

Bit Market Services

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September 30th 2016

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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 2016

- Consolidated revenues of Euro 28.53 million (+4.9% compared with Euro 27.20 million for the corresponding period in 2015)
- Consolidated EBITDA of Euro 7.16 million (+10.8% compared with Euro 6.46 million for the corresponding period in 2015)
- Group net profit equal to Euro 4.21 million (+20.01% compared with Euro 3.51 million for the corresponding period of 2015)
- Group positive net financial position of Euro 3.3 million (a positive Euro 1.5 million at year-end 2015)
- The Parent Company's order book was Euro 8.1 million at the end of third quarter period (at 30 September 2015 it was Euro 7.7 million).

Bagno a Ripoli (Fi), 11 November 2016 – 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 2016**, prepared in accordance with IFRS international accounting standards.

Consolidated Revenues

Consolidated revenues in the first nine months of 2016 amounted to Euro 28.53 million, and grew by +4.9%, compared to the same period of 2015 when they amounted to Euro 27.20 million.

The increased turnover achieved is due to the great performance realized during the summer period; in addition, the September revenues of 3,8 million Euro represents the highest monthly level for the Company history.

In the table below we show the breakdown by geographical area of the turnover achieved by the Group during the period under review compared with the same period of the previous year.



Revenues per geographic area <i>(values in Euro/thousand)</i>	3 Q 2016 YTD	%	3 Q 2015 YTD	%	Difference	Difference %
Latin America	1,591,061	5.6%	2,087,707	7.7%	(496,646)	-23.8%
Europe	13,381,690	46.9%	10,878,794	40.0%	2,502,896	23.0%
Italy	2,430,126	8.5%	2,593,148	9.5%	(163,022)	-6.3%
North America	5,463,109	19.1%	4,203,844	15.5%	1,259,265	30.0%
Middle East & Africa	189,680	0.7%	166,247	0.6%	23,433	14.1%
Asia & Pacific	5,478,134	19.2%	7,269,841	26.7%	(1,791,707)	-24.6%
Total	28,533,800	100.0%	27,199,582	100.0%	1,334,218	4.9%

During the period the Group increased significantly its presence on the European market (+23% with sales of Euro 13.4 million) and achieved an excellent performance on the North American market (+30% with sales of Euro 5.5 million).

After a strong growth achieved during the past years, Asian market turnover declined compared with the first nine months of 2015 (-25% with sales of Euro 5.5 million euro).

The South American market is still declining (-24% in respect to the same period of 2015 with revenues at 1.6 million) mainly due to the slow down of the Brazilian one.

Cost of Sales

During the first nine months of 2016 the proportion of the cost of sales to revenues decreased slightly compared to the same period of 2015, going from 58.42% to 57.97%. This change was due essentially to an higher level efficiency on the production side; this greater efficiency has been able to exceed a slight increase in the costs of purchases of components.

Indirect personnel

Over the first nine months of 2016 indirect personnel costs increased broadly in line with the increase in turnover, slightly increasing their proportion of revenues (5.4% in the first nine months of 2016 against 5.0% in the same period last year).

Commercial expenses

Commercial expenses showed no significant changes compared to the first nine months of the previous year. Therefore their proportion of revenues decreased slightly, from 2.7% in the first nine months of 2015 to 2.1% in the first nine months of 2016.

Administrative and General

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 10.4% in the first nine months of 2015 to 9.8% in the first nine months of 2016.

EBITDA and EBITDA margin



As a result of the trends illustrated above, EBITDA of the first nine months of 2016 amounted to 7.16 million euro, with an increase of 10.8% compared with the same period of 2015 (in which EBITDA amounted to 6.46 million euro).

The EBITDA margin for the first nine months of 2016 was then equal to 25.09% of revenues, and represented 23.76% thereof during the same period in 2015; this increase is mainly due to higher manufacturing volumes.

EBIT and EBIT margin

EBIT at 30 September 2016 amounted to 6.52 million euro, an increase of 11.07% compared with the same period of 2015 (when the figure was 5.87 million euro). The EBIT margin was 22.84% of revenues (21.57% in the same period of 2015).

Group Net Result and Net Financial Position

The Group's net profit at the end of the first three quarters of 2016 amounted to Euro 4.21 million and represents 14% of consolidated revenues (also up, by 20%, compared with the Euro 3.51 million of the corresponding period of 2015).

The Group's financial stability remains very strong, the Net Financial Position is positive and amounts to Euro 3.3 million (at the end of 2015 it was positive by Euro 1.5 millions); the increase is mainly due to the significant cash flow from the operating activity (Euro 5.9 million generated during the nine months of 2016).

The Group's reclassified Income Statement for the first nine months of 2016 is shown in the table below

Economic trends - Group B&C Speakers				
(€ thousands)	3Q 2016 YTD	Incidence	3Q 2015 YTD	Incidence
Revenues	28,534	100.00%	27,200	100.0%
Cost of sales	(16,542)	-57.97%	(15,890)	-58.4%
Gross margin	11,992	42.03%	11,310	41.6%
Other revenues	98	0.34%	85	0.3%
Cost of indirect labour	(1,546)	-5.42%	(1,361)	-5.0%
Commercial expenses	(598)	-2.09%	(733)	-2.7%
General and administrative expenses	(2,786)	-9.77%	(2,838)	-10.4%
Ebitda	7,160	25.09%	6,463	23.8%
Depreciation of tangible assets	(568)	-1.99%	(543)	-2.0%
Amortization of intangible assets	(19)	-0.07%	(53)	-0.2%
Writedowns	(57)	-0.20%	0	0.0%
Earning before interest and taxes (Ebit)	6,516	22.84%	5,867	21.6%
Financial costs	(204)	-0.71%	(599)	-2.2%
Financial income	333	1.17%	340	1.3%
Earning before taxes (Ebt)	6,645	23.29%	5,608	20.6%
Income taxes	(2,289)	-8.02%	(2,083)	-7.7%
Profit for the year	4,356	15.27%	3,524	13.0%
Minority interest	0	0.00%	0	0.0%
Group Net Result	4,356	15.27%	3,524	13.0%
Other comprehensive result	(147)	-0.52%	(17)	-0.1%
Total Comprehensive result	4,209	14.75%	3,508	12.9%



