



PRESS RELEASE

B&C Speakers S.p.A.

The Board of Directors approves the 2014 Draft Financial Statements

- Consolidated revenues of Euro 32.77 million (+1.48% from Euro 32.29 million in 2013);
- Consolidated EBITDA of Euro 7.49 million (-6.42% from Euro 8.01 million in 2013);
- Consolidated net profit attributable to the owners of the Parent of Euro 4.36 million (-7.72% from Euro 4.72 million in 2013);
- Consolidated net financial position of Euro 2.00 million (Euro 2.10 million at 31 December 2013);
- Proposed distribution to the shareholders of a dividend of Euro 0.32 per share, with ex-interest date of 27 April 2015 and payment on 30 April 2015.

Bagno a Ripoli (Florence), 13 March 2015 – 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, approved the [Draft Individual and Consolidated Financial Statements](#) for 2014, prepared in accordance with International Financial Reporting Standards (IFRS).

[CONSOLIDATED FINANCIAL STATEMENTS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014](#)

REVENUES

The general financial performance in 2014 was characterized by a slight overall improvement, the result of a decrease in the stream of revenues recorded in the first three quarters of the year, offset by an especially sharp recovery in the fourth quarter of 2014.

In 2014 [consolidated revenues](#) amounted to Euro 32.77 million, up approximately 1.4% from Euro 32.29 million in 2013.

Exports in 2014 remained in line with 2013, accounting for 91% of the Group's turnover.

The result achieved in 2014 was primarily due to sharp recovery by the European market (excluding Italy), where sales were up 15% compared to the previous year,



generating turnover of Euro 14.3 million, or approximately 44% of the total (39% in 2013).

Turnover on the Asian market, following the significant increases of the past two years, decreased by 16%, while nonetheless generating turnover of Euro 6.7 million, or 20% of the total (25% in 2013).

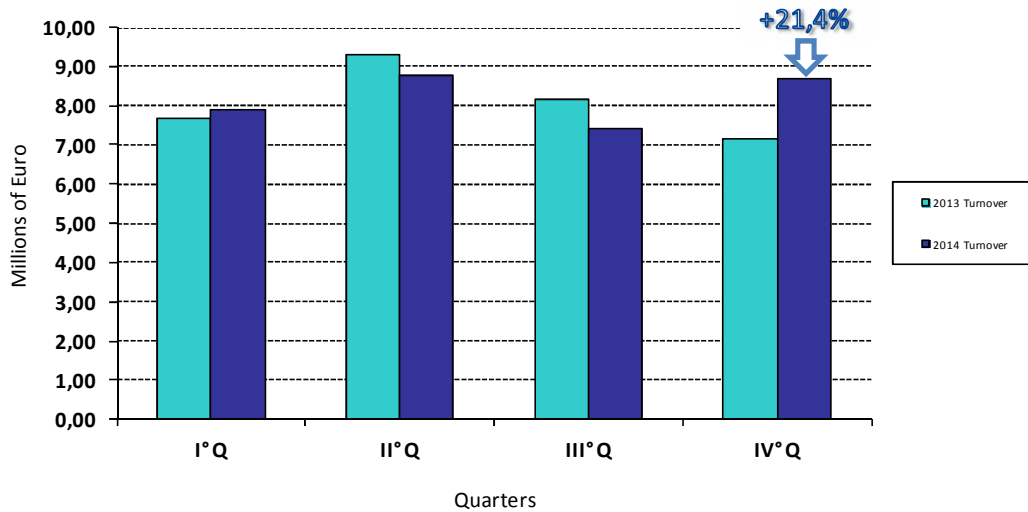
The performances achieved on the other markets were slightly down in absolute terms compared to 2013, with the exceptions of the Middle Eastern market, which was up 55% (despite continuing to account for a modest amount of turnover), and the South American market, which was up 8%, generating turnover of Euro 2.9 million. It should also be noted that the stand-alone Brazilian subsidiary continued to report significant sales growth (+48% on 2013) after the excellent result achieved in the previous year (+22% on 2012).

The very positive trend in orders from customers of the Parent Company also continued in 2014, reaching Euro 32.6 million in the calendar year (up 3.6% compared to the total received in 2013). In this case as well, orders declined in the first half of the year compared to 2013, but the situation was completely reversed in the second half of the year, when the Parent Company's order flow grew rapidly. The Parent Company's order book amounted to Euro 7.26 million at the end of 2014 compared to Euro 7.0 million at the end of 2013.

Consolidated revenues by quarter (2014 and 2013) are summarized in the table below:

| Trend of consolidated revenues (€ millions) | I° Quarter | II° Quarter | III° Quarter | IV° Quarter | Total |
|---|------------|-------------|--------------|-------------|-------|
| Net sales revenues 2014 | 7.88 | 8.78 | 7.42 | 8.70 | 32.77 |
| Net sales revenues 2013 | 7.69 | 9.28 | 8.15 | 7.17 | 32.29 |
| Change 2014 - 2013 | 2.4% | -5.5% | -8.9% | 21.4% | 1.5% |

As may be seen from the chart below, after a first quarter essentially in line with the previous year, revenue performance slowed compared to 2013, and this trend then continued until the third quarter of the year. However, the trend was then sharply reversed in the fourth quarter (+21.4% on the fourth quarter of 2013).



