



GLOBAL INNOVATOR IN PERSONAL COMMUNICATIONS

# The Office Opportunity

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Hans Henrik Lund, President, GN Netcom



## Hans Henrik Lund

President, GN Netcom

- Hans Henrik Lund is head of GN Netcom Contact Center and Office, which develops, manufactures and markets hands-free communication solutions for contact centers, offices and other professional environments
- Hans Henrik Lund joined GN Netcom in 2000 as Vice President for Research and Development. Before assuming his present role, he held the position as Executive Vice President for GN Netcom's Global Supply Chain
- Hans Henrik Lund holds a PhD in Mechanical Engineering and a BSc in Business Administration



## CC&O strategic priorities over the past year

 Successfully restored margin levels

 Restructured Hello Direct

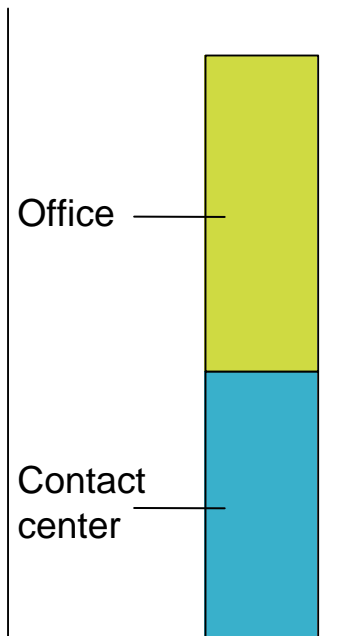


Now we are  
investing for growth



## Market growth and market share trends

Global market,  
2005



### Market growth

Strong growth (10-20% p.a.)

- Wireless >50% YoY (units)
- New channels: Technology distribution, retail, catalog/direct

Slow growth (3-5% p.a.)

- Higher growth in EMEA
- Highest growth in APAC

### GN Netcom's share

Market share decline in NA

- Initiatives launched in Hello Direct, retail, technology distribution to reverse trend

EMEA market lead sustained

Room to gain share in selected regions



## Strategic priorities 2005

- ➔ Grow Office business significantly
  - Grow Hello Direct
  - Grow technology distribution and office retail in North America
  - Grow existing Office channels and start developing emerging channels in EMEA
  - Successfully launch new wireless products
    - Continue leveraging our key strengths
  
- ➔ Grow Contact Center business
  - Gain market share in selected geographies
  - Strengthen strategic accounts



# Contact Center update: GN Netcom is well-positioned to grow in selected markets

## Key success factors

- 1 Technology and quality
  - Digital Signal Processing (DSP)
  - VoIP
  - Mid-range products



## GN Netcom's position

Leading-edge DSP-product, GN 8210

Lead in VoIP with USB adaptor for PC

Gaining lead in value-line headsets with GN 2000

Leaders in some markets; potential to gain share in others

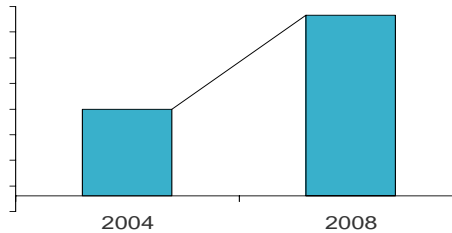
Strategic accounts being developed



- 2 The right channel presence, incl. strategic accounts



The Office market is growing fast; 10-20% p.a.



**Wireless**

Ease of use

“Cool factor”

**New channels**

Technology distribution

Retail

Catalog/direct

**VoIP**

Soft-phones require a headset



## Multi-channel office strategy required

### North America

Hello Direct investing for growth

- Direct channel is powerful in Office

Technology distributors growing fast

- Gaining share from specialist distribution

Retail expansion ongoing

- Key accounts landed: Office Depot, Office Max, Best Buy, Fry's
- Sell-through promising, but continued investment required

### Europe

Large potential in existing channels

- GN Netcom the market leader

New channels will emerge – although still low share of total market

- Retail pilots launched in selected countries
- Technology distribution
- Catalog/direct





## Overall, solid organic growth in Q1

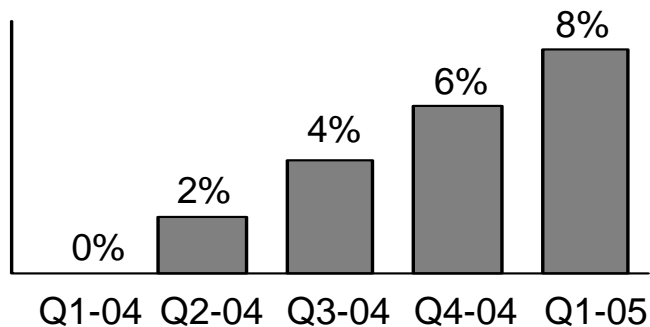
- ➔ Organic revenue growth of 8% YoY
- ➔ Wireless unit growth above 50%
- ➔ North America picking up; double-digit revenue growth
- ➔ For FY05, organic revenue growth expected at 10%



