



GLOBAL INNOVATOR IN PERSONAL COMMUNICATIONS

GN Store Nord

Q3 Interim Report, November 6, 2006

CEO Toon Bouten and CFO Jens Due Olsen



Safe harbor statement

The forward-looking statements in this interim report reflect management's current expectations of 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.

Class action lawsuits are being brought in the United States against our United States subsidiary and other Bluetooth headset manufacturers claiming failure to warn of 'noise induced hearing loss.' While we believe these suits are without merit, the costs to defend against them could be high and the results of litigation are not predictable.

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



GN at a glance

- Revenue and profit related to continuing activities were in line with the guidance provided in the announcement of October 2, 2006
- GN has sold its hearing instrument and audiologic diagnostics equipment operations to Phonak Holding AG for a total consideration of DKK 15.5bn in cash on a debt and cash free basis
- Closing of the transaction is subject to approval from the competition authorities and Phonak's subsequent rights issue. Expected to be finalized during H1/2007
- New CEO Toon Bouten is heading the development of GN's future strategic platform
- In the short term GN will take action to restore profitability and enhance growth and cash flows in the headset business



Third quarter highlights

- Revenues declined to DKK 1,513m from DKK 1,845m in Q3 2005
- EBITA fell to a loss of DKK 22m from a profit of DKK 218 m in Q3 2005, impacted by non-recurring costs of DKK 100m
- In CC&O, excluding Hello Direct, revenue growth remained high at 11% on revenue of DKK 277m
- The Mobile Headsets business suffered a drop in revenue to DKK 355m, equivalent to negative organic growth of 48%
- In Hearing Instruments, GN generated revenue of DKK 732m. Organic growth was 1%. The second quarter product launches attracted healthy demand, especially the mini-versions of the ReSound Metrix, the ReSound Pixel and the ReSound Plus5.
- New products and product upgrades launched in the past 24 months contributed almost 60% of overall revenues



Profit & loss

(DKK millions)	2004	Q3/2005	2005	Q3/2006
Revenue	5,548	1,845	6,644	1,513
Gross profit	2,945	867	3,411	721
Gross margin, %	53	47	51	48
EBITA	731	218	876	(22)
EBITA margin, %	13.2	11.8	13.2	(1.5)
Financials, net and other	(197)	(14)	(61)	(32)
EBT	534	204	815	(54)

- Q3 EBITA include one-offs totalling DKK 100m from write-offs of Hello Direct T&B receivables and write-offs on component and finished goods inventories in Mobile Headsets
- The decline in EBITA was due mainly to lower revenues and one-offs



Balance sheet

(DKK millions)	Q3/2005	2005	Q2/2006	Q3/2006
Goodwill	2,704	3,044	2,849	2,856
Other intangible assets	893	1,020	1,050	1,064
Inventory	675	747	794	834
Trade receivables	1,425	1,387	1,386	1,243
Net interest bearing debt	429	720	1,339	1,448
Trade payables	497	464	457	300

- Inventory impacted by lower than expected demand in Q3 in Mobile
- Trade receivables fell by DKK 143m to DKK 1,243m due to the write-downs in Hello Direct and the decline in revenue

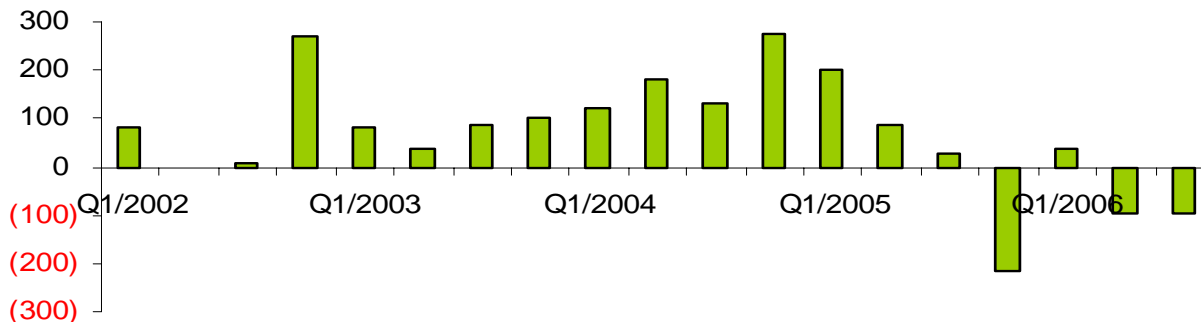


Cash flow

(DKK millions)	Q3/2005	2005	Q3/2006
FFFO before interest restructurings and tax	149	905	-
FFFO	136	828	(15)
Free cash flow	27	77	(126)
Free cash flow excluding one-offs	27	102	(97)

