



SPAFID CONNECT

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PRESS RELEASE

B&C Speakers S.p.A.:

The Board of Directors approves the Interim Report on Operations at 30 June 2019

- Consolidated revenues equal to € 28.39 million (an increase of 1.37% compared to the € 28.01 million for the same period in 2018);
- Consolidated EBITDA equal to € 6.44 million (an increase of 10.25% compared to the € 5.84 million for the same period in 2018);
- Group profit equal to € 4.44 million (23.07% up from the € 3.61 million for the same period in 2018);
- Group net financial position negative and equal to € 12.22 million (negative and equal to € 4.59 million at year-end 2018).

Bagno a Ripoli (Florence), 10 September 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 Group's Interim Report for the first three months of 2019, in accordance with IFRS international accounting standards.

Consolidated revenues

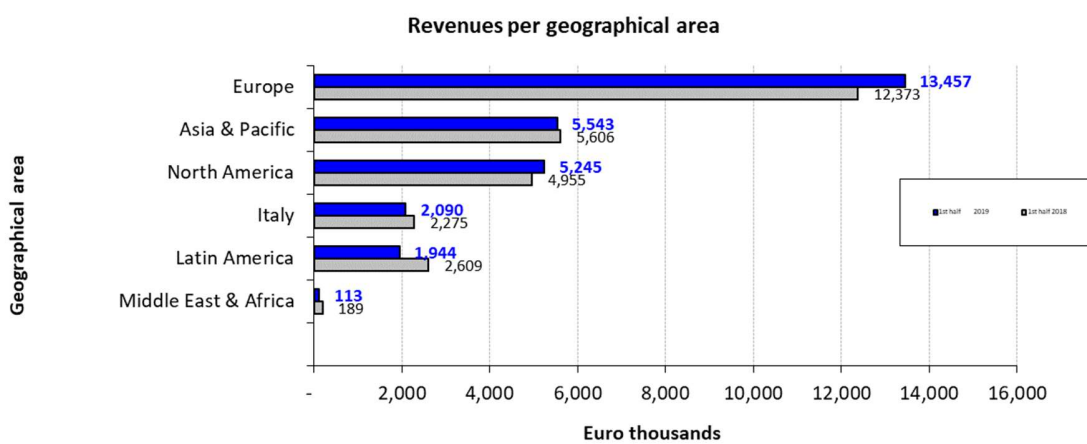
Consolidated revenues in the first half of 2019 amounted to € 28.39 million, with 1.37% growth over the same period in 2018 when turnover was € 28.01 million.

During the period the Group increased its turnover on the European market (+9% with sales of € 13.4 million) and the North American market (+6% with sales of € 5.2 million). In contrast, there was a decrease in sales in the Latin American market (-26%) due to the area's economic difficulties and a slowdown in sales in the Asian markets, particularly China (first half sales amounted to € 2.6 million, down 1% from the 2018 figure).

Below is a full breakdown for the first half of 2019 by geographic area compared with the same period in 2018 (amounts in euro):



Geographical Area	1st half 2019	%	1st half 2018	%	Change	Change %
America Latina	1,943,547	6.8%	2,608,963	9.3%	(665,416)	-26%
Europa	13,456,652	47.4%	12,373,261	44.2%	1,083,391	9%
Italia	2,090,125	7.4%	2,274,561	8.1%	(184,437)	-8%
Nord America	5,244,840	18.5%	4,955,008	17.7%	289,832	6%
Medio Oriente & Africa	113,406	0.4%	189,408	0.7%	(76,002)	-40%
Asia & Pacifico	5,543,038	19.5%	5,606,211	20.0%	(63,173)	-1%
Totale	28,391,607	100.0%	28,007,411	100.0%	384,195	1.37%



Cost of sales

Cost of sales during the first half of 2019 maintained a consistent impact on revenues compared to the first half of 2018, going from 61.45% to 61.01%.

Indirect Personnel

The cost for indirect personnel, though increasing slightly compared to the first half of 2018, maintained a consistent impact on turnover, going from 6.77% to 6.96%.

Commercial Expenses

Commercial expenses, though showing a slight increase in absolute value compared to the first six months of the previous year, decreased their impact on turnover, dropping from 2.16% to 1.88%.

