

AMPLIFON: EXCELLENT START TO THE YEAR

REVENUES RISE 16.3%, DRIVEN BY STRONG ORGANIC GROWTH BALANCED ACROSS ALL GEOGRAPHIC AREAS AND SIGNIFICANT CONTRIBUTION OF ACQUISITIONS

STRONG IMPROVEMENT IN ALL PROFITABILITY INDICATORS: EBITDA INCREASES 20.2% AND NET PROFIT RISES 49.1%

FURTHER EXPANSION OF THE DISTRIBUTION NETWORK WITH STRONG ACCELERATION IN ACQUISITIONS

The main results for the first quarter of 2017:

- Consolidated revenues of 296.1 million euros, up 14.6% at constant exchange rates and 16.3% at current exchange rates compared to the same period of 2016
- EBITDA rose 20.2% to 40.9 million euros and EBITDA margin reached 13.8%, showing an increase of 40 basis points compared to the same period of 2016
- Net profit amounted to 12.8 million euros, an increase of 49.1% compared to the first quarter of 2016
- Net financial debt was 279 million euros, up with respect to the 224.4 million euros recorded at December 31st, 2016, mainly due to the significant investments made in network expansion and to seasonality
- Free cash flow was positive for 2.1 million euros, an increase of around 2.5 million euros compared to the first quarter of 2016 and in line with period seasonality

Milan, April 27th, 2017 - Today the Board of Directors of Amplifon S.p.A. (MTA; Bloomberg ticker: AMP:IM), global leader in hearing solutions and services, approved the Interim Financial Report as at March 31st, 2017 during a meeting chaired by Susan Carol Holland.

MAIN ECONOMICAL AND FINANCIAL FIGURES – FIRST QUARTER 2017

(Euro millions)	First Quarter 2017		First Quarter 2016		Change %
	First Quarter	% on revenues	First Quarter	% on revenues	
Net revenues	296.1	100.0%	254.5	100.0%	16.3%
EBITDA	40.9	13.8%	34.0	13.4%	20.2%
EBIT	26.0	8.8%	21.4	8.4%	21.7%
Net income	12.8	4.3%	8.6	3.4%	49.1%
Free cash flow	2.1		(0.3)		
	31/03/2017		31/12/2016		Change %
Net Financial Position	279.0		224.4		24.3%



“We have begun the year with excellent results, further accelerating our already strong growth trend, which remains at a much more robust pace than the market, as well as consolidating our leadership and gaining market share in all the countries where we operate. For the thirteenth quarter in a row we posted solid, constant organic growth well balanced among all the geographic areas” said Enrico Vita, Amplifon’s Chief Executive Officer. “We started the year with further, substantial investments in marketing, continuous network expansion and our service model in order to sustain long-term revenue growth. Moreover, we are very satisfied with the results achieved in terms of profitability, attributable to operating leverage and efficiencies. The results reached in this first quarter are a great starting point for 2017: we look to the rest of the year with optimism and are confident that we will fully achieve our medium-long term objectives”.

Overview

Amplifon reported consolidated revenues of 296.1 million euros in the first quarter of 2017, an increase of 14.6% at constant exchange rates and of 16.3% at current exchange rates compared to the already remarkable performance reported in the first quarter of the prior year (+11.2%). This excellent result was driven by solid organic growth (+9.1%) and acquisitions (+5.5%), while the foreign exchange effect was positive for 1.7%.

EBITDA rose 20.2% to 40.9 million euros, improving 40 basis points as a percentage of revenues compared to the first quarter of 2016. Net profit was up 49.1% to 12.8 million euros. The balance sheet and financial indicators show a positive performance, particularly in light of the significant investments made in network expansion: more in detail, cash flow generation remains good reaching 2.1 million euros in the quarter, including capital expenditure for new openings, while net debt shows an increase compared to the 224.4 million euros recorded at December 31st, 2016 to 279 million euros due to the substantial cash-out for acquisitions, as well as period seasonality.

The Company’s network expansion program continued in the quarter, both organically and through acquisitions, adding 173 stores and 30 shop-in-shops. The openings, 16 stores and 19 shop-in-shops, were located primarily in the Iberian Peninsula, France, Australia and New Zealand. External growth interested mainly Germany, where 45 stores were acquired, France, where a total of 74 stores and 11 shop-in-shops were added (including the Audionova retail chain), and India with the acquisition of 37 stores. The total cash-out for acquisitions amounted to 50.3 million euros in the quarter compared to just 5.5 million euros in the first quarter of 2016.

