



GN Q1 Interim Report 2009

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Copenhagen, May 7, 2009



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 2009 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, developments in class action and patent infringement litigation in the United States, and the integration of company acquisitions.

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



Q1 Summary

- GN's Q1 results were in line with expectations and the full-year guidance is unchanged.
- GN's short-term focus for 2009 is primarily on generating cash flow, improving earnings and proactively addressing challenging market conditions through the two restructuring programs.
- In Q1 GN has improved its cash flow significantly where GN's free cash flow was DKK 72 million.
- Revenue and earnings were as expected and we are confident that we can deliver on our full-year guidance. GN's revenue was DKK 1,198 million and EBITA was DKK (65) million in Q1.
- The restructuring programs are progressing well, e.g. GN Netcom and GN ReSound now have significantly lower cost bases and leaner and more market-oriented organizations.
- In regards to the DPTG/TPSA arbitration proceedings, a hearing was held on April 20-23, 2009. The hearing progressed as expected and an award on DPTG's claim for the period 1994 - mid-2004 could be rendered in Q3 2009.



Profit and Loss

(DKK million)	Q1/2008	2008	Q1/2009
Revenue	1,411	5,624	1,198
Gross Profit	729	2,901	627
SG&A, R&D etc.	(702)	(2,836)	(692)
EBITA	27	65	(65)
Amort., finance, associates etc.	(34)	(148)	(54)
EBT	(7)	(83)	(119)

- Revenue was DKK 1,198 million corresponding to organic growth of (18)%. GN Netcom generated revenue of DKK 421 million and GN ReSound DKK 774 million.
- Operating expenses are being reduced. Cost-cutting initiatives in both GN Netcom and GN ReSound are on track.
- EBITA was DKK (65) million impacted by non-recurring costs.



Balance & Cash Flow

(DKK million)	End Q1/2008	FY 2008	End Q1/2009
Goodwill	2,408	2,655	2,794
Other intangible assets	1,126	1,163	1,182
Tangible & other non-current assets	1,469	1,592	1,614
Current assets	2,547	2,468	2,269
Equity	4,213	4,507	4,607
Liabilities	3,337	3,371	3,252
Total assets/liabilities	7,550	7,878	7,859
NIBD	(1,659)	(1,592)	(1,522)
Free Cash flow	(139)	(95)	72

- The free cash flow improved and was positive at DKK 72 million.
- Net interest-bearing debt decreased to DKK 1,522 million.
- Equity ratio: 59%.
- Goodwill split: GN Netcom: ~DKK 0.45bn & GN ReSound ~DKK 2.35bn.
- Value of TPSA and tax dispute is not included in balance sheet.



GN Netcom

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GN Netcom Income Statement

(DKK million)	Q1	Q2	Q3	Q4	2008	Q1
Revenue	636	584	595	615	2,430	421
Organic growth	(8)%	3%	(6)%	(23)%	(9)%	(36)%
Gross margin	41%	43%	38%	37%	40%	35%
SG&A, R&D etc.	(260)	(277)	(254)	(248)	(1,039)	(229)
EBITA	3	(28)	(28)	(18)	(71)	(82)
EBITA margin	0.5%	(4.8)%	(4.7)%	(2.9)%	(2.9)%	(19.5)%
Non-recurring costs	5	25	28	49	107	41

- FAST restructuring program well on track.
- Operating expenses (excl. restructuring costs) down 25% relative to last year.
- CC&O Headsets generated negative organic growth of 29% relative to Q1 2008 in line with market development.
- Mobile Headsets generated revenue of DKK 159 million, equal to organic growth of (46)% relative to Q1 2008.
- A new OEM contract has been secured on top of the 3 existing ones.



GN Netcom Balance Sheet and Cash Flow

Balance sheet selected items (DKK million)	Q1 2008	FY 2008	Q4 2008	Q1 2009
Inventories	265	271	-	179
Trade receivables	542	362	-	279
Trade payables	124	208	-	97
Cash flow (DKK million)				
Cash flow before working capital	42	213	77	14
Change in working capital & restructuring/non-recurring costs paid	(11)	150	12	49
Cash flow from investing activities	(39)	(145)	(39)	(20)
Free cash flow excl. tax & financial items	(8)	218	50	43

- Positive change in working capital. Both DSO's and inventory turns have improved.
- Significant reduction in capital expenditures.
- Positive free cash flow despite the negative earnings for the quarter.