# Hello Direct delivering increasing organic growth

## Revenue growth increasing...

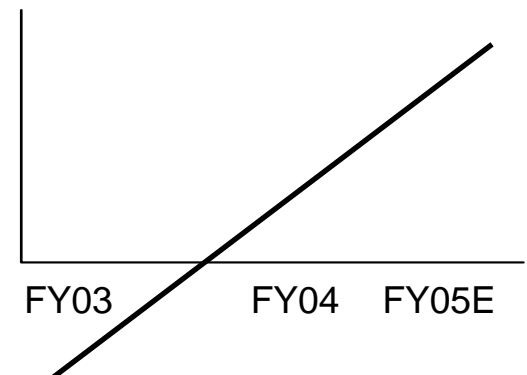
HDI-growth rate increasing (YoY organic growth)



Wireless growth close to 50% YoY

## ...while profitability is improving

EBITA-margin (%) (illustrative)





MOBILITY AND LIFE QUALITY

**HELLO**  
*Direct*

## Hello Direct advertising

Space ads among key growth initiatives in Hello Direct in FY05

Broad advertising in major media, eg. USA Today, Wall St Journal

Examples of ads in USA Today – 2.2m daily circulation

Direct channel powerful, eg. for Try&Buy-programs



Revenue generated above target – and cash positive year one





## Technology distribution and retail gaining share

- ➔ Technology distribution, eg. Ingram Micro, rapidly growing market
- General technology/IT distributors – not headset specialists
  - Operate between large pool of producers and resellers/(major) end-users
  - Start carrying wireless headsets as part of overall expansion into wireless
  - Provide much wider market reach than traditional specialist distributors
  - GN Netcom revenue with technology distributors up >70% YoY

- ➔ Retail
- Retail – comprises store front sales as well as via web and catalog sales
  - Expand the headset category for growth and margin
  - GN Netcom signing agreements with major players since Fall 2004
  - First sell-through figures are promising – but continued investment required to succeed



Retail comprises three different channels





## Retail – account update

<b>Account</b>	<b>Placement</b>	<b>Retail storefronts</b>	<b>Direct commercial sales</b>	<b>Web sales</b>	<b>Agreement signed</b>
<b>Office Depot</b>	Q1	900	Yes	Yes	Yes
<b>Office Max</b>	Q2	1,000	Yes	Yes	Yes
<b>Best Buy</b>	Q3E	600	Yes	Yes	Yes
<b>Fry's</b>	Q3E	27	No	Yes	Yes



## A superior Office portfolio – now and future



The best-selling wireless Office headset – the GN 9120



The first dual-use headset to work with both mobile and fixed line phone – the GN 6210



Fall 2005: The next generation premium wireless headset – the GN 9350





## Product innovation is key ...and a key GN Netcom strength

GN Netcom developed the first...

- Digital multi-purpose amplifier for the mass-market
- Bluetooth headset to work with both mobile phone and fixed line
- Bluetooth® headset
- Digital cordless headset
- Headset with built-in amplifier
- Single-cord binaural headset
- Multi-purpose amplifier
- Noise cancelling microphone







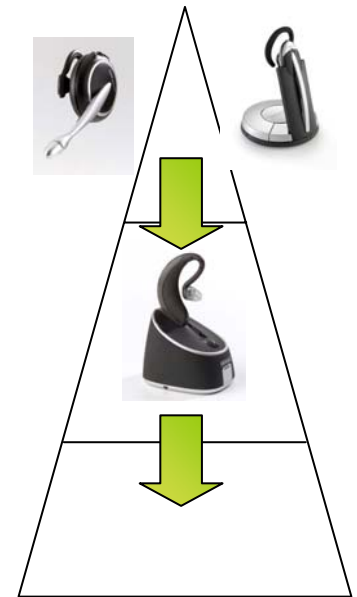
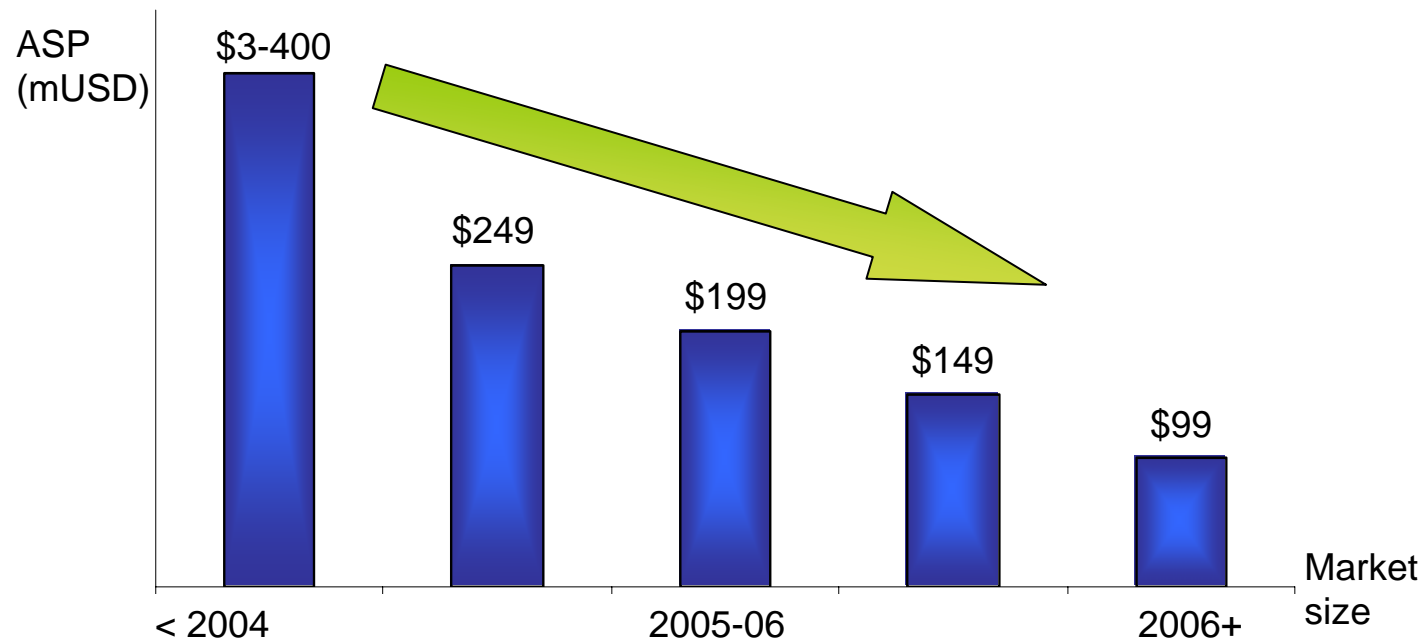
ILLUSTRATIVE ONLY

