

Q2 & H1 2022 Results

Milan, July 28th, 2022



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Income statement data reported herein

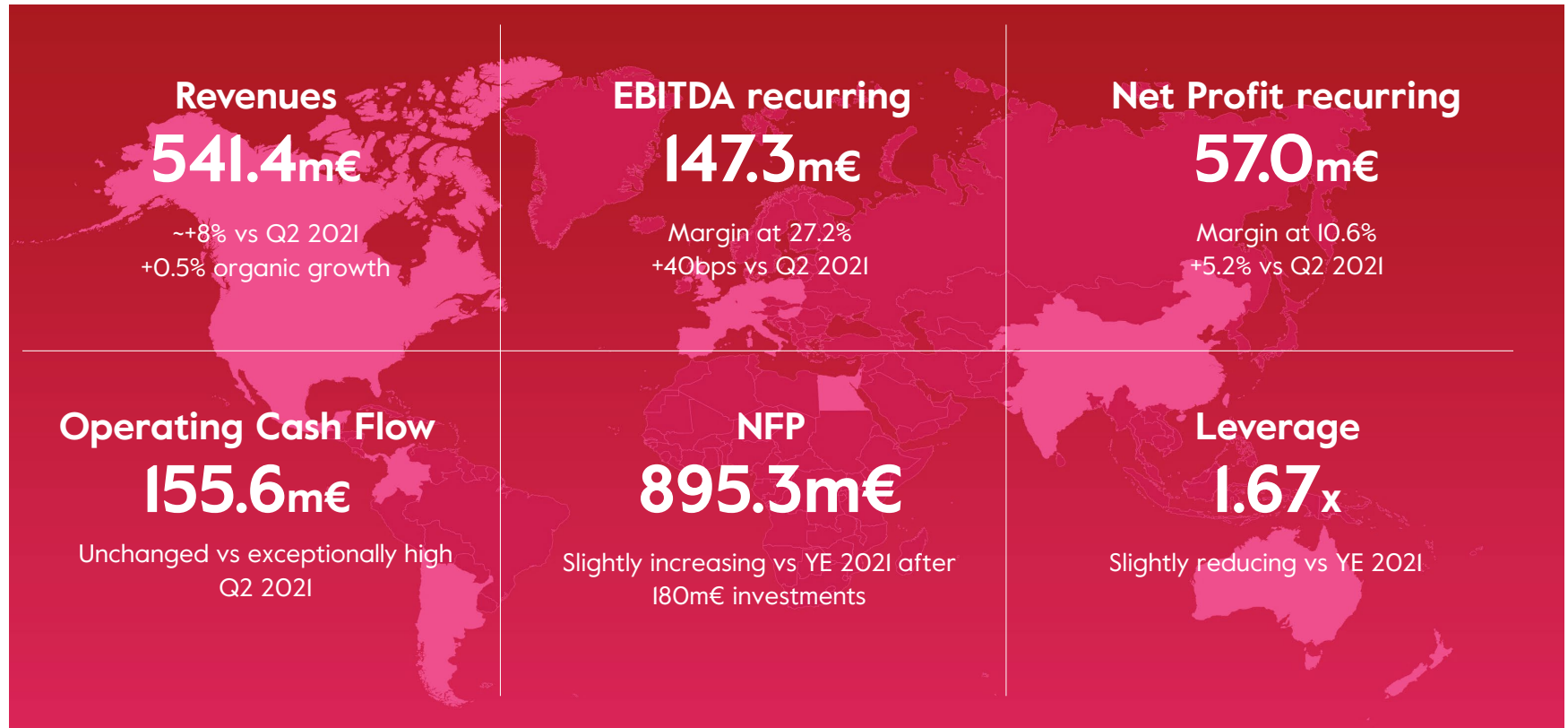
In light of the wind-down of Elite, completed and effective in Q4 2021, and treated as discontinued operations following IFRS 5 application, Elite P&L is excluded from Q2 and H1 2021 comparative period (which has been fully restated) with the result of discontinued operations reported in “Net Results from discontinued operations”.

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.

Figures in the tables may reflect minimal differences exclusively due to rounding.

