



PRESS RELEASE

B&C Speakers S.p.A.

The Board of Directors approves the draft financial statements for the year 2017 - Sales growing for the Group

- Consolidated revenues equal to Euro 40.31 million (an increase of +4.89% compared to Euro 38.43 million in 2016);
- Consolidated EBITDA at Euro 9.3 million (essentially unchanged with respect to 2016);
- Overall Group result of Euro 6.11 million (-2.56% compared with Euro 6.31 million in 2016);
- Group net financial position equal to Euro 6.72 million (positive and equal to Euro 7.07 million as at 31 December 2016);
- Proposal to distribute an ordinary dividend equal to Euro 0.42 per share held with coupon detachment date on 30 April 2018.

Bagno a Ripoli (FI) 21 March 2018 – The **Board of Directors of B&C Speakers S.p.A.**, one of the leading international players in the field of design, production, distribution and marketing of professional electro-acoustic transducers approved the **Draft financial statements and draft consolidated financial statements** for the year **2017**, prepared in accordance with IFRS international accounting standards.

Introduction

As noted in the press release of 11 December 2017, on said date B&C Speakers S.p.A. signed an agreement to acquire units representing 100% of the share capital of Eighteen Sound S.r.l., for a total value of Euro 7,4 million (net of Financial Position at the *closing* date the cash consideration amounts to Euro 6.58 million). This acquisition involved consolidation of the newly acquired company for the first time at 31 December 2017, leading the Group to recognise goodwill in the amount of Euro 0.9 million and to consolidate the economic figures for Eighteen Sound relative to the post closing period (12 December 2017 – 31 December 2017) and the equity figures at 31 December 2017.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 December 2017

REVENUES

Economic performance in financial year 2017 was characterised by a strengthening of



the positions achieved on various markets and made it possible to achieve slight growth in performance with respect to the previous year.

Consolidated revenues during 2017 reached Euro 40.31 million, showing an increase of about 4.9% compared to 2016.

Part of this increase (Euro 0.9 million) was achieved by the new subsidiary Eighteen Sound S.r.l., during the last twenty days of December.

2017 exports remained at 2016 levels, representing 93% of the Group's turnover.

The result achieved in 2017 was driven primarily by the growth achieved in the European market (the most important one for B&C), with an increase of +9% at Group level with annual turnover of 19 million representing 47% of the total figure.

After the decrease seen in 2016, an increase in sales on the Asian market was achieved (+4%, with sales equal to Euro 8.5 million).

An increase was also achieved on the Latin American market (+9% with respect to the previous year), thanks to the recovery of the Brazilian economy and the consequent increase in sales by the Brazilian subsidiary.

On the other hand, the Italian and North American markets saw slight reductions in sales, respectively falling by 8% and 3% with respect to 2016.

The very positive trend in orders from customers of the Parent Company continued in 2017, with a calendar year total of Euro 39.61 million, up by 5% compared to the total figure in 2016.

Consolidated revenues in the four quarters (2017 and 2016) are summarised in the table below.

Trend of consolidated revenues (€ millions)	I° Quarter	II° Quarter	III° Quarter	IV° Quarter	Total
Net sales revenues 2017	9,42	10,70	9,54	10,65	40,31
Net sales revenues 2016	8,81	9,87	9,86	9,90	38,43
<i>Change 2017 - 2016</i>	6,9%	8,4%	-3,3%	7,6%	4,9%

As can be seen from the table above, revenue performance showed a tendency towards growth during the first and second quarters of the year. In particular, the second quarter saw an increase of 8.4%. Growth during the fourth quarter was essentially due to the effects of Eighteen Sound entering within the scope of consolidation.

Cost of Sales

The cost of sales was substantially constant in its impact on revenues in 2017, moving from 58.33% in 2016 to 58.71% in 2017. This was in part due to the effects of Eighteen



Sound entering the Group, as it has lower margins than the Parent Company. Direct personnel saw growth proportional to the growth in revenues. There were no particular tensions relative to the cost of raw materials used in production.

Indirect Personnel

The cost for indirect personnel during 2017 was substantially consistent in the percentage of turnover, with a figure of 5.62% (5.49% in 2016). The entry of Eighteen Sound to the Group did not lead to any substantial changes in the trend of the cost for indirect personnel.

Commercial Expenses

Commercial expenses increased by 14% with respect to 2016, while their effect on revenues, amounting to 2,3%, remained essentially unchanged. The entry of Eighteen Sound to the Group did not create any substantial effects.

Administrative and General

Administrative and general costs increased significantly with respect to the previous financial year (+14.07%). This increase is due for around Euro 254 thousand to non-recurring costs sustained for legal and administrative consulting associated with the acquisition of Eighteen Sound. As a consequence, the impact of administrative and general costs on revenues rose from 10.04% in 2016 to 10.91% in 2017.

