



Q2 Interim Report 2011

CEO, GN ReSound
CEO, GN Netcom
CFO, GN Store Nord
VP IR & Communications, GN Store Nord

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Copenhagen, August 11, 2011



Agenda

- Q2 2011 Highlights
- GN ReSound
- GN Netcom
- Financial Outlook



Q2 2011 Group Highlights

- Strong growth in both GN ReSound and GN Netcom

GN Store Nord

- 9% organic growth driven by ReSound Alera™ and UC
- EBITA improved by DKK 23 million compared to Q2 2010
- EBITA guidance maintained at DKK 675-775 million
- Share buyback program of DKK 200 million initiated

GN ReSound

- 9% organic growth driven by ReSound Alera™
- EBITA improved to DKK 74 million
- Signed technology development and license agreement with Cochlear

GN Netcom

- 14% organic growth in CC&O driven by strong UC performance
- EBITA improved to DKK 71 million – 14% EBITA margin
- Entered into distribution agreement with Logitech

Group financials (DKK million)	Q2 2011	Q2 2010
Revenue	1,334	1,286
Organic Growth	9%	3%
Gross profit	780	727
Gross margin	58%	57%
EBITA	136	113
EBITA margin	10%	9%
Net Profit	127	76
Free Cash Flow	61	78
ROIC*	10%	5%

* Excl. TPSA award



Update on Arbitration Case Against TPSA

- Dismissal of all TPSA's challenges against arbitrators

Latest development – Phase 1

- TPSA's remaining challenges of the Arbitrators' independence was dismissed by the President of the Austrian Federal Economic Chamber on July 25, 2011
- The final hearing in the challenge proceedings filed by TPSA in Austria will take place on September 8, 2011. A decision is expected to be rendered shortly afterwards
- Enforcement proceedings in Poland have been postponed until a decision in the challenge proceedings in Austria is rendered
- DPTG will escalate enforcement initiatives in all relevant geographies where TPSA has meaningful assets
- Based on the positive developments of the TPSA proceedings, GN has booked accrued penalty interest of DKK 60 million in Q2 2011



Update on Arbitration Case Against TPSA

- Firm timeline for phase 2

Latest development – Phase II

- The Arbitration Tribunal dismissed TPSA's request to postpone proceedings to await the outcome of TPSA's complaint against the process for Phase 1
- The Arbitration Tribunal has issued a strict and well-defined timetable for the process in the coming 18 months
- The final hearing is scheduled for November 26-30, 2012. A final award for phase two is thus expected in 2013



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GN ReSound – Key Financials

- Continued strong growth and market share gains

DKK million	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011
Revenue	789	794	855	3,164	820	827
Organic growth	0%	5%	5%	2%	9%	9%
Gross margin	59%	60%	61%	60%	60%	59%
SG&A, R&D etc.	(399)	(406)	(390)	(1,554)	(442)	(417)
EBITA	63	68	128	329	52	74
EBITA margin	8.0%	8.6%	15.0%	10.4%	6.3%	8.9%
Free cash flow excl. tax & financials	(8)	(6)	57	69	(47)	30

- Fourth consecutive quarter with solid positive organic growth
- 14% organic growth in Otometrics – but earnings disappointed
- Pressure on ASPs in certain parts of the market – improvement in the gross margin expected in the second half of 2011
- The weaker USD had a negative impact on earnings



GN ReSound - Gross Margin

- Margins Impacted by Industry Challenges

Key comments

- Gross margins up from 58.6% in Q2 2010 to 59.4% reflecting:
 - Positive impact from increased sales in the top-end segment
 - Negative impact from the intensified underlying industry ASP pressure caused by aggressive competitor pricing in tender markets and consolidation among retailers
 - Disappointing margins in Otometrics
 - Net neutral effect from the Supply Chain Transformation Project - as per plan
- An increase in the gross margin in the second half of 2011 is expected





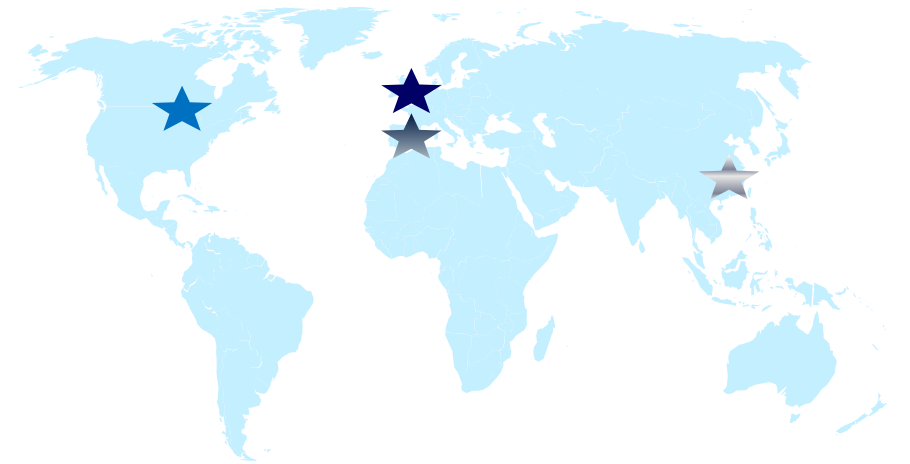
Supply Chain Transformation

- Significant effect on production costs in the second half of 2011

Key comments

- The Supply Chain Transformation is on track
- The new model has been implemented in the majority of all countries but still runs in parallel with the former setup. Net neutral EBITA effect in Q2 2011
- Most countries will close down the old setup during Q3 meaning that cost savings in Q3 and especially Q4 will be close to the full run-rate effect expected from the end of 2011
- The expected net EBITA impact is unchanged:
 - 2011: DKK 75 million
 - Run rate end 2011: up to DKK 200 million

