

Bang & Olufsen

From reset to delivery, next chapter to be set in January



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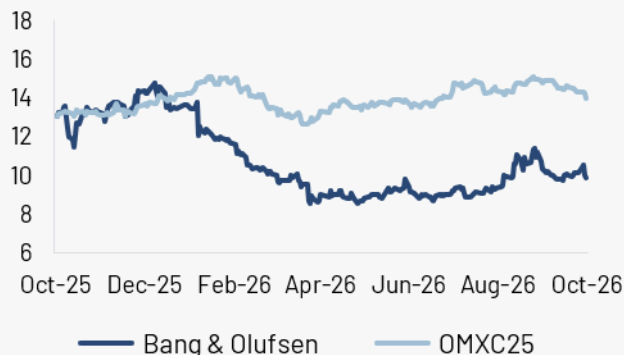
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Key Financials and Valuation



Share price



YTD:	-24.1%	1 year:	-20.7%
1 month:	1.4%	3 years:	21.3%

Note: We apply closing price from 02 October 2026.

Source: S&P Capital IQ.

Financials

DKKm	24/25	25/26	26/27E	27/28E
Revenue	2,553	2,468	2,597	2,838
growth-%	-1%	-3%	5%	9%
EBIT	16	-76	55	129
EBIT-margin	1%	-3%	2%	5%
Net income	-29	-107	32	77
Net debt	248	482	482*	-

Market value	1,906	1,388	1,472*	-
EV/Sales(x)	0.8	0.8	0.8	0.7
EV/EBITDA(x)	7.9	10.2	5.6	4.2
EV/EBIT(x)	134.6	-24.6	35.6	15.2
P/E(x)	-65.7	-13.0	46.0	19.2

Note: Estimates are based on two analyst inputs, whereas net income is based on only one. *Latest reported net debt from Q4 2025/2026 and market value from 02 October 2026. Source: S&P Capital IQ.

Guidance 2026/27E

	B&O	Consensus
Revenue growth	1.0% to 5.0%	5.2%
EBIT-margin (bsi.)	1.0% to 3.0%	2.1%*
Free cash flow (DKKm)	25 to 100	69.7**

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Earnings are expected to turn positive in 2026/27, but from a very low absolute level, and with mid-term ambitions withdrawn, estimates remain uncertain, which still renders valuation based on multiples less useful.

CEO Gianfilippo Testa took office in August and presents his plans with the H1 report in January 2027. This is the next opportunity to re-anchor the longer-term direction and financial ambitions, which would give the market firmer ground for valuation beyond the guidance year.

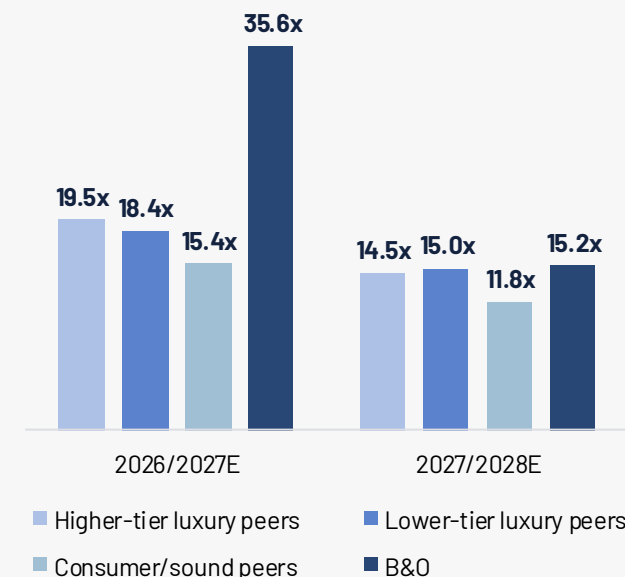
The key proof point is operating leverage: with record gross margins, even moderate revenue growth translates into much higher absolute earnings. Consensus implies EBIT rising from DKK 55m in 2026/27 to DKK 129m in 2027/28. Delivery on this could spotlight the large discount at which B&O trades on EV/Sales, at 0.8x against 2.4x for the peer median.

