

Q1 2023 Results

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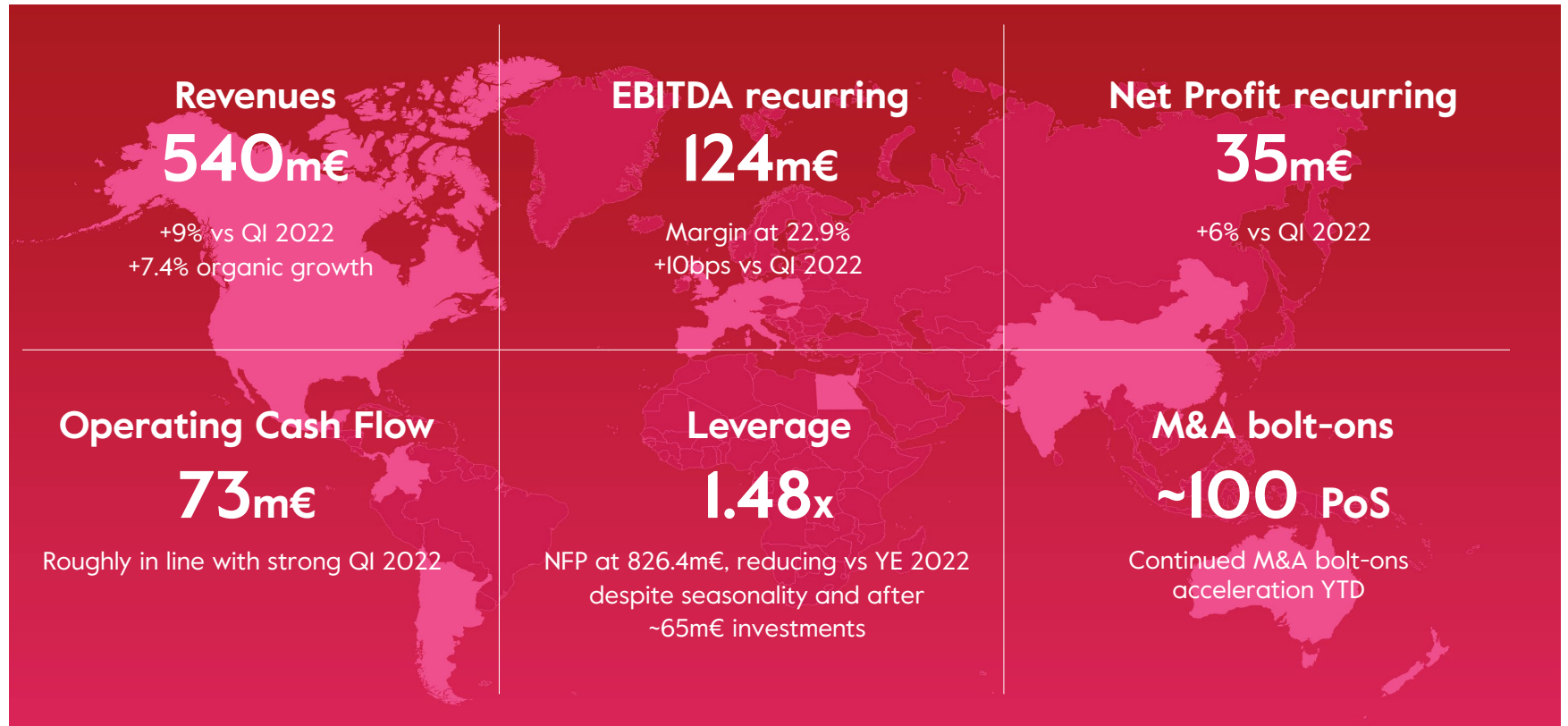
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Statement

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.

