ALANTRA
Italian Equity Research

11-Sep-24 8:59 AM

B&C Speakers

Sector: Industrial

It's Music to my Ears

BUY
New Coverage

TP 19.6
New Coverage

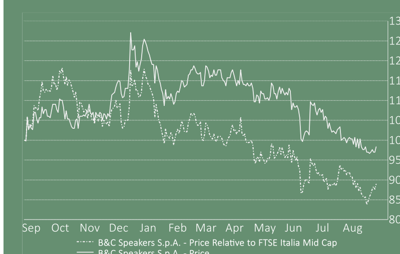
Target price upside 34%

Leading producer of professional loudspeaker transducers, B&C Speakers is poised to maintain its leadership in the touring/live events sector while expanding into several end-markets, including portable sound, professional musical instruments and car audio, increasing its market share from an estimated 15% in 2024. We anticipate a 7.8% CAGR in sales from 2024 to 2026 (back-end loaded organic growth), driven also by synergies from the Eminence acquisition, with a 10.2% increase in EBITDA over the same period. The considerable FCF generation should allow the group to reach over Eu19mn in net cash by 2026, paving the way for M&A opportunities to accelerate growth. We initiate coverage with BUY and TP of Eu19.6/share (+34% upside).

- Mastering high-quality sound since 1946. B&C Speakers designs, produces, and markets loudspeaker transducers for the professional audio industry worldwide. The group has pioneered advanced technology and innovation in cutting-edge loudspeakers, enhancing sound quality, reliability, and performance. With Eu94mn revenues in FY23, BEC generates over 90% of its sales abroad, mainly in Europe (47%), NAM (19%), and APAC (17%). The group serves primarily tier-one OEMs in the pro-audio segment (c. 70% of sales) and distributes directly under the B&C group's brands (30%), with significant exposure to touring and live events and a notable presence in the installed leisure. BEC employs 344 people, with 40% of indirect personnel costs related to R&D. The Coppini family, founders and major shareholders, have contributed to significant sales growth over the past years (+14% sales CAGR FY16-23).
- Reap the benefits from the live entertainment long-term growth. The professional audio market is seen growing at +5.7% 24-26E CAGR, driven by rising demand for high-quality, lighter, and high-performing audio/video equipment. The group is primarily exposed to the concert and live entertainment industry, which is enjoying steady long-term growth post-COVID-19. We expect BEC to benefit from the growing trend for high-quality sound experiences, building on its established industry expertise in the coming years.
- Strengthen leadership in touring/rental and diversify end-markets exposure. The professional audio market is highly fragmented, with specialists like Pascal focusing on niche products and larger groups like Bose offering broad solutions. B&C Speakers holds a key role, supplying leading OEMs such as L'Acoustics, boasting an estimated market share of 15%. Its strong track record, co-engineered relationship with clients, and a global footprint create strong competitive advantages. B&C aims to strengthen its touring/rental leading position and gaining market share in valuable segments like portable sound (increasing production in China), car audio (penetrate the US market), and professional instruments supported by the recent Eminence's acquisition. The competitive positioning is well summarized by the group's ROCE of 30% in 2023. M&A activity is seen as a key business accelerator.
- 7.8% sales CAGR FY24-26E and >50% EBITDA/cash conversion. We expect sales to rise by 7.8% CAGR FY24-26E, up from Eu102mn in 2024 to Eu119mn in 2026 with organic growth back to positive territory from 25 onwards. The trend is supported by synergies from the acquisition of Eminence, enhancing business in key regions like China and bolstering presence in music instruments in the USA. EBITDA should increase by +10.2% FY24-26E CAGR to Eu27.6mn/23.2% margin thanks to operating efficiencies. We expect net profit in 2024 to soar to Eu18.2mn/17.8% margin (+30% yoy) mainly due to one-off patent box benefit. During 2024-26, BEC should confirm its strong cash generation capabilities (58% EBITDA conversion on average), reaching Eu19.4mn net cash by 2026 despite projecting c. Eu24mn of combined dividends.
- We initiate with BUY and TP of Eu19.6/share. Listed in July 2007, BEC' stock price has risen by 194% since the IPO, significantly outperforming the FTSE Italian Mid Cap index. We believe that there are no direct listed comparable. However, we considered players that produce complementary products in the professional audio industry (Powersoft and Focusrite) by considering their 2024-25E EV/EBITDA multiples (BEC trades at 11% discount despite showing similar financial projections). We also conducted a 4-year DCF analysis (9.5% WACC; 1.5% g) to capture BEC's attractive cash-generative profile. Based on the weighted average of the two methods, we initiate coverage with BUY and with a TP of Eu19.6/share, implying a +34% upside.

Ticker (BBG, Reut)	BEC IM	BEC.MI
Share price Ord. (Eu)		14.7
N. of Ord. shares (mn)		10.8
Total N. of shares (mn)		10.8
Market cap (Eu mn)		159
Total Market Cap (EU mn)		159
Free Float Ord. (%)		32%
Free Float Ord. (Eu mn)		18
Daily AVG liquidity Ord. (Eu k)		64

	1M	3M	12M
Absolute Perf.	-2.4%	-13.4%	-3.0%
Rel.to FTSEMidCap	-4.0%	-8.5%	-13.6%
52 weeks range		14.5	19.0



	FY23A	FY24E	FY25E
Sales	94	102	111
EBITDA adj.	23	23	25
Net profit adj.	14	18	16
EPS adj.	1.3	1.7	1.5
DPS - Ord.	0.70	0.76	0.75
EV/EBITDA adj.	7.1x	6.8x	6.0x
P/E adj.	11.5x	8.7x	9.8x
Dividend yield	4.7%	5.2%	5.1%
FCF yield	10.6%	8.6%	8.9%
Net debt/(Net cash)	1	(6)	(12)
Net debt/EBITDA	0.0x	nm	nm

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Summary Financials (IFRS)

P&L account (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	82.1	94.0	102.4	110.7	119.0
EBITDA reported	20.3	21.8	22.7	25.0	27.6
D&A	(2.1)	(2.3)	(2.5)	(2.7)	(2.7)
EBIT reported	18.1	19.5	20.3	22.4	24.9
Net financial charges	(1.3)	(0.5)	(0.3)	(0.3)	(0.3)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	16.8	19.0	19.9	22.0	24.6
Taxes	(4.6)	(5.1)	(1.7)	(5.8)	(6.5)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	12.3	13.9	18.2	16.2	18.1
EBITDA adjusted	**20.3**	**22.8**	**22.7**	**25.0**	**27.6**
EBIT adjusted	**18.1**	**19.5**	**20.3**	**22.4**	**24.9**
Net profit adjusted	**12.3**	**13.9**	**18.2**	**16.2**	**18.1**

Margins (%)	FY22A	FY23A	FY24E	FY25E	FY26E
First margin	36.4%	36.9%	36.2%	37.0%	38.2%
EBITDA margin	24.7%	23.2%	22.2%	22.6%	23.2%
EBITDA margin (adj)	24.7%	24.3%	22.2%	22.6%	23.2%
EBIT margin	22.1%	20.8%	19.8%	20.2%	20.9%
EBIT margin (adj)	22.1%	20.8%	19.8%	20.2%	20.9%
Net profit margin	14.9%	14.8%	17.8%	14.6%	15.2%
Net profit margin (adj)	14.9%	14.8%	17.8%	14.6%	15.2%

Growth rates (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Sales	81.5%	14.5%	8.9%	8.1%	7.5%
EBITDA	135.1%	7.7%	4.3%	10.1%	10.4%
EBITDA adjusted	135.1%	12.6%	-0.3%	10.1%	10.4%
EBIT	176.8%	7.7%	3.8%	10.3%	11.4%
EBIT adjusted	176.8%	7.7%	3.8%	10.3%	11.4%
Pre-tax	151.5%	13.3%	4.7%	10.5%	11.6%
Net profit	139.7%	13.4%	31.2%	-11.3%	11.6%
Net profit adjusted	139.7%	13.4%	31.2%	-11.3%	11.6%

Per share data	FY22A	FY23A	FY24E	FY25E	FY26E
Shares	10.84	10.84	10.84	10.84	10.84
N. of shares AVG	10.84	10.84	10.84	10.84	10.84
N. of shares diluted AVG	10.82	10.80	10.80	10.80	10.80
EPS	**1.13**	**1.28**	**1.68**	**1.49**	**1.67**
EPS adjusted	**1.13**	**1.28**	**1.68**	**1.49**	**1.67**
DPS - Ord.	**0.60**	**0.70**	**0.76**	**0.75**	**0.84**
DPS - Sav.	0.00	0.00	0.00	0.00	0.00
BVPS	3.39	4.26	5.25	5.98	6.90

Enterprise value (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Share price Ord. (Eu)	12.6	14.8	14.7	14.7	14.7
Market cap	136.3	160.5	159.3	159.3	159.3
Net debt/(Net cash)	9.4	0.7	(5.7)	(11.7)	(19.4)
Adjustments	(0.5)	1.1	1.2	1.3	1.4
Enterprise value	145.3	162.3	154.9	148.9	141.3

Source: Company data, Alantra estimates from 2024.

Cash flow (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
EBITDA reported	20.3	21.8	22.7	25.0	27.6
Net financial charges	(0.2)	(0.7)	(0.3)	(0.3)	(0.3)
Cash taxes	(1.9)	(3.8)	(1.7)	(5.8)	(6.5)
Ch. in Working Capital	(16.3)	1.3	(4.1)	(2.5)	(2.8)
Other Op. items	(0.1)	(0.4)	0.0	0.0	0.0
Operating cash flow	**1.8**	**18.3**	**16.6**	**16.4**	**18.0**
Capex	(0.9)	(1.3)	(3.0)	(2.2)	(1.8)
FCF	**0.9**	**17.0**	**13.7**	**14.2**	**16.2**
Disposals/Acquisitions	0.0	(1.1)	0.0	0.0	0.0
Changes in Equity	(0.5)	2.1	0.0	0.0	0.0
Others	(2.4)	(2.8)	0.3	0.1	(0.5)
Dividends	(3.5)	(6.5)	(7.6)	(8.2)	(8.1)
Ch. in NFP	**(5.5)**	**8.8**	**6.3**	**6.1**	**7.6**

Ratios (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Capex/Sales	**1.1%**	**1.4%**	**2.9%**	**2.0%**	**1.5%**
Capex/D&A	0.4x	0.6x	1.2x	0.8x	0.7x
FCF/EBITDA	4.4%	78.2%	60.1%	56.6%	58.7%
FCF/Net profit	7.3%	122.5%	74.8%	87.5%	89.8%
Dividend pay-out	**68.0%**	**53.0%**	**54.6%**	**50.0%**	**50.0%**

Balance sheet (Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Working capital	35.7	34.8	38.9	41.4	44.1
Fixed assets	9.9	13.1	13.5	13.0	12.7
Provisions & others	0.5	(1.1)	(1.2)	(1.3)	(1.4)
Net capital employed	**46.1**	**46.9**	**51.2**	**53.1**	**55.4**
Net debt/(Net cash)	**9.4**	**0.7**	**(5.7)**	**(11.7)**	**(19.4)**
Equity	36.7	46.2	56.9	64.8	74.8
o/w Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Working capital/Sales	**43.5%**	**37.1%**	**38.0%**	**37.4%**	**37.1%**
Net debt/Equity	**25.7%**	**1.4%**	**nm**	**nm**	**nm**
Net debt/EBITDA	**0.5x**	**0.0x**	**nm**	**nm**	**nm**

Valuation	FY22A	FY23A	FY24E	FY25E	FY26E
EV/CE	**3.2x**	**3.4x**	**3.0x**	**2.7x**	**2.5x**
P/BV	3.7x	3.5x	2.8x	2.5x	2.1x
EV/Sales	1.8x	1.7x	1.5x	1.3x	1.2x
EV/EBITDA	7.2x	7.4x	6.8x	6.0x	5.1x
EV/EBITDA adjusted	**7.2x**	**7.1x**	**6.8x**	**6.0x**	**5.1x**
EV/EBIT	8.0x	8.3x	7.6x	6.7x	5.7x
EV/EBIT adjusted	**8.0x**	**8.3x**	**7.6x**	**6.7x**	**5.7x**
P/E	11.1x	11.5x	8.7x	9.8x	8.8x
P/E adjusted	**11.1x**	**11.5x**	**8.7x**	**9.8x**	**8.8x**
ROCE pre-tax	46.9%	41.7%	40.4%	41.9%	44.8%
ROE	**33.4%**	**30.1%**	**32.1%**	**25.0%**	**24.1%**
EV/FCF	162.5x	9.5x	11.3x	10.5x	8.7x
FCF yield	**0.7%**	**10.6%**	**8.6%**	**8.9%**	**10.2%**
Dividend yield	**4.8%**	**4.7%**	**5.2%**	**5.1%**	**5.7%**

Strengths

Leading positioning in professional loudspeaker transducers

A global footprint and capillary presence in key strategic regions

Established track record with a portfolio of top tier global OEMs in the pro audio industry

Weaknesses

Dependency on live events/touring business

Limited exposure to the installation market

Relatively short track-record of seizable M&A

Opportunities

Relentless growth in live events and sound experience venues

Strong potential market share gain in several end-markets

New products and technologies through M&A

Threats

A comeback of a global pandemic might hamper activity due to venue cancellations

Exposure to OEMs might imply some pressure on margins in the future

Potential disruptions in the supply chain of key components

Key shareholders

Research & Development Int. Srl: 54.0%

Lazard Freres Gestion: 4.69%

First Capital: 3.18%

John Berenberg Gossler & Co.: 3.04%

Allianz GI: 2.84%

Flee-float: 32.25%

Management

Lorenzo Coppini - CEO

Francesco Spapperi - CFO

Next events

3Q24 results: 12/11/24

Executive Summary

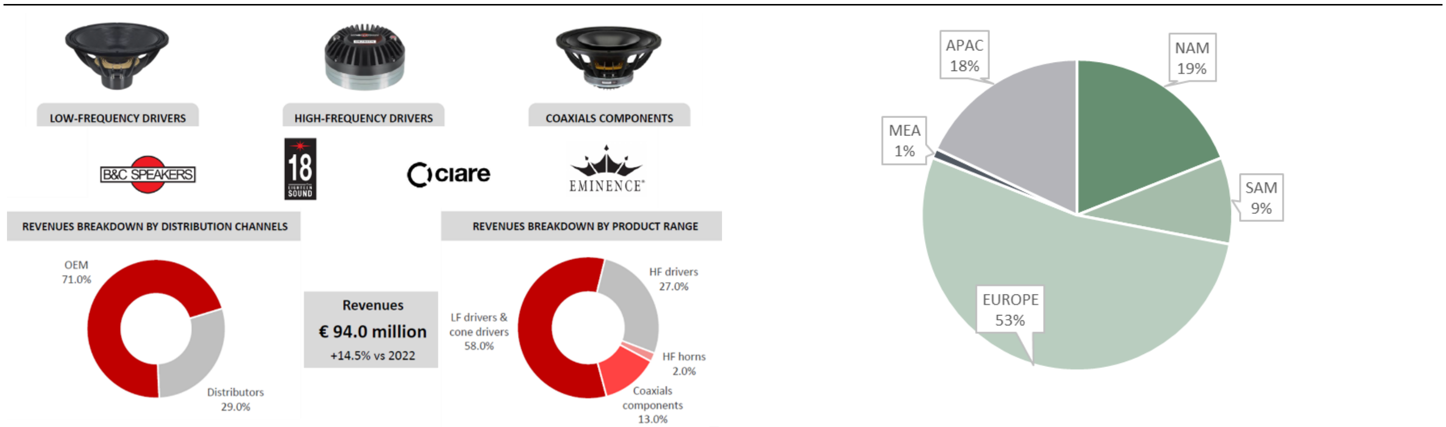
B&C Speakers, a leading producer of professional loudspeaker transducers, is well-positioned to sustain its leadership in the touring/live events sector while diversifying into new markets, including portable sound, professional musical instruments, and car audio, aiming to increase its market share from an estimated 15% in 2024. We project a 7.8% CAGR in sales from 2024 to 2026, with growth skewed towards the latter part of the period, supported by synergies from the Eminence acquisition. EBITDA is expected to rise by 10.2% over the same timeframe. Strong FCF generation should enable the company to achieve over Eu19mn in net cash by 2026, providing a solid foundation for future M&A to accelerate growth. We initiate coverage with a BUY rating and a target price of Eu19.6/share, implying a +34% upside.

Excellence in professional loudspeakers

B&C Speakers (BEC) designs, produces, and markets loudspeaker transducers for the professional audio industry worldwide. Founded in the 1946 near Florence (Italy), the group has been pioneering advanced technology and innovation within cutting-edge loudspeakers, improving sound quality, reliability, and performance. With Eu94mn revenues in FY23, BEC generates over 90% sales abroad, mainly in Europe (47%), NAM (19%) and APAC (17%). The group serves primarily tier one OEMs in the pro-audio segment (70% sales) and distributes directly under the B&C group's brands (30%) with a substantial market share in touring and live events across the globe and relevant presence in the installations segment. Their core products are electro-acoustic loudspeaker transducers, a mission-critical part in the audio value chain, which converts the electric signal to audible sound. These products are divided into three main types, covering a full spectrum of frequency needs: high/low frequency drivers and coaxial. With a total workforce of 344 employees, the production process, mainly made by assembly lines, is carried out in Italy, USA and China, boasting 40% of indirect personnel costs dedicated to R&D activity. The group's track record in both organic and inorganic growth is relevant (+14% sales CAGR FY16-23), also thanks to the contribution from the 2nd generation of Coppini family (Lorenzo Coppini is the CEO and major shareholder) to steadily growing results with expansion in key markets. The major shareholder is a company related to the Coppini family with a 54% stake.

Overview of B&C Speakers (LHS) and sales by geography (RHS)

With Eu94mn revenues in FY23, B&C Speakers develops, designs, produces, and sells loudspeaker transducers for the professional audio market worldwide.



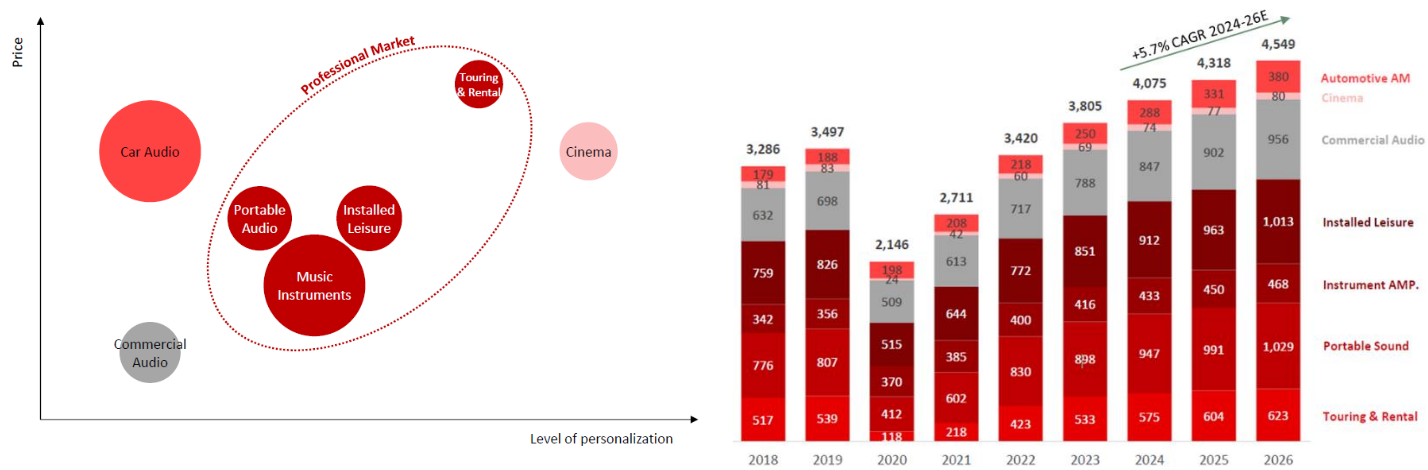
Source: Alantra elaboration on Company presentation

"Going out is in again" fuels market prospects

B&C Speakers' core business is indirectly exposed to the concert and live entertainment industry, which is enjoying a steady long-term growth revival after covid-19. According to a report from Goldman Sachs, the music industry is expected to grow from USD76.1bn in 2024 to USD116.5bn in 2030, a CAGR 24-30E of +7.6%. This trend, among other things, entails a strong outlook for the live music market, which is expected to register a steady growth of +6.5% CAGR24-30E and reaching USD51.7bn in 2030. This is also fuelled by streaming and social media, which has heightened awareness and social value of live events, together with enduring popularity with immersive sound experiences. Despite recent consumer demand backdrop, the expenditure for live entertainment events registered a strong growth in the past years (e.g. ticket price soared by 2x between 2019 to 2023) and is expected to remain solid, showing resiliency across economic cycles. Narrowing the arena to the BEC reference market, a study from Future Source is valuing the segment at Eu4.1bn in 2024 and is expected to reach Eu4.6bn in 2026 (+5.7% 24-26E CAGR), thanks to a rising demand for high-quality, lighter, and high-performing audio/video.

