



FY 2016 Results

Milan | 28th February, 2017

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Statement

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

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FY 2016 Key takeaways

An excellent year, successfully executing on a solid strategy

- Overall positive market dynamics, growing ~5% in units¹
- Outpacing the global hearing aids retail market (~2x market growth)
 - Leadership consolidation and market share gains in all main countries
- Consistent growth led by volume increase and stable ASP
 - 12th consecutive quarter of robust organic growth
 - Balanced growth across Regions
 - Strong comparable basis
- Solid operating leverage, fostered by EMEA
 - Continued marketing investments to accelerate top-line growth (~+20% in FY2016)
- Strong network expansion: 230 shops and 75 SiS, reaching a total of 9,424 PoS globally
 - Acquisitions of 173 shops & 10 SiS
 - Acquisition of 110 shops in Germany
 - Acquisition of 31 shops & 10 SiS in France
 - Network doubled in Canada (25 shops)
 - Cash-out totaled €79.4 million
 - New openings of 57 shops & 65 SiS (primarily in Iberia & Poland)
 - Strong start in 2017 with the acquisition of MiniSom in Portugal (~75 shops & SiS) and AudioNova in France (~55 shops)

FY 2016 Financial highlights

Reaping the benefits of a strong execution: all-time high sales & EBITDA

Data in €m	FY 2016	FY 2015	Δ%
REVENUES	1,133.1	1,034.0	+9.6%
Organic growth			+7.4%
Acquisitions			+3.0%
FX			-0.8%
EBITDA Recurring	189.4	167.4	+13.1%
Margin %	16.7%	16.2%	-

- All-time high revenues growing 10.4%¹
 - Contribution from all three Regions
 - Second record year in a row
- Solid profitability improvement
 - Record EBITDA Recurring of €189.4 million, up 13.1% over 2015
 - Net Profit Recurring of €70.8 million, up 34.2% over 2015
- Continued strong free cash flow generation of €82.5 million, after increased Capex at €62.5 million
- Higher investments to support long-term growth
 - Marketing: ~+20%
 - Cash-out for acquisitions: €79.4 million
- Net debt at €224.4 million, corresponding to 1.2x Net Debt/EBITDA
- Dividend proposal increased by 63% to 7.0 euro cents vs. 4.3 euro cents of last year

