

Initial Coverage

BUY

Price target: EUR 7.20

Industry: Audio & Video Equipment
 Country: Italy
 ISIN: IT0001268561
 Reuters: 37B.MI
 Bloomberg: BEC:IM
 Website: www.bcspeakers.com

Last price	5.75
	Low High
Price 52 weeks:	2.90 5.95
Market cap (EURm)	63.25
Number of shares (m)	11.00

Shareholder structure

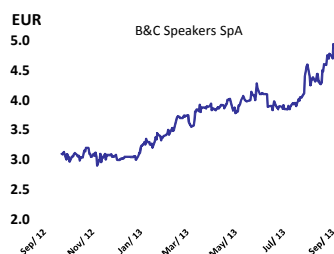
Research and Development	64.93%
Allianz GI Italy	2.40%
Central Bank of Norway	2.10%
Free float	30.57%

Performance

4 weeks	11.00%
13 weeks	46.31%
26 weeks	46.68%
52 weeks	87.17%
YTD	88.65%

Dividend

	in EUR	in %
2009	0.13	2.19%
2010	0.16	2.78%
2011	0.25	4.35%
2012	0.28	4.87%



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B&C Speakers SpA

Solid business with growth potential

- B&C Speakers is a leader in the production and marketing of top-quality loudspeakers. With over than 60 years of experience, the company has established an international reputation in the loudspeakers market, producing and designs all the products in its production facilities in Italy. Today B&C Speakers sells its products worldwide, making almost 88% of its sells outside of Italy, with subsidiaries in the USA and Brazil.
- For the fiscal-year 2012, B&C Speakers revenues improved by €30.7m +10.8% y-o-y. Revenues were driven by excellent unit sales in Asia where increased by +73% y-o-y, about 20% of company total sales worth, and from growth in the USA +14% y-o-y. With a positive trend in orders from customers +12% y-o-y, for the third consecutive year the company has reached the highest turnover.
- Due the growth in sales, EBIT amounted to €6.43m +3.7% y-o-y and net profit to €4.13m +11.1% y-o-y in 2012. The costs for raw materials and consumables have proportionately increased at a slower rate than revenues during 2012. In the same period, cash and equivalents amounted to €2m +8.5% y-o-y and long term debt has been reduced to EUR 0.65m -42.4% y-o-y. Positive cash flow for €1m at the end of the year, quite stable respect the precedent year. Despite high dividends B&C Speakers has positive net financial position for 0.6m in 2012.
- For the first half 2013 the company confirms its trend, with consolidated revenues to €16.9m +14.9% compared to the first haf 2012, consolidated its presence in target markets such as Asia +61%, in the USA +25% and Europe +2.2%. EBIT amounts to €3.8m an increase of +35.3% and Net profit to €2.6m +59%.
- Due favorable market position in target countries and strong fundamentals, we initiate coverage of B&C Speakers with a 12-months price target of €7.20 and a buy rating. In our view, company sales will growth in the next years, particularly in foreign countries. We also like the company because it pays out high dividends (DY 2012 = 4.87%).

Key Facts

EURm	2009	2010	2011	2012	2013E	2014E
Net sales	17.16	23.39	27.69	30.71	33.51	36.51
EBITDA	3.17	4.74	6.37	7.22	8.10	9.30
EBIT	2.64	4.11	5.66	6.44	7.25	8.37
Net income	1.64	2.61	3.72	4.14	4.88	5.65

EPS	0.15	0.24	0.34	0.38	0.44	0.51
BVPS	0.92	0.97	1.12	1.39	1.84	2.35

RoE	15.97%	25.18%	32.46%	29.92%	27.45%	24.53%
EBIT margin	15.35%	17.56%	20.43%	20.96%	21.62%	23.12%
P/E	38.47x	24.21x	16.99x	15.30x	12.96x	11.19x
P/BVPS	6.25x	5.95x	5.14x	4.12x	3.13x	2.44x
EV/EBITDA	20.39x	13.64x	10.15x	8.96x	7.98x	6.95x

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1. Company profile

B&C Speakers is one of the largest professional loudspeaker transducer¹ manufacturers worldwide. The Company has been founded in 1945, from Roberto Coppini and Fernando Borrani, as small Italian artisanal producer, becoming a global player in the professional audio component market since 1990's. B&C Speakers also supplies original equipment manufacturer (OEM) components to most of the top professional audio brands in the market. Today, production and marketing are entirely managed in its headquarter in Bagno a Ripoli, Florence (Italy), in a modern and efficient plant. Over the years, B&C Speakers has grown its international distribution in several countries, including the United States, China, Brazil, Mexico, Dominican Republic, Egypt and India among others. Almost 90% of the revenues are made outside of Italy. As of 31 December 2012, B&C Speakers has in total 110 employees, 10% is dedicated to Research & Development.

2. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> - Over 60 years of industry experience, becoming famous for reliability, consistency and sound quality - Direct presence in the whole process of production, offering tailored solutions to the clients, with focus in the quality control - International and well reputed customers worldwide - Excellent financials with a low level of debit - A new modern plant and has improved company efficiency since 2009 - New technology developed in the the high-end market, increasing researches on drivers of intermediate band 	<ul style="list-style-type: none"> - As main weakness we note that B&C Speakers business could be quite consolidated over the years, and new investments in innovation would be essential for future sales growth
Opportunities	Threats
<ul style="list-style-type: none"> - Strong sales in fast growing countries such as China and Brazil - Increase of demand in the high-end segment where B&C has an high reputation due to its quality control - New division "Architettura Sonora" in the outdoor acoustic market - Increase in the distribution market worldwide 	<ul style="list-style-type: none"> - Change of price in raw material, particularly in the price of neodymium - Loss of key employees - Risks in the European market associated to the debt crisis

Source: Dr. Kalliwoda Research GmbH

¹ An electroacoustic transducer is a device that converts electrical energy into acoustic (sound). It is the principal component of a speaker used for the reproduction of music, and is commonly known as 'loudspeaker'.

3. Valuation

In order to account for current market valuations, we have valued B&C Speakers by using a weighted average of our DCF model (70%) and peer group (30%). Our 12-months price target for the stock is equals to €7.20.

a. DCF-model

WACC assumptions	
Growth assumptions	
Long-term growth rate	2.0%
Assimilation phase (from 2016)	5 years
Sales growth at the beginning	5.5%
Margin development (p.a)	-1 BP
Equity	
Risk-free rate	2.2%
Market risk premium	5.0%
Beta	1.50
Equity costs	9.7%
Debt costs	
Debt costs (before tax)	8.0%
Tax rate on interest	31.4%
Debt costs (after tax)	5.5%
Equity ratio	70
Debt ratio	30
Gearing	42.9%
WACC	8.4%

Discounted Cash Flow Model

in EURm	Phase 1								
	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Net sales	33.51	36.51	39.12	41.26	43.42	45.66	47.82	49.86	51.69
(y-o-y change)	9.1%	8.9%	7.2%	5.5%	5.3%	5.1%	4.7%	4.3%	3.7%
EBIT	7.25	8.37	9.54	10.34	11.16	11.19	10.59	9.54	8.13
(EBIT margin)	21.3%	22.3%	23.5%	24.0%	24.5%	23.3%	20.9%	18.0%	14.8%
NOPLAT	4.97	5.74	6.55	7.09	7.65	7.68	7.27	6.54	5.57
+ Depreciation	0.85	0.93	0.99	1.05	1.10	1.16	1.22	1.27	1.31
= Net operating cash flow	5.82	6.67	7.54	8.14	8.76	8.84	8.48	7.81	6.89
- Total investments (Capex and WC)	-0.69	-1.28	-1.31	-1.21	-1.23	-1.16	-1.70	-1.59	-1.66
Capital expenditure	0.12	-0.16	-0.15	-0.15	-0.14	-0.14	-0.13	-0.12	-0.12
Working capital	-0.81	-1.13	-1.16	-1.07	-1.09	-1.03	-1.57	-1.47	-1.55
= Free cash flow (FCF)	5.13	5.39	6.23	6.93	7.52	7.68	6.79	6.22	5.23
PV of FCFs	5.05	4.87	5.18	5.29	5.27	4.94	4.01	3.38	2.61

PV of FCFs in explicit period	42.66
PV of FCFs in terminal period	28.74
Enterprise value (EV)	71.41
+ Net cash / - net debt	-1.40
+ Investments / - Minorities	0.00
Shareholder value	70.01
Number of shares outstanding (m)	11.00
WACC	8.9%
Equity costs	9.7%
Debt costs before tax	8.0%
Tax rate	31.4%
Debt costs after tax	5.5%
Equity share	80.0%
Debt share	20.0%
Fair value per share in € (today)	6.36
Fair value per share in € (in 12 months)	6.93

Sensitivity analysis		Terminal EBIT margin						
		8.8%	9.8%	10.8%	11.8%	12.8%	13.8%	14.8%
WACC	5.9%	9.44	10.00	10.57	11.14	11.70	12.27	12.84
	6.9%	7.94	8.35	8.77	9.18	9.59	10.00	10.42
	7.9%	6.93	7.24	7.56	7.87	8.18	8.50	8.81
	8.9%	6.19	6.43	6.68	6.93	7.17	7.42	7.67
	9.9%	5.62	5.82	6.02	6.21	6.41	6.61	6.81
10.9%	5.17	5.33	5.49	5.65	5.81	5.97	6.14	

Source: Company, Dr. Kalliwoda Research GmbH, 30 September 2013

b. Peer Group Analysis

We have additionally conducted a plausibility check of the valuation, which was derived by our DCF model. The application of a relative valuation method is based on the idea that comparable companies have similar market values. Hence, mainly listed companies are chosen, which offer similar products, or have a comparable business model. An analysis of financial figures provides an estimation to which degree the company's valuation stems from a low comparability with its peer group or an under- or overvaluation.

