



GLOBAL INNOVATOR IN PERSONAL COMMUNICATIONS

GN Store Nord

Q1 Interim Report 2005, May 4, 2005

CEO Jørn Kildegaard and CFO Jens Due Olsen



Safe harbor statement

The forward-looking statements in this interim report reflect management's current expectations for certain future events and financial results. Statements regarding 2005 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 the 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 the integration of company acquisitions.

This interim report, announcement or presentation should not be considered an offer to sell securities in GN Store Nord.



Following up on The GN Agenda 2005-2007

Grow the office headset market profitably

- CC&O revenue growth 8% and EBITA improvement 2.3%p.
- Adding Best Buy to US retail platform

Balance profit with growth in hearing instruments

- Hearing Instruments revenue growth 0% and EBITA improvement 3.3%p.
- Launching ReSound Metrix in May

Stay ahead in the mobile race

- Mobile headset growth 98%
- Revenue in Asia DKK 20m

*Growth rate comparisons are made year-over-year.
All growth rates are organic.*



GN at a glance

Q1 performance as expected

- Mobile Headsets' market share maintained

Share buyback program, end April

- Shares bought 2.3m
- Accumulated purchase under the program DKK 150m
- GN owns 4.8% of total number of shares

Guidance reflects additional investments in future growth

- R&D and Sales & Marketing spending up by up to DKK 150m vs. 2004
- Revenue growth and earnings are back-end loaded
- Growth still priority #1 in mobile headsets

Product portfolio stays young



10+ new products in Q1/2005

30+ new products in 2004 – 60% of revenue from products <2 years old



GN 9350



GN 2000



Jabra C220s



Jabra BT130



Jabra C120s



ReSound Metrix



Jabra CS10



Jabra BT350



Jabra C200



Jabra JX10



Beltone MIA



Jabra SP500



Profit & loss

DKK millions	2003	Q1/2004	2004	Q1/2005
Revenue	4,742	1,231	5,548	1,361
Gross profit	2,625	685	2,945	749
Gross margin, %	55	56	53	55
EBITA	549	154	727	183
EBITA margin, %	11.6	12.5	13.1	13.4
EBIT	86	103	530	176
Financials, net and other	177	(3)	2	(6)
EBT	263	100	532	170

Growth 13%

GN Mobile lowers overall margin



Balance sheet

DKK millions	Q1/2004	2004	Q1/2005
Goodwill	2,785	2,381	2,495
Other intangible assets	1,195	1,220	1,238
Inventory	626	518	478
Trade receivables	982	947	1,052
Net interest bearing debt	660	245	204
Trade payables	303	275	329

Foreign exchange increases goodwill DKK 114m

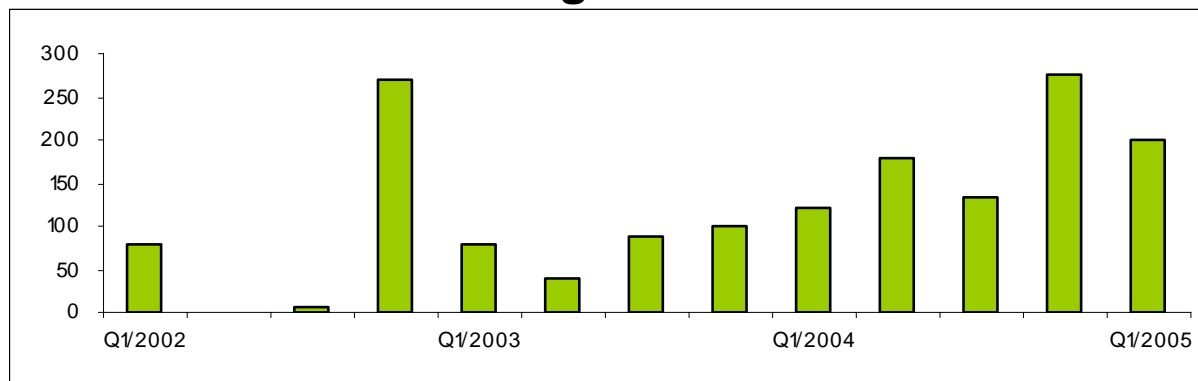
2004 working capital improvement maintained



