



GN Annual Report 2009

CEO GN ReSound
CEO GN Netcom
CFO GN Store Nord
CFO GN ReSound
Director IR GN Store Nord

Mike van der Wallen
Mogens Elsberg
Anders Boyer
Henrik Juuel
Mikkel Danvold

Copenhagen, February 24, 2010



2009 Targets and Results

2009 Targets

- Restructuring of the cost base
- Generate a significant, positive cash flow
- Improve earnings
- Mobile business at break-even



2009 Results

- Planned restructuring programs almost completed – cost reductions significantly above plan
- Free cash flow exceeded the increased guidance of “around DKK 500 million”
- Significant improvement in EBITA from ongoing business despite a decrease in revenue
- Reached break-even in terms of EBITA in Q4 2009 – the first time in four years



Financial Highlights

Q4 2009

- GN's Q4 revenue was consistent with the updated full-year guidance of "around DKK 4.7 billion" provided in the Q3 Interim Report on November 11, 2009.
- Total Q4 revenue was DKK 1,227 million corresponding to organic growth of (10)%.
- Excluding a legacy-related one-time provision GN's Q4 EBITA was DKK 111 million (Q4 2008 DKK 27 million)
- The free cash flow was DKK 100 million versus DKK 35 million in Q4 2008.

Full year

**2009 Revenue:
DKK 4,729 m**

**2008
DKK 5,624 m**

**2009 EBITA:
DKK 93 m***

**2008
DKK 65 m**

**2009 Cash Flow
DKK 566 m**

**2008
DKK (95) m**

**2009 NIBD
DKK 1,029 m**

**2008
DKK 1,592 m**

(* Excl. DKK 85 m one-time provision)



Additional Highlights

Arbitration Case against TPSA

- We anticipated a decision from the Arbitration Tribunal on DPTG's claim for the period 1994 to mid-2004 before year-end 2009. The Arbitration Tribunal has not yet rendered its decision.

Appeal Case about the Prohibition of the Sale of GN ReSound to Sonova

- It is expected that the Federal Supreme Court will issue a ruling on April 20, 2010.

Beltone Tax Case

- GN has decided to appeal the case.



