



AMPLIFON S.P.A.: THE BOARD OF DIRECTORS APPROVES THE INTERIM FINANCIAL REPORT AS AT MARCH 31ST, 2014

THE GROUP CLOSSES THE FIRST THREE MONTHS OF THE YEAR WITH SALES UP 2.4% AT CONSTANT EXCHANGE RATES AND DOWN 0.5% AT CURRENT EXCHANGE RATES.

CLEAR SIGNS OF RECOVERY IN EUROPE, WHILE THE REST OF EMEA AND ASIA-PACIFIC POST ROBUST GROWTH. AMERICAS OFF TO A WEAK START DUE TO THE ADVERSE WEATHER CONDITIONS REGISTERED IN THE QUARTER.

PROFITABILITY IMPROVES OVERALL AND – NET OF THE EXCHANGE EFFECT AND THE NON-RECURRING COSTS POSTED IN THE COMPARISON PERIOD – SHOWS GROWTH BOTH IN ABSOLUTE TERMS AND IN MARGINS.

The main results:

- **Consolidated REVENUE** as at March 31st, 2014 amounted to Euro 188.3 million, up 2.4% at constant exchange rates and down 0.5% at current exchange rates. Europe showed clear signs of recovery in the quarter (+1.8% at constant exchange rates) with the rest of EMEA (+28.8% at constant exchange rates) and ASIA-PACIFIC (+11.6% in AUD) making a positive contribution to this result, while AMERICAS was off to a weak start due to the adverse weather conditions (-0.7% in USD).
- **EBITDA** amounted to Euro 18.6 million, an increase of 5.0% with respect to the same period of the prior year. Net of the non-recurring costs incurred in the comparison period and the exchange effect, growth in profitability reached 8.6%. Good results were posted in EMEA (+5.8% net of the exchange effect and non-recurring costs), as well as ASIA-PACIFIC (+24.8% in AUD). AMERICAS held, recording a minor downturn of 1.1% in USD.
- **EBIT** amounted to Euro 7.9 million, an increase of 28.6% against the Euro 6.2 million posted in the prior year. **NET PROFIT** came to Euro 10 million versus a loss of Euro 2.1 million in the same period of last year. In addition to the increase in operating profit, the figure benefitted from a tax income of Euro 10.3 million following the Australian tax authority's recognition of the deductibility for tax purposes of part of the assets acquired in 2010.
- **NET FINANCIAL DEBT** amounted to Euro 287.9 million, a slight increase with respect to the Euro 275.4 million reported as at December 31st, 2013, as a result of the seasonality of working capital, nonetheless an improvement of Euro 31 million against the same period of the prior year.

Milan, April 28th, 2014: Today the Board of Directors of Amplifon S.p.A., worldwide leader in the distribution and fitting of personalized hearing solutions, approved the Interim Financial Report at March 31st, 2014 in a meeting chaired by Susan Carol Holland.

MAIN ECONOMICAL AND FINANCIAL FIGURES							
Euro millions	Q1 2014		Q1 2013 Restated (*)		Q1 2013 Reported		% Var. on Restated
Net revenues	188,3	100.0%	189,4	100.0%	189,7	100.0%	-0.5%
EBITDA	18,6	9.9%	17,8	9.4%	17,9	9.4%	5.0%
EBITA	11,5	6.1%	10,2	5.4%	10,2	5.4%	12.4%
EBIT	7,9	4.2%	6,2	3.2%	6,2	3.3%	28.6%
Net income - Group	10,0	5.3%	(2,1)	-1.1%	(2,1)	-1.1%	585.9%
Free cash flow	(5,4)		(12,8)		(12,9)		
Euro (millions)	03/31/2014		12/31/2013 Restated (*)		12/31/2013 Reported		% Var. on Restated
Net financial position	287,9		275,4		275,3		4.6%

* Figures restated after IFRS11 took effect which calls for retroactive application impacting the Dutch subsidiary Comfoor B.V..

OVERVIEW

In a global economic environment in which confidence in a sustainable European economic recovery is growing and the positive economic trend gained further momentum in the United States, the Group began 2014 with sales up overall, continuing to benefit from its internationalization and geographic diversification strategy: **consolidated revenue** at March 31st, 2014 amounted to Euro 188.3 million, an increase of 2.4% at constant exchange rates against the same period of the prior year and down 0.5% at current exchange rates.

