



**Interim Financial Report  
as at 30 June 2017**



TRANSLATION FROM THE ORIGINAL ITALIAN TEXT

**INDEX**

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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 2016 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 JUNE 2017**

## PERIOD HIGHLIGHTS

The Amplifon Group reported very positive results in the first half of 2017, posting strong growth with respect to the comparison period.

The efficacy of the marketing and communication strategy, the intense acquisitions program, above all in core markets, the innovative service model and the execution capabilities made it possible to achieve significant results in terms of both revenues and profitability in all the geographies where the Group is present.

The first six months of the year closed with:

- turnover of €623,780 thousand (+14.6% against the first half of the prior year and +13.4% at constant exchange rates);
- a gross operating margin (EBITDA) of €100,858 thousand, an increase of 18.0% against the first half of 2016 which, net of the non-recurring items, came to 17.5%;
- a net profit of €38,057 thousand which, net of the non-recurring items, was up 27.0%.

Net financial debt amounted to €300,536 thousand at 30 June 2017, an increase of €76,115 thousand against 31 December 2016. The increase in debt is mainly the consequence of the acquisitions made in the period (€75,314 thousand), the purchase of treasury shares net of the proceeds from the exercise of stock options (€15,229 thousand) and the payment of dividends to shareholders (€15,271 thousand). The ability of ordinary operations to generate excellent cash flow was confirmed with free cash flow reaching a positive €32,526 thousand (versus €19,954 thousand in the first half of the prior year) after absorbing capital expenditure which was €7,898 thousand higher than in the comparison period.

## MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First Half 2017				First Half 2016				Change % on recurring
	Recurring	Non recurring	Total	% on recurring	Recurring	Non recurring	Total	% on recurring	
<b>Economic data:</b>									
Revenues from sales and services	623,780	-	623,780	100.0%	544,211	-	544,211	100.0%	14.6%
Gross operating margin (EBITDA)	103,398	(2,540)	100,858	16.6%	87,991	(2,502)	85,489	16.2%	17.5%
Operating result before amortisation and impairment of customer lists (EBITA)	81,919	(2,540)	79,379	13.1%	69,842	(2,502)	67,340	12.8%	17.3%
Operating income (EBIT)	72,966	(2,540)	70,426	11.7%	62,202	(2,502)	59,700	11.4%	17.3%
Profit (loss) before tax	63,508	(2,540)	60,968	10.2%	52,869	(2,502)	50,367	9.7%	20.1%
Group net profit (loss)	39,795	(1,738)	38,057	6.4%	31,343	(1,716)	29,627	5.8%	27.0%

(€ thousands)	30/06/2017	31/12/2016	Change
<b>Financial data:</b>			
Non-current assets	1,042,402	968,317	74,085
Net invested capital	860,965	782,081	78,884
Group net equity	560,171	557,371	2,800
Total net equity	560,429	557,660	2,769
Net financial indebtedness	300,536	224,421	76,115

(€ thousands)	First Half 2017	First Half 2016
<b>Free cash flow</b>	<b>32,526</b>	<b>19,954</b>
Cash flow generated (absorbed) by acquisition activities	(75,314)	(15,465)
(Purchase) sale of other investments, businesses and securities	19	18
Cash flow provided by (used in) financing activities	(31,771)	(14,850)
<b>Net cash flow from the period</b>	<b>(74,540)</b>	<b>(10,343)</b>
Effect of exchange rate fluctuations on the net financial position	(1,575)	1,453
<b>Net cash flow from the period with changes for exchange rate fluctuations</b>	<b>(76,115)</b>	<b>(8,890)</b>

- **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.

## INDICATORS

	30/06/2017	31/12/2016	30/06/2016
Net financial indebtedness (€ thousands)	300,536	224,421	213,801
Net Equity (€ thousands)	560,429	557,660	516,271
Group Net Equity (€ thousands)	560,171	557,371	515,735
Net financial indebtedness/Net Equity	0.54	0.40	0.41
Net financial indebtedness/Group Net Equity	0.54	0.40	0.41
Net financial indebtedness/EBITDA	1.46	1.17	1.17
EBITDA/Net financial charges	11.85	11.19	11.87
Earnings per share (EPS) (€)	0.17390	0.29008	0.13518
Diluted EPS (€)	0.16945	0.28262	0.13160
Earnings per share – Recurring operations (EPS) (€)	0.18184	0.32293	0.14301
Diluted EPS – Recurring operations (€)	0.17719	0.31463	0.13922
Net Equity per share (€)	2.556	2.542	2.350
Period-end price (€)	11.560	9.050	8.410
Highest price in period (€)	13.130	10.080	8.890
Lowest price in period (€)	8.415	6.710	6.710
Share price/net equity per share	4.523	3.560	3.578
Market capitalisation (€ millions)	2,615.86	2,047.22	1,845.39
Number of shares outstanding	219,150,504	219,252,051	219,428,510

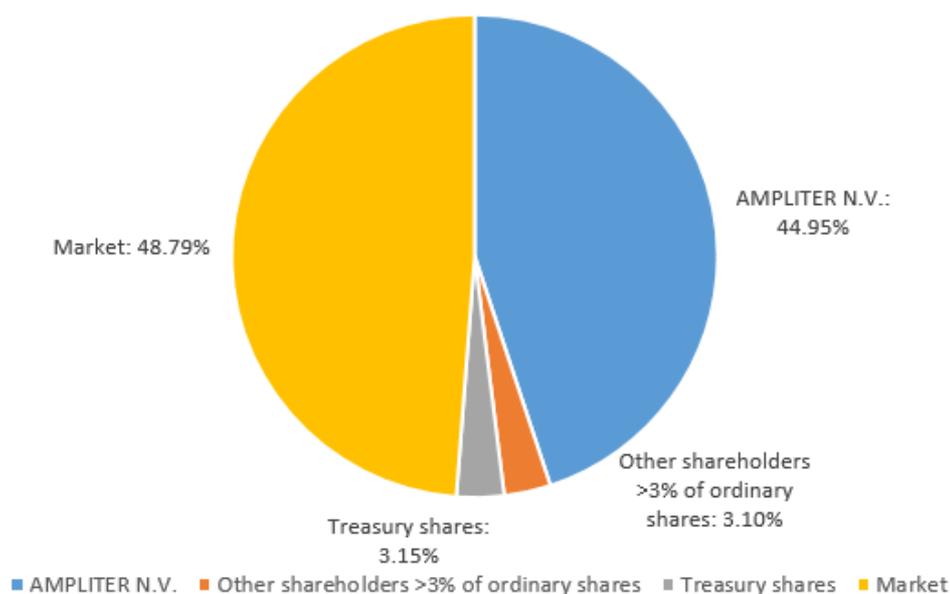
- The **net financial indebtedness/net equity** ratio is the ratio of net financial indebtedness to total net equity.
- The **net financial indebtedness/Group net equity** ratio is the ratio of the net financial indebtedness to the Group's net equity.
- The **net financial indebtedness/EBITDA** ratio 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 June 2017 are:



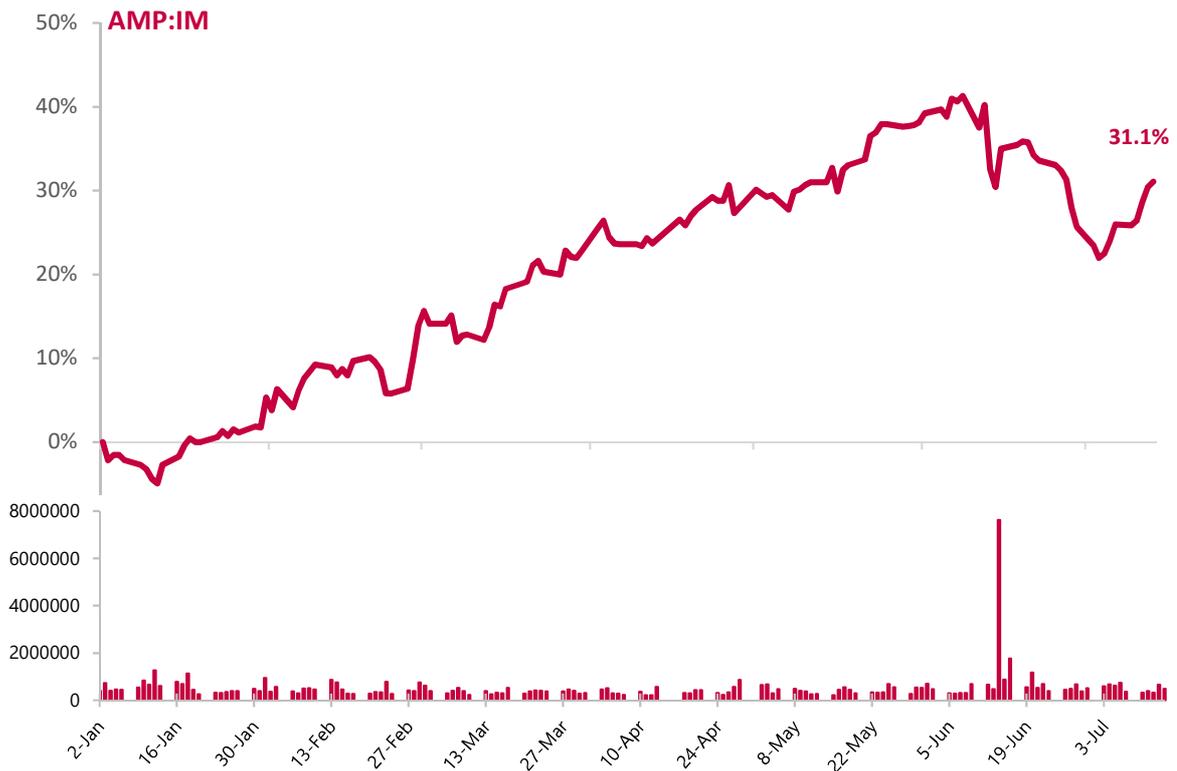
Shareholder	No. of ordinary shares	% held	% of the total share capital in voting right
Ampliter N.V.	101,715,003	44.95%	62.07%
Other shareholders >3% of ordinary shares	7,021,232	3.10%	2.14%
Treasury shares	7,134,582	3.15%	2.17%
Market	110,414,269	48.79%	33.62%
<b>Total</b>	<b>226,285,086 (*)</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) Number of shares related to the share capital registered with the "Registro delle Imprese" on June 30, 2017.

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 2 January 2017 to 14 July 2017.



As at 30 June 2017 market capitalisation was €2,615.86 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 2 January 2017 – 30 June 2017, showed:

- average daily value: €5,840,959.11;
- average daily volume: 530,460 shares;
- total volume traded 67,368,412 shares or 30.74% of the total number of shares comprising company capital, net of treasury shares.

## CONSOLIDATED INCOME STATEMENT

(€ thousands)	First Half 2017				First Half 2016				Change % on recurring
	Recurring	Non recurring (*)	Total	% on recurring	Recurring	Non recurring (*)	Total	% on recurring	
Revenues from sales and services	623,780	-	623,780	100.0%	544,211	-	544,211	100.0%	14.6%
Operating costs	(521,608)	(2,540)	(524,148)	-83.6%	(455,709)	-	(455,709)	-83.7%	14.5%
Other costs and revenues	1,226	-	1,226	0.2%	(511)	(2,502)	(3,013)	-0.1%	-339.9%
<b>Gross operating profit (EBITDA)</b>	<b>103,398</b>	<b>(2,540)</b>	<b>100,858</b>	<b>16.6%</b>	<b>87,991</b>	<b>(2,502)</b>	<b>85,489</b>	<b>16.2%</b>	<b>17.5%</b>
Depreciation and write-downs of non-current assets	(21,479)	-	(21,479)	-3.4%	(18,149)	-	(18,149)	-3.3%	18.3%
<b>Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)</b>	<b>81,919</b>	<b>(2,540)</b>	<b>79,379</b>	<b>13.1%</b>	<b>69,842</b>	<b>(2,502)</b>	<b>67,340</b>	<b>12.8%</b>	<b>17.3%</b>
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(8,953)	-	(8,953)	-1.4%	(7,640)	-	(7,640)	-1.4%	17.2%
<b>Operating profit (EBIT)</b>	<b>72,966</b>	<b>(2,540)</b>	<b>70,426</b>	<b>11.7%</b>	<b>62,202</b>	<b>(2,502)</b>	<b>59,700</b>	<b>11.4%</b>	<b>17.3%</b>
Income, expenses, valuation and adjustments of financial assets	197	-	197	0.0%	190	-	190	0.0%	3.7%
Net financial expenses	(9,670)	-	(9,670)	-1.6%	(9,332)	-	(9,332)	-1.7%	3.6%
Exchange differences and non hedge accounting instruments	15	-	15	0.0%	(191)	-	(191)	0.0%	-107.9%
<b>Profit (loss) before tax</b>	<b>63,508</b>	<b>(2,540)</b>	<b>60,968</b>	<b>10.2%</b>	<b>52,869</b>	<b>(2,502)</b>	<b>50,367</b>	<b>9.7%</b>	<b>20.1%</b>
Tax	(23,699)	802	(22,897)	-3.8%	(21,421)	786	(20,635)	-3.9%	10.6%
<b>Net profit (loss)</b>	<b>39,809</b>	<b>(1,738)</b>	<b>38,071</b>	<b>6.4%</b>	<b>31,448</b>	<b>(1,716)</b>	<b>29,732</b>	<b>5.8%</b>	<b>26.6%</b>
Profit (loss) of minority interests	14	-	14	0.0%	105	-	105	0.0%	-86.7%
<b>Net profit (loss) attributable to the Group</b>	<b>39,795</b>	<b>(1,738)</b>	<b>38,057</b>	<b>6.4%</b>	<b>31,343</b>	<b>(1,716)</b>	<b>29,627</b>	<b>5.8%</b>	<b>27.0%</b>

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

(€ thousands)	Second Quarter 2017				Second Quarter 2016				Change % on recurring
	Recurring	Non recurring (*)	Total	% on recurring	Recurring	Non recurring (*)	Total	% on recurring	
Revenues from sales and services	327,682	-	327,682	100.0%	289,691	-	289,691	100.0%	13.1%
Operating costs	(266,842)	(2,540)	(269,382)	-81.4%	(236,065)	-	(236,065)	-81.5%	13.0%
Other costs and revenues	1,698	-	1,698	0.5%	370	(2,502)	(2,132)	0.1%	358.9%
<b>Gross operating profit (EBITDA)</b>	<b>62,538</b>	<b>(2,540)</b>	<b>59,998</b>	<b>19.1%</b>	<b>53,996</b>	<b>(2,502)</b>	<b>51,494</b>	<b>18.6%</b>	<b>15.8%</b>
Depreciation and write-downs of non-current assets	(10,914)	-	(10,914)	-3.3%	(9,228)	-	(9,228)	-3.2%	18.3%
<b>Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)</b>	<b>51,624</b>	<b>(2,540)</b>	<b>49,084</b>	<b>15.8%</b>	<b>44,768</b>	<b>(2,502)</b>	<b>42,266</b>	<b>15.5%</b>	<b>15.3%</b>
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(4,654)	-	(4,654)	-1.4%	(3,933)	-	(3,933)	-1.4%	18.3%
<b>Operating profit (EBIT)</b>	<b>46,970</b>	<b>(2,540)</b>	<b>44,430</b>	<b>14.3%</b>	<b>40,835</b>	<b>(2,502)</b>	<b>38,333</b>	<b>14.1%</b>	<b>15.0%</b>
Income, expenses, valuation and adjustments of financial assets	104	-	104	0.0%	15	-	15	0.0%	593.3%
Net financial expenses	(4,837)	-	(4,837)	-1.5%	(4,585)	-	(4,585)	-1.6%	5.5%
Exchange differences and non hedge accounting instruments	(45)	-	(45)	0.0%	(135)	-	(135)	0.0%	-66.7%
<b>Profit (loss) before tax</b>	<b>42,192</b>	<b>(2,540)</b>	<b>39,652</b>	<b>12.9%</b>	<b>36,130</b>	<b>(2,502)</b>	<b>33,628</b>	<b>12.5%</b>	<b>16.8%</b>
Tax	(15,194)	802	(14,392)	-4.6%	(13,254)	786	(12,468)	-4.6%	14.6%
<b>Net profit (loss)</b>	<b>26,998</b>	<b>(1,738)</b>	<b>25,260</b>	<b>8.2%</b>	<b>22,876</b>	<b>(1,716)</b>	<b>21,160</b>	<b>7.9%</b>	<b>18.0%</b>
Profit (loss) of minority interests	(14)	-	(14)	0.0%	106	-	106	0.0%	-113.2%
<b>Net profit (loss) attributable to the Group</b>	<b>27,012</b>	<b>(1,738)</b>	<b>25,274</b>	<b>8.2%</b>	<b>22,770</b>	<b>(1,716)</b>	<b>21,054</b>	<b>7.9%</b>	<b>18.6%</b>