Q1 2023: a truly excellent start to the year



Q1 2023 Financial highlights

Excellent quarter driven by a very strong organic growth

Data in €m	Q1 2023	Q1 2022	Δ%
REVENUES	540.3	495.8	+9.0%
Organic growth			+7.4%
Acquisitions			+1.9%
FX			-0.3%
EBITDA Rec.	123.5	112.9	+9.5%
Margin %	22.9%	22.8%	+10 bps

- Outstanding revenue growth of +9.3% at constant FX and +9% at current FX vs Q1 2022
 - Very strong, well-balanced and above market organic growth at +7.4%, despite extremely challenging comparison base (~+16% in Q1 2022 vs Q1 2021)
 - Market demand back to growth, primarily driven by the US private market
 - Share gains across major markets and positive pricing development
 - Remarkable M&A contribution at +1.9% for bolt-ons in France, Germany, Canada, US and China
 - FX headwind at -0.3% primarily due to Argentine peso and Australian dollar impact more than offsetting positive US dollar appreciation
- EBITDA recurring at €123.5 million, with margin at 22.9%, up 10 bps vs Q1 2022
 - Solid operational leverage while continuing investing in the business



Financial results by Region

EMEA: strong revenue growth and profitability expansion, despite still some market-related softness and a challenging comparison base

Data in €m	Q1 2023	Q1 2022	Δ%
REVENUES	359.7	340.2	+5.7%
Organic growth			+5.0%
Acquisitions			+1.0%
FX			-0.3%
EBITDA Rec.	100.0	93.5	+7.0%
Margin %	27.8%	27.5%	+30 bps

- Revenues up ~+6% at both constant and current FX vs Q1 2022
 - Strong and well-above market organic growth at +5.0%, despite remarkable comparison base (>+9% in Q1 2022 vs Q1 2021)
 - M&A contribution at +1.0%, primarily related to France and Germany
- Strong organic growth in Italy and Germany
- Sequential recovery in Spain and France, the latter despite a still challenging comparison base due to the hearing healthcare reform, easing from March
- Profitability expansion delivering an EBITDA at €100 million with margin at 27.8%, up 30bps vs Q1 2022
 - Solid operational efficiency



Financial results by Region

AMERICAS: another outstanding and above market performance for the Group's fastest-growing Region

Data in €m	Q1 2023	Q1 2022	Δ%
REVENUES	100.9	84.0	+20.0%
Organic growth			+13.0%
Acquisitions			+6.4%
FX			+0.6%
EBITDA	24.8	20.7	+20.1%
Margin %	24.6%	24.6%	+0 bps

- Excellent revenue growth of +19.4% at constant FX and +20% at current FX vs Q1 2022
 - Outstanding organic growth at +13%, despite remarkable comparison base (+30% in Q1 2022 vs Q1 2021)
 - M&A contribution at +6.4% related to bolt-ons in the US and Canada
 - FX tailwind at +0.6% driven by the US dollar appreciation, partially offset by the hyperinflationary environment in Argentina
- Continued very strong performance in the US, boosted by Miracle-Ear Direct Retail and AHHC
- Double-digit organic growth in Latam
- EBITDA at €24.8 million, with margin at 24.6%, in line with Q1 2022, after significant re-investments in the business



Financial results by Region

APAC: excellent top-line growth fostered by double-digit organic growth in Australia and China and profitability improvement

Data in €m	Q1 2023	Q1 2022	Δ%
REVENUES	79.6	71.5	+11.4%
Organic growth			+12.6%
Acquisitions			+0.8%
FX			-2.0%
EBITDA	21.7	19.3	+12.5%
Margin %	27.3%	27.1%	+20 bps

- Excellent revenue growth of +13.4% at constant FX and +11.4% at current FX vs Q1 2022
 - Outstanding organic growth at +13%
 - M&A contribution at +0.8% related to China
 - FX headwind of -2.0%
- Double-digit organic growth in Australia
- Excellent performance in China driven by a strong recovery following the significant negative impact of Covid throughout 2022
- EBITDA at €21.7 million, with margin at 27.3%, up 20 bps vs Q1 2022
 - Back to positive operating leverage, also after significant re-investments in the business



