



## PRESS RELEASE

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

#### **Board of Directors approves Consolidated Interim Financial Report for first six months of 2011**

- **Consolidated sales of 13.24 million Euros (up by 17.32% from the 11.29 million Euros of the first half of 2010)**
- **Consolidated EBITDA of 2.82 million Euros (up by 13.33% from the 2.49 million Euros of the first half of 2010)**
- **Group net profit of 1.53 million Euros (up by 8.79% from the 1.40 million Euros of the first half of 2010)**
- **Group net financial indebtedness of 2.68 million Euros (0.73 million Euros at the close of 2010).**

**Bagno a Ripoli (Florence); August 29, 2011** – The **Board of Directors** of **B&C Speakers S.p.A.**, one of the leading companies in the world in design, manufacturing, distribution and sale of professional loudspeaker transducers (speakers), approved the Group's **Consolidated Interim Financial Report** for the **first six months of 2011**, drawn up in accordance with International Financial Reporting Standards (IFRS).

#### **Consolidated sales**

**Consolidated sales** for the first six months of 2011 were **13.24 million** Euros, a considerable increase from the same period of 2010 (up by 17.3% from the 2010 half-year sales of 11.29 million Euros).

The sales data confirms the first quarter's sales trend, and is particularly significant considering that it shows growth compared to a period in which recovery had already taken place with respect to the more critical period of the 2008-2009 crisis. Consolidated sales for the second quarter of 2011 were 6.75 million Euros, a record high for the Group in terms of a single quarter's sales.

In the first six months of 2011 sales rose in all geographical areas: in particular, sales rose by 24% in Europe, 31% in Latin America and 14% in Asia-Pacific compared to the same period of 2010. This performance is the result of initiatives taken to expand the product range, which enabled acquiring new customers.

The positive sales trend is supported by the **order backlog** (of the parent company, B&C Speakers S.p.A.), which on June 30, 2011 totaled 7.3 million, an increase of 55.3% from the 2010 first half-year order backlog of 4.7 million.



### Purchasing costs

Purchasing costs rose at a greater rate than sales; they were 38.45% of sales for the first six months of 2011, compared to 35.18% for the same period of 2010. This is primarily attributable to a general increase in the cost of ferrous raw materials, aluminum, and especially *neodymium* (*part of the rare earths family*). On the other hand, the rate of purchasing costs was consistent with that of the last two quarters of 2010, due also to the weak dollar (currency typically used for purchasing in the Asian market). However, the outlook is still uncertain because magnet prices rose sharply in the first half of 2011.

### Labor costs

Labor costs rose at a lower rate than sales with respect to the first half of 2011; labor costs were 18.96% of sales for the first six months of 2011 and 17.50% for the same period of 2010. The reduction is attributable to the improved productivity of the work force and of the production facilities.

### EBITDA and EBITDA Margin

Largely as a result of the above performance, **EBITDA** for the first six months of 2011 is 2.82 million Euros, an increase of 13.33% from the same period of 2010 (for which **EBITDA** was 2.49 million Euros).

The **EBITDA margin** for the first six months 2011 is 21.72% of sales, substantially consistent with the 2010 first half-year margin (22.07% of sales). The maintenance of a consistent margin is the direct consequence of the growth in sales, which led to a reduced overhead rate that offset the considerably higher rate of purchasing costs compared to the prior year.

### EBIT

**EBIT** was 2.49 million Euros on June 30, 2011, up by 13.24% from the first six months of 2010 (for which it was 2.20 million Euros).

### Group Net Profit and Net Financial Position

The Group's net profit for the first six months 2011 is 1.53 million Euros and 11.54% of consolidated sales (up by 8.79% from the same period of the prior year, when it was 1.40 million Euros and 12.45% of sales).

The Group's financial stability remains intact although the **Net Financial Indebtedness** has increased from the previous reporting date; on June 30, 2011 it was 2.68 million Euros, against the 0.73 million Euros of December 31, 2010. The increase is attributable to the payment of the 2011 dividend, the raising of working capital pursuant to the higher volumes, and an advance paid to suppliers of approximately one million Euros to guarantee the availability of a considerable quantity of *neodymium*, which is a strategic material whose



price has been rising constantly in the past few months and which the Group will need in the second half of the current year.

