



GN Annual Report 2007

CEO GN Netcom Toon Bouten, CEO GN ReSound Jesper Mailind, VP Finance, IR & Communications Jens Bille Bergholdt

Copenhagen, February 21, 2008



Safe Harbour Statement

The forward-looking statements in this interim report reflect management's current expectations of certain future events and financial results. Statements regarding 2008 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 the integration of company acquisitions.

Class action lawsuits are being brought in the United States against our American 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 outcome of litigation is not predictable.

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



Q4 Summary

- The Q4 financial results were in line with the announcement from Jan. 15, 2008.
- Revenue was DKK 1,526 million representing an overall organic growth of (8)% Y-o-Y and EBITA was DKK 5 million including non-recurring costs of DKK 77 million.
- GN Netcom generated revenue of DKK 775 million corresponding to an organic growth of (2)%. EBITA in GN Netcom was DKK 67 million excluding non-recurring costs of DKK 37 million.
- GN ReSound reported revenues of DKK 747 million corresponding to an organic growth of (13)%. EBITA in GN ReSound was DKK 35 million exclusive of non-recurring costs of DKK 40 million.
- The 2007 results are impacted by cost related to the abandoned sales process concerning GN ReSound and depreciations related to GN ReSound from Q4 2006.
- 75% owned DPTG I/S claim against TPSA is DKK 5 billion. The next hearing, originally scheduled for December 2007, has been postponed and is scheduled to be held May and June 2008.



2007 Profit and Loss

(DKK million)	Q4	2006	Q4	2007
Revenue	1,738	6,766	1,526	5,981
EBITA	111	262	5	294
Amort., finance, associates etc.	(30)	(31)	(23)	(98)
Depreciation related to Q4 2006 (and 2007) in GN ReSound	32	32	(126)	(32)
Costs related to the abandoned sales process concerning GN ReSound	(14)	(14)	(215)	(264)
EBT	99	249	(359)	(100)

- Q4 EBITA was DKK 82 million excl. one-offs of DKK 37 million in GN Netcom and DKK 40 million in GN ReSound
- Depreciation related to Q4 2006 (and 2007) in GN ReSound follows IFRS 5 requirements



Balance & Cash Flow

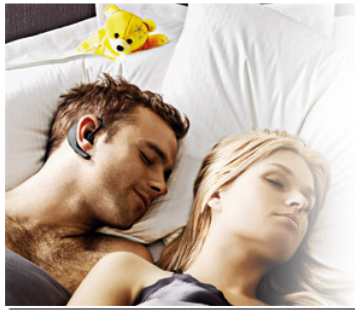
(DKK million)	Q4	2006*	Q4	2007
Goodwill	-	2,759	-	2,525
Other intangible assets	-	1,108	-	1,127
Tangible & other non-current assets	-	1,613	-	1,513
Current assets	-	2,733	-	2,670
Equity	-	4,900	-	4,482
Liabilities	-	3,313	-	3,353
Total assets/liabilities	-	8,213	-	7,835
NIBD	-	(1,387)	-	(1,516)
Free Cash flow	8	(231)	(191)	(183)

* Based on pro-forma balance sheet

- Other intangible assets are primarily capitalized R&D
- Value of TPSA and tax dispute not included in balance sheet
- NIBD increased by DKK 170 million in Q4



GN Netcom



Jabra
BT 5020
Extreme comfort - exquisite style



Jabra
JX20 PURA
TITANIUM EDITION



Jabra GN9330 USB
for Microsoft® Office Communicator 2007

OPTIMIZED FOR
Microsoft®
Office Communicator

JABRA DISCOVER FREEDOM



(DKK millions)	Q4	2006	Q1	Q2	Q3	Q4	2007
Revenue	840	3,396	749	617	670	775	2,811
Growth	(8)%	(3)%	(14)%	(33)%	(2)%	(2)%	(14)%
Gross margin	34%	36%	39%	41%	43%	39%	40%
EBITA before one-offs	37	109	16	11	10	67	104
EBITA margin before one-offs	4.4%	3.2%	2.1%	1.8%	1.5%	8.6%	3.7%
EBITA	2	(81)	16	(17)	6	30	35

