



PRESS RELEASE

B&C Speakers S.p.A.

The Board of Directors approves the Interim Report on Operations for the period ended 30 September 2014

- Consolidated revenue of Euro 24.07 million (-4.2% from Euro 25.13 million in the same period of 2013)
- Consolidated EBITDA of Euro 5.57 million (-15.2% from Euro 6.56 million in the same period of 2013)
- Group net profit of Euro 3.29 million (-14.6% from Euro 3.86 million in the same period of 2013)
- Positive group net financial position of Euro 1.3 million (compared to Euro 2.1 million at end 2013).

Bagno a Ripoli (Florence), 14 November 2014 – The **Board of Directors** of **B&C Speakers S.p.A.**, an international leader in the design, production, distribution and commercialisation of professional electro-acoustic transducers, approved the Group Interim Report on Operations for the first nine months of **2014**, prepared in accordance with International Financial Reporting Standards (IFRS).

Consolidated revenue

The *Consolidated revenues* achieved during the first nine months of 2014 came to Euro 24.07 million, showing a decline (-4.2%) on the same period of 2013 (Euro 25.13 million). The decrease is essentially attributable to the low sales achieved during August (August 2014 has achieved sales for Euro 740 thousands whereas during the same month of 2013 the Parent Company B&C Speakers S.p.A. billed Euro 1.872 thousands) due to temporary technical issues, promptly resolved, that have negatively affected the usual manufacturing process.

During the period, the Group increased its presence in the most important reference market, namely Europe (+10% with sales recorded as 11 million euro) and achieved excellent performance (considering the marked slowdown in the economic environment) in the South American market (+1% with sales of 1.9 million euro), also thanks to the considerable turnover developed by the Brazilian subsidiary. Both the Italian and North American markets do, however, record a decline (-8% with sales at 2.4 million euro and -10% with sales at 4 million euro, respectively); the Asian market also appears to have slowed significantly (- 25% with sales at 4.5 million euro) after the considerable increases recorded last year.



Raw materials, supplies and goods

The *costs for raw materials, supplies and goods*, as well as changes in inventories have shown a slightly higher incidence on revenues compared to the same period of 2013 (from 37.4% to 38.4%). This change is mainly due to the fact that, in the period concerned, lower added value products had a greater weight in the product mix, in addition to this the currencies fluctuation has created negative impact too.

Cost of labour

The *cost of labour* remained fairly constant if compared with the first nine months of 2013; in terms of its incidence on revenues, going up a little from 16.1% in 2013 to 16.7% in 2014.

EBITDA and EBITDA Margin

As a result of the trends described above, the EBITDA recorded for the first nine months of 2014 comes to Euro 5.56 million, down 15.25% on the same period of 2013 (Euro 6.56 million).

The EBITDA margin for the first nine months of 2014 was therefore 23.10% of revenues, compared to 26.12% in the same period of 2013.

EBIT

At 30 September 2014, **EBIT** amounts to Euro 4.90 million, down 17.46% from Euro 5.94 million in the same period of 2013. The EBIT margin is 20.35% of revenues (23.62% in the corresponding period of 2013).

Consolidated net profit and net financial position

At the end of the first three quarters 2014, consolidated net profits come to Euro 3.28 million, representing **13.6% of consolidated revenues**, down from Euro 3.86 million, or 14.7% of revenues, in the same period of 2013.

The Group's financial stability has improved significantly compared to the same period of 2013, with a **positive Net Financial Position of Euro 1.3 million**, up from a positive 0.6 million at 30 September 2013. This difference is due to cash flows of Euro 5 million generated by ordinary operations during the first nine months of 2014.

Below is the reclassified Group Income Statement for the first nine months of 2014



Economic trends - Group B&C Speakers				
(€ thousands)	III Q 2014 YTD	Incidence	III Q 2013 YTD	Incidence
Revenues	24,074	100.00%	25,127	100.00%
Other revenues	163	0.68%	182	0.72%
Total revenues	24,237	100.68%	25,309	100.72%
Change in inventory	544	2.26%	636	2.53%
Purchases of raw materials and other	(9,783)	-40.64%	(10,035)	-39.94%
Labor cost	(4,029)	-16.74%	(4,043)	-16.09%
Services costs	(5,091)	-21.15%	(5,112)	-20.34%
Other costs	(317)	-1.32%	(192)	-0.76%
Ebitda	5,561	23.10%	6,563	26.12%
Depreciations of tangible assets	(550)	-2.28%	(499)	-1.99%
Amortizations of intangible assets	(83)	-0.34%	(84)	-0.33%
Writedowns	(30)	-0.12%	(45)	-0.18%
Ebit	4,898	20.35%	5,935	23.62%
Interest income	288	1.20%	157	0.62%
Finance costs	(183)	-0.76%	(254)	-1.01%
Ebt	5,003	20.78%	5,838	23.23%
Income taxes	(1,723)	-7.16%	(1,983)	-7.89%
Net Result	3,280	13.62%	3,855	15.34%
Minority interest	0	0.00%	0	0.00%
Group Net Result	3,280	13.62%	3,855	15.34%
Other comprehensive result	(96)	-0.40%	20	0.08%
Total Comprehensive result	3,184	13.23%	3,875	15.42%

