



FY 2017 Results

Milan | March 1st, 2018

Disclaimer

The information contained herein and other material discussed during the conference call, particularly the ones regarding any possible or assumed future performance of the Amplifon Group, are or may be forward looking statements and in this respect they involve some risks and uncertainties.

Any reference to past performance of Amplifon shall not be taken as an indication of future performance.

This document is being provided to you solely for your information and may not be reproduced or redistributed to any other person.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy the securities discussed herein.

Statement

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

FY 2017 Key takeaways

Third year in a row of record results

- Overall positive market dynamics, growing ~3.5%¹
- Outpacing the global hearing aids retail market (>3x market growth)
 - Leadership consolidation and market share gains in all main countries
- Record revenues delivering solid top-line growth (Q4 2017: +13.6%²; FY 2017: +12.5%²)
 - Strong organic growth, steadily accelerating in Q4
 - Significant contribution from M&A
 - Challenging comparable basis (+9.6% in 2016 vs 2015)
- Continued profitability improvement, fostered by the US and EMEA
- All-time high of Net Profit, over €100 million, driven by operating leverage and lower tax rate
- Strong commitment to execution
 - Ongoing network expansion: 346 shops and 117 SiS
 - Acquisitions of 301 shops & 58 SiS (primarily in France, Germany, Portugal & India)
 - Net cash-out totaled €111.5 million
 - Completed AudioNova France & MiniSom Portugal integration
 - Openings of 45 shops & 59 SiS (primarily in Spain, Australia & New Zealand)
 - Continued marketing investments to accelerate future top-line growth
 - ~+10% in 2017 vs 2016

¹ Refers to Amplifon reference markets and private segment

² At constant FX

Commentary refers to FY 2017, if not differently stated

FY 2017 Financial highlights

Record Revenues and EBITDA for third year in a row. All-time high Net Profit at €100m

Data in €m	FY 2017	FY 2016	Δ%
REVENUES	1,266.0	1,133.1	+11.7%
Organic growth			+6.6%
Acquisitions			+5.9%
FX			-0.8%
EBITDA Recurring	217.5	189.4	+14.9%
Margin %	17.2%	16.7%	-

- Strong sales in all Regions
 - Outstanding performance in EMEA: +14.2%¹
 - Robust momentum in Americas: +8.5%¹
 - Solid trading in APAC: +9.2%¹
- Sound operating leverage
 - EBITDA Recurring of €217.5 million, up ~+15% or 50 bps over 2016
- Net Profit as reported of €100.6 million, up 58.1% over 2016
 - Dividend proposal increased by 57.1% to 11.0 euro cents vs 7.0 euro cents of last year
- Free cash flow of €98.0 million, after increased net Capex at €70.7 million
- Continued investments to support long-term growth
 - Marketing: ~+10%
 - Net cash-out for acquisitions: €111.5 million
- Net debt at €296.3 million, corresponding to 1.35x Net debt/EBITDA

