



PRESS RELEASE

B&C Speakers S.p.A.

The Board of Directors approves the Interim Report for the first quarter of 2016

- Consolidated revenues equal to Euro 8.81 million (an increase of 2.2% compared to the Euro 8.62 million for the same period of 2015);
- Consolidated EBITDA equal to Euro 2.09 million (9.3% up from the Euro 1.91 million for the same period of 2015);
- Group profit equal to Euro 1.35 million (21.2% up from the Euro 1.11 million for the same period of 2015);
- Group net financial position positive and equal to Euro 2.7 million (Euro 1.5 million at year-end 2015).

Bagno a Ripoli (Fi), 12 May 2016 – 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 Interim Report of the group for the first quarter of 2016 in accordance with IFRS international accounting standards.

Consolidated revenues in the first quarter of 2016 totalled Euro 8.81 million, signalling in growth (+2.2%) compared to the corresponding period in 2015 when the figure was Euro 8.62 million.

During the period the Group increased its presence on the European market (+27.7% with sales of € 4.4 million) and the North American market (+57 % with sales of € 2 million). In the first three months of the year, the Asian market saw a significant drop in revenue due to a slowing in Chinese customer orders after the great growth shown during 2015. Also on the Italian market the results achieved were up compared with the first three months of 2015 (+3.1% with sales of € 0.9 million). Revenue achieved on the South American market was down largely due to the unstable economic situation in the Brazil area.

As at 31 March 2016, the order book of the parent company amounted to Euro 8.9 million, while at the end of the first quarter of 2015 the figure was Euro 9.5 million.

Supply of raw and ancillary materials and goods for resale

This category includes raw materials (purchasing, processing by third parties and changes in inventories), the cost of personnel directly involved in the production process, transport costs and the costs for commissions payable, customs duties and other direct costs of lesser importance.



Cost of sales during the first three months of 2016 had a decreased impact on revenues compared to the first three months of 2015, passing from 59.9% to 58.5%. This variation is mainly attributable to a slight decrease in the incidence of the costs for raw and materials due to a marketing mix of the period that favoured products with more value added.

Indirect Personnel

This category refers to costs for staff, executives and workers not directly associated with the production process.

Over the first three months of 2016 indirect personnel costs increased broadly in line with the increase in turnover, slightly increasing their proportion on revenues (5.84% in the first three months of 2016 against 5.22% in the same period last year).

Commercial expenses

This category refers to costs for commercial consultancy, advertising and marketing, travels and other minor charges relating to the commercial sector.

Commercial expenses showed no significant changes compared to the first three months of the previous year. Their impact on revenues remained largely unchanged, representing 2.16% in the first three months of 2015 and 2.12% in the first three months of 2016.

Administrative and General

This category refers to the costs for maintenance and utilities, provision of services not directly linked to the production process, purchases of goods not directly associated with the production process, remuneration for directors, professionals, consultants and supervisory bodies, property rent, hire costs and other indirect costs of lesser importance. The Company Management has started a structure cost reduction plan with the perspective of increasing the overall efficiency. As a consequence Administrative and general costs decreased by around € 55 thousand compared to the first three months of the previous year, largely due to lower costs for consulting. Therefore, their impact on revenue was down by one percent compared to the first three months of the previous year.

EBITDA and EBITDA Margin

Mainly as a result of the trends described above, EBITDA in the first three months of 2016 amounted to € 2.09 million, an increase of 9.3% over the same period of 2015 (which amounted to € 1.91 million).

The EBITDA margin for the first three months of 2016 was therefore equal to 23.7% of revenues, an increase of 1.5 percentage points compared to the first quarter of 2015 (when it was 22.2% of revenues for the period).

Group net profit and net financial position

Group net profit at the end of the first quarter of 2016 amounted to Euro 1.35 million and represented 15% of consolidated revenues.



The net financial position of the Group is confirmed as very positive totalling Euro 2.7 million at the end of the first quarter of 2016 against Euro 1.5 million at the end of 2015.