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Status on the FAST program

Supply Chain

Two dedicated and simplified supply chain organizations. Fully operational by the end of Q2 2009 as planned.

Customers

Previously, the Mobile division had around 700 customers. Now focus is on 100 large customers generating 90% of revenue.

Products

Number of products significantly reduced to fewer products based on reconfigurable platforms – especially in Mobile headsets.

Organization

The number of employees for the quarter is more than 20% down relative to last year.

Cost Reductions

FAST expected to provide cost reductions of at least DKK 300 million annually.

Costs

Total restructuring costs related to FAST expected to amount to up to around DKK 250 million of which DKK 107 million was expensed in 2008.



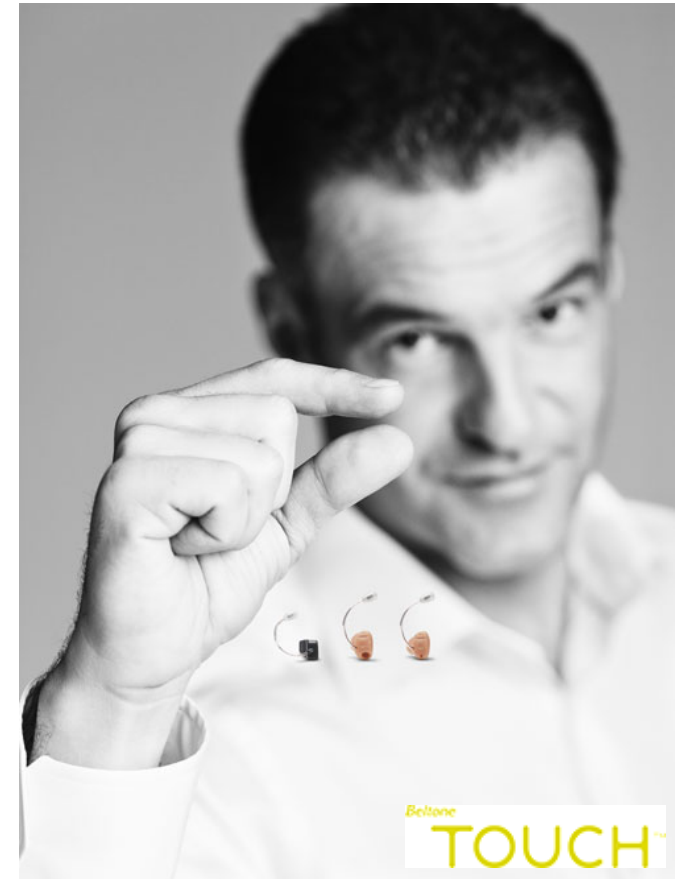
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GN ReSound Income Statement

(DKK million)	Q1	Q2	Q3	Q4	2008	Q1
Revenue	772	776	787	843	3,178	774
Organic growth	1%	(1)%	9%	10%	5%	(4)%
Gross margin	60%	62%	57%	62%	60%	62%
SG&A, R&D etc.	(432)	(410)	(447)	(465)	(1,754)	(448)
EBITA	31	72	4	56	163	29
EBITA margin	4.0%	9.3%	0.5%	6.6%	5.1%	3.7%

- GN ReSound has started an aggressive initiative to create a leaner, more customer-focused organization.
- Hearing Instruments generated revenue of DKK 696 million.
- Audiologic Diagnostics Equipment contributed with a revenue of DKK 78 million.
- Hearing instrument unit growth was 1% in Q1.
- The restructuring program included costs of DKK 28 million.



