

# FINANCIAL HIGHLIGHTS



(DKK million)	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Full year 2013 (aud.)	Full year 2012 (aud.)	2014 Guidance	2016 Target
<b>GN ReSound</b>						
Revenue	1,131	1,093	4,179	3,896		
- Hearing Instruments	988	954	3,636	3,423		
- Otometrics	143	139	543	473		
Organic growth	6%	10%	10%	6%	> 6%	>3%-p above market growth (annual average 2014 - 2016)
- Hearing Instruments	7%	9%	10%	5%		
- Otometrics	(1)%	16%	10%	13%		
Gross profit margin*	67.1%	64.6%	65.5%	63.0%		
EBITA*	275	212	842	551	> 875	
EBITA margin*	24.2%	19.4%	20.1%	14.1%		In line with top-tier competitors
EBITA reported	275	127	738	321	> 875	
ROIC (EBITA/Invested capital**)	14.6%	6.6%	14.6%	6.6%		> 18.6%
Free cash flow excl. company acquisitions and divestments	39	117	47	99		
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	14%	92%	6%	31%		
<b>GN Netcom</b>						
Revenue	729	671	2,612	2,355		
- CC&O	446	417	1,591	1,530		
- Mobile	283	254	1,021	825		
Organic growth	15%	7 %	18%	7%	> 11%	> 10% (annual average 2014 - 2016)
- CC&O	15%	6 %	12%	5%		
- Mobile	16%	8 %	27%	11%		
Gross profit margin	51.7%	52.3%	52.7%	54.2%		
EBITA	141	115	472	362	> 515	
EBITA margin	19.3%	17.1%	18.1%	15.4%		18 - 19%
ROIC (EBITA/Invested capital**)	64.7%	57.1%	64.7%	57.1%		> 55%
Free cash flow excl. company acquisitions and divestments	69	53	178	236		
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	49%	46%	38%	65%		
<b>GN Store Nord</b>						
Revenue	1,860	1,764	6,791	6,251		> 8,791
Organic growth	9%	9%	13%	6%	> 8%	
Gross profit margin*	61.1%	59.9%	60.6%	59.7%		
EBITA*	390	301	1,284	846	> 1,330	
EBITA margin*	21.0%	17.1%	18.9%	13.5%		
EBITA reported	390	216	1,180	616	> 1,330	
Profit (loss) before tax reported	340	143	1,023	461	> 1,200	
Effective tax rate	30%	35%	28%	30%	27 - 28%	26 - 27%
ROIC (EBITA/Invested capital**)	19.6%	8.7%	19.6%	8.7%		
Earnings per share, basic (EPS)	1.45	0.54	4.40	1.80		
Earnings per share, fully diluted (EPS diluted)	1.43	0.54	4.35	1.78		
Free cash flow excl. company acquisitions and divestments	58	(349)	93	2,756		
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	15%	-162%	8%	447%		
Equity ratio	59.5%	67.6%	59.5%	67.6%		
Net interest-bearing debt	1,113	230	1,113	230		
Net interest-bearing debt (period-end)/EBITDA	0.9	0.3	0.9	0.3	1 times EBITDA	1 - 2 times EBITDA
Dividend payout ratio	-	-	18%	17%	15 - 25%	15 - 25%
Share buybacks***	140	167	787	1,614		
Outstanding shares, end of period (thousand)	164,740	170,486	164,740	170,486		
Average number of outstanding shares, fully diluted (thousand)	167,199	173,696	168,891	180,613		
Share price at the end of the period	133	82	133	82		
Market capitalization	21,910	13,980	21,910	13,980		

ROIC, cash conversion and NIBD/EBITDA are calculated based on reported EBITA and EBITDA for the latest four quarters. ROIC is including goodwill

\* Excluding SMART restructuring costs

\*\*Invested capital equals the average of (NWC + property, plant and equipment and intangible assets + loans to dispensers of GN ReSound products + ownership interest + derivative financial instruments relating to ownership interest - provisions)