EBITDA and EBITDA Margin

As a result of the dynamics described above, the EBITDA for 2017 amounted to Euro 9.3 million, substantially in line with that of 2016. Consequently, the EBITDA margin decreased to 23.1% of revenues during the period, compared to 24.3% in 2016.

As described above, the operation to acquire Eighteen Sound was associated with non-recurring costs totalling around Euro 254 thousand. The EBITDA margin without this non-recurring effect is indicated in the table below:

<i>(€ thousands)</i>	12 months 2017	<i>Incidence</i>	12 months 2016	<i>Incidence</i>
Ebitda	9.332	23,15%	9.351	24,3%
Ebitda adjusted	9.586	23,78%	9.351	24,3%

EBT and EBT margin

EBT relative to 2017 amounts to Euro 8.46 million, down by 4.84% with respect to 2016 when it amounted to Euro 8.88 million. This decrease can be attributed to a reduction of exchange rate gains of 2017 with respect to 2016.

Group Net Result and Net Financial Position



Net profits for the Group at the end of 2017 amounted to Euro 6.1 million, representing 15.2% of consolidated revenues. This result was 3.2% lower than that achieved during 2016 (Euro 6.3 million).

The Group's net financial position was negative at Euro 6.72 million at the end of 2017 (positive at 7.07 million at the end of 2016). This trend is mainly due to financing activities which were rendered necessary to complete the acquisition described above, which led to the opening of two medium/long term loans for a total value of Euro 9 million. In addition, the payment of a dividend of approximately Euro 10.9 million in May 2017 (extraordinary component amounting to Euro 6.6 million) should not be forgotten.

The effect of the consolidation of Eighteen Sound on the net financial position was positive by around Euro 0.1 million.

The Group's reclassified Income Statement for 2017 (showing the results of the Group net of the effect of the business combination) is shown in the table below

Economic trends - Group B&C Speakers						
(€ thousands)	12 months 2017 "like to like"	Incidence	12 months 2017	Incidence	12 months 2016	Incidence
Revenues	39.402	100,00%	40.309	100,00%	38.432	100,0%
Cost of sales	(22.942)	-58,23%	(23.667)	-58,71%	(22.415)	-58,3%
Gross margin	16.460	41,77%	16.642	41,29%	16.016	41,7%
Other revenues	183	0,46%	294	0,73%	124	0,3%
Cost of indirect labour	(2.200)	-5,58%	(2.264)	-5,62%	(2.109)	-5,5%
Commercial expenses	(932)	-2,36%	(941)	-2,33%	(824)	-2,1%
General and administrative expenses	(4.277)	-10,85%	(4.399)	-10,91%	(3.857)	-10,0%
Ebitda	9.235	23,44%	9.332	23,15%	9.351	24,3%
Depreciation of tangible assets	(770)	-1,95%	(788)	-1,95%	(761)	-2,0%
Amortization of intangible assets	(30)	-0,08%	(50)	-0,12%	(28)	-0,1%
Writedowns	(5)	-0,01%	(9)	-0,02%	(71)	-0,2%
Earning before interest and taxes (Ebit)	8.430	21,40%	8.485	21,05%	8.490	22,1%
Financial costs	(497)	-1,26%	(509)	-1,26%	(342)	-0,9%
Financial income	472	1,20%	475	1,18%	733	1,9%
Earning before taxes (Ebt)	8.406	21,33%	8.452	20,97%	8.881	23,1%
Income taxes	(2.214)	-5,62%	(2.221)	-5,51%	(2.764)	-7,2%
Profit for the year	6.192	15,71%	6.231	15,46%	6.117	15,9%
Minority interest	0	0,00%	0	0,00%	0	0,0%
Group Net Result	6.192	15,71%	6.231	15,46%	6.117	15,9%
Other comprehensive result	(124)	-0,31%	(124)	-0,31%	190	0,5%
Total Comprehensive result	6.068	15,40%	6.107	15,15%	6.307	16,4%

SIGNIFICANT EVENTS SUBSEQUENT TO 31 December 2017

Flows of customer orders have been lively since the start of 2018. Currently available data cause management to believe that 2018 will show growth with respect to the previous year.



Other resolutions passed by the same Board of Directors

The Board made a proposal to the Shareholders' Meeting, already called for 26 April 2018, to distribute an ordinary dividend of Euro 0.42 for each ordinary share held. The coupon detachment date is 30 April 2018, the record date 02 May and payment date 03 May 2017.

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 relating to the figures for the year ended 31 December 2017, as presented in this press release, are consistent with the company's accounting documents, books and records.



