



Interim Report Q3 2011

CEO, GN ReSound
CEO, GN Netcom
CFO, GN Store Nord
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Copenhagen, November 10, 2011



Agenda

- Q3 2011 highlights
- GN ReSound
- GN Netcom
- Financial outlook



Q3 2011 group highlights

- Overall full year guidance confirmed

Q3 Financial Performance

- Solid development as per plan throughout the Group
- Group organic growth of 12%
- Group EBITA improved by 179% excluding TPSA award
- Group EBITA guidance confirmed (low/mid end of DKK 675-775 million range)

Improved business fundamentals

- The fundamentals of the businesses continue to improve
- The improvement is expected to continue in the fourth quarter
- GN remains committed to the capital structure policy
- GN today initiates a new DKK 200 million buyback program
- The prior DKK 200 million buyback program was completed in October 2011

Group financials (DKK million)	Q3 2011	Q3 2010
Revenue	1,359	1,248
Organic growth	12%	4%
Gross profit	802	726
Gross margin	59%	58%
EBITA*	173	62
EBITA margin*	13%	5%
Net profit*	118	6
Free cash flow	76	25
ROIC*	12%	6%

* Excl. TPSA award



Update on arbitration case against TPSA

- Firm dismissal of TPSA's request to set aside phase 1 award

Latest development – Phase 1

- On November 9, 2011 the Commercial Court in Vienna confirmed that the phase 1 award of DKK 2.9 billion plus accrued interest, legal fees and court fees are immediately due and payable as the court firmly dismissed the setting aside request made by TPSA. The court also required TPSA to pay EUR 190,000 to compensate DPTG's legal costs in addition to the fee to the Commercial Court of EUR 3.2 million.
- Based on the dismissal, DPTG will file for the courts in the Ireland, Netherlands and Poland to continue enforcement proceedings thereby ensuring payment of the DKK 2.9 billion awarded to DPTG by the Arbitration Tribunal.
- DPTG filed an additional claim of DKK 280 million based on the loss DPTG has suffered as a result of the lack of payment by TPSA. The claim is calculated based on DPTG's WACC of 9.5%.
- Enforcement proceedings are progressing in several other countries where TPSA has considerable assets and the proceedings will be escalated to all relevant geographies



TPSA's attempts to delay payment are removed one-by-one

**Phase 1 award
September 2010**

**Attempt 1.
Challenge of arbitrators**

**Dismissed
July 2011**

**Attempt 2.
Setting aside proceedings**

**Dismissed
Nov 2011**

**Possible attempt 3.
Appeal of setting aside proceedings?**

**Payment in accordance with ruling
– or legal enforcement**

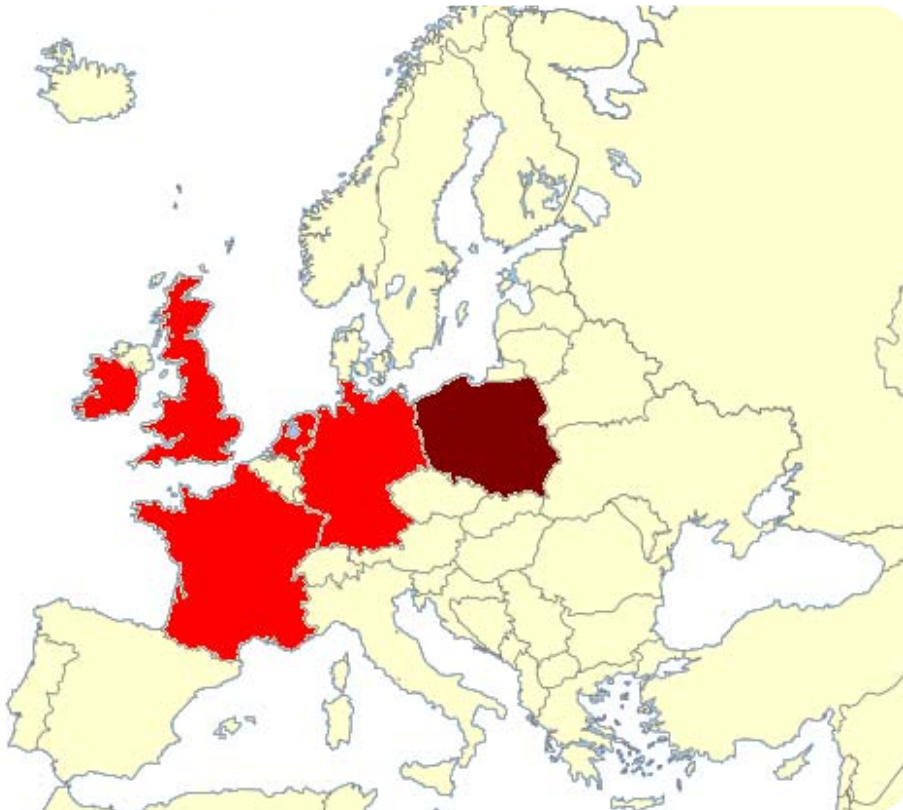
- TPSA have made several attempts to delay payment
- The attempts are being removed one-by-one
- Ultimately, TPSA will have to honor the legally binding award
- Meanwhile, TPSA is incurring significant costs to themselves and their shareholders



Escalating enforcement proceedings

- DKK 2.9 billion can be collected through assets/revenue outside of Poland

Enforcement proceedings have been initiated in six countries and DPTG will escalate measures to all relevant geographies



- Enforcement in Poland
- Enforcement outside of Poland:
 - Germany
 - France
 - Netherlands
 - United Kingdom
 - Ireland



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GN ReSound – key financials

- Further market share gains and improvement in margins

DKK million	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011	Q3 2011
Revenue	794	855	3,164	820	827	841
Organic growth	5%	5%	2%	9%	9%	9%
Gross margin	60%	61%	60%	60%	59%	61%
SG&A, R&D etc.	(406)	(390)	(1,554)	(442)	(417)	(408)
EBITA	68	128	329	52	74	107
EBITA margin	8.6%	15.0%	10.4%	6.3%	8.9%	12.7%
Free cash flow excl. tax & financials	(6)	57	69	(47)	30	(13)

- Gaining market share - fifth consecutive quarter with solid positive organic growth
- ReSound Alera™ and the supply chain transformation are driving margin expansion - 4.1%-point increase in EBITA-margin compared to Q3 2010
- Free cash flow was impacted by a DKK 52 million increase in inventories



