



SPAFID CONNECT

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PRESS RELEASE

B&C Speakers S.p.A.:

The Board of Directors approves the draft financial statements for the year 2019

- Consolidated revenues equal to € 56.29 million (an increase of 3.27% compared to € 54.50 million in 2018);
- Consolidated EBITDA equal to € 12.58 million (an increase of 15.40% compared to € 10.90 million in 2018);
- Overall Group result of Euro 8.67 million (down by 7.67% compared with Euro 9.39 million in 2018);
- Group net financial position negative and equal to € 5.00 million (negative and equal to € 5.59 million at year-end 2018);
- Proposal to distribute an ordinary dividend of € 0.20 per share held with coupon detachment date on 4 May 2020;
- Ordinary and extraordinary shareholders' meeting called for 29 April 2020.

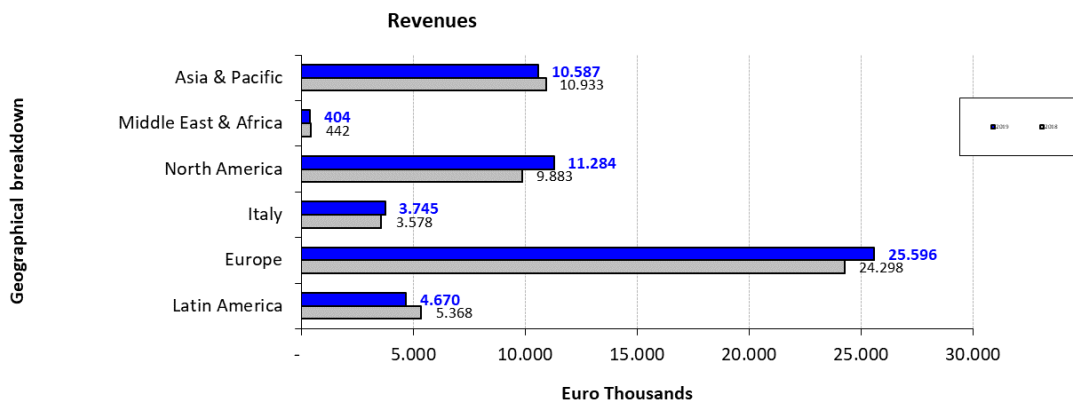
Bagno a Ripoli (Florence), 20 March 2020 – The **Board of Directors** of **B&C Speakers S.p.A.**, one of the foremost international players in the design, manufacture, distribution and marketing of professional electro-acoustic transducers, approved the 2019 draft financial statements prepared in accordance with IFRS international accounting standards.

Consolidated revenues in 2019 amounted to € 56.29 million, resulting in growth of 3.27% over 2018 when turnover stood at € 54.50 million.

During 2019, the Group increased its turnover in Europe (+5% with sales of € 25.59 million) and in North America (+14% with sales of € 11.3 million). Conversely, a drop was recorded in the Latin American market (-13%) due to widespread political instability on the continent, with a slight slowdown in sales in the Asian market, especially in China.

Below is a breakdown of revenues by geographical area for 2019 (amounts in Euro):

Geographical Area	2019	%	2018	%	Change	% Change
Latin America	4.670.023	8%	5.368.199	10%	(698.175)	-13%
Europe	25.596.396	45%	24.297.571	45%	1.298.825	5%
Italy	3.745.025	7%	3.578.470	7%	166.556	5%
North America	11.284.178	20%	9.883.090	18%	1.401.088	14%
Middle East & Africa	404.264	1%	441.914	1%	(37.650)	-9%
Asia & Pacific	10.587.354	19%	10.933.054	20%	(345.700)	-3%
Total revenues	56.287.240	100%	54.502.298	100%	1.784.942	3%



During 2019, the proportion of the **cost of sales** to revenues decreased compared to the same period of 2018, going from 62.29% to 61.42%. The improved incidence in the cost of sales can be attributed primarily to the positive effects resulting from the synergies introduced in procurements and production with the subsidiary Eighteen Sound S.r.l., which contributed significantly during 2019.

Indirect Personnel

The cost for indirect personnel, though increasing slightly compared to 2018, maintained a consistent impact on turnover, going from 6.75% to 6.92%.

Commercial expenses

Commercial expenses, though showing a slight increase in absolute value compared to the previous year, decreased their impact on turnover, going from 2.12% to 2.30%.

Administrative and General

General and administrative costs decreased by € 1,285 thousand, reducing their impact on sales by 2.6%. The effect of this decrease was mainly due to the adoption of the new accounting standard IFRS 16 "Leases", applied as of 1 January 2019 and better described in the section on "Accounting standards, amendments and interpretations applied from 1 January 2019". Applying the previous accounting methods, these costs would nonetheless have decreased by € 36 thousand, leaving the impact on revenues substantially unchanged from the previous year.

