Interim Financial Report as at 30 September 2017

TRANSLATION FROM THE ORIGINAL ITALIAN TEXT

INDEX

PREFACE

This interim financial report for the period has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) adopted by the European Union and must be read together with the financial statements of the Group at 31 December 2016 that includes additional information on the risks and uncertainties that could impact the Group's operative results or its financial position.

INTERIM MANAGEMENT REPORT AS

AT 30 SEPTEMBER 2017

PERIOD HIGHLIGHTS

The Amplifon Group recorded very positive results in the first nine months of 2017, with strong growth compared to the same period of the prior year.
The effectiveness of the marketing strategy, the expansion of the distribution network through acquisitions and new openings in key markets, the innovative service model and solid execution, made it possible to post important increases in both revenue and profitability across all the geographies where the Group is present.

The first nine months of the year closed with:

- turnover of €901,774 thousand (+12.2% against the first nine months of the prior year);
- a gross operating margin (EBITDA) of €136,884 thousand, an increase of 14.9% against the first nine months of 2016 which net of the non-recurring items came to 15.8%;
- a net profit of €48,159 thousand, a rise of 24.1% net of non-recurring expenses.

Net financial debt amounted to €320,669 thousand at 30 September 2017, an increase of €96,248 thousand against 31 December 2016. The increase in debt is attributable primarily to the net impact of the acquisitions made in the period (€82,960 thousand), the purchase of treasury shares (€27,793 thousand) and the payment of dividends to shareholders (€15,292 thousand). The ability of ordinary operations to generate excellent cash flow was confirmed with free cash flow reaching a positive €33,985 thousand (€27,477 thousand in the first nine months of the prior year) after absorbing capital expenditure which was €8,217 thousand higher than in the comparison period.

MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First nine months 2017				First nine months 2016				Change
	Recurring	Non recurring	Total	% on recurring	Recurring	Non recurring	Total	% on recurring	% on recurring
Economic data:									
Revenues from sales and services	901,774	-	901,774	100.0%	803,940	-	803,940	100.0%	12.2%
Gross operating margin (EBITDA)	140,796	(3,912)	136,884	15.6%	121,627	(2,502)	119,125	15.1%	15.8%
Operating result before amortisation and impairment of customer lists (EBITA)	108,520	(3,912)	104,608	12.0%	94,415	(2,502)	91,913	11.7%	14.9%
Operating income (EBIT)	95,283	(3,912)	91,371	10.6%	83,042	(2,502)	80,540	10.3%	14.7%
Profit (loss) before tax	80,929	(3,912)	77,017	9.0%	69,152	(2,502)	66,650	8.6%	17.0%
Group net profit (loss)	50,947	(2,788)	48,159	5.6%	41,053	(1,716)	39,337	5.1%	24.1%

(€ thousands)	30/09/2017	31/12/2016	Change
Financial data:			
Non-current assets	1,044,895	968,317	76,578
Net invested capital	871,472	782,081	89,391
Group net equity	550,610	557,371	(6,761)
Total net equity	550,803	557,660	(6,857)
Net financial indebtedness	320,669	224,421	96,248

(€ thousands)	First nine months 2017	First nine months 2016
Free cash flow	**33,985**	**27,477**
Cash flow generated from (absorbed by) business combinations	(82,960)	(70,455)
Cash flow provided by (used in) financing activities	(44,044)	(20,067)
Net cash flow from the period	**(93,019)**	**(63,045)**
Effect of exchange rate fluctuations on the net financial position	(3,229)	2,101
Net cash flow from the period with changes for exchange rate fluctuations	**(96,248)**	**(60,944)**

- **EBITDA** is the operating result before charging amortisation, depreciation and impairment of both tangible and intangible fixed assets.
- **EBITA** is the operating result before amortisation 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.
- **Free cash flow** represents the cash flow of operating activities and investment activities before the cash flows used in acquisitions and payment of dividends and the cash flows used or generated by the other financing activities.

INDICATORS

	30/09/2017	31/12/2016	30/09/2016
Net financial indebtedness (€ thousands)	320,669	224,421	265,855
Net Equity (€ thousands)	550,803	557,660	528,128
Group Net Equity (€ thousands)	550,610	557,371	527,607
Net financial indebtedness/Net Equity	0.58	0.40	0.50
Net financial indebtedness/Group Net Equity	0.58	0.40	0.50
Net financial indebtedness/EBITDA	1.54	1.17	1.42
EBITDA/Net financial charges	11.89	11.19	11.24
Earnings per share (EPS) (€)	0.21991	0.29008	0.17941
Diluted EPS (€)	0.21429	0.28262	0.17470
Earnings per share – Recurring operations (EPS) (€)	0.23264	0.32293	0.18724
Diluted EPS – Recurring operations (€)	0.22669	0.31463	0.18232
Net Equity per share (€)	2.508	2.542	2.404
Period-end price (€)	12.860	9.050	9.140
Highest price in period (€)	13.130	10.080	9.625
Lowest price in period (€)	8.415	6.710	6.710
Share price/net equity per share	5.128	3.560	3.914
Market capitalisation (€ millions)	2,910.03	2,047.22	2,006.35
Number of shares outstanding	219,539,643	219,252,051	219,512,969

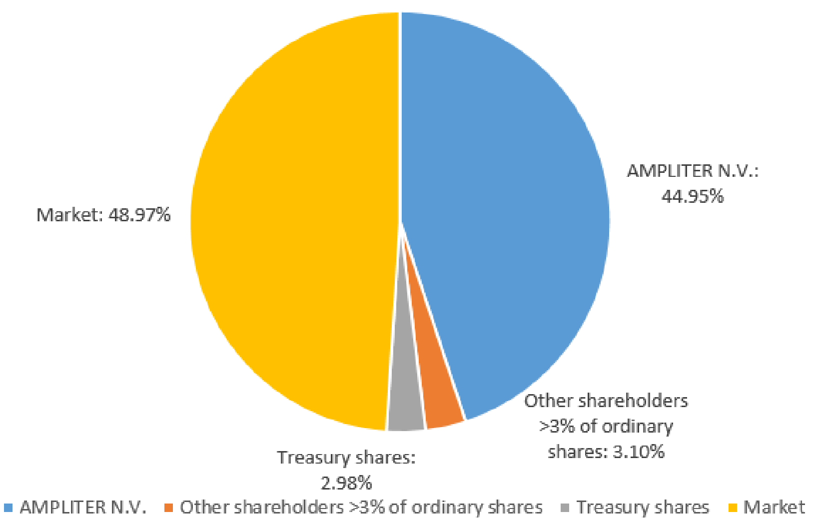
- The **net financial indebtedness/net equity** ratio is the ratio of net financial indebtedness to total net equity.
- The **net financial indebtedness/Group net equity** ratio is the ratio of the net financial indebtedness to the Group's net equity.
- The **net financial indebtedness/EBITDA** ratio is the ratio of net financial indebtedness to EBITDA for the last four quarters (determined with reference to recurring business only on the basis of pro forma figures where there were significant changes to the structure of the Group).
- The **EBITDA/net financial charges ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring business only on the basis of restated figures where there were significant changes to the structure of the Group) to net interest payable and receivable of the same last 4 quarters.
- **Earnings per share (EPS) (€)** is 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 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 – recurring operations (EPS) (€**) is net income from recurring operations for the year 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 – recurring operations (EPS) (€)** is net income from recurring operations for the year 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.
- **Net Equity per share (€)** is the ratio of Group equity to the number of shares outstanding.
- **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.
- **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 capitalisation** is the closing price on the last stock exchange trading day of the period multiplied by the number of shares outstanding.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