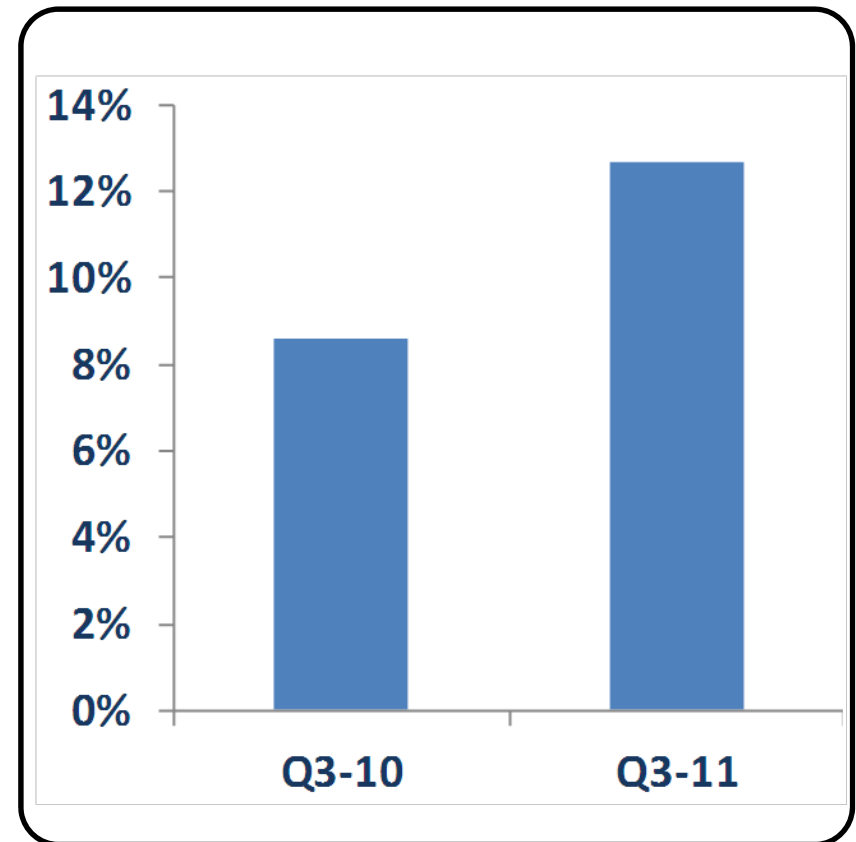
Improvement in margins

- Significant improvement in EBITA-margin compared to last year

Key comments

- ReSound Alera™ continues to contribute positively to ASPs supporting the gross margin development
- Pricing pressure continues to have an impact on the profitability in the industry – affecting gross margins
- Supply chain transformation delivering DKK 75 million in net cost reductions in 2011 as earlier communicated
- OPEX declined in Q3 compared to Q2 2011 – expected to continue in Q4
- Profitability in GN Otometrics improved compared to Q2 2011

EBITA-margin development





GN ReSound – Q3 2011 revenue

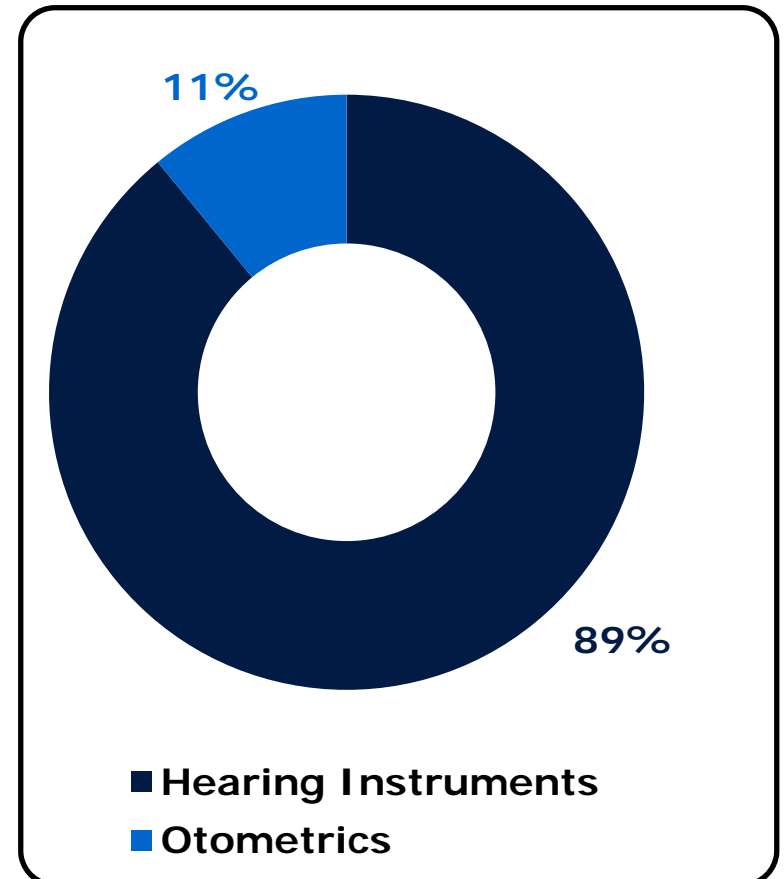
- Healthy growth in both Hearing Instruments and GN Otometrics

