



Q3 & 9M 2017 Results

Milan | 25th October, 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.

Q3 & 9M 2017 Key takeaways

Continuing sustained profitable growth

- Solid sales growth (Q3 2017: +9.1%¹; 9M 2017: +12.1%¹)
 - Robust organic growth, despite lower market growth in selected countries in the last couple of quarters
 - Strong contribution from M&A
 - Challenging comparable basis
- Continued profitability improvement, fostered by the US and EMEA
- Strong commitment to execution
 - Ongoing network expansion: 295 shops and 104 SiS
 - Acquisitions of 254 shops & 58 SiS (primarily in Germany, France, Portugal & India)
 - Net cash-out totaled €83 million
 - Completing AudioNova France & MiniSom Portugal integration
 - New openings of 41 shops & 46 SiS (primarily in Spain, Australia & New Zealand)
 - Continued marketing investments to accelerate future top-line growth
 - <+10% in both Q3 & 9M 2017 vs comparable period

Q3 2017 Financial highlights

Solid sales growth and strong operating leverage

Data in €m	Q3 2017	Q3 2016	Δ%
REVENUES	278.0	259.7	+7.0%
Organic growth			+3.2%
Acquisitions			+5.9%
FX			-2.1%
EBITDA Recurring	37.4	33.6	+11.2%
Margin %	13.5%	13.0%	-

- Solid top-line growth (+9.1%¹) in a low-seasonality quarter
 - Organic growth at 3.2% despite
 - Negative impact of one trading day less vs Q3 2016 reported in all Regions
 - Lower market growth in selected countries vs. comparable period
 - Robust M&A contribution
 - Currency headwind (USD/EUR and AUD/EUR)
 - Remarkable Q3 2016 comparable basis, highest growth levels reported in 2016 (+11.2% vs Q3 2015)
- Strong profitability improvement
 - EBITDA Recurring margin up by 50 bps
 - Marketing: <+10% in Q3 2017 vs Q3 2016
 - Net Profit Recurring of €11.2 million, +14.9% vs Q3 2016
- Ongoing network expansion: 34 shops & 18 SiS
 - 25 shops & 1 SiS acquired primarily in Germany and France
 - New openings of 9 shops & 17 SiS primarily in Spain