Clear signs of recovery were reported in Europe which is positive once again (+1.8% at constant exchange rates). Solid growth rates were confirmed in the rest of EMEA (the new region created following the organizational changes introduced at the beginning of the year) which rose +28.8% at constant exchange rates. Positive performances continued in ASIA-PACIFIC (+11.6% in AUD), while AMERICAS got off to a weak start due to the particularly bad weather conditions registered in the quarter (-0.7% in USD).

The profitability showed firm improvement in the quarter: EBITDA amounted to Euro 18.6 million, an increase of 5.0% with respect to the same period of the prior year. Net of the non-recurring costs incurred in the comparison period and the exchange effect, EBITDA rose 8.6%. **Net profit** also increased, reaching Euro 10 million versus a loss of Euro 2.1 million in the same period last year. In addition to the increase in operating profit, the figure benefitted from a tax income of Euro 10.3 million following the Australian tax authority's recognition of the deductibility for tax purposes of part of the assets acquired in 2010.

International expansion continued through both organic growth and acquisitions. More in detail, 4 new stores were opened in France and the same number were purchased in April; the distribution network was also expanded as a result of the purchase of 5 stores in Germany, 2 stores in Turkey, along with 2 new openings in the Iberian Peninsula and one in Hungary. In Poland the number of stores opened, after having entered this market a little more than a year ago, rose to 14.

In April the entry into the Israeli market was also announced (on April 9th, 2014) after having signed an agreement for the purchase of 60% of *Medtechnica Orthophone Ltd.*, the leading Israeli provider of hearing aids and related services with a market share of around 30%. This transaction is in line with the Group's internationalization strategy and allows Amplifon to enter a market with great growth potential, while also paving the way for further development throughout the Eastern Mediterranean Region.

The Group's **financial structure** remains solid, ready to support investments and growth projects. **Net financial debt** amounted to Euro 287.9 million, a slight increase with respect to the Euro 275.3 million reported at December 31st, 2013, as a result of the seasonality of working capital, nonetheless an improvement of Euro 31 million against the same period of the prior year.

"The first results for the year confirm, once again, the solidity and the positive growth prospects of our business", stated Franco Moschetti, the Amplifon Group's Chief Executive Officer. "More in detail, the clear signs of recovery in Europe demonstrate that the corrective measures undertaken last year are starting to take effect, while the validity of our internationalization strategy is confirmed yet again. We will continue to invest in growth", Moschetti added, "and to further strengthen the leadership of our brands worldwide".

THE RESULTS

PERFORMANCE BY GEOGRAPHIC AREA

EMEA: clear signs of a recovery in Europe and solid organic growth in the rest of the region.

Despite a weak beginning in **Italy** (-6.9% with respect to the same period of the prior year), penalized by the extremely rainy weather, and the residual effects of the regulatory changes introduced in **the Netherlands** early 2013 (-11.4%, against a comparison period that was still benefitting from the order backlog relative to year-end 2012), revenue in Europe confirmed encouraging signs of recovery with particularly positive performances posted in **Germany** (+41.7%), the **Iberian Peninsula** (+23.1%) and **Hungary** (+83.3% in HUF). Growth also continued in **France** (+5,0%) and **Belgium-Luxembourg** (+9.4%) with positive contributions coming from **Poland** (consolidated for the first time in the quarter under examination), **Turkey** (+53.9% in TRY) and **Egypt** (+9.3% in EGP). Negative performance was posted in the **United Kingdom** (-10.2% in GBP), even if a few signals pointing to improving operations materialized in the latter part of the quarter. **EBITDA** improved markedly in the quarter, posting growth of 5.8% net of the exchange effect and non-recurring costs.

AMERICAS: beginning of the year influenced by weather and exchange effect. Profitability steady.

The first quarter performance in **AMERICAS** was impacted by the exceptionally bad weather conditions: sales in the region were, however, basically unchanged (-0.7% at constant exchange rates), influenced negatively solely by a strong adverse exchange effect (-3.8%). Profitability continues to be high, with a slight decrease (-1.1% in USD) compared to the same period of the prior year. With a view to rationalizing the regional commercial policies, in March all the stores in Canada switched to the Miracle Ear brand.

ASIA-PACIFIC: despite the adverse exchange effect, growth remains solid and lasting.

In the first quarter of 2014 revenue in **ASIA-PACIFIC** amounted to Euro 27.4 million, up 11.6% in Australian dollars. **Australia** (+11.4% in AUD) and **India** (+33.2% in INR) both made a positive contribution. Sales in **New Zealand** fell -4.8% in NZD due to market weakness and the decrease in the number of stores after it was decided that all stores should operate under the Bay Audiology brand. The exchange rate had a strong negative impact of 14.5%. The profitability for the region improved noticeably: **EBITDA** grew 24.8% in AUD thanks to the positive trend in Australia and the rationalization undertaken last year in New Zealand.