Revenue Q3 2011

	Revenue (MDKK)
Hearing Instruments	749
Otometrics	92
GN ReSound	841

	Organic growth
Hearing Instruments	9%
Otometrics	7%
GN ReSound	9%

Revenue split on business areas

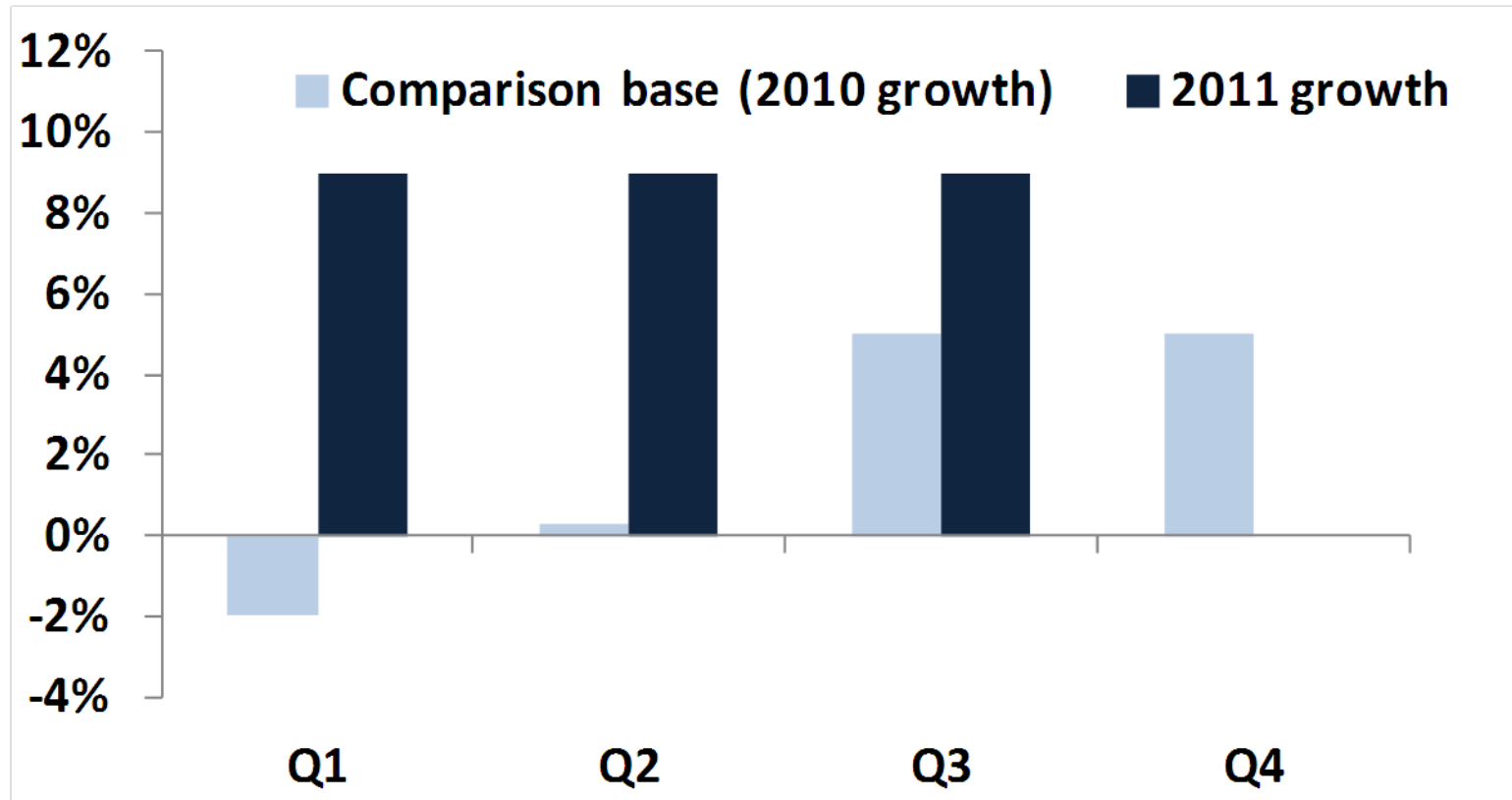




Sustained 9% organic growth despite demanding comparison base

- Proving ReSound Alera's™ ability to drive growth

GN ReSound organic growth





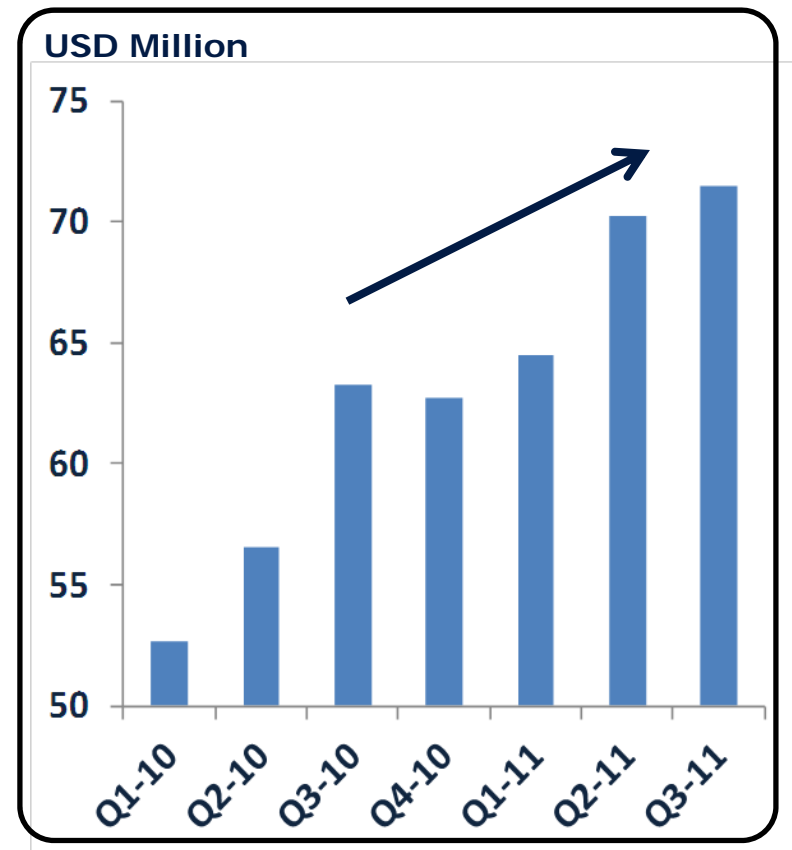
North America continues to drive growth

- Organic growth rates remains at double digit level

Key comments

- Market share in units in North America of 15% in Q3 (excl. VA)
- During Q3, the market share in VA increased further ending the quarter around 7.7%
- GN ReSound will build on the strong sales momentum by adding additional form factors during Q4
- ReSound Alera™ TS will specifically address the many patients in VA suffering from tinnitus – available from November 1, 2011

North America revenue



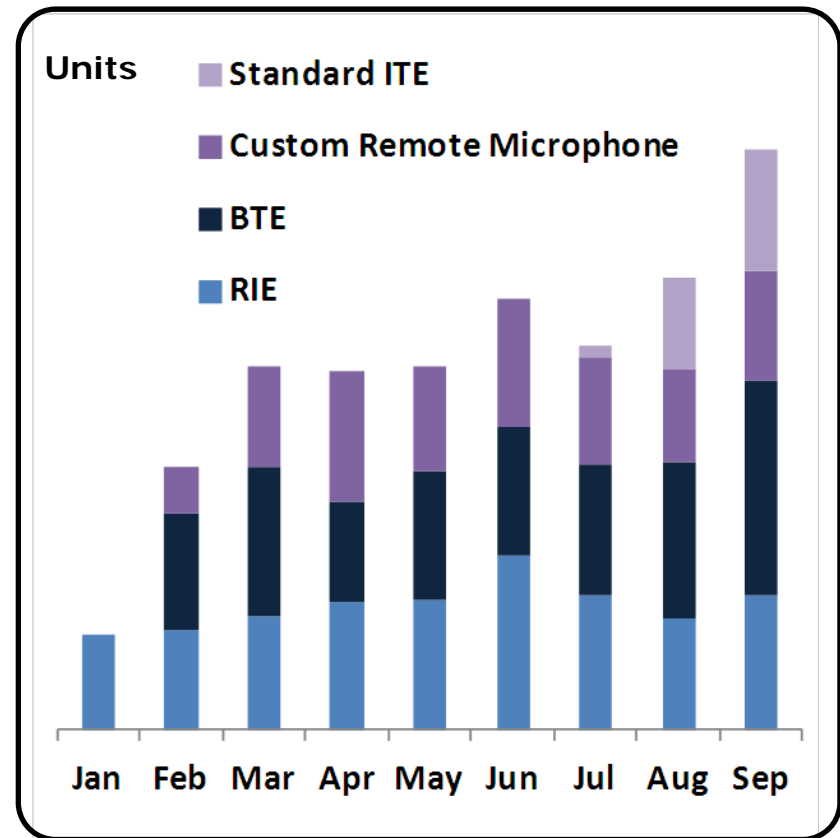


Remarkable ReSound Alera™ success in Japan

Key comments

- Japan is GN ReSound's second largest market measured by revenue. Sales grew 9% organically in Q3 2011
- Japan is the largest market where ITE products are more popular than BTE products
- ReSound Alera™ has been able to penetrate the market across form factors and the traditional ITE products have had an encouraging uptake since launch in Q3 2011
- Despite continued challenges in a number of European countries, GN ReSound saw positive revenue growth in the region compared to Q3 2010

ReSound Alera™ sales in Japan (2011)





