

# Q3 & 9M 2020 Results

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*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.*

# Q3 2020: Excellent quarter driven by double-digit revenue growth in LC and outstanding profitability expansion

Significant step-up in profitability supported by structural efficiencies

- Outstanding top-line growth at +10.4% in LC
  - Excellent organic growth at +8.2%, well above market and supported by significant share gains in all major markets
  - M&A contribution at +2.2%
  - FX headwind at -1.4%
- Excellent profitability improvement, also excluding positive Covid-related items and significant re-investment in the business
  - EBITDA at €97.1 million, up +27.6% vs Q3 2019, and margin at 22.7%, up ~330bps vs Q3 2019
    - Increased efficiency and productivity in major cost items
    - Government social schemes partially offsetting local Covid-impacts
  - Marketing investments above Q3 2019
- Outstanding cash flow generation
  - Operating cash flow in the 9M at €155.1 million, +21.8% vs 9M 2019
  - Free cash flow in the 9M at €127.1 million, +85.2% vs 9M 2019
- Excellent Net Financial Position at €712.6 million, further improving vs. December 2019 and June 2020 and leverage at 1.89x

# Q3 2020 Financial highlights

Double-digit growth at constant FX and implementation of decisive measures resulting in an impressive step-up in profitability

Data in €m	Q3 2020	Q3 2019	Δ%
REVENUES	428.2	392.7	+9.0%
Organic growth			+8.2%
Acquisitions			+2.2%
FX			-1.4%
EBITDA	97.1	76.0	+27.6%
Margin %	22.7%	19.4%	-

- Outstanding top-line growth of 10.4% in LC
  - Strong organic growth at +8.2%, well above market
  - M&A contribution at +2.2%
  - Currency headwind at -1.4%, for Euro appreciation vs both USD and AUD
- Excellent profitability with EBITDA at €97.1 million, up 27.6%, and margin at 22.7%, up 330bps vs Q3 2019
  - Strong top-line growth
  - Structural efficiencies and productivity enhancements derived by the decisive measures implemented in Q2 (higher productivity in labour cost, higher efficiency in marketing investments, successful renegotiations of supplier contracts)
  - Government social schemes offsetting local Covid-impacts
  - Achievements in the renegotiation of rent agreements (~€2 million income according to IASB Covid-19-related rent concessions amendment to IFRS 16)
- Significant re-investments in the business
  - Marketing investments above Q3 2019
  - Re-activation of key Corporate projects

# 9M 2020 Financial highlights

Trend in strong acceleration reflecting swift recovery and strong ability in managing cost base and cash flow

Data in €m	9M 2020	9M 2019	Δ%
REVENUES	1,042.1	1,224.7	-14.9%
Organic growth			-16.3%
Acquisitions			+1.9%
FX			-0.5%
EBITDA	228.4	262.6	-13.0%
Margin %	21.9%	21.4%	-

- Revenues down 14.4% in LC
  - Organic performance at -16.3%, due to Covid-19 outbreak
  - M&A contribution at +1.9%
  - FX impact at -0.5%
- Trading significantly impacted by Covid-19 from March, then improving since end of April at a better-than-expected pace, and trading back above previous year since July
- EBITDA at €228.4 million, with margin at 21.9%, up 50 bps vs 9M 2019 despite heavy Covid-outbreak impact on revenues in the March-June period
  - Excellent results from timely, decisive and effective actions on costs
- Strong operating and free cash flow at €155.1 million and €127.1 million, up +21.8% and +85.2%, respectively, vs 9M 2019, despite negative impact from Covid-19 outbreak
- Excellent Net Financial Position at €712.6 million, further improving vs. December 2019 and June 2020 with leverage at 1.89x

# Financial results by Region

EMEA: strong recovery with an excellent performance in Q3 both on top-line and profitability across all major markets

Data in €m	9M 2020	9M 2019	Δ%
REVENUES	740.7	877.8	-15.6%
Organic growth			-17.2%
Acquisitions			+1.4%
FX			+0.2%
EBITDA	179.7	205.4	-12.5%
Margin %	24.3%	23.4%	-

Data in €m	Q3 2020	Q3 2019	Δ%
REVENUES	303.2	270.7	+12.0%
Organic growth			+10.8%
Acquisitions			+1.2%
FX			+0.0%
EBITDA	76.8	58.1	+32.2%
Margin %	25.3%	21.5%	-

