



GLOBAL INNOVATOR IN PERSONAL COMMUNICATIONS

GN Store Nord

Q2 Interim Report, August 16, 2006

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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 2006 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 business profitably

- Highest CC&O Headsets Q2 revenue ever – DKK 386m
- CC&O Headset revenue growth of 12% excluding Hello Direct
- DKK (55)m charge from Hello Direct's discontinued Try'n'Buy programs

Balance profit with growth in Hearing Instruments

- Revenue growth of (3)% (excluding INTERTON)
- EBITA margin down 7.3% points – changed product mix and planned OPEX increase
- ReSound Pixel and Plus5 performing well
- Four product launches in June

Stay ahead in the mobile race

- Revenue growth slowing down to 15%
- EBITA margin (3.2)% due to planned OPEX increase
- Revenue through carriers lower than expected
- Higher low-end sales than expected



GN at a glance

Q2 Performance in line with July 5 expectations

- CC&O – continues to grow – highest growth rates in EMEA – 17%
- Mobile – growth driven by OEM and low-margin Jabra products
- Hearing Instruments – growth of (3)% due to development in top-end segment
- Impact from planned growth-inducing OPEX increases in all business units
- Impact of DKK (55)m from Hello Direct's Try'n'Buy programs

Key initiatives performing according to plan

- INTERTON integration
- Move of global distribution center and manufacturing from Ireland to Denmark and China

Product portfolio stays young

- Innovation rate above 60%
- Product launches in Headsets and Hearing Instruments
- Biggest launch agenda ever in Hearing Instruments in 2006

Strategic review, GN ReSound

- Continues as announced July 5. No further comments.



Profit & loss

DKK millions	2004	Q2/2005	2005	Q2/2006
Revenue	5,548	1,630	6,644	1,759
Gross profit	2,945	846	3,411	843
Gross margin, %	53	52	51	48
EBITA	731	223	876	66
EBITA margin, %	13.2	13.7	13.2	3.8
EBIT	532	211	823	51
Financials, net and other	2	4	(8)	62
EBT	534	215	815	113

- **Organic growth 4%**
- **Excluding negative Try'n'Buy charge from Hello Direct, EBITA 46% down from Q2 2005**
- **Financials, net and other impacted by DKK 60m gain on sale of ownership in Ultravox**



Balance sheet

DKK millions	Q2/2005	2005	Q1/2006	Q2/2006
Goodwill	2,689	3,044	2,975	2,849
Other intangible assets	897	1,020	1,036	1,050
Inventory	527	747	704	794
Trade receivables	1,284	1,387	1,389	1,386
Net interest bearing debt	444	720	909	1,339
Trade payables	450	464	438	457

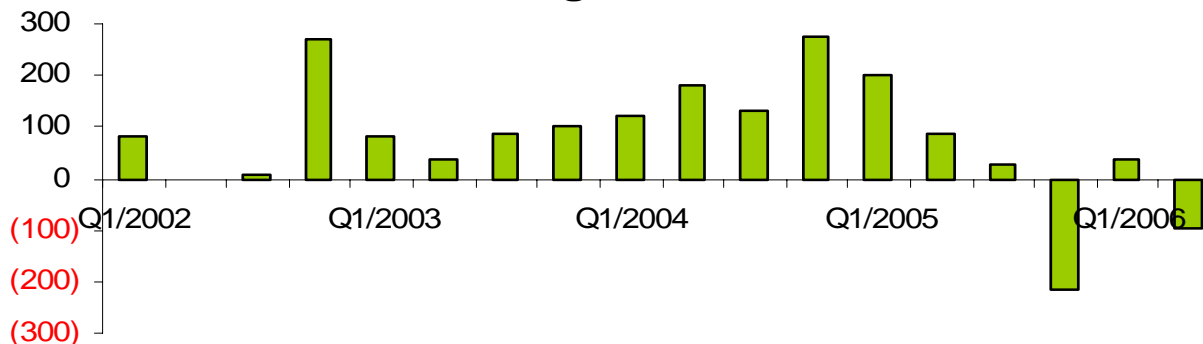
- **Inventory increase due to build up of finished goods inventory in Mobile Headsets**
- **NIBD increase from investments in new HQ and from DKK 348m share buy back in Q2**



Cash flow

DKK millions	Q2/2005	2005	Q2/2006
CFFO before interest, restructurings and tax	215	905	42
CFFO	206	828	2
Free cash flow	88	77	(75)
Free cash flow excluding one-offs	88	102	(97)

Free cash flow excluding one-offs



- Higher working capital in Mobile Headsets
- Restructuring costs from move of Cork activities