Reference market characteristics (LHS), size and evolution (RHS, Eu mn)

The BEC reference market is valued at Eu4.1bn and is expected to post a +5.7% CAGR 24-26. The touring and rental market (BEC's core business) boasts higher pricing.



Source: Company presentation

Competitive positioning in a fragmentated OEM arena

The professional audio market is highly fragmented, with independent specialists like Pascal focusing on specific products such as module amplifiers, while larger groups like Crown and Bose offer a broader range of solutions. B&C Speakers plays a key strategic role, supplying renowned loudspeaker manufacturers like L'Acoustics and D&B Audiotechnik. Its partnerships with both large conglomerates and specialized companies underscore its importance in the global professional sound industry. Despite some clients having in-house production, B&C's product innovation, reliability, and timely delivery make it a crucial partner for leading OEMs. The company holds a strong market position, with an estimated 15% share in the professional loudspeaker segment. Several factors create high barriers to entry for newcomers, including an established track record that has built strong brand recognition, long-lasting relationship with OEMs through co-engineered products, and a global production footprint that allows proximity to customers and quick market responses. The company's ability to meet strict OEM requirements for quality and efficiency, supported by a reliable supplier network, further solidifies its market-leading position.

An overview of main professional audio players

Many tier 1 OEMs in the pro-audio industry are both clients and competitors to B&C Speakers

Product specialists	Microphone	Signal processor	Amplifier	Loudspeaker	Client of BEC	Home country
SCHOEPS Mikrofone	✓			✓		Germany
Powersoft			✓			Italy
PASCAL			✓			Denmark
ICE power			✓			Germany
L-ACOUSTICS			✓	✓	Yes	France
d&b audiotechnik			✓	✓	Yes	Germany
Pioneer Professional Audio				✓		Japan
Meyer Sound				✓	Yes	USA
ADAMSON				✓	Yes	Canada
Symetrix		✓		✓		USA
Diversified groups	**Microphone**	**Signal processor**	**Amplifier**	**Loudspeaker**	**Client of BEC**	**Home country**
RCF GROUP	DPA Microphones		Montarbo	RCF, dBTechnologies, EAW		Italy
HARMAN	AKG by Harman	AMX by Harman, Soundcraft by Harman, BSS by Harman, dbx by Harman	Crown by Harman	JBL		USA
musictribe	Aston Microphones, TC HELICON	behringer, MIDAS, lake	LAB.GRUPPEN	Turbosound	Yes	Philippines
BOSE Professional			✓	✓	Yes	USA
Panasonic	✓	✓	✓	✓	Yes	Japan
YAMAHA	✓	✓	✓	✓	Yes	Japan
ASHLY		✓	✓	✓		USA
QSC		✓	✓	✓	Yes	USA

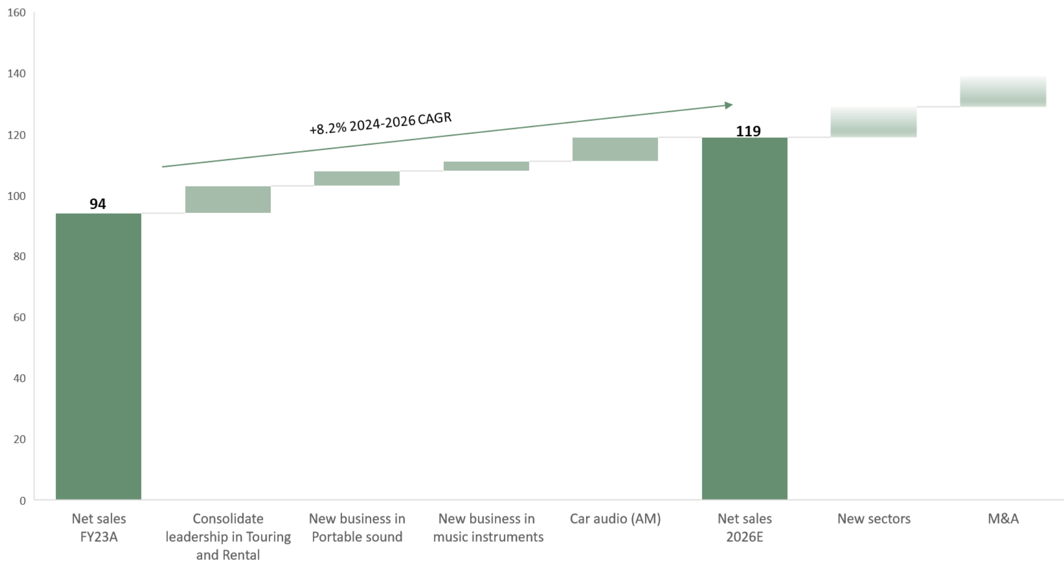
Source: Alantra

Aiming revenue diversification in several end-markets

We believe that B&C Speakers is well-positioned to strengthen its leadership in the touring and rental market, given its strong competitive positioning and longstanding relationships with major OEMs. On top of that, we expect the group to accelerate in other valuable segments, such as portable sound, car audio, and professional musical instruments, thanks to the recent Eminence acquisition. From a geographical standpoint, the group is expected to increase production activity in China, leveraging Eminence's production plant and gaining market share in the portable sound end-market. In the USA, BEC should further penetrate the professional musical instrument segment through the Eminence brand, expanding the product portfolio with new launches. Lastly, the car audio market, still not significant in size in terms of group revenues, is expected to grow, especially in the USA, where the group can tap into growth potential, also leveraging on the Ciare brand know-how in the car audio market. Additionally, we see that M&A activity represents a key business accelerator that could speed up the presence in certain regions or specialized verticals.

Net sales bridge (Eumn, 2023-26E)

We expect 8.2% 2023-26E top-line CAGR, mainly driven by a consolidating presence in the touring and rental segment, while increasing market share in portable sound, musical instruments, and car audio.



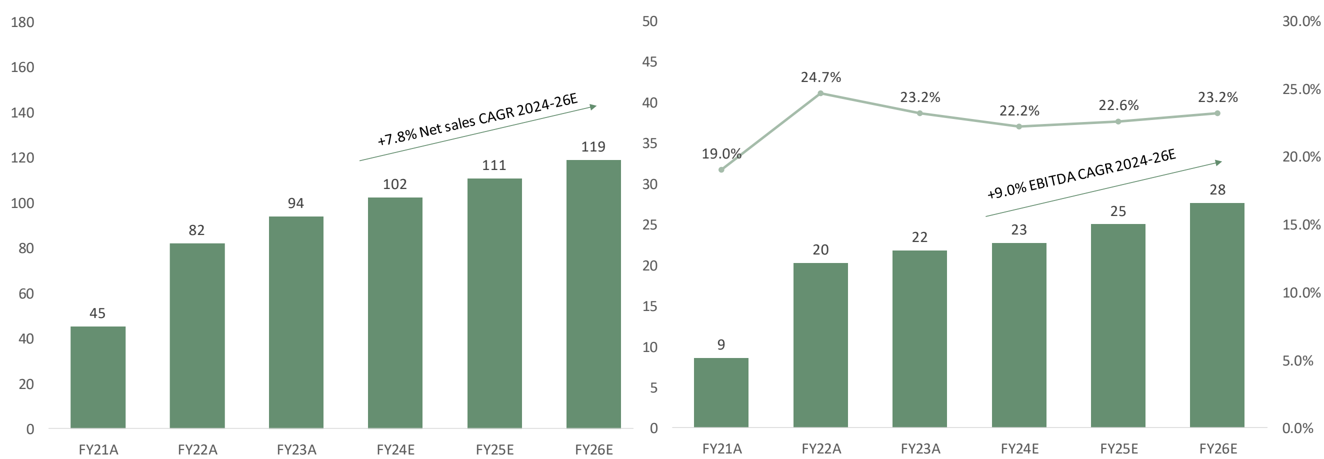
Source: Alantra estimates

International growth and solid profitability

B&C Speakers has experienced a solid growth in the past years (+14% 2016-23 CAGR in net sales), expanding further its global leadership in professional loudspeakers. Apart from the COVID-19 period, where many live events were cancelled, the group has grown steadily. We expect sales to rise by 7.8% CAGR FY24-26E, rising from Eu102mn in 2024 to Eu119mn in 2026, with organic growth return to positive territory in 2025 (+8.1%) from -5.5% expected in 2024. The supportive trend should stem mainly from synergies related to the acquisition of Eminence, enhancing business in key regions like China and bolstering presence in professional music instruments in the USA. We expect a lift in GM to 38.2% by 2026 from 36.9% in FY23A thanks to operating efficiencies in the US plant and higher operating leverage. EBITDA should increase by +9.0% FY24-26E CAGR to Eu27mn, with margin on sales remaining broadly stable at 22%, projecting a sequential improvement to 22.7% in 2026 as cost synergies from the acquisition of Eminence kick-in. We expect net profit in 2024 to soar to Eu18.2mn/17.8% margin (+30% yoy) mainly due to a positive effect stemming from the patent box impact, which should benefit from c. Eu4mn tax reduction.

Sales (lhs) and EBITDA (rhs) evolution (FY21-26E, Eu mn)

We expect sales to grow by 7.8% CAGR FY24-26E, rising from Eu102mn in 2024 to Eu119mn in 2026. EBITDA should increase by +9.0% FY24-26E CAGR to Eu28mn



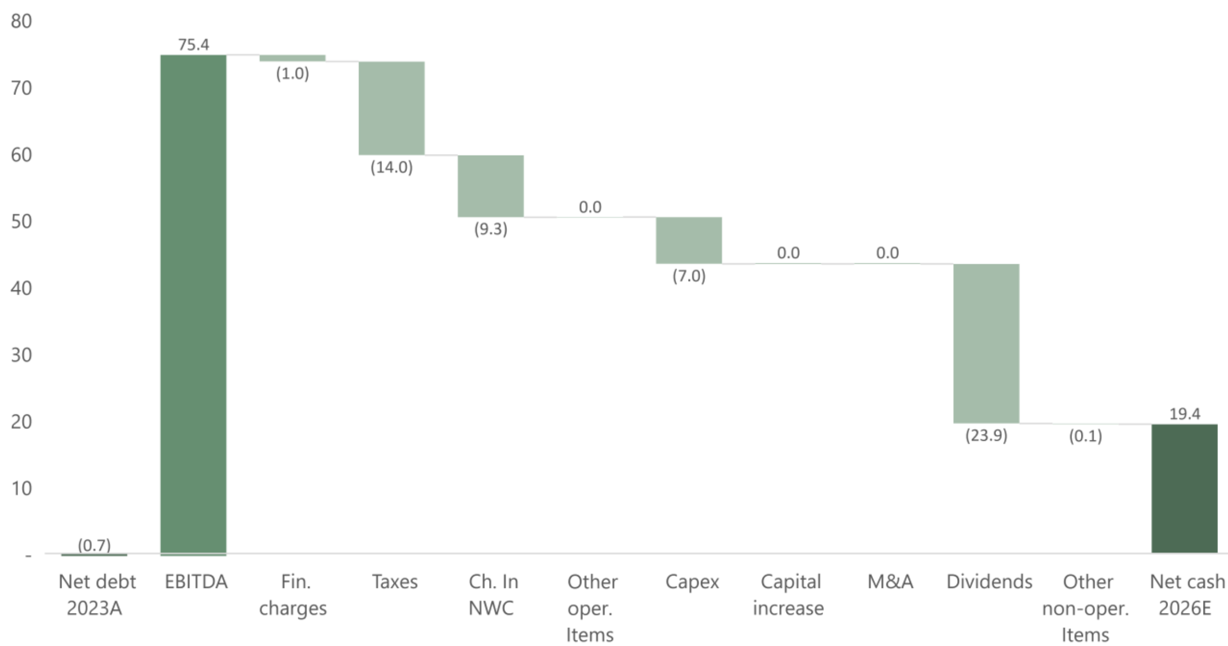
Source: Alantra estimates

Healthy balance sheet with strong FCF conversion

The group's balance sheet is primarily made by working capital, weighing 37% of sales, and we expect this level to remain stable and well under control in the coming years after the peak reached in 2021-2022 due to post-covid rebound and inventories build-up. The fixed-asset light profile allows to remain flexible and deliver an attractive ROCE of >30%. We expect this to continue, with an average ROCE of 32.6% in FY24-26E. Our capex projections mainly factor-in ordinary capex, which should remain in line with historical levels of c. 2% of sales. We project some extraordinary capex related to the plant expansion in China with new production lines. This should allow the group to generate significant cash flow with a combined value of Eu44.0mn during 2024-26E, implying an average EBITDA conversion of 58.5%. We also confirm the solid stream of dividend payouts made in the past years with an average of 50% ratio during FY24-26E. Despite that, BEC should reach net cash position already at the end of this year with Eu5.7mn and increasing to Eu19.4mn by 2026. We do not consider M&A transactions in our model, which could represent a solid upside risk.

2023A-26E Net debt/cash bridge

We believe that the EBITDA generated in the coming years, a good control of WC dynamics should generate strong FCF. This should further strengthen the NFP.



Source: Company financial, Alantra estimates

Valuation: TP of Eu19.6/share

Listed in July 2007, B&C Speakers' stock price has risen by 194% since the IPO, significantly outperforming the FTSE Italian Mid Cap index, which remained flat over the same period. In our view, there are no direct listed comparable for B&C Speakers. However, to establish a valuation benchmark, we analysed the multiples of companies producing and selling complementary products within the professional audio industry, such as Powersoft (Italy) and Focusrite (UK). We primarily use the EV/EBITDA ratio as a relative valuation metric. B&C Speakers trades at 6.8x-6.0x 2024-25E EV/EBITDA, representing an average 11% discount to sound peers. This discount is notable given B&C's comparable profitability and expected growth rates. Additionally, we provided multiples from major live event companies as a market reference, though we excluded them from our valuation due to differences in business models. We believe a DCF analysis is more suitable for capturing the group's quality profile, given its attractive ROIC, strong profitability, and robust free cash flow generation. In our DCF valuation, we assume a 9.5% WACC and a 1.5% terminal growth rate over a four-year forecast period. We believe that investors should consider both the EV/EBITDA and DCF methods to gain a well-rounded perspective on the group's valuation. Based on a weighted average of the 2024E-25E EV/EBITDA of selected peers and our DCF analysis, we set a target price of Eu19.6/share.

TP Eu19.6/share

Method	Equity Value		
	(Eu mn)	(Eu per share)	Weight (%)
DCF	245	22.6	50%
24-25E EV/EBITDA mutliples	178	16.5	50%
Weighted AVG	**211**	**19.6**	

Source: Factset, Alantra

Main risks. We believe that the main risks related to B&C Speakers's business can be summarised in the following factors: Increasing competition from large players, raw material cost volatility, concentration of clients, FX exposure, price pressure from OEMs, international trade tariffs, exposure to shipping costs, global pandemic, dependency on a few key people and limited M&A track record.

Excellence in professional loudspeakers

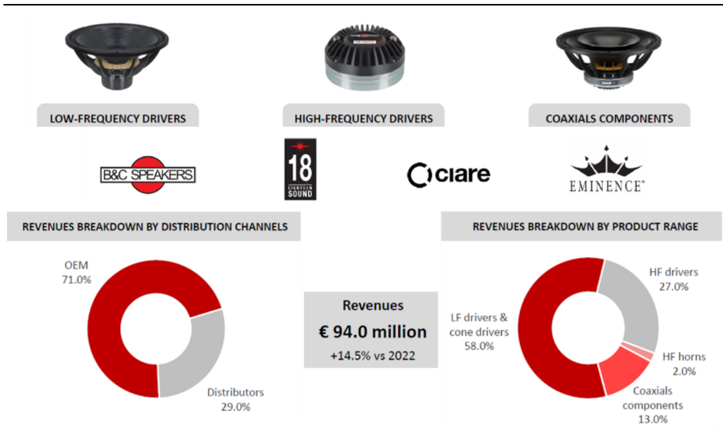
B&C Speakers (BEC) designs, produces, and markets loudspeaker transducers for the professional audio industry worldwide. Founded in the 1946 near Florence (Italy), the group has been pioneering advanced technology and innovation within cutting-edge loudspeakers, improving sound quality, reliability, and performance. With Eu94mn revenues in FY23, BEC generates over 90% sales abroad, mainly in Europe (47%), NAM (19%) and APAC (17%). The group serves primarily tier one OEMs in the pro-audio segment (70% sales) and distributes directly under the B&C group's brands (30%) with a substantial market share in touring and live events across the globe and relevant presence in the installations segment. Their core products are electro-acoustic loudspeaker transducers, a mission-critical part in the audio value chain, which converts the electric signal to audible sound. These products are divided into three main types, covering a full spectrum of frequency needs: high/low frequency drivers and coaxial. With a total workforce of 344 employees, the production process, mainly made by assembly lines, is carried out in Italy, USA and China, boasting 40% of indirect personnel costs dedicated to R&D activity. The group's track record in both organic and inorganic growth is relevant (+14% sales CAGR FY16-23), also thanks to the contribution from the 2nd generation of Coppini family (Lorenzo Coppini is the CEO and major shareholder) to steadily growing results with expansion in key markets. The major shareholder is a company related to the Coppini family with a 54% stake.

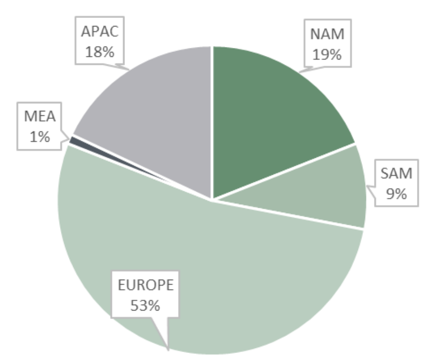
Global leader in professional loudspeakers

With Eu94mn revenues in FY23, B&C Speakers develops, designs, produces, and sells loudspeaker transducers for the professional audio market, primarily to tier one OEMs (70% of FY23 sales) and directly through its brands (30%). The group has strong international presence with >90% of revenues generated outside Italy, mainly in Europe (47%), NAM (19%) and APAC (17%). The group is predominantly present within touring and live events (c. 70% of FY23 sales, o/w c. 30% comes from portable sound) with the remaining part made by the installation market (c. 30%). **BEC's core products and solutions are electro-acoustic transducers for loudspeakers**, which aim to transform the electric signal, empowered by an amplifier, to an audible sound. **These are critical parts of the loudspeaker and of the sound value chain as they allow to produce sound thanks to magnetic movement, which triggers cone vibration and produces sound waves.**

Overview of B&C Speakers (LHS) and sales by geography (RHS)

With Eu94mn revenues in FY23, B&C Speakers develops, designs, produces, and sells loudspeaker transducers for the professional audio market worldwide.





Source: Alantra elaboration on Company presentation

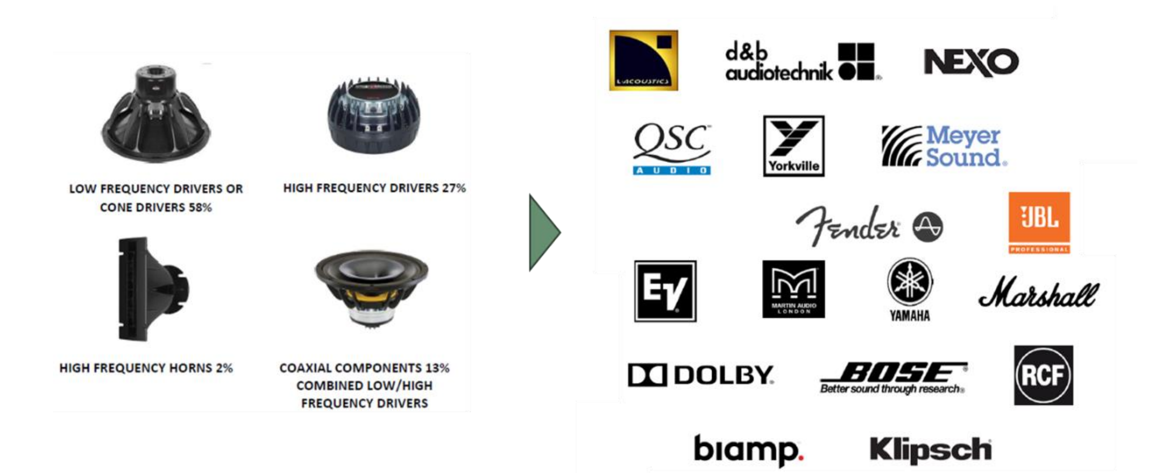
A best-in class offer of professional loudspeakers with top tier customers

The group's core products entail a wide range of professional electro-acoustic loudspeaker transducers, spanning from low and high frequency drivers (c. 85% of FY23 sales), coaxial components (c. 13%), and high frequency horns (2%). The group operates through four brands: 1) B&C Speakers (professional audio transducers); 2) Eighteen Sound (high performing and innovative pro audio transducers); 3) Ciare (Focus on car audio, home hi-fi) and 4) Eminence (instrument amplifiers and portable audio transducers).