GN Netcom





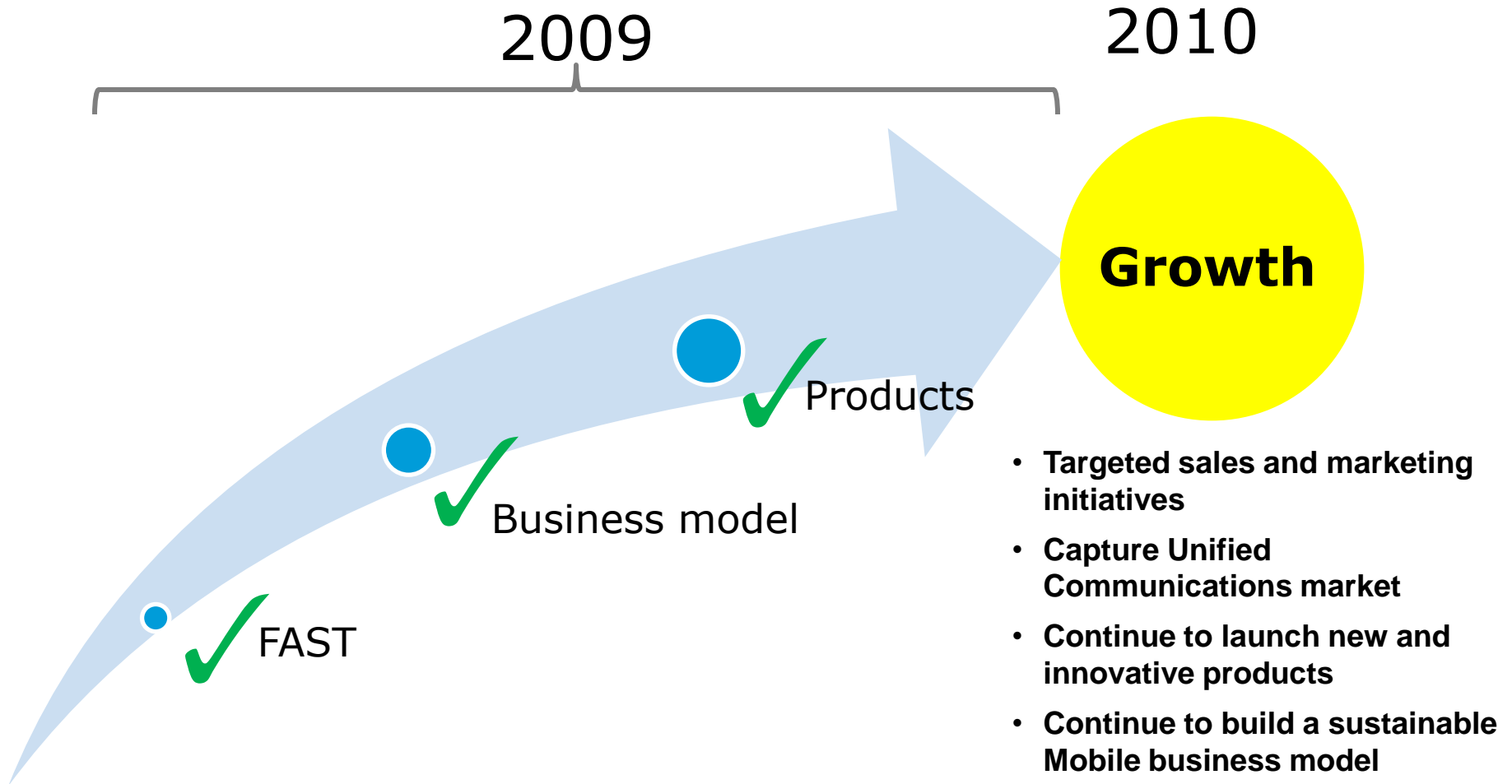
GN Netcom – Financial Statements

(DKK million)	Q4 2008	Q1	Q2	Q3	Q4	2009	
Revenue	615	2,430	421	435	412	468	1,736
Organic growth	(23)%	(9)%	(36)%	(30)%	(32)%	(19)%	(30)%
Gross margin	37%	40%	35%	42%	43%	50%	43%
SG&A, R&D etc.	(248)	(1,039)	(229)	(224)	(187)	(284)	(924)
EBITA	(18)	(71)	(82)	(43)	(11)	(48)	(184)
EBITA margin	(2.9)%	(2.9)%	(19.5)%	(9.9)%	(2.7)%	(10.3)%	(10.6)%
Non-recurring costs	49	107	41	36	25	126	228
Free cash flow excl. tax & financial items	50	218	43	46	13	50	152

- Mobile Headsets reached break-even in Q4 2009, for the first time in 4 years.
- Q4 EBITA exclusive of non-recurring costs was DKK 78 million – a margin of 17%.
- Despite the negative full-year earnings, GN Netcom managed to generate a positive cash flow mainly as a result of the successful restructuring of the supply chain as part of the FAST program.