RAW MATERIALS, SUPPLIES AND GOODS

As a result of the contrasting effects of the general decline in the cost of many of the items concerned and the increasing strength of the U.S. dollar, the **costs of raw materials, supplies and goods** remained essentially in line with the previous year, rising from 37.97% of revenues in 2013 to 38.36% in 2014.

COST OF LABOUR

Due to the hiring of several employees for specific roles to enhance the Research and Development Department, and as a result of the bonuses paid to personnel for the results achieved in 2013, the **cost of labour** increased modestly compared to the previous year both in absolute terms and as a percentage of revenues, rising from 16.75% in 2013 to 17.07% in 2014.

EBITDA and EBITDA margin

Owing to above-described trends, **EBITDA** amounted to Euro 7.49 million in 2014, down slightly (-6.42%) on 2013 (Euro 8.01 million); consequently, the **EBITDA margin** fell to 22.87% from 24.80% in 2013.

The slight contraction of margins compared to the previous year was a direct consequence of the substantial stability of sales, along with an ongoing policy of investing in human, technological and infrastructural know-how, with the aim of maintaining the level of excellence achieved on the market of reference.



EBIT

EBIT amounted to Euro 6.63 million in 2014, also down slightly (-4.41%) from Euro 6.94 million in 2013.

Consolidated profit attributable to owners of the parent

The consolidated profit attributable to owners of the parent amounted to Euro 4.36 in 2014 (before the negative translation differences of Euro 178 thousand arising from the conversion of financial statements of subsidiaries in foreign currencies), or 13.29% of consolidated revenues, down slightly compared to 2013 (Euro 4.72 million; -7.72%).

For illustrative purposes, the following is a reclassified income statement with a comparison to the previous year, aimed at clarifying the comments on financial performance during the year.

Economic trends - Group B&C Speakers

| (€ thousands) | 2014 YTD | Incidence | 2013 YTD | Incidence |
|--------------------------------------|---------------|----------------|---------------|----------------|
| Revenues | 32,771 | 100.00% | 32,292 | 100.00% |
| Other revenues | 228 | 0.70% | 351 | 1.09% |
| Total revenues | 32,999 | 100.70% | 32,643 | 101.09% |
| Change in inventory | 1,228 | 3.75% | 65 | 0.20% |
| Purchases of raw materials and other | (13,798) | -42.10% | (12,327) | -38.17% |
| Labor cost | (5,595) | -17.07% | (5,409) | -16.75% |
| Services costs | (6,930) | -21.15% | (6,695) | -20.73% |
| Other costs | (410) | -1.25% | (269) | -0.83% |
| Ebitda | 7,494 | 22.87% | 8,008 | 24.80% |
| Depreciations of tangible assets | (733) | -2.24% | (677) | -2.10% |
| Amortizations of intangible assets | (111) | -0.34% | (112) | -0.35% |
| Writedowns | (68) | -0.21% | (87) | -0.27% |
| Ebit | 6,582 | 20.08% | 7,132 | 22.09% |
| Interest income | 398 | 1.21% | 279 | 0.86% |
| Finance costs | (345) | -1.05% | (470) | -1.46% |
| Ebt | 6,635 | 20.25% | 6,941 | 21.49% |
| Income taxes | (2,102) | -6.41% | (2,427) | -7.52% |
| Net Result | 4,533 | 13.83% | 4,514 | 13.98% |
| Minority interest | - | 0.00% | - | 0.00% |
| Group Net Result | 4,533 | 13.83% | 4,514 | 13.98% |
| Other comprehensive result | (178) | -0.54% | 206 | 0.64% |
| Total Comprehensive result | 4,355 | 13.29% | 4,720 | 14.62% |

Net financial position

Net financial position at 31 December 2014 was essentially **unchanged** on the previous year at Euro 2.00 million, compared to Euro 2.09 million at 31 December 2013.



It should be considered that in May 2014 a total dividend of Euro 3,514 thousand was paid (Euro 0.32 per ordinary share in issue on the ex-dividend date) and that the Company made significant investments in order to maintain a constant flow of raw materials and production capacity adequate to the volume of orders received.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2014

The flow of orders from customers increased sharply in the first two months of 2015: the Parent company received orders of Euro 7.24 million, compared to Euro 5.23 million in the first two months of 2014, an increase of 38.6%. The order book thus grew considerably, rising to Euro 10.3 million at the date of this press release, with considerable visibility already obtained for the entire first half of this year.

Other resolutions by the Board of Directors

The Board of Directors has also proposed that the Shareholders' Meeting, already convened for 24 April 2015, approve a dividend of Euro 0.32 per ordinary share, with an ex-interest date of 27 April 2015 and payment on 30 April 2015.