Q4 2016 Financial highlights

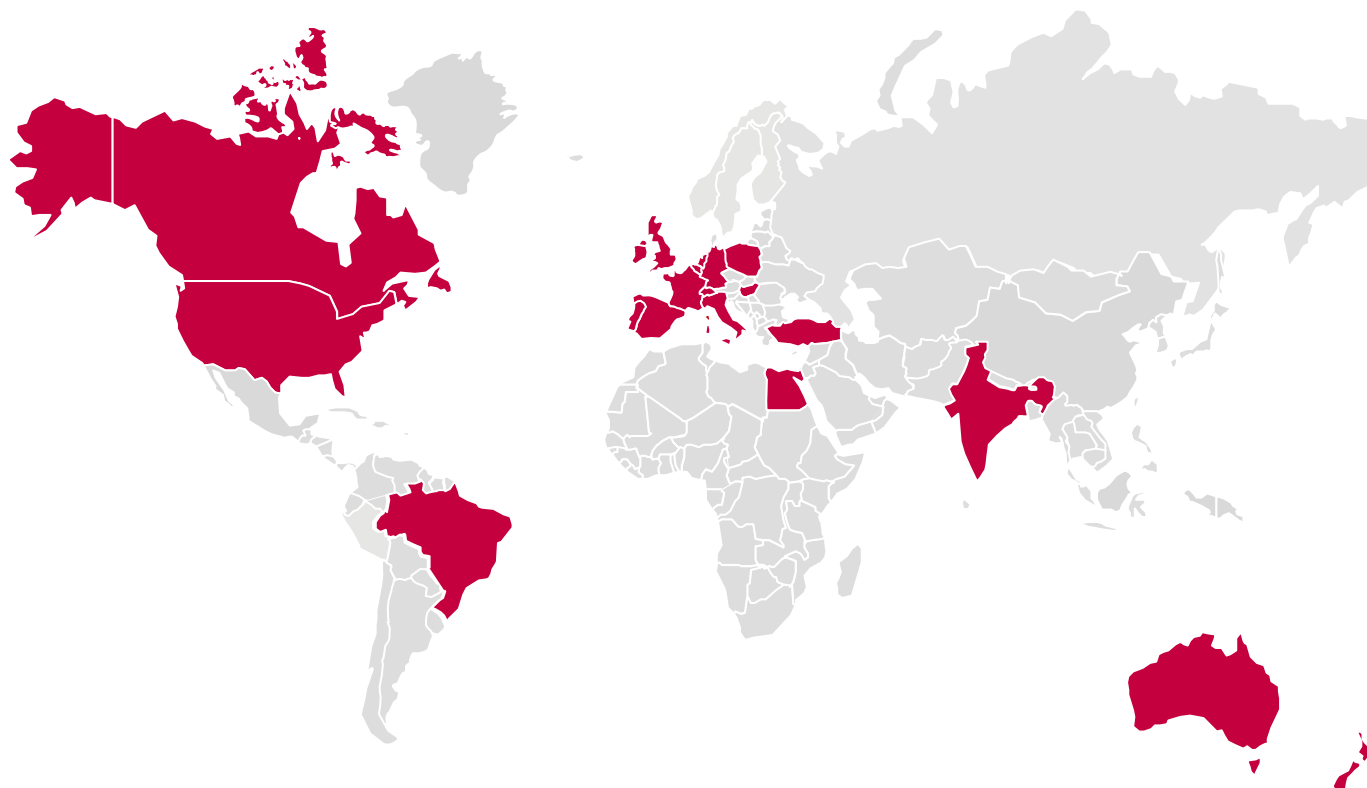
Strong finish of the year

Data in €m	Q4 2016	Q4 2015	Δ%
REVENUES	329.2	300.2	+9.6%
Organic growth			+6.0%
Acquisitions			+3.3%
FX			+0.3%
EBITDA Recurring	67.7	59.1	+14.6%
Margin %	20.6%	19.7%	-

- Another quarter of robust top-line growth (+9.3% in LC)
 - Solid organic growth
 - Accelerated M&A
 - Strong Q4 2015 comparable basis (+9.5% in LC)
- Excellent profitability improvement
 - EBITDA Recurring margin up by 90 bps
 - Marketing: ~+15%
 - Net Profit Recurring of €29.8 million, +26.8% vs Q4 2015
- Ongoing network expansion
 - 8 shops & 7 SiS acquired primarily in France
 - New openings of 41 shops (primarily in Italy, Spain, Poland and France)

Revenue roadmap by Region

Consistent, reliable and above-market growth



FY 2016: +10.4%¹

Organic growth²: **+7.4%**

Acquisitions: **+3.0%**

FX: **-0.8%**

Q4 2016: +9.3%¹

Organic growth²: **+6.0%**

Acquisitions: **+3.3%**

FX: **+0.3%**



AMERICAS

19.0% of FY 2016 Revenues

FY 2016: **+8.2%** in LC YoY

Q4 2016: **+6.7%** in LC QoQ



EMEA

66.5% of FY 2016 Revenues

FY 2016: **+10.5%** in LC YoY

Q4 2016: **+9.1%** in LC QoQ



APAC

14.4% of FY 2016 Revenues

FY 2016: **+11.6%** in LC YoY

Q4 2016: **+12.9%** in LC QoQ

Financial results by Region

EMEA: strong profitable growth and market share gains

Data in €m	FY 2016	FY 2015	Δ%
REVENUES	753.7	688.1	+9.5%
Organic growth			+6.6%
Acquisitions			+3.9%
FX			-1.0%
EBITDA Recurring	126.7	104.8	+20.9%
Margin %	16.8%	15.2%	-

Data in €m	Q4 2016	Q4 2015	Δ%
REVENUES	227.2	210.4	+8.0%
Organic growth			+4.8%
Acquisitions			+4.3%
FX			-1.1%
EBITDA Recurring	52.1	46.1	+12.8%
Margin %	22.9%	21.9%	-