Measured on EV/EBIT multiples 2026/27E, B&O trades at 35.6x, a premium of 113% to the peer median, reflecting the very low absolute earnings level rather than an expensive valuation.

Measured on EV/EBIT multiples 2027/28E, the multiple falls to 15.2x, in line with luxury peers 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 could create a valuation floor. Our simplified DCF model indicates DKK 10.5 to 19.0 per share before group net debt (above the current share price for the total business). Better growth and margins in Q1 2026/27 could indicate a turning point, which points more towards the middle of the range, while growth over the past couple of years, most recently in 2025/26, points to the lower end.

EV/EBIT Multiples



Investment Case – From reset to delivery, next chapter to be set in January



Key Investment Reasons

- A record-high gross margin (59.4% in Q1 2026/27), high operating leverage, providing potential for strong earnings growth if top-line growth returns.
- The licensing business has significant stand-alone value.
- Early signs that sell-in is starting to follow the stronger sell-out numbers.
- Free cash flow has inflected: Q1 delivered DKK 6m against DKK -135m last year, the third consecutive positive quarter.
- A new CEO is in place and will present his plans with the H1 report in January 2027, which could re-anchor the direction and financial ambitions

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 case still depends on whether B&O succeeds in repositioning the business toward the luxury segment. The evidence has broadened, with nine consecutive quarters of double-digit Win City sell-out growth and a record-high gross margin, although mid-term ambitions remain withdrawn. In the short term, the case rests on delivery of the 2026/27 guidance, maintained after Q1: revenue growth of 1-5%, EBIT margin (bsi.) of 1-3% and free cash flow of DKK 25-100m.

New leadership: Gianfilippo Testa joined as CEO in August, with Jesper Hessel joining as CCO and Deputy CEO no later than 1 February 2027. Testa's assessment is that the strategy is moving the business in the right direction, but that execution must be more consistent. His priorities are productivity in the existing network rather than further store openings, a consistent client experience across all touchpoints, and requalifying distribution so the quality of traffic matches the brand positioning, implying less promotion-led volume, most visibly in eTail. The plans are presented with the H1 report in January 2027, the next point at which the direction beyond the guidance year can be re-anchored.



Key Investment Risks

- Sell-out growth of 7% still exceeds sell-in growth of 2.2%. The gap narrowing further during 2026/27 remains a proof point.
- 2026/27 is back-end loaded, leaving the year dependent on product launches arriving on time.
- A worsening in consumer confidence from current levels, beyond what execution can counter, remains a risk.
- Memory chip (DDR4) supply is secured and the impact is included in guidance, but the market is expected to stay tight into 2027.

Sell-in and sell-out: Like-for-like sell-out grew 7% in both Q4 and Q1, while revenue in local currencies grew 4.0% and 2.2% after declines earlier in 2025/26. Sell-in is beginning to follow sell-out, although a gap remains, reflecting lower partner inventory, a smaller distribution network and reduced promotional activity. With cost measures implemented and capacity costs guided flat, the margin guidance does not rely on a demand recovery, but a further deterioration would be beyond what execution can offset.

Cash: Free cash flow has been positive for three consecutive quarters and was DKK 6m in Q1 against DKK -135m last year, achieved alongside higher investment, with CAPEX guided at DKK 270-310m.

Brand Partnering: The licensing business contributes stability, very high earnings and strong cash flow. Revenue returned to growth in Q1, up 4.4% to DKK 65m, and the gross margin rose to 95.4% as TCL license income ramps up. A Motorola agreement for selected flagship smartphones was added in September but is not in our estimates. Our simplified stand-alone DCF valuation indicates DKK 10.5-19.0 per share (see page 5).

Launches and memory: Delivery is back-end loaded, with three or more launches assumed and the remaining ones no earlier than Q4. Delayed launches have historically driven growth disappointments, most recently Beosound Premiere. Memory supply for the coming year is secured, with around 0.5pp of gross margin and DKK 45m of cash included in guidance, although a prolonged shortage could extend the impact beyond the guidance year.

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.

