



SPAFID CONNECT

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Testo del comunicato

Vedi allegato.



COMUNICATO STAMPA

B&C Speakers S.p.A.:

The Board of Directors approves the Interim Report on Operations as at 31 March 2020

- Consolidated revenues equal to € 11.79 million (a decrease of 15.89% compared to the € 14.02 million for the same period in 2019);
- Consolidated EBITDA equal to € 2.37 million (a decrease of 24.84% compared to the €3.15 million for the same period in 2019);
- Group profit equal to € 0.46 million (a decrease of 79.45% compared to the € 2.23 million for the same period in 2019);
- Group net financial position equal to 5.15 million di Euro (equal to € 5.00 million at year-end 2019);
- Decisive and significant actions were initiated to mitigate the financial and economic effects associated with Covid19 - further strengthening of the already solid financial structure with additional credit lines and time extension of the existing lines.

Bagno a Ripoli (prov. Florence), Italy, May 14, 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 Group's Interim Report for the first three months of 2019 in accordance with IFRS international accounting standards.

*"From the beginning of the Covid-19 emergency in early March and even more so, with the resumption of production that took place from May 4, 2020, our top priority has been protecting the health of our people while continuing to serve and support our customers in total safety. Although the current circumstances are unparalleled, we keep on managing our Company thanks to the qualities that have always distinguished us: flexibility in operational decisions and high attention to customer management. We have also taken actions aimed at mitigating the financial and economic impact of this unprecedented crisis, such as taking out new financial loans aimed at increasing liquidity in the short term, also starting a process of revisiting costs which does not concern only resorting to the redundancy fund" commented **Lorenzo Coppini, CEO of B&C Speakers**. "Looking beyond the immediate future, we are confident that our unique competitive positioning and the history of our brands are the preconditions for a rapid restart when there are right market conditions."*

Consolidated revenues

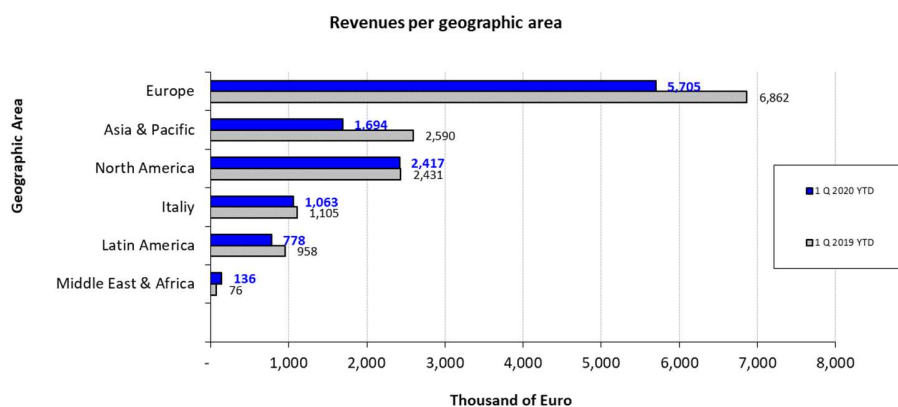


After a good performance at the beginning of 2020, which would have guaranteed a turnover in line with the IQ 2019, the containment measures adopted by the Italian Government, which led to the closure of the Group companies starting from March 20 in Florence and already from March 13 in Reggio Emilia, they caused the loss of approximately 2 million orders in our portfolio. As a consequence, the revenues realized during the first three months of 2020 amount to Euro 11.79 million, down 15.89% compared to the same period of 2019 when the turnover stood at 14.02 million Euros.

The decrease in Group turnover compared to the first quarter of 2019 was particularly focused on the European market (-16.9% with an absolute value decrease of Euro 1.15 million) and on the Asian market (-34, 6% with a decrease in absolute value of Euro 0.89 million). This decrease is attributable to the geographical spread of the Covid19 pandemic, which hit the Asian market first and then the European market, only at the end of the quarter.

