



# SPAFID CONNECT

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*Testo del comunicato*

Vedi allegato.



## PRESS RELEASE

### B&C Speakers S.p.A.:

## The Board of Directors approves the draft financial statements for the year 2018

- Consolidated revenues equal to € 54.50 million (an increase of 35.21% compared to € 40.31 million in 2017);
- Consolidated EBITDA equal to € 10.90 million (an increase of 16.81% compared to € 9.33 million in 2017);
- Overall Group result of € 9.39 million (an increase of 53.71% compared with € 6.11 million in 2017);
- Group net financial position negative and equal to € 4.59 million (negative and equal to € 6.72 million at year-end 2017);
- Tax contribution relative to the *Patent Box* for the three-year period 2015-2017 and for 2018 determined in € 2.7 million.
- Proposal to distribute an ordinary dividend equal to € 0.50 per share held with coupon detachment date on May 6, 2019;
- Convening of ordinary Shareholders' Meeting in a single call on April 29, 2019.

*Bagno a Ripoli (prov. Florence), Italy, 18 March 2019* – 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, approved the Financial Statement for the year of the Group in accordance with IFRS international accounting standards. The period in question includes the full contribution of Eighteen Sound S.r.l. in the economic and financial figures of the B&C Speakers Group.

To better understand the economic trends during the period, an indication of trends with the scope of consolidation held equal (B&C Speakers S.p.A. and its foreign subsidiaries) is provided at the end of this press release (see table on page 5).

**Consolidated revenues** in 2018 amounted to € 54.50 million, resulting in growth of 35.21% over 2017 when turnover stood at € 40.31 million.

This significant increase was the result of solid growth of 5.22% achieved by the B&C Speakers Group when the scope of consolidation is held constant with respect to 2017, to which the turnover achieved by Eighteen Sound was added, providing a net contribution of € 12.09 million.

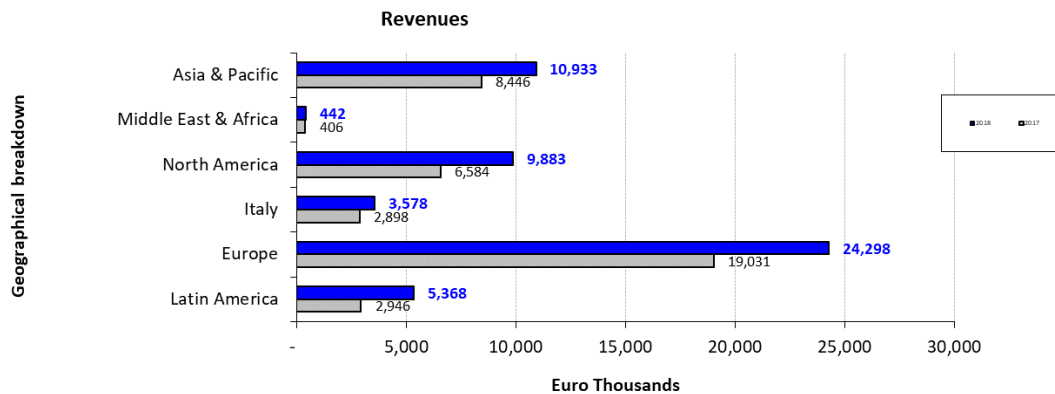
During the period, thanks in part to the effects of the acquisition, the Group saw a significant increase in turnover in all areas. In particular, note that the results achieved in 2018 were driven by



significant growth in the European market (+28% with sales of € 24.29 million), in the North American market (+50% with sales of € 9.88 million), in the Asian market (+29% with sales equal to € 10.9 million) and in the Latin American market (+82% with sales of € 5.37 million). At 23%, growth in the domestic market was also solid.

Below is a breakdown of revenues by geographical area for 2018 (amounts in Euro):

Geographical Area	2018	%	2017	%	Change	% Change
Latin America	5,368,199	10%	2,945,632	7%	2,422,567	82%
Europe	24,297,571	45%	19,030,606	47%	5,266,965	28%
Italy	3,578,470	7%	2,897,716	7%	680,754	23%
North America	9,883,090	18%	6,583,505	16%	3,299,585	50%
Middle East & Africa	441,914	1%	405,849	1%	36,064	9%
Asia & Pacific	10,933,054	20%	8,445,604	21%	2,487,450	29%
<b>Total revenues</b>	<b>54,502,298</b>	<b>100%</b>	<b>40,308,912</b>	<b>100%</b>	<b>14,193,386</b>	<b>35%</b>



During 2018, the proportion of the *cost of sales* to revenues increased compared to the same period of 2017, rising from 58.71% to 62.29%.

