SECTION I

REPORT ON OPERATIONS AS AT DECEMBER 31ST, 2019

amplifon

CONTENTS

CHANGES IN ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS

The Group has adopted IFRS 16 “Leases” effective 1 January 2019 which resulted in changes to the accounting policies and adjustments to the amounts recognized in the financial statements.

Based on IFRS 16, the right-of-use assets which fall under the scope of the standard must be recognized as an asset and the related liability must be recognized as a lease liability.

Adoption of the other accounting standards that took effect in 2019 did not have a material impact on the Group’s assets, liabilities, costs and revenues.

The comparative figures were not restated and the figures for this reporting period are also shown without applying IFRS 16. Unless stated otherwise, the comparative figures refer to the FY 2019.

COMMENTS ON THE FINANCIAL RESULTS

The Amplifon Group posted record results in 2019 with revenues rising in all the geographic segments in which the Group operates and continuous improvement in profitability despite an extremely challenging comparison base. These results were achieved thanks to the efficacy of the new marketing campaigns, the greater scale reached in core markets and improved operational efficiency.
More in detail, the year closed with:

- turnover of €1,732,063 thousand, an increase of +27.1% compared to 2018 (+26.1% at constant exchange rates) with double-digit growth achieved thanks also to the contribution of GAES;
- a gross operating margin (EBITDA) of €370,590 thousand, calculated based on the new accounting standard IFRS 16. Based on the accounting standards applied in the prior year, recurring EBITDA would have reached €278,863 thousand, +28.8% against FY 2018, and the EBITDA margin would have reached 17.4% (+0.2 p.p. against the comparison period);
- net profit of €108,666 thousand based on the new accounting standard. Excluding IFRS 16 application and recurring net profit would have come to €132,665 thousand, an increase of 23.9% compared to the prior year.

REVENUES PERFORMANCE

Revenues from sales and services reached the record amount of €1,732,063 thousand in 2019, an increase of +27.1% compared to the prior record set in 2018 (€ 1,362,234 thousand).

This significant result was achieved thanks mainly to acquisitions which contributed €263,173 thousand (+19.3%), along with continuous organic growth which, including the contribution of the newly opened stores, amounted to €92,445 thousand (+6.8%). The exchange rate differences had a positive impact of €14,211 thousand (+1.0%).

All the geographic segments contributed to the growth in turnover. Specifically:

- in Europe, the Middle East and Africa, the contribution of the GAES acquisition, the boost from strong organic growth (including the contribution of the newly opened stores), as well as the acquisitions made mainly in Germany and France caused revenue to rise 31.7% at current exchange rates and 31.3% at constant exchange rates compared to the prior year;
- in the Americas revenue rose 23.1% at current exchange rates and by 17.5% at constant exchange rates compared to the previous year thanks also to higher investments in marketing and acquisitions;
- in Asia-Pacific turnover rose 7.6% at current exchange rates and 8.6% at constant exchange rates against the prior year.

PROFITABILITY PERFORMANCE

The strong growth in revenues resulted in a significant increase in profitability. Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to a record €370,590 thousand. Based on the same accounting standards applied in the prior year, EBIDTA would have reached €278,863 thousand, an increase of €53,396 thousand compared to the prior year (+23.7%).
Net of the €22,331 thousand in non-recurring expenses stemming from the integration of GAES incurred in 2019 and the €8,457 thousand related to its acquisition in 2018 EBITDA would have been €67,270 thousand (+28.8%) higher. The recurring EBITDA margin came to 17.4%, an increase of 0.2 percentage points compared to 2018.

NET FINANCIAL POSITION CHANGES

Net financial debt, excluding lease liabilities, amounted to €786,698 thousand at 31 December 2019, €54,158 thousand lower than 31 December 2018.

The decrease in debt is the direct consequence of the excellent level of cash flow generation with free cash flow reaching a positive €149,871 thousand (€110,320 thousand in the prior year) after absorbing capital expenditure of €88,878 thousand (€76,146 thousand in 2018), the acquisitions made in the year (€66,482 thousand) and the payment of dividends to shareholders (€30,939 thousand).

Gross debt amounted to €925,069 thousand at 31 December 2019, €752,648 thousand of which long-term. The short-term portion amounted to €172,421 thousand and it is offset by the cash and cash equivalents, which came to €138,371 thousand. The latter, along with the unutilized portion of irrevocable credit lines of €195 million and the €103.2 million in other available credit lines, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

CONSOLIDATED INCOME STATEMENT

(€ thousands)	FY 2019				FY 2018				
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	1,732,063	-	1,732,063	100.0%	1,362,234	-	1,362,234	100.0%	27.1%
Operating costs	(1,340,654)	(22,193)	(1,362,847)	-77.4%	(1,131,060)	(2,193)	(1,133,253)	-83.0%	-18.5%
Other income and costs	1,374	-	1,374	0.1%	2,750	(6,264)	(3,514)	0.2%	-50.0%
Gross operating profit (EBITDA)	**392,783**	**(22,193)**	**370,590**	**22.7%**	**233,924**	**(8,457)**	**225,467**	**17.2%**	**67.9%**
Depreciation, amortization and impairment of non-current assets	(65,900)	(1,916)	(67,816)	-3.8%	(51,150)	-	(51,150)	-3.8%	-28.8%
Right-of-use depreciation	(87,942)	(105)	(88,047)	-5.1%	-	-	-	-	-
Operating result before the amortization and impairment of PPA related assets (EBITA)	**238,941**	**(24,214)**	**214,727**	**13.8%**	**182,774**	**(8,457)**	**174,317**	**13.4%**	**30.7%**
PPA related depreciation, amortization and impairment	(37,636)	-	(37,636)	-2.2%	(21,007)	-	(21,007)	-1.5%	-79.2%
Operating profit (EBIT)	**201,305**	**(24,214)**	**177,091**	**11.6%**	**161,767**	**(8,457)**	**153,310**	**11.9%**	**24.4%**
Income, expenses, valuation and adjustments of financial assets	191	-	191	0.0%	470	-	470	0.0%	-59.4%
Net financial expenses	(26,325)	-	(26,325)	-1.5%	(13,521)	(649)	(14,170)	-1.0%	-94.7%
Exchange differences and non-hedge accounting instruments	(818)	-	(818)	0.0%	(1,034)	-	(1,034)	-0.1%	20.9%
Profit (loss) before tax	**174,353**	**(24,214)**	**150,139**	**10.1%**	**147,682**	**(9,106)**	**138,576**	**10.8%**	**18.1%**
Tax	(47,433)	5,818	(41,615)	-2.8%	(40,599)	2,433	(38,166)	-2.8%	-16.8%
Net profit (loss)	**126,920**	**(18,396)**	**108,524**	**7.3%**	**107,083**	**(6,673)**	**100,410**	**7.9%**	**18.5%**
Profit (loss) of minority interests	(142)	-	(142)	0.0%	(33)	-	(33)	0.0%	-330.3%
Net profit (loss) attributable to the Group	**127,062**	**(18,396)**	**108,666**	**7.3%**	**107,116**	**(6,673)**	**100,443**	**7.9%**	**18.6%**

(*) See table at page 65 for details of non-recurring transactions.

EBITDA is the operating result before charging amortization, depreciation, impairment of both tangible and intangible fixed assets and the right of use depreciation.

EBITA is the operating result before amortization and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations.

EBIT is the operating result before financial income and charges and taxes.

The following table shows 2019 performance without the adoption of IFRS 16 in order to have a better comparison with previous year results.

(€ thousands)	FY 2019 W/O IFRS 16 (*)				FY 2018				
	Recurring	Non-recurring (**)	Total	% on recurring	Recurring	Non-recurring (**)	Total	% on recurring	Change % on recurring
Revenues from sales and services	1,732,063	-	1,732,063	100.0%	1,362,234	-	1,362,234	100.0%	27.1%
Operating costs	(1,432,299)	(22,331)	(1,454,630)	-82.7%	(1,131,060)	(2,193)	(1,133,253)	-83.0%	-26.6%
Other income and costs	1,430	-	1,430	0.1%	2,750	(6,264)	(3,514)	0.2%	-48.0%
Gross operating profit (EBITDA)	**301,194**	**(22,331)**	**278,863**	**17.4%**	**233,924**	**(8,457)**	**225,467**	**17.2%**	**28.8%**
Depreciation, amortization and impairment of non-current assets	(66,390)	(1,917)	(68,307)	-3.8%	(51,150)	-	(51,150)	-3.8%	-29.8%
Operating result before the amortization and impairment of PPA related assets (EBITA)	**234,804**	**(24,248)**	**210,556**	**13.6%**	**182,774**	**(8,457)**	**174,317**	**13.4%**	**28.5%**
PPA related depreciation, amortization and impairment	(37,636)	-	(37,636)	-2.2%	(21,007)	-	(21,007)	-1.5%	-79.2%
Operating profit (EBIT)	**197,168**	**(24,248)**	**172,920**	**11.4%**	**161,767**	**(8,457)**	**153,310**	**11.9%**	**21.9%**
Income, expenses, valuation and adjustments of financial assets	191	-	191	0.0%	470	-	470	0.0%	-59.4%
Net financial expenses	(15,021)	-	(15,021)	-0.9%	(13,521)	(649)	(14,170)	-1.0%	-11.1%
Exchange differences and non-hedge accounting instruments	(831)	-	(831)	0.0%	(1,034)	-	(1,034)	-0.1%	19.6%
Profit (loss) before tax	**181,507**	**(24,248)**	**157,259**	**10.5%**	**147,682**	**(9,106)**	**138,576**	**10.8%**	**22.9%**
Tax	(48,950)	5,826	(43,124)	-2.8%	(40,599)	2,433	(38,166)	-2.8%	-20.6%
Net profit (loss)	**132,557**	**(18,422)**	**114,135**	**7.7%**	**107,083**	**(6,673)**	**100,410**	**7.9%**	**23.8%**
Profit (loss) of minority interests	(108)	-	(108)	0.0%	(33)	-	(33)	0.0%	-227.3%
Net profit (loss) attributable to the Group	**132,665**	**(18,422)**	**114,243**	**7.7%**	**107,116**	**(6,673)**	**100,443**	**7.9%**	**23.9%**

(*) For the sake of comparison with 2018, unaudited figures are shown.
(**) See table at page 65 for details of non-recurring transactions.

(€ thousands)	FOURTH QUARTER 2019				FOURTH QUARTER 2018				
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	507,322	-	507,322	100.0%	399,463	-	399,463	100.0%	27.0%
Operating costs	(377,438)	(3,821)	(381,259)	-74.4%	(316,209)	(1,931)	(318,140)	-79.2%	-19.4%
Other income and costs	289	-	289	0.1%	106	(522)	(416)	0.0%	172.6%
Gross operating profit (EBITDA)	**130,173**	**(3,821)**	**126,352**	**25.7%**	**83,360**	**(2,453)**	**80,907**	**20.9%**	**56.2%**
Depreciation, amortization and impairment of non-current assets	(20,477)	(1,719)	(22,196)	-4.0%	(14,880)	-	(14,880)	-3.7%	-37.6%
Right-of-use depreciation	(23,171)	62	(23,109)	-4.6%	-	-	-	-	-
Operating result before the amortization and impairment of PPA related assets (EBITA)	**86,525**	**(5,478)**	**81,047**	**17.1%**	**68,480**	**(2,453)**	**66,027**	**17.1%**	**26.4%**
PPA related depreciation, amortization and impairment	(9,929)	-	(9,929)	-2.0%	(5,522)	-	(5,522)	-1.4%	-79.8%
Operating profit (EBIT)	**76,596**	**(5,478)**	**71,118**	**15.1%**	**62,958**	**(2,453)**	**60,505**	**15.8%**	**21.7%**
Income, expenses, valuation and adjustments of financial assets	(28)	-	(28)	0.0%	217	-	217	0.1%	-112.9%
Net financial expenses	(6,628)	-	(6,628)	-1.3%	(1,833)	(582)	(2,415)	-0.5%	-261.5%
Exchange differences and non-hedge accounting instruments	(581)	-	(581)	-0.1%	(422)	-	(422)	-0.1%	-37.7%
Profit (loss) before tax	**69,359**	**(5,478)**	**63,881**	**13.7%**	**60,920**	**(3,035)**	**57,885**	**15.3%**	**13.9%**
Tax	(18,152)	1,101	(17,051)	-3.6%	(15,762)	739	(15,023)	-3.8%	-15.2%
Net profit (loss)	**51,207**	**(4,377)**	**46,830**	**10.1%**	**45,158**	**(2,296)**	**42,862**	**11.3%**	**13.4%**
Profit (loss) of minority interests	(172)	-	(172)	0.0%	56	-	56	0.0%	-407.1%
Net profit (loss) attributable to the Group	**51,379**	**(4,377)**	**47,002**	**10.1%**	**45,102**	**(2,296)**	**42,806**	**11.3%**	**13.9%**

(*) See table at page 65 for details of non-recurring transactions.

For the sake of easier comparison with the prior year, the figures for the fourth quarter of 2019 calculated without applying IFRS 16 are shown in the table below.

(€ thousands)	FOURTH QUARTER W/O IFRS 16 (*)				FOURTH QUARTER 2018				
	Recurring	Non-recurring (**)	Total	% on recurring	Recurring	Non-recurring (**)	Total	% on recurring	Change % on recurring
Revenues from sales and services	507,322	-	507,322	100.0%	399,463	-	399,463	100.0%	27.0%
Operating costs	(401,129)	(3,781)	(404,910)	-79.1%	(316,209)	(1,931)	(318,140)	-79.2%	-26.9%
Other income and costs	358	-	358	0.1%	106	(522)	(416)	0.0%	237.7%
Gross operating profit (EBITDA)	**106,551**	**(3,781)**	**102,770**	**21.0%**	**83,360**	**(2,453)**	**80,907**	**20.9%**	**27.8%**
Depreciation, amortization and impairment of non-current assets	(20,599)	(1,719)	(22,318)	-4.1%	(14,880)	-	(14,880)	-3.7%	-38.4%
Operating result before the amortization and impairment of PPA related assets (EBITA)	**85,952**	**(5,500)**	**80,452**	**16.9%**	**68,480**	**(2,453)**	**66,027**	**17.1%**	**25.5%**
PPA related depreciation, amortization and impairment	(9,929)	-	(9,929)	-1.9%	(5,522)	-	(5,522)	-1.4%	-79.8%
Operating profit (EBIT)	**76,023**	**(5,500)**	**70,523**	**15.0%**	**62,958**	**(2,453)**	**60,505**	**15.8%**	**20.8%**
Income, expenses, valuation and adjustments of financial assets	(28)	-	(28)	0.0%	217	-	217	0.1%	-112.9%
Net financial expenses	(3,803)	-	(3,803)	-0.8%	(1,833)	(582)	(2,415)	-0.5%	-107.5%
Exchange differences and non-hedge accounting instruments	(595)	-	(595)	-0.1%	(422)	-	(422)	-0.1%	-41.0%
Profit (loss) before tax	**71,597**	**(5,500)**	**66,097**	**14.1%**	**60,920**	**(3,035)**	**57,885**	**15.3%**	**17.5%**
Tax	(18,656)	1,107	(17,549)	-3.7%	(15,762)	739	(15,023)	-3.8%	-18.4%
Net profit (loss)	**52,941**	**(4,393)**	**48,548**	**10.4%**	**45,158**	**(2,296)**	**42,862**	**11.3%**	**17.2%**
Profit (loss) of minority interests	(164)	-	(164)	0.0%	56	-	56	0.0%	-392.9%
Net profit (loss) attributable to the Group	**53,105**	**(4,393)**	**48,712**	**10.5%**	**45,102**	**(2,296)**	**42,806**	**11.3%**	**17.7%**

(*) For the sake of comparison with 2018, unaudited figures are shown.
(**) See table at page 65 for details of non-recurring transactions.

The following table shows the details of the non-recurring transactions included in the previous statements.

(€ thousands)	FY 2019	FY 2019 w/o IFRS 16	FY 2018
GAES acquisition (2018) and integration (2019) costs	(22,193)	(22,331)	(8,457)
Impact of the non-recurring items on EBITDA	**(22,193)**	**(22,331)**	**(8,457)**
Accelerated depreciation and impairment of GAES assets	(2,021)	(1,917)	-
Impact of the non-recurring items on EBIT	**(24,214)**	**(24,248)**	**(8,457)**
Financial expenses related to the financing of GAES Acquisition	-	-	(649)
Impact of the non-recurring items on profit before tax	**(24,214)**	**(24,248)**	**(9,106)**
Impact of the above items on the tax burden for the period	5,818	5,826	2,433
Impact of the non-recurring items on net profit	**(18,396)**	**(18,422)**	**(6,673)**

(€ thousands)	Fourth quarter 2019	Fourth quarter 2019 w/o IFRS 16	Fourth quarter 2018
GAES acquisition (2018) and integration (2019) costs	(3,821)	(3,781)	(2,453)
Impact of the non-recurring items on EBITDA	**(3,821)**	**(3,781)**	**(2,453)**
Accelerated depreciation and impairment of GAES assets	(1,657)	(1,719)	-
Impact of the non-recurring items on EBIT	**(5,478)**	**(5,500)**	**(2,453)**
Financial expenses related to the financing of GAES Acquisition	-	-	(582)
Impact of the non-recurring items on profit before tax	**(5,478)**	**(5,500)**	**(3,035)**
Impact of the above items on the tax burden for the period	1,101	1,107	739
Impact of the non-recurring items on net profit	**(4,377)**	**(4,393)**	**(2,296)**

RECLASSIFIED CONSOLIDATED BALANCE SHEET

The reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: investments, operations and finance.