The input data of the peers stem from the information provider Thomson Reuters. The forward-looking financial data of the peer group represent the mean average of all analyst 'estimates, which are available on ThomsonReutersKnowledge. We have used the book value in order to approximate the market value of financial liabilities.

Peer Group Multiples		Enterprise Value Multiples					Equity Value Multiples			
Peers	EV / Sales		EV / EBITDA		EV / EBIT		Price / Eps		Price / Bvps	
	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014
Harman International Industries Inc	1,0	0,9	10,3	11,0	15,7	12,3	22,3	17,4	2,7	2,5
Dolby Laboratories Inc	3,4	3,4	7,9	10,0	13,1	12,1	20,4	19,4	7,9	5,6
DTS Inc	2,6	2,4	16,3	7,8	11,2	10,1	21,1	17,5	2,1	2,0
B&C Speakers	1,6	1,5	6,8	6,0	7,6	6,6	11,6	10,0	2,8	2,2
Median	1,6	1,5	9,1	8,9	11,2	10,1	21,1	17,5	2,7	2,2
Mean	1,8	1,7	10,3	8,7	10,8	9,2	20,8	17,7	3,5	2,8
Peer Benchmark	1,6	1,5	9,1	8,9	11,2	10,1	21,1	17,5	2,7	2,2
Discount (-)/Premium (+)	0%	0%	-25%	-33%	-32%	-34%	-45%	-43%	2%	0%
Valuation										
Peer Benchmark	1,6	1,5	9,1	8,9	11,2	10,1	21,1	17,5	2,7	2,2
B&C Speakers financials	33,2	36,1	8,0	9,1	7,2	8,3	0,4	0,5	1,8	2,3
Implied Enterprise Value	54,7	54,7	73,1	81,2	80,3	83,3				
+ Cash and Cash Equivalents	2,8	2,8	2,8	2,8	2,8	2,8				
- Financial Debt	1,4	1,4	1,4	1,4	1,4	1,4				
- Pension Liabilities	0,0	0,0	0,0	0,0	0,0	0,0				
- Minority Interest	0,0	0,0	0,0	0,0	0,0	0,0				
- Preferred Equity	0,0	0,0	0,0	0,0	0,0	0,0				
+ Change in Equity Capital	0,0	0,0	0,0	0,0	0,0	0,0				
Implied Equity Value	56,1	56,1	74,5	82,6	81,7	84,7				
Number of Shares	11,0	11,0	11,0	11,0	11,0	11,0				
Implied fair value per share	5,1	5,1	6,8	7,5	7,4	7,7	9,3	8,9	5,0	5,1
Weights	11%	11%	11%	11%	11%	11%	25%	25%	25%	25%
Results	6,2						7,08			
Weights	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Fair Value Implied by Both Peer Multiples:						6,47 EUR				
Premium (Discount) to Peer Benchmark: 20 %										
Fair Value per Share 7,76 EUR										

Source: Company, Dr. Kalliwoda Research GmbH, 30 September 2013

Based on our peer multiples, the implied fair value equals €7.76 per share.

4. 1H/13 financial results and outlook

a. Income statement and Balance sheet

In the first half 2013, B&C Speakers generated consolidated revenues of €16.8m, which were +14.9% higher y-o-y, and despite a 5% decrease in selling prices. Between January and June the company has consolidated its presence in Europe, the most important markets, with sales of €8.8m +2.2% y-o-y. In the same period in Asia the company made sales of €3.1m +61% y-o-y, and in the USA made sales of €3.1m + 25%. The order portfolio was around €9 million in 1H/13.

H1/13 vs. previous year			
in EURm	H1/13	H1/12	change (%)
Net sales	17	14.77	14.9%
EBITDA	4.30	3.25	32.3%
EBITDA margin	25.3%	22.0%	
EBIT	3.89	2.88	35.1%
EBIT margin	22.9%	19.5%	
Net income	2.60	1.63	59.5%
Net margin	15.3%	11.0%	

Source: Company, Dr. Kalliwoda Research GmbH

The company has benefited of a lower price of neodymium, a main raw material for B&C Speakers. Costs of supplies in the 1H/13 reduced their incidence on revenues, down from 40.9% to 37.5%, due a better efficiency of procurement processes and the costs of some raw materials. The labour costs in the same period increased in its incidence on revenues, cause extraordinary bonus to all the employees and double work shifts, up from 15.2% in 2012 to 16.5%.