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

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

(€ thousands)	First Half 2017	First Half 2016	Second Quarter 2017	Second Quarter 2016
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	(2,540)	-	(2,540)	-
Advisory fees and expenses related to an acquisition process not completed	-	(2,502)	-	(2,502)
<b>Impact of the non-recurring items on EBITDA</b>	<b>(2,540)</b>	<b>(2,502)</b>	<b>(2,540)</b>	<b>(2,502)</b>
<b>Impact of the non-recurring items on EBIT</b>	<b>(2,540)</b>	<b>(2,502)</b>	<b>(2,540)</b>	<b>(2,502)</b>
<b>Impact of the non-recurring items pre-tax</b>	<b>(2,540)</b>	<b>(2,502)</b>	<b>(2,540)</b>	<b>(2,502)</b>
Impact of the above items on the tax burden of the period	802	786	802	786
<b>Impact of the non-recurring items on total net result</b>	<b>(1,738)</b>	<b>(1,716)</b>	<b>(1,738)</b>	<b>(1,716)</b>

## 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)	30/06/2017	31/12/2016	Change
Goodwill	673,331	635,132	38,199
Non-competition agreements, trademarks, customer lists and lease rights	137,465	110,401	27,064
Software, licences, other intangible fixed assets, fixed assets in progress and advances	50,764	51,505	(741)
Tangible assets	130,206	119,794	10,412
Financial fixed assets (1)	43,257	45,271	(2,014)
Other non-current financial assets (1)	7,379	6,214	1,165
<b>Non-current assets</b>	<b>1,042,402</b>	<b>968,317</b>	<b>74,085</b>
Inventories	39,209	31,370	7,839
Trade receivables	134,656	127,278	7,378
Other receivables	47,618	42,162	5,456
<b>Current assets (A)</b>	<b>221,483</b>	<b>200,810</b>	<b>20,673</b>
<b>Operating assets</b>	<b>1,263,885</b>	<b>1,169,127</b>	<b>94,758</b>
Trade payables	(124,574)	(131,181)	6,607
Other payables (2)	(135,131)	(121,037)	(14,094)
Provisions for risks and charges (current portion)	(4,499)	(2,346)	(2,153)
<b>Current liabilities (B)</b>	<b>(264,204)</b>	<b>(254,564)</b>	<b>(9,640)</b>
<b>Net working capital (A) - (B)</b>	<b>(42,721)</b>	<b>(53,754)</b>	<b>11,033</b>
Derivative instruments (3)	(8,130)	(10,212)	2,082
Deferred tax assets	44,209	40,744	3,465
Deferred tax liabilities	(68,945)	(62,405)	(6,540)
Provisions for risks and charges (non-current portion)	(60,878)	(59,341)	(1,537)
Liabilities for employees' benefits (non-current portion)	(16,691)	(16,609)	(82)
Loan fees (4)	1,098	1,468	(370)
Other non-current payables	(29,379)	(26,127)	(3,252)
<b>NET INVESTED CAPITAL</b>	<b>860,965</b>	<b>782,081</b>	<b>78,884</b>
Group net equity	560,171	557,371	2,800
Minority interests	258	289	(31)
<b>Total net equity</b>	<b>560,429</b>	<b>557,660</b>	<b>2,769</b>
Net medium and long-term financial indebtedness (4)	380,329	379,566	763
Net short-term financial indebtedness (4)	(79,793)	(155,145)	75,352
<b>Total net financial indebtedness</b>	<b>300,536</b>	<b>224,421</b>	<b>76,115</b>
<b>OWN FUNDS AND NET FINANCIAL INDEBTEDNESS</b>	<b>860,965</b>	<b>782,081</b>	<b>78,884</b>

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 item "Net medium and long-term financial indebtedness";
- (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 Half 2017	First Half 2016
<b>Operating profit (EBIT)</b>	<b>70,426</b>	<b>59,700</b>
Amortization, depreciation and write down	30,432	25,789
Provisions, other non-monetary items and gain/losses from disposals	16,477	9,688
Net financial expenses	(8,910)	(8,767)
Taxes paid	(16,632)	(20,934)
Changes in net working capital	(30,512)	(24,665)
<b>Cash flow generated from (absorbed by) operating activities (A)</b>	<b>61,281</b>	<b>40,811</b>
Cash flow generated from (absorbed by) operating investing activities (B)	(28,755)	(20,857)
<b>Free cash flow (A+B)</b>	<b>32,526</b>	<b>19,954</b>
Cash flow generated from (absorbed by) business combinations (C)	(75,314)	(15,465)
(Purchase) sale of other investments, securities and reductions of earn outs (D)	19	18
<b>Cash flow generated from (absorbed by) investing activities (B+C+D)</b>	<b>(104,050)</b>	<b>(36,304)</b>
<b>Cash flow generated from (absorbed by) operating and investing activities</b>	<b>(42,769)</b>	<b>4,507</b>
Dividends	(15,271)	(9,427)
Fees paid on medium/long-term financing	(75)	-
Treasury shares	(15,629)	(7,511)
Capital increases, third parties contributions, dividends paid to third parties by subsidiaries	(3)	1,196
Hedging instruments and other changes in non-current assets	(793)	892
<b>Net cash flow from the period</b>	<b>(74,540)</b>	<b>(10,343)</b>
<b>Net financial indebtedness at the beginning of the period</b>	<b>(224,421)</b>	<b>(204,911)</b>
Effect of the exchange rate fluctuations on the net financial position	(1,575)	1,453
Change in net financial position	(74,540)	(10,343)
<b>Net financial indebtedness at the end of the period</b>	<b>(300,536)</b>	<b>(213,801)</b>

The impact of non-recurring transactions on free cash flow in the period is shown in the following table.

(€ thousands)	First Half 2017	First Half 2016
<b>Free cash flow</b>	<b>32,526</b>	<b>19,954</b>
Free cash flow generated by non-recurring transactions (see page 45 for details)	(357)	(2,919)
<b>Free cash flow generated by recurring transactions</b>	<b>32,883</b>	<b>22,873</b>

## INCOME STATEMENT REVIEW

### Consolidated income statement by segment and geographic area (\*)

(€ thousands)	First Half 2017				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	418,527	116,460	87,989	804	623,780
Operating costs	(351,957)	(94,824)	(62,729)	(14,638)	(524,148)
Other costs and revenues	1,352	87	(108)	(105)	1,226
<b>Gross operating profit (EBITDA)</b>	<b>67,922</b>	<b>21,723</b>	<b>25,152</b>	<b>(13,939)</b>	<b>100,858</b>
Depreciation and write-downs of non-current assets	(13,973)	(2,145)	(3,274)	(2,087)	(21,479)
<b>Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)</b>	<b>53,949</b>	<b>19,578</b>	<b>21,878</b>	<b>(16,026)</b>	<b>79,379</b>
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(4,993)	(319)	(3,345)	(296)	(8,953)
<b>Operating profit (EBIT)</b>	<b>48,956</b>	<b>19,259</b>	<b>18,533</b>	<b>(16,322)</b>	<b>70,426</b>
Income, expenses, valuation and adjustments of financial assets					197
Net financial expenses					(9,670)
Exchange differences and non-hedge accounting instruments					15
<b>Profit (loss) before tax</b>					<b>60,968</b>
Tax					(22,897)
<b>Net profit (loss)</b>					<b>38,071</b>
Profit (loss) of minority interests					14
<b>Net profit (loss) attributable to the Group</b>					<b>38,057</b>

(€ thousands)	First Half 2017 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	418,527	116,460	87,989	804	623,780
Gross operating profit (EBITDA)	70,462	21,723	25,152	(13,939)	103,398
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	56,489	19,578	21,878	(16,026)	81,919
Operating profit (EBIT)	51,496	19,259	18,533	(16,322)	72,966
Profit (loss) before tax					63,508
Net profit (loss) attributable to the Group					39,795

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

(€ thousands)	First Half 2016				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	366,229	101,471	76,077	434	544,211
Operating costs	(308,010)	(82,547)	(52,802)	(12,350)	(455,709)
Other costs and revenues	(428)	43	(82)	(2,546)	(3,013)
<b>Gross operating profit (EBITDA)</b>	<b>57,791</b>	<b>18,967</b>	<b>23,193</b>	<b>(14,462)</b>	<b>85,489</b>
Depreciation and write-downs of non-current assets	(12,060)	(1,895)	(2,384)	(1,810)	(18,149)
<b>Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)</b>	<b>45,731</b>	<b>17,072</b>	<b>20,809</b>	<b>(16,272)</b>	<b>67,340</b>
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(4,080)	(272)	(3,141)	(147)	(7,640)
<b>Operating profit (EBIT)</b>	<b>41,651</b>	<b>16,800</b>	<b>17,668</b>	<b>(16,419)</b>	<b>59,700</b>
Income, expenses, valuation and adjustments of financial assets					190
Net financial expenses					(9,332)
Exchange differences and non-hedge accounting instruments					(191)
<b>Profit (loss) before tax</b>					<b>50,367</b>
Tax					(20,635)
<b>Net profit (loss)</b>					<b>29,732</b>
Profit (loss) of minority interests					105
<b>Net profit (loss) attributable to the Group</b>					<b>29,627</b>

(€ thousands)	First Half 2016 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	366,229	101,471	76,077	434	544,211
Gross operating profit (EBITDA)	57,791	18,967	23,193	(11,960)	87,991
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	45,731	17,072	20,809	(13,770)	69,842
Operating profit (EBIT)	41,651	16,800	17,668	(13,917)	62,202
Profit (loss) before tax					52,869
Net profit (loss) attributable to the Group					31,343

(€ thousands)	Second Quarter 2017				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	223,349	58,722	45,163	448	327,682
Operating costs	(183,141)	(46,828)	(31,966)	(7,447)	(269,382)
Other costs and revenues	1,875	4	(52)	(129)	1,698
<b>Gross operating profit (EBITDA)</b>	<b>42,083</b>	<b>11,898</b>	<b>13,145</b>	<b>(7,128)</b>	<b>59,998</b>
Depreciation and write-downs of non-current assets	(7,163)	(1,065)	(1,624)	(1,062)	(10,914)
<b>Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)</b>	<b>34,920</b>	<b>10,833</b>	<b>11,521</b>	<b>(8,190)</b>	<b>49,084</b>
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(2,793)	(149)	(1,637)	(75)	(4,654)
<b>Operating profit (EBIT)</b>	<b>32,127</b>	<b>10,684</b>	<b>9,884</b>	<b>(8,265)</b>	<b>44,430</b>
Income, expenses, valuation and adjustments of financial assets					104
Net financial expenses					(4,837)
Exchange differences and non hedge accounting instruments					(45)
<b>Profit (loss) before tax</b>					<b>39,652</b>
Tax					(14,392)
<b>Net profit (loss)</b>					<b>25,260</b>
Profit (loss) of minority interests					(14)
<b>Net profit (loss) attributable to the Group</b>					<b>25,274</b>

(€ thousands)	Second Quarter 2017 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	223,349	58,722	45,163	448	327,682
Gross operating profit (EBITDA)	44,623	11,898	13,145	(7,128)	62,538
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	37,460	10,833	11,521	(8,190)	51,624
Operating profit (EBIT)	34,667	10,684	9,884	(8,265)	46,970
Profit (loss) before tax					42,192
Net profit (loss) attributable to the Group					27,012

Second Quarter 2016					
(€ thousands)					
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	196,330	51,489	41,642	230	289,691
Operating costs	(159,663)	(42,062)	(27,756)	(6,584)	(236,065)
Other costs and revenues	396	58	(42)	(2,544)	(2,132)
<b>Gross operating profit (EBITDA)</b>	<b>37,063</b>	<b>9,485</b>	<b>13,844</b>	<b>(8,898)</b>	<b>51,494</b>
Depreciation and write-downs of non-current assets	(6,112)	(933)	(1,257)	(926)	(9,228)
<b>Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)</b>	<b>30,951</b>	<b>8,552</b>	<b>12,587</b>	<b>(9,824)</b>	<b>42,266</b>
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(2,070)	(135)	(1,580)	(148)	(3,933)
<b>Operating profit (EBIT)</b>	<b>28,881</b>	<b>8,417</b>	<b>11,007</b>	<b>(9,972)</b>	<b>38,333</b>
Income, expenses, valuation and adjustments of financial assets					15
Net financial expenses					(4,585)
Exchange differences and non hedge accounting instruments					(135)
<b>Profit (loss) before tax</b>					<b>33,628</b>
Tax					(12,468)
<b>Net profit (loss)</b>					<b>21,160</b>
Profit (loss) of minority interests					106
<b>Net profit (loss) attributable to the Group</b>					<b>21,054</b>

Second Quarter 2016 – Only recurring operations					
(€ thousands)					
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	196,330	51,489	41,642	230	289,691
Gross operating profit (EBITDA)	37,063	9,485	13,844	(6,396)	53,996
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	30,951	8,552	12,587	(7,322)	44,768
Operating profit (EBIT)	28,881	8,417	11,007	(7,470)	40,835
Profit (loss) before tax					36,130
Net profit (loss) attributable to the Group					22,770

## Revenues from sales and services

(€ thousands)	First Half 2017	First Half 2016	Change	Change %
Revenues from sales and services	623,780	544,211	79,569	14.6%

(€ thousands)	Second Quarter 2017	Second Quarter 2016	Change	Change %
Revenues from sales and services	327,682	289,691	37,991	13.1%

Consolidated revenues from sales and services reached €623,780 thousand in the first half of 2017, versus €544,211 thousand in the same period 2016, an increase of €79,569 thousand (+14.6%) driven across all segments by organic growth including the contribution made by newly opened stores and acquisitions which reached €33,923 thousand (+6.2%), while the foreign exchange differences had a positive impact of €6,351 thousand (+1.2%).

In the second quarter alone, consolidated revenues from sales and services amounted to €327,682 thousand, an increase of €37,991 thousand (+13.1%) against the same period of the prior year explained for €19,804 thousand (+6.8%) by acquisitions, for €16,134 thousand (+5.6%) by organic growth, while the foreign exchange differences had a positive impact of €2,053 thousand (+0.7%).

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

(€ thousands)	First Half 2017	%	First Half 2016	%	Change	Change %	Exchange diff.	Change % in local currency
EMEA	418,527	67.1%	366,229	67.3%	52,298	14.3%	(2,593)	15.0%
Americas	116,460	18.7%	101,471	18.6%	14,989	14.8%	3,597	11.3%
Asia Pacific	87,989	14.1%	76,077	14.0%	11,912	15.7%	5,347	8.7%
Corporate	804	0.1%	434	0.1%	370	84.6%		
<b>Total</b>	<b>623,780</b>	<b>100.0%</b>	<b>544,211</b>	<b>100.0%</b>	<b>79,569</b>	<b>14.6%</b>	<b>6,351</b>	<b>13.4%</b>

### Europe, Middle-East and Africa

Period (€ thousands)	2017	2016	Change	Change %
I quarter	195,178	169,899	25,279	14.9%
II quarter	223,349	196,330	27,019	13.8%
<b>I Half Year</b>	<b>418,527</b>	<b>366,229</b>	<b>52,298</b>	<b>14.3%</b>

Revenues from sales and services reached €418,527 thousand in the first half of 2017, versus €366,229 thousand in the same period 2016, an increase of €52,298 thousand (+14.3%) explained for €29,353 thousand (+8.0%) by acquisitions, for €25,538 thousand (+7.0%) by organic growth including the contribution made by newly opened stores, while foreign exchange differences had a negative impact of €2,593 thousand (-0.7%).