¹ In local currencies

9M 2017 Financial highlights

Double-digit growth and strong profitability expansion

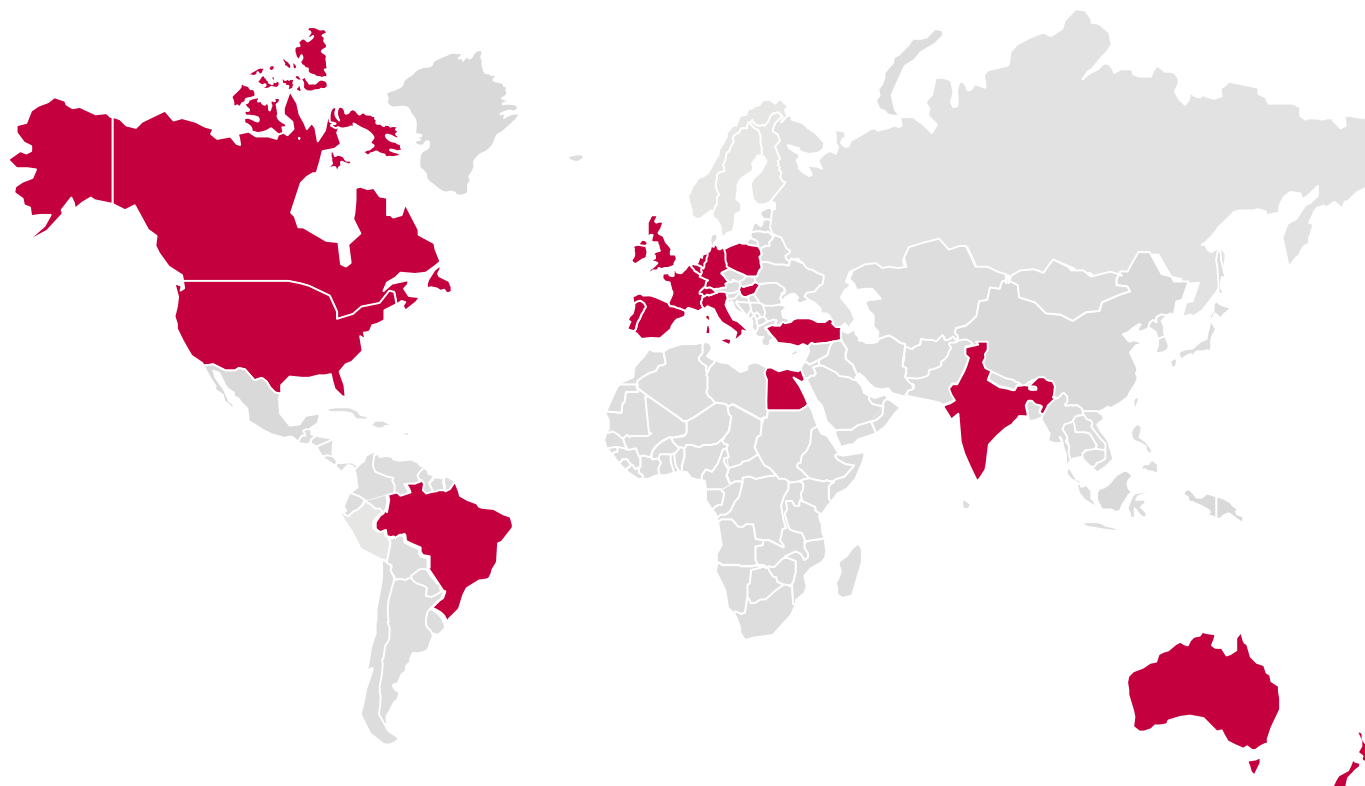
Data in €m	9M 2017	9M 2016	Δ%
REVENUES	901.8	803.9	+12.2%
Organic growth			+6.0%
Acquisitions			+6.1%
FX			+0.1%
EBITDA Recurring	140.8	121.6	+15.8%
Margin %	15.6%	15.1%	-

- Strong sales in all Regions
 - Excellent performance in EMEA: +13.8%¹
 - Robust momentum in Americas: +8.9%¹
 - Solid trading in APAC: +8.1%¹
- Robust operating leverage
 - EBITDA Recurring of €140.8 million, up 15.8% or 50 bps over 9M 2016
 - Net Profit Recurring of €50.9 million, up 24.1% over 9M 2016
- Free cash flow of €34.0 million, after increased net Capex at €42.8 million
- Continued investments to support long-term growth
 - Marketing: <+10%
 - Net cash-out for acquisitions: €83.0 million
- Net debt at €320.7 million, corresponding to 1.54x Net debt/EBITDA
 - Share buy-back of €27.8 million
 - Dividend payment of €15.3 million

¹ In local currencies

Revenue roadmap by Region

Consistent strong growth across Regions



9M 2017: +12.1%¹

Organic growth²: **+6.0%**
Acquisitions: **+6.1%**
FX: **+0.1%**

Q3 2017: +9.1%¹

Organic growth²: **+3.2%**
Acquisitions: **+5.9%**
FX: **-2.1%**



AMERICAS

19.0% of 9M 2017 Revenues

9M 2017: **+8.9%** in LC YoY
Q3 2017: **+4.6%** in LC QoQ



EMEA

66.0% of 9M 2017 Revenues

9M 2017: **+13.8%** in LC YoY
Q3 2017: **+11.2%** in LC QoQ



APAC

14.9% of 9M 2017 Revenues

9M 2017: **+8.1%** in LC YoY
Q3 2017: **+7.1%** in LC QoQ

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¹ At constant FX
² Calculated as sum of like-for-like growth and openings

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Financial results by Region

EMEA: strong top-line growth driving profitability

Data in €m	9M 2017	9M 2016	Δ%
REVENUES	595.1	526.5	+13.0%
Organic growth			+5.7%
Acquisitions			+8.1%
FX			-0.8%
EBITDA Recurring	90.2	74.6	+20.9%
Margin %	15.2%	14.2%	-

