



PRESS RELEASE

B&C Speakers S.p.A.:

The Board of Directors approves the Interim Report for the first quarter of 2018

- Consolidated revenues equal to Euro 12.93 million (an increase of 37.28% compared to the Euro 9.42 million for the same period of 2017);
- Consolidated EBITDA equal to Euro 2.76 million (21.03% up from the Euro 2.28 million for the same period of 2017);
- Group profit equal to Euro 1.672 million (8.63% up from the Euro 1.54 million for the same period of 2017);
- Group net financial position negative and equal to Euro 6.64 million (negative and equal to Euro 6.72 million at year-end 2017).

Bagno a Ripoli (prov. Florence), 14 May 2018 – 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 2018 in accordance with IFRS international accounting standards. The quarter being analysed is the first one in which Eighteen Sound S.r.l. fully contributed to the economic and financial figures of the B&C Speakers Group. To better comprehend economic trends during the period, an indication of trends with the scope of consolidation held equal (B&C Speakers S.p.A. and its foreign subsidiaries) is provided at the end of this press release (see table on page 5).

Consolidated revenues in the first three months of 2018 amounted to Euro 12.93 million, resulting in growth of 37.28% over the same period of 2017 when turnover stood at Euro 9.42 million.

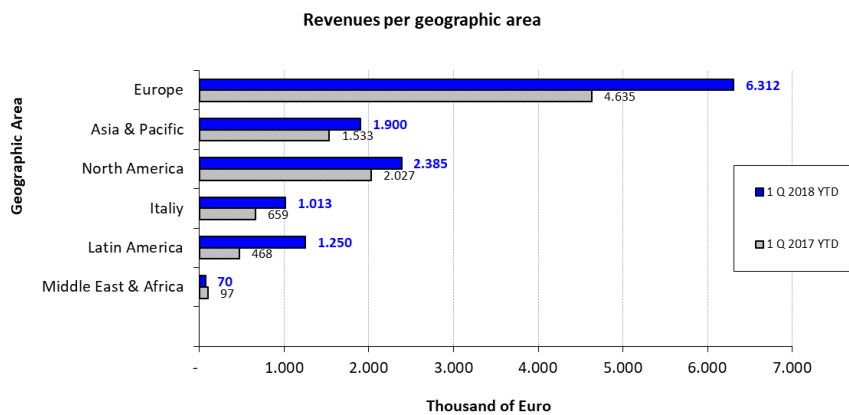
This significant increase was the result of the 8.7% growth achieved by the B&C Speakers Group when the scope of consolidation is held constant, to which was added the turnover achieved by *Eighteen Sound* which provided a net contribution of Euro 2.6 million.

During the period, thanks also the effects of the acquisition, the Group heavily increased turnover in all operating areas. In particular we note the significant growth in the European market (+36% with sales of Euro 6.3 million) and in the Latin American market (+167% with sales of Euro 1.3 million).

Below is a full breakdown for the first quarter of 2018 by geographic area:



Revenues per geographic area (values in Euro/thousand)	1 Q 2018 YTD	%	1 Q 2017 YTD	%	Difference	Difference %
Latin America	1.250	10%	468	5%	782	167%
Europe	6.312	49%	4.635	49%	1.677	36%
Italy	1.013	8%	659	7%	354	54%
North America	2.385	18%	2.027	22%	358	18%
Middle East & Africa	70	1%	97	1%	(27)	-28%
Asia & Pacific	1.900	15%	1.533	16%	367	24%
Total	12.931	100%	9.419	100%	3.512	37%



Cost of sales during the first three months of 2018 had an increased impact on revenues compared to the first three months of 2017, rising from 57.52% to 60.97%.

The greater impact of the Cost of Sales with respect to revenues was due to the inclusion of the subsidiary *Eighteen Sound* within the scope of consolidation, which at present still has margins which are much lower than those traditionally associated with B&C Speakers. The positive effects deriving from the integration of the two structures, mainly associated with synergies in acquisitions and production, will be progressively seen during the year and will be fully achieved during 2019.