Financial results for the first quarter of 2017

Consolidated revenues amounted to 296.1 million euros in the first quarter of 2017, an increase of 14.6% at constant exchange rates and of 16.3% at current exchange rates compared to the first quarter of the prior year. Revenues were driven by solid organic growth (+9.1%), while acquisitions contributed for 5.5%. The foreign exchange effect, linked primarily to Euro/USD and Euro/AUD, had a positive impact of 1.7%. The excellent results achieved in the quarter reflect the outstanding performances posted in all the geographic areas in which the Company operates: in **EMEA** where the steady strong organic growth trend, as well as the acquisitions made mainly in **Germany** and **France**, resulted in a noticeable increase in profitability; in **AMERICAS** thanks to the solid growth posted by Miracle-Ear and Amplifon Hearing Health Care, and in **APAC** where high operational efficiency supported continuous growth.

Thanks to the significant acceleration in revenues and operating leverage, **EBITDA** maintained its solid growth trend reaching 40.9 million euros, up 20.2% compared to the same period of 2016, while the margin came to 13.8%. EBITDA continued to show strong improvement in **EMEA**, rising 24.7% in absolute terms with a margin that went from the 12.2% recorded in the first quarter of 2016 to 13.2% in the same period of 2017. EBITDA in **AMERICAS** improved slightly in absolute terms compared to the first quarter of 2016 (+3.6%) while the margin contracted by 200 basis points primarily as a result of the increased investments in



marketing, a strategic pillar supporting long-term growth. In **APAC** EBITDA was up 28.4% compared to the same period of 2016, while the margin rose 90 basis points to 28%.

EBIT amounted to 26.0 million euros or 8.8% of revenues, 21.7% higher compared to the same period of 2016. This increase is attributable to the improvement in EBITDA, notwithstanding the increase in amortization and depreciation linked to network expansion.

Net profit (NP) reached 12.8 million euros, an increase of 49.1% compared to the same period of 2016, also thanks to the improvement in tax rate which come in at 39.9% compared to the 48.8% recorded in the comparison period.

Performance by geographic area

EMEA: continued strong momentum in the Company's largest market

Revenues in Europe, the Middle East and Africa (**EMEA**) reached 195.2 million euros, an increase of 15.8% at constant exchange rates and of 14.9% at current exchange rates compared to the first quarter of 2016. This result is explained for 8.7% by organic growth, for 7.1% by acquisitions, while the foreign exchange effect had a negative impact of 0.9%.

In **Europe**, **Italy** continued in the wake of the excellent performance posted in 2016 reporting double digit growth thanks to noticeable organic growth driven by the communication strategy and integrated marketing initiatives. A strong increase in revenues was recorded in **France** thanks to sustained organic growth and the contribution of the acquisitions made in 2016, as well as the initial contribution coming from the stores acquired from Audionova in March 2017. **Germany** exceeded what was an already exceptional first quarter of 2016, reporting double digit growth driven by the contribution of the numerous acquisitions. Notwithstanding the already brilliant performance posted in the comparison period, the **Iberian Peninsula** posted an exceptional performance driven by solid organic growth. Revenue growth in local currency reached double digits in the **United Kingdom** thanks to the changes made in 2016, including the new marketing and commercial strategies. The **Netherlands** and **Belux** show stable performances against what was an excellent first quarter 2016, while solid growth, mainly organic, was reported in **Switzerland**, **Hungary** and **Poland**, as well as in the other countries of the MEA region.

EMEA continued to show strong improvement in EBITDA which rose 24.7%. The Region's margin also increased by 100 basis points from the 12.2% posted in the first quarter of 2016 to 13.2% as a result of the increase in revenues, improved operational efficiency and the greater scale reached in core markets.

AMERICAS: back to accelerated sales growth

Revenues in **AMERICAS** reached 57.7 million euros in the first quarter of 2017, up 11.2% in local currency and 15.5% at current exchange rates compared to the first quarter of the prior year. The excellent result was driven for 8.2% by organic growth and for 2.9% by acquisitions, while the foreign exchange effect was positive for 4.4%. The **United States** made a positive contribution to the Region's revenues growth thanks to the exceptional performance of **Amplifon Hearing Health Care**, driven by the positive outcome of the agreements with some premiere insurance companies, as well as flawless execution, to the robust growth posted by **Miracle-Ear** and to the stable contribution of **Elite Hearing Network**. A good performance was also recorded in **Canada** driven by the doubling of the distribution network in 2016, along with solid organic growth and the positive foreign exchange effect.