- Net operating working capital increased by DKK 62m, primarily due to Mobile Headsets
- Year to date CFFI ex R&D of DKK 171m impacted by DKK (236)m on investments in new domicile and DKK 150m from disposal of Ultravox

Free cash flow excluding one-offs





Contact Center & Office Headsets

(DKK millions)	Q3/2005	Q4/2005	2005	Q1/2006	Q2/2006	Q3/2006
Revenue	380	454	1,549	447	386	349
Growth, %	21	28	17	25	4	(6)
Gross margin, %	65	64	65	64	59	59
EBITA	66	95	313	79	(7)	(39)
EBITA margin, %	17.4	20.9	20.2	17.7	(1.8)	(11.2)

- Continued attractive growth of 11%, excl. Hello Direct
- Highest growth in Europe 15% followed by APAC 7% and US 6%
- Gross margins excluding Hello Direct 62% as expected. No price pressure
- Gross margins in Hello Direct impacted by lower revenue share of headsets and lower margins on products sold
- EBITA impacted by one-offs in Hello Direct of (60)m





Mobile Headsets

(DKK millions)	Q3/2005	Q4/2005	2005	Q1/2006	Q2/2006	Q3/2006
Revenue	699	487	1,960	463	556	355
Growth, %	67	40	63	54	15	(48)
Gross margin, %	18	25	22	21	18	5
EBITA	29	25	61	(14)	(18)	(84)
EBITA margin, %	4.1	5.1	3.1	(3.0)	(3.2)	(23.7)

- Decline in revenues were mainly due to a delay in key customer product approvals
- Continuing market trend towards an increase in sales of entry-level products to carriers
- Jabra JX10 beats sales expectations
- One-offs of DKK (40)m on components and finished goods inventories



Jabra JX10



Hearing Instruments

(DKK millions)	Q3/2005	Q4/2005	2005	Q1/2006	Q2/2006	Q3/2006
Revenue	688	776	2,795	764	729	732
Growth, %	6	1	3	5	(3)	1
Gross margin, %	66	64	65	61	64	63
EBITA	141	146	557	50	98	107
EBITA margin, %	20.5	18.8	19.9	6.5	13.4	14.6

- Sales are improving in the mid-price segments
- Q3 high-end sales lower than projected as ReSoundAIR is facing increased competition
- ReSound Pulse, the rechargeable hearing instrument, is now available in several markets
- Organic growth accelerated to approximately 4% in October



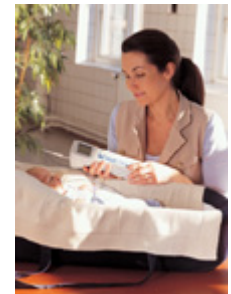
ReSound Pulse



Audiologic Diagnostics Equipment

(DKK millions)	Q3/2005	Q4/2005	2005	Q1/2006	Q2/2006	Q3/2006
Revenue	72	88	324	77	86	71
Growth, %	(8)	(12)	(7)	(4)	2	(1)
Gross margin, %	42	41	43	49	50	41
EBITA	(6)	5	1	-	3	(3)
EBITA margin, %	(8.3)	5.7	0.3	0.0	3.5	(4.2)

- The work to restructure production and streamline the organization and the product portfolio is progressing according to plan



Infant screening equipment



2006 Guidance

(DKK millions) **Outlook for 2006 (Oct. 2)**

Continuing operations:

Revenue

Contact Center & Office Headsets	approx. 1,600-1,700
Mobile Headsets	approx. 1,700-1,800
GN total	approx. 3,300-3,500

EBITA

Contact Center & Office Headsets	100
Mobile Headsets	(150)
Other	(50)
GN total	(100)

Discontinuing operations:

Revenue

Hearing Instruments	no guidance
Audiologic Diagnostics Equipment	no guidance
Total	no guidance

EBITA

Hearing Instruments	no guidance
Audiologic Diagnostics Equipment	no guidance

Result from discontinuing activities approx. 400-450



When all you want is music!





GN's future strategic platform

The new management is currently developing GN's future strategic platform for the headset business. These plans will be announced in early 2007 at the latest.

In the short term, GN will focus on four core areas in order to restore profitability and enhance growth and cash flows:

- The Jabra brand will be introduced in all channels in order to increase awareness and strengthen brand impact across the converging mobile and office markets
- GN will launch more products at ever shorter intervals. More products will be brought to market and they will be differentiated more strongly
- GN will increase its efforts in sales, marketing and distribution, especially in the mobile headsets business
- The cost structure will be trimmed across the value chain. GN intends to reduce inventories, optimize the global supply chain and achieve the synergies from the mid-May 2006 combination of its headset operations into one global organization