Improving Profitability and preparing for Growth





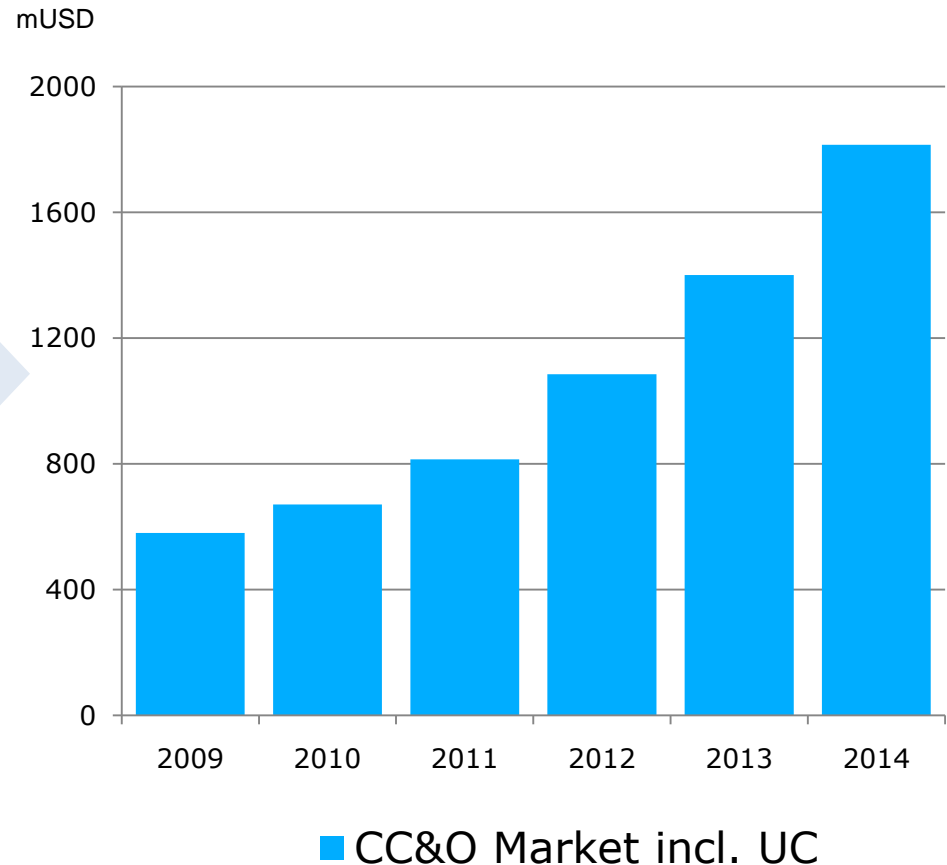
CC&O Market Potentially Tripling by 2014



According to Frost & Sullivan – the CC&O Market will potentially triple by 2014 – mainly driven by Unified Communications (UC)



CC&O World Market Projections



Source: Frost & Sullivan, Nov 2008.



GN Netcom - Embracing Unified Communications



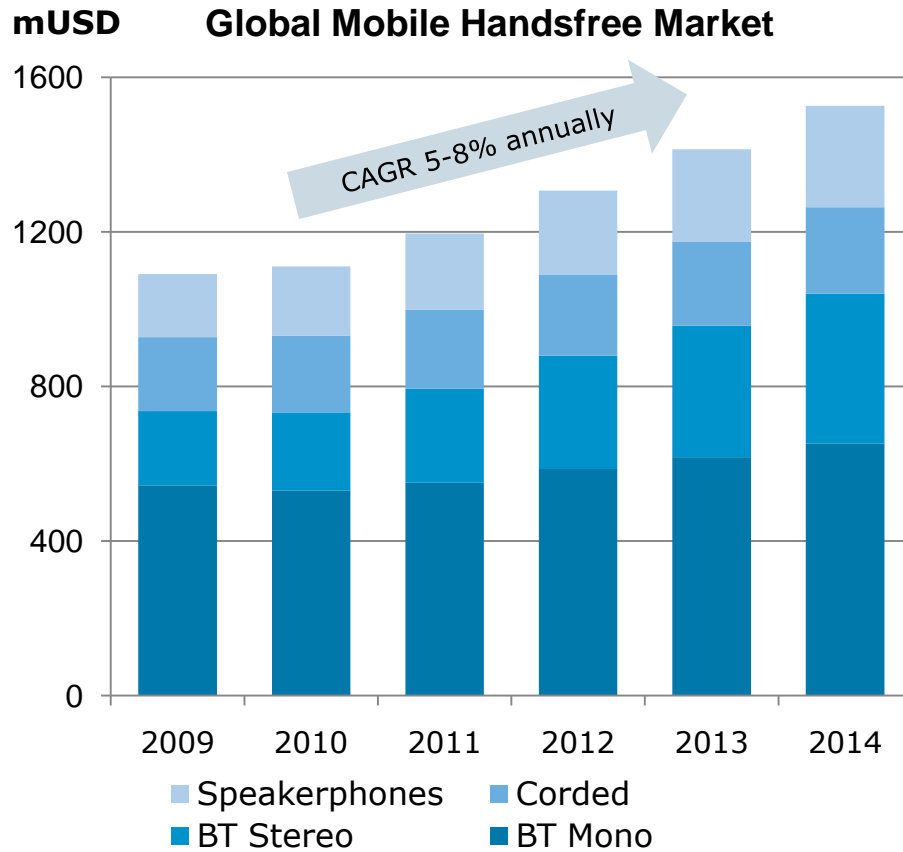
UC integrates technologies such as voice, email and instant messaging



