

# Presentation to Investors

September 2020



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## **Statement**

*In compliance with Article 154 bis of the “Uniform Financial Services Act” (Legislative Decree 58/1998), the Financial Reporting Officer, Gabriele Galli, declares that the accounting information reported in this presentation corresponds to the underlying documentary reports, books of account and accounting entries.*

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## Amplifon today

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# Amplifon today



**#1 GLOBAL LEADER  
IN HEARING CARE  
RETAIL**



>11% global market share



€1.73bn revenues in 2019



28 countries, 5 continents



#1 or #2 in most markets

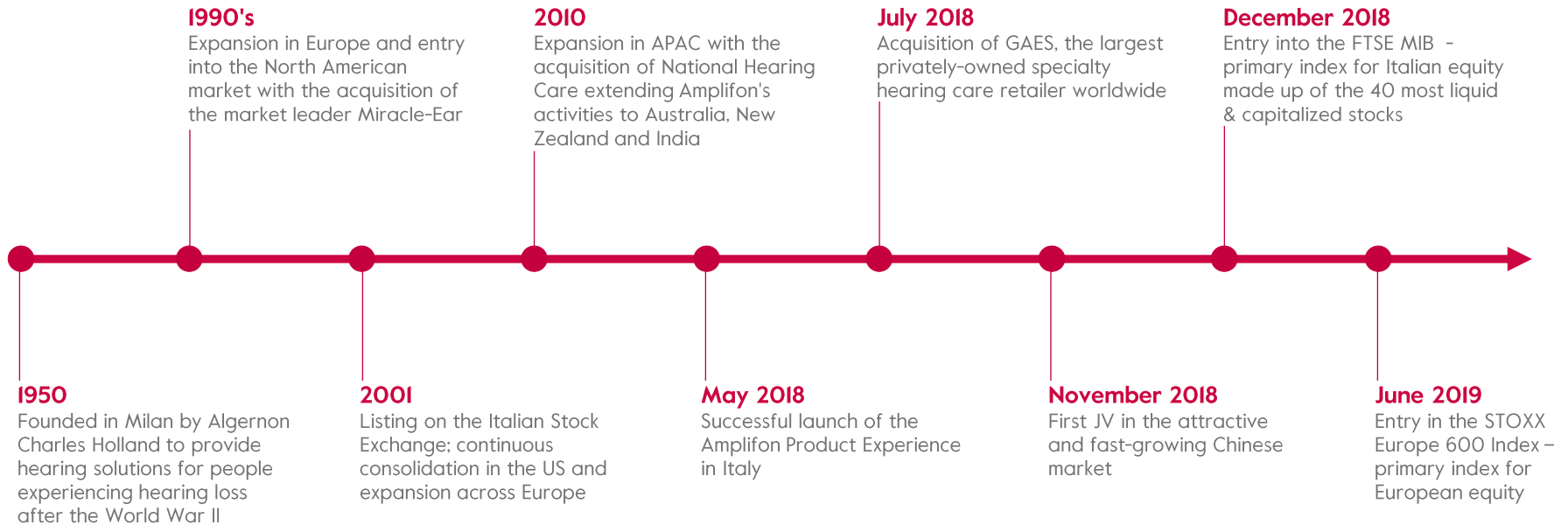


~11,000 points of sale



~17,000 people

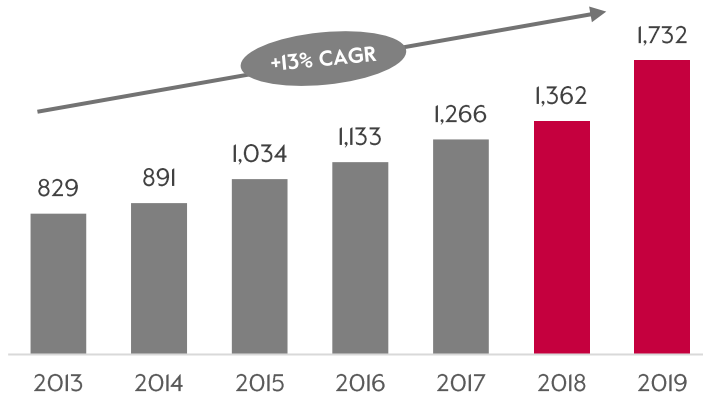
# Company history



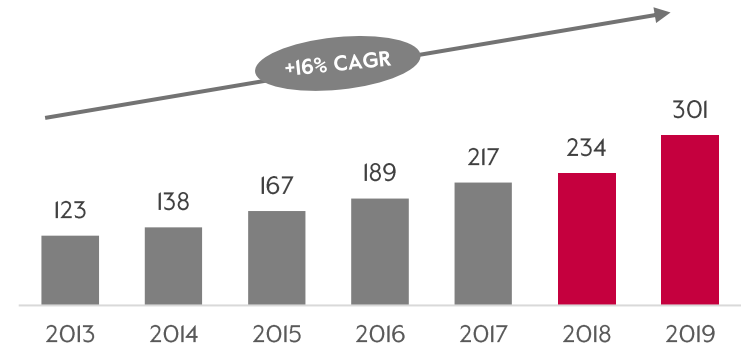
**Successful consolidator in the hearing care retail market**

