



PRESS RELEASE

B&C Speakers S.p.A.:

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

- Consolidated revenues equal to Euro 28.01 million (an increase of 39.23% compared to the Euro 20.12 million for the same period of 2017);
- Consolidated EBITDA equal to Euro 5.84 million (an increase of 20.40% compared to the Euro 4.85 million for the same period of 2017);
- Group profit equal to Euro 3.61 million (14.37% up from the Euro 3.15 million for the same period of 2017);
- Group net financial position negative and equal to Euro 7.90 million (negative and equal to Euro 6.72 million at year-end 2017).

Bagno a Ripoli (prov. Florence), 14 September 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 half of 2018 in accordance with IFRS international accounting standards. The half 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).

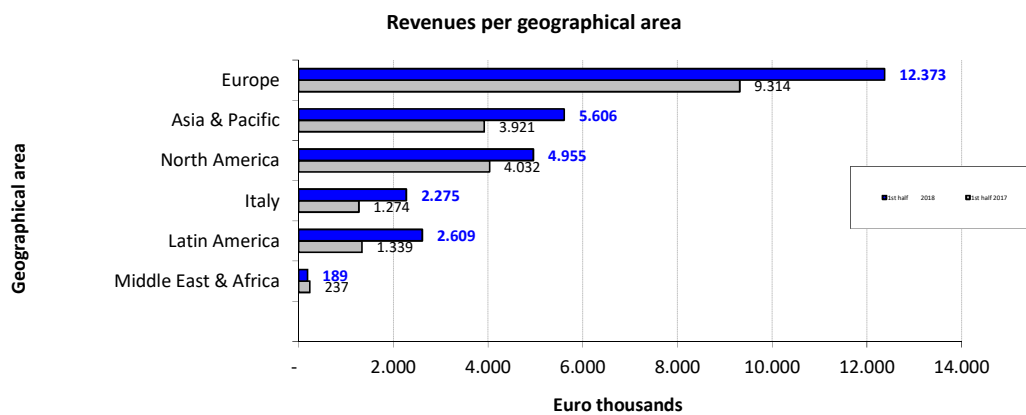
Consolidated revenues in the first half of 2018 amounted to Euro 28.01 million, resulting in growth of 39.23% over the same period of 2017 when turnover stood at Euro 20.12 million. This significant increase was the result of excellent growth of 9,75% achieved by the B&C Speakers Group when the scope of consolidation is held constant, to which was added the turnover achieved by *Eighteen Sound* which provided a net contribution of Euro 5.93 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 (+33% with sales of Euro 12.4 million) and in the Latin American market (+95% with sales of Euro 2.6 million). Growth in North America and in the Asia-Pacific area was also very strong, with rates above 23% and 43% respectively.

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



Geographical Area	1st half 2018	%	1st half 2017	%	Change	Change %
Latin America	2.608.963	9,3%	1.338.680	6,7%	1.270.283	95%
Europe	12.373.261	44,2%	9.313.806	46,3%	3.059.455	33%
Italy	2.274.561	8,1%	1.274.300	6,3%	1.000.261	78%
North America	4.955.008	17,7%	4.031.946	20,0%	923.062	23%
Middle East & Africa	189.408	0,7%	236.580	1,2%	(47.172)	-20%
Asia & Pacific	5.606.211	20,0%	3.920.880	19,5%	1.685.331	43%
Total	28.007.411	100,0%	20.116.191	100,0%	7.891.220	39,23%



Cost of sales during the first six months of 2018 had an increased impact on revenues compared to the first half of 2017, rising from 58.10% to 61.45%.

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 still has margins which are much lower than those of 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 a slight increase in absolute value compared to the first six months of the previous year. Therefore, their impact was slightly reduced, given the strong corporate growth.

Administrative and General



General and administrative costs also increased in a manner less than proportional to the increase in Group sales, reducing their impact by almost one percent; 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 six months of 2018 increased to Euro 5.84 million, an increase of 20.4% over the same period of 2017 (when the amount was Euro 4.85 million).

The EBITDA margin relative to the first six months of 2018 (equal to 20.86% of revenues from the first quarter of 2018 and to 24.12% in the first six 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 six months of 2018 amounted to Euro 3.61 million and represents 12.87% of consolidated revenues with a total increase of 14.37% with respect to the corresponding period in 2017.

