



# Demant

## Update on the effects of coronavirus

17 June 2020

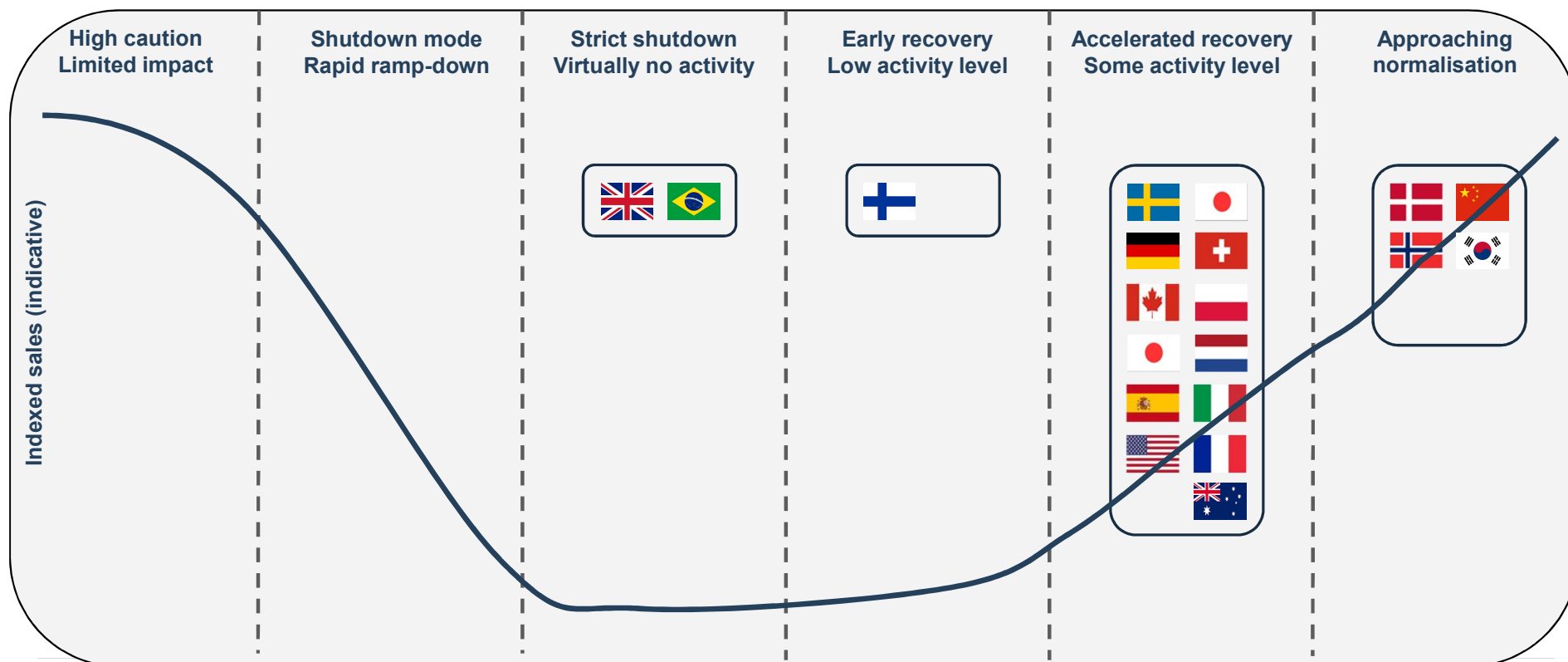
Søren Nielsen, President & CEO

René Schneider, CFO







Investor Relations

# Indicative stage model for key markets

We still lack visibility of the pace of the recovery towards market normalisation



# Improvements reflect re-opening of society

Business activity	Beginning of May Revenue run rate	Mid-June Revenue run rate	Commentary
 Hearing aid wholesale	~20%	<b>60-70%</b>	Improved market conditions with significant differences from country to country
 Hearing aid retail	~20%	<b>40-50%</b>	We have started to re-open clinics in almost all the markets we operate in
 Hearing Implants	~20%	<b>30-40%</b>	We have seen some improvements in both business areas – however BAHS moving faster than CI
 Diagnostics	~60%	<b>60-70%</b>	Increase in sales from new orders in recent weeks – sales in a number of emerging markets still severely impacted
 Communications	~120%	<b>~120%</b>	Continued strong demand for headsets driven by increased usage of virtual collaboration tools
 Group	~30%	<b>50-60%</b>	Demand for hearing healthcare services has increased in recent weeks

*Approximate run rates as % of original expectations*

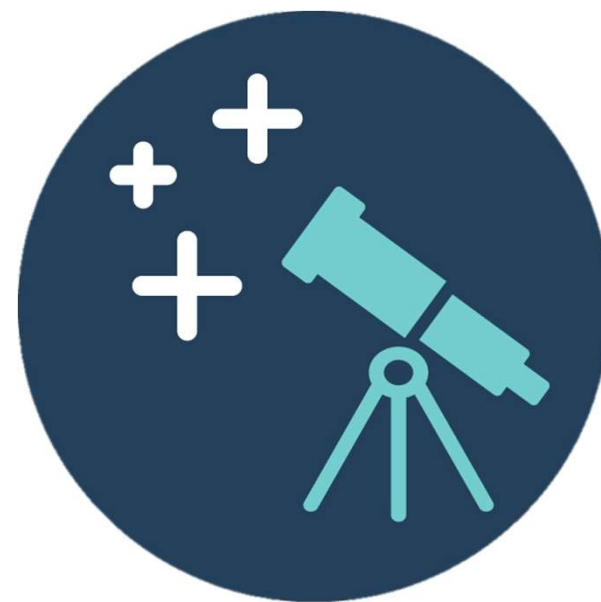
# Extraordinarily mixed picture in 2020

Metric	Beginning of the year	Mid-March	Beginning of May	Mid-June
<b>Revenue</b>	Strong double-digit organic growth	Lockdown of virtually all key markets	Run rate of ~30% of initial expectations	Run rate of 50-60% of initial expectations
<b>Gross profit margin</b>	In line with expectations	Production at full capacity	Low point significantly below normal level	Continued headwind, but margin is improving
<b>OPEX</b>	Low double-digit growth (half organic and half due to EPOS and acquisitions)	Numerous cost-reduction actions taken	Run rate of ~60% of initial expectations	Run rate of 75-85% of initial expectations
<b>Cash flow</b>	Reflecting strong start to the year	Reflecting strong start to the year	Positive before acquisitions and share buy-backs	Significant decrease in cash flows expected in the coming months

- H1 2020 EBIT before one-offs related to the EPOS consolidation expected to be negative
- Limited delay in payments by customers so far, but some level of write-downs expected in H1

## No changes to fundamental drivers of demand for hearing healthcare

- Impact of coronavirus expected to be temporary
- No signs of material changes in users' willingness to seek help and support during the gradual re-opening of society
- Pent-up demand may well spill over into 2021 – timing and magnitude remain uncertain



## Outlook withdrawn since 15 March

- We still lack visibility when it comes to the pace of the ongoing recovery towards normalisation of the hearing healthcare market – especially in some of our main markets
- We maintain the suspension of share buy-backs, pending a better overview of the financial implications of the current situation.
- Updated outlook for 2020 released as soon as we are able to properly assess the impact of coronavirus
- Interim Report 2020 is scheduled for 17 August 2020

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Q&A

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### Virtual roadshows and conferences:

18 June

**JP Morgan Conference**

Interim Report  
2020

17 August