## The Group's reclassified Income Statement for the first six months of 2011 is set forth below.

### Group economic trends

(values in Euro thousands)

	1st half 2011	% on revenue	1st half 2010	% on revenue
Sales	13.240	100,0%	11.285	100,0%
Other operating income	172	1,3%	147	1,3%
<b>Total Revenue</b>	<b>13.412</b>	<b>101,3%</b>	<b>11.432</b>	<b>101,3%</b>
Variation on Inventory of finished products and semi-finished products	1.086	8,2%	800	7,1%
Costs for materials	(6.177)	-46,7%	(4.770)	-42,3%
Employee Costs	(2.317)	-17,5%	(2.140)	-19,0%
Cost for services and use of third party assets	(3.015)	-22,8%	(2.702)	-23,9%
Other operating costs	(166)	-1,3%	(129)	-1,1%
<b>Ebitda</b>	<b>2.823</b>	<b>21,3%</b>	<b>2.491</b>	<b>22,1%</b>
Amortisation of tangible assets	(281)	-2,12%	(243)	-2,15%
Amortisation of intangible assets	(52)	-0,39%	(37)	-0,33%
Depreciation	(1)	-0,01%	(13)	-0,12%
<b>Ebit</b>	<b>2.489</b>	<b>18,8%</b>	<b>2.198</b>	<b>19,5%</b>
Financial income	102	0,77%	148	1,31%
Financial charges	(123)	-0,93%	(75)	-0,66%
<b>Ebt</b>	<b>2.468</b>	<b>18,6%</b>	<b>2.271</b>	<b>20,1%</b>
Taxation for the period	(936)	-7,07%	(883)	-7,82%
<b>Earning from continuing activities</b>	<b>1.532</b>	<b>11,6%</b>	<b>1.388</b>	<b>12,3%</b>
Third parties earning from continuing activities	0	0,00%	0	0,00%
<b>Group earning from continuing activities</b>	<b>1.532</b>	<b>11,57%</b>	<b>1.388</b>	<b>12,30%</b>
Profit or loss arising from exchange rate variation	(4)	-0,03%	16	0,15%
<b>Group Net Profit</b>	<b>1.528</b>	<b>11,54%</b>	<b>1.404</b>	<b>12,45%</b>

## Subsequent events

The following significant events took place between June 30, 2011 and the date of preparation of the Consolidated Interim Financial Report:

- The order backlog continued to grow even in July and August, so overall growth in demand from the previous year may be assumed. On the date of this press release, the order backlog (of the parent company, B&C Speakers S.p.A.) was 7.9 million Euros, compared to 6.0 million Euros on the same date of the prior year;
- in June, as a necessary initial reaction to the surging cost of magnetic materials, the entire Group's price lists were revised with an *average* price increase of approximately 2% for ferrite products and 20% for neodymium products;
- subsidiary B&C Brazil continued to develop its business activity in the South American market and shows encouraging signs of growth.



## Outlook for second half of 2011

Concerning the developments for the remainder of 2011, according to parent company management:

- due to the nature and growth of demand, it is possible to close the year with higher sales than for the prior year; moreover, the current order backlog assures full use of production capacity until at least the end of October;
- the growth in sales shall also enable reducing the rate of overhead costs; however, this may not be sufficient for maintaining margins due to the exceptional *rare earth* prices increases, which might not be fully transferred to product prices.

In accordance with Article 154-bis, Section 2 of Legislative Decree n. 58/1998, the Financial Reporting Manager of B&C Speakers S.p.A., Francesco Spapperi, states that, to the best of his knowledge, the accounting information contained in this press release corresponds to the company's accounting documents, books and records.

The Consolidated Interim Financial Report as at June 30, 2011 of the B&C Speakers Group shall be made available upon request at the Company's premises, at Borsa Italiana, and on the Company's website - [www.bcspeakers.com](http://www.bcspeakers.com) - in the "Investor Relations" section, in compliance with the law.

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

B&C Speakers is one of the largest companies in the world in the field of design, production, distribution and marketing of professional loudspeaker transducers (main components of loudspeakers for the reproduction of music, commonly known as speakers) targeted primarily to producers of turnkey professional audio systems (OEM). With more than 90 employees (10% the Research and Development department), B&C Speakers performs all designing, manufacturing, distribution and control activities directly from its head office in Florence, Italy. Most of its products are custom-built for of its main customers. B&C Speakers is also present in the USA and Brazil with subsidiaries that perform marketing activities.