(€ thousands)	12/31/2019	12/31/2018 (*)	Change	12/31/2019 w/o IFRS 16 (**)
Goodwill	1,215,511	1,161,598	53,913	1,215,511
Customer lists, non-compete agreements, trademarks and location rights	270,307	279,406	(9,099)	270,307
Software, licenses, other int.ass., wip and advances	97,201	79,996	17,205	97,201
Tangible assets	196,579	188,968	7,611	197,974
Right of use assets	418,429	-	418,429	-
Fixed financial assets (1)	44,887	41,546	3,341	44,670
Other non-current financial assets (1)	32,282	26,752	5,530	32,624
Total fixed assets	**2,275,196**	**1,778,266**	**496,930**	**1,858,287**
Inventories	64,592	61,713	2,879	64,592
Trade receivables	205,219	169,454	35,765	205,219
Other receivables	75,998	77,292	(1,294)	78,823
Current assets (A)	**345,809**	**308,459**	**37,350**	**348,634**
Total assets	**2,621,005**	**2,086,725**	**534,280**	**2,206,921**
Trade payables	(177,390)	(173,100)	(4,290)	(178,463)
Other payables (2)	(284,827)	(244,986)	(39,841)	(284,976)
Provisions for risks (current portion)	(4,242)	(4,916)	674	(4,242)
Short term liabilities (B)	**(466,459)**	**(423,002)**	**(43,457)**	**(467,681)**
Working capital (A) – (B)	**(120,650)**	**(114,543)**	**(6,107)**	**(119,047)**
Derivative instruments (3)	(8,763)	(10,876)	2,113	(8,763)
Deferred tax assets	81,427	75,204	6,223	79,926
Deferred tax liabilities	(102,111)	(98,932)	(3,179)	(102,116)
Provisions for risks (non-current portion)	(50,290)	(49,619)	(671)	(50,290)
Employee benefits (non-current portion)	(25,281)	(20,290)	(4,991)	(25,281)
Loan fees (4)	1,611	3,795	(2,184)	1,611
Other long-term payables	(143,701)	(126,202)	(17,499)	(143,888)

(€ thousands)	12/31/2019	12/31/2018 (*)	Change	12/31/2019 w/o IFRS 16 (**)
Net invested capital	**1,907,438**	**1,436,803**	**470,635**	**1,490,439**
Shareholders' equity	695,031	594,919	100,112	700,630
Third parties' equity	1,084	1,028	56	1,098
Net equity	**696,115**	**595,947**	**100,168**	**701,728**
Long term net financial debt (4)	752,648	877,688	(125,040)	753,868
Short term net financial debt (4)	34,050	(36,832)	70,882	34,843
Total net financial debt	**786,698**	**840,856**	**(54,158)**	**788,711**
Lease liabilities	424,625	-	424,625	-
Total lease liabilities & net financial debt	**1,211,323**	**840,856**	**370,467**	**788,711**
Net equity, lease liabilities and net financial debt	**1,907,438**	**1,436,803**	**470,635**	**1,490,439**

(*) 2018 Balance Sheet has been revised for the allocation of the GAES acquisition price.
(**) For the sake of comparison with 2018, unaudited figures are shown.

Notes for reconciling the condensed balance sheet with the statutory balance sheet:
(1) "Financial fixed assets" and "Other non-current financial assets" include equity interests valued by using the net equity method, financial assets at fair value through profit and loss and other non-current assets.
(2) "Other payables" includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees' benefits and tax liabilities.
(3) "Derivative instruments" includes cash flow hedging instruments not comprised in the item "Net financial indebtedness".
(4) The item "loan fees" is presented in the balance sheet as a direct reduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short-term and long-term portions, respectively.

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

The condensed consolidated cash flow statement is a summarized version of the reclassified statement of cash flows set out in the following pages and its purpose is, starting from the EBIT, to detail the cash flows from or used in operating, investing and financing activities.

(€ thousands)	FY 2019	FY 2018
EBIT	**177,091**	**153,310**
Amortization, depreciation and write-downs	193,499	72,157
Provisions, other non-monetary items and gain/losses from disposals	26,771	19,743
Net financial expenses	(23,935)	(13,942)
Taxes paid	(46,983)	(36,590)
Changes in net working capital	(6,688)	(8,212)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**319,755**	**186,466**
Repayment of lease liabilities	(81,006)	-
Cash flow provided by (used in) operating activities (A)	**238,749**	**186,466**
Cash flow provided by (used in) operating investing activities (B)	(88,878)	(76,146)
Free Cash Flow (A) + (B)	**149,871**	**110,320**
Net cash flow provided by (used in) acquisitions (C)	(66,860)	(620,639)
(Purchase) sale of other investment and securities (D)	378	452
Cash flow provided by (used in) investing activities (B+C+D)	**(155,360)**	**(696,333)**
Cash flow provided by (used in) operating activities and investing activities	**83,389**	**(509,867)**
Dividends	(30,939)	(24,079)
Fees paid on medium/long-term financing	-	(3,758)
Treasury shares	-	(9,631)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	(134)	(22)
Hedging instruments and other changes in non-current assets	2,678	1,901
Net cash flow from the period	**54,994**	**(545,456)**
Net financial indebtedness as of period opening date	**(840,856)**	**(296,265)**
Effect of discontinued operation on financial position	(42)	22
Effect of exchange rate fluctuations on financial position	(794)	843
Change in net financial position	54,994	(545,456)
Net financial indebtedness as of period closing date	**(786,698)**	**(840,856)**

The impact of non-recurring transactions on free cash flows in the period is shown in the following table.

(€ thousands)	FY 2019	FY 2018
Free cash flow	**149,871**	**110,320**
Free cash flow generated by non-recurring transactions (see page 102 for details)	(21,531)	(7,695)
Free cash flow generated by recurring transactions	**171,402**	**118,015**

INDICATORS

	12/31/2019	12/31/2018 (*)
Net financial indebtedness (€ thousands)	786,698	840,856
Net Equity (€ thousands)	696,115	595,947
Group Net Equity (€ thousands)	695,031	594,919
Net financial indebtedness/Net Equity	1.13 (**)	1.41 (***)
Net financial indebtedness/Group Net Equity	1.13 (**)	1.41 (***)
Net financial indebtedness/EBITDA	1.90 (**)	3.11 (***)
EBITDA/Net financial expenses	28.81 (**)	20.41 (***)
Earnings per share (EPS) (€)	0.48979	0.45706
Diluted EPS (€)	0.48135	0.44801
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.70691	0.52578
Group Net Equity per share (€)	3.115	2.696
Dividend per share (DPS) (€) (****)	-	0.14
Pay out ratio (%) (****)	-	30.63%
Dividend yield (%) (****)	-	1.00%
Period-end price (€)	25.640	14.050
Highest price in period (€)	26.800	20.700
Lowest price in period (€)	13.610	12.590
Price/earning ratio (P/E)	52.35	30.74
Share price/net equity per share	8.231	5.211
Market capitalization (€ millions)	5,720.78	3,180.27
Number of shares outstanding	223,119,533	220,637,875

(*) 2018 Balance Sheet has been revised for the allocation of the GAES acquisition price.
(**) Indicators re-defined together with the banks and the financial investors after the adoption of IFRS 9, 15 and 16.
(***) Indicators calculated in compliance with the previous definitions included in the syndicated loan for the GAES acquisition, before the adoption of IFRS 9, 15 and 16.
(****) The net profit of 2019 is entirely attributed to retained earnings as proposed by the Board of Directors to the shareholders' meeting called for April 24th, 2020.

- **Net financial indebtedness/net equity** is the ratio of net financial indebtedness to total net equity.
- **Net financial indebtedness/Group net equity** is the ratio of the net financial indebtedness to the Group's net equity.
- **Net financial indebtedness/EBITDA** is the ratio of net financial indebtedness to EBITDA for the last four quarters (determined with reference to recurring operations only, based on pro forma figures in case of significant changes to the structure of the Group).
- **EBITDA/net financial expenses ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring operations only, based on restated figures in case of significant changes to the structure of the Group) to net interest payable and receivable of the same last four quarters.

- **Earnings per share (EPS) (€)** is the net profit for the period attributable to the parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share (EPS) (€)** is the net profit for the period attributable to the parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.
- **Earnings per share (EPS) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets (€)** is the profit for the year from recurring operations attributable to the parent's ordinary shareholders divided by the weighted average number of outstanding shares in the period adjusted to reflect the amortization of purchase price allocations. When calculating the number of outstanding shares, the purchases and sales of treasury shares are considered cancellations and share issues, respectively.
- **Net Equity per share (€)** is the ratio of Group equity to the number of outstanding shares.
- **Dividend per share (DPS) (€)** is the dividend, paid in the following year, decided by the shareholders' meeting following the approval of the financial statements of the reported year. This ratio is not given in the interim reports because it is meaningful only with reference to the full year result.
- **Pay-out ratio (%)** is the ratio of the dividend paid on EPS.
- **Dividend yield (%)** is the ratio of the dividend per share, paid in the following year, on the share price determined in December 31st of the reported year.
- **Period-end price (€)** is the closing price on the last stock exchange trading day of the period.
- **Highest price (€) and lowest price (€)** are the highest and lowest prices from 1 January to the end of the period.
- **Price/Earnings ratio (P/E)** is the ratio of the share price determined during the last stock exchange trading day of the period on earnings per share
- **Share price/Net equity per share** is the ratio of the share closing price on the last stock exchange trading day of the period to net equity per share.
- **Market capitalization** is the closing price on the last stock exchange trading day of the period multiplied by the number of outstanding shares.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

INCOME STATEMENT REVIEW

CONSOLIDATED INCOME STATEMENT BY SEGMENT AND GEOGRAPHIC AREA (*)

(€ thousands)	FY 2019				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,253,880	285,346	187,791	5,046	1,732,063
Operating costs	(954,771)	(221,645)	(132,523)	(53,908)	(1,362,847)
Other income and costs	1,030	844	(279)	(221)	1,374
Gross operating profit (loss) (EBITDA)	**300,139**	**64,545**	**54,989**	**(49,083)**	**370,590**
Depreciation, amortization and impairment of non-current assets	(43,232)	(6,748)	(8,661)	(9,175)	(67,816)
Right-of-use depreciation	(74,242)	(3,769)	(10,036)	-	(88,047)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**182,665**	**54,028**	**36,292**	**(58,258)**	**214,727**
PPA related depreciation, amortization and impairment	(30,226)	(1,479)	(5,806)	(125)	(37,636)
Operating profit (loss) (EBIT)	**152,439**	**52,549**	**30,486**	**(58,383)**	**177,091**
Income, expenses, revaluation and adjustments of financial assets					191
Net financial expenses					(26,325)
Exchange differences and non-hedge accounting instruments					(818)
Profit (loss) before tax					**150,139**
Tax					(41,615)
Net profit (loss)					**108,524**
Profit (loss) of minority interests					(142)
Net profit (loss) attributable to the Group					**108,666**

(€ thousands)	FY 2019 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	1,253,880	285,346	187,791	5,046	1,732,063
Gross operating profit (loss) (EBITDA)	322,235	64,642	54,989	(49,083)	392,783
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	206,782	54,125	36,292	(58,258)	238,941
Operating profit (loss) (EBIT)	176,557	52,645	30,486	(58,383)	201,305
Profit (loss) before tax					174,353
Net profit (loss) attributable to the Group					127,062

(*) For the purposes of reporting on income statement figures by geographic area, please note that the Corporate structures are included in EMEA.

(€ thousands)

	FY 2018				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	952,337	231,818	174,520	3,559	1,362,234
Operating costs	(776,271)	(185,982)	(130,926)	(40,074)	(1,133,253)
Other income and costs	2,559	357	185	(6,615)	(3,514)
Gross operating profit (loss) (EBITDA)	**178,625**	**46,193**	**43,779**	**(43,130)**	**225,467**
Depreciation, amortization and impairment of non-current assets	(31,930)	(4,521)	(8,017)	(6,682)	(51,150)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**146,695**	**41,672**	**35,762**	**(49,812)**	**174,317**
PPA related depreciation, amortization and impairment	(14,466)	(733)	(5,649)	(159)	(21,007)
Operating profit (loss) (EBIT)	**132,229**	**40,939**	**30,113**	**(49,971)**	**153,310**
Income, expenses, revaluation and adjustments of financial assets					470
Net financial expenses					(14,170)
Exchange differences and non-hedge accounting instruments					(1,034)
Profit (loss) before tax					**138,576**
Tax					(38,166)
Net profit (loss)					**100,410**
Profit (loss) of minority interests					(33)
Net profit (loss) attributable to the Group					**100,443**

(€ thousands)

	FY 2018 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	952,337	231,818	174,520	3,559	1,362,234
Gross operating profit (loss) (EBITDA)	179,160	46,193	43,779	(35,208)	233,924
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	147,230	41,672	35,762	(41,890)	182,774
Operating profit (loss) (EBIT)	132,764	40,939	30,113	(42,049)	161,767
Profit (loss) before tax					147,682
Net profit (loss) attributable to the Group					107,116

(€ thousands) **FOURTH QUARTER 2019**

	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	376,053	81,964	47,573	1,732	507,322
Operating costs	(263,322)	(62,539)	(34,078)	(21,320)	(381,259)
Other income and costs	361	368	(160)	(280)	289
Gross operating profit (loss) (EBITDA)	**113,092**	**19,793**	**13,335**	**(19,868)**	**126,352**
Depreciation, amortization and impairment of non-current assets	(14,463)	(2,710)	(2,363)	(2,660)	(22,196)
Right-of-use depreciation	(19,298)	(973)	(2,838)	-	(23,109)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**79,331**	**16,110**	**8,134**	**(22,528)**	**81,047**
PPA related depreciation, amortization and impairment	(7,891)	(598)	(1,440)	-	(9,929)
Operating profit (loss) (EBIT)	**71,440**	**15,512**	**6,694**	**(22,528)**	**71,118**
Income, expenses, revaluation and adjustments of financial assets					(28)
Net financial expenses					(6,627)
Exchange differences and non-hedge accounting instruments					(581)
Profit (loss) before tax					**63,882**
Tax					(17,051)
Net profit (loss)					**46,831**
Profit (loss) of minority interests					(172)
Net profit (loss) attributable to the Group					**47,003**

(€ thousands) **FOURTH QUARTER 2019 – ONLY RECURRING OPERATIONS**

	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	376,053	81,964	47,573	1,732	507,322
Gross operating profit (loss) (EBITDA)	116,841	19,865	13,335	(19,868)	130,173
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	84,737	16,182	8,134	(22,528)	86,525
Operating profit (loss) (EBIT)	76,847	15,583	6,694	(22,528)	76,596
Profit (loss) before tax					69,360
Net profit (loss) attributable to the Group					51,380

(€ thousands)	FOURTH QUARTER 2018				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	290,914	63,795	42,935	1,819	399,463
Operating costs	(221,590)	(50,067)	(33,998)	(12,485)	(318,140)
Other income and costs	425	189	(101)	(929)	(416)
Gross operating profit (loss) (EBITDA)	**69,749**	**13,917**	**8,836**	**(11,595)**	**80,907**
Depreciation, amortization and impairment of non-current assets	(8,761)	(1,181)	(2,135)	(2,803)	(14,880)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**60,988**	**12,736**	**6,701**	**(14,398)**	**66,027**
PPA related depreciation, amortization and impairment	(3,790)	(229)	(1,440)	(63)	(5,522)
Operating profit (loss) (EBIT)	**57,198**	**12,507**	**5,261**	**(14,461)**	**60,505**
Income, expenses, revaluation and adjustments of financial assets					217
Net financial expenses					(2,415)
Exchange differences and non-hedge accounting instruments					(422)
Profit (loss) before tax					**57,885**
Tax					(15,023)
Net profit (loss)					**42,862**
Profit (loss) of minority interests					56
Net profit (loss) attributable to the Group					**42,806**

(€ thousands)	FOURTH QUARTER 2018 – ONLY RECURRING OPERATIONS				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	290,914	63,795	42,935	1,819	399,463
Gross operating profit (loss) (EBITDA)	70,284	13,917	8,836	(9,677)	83,360
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	61,523	12,736	6,701	(12,480)	68,480
Operating profit (loss) (EBIT)	57,733	12,507	5,261	(12,543)	62,958
Profit (loss) before tax					60,920
Net profit (loss) attributable to the Group					45,102

REVENUES FROM SALES AND SERVICES

(€ thousands)	FY 2019	FY 2018	Change	Change %
Revenues from sales and services	**1,732,063**	**1,362,234**	**369,829**	**27.1%**

(€ thousands)	Fourth quarter 2019	Fourth quarter 2018	Change	Change %
Revenues from sales and services	**507,322**	**399,463**	**107,859**	**27.0%**

Consolidated revenues from sales and services amounted to €1,732,063 thousand in 2019, an increase of €369,829 thousand (+27.1%) against the comparison period thanks to the solid performances reported in all the geographic areas in which the Group operates. This result reflects the significant contribution of acquisitions (particularly GAES, consolidated from 1 January 2019) of €263,173 thousand (+19.3%), net of the disposal of Direito de Ouvir Amplifon Brasil SA finalized at the beginning of second quarter 2018 and of Makstone (Turkey) in the fourth quarter of 2019, and the above market organic growth which, including the contribution of the newly opened stores, amounted to €92,445 thousand (+6.8%). The foreign exchange differences had a positive impact of €14,211 thousand (+1.0%) attributable primarily to the strengthening of the USD against the Euro.

In the fourth quarter alone, consolidated revenues from sales and services amounted to €507,322 thousand, an increase of €107,859 thousand (+27.0%) against the comparison period, driven by the significant contribution of acquisitions (particularly GAES) of €71,798 thousand (+18.0%) and strong organic growth which, including the contribution of the newly opened stores, was €32,689 thousand higher (+8.2%). The foreign exchange differences had a positive impact of €3,372 thousand (+0.8%).

The following table shows the breakdown of revenues from sales and services by segment.