In Italy revenues continued to grow at a solid pace driven by the marketing campaign which was sustained by the sizeable investments made in both digital channels and CRM. There was a strong increase in revenues in France explained by the integration of the AudioNova stores acquired in March, other acquisitions made in the last year and sustained organic growth. Growth continued in Germany as a result, primarily, of the numerous acquisitions made. An exceptional performance was posted in the Iberian Peninsula fueled by double digit organic growth and the contribution made by the MiniSom SA acquisition in Portugal finalized in April. Double digit organic growth was also posted in Switzerland, Hungary, Poland and the United Kingdom where the results, for the latter, confirm the validity of the new commercial and marketing strategy. Flattish performance was recorded in the Netherlands, in Belgium and Luxembourg, explained by the particularly challenging comparison. The performance recorded in the Middle East and Africa was impacted by a particularly negative foreign exchange effect, notwithstanding solid growth, mainly organic.

In the second quarter alone, revenues from sales and services amounted to €223,349 thousand, an increase of €27,019 thousand (+13.8%) against the same period of the prior year explained for €17,329 thousand (+8.8%) by acquisitions, for €10,794 thousand (+5.6%) by organic growth, while the foreign exchange differences had a negative impact of €1,104 thousand (-0.6%).

### Americas

Period (€ thousands)	2017	2016	Change	Change %
I quarter	57,738	49,982	7,756	15.5%
II quarter	58,722	51,489	7,233	14.0%
<b>I Half Year</b>	<b>116,460</b>	<b>101,471</b>	<b>14,989</b>	<b>14.8%</b>

Revenues from sales and services reached €116,460 thousand in the first half of 2017 versus €101,471 thousand in the same period of 2016, an increase of €14,989 thousand (+14.8%) explained for €8,307 thousand (+8.3%) by organic growth, including the contribution of newly opened stores, for €3,085 thousand (+3.0%) by acquisitions, while foreign exchange differences had a positive impact of €3,597 thousand (+3.5%).

The revenue growth in the United States is attributable primarily to the positive outcome of the agreements with some premiere insurance companies which drove Amplifon Hearing Health Care's performance, Miracle-Ear's robust growth trend and the contribution of Elite Hearing Network thanks to the entry of new members. Excellent results were also posted in Canada, thanks to the contribution of the acquisitions made in the last year that doubled the network (46 points of sale compared to 21 stores at 30 June 2016).

In the second quarter alone, revenues from sales and services amounted to €58,722 thousand, an increase of €7,233 thousand (+14.0%) against the same period of the prior year explained for €4,205 thousand (+8.2%) by organic growth including the contribution of new opened stores, for €1,613 thousand (+3.1%) by acquisitions, while foreign exchange differences had a positive impact of €1,415 thousand (+2.7%).

### Asia Pacific

Period (€ thousands)	2017	2016	Change	Change %
I quarter	42,826	34,435	8,391	24.4%
II quarter	45,163	41,642	3,521	8.5%
<b>I Half Year</b>	<b>87,989</b>	<b>76,077</b>	<b>11,912</b>	<b>15.7%</b>

Revenues from sales and services reached €87,989 thousand in the first half of 2017 versus €76,077 thousand in the same period of 2016, an increase of €11,912 thousand (+15.7%) explained for €5,081 thousand (+6.7%) by organic growth including the contribution of newly opened stores, for €1,484 thousand (+2.0%) by acquisitions, while foreign exchange differences had a positive impact of €5,347 thousand (+7.0%).

A good performance was recorded in Australia despite the slower organic growth in the second quarter due to fewer working days in a weaker market environment and an extremely challenging comparison base. Organic growth was solid in New Zealand where double digit growth in revenues was recorded, while in India the organic growth was coupled with the benefits of acquiring 37 stores in January.

In the second quarter alone, revenues from sales and services amounted to €45,163 thousand, an increase of €3,521 thousand (+8.5%) against the same period of the prior year which includes the €1,742 thousand (+4.2%) in positive foreign exchange differences.

## Gross operating profit (EBITDA)

(€ thousands)	First Half 2017			First Half 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	103,398	(2,540)	100,858	87,991	(2,502)	85,489

(€ thousands)	Second Quarter 2017			Second Quarter 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	62,538	(2,540)	59,998	53,996	(2,502)	51,494

Gross operating profit (EBITDA) amounted to €100,858 thousand in the first half of 2017 (with an EBITDA margin of 16.2%) versus €85,489 thousand in the same period of the prior year (and an EBITDA margin of 15.7%), an increase of €15,369 thousand (+18.0%). The EBITDA margin rose 0.5 percentage points (p.p.).

In the second quarter alone, gross operating profit (EBITDA) amounted to €59,998 thousand, an increase of €8,504 thousand (+16.5%) against the second quarter of the prior year. The EBITDA margin rose 0.5 p.p. against the comparison period to 18.3%.

The result for the period reflects the non-recurring costs of €2,540 thousand incurred relating to the integration of the AudioNova businesses acquired in France and in Portugal. We remind that non-recurring costs of €2,502 thousand were incurred in the same period of 2016 linked to an acquisition which was not completed.

Net of these items and the €2,394 thousand in positive exchange differences, the increase against the comparison period reaches €13,013 thousand (+14.8%) for the full half and €7,658 thousand (+14.2%) for the second quarter alone.

The recurring EBITDA margin came to 16.6% in the first half (+0.4 p.p. against the comparison period) and to 19.1% in the second quarter alone (+0.5 p.p. against the comparison period).

The following table shows a breakdown of EBITDA by segment:

(€ thousands)	First Half 2017	EBITDA Margin	First Half 2016	EBITDA Margin	Change	Change %
EMEA	67,922	16.2%	57,791	15.8%	10,131	17.5%
Americas	21,723	18.7%	18,967	18.7%	2,756	14.5%
Asia Pacific	25,152	28.6%	23,193	30.5%	1,959	8.4%
Corporate (*)	(13,939)	-2.2%	(14,462)	-2.7%	523	3.6%
<b>Total</b>	<b>100,858</b>	<b>16.2%</b>	<b>85,489</b>	<b>15.7%</b>	<b>15,369</b>	<b>18.0%</b>

(€ thousands)	Second Quarter 2017	EBITDA Margin	Second Quarter 2016	EBITDA Margin	Change	Change %
EMEA	42,083	18.8%	37,063	18.9%	5,020	13.5%
Americas	11,898	20.3%	9,485	18.4%	2,413	25.4%
Asia Pacific	13,145	29.1%	13,844	33.2%	(699)	-5.0%
Corporate (*)	(7,128)	-2.2%	(8,898)	-3.1%	1,770	19.9%
<b>Total</b>	<b>59,998</b>	<b>18.3%</b>	<b>51,494</b>	<b>17.8%</b>	<b>8,504</b>	<b>16.5%</b>

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

(€ thousands)	First Half 2017	EBITDA Margin	First Half 2016	EBITDA Margin	Change	Change %
EMEA	70,462	16.8%	57,791	15.8%	12,671	21.9%
Americas	21,723	18.7%	18,967	18.7%	2,756	14.5%
Asia Pacific	25,152	28.6%	23,193	30.5%	1,959	8.4%
Corporate (*)	(13,939)	-2.2%	(11,960)	-2.2%	(1,979)	-16.5%
<b>Total</b>	<b>103,398</b>	<b>16.6%</b>	<b>87,991</b>	<b>16.2%</b>	<b>15,407</b>	<b>17.5%</b>

(€ thousands)	Second Quarter 2017	EBITDA Margin	Second Quarter 2016	EBITDA Margin	Change	Change %
EMEA	44,623	20.0%	37,063	18.9%	7,560	20.4%
Americas	11,898	20.3%	9,485	18.4%	2,413	25.4%
Asia Pacific	13,145	29.1%	13,844	33.2%	(699)	-5.0%
Corporate (*)	(7,128)	-2.2%	(6,396)	-2.2%	(732)	-11.4%
<b>Total</b>	<b>62,538</b>	<b>19.1%</b>	<b>53,996</b>	<b>18.6%</b>	<b>8,542</b>	<b>15.8%</b>

(\*) 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 €67,922 thousand in the first half of 2017 (with an EBITDA margin of 16.2%) versus €57,791 thousand in the same period of the prior year (and an EBITDA margin of 15.8%), an increase of €10,131 thousand (+17.5%) in absolute terms and of 0.4 p.p. in the EBITDA margin.

Net of the non-recurring costs of €2,540 thousand incurred relating to the integration of the AudioNova businesses acquired in France and in Portugal and the €212 thousand in positive foreign exchange differences, the increase in EBITDA reaches €12,459 thousand (+21.6%).

These results were achieved thanks to the increase in revenues, better operational efficiency and the greater scale reached in Germany and France.

In the second quarter alone, gross operating profit (EBITDA) amounted to €42,083 thousand, an increase of €5,020 thousand (+13.5%) compared to the second quarter of the prior year. The EBITDA margin came to 18.8%, a decrease of 0.1 p.p. against the comparison period. Net of the non-recurring costs described above and the €59 thousand in positive foreign exchange differences, the increase in EBITDA reaches €7,501 thousand (+20.2%).

### Americas

Gross operating profit (EBITDA) amounted to €21,723 thousand in the first half of 2017 (with an EBITDA margin of 18.7%) versus €18,967 thousand in the same period of the prior year (and an EBITDA margin of 18.7%), an increase of €2,756 thousand (+14.5%) with the EBITDA margin unchanged with respect to 2016 as a result mainly of the increased marketing investments made in the period (around 20% higher compared to the same period of 2016), a key element of the strategy to sustain long-term growth.

Net of the €654 thousand in positive foreign exchange differences, the increase in EBITDA reaches €2,102 thousand (+11.1%).

In the second quarter alone, gross operating profit (EBITDA) amounted to €11,898 thousand, an increase of €2,413 thousand (+25.4%) compared to the second quarter of the prior year. The EBITDA margin came to 20.3%, an increase of 1.9 p.p. against the comparison period. Net of the €331 thousand in positive foreign exchange differences, the increase in EBITDA reaches €2,082 thousand (+22.0%).

### Asia Pacific

Gross operating profit (EBITDA) amounted to €25,152 thousand in the first half of 2017 (with an EBITDA margin of 28.6%) versus €23,193 thousand in the same period of the prior year (and an EBITDA margin of 30.5%), an increase of €1,959 thousand (+8.4%) in absolute terms and a decrease of 1.9 p.p. in the EBITDA margin. This contraction is attributable primarily to the higher investments in marketing and the impact of the two fewer working days with respect to the same period of 2016.

Net of the €1,525 thousand in positive foreign exchange differences the increase in EBITDA reaches €434 thousand (+1.9%).

In the second quarter alone, gross operating profit (EBITDA) amounted to €13,145 thousand, a drop of €699 thousand (-5.0%) compared to the second quarter of the prior year. The EBITDA margin came to 29.1%, a decrease of 4.1 p.p. against the comparison period. Net of the €494 thousand in positive foreign exchange differences, the decrease in EBITDA comes to €1,193 thousand (-8.6%).

### 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 €13,939 thousand in the first half of 2017 (2.2% of the revenues generated by the Group's sales and services) versus €14,462 thousand in the same period of the prior year (2.7% of the revenues generated by the Group's sales and services) that was affected by non-recurring costs linked to an acquisition which was not completed of €2,502 thousand. Net of this item, the increase in the centralized corporate costs reaches €1,979 thousand.

In the second quarter alone centralized corporate costs amounted to €7,128 thousand (2.2% of the revenues generated by Group's sales and services), a decrease of €1,770 thousand with respect to the comparison period. Net of the non-recurring items described above, the increase in centralized corporate costs comes to €732 thousand.

## Operating profit (EBIT)

(€ thousands)	First Half 2017			First Half 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	72,966	(2,540)	70,426	62,202	(2,502)	59,700

(€ thousands)	Second Quarter 2017			Second Quarter 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	46,970	(2,540)	44,430	40,835	(2,502)	38,333

Operating profit (EBIT) amounted to €70,426 thousand in the first half of 2017 (with an EBIT margin of 11.3%) versus €59,700 thousand in same period of the prior year (and an EBIT margin of 11.0%), an increase of €10,726 thousand (+18.0%). The EBIT margin rose 0.3 p.p.

In the second quarter alone operating profit (EBIT) amounted to €44,430 thousand, an increase of €6,097 thousand (+15.9%) with respect to the second quarter of the prior year. The EBIT margin rose 0.4 p.p. against the comparison period to 13.6%.

The result for the period reflects the non-recurring costs of €2,540 thousand incurred relating to the integration of the AudioNova businesses acquired in France and in Portugal. We remind that non-recurring costs of €2,502 thousand were incurred in the same period of 2016 linked to an acquisition which was not completed.

Net of this effect and the €2,040 thousand in positive foreign exchange differences, the increase against the comparison period reaches €8,724 thousand (+14.0%) for the full half and €5,348 thousand (+13.1%) for the second quarter alone. The change is basically in line with the change in EBITDA described above.

The recurring EBIT margin came to 11.7% in the first half (+0.3 p.p. against the comparison period) and to 14.3% (+0.2 p.p. against the comparison period) in the second quarter alone.

The following table shows the breakdown of EBIT by segment:

(€ thousands)	First Half 2017	EBIT Margin	First Half 2016	EBIT Margin	Change	Change %
EMEA	48,956	11.7%	41,651	11.4%	7,305	17.5%
Americas	19,259	16.5%	16,800	16.6%	2,459	14.6%
Asia Pacific	18,533	21.1%	17,668	23.2%	865	4.9%
Corporate (*)	(16,322)	-2.6%	(16,419)	-3.0%	97	0.6%
<b>Total</b>	<b>70,426</b>	<b>11.3%</b>	<b>59,700</b>	<b>11.0%</b>	<b>10,726</b>	<b>18.0%</b>

(€ thousands)	Second Quarter 2017	EBIT Margin	Second Quarter 2016	EBIT Margin	Change	Change %
EMEA	32,127	14.4%	28,881	14.7%	3,246	11.2%
Americas	10,684	18.2%	8,417	16.3%	2,267	26.9%
Asia Pacific	9,884	21.9%	11,007	26.4%	(1,123)	-10.2%
Corporate (*)	(8,265)	-2.5%	(9,972)	-3.4%	1,707	17.1%
<b>Total</b>	<b>44,430</b>	<b>13.6%</b>	<b>38,333</b>	<b>13.2%</b>	<b>6,097</b>	<b>15.9%</b>

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

(€ thousands)	First Half 2017	EBIT Margin	First Half 2016	EBIT Margin	Change	Change %
EMEA	51,496	12.3%	41,651	11.4%	9,845	23.6%
Americas	19,259	16.5%	16,800	16.6%	2,459	14.6%
Asia Pacific	18,533	21.1%	17,668	23.2%	865	4.9%
Corporate (*)	(16,322)	-2.6%	(13,917)	-2.6%	(2,405)	-17.3%
<b>Total</b>	<b>72,966</b>	<b>11.7%</b>	<b>62,202</b>	<b>11.4%</b>	<b>10,764</b>	<b>17.3%</b>

(€ thousands)	Second Quarter 2017	EBIT Margin	Second Quarter 2016	EBIT Margin	Change	Change %
EMEA	34,667	15.5%	28,881	14.7%	5,786	20.0%
Americas	10,684	18.2%	8,417	16.3%	2,267	26.9%
Asia Pacific	9,884	21.9%	11,007	26.4%	(1,123)	-10.2%
Corporate (*)	(8,265)	-2.5%	(7,470)	-2.6%	(795)	-10.6%
<b>Total</b>	<b>46,970</b>	<b>14.3%</b>	<b>40,835</b>	<b>14.1%</b>	<b>6,135</b>	<b>15.0%</b>

(\*) 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 €48,956 thousand in the first half of 2017 (with an EBIT margin of 11.7%) versus €41,651 thousand in the same period of the prior year (and an EBIT margin of 11.4%), an increase of €7,305 thousand (+17.5%) and a rise of 0.3 p.p. in the EBIT margin.

Net of the €2,540 thousand in non-recurring costs of incurred relative to the integration of the AudioNova businesses acquired in France and in Portugal, as well as the €357 thousand in positive foreign exchange differences, the increase in EBIT reaches €9,488 thousand (+22.8%).