# Key financial highlights

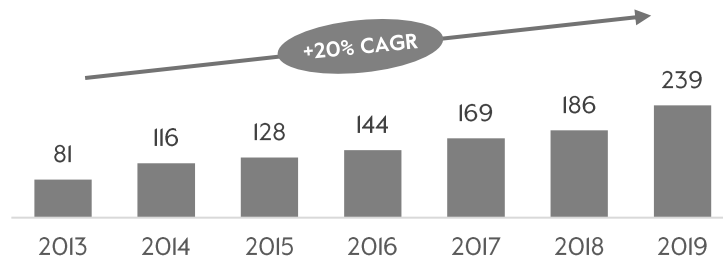
**Revenues**  
EUR Million



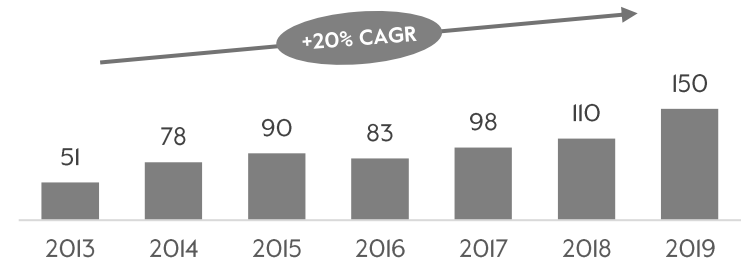
**EBITDA recurring**  
EUR Million



**Operating cash flow**  
EUR Million



**Free cash flow<sup>1</sup>**  
EUR Million



**Delivering strong revenue growth, profitability improvement & high cash flow generation**

Note: GAES acquisition was closed on December 18<sup>th</sup>, 2018 and consolidated in the P&L from January 1<sup>st</sup>, 2019). Change in IFRS in 2018 (IFRS15) and in 2019 (IFRS16). 2018 and 2019 revenues and EBITDA recurring are reported with IFRS15; 2019 without IFRS16

<sup>1</sup>. Free cash flow is operating cash flow after capex

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# Key global industry trends

	Long-term sustained-market growth driven by secular trends
	Unique market with high barriers to entry
	Retail market value concentrated in developed countries, with emerging countries still limited in value
	Fragmented retail market with few international chains
	Customer choice driven by trust in the brand and service
	Typical healthcare sector, characterized by highly resilient demand and centrality of service



# Long-term sustained growth driven by secular trends

## Demographics and penetrations as growth drivers

- Global hearing care retail market is estimated at around EUR 15bn in 2019, growing at ~4% per year, and expected to continue to grow at similar pace in the next years supported by long-term trends<sup>1</sup>
- Market growth is primarily driven by volume growth



### Demographics

- Ageing population

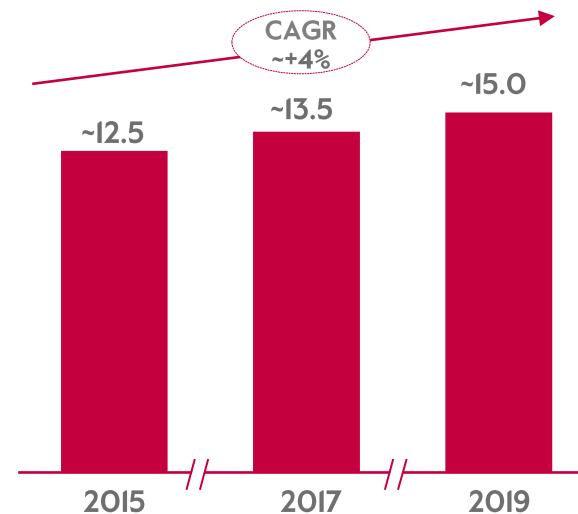


### Penetration

- Increasing awareness
- Improving technology
- Growing wellness relevance

### Market size and growth<sup>1</sup>

EUR Billion



<sup>1</sup> Amplifon estimates

Data exclude hearing solutions and services provided directly by the US Department of Veteran Affairs, National Health System of UK and other public systems

# Fragmented global retail market

Amplifon is a consolidator via a successful bolt-on acquisition strategy

<b>INDEPENDENTS</b>	~50%	Players with <10 PoS, under gradual consolidation	Still very relevant
<b>SPECIALTY RETAILERS</b>	>35%	Very few international retail players <ul style="list-style-type: none"><li>▪ Amplifon with &gt;11% of the global retail market</li><li>▪ Manufacturers</li></ul> National retail chains	Few international players
<b>NON-SPECIALTY RETAILERS</b>	>10%	Scattered presence, focusing on the “price seeking” segment of the market	Limited & country-specific
<b>ONLINE PLAYERS</b>	~1%	Limited growth potential due to limitations in service model and customer acceptance	Marginal

