Bang & Olufsen

From reset to delivery, self-help over tailwind

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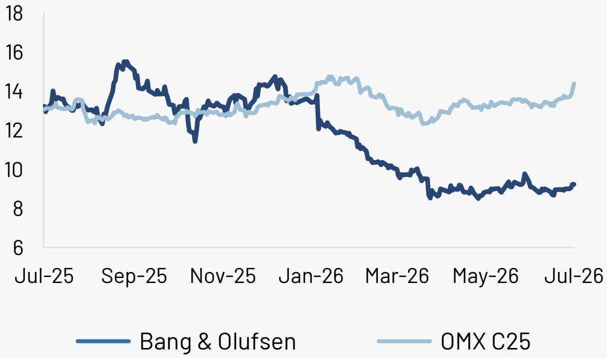
Key Financials and Valuation

Share price



YTD:	-32.2%	1 year:	-30.3%
1 month:	1.3%	3 years:	-12.7%

Note: We apply closing price from 2 July 2026. Source: S&P Capital IQ.

Financials

DKKm	24/25	25/26	26/27E	27/28E
Revenue	2,553	2,468	2,638	2,881
growth-%	-1%	-3%	3%	9%
EBIT	16	-76	31	114
EBIT-margin	1%	-3%	1%	4%
Net income	-29	-107	19	108
Net debt	248	482	482*	-
Market value	1,906	1,388	1,311*	-
EV/Sales (x)	0.8	0.8	0.6	0.5
EV/EBITDA (x)	7.9	10.2	4.7	3.3
EV/EBIT (x)	134.6	-24.6	57.2	15.8
P/E (x)	-65.7	-13.0	70.9	12.1

Note: Estimates are based on two analyst inputs, whereas net income is based on only one. Source: S&P Capital IQ. *Latest reported net debt and market value from 2 July 2026.

Guidance 2026/27E

	B&O	Consensus
Revenue growth	1.0% to 5.0%	3.3%
EBIT-margin (bsi.)	1.0% to 3.0%	1.2%*
Free cash flow (DKKm)	25 to 100	112.0**

In March 2026, B&O withdrew its mid-term ambitions and targets for 2027/28.

Note: *EBIT-margin estimates include special items. **Free cash flow estimates are based on one analyst input.
Source: S&P Capital IQ.

Valuation Perspectives

Earnings are expected to turn positive in 2026/27, but from a very low absolute level, and with mid-term ambitions withdrawn, estimates remain uncertain – thereby still rendering valuation based on multiples less useful.

The permanent CEO, expected to be announced during Q1 2026/27, could re-anchor the longer-term direction and financial ambitions, which would give the market firmer ground for valuation beyond the guidance year.

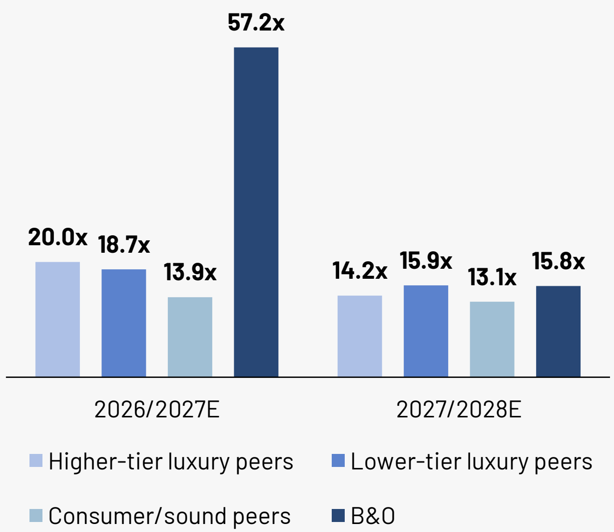
The key proof point is operating leverage: with record gross margins, even moderate revenue growth translates into much higher absolute earnings. Delivery on this could spotlight the large discount at which B&O trades on EV/Sales multiples.

Measured on EV/EBIT multiples 2026/27E, B&O trades at a large premium across the different peer groups, reflecting the very low absolute earnings level rather than an expensive valuation.

Measured on EV/EBIT multiples 2027/28E, B&O trades at a small discount/equal across peer groups, illustrating how quickly multiples normalize if gross margins are converted into earnings through revenue growth.