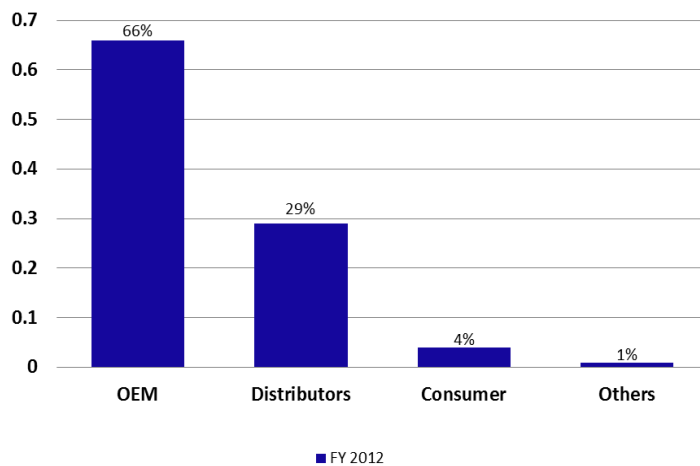
In our view, operating income developed particularly well in the 1H/13. Compared to the previous year, EBITDA, EBIT and net income increased significantly in the first half. The EBIT margin increased its incidence on revenues from 19.5% in the 1H/12 to 22.9% of revenues in the 1H/13 cause a more favourable sales mix. Group net profit increased their incidence on revenues from 11% in the 1H/12 to 59% of revenues in the 1H/13.

Respect the end of 2012, in the 1H/13 short term borrowings increase up to €3.59m from €1.65m, quite stable instead long term borrowings at €0.62m Cash available is still high at €2.8m. We register an increase in inventories of +12.8% and in trade receivable +18.7% respects the end of December 2012. The net financial position in the first half is positive for €1.39m, quite in line with the value of the previous year, and despite 3m in dividends paid in 2013. For the 1H/13 the equity ratio is 56.40%.

b. Revenues breakdown

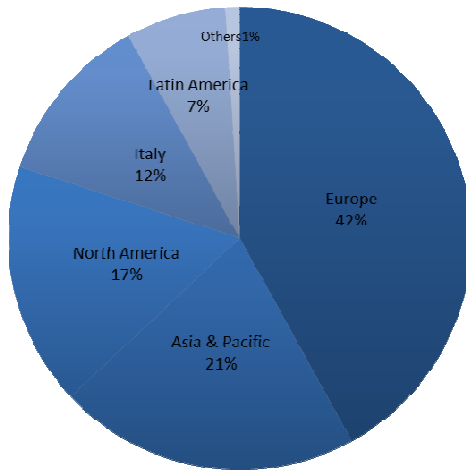
The following charts show sales channel composition, which 2/3 of sales made through original equipment manufacturers (OEM), the international revenues breakdown with Europe, North America and China as main market for the company and revenues composition by product type in fiscal year 2012.

Revenues composition by sales channel - FY 2012 - €M



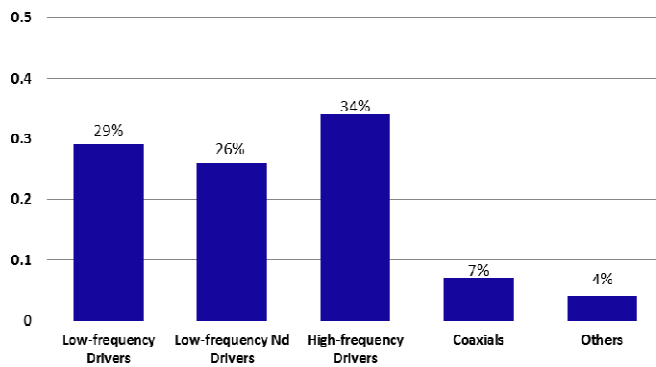
Source: Company, Dr. Kalliwoda Research GmbH

Geographical revenue breakdown in FY 2012



Source: Company, Dr. Kalliwoda Research GmbH

Revenue Composition by Product Type in FY 2012



Source: Company, Dr. Kalliwoda Research GmbH

c. Outlook

After a record level of sales, achieved in the first half 2013, we remain optimistic about B&C Speakers' development in the remaining part of 2013, although we still see risks in particular from uncertainty relating to the debt crisis in the European area, and from the Italian political instability. In our view, B&C Speakers' results will also depend from the dynamism in the high-end loudspeakers demand and from the management ability to improve their sales worldwide.

In the first half of 2013 B&C Speakers has successfully positioned itself well for the future. The sales growth in China will implement its geographical distribution and will secure regular cash flow from this area. We believe that B&C Speakers has a competitive advantage compared to its competitors as its products have a well position in the high quality market with a solid reputation.

For the top-line, we see growth potential coming from the new division "Architettura Sonora" and from the sales in the emerging markets. However, for the bottom-line, we believe that there are risks such as an increase in costs of certain raw materials (such as neodymium), R&D expenses and high marketing costs for new products, which could in our opinion, offset the positive effect on margin from the new efficient plant, industrial equipment and standardization of components.

