



PRESS RELEASE

B&C Speakers S.p.A.:

The Board of Directors approves the Interim Report on Operations at 31 March 2019

- Consolidated revenues equal to € 14.02 million (an increase of 8.43% compared to the € 12.93 million for the same period in 2018);
- Consolidated EBITDA equal to € 3.15 million (an increase of 13.98% compared to the € 2.76 million for the same period in 2018);
- Group profit equal to € 2.28 million (33.21% up from the € 1.67 million for the same period in 2018);
- Group net financial position negative and equal to € 8.81 million (negative and equal to € 4.59 million at year-end 2018), such increase is due to the IFRS 16 first adoption.

Bagno a Ripoli (prov. Florence), Italy, 15 May 2019 – 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 three months of 2019 in accordance with IFRS international accounting standards.

The accounting standards adopted are those used to prepare the Consolidated Financial Statements at 31 December 2018 *with the exception of IFRS 16 “Leases” adopted on 1 January 2019*. The main change regards the recognition of operating leases/rental agreements by lessees that, on the basis of IFRS 16, are recognised to financial leasing. Based on the new standard, an asset (the right to use the property being leased) and a financial liability for the leasing/rent to be paid are recognised. The Group has applied the standard starting from the mandatory adoption date of 1 January 2019, using the simplified transitional approach, not amending the comparison figures from the year prior to first time adoption.

At 31 March 2019, additional property, plant and equipment relative to usage rights totalled €5.4 million. Similarly, non-current financial liabilities relative to usage rights were € 4.2 million, and current financial assets were € 1.2 million.

From an economic standpoint, the adoption of the new standard resulted in the reduction of “general and administrative” costs (relative to leasing/rental fees) for € 312,000 and the recognition of amortisations on usage rights of € 313 thousands.

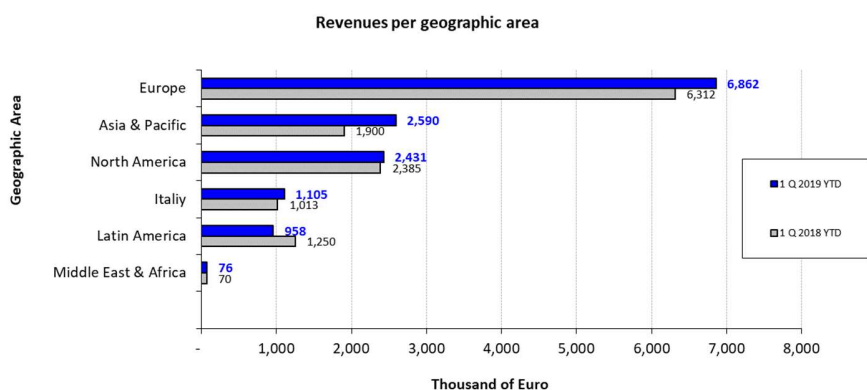


Revenues in the first quarter of 2019 amounted to € 14.02 million, resulting in growth of 8.43% over the same period in 2018, when turnover stood at € 12.93 million.

In the course of the period, the Group increased turnover in all operational areas, apart from Latin America. In particular, the significant growth in sales in the Asian market is noted (+36% with sales of € 2.59 million). Growth in the European market, the Group's most important market, was also good (+8.8% with sales of € 7.98 million). A positive result was obtained in the American market, which stabilised after its growth last year.

A full breakdown for the first three months of 2019 by geographic area (amounts in euro) is provided below:

Revenues per geographic area (values in Euro/thousand)	I Q 2019 YTD	%	I Q 2018 YTD	%	Difference	Difference %
Latin America	958	7%	1,250	10%	(292)	-23%
Europe	6,862	49%	6,312	49%	550	9%
Italy	1,105	8%	1,013	8%	92	9%
North America	2,431	17%	2,385	18%	46	2%
Middle East & Africa	76	1%	70	1%	6	8%
Asia & Pacific	2,590	18%	1,900	15%	690	36%
Total	14,021	100%	12,930	100%	1,091	8%



During the first three months of 2019, the proportion of the **cost of sales** to revenues increased slightly compared to the same period in 2018, rising from 60.97% to 61.88%. As regards B&C Speakers, this result is due to turnover comprised of customers with lower margins compared to those of the first quarter of 2018.

This effect was partially mitigated by the improvement of the margins of the subsidiary Eighteen Sound S.r.l. following the manifestation of the effects of the cost reduction and process efficiency initiatives implemented in 2018.



