



PRESS RELEASE

B&C Speakers S.p.A.

The Board of Directors approves the Interim Report on Operations at 30 September 2017

- Consolidated revenues of Euro 29.65 million (+3.9% compared with Euro 28.53 million for the corresponding period in 2016)
- Consolidated EBITDA of Euro 7.20 million (+0.5% compared with Euro 7.16 million for the corresponding period in 2016)
- Group net profit equal to Euro 4.62 million (+14.75% compared with Euro 4.21 million for the corresponding period of 2016)
- Group net financial position of Euro 1 million (a positive Euro 7 million at year-end 2016)
- The Parent Company's order book was Euro 8.2 million at the end of third quarter period (at 30 September 2016 it was Euro 8.1 million).

Bagno a Ripoli (Fi), 14 November 2017 – 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 (loudspeakers), approved the Interim Report on Operations of the group for the **first nine months of 2017**, prepared in accordance with IFRS international accounting standards.

Revenues

Consolidated revenues in the first nine months of 2017 amounted to € 29.65 million, resulting in growth of 3.9% compared to the same period of 2016 when turnover stood at € 28.53 million.

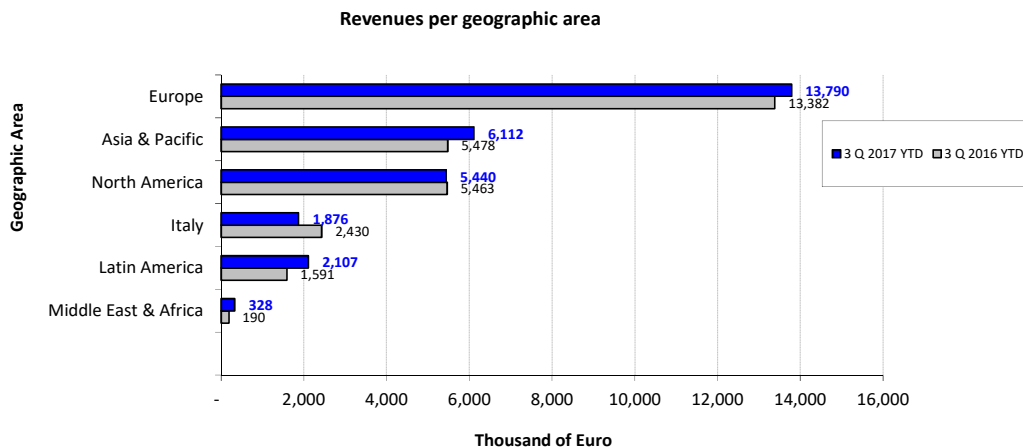
The above growth was achieved thanks to good performance in the period just before summer when manufacturing and turnover levels were excellent.

In the table below, we show the breakdown by geographical area of the turnover achieved by the Group during the period under review compared with the same period of the previous year:

Revenues per geographic area <i>(values in Euro/thousand)</i>	3 Q 2017 YTD	%	3 Q 2016 YTD	%	Difference	Difference %
Latin America	2,107,025	7.1%	1,591,061	5.6%	515,964	32.4%
Europe	13,790,217	46.5%	13,381,690	46.9%	408,527	3.1%
Italy	1,875,616	6.3%	2,430,126	8.5%	(554,510)	-22.8%
North America	5,440,394	18.3%	5,463,109	19.1%	(22,715)	-0.4%
Middle East & Africa	327,978	1.1%	189,680	0.7%	138,298	72.9%
Asia & Pacific	6,112,397	20.6%	5,478,134	19.2%	634,263	11.6%
Total	29,653,628	100.0%	28,533,800	100.0%	1,119,828	3.9%



During this period, the Group has significantly increased its presence in the Asian market (+11.6% with sales of € 6.1 million) and has achieved excellent performance in the South American market (+32.4% with sales of € 2.1 million), and in the European market (+3.1% with sales of € 13.7 million) which remains the most important market for the Group. Results were down in the Italian market compared to the first nine months of 2016 (-22.8% with sales of € 1.3 million). The North American market was substantially stable.



Cost of sales

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 nine months of 2017 remained almost stable in terms of the proportion of revenues compared to the first nine months of 2016, rising from 57.97% to 58.20%.

Indirect personnel

Over the first nine months of 2017 cost of indirect labour increased slightly more than turnover, increasing their proportion of revenues (5.54% in the first nine months of 2017 against 5.42% in the same period last year).

Commercial expenses

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

Commercial expenses showed a slight increase compared to the first nine months of the previous year. Therefore, as a proportion of revenues they slightly increased from 2.09% in the first nine months of 2016 to 2.24% in the first nine months of 2017.