In the second quarter alone EBIT amounted to €32,127 thousand, an increase of €3,246 thousand (+11.2%) against the second quarter of the prior year. The EBIT margin fell 0.3 p.p. against the comparison period to 14.4%. Net of the non-recurring costs described above and the €124 thousand in positive foreign exchange differences, the increase in EBIT reaches €5,662 thousand (+19.6%).

### Americas

Operating profit (EBIT) amounted to €19,259 thousand in the first half of 2017 (with an EBIT margin of 16.5%) versus €16,800 thousand in the same period of the prior year (and an EBIT margin of 16.6%), an increase of €2,459 thousand (+14.6%) and a decrease of 0.1 p.p. in the EBIT margin. Net of the foreign exchange differences, which had a positive impact of €557 thousand, the increase in EBIT comes to €1,902 thousand (+11.3%).

In the second quarter alone EBIT amounted to €10,684 thousand, an increase of €2,267 thousand (+26.9%) against the second quarter of the prior year. The EBIT margin came to 18.2%, an increase against the comparison period of 1.9 p.p. Net of the foreign exchange differences which had a positive impact of €287 thousand, the increase in EBIT reaches €1,980 thousand (+23.5%).

### Asia Pacific

Operating profit (EBIT) amounted to €18,533 thousand in the first half of 2017 (with an EBIT margin of 21.1%) versus €17,668 thousand in the same period of the prior year (and an EBIT margin of 23.2%), an increase of €865 thousand (+4.9%) and a decrease of 2.1 p.p. in the EBIT margin. Net of the foreign exchange differences, which had a positive impact of €1,123 thousand, EBIT was down by €258 thousand (-1.5%).

In the second quarter alone EBIT amounted to €9,884 thousand, a decrease of €1,123 thousand (-10.2%) against the second quarter of the prior year. The EBIT margin came to 21.9% with a decrease against the comparison period of 4.5 p.p. Net of the foreign exchange differences which had a positive impact of €376 thousand, EBIT fell by €1,499 thousand (-13.6%).

### Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €16,322 thousand in the first half of 2017 (2.6% of the revenues generated by the Group's sales and services) versus €16,419 thousand in the same period of the prior year (3.0% of the revenues generated by the Group's sales and services) that was affected by non-recurring costs linked to an acquisition which was not completed of €2,502 thousand. Net of this item, the increase in the centralized corporate costs reaches €2,405 thousand.

In the second quarter alone centralized corporate costs amounted to €8,265 thousand (2.5% of the revenues generated by Group's sales and services), a decrease of €1,707 thousand with respect to the comparison period. Net of the recurring items described above, centralized corporate costs increase €795 thousand.

## Profit before tax

(€ thousands)	First Half 2017			First Half 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
<b>Profit before tax</b>	63,508	(2,540)	60,968	52,869	(2,502)	50,367

(€ thousands)	Second Quarter 2017			Second Quarter 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
<b>Profit before tax</b>	42,192	(2,540)	39,652	36,130	(2,502)	33,628

Profit before tax amounted to €60,968 thousand in the first six months of 2017 (with a gross profit margin of 9.8%) versus €50,367 thousand in the same period of the prior year (and a gross profit margin of 9.3%), an increase of €10,601 thousand (+21.0%), in line with the increase in EBIT described above: financial expenses were, in fact, basically unchanged compared to the first half of the prior year as the Group's debt is placed almost entirely on the debt capital markets at a fixed rate.

In the second quarter alone the profit before tax reached €39,652 thousand, an increase of €6,024 thousand (+17.9%) against the second quarter of the prior year.

The period under examination reflects non-recurring costs of €2,540 thousand relating to the integration of the AudioNova businesses acquired in France and in Portugal, while the results for the same period of 2016 were impacted by non-recurring costs of €2,502 thousand linked to an acquisition which was not completed.

## Net profit attributable to the Group

(€ thousands)	First Half 2017			First Half 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
<b>Net profit attributable to the Group</b>	<b>39,795</b>	<b>(1,738)</b>	<b>38,057</b>	<b>31,343</b>	<b>(1,716)</b>	<b>29,627</b>

(€ thousands)	Second Quarter 2017			Second Quarter 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
<b>Net profit attributable to the Group</b>	<b>27,012</b>	<b>(1,738)</b>	<b>25,274</b>	<b>22,770</b>	<b>(1,716)</b>	<b>21,054</b>

The Group's net profit amounted to €38,057 thousand in the first six months of 2017 (with a profit margin of 6.1%), versus €29,627 thousand in the same period of the prior year (and a profit margin of 5.4%), an increase of €8,430 thousand (+28.5%) against the comparison period. Recurring net profit rose €8,452 thousand (+27.0%).

In the second quarter alone the Group's net profit, which was impacted for €1,738 thousand by the net effect of the non-recurring costs linked to the integration of the AudioNova businesses acquired in France and in Portugal, amounted to €25,274 thousand, an increase of €4,220 thousand against the same period of the prior year (which was impacted by €1,716 thousand in net costs incurred for an acquisition which was not completed).

The tax rate reached 37.6% versus 41.0% in the comparison period and reflects the net effect of the losses recorded by subsidiaries for which, in absence of the necessary assumptions, deferred tax assets are not recognized, as well as earnings posted for which no taxes were paid due to carried forward tax losses not recognized in the financial statements. Net of these items the tax rate would have been 34.0% versus 35.1% in the first six months of 2016.

## BALANCE SHEET REVIEW

### Consolidated balance sheet by geographical area (\*)

(€ thousands)	30/06/2017				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	344,939	78,990	249,402	-	673,331
Non-competition agreements, trademarks, customer lists and lease rights	83,304	3,641	50,520	-	137,465
Software, licences, other intangible fixed assets, fixed assets in progress and advances	31,257	12,667	6,840	-	50,764
Tangible assets	108,294	3,771	18,141	-	130,206
Financial fixed assets	2,223	41,034	-	-	43,257
Other non-current financial assets	6,775	50	554	-	7,379
<b>Non-current assets</b>	<b>576,792</b>	<b>140,153</b>	<b>325,457</b>	<b>-</b>	<b>1,042,402</b>
Inventories	36,835	491	1,883	-	39,209
Trade receivables	97,508	30,304	11,446	(4,602)	134,656
Other receivables	37,774	8,287	1,564	(7)	47,618
<b>Current assets (A)</b>	<b>172,117</b>	<b>39,082</b>	<b>14,893</b>	<b>(4,609)</b>	<b>221,483</b>
<b>Operating assets</b>	<b>748,909</b>	<b>179,235</b>	<b>340,350</b>	<b>(4,609)</b>	<b>1,263,885</b>
Trade payables	(80,970)	(34,893)	(13,313)	4,602	(124,574)
Other payables	(113,138)	(4,334)	(17,666)	7	(135,131)
Provisions for risks and charges (current portion)	(4,499)	-	-	-	(4,499)
<b>Current liabilities (B)</b>	<b>(198,607)</b>	<b>(39,227)</b>	<b>(30,979)</b>	<b>4,609</b>	<b>(264,204)</b>
<b>Net working capital (A) - (B)</b>	<b>(26,490)</b>	<b>(145)</b>	<b>(16,086)</b>	<b>-</b>	<b>(42,721)</b>
Derivative instruments	(8,130)	-	-	-	(8,130)
Deferred tax assets	39,743	20	4,446	-	44,209
Deferred tax liabilities	(29,580)	(24,801)	(14,564)	-	(68,945)
Provisions for risks and charges (non-current portion)	(34,343)	(25,594)	(941)	-	(60,878)
Liabilities for employees' benefits (non-current portion)	(14,269)	(154)	(2,268)	-	(16,691)
Loan fees	1,077	12	9	-	1,098
Other non-current payables	(28,522)	(26)	(831)	-	(29,379)
<b>NET INVESTED CAPITAL</b>	<b>476,278</b>	<b>89,465</b>	<b>295,222</b>	<b>-</b>	<b>860,965</b>
Group net equity					560,171
Minority interests					258
<b>Total net equity</b>					<b>560,429</b>
Net medium and long-term financial indebtedness					380,329
Net short-term financial indebtedness					(79,793)
<b>Total net financial indebtedness</b>					<b>300,536</b>
<b>OWN FUNDS AND NET FINANCIAL INDEBTEDNESS</b>					<b>860,965</b>

(\*) The balance sheet items are analyzed by the Chief Executive Officer and the Top Management by geographical area without separation of the Corporate structures that are natively included in EMEA.

(€ thousands)	31/12/2016				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	298,310	84,310	252,512	-	635,132
Non-competition agreements, trademarks, customer lists and lease rights	51,643	3,917	54,841	-	110,401
Software, licences, other intangible fixed assets, fixed assets in progress and advances	30,749	13,483	7,273	-	51,505
Tangible assets	98,968	3,884	16,942	-	119,794
Financial fixed assets	2,336	42,935	-	-	45,271
Other non-current financial assets	5,792	51	371	-	6,214
<b>Non-current assets</b>	<b>487,798</b>	<b>148,580</b>	<b>331,939</b>	<b>-</b>	<b>968,317</b>
Inventories	29,020	484	1,866	-	31,370
Trade receivables	89,203	32,400	8,973	(3,298)	127,278
Other receivables	32,220	8,825	1,124	(7)	42,162
<b>Current assets (A)</b>	<b>150,443</b>	<b>41,709</b>	<b>11,963</b>	<b>(3,305)</b>	<b>200,810</b>
<b>Operating assets</b>	<b>638,241</b>	<b>190,289</b>	<b>343,902</b>	<b>(3,305)</b>	<b>1,169,127</b>
Trade payables	(82,434)	(39,399)	(12,646)	3,298	(131,181)
Other payables	(98,105)	(5,100)	(17,839)	7	(121,037)
Provisions for risks and charges (current portion)	(2,346)	-	-	-	(2,346)
<b>Current liabilities (B)</b>	<b>(182,885)</b>	<b>(44,499)</b>	<b>(30,485)</b>	<b>3,305</b>	<b>(254,564)</b>
<b>Net working capital (A) - (B)</b>	<b>(32,442)</b>	<b>(2,790)</b>	<b>(18,522)</b>	<b>-</b>	<b>(53,754)</b>
Derivative instruments	(10,212)	-	-	-	(10,212)
Deferred tax assets	37,287	651	2,806	-	40,744
Deferred tax liabilities	(20,854)	(25,817)	(15,734)	-	(62,405)
Provisions for risks and charges (non-current portion)	(31,745)	(26,709)	(887)	-	(59,341)
Liabilities for employees' benefits (non-current portion)	(14,313)	(172)	(2,124)	-	(16,609)
Loan fees	1,393	12	63	-	1,468
Other non-current payables	(25,513)	(27)	(587)	-	(26,127)
<b>NET INVESTED CAPITAL</b>	<b>391,399</b>	<b>93,728</b>	<b>296,954</b>	<b>-</b>	<b>782,081</b>
Group net equity					557,371
Minority interests					289
<b>Total net equity</b>					<b>557,660</b>
Net medium and long-term financial indebtedness					379,566
Net short-term financial indebtedness					(155,145)
<b>Total net financial indebtedness</b>					<b>224,421</b>
<b>OWN FUNDS AND NET FINANCIAL INDEBTEDNESS</b>					<b>782,081</b>

## Non-current assets

Non-current assets amounted to €1,042,402 thousand at 30 June 2017 versus €968,317 thousand at 31 December 2016, a net increase of €74,085 thousand explained (i) for €29,538 thousand by capital expenditure; (ii) for €90,960 thousand by acquisitions; (iii) for €30,432 thousand by depreciation, amortization and impairment; (iv) for €17,639 thousand by the negative impact of foreign exchange differences, and (v) for €1,658 thousand by other net increases.

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

(€ thousands)		30/06/2017	31/12/2016	Change
EMEA	Goodwill	344,939	298,310	46,629
	Non-competition agreements, trademarks, customer lists and lease rights	83,303	51,643	31,660
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	31,257	30,749	508
	Tangible assets	108,295	98,968	9,327
	Financial fixed assets	2,222	2,336	(114)
	Other non-current financial assets	6,776	5,792	984
	<b>Non-current assets</b>	<b>576,792</b>	<b>487,798</b>	<b>88,994</b>
Americas	Goodwill	78,990	84,310	(5,320)
	Non-competition agreements, trademarks, customer lists and lease rights	3,641	3,917	(276)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	12,667	13,483	(816)
	Tangible assets	3,770	3,884	(114)
	Financial fixed assets	41,035	42,935	(1,900)
	Other non-current financial assets	50	51	(1)
	<b>Non-current assets</b>	<b>140,153</b>	<b>148,580</b>	<b>(8,427)</b>
Asia Pacific	Goodwill	249,402	252,512	(3,110)
	Non-competition agreements, trademarks, customer lists and lease rights	50,520	54,841	(4,321)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	6,840	7,273	(433)
	Tangible assets	18,141	16,942	1,199
	Financial fixed assets	-	-	-
	Other non-current financial assets	554	371	183
	<b>Non-current assets</b>	<b>325,457</b>	<b>331,939</b>	<b>(6,482)</b>

### Europe, Middle-East and Africa

Non-current assets amounted to €576,792 thousand at 30 June 2017 versus €487,798 thousand at 31 December 2016, an increase of €88,994 thousand explained:

- for €17,940 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 concept store;
- for €4,486 thousand, by investments in intangible assets, relating primarily to the implementation of new store and sales support systems, digital marketing and back-office systems;
- for €88,334 thousand, by acquisitions made in the period;
- for €21,348 thousand, by amortization, depreciation and impairment;
- for €418 thousand, by other net increases relating primarily to exchange gains.

### Americas

Non-current assets came to €140,153 thousand at 30 June 2017 versus €148,580 thousand at 31 December 2016, a drop of €8,427 thousand explained:

- for €460 thousand, by investments in plant, property and equipment;
- for €2,313 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 with the franchisees for the renewal and relocation of stores;
- for €1,087 thousand by acquisitions made in the period;
- for €2,464 thousand, by amortization and depreciation;
- for €9,823 thousand, by other net decreases relating primarily to exchange losses.

### Asia Pacific

Non-current assets came to €325,457 thousand at 30 June 2017 versus €331,939 thousand at 31 December 2016, a decrease of €6,482 thousand explained:

- for €3,597 thousand, by investments in plant, property and equipment, relating primarily to the opening, restructuring and relocation of a few stores;
- for €742 thousand, by investments in intangible assets, relating primarily to the implementation of a new front-office system;
- for €1,539 thousand by acquisitions made in the period;
- for €6,620 thousand, by amortization and depreciation;
- for €5,740 thousand, by other net decreases relating primarily to exchange gains.

## Net invested capital

Net invested capital came to €860,965 thousand at 30 June 2017 versus €782,081 thousand at 31 December 2016, an increase of €78,884 thousand linked to the increase in both non-current assets described above and working capital, partially offset by an increase in non-current liabilities relating to deferred tax and other liabilities recognized following acquisitions.

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

(€ thousands)	30/06/2017	31/12/2016	Change
EMEA	476,278	391,399	84,879
Americas	89,465	93,728	(4,263)
Asia Pacific	295,222	296,954	(1,732)
<b>Total</b>	<b>860,965</b>	<b>782,081</b>	<b>78,884</b>

### Europe, Middle-East and Africa

Net invested capital came to €476,278 thousand at 30 June 2017, an increase of €84,879 thousand against 31 December 2016. The increase in non-current assets described above was accompanied by an increase in working capital, which was largely offset by an increase in non-current liabilities relating to the deferred tax and other liabilities recognized as a result of the acquisitions made.

Factoring without recourse in the period involved trade receivables with a face value of €24,208 thousand (€23,325 thousand in the first six months of the prior year) and VAT credits with a face value of €11,948 thousand (€10,250 thousand in the first half of 2016).

### Americas

Net invested capital came to €89,465 thousand at 30 June 2017, a decrease of €4,263 thousand against the amount recorded at 31 December 2016. The decrease in non-current assets described above, attributable primarily to foreign exchange losses, was partially offset by an increase in working capital.

### Asia Pacific

Net invested capital came to €295,222 thousand at 30 June 2017, a decrease of €1,723 thousand against the amount recorded at 31 December 2016. The decrease in non-current assets described above, attributable primarily to foreign exchange losses, was partially offset by a slight increase in working capital.