EBITDA

Due to the trends described above, EBITDA in 2019 increased to € 12.58 million, an increase of 15.40% (equalling € 1.68 million) compared to 2018 when it amounted to € 10.90 million. The € 1,249 thousand increase in EBITDA was the result of having adopted IFRS 16. Based on the previous accounting treatment, EBITDA would have amounted to € 11.33 million, showing an increase of 3.94% compared to 2018.

EBITDA margin

The EBITDA margin for 2019 was equal to 22.35% of revenues (20.00% in the previous year). Adopting the previous accounting treatment, the EBITDA margin would have been 20.13% (essentially in line with the previous year).

Group Net Result and Net Financial Position

The Group's net profit at the end of 2019 amounted to € 8.61 million and represents 15.30% of



consolidated revenues with a total increase of 7.63% with respect to the previous period. The effect of adopting IFRS 16 on net profits was not significant. Note that the Group's average tax rate is at 19.1%, mainly due to the effects of the tax benefit (for € 0.8 million) obtained through the “Patent Box”, recognised again in 2019 for the parent company B&C Speakers S.p.A.

The Group’s overall Net Financial Position (including portfolio securities held for liquidity purposes), is negative and equal to € 5.01 million, compared to the figure of € 4.59 at the end of 2018, mainly due to the payment of the dividend in May 2019 and adoption of the new IFRS 16 standard.

<i>Values in Euro thousands</i>	31 december 2019 (a)	31 december 2018 (a)	Variazione
A. Cash	5.277	3.190	65%
C. Securities held for trading	7.916	6.527	21%
D. Cash and cash equivalent (A+C)	13.194	9.717	36%
F. Bank overdrafts	(314)	(643)	-51%
G. Current portion of non current borrowings	(6.686)	(6.451)	4%
H. Current lease liabilities	(1.138)	-	
I. Current borrowingse (F+G)	(8.138)	(7.095)	15%
J. Current net financial position (D+I)	5.056	2.622	93%
K. Non current borrowings	(6.958)	(7.210)	-4%
M. Non current lease liabilities	(3.104)	-	
N. Non current borrowings	(10.062)	(7.210)	40%
O. Total net financial position (J+N)	(5.006)	(4.588)	9%

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

The net financial position at 31 December 2019 was negatively affected by the recognition of usage rights according to IFRS 16. In particular, the current net financial position includes financial liabilities related to usage rights for € 1.1 million, and the current net financial position includes financial liabilities related to usage rights for € 3.1 million. The total effect on 2019 is negative for a total of € 4.2 million.



The Group's reclassified Income Statement for 2019 compared to the previous period is shown in the table below:

Economic trends - Group B&C Speakers

(€ thousands)	2019	Incidence	2018	Incidence
Revenues	56.287	100,00%	54.502	100,0%
Cost of sales	(34.574)	-61,42%	(33.948)	-62,3%
Gross margin	21.714	38,58%	20.554	37,7%
Other revenues	232	0,41%	642	1,2%
Cost of indirect labour	(3.895)	-6,92%	(3.681)	-6,8%
Commercial expenses	(1.297)	-2,30%	(1.156)	-2,1%
General and administrative expenses	(4.174)	-7,42%	(5.459)	-10,0%
Ebitda	12.580	22,35%	10.901	20,0%
Depreciation of tangible assets	(1.990)	-3,54%	(1.096)	-2,0%
Amortization of intangible assets	(302)	-0,54%	(318)	-0,6%
Writedowns	(1)	0,00%	(20)	0,0%
Earning before interest and taxes (Ebit)	10.286	18,27%	9.467	17,4%
Financial costs	(568)	-1,01%	(636)	-1,2%
Financial income	932	1,66%	360	0,7%
Earning before taxes (Ebt)	10.650	18,92%	9.192	16,9%
Income taxes	(2.039)	-3,62%	132	0,2%
Profit for the year	8.612	15,30%	9.323	17,1%
Minority interest	0	0,00%	0	0,0%
Group Net Result	8.612	15,30%	9.323	17,1%
Other comprehensive result	55	0,10%	63	0,1%
Total Comprehensive result	8.667	15,40%	9.387	17,2%

SIGNIFICANT EVENTS SUBSEQUENT TO 31 DECEMBER 2019

Considering the current situation related to the socio-economic effects of Covid-19 (Coronavirus), and the uncertainty regarding the duration and geographic extent of this epidemic, it is still premature to forecast the extent of the impact that this could have in coming months. The Company is nonetheless closely monitoring the situation, and is ready to implement the necessary measures and initiatives.

Medium and long-term fundamentals for the market in which the Group operates remain good, even though the effects of the crisis will require some time (which currently cannot be determined, but will certainly not be short-term), before people can once again partake in the entertainment segment.