SHAREHOLDER INFORMATION

Main Shareholders

The main Shareholders of Amplifon S.p.A. as at 30 September 2017 are:



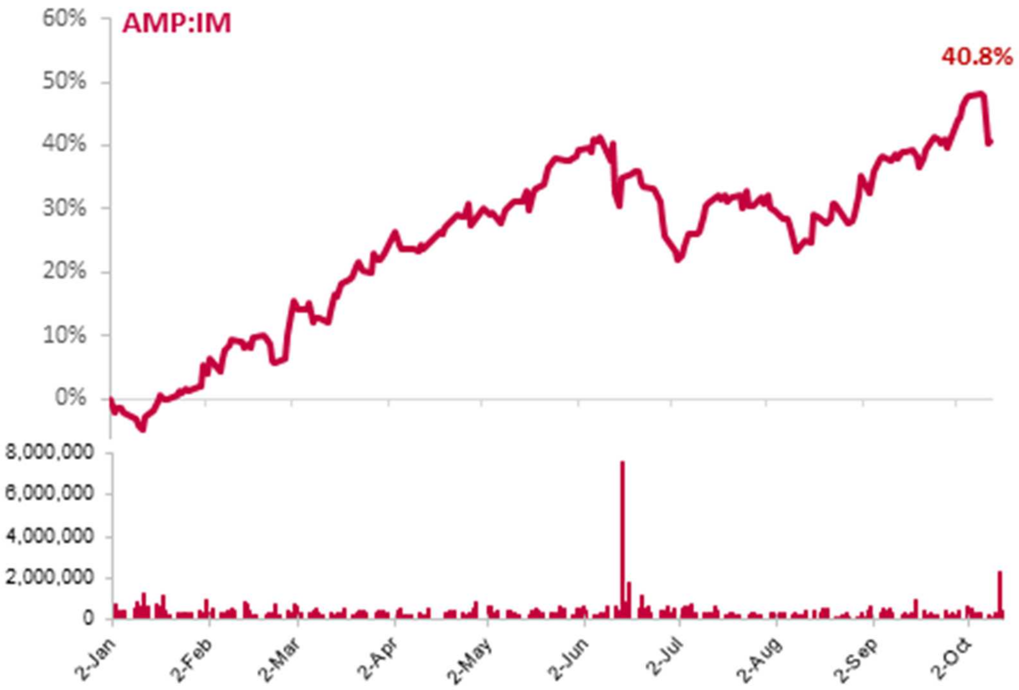
Shareholder	No. of ordinary shares	% held	% of the total share capital in voting right
Ampliter N.V.	101,715,003	44.95%	61.86%
Other shareholders >3% of ordinary shares	7,021,232	3.10%	2.14%
Treasury shares	6,745,443	2.98%	2.05%
Market	110,803,408	48.97%	33.95%
Total	**226,285,086 (*)**	**100.00%**	**100.00%**

(*) Number of shares related to the share capital registered with the “Registro delle Imprese” on September 30, 2017.

Pursuant to article 2497 of the Italian Civil Code, Amplifon S.p.A. is not subject to management and coordination either by its direct parent company Ampliter N.V. or other indirect controlling companies.

The shares of the parent company Amplifon S.p.A. have been listed on the screen-based Mercato Telematico Azionario (MTA) since 27 June 2001 and since 10 September 2008 in the STAR segment. Amplifon is also included in the FTSE Italy Mid Cap index.

The chart shows the performance of the Amplifon share price and its trading volumes from 2 January 2017 to 13 October 2017.



As at 30 September 2017 market capitalisation was €2,910.03 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period from 2 January 2017 to 30 September 2017, showed:

- average daily value: €5,403,485.31;
- average daily volume: 474,519 shares;
- total volume traded 90,633,122 shares or 41.28% of the total number of shares comprising company capital, net of treasury shares.

CONSOLIDATED INCOME STATEMENT

(€ thousands)	First nine months 2017				First nine months 2016				
	Recurring	Non recurring (*)	Total	% on recurring	Recurring	Non recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	901,774	-	901,774	100.0%	803,940	-	803,940	100.0%	12.2%
Operating costs	(764,475)	(3,912)	(768,387)	-84.8%	(681,037)	-	(681,037)	-84.7%	12.3%
Other costs and revenues	3,497	-	3,497	0.4%	(1,276)	(2,502)	(3,778)	-0.2%	374.1%
Gross operating profit (EBITDA)	**140,796**	**(3,912)**	**136,884**	**15.6%**	**121,627**	**(2,502)**	**119,125**	**15.1%**	**15.8%**
Depreciation and write-downs of non-current assets	(32,276)	-	(32,276)	-3.6%	(27,212)	-	(27,212)	-3.4%	18.6%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**108,520**	**(3,912)**	**104,608**	**12.0%**	**94,415**	**(2,502)**	**91,913**	**11.7%**	**14.9%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(13,237)	-	(13,237)	-1.5%	(11,373)	-	(11,373)	-1.4%	16.4%
Operating profit (EBIT)	**95,283**	**(3,912)**	**91,371**	**10.6%**	**83,042**	**(2,502)**	**80,540**	**10.3%**	**14.7%**
Income, expenses, valuation and adjustments of financial assets	246	-	246	0.0%	278	-	278	0.0%	-11.5%
Net financial expenses	(14,274)	-	(14,274)	-1.6%	(13,986)	-	(13,986)	-1.7%	2.1%
Exchange differences and non-hedge accounting instruments	(326)	-	(326)	0.0%	(182)	-	(182)	0.0%	79.1%
Profit (loss) before tax	**80,929**	**(3,912)**	**77,017**	**9.0%**	**69,152**	**(2,502)**	**66,650**	**8.6%**	**17.0%**
Tax	(30,031)	1,124	(28,907)	-3.3%	(27,998)	786	(27,212)	-3.5%	7.3%
Net profit (loss)	**50,898**	**(2,788)**	**48,110**	**5.6%**	**41,154**	**(1,716)**	**39,438**	**5.1%**	**23.7%**
Profit (loss) of minority interests	(49)	-	(49)	0.0%	101	-	101	0.0%	-148.5%
Net profit (loss) attributable to the Group	**50,947**	**(2,788)**	**48,159**	**5.6%**	**41,053**	**(1,716)**	**39,337**	**5.1%**	**24.1%**

(*) See table on page 14 for details of non-recurring transactions.