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# Strategic Pillars

Clear and focused strategy

**We will  
focus**



on core  
Markets

**We will  
lead**



in Customer  
Experience  
innovation

**We will  
build**



an effective &  
talented  
Organization

**Growth potential further accelerated by the recent GAES acquisition**

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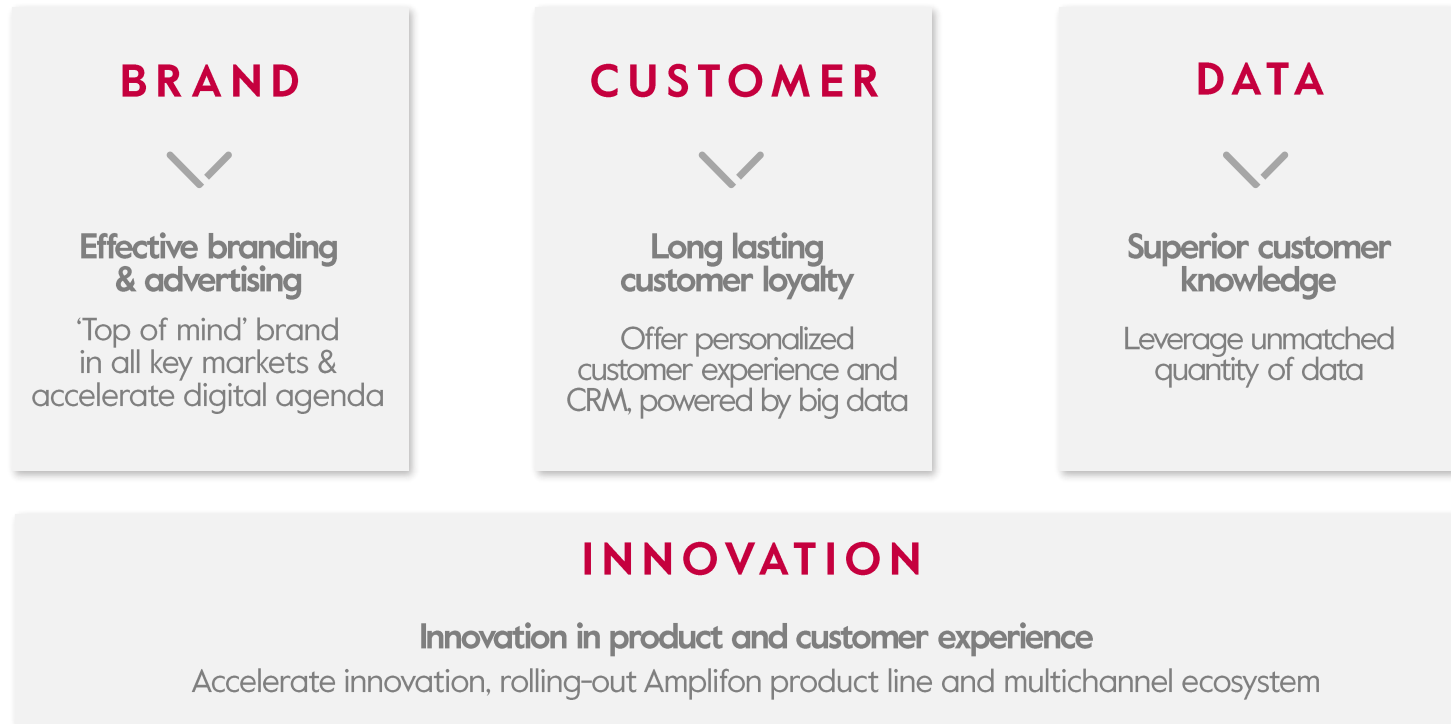
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# Reshaping the hearing care retail around the customer

Accelerating on our pillars to deliver our growth ambitions



# A compelling innovation program: the Amplifon Product Experience

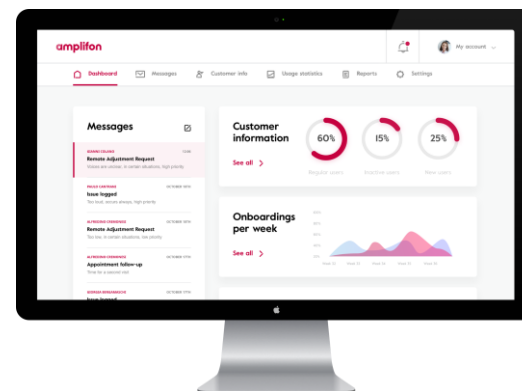


## Amplifon Product Line

Differentiating from competition

Four product families to respond to any customers' needs

Hearing aids sourced from the major manufacturers globally



## Amplifon multichannel ecosystem

Redefining the Amplifon experience throughout the customer journey

A data-driven approach to develop increasingly effective and smart solutions

The Amplifon APP, the first touchpoint

# Amplifon Product Line to reinvent the way hearing aids are perceived

We have reimagined our world placing customers first

Further strengthen our brand equity

Further differentiate from competition through a unique value proposition

Leverage products and technology in communication & advertising



## AMPLI-EASY

The easiest hearing solution with no-frills

## AMPLI-MINI

No one will see you are wearing one. But everyone will notice

## AMPLI-ENERGY

With charger that makes them always ready. And you, too

## AMPLI-CONNECT

If you have an app for everything, you should have our app to hear better



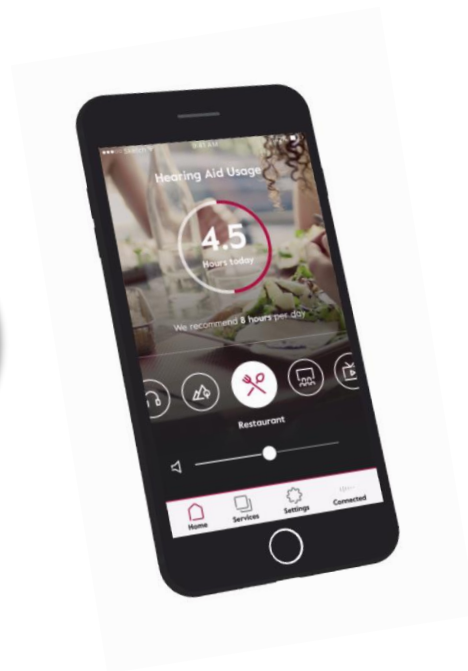
# Amplifon multichannel ecosystem: new services for an unmatched customer experience across all touchpoints

Building the real differentiation via software

Engage clients  
& hearing care  
professionals

Create a  
seamless  
experience

Collect big  
data to  
personalize  
service



## STORE SERVICES

Remote assistance through video tutorials, “book an appointment” and “store locator” functions