- Revenues down 15.8% in LC in the 9M
  - Organic performance at -17.2% due to Covid-19 outbreak
  - M&A contribution at +1.4% for bolt-on M&A in Germany and France
- Trading impacted by Covid-19 from March, then improving since end of April at a better-than-expected pace, and trading back strongly above previous year since July
- EBITDA at €179.7 million, with margin at 24.3%, up 90bps vs 9M 2019
- Excellent revenue growth of 12% in Q3
  - Very strong organic growth at +10.8%
  - M&A contribution of +1.2%
- Generalized strong performance in Q3 in all core markets, with impressive growth in Italy, France and Spain
- Outstanding profitability expansion in Q3 thanks to strong revenues and higher efficiency and productivity, delivering an EBITDA of €76.8 million, up 32.2% and margin at 25.3%, up ~390bps vs Q3 2019

# Financial results by Region

**AMERICAS:** varied impact of Covid-19 across the Region, with the core US market showing a strong recovery and back to solid organic growth in LC in Q3

Data in €m	9M 2020	9M 2019	Δ%
REVENUES	174.2	203.4	-14.4%
Organic growth			-13.0%
Acquisitions			+0.5%
FX			-1.9%
EBITDA	38.7	44.8	-13.6%
Margin %	22.2%	22.0%	-

Data in €m	Q3 2020	Q3 2019	Δ%
REVENUES	69.6	71.5	-2.7%
Organic growth			+2.2%
Acquisitions			+0.6%
FX			-5.5%
EBITDA	16.0	15.6	+2.3%
Margin %	23.0%	21.9%	-

- Revenues down 12.5% in LC in the 9M
  - Organic performance at -13%, due to Covid-19 outbreak
  - M&A contribution at +0.5% related to Canada
  - Currency headwind at -1.9% for Euro appreciation vs. USD since Q2
- Two-speed performance across the Region
  - North America impacted by Covid-19 from end of March, then improving swiftly since early May and back to solid growth in LC of ~+7% in Q3
  - Latin America still severely impacted by the pandemic
- EBITDA at €38.7 million, with margin at 22.2%, up 20bps vs 9M 2019
- Solid revenue growth of +2.8% in LC in Q3
  - Organic growth at +2.2%
    - Strong performance in the US, with Miracle-Ear back to double digit organic growth
    - Latin America severely impacted by Covid-19
  - Contribution from M&A at +0.6% related to Canada
  - Significant currency headwind at -5.5%
- Strong profitability expansion in Q3 delivering an EBITDA margin at 23.0%, up ~110bps vs Q3 2019

# Financial results by Region

APAC: leading the recovery on the top-line and showing an outstanding operating leverage, further accelerated by Q3 excellent performance

Data in €m	9M 2020	9M 2019	Δ%
REVENUES	127.3	140.2	-9.2%
Organic growth			-13.3%
Acquisitions			+7.2%
FX			-3.1%
EBITDA	45.1	41.7	+8.4%
Margin %	35.5%	29.7%	-

Data in €m	Q3 2020	Q3 2019	Δ%
REVENUES	55.5	49.2	+12.8%
Organic growth			+5.3%
Acquisitions			+10.0%
FX			-2.5%
EBITDA	22.5	14.4	+56.3%
Margin %	40.5%	29.2%	-

- Revenues down -6.1% in LC in the 9M
  - Organic performance at -13.3%
  - M&A contribution at +7.2% related to Attune acquisition
  - Currency headwind at -3.1%
- Varied performance in the 9M across the Region due to different timing of the Covid-19 impact, adoption of diverse restrictive measures and different speed of recovery
  - All countries back to growth in Q3, with the only exception of India
- EBITDA at €45.1 million, up 8.4% and margin at 35.5%, up 5.7p.p. vs 9M 2019
- Excellent revenue growth of 15.3% in LC in Q3
  - Strong organic growth at +5.3%
    - Double-digit growth in China and New Zealand, despite lockdown in Auckland
    - Positive performance in Australia, despite lockdown in the State of Victoria
  - Strong M&A contribution of +10% for Attune acquisition
  - Currency headwind at -2.5%
- Impressive profitability expansion in Q3 delivering an EBITDA of €22.5 million and margin at 40.5%, up 11.3p.p. vs Q3 2019
  - Structural efficiencies and productivity enhancement
  - Government social schemes offsetting local Covid-impacts