Ours 2013 estimate's for B&C Speakers are positive and our target price is over the current market price, as we remain optimistic in term of development consumer demand.

5. Business Description

B&C Speakers is a professional loudspeaker transducer manufacturer, with focus in the high-end market segment and worldwide distribution. Main customers are professional audio system producers like D&B Audiotechnic, Bose, Yamaha, Martin Audio, Nexo, QSC Audio, L-Acoustics, Yorkville Sound and Turbosound. Around 2/3 of the sales are custom-made products sold directly to these original equipment manufacturer.

With its new and modern production facility the company has also improved its assembly capacity and the level of automation through a new 13,500m² facility (10,500m² of production) merged five previously-separate production units into one single building in the last years.

In 2009 B&C Speakers has founded with the Sound&Experience design team a new division, which names “Architettura Sonora” (A.S.) for the outdoor acoustic segment. The A.S. division focus on sound into specific areas, with a multi-sensory approach in architectural spaces and experiences design, combined with the loudspeakers engineering and manufacturing.

In the professional transducer market, estimated to be as large as €220m, B&C is becoming a large player with a market share of 15%. Company products are mainly in the Professional Audio and Musical Instruments market. In the Professional Audio market, where has a market share of 35%, the company offers fixed audio installations for big events (such as cinema and stadiums) and transportable audio equipment for live events (such as concerts). In the Musical Instruments market, where B&C has a market share of 4%, B&C Speakers offers portable audio equipment used for smaller audiences (such as bands).

The quality of its products gives to B&C a strong position in the High End market segment. The Company’s portfolio mainly consists of high and low frequency drivers, horns and coaxial components. Follow a view of this product mix.



Low-frequency
Drivers



Low-frequency
Nd Drivers



Coaxials



Horns



High-frequency
Drivers

6. Share

The company became public in July 2007, listed in the Italian Stock Exchange, in Milan. From the beginning of the 2013, B&C Speakers shares has outperformed in the FTSE MIB and in the FTSE Italy STAR indexes. Good fundamental and favorable market condition have sustained the growth in the stock market, increasing +87% in the last 52 weeks. The company also recently moved to the Star index (mid-size company's index).

Main shareholder is Research & Development S.r.l., company were the founder's family Coppini has almost 90% of the capital. Allianz Global Investor Italy and the Central Bank of Norway are the main institutional investors.

Share price performance 2012/13	Shareholder structure (As of 23.10.2013)
<p>Line chart showing share price performance of B&C Speakers SpA, FTSE MIB, and FTSE Italy STAR from August 2012 to August 2013. The Y-axis represents percentage from 100% to 150%. B&C Speakers SpA (blue line) shows the highest growth, reaching approximately 145% by August 2013. FTSE MIB (red line) and FTSE Italy STAR (green line) show lower growth, ending around 115% and 125% respectively.</p>	<p>Pie chart showing the shareholding structure as of 23.10.2013. Research & Development holds 64.93%, Float holds 30.57%, Allianz GI Italy holds 2.40%, and Central Bank of Norway holds 2.10%.</p>
<p>Source: Company, Dr. Kalliwoda Research GmbH</p>	<p>Source: Company, Dr. Kalliwoda Research GmbH</p>

