Q1 2018 Results

Milan | May 2nd, 2018

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IFRS 15 & IFRS 9

From January 1st, 2018 the Group has adopted the principle IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments", which have led to changes in accounting policies and in some cases adjustments to the amounts recognized in the financial statements. The comparative data for 2017 have not been restated, while the data for Q1 2018 data is also presented without the application of IFRS 15. Thus the comparative analysis in this presentation refers, unless otherwise specified, to 2018 data without the application of IFRS 15, since the impact of IFRS 9 is negligible.

Statement

In compliance with Article 154 bis of the "Uniform Financial Services Act" (Legislative Decree 58/1998), the Financial Reporting Officer, Gabriele Galli, declares that the accounting information reported in this presentation corresponds to the underlying documentary reports, books of account and accounting entries.

Q1 2018 Key takeaways

Strong start to the year

- Strong top-line growth at +9.7% in LC
  - Solid organic growth, above market
  - Robust contribution from M&A
  - Very challenging comparable basis with the highest growth level reported in 2017 (+16.3% in Q1 2017 vs Q1 2016)
- Outpacing the global hearing care retail market
  - Leadership consolidation and market share gains in all core markets
- Continued profitability improvement with EBITDA margin up 40 bps, despite adverse translative FX
  - Higher marketing investments (~+15% vs Q1 2017)
    - Launch of the global hero campaign “New Generation” in core EMEA countries
- Ongoing network expansion: 65 shops & 20 SiS
  - Acquisition of 55 shops & 2 SiS primarily in France, Germany and Canada
    - Net cash-out totaled €25 million
  - Openings of 10 shops & 18 SiS primarily in Spain and Australia

For comparability purpose commentary refers to Q1 2018 prepared without the adoption of IFRS 15 (“@’17 IFRS”) being the impact of IFRS 9 totally irrelevant

Q1 2018 Financial highlights

Strong top-line growth and continued profitability expansion

	Q1 2018		Q1 2017	Δ%
Data in €m	**@'18 IFRS**	**@'17 IFRS**		**@'17 IFRS**
REVENUES	309.4	310.3	296.1	+4.8%
Organic growth				+5.4%
Acquisitions				+4.3%
FX				-4.9%
EBITDA	43.2	44.0	40.9	+7.7%
Margin %	**14.0%**	**14.2%**	**13.8%**	**-**

- Strong top-line growth of +9.7% in LC
  - Very healthy organic growth at 5.4%
  - Robust M&A contribution
  - Significant currency headwind for both USD/EUR and AUD/EUR
  - Remarkable Q1 2017 comparable basis, highest growth level reported in 2017 (+16.3% in Q1 2017 vs Q1 2016)
- Continued profitability improvement
  - EBITDA margin up by 40 bps despite adverse translative FX
  - Marketing: ~+15%
  - Net Profit Recurring of €15.2 million, +19.3% vs Q1 2017
- Ongoing network expansion with strong M&A in core countries: Germany, France and Canada
- Very strong free cash flow generation
- Net debt at €320.1 million, corresponding to 1.43x Net debt/EBITDA
- IFRS 15 marginal impact on revenues and EBITDA (respectively, -€0.9m and -€0.8m); no cash impact

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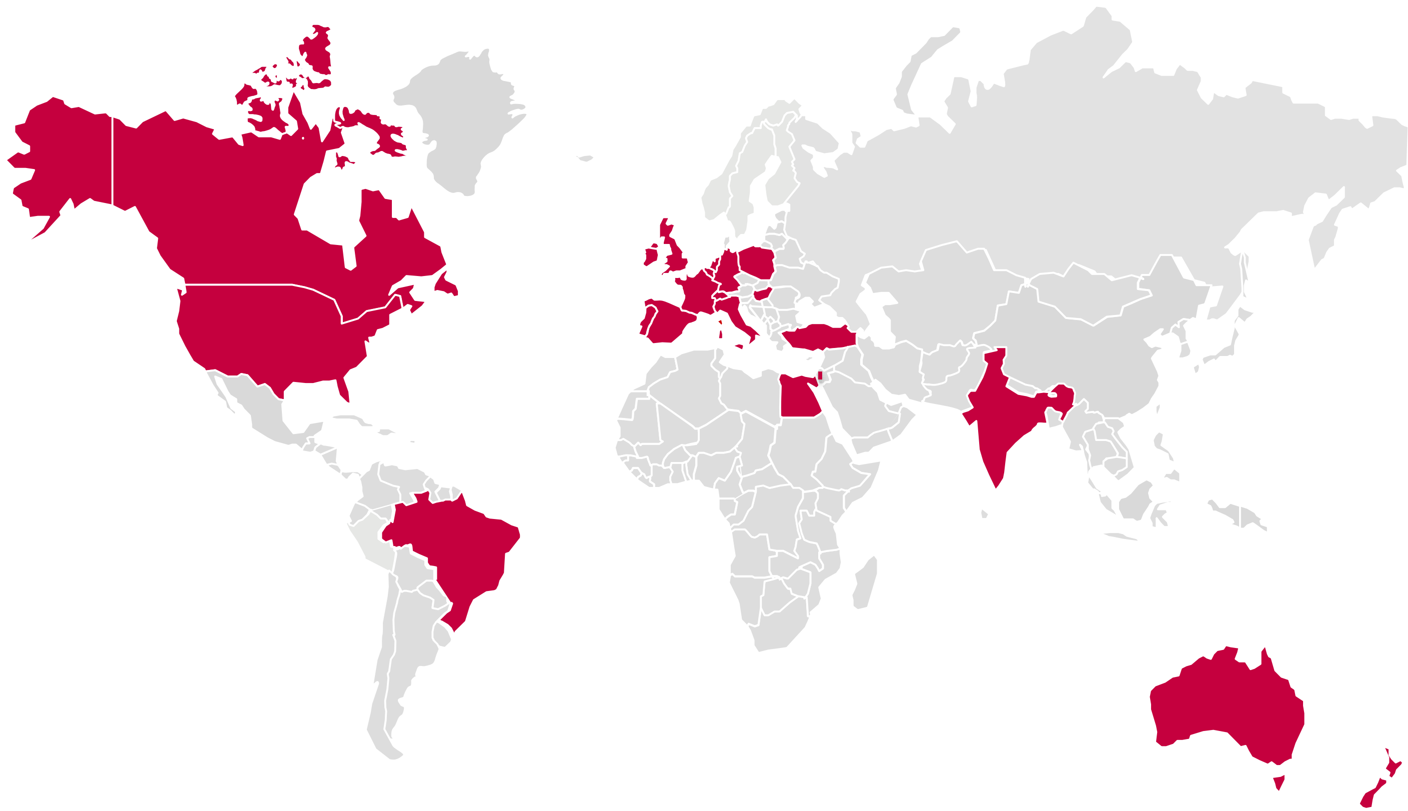
Revenue roadmap by Region

Strong momentum continues



Q1 2018: +9.7%[1]

Organic growth[2]: **+5.4%**
Acquisitions: **+4.3%**
FX: **-4.9%**

AMERICAS

16.7% of Q1 2018 Revenues

Q1 2018: +3.6% in LC QoQ

EMEA

69.8% of Q1 2018 Revenues

Q1 2018: +11.9% in LC QoQ

APAC

13.3% of Q1 2018 Revenues

Q1 2018: +7.6% in LC QoQ

1 In local currencies
2 Calculated as sum of like-for-like growth and openings

Financial results by Region

EMEA: outstanding top-line growth along with profitability expansion

	Q1 2018		Q1 2017	Δ%
Data in €m	**@'18 IFRS**	**@'17 IFRS**		**@'17 IFRS**
REVENUES	215.7	216.6	195.2	+11.0%
Organic growth				+5.7%
Acquisitions				+6.2%
FX				-0.9%
EBITDA	30.4	31.2	25.8	+20.9%
Margin %	**14.1%**	**14.4%**	**13.2%**	**-**

- Outstanding revenue growth of +11.9% in LC
  - Strong organic growth
  - Significant contribution from M&A
  - Extremely challenging comparable basis (+14.9% in Q1 2017 vs Q1 2016)
- Continued double-digit growth in Italy driven by successful marketing strategy over excellent 2017 results
- Very strong performance in Germany fostered by acquisitions and healthy organic growth
- Positive performance in France primarily thanks to M&A contribution
- Outstanding top-line growth for Iberia, driven by double-digit organic growth and M&A
- Strong EBITDA margin improvement of 120bps, after higher marketing investments (~+20% vs. Q1 2017)
  - Top-line growth, operational efficiency and scale-reach in core countries

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Financial results by Region

AMERICAS: solid performance, impacted by adverse FX

	Q1 2018		Q1 2017	Δ%
Data in €m	**@'18 IFRS**	**@'17 IFRS**		**@'17 IFRS**
REVENUES	51.8	51.9	57.7	-10.0%
Organic growth				+2.5%
Acquisitions				+1.1%
FX				-13.6%
EBITDA	9.0	9.0	9.8	-8.9%
Margin %	**17.3%**	**17.2%**	**17.0%**	**-**

- Positive top-line growth at +3.6% in LC, despite exceptional adverse weather conditions in January
  - Challenging comparable basis (+15.5% in Q1 2017 vs Q1 2016)
  - Significant currency headwind
    - Average FX at 1.23 in Q1 2018 vs 1.06 in Q1 2017
- Strong performance of Miracle-Ear driving the solid performance for the Region
- EBITDA margin improvement of 20bps thanks to operational excellence
- Subsequent to close of Q1 2018, Amplifon disposed its 51% stake in Direito de Ouvir Amplifon Brasil S/A to former JV partner
  - Not the right business model to lead expansion in South America
  - Not material financial impact

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Financial results by Region

APAC: excellent trading performance

	Q1 2018		Q1 2017	Δ%
Data in €m	**@'18 IFRS**	**@'17 IFRS**		**@'17 IFRS**
REVENUES	41.3	41.3	42.8	-3.7%
Organic growth				+7.6%
Acquisitions				0.0%
FX				-11.3%
EBITDA	11.7	11.6	12.0	-3.1%
Margin %	**28.3%**	**28.2%**	**28.0%**	**-**

- Strong revenue growth of 7.6% in LC
  - Extremely challenging comparison base (+24.4% in Q1 2017 vs Q1 2016)
  - Substantial currency headwind
    - Average FX at 1.56 in Q1 2018 vs 1.41 in Q1 2017
- Robust momentum in Australia, driven by healthy organic growth
- Continued outstanding performance in New Zealand, driven by high-single digit organic growth
- EBITDA at €11.6 million, with margin up 20bps
  - At Company's highest profitability levels

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Q1 2018 Financial results

Delivering excellent results in all P&L items

Data in €m (unless specified)	Q1 2018 @'18 IFRS	Q1 2018 @'17 IFRS	Q1 2017	Δ% @'17 IFRS
REVENUES	**309.4**	**310.3**	**296.1**	**+4.8%**
EBITDA	**43.2**	**44.0**	**40.9**	**+7.7%**
Margin %	*14.0%*	*14.2%*	*13.8%*	-
D&A	(16.7)	(16.7)	(14.9)	+12.2%
EBIT	**26.5**	**27.3**	**26.0**	**+5.1%**
Margin %	*8.6%*	*8.8%*	*8.8%*	-
NET FINANCIAL EXPENSES	(4.7)	(4.7)	(4.7)	+0.9%
PROFIT BEFORE TAX	**21.8**	**22.6**	**21.3**	**+6.1%**
Margin %	*7.1%*	*7.3%*	*7.2%*	-
TAXES	(7.3)	(7.4)	(8.5)	-12.9%
% on PBT	33.3%	32.8%	39.9%	-
MINORITY	(0.0)	(0.0)	0.0	-
NET PROFIT	**14.6**	**15.2**	**12.8**	**+19.3%**
Margin %	*4.7%*	*4.9%*	*4.3%*	-
EPS (Euro)	**0.067**	**0.070**	**0.058**	**+19.3%**

No non-recurring items in Q1 2018 and Q1 2017

Q1 2018 Financial results

Strong operating cash flow to support Capex and M&A to foster Company's growth

Data in €m	Q1 2018[1]	Q1 2017	Δ
Operating cash flow (a)	**19.0**	**14.9**	**4.1**
Capex (net) (b)	(10.6)	(12.8)	2.2
Free cash flow (a+b)	**8.4**	**2.1**	**6.3**
Acquisitions (net) (c)	(25.0)	(50.3)	25.3
Cash provided by (used in) operating and investing activities	**(16.6)**	**(48.2)**	**31.6**
Cash flow provided by (used in) investing activities (b+c)	**(35.6)**	**(63.1)**	**27.5**
Cash provided by (used) financing activities	(6.0)	(6.8)	0.8
Net cash flow for the period	**(22.6)**	**(55.0)**	**32.4**
Net financial position (opening date)	**(296.3)**	**(224.4)**	**(71.8)**
Change in net financial position	(22.6)	(55.0)	32.4
Effect of FX on financial position	(1.2)	0.4	(1.6)
Net financial position (closing date)	**(320.1)**	**(279.0)**	**(41.1)**

No non-recurring items in Q1 2018 and Q1 2017

1. No impact on Cash Flow from 2018 IFRS

Q1 2018 Financial results

Solid capital structure to sustain future growth opportunities

Data in €m	31/03/2018 @'18 IFRS	31/03/2018 @'17 IFRS	31/12/2017
Cash	(101.3)	(101.3)	(124.1)
Short-term debt[1]	301.5	301.5	301.1
Medium/long-term debt	119.9	119.9	119.3
Net debt	**320.1**	**320.1**	**296.3**
Equity[2]	**536.5**	**580.8**	**588.4**
Net debt/EBITDA	1.44x	1.43x	1.35x
Net debt/total equity	0.60x	0.55x	0.50x

1. Short-term debt includes Bond expiring in July 2018. Amplifon has already refinanced the outstanding Bond via new Bank and Revolving Credit facilities, securing better terms and conditions
2. Change in Equity as at 31/03/2018 @'18 IFRS vs as at 31/12/2017 is primarily due to: IFRS impact (€45.3m) and FX (€16.2m)

2018 Outlook

Entering 2018 with sound optimism

- Overall positive market outlook
  - Drivers: increasing volumes with stable ASP
- Positive sales momentum, above market reference
  - Contribution from all Regions
  - Solid organic growth
  - Contribution from acquisitions
- Profitability expansion
  - Operating leverage and efficiencies to balance higher investments
- Moving fast forward in the execution of our 2020 strategic plan
  - Outpace the market through the launch of Amplifon product-lines & innovative multi-channel eco-system
    - Roll-out in Italy in Q2 2018
  - Continue lead consolidation in core markets
  - Continue re-investing heavily in the business (Marketing, Network expansion, Corporate, People) for long-term sustainable growth

Launch of the new Amplifon Product Line and Multi-channel Ecosystem in the Italian market

Valencia, April 14th-16th
>1,600 attendees
3-day convention, including training

amplifon

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