Most of the products are custom-made for major global OEM of professional audio (>250) with an established track-record (c. 71% of FY23 sales). Indeed, B&C's clients include major global professional audio system producers such as Bose, Yamaha, Martin Audio, Nexo, D&B Audiotechnic, QSC Audio, L-Acoustics, Yorkville Sound, Turbosound, Meyer Sound, Electro Voice, and others. Despite being exposed to the OEM channel, top client's concentration is negligible with 1st/2nd and 3rd client weighing 14%/10% and 7%, respectively.

Professional loudspeakers for global tier one OEMs

About 71% of FY23 sales are stemming from OEM business with top tier clients in the professional audio industry like L-acoustic, Bose, etc.

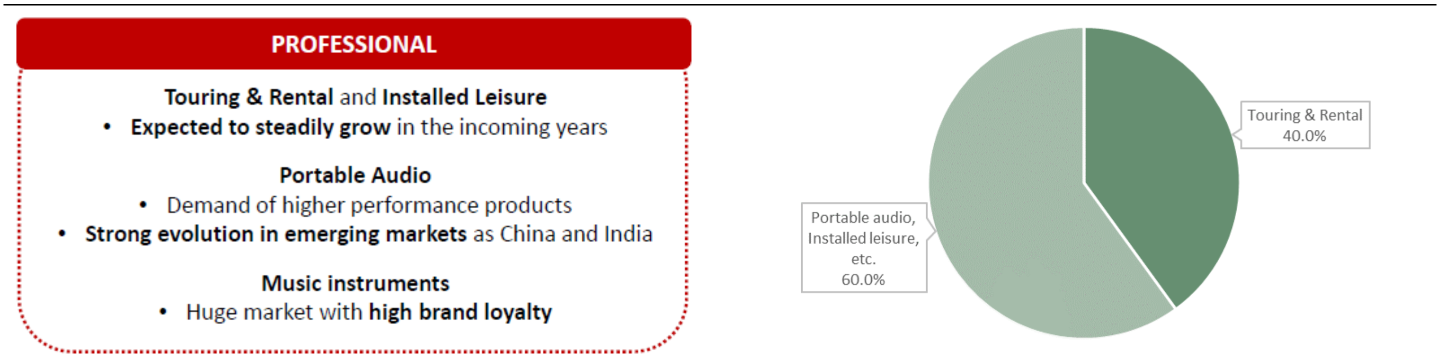


Source: Alantra on Company presentation

End-markets: strong exposure to touring and live events. We estimate the group's indirect exposure to touring and rental market (i.e. live events) to be at roughly 40% of the business, with a relevant market share. The remaining end-markets are mainly divided into portable audio, installed leisure (higher profitability than commercial installations like department stores) and professional music instruments. The group is also present in other segments like the car audio.

End-markets overview and BEC revenue split between Touring & Rental and other segments

About 40% of the business is indirectly linked to touring and live events with the remaining being divided into other end-markets lie portable audio and music instruments.



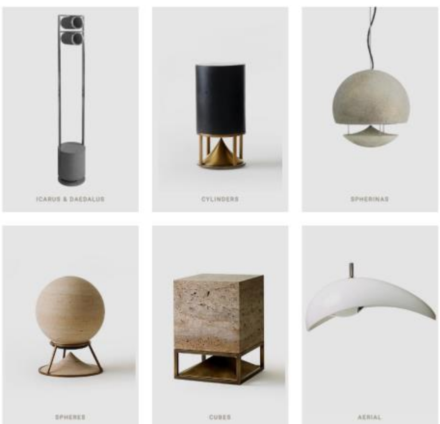
Source: Alantra on Company presentation

Architettura Sonora: the high-end sound furniture. B&C Speakers produces and markets premium, high-performing audio solutions for the luxury indoor and outdoor consumer market. These loudspeakers are crafted from luxury materials (e.g., marble) and embed high-performance sound, making them ideal for both indoor and outdoor luxury furniture and seamlessly blending with high-end interior designs. All items are manufactured in-house by BEC, ensuring quality and versatility. Each piece is individually and meticulously crafted by skilled artisans, distinguished by exceptional sound quality, innovative features, and tactile elements rarely found in speaker design. While the division has a minor contribution to the overall group's revenue

generation (approximately mid-single-digit million sales), it perfectly positions the BEC brand within its high-quality sound footprint. These products are present in most prestigious private and public locations, especially within the Ho.Re.Ca sector, including luxury hotels and resorts.

Architettura Sonora: the high-end sound furniture

B&C Speakers produces and markets premium high-performing audio solutions for luxury indoor and outdoor consumer's market.



Source: Architettura Sonora website and B&C presentation

Dive into BEC's professional loudspeaker solutions

The group's core products include a wide range of professional loudspeaker transducers, spanning low/high-frequency drivers, coaxial components, and high-frequency horns. BEC's core products and solutions are electro-acoustic transducers, which aim to transform the electric signal, empowered by an amplifier, into audible sound. These are critical components in the loudspeaker and within the sound value chain as they produce sound through magnetic movement, which triggers cone vibration and thus produces sound waves. High-quality loudspeaker systems use multiple transducers to generate a combined acoustic output, each delivering a separate frequency range. Loudspeakers integrated with module amplifiers in one product are called active speakers and differ from passive (non-integrated) speakers. Within the professional segment, B&C Speakers offers best-in-class loudspeakers with higher technology, lightweight, and reliability.

B&C Speakers products breakdown

B&C Speakers can offer best-in class loudspeakers with higher technology, light weight, and reliability.

Products type		Description	Technology
Low frequency drivers/Cone drivers (58%)		Produces deep bass and sub-bass sounds.	Large diaphragms, robust magnets, voice coils
High frequency drivers (27%)		Produces crisp, high-pitched sounds.	Small diaphragms, lightweight materials, fast response
High frequency horns (2%)		Directs and amplifies high frequencies	Flared shape, materials like plastic or metal
Coaxial + H/L frequency drivers (13%)		Combines high and low frequencies in one unit; attractive profitability	Central-mounted high driver, aligned sound production

Source: Alantra on Company information

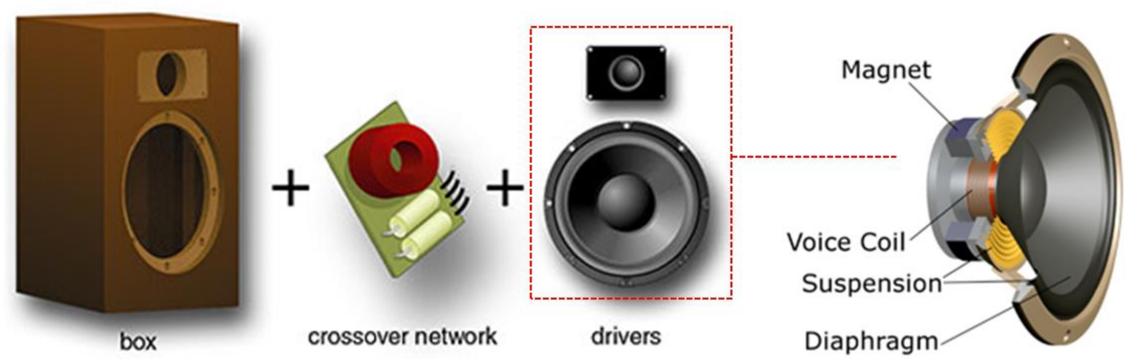
Loudspeakers are formed by different components:

- **Voice Coil**: Converts the electrical signal into mechanical movement through electromagnetic induction.
- **Diaphragm/Cone**: Moves in response to the voice coil's actions, producing sound waves.
- **Magnet**: Provides a steady magnetic field for the voice coil to interact with.
- **Suspension System**: Includes the spider and surround, which keep the diaphragm centred and allow it to move smoothly.

Main materials are paper (Diaphragm/Cone), copper (voice coil), ferrite (magnet) and aluminium/metal (structural parts). We highlight that a finished passive speaker, which requires an external amplifier, include other minor components like the crossover, which distributes frequency ranges to the correct driver (also produced by BEC group), internal cables and the external cabinet (not produced by BEC). A loudspeaker transducer (core BEC product) has a minor impact on the overall finished product, which we estimate to be around 20% of the total, but a mission-critical component for a finished loudspeaker.

Loudspeaker components

Voice coil, diaphragm, magnet and suspension system are the main components of a loudspeakers



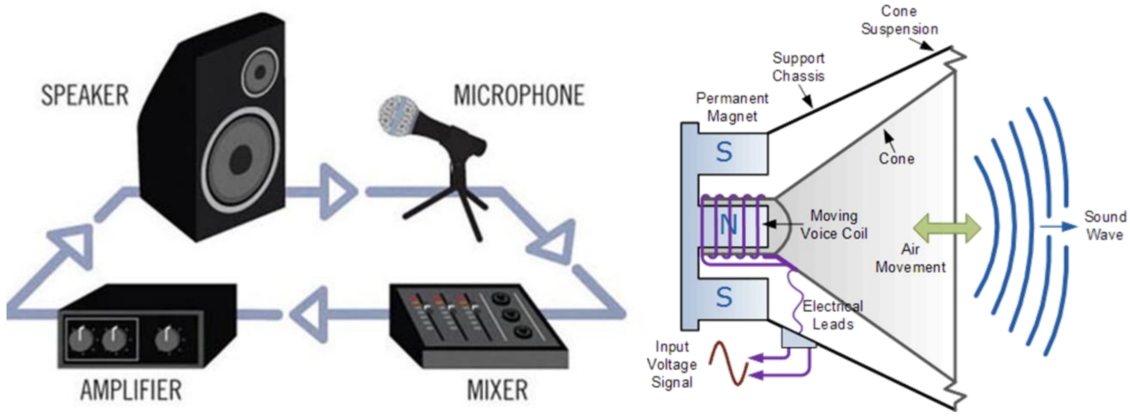
Source: Alantra on Sabway.com and Soundguys.com

The sound value chain explained. An audio system processes (transports, changes and/or stores) audio signals coming from a sound source (human voice, musical instrument or any phenomenon that generates an audio signal) and sends the output to human ears. **A professional audio system differs from a home (consumer)** system in many ways. First, **the purpose**: professional systems are used in large venues and should be capable to run thousands of channels in parallel, while home systems are used in smaller places. Second, **the power**: professional systems achieve very high levels of power in terms of voltage or watts. Third, **reliability**: professional audio systems are built to last. Fourth, **line level and impedance**. Professional systems are usually designed to handle a wide range of signal levels. **Quality of the output**: while a consumer product is more likely to produce an output that is good to hear but not necessarily accurate, professional equipment is designed to sound accurate.

The value-added components of an audio system are microphones, Digital Signal Processors & Mixers, amplifiers, control software and loudspeakers. BEC's core business is the production of professional loudspeakers.
The process starts with sound waves that hit the microphone's diaphragm, causing it to vibrate. The microphone then converts these mechanical vibrations into an electrical signal. This signal is sent to an amplifier, which boosts the signal's strength. The amplified electrical signal is then sent to the loudspeaker where the signal passes through the voice coil, creating a magnetic field that interacts with the permanent magnet. This interaction causes the diaphragm to move back and forth, pushing and pulling the air around it to produce sound waves, which we hear as audible sound. Different types of loudspeakers (e.g. woofers, tweeters, subwoofer) can cover the entire spectrum of audible frequencies.

Sound value chain (LHS) and loudspeaker mechanics (RHS)

The sound value chain starts with the microphone that converts voice to electric signal, which after being amplified, it is converted into sound from a loudspeaker



Source: Alantra on dtgcom.com

A global presence with a strong "Made in Italy" footprint

With a workforce of 344 people, B&C Speakers boasts a global presence with a strong Italian production footprint. In fact, most products are assembled in Italy at two locations: the main plant in Bagno a Ripoli (Florence) of over 10,500sqm and a second plant in Reggio Emilia (chiefly dedicated for Eighteen Sound and Ciare brands) of over 5,000sqm. With the acquisition of Eminence, the group has added two production sites one in Kentucky, USA, primarily to produce loudspeakers for professional music instruments and one in China, both for the Eminence brand products. The group has also two distribution sites strategically located in Brazil and in the USA.

Production and distribution sites

BEC maintains most of the production in Italy but has expanded its footprint worldwide, bolstered by the acquisition of Eminence

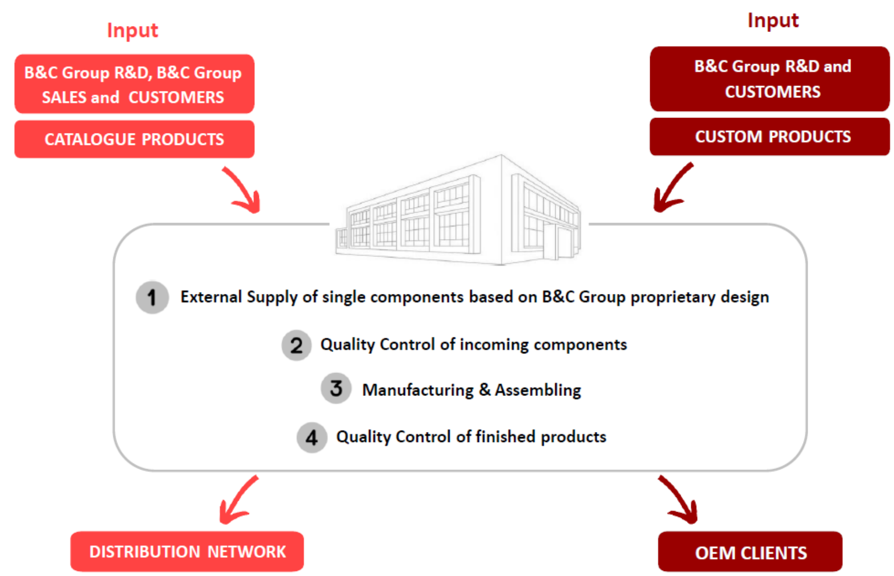
Source: Company presentation

Strong R&D-driven production process

B&C Speakers collects customer requests after co-developing new products with its R&D department. The R&D team (40% of the total indirect personnel costs) is vital for the group's operations as it consistently provides cutting-edge product advancements in line with client requests. As such, BEC's offering is a blend of custom-made and catalogue products, resulting in the production of 150–180 new items per year distributed in over 80 countries. The current production capacity is estimated to be at approximately 40%, with Italian sites working one shift. BEC acquires raw materials and semi-finished products and assembles them based on the group's proprietary design. The products are inbound and outbound controlled to ensure high quality. The group is expected to expand further its production site in China, given strong market demand, with a new production line.

An R&D driven business model

BEC co-develops loudspeaker transducers with major OEM providing custom-made products thanks to its R&D team



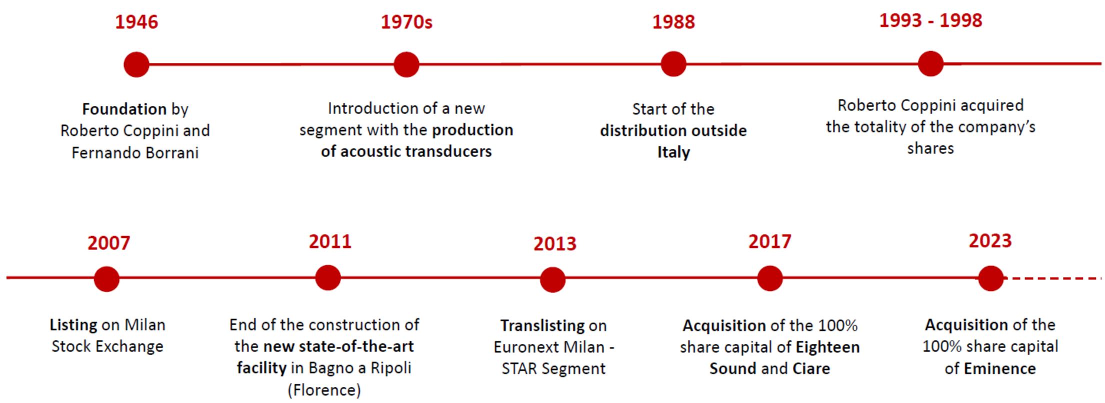
Source: Company presentation

A history made of growth and internationalization

- 1946: Founded by Roberto Coppini and Fernando Borrani as BBC Elettroacustica Professionale, focusing on electro-acoustic drivers and horns for Italy.
- 1970s: Started producing acoustic transducers and began partnerships with Italian commercial-speaker producers.
- 1988: Rebranded as BBC Speakers SpA, emphasizing "sound reinforcement" as a priority.
- 1990s: Expanded globally, renamed B&C Speakers SpA in 1993. Production centralized in Bagno a Ripoli, Florence.
- 2007: Listing on Milan Stock Exchange (ex AIM)
- 2011: New production facility expanded production capacity in Bagno a Ripoli (Florence).
- 2013: Moved to the STAR segment of Borsa Italiana
- 2017: Acquired 100% of Eighteen Sound and Ciare, major players in professional loudspeaker components.
- 2023: 100% Acquisition of Eminence, allowing the group to enter in the USA in the pro music instruments segment and expand production footprint both in the USA and in China.

A history of milestones in professional audio

Founded in 1946, the group has gradually gained a relevant role in the global professional loudspeaker industry

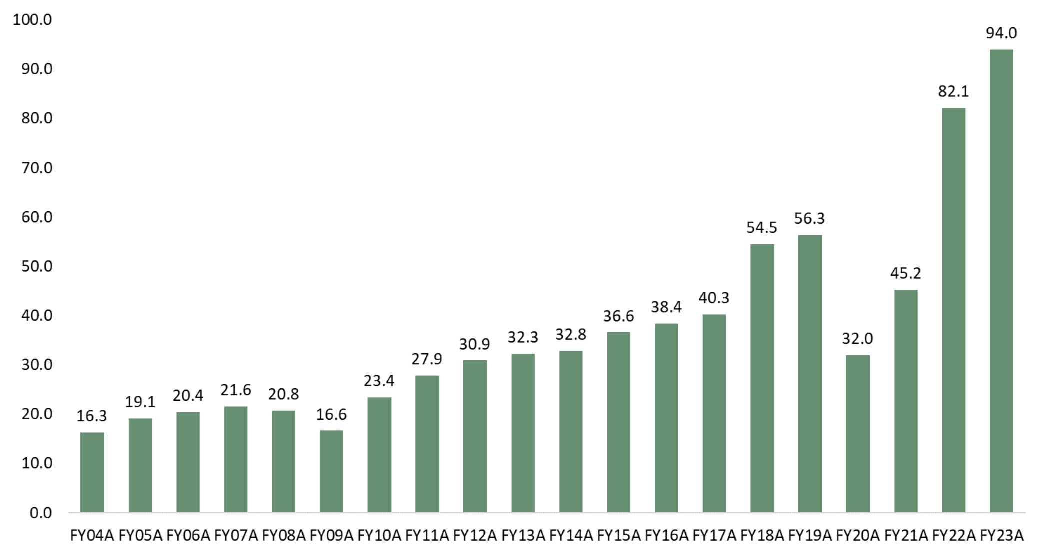


Source: Company presentation

After years of innovation, providing cutting-edge and efficient transducers for the professional loudspeaker industry, the group, thanks also to the contribution of the second generation of the Coppini family, has expanded its business internationally, winning awards from many tiers 1 OEMs like Bose. BEC has seen remarkable revenue growth over the last 20 years, underpinned by several launches of groundbreaking products and its supremacy in R&D, track record, and efficient supply chain, increasing revenues from Eu16mn to Eu94mn during this period (+10% CAGR).