A full breakdown for the first three months of 2020 by geographic areas is provided here below, compared with the same period of 2019 (amounts in thousands of Euros):

Revenues per geographic area <i>(values in Euro/thousand)</i>	I Q 2020 YTD	%	I Q 2019 YTD	%	Difference	Difference %
Latin America	778	7%	958	7%	(180)	-19%
Europe	5,705	48%	6,862	49%	(1,157)	-17%
Italy	1,063	9%	1,105	8%	(42)	-4%
North America	2,417	20%	2,431	17%	(14)	-1%
Middle East & Africa	136	1%	76	1%	60	80%
Asia & Pacific	1,694	14%	2,590	18%	(896)	-35%
Total	11,792	100%	14,021	100%	(2,229)	-16%





Cost of sales

This category includes the consumption of materials (purchases, third party processing and changes in inventories), the cost of personnel directly involved in the production process, transport costs and costs for passive commissions, customs duties and other minor direct costs.

The cost of sales showed a worsening of its incidence on revenues during the first three months of 2020 compared to the first three months of 2019, going from 61.88% to 63.39%. This worsening is attributable to the contraction in turnover that has occurred since the second half of March (as a result of the closure of economic activities starting from 23 March 2020), not yet balanced by the cost containment policies that the company has started.

Indirect Personnel

The cost for indirect personnel, although slightly decreasing compared to the first three months of 2019, increased its incidence on turnover from 6.94% to 7.65%, again due to the contraction in revenues not yet balanced by resorting to social safety nets.

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 show a sharp decrease in absolute value compared to the first three months of the previous year as well as a slight reduction in the incidence on turnover which went from 1.97% to 1.72%. The effect of this reduction is due to the immediate reduction in costs for commercial activities in general, also caused by the cancellation of two important trade shows that should have taken place during the first half of the year.

Administrative and General

General and administrative costs remained almost unchanged compared to the first three months of the previous year, increasing their incidence on turnover, which went from 6.92% to 7.63%.

EBITDA and EBITDA Margin

Mainly as a result of the dynamics described above, EBITDA for the first three months of 2020 is equal to Euro 2.37 million, with a decrease of 0.78 million Euros (-24.84%) compared to the same period of 2019

L'EBITDA margin for the first three months of 2020 is equal to 20.06% of revenues (22.44% in the first three months of the previous year).

Depreciation

Depreciation of tangible and intangible fixed assets and rights of use amounted to Euro 0.55 million (Euro 0.60 million in the first three months of 2019).



Provisions

Provisions made in this quarter amount to Euro 0.11 million (no provision in the first three months of 2019) and refer to what was prudently set aside to take into account the increased risk of bad debt of trade receivables, following the ongoing crisis generated by the Covid-19 epidemic.

EBIT ed EBIT margin

EBIT for the first three months of 2020 amounts to Euro 1.70 million, a decrease of 33.18% compared to the same period of 2019 (when it was Euro 2.54 million). The EBIT margin is equal to 14.42% of revenues (18.15% in corresponding period of 2019).

Group Net Result and Net Financial Position

The Group's net profit at the end of the first three months of 2020 amounts to Euro 0.46 million and represents a percentage of 3.88% of consolidated revenues with an overall decrease of 79.45% compared to the corresponding period of 2019. This decrease, in addition to the effect of the trends outlined above, is affected by the important increase in financial charges mainly related to the losses estimated from the valuation of the securities held in the portfolio, which amount to Euro 0.96 million and which are affected by the serious crisis of the financial markets caused by the spread of the Covid-19 epidemic. The securities portfolio has in fact already recovered a significant part of the loss (at the moment it has already been reduced to 0.7 million compared to the end of March) and given the quality of the securities that comprises it, it is reasonable that it may continue towards a complete recovery.

The **Net Financial Position** at the end of the first three months of 2020 was equal to Euro 5.15 million against a value of 5.00 at the end of the 2019 financial year; without the temporary loss of value of the securities portfolio, the Net Financial Position would have improved significantly compared to the end of 2019.