## Net financial indebtedness

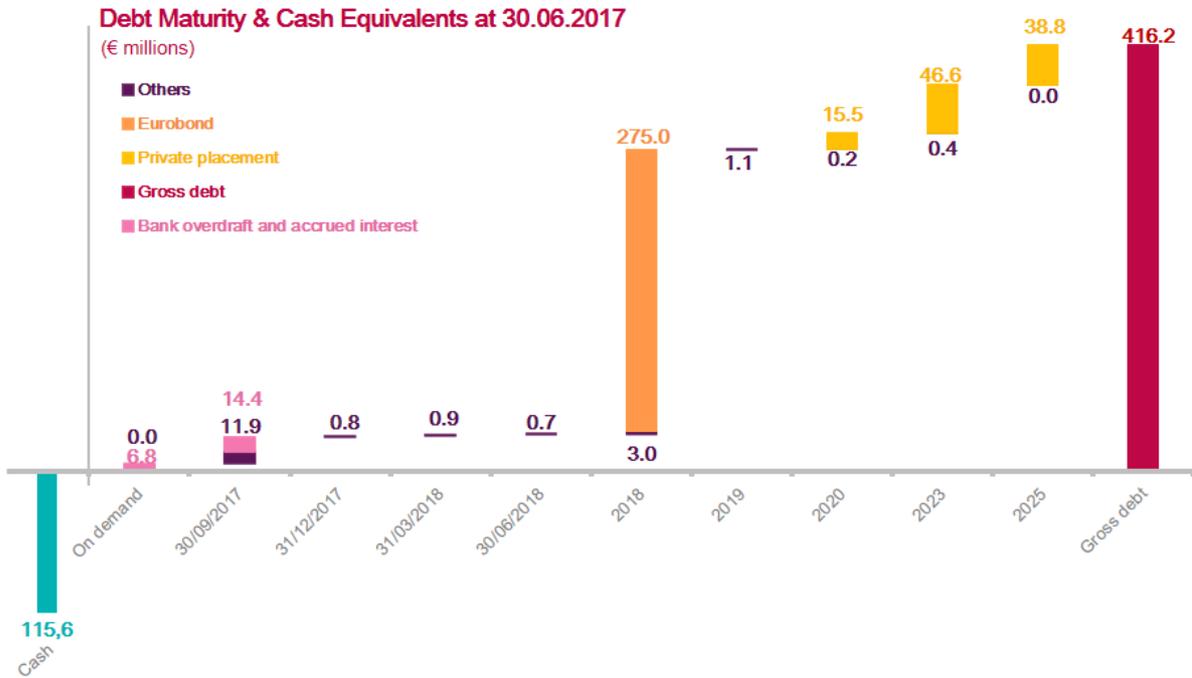
(€ thousands)	30/06/2017	31/12/2016	Change
Net medium and long-term financial indebtedness	380,329	379,566	763
Net short-term financial indebtedness	35,842	28,689	7,153
Cash and cash equivalents	(115,635)	(183,834)	68,199
<b>Net financial indebtedness</b>	<b>300,536</b>	<b>224,421</b>	<b>76,115</b>
Group net equity	560,171	557,371	2,800
Minority interests	258	289	(31)
<b>Net Equity</b>	<b>560,429</b>	<b>557,660</b>	<b>2,769</b>
<b>Financial indebtedness/Group net equity</b>	<b>0.54</b>	<b>0.40</b>	
<b>Financial indebtedness/net equity</b>	<b>0.54</b>	<b>0.40</b>	

Net financial indebtedness amounted to €300,536 thousand at 30 June 2017, an increase of €76,115 thousand with respect to 31 December 2016.

The increase in debt is mainly the consequence of the acquisitions made in the period (€75,314 thousand), the purchase of treasury shares net of the proceeds from the exercise of stock options (€15,229 thousand) and the payment of dividends to shareholders (€ 15,271 thousand). The ability of ordinary operations to generate excellent cash flow was confirmed with free cash flow reaching a positive €32,526 thousand (versus €19,954 thousand in the first six months of the prior year) after absorbing capital expenditure which was €7,898 higher than in the comparison period.

At 30 June 2017, the Group's total financial indebtedness amounted to €300,536 thousand net of cash and cash equivalents totaling €115,635 thousand. Long-term debt amounted to €380,329 thousand, €3,115 thousand of which reflects the long-term portion of deferred payments for acquisitions. Short-term debt amounted to €35,842 thousand relating for €14,340 thousand to the interest payable on the Eurobond and the private placement, for €13,067 thousand to the best estimate of the deferred payments for acquisitions and for €5,554 thousand to the utilization of credit lines.

As shown in the next chart, the first important debt maturity is in July 2018 when the €275 million Eurobond falls due. The Group has been working on finding the resources needed which, along with the cash and cash equivalents of €115.6 million, ensure repayment of the debt falling due, as well as the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize. These include €195 million of irrevocable credit lines expiring in 2021-2022 which brings the total credit lines available to €307.8 million. Other forms of financing are currently being finalized.



Interest payable on financial indebtedness amounted to €9,239 thousand at 30 June 2017, versus €9,072 thousand at 30 June 2016. The slight increase is explained by the commission paid linked to the 5-year irrevocable credit lines granted at the end of FY 2016.

Interest receivable on bank deposits came to €194 thousand at 30 June 2017, versus €307 thousand at 30 June 2016.

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 Half 2017	First Half 2016
<b>OPERATING ACTIVITIES</b>		
Net profit (loss) attributable to the Group	38,057	29,627
Minority interests	14	105
<i>Amortization, depreciation and write-downs:</i>		
- <i>Intangible fixed assets</i>	15,178	12,406
- <i>Tangible fixed assets</i>	15,254	13,383
- <i>Goodwill</i>	-	-
Total amortization, depreciation and write-downs	30,432	25,789
Provisions	16,604	9,680
(Gains) losses from sale of fixed assets	(126)	8
Group's share of the result of associated companies	(197)	(182)
Financial income and charges	9,654	9,515
Current and deferred income taxes	22,897	20,635
<i>Change in assets and liabilities:</i>		
- <i>Utilization of provisions</i>	(6,932)	(3,772)
- <i>(Increase) decrease in inventories</i>	(5,092)	(1,452)
- <i>Decrease (increase) in trade receivables</i>	(8,385)	137
- <i>Increase (decrease) in trade payables</i>	(7,133)	(6,519)
- <i>Changes in other receivables and other payables</i>	(2,970)	(13,059)
Total change in assets and liabilities	(30,512)	(24,665)
Dividends received	300	-
Net interest charges	(9,210)	(8,767)
Taxes paid	(16,632)	(20,934)
<b>Cash flow generated from (absorbed) by operating activities</b>	<b>61,281</b>	<b>40,811</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of intangible fixed assets	(7,541)	(6,492)
Purchase of tangible fixed assets	(21,997)	(14,744)
Consideration from sale of tangible fixed assets and businesses	783	379
<b>Cash flow generated from (absorbed) by investing activities</b>	<b>(28,755)</b>	<b>(20,857)</b>
<b>Cash flow generated from operating and investing activities (Free cash flow)</b>	<b>32,526</b>	<b>19,954</b>
Business combinations (*)	(75,314)	(15,465)
(Purchase) sale of other investments, securities and reductions of earn-outs	19	18
<b>Cash flow generated from acquisitions</b>	<b>(75,295)</b>	<b>(15,447)</b>
<b>Cash flow generated from (absorbed) by investing activities</b>	<b>(104,050)</b>	<b>(36,304)</b>

(€ thousands)	First Half 2017	First Half 2016
<b>FINANCING ACTIVITIES:</b>		
Changes in hedging derivatives	-	-
Fees paid on medium/long-term financing	(75)	-
Other non-current assets	(793)	892
Distributed dividends	(15,271)	(9,427)
Treasury shares	(15,629)	(7,511)
Capital increases (reduction), third parties contributions in subsidiaries and dividends paid to third parties by the subsidiaries	(3)	1,196
<b>Cash flow generated from (absorbed) by financing activities</b>	<b>(31,771)</b>	<b>(14,850)</b>
<b>Changes in net financial indebtedness</b>	<b>(74,540)</b>	<b>(10,343)</b>
Net financial indebtedness at the beginning of the period	(224,421)	(204,911)
Effect of disposal of assets on net financial indebtedness	-	-
Effect of exchange rate fluctuations on net financial indebtedness	(1,575)	1,453
Changes in net indebtedness	(74,540)	(10,343)
<b>Net financial indebtedness at the end of the period</b>	<b>(300,536)</b>	<b>(213,801)</b>

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

The change in net debt of €76,115 thousand is explained by:

- (i) Investing activities:
  - capital expenditure on property, plant and equipment and intangible assets of €29,538 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 and sales support systems, as well as digital marketing;
  - acquisitions amounting to €75,314 thousand, including the impact of the acquired companies' debt;
  - net proceeds from the disposal of other assets, equity investments, and securities amounting to €802 thousand.
- (ii) Operating activities:
  - interest payable on financial indebtedness and other net financial expenses of €9,210 thousand;
  - payment of taxes amounting to €16,632 thousand;
  - cash flow generated by operations of €87,123 thousand.
- (iii) Financing activities:
  - payment of €15,271 thousand in dividends to shareholders;
  - net proceeds from capital increases following the exercise of stock options of €400 thousand;
  - payment of €403 thousand in dividends to minorities by subsidiaries;
  - purchase of treasury shares amounting to €15,629 thousand;
  - payment of fees on new credit lines of €75 thousand;
  - increase in other non-current assets of €793 thousand.
- (iv) Negative exchange gains of €1,575 thousand.

The non-recurring transactions had a negative impact on cash flow of €357 thousand in the first six months of 2017 versus a negative €2,919 thousand in the same period of the prior year as shown below:

(€ thousands)	First Half 2017	First Half 2016
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	(357)	-
Restructuring charges paid in FY 2015 and 2016	-	(501)
Advisory fees and expenses related to an acquisition process not completed	-	(2,418)
<b>Cash flow generated (absorbed) by operating activities</b>	<b>(357)</b>	<b>(2,919)</b>
<b>Cash flow generated from (absorbed) by investing activities</b>	<b>-</b>	<b>-</b>
<b>Free Cash Flow</b>	<b>(357)</b>	<b>(2,919)</b>
<b>Cash flow generated from acquisitions</b>	<b>-</b>	<b>-</b>
<b>Total cash flow generated by non-recurring transactions</b>	<b>(357)</b>	<b>(2,919)</b>

## ACQUISITION OF COMPANIES AND BUSINESSES

The Group's external growth continued in the first half of 2017. A total of 286 points of sale were 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 €75,314 thousand.

Of note are the acquisitions of the AudioNova retail businesses in France (59 stores) and in Portugal (81 stores).

Overall in the quarter:

- 98 points of sale were acquired in France;
- 81 points of sale were acquired in Portugal;
- 56 points of sale were acquired in Germany;
- 37 points of sale were acquired in India;
- 8 points of sale, which were previously part of the indirect network, were purchased in Belgium;
- 4 points of sale were acquired in Spain and a customer list relating to one store;
- customer lists relating to three stores were acquired in the United States;
- 1 point of sale was acquired in Canada;
- 1 point of sale, which was previously part of the indirect network, was purchased in Brazil.

## OUTLOOK

Amplifon expects the favorable, both organic and external, growth trend to continue in the second half of 2017 thanks to the contribution of all the geographic areas. This growth, driven by substantial investments in marketing and communication, as well as the constant focus on execution, will favor the increase in profitability sustained both by the continuous improvement in operational efficiency and by the Group's increased scale. Amplifon expects, therefore, to further strengthen its global leadership and reiterates its confidence in the ability to implement and execute the strategic guidelines previously announced, as well as to achieve its medium-long term 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 JUNE 2017**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		30/06/2017	31/12/2016	Change
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Goodwill	Note 2	673,331	635,132	38,199
Intangible fixed assets with finite useful life	Note 3	188,229	161,906	26,323
Tangible fixed assets	Note 4	130,206	119,794	10,412
Investments valued at equity		1,677	1,759	(82)
Financial assets measured at fair value through profit or loss		26	43	(17)
Long-term hedging instruments		4,893	12,223	(7,330)
Deferred tax assets		44,209	40,744	3,465
Other assets		48,933	49,683	(750)
<b>Total non-current assets</b>		<b>1,091,504</b>	<b>1,021,284</b>	<b>70,220</b>
<b><u>Current assets</u></b>				
Inventories		39,209	31,370	7,839
Trade receivables		134,656	127,278	7,378
Other receivables		47,618	42,162	5,456
Hedging instruments		26	35	(9)
Other financial assets		16	-	16
Cash and cash equivalents		115,635	183,834	(68,199)
<b>Total current assets</b>		<b>337,160</b>	<b>384,679</b>	<b>(47,519)</b>
<b>TOTAL ASSETS</b>		<b>1,428,664</b>	<b>1,405,963</b>	<b>22,701</b>

(€ thousands)		30/06/2017	31/12/2016	Change
<b>LIABILITIES</b>				
<b>Net Equity</b>				
Share capital	Note 5	4,526	4,524	2
Share premium account		202,218	201,648	570
Treasury shares		(54,430)	(48,178)	(6,252)
Other reserves		5,535	14,938	(9,403)
Profit (loss) carried forward		364,265	320,819	43,446
Profit (loss) for the period		38,057	63,620	(25,563)
<b>Group net equity</b>		<b>560,171</b>	<b>557,371</b>	<b>2,800</b>
<b>Minority interests</b>		<b>258</b>	<b>289</b>	<b>(31)</b>
<b>Total net equity</b>		<b>560,429</b>	<b>557,660</b>	<b>2,769</b>
<b>Non-current liabilities</b>				
Medium/long-term financial liabilities	Note 7	389,820	399,166	(9,346)
Provisions for risks and charges		60,878	59,341	1,537
Liabilities for employees' benefits		16,691	16,609	82
Deferred tax liabilities		68,945	62,405	6,540
Payables for business acquisitions		3,115	2,087	1,028
Other long-term debt		29,379	26,127	3,252
<b>Total non-current liabilities</b>		<b>568,828</b>	<b>565,735</b>	<b>3,093</b>
<b>Current liabilities</b>				
Trade payables		124,574	131,181	(6,607)
Payables for business acquisitions		13,067	14,485	(1,418)
Other payables		134,204	120,298	13,906
Hedging instruments		-	3	(3)
Provisions for risks and charges		4,499	2,346	2,153
Liabilities for employees' benefits		927	739	188
Short-term financial liabilities	Note 7	22,136	13,516	8,620
<b>Total current liabilities</b>		<b>299,407</b>	<b>282,568</b>	<b>16,839</b>
<b>TOTAL LIABILITIES</b>		<b>1,428,664</b>	<b>1,405,963</b>	<b>22,701</b>