The greater impact of the Cost of Sales with respect to revenues was due to the inclusion of the subsidiary Eighteen Sound within the scope of consolidation, which still has margins which are much lower than those of B&C Speakers (the cost of sales ratio would have been equal to 57.97% on revenues when the scope of consolidation is held constant). The positive effects deriving from the integration of the two structures, mainly associated with synergies in acquisitions and production, will be seen progressively during 2019.

#### **Indirect Personnel and Commercial Expenses**

Indirect personnel costs and commercial expenses increased both in absolute terms and in terms of impact on turnover, mainly attributable to the acquisition of Eighteen Sound.



#### ***Administrative and General***

General and administrative costs also increased in a manner less than proportional to the increase in Group sales, reducing their impact by almost one percent. This was essentially due to greater production volumes following the acquisition.

#### ***EBITDA and EBITDA Margin***

Mainly as a result of the trends described above, EBITDA in 2018 increased to € 10.90 million, an increase of 16.81% compared to 2017 (when the amount was € 9.33 million).

**The EBITDA margin** for 2018 was equal to 20.00% of revenues (23.15% in the previous year). The decrease is due to the combined effect of the increase in volumes and the inclusion of Eighteen Sound, which still has lower margins with respect to B&C Speakers (EBITDA margin when the scope of consolidation is held constant would have been equal to 24.38% of revenues).

#### ***Group Net Result and Net Financial Position***

The Group's net profit at the end of 2018 amounted to € 9.39 million with a total increase of 53.71% with respect to 2017. The normalized Group's net profit (without considering the positive non-recurring effect due to the Patent Box contribution) would have been equal to Euro 6.69 million (greater by 9.5% in respect to 2017 figure).

The Net Financial Position at the end of 2018 was negative, equalling € 4.59 million compared to the negative value of 6.72 million at the end of 2017, a positive result when considering the payment of dividends totalling € 4.61 million.

#### **Tax contribution relative to the Patent Box for the five-year period 2015-2019**

Following the conclusion of the request for a ruling from the Tax Authorities, the Parent company quantified the contribution deriving from the Patent Box accruing, over the four year period 2015-2018, in Euro 2.7 million.

As a consequence of this benefit, the company's tax rate has fallen from around 30% of EBT to less than 18% for this year. The agreement with Tax Authorities defined the right to the Patent Box contribution also for 2019.



The Group's reclassified Income Statement schedule relative to 2018 is shown below, compared with the previous year (the schedule represents the situation of the B&C Speakers Group at the end of 2018, following the acquisition of Eighteen Sound S.r.l.):

Economic trends - Group B&C Speakers

(€ thousands)	2018	Incidence	2017	Incidence
Revenues	54,502	100.00%	40,309	100.0%
Cost of sales	(33,948)	-62.29%	(23,667)	-58.7%
<b>Gross margin</b>	<b>20,554</b>	<b>37.71%</b>	<b>16,642</b>	<b>41.3%</b>
Other revenues	642	1.18%	294	0.7%
Cost of indirect labour	(3,681)	-6.75%	(2,264)	-5.6%
Commercial expenses	(1,156)	-2.12%	(941)	-2.3%
General and administrative expenses	(5,459)	-10.02%	(4,399)	-10.9%
<b>Ebitda</b>	<b>10,901</b>	<b>20.00%</b>	<b>9,332</b>	<b>23.2%</b>
Depreciation of tangible assets	(1,096)	-2.01%	(788)	-2.0%
Amortization of intangible assets	(318)	-0.58%	(50)	-0.1%
Writedowns	(20)	-0.04%	(9)	0.0%
<b>Earning before interest and taxes (Ebit)</b>	<b>9,467</b>	<b>17.37%</b>	<b>8,485</b>	<b>21.1%</b>
Financial costs	(636)	-1.17%	(509)	-1.3%
Financial income	360	0.66%	475	1.2%
<b>Earning before taxes (Ebt)</b>	<b>9,192</b>	<b>16.86%</b>	<b>8,452</b>	<b>21.0%</b>
Income taxes	132	0.24%	(2,221)	-5.5%
<b>Profit for the year</b>	<b>9,323</b>	<b>17.11%</b>	<b>6,231</b>	<b>15.5%</b>
Minority interest	0	0.00%	0	0.0%
<b>Group Net Result</b>	<b>9,323</b>	<b>17.11%</b>	<b>6,231</b>	<b>15.5%</b>
Other comprehensive result	63	0.12%	(124)	-0.3%
<b>Total Comprehensive result</b>	<b>9,387</b>	<b>17.22%</b>	<b>6,107</b>	<b>15.2%</b>