<i>Values in Euro Thousands</i>	31 march 2020	31 December 2019	Change %
A. Cash	4,228	5,277	-20%
C. Securities held for trading	6,945	7,916	-12%
D. Cash and cash equivalent (A+C)	11,173	13,194	-15%
F. Bank overdrafts	(19)	(314)	-94%
G. Current portion of non current borrowings	(6,735)	(6,686)	1%
H. Other current financial debts	(1,136)	(1,138)	
I. Current borrowings (F+G)	(7,889)	(8,138)	-3%
J. Current net financial position (D+I)	3,283	5,056	-35%
K. Non current borrowings	(5,609)	(6,958)	-19%
M. Other non current financial debts	(2,821)	(3,104)	
N. Non current borrowings	(8,431)	(10,062)	-16%
O. Total net financial position (J+N)	(5,148)	(5,006)	3%

The Group's reclassified Income Statement for the first three months of 2020 compared with the same period in 2019 is provided below.

Economic trends - Group B&C Speakers

<i>(€ thousands)</i>	1Q 2020	<i>Incidence</i>	1Q 2019	<i>Incidence</i>
Revenues	11,792	100.00%	14,021	100.0%
Cost of sales	(7,475)	-63.39%	(8,677)	-61.9%
Gross margin	4,318	36.61%	5,344	38.1%
Other revenues	52	0.44%	22	0.2%
Cost of indirect labour	(902)	-7.65%	(974)	-6.9%
Commercial expenses	(203)	-1.72%	(276)	-2.0%
General and administrative expenses	(900)	-7.63%	(970)	-6.9%
Ebitda	2,365	20.06%	3,147	22.4%
Depreciation of tangible assets	(509)	-4.32%	(539)	-3.8%
Amortization of intangible assets	(44)	-0.38%	(63)	-0.4%
Writedowns	(111)	-0.94%	0	0.0%
Earning before interest and taxes (Ebit)	1,701	14.42%	2,545	18.1%
Financial costs	(1,117)	-9.47%	(137)	-1.0%
Financial income	44	0.37%	375	2.7%
Earning before taxes (Ebt)	628	5.32%	2,783	19.8%
Income taxes	(170)	-1.44%	(555)	-4.0%
Profit for the year	458	3.88%	2,228	15.9%
Minority interest	0	0.00%	0	0.0%
Group Net Result	458	3.88%	2,228	15.9%
Other comprehensive result	(74)	-0.63%	6	0.0%
Total Comprehensive result	384	3.26%	2,234	15.9%



Significant events after March 31, 2020

Due to the persistence of the Covid-19 emergency and to the tightening of the related restrictive measures, all the Group's production plants remained compulsorily closed until May 4, 2020 when the Group was allowed to resume its activities although at reduced capacity, in order to comply with the outstanding health provisions.

At the time of reopening, the Group's order backlog amounts to Euro 6 million.

Measures aimed at mitigating the economic and financial impact of the Covid-19 emergency

In light of the strongly negative effect on market demand (especially in live events, at present totally suspended) of the restrictive measures adopted by the government authorities in the various countries in order to face the Covid-19 emergency, the Company reacted decisively by implementing a series of actions aimed at mitigating its economic impact. In particular, the Company has identified and adopted the following cost-containment measures:

- Activation of social safety nets and other forms of public support to protect workers, nets provided or extraordinarily issued in the countries where the Group operates, proportional reduction of the variable component, voluntary reduction of salary by top management (labor cost);
- Significant cost reduction on Marketing Costs;
- Suspension of all non-strategic activities and related costs and, when possible, a renegotiation of outstanding contracts.

With regard to financial decisions, in order to manage the company financial resources with the utmost prudence, the Company has carried out the following interventions:

- The Shareholders' Meeting resolved, on the basis of the updated proposal of the Board of Directors, not to proceed with the distribution of the dividend initially proposed so as to prudently keep the balance sheet unchanged;
- in addition to this, the Company intends to increase financial resources by taking out new loans up to a maximum of Euro 7.5 million. Part of these loans are also guaranteed by the Italian State and offer profitable economic conditions, along with an important pre-amortization period;
- finally, there was a voluntary moratorium, promoted by the reference financial institutions of B&C Speakers, of the mortgage expirations until September 2020.