7. Financials

a. Profit and loss statement

Profit and loss statement - B&C Speakers						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Net sales	17,163	23,388	27,693	30,708	33,510	36,506
<i>Internally produced and capitalised assets</i>	0.00	0.00	0.00	0.00	0.00	0.00
<i>Change in inventories</i>	-1.01	1.83	0.71	1.09	0.58	0.98
Total Output	16.15	25.22	28.40	31.79	34.09	37.49
<i>Cost of goods sold</i>	-5.57	-10.47	-11.69	-13.15	-14.06	-15.97
Gross profit	10.58	14.75	16.71	18.65	20.03	21.52
<i>Other operating income</i>	0.20	0.20	0.27	0.23	0.24	0.25
<i>Personnel costs</i>	-3.20	-4.35	-4.46	-4.61	-4.84	-5.09
<i>Depreciation & Amortization</i>	-0.54	-0.63	-0.72	-0.78	-0.85	-0.93
<i>Other operating expenses</i>	-4.41	-5.86	-6.14	-7.04	-7.32	-7.39
EBIT	2.64	4.11	5.66	6.44	7.25	8.37
<i>Net financial results</i>	-0.01	0.08	-0.08	-0.14	-0.13	-0.13
EBT	2.62	4.18	5.57	6.30	7.12	8.24
<i>Income taxes</i>	-0.95	-1.57	-1.95	-1.95	-2.23	-2.59
<i>Minority interests</i>	0.00	0.00	0.00	0.00	0.00	0.00
Net income / loss	1.67	2.62	3.63	4.34	4.88	5.65
<i>EPS</i>	0.15	0.24	0.34	0.38	0.44	0.51
<i>DPS</i>	0.13	0.16	0.25	0.22	1.15	1.18
Change y-o-y						
<i>Net sales</i>	n.a	36.27%	18.41%	10.89%	9.12%	8.94%
<i>Total Output</i>	n.a	56.14%	12.61%	11.95%	7.23%	9.97%
<i>Cost of goods sold</i>	n.a	87.92%	11.67%	12.47%	6.97%	13.56%
<i>Gross profit</i>	n.a	39.42%	13.27%	11.58%	7.41%	7.44%
<i>Other operating income</i>	n.a	0.99%	30.39%	-13.91%	5.00%	5.00%
<i>Personnel costs</i>	n.a	35.89%	2.46%	3.43%	5.00%	5.00%
<i>Depreciation & Amortization</i>	n.a	18.13%	13.13%	9.23%	9.12%	8.94%
<i>Other operating expenses</i>	n.a	32.97%	4.77%	14.63%	3.98%	0.86%
<i>EBIT</i>	n.a	55.86%	37.74%	13.79%	12.59%	15.46%
<i>Net financial results</i>	n.a	-684.62%	-210.53%	65.48%	-5.76%	-3.05%
<i>EBT</i>	n.a	59.53%	33.23%	13.01%	12.99%	15.80%
<i>Income taxes</i>	n.a	64.36%	24.17%	0.36%	14.35%	15.80%
<i>Net income / loss</i>	n.a	56.77%	38.66%	19.80%	12.38%	15.80%
<i>EPS</i>	n.a	58.94%	42.48%	11.07%	18.06%	15.80%
<i>DPS</i>	n.a	26.98%	56.25%	-10.40%	413.39%	2.61%
Share in total sales						
<i>Net sales</i>	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<i>Total Output</i>	0.06 %	0.09 %	0.10 %	0.11 %	0.12 %	0.14 %
<i>Cost of goods sold</i>	-0.02 %	-0.04 %	-0.04 %	-0.04 %	-0.04 %	-0.04 %
<i>Gross profit</i>	0.04 %	0.05 %	0.06 %	0.06 %	0.06 %	0.06 %
<i>Other operating income</i>	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
<i>Personnel costs</i>	-0.01 %	-0.02 %	-0.02 %	-0.02 %	-0.01 %	-0.01 %
<i>Depreciation & Amortization</i>	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
<i>Other operating expenses</i>	-0.02 %	-0.02 %	-0.02 %	-0.02 %	-0.02 %	-0.02 %
<i>EBIT</i>	0.01 %	0.01 %	0.02 %	0.02 %	0.02 %	0.02 %
<i>Net financial results</i>	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
<i>EBT</i>	0.01 %	0.02 %	0.02 %	0.02 %	0.02 %	0.02 %
<i>Income taxes</i>	0.00 %	-0.01 %	-0.01 %	-0.01 %	-0.01 %	-0.01 %
<i>Net income / loss</i>	0.01 %	0.01 %	0.01 %	0.01 %	0.01 %	0.02 %

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b. Balance sheet

Balance sheet - B&C Speakers						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Assets						
Cash and cash equivalents	0.58	0.50	2.05	2.22	7.44	11.63
Inventories	2.78	4.85	5.95	6.58	7.03	7.99
Trade accounts and notes receivables	4.63	6.21	5.73	7.09	7.74	8.43
Other current assets	0.93	0.42	0.10	0.20	0.22	0.24
Other financial assets	0.00	0.00	0.45	0.62	0.67	0.73
Current assets	8.91	11.98	14.27	16.71	23.11	29.02
Property, plant and equipment	4.21	4.54	3.20	3.39	3.59	3.79
Other intangible assets	0.00	0.00	0.44	0.28	0.00	0.00
Goodwill	0.00	0.00	1.39	1.39	1.39	1.39
Financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Other assets	0.67	0.73	0.77	0.97	1.06	1.16
Deferred tax assets	0.25	0.28	0.18	0.21	0.00	0.00
Non-current assets	5.13	5.55	6.00	6.25	6.05	6.34
Total assets	14.05	17.53	20.27	22.95	29.16	35.36
Liabilities						
Trade payables	2.14	3.71	2.38	3.15	3.29	3.65
Tax liabilities	0.08	0.71	0.65	0.68	0.74	0.81
Personnel liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Other short-term liabilities	0.00	0.00	1.29	1.17	1.27	1.39
Short-term bank debt	0.34	0.99	1.40	0.76	0.74	0.71
Finance lease	0.00	0.00	0.00	0.00	0.00	0.00
Other financial liabilities	0.42	0.51	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00	0.00	0.00
Current liabilities	2.98	5.92	5.72	5.76	6.05	6.56
Long-term bank debt	0.06	0.25	1.13	0.65	0.60	0.52
Leasing debt	0.00	0.00	0.00	0.00	0.00	0.00
Other financial debt	0.00	0.00	0.00	0.00	0.00	0.00
Pension provisions	1.12	1.06	1.11	1.19	1.30	1.41
Provisions	0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax liabilities	0.02	0.02	0.02	0.02	0.00	0.00
Long-term liabilities	1.19	1.32	2.25	1.85	1.89	1.93
Total liabilities	4.18	7.24	7.97	7.61	7.94	8.49
Shareholders equity	10.12	10.64	12.30	15.34	20.22	25.88
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
Total equity and liabilities	14.30	17.88	20.27	22.95	28.16	34.37