Indirect Personnel

Costs for indirect personnel increased in both absolute terms and in terms of impact on turnover. This increase can mainly be attributed to the acquisition of *Eighteen Sound*.

Commercial Expenses

Commercial expenses showed no significant changes compared to the first three months of the previous year. Consequently, their impact remained essentially unchanged.

Administrative and General



General and administrative costs increased in a manner less than proportional to the increase in Group sales, essentially due to greater production volumes following the acquisition.

EBITDA and EBITDA Margin

Mainly as a result of the trends described above, EBITDA in the first three months of 2018 amounted to Euro 2.76 million, an increase of 21.03% over the same period of 2017 (when the amount was Euro 2.28 million).

The EBITDA margin relative to the first three months of 2018 (equal to 21.35% of revenues from the first quarter of 2018 and to 24.22% in the first three months of the previous year) is due to the combined effects of the increase in volumes and the consolidation of *Eighteen Sound* that still has lower margins with respect to B&C Speakers.

Group Net Result and Net Financial Position

The Group's net profit at the end of the first three months of 2018 amounted to Euro 1.67 million and represents 12.93% of consolidated revenues with a total increase of 8.63% with respect to the corresponding period in 2017.

The Group's financial stability continues to be good, unchanged with respect to the end of 2017. The Net Financial Position at the end of the first quarter of 2018 was negative and equal to Euro 6.64 million.



Below we provide the Group's reclassified Income Statement schedule relative to the first quarter of 2018, compared with the same period in 2017 (the schedule represents the situation of the B&C Speakers Group at the end of the first quarter of 2018, following the acquisition of Eighteen Sound S.r.l.):

Economic trends - Group B&C Speakers

(€ thousands)

	1 Q 2018 YTD	Incidence	1 Q 2017 YTD	Incidence
Revenues	12.931	100,00%	9.419	100,0%
Cost of sales	(7.884)	-60,97%	(5.418)	-57,5%
Gross margin	5.047	39,03%	4.001	42,5%
Other revenues	115	0,89%	28	0,3%
Cost of indirect labour	(884)	-6,83%	(548)	-5,8%
Commercial expenses	(250)	-1,94%	(204)	-2,2%
General and administrative expenses	(1.267)	-9,80%	(996)	-10,6%
Ebitda	2.761	21,35%	2.281	24,2%
Depreciation of tangible assets	(272)	-2,11%	(190)	-2,0%
Amortization of intangible assets	(75)	-0,58%	(7)	-0,1%
Writedowns	(6)	-0,05%	(3)	0,0%
Earning before interest and taxes (Ebit)	2.407	18,62%	2.082	22,1%
Financial costs	(168)	-1,30%	(51)	-0,5%
Financial income	129	1,00%	147	1,6%
Earning before taxes (Ebt)	2.368	18,31%	2.178	23,1%
Income taxes	(696)	-5,38%	(639)	-6,8%
Profit for the year	1.672	12,93%	1.540	16,3%
Minority interest	0	0,00%	0	0,0%
Group Net Result	1.672	12,93%	1.540	16,3%
Other comprehensive result	(14)	-0,11%	17	0,2%
Total Comprehensive result	1.659	12,83%	1.556	16,5%



For a better understanding of the economic trends, we provide the figures for the first quarter of 2018 and the corresponding period in 2017, with the same scope of consolidation net of the acquisition:

Economic trends - Group B&C Speakers
(same scope of consolidation)

