

Bit Market Services

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PRESS RELEASE

B&C Speakers S.p.A.

The Board of Directors approves the Interim Report on Operations at 30 September 2015

- Consolidated revenues of Euro 27.20 million (+13% compared with Euro 24.07 million for the corresponding period in 2014)
- Consolidated EBITDA of Euro 6.46 million (+15.7% compared with Euro 5.58 million for the corresponding period in 2014)
- Group net profit equal to Euro 3.52 million (+6.4% compared with Euro 3.28 million for the corresponding period of 2014);
- Group net financial position of Euro 0.8 million (a positive Euro 2.0 million at year-end 2014)
- The Parent Company's order book was Euro 7.7 million at the end of third quarter period (at 30 September 2014 it was Euro 9.4 million).

Bagno a Ripoli (Fi), 13 November 2015 – The **Board of Directors** of **B&C Speakers S.p.A.**, one of the foremost international players in the design, manufacture, distribution and marketing of professional electro-acoustic transducers (loudspeakers), approved the Interim Report on Operations of the group for the **first nine months of 2015**, prepared in accordance with IFRS international accounting standards.

Consolidated Revenues

Consolidated revenues in the first nine months of 2015 amounted to Euro 27.20 million, and grew strongly, by +13%, compared to the same period of 2014 when they amounted to Euro 24.07 million.

The turnover achieved in the period considered represents a new record level in the company's history and testifies the continuation of the growth trend already noted in the first half of the year.

During the period the Group increased its presence on the Asian market (+61% with sales of 7.2 million euro) and achieved an excellent performance on the South American market (+5% with sales of 2 million euro) and the North American market (+5% with sales of 4.2 million euro). Also on the Italian market the results achieved were up compared with the first nine months of 2014 (+8% with sales of 2.6 million euro). Revenues earned on the European market (still the most important market for



the Group) were broadly in line with those achieved in the first nine months of the previous year (-1% on sales of 10.8 million euro).

As at 30 September 2015, the parent company's order book amounted to Euro 7.7 million, while at the end of the third quarter of 2014 the figure was Euro 9.4 million. The decrease of the order backlog is mainly due to the significant volume of sales made during the period which brought delivery times to the customer more into line.

Cost of Sales

This category includes raw materials (purchasing, processing by third parties and changes in inventories), the cost of personnel directly involved in the production process, transport costs and the costs for commissions payable, customs duties and other direct costs of lesser importance.

During the first nine months of 2015 The proportion of the cost of sales to revenues increased slightly compared to the same period of 2014, rising from 57.36% to 58.42%. This change was due essentially to (i) a slight increase in the costs of purchases of components made in the dollar area and (ii) direct labour costs which increased slightly more than the growth in revenues. The other components of selling costs (transport costs, commissions, transportation and other costs) have substantially maintained the same proportion of revenues.

Indirect personnel

This category refers to costs for staff, executives and workers not directly associated with the production process.

Over the first nine months of 2015 indirect personnel costs increased broadly in line with the increase in turnover, slightly increasing their proportion of revenues (5% in the first nine months of 2015 against 4.7% in the same period last year).

Commercial expenses

This category refers to costs for commercial consultancy, advertising and marketing, travel and subsistence and other minor charges relating to the commercial sector.

Commercial expenses showed no significant changes compared to the first nine months of the previous year. Therefore their proportion of revenues decreased slightly, from 3.1% in the first nine months of 2014 to 2.7% in the first nine months of 2015.

Administrative and General

This category refers to the costs for maintenance and utilities, provision of services not directly linked to the production process, purchases of goods not directly associated with the production process, remuneration for directors, professionals, consultants and supervisory bodies, property rent, hire costs and other indirect costs of lesser importance.

General and administrative costs showed no significant changes compared to the first nine months of the previous year. Therefore their proportion of revenues positively decreased from 11.9% in the first nine months of 2014 to 10.4% in the first nine months of 2015.



EBITDA and EBITDA margin

As a result of the trends illustrated above, EBITDA of the first nine months of 2015 amounted to 6.46 million euro, with an increase of 15.73% compared with the same period of 2014 (in which EBITDA amounted to 5.58 million euro).

The EBITDA margin for the first nine months of 2015 was then equal to 23.76% of revenues, and represented 23.20% thereof during the same period in 2014; this increase is mainly due to higher manufacturing volumes.

EBIT and EBIT margin

EBIT at 30 September 2015 amounted to 5.87 million euro, an increase of 19.21% compared with the same period of 2014 (when the figure was 4.92 million euro). The EBIT margin was 21.57% of revenues (20.44% in the same period of 2014).

Group Net Result and Net Financial Position

The Group's net profit at the end of the first three quarters of 2015 amounted to Euro 3.52 million and represents 13% of consolidated revenues (also up, by 7.4%, compared with the Euro 3.28 million of the corresponding period of 2014).

The Group's financial stability remains very strong, coming out, even after the investments in working capital made to support the growth of production, at (a negative) Euro 0.8 million.