## CONSOLIDATED INCOME STATEMENT

(€ thousands)	First Half 2017			First Half 2016			Change
	Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	
Revenues from sales and services	623,780	-	623,780	544,211	-	544,211	79,569
Operating costs	(521,608)	(2,540)	(524,148)	(455,709)	-	(455,709)	(68,439)
Other income and costs	1,226	-	1,226	(511)	(2,502)	(3,013)	4,239
<b>Gross operating profit (EBITDA)</b>	<b>103,398</b>	<b>(2,540)</b>	<b>100,858</b>	<b>87,991</b>	<b>(2,502)</b>	<b>85,489</b>	<b>15,369</b>
<b>Amortisation, depreciation and impairment</b>							
Amortisation of intangible fixed assets	(15,178)	-	(15,178)	(12,402)	-	(12,402)	(2,776)
Depreciation of tangible fixed assets	(14,960)	-	(14,960)	(13,120)	-	(13,120)	(1,840)
Impairment and impairment reversals of non-current assets	(294)	-	(294)	(267)	-	(267)	(27)
	<b>(30,432)</b>	<b>-</b>	<b>(30,432)</b>	<b>(25,789)</b>	<b>-</b>	<b>(25,789)</b>	<b>(4,643)</b>
<b>Operating result</b>	<b>72,966</b>	<b>(2,540)</b>	<b>70,426</b>	<b>62,202</b>	<b>(2,502)</b>	<b>59,700</b>	<b>10,726</b>
<b>Financial income, charges and value adjustments to financial assets</b>							
Group's share of the result of associated companies valued at equity	197	-	197	182	-	182	15
Other income and charges, impairment and revaluations of financial assets	-	-	-	8	-	8	(8)
Interest income and charges	(9,045)	-	(9,045)	(8,766)	-	(8,766)	(279)
Other financial income and charges	(625)	-	(625)	(566)	-	(566)	(59)
Exchange gains and losses	(140)	-	(140)	(1,367)	-	(1,367)	1,227
Gain (loss) on assets measured at fair value	155	-	155	1,176	-	1,176	(1,021)
	<b>(9,458)</b>	<b>-</b>	<b>(9,458)</b>	<b>(9,333)</b>	<b>-</b>	<b>(9,333)</b>	<b>(125)</b>
<b>Profit (loss) before tax</b>	<b>63,508</b>	<b>(2,540)</b>	<b>60,968</b>	<b>52,869</b>	<b>(2,502)</b>	<b>50,367</b>	<b>10,601</b>
<b>Income tax</b>	<b>Note 8</b>						
Tax	(23,699)	802	(22,897)	(21,421)	786	(20,635)	(2,262)
<b>Total net profit (loss)</b>	<b>39,809</b>	<b>(1,738)</b>	<b>38,071</b>	<b>31,448</b>	<b>(1,716)</b>	<b>29,732</b>	<b>8,339</b>
Net profit (loss) attributable to Minority interests	14	-	14	105	-	105	(91)
<b>Net profit (loss) attributable to the Group</b>	<b>39,795</b>	<b>(1,738)</b>	<b>38,057</b>	<b>31,343</b>	<b>(1,716)</b>	<b>29,627</b>	<b>8,430</b>
<b>Income (loss) and earnings per share (€ per share)</b>							
	<b>Note 10</b>			<b>First Half 2017</b>		<b>First Half 2016</b>	
Earnings per share							
- base				0.17390		0.13518	
- diluted				0.16945		0.13160	

## STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First Half 2017	First Half 2016
<b>Net income (loss) for the period</b>	<b>38,071</b>	<b>29,732</b>
<b>Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:</b>		
Re-measurement of defined benefit plans	98	(2,022)
Tax effect on components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	(3)	380
<b>Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)</b>	<b>95</b>	<b>(1,642)</b>
<b>Other comprehensive income (loss) that will be reclassified subsequently to profit or loss:</b>		
Gains/(losses) on cash flow hedging instruments	2,082	994
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(14,236)	(2,301)
Tax effect on components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	(500)	(273)
<b>Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)</b>	<b>(12,654)</b>	<b>(1,580)</b>
<b>Total other comprehensive income (loss) (A)+(B)</b>	<b>(12,559)</b>	<b>(3,222)</b>
<b>Comprehensive income (loss) for the period</b>	<b>25,512</b>	<b>26,510</b>
Attributable to the Group	25,543	26,436
Attributable to Minority interests	(31)	74

## 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
<b>Balance at 1 January 2016</b>	<b>4,510</b>	<b>197,774</b>	<b>934</b>	<b>3,636</b>	<b>(39,740)</b>	<b>21,835</b>
Appropriation of FY 2015 result						
Share capital increase	7	1,467				
Treasury shares					(7,511)	
Dividend distribution						
Implicit cost of stock options and stock grants						5,343
Other changes		615			3,290	(4,075)
<i>- Hedge accounting</i>						
<i>- Actuarial gains (losses)</i>						
<i>- Translation difference</i>						
<i>- Result for HY1 2016</i>						
Total comprehensive income (loss) for the period						
<b>Balance at 30 June 2016</b>	<b>4,517</b>	<b>199,856</b>	<b>934</b>	<b>3,636</b>	<b>(43,961)</b>	<b>23,103</b>
(€ thousands)	Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
<b>Balance at 1 January 2017</b>	<b>4,524</b>	<b>201,648</b>	<b>934</b>	<b>3,636</b>	<b>(48,178)</b>	<b>25,541</b>
Appropriation of FY 2016 result						
Share capital increase	2	399				
Treasury shares					(15,629)	
Dividend distribution						
Implicit cost of stock options and stock grants						8,138
Other changes		171			9,377	(5,027)
<i>- Hedge accounting</i>						
<i>- Actuarial gains (losses)</i>						
<i>- Translation difference</i>						
<i>- Result for HY1 2017</i>						
Total comprehensive income (loss) for the period						
<b>Balance at 30 June 2017</b>	<b>4,526</b>	<b>202,218</b>	<b>934</b>	<b>3,636</b>	<b>(54,430)</b>	<b>28,652</b>

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
<b>(5,096)</b>	<b>(4,404)</b>	<b>287,535</b>	<b>(14,318)</b>	<b>46,805</b>	<b>499,471</b>	<b>694</b>	<b>500,165</b>
		46,805		(46,805)	-		-
					<b>1,474</b>		<b>1,474</b>
					<b>(7,511)</b>		<b>(7,511)</b>
		(9,427)			<b>(9,427)</b>		<b>(9,427)</b>
					<b>5,343</b>		<b>5,343</b>
		119			<b>(51)</b>	<b>(232)</b>	<b>(283)</b>
<b>721</b>					<b>721</b>		<b>721</b>
	<b>(1,642)</b>				<b>(1,642)</b>		<b>(1,642)</b>
			<b>(2,270)</b>		<b>(2,270)</b>	<b>(31)</b>	<b>(2,301)</b>
				<b>29,627</b>	<b>29,627</b>	<b>105</b>	<b>29,732</b>
<b>721</b>	<b>(1,642)</b>		<b>(2,270)</b>	<b>29,627</b>	<b>26,436</b>	<b>74</b>	<b>26,510</b>
<b>(4,375)</b>	<b>(6,046)</b>	<b>325,032</b>	<b>(16,588)</b>	<b>29,627</b>	<b>515,735</b>	<b>536</b>	<b>516,271</b>

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
<b>(7,545)</b>	<b>(4,308)</b>	<b>320,819</b>	<b>(3,320)</b>	<b>63,620</b>	<b>557,371</b>	<b>289</b>	<b>557,660</b>
		63,620		(63,620)	-		-
					<b>401</b>		<b>401</b>
					<b>(15,629)</b>		<b>(15,629)</b>
		(15,271)			<b>(15,271)</b>		<b>(15,271)</b>
					<b>8,138</b>		<b>8,138</b>
		(4,903)			<b>(382)</b>		<b>(382)</b>
<b>1,582</b>					<b>1,582</b>		<b>1,582</b>
	<b>95</b>				<b>95</b>		<b>95</b>
			<b>(14,191)</b>		<b>(14,191)</b>	<b>(45)</b>	<b>(14,236)</b>
				<b>38,057</b>	<b>38,057</b>	<b>14</b>	<b>38,071</b>
<b>1,582</b>	<b>95</b>		<b>(14,191)</b>	<b>38,057</b>	<b>25,543</b>	<b>(31)</b>	<b>25,512</b>
<b>(5,963)</b>	<b>(4,213)</b>	<b>364,265</b>	<b>(17,511)</b>	<b>38,057</b>	<b>560,171</b>	<b>258</b>	<b>560,429</b>

## CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First Half 2017	First Half 2016
<b>OPERATING ACTIVITIES</b>		
Net profit (loss)	38,071	29,732
Amortization, depreciation and write-downs:		
- intangible fixed assets	15,178	12,406
- tangible fixed assets	15,254	13,383
- goodwill		
Provisions	16,604	9,680
(Gains) losses from sale of fixed assets	(126)	8
Group's share of the result of associated companies	(197)	(182)
Financial income and charges	9,654	9,515
Current, deferred tax assets and liabilities	22,897	20,635
<b>Cash flow from operating activities before change in working capital</b>	<b>117,335</b>	<b>95,177</b>
Utilization of provisions	(6,932)	(3,772)
(Increase) decrease in inventories	(5,092)	(1,452)
Decrease (increase) in trade receivables	(8,385)	137
Increase (decrease) in trade payables	(7,133)	(6,519)
Changes in other receivables and other payables	(2,970)	(13,059)
<b>Total change in assets and liabilities</b>	<b>(30,512)</b>	<b>(24,665)</b>
Dividends received	300	-
Interest received (paid)	(2,651)	(2,091)
Taxes paid	(16,632)	(20,934)
<b>Cash flow generated from (absorbed by) operating activities (A)</b>	<b>67,840</b>	<b>47,487</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of intangible fixed assets	(7,541)	(6,492)
Purchase of tangible fixed assets	(21,997)	(14,744)
Consideration from sale of tangible fixed assets	783	379
<b>Cash flow generated from (absorbed by) operating investing activities (B)</b>	<b>(28,755)</b>	<b>(20,857)</b>
Purchase of subsidiaries and business units	(78,066)	(16,467)
Increase (decrease) in payables through business acquisition	(338)	717
(Purchase) sale of other investments, securities and reductions of <i>earn out</i>	19	18
<b>Cash flow generated from (absorbed by) acquisition activities (C)</b>	<b>(78,385)</b>	<b>(15,732)</b>
<b>Cash flow generated from (absorbed by) investing activities (B+C)</b>	<b>(107,140)</b>	<b>(36,589)</b>
<b>FINANCING ACTIVITIES:</b>		
Increase (decrease) in financial payables	2,241	836
(Increase) decrease in financial receivables	24	154
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	(75)	-
Other non-current assets and liabilities	(793)	892
Treasury shares	(15,271)	(7,511)
Dividends distributed	(15,629)	(9,427)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	(3)	1,196
<b>Cash flow generated from (absorbed by) financing activities (D)</b>	<b>(29,506)</b>	<b>(13,860)</b>
<b>Net increase in cash and cash equivalents (A+B+C+D)</b>	<b>(68,806)</b>	<b>(2,962)</b>

(€ thousands)	First Half 2017	First Half 2016
<b>Cash and cash equivalents at beginning of period</b>	<b>183,834</b>	<b>196,714</b>
Effect of discontinued operations on cash & cash equivalents	-	-
Effect of exchange rate fluctuations on cash & cash equivalents	(2,145)	102
Liquid assets acquired	2,752	1,002
Cash and cash equivalents flows	(68,806)	(2,962)
<b>Cash and cash equivalents at end of period</b>	<b>115,635</b>	<b>194,856</b>

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 11. The impact of these transactions on the Group's cash flows is not material.

## SUPPLEMENTARY INFORMATION TO CONSOLIDATED CASH FLOW STATEMENT

The fair values of the assets and liabilities acquired are summarised in the following table:

(€ thousands)	First Half 2017	First Half 2016
- Goodwill	49,160	10,773
- Customer lists	32,207	5,377
- Trademarks and non-competition agreements	4,380	-
- Other intangible fixed assets	243	732
- Tangible fixed assets	4,592	781
- Financial fixed assets	-	-
- Current assets	10,692	2,877
- Provisions for risks and charges	(4,127)	(577)
- Current liabilities	(17,280)	(2,736)
- Other non-current assets and liabilities	(9,243)	(1,202)
- Minority interests	-	-
<b>Total investments</b>	<b>70,624</b>	<b>16,025</b>
Net financial debt acquired	7,442	442
<b>Total business combinations</b>	<b>78,066</b>	<b>16,467</b>
(Increase) decrease in payables through business acquisition	3,967	(717)
Disposal of businesses (reduction in earn-outs), purchase (sale) of other investments and securities	34	(18)
<b>Cash flow absorbed by (generated from) acquisitions</b>	<b>82,067</b>	<b>15,732</b>
(Cash and cash equivalents acquired)	(2,752)	(1,002)
<b>Net cash flow absorbed by (generated from) acquisitions</b>	<b>79,315</b>	<b>14,730</b>

## 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 June 2017 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 June 2017. 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 valuation criteria adopted in the preparation of the condensed consolidated interim financial statements as at 30 June 2017 did not change from those of the consolidated accounts as at 31 December 2016.

Income tax is recognised on the basis of the best estimate of the average weighted tax rate for the entire financial period.

The condensed consolidated interim financial statements at 30 June 2017 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 2016.

The publication of the condensed consolidated interim financial statements of the Amplifon Group at 30 June 2017 was authorized by a resolution of the Board of Directors of 26 July 2017 which approved their distribution to the public.

## 2. Acquisitions and goodwill

During the first half of 2017 the Group continued its external growth and finalized many acquisitions with the aim of increasing the coverage: in detail 247 points of sale were purchased in the EMEA region, 37 in the APAC and 2 in the Americas.

The total investment amounted to €75,314 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
<b>Cost of acquisitions of the period</b>	<b>67,933</b>	<b>1,151</b>	<b>1,538</b>	<b>70,622</b>
<b>Assets and liabilities acquired – Book value</b>				
Current assets	7,886	54	-	<b>7,940</b>
Current liabilities	(9,810)	(28)	-	<b>(9,838)</b>
<b>Net working capital</b>	<b>(1,924)</b>	<b>26</b>	<b>-</b>	<b>(1,898)</b>
Other intangible and tangible assets	8,927	50	238	<b>9,215</b>
Provisions for risks and charges	(4,127)	-	-	<b>(4,127)</b>
Other non-current assets and liabilities	(1,397)	-	-	<b>(1,397)</b>
<b>Non-current assets and liabilities</b>	<b>3,403</b>	<b>50</b>	<b>238</b>	<b>3,691</b>
<b>Net invested capital</b>	<b>1,479</b>	<b>76</b>	<b>238</b>	<b>1,793</b>
<b>Minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net financial position</b>	<b>(4,750)</b>	<b>59</b>	<b>-</b>	<b>(4,691)</b>
<b>NET EQUITY ACQUIRED - BOOK VALUE</b>	<b>(3,271)</b>	<b>135</b>	<b>238</b>	<b>(2,898)</b>
<b>DIFFERENCE TO BE ALLOCATED</b>	<b>71,204</b>	<b>1,016</b>	<b>1,300</b>	<b>73,520</b>
<b>ALLOCATIONS</b>				
Customer lists	31,919	288	-	<b>32,207</b>
Deferred tax assets	1,659	2	-	<b>1,661</b>
Deferred tax liabilities	(9,483)	(25)	-	<b>(9,508)</b>
<b>Total allocations</b>	<b>24,095</b>	<b>265</b>	<b>-</b>	<b>24,360</b>
<b>TOTAL GOODWILL</b>	<b>47,109</b>	<b>751</b>	<b>1,300</b>	<b>49,160</b>

The variations of goodwill and of the amounts booked as such as a consequence of the acquisitions performed during the period are highlighted in the table below.

(€ thousands)	Net carrying value at 31/12/2016	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 30/06/2017
Italy	540	-	-	-	-	540
France	70,491	18,558	-	-	-	89,049
Iberian Peninsula	23,975	6,748	-	-	-	30,723
Hungary	1,033	-	-	-	2	1,035
Switzerland	13,719	-	-	-	(233)	13,486
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxembourg	11,136	178	-	-	-	11,314
Germany	130,871	21,625	-	-	-	152,496
Poland	217	-	-	-	-	217
United Kingdom and Ireland	8,820	-	-	-	(232)	8,588
Turkey	1,050	-	-	-	(5)	1,045
Israel	3,677	-	-	-	(12)	3,665
USA and Canada	84,310	688	-	-	(6,066)	78,932
Brazil	-	63	-	-	(5)	58
Australia and New Zealand	252,512	-	-	-	(4,365)	248,147
India	-	1,300	-	-	(45)	1,255
<b>Goodwill</b>	<b>635,132</b>	<b>49,160</b>	<b>-</b>	<b>-</b>	<b>(10,961)</b>	<b>673,331</b>

“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" is entirely related to differences in exchange rates.