PROFITABILITY

Overall profitability showed firm improvement in the quarter: **EBITDA** amounted to Euro 18.6 million at March 31st, an increase of 5.0% with respect to the same period of the prior year. Net of the non-recurring costs incurred in the comparison period and the exchange effect, **EBITDA** rose 8.6%. This result reflects the contribution of EMEA, which rose 5.8% and ASIA-PACIFIC where an increase of 24.8% was posted in Australian dollars. The exchange effect had a negative impact of Euro 1.4 million. Strong growth was also posted in **EBIT** which rose 28.6% against first quarter 2013 (+30.1% net of the exchange effect and the non-recurring charges incurred last year). **Net profit** also improved, reaching Euro 10 million versus a loss of Euro 2.1 million in the same period of the prior year. In addition to the increase in operating profit, the figure benefitted from a tax income of Euro 10.3 million following the Australian tax authority's recognition of the deductibility for tax purposes of part of the assets acquired in 2010.

BALANCE SHEET FIGURES

Net equity amounted to Euro 403 million at March 31st, 2014, an increase with respect to the Euro 382.6 million posted at year-end 2013. **Net financial debt** amounted to Euro 287.9 million, a slight increase with respect to the Euro 275.3 million reported at December 31st, 2013, as a result of the seasonality of working capital, nonetheless an improvement of Euro 31 million against the same period of the prior year. **Free cash flow** at March 31st, 2014 showed improvement with respect to the comparison period, though still negative for some Euro 5.4 million after CAPEX of Euro 6.5 million.

OUTLOOK

The Group expects profitability in Europe to show gradual improvement in 2014, benefiting also from the restructuring undertaken in 2013. Forecasts call for continued growth in the rest of the EMEA region, AMERICAS and ASIA-PACIFIC. The Group will continue with its strategy to reinforce the market share, including through external growth, in countries where it is already active and to seek out new investment opportunities.

BENEFICIARIES OF THE NEW PERFORMANCE STOCK GRANT PLAN ASSIGNED

Today the Board of Directors approved the Regulations and implemented the New Performance Stock Grant Plan 2014–2021 for Group employees, in execution of the resolution approved during the Ordinary and Extraordinary Shareholders' Meeting held on April 16th, 2014. More in detail, the Board of Directors resolved to assign, based on the recommendations of the Remuneration and Appointment Committee, in accordance with art. 84-bis, paragraph 5, of the CONSOB Regulation 11971/99, as subsequently amended, the first cycle of stock grants for the period 2014-2016, which calls for the assignment of 2,800,000 shares.

Information regarding the beneficiaries and the number of rights assigned will be reported in the table, prepared in accordance with the recommendations of Table n.1, Schedule 7 of Annex 3A of Regulation n. 11971/1999 and inclusive of the characteristics already disclosed in the Information Circular, that will be made available within the time period required by law at the Company's registered office and published on the corporate website www.amplifon.com.

The Information Circular on the New Performance Stock Grant Plan 2014–2021, which contains detailed information as required by current law, has been made available to the general public in the same manner.

The results for first quarter 2014 will be presented to the financial community on the morning of April 29th at 10:00 a.m. (CET) during a conference call. To participate in the conference call dial one of the following numbers: +44 (0)207 1620 077 (UK), +1 334 323 6201 (USA) or +39 02 303 509 003 (Italy). Prior to the beginning of the conference call, the slides to be used during the presentation will be made available on the website www.amplifon.com in the Investors section (Events and Presentations). For those who are unable to participate, a recording of the call will be available through 24:00 (CET) on May 1st, 2014 by dialing +44 (0)207 031 4064 (UK), +1 954 334 0342 (USA) or +39 02 303 509 364 (Italy), access code: 943958.

Amplifon, listed on the STAR segment and the FTSE Italia Mid Cap Index of the Milan Stock Exchange, is the worldwide leader in the distribution, fitting and personalization of hearing aids and correlated services. Through a network of 3,200 points of sale, 2,500 service centres and over 1,700 affiliates, Amplifon is active in Italy, France, the Netherlands, Germany, the UK, Ireland, Spain, Portugal, Switzerland, Belgium, Luxembourg, Hungary, Egypt, Turkey, Poland, Israel, U.S.A., Canada, Australia, New Zealand, and India.