For a better understanding of the economic trends, the figures for 2018 and those from the previous year are provided below, with the same scope of consolidation net of the acquisition:

**Economic trends - Group B&C Speakers**  
(same scope of consolidation)

<i>(€ thousands)</i>	<b>2018</b>	<i>Incidence</i>	<b>2017</b>	<i>Incidence</i>
Revenues	42,413	100.00%	40,309	100.00%
Cost of sales	(24,588)	-57.97%	(23,667)	-58.71%
<b>Gross margin</b>	<b>17,825</b>	<b>42.03%</b>	<b>16,642</b>	<b>41.29%</b>
Other revenues	118	0.28%	294	0.73%
Cost of indirect labour	(2,452)	-5.78%	(2,264)	-5.62%
Commercial expenses	(981)	-2.31%	(941)	-2.33%
General and administrative expenses	(4,170)	-9.83%	(4,399)	-10.91%
<b>Ebitda</b>	<b>10,339</b>	<b>24.38%</b>	<b>9,332</b>	<b>23.15%</b>
Depreciation of tangible assets	(762)	-1.80%	(788)	-1.95%
Amortization of intangible assets	(45)	-0.11%	(50)	-0.12%
Writedowns	0	0.00%	(9)	-0.02%
<b>Earning before interest and taxes (Ebit)</b>	<b>9,532</b>	<b>22.47%</b>	<b>8,485</b>	<b>21.05%</b>
Financial costs	(526)	-1.24%	(509)	-1.26%
Financial income	204	0.48%	475	1.18%
<b>Earning before taxes (Ebt)</b>	<b>9,211</b>	<b>21.72%</b>	<b>8,452</b>	<b>20.97%</b>
Income taxes	118	0.28%	(2,221)	-5.51%
<b>Profit for the year</b>	<b>9,328</b>	<b>21.99%</b>	<b>6,231</b>	<b>15.46%</b>
Minority interest	0	0.00%	0	0.00%
<b>Group Net Result</b>	<b>9,328</b>	<b>21.99%</b>	<b>6,231</b>	<b>15.46%</b>
Other comprehensive result	66	0.16%	(124)	-0.31%
<b>Total Comprehensive result</b>	<b>9,394</b>	<b>22.15%</b>	<b>6,107</b>	<b>15.15%</b>

**SIGNIFICANT EVENTS SUBSEQUENT to 31 December 2018**

Flows of customer orders have been lively since the start of 2019. Currently available data cause management to believe that 2019 will show growth with respect to the previous year.



***Other resolutions passed by the same Board of Directors***

The Board of Directors resolve to convene the Shareholders' Meeting on Ordinary Session in a single call on April 29, 2019 with the following agenda:

- 1) Annual and Consolidated Financial Statements as at December 31, 2018. Related and consequent resolutions;
- 2) Remuneration report pursuant to Art. 123-ter of Legislative Decree No. 58/98. Related and consequent resolutions;
- 3) Authorization for the purchase and sale of treasury. Related and consequent resolutions.

**The Board made a proposal to the Shareholders' Meeting, already called for 29 April 2019, to distribute an ordinary dividend of € 0.50 for each ordinary share held.** The coupon detachment date is 6 April 2019, the record date 7 May and payment date 8 May 2019.