- Performance well above market reference
 - EMEA market growing ~5% in units in 2016¹
- Double digit revenue growth², thanks to solid organic growth further boosted by strong M&A activity
- Continued solid performance in Italy driven by remarkable organic growth (new TV campaign, CRM, digital) over strong 2015 results
- Stellar performance of Germany thanks to strong underlying growth and acquisitions (110 shops)
- Double-digit growth in Switzerland, Iberia, Belux, Hungary and Poland, as well as MEA countries, all supported by healthy organic growth
- Robust volume growth more than offset ASP pressure in the Netherlands
- Growth in France driven by acquisitions (31 shops & 10 SiS), further accelerated in Q4
- Sales improvement in the UK for the first time since 2010
- EBITDA Recurring margin improvement of 160 bps
 - Top-line growth, operational efficiency and scale-reach in core countries

¹ Refers to Amplifon reference markets and private segment

² In local currencies

Commentary refers to FY 2016, if not differently stated

Strong start for acquisitions in 2017

Network expansion in Portugal and France



MiniSom



AudioNova

Transaction summary

- Definitive agreement signed with Sonova for a total cash-out of around €16 million
- Closing subject to anti-trust approval

- Works council consultation procedure concluded
- Signing & closing expected in the coming days

Target at-a-glance

- Part of AudioNova retail business
- ~75 shops and SiS in all the territory
- Revenues of ~€13 million

- Part of AudioNova retail business
- ~55 shops around Paris, Lyon and Marseille
- Revenues of ~€13 million

Transaction rationale

- Perfect strategic fit with Amplifon's growth strategy in core markets
 - Reach of optimal scale in Portugal with over 130 shops
 - Further strengthening of leadership position in France reaching 560 shops & SiS
- Attractive synergies and economics
- Highly value accretive acquisitions at usual market conditions for comparable transactions

Financial results by Region

AMERICAS: high-single digit top-line growth

Data in €m	FY 2016	FY 2015	Δ%
REVENUES	214.9	198.5	+8.3%
Organic growth			+6.8%
Acquisitions			+1.4%
FX			+0.1%
EBITDA Recurring	38.8	38.0	+2.0%
Margin %	18.0%	19.1%	-

Data in €m	Q4 2016	Q4 2015	Δ%
REVENUES	57.9	53.4	+8.3%
Organic growth			+5.1%
Acquisitions			+1.6%
FX			+1.6%
EBITDA Recurring	10.2	9.3	+9.4%
Margin %	17.6%	17.5%	-

- Market share gains in a structurally growing market (+5.5%¹ in units in FY 2016)
- Solid revenue growth also in Q4 despite very challenging comps (+18.7% in LC) and US consumer spending temporarily impacted by President's elections in October and November (December already back to normality)
- Strong performance of Miracle-Ear
 - Execution on strategic initiatives
 - New marketing campaigns
 - 58 openings
 - Successful renewal of supply agreement with Sivantos
 - Excellent alignment with franchisee system
- Positive contribution from EHN despite unfavorable comps up to Q3 2016, with acceleration in net member acquisition in Q4
- Excellent performance of AHHC driven by two large insurance contracts and impeccable execution
- Sound performance in Canada, fostered by acquisitions (Hear More Canada in Ontario), bringing Miracle-Ear locations from 20 to 45 corporate shops
- EBITDA Recurring substantially flat vs. FY 2015
 - Marketing: ~+40%
 - Organization: >+15%

¹ Refers to US private market

Source: Amplifon estimates based on HIA data, restated to reflect new reporting companies
Commentary refers to FY 2016, if not differently stated

Financial results by Region

APAC: formidable engine of growth and profitability

Data in €m	FY 2016	FY 2015	Δ%
REVENUES	162.9	146.9	+10.9%
Organic growth			+10.9%
Acquisitions			+0.7%
FX			-0.7%
EBITDA Recurring	49.1	45.1	+8.8%
Margin %	30.1%	30.7%	-

Data in €m	Q4 2016	Q4 2015	Δ%
REVENUES	43.2	36.1	+19.7%
Organic growth			+12.9%
Acquisitions			+0.0%
FX			+6.8%
EBITDA Recurring	12.6	10.4	+20.8%
Margin %	29.2%	28.9%	-