### 3. Intangible fixed assets

The following table shows the changes in intangible fixed assets:

(€ thousands)	Historical cost at 31/12/2016	Accumulated amortisation and write-downs at 31/12/2016	Net book value at 31/12/2016	Historical cost at 30/06/2017	Accumulated amortisation and write-downs at 30/06/2017	Net book value at 30/06/2017
Software	93,004	(62,284)	30,720	95,269	(65,603)	29,666
Licenses	10,931	(9,122)	1,809	12,201	(9,736)	2,465
Non-competition agreements	4,685	(4,390)	295	5,037	(4,510)	527
Customer lists	202,766	(110,496)	92,270	232,531	(115,963)	116,568
Trademarks and concessions	33,002	(15,816)	17,186	40,351	(20,590)	19,761
Other	22,333	(7,073)	15,260	22,356	(7,373)	14,983
Fixed assets in progress and advances	4,366	-	4,366	4,259	-	4,259
<b>Total</b>	<b>371,087</b>	<b>(209,181)</b>	<b>161,906</b>	<b>412,004</b>	<b>(223,775)</b>	<b>188,229</b>

(€ thousands)	Net book value at 31/12/2016	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/06/2017
Software	30,720	1,824	-	(4,971)	7	-	2,086	29,666
Licenses	1,809	461	-	(463)	17	-	641	2,465
Non-competition agreements	295	627	-	(395)	-	-	-	527
Customer lists	92,270	-	-	(7,017)	32,207	-	(892)	116,568
Trademarks and concessions	17,186	-	-	(1,490)	4,380	-	(315)	19,761
Other	15,260	1,321	(342)	(842)	219	-	(633)	14,983
Fixed assets in progress and advances	4,366	3,308	(19)	-	-	-	(3,396)	4,259
<b>Total</b>	<b>161,906</b>	<b>7,541</b>	<b>(361)</b>	<b>(15,178)</b>	<b>36,830</b>	<b>-</b>	<b>(2,509)</b>	<b>188,229</b>

The variation of the item “Business combinations” is detailed as follows:

- for €36,542 thousand to the temporary allocation of the considerations paid for the acquisitions made in EMEA;
- for €288 thousand to the temporary allocation of the considerations paid for the acquisitions made in the Americas.

The increase in intangible assets in the period is primarily attributable to investments in digital marketing, in back office systems, new deployment of store and sales support systems.

The item “Other net changes” is 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 fixed assets lines.

## 4. Tangible fixed assets

The following table shows the changes in tangible fixed assets:

(€ thousands)	Historical cost at 31/12/2016	Accumulated amortisation and write-downs at 31/12/2016	Net book value at 31/12/2016	Historical cost at 30/06/2017	Accumulated amortisation and write-downs at 30/06/2017	Net book value at 30/06/2017
Land	162	-	162	162	-	162
Buildings, constructions and leasehold improvements	140,239	(87,869)	52,370	154,625	(98,231)	56,394
Plant and machines	35,243	(27,225)	8,018	39,287	(29,319)	9,968
Industrial and commercial equipment	40,660	(28,785)	11,875	43,550	(30,576)	12,974
Motor vehicles	6,259	(3,589)	2,670	6,611	(3,902)	2,709
Computers and office machinery	39,066	(30,932)	8,134	41,469	(32,890)	8,579
Furniture and fittings	84,918	(54,698)	30,220	90,878	(58,950)	31,928
Other tangible fixed assets	504	(379)	125	638	(505)	133
Fixed assets in progress and advances	6,220	-	6,220	7,359	-	7,359
<b>Total</b>	<b>353,271</b>	<b>(233,477)</b>	<b>119,794</b>	<b>384,579</b>	<b>(254,373)</b>	<b>130,206</b>

(€ thousands)	Net book value at 31/12/2016	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/06/2017
Land	162	-	-	-	-	-	-	162
Buildings, constructions and leasehold improvements	52,370	7,138	(3)	(6,214)	2,304	(97)	896	56,394
Plant and machines	8,018	1,580	(11)	(1,056)	991	(100)	546	9,968
Industrial and commercial equipment	11,875	2,164	(2)	(1,526)	324	(10)	149	12,974
Motor vehicles	2,670	474	(52)	(567)	210	-	(26)	2,709
Computers and office machinery	8,134	1,677	(7)	(1,955)	74	(8)	664	8,579
Furniture and fittings	30,220	4,081	(16)	(3,562)	653	(79)	631	31,928
Other tangible fixed assets	125	47	-	(80)	34	-	7	133
Fixed assets in progress and advances	6,220	4,836	(6)	-	2	-	(3,693)	7,359
<b>Total</b>	<b>119,794</b>	<b>21,997</b>	<b>(97)</b>	<b>(14,960)</b>	<b>4,592</b>	<b>(294)</b>	<b>(826)</b>	<b>130,206</b>

The investments made in the period refer primarily to network expansion with the opening of new stores and renewal of existing ones based on the concept store.

The increase of “Business combinations” in the period, equal to €4,592 thousand is detailed below:

- for €4,304 thousand to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €50 thousand to the temporary allocation of the price related to one acquisition made in the Americas region;

- for €238 thousand to the temporary allocation of the price related to the acquisitions made in the APAC region.

The item “Other net changes” is 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 fixed assets lines.

## 5. Share capital

At 30 June 2017, the fully paid in and subscribed share capital consisted of 226,285,086 ordinary shares with a par value of €0.02.

At 31 December 2016 share capital was made up of 226,211,802 shares. The increase recorded in the period is due to the exercise of 73,284 stock options, equivalent to 0.03% of the share capital.

During the period, continued the share buy-back program started following the resolution of the Shareholders Meetings held on 18 April 2016 and on 20 April 2017 when the Assembly authorized (after revoking the current shares buy-back plan due to expire in October 2017) a new plan of shares buy-back and disposal, pursuant the dispositions of articles 2357 and 2357-ter of the Italian Civil Code and 132 Legislative Decree n. 58 of 24 February 1998, effective for a period of 18 months starting from 20 April 2017.

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.

As part of this program during 2017, 1,404,000 shares have been purchased at an average price of €11.132.

During the period, have been exercised 1,229,169 performance stock grants rights. The Company transferred to the beneficiaries an equivalent number of treasury shares.

The total amount of treasury shares held at 30 June 2017 equals 7,134,582 or 3.153% of the Company’s share capital.

Following are disclosed the information relating to treasury shares.

	N. of shares	Average purchase price (Euro)	Total amount (€ thousands)
		FV of transferred rights (Euro)	
<b>Held at 31 December 2016</b>	<b>6,959,751</b>	<b>6.922</b>	<b>48,178</b>
Purchases	1,404,000	11.132	15,629
Transfers due to exercise of Performance Stock grants	(1,229,169)	7.629	(9,377)
<b>Total at 30 June 2017</b>	<b>7,134,582</b>	<b>7.629</b>	<b>54,430</b>

## 6. Net financial position

In accordance with the requirements of the Consob communication dated 28 July 2006 and in compliance with the CESR (now ESMA) Recommendation of 10 February 2005 “Recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses”, the Group’s net financial position at 30 June 2017, was as follows:

(€ thousands)	30/06/2017	31/12/2016	Change
Liquid funds	(115,635)	(183,834)	68,199
Other financial assets	(16)	-	(16)
Payables for business acquisitions	13,067	14,485	(1,418)
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	976	681	295
Other financial payables	21,841	13,555	8,286
Non-hedge accounting derivative instruments	(26)	(32)	6
<b>Short-term financial position</b>	<b>(79,793)</b>	<b>(155,145)</b>	<b>75,352</b>
Private placement 2013-2025	113,915	123,328	(9,413)
Eurobond 2013-2018	275,000	275,000	-
Finance lease obligations	936	1,165	(229)
Other medium/long-term debt	385	421	(36)
Hedging derivatives	(13,022)	(22,435)	9,413
Medium/long-term acquisition payables	3,115	2,087	1,028
<b>Net medium and long-term indebtedness</b>	<b>380,329</b>	<b>379,566</b>	<b>763</b>
<b>Net financial indebtedness</b>	<b>300,536</b>	<b>224,421</b>	<b>76,115</b>

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

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)	30/06/2017
Private placement 2013-2025	113,915
Eurobond 2013-2018	275,000
Finance lease obligations	936
Other medium/long-term debt	385
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(416)
<b>Medium/long-term financial liabilities</b>	<b>389,820</b>

- b. under the caption “Short-term financial liabilities” for the current portion.

(€ thousands)	30/06/2017
Short term debt	20,721
Current portion of finance lease obligations	1,120
<b>Other financial liabilities</b>	<b>21,841</b>
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	976
Loan, private placement 2013-2025 and Eurobond fees	(681)
<b>Short-term financial liabilities</b>	<b>22,136</b>

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

The **medium/long-term portion of the net financial position** reached €380,329 thousand at 30 June 2017 versus €379,566 thousand at 31 December 2016. The change of €763 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 €75,352 thousand from a positive value of €155,145 thousand at 31 December 2016 to an always positive value of €79,793 thousand at 30 June 2017. The change of the period is mainly explained by €75,314 thousand related to acquisition investments utilizing the available liquidity by €6,422 thousand related to accrued interest expenses on the Eurobond.

## 7. Financial liabilities

Financial liabilities break down as follows:

(€ thousands)	30/06/2017	31/12/2016	Change
Private placement 2013-2025	113,915	123,328	(9,413)
Eurobond 2013-2018	275,000	275,000	-
<b>Medium/long-term financing liabilities</b>	<b>388,915</b>	<b>398,328</b>	<b>(9,413)</b>
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(416)	(748)	332
Other medium/long-term debt	385	421	(36)
Finance lease obligations	936	1,165	(229)
<b>Total medium/long-term financial liabilities</b>	<b>389,820</b>	<b>399,166</b>	<b>(9,346)</b>
Short-term debt:	22,136	13,516	8,620
- of which loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(681)	(720)	39
- of which current-portion of lease obligations	1,120	1,123	(3)
<b>Total short-term financial liabilities</b>	<b>22,136</b>	<b>13,516</b>	<b>8,620</b>
<b>Total financial debt</b>	<b>411,956</b>	<b>412,682</b>	<b>(726)</b>

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
16/07/2013	Amplifon S.p.A.	16/07/2018	275,000	289,333	4.875%
<b>Total in Euro</b>			<b>275,000</b>	<b>289,333</b>	<b>4.875%</b>

- 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 (**)
30/05/2013	Amplifon USA	31/07/2020	USD	7,000	7,548	3.85%	3.39%
30/05/2013	Amplifon USA	31/07/2023	USD	8,000	9,267	4.46%	3.90%
31/07/2013	Amplifon USA	31/07/2020	USD	13,000	14,041	3.90%	3.42%
31/07/2013	Amplifon USA	31/07/2023	USD	52,000	60,294	4.51%	3.90%-3.94%
31/07/2013	Amplifon USA	31/07/2025	USD	50,000	60,137	4.66%	4.00%-4.05%
<b>Total</b>				<b>130,000</b>	<b>151,286</b>		

(\*) 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.

*Covenant:*

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:

- the ratio of Group net financial indebtedness to Group shareholders' equity must not exceed 1.5;
- the ratio of net financial indebtedness to EBITDA in the last four quarters (determined based solely on recurring business and restated if the Group's structure should change 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 June 2017, these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.54
Net financial indebtedness/EBITDA for the last 4 quarters	1.46

In determining the above-mentioned ratios, the EBITDA value has been determined on the basis of restated figures, in order to include the main changes in the Group structure:

(€ thousands)	
Group EBITDA for the last 4 quarters	202,228
EBITDA normalised (from acquisitions and disposals)	521
Acquisitions and non-recurring costs	2,822
EBITDA for covenant calculation	205,571

The private placement is also subject to other covenants applied in current international practice which limit the ability to issue guarantees and complete sale and lease back, as well as extraordinary transactions. It is confirmed that no transactions have been carried out in excess of the limits provided for by the aforementioned covenants.

The €275 million Eurobond, due in 2018 and issued in July 2013, is not subject to any covenants nor is the remaining €0.8 million in long term debt, including the short-term portion.

## 8. Taxes

The tax rate reached 37.6% versus 41.0% in the comparison period and reflects the net effect of the losses recorded by subsidiaries for which, in absence of the necessary assumptions, deferred tax assets are not recognized, as well as earnings posted for which no taxes were paid due to carried forward tax losses not recognized in the financial statements. Net of these items the tax rate would have been 34.0% versus 35.1% in the first six months of 2016.

## 9. Non recurring significant events

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

(€ thousands)		First Half 2017	First Half 2016
Operating costs	Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	(2,540)	-
Operating costs	Advisory fees and expenses related to an acquisition process not completed	-	(2,502)
<b>Profit (loss) before tax</b>		<b>(2,540)</b>	<b>(2,502)</b>
Tax	Fiscal impact of above mentioned items	802	786
<b>Total</b>		<b>(1,738)</b>	<b>(1,716)</b>

## 10. 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 Half 2017	First Half 2016
Net profit (loss) pertaining to ordinary shareholders (€ thousand)	38,057	29,627
Average number of shares outstanding in the year	218,846,766	219,160,664
Average earnings per share (€ per share)	0.17390	0.13518

### 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 Half 2017	First Half 2016
Average number of shares outstanding in the year	218,846,766	219,160,664
Weighted average of potential and diluting ordinary shares	5,739,278	5,975,494
Weighted average of shares potentially subject to options in the period	224,586,044	225,136,158

The diluted earnings per share were determined as follows:

Diluted earnings per share	First Half 2017	First Half 2016
Net profit pertaining to ordinary shareholders (€ thousand)	38,057	29,627
Average number of shares outstanding in the period	224,586,044	225,136,158
Average diluted earnings per share (€)	0.16945	0.13160

## 11. 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)	30/06/2017								First Half 2017			
	Trade receivables	Others receivables	Trade payable	Other assets	Financial liabilities	Other debts	Financial payables	Tax payables	Revenues for sales and services	Operating costs	Interest income and expenses	
Amplifin S.p.A.								4,974		(838)		
<b>Total – Parent Company</b>	-	-	-	-	-	-	-	4,974	-	(838)	-	
Comfoor BV (The Netherlands)	14		409						11	(1,387)		
Comfoor GmbH (Germany)			15							(52)		
Medtechnica Ortophone Shaked Ltd (Israel)	151			6					92	(4)		
Ruti Levinson Institute Ltd (Israel)	303								209			
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	140			22					224	(11)		
<b>Total – Other related parties</b>	608	-	424	28	-	-	-	-	536	(1,454)	-	
Bardissi Import (Egypt)			114				48			(339)		
Meders (Turkey)			1,228							(1,069)		
Nevo (Israel)	58											
Ortophone (Israel)	2			9						(165)		
Moti Bahar (Israel)										(177)		
Asher Efrati (Israel)										(147)		
Arigcom (Israel)										(40)		
Tera (Israel)				84						(27)	2	
Frederico Abrahao (Brazil)					261		185				(26)	
Others												
<b>Total – Other related parties</b>	60	-	1,342	93	261	-	233	-	-	(1,964)	(24)	
<b>Total</b>	668	-	1,766	121	261	-	233	4,974	536	(4,256)	(24)	
<b>Total as per financial statement</b>	134,656	47,618	124,574	48,933	389,820	99,367	22,136	34,837	623,780	(524,148)	(9,045)	
<b>% of financial statement total</b>	0.50%	0.00%	1.42%	0.25%	0.07%	0.00%	1.05%	14.28%	0.09%	0.81%	0.27%	

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.;
- the receivables payable to Amplifin S.p.A. for the renovation of the headquarters based on modern and efficient standards for the use of work spaces;
- 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 Egypt and Brazil by their respective minority shareholders and a long-term receivable payable by an affiliate in Israel.

## 12. Guarantees provided, commitments and contingent liabilities

### Obligations

Obligations with regard to future rent instalments amounted at the 30 June 2017 to €283,455 thousand, of which €237,878 thousand relates to the lease of stores, €32,039 thousand relates to the rent of offices, € 10,695 thousand relates to the operating leasing of cars and € 2,843 thousand relates to other operating leasing. The average lease term is equal to 4.5 years.

### Contingent liabilities and uncertainties

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

## 13. Financial risk management

The condensed consolidated interim financial statements at 30 June 2017 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 2016 for a detailed analysis of financial risk management.

## 14. Translation of foreign companies' financial statements

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

	30 June 2017		2016	30 June 2016	
	Average	As at 30 June	31 December	Average	As at 30 June
Australian dollar	1.436	1.485	1.460	1.522	1.493
Canadian dollar	1.445	1.479	1.419	1.484	1.438
New Zealand dollar	1.530	1.555	1.516	1.648	1.562
Singapore dollar	1.521	1.571	1.523	1.540	1.496
US dollar	1.083	1.141	1.054	1.116	1.110
Hungarian florin	309.421	308.970	309.830	312.714	317.060
Swiss franc	1.077	1.093	1.074	1.096	1.087
Egyptian lira	19.448	20.644	19.211	9.448	9.851
Turkish lira	3.939	4.013	3.707	3.259	3.206
New Israeli sheqel	3.964	3.989	4.048	4.307	4.276
Brazilian real	3.443	3.760	3.431	4.130	3.590
Indian rupee	71.176	73.745	71.594	75.002	74.960
British pound	0.861	0.879	0.856	0.779	0.827
Polish zloty	4.269	4.226	4.410	4.369	4.436

## 15. 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 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.

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 analyzed by geographical area without being separated from the Corporate functions which remain part of EMEA. All the information pertaining to the income statement and the statement of financial position are determined using the same criteria and accounting standards used to prepare the consolidated financial statements.