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Attachments: Sales by geographic area, the Amplifon Group's Consolidated Income Statement, Consolidated Balance Sheet and Reclassified Cash Flow Statement.

In compliance with paragraph 2 of Article 154 bis of the "Uniform Financial Services Act" (Legislative Decree 58/1998), the Financial Reporting Officer Ugo Giorcelli declares that the accounting information reported in the present press release corresponds to the underlying documentary reports, books of account and accounting entries.

NET REVENUES BY GEOGRAPHIC AREA - AMPLIFON GROUP

Euro thousands	Q1 2013		Change	Change %	Exchange diff.	% on local currency	
	Q1 2014	%					Restated(*)
Italy	43,707	23.2%	46,959	24.8%	(3,252)	-6.9%	
France	24,130	12.8%	22,986	12.1%	1,144	5.0%	
The Netherlands	13,398	7.1%	15,121	8.0%	(1,723)	-11.4%	
Germany	12,891	6.8%	9,099	4.8%	3,792	41.7%	
United Kingdom and Ireland	9,133	4.8%	9,894	5.2%	(761)	-7.7%	246
Iberian Peninsula	8,287	4.4%	6,732	3.6%	1,555	23.1%	
Switzerland	6,665	3.5%	6,660	3.5%	5	0.1%	24
Belgium and Luxembourg	6,153	3.3%	5,625	3.0%	528	9.4%	
Hungary	2,095	1.1%	1,187	0.6%	908	76.5%	(81)
Egypt	645	0.3%	638	0.3%	7	1.1%	(52)
Turkey	594	0.3%	497	0.3%	97	19.5%	(171)
Poland	243	0.1%	-	-	243	n.a.	n.a.
Intercompany eliminations	(1)	0.0%	(5)	-0.0%	4	84.7%	
Total EMEA	127,940	67.9%	125,394	66.2%	2,546	2.0%	(34)
USA and Canada	32,970	17.5%	34,435	18.2%	(1,465)	-4.3%	(1,320)
Total Americas	32,970	17.5%	34,435	18.2%	(1,465)	-4.3%	(1,320)
Australia	19,354	10.3%	20,882	11.0%	(1,528)	-7.3%	(3,898)
New Zealand	7,417	3.9%	8,064	4.3%	(647)	-8.0%	(257)
India	668	0.4%	593	0.3%	75	12.6%	(122)
Total Asia Pacific	27,439	14.6%	29,539	15.6%	(2,100)	-7.1%	(4,277)
Total	188,349	100.0%	189,368	100.0%	(1,019)	-0.5%	(5,631)

* Figures restated after IFRS11 took effect which calls for retroactive application impacting the Dutch subsidiary Comfoor B.V..

CONSOLIDATED INCOME STATEMENT - AMPLIFON GROUP

Euro thousands	Q1 2014	%	Q1 2013 Restated (*)	%	Q1 2013 Reported	%
Net revenues	188,349	100.0%	189,368	100.0%	189,669	100.0%
COGS	(46,193)	-24.5%	(45,896)	-24.2%	(45,717)	-24.1%
Labour costs	(62,351)	-33.1%	(64,360)	-34.0%	(64,636)	-34.1%
Cost of services	(61,318)	-32.6%	(61,759)	-32.6%	(61,867)	-32.6%
Other costs and revenues	160	0.1%	414	0.2%	414	0.2%
EBITDA	18,647	9.9%	17,767	9.4%	17,863	9.4%
Operating depreciation and write-offs	(7,190)	-3.8%	(7,575)	-4.0%	(7,618)	-4.0%
EBITA	11,457	6.1%	10,192	5.4%	10,245	5.4%
Cust.lists, trademarks, non comp.agr., goodwill & loc.rights amort. and write-offs	(3,544)	-1.9%	(4,039)	-2.1%	(4,044)	-2.1%
EBIT	7,913	4.2%	6,153	3.2%	6,201	3.3%
Income, revaluation. & write down of fin. activities	368	0.2%	109	0.1%	68	0.0%
Net financial expenses	(5,735)	-3.0%	(5,848)	-3.1%	(5,848)	-3.1%
Exchange differences and derivatives not designated as hedging instruments	(312)	-0.2%	(71)	0.0%	(71)	0.0%
Net income before taxes	2,234	1.2%	343	0.2%	350	0.2%
Current tax	4,306	2.3%	(3,435)	-1.8%	(3,442)	-1.8%
Deferred tax	3,445	1.8%	1,064	0.6%	1,064	0.6%
Net income Group and Minorities	9,985	5.3%	(2,028)	-1.1%	(2,028)	-1.1%
Minority interests	(25)	0.0%	32	0.0%	32	0.0%
Net income Group	10,010	5.3%	(2,060)	-1.1%	(2,060)	-1.1%

* Figures restated after IFRS11 took effect which calls for retroactive application impacting the Dutch subsidiary Comfoor B.V..