## CONTROL SERVICES

Volume and various listening programs (outdoor, restaurant, etc) controlled directly from the smartphone

## COMPANION – SUPPORT SERVICES

Exclusive feature that processes hearing device usage data using an exclusive artificial intelligence algorithm and providing useful advice to support the customer’s onboarding journey

## PERSONALIZATION SERVICES

Remote care & ecosystem control center to provide a distinctive and superior hearing care thanks to data applied to CX personalization

# Successful launch of the Amplifon Product Experience

Excellent results in all countries launched YTD

## The launch in Italy in 2018

Launch of the Amplifon product line & ecosystem in May '18

Outstanding response from customers and HCP

Continuous features release of Amplifon APP

Multichannel advertising campaign

>90%

Adoption rate of APL  
in the private and  
paid-up market

15%

Customers'  
Penetration<sup>1</sup> of  
Amplifon APP

+35%

ADV ROI

## Excellent results in the countries launched in 2019 & 2020YTD

2019 in the Netherlands, Germany, Australia, France  
and US (Miracle-Ear App)

Q1 2020 completion of roll-out in Germany and the US

Q3 2020 in the UK



Penetration increasing steadily with target of reaching ~90%<sup>2</sup> within  
just 12 months from launch

Positive impact on ASP

Superior marketing effectiveness

Speeding-up global roll-out

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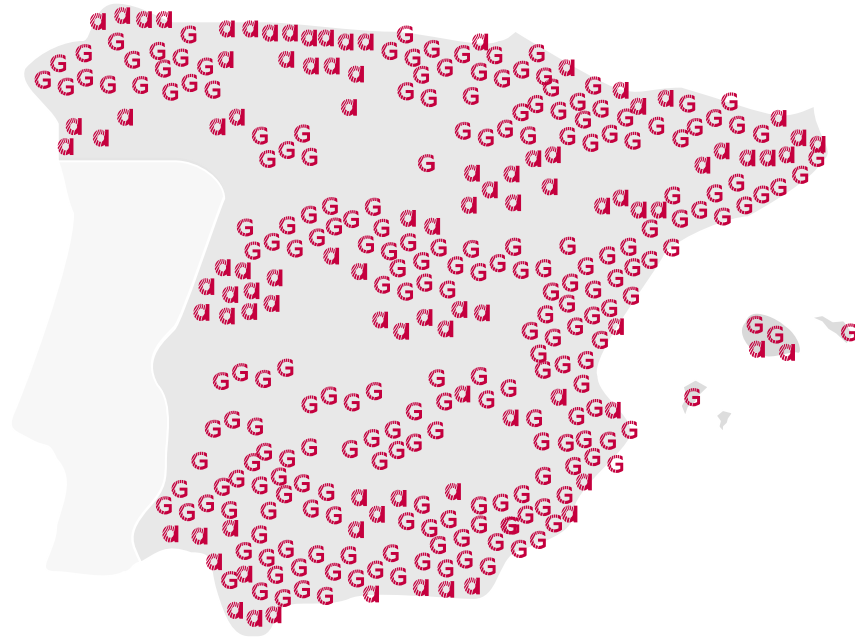
## **Our plan in Spain: GAES integration**

