



H1 2017 Results

Milan | 26th July, 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, Gabriele Galli, declares that the accounting information reported in this presentation corresponds to the underlying documentary reports, books of account and accounting entries.

Q2 & H1 2017 Key takeaways

Strong momentum continues

- Continued sustained growth (Q2 2017: +12.4%¹; H1 2017: +13.4%¹)
 - Robust organic growth
 - Increasing contribution from M&A
 - Balanced growth across Regions
 - Strong comparable basis
- Outpacing the global hearing aids retail market
 - Leadership consolidation and market share gains in all countries
- Solid profitability improvement
 - Continued strong contribution from EMEA
 - Back to profitability increase as expected in Americas in Q2
 - Marketing: ~+10%
- Strong network expansion: 261 shops and 86 SiS
 - Acquisitions of 229 shops & 57 SiS
 - Acquisition of 56 shops in Germany
 - Acquisition of 84 shops & 14 SiS in France, including AudioNova France (59 shops; deal closed on March 1st, 2017)
 - Acquisition of MiniSom Portugal (47 shops & 34 SiS; deal closed on April 3rd, 2017)
 - Cash-out totaled €75.3 million
 - New openings of 32 shops & 29 SiS (primarily in Spain & Australia)

¹ At constant FX
Commentary refers to H1 2017, if not differently stated

Q2 2017 Financial highlights

Solid execution delivering another strong quarter

Data in €m	Q2 2017	Q2 2016	Δ%
REVENUES	327.7	289.7	+13.1%
Organic growth			+5.6%
Acquisitions			+6.8%
FX			+0.7%
EBITDA Recurring	62.5	54.0	+15.8%
Margin %	19.1%	18.6%	-

- Another quarter of double-digit top-line growth (+12.4% at constant FX)
 - 14th consecutive quarter of solid organic growth despite lower trading days
 - Accelerated M&A
 - Strong Q2 2016 comparable basis (+10.0% at constant FX vs. Q2 2015)
 - Currency tailwind (USD/EUR and AUD/EUR)
- Robust profitability improvement
 - EBITDA Recurring margin up by 50 bps
 - Marketing investments flattish vs very high levels of Q2 2016
 - Net Profit Recurring of €27.0 million, +18.6% vs Q2 2016
- Ongoing network expansion: 87 shops & 56 SiS
 - 72 shops & 46 SiS acquired primarily in Portugal (MiniSom), Germany and France
 - Cash-out totaled €25.0 million
 - New openings of 15 shops & 10 SiS primarily in Spain, Australia & New Zealand