(€ thousands)	1 Q 2018 YTD	Incidence	1 Q 2017 YTD	Incidence
Revenues	10.317	100,00%	9.419	100,00%
Cost of sales	(5.616)	-54,43%	(5.418)	-57,52%
Gross margin	4.702	45,57%	4.001	42,48%
Other revenues	28	0,28%	28	0,30%
Cost of indirect labour	(578)	-5,60%	(548)	-5,82%
Commercial expenses	(223)	-2,16%	(204)	-2,16%
General and administrative expenses	(988)	-9,58%	(996)	-10,58%
Ebitda	2.941	28,50%	2.281	24,22%
Depreciation of tangible assets	(191)	-1,85%	(190)	-2,02%
Amortization of intangible assets	(9)	-0,09%	(7)	-0,07%
Writedowns	0	0,00%	(3)	-0,03%
Earning before interest and taxes (Ebit)	2.740	26,56%	2.082	22,10%
Financial costs	(127)	-1,23%	(51)	-0,54%
Financial income	95	0,92%	147	1,57%
Earning before taxes (Ebt)	2.709	26,26%	2.178	23,13%
Income taxes	(789)	-7,65%	(639)	-6,78%
Profit for the year	1.920	18,61%	1.540	16,34%
Minority interest	0	0,00%	0	0,00%
Group Net Result	1.920	18,61%	1.540	16,34%

Significant events occurring after 31 March 2018

The Shareholders' Meeting, held on 26 April 2018, resolved the issue of an ordinary dividend of € 0.42 per ordinary share in circulation at the coupon detachment date (April, 30, 2018, record date on May 2, 2018 and payment on May 3, 2018. The ordinary dividend up with respect to the forty cents seen in 2017. It should be noted that the shareholders also renewed the corporate bodies.

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At the same time, the first positive signs relative to growth in orders received by the subsidiary *Eighteen Sound* were seen. After the year largely began with uncertainty relative to the transfer of ownership, the market reacted positively and during the last two months the Company has received new orders totalling Euro 2.75 million, decidedly higher than the forecasts.



Outlook for the entire year 2018

The available data, as at the date this document was prepared, suggests that 2018 will be a year of significant growth for the B&C Speakers Group.

- Indeed, the first quarter was very positive for B&C Speakers and both order collection data and the number of projects already approved by existing customers and new issues suggests that 2018 will be a very positive year. During April, very significant orders continued to be received for the *Parent Company B&C Speakers S.p.A.* Indeed, the flow of orders received during the first 4 months of 2018 was up by 10% with respect to the same period in 2017.
- The procedure for the application of the Patent Box, from which a significant reduction in the company tax rate, is due to be concluded;
- With regards to the subsidiary Eighteen Sound, a verification work was started on the entire supplier network aimed at obtaining the best synergies that should guarantee substantial savings on the supply front; the economic effects of this work will emerge starting from the second half of 2018. At the same time, work has begun to rationalize production and operating activities, aimed at optimizing profitability;
- At the same time, the first positive signs regarding the growth of orders from the subsidiary Eighteen Sound were found; after a beginning of the year of uncertainty linked to the transfer of ownership, the market reacted positively and over the last two months the Company received new orders for approximately 2.75 million euros.

To that end, the CEO of B&C Speakers Lorenzo Coppini stated, “I am extremely satisfied with the significant increase in sales, above all in the American market, and I am very excited by the prospects that the acquisition is offering us after these first few months of work..”

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 Interim Report for the first quarter of 2018, as presented in this press release, are consistent with company’s accounting documents, books and records.

This press release regarding the consolidated results for the first quarter of 2018 provides figures that were not subject to independent auditing. The economic information provided refers to the first quarter of 2018 and the first quarter of 2017. Equity information is provided with reference to 31 March 2018 and 31 December 2017. The format of the



accounting schedules complies with the schedules presented in the consolidated Interim Financial Report and the Annual Consolidated Financial Report. Economic, equity and financial information was prepared in compliance with the criteria for recognition and measurement established in the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure outlined in article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002.

B&C Speakers S.p.A.

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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 around 160 employees, approximately 10% of which are assigned to its Research and Development Department, B&C Speakers carries out all design, production, marketing and control activities at its offices in Florence and Reggio Emilia for 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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Consolidated Equity Financial Position at 31 March 2017.