The new established regional hubs run at full pace



- ★ United States
- ★ United Kingdom
- ★ Spain
- ★ China



GN ReSound – Q2 2011 revenue

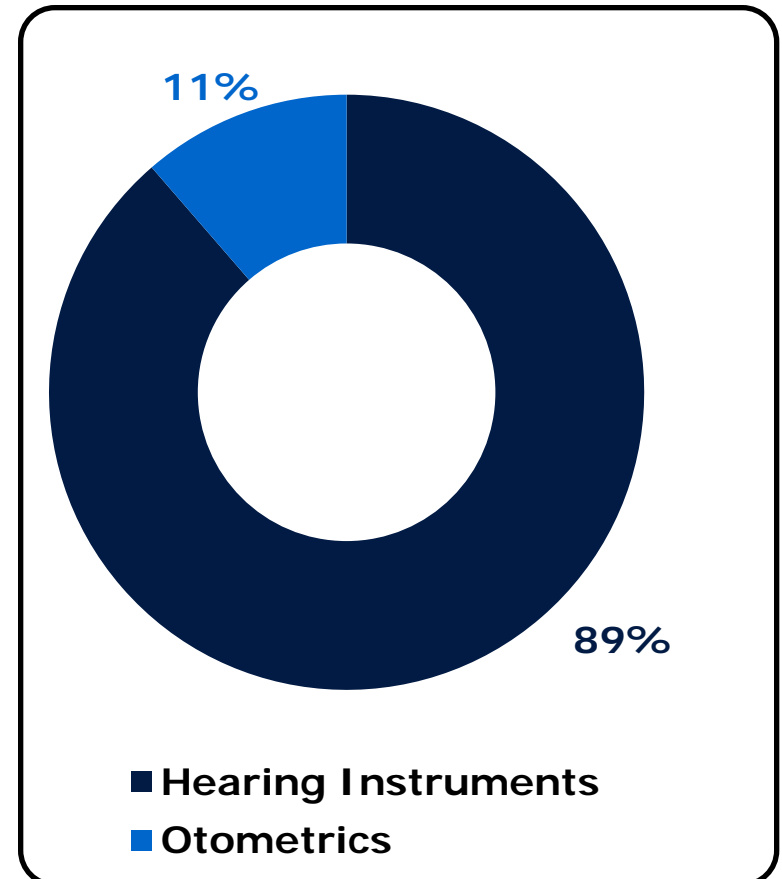
- Healthy Q2 growth in both Hearing Instruments and Otometrics

Revenue Q2, 2011

	Revenue (MDKK)
Hearing Instruments	733
Otometrics	94
GN ReSound	827

	Organic growth
Hearing Instruments	9%
Otometrics	14%
GN ReSound	9%

Revenue split on business areas





Growth is driven by North America

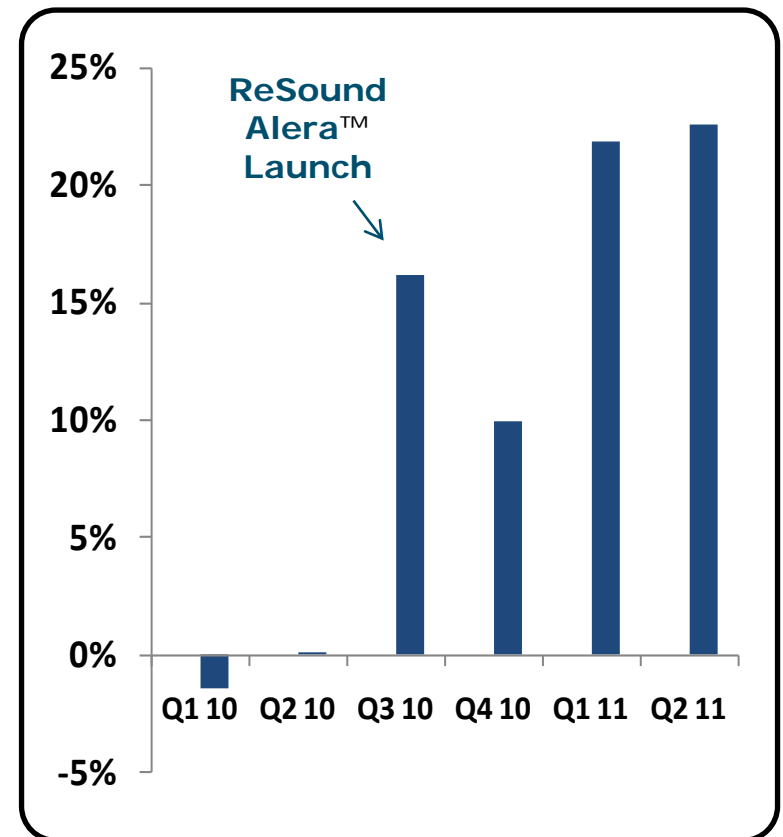
- 23% organic growth in North America

Key comments

- ReSound Alera™ Wave 2 market penetration progressing very satisfactorily
- GN ReSound's US unit market share reached 15.1% in Q2 2011* – up 1.5%-points compared to Q2 2010
- Initial indications suggest great potential for the upcoming US launch of ReSound Alera™ Wave 3, especially for the mini-BTE form factor
- Early positive signs seen in certain European markets