Administrative and General

General and administrative expenses increased by around € 230,000 compared to the first six months of the previous period, with a slightly increased impact on revenues which went from 9.77% in the first nine months of 2016 to 10.22% in the first nine months of 2017. The increase is principally due to the use of technical consulting aimed at improving manufacturing and operational procedures as well as investment associated with the new company division.

EBITDA and EBITDA margin

As a result of the trends illustrated above, EBITDA of the first nine months of 2017 amounted to 7.20 million euro, with an increase of 0.53% compared with the same period of 2016 (in which EBITDA amounted to 7.16 million euro).

The EBITDA margin for the first nine months of 2017 was therefore equal to 24.27% of revenues, whilst it was 25.09% during the same period in 2016.

EBIT and EBIT margin

EBIT as of 30 September 2017 amounted to 6.6 million euro, an increase of 1.31% compared with the same period of 2016 (when the figure was 6.51 million euro). The EBIT margin was 22.26% of revenues (22.84% in the same period of 2016).

Group Net Result and Net Financial Position

The Group's net profit at the end of the first three quarters of 2017 amounted to Euro 4.62 million and represents 16% of consolidated revenues (also up, by 14.8%, compared with the Euro 4.21 million of the corresponding period of 2016).

There is a reduction in the tax rate due to the reduction of the IRES rate; this improvement will be further confirmed by the results of the not yet concluded "*ruling*" with Italian tax authorities for Patent Box fiscal break. The conclusion of the process should take place by the end of 2017 and will also cover profits from 2016 and 2015.

The Group's financial stability remains adequate even if the Net Financial Position is lower in respect of 2016 year end, as of September 30th it is negative and amounts to Euro 1 million (at the end of 2016 it was positive by Euro 7.07 millions). The decrease is mainly due to the dividend, amounted at 10.9 million Euro, paid in May and to the taxes paid for 1.39 million Euro.



The Group's reclassified Income Statement for the first nine months of 2017 is shown in the table below

Economic trends - Group B&C Speakers				
(€ thousands)	9 months 2017	Incidence	9 months 2016	Incidence
Revenues	29,654	100.00%	28,534	100.0%
Cost of sales	(17,260)	-58.20%	(16,542)	-58.0%
Gross margin	12,394	41.80%	11,992	42.0%
Other revenues	143	0.48%	98	0.3%
Cost of indirect labour	(1,644)	-5.54%	(1,546)	-5.4%
Commercial expenses	(664)	-2.24%	(598)	-2.1%
General and administrative expenses	(3,032)	-10.22%	(2,786)	-9.8%
Ebitda	7,198	24.27%	7,160	25.1%
Depreciation of tangible assets	(576)	-1.94%	(568)	-2.0%
Amortization of intangible assets	(21)	-0.07%	(19)	-0.1%
Writedowns	0	0.00%	(57)	-0.2%
Earning before interest and taxes (Ebit)	6,601	22.26%	6,516	22.8%
Financial costs	(351)	-1.18%	(204)	-0.7%
Financial income	464	1.56%	333	1.2%
Earning before taxes (Ebt)	6,714	22.64%	6,645	23.3%
Income taxes	(1,991)	-6.71%	(2,289)	-8.0%
Profit for the year	4,723	15.93%	4,356	15.3%
Minority interest	0	0.00%	0	0.0%
Group Net Result	4,723	15.93%	4,356	15.3%
Other comprehensive result	(100)	-0.34%	(147)	-0.5%
Total Comprehensive result	4,623	15.59%	4,209	14.8%

Significant events during the first nine months of 2017

During the first nine months of 2017, the following significant events occurred:

- The collection of new orders was again satisfactory. The order book on the date when the present report was prepared amounted to Euro 8.1 million and the total collection during the first nine months of the year was greater than the same period of 2016 by 3%.
- The Shareholders' Meeting held on the 26 April 2017 defined the issue of an ordinary dividend of Euro 0.40 per ordinary share in circulation at the ex-coupon date. In addition to the ordinary dividend, and in order to reward shareholders of the Company during the tenth year since listing, the Shareholders' Meeting defined the distribution of an extraordinary dividend of Euro 0.6 for each ordinary share in circulation at the coupon detachment date. The total value of the dividend issued was therefore Euro 10.9 million.

Significant events occurring after 30 September 2017

After the end of the third quarter of 2017 and up to the date of preparation of the Consolidated Interim Report, our attention was drawn to the following significant events:

- On 02 October 2017, the Parent Company signed a binding agreement to buy



100% of the share capital of Eighteen Sound S.r.l, a company operating in the professional loudspeaker manufacturing sector, from Landi Renzo through its subsidiary A.E.B S.p.A., a company listed on the STAR segment of the Italian stock exchange.