EBITDA in **AMERICAS** improved slightly in absolute terms compared to the prior year (+3.6%) while the margin on revenues was around 200 basis points lower primarily as a result of the increased investments in marketing, a strategic pillar supporting long-term growth, which were about 50% higher than in the first quarter of 2016. Beginning in the second quarter of 2016 the Company, in fact, accelerated marketing investments in the United States.



ASIA-PACIFIC: another quarter of excellent leveraged sales growth

Revenues in **ASIA-PACIFIC** amounted to 42.8 million euros in the first quarter of 2017, an increase of 13.9% in local currencies and of 24.4% at current exchange rates compared to the first quarter of the prior year. This result was driven by solid organic growth (+12.1%), acquisitions (+1.8%), along with a strong positive foreign exchange effect (+10.5%). All the countries in the Region made a significant contribution to revenues growth: **Australia** and **New Zealand** both reported robust double digit growth driven mainly by solid organic growth, while the strong pace of growth in **India** reflects both significant organic growth and the effects of the acquisition of the retail chain Bloom Senso Hearing Centres (37 stores) from Widex which allow for greater network optimization.

Thanks to operational excellence and the noticeable pace of growth, the Region's profitability improved even further, with EBITDA rising 28.4% compared to the first quarter of 2016 to 12.0 million euros and the margin expanding by 90 basis points to 28.0%.

Balance sheet figures as at March 31st, 2017

All the balance sheet indicators remain positive, confirming the Company's solid financial structure and ability to sustain future growth opportunities. Net equity amounted to 579.7 million euros at March 31st, 2017, an increase compared to the 557.7 million euros posted at December 31st, 2016. Net financial debt was 279.0 million euros, higher than the 224.4 million euros reported at December 31st, 2016, primarily due to the cash-out of 50.3 million euros for acquisitions and the purchase of treasury shares net of the proceeds from the exercise of stock options for around 6.5 million euros. The net debt/EBITDA ratio came to 1.39x at March 31st, 2017. Notwithstanding period seasonality and after absorbing capex that was 5.4 million euros higher than in the comparison period, free cash flow reached a positive 2.1 million euros, an increase of approximately 2.5 million euros compared to the negative 348 thousand euros generated in the same period of 2016.

Subsequent events after March 31st, 2017

After the close of the quarter the acquisition of MiniSom (part of the AudioNova retail business with around 75 stores and shop-in-shops) in Portugal was finalized on April 3rd, 2017 after having received authorization from the antitrust authorities.

Outlook

For the rest of 2017, the Company expects the favorable trend in revenues to continue, outpacing the market, thanks to the contribution of all the geographic areas in which it operates and driven by continuous organic growth, as well as the solid contribution of external growth. The Company also expects profitability to improve with respect to the prior year, thanks to operating leverage and economies of scale which will more than offset the continuous investments in marketing and communication, network expansion and people to accelerate future growth. The Company reiterates its complete confidence in the ability to implement and execute the strategic guidelines announced previously, as well as achieve its medium-long-term targets.

Assignment of the new Performance Stock Grant Plan's beneficiaries

The Board of Directors resolved to assign, based on the Remuneration and Appointment Committee's recommendations and pursuant to Art. 84 bis, par. 5 of Consob Regulation n. 11971/99, as amended, the sixth award cycle of the performance stock grant plan (for the period 2017-2019) which calls for the assignment of 1,930,000 shares with allocation date April 27th, 2017.



The information relative to the beneficiaries and the number of shares assigned will be reported in the table prepared in accordance with the indications provided in Table n. 1, Form 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 company's website www.amplifon.com/corporate.

The Information Circular relating to the new Performance Stock Grant Plan 2014-2021, which contains all the detailed information required by current law, is available to the public in the same manner.

The Company announces that the Interim Financial Statements as at March 31st, 2017 will be made available to the public from May 2nd at the Company's registered office, on the Company's website www.amplifon.com/corporate and on the authorized storage system eMarket STORAGE (www.emarketstorage.com).

The results for Q1 2017 will be presented to the financial community today at 15:00 (CET) during a conference call and audiowebcast. To participate in the conference call dial one of the following numbers: +44 121 281 8003 (UK), +1 718 705 8794 (USA) or +39 02 805 88 11 (Italy); or access the audiowebcast directly through the following link: <http://services.choruscall.eu/links/amplifon170228.html>.