(€ thousands)	Third Quarter 2017				Third Quarter 2016				
	Recurring	Non recurring (*)	Total	% on recurring	Recurring	Non recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	277,995	-	277,995	100.0%	259,729	-	259,729	100.0%	7.0%
Operating costs	(242,866)	(1,373)	(244,239)	-87.4%	(225,328)	-	(225,328)	-86.8%	7.8%
Other costs and revenues	2,270	-	2,270	0.8%	(764)	-	(764)	-0.3%	397.1%
Gross operating profit (EBITDA)	**37,399**	**(1,373)**	**36,026**	**13.5%**	**33,637**	**-**	**33,637**	**13.0%**	**11.2%**
Depreciation and write-downs of non-current assets	(10,797)	-	(10,797)	-3.9%	(9,064)	-	(9,064)	-3.5%	19.1%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**26,602**	**(1,373)**	**25,229**	**9.6%**	**24,573**	**-**	**24,573**	**9.5%**	**8.3%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(4,284)	-	(4,284)	-1.5%	(3,733)	-	(3,733)	-1.4%	14.8%
Operating profit (EBIT)	**22,318**	**(1,373)**	**20,945**	**8.0%**	**20,840**	**-**	**20,840**	**8.0%**	**7.1%**
Income, expenses, valuation and adjustments of financial assets	50	-	50	0.0%	88	-	88	0.0%	-43.2%
Net financial expenses	(4,604)	-	(4,604)	-1.7%	(4,654)	-	(4,654)	-1.8%	-1.1%
Exchange differences and non-hedge accounting instruments	(343)	-	(343)	-0.1%	9	-	9	0.0%	-3,911.1%
Profit (loss) before tax	**17,421**	**(1,373)**	**16,048**	**6.3%**	**16,283**	**-**	**16,283**	**6.3%**	**7.0%**
Tax	(6,331)	322	(6,009)	-2.3%	(6,577)	-	(6,577)	-2.5%	-3.7%
Net profit (loss)	**11,090**	**(1,051)**	**10,039**	**4.0%**	**9,706**	**-**	**9,706**	**3.7%**	**14.3%**
Profit (loss) of minority interests	(63)	-	(63)	0.0%	(3)	-	(3)	0.0%	2,000.0%
Net profit (loss) attributable to the Group	**11,153**	**(1,051)**	**10,102**	**4.0%**	**9,709**	**-**	**9,709**	**3.7%**	**14.9%**

(*) See table on page 14 for details of non-recurring transactions.

The details of the non-recurring transactions included in the previous tables are shown below:

(€ thousands)	First nine months 2017	First nine months 2016	Third Quarter 2017	Third Quarter 2016
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	(3,912)	-	(1,373)	-
Advisory fees and expenses related to an acquisition process not completed	-	(2,502)	-	-
Impact of the non-recurring items on EBITDA	**(3,912)**	**(2,502)**	**(1,373)**	**-**
Impact of the non-recurring items on EBIT	**(3,912)**	**(2,502)**	**(1,373)**	**-**
Impact of the non-recurring items pre-tax	**(3,912)**	**(2,502)**	**(1,373)**	**-**
Impact of the above items on the tax burden of the period	1,124	786	322	-
Impact of the non-recurring items on total net result	**(2,788)**	**(1,716)**	**(1,051)**	**-**

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)	30/09/2017	31/12/2016	Change
Goodwill	674,494	635,132	39,362
Non-competition agreements, trademarks, customer lists and lease rights	136,003	110,401	25,602
Software, licences, other intangible fixed assets, fixed assets in progress and advances	50,696	51,505	(809)
Tangible assets	133,278	119,794	13,484
Financial fixed assets (1)	43,018	45,271	(2,253)
Other non-current financial assets (1)	7,406	6,214	1,192
Non-current assets	**1,044,895**	**968,317**	**76,578**
Inventories	40,484	31,370	9,114
Trade receivables	121,328	127,278	(5,950)
Other receivables	49,422	42,162	7,260
Current assets (A)	**211,234**	**200,810**	**10,424**
Operating assets	**1,256,129**	**1,169,127**	**87,002**
Trade payables	(117,219)	(131,181)	13,962
Other payables (2)	(125,165)	(121,037)	(4,128)
Provisions for risks and charges (current portion)	(2,540)	(2,346)	(194)
Current liabilities (B)	**(244,924)**	**(254,564)**	**9,640**
Net working capital (A) - (B)	**(33,690)**	**(53,754)**	**20,064**
Derivative instruments (3)	(9,116)	(10,212)	1,096
Deferred tax assets	45,695	40,744	4,951
Deferred tax liabilities	(67,219)	(62,405)	(4,814)
Provisions for risks and charges (non-current portion)	(63,461)	(59,341)	(4,120)
Liabilities for employees' benefits (non-current portion)	(16,486)	(16,609)	123
Loan fees (4)	917	1,468	(551)
Other non-current payables	(30,063)	(26,127)	(3,936)
NET INVESTED CAPITAL	**871,472**	**782,081**	**89,391**
Group net equity	550,610	557,371	(6,761)
Minority interests	193	289	(96)
Total net equity	**550,803**	**557,660**	**(6,857)**
Net medium and long-term financial indebtedness (4)	105,188	379,566	(274,378)
Net short-term financial indebtedness (4)	215,481	(155,145)	370,626
Total net financial indebtedness	**320,669**	**224,421**	**96,248**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	**871,472**	**782,081**	**89,391**

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 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 medium and long-term 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 portion respectively.

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

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

(€ thousands)	First nine months 2017	First nine months 2016
Operating profit (EBIT)	**91,371**	**80,540**
Amortization, depreciation and write down	45,513	38,585
Provisions, other non-monetary items and gain/losses from disposals	19,571	15,449
Net financial expenses	(13,566)	(13,036)
Tax paid	(32,996)	(28,877)
Changes in net working capital	(33,101)	(30,594)
Cash flow generated from (absorbed by) operating activities (A)	**76,792**	**62,067**
Cash flow generated from (absorbed by) operating investing activities (B)	(42,807)	(34,590)
Free cash flow (A+B)	**33,985**	**27,477**
Cash flow generated from (absorbed by) business combinations (C)	(82,960)	(70,455)
Cash flow generated from (absorbed by) investing activities (B+C)	**(125,767)**	**(105,045)**
Cash flow generated from (absorbed by) operating and investing activities	**(48,975)**	**(42,978)**
Dividends	(15,292)	(9,427)
Fees paid on medium/long-term financing	(75)	-
Treasury shares	(27,793)	(12,006)
Capital increases, third parties' contributions, dividends paid to third parties by subsidiaries	103	1,371
Hedging instruments and other changes in non-current assets	(987)	(5)
Net cash flow from the period	**(93,019)**	**(63,045)**
Net financial indebtedness at the beginning of the period	**(224,421)**	**(204,911)**
Effect of the exchange rate fluctuations on the net financial position	(3,229)	2,101
Change in net financial position	(93,019)	(63,045)
Net financial indebtedness at the end of the period	**(320,669)**	**(265,855)**

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

(€ thousands)	First nine months 2017	First nine months 2016
Free cash flow	**33,985**	**27,477**
Free cash flow generated by non-recurring transactions (see page 45 for details)	(821)	(3,065)
***Free cash flow* generated by recurring transactions**	**34,806**	**30,542**

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area (*)