Data in €m	Q3 2017	Q3 2016	Δ%
REVENUES	176.6	160.3	+10.2%
Organic growth			+2.9%
Acquisitions			+8.3%
FX			-1.0%
EBITDA Recurring	19.8	16.8	+17.5%
Margin %	11.2%	10.5%	-

- Outstanding revenue growth of +13.8% in LC
 - Solid organic growth boosted by accelerated M&A
 - Strong comparable basis (+10.2% in 9M 2016 vs 9M 2015)
 - Currency headwind
- Organic growth in Q3 2017 at ~3% despite
 - One trading day less vs comparable period
 - Lower market growth in selected countries vs. comparable period (e.g., Germany)
- Continued remarkable momentum in Italy driven by successful marketing strategy over strong 9M 2016 results
- Outstanding performance for Iberia, driven by double-digit organic growth and network expansion
- Very strong performance of France and Germany fostered by acquisitions and organic growth
- Double digit organic growth in LC in UK
- EBITDA Recurring margin improvement of 100 bps
 - Top-line growth, operational efficiency and scale-reach in core countries

Commentary refers to 9M 2017, if not differently stated

Financial results by Region

AMERICAS: solid top-line performance and strong profitability improvement

Data in €m	9M 2017	9M 2016	Δ%
REVENUES	171.6	157.0	+9.3%
Organic growth			+6.2%
Acquisitions			+2.7%
FX			+0.4%
EBITDA Recurring	33.5	28.5	+17.5%
Margin %	19.5%	18.2%	-

Data in €m	Q3 2017	Q3 2016	Δ%
REVENUES	55.1	55.5	-0.7%
Organic growth			+2.4%
Acquisitions			+2.2%
FX			-5.3%
EBITDA Recurring	11.8	9.6	+23.4%
Margin %	21.4%	17.2%	-

- Solid revenue growth at ~9% in LC, primarily driven by a strong execution of Miracle-Ear and AHHC and by a positive contribution from EHN
 - Strong organic growth at 6.2%
 - Currency reversing to significant headwind in Q3
- Organic growth in Q3 2017 at +2.4% despite
 - One average trading day less vs. Q3 2016
 - Lower growth rate of US private market vs. comparable period
 - Negative impact of hurricanes in September
 - Challenging comparable basis (+13.2% in Q3 2016 vs Q3 2015)
- Strong growth in Canada fostered by M&A
- EBITDA increased by 17.5% vs. 9M 2016, with margin improving by 130 bps
 - Significant acceleration in profitability in Q3 2017 with over 400bps improvement vs. Q3 2016
 - Operational efficiency
 - Favorable comparable basis, due to peak of investments in Q3 2016

Commentary refers to 9M 2017, if not differently stated

Financial results by Region

APAC: robust trading performance, back to acceleration in Q3

Data in €m	9M 2017	9M 2016	Δ%
REVENUES	134.0	119.8	+11.9%
Organic growth			+6.2%
Acquisitions			+1.9%
FX			+3.8%
EBITDA Recurring	38.3	36.5	+5.0%
Margin %	28.6%	30.5%	-

Data in €m	Q3 2017	Q3 2016	Δ%
REVENUES	46.0	43.7	+5.3%
Organic growth			+5.4%
Acquisitions			+1.7%
FX			-1.8%
EBITDA Recurring	13.2	13.3	-1.0%
Margin %	28.6%	30.4%	-

- Strong revenue growth of 8.1% in LC
 - Solid organic growth in Q3 2017, with sequential improvement vs Q2 and despite one trading day less vs. comparable period
 - Currency tailwind, although reversing to headwind in Q3
- Solid performance in Australia
 - Improving organic growth trend in Q3, steadily accelerating from September
 - Share gains in a still soft but improving market environment
 - Extremely challenging comparison (mid-teens growth in both 9M & Q3 2016 vs previous period of 2015)
- Continued outstanding momentum in New Zealand, driven by healthy double-digit organic growth, as a result of the continuing successful lead generation activity
- Sound performance in India fostered by solid organic growth and Senso Bloom's acquisition
- EBITDA at €38.3 million, up 5.0% on 9M 2016
 - EBITDA down 1.0% at €13.2 million and margin contraction in Q3
 - At Company's highest profitability levels

