amplifon

Interim Financial Report as at 30 September 2016

TRANSLATION FROM THE ORIGINAL ITALIAN TEXT

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PREFACE

This interim financial report for the period has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) adopted by the European Union and must be read together with the financial statements of the Group at 31 December 2015 that includes additional information on the risks and uncertainties that could impact the Group's operative results or its financial position.

INTERIM MANAGEMENT REPORT AS

AT 30 SEPTEMBER 2016

PERIOD HIGHLIGHTS

The Amplifon Group recorded very positive results in the first nine months of 2016, with strong growth compared to the same period of the prior year.
The efficacy of the new marketing initiatives, further strengthened by the launch of the new brand identity in June, the continuous expansion of the commercial network in key markets, the innovative service model and strong execution capabilities, made it possible to post important increases in both revenue and profitability across all the geographies where the Group is present.

The first nine months of the year closed with:
- turnover of €803,940 thousand (+9.6% against the first nine months of the prior year and +10.8% at constant exchange rates);
- a gross operating margin (EBITDA) of €119,125 thousand, an increase of 15.1% against the same period 2015 which, net of the non-recurring items and the negative exchange differences, came to 13.0%;
- a net profit of €39,337 thousand, a rise of 40.1% net of non-recurring costs.

Net financial debt amounted to €265,855 thousand at 30 September 2016, an increase of €60,944 thousand against 31 December 2015 and of €13,355 thousand against 30 September 2015 (€252,500 thousand). The increase in debt is the direct consequence of the acquisitions made in the period (€70,400 thousand in the first nine months of 2016 and €76,757 thousand in the last 12 months). The ability of ordinary operations to generate excellent cash flow was confirmed with recurring free cash flow reaching a positive €30,542 thousand (€35,150 thousand in the first nine months of the prior year) after absorbing capital expenditure which was €6,796 thousand higher than in the comparison period.

MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First nine months 2016				First nine months 2015				Change
	Recurring	Non recurring	Total	% on recurring	Recurring	Non recurring	Total	% on recurring	% on recurring
Economic data:									
Revenues from sales and services	803,940	-	803,940	100.0%	733,748	-	733,748	100.0%	9.6%
Gross operating margin (EBITDA)	121,627	(2,502)	119,125	15.1%	108,291	(4,787)	103,504	14.8%	12.3%
Operating result before amortisation and impairment of customer lists (EBITA)	94,415	(2,502)	91,913	11.7%	81,491	(4,787)	76,704	11.1%	15.9%
Operating income (EBIT)	83,042	(2,502)	80,540	10.3%	70,288	(4,787)	65,501	9.6%	18.1%
Profit (loss) before tax	69,152	(2,502)	66,650	8.6%	53,666	(6,362)	47,304	7.3%	28.9%
Group net profit (loss)	41,053	(1,716)	39,337	5.1%	29,303	(3,980)	25,323	4.0%	40.1%

(€ thousands)	30/09/2016	31/12/2015	Change
Financial data:			
Non-current assets	938,709	862,800	75,909
Net invested capital	793,983	705,076	88,907
Group net equity	527,607	499,471	28,136
Total net equity	528,128	500,165	27,963
Net financial indebtedness	265,855	204,911	60,944

(€ thousands)	First nine months 2016	First nine months 2015
Free cash flow	**27,477**	**38,421**
Cash flow generated (absorbed) by acquisition activities	(70,400)	(34,716)
(Purchase) sale of other investments, businesses and securities	(55)	4,809
Cash flow provided by (used in) financing activities	(20,067)	(10,756)
Net cash flow from the period	**(63,045)**	**(2,242)**
Effect of exchange rate fluctuations on the net financial position	2,101	(1,841)
Net cash flow from the period with changes for exchange rate fluctuations	**(60,944)**	**(4,083)**

- **EBITDA** is the operating result before charging amortisation, depreciation and impairment of both tangible and intangible fixed assets.
- **EBITA** is the operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations.
- **EBIT** is the operating result before financial income and charges and taxes.
- **Free cash flow** represents the cash flow of operating activities and investment activities before the cash flows used in acquisitions and payment of dividends and the cash flows used or generated by the other financing activities.

RATIOS

	30/09/2016	31/12/2015	30/09/2015
Net financial indebtedness (€ thousands)	265,855	204,911	252,500
Net Equity (€ thousands)	528,128	500,165	454,666
Group Net Equity (€ thousands)	527,607	499,471	453,879
Net financial indebtedness/Net Equity	0.50	0.41	0.56
Net financial indebtedness/Group Net Equity	0.50	0.41	0.56
Net financial indebtedness/EBITDA	1.42	1.21	1.52
EBITDA/Net financial charges	11.24	7.93	7.15
Earnings per share (EPS) (€)	0.17941	0.21465	0.11629
Diluted EPS (€)	0.17470	0.20812	0.11270
Earnings per share – Recurring operations (EPS) (€)	0.18724	0.24212	0.13457
Diluted EPS – Recurring operations (€)	0.18232	0.23475	0.13021
Net Equity per share (€)	2.335	2.278	2.075
Period-end price (€)	9.140	7.995	6.765
Highest price in period (€)	9.625	8.015	7.705
Lowest price in period (€)	6.710	4.824	4.884
Share price/net equity per share	3.914	3.509	3.260
Market capitalisation (€ millions)	2,006.35	1,752.78	1,479.63
Number of shares outstanding	225,916,802	219,233,947	218,717,989

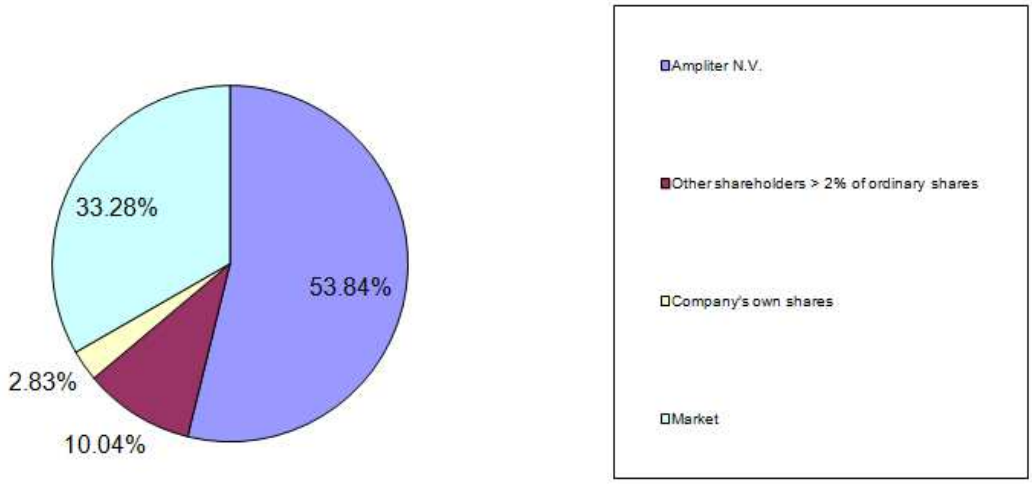
- The **net financial indebtedness/net equity** ratio is the ratio of net financial indebtedness to total net equity.
- The **net financial indebtedness/Group net equity** ratio is the ratio of the net financial indebtedness to the Group's net equity.
- The **net financial indebtedness/EBITDA** ratio is the ratio of net financial indebtedness to EBITDA for the last four quarters (determined with reference to recurring business only on the basis of pro forma figures where there were significant changes to the structure of the Group).
- The **EBITDA/net financial charges ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring business only on the basis of restated figures where there were significant changes to the structure of the Group) to net interest payable and receivable of the same last 4 quarters.
- **Earnings per share (EPS) (€)** is net profit for the period attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share (EPS) (€)** is net profit for the period attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **Earnings per share – recurring operations (EPS) (€**) is net income from recurring operations for the year attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share – recurring operations (EPS) (€)** is net income from recurring operations for the year attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.
- **Net Equity per share (€)** is the ratio of Group equity to the number of shares outstanding.
- **Period-end price (€)** is the closing price on the last stock exchange trading day of the period.
- **Highest price (€)** and **lowest price (€)** are the highest and lowest prices from 1 January to the end of the period.
- **Share price/Net equity per share** is the ratio of the share closing price on the last stock exchange trading day of the period to net equity per share.
- **Market capitalisation** is the closing price on the last stock exchange trading day of the period multiplied by the number of shares outstanding.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

SHAREHOLDER INFORMATION

Main Shareholders

The main Shareholders of Amplifon S.p.A. as at 30 September 2016 are:



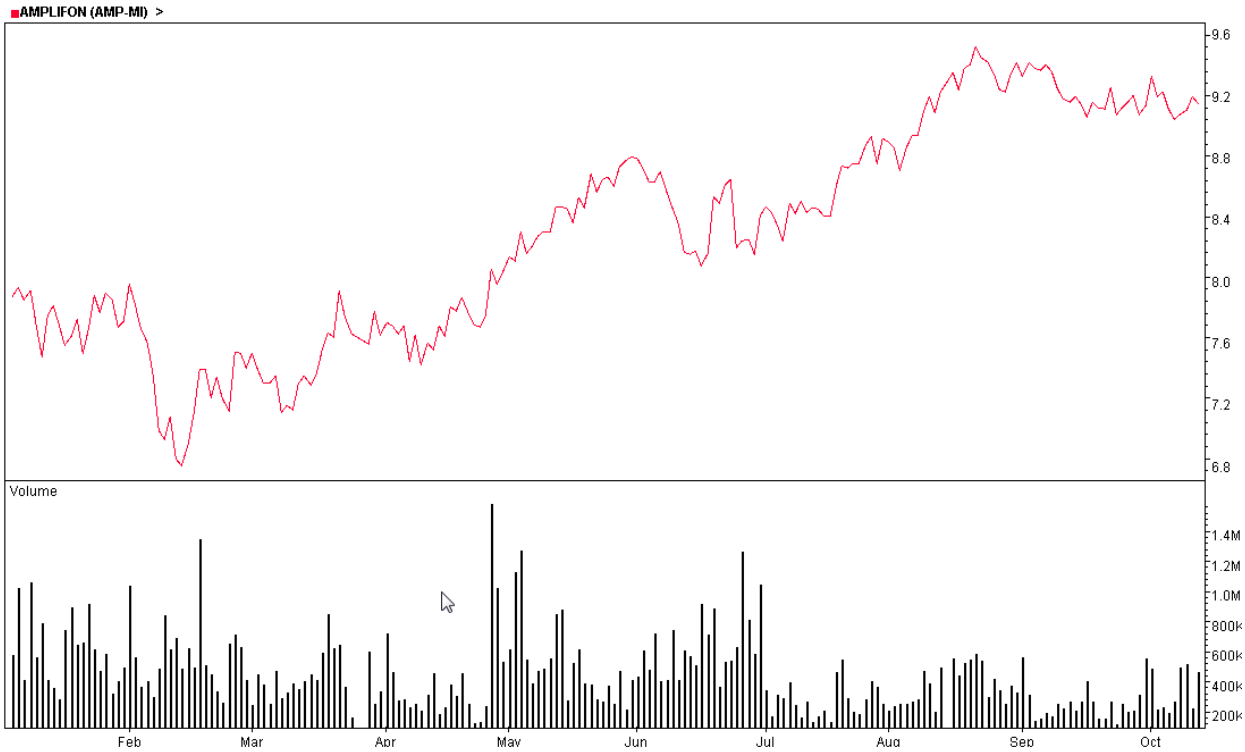
Shareholder	No. of ordinary shares	% held
Ampliter N.V.	121,636,478 (*)	53.84%
Other shareholders >2% of ordinary shares	22,693,090	10.04%
Treasury shares	6,403,833	2.83%
Market	75,183,401	33.28%
Total	**225,916,802 (**)**	**100.00%**

(*) At 30 September 2016 55,785,124 ordinary shares of Amplifon (equal to 24.69% of the share capital and 25.41% of the shares with voting rights) were pledged by the shareholder Ampliter N.V. as a guarantee to the Bondholders, Trustee, Registrar, Transfer Agent, Principal Paying and Exchange Agent, Calculation Agent, Parallel Debt Creditor and Custodian (the "Secured Parties") of the private placement made by Ampliter N.V. of €135 million in senior notes expiring in 2018 which can be exchanged with outstanding ordinary shares of Amplifon, in accordance with the Deed of pledge executed on 14 November 2013.
On 30 September 2016, 1,139,441 shares were loaned by Ampliter N.V. as part of the same transaction. Ampliter N.V. has no voting rights on these shares (included in the percentages shown in the above table).
(**) Number of shares related to the share capital registered with the "Registro delle Imprese" on September 2, 2016

Pursuant to article 2497 of the Italian Civil Code, Amplifon S.p.A. is not subject to management and coordination either by its direct parent company Ampliter N.V. or other indirect controlling companies.

The shares of the parent company Amplifon S.p.A. have been listed on the screen-based Mercato Telematico Azionario (MTA) since 27 June 2001 and since 10 September 2008 in the STAR segment. Amplifon is also included in the FTSE Italy Mid Cap index.

The chart shows the performance of the Amplifon share price and its trading volumes from 4 January 2016 to 14 October 2016.



As at 30 September 2016 market capitalisation was €2,006.35 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 4 January 2016 – 30 September 2016, showed:

- average daily value: €3,768,709.46;
- average daily volume: 457,101 shares;
- total volume traded 87,763,415 shares or 39.98% of the total number of shares comprising company capital, net of treasury shares.

CONSOLIDATED INCOME STATEMENT

(€ thousands)	First nine months 2016				First nine months 2015				
	Recurring	Non recurring (*)	Total	% on recurring	Recurring	Non recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	803,940	-	803,940	100.0%	733,748	-	733,748	100.0%	9.6%
Operating costs	(681,037)	-	(681,037)	-84.7%	(626,892)	(6,792)	(633,684)	-85.4%	8.6%
Other costs and revenues	(1,276)	(2,502)	(3,778)	-0.2%	1,435	2,005	3,440	0.2%	-188.9%
Gross operating profit (EBITDA)	**121,627**	**(2,502)**	**119,125**	**15.1%**	**108,291**	**(4,787)**	**103,504**	**14.8%**	**12.3%**
Depreciation and write-downs of non-current assets	(27,212)	-	(27,212)	-3.4%	(26,800)	-	(26,800)	-3.7%	1.5%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**94,415**	**(2,502)**	**91,913**	**11.7%**	**81,491**	**(4,787)**	**76,704**	**11.1%**	**15.9%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(11,373)	-	(11,373)	-1.4%	(11,203)	-	(11,203)	-1.5%	1.5%
Operating profit (EBIT)	**83,042**	**(2,502)**	**80,540**	**10.3%**	**70,288**	**(4,787)**	**65,501**	**9.6%**	**18.1%**
Income, expenses, valuation and adjustments of financial assets	278	-	278	0.0%	204	1,267	1,471	0.0%	36.3%
Net financial expenses	(13,986)	-	(13,986)	-1.7%	(15,682)	(2,842)	(18,524)	-2.1%	-10.8%
Exchange differences and non hedge accounting instruments	(182)	-	(182)	0.0%	(1,144)	-	(1,144)	-0.2%	-84.1%
Profit (loss) before tax	**69,152**	**(2,502)**	**66,650**	**8.6%**	**53,666**	**(6,362)**	**47,304**	**7.3%**	**28.9%**
Current tax	(30,456)	786	(29,670)	-3.8%	(26,280)	748	(25,532)	-3.6%	15.9%
Deferred tax	2,458	-	2,458	0.3%	1,753	1,634	3,387	0.2%	40.2%
Net profit (loss)	**41,154**	**(1,716)**	**39,438**	**5.1%**	**29,139**	**(3,980)**	**25,159**	**4.0%**	**41.2%**
Profit (loss) of minority interests	101	-	101	0.0%	(164)	-	(164)	0.0%	-161.6%
Net profit (loss) attributable to the Group	**41,053**	**(1,716)**	**39,337**	**5.1%**	**29,303**	**(3,980)**	**25,323**	**4.0%**	**40.1%**

(*) See table on page 14 for details of non-recurring transactions.

(€ thousands)	Third Quarter 2016				Third Quarter 2015				
	Recurring	Non recurring (*)	Total	% on recurring	Recurring	Non recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	259,729	-	259,729	100.0%	233,469	-	233,469	100.0%	11.2%
Operating costs	(225,328)	-	(225,328)	-86.8%	(204,232)	-	(204,232)	-87.5%	10.3%
Other costs and revenues	(764)	-	(764)	-0.3%	464	2,005	2,469	0.2%	-264.7%
Gross operating profit (EBITDA)	**33,637**	**-**	**33,637**	**13.0%**	**29,701**	**2,005**	**31,706**	**12.7%**	**13.3%**
Depreciation and write-downs of non-current assets	(9,064)	-	(9,064)	-3.5%	(8,813)	-	(8,813)	-3.8%	2.8%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**24,573**	**-**	**24,573**	**9.5%**	**20,888**	**2,005**	**22,893**	**8.9%**	**17.6%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(3,733)	-	(3,733)	-1.4%	(3,655)	-	(3,655)	-1.6%	2.1%
Operating profit (EBIT)	**20,840**	**-**	**20,840**	**8.0%**	**17,233**	**2,005**	**19,238**	**7.4%**	**20.9%**
Income, expenses, valuation and adjustments of financial assets	88	-	88	0.0%	43	(59)	(16)	0.0%	104.7%
Net financial expenses	(4,654)	-	(4,654)	-1.8%	(4,802)	1,425	(3,377)	-2.1%	-3.1%
Exchange differences and non hedge accounting instruments	9	-	9	0.0%	(971)	-	(971)	-0.4%	-100.9%
Profit (loss) before tax	**16,283**	**-**	**16,283**	**6.3%**	**11,503**	**3,371**	**14,874**	**4.9%**	**41.6%**
Current tax	(8,879)	-	(8,879)	-3.4%	(8,344)	(1,504)	(9,848)	-3.6%	6.4%
Deferred tax	2,302	-	2,302	0.9%	1,575	132	1,707	0.7%	46.2%
Net profit (loss)	**9,706**	**-**	**9,706**	**3.7%**	**4,734**	**1,999**	**6,733**	**2.0%**	**105.0%**
Profit (loss) of minority interests	(3)	-	(3)	0.0%	(41)	-	(41)	0.0%	-92.7%
Net profit (loss) attributable to the Group	**9,709**	**-**	**9,709**	**3.7%**	**4,775**	**1,999**	**6,774**	**2.0%**	**103.3%**

(*) See table on page 14 for details of non-recurring transactions.

