

## **Bang & Olufsen enters a strategic technology partnership with LG Electronics regarding development and production of Bang & Olufsen's future TV**

### **Strategic partnership with LG Electronics Inc ("LG")**

As previously announced, Bang & Olufsen a/s ("Bang & Olufsen") initiated a review to identify strategic and structural options to increase scale and further reduce complexity within Bang & Olufsen.

As a result of this review, Bang & Olufsen has entered a strategic technology partnership with LG, one of the world's largest producers of TVs and a technological frontrunner with its leading OLED technology and WebOS. The agreement entails that Bang & Olufsen will focus on its unique competencies within design, acoustics and smart home integration within TV development, and combine this with LG's technological leadership within OLED technology.

*"This partnership with LG will enable Bang & Olufsen to stay at the forefront of innovation in the TV category, a category which is currently undergoing significant change and which is very important to Bang & Olufsen. The partnership will address Bang & Olufsen's key challenges related to scale and complexity",* says CEO Tue Mantoni.

The partnership will help solve a key strategic challenge as Bang & Olufsen will achieve technological capabilities and scale needed to improve the long-term profitability of the company. The partnership will allow Bang & Olufsen to focus on core competencies within acoustics and design, while further optimising the company's supply chain, development, production and service.

The first OLED TV produced by LG for Bang & Olufsen as a result of the partnership is expected to be launched in 2017. Further, the partnership involves collaboration in other areas such as license and product bundle activities.

As a consequence of the partnership, Bang & Olufsen expects to improve gross margins and reduce capacity costs. The agreement has an annual savings potential of DKK 150-200m when fully implemented over the next three years. As such, the partnership is an important step towards achieving the financial targets set out for 2017/18 of an EBIT-margin of approximately 7 per cent and a positive free cash flow.

**BANG & OLUFSEN A/S**  
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As a result of the partnership Bang & Olufsen expects to realize restructuring costs of DKK 10 to 15 million, of which up to DKK 5 million will be realized in the fourth quarter of 2015/16. The restructuring costs have not been included in the current outlook for the 2015/16 financial year.

**Dialogue regarding a potential launch of a takeover offer**

In continuation of company announcement no. 15.07 dated 26 November 2015, Bang & Olufsen can inform that a dialogue is ongoing with one potential offeror that may or may not lead to an offer for the whole or part of the issued share capital of Bang & Olufsen.

At present, Bang & Olufsen has not entered into any binding commitments, and uncertainty remains as to the outcome of the dialogue with the potential offeror.

Ole Andersen  
Chairman of the Board

Tue Mantoni  
CEO

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