*Source: Hearing Industry Association statistics excl. VA sales

GN ReSound organic growth in North America





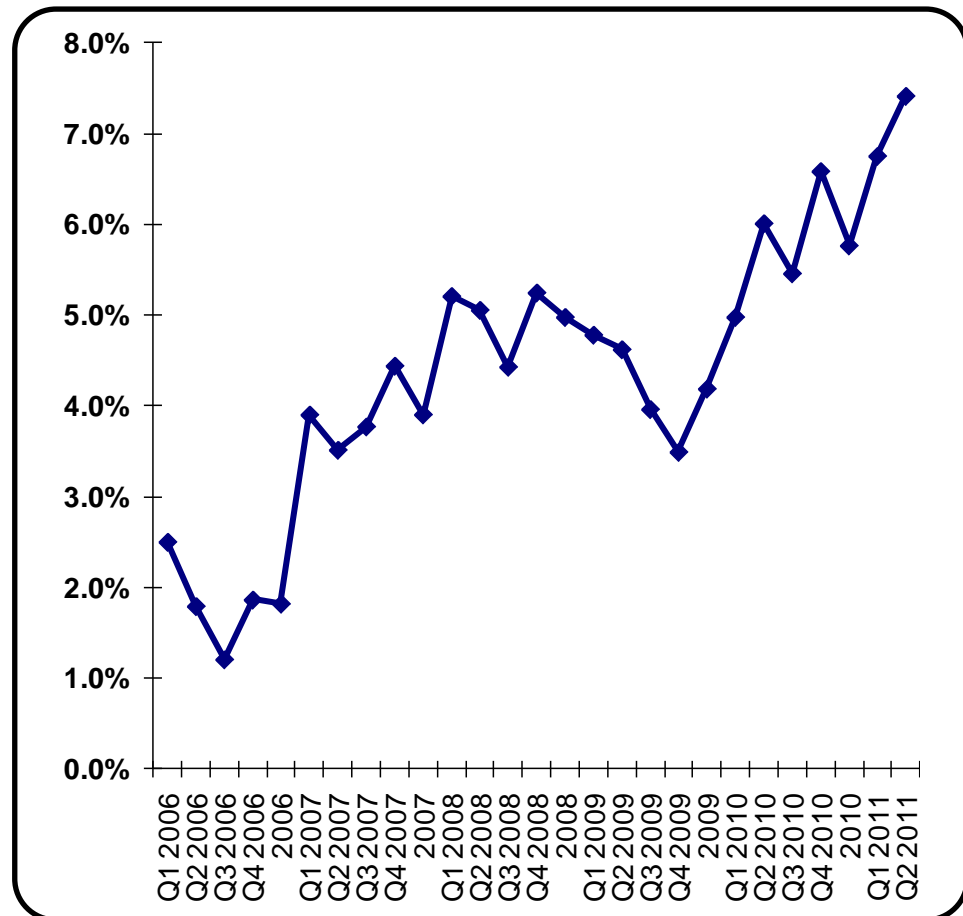
Veterans Affairs (VA)

- GN ReSound Gaining Share in the Fast-growing VA Segment

Key comments

- ReSound Alera™ Wave 2 launched in May 2011 and had immediate positive impact on VA market share figures
- In the monthly growth figures, VA is on average outgrowing the private market with more than 4%-points proving the increasing importance of the segment

GN ReSound market share within Veteran Affairs





The Launch of ReSound Alera™ Wave 3 - Completing the family

- ReSound Alera™ Wave 3 completes the family making the Alera family one of the broadest product families on the market
- The ReSound Alera™ Wave 3 form factors (Mini-BTE and traditional custom products) and the Mini Remote Microphone will be launched in the first markets in August 2011



ReSound Alera family





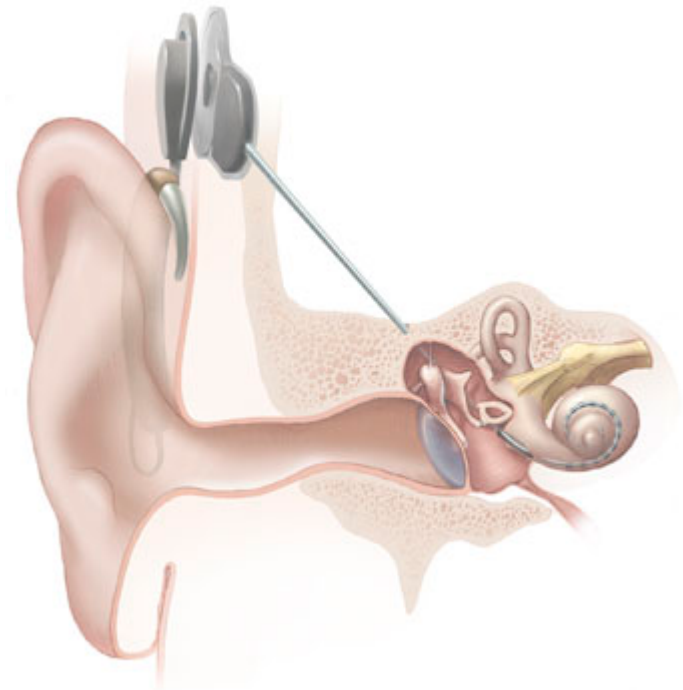
Cochlear Technology Development and License Agreement

- Testimony to the attractiveness of 2.4 GHz technology

Key comments

- Cochlear and GN Resound have entered into a Technology Development and License agreement, whereby GN ReSound will license and supply 2.4 GHz wireless technology to Cochlear
- Cochlear is the global leader in innovative, implantable hearing solutions
- The agreement is a clear testimony to the attractiveness of the 2.4 GHz technology and GN ReSound's R&D capabilities
- Limited impact on the financials for 2011. Impact in 2012 will be included in the guidance to be released at a later point in time

Cochlear Implant





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GN Netcom – Key Financials

- EBITA improvement of 35% compared to Q2 2010

DKK million	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011
Revenue	495	452	580	1,973	476	503
Organic growth	8%	3%	17%	9%	5%	8%
Gross margin	53%	55%	52%	53%	58%	57%
SG&A, R&D etc.	(211)	(200)	(203)	(819)	(222)	(215)
EBITA	52	50	96	224	56	70
EBITA margin	11%	11%	17%	11%	12%	14%
Free cash flow excl. tax & financial items	82	45	47	233	44	86