Q1 2023 Financial results

Excellent results across the board

Data in €m (unless specified)	Q1 2023		Q1 2022		Δ Rec
	Recurring	Reported	Recurring	Reported	23/22
REVENUES	540.3	540.3	495.8	495.8	+9.0%
EBITDA	123.5	115.6	112.9	109.8	+9.5%
<i>Margin %</i>	<i>22.9%</i>	<i>21.4%</i>	<i>22.8%</i>	<i>22.1%</i>	-
ORDINARY D&A	(50.1)	(50.1)	(46.1)	(46.1)	-8.6%
PPA AMORTIZATION	(11.9)	(11.9)	(11.5)	(11.5)	-3.8%
EBIT	61.5	53.6	55.2	52.2	+11.3%
<i>Margin %</i>	<i>11.4%</i>	<i>9.9%</i>	<i>11.1%</i>	<i>10.5%</i>	--
NET FIN. EXPENSES	(11.9)	(11.9)	(8.4)	(8.4)	-41.5%
PBT	49.5	41.6	46.8	43.7	+5.9%
TAXES	(14.7)	(12.4)	(13.9)	(13.0)	-5.7%
<i>% on PBT</i>	<i>29.6%</i>	<i>29.7%</i>	<i>29.7%</i>	<i>29.8%</i>	--
NET PROFIT	34.9	29.3	32.8	30.6	+6.3%
<i>Margin %</i>	<i>6.5%</i>	<i>5.4%</i>	<i>6.6%</i>	<i>6.2%</i>	--
EPS Reported (€)	--	0.130	--	0.136	--
EPS Adjusted (€)	0.196	--	0.184	--	+6.4%

Q1 2023 Financial results

Operating Cash Flow roughly in line with strong Q1 2022

Data in €m	Q1 2023	Q1 2022	Δ
Operating cash flow before repayment of lease liabilities	100.9	100.1	0.8
Repayment of lease liabilities	(28.0)	(25.6)	(2.4)
Operating cash flow	72.9	74.5	(1.6)
Capex (net)	(26.6)	(21.1)	(5.5)
Free cash flow	46.3	53.4	(7.1)
Acquisitions (net)	(38.8)	(23.8)	(15.0)
Cash provided by (used in) operating and investing activities	7.5	29.6	(22.1)
Cash provided by (used) financing activities	(1.8)	(28.9)	27.1
Net cash flow for the period	5.7	0.7	5.0
Net financial position (opening date)	(830.0)	(871.2)	41.2
Change in net financial position	5.7	0.7	5.0
Effect of FX & discontinued operation on financial position	(2.1)	1.9	(4.0)
Net financial position (closing date)	(826.4)	(868.6)	42.2



Q1 2023 Financial results

NFP and leverage reducing vs YE 2022 after strong Capex and sizeable M&A cash-out

Data in €m	31/03/2023	31/12/2022
Liquidity	(194.6)	(229.6)
Short-term debt	273.8	251.7
Medium/long-term debt	747.1	807.9
Net financial debt	826.4	830.0
Lease liabilities	479.0	468.6
Total financial debt & lease liabilities	1,305.4	1,298.6
Total net equity	1,047.3	1,040.4
Net debt/EBITDA ¹	1.48x	1.52x
Net debt/Equity	0.79x	0.80x

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

2023 Outlook

Strong start to the year and increasing visibility support sound optimism for 2023

- After three quarters of negative market demand, in Q1 our reference market was back to growth, although below historical levels
- Even if some degree of uncertainty persists in the current macro-economic environment, we now expect a positive market development for the year
- In this scenario, assuming no further material global economic activity slowdown due to, among others, the well-known geopolitical and inflation related issues, for FY2023 we expect:
 - Revenues in the range of €2.30-2.35 billion
 - Share gains and pricing actions supporting our revenue growth
 - Bolt-on M&A contribution at around 2%
 - EBITDA recurring in the range of €570-585 million
 - Operating leverage and pricing actions offsetting labour cost inflation and other costs for strategic initiatives
- In the medium term, we continue to remain extremely positive on our prospects of sustainable growth in sales and profitability, thanks to the secular fundamentals of the hearing care market and our further strengthened competitive positioning

Note: Main FX assumptions for FY2023: EUR/USD at 1.07; EUR/AUD at 1.57; EUR/ARS at 227; EUR/EGP at 32



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