A high stand-alone value in the brand licensing segment (vs. current market cap) could create a valuation floor. Based on our simplified DCF model, this business has a stand-alone value between DKK 11.5–20.1 per share, where we lean towards the lower end until the TCL ramp-up has proven able to offset the loss of the HP partnership.

EV/EBIT Multiples



Investment Case – From reset to delivery, self-help over tailwind

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Key Investment Reasons

- A record-high gross margin (58.2%) means high operating leverage, providing potential for strong earnings growth if top-line growth returns.
- The licensing business has significant stand-alone value.
- Positive earnings in 2026/27 are less dependent on high growth. Cost measures are already implemented, and capacity costs are guided broadly flat, making the narrowed EBIT margin guidance of 1–3% credible even at the low end of the revenue range.
- Guidance implies a free cash flow inflection in 2026/27 (DKK 25-100m), stabilizing the capital position after a year of heavy investment.

Key Investment Risks

- The gap between positive sell-out and negative sell-in can test investor patience if it does not close during 2026/27.
- Economic growth and consumer confidence pose a risk.
- Product launches remain a risk factor, and 2026/27 is back-end loaded - although the revised development model and stronger focus on existing products reduce the dependence.
- Available liquidity is limited (DKK 94m), and investments in brand building and technology remain capital-intensive in the long term.

Company description: Bang & Olufsen (B&O) produces luxury audio products and was founded in 1925 in Struer, Denmark. The combination of strong design and advanced sound technology has made B&O a recognized luxury brand worldwide. Today, B&O operates in more than 70 countries and has its own stores in several markets, located in prime locations. B&O was listed on Nasdaq Copenhagen in 1977.

Investment case: The long-term investment case in B&O still depends on whether the company succeeds in repositioning the business toward the luxury segment. The evidence has broadened (eight consecutive quarters of double-digit Win City sell-out growth, record gross margins), but sell-in remains negative and mid-term ambitions withdrawn. In the short term, the investment case will be driven by delivery on the first positive guidance since the reset: revenue growth of 1-5%, EBIT margin (bsi.) of 1-3% and free cash flow of DKK 25–100m.

The credibility of the guidance rests on factors within management's own control. The commercial reset was implemented during H2 2025/26, and the guided margin expansion is driven primarily by self-help rather than an assumed recovery in demand.

B&O ended 2025/26 with capital resources of DKK 294m (free cash flow of DKK -141m, slightly better than guided). Guidance and a pending US tariff refund imply a stabilization of the capital position, while CAPEX increases to DKK 270–310m, directed at retail and the product pipeline.

The Brand Partnering & Other Activities business area (licensing business) contributes stability, very high earnings, and strong cash flow. HP license income was discontinued as expected, while the TCL partnership is ramping up as planned. Our simplified stand-alone DCF valuation indicates a value of DKK 11.5–20.1 per share (see page 5 for assumptions).

The latest performance trend continues to indicate a degree of cyclicality in B&O's business, despite luxury segments normally being less affected by macroeconomic conditions. The divergence in 2025/26 – acceleration in APAC and branded channels against weakness in Northern/Central Europe – points to B&O still being exposed to more price-sensitive, aspirational luxury consumers.

Historically, delayed product launches have been key drivers of growth disappointments, most recently Beosound Premiere, which remained below expectations even after the relaunch. The revised product development model reduces this risk, but delivering on a back-end loaded launch calendar in 2026/27 remains a key investor concern and could revive doubts about whether B&O has sufficient scale and capital strength to fund product innovation and brand building over the long run.

Peer Group (1/2) – Higher multiples if luxury strategy succeeds

The peer group for Bang & Olufsen (B&O) comprises a number of companies that are comparable to B&O in various respects. Accordingly, the peers are divided into three distinct categories.

Consumer/sound peers: This category includes companies operating within the consumer electronics and sound segments. These companies represent the closest peers to B&O when product functionality is considered in isolation. Nevertheless, significant differences remain between these peers and B&O, and it is acknowledged that no perfect peer exists. Consequently, the comparison between B&O and this peer group is primarily based on technological aspects, sound capabilities, and general consumer behavior. However, the companies in this category differ substantially from B&O in terms of design focus, pricing levels, and target customer segments. Companies in this category are typically valued at multiples broadly in line with other consumer-related companies.