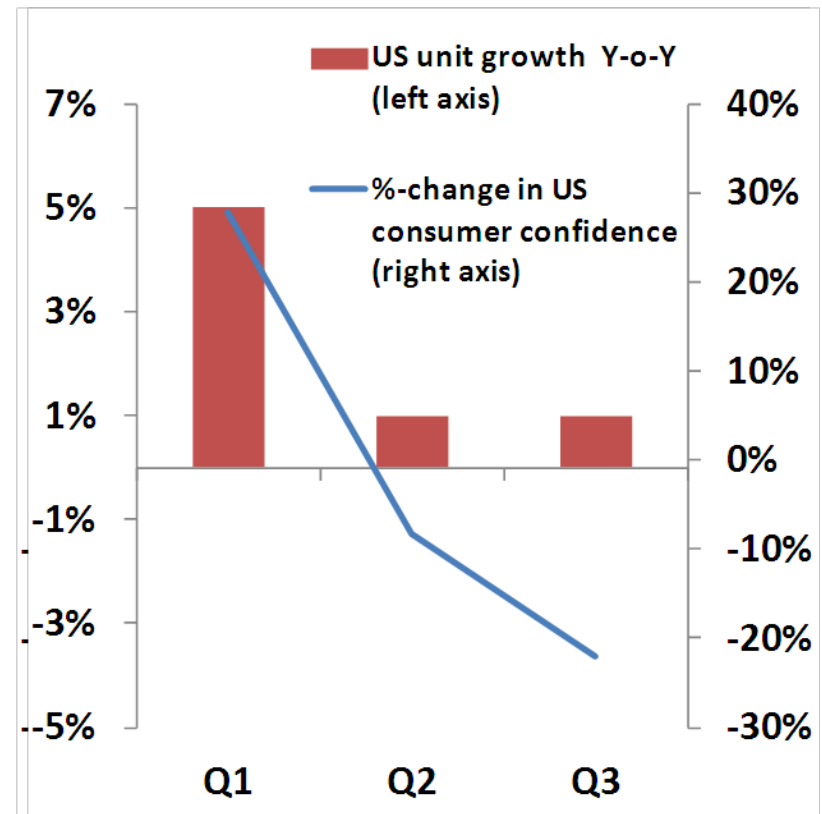
Market development

- The market for hearing aids proved reasonably resilient to macroeconomic uncertainty in Q3

Key comments

- Growth on the market for hearing aids proved reasonably resilient in Q3 where macroeconomic uncertainties prevailed
- In the US the growth in units was positive despite of significant deterioration in consumer confidence
- The global market appears stable with no visible signs of trading down among consumers

Unit growth and cons. confidence





Flooding in Thailand

- Impacting supplier of wireless accessories

- The flooding is impacting ReSound's manufacturing supplier of wireless accessories
- Several initiatives have been made in order to minimize any potential damage including moving production to China
- GN ReSound has not experienced any impact from the flooding. It is, however, too early to estimate whether there will be a financial impact





Acquisitions during Q3 and early Q4 2011

- Presence expanded in areas with significant potential

Key comments

- GN ReSound is continuously assessing opportunities in the market place and proactively pursues deals with attractive investment terms.
- In Finland and Korea, GN ReSound has expanded its presence by acquiring two larger distributors.
- GN ReSound has acquired ownership of a large Beltone dispenser. The ambition is to spin it off again in the mid to longer term.
- Recent acquisitions are expected to add around 2% revenue on a run rate basis

Strengthening presence



- ★ Korea
- ★ Finland
- ★ US



New additional ReSound Alera™ form factors announced at EUHA

- Expanding the market potential

Models

Alera Wave 1



Alera Wave 2



Alera Wave 3



NEW

Full featured RIE

Nov 1st

Segments

ReSound Alera™ 9

ReSound Alera™ 7

ReSound Alera™ 5

NEW

ReSound Alera™ 4

Oct 1st

NEW

ReSound Alera™ TS

Oct 1st

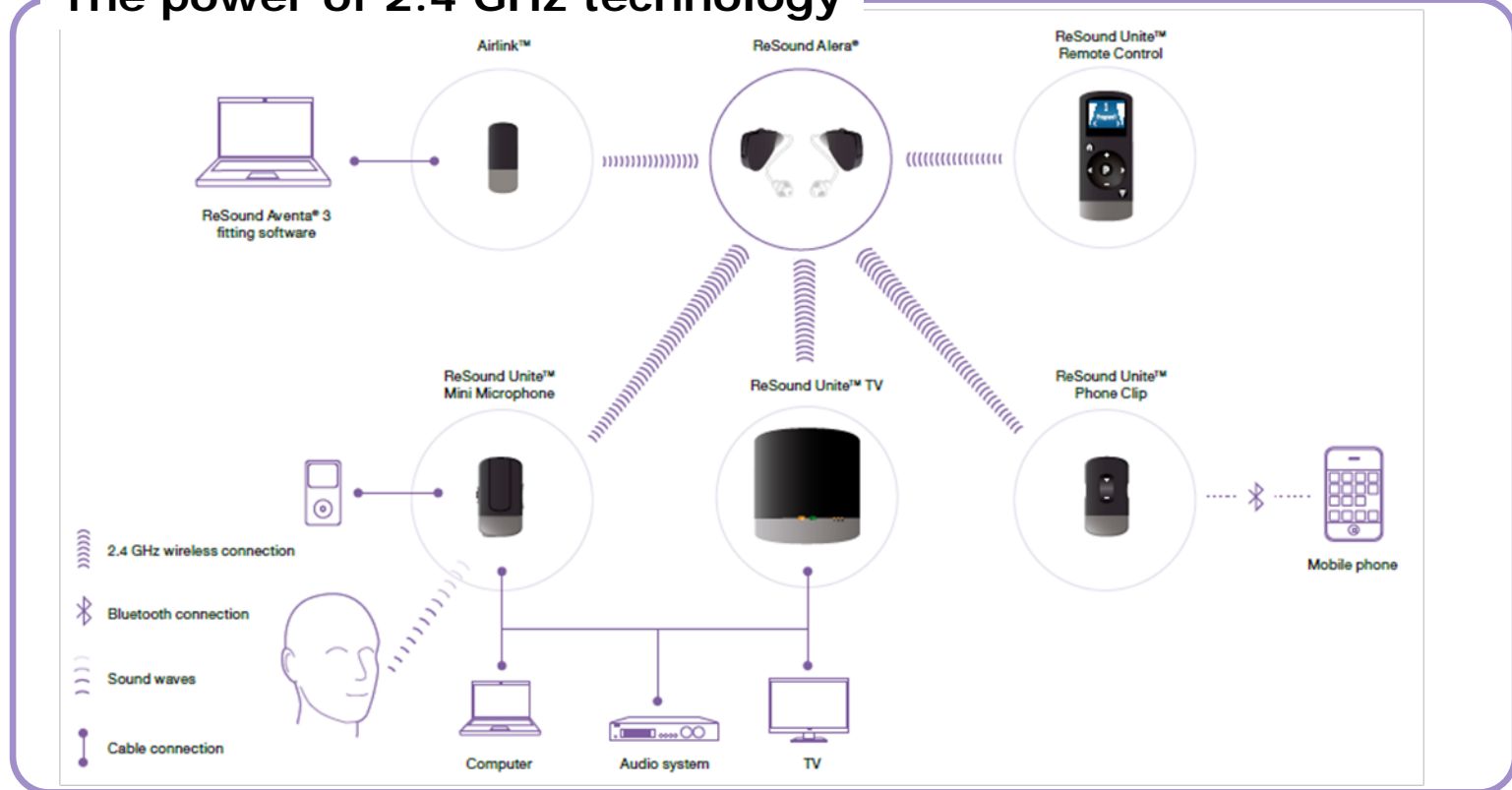


2.4 GHz technology is unique

- Superior connectivity solution is still exclusive in the market

- GN ReSound brought superior connectivity solutions to the market during the summer of 2010 – a strong testimony to the R&D capabilities of the company
- The technology is unique and a strong differentiating factor in the market place

The power of 2.4 GHz technology





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GN Netcom – key financials

- EBITA improvement of 48% compared to Q3 2010

DKK million	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011	Q3 2011
Revenue	452	580	1,973	476	503	516
Organic growth	3%	17%	9%	5%	8%	19%
Gross margin	55%	52%	53%	58%	57%	55%
SG&A, R&D etc.	(200)	(203)	(819)	(222)	(215)	(211)
EBITA	50	96	224	56	70	74
EBITA margin	11%	17%	11%	12%	14%	14%
Free cash flow excl. tax & financial items	45	47	233	44	86	98