(€ thousands)	First nine months 2017				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	595,097	171,593	133,997	1,087	901,774
Operating costs	(510,309)	(140,279)	(95,512)	(22,287)	(768,387)
Other costs and revenues	1,534	2,221	(177)	(81)	3,497
Gross operating profit (EBITDA)	**86,322**	**33,535**	**38,308**	**(21,281)**	**136,884**
Depreciation and write-downs of non-current assets	(21,019)	(3,146)	(4,938)	(3,173)	(32,276)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**65,303**	**30,389**	**33,370**	**(24,454)**	**104,608**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(7,868)	(461)	(4,579)	(329)	(13,237)
Operating profit (EBIT)	**57,435**	**29,928**	**28,791**	**(24,783)**	**91,371**
Income, expenses, valuation and adjustments of financial assets					246
Net financial expenses					(14,274)
Exchange differences and non-hedge accounting instruments					(326)
Profit (loss) before tax					**77,017**
Tax					(28,907)
Net profit (loss)					**48,110**
Profit (loss) of minority interests					(49)
Net profit (loss) attributable to the Group					**48,159**

(€ thousands)	First nine months 2017– Only recurring operations				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	595,097	171,593	133,997	1,087	901,774
Gross operating profit (EBITDA)	90,234	33,535	38,308	(21,281)	140,796
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	69,215	30,389	33,370	(24,454)	108,520
Operating profit (EBIT)	61,347	29,928	28,791	(24,783)	95,283
Profit (loss) before tax					80,929
Net profit (loss) attributable to the Group					50,947

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

(€ thousands)	First nine months 2016				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	526,507	157,007	119,767	659	803,940
Operating costs	(450,810)	(128,386)	(83,163)	(18,678)	(681,037)
Other costs and revenues	(1,084)	(80)	(117)	(2,497)	(3,778)
Gross operating profit (EBITDA)	**74,613**	**28,541**	**36,487**	**(20,516)**	**119,125**
Depreciation and write-downs of non-current assets	(18,178)	(2,852)	(3,466)	(2,716)	(27,212)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**56,435**	**25,689**	**33,021**	**(23,232)**	**91,913**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(5,813)	(410)	(4,781)	(369)	(11,373)
Operating profit (EBIT)	**50,622**	**25,279**	**28,240**	**(23,601)**	**80,540**
Income, expenses, valuation and adjustments of financial assets					278
Net financial expenses					(13,986)
Exchange differences and non-hedge accounting instruments					(182)
Profit (loss) before tax					**66,650**
Tax					(27,212)
Net profit (loss)					**39,438**
Profit (loss) of minority interests					101
Net profit (loss) attributable to the Group					**39,337**

(€ thousands)	First nine months 2016 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	526,507	157,007	119,767	659	803,940
Gross operating profit (EBITDA)	74,613	28,541	36,487	(18,014)	121,627
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	56,435	25,689	33,021	(20,730)	94,415
Operating profit (EBIT)	50,622	25,279	28,240	(21,099)	83,042
Profit (loss) before tax					69,152
Net profit (loss) attributable to the Group					41,053

(€ thousands)	Third Quarter 2017				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	176,570	55,133	46,008	284	277,995
Operating costs	(158,353)	(45,455)	(32,782)	(7,649)	(244,239)
Other costs and revenues	183	2,134	(70)	23	2,270
Gross operating profit (EBITDA)	**18,400**	**11,812**	**13,156**	**(7,342)**	**36,026**
Depreciation and write-downs of non-current assets	(7,046)	(1,000)	(1,665)	(1,086)	(10,797)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**11,354**	**10,812**	**11,491**	**(8,428)**	**25,229**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(2,875)	(142)	(1,233)	(34)	(4,284)
Operating profit (EBIT)	**8,479**	**10,670**	**10,258**	**(8,462)**	**20,945**
Income, expenses, valuation and adjustments of financial assets					50
Net financial expenses					(4,604)
Exchange differences and non-hedge accounting instruments					(343)
Profit (loss) before tax					**16,048**
Tax					(6,009)
Net profit (loss)					**10,039**
Profit (loss) of minority interests					(63)
Net profit (loss) attributable to the Group					**10,102**

(€ thousands)	Third Quarter 2017 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	176,570	55,133	46,008	284	277,995
Gross operating profit (EBITDA)	19,773	11,812	13,156	(7,342)	37,399
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	12,727	10,812	11,491	(8,428)	26,602
Operating profit (EBIT)	9,852	10,670	10,258	(8,462)	22,318
Profit (loss) before tax					17,421
Net profit (loss) attributable to the Group					11,153

(€ thousands)	Third Quarter 2016				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	160,278	55,536	43,690	225	259,729
Operating costs	(142,800)	(45,838)	(30,361)	(6,329)	(225,328)
Other costs and revenues	(656)	(123)	(34)	49	(764)
Gross operating profit (EBITDA)	**16,822**	**9,575**	**13,295**	**(6,055)**	**33,637**
Depreciation and write-downs of non-current assets	(6,117)	(958)	(1,082)	(907)	(9,064)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**10,705**	**8,617**	**12,213**	**(6,962)**	**24,573**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(1,734)	(138)	(1,640)	(221)	(3,733)
Operating profit (EBIT)	**8,971**	**8,479**	**10,573**	**(7,183)**	**20,840**
Income, expenses, valuation and adjustments of financial assets					88
Net financial expenses					(4,654)
Exchange differences and non-hedge accounting instruments					9
Profit (loss) before tax					**16,283**
Tax					(6,577)
Net profit (loss)					**9,706**
Profit (loss) of minority interests					(3)
Net profit (loss) attributable to the Group					**9,709**

(€ thousands)	Third Quarter 2016 – Only recurring operations				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	160,278	55,536	43,690	225	259,729
Gross operating profit (EBITDA)	16,822	9,575	13,295	(6,055)	33,637
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	10,705	8,617	12,213	(6,962)	24,573
Operating profit (EBIT)	8,971	8,479	10,573	(7,183)	20,840
Profit (loss) before tax					16,283
Net profit (loss) attributable to the Group					9,709

Revenues from sales and services

(€ thousands)	First nine months 2017	First nine months 2016	Change	Change %
Revenues from sales and services	901,774	803,940	97,834	12.2%

(€ thousands)	Third Quarter 2017	Third Quarter 2016	Change	Change %
Revenues from sales and services	277,995	259,729	18,266	7.0%

Consolidated revenue from sales and services reached €901,774 thousand in the first nine months of 2017, versus €803,940 thousand in the same period 2016, an increase of €97,834 thousand (+12.2%) driven across all segments by organic growth, including the contribution of new store openings, which reached €47,578 thousand (+6.0%), and acquisitions for some €49,280 thousand (+6.1%), while the exchange differences had a positive impact of €976 thousand (+0.1%).

In the third quarter alone, revenue from sales and services amounted to €277,995 thousand, an increase of €18,266 thousand (+7.0%) against the same period of the prior year explained for €15,357 thousand (+5.9%) by acquisitions, for €8,284 thousand (+3.2%) by acquisitions, while the exchange differences had a negative impact of €5,375 thousand (-2.1%).