(€ thousands)	FY 2019	% on Total	FY 2018	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	1,253,880	72.4%	952,337	69.9%	301,543	31.7%	3,037	31.3%
Americas	285,346	16.5%	231,818	17.0%	53,528	23.1%	12,966	17.5%
Asia Pacific	187,791	10.8%	174,520	12.8%	13,271	7.6%	(1,792)	8.6%
Corporate	5,046	0.3%	3,559	0.3%	1,487	41.8%	-	41.8%
Total	**1,732,063**	**100.0%**	**1,362,234**	**100.0%**	**369,829**	**27.1%**	**14,211**	**26.1%**

Europe, Middle-East and Africa

Period (€ thousands)	2019	2018	Change	Change %
I quarter	283,763	215,729	68,034	31.5%
II quarter	323,365	247,232	76,133	30.8%
I Half Year	**607,128**	**462,961**	**144,167**	**31.1%**
III quarter	270,699	198,462	72,237	36.4%
IV quarter	376,053	290,914	85,139	29.3%
II Half Year	**646,752**	**489,376**	**157,376**	**32.2%**
Total Year	**1,253,880**	**952,337**	**301,543**	**31.7%**

Revenues from sales and services amounted to €1,253,880 thousand in 2019, an increase of €301,543 thousand (+31.7%) with respect to the comparison period explained for €70,575 thousand (+7.4%) by organic growth, including the contribution of the newly opened stores, and for €227,931 thousand (+23.9%) by acquisitions, including GAES consolidated as of 1 January 2019, while the foreign exchange differences had a positive impact of €3,037 thousand (+0.4%).

More in detail: an outstanding performance was recorded in Italy, thanks to the Amplifon brand products and the successful new marketing campaign. In Spain both GAES and the Amplifon business reported excellent double-digit organic growth, above expectations. The excellent trend in revenues, driven by strong organic growth and acquisitions, continued in France and Germany. The launch of the Amplifon brand products continued with very positive results. Today the Amplifon brand products are present in four core European markets: Italy, Germany, the Netherlands and France.

In the fourth quarter alone, consolidated revenues from sales and services amounted to €376,053 thousand, an increase of €85,139 thousand or +29.3% against the comparison period, driven by the significant contribution of acquisitions (particularly GAES) of €61,341 thousand (+21.1%) and organic growth which, including the contribution of the newly opened stores, accelerated in the fourth quarter posting an increase of €22,550 thousand (+7.8%). The foreign exchange differences had a positive impact of €1,248 thousand (+0.4%).

Americas

Period (€ thousands)	2019	2018	Change	Change %
I quarter	63,102	51,800	11,302	21.8%
II quarter	68,782	57,539	11,243	19.5%
I Half Year	**131,884**	**109,339**	**22,545**	**20.6%**
III quarter	71,498	58,684	12,814	21.8%
IV quarter	81,964	63,795	18,169	28.5%
II Half Year	**153,462**	**122,479**	**30,983**	**25.3%**
Total Year	**285,346**	**231,818**	**53,528**	**23.1%**

Revenues from sales and services amounted to €285,346 thousand in 2019, an increase of €53,528 thousand (+23.1%) against the comparison period explained for €30,121 thousand (+13.0%) by acquisitions, particularly the consolidation of GAES' Latin American companies as of 1 January 2019, net of the Direito de Ouvir Amplifon Brasil SA disposal made at the beginning of second quarter 2018, and for €10,441 thousand (+4.5%) by organic growth, including the contribution of the newly opened stores. The foreign exchange differences had a positive impact of €12,966 thousand (+5.6%).

The Americas reported a strong increase in local currency of 17.5% thanks to solid organic growth, that accelerated in the fourth quarter, driven by Miracle-Ear and Amplifon Hearing Healthcare which more than offset the weak performance of Elite Hearing Network, and the outstanding performance of GAES LATAM, reported in the M&A growth. The Amplifon Product Experience was also launched in the United States.

In the fourth quarter alone, consolidated revenues from sales and services amounted to €81,964 thousand, an increase of €18,169 thousand or +28.5% against the comparison period, explained for €9,965 thousand (+15.6%) by acquisitions, particularly the consolidation of GAES' Latin American companies and organic growth which, including the contribution of the newly opened stores, reached €5,511 thousand (+8.6%). The foreign exchange differences had a positive impact of €2,693 thousand (+4.3%).

Asia Pacific

Period (€ thousands)	2019	2018	Change	Change %
I quarter	44,415	41,295	3,120	7.6%
II quarter	46,622	44,824	1,798	4.0%
I Half Year	**91,037**	**86,118**	**4,919**	**5.7%**
III quarter	49,181	45,467	3,714	8.2%
IV quarter	47,573	42,935	4,638	10.8%
II Half Year	**96,754**	**88,402**	**8,352**	**9.4%**
Total Year	**187,791**	**174,520**	**13,271**	**7.6%**

Revenues from sales and services amounted to €187,791 thousand in 2019, an increase of €13,271 thousand (+7.6%) against the comparison period explained for €9,942 thousand (+5.7%) by organic growth, including the contribution of the newly opened stores, and for €5,121 thousand (+2.9%) by the Chinese acquisition (made in November 2018), while the foreign exchange differences had a negative impact of €1,792 thousand (-1.0%).

Revenues in local currency rose by +8.6% thanks to solid organic growth which outpaced the market and accelerated in the fourth quarter, despite what is still a soft market. A good, above market performance driven by organic growth was reported in Australia, while revenue growth in New Zealand improved despite the regulatory changes that took place in 2013. The Amplifon Product Experience was also launched in Australia.

In the fourth quarter alone, consolidated revenues from sales and services amounted to €47,573 thousand, an increase of €4,638 thousand (+10.8%) against the comparison period explained for €4,715 thousand (+11.0%) by organic growth, including the contribution of the newly opened stores, and for €492 thousand (+1.1%) by the acquisition in China. The foreign exchange differences had a negative impact of €569 thousand (-1.3%).

GROSS OPERATING PROFIT (EBITDA)

(€ thousands)	FY 2019			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	392,783	(22,193)	370,590	233,924	(8,457)	225,467

(€ thousands)	FY 2019 W/O IFRS 16 (*)			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	301,194	(22,331)	278,863	233,924	(8,457)	225,467

(€ thousands)	FOURTH QUARTER 2019			FOURTH QUARTER 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	130,173	(3,821)	126,352	83,360	(2,453)	80,907

(€ thousands)	FOURTH QUARTER 2019 W/O IFRS 16 (*)			FOURTH QUARTER 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	106,551	(3,781)	102,770	83,360	(2,453)	80,907

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €370,590 thousand (with an EBITDA margin of 21.4%) in 2019.
If IFRS 16 had not been applied, EBITDA would have amounted to €278,863 thousand, an increase against the comparison period of €53,396 thousand (+23.7%) driven by the considerable acceleration in revenues and the solid operating leverage, even after the consolidation of GAES and the continuous investments in marketing. The foreign exchange differences had a positive impact of €2,929 thousand.
The result posted in the period reflects non-recurring costs of €22,331 thousand relating to the integration of GAES. Non-recurring costs relating to the GAES acquisition of €8,457 thousand were also incurred in the comparison period.
Net of these non-recurring items and excluding IFRS 16 application, EBITDA would have been €67,270 thousand (+28.8%) in 2019 with an EBITDA margin of 17.4% (+0.2 p.p. against the comparison period).

In the fourth quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €126,352 thousand (with an EBITDA margin of 24.9%).
Excluding the impact of IFRS 16 application, EBITDA would have amounted to €102,770 thousand, an increase against the comparison period of €21,863 thousand (+27.5%) explained also by the positive foreign exchange differences of €664 thousand.
The result posted in the period reflects non-recurring costs of €3,781 thousand relating to the integration of GAES. The comparison period was also impacted, for €2,453 thousand, by the non-recurring costs described above.

Net of these non-recurring items and excluding IFRS 16 application, EBITDA would have been €23,191 thousand (+27.8%) higher with an EBITDA margin of 21.0% (+0.1 p.p. against the comparison period).

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	FY 2019	EBITDA Margin	FY 2018	EBITDA Margin	Change	Change %
EMEA	300,139	23.9%	178,625	18.8%	121,514	68.0%
Americas	64,545	22.6%	46,193	19.9%	18,352	39.7%
Asia Pacific	54,989	29.3%	43,779	25.1%	11,210	25.6%
Corporate (**)	(49,083)	-2.8%	(43,130)	-3.2%	(5,953)	-13.8%
Total	**370,590**	**21.4%**	**225,467**	**16.6%**	**145,123**	**64.4%**

(€ thousands)	FY 2019 w/o IFRS 16 (*)	EBITDA Margin	FY 2018	EBITDA Margin	Change	Change %
EMEA	223,267	17.8%	178,625	18.8%	44,642	25.0%
Americas	60,360	21.2%	46,193	19.9%	14,167	30.7%
Asia Pacific	44,319	23.6%	43,779	25.1%	540	1.2%
Corporate (**)	(49,083)	-2.8%	(43,130)	-3.2%	(5,953)	-13.8%
Total	**278,863**	**16.1%**	**225,467**	**16.6%**	**53,396**	**23.7%**

(€ thousands)	Fourth quarter 2019	EBITDA Margin	Fourth quarter 2018	EBITDA Margin	Change	Change %
EMEA	113,092	30.1%	69,749	24.0%	43,343	62.1%
Americas	19,793	24.1%	13,917	21.8%	5,876	42.2%
Asia Pacific	13,335	28.0%	8,836	20.6%	4,499	50.9%
Corporate (**)	(19,868)	-3.9%	(11,596)	-2.9%	(8,272)	-71.3%
Total	**126,352**	**24.9%**	**80,907**	**20.3%**	**45,445**	**56.2%**

(€ thousands)	Fourth quarter 2019 w/o IFRS 16 (*)	EBITDA Margin	Fourth quarter 2018	EBITDA Margin	Change	Change %
EMEA	93.415	24.8%	69,749	24.0%	23,666	33.9%
Americas	18.826	23.0%	13,917	21.8%	4,909	35.3%
Asia Pacific	10.397	21.9%	8,836	20.6%	1,561	17.7%
Corporate (**)	(19.868)	-3.9%	(11,596)	-2.9%	(8,272)	-71.3%
Total	**102.770**	**20.3%**	**80,907**	**20.3%**	**21,863**	**27.0%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) Centralized costs are shown as a percentage of the Group's total sales.

The table below shows the breakdown of the EBITDA by segment with reference to the recurring operations.

(€ thousands)	FY 2019	EBITDA Margin	FY 2018	EBITDA Margin	Change	Change %
EMEA	322,235	25.7%	179,160	18.8%	143,075	79.9%
Americas	64,642	22.7%	46,193	19.9%	18,449	39.9%
Asia Pacific	54,989	29.3%	43,779	25.1%	11,210	25.6%
Corporate (**)	(49,083)	-2.8%	(35,208)	-2.6%	(13,875)	-39.4%
Total	**392,783**	**22.7%**	**233,924**	**17.2%**	**158,859**	**67.9%**

(€ thousands)	FY 2019 w/o IFRS 16 (*)	EBITDA Margin	FY 2018	EBITDA Margin	Change	Change %
EMEA	245,502	19.6%	179,160	18.8%	66,342	37.0%
Americas	60,456	21.2%	46,193	19.9%	14,263	30.9%
Asia Pacific	44,319	23.6%	43,779	25.1%	540	1.2%
Corporate (**)	(49,083)	-2.8%	(35,208)	-2.6%	(13,875)	-39.4%
Total	**301,194**	**17.4%**	**233,924**	**17.2%**	**67,270**	**28.8%**

(€ thousands)	Fourth quarter 2019	EBITDA Margin	Fourth quarter 2018	EBITDA Margin	Change	Change %
EMEA	116,841	31.1%	70,285	24.2%	46,556	66.2%
Americas	19,865	24.2%	13,917	21.8%	5,948	42.7%
Asia Pacific	13,335	28.0%	8,836	20.6%	4,499	50.9%
Corporate (**)	(19,868)	-3.9%	(9,678)	-2.4%	(10,190)	-105.3%
Total	**130,173**	**25.7%**	**83,360**	**20.9%**	**46,813**	**56.2%**

(€ thousands)	Fourth quarter 2019 w/o IFRS 16 (*)	EBITDA Margin	Fourth quarter 2018	EBITDA Margin	Change	Change %
EMEA	97,125	25.8%	70,285	24.2%	26,840	38.2%
Americas	18,897	23.1%	13,917	21.8%	4,980	35.8%
Asia Pacific	10,397	21.9%	8,836	20.6%	1,561	17.7%
Corporate (**)	(19,868)	-3.9%	(9,678)	-2.4%	(10,190)	-105.3%
Total	**106,551**	**21.0%**	**83,360**	**20.9%**	**23,191**	**27.8%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) Centralized costs are shown as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €300,139 thousand (with an EBITDA margin of 23.9%) in 2019.
If IFRS 16 had not been applied, EBITDA would have amounted to €223,267 thousand, an increase against the comparison period of €44,642 thousand (+25.0%), including the €662 thousand in foreign exchange gains. The EBITDA margin would have reached 17.8%, a decrease of 1.0 p.p. against the comparison period.
The result posted in the period was impacted by the €22,235 thousand in non-recurring costs relating to the integration of GAES. In the comparison period non-recurring costs relating to the GAES acquisition of €535 thousand were also incurred.
Net of this item and excluding IFRS 16 application, EBITDA would have been €66,342 thousand higher (+37.0%) with an EBITDA margin of 19.6% (+0.8 p.p. against the comparison period).

In the fourth quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €113,092 thousand (with an EBITDA margin of 30.1%).
Excluding the impact of IFRS 16 application, EBITDA would have amounted to €93,415 thousand, an increase against the comparison period of €23,666 thousand (+33.9%), including the positive foreign exchange differences of €177 thousand. The EBITDA margin would have reached 24.8%, an increase of 0.8 p.p. against the comparison period.
The result posted in the period reflects non-recurring costs of €3,710 thousand relating to the integration of GAES. In the comparison period non-recurring costs relating to the GAES acquisition of €535 thousand were also incurred.
Net of this item and excluding IFRS 16 application, EBITDA would have been €26,840 thousand higher (+38.2%) with an EBITDA margin of 25.8% (+1.6 p.p. against the comparison period).

Americas

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €64,545 thousand (with an EBITDA margin of 22.6%) in 2019.
If IFRS 16 had not been applied, EBITDA would have amounted to €60,360 thousand, an increase against the comparison period of €14,167 thousand (+30.7%), thanks also to positive foreign exchange differences of €2,987 thousand. The EBITDA margin would have reached 21.2%, an increase of 1.3 p.p. against the comparison period.
The result was impacted marginally (€96 thousand) by the non-recurring costs incurred relating to the integration of GAES.

In the fourth quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €19,793 thousand (with an EBITDA margin of 24.1%).
Excluding the impact of IFRS 16 application, EBITDA would have amounted to €18,826 thousand, an increase against the comparison period of €4,909 thousand (+35.3%) including the positive foreign exchange differences of €661 thousand. The EBITDA margin would have reached 23.0%, an increase of 1.2 p.p. with respect to the comparison period.
The result was impacted marginally (€71 thousand) by the non-recurring costs incurred relating to the integration of GAES.

Asia Pacific

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €54,989 thousand (with an EBITDA margin of 29.3%) in 2019.
If IFRS 16 had not been applied, EBITDA would have amounted to €44,319 thousand, an increase against the comparison period of €540 thousand (+1.2%) attributable also to negative foreign exchange differences of €681 thousand. The EBITDA margin would have reached 23.6%, a decrease of 1.5 p.p. against the comparison period.

In the fourth quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €13,335 thousand (with an EBITDA margin of 28.0%).
If IFRS 16 had not been applied, EBITDA would have amounted to €10,397 thousand, an increase against the comparison period of €1,561 thousand (+17.7%) despite the negative foreign exchange differences of €174 thousand. The EBITDA margin would have reached 21.9%, an increase of 1.3 p.p. against the comparison period.

Corporate

The net cost of centralized Corporate functions (corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €49,083 thousand in 2019 (2.8% of the revenues generated by the Group's sales and services), an increase of €5,953 thousand with respect to the same period of the prior year.
The result posted in the comparison period was affected by €7,922 thousand in non-recurring costs relating to the GAES acquisition. Net of this item the centralized corporate costs would have been €13,875 thousand higher, reaching 2.8% of the revenues generated by the Group's sales compared to 2.6% in the comparison period.

In the fourth quarter alone, centralized corporate costs amounted to €19,868 thousand (3.9% of the revenues generated by Group's sales and services), an increase of €8,272 thousand with respect to the comparison period. The result posted in the comparison period reflects the same non-recurring costs referred to above which amounted to €1,918 thousand. Net of this item the centralized corporate costs were €10,190 thousand higher or 3.9% of the revenues generated by the Group's sales compared to 2.4% in the comparison period.

OPERATING PROFIT (EBIT)

(€ thousands)	FY 2019			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	201,305	(24,214)	177,091	161,767	(8,457)	153,310

(€ thousands)	FY 2019 W/O IFRS 16 (*)			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	197,168	(24,248)	172,920	161,767	(8,457)	153,310

(€ thousands)	FOURTH QUARTER 2019			FOURTH QUARTER 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	76,596	(5,478)	71,118	62,958	(2,453)	60,505

(€ thousands)	FOURTH QUARTER 2019 W/O IFRS 16 (*)			FOURTH QUARTER 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	76,023	(5,500)	70,523	62,958	(2,453)	60,505

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.