The Group maintains good financial stability, with a significant generation of cash during the period; the Net Financial Position at the end of the first half of 2018 was negative and equal to Euro 7.90 million against a value of 6.72 at the end of 2017. However, it should be noted that in the same period, dividends were paid totalling Euro 4.61 million.



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

Economic trends - Group B&C Speakers				
(€ thousands)	1H 2018 YTD	Incidence	1H 2017 YTD	Incidence
Revenues	28.007	100,00%	20.116	100,0%
Cost of sales	(17.210)	-61,45%	(11.688)	-58,1%
Gross margin	10.798	38,55%	8.428	41,9%
Other revenues	194	0,69%	95	0,5%
Cost of indirect labour	(1.895)	-6,77%	(1.140)	-5,7%
Commercial expenses	(605)	-2,16%	(478)	-2,4%
General and administrative expenses	(2.648)	-9,46%	(2.052)	-10,2%
Ebitda	5.842	20,86%	4.852	24,1%
Depreciation of tangible assets	(537)	-1,92%	(383)	-1,9%
Amortization of intangible assets	(153)	-0,55%	(14)	-0,1%
Writedowns	(3)	-0,01%	0	0,0%
Earning before interest and taxes (Ebit)	5.150	18,39%	4.455	22,1%
Financial costs	(473)	-1,69%	(253)	-1,3%
Financial income	203	0,72%	284	1,4%
Earning before taxes (Ebt)	4.880	17,42%	4.486	22,3%
Income taxes	(1.275)	-4,55%	(1.334)	-6,6%
Profit for the year	3.606	12,87%	3.153	15,7%
Minority interest	0	0,00%	0	0,0%
Group Net Result	3.606	12,87%	3.153	15,7%
Other comprehensive result	80	0,29%	(87)	-0,4%
Total Comprehensive result	3.686	13,16%	3.066	15,2%



For a better understanding of the economic trends, the figures for the first half of 2018 and the corresponding period in 2017 are provided below, with the same scope of consolidation net of the acquisition:

Economic trends - Group B&C Speakers (same scope of consolidation)				
(€ thousands)	1H 2018 YTD	Incidence	1H 2017 YTD	Incidence
Revenues	22.078	100,00%	20.116	100,00%
Cost of sales	(12.486)	-56,56%	(11.688)	-58,10%
Gross margin	9.592	43,44%	8.428	41,90%
Other revenues	64	0,29%	95	0,47%
Cost of indirect labour	(1.262)	-5,72%	(1.140)	-5,67%
Commercial expenses	(503)	-2,28%	(478)	-2,38%
General and administrative expenses	(2.037)	-9,23%	(2.052)	-10,20%
Ebitda	5.853	26,51%	4.852	24,12%
Depreciation of tangible assets	(383)	-1,74%	(383)	-1,90%
Amortization of intangible assets	(19)	-0,08%	(14)	-0,07%
Writedowns	0	0,00%	0	0,00%
Earning before interest and taxes (Ebit)	5.451	24,69%	4.455	22,15%
Financial costs	(388)	-1,76%	(253)	-1,26%
Financial income	107	0,49%	284	1,41%
Earning before taxes (Ebt)	5.171	23,42%	4.486	22,30%
Income taxes	(1.334)	-6,04%	(1.334)	-6,63%
Profit for the year	3.837	17,38%	3.153	15,67%
Minority interest	0	0,00%	0	0,00%
Group Net Result	3.837	17,38%	3.153	15,67%
Other comprehensive result	79	0,36%	(87)	-0,43%
Total Comprehensive result	3.917	17,74%	3.066	15,24%

Significant events occurring after 30 June 2018

On 11 July 2018, the company finalised the *ruling* procedure with the Regional Revenue Office for the *Patent Box* scheme presented from 2015. As a result of the agreement made with the Revenue Office, B&C Speakers will benefit from a consistent tax discount which, for the first five-year period 2015/2019, has been estimated at over Euro 2.8 million in minor direct taxes, thanks to the high level of know-how developed by the company and the B&C Speakers brand, registered in over 60 countries. The tax saving for 2015 has been determined at Euro 414,000 while those for the following years shall be accurately calculated soon and communicated to the market.