- Organic growth driven by a healthy 14% growth in CC&O
- Growth was negatively impacted by category weakness for Mobile in North America
- Gross margins increased 4%-points compared to Q2 2010 reflecting attractive ASP development for CC&O and favorable revenue mix
- Continued attractive cash generation



CC&O Driving GN Netcom Growth

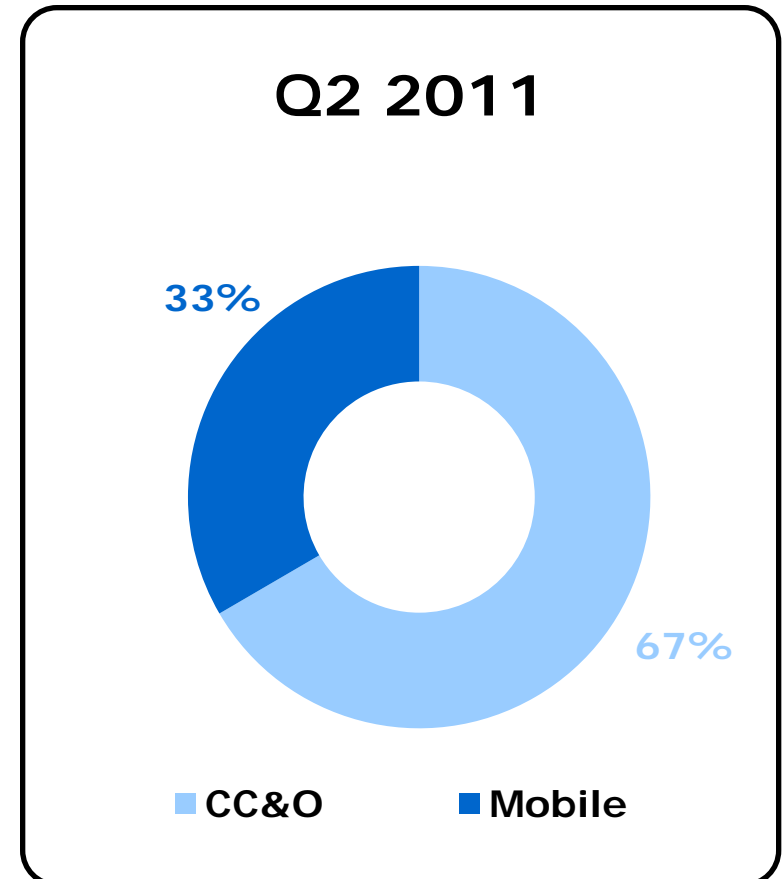
- 14% organic growth in CC&O

Revenue Q2, 2011

	Revenue (MDKK)
CC&O Headsets	335
Mobile Headsets	168
GN Netcom	503

	Organic growth
CC&O Headsets	14%
Mobile Headsets	-3%
GN Netcom	8%

Revenue split on business areas





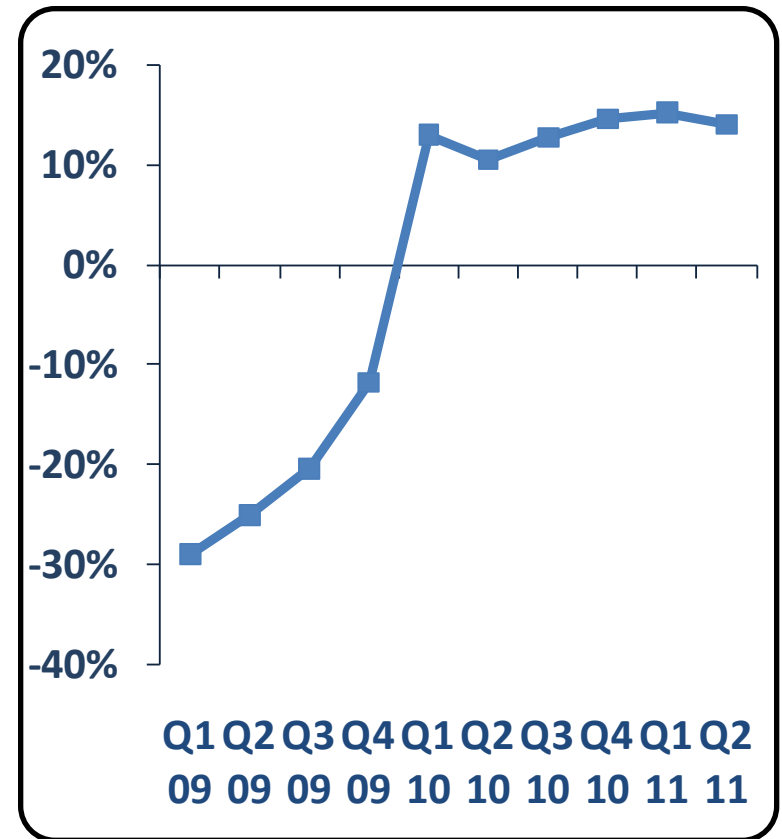
Solid CC&O Performance

– Sustainable growth at attractive margins

- CC&O revenue grew 14% organically compared to Q2 2010
 - Driven by UC growth
 - Single-digit growth in traditional CC&O remains robust
- Gross margin is positively impacted by attractive ASP development and continued production cost optimization



Organic growth in CC&O Headsets





Logitech distribution agreement

- Significant presence expansion for Jabra Headsets

Key comments

- In order to seize the significant UC growth opportunity, GN Netcom and Logitech have entered into a distribution agreement
- Logitech will be offering a number of selected Jabra headsets under the co-branded name "Logitech powered by Jabra" (see right)
- Logitech's brand name and channel reach make the agreement an important step in significantly expanding the presence of Jabra headsets in relevant North American sales channels