Operating profit (EBIT), determined based on the new IFRS 16, came to €177,091 thousand (with an EBIT margin of 10.2%) in 2019.
If IFRS 16 had not been applied, EBIT would have reached €172,920 thousand, an increase against the comparison period of €19,610 thousand (+12.8%), boosted also by the positive foreign exchange differences of €2,621 thousand. The EBIT margin would have come to 10.0%, a decrease of 1.3 p.p. against the comparison period.
The operating result posted in the period was impacted by €24,248 thousand in non-recurring costs relating to the integration of GAES, different than those described in the section on EBITDA, tied to the write-down of a few non-current assets following integration of the sales network. The comparison period was also impacted by the same non-recurring costs of €8,457 described in the section on EBITDA.
Net of these items and excluding IFRS 16 application, EBIT would have been €35,401 thousand higher (+21.9%) with an EBIT margin of 11.4% (-0.5 p.p. against the comparison period).

With respect to the gross operating profit (EBITDA), EBIT was also influenced by higher depreciation and amortization as a result of the opening of new stores, investments in IT systems and, above all, the allocation of the price paid for the GAES Group's tangible and intangible assets of €14,029 thousand.

In the fourth quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €71,118 thousand (with an EBIT margin of 14.0%).
Excluding the impact of IFRS 16 application, EBIT would have reached €70,523 thousand, an increase against the comparison period of €10,018 thousand (+16.6%) which also reflects the positive foreign exchange differences of €530 thousand. The EBIT margin would have come to 13.9%, a decrease of 1.2 p.p. with respect to the comparison period.
The result posted in the period was impacted by €5,500 thousand in non-recurring costs relating to the integration of GAES, different than those described in the section on EBITDA, tied to the write-down of non-current assets following integration of the sales network. The comparison period was also impacted by the same non-recurring costs of €2,453 described in the section on EBITDA.
Net of these items and excluding IFRS 16 application, EBIT would have been €13,065 thousand higher (+20.8%) with an EBITDA margin of 15.0%, -0.8 p.p. against the comparison period.

The impact of the increased amortization and depreciation stemming from the allocation to tangible and intangible assets of part of the price paid for the GAES Group acquisition came to €3,528 thousand in the period.

The following table shows a breakdown of EBIT by segment.

(€ thousands)	FY 2019	EBIT Margin	FY 2018	EBIT Margin	Change	Change %
EMEA	152,439	12.2%	132,229	13.9%	20,210	15.3%
Americas	52,549	18.4%	40,939	17.7%	11,610	28.4%
Asia Pacific	30,486	16.2%	30,113	17.3%	373	1.2%
Corporate (**)	(58,383)	-3.4%	(49,971)	-3.7%	(8,412)	-16.8%
Total	**177,091**	**10.2%**	**153,310**	**11.3%**	**23,781**	**15.5%**

(€ thousands)	FY 2019 w/o IFRS 16 (*)	EBIT Margin	FY 2018	EBIT Margin	Change	Change %
EMEA	149,320	11.9%	132,229	13.9%	17,091	12.9%
Americas	52,132	18.3%	40,939	17.7%	11,193	27.3%
Asia Pacific	29,851	15.9%	30,113	17.3%	(262)	-0.9%
Corporate (**)	(58,383)	-3.4%	(49,971)	-3.7%	(8,412)	-16.8%
Total	**172,920**	**10.0%**	**153,310**	**11.3%**	**19,610**	**12.8%**

(€ thousands)	Fourth quarter 2019	EBIT Margin	Fourth quarter 2018	EBIT Margin	Change	Change %
EMEA	71,440	19.0%	57,198	19.7%	14,242	24.9%
Americas	15,512	18.9%	12,507	19.6%	3,005	24.0%
Asia Pacific	6,694	14.1%	5,261	12.3%	1,433	27.2%
Corporate (**)	(22,528)	-4.4%	(14,461)	-3.6%	(8,067)	-55.8%
Total	**71,118**	**14.0%**	**60,505**	**15.1%**	**10,613**	**17.5%**

(€ thousands)	Fourth quarter 2019 w/o IFRS 16 (*)	EBIT Margin	Fourth quarter 2018	EBIT Margin	Change	Change %
EMEA	70,939	18.9%	57,198	19.7%	13,741	24.0%
Americas	15,518	18.9%	12,507	19.6%	3,011	24.1%
Asia Pacific	6,594	13.9%	5,261	12.3%	1,333	25.3%
Corporate (**)	(22,528)	-4.4%	(14,461)	-3.6%	(8,067)	-55.8%
Total	**70,523**	**13.9%**	**60,505**	**15.1%**	**10,018**	**16.6%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) Centralized costs are shown as a percentage of the Group's total sales.

The following table shows the breakdown of EBIT by segment with reference to the recurring transactions:

(€ thousands)	FY 2019	EBIT Margin	FY 2018	EBIT Margin	Change	Change %
EMEA	176,557	14.1%	132,764	13.9%	43,793	33.0%
Americas	52,645	18.4%	40,939	17.7%	11,706	28.6%
Asia Pacific	30,486	16.2%	30,113	17.3%	373	1.2%
Corporate (**)	(58,383)	-3.4%	(42,049)	-3.1%	(16,334)	-38.8%
Total	**201,305**	**11.6%**	**161,767**	**11.9%**	**39,538**	**24.4%**

(€ thousands)	FY 2019 w/o IFRS 16 (*)	EBIT Margin	FY 2018	EBIT Margin	Change	Change %
EMEA	173,471	13.8%	132,764	13.9%	40,707	30.7%
Americas	52,229	18.3%	40,939	17.7%	11,290	27.6%
Asia Pacific	29,851	15.9%	30,113	17.3%	(262)	-0.9%
Corporate (**)	(58,383)	-3.4%	(42,049)	-3.1%	(16,334)	-38.8%
Total	**197,168**	**11.4%**	**161,767**	**11.9%**	**35,401**	**21.9%**

(€ thousands)	Fourth quarter 2019	EBIT Margin	Fourth quarter 2018	EBIT Margin	Change	Change %
EMEA	76,847	20.4%	57,733	19.8%	19,114	33.1%
Americas	15,583	19.0%	12,507	19.6%	3,076	24.6%
Asia Pacific	6,694	14.1%	5,261	12.3%	1,433	27.2%
Corporate (**)	(22,528)	-4.4%	(12,543)	-3.1%	(9,985)	-79.6%
Total	**76,596**	**15.1%**	**62,958**	**15.8%**	**13,638**	**21.7%**

(€ thousands)	Fourth quarter 2019 w/o IFRS 16 (*)	EBIT Margin	Fourth quarter 2018	EBIT Margin	Change	Change %
EMEA	76,367	20.3%	57,733	19.8%	18,634	32.3%
Americas	15,590	19.0%	12,507	19.6%	3,083	24.7%
Asia Pacific	6,594	13.9%	5,261	12.3%	1,333	25.3%
Corporate (**)	(22,528)	-4.4%	(12,543)	-3.1%	(9,985)	-79.6%
Total	**76,023**	**15.0%**	**62,958**	**15.8%**	**13,065**	**20.8%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) Centralized costs are shown as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Operating profit (EBIT), determined based on the new IFRS 16, came to €152,439 thousand (with an EBIT margin of 12.2%) in 2019.
If IFRS 16 had not been applied, EBIT would have reached €149,320 thousand, an increase against the comparison period of €17,091 thousand (+12.9%), including the positive foreign exchange differences of €514 thousand. The EBIT margin would have come to 11.9% (-2.0 p.p. against the comparison period).
The result posted in the comparison period was impacted by €24,151 thousand in non-recurring costs relating to the integration of GAES, different than those described in the section on EBITDA, tied to the write-down of a few non-current assets following integration of the sales network. Non-recurring costs of €535 thousand relating to the GAES acquisition were also incurred in the comparison period.
Net of this item and excluding IFRS 16 application, EBIT would have been €40,707 thousand higher (+30.7%) with an EBIT margin of 13.8% (-0.1 p.p. against the comparison period).
The increased amortization and depreciation stemming from the allocation to tangible and intangible assets of part of the price paid for the GAES Group acquisition totalled €13,660 thousand.

In the fourth quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €71,440 thousand (with an EBIT margin of 19.0%).
Excluding the impact of IFRS 16 application, EBIT would have reached €70,939 thousand, an increase against the comparison period of €13,741 thousand (+24.0%) including the positive foreign exchange differences of €128 thousand. The EBIT margin would have come to 18.9%, a decrease of 0.8 p.p. with respect to the comparison period.
The result posted in the period reflects €5,428 thousand in non-recurring costs relating to the integration of GAES, different than those described in the section on EBITDA, tied to the write-down of a few non-current assets following integration of the sales network. Non-recurring costs of €535 thousand relating to the GAES acquisition were also posted in the comparison period.
Net of these items and excluding IFRS 16 application, EBIT would have been €18,634 thousand higher (+32.3%) with an EBIT margin of 20.3% (+0.5 p.p. against the comparison period).
The impact of the increased amortization and depreciation stemming from the allocation to tangible and intangible assets of part of the price paid for the GAES Group acquisition came to €3,415 thousand.

Americas
Operating profit (EBIT), determined based on the new IFRS 16, came to €52,549 thousand (with an EBIT margin of 18.4%) in 2019.
If IFRS 16 had not been applied, EBIT would have reached €52,132 thousand, an increase against the comparison period of €11,193 thousand (+27.3%) attributable also to the positive foreign exchange differences of €2,701 thousand. The EBIT margin would have come to 18.3% (+0.6 p.p. against the comparison period).
EBIT was impacted marginally (€96 thousand) in the period by the non-recurring costs described above in the section on EBITDA and the impact of the increased amortization and depreciation stemming from the allocation to tangible and intangible assets of part of the price paid for the GAES acquisition which came to €369 thousand.

In the fourth quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €15,512 thousand (with an EBIT margin of 18.9%).
If IFRS 16 had not been applied, EBIT would have reached €15,518 thousand, an increase against the comparison period of €3,011 thousand (+24.1%), including the positive foreign exchange differences of €588 thousand. The EBIT margin would have come to 18.9% (-0.7 p.p. against the comparison period).
The impact of the increased amortization and depreciation stemming from the allocation to tangible and intangible assets of part of the price paid for the GAES Group acquisition came to €113 thousand.

Asia Pacific
Operating profit (EBIT), determined based on the new IFRS 16, came to €30,486 thousand (with an EBIT margin of 16.2%) in 2019.
If IFRS 16 had not been applied, EBIT would have come to €29,851 thousand, a decrease against the comparison period of €262 thousand (-0.9%), including the negative foreign exchange differences of €595 thousand. The EBIT margin would have come to 15.9%, a decrease of 1.4 p.p. against the comparison period. This change is basically in line with the change in EBITDA described above.

In the fourth quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €6,694 thousand (with an EBIT margin of 14.1%).
If IFRS 16 had not been applied, EBIT would have come to €6,594 thousand, an increase against the comparison period of €1,333 thousand (+25.3%), including the negative foreign exchange differences of €186 thousand. The EBIT margin would have come to 13.9%, 1.6 p.p. higher than in the comparison period due largely to the decrease in EBITDA described above.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €58,383 thousand in 2019 (3.4% of the revenues generated by the Group's sales and services), an increase of €8,412 thousand with respect to the comparison period. The comparison period had been impacted by the same €7,922 thousand (€1,918 thousand of which incurred in the fourth quarter alone) in non-recurring costs described in the section on EBITDA. Excluding this item, the net costs of centralized corporate functions would have been €16,334 higher or 3.4% of Group revenues versus 3.1% in the comparison period.

These net costs amounted to €22,528 thousand (4.4% of the revenues generated by the Group's sales and services) in the fourth quarter alone, an increase of €8,067 thousand with respect to the comparison period. Net of the same non-recurring item described above, the corporate costs would have been €9,985 thousand higher or 4.4% of the Group revenues versus 3.1% in the comparison period.

PROFIT BEFORE TAX

(€ thousands)	FY 2019			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**174,353**	**(24,214)**	**150,139**	**147,682**	**(9,106)**	**138,576**

(€ thousands)	FY 2019 W/O IFRS 16 (*)			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**181,507**	**(24,248)**	**157,259**	**147,682**	**(9,106)**	**138,576**

(€ thousands)	FOURTH QUARTER 2019			FOURTH QUARTER 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**69,359**	**(5,478)**	**63,881**	**60,920**	**(3,035)**	**57,885**

(€ thousands)	FOURTH QUARTER 2019 W/O IFRS 16 (*)			FOURTH QUARTER 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**71,597**	**(5,500)**	**66,097**	**60,920**	**(3,035)**	**57,885**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.

Profit before tax amounted to €150,139 thousand in 2019 (with a gross profit margin of 8.7%) determined in accordance with the new IFRS 16 which prescribes the recognition of the interest paid on leased. Based on the accounting standards applied in the prior year, profit before tax would have come to €157,259 thousand (with a gross profit margin of 9.1%), an increase of €18,683 thousand (+13.5%) compared to the profit before tax posted in the comparison period which is consistent with the increase in EBIT described above.

Financial expenses were largely in line with 2018 even though average debt was considerably higher due to the GAES acquisition. The rates of the Eurobond repaid in July 2018 were significantly higher compared to the cost of the credit lines used for refinancing and the GAES Group acquisition loan.

The period under examination was impacted by non-recurring costs of €24,248 thousand relating to the acquisition of the GAES Group in December 2018 and its integration, as described in the sections on EBITDA and EBIT. The comparison period had also been impacted by non-recurring costs relating to GAES of €9,106 thousand.
Net of these one-offs and based on the same accounting standards, the increase in profit before tax reaches €33,826 thousand (+22.9%).

In the fourth quarter alone, profit before tax, determined based on the new accounting standards amounted to €63,881 thousand (with a gross profit margin of 12.6%).
Financial expenses were slightly higher in the fourth quarter compared to the comparison period due to the interest payable on the loan granted in December 2018 for the GAES acquisition, while in the comparison period the Eurobond had been repaid in the beginning of July.
Based on the accounting standards applied in the prior year, profit before tax would have come to €66,097 thousand (with a gross profit margin of 13.0%), an increase of €8,212 thousand (+14.2%), compared to the Group's profit before tax posted in the comparison period.

NET PROFIT ATTRIBUTABLE TO THE GROUP

(€ thousands)	FY 2019			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	127,062	(18,396)	108,666	107,116	(6,673)	100,443

(€ thousands)	FY 2019 W/O IFRS 16 (*)			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	132,665	(18,422)	114,243	107,116	(6,673)	100,443

(€ thousands)	FOURTH QUARTER 2019			FOURTH QUARTER 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	51,379	(4,377)	47,002	45,102	(2,296)	42,806

(€ thousands)	FOURTH QUARTER 2019 W/O IFRS 16 (*)			FOURTH QUARTER 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	53,105	(4,393)	48,712	45,102	(2,296)	42,806

(*) For the sake of comparison with the 2018 as reported figures, the figures for 2019 are shown excluding application of IFRS 16.

The Group's net profit, determined based on the new accounting standards in effect as of January 1st, came to €108,666 thousand (with a profit margin of 6.3%) in 2019. Based on the accounting standards applied in the prior year, the Group's net profit would have amounted to €114,243 thousand (with a profit margin of 6.6%), an increase of €13,800 thousand. Recurring net profit would have shown an increase of €25,549 thousand (+23.9%) against the Group's recurring net profit in the comparison period.

The tax rate came to 27.7% compared to 27.5% at 31 December 2018. Based on the accounting standards applied in the prior year, the tax rate would have been 27.4%.

In the fourth quarter alone, the Group's net profit, determined based on the new accounting standards, came to €47,002 thousand (with a profit margin of 9.3%). Based on the accounting standards applied in the prior year, the Group's net profit would have amounted to €48,712 thousand (with a profit margin of 9.6%), an increase of €5,906 thousand (+13.8%) against the net profit recorded by the Group in the comparison period.

BALANCE SHEET REVIEW

CONSOLIDATED BALANCE SHEET BY GEOGRAPHICAL AREA (*)

(€ thousands)	12/31/2019				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	839,802	126,418	249,291	-	1,215,511
Non-competition agreements, trademarks, customer lists and lease rights	224,288	10,189	35,830	-	270,307
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	67,386	20,068	9,747	-	97,201
Tangible assets	158,390	10,450	27,739	-	196,579
Right-of-use assets	361,739	18,300	38,390	-	418,429
Financial fixed assets	3,797	41,090	-	-	44,887
Other non-current financial assets	30,833	389	1,060	-	32,282
Non-current assets	**1,686,235**	**226,904**	**362,057**	**-**	**2,275,196**
Inventories	55,834	4,433	4,325	-	64,592
Trade receivables	156,933	44,125	19,179	(15,018)	205,219
Other receivables	64,690	6,811	7,631	(3,134)	75,998
Current assets (A)	**277,457**	**55,369**	**31,135**	**(18,152)**	**345,809**
Operating assets	**1,963,692**	**282,273**	**393,192**	**(18,152)**	**2,621,005**
Trade payables	(127,909)	(40,928)	(23,571)	15,018	(177,390)
Other payables	(247,315)	(18,056)	(22,590)	3,134	(284,827)
Provisions for risks and charges (current portion)	(3,650)	(592)	-	-	(4,242)
Current liabilities (B)	**(378,874)**	**(59,576)**	**(46,161)**	**18,152**	**(466,459)**
Net working capital (A) - (B)	**(101,417)**	**(4,207)**	**(15,026)**	**-**	**(120,650)**
Derivative instruments	(8,763)	-	-	-	(8,763)
Deferred tax assets	73,434	3,400	4,593	-	81,427
Deferred tax liabilities	(70,398)	(21,265)	(10,448)	-	(102,111)
Provisions for risks and charges (non-current portion)	(17,620)	(32,406)	(264)	-	(50,290)
Liabilities for employees' benefits (non-current portion)	(24,143)	(130)	(1,008)	-	(25,281)
Loan fees	1,611	-	-	-	1,611
Other non-current liabilities	(133,005)	(8,714)	(1,982)	-	(143,701)
Net invested capital	**1,405,934**	**163,582**	**337,922**	**-**	**1,907,438**
Group net equity					695,031
Minority interests					1,084
Total net equity					**696,115**
Net medium and long-term financial indebtedness					752,648
Net short-term financial indebtedness					34,050
Total net financial indebtedness					**786,698**
Lease liabilities					424,625
Total lease liabilities & net financial indebtedness					**1,211,323**
Net equity, lease liabilities and net financial indebtedness					**1,907,438**

(*) The balance sheet items are analyzed by the Chief Executive Officer and the Top Management by geographical area without separation of the Corporate structures that are natively included in EMEA.