A history of sales growth underpinned by product and operating excellence

The group has ripped the benefit stemming from its R&D effort, launching cutting-edge transducers in the pro audio industry



Source: Company presentation

Focus on BEC's M&A track-record

In recent years, B&C Speakers has proved to be highly committed to grow not only organically but also inorganically. Major M&A deals include the acquisition of Eighteen Sound, Ciare and the recent Eminence.

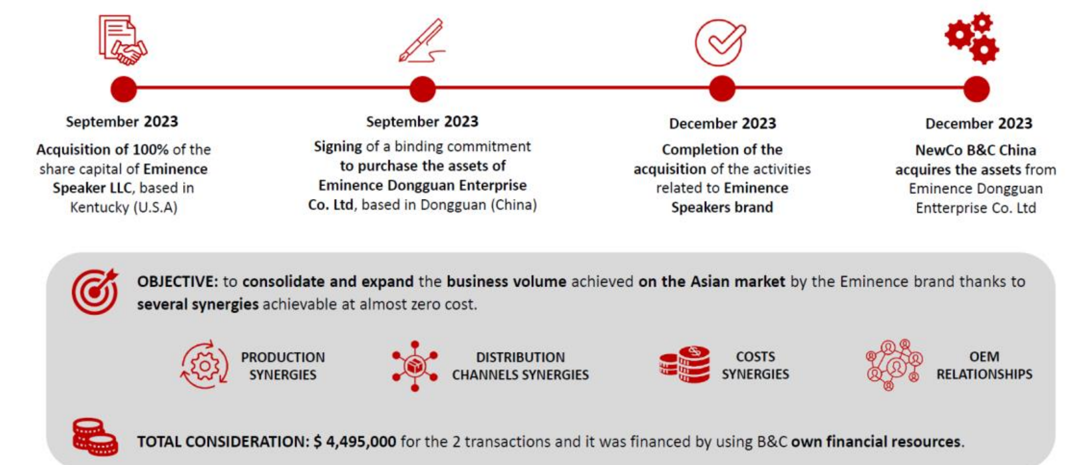
1) **Eighteen Sound and Ciare:** Acquired in 2017 for a value of Eu7.4mn (c. 5.5x FY17E EV/EBITDA) from Landi Renzo, the two acquired companies have expanded BEC's product portfolio, increasing presence in specific market niches like Home Entertainment, HI-FI and car audio. Known for top tier performing speakers, 18sound and Ciare lead in terms of R&D effort and product positioning with a strong brands reputation, entailing strong synergies and knowledge sharing between the brands in the development of cutting-edge loudspeakers.

2) **Eminence**: Acquired in September 2023, the group, based in Kentucky (USA) designs and produces electroacoustic transducers for the professional musical instruments market (MI), alarm systems and car audio. The acquisition of 100% of the shares of Eminence has been valued Eu2.4mn (Eu1.1mn after accounting for the NFP at the closing date), implying a transaction multiple. The deal marks a significant step forward in B&C Speakers' internationalization strategy, which aims to:

   - Enter the musical instruments sector where B&C Speakers has historically had limited presence;
   - Strengthen presence in the United States through marketing initiatives and new product launches;
   - Enlarge BEC production facilities footprint in regions where B&C Speakers has successfully operated for years (USA and China), offering opportunities for expansion, efficiency improvements, and shorter supply chains.

Overview of the Eminence deal

The Eminence acquisition should allow the group to expand production footprint and strategically enter in new market segments



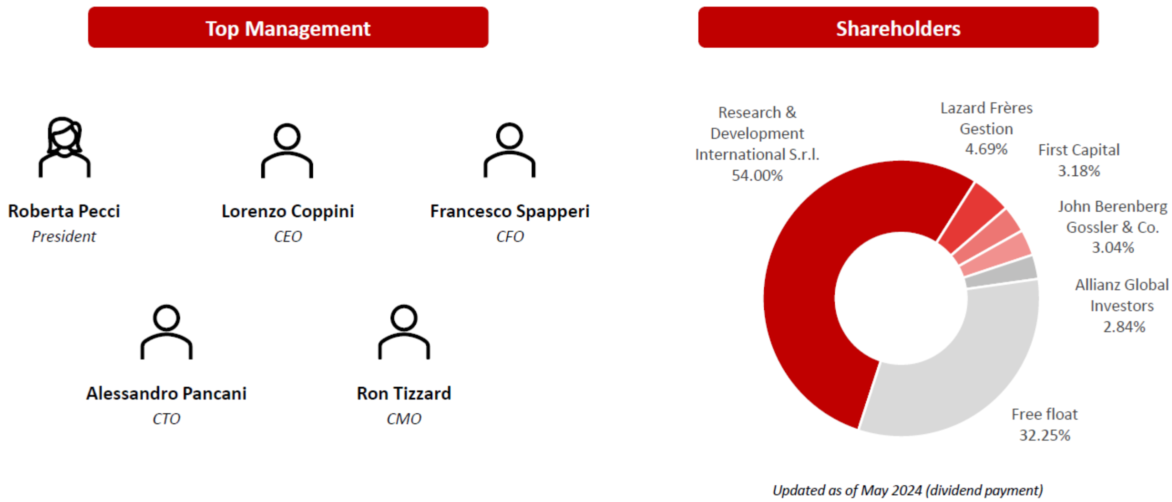
Source: Company presentation

Family founders within a highly skilled top management team

The top management team is led by Lorenzo Coppini (CEO) together with Francesco Spapperi (CFO), both boasting long experience in the field. The BoD counts 7 members with Roberta Pecci being Chairman of the board. Research & Development International (Coppini family) controls the group with 54% stake followed by long-only institutional investors such as Lazard Frères Gestion (4.7%), First Capital (3.2%), Berenberg (3.0%) and Allianz (2.9%). The free float stands at 32.25%.

Top management team and shareholders’ structure

The top management team is led by Lorenzo Coppini (CEO) together with Francesco Spapperi (CFO), both boasting long experience in the field..



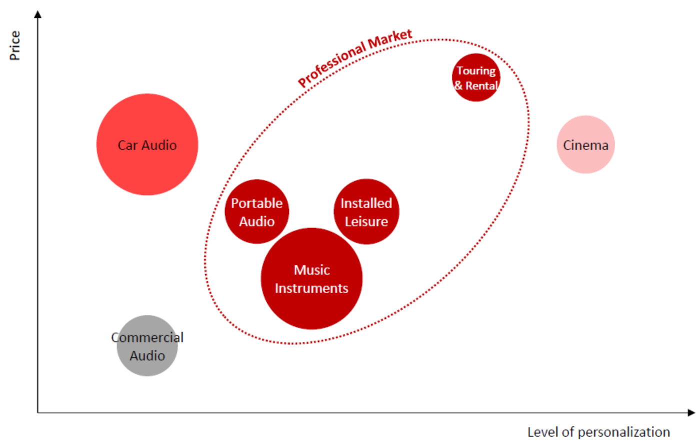
Source: Company presentation

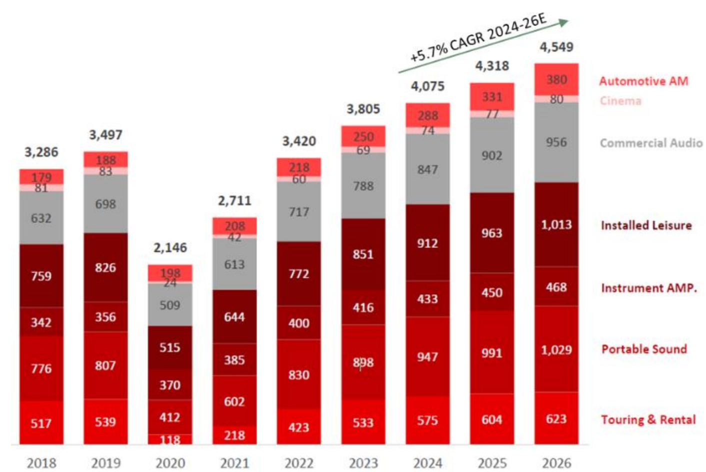
"Going out is in again" fuels market prospects

B&C Speakers' core business is indirectly exposed to the concert and live entertainment industry, which is enjoying a steady long-term growth revival after covid-19. According to a report from Goldman Sachs, the music industry is expected to grow from USD76.1bn in 2024 to USD116.5bn in 2030, a CAGR 24-30E of +7.6%. This trend, among other things, entails a strong outlook for the live music market, which is expected to register a steady growth of +6.5% CAGR24-30E and reaching USD51.7bn in 2030. This is also fuelled by streaming and social media, which has heightened awareness and social value of live events, together with enduring popularity with immersive sound experiences. Despite recent consumer demand backdrop, the expenditure for live entertainment events registered a strong growth in the past years (e.g. ticket price soared by 2x between 2019 to 2023) and is expected to remain solid, showing resiliency across economic cycles. Narrowing the arena to the BEC reference market, a study from Future Source is valuing the segment at Eu4.1bn in 2024 and is expected to reach Eu4.6bn in 2026 (+5.7% 24-26E CAGR), thanks to a rising demand for high-quality, lighter, and high-performing audio/video.

Reference market characteristics (LHS), size and evolution (RHS, Eu mn)

The BEC reference market is valued at Eu4.1bn and is expected to post a +5.7% CAGR 24-26. The touring and rental market (BEC's core business) boasts higher pricing.





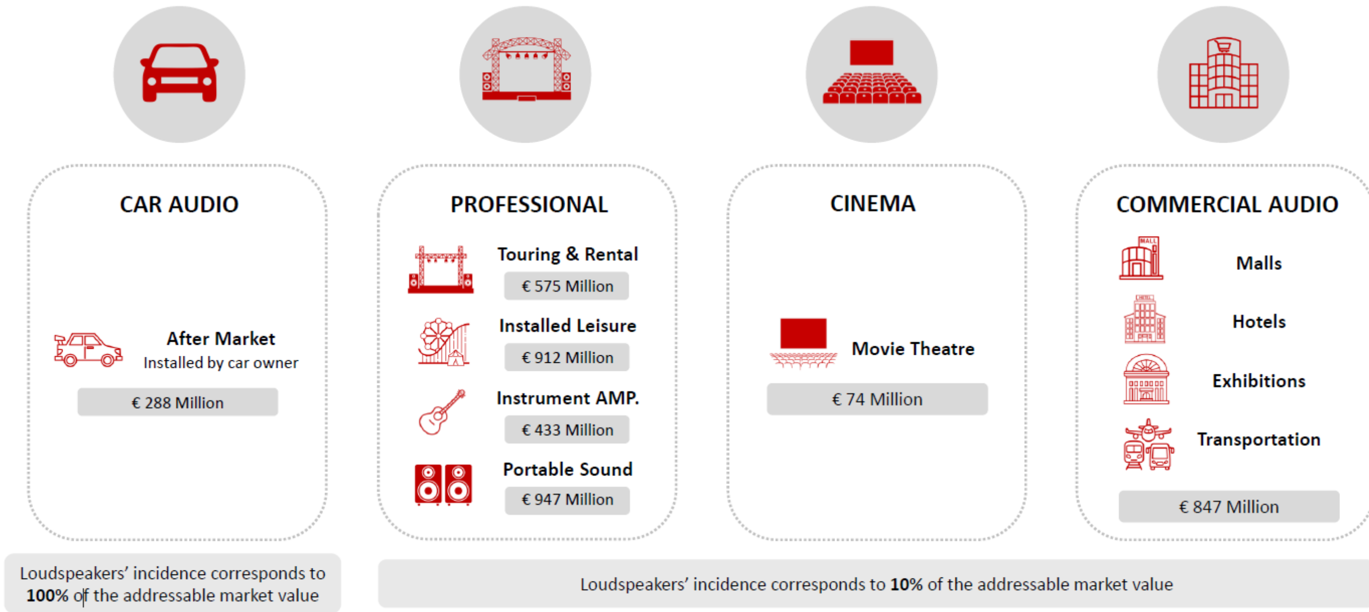
Source: Company presentation

A sound diversified end-market exposure

B&C Speakers has been historically active in the professional audio segment, primarily in the touring and live events (c. 40% of the business). However, BEC's products are also present in different loudspeaker applications like in professional music instruments, portable audio, car audio and installation markets (e.g. installed leisure, home theatres and commercial audio) representing a well-diversified exposure.

BEC's reference end-markets

BEC is mainly active in the professional audio industry, entailing several end-markets like touring & rental, installed leisure, instrument amplifiers and portable sound.

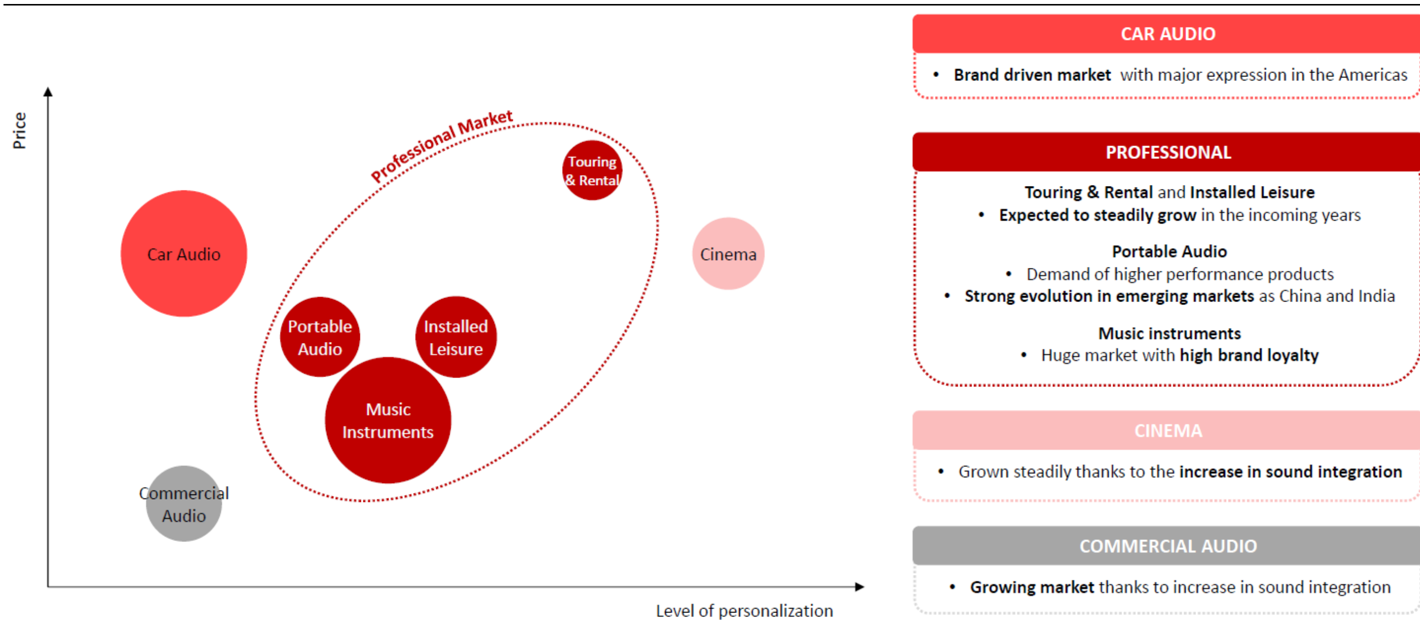


Source: Company presentation

Within these end-markets, the touring & rental industry (live events and concerts) offer a high level of personalization and attractive price-mix with high barriers to entry due to advanced technology required. Other markets command a lower customization degree and price but are larger in size compared to the former.

Touring & Rental market characteristics: high barriers to entry

The touring and rental market offers high personalization and pricing with high entry barriers



Source: Company presentation

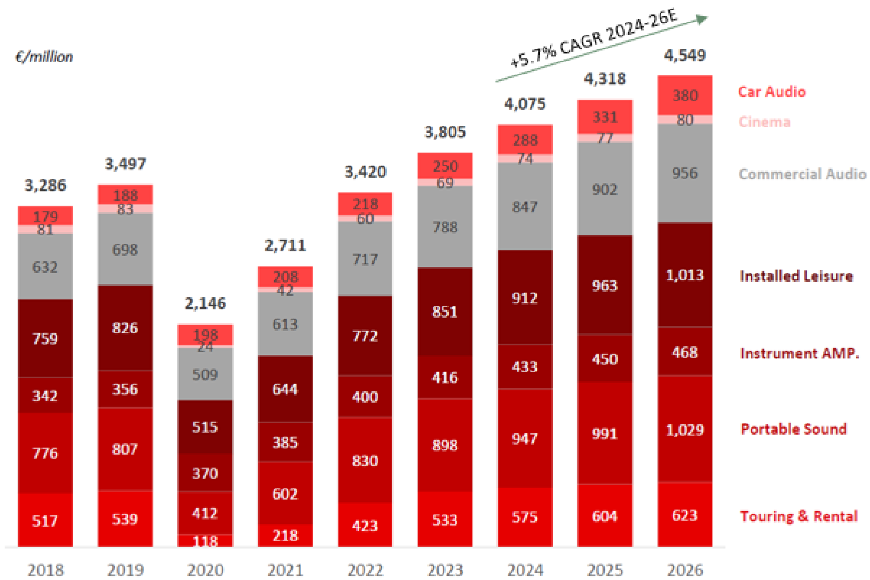
The reference market is expected to post a 5.7% 2024-26E CAGR

According to a research report from Future Source, B&C Speakers' reference market is valued at Eu4.1bn in 2024 and is expected to reach Eu4.6bn by 2026, growing at a CAGR of 5.7%, underpinned by a mounting demand for high-quality, lighter and more performing systems.

Narrowing the focus to only loudspeaker components, which are estimated to represent approximately 10% of all end-markets except car audio (100%), the addressable market for B&C Speakers (BEC) is expected to be valued at Eu667mn in 2024. This implies an estimated market share for BEC of 15%.

BEC's reference market size breakdown by end-markets (Eumn, 2018-2026)

B&C Speakers' reference market is valued at Eu4.1bn in 2024 and should reach Eu4.6bn by 2026, growing at a CAGR of 5.7%



Source: Company elaboration on Future Source report

Touring & Rental market should benefit from the steady upward trend in live events

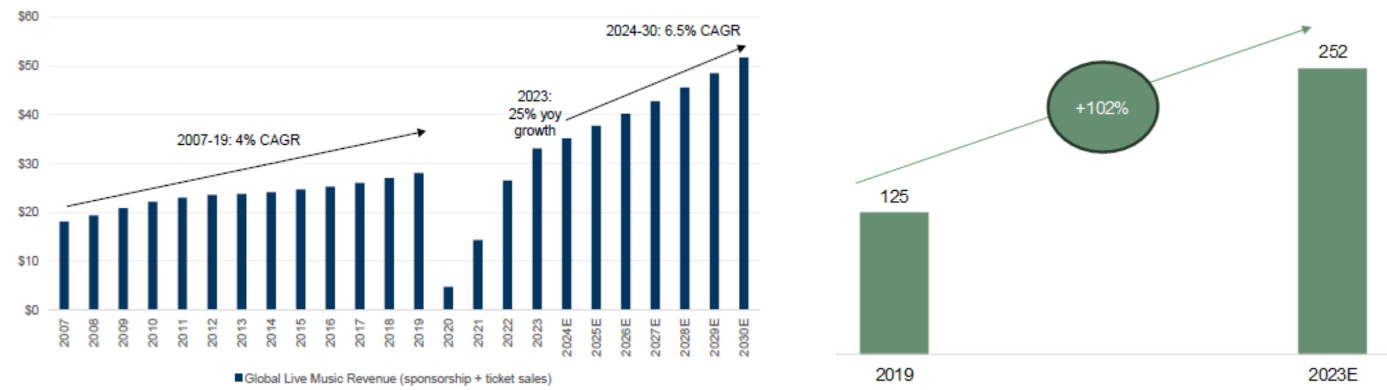
According to a report from Goldman Sachs, the music industry is expected to grow from USD76.1bn in 2024 to USD116.5bn in 2030, a CAGR 24-30E of +7.6%. This robust trend highlights a compelling outlook for the live music market, which is projected to register steady growth of +6.5% CAGR24-30E, from USD35.1bn in 2023 to USD51.7bn in 2030. This growth is mainly fuelled by the rise of streaming and social media, which have heightened the awareness and social value of live events. Additionally, the enduring popularity of immersive sound experiences continues to attract audiences.

Despite the recent backdrop of varied consumer demand, expenditure for live entertainment events has shown impressive growth over the past few years. For instance, ticket prices have soared by 2x between 2019 and 2023. This indicates a strong acceleration in the recovery pace and highlights the resilience of the live music sector across economic cycles.