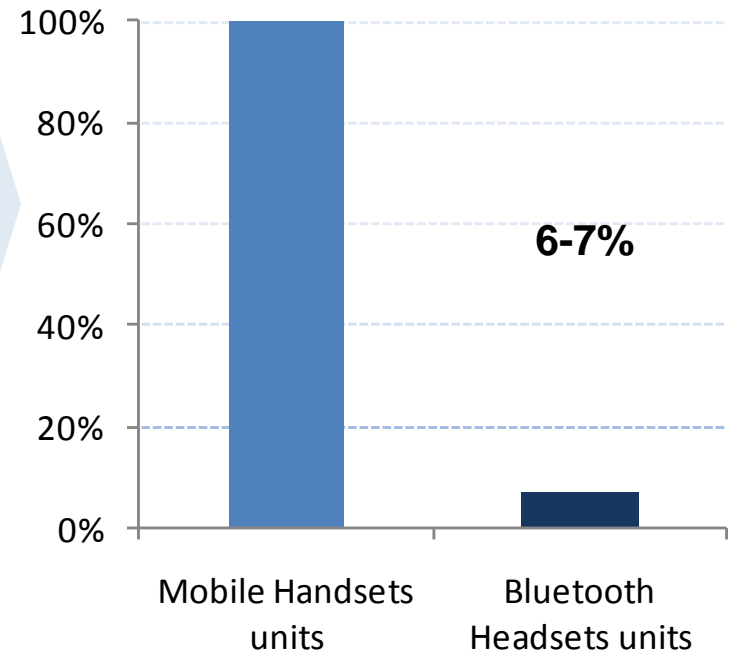
GN Netcom's UC headsets are plug-and-play with all leading UC applications



Mobile Market and Prospect



Attachment rate (2009): Mobile handsets vs. headsets





Mobile Headsets – New Business Model

High-end Products Portfolio



Jabra HALO



Jabra STONE



Jabra CRUISER

Partner Strategy – Exclusivity on Selected Markets



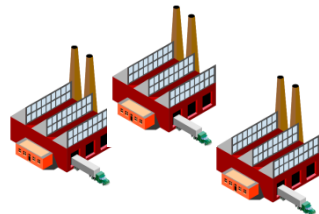
Zusammen mit



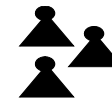
swisscom



Build to Order



APAC fulfilment centre



Customers



Drivers and Challenges for GN Netcom

Key Value drivers

- Prospect of significant long-term market growth – especially from UC.
- No additional investments are required to participate in the attractive UC opportunity.
- Attractive margins in the CC&O industry.
- Reduced working capital and a scalable cost base.
- Very strong product portfolio from both Mobile and CC&O Headsets.

Challenges

- Build a long-term sustainable business model for Mobile.
- Leverage on GN Netcom's strong UC base and remain a key player on the UC market.
- Gain market share in North America.