A few presentation slides will be made available prior to the beginning of the conference call, beginning at 14:30 CET, in the Investors section (Presentations) of the website: www.amplifon.com/corporate. Those who are unable to attend the conference call may access a recording which will be available immediately after the call until 24:00 (CET) of April 30th, 2017, by dialing the following numbers: +44 121 281 8005 (UK), +1 718 705 8797 (USA) or +39 02 72 495 (Italy), access code: 954#; or, if the recording is no longer available, by accessing <http://corporate.amplifon.com/bod-meeting-to-approve-the-interim-financial-report-at-31-03-2017>

In compliance with paragraph 2 of Article 154 bis of the "Uniform Financial Services Act" (Legislative Decree 58/1998), the Manager charged with preparing the Company's financial reports, Gabriele Galli, declares that the accounting information reported in the present press release corresponds to the underlying documentary reports, books of account and accounting entries.

This press release contains forward-looking statements. These statements are based on the Company's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: continued volatility and further deterioration of capital and financial markets, changes in general macro-economic conditions, economic growth and other changes in business conditions, changes in laws and regulations (both in Italy and abroad), and many other factors, most of which are outside of the Company's control.



About Amplifon

Amplifon, listed on the STAR segment of the Italian Stock Exchange, is the global leader in hearing solutions and services for retail expertise, customization and consumer care. Through a network of over 9,600 points of sale, of which approximately 4,000 points of sale, 3,700 service centers and 1,900 affiliates, Amplifon is active in 22 countries across EMEA (Italy, France, the Netherlands, Germany, the UK, Ireland, Spain, Portugal, Switzerland, Belgium, Luxembourg, Hungary, Egypt, Turkey, Poland and Israel), Americas (U.S.A., Canada and Brazil) and APAC (Australia, New Zealand and India). With more than 7,000 hearing care professionals, the Group is committed to delivering the highest quality of service and care, in order to achieve the best hearing experience for customers worldwide. More information about the Group is available at: www.amplifon.com/corporate.

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NET REVENUES BY GEOGRAPHIC AREA – FIRST QUARTER 2017

(€ thousands)	First Quarter 2017	%	First Quarter 2016	%	Change	Change %	Exchange diff.	Change % in local currency	Organic growth % (*)
Total EMEA	195,178	65.9%	169,899	66.8%	25,279	14.9%	(1,489)	15.8%	8.7%
Total Americas	57,738	19.5%	49,982	19.6%	7,756	15.5%	2,182	11.2%	8.2%
Total APAC	42,826	14.5%	34,435	13.5%	8,391	24.4%	3,605	13.9%	12.1%
Corporate and intercompany elimination	356	0.1%	204	0.1%	152	74.5%			
Total	296,098	100.0%	254,520	100.0%	41,578	16.3%	4,298	14.6%	9.1%

(*) Organic growth is calculated as sum of same store growth and openings



CONSOLIDATED INCOME STATEMENT – FIRST QUARTER 2017

(€ thousands)	First Quarter 2017		First Quarter 2016		% change
		%		%	
Revenues from sales and services	296,098	100.0%	254,520	100.0%	16.3%
Operating costs	(254,766)	-86.0%	(219,644)	-86.3%	16.0%
Other costs and revenues	(472)	-0.2%	(881)	-0.3%	-46.4%
Gross operating profit (EBITDA)	40,860	13.8%	33,995	13.4%	20.2%
Depreciation and write-downs of non-current assets	(10,566)	-3.6%	(8,920)	-3.5%	18.5%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	30,294	10.2%	25,075	9.9%	20.8%
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(4,298)	-1.5%	(3,708)	-1.5%	15.9%
Operating profit (EBIT)	25,996	8.8%	21,367	8.4%	21.7%
Income, expenses, valuation and adjustments of financial assets	92	0.0%	175	0.1%	-47.4%
Net financial expenses	(4,834)	-1.6%	(4,747)	-1.9%	1.8%
Exchange differences and non hedge accounting instruments	63	0.0%	(56)	0.0%	-212.5%
Profit (loss) before tax	21,317	7.2%	16,739	6.6%	27.3%
Current tax	(9,668)	-3.3%	(8,852)	-3.5%	9.2%
Deferred tax	1,161	0.4%	685	0.3%	69.5%
Net profit (loss)	12,810	4.3%	8,572	3.4%	49.4%
Profit (loss) of minority interests	27	0.0%	(2)	0.0%	-1,450.0%
Net profit (loss) attributable to the Group	12,783	4.3%	8,574	3.4%	49.1%