**Statement of Financial Position as at 30 June 2017 (\*)**

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	344,939	78,990	249,402	-	673,331
Intangible fixed assets with finite useful life	114,561	16,308	57,360	-	188,229
Tangible fixed assets	108,294	3,771	18,141	-	130,206
Investments valued at equity	1,677	-	-	-	1,677
Financial assets measured at fair value through profit and loss	26	-	-	-	26
Hedging instruments	4,893	-	-	-	4,893
Deferred tax assets	39,743	20	4,446	-	44,209
Other assets	7,295	41,084	554	-	48,933
<b>Total non-current assets</b>					<b>1,091,504</b>
<b>Current assets</b>					
Inventories	36,835	491	1,883	-	39,209
Receivables	135,282	38,591	13,010	(4,609)	182,274
Hedging instruments	26	-	-	-	26
Other financial assets					16
Cash and cash equivalents					115,635
<b>Total current assets</b>					<b>337,160</b>
<b>TOTAL ASSETS</b>					<b>1,428,664</b>
<b>LIABILITIES</b>					
<b>Net Equity</b>					<b>560,429</b>
<b>Non-current liabilities</b>					
Medium/long-term financial liabilities					389,820
Provisions for risks and charges	34,343	25,594	941	-	60,878
Liabilities for employees' benefits	14,269	154	2,268	-	16,691
Deferred tax liabilities	29,580	24,801	14,564	-	68,945
Payables for business acquisitions	2,384	34	697	-	3,115
Other long-term debt	28,522	26	831	-	29,379
<b>Total non-current liabilities</b>					<b>568,828</b>
<b>Current liabilities</b>					
Trade payables	80,970	34,893	13,313	(4,602)	124,574
Payables for business acquisitions	10,739	2,328	-	-	13,067
Other payables	112,353	4,192	17,666	(7)	134,204
Hedging instruments	-	-	-	-	-
Provisions for risks and charges	4,499	-	-	-	4,499
Liabilities for employees' benefits	785	142	-	-	927
Short-term financial liabilities					22,136
<b>Total current liabilities</b>					<b>299,407</b>
<b>TOTAL LIABILITIES</b>					<b>1,428,664</b>

(\*) The items in the statement of financial position are analyzed by the CEO and the Top Management by geographical area without being separated from the Corporate functions which are included in EMEA.

**Statement of Financial Position as at 31 December 2016 (\*)**

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	298,310	84,310	252,512	-	635,132
Intangible fixed assets with finite useful life	82,392	17,400	62,114	-	161,906
Tangible fixed assets	98,968	3,884	16,942	-	119,794
Investments valued at equity	1,759	-	-	-	1,759
Financial assets measured at fair value through profit and loss	43	-	-	-	43
Hedging instruments	12,223	-	-	-	12,223
Deferred tax assets	37,287	651	2,806	-	40,744
Other assets	6,326	42,986	371	-	49,683
<b>Total non-current assets</b>					<b>1,021,284</b>
<b>Current assets</b>					
Inventories	29,020	484	1,866	-	31,370
Receivables	121,423	41,225	10,097	(3,305)	169,440
Hedging instruments	35	-	-	-	35
Cash and cash equivalents					183,834
<b>Total current assets</b>					<b>384,679</b>
<b>TOTAL ASSETS</b>					<b>1,405,963</b>
<b>LIABILITIES</b>					
<b>Net Equity</b>					
					<b>557,660</b>
<b>Non-current liabilities</b>					
Medium/long-term financial liabilities					399,166
Provisions for risks and charges	31,745	26,709	887	-	59,341
Liabilities for employees' benefits	14,313	172	2,124	-	16,609
Deferred tax liabilities	20,854	25,817	15,734	-	62,405
Payables for business acquisitions	2,052	35	-	-	2,087
Other long-term debt	25,513	27	587	-	26,127
<b>Total non-current liabilities</b>					<b>565,735</b>
<b>Current liabilities</b>					
Trade payables	82,434	39,399	12,646	(3,298)	131,181
Payables for business acquisitions	11,671	2,814	-	-	14,485
Other payables	97,497	4,969	17,839	(7)	120,298
Hedging instruments	3	-	-	-	3
Provisions for risks and charges	2,346	-	-	-	2,346
Liabilities for employees' benefits	608	131	-	-	739
Short-term financial liabilities					13,516
<b>Total current liabilities</b>					<b>282,568</b>
<b>TOTAL LIABILITIES</b>					<b>1,405,963</b>

(\*) The items in the statement of financial position are analyzed by the CEO and the Top Management by geographical area without being separated from the Corporate functions which are included in EMEA.

## Income Statement – First Half 2017 (\*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	418,527	116,460	87,989	804	623,780
Operating costs	(351,957)	(94,824)	(62,729)	(14,638)	(524,148)
Other income and costs	1,352	87	(108)	(105)	1,226
<b>Gross operating profit (EBITDA)</b>	<b>67,922</b>	<b>21,723</b>	<b>25,152</b>	<b>(13,939)</b>	<b>100,858</b>
<b>Amortisation, depreciation and impairment</b>					
Amortisation	(6,668)	(1,940)	(4,402)	(2,168)	(15,178)
Depreciation	(12,075)	(524)	(2,146)	(215)	(14,960)
Impairment and impairment reversals of non-current assets	(223)	-	(71)	-	(294)
	<b>(18,966)</b>	<b>(2,464)</b>	<b>(6,619)</b>	<b>(2,383)</b>	<b>(30,432)</b>
<b>Operating result</b>	<b>48,956</b>	<b>19,259</b>	<b>18,533</b>	<b>(16,322)</b>	<b>70,426</b>
<b>Financial income, charges and value adjustments to financial assets</b>					
Group's share of the result of associated companies valued at equity	197	-	-	-	197
Other income and charges, impairment and revaluations of financial assets					-
Interest income and charges					(9,045)
Other financial income and charges					(625)
Exchange gains and losses					(140)
Gain (loss) on assets measured at fair value					155
					<b>(9,458)</b>
<b>Net profit (loss) before tax</b>					<b>60,968</b>
Tax					(22,897)
<b>Total net profit (loss)</b>					<b>38,071</b>
Minority interests					14
<b>Net profit (loss) attributable to the Group</b>					<b>38,057</b>

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

## Income Statement – First Half 2016 <sup>(\*)</sup>

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	366,229	101,471	76,077	434	544,211
Operating costs	(308,010)	(82,547)	(52,802)	(12,350)	(455,709)
Other income and costs	(428)	43	(82)	(2,546)	(3,013)
<b>Gross operating profit (EBITDA)</b>	<b>57,791</b>	<b>18,967</b>	<b>23,193</b>	<b>(14,462)</b>	<b>85,489</b>
<b>Amortisation, depreciation and impairment</b>					
Amortisation	(5,352)	(1,767)	(3,518)	(1,765)	(12,402)
Depreciation	(10,563)	(400)	(1,965)	(192)	(13,120)
Impairment and impairment reversals of non-current assets	(225)	-	(42)	-	(267)
	<b>(16,140)</b>	<b>(2,167)</b>	<b>(5,525)</b>	<b>(1,957)</b>	<b>(25,789)</b>
<b>Operating result</b>	<b>41,651</b>	<b>16,800</b>	<b>17,668</b>	<b>(16,419)</b>	<b>59,700</b>
<b>Financial income, charges and value adjustments to financial assets</b>					
Group's share of the result of associated companies valued at equity	182	-	-	-	182
Other income and charges, impairment and revaluations of financial assets					8
Interest income and charges					(8,766)
Other financial income and charges					(566)
Exchange gains and losses					(1,367)
Gain (loss) on assets measured at fair value					1,176
					<b>(9,333)</b>
<b>Net profit (loss) before tax</b>					<b>50,367</b>
Tax					(20,635)
<b>Total net profit (loss)</b>					<b>29,732</b>
Minority interests					105
<b>Net profit (loss) attributable to the Group</b>					<b>29,627</b>

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

## 16. Accounting policies

### 16.1 Presentation of financial statements

The condensed consolidated interim financial statements at 30 June 2017 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.

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.

### 16.2 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.

### 16.3 Future accounting principles and interpretations

#### International accounting standards and the interpretations approved by IASB and endorsed in Europe

The following table shows the IFRS/Interpretations approved by the IASB and endorsed in Europe whose compulsory effectiveness date is later than 24 April 2017:

Description	Endorsement date	Publication in O.J.E.C.	Effective date	Effective date for Amplifon
IFRS 9: Financial Instruments	22 Nov '16	22 Nov '16	Financial years beginning on or after 1 Jan '18	1 Jan '18
IFRS 15 Revenue from contracts with customers and related Amendment (Effective Date of IFRS 15)	22 Nov '16	29 Oct '16	Financial years beginning on or after 1 Jan'18	1 Jan '18

The issue of the definitive version of IFRS 9 “Financial instruments” completed the project to revise the accounting standard relating to financial instruments. The new standard: (i) changes the way in which financial assets are classified and measured; (ii) introduces the concept of expected credit losses as one of the variables to be considered in the measurement and impairment of financial assets (iii) changes the hedge accounting model. It is not foreseeable that the adoption of this new Standard could result in material impact in the evaluation of assets, liabilities, costs and expenses for the Amplifon Group.

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 analyse and recognize revenue in relation to the timing and the amount.

The Group is working in collaboration with a primary consultancy firm, a detailed analysis of the impacts arising from the application of the principle and which primarily relate to methods and timing of revenue recognition for after-sales services, warranties and costs classified as contract cost.

## International accounting standards and the interpretations approved by IASB not yet endorsed in Europe

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 20 July 2017 had not yet been endorsed for adoption in Europe.

Description	Effective date
<i>IFRS 17 Insurance Contracts (issued on 18 May 2017)</i>	Financial years beginning on or after 1 Jan '21
<i>IFRS 14 regulatory deferral accounts (issued on 30 January 2014)</i>	Financial years beginning on or after 1 Jan '16
<i>IFRS 16 Leases (Issued on 13 January 2016)</i>	Financial years beginning on or after 1 Jan '19
<i>IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)</i>	Financial years beginning on or after 1 Jan '19
<i>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)</i>	Deferred awaiting definition
<i>Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016)</i>	Financial years beginning on or after 1 Jan '17
<i>Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016)</i>	Financial years beginning on or after 1 Jan '17
<i>Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)</i>	Financial years beginning on or after 1 Jan '18
<i>Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)</i>	Financial years beginning on or after 1 Jan '18
<i>Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)</i>	Financial years beginning on or after 1 Jan '18
<i>Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)</i>	Financial years beginning on or after 1 Jan '17/'18
<i>IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)</i>	Financial years beginning on or after 1 Jan '18
<i>Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016)</i>	Financial years beginning on or after 1 Jan '18

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

With reference to IFRS 16 Amplifon Group is continuing the analysis in order to determine the future impacts on the consolidate financial statements and to identify appropriate solutions on the information systems. For a first evidence of the magnitude of the expected impacts of the adoption of IFRS 16 refer to note 12 "Guarantees, commitments and contingent liabilities" where the future commitments for operating lease are exposed.

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.

## 17. Subsequent events

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

In July 2017 execution of the buyback program approved during the Shareholders' Meeting held on 18 April 2016 continued and a total of 255,000 shares were purchased between the end of June 2017 and the date of this report at an average price of €11.636. The exercise of performance stock grants continued in the period as a result of which, as at 25 July 2017, Amplifon transferred a total of 316,020 treasury shares to the beneficiaries. The treasury shares held at the date of this report, therefore, now total 7,568,990 or 3.345% of the Company's share capital.

Milan, 26 July 2017

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 June 2017.

#### Parent company:

Company name	Head office	Currency	Share Capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,525,702

#### Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/06/2017
Amplifon Groupe France SA	Arcueil (France)	D	EUR	48,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Mirande Audition SAS	Saint Esteve (France)	I	EUR	5,000	100.0%
Audition 47 SAS	Le Passage (France)	I	EUR	7,500	100.0%
Audition Bonin SARL	Sillé Le Guillaume (France)	I	EUR	3,000	100.0%
AudioPrev Arnage Sarl	Arnage (France)	I	EUR	3,000	100.0%
AudioPrev Les Maillets Sarl	Le Mans (France)	I	EUR	3,000	100.0%
AudioPrev Bonnetable Sarl	Bonnetable (France)	I	EUR	3,000	100.0%
V.B. Audition Sarl	Toulouges (France)	I	EUR	5,000	100.0%
Saint Clair Audition Sarl	Sète (France)	I	EUR	61,000	100.0%
Laboratoires Coscas Audition SAS	Paris (France)	I	EUR	474,000	100.0%
AudioNova France SAS	Villeurbanne (France)	I	EUR	7,900,000	100.0%
Centre de Surdit� du Rousillon	Perpignan (France)	I	EUR	213,429	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Fundaci�n Amplifon Iberica	Madrid (Spain)	I	EUR	30,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	5,720,187	100.0%
MiniSom SA	Lisboa (Portugal)	I	EUR	14,237,444	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	3,500,000	100.0%
Amplibus Magyarország Kft	Buda�rs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	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%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/06/2017
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Amplifon Luxemburg Sarl	Luxemburg (Luxemburg)	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%
Focus Hören AG	Willroth (Germany)	I	EUR	485,555	100.0%
focus hören Deutschland GmbH	Willroth (Germany)	I	EUR	25,000	100.0%
Egger Hörgeräte + Gehörschutz GmbH, Kempten	Kempten (Germany)	I	EUR	25,100	100.0%
Egger Hörgeräte + Gehörschutz Oberstdorf GmbH	Oberstdorf (Germany)	I	EUR	25,000	100.0%
Egger Hörgeräte + Gehörschutz GmbH, Amberg	Amberg (Germany)	I	EUR	26,000	100.0%
Amplifon Poland Sp.z o.o.	Lodz (Poland)	D	PLN	3,342,640	100.0%
Amplifon UK Ltd	Manchester (UK)	D	GBP	69,100,000	100.0%
Amplifon Ltd	Manchester (UK)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (UK)	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 İştirak 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%
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	31,500,200	100.0%
Audiomedica Hearing Clinic Inc.	Calgary (Canada)	I	CAD	0	100.0%
Hear More Canada, Inc.	Burlington (Canada)	I	CAD	0	100.0%
Boreal Hearing Centre Inc.	Ontario (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%
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 Asia Pacific Pte Limited	Singapore (Singapore)	I	SGD	1,000,000	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	850,000,000	100.0%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/06/2017
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 exercisable from 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 30/06/2017
B2C SAS (on liquidation)	Ajaccio (France)	I	EUR	16,165	21.0%
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 in respect of the Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree 58/98

We, the undersigned, Enrico Vita, Chief Executive Officer, and Gabriele Galli, Executive Responsible for Corporate Accounting Information for Amplifon S.p.A., taking into account the provisions of § 154-*bis*, paragraphs 3 and 4 of Law 58/98, certify:

- the adequacy, by reference to the characteristics of the business;
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during the period from 1<sup>st</sup> of January to 30<sup>th</sup> of June.

We also certify that the interim consolidated financial statements at 30 June 2017:

- have been prepared in accordance with the international accounting standards recognized in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the underlying accounting entries and records;
- provides a true and fair view of the performance and financial position of the issuer and of all of the companies included in the consolidation.

The report on operations includes a reliable operating and financial review of the company and all the companies included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

26 July 2017

CEO

Enrico Vita

Executive Responsible for Corporate  
Accounting Information

Gabriele Galli



## REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

### Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Amplifon SpA and its subsidiaries (the Amplifon Group) as of 30 June 2017, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in net equity, cash flow statement and related explanatory notes. The directors of Amplifon SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

### Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the Amplifon Group as of 30 June 2017 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 28 July 2017

PricewaterhouseCoopers SpA

Signed by  
Massimo Rota  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers.*

### **PricewaterhouseCoopers SpA**

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