GN ReSound





GN ReSound - Financial Statements

(DKK million)	Q4	2008	Q1	Q2	Q3	Q4	2009
Revenue	843	3,178	774	757	693	757	2,981
Organic growth	10%	5%	(4)%	(7)%	(13)%	(3)%	(6)%
Gross margin	62%	60%	62%	61%	60%	60%	61%
SG&A, R&D etc.	(465)	(1,754)	(448)	(405)	(364)	(367)	1,584
EBITA	56	163	29	54	55	87	225
EBITA margin	6.6%	5.1%	3.7%	7.1%	7.9%	11.4%	7.5%
Free cash flow excl. tax & financial items	34	(147)	97	104	179	78	458

- Hearing Instruments generated revenue of DKK 2,662 million corresponding to organic growth of (7)% relative to 2008.
- Audiologic Diagnostics Equipment generated revenue of DKK 319 million, equal to (2)% organic growth.
- The cash flow from operating and investing activities excluding tax and financial items significantly improved from DKK (147) million in 2008 to DKK 458 million in 2009.



Solid Long-term Market Growth

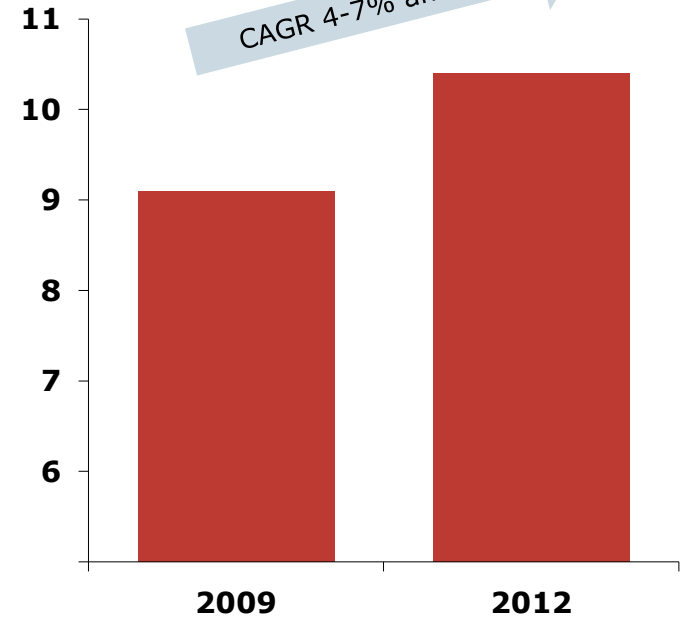
Market Volume Drivers

- Ageing population
- Higher prevalence
- Improving adoption rates
- Improving binaural fitting rates
- Additional replacement cycles
- Developing countries' potential

**Solid long-term
market growth
rates expected**

World HI market

Million
units





Continued Focus on Fundamentals

2009 Restructuring

- ✓ Leaner and more customer-focused organization in place
- ✓ Operating expenses reduced significantly during the year
- ✓ New important partnerships
- ✓ Effective Q4 global launch of Surround Sound by ReSound™ families

2010 Focus

- Competitive new launches based on innovative technology
- Continued cost containment except selected growth initiatives
- Accelerate end-to-end supply chain transformation
- Further develop and leverage collaborations with key accounts
- Expand position in Emerging markets



2010 Focus per Area

North America

- Win top end share
- Grow share in Veterans Affairs
- Expand distribution
- Grow and protect market share in Canada

Europe

- Refocus Germany and France
- Grow Strategic Accounts
- EuroShape - focus on sales & marketing

APAC/Emerging markets

- China and India strategy execution
- Optimize key account management in more mature markets