Company	Price	Total return	Market cap	EV	Revenue growth	Gross margin	EBIT-margin (%)			EV/Sales			EV/EBIT			P/E		
	(local)	YTD	(EURm)	(EURm)	(CAGR)	(%)	2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E
Median - Consumer/sound peers		0.8%	10,490	10,759	6.7%	36.4%	2.6%	6.1%	9.5%	1.3x	1.0x	0.9x	29.2x	15.4x	11.8x	22.9x	19.7x	15.7x
Median - Lower-tier luxury peers		-3.6%	19,236	20,180	7.4%	44.1%	11.4%	9.4%	10.5%	1.8x	1.7x	1.6x	18.9x	18.4x	15.0x	24.8x	22.4x	17.5x
Median - Higher-tier luxury peers		-18.2%	25,787	36,094	5.3%	66.2%	21.9%	19.8%	22.2%	2.6x	2.6x	2.5x	22.6x	19.5x	14.5x	18.9x	27.2x	21.7x
Median all		-6.8%	13,255	14,495	6.7%	51.7%	11.4%	14.7%	16.1%	2.5x	2.4x	2.2x	20.7x	16.7x	14.5x	22.9x	20.8x	18.1x
Bang & Olufsen A/S	DKK 10.32	-24.1%	197	261	7.2%	58.5%	-3.1%	2.1%	4.5%	0.8x	0.8x	0.7x	-24.6x	35.6x	15.2x	-13.0x	46.0x	19.2x
<i>Premium (+) / Discount (-) to peers</i>										-69%	-68%	-69%	NM	113%	5%	NM	121%	6%

Note: Data from 02 October 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 multiples are based on S&P Capital IQ calendar year(CY) estimates for comparability, as several peers report on non-calendar fiscal years.

Peer Group (2/2) – Full Overview



Company	Price (local)	Total return YTD	Market cap (EURm)	EV (EURm)	Revenue growth (CAGR) 2025-2027E	Gross margin (%) 2025	EBIT-margin (%)			EV/Sales			EV/EBIT			P/E		
							2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E
Sonos Inc.	USD 17.7	0.8%	1,860	1,679	7.7%	44.9%	2.6%	7.5%	14.1%	1.3x	1.2x	1.1x	50.1x	16.1x	8.0x	NM	19.7x	12.0x
Logitech International	CHF 86.4	7.7%	13,255	11,813	4.2%	43.1%	16.1%	18.7%	17.8%	2.9x	2.8x	2.6x	18.2x	14.8x	14.5x	22.9x	NA	20.0x
Koss Corp.	USD 3.9	-6.8%	32	32	N/A	36.4%	-23.6%	N/A	N/A	2.8x	NA	NA	NM	NA	NA	NM	NA	NA
LG Electronics Inc.	KRW 216000	137.5%	23,970	30,075	N/A	23.4%	2.8%	4.7%	4.9%	0.5x	0.5x	0.4x	17.5x	10.1x	9.2x	44.8x	15.7x	12.8x
Goertek Inc.	CNY 22.8	-20.1%	10,490	10,759	6.7%	11.2%	2.1%	4.7%	4.9%	0.8x	0.8x	0.7x	40.2x	17.3x	14.7x	20.2x	20.8x	18.7x
Median - Consumer/sound peers		0.8%	10,490	10,759	6.7%	36.4%	2.6%	6.1%	9.5%	1.3x	1.0x	0.9x	29.2x	15.4x	11.8x	22.9x	19.7x	15.7x
RH	USD 120.5	-32.8%	2,026	5,565	7.5%	44.1%	11.4%	9.4%	10.5%	1.8x	1.7x	1.6x	15.8x	18.4x	15.0x	19.1x	22.4x	14.1x
Porsche AG	EUR 43	-3.6%	39,173	43,822	-2.6%	14.6%	2.0%	6.6%	7.4%	1.2x	1.2x	1.3x	63.4x	19.0x	16.7x	90.9x	22.6x	21.7x
Ralph Lauren Corp.	USD 363.4	3.6%	19,236	20,180	7.4%	69.6%	15.4%	16.8%	17.4%	2.9x	2.7x	2.5x	18.9x	15.8x	14.5x	24.8x	19.7x	17.5x
Median - Lower-tier luxury peers		-3.6%	19,236	20,180	7.4%	44.1%	11.4%	9.4%	10.5%	1.8x	1.7x	1.6x	18.9x	18.4x	15.0x	24.8x	22.4x	17.5x
Prada S.p.A.	HKD 36.9	-15.3%	10,610	14,496	8.5%	80.3%	22.7%	18.9%	19.6%	2.5x	2.3x	2.2x	10.8x	12.1x	11.0x	12.1x	14.1x	12.6x
Kering SA	EUR 210.3	-29.1%	25,787	36,094	2.8%	72.6%	11.1%	12.7%	14.9%	2.5x	2.5x	2.3x	23.0x	19.5x	15.6x	NM	33.3x	21.7x
Burberry Group plc	GBP 10.1	-20.4%	4,255	5,264	4.7%	66.1%	5.1%	7.4%	11.6%	1.9x	1.8x	1.7x	36.4x	24.2x	14.5x	NM	60.8x	22.0x
Moncler S.p.A.	EUR 43.7	-18.2%	11,886	11,979	5.3%	78.1%	28.9%	29.3%	29.6%	3.8x	3.7x	3.4x	13.2x	12.6x	11.6x	18.9x	18.5x	17.1x
LVMH	EUR 378.6	-40.3%	186,663	213,199	2.3%	66.2%	21.9%	21.8%	22.2%	2.6x	2.6x	2.5x	12.0x	12.1x	11.3x	17.3x	17.0x	15.4x
Richemont	CHF 172.9	3.0%	108,958	105,337	9.6%	65.2%	20.9%	19.8%	22.8%	4.8x	4.3x	4.0x	22.6x	21.6x	17.3x	28.8x	27.2x	23.6x
Ferrari N.V.	EUR 343.5	9.0%	66,117	67,857	7.7%	51.7%	29.4%	29.9%	30.5%	9.5x	8.9x	8.2x	32.3x	29.6x	26.9x	38.3x	34.8x	31.1x
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<i>Premium (+) / Discount (-) to peers</i>										<i>-69%</i>	<i>-68%</i>	<i>-69%</i>	<i>NM</i>	<i>113%</i>	<i>5%</i>	<i>NM</i>	<i>121%</i>	<i>6%</i>