H1 2017 Financial highlights

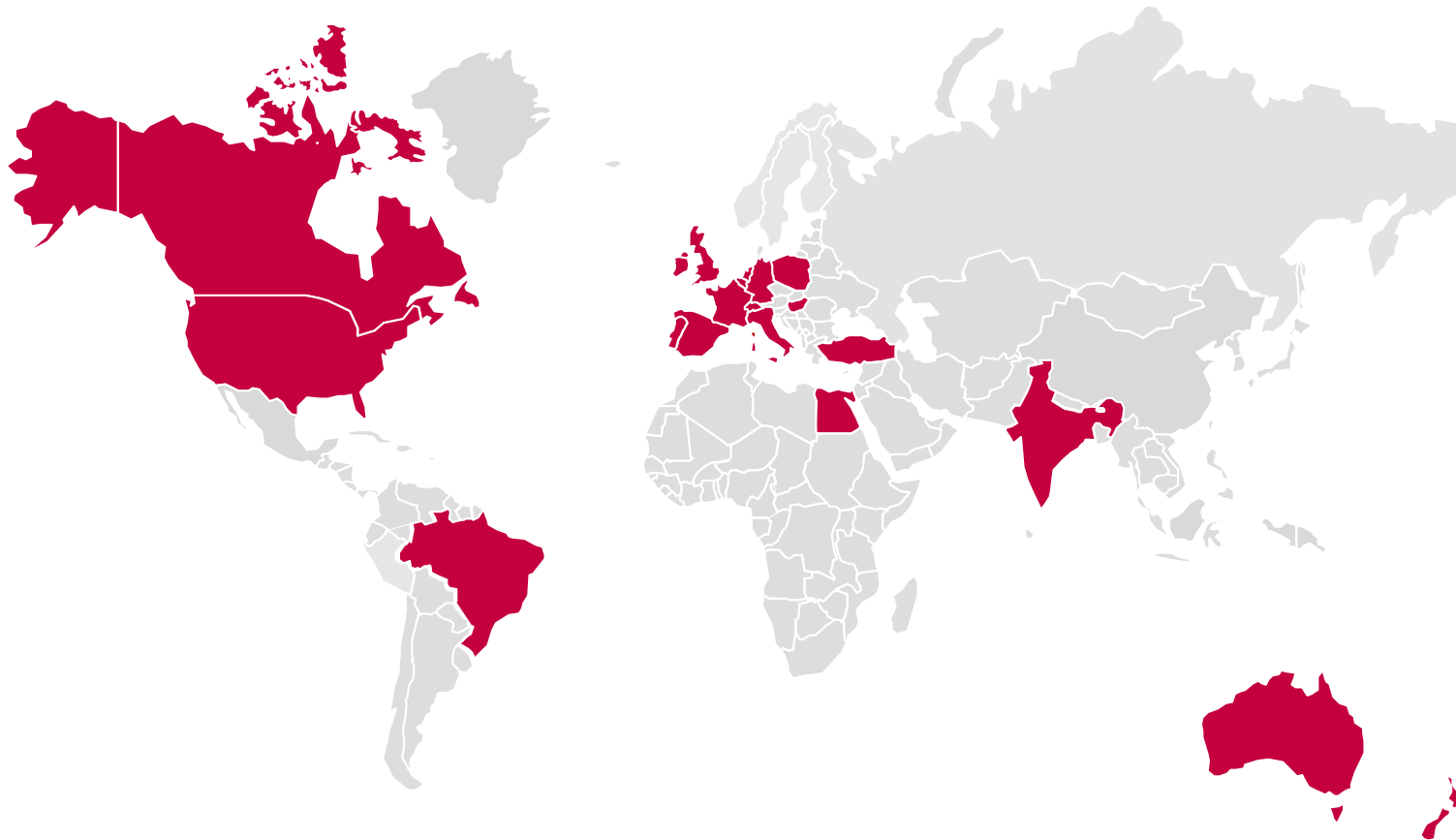
Excellent half-year results: double-digit growth and profitability expansion

Data in €m	H1 2017	H1 2016	Δ%
REVENUES	623.8	544.2	+14.6%
Organic growth			+7.2%
Acquisitions			+6.2%
FX			+1.2%
EBITDA Recurring	103.4	88.0	+17.5%
Margin %	16.6%	16.2%	-

- Strong sales in all Regions
 - Stellar performance in EMEA: +15.0%¹
 - Continued strong momentum in Americas: +11.3%¹
 - Solid trading in APAC: +8.7%¹
- Robust operating leverage
 - EBITDA Recurring of €103.4 million, up 17.5% or 40 bps over H1 2016
 - Net Profit Recurring of €39.8 million, up 27.0% over H1 2016
- Free cash flow of €32.5 million, after increased net Capex at €28.8 million
- Continued investments to support long-term growth
 - Marketing: ~+10%
 - Cash-out for acquisitions: €75.3 million
- Net debt at €300.5 million, corresponding to 1.46x Net debt/EBITDA
 - Share buy-back of €15.6 million
 - Dividend payment of €15.3 million

Revenue roadmap by Region

Consistent above-market growth



H1 2017: +13.4%¹

Organic growth²: +7.2%

Acquisitions: +6.2%

FX: +1.2%

Q2 2017: +12.4%¹

Organic growth²: +5.6%

Acquisitions: +6.8%

FX: +0.7%



AMERICAS

18.7% of H1 2017 Revenues

H1 2017: +11.3% in LC YoY

Q2 2017: +11.3% in LC QoQ



EMEA

67.1% of H1 2017 Revenues

H1 2017: +15.0% in LC YoY

Q2 2017: +14.4% in LC QoQ



APAC

14.1% of H1 2017 Revenues

H1 2017: +8.7% in LC YoY

Q2 2017: +4.3% in LC QoQ

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¹ At constant FX

² Calculated as sum of like-for-like growth and openings

Financial results by Region

EMEA: strong top-line growth driving profitability

Data in €m	H1 2017	H1 2016	Δ%
REVENUES	418.5	366.2	+14.3%
Organic growth			+7.0%
Acquisitions			+8.0%
FX			-0.7%
EBITDA Recurring	70.5	57.8	+21.9%
Margin %	16.8%	15.8%	-

