



Announcement no. 27

August 19, 2020

Interim Report Q2 2020: GN Audio +32%, GN Hearing -54%, GN at -13% organic growth, and EBITA of DKK +25 million

- *GN was affected in two ways by COVID-19 during Q2 2020: (i) ripple effects of production shutdown in Q1 2020, and (ii) various demand implications as consumers stayed at home, and as enterprises continued to invest in employees working from home*
- *Leverage of 2.7 times net interest-bearing debt to EBITDA (2.3 times on June 30, 2019)*
- *Operating in both the hearing aid and audio space, and with no forward integration, is beneficial for the company during these challenging times. GN delivered positive EPS in Q2 2020*

-- GN Store Nord

- GN delivered -13% organic revenue growth in Q2 2020
- Free cash flow excl. M&A was DKK 517 million in Q2 2020 compared to DKK 472 million in Q2 2019, reflecting a positive development from working capital and prudent cost control. By the end of Q2 2020, GN had cash and cash equivalents of DKK 967 million
- On April 3, 2020, GN withdrew its the financial guidance for 2020 due to COVID-19 impacting predictability and visibility of the business. Today, GN gives an update on financial guidance for H2 2020, which comes with much greater uncertainty than usual due to the continued COVID-19 pandemic

-- GN Hearing

- GN Hearing experienced a severe impact from COVID-19 with an organic revenue growth of -54% in the quarter
- EBITA was DKK -336 million in Q2 2020 due to the decline in revenue more than offsetting OPEX reductions
- Free cash flow excl. M&A was DKK -117 million in Q2 2020 compared to DKK 290 million in Q2 2019, reflecting the lower revenue level
- ReSound ONE announced to be launched as an entirely new class of hearing aids offering a truly individualized hearing experience and the best sound quality for every user

-- GN Audio

- GN Audio experienced a continued very strong Enterprise demand, partly for home office products as enterprises of all sizes, and across various industries, continued to invest in employees working from home due to COVID-19. GN Audio delivered an organic revenue growth of 32% in Q2 2020
- EBITA increased by 52% to DKK 408 million in Q2 2020 driven by the strong revenue growth. EBITA margin was 21.0% reflecting continuous leverage in the business and positive mix effects offset by increased freight and production costs as a result of COVID-19, and investments in future growth opportunities
- Free cash flow excl. M&A was DKK 579 million in Q2 2020 compared to DKK 232 million in Q2 2019, reflecting the strong growth in earnings and a positive development in working capital



Quotes from executive management

Gitte Aabo, CEO of GN Hearing, comments: *“Needless to say our Q2 financial results are not a pretty story. However, amidst the COVID-19 situation our employees have done a great job in ensuring our company gets through COVID-19 stronger than ever focusing on fundamentals and on bringing ReSound ONE to market as an entirely new class of hearing aids. With this exciting launch we deliver on our strategy of bringing individualized customer experience to market – something I am excited and optimistic about.”*

René Svendsen-Tune, CEO of GN Audio, comments: *“Albeit partly on the somber background of the COVID-19 pandemic, our global team and leading product portfolio have performed outstandingly in helping both existing and many new customers preserving their employees’ productivity when working from home. We see this very strong current demand continue into Q3, and in the mid-term we expect a more normalized – but still strong – demand in line with our mid-term financial targets.”*

Marcus Desimoni, CFO of GN Store Nord, comments: *“In an extremely challenging COVID-19 market situation for GN Hearing, we are very pleased to be able to deliver a positive EPS for the quarter. With our continued sound balance sheet and access to ample sources of liquidity this is a testimony to the resilience of the company.”*

Financial overview Q2 2020

DKK million	GN Hearing			GN Audio			GN Store Nord		
	Q2 2020	Q2 2019	Growth	Q2 2020	Q2 2019	Growth	Q2 2020	Q2 2019	Growth
Revenue	715	1,585	-55%	1,944	1,466	33%	2,659	3,051	-13%
Organic growth	-54%	8%		32%	26%		-13%	16%	
Gross profit	332	1,090	-70%	1,009	745	35%	1,341	1,835	-27%
Gross margin	46.4%	68.8%	-22.4%p	51.9%	50.8%	+1.1%p	50.4%	60.1%	-9.7%p
EBITA	-336	299	-212%	408	268	52%	25	523	-95%
EBITA margin	-47.0%	18.9%	-65.9%p	21.0%	18.3%	+2.7%p	0.9%	17.1%	-16.2%p
Earnings per share (EPS) - DKK							0.06	2.29	-97%
Free cash flow excl. M&A	-117	290	-407	579	232	347	517	472	45

Teleconference

GN Store Nord will host a teleconference at 11.00 a.m. CEST today. Please visit www.gn.com/investor to access the teleconference. Presentation material will be available on the website prior to the start of the teleconference.

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About GN Group

The GN Group enables people to Hear More, Do More and Be More through its intelligent hearing, audio and video collaboration solutions. Inspired by people and driven by our innovation leadership, we leverage technological synergies between our hearing and audio divisions to deliver unique and increasingly individualized user experiences in our products and solutions.

150 years ago, GN was founded with a truly innovative and global mindset. Today, we honor that legacy with world-leading expertise in the human ear, sound and video processing, wireless technology, miniaturization and collaborations with leading technology partners. GN's solutions are marketed by the brands ReSound, Beltone, Interton, Jabra, BlueParrott and FalCom in 100 countries. Founded in 1869, the GN Group employs 6,500 people and is listed on Nasdaq Copenhagen (GN.CO).

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