- Double-digit organic growth in both Mobile and CC&O
- Highest Q3 EBITA-margin in more than 10 years
- Continued attractive cash generation – free cash flow above EBITA in 2008-2010 as well as YTD 2011



Revenue split by divisions

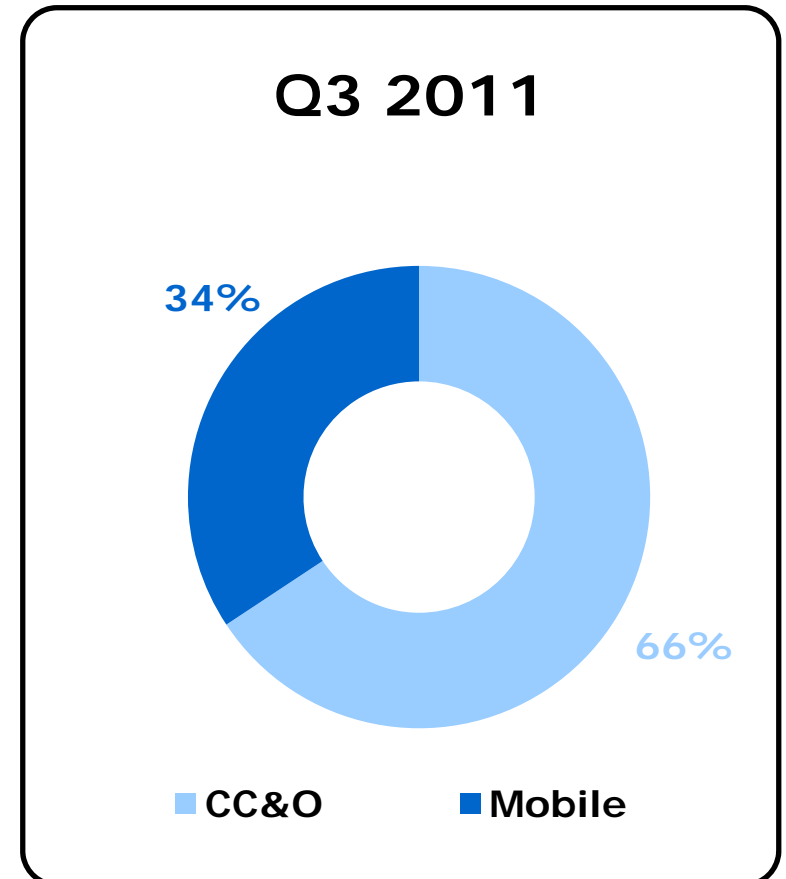
- Double-digit growth in both CC&O and Mobile

Revenue Q3, 2011

DKK Million	Revenue
CC&O	339
Mobile	177
GN Netcom	516

	Organic growth
CC&O	11%
Mobile	38%
GN Netcom	19%

Revenue split on business areas





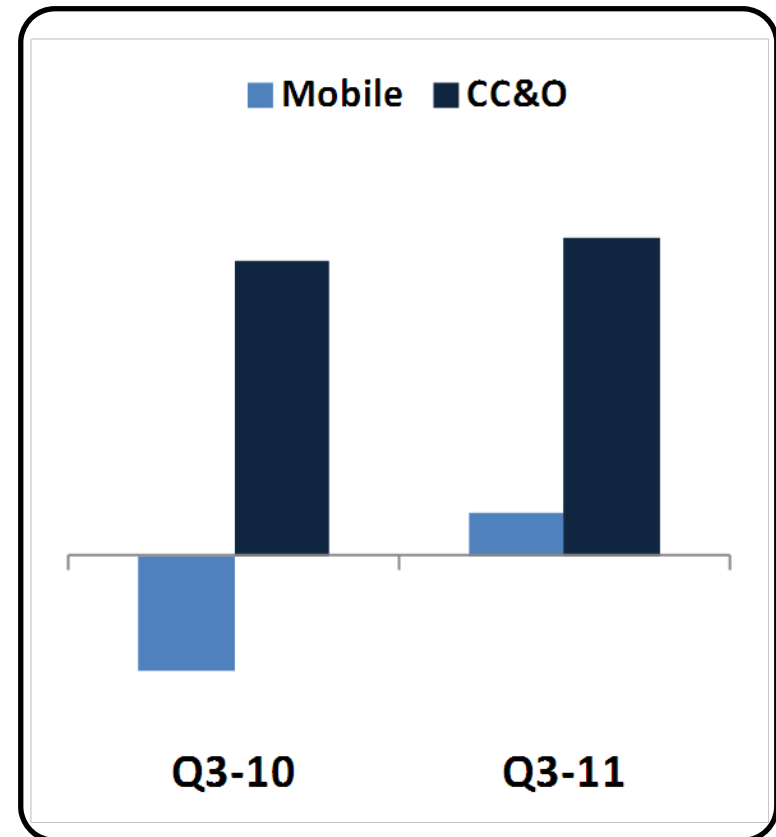
Solid margin improvement in both divisions

– Operational leverage (scale advantages) and stronger growth in CC&O will continue to drive margin expansion

Key comments

- Double-digit growth in both businesses driving profitability due to operational leverage
- ASPs continue at an attractive level – but UC is expected to drive ASPs down
- Continued margin expansion supported by further operational leverage (scale advantages) and stronger growth in CC&O than Mobile
- No major impact from the macroeconomic uncertainty during Q3

