



# Q1 2017 Results

Milan | April 27<sup>th</sup>, 2017

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# Q1 2017 Key takeaways

## Excellent start to the year

- Sales growth at full speed (+14.6% at constant FX), with very healthy mix
  - 13<sup>th</sup> consecutive quarter of strong organic growth (+9.1%)
  - Increasing contribution from M&A (+5.5%)
  - Balanced growth across Regions
  - Challenging comparable basis
- Outpacing the global hearing aids retail market
  - Leadership consolidation and market share gains in all countries
- Continuous profitability improvement, fostered by EMEA and APAC
  - Higher marketing investments to accelerate top-line growth (~+20% vs Q1 2016)
- Strong network expansion: 173 shops and 30 SiS
  - Acquisitions of 157 shops & 11 SiS
    - Acquisition of 45 shops in Germany
    - Acquisition of 74 shops & 11 SiS in France, including AudioNova in France (59 shops)
    - Acquisition of 37 shops in India
    - Cash-out totaled €50.3 million
    - Closing for MiniSom Portugal (~75 shops & SiS) executed on April 3<sup>rd</sup>, 2017
  - New openings of 16 shops & 19 SiS (primarily in Iberia, France, Australia and New Zealand)

# Q1 2017 Financial highlights

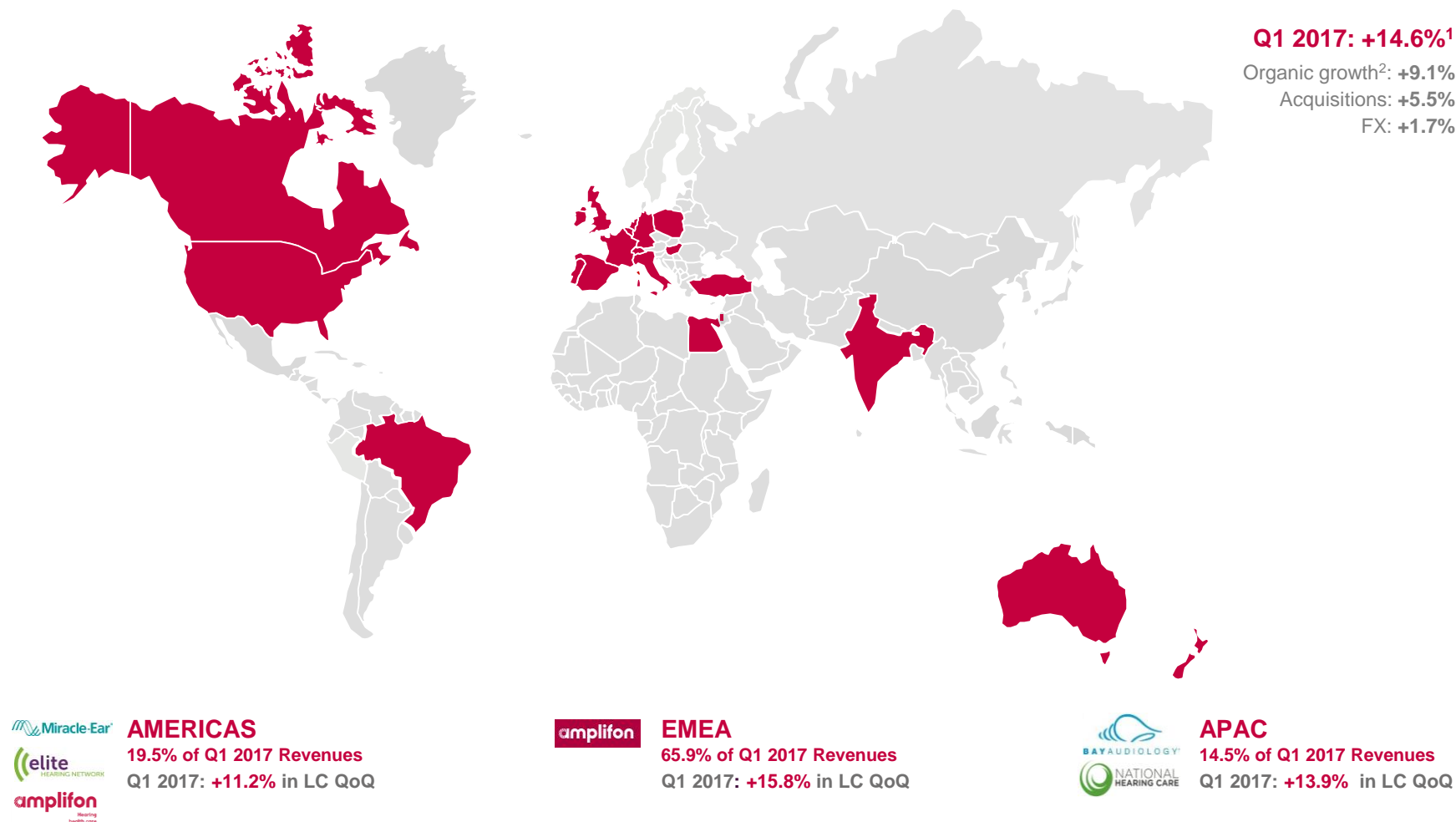
Strong momentum across the board

Data in €m	Q1 2017	Q1 2016	Δ%
REVENUES	296.1	254.5	+16.3%
Organic growth			+9.1%
Acquisitions			+5.5%
FX			+1.7%
EBITDA	40.9	34.0	+20.2%
Margin %	13.8%	13.4%	-

- Acceleration in sales with mid-teens growth
  - Contribution from all three Regions
  - Excellent organic growth further boosted by M&A
  - Strong Q1 2016 comparable basis (+11.2% at constant FX vs Q1 2015)
  - Currency tailwind (mainly AUD/EUR and USD/EUR)
- Continuous profitability improvement
  - EBITDA of €40.9 million, up 20.2% over Q1 2016
  - Net Profit of €12.8 million, up 49.1% over Q1 2016
- Higher investments to support long-term growth plans
  - Marketing: ~+20%
  - Cash-out for acquisitions: €50.3 million
- Free cash flow in line with seasonal trend