(€ thousands) 12/31/2018 [**]

	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	793,469	122,184	245,945	-	1,161,598
Non-competition agreements, trademarks, customer lists and lease rights	228,048	10,331	41,027	-	279,406
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	56,303	14,654	9,039	-	79,996
Tangible assets	155,346	9,807	23,815	-	188,968
Financial fixed assets	4,170	37,376	-	-	41,546
Other non-current financial assets	25,606	298	848	-	26,752
Non-current assets	**1,262,942**	**194,650**	**320,674**	**-**	**1,778,266**
Inventories	53,286	5,084	3,343	-	61,713
Trade receivables	124,424	33,247	13,412	(1,629)	169,454
Other receivables	64,007	9,211	4,081	(7)	77,292
Current assets (A)	**241,717**	**47,542**	**20,836**	**(1,636)**	**308,459**
Operating assets	**1,504,659**	**242,192**	**341,510**	**(1,636)**	**2,086,725**
Trade payables	(123,002)	(39,716)	(12,011)	1,629	(173,100)
Other payables	(212,445)	(14,401)	(18,147)	7	(244,986)
Provisions for risks and charges (current portion)	(3,813)	(1,103)	-	-	(4,916)
Current liabilities (B)	**(339,260)**	**(55,220)**	**(30,158)**	**1,636**	**(423,002)**
Net working capital (A) - (B)	**(97,543)**	**(7,678)**	**(9,322)**	**-**	**(114,543)**
Derivative instruments	(10,876)	-	-	-	(10,876)
Deferred tax assets	69,295	1,624	4,285	-	75,204
Deferred tax liabilities	(69,677)	(17,337)	(11,918)	-	(98,932)
Provisions for risks and charges (non-current portion)	(21,862)	(27,240)	(517)	-	(49,619)
Liabilities for employees' benefits (non-current portion)	(18,368)	(177)	(1,745)	-	(20,290)
Loan fees	3,795	-	-	-	3,795
Other non-current liabilities	(116,749)	(6,872)	(2,581)	-	(126,202)
Net invested capital	**1,000,957**	**136,970**	**298,876**	**-**	**1,436,803**
Group net equity					594,919
Minority interests					1,028
Total net equity					**595,947**
Net medium and long-term financial indebtedness					877,688
Net short-term financial indebtedness					(36,832)
Total net financial indebtedness					**840,856**
Net equity and net financial indebtedness					**1,436,803**

[**] 2018 Balance Sheet has been restated for the allocation of the GAES acquisition price.

INVESTMENTS

In 2019 the Amplifon Group, in line with its growth strategy, continued with and accelerated the development of its distribution network, by opening new stores, as well as renewing and relocating existing ones for a total investment of almost €33.3 million. Increased customer focus and the desire to increase control of operations also drove IT investments, where a lot of work was done on both the CRM systems and digital marketing, on technological infrastructure, as well as on store and back office operating systems with the implementation of a new cloud ERP system which will gradually be used by the entire Group.

NON-CURRENT ASSETS

Non-current assets amounted to €2,275,196 thousand at 31 December 2019, an increase of €496,930 thousand against the €1,778,266 thousand recorded at 31 December 2018. IFRS 16 was applied using the modified retrospective approach which does not call for the restatement of 2018 figures.

The changes in the period are explained (i) for €442,063 thousand by the recognition of right-of use assets following application of IFRS 16 as of 1 January 2019; (ii) for €91,113 thousand by capital expenditure; (iii) for €61,256 thousand by right-of-use assets; (iv) for € 80,243 thousand by acquisitions; (v) for €193,499 thousand by depreciation, amortization and impairment which includes the amortization of the above right-of-use assets; (vi) for €15,754 thousand by other net increases relating primarily to foreign exchange gains.

The following table shows a breakdown of non-current assets by geographic area:

(€ thousands)		12/31/2019	12/31/2018 (*)	Change
EMEA	Goodwill	839,802	793,469	46,333
	Non-competition agreements, trademarks, customer lists and lease rights	224,288	228,048	(3,760)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	67,386	56,303	11,083
	Tangible assets	158,390	155,346	3,044
	Right-of-use assets	361,739	-	361,739
	Financial fixed assets	3,797	4,170	(373)
	Other non-current financial assets	30,833	25,606	5,227
	Non-current assets	**1,686,235**	**1,262,942**	**423,293**
Americas	Goodwill	126,418	122,184	4,234
	Non-competition agreements, trademarks, customer lists and lease rights	10,189	10,331	(142)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	20,068	14,654	5,414
	Tangible assets	10,450	9,807	643
	Right-of-use assets	18,300	-	18,300
	Financial fixed assets	41,090	37,376	3,714
	Other non-current financial assets	389	298	91
	Non-current assets	**226,904**	**194,650**	**32,254**
Asia Pacific	Goodwill	249,291	245,945	3,346
	Non-competition agreements, trademarks, customer lists and lease rights	35,830	41,027	(5,197)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	9,747	9,039	708
	Tangible assets	27,739	23,815	3,924
	Right-of-use assets	38,390	-	38,390
	Financial fixed assets	-	-	-
	Other non-current financial assets	1,060	848	212
	Non-current assets	**362,057**	**320,674**	**41,383**

(*) 2018 Balance Sheet has been restated for the allocation of the GAES acquisition price.

Europe, Middle-East and Africa

Non-current assets amounted to €1,686,235 thousand at 31 December 2019, an increase of €423,293 thousand against the €1,262,942 thousand recorded at 31 December 2018.
The increase is explained:

- for €392,104 thousand, by the recognition of right-of-use assets following application of IFRS 16 beginning 1 January 2019;
- for €74,850 thousand, by acquisitions;
- for €37,935 thousand, by investments in plant, property and equipment, relating primarily to the opening of new and renewal of existing stores;
- for €29,040 thousand, by investments in intangible assets, relating primarily to further improvements of the CRM systems, digital marketing and a new business transformation system for back office functions (Human Resources, Procurement, Administration and Finance);
- for €40,249 thousand, by right-of-use assets;
- for €157,000 thousand, by amortization, depreciation and impairment which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €6,115 thousand, by other net increases.

Americas

Non-current assets amounted to €226,904 thousand at 31 December 2019, an increase of €32,254 thousand against the €194,650 thousand recorded at 31 December 2018.
The increase is explained:

- for €11,942 thousand, by the recognition of right-of-use assets following application of IFRS 16 beginning 1 January 2019;
- for €3,327 thousand, by investments in plant, property and equipment;
- for €7,478 thousand, by investments in intangible assets;
- for €10,594 thousand, by right-of-use assets;
- for €5,393 thousand, by acquisitions;
- for €11,996 thousand, by amortization and depreciation which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €5,516 thousand, by other net increases relating primarily to foreign exchange gains.

Asia Pacific

Non-current assets amounted to €362,057 thousand at 31 December 2019, an increase of €41,383 thousand against the €320,674 thousand recorded at 31 December 2018.
The increase is explained:

- for €38,017 thousand, by the recognition of right-of-use assets following application of IFRS 16 beginning 1 January 2019;
- for €9,251 thousand, by investments in plant, property and equipment;
- for €4,028 thousand, by investments in intangible assets;
- for €10,413 thousand, by right-of-use assets;
- for €24,503 thousand, by amortization and depreciation which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €4,123 thousand, by other net increases relating primarily to foreign exchange gains.

NET INVESTED CAPITAL

Net invested capital came to €1,907,438 thousand at 31 December 2019, an increase of €470,635 thousand against the €1,436,803 thousand recorded at 31 December 2018. IFRS 16 was applied using the modified retrospective approach which does not call for the restatement of 2018 figures.

This increase is attributable to the change in non-current assets described above and the improvement in working capital which was partially offset by the increase in contract liabilities.

The following table shows the breakdown of net invested capital by geographical area.

(€ thousands)	12/31/2019	12/31/2018 (*)	Change
EMEA	1,405,934	1,000,957	404,977
Americas	163,582	136,970	26,612
Asia Pacific	337,922	298,876	39,046
Total	**1,907,438**	**1,436,803**	**470,635**

(*) 2018 Balance Sheet has been restated for the allocation of the GAES acquisition price.

Europe, Middle-East and Africa

Net invested capital came to €1,405,934 thousand at 31 December 2019, an increase of €404,977 thousand against the €1,000,957 thousand recorded at 31 December 2018.
This increase is attributable to the change in non-current assets described above and the improvement in working capital which was partially offset by the increase in contract liabilities.

Factoring without recourse in the period involved trade receivables with a face value of €75,222 thousand (€69,562 thousand in the same period of the prior year) and tax credits (VAT and IRES) with a face value of €31,402 thousand (€24,266 thousand in the same period of the prior year).

Americas

Net invested capital came to €163,582 thousand at 31 December 2019, an increase of €26,612 thousand against the €136,970 thousand recorded at 31 December 2018.
The increase is attributable to the change in non-current assets described above and the rise in working capital which was partially offset by the increase in contract liabilities.

Asia Pacific

Net invested capital came to €337,922 thousand at 31 December 2019, an increase of €39,046 thousand against the €298,876 thousand recorded at 31 December 2018.
The increase is attributable to the change in non-current assets described above and the rise in working capital.

NET FINANCIAL POSITION

(€ thousands)	12/31/2019	12/31/2018 (*)	Change
Net medium and long-term financial indebtedness	752,648	877,688	(125,040)
Net short-term financial indebtedness	172,421	53,083	119,338
Cash and cash equivalents	(138,371)	(89,915)	(48,456)
Net financial indebtedness	**786,698**	**840,856**	**(54,158)**
Group net equity	695,031	594,919	100,112
Minority interests	1,084	1,028	56
Net Equity	**696,115**	**595,947**	**100,168**
Financial indebtedness/Group net equity	**1.13** (**)	**1.41** (***)	
Financial indebtedness/net equity	**1.13** (**)	**1.41** (***)	
Financial indebtedness/EBITDA	**1.90** (**)	**3.11** (***)	

(*) The statement of financial position as at 31 December 2018 has been restated for the allocation of the GAES acquisition price.
(**) Indicators re-defined together with the banks and the financial investors after the adoption of IFRS 9, 15 and 16, determining the covenants Financial indebtedness/Net equity at 1.65x (before 1.5x), and Financial indebtedness/EBITDA at 2.85x (before 3,5x).
(***) Indicators calculated in compliance with the previous definitions included in the syndicated loan for the GAES acquisition, before the adoption of IFRS 9, 15 and 16.

Net financial indebtedness, excluding lease liabilities, amounted to €786,698 thousand at 31 December 2019 reporting a decrease of €54,158 thousand with respect to the amount at 31 December 2018.

The decrease in debt is the direct consequence of the excellent level of cash flow generation with free cash flow reaching a positive €149,871 thousand (€110,320 thousand in the prior year) after absorbing capital expenditure of €88,878 thousand (€76,146 thousand in 2018), the acquisitions made in the year (€66,482 thousand) and the payment of dividends to shareholders (€30,939 thousand).

At 31 December 2019 the Group's total financial indebtedness, excluding lease liabilities, amounted to €786,698 thousand net of cash and cash equivalents totaling €138,371 thousand.

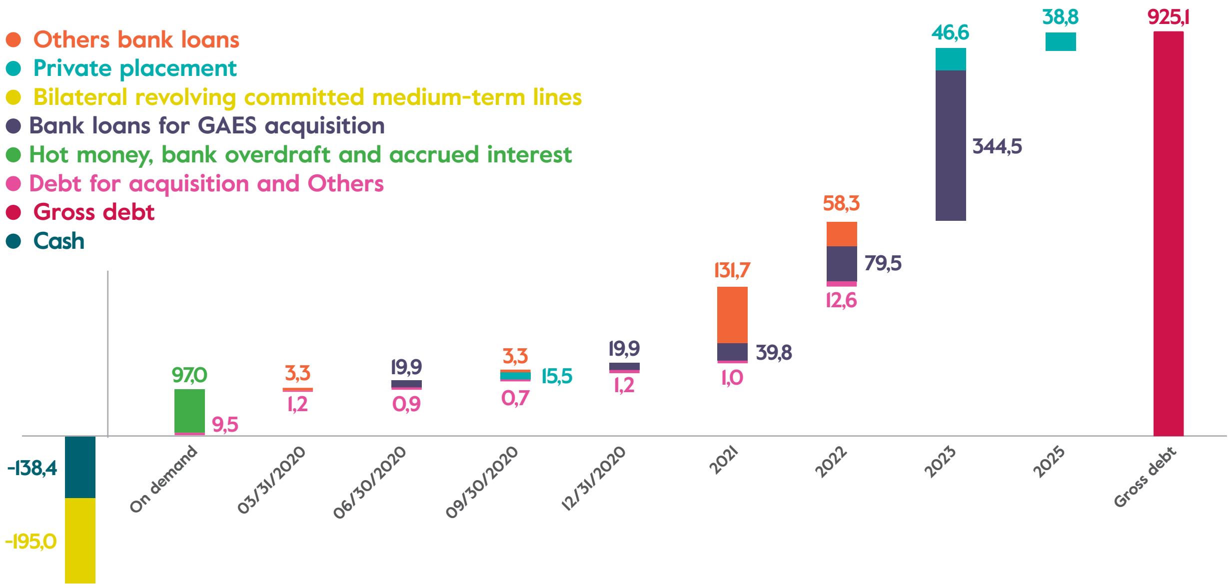
Long-term debt amounts to €752,648 thousand, €13,572 thousand of which reflects the long- term portion of deferred payments for acquisitions. The decrease of €125,040 thousand is attributable mainly to the substitution of revolving long-term credit lines, totalling €60 million, with hot money (included in short-term debt) at a better rate and the reclassification of a portion of the syndicated loan used to finance the GAES acquisition as short-term debt, along with a portion of the private placement and other long-term borrowings.

Short-term debt amounts to €172,421 thousand, an increase of €119,338 thousand attributable mainly to the decrease in long-term debt described above.
In addition to the hot money (€90,000 thousand), short-term debt includes the short-term portion of the syndicated loan (€39,750 thousand), the short-term portion of the private placement (€17,803 thousand), the short-term portion of other long-term bank loans (€6,666 thousand), interest payable on bank loans and the private placement (€2,389 thousand) and the best estimate of the deferred payments for acquisitions (€10,245 thousand).

The chart below shows that the first significant maturity is in 2021 and that the cash and cash equivalents of €138.4 million, the unutilized portions of irrevocable credit lines which amount to €195 million, as well as the €103,2 million in other available credit lines, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

Debit maturity & Cash Equivalents at 12.31.2019

(€ million)



Interest expense on financial indebtedness amounted to €14,589 thousand at 31 December 2019, compared to €13,744 thousand at 31 December 2018.

The interest expense on leases accounted for in accordance with IFRS 16 amounted to €11,357 thousand.

Interest income on bank deposits came to €201 thousand at 31 December 2019, compared to €498 thousand at 31 December 2018.

The reasons for the changes in net financial indebtedness are described in the next section on the statement of cash flows.

RECLASSIFIED CASH FLOW STATEMENT

The reclassified cash flow statement shows the change in net financial position between the beginning and the end of the reported period.

Pursuant to IAS 7 the consolidated financial statements include a statement of cash flows that shows the change in cash and cash equivalents from the beginning to the end of the period.

(€ thousands)	FY 2019	FY 2018
Operating activities		
Net profit (loss) attributable to the Group	108,666	100,443
Minority interests	(142)	(33)
Amortization, depreciation and impairment:		
• Intangible fixed assets	*60,927*	*37,052*
•Tangible fixed assets	*44,525*	*35,105*
• Right-of-use assets	*88,047*	*-*
Total amortization, depreciation and impairment	193,499	72,157
Provisions, other non-monetary items and gain/losses from disposals	26,770	19,743
Group's share of the result of associated companies	(370)	(547)
Financial income and charges	27,322	15,281
Current and deferred income taxes	41,615	38,166
Change in assets and liabilities:		
• Utilization of provisions	*(7,822)*	*(8,778)*
• (Increase) decrease in inventories	*(2,960)*	*(6,026)*
• Decrease (increase) in trade receivables	*(33,251)*	*(23,301)*
• Increase (decrease) in trade payables	*3,244*	*13,782*
• Changes in other receivables and other payables	*34,101*	*16,111*
Total change in assets and liabilities	(6,688)	(8,212)
Dividends received	188	380
Net interest charges	(24,122)	(14,322)
Taxes paid	(46,983)	(36,590)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**319,755**	**186,466**
Repayment of lease liabilities	(81,006)	-
Cash flow generated from (absorbed) by operating activities	**238,749**	**186,466**

(€ thousands)	FY 2019	FY 2018
Investing activities:		
Purchase of intangible fixed assets	(40,600)	(29,843)
Purchase of tangible fixed assets	(50,513)	(48,128)
Consideration from sale of tangible fixed assets and businesses	2,235	1,825
Cash flow generated from (absorbed) by investing activities	**(88,878)**	**(76,146)**
Cash flow generated from operating and investing activities (Free cash flow)	**149,871**	**110,320**
Business combinations (*)	(66,860)	(620,639)
(Purchase) sale of other investments and securities	378	452
Net cash flow generated from acquisitions	**(66,482)**	**(620,187)**
Cash flow generated from (absorbed) by investing activities	**(155,360)**	**(696,333)**
Financing activities:		
Fees paid on medium/long-term financing	-	(3,758)
Other non-current assets	2,678	1,901
Dividends	(30,939)	(24,079)
Treasury shares	-	(9,631)
Capital increases (reduction), third parties' contributions in subsidiaries and dividends paid to third parties by the subsidiaries	(134)	(22)
Cash flow generated from (absorbed) by financing activities	**(28,395)**	**(35,589)**
Changes in net financial indebtedness	**54,994**	**(545,456)**
Net financial indebtedness at the beginning of the period	(840,856)	(296,265)
Effect of discontinued operations on net financial indebtedness	(42)	22
Effect of exchange rate fluctuations on net financial indebtedness	(794)	843
Changes in net indebtedness	54,994	(545,456)
Net financial indebtedness at the end of the period	**(786,698)**	**(840,856)**

(*) The item refers to the net cash flows used in the acquisition of businesses and equity investments.