- EBITDA is the operating result before charging amortisation, depreciation and impairment of both tangible and intangible fixed assets.
- EBITA is the operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations.
- EBIT is the operating result before financial income and charges and taxes.

The details of the non-recurring transactions included in the previous tables are shown below:

(€ thousands)	First nine months 2016	First nine months 2015	Third Quarter 2016	Third Quarter 2015
Advisory fees and expenses related to an acquisition process which was not completed	(2,502)	-	-	-
Expenses linked to the transition in the Group's leadership	-	(6,792)	-	-
Restructuring costs incurred in the Netherlands	-	(528)	-	(528)
Income generated in the United States as a result of early termination of commercial partnership	-	2,533	-	2,533
Impact of the non-recurring items on EBITDA	**(2,502)**	**(4,787)**	**-**	**2,005**
Impact of the non-recurring items on EBIT	**(2,502)**	**(4,787)**	**-**	**2,005**
Make whole payment made following advance repayment of the 2006-2016 private placement	-	(4,271)	-	(4)
Income generated in the United States by eliminating the discounting of receivables entirely repaid by a partner following early termination of the commercial partnership	-	1,429	-	1,429
Income recognized in New Zealand following the acquisition of 100% of Dilworth Hearing Ltd (already 40% held) pursuant to IFRS 3R relating to the accounting of step up acquisitions	-	1,267	-	(59)
Impact of the non-recurring items pre-tax	**(2,502)**	**(6,362)**	**-**	**3,371**
Impact of the above items on the tax burden of the period	786	2,382	-	(1,372)
Impact of the non-recurring items on total net result	**(1,716)**	**(3,980)**	**-**	**1,999**

RECLASSIFIED CONSOLIDATED BALANCE SHEET

The reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: investments, operations and finance.

(€ thousands)	30/09/2016	31/12/2015	Change
Goodwill	627,971	572,150	55,821
Non-competition agreements, trademarks, customer lists and lease rights	109,177	98,115	11,062
Software, licences, other intangible fixed assets , fixed assets in progress and advances	45,645	43,298	2,347
Tangible assets	109,050	102,675	6,375
Financial fixed assets (1)	42,076	42,326	(250)
Other non-current financial assets (1)	4,790	4,236	554
Non-current assets	**938,709**	**862,800**	**75,909**
Inventories	34,582	28,956	5,626
Trade receivables	113,894	111,727	2,167
Other receivables	40,453	34,068	6,385
Current assets (A)	**188,929**	**174,751**	**14,178**
Operating assets	**1,127,638**	**1,037,551**	**90,087**
Trade payables	(105,342)	(113,343)	8,001
Other payables (2)	(128,390)	(131,432)	3,042
Provisions for risks and charges (current portion)	(1,417)	(1,378)	(39)
Current liabilities (B)	**(235,149)**	**(246,153)**	**11,004**
Net working capital (A) - (B)	**(46,220)**	**(71,402)**	**25,182**
Derivative instruments (3)	(8,207)	(6,988)	(1,219)
Deferred tax assets	43,472	40,743	2,729
Deferred tax liabilities	(60,653)	(55,695)	(4,958)
Provisions for risks and charges (non-current portion)	(52,271)	(48,407)	(3,864)
Liabilities for employees' benefits (non-current portion)	(18,887)	(15,572)	(3,315)
Loan fees (4)	1,641	2,197	(556)
Other non-current payables	(3,601)	(2,600)	(1,001)
NET INVESTED CAPITAL	**793,983**	**705,076**	**88,907**
Group net equity	527,607	499,471	28,136
Minority interests	521	694	(173)
Total net equity	**528,128**	**500,165**	**27,963**
Net medium and long-term financial indebtedness (4)	379,869	382,542	(2,673)
Net short-term financial indebtedness (4)	(114,014)	(177,631)	63,617
Total net financial indebtedness	**265,855**	**204,911**	**60,944**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	**793,983**	**705,076**	**88,907**

Notes for reconciling the condensed balance sheet with the statutory balance sheet:

(1) “Financial fixed assets” and “Other non-current financial assets” include equity interests valued using the net equity method, financial assets at fair value through profit and loss and other non-current assets;

(2) “Other payables” includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees’ benefits and tax liabilities;

(3) "Derivative instruments" includes cash flow hedging instruments not comprised in the net financial position;

(4) The item "loan fees" is presented in the balance sheet as a direct reduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short term and long term portion respectively.

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

The condensed consolidated cash flow statement represents a summary version of the reclassified cash flow statement detailed in the following pages and its purpose is, starting from the EBIT, to detail the flows generated from or absorbed by operating, investing and financing activities.

(€ thousands)	First nine months 2016	First nine months 2015
Operating profit (EBIT)	**80,540**	**65,501**
Amortization, depreciation and write down	38,585	38,003
Provisions, other non-monetary items and gain/losses from disposals	15,449	16,872
Net financial expenses	(13,036)	(19,101)
Taxes paid	(28,877)	(25,351)
Changes in net working capital	(30,594)	(17,220)
Cash flow generated from (absorbed by) operating activities (A)	**62,067**	**58,704**
Cash flow generated from (absorbed by) operating investing activities (B)	(34,590)	(20,283)
Free cash flow (A+B)	**27,477**	**38,421**
Cash flow generated from (absorbed by) business combinations (C)	(70,400)	(34,716)
(Purchase) sale of other investments, securities and reductions of earn outs (D)	(55)	4,809
Cash flow generated from (absorbed by) investing activities (B+C+D)	**(105,045)**	**(50,190)**
Cash flow generated from (absorbed by) operating and investing activities	**(42,978)**	**8,514**
Dividends	(9,427)	(9,356)
Treasury shares	(12,006)	(4,545)
Capital increases, third parties contributions, dividends paid to third parties by subsidiaries	1,371	4,133
Hedging instruments and other changes in non-current assets	(5)	(988)
Net cash flow from the period	**(63,045)**	**(2,242)**
Net financial indebtedness at the beginning of the period	**(204,911)**	**(248,417)**
Effect of the exchange rate fluctuations on the net financial position	2,101	(1,841)
Change in net financial position	(63,045)	(2,242)
Net financial indebtedness at the end of the period	**(265,855)**	**(252,500)**

The details of the non-recurring transactions that impact on *free cash flow* are shown below:

	First nine months 2016	First nine months 2015
Free cash flow	**27,477**	**38,421**
Cash Flow generated by non recurring transactions (see page 46 for details)	(3,065)	3,271
Total cash flow generated by recurring transactions	**30,542**	**35,150**

INCOME STATEMENT REVIEW

Consolidated income statement by segment

(€ thousands)	First nine months 2016					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	526,507	157,007	119,767	659	-	803,940
Operating costs	(450,810)	(128,386)	(83,163)	(18,678)	-	(681,037)
Other costs and revenues	(1,084)	(80)	(117)	(2,497)	-	(3,778)
Gross operating profit (EBITDA)	**74,613**	**28,541**	**36,487**	**(20,516)**	**-**	**119,125**
Depreciation and write-downs of non-current assets	(18,178)	(2,852)	(3,466)	(2,716)	-	(27,212)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**56,435**	**25,689**	**33,021**	**(23,232)**	**-**	**91,913**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(5,813)	(410)	(4,781)	(369)	-	(11,373)
Operating profit (EBIT)	**50,622**	**25,279**	**28,240**	**(23,601)**	**-**	**80,540**
Income, expenses, valuation and adjustments of financial assets						278
Net financial expenses						(13,986)
Exchange differences and non hedge accounting instruments						(182)
Profit (loss) before tax						**66,650**
Current tax						(29,670)
Deferred tax						2,458
Net profit (loss)						**39,438**
Profit (loss) of minority interests						101
Net profit (loss) attributable to the Group						**39,337**

(€ thousands)	First nine months 2016 – Only recurring operations					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	526,507	157,007	119,767	659	-	803,940
Gross operating profit (EBITDA)	74,613	28,541	36,487	(18,014)	-	121,627
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	56,435	25,689	33,021	(20,730)	-	94,415
Operating profit (EBIT)	50,622	25,279	28,240	(21,099)	-	83,042
Profit (loss) before tax						69,152
Net profit (loss) attributable to the Group						41,053

For the purposes of reporting on economic data by geographic area, please note that the Corporate structures are included in EMEA.

(€ thousands)	First nine months 2015 (*)					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	477,706	145,047	110,826	169	-	733,748
Operating costs	(420,104)	(116,945)	(75,915)	(20,720)	-	(633,684)
Other costs and revenues	526	3,090	(215)	39	-	3,440
Gross operating profit (EBITDA)	**58,128**	**31,192**	**34,696**	**(20,512)**	**-**	**103,504**
Depreciation and write-downs of non-current assets	(17,941)	(2,928)	(3,450)	(2,481)	-	(26,800)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**40,187**	**28,264**	**31,246**	**(22,993)**	**-**	**76,704**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(5,820)	(498)	(4,885)	-	-	(11,203)
Operating profit (EBIT)	**34,367**	**27,766**	**26,361**	**(22,993)**	**-**	**65,501**
Income, expenses, valuation and adjustments of financial assets						1,471
Net financial expenses						(18,524)
Exchange differences and non hedge accounting instruments						(1,144)
Profit (loss) before tax						**47,304**
Current tax						(25,532)
Deferred tax						3,387
Net profit (loss)						**25,159**
Profit (loss) of minority interests						(164)
Net profit (loss) attributable to the Group						**25,323**

(€ thousands)	First nine months 2015 – Only recurring operations (*)					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	477,706	145,047	110,826	169	-	733,748
Gross operating profit (EBITDA)	58,655	28,659	34,696	(13,719)	-	108,291
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	40,714	25,731	31,246	(16,200)	-	81,491
Operating profit (EBIT)	34,894	25,233	26,361	(16,200)	-	70,288
Profit (loss) before tax						53,666
Net profit (loss) attributable to the Group						29,303

(*) The figures for First nine months 2015, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.

(€ thousands)	Third Quarter 2016					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	160,278	55,536	43,690	225	-	259,729
Operating costs	(142,800)	(45,838)	(30,361)	(6,329)	-	(225,328)
Other costs and revenues	(656)	(123)	(34)	49	-	(764)
Gross operating profit (EBITDA)	**16,822**	**9,575**	**13,295**	**(6,055)**	**-**	**33,637**
Depreciation and write-downs of non-current assets	(6,117)	(958)	(1,082)	(907)	-	(9,064)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**10,705**	**8,617**	**12,213**	**(6,962)**	**-**	**24,573**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(1,734)	(138)	(1,640)	(221)	-	(3,733)
Operating profit (EBIT)	**8,971**	**8,479**	**10,573**	**(7,183)**	**-**	**20,840**
Income, expenses, valuation and adjustments of financial assets						88
Net financial expenses						(4,654)
Exchange differences and non hedge accounting instruments						9
Profit (loss) before tax						**16,283**
Current tax						(8,879)
Deferred tax						2,302
Net profit (loss)						**9,706**
Profit (loss) of minority interests						(3)
Net profit (loss) attributable to the Group						**9,709**

(€ thousands)	Third Quarter 2016 – Only recurring operations					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	160,278	55,536	43,690	225	-	259,729
Gross operating profit (EBITDA)	16,822	9,575	13,295	(6,055)	-	33,637
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	10,705	8,617	12,213	(6,962)	-	24,573
Operating profit (EBIT)	8,971	8,479	10,573	(7,183)	-	20,840
Profit (loss) before tax						16,283
Net profit (loss) attributable to the Group						9,709

For the purposes of reporting on economic data by geographic area, please note that the Corporate structures are included in EMEA.

(€ thousands)	Third Quarter 2015 (*)					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	147,071	49,074	37,260	64	-	233,469
Operating costs	(134,475)	(39,598)	(25,558)	(4,601)	-	(204,232)
Other costs and revenues	(211)	2,794	(114)	-	-	2,469
Gross operating profit (EBITDA)	**12,385**	**12,270**	**11,588**	**(4,537)**	**-**	**31,706**
Depreciation and write-downs of non-current assets	(6,029)	(881)	(1,032)	(871)	-	(8,813)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**6,356**	**11,389**	**10,556**	**(5,408)**	**-**	**22,893**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(1,963)	(161)	(1,531)	-	-	(3,655)
Operating profit (EBIT)	**4,393**	**11,228**	**9,025**	**(5,408)**	**-**	**19,238**
Income, expenses, valuation and adjustments of financial assets						(16)
Net financial expenses						(3,377)
Exchange differences and non hedge accounting instruments						(971)
Profit (loss) before tax						**14,874**
Current tax						(9,848)
Deferred tax						1,707
Net profit (loss)						**6,733**
Profit (loss) of minority interests						(41)
Net profit (loss) attributable to the Group						**6,774**

(€ thousands)	Third Quarter 2015 – Only recurring operations (*)					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	147,071	49,074	37,260	64	-	233,469
Gross operating profit (EBITDA)	12,913	9,737	11,588	(4,537)	-	29,701
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	6,884	8,856	10,556	(5,408)	-	20,888
Operating profit (EBIT)	4,921	8,695	9,025	(5,408)	-	17,233
Profit (loss) before tax						11,503
Net profit (loss) attributable to the Group						4,775

(*) The figures for Third Quarter 2015, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.

Revenues from sales and services

(€ thousands)	First nine months 2016	First nine months 2015	Change	Change %
Revenues from sales and services	**803,940**	**733,748**	**70,192**	**9.6%**

(€ thousands)	Third Quarter 2016	Third Quarter 2015	Change	Change %
Revenues from sales and services	**259,729**	**233,469**	**26,260**	**11.2%**

Consolidated revenue from sales and services reached €803,940 thousand in the first nine months of 2016, versus €733,748 thousand in the same period 2015, an increase of €70,192 thousand (+9.6%) driven across all segments by organic growth which reached €58,112 thousand (+8.0%), and acquisitions for some €20,865 thousand (+2.8%), while the exchange differences had a negative impact of €8,785 thousand (-1.2%).

In the third quarter alone, revenue from sales and services amounted to €259,729 thousand, an increase of €26,260 thousand (+11.2%) against the same period of the prior year explained for €18,862 thousand (+8.1%) by organic growth, for €7,349 thousand (+3.1%) by acquisitions, while the exchange differences had a positive impact of €49 thousand.

The following table shows the breakdown of revenues from sales and services by segment:

(€ thousands)	First nine months 2016	%	First nine months 2015	%	Change	Change %	Exchange diff.	Change % in local currency
EMEA	526,507	65.5%	477,706	65.1%	48,801	10.2%	(4,712)	11.2%
Americas	157,007	19.5%	145,047	19.8%	11,960	8.2%	(724)	8.7%
Asia Pacific	119,767	14.9%	110,826	15.1%	8,941	8.1%	(3,349)	11.1%
Corporate	659	0.1%	169	0.0%	490	289.9%	-	0.0%
Total	**803,940**	**100.0%**	**733,748**	**100.0%**	**70,192**	**9.6%**	**(8,785)**	**10.8%**

Europe, Middle - East and Africa

Period (€ thousands)	2016	2015	Change	Change %
I quarter	169,899	151,505	18,394	12.1%
II quarter	196,330	179,130	17,200	9.6%
I Half Year	**366,229**	**330,635**	**35,594**	**10.8%**
III quarter	160,278	147,071	13,207	9.0%
First nine months	**526,507**	**477,706**	**48,801**	**10.2%**

Consolidated revenue from sales and services for EMEA reached €526,507 thousand in the first nine months of 2016 versus €477,706 thousand in the same period 2015, an increase of €48,801 thousand (+10.2%) explained for €35,467 thousand (+7.4%) by organic growth, for €18,046 thousand (+3.8%) by acquisitions, while exchange differences had a negative impact of €4,712 thousand (-1.0%).

The positive trend in organic growth was confirmed in Italy**,** thanks also to the new communication strategy and other integrated marketing initiatives, including the launch of a new TV campaign. The Group reported an excellent performance in Germany, driven by the contribution of recent acquisitions (107 shops), as well as solid organic growth. Good organic growth was also reported in the Iberian Peninsula, Switzerland, Belgium and Luxembourg, Hungary and Poland. A positive performance was reported in the Netherlands, despite persistent price pressure, thanks to the significant increase in volumes. In France, which is still subject to a challenging comparison with the excellent performance recorded in the same period 2015, growth was driven primarily by acquisitions. Revenue growth in local currency was also solid in the United Kingdom.

In the third quarter alone, revenue from sales and services amounted to €160,278 thousand, an increase of €13,207 thousand (+9.0%) against the same period of the prior year, explained for €8,968 thousand (+6.1%) by organic growth, for €6,348 thousand (+4.3%) by acquisitions, while exchange differences had a negative impact of €2,109 thousand (-1.4%).

Americas

Period (€ thousands)	2016	2015	Change	Change %
I quarter	49,982	46,331	3,651	7.9%
II quarter	51,489	49,642	1,847	3.7%
I Half Year	**101,471**	**95,973**	**5,498**	**5.7%**
III quarter	55,536	49,074	6,462	13.2%
First nine months	**157,007**	**145,047**	**11,960**	**8.2%**

Revenue from sales and services in the Americas reached €157,007 thousand in the first nine months of 2016 versus €145,047 thousand in 2015, an increase of €11,960 thousand (+8.2%) explained for €10,812 thousand (+7.4%) by organic growth, for €1,872 thousand (+1.3%) by acquisitions, while exchange differences had a negative impact of €724 thousand (-0.5%).