# MOBILITY AND LIFE QUALITY

## Building up new channels will drive down prices...

Average selling prices (ASP) come down...

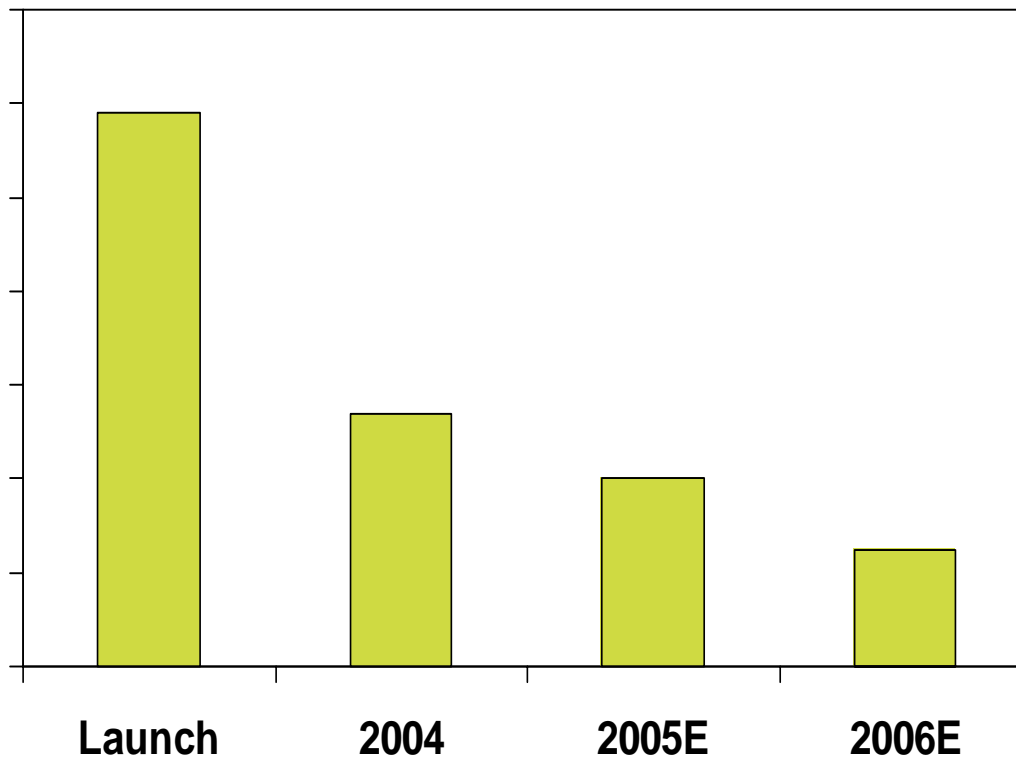
...as we expand our portfolio





...enabled by continued reduction in COGS

Costs of wireless headsets will be reduced further





## Summing up, our strategy is to...

### Contact Center

Further strengthen our global position

- ➔ Leverage technology advantage
- ➔ Gain share in selected geographies
- ➔ Strengthen strategic accounts

### Office

Grow the global Office market

- ➔ Drive wireless
- ➔ Grow new channels
  - Hello Direct, technology distribution, retail