Administrative and General

General and administrative costs decreased by € 462,000, reducing their impact on sales by 1.7%. The effect of this reduction is entirely due to the recognition of operating leases according to the new reference standard (IFRS 16). Applying the previous accounting



methods, these costs would have increased by € 164,000, leaving their impact on revenues substantially unchanged.

EBITDA and EBITDA Margin

Mainly as a result of the changes illustrated above, in the first half of 2019, EBITDA rose to € 6.44 million, with an increase of € 599,000 (+10.25%) compared to the same period in 2018. The increase of EBITDA by € 626,000 was the result of the adoption of IFRS 16. Applying the previous accounting methods, EBITDA would have been € 5.82 million, substantially in line with the € 5.84 million for the corresponding period in 2018.

The EBITDA margin for the first half of 2019 was 22.69% of revenues (20.86% in the first half of the previous year). Adopting the previous accounting method, the *EBITDA margin* would have been 20.48%.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets equalled € 1,160,000 (€ 690,000 in the first half of 2018). Again, this increase is entirely due to the recognition of operating leases according to the new reference standard (IFRS 16).

Group Net Result and Net Financial Position

The Group's net profit at the end of the first half of 2019 amounted to € 4.44 million and represents 15.63% of consolidated revenues, with a total increase of 23.07% with respect to the corresponding period in 2018. The effect of the adoption of IFRS 16 on net profit was not significant.

The Net Financial Position at the end of the first three months of 2019 was negative and equal to € 12.22 million, against a value of € 4.59 million at year-end 2018.

The net financial position at 30 June 2019 was negatively affected by the recognition of usage rights according to the new standard (IFRS 16). In particular, the non-current net financial position includes financial liabilities related to usage rights for € 3.6 million and the current net financial position includes financial liabilities related to usage rights for € 1.2 million. The total effect on the half-year is negative for a total of € 4.8 million.

During May 2019 the Company has distributed a dividend to shareholders, the dividend was equal to 0.5 per share and the total cash-out amounted at 5.5 Euro million.



	30 June 2019 (a)	31 December 2018 (a)	Change %
A. Cash	2,827	3,190	-11%
C. Securities held for trading	6,957	6,527	7%
D. Cash and cash equivalent (A+C)	9,784	9,717	1%
F. Bank overdrafts	(635)	(643)	-1%
G. Current portion of non current borrowings	(7,007)	(6,451)	9%
H. Other financial current borrowings	(1,245)		
I. Current borrowings (F+G)	(8,887)	(7,095)	25%
J. Current net financial position (D+I)	898	2,622	-66%
K. Non current borrowings	(9,554)	(7,210)	33%
M. Other financial non current borrowings	(3,563)		
N. Non current borrowings	(13,117)	(7,210)	82%
O. Total net financial position (J+N)	(12,219)	(4,588)	166%

(a) Informations extracted and / or calculated from the financial statements prepared in accordance with IFRS as adopted by the European Union.



The Group's reclassified Income Statement for the first half of 2019 compared with the same period in 2018 is provided below.

Economic trends - Group B&C Speakers

(€ thousands)	1half 2019	Incidence	1half 2018	Incidence
Revenues	28,392	100.00%	28,007	100.0%
Cost of sales	(17,324)	-61.02%	(17,210)	-61.4%
Gross margin	11,068	38.98%	10,798	38.6%
Other revenues	70	0.25%	194	0.7%
Cost of indirect labour	(1,976)	-6.96%	(1,895)	-6.8%
Commercial expenses	(534)	-1.88%	(605)	-2.2%
General and administrative expenses	(2,186)	-7.70%	(2,648)	-9.5%
Ebitda	6,442	22.69%	5,842	20.9%
Depreciation of tangible assets	(1,019)	-3.59%	(537)	-1.9%
Amortization of intangible assets	(141)	-0.50%	(153)	-0.5%
Writedowns	0	0.00%	(3)	0.0%
Earning before interest and taxes (Ebit)	5,282	18.60%	5,150	18.4%
Financial costs	(310)	-1.09%	(473)	-1.7%
Financial income	590	2.08%	203	0.7%
Earning before taxes (Ebt)	5,561	19.59%	4,880	17.4%
Income taxes	(1,124)	-3.96%	(1,275)	-4.6%
Profit for the year	4,438	15.63%	3,606	12.9%
Minority interest	0	0.00%	0	0.0%
Group Net Result	4,438	15.63%	3,606	12.9%
Other comprehensive result	(55)	-0.19%	80	0.3%
Total Comprehensive result	4,382	15.44%	3,686	13.2%