- EMEA is CC&O Headsets' largest and most profitable region, organic growth was 11%
- Substantial improvement in EBITA vs. Q4 2006
- Revenue in North America continued to disappoint
- An additional Mobile turnaround plan was initiated in the second half of 2007

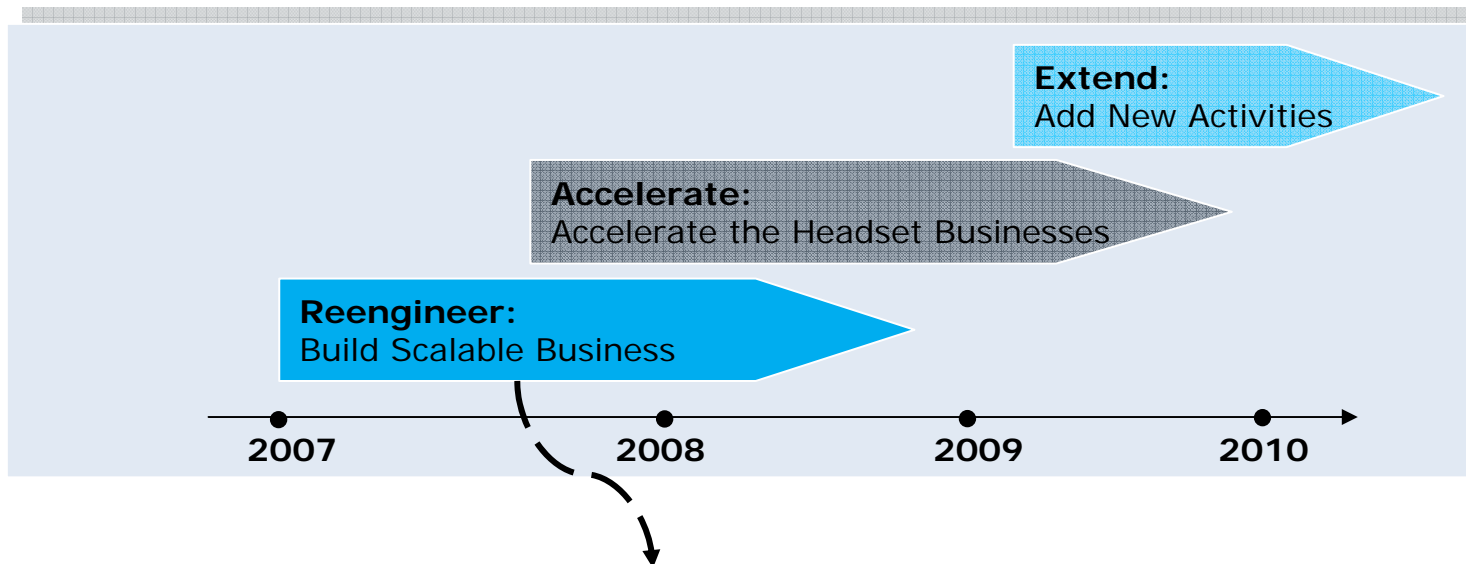


GN Netcom Balance Sheet and Cash Flow

Balance sheet selected items (DKK million)	Q4 2006	2006	Q4 2007	2007
Inventories	-	316	-	343
Trade receivables	-	571	-	573
Trade payables	-	178	-	181
Cash flow (DKK million)				
Cash flow before working capital	10	82	97	239
Cash flow from operations	170	191	(49)	135
Cash flow from investing activities	(49)	(168)	(30)	(128)
Free cash flow	121	23	(79)	7