The manager in charge of the preparation of the accounting documents of B&C Speakers S.p.A., Francesco Spapperi, hereby certifies, pursuant to Art. 154-bis (2) of Italian Legislative Decree No. 58/1998, that the accounting disclosures relating to the figures at and for the year ended 31 December 2014, as presented in this press release, are consistent with Company's accounting documents, books and records.



The 2014 consolidated balance sheet and consolidated income statement are presented below.

| <i>(Values in Euro)- Consolidated Balance Sheet</i> | 30 September 2014 | 31 December 2013 |
|---|------------------------------|-----------------------------|
| ASSETS | | |
| Fixed assets | | |
| Tangible assets | 3.402.208 | 3.620.503 |
| Goodwill | 1.393.789 | 1.393.789 |
| Other intangible assets | 136.249 | 189.481 |
| Deferred tax assets | 325.052 | 270.823 |
| Other non current assets | 219.334 | 218.613 |
| | <i>related parties</i> | <i>88.950</i> |
| Other assets (TFM insurance) | 254.012 | 617.890 |
| Total non current assets | 5.730.644 | 6.311.099 |
| Currents assets | | |
| Inventory | 8.018.696 | 6.356.429 |
| Trade receivables | 6.828.276 | 5.947.160 |
| Tax assets | 1.069.532 | 890.022 |
| Other current assets | 5.265.368 | 926.864 |
| Cash and cash equivalents | 4.082.370 | 2.640.271 |
| Total current assets | 25.264.242 | 16.760.746 |
| Total assets | 30.994.886 | 23.071.845 |



| <i>(Values in Euro)- Consolidated Balance Sheet</i> | 30 September 2014 | 31 December 2013 |
|--|------------------------------|-----------------------------|
| Liabilities | | |
| Equity | | |
| Share capital | 1.086.030 | 1.097.616 |
| Other reserves | 4.201.715 | 4.710.964 |
| Retained Earnings | 7.926.561 | 6.481.719 |
| Fair value reserve | (136.836) | (144.680) |
| Profit/(loss) for the year | 4.355.103 | 4.720.019 |
| Total equity attributable to shareholders of the parent | 17.432.573 | 16.865.638 |
| Minority interest | - | 0 |
| Total equity | 17.432.573 | 16.865.638 |
| Non current equity | | |
| Long-term borrowings | 358.331 | 486.435 |
| Severance Indemnities | 641.535 | 986.659 |
| Provisions for risk and charges | 82.596 | 52.596 |
| Deferred tax liabilities | 43.533 | 26.933 |
| Total non current liabilities | 1.125.995 | 1.552.623 |
| Current liabilities | | |
| Short-term borrowings | 6.686.669 | 816.237 |
| Trade liabilities | 4.391.910 | 2.338.064 |
| | <i>related parties</i> 6.327 | 35.402 |
| Tax liabilities | 548.453 | 748.965 |
| Other current liabilities | 809.286 | 750.318 |
| Total current liabilities | 12.436.318 | 4.653.584 |
| Total Liabilities | 30.994.886 | 23.071.845 |



| (Values in Euro)- Consolidated Profit&Loss | III Q 2014 YTD | III Q 2013 YTD |
|--|------------------|------------------|
| Revenues | 32.771.310 | 32.292.140 |
| Other revenues | 228.077 | 350.744 |
| Change in inventory of finished goods and work in progress | 1.228.221 | 65.044 |
| Cost of raw material and others | 13.798.400 | 12.327.436 |
| Cost of labour | 5.595.488 | 5.408.847 |
| Cost of services | 6.930.332 | 6.694.714 |
| <i>related parties</i> | 923.057 | 918.082 |
| Depreciation of tangible assets | 732.960 | 677.327 |
| Amortization of intangible assets | 110.715 | 111.726 |
| Writedowns | 68.325 | 86.743 |
| Other costs | 410.142 | 269.607 |
| Earning before taxes and interests | 6.581.246 | 7.131.528 |
| Financial income | 397.649 | 278.738 |
| Financial costs | 344.540 | 470.228 |
| Earning before taxes | 6.634.355 | 6.940.038 |
| Income taxes | 2.101.732 | 2.426.717 |
| Profit for the year (A) | 4.532.623 | 4.513.321 |
| Other comprehensive income/(losses) for the year that will not be reclassified in income statement: | | |
| Exchange differences on translating foreign operations | (154.759) | 198.808 |
| Actuarial gain/(losses) on DBO (net of tax) | (22.760) | 7.890 |
| Total other comprehensive income/(losses) for the year (B) | (177.520) | 206.699 |
| Total comprehensive income (A) + (B) | 4.355.104 | 4.720.019 |
| Profit attributable to: | | |
| Owners of the parent | 4.532.623 | 4.513.321 |
| Minority interest | - | - |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 4.355.104 | 4.720.019 |
| Minority interest | 0 | 0 |

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). With more than 100 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 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.



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