- Market in Australia and New Zealand growing ~6% in units in 2016¹
- Strong revenue growth of 11.6% in LC
 - Robust organic growth (+10.9% in LC)
 - Currency tailwind in Q4 2016
 - Remarkable FY 2015 comparable basis (+10.7% in LC)
- Double-digit organic growth in Australia
 - Successful marketing lead generation
 - Continued focus on productivity to drive performance across all the business
 - Further increase in footprint: 8 shops & 25 SiS
- Robust performance in New Zealand, despite remarkable FY 2015 comparable basis (+19.8% in LC)
 - Strong acceleration of organic growth to double digit in Q4 2016
 - Successful integration and development of Bay and Dilworth brands
 - Opening of 9 shops
- EBITDA up 8.8%
 - Marketing: ~+50%
 - At Company's highest profitability levels

Q4 2016 Financial results

Delivering solid results

Data in €m (unless specified)	Q4 2016 Recurring	Q4 2016 Reported	Q4 2015 Recurring	Q4 2015 Reported	Δ% Recurring
REVENUES	329.2	329.2	300.2	300.2	+9.6%
EBITDA ¹	67.7	67.7	59.1	61.7	+14.6%
Margin %	20.6%	20.6%	19.7%	20.5%	-
EBIT ²	52.0	46.5	45.8	45.5	+13.6%
Margin %	15.8%	14.1%	15.2%	15.2%	-
PROFIT BEFORE TAX ²	46.2	40.7	41.1	40.8	+12.5%
NET PROFIT ³	29.8	24.3	23.5	21.5	+26.8%
EPS (Euro)	0.136	0.111	0.107	0.099	+26.9%

1. No one-offs in Q4 2016. Net positive one-off in Q4 2015 of €2.6 million (inter alia €0.4 million of restructuring charges in the Netherlands offset by €0.5 million of positive one-off in the US for early termination of a commercial partnership and €2.5 million positive one-off in India for cancellation of earn-out)
2. Negative one-off in Q4 2016 of €5.5 million for partial write-down of the goodwill related to the UK acquisition. Net negative one-off in Q4 2015 of €0.3 million (in addition to items in Note 1, €2.6 million for goodwill impairment recognized in India and €0.2 million for write-down on residual assets related to the restructuring in the Netherlands)
3. Negative one-off in Q4 2016 of €5.5 million for partial write-down of the goodwill related to the UK acquisition (no fiscal impact on this item). Net negative one-off of €2.0 million in Q4 2015 (in addition to €33k related to the impact of items in Note 2 on taxes, €1.7 million for write-down of deferred tax assets recognized in Italy following change in IRES tax rate from 27.5% to 24% effective as of 2017)

FY 2016 Financial results

Operating leverage delivering consistent and reliable double-digit earnings growth

Data in €m (unless specified)	FY 2016 Recurring	FY 2016 Reported	FY 2015 Recurring	FY 2015 Reported	Δ% Recurring
REVENUES	1,133.1	1,133.1	1,034.0	1,034.0	+9.6%
EBITDA ¹	189.4	186.9	167.4	165.2	+13.1%
Margin %	16.7%	16.5%	16.2%	16.0%	-
EBIT ²	135.0	127.0	116.1	111.0	+16.4%
Margin %	11.9%	11.2%	11.2%	10.7%	-
PROFIT BEFORE TAX ³	115.4	107.4	94.7	88.1	+21.8%
NET PROFIT ⁴	70.8	63.6	52.8	46.8	+34.2%
EPS (Euro)	0.323	0.290	0.242	0.215	+33.4%