Q4 2017 Financial highlights

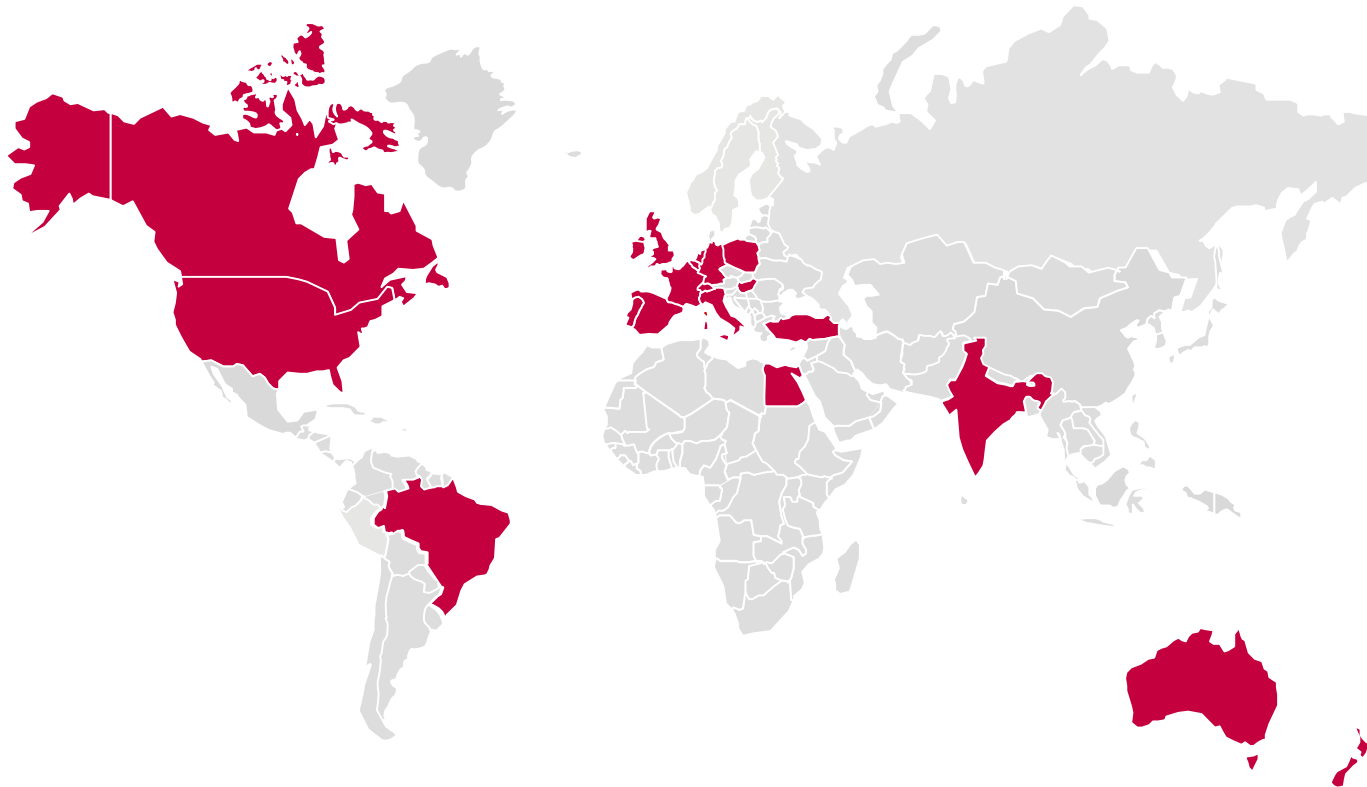
An outstanding year-end: excellent organic growth and profitability expansion

Data in €m	Q4 2017	Q4 2016	Δ%
REVENUES	364.2	329.2	+10.7%
Organic growth			+8.4%
Acquisitions			+5.2%
FX			-2.9%
EBITDA Recurring	76.7	67.7	+13.2%
Margin %	21.1%	20.6%	-

- Outstanding top-line growth (+13.6%¹)
 - Organic growth back at highest levels of +8.4%
 - Outpacing market growth of ~+5%²
 - Significant M&A contribution
 - Currency headwind (USD/EUR and AUD/EUR)
 - Challenging Q4 2016 comparable basis (+9.6% vs Q4 2015)
- Strong profitability improvement
 - Recurring EBITDA margin up by 50 bps
 - Marketing: >+15% in Q4 2017 vs Q4 2016
- Ongoing network expansion: 51 shops & 15 SiS
 - 47 shops & 2 SiS acquired primarily in France and Germany
 - Openings of 4 shops & 13 SiS primarily in Spain

Revenue roadmap by Region

Consistent and above market growth across Regions



FY 2017: +12.5%¹


Organic growth²: +6.6%
 Acquisitions: +5.9%
 FX: -0.8%



Q4 2017: +13.6%¹

Organic growth²: +8.4%
 Acquisitions: +5.2%
 FX: -2.9%


AMERICAS
 18.1% of FY 2017 Revenues
 FY 2017: +8.5% in LC YoY
 Q4 2017: +7.5% in LC QoQ




EMEA
 67.6% of FY 2017 Revenues
 FY 2017: +14.2% in LC YoY
 Q4 2017: +15.3% in LC QoQ



APAC
 14.1% of FY 2017 Revenues
 FY 2017: +9.2% in LC YoY
 Q4 2017: +11.9% in LC QoQ

