



PRESS RELEASE

B&C Speakers S.p.A.

The Board of Directors approves the Consolidated Financial Report for H1 2014

- Consolidated revenue of Euro 16.65 million (-1.9% on the Euro 16.98 million of H1 2013)
- Consolidated EBITDA of Euro 4.20 million (-2.3% on the Euro 4.30 million of H1 2013)
- Group consolidated net profit of Euro 2.50 million (+1% on the Euro 2.47 million of H1 2013)
- Group consolidated net financial position positive and of Euro 0.4 million (positive and of Euro 2.1 million at end 2013)

Bagno a Ripoli (Florence), 29 August 2014 – The **Board of Directors** of **B&C Speakers S.p.A.**, an international leader in the design, production, distribution and marketing of professional electro-acoustic transducers (speakers), approved the Group Consolidated **Interim Financial Report** for the **first half of 2014**, prepared in accordance with International Financial Reporting Standards (IFRS).

Consolidated revenue

Consolidated revenues achieved during the first half of 2014 came to Euro 16.65 million, showing a slight decline (-1.9%) on the first half of 2013 (Euro 16.98 million). During the period, the Group increased its presence on the most important reference market, namely Europe (+6% with sales recorded as 7.4 million euros) and achieved excellent performance on the South American market (+42% with sales of 1.4 million euros), also thanks to the considerable turnover developed by the Brazilian subsidiary. Both the Italian and North American markets do, however, record a decline (respectively -12% with sales at 1.6 million euros and -15% with sales at 2.6 million euros), just as the Asiatic market also appears to have slowed (- 12% with sales at 3.5 million euros) after the considerable increases recorded last year.

Raw materials, supplies and goods

Costs for raw and ancillary materials and goods for resale, together with the change recorded in inventories, highlighted a slight increase in their incidence on revenues as compared with the first half of 2013 (going from 37.5% to 38.4%). This trend in the cost of goods sold is mainly due to the effect of two opposite sign factors: on the one hand, a slight, yet constant increase in the margins of the parent company, due to the



efficiency of provisioning; on the other, with a negative sign, the effect of the euro-dollar exchange rate, which has eroded margins from sales made by the American subsidiary.

Cost of labour

The *cost of labour* proved to be fairly constant as compared with the first half of 2013 in terms of its incidence on revenues, going from 16.5% in 2013 to 16.4% in 2014; this trend is mainly due to the lesser use of temporary staff during the first six months of the year as compared with 2013.

EBITDA and the EBITDA Margin

As a result of the above-explained trends, the EBITDA recorded for the first half of 2014 comes to Euro 4.20 million, down 2.3% on the same period of 2013 (Euro 4.30 million).

The EBITDA margin for the first half of 2014 therefore came to 25.25% of revenues, basically in line with the first half of 2013 (25.36% of period revenues).

EBIT

As at 30 June 2014, **EBIT** stood at 3.74 million euros, down 3.9% on the first half of 2013 (when it was 3.89 million euros). The EBIT margin is 22.47% of revenues (22.94% in the first half of 2013).

Consolidated net profit and net financial position

At the end of the first half 2014, consolidated net profits come to Euro 2.50 million, representing 15% of consolidated revenues (basically in line with the same period of last year, when the figure recorded was Euro 2.47 million, representing 14.7% of period revenues). The recovery of margins with respect to EBIT is mainly due to the positive effect of financial management.

The Group's financial stability improves significantly in respect of the first half of 2013; in fact the Net Financial Position is positive for 0.4 Million of Euro whereas it was negative for 1.4 Million of Euro as of June 30th 2013 (as of December 31st it was positive and equal to 2.1 Million of Euro). This difference is mainly due to the important Cash Flow generated by Operating Activities, equal to 3.2 Million of Euro during the first half of 2014 (during the first half of 2013 the Cash Flow from Operating Activities was equal to 2.4 Million of Euro).



Below is the reclassified Group Income Statement compared with the first half of 2014

Economic trends - Group B&C Speakers				
<i>(€ thousands)</i>	I half 2014	Incidence	I half 2013	Incidence
Revenues	16,654	100.00%	16,978	100.00%
Other revenues	104	0.62%	111	0.65%
Total revenues	16,758	100.62%	17,089	100.65%
Change in inventory	(181)	-1.09%	690	4.06%
Purchases of raw materials and other	(6,213)	-37.31%	(7,058)	-41.57%
Labor cost	(2,741)	-16.46%	(2,796)	-16.47%
Services costs	(3,220)	-19.33%	(3,496)	-20.59%
Other costs	(198)	-1.19%	(123)	-0.72%
Ebitda	4,205	25.25%	4,306	25.36%
Depreciations of tangible assets	(378)	-2.27%	(326)	-1.92%
Amortizations of intangible assets	(56)	-0.34%	(56)	-0.33%
Writedowns	(29)	-0.17%	(30)	-0.18%
Ebit	3,742	22.47%	3,894	22.94%
Interest income	136	0.82%	51	0.30%
Finance costs	(81)	-0.49%	(126)	-0.74%
Ebt	3,797	22.80%	3,819	22.49%
Income taxes	(1,297)	-7.79%	(1,341)	-7.90%
Net Result	2,500	15.01%	2,478	14.60%
Minority interesr	0	0.00%	0	0.00%
Group Net Result	2,500	15.01%	2,478	14.60%
Other comprehensive result	(95)	-0.57%	125	0.74%
Total Comprehensive result	2,405	14.44%	2,603	15.33%

Significant events of the first half of 2014

During the first half of 2014 the Group has consolidated its presence in the South American market through a reorganization of the sales chain with new Distributors appointment.