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c. Cash flow statement

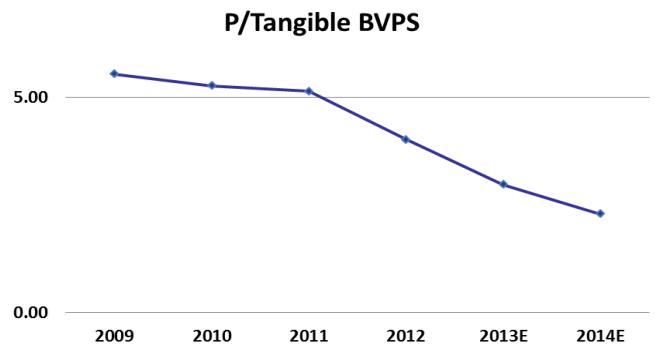
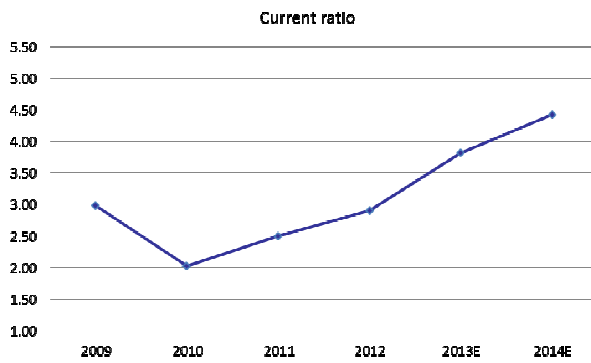
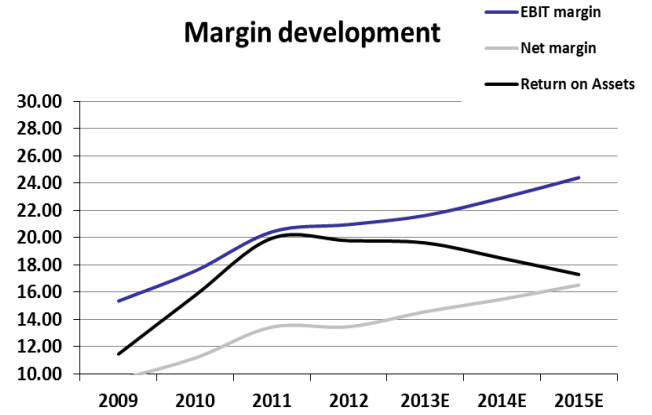
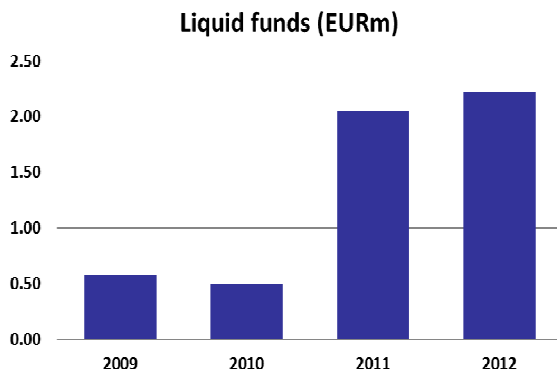
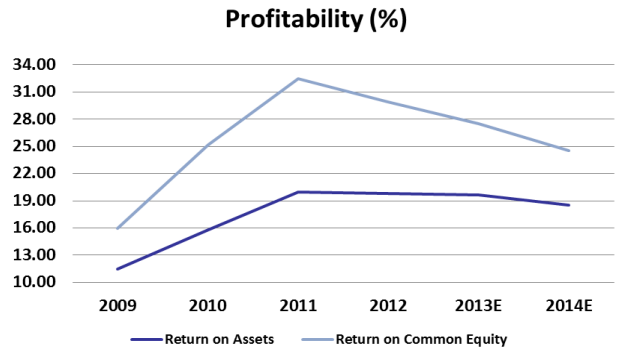
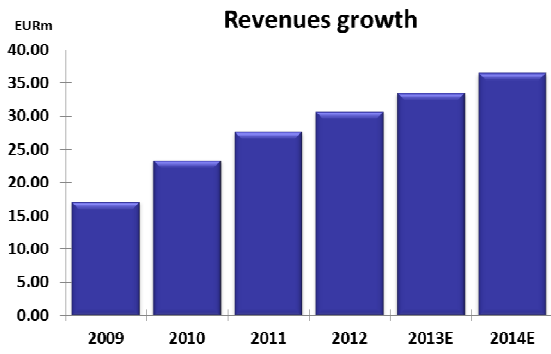
Cash flow statement - B&C Speakers S.p.A.						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Net income / loss	1.64	2.61	3.72	4.14	4.88	5.65
Depreciation & Amortization	0.54	0.63	0.72	0.78	0.85	0.93
Change of working capital	3.34	-10.91	-25.36	-11.82	-0.81	-1.13
Others	8.70	16.15	21.39	-0.03	0.19	0.00
Net operating cash flow	14.23	8.48	0.47	6.96	5.11	5.46
Cash flow from investment	-9.87	-5.98	-20.40	-13.29	0.12	-0.16
Free cash flow	4.35	2.50	-19.92	-6.33	5.23	5.30
Cash flow from financing	-5.89	-2.56	18.65	4.45	-0.01	-1.12
Change of cash	-1.54	-0.06	-1.27	-1.89	5.22	4.18
Cash at the beginning of the period	10.17	8.63	0.50	2.05	2.22	7.44
Cash at the end of the period	8.63	0.50	2.05	2.22	7.44	11.63