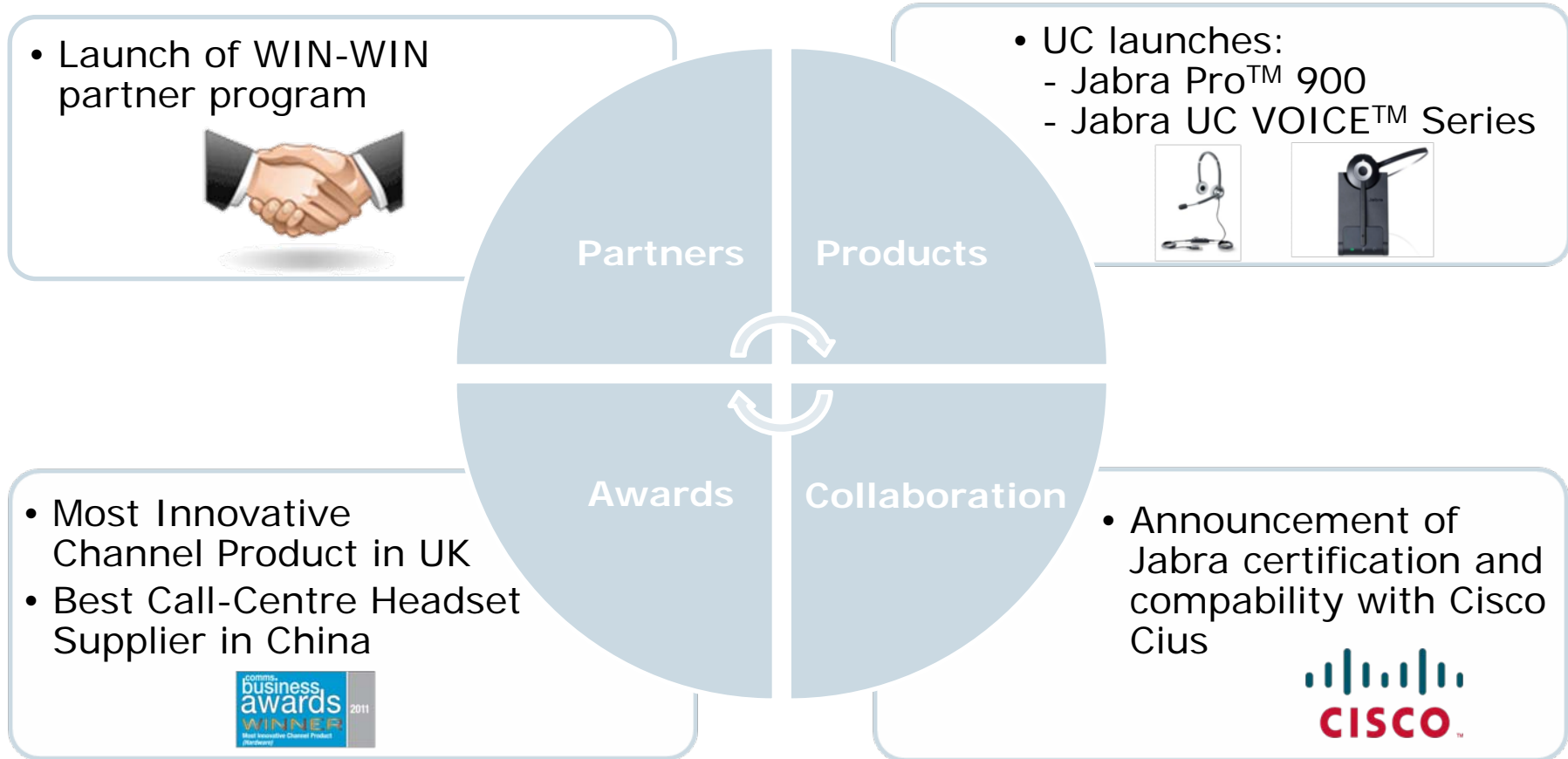
EBITA-margin





Significant progress within UC during Q3

- UC investments continue to support growth





Jabra UC VOICE Series

- Designed specifically for Unified Communications deployments

- Jabra UC VOICE™ Series launched on September 1st, 2011
- Dedicated to UC voice deployments – easy to use, easy to maintain and fast user adoption with superior sound quality
- The series includes four different headsets and price points, all with excellent sound performance and distinct features and capabilities

Jabra UC VOICE™ SERIES



Jabra UC VOICE™
150



Jabra UC VOICE™
250



Jabra UC VOICE™
550



Jabra UC VOICE™
750



Selected customer references



CAISSE
D'EPARGNE



MEDCOENERGI
Oil & Gas



民安(控股)有限公司
The Ming An (Holdings) Company Limited



Strategic alliance partners

- Close cooperation is imperative for UC execution



Microsoft Partner

Gold Unified Communications





CC&O Market Potential

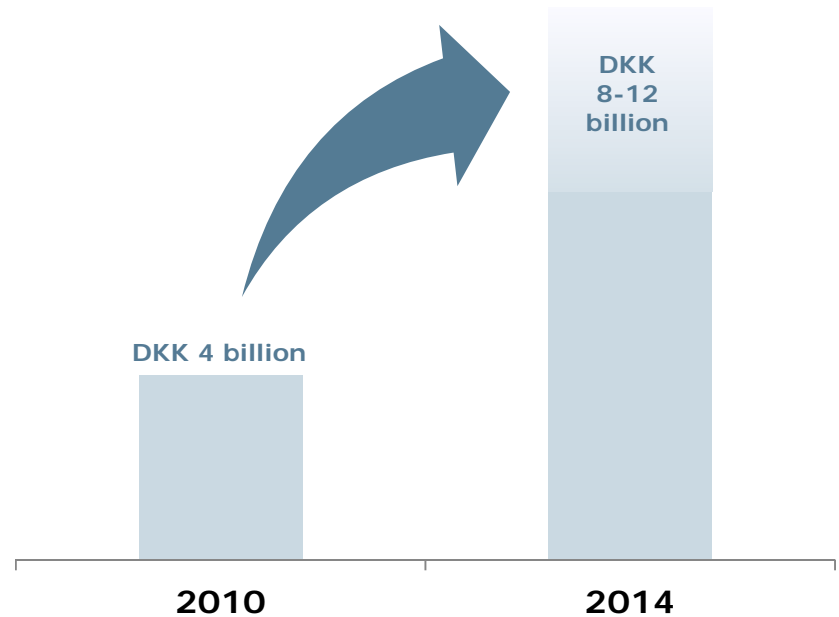
- Estimated to reach DKK 8-12 billion in 2014

- The UC market continues to unfold and the expected market growth is confirmed.
- Microsoft reported more than 25% organic growth for their UC solution, Microsoft Lync.
- Strong Q3 growth underlines the attractiveness of Unified Communications even in uncertain environments as companies continue to strive for cost reductions and increased productivity.
- The overall development in Q3 confirms the long-term growth expectations.

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 lifetime for a headset





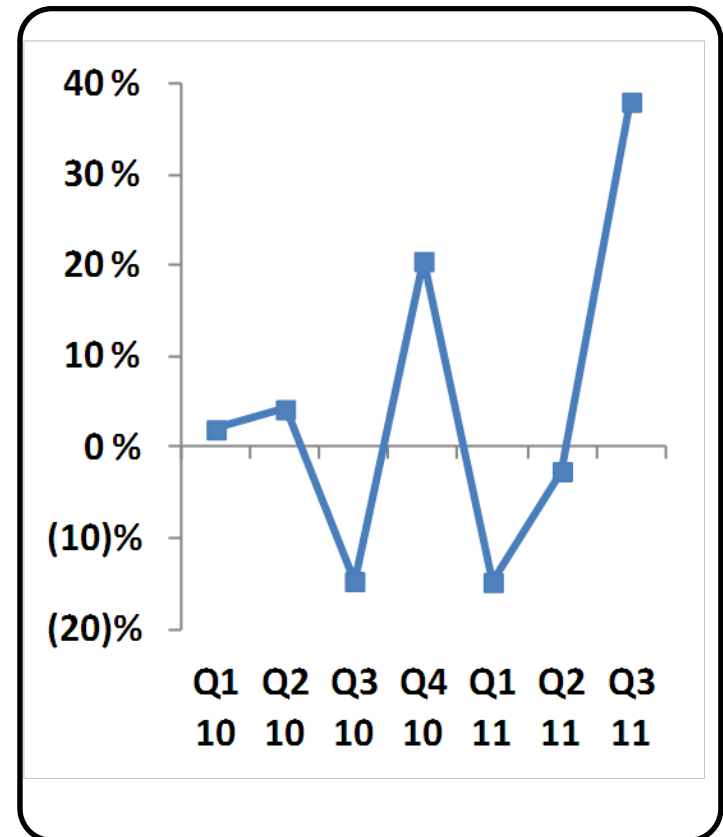
Mobile Q3 performance

- 38% organic growth and positive EBITA

Key comments

- The mobile handsfree market continues to be volatile on a quarterly basis
- Organic growth of 38% due to strong overall performance and less demanding comparison base
- The North American market has not improved materially following the first half year with severe category weakness
- Jabra launched two new important products in Q3 - Jabra Supreme and Jabra Sport
- Jabra succeeded in expanding its distribution significantly in North America with 3 products launched in app. 4,000 RadioShack stores and into the very popular 300 Apple retail stores in the US