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

(€ thousands)	First nine months 2017	%	First nine months 2016	%	Change	Change %	Exchange diff.	Change % in local currency
EMEA	595,097	66.0%	526,507	65.5%	68,590	13.0%	(4,231)	13.8%
Americas	171,593	19.0%	157,007	19.5%	14,586	9.3%	659	8.9%
Asia Pacific	133,997	14.9%	119,767	14.9%	14,230	11.9%	4,548	8.1%
Corporate	1,087	0.1%	659	0.1%	428	64.9%		
Total	**901,774**	**100.0%**	**803,940**	**100.0%**	**97,834**	**12.2%**	**976**	**12.1%**

Europe, Middle-East and Africa

Period (€ thousands)	2017	2016	Change	Change %
I quarter	195,178	169,899	25,279	14.9%
II quarter	223,349	196,330	27,019	13.8%
I Half Year	**418,527**	**366,229**	**52,298**	**14.3%**
III quarter	176,570	160,278	16,292	10.2%
First nine months	**595,097**	**526,507**	**68,590**	**13.0%**

Revenue from sales and services reached €595,097 thousand in the first nine months of 2017 versus €526,507 thousand in the same period 2016, an increase of €68,590 thousand (+13.0%) explained for €42,729 thousand (+8.1%) by acquisitions, for €30,092 thousand (+5.7%) by organic growth, including the contribution of new store openings, while exchange differences had a negative impact of €4,231 thousand (-0.8%).

In Italy revenue growth continued at a robust pace, thanks to the new media strategy and investments in CRM. There was a strong increase in revenue in France attributable to the integration of the AudioNova stores acquired in March, the contribution of the other acquisitions made in the last year and marketing. Growth continued in Germany as a result, primarily, of the numerous acquisitions made. An exceptional performance was posted in the Iberian Peninsula fueled by double-digit growth in Spain and the doubling of revenues compared to the comparison period in Portugal, thanks to both strong organic growth and the contribution of the MiniSom SA acquisition finalized in April. Double-digit organic growth was also posted in the United Kingdom where the results confirm the validity of the new commercial and marketing strategy. The results for the first nine months in Switzerland were positive thanks to organic growth and the traffic generated by the renewed marketing activities. The performance in the Netherlands was down slightly but still higher than the market, while positive performances were reported in Belgium and Luxembourg thanks to revised marketing campaigns and greater focus on retail excellence.

In the third quarter alone, revenue from sales and services amounted to €176,570 thousand, an increase of €16,292 thousand (+10.2%) against the same period of the prior year, explained for €13,376 thousand (+8.3%) by acquisitions, for €4,554 thousand (+2.9%) by organic growth, while exchange differences had a negative impact of €1,638 thousand (-1.0%).

Americas

Period (€ thousands)	2017	2016	Change	Change %
I quarter	57,738	49,982	7,756	15.5%
II quarter	58,722	51,489	7,233	14.0%
I Half Year	**116,460**	**101,471**	**14,989**	**14.8%**
III quarter	55,133	55,536	(403)	-0.7%
First nine months	**171,593**	**157,007**	**14,586**	**9.3%**

Revenue from sales and services reached €171,593 thousand in the first nine months of 2017 versus €157,007 thousand in 2016, an increase of €14,586 thousand (+9.3%) explained for €9,635 thousand (+6.2%) by organic growth, for €4,292 thousand (+2.7%) by acquisitions, while exchange differences had a positive impact of €659 thousand (+0.4%).

In the United States, notwithstanding the negative impact of the hurricanes in the third quarter and the challenging comparison base, both Miracle-Ear and Amplifon Hearing Health Care demonstrated excellent execution capacity reporting robust growth compared to the first nine months of 2016. A positive performance was also reported by Elite Hearing Network linked to the arrival of new members. Canada also reported excellent results thanks to the exceptional external growth, as well as the positive foreign exchange effect.

In the third quarter alone, revenue from sales and services amounted to €55,133 thousand, a decrease of €403 thousand (-0.7%) against the same period of the prior year explained by exchange differences which had a negative impact of €2,938 thousand (-5.3%) which were more than offset by organic growth of €1,328 thousand (+2.4%), and acquisition driven growth of €1,207 thousand (+2.2%).

Asia Pacific

Period (€ thousands)	2017	2016	Change	Change %
I quarter	42,826	34,435	8,391	24.4%
II quarter	45,163	41,642	3,521	8.5%
I Half Year	**87,989**	**76,077**	**11,912**	**15.7%**
III quarter	46,008	43,690	2,318	5.3%
First nine months	**133,997**	**119,767**	**14,230**	**11.9%**

Revenue from sales and services amounted to €133,997 thousand in the first nine months of 2017 versus €119,767 thousand in the same period of 2016, an increase of €14,230 thousand (+11.9%) explained for €7,424 thousand (+6.2%) by organic growth including the contribution of new store openings, for €2,258 thousand (+1.9%) by acquisitions, while exchange differences had a positive impact of €4,548 thousand (+3.8%).

The biggest contribution came from the double-digit organic growth recorded in New Zealand driven by strong operational efficiency and effective marketing activities. A good performance was posted in Australia, which improved in the third quarter compared to a particularly challenging comparison base. India's strong growth reflects the consistent organic growth and the impact of the Bloom Senso acquisition completed in January.

In the third quarter alone, revenue from sales and services amounted to €46,008 thousand, an increase of €2,318 thousand (+5.3%) against the same period of the prior year explained for €2,343 thousand (+5.4%) by organic growth, for €774 thousand (+1.7%) by acquisitions, while exchange differences had a negative impact of €799 thousand (-1.8%).

Gross operating profit (EBITDA)

(€ thousands)	First nine months 2017			First nine months 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**140,796**	**(3,912)**	**136,884**	**121,627**	**(2,502)**	**119,125**

(€ thousands)	Third Quarter 2017			Third Quarter 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**37,399**	**(1,373)**	**36,026**	**33,637**	**-**	**33,637**

Gross operating profit (EBITDA) amounted to €136,884 thousand in the first nine months of 2017 (with an EBITDA margin of 15.2%) versus €119,125 thousand in the same period of the prior year (and an EBITDA margin of 14.8%), an increase of €17,759 thousand (+14.9%) in absolute terms and of 0.4 percentage points (p.p.) in the EBITDA margin.

In the third quarter alone, gross operating profit (EBITDA) amounted to €36,026 thousand, an increase of €2,389 thousand (+7.1%) against the third quarter of the prior year. The EBITDA margin came to 13.0%, unchanged with respect to the comparison period.

The result for the period reflects the non-recurring expenses of €3,912 thousand incurred (€1,373 thousand of which in the third quarter) relating to the integration of the AudioNova businesses acquired in France and in Portugal. We remind that non-recurring expenses of €2,502 thousand were incurred in the same period of 2016 linked to an acquisition which was not completed.
Net of these items and the €1,459 thousand in positive exchange differences, the increase against the comparison period reaches €17,710 thousand (+14.6%) for the first nine months of 2017 and €4,697 thousand (+14.0%) for the third quarter alone.

The recurring EBITDA margin came to 15.6% in the first nine months of the year (+0.5 p.p. against the comparison period) and to 13.5% in the third quarter alone (+0.5 p.p. against the comparison period).