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

Simone Pratesi (Investor Relator), Tel: +39/055/6572 303

Email: [spratesi@bcspeakers.com](mailto:spratesi@bcspeakers.com)



## Consolidated Statement of Financial Position as at June 30, 2011

Consolidated Balance sheet (values in Euro)	June 30th 2011	December 31st 2010
<b>Assets</b>		
<b>Non current assets</b>		
Tangible assets	3.197.677	3.149.184
Goodwill	1.393.789	1.393.789
Other intangible assets	434.958	351.294
Deferred tax assets	304.834	280.416
Other non-current assets	61.908	62.322
Other financial assets (TFM insurance)	710.524	665.324
<b>Total non-current assets</b>	<b>6.103.690</b>	<b>5.902.329</b>
<b>Current assets</b>		
Inventory	6.918.036	4.845.709
Trade receivables	6.193.870	6.209.143
Short-term tax receivables	240.504	129.623
Other current assets	249.292	289.871
Cash and cash equivalents	681.705	501.300
<b>Total current assets</b>	<b>14.283.407</b>	<b>11.975.646</b>
<b>Total assets</b>	<b>20.387.097</b>	<b>17.877.975</b>
	<b>June 30th 2011</b>	<b>December 31st 2010</b>
<b>Liabilities</b>		
<b>Shareholders equity</b>		
Share capital	1.051.922	1.025.577
Other equity reserves	3.500.982	2.600.903
Retained earnings	4.167.376	4.395.870
Consolidated net income	1.528.276	2.613.209
<b>Total group net equity</b>	<b>10.248.556</b>	<b>10.635.559</b>
Third parties net equity	-	-
<b>Total shareholders equity</b>	<b>10.248.556</b>	<b>10.635.559</b>
<b>Non current liabilities</b>		
Financial liabilities falling due after one year	2.425.658	246.574
Retirement funds and employee benefits	1.088.475	1.059.222
Deferred tax liabilities	20.632	17.284
<b>Total non-current liabilities</b>	<b>3.534.765</b>	<b>1.323.080</b>
<b>Current liabilities</b>		
Financial liabilities falling due within one year	940.751	987.007
Trade liabilities	4.319.365	3.711.379
Tax liabilities	449.642	712.092
Other current liabilities	894.018	508.858
<b>Total current liabilities</b>	<b>6.603.776</b>	<b>5.919.336</b>
<b>Total liabilities</b>	<b>20.387.097</b>	<b>17.877.975</b>



## Consolidated Statement of Comprehensive Income for the first six months of 2011

**PROFIT & LOSS** (Values in Euro)

	1st half 2011	1st half 2010
Sales	13.239.825	11.285.363
Other operating income	171.932	147.304
Variation on Inventory of finished products and semi-finished products	1.085.547	799.573
Costs for materials	6.176.890	4.770.044
Employee Costs	2.316.932	2.139.559
Cost for services and use of third party assets	3.014.563	2.702.779
Amortisation of tangible assets	281.015	242.941
Amortisation of intangible assets	52.131	36.674
Depreciation	873	13.215
Other operating costs	165.901	128.922
<b>Ebit</b>	<b>2.488.999</b>	<b>2.198.106</b>
Financial income	102.496	148.141
Financial charges	123.308	75.271
<b>Ebt</b>	<b>2.468.187</b>	<b>2.270.976</b>
Taxation for the period	935.884	882.936
<b>Earning from continuing activities (A)</b>	<b>1.532.303</b>	<b>1.388.040</b>
Profit or loss arising from exchange rate variation	(4.026)	16.496
<b>Total profit from different activities (B)</b>	<b>(4.026)</b>	<b>16.496</b>
<b>Group net profit (A)+(B)</b>	<b>1.528.277</b>	<b>1.404.536</b>
<b>Earnings from continuing operations attributable to:</b>		
B&C Speakers owners	1.532.303	1.388.040
Third parties	-	-
<b>Group net profit attributable to:</b>		
B&C Speakers owners	1.528.277	1.404.536
Third parties	-	-