# Q3 2020 Financial results

Excellent results with a strong profitability expansion resulting in a Net Profit growing at ~+75% vs Q3 2019

Data in €m (unless specified)	Q3 2020	Q3 2019		Δ% Rec.
		Recurring	Reported	
<b>REVENUES</b>	<b>428.2</b>	<b>392.7</b>	<b>392.7</b>	<b>+9.0%</b>
<b>EBITDA<sup>1</sup></b>	<b>97.1</b>	<b>76.0</b>	<b>63.5</b>	<b>+27.6%</b>
<i>Margin %</i>	<i>22.7%</i>	<i>19.4%</i>	<i>16.2%</i>	<i>--</i>
ORDINARY D&A	-39.1	-37.6	-37.9	+3.9%
PPA-RELATED AMORTIZATION	-9.8	-9.1	-9.1	+8.0%
<b>EBIT<sup>2</sup></b>	<b>48.1</b>	<b>29.3</b>	<b>16.5</b>	<b>64.1%</b>
<i>Margin %</i>	<i>11.2%</i>	<i>7.5%</i>	<i>4.2%</i>	<i>--</i>
NET FINANCIAL EXPENSES	-8.2	-6.9	-6.9	+19.1%
<b>PBT<sup>2</sup></b>	<b>39.9</b>	<b>22.4</b>	<b>9.6</b>	<b>+77.9%</b>
TAXES	-11.3	-6.1	-2.4	+85.2%
<i>% on PBT</i>	<i>28.2%</i>	<i>27.1%</i>	<i>24.7%</i>	<i>--</i>
MINORITY	0.1	0.0	0.0	+265.7%
<b>NET PROFIT<sup>3</sup></b>	<b>28.5</b>	<b>16.3</b>	<b>7.2</b>	<b>+74.8%</b>
<i>Margin %</i>	<i>6.7%</i>	<i>4.2%</i>	<i>1.8%</i>	<i>--</i>
<b>EPS Reported (€)</b>	<b>0.128</b>	<b>--</b>	<b>0.032</b>	<b>+301.9%</b>
<b>EPS Adjusted<sup>4</sup> (€)</b>	<b>0.160</b>	<b>0.103</b>	<b>--</b>	<b>+55.8%</b>

1. No one-offs in Q3 2020. Negative one-off in Q3 2019 of €12.6 million for costs related to GAES integration
2. No one-offs in Q3 2020. Negative one-off in Q3 2019 of €12.9 million related to GAES integration
3. No one-offs in Q3 2020. Negative one-off in Q3 2019 of €9.2 million related to items in Notes above net of taxes
4. EPS adjusted for one-offs and PPA-related amortization (net of taxes)

# 9M 2020 Financial results

Results far better-than-expected despite extraordinary Covid-19 impact on business

Data in €m (unless specified)	9M 2020	9M 2019		Δ% Rec.
		Recurring	Reported	
<b>REVENUES</b>	<b>1042.1</b>	<b>1224.7</b>	<b>1224.7</b>	<b>-14.9%</b>
<b>EBITDA<sup>1</sup></b>	<b>228.4</b>	<b>262.6</b>	<b>244.2</b>	<b>-13.0%</b>
<i>Margin %</i>	<i>21.9%</i>	<i>21.4%</i>	<i>19.9%</i>	<i>--</i>
ORDINARY D&A	-119.3	-110.2	-110.6	+8.2%
PPA-RELATED AMORTIZATION	-29.4	-27.7	-27.7	+6.2%
<b>EBIT<sup>2</sup></b>	<b>79.7</b>	<b>124.7</b>	<b>106.0</b>	<b>-36.1%</b>
<i>Margin %</i>	<i>7.6%</i>	<i>10.2%</i>	<i>8.7%</i>	<i>--</i>
NET FINANCIAL EXPENSES	-22.0	-19.7	-19.7	+11.4%
<b>PBT<sup>2</sup></b>	<b>57.7</b>	<b>105.0</b>	<b>86.3</b>	<b>-45.0%</b>
TAXES	-16.6	-29.3	-24.6	-43.4%
<i>% on PBT</i>	<i>28.7%</i>	<i>27.9%</i>	<i>28.5%</i>	<i>--</i>
MINORITY	0.0	0.0	0.0	-60.0%
<b>NET PROFIT<sup>3</sup></b>	<b>41.1</b>	<b>75.7</b>	<b>61.7</b>	<b>-45.7%</b>
<i>Margin %</i>	<i>3.9%</i>	<i>6.2%</i>	<i>5.0%</i>	<i>--</i>
<b>EPS Reported (€)</b>	<b>0.184</b>	<b>--</b>	<b>0.278</b>	<b>-33.9%</b>
<b>EPS Adjusted<sup>4</sup> (€)</b>	<b>0.281</b>	<b>0.432</b>	<b>--</b>	<b>-35.1%</b>