The management is confident that the Group's positioning and commercial strength will allow it to manage the negative effects of the crisis as well as allow it to better capture future signs of recovery.

Other resolutions passed by the same Board of Directors

The Board has called the Shareholders' Meeting, with a single call for 29 April 2020, with the following Agenda:

- in the ordinary session

1) Separate and consolidated financial statements at 31 December 2019. Related and consequent resolutions;



2) Remuneration Report in accordance with Art. 123-ter of Italian Legislative Decree No. 58/98. Related and consequent resolutions;

3) Authorisation for the purchase and disposal of treasury shares; related and consequent resolutions.

Based on current uncertainties surrounding the Covid-19 pandemic, which concurrently give rise to greater risks and investment opportunities, on a prudential basis, the Board of Directors proposes that the Issuer's shareholders' meeting approve the issue of an ordinary dividend of € 0.20 per share in circulation; it is noted that the dividend issue derives entirely from profit for the 2019 period.

The envisaged dividend issue date is 4 May 2020 - in accordance with the directives issued by Borsa Italiana S.p.A. – with a record date of 5 May 2020 and consequent payment (“payment date”) on 6 May 2020.

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 relating to the figures for the year ended 31 December 2019, as presented in this press release, are consistent with the company's accounting documents, books and records.



The table below shows the Consolidated Income Statement and Balance Sheet for the year 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Values in Euro)	31 December 2019	31 December 2018
ASSETS		
Fixed assets		
Tangible assets	3.252.228	3.030.360
Right of use	4.179.283	-
Goodwill	2.318.181	2.318.181
Other intangible assets	351.582	453.866
Investments in non controlled associates	50.000	50.000
Deferred tax assets	612.160	571.322
Other non current assets	665.646	628.836
	<i>related parties</i>	88.950
Total non current assets	11.429.080	7.052.565
Currents assets		
Inventory	13.492.428	14.001.498
Trade receivables	12.842.205	12.465.753
Tax assets	843.794	1.766.925
Other current assets	8.396.516	6.929.438
Cash and cash equivalents	5.277.278	3.190.266
Total current assets	40.852.221	38.353.880
Total assets	52.281.301	45.406.445
LIABILITIES		
Equity		
Share capital	1.097.829	1.099.681
Other reserves	5.043.360	5.366.854
Foreign exchange reserve	560.962	500.222
Retained earnings	18.910.616	15.733.541
Total equity attributable to shareholders of the parent	25.612.766	22.700.298
Minority interest	-	0
Total equity	25.612.766	22.700.298
Non current liabilities		
Long-term borrowings	6.957.599	7.210.266
Long-term lease liabilities	3.104.267	-
	<i>related parties</i>	2.290.500
Severance Indemnities	891.965	874.460
Provisions for risk and charges	38.238	40.831
Total non current liabilities	10.992.069	8.125.557
Current liabilities		
Short-term borrowings	6.999.955	7.094.917
Short-term lease liabilities	1.138.075	-
	<i>related parties</i>	867.957
Trade liabilities	4.959.909	5.543.421
	<i>related parties</i>	4.377
Tax liabilities	720.077	273.534
Other current liabilities	1.858.450	1.668.718
Total current liabilities	15.676.466	14.580.590
Total Liabilities	52.281.302	45.406.445



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Values in Euro)

	2019	2018
Revenues	56.287.240	54.502.297
Cost of sales	(34.573.611)	(33.948.141)
Other revenues	231.830	641.719
Cost of indirect labour	(3.894.779)	(3.680.865)
Commercial expenses	(1.297.027)	(1.155.549)
General and administrative expenses	(4.174.074)	(5.458.820)
	<i>related parties</i>	0
Depreciation and amortization	(2.292.241)	(1.413.702)
Writedowns	(996)	(19.930)
Earning before interest and taxes	10.286.343	9.467.010
Financial costs	(568.298)	(635.696)
	<i>related parties</i>	(88.766)
Financial income	932.439	360.426
Earning before taxes	10.650.484	9.191.740
Income taxes	(2.038.929)	131.580
Profit for the year (A)	8.611.555	9.323.321
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:		
Actuarial gain/(losses) on DBO (net of tax)	(5.720)	(1.270)
Other comprehensive income/(losses) for the year that will be reclassified in income statement:		
Exchange differences on translating foreign operations	60.739	64.622
Total other comprehensive income/(losses) for the year (B)	55.019	63.352
Total comprehensive income (A) + (B)	8.666.575	9.386.673
Profit attributable to:		
Owners of the parent	8.611.555	9.323.321
Minority interest	-	-
Total comprehensive income attributable to:		
Owners of the parent	8.666.575	9.386.673
Minority interest	-	-
Basic earning per share	0,78	0,85
Diluted earning per share	0,78	0,85

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 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.

Fine Comunicato n.0931-7

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