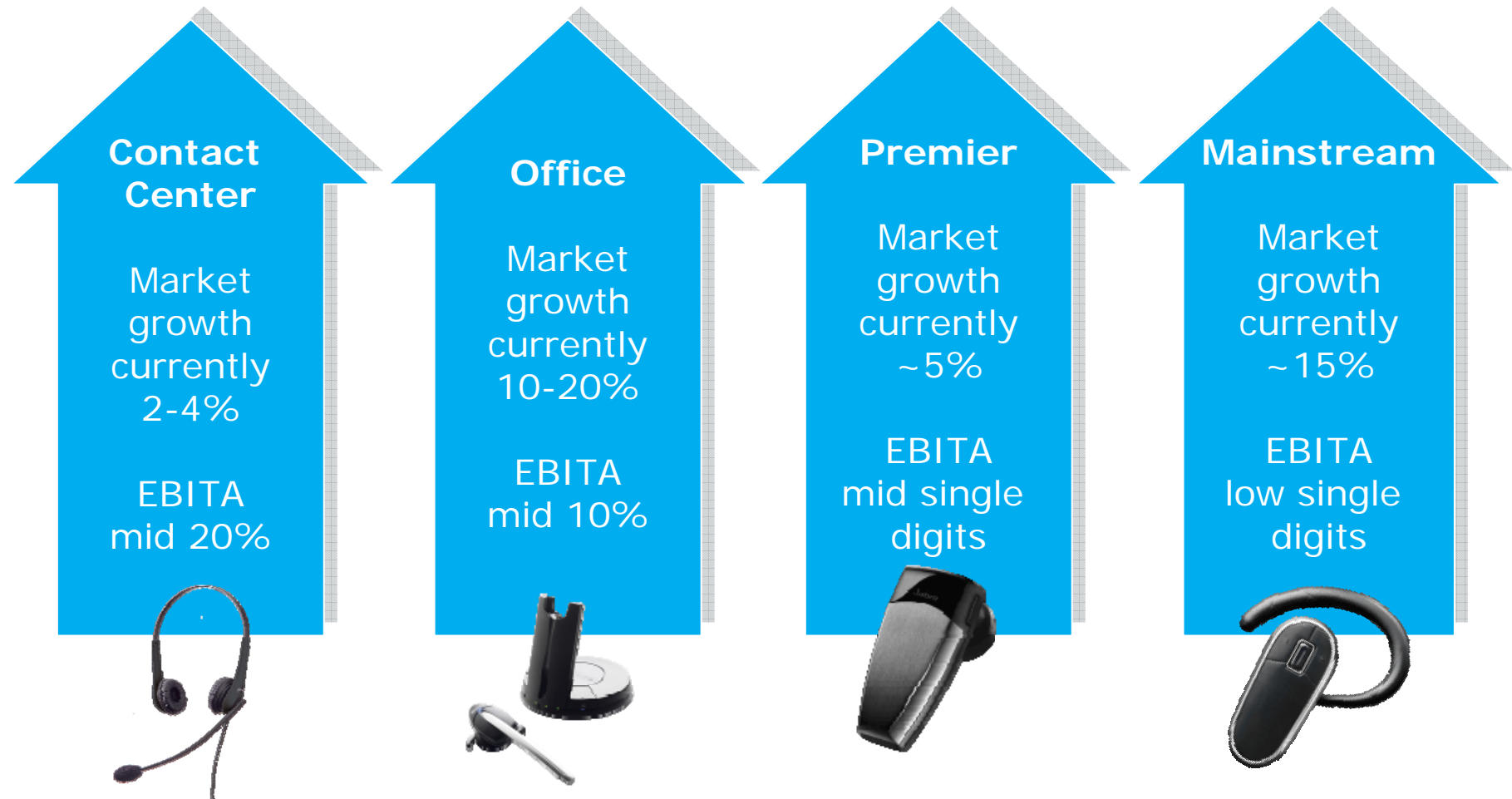
Reengineering Results are Starting to Show