Data in €m	Q2 2017	Q2 2016	Δ%
REVENUES	223.3	196.3	+13.8%
Organic growth			+5.6%
Acquisitions			+8.8%
FX			-0.6%
EBITDA Recurring	44.6	37.1	+20.4%
Margin %	20.0%	18.9%	-

- Overall performance well above market reference
- Outstanding revenue growth
 - Solid organic growth boosted by accelerated M&A
 - Strong H1 2016 comparable basis (+11.6% in LC vs H1 2015)
 - Currency headwind primarily for GBP/EUR
- Continued double-digit organic growth in Italy driven by successful integrated marketing strategy (CRM, digital) over strong H1 2016 results
- Double-digit organic growth in Spain, Portugal, Switzerland, UK and Poland as well
- Sound performance of France thanks to strong organic growth, fostered by marketing strategy and acquisitions
- Strong contribution of M&A for Germany (56 shops), France (98 shops & SiS, including AudioNova France) and Portugal (including the 81 shops & SiS of MiniSom)
- EBITDA Recurring margin improvement of 100 bps
 - Top-line growth, operational efficiency and scale-reach in core countries

Commentary refers to H1 2017, if not differently stated

Integrated platforms for media planning and creative communication in EMEA

Strategic lever to grow and guide change in the industry

LOLA
MULLENLOWE

dentsu AEGIS network

Profile

- LOLA, 4th most creative agency in the world¹, part of MullenLowe Group
- Selected in March as international agency, handling all strategic and creative duties
- CARAT, world's 1st media agency², part of Dentsu Aegis Network
- Selected in June as media planning and buying partner

Objectives

- Build awareness, equity and memorability for our brand
- Enhance customer experience
- Campaign development with strong local roots and relying on a powerful "Big Idea"
- Better media and consumers insights
- Media cost optimization
- Common way to track media performance
- Facilitation of best practice sharing

Rationale

- Perfect fit with Amplifon's marketing and communication strategy, one of our four growth pillars, aimed at:
 - Strengthening the relationship between our brands and customers
 - Transforming the industry
- Higher efficacy and efficiency

1 Results published by The Directory Big Won Report
2 RECMA ranking

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Go-live and complete capabilities roll-out in Q1 2018

Financial results by Region

AMERICAS: back to profitability improvement supported by a robust top-line

Data in €m	H1 2017	H1 2016	Δ%
REVENUES	116.5	101.5	+14.8%
Organic growth			+8.3%
Acquisitions			+3.0%
FX			+3.5%
EBITDA Recurring	21.7	19.0	+14.5%
Margin %	18.7%	18.7%	-

Data in €m	Q2 2017	Q2 2016	Δ%
REVENUES	58.7	51.5	+14.0%
Organic growth			+8.2%
Acquisitions			+3.1%
FX			+2.7%
EBITDA Recurring	11.9	9.5	+25.4%
Margin %	20.3%	18.4%	-

- Outstanding performance, well above market reference
- Strong performance in the US
 - Double-digit growth of Miracle-Ear and AHHC, both driven by solid execution
 - Positive contribution from Elite, driven by member acquisition in Q2
 - Currency tailwind
- Solid growth in Canada fostered by M&A
 - Network totaling 46 shops vs 21 shops at June 30th, 2016
- EBITDA increased by 14.5% vs. H1 2016
 - Strong profitability improvement as expected in Q2 2017, up 190 bps vs. Q2 2016
 - Marketing investments flattish in Q2 2017 vs. peak of Q2 2016
 - Marketing in H1: ~+20%