Lower-tier luxury peers: This category includes selected companies operating in the lower end of the luxury segment. While these peers do not closely resemble B&O in terms of specific products, they show partial comparability in product price points within their respective categories. Similar to B&O, these companies emphasize quality and design and target a relatively stable customer segment. However, the lower luxury segment represents an area from which B&O is currently moving away under its existing strategic plan. Peers in this category are typically priced above standard consumer products, with multiples driven by brand positioning and access to a more stable and less price-sensitive customer base.

Higher-tier luxury peers: This category comprises companies operating in the upper luxury segment, characterized by a consistently strong customer base and brand associations with the highest perceived quality within their respective industries. As part of its current strategic direction, B&O aims to move toward this segment, making it a relevant long-term target. Peers in this category are typically valued at higher multiples, reflecting both the strength of their brand equity and their ability to serve a stable, relatively demand-inelastic customer base that is less sensitive to economic fluctuations.

	Price	Total return	Market cap	EV	Revenue growth (CAGR)	Gross margin (%)	EBIT-margin (%)			EV/Sales			EV/EBIT			P/E		
Company	**(local)**	**YTD**	**(EURm)**	**(EURm)**	**2025-2027E**	**2024**	**2025**	**2026E**	**2027E**	**2025**	**2026E**	**2027E**	**2025**	**2026E**	**2027E**	**2025**	**2026E**	**2027E**
Median - Consumer/sound peers		-11.0%	5,772	6,372	4,9%	40.6%	2.4%	4.4%	7.1%	1.4x	0.9x	0.8x	17.1x	13.9x	13.1x	23.1x	16.2x	13.7x
Median - Lower-tier luxury peers		1.3%	20,710	21,535	6.8%	44.5%	11.1%	11.7%	9.1%	2.1x	2.1x	1.8x	20.9x	18.7x	15.9x	29.3x	26.1x	18.5x
Median - Higher-tier luxury peers		-10.7%	30,968	46,028	5.9%	66.9%	21.9%	20.5%	21.3%	4.2x	3.2x	3.0x	22.7x	20.0x	14.2x	27.9x	22.8x	18.9x
Median all		**-6.4%**	**11,930**	**13,606**	**5.4%**	**53.2%**	**11.1%**	**12.2%**	**14.7%**	**2.3x**	**2.1x**	**2.1x**	**17.4x**	**14.2x**	**12.9x**	**19.6x**	**16.9x**	**14.4x**
Bang & Olufsen A/S	**DKK 9.2**	**-32.2%**	**175**	**240**	**8.0%**	**58.2%**	**-3.1%**	**1.2%**	**3.9%**	**0.8x**	**0.6x**	**0.5x**	**-24.6x**	**57.2x**	**15.8x**	**-65.7x**	**70.9x**	**12.1x**
Premium (+) / Discount (-) to peers										*-67%*	*-72%*	*-74%*	*NM*	*304%*	*22%*	*NM*	*320%*	*-16%*

Note: Data from 2. July 2026. Source: S&P Capital IQ.

*Bang & Olufsen (B&O) has a skewed financial year, meaning that 2025 in the table corresponds to B&O's reporting year 2025/26.