- Net debt at €279.0 million, corresponding to 1.39x Net Debt/EBITDA

# Revenue roadmap by Region

Accelerating sales growth across Regions



# Financial results by Region

EMEA: continued strong momentum in the Group's largest market

Data in €m	Q1 2017	Q1 2016	Δ%
REVENUES	195.2	169.9	+14.9%
Organic growth			+8.7%
Acquisitions			+7.1%
FX			-0.9%
EBITDA	25.8	20.7	+24.7%
Margin %	13.2%	12.2%	-

- Outstanding top-line growth (+15.8% in LC), well above market
  - Excellent organic growth further boosted by accelerated M&A
  - Strong Q1 2016 comparable basis (+12.6% in LC vs. Q1 2015)
  - Currency headwind for GBP/EUR
- Double-digit organic growth in Italy driven by effectiveness of integrated marketing campaign, despite strong comparable basis in Q1 2016
- Strong organic growth in France, Switzerland, Iberia, Hungary and Poland, as well as MEA countries
- Strong contribution of M&A for Germany (45 shops) and France (74 shops & 11 SiS, including AudioNova France)
- High-teens organic growth in LC in the UK thanks to the new marketing and commercial strategy
- EBITDA margin improvement of 100 bps
  - Top-line growth, operational efficiency and scale-reach in core countries

# Financial results by Region

## AMERICAS: back to accelerated sales growth

Data in €m	Q1 2017	Q1 2016	Δ%
REVENUES	57.7	50.0	+15.5%
Organic growth			+8.2%
Acquisitions			+2.9%
FX			+4.4%
EBITDA	9.8	9.5	+3.6%
Margin %	17.0%	19.0%	-

- Strong performance in the US
  - Market growth at +4%<sup>1</sup> in units in Q1 2017
  - Solid performance of Miracle-Ear
    - Successful marketing strategy and solid execution
  - Excellent performance of AHHC primarily driven by large insurance contracts
  - Stable contribution from Elite
  - Currency tailwind
- Sound performance in Canada fostered by solid organic growth and acquisitions
- EBITDA increased by 3.6% vs. Q1 2016
  - Marketing: ~+50%
    - In 2016 investment acceleration from Q2
    - Key strategic pillar to sustain long-term growth