- A market-oriented Business Stream organization
- Less employees
- Cost cuttings
- New product platforms and less stand-alone products
- New supply chain set up started including one main partner
- This reengineering phase is expected to last until late 2008

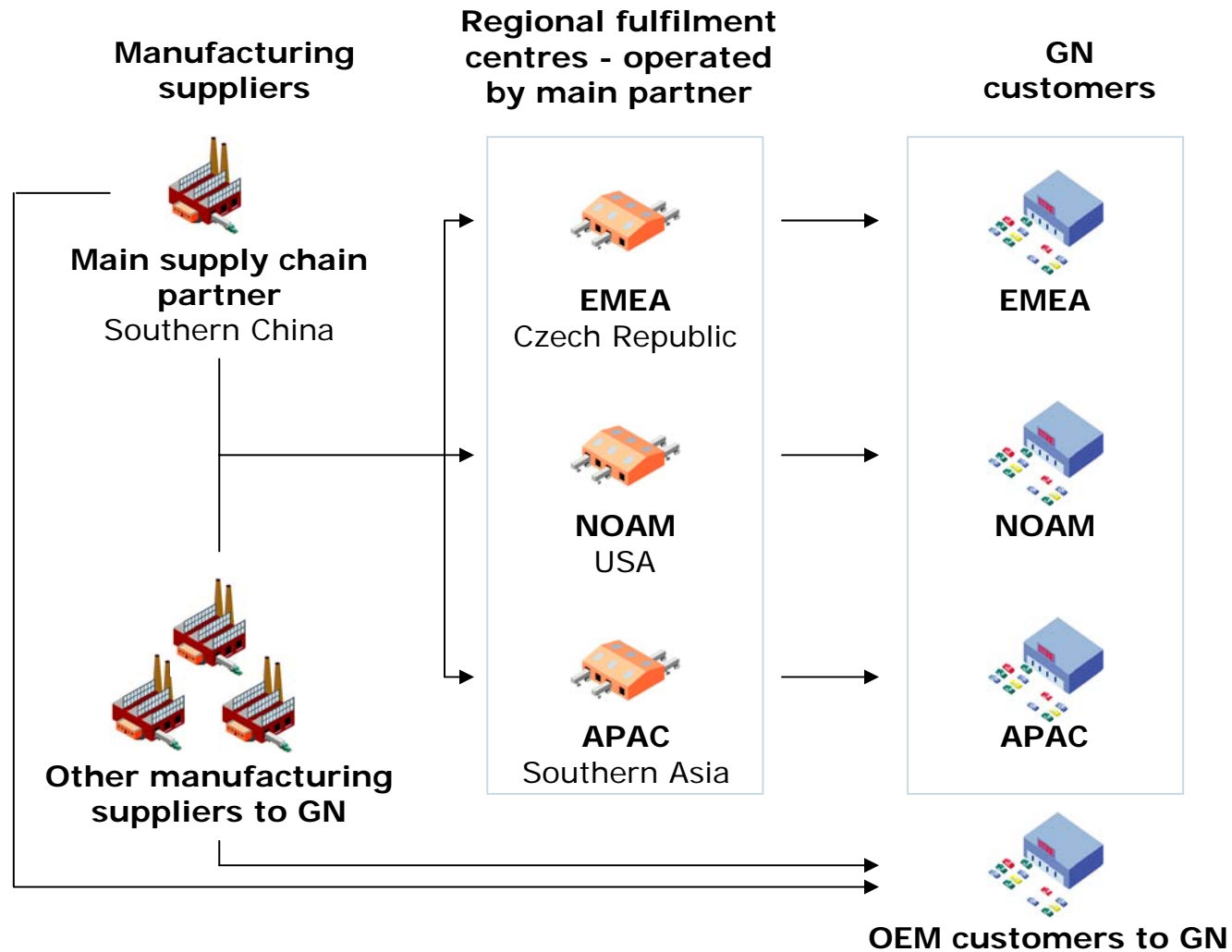


The Headset Market





New EMS Set up





GN ReSound



The **smallest**  **thing** can make the biggest difference.