Peer Group (2/2) – Full Overview

Company	Price (local)	Total return YTD	Market cap (EURm)	EV (EURm)	Revenue growth (CAGR) 2025-2027E	Gross margin (%) 2024	EBIT-margin (%) 2025	EBIT-margin (%) 2026E	EBIT-margin (%) 2027E	EV/Sales 2025	EV/Sales 2026E	EV/Sales 2027E	EV/EBIT 2025	EV/EBIT 2026E	EV/EBIT 2027E	P/E 2025	P/E 2026E	P/E 2027E
Sonos Inc.	USD 13.6	-22.4%	1,418	1,251	5.2%	43.9%	-1.2%	9.3%	7.6%	1.3x	0.9x	0.8x	NM	11.5x	NA	NM	13.4x	9.8x
Logitech International	CHF 76.3	-6.4%	11,930	10,485	4.7%	43.3%	14.7%	18.8%	17.9%	2.9x	2.9x	2.3x	19.2x	19.2x	13.1x	23.2x	23.2x	17.3x
GN Store Nord A/S	DKK 90.0	-15.7%	1,753	2,969	-22.4%	54.7%	10.2%	3.1%	7.1%	1.5x	2.2x	2.1x	15.1x	30.7x	24.5x	23.0x	16.2x	13.7x
Koss Corp.	USD 4.0	-4.1%	33	33	N/A	37.8%	-21.7%	N/A	N/A	1.9x	NA	NA	NM	NA	NA	NM	NA	NA
LG Electronics Inc.	KRW 192300	110.9%	18,434	24,284	N/A	23.4%	2.8%	4.4%	4.5%	0.3x	0.4x	0.4x	10.1x	9.6x	8.4x	19.1x	11.9x	10.2x
Goertek Inc.	CNY 21.7	-23.8%	9,791	9,775	5.6%	11.2%	2.1%	4.0%	4.4%	1.0x	0.6x	0.5x	34.7x	13.9x	13.1x	34.2x	16.4x	15.9x
Median - Consumer/sound peers		**-11.0%**	**5,772**	**6,372**	**4.9%**	**40.6%**	**2.4%**	**4.4%**	**7.1%**	**1.4x**	**0.9x**	**0.8x**	**17.1x**	**13.9x**	**13.1x**	**23.1x**	**16.2x**	**13.7x**
RH	USD 169.1	-5.6%	2,792	6,257	6.8%	44.5%	11.1%	11.7%	9.1%	2.1x	2.1x	1.8x	18.7x	18.7x	16.7x	32.4x	32.4x	18.5x
Porsche AG	EUR 45.2	1.3%	41,177	45,442	-0.5%	14.6%	2.0%	6.3%	8.4%	1.2x	1.3x	1.2x	28.6x	15.1x	11.9x	NA	19.7x	15.6x
Ralph Lauren Corp.	USD 398.2	13.2%	20,710	21,535	10.3%	68.6%	13.5%	16.4%	16.6%	3.0x	3.0x	2.7x	20.9x	20.9x	15.9x	26.1x	26.1x	19.5x
Median - Lower-tier luxury peers		**1.3%**	**20,710**	**21,535**	**6.8%**	**44.5%**	**11.1%**	**11.7%**	**9.1%**	**2.1x**	**2.1x**	**1.8x**	**20.9x**	**18.7x**	**15.9x**	**29.3x**	**26.1x**	**18.5x**
Prada S.p.A.	HKD 38.6	-10.7%	11,010	14,650	8.8%	80.3%	22.7%	19.2%	19.9%	2.6x	2.2x	2.0x	11.1x	10.9x	9.9x	14.8x	12.6x	11.3x
Kering SA	EUR 252.6	-14.8%	30,968	46,028	3.3%	72.6%	11.1%	12.2%	14.7%	3.4x	2.9x	2.7x	27.7x	20.0x	16.2x	50.7x	25.8x	18.9x
Burberry Group plc	GBP 10.7	-15.7%	4,476	5,478	1.7%	62.5%	1.1%	6.4%	9.6%	2.4x	2.4x	1.7x	65.8x	65.8x	14.2x	NM	NM	19.1x
Moncler S.p.A.	EUR 51.3	-3.9%	13,938	13,606	5.9%	78.1%	28.9%	29.9%	29.8%	4.8x	3.9x	3.6x	16.8x	13.0x	12.0x	24.3x	19.8x	18.2x
LVMH	EUR 498.0	-21.5%	247,178	271,914	2.5%	66.2%	21.9%	21.1%	22.5%	4.2x	3.2x	3.0x	19.4x	14.2x	13.2x	29.3x	19.4x	17.6x
Richemont	CHF 182.8	6.2%	117,120	113,440	6.4%	66.9%	21.0%	20.5%	21.3%	4.8x	4.8x	4.4x	22.7x	22.7x	19.2x	26.4x	26.4x	24.8x
Ferrari N.V.	EUR 333.2	5.7%	58,651	59,769	6.9%	51.7%	29.4%	29.6%	30.1%	8.2x	7.3x	6.9x	28.2x	24.3x	22.6x	35.5x	31.4x	29.0x
Median - Higher-tier luxury peers		**-10.7%**	**30,968**	**46,028**	**5.9%**	**66.9%**	**21.9%**	**20.5%**	**21.3%**	**4.2x**	**3.2x**	**3.0x**	**22.7x**	**20.0x**	**14.2x**	**27.9x**	**28,3x**	**18.9x**
Median all		**-6.4%**	**11,930**	**13,606**	**5.4%**	**53.2%**	**11.1%**	**12.2%**	**14.7%**	**2.3x**	**2.1x**	**2.1x**	**17.4x**	**14.2x**	**12.9x**	**19.6x**	**16.9x**	**14.4x**
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Premium (+)/ Discount (-) to peers										*-67%*	*-72%*	*-74%*	*NM*	*304%*	*22%*	*NM*	*320%*	*-16%*