Note: Data from 02 October 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

Peermultiples are based on S&P Capital IQ calendar year(CY) estimates for comparability, as several peers report on non-calendar fiscal years.

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



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. As reflected in the sensitivity analysis, the value per share spans a relatively wide range, highlighting 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, the business area is estimated to have a stand-alone value of DKK 10.5–19.0 per share, excluding group net debt. The 2025/26 revenue decline of 6.9% points towards the lower end of the range. In contrast, Q1 2026/27, with 4.4% growth and a 95.4% gross margin, indicates a value closer to the middle. We want to see the TCL ramp-up prove that it can sustainably offset the loss of the HP partnership.

Assumptions:

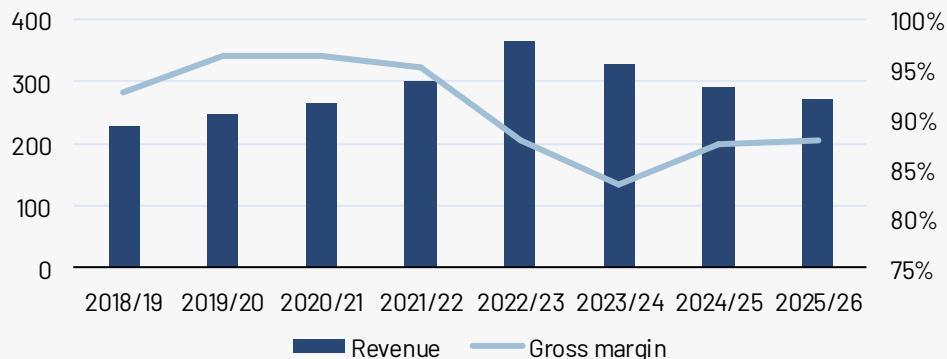
Revenue growth: The segment is generally considered a stable business. However, revenue has declined following the expiry of the HP collaboration in June 2024, partly offset by the six-year TCL partnership, now in year three. In Q1 2026/27, revenue grew 4.4% to DKK 65m on TCL licence income, which management says is ramping up as planned. In September 2026, B&O added a new vertical through a multi-year agreement with Motorola covering selected flagship smartphones. Management expects a limited effect this year and a ramp-up next year, but not at the scale of HP or Ford, so it is not explicitly included in our estimates. We use 0% growth in the terminal year.