The increased integration of technology in live events, such as augmented reality (AR) and virtual reality (VR), is enhancing audience engagement. Moreover, the global expansion of music festivals and concerts, including the export of famous events like Lollapalooza to Berlin, paves the way for continued growth. The roll-out of innovative ticketing solutions and personalized marketing strategies is also seen gaining traction, contributing to the solid underlying trends in the industry.

Global live events market (LHS, USDbn) and average ticket price evolution (RHS, USD)

Live music is projected to register a steady growth of +6.5% CAGR24-30E



Source: PWC, Goldman Sachs Global Investment Research

Positive indications on the reference market prospects

According to a report from Goldman Sachs, despite a challenging consumer environment characterized by inflation and rising interest rates, the live events sector is experiencing robust and sustained growth globally, emerging strongly from the pandemic. Unlike other consumer discretionary categories that are more cyclical and sensitive to economic fluctuations, the demand for live events remains resilient.

For example, during the 2Q24 results call, the management of Live Nation Entertainment expects continued growth in live events over 2H24, with most of that growth likely to come in Q4. Looking ahead to 2025, they expect it to be a busy year with a larger pipeline for stadium shows compared to two years ago. The pipeline for amphitheatres and arenas is also larger than it was at the same time last year.

Live Nation Entertainment indicates a positive momentum in live events

During 2Q24 results call, the management of Live Nation Entertainment expects continued growth in live events over 2H24

Company	2Q24 Highlights
Live Nation Entertainment	Year-to-date ticket sales for 2024 Live Nation concerts are 118 million, higher than 2023 with doubledigit increases for arena, amphitheater, and theater and club shows
	Confirmed shows for large venues (stadiums, arenas, and amphitheaters) up double-digits
	Cancellation rates for North America concerts tracking lower than 2023 levels
	New artists touring up 130% year-to-date

Source: Alantra on Live Nation Entertainment 2Q24 presentation

Competitive positioning in a fragmentated OEM arena

The professional audio market is highly fragmented, with independent specialists like Pascal focusing on specific products such as module amplifiers, while larger groups like Crown and Bose offer a broader range of solutions. B&C Speakers plays a key strategic role, supplying renowned loudspeaker manufacturers like L'Acoustics and D&B Audiotechnik. Its partnerships with both large conglomerates and specialized companies underscore its importance in the global professional sound industry. Despite some clients having in-house production, B&C's product innovation, reliability, and timely delivery make it a crucial partner for leading OEMs. The company holds a strong market position, with an estimated 15% share in the professional loudspeaker segment. Several factors create high barriers to entry for newcomers, including an established track record that has built strong brand recognition, long-lasting relationship with OEMs through co-engineered products, and a global production footprint that allows proximity to customers and quick market responses. The company's ability to meet strict OEM requirements for quality and efficiency, supported by a reliable supplier network, further solidifies its market-leading position.

Strong market positioning in a fragmentated OEMs arena

The professional audio market is highly fragmented, featuring some independent specialists that focus on a few types of products (e.g. Pascal markets module amplifiers) and large diversified groups offering a broader spectrum of items in the sound value chain in a multi-brand offer (Crown, Samsung, Music Tribe etc.) or in a mono-brand integrated approach (Bose, Panasonic, etc.). Both groups entail several B&C Speakers's clients, with many top loudspeaker specialists like L'Acoustics and D&B Audiotechnik, implying a strategic role of B&C Speakers in the global professional sound market.

An overview of main professional audio players

Many tier 1 OEMs in the pro-audio industry are both clients and competitors to B&C Speakers

Product specialists	Microphone	Signal processor	Amplifier	Loudspeaker	Client of BEC	Home country
Schoeps	✓			✓		Germany
Powersoft			✓			Italy
Pascal			✓			Denmark
ICEpower			✓			Germany
L-Acoustics			✓	✓	Yes	France
d&b audiotechnik			✓	✓	Yes	Germany
Pioneer Professional Audio				✓		Japan
Meyer Sound				✓	Yes	USA
Adamson				✓	Yes	Canada
Symetrix		✓		✓		USA
Diversified groups	**Microphone**	**Signal processor**	**Amplifier**	**Loudspeaker**	**Client of BEC**	**Home country**
RCF Group	DPA		Montarbo	RCF, dBTechnologies, EAW		Italy
Harman	AKG	AMX, Soundcraft, BSS, dbx	Crown	JBL		USA
musictribe	TC Helicon	Midas, Behringer, Lake	Lab.Gruppen	Turbosound	Yes	Philippines
Bose Professional			✓	✓	Yes	USA
Panasonic	✓	✓	✓	✓	Yes	Japan
Yamaha	✓	✓	✓	✓	Yes	Japan
Ashly		✓	✓	✓		USA
QSC		✓	✓	✓	Yes	USA

Source: Alantra

The leading supplier of professional loudspeakers

The group collaborates with major OEMs of professional sound equipment, ranging from large conglomerates to specialized companies. Key clients of BEC are renowned loudspeaker manufacturers, underscoring the product quality, reliability, and flexibility of the group as a strategic supplier. Despite many clients having some level of in-house production, B&C Speakers' innovative solutions, expertise, proven track record, and timely delivery make the group a crucial partner for leading OEMs worldwide. This has bolstered the group's market position, establishing B&C as the leading player in the professional audio market with a significant market share. In fact, we estimate BEC's market share in the professional loudspeaker market to be around 15% in 2024.

Extensive R&D with a partnership-like approach. The strong R&D-driven approach sets BEC to be not only a sole supplier but a partner of choice of major OEMs for cutting-edge and innovative loudspeaker components, pushing boundaries in sound performance. The group employs 40% of its indirect personnel cost to R&D activity (42 FTE) and counts 5 patents.

Strong R&D commitment

BEC has a business model R&D-driven, developing new products with a partnership-like approach directly with OEMs/clients

Source: Company presentation

We believe that the strong market position of B&C Speakers sets out several high barriers to entry for newcomers:

Established track record in the field with strong brand recognition. Since 1940, B&C Speakers acts as a tier 1 supplier of innovative loudspeakers components to professional audio OEMs with an unmatchable track-record. This has led BEC to be recognized as a top-tier supplier with best-in-class solutions, creating a legacy with major customers worldwide.

Long-lasting relationship due to *co-makership* agreements with major OEMs. Some products are co-engineered together with customers, thus creating a long and established relationship with customers.

A global footprint. BEC has a capillary production footprint, boasting a global outreach. This allows the group to increase proximity to customers, reducing their time-to-market and promptly react to customers production peaks. We believe that a global production footprint is not easy to replicate.

High degree of engineering and specialization. Despite part of R&D and sometimes engineering process is shared with customers, the reference products are key components within the professional audio value chain, thus requiring a high level of specialization, know-how and skills.

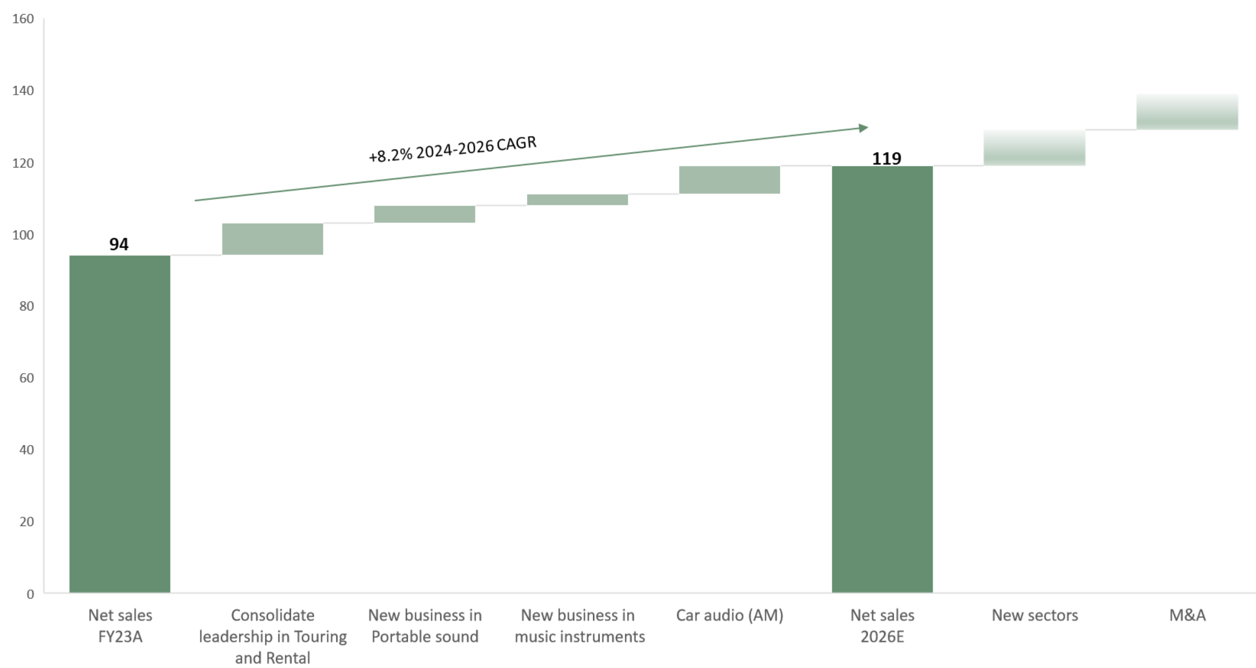
Strict requirements from OEMs. The group respond to strict requirements from major OEMs in terms of quality and efficiency across the supply chain. Quick response capabilities, extensive internal logistics operations and a network of distribution facilities are necessary to rapidly meet specific customers' requirements, as well as to deliver the customer's unique product efficiently and promptly to its desired location. This is also thanks to the group's ability to maintain long-lasting and strategic partnerships with suppliers.

Aiming revenue diversification in several end-markets

We believe that B&C Speakers is well-positioned to strengthen its leadership in the touring and rental market, given its strong competitive positioning and longstanding relationships with major OEMs. On top of that, we expect the group to accelerate in other valuable segments, such as portable sound, car audio, and professional musical instruments, thanks to the recent Eminence acquisition. From a geographical standpoint, the group is expected to increase production activity in China, leveraging Eminence's production plant and gaining market share in the portable sound end-market. In the USA, BEC should further penetrate the professional musical instrument segment through the Eminence brand, expanding the product portfolio with new launches. Lastly, the car audio market, still not significant in size in terms of group revenues, is expected to grow, especially in the USA, where the group can tap into growth potential, also leveraging on the Ciare brand know-how in the car audio market. Additionally, we see that M&A activity represents a key business accelerator that could speed up the presence in certain regions or specialized verticals.

Net sales bridge (Eumn, 2023-26E)

We expect 8.2% 2023-26E top-line CAGR, mainly driven by a consolidating presence in the touring and rental segment, while increasing market share in portable sound, musical instruments, and car audio.



Source: Alantra estimates

Untapped growth potential in several end-markets

B&C Speakers has an established track-record in providing cutting-edge loudspeaker transducers for the professional audio industry, primarily for touring and rental segment. The group is now strategically shifting towards a more diversified exposure into different end-markets. Namely, the group is targeting to increase its presence in the portable sound industry (audio devices designed for mobile or on-the-go use), professional music instruments and in the car audio. Ultimately, thanks to the US facility, the group aims to penetrate the US infrastructure and defence sector.

1) **Portable sound:** BEC is expected to gain market share in the coming years, also thanks to a production expansion in China related to the Eminence acquisition.
2) **Professional music instruments:** The group has entered in the sector with the integration of Eminence in the USA and is expected to increase its presence through product portfolio expansion.

3) **Car audio:** While the group is already active in Italy in the car audio industry, thanks to the brand Ciare, BEC is expected to reap the benefits from an untapped growth opportunity in the USA market, aiming for a geographical expansion.
4) **US infrastructure and defence market:** The group, thanks to the US facility, plans to enter in the defence industry with acoustic devices.

BEC's growth strategy is based on 5 pillars

The group aims to consolidate its leadership position in Touring & Rental, while growing in other valuable end-markets

Consolidation of the technological leadership position in Touring&Rental segment thanks to R&D

Expansion of the Instrument AMP market globally through the revamping of the Eminence brand

Strengthening of the Portable market globally with quality products at lower costs leveraging the notoriety of the Eminence brand and thanks to the industrial advantages of the Chinese factory

Development of the American Car Audio market through the sale of a complete kit that includes electronics

Address the US infrastructure and defense market with acoustic devices made in Kentucky facility

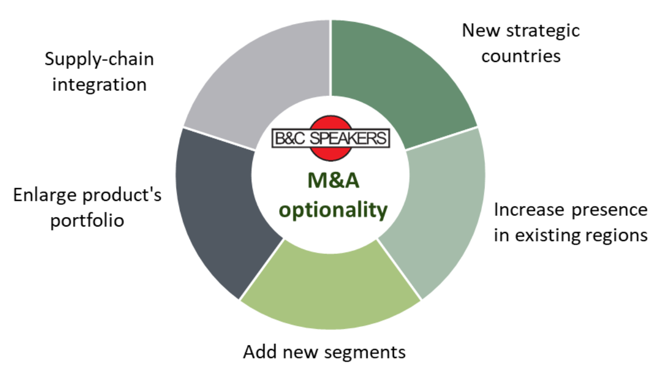
Source: Company presentation

M&A can accelerate business in multiple fronts

We believe that B&C Speakers should continue to excel in inorganic growth with M&A activity that could speed up the presence in certain/new regions or in specialized verticals. The successful past deals are clear examples (e.g. Eminence). BEC can also use M&A to further expand its control over the value chain through integration of strategic suppliers of raw materials, benefitting from a stronger operating leverage due to in-shoring, lower production and shipping costs or to enlarge its portfolio of products.

B&C Speakers M&A drivers

M&A is an accelerator on several fronts: supply chain integration, portfolio expansion, new verticals/regions, etc.



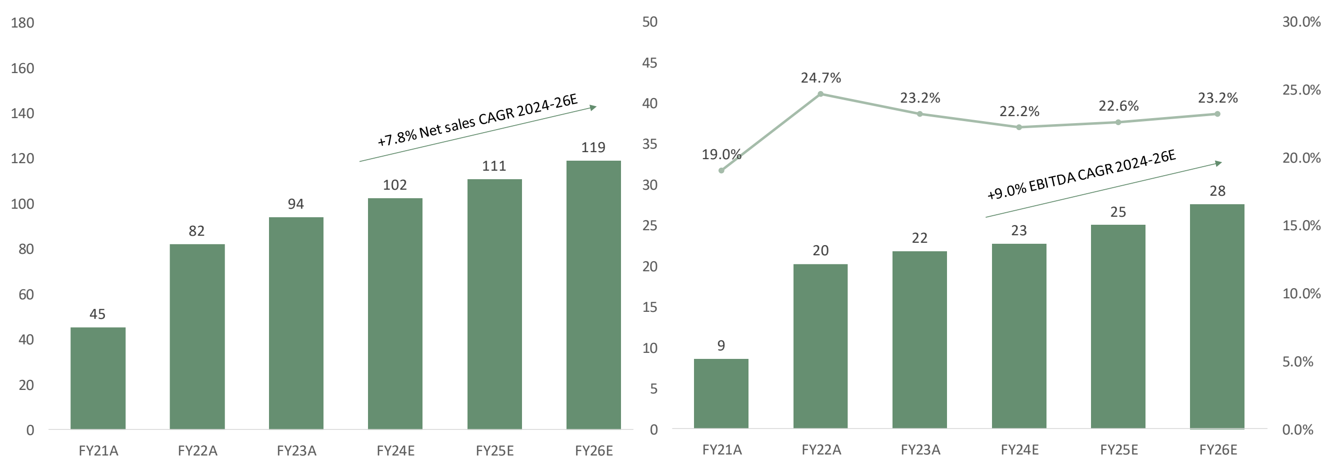
Source: Alantra

International growth and solid profitability

B&C Speakers has experienced a solid growth in the past years (+14% 2016-23 CAGR in net sales), expanding further its global leadership in professional loudspeakers. Apart from the COVID-19 period, where many live events were cancelled, the group has grown steadily. We expect sales to rise by 7.8% CAGR FY24-26E, rising from Eu102mn in 2024 to Eu119mn in 2026, with organic growth return to positive territory in 2025 (+8.1%) from -5.5% expected in 2024. The supportive trend should stem mainly from synergies related to the acquisition of Eminence, enhancing business in key regions like China and bolstering presence in professional music instruments in the USA. We expect a lift in GM to 38.2% by 2026 from 36.9% in FY23A thanks to operating efficiencies in the US plant and higher operating leverage. EBITDA should increase by +9.0% FY24-26E CAGR to Eu27mn, with margin on sales remaining broadly stable at 22%, projecting a sequential improvement to 22.7% in 2026 as cost synergies from the acquisition of Eminence kick-in. We expect net profit in 2024 to soar to Eu18.2mn/17.8% margin (+30% yoy) mainly due to a positive effect stemming from the patent box impact, which should benefit from c. Eu4mn tax reduction.

Sales (lhs) and EBITDA (rhs) evolution (FY21-26E, Eu mn)

We expect sales to grow by 7.8% CAGR FY24-26E, rising from Eu102mn in 2024 to Eu119mn in 2026. EBITDA should increase by +9.0% FY24-26E CAGR to Eu28mn



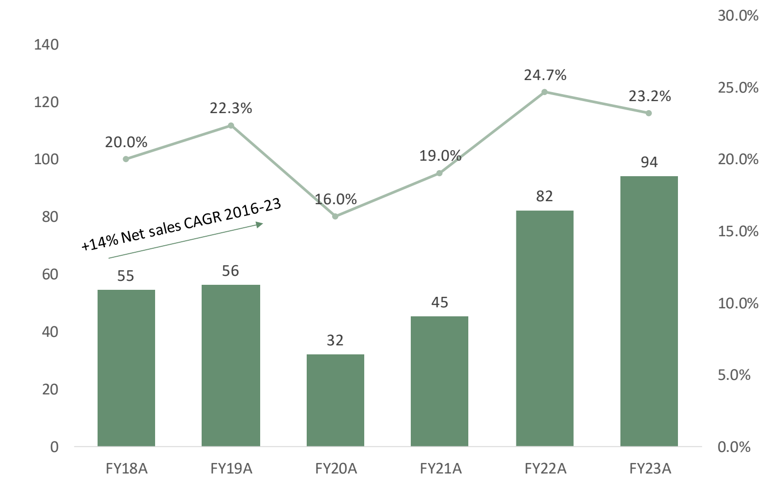
Source: Alantra estimates

A strong track-record of growth and attractive EBITDA margin

B&C Speakers has registered a remarkable growth in the past years (+14% 2016-23 CAGR in net sales), expanding further its global leadership in professional loudspeakers. Apart from the COVID-19 period, where sales dropped by 43% as many live events were cancelled, the group has grown steadily across the board. This growth can be attributed to several factors, including the expansion of market share in North America and Europe, improved product offerings, and strategic acquisitions. EBITDA has been historically above 20% prior to covid outbreak, which has normalized in 2023.

Net sales (left, Eumn) and EBITDA margin (right, %) evolution

B&C Speakers has experienced a solid growth in the past years (+14% 2016-23 CAGR in net sales).



Source: Company financials, Alantra estimates

+7.8% sales CAGR 24-26E driven by international markets

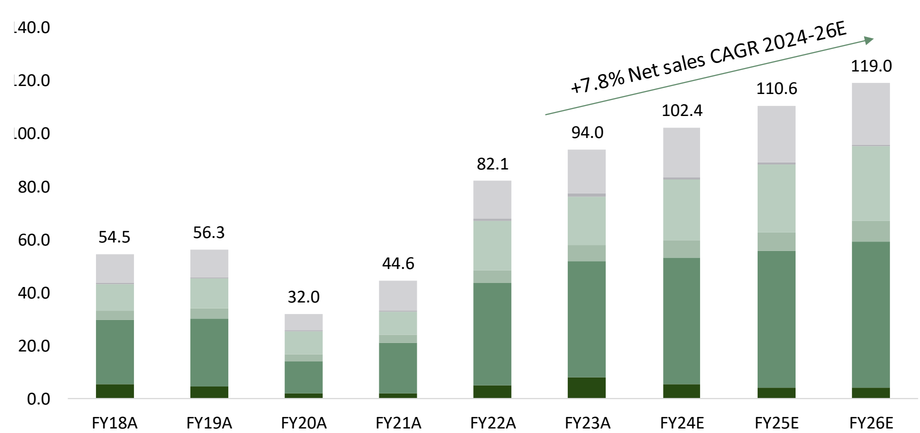
In 2019, the company generated Eu56.3mn sales, primarily driven by strong sales in Europe (46%) and North America (20%). The European market remained a significant revenue contributor, growing consistently each year. By 2023, Europe accounted for 47% of total revenues, reflecting the company's robust market penetration and customer loyalty in the region. North America also remains stable at 20% in 2023, in line with 2019 sales, thanks to proficient distribution channels and targeted marketing efforts.