The change in net financial debt of €54,994 thousand is attributable to:

(i) Investing activities:
- capital expenditure on property, plant and equipment and intangible assets of €91,113 thousand relating primarily to the opening, renewal and repositioning of stores consistent with Amplifon's new brand image, CRM systems, digital marketing, as well as a new ERP system for back office functions (Human Resources, Procurement, Administration and Finance);
- acquisitions amounting to €66,860 thousand, including the impact of the acquired companies' debt and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years;
- net proceeds from the disposal of assets of €2,613 thousand.

(ii) Operating activities:
- interest expense on financial indebtedness and other net financial expenses of €24,122 thousand (€11,357 thousand of which relative to interest expense on leases);
- payment of taxes amounting to €46,983 thousand;
- payment of principle on lease obligations of €81,006 thousand;
- cash flow generated by operations of €390,860 thousand.

(iii) Financing activities:
- payment of €30,939 thousand in dividends to shareholders;
- net proceeds from capital increases following the exercise of stock options of €148 thousand;
- payment of €226 thousand in dividends to minorities by subsidiaries;
- decrease in other non-current assets of €2,678 thousand linked primarily to the repayment of loans granted to the indirect channel in the United States.

(iv) Exchange losses of €794 thousand.

(v) Losses on asset disposal of €42 thousand.

The non-recurring transactions described above in the section on net financial debt had a negative impact on cash flow of €21,531 thousand in 2019 compared to a negative €7,695 thousand in the prior year, as shown below:

(€ thousands)	FY 2019	FY 2018
Restructuring costs related to the employee's indemnities incurred following the acquisition of GAES	(14,444)	-
GAES acquisition and integration costs	(7,087)	(6,045)
Restructuring costs incurred following the acquisition of AudioNova's retail businesses in France and in Portugal	-	(1,001)
Commitment fees related to the financing of the GAES acquisition	-	(649)
Cash flow generated (absorbed) by operating activities	***(21,531)***	***(7,695)***
Cash flow generated from (absorbed) by investing activities	-	-
Free Cash Flow	**(21,531)**	**(7,695)**
Cash flow generated from acquisitions	-	-
Total cash flow generated by non-recurring transactions	**(21,531)**	**(7,695)**

ACQUISITION OF COMPANIES AND BUSINESSES

The Group's external growth continued during the period. 97 points of sale were acquired for a total investment of Euro 66,860 thousand, including the consolidated debt and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail during the FY 2019:
- 54 points of sale were acquired in Germany;
- 52 points of sale were acquired in France;
- 8 points of sale and 1 customer lists were acquired in Spain;
- 4 points of sale and 2 customer lists were acquired in Switzerland;
- 2 points of sale were acquired in Israel;
- 1 point of sale was acquired in Andorra;
- 1 customer list was acquired in the United Kingdom;
- 8 points of sale were acquired in Canada;
- 4 points of sale and 2 customer lists were acquired in the United States, along with 9 points of sale that were previously part of the indirect channel.

STATEMENT OF CHANGES BETWEEN THE NET EQUITY AND THE RESULTS OF THE PARENT COMPANY AMPLIFON S.P.A. AND THE NET EQUITY AND THE RESULTS OF THE GROUP FOR THE PERIOD AS AT DECEMBER 31ST, 2019

(€ thousands)	Net equity	Net result
Net equity and year-end result as reported in the Parent company's financial statements	**553,538**	**94,016**
Elimination of carrying amount of consolidated investments:		
• difference between carrying amount and the pro-quota value of net equity	37,953	-
• pro-quota results reported by the subsidiaries	103,916	103,916
• pro-quota results reported by investments valued at equity	2,087	370
Elimination of the effects of intercompany transactions:		
• elimination of impairment net of reversals of investments and intercompany receivables	-	1,864
• intercompany dividends	-	(91,809)
• intercompany profits included in the year-end value of inventories net of fiscal effect	(1,034)	770
• intercompany profits included related to internal sales of goods and investments	-	(645)
• exchange differences and other changes	(345)	42
Net equity and year-end result as stated in the consolidated financial statements	**696,115**	**108,524**
Minority equity and result for the year	1,084	(142)
Group net equity and result for the year	**695,031**	**108,666**

RISK MANAGEMENT

Correct risk management allows for better informed business decisions, reduces the gaps between actual results and targets, and creates a competitive advantage. We, therefore, pay the **utmost attention to risk management**: for this reason, we have implemented professionally qualified internal processes that are in line with the best practices for internal control systems and risk management, as well as with the recommendations in the Corporate Governance Code for listed companies.

The risk management system does not consist solely of the identification and assessment of the main events, occurrences and circumstances that could negatively impact the ability to reach targets, but also the determination of how to respond to the main risks in order to mitigate the effects and create opportunities, if possible. It is, therefore, an intricate and ongoing activity.

Risk management is carried out, coordinated and facilitated by the Group Risk and Compliance Officer who works throughout the year with all of the Group's management, provides updates and carries out reviews every six months as to the Group's main risks. The Group Risk and Compliance Officer works constantly and directly with the country General Managers, their leadership teams and the Corporate divisions.

As of 2019 environmental, social and governance risks are subject to the same process.

GLOBAL ECONOMIC ENVIRONMENT

The Amplifon Group operates in a market sector that is less sensitive than others to fluctuations in the general economic cycle, but it is, however, influenced: even though the current global market conditions are basically stable and positive, we cannot exclude new changes and/or sudden trend inversions which could lessen the visibility of future results and the risk that lower or less buoyant sales could, in the short term, have a direct impact on margins due to the cost structure of the stores which is largely fixed. In this regard, currently it is not possible to exclude any consequences that the global uncertainty triggered by the spreading, in early 2020, of the Covid-19 virus (commonly known as coronavirus) worldwide might have.

STRATEGIC RISKS

Strategic risks are those that are typical of the business operated. If managed correctly they can be the source of a competitive advantage or, conversely, they can compromise the ability to reach targets.

Increased competition

The retail hearing care market is expected to grow noticeably over the next few years, consistent with the aging of the population and the increased penetration linked to consumer's greater healthcare awareness. This market is also particularly fragmented and competition could increase.

The Amplifon Group's main competitors are the specialty retailers, which include the manufacturers of downstream integrated hearing aids, and non-specialty retailers (like optical chains, pharmacies and big box stores) which are generally low-cost providers currently found mainly in Australia, the Netherlands, USA and the UK.

It’s likely, therefore, that these players will continue to pursue a strategy focused on greater penetration which could potentially erode market share and margins, as well as increase competition in the recruiting and retention of hearing aid specialists.

Lastly, competition could also increase as a result of the arrival of new players due to, for example, regulatory changes which result in less stringent qualifications for hearing aid specialists or greater access to qualified store personnel.

To address this risk the Amplifon Group is focusing its strategy on strong brand recognition and providing high quality service through a very unique and innovative customer experience. Toward this end, the Group introduced a new and innovative sales protocol focused on excellence in customer service (Amplifon 360), as well as the Amplifon Product Experience (APE) which consists in Amplifon brand products and a multichannel ecosystem based on which the first point of contact is through the app.

With regard to the steps taken to mitigate the risk stemming from the competition of the low-cost providers in the recruiting and retention of the hearing aid specialists please refer to the section “Human resources and the Group’s sustainable medium/long-term growth”.

Technological changes in products and/or the operating model

The development of an alternative to the hearing aid as a remedy for hearing loss (e.g. surgical techniques or the use of pharmaceuticals) would have a very significant impact, but the risk is considered very remote.

The Amplifon Group stands out for the quality of the customer assistance provided during the sales process and the personalization of its hearing solutions, combining technology with a human touch in order to provide customers with the best service possible and, at the same time, build strong brand differentiation.

In order to monitor and increase customer service and satisfaction Amplifon has not only developed a new store protocol focused on customer service excellence but is also investing significant resources in the development of its own product line, as well as technologies and tools to remain in constant contact with its customers. For this reason, the company pays great attention to changes in the features and capabilities of hearing aids in order to provide an even better “customer experience”.

Investments in Marketing

The Amplifon Group’s strategy calls for significant investment in marketing. These costs focus mainly on advertising on all media channels, including digital, with a view to further strengthening its brand, on advanced Customer Relationship Management (CRM) systems and campaigns to ensure unique and personalized experiences for its customers, as well as on the technological innovation program which leverages on Amplifon brand products and the multi-channel eco-system (together referred to as the “Amplifon Product Experience”) to provide a complete value proposition, comprising product, service and experience.

Increased sector competition could result in a generalized increase in marketing investments which are less effective, but more costly.
The company could, therefore, find itself in a situation which calls for greater investments in marketing in order to reach the targets for organic growth.

In order to address this possible change in competition, in addition to being able to rely on its market leadership position, the Amplifon Group has also set targets for efficient and effective investments in global marketing and careful monitoring of these costs.

OPERATIONAL RISKS

Operational risks are those inherent in the business's organization and processes.

Human resources and the Group's sustainable medium/long-term growth [1]

In order to achieve its medium/long-term goal for growth, the Group must be able to attract, develop and retain the best talent in, above all, the key managerial positions and qualified store personnel, including internationally.

Toward this end Amplifon is striving to be the "employer of choice" and is investing heavily in both the development of a unique and innovative Employer Branding, as well as in talents through specific recruiting initiatives and professional development programs designed to ensure access to the rapidly changing core expertise.
Similarly, the company has developed and renewed the Global Career Website and the local career sites in order to facilitate the recruiting of talents versed in the latest areas of expertise (for example, data scientists, digital economy, artificial intelligence). With regard specifically to the recruiting and retention of qualified store personnel, partnerships with universities are maintained, and great attention is paid to continuous, high quality training and professional development. Lastly, "ad hoc" compensation mechanisms and incentives are used when examining performance.

In order to guarantee success in the medium/long-term, global, local and divisional talent mapping and succession planning are carried out regularly.

Implementation of the new ERP system

Consistent with the Group's evolution, at the beginning of 2019 the implementation of a cutting-edge cloud technology project was launched. The technology strives to simplify, optimize and integrate the back-end operating processes relating, in particular, to finance, human resources and purchasing. The Group's roll-out plan was kicked off in January 2020.

Typically, these projects are very invasive for organizations, characterized by complexity and uncertainty. More in detail, the main critical areas identified include: (i) technological problems during the roll-out phase; (ii) management of local characteristics; (iii) change management.

To address these critical areas, Amplifon equipped itself with the internal and external resources needed for the project to succeed.
More in detail, before the system roll-out, specific Hypercare Teams were created in order to assist and monitor the users in the correct execution of all the in scope processes; back up activities were identified for each process and management teams that could form Rescue Teams for key processes, if needed, were identified.
A robust training program was also developed in order to train system users and assist with change management.

Cyber Security & data protection [2]

The growing use of global networks to manage enterprise's technological infrastructures (including the social networks) as well, increases the Company's exposure to different types of internal and external IT risks. The most significant of these is the risk of cyber-attacks which can be targeted or generic and which constitute a constant threat.

Amplifon monitors potential threats every day and works to prevent, as well as minimize, the impact that these attacks could have.

[1] This risk was identified as material also for the Company's Non-Financial Disclosure.
[2] This risk has been identified as material also for the Company's Non-Financial Disclosure.

Activities are carried out and updated constantly which strive to:
- guarantee business continuity;
- prevent the loss of data and information;
- protect the group's reputation;
- ensure compliance with the laws protecting personal data (including the GDPR – General Data Protection Regulation – in the European Union, as well as local regulations, and the highest data protection standards in all the countries in which the Group operates).

REGULATORY RISK

Regulatory risk stems from changes in the laws and regulations within the different markets in which the company operates.

Changes in the regulatory environment

The Amplifon Group operates in the "medical" sector which is regulated differently in different countries. The areas which are the most relevant for Amplifon relate to: i) coverage by national health agencies or insurance companies; ii) the sale and distribution of hearing aids and, more specifically, the requisites and qualifications of the professionals who may select, apply and sell hearing solutions; iii) technical aspects of the hearing aids, which are considered medical devices in all of the countries where the Group operates. A change in regulations (for example, in reimbursement conditions, in the scope of and access to insurance coverage, in the role of the ENT doctors and hearing aid specialists, in the qualifications needed to sell hearing aids and related services) does and will continue to have a direct, and potentially significant, negative or positive impact on performances depending on the type of change.
In the past these changes have affected Switzerland, the Netherlands, New Zealand, Australia Germany, and also France in 2019, while currently the situation in Italy is still changing.

With regard to the changes in the qualifications needed to sell hearing aids, in 2017 a law, the "Over the Counter Hearing Aid Act", was passed in USA and has created a separate category of hearing aids that may be sold over-the-counter (OTC) to adults over the age of 18 with mild hearing loss without first consulting a hearing aid specialist. The Food and Drug Administration (FDA) is currently in the process of finalizing the regulation governing implementation, which should begin not before the end of 2020 or the first half of 2021. While to date the most plausible scenario is that the introduction of the OTC devices will have a limited impact on our business given the level of service and the type of consumer (with light to moderate hypoacusis compared to the Group's current customers who have moderate to severe hypoacusis), an increase in competition and new players cannot be excluded.

Amplifon has adopted a series of measures which ensure the ability to react to any regulatory changes in a timely manner by instituting a Regulatory Affairs division. This division is responsible for: (i) developing and ensuring constant monitoring of the regulatory changes and their status in all the countries in which the Group operates; (ii) defining who is in charge (locally or on a corporate level) of managing current or potential problems; (iii) developing, including with the support of external experts, plans for addressing the main issues and assist in the preparation of local plans, while also monitoring the progress made; (iv) developing and coordinating the Group's external communication strategy and participating actively in discussions, associations and organizations in order to make the sector voice heard.

The Regulatory Affairs division is a corporate division (with Corporate guidelines and priorities) but works with country and regional professionals in order to directly monitor the local realities and implement plans of action.

FINANCIAL RISKS

With a view to structured management of treasury activities and financial risks, in 2012 the Group finalized and adopted a Treasury Policy which contains guidelines for the management of:

- currency risk
- interest rate risk
- credit risk
- price risk
- liquidity risk

Currency risk

This includes the following types:

- foreign exchange transaction risk, that is the risk of changes in the value of a financial asset or liability, of a forecasted transaction or a firm commitment, changes due to exchange rate fluctuations;
- foreign exchange translation risk, that is the risk that the translation of the assets, liabilities, costs and revenues relating to net investment in a foreign operation into the reporting currency gives rise to an exchange gain or loss.

The Amplifon Group's foreign exchange transaction risk is limited as each country is largely autonomous in the operation of its business, sustaining costs in the same currency as it realizes revenue, with the exception of Israel, where purchases are made in Euros and US dollars, Canada where a small part of the purchase costs are incurred in US dollars, and Central and South America where the subsidiaries of the GAES Group (acquired at the end of 2018) use euros to pay GAES SA in Barcelona. The size, however, of the subsidiaries with respect to the Group and the fact that the products purchased subject to currency risk represent only a small part of total costs, ensures that any significant currency volatility will not have a material impact on the subsidiary or the Group.

The foreign exchange transaction risk, therefore, derives primarily from intercompany transactions (medium-long term and short term loans, charge backs for intercompany service agreements) which result in currency risk for the companies operating in currencies other than that of the intercompany transaction. Additionally, investments in financial instruments denominated in a currency different from the investor's home currency can result in foreign exchange transaction risk.

Foreign exchange translation risk arises from investments in the United States, Canada, the United Kingdom, Switzerland, Hungary, Turkey, Poland, Israel, Australia, New Zealand, India, Egypt and, as result of the GAES Group acquisition year-end 2018, in Chile, Argentina, Ecuador, Colombia, Panama and Mexico.

The Group's strategy aims to minimize the impact of currency volatility on the income statement and calls for significant positions in foreign currency to be hedged against foreign exchange risk through specific derivative instruments. These include: (i) bonds issued in US dollars by Amplifon S.p.A. and subscribed by Amplifon USA Inc, (ii) the dividends approved but not yet paid by the Australian subsidiary denominated in Australian dollars.

The loans between the Australian and New Zealand companies, between the American and Canadian companies are considered equity investments insofar as the loans are non-interest-bearing and not expected to be repaid. The impact of exchange differences is recognized directly in the translation reserve at equity without passing through the income statement.

The risks arising from other intercompany transactions worth less than €1 million (or the equivalent if denominated in another currency) are not hedged as the amounts are not material.

In light of the above and considering that the marketing cost chargebacks were invoiced at 31 December 2019, the fluctuations in exchange rates in the year did not result in significant exchange gains or losses being posted in the Amplifon Group's consolidated financial statements.

The foreign exchange translation risk, in accordance with the Group Treasury Policy, is not hedged. Overall the impact of the foreign exchange translation risk can be seen in the Group's Euro denominated EBITDA which was about €3 million lower than the Group's total EBITDA.