EBIT margin: B&O does not disclose EBIT margins for the segment, but only reports gross margins in the range of 83.3% to 96.4% for the period from 2019/20 to 2025/26. In Q1 2026/27, the gross margin rose to 95.4% (93.2%) due to a higher share of licence income. Quarterly margins have, however, varied between 80.4% and 95.4% over the past five quarters. For the budget period, a gross margin of 85% is assumed, slightly below the three-year average. For a license-based business with limited operating costs, EBIT margins are typically expected to be close to gross margin levels. EBIT margins of 60–80% are often seen in pure licensing peers such as Qualcomm, Dolby and Arm, and 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

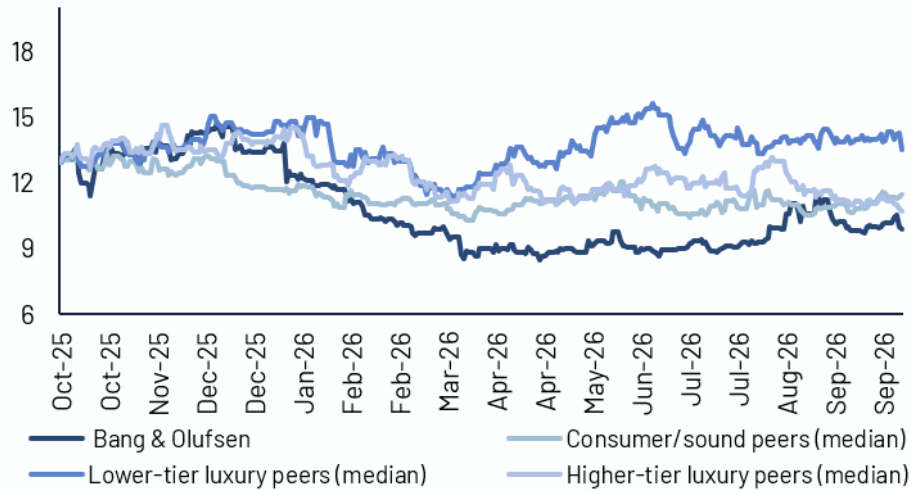


Sensitivity analysis (DKK per share)

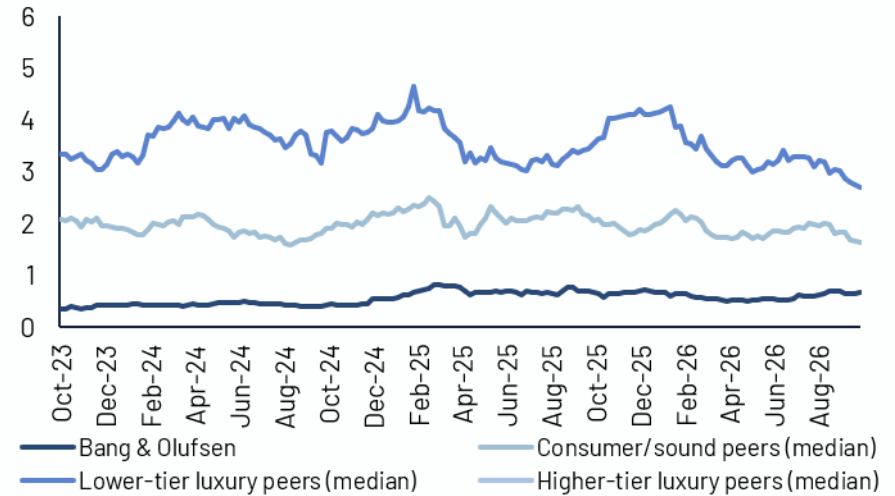
Estimated value per share (DKK)			Revenue growth (%)				
			Bear		Base	Bull	
			-3.0%	-1.5%	0.0%	1.5%	3.0%
EBIT-margin (%)	Bear	60 %	10.5	11.4	12.2	13.2	14.2
		65 %	11.4	12.3	13.3	14.3	15.4
	Base	70 %	12.3	13.3	14.3	15.4	16.6
		75 %	13.2	14.2	15.3	16.5	17.8
	Bull	80 %	14.1	15.2	16.4	17.6	19.0