However, the Asian market exhibited mixed results. While there was a slight decline in 2019 due to reduced sales from a key customer, subsequent years saw recovery and steady growth, contributing 18% to total revenues in 2023. The Latin American market remain broadly stable at c. 9% of sales.

We expect the group to grow in sales by +8.9% in 2024E mainly thanks to contribution and synergies from the acquired businesses in USA and China. Namely, the Eminence business in China is expected to double revenue by 2026 from around Eu6mn in 2024E.

Evolution of sales by geography (Eumn, FY18-26E)

The growth in sales should stem from market share gains in China and US while maintaining a stable exposure in Europe



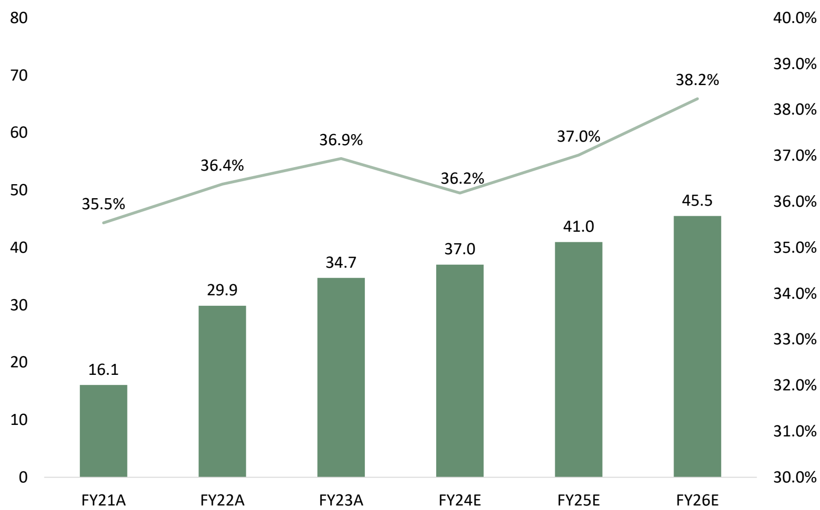
Source: Company financials, Alantra estimates

GM to expand by130bp during 2023A-26E

Gross margin on net sales reached 37% in 2023, up from 36.4% in 2022. This improvement reflects the company's successful implementation of cost-saving measures, optimization of production processes, and better supplier negotiations.
We expect a lift in GM to 38.2% by 2026 from 36.9% in FY23A thanks to operating efficiencies coming from input costs and the new US plant, higher operating leverage and synergies exploitation from the Eminence acquisition.

Gross margin (left, Eumn) and gross margin on sales (right, %) evolution

We expect a lift in GM to 38.2% by 2026 from 36.9% in FY23A thanks to operating efficiencies, operating leverage and synergies.



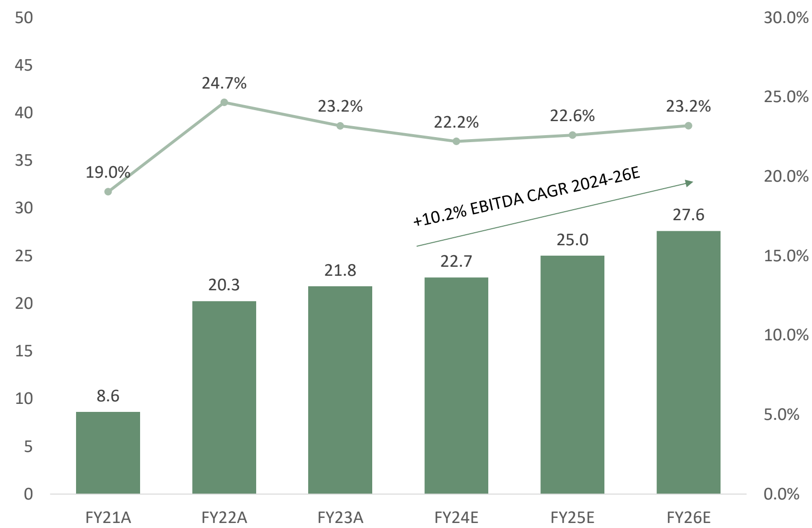
Source: Company financials, Alantra estimates

EBITDA margin should reach 22.7% by 2026

EBITDA margin has expanded from covid-19 period where unconventionally bottomed below historical levels (15.8% and 18.7% in 2020 and 2021, respectively). In 2022, EBITDA has benefitted from supply chain improvements and higher operating leverage, reaching Eu20.3mn/24.7% margin, moving to a record high EBITDA of Eu21.8mn in 2023 with 23.2% margin. We believe these figures still account for a post-covid rebound effect. We expect this to normalized further, also impacted by dilutive effect from the recent M&A deal and return to EBITDA margin of 23.2% in 2026 after synergies from Eminence are fully exploited. More in detail, EBITDA should reach Eu22.7mn/22.2% margin in 2024 and rise to Eu27.6mn/23.2% by 2026E.

EBITDA and EBITDA margin evolution (FY21-26E, Eu mn)

EBITDA should increase from Eu22.7mn/22.2% margin in FY24E to Eu27.6mn/23.2% in FY26E (10.2% CAGR 24-26E)



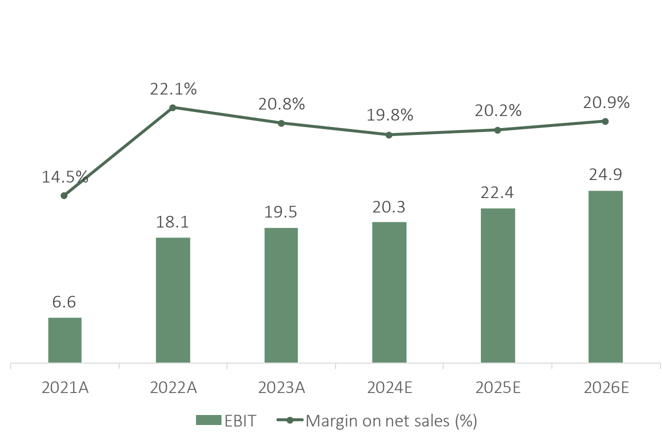
Source: Company financials, Alantra estimates

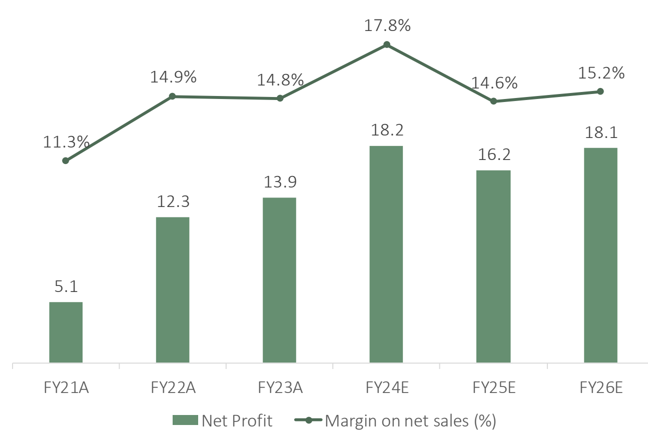
Net profit is set to jump by over 30% in 2024 thanks to the patent box

Below EBITDA, depreciation and amortization expenses remain close to Eu2mn per year in 2021-23. This entails capital investments in production facilities and equipment upgrades, which are essential for sustaining growth and maintaining product quality. We expect a slight increase in D&A expenses to Eu2.6mn on average for the projected period to account for higher investments in production expansions, primarily in China. EBIT should grow from Eu20.3mn/19.8% margin in FY24E to Eu24.9mn/20.9% in FY26E, implying a CAGR of 15.6% over the period. We expect net profit in 2024 to soar to Eu18.2mn/17.8% margin (+31% yoy) mainly due to the patent box impact, which should benefit from c. Eu4mn tax reduction.

EBIT (LHS) and net profit (RHS) evolution (FY18-26E, Eu mn)

We expect net profit in 2024 to soar to Eu18.2mn/17.8% margin (+31% yoy) mainly due to the benefit from the patent box impact





Source: Company financials, Alantra estimates

Solid 2Q24 results bode well for our FY24 projection

Yesterday, BEC reported its 2Q24 results, with revenues growing by +12.7% YoY, largely driven by the strong contribution from the recently acquired subsidiary, Eminence. Organic sales, while still in negative territory (-2.3% YoY), showed a significant improvement from the -12.7% decline registered in 1Q24 versus the same period in 2023. This improvement highlights the company's success to stabilize revenue trend despite ongoing market challenges.

EBITDA came in at Eu6.5mn, delivering a margin of 23.6%, which remained stable compared to the same quarter last year. Notably, this represents a 250bp sequential improvement versus 1Q24, underscoring effective cost management and operational leverage as the business integrates its acquisitions and normalizes its margin profile.

Net debt reached Eu1.8mn, a shift from the net cash position of Eu3.7mn recorded at the end of 1Q24. This change was primarily attributable to the Eu7.7mn dividend distribution during the quarter, partially offset by a robust operating cash flow generation of Eu4.3mn, demonstrating the group's strong cash-generative ability despite increased shareholder returns. We expect the group to reach Eu5.7mn cash position by YE24E.

Looking ahead, our full-year 2024 estimates are tracking towards Eu101.6mn in revenues, reflecting an +8% YoY increase. This implies +11% growth in 2H24E, in line with the performance witnessed in 1H24. We expect this growth to be primarily driven by inorganic contributions, with organic sales progressively recovering as market conditions stabilize in 2025.

2Q24 results

2Q24 results: Improved organic sales on a quarterly trend while maintaining a resilient EBITDA margin to over 22%

Eu mn	2Q23A	2Q24A	YoY %	1H23A	1H24A	YoY %	2H23A	2H24E	YoY %	FY23A	FY24E	YoY %
Net Sales	24.3	27.4	*12.7%*	48.5	51.3	*5.6%*	45.5	50.3	*10.7%*	94.0	101.6	*8.0%*
EBITDA	5.8	6.5	*11.7%*	12.1	11.5	*-4.6%*	9.7	11.2	*15.3%*	21.8	22.7	*4.3%*
Ebitda Margin %	*23.8%*	*23.6%*		*24.8%*	*22.4%*		*21.4%*	*22.3%*		*23.2%*	*22.4%*	
NFP at YE (debt)/cash	(0.7)	(1.8)		(0.7)	(1.8)		(0.7)	5.7		(0.7)	5.7	

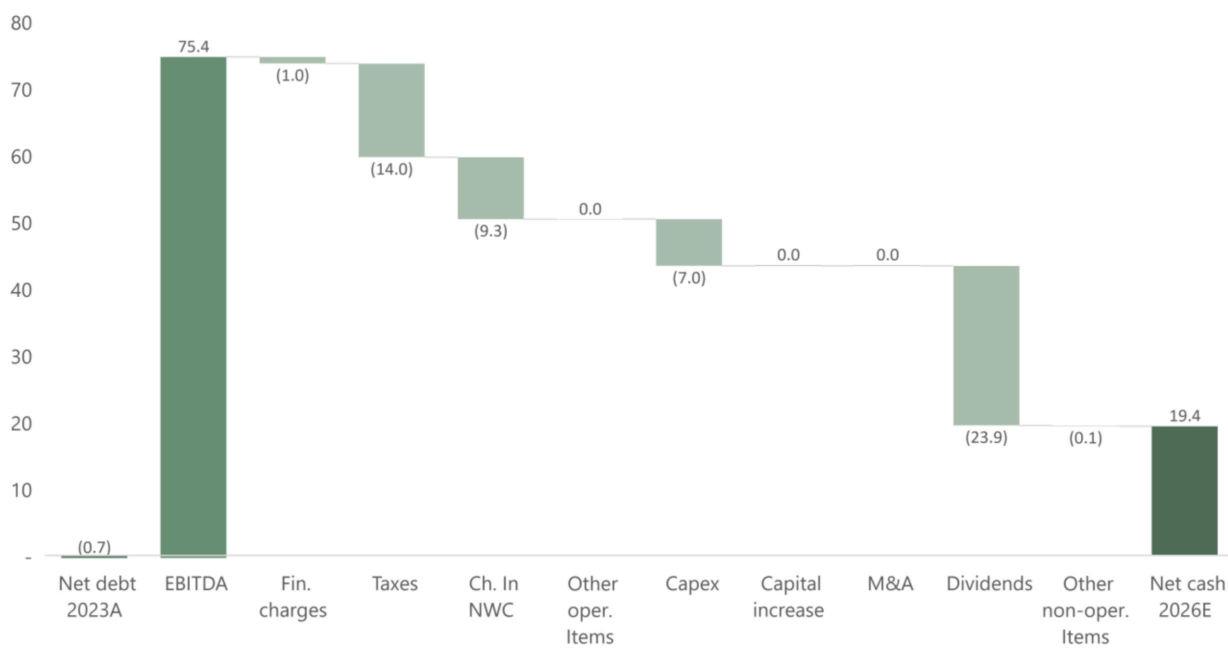
Source: Company data, Alantra

Healthy balance sheet with strong FCF conversion

The group's balance sheet is primarily made by working capital, weighing 37% of sales, and we expect this level to remain stable and well under control in the coming years after the peak reached in 2021-2022 due to post-covid rebound and inventories build-up. The fixed-asset light profile allows to remain flexible and deliver an attractive ROCE of >30%. We expect this to continue, with an average ROCE of 32.6% in FY24-26E. Our capex projections mainly factor-in ordinary capex, which should remain in line with historical levels of c. 2% of sales. We project some extraordinary capex related to the plant expansion in China with new production lines. This should allow the group to generate significant cash flow with a combined value of Eu44.0mn during 2024-26E, implying an average EBITDA conversion of 58.5%. We also confirm the solid stream of dividend payouts made in the past years with an average of 50% ratio during FY24-26E. Despite that, BEC should reach net cash position already at the end of this year with Eu5.7mn and increasing to Eu19.4mn by 2026. We do not consider M&A transactions in our model, which could represent a solid upside risk.

2023A-26E Net debt/cash bridge

We believe that the EBITDA generated in the coming years, a good control of WC dynamics should generate strong FCF. This should further strengthen the NFP.



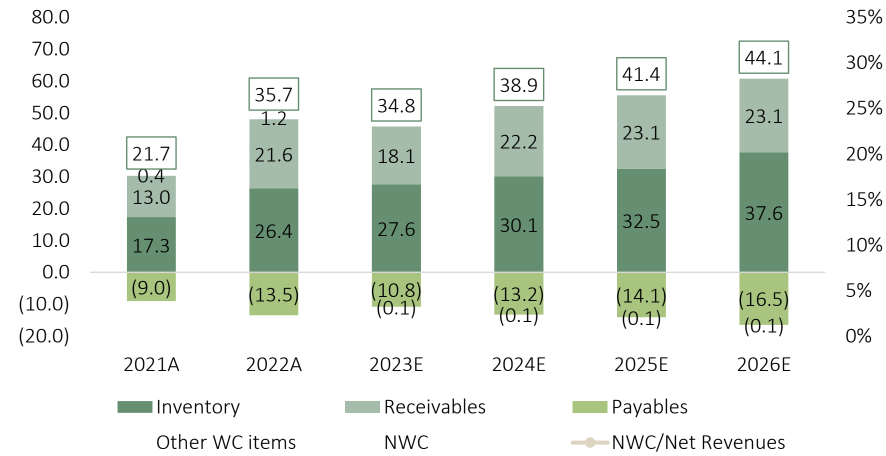
Source: Company financial, Alantra estimates

NWC under control with low needs of maintenance capex

BEC boasts an asset light business model, with total fixed asset on sales weighing 14% in FY23. On top of that, the group has historically maintained net working capital well under control with NWC/Sales at c. 36% on average FY18-23, except during covid period when it peaked to 51%. We expect NWC/Sales to remain broadly in line with 2023 figure at 37% on average in FY24-26E.

Evolution of NWC (Eu mn) and NWC/Sales (%) in FY21-26E

We expect NWC/Sales to remain broadly in line with 2023 figure at 37% on average in FY24-26E.

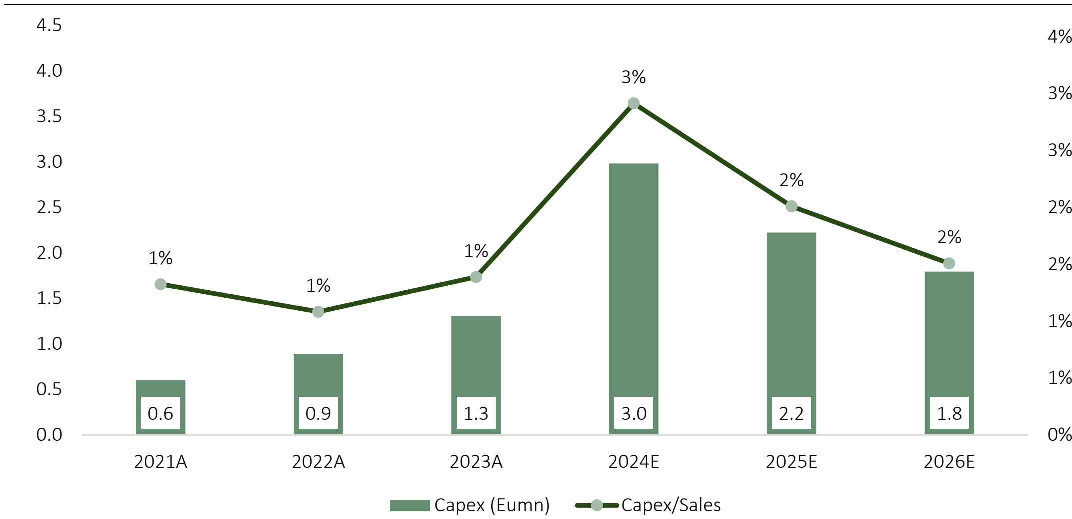


Source: Company financial, Alantra estimates

In the past years, extraordinary capital expenditures were primarily directed towards enhancing production capabilities and expanding the product portfolio. Significant investments were made in 2020 and 2022 to upgrade manufacturing facilities and acquire advanced machinery, ensuring the company's competitive edge in the market. Historically, capex/sales remained stable at around 2%. We believe the group should maintain the same level of investments in the coming years on average, with a front-end loaded distribution due to some extraordinary capex linked to production expansion in China and additional investments to fuel its presence in the USA.

Capex (Eu mn, FY21-26E) and capex/sales (%) projections

We believe the group should maintain the same level of investments in the coming years (c. 2% of sales on average)



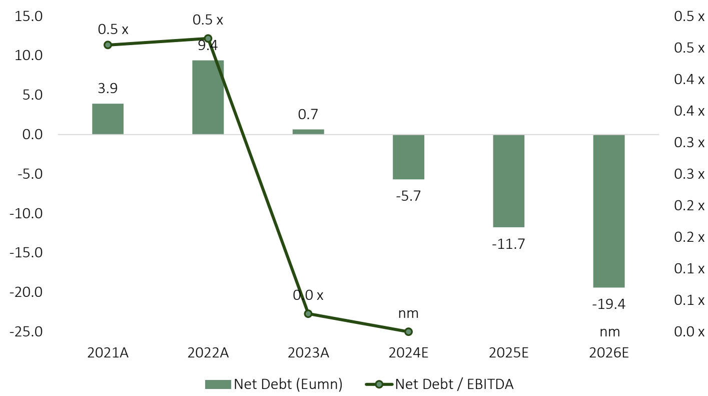
Source: Company financial, Alantra estimates

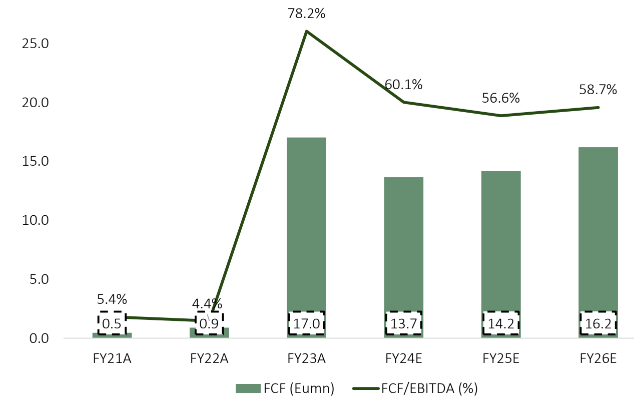
Healthy NFP with attractive FCF/EBITDA set to continue (average 56% FY24-26E)

B&C Speakers should generate significant cash flow with a combined value of Eu44.0mn during 2024-26E, implying an average EBITDA conversion of 58.5% on average, highlighting the asset-light business model. This should strengthen the balance sheet further with NFP reaching a net cash position this year of Eu5.7mn and rising to over Eu19mn in 2026.

