets will support margins

Estimated CC&O market in 2014

Key assumptions:

- 30-45 million UC users
- 60-70% headset attachment rate
- Moderate ASP pressure
- 3-4% growth p.a. in the traditional CC&O market
- 2-3 years life-time for a headset





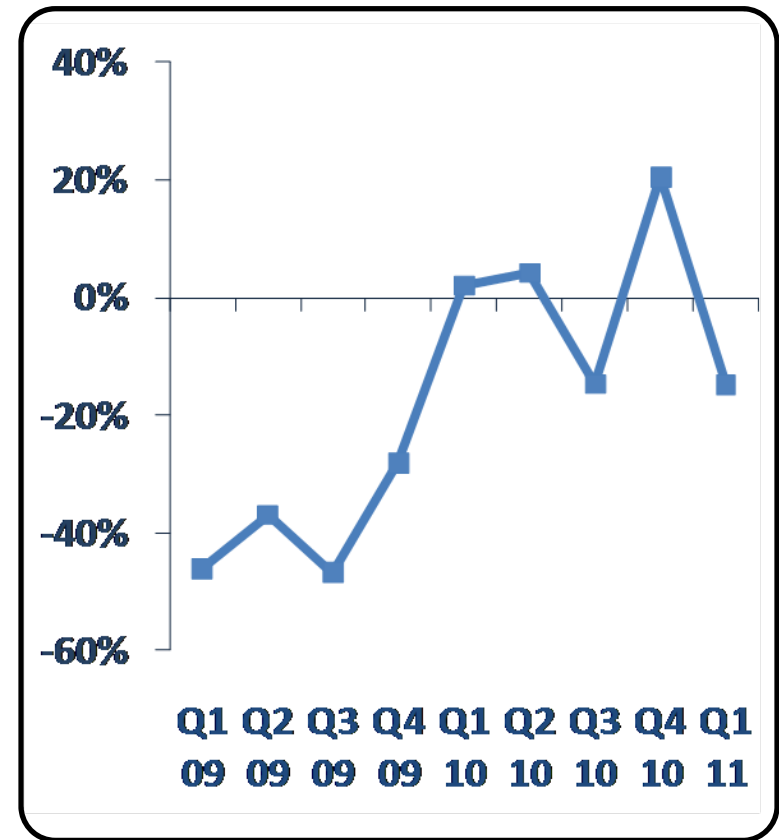
Mobile Headsets Experienced Soft Q1

- Reflecting weak market development in North America

- The Mobile handsfree market continues to be volatile on a quarterly basis
- The weak market development in North America is primarily due to destocking in the channel of competitor products
- The market development appears more favorable for the remaining part of the year
 - Revenue will be driven by continued innovative launches in the high-end segment



Organic growth in Mobile Headsets





Jabra FREEWAY Launched in Q1 2011





Drivers and Challenges for GN Netcom

Key Value Drivers

- Significant mid/long-term market growth from UC
- Limited additional investments are required to participate in the attractive UC opportunity
- Attractive margins in the CC&O industry
- High operational leverage and low working capital
- Strong product portfolio from both Mobile and CC&O Headsets

Challenges

- Build a long-term sustainable business model for Mobile Headsets
- UC drives potential structural changes to the market place. If executed well, this creates attractive opportunities
- Potential ASP pressure on headsets for UC reflecting larger deals and increased competition
- Gain market share in North America



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Outlook for 2011

GN Netcom

- The unusual weak market conditions for Mobile Headsets in Q1, 2011 was expected and the revenue guidance is maintained
- Strong performance for CC&O Headsets in Q1 and continued solid UC demand during the quarter indicate the current EBITA guidance is conservative
- The EBITA guidance range is upgraded from previously "DKK 250-300 million" to "DKK 275-325 million"

GN ReSound

- Solid top-line momentum in Q1 has resulted in an adjustment of the revenue guidance (organic growth) for 2011 to "more than 6%" versus previously "more than 4%"
- As expected, Q1 EBITA was soft and the business outlook remains unchanged
- The EBITA guidance is revised in line with the non-recurring duty/tax provision of DKK 25 million. The EBITA guidance is changed from "DKK 450-500 million" to "DKK 425-475 million"



Outlook for 2011

- the EBITA guidance for GN Store Nord is unchanged

Revenue

GN Netcom: more than 10% organic growth

GN ReSound: more than 6% organic growth

GN Store Nord: more than 7% organic growth

EBITA (DKK/USD 5.5)