The positive results were driven primarily by strong organic growth. All the Group's businesses in North America recorded positive performances, with Miracle Ear and Amplifon Hearing Health Care posting particularly robust results thanks, respectively, to greater investments in marketing (including the new TV campaign), as well as greater operational efficiency at stores, and to the positive impact of the agreements with two premiere insurance companies. The performance of Elite Hearing Network, which in the first part of the year was penalized by a challenging comparison base due to the termination of a contract with a commercial partner, also turned positive in the third quarter. Lastly, of note is the strong growth in Canada driven largely by network expansion. In August, 21 Hear More stores were, in fact, acquired in Ontario which brought the network to a total of 42 directly operated stores.

During the period Miracle-Ear also renewed the supply agreement with Sivantos, Inc. for three years effective January 1st, 2017.

In the third quarter alone, revenue from sales and services amounted to €55,536 thousand, an increase of €6,462 thousand (+13.2%) against the same period of the prior year explained for €5,694 thousand (+11.6%) by organic growth, for €980 thousand (+2.0%) by acquisitions, while exchange differences had a negative impact of €212 thousand (-0.4%).

Asia Pacific

Period (€ thousands)	2016	2015	Change	Change %
I quarter	34,435	33,455	980	2.9%
II quarter	41,642	40,111	1,531	3.8%
I Half Year	**76,077**	**73,566**	**2,511**	**3.4%**
III quarter	43,690	37,260	6,430	17.3%
First nine months	**119,767**	**110,826**	**8,941**	**8.1%**

Revenue from sales and services in Asia Pacific amounted to €119,767 thousand in the first nine months of 2016 versus €110,826 thousand in 2015, an increase of €8,941 thousand (+8.1%) explained for €11,342 thousand (+10.2%) by organic growth, for €948 thousand (+0.9%) by acquisitions, while exchange differences had a negative impact of €3,349 thousand (-3.0%).

In Australia the strong productivity of the distribution channel and further expansion of the network with 8 new stores and 22 shop-in-shops fueled double digit growth in revenue. In New Zealand, notwithstanding a particularly challenging comparison base, strong acceleration in organic growth was recorded in the third quarter.

In the third quarter alone, revenue from sales and services amounted to €43,690 thousand, an increase of €6,430 thousand (+17.3%) against the same period of the prior year which also reflects positive exchange differences of €2,370 thousand (+6.4%).

Gross operating profit (EBITDA)

(€ thousands)	First nine months 2016			First nine months 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**121,627**	**(2,502)**	**119,125**	**108,291**	**(4,787)**	**103,504**

(€ thousands)	Third Quarter 2016			Third Quarter 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**33,637**	**-**	**33,637**	**29,701**	**2,005**	**31,706**

Gross operating profit (EBITDA) amounted to €119,125 thousand in the first nine months of 2016 (with an EBITDA margin of 14.8%) versus €103,504 thousand in the same period of the prior year (and an EBITDA margin of 14.1%), an increase of €15,621 thousand (+15.1%). The EBITDA margin rose 0.7 percentage points (p.p.).

In the third quarter alone, gross operating profit (EBITDA) amounted to €33,637 thousand, an increase of €1,931 thousand (+6.1%) against the third quarter of the prior year. The EBITDA margin fell 0.6 p.p. against the comparison period to 13.0%.

The result for the period reflects the non-recurring costs of €2,502 thousand incurred linked to an acquisition which was not made. We remind that net non-recurring costs of €4,787 thousand were recorded in the same period 2015 connected to the change in the Group's leadership (€6,792 thousand), restructuring expenses incurred in the Netherlands (€528 thousand), income recognized in the United States as a result of the early dissolution of a commercial partnership (€2,533 thousand). Net of this effect and the €768 thousand in negative exchange differences, the increase against the comparison period came to €14,104 thousand (+13.0%) for the first nine months of the year and €2,963 thousand (+10.0%) for the third quarter alone.
The recurring EBITDA margin came to 15.1% in the first nine months of the year (+0.3 p.p. against the comparison period) and to 13.0% in the third quarter alone (+0.3 p.p. against the comparison period).

The following table shows a breakdown of EBITDA by segment:

(€ thousands)	First nine months 2016	EBITDA Margin	First nine months 2015	EBITDA Margin	Change	Change %
EMEA	74,613	14.2%	58,128	12.2%	16,485	28.4%
Americas	28,541	18.2%	31,192	21.5%	(2,651)	-8.5%
Asia Pacific	36,487	30.5%	34,696	31.3%	1,791	5.2%
Corporate (*)	(20,516)	-2.6%	(20,512)	-2.8%	(4)	0.0%
Total	**119,125**	**14.8%**	**103,504**	**14.1%**	**15,621**	**15.1%**

(€ thousands)	Third Quarter 2016	EBITDA Margin	Third Quarter 2015	EBITDA Margin	Change	Change %
EMEA	16,822	10.5%	12,385	8.4%	4,437	35.8%
Americas	9,575	17.2%	12,270	25.0%	(2,695)	-22.0%
Asia Pacific	13,295	30.4%	11,588	31.1%	1,707	14.7%
Corporate (*)	(6,055)	-2.3%	(4,537)	-1.9%	(1,518)	-33.5%
Total	**33,637**	**13.0%**	**31,706**	**13.6%**	**1,931**	**6.1%**

The table below shows the breakdown of the EBITDA by segment with reference to the recurring operations.

(€ thousands)	First nine months 2016	EBITDA Margin	First nine months 2015	EBITDA Margin	Change	Change %
EMEA	74,613	14.2%	58,655	12.3%	15,958	27.2%
Americas	28,541	18.2%	28,659	19.8%	(118)	-0.4%
Asia Pacific	36,487	30.5%	34,696	31.3%	1,791	5.2%
Corporate (*)	(18,014)	-2.2%	(13,719)	-1.9%	(4,295)	-31.3%
Total	**121,627**	**15.1%**	**108,291**	**14.8%**	**13,336**	**12.3%**

(€ thousands)	Third Quarter 2016	EBITDA Margin	Third Quarter 2015	EBITDA Margin	Change	Change %
EMEA	16,822	10.5%	12,913	8.8%	3,909	30.3%
Americas	9,575	17.2%	9,737	19.8%	(162)	-1.7%
Asia Pacific	13,295	30.4%	11,588	31.1%	1,707	14.7%
Corporate (*)	(6,055)	-2.3%	(4,537)	-1.9%	(1,518)	-33.5%
Total	**33,637**	**13.0%**	**29,701**	**12.7%**	**3,936**	**13.3%**

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Gross operating profit (EBITDA) amounted to €74,613 thousand in the first nine months of 2016 (with an EBITDA margin of 14.2%) versus €58,128 thousand in the same period of the prior year (and an EBITDA margin of 12.2%), an increase of €16,485 thousand (+28.4%) in absolute terms and of 2.0 p.p. in the EBITDA margin.

In the third quarter alone, gross operating profit (EBITDA) amounted to €16,822 thousand, an increase of €4,437 thousand (+35.8%) compared to the third quarter of the prior year. The EBITDA margin came to 10.5%, an increase of 2.1 p.p. against the comparison period.

The exchange differences had a positive impact on the full period of €189 thousand and of €243 thousand on the third quarter alone. We remind that the result posted in the comparison period was affected by the €528 thousand in one-off restructuring expenses incurred in the Netherlands.
Net of the above items the increase against the comparison period was €15,768 thousand (+26.9%) for the full period and €3,666 thousand (+28.4%) for the third quarter alone.

The recurring EBITDA margin came to 14.2% in the first nine months of the year (+1.9 p.p. against the comparison period) and to 10.5% in the third quarter alone (+1.7 p.p. against the comparison period).

Americas

Gross operating profit (EBITDA) amounted to €28,541 thousand in the first nine months of 2016 (with an EBITDA margin of 18.2%) versus €31,192 thousand in the same period of the prior year (and an EBITDA margin of 21.5%), a decrease of €2,651 thousand (-8.5%) with the EBITDA margin down (-3.3%) as a result of the increased marketing investments made in the period to accelerate future growth. These investments, up more than 50% compared to the first nine months of 2015, are attributable primarily to the costs incurred to support the new Miracle Ear campaign launched in July.

In the third quarter alone gross operating profit (EBITDA) amounted to €9,575 thousand, a drop of €2,695 thousand (-22.0%) with respect to the third quarter of the prior year. The EBITDA margin fell 7.8 p.p. against the comparison period to 17.2%.

The impact of exchange differences was marginal (€5 thousand for the whole period and €14 thousand for the third quarter alone). We remind that the result recorded in the comparison period benefitted from the €2,533 thousand in non-recurring income recognized in the third quarter as a result of the early dissolution of a commercial partnership.
Net of the above items, the drop in EBITDA reached €113 thousand (-0.4%) against the full period and €148 thousand (-1.5%) against the third quarter alone.

The recurring EBITDA margin came to 18.2% (-1.6 p.p. against the comparison period) and to 17.2% in the third quarter alone (-2.6 p.p. against the third quarter of the prior year).

Asia Pacific

Gross operating profit (EBITDA) amounted to €36,487 thousand in the first nine months of 2016 (with an EBITDA margin of 30.5%) versus €34,696 thousand in the same period of the prior year (and an EBITDA margin of 31.3%), an increase of €1,791 thousand (+5.2%) with the EBITDA margin down 0.8 p.p. The gross operating profit was impacted by exchange differences which had a negative impact of €948 thousand, net of which EBITDA rose €2,739 thousand (+7.9%) as a result, primarily, of the continuous growth of the business in Australia.

In the third quarter alone gross operating profit (EBITDA) amounted to €13,295 thousand, an increase of €1,707 thousand (+14.7%) with respect to the third quarter of the prior year. The EBITDA margin fell 0.7 p.p. against the comparison period to 30.4%. Net of the exchange differences which had a positive impact of €745 thousand, EBITDA was up by €962 thousand (+8.3%).

Corporate

The net cost of centralized Corporate functions (corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €20,516 thousand in the first nine months of 2016 (2.6% of the revenue generated by the Group's sales and services) versus €20,512 thousand in the same period of the prior year (2.8% of the revenue generated by the Group's sales and services).

The result for the period reflects the non-recurring costs of €2,502 thousand incurred linked to an acquisition which was not made. We remind that non-recurring costs of €6,792 thousand were recorded in the same period 2015 connected to the change in the Group's leadership.

Looking at recurring items alone, the cost of centralized functions reached €18,014 thousand in the first nine months of 2016 (2.2% of the revenue generated by the Group's sales and services), an increase of €4,295 thousand (+31.3%) against the comparison period.

In the third quarter alone centralized corporate costs amounted to €6,055 thousand (2.3% of the revenue generated by the Group's sales and services), an increase of €1,518 thousand (+33.5%) with respect to the comparison period.

Operating profit (EBIT)

(€ thousands)	First nine months 2016			First nine months 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**83,042**	**(2,502)**	**80,540**	**70,288**	**(4,787)**	**65,501**

(€ thousands)	Third Quarter 2016			Third Quarter 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**20,840**	**-**	**20,840**	**17,233**	**2,005**	**19,238**

Operating profit (EBIT) amounted to €80,540 thousand in the first nine months of 2016 versus €65,501 thousand in the same period of the prior year, an increase of €15,039 thousand (+23.0%), with the EBIT margin rising 1.1 p.p. against the 8.9% posted in the first nine months of 2015 to 10.0%.

In the third quarter alone operating profit (EBIT) amounted to €20,840 thousand, an increase of €1,602 thousand (+8.3%) with respect to the third quarter of the prior year. The EBIT margin fell 0.2 p.p. against the comparison period to 8.0%.

The result for the period reflects the non-recurring costs of €2,502 thousand incurred linked to an acquisition which was not made. We remind that net non-recurring costs of €4,787 thousand were recorded in the same period 2015 which are described in the section on EBITDA. Exchange differences had a negative impact of €67 thousand on the whole period and a positive one of €956 thousand on the third quarter alone.

Net of the above items the increase against the comparison period came to €12,821 thousand (+18.2%) for the first nine months and €2,651 thousand (+15.4%) for the third quarter alone. This change is largely in line with the change in EBITDA described above.

The recurring EBIT margin came to 10.3% (+0.7 p.p. against the comparison period) and to 8.0% in the third quarter alone (+0.6 p.p. against the comparison period).

The following table shows the breakdown of EBIT by segment:

(€ thousands)	First nine months 2016	EBIT Margin	First nine months 2015	EBIT Margin	Change	Change %
EMEA	50,622	9.6%	34,367	7.2%	16,255	47.3%
Americas	25,279	16.1%	27,766	19.1%	(2,487)	-9.0%
Asia Pacific	28,240	23.6%	26,361	23.8%	1,879	7.1%
Corporate (*)	(23,601)	-2.9%	(22,993)	-3.1%	(608)	-2.6%
Total	**80,540**	**10.0%**	**65,501**	**8.9%**	**15,039**	**23.0%**

(€ thousands)	Third Quarter 2016	EBIT Margin	Third Quarter 2015	EBIT Margin	Change	Change %
EMEA	8,971	5.6%	4,393	3.0%	4,578	104.2%
Americas	8,479	15.3%	11,228	22.9%	(2,749)	-24.5%
Asia Pacific	10,573	24.2%	9,025	24.2%	1,548	17.1%
Corporate (*)	(7,183)	-2.8%	(5,408)	-2.3%	(1,775)	-32.8%
Total	**20,840**	**8.0%**	**19,238**	**8.2%**	**1,602**	**8.3%**

The following table shows the breakdown of EBIT by segment with reference to the recurring transactions:

(€ thousands)	First nine months 2016	EBIT Margin	First nine months 2015	EBIT Margin	Change	Change %
EMEA	50,622	9.6%	34,894	7.3%	15,728	45.1%
Americas	25,279	16.1%	25,233	17.4%	46	0.2%
Asia Pacific	28,240	23.6%	26,361	23.8%	1,879	7.1%
Corporate (*)	(21,099)	-2.6%	(16,200)	-2.2%	(4,899)	30.2%
Total	**83,042**	**10.3%**	**70,288**	**9.6%**	**12,754**	**18.1%**

(€ thousands)	Third Quarter 2016	EBIT Margin	Third Quarter 2015	EBIT Margin	Change	Change %
EMEA	8,971	5.6%	4,921	3.3%	4,050	82.3%
Americas	8,479	15.3%	8,695	17.7%	(216)	-2.5%
Asia Pacific	10,573	24.2%	9,025	24.2%	1,548	17.1%
Corporate (*)	(7,183)	-2.8%	(5,408)	-2.3%	(1,775)	32.8%
Total	**20,840**	**8.0%**	**17,233**	**7.4%**	**3,607**	**20.9%**

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Operating profit (EBIT) amounted to €50,622 thousand in the first nine months of 2016 (with an EBIT margin of 9.6%) versus €34,367 thousand in the same period of the prior year (and an EBIT margin of 7.2%), an increase of €16,255 thousand (+47.3%) and a rise of 2.4 p.p. in the EBIT margin.

In the third quarter alone EBIT amounted to €8,971 thousand, an increase of €4,578 thousand (+104.2%) against the third quarter of the prior year. The EBIT margin rose 2.6 p.p. against the comparison period to 5.6%.

Exchange differences had a positive impact of €570 thousand on the entire period and of €422 thousand on the third quarter alone. We remind that the result posted in the comparison period was affected by the €528 thousand in one-off recurring restructuring expenses incurred in the Netherlands described above in the section about EBITDA.
Net of the above items the increase against the prior year was €15,157 thousand (+43.4%) for the full period and €3,628 thousand (+73.7%) for the third quarter alone.

The recurring EBIT margin came to 9.6% in the first nine months of the year (+2.3 p.p. against the comparison period) and 5.6% in the third quarter alone (+2.3 p.p. against the third quarter of the prior year).

In addition to the items described above, with respect to the gross operating profit (EBITDA), EBIT was influenced by higher depreciation and amortization as a result of acquisitions, the opening of new stores and investments in IT systems.

Americas

Operating profit (EBIT) amounted to €25,279 thousand in the first nine months of 2016 (with an EBIT margin of 16.1%) versus €27,766 thousand in the same period of the prior year (and an EBIT margin of 19.1%), a decrease of €2,487 thousand (-9.0%) and a decrease of 3.0 p.p. in the EBIT margin.

In the third quarter alone EBIT amounted to €8,479 thousand, a decrease of €2,749 thousand (-24.5%) against the third quarter of the prior year. The EBIT margin came to 15.3%, down by 7.6 p.p. against the comparison period.

The exchange differences had a positive impact of €83 thousand on the whole period and a negative one of €20 thousand on the third quarter alone. We remind that the result recorded in the comparison period benefitted from the €2,533 thousand in non-recurring income recognized in the third quarter as a result of the early dissolution of a commercial partnership.
Net of the above items, EBIT fell €37 thousand against the full nine month period of the prior year (-0.1%) and €196 thousand against the third quarter alone (-2.3%).

The recurring EBIT margin came to 16.1% for the full period (-1.3 p.p. against the first nine months of the prior year) and to 15.3% for the third quarter alone (-2.4 p.p. against the third quarter of the prior year).

Asia Pacific

Operating profit (EBIT) amounted to €28,240 thousand in the first nine months of 2016 (with an EBIT margin of 23.6%) versus €26,361 thousand in the same period of the prior year (and an EBIT margin of 23.8%), an increase of €1,879 thousand (+7.1%) and a decrease of 0.2 p.p. in the EBIT margin. The result reflects the exchange differences which had a negative impact of €716 thousand, net of which EBIT rose €2,595 thousand (+9.8%) and the EBIT margin rose 0.4 p.p.