The table below shows the Consolidated Income Statement and Balance Sheet for the year 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Values in Euro)	31 December 2018	31 December 2017
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible assets	3,030,360	3,318,310
Goodwill	2,318,181	2,318,181
Other intangible assets	453,866	599,748
Investments in non controlled associates	50,000	50,000
Deferred tax assets	571,322	352,514
Other non current assets	628,836	568,135
	<i>related parties</i>	<i>88,950</i>
<b>Total non current assets</b>	<b>7,052,565</b>	<b>7,206,888</b>
<b>Currents assets</b>		
Inventory	14,001,498	13,215,651
Trade receivables	12,465,753	11,252,674
Tax assets	1,766,925	1,297,287
Other current assets	6,929,438	5,667,487
Cash and cash equivalents	3,190,266	4,411,203
<b>Total current assets</b>	<b>38,353,880</b>	<b>35,844,302</b>
<b>Total assets</b>	<b>45,406,445</b>	<b>43,051,190</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,099,681	1,096,845
Other reserves	5,366,854	5,262,923
Foreign exchange reserve	500,222	435,600
Retained earnings	15,733,541	11,019,113
<b>Total equity attributable to shareholders of the parent</b>	<b>22,700,298</b>	<b>17,814,481</b>
Minority interest	-	0
<b>Total equity</b>	<b>22,700,298</b>	<b>17,814,481</b>
<b>Non current equity</b>		
Long-term borrowings	7,210,266	10,518,623
Severance Indemnities	874,460	805,650
Provisions for risk and charges	40,831	37,831
<b>Total non current liabilities</b>	<b>8,125,557</b>	<b>11,362,104</b>
<b>Current liabilities</b>		
Short-term borrowings	7,094,917	5,788,990
Trade liabilities	5,543,421	6,128,625
	<i>related parties</i>	<i>1,715</i>
Tax liabilities	273,534	414,206
Other current liabilities	1,668,718	1,542,784
<b>Total current liabilities</b>	<b>14,580,590</b>	<b>13,874,605</b>
<b>Total Liabilities</b>	<b>45,406,445</b>	<b>43,051,190</b>





**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(Values in Euro)

**2018 Full year 2017 Full year**

Revenues	54,502,297	40,308,912
Cost of sales	(33,948,141)	(23,666,945)
Other revenues	641,719	293,823
Cost of indirect labour	(3,680,865)	(2,263,784)
Commercial expenses	(1,155,549)	(940,814)
General and administrative expenses	(5,458,820)	(4,399,253)
	<i>related parties</i>	
	(930,390)	(928,887)
Depreciation of tangible assets	(1,096,084)	(787,738)
Amortization of intangible assets	(317,617)	(49,895)
Writedowns	(19,930)	(8,891)
<b>Earning before interest and taxes</b>	<b>9,467,010</b>	<b>8,485,416</b>
Financial costs	(635,696)	(508,641)
Financial income	360,426	474,857
<b>Earning before taxes</b>	<b>9,191,740</b>	<b>8,451,632</b>
Income taxes	131,580	(2,220,837)
<b>Profit for the year (A)</b>	<b>9,323,321</b>	<b>6,230,795</b>
<b>Other comprehensive income/(losses) for the year that will not be reclassified in income statement:</b>		
Actuarial gain/(losses) on DBO (net of tax)	(1,270)	(373)
<b>Other comprehensive income/(losses) for the year that will be reclassified in income statement:</b>		
Exchange differences on translating foreign operations	64,622	(123,570)
<b>Total other comprehensive income/(losses) for the year (B)</b>	<b>63,352</b>	<b>(123,943)</b>
<b>Total comprehensive income (A) + (B)</b>	<b>9,386,673</b>	<b>6,106,852</b>
<b>Profit attributable to:</b>		
Owners of the parent	9,323,321	6,230,795
Minority interest	-	-
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	9,386,673	6,106,852
Minority interest	-	-
<b>Basic earning per share</b>	<b>0.84</b>	<b>0.57</b>
<b>Diluted earning per share</b>	<b>0.84</b>	<b>0.57</b>

The B&C Speakers S.p.A. Financial Reporting Manager Francesco Spapperi confirms – in accordance with art. 154-bis, paragraph 2 of Italian Legislative Decree No. 58/1998, that the accounting disclosures contained in this press release are consistent with company's accounting documents, books and records.

**B&C Speakers S.p.A.**



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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 around 160 employees, approximately 10% of which are assigned to its Research and Development Department, B&C Speakers carries out all design, production, marketing and control activities at its offices in Florence and Reggio Emilia for the brands of the Group: B&C, 18SOUND and CIARE. 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.

Fine Comunicato n.0931-17

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