Note: Data from 2 July 2026. Source: S&P Capital IQ.

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Valuation Perspective – Brand Partnering has a high stand-alone value

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To illustrate the underlying value embedded in B&O's Brand Partnering & Other Activities segment, which primarily consists of licensing activities, we have estimated a simplified DCF model focusing exclusively on this business unit. The analysis is intended purely as an illustrative reference and is based on a number of high-level assumptions. Given the declining revenue trajectory in recent years, we currently lean towards the lower end of our valuation range. As reflected in the sensitivity analysis, the value per share spans a relatively wide range, highlighting both the model's sensitivity to input assumptions and the fact that it should be viewed as indicative rather than a precise valuation.
Based on the model and assumptions outlined above, the Brand Partnering & Other Activities business area is estimated to have a stand-alone value in the range of DKK 11.5–20.1 per share, where we currently lean towards the lower end of the range, as noted above, until the TCL ramp-up has proven to offset the loss of the HP partnership.

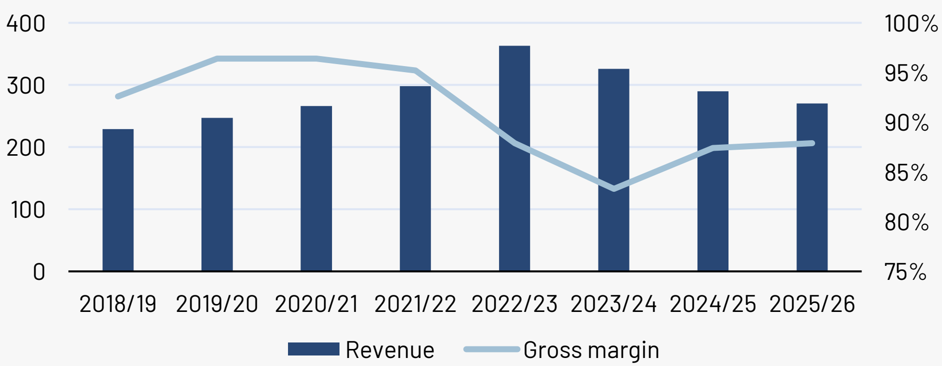
Assumptions:
Revenue growth: The Brand Partnering & Other Activities segment is generally considered a stable business. However, revenue has declined in recent years following the expiry of the HP collaboration in June 2024. This has been partly offset by the TCL partnership announced in June 2024. The six-year TCL partnership is currently in year two, and we expect continued ramp-up throughout the forecast period. Beyond that, we assume broadly stable development with limited structural growth and use 0% growth in the terminal year.

EBIT margin: It should be noted that B&O does not disclose EBIT margins specifically for the Brand Partnering & Other Activities segment, but only reports gross margins in the range of 83.3% to 96.4% for the period from 2019/20 to 2025/26. For the budget period, a gross margin of 85% is assumed, slightly below the average of the past three years. For a license-based business with limited operating costs, EBIT margins are typically expected to be close to gross margin levels. EBIT margins in the range of 60–80% are often seen in pure licensing peers such as Qualcomm with limited R&D and capital investment, Dolby in the mid-range, and Arm, which is more R&D heavy. Anecdotal evidence points to B&O's licensing business being less R&D and capital intensive.

CAPEX: The model assumes a very limited level of capital expenditure, which is typical for a license-based business and further reflects its high profitability. CAPEX is assumed to equal 1.5% of revenue, which is considered reasonable for a licensing-focused business model. Net working capital, given the stable revenue profile, is expected to remain stable.