In the third quarter alone EBIT amounted to €10,573 thousand, an increase of €1,548 thousand (+17.1%) against the third quarter of the prior year. The EBIT margin came to 24.2%, unchanged with respect to the comparison period. Net of the exchange differences which had a positive impact of €555 thousand, EBIT rose €993 thousand (+11.0%) and the EBIT margin was down 1.3 p.p.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €23,601 thousand in the first nine months of 2016 (2.9% of the revenue generated by the Group's sales and services) versus €22,993 thousand in the same period of the prior year (3.1% of the revenue generated by the Group's sales and services).

The result for the period reflects the non-recurring costs of €2,502 thousand incurred linked to an acquisition which was not made. We remind that non-recurring costs of €6,792 thousand were recorded in the same period 2015 connected to the change in the Group's leadership.

Looking at recurring items alone, the cost of centralized functions for the first nine months of the year amounted to €21,099 thousand (2.6% of the revenue generated by the Group's sales and services), an increase of €4,899 thousand (+30.2%) against the comparison period.

In the third quarter alone centralized corporate costs amounted to €7,183 thousand (2.8% of the revenue generated by the Group's sales and services), an increase of €1,775 thousand (+32.8%) with respect to the comparison period.

Profit before tax

(€ thousands)	First nine months 2016			First nine months 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**69,152**	**(2,502)**	**66,650**	**53,666**	**(6,362)**	**47,304**

(€ thousands)	Third Quarter 2016			Third Quarter 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**16,283**	**-**	**16,283**	**11,503**	**3,371**	**14,874**

Profit before tax amounted to €66,650 thousand in the first nine months of 2016 (with a gross profit margin of 8.3%) versus €47,304 thousand in the same period of the prior year (and a gross profit margin of 6.4%), an increase of €19,346 thousand (+40.9%).

When looking at this figure it is important to bear in mind that the period under examination was impacted by non-recurring costs of €2,502 thousand incurred linked to an acquisition which was not made, while in the comparison period non-recurring costs totaled €6,362 thousand (in addition to non-recurring costs already described in the notes of EBITDA should be considered €4,271 thousand for the make whole payment made as a result of the advance repayment of the private placement 2006-2016, €1,429 thousand in income recognized following elimination of provisions for receivables repaid entirely by a commercial partner as a result of early contract termination and €1,267 thousand for the income recognized in New Zealand following the acquisition of 100% of Dilworth Hearing Ltd based on the provisions of IFRS 3R relating to step up acquisitions).

Net of these one-offs, profit before tax reached €15,486 thousand (+28.9%). In addition to the increase in EBIT described above and the lower exchange costs, the profit before tax also benefitted from a decrease in interest payable as a result of the advance repayment of the last tranche of the private placement 2006-2016.

In the third quarter alone the profit before tax reached €16,283 thousand, an increase of €1,409 thousand against the third quarter of the prior year (€4,780 thousand relates to recurring operations alone).

Net profit attributable to the Group

(€ thousands)	First nine months 2016			First nine months 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	**41,053**	**(1,716)**	**39,337**	**29,303**	**(3,980)**	**25,323**

(€ thousands)	Third Quarter 2016			Third Quarter 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	**9,709**	**-**	**9,709**	**4,775**	**1,999**	**6,774**

The Group's net profit amounted to €39,337 thousand in the first nine months of 2016 (with a profit margin of 4.9%), versus €25,323 thousand in the same period of the prior year (and a profit margin of 3.4%). Net of the non-recurring items described above, net profit rose €11,750 thousand (+40.1%) against the comparison period to €41,053 thousand (with a profit margin of 5.1%).

Net of the losses recorded by subsidiaries for which, in accordance with the principle of prudence, deferred tax assets are not recognized, as well as earnings posted for which no taxes were paid due to carried forward tax losses, the tax rate would have reached 34.2% versus 36.4% in the nine months of 2015 calculated, again, net of the losses posted by the subsidiaries.

In the third quarter alone the Group's net profit amounted to €9,709 thousand, an increase of €2,935 thousand (+43.3%) against the comparison period. Net of the non-recurring items described above, the increase came to €4,934 thousand (+103.3%).

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area

(€ thousands)	30/09/2016				
	EMEA	Americas	Asia Pacific	Elim.	Total
Goodwill	297,584	78,960	251,427	-	627,971
Non-competition agreements, trademarks, customer lists and lease rights	49,554	3,508	56,115	-	109,177
Software, licences, other intangible fixed assets, fixed assets in progress and advances	26,398	12,070	7,177	-	45,645
Tangible assets	89,546	3,703	15,801	-	109,050
Financial fixed assets	2,429	39,647	-	-	42,076
Other non-current financial assets	4,381	49	360	-	4,790
Non-current assets	**469,892**	**137,937**	**330,880**	**-**	**938,709**
Inventories	31,943	518	2,121	-	34,582
Trade receivables	75,415	31,842	9,207	(2,570)	113,894
Other receivables	30,179	7,957	2,324	(7)	40,453
Current assets (A)	**137,537**	**40,317**	**13,652**	**(2,577)**	**188,929**
Operating assets	**607,429**	**178,254**	**344,532**	**(2,577)**	**1,127,638**
Trade payables	(61,087)	(35,439)	(11,386)	2,570	(105,342)
Other payables	(107,218)	(3,268)	(17,911)	7	(128,390)
Provisions for risks and charges (current portion)	(1,417)	-	-	-	(1,417)
Current liabilities (B)	**(169,722)**	**(38,707)**	**(29,297)**	**2,577**	**(235,149)**
Net working capital (A) - (B)	**(32,185)**	**1,610**	**(15,645)**	**-**	**(46,220)**
Derivative instruments	(8,207)	-	-	-	(8,207)
Deferred tax assets	39,359	1,360	2,753	-	43,472
Deferred tax liabilities	(20,489)	(24,124)	(16,040)	-	(60,653)
Provisions for risks and charges (non-current portion)	(26,579)	(24,800)	(892)	-	(52,271)
Liabilities for employees' benefits (non-current portion)	(16,446)	(163)	(2,278)	-	(18,887)
Loan fees	1,540	10	91	-	1,641
Other non-current payables	(2,990)	(44)	(567)	-	(3,601)
NET INVESTED CAPITAL	**403,895**	**91,786**	**298,302**	**-**	**793,983**
Group net equity					527,607
Minority interests					521
Total net equity					**528,128**
Net medium and long-term financial indebtedness					379,869
Net short-term financial indebtedness					(114,014)
Total net financial indebtedness					**265,855**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**793,983**

(€ thousands)	31/12/2015				
	EMEA	Americas	Asia Pacific	Elim.	Total
Goodwill	250,714	74,125	247,311	-	572,150
Non-competition agreements, trademarks, customer lists and lease rights	35,188	3,173	59,754	-	98,115
Software, licences, other intangible fixed assets, fixed assets in progress and advances	25,894	11,383	6,021	-	43,298
Tangible assets	83,666	3,466	15,543	-	102,675
Financial fixed assets	2,256	40,070	-	-	42,326
Other non-current financial assets	3,879	21	336	-	4,236
Non-current assets	**401,597**	**132,238**	**328,965**	**-**	**862,800**
Inventories	26,983	262	1,711	-	28,956
Trade receivables	77,945	30,327	5,943	(2,488)	111,727
Other receivables	25,146	7,996	934	(8)	34,068
Current assets (A)	**130,074**	**38,585**	**8,588**	**(2,496)**	**174,751**
Operating assets	**531,671**	**170,823**	**337,553**	**(2,496)**	**1,037,551**
Trade payables	(67,532)	(37,219)	(11,080)	2,488	(113,343)
Other payables	(108,077)	(3,634)	(19,729)	8	(131,432)
Provisions for risks and charges (current portion)	(1,378)	-	-	-	(1,378)
Current liabilities (B)	**(176,987)**	**(40,853)**	**(30,809)**	**2,496**	**(246,153)**
Net working capital (A) - (B)	**(46,913)**	**(2,268)**	**(22,221)**	**-**	**(71,402)**
Derivative instruments	(6,988)	-	-	-	(6,988)
Deferred tax assets	37,160	1,117	2,466	-	40,743
Deferred tax liabilities	(15,223)	(23,564)	(16,908)	-	(55,695)
Provisions for risks and charges (non-current portion)	(23,760)	(23,817)	(830)	-	(48,407)
Liabilities for employees' benefits (non-current portion)	(13,806)	(175)	(1,591)	-	(15,572)
Loan fees	2,023	-	174	-	2,197
Other non-current payables	(2,216)	(15)	(369)	-	(2,600)
NET INVESTED CAPITAL	**331,874**	**83,516**	**289,686**	**-**	**705,076**
Group net equity					499,471
Minority interests					694
Total net equity					**500,165**
Net medium and long-term financial indebtedness					382,542
Net short-term financial indebtedness					(177,631)
Total net financial indebtedness					**204,911**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**705,076**

Non-current assets

Non-current assets amounted to €938,709 thousand at 30 September 2016 versus €862,800 thousand at 31 December 2015, with a net increase of €75,909 thousand. The changes of the period are mainly related to: (i) operative investments for €35,587 thousand; (ii) increases due to acquisitions equal to €80,231 thousand; (iii) depreciation, amortization and impairment for €38,585 thousand; (iv) decreases for unfavourable foreign exchange rates fluctuations for €1,372 thousand and (v) other increases equal to €48 thousand.

The following table shows the breakdown of non-current assets by geographical region:

(€ thousands)		30/09/2016	31/12/2015	Change
EMEA	Goodwill	297,584	250,714	46,870
	Non-competition agreements, trademarks, customer lists and lease rights	49,554	35,188	14,366
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	26,398	25,894	504
	Tangible assets	89,546	83,666	5,880
	Financial fixed assets	2,429	2,256	173
	Other non-current financial assets	4,381	3,879	502
	Non-current assets	**469,892**	**401,597**	**68,295**
Americas	Goodwill	78,960	74,125	4,835
	Non-competition agreements, trademarks, customer lists and lease rights	3,508	3,173	335
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	12,070	11,383	687
	Tangible assets	3,703	3,466	237
	Financial fixed assets	39,647	40,070	(423)
	Other non-current financial assets	49	21	28
	Non-current assets	**137,937**	**132,238**	**5,699**
Asia Pacific	Goodwill	251,427	247,311	4,116
	Non-competition agreements, trademarks, customer lists and lease rights	56,115	59,754	(3,639)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	7,177	6,021	1,156
	Tangible assets	15,801	15,543	258
	Financial fixed assets	-	-	-
	Other non-current financial assets	360	336	24
	Non-current assets	**330,880**	**328,965**	**1,915**

Europe, Middle-East and Africa

Non-current assets amounted to €469,892 thousand at 30 September 2016 versus €401,597 thousand at 31 December 2015, an increase of €68,295 thousand explained:

- for €22,230 thousand, by investments in plant, property and equipment, relating primarily to the opening of new and renewal of existing stores as part of the continuing introduction of the new concept store;
- for €5,324 thousand, by investments in intangible assets, relating primarily to back-office systems and the implementation of new store, sales and Digital Marketing support systems;
- for €72,106 thousand, by acquisitions;
- for €27,076 thousand, by amortization, depreciation and impairment;
- for €4,289 thousand, by other net decreases relating primarily to exchange differences.

Americas

Non-current assets came to €137,937 thousand at 30 September 2016 versus €132,238 thousand at 31 December 2015, an increase of €5,699 thousand explained:

- for €483 thousand, by investments in plant, property and equipment;
- for €3,039 thousand, by investments in intangible assets relating primarily to the implementation of front-office systems and the website, renewal of the headquarters, relocation of proprietary stores and joint investment plans entered into with the franchisees for the renewal and relocation of stores;
- for €8,125 thousand by acquisitions made in the period;
- for €3,262 thousand, by amortization and depreciation;
- for €2,796 thousand, by exchange losses;
- for €110 thousand, other net increases.

Asia Pacific

Non-current assets came to €330,880 thousand at 30 September 2016 versus €328,965 thousand at 31 December 2015, an increase of €1,915 thousand explained:

- for €2,940 thousand, by investments in plant, property and equipment, relating primarily to the opening, restructuring and relocation of a few stores;
- for €1,571 thousand, by investments in intangible assets, relating primarily to the implementation of a new front-office system in Australia;
- for €8,247 thousand, by amortization and depreciation;
- for €5,651 thousand, by other net decreases, relating primarily to exchange differences.

Net invested capital

Net invested capital came to €793,983 thousand at 30 September 2016 versus €705,076 thousand at 31 December 2015, an increase of €88,907 thousand linked to the increase in both non-current assets described above and working capital, partially offset by an increase in long-term liabilities relating to deferred tax liabilities, other liabilities recognized following acquisitions and employee benefits.

The following table shows the breakdown of net invested capital by geographical area.

(€ thousands)	30/09/2016	31/12/2015	Change
EMEA	403,895	331,874	72,021
Americas	91,786	83,516	8,270
Asia Pacific	298,302	289,686	8,616
Total	**793,983**	**705,076**	**88,907**

Europe, Middle-East and Africa

Net invested capital came to €403,895 thousand at 30 September 2016, an increase of €72,021 thousand against 31 December 2015. The increase in non-current assets described above was accompanied by an increase in working capital which was partially offset by an increase in long-term liabilities relating to deferred tax liabilities, other liabilities recognized following acquisitions and employee benefits.

Factoring without recourse in the period involved trade receivables with a face value of €33,562 thousand (€34,168 thousand in the first nine months of the prior year) and VAT credits with a face value of €16,005 thousand (€12,959 thousand in the first nine months of the prior year).

Americas

Net invested capital came to €91,786 thousand at 30 September 2016, an increase of €8,270 thousand against the amount recorded at 31 December 2015. In addition to the increase in non-current assets described above, there was also a slight increase in working capital.

Asia Pacific

Net invested capital came to €298,302 thousand at 30 September 2016, an increase of €8,616 thousand against the amount recorded at 31 December 2015. In addition to the slight increase in non-current assets described above, there was also an increase in working capital.

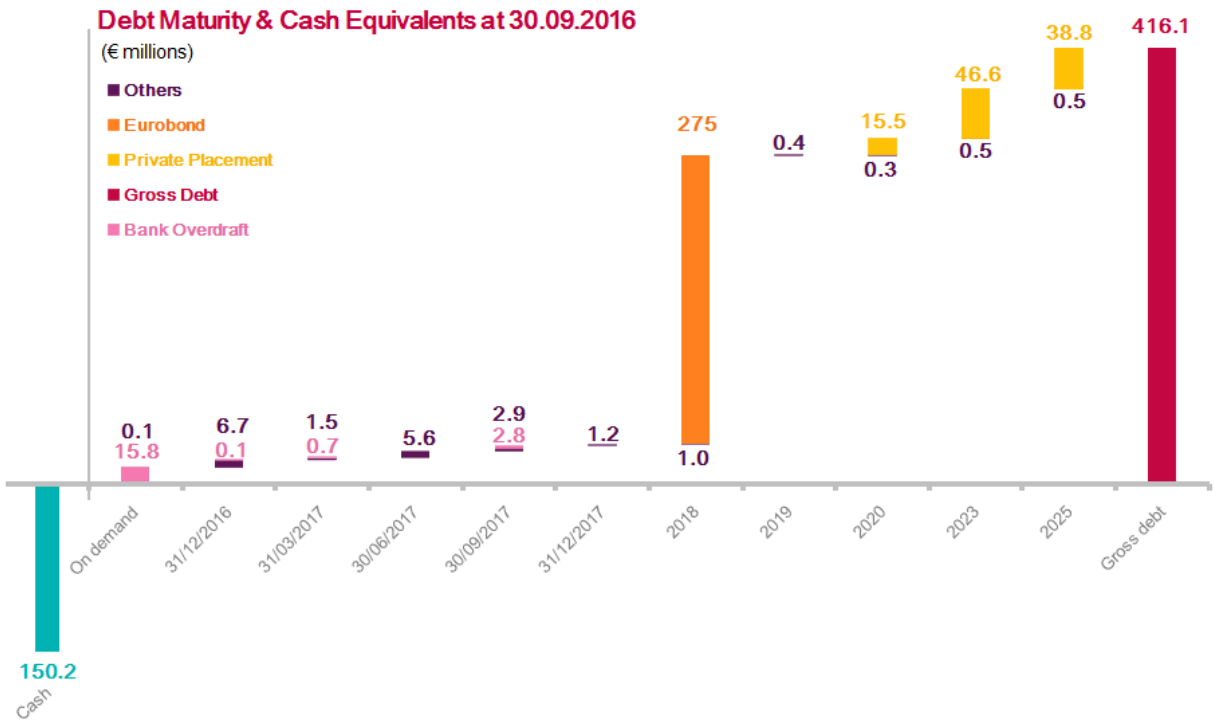
Net financial indebtedness

(€ thousands)	30/09/2016	31/12/2015	Change
Net medium and long-term financial indebtedness	379,869	382,542	(2,673)
Net short-term financial indebtedness	36,212	19,083	17,129
Cash and cash equivalents	(150,226)	(196,714)	46,488
Net financial indebtedness	**265,855**	**204,911**	**60,944**
Group net equity	527,607	499,471	28,136
Minority interests	521	694	(173)
Net Equity	**528,128**	**500,165**	**27,963**
Financial indebtedness/Group net equity	**0.50**	**0.41**	
Financial indebtedness/net equity	**0.50**	**0.41**	

Net financial indebtedness amounted to €265,855 thousand at 30 September 2016, an increase of €60,944 thousand with respect to 31 December 2015 and of €13,355 thousand against 30 September 2015 (€252,500 thousand).

The increase in debt is the direct consequence of the acquisitions made in the period (€70,400 thousand in the first nine months of 2016 and €76,757 thousand in the last 12 months), capital expenditure (€35,587 thousand), the payment of dividends in the second quarter (€9,427 thousand), the purchase of treasury shares which amounted to €10,335 thousand net of the proceeds from the exercise of stock options, and the €2,502 thousand in non-recurring costs incurred linked to an acquisition which was not made.
The ability of ordinary operations to generate excellent cash flow was confirmed with recurring free cash flow reaching a positive €30,542 thousand (€35,150 thousand in the first nine months of the prior year) after absorbing capital expenditure which was €6,796 thousand higher than in the comparison period.