1. No one-offs in 9M 2020. Negative one-off in 9M 2019 of €18.4 million for costs related to GAES integration
2. No one-offs in 9M 2020. Negative one-off in 9M 2019 of €18.7 million related to GAES integration
3. No one-offs in 9M 2020. Negative one-off in 9M 2019 of €14.0 million related to items in Notes above net of taxes
4. EPS adjusted for one-offs and PPA-related amortization (net of taxes)

# 9M 2020 Financial results

Outstanding Free cash flow, up +85.2% vs PY, leading to a reduction in NFP of ~€145 million vs Sept 2019

Data in €m	9M 2020 <sup>1</sup>	9M 2019 <sup>2</sup>	Δ
<b>Operating cash flow before repayment of lease liabilities</b>	<b>205.4</b>	<b>187.0</b>	<b>18.4</b>
Repayment of lease liabilities	(50.3)	(59.6)	9.4
<b>Operating cash flow</b>	<b>155.1</b>	<b>127.4</b>	<b>27.8</b>
Capex (net)	(28.1)	(58.7)	30.7
<b>Free cash flow</b>	<b>127.1</b>	<b>68.6</b>	<b>58.4</b>
Acquisitions (net)	(41.9)	(53.0)	11.1
<b>Cash provided by (used in) operating and investing activities</b>	<b>85.1</b>	<b>15.6</b>	<b>69.5</b>
Cash provided by (used) financing activities	(7.9)	(31.0)	23.1
<b>Net cash flow for the period</b>	<b>77.3</b>	<b>(15.4)</b>	<b>92.7</b>

<b>Net financial position (opening date)</b>	<b>(786.7)</b>	<b>(840.9)</b>	<b>54.2</b>
Change in net financial position	77.3	(15.4)	92.7
Effect of FX & discontinued operation on financial position	(3.1)	(0.5)	(2.6)
<b>Net financial position (closing date)</b>	<b>(712.6)</b>	<b>(856.8)</b>	<b>144.2</b>

1. Non recurring cash-out of €1.4 million in 9M 2020

2. Non recurring cash-out of €9.5 million in 9M 2019

# 9M 2020 Financial results

Significant reduction in NFP and leverage at 1.89x

Data in €m	30/09/2020	31/12/2019
Cash	(462.6)	(138.4)
Short-term debt	48.0	172.4
Medium/long-term debt	1,127.2	752.6
<b>Net financial debt</b>	<b>712.6</b>	<b>786.7</b>
Lease liabilities	423.2	424.6
<b>Total financial debt &amp; lease liabilities</b>	<b>1,135.8</b>	<b>1,211.3</b>
<b>Total net equity</b>	<b>726.7</b>	<b>696.1</b>
Net debt/EBITDA <sup>I</sup>	1.89x	1.90x
Net debt/Equity	0.98x	1.13x

I. 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

# 2020 Outlook

- The current developments of the pandemic in many areas of the world limit the visibility on the next months and require us to remain cautious
- Looking at the final part of this year
  - With regards to revenues
    - Also in October we are currently trading well above previous year level
    - Performance in November and December will depend upon the level of restrictive measures that will be re-introduced by Governments of the affected markets
  - With regards to profitability we expect to continue to reap the benefits of the actions implemented since Q2
- Beyond 2020 we continue to remain positive both in terms of sales and profitability, given
  - the resilience of our market, the unchanged industry's fundamentals and consumers' behaviors
  - our strong competitive positioning and solid strategy
  - our ability to execute on growth and efficiency enhancements

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