GN ReSound Balance Sheet & Cash Flow

Balance sheet selected items (DKK million)	Q1 2008	FY 2008	Q4 2008	Q1 2009
Inventories	375	391	-	373
Trade receivables	687	744	-	741
Trade payables	162	206	-	155
Cash flow (DKK million)				
Cash flow before working capital	114	462	137	100
Change in working capital & restructuring/non-recurring costs paid	(72)	(166)	(15)	72
Cash flow from investing activities	(139)	(443)	(88)	(75)
Free cash flow excl. tax & financial items	(97)	(147)	34	97

- Q1 free cash flow excl. tax & financial items was DKK 97 million.
- Strong focus on working capital management.
- Significant reduction in capital expenditures.



GN ReSound Strategy



Strategy unchanged, but more focus on cost-cutting initiatives

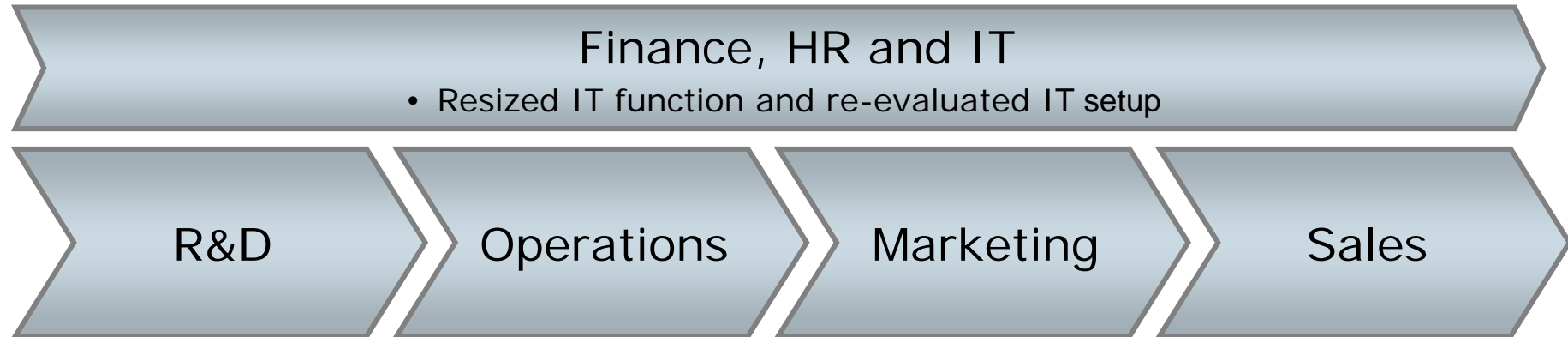


Program to Trim Cost Base Well on Track

	<u>Target</u>	<u>Status</u>
1 Optimize for current business	Re-align organization to new economy and save cash	✓ Positions reduced by more than 300
2 Explore and exploit efficiencies	Review of current business procedures with regards to cost and terms	✓ Business reviewed ✓ Consolidation and focus throughout value chain ✓ Subsidiaries focus on sales ✓ HQ relocation
3 Long term efficient structure	Transformation of organization – Rethinking structure and competitive levers	✓ Functions consolidated ✓ New more lean and commercially oriented organization defined



Transformation of Entire Organization



- New structure and leadership
- Increased efficiency, new products to market at lower cost
- Projects and core technologies re-evaluated

- Consolidate true global organization
- Improved repair and inventory management
- Fewer stock keeping units

- New SVP and organization in global marketing
- Focus on life cycle management
- Increased efficiency in marketing products

- Reorganization to increase sales and customer focus
- Transfer and consolidation of local manufacturing

Annual cost run-rate to be reduced by more than DKK 200 million with significant positive effect already in 2009