Q2 2022: High-single-digit revenue growth and outstanding profitability expansion despite exceptionally high comps



Q2 2022 Financial highlights

Another quarter of market share gains and high-single-digit revenue growth despite an exceptional comparison base (Q2 2021 ~+20% vs Q2 2019)

Data in €m	Q2 2022	Q2 2021	Δ 22/21
REVENUES	541.4	503.3	+7.6%
Organic growth			+0.5%
Acquisitions			+4.5%
FX			+2.6%
EBITDA Rec.	147.3	134.8	+9.2%
Margin %	27.2%	26.8%	+40bps

- Revenues at constant FX up +5.0% vs Q2 2021
 - Organic growth at +0.5% vs Q2 2021, above market with share gains in core markets
 - Remarkable comparison base, highest growth level reported in 2021
 - Anticipated contraction of the French market, second largest worldwide, due to the hearing healthcare reform anniversary
 - Markets in Asia Pacific still affected by Covid pandemic and related restrictions
 - Negative impact of one trading day less
 - M&A contribution at +4.5%, primarily for Bay Audio
 - FX tailwind at +2.6% driven by USD and AUD appreciation vs Euro
- EBITDA recurring at €147.3 million, with margin at 27.2%, up 40bps vs Q2 2021
 - Outstanding profitability expansion even after re-investments in the business thanks to higher efficiency and productivity

HI 2022 Financial highlights

Double-digit revenue growth and outstanding profitability expansion

Data in €m	HI 2022	HI 2021	Δ 22/21
REVENUES	1,037.2	931.8	+11.3%
Organic growth			+4.3%
Acquisitions			+4.8%
FX			+2.2%
EBITDA Rec.	260.1	230.7	+12.7%
Margin %	25.1%	24.8%	+30bps

- Revenues at constant FX up +9.1% vs HI 2021
 - Organic growth at +4.3%, above market
 - Remarkable comparison base (~+17% in HI 2021 vs HI 2019)
 - M&A contribution at +4.8%, primarily for Bay Audio
 - FX tailwind at +2.2% primarily driven by USD appreciation vs Euro
- EBITDA recurring at €260.1 million, with margin at 25.1%, up 30bps
 - Outstanding operating leverage and cost management
- Significant re-investments in the business
 - Marketing investments
 - Several strategic initiatives ongoing

Financial results by Region

EMEA: Excellent profitability despite very high comparison base and anticipated French regulatory reform anniversary in the second quarter

Data in €m	Q2 2022	Q2 2021	Δ 22/21
REVENUES	364.5	362.9	+0.4%
Organic growth			-0.4%
Acquisitions			+0.5%
FX			+0.3%
EBITDA Rec.	116.4	112.5	+3.5%
Margin %	31.9%	31.0%	+90bps

- Revenues at constant FX slightly increasing vs Q2 2021
 - Flattish organic performance despite
 - Remarkable comparison base (>+12% in Q2 2021 vs Q2 2019)
 - Anticipated market contraction of around -10% in France (~25% of European market)
 - One trading day less vs Q2 2021
 - M&A contribution at +0.5%
- Negative performance in France due to the anticipated market contraction for the regulatory reform anniversary
- Outstanding profitability expansion delivering an EBITDA at €116.4 million, with margin at 31.9%, up 90bps
 - Strong operational efficiency

Data in €m	HI 2022	HI 2021	Δ 22/21
REVENUES	704.6	674.0	+4.6%
Organic growth			+3.5%
Acquisitions			+0.7%
FX			+0.4%
EBITDA Rec.	209.9	195.3	+7.5%
Margin %	29.8%	29.0%	+80bps

- Revenues at constant FX up +4.2%
 - Organic growth at +3.5%
 - M&A contribution at +0.7%
- Outstanding profitability expansion delivering an EBITDA at €209.9 million, with margin at 29.8%, up 80bps

Financial results by Region

AMERICAS: excellent organic growth and continued market share gains, despite a truly exceptional comparison base, combined with an outstanding improvement in profitability

Data in €m	Q2 2022	Q2 2021	Δ 22/21
REVENUES	96.8	79.8	+21.2%
Organic growth			+7.5%
Acquisitions			+2.6%
FX			+11.1%
EBITDA Rec.	27.9	22.2	+25.5%
Margin %	28.8%	27.8%	+100bps

- Excellent revenue growth at constant FX of over 10%
 - Outstanding organic growth at +7.5% despite remarkable comparison base (>+55% in Q2 2021 vs Q2 2019)
 - M&A contribution at +2.6%
 - Significant FX tailwind at +11.1% for USD strong appreciation
- Continued very strong and well-above market performance in the US driven by Miracle-Ear, further boosted by the Direct Retail
- Outstanding profitability improvement with EBITDA at €27.9 million, margin at 28.8%, up 100bps despite very challenging basis and after continued investments in the business