China: our first Joint Venture

FY 2019 & HI 2020 Results

# GAES & Amplifon together in Spain

Absolute leadership in a highly promising market



**#1  
player**

~6x larger than #2

**~95%**

Brand  
awareness

**700+ PoS**

Largest footprint

**~1,810  
people**

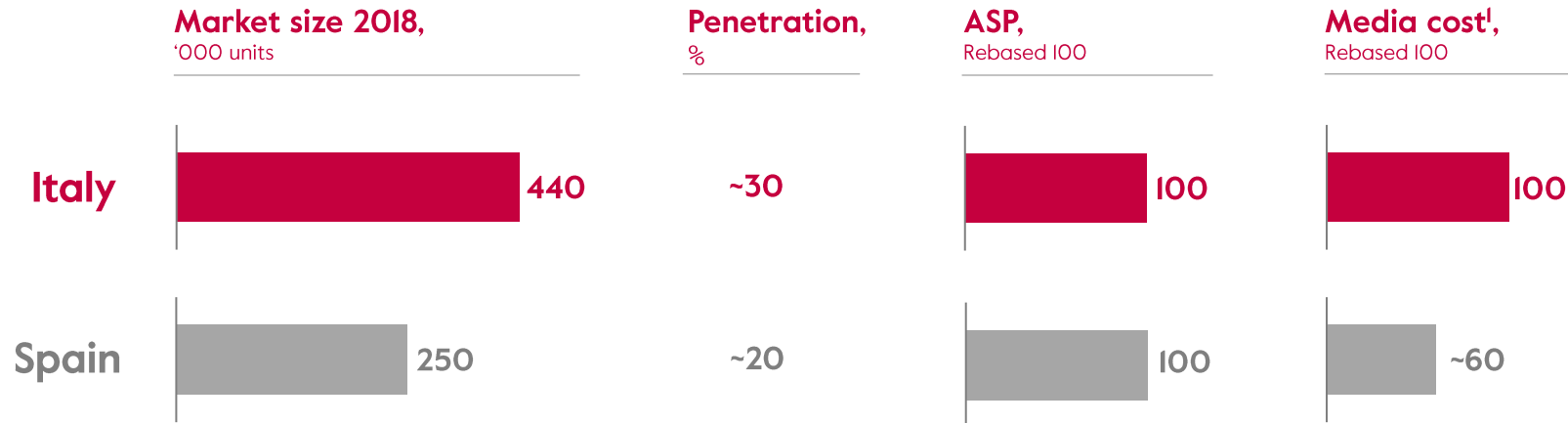
~1,160 hearing care  
professionals

**Tremendous opportunity**

**leveraging GAES unique assets & Amplifon Group's best practices**

# Spain: an attractive and high-potential market

Italy vs. Spain: market data



**Opportunity to create another superb  
Amplifon stronghold**

# GAES integration: Key value creation levers

One Brand, One Organization, One Network, One Customer Experience

- Early and thorough integration planning, supported by **rigorous execution and continuous monitoring**
- **Dedicated integration team accountable** for project management, delivery of synergies, identification of all future growth and productivity opportunities
- Direct **involvement and sponsorship of the Executive Leadership Team**

## Value Creation Levers

### Marketing effectiveness

One Brand  
Integrated CRM  
Media investment optimization  
Amplifon Product Experience

### Scale economies

One Network, by far the largest footprint in the country  
Procurement cost optimization

### Commercial excellence

One Customer experience  
Global customer operations  
Retail excellence

### Organization

One effective, lean & aligned organization  
Culture and capabilities integration  
Integrated systems and processes

**2021 Synergies target increased at €25 million run-rate per year by 2021**

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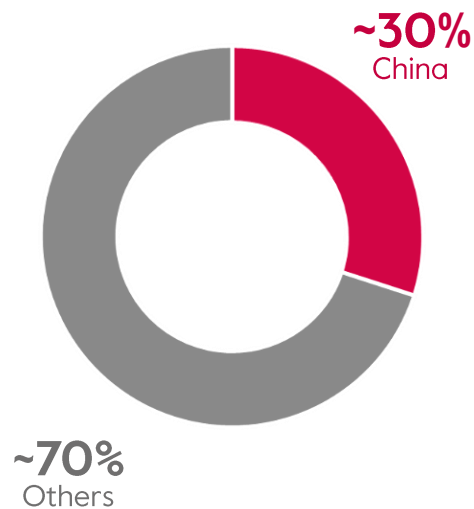
**China: our first Joint Venture**

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# Amplifon enters the attractive and fast-growing Chinese hearing care retail market

## Hearing aids emerging countries retail market

In value



## Chinese market key insights

- **>1M units** by 2020E growing at **>10% per year**
- Very **low penetration** (~5%)
- **ASP** over EUR 600 for premium segment (~30% of units)
- Specialist retailers channel represent **~70%** of total market
- **Fragmented market** of small regional players

## JV with a leading specialty retailer in Beijing

- **Market entry** through a JV with a local partner announced in November 2018
- JV 51% owned by Amplifon and 49% held by the local partner
  - Network of **~30 shops**, mainly located in the Beijing area
  - Sales of around €6-7 million in 2019
- 2019 “set the basis”
  - Increase knowledge of the market
  - Set-up of processes and capabilities
  - Sharing of best practices
  - Opening of 15 additional shops
  - Rebranding to Amplifon global brand
- Full bore expansion to build at scale business **from 2020/21 onwards**



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# FY 2019: another record year of proven execution

Outstanding profitable growth, also fostered by GAES successful integration

## Outstanding revenue growth

- EUR 1.73 billion, +26.1% in LC vs. 2018, significantly outpacing the hearing care retail market
  - Strong organic growth at ~+7% (excluding GAES), above market and significantly accelerating in H2
  - Extraordinary M&A contribution at +19.3%, fostered by
    - GAES consolidation as of January 1st 2019
    - GAES double-digit top-line growth vs. last year
    - Bolt-on acquisitions in core countries

## Strong profitability expansion

- Strong increase in EBITDA recurring, above the €300 million mark (pre-IFRS16), even after GAES integration and material investments in key strategic initiatives
  - EBITDA recurring w/IFRS16 at €392.8 million with margin at 22.7%
  - First and most sensitive phase of GAES integration process successfully completed, beyond initial expectations
- Net Profit recurring of €132.7 million, +23.9% vs FY 2018 (€127.1 million w/IFRS16)

## Excellent cash flow generation

- Excellent cash generation reducing leverage to 1.90x at year-end
  - Operating cash flow recurring of €260.3 million up +34.1% vs FY 2018
  - Free cash flow recurring at €171.4 million up 45.2% vs FY 2018

# Q2 2020: Revenues affected by Covid-19 particularly in April but materially improving during the quarter

## Actions on costs and cash flow delivering impressive results

- Revenues down 42.8% at constant FX due to Covid-19 outbreak, still outpacing the global hearing care retail market
  - Organic contraction at -44.1%
  - +1.3% contribution from M&A
- As expected, Q2 resulted in the toughest quarter due to the impact of full lockdown measures in most markets during April
- The pace of recovery was better than expected, with strong sequential improvement month-over-month
- Our organization reacted extremely quickly and decisively thanks to everyone's contribution
  - Strong actions to reduce costs and generate cash
  - Completion of refinancing program ensuring over €650 million of headroom
- Excellent profitability, despite lower revenues, reflecting decisive and timely actions on costs
  - EBITDA at €66.4 million, with margin at 26.5%, up 200bps vs Q2 2019
- Outstanding cash flow generation with Free cash flow at €72.1 million in H1 2020 vs €57.9 million in H1 2019, +24.6%
- Excellent Net Financial Position at €765.3 million, further improving vs. December 2019 and March 2020 despite negative impact from Covid-19 outbreak, and with leverage at 2.18x