CONSOLIDATED BALANCE SHEET - AMPLIFON GROUP

Euro thousands	03/31/2014	12/31/2013 Restated (*)	12/31/2013 Reported	Change on Restated
Goodwill	512,298	500,680	500,680	11,618
Customer lists, non compete agreements, trademarks and location rights	93,035	92,875	92,875	160
Software charges, licenses, other int.ass., wip and advances	27,973	27,228	27,425	745
Tangible assets	88,523	87,690	88,119	833
Fixed financial assets	41,631	41,490	40,295	141
Other non-current financial assets	3,178	2,744	2,744	434
Total fixed assets	766,638	752,707	752,138	13,931
Inventories	32,066	29,832	30,147	2,234
Trade receivables	90,369	103,687	104,018	(13,318)
Other receivables	44,714	28,822	28,940	15,892
Current assets	167,149	162,341	163,105	4,808
Total assets	933,787	915,048	915,243	18,739
Trade payables	(90,301)	(96,241)	(96,297)	5,940
Other payables	(108,708)	(115,552)	(115,690)	6,844
Provisions for risks (current portion)	(372)	(411)	(411)	39
Short term liabilities	(199,381)	(212,204)	(212,398)	12,823
Working capital	(32,232)	(49,863)	(49,293)	17,631
Derivative instruments	(4,810)	(3,376)	(3,376)	(1,434)
Deferred tax assets	47,835	46,088	46,088	1,747
Deferred tax liabilities and tax payables	(45,460)	(46,671)	(46,671)	1,211
Provisions for risks (non current portion)	(32,965)	(33,076)	(33,101)	111
Employee benefits (non current portion)	(11,685)	(11,651)	(11,651)	(34)
Loan fees	3,825	4,089	4,089	(264)
Other long term payables	(234)	(245)	(245)	11
NET INVESTED CAPITAL	690,912	658,002	657,978	32,910
Shareholders' equity	402,304	382,175	382,175	20,129
Third parties' equity	703	460	460	243
Net equity	403,007	382,635	382,635	20,372
Long term net financial debt	435,949	435,426	435,426	523
Short term net financial debt	(148,044)	(160,059)	(160,083)	12,015
Total net financial debt	287,905	275,367	275,343	12,538
FINANCIAL DEBT AND NET EQUITY	690,912	658,002	657,978	32,910

* Figures restated after IFRS11 took effect which calls for retroactive application impacting the Dutch subsidiary Comfoor B.V..

RECLASSIFIED CASH FLOW STATEMENT - AMPLIFON GROUP

Euro thousands	Q1 2014	Q3 2013 Restated (*)	Q3 2013 Reported
EBIT	7,913	6,153	6,201
Cash flow provided by (used in) operating activities	1,107	(6,493)	(6,411)
Cash flow provided by (used in) operating investing activities	(6,491)	(6,337)	(6,456)
Free Cash Flow	(5,384)	(12,830)	(12,867)
Cash flow provided by (used in) acquisitions	(4,558)	(1,377)	(1,377)
Cash flow provided by (used in) securities	(14)	(173)	(173)
Cash flow provided by (used in) investing activities	(11,063)	(7,887)	(8,006)
Cash flow provided by (used in) operating activities and investing activities	(9,956)	(14,380)	(14,417)
Capital increases, third parties contributions and dividends paid by subsidiaries to third parties	884	1,240	1,240
Hedging instruments and other changes in non current assets	(1,958)	4	4
Net cash flow from the period	(11,030)	(13,136)	(13,173)
Net financial indebtedness as of period opening date	(275,367)	(305,978)	(305,835)
Effect of activity disposal and exchange rate fluctuations on financial position	(1,508)	102	102
Change in net financial position	(11,030)	(13,136)	(13,173)
Net financial indebtedness as of period closing date	(287,905)	(319,012)	(318,906)

* Figures restated after IFRS11 took effect which calls for retroactive application impacting the Dutch subsidiary Comfoor B.V..