Besides we wish to point out the engineering phase conclusion of the new product line dedicated to the Safety Systems for highway and railways tunnels.

In conclusion we remind that the Company distributed, as of May 7th 2014, a dividend of 3,5 Million of Euro to the Shareholders (3,1 Million of Euro dividend in 2013).

Subsequent events

After the semester conclusion and till now, we have experienced a significant growth of customer orders inflow for the Parent Company; such increase has almost matched the order inflow YTD recorded on the same period of last year. Additionally, the July orders value of 3,9 million of Euro is the best monthly amount ever recorded in the Company history and even the August inflow, is significantly greater than the same period of last year.



Outlook for FY 2014

The first half of 2014 would appear to suggest a year that is basically one of consolidation as compared with the previous one, which instead marked a record result in the company's history. In 2013, we saw a very strong first half that then slowed during the latter part of the year, accentuating this in the last quarter.

As concerns the trend for the whole of FY 2014, the parent company's management believe that in view of the dynamic, recent recovery seen in demand, the order book and the market strength, we can expect to conclude the year with revenues slightly up on last year.

The Manager in charge of the preparation of the accounting documents of B&C Speakers S.p.A., Francesco Spapperi, hereby certified – pursuant to Art. 154-bis, paragraph 2 of Italian Legislative Decree no. 58/1998 – that the accounting disclosure, as given in this press release, is consistent with the accounting documents, books and records.

The Interim Financial Report for the B&C Speakers Group as at 30 June 2014 will be made available to anyone so requesting, at the Company's office and at Borsa Italiana, as well as in the "Investor Relations" section of the Company's website - www.bcspeakers.com - in accordance with the terms of law.

B&C Speakers S.p.A.

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 of speakers used for playing music), mainly intended for manufacturers of finished audio systems (OEMs). Numbering approximately 100 employees, of whom around 10% are assigned to the Research and Development Department, B&C Speakers carries out all design, production, marketing and control activities at its Florence-based facility. Most of the products are developed according to its key customers' specifications. B&C Speakers also operates in the USA and Brazil through two subsidiaries involved in marketing.

B&C Speakers S.p.A.

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Consolidated Balance Sheet as at 30 June 2014

(Values in Euro)	30 June 2014	31 December 2013
ASSETS		
Fixed assets		
Tangible assets	3,489,652	3,620,503
Goodwill	1,393,789	1,393,789
Other intangible assets	141,346	189,481
Deferred tax assets	297,419	270,823
Other non current assets	218,665	218,613
	<i>related parties</i>	<i>88,950</i>
Other assets (TFM insurance)	617,890	617,890
Total non current assets	6,158,761	6,311,099
Currents assets		
Inventory	6,345,968	6,356,429
Trade receivables	8,071,676	5,947,160
Tax assets	611,908	890,022
Other current assets	2,420,156	926,864
Cash and cash equivalents	1,427,979	2,640,271
Total current assets	18,877,687	16,760,746
Total assets	25,036,448	23,071,845



	30 June 2014	31 December 2013
Liabilities		
Equity		
Share capital	1,096,151	1,097,616
Other reserves	4,623,301	4,710,964
Retained Earnings	7,851,710	6,481,719
Fair value reserve	(136,836)	(144,680)
Profit/(loss) for the year	2,404,932	4,720,019
Total equity attributable to shareholders of the parent	15,839,258	16,865,638
Minority interest	-	0
Total equity	15,839,258	16,865,638
Non current equity		
Long-term borrowings	422,490	486,435
Severance Indemnities	1,040,126	986,659
Provisions for risk and charges	81,813	52,596
Deferred tax liabilities	31,736	26,933
Total non current liabilities	1,576,165	1,552,623
Current liabilities		
Short-term borrowings	2,591,084	816,237
Trade liabilities	3,345,824	2,338,064
	<i>related parties</i>	3,455
Tax liabilities	869,262	748,965
Other current liabilities	814,855	750,318
Total current liabilities	7,621,025	4,653,584
Total Liabilities	25,036,448	23,071,845



Consolidated Statement of Comprehensive Income for H1 2014

(Values in Euro)	I half 2014	I half 2013
Revenues	16,653,656	16,977,672
Other revenues	104,196	110,769
Change in inventory of finished goods and work in progress	(180,608)	689,570
Cost of raw material and others	6,213,441	7,058,340
Cost of labour	2,740,703	2,796,010
Cost of services	3,220,059	3,496,251
	<i>related parties</i>	<i>456,671</i>
	461,051	456,671
Depreciation of tangible assets	377,960	326,065
Amortization of intangible assets	55,913	55,803
Writedowns	29,217	29,819
Other costs	197,880	123,933
Earning before taxes and interests	3,742,071	3,891,790
Financial income	135,730	50,940
Financial costs	80,932	125,850
Earning before taxes	3,796,869	3,816,880
Income taxes	1,296,545	1,341,123
Profit for the year (A)	2,500,324	2,475,757
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:		
Exchange differences on translating foreign operations	(78,566)	118,161
Actuarial gain/(losses) on DBO (net of tax)	(16,826)	8,221
Total other comprehensive income/(losses) for the year (B)	(95,392)	126,382
Total comprehensive income (A) + (B)	2,404,932	2,602,139
Profit attributable to:		
Owners of the parent	2,500,324	2,475,757
Minority interest	-	-
Total comprehensive income attributable to:		
Owners of the parent	2,404,932	2,602,139
Minority interest	0	0