GN ReSound – Financials*

(DKK million)	Q4	2006	Q1	Q2	Q3	Q4	2007
Revenue	900	3,359	811	842	755	747	3,155
Growth	5%	2%	2%	9%	(2)%	(13)%	(2)%
Gross Margin	62%	61%	62%	64%	62%	61%	62%
EBITA before one-offs	129	384	121	129	55	35	340
EBITA margin before one-offs	14.3%	11.4%	14.9%	15.3%	7.3%	4.7%	10.8%
EBITA	129	384	121	129	55	(5)	300

* Hearing Instruments and Audiologic Diagnostics Equipment

- Continued negative effects in the wake of the protracted sales process that lasted for more than 16 months
- The organic decline was impacted by a broad decline in most mature markets hereunder in the US, the world's largest hearing instruments market
- A number of efficiency-improving and cost-cutting efforts have been set in motion and are expected to be completed during 2008
- The Audiologic Diagnostics Equipment business generated a full year revenue of DKK 332 million, equal to organic growth of 10% relative to last year



Selected Balance Sheet Items & Cash flow

Balance selected items (DKK million)	Q4 2006	2006	Q4 2007	2007
Inventories	-	391	-	374
Trade receivables	-	739	-	665
Trade payables	-	232		211
Cash flow (DKK million)				
Cash flow before working capital	79	540	74	535
Cash flow from operations	121	262	21	287
Cash flow from investing activities	(157)	(185)	(100)	(348)
Free cash flow	(36)	77	(79)	(61)

- During Q4 trade receivables fell DKK 41 million – primarily due to lower sales
- Free cash flow in GN ReSound not impacted by costs related to the abandoned sales process



Turnaround Program Initiated late 2007

The aim of the program is to accelerate profitable growth and increase cost efficiency

Accelerate Profitable Growth

- New flatter regional sales organization implemented
- Further capitalizing on product launches
- Winning back accounts and expanding distribution
- Investing in building new infrastructure in emerging markets

Finalize integration and streamline

- Full integration of Interton into GN ReSound
- One single location for Interton and GN ReSound in Germany
- Reduction and streamlining of back-office functions in the US executed in Q4 2007



dot by ReSound – World's Smallest BTE

- *dot by ReSound is an extremely small, fully automatic, open RIE instrument with the latest ReSound technology*
- An amazingly small hearing aid - nobody will see it being worn
- The most advanced sound technologies for a unique hearing experience – Sound by ReSound™
- Fully automatic, adjusting to the wearers needs effortlessly
- dot 30 – top segment
- dot 20 – plus segment
- dot 10 – basic segment
- Double protection systems





New CEO in GN ReSound

- Mike van der Wallen was appointed new CEO of GN ReSound and the related GN Otometrics operations
- Mike van der Wallen will join GN's Executive Management and rank alongside Toon Bouten
- Mike van der Wallen (42 years) will take up his position on March 1, 2008, after which, as previously announced, Jesper Mailind, will resign.





Outlook 2008

(DKK million – approximate figures)	Outlook 2008
Revenue (at DKK/USD 5.00)	
GN Netcom	>2,800
GN ReSound	~3,000
GN Total*	~5,800
EBITA (excl. one-offs)	
GN Netcom	125-175
GN ReSound	250-300
Other	~(30)
GN Total*	~ 350-450
One-offs in GN Netcom	~(75)
Amortization, finance etc.	~(125)
EBT*	~150-250
* Uncertainty due to the substantial changes being made in both GN Netcom and GN ReSound	
Investments**	~700

** incl. capitalized R&D excl. acquisitions



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Q&A