The Group's reclassified Income Statement for the first nine months of 2015 is shown in the table below

Economic trends - Group B&C Speakers

| <i>(€ thousands)</i> | III Quarter 2015 YTD | <i>Incidence</i> | III Quarter 2014 YTD | <i>Incidence</i> |
|---|-------------------------|------------------|-------------------------|------------------|
| Revenues | 27,200 | 100.00% | 24,074 | 100.0% |
| Cost of sales | (15,890) | -58.42% | (13,808) | -57.4% |
| Gross margin | 11,310 | 41.58% | 10,266 | 42.6% |
| Other revenues | 85 | 0.31% | 68 | 0.3% |
| Cost of indirect labour | (1,361) | -5.00% | (1,144) | -4.8% |
| Commercial expenses | (733) | -2.70% | (728) | -3.0% |
| General and administrative expenses | (2,838) | -10.43% | (2,878) | -12.0% |
| Ebitda | 6,463 | 23.76% | 5,584 | 23.2% |
| Depreciation of tangible assets | (543) | -2.00% | (550) | -2.3% |
| Amortization of intangible assets | (53) | -0.19% | (83) | -0.3% |
| Writedowns | 0 | 0.00% | (30) | -0.1% |
| Earning before interest and taxes (Ebit) | 5,867 | 21.57% | 4,921 | 20.4% |
| Financial costs | (599) | -2.20% | (205) | -0.9% |
| Financial income | 340 | 1.25% | 288 | 1.2% |
| Earning before taxes (Ebt) | 5,608 | 20.62% | 5,004 | 20.8% |
| Income taxes | (2,083) | -7.66% | (1,723) | -7.2% |
| Profit for the year | 3,524 | 12.96% | 3,280 | 13.6% |
| Minority interest | 0 | 0.00% | 0 | 0.0% |
| Group Net Result | 3,524 | 12.96% | 3,280 | 13.6% |
| Other comprehensive result | (17) | -0.06% | (96) | -0.4% |
| Total Comprehensive result | 3,508 | 12.90% | 3,184 | 13.2% |



It should be noted that the Group management decided to adopt, beginning with this interim report, an arrangement for the Statement of Comprehensive Income with classification by destination rather than by nature. Therefore, starting from 30 September 2015, the statement of comprehensive income shows a different classification of costs together with the identification of intermediate results in terms of EBITDA, EBIT, EBT and net profit. This approach was adopted with the double aim of (i) aligning the periodic financial disclosure with management reporting used internally by management for decision-making and control purposes and (ii) improving the readability and effectiveness of information in annual and interim reporting towards third parties.

The statement of comprehensive income for the first nine months of 2014 was consequently also reclassified to allow a uniform comparison of magnitudes and economic results. It should be noted that, following the reclassification of costs by destination, EBITDA and EBIT restated in the first nine months of 2014 increased by 23 thousand euro, related to bank charge costs classified in financial charges rather than General and administrative costs.

Significant events during the first nine months of 2015

During the first nine months of 2015, the following significant events, in addition to what already communicated, occurred:

- The collection of new orders was again good and growing compared with the same period of 2014. Orders received by the parent company B&C Speakers S.p.A. during the first nine months of 2015 amounted to Euro 26.7 million (Euro 25.49 million in the first nine months of 2014). The Group management believes that the increasing recovery in order flows is an important indicator of future growth and stability;
- The bullet loan of 5.0 million at 12 months granted by Banca Intesa – CRF was converted into a 4-year loan at fixed rate, with repayment by monthly instalments; the difference was covered by the company's liquidity.

Significant events occurring after 30 September 2015

After the end of the third quarter of 2015 and up to the date of preparation of the Consolidated Interim Report, a significant flow of orders was received by the parent company. The cash flow was considerable in the period and this made it possible to have, already at the end of October, a positive net financial position.

Outlook for the entire year 2015

As regards developments in the entire year 2015, the management of the Parent Company believes that, given the dynamic demand and the production capacity, it is possible to foresee a year-end with revenue volumes significantly up compared with the previous one.



The Brazilian subsidiary achieved results well below expectations owing to the country's continually deteriorating political and economic situation. The Group's management is committed to careful monitoring of both the general economic situation of Brazil and the specific situation of the subsidiary so as to identify in good time signs of impairment.

The Financial Reporting Manager of B&C Speakers S.p.A., Francesco Spapperi, hereby certifies, pursuant to Art. 154-*bis*, paragraph 2 of Italian Legislative Decree No. 58/1998, that the accounting disclosures presented in this press release are consistent with company's accounting documents, books and records.

In accordance with the Regulation approved with CONSOB Resolution 11971/1999, as subsequently amended, we can note that Consolidated Interim Financial Report at 30 June 2015, is available to anyone who requests it at the company's Registered Office and at the "BIT MARKET di Borsa Italiana S.p.A." storage site. The said documentation can also be consulted on the company's website <http://www.bcspeakers.com/investors/it/dati-finanziari/> in the Investor Center section.

B&C Speakers S.p.A.