At 30 September 2016 the Group's total financial indebtedness amounted to €265,855 thousand against cash and cash equivalents totaling €150,226 thousand. Long-term debt amounted to €379,869 thousand, of which €2,424 thousand relating to the long term portion of deferred payments for acquisitions. Short-term debt amounted to €36,212 thousand relating for €3,466 thousand to the interest payable on the Eurobond and the private placement, for €14,565 thousand to the best estimate of the deferred payments for acquisitions and for €14,778 thousand to the utilization of credit lines. Excluding these items, as shown in the chart below, debt is primarily long term (falling due beginning in 2018). Cash and cash equivalents, which amount to €150 million, along with the unused portion of credit lines granted of €98 million, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.



Interest payable on financial indebtedness amounted to €13,669 thousand at 30 September 2016, versus €19,650 thousand at 30 September 2015 which, however, was impacted by the €4,271 thousand make whole payment made as a result of the advance repayment of the USD 70 million private placement 2006-2016.

Interest receivable on bank deposits came to €491 thousand at 30 September 2016, versus €611 thousand at 30 September 2015.

Covenants

The USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885) is subject to the following covenants:

- ratio of Group net debt/equity must not exceed 1.5;
- ratio of Group net debt/EBITDA in the last 4 quarters (determined based solely on recurring operations and figures which have been restated in the event the Group's structure has changed significantly) must not exceed 3.5.

In the event of relevant acquisitions, the above ratios may be increased to 2.0 and 4.0, respectively, for a period of not more than 12 months, 2 times over the life of the loan.

At 30 September 2016 these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.50
Net financial indebtedness/EBITDA for the last 4 quarters	1.42

In accordance with standard international practices, the private placement is subject to other covenants, which limit the issue of guarantees, certain sale and lease back transactions, as well as other extraordinary transactions.

Neither the €275 million Eurobond maturing in 2018 issued in July 2013 nor the remaining €0.7 million of long term debt, including the short term portions, are subject to covenants.

The ratio of net debt/net invested capital at 30 September 2016 was 33.48% (29.06% at 31 December 2015).

The reasons for the changes in net debt are detailed in the next section on the statement of cash flows.

CASH FLOW

The reclassified statement of cash flows shows the change in net financial indebtedness from the beginning to the end of the period.

Pursuant to IAS 7 the financial statements include a statement of cash flows that shows the change in cash and cash equivalents from the beginning to the end of the period.

(€ thousands)	First nine months 2016	First nine months 2015
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	39,337	25,323
Minority interests	101	(164)
Amortization, depreciation and write-downs:		
- Intangible fixed assets	18,575	*17,863*
- Tangible fixed assets	20,010	*20,140*
- Goodwill	-	-
Total amortization, depreciation and write-downs	38,585	38,003
Provisions	15,431	17,307
(Gains) losses from sale of fixed assets	18	(435)
Group's share of the result of associated companies	(351)	4
Financial income and charges	14,241	18,193
Current and deferred income taxes	27,213	22,145
Change in assets and liabilities:		
- Utilization of provisions	*(5,698)*	*(4,870)*
- (Increase) decrease in inventories	*(3,003)*	*(1,765)*
- Decrease (increase) in trade receivables	*392*	*11,338*
- Increase (decrease) in trade payables	*(9,854)*	*(10,994)*
- Changes in other receivables and other payables	*(12,431)*	*(10,929)*
Total change in assets and liabilities	(30,594)	(17,220)
Dividends received	85	9
Net interest charges	(13,122)	(19,110)
Taxes paid	(28,877)	(25,351)
Cash flow generated from (absorbed) by operating activities	**62,067**	**58,704**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(9,933)	(7,120)
Purchase of tangible fixed assets	(25,654)	(21,671)
Consideration from sale of tangible fixed assets and businesses	997	8,508
Cash flow generated from (absorbed) by investing activities	**(34,590)**	**(20,283)**
Cash flow generated from operating and investing activities (Free cash flow)	**27,477**	**38,421**
Business combinations (*)	(70,400)	(34,716)
(Purchase) sale of other investments, securities and reductions of earn-outs	(55)	4,809
Cash flow generated from acquisitions	**(70,455)**	**(29,907)**
Cash flow generated from (absorbed) by investing activities	**(105,045)**	**(50,190)**

(€ thousands)	First nine months 2016	First nine months 2015
FINANCING ACTIVITIES:		
Changes in hedging derivatives	-	-
Fees paid on medium/long-term financing	-	-
Other non-current assets	(5)	(988)
Distributed dividends	(9,427)	(9,356)
Treasury shares	(12,006)	(4,545)
Capital increases (reduction)/third parties contributions in subsidiaries / dividends paid to third parties by the subsidiaries	1,371	4,133
Cash flow generated from (absorbed) by financing activities	**(20,067)**	**(10,756)**
Changes in net financial indebtedness	**(63,045)**	**(2,242)**
Net financial indebtedness at the beginning of the period	(204,911)	(248,417)
Effect of disposal of assets on net financial indebtness	-	-
Effect of exchange rate fluctuations on net financial indebtedness	2,101	(1,841)
Changes in net indebtedness	(63,045)	(2,242)
Net financial indebtedness at the end of the period	**(265,855)**	**(252,500)**

(*) The item refers to the net cash flow absorbed by the acquisition of businesses and equity investments.

The change in net debt of €60,944 thousand is explained by:

(i) Investing activities:
- capital expenditure on property, plant and equipment and intangible assets of €35,587 thousand relating primarily to the opening, renewal and repositioning of stores based on the concept store, new back-office systems and the implementation of new store, sales and digital marketing support systems;
- acquisitions amounting to €70,400 thousand, including the impact of the acquired companies' debt;
- net proceeds from the disposal of other assets, equity investments, and securities amounting to €942 thousand.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial expenses of €13,122 thousand;
- payment of taxes amounting to €28,877 thousand;
- cash flow generated by operations of €104,066 thousand.

(iii) Financing activities:
- payment of €9,427 thousand in dividends to shareholders;
- net proceeds from capital increases following the exercise of stock options of €1,651 thousand;
- payment of €280 thousand in dividends to minorities by subsidiaries;
- purchase of treasury shares amounting to €12,006 thousand;
- decrease in other non-current assets of €5 thousand.

(iv) Exchange gains of €2,101 thousand.

The non-recurring transactions described above in the section about the change in net financial debt had a negative impact on the cash flow generated during the period of €3,065 thousand in the first nine months of 2016 versus a positive €3,271 thousand in the same period of the prior year. The breakdown is as follows:

(€ thousands)	First nine months 2016	First nine months 2015
Restructuring charges paid in FY 2015 and 2016	(563)	(344)
Advisory fees and expenses related to an acquisition process which was not completed	(2,502)	-
Expenses linked to the transition in the Group's leadership	-	(2,873)
Penalty payment received following early termination of a commercial partnership in the United States	-	2,154
Trade receivables collected in the United States as a result of early termination of commercial partnership in the United States	-	1,154
Make whole payment made following advance repayment of the 2006-2016 private placement	-	(4,271)
Cash flow generated (absorbed) by operating activities	**(3,065)**	**(4,180)**
Reimbursement of old debt relative to the sale of a business by a partner following early termination of the commercial partnership in the United States	-	7,451
Cash flow generated from (absorbed) by investing activities	**-**	**7,451**
Free Cash Flow	**(3,065)**	**3,271**
Cash flow generated from acquisitions	**-**	**-**
Total cash flow generated by non recurring transactions	**(3,065)**	**3,271**

ACQUISITION OF COMPANIES AND BUSINESSES

After the second quarter slowdown in M&A activities, explained largely by the valuation of a sizeable acquisition which was ultimately not made, in the third quarter the Group invested €50,788 thousand in the acquisition of 123 points of sales. From the beginning of the year a total of 175 points of sales have been acquired for a total investment, including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years, of €70,400 thousand.

More in detail, in the third quarter:

- the acquisitions of two high profile hearing aid retailers in Germany: Focus Hören AG, which operates 62 points of sales spread evenly throughout Germany, and Die Hörmeister GmbH which has 24 points of sales located primarily in northern Germany and a strong presence in the Hamburg area;
- the acquisition of the Canadian Hear More chain, which operates in the province of Ontario with 21 points of sales.

Overall, since the beginning of the year:

- 26 points of sales were acquired in France;
- 107 points of sales were acquired in Germany;
- 6 points of sales were acquired in Belgium;
- 3 points of sales were acquired in Spain;
- 2 points of sales were acquired in Israel;
- 1 point of sales was acquired in Switzerland;
- 1 point of sales was acquired in Turkey;
- 7 points of sales belonging to the Miracle Ear network in Colorado were acquired in the United States which will rejoin the network once they are adequately reorganized and customer lists relating to two stores in Texas and California were purchased;
- 22 points of sales were acquired in Canada.

OUTLOOK

The Group expects the positive trend in sales and profitability to continue thanks to continuous organic growth and solid contribution of external growth. In Europe the Group expects the strong sales growth and improved profitability to persist thanks to network expansion, both via acquisitions and new openings, and the benefits derived from marketing and communication investments. Growth is expected to accelerate further in Americas thanks to the new marketing initiatives, including the recently launched Miracle-Ear TV campaign. Lastly, in Asia Pacific the Group expects stable organic growth and to substantially maintain current profitability levels. The Group, therefore, remains confident about its ability to execute its strategic plan and achieve the previously announced targets.

Disclaimer
This report contains forward looking statements ("Outlook") relating to future events and the Amplifon Group's operating, economic and financial results. These forecasts, by definition, contain elements of risk and uncertainty, insofar as they are linked to the occurrence of future events and developments. The actual results may be very different with respect to the original forecast due to a number of factors, the majority of which are out of the Group's control

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS

AT 30 SEPTEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		30/09/2016	31/12/2015	Change
ASSETS				
Non-current assets				
Goodwill	**Note 5**	627,971	572,150	55,821
Intangible fixed assets with finite useful life	**Note 6**	154,822	141,413	13,409
Tangible fixed assets	**Note 7**	109,050	102,675	6,375
Investments valued at equity		1,603	1,433	170
Financial assets measured at fair value through profit or loss		19	29	(10)
Long- term hedging instruments		7,377	11,526	(4,149)
Deferred tax assets		43,472	40,743	2,729
Other assets		45,244	45,100	144
Total non-current assets		**989,558**	**915,069**	**74,489**
Current assets				
Inventories		34,582	28,956	5,626
Trade receivables		113,894	111,727	2,167
Other receivables		40,453	34,068	6,385
Hedging instruments		-	451	(451)
Cash and cash equivalents		150,226	196,714	(46,488)
Total current assets		**339,155**	**371,916**	**(32,761)**
TOTAL ASSETS		**1,328,713**	**1,286,985**	**41,728**

(€ thousands)		30/09/2016	31/12/2015	Change
LIABILITIES				
Net Equity				
Share capital	**Note 8**	4,521	4,510	11
Share premium account		200,459	197,774	2,685
Treasury shares		(46,389)	(39,740)	(6,649)
Other reserves		4,675	2,587	2,088
Profit (loss) carried forward		325,004	287,535	37,469
Profit (loss) for the period		39,337	46,805	(7,468)
Group net equity		**527,607**	**499,471**	**28,136**
Minority interests		**521**	**694**	**(173)**
Total net equity		**528,128**	**500,165**	**27,963**
Non-current liabilities				
Medium/long-term financial liabilities	**Note 10**	392,116	394,152	(2,036)
Provisions for risks and charges		52,271	48,407	3,864
Liabilities for employees' benefits		18,887	15,571	3,316
Deferred tax liabilities		60,653	55,695	4,958
Payables for business acquisitions		2,424	5,450	(3,026)
Other long-term debt		3,601	2,600	1,001
Total non-current liabilities		**529,952**	**521,875**	**8,077**
Current liabilities				
Trade payables		105,342	113,343	(8,001)
Payables for business acquisitions		14,565	4,581	9,984
Other payables		127,729	130,407	(2,678)
Hedging instruments		21	6	15
Provisions for risks and charges		1,417	1,378	39
Liabilities for employees' benefits		661	1,025	(364)
Short-term financial liabilities	**Note 10**	20,898	14,205	6,693
Total current liabilities		**270,633**	**264,945**	**5,688**
TOTAL LIABILITIES		**1,328,713**	**1,286,985**	**41,728**

CONSOLIDATED INCOME STATEMENT

(€ thousands)		First nine months 2016			First nine months 2015			
		Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Change
Revenues from sales and services		803,940	-	803,940	733,748	-	733,748	70,192
Operating costs		(681,037)	-	(681,037)	(626,892)	(6,792)	(633,684)	(47,353)
Other income and costs		(1,276)	(2,502)	(3,778)	1,435	2,005	3,440	(7,218)
Gross operating profit (EBITDA)		**121,627**	**(2,502)**	**119,125**	**108,291**	**(4,787)**	**103,504**	**15,621**
Amortisation, depreciation and impairment								
Amortisation of intangible fixed assets	**Note 6**	(18,570)	-	(18,570)	(17,779)	-	(17,779)	(791)
Depreciation of tangible fixed assets	**Note 7**	(19,727)	-	(19,727)	(19,854)	-	(19,854)	127
Impairment and impairment reversals of non-current assets		(288)	-	(288)	(370)	-	(370)	82
		(38,585)	**-**	**(38,585)**	**(38,003)**	**-**	**(38,003)**	**(582)**
Operating result		**83,042**	**(2,502)**	**80,540**	**70,288**	**(4,787)**	**65,501**	**15,039**
Financial income, charges and value adjustments to financial assets								
Group's share of the result of associated companies valued at equity		351	-	351	(4)	-	(4)	355
Other income and charges, impairment and revaluations of financial assets		(73)	-	(73)	208	1,267	1,475	(1,548)
Interest income and charges		(13,203)	-	(13,203)	(16,197)	(2,842)	(19,039)	5,836
Other financial income and charges		(783)	-	(783)	515	-	515	(1,298)
Exchange gains and losses		(1,568)	-	(1,568)	1,715	-	1,715	(3,283)
Gain (loss) on assets measured at fair value		1,386	-	1,386	(2,859)	-	(2,859)	4,245
		(13,890)	**-**	**(13,890)**	**(16,622)**	**(1,575)**	**(18,197)**	**4,307**
Profit (loss) before tax		**69,152**	**(2,502)**	**66,650**	**53,666**	**(6,362)**	**47,304**	**19,346**
Current and deferred income tax	**Note 14**							
Current tax		(30,456)	786	(29,670)	(26,280)	748	(25,532)	(4,138)
Deferred tax		2,458	-	2,458	1,753	1,634	3,387	(929)
		(27,998)	**786**	**(27,212)**	**(24,527)**	**2,382**	**(22,145)**	**(5,067)**
Total net profit (loss)		**41,154**	**(1,716)**	**39,438**	**29,139**	**(3,980)**	**25,159**	**14,279**
Net profit (loss) attributable to Minority interests		101	-	101	(164)	-	(164)	265
Net profit (loss) attributable to the Group		**41,053**	**(1,716)**	**39,337**	**29,303**	**(3,980)**	**25,323**	**14,014**

Income (loss) and earnings per share (€ per share)	**Note 12**	**First nine months 2016**	**First nine months 2015**
Earnings per share			
- base		0.17941	0.11629
- diluted		0.17470	0.11270

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First nine months 2016	First nine months 2015
Net income (loss) for the period	**39,438**	**25,159**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit plans	(2,026)	(1,128)
Tax effect on components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	395	220
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	**(1,631)**	**(908)**
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedging instruments	(1,217)	4,458
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	2,622	(14,581)
Tax effect on components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	335	(1,169)
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	**1,740**	**(11,292)**
Total other comprehensive income (loss) (A)+(B)	**109**	**(12,200)**
Comprehensive income (loss) for the period	**39,547**	**12,959**
Attributable to the Group	39,488	13,234
Attributable to Minority interests	59	(275)

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

(€ thousands)	Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 2015	**4,492**	**191,902**	**934**	**3,607**	**(46,547)**	**21,761**
Appropriation of FY 2014 result						
Share capital increase	16	4,117				
Treasury shares					(4,545)	
Dividend distribution						
Implicit cost of stock options and stock grants						8,196
Other changes		1,649		29	6,018	(7,696)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for first 9 months 2015						
Total comprehensive income (loss) for the period						
Balance at 30 September 2015	**4,508**	**197,668**	**934**	**3,636**	**(45,074)**	**22,261**

(€ thousands)	Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 2016	**4,510**	**197,774**	**934**	**3,636**	**(39,740)**	**21,835**
Appropriation of FY 2015 result						
Share capital increase	11	1,640				
Treasury shares					(12,006)	
Dividend distribution						
Implicit cost of stock options and stock grants						8,509
Other changes		1,045			5,357	(6,572)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for first 9 months 2016						
Total comprehensive income (loss) for the period						
Balance at 30 September 2016	**4,521**	**200,459**	**934**	**3,636**	**(46,389)**	**23,772**

Cash flow hedge reserve	Actuarial gains and (losses)	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(7,421)	**(4,567)**	**255,410**	**(23,881)**	**46,475**	**442,165**	**1,057**	**443,222**
		46,475		(46,475)			
					4,133		**4,133**
					(4,545)		**(4,545)**
		(9,356)			**(9,356)**		**(9,356)**
					8,196		**8,196**
		52			**52**	5	**57**
3,289					***3,289***		***3,289***
	(908)				***(908)***		***(908)***
			(14,470)		***(14,470)***	*(111)*	***(14,581)***
				25,323	***25,323***	*(164)*	***25,159***
3,289	(908)		(14,470)	25,323	**13,234**	(275)	**12,959**
(4,132)	**(5,475)**	**292,581**	**(38,351)**	**25,323**	**453,879**	**787**	**454,666**