# Trading update

## Faster-than-expected recovery, July trading above previous year

- Impressive pace of recovery, improving sequentially during the quarter and strongly correlated with the ease of lockdown restrictions
  - April running at ~65% vs prior year with ~35%<sup>I</sup> of network operating
  - May at ~45% vs prior year with ~50%<sup>I</sup> of network operating
  - June at ~20% vs prior year with ~70%<sup>I</sup> of network operating
- Pace of recovery across markets
  - Europe was heavily impacted in Q2 as most of our core markets experienced severe lockdown measures in April - with the exception of Germany - but recovered strongly from early May
  - The US was amongst the most impacted markets during the month of April but the fastest to recover since end of April/early May
  - APAC led the recovery in Q2, driven by a good contribution throughout all the period of Australia where operations have always been running, New Zealand which exited the total lockdown in mid-May and recovered fast thereafter, and China already at previous year revenue level in May
- Momentum is continuing in July with network globally almost entirely operating and with revenues currently growing vs. previous year
- Significant market share gains across the board
- Recovery trend demonstrating once again the resilience of our business and no change to industry's fundamentals

# Q2 2020 Financial highlights

Financials far better-than-expected with impressive results on profitability and cash flow, thanks to timely and effective measures

Data in €m	Q2 2020	Q2 2019	Δ%
REVENUES	250.4	440.1	-43.1%
Organic growth			-44.1%
Acquisitions			+1.3%
FX			-0.3%
EBITDA	66.4	107.6	-38.3%
<b>Margin %</b>	<b>26.5%</b>	<b>24.5%</b>	-

- Revenues down 42.8% in LC
  - Organic performance at -44.1%, due to Covid-19 outbreak
  - M&A contribution at +1.3%
  - FX impact at -0.3%
- Trading heavily impacted by Covid-19 in April but quickly improving thereafter with the ease of restrictions in most markets
- Excellent profitability, despite lower revenues, reflecting decisive and timely actions on costs
  - EBITDA at €66.4 million, with margin at 26.5%, up 200 bps vs Q2 2019
  - Significant decrease in labour cost primarily thanks to the activation of Government social schemes and other employment support tools as well as productivity improvements
  - Strong reduction of marketing spending (~65% vs Q2 2019)
  - Significant achievements in the renegotiation of rent agreements (~€7 million income according to the application of the Covid-19-related rent concessions amendment to IFRS 16 issued by the IASB)
  - Other costs benefitting from tight control on discretionary costs and successful renegotiation of supplier contracts

# HI 2020 Financial highlights

Highly encouraging results reflecting solid speed of recovery and strong ability in managing cost base and cash flow

Data in €m	HI 2020	HI 2019	Δ%
REVENUES	613.9	832.0	-26.2%
Organic growth			-27.8%
Acquisitions			+1.8%
FX			-0.2%
EBITDA	131.3	186.6	-29.6%
<b>Margin %</b>	<b>21.4%</b>	<b>22.4%</b>	-

- Revenues down 26.0% in LC
  - Organic performance at -27.8%, due to Covid-19 outbreak
  - M&A contribution at +1.8%
  - FX impact at -0.2%
- Trading impacted by Covid-19 from March, then improving since end of April/early May at a better-than-expected pace
- Very limited profitability decline despite lower revenues
  - Timely and decisive actions on costs
  - EBITDA at €131.3 million, with margin at 21.4%, down only 100bps vs HI 2019
- Strong operating and free cash flow at €121.6 million and €72.1 million, despite negative impact from Covid-19 outbreak
- Effective actions implemented to generate cash flow and improve NFP
  - Capex at €21.8 million (€5.3 million in Q2) vs €42.0 million in HI 2019
  - No M&A cash-out in Q2 leading to €41.8 million in HI 2020 vs €27.7 million in HI 2019
  - No dividend distribution vs €30.9 million cash-out in HI 2019
  - Tight control of operating and non-operating working capital

# Financial results by Region

EMEA: performance affected by Covid-19 but significantly improving both on top-line and profitability since end of April

Data in €m	HI 2020	HI 2019	Δ%
REVENUES	437.5	607.1	-27.9%
Organic growth			-29.6%
Acquisitions			+1.5%
FX			+0.2%
EBITDA	102.9	147.3	-30.2%
<b>Margin %</b>	<b>23.5%</b>	<b>24.3%</b>	-

Data in €m	Q2 2020	Q2 2019	Δ%
REVENUES	179.2	323.4	-44.6%
Organic growth			-45.7%
Acquisitions			+1.0%
FX			+0.1%
EBITDA	52.3	85.4	-38.7%
<b>Margin %</b>	<b>29.2%</b>	<b>26.4%</b>	-

- Revenues down 28.1% in LC
  - Organic performance at -29.6% due to Covid-19 outbreak
  - M&A contribution of +1.5% for bolt-on M&A in Germany and France
- Trading impacted by Covid-19 from March, initially in Italy, then following in other EMEA countries
- Faster-than-expected recovery since end of April/early May with the lift-up of restrictive measures
- Very good performance despite Covid-19 in Germany due to less restrictive measures
- Robust performance in France, thanks to an impressive recovery pace with the ease of lockdown, and reaching flat exit run-rate at the end of June
- Sequential and better-than-expected improvement in Q2 in Italy and Spain, countries initially more affected by the health emergency and severe lockdown measures
- EBITDA at €102.9 million, with margin at 23.5%, down only 80bps vs HI 2019
- Impressive results from the actions implemented on costs in Q2, delivering an EBITDA margin at 29.2%, up 280bps vs Q2 2019