The above listed interventions should guarantee liquidity (to complete the above transactions, the Company may have additional liquidity of almost nine million) and financial strength to meet all the needs that may arise during the current crisis.



Business Outlook

Given the current uncertainty about the duration and intensity of the health and socio-economic emergency relating to Covid-19, as well as the timing of possible recovery of the emergency and the consequent return to normal, the Company believes that it is still not possible today to estimate the impact that such epidemic will have throughout the year. The Company reserves the right to provide updates as soon as the visibility conditions allow for more accurate estimates to be drawn up on the impacts associated with the Covid-19 emergency.

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 Statement of Financial Position as at March 31, 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Values in Euro)	31 March 2020	31 December 2019
ASSETS		
Fixed assets		
Tangible assets	3,199,112	3,252,228
Right of use	3,883,213	4,179,283.42
Goodwill	2,318,181	2,318,181
Other intangible assets	315,888	351,582
Investments in non controlled associates	50,000	50,000
Deferred tax assets	571,154	612,160
Other non current assets	674,178	665,646
	<i>related parties</i>	68,392
Total non current assets	11,011,726	11,429,080
Currents assets		
Inventory	14,149,967	13,492,428
Trade receivables	12,596,373	12,842,205
Tax assets	725,694	843,794
Other current assets	7,492,533	8,396,516
Cash and cash equivalents	4,227,577	5,277,278
Total current assets	39,192,144	40,852,221
Total assets	50,203,870	52,281,301
LIABILITIES		
Equity		
Share capital	1,094,067	1,097,829
Other reserves	4,503,382	5,043,360
Foreign exchange reserve	488,448	560,962
Retained earnings	19,434,746	18,910,616
Total equity attributable to shareholders of the parent	25,520,644	25,612,766
Minority interest	-	0
Total equity	25,520,644	25,612,766
Non current liabilities		
Long-term borrowings	5,609,184	6,957,599
Long-term lease liabilities	2,821,423	3,104,267.26
	<i>related parties</i>	2,290,500.19
Severance Indemnities	903,196	891,965
Provisions for risk and charges	38,238	38,238
Total non current liabilities	9,372,041	10,992,069
Current liabilities		
Short-term borrowings	6,753,538	6,999,955
Short-term lease liabilities	1,135,936	1,138,074.94
	<i>related parties</i>	867,957.01
Trade liabilities	5,032,207	4,959,909
	<i>related parties</i>	1,791
Tax liabilities	626,461	720,077
Other current liabilities	1,763,043	1,858,449
Total current liabilities	15,311,185	15,676,465
Total Liabilities	50,203,870	52,281,301



Consolidated Statement of comprehensive income for the first three months of 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		1Q 2020	1Q 2019
(Values in Euro)			
Revenues		11,792,481	14,021,101
Cost of sales		(7,474,858)	(8,676,639)
Other revenues		52,061	21,679
Cost of indirect labour		(901,781)	(973,762)
Commercial expenses		(203,080)	(275,588)
General and administrative expenses		(899,556)	(969,769)
	<i>related parties</i>	0	0
Depreciation and amortization		(553,405)	(602,244)
Writedowns		(111,326)	0
Earning before interest and taxes		1,700,536	2,544,780
Financial costs		(1,117,135)	(136,985)
	<i>related parties</i>	(19,566)	23,754.47
Financial income		44,166	374,929
Earning before taxes		627,567	2,782,724
Income taxes		(169,680)	(554,866)
Profit for the year (A)		457,887	2,227,858
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:			
Actuarial gain/(losses) on DBO (net of tax)		(1,430)	681
Other comprehensive income/(losses) for the year that will be reclassified in income statement:			
Exchange differences on translating foreign operations		(72,513)	5,060
Total other comprehensive income/(losses) for the year (B)		(73,943)	5,741
Total comprehensive income (A) + (B)		383,944	2,233,599
Profit attributable to:			
Owners of the parent		457,887	2,227,858
Minority interest		-	-
Total comprehensive income attributable to:			
Owners of the parent		383,944	2,233,599
Minority interest		-	-
Basic earning per share		0.05	0.21
Diluted earning per share		0.05	0.21

Fine Comunicato n.0931-16

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