Cash flow hedge reserve	Actuarial gains and (losses)	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(5,096)	**(4,404)**	**287,535**	**(14,318)**	**46,805**	**499,471**	**694**	**500,165**
		46,805		(46,805)	-		-
					1,651		**1,651**
					(12,006)		**(12,006)**
		(9,427)			**(9,427)**		**(9,427)**
					8,509		**8,509**
		91			**(79)**	(232)	**(311)**
(882)					***(882)***		***(882)***
	(1,631)				***(1,631)***		***(1,631)***
			2,664		***2,664***	*(42)*	***2,622***
				39,337	***39,337***	*101*	***39,438***
(882)	(1,631)		2,664	39,337	**39,488**	59	**39,547**
(5,978)	**(6,035)**	**325,004**	**(11,654)**	**39,337**	**527,607**	**521**	**528,128**

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First nine months 2016	First nine months 2015
OPERATING ACTIVITIES		
Net profit (loss)	39,438	25,159
Amortization, depreciation and write-downs:		
- intangible fixed assets	18,575	17,863
- tangible fixed assets	20,010	20,140
- goodwill	-	-
Provisions	15,431	17,307
(Gains) losses from sale of fixed assets	18	(435)
Group's share of the result of associated companies	(351)	4
Financial income and charges	14,241	18,193
Current, deferred tax assets and liabilities	27,213	22,145
Cash flow from operating activities before change in working capital	***134,575***	***120,376***
Utilization of provisions	(5,698)	(4,870)
(Increase) decrease in inventories	(3,003)	(1,765)
Decrease (increase) in trade receivables	392	11,338
Increase (decrease) in trade payables	(9,854)	(10,994)
Changes in other receivables and other payables	(12,431)	(10,929)
Total change in assets and liabilities	***(30,594)***	***(17,220)***
Dividends received	85	10
Interest received (paid)	(17,368)	(25,479)
Taxes paid	(28,877)	(25,351)
Cash flow generated from (absorbed by) operating activities (A)	**57,821**	**52,336**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(9,933)	(7,120)
Purchase of tangible fixed assets	(25,654)	(21,671)
Consideration from sale of tangible fixed assets	997	8,508
Cash flow generated from (absorbed by) operating investing activities (B)	***(34,590)***	***(20,283)***
Purchase of subsidiaries and business units	(72,509)	(35,575)
Increase (decrease) in payables through business acquisition	4,948	3,266
(Purchase) sale of other investments, securities and reductions of *earn out*	(55)	4,809
Cash flow generated from (absorbed by) acquisition activities (C)	***(67,616)***	***(27,500)***
Cash flow generated from (absorbed by) investing activities (B+C)	**(102,206)**	**(47,783)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	15,233	(57,127)
(Increase) decrease in financial receivables	38	1,870
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	-	-
Other non-current assets and liabilities	(5)	(988)
Treasury shares	(12,006)	(4,545)
Dividends distributed	(9,427)	(9,356)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	1,371	4,133
Cash flow generated from (absorbed by) financing activities (D)	**(4,796)**	**(66,013)**
Net increase in cash and cash equivalents (A+B+C+D)	**(49,181)**	**(61,460)**

(€ thousands)	First nine months 2016	First nine months 2015
Cash and cash equivalents at beginning of period	196,714	211,124
Effect of discontinued operations on cash & cash equivalents	-	-
Effect of exchange rate fluctuations on cash & cash equivalents	584	(761)
Liquid assets acquired	2,109	859
Cash and cash equivalents flows	(49,181)	(61,460)
Cash and cash equivalents at the end of period	**150,226**	**149,762**

Related-party transactions relate to rentals of the main office and certain stores, to recharges of maintenance costs and general services of the above-mentioned buildings and to commercial transactions, personnel costs and loans. They are detailed in Note 13. The impact of these transactions on the Group's cash flows is not material.

SUPPLEMENTARY INFORMATION TO CONSOLIDATED CASH FLOW STATEMENT

Below is reported the detail of the net cash flow absorbed by acquisitions:

(€ thousands)	First nine months 2016	First nine months 2015
- Goodwill	55,856	29,436
- Customer lists	20,298	11,697
- Trademarks and non-competition agreements	-	-
- Other intangible fixed assets	1,006	128
- Tangible fixed assets	2,815	1,111
- Financial fixed assets	-	-
- Current assets	9,753	3,375
- Provisions for risks and charges	(1,734)	(3,034)
- Current liabilities	(13,923)	(6,455)
- Other non-current assets and liabilities	(7,593)	(1,469)
- Minority interests	-	(130)
Total investments	**66,478**	**34,659**
Net financial debt acquired	6,031	916
Total business combinations	**72,509**	**35,575**
(Increase) decrease in payables for businesses combinations	(4,948)	(3,266)
Purchase (sale) of other investments, securities and reductions of earn-out	55	(4,809)
Cash flow absorbed by (generated from) acquisitions	**67,616**	**27,500**
(Cash and cash equivalents acquired)	(2,109)	(859)
Net cash flow absorbed by (generated from) acquisitions	**65,507**	**26,641**

EXPLANATORY NOTES

1. General Information

The Amplifon Group is global leader in the distribution of Hearing Aid systems and in their fitting and customization to meet the needs of hearing impaired patients.

The parent company, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is controlled directly by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

The consolidated financial statements at 30 September 2016 have been prepared in accordance with International Accounting Standards and the implementation regulations set out in Article 9 of legislative decree no. 38 of 28 February 2005. These standards include the IAS and IFRS issued by the International Accounting Standard Board, as well as the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed in accordance with the procedure set out in Article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 30 September 2016. International Accounting Standards endorsed after that date and before the preparation of these financial statements are adopted in the preparation of the consolidated financial statements only if early adoption is allowed by the Endorsing Regulation and the accounting standard itself and the Group has elected to do so. The condensed consolidated interim financial statements have been prepared in accordance with the provisions of IAS 34 “Interim Financial Reporting”.

The condensed consolidated interim financial statements at 30 September 2016 do not include all the additional information required by the financial statements, and must be read together with the financial statements of the Group at 31 December 2015.

The valuation criteria adopted in the preparation of the condensed consolidated interim financial statements as at 30 September 2016 did not change from those of the consolidated accounts as at 31 December 2015.

The publication of the condensed consolidated interim financial statements of the Amplifon Group at 30 September 2016 was authorized by a resolution of the Board of Directors of 26 October 2016 which approved their distribution to the public.

2. Accounting policies

2.1. Presentation of financial statements

The condensed consolidated interim financial statements at 30 September 2016 have been prepared in accordance with the historical cost convention with the exception of derivative financial instruments, certain financial investments measured at fair value and assets and liabilities hedged by a fair value hedge, as more fully explained hereafter, as well as on the going concern assumption.

The following table lists the international accounting standards and the interpretations approved by IASB and endorsed to be adopted in Europe and applied for the first time in the financial year under review.

Description	Endorsement date	Publication in O.J.E.C	Effective date	Effective date for Amplifon
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities	22 Sep '16	23 Sep '16	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IAS 27: equity method in separate financial statements	18 Dec '15	23 Dec '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IAS 1- disclosure initiative	18 Dec '15	19 Dec '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Annual Improvements to IFRSs 2012–2014 Cycle	15 Dec '15	16 Dec '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IAS 16 and IAS 38: clarification of acceptable methods of depreciation and amortization	2 Dec '15	3 Dec '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IFRS 11: accounting for acquisitions of interests in Joint Operations	24 Nov '15	25 Nov '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IAS 16 and IAS 41: bearer plants	23 Nov '15	24 Nov '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Defined benefit plans: employee contributions (amendments to IAS 19)	17 Dec '14	9 Jan '15	Financial years beginning on or after 1 Feb '15	1 Jan '16
Annual improvements to IFRSs 2010-2012	17 Dec '14	9 Jan '15	Financial years beginning on or after 1 Feb '15	1 Jan '16

The adoption of these principles does not significantly affect the valuation of assets, liabilities, costs and revenues of the Group.

With respect to the presentation of the financial statements, the following should be noted:

- statement of financial position: the Group distinguishes between current and non-current assets and liabilities;
- income statement: the Group classifies costs by nature, as such classification is deemed to be more representative of the mainly commercial and distribution activities carried out by the Group;

- statement of comprehensive income (loss): this includes the net result of the period and the effects of changes in exchange rates, the cash flow hedge reserve and actuarial gains and losses that are recognised directly in net equity; those items are disclosed on the basis of whether they will potentially be reclassified subsequently to profit or loss;
- statement of changes in net equity: the Group includes all changes in net equity, including those arising from transactions with the shareholders (dividend distributions, increases in share capital);
- cash flow statement: this is prepared using the indirect method for defining cash flows deriving from operating activities.

2.2. Use of estimates in preparing the financial statements

Preparation of the financial statements schedules and explanatory notes required the use of estimates and assumptions in respect of the following items:
- provisions for impairment, calculated on the basis of the asset's estimated realisable value;
- provisions for risks and charges, calculated on the basis of a reasonable estimate of the amount of the potential liability, not least in relation to any claim made by the counterparty;
- provisions for obsolescence, in order to adjust the carrying value of inventory to reflect realisable value;
- provisions for employee benefits, recognised on the basis of the actuarial valuations made;
- amortisation and depreciation, recognised on the basis of the estimated remaining useful life and recoverable amount;
- income tax, which is recognised on the basis of the best estimate of the expected tax rate for the full year;
- IRSs and currency swaps (instruments not traded on regulated markets), marked to market at the reporting date based on the yield curve and exchange rate fluctuations and subject to credit/debit valuation adjustments, which are supported by market quotations.

Estimates are periodically reviewed and any adjustments due to changes in the circumstances which determined such estimates or additional information are recognised in the income statement. The use of reasonable estimates is an essential part of the preparation of the financial statements and does not affect their overall reliability.

The Group tests goodwill for impairment at least once a year. This requires an estimation of the value in use of the cash-generating unit to which the goodwill pertains. This calculation requires estimating of future cash flows and the after-tax discount rate reflecting market conditions at the date of the valuation.

2.3. Future accounting principles and interpretations

Below are the International Financial Reporting Standards, interpretations, amendments to existing standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB which on 21 October 2016 had not yet been endorsed for adoption in Europe.

Description	Effective date
IFRS 9: financial Instruments (issued on 24 July 2014)	Financial years beginning on or after 1 Jan '18
IFRS 15 revenue from contracts with customers (issued on 28 May 2014) and related Amendment (Issued on 11 September 2015), formalising the deferral of the effective date by one year to 2018	Financial years beginning on or after 1 Jan '18
Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)	Financial years beginning on or after 1 Jan '18
IFRS 14 regulatory deferral accounts (issued on 30 January 2014)	To be defined
Amendments to IFRS 10 and IAS 28: sale or contribution of assets between an Investor and its associate or joint venture (issued on 11 September 2014)	To be defined
Amendments to IFRS 10, IFRS 12 and IAS 28: investment entities: applying the consolidation exception (issued on 18 December 2014)	Financial years beginning on or after 1 Jan '16
IFRS 16 Leases (Issued on 13 January 2016)	Financial years beginning on or after 1 Jan '19
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Issued on 19 January 2016)	Financial years beginning on or after 1 Jan '17
Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016)	Financial years beginning on or after 1 Jan '17
Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions (issued on 20 June 2016)	Financial years beginning on or after 1 Jan '18

The review project of the accounting principle concerning financial instruments was completed with the publication of the complete version of IFRS 9 "Financial Instruments". The new requirements of the principles: (i) modify the classification and evaluation model of financial assets; (ii) introduce the concept of expected credit losses, among the variables to be considered in the valuation and impairment of financial assets; (iii) modify the requirements concerning the hedge accounting. The requirements are effective starting from fiscal years that begin on or after the 1 January 2018.

Based on IFRS 15 "Revenue from contracts with customers", the company must recognize revenue when the control of the goods or services is transferred to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard introduces a five step model to be used to analyze and recognize revenue in relation to the timing and the amount. It is foreseeable that the new standard could result in a change in the timing of revenue recognition (earlier or later

with respect to current standards), as well as the use of new methods (for example, the recognition of revenue at a specific point in time versus over time or vice versa). The new standard calls for additional information about the nature, amount, timing and uncertainty of the revenue streams and cash flows generated by contracts with customers. IFRS 15 will be effective for annual periods beginning on or after 1 January 2017 and may be applied in advance. The standard, as defined in an amendment to the principle issued on September 11, 2015, must be applied for annual periods beginning on or after 1 January 2018 and earlier application permitted. In April 2016, alongside the changes to IFRS 15, the IASB clarified some sections that were unclear and introduced some modifications to reduce the complexity of the standard's first application.

With the publication of the new accounting standard IFRS 16 "Leases", the IASB replaces the accounting rules provided by IAS 17. The new accounting standard requires that all leases should be recognized in the balance sheet as assets and liabilities are they "financial", whether "operative".

With regard to IFRS 9, IFRS 15 and IFRS 16 described above, the Amplifon Group is continuing the activities aimed at the identification and quantification of the impacts on the consolidated financial statements. With regard to other standards and interpretations detailed above, it is not expected that the adoption will significantly affect the valuation of assets, liabilities, costs and revenues of the Group.

3. Financial risk management

The condensed consolidated interim financial statements at 30 September 2016 do not include all the additional information on financial risk management that is required in annual financial statements, therefore reference is made to the financial statements of the Group at 31 December 2015 for a detailed analysis of financial risk management

4. Segment information

In accordance with IFRS 8 "Operating Segments", the schedules relative to each operating segment are shown below.

The Amplifon Group's business (distribution and personalization of hearing solutions) is organized in three specific geographical areas which comprise the Group's operating segments: Europe, Middle East and Africa - EMEA - (Italy, France, The Netherlands, Germany, the United Kingdom, Ireland, Spain, Portugal, Switzerland, Belgium, Luxemburg, Hungary, Egypt, Turkey, Poland and Israel), America (USA, Canada and Brazil) and Asia Pacific (Australia, New Zealand and India).

The Group also operates via Corporate functions (Corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8.

These areas of responsibility, which coincide with the geographical areas (the Corporate functions are recognized under EMEA), represent the organizational structure used by management to run the Group's operations. The reports periodically analyzed by the Chief Executive Officer and Top Management are divided up accordingly, by geographical area.

Performances are monitored and measured for each operating segment/geographical area, through operating profit including amortization and depreciation (EBIT), along with the portion of the results of equity investments in associated companies valued using the equity method. Financial expenses are not monitored insofar as they are based on Corporate decisions regarding the financing of each region (own funds versus borrowings) and, consequently, neither are taxes. Items in the statement of financial position are not analyzed by managerial segment, but are measured and monitored on an overall Group level. The income statement and statement of financial position are prepared using the same methods and accounting standards used to draw up the consolidated financial statements.

Statement of Financial Position as at 30 September 2016

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	297,584	78,960	251,427	-	627,971
Intangible fixed assets with finite useful life	75,952	15,578	63,292	-	154,822
Tangible fixed assets	89,546	3,703	15,801	-	109,050
Investments valued at equity	1,603	-	-	-	1,603
Financial assets measured at fair value through profit and loss	19	-	-	-	19
Hedging instruments	7,377	-	-	-	7,377
Deferred tax assets	39,359	1,360	2,753	-	43,472
Other assets	5,188	39,696	360	-	45,244
Total non-current assets					**989,558**
Current assets					
Inventories	31,943	518	2,121	-	34,582
Receivables	105,594	39,799	11,531	(2,577)	154,347
Hedging instruments	-	-	-	-	-
Cash and cash equivalents					150,226
Total current assets					**339,155**
TOTAL ASSETS					**1,328,713**
LIABILITIES					
Net Equity					**528,128**
Non-current liabilities					
Medium/long-term financial liabilities					392,116
Provisions for risks and charges	26,579	24,800	892	-	52,271
Liabilities for employees' benefits	16,446	163	2,278	-	18,887
Deferred tax liabilities	20,489	24,124	16,040	-	60,653
Payables for business acquisitions	2,424	-	-	-	2,424
Other long-term debt	2,990	44	567	-	3,601
Total non-current liabilities					**529,952**
Current liabilities					
Trade payables	61,087	35,439	11,386	(2,570)	105,342
Payables for business acquisitions	12,068	2,497	-	-	14,565
Other payables	106,694	3,131	17,911	(7)	127,729
Hedging instruments	21	-	-	-	21
Provisions for risks and charges	1,417	-	-	-	1,417
Liabilities for employees' benefits	524	137	-	-	661
Short-term financial liabilities					20,898
Total current liabilities					**270,633**
TOTAL LIABILITIES					**1,328,713**

Statement of Financial Position as at 31 December 2015

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	250,714	74,125	247,311	-	572,150
Intangible fixed assets with finite useful life	61,082	14,556	65,775	-	141,413
Tangible fixed assets	83,666	3,466	15,543	-	102,675
Investments valued at equity	1,433	-	-	-	1,433
Financial assets measured at fair value through profit and loss	29	-	-	-	29
Hedging instruments	11,526	-	-	-	11,526
Deferred tax assets	37,160	1,117	2,466	-	40,743
Other assets	4,673	40,091	336	-	45,100
Total non-current assets					**915,069**
Current assets					
Inventories	26,983	262	1,711	-	28,956
Receivables	103,091	38,323	6,877	(2,496)	145,795
Hedging instruments	451	-	-	-	451
Cash and cash equivalents					196,714
Total current assets					**371,916**
TOTAL ASSETS					**1,286,985**
LIABILITIES					
Net Equity					**500,165**
Non-current liabilities					
Medium/long-term financial liabilities					394,152
Provisions for risks and charges	23,760	23,817	830	-	48,407
Liabilities for employees' benefits	13,806	175	1,590	-	15,571
Hedging instruments	-	-	-	-	-
Deferred tax liabilities	15,223	23,564	16,908	-	55,695
Payables for business acquisitions	5,384	66	-	-	5,450
Other long-term debt	2,216	15	369	-	2,600
Total non-current liabilities					**521,875**
Current liabilities					
Trade payables	67,532	37,219	11,080	(2,488)	113,343
Payables for business acquisitions	4,515	66	-	-	4,581
Other payables	107,140	3,546	19,729	(8)	130,407
Hedging instruments	6	-	-	-	6
Provisions for risks and charges	1,378	-	-	-	1,378
Liabilities for employees' benefits	937	88	-	-	1,025
Short-term financial liabilities					14,205
Total current liabilities					**264,945**
TOTAL LIABILITIES					**1,286,985**

Income Statement – First nine months 2016

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	526,507	157,007	119,767	659	-	803,940
Operating costs	(450,810)	(128,386)	(83,163)	(18,678)	-	(681,037)
Other income and costs	(1,084)	(80)	(117)	(2,497)	-	(3,778)
Gross operating profit (EBITDA)	**74,613**	**28,541**	**36,487**	**(20,516)**	**-**	**119,125**
Amortisation, depreciation and impairment						
Amortisation	(7,746)	(2,650)	(5,336)	(2,838)	-	(18,570)
Depreciation	(16,005)	(612)	(2,863)	(247)	-	(19,727)
Impairment and impairment reversals of non-current assets	(240)	-	(48)	-	-	(288)
	(23,991)	**(3,262)**	**(8,247)**	**(3,085)**	**-**	**(38,585)**
Operating result	**50,622**	**25,279**	**28,240**	**(23,601)**	**-**	**80,540**
Financial income, charges and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity	351	-	-	-	-	351
Other income and charges, impairment and revaluations of financial assets						(73)
Interest income and charges						(13,203)
Other financial income and charges						(783)
Exchange gains and losses						(1,568)
Gain (loss) on assets measured at fair value						1,386
						(13,890)
Net profit (loss) before tax						**66,650**
Current and deferred income tax						
Current income tax						(29,670)
Deferred tax						2,458
						(27,212)
Total net profit (loss)						**39,438**
Minority interests						101
Net profit (loss) attributable to the Group						**39,337**

For the purposes of reporting on economic data by geographic area, please note that the Corporate structures are included in EMEA.