Commentary refers to 9M 2017, if not differently stated

Q3 2017 Financial results

Delivering solid results, net profit also benefitting from lower tax rate

Data in €m (unless specified)	Recurring			Reported		
	Q3 2017	Q3 2016	Δ%	Q3 2017	Q3 2016	Δ%
REVENUES	278.0	259.7	+7.0%	278.0	259.7	+7.0%
EBITDA¹	37.4	33.6	+11.2%	36.0	33.6	+7.1%
<i>Margin %</i>	13.5%	13.0%	-	13.0%	13.0%	-
D&A	(15.1)	(12.8)	+17.8%	(15.1)	(12.8)	+17.8%
EBIT¹	22.3	20.8	+7.1%	20.9	20.8	+0.5%
<i>Margin %</i>	8.0%	8.0%	-	7.5%	8.0%	-
NET FINANCIAL EXPENSES	(4.9)	(4.6)	+7.5%	(4.9)	(4.6)	+7.5%
PROFIT BEFORE TAX¹	17.4	16.3	+7.0%	16.0	16.3	-1.4%
TAXES	(6.3)	(6.6)	-3.7%	(6.0)	(6.6)	-8.6%
<i>% on PBT</i>	36.3%	40.4%	-	37.4%	40.4%	-
MINORITY	(0.1)	(0.0)	-	(0.1)	(0.0)	-
NET PROFIT²	11.2	9.7	+14.9%	10.1	9.7	+4.0%
<i>Margin %</i>	4.0%	3.7%	-	3.6%	3.7%	-
EPS (Euro)	0.051	0.044	+14.9%	0.046	0.044	+4.0%

1. Negative one-offs in Q3 2017 of €1.4 million for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions. No one-off in Q3 2016

2. Negative one-off in Q3 2017 of €1.1 million related to the impact of items in Note 1 net of taxes.

9M 2017 Financial results

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

Data in €m (unless specified)	Recurring			Reported		
	9M 2017	9M 2016	Δ%	9M 2017	9M 2016	Δ%
REVENUES	901.8	803.9	+12.2%	901.8	803.9	+12.2%
EBITDA¹	140.8	121.6	+15.8%	136.9	119.1	+14.9%
<i>Margin %</i>	15.6%	15.1%	-	15.2%	14.8%	-
D&A	(45.5)	(38.6)	+18.0%	(45.5)	(38.6)	+18.0%
EBIT²	95.3	83.0	+14.7%	91.4	80.5	+13.4%
<i>Margin %</i>	10.6%	10.3%	-	10.1%	10.0%	-
NET FINANCIAL EXPENSES	(14.4)	(13.9)	+3.3%	(14.4)	(13.9)	+3.3%
PROFIT BEFORE TAX¹	80.9	69.2	+17.0%	77.0	66.7	+15.6%
TAXES	(30.0)	(28.0)	+7.3%	(28.9)	(27.2)	+6.2%
<i>% on PBT</i>	37.1%	40.5%	-	37.5%	40.8%	-
MINORITY	(0.0)	0.1	-	(0.0)	0.1	-
NET PROFIT²	50.9	41.1	+24.1%	48.2	39.4	+22.4%
<i>Margin %</i>	5.6%	5.1%	-	5.3%	4.9%	-
EPS (Euro)	0.233	0.187	+24.2%	0.220	0.179	+22.6%

1. Negative one-offs in 9M 2017 of €3.9 million for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions. Negative one-off in 9M 2016 of €2.5 million related to advisory fees and expenses for an acquisition process not completed

2. Negative one-offs in 9M 2017 of €2.8 million related to the impact of items in Note 1 net of taxes. Negative one-off in 9M 2016 of €1.7 million related to the impact of item in Note 1 net of taxes

9M 2017 Financial results

Cash flow sustained higher investment activities, primarily for openings & acquisitions