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d. Financial ratios

Fiscal year	2009	2010	2011	2012	2013E	2014E	2015E	2016E
Gross margin	65.52%	58.50%	58.84%	58.65%	58.75%	57.40%	55.20%	53.00%
EBITDA margin	18.47%	20.26%	23.01%	23.51%	24.17%	25.47%	26.94%	27.61%
EBIT margin	16.31%	16.28%	19.92%	20.25%	21.26%	22.32%	23.55%	24.02%
Net margin	10.18%	10.36%	13.11%	13.01%	14.32%	15.08%	15.95%	16.29%
Return on equity (ROE)	15.97%	25.18%	32.46%	29.92%	27.45%	24.53%	22.21%	19.57%
Return on assets (ROA)	11.46%	15.77%	19.96%	19.78%	19.61%	18.49%	17.30%	15.64%
Return on capital employed (ROCE)	14.82%	21.47%	25.29%	25.82%	22.48%	20.64%	18.88%	16.94%
Net debt (in EURm)	1.36	2.30	1.14	-0.24	-1.40	-9.72	-14.75	-20.43
Net gearing	13.47%	21.62%	9.26%	-1.56%	-6.92%	-37.55%	-45.62%	-51.92%
Equity ratio	70.78%	59.50%	60.69%	66.83%	71.81%	75.30%	77.44%	79.64%
Current ratio	2.99	2.02	2.50	2.90	3.82	4.42	5.10	5.77
Quick ratio	1.74	1.13	1.44	1.72	2.62	3.17	3.78	4.39
Net interest cover	202.69	-54.04	67.35	46.31	55.32	65.89	78.88	89.93
Net debt/EBITDA	0.43	0.49	0.18	-0.03	-0.17	-1.05	-1.40	-1.79
Tangible BVPS	0.92	0.97	0.99	1.27	1.71	2.23	2.81	3.45
Capex/Sales	-0.43%	-1.30%	-1.68%	0.04%	0.36%	-0.43%	-0.39%	-0.36%
Working capital/Sales	35.62%	30.15%	26.94%	28.89%	28.90%	29.61%	30.59%	31.59%
EV/Sales	3.77	2.76	2.33	2.11	1.93	1.77	1.65	1.57
EV/EBITDA	20.39	13.64	10.15	8.96	7.98	6.95	6.13	5.68
EV/EBIT	24.53	15.74	11.43	10.04	8.92	7.73	6.77	6.25
P/Tangible BVPS	6.25	5.95	5.80	4.54	3.36	2.58	2.04	1.67
P/E	38.47	24.21	16.99	15.30	12.96	11.19	9.78	9.02
P/FCF	25.31	-3.17	-9.99	12.08	11.94	10.28	9.23	8.49

Source: Company data, Dr. Kalliwoda Research GmbH



Source: Company data, Dr. Kalliwoda Research GmbH

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Also view Sales and Earnings Estimates: DR. KALLIWODA RESEARCH on Terminals of Bloomberg, Thomson Reuters, vwd group and Factset	Analyst of this research: Dr. Norbert Kalliwoda, CEFA	

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BUY:	Based on our analysis, we expect the stock to appreciate and produce a total return of at least 10% over the next twelve months
ACCUMULATE:	Based on our analysis, we expect the stock to appreciate and produce a total return between 5%- 10% over the next twelve months
HOLD:	Based on our analysis, we expect the stock to produce a total return between -5% and +5% over the next twelve months
REDUCE:	Based on our analysis, we expect the stock to cause a negative return between -5% and -10% over the next twelve months
SELL:	Based on our analysis, we expect the stock to cause a negative return exceeding -10% over the next twelve months

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