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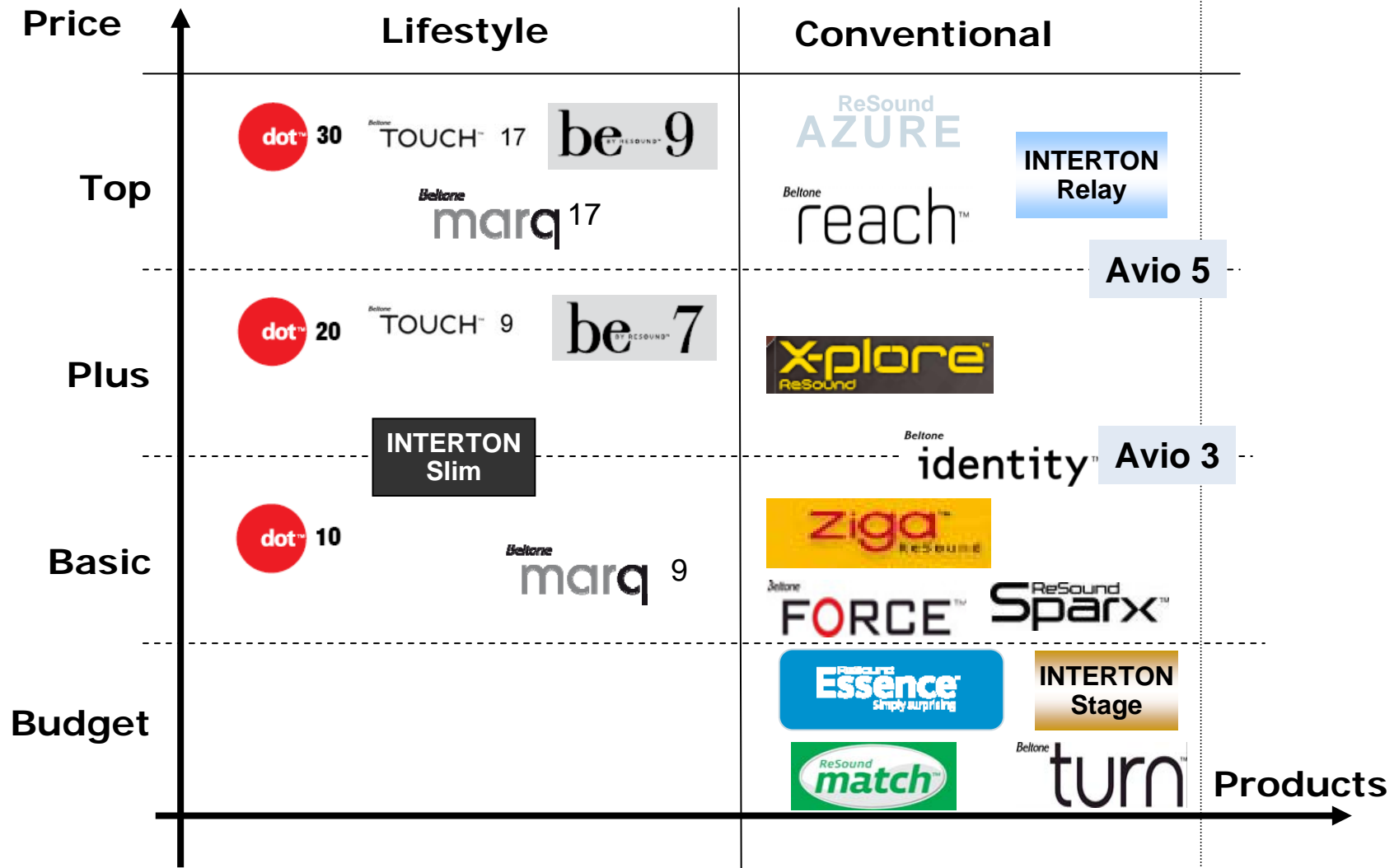
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Custom
Power





Products in all Market Segments





GN's Outlook for 2009

GN Store Nord

- Listed company
- Supervisory Board
- Equally ranked CEO's GN Netcom and GN ReSound

Outlook 2009:
EBITA DKK ~ (30)m

GN Netcom

Contact Center & Office Headsets, Mobile Headsets



Outlook 2009:
Revenue DKK ~ 2bn
EBITA DKK ~ (100)m

GN ReSound

Hearing Instruments and Audiologic Diagnostics Equip.



Outlook 2009:
Revenue DKK ~ 3bn
EBITA DKK ~ 200m

Total GN Outlook 2009:

- Revenue: around DKK 5 billion
- EBITA: around same level as 2008
- Amortization, finance etc.: ~ DKK (175) million
- Investing activities cash outflow considerably lower than in 2008
- Free cash flow: significant, positive



GN Q1 Interim Report 2009

Q&A