Jabra Speak™ 410



Jabra GO™ 6430



Jabra PRO™ 9450



Product Launches in Q3

- Jabra has the most versatile UC line of products

Jabra Pro™ 9450

- Launched June 2011
- Expands GN Netcom's high-end offerings, where simplicity is the key selling point
- The touch screen is replaced with simplified user interface ensuring simple installation and use
- Excellent sound performance including advanced noise reduction and improved digital sound processing



Jabra PRO™ 9450

Jabra BIZ 2400™ USB mono

- Launched June 2011
- Expansion of the Jabra BIZ 2400 corded headset family. GN Netcom's high-end corded headsets family
- With the launch of Jabra BIZ™ 2400 Mono, Jabra has the most versatile UC line of products in the market



**Jabra BIZ™
2400 Mono**



CC&O Market Potential

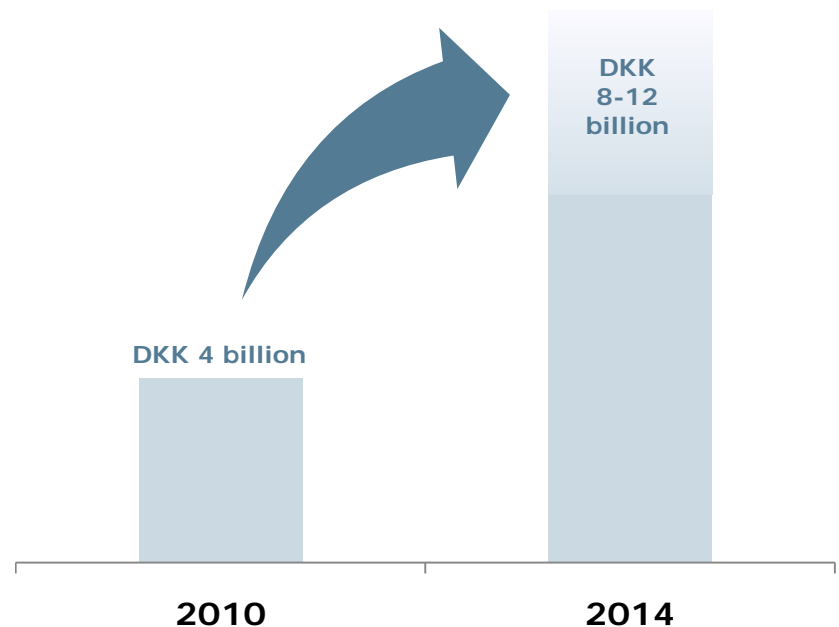
- Estimated to reach DKK 8-12 billion in 2014

- UC growth outlook remains attractive and the 2014 market estimation is unchanged
- In Q2, GN Netcom signed several significant deals including one of the world's largest technology companies and one of the largest pharmaceutical companies
- Microsoft announced in connection with their earnings release that Microsoft Lync™ continued to grow double-digit in the last quarter

Estimated CC&O market in 2014

Key assumptions:

- 30-45 million UC users
- 60-70% headset attachment rate
- Moderate ASP pressure
- 3-4% growth p.a. in the traditional CC&O market
- 2-3 years life-time for a headset





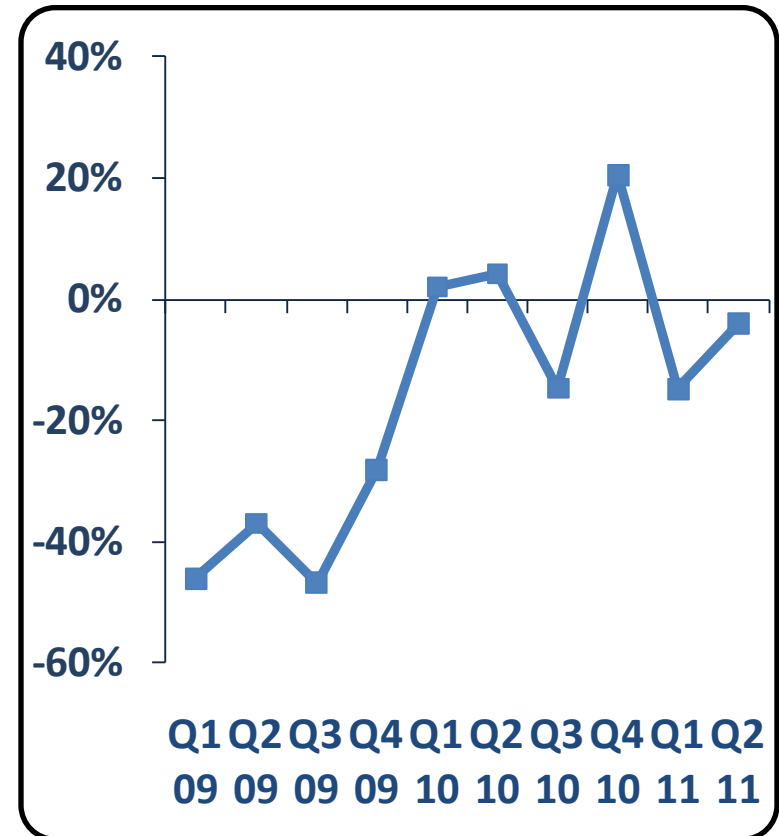
Mobile Q2 Performance

- Severe weakness in the North American Bluetooth headset market in Q2 2011

Key comments

- The Mobile handsfree market continues to be volatile on a quarterly basis
- Mobile was impacted by a severe weakness in the North American headset market in Q2 2011
- Organic growth was (3)% still significantly better than the market performance. The growth was positively impacted by double-digit growth in Europe and APAC
- The North American market has improved in the beginning of Q3 compared to Q1 and Q2
- Mobile EBITA was positive despite the weakness in North America