Contact Center & Office Headsets

DKK millions	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005	Q1	Q2/2006
Revenue	337	314	340	1,316	342	373	380	454	1,549	447	386
Growth, %	8	6	6	7	8	13	21	28	17	25	4
Gross margin, %	66	62	65	64	65	67	65	64	65	64	59
EBITA	77	45	75	257	71	81	66	95	313	79	(7)
EBITA margin, %	22.8	14.3	22.1	19.5	20.8	21.7	17.4	20.9	20.2	17.7	(1.8)

- **12% growth excluding Hello Direct**
- **EMEA grew 17%, third successive quarter with double digit growth rates**
- **No abnormal price pressure in the market**
- **EBITA down due to planned, accelerating OPEX investments**
- **DKK (55)m charge from Hello Direct's now discontinued Try'n'Buy programs**



GN 9350



Mobile Headsets

DKK millions	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005	Q1	Q2/2006
Revenue	292	418	338	1,198	292	482	699	487	1,960	463	556
Growth, %	168	310	117	160	98	67	67	40	63	54	15
Gross margin, %	26	20	27	24	25	21	18	25	22	21	18
EBITA	16	13	2	20	(8)	15	29	25	61	(14)	(18)
EBITA margin, %	5.5	3.1	0.6	1.7	(2.7)	3.1	4.1	5.1	3.1	(3.0)	(3.2)

- **Growth continues – 15% but slowing down**
- **Sales to US carriers, the UK and Central Europe lower than expected**
- **Strong unit growth in Jabra and OEM**
- **Jabra JX10 performing well**
- **Strong demand for low priced Jabra products lowers margins**
- **Several new headsets in Q3 & Q4. Including stereo headphones, Bluetooth adaptor for iPod and two new low-cost headsets**



Jabra A125s, Bluetooth adaptor for iPod®



Hearing Instruments

DKK millions	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005	Q1	Q2/2006
Revenue	667	643	698	2,670	641	690	688	776	2,795	764	729
Growth, %	9	3	4	6	0	5	6	1	3	5	(3)
Gross margin, %	60	61	63	61	64	66	66	64	65	61	64
EBITA	120	135	168	532	127	143	141	146	557	50	98
EBITA margin, %	18.0	21.0	24.1	19.9	19.8	20.7	20.5	18.8	19.9	6.5	13.4

- **Growth (3)% y-o-y – (1)% adjusting for the easter effect**
- **Strong competition in high-end and mid-prize segments**
- **ReSound Pixel and ReSound Plus5 performing well**
- **6 new product launches in Q2**
- **ReSoundAIR replacement in the fall**
- **Innovation rate of 70%**



**Metrix Reloaded =
Metrix Power and¹⁰
Metrix Mini**



Audiologic Diagnostics Equipment

DKK millions	Q2	Q3	Q4	2004	Q1	Q2	Q3	Q4	2005	Q1	Q2/2006
Revenue	83	78	97	348	80	84	72	88	324	77	86
Growth, %	4	6	(6)	2	(10)	2	(8)	(12)	(7)	(4)	2
Gross margin, %	52	50	53	52	44	44	42	41	43	49	50
EBITA	(1)	(6)	(3)	(7)	1	1	(6)	5	1	-	3
EBITA margin, %	(1.2)	(7.7)	(3.1)	(2.0)	1.3	1.2	(8.3)	5.7	0.3	0.0	3.5

- **Q2 performance in line with expectations**
- **Streamlining of activities continues**



AccuScreen
for infant hearing screening ₁₁



2006 Guidance

Total capex DKK 1bn. Investments in growth up by approx. DKK 450m vs. 2005

Revenue	DKK 7.6-7.7bn at DKK/USD 6
EBITA	Approx. DKK 0.8bn
EBT	Approx. DKK 775m
CC&O	EBITA margin 13-15% on revenues of approx. DKK 1.7bn (16-18% excluding one-offs) Highest growth in EMEA
Mobile	EBITA margin 1-3% on revenues of approx. DKK 2.5bn Jabra/OEM 50/50 revenue split
Hearing Instruments	EBITA margin 16-18% on revenues of DKK 3.1-3.2bn (17-19% excluding one-offs) Pixel and Plus5 take portfolio ahead of competition
Audiologic Diagnostics Equipment	Small EBITA profit on revenues of approx. DKK 325m Ongoing turnaround

USD sensitivity: ~60% of sales and ~65% of costs in the "USD-zone"
CNY sensitivity: ~DKK 100m revenue and ~DKK 900m cost base in China



The GN Agenda 2006-2008

Balance profit with organic growth in hearing instruments

- Continue to improve profitability

Grow the office headset market profitably

- Duplicate US success in EU

Stay ahead in the mobile and music race

- Expand Asian platform
- Improve margins