Significant events subsequent to 30 June 2019

In July, a complete overhaul of the productive structure of the subsidiary Eighteen Sound was begun. This project in the speaker production line will require a total investment of around € 600,000 and will deliver greater efficiency and improved production efficiency thanks to the automation elements introduced. This venture will also attract tax benefits through application of the "iperammortamento" (hyper depreciation) mechanism:

Business outlook

The flow of orders from customers and the data available to the management at the date of preparation of this report suggest that 2019 will be a satisfying year, with confirmation of the previous year's positive results for parent company and subsidiaries alike.

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 the 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 whom 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.



Consolidated Equity Financial Position at 30 June 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Values in Euro)	30 June 2019	31 December 2018
ASSETS		
Fixed assets		
Tangible assets	2,977,207	3,030,360
Right of use	4,772,967	-
Goodwill	2,318,181	2,318,181
Other intangible assets	400,280	453,866
Investments in non controlled associates	50,000	50,000
Deferred tax assets	557,263	571,322
Other non current assets	633,364	628,836
	<i>related parties</i>	88,950
Total non current assets	11,709,262	7,052,565
Currents assets		
Inventory	15,398,219	14,001,498
Trade receivables	14,820,705	12,465,753
Tax assets	855,461	1,766,925
Other current assets	7,437,256	6,929,438
Cash and cash equivalents	2,827,497	3,190,266
Total current assets	41,339,138	38,353,880
Total assets	53,048,400	45,406,445
LIABILITIES		
Equity		
Share capital	1,097,211	1,099,681
Other reserves	5,075,941	5,366,854
Foreign exchange reserve	460,163	500,222
Retained earnings	14,664,189	15,733,541
Total equity attributable to shareholders of the parent	21,297,504	22,700,298
Minority interest	-	0
Total equity	21,297,504	22,700,298
Non current equity		
Long-term borrowings	9,554,042	7,210,266
Long-term lease liabilities	3,562,825	-
	<i>related parties</i>	2,646,264
Severance Indemnities	862,293	874,460
Provisions for risk and charges	40,831	40,831
Total non current liabilities	14,019,991	8,125,557
Current liabilities		
Short-term borrowings	7,642,040	7,094,917
Short-term lease liabilities	1,244,625	-
	<i>related parties</i>	938,308
Trade liabilities	6,583,275	5,543,421
	<i>related parties</i>	1,114
Tax liabilities	166,217	273,534
Other current liabilities	2,094,748	1,668,718
Total current liabilities	17,730,905	14,580,590
Total Liabilities	53,048,400	45,406,445



Consolidated Income Statement for the first half of 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Values in Euro)	1 half 2019	1 half 2018
Revenues	28,391,607	28,007,411
Cost of sales	(17,323,737)	(17,209,801)
Other revenues	69,880	193,529
Cost of indirect labour	(1,976,060)	(1,894,895)
Commercial expenses	(533,672)	(605,448)
General and administrative expenses	(2,186,438)	(2,648,341)
	<i>related parties</i>	<i>0</i>
Depreciation and amortization	(1,159,781)	(689,855)
Writedowns	0	(2,508)
Earning before interest and taxes	5,281,799	5,150,092
Financial costs	(310,404)	(472,694)
	<i>related parties</i>	<i>(46,471)</i>
Financial income	590,082	202,874
Earning before taxes	5,561,477	4,880,272
Income taxes	(1,123,896)	(1,274,580)
Profit for the year (A)	4,437,581	3,605,692
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:		
Actuarial gain/(losses) on DBO (net of tax)	(15,185)	2,158
Other comprehensive income/(losses) for the year that will be reclassified in income statement:		
Exchange differences on translating foreign operations	(40,059)	78,307
Total other comprehensive income/(losses) for the year (B)	(55,244)	80,465
Total comprehensive income (A) + (B)	4,382,337	3,686,157
Profit attributable to:		
Owners of the parent	4,437,581	3,605,692
Minority interest	-	-
Total comprehensive income attributable to:		
Owners of the parent	4,382,337	3,686,157
Minority interest	-	-
Basic earning per share	0.40	0.33
Diluted earning per share	0.40	0.33

Fine Comunicato n.0931-22

Numero di Pagine: 10