Organic growth in Mobile Headsets





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Outlook for 2011

- EBITA guidance maintained, Amortization & Finance guidance upgraded

Revenue

GN Netcom: more than 10% organic growth

GN ReSound: more than 6% organic growth

GN Store Nord: more than 7% organic growth

EBITA (DKK/USD 5.5)

GN Netcom DKK 275-325 million

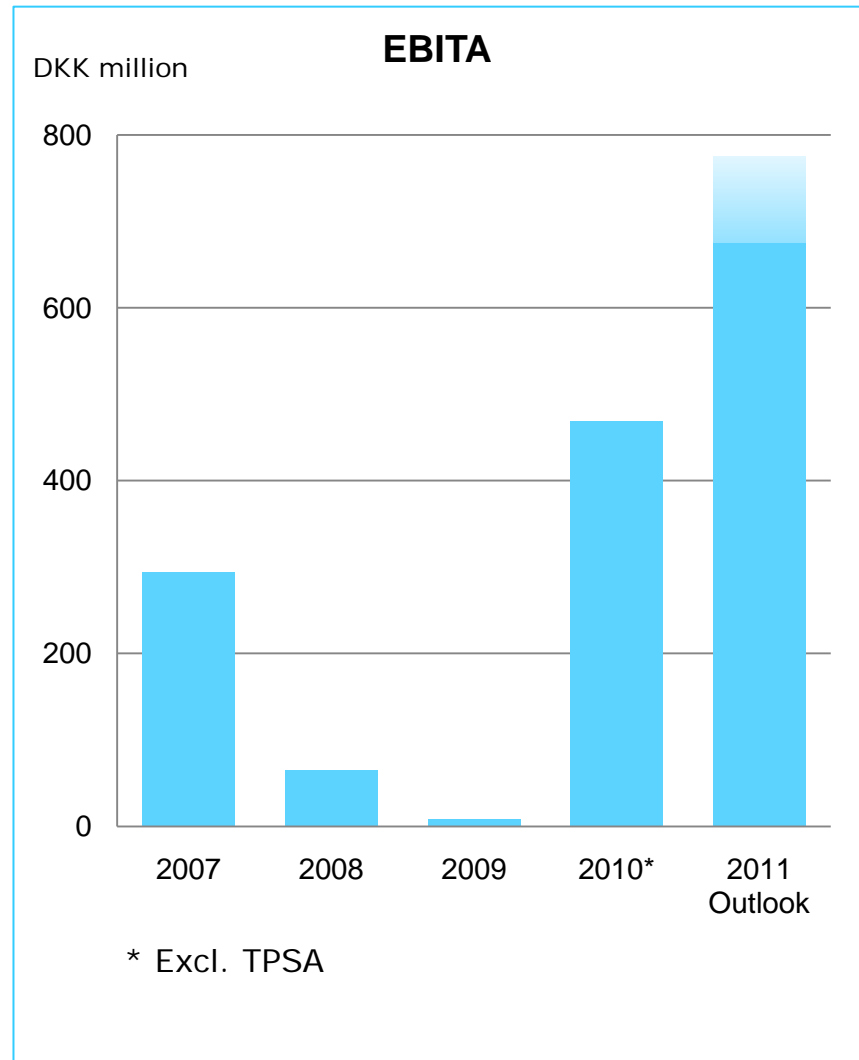
GN ReSound DKK 425-475 million

Other DKK (30) million

GN Total DKK 675-775 million

Amortization, finance etc. DKK (25)-0 million

- The guidance is based on a DKK/USD of 5.5 as well as the assumption that the recent turmoil in the financial markets will not have a materially negative impact on the markets for our products
- With the current visibility and expectations, GN ReSound is most likely to end in the low end of the EBITA guidance range and GN Netcom is most likely to end in the high end of the EBITA guidance range
- The guidance on amortization, finance etc is changed from "DKK (50)-(75) million" to "DKK (25)-0 million" as GN has started accruing penalty interest on the TPSA case





Safe Harbour Statement

The forward-looking statements in this presentation reflect management's current expectations of certain future events and financial results. Statements regarding the future 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 presentation should not be considered an offer to sell or buy securities in GN Store Nord.



Q&A



APPENDIX



Financial Targets

- GN ReSound

2011 guidance:

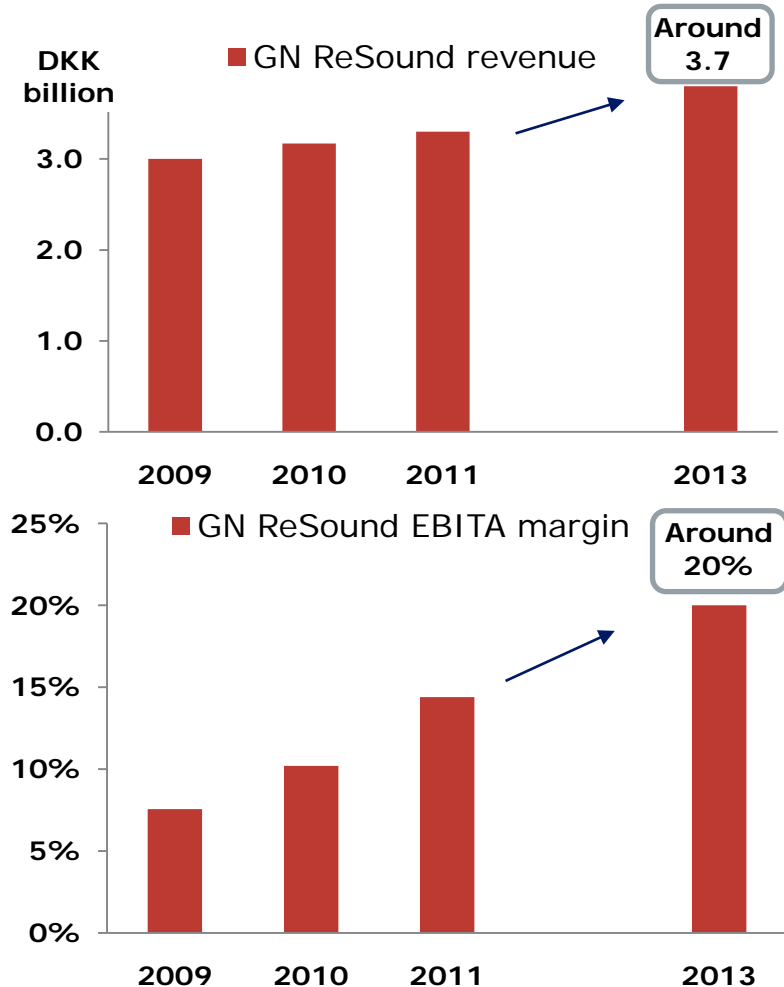
- More than 6% organic growth
- EBITA: DKK 425-475 million