The following table shows a breakdown of EBITDA by segment:

(€ thousands)	First nine months 2017	EBITDA Margin	First nine months 2016	EBITDA Margin	Change	Change %
EMEA	86,322	14.5%	74,613	14.2%	11,709	15.7%
Americas	33,535	19.5%	28,541	18.2%	4,994	17.5%
Asia Pacific	38,308	28.6%	36,487	30.5%	1,821	5.0%
Corporate (*)	(21,281)	-2.4%	(20,516)	-2.6%	(765)	-3.7%
Total	**136,884**	**15.2%**	**119,125**	**14.8%**	**17,759**	**14.9%**

(€ thousands)	Third Quarter 2017	EBITDA Margin	Third Quarter 2016	EBITDA Margin	Change	Change %
EMEA	18,400	10.4%	16,822	10.5%	1,578	9.4%
Americas	11,812	21.4%	9,575	17.2%	2,237	23.4%
Asia Pacific	13,156	28.6%	13,295	30.4%	(139)	-1.0%
Corporate (*)	(7,342)	-2.6%	(6,055)	-2.3%	(1,287)	-21.3%
Total	**36,026**	**13.0%**	**33,637**	**13.0%**	**2,389**	**7.1%**

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

(€ thousands)	First nine months 2017	EBITDA Margin	First nine months 2016	EBITDA Margin	Change	Change %
EMEA	90,234	15.2%	74,613	14.2%	15,621	20.9%
Americas	33,535	19.5%	28,541	18.2%	4,994	17.5%
Asia Pacific	38,308	28.6%	36,487	30.5%	1,821	5.0%
Corporate (*)	(21,281)	-2.4%	(18,014)	-2.2%	(3,267)	-18.1%
Total	**140,796**	**15.6%**	**121,627**	**15.1%**	**19,169**	**15.8%**

(€ thousands)	Third Quarter 2017	EBITDA Margin	Third Quarter 2016	EBITDA Margin	Change	Change %
EMEA	19,773	11.2%	16,822	10.5%	2,951	17.5%
Americas	11,812	21.4%	9,575	17.2%	2,237	23.4%
Asia Pacific	13,156	28.6%	13,295	30.4%	(139)	-1.0%
Corporate (*)	(7,342)	-2.6%	(6,055)	-2.3%	(1,287)	-21.3%
Total	**37,399**	**13.5%**	**33,637**	**13.0%**	**3,762**	**11.2%**

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Gross operating profit (EBITDA) amounted to €86,322 thousand in the first nine months of 2017 (with an EBITDA margin of 14.5%) versus €74,613 thousand in the same period of the prior year (and an EBITDA margin of 14.2%), an increase of €11,709 thousand (+15.7%) in absolute terms and of 0.3 p.p. in the EBITDA margin.

Net of the non-recurring expenses of €3,912 thousand incurred (€1,373 thousand of which in the third quarter) relating to the integration of the AudioNova businesses acquired in France and in Portugal and the €57 thousand in positive foreign exchange differences, the increase in EBITDA reaches €15,564 thousand (+20.9%).
These results were achieved thanks to the increase in revenues, better operational efficiency and the greater scale reached in Germany, France and Portugal.

In the third quarter alone, gross operating profit (EBITDA) amounted to €18,400 thousand, an increase of €1,578 thousand (+9.4%) compared to the third quarter of the prior year. The EBITDA margin came to 10.4%, a decrease of 0.1 p.p. against the comparison period. Net of the non-recurring expenses described above and the €155 thousand in negative foreign exchange differences, the increase in EBITDA reaches €3,106 thousand (+18.5%).

Americas

Gross operating profit (EBITDA) amounted to €33,535 thousand in the first nine months of 2017 (with an EBITDA margin of 19.5%) versus €28,541 thousand in the same period of the prior year (and an EBITDA margin of 18.2%), an increase of €4,994 thousand (+17.5%). The EBITDA margin rose 1.3 p.p. as a result of a strong improvement in profitability in the second and, above all, third quarters.
Net of the €81 thousand in positive foreign exchange differences, the increase in EBITDA reaches €4,913 thousand (+17.2%).

In the third quarter alone, gross operating profit (EBITDA) amounted to €11,812 thousand, an increase of €2,237 thousand (+23.4%) compared to the third quarter of the prior year. The EBITDA margin came to 21.4%, an increase of 4.2 p.p. against the comparison period. Net of the €573 thousand in negative foreign exchange differences, the increase in EBITDA reaches €2,810 thousand (+29.3%).

Asia Pacific

Gross operating profit (EBITDA) amounted to €38,308 thousand in the first nine months of 2017 (with an EBITDA margin of 28.6%) versus €36,487 thousand in the same period of the prior year (and an EBITDA margin of 30.5%), an increase of €1,821 thousand (+5.0%) in absolute terms and a decrease of 1.9 p.p. in the EBITDA margin.
Net of the €1,319 thousand in positive foreign exchange differences the increase in EBITDA reaches €502 thousand (+1.4%).

In the third quarter alone, gross operating profit (EBITDA) amounted to €13,156 thousand, a drop of €139 thousand (-1.0%) compared to the third quarter of the prior year. The EBITDA margin came to 28.6%, a decrease of 1.8 p.p. against the comparison period. Net of the €206 thousand in negative foreign exchange differences, EBITDA amounts to €67 thousand (+0.5%).

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 €21,281 thousand in the first nine months of 2017 (2.4% of the revenues generated by the Group’s sales and services) versus €20,516 thousand in the same period of the prior year (2.6% of the revenues generated by the Group’s sales and services) which reflects the €2,502 thousand in non-recurring expenses incurred in the comparison period linked to an acquisition which was not completed. Net of this item, the increase in centralized corporate costs comes to €3,267 thousand.

In the third quarter alone centralized corporate costs amounted to €7,342 thousand (2.6% of the revenues generated by Group’s sales and services), an increase of €1,287 thousand with respect to the comparison period.

Operating profit (EBIT)

(€ thousands)	First nine months 2017			First nine months 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**95,283**	**(3,912)**	**91,371**	**83,042**	**(2,502)**	**80,540**

(€ thousands)	Third Quarter 2017			Third Quarter 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**22,318**	**(1,373)**	**20,945**	**20,840**	**-**	**20,840**

Operating profit (EBIT) amounted to €91,371 thousand in the first nine months of 2017 (with an EBIT margin of 10.1%) versus €80,540 thousand in same period of the prior year (and an EBIT margin of 10.0%), an increase of €10,831 thousand (+13.4%) in absolute terms and of 0.1 p.p. in the EBIT margin.

In the third quarter alone operating profit (EBIT) amounted to €20,945 thousand, an increase of €105 thousand (+0.5%) with respect to the third quarter of the prior year. The EBIT margin fell 0.5 p.p. against the comparison period to 7.5%.

The result for the period reflects the non-recurring expenses of €3,912 thousand incurred (€1,373 thousand of which in the third quarter) relating to the integration of the AudioNova businesses acquired in France and in Portugal. We remind that non-recurring expenses of €2,502 thousand were incurred in the same period of 2016 linked to an acquisition which was not completed.
Net of this effect and the €1,275 thousand in positive foreign exchange differences, the increase against the comparison period reaches €10,966 thousand (+13.2%) for the first nine months of 2017 and €2,243 thousand (+10.8%) for the third quarter alone. The change is basically in line with the change in EBITDA described above.

The recurring EBIT margin came to 10.6% (+0.3 p.p. against the comparison period) for the first nine months of 2017 and to 8.0% (unchanged against the comparison period) for the third quarter alone.