Financial results by Region

EMEA: outstanding top-line growth along with profitability expansion

Data in €m	FY 2017	FY2016	Δ%
REVENUES	855.6	753.7	+13.5%
Organic growth			+6.5%
Acquisitions			+7.7%
FX			-0.7%
EBITDA Recurring	150.4	126.7	+18.8%
Margin %	17.6%	16.8%	-

Data in €m	Q4 2017	Q4 2016	Δ%
REVENUES	260.5	227.2	+14.7%
Organic growth			+8.5%
Acquisitions			+6.8%
FX			-0.6%
EBITDA Recurring	60.2	52.1	+15.6%
Margin %	23.1%	22.9%	-

- Performance well above market reference
 - EMEA market growing ~3.5%¹
- Outstanding revenue growth of +14.2% in LC
 - Solid organic growth, accelerating at year-end, despite one trading day less vs 2016
 - Boost of M&A activity
 - Strong comparable basis (+9.5% in 2016 vs 2015)
- Continued remarkable momentum in Italy driven by successful marketing strategy over strong 2016 results
- Outstanding performance for Spain, driven by double-digit organic growth, and Portugal, thanks to both strong organic growth and impact of the MiniSom acquisition
- Very strong performance of France and Germany fostered by acquisitions and organic growth
- Double digit organic growth in LC in UK, confirming successful execution of turnaround
- Recurring EBITDA margin improved by 80 bps
 - Top-line growth, operational efficiency and scale-reach in core countries

1. Refers to Amplifon reference markets and private segment
Commentary refers to FY 2017, if not differently stated

Financial results by Region

AMERICAS: solid performance and strong profitability improvement

Data in €m	FY 2017	FY 2016	Δ%
REVENUES	228.9	214.9	+6.5%
Organic growth			+6.2%
Acquisitions			+2.3%
FX			-2.0%
EBITDA Recurring	45.2	38.8	+16.5%
Margin %	19.7%	18.0%	-

Data in €m	Q4 2017	Q4 2016	Δ%
REVENUES	57.3	57.9	-0.9%
Organic growth			+6.3%
Acquisitions			+1.2%
FX			-8.4%
EBITDA Recurring	11.6	10.2	+13.8%
Margin %	20.3%	17.6%	-

- Market share gain in a structurally growing market (+4%¹)
- Solid revenue growth at +8.5% in LC, driven by effective execution of Miracle-Ear and AHHC and by a positive contribution from EHN
 - Strong organic growth at 6.2%
 - Currency headwind, accelerating at year-end
 - Challenging comparable basis (+8.3% in 2016 vs 2015)
- Excellent performance in Canada fostered by M&A
- EBITDA increased by 16.5% vs. 2016, with margin improving by 170 bps
 - Operational efficiency
 - Favorable comparable basis, due to peak of investments in 2016

1. Refers to US private market
 Commentary refers to FY 2017, if not differently stated

Financial results by Region

APAC: robust trading performance

Data in €m	FY 2017	FY 2016	Δ%
REVENUES	179.0	162.9	+9.9%
Organic growth			+7.2%
Acquisitions			+2.0%
FX			+0.7%
EBITDA Recurring	51.5	49.1	+4.9%
Margin %	28.8%	30.1%	-

Data in €m	Q4 2017	Q4 2016	Δ%
REVENUES	45.0	43.2	+4.2%
Organic growth			+9.9%
Acquisitions			+2.0%
FX			-7.7%
EBITDA Recurring	13.2	12.6	+4.7%
Margin %	29.3%	29.2%	-

- Performance well above market reference
 - Australian market environment contracting by ~2%¹, though steadily improving and back to growth in Q4
 - New Zealand market growing ~4%¹
- Strong revenue growth of 9.2% in LC
 - Solid organic growth, significantly accelerating in Q4
 - Currency tailwind for the year, although substantially reversing to headwind in H2
 - Challenging comparison (+10.9% in 2016 vs 2015)
- Solid performance in Australia
 - Improved organic growth trend at year-end, steadily accelerating from September
- Continued outstanding momentum in New Zealand, driven by healthy double-digit organic growth, as a result of the successful lead generation activity
- Sound performance in India fostered by solid organic growth and Senso Bloom's acquisition
- EBITDA at €51.5 million, up 4.9% vs 2016
 - At Company's highest profitability levels