Business outlook

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, supported by the following elements:

- The first half was very positive for the Parent Company 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 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 8 months of 2018 was up by 17% with respect to the same period in 2017;
- At the same time, the positive signs from customers of Eighteen Sound and Sound&Vision are being confirmed. After the year largely began with uncertainty relative to the transfer of ownership, the market reacted positively and the new orders inflow has been good.

The B&C Speakers S.p.A. Financial Reporting Manager Francesco Spapperi confirms – in accordance with art. 154-bis, paragraph 2 of Italian Legislative Decree No. 58/1998, that the accounting disclosures contained in this press release are consistent with company's accounting documents, books and records.

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.



Consolidated Statement of Financial Position as of June 30th 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		June 30 th	31 December
(Values in Euro)		2018	2017
ASSETS			
Fixed assets			
Tangible assets		3.019.986	3.318.310
Goodwill		2.318.181	2.318.181
Other intangible assets		569.880	599.748
Investments in non controlled associates		50.000	50.000
Deferred tax assets		505.940	352.514
Other non current assets		568.330	568.135
	<i>related parties</i>	88.950	88.950
Total non current assets		7.032.317	7.206.888
Currents assets			
Inventory		13.344.593	13.215.651
Trade receivables		14.045.627	11.252.674
Tax assets		667.047	1.297.287
Other current assets		5.930.715	5.667.487
Cash and cash equivalents		3.506.757	4.411.203
Total current assets		37.494.739	35.844.302
Total assets		44.527.056	43.051.190
		June 30 th	31 December
		2018	2017
LIABILITIES			
Equity			
Share capital		1.094.937	1.096.845
Other reserves		5.050.994	5.262.923
Foreign exchange reserve		513.907	435.600
Retained earnings		10.019.340	11.019.113
Total equity attributable to shareholders of the parent		16.679.178	17.814.481
Minority interest		-	0
Total equity		16.679.178	17.814.481
Non current equity			
Long-term borrowings		9.676.781	10.518.623
Severance Indemnities		839.663	805.650
Provisions for risk and charges		40.339	37.831
Total non current liabilities		10.556.783	11.362.104
Current liabilities			
Short-term borrowings		7.262.101	5.788.990
Trade liabilities		7.374.588	6.128.625
	<i>related parties</i>	557	1.407
Tax liabilities		797.036	414.206
Other current liabilities		1.857.370	1.542.784
Total current liabilities		17.291.095	13.874.605
Total Liabilities		44.527.056	43.051.190



Consolidated Statement of Comprehensive Income for the first half of 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Values in Euro)	1H 2018 YTD	1H 2017 YTD
Revenues	28.007.411	20.116.191
Cost of sales	(17.209.801)	(11.688.231)
Other revenues	193.529	94.662
Cost of indirect labour	(1.894.895)	(1.140.490)
Commercial expenses	(605.448)	(477.891)
General and administrative expenses	(2.648.341)	(2.051.832)
	<i>related parties</i>	<i>(461.941)</i>
Depreciation of tangible assets	(536.773)	(382.686)
Amortization of intangible assets	(153.082)	(14.242)
Writedowns	(2.508)	0
Earning before interest and taxes	5.150.093	4.455.481
Financial costs	(472.694)	(252.679)
Financial income	202.874	283.646
Earning before taxes	4.880.272	4.486.448
Income taxes	(1.274.580)	(1.333.895)
Profit for the year (A)	3.605.692	3.152.553
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:		
Actuarial gain/(losses) on DBO (net of tax)	2.158	2.635
Other comprehensive income/(losses) for the year that will be reclassified in income statement:		
Exchange differences on translating foreign operations	78.307	(89.653)
Total other comprehensive income/(losses) for the year (B)	80.465	(87.018)
Total comprehensive income (A) + (B)	3.686.157	3.065.535
Profit attributable to:		
Owners of the parent	3.605.692	3.152.553
Minority interest	-	-
Total comprehensive income attributable to:		
Owners of the parent	3.686.157	3.065.535
Minority interest	-	-
Basic earning per share	0,33	0,29
Diluted earning per share	0,33	0,29