Significant events during the first nine months of 2016

During the first nine months of 2016, 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 2015. Orders received by the parent company B&C Speakers S.p.A. during the first nine months of 2016 amounted to Euro 28.8 million (Euro 26.7 million in the first nine months of 2015, +7% in respect to the previous year). The Group management believes that the increasing recovery in order flows is an important indicator of future growth and stability.

Significant events occurring after 30 September 2016

After the end of the third quarter of 2016 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.

The Company is developing a new business division dedicated to acoustic and luminous signs for traffic safety, the commercialization of the related products will likely start by the new year.

During October 2016, the Company has received significant request of shares from new investors, as a consequence of this the treasury Shares as of now have significantly decreased to 58,000 equals to 0,53% of the Equity.

Outlook for the entire year 2016

With regard to the full-year forecast for 2016, the parent company management believes that, given trends in demand and production capacity, it can expect the year to end with significantly increased of Net Result.

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 **Interim Report on Operations at 30 September 2016**, 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 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Values in Euro)

30 Septembre 31 December
2016 2015

ASSETS

Fixed assets

Tangible assets	2,825,643	3,145,378
Goodwill	1,393,789	1,393,789
Other intangible assets	104,532	92,329
Investments in non controlled associates	50,000	50,000
Deferred tax assets	227,371	273,887
Other non current assets	152,331	152,766
	<i>related parties</i>	<i>88,950</i>
Other assets (TFM insurance)	303,405	303,405

Total non current assets **5,057,071** **5,411,554**

Currents assets

Inventory	7,469,253	8,812,521
Trade receivables	7,884,183	7,084,609
Tax assets	276,342	357,913
Other current assets	4,617,983	4,339,376
Cash and cash equivalents	2,505,835	1,495,913

Total current assets **22,753,596** **22,090,332**

Total assets **27,810,667** **27,501,886**

30 Septembre 31 December
2016 2015

LIABILITIES

Equity

Share capital	1,068,156	1,072,541
Other reserves	2,973,258	3,283,847
Retained Earnings	10,280,563	8,879,546
Fair value reserve	(149,547)	(159,596)
Profit/(loss) for the year	4,209,337	5,022,801

Total equity attributable to shareholders of the parent **18,381,767** **18,099,139**

Minority interest - 0

Total equity **18,381,767** **18,099,139**

Non current equity

Long-term borrowings	1,999,970	2,821,554
Severance Indemnities	711,706	660,765
Provisions for risk and charges	107,596	82,596
Deferred tax liabilities	0	0

Total non current liabilities **2,819,272** **3,564,915**

Current liabilities

Short-term borrowings	1,375,330	1,133,516
Trade liabilities	2,562,823	3,180,375
	<i>related parties</i>	<i>961</i>
Tax liabilities	1,482,002	557,040
Other current liabilities	1,189,474	966,901

Total current liabilities **6,609,629** **5,837,832**

Total Liabilities **27,810,668** **27,501,886**



Consolidated Statement of Comprehensive Income for the first nine months of 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3 Q 2016 YTD 3 Q 2015 YTD

(Values in Euro)

Revenues	28,533,800	27,199,582
Cost of sales	(16,541,538)	(15,889,915)
Gross Margin	11,992,262	11,309,667
Other revenues	97,825	84,970
Cost of indirect labour	(1,545,730)	(1,361,332)
Commercial expenses	(597,697)	(733,210)
General and administrative expenses	(2,786,450)	(2,837,585)
	<i>related parties</i>	<i>(693,061)</i>
Ebitda	7,160,210	6,462,511
Depreciation of tangible assets	(567,814)	(542,971)
Amortization of intangible assets	(19,403)	(52,987)
Writedowns	(57,102)	0
Earning before interest and taxes	6,515,890	5,866,553
Financial costs	(203,727)	(599,045)
Financial income	332,984	340,231
Earning before taxes	6,645,146	5,607,740
Income taxes	(2,288,801)	(2,083,449)
Profit for the year (A)	4,356,345	3,524,291
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:		
Actuarial gain/(losses) on DBO (net of tax)	(18,146)	9,550
Other comprehensive income/(losses) for the year that will be reclassified in income statement:		
Exchange differences on translating foreign operations	(128,862)	(26,262)
Total other comprehensive income/(losses) for the year (B)	(147,008)	(16,712)
Total comprehensive income (A) + (B)	4,209,337	3,507,579
Profit attributable to:		
Owners of the parent	4,356,345	3,524,291
Minority interest	-	-
Total comprehensive income attributable to:		
Owners of the parent	4,209,337	3,507,579
Minority interest	-	-
Basic earning per share	0.39	0.32
Diluted earning per share	0.39	0.32

Fine Comunicato n.0931-41

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