B&C Speakers S.p.A. is an international leader in the design, production, distribution and marketing of professional electro-acoustic transducers (the main components in acoustic speakers for music, commonly referred to as loudspeakers), supplied mainly to professional audio system manufacturers (OEM). With 120 employees and approximately 10% of staff assigned to its Research and Development Department, B&C Speakers carries out all design, production, marketing and control activities at its headquarters in Florence. Most of its products are developed according to its key customers' specifications. B&C Speakers also operates in the US and Brazil through two subsidiaries carrying out commercial activities.

B&C Speakers S.p.A.

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Consolidated Statement of Financial Position at 30 September 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Values in Euro)

30 September 2015 31 December 2014

| ASSETS | | |
|--|------------------------|-------------------|
| Fixed assets | | |
| Tangible assets | 3,164,698 | 3,402,208 |
| Goodwill | 1,393,789 | 1,393,789 |
| Other intangible assets | 99,208 | 136,249 |
| Deferred tax assets | 272,551 | 325,052 |
| Other non current assets | 152,577 | 219,334 |
| | <i>related parties</i> | <i>88,950</i> |
| Other assets (TFM insurance) | 303,405 | 254,012 |
| Total non current assets | 5,386,228 | 5,730,644 |
| Currents assets | | |
| Inventory | 10,061,966 | 8,018,696 |
| Trade receivables | 8,044,311 | 6,828,276 |
| Tax assets | 573,210 | 1,069,532 |
| Other current assets | 4,212,890 | 5,265,368 |
| Cash and cash equivalents | 451,607 | 4,082,370 |
| Total current assets | 23,343,984 | 25,264,242 |
| Total assets | 28,730,212 | 30,994,886 |
| LIABILITIES | | |
| Equity | | |
| Share capital | 1,074,850 | 1,086,030 |
| Other reserves | 3,541,839 | 4,201,715 |
| Retained Earnings | 8,866,109 | 7,926,561 |
| Fair value reserve | (159,596) | (136,836) |
| Profit/(loss) for the year | 3,507,579 | 4,355,103 |
| Total equity attributable to shareholders of the parent | 16,830,781 | 17,432,573 |
| Minority interest | - | - |
| Total equity | 16,830,781 | 17,432,573 |
| Non current equity | | |
| Long-term borrowings | 3,211,004 | 358,331 |
| Severance Indemnities | 647,843 | 641,535 |
| Provisions for risk and charges | 82,596 | 82,596 |
| Deferred tax liabilities | 43,533 | 43,533 |
| Total non current liabilities | 3,984,976 | 1,125,995 |
| Current liabilities | | |
| Short-term borrowings | 2,050,648 | 6,686,669 |
| Trade liabilities | 3,269,345 | 4,391,910 |
| | <i>related parties</i> | <i>8,707</i> |
| Tax liabilities | 1,583,348 | 548,453 |
| Other current liabilities | 1,011,114 | 809,286 |
| Total current liabilities | 7,914,455 | 12,436,318 |
| Total Liabilities | 28,730,212 | 30,994,886 |



Consolidated Statement of Comprehensive Income for the first nine months of 2015

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Values in Euro) | III Quarter 2015 YTD | III Quarter 2014 YTD |
|--|-------------------------|-------------------------|
| Revenues | 27,199,582 | 24,073,814 |
| Cost of sales | (15,889,915) | (13,807,548) |
| Gross Margin | 11,309,667 | 10,266,266 |
| Other revenues | 84,970 | 68,292 |
| Cost of indirect labour | (1,361,332) | (1,144,283) |
| Commercial expenses | (733,210) | (728,364) |
| General and administrative expenses | (2,837,585) | (2,877,756) |
| | <i>related parties</i> | <i>691,616</i> |
| Ebitda | 6,462,511 | 5,584,155 |
| Depreciation of tangible assets | (542,971) | (550,032) |
| Amortization of intangible assets | (52,987) | (82,756) |
| Writedowns | 0 | (30,000) |
| Earning before interest and taxes | 5,866,553 | 4,921,367 |
| Financial costs | (599,045) | (205,322) |
| Financial income | 340,231 | 287,655 |
| Earning before taxes | 5,607,740 | 5,003,701 |
| Income taxes | (2,083,449) | (1,723,354) |
| Profit for the year (A) | 3,524,291 | 3,280,348 |
| Other comprehensive income/(losses) for the year that will not be reclassified in income statement: | | |
| Exchange differences on translating foreign operations | (26,262) | (75,162) |
| Actuarial gain/(losses) on DBO (net of tax) | 9,550 | (20,841) |
| Total other comprehensive income/(losses) for the year (B) | (16,712) | (96,004) |
| Total comprehensive income (A) + (B) | 3,507,579 | 3,184,344 |
| Profit attributable to: | | |
| Owners of the parent | 3,524,291 | 3,280,348 |
| Minority interest | - | - |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 3,507,579 | 3,184,344 |
| Minority interest | - | - |

Fine Comunicato n.0931-32

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