Significant events of the first nine months of 2014

No additional significant events have occurred after the press release dated 29 August 2014.

Subsequent events

After the end of the Q3 2014 and up until the date of the Consolidated Half-yearly Report, orders from the Parent Company continued to flow in at a steady pace; at the end of October 2014, this recovery brought the value of the orders received flow up 7% compared to the first ten months of 2013. The same data, referred to the first half of 2014, represented a lower value of 13%.

Outlook for FY 2014

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

These data confirm that in 2014 the company has strengthened its position compared to the previous year, the best of its history.



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 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 September 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 September 2014](#)



<i>(Values in Euro)</i>	30 September 2014	31 December 2013
ASSETS		
Fixed assets		
Tangible assets	3,391,086	3,620,503
Goodwill	1,393,789	1,393,789
Other intangible assets	114,002	189,481
Deferred tax assets	310,192	270,823
Other non current assets	219,123	218,613
	<i>related parties</i>	<i>88,950</i>
Other assets (TFM insurance)	617,890	617,890
Total non current assets	6,046,082	6,311,099
Currents assets		
Inventory	7,242,873	6,356,429
Trade receivables	7,358,457	5,947,160
Tax assets	736,286	890,022
Other current assets	5,232,283	926,864
Cash and cash equivalents	2,007,633	2,640,271
Total current assets	22,577,532	16,760,746
Total assets	28,623,614	23,071,845
	30 September 2014	31 December 2013
Liabilities		
Equity		
Share capital	1,091,998	1,097,616
Other reserves	4,371,407	4,710,964
Retained Earnings	7,901,754	6,481,719
Fair value reserve	(136,836)	(144,680)
Profit/(loss) for the year	3,184,344	4,720,019
Total equity attributable to shareholders of the parent	16,412,668	16,865,638
Minority interest	-	0
Total equity	16,412,668	16,865,638
Non current equity		
Long-term borrowings	416,004	486,435
Severance Indemnities	1,038,031	986,659
Provisions for risk and charges	82,596	52,596
Deferred tax liabilities	34,218	26,933
Total non current liabilities	1,570,849	1,552,623
Current liabilities		
Short-term borrowings	5,285,525	816,237
Trade liabilities	3,203,811	2,338,064
	<i>related parties</i>	<i>674</i>
Tax liabilities	1,235,414	748,965
Other current liabilities	915,347	750,318
Total current liabilities	10,640,097	4,653,584
Total Liabilities	28,623,614	23,071,845



Consolidated Statement of Comprehensive Income for the first nine months of 2014

GROUP PROFIT&LOSS (Values in Euro)	III Q 2014 YTD	III Q 2013 YTD
Revenues	24,073,814	25,126,931
Other revenues	162,820	182,192
Change in inventory of finished goods and work in progress	543,895	635,701
Cost of raw material and others	9,783,033	10,034,760
Cost of labour	4,029,004	4,043,345
Cost of services	5,090,674	5,111,996
	<i>related parties</i>	<i>686,847</i>
Depreciation of tangible assets	550,032	499,193
Amortization of intangible assets	82,756	83,765
Writedowns	30,000	45,313
Other costs	315,602	193,185
Earning before taxes and interests	4,899,428	5,933,267
Financial income	287,655	157,248
Financial costs	183,382	253,532
Earning before taxes	5,003,701	5,836,983
Income taxes	1,723,354	1,982,713
Profit for the year (A)	3,280,347	3,854,270
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:		
Exchange differences on translating foreign operations	(75,162)	14,463
Actuarial gain/(losses) on DBO (net of tax)	(20,841)	6,147
Total other comprehensive income/(losses) for the year (B)	(96,004)	20,611
Total comprehensive income (A) + (B)	3,184,344	3,874,880
Profit attributable to:		
Owners of the parent	3,280,347	3,854,270
Minority interest	-	-
Total comprehensive income attributable to:		
Owners of the parent	3,184,344	3,874,880
Minority interest	0	0