Valuation vs. Peers

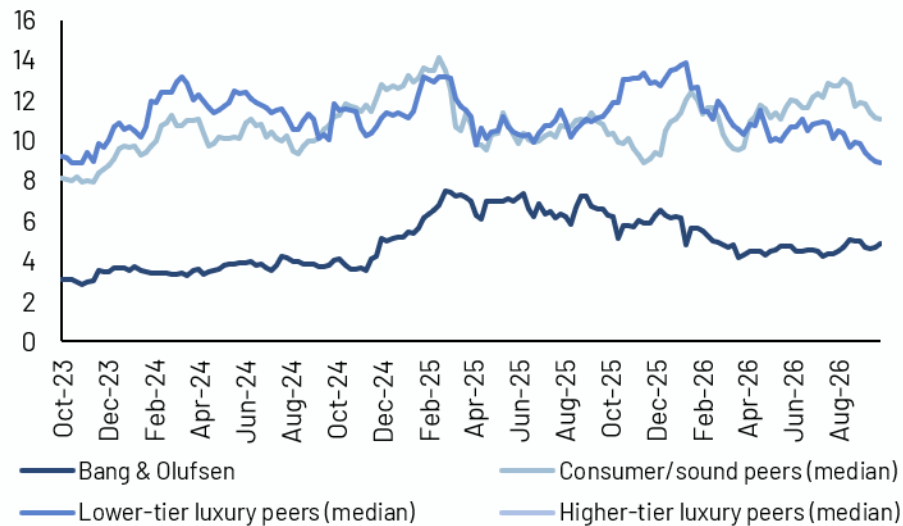
Bang & Olufsen price return vs peer group median



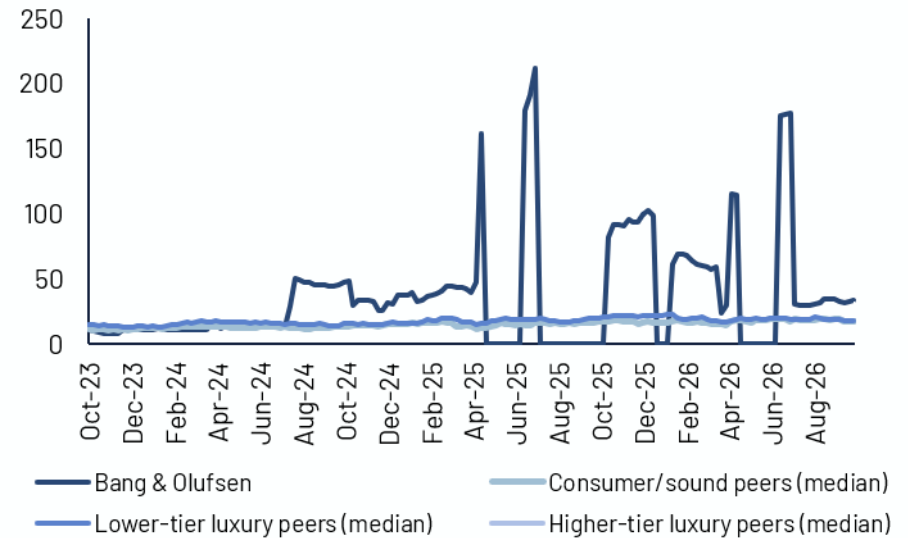
Bang & Olufsen vs peer group EV/Sales (NTM)



Bang & Olufsen vs peer group EV/EBITDA (NTM)