Cash flow

DKK millions	Q1/2004	2004	Q1/2005
CFFO before interest, restructurings and tax	198	1,094	283
CFFO	171	959	261
Free cash flow	112	686	197
Free cash flow excluding one-offs	121	708	201

Free cash flow excluding one-offs





Contact Center & Office Headsets

DKK millions	Q1	Q2	Q3	Q4	2003	Q1	Q2	Q3	Q4	2004	Q1/2005
Revenue	317	320	308	334	1,279	325	337	314	340	1,316	342
Gross profit						202	224	194	220	840	222
Gross margin, %						62	66	62	65	64	65
EBITA						60	77	45	75	257	71
EBITA margin, %						18.5	22.8	14.3	22.1	19.5	20.8



Growth picks up - margins remain high

Stronger GN performance in US despite limited presence in retail

Office platform strengthened

- Supplier to Office Depot, Fry's, Office Max *and now also Best Buy*
- 1/3 of revenue comes from wireless products



Mobile Headsets

DKK millions	Q1	Q2	Q3	Q4	2003	Q1	Q2	Q3	Q4	2004	Q1/2005
Revenue	102	113	106	160	481	150	292	418	338	1,198	292
Gross profit						41	76	84	91	292	74
Gross margin, %						27	26	20	27	24	25
EBITA						(11)	16	13	2	20	(8)
EBITA margin, %						(7.3)	5.5	3.1	0.6	1.7	(2.7)



Handsome growth continues - competition remains fierce

GN's market share maintained

- Strong demand for high-end products and OEM products
- Jabra product revenue grows 40%+

Mobile music and stereo into telco retail



Hearing Instruments

DKK millions	Q1	Q2	Q3	Q4	2003	Q1	Q2	Q3	Q4	2004	Q1/2005
Revenue	635	628	648	706	2,617	662	667	643	698	2,670	641
Gross profit						390	402	393	438	1,623	412
Gross margin, %						59	60	61	63	61	65
EBITA						109	120	135	164	528	127
EBITA margin, %						16.5	18	21	23.5	19.8	19.8



Market improves - competitive environment emerging

No growth, as expected, due to launches from competition

ReSoundAIR and ReSoundAIR Plus sales continues to grow

Launching ReSound Metrix in May -



Audiologic Diagnostics Equipment

DKK millions	Q1	Q2	Q3	Q4	2003	Q1	Q2	Q3	Q4	2004	Q1/2005
Revenue	87	82	76	106	351	90	83	78	97	348	80
Gross profit						48	43	39	51	181	35
Gross margin, %						53	52	50	53	52	44
EBITA						3	(1)	(6)	(3)	(7)	1
EBITA margin, %						3.3	(1.2)	(7.7)	(3.1)	(2.0)	1.3



EU picks up

- Growth (10)%, NHS order fulfilled

New management reorganizing for profit and focuses product portfolio



2005 guidance maintained

Further improvements - investing up to DKK 150 million in growth

Revenue	At least DKK 5.7bn at DKK/USD 5.75
EBITA	DKK 800-850m
EBT	DKK 725-775m
CC&O	EBITA margin 19-21% on revenues of at least DKK 1.4bn Highest growth in Office
Mobile	EBITA margin 1-3% on revenues of at least DKK 1.3bn Bluetooth penetration drives overall demand
Hearing Instruments	EBITA margin 20-22% on revenues of app. DKK 2.7bn Competitive pressure building up
Audiologic Diagnostics Equipment	Small EBITA profit on revenues of app. DKK 350m Ongoing turnaround

USD sensitivity: ~50% of sales and ~60% of costs are based in the "USD-zone"

CNY sensitivity: <DKK 75m revenue and ~DKK 500m cost base in China



The GN Agenda 2005-2007

Grow the office headset market profitably

- Establish position with US retailers

Balance profit with growth in hearing instruments

- Continue to improve profitability

Stay ahead in the mobile race

- Expand Asian platform
- Enter gaming