Below the report the Income Statement of the Group reclassified for the first quarter of 2016 compared with the same period of 2015:

Economic trends - Group B&C Speakers				
(€ thousands)	I Q 2016 YTD	Incidence	I Q 2015 YTD	Incidence
Revenues	8,807	100.00%	8,619	100.0%
Cost of sales	(5,149)	-58.47%	(5,163)	-59.9%
Gross margin	3,658	41.53%	3,456	40.1%
Other revenues	17	0.20%	32	0.4%
Cost of indirect labour	(514)	-5.84%	(450)	-5.2%
Commercial expenses	(187)	-2.12%	(186)	-2.2%
General and administrative expenses	(884)	-10.04%	(939)	-10.9%
Ebitda	2,090	23.73%	1,912	22.2%
Depreciation of tangible assets	(184)	-2.09%	(178)	-2.1%
Amortization of intangible assets	(7)	-0.08%	(17)	-0.2%
Writedowns	(5)	-0.06%	(5)	-0.1%
Earning before interest and taxes (Ebit)	1,894	21.50%	1,712	19.9%
Financial costs	(228)	-2.59%	(270)	-3.1%
Financial income	346	3.93%	278	3.2%
Earning before taxes (Ebt)	2,012	22.85%	1,720	20.0%
Income taxes	(663)	-7.52%	(606)	-7.0%
Profit for the year	1,350	15.33%	1,114	12.9%
Minority interest	0	0.00%	0	0.0%
Group Net Result	1,350	15.33%	1,114	12.9%
Other comprehensive result	(186)	-2.11%	(43)	-0.5%
Total Comprehensive result	1,164	13.21%	1,070	12.4%

It should be noted that, starting with the interim report as at 30 September 2015, the Group's management decided to adopt an arrangement for the Statement of Comprehensive Income with classification by destination rather than by nature. Therefore the statement of comprehensive income shows a different classification of costs together with the identification of intermediate results in terms of EBITDA, EBIT, EBT and net profit. This approach was adopted with the double aim of (i) aligning the periodic financial disclosure with management reporting used internally for decision-making and control purposes and (ii) improving the readability and effectiveness of information in annual and interim reporting towards third parties.

The statement of the first three months of 2015 was consequently also reclassified to allow a uniform comparison of aggregates and economic results. It should be noted that, following the reclassification of costs by destination, the restated EBITDA and EBIT for the first quarter of 2015 increased by Euro 4 thousand, related to bank charge costs classified in financial charges rather than in general and administrative costs.

Significant events occurring after 31 March 2016

Following the closing date of this quarter of 2016 and until the draft date of this report, the following events have been worthy of note:



- the new orders inflow has increased, thanks also to the orders received from Asian market, significantly during April 2016 and till the date of this Press Release: as a consequence of this trend the order Portfolio amounts to Euro 11 million;
- the Shareholders' Meeting held on 26 April 2016 deliberated to distribute a dividend of € 0.35 for each of the outstanding shares (net of treasury shares held), for a total expense of € 3.75 million.

Outlook for the entire year 2016

With regard to the full-year forecast for 2016, the Company management believes that this will represent a consolidation year, in particular after the great growth realized in 2015.

The Financial Reporting Manager of B&C Speakers S.p.A., Francesco Spapperi, hereby certifies, pursuant to Art. 154-*bis*, paragraph 2 of Legislative Decree No. 58/1998, that the accounting disclosures relating to the Interim Report for the first quarter of 2016, as presented in this press release, are consistent with company's accounting documents, books and records.

This press release containing the consolidated results for the first quarter of 2016, transmits numbers not audited. The economic information provided refers to the first quarter 2016 and to the first quarter of 2015. The balance sheet information provided as at March, 31st 2016 and December.31st 2015. The format of the financial statements corresponds to the ones stated in the Consolidated Interim Financial Report and in the Consolidated Annual Financial Report. The income statement figures, balance sheet and financial data have been prepared in compliance with the recognition and measurement criteria established by International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission, according to the procedure laid down in Article no. 6 of the (CE) Regulations No. 1606/2002 of the European Parliament and of the Council of July, 19th 2002.