Data in €m	9M 2017 ¹	9M 2016 ²	Δ
Operating cash flow (a)	76.8	62.1	+14.7
Capex (net) (b)	(42.8)	(34.6)	(8.2)
Free cash flow (a+b)	34.0	27.5	+6.5
Acquisitions (net) (c)	(83.0)	(70.5)	(12.5)
Cash provided by (used in) operating and investing activities	(49.0)	(43.0)	(6.0)
Cash flow provided by (used in) investing activities (b+c)	(125.8)	(105.0)	(20.7)
Cash provided by (used) financing activities	(44.0)	(20.1)	(24.0)
Net cash flow for the period	(93.0)	(63.0)	(30.0)
Net financial position (opening date)	(224.4)	(204.9)	(19.5)
Change in net financial position	(93.0)	(63.0)	(30.0)
Effect of FX on financial position	(3.2)	2.1	(5.3)
Net financial position (closing date)	(320.7)	(265.9)	(54.8)

1. Non recurring cash-out of €0.8 million in 9M 2017 for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions.

2. Non recurring cash-out of €3.1 million in 9M 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)

9M 2017 Financial results

Solid capital structure to sustain future growth opportunities

Data in €m	30/09/2017	31/12/2016
Cash	(114.0)	(183.8)
Short-term debt	329.5	28.7
Medium/long-term debt	<u>105.2</u>	<u>379.6</u>
Net debt	320.7	224.4
Equity	550.8	557.7
Net debt/EBITDA	1.54x	1.17x
Net debt/total equity	0.58x	0.40x

Refinancing program

Crystallizing better terms & conditions for July 2018 onwards

- Current high level of interest expenses is driven by expensive credit lines and negative carry
- Following UniCredit's facility obtained in September 2017, a further bilateral medium-term unsecured financing agreement has been signed in October with BPM S.p.A. – Gruppo Banco BPM for a total amount of €50 million
 - Maturity of five years, amortizing for last 2 years, customary terms and conditions
- Including also the Revolving Credit Facilities always signed in 2017, new committed facilities amount to €345 million available to be drawn, locking-in significantly better terms to refinance Amplifon's outstanding Bond in July 2018
 - €195 million of Flexible Revolving Credit Facilities will allow to limit cash on Balance Sheet
- Refinancing will allow a significant reduction of the average cost of debt, a decrease of the excess liquidity, an extension of the average residual debt maturity and higher financial flexibility

Current Cash & Bond position

Facility	Amount (€m)	Rate	Cost (€m)
Cash	114	~0.3%	0.3
Euro Bond	(275)	~5.0%	(13.5)
Subtotal	~(160)	--	~(13.0)



Position after Bond refinancing

Facility	Amount (€m)	Tenor
UniCredit Financing	(100)	4yrs
BPM Financing	(50)	5yrs
Subtotal	(150)	--
<i>RCF</i>	<i>(195)</i>	<i>4&5 yrs</i>

2017 Outlook

On the right track to build another record year

- Confirming healthy FY outlook
 - Good start of Q4 so far
- Top-line growth above market reference 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
- 2017 a natural evolution of 2016: investment, innovation and execution
 - Marketing investments to further elevate customers' experience, strengthen customers' relationship and boost market share
 - Capex focused on ongoing distribution network expansion
 - Cash-out for piecemeal acquisitions
 - Investments to support an effective and attractive organization
- Well on track in executing our mid-term strategy and ambitions

2018 Financial calendar

Upcoming corporate events



March 6th, 2018

FY 2017 Results

Conference call & audio webcast at 3.00pm CET



April 20th, 2018

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

- Approval of Financial Statements as of December 31st, 2017 and Dividend distribution
- Appointment of the Board of Statutory Auditors
- Appointment of the External Auditor
- Buy back program



May 2nd, 2018

Q1 2018 Results

Conference call & audio webcast at 3.00pm CET



July 26th, 2018

Q2 & H1 2018 Results

Conference call & audio webcast at 3.00pm CET



October 30th, 2018

Q3 & 9M 2018 Results

Conference call & audio webcast at 3.00pm CET

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