\*\*\* Including buybacks as part of share based incentive programs

# SEGMENT DISCLOSURES



Income statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)
(DKK million)								
Revenue	729	671	1,131	1,093	-	-	1,860	1,764
Production costs	(352)	(320)	(374)	(442)	-	-	(726)	(762)
Gross profit	377	351	757	651	-	-	1,134	1,002
Expensed development costs**	(40)	(38)	(85)	(94)	(11)	(5)	(136)	(137)
Selling and distribution costs**	(166)	(165)	(329)	(341)	-	-	(495)	(506)
Management and administrative expenses	(30)	(35)	(71)	(93)	(17)	(36)	(118)	(164)
Other operating income and costs, net	-	2	3	4	2	-	5	6
Award from the arbitration case against TPSA	-	-	-	-	-	15	-	15
EBITA	141	115	275	127	(26)	(26)	390	216
Amortization of acquired intangible assets	(2)	(5)	(13)	(7)	-	-	(15)	(12)
Gain (loss) on divestment of operations etc.	-	-	(2)	(29)	-	-	(2)	(29)
Operating profit (loss)	139	110	260	91	(26)	(26)	373	175
Share of profit (loss) in associates	-	-	(4)	2	-	-	(4)	2
Financial items	11	26	(37)	(58)	(3)	(2)	(29)	(34)
Profit (loss) before tax	150	136	219	35	(29)	(28)	340	143
Tax on profit (loss)	(4)	(38)	(98)	(16)	1	4	(101)	(50)
Profit (loss)	146	98	121	19	(28)	(24)	239	93

Cash flow statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)
(DKK million)								
Cash flow from operating activities before changes in working capital	169	135	374	410	(30)	(25)	513	520
Cash flow from changes in working capital and restructuring/non-recurring costs paid	32	59	(39)	(140)	(2)	3	(9)	(78)
Cash flow from operating activities before financial items and tax	201	194	335	270	(32)	(22)	504	442
Cash flow from investing activities	(43)	(19)	(165)	(125)	(41)	(60)	(249)	(204)
Cash flow from operating and investing activities before financial items and tax	158	175	170	145	(73)	(82)	255	238
Tax and financial items	(96)	(122)	(131)	(26)	23	(437)	(204)	(585)
Cash flow from operating and investing activities (free cash flow)	62	53	39	119	(50)	(519)	51	(347)

Additional information	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)	Q4 2013 (unaud.)	Q4 2012 (unaud.)
(DKK million)								
Revenue Distributed Geographically								
Europe	53%	48%	34%	31%	0%	0%	42%	38%
North America	34%	37%	44%	45%	0%	0%	40%	42%
Rest of world	13%	15%	22%	24%	0%	0%	18%	20%
Incurring development costs	(54)	(40)	(97)	(109)	(13)	(5)	(164)	(154)
Capitalized development costs	29	11	67	71	2	-	98	82
Amortization and depreciation of development costs**	(15)	(9)	(55)	(56)	-	-	(70)	(65)
Expensed development costs	(40)	(38)	(85)	(94)	(11)	(5)	(136)	(137)
EBITDA	148	120	300	153	(18)	(19)	430	254
Depreciation and software amortization	(7)	(5)	(25)	(26)	(8)	(7)	(40)	(38)
EBITA	141	115	275	127	(26)	(26)	390	216
EBITA margin	19.3 %	17.1 %	24.2 %	11.6 %	N/A	N/A	21.0 %	12.2 %
Number of employees, end of period	-925	-900	-4,075	-3,825	-50	-25	-5,050	-4,750

\* "Other" comprises Group Shared Services, the Telegraph Company, GN Ejendomme and eliminations.

\*\*Does not include share of amortization of acquired intangible assets, cf. the definition of EBITA.

## Organic growth divided by business segments

	CC&O		Mobile		Hearing Instruments		Otometrics	
	Q4 2013	Q4 2012	Q4 2013	Q4 2012	Q4 2013	Q4 2012	Q4 2013	Q4 2012
Organic growth	15 %	6 %	16 %	8 %	7 %	9 %	(1)%	16 %