Organic growth in Mobile





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Outlook for 2011

- Overall full-year guidance confirmed

Revenue

GN Netcom: Around 8% organic growth

GN ReSound: More than 7% organic growth

GN Store Nord: More than 7% organic growth

EBITA (DKK/USD 5.5)

GN Netcom DKK 275-325 million
(high end of interval)

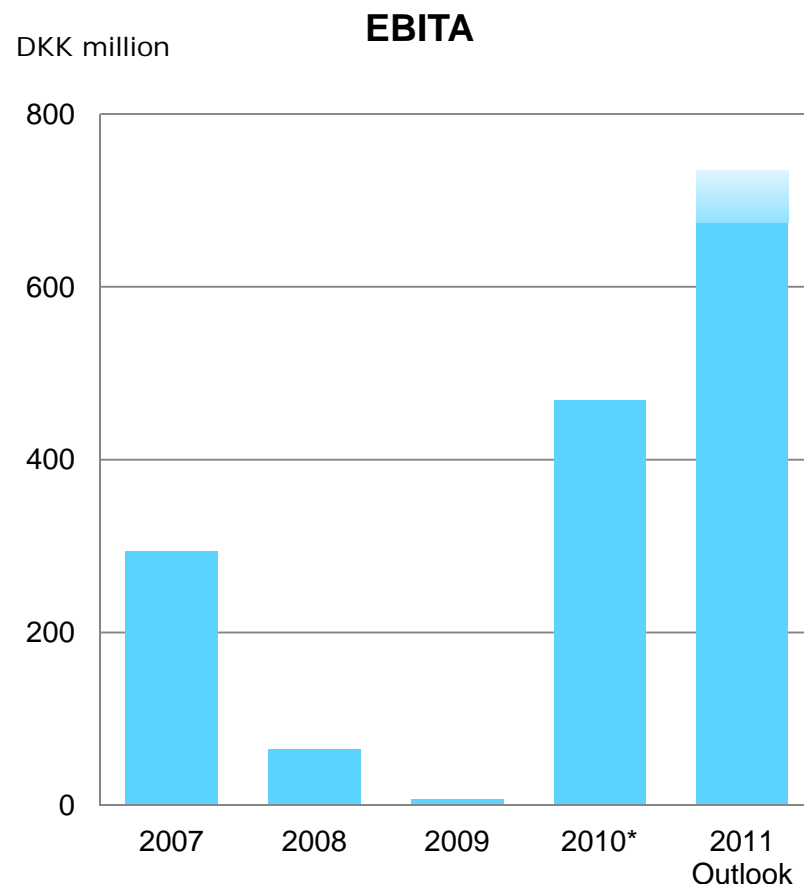
GN ReSound DKK 425-475 million
(low end of interval)

Other DKK (30) million

GN Total DKK 675-775 million
(low/mid end of interval)

Amortization, finance etc. DKK (25)-0 million

- GN Netcom revenue guidance adjusted as a result of the weakness in the US Mobile market throughout 2011
- GN ReSound revenue guidance is upgraded reflecting the continued strong performance of ReSound Alera
- The guidance is based on DKK/USD of 550 for Q4 2011



* Excl. TPSA



Financial targets

- GN ReSound

2011 guidance:

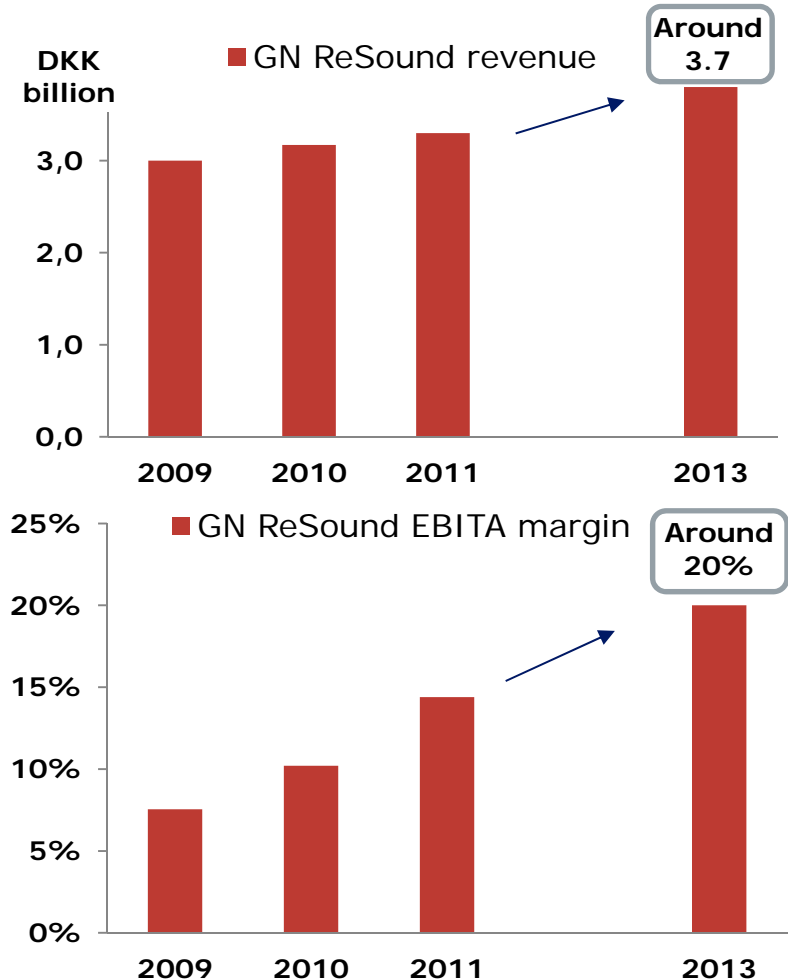
- More than 7% organic growth
- EBITA: DKK 425-475 million (low end)

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





Financial targets

- GN Netcom

2011 guidance:

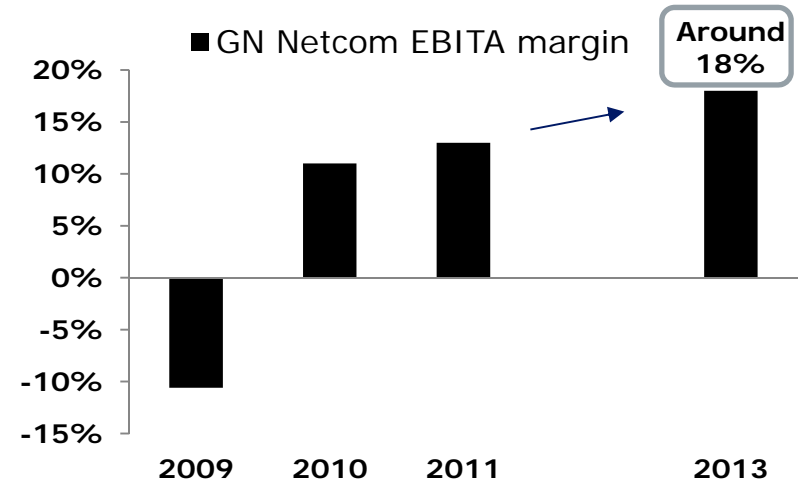
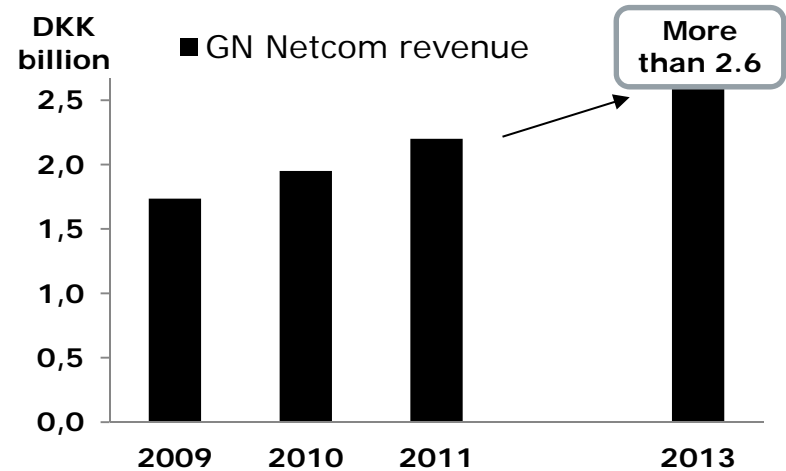
- Around 8% organic growth
- EBITA: DKK 275-325 million (high end)