Income Statement – First nine months 2015 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	477,706	145,047	110,826	169	-	733,748
Operating costs	(420,104)	(116,945)	(75,915)	(20,720)	-	(633,684)
Other income and costs	526	3,090	(215)	39	-	3,440
Gross operating profit (EBITDA)	**58,128**	**31,192**	**34,696**	**(20,512)**	**-**	**103,504**
Amortisation, depreciation and impairment						
Amortisation	(7,748)	(2,813)	(5,182)	(2,036)	-	(17,779)
Depreciation	(15,728)	(544)	(3,137)	(445)	-	(19,854)
Impairment and impairment reversals of non-current assets	(285)	(69)	(16)	-	-	(370)
	(23,761)	**(3,426)**	**(8,335)**	**(2,481)**	**-**	**(38,003)**
Operating result	**34,367**	**27,766**	**26,361**	**(22,993)**	**-**	**65,501**
Financial income, charges and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity	(4)	-	-	-	-	(4)
Other income and charges, impairment and revaluations of financial assets						1,475
Interest income and charges						(19,039)
Other financial income and charges						515
Exchange gains and losses						1,715
Gain (loss) on assets measured at fair value						(2,859)
						(18,197)
Net profit (loss) before tax						**47,304**
Current and deferred income tax						
Current income tax						(25,532)
Deferred tax						3,387
						(22,145)
Total net profit (loss)						**25,159**
Minority interests						(164)
Net profit (loss) attributable to the Group						**25,323**

(*) The figures for First nine months 2015, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.

5. Acquisitions and goodwill

During the first nine months of 2016 the Group continued its external growth and finalized a number of acquisitions of small regional chains with the aim of increasing the coverage: in detail 146 points of sale were purchased in the EMEA region and 29 in the Americas.

The total investment amounted to €70,400 thousand, including debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

A summary of the book values and fair values of assets and liabilities, deriving from the provisional allocation of the purchase price paid in business combinations is provided in the following table.

(€ thousands)	EMEA	Americas	Asia Pacific	Total
Cost of acquisitions of the period	**60,359**	**6,119**	**-**	**66,478**
Assets and liabilities acquired – Book value				
Current assets	7,165	479	-	**7,644**
Current liabilities	(9,447)	(604)	-	**(10,051)**
Net working capital	**(2,282)**	**(125)**	-	**(2,407)**
Other intangible and tangible assets	2,932	889	-	**3,821**
Provisions for risks and charges	(1,734)	-	-	**(1,734)**
Other non-current assets and liabilities	107	(4)	-	**103**
Non-current assets and liabilities	**1,305**	**885**	-	**2,190**
Net invested capital	**(977)**	**760**	-	**(217)**
Minority interests				
Net financial position	**(2,214)**	**(1,708)**	-	**(3,922)**
NET EQUITY ACQUIRED - BOOK VALUE	**(3,191)**	**(948)**	-	**(4,139)**
DIFFERENCE TO BE ALLOCATED	**63,550**	**7,067**	-	**70,617**
ALLOCATIONS				
Customer lists	19,567	731	-	**20,298**
Deferred tax assets	808	41	-	**849**
Deferred tax liabilities	(6,202)	(183)	-	**(6,385)**
Total allocations	**14,172**	589	-	**14,761**
TOTAL GOODWILL	**49,378**	**6,478**	-	**55,856**

Changes in goodwill and the amounts recorded for this, following acquisitions completed in the period, are provided in the following table, divided by country.

(€ thousands)	Net carrying value at 31/12/2015	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 30/09/2016
Italy	540	-	-	-	-	540
France	63,902	4,419	-	-	(27)	68,294
Iberian Peninsula	23,975	-	-	-	-	23,975
Hungary	1,025	-	-	-	8	1,033
Switzerland	13,226	372	-	-	(81)	13,517
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxembourg	9,444	1,000	-	-	-	10,444
Germany	84,215	43,551	-	-	-	127,766
Poland	217	-	-	-	-	217
United Kingdom and Ireland	16,693	-	-	-	(2,405)	14,288
Turkey	1,049	11	-	-	(4)	1,056
Israel	3,647	25	-	-	1	3,673
USA and Canada	74,125	6,478	-	-	(1,643)	78,960
Australia and New Zealand	247,311	-	-	-	4,116	251,427
Goodwill	**572,150**	**55,856**	**-**	**-**	**(35)**	**627,971**

The item “Business combinations” contains the provisional allocation to goodwill of the portion of the purchase price not directly attributable to the fair value of the assets and liabilities, but which reflects the expectations of obtaining a positive contribution in terms of free cash flow for an indefinite period.

The item “Other net changes” refers mainly to exchange losses.

6. Intangible fixed assets

The following table shows the changes in intangible fixed assets:

(€ thousands)	Historical cost at 31/12/2015	Accumulated amortisation and write-downs at 31/12/2015	Net book value at 31/12/2015	Historical cost at 30/09/2016	Accumulated amortisation and write-downs at 30/09/2016	Net book value at 30/09/2016
Software	77,302	(54,375)	22,927	82,599	(59,508)	23,091
Licenses	9,992	(8,365)	1,627	10,460	(8,894)	1,566
Non-competition agreements	3,684	(3,684)	-	4,485	(3,968)	517
Customer lists	178,612	(100,357)	78,255	197,132	(106,829)	90,303
Trademarks and concessions	31,946	(12,644)	19,302	32,710	(14,992)	17,718
Other	18,884	(5,814)	13,070	20,934	(6,657)	14,277
Fixed assets in progress and advances	6,232	-	6,232	7,350	-	7,350
Total	**326,652**	**(185,239)**	**141,413**	**355,670**	**(200,848)**	**154,822**

(€ thousands)	Net book value at 31/12/2015	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/09/2016
Software	22,927	2,863	(1)	(5,639)	6	-	2,935	23,091
Licenses	1,627	324	-	(568)	15	-	168	1,566
Non-competition agreements	-	886	-	(369)	-	-	-	517
Customer lists	78,255	37	-	(8,957)	20,298	-	670	90,303
Trademarks and concessions	19,302	-	-	(1,993)	-	-	409	17,718
Other	13,070	1,696	(318)	(1,044)	672	(5)	206	14,277
Fixed assets in progress and advances	6,232	4,127	(81)	-	313	-	(3,241)	7,350
Total	**141,413**	**9,933**	**(400)**	**(18,570)**	**21,304**	**(5)**	**1,147**	**154,822**

Changes in "business combinations" refer to the provisional purchase price allocation of the acquisitions performed in the period.

The increases of the period in intangible fixed assets are mainly due to the investments in back-office systems and to new implementations on front office and sale support systems.

The item "other net changes" is mainly due to exchange rate fluctuations occurred during the period and to the allocation of the fixed assets in progress and advances completed in the period to the related fixed assets lines.

7. Tangible fixed assets

The following table shows the changes in tangible fixed assets:

(€ thousands)	Historical cost at 31/12/2015	Accumulated amortisation and write-downs at 31/12/2015	Net book value at 31/12/2015	Historical cost at 30/09/2016	Accumulated amortisation and write-downs at 30/09/2016	Net book value at 30/09/2016
Land	162	-	162	162	-	162
Buildings, constructions and leasehold improvements	115,835	(75,551)	40,284	124,071	(82,274)	41,797
Plant and machines	33,685	(25,976)	7,709	37,900	(28,586)	9,314
Industrial and commercial equipment	40,648	(27,039)	13,609	48,027	(31,219)	16,808
Motor vehicles	6,588	(3,410)	3,178	6,293	(3,503)	2,790
Computers and office machinery	35,507	(28,043)	7,464	37,565	(30,145)	7,420
Furniture and fittings	74,639	(49,391)	25,248	81,192	(53,930)	27,262
Other tangible fixed assets	4,148	(3,032)	1,116	468	(335)	133
Fixed assets in progress and advances	3,905	-	3,905	3,364	-	3,364
Total	**315,117**	**(212,442)**	**102,675**	**339,042**	**(229,992)**	**109,050**

(€ thousands)	Net book value at 31/12/2015	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/09/2016
Land	162	-	-	-	-	-	-	162
Buildings, constructions and leasehold improvements	40,284	8,865	(355)	(7,815)	417	(78)	479	41,797
Plant and machines	7,709	2,364	(30)	(1,699)	707	(27)	290	9,314
Industrial and commercial equipment	13,609	3,177	(6)	(2,118)	502	(67)	1,711	16,808
Motor vehicles	3,178	901	(97)	(852)	12	-	(352)	2,790
Computers and office machinery	7,464	1,974	(21)	(2,470)	85	(54)	442	7,420
Furniture and fittings	25,248	5,180	(17)	(4,724)	1,086	(57)	546	27,262
Other tangible fixed assets	1,116	87	(1)	(49)	6	-	(1,026)	133
Fixed assets in progress and advances	3,905	3,106	(48)	-	-	-	(3,599)	3,364
Total	**102,675**	**25,654**	**(575)**	**(19,727)**	**2,815**	**(283)**	**(1,509)**	**109,050**

The investments of the period refer primarily to the enlargement of the network with the opening of shops and to the existing shops' renewal program on the basis of the concept store. This program includes expenditure on opening, renovating and in some cases relocating stores under the Group's strategy of increasing customer focus and increasing operative efficiency.

Changes in "business combinations" refer to the provisional purchase price allocation of the acquisitions performed in the period.

Other net changes were mainly due to exchange rate fluctuations during the period and to the allocation of the fixed assets in progress and advances completed in the period to the related other fixed assets lines.

8. Share capital

At 30 September 2016 the fully paid in and subscribed share capital consisted of 226,041,802 ordinary shares with a par value of €0.02.

At 31 December 2015 share capital was made up of 225,497,697 shares. The increase recorded in the period is due to the exercise of 544,105 stock options, equivalent to 0.2% of the share capital.

During the period, continued the share buy-back program started following the resolution of the Shareholders Meetings held on 21 April 2015 and 18 April 2016 when the Assembly authorized (after revoking the current shares buy-back plan due to expire in October 2016) a new plan of shares buy-back and disposal, pursuant the dispositions of articles 2357 and 2357-ter of the Italian Civil Code and of Legislative Decree n. 58 of 24 February 1998, effective for a period of 18 months starting from 18 April 2016.

The program has the purpose to increase treasury shares in order to service stock-based incentive plans and, if necessary, to ensure the availability of treasury shares to use as a form of payment for acquisitions. As resolved by the shareholders, the treasury shares may be purchased on one or more occasions on a revolving basis for up to a total number of new shares, which together with the treasury shares already held and in accordance with the law, amounts to 10% of the company's share capital. The purchase price of the shares may not be 10% higher or lower than the stock price registered at the close of the trading session prior to each single purchase.

In 2016 1,440,000 shares were purchased under this program at an average price of €8.337.

A total of 1,299,917 of the performance stock grant rights were exercised in the period, as a result of which the Company transferred the same number of treasury shares to the beneficiaries.

At 30 September 2016 the treasury shares held amounted to 6,403,833 or 2.83% of the Company's share capital.

Information relating to the treasury shares held purchased in 2005, 2006, 2007, 2014, 2015, 2016, as well as sold in 2016, is provided below.

	N. of shares	Average purchase price (Euro) FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 31 December 2015	**6,263,750**	**6.345**	**39,740**
Purchases	1,440,000	8.337	12,005
Transfers due to exercise of Performance Stock grants	(1,299,917)	4.120	(5,357)
Total at 30 September 2016	**6,403,833**		**46,388**

9. Net financial position

The Group's net financial position at 30 September 2016 was as follows:

(€ thousands)	30/09/2016	31/12/2015	Change
Liquid funds	(150,226)	(196,714)	46,488
Payables for business acquisitions	14,565	4,581	9,984
Other short term loans- third parties (including current portion)	1,392	967	425
Other financial payables	20,234	13,978	6,256
Non hedge accounting derivative instruments	21	(443)	464
Short-term financial position	**(114,014)**	**(177,631)**	**63,617**
Private placement 2013-2025	116,477	119,408	(2,931)
Eurobond 2013-2018	275,000	275,000	-
Finance lease obligations	1,264	1,130	134
Other medium/long-term debt	289	70	219
Hedging derivatives	(15,585)	(18,516)	2,931
Medium/long-term acquisition payables	2,424	5,450	(3,026)
Net medium and long-term indebtedness	**379,869**	**382,542**	**(2,673)**
Net financial indebtedness	**265,855**	**204,911**	**60,944**

In order to reconcile the above items with the statutory statement of financial position, the breakdown of the following items is provided.

Long-term loans, the private placement 2013-2025, the Eurobond and finance lease obligations are shown in the statutory statement of financial position:

a. under the caption "Medium/long-term financial liabilities" for the long-term portion.

(€ thousands)	30/09/2016
Private placement 2013-2025	116,477
Eurobond 2013-2018	275,000
Finance lease obligations	1,264
Other medium/long-term debt	289
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(914)
Medium/long-term financial liabilities	**392,116**

b. under the caption "short term financial liabilities" for the current portion.

(€ thousands)	30/09/2016
Short term debt	19,043
Current portion of finance lease obligations	1,191
Other short term financial liabilities	**20,234**
Other short term debt (including current portion of other long- term debt)	1,392
Loan, private placement 2013-2025 and Eurobond fees	(728)
Short-term financial liabilities	**20,898**

All the other items in the net financial indebtedness table correspond to items in the statement of financial position schedule.

The **long/medium term portion of the net financial position** reached €379,869 thousand at 30 September 2016 versus €382,542 thousand at 31 December 2015. The change of €2,673 thousand is strictly related to the reclassification to the short term of debts for acquisitions due within a year.

The **short-term net financial position** has registered a negative variation of €63,617 thousand from a positive value of €177,631 thousand at 31 December 2015 to an always positive value of €114,014 thousand at 30 September 2016. The change of the period is mainly explained by € 70,400 thousand related to acquisition investments utilizing the available liquidity.

10. Financial liabilities

Financial liabilities break down as follows:

(€ thousands)	30/09/2016	31/12/2015	Change
Private placement 2013-2025	116,477	119,408	(2,931)
Eurobond 2013-2018	275,000	275,000	-
Long-term financing liabilities	**391,477**	**394,408**	**(2,931)**
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(914)	(1,456)	542
Other medium long term debt	289	70	219
Finance lease obligations	1,264	1,130	134
Total medium/long-term financial liabilities	**392,116**	**394,152**	**(2,036)**
Short term debt:	20,898	14,205	6,693
- of which loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(728)	(740)	12
- of which current-portion of lease obligations	1,191	1,201	(10)
Total short-term financial liabilities	**20,898**	**14,205**	**6,693**
Total financial debt	**413,014**	**408,357**	**4,657**

Main long-term financial liabilities are detailed below.

- Eurobond 2013-2018
  A €275 million 5-year bond loan reserved for non-American institutional investors and listed on the Luxembourg Stock Exchange's Euro MTF market issued on 16 July 2013.

Issue Date	Debtor	Maturity	Face Value (/000)	Fair value (/000)	Nominal interest rate Euro
16-Jul-13	Amplifon S.p.A.	16-Jul-18	275,000	299,070	4.875%
	Total in Euro		**275,000**	**299,070**	**4.875%**

- Private placement 2013-2025
  A USD 130 million private placement issued in the USA by Amplifon USA.