Indirect Personnel

Indirect personnel costs rose by approximately € 90,000, consistent with the corresponding period in 2018 in terms of proportion of total revenues.

Commercial Expenses

Commercial expenses did not record any significant changes in absolute value or in terms of proportion of total revenues compared to the first three months of the previous year.

Administrative and General

General and administrative costs decreased by approximately € 297,000, reducing the impact on revenues by 2.9%. The effect of this reduction is entirely due to the recognition of operating leases according to the new reference standard (IFRS 16). Applying the previous accounting methods, these costs would have increased by € 15,000, leaving the impact on revenues substantially unchanged from the first quarter of 2018.

EBITDA and EBITDA Margin

Mainly as a result of the dynamics illustrated above, EBITDA in the first three months of 2019 was € 3.15 million, with an increase of € 386,000 (+13.98%) compared to the same period in 2018. The increase of EBITDA by € 312,000 was the result of the adoption of IFRS 16. Applying the previous accounting methods, EBITDA would have been € 2.83 million, an increase of € 74,000 (+2.68%) compared to € 2.76 million for the corresponding period in 2018.

The EBITDA margin for the first three months of 2019 was 22.44% of revenues (21.35% in the first three months of the previous year). Adopting the previous accounting method, the **EBITDA margin** would have been 20.22%.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets equalled € 602,000 (€ 347,000 in the first quarter of 2018). Again, this reduction is entirely due to the recognition of operating leases according to the new reference standard (IFRS 16).

Group Net Result and Net Financial Position

The Group's net profit at the end of the first three months of 2019 amounted to € 2.28 million and represents 15.89% of consolidated revenues with a total increase of 33.21% with respect to the corresponding period in 2018. The effect of the adoption of IFRS 16 on net profit was not significant.

Net Financial Position at the end of the first three months of 2019 was negative and equal to € 8.81 million, against a value of € 4.59 million at year-end 2018.



<i>Values in Euro Thousands</i>	31 March 2019	31 December 2018	Change %
A. Cash	2,513	3190	-21%
C. Securities held for trading	6,784	6,527	4%
D. Cash and cash equivalent (A+C)	9,297	9,717	-4%
F. Bank overdrafts	(596)	(643)	-7%
G. Current portion of non current borrowings	(6,202)	(6,451)	-4%
H. Other current financial debts	(1,233)	-	
I. Current borrowings (F+G)	(8,030)	(7,095)	13%
J. Current net financial position (D+I)	1,267	2,622	-52%
K. Non current borrowings	(5,868)	(7,210)	-19%
M. Other non current financial debts	(4,215)	-	
N. Non current borrowings	(10,083)	(7,210)	40%
O. Total net financial position (J+N)	(8,816)	(4,588)	92%

The net financial position at 31 March 2019 was negatively affected by the recognition of usage rights according to the new standard (IFRS 16). In particular, non-current net financial position includes financial liabilities related to usage rights for € 4.2 million and current net financial position includes financial liabilities related to usage rights for € 1.2 million. The total effect on the quarter is negative for a total of € 5.4 million.



The Group's reclassified Income Statement for the first three months of 2019 compared with the same period in 2018 is provided below.

Economic trends - Group B&C Speakers

(€ thousands)	1Q 2019	Incidence	1Q 2018	Incidence
Revenues	14,021	100.00%	12,931	100.0%
Cost of sales	(8,677)	-61.88%	(7,884)	-61.0%
Gross margin	5,344	38.12%	5,047	39.0%
Other revenues	22	0.15%	115	0.9%
Cost of indirect labour	(974)	-6.94%	(884)	-6.8%
Commercial expenses	(276)	-1.97%	(250)	-1.9%
General and administrative expenses	(970)	-6.92%	(1,267)	-9.8%
Ebitda	3,147	22.44%	2,761	21.4%
Depreciation of tangible assets	(539)	-3.85%	(272)	-2.1%
Amortization of intangible assets	(63)	-0.45%	(75)	-0.6%
Writedowns	0	0.00%	(6)	0.0%
Earning before interest and taxes (Ebit)	2,545	18.15%	2,407	18.6%
Financial costs	(137)	-0.98%	(168)	-1.3%
Financial income	375	2.67%	129	1.0%
Earning before taxes (Ebt)	2,783	19.85%	2,368	18.3%
Income taxes	(555)	-3.96%	(696)	-5.4%
Profit for the year	2,228	15.89%	1,672	12.9%
Minority interest	0	0.00%	0	0.0%
Group Net Result	2,228	15.89%	1,672	12.9%
Other comprehensive result	6	0.04%	(14)	-0.1%
Total Comprehensive result	2,234	15.93%	1,659	12.8%

Events subsequent to 31 March 2019

The Shareholders' Meeting, held on 26 April 2019, approved the Financial Statements and resolved the issue of an ordinary dividend of € 0.50 per ordinary share in circulation at the ex-dividend date (record date on 7 May and payment on 8 May, with ordinary dividend up compared to the forty-two cents seen in 2018).