FCF evolution (RHS, Eu mn, FY21-25E), FCF/EBITDA conversion (%) and healthy NFP (LHS, Eu mn)

The group should generate a combined FCF of Eu44mn with a sound EBITDA conversion of 58.5% on average during FY24-26E, reaching Eu19.4mn net cash in 2026E





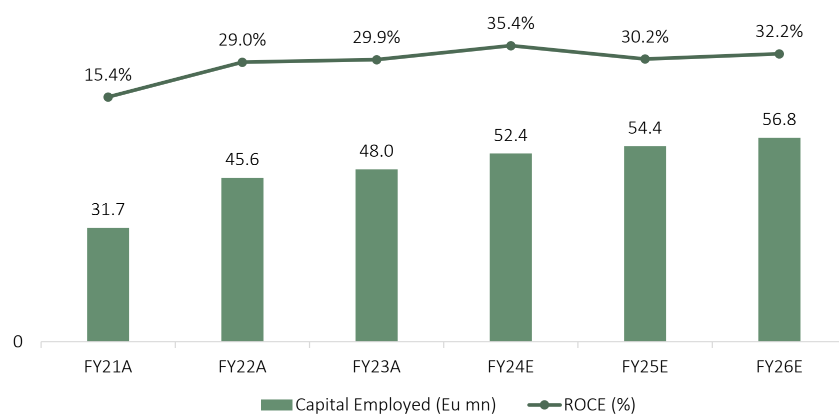
Source: Company financial, Alantra estimates

A very attractive ROCE of >30% in FY24-26E on average

The asset-light profile coupled with the attractive expected double-digit EBIT margin should allow the company to post an attractive ROCE (incl. goodwill) of 32.6% on average in FY24-26E.

Capital employed evolution (Eu mn) and ROCE (%, FY21A-26E)

We expect an average ROCE of 32.6% in FY24-26E.



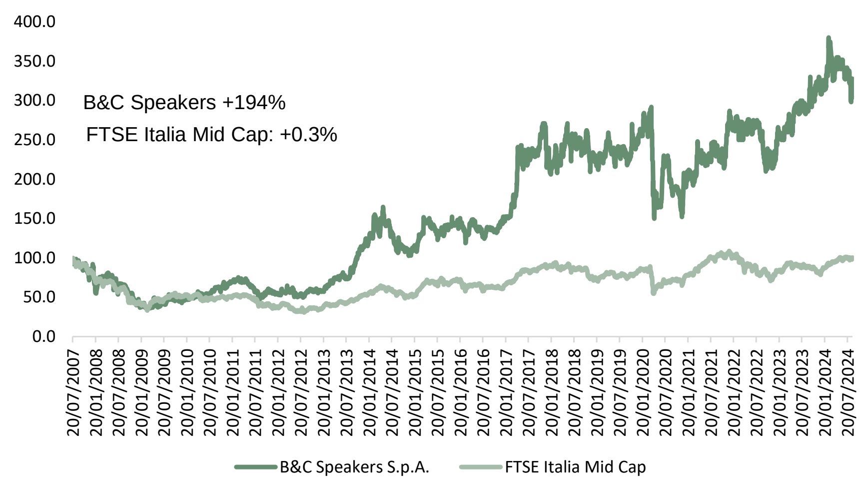
Source: Company financial, Alantra estimates

Valuation: TP of Eu19.6/share

Listed in July 2007, B&C Speakers' stock price has risen by 194% since the IPO, significantly outperforming the FTSE Italian Mid Cap index, which remained flat over the same period. In our view, there are no direct listed comparable for B&C Speakers. However, to establish a valuation benchmark, we analysed the multiples of companies producing and selling complementary products within the professional audio industry, such as Powersoft (Italy) and Focusrite (UK). We primarily use the EV/EBITDA ratio as a relative valuation metric. B&C Speakers trades at 6.8x-6.0x 2024-25E EV/EBITDA, representing an average 11% discount to sound peers. This discount is notable given B&C's comparable profitability and expected growth rates. Additionally, we provided multiples from major live event companies as a market reference, though we excluded them from our valuation due to differences in business models. We believe a DCF analysis is more suitable for capturing the group's quality profile, given its attractive ROIC, strong profitability, and robust free cash flow generation. In our DCF valuation, we assume a 9.5% WACC and a 1.5% terminal growth rate over a four-year forecast period. We believe that investors should consider both the EV/EBITDA and DCF methods to gain a well-rounded perspective on the group's valuation. Based on a weighted average of the 2024E-25E EV/EBITDA of selected peers and our DCF analysis, we set a target price of Eu19.6/share.

Market performance since IPO

B&C Speakers's stock price is up 194% from IPO outperforming the FTSE Italian Mid Cap index



Source: Factset, Alantra

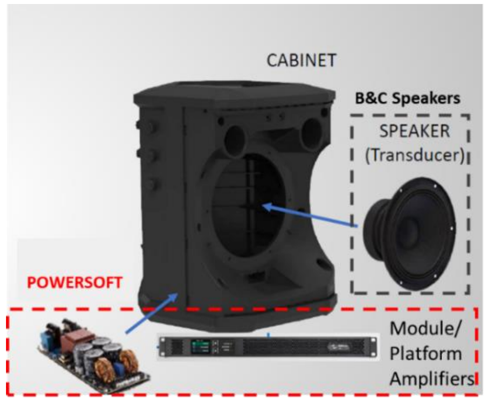
Comparable peers

B&C Speakers has no direct listed peers. However, we have selected Powersoft (Italy) due to its exposure to the professional audio sector and shared end markets, such as live events. Another comparable, Focusrite, is also relevant given certain product similarities with B&C Speakers. Below are further details:

Powersoft: the company is a leading Italian producer of amplifiers and transducer systems for the professional audio industry, including key components such as rack amplifiers, which are critical in amplifying the electric signal that drives loudspeakers. With a market capitalization of approximately Eu170mn and 2023 sales of around Eu70mn, Powersoft boasts a global presence and a strong brand reputation across its core product lines, maintaining partnerships with tier 1 OEMs in the audio industry. While B&C Speakers primarily focuses on transducers for loudspeakers and Powersoft specializes in amplifiers, there are notable similarities between the two companies in terms of market positioning, emphasis on high-end products, and global reach. One key difference is Powersoft's exposure to the installation end market, as opposed to B&C's greater focus on rental and touring markets.

Powersoft vs B&C Speakers products

Powersoft produces primarily module and platform amplifiers while B&C Speakers manufactures transducers for loudspeakers



Source: Alantra

Focusrite: The group is based in the UK, with a market capitalization exceeding Eu300mn, and primarily provides professional audio hardware and software for processing electric audio signals. Their product portfolio includes audio interfaces for recording, playback, and processing audio signals on computers, as well as microphone pre-amplifiers that capture clear and accurate audio recordings. Additionally, **under the Martin Audio brand, the group produces and sells professional audio systems, including loudspeakers, used in touring and live events.**

B&C Speakers (BEC) supplies transducers and other components to Martin Audio. We see several similarities between the two companies: 1) both operate in the professional music instruments space; 2) BEC is both a competitor and a supplier to Martin Audio; and 3) both are active in the professional audio and live events end-markets.

Valuation approach based on multiples of peers

We believe that our selected peers, Focusrite and Powersoft, serve as the key comparables for our relative valuation. Additionally, for reference, we include a panel of companies active in live event management, such as Live Nation, Madison Square Garden Group, Eventbrite, and CTS Eventim. While these companies operate under completely different business models, their multiples provide insight into market expectations for live events and reflect broader sentiment toward the industry's growth potential.

Peers – Company description

We selected a panel of professional audio system manufacturers (sound peers). We also include a panel of major listed entertainment companies as a reference.

Company	Country	Mkt Cap (Eu mn)	Company Description
Sound Peers			
Powersoft S.p.A.	ITALY	169	Powersoft SpA engages in designing, production, distribution, and marketing of patented technologies, high power and energy efficiency solutions for the professional audio industry. The company was founded by Carlo Lastrucci, Luca Lastrucci and Antonio Peruch on March 14, 1995 and is headquartered in Scandicci, Italy.
Focusrite PLC	UNITED KINGDOM	205	Focusrite Plc engages in the development and marketing of proprietary hardware and software products. It operates through the following segments: Focusrite, Novation, ADAM Audio, Martin Audio, Sequential, Sonnox. The Focusrite segment sells Focusrite and Focusrite Pro branded products. The Novation segment refers to the sales of novation or ampify branded products. The ADAM Audio segment focuses on sales of ADAM audio branded products. The Martin Audio segment is involved in the sale of Martin Audio, Optimal Audio, and Linea Research branded products. The Sequential segment sells Sequential branded products. The Sonnox segment consists of sales of Sonnox branded products.
Live Events Companies			
Live Nation Entertainment, Inc.	UNITED STATES	19,772	Live Nation Entertainment, Inc. operates as an entertainment company. The firm engages in producing, marketing, and selling live concerts for artists via its global concert pipe. It operates through the following segments: Concerts, Sponsorship and Advertising, and Ticketing. The Concerts segment is involved in the promotion of live music events in owned or operated venues and in rented third-party venues. The Sponsorship and Advertising segment manages the development of strategic sponsorship programs in addition to the sale of international, national, and local sponsorships and placement of advertising such as signage, promotional programs, rich media offerings, including advertising associated with live streaming and music-related content, and ads across its
CTS Eventim AG & Co. KGaA	GERMANY	8,362	CTS Eventim AG & Co. KGaA engages in ticketing and live entertainment event management. It operates through the following segments: Ticketing and Live Entertainment. The Ticketing segment includes the production, sale, distribution, and marketing of tickets for concerts, theater, art exhibition, sports, and other events. The Live Entertainment segment refers to the planning, organization, and execution of concert events and tours, festivals, and other live events. The company was founded on November 4, 1989 and is headquartered in Bremen, Germany.
Madison Square Garden Sports Corp. Cla	UNITED STATES	3,555	Madison Square Garden Sports Corp. is a sports company, which owns and operates a portfolio of assets featuring the New York Knickerbockers (the Knicks) of the National Basketball Association (NBA) and the New York Rangers (the Rangers) of the National Hockey League. The company's other franchises include development league teams, such as the Hartford Wolf Pack of the American Hockey League and the Westchester Knicks of the NBA G League. The firm also operates professional sports team performance centers in the Madison Square Garden Training Center in Greenburgh, NY. The company was founded on March 4, 2015 and is headquartered in New York, NY.
GL Events SA	FRANCE	558	GL Events SA engages in the provision of integrated solutions and services for events. It operates in the following business segments: conventions, conferences, congresses; cultural, sports, institutional, corporate & political events, trade fairs and, exhibitions for professionals and the general public. The company was founded by Olivier Ginon, Olivier Roux, Gilles Gouédard-Comte, Olivier Ginon and Jacques Danger in 1978 and is headquartered in Lyon, France.
Eventbrite, Inc. Class A	UNITED STATES	221	Eventbrite, Inc. provides event management services encompassing online ticketing, event hosting, organization, promotion, and advertising. It offers virtual events, online webinars, online classes, virtual runs, online zumba classes, and online yoga. The company was founded by Alan Michael Braverman, Renaud Visage, Kevin E. Hartz and Julia Hartz in 2006 and is headquartered in San Francisco, CA.

Source: Factset, Alantra

B&C Speakers is expected to show a similar EBITDA margin evolution in the next three years compared to the panel of sound peers with higher EBIT margin, signalling a more asset-light structure, especially compared to the UK name Focusrite. In terms of sales growth, the group is expected to perform in line with the average of sound peers. We expect a stronger growth in EBITDA, mainly driven by gross margin expansion and synergies exploitation of the acquisition of Eminence.

Financials – B&C Speakers versus selected peers

Higher EBIT margin compared to sound peers and higher EBITDA growth rates in the coming years due to synergies exploitation from recent M&A deal (Eminence)

Company	Country	Mkt Cap (Eu mn)	FY24E - FY26E average margins					CAGR FY24E - FY26E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	Net profit
B&C Speakers S.p.A.	ITALY	159	22.7%	20.3%	15.9%	2.1%	51.5%	7.8%	6.7%	7.1%	-0.3%
PEERS	Average		21.0%	15.9%	11.2%	2.7%	57.6%	5.2%	-1.0%	-4.2%	-6.9%
	Median		21.0%	15.9%	11.2%	2.7%	57.6%	5.2%	-1.0%	-4.2%	-6.9%
Powersoft S.p.A.	ITALY	169	26.4%	21.9%	15.9%	3.1%	75.2%	12.5%	10.7%	11.0%	7.6%
Focusrite PLC	UNITED KINGDOM	205	15.6%	9.9%	6.5%	2.2%	39.9%	-2.2%	-12.7%	-19.5%	-21.4%
Sound Peers	Average		21.0%	15.9%	11.2%	2.7%	57.6%	5.2%	-1.0%	-4.2%	-6.9%
	Median		21.0%	15.9%	11.2%	2.7%	57.6%	5.2%	-1.0%	-4.2%	-6.9%
Live Nation Entertainment, Inc.	UNITED STATES	19,772	8.8%	5.1%	2.2%	2.5%	0.0%	9.0%	11.9%	16.6%	26.5%
CTS Eventim AG & Co. KGaA	GERMANY	8,362	20.7%	17.7%	12.2%	3.9%	48.3%	8.0%	8.4%	10.3%	10.0%
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,555	12.2%	14.2%	5.5%	0.1%	0.0%	5.4%	6.0%	0.2%	9.6%
GL Events SA	FRANCE	558	18.0%	10.6%	4.8%	6.1%	27.9%	5.0%	24.7%	-26.4%	-170.2%
Eventbrite, Inc. Class A	UNITED STATES	221	13.4%	-7.9%	-2.4%	1.9%	na	na	na	na	na
Live Events Companies	Average		14.6%	7.9%	4.5%	2.9%	19.0%	6.8%	12.7%	0.2%	-31.0%
	Median		13.4%	10.6%	4.8%	2.5%	13.9%	6.7%	10.1%	5.3%	9.8%

Source: Factset, Alantra

Despite showing higher EBIT margin and similar growth rates compared to peers, BEC trades at -11% and -29% discount compared to the panel of comparables on EV/EBITDA and EV/EBIT 2024-25, respectively.

Trading multiples

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA			EV/EBIT			PE			EV/Sales		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
B&C Speakers S.p.A.	ITALY	159	6.8 x	6.0 x	5.1 x	7.6 x	6.7 x	5.7 x	8.7 x	9.8 x	8.8 x	1.5 x	1.3 x	1.2 x
Premium (discount) to Sound Peers			-8%	-14%	-19%	-26%	-31%	-36%	-43%	-31%	-32%	-3%	-6%	-9%
PEERS	Average		11.6 x	13.4 x	10.9 x	15.8 x	16.3 x	14.0 x	36.1 x	36.7 x	29.1 x	1.9 x	1.8 x	1.6 x
	Median		7.4 x	7.1 x	6.7 x	14.3 x	13.1 x	11.5 x	21.7 x	20.5 x	22.9 x	1.2 x	1.1 x	1.0 x
Powersoft S.p.A.	ITALY	169	7.4 x	6.7 x	5.9 x	9.2 x	8.0 x	6.9 x	14.0 x	12.3 x	10.7 x	1.9 x	1.8 x	1.6 x
Focusrite PLC	UNITED KINGDOM	205	7.4 x	7.1 x	6.7 x	11.5 x	11.3 x	10.8 x	16.8 x	16.2 x	15.4 x	1.2 x	1.1 x	1.0 x
Sound Peers	Average		7.4 x	6.9 x	6.3 x	10.4 x	9.7 x	8.9 x	15.4 x	14.3 x	13.0 x	1.6 x	1.4 x	1.3 x
	Median		7.4 x	6.9 x	6.3 x	10.4 x	9.7 x	8.9 x	15.4 x	14.3 x	13.0 x	1.6 x	1.4 x	1.3 x
Live Nation Entertainment, Inc.	UNITED STATES	19,772	10.1 x	9.1 x	7.9 x	21.1 x	14.9 x	12.1 x	68.9 x	40.7 x	33.8 x	0.9 x	0.8 x	0.7 x
CTS Eventim AG & Co. KGaA	GERMANY	8,362	14.7 x	13.1 x	11.5 x	17.1 x	15.3 x	13.6 x	26.5 x	24.7 x	22.9 x	2.9 x	2.7 x	2.5 x
Madison Square Garden Sports Corp. Class A	UNITED STATES	3,555	33.3 x	52.0 x	40.1 x	29.3 x	42.1 x	34.9 x	82.7 x	118.7 x	81.0 x	4.9 x	5.2 x	4.7 x
GL Events SA	FRANCE	558	3.9 x	3.7 x	3.4 x	6.6 x	6.2 x	5.7 x	7.8 x	7.8 x	7.0 x	0.7 x	0.7 x	0.6 x
Eventbrite, Inc. Class A	UNITED STATES	221	4.0 x	2.5 x	1.1 x	na	na	na	na	na	32.9 x	0.4 x	0.4 x	0.2 x
Live Events Companies	Average		13.2 x	16.1 x	12.8 x	18.5 x	19.6 x	16.6 x	46.5 x	48.0 x	35.5 x	2.0 x	1.9 x	1.7 x
	Median		10.1 x	9.1 x	7.9 x	19.1 x	15.1 x	12.8 x	47.7 x	32.7 x	32.9 x	0.9 x	0.8 x	0.7 x

Source: Factset, Alantra

Looking at EV/EBITDA multiple of sound peers we derive a valuation of Eu16.5/share.

Valuation (Eu mn), using peers' multiples

Our relative valuation based on EV/EBITDA of sound peers delivers a TP of Eu16.5/share

	Sound Peers		
Eu mn	FY24E	FY25E	FY26E
EBITDA	22.7	25.0	27.6
EV/EBITDA Peer Group	7.4x	6.9x	6.3x
Premium (Discount)	*0%*	*0%*	*0%*
EV/EBITDA Peer Group after premium (discount)	7.4x	6.9x	6.3x
EV based on multiples	168.6	172.8	174.4
Net Financial Position	5.7	11.7	19.4
Adjustments	(1.2)	(1.3)	(1.4)
Pre-money Equity Value on EV/EBITDA	173	183	192
Eu Per Share	16.0	17.0	17.8

Eu mn	FY24E	FY25E	FY26E
EBIT	20.3	22.4	24.9
EV/EBIT Peer Group	10.4x	9.7x	8.9x
Premium (Discount)	*0%*	*0%*	*0%*
EV/EBIT Peer Group after premium (discount)	10.4x	9.7x	8.9x
EV based on multiples	210.2	216.2	220.8
Net Financial Position	5.7	11.7	19.4
Adjustments	(1.2)	(1.3)	(1.4)
Pre-money Equity Value on EV/EBIT	215	227	239
Eu Per Share	19.9	21.0	22.1

Eu mn	FY24E	FY25E	FY26E
Net income	18.2	16.2	18.1
PE Peer Group	15.4x	14.3x	13.0x
Premium (Discount)	*0%*	*0%*	*0%*
P/E Peer Group after premium (discount)	15.4x	14.3x	13.0x
Pre-money Equity Value on P/E	281	231	235
Eu Per Share	26.0	21.4	21.8

Source: Alantra estimates

Valuation based on DCF approach

We believe that the DCF methodology is a better approach to capture the quality profile of the group (e.g. attractive ROIC, profitability, sound FCF, etc.). In our DCF valuation we assume 4 years of estimates, with 9.5% WACC and 1.5% terminal growth rate. Our DCF suggests a valuation of Eu22.6/share.