WACC: For B&O at the group level, a WACC of approximately 10% is estimated, reflecting the company's historically volatile earnings, cyclical demand profile, and overall business risk. For the Brand Partnering & Other Activities segment, a lower WACC of 8.5% is applied, reflecting the significantly more stable business model supported by long-term contracts and limited earnings volatility.

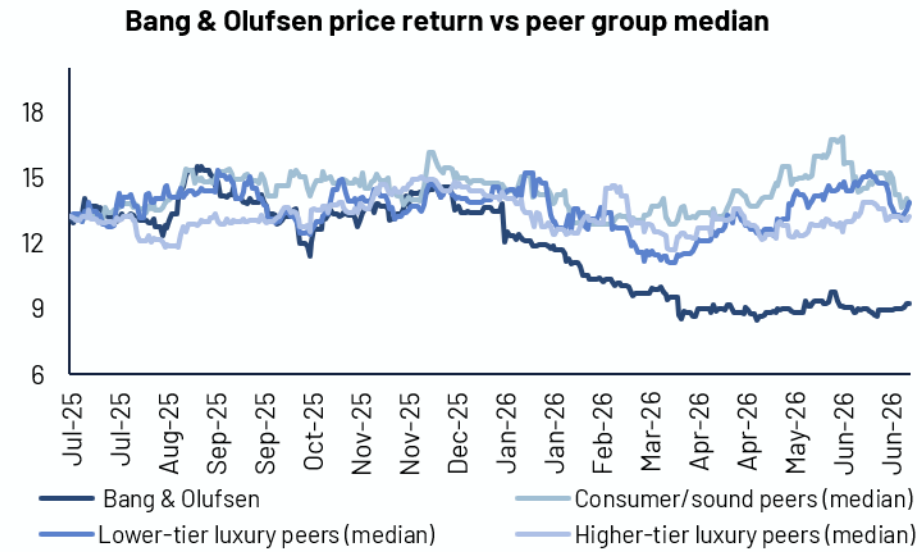
Brand Partnering & Other Activities

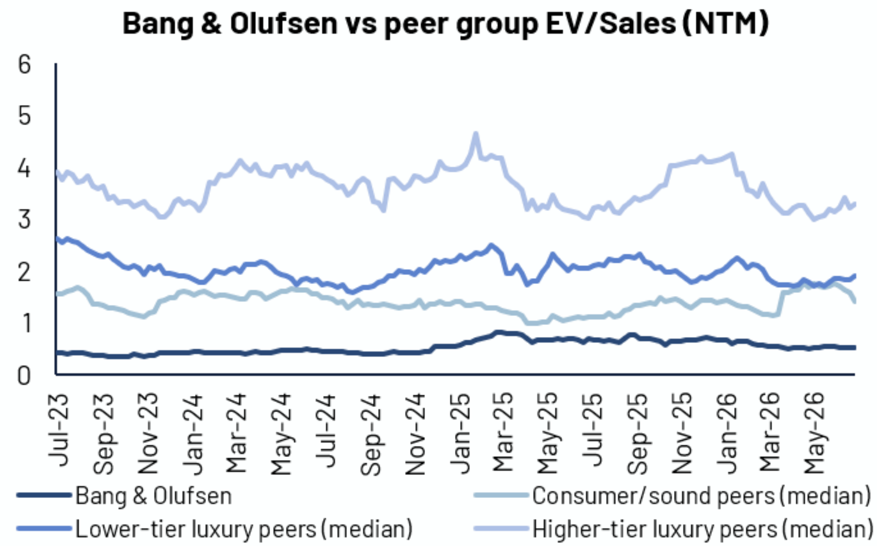