Commentary refers to H1 2017, if not differently stated

Financial results by Region

APAC: solid trading performance

Data in €m	H1 2017	H1 2016	Δ%
REVENUES	88.0	76.1	+15.7%
Organic growth			+6.7%
Acquisitions			+2.0%
FX			+7.0%
EBITDA Recurring	25.2	23.2	+8.4%
Margin %	28.6%	30.5%	-

Data in €m	Q2 2017	Q2 2016	Δ%
REVENUES	45.2	41.6	+8.5%
Organic growth			+2.2%
Acquisitions			+2.1%
FX			+4.2%
EBITDA Recurring	13.1	13.8	-5.0%
Margin %	29.1%	33.2%	-

- Solid revenue growth of 8.7% in LC
 - Softer organic growth in Q2 2017
 - Negative impact of 2 average trading days less vs. Q2 2016 in both Australia and New Zealand
 - Strong H1 2016 comparable basis (+11.2% in LC)
 - Currency tailwind, although reducing
- Positive performance in Australia
 - Softer organic growth trend in Q2
 - Share gains in a weak market environment
 - Negative impact of lower trading days
 - Challenging comparison (mid-teens growth in H1 2016)
- Outstanding revenue growth in New Zealand, driven by healthy double-digit organic growth
- Sound performance in India fostered by solid organic growth and acquisitions
- EBITDA at €25.2 million, up +8.4%
 - EBITDA down 5% at €13.1 million and margin contraction in Q2
 - Impact of lower trading days on fixed cost absorption in Australia
 - Marketing: >+10%
 - At Company's highest profitability levels

Commentary refers to H1 2017, if not differently stated

Q2 2017 Financial results

Delivering strong results

Data in €m (unless specified)	Recurring			Reported		
	Q2 2017	Q2 2016	Δ%	Q2 2017	Q2 2016	Δ%
REVENUES	327.7	289.7	+13.1%	327.7	289.7	+13.1%
EBITDA¹	62.5	54.0	+15.8%	60.0	51.5	+16.5%
<i>Margin %</i>	<i>19.1%</i>	<i>18.6%</i>	-	<i>18.3%</i>	<i>17.8%</i>	-
D&A	(15.6)	(13.2)	+18.3%	(15.6)	(13.2)	+18.3%
EBIT¹	47.0	40.8	+15.0%	44.4	38.3	+15.9%
<i>Margin %</i>	<i>14.3%</i>	<i>14.1%</i>	-	<i>13.6%</i>	<i>13.2%</i>	-
NET FINANCIAL EXPENSES	(4.8)	(4.6)	+5.5%	(4.8)	(4.6)	+5.5%
PROFIT BEFORE TAX¹	42.2	36.1	+16.8%	39.7	33.6	+17.9%
TAXES	(15.2)	(13.3)	+14.6%	(14.4)	(12.5)	+15.4%
<i>% on PBT</i>	<i>36.0%</i>	<i>36.7%</i>	-	<i>36.3%</i>	<i>37.1%</i>	-
MINORITY	(0.0)	0.1	-	(0.0)	0.1	-
NET PROFIT²	27.0	22.8	+18.6%	25.3	21.1	+20.0%
<i>Margin %</i>	<i>8.2%</i>	<i>7.9%</i>	-	<i>7.7%</i>	<i>7.3%</i>	-
EPS (Euro)	0.123	0.104	+18.9%	0.116	0.096	+20.3%

1. Negative one-offs in Q2 2017 of €2.5 million for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions. Negative one-off in Q2 2016 of €2.5 million related to advisory fees and expenses for an acquisition process not completed

2. Negative one-off in Q2 2017 of €1.7 million related to the impact of items in Note 1 net of taxes. Negative one-off in Q2 2016 of €1.7 million related to the impact of item in Note 1 net of taxes

H1 2017 Financial results

Continued improvement in all profitability lines, net profit also benefitting from lower tax rate