Data in €m	HI 2022	HI 2021	Δ 22/21
REVENUES	180.8	144.6	+25.0%
Organic growth			+12.9%
Acquisitions			+2.8%
FX			+9.3%
EBITDA Rec.	48.6	37.9	+28.1%
Margin %	26.9%	26.2%	+70bps

- Revenues at constant FX up +15.7%
 - Excellent organic growth at +12.9%
 - M&A contribution at +2.8%
- EBITDA at €48.6 million, with margin at 26.9%, up 70bps

Financial results by Region

APAC: strong top-line performance fostered by Bay Audio contribution, though still impacted by pandemic-related softness across markets

Data in €m	Q2 2022	Q2 2021	Δ 22/21
REVENUES	80.0	60.6	+32.1%
Organic growth			-3.4%
Acquisitions			+30.9%
FX			+4.6%
EBITDA Rec.	20.5	17.8	+15.5%
Margin %	25.7%	29.3%	-370bps

- Strong revenue growth at constant FX of +27.5%
 - Organic performance at -3.4% due to still high Covid-contagions in Australia, New Zealand and China and one trading day less
 - Strong M&A contribution at +30.9% primarily related to Bay Audio
 - FX tailwind
- Organic performance in Australia and New Zealand affected by still high Covid-infection rates
- Negative performance in China due to severe lockdown measures in place from the end of March to early June
- EBITDA at €20.5 million, with margin at 25.7%
 - Continued investments in marketing primarily in Australia
 - Lower operating leverage due to organic performance and labour cost inflation

Data in €m	HI 2022	HI 2021	Δ 22/21
REVENUES	151.5	113.2	+33.8%
Organic growth			-1.6%
Acquisitions			+32.1%
FX			+3.3%
EBITDA Rec.	39.9	33.7	+18.4%
Margin %	26.3%	29.7%	-340bps

- Revenues at constant FX up +30.5%
 - Organic performance slightly negative
 - Strong M&A contribution at +32.1%
- EBITDA at €39.9 million, with margin at 26.3%
 - Continued investments in marketing primarily in Australia
 - Lower operating leverage due to organic performance

Q2 2022 Financial results

Delivering solid results across the board

Data in €m (unless specified)	Q2 2022		Q2 2021		Δ Rec
	Recurring	Reported	Recurring	Reported	22/21
REVENUES	541.4	541.4	503.3	503.3	+7.6%
EBITDA	147.3	145.3	134.8	132.9	+9.2%
<i>Margin %</i>	<i>27.2%</i>	<i>26.8%</i>	<i>26.8%</i>	<i>26.4%</i>	--
ORDINARY D&A	(48.5)	(48.5)	(43.2)	(43.2)	-12.3%
PPA AMORTIZATION	(11.7)	(11.7)	(10.7)	(10.7)	-10.0%
EBIT	87.0	85.0	80.9	79.1	+7.5%
<i>Margin %</i>	<i>16.1%</i>	<i>15.7%</i>	<i>16.1%</i>	<i>15.7%</i>	--
NET FIN. EXPENSES	(8.9)	(8.9)	(6.8)	(6.8)	-29.7%
PBT	78.1	76.2	74.1	72.2	+5.4%
TAXES	(20.9)	(20.4)	(19.9)	(19.5)	-5.1%
<i>% on PBT</i>	<i>26.8%</i>	<i>26.8%</i>	<i>26.9%</i>	<i>26.9%</i>	--
NET PROFIT FROM CONTINUED OPERATIONS	57.2	55.8	54.2	52.8	+5.6%
<i>Margin %</i>	<i>10.6%</i>	<i>10.3%</i>	<i>10.8%</i>	<i>10.5%</i>	--
NET PROFIT FROM DISC. OPERATIONS	--	--	--	1.1	--
NET PROFIT	57.0	55.6	54.2	53.9	+5.2%
<i>Margin %</i>	<i>10.6%</i>	<i>10.3%</i>	<i>10.8%</i>	<i>10.7%</i>	--
EPS Reported (€)	--	0.249	-	0.239	
EPS Adjusted (€)	0.294	--	0.276	-	+6.5%