Interest rate risk

Interest rate risk includes the following situations:

- fair value risk, namely the risk that the value of a fixed rate financial asset or liability changes due to fluctuations in market interest rates;
- cash flow risk, namely the risk that the future cash flows of a floating rate financial asset or liability fluctuate due to changes in market interest rates.

In the Amplifon Group fair value risk arises on the issue of fixed rate bonds (private placement). The cash flow risk derives from floating rate bank loans.

The Group's strategy is to minimize cash flow risk, especially with respect to long-term exposures, through a balanced mix of fixed- and floating-rate loans and assessing whether to switch floating-rate borrowings to fixed-rate when each loan is taken out, as well as over the life of the loans including in light of the current market rates. In any event, at least 50% of the debt must be hedged against interest rate risk. At 31 December 2019, the Group's medium/long term debt is explained for €700 million by floating rate bank loans, €435 million of which had been swapped to fixed rate debt at the date of this report , and for €101 million (at the hedging rate) by capital market issues (US Private Placement) which, to date, have yet to be converted to floating rate debt as currently interest rates are low and the possibility that they will increase is limited.

The Benchmarks Regulation (BMR) which also affects Euribor and could have an impact on hedges will become effective in 2022. The Amplifon Group is taken the steps necessary to understand the consequences of this reform. As a large part of the debt and the hedges expire by 2022, the reform is not expected to have a significant impact.

Credit risk

Credit risk is the risk that the issuer of a financial instrument defaults on its obligations resulting in a financial loss for the holder/investor.

In the Amplifon Group credit risk arises from:

(i) sales made as part of ordinary business operations;
(ii) the use of financial instruments that require settlement of positions with other counterparties;
(iii) from the loans granted to members of the indirect channel and commercial partners in the United States and in Spain for investments and business development;
(iv) from the residual amount receivable for the sale of the American subsidiary Sonus in the period 2010-2011 which was switched from the direct to the indirect channel.

With regard to the risk under (i) above, the only positions with a high unit value are amounts due from Italian public-sector entities for which the risk of insolvency - while existing - is remote and further mitigated by the fact that they are factored without recourse, on a quarterly basis, by specialized factoring companies. Conversely, the credit risk arising from sales to private individuals based on instalment payment plans is increasing, as is the credit risk arising from sales to US indirect channel operators (wholesalers and franchisees). This credit risk, however, is spread out over a number of partners and the amount owed by any single partner does not exceed a few million US dollars. Due to typical business risks, some may not be able to honor their debts. This would result in higher working capital and credit losses. While each subsidiary is responsible for collection of receivables, the Group has set up a centralized system of monthly reporting relative to trade receivables in order to monitor the composition and due dates for each country, and shares credit recovery initiatives and commercial policies with local management. With regard to private customers, the majority of which do, however, use cash, payment options like installment plans or loans (with terms limited to a few months) are offered. These are managed by external finance companies which advance the whole amount of the sale to Amplifon, while the situation of the indirect channel in the US is closely monitored by local management.

The risk referred to in (ii) above, notwithstanding the inevitable uncertainties linked to sudden and unforeseeable counterparty default, is managed by making diversified investments with the main national and international investment grade financial institutions and through the use of specific counterparty limits with regard to both invested and/or deposited liquidities and to the notional amount of derivatives. The counterparty limits are higher if the counterparty has a Standard & Poor's and Moody's short-term rating equal to at least A-1 and P-1, respectively. Transactions with non-investment grade counterparties are not allowed unless specifically authorized by the Group's CEO and CFO.

With regard to the risk referred to in (iii) above, in the event payments fail to be made on the stores sold, ownership will revert back to Amplifon, while the receivables referred to in (iv) above, are generally personally guaranteed by the beneficiaries and repayments are typically made when the invoices for the purchases of hearing aids are paid.

Price risk
This arises from the possibility that the value of a financial asset or liability may change due to changes in market prices (other than those caused by currency or interest-rate fluctuations) due to both characteristics specific to the financial asset or liability or the issuer, as well as market factors. This risk is typical of financial assets not listed on an active market, which may not be easy to liquidate quickly or at a level close to their fair value. The Amplifon Group does not have investments in these kinds of instruments and, therefore, this risk currently does not exist.

Liquidity risk
This risk often arises when an entity is experiencing difficulty finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans and/or lines of credit may request repayment. This risk, which had become particularly significant due, initially, to the 2008 financial crisis and, more recently, to the sovereign debt crisis affecting the peripheral Euro zone countries and the single currency itself, while smaller, still exists.

In this situation, including because of the sizeable financial commitment assumed with the GAES Group acquisition, the Group continues to pay the utmost attention to cash flow and debt management, maximizing the positive cash flow from operations, while also carefully monitoring credit lines and the refinancing of debt reaching maturity.
The available short-term credit lines amounted to €177 million (of which €74 million irrevocable) at the end of the year. The irrevocable credit lines amount to €195 million and have not been utilized. Debt is medium-long term with the first significant maturities, which cannot be extended, in 2021.

We believe therefore, including in light of the positive cash flow that the Group continues to generate, that at least in the short term, liquidity risk is not significant.

Hedging instruments

Hedging instruments are used by the Group exclusively to mitigate, in line with company strategy, interest rate and currency risk and comprise exclusively financial derivatives. In order to maximize the effectiveness of these hedges the Group's strategy calls for:

- large counterparties with high credit ratings and transactions which fall within the limits determined in the treasury policy in order to minimize counterparty risk;
- the use of instruments which match, to the extent possible, the characteristics of the risk hedged;
- monitoring of the adequacy of the instruments used in order to check and, possibly, optimize the structure of the instruments used to achieve the purposes of the hedge.

The derivatives used by the Group are generally plain vanilla financial instruments. More in detail, the types of derivatives used include:

- cross currency swaps;
- foreign exchange forwards.

On initial recognition these instruments are measured at fair value. At subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments subsequently qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in the income statement; any ineffectiveness of the hedge is recognized in profit and loss;

(iii) if these instruments qualify as cash flow hedges, from that date any changes in the fair value of the derivative are taken to net equity; changes in the fair value of the derivative that are recognized in net equity are subsequently transferred to the income statement in the period in which the hedged transaction affects the income statement; when the object of the hedge is the purchase of a non-financial asset, changes to the fair value of the derivative taken to net equity are reclassified to adjust the purchase cost of the asset hedged (basis adjustment); any ineffectiveness of the hedge is recognized in profit and loss.

The Group's hedging strategy is reflected in the accounts as described above starting from the time when the following conditions are satisfied:

- the hedging relationship, its purpose and the overall strategy are formally defined and documented; the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk to be neutralized and the procedures whereby the entity will assess the effectiveness of the hedge;
- the effectiveness of the hedge may be reliably assessed and there is a reasonable expectation, confirmed by evidence, that the hedge will be highly effective for the period in which the hedged risk exists;
- the hedged risk relates to changes in cash flow due to a future transaction, the latter is highly probable and entails exposure to changes in cash flow which could affect profit and loss.

Derivatives are recognized as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under current assets or liabilities if related to derivatives which do not qualify for hedge accounting, conversely, they are classified consistently with the hedged item. In detail, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

The Group does not have any hedges of net investments in place.

TREASURY SHARES

No treasury shares were purchased during the year.

At 31 December 2019 the treasury shares held amounted to 3,269,087 or 1,444% of the Company's share capital.

Information details related to treasury shares are provided in the following table:

	N. of shares	Average purchase price (Euro) FV of transferred rights (Euro)	Total amount (€ thousand)
Held at 12/31/2018	**5,715,745**	**8.911**	**50,933**
Purchases	-	-	-
Transfers due to exercise of Performance Stock grants	(2,446,658)	8.911	(21,802)
Total at 12/31/2019	**3,269,087**	**8.911**	**29,131**

RESEARCH AND DEVELOPMENT

While the Group does not carry out any typical research and development activities with reference to hearing aids (as they are performed by the manufacturers), it does invest important resources in both innovation and technology through the "Amplifon Product Experience" and other innovative digital marketing solutions and processes in order to provide its customers with an excellent "Customer Experience".

TRANSACTIONS WITHIN THE GROUP AND WITH RELATED PARTIES

Pursuant to and in accordance with the Consob Regulation n. 17221 issued on 12 March 2010 and after having received a favourable opinion from the Independent Directors' Committee, on 26 July 2016 Amplifon S.p.A.'s Board of Directors adopted a new version of the regulations for related party transactions in order to change references to certain laws and comply with current norms and regulations.

The transactions with related parties, including intercompany transactions, do not qualify as atypical or unusual, and fall within the Group's normal course of business and are managed at arm's-length, given the nature of the goods and of the services provided.

Information on transactions with related parties is provided in Note 36 of the consolidated financial statements and in Note 39 of the separate financial statements.

CONTINGENT LIABILITIES

Currently the Group is not exposed to any particular risks or uncertainties with the exception of the usual periodic tax audits, which are currently underway in Italy (IRES and IRAP for 2015 and 2016) and in the Netherlands. These audits are presently in the preliminary phase and no findings have been reported.

With regard to the United Kingdom's departure from the European Union ("Brexit"), while no definitive agreements have been reached, it is not expected to have a significant impact on the Group's results.

ATYPICAL/UNUSUAL TRANSACTIONS

Please note that in 2019 the Group carried out no atypical and/or unusual transactions as defined in the Consob Bulletin of 28 July 2006.

OUTLOOK

In light of the intensification of the health emergency and the socio-economic effects linked to the spreading of COVID-19 (also known as Coronavirus), the Company feels that it is still not possible to estimate the impact that the epidemic will have in the year. There will be, however, a short-term negative effect on the hearing care market's demand, also due to the containment measures and the restrictions adopted or in the process of being adopted by the different governmental authorities.

The Company confirms, however, that it is already adopting all the operational and economic-financial measures possible to limit the impact of this short-term scenario. The Company also believes that the impact will be temporary and gradually offset when the situation will be normalized, given both the non-discretional nature of the product offered and the fundamentals of the market, in which the Group operates, which remain intact as they are supported by secular trends like the aging of the population and the increase in penetration.

Lastly, the Company still expects an above-market performance given the strategic choices made, which are focused on the customer, as well as the strong competitive advantages stemming from the position of absolute leadership, a unique brand portfolio, high geographic diversification, strong financial profile and the proven and agile execution capabilities demonstrated in past years.

YEARLY REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE AS AT DECEMBER 31ST 2019

(PURSUANT TO ART. 123-BIS TUF)

The report on Corporate Governance and Ownership Structure is available on the company's website at https://corporate.amplifon.com/en/governance/governance-system/corporate-governance-reports.

NON-FINANCIAL DISCLOSURE AS AT DECEMBER 31ST 2019

The Non-Financial Disclosure is available on the company's website at https://corporate.amplifon.com/en/sustainability/sustainability-reporting.

COMMENTS ON THE FINANCIAL RESULTS OF AMPLIFON S.P.A.

RECLASSIFIED INCOME STATEMENT

(€ thousands)	FY 2019				FY 2018			
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring
Revenues from sales and services	335,847	-	335,847	100.0%	310,668	-	310,668	100.0%
Operating cost	(310,745)	(7,359)	(318,104)	-92.5%	(284,173)	(1,011)	(285,184)	-91.5%
Other income and revenues	77,100	-	77,100	23.0%	54,833	-	54,833	17.7%
Other expenses	(570)	-	(570)	-0.2%	(34)	(6,911)	(6,945)	0.0%
Gross operating profit (EBITDA)	**101,632**	**(7,359)**	**94,273**	**30.3%**	**81,294**	**(7,922)**	**73,372**	**26.2%**
Depreciation, amortization and impairment of non-current assets	(21,545)	-	(21,545)	-6.4%	(16,914)	-	(16,914)	-5.4%
Right-of-use depreciation	(16,239)		(16,239)	-4.8%	-	-	-	0.0%
Operating profit (EBIT)	**63,848**	**(7,359)**	**56,489**	**19.0%**	**64,380**	**(7,922)**	**56,458**	**20.7%**
Income, expenses, valuation and adjustments of financial assets	65,603	-	65,603	19.5%	57,520	(9,980)	47,540	18.5%
Net financial expenses	(16,052)	-	(16,052)	-4.8%	(12,642)	(649)	(13,291)	-4.1%
Exchange differences and non-hedge accounting instruments	(247)	-	(247)	-0.1%	(282)	-	(282)	-0.1%
Income (loss) before taxes	**113,152**	**(7,359)**	**105,793**	**33.7%**	**108,976**	**(18,551)**	**90,425**	**35.1%**
Tax	(13,953)	2,176	(11,777)	-4.2%	(13,698)	2,534	(11,164)	-4.4%
Net profit (loss)	**99,199**	**(5,183)**	**94,016**	**29.5%**	**95,278**	**(16,017)**	**79,261**	**30.7%**

(*) See table at page 117 for details of non-recurring transactions.

EBITDA is the operating result before charging amortization, depreciation and impairment of both tangible and intangible fixed assets and the right of use depreciation.

EBIT is the operating result before financial income and charges and taxes.

(€ thousands)	FY 2019 W/O IFRS 16 (*)				FY 2018			
	Recurring	Non-recurring (**)	Total	% on recurring	Recurring	Non-recurring (**)	Total	% on recurring
Revenues from sales and services	335,847	-	335,847	100.0%	310,668	-	310,668	100.0%
Operating cost	(327,477)	(7,359)	(334,836)	-97.5%	(284,173)	(1,011)	(285,184)	-91.5%
Other income and revenues	77,099	-	77,099	23.0%	54,833	-	54,833	17.7%
Other expenses	(570)	-	(570)	-0.2%	(34)	(6,911)	(6,945)	0.0%
Gross operating profit (EBITDA)	**84,899**	**(7,359)**	**77,540**	**25.3%**	**81,294**	**(7,922)**	**73,372**	**26.2%**
Depreciation, amortization and impairment of non-current assets	(21,545)	-	(21,545)	-6.4%	(16,914)	-	(16,914)	-5.4%
Operating profit (EBIT)	**63,354**	**(7,359)**	**55,995**	**18.9%**	**64,380**	**(7,922)**	**56,458**	**20.7%**
Income, expenses, valuation and adjustments of financial assets	65,603	-	65,603	19.5%	57,520	(9,980)	47,540	18.5%
Net financial expenses	(14,374)	-	(14,374)	-4.3%	(12,642)	(649)	(13,291)	-4.1%
Exchange differences and non-hedge accounting instruments	(247)	-	(247)	-0.1%	(282)	-	(282)	-0.1%
Income (loss) before taxes	**114,336**	**(7,359)**	**106,977**	**34.0%**	**108,976**	**(18,551)**	**90,425**	**35.1%**
Tax	(13,953)	2,176	(11,777)	-4.2%	(13,698)	2,534	(11,164)	-4.4%
Net profit (loss)	**100,383**	**(5,183)**	**95,200**	**29.9%**	**95,278**	**(16,017)**	**79,261**	**30.7%**

(*) For the sake of comparison with 2018, unaudited figures are shown.
(**) See table at page 117 for details of non-recurring transactions.

The following table shows the details of the non-recurring transactions included in the previous statement.

(€ thousands)	FY 2019	FY 2018
GAES acquisition (2018) and integration (2019) costs	(7,359)	(7,922)
Impact of the non-recurring items on EBITDA	**(7,359)**	**(7,922)**
Impact of the non-recurring items on EBIT	**(7,359)**	**(7,922)**
Commitment fees related to the financing of the GAES acquisition	-	(649)
Write-down of equity investments in the UK, Turkish, Polish and Brazilian subsidiaries	-	(9,980)
Impact of the non-recurring items on profit before tax	**(7,359)**	**(18,551)**
Impact of the above items on the tax burden for the year	2,176	2,534
Impact of the non-recurring items on net profit	**(5,183)**	**(16,017)**

RECLASSIFIED BALANCE SHEET

The reclassified consolidated balance sheet aggregates the assets and liabilities of the compulsory format included in the annual report based on how the business management operates, usually split into the three main functions: investment, operations and financing.

(€ thousands)	12/31/2019	12/31/2018	Change	12/31/2019 w/o IFRS 16 (*)
Goodwill	540	540	-	540
Other intangible assets	47,909	37,410	10,499	47,909
Tangible assets	29,330	29,466	(136)	29,330
Right of use assets	95,507	-	95,507	-
Financial fixed assets	1,232,074	1,160,746	71,328	1,232,074
Other non-current financial assets	16,959	15,269	1,690	16,959
Non-current assets	**1,422,319**	**1,243,431**	**178,888**	**1,326,812**
Inventories	10,651	10,314	337	10,651
Trade receivables (1)	115,260	83,550	31,710	115,260
Other receivables (2)	32,940	32,758	182	33,946
Current assets (A)	**158,851**	**126,622**	**32,229**	**159,857**
Operating assets	**1,581,170**	**1,370,053**	**211,117**	**1,486,669**
Trade payables (3)	(74,270)	(50,519)	(23,751)	(74,270)
Other payables (4)	(80,155)	(72,833)	(7,322)	(80,155)
Current liabilities (B)	**(154,425)**	**(123,352)**	**(31,073)**	**(154,425)**
Net working capital (A)+(B)	**4,426**	**3,270**	**1,156**	**5,432**
Derivative instruments (5)	(8,763)	(10,876)	2,113	(8,763)
Deferred tax assets	22,932	21,845	1,087	22,913
Provisions for contingency and obligations (non-current portion)	(17,609)	(13,985)	(3,624)	(17,609)
Liabilities for employees' benefits (non-current portion)	(3,359)	(3,329)	(30)	(3,359)
Deferred tax liabilities	(999)	(1,230)	231	(999)
Loan fees (6)	1,611	3,796	(2,185)	1,611
Other non-current liabilities	(29,552)	(26,861)	(2,691)	(29,552)
Net invested capital	**1,391,006**	**1,216,061**	**174,945**	**1,296,486**
Net Equity	**553,538**	**469,331**	**84,207**	**554,353**

(€ thousands)	12/31/2019	12/31/2018	Change	12/31/2019 w/o IFRS 16 (*)
Net short-term financial indebtedness	88,149	(45,922)	134,071	88,149
Net medium and long-term financial indebtedness	653,633	792,651	(139,018)	653,633
Total net financial indebtedness	**741,783**	**746,730**	**(4,946)**	**741,783**
Lease liabilities	95,685	-	95,685	-
Total lease liabilities & net financial indebtedness	837,468	746,730	90,738	741,783
Net equity, lease liabilities and net financial indebtedness	**1,391,006**	**1,216,061**	**174,946**	**1,296,136**

(*) For the sake of comparison with 2018, unaudited figures are shown.
(1) The item "Trade receivables" includes "Trade receivables" and "Receivables – related parties".
(2) The item "Other receivables" includes "Other receivables" and "Other receivables – related parties".
(3) The item "Trade payables" includes "Trade payables" and "Trade payables – related parties".
(4) The item "Other payables" includes "Other payables – third parties", "Other payables – related parties", "Liabilities for employees' benefits - current portion" and "Tax payables".
(5) The item "Derivative instruments" includes cash flow hedges, fair value hedges and non- hedge accounting instruments not comprised in the item "Net financial indebtedness".
(6) The item "Loan fees" is recognized in the balance sheet as a direct reduction of the short and long-term components of "Financial payables" and "Financial liabilities".

