



Announcement NO. 7

February 7, 2018

## Double-digit growth in revenue and earnings – delivered on guidance

- In 2017, revenue increased by 11% to DKK 9,585 million. Organic growth was 8%
- EBITA reached DKK 1,744 million, equivalent to a 10% increase, based on strong execution in both GN Hearing and GN Audio
- Strong cash generation again in 2017. Cash conversion reached 65%
- DKK 1.4 billion was returned to shareholders through dividends and share buybacks

GN Store Nord delivered **strong performance in the first year of the 2017 – 2019 strategy**, “Hear More, Do More, Be More”. Revenue growth was 11% and organic revenue growth was 8%. EBITA increased by 10%, based on strong execution in both GN Hearing and GN Audio.

In 2017, GN Hearing strengthened its **superior product offering** with the launch of **ReSound LiNX 3D**, the 5th generation 2.4 GHz hearing aids. This market-leading full hearing aid portfolio, which addresses all types of hearing loss, form factor and price preferences, was a key driver of revenue and earnings growth in 2017. ReSound LiNX 3D offers unprecedented benefits to hearing aid users and to hearing care professionals across three key dimensions: sound quality; efficient and convenient fitting; as well as ground-breaking remote fine-tuning, yet another industry first by GN Hearing.

GN Audio delivered **strong growth in both revenue and EBITA margin** in 2017. The development was the result of a leading product portfolio and best-in-class commercialization. Throughout 2017, GN Audio achieved **very significant growth in the Call Center & Office (CC&O) business** with double-digit organic growth in all regions. This was in particular driven by the Unified Communications (UC) segment. A key milestone in the consumer business was the broad success of Jabra Elite Sport, which positioned Jabra as the second-largest player in the global market for true wireless earbuds and helped to offset the continued negative impact of a declining Bluetooth mono market.

## Financial highlights Q4 2017

- GN Store Nord delivered 7% revenue growth in Q4 2017 – organic growth was 11%. EBITA increased by 7% to DKK 632 million, equal to an EBITA margin of 23.6%
- GN Hearing’s revenue increased by 8% in Q4 2017. Organic growth was 11%, driven by the successful launch of ReSound LiNX 3D. EBITA increased by 10% to DKK 396 million, with the EBITA margin reaching 26.5%, compared to 26.0% in Q4 2016
- GN Audio delivered 6% revenue growth in Q4 2017. Organic growth was 12%, driven by strong performance across regions and channels in the CC&O business. EBITA increased by 7% to DKK 271 million, with the EBITA margin reaching 23.0%, compared to 22.6% in Q4 2016

### Shareholder returns – Dividend and share buyback proposal

During 2017, GN continued to deliver attractive shareholder returns on the back of the solid cash flow generation. GN has distributed more than DKK 1.4 billion to shareholders in 2017 through dividends and share buybacks.

At the Annual General Meeting on March 13, 2018, the Board of Directors will propose to pay out DKK 1.25 per share in dividend for the fiscal year 2017, compared to DKK 1.15 per share in 2016.

The current one-year DKK 1 billion share buyback program will be concluded no later than March 12, 2018. As communicated in the Annual Report 2016, the Board of Directors intends to buy back shares worth DKK 3 billion during GN's 2017 – 2019 strategy period. At the upcoming Annual General Meeting, the Board of Directors will propose a new one-year share buyback program of DKK 1 billion.

### Financial guidance 2018

GN Store Nord is entering the second year of the 2017 – 2019 strategy with the ambition to continue to deliver strong profitable growth. GN Hearing and GN Audio continue to be well-positioned to benefit from attractive market conditions. The financial outlook for 2018 is closely linked to the announced financial targets set out in the strategy 2017 – 2019.

Guidance for 2018:

	GN Hearing	GN Audio
Organic revenue growth	> 6%	> 7%
EBITA margin	> 20%	> 17%
Effective tax rate	~ 22%	

EBITA in “Other” is expected to be around DKK (135) million. The costs are related to Group Functions, including continued investments in new business opportunities and research projects on a corporate level. The intelligent communication solution for defense and security forces announced on January 30, 2018 is a successful example of the portfolio of research projects aimed at leveraging GN's unique, leading competencies within intelligent audio solutions in both hearing aids and headsets.

In 2018, GN Store Nord targets a double-digit percent increase in earnings per share (EPS).



### **Quotes from executive management**

Anders Hedegaard, CEO of GN Hearing, comments: *"In 2017, we launched our unique ReSound LiNX 3D product offering, which contributed strongly to accelerating growth rates in the second half of the year giving us a strong momentum as we enter 2018."*

René Svendsen-Tune, CEO of GN Audio, comments: *"I am very pleased with another year of strong performance. With the launch of several high-end products and strong commercial execution we have further consolidated our position as the global leader in the rapidly growing Unified Communications market. Also, in 2017 we completed the integration of VXi Corp., further strengthening our momentum in the US."*

Marcus Desimoni, CFO of GN Store Nord, comments: *"In 2017, we delivered on our full year guidance. Our financial discipline and healthy cash generation allowed us to return a total of DKK 1.4 billion to our shareholders during the year as a combination of dividends and share buybacks."*

### **Teleconference**

GN Store Nord will host a teleconference at 11.00 a.m. CET today. Please visit [www.gn.com/investor](http://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**

GN Group is a global leader in intelligent audio solutions that let you hear more, do more and be more than you ever thought possible. We transform lives through the power of sound: Smart Hearing aids that enhance the lives of people with hearing loss; integrated headset and communications solutions that assist professionals in all types of businesses to be more productive; wireless headsets and earbuds designed to support any lifestyle – from sports enthusiasts to commuters and office workers.

With world leading expertise in the human ear, sound, wireless technology and miniaturization, GN's innovative and intelligent audio solutions are marketed by the brands Jabra, ReSound, Beltone and Interton in 100 countries across the world. Founded in 1869, the GN Group today has more than 5,000 employees and is listed on Nasdaq Copenhagen (GN.CO).

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