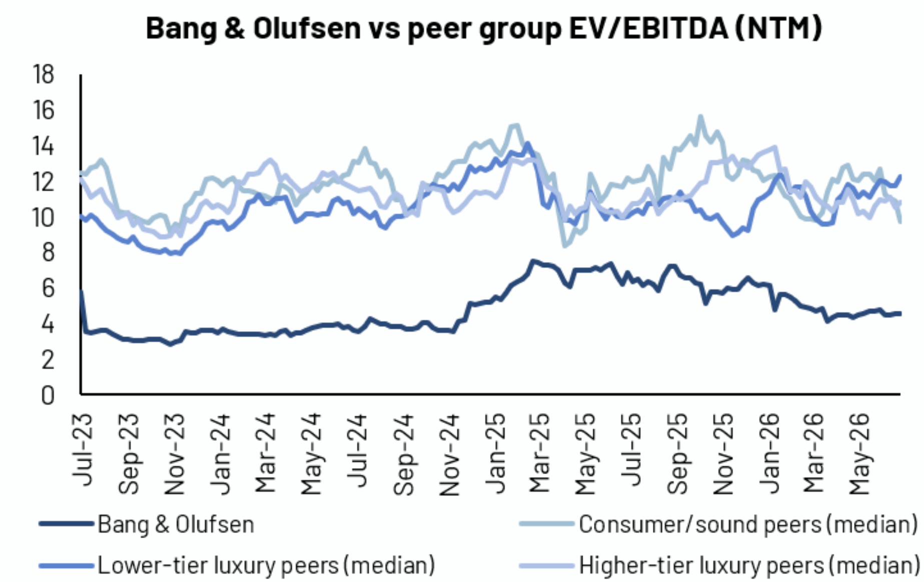
Sensitivity analysis (DKK per share)

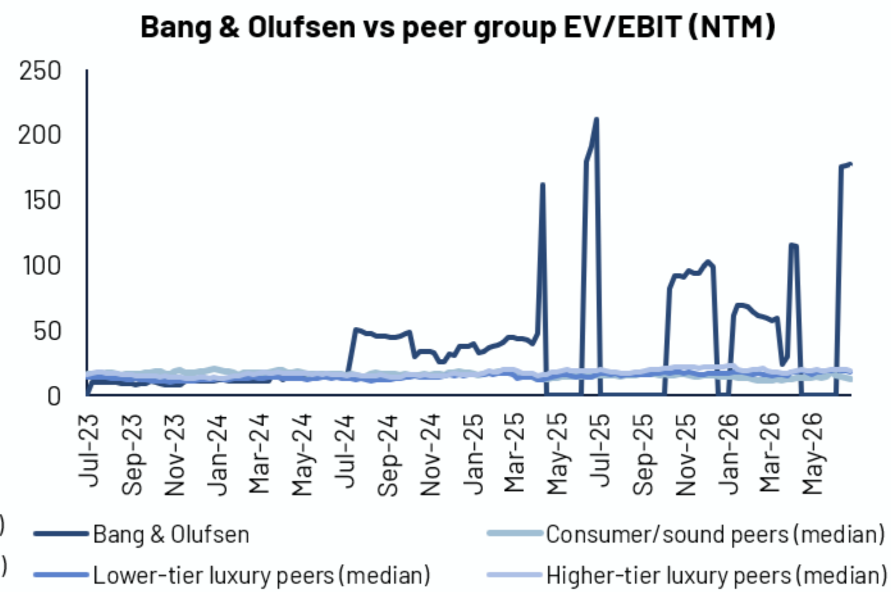
Estimated value per share (DKK)			Revenue growth (%)				
			Bear		Base	Bull	
			-3.0%	-1.5%	0.0%	1.5%	3.0%
EBIT-margin (%)	Bear	60%	11.5	12.3	13.2	14.2	15.2
		65%	12.4	13.3	14.3	15.3	16.5
	Base	70%	13.3	14.3	**15.3**	16.5	17.7
	Bull	75%	14.2	15.2	16.4	17.6	18.9
		80%	15.1	16.2	17.4	18.7	20.1

Valuation vs. Peers









Note: Data from 2 July 2026. Source: S&P Capital IQ.