DCF Valuation

(Eu mn)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	TV
EBITDA adj. IFRS 16 costs	20.1	22.6	22.6	24.8	27.4	30.1	31.1	31.6
taxes on EBIT	(4.9)	(5.2)	(1.7)	(5.9)	(6.6)	(7.3)	(7.6)	(7.9)
Non recurring Cash-out	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NWC Change	(16.3)	1.3	(4.1)	(2.5)	(2.8)	(2.6)	(1.6)	(0.8)
Capex	(0.9)	(1.3)	(3.0)	(2.2)	(1.8)	(1.9)	(1.9)	(1.7)
Capex/Revenues	*-1.1%*	*-1.4%*	*-2.9%*	*-2.0%*	*-1.5%*	*-1.5%*	*-1.5%*	*-1.5%*
Free cash flow	(2.0)	17.5	13.8	14.2	16.3	18.4	20.0	264
Disc. Free Cash Flow	(2.0)	17.5	13.5	12.7	13.3	13.7	13.6	180
Year			*0.3*	*1.3*	*2.3*	*3.3*	*4.3*	*4.3*

Total Disc. FCF	67
Terminal value	180
Total EV (Eu mn)	246
NFP FY23A	(0.7)
Adjustments	(1.1)
TOTAL Equity Value	245
# of shares (mn)	10.8
Fair Value per share (Eu)	22.6

Implied multiples	FY22A	FY23A	FY24E	FY25E	FY26E
EV/ Adj. EBITDA	12.5 x	10.8 x	10.6 x	9.4 x	8.2 x
EV/Adj. EBIT	14.0 x	12.6 x	11.8 x	10.5 x	9.1 x
P/Adj. E	19.9 x	17.6 x	13.4 x	15.1 x	13.5 x

Source: Alantra

Valuation with sensitivity based on DCF

		Wacc				
		9.0%	9.2%	9.5%	9.7%	10.0%
Term. Growth	0.95%	23.0	22.3	21.7	21.0	20.5
	1.20%	23.6	22.8	22.1	21.5	20.9
	1.45%	24.2	23.4	22.6	22.0	21.3
	1.70%	24.8	24.0	23.2	22.5	21.8
	1.95%	25.5	24.6	23.8	23.0	22.3

Source: Alantra

Main risks

We believe that the main risks related to B&C Speakers's business can be summarised in the following factors:

Increasing competition from large players. Large groups could leverage higher R&D investments, broader product offerings, and greater financial resources compared to smaller competitors. B&C has a solid track record of product performance, R&D activity, and an extensive presence worldwide.

Raw material cost volatility. Main raw material costs are related to steel, iron, aluminum, and plastic. Although contracts with suppliers allow passing some cost inflation onto clients, this could take some time and temporarily negatively impact the group's profitability.

Concentration of clients. As the group's activity is mainly exposed to the OEM channel, there is an intrinsic risk of client concentration. However, we believe this risk is somewhat mitigated by long-standing relationships with key accounts. B&C's top three clients are relatively concentrated, with shares of 14%, 10%, and 7%, respectively.

FX exposure. The group is mainly exposed to the USD currency, which could affect sales trends if not properly hedged.

Price pressure from OEMs. Most of the sales are generated through the OEM channel (71% of FY23 sales). This might lead to some price pressure and a subsequent reduction in margins. However, the group's strong positioning has proven to provide solid pricing power, with the gross margin remaining resilient and in line with historical figures at 37% in 2023.

International trade tariffs. Trade tariffs could pose a risk to B&C's business. However, following the Eminence integration, the group now has two new production plants serving the international market (China and the USA).

Exposure to shipping costs. One of the group's main costs is related to shipping. A worsening of supply chain constraints and an increase in inflation could threaten the company's margins.

Global pandemic. We think that a global pandemic presents a significant risk as it can lead to widespread restrictions on public gatherings, including concerts and live events. This directly impacts demand for audio equipment as venues may be forced to cancel or postpone events, reducing the need for new sound systems.

Dependency on a few key people. We believe that the group is highly dependent on a few key individuals. Mr. Lorenzo Coppini, CEO, plays a very crucial role in our view.

Limited M&A track record. B&C aims to grow through acquisitions in the future, targeting players active in adjacent markets. In the past, the growth of the group was mainly organic, with a limited M&A track record. However, the group has successfully completed two major acquisitions, building a solid track record of inorganic growth.

Appendix

B&C Speakers – Revenue breakdown by geography

Eu mn	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Net revenues by geography									
SAM	5.4	4.7	2.0	2.1	5.1	8.1	5.4	4.2	3.9
YoY Growth		*-13.0%*	*-56.4%*	*3.4%*	*141.6%*	*59.4%*	*-33.4%*	*-22.6%*	*-6.7%*
% total revenues	*9.8%*	*8.3%*	*6.4%*	*4.7%*	*6.2%*	*8.6%*	*5.3%*	*3.8%*	*3.3%*
Europe (excl. Italy)	24.3	25.6	12.2	19.1	38.4	43.7	47.6	51.5	55.3
YoY Growth		*5.3%*	*-52.2%*	*56.5%*	*100.4%*	*13.9%*	*8.9%*	*8.1%*	*7.5%*
% total revenues	*44.6%*	*45.5%*	*38.3%*	*42.3%*	*46.7%*	*46.5%*	*46.5%*	*46.5%*	*46.5%*
MEA	0.4	0.4	0.4	0.4	0.7	1.4	0.5	0.6	0.6
YoY Growth		*-8.5%*	*-8.8%*	*11.5%*	*68.8%*	*96.6%*	*-62.4%*	*8.1%*	*7.5%*
% total revenues	*0.8%*	*0.7%*	*1.2%*	*0.9%*	*0.8%*	*1.4%*	*0.5%*	*0.5%*	*0.5%*
APAC	10.9	10.6	6.1	11.6	14.4	16.5	19.0	21.5	23.2
YoY Growth		*-3.2%*	*-42.4%*	*90.0%*	*23.9%*	*14.6%*	*15.2%*	*13.2%*	*8.2%*
% total revenues	*20.1%*	*18.8%*	*19.1%*	*25.6%*	*17.5%*	*17.5%*	*18.5%*	*19.5%*	*19.5%*
Net revenues	54.5	56.3	32.0	45.2	82.1	94.0	102.4	110.7	119.0
YoY Growth	*35.2%*	*3.3%*	*-43.2%*	*41.5%*	*81.5%*	*14.5%*	*8.9%*	*8.1%*	*7.5%*
Organic	35.2%	3.3%	-43.2%	41.5%	81.5%	11.5%	-5.5%	8.1%	7.5%
M&A						3.0%	14.4%		

Source: Company data, Alantra

B&C Speakers – P&L

Eu mn	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Net revenues	54.5	56.3	32.0	45.2	82.1	94.0	102.4	110.7	119.0
YoY Growth	35.2%	3.3%	-43.2%	41.5%	81.5%	14.5%	8.9%	8.1%	7.5%
Organic	35.2%	3.3%	-43.2%	41.5%	81.5%	11.5%	-5.5%	8.1%	7.5%
M&A						3.0%	14.4%		
Inflation									
Forex									
YoY Growth		2.5%	-42.5%	41.6%	79.0%	14.7%	8.8%	8.1%	7.5%
Organic		2.5%	-42.5%	41.6%	79.0%	14.7%	8.8%	8.1%	7.5%
M&A									
COGS	(33.9)	(34.6)	(20.4)	(29.2)	(52.2)	(59.3)	(65.3)	(69.7)	(73.5)
YoY Growth		1.8%	-41.0%	42.9%	79.1%	13.5%	10.2%	6.7%	5.4%
% net revenues	-62.3%	-61.4%	-63.8%	-64.5%	-63.6%	-63.1%	-63.5%	-62.7%	-61.5%
Gross Margin	20.6	21.714	11.6	16.1	29.9	34.7	37.0	41.0	45.5
YoY Growth	-49.0%	5.6%	-46.7%	38.8%	85.8%	16.3%	6.7%	10.6%	11.1%
% net revenues	37.7%	38.6%	36.2%	35.5%	36.4%	36.9%	36.2%	37.0%	38.2%
Personnel Costs	(3.7)	(3.9)	(2.9)	(3.5)	(4.1)	(5.3)	(6.1)	(6.4)	(6.8)
YoY Growth		5.8%	-24.4%	19.0%	18.4%	28.0%	14.4%	6.3%	5.6%
% total revenues	-6.7%	-6.9%	-9.1%	-7.6%	-5.0%	-5.6%	-5.9%	-5.8%	-5.7%
Marketing	(1.2)	(1.3)	(0.6)	(0.6)	(1.1)	(1.0)	(1.0)	(1.3)	(1.4)
YoY Growth		12.2%	-55.3%	9.2%	76.0%	-9.2%	1.7%	29.7%	7.5%
% total revenues	-2.1%	-2.3%	-1.8%	-1.4%	-1.4%	-1.1%	-1.0%	-1.2%	-1.2%
G&A	(5.5)	(4.2)	(3.5)	(4.1)	(4.7)	(7.1)	(7.7)	(8.7)	(10.2)
YoY Growth		-23.5%	-16.8%	19.2%	12.7%	52.5%	8.4%	12.4%	17.1%
% total revenues	-9.9%	-7.4%	-10.7%	-9.0%	-5.7%	-7.5%	-7.5%	-7.8%	-8.5%
EBITDA Adj.	10.9	12.6	5.1	8.6	20.3	22.8	22.7	25.0	27.6
YoY Growth		15.4%	-59.3%	68.1%	135.1%	12.6%	-0.3%	10.1%	10.4%
on net revenues %	20.0%	22.3%	16.0%	19.0%	24.7%	24.3%	22.2%	22.6%	23.2%
% total revenues	19.8%	22.3%	15.8%	18.7%	24.6%	24.1%	22.1%	22.5%	23.1%
EBITDA Adjustments	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0
EBITDA	10.9	12.6	5.1	8.6	20.3	21.8	22.7	25.0	27.6
YoY Growth		15.4%	-59.3%	68.1%	135.1%	7.7%	4.3%	10.1%	10.4%
on net revenues %	20.0%	22.3%	16.0%	19.0%	24.7%	23.2%	22.2%	22.6%	23.2%
% total revenues	19.8%	22.3%	15.8%	18.7%	24.6%	23.1%	22.1%	22.5%	23.1%
D&A	(1.4)	(2.3)	(2.2)	(2.0)	(2.0)	(2.2)	(2.4)	(2.6)	(2.6)
YoY Growth		62.1%	-4.7%	-7.9%	0.0%	8.3%	8.5%	8.6%	1.7%
on total revenues %		-39.5%	-21.6%	-23.6%	-20.0%	-22.0%	-18.0%	-19.0%	-20.0%
Tangible	(1.1)	(2.0)	(2.0)	(0.7)	(0.7)	(0.8)	(0.9)	(1.0)	(1.0)
Intangible	(0.3)	(0.3)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
of which Goodwill									
IFRS 16 (Lease)				(1.2)	(1.2)	(1.2)	(1.3)	(1.4)	(1.5)
Provisions/Writedown	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
YoY Growth		-95.0%	4965.9%	-3.3%	108.2%	-7.8%	0.0%	0.0%	0.0%
% total revenues	0.0%	0.0%	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
EBIT Adj.	9.5	10.3	2.9	6.6	18.1	19.5	20.3	22.4	24.9
YoY Growth	1.4%	8.7%	-71.9%	126.8%	176.8%	7.7%	3.8%	10.3%	11.4%
on net revenues %	17.4%	18.3%	9.0%	14.5%	22.1%	20.8%	19.8%	20.2%	20.9%
% total revenues	17.2%	18.2%	8.9%	14.2%	22.0%	20.7%	19.7%	20.1%	20.8%
EBIT Adjustments									
EBIT	9.5	10.3	2.9	6.6	18.1	19.5	20.3	22.4	24.9
YoY Growth		8.7%	-71.9%	126.8%	176.8%	7.7%	3.8%	10.3%	11.4%
on net revenues %	17.4%	18.3%	9.0%	14.5%	22.1%	20.8%	19.8%	20.2%	20.9%
Pre-tax profits	9.2	10.7	2.3	6.7	16.8	19.0	19.9	22.0	24.6
YoY Growth		15.9%	-78.6%	192.6%	151.5%	13.3%	4.7%	10.5%	11.6%
% total revenues	16.7%	18.8%	7.0%	14.5%	20.4%	20.1%	19.4%	19.8%	20.6%
Taxes	0.1	(2.0)	(0.4)	(1.7)	(4.6)	(5.1)	(1.7)	(5.8)	(6.5)
tax rate %	1.4%	-19.1%	-16.1%	-25.6%	-27.2%	-26.5%	-8.5%	-26.5%	-26.5%
Others	0.1	0.1	(0.3)	0.1	0.0	(0.1)			
Net Profit	9.4	8.7	1.6	5.1	12.3	13.9	18.2	16.2	18.1
YoY Growth		-7.7%	-81.0%	210.6%	139.7%	13.4%	31.2%	-11.3%	11.6%
% net revenues	17.2%	15.4%	5.2%	11.3%	14.9%	14.8%	17.8%	14.6%	15.2%
Restated Net Profit	9.4	8.7	1.6	5.1	12.3	13.9	18.2	16.2	18.1
YoY Growth		-7.7%	-81.0%	210.6%	139.7%	13.4%	31.2%	-11.3%	11.6%
on net revenues %	17.2%	15.4%	5.2%	11.3%	14.9%	14.8%	17.8%	14.6%	
% total revenues	17.0%	15.3%	5.1%	11.1%	14.9%	14.7%	17.7%	14.6%	15.1%

Source: Company data, Alantra

(Eu mn)	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Inventory	14.0	13.5	12.3	17.3	26.4	27.6	30.1	32.5	37.6
% total revenues	*25.4%*	*23.9%*	*37.7%*	*37.6%*	*32.1%*	*29.2%*	*29.2%*	*29.2%*	*31.5%*
DIO	*92*	*86*	*138*	*138*	*116*	*106*	*106*	*106*	*114*
Receivables	12.5	12.8	7.1	13.0	21.6	18.1	22.2	23.1	23.1
% total revenues	*22.6%*	*22.7%*	*21.8%*	*28.2%*	*26.2%*	*19.2%*	*21.6%*	*20.7%*	*19.4%*
DSO	82	82	80	103	95	69	*78*	*75*	*70*
Payables	(5.5)	(5.0)	(3.0)	(9.0)	(13.5)	(10.8)	(13.2)	(14.1)	(16.5)
% external costs	*13.4%*	*12.1%*	*11.9%*	*26.2%*	*23.0%*	*15.8%*	*17.0%*	*17.0%*	*18.6%*
DPO	48	43	43	94	83	57	*62*	*62*	*68*
Other current assets (Liabilities)	(1.2)	(1.2)	0.3	0.4	1.2	(0.1)	(0.1)	(0.1)	(0.1)
% total revenues	-2.2%	-2.1%	0.9%	0.8%	1.5%	-0.1%	*-0.1%*	*-0.1%*	*-0.1%*
Other current liabilities									
% total revenues									
Net Working capital	19.7	20.2	16.7	21.7	35.7	34.8	38.9	41.4	44.1
% total revenues	35.7%	35.7%	51.3%	47.1%	43.4%	36.9%	37.8%	37.2%	36.9%
Property, plant and equipment	3.0	3.3	2.8	2.5	2.5	3.9	4.2	3.7	3.3
Right of Use Assets	-	4.2	3.1	4.9	4.7	6.5	6.5	6.5	6.5
Intangible assets	2.8	2.7	2.6	2.6	2.7	2.8	2.8	2.9	2.9
o/w goodwill	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*
Financial assets							0.0	0.0	0.0
Investments in other companies							0.0	0.0	0.0
Others							0.0	0.0	0.0
Total fixed assets	5.8	10.1	8.5	10.1	9.9	13.1	13.5	13.0	12.7
% total revenues	10.5%	17.9%	26.1%	21.8%	12.0%	13.9%	13.1%	11.7%	10.6%
Employee pension benefits net of other non current assets	0.3	0.4	0.5	0.6	0.5	(1.1)	(1.1)	(1.2)	(1.3)
Other liabilities (funds)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Net Invested Capital	25.8	30.6	25.6	32.3	46.1	46.9	51.2	53.1	55.4
Current Lease Liabilities									
Non-Current Lease Liabilities									
Short Term debts	5.7	8.1	7.8	10.3	12.0	11.6	11.6	11.6	11.6
Long Term debts	7.1	10.1	13.0	12.5	11.8	10.7	10.7	10.7	10.7
Short term credits	(6.5)	(7.9)	(8.0)	(10.8)	(8.6)	(7.0)	(7.0)	(7.0)	(7.0)
Cash	(3.2)	(5.3)	(13.4)	(8.1)	(5.8)	(14.6)	(20.9)	(27.0)	(34.7)
Net Debt (Cash)	3.1	5.0	(0.6)	3.9	9.4	0.7	(5.7)	(11.7)	(19.4)
Share capital	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Reserves	12.2	15.8	23.5	22.2	23.3	31.2	37.5	47.6	55.7
Net result	9.4	8.7	1.6	5.1	12.3	13.9	18.2	16.2	18.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders Equity	22.7	25.6	26.2	28.4	36.7	46.2	56.9	64.8	74.8
Source of Funds	25.8	30.6	25.6	32.3	46.1	46.9	51.2	53.1	55.4

Source: Company data, Alantra

B&C Speakers – Cash-flow statement

(Eu mn)	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Net Profit before minorities	9.4	8.7	1.6	5.1	12.3	13.9	18.2	16.2	18.1
Interests	0.3	(0.4)	0.6	(0.1)	1.3	0.5	0.3	0.3	0.3
Taxes	(0.1)	2.0	0.4	1.7	4.6	5.1	1.7	5.8	6.5
Losses (gains) on disposal of fixed assets									
Provisions/Writedowns	0.1	0.1	0.1	(0.2)	0.0	0.0	0.1	0.1	0.1
D&A	1.4	2.3	2.2	2.0	2.0	2.2	2.4	2.6	2.6
Change in net working capital	(2.6)	(0.4)	4.7	(5.9)	(16.3)	1.3	(4.1)	(2.5)	(2.8)
Interests paid	(0.3)	0.4	(0.6)	0.1	(0.2)	(0.7)	(0.3)	(0.3)	(0.3)
Taxes paid	0.1	(2.0)	(0.4)	(1.7)	(1.9)	(3.8)	(1.7)	(5.8)	(6.5)
Use of funds	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	0.0	0.0	0.0
Other operating items	0.0	0.0	0.0	0.0	(0.0)	(0.0)			
Cash flow from operating activities	8.3	10.6	8.6	1.1	1.8	18.3	16.6	16.4	18.0
Intangibles (CAPEX)	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
% total revenues	*-0.3%*	*-0.4%*	*-0.4%*	*-0.3%*	*-0.3%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.2%*
Tangibles (CAPEX)	(0.8)	(1.0)	(0.3)	(0.4)	(0.7)	(1.1)	(2.5)	(1.9)	(2.0)
% total revenues	*-1.5%*	*-1.8%*	*-1.0%*	*-1.0%*	*-0.8%*	*-1.2%*	*-1.4%*	*-1.7%*	*-1.7%*
Of wich IFRS 16 - Lease (CAPEX)							*(1.3)*	*(1.4)*	*(1.5)*
% total revenues	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*-1.3%*	*-1.3%*	*-1.2%*
Intangibles + Tangible	(1.0)	(1.2)	(0.5)	(0.6)	(0.9)	(1.3)	(3.0)	(2.2)	(1.8)
% total revenues	*-1.8%*	*-2.2%*	*-1.4%*	*-1.3%*	*-1.1%*	*-1.4%*	*-2.9%*	*-2.0%*	*-1.5%*
Financials						2.0			
% total revenues	*0.0%*	*0.0%*	*0.0%*	*0.0%*					
(Acquisitions) / Disposals						(1.1)			
% total revenues	*0.0%*	*0.0%*	*0.0%*	*0.0%*					
Changes in Investments w/Equity Method									
% total revenues	*0.0%*	*0.0%*	*0.0%*	*0.0%*					
Cash flow from investment activities	(1.0)	(1.2)	(0.5)	(0.6)	(0.9)	(0.4)	(3.0)	(2.2)	(1.8)
		-2.2%	*-1.4%*	*-1.3%*	*-1.1%*	*-0.5%*	*-2.9%*	*-2.0%*	*-1.5%*
Change in shareholders equity	(0.1)	(0.3)	(1.0)	(0.1)	(0.5)	2.1			
Dividends	(4.6)	(5.5)	0.0	(2.8)	(3.5)	(6.5)	(7.6)	(8.2)	(8.1)
Other items	(5.7)	(5.6)	(1.5)	(2.0)	(2.4)	(4.8)	0.3	0.1	(0.5)
Change in NFP	(3.1)	(1.9)	5.6	(4.5)	(5.5)	8.8	6.3	6.1	7.6
NFP at year beginning	0.0	(3.1)	(5.0)	0.6	(3.9)	(9.4)	(0.7)	5.7	11.7
NFP at YE (debt)/cash	(3.1)	(5.0)	0.6	(3.9)	(9.4)	(0.7)	5.7	11.7	19.4

Source: Company data, Alantra

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