SITUAZIONE PATRIMONIALE-FINANZIARIA CONSOLIDATA (Valori in Euro)	31 marzo 2018	31 dicembre 2018
ATTIVO		
Attivo immobilizzato		
Immobilizzazioni materiali	3.116.626	3.318.310
Avviamento	2.318.181	2.318.181
Altre immobilizzazioni immateriali	536.526	599.748
Partecipazioni in imprese collegate	50.000	50.000
Imposte differite attive	468.131	352.514
Altre attività non correnti	567.992	568.135
<i>di cui verso correlate</i>	<i>88.950</i>	<i>88.950</i>
Totale attività non correnti	7.057.456	7.206.888
Attivo corrente		
Rimanenze	12.404.180	13.215.651
Crediti commerciali	12.809.925	11.252.674
Crediti tributari	883.376	1.297.287
Altre attività correnti	6.310.273	5.667.487
Disponibilità liquide e mezzi equivalenti	6.364.898	4.411.203
Totale attività correnti	38.772.652	35.844.302
Totale attività	45.830.108	43.051.190
	31 marzo 2018	31 dicembre 2018
PASSIVO		
Capitale e Riserve		
Capitale sociale	1.094.947	1.096.845
Altre riserve	5.052.164	5.262.923
Riserva di conversione	420.842	435.600
Riserve di risultato	12.692.357	11.019.113
Totale Patrimonio netto del Gruppo	19.260.310	17.814.481
Patrimonio netto di terzi	-	-
Totale Patrimonio netto	19.260.310	17.814.481
Passività non correnti		
Indebitamento finanziario a medio-lungo termine	11.169.529	10.518.623
Fondi relativi al personale e assimilati	822.974	805.650
Accantonamento per oneri, quota a medio-lungo termine	40.029	37.831
Totale passività non correnti	12.032.532	11.362.104
Passività correnti		
Indebitamento finanziario a breve termine	7.560.797	5.788.990
Debiti commerciali	4.805.457	6.128.625
<i>di cui verso parti Correlate</i>	<i>557</i>	<i>1.407</i>
Debiti tributari	531.594	414.206
Altre passività correnti	1.639.418	1.542.784
Totale passività correnti	14.537.266	13.874.605
Totale passività	45.830.108	43.051.190



Consolidated Income Statement for the first quarter of 2017

CONTO ECONOMICO COMPLESSIVO CONSOLIDATO (Valori in Euro)	I trimestre 2018	I trimestre 2017
Ricavi	12.930.770	9.419.076
Costo del venduto	(7.883.717)	(5.417.891)
Altri ricavi	115.349	28.036
Personale indiretto	(883.721)	(547.969)
Spese commerciali	(250.470)	(203.665)
Generali ed amministrativi	(1.267.166)	(996.240)
<i>di cui verso parti Correlate</i>	(232.372)	(230.821)
Ammortamento delle immobilizzazioni materiali	(272.236)	(190.267)
Ammortamento delle immobilizzazioni immateriali	(75.198)	(6.857)
Accantonamenti	(6.245)	(2.500)
Risultato prima delle imposte e degli oneri/proventi finanziari (Ebit)	2.407.366	2.081.723
Oneri finanziari	(168.412)	(50.776)
Proventi finanziari	129.136	147.438
Risultato prima delle imposte (Ebt)	2.368.090	2.178.385
Imposte sul reddito	(695.660)	(638.874)
Risultato netto del periodo (A)	1.672.430	1.539.510
Altri utili/(perdite) complessive che non saranno successivamente riclassificati a conto economico:		
Utile/(perdita) attuariale su TFR al netto del relativo effetto fiscale	966	(535)
Altri utili/(perdite) complessive che saranno successivamente riclassificati a conto economico:		
Effetto conversione bilanci in valuta estera	(14.759)	17.165
Totale altri utili/(perdite) complessive (B)	(13.792)	16.630
Totale risultato complessivo del periodo (A+B)	1.658.638	1.556.141
Risultato netto del periodo attribuibile a:		
Soci della Controllante	1.672.430	1.539.510
Interessenze di pertinenza di terzi	-	-
Risultato complessivo del periodo attribuibile a:		
Soci della Controllante	1.658.638	1.556.141
Interessenze di pertinenza di terzi	-	-
Utile per azione	0,15	0,14
Utile diluito per azione	0,15	0,14