1. Refers to private market
Commentary refers to FY 2017, if not differently stated

Q4 2017 Financial results

Delivering excellent results in all P&L items

Data in €m (unless specified)	Recurring			Reported		
	Q4 2017	Q4 2016	Δ%	Q4 2017	Q4 2016	Δ%
REVENUES	364.2	329.2	+10.7%	364.2	329.2	+10.7%
EBITDA¹	76.7	67.7	+13.2%	75.6	67.7	+11.6%
<i>Margin %</i>	21.1%	20.6%	-	20.8%	20.6%	-
D&A ²	(17.1)	(15.7)	+8.6%	(17.3)	(21.2)	-18.5%
EBIT³	59.6	52.0	+14.6%	58.3	46.5	+25.4%
<i>Margin %</i>	16.4%	15.8%	-	16.0%	14.1%	-
NET FINANCIAL EXPENSES	(5.0)	(5.8)	-14.0%	(5.0)	(5.8)	-14.0%
PROFIT BEFORE TAX³	54.6	46.2	+18.2%	53.3	40.7	+31.0%
TAXES ⁴	(10.6)	(16.4)	-35.3%	(1.0)	(16.4)	-94.1%
<i>% on PBT</i>	19.4%	35.4%	-	1.8%	40.2%	-
MINORITY	(0.1)	0.1	-	(0.1)	0.1	-
NET PROFIT⁵	44.1	29.8	+48.0%	52.4	24.3	+115.9%
<i>Margin %</i>	12.1%	9.0%	-	14.4%	7.4%	-
EPS (Euro)	0.201	0.136	+47.6%	0.239	0.111	+115.2%

1. Negative one-off in Q4 2017 of €1.1m for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions. No one-off in Q4 2016

2. Negative one-off in Q4 2017 of €0.2m for write-down of intangible assets following closing of Minisom shops in Portugal (part of restructuring). Negative one-off in Q4 2016 of €5.5 million for partial write-down of the goodwill related to the UK acquisition

3. Negative one-off in Q4 2017 of €1.3m related to the impact of items in Note 1 and 2. Negative one-off in Q4 2016 of € 5.5m related to the impact of item in Note 2

4. Positive one-off in Q4 2017 of €9.6m primarily related to the change in deferred taxation in the US due to the tax reform

5. Positive one-off in Q4 2017 of €8.3m related to the impact of items in Note 3 and 4 net of taxes. Negative one-off in Q4 2016 of €5.5m related to the impact of item in Note 3 net of taxes

FY 2017 Financial results

Sharp improvement in all profitability lines, leading to Company's all-time high Net Profit

Data in €m (unless specified)	Recurring			Reported		
	FY 2017	FY 2016	Δ%	FY 2017	FY 2016	Δ%
REVENUES	1,266.0	1,133.1	+11.7%	1,266.0	1,133.1	+11.7%
EBITDA¹	217.5	189.4	+14.9%	212.5	186.9	+13.7%
<i>Margin %</i>	17.2%	16.7%	-	16.8%	16.5%	-
D&A ²	(62.6)	(54.3)	+15.2%	(62.8)	(59.8)	+5.0%
EBIT³	154.9	135.0	+14.7%	149.7	127.0	+17.8%
<i>Margin %</i>	12.2%	11.9%	-	11.8%	11.2%	-
NET FINANCIAL EXPENSES	(19.3)	(19.7)	-1.8%	(19.3)	(19.7)	-1.8%
PROFIT BEFORE TAX³	135.6	115.4	+17.5%	130.3	107.4	+21.4%
TAXES ⁴	(40.6)	(44.4)	-8.4%	(29.9)	(43.6)	-31.5%
<i>% on PBT</i>	30.0%	38.5%	-	22.9%	40.6%	-
MINORITY	(0.1)	0.2	-	(0.1)	0.2	-
NET PROFIT⁵	95.0	70.8	+34.2%	100.6	63.6	+58.1%
<i>Margin %</i>	7.5%	6.3%	-	7.9%	5.6%	-
EPS (Euro)	0.434	0.323	+34.3%	0.459	0.290	+58.3%