Valuation vs. Historical Levels

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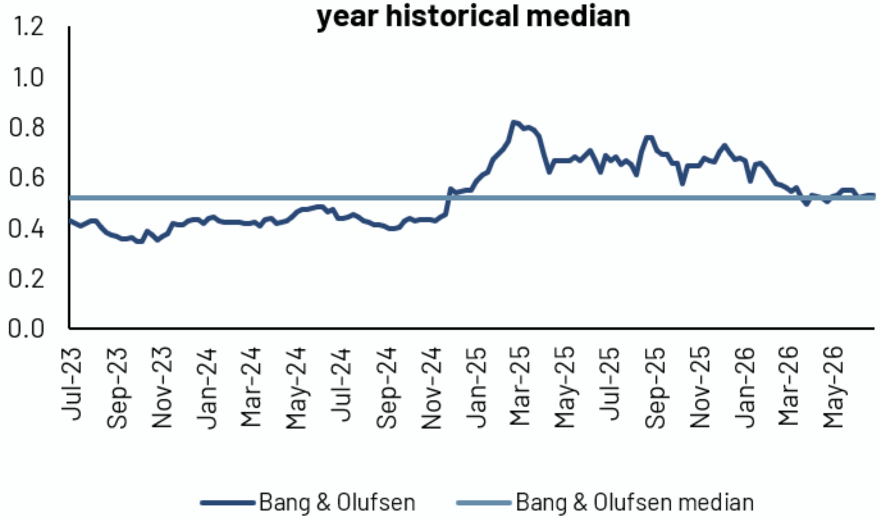
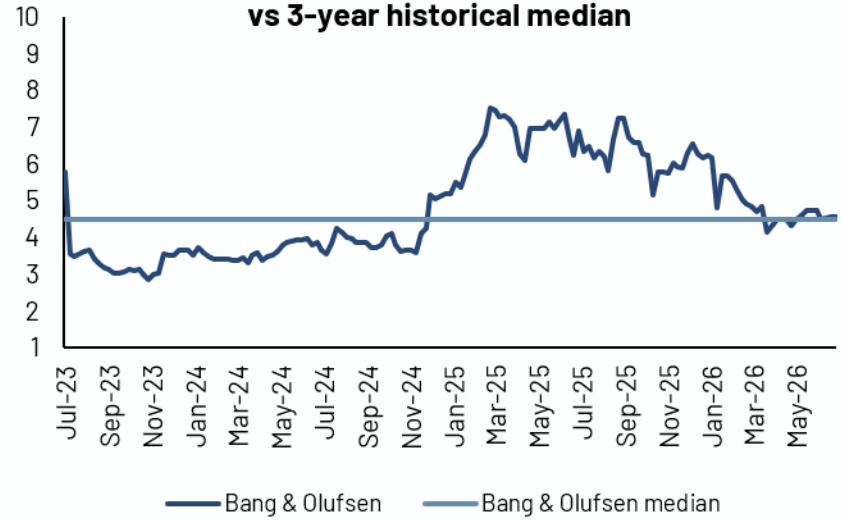
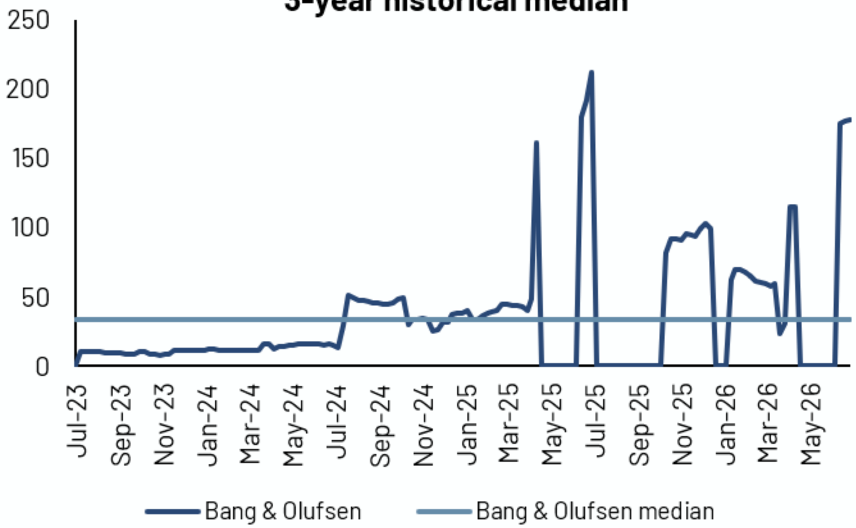
Bang & Olufsen current EV/Sales multiple (NTM) vs 3-year historical median



Bang & Olufsen current EV/EBITDA multiple (NTM) vs 3-year historical median



Bang & Olufsen current EV/EBIT multiple (NTM) vs 3-year historical median



Note: Data from 2 July 2026. Source: S&P Capital IQ.

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