HI 2022 Financial results

Excellent half-year results, net profit recurring up over +14%

Data in €m (unless specified)	HI 2022		HI 2021		Δ Rec 22/21
	Recurring	Reported	Recurring	Reported	
REVENUES	1,037.2	1,037.2	931.8	931.8	+11.3%
EBITDA	260.1	255.1	230.7	226.4	+12.7%
<i>Margin %</i>	<i>25.1%</i>	<i>24.6%</i>	<i>24.8%</i>	<i>24.3%</i>	--
ORDINARY D&A	(94.7)	(94.7)	(85.6)	(85.6)	-10.6%
PPA AMORTIZATION	(23.2)	(23.2)	(21.2)	(21.2)	-9.5%
EBIT	142.2	137.2	123.9	119.6	+14.8%
<i>Margin %</i>	<i>13.7%</i>	<i>13.2%</i>	<i>13.3%</i>	<i>12.8%</i>	--
NET FIN. EXPENSES	(17.3)	(17.3)	(14.3)	(14.3)	-20.6%
PBT	124.9	119.9	109.6	105.3	+14.0%
TAXES	(34.8)	(33.4)	(30.9)	(29.8)	-12.6%
<i>% on PBT</i>	<i>27.9%</i>	<i>27.9%</i>	<i>28.2%</i>	<i>28.3%</i>	--
NET PROFIT FROM CONTINUED OPERATIONS	90.1	86.5	78.6	75.5	+14.6%
<i>Margin %</i>	<i>8.7%</i>	<i>8.3%</i>	<i>8.4%</i>	<i>8.1%</i>	--
NET PROFIT FROM DISC. OPERATIONS	--	--	--	1.7	--
NET PROFIT	89.9	86.3	78.6	77.1	+14.4%
<i>Margin %</i>	<i>8.7%</i>	<i>8.3%</i>	<i>8.4%</i>	<i>8.3%</i>	--
EPS Reported (€)	--	0.385	--	0.343	--
EPS Adjusted (€)	0.478	--	0.420	--	+13.9%

HI 2022 Financial results

Solid cash generation vs exceptionally high HI 2021

Data in €m	HI 2022	HI 2021	Δ
Operating cash flow before repayment of lease liabilities	207.8	201.2	6.6
Repayment of lease liabilities	(52.2)	(45.9)	(6.4)
Operating cash flow	155.6	155.4	0.2
Capex (net)	(48.0)	(36.6)	(11.4)
Free cash flow	107.6	118.8	(11.2)
Acquisitions (net)	(31.0)	(42.9)	11.8
Cash provided by (used in) operating and investing activities	76.5	75.9	0.6
Cash provided by (used) financing activities	(101.0)	(62.7)	(38.3)
Net cash flow for the period	(24.4)	13.2	(37.7)
Net financial position (opening date)	(871.2)	(633.7)	(237.5)
Change in net financial position	(24.4)	13.2	(37.7)
Effect of FX & discontinued operation on financial position	0.3	(0.1)	0.4
Net financial position (closing date)	(895.3)	(620.5)	(274.8)

HI 2022 Financial results

Leverage at 1.67x, slightly reducing vs year-end 2021 after strong investments (~€80m Capex & M&A cash-out) and shareholders' returns (~€100m dividend distribution & share buy-back)

Data in €m	30/06/2022	31/12/2021
Liquidity	(212.3)	(318.5)
Short-term debt	157.6	165.9
Medium/long-term debt	950.1	1,023.8
Net financial debt	895.3	871.2
Lease liabilities	475.5	451.9
Total financial debt & lease liabilities	1,370.8	1,323.1
Total net equity	978.6	927.3
Net debt/EBITDA ¹	1.67x	1.68x
Net debt/Equity	0.91x	0.94x

1. Refers to the EBITDA recorded in the last 4 quarters determined excluding the fair value of the share-based payments and based only on the recurring business

- Solid capital structure to sustain future growth opportunities

2022 Outlook

- In an environment characterized by increasing volatility and uncertainty, our HI was overall in line with plan
- Looking into H2
 - Still high organic comparative figures in Q3, then easing in Q4
 - The French hearing care market is expected to develop in line with FY 2022 assumptions of around -5-10% vs 2021
 - The Covid negative impact across APAC markets is still today affecting consumers and staff
 - We expect to continue to grow faster than the market
- Under the assumption of no further global economic activity slowdown due to, among others, the well-known pandemic, geopolitical and inflation related issues, we are positive on our previously issued FY 2022 outlook
- We are also confident of being ideally positioned to further strengthen our global market leadership in any possible scenario

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