The table below shows the Consolidated Income Statement and Balance Sheet for the year 2017

SITUAZIONE PATRIMONIALE-FINANZIARIA CONSOLIDATA (Valori in Euro)	31 dicembre 2017	31 dicembre 2016
ATTIVO		
Attivo immobilizzato		
Immobilizzazioni materiali	3.318.310	2.709.902
Avviamento	2.318.181	1.393.789
Altre immobilizzazioni immateriali	599.748	97.355
Partecipazioni in imprese collegate	50.000	50.000
Imposte differite attive	352.514	296.702
Altre attività non correnti	568.135	509.749
<i>di cui verso correlate</i>	<i>88.950</i>	<i>88.950</i>
Totale attività non correnti	7.206.888	5.057.497
Attivo corrente		
Rimanenze	13.215.651	8.181.834
Crediti commerciali	11.252.674	7.773.575
Crediti tributari	1.297.287	225.624
Altre attività correnti	5.667.487	6.421.637
Disponibilità liquide e mezzi equivalenti	4.411.203	3.731.312
Totale attività correnti	35.844.302	26.333.982
Totale attività	43.051.190	31.391.479
	31 dicembre 2017	31 dicembre 2016
PASSIVO		
Capitale e Riserve		
Capitale sociale	1.096.845	1.087.340
Altre riserve	5.262.923	4.494.290
Riserva di conversione	435.600	559.170
Riserve di risultato	11.019.113	15.737.242
Totale Patrimonio netto del Gruppo	17.814.481	21.878.042
Patrimonio netto di terzi	-	-
Totale Patrimonio netto	17.814.481	21.878.042
Passività non correnti		
Indebitamento finanziario a medio-lungo termine	10.518.623	1.692.635
Fondi relativi al personale e assimilati	805.650	710.137
Accantonamento per oneri, quota a medio-lungo termine	37.831	82.596
Totale passività non correnti	11.362.104	2.485.368
Passività correnti		
Indebitamento finanziario a breve termine	5.788.990	1.128.918
Debiti commerciali	6.128.625	3.948.795
<i>di cui verso parti Correlate</i>	<i>1.407</i>	<i>961</i>
Debiti tributari	414.206	712.098
Altre passività correnti	1.542.784	1.238.258
Totale passività correnti	13.874.605	7.028.069
Totale passività	43.051.190	31.391.479


CONTO ECONOMICO COMPLESSIVO CONSOLIDATO (Valori in Euro)

Esercizio 2017 **Esercizio 2016**

Ricavi	40.308.912	38.431.521
Costo del venduto	(23.666.945)	(22.415.395)
Altri ricavi	293.823	124.366
Personale indiretto	(2.263.784)	(2.109.407)
Spese commerciali	(940.814)	(823.590)
Generali ed amministrativi	(4.399.253)	(3.856.739)
	<i>di cui verso parti Correlate</i>	<i>(924.949)</i>
Ammortamento delle immobilizzazioni materiali	(787.738)	(761.490)
Ammortamento delle immobilizzazioni immateriali	(49.895)	(27.500)
Accantonamenti	(8.891)	(71.499)
Risultato prima delle imposte e degli oneri/proventi finanziari (Ebit)	8.485.416	8.490.267
Oneri finanziari	(508.641)	(341.734)
Proventi finanziari	474.857	732.702
Risultato prima delle imposte (Ebt)	8.451.632	8.881.235
Imposte sul reddito	(2.220.837)	(2.764.052)
Risultato netto del periodo (A)	6.230.795	6.117.183
Altri utili/(perdite) complessive che non saranno successivamente riclassificati a conto economico:		
Utile/(perdita) attuariale su TFR al netto del relativo effetto fiscale	(373)	(5.335)
Altri utili/(perdite) complessive che saranno successivamente riclassificati a conto economico:		
Effetto conversione bilanci in valuta estera	(123.570)	195.200
Totale altri utili/(perdite) complessive (B)	(123.943)	189.865
Totale risultato complessivo del periodo (A+B)	6.106.852	6.307.048
Risultato netto del periodo attribuibile a:		
Soci della Controllante	6.230.795	6.117.183
Interessenze di pertinenza di terzi	-	-
Risultato complessivo del periodo attribuibile a:		
Soci della Controllante	6.106.852	6.307.048
Interessenze di pertinenza di terzi	-	-
Utile per azione	0,57	0,57
Utile diluito per azione	0,57	0,57



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 160 employees and approximately 10% of staff assigned to its Research and Development Department, B&C Speakers carries out, at its headquarters in Florence and Reggio Emilia, all design, production, marketing and control activities under the brands of the Group: B&C, 18SOUND and CIARE. 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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