Data in €m (unless specified)	Recurring			Reported		
	H1 2017	H1 2016	Δ%	H1 2017	H1 2016	Δ%
REVENUES	623.8	544.2	+14.6%	623.8	544.2	+14.6%
EBITDA¹	103.4	88.0	+17.5%	100.9	85.5	+18.0%
<i>Margin %</i>	<i>16.6%</i>	<i>16.2%</i>	-	<i>16.2%</i>	<i>15.7%</i>	-
D&A	(30.4)	(25.8)	+18.0%	(30.4)	(25.8)	+18.0%
EBIT²	73.0	62.2	+17.3%	70.4	59.7	+18.0%
<i>Margin %</i>	<i>11.7%</i>	<i>11.4%</i>	-	<i>11.3%</i>	<i>11.0%</i>	-
NET FINANCIAL EXPENSES	(9.7)	(9.3)	+3.6%	(9.7)	(9.3)	+3.6%
PROFIT BEFORE TAX¹	63.5	52.9	+20.1%	61.0	50.4	+21.0%
TAXES	(23.7)	(21.4)	+10.6%	(22.9)	(20.6)	+11.0%
<i>% on PBT</i>	<i>37.3%</i>	<i>40.5%</i>	-	<i>37.6%</i>	<i>41.0%</i>	-
MINORITY	0.0	0.1	-	0.0	0.1	-
NET PROFIT²	39.8	31.3	+27.0%	38.1	29.6	+28.5%
<i>Margin %</i>	<i>6.4%</i>	<i>5.8%</i>	-	<i>6.1%</i>	<i>5.4%</i>	-
EPS (Euro)	0.182	0.143	+27.2%	0.174	0.135	+28.6%

1. Negative one-offs in H1 2017 of €2.5 million for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions. Negative one-off in H1 2016 of €2.5 million related to advisory fees and expenses for an acquisition process not completed
2. Negative one-offs in H1 2017 of €1.7 million related to the impact of items in Note 1 net of taxes. Negative one-off in H1 2016 of €1.7 million related to the impact of item in Note 1 net of taxes

H1 2017 Financial results

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

Data in €m	H1 2017 ¹	H1 2016 ²	Δ
Operating cash flow (a)	61.3	40.8	+20.5
Capex (b)	(29.5)	(21.2)	(8.3)
Disposals (b)	0.8	0.4	+0.4
Free cash flow (a+b)	32.5	20.0	+12.5
Acquisitions (c)	(75.3)	(15.5)	(59.8)
Other acquisitions/disposals (d)	0.0	0.0	-
Cash provided by (used in) operating and investing activities	(42.8)	4.5	(47.3)
Cash flow provided by (used in) investing activities (b+c+d)	(104.1)	(36.3)	(67.7)
Cash provided by (used) financing activities	(31.8)	(14.8)	(16.9)
Net cash flow for the period	(74.5)	(10.3)	(64.2)
Net financial position (opening date)	(224.4)	(204.9)	(19.5)
Change in net financial position	(74.5)	(10.3)	(64.2)
Effect of FX on financial position	(1.6)	1.5	(3.1)
Net financial position (closing date)	(300.5)	(213.8)	(86.7)

1. Non recurring cash-out of €0.4 million in H1 2017 for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions.

2. Non recurring cash-out of €3.0 million in H1 2016 (€2.5 million related to advisory fees and expenses for an acquisition process not completed and €0.5 million related to the payment of restructuring charges of FY 2015 in the Netherlands)

H1 2017 Financial results

Solid capital structure to sustain future growth opportunities

Data in €m	30/06/2017	31/12/2016
Cash	(115.6)	(183.8)
Short-term debt	35.8	28.7
Medium/long-term debt	<u>380.3</u>	<u>379.6</u>
Net debt	300.5	224.4
Equity	560.4	557.7
Net debt/EBITDA	1.46x	1.17x
Net debt/total equity	0.54x	0.40x

2017 Outlook

Positive momentum to persist

- Entering H2 2017 with a strong H1 behind
- Strong momentum is expected to continue in H2 2017
- Top-line growth above market reference and with healthy mix
 - Contribution from all Regions
 - Solid organic growth
 - Continued strong contribution from acquisitions
- Robust sales growth, scale-reach in key markets and operational efficiencies to drive profitability
- Continued investments to support long-term sustainable growth
 - 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
- Strong focus on execution
- Well on track in executing our mid-term strategy and ambitions

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