CONDENSED RECLASSIFIED CASH FLOW STATEMENT

The condensed cash flow statement is a summary version of the reclassified cash flow statement shown in the following pages. The main purpose is to detail the flows generated or absorbed by operating, investing and financing activities starting from the EBIT.

(€ thousands)	FY 2019	FY 2018
Operating profit (EBIT)	**56,488**	**56,459**
Amortization, depreciation and impairment	37,784	16,913
Provisions, other non-monetary items and gain/losses from disposals	11,317	8,972
Net financial expenses	(13,650)	(12,686)
Dividends received	63,087	57,201
Taxes paid	(12,636)	(7,621)
Change in net working capital	10,864	(16,051)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**153,254**	**103,187**
Repayment of lease liabilities	(15,228)	-
Cash flow provided by (used in) operating activities (A)	**138,026**	**103,187**
Cash flow provided by (used in) operating investing activities (B)	(32,119)	(28,354)
Free Cash Flow (A+B)	**121,135**	**74,833**
Cash flow provided by (used in) acquisitions (C)	(74,412)	(551,865)
(Purchase) sale of other investment and securities (D)	377	-
Cash flow generated from (absorbed by) investing activities (B+C+D)	**(106,154)**	**(580,219)**
Other non-current assets	117	61
Fees paid on medium/long-term financing	-	(3,758)
Dividends distributed	(30,939)	(24,079)
Treasury shares	-	(9,631)
Capital increases	148	106
Net cash flow from the period	**1,198**	**(514,333)**
Net financial indebtedness as of period opening date	**(746,730)**	**(232,397)**
Change in net financial position	1,198	(514,333)
Merger Hearing Supplies S.r.l.	3,749	-
Net financial indebtedness as of period closing date	**(741,783)**	**(746,730)**

REVENUES FROM SALES AND SERVICES

(€ thousands)	FY 2019	FY 2018	Change	Change %
Revenues from sales and services	**335,847**	**310,668**	**25,179**	**8.1%**

Revenues from sales and services amounted to €335,847 thousand.
In 2019 sales for hearing solutions rose 7.2% against 2018 with total turnover reaching €271,005 thousand.
Revenue for the sale of other products (basically accessories, batteries and cochlear products) came to €25,342 thousand, 11.43% higher than in 2018. Revenue for hearing solution services amounted to €39,501 thousand, showing growth of 12.8% against 2018.
The Italian business increased entirely because of organic growth. The three regions into which Italy's sales network is divided all posted significant growth, confirming the solidity of the business in each province.
Investments in marketing increased in the year in order to continue with the targeted communication strategy and strengthen the de-stigmatization of the brand and the category while increasing store traffic. With this goal in mind, communication continued to focus on the Amplifon product line, particularly the "ampli-mini" family with real testimonials from customers which helped to render the tone of the campaign more authentic and emotionally engaging.
There were also communication initiatives designed to increase Amplifon's presence in the print media, through participation in conferences and musical events, in order to strengthen Amplifon's brand awareness in the area of technological innovation.
Investments in digital also rose across all the main performance marketing channels (such as Google and Facebook), supported also by the launch of the new web platform Amplifon.it.
Important changes also took place in CRM (Customer Relationship Management) strengthened by changes in the technological platforms and the completion of advanced statistical models used to identify and reinforce customers repurchase propensity.
In 2019 the reach of the store network continued to increase, reaching the record level of 668 shops with 51 new openings in the year.
In Italy the other touch points (store-in stores, corners, pop-ups) amounted to 3,123 units.
In 2019 new, significant investments were made to further improve the already excellent training of Amplifon's hearing aid specialists and support the high level of customer satisfaction.

GROSS OPERATING PROFIT (EBITDA)

(€ thousands)	FY 2019			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	101,632	(7,359)	94,273	81,294	(7,922)	73,372

(€ thousands)	FY 2019 W/O IFRS 16 (*)			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	84,899	(7,359)	77,540	81,294	(7,922)	73,372

(*) For the sake of comparison with 2018, unaudited figures are shown.

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €94,273 thousand in 2019.

If IFRS 16 had not been applied, EBITDA would have amounted to €77,540 thousand, an increase, net of non-recurring costs, of €2,093 thousand (+2.5%) against the comparison period.

The EBITDA margin, calculated on a recurring basis and without the application of the new IFRS 16, went from 26.6% in 2018 to 25.2% in 2019; this decrease is largely attributable to the marketing contribution costs incurred to support certain markets.

OPERATING PROFIT (EBIT)

(€ thousands)	FY 2019			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating Profit (EBIT)	63,848	7,359	56,489	64,380	(7,922)	56,458

(€ thousands)	FY 2019 W/O IFRS 16 (*)			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating Profit (EBIT)	63,354	7,359	55,995	64,380	(7,922)	56,458

(*) For the sake of comparison with 2018, unaudited figures are shown.

The operating profit (EBIT), determined based on the new IFRS 16, amounted to €56,489 thousand (with an EBIT margin of 16.8%).

If IFRS 16 had not been applied EBIT would have come to €63,354 thousand, a decrease of €2,539 thousand (-3.8%) against the prior year gross of non-recurring costs.

PROFIT BEFORE TAX

(€ thousands)	FY 2019			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before tax	113,152	(7,359)	105,793	108,976	(18,551)	90,425

(€ thousands)	FY 2019 W/O IFRS 16 (*)			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before tax	114,336	(7,359)	106,977	108,976	(18,551)	90,425

(*) For the sake of comparison with 2018, unaudited figures are shown.

Recurring profit before tax, calculated based on the new accounting standards, amounted to €113,152 thousand in 2019, €4,176 thousand higher than in 2018. If the same accounting standards of the prior year had been applied, profit before tax would have amounted to €114,336 thousand, an increase of €7,359 thousand against the prior year.

NET PROFIT

(€ thousands)	FY 2019			FY 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Net profit	99,199	(5,183)	94,016	95,278	(16,017)	79,261

(migliaia di Euro)	ESERCIZIO 2019 SENZA IFRS 16 (*)			ESERCIZIO 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Net profit	100,034	(5,183)	94,851	95,278	(16,017)	79,261

(*) For the sake of comparison with 2018, unaudited figures are shown.

Recurring net profit reached €99,199 thousand in 2019 based on the new accounting standards, an increase of €3,921 thousand compared to the €95,278 thousand posted in 2018.
If the accounting standards used in the prior year had been applied, net profit would have amounted to €100,034 thousand, an increase of €4,756 thousand against 2018.

NON-CURRENT ASSETS

(€ thousands)	12/31/2019	12/31/2018	Change
Goodwill	540	540	-
Other intangible assets	47,909	37,410	10,499
Tangible assets	29,330	29,466	(136)
Right of use assets	95,507	-	95,507
Financial fixed assets	1,232,074	1,160,746	71,328
Other non-current financial assets	16,959	15,269	1,690
Non-current assets	**1,422,319**	**1,243,431**	**178,888**

Non-current assets amounted to €1,422,319 thousand at 31 December 2019 versus €1,243,431 thousand at 31 December 2018, an increase of €178,888 thousand attributable to:

- a €95,507 thousand increase explained by the application of IFRS 16 as of 1 January 2019 which resulted in the recognition of right-of-use assets for leased goods;
- an increase in intangible assets as a result of the development of software to support both the sales network and head office;
- an increase in the value of equity investments following the purchase of Otohub S.r.l. for €11,312 thousand;
- a €9,384 increase in the value of equity investments as a result of the periodic valuation of stock option and stock grant plans held by employees of subsidiaries;
- a €10,486 thousand decrease in the value of equity investments as a result of the fair value measurement of stock options which matured and were exercised in the period;
- share capital increase of the French subsidiary for €50 million;
- a €544 thousand decrease attributable to the sale of the interest in Maxtone (Turkey);
- a €4,742 thousand decrease explained by the merger through absorption of Hearing Supplies S.r.l. in Amplifon S.p.A. and of Audio Conseil and Aides Auditives de France in the French branch.

NET INVESTED CAPITAL

Net invested capital came to €1,391,006 thousand at 31 December 2019, an increase of €174,945 thousand against the €1,216,061 thousand recorded at 31 December 2018 and not redetermined based on the accounting standards applied beginning in 2019.

The change is attributable primarily to:

- the increase in non-current assets described above;
- an increase in trade receivables of €31,710 thousand explained primarily by the €14,656 thousand owed by private clients, agents and public entities, €13,425 thousand owed by group companies and dividends to be received of €2,368 thousand;
- higher trade payable and other payables of €31,073 thousand, as a result of an increase in the purchase of goods and services and careful management of payment terms;
- increase in medium/long-term debt relating to IFRS 15 application.

NET FINANCIAL POSITION

(€ thousands)	12/31/2019	12/31/2018	Change
Net medium and long-term financial indebtedness	653,633	792,651	(139,018)
Short-term net financial indebtedness	149,261	(32,651)	181,912
Cash and equivalents	(61,111)	(13,270)	(47,841)
Net financial indebtedness	**741,783**	**746,730**	**(4,947)**
Lease liabilities *	**95,685**	**-**	**95,685**
Total lease liabilities and net financial indebtedness	**837,468**	**746,730**	**90,738**

* IFRS 16 was applied using the modified retrospective approach, the company recognized at 1st January 2019 a lease liability without calculating any restatement of 2018 figures.

Net financial debt, excluding lease liabilities, amounted to €741,783 thousand at 31 December 2019, net of cash and cash equivalents of €61,111 thousand, a decrease of €4,947 thousand against 31 December 2018.

The decrease in medium/long-term debt, and subsequent increase in short-term debt, is mainly attributable to:

- the expiration of a portion of the syndicated loan subscribed by the subsidiary Amplifon USA Inc. for a total of USD 130 million with 7, 10 and 12- year maturities (falling due between 2013 and 2025) using the proceeds from a private placement made with American institutional investors with the same characteristics and maturities;
- the short-term portion of the loan used for the GAES acquisition;
- bank loans falling due next year.

NET EQUITY

(€ thousands)	12/31/2019	12/31/2019	Change
Net Equity	**553,538**	**469,331**	**84,207**

Net equity amounted to €553,538 thousand at 31 December 2019 versus €469,331 thousand at 31 December 2018, an increase of €84,207 thousand, explained by:

- an increase in share capital and the share premium reserve of 35,000 shares following the exercise of stock options;
- a decrease in treasury shares following the exercise of 2,446,658 stock grants;
- the net profit posted in 2019.

RECLASSIFIED CASH FLOW STATEMENT

The reclassified cash flow statement shows the change in net financial position between the beginning and the end of the reported period.
Pursuant to IAS 7 the notes of the financial statements include also a cash flow statement based on cash holdings, showing the change between the opening and the closing cash position of the reported period.

(€ thousands)	FY 2019	FY 2018
Operating activities:		
Net income (loss)	94,016	79,261
Amortization, depreciation and impairment:		
• other intangible fixed assets	*13,973*	*9,946*
• tangible fixed assets	*7,572*	*6,967*
• right of use assets	*16,239*	-
Total amortization, depreciation and impairment	37,784	16,913
Provisions and other non-monetary items	11,317	8,945
(Gains) losses from sale of fixed assets	*91*	27
Financial income and charges	(48,983)	(33,967)
Current and deferred income taxes	*11,776*	11,164
Change in assets and liabilities:		
• Utilization of provisions	*(2,162)*	*(3,161)*
• (Increase) decrease in inventories	*(407)*	*(87)*
• Decrease (increase) in trade receivables	*(15,786)*	*(23,117)*
• Increase (decrease) in trade payables	*23,683*	*7,843*
• Increase (decrease) in other receivables/payables non-financial net of tax receivables/payables	*5,941*	*2,471*
Total change in current assets and liabilities	11,269	(16,051)
Dividends received	62,592	57,201
Interest received/paid	(13,972)	(12,686)
Taxes paid	(12,636)	(7,621)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**153,254**	**103,186**
Repayment of lease liabilities	(15,228)	-
Cash flow provided by (used in) operating activities	**138,026**	**(28,677)**

(€ thousands)	FY 2019	FY 2018
Investing activities:		
Purchase of intangible fixed assets	(24,562)	(17,886)
Purchase of tangible fixed assets	(7,562)	(10,472)
Consideration from sale of tangible fixed assets and businesses	5	4
Cash flow generated from (absorbed by) investing activities	**(32,119)**	**(28,354)**
Cash flow generated from operating and investing activities (Free cash flow)	**105,907**	**74,832**
Cash flow generated from acquisitions (*)	**(74,035)**	**(551,865)**
Cash flow generated from (absorbed by) investing activities	**(106,154)**	**(580,219)**
Financing activities:		
Commissions paid for medium/long-term financing	-	(3,758)
Other non-current assets	117	62
Dividends distributions	(30,939)	(24,079)
Treasury shares	-	(9,631)
Capital increases	148	106
Cash flow generated from (absorbed by) financing activities	**(30,674)**	**(37,300)**
Change in net financial position	**1,198**	**(514,333)**
Net financial indebtedness as of period opening date	(746,730)	(232,397)
Merger Hearing Supplies S.r.l.	3,749	-
Change in net financial position	1,198	(514,333)
Net financial indebtedness as of period closing date	**(741,783)**	**(746,730)**

(*) The item refers to the net cash flow absorbed by the acquisition of businesses and equity investments.

The change in net financial debt of €4,947 thousand is attributable mainly to:

a) investing activities:
- net increase in property, plant and equipment and intangible assets of €32,119 thousand relating largely to investments in information technology, the development of the new ERP system, hardware and updating of the headquarters;
- an increase in the value of equity investments due mainly to the acquisition of Otohub S.r.l. and the capital increase of the French subsidiary.

b) operating activities:
- interest expense on financial indebtedness and other net financial charges of €13,972 thousand, €1,680 thousand of which for imputed interest on operating leases;
- payment of taxes which amounted to €12,636 thousand;
- dividends received from subsidiaries amounting to €65,592 thousand;
- cash flow generated by current operations of €114,139 thousand.

c) financing activities:
- net proceeds from the capital increase following the exercise of stock options of €148 thousand;
- dividends paid shareholders amounting to €30,939 thousand;
- increase in other non-current assets of €117 thousand.

DATA CONTROLLER

The Board of Directors held on March 2nd, 2016 appointed the Italian General Manager representative of "Data Controller" for the data related to the Italian business while the Group's Chief Executive Officer as representative of "Data Controller" for the data related to the management and coordination of the Group Amplifon entities.

SUBSIDIARIES

Amplifon S.p.A. set up a branch office, Amplifon Succursale de Paris, with offices in Arcueil, 22 avenue Aristide Briand, France.

MANAGEMENT OUTLOOK

In light of the intensification of the health emergency and the socio-economic effects linked to the spreading of COVID-19 (also known as Coronavirus), the Company feels that it is still not possible to estimate the impact that the epidemic will have in the year. There will be, however, a short-term negative effect on the hearing care market's demand, also due to the containment measures and the restrictions adopted or in the process of being adopted by the different governmental authorities.
The Company confirms, however, that it is already adopting all the operational and economic-financial measures possible to limit the impact of this short-term scenario. The Company also believes that the impact will be temporary and gradually offset when the situation will be normalized, given both the non-discretional nature of the product offered and the fundamentals of the market, in which the Group operates, which remain intact as they are supported by secular trends like the aging of the population and the increase in penetration.
Lastly, the Company still expects an above-market performance given the strategic choices made, which are focused on the customer, as well as the strong competitive advantages stemming from the position of absolute leadership, a unique brand portfolio, high geographic diversification, strong financial profile and the proven and agile execution capabilities demonstrated in past years.
More in detail, as of the beginning of 2020 Amplifon S.p.A. is proceeding with the go live of the new ERP system (*Oracle Fusion Cloud* platform) as part of the Group "One Amplifon Transformation" initiative. The roll-out of the new system will provide the Italian business (Group pilot) with an opportunity to benefit from the modern cloud technology in terms of both automation and optimization of internal processes.

Milan, March 20th, 2020

On behalf of the Board of Directors
CEO
Enrico Vita

Disclaimer
This report contains forward looking statements ("Outlook") regarding future events and the Amplifon Group's operating, economic and financial results. These forecasts, by definition, contain elements of risk and uncertainty, insofar as they are linked to the occurrence of future events and developments. The actual results may be very different with respect to the original forecast due to several factors, the majority of which are out of the Group's control.