Business outlook

The flow of customer orders is therefore showing a positive trend, and the figures available to management at the time this report was prepared suggest that 2019 could confirm the positive 2019 results.



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. 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 at 31 March 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Values in Euro)	31 March 2019	31 December 2018
ASSETS		
Fixed assets		
Tangible assets	2,932,386	3,030,360
Right of use	5,441,502	-
Goodwill	2,318,181	2,318,181
Other intangible assets	437,742	453,866
Investments in non controlled associates	50,000	50,000
Deferred tax assets	581,234	571,322
Other non current assets	628,958	628,836
	<i>related parties</i> 88,950	88,950
Total non current assets	12,390,003	7,052,565
Currents assets		
Inventory	14,228,096	14,001,498
Trade receivables	13,728,204	12,465,753
Tax assets	1,406,715	1,766,925
Other current assets	7,179,440	6,929,438
Cash and cash equivalents	2,513,068	3,190,266
Total current assets	39,055,523	38,353,880
Total assets	51,445,526	45,406,445
LIABILITIES		
Equity		
Share capital	1,099,335	1,099,681
Other reserves	5,323,687	5,366,854
Foreign exchange reserve	505,282	500,222
Retained earnings	17,962,080	15,733,541
Total equity attributable to shareholders of the parent	24,890,384	22,700,298
Minority interest	-	0
Total equity	24,890,384	22,700,298
Non current equity		
Long-term borrowings	5,868,224	7,210,266
Long-term lease liabilities	4,214,530	-
	<i>related parties</i> 3,153,218	-
Severance Indemnities	824,844	874,460
Provisions for risk and charges	40,831	40,831
Total non current liabilities	10,948,429	8,125,557
Current liabilities		
Short-term borrowings	6,796,810	7,094,917
Short-term lease liabilities	1,232,670	-
	<i>related parties</i> 924,772	-
Trade liabilities	5,235,021	5,543,421
	<i>related parties</i> 557	1,715
Tax liabilities	370,378	273,534
Other current liabilities	1,971,834	1,668,718
Total current liabilities	15,606,713	14,580,590
Total Liabilities	51,445,526	45,406,445



Consolidated Statement of comprehensive income for the first three months of 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Values in Euro)

	1Q 2019	1Q 2018
Revenues	14,021,101	12,930,770
Cost of sales	(8,676,639)	(7,883,717)
Other revenues	21,679	115,349
Cost of indirect labour	(973,762)	(883,721)
Commercial expenses	(275,588)	(250,470)
General and administrative expenses	(969,769)	(1,267,166)
	<i>related parties</i>	(232,372)
Depreciation of tangible assets	(539,455)	(272,236)
Amortization of intangible assets	(62,789)	(75,198)
Writedowns	0	(6,245)
Earning before interest and taxes	2,544,780	2,407,366
Financial costs	(136,985)	(168,412)
Financial income	374,929	129,136
Earning before taxes	2,782,724	2,368,090
Income taxes	(554,866)	(695,660)
Profit for the year (A)	2,227,858	1,672,430
Other comprehensive income/(losses) for the year that will not be reclassified in income statement:		
Actuarial gain/(losses) on DBO (net of tax)	681	966
Other comprehensive income/(losses) for the year that will be reclassified in income statement:		
Exchange differences on translating foreign operations	5,060	(14,759)
Total other comprehensive income/(losses) for the year (B)	5,741	(13,792)
Total comprehensive income (A) + (B)	2,233,599	1,658,638
Profit attributable to:		
Owners of the parent	2,227,858	1,672,430
Minority interest	-	-
Total comprehensive income attributable to:		
Owners of the parent	2,233,599	1,658,638
Minority interest	-	-
Basic earning per share	0.21	0.15
Diluted earning per share	0.21	0.15