The following table shows the breakdown of EBIT by segment:

(€ thousands)	First nine months 2017	EBIT Margin	First nine months 2016	EBIT Margin	Change	Change %
EMEA	57,435	9.7%	50,622	9.6%	6,813	13.5%
Americas	29,928	17.4%	25,279	16.1%	4,649	18.4%
Asia Pacific	28,791	21.5%	28,240	23.6%	551	2.0%
Corporate (*)	(24,783)	-2.7%	(23,601)	-2.9%	(1,182)	-5.0%
Total	**91,371**	**10.1%**	**80,540**	**10.0%**	**10,831**	**13.4%**

(€ thousands)	Third Quarter 2017	EBIT Margin	Third Quarter 2016	EBIT Margin	Change	Change %
EMEA	8,479	4.8%	8,971	5.6%	(492)	-5.5%
Americas	10,670	19.4%	8,479	15.3%	2,191	25.8%
Asia Pacific	10,258	22.3%	10,573	24.2%	(315)	-3.0%
Corporate (*)	(8,462)	-3.0%	(7,183)	-2.8%	(1,279)	-17.8%
Total	**20,945**	**7.5%**	**20,840**	**8.0%**	**105**	**0.5%**

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

(€ thousands)	First nine months 2017	EBIT Margin	First nine months 2016	EBIT Margin	Change	Change %
EMEA	61,347	10.3%	50,622	9.6%	10,725	21.2%
Americas	29,928	17.4%	25,279	16.1%	4,649	18.4%
Asia Pacific	28,791	21.5%	28,240	23.6%	551	2.0%
Corporate (*)	(24,783)	-2.7%	(21,099)	-2.6%	(3,684)	-17.5%
Total	**95,283**	**10.6%**	**83,042**	**10.3%**	**12,241**	**14.7%**

(€ thousands)	Third Quarter 2017	EBIT Margin	Third Quarter 2016	EBIT Margin	Change	Change %
EMEA	9,852	5.6%	8,971	5.6%	881	9.8%
Americas	10,670	19.4%	8,479	15.3%	2,191	25.8%
Asia Pacific	10,258	22.3%	10,573	24.2%	(315)	-3.0%
Corporate (*)	(8,462)	-3.0%	(7,183)	-2.8%	(1,279)	-17.8%
Total	**22,318**	**8.0%**	**20,840**	**8.0%**	**1,478**	**7.1%**

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Operating profit (EBIT) amounted to €57,435 thousand in the first nine months of 2017 (with an EBIT margin of 9.7%) versus €50,622 thousand in the same period of the prior year (and an EBIT margin of 9.6%), an increase of €6,813 thousand (+13.5%) and a rise of 0.1 p.p. in the EBIT margin.

Net of the €3,912 thousand in non-recurring expenses incurred (€1,373 thousand of which in the third quarter) relating to the integration of the AudioNova businesses acquired in France and in Portugal, as well as the €260 thousand in positive foreign exchange differences, the increase in EBIT reaches €10,465 thousand (+20.7%).

In the third quarter alone EBIT amounted to €8,479 thousand, a drop of €492 thousand (-5.5%) against the third quarter of the prior year. The EBIT margin fell 0.8 p.p. against the comparison period to 4.8%. Net of the non-recurring expenses described above and the €97 thousand in negative foreign exchange differences, the increase in EBIT reaches €978 thousand (+10.9%).

Americas

Operating profit (EBIT) amounted to €29,928 thousand in the first nine months of 2017 (with an EBIT margin of 17.4%) versus €25,279 thousand in the same period of the prior year (and an EBIT margin of 16.1%), an increase of €4,649 thousand (+18.4%) in absolute terms and of 1.3 p.p. in the EBIT margin. Net of the foreign exchange differences, which had a positive impact of €17 thousand, the increase in EBIT comes to €4,632 thousand (+18.3%).

In the third quarter alone EBIT amounted to €10,670 thousand, an increase of €2,191 thousand (+25.8%) against the third quarter of the prior year. The EBIT margin came to 19.4%, an increase against the comparison period of 4.1 p.p. Net of the foreign exchange differences which had a negative impact of €540 thousand, the increase in EBIT reaches €2,731 thousand (+32.2%).

Asia Pacific

Operating profit (EBIT) amounted to €28,791 thousand in the first nine months of 2017 (with an EBIT margin of 21.5%) versus €28,240 thousand in the same period of the prior year (and an EBIT margin of 23.6%), an increase of €551 thousand (+2.0%) and a decrease of 2.1 p.p. in the EBIT margin. Net of the foreign exchange differences, which had a positive impact of €996 thousand, EBIT was down by €445 thousand (-1.6%).

In the third quarter alone EBIT amounted to €10,258 thousand, a decrease of €315 thousand (-3.0%) against the third quarter of the prior year. The EBIT margin came to 22.3%, down 1.9 p.p. against the comparison period. Net of the foreign exchange differences which had a negative impact of €127 thousand, EBIT fell by €188 thousand (-1.8%).

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €24,783 thousand in the first nine months of 2017 (2.7% of the revenues generated by the Group's sales and services) versus €23,601 thousand in the same period of the prior year (2.9% of the revenues generated by the Group's sales and services) which were, however, impacted by the €2,502 thousand in non-recurring expenses incurred linked to an acquisition which was not completed. Net of this item, the increase in centralized corporate costs comes to €3,684 thousand.

In the third quarter alone centralized corporate costs amounted to €8,462 thousand (3.0% of the revenues generated by Group's sales and services), an increase of €1,279 thousand with respect to the comparison period.

Profit before tax

(€ thousands)	First nine months 2017			First nine months 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**80,929**	**(3,912)**	**77,017**	**69,152**	**(2,502)**	**66,650**

(€ thousands)	Third Quarter 2017			Third Quarter 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**17,421**	**(1,373)**	**16,048**	**16,283**	**-**	**16,283**

Profit before tax amounted to €77,017 thousand in the first nine months of 2017 (with a gross profit margin of 8.5%) versus €66,650 thousand in the same period of the prior year (and a gross profit margin of 8.3%), an increase of €10,367 thousand (+15.6%), in line with the increase in EBIT described above: financial expenses, which reflect the Group's gross debt that is placed almost entirely on the debt capital markets at a fixed rate, rose slightly compared to the first nine months of the prior year due to the commissions paid on the unutilized irrevocable credit lines stipulated between year-end 2016 and the beginning of 2017 as part of the program to refinance the Eurobond expiring in July 2018.

In the third quarter alone the profit before tax reached €16,048 thousand, a decrease of €235 thousand (-1.4%) against the third quarter of the prior year.

The period under examination reflects non-recurring expenses of €3,912 thousand relating to the integration of the AudioNova businesses acquired in France and in Portugal, while the results for the same period of 2016 were impacted by non-recurring expenses of €2,502 thousand linked to an acquisition which was not completed.

Net profit attributable to the Group

(€ thousands)	First nine months 2017			First nine months 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	**50,947**	**(2,788)**	**48,159**	**41,053**	**(1,716)**	**39,337**

(€ thousands)	Third Quarter 2017			Third Quarter 2016		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	**11,153**	**(1,051)**	**10,102**	**9,709**	**-**	**9,709**

The Group's net profit amounted to €48,159 thousand in the first nine months of 2017 (with a profit margin of 5.3%), versus €39,337 thousand in the same period of the prior year (and a profit margin of 4.9%), an increase of €8,822 thousand (+22.4%). Recurring net profit rose €9,894 thousand (+24.1%).