2013 targets:

- Revenue: Around DKK 3.7 billion
- EBITA margin: Around 20%

Key assumptions:

- Revenue growth in line with or above the market
- Average value market growth of 3-5% per year
- Stronger presence in top-end segment.
- Supply chain transformation delivering up to DKK 200 million in cost reductions by end 2011
- High operational leverage – while investing in cutting-edge technology





Financial Targets

- GN Netcom

2011 guidance:

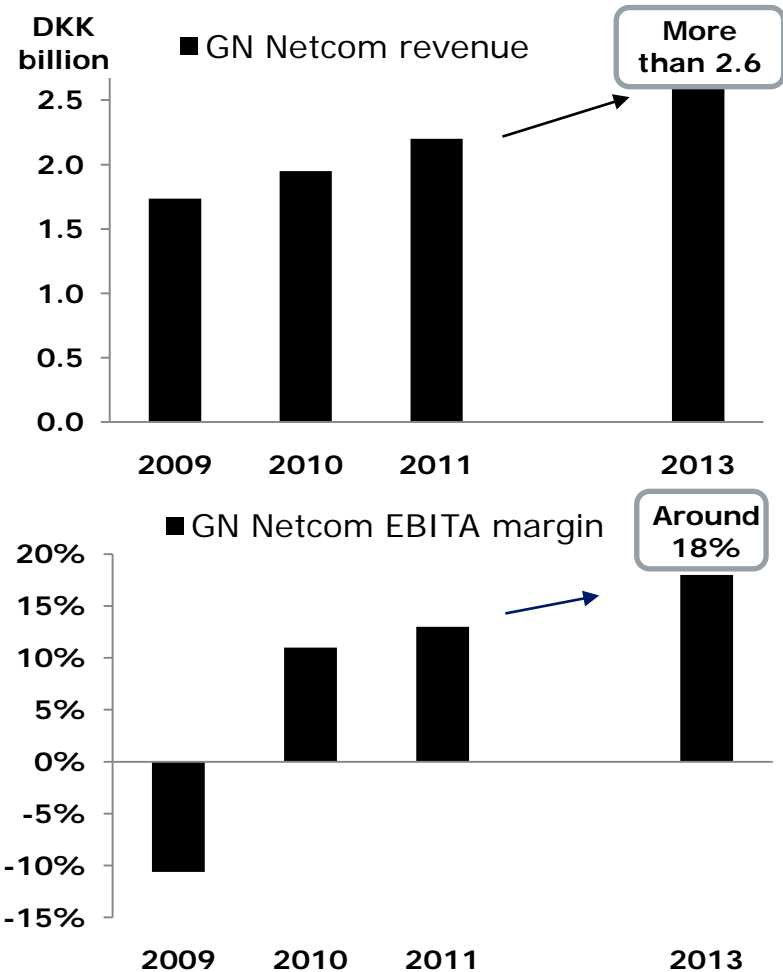
- More than 10% organic growth
- EBITA: DKK 275-325 million

2013 targets:

- Revenue: More than DKK 2.6 billion
- EBITA margin: Around 18%

Key assumptions:

- Significant CC&O market growth – driven by Unified Communications.
- Continued attractive gross margin – some pressure on ASPs from Unified Communications.
- Mobile – mid single-digit EBITA margin.
- High operational leverage.