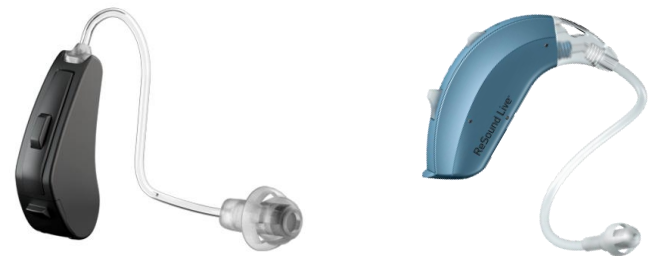
GN Otometrics

- China strategy execution
- Launch new products in fitting and new screening category
- Global launch of product roadmap



Veterans Affairs Contract

- New contract commenced November 1, 2009.
- ReSound branded hearing instruments available to VA's more than 300 clinics across USA.
- GN ReSound is satisfied with the start and has invested in resources to support market share growth expectations.





ReSound Live and dot² by ReSound Update

- Positive market reactions in particular to ReSound Live 7
- Faster than expected conversion of portfolio



ReSound Live™



dot² by ReSound



Drivers and Challenges for GN ReSound

Key Value Drivers

- Solid long-term market growth in an industry with attractive margins
- Leverage attractive partner strategy
- Strong position in Emerging markets
- Strengthening of position with VA
- Scalable and competitive cost base
- Continued innovation resulting in new and groundbreaking products

Challenges

- Outgrow competition with no growth in spending
- Win top end share
- Shorter product life cycles, demanding more effective R&D
- Pressure on average prices
- Comprehensive restructuring of the supply chain in 2010



Outlook for 2010

Revenue (DKK/USD 5.00)

GN Netcom's revenue is expected to grow at least in line with the market.

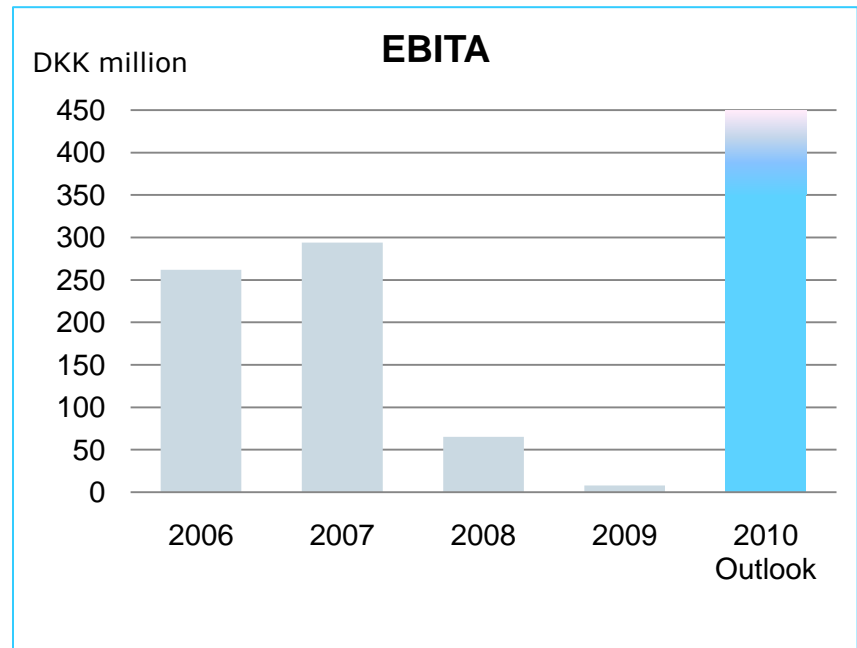
GN ReSound's revenue is expected to be above the 2009 level.

GN's total revenue is expected to show modest organic growth.

EBITA

GN Netcom	DKK 100-150 million
GN ReSound	DKK 275-325 million
Other	Around DKK (30) million
GN Total	DKK 350-450 million

Amortization, finance etc. DKK ~(50) million





Safe Harbour Statement

The forward-looking statements in this annual report reflect management's current expectations of certain future events and financial results. Statements regarding 2010 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 developments in ongoing litigation (including but not limited to class action and patent infringement litigation in the United States).

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



GN Annual Report 2009

Q&A