In accordance with the Regulations approved by CONSOB 11971/1999, as subsequently amended, it is noted that the Interim Management Report at March, 31st 2016, is available to anyone upon request at the registered office and at the storage site "BIT MARKET of the Italian Stock Exchange". These documents are also available on the website of the Company <http://www.bcspeakers.com/investors/it/dati-finanziari> inside the "Investor Center" section.

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B&C Speakers S.p.A. is an international leader in the design, production, distribution and commercialization 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). Numbering 120 employees, with approximately 10% of staff assigned to its Research and Development Department, B&C Speakers carries out all design, production, marketing and control activities. 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 31 march 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION <i>(Values in Euro)</i>	31 March	31 December
	2016	2015
ASSETS		
Fixed assets		
Tangible assets	3,031,544	3,145,378
Goodwill	1,393,789	1,393,789
Other intangible assets	109,872	92,329
Investments in non controlled associates	50,000	50,000
Deferred tax assets	268,845	307,014
Other non current assets	152,279	152,766
	<i>related parties</i>	<i>88,950</i>
Other assets (TFM insurance)	303,405	303,405
Total non current assets	5,309,734	5,444,681
Currents assets		
Inventory	9,018,082	8,812,521
Trade receivables	7,607,768	7,084,609
Tax assets	773,819	737,790
Other current assets	4,376,435	4,339,376
Cash and cash equivalents	1,976,074	1,495,913
Total current assets	23,752,178	22,470,209
Total assets	29,061,912	27,914,890



CONSOLIDATED STATEMENT OF FINANCIAL POSITION <i>(Values in Euro)</i>	31 March	31 December
	2016	2015
LIABILITIES		
Equity		
Share capital	1,070,671	1,072,541
Other reserves	3,151,634	3,283,847
Retained Earnings	14,040,912	8,879,546
Fair value reserve	(149,547)	(159,596)
Profit/(loss) for the year	1,163,693	5,022,801
Total equity attributable to shareholders of the parent	19,277,363	18,099,139
Minority interest	-	0
Total equity	19,277,363	18,099,139
Non current equity		
Long-term borrowings	2,564,719	2,821,554
Severance Indemnities	689,948	660,765
Provisions for risk and charges	87,596	82,596
Deferred tax liabilities	33,127	33,127
Total non current liabilities	3,375,390	3,598,042
Current liabilities		
Short-term borrowings	1,131,754	1,133,516
Trade liabilities	3,068,713	3,180,375
Tax liabilities	1,170,252	936,917
Other current liabilities	1,038,440	966,901
Total current liabilities	6,409,159	6,217,709
Total Liabilities	29,061,912	27,914,890



Consolidated Income Statement for the first quarter of 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		1 Q 2016 YTD	1 Q 2015 YTD
(Values in Euro)			
Revenues		8,807,068	8,619,008
Cost of sales		(5,149,205)	(5,163,156)
Gross Margin		3,657,862	3,455,853
Other revenues		17,328	31,509
Cost of indirect labour		(514,203)	(449,969)
Commercial expenses		(187,104)	(185,819)
General and administrative expenses		(884,061)	(939,225)
	<i>related parties</i>	(230,820)	(230,718)
Ebitda		2,089,822	1,912,350
Depreciation of tangible assets		(183,984)	(178,160)
Amortization of intangible assets		(6,960)	(17,250)
Writedowns		(5,000)	(5,000)
Earning before interest and taxes		1,893,879	1,711,940
Financial costs		(227,686)	(269,980)
Financial income		346,293	277,605
Earning before taxes		2,012,486	1,719,564
Income taxes		(662,661)	(605,897)
Profit for the year (A)		1,349,824	1,113,667
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:			
Exchange differences on translating foreign operations		(175,465)	(40,976)
Actuarial gain/(losses) on DBO (net of tax)		(10,667)	(2,435)
Total other comprehensive income/(losses) for the year (B)		(186,132)	(43,411)
Total comprehensive income (A) + (B)		1,163,693	1,070,255
Profit attributable to:			
Owners of the parent		1,349,824	1,113,667
Minority interest		-	-
Total comprehensive income attributable to:			
Owners of the parent		1,163,693	1,070,255
Minority interest		-	-