<sup>1</sup> Refers to US private market  
Source: Amplifon estimates based on HIA data

# Financial results by Region

APAC: another quarter of excellent leveraged sales growth

Data in €m	Q1 2017	Q1 2016	Δ%
REVENUES	42.8	34.4	+24.4%
Organic growth			+12.1%
Acquisitions			+1.8%
FX			+10.5%
EBITDA	12.0	9.3	+28.4%
Margin %	28.0%	27.1%	-

- Stellar revenue growth of 13.9% in LC
  - Double-digit organic growth (+12.1% in LC)
  - Currency tailwind
- Solid performance in Australia
  - Successful marketing lead generation initiatives
  - Continued focus on productivity
- Outstanding performance in New Zealand
  - Strong acceleration of organic growth driven by healthy volumes
  - Softer comparable basis in Q1 2016
- Strong revenue growth in India
  - Solid organic growth
  - Acquisitions of the retail chain Bloom Senso Hearing Centres (37 shops) from Widex to optimize footprint
- Strong EBITDA improvement driven by accelerated top-line growth and operational efficiency (+90 bps)
  - Marketing: ~+15%



# Q1 2017 Financial results

Continuously delivering strong results, net profit also benefiting from lower tax rate

Data in €m (unless specified)	Q1 2017 <sup>1</sup>	Q1 2016 <sup>1</sup>	Δ%
REVENUES	296.1	254.5	+16.3%
EBITDA	40.9	34.0	+20.2%
<b>Margin %</b>	<b>13.8%</b>	<b>13.4%</b>	-
EBIT	26.0	21.4	+21.7%
<b>Margin %</b>	<b>8.8%</b>	<b>8.4%</b>	-
PROFIT BEFORE TAX	21.3	16.7	+27.3%
NET PROFIT	12.8	8.6	+49.1%
EPS (Euro)	0.058	0.039	+49.2%

1. No one-offs in Q1 2017 and Q1 2016

# Q1 2017 Financial results

Solid operating cash flow, higher cash-out for acquisitions

Data in €m	Q1 2017	Q1 2016
<b>Operating cash flow (a)</b>	<b>14.9</b>	<b>7.3</b>
Capex (b)	(13.2)	(7.8)
Disposals (b)	0.4	0.1
<b>Free cash flow (a+b)</b>	<b>2.1</b>	<b>(0.3)</b>
Acquisitions (c)	(50.3)	(5.5)
Other acquisitions/disposals (d)	(0.0)	0.0
<b>Cash flow provided by (used in) investing activities (b+c+d)</b>	<b>(63.1)</b>	<b>(13.2)</b>
<b>Cash provided by (used in) operating and investing activities</b>	<b>(48.2)</b>	<b>(5.9)</b>
Cash provided by (used) financing activities	(6.8)	(2.3)
Effect of the exchange rate fluctuations on the net financial position	0.4	0.0
<b>Net cash flow for the period</b>	<b>(54.6)</b>	<b>(8.2)</b>

# Q1 2017 Financial results

Solid capital structure to sustain future growth opportunities

Data in €m	31/03/2017	31/12/2016	31/03/2016
Cash	(133.0)	(183.8)	(189.0)
Short-term debt	31.7	28.7	20.0
Medium/long-term debt	<u>380.3</u>	<u>379.6</u>	<u>382.1</u>
<b>Net debt</b>	<b>279.0</b>	<b>224.4</b>	<b>213.1</b>
<b>Equity</b>	<b>579.7</b>	<b>557.7</b>	<b>503.4</b>
Net debt/EBITDA	1.39x	1.17x	1.26x
Net debt/total equity	0.48x	0.40x	0.42x

# 2017 Outlook

## Entering 2017 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
  - Accelerated growth from acquisitions
- Profitability expansion
  - Operating leverage and efficiencies to balance higher investments
- Moving fast forward in the execution of our strategic plan
  - Continue lead consolidation in core markets
  - Outpace the market through Marketing & Retail Excellence and Innovation
  - Continue re-investing heavily in the business (Marketing, Network expansion, People) for long-term sustainable growth
- Confident about our long-term objectives

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