# Financial results by Region

AMERICAS: varied timing and impact of Covid-19 across the Region, with the core US market showing the strongest speed of recovery

Data in €m	HI 2020	HI 2019	Δ%
REVENUES	104.6	131.9	-20.7%
Organic growth			-21.3%
Acquisitions			+0.4%
FX			+0.2%
EBITDA	22.7	29.1	-22.1%
<b>Margin %</b>	<b>21.7%</b>	<b>22.1%</b>	-

Data in €m	Q2 2020	Q2 2019	Δ%
REVENUES	40.2	68.8	-41.5%
Organic growth			-41.4%
Acquisitions			+0.2%
FX			-0.3%
EBITDA	10.8	16.4	-34.1%
<b>Margin %</b>	<b>26.9%</b>	<b>23.9%</b>	-

- Revenues down 20.9% in LC
  - Organic performance at ~-21%, due to Covid-19 outbreak
  - Contribution from M&A at +0.4% related to Canada
  - Currency tailwind, despite reverse of Euro appreciation vs. US Dollar in Q2
- Covid-19 impact materialization from end of March in the US and thereafter in Canada and Latin America
- US market, heavily impacted by Covid-19 during the month of April, showed the fastest recovery pace
  - Miracle-Ear reported a good performance with positive growth in June and strong share gains
  - Canada and Latin America severely impacted by the pandemic in Q2
- EBITDA at €22.7 million, with margin at 21.7%, down only 40bps vs HI 2019
- Impressive results from the actions implemented on costs in Q2, delivering EBITDA margin at 26.9%, up 300bps vs Q2 2019



# Financial results by Region

APAC: leading the recovery on the top-line and showing an outstanding operating leverage

Data in €m	HI 2020	HI 2019	Δ%
REVENUES	71.8	91.0	-21.1%
Organic growth			-23.5%
Acquisitions			+5.7%
FX			-3.3%
EBITDA	22.7	27.3	-16.9%
<b>Margin %</b>	<b>31.5%</b>	<b>30.0%</b>	-

Data in €m	Q2 2020	Q2 2019	Δ%
REVENUES	31.0	46.6	-33.6%
Organic growth			-36.0%
Acquisitions			+5.2%
FX			-2.8%
EBITDA	12.5	13.3	-5.7%
<b>Margin %</b>	<b>40.5%</b>	<b>28.5%</b>	-

- Revenues down -17.8% in LC
  - Organic performance at -23.5%
  - M&A contribution at +5.7% related to Attune acquisition
  - Currency headwind
- Good performance in Australia affected by Covid-19 emergency to a lesser extent compared to other markets thanks to less restrictive measures
- New Zealand strongly impacted by the pandemic from end of March to mid-May due to the adoption of total lockdown measures (including closure of our network), but quickly recovering thereafter
- China, first market to be affected by Covid-19, back to growth in Q2
- EBITDA at €22.7 million, with margin at 31.5%, up 150bps vs HI 2019
- Impressive results from mitigation measures in Q2, delivering an EBITDA margin at 40.5%, up 12p.p. vs Q2 2019

# Q2 2020 Financial results

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

Data in €m (unless specified)	Q2 2020	Q2 2019		Δ% Rec.
		Recurring	Reported	
<b>REVENUES</b>	<b>250.4</b>	<b>440.1</b>	<b>440.1</b>	<b>-43.1%</b>
<b>EBITDA<sup>1</sup></b>	<b>66.4</b>	<b>107.6</b>	<b>103.2</b>	<b>-38.3%</b>
<i>Margin %</i>	26.5%	24.5%	23.5%	--
ORDINARY D&A	(39.5)	(37.3)	(37.3)	-6.0%
PPA-RELATED AMORTIZATION	(9.9)	(9.3)	(9.4)	-6.6%
<b>EBIT<sup>2</sup></b>	<b>17.0</b>	<b>61.1</b>	<b>56.6</b>	<b>-72.1%</b>
<i>Margin %</i>	6.8%	13.9%	12.9%	--
NET FINANCIAL EXPENSES	(6.8)	(6.2)	(6.2)	-8.3%
<b>PBT<sup>2</sup></b>	<b>10.3</b>	<b>54.8</b>	<b>50.4</b>	<b>-81.2%</b>
TAXES	(2.9)	(14.3)	(13.6)	79.7%
<i>% on PBT</i>	28.2%	26.0%	27.1%	--
MINORITY	(0.0)	(0.0)	(0.0)	--
<b>NET PROFIT<sup>3</sup></b>	<b>7.4</b>	<b>40.6</b>	<b>36.8</b>	<b>-81.7%</b>
<i>Margin %</i>	3.0%	9.2%	8.4%	--
<b>EPS Reported (€)</b>	<b>0.033</b>	<b>--</b>	<b>0.166</b>	<b>-79.9%</b>
<b>EPS Adjusted<sup>3</sup> (€)</b>	<b>0.068</b>	<b>0.217</b>	<b>--</b>	<b>-68.6%</b>