1. Negative one-off in FY 2016 of €2.5 million related to advisory fees and expenses for an acquisition process not completed. Net negative one-off in FY 2015 of €2.2 million (€6.8 million related to the change in leadership; €0.9 million for restructuring charges in the Netherlands; €3.1 million positive one-off in the US for early termination of a commercial partnership and €2.5 million positive one-off in India for cancellation of earn-out)
2. Net negative one-off in FY 2016 of €8.0 million (in addition to the impact of item in Note 1; €5.5 million for partial write-down of the goodwill related to the UK acquisition). In FY 2015 Net negative one-off of €5.0 million (in addition to items in Note 1, including primarily €2.6 million for goodwill impairment recognized in India; €0.2 million for write-down on residual assets related to the restructuring in the Netherlands)
3. Net negative one-off in FY 2016 of €8.0 million as detailed in Note 2. Net negative one-off of €6.6 million in FY 2015 (in addition to items in Note 2, €4.3 million of make whole costs for the US\$70 million pre-payment of USPP 2006-2016; €1.4 million of extraordinary income in the US; €1.2 million of extraordinary income in New Zealand for IFRS 3R – step up acquisition - related to Dilworth 100% acquisition)
4. Net negative one-off of €7.2 million in FY 2016 (items of Note 3 net of taxes). Negative one-offs for €6.0 million in FY 2015 (in addition to €2.3 million related to the impact of items in Note 3 on taxes, €1.7 million for write-down of deferred tax assets recognized in Italy following change in IRES tax rate from 27.5% to 24% effective as of 2017)

FY 2016 Financial results

Cash flow sustained higher Capex, primarily for openings & cash-out for acquisitions

Data in €m	FY 2016 ¹	FY 2015 ²
Operating cash flow (a)	143.6	128.1
Capex (b)	(62.5)	(48.1)
Disposals (b)	1.4	9.7
Free cash flow (a+b)	82.5	89.7
Acquisitions (c)	(79.4)	(41.1)
Other acquisitions/disposals (d)	0.0	9.4
Cash flow provided by (used in) investing activities (b+c+d)	(140.5)	(70.1)
Cash provided by (used in) operating and investing activities	3.2	58.1
Cash provided by (used) financing activities	(26.5)	(13.8)
Net cash flow for the period	(23.4)	44.3

1. Non recurring cash-out of €3.1 million in FY 2016 (€2.5 million related to advisory fees and expenses for an acquisition process not completed and €0.6 million related to the payment of restructuring charges of FY 2015 in the Netherlands)
2. Non recurring cash-in of €5.4million in FY 2015 (including, inter alia, USPP make whole and CEO transition costs offset by the EHN income related to the termination agreement with one of its members and cancellation of earn-out in India as well as redetermination of earn-out in Brazil)

FY 2016 Financial results

Solid capital structure to sustain future growth opportunities

Data in €m	31/12/2016	31/12/2015
Cash	(183.8)	(196.7)
Short-term debt	28.7	19.1
Medium/long-term debt	<u>379.6</u>	<u>382.5</u>
Net debt	224.4	204.9
Equity	557.7	500.2
Net debt/EBITDA	1.17x	1.21x
Net debt/total equity	0.40x	0.41x

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Delivering on our last year's commitments

Executing with excellence

What we said ...

... what we achieved in 2016

Amplifon 2018 aspiration



Amplifon strategic pillars



Amplifon 2018 ambitions



- **All-time high revenues**
 - Outpacing global retail market
 - 7.4% organic growth vs. ~5% market
 - Contribution from acquisitions (+3.0%)
 - Strong momentum across all Regions
- **Solid profitability improvement trending to historical peak**
 - All-time high EBITDA
 - Net Profit recurring up 34%
 - Higher return to shareholders
 - Dividend proposal of 7 euro cents up 63%; pay-out at ~25% vs. 20% in 2015
- **Accelerated network expansion: 230 shops and 75 SiS**
- **Successful execution on each of the four strategic pillars**

Executing on Amplifon's strategic pillars

Strengthening leadership in core countries

Strategic priorities

Gain market share

Strengthen leadership through **accelerated organic growth** across all business lines

Increase market share through **fast network expansion** to fully leverage scale

Strengthen leadership position

Grow organically and improve productivity

Ensure sustainability

Enhance **business model**

Country

US



Germany



France



Spain



Canada



Italy



Australia



UK



2016 Key achievements

Miracle-Ear

- Brand Equity strengthening
 - Optimized marketing mix
 - Successful TV campaign
 - Improved online presence
 - Footprint: 58 new locations vs. 40 planned
-
- Acquisition boost: 110 shops
 - 370 shops at YE 2016 and over 400 shops today
 - 31 shops & 10 SiS acquired
 - Acquisition of AudioNova France (March 2017)
 - 15 new openings
 - Aggressive M&A doubling the network
-
- Successful integrated marketing approach
 - Productivity focus along entire organization
-
- Continued focus & execution on productivity
 - New openings: 8 shops & 25 SiS
-
- New management, reviewed marketing model, stores revamp
 - First time of revenue growth since 2010