In the third quarter alone the Group's net profit amounted to €10,102 thousand, versus €9,709 thousand in the same period of the prior year, an increase of €393 thousand (+4.0%). Recurring net profit rose €1,444 thousand (+14.9%).

The tax rate reached 37.5% versus 40.8% in the comparison period and reflects the net effect of the losses recorded by some subsidiaries for which, in accordance with the principle of prudence, deferred tax assets are not recognized. Net of these items the tax rate would have been 33.2% versus 34.2% in the first nine months of 2016.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	30/09/2017				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	349,422	79,696	245,376	-	674,494
Non-competition agreements, trademarks, customer lists and lease rights	83,713	4,010	48,280	-	136,003
Software, licences, other intangible fixed assets, fixed assets in progress and advances	31,788	12,376	6,532	-	50,696
Tangible assets	111,396	3,825	18,057	-	133,278
Financial fixed assets	2,246	40,772	-	-	43,018
Other non-current financial assets	6,804	50	552	-	7,406
Non-current assets	**585,369**	**140,729**	**318,797**	**-**	**1,044,895**
Inventories	37,763	536	2,185	-	40,484
Trade receivables	84,445	29,579	11,287	(3,983)	121,328
Other receivables	41,131	6,686	1,612	(7)	49,422
Current assets (A)	**163,339**	**36,801**	**15,084**	**(3,990)**	**211,234**
Operating assets	**748,708**	**177,530**	**333,881**	**(3,990)**	**1,256,129**
Trade payables	(75,292)	(32,479)	(13,431)	3,983	(117,219)
Other payables	(102,427)	(4,958)	(17,787)	7	(125,165)
Provisions for risks and charges (current portion)	(2,540)	-	-	-	(2,540)
Current liabilities (B)	**(180,259)**	**(37,437)**	**(31,218)**	**3,990**	**(244,924)**
Net working capital (A) - (B)	**(16,920)**	**(636)**	**(16,134)**	**-**	**(33,690)**
Derivative instruments	(9,116)	-	-	-	(9,116)
Deferred tax assets	41,347	68	4,280	-	45,695
Deferred tax liabilities	(29,211)	(23,981)	(14,027)	-	(67,219)
Provisions for risks and charges (non-current portion)	(36,183)	(26,347)	(931)	-	(63,461)
Liabilities for employees' benefits (non-current portion)	(14,014)	(146)	(2,326)	-	(16,486)
Loan fees	913	4	-	-	917
Other non-current payables	(29,118)	(61)	(884)	-	(30,063)
NET INVESTED CAPITAL	**493,067**	**89,630**	**288,775**	**-**	**871,472**
Group net equity					550,610
Minority interests					193
Total net equity					**550,803**
Net medium and long-term financial indebtedness					105,188
Net short-term financial indebtedness					215,481
Total net financial indebtedness					**320,669**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**871,472**

(*) 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)	31/12/2016				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	298,310	84,310	252,512	-	635,132
Non-competition agreements, trademarks, customer lists and lease rights	51,643	3,917	54,841	-	110,401
Software, licences, other intangible fixed assets, fixed assets in progress and advances	30,749	13,483	7,273	-	51,505
Tangible assets	98,968	3,884	16,942	-	119,794
Financial fixed assets	2,336	42,935	-	-	45,271
Other non-current financial assets	5,792	51	371	-	6,214
Non-current assets	**487,798**	**148,580**	**331,939**	**-**	**968,317**
Inventories	29,020	484	1,866	-	31,370
Trade receivables	89,203	32,400	8,973	(3,298)	127,278
Other receivables	32,220	8,825	1,124	(7)	42,162
Current assets (A)	**150,443**	**41,709**	**11,963**	**(3,305)**	**200,810**
Operating assets	**638,241**	**190,289**	**343,902**	**(3,305)**	**1,169,127**
Trade payables	(82,434)	(39,399)	(12,646)	3,298	(131,181)
Other payables	(98,105)	(5,100)	(17,839)	7	(121,037)
Provisions for risks and charges (current portion)	(2,346)	-	-	-	(2,346)
Current liabilities (B)	**(182,885)**	**(44,499)**	**(30,485)**	**3,305**	**(254,564)**
Net working capital (A) - (B)	**(32,442)**	**(2,790)**	**(18,522)**	**-**	**(53,754)**
Derivative instruments	(10,212)	-	-	-	(10,212)
Deferred tax assets	37,287	651	2,806	-	40,744
Deferred tax liabilities	(20,854)	(25,817)	(15,734)	-	(62,405)
Provisions for risks and charges (non-current portion)	(31,745)	(26,709)	(887)	-	(59,341)
Liabilities for employees' benefits (non-current portion)	(14,313)	(172)	(2,124)	-	(16,609)
Loan fees	1,393	12	63	-	1,468
Other non-current payables	(25,513)	(27)	(587)	-	(26,127)
NET INVESTED CAPITAL	**391,399**	**93,728**	**296,954**	**-**	**782,081**
Group net equity					557,371
Minority interests					289
Total net equity					**557,660**
Net medium and long-term financial indebtedness					379,566
Net short-term financial indebtedness					(155,145)
Total net financial indebtedness					**224,421**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**782,081**

Non-current assets

Non-current assets amounted to €1,044,895 thousand at 30 September 2017 versus €968,317 thousand at 31 December 2016, a net increase of €76,578 thousand explained (i) for €44,164 thousand by capital expenditure; (ii) for €104,028 thousand by acquisitions; (iii) for €45,513 thousand by depreciation, amortization and impairment; (iv) for €28,867 thousand by the negative impact of foreign exchange differences, and (v) for €2,766 thousand by other net increases.

The following table shows the breakdown of non-current assets by geographical region:

(€ thousands)		30/09/2017	31/12/2016	Change
EMEA	Goodwill	349,422	298,310	51,112
	Non-competition agreements, trademarks, customer lists and lease rights	83,713	51,643	32,070
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	31,788	30,749	1,039
	Tangible assets	111,396	98,968	12,428
	Financial fixed assets	2,246	2,336	(90)
	Other non-current financial assets	6,804	5,792	1,012
	Non-current assets	**585,369**	**487,798**	**97,571**
Americas	Goodwill	79,696	84,310	(4,614)
	Non-competition agreements, trademarks, customer lists and lease rights	4,010	3,917	93
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	12,376	13,483	(1,107)
	Tangible assets	3,825	3,884	(59)
	Financial fixed assets	40,772	42,935	(2,163)
	Other non-current financial assets	50	51	(1)
	Non-current assets	**140,729**	**148,580**	**(7,851)**
Asia Pacific	Goodwill	245,376	252,512	(7,136)
	Non-competition agreements, trademarks, customer lists and lease rights	48,280	54,841	(6,561)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	6,532	7,273	(741)
	Tangible assets	18,057	16,942	1,115
	Financial fixed assets	-	-	-
	Other non-current financial assets	552	371	181
	Non-current assets	**318,797**	**331,939**	**(13,142)**

Europe, Middle-East and Africa

Non-current assets amounted to €585,369 thousand at 30 September 2017 versus €487,798 thousand at 31 December 2016, an increase of €97,571 thousand explained:

- for €27,491 thousand, by investments in plant, property and equipment, relating primarily to the opening of new and renewal of existing stores as part of the continuing introduction of the concept store;
- for €6,554 thousand, by investