BIt Market Services

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Oggetto	:	Amplifon: the path of strong growth and improving profitability continues

Testo del comunicato

Vedi allegato.

AMPLIFON: THE PATH OF STRONG GROWTH AND IMPROVING PROFITABILITY CONTINUES

REVENUES RISE 10.8% AT CONSTANT EXCHANGE RATES, DRIVEN BY SOLID ORGANIC GROWTH WELL BALANCED ACROSS ALL REGIONS AND POSITIVE PERFORMANCE OF THE PROFITABILITY INDICATORS

EXECUTION PERFECTLY IN LINE WITH THE GROUP'S STRATEGY AND MID-TERM EXPECTATIONS: LAUNCH OF NEW TV CAMPAIGNS IN GERMANY AND THE UNITED STATES, ACCELERATION OF THE NETWORK EXPANSION WITH THE ADDITION OF 260 STORES, 107 OF WHICH IN GERMANY, AND RENEWAL OF THE MIRACLE-EAR-SIVANTOS SUPPLY AGREEMENT FOR NORTH AMERICA

The main results for the first nine months of 2016:

- Consolidated revenues of Euro 803.9 million, up 10.8% at constant exchange rates and 9.6% at current exchange rates compared to the first nine months of 2015
- EBITDA net of non-recurring expenses reached Euro 121.6 million, or 15.1% of revenues, an increase of 12.3% compared to 2015. EBITDA as reported reached Euro 119.1 million, or 14.8% of revenues, an increase of 70 basis points compared to the same period of 2015
- Recurring net profit amounted to Euro 41.1 million, an increase of 40.1% compared to the first nine months of 2015. Net profit as reported was Euro 39.3 million, an increase of 55.3% compared to the same period of 2015
- Net financial debt was Euro 265.9 million, up with respect to the Euro 252.5 million reported at September 30th, 2015, primarily due to increased investments in acquisitions, and with respect to the Euro 204.9 million posted at December 31st, 2015 also due to seasonality and dividends payment
- Free cash flow was positive for Euro 27.5 million after non-recurring expenses of Euro 3.1 million

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Milan, October 26th, 2016 – Today the Board of Directors of Amplifon S.p.A. (MTA; Bloomberg ticker: AMP:IM), global leader in hearing solutions and services, approved the Interim Financial Report as at September 30th, 2016 during a meeting chaired by Susan Carol Holland.

MAIN ECONOMICAL AND FINANCIAL FIGURES – FIRST NINE MONTHS 2016

	First nine months 2016				First nine months 2015				
(Euro millions)	**Recurring**	**Non recurring**	**Total**	**% on recurring**	Recurring	Non recurring	Total	% on recurring	**Change % on recurring**
Net revenues	803.9	-	803.9	100.0%	733.7	-	733.7	100.0%	9.6%
EBITDA	121.6	(2.5)	119.1	15.1%	108.3	(4.8)	103.5	14.8%	12.3%
EBIT	83.0	(2.5)	80.5	10.3%	70.3	(4.8)	65.5	9.6%	18.1%
Group net income	41.1	(1.7)	39.3	5.1%	29.3	(4.0)	25.3	4.0%	40.1%
Free cash flow			27.5				38.4		
	30/09/2016				31/12/2015				**Change %**
Net financial position	265.9				204.9				29.8%

MAIN ECONOMICAL AND FINANCIAL FIGURES – Q3 2016

	Q3 2016				Q3 2015				
(Euro millions)	**Recurring**	**Non recurring**	**Total**	**% on recurring**	Recurring	Non recurring	Total	% on recurring	**Change % on recurring**
Net revenues	259.7	-	259.7	100.0%	233.5	-	233.5	100.0%	11.2%
EBITDA	33.6	-	33.6	13.0%	29.7	2.0	31.7	12.7%	13.3%
EBIT	20.8	-	20.8	8.0%	17.2	2.0	19.2	7.4%	20.9%
Group net income	9.7	-	9.7	3.7%	4.8	2.0	6.8	2.0%	103.3%

"We are very satisfied with the third quarter performance and the strong growth path we have been pursuing with determination since the beginning of the year. Revenues grew in the quarter and in the first nine months of 2016 by more than 10% at constant exchange rates, driven by strong organic growth and excellent performance of all the regions in which we operate: steady growth continued in Europe, North America showed a strong acceleration and Asia-Pacific is in excellent shape. These results, source of even greater satisfaction if compared to the remarkable performance reported in the same period of 2015, not only confirm the validity of our strategic choices but also demonstrate the Company's ability to execute them," said **Enrico Vita, Amplifon's Chief Executive Officer.** *"Once again we have confirmed the effectiveness of both our new marketing initiatives, which include the recently launched TV campaigns in Italy, Germany and the United States, and the continuous network expansion in core markets, boosted by the recent acquisitions in Germany and Canada. We are confident that these excellent results, the strategic choices made and the strong execution capabilities demonstrated will allow us to reach the end of 2016 with optimism and will allow us to achieve our medium/long-term goals".*

Overview

Amplifon reported consolidated revenues of Euro 803.9 million in the first nine months of 2016, an increase of 10.8% at constant exchange rates and of 9.6% at current exchange rates compared to the same period of 2015, despite the remarkable performance reported in the same period of 2015. This result was driven, once again, by strong organic growth (+8.0%) and acquisitions (+2.8%), which was accompanied by a negative foreign exchange effect of 1.2%. Net of non-recurring items, EBITDA rose 12.3% or 30 basis points. Recurring net profit rose 40.1% compared to September 30th, 2015. **Net financial debt** was Euro 265.9 million, higher than the Euro 252.5 million reported at September 30th, 2015 primarily due to the acquisitions made in the last 12 months (Euro 76.8 million), and higher than the Euro 204.9 million reported at December 31st, 2015 also due to seasonality and dividends payment.

In the third quarter of 2016, Amplifon continued with the trend of strong revenue growth reported in the first half, recording the eleventh consecutive quarter of solid organic growth, notwithstanding the challenging comparison with the same period of 2015. Revenues amounted to Euro 259.7 million, an increase of 11.2% compared to the third quarter of 2015. This result was driven by strong organic growth (+8.1%) and acquisitions (+3.1%). No exchange effect was recorded. EBITDA net of non-recurring items reached Euro 33.6 million, an increase of 13.3%, with an EBITDA margin of 13.0% compared to 12.7% in the third quarter of 2015. This result was also achieved thanks to the increased marketing investments incurred in the period in order to accelerate future growth. Recurring net profit rose 103.3% compared to the third quarter of 2015 to Euro 9.7 million.

The implementation of the Company's network expansion program was accelerated in the first nine months of the year, both organically and through acquisitions, adding 185 stores and 75 shop-in-shops, of which 142 stores and 9 shop-in-shops in the third quarter alone. The openings, 23 stores and 69 shop-in-shops, were located largely in the Iberian Peninsula, Poland, Australia and New Zealand; while the acquisitions were made mainly in Germany, primarily through the acquisition in July of two mid-size chains for a total of 86 stores, in Canada, with the absorption of 21 *Hear More* stores in Ontario, and in France where 23 stores and 3 shop-in-shops were added.

Financial results for the first nine months of 2016

Consolidated revenues reached Euro 803.9 million in the first nine months of 2016, an increase of 10.8% at constant exchange rates and of 9.6% at current exchange rates compared to the same period of 2015. Revenues were driven by solid organic growth (+8.0%) and acquisitions (2.8%). This result was achieved thanks to the strong performances recorded in all geographies where the Company is present.

Thanks to the significant growth in revenues and increased operational efficiency, **EBITDA**, net of non-recurring items, rose 12.3% from the Euro 108.3 million reported in the same period of 2015 to Euro 121.6 million, with the EBITDA margin coming in at 15.1%. **EBITDA as reported** rose 15.1% compared to 2015 to Euro 119.1 million, with the margin coming in at 14.8%. Non-recurring expenses of Euro 2.5 million include advisory fees and expenses related to an acquisition process which was not completed.

The recurring EBITDA margin for **EMEA** improved markedly, rising from the 12.3% recorded in the first nine months of 2015 to 14.2% in the first nine months of 2016, an increase of 27.2% in absolute terms and of 190 basis points. Recurring EBITDA reached Euro 28.5 million in **AMERICAS**, largely in line with the same period of the prior year, with a margin contraction of 160 basis points as a result of the increased marketing investments incurred in the period to accelerate future growth. **ASIA-PACIFIC** closed the first nine months of the year with an EBITDA of Euro 36.5 million, an increase of 5.2% compared to the same period of 2015.

Net of non-recurring costs, **EBIT** amounted to Euro 83.0 million (+18.1%), or 10.3% of revenues, an increase of 70 basis points compared to the same period of the prior year. **Recurring net profit** reached Euro 41.1 million, an increase of 40.1% compared to the first nine months of 2015. **Net profit as reported** amounted to Euro 39.3 million, an increase of 55.3% compared to the same period of 2015, which was impacted by non-recurring expenses after tax of Euro 4.0 million.

Performance by geographic area

EMEA: profitable growth and market share gains

Revenues in Europe, the Middle East and Africa (**EMEA**) reached Euro 526.5 million, an increase of 11.2% at constant exchange rates and of 10.2% at current exchange rates compared to the same period of the prior year. This result was driven for 7.4% by strong organic growth and for 3.8% by acquisitions, while the foreign exchange effect had a negative impact of 1.0%. The solid growth trend was confirmed in **Italy,** primarily driven by remarkable organic growth which was boosted by the new communication strategy and other integrated marketing initiatives, including the launch of a new TV campaign. The Company reported exceptional double-digit growth in **Germany**, driven by the contribution of recent acquisitions (107 stores), as well as solid organic growth. Double digit growth was also posted in the **Iberian Peninsula**, **Switzerland**, **Belgium - Luxembourg**, **Hungary** and **Poland** mainly due to strong organic growth. A positive performance was reported in **the Netherlands** thanks to a significant increase in volumes, despite the persistent price pressure. In **France**, which is still subject to a challenging comparison with the excellent performance recorded in the same period of 2015, growth was driven primarily by acquisitions. Revenue growth in local currency was also solid in the **United Kingdom**. Thanks to revenue acceleration and greater operational efficiency, EMEA's contribution to the Company's profitability improved significantly. Recurring EBITDA amounted to Euro 74.6 million with a margin of 14.2%, an increase of 190 basis points compared to the first nine months of 2015.

AMERICA: steadily accelerating

Revenues in **AMERICAS** reached Euro 157 million in the first nine months of 2016, up 8.7% in local currencies and 8.2% at current exchange rates. This result was primarily driven by strong organic growth. All businesses in North America recorded positive performances, with **Miracle-Ear** and **Amplifon Hearing Health Care** reporting particularly strong results thanks, respectively, to greater investments in marketing (including the new TV campaign) as well as greater store operational efficiency, and to the positive impact of the agreements with two premiere insurance companies. During the period Miracle-Ear also renewed the supply agreement with Sivantos, Inc. for three years effective from January 1st, 2017. Under this agreement, which signals the continuation of a strong partnership started over 15 years ago, the Miracle-Ear brand hearing aids will continue to be manufactured by Sivantos. A positive performance was reported by **Elite Hearing Network** which in the third quarter began to benefit from a favorable comparison with the same period of 2015, when a contract with a commercial partner was terminated. Strong growth was reported in **Canada**, largely driven by the network expansion. In August, 21 *Hear More* stores were, in fact, acquired in Ontario which brought the network to a total of 42 direct points of sale. Recurring EBITDA amounted to Euro 28.5 million in AMERICAS, largely in line with the Euro 28.7 million reported in the same period of 2015, but with a margin contraction due to the increased marketing investments incurred in the period. These investments to accelerate future growth were up more than 50% compared to the first nine months of 2015 and are mainly attributable to the costs incurred to support the new Miracle-Ear TV campaign launched in July.

ASIA-PACIFIC: continued outstanding performance

Revenues in **ASIA-PACIFIC** amounted to Euro 119.8 million in the first nine months of 2016, an increase of 11.1% in local currencies and of 8.1% at current exchange rates compared to the same period of the prior year. This result was driven for 10.2% by solid organic growth and for 0.9% by acquisitions. A particularly brilliant performance was recorded in **Australia,** where double-digit organic growth was driven by strong distribution channel productivity and further expansion of the network (8 new stores and 22 shop-in-shops). **New Zealand** also performed well, despite a particularly challenging comparison base, with strong acceleration in organic growth in the third quarter. The Region's EBITDA amounted to Euro 36.5 million confirming, once again, the operative excellence of the network, which remains the most profitable within the Company. Lastly, please note that John Pappalardo, Executive Vice President APAC, will be leaving the Group at the end of the year to pursue other professional opportunities and Craig Stevens will assume this role. Craig Stevens, already part of National Hearing Care when it was acquired by Amplifon, is currently Market Director of Germany where he has contributed to its significant development and to the recent acquisitions.

Balance sheet figures as at September 30th, 2016

All balance sheet indicators remained positive, confirming the Company's solid financial structure and ability to sustain its ambitious growth projects. **Net equity** amounted to Euro 528.1 million at September 30th, 2016, an increase compared to the Euro 500.2 million posted at December 31st, 2015. **Net financial debt** was Euro 265.9 million, higher than the Euro 252.5 million reported at September 30th, 2015, primarily due to the acquisitions made in the last 12 months (Euro 76.8 million), and higher than the Euro 204.9 million posted at December 31st, 2015, largely explained by seasonality and dividends payment, in addition to the acquisitions carried out in the first nine months of 2016. Net debt/EBITDA ratio was 1.42x at September 30th, 2016. Recurring **free cash flow** was positive for Euro 30.6 million, down slightly compared to the Euro 35.1 million of recurring free cash flow generated in the first nine months of 2015. This difference is primarily due to higher investments (before disposals) of Euro 35.6 million, related to the new openings and the re-branding of the Amplifon network and IT infrastructure, versus the Euro 28.8 million investments made in the same period of 2015.

Outlook

The Company expects the positive trend in sales and profitability to continue thanks to continuous organic growth and solid contribution of external growth. In **Europe** the Company expects the strong sales growth and improved profitability to persist thanks to network expansion, both via acquisitions and new openings, and the benefits derived from marketing and communication investments. Growth is expected to accelerate further in **Americas** thanks to the new marketing initiatives, including the recently launched Miracle-Ear TV campaign. Lastly, in **Asia-Pacific** the Company expects stable organic growth and to substantially maintain current profitability levels. The Company, therefore, remains confident about its ability to execute its strategic plan and achieve the previously announced targets.

Assignment of New Performance Stock Grant Plan Beneficiaries

The Board of Directors resolved to assign, based on the recommendations of the Remuneration and Appointments Committee and pursuant to Art. 84 *bis*, par. 5 of Consob Regulation n. 11971/1999, as amended, the fifth award cycle of the performance stock grant plan (for the period 2016-2018) which calls for the assignment of 330,000 shares with the assignment date October 26th, 2016.

The information regarding the beneficiaries and the respective rights assigned can be found in the table prepared in accordance with the indications provided in Table n. 1, Form 7 of Annex 3A of Regulation n. 11971/1999 which will be made available in accordance with the law at the corporate headquarters and published on the company's website within the Information Document.

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The Company announces that the Interim Financial Report as at September 30th, 2016 will be made available to the public from October 28th, 2016 at the Company's registered office, on the Company's website (www.amplifon.com/corporate) and on the authorized storage system NIS-Storage (www.emarketstorage.com).

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The results for the first nine months of 2016 will be presented to the financial community today at 15:00 (CET) during a conference call. To participate in the conference call dial one of the following numbers: +44 121 281 8003 (UK), +1 718 705 8794 (USA) or +39 02 805 88 11 (Italy). A few presentation slides will be made available prior to the beginning of the conference call, beginning at 14:00 CET, in the Investors section (Presentations) of our website: www.amplifon.com/corporate. For those who are unable to attend the live conference call, a recording will be available immediately after the call until 24:00 (CET) of October 28th, 2016, by dialling the following numbers: +44 121 281 8005 (UK), +1 718 705 8797 (USA) or +39 02 72 495 (Italy), access code: 900#.

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In compliance with paragraph 2 of Article 154 bis of the "Uniform Financial Services Act" (Legislative Decree 58/1998), the Manager charged with preparing the Company's financial reports, Ugo Giorcelli, declares that the accounting information reported in the present press release corresponds to the underlying documentary reports, books of account and accounting entries.

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Pursuant to IFRS 8 – "Operating Segments", based on a corresponding change in the reports periodically analyzed by the Chief Executive Officer and the Company's Top Management, the schedules relating to segment information have been revised in order to expose separately data by direct competence of leaders of the Regions and the costs of the Company's central 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. The financial statements relative to the first nine months of 2015 have been, consequently, restated.*

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This press release contains forward-looking statements. These statements are based on the Company's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: continued volatility and further deterioration of capital and financial markets, changes in general macro-economic conditions, economic growth and other changes in business conditions, changes in laws and regulations (both in Italy and abroad), and many other factors, most of which are outside of the Company's control.

About Amplifon

Amplifon, listed on the STAR segment of the Italian Stock Exchange, is the global leader in hearing solutions and services for retail expertise, customization and consumer care. Through a network of approximately 3,800 points of sale, 3,600 service centers and 1,850 affiliates, Amplifon is active in 22 countries across EMEA (Italy, France, the Netherlands, Germany, the UK, Ireland, Spain, Portugal, Switzerland, Belgium, Luxembourg, Hungary, Egypt, Turkey, Poland and Israel), Americas (U.S.A., Canada and Brazil) and APAC (Australia, New Zealand and India). With more than 5,500 hearing care professionals, the Group is committed to delivering the highest quality of service and care, in order to achieve the best hearing experience for customers worldwide. More information about the Group available at: www.amplifon.com/corporate.

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NET REVENUES BY GEOGRAPHIC AREA – FIRST NINE MONTHS 2016

(€ thousands)	**First Nine Months 2016**	**%**	First Nine Months 2015	%	**Change**	**Change %**	**Exchange diff.**	**Change % in local currency**	**Organic growth %**
Total EMEA	526,507	65.5%	477,706	65.1%	48,801	10.2%	(4,712)	11.2%	7.4%
Total Americas	157,007	19.5%	145,047	19.8%	11,960	8.2%	(724)	8.7%	7.4%
Total APAC	119,767	14.9%	110,826	15.1%	8,941	8.1%	(3,349)	11.1%	10.2%
Corporate and intercompany elimination	659	0.1%	169	0.0%	490	289.9%	-	-	
Total	**803,940**	**100.0%**	**733,748**	**100.0%**	**70,192**	**9.6%**	**(8,785)**	**10.8%**	**8.0%**

NET REVENUES BY GEOGRAPHIC AREA – Q3 2016

(€ thousands)	**Q3 2016**	**%**	Q3 2015	%	**Change**	**Change %**	**Exchange diff.**	**Change % in local currency**	**Organic growth %**
Total EMEA	160,278	61.7%	147,071	63.0%	13,207	9.0%	(2,109)	10.4%	6.1%
Total Americas	55,536	21.4%	49,074	21.0%	6,462	13.2%	(212)	13.6%	11.6%
Total APAC	43,690	16.8%	37,260	16.0%	6,430	17.3%	2,370	10.9%	10.8%
Corporate and intercompany elimination	225	0.1%	64	0.0%	161	251.6%	-	-	
Total	**259,729**	**100.0%**	**233,469**	**100.0%**	**26,260**	**11.2%**	**(49)**	**11.2%**	**8.1%**

INCOME STATEMENT – FIRST NINE MONTHS 2016

(€ thousands)	**First Nine Months 2016**				First Nine Months 2015				
	Recurring	**Non recurring**	**Total**	**% on recurring**	Recurring	Non recurring	Total	% on recurring	**% change on recurring**
Revenues from sales and services	803,940	-	803,940	100.0%	733,748	-	733,748	100.0%	9.6%
Operating costs	(681,037)	-	(681,037)	-84.7%	(626,892)	(6,792)	(633,684)	-85.4%	8.6%
Other costs and revenues	(1,276)	(2,502)	(3,778)	-0.2%	1,435	2,005	3,440	0.2%	-188.9%
Gross operating profit (EBITDA)	**121,627**	**(2,502)**	**119,125**	**15.1%**	**108,291**	**(4,787)**	**103,504**	**14.8%**	**12.3%**
Depreciation and write-downs of non-current assets	(27,212)	-	(27,212)	-3.4%	(26,800)	-	(26,800)	-3.7%	1.5%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**94,415**	**(2,502)**	**91,913**	**11.7%**	**81,491**	**(4,787)**	**76,704**	**11.1%**	**15.9%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(11,373)	-	(11,373)	-1.4%	(11,203)	-	(11,203)	-1.5%	1.5%
Operating profit (EBIT)	**83,042**	**(2,502)**	**80,540**	**10.3%**	**70,288**	**(4,787)**	**65,501**	**9.6%**	**18.1%**
Income, expenses, valuation and adjustments of financial assets	278	-	278	0.0%	204	1,267	1,471	0.0%	36.3%
Net financial expenses	(13,986)	-	(13,986)	-1.7%	(15,682)	(2,842)	(18,524)	-2.1%	-10.8%
Exchange differences and non hedge accounting instruments	(182)	-	(182)	0.0%	(1,144)	-	(1,144)	-0.2%	-84.1%
Profit (loss) before tax	**69,152**	**(2,502)**	**66,650**	**8.6%**	**53,666**	**(6,362)**	**47,304**	**7.3%**	**28.9%**
Current tax	(30,456)	786	(29,670)	-3.8%	(26,280)	748	(25,532)	-3.6%	15.9%
Deferred tax	2,458	-	2,458	0.3%	1,753	1,634	3,387	0.2%	40.2%
Net profit (loss)	**41,154**	**(1,716)**	**39,438**	**5.1%**	**29,139**	**(3,980)**	**25,159**	**4.0%**	**41.2%**
Profit (loss) of minority interests	101	-	101	0.0%	(164)	-	(164)	0.0%	-161.6%
Net profit (loss) attributable to the Group	**41,053**	**(1,716)**	**39,337**	**5.1%**	**29,303**	**(3,980)**	**25,323**	**4.0%**	**40.1%**

INCOME STATEMENT – Q3 2016

(€ thousands)	Q3 2016				Q3 2015				
	Recurring	**Non recurring**	**Total**	**% on recurring**	Recurring	Non recurring	Total	% on recurring	**% change on recurring**
Revenues from sales and services	259,729	-	259,729	100.0%	233,469	-	233,469	100.0%	11.2%
Operating costs	(225,328)	-	(225,328)	-86.8%	(204,232)	-	(204,232)	-87.5%	10.3%
Other costs and revenues	(764)	-	(764)	-0.3%	464	2,005	2,469	0.2%	-264.7%
Gross operating profit (EBITDA)	**33,637**	**-**	**33,637**	**13.0%**	**29,701**	**2,005**	**31,706**	**12.7%**	**13.3%**
Depreciation and write-downs of non-current assets	(9,064)	-	(9,064)	-3.5%	(8,813)	-	(8,813)	-3.8%	2.8%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**24,573**	**-**	**24,573**	**9.5%**	**20,888**	**2,005**	**22,893**	**8.9%**	**17.6%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(3,733)	-	(3,733)	-1.4%	(3,655)	-	(3,655)	-1.6%	2.1%
Operating profit (EBIT)	**20,840**	**-**	**20,840**	**8.0%**	**17,233**	**2,005**	**19,238**	**7.4%**	**20.9%**
Income, expenses, valuation and adjustments of financial assets	88	-	88	0.0%	43	(59)	(16)	0.0%	104.7%
Net financial expenses	(4,654)	-	(4,654)	-1.8%	(4,802)	1,425	(3,377)	-2.1%	-3.1%
Exchange differences and non hedge accounting instruments	9	-	9	0.0%	(971)	-	(971)	-0.4%	-100.9%
Profit (loss) before tax	**16,283**	**-**	**16,283**	**6.3%**	**11,503**	**3,371**	**14,874**	**4.9%**	**41.6%**
Current tax	(8,879)	-	(8,879)	-3.4%	(8,344)	(1,504)	(9,848)	-3.6%	6.4%
Deferred tax	2,302	-	2,302	0.9%	1,575	132	1,707	0.7%	46.2%
Net profit (loss)	**9,706**	**-**	**9,706**	**3.7%**	**4,734**	**1,999**	**6,733**	**2.0%**	**105.0%**
Profit (loss) of minority interests	(3)	-	(3)	0.0%	(41)	-	(41)	0.0%	-92.7%
Net profit (loss) attributable to the Group	**9,709**	**-**	**9,709**	**3.7%**	**4,775**	**1,999**	**6,774**	**2.0%**	**103.3%**

SEGMENT INFORMATION

(€ thousands)	First nine months 2016					First nine months 2015				
	EMEA	**Americas**	**Asia Pacific**	**Corporate (*)**	**Total**	EMEA	Americas	Asia Pacific	Corporate (*)	Total
Net Revenues	526,507	157,007	119,767	659	803,940	477,706	145,047	110,826	169	733,748
EBITDA	**74,613**	**28,541**	**36,487**	**(20,516)**	**119,125**	**58,128**	**31,192**	**34,696**	**(20,512)**	**103,504**
% on sales	*14.2%*	*18.2%*	*30.5%*	*-2.6%*	*14.8%*	*12.2%*	*21.5%*	*31.3%*	*-2.8%*	*14.1%*
Recurring EBITDA	**74,613**	**28,541**	**36,487**	**(18,014)**	**121,627**	**58,655**	**28,659**	**34,696**	**(13,719)**	**108,291**
% on sales	*14.2%*	*18.2%*	*30.5%*	*-2.2%*	*15.1%*	*12.3%*	*19.8%*	*31.3%*	*-1.9%*	*14.8%*
EBIT	**50,622**	**25,279**	**28,240**	**(23,601)**	**80,540**	**34,367**	**27,766**	**26,361**	**(22,993)**	**65,501**
% on sales	*9.6%*	*16.1%*	*23.6%*	*-2.9%*	*10.0%*	*7.2%*	*19.1%*	*23.8%*	*-3.1%*	*8.9%*

(*) Please note that the schedules relating to segment information have been revised in order to expose separately data by direct competence of leaders of the Regions and the costs of the Company's central functions (previously reported in the EMEA region). Figures for the first nine months of 2015 have been restated accordingly.

(€ thousands)	Q3 2016					Q3 2015				
	EMEA	**Americas**	**Asia Pacific**	**Corporate (*)**	**Total**	EMEA	Americas	Asia Pacific	Corporate (*)	Total
Net Revenues	160,278	55,536	43,690	225	259,729	147,071	49,074	37,260	64	233,469
EBITDA	**16,822**	**9,575**	**13,295**	**(6,055)**	**33,637**	**12,385**	**12,270**	**11,588**	**(4,537)**	**31,706**
% on sales	*10.5%*	*17.2%*	*30.4%*	*-2.3%*	*13.0%*	*8.4%*	*25.0%*	*31.1%*	*-1.9%*	*13.6%*
Recurring EBITDA	**16,822**	**9,575**	**13,295**	**(6,055)**	**33,637**	**12,913**	**9,737**	**11,588**	**(4,537)**	**29,701**
% on sales	*10.5%*	*17.2%*	*30.4%*	*-2.3%*	*13.0%*	*8.8%*	*19.8%*	*31.1%*	*-1.9%*	*12.7%*
EBIT	**8,971**	**8,479**	**10,573**	**(7,183)**	**20,840**	**4,393**	**11,228**	**9,025**	**(5,408)**	**19,238**
% on sales	*5.6%*	*15.3%*	*24.2%*	*-2.8%*	*8.0%*	*3.0%*	*22.9%*	*24.2%*	*-2.3%*	*8.2%*

(*) Please note that the schedules relating to segment information have been revised in order to expose separately data by direct competence of leaders of the Regions and the costs of the Company's central functions (previously reported in the EMEA region). Figures for the third quarter of 2015 have been restated accordingly.

NON RECURRING ITEMS

(€ thousands)	**First nine months 2016**	First nine months 2015	**Q3 2016**	Q3 2015
Advisory fees and expenses related to an acquisition process which was not completed	(2,502)	-	-	-
Expenses linked to the transition in the Group's leadership	-	(6,792)	-	-
Restructuring costs incurred in the Netherlands	-	(528)	-	(528)
Income generated in the United States as a result of early termination of commercial partnership	-	2,533	-	2,533
Impact of the non-recurring items on EBITDA	**(2,502)**	**(4,787)**	**-**	**2,005**
Impact of the non-recurring items on EBIT	**(2,502)**	**(4,787)**	**-**	**2,005**
Make whole payment made following advance repayment of the 2006-2016 private placement	-	(4,271)	-	(4)
Income generated in the United States by eliminating the discounting of receivables entirely repaid by a partner following early termination of the commercial partnership	-	1,429	-	1,429
Income recognized in New Zealand following the acquisition of 100% of Dilworth Hearing Ltd (already 40% held) pursuant to IFRS 3R relating to the accounting of step up acquisitions	-	1,267	-	(59)
Impact of the non-recurring items pre-tax	**(2,502)**	**(6,362)**	**-**	**3,371**
Impact of the above items on the tax burden of the period	786	2,382	-	(1,372)
Impact of the non-recurring items on total net result	**(1,716)**	**(3,980)**	**-**	**1,999**

BALANCE SHEET

(€ thousands)	30/09/2016	31/12/2015	Change
Goodwill	627,971	572,150	55,821
Customer lists, non compete agreements, trademarks and location rights	109,177	98,115	11,062
Software charges, licenses, other int.ass., wip and advances	45,645	43,298	2,347
Tangible assets	109,050	102,675	6,375
Fixed financial assets	42,076	42,326	(250)
Other non-current financial assets	4,790	4,236	554
Total fixed assets	**938,709**	**862,800**	**75,909**
Inventories	34,582	28,956	5,626
Trade receivables	113,894	111,727	2,167
Other receivables	40,453	34,068	6,385
Current assets	**188,929**	**174,751**	**14,178**
Total assets	**1,127,638**	**1,037,551**	**90,087**
Trade payables	(105,342)	(113,343)	8,001
Other payables	(128,390)	(131,432)	3,042
Provisions for risks (current portion)	(1,417)	(1,378)	(39)
Short term liabilities	**(235,149)**	**(246,153)**	**11,004**
Working capital	**(46,220)**	**(71,402)**	**25,182**
Derivative instruments	(8,207)	(6,988)	(1,219)
Deferred tax assets	43,472	40,743	2,729
Deferred tax liabilities and tax payables	(60,653)	(55,695)	(4,958)
Provisions for risks (non current portion)	(52,271)	(48,407)	(3,864)
Employee benefits (non current portion)	(18,887)	(15,572)	(3,315)
Loan fees	1,641	2,197	(556)
Other long term payables	(3,601)	(2,600)	(1,001)
NET INVESTED CAPITAL	**793,983**	**705,076**	**88,907**
Shareholders' equity	527,607	499,471	28,136
Third parties' equity	521	694	(173)
Net equity	**528,128**	**500,165**	**27,963**
Long term net financial debt	379,869	382,542	(2,673)
Short term net financial debt	(114,014)	(177,631)	63,617
Total net financial debt	**265,855**	**204,911**	**60,944**
FINANCIAL DEBT AND NET EQUITY	**793,983**	**705,076**	**88,907**

NET FINANCIAL DEBT MATURITY PROFILE

(€ millions)	2016	2017	2018	2019 and beyond	Total
Eurobond			(275.0)		**(275.0)**
Private placement				(100.9)	**(100.9)**
Bank overdraft	(15.9)	(3.5)			**(19.4)**
Others	(6.8)	(11.2)	(1.0)	(1.8)	**(20.8)**
Cash and cash equivalents	150.2				**150.2**
Total	**127.5**	**(14.7)**	**(276)**	**(102.7)**	**(265.9)**

CASH FLOW STATEMENT

(€ thousands)	**First nine months 2016**	First nine months 2015
EBIT	**80,540**	**65,501**
Amortization, depreciation and write down	38,585	38,003
Provisions, other non-monetary items and gain/losses from disposals	15,449	16,872
Net financial expenses	(13,036)	(19,101)
Taxes paid	(28,877)	(25,351)
Changes in net working capital	(30,594)	(17,220)
Cash flow provided by (used in) operating activities (A)	**62,067**	**58,704**
Cash flow provided by (used in) operating investing activities (B)	(34,590)	(20,283)
Free Cash Flow (A) + (B)	**27,477**	**38,421**
Cash flow provided by (used in) acquisitions (C)	(70,400)	(34,716)
Cash flow provided by (used in) securities and reductions of earn-out (D)	(55)	4,809
Cash flow provided by (used in) investing activities (B+C+D)	**(105,045)**	**(50,190)**
Cash flow provided by (used in) operating activities and investing activities	**(42,978)**	**8,514**
Dividends paid	(9,427)	(9,356)
Treasury shares	(12,006)	(4,545)
Capital increases, third parties contributions and dividends paid by subsidiaries to third parties	1,371	4,133
Hedging instruments and other changes in non current assets	(5)	(988)
Net cash flow from the period	**(63,045)**	**(2,242)**

Net financial indebtedness as of period opening date	**(204,911)**	**(248,417)**
Effect of exchange rate fluctuations on financial position	2,101	(1,841)
Change in net financial position	(63,045)	(2,242)
Net financial indebtedness as of period closing date	**(265,855)**	**(252,500)**

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