GN Netcom DKK 275-325 million

GN ReSound DKK 425-475 million

Other DKK (30) million

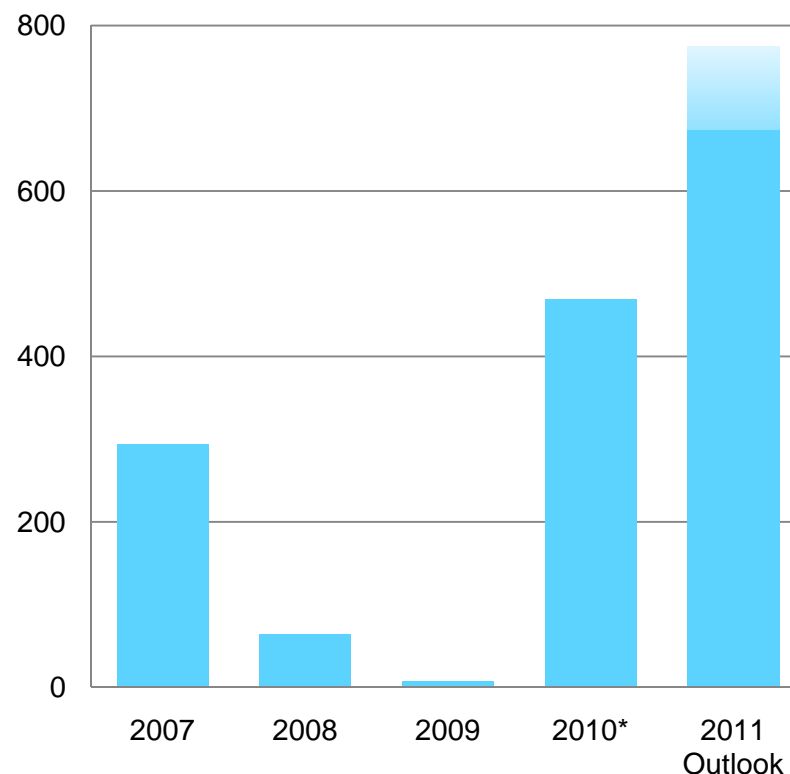
GN Total DKK 675-775 million

Amortization, finance etc. DKK (50)-(75) million

- The guidance is based on a DKK/USD of 5.5. If the current exchange rate levels remain throughout 2011, group EBITA will be negatively impacted
- The guidance on amortization, finance etc is changed from "around DKK (50) million" to "DKK (50)-(75) million" as GN has decided to swap the interest rate on the current debt from floating to fixed interest rate

DKK million

EBITA



* Excl. TPSA



Safe Harbour Statement

The forward-looking statements in this presentation reflect management's current expectations of certain future events and financial results. Statements regarding the future 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 and developments in ongoing litigation (including but not limited to class action and patent infringement litigation in the United States).

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



Q&A



Appendix



GN Netcom

- Financial Targets

2011 guidance:

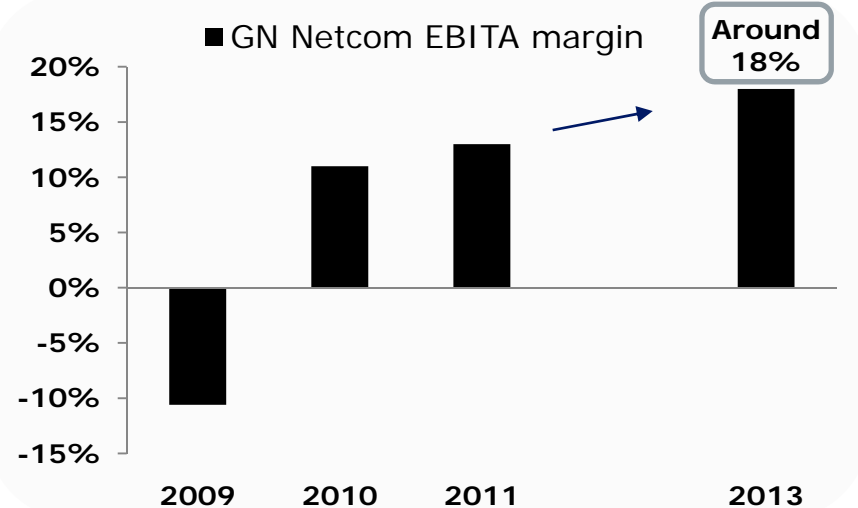
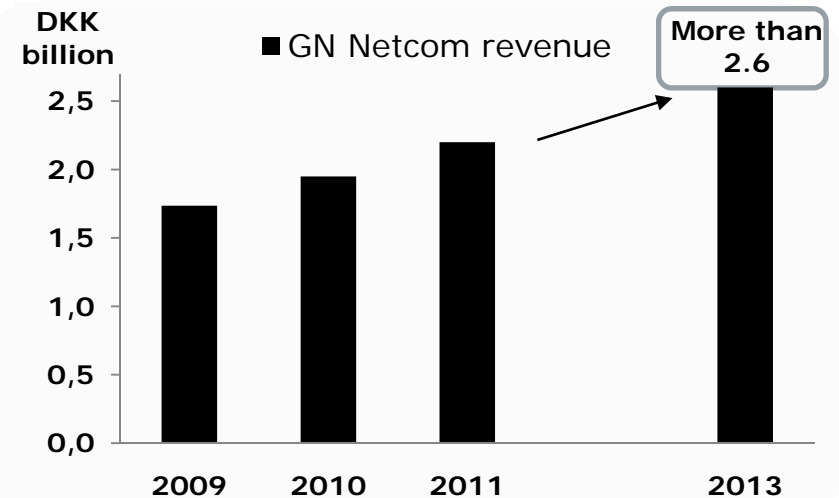
- More than 10% organic growth
- EBITA: DKK 275-325 million

2013 targets:

- Revenue: More than DKK 2.6 billion
- EBITA margin: Around 18%

Key assumptions:

- Significant CC&O market growth – driven by Unified Communications.
- Continued attractive gross margin – some pressure on ASPs from Unified Communications.
- Mobile – mid single-digit EBITA margin.
- High operational leverage.





GN ReSound

- Financial Targets

2011 guidance:

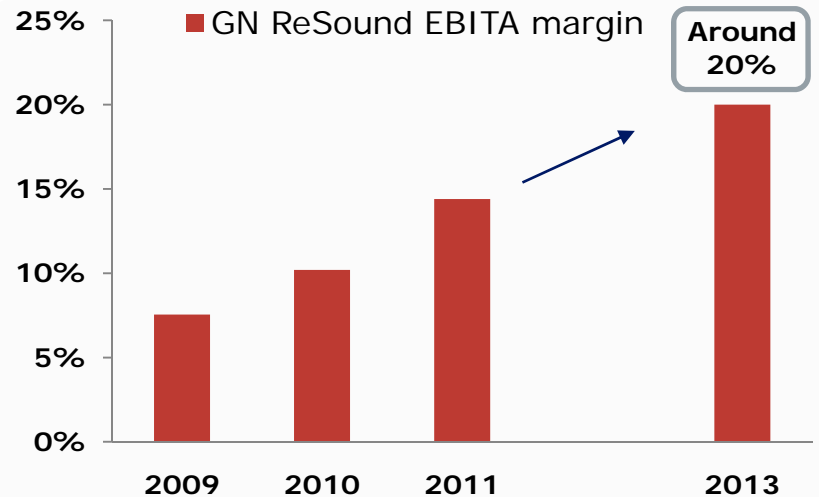
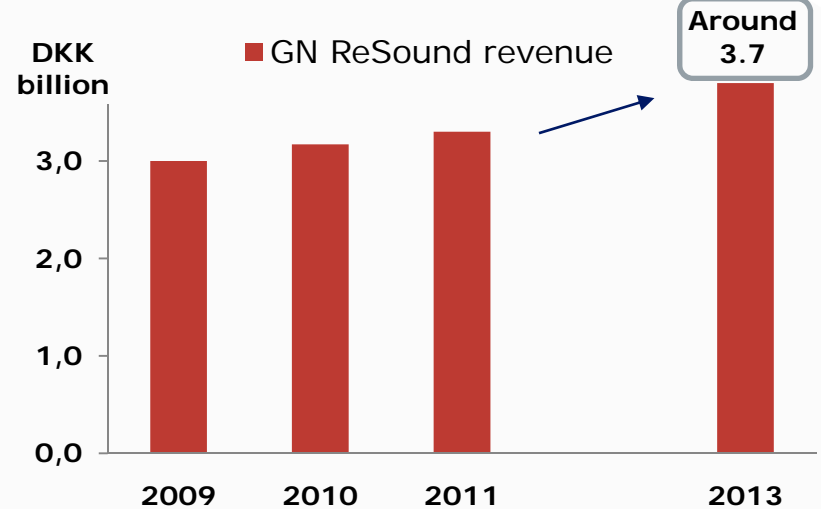
- More than 6% organic growth
- EBITA: DKK 425-475 million