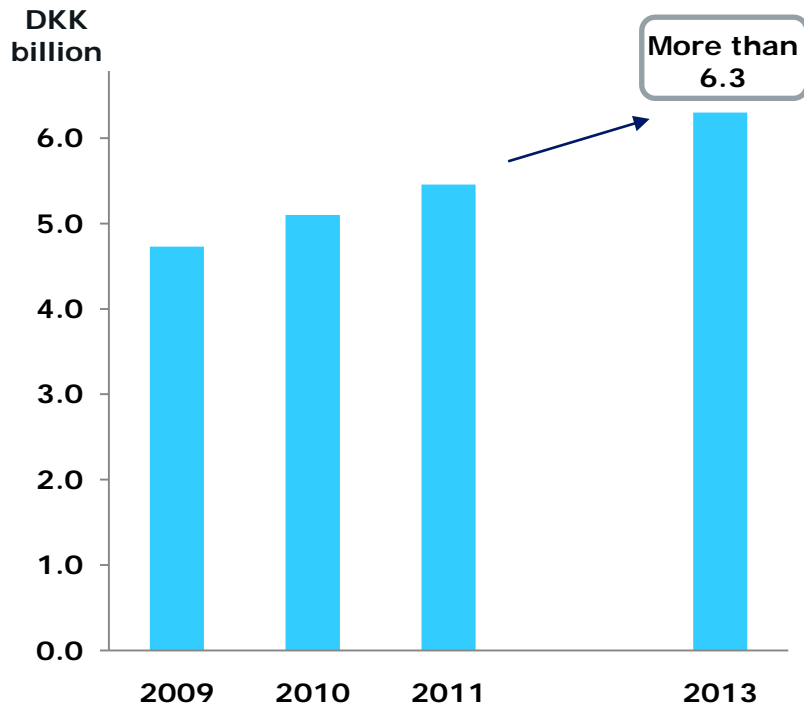


Financial Targets

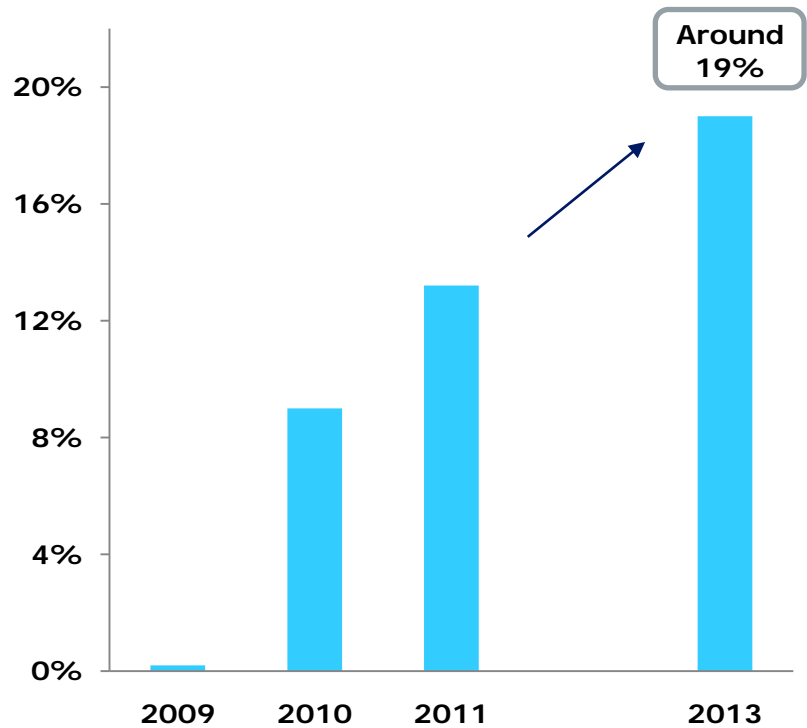
- GN Store Nord

DOUBLING EBITA MARGIN BY 2013

GN Store Nord revenue



GN Store Nord EBITA margin*



* Excl. TPSA



GN ReSound – Income Statement

DKK million	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011
Revenue	789	794	855	3,164	820	827
Organic growth	0%	5%	5%	2%	9%	9%
Gross margin	59%	60%	61%	60%	60%	59%
SG&A, R&D etc.	(399)	(406)	(390)	(1,554)	(442)	(417)
EBITA	63	68	128	329	52	74
EBITA margin	8.0%	8.6%	15.0%	10.4%	6.3%	8.9%



GN ReSound – Balance Sheet & Cash Flow

Balance sheet (DKK million)	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011
Inventories	337	358	378	378	404	399
Trade receivables	738	747	783	783	788	781
Trade payables	202	175	221	221	197	181
Cash flow (DKK million)						
Cash flow before working capital	133	115	179	561	113	135
Change in working capital and non-recurring costs paid	(59)	(42)	(45)	(212)	(92)	(32)
Cash flow from investing activities	(82)	(79)	(77)	(280)	(68)	(73)
Free cash flow excl. tax & financial items	(8)	(6)	57	69	(47)	30



GN Netcom – Income Statement

DKK million	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011
Revenue	495	452	580	1,973	476	503
Organic growth	8%	3%	17%	9%	5%	8%
Gross margin	53%	55%	52%	53%	58%	57%
SG&A, R&D etc.	(211)	(200)	(203)	(819)	(222)	(215)
EBITA	52	50	96	224	56	70
EBITA margin	11%	11%	17%	11%	12%	14%



GN Netcom – Balance Sheet & Cash Flow

Balance sheet (DKK million)	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011
Inventories	91	107	93	93	105	90
Trade receivables	288	251	317	317	263	285
Trade payables	168	133	149	149	128	129
Cash flow (DKK million)						
Cash flow before working capital	84	70	129	344	73	88
Change in working capital and non-recurring costs paid	17	(8)	(75)	(55)	(14)	16
Cash flow from investing activities	(19)	(17)	(7)	(56)	(15)	(18)
Free cash flow excl. tax & financial items	82	45	47	233	44	86



GN Store Nord – Income Statement

DKK million	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011	Q2 2011
Revenue	1,286	1,248	1,437	5,145	1,298	1,334
Gross Profit	727	726	819	2,934	774	780
SG&A, R&D etc.	(614)	1,462	(611)	(339)	(677)	(644)
EBITA	113	2,188	208	2,595	97	136
Amortisation, finance, etc.	(9)	(16)	(27)	(59)	(21)	39
EBT	104	2,172	181	2,536	76	175



GN Store Nord – Balance Sheet & Cash Flow

Balance sheet (DKK million)	Q2 2010	Q3 2010	FY 2010	Q1 2011	Q2 2011
Goodwill	2,991	2,738	2,861	2,697	2,660
Other intangible assets	1,184	1,170	1,170	1,160	1,145
Tangible & other non-current assets	1,402	1,328	1,285	1,218	1,209
Current assets	2,250	4,322	4,490	4,499	4,618
Equity	5,006	6,245	6,504	6,182	6,259
Liabilities	2,821	3,313	3,302	3,392	3,373
Total assets	7,827	9,558	9,806	9,574	9,632
NIBD	1,014	994	960	1,127	1,064