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.



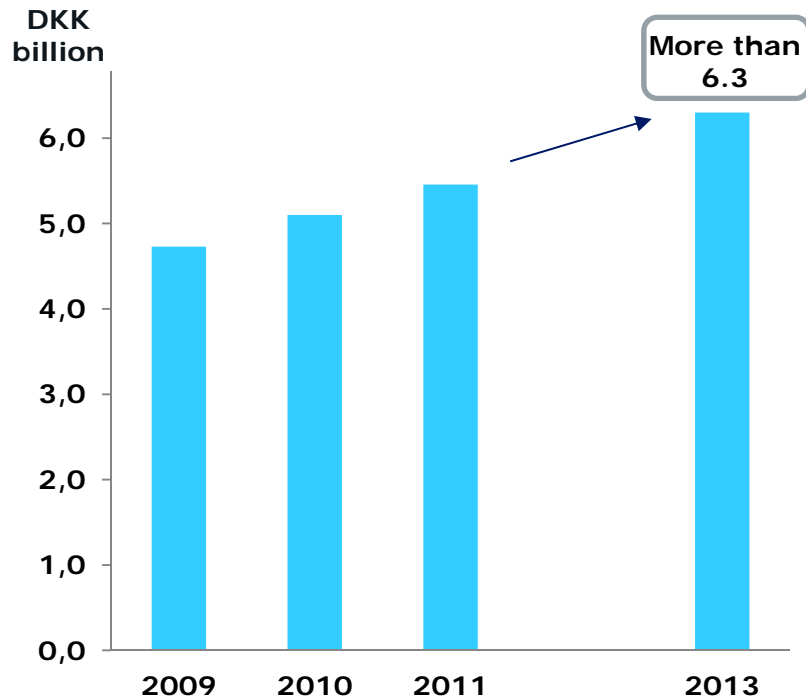


Group financial 2013 targets

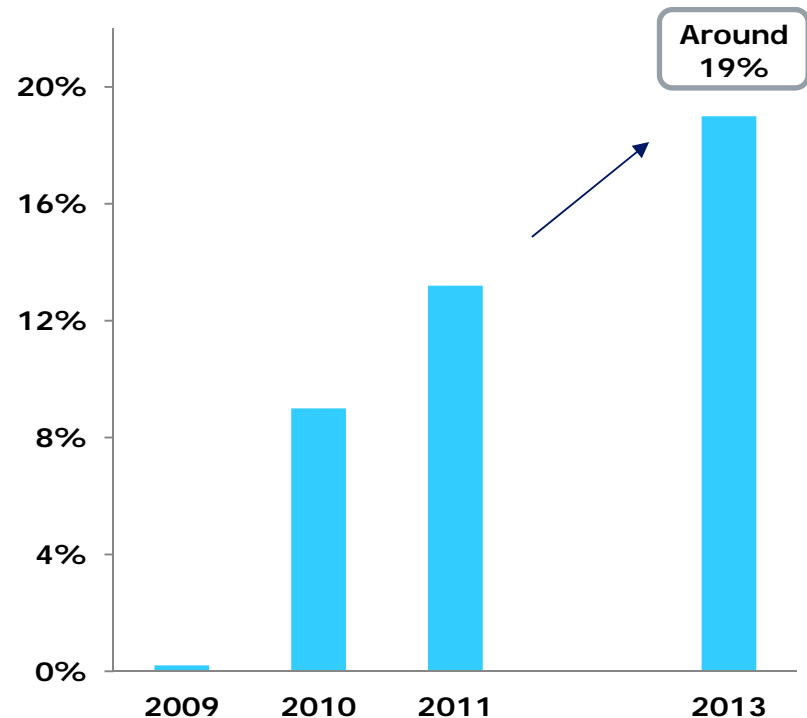
- The group is on track to deliver on targets

DOUBLING EBITA MARGIN BY 2013

GN Store Nord revenue



GN Store Nord EBITA margin*



* 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 ReSound – Balance Sheet & Cash Flow

Balance sheet (DKK million)	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011	Q3 2011
Inventories	358	378	378	404	399	451
Trade receivables	747	783	783	788	781	807
Trade payables	175	221	221	197	181	191
Cash flow (DKK million)						
Cash flow before working capital	115	179	561	113	135	170
Change in working capital and non-recurring costs paid	(42)	(45)	(212)	(92)	(32)	(46)
Cash flow from investing activities	(79)	(77)	(280)	(68)	(73)	(111)
Free cash flow excl. tax & financial items	(6)	57	69	(47)	30	13



GN Netcom – Balance Sheet & Cash Flow

Balance sheet (DKK million)	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011	Q3 2011
Inventories	107	93	93	105	90	79
Trade receivables	251	317	317	263	285	321
Trade payables	133	149	149	128	129	149
Cash flow (DKK million)						
Cash flow before working capital	70	129	344	73	88	102
Change in working capital and non-recurring costs paid	(8)	(75)	(55)	(14)	16	15
Cash flow from investing activities	(17)	(7)	(56)	(15)	(18)	(19)
Free cash flow excl. tax & financial items	45	47	233	44	86	98



GN Store Nord – Income Statement

DKK million	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011	Q3 2011
Revenue	1,248	1,437	5,145	1,298	1,334	1,359
Gross Profit	726	819	2,934	774	780	802
SG&A, R&D etc.	1,462	(611)	(339)	(677)	(644)	(629)
EBITA	2,188	208	2,595	97	136	173
Amortisation, finance, etc.	(16)	(27)	(59)	(21)	39	(11)
EBT	2,172	181	2,536	76	175	162



GN Store Nord – Balance Sheet & Cash Flow

Balance sheet (DKK million)	Q3 2010	FY 2010	Q1 2011	Q2 2011	Q3 2011
Goodwill	2,738	2,861	2,697	2,660	2,847
Other intangible assets	1,170	1,170	1,160	1,145	1,156
Tangible & other non-current assets	1,328	1,285	1,218	1,209	1,260
Current assets	4,322	4,490	4,499	4,618	4,689
Equity	6,245	6,504	6,182	6,259	6,412
Liabilities	3,313	3,302	3,392	3,373	3,540
Total assets	9,558	9,806	9,574	9,632	9,952
NIBD	994	960	1,127	1,064	1,154