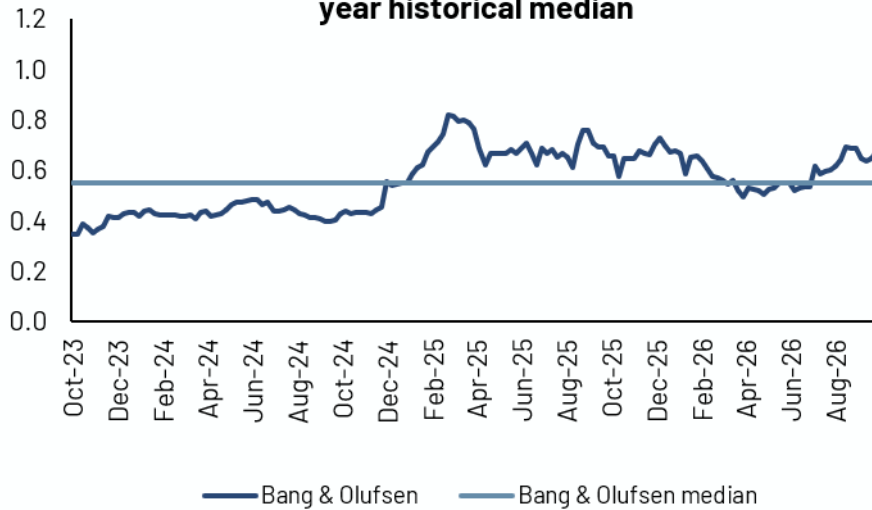


Bang & Olufsen vs peer group EV/EBIT (NTM)

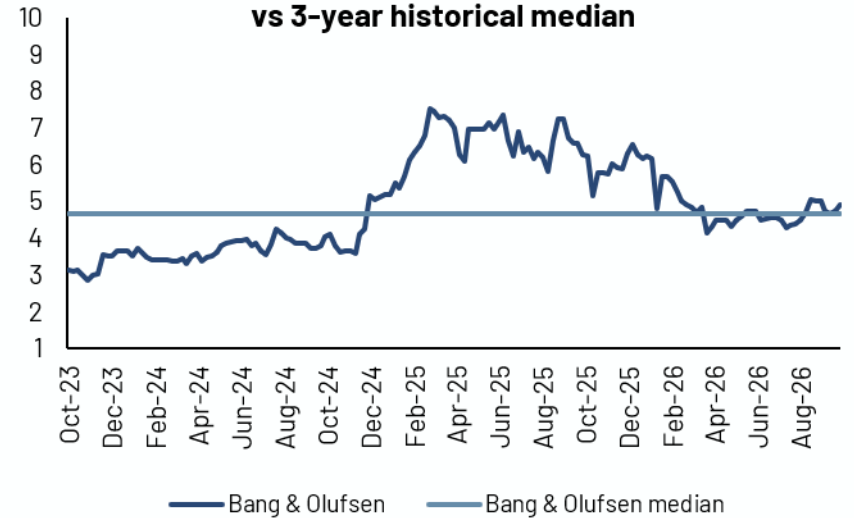


Valuation vs. Historical Levels

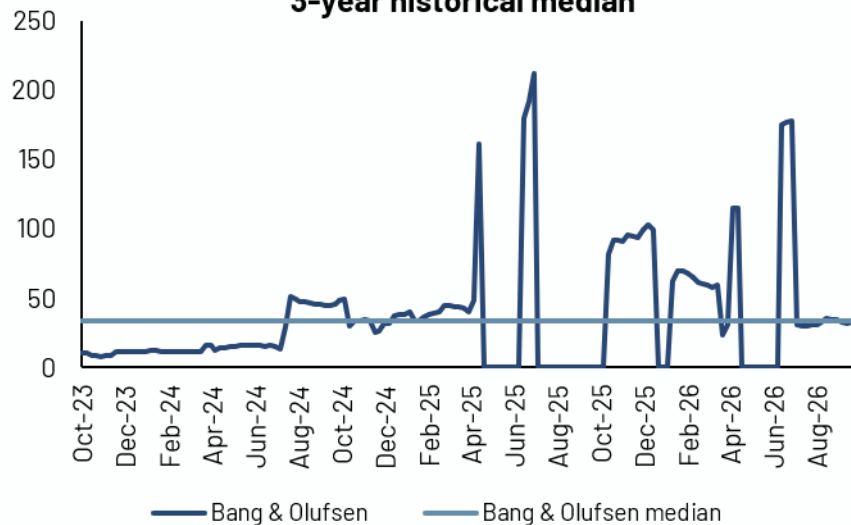
Bang & Olufsen current EV/Sales multiple (NTM) vs 3-year historical median



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



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



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