As more fully explained in the press release on 02 October 2017, this agreement envisages a payment no higher than €7.4 million, funded by bank-issued credit in the medium-term. The completion of this operation is subject to certain conditions that are typical for this type of operation, including the completion of due diligence process, that at the time of writing, is ongoing.

This operation will allow the B&C Speakers Group to consolidate their leading position on the market in question and to better segment their market presence through the acquired brands.

Outlook for the entire year 2017

As for developments over the whole of 2017, the management of the Parent Company believes that, given the dynamic demand and the production capacity, it is possible to foresee a year-end with increased revenue volumes, mid-single digit, compared to the previous one.

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

In accordance with the Regulation approved with CONSOB Resolution 11971/1999, as subsequently amended, we can note that Interim Report on Operations at 30 September 2017, is available to anyone who requests it at the company's Registered Office and at the "BIT MARKET di Borsa Italiana S.p.A." storage site. The said documentation can also be consulted on the company's website <http://www.bcspeakers.com/investors/it/dati-finanziari/> in the Investor Center section.

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 in acoustic speakers for music, commonly referred to as loudspeakers), supplied mainly to professional audio system manufacturers (OEM). With 120 employees and approximately 10% of staff assigned to its Research and Development Department, B&C Speakers carries out all design, production, marketing and control activities at its headquarters in Florence. 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.



B&C Speakers S.p.A.

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Consolidated Statement of Financial Position at 30 September 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION <i>in Euro</i>		(Values	30 September 2017	31 December 2016
ASSETS				
Fixed assets				
Tangible assets			2,508,764	2,709,902
Goodwill			1,393,789	1,393,789
Other intangible assets			103,307	97,355
Investments in non controlled associates			50,000	50,000
Deferred tax assets			251,356	296,702
Other non current assets			509,005	509,749
		<i>related parties</i>	88,950	88,950
Total non current assets			4,816,222	5,057,497
Currents assets				
Inventory			9,465,717	8,181,834
Trade receivables			8,437,332	7,773,575
Tax assets			215,504	225,624
Other current assets			3,691,581	6,421,637
Cash and cash equivalents			2,157,709	3,731,312
Total current assets			23,967,843	26,333,982
Total assets			28,784,065	31,391,479
			30 September 2017	31 December 2016
LIABILITIES				
Equity				
Share capital			1,097,563	1,087,340
Other reserves			5,332,671	4,494,290
Foreign exchange reserve			457,846	559,170
Retained earnings			9,513,058	15,737,242
Total equity attributable to shareholders of the parent			16,401,138	21,878,042
Minority interest			-	0
Total equity			16,401,138	21,878,042
Non current equity				
Long-term borrowings			4,081,092	1,692,635
Severance Indemnities			688,211	710,137
Provisions for risk and charges			38,540	82,596
Deferred tax liabilities			0	0
Total non current liabilities			4,807,843	2,485,368
Current liabilities				
Short-term borrowings			2,378,388	1,128,918
Trade liabilities			2,807,832	3,948,795
		<i>related parties</i>	0	961
Tax liabilities			1,006,989	712,098
Other current liabilities			1,381,875	1,238,258
Total current liabilities			7,575,084	7,028,069
Total Liabilities			28,784,065	31,391,479



Consolidated Statement of Comprehensive Income for the first nine months of 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Values in Euro)	9 months 2017	9 months 2016
Revenues	29,653,628	28,533,800
Cost of sales	(17,259,655)	(16,541,538)
Other revenues	143,477	97,825
Cost of indirect labour	(1,644,005)	(1,545,730)
Commercial expenses	(663,572)	(597,697)
General and administrative expenses	(3,032,036)	(2,786,450)
	<i>related parties</i>	<i>(693,061)</i>
Depreciation of tangible assets	(575,504)	(567,814)
Amortization of intangible assets	(21,019)	(19,403)
Writedowns	0	(57,102)
Earning before interest and taxes	6,601,314	6,515,890
Financial costs	(350,580)	(203,727)
Financial income	463,690	332,984
Earning before taxes	6,714,424	6,645,146
Income taxes	(1,991,157)	(2,288,801)
Profit for the year (A)	4,723,267	4,356,345
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:		
Actuarial gain/(losses) on DBO (net of tax)	1,099	(18,146)
Other comprehensive income/(losses) for the year that will be reclassified in income statement:		
Exchange differences on translating foreign operations	(101,324)	(128,862)
Total other comprehensive income/(losses) for the year (B)	(100,225)	(147,008)
Total comprehensive income (A) + (B)	4,623,043	4,209,337
Profit attributable to:		
Owners of the parent	4,723,267	4,356,345
Minority interest	-	-
Total comprehensive income attributable to:		
Owners of the parent	4,623,043	4,209,337
Minority interest	-	-
Basic earning per share	0.43	0.39
Diluted earning per share	0.43	0.39