1. Negative one-off in FY 2017 of €5.0m for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions. Negative one-off in FY 2016 of €2.5m related to advisory fees and expenses for an acquisition process not completed
2. Negative one-off in FY 2017 of €0.2m for write-down of intangible assets following closing of Minisom shops in Portugal (part of restructuring). Negative one-off in FY 2016 of €5.5m for partial write-down of the goodwill related to the UK acquisition
3. Negative one-off in FY 2017 of €5.2m related to the impact of items in Note 1 and 2. Negative one-off in FY 2016 of €8.0m related to the impact of items in Note 1 and 2
4. Positive one-off in FY 2017 of €10.8m related to the change in deferred taxation in the US due to the tax reform (€9.6m) and tax impact of items above (€1.2m). Positive one-off in FY 2016 of 0.8m for tax impact of items above
5. Positive one-off in FY 2017 of €5.6m related to the impact of previous items net of taxes. Negative one-off in FY 2016 of €7.2m related to the impact of previous items net of taxes

FY 2017 Financial results

High cash flow conversion sustained higher investment, primarily for openings & M&A

Data in €m	FY 2017 ¹	FY 2016 ²	Δ
Operating cash flow (a)	168.6	143.6	+25.0
Capex (net) (b)	(70.7)	(61.1)	(9.5)
Free cash flow (a+b)	98.0	82.5	+15.5
Acquisitions (net) (c)	(111.5)	(79.3)	(32.2)
Cash provided by (used in) operating and investing activities	(13.5)	3.2	(16.7)
Cash flow provided by (used in) investing activities (b+c)	(182.2)	(140.5)	(41.7)
Cash provided by (used) financing activities ³	(52.8)	(26.5)	(26.2)
Net cash flow for the period	(66.3)	(23.4)	(42.9)
Net financial position (opening date)	(224.4)	(204.9)	(19.5)
Change in net financial position	(66.3)	(23.4)	(42.9)
Effect of FX on financial position	(5.5)	3.9	(9.4)
Net financial position (closing date)	(296.3)	(224.4)	(71.8)

1. Non recurring cash-out of €2.0 million in FY 2017 for restructuring charges related to AudioNova France and MiniSom Portugal acquisitions.

2. Non recurring cash-out of €3.1 million in FY 2016 (€2.5 million related to advisory fees and expenses for an acquisition process not completed and €0.6 million related to the payment of restructuring charges of FY 2015 in the Netherlands)

3. Includes dividends payment for €15.3 million and share buy-back for €36.2 million

FY 2017 Financial results

Solid capital structure to sustain future growth opportunities

Data in €m	31/12/2017	31/12/2016
Cash	(124.1)	(183.8)
Short-term debt ¹	301.1	28.7
Medium/long-term debt ¹	<u>119.3</u>	<u>379.6</u>
Net debt	296.3	224.4
Equity	588.4	557.7
Net debt/EBITDA	1.35x	1.17x
Net debt/total equity	0.50x	0.40x

1. The increase in Short-term debt and related decrease in Long-term debt in 2017 vs 2016 is due to the Bond's maturity in July 2018. Amplifon has already refinanced the outstanding Bond via new Bank and Revolving Credit facilities, securing better terms and conditions

2018 Outlook

Entering 2018 with sound optimism

- Amplifon's strong momentum is expected also in 2018
- Key update on Amplifon strategy and growth opportunities as well as on the Company's financial ambitions for the three-year period 2018-2020 will be provided on March 26th, 2018 at **Amplifon's Capital Markets Day**
- Next events:



March 26th, 2018

Capital Markets Day, in order to

- Introduce Amplifon Leadership Team
- Provide Company's strategic and financial update

Meeting details:

Indicative time: 11.00am-3.30pm CET (also webcast)

Location: Amplifon HQ

Detailed agenda & webcast details will be made available closer to the event



April 20th, 2018

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

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



Investor Relations Contacts

FRANCESCA RAMBAUDI
Director

Tel: +39 02 5747 2261
francesca.rambaudi@amplifon.com

PAOLA BEZZI
Junior specialist

Tel: +39 02 5747 2310
paola.bezzi@amplifon.com

ELISA GUIDOTTI
Stagiaire

Tel: +39 02 5747 2317
elisa.guidotti@amplifon.com

OLGA LEPECHKINA
Assistant

Tel: +39 02 5747 2542
olga.lepechkina@amplifon.com