1. No one-offs in Q2 2020. Negative one-off in Q2 2019 of €4.4 million for costs related to GAES integration

2. No one-offs in Q2 2020. Negative one-off in Q2 2019 of €4.4 million related to GAES integration

3. No one-offs in Q2 2020. Negative one-off in Q2 2019 of €3.8 million related to items in Notes above net of taxes

4. EPS adjusted for one-offs and PPA-related amortization (net of taxes)

# HI 2020 Financial results

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

Data in €m (unless specified)	HI 2020	HI 2019		Δ% Rec.
		Recurring	Reported	
<b>REVENUES</b>	<b>613.9</b>	<b>832.0</b>	<b>832.0</b>	<b>-26.2%</b>
<b>EBITDA<sup>1</sup></b>	<b>131.3</b>	<b>186.6</b>	<b>180.8</b>	<b>-29.6%</b>
<i>Margin %</i>	21.4%	22.4%	21.7%	--
ORDINARY D&A	(80.2)	(72.7)	(72.2)	-10.4%
PPA-RELATED AMORTIZATION	(19.6)	(18.5)	(18.6)	-5.7%
<b>EBIT<sup>2</sup></b>	<b>31.5</b>	<b>95.4</b>	<b>89.5</b>	<b>-66.9%</b>
<i>Margin %</i>	5.1%	11.5%	10.8%	--
NET FINANCIAL EXPENSES	(13.7)	(12.8)	(12.8)	-7.2%
<b>PBT<sup>2</sup></b>	<b>17.8</b>	<b>82.6</b>	<b>76.7</b>	<b>-78.5%</b>
TAXES	(5.3)	(23.2)	(22.2)	-77.1%
<i>% on PBT</i>	29.9%	28.1%	28.9%	--
MINORITY	(0.1)	(0.0)	(0.0)	--
<b>NET PROFIT<sup>3</sup></b>	<b>12.6</b>	<b>59.4</b>	<b>54.5</b>	<b>-78.8%</b>
<i>Margin %</i>	2.0%	7.1%	6.5%	--
<b>EPS Reported (€)</b>	<b>0.056</b>	--	<b>0.247</b>	<b>-77.2%</b>
<b>EPS Adjusted<sup>3</sup> (€)</b>	<b>0.121</b>	<b>0.330</b>	--	<b>-63.4%</b>

1. No one-offs in HI 2020. Negative one-off in HI 2019 of €5.8 million for costs related to GAES integration
2. No one-offs in HI 2020. Negative one-off in HI 2019 of €5.9 million related to GAES integration
3. No one-offs in HI 2020. Negative one-off in HI 2019 of €4.9 million related to items in Notes above net of taxes
4. EPS adjusted for one-offs and PPA-related amortization (net of taxes)

# HI 2020 Financial results

Outstanding cash flow generation with Free cash flow up +24.6%, despite Covid-19 outbreak

Data in €m	HI 2020 <sup>1</sup>	HI 2019 <sup>2</sup>	Δ
<b>Operating cash flow before repayment of lease liabilities</b>	121.6	139.5	(17.9)
Repayment of lease liabilities	(27.7)	(39.7)	12.0
<b>Operating cash flow</b>	<b>93.9</b>	<b>99.8</b>	<b>(5.9)</b>
Capex (net)	(21.8)	(42.0)	20.2
<b>Free cash flow</b>	<b>72.1</b>	<b>57.9</b>	<b>14.2</b>
Acquisitions (net)	(41.8)	(27.7)	(14.1)
<b>Cash provided by (used in) operating and investing activities</b>	<b>30.3</b>	<b>30.1</b>	<b>0.2</b>
Cash provided by (used) financing activities	(7.7)	(29.7)	22.0
<b>Net cash flow for the period</b>	<b>22.6</b>	<b>0.4</b>	<b>22.2</b>

<b>Net financial position (opening date)</b>	<b>(786.7)</b>	<b>(840.9)</b>	<b>54.2</b>
Change in net financial position	22.6	0.4	22.2
Effect of FX & discontinued operation on financial position	(1.2)	(0.7)	(0.6)
<b>Net financial position (closing date)</b>	<b>(765.3)</b>	<b>(841.1)</b>	<b>75.7</b>

1. Non recurring cash-out of €0.8 million in HI 2020

2. Non recurring cash-out of €7.0 million in HI 2019

# HI 2020 Financial results

Excellent NFP with leverage at 2.18x and further strengthened financial profile

Data in €m	30/06/2020	31/12/2019
Cash	(427.2)	(138.4)
Short-term debt	66.4	172.4
Medium/long-term debt	1,126.2	752.6
<b>Net financial debt</b>	<b>765.3</b>	<b>786.7</b>
Lease liabilities	442.7	424.6
<b>Total financial debt &amp; lease liabilities</b>	<b>1,208.0</b>	<b>1,211.3</b>
<b>Total net equity</b>	<b>700.0</b>	<b>696.1</b>
Net debt/EBITDA	2.18x	1.90x
Net debt/Equity	1.10x	1.13x

- Completed refinancing securing ~€370 million additional finance as well as extending maturities
- Headroom (cash on balance sheet & undrawn committed revolving credit facilities) of over €650 million

# 2020 Outlook

## Looking ahead with confidence

- Whilst we remain cautious about the future developments of the Covid-19 outbreak, we believe the worst is behind us
- The impressive speed of recovery since the easing of restrictive measures and the actual July run rate clearly demonstrate the resilience of our business
- In fact, industry fundamentals and consumer behaviors have not been affected by Covid-19
- Although the situation remains uncertain, given our recent performance and assuming no further significant re-tightening of lockdown restrictions, we are positive about the second half of the year and we now expect Q3 at a similar revenue level to previous year
- We also look positively to FY 2021 both in terms of sales and profitability
  - Regarding profitability, the strong measures implemented to reduce our cost base and improve productivity will allow us to be more efficient going forward
- We are moving in the right direction to transform this unprecedented crisis into an opportunity and to emerge from it even stronger than before

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