SEGMENT INFORMATION – FIRST QUARTER 2017

(€ thousands)	First Quarter 2017					First Quarter 2016				
	EMEA	Americas	Asia Pacific	Corporate (*)	Total	EMEA	Americas	Asia Pacific	Corporate (*)	Total
Net Revenues	195,178	57,738	42,826	356	296,098	169,899	49,982	34,435	204	254,520
EBITDA	25,839	9,825	12,007	(6,811)	40,860	20,728	9,481	9,349	(5,563)	33,995
% on sales	13.2%	17.0%	28.0%	-2.3%	13.8%	12.2%	19.0%	27.1%	-2.2%	13.4%
EBIT	16,829	8,575	8,649	(8,057)	25,996	12,770	8,383	6,661	(6,447)	21,367
% on sales	8.6%	14.9%	20.2%	-2.7%	8.8%	7.5%	16.8%	19.3%	-2.5%	8.4%

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



CONSOLIDATED BALANCE SHEET

(€ thousands)	31/03/2017	31/12/2016	Change
Goodwill	681,818	635,132	46,686
Customer lists, non compete agreements, trademarks and location rights	128,651	110,401	18,250
Software charges, licenses, other int.ass., wip and advances	51,536	51,505	31
Tangible assets	125,830	119,794	6,036
Fixed financial assets	44,941	45,271	(330)
Other non-current financial assets	6,780	6,214	566
Total fixed assets	1,039,556	968,317	71,239
Inventories	38,027	31,370	6,657
Trade receivables	127,001	127,278	(277)
Other receivables	52,656	42,162	10,494
Current assets	217,684	200,810	16,874
Total assets	1,257,240	1,169,127	88,113
Trade payables	(122,917)	(131,181)	8,264
Other payables	(130,834)	(121,037)	(9,797)
Provisions for risks (current portion)	(2,288)	(2,346)	58
Short term liabilities	(256,039)	(254,564)	(1,475)
Working capital	(38,355)	(53,754)	15,399
Derivative instruments	(9,456)	(10,212)	756
Deferred tax assets	42,524	40,744	1,780
Deferred tax liabilities and tax payables	(68,381)	(62,405)	(5,976)
Provisions for risks (non current portion)	(62,007)	(59,341)	(2,666)
Employee benefits (non current portion)	(17,169)	(16,609)	(560)
Loan fees	1,291	1,468	(177)
Other long term payables	(29,218)	(26,127)	(3,091)
NET INVESTED CAPITAL	858,785	782,081	76,704
Shareholders' equity	579,426	557,371	22,055
Third parties' equity	315	289	26
Net equity	579,741	557,660	22,081
Long term net financial debt	380,293	379,566	727
Short term net financial debt	(101,249)	(155,145)	53,896
Total net financial debt	279,044	224,421	54,623
FINANCIAL DEBT AND NET EQUITY	858,785	782,081	76,704

NET FINANCIAL DEBT MATURITY PROFILE

(€ millions)	2017	2018	2019	2020 and beyond	Total
Eurobond		(275.0)			(275.0)
Private placement				(100.9)	(100.9)
Bank overdraft and accrued interests	(16.0)				(16.0)
Others	(14.8)	(3.8)	(1.0)	(0.5)	(20.1)
Cash and cash equivalents	133.0				133.0
Total	102.2	(278.8)	(1.0)	(101.4)	(279.0)



CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First Quarter 2017	First Quarter 2016
EBIT	25,996	21,367
Amortization, depreciation and write down	14,864	12,627
Provisions, other non-monetary items and gain/losses from disposals	6,561	5,528
Net financial expenses	(4,410)	(4,387)
Taxes paid	(5,489)	(5,123)
Changes in net working capital	(22,631)	(22,681)
Cash flow provided by (used in) operating activities (A)	14,891	7,331
Cash flow provided by (used in) operating investing activities (B)	(12,773)	(7,679)
Free Cash Flow (A) + (B)	2,118	(348)
Cash flow provided by (used in) acquisitions (C)	(50,340)	(5,525)
Cash flow provided by (used in) securities and reductions of earn-out (D)	(1)	6
Cash flow provided by (used in) investing activities (B+C+D)	(63,114)	(13,198)
Cash flow provided by (used in) operating activities and investing activities	(48,223)	(5,867)
Dividends paid	-	-
Treasury shares	(6,923)	(2,481)
Capital increases, third parties contributions and dividends paid by subsidiaries to third parties	400	(181)
Hedging instruments and other changes in non current assets	(292)	367
Net cash flow from the period	(55,038)	(8,162)
Net financial indebtedness as of period opening date	(224,421)	(204,911)
Effect of exchange rate fluctuations on financial position	415	(37)
Change in net financial position	(55,038)	(8,162)
Net financial indebtedness as of period closing date	(279,044)	(213,110)