Issue Date	Issuer	Maturity	Currency	Face Value (/000)	Fair value (/000)	Nominal interest rate (*)	Euro Interest rate after hedging (**)
30-May-13	Amplifon USA	31-Jul-20	USD	7,000	7,762	3.85%	3.39%
30-May-13	Amplifon USA	31-Jul-23	USD	8,000	9,713	4.46%	3.90%
31-Jul-13	Amplifon USA	31-Jul-20	USD	13,000	14,440	3.90%	3.42%
31-Jul-13	Amplifon USA	31-Jul-23	USD	52,000	63,317	4.51%	3.90%-3.94%
31-Jul-13	Amplifon USA	31-Jul-25	USD	50,000	63,932	4.66%	4.00%-4.05%
	Total			**130,000**	**159,164**		

(*)The rate applied if the Group's net debt/ EBITDA ratio is less than 2.75x. Above this level a step-up of 25 bps will be applied. When the ratio exceeds 3.25x but is less than or equal to 3.5x. an additional step-up of 25 bps will kick-in. If the ratio exceeds 3.50x an additional step-up of 75 bps will be applied.
(**)The hedging instruments that determine the interest rate as detailed above, are also fixing the exchange rate at 1.2885, the total equivalent of the bond resulting in €100,892 thousand.

The following table shows a breakdown of long-term debt by maturity:

(€ thousands)

Debtor / Repayments	Nominal amount / Maturity date	Average rate 2016 /360	Amount at 31/12/2015	Exchange rate effect	Repayments as at 30/09/2016	New loans	Business combinations	Amount at 30/09/2016	Short-term portion	Medium and LT portion
Eurobond	**EUR 275,000**	4.88%	**275,000**					**275,000**		**275,000**
Bullet 16/7/2018	16/07/2018									
Private placement 2013-2025 Amplifon USA (*)	**USD 7,000**	3.85%	**6,430**	**(158)**				**6,272**		**6,272**
Instalments at 31/1 and 31/7 from 31/1/2014	31/07/2020									
Private placement 2013-2025 Amplifon USA (*)	**USD 8,000**	4.46%	**7,348**	**(180)**				**7,168**		**7,168**
Instalments at 31/1 and 31/7 from 31/1/2014	31/07/2023									
Private placement 2013-2025 Amplifon USA (*)	**USD 13,000**	3.90%	**11,941**	**(293)**				**11,648**		**11,648**
Instalments at 31/1 and 31/7 from 31/1/2014	31/07/2020									
Private placement 2013-2025 Amplifon USA (*)	**USD 52,000**	4.51%	**47,763**	**(1,172)**				**46,591**		**46,591**
Instalments at 31/1 and 31/7 from 31/1/2014	31/07/2023									
Private placement 2013-2025 Amplifon USA (*)	**USD 50,000**	4.66%	**45,926**	**(1,128)**				**44,798**		**44,798**
Instalments at 31/1 and 31/7 from 31/1/2014	31/07/2025									
TOTAL LONG TERM DEBT			**394,408**	**(2,931)**				**391,477**		**391,477**
Other			480	43	(57)	75	153	**694**	405	289
TOTAL			**394,888**	**(2,888)**	**(57)**	**75**	**153**	**392,171**	**405**	**391,766**

(*) Considering the effect of the interest rate and currency hedges the total Euro equivalent of the private placement 2013-2025 is €100,892 thousand.

As highlighted in the table almost all Group's financial debt is long term, with the first significant reimbursement due in 2018.

The following table shows the maturities of medium/long-term debt at 30 September 2016 based on contractual obligations:

(€ thousands)	Private placement 2013-2025 (*)	Eurobond 2013-2018	Other	Total
			289	**289**
2018		275,000		**275,000**
2020	15,522			**15,522**
2023	46,566			**46,566**
2025	38,804			**38,804**
Total	**100,892**	**275,000**	**289**	**376,181**

(*) Amounts related to the private placement are reported at the hedging exchange rate.

11. Non recurring significant events

The result of the period was affected by the following non recurring events:

(€ thousands)		First nine months 2016	First nine months 2015
Operating costs	Transition of the leadership of the Group	-	(6,792)
Other costs and revenues	Advisory fees and expenses related to an acquisition process which was not completed	(2,502)	-
Other costs and revenues	Restructuring costs incurred in the Netherlands	-	(528)
Other costs and revenues	Income generated in the United States as a result of early termination of commercial partnership	-	2,533
Other income and charges, impairment and revaluations of financial assets	Income due to Dilworth Hearing Ltd step up acquisition	-	1,267
Interest income and charges	Income generated in the United States by eliminating the discounting of receivables entirely repaid by a partner following early termination of the commercial partnership	-	1,429
Interest income and charges	Private placement 2006-2016 advanced repayment	-	(4,271)
Operating result		**(2,502)**	**(6,362)**
Current tax Deferred tax	Fiscal impact of above mentioned items	786	2,382
Total		**(1,716)**	**(3,980)**

12. Earnings per share

Basic EPS

Basic earnings per share is obtained by dividing the net profit for the year pertaining to the ordinary shareholders of the parent company by the weighted average number of shares outstanding in the year, considering purchases and disposals of own shares as cancellations and issues of shares.

Earnings per share are determined as follows:

Earnings per share from operating activities	First nine months 2016	First nine months 2015
Net profit (loss) pertaining to ordinary shareholders (€ thousand)	39,337	25,323
Average number of shares outstanding in the year	219,258,685	217,751,701
Average earnings per share (€ per share)	0.17941	0.11629

Diluted earnings per share

Diluted earnings per share is obtained by dividing the net income for the year pertaining to ordinary shareholders of the Parent company by the weighted-average number of shares outstanding during the year adjusted by the diluting effects of potential shares. In the calculation of shares outstanding, purchases and sales of treasury shares are considered as cancellation or issue of shares.

The 'potential ordinary share' categories refer to the possible conversion of Group employees' stock options and stock grants. The computation of the average number of outstanding potential shares is based on the average fair value of shares for the period; stock options and stock grants are excluded from the calculation since they have anti-diluting effects.

Weighted average diluted number of shares outstanding	First nine months 2016	First nine months 2015
Average number of shares outstanding in the year	219,258,685	217,751,701
Weighted average of potential and diluting ordinary shares	5,912,194	7,284,305
Weighted average of shares potentially subject to options in the period	225,170,879	225,036,006

The diluted earnings per share were determined as follows:

Diluted earnings per share	First nine months 2016	First nine months 2015
Net profit pertaining to ordinary shareholders (€ thousand)	39,337	25,323
Average number of shares outstanding in the period	225,170,879	225,036,006
Average diluted earnings per share (€)	0.17470	0.11270

13. Transactions with parent companies and related parties

The Parent company, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is directly controlled by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.
The transactions with related parties, including intercompany transactions do not qualify as atypical or unusual, and fall within the Group's normal course of business and are conducted at arm's-length as dictated by the nature of the goods and services provided.

The following table details transactions with related parties.

(€ thousands)	30/09/2016					First nine months 2016			
	Trade receivables	Trade payables	Other receivables	Financial liabilities	Financial payables	Tax payables	Revenues from sales and services	Operating costs	Interest income and charges
Amplifin S.p.A.	130					1,521		(1,259)	
Total - Parent Company	**130**					**1,521**		**(1,259)**	
Comfoor BV (The Netherlands)	17	178					43	(2,304)	
Comfoor GmbH (Germany)		10						(32)	
Medtechnica Ortophone Shaked Ltd (Israel)	136		5				199		
Ruti Levinson Institute Ltd (Israel)	368						339	(26)	
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	189	3					248		
Total - Related parties	**710**	**191**	**5**	**-**	**-**	**-**	**829**	**(2,362)**	**-**
Bardissi Import (Egypt)		65			101			(852)	
Meders (Turkey)		1,419			14			(2,040)	(4)
Nevo (Israel)	55								
Ortophone (Israel)	6							(240)	
Moti Bahar (Israel)								(308)	
Asher Efrati (Israel)								(253)	
Arigcom (Israel)								(56)	
Tera (Israel)			114					(39)	7
Frederico Abrahao (Brazil)				135	291				(32)
Other			30					30	
Total - Other related parties	**61**	**1,484**	**144**	**135**	**406**	**-**	**-**	**(3,758)**	**(29)**
Total - Related parties	**901**	**1,675**	**149**	**135**	**406**	**1,521**	**829**	**(7,380)**	**(29)**
Total as per financial statements	**113,894**	**105,342**	**45,244**	**392,116**	**20,898**	**127,729**	**803,940**	**(681,037)**	**(13,203)**
% of financial statement totals	**0.79%**	**1.59%**	**0.33%**	**0.03%**	**1.95%**	**1.19%**	**0.10%**	**1.08%**	**0.22%**

The trade receivables, revenue from sales and services and other income with related parties refer primarily to:

- the recovery of maintenance costs and condominium fees and the recharge of personnel costs to Amplifin S.p.A.;
- trade receivables payable by associates (mainly in Israel) which act as resellers and to which the Group supplies hearing aids.

The trade payables and operating costs refer primarily to:

- commercial transactions with Comfoor BV and Comfoor GmbH, joint ventures from which hearing protection devices are purchased and then distributed in Group stores;
- commercial transactions involving the purchase of hearing aids, other products and services in Turkey and Egypt with, respectively, Meders and Bardissi Import (both companies that belong to their minority shareholders). These companies distribute hearing aids in their respective countries and the purchase conditions applied, defined in the Group's framework agreement, are in line with market conditions;
- existing agreements with the parent company Amplifin S.p.A. for:
  - the lease of the property in Milan at Via Ripamonti No. 133, the registered office and Corporate headquarters of Amplifon S.p.A. and ancillary services including routine property maintenance, cafeteria, office cleaning, porters and security;
  - the rental of retail store space;
- the recharge of personnel costs to the Israeli subsidiary by the minority shareholders Moti Bahar and Asher Efrati, as well as rents, administrative and commercial services by Ortophone (Israel).

The tax payables refer to the IRES (Corporate income tax) payable by Amplifon S.p.A. to the parent company as a result of the tax consolidation agreement entered into for the three year period 2014-2016.

Financial transactions refer primarily to loans granted to Group companies in Turkey, Egypt and Brazil by their respective minority shareholders and a long-term receivable payable by an affiliate in Israel.

14. Current and deferred income taxes

Tax rate for the period amounts to 40.8%. Net of losses from subsidiaries for which according to the principle of prudence deferred tax assets are not recognized and profits on which taxes are not paid because of prior tax not recorded in the financial statements due to carried forward tax losses, the tax rate would amount to 34.2% compared to 36.4% in the first nine months of 2015 determined again without taking into account the losses in those subsidiaries.

15. Translation of foreign companies' financial statements

The exchange rates used to translate into Euro non-Italian subsidiaries' financial statements are as follows:

	30 September 2016		2015	30 September 2015	
	Average	As at 30 September	31 December	Average	As at 30 September
Australian dollar	1.505	1.466	1.490	1.463	1.594
Canadian dollar	1.475	1.469	1.512	1.404	1.503
New Zealand dollar	1.613	1.537	1.592	1.576	1.757
US dollar	1.116	1.116	1.089	1.114	1.120
Hungarian florin	312.133	309.790	315.980	309.092	313.450
Swiss franc	1.094	1.088	1.084	1.062	1.092
Egyptian lira	9.604	9.907	8.520	8.524	8.765
Turkish lira	3.277	3.358	3.177	2.971	3.390
New Israeli sheqel	4.287	4.200	4.248	4.334	4.400
Brazilian real	3.956	3.621	4.312	3.526	4.481
Indian rupee	74.916	74.366	72.022	70.855	73.481
British pound	0.803	0.861	0.734	0.727	0.739
Polish zloty	4.358	4.319	4.264	4.157	4.245

16. Guarantees provided, commitments and contingent liabilities

Obligations with regard to future rent instalments amounted at the 30 September 2016 to €201,911 thousand, of which €178,016 thousand relates to the lease of stores, €12,263 thousand relates to the rent of offices, € 8,986 thousand relates to the operating leasing of cars and € 2,646 thousand relates to other operating leasing. The average lease term is equal to 3.7 years.

In Spain, the owner of three stores leased to Amplifon and regularly returned in 2014 when the lease expired, filed suit against Amplifon complaining about the state of the property when it was returned and other alleged breaches. Amplifon believes that the court will find in its favor. In any case, any damage award would not exceed few hundreds of thousand Euros.

Currently the Group is not subject to any other particular risks or uncertainties.

17. Subsequent events

The main events that took place after the end of the period are described below.

In October 2016 execution of the buyback program approved during the Shareholders' Meeting held on 18 April 2016 continued and between the end of the third quarter and the date of this report a total of 120,000 shares were purchased at an average price of € 9.197.

Milan, 26 October 2016

On behalf of the Board of Directors
CEO
Enrico Vita

Annexes

Consolidation Area

As required by §§ 38 and 39 of Law 127/91 and § 126 of Consob's resolution 11971 dated 14 May 1999, as amended by resolution 12475 dated 6 April 2000, the following is the list of companies included in the consolidation area of Amplifon S.p.A. at 30 September 2016.

Parent company:

Company name	Head office	Currency	Share Capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,520,836

Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/09/2016
Amplifon Groupe France SA	Arcueil (France)	D	EUR	48,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Pierre Vertier Audition SAS	Nice (France)	I	EUR	100,000	100.0%
Audiopro SAS	Migennes (France)	I	EUR	8,000	100.0%
AJ2C SAS	Montargis (France)	I	EUR	8,000	100.0%
Lugot Audition Sarl	Alni (France)	I	EUR	5,000	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Fundación Amplifon Iberica	Madrid (Spain)	I	EUR	30,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	720,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	3,500,000	100.0%
Amplibus Magyarország Kft	Budaörs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%
Hörhilfe Walter Blättler AG	Luzern (Switzerland)	D	CHF	100,000	100.0%
Hearing Supplies SA	Lugano (Switzerland)	I	CHF	100,000	100.0%
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
Electro Medical Instruments BV	Doesburg (The Netherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Amplifon Luxemburg Sarl	Luxemburg (Luxembourg)	I	EUR	50,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
Amplifon München GmbH	München (Germany)	I	EUR	1,245,000	100.0%
Amplifon Bayern GmbH	München (Germany)	I	EUR	30,000	100.0%
Sanomed GmbH	Hamburg (Germany)	I	EUR	25,000	100.0%
die Hörmeister GmbH	Hamburg (Germany)	I	EUR	25,000	100.0%
die Hörmeister Nord GmbH	Hamburg (Germany)	I	EUR	25,000	100.0%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/09/2016
Focus Hören AG	Willroth (Germany)	I	EUR	485,555	99.7%
focus hören Deutschland GmbH	Willroth (Germany)	I	EUR	25,000	99.7%
Amplifon Poland Sp.z o.o.	Lodz (Poland)	D	PLN	3,342,640	100.0%
Amplifon UK Ltd	Manchester (United Kingdom)	D	GBP	69,100,000	100.0%
Amplifon Ltd	Manchester (United Kingdom)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (United Kingdom)	I	GBP	75	100.0%
Amplifon Ireland Ltd	Wexford (Ireland)	I	EUR	1,000	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	1,000,125	100.0%
Makstone İşitme Ürünleri Perakende Satış A.Ş.	Istanbul (Turkey)	D	TRY	300,000	51.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,000	60.0%
Bon Ton Hearing & Speech Ltd	Sderot (Israel)	I	ILS	100	60.0%
Kolan Ashdod Speech & Hearing Inst. Ltd	Ashdod (Israel)	I	ILS	100	60.0%
Matan Rishon Ltd	Rishon LeZion (Israel)	I	ILS	200	60.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul – MN (USA)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis – MN (USA)	I	USD	1,000	100.0%
Amplifon USA Inc.	Dover – DE (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care, Inc.	St. Paul – MN (USA)	I	USD	10	100.0%
Ampifon IPA, LLC	New York – NY (USA)	I	USD	1,000	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	11,000,200	100.0%
Audiomedica Hearing Clinic Inc.	Calgary (Canada)	I	CAD	0	100.0%
Hear More Canada, Inc.	Burlington (Canada)	I	CAD	0	100.0%
Amplifon South America Holding LTDA	São Paulo (Brazil)	D	BRL	3,636,348	100.0%
Direito de Ouvir Amplifon Brasil SA	Franca (Brazil)	I	BRL	4,126,463	51.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
ACN 119430018 Pty Ltd (on liquidation)	Sydney (Australia)	I	AUD	0	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	0	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	0	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	0	100.0%
Amplifon India Pvt Ltd	New Delhi (India)	I	INR	750,000,000	100.0%
NHanCe Hearing Care LLP (on liquidation) (**)	New Delhi (India)	I	INR	1,000,000	0.0%

(*) Medtechnica Ortophone Ltd and its subsidiaries despite being owned by Amplifon at 60%, is consolidated 100% without exposure of non-controlling interest due to the put-call option to be exercised in 2017 and related to the purchase of the remaining 40%.
(**) Consolidated entity subject to de facto control by the Amplifon Group.

Companies valued using the equity method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/09/2016
Comfoor BV	Doesburg (The Netherlands)	I	EUR	18,000	50.0%
Comfoor GmbH	Emmerich am Rhein (Germany)	I	EUR	25,000	50.0%
Medtechnica Ortophone Shaked Ltd	Tel Aviv (Israel)	I	ILS	1,001	30.0%
Ruti Levinson Institute Ltd	Ramat HaSharon (Israel)	I	ILS	105	12.0%
Afik - Test Diagnosis & Hearing Aids Ltd	Jerusalem (Israel)	I	ILS	100	12.0%
Lakeside Specialist Centre Ltd	Mairangi Bay (New Zealand)	I	NZD	0	50.0%

Declaration of the Executive Responsible for Corporate Accounting Information pursuant to Article 154-bis of Legislative Decree 58/1998 (Testo Unico della Finanza)

The undersigned Ugo Giorcelli, Chief Financial Officer of the Amplifon Group, as Executive Responsible for Corporate Financial Information hereby declares that the quarterly report at 30 September 2016 corresponds to the results documented in the books, accounting and other records of the Company.

Milan, 26 October 2016

CEO

Enrico Vita

Executive Responsible for Corporate Accounting Information

Ugo Giorcelli