



# **GAES - A key milestone in Amplifon's growth story**

July 24<sup>th</sup>, 2018

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

# Transaction highlights

## DEAL STRUCTURE & CONSIDERATION

- Amplifon signed a definitive agreement for the acquisition of GAES group from the Gassó family and other minority shareholders
- The equity value to be paid in cash amounts to Euro 528 million, with a net financial position expected to be around zero

## STRATEGIC RATIONALE & VALUE CREATION

- Unique strategic fit with significant value creation further accelerating Amplifon growth strategy, particularly in the core Spanish market
  - Expected ~€20 million run-rate synergies at EBITDA level by 2021
  - The deal is expected to be EPS<sup>1</sup> accretive from the first year upon completion

## FINANCING & FINANCIAL LEVERAGE

- The acquisition will be financed with a new bank facility underwritten by Unicredit S.p.A.
  - Term Loan, 5 year maturity from signing of the Facility Agreement
- Expected pro-forma leverage post-acquisition of around 3.4x on 2017 figures<sup>2</sup>
  - Rapid de-leveraging post-acquisition thanks to strong cash generation following the combination with GAES

## APPROVALS & TIMING

- Closing expected by the end of Q4 2018, after receipt of required antitrust clearance

1. Excludes transaction costs and purchase accounting  
2. Net Debt/EBITDA adjusted, Amplifon EBITDA as reported

# An industry-shaping move underpinned by a compelling acquisition rationale



**Further consolidates Amplifon's global leadership**, thanks to the combination with the largest privately-owned specialty retailer in the industry, increasing global market share to >11%



**Unique strategic fit with Amplifon's growth strategy to achieve leadership particularly in the highly attractive and core Spanish market**, thus further diversifying Amplifon's business



**Clear industrial value** thanks to a profitable business, a highly valued and recognized brand, extensive store network and high-end positioning



**Significant and sustainable revenue and cost synergies**

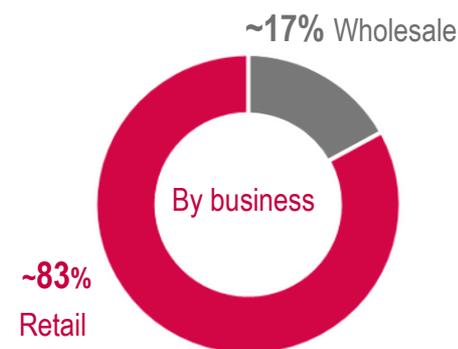
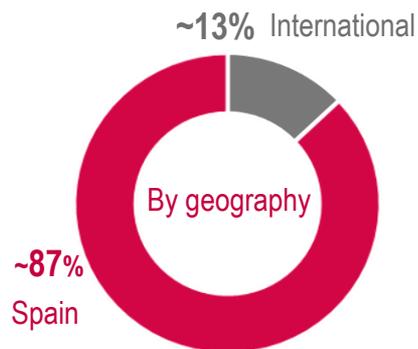


**Extraordinary combination of talents, skills, expertise and systems**, totally dedicated to pursuing excellence and innovation in customer experience

# GAES: the Spanish national champion

- Founded in 1949, GAES is today the largest privately-owned hearing aid specialty retailer worldwide
- The company is the clear leader in Spain, 10<sup>th</sup> largest worldwide hearing aid retail market, still significantly underpenetrated (~15-20%) and with strong growth potential
- GAES, which is also present in Portugal and Andorra as well as in six Latin American countries, operates through around 600 points of sale worldwide, of which around 500 are in Spain
- GAES' business model leverages on its highly valued and recognized brand, high-end positioning as well as on high quality service and extremely qualified professional workforce
- The company is also engaged in the wholesale distribution of hearing aids, cochlear implants and medical devices and in hearing aids manufacturing (Microson)

## FY2017 Revenue breakdown: €210m



# GAES' geographic footprint

	 <b>Spain</b>	 <b>Portugal</b>	 <b>LATAM countries</b>
Presence since	1949	1993	From 1999
Population (m)	46.4	10.3	253.3
% on Revenues	~87%	~3%	~10%
# Stores	>500	>20	~70

# GAES: a profitable business that will consolidate Amplifon's global leadership

## FY2017 Highlights



	<b>Revenues</b>  <b>Adj. EBITDA</b>	<b>€210m</b>  <b>~€30m</b>	<b>€1,266m</b>  <b>€218m</b>
	<b>Positioning in hearing care retail</b>	<b>Leader in Spanish-speaking world</b>	<b>Global leader</b>
	<b># PoS</b>	<b>~600</b>	<b>~10,000</b>
	<b># People</b>	<b>~1,800</b>	<b>~14,000</b>
	<b># Countries</b>	<b>9</b>	<b>21</b>

# Multiple sources of synergies, fully captured by 2021

## COMMERCIAL EXCELLENCE

- Complementary and ideal geographical footprint to reach optimal scale in Spain and Portugal
- Productivity increase through best practices

## MARKETING OPTIMIZATION

- Greater effectiveness and efficiency in marketing spend

## PROCUREMENT

- Procurement efficiency and increased scale

## EFFICIENT STRUCTURE

- Optimization and overall scale benefits over fixed costs



**~ €20 million annual synergies at EBITDA level by 2021**

# Acquisition to drive significant value creation for all stakeholders

Unique opportunity in Amplifon's growth story to **consolidate its global market leadership** and **accelerate future growth**

Significant value creation thanks to the **unique strategic fit** and **strong synergy potential**

Strong financial profile and robust cash flow generation **to successfully continue executing on Amplifon's recently communicated strategic plan** and **retain a flexible capital structure** to pursue future opportunities

**Best practice sharing, merging of best-in-class talents and group-wide infrastructures** to pursue unrivalled quality in service and constant innovation in customers' experience



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