2013 targets:

- Revenue: Around DKK 3.7 billion
- EBITA margin: Around 20%

Key assumptions:

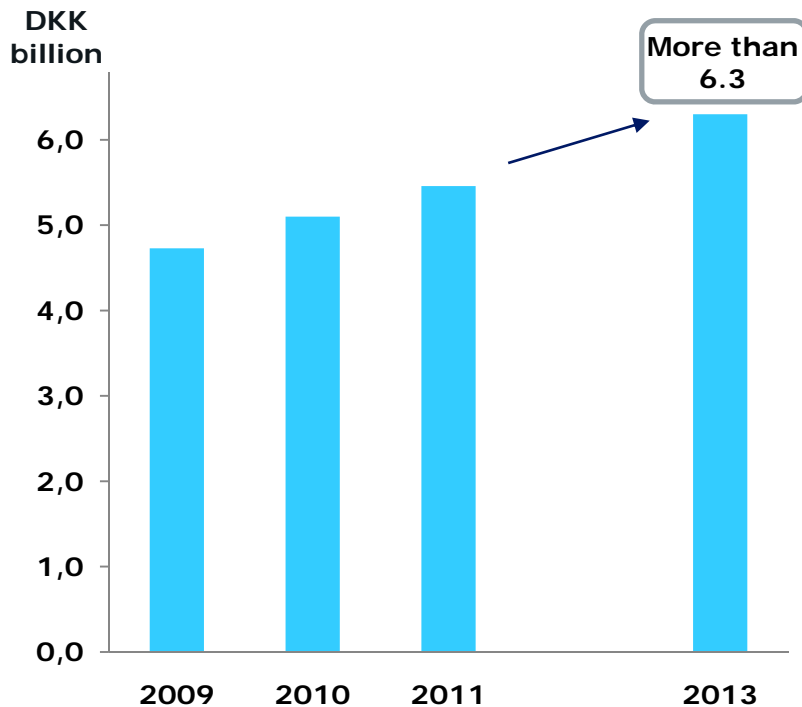
- Revenue growth in line with or above the market
- Average value market growth of 3-5% per year
- Stronger presence in top-end segment.
- Supply chain transformation delivering up to DKK 200 million in cost reductions by end 2011
- High operational leverage – while investing in cutting-edge technology



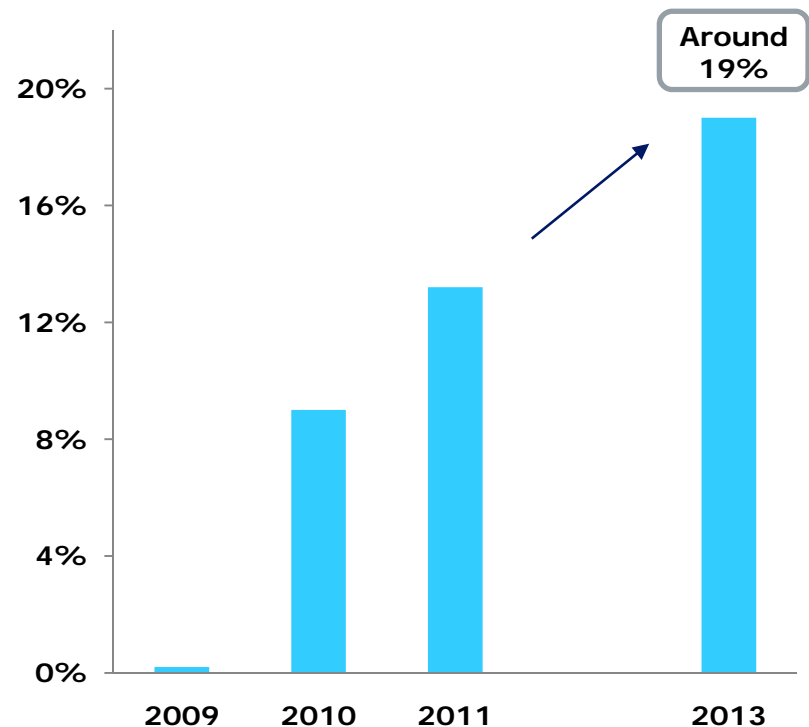


DOUBLING EBITA MARGIN BY 2013

GN Store Nord revenue



GN Store Nord EBITA margin*



* Excl. TPSA



The First Two ReSound Alera™ Launch Waves

Wave 1

Receiver-in-the-ear



Accessories



Wave 2

Fusion BTE



Custom Remote Mic





Wave 2 in Details

ReSound Alera™ custom remote mic:

- Significant benefits due to the natural location of the external microphone
- Elimination of wind noise
- Improved speech clarity
- Smaller than comparable custom models
- Options for truly open fitting



ReSound Alera™

ReSound Alera™ fusion BTE:

- The world's first fusion BTE
- Standard and power BTE in one device
- Size of a standard BTE makes it an exceptional small power BTE
- Open and closed fittings
- Most comfortable power BTE ever



ReSound Alera™



ReSound Alera™ Wave 3

Mini BTE



Custom products



ReSound Unite mini microphone





Claim Against German Federal Cartel Office

Background

- On October 2, 2006, GN signed an agreement to sell GN ReSound to Sonova for a total consideration of DKK 15.5 billion in cash on a debt and cash free basis
- In April 2007, the German Federal Cartel Office decided to prohibit the transaction claiming that the transaction would allegedly result in collective market dominance in the German market
- On April 20, 2010 the German Federal Supreme Court acknowledged GN's appeal and overruled the prior decisions from the Oberlandesgericht in Düsseldorf and the Federal Cartel Office to prohibit the sale of GN ReSound to Sonova

Latest development

- On December 22, 2010, GN filed a claim of around DKK 8.2 billion at the District Court (Landesgericht) in Bonn, Germany
- The size of the claim is an estimate of the loss imposed on GN in connection with the German Federal Cartel Office's illegal prohibition of the sale of GN ReSound
- The defense brief from the Federal Cartel Office is due on June 21, 2011



GN Store Nord – Income Statement

DKK million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011
Revenue	1,174	1,286	1,248	1,437	5,145	1,298
Gross Profit	662	727	726	819	2,934	774
SG&A, R&D etc.	(576)	(614)	1,462	(611)	(339)	(677)
EBITA	86	113	2,188	208	2,595	97
Amortisation, finance, etc.	(7)	(9)	(16)	(27)	(59)	(21)
EBT	79	104	2,172	181	2,536	76



GN Store Nord – Balance Sheet

Balance sheet (DKK million)	Q1 2010	Q2 2010	Q3 2010	FY 2010	Q1 2011
Goodwill	2,754	2,991	2,738	2,861	2,697
Other intangible assets	1,158	1,184	1,170	1,170	1,160
Tangible & other non-current assets	1,349	1,402	1,328	1,285	1,218
Current assets	2,099	2,250	4,322	4,490	4,499
Equity	4,684	5,006	6,245	6,504	6,182
Liabilities	2,676	2,821	3,313	3,302	3,392
Total assets	7,360	7,827	9,558	9,806	9,574
NIBD	987	1,014	994	960	1,127



GN Netcom – Balance Sheet and Cash Flow

Balance sheet (DKK million)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011
Inventories	74	91	107	93	93	105
Trade receivables	265	288	251	317	317	263
Trade payables	127	168	133	149	149	128
Cash flow (DKK million)						
Cash flow before working capital	61	84	70	129	344	73
Change in working capital and non-recurring costs paid	11	17	(8)	(75)	(55)	(14)
Cash flow from investing activities	(13)	(19)	(17)	(7)	(56)	(15)
Free cash flow excl. tax & financial items	59	82	45	47	233	44



GN ReSound – Balance Sheet and Cash Flow

Balance sheet (DKK million)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011
Inventories	312	337	358	378	378	404
Trade receivables	721	738	747	783	783	788
Trade payables	172	202	175	221	221	197
Cash flow (DKK million)						
Cash flow before working capital	134	133	115	179	561	113
Change in working capital and non-recurring costs paid	(66)	(59)	(42)	(45)	(212)	(92)
Cash flow from investing activities	(42)	(82)	(79)	(77)	(280)	(68)
Free cash flow excl. tax & financial items	26	(8)	(6)	57	69	(47)