Executing on Amplifon's strategic pillars

Marketing excellence

Key elements

Brand strategy

Marketing effectiveness & Advanced CRM

Digital excellence

2016 Key achievements

- Launch of the **new global brand identity** (June 2016)
 - 70% of Amplifon stores re-branded at YE 2016
- Great impact of **new TV campaigns**
 - US & Italy: strong lead generation
 - Germany & Iberia: positive growth on Brand Equity and awareness
- **Executed MROI** in the US & Italy
- Pilot on **advanced CRM** in Italy
- **Roll-out of new consumer websites** in Italy, UK, Germany, the Netherlands, France, Spain, Portugal, US
- Design of **global digital universal user experience**
 - Implementation in the US
- Digital leads strongly increasing

Executing on Amplifon's strategic pillars

Innovative service model

Amplifon 360° program designed to make the **real value of our expertise and services** visible through a **superior in-store experience** centered around a **new testing protocol** and **counseling approach**



Roll-out completed

in BeLux, Iberia and Switzerland

On-going roll-out

in France, Germany, Italy, and UK

Next step

protocol to be further enriched and differentiated

Executing on Amplifon's strategic pillars

Effective execution capabilities

Digital HR



Website

Careers Websites
1 Global and 14 Local



Social media

Facebook, LinkedIn, Twitter and
Instagram channels dedicated to
careers



LinkedIn

Over **17.000** followers



Facebook

Over **8.000** fans

Engagement Survey



Participation index

88.4%

of employees

Engagement index

80.3%

of employees

91.8%

of all respondents

"I embrace the values and the
mission of Amplifon"

93.8%

of our Audiologists

"I enjoy my job and am proud of the
role I cover"

Enhanced IT infrastructure



Infrastructure

Support the growth and integrate
acquisitions



Digital transformation and Marketing Cloud

Exploit the potential of the digital
channels



Leverage CRM & DB information

Exploit potential of customer DB &
drive better decisions through data
mining



Shop information systems




Differentiate service model and
drive higher productivity



Cloud services

Enhance scalability,
standardization and time to market

Results well on track to reach 2018 ambitions

	<u>2018 target</u>	<u>2016 results vs. 2015</u>	
Sales growth	Mid-to-high single digit <small>CAGR 2015-2018</small>	+10.4%¹	
Profitability increase	>150bps EBITDA margin² <small>vs. 2015</small>	+50bps	
Network expansion	+600 Stores <small>2016-18 vs. 2015</small>	+230 Stores³ <small>+141 in Germany & France</small>	

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2017 Outlook

Entering 2017 with sound optimism

- Amplifon's strong momentum is expected to continue in 2017
- Another year of solid growth, above market reference and with healthy mix
 - Contribution from all Regions
 - Solid organic growth
 - Accelerated growth from acquisitions
- Sales growth acceleration and operational efficiencies to drive solid profitability
- Growth and profitability backed by strong investments
 - Marketing to boost market share and penetration
 - Capex focused on ongoing distribution network expansion
 - Cash-out for piecemeal acquisitions
 - Investments to support an effective and attractive organization
- 2017 key objectives and initiatives along the Company's core strategic pillars identified last year
 - Lead consolidation in core markets
 - Outpace organic growth through Marketing & Retail excellence
 - Further differentiate and upgrade our service model building on Amplifon 360° and explore Retail Branded products initiative
 - Ensure the best support from key enablers to execute with excellence: HR & IT infrastructure
- January and February sales off a strong start all across

2017 Financial calendar

Upcoming corporate events



April 20th, 2017

Shareholder's General Meeting to resolve upon, *inter alia*

- Approval of Financial Statements as of December 31st, 2016 and Dividend distribution
- Buy back program, primarily to serve stock-based incentive plans



April 27th, 2017

Q1 2017 Results

Conference call & audio webcast at 3.00pm CET



July 26th, 2017

Q2 & H1 2017 Results

Conference call & audio webcast at 3.00pm CET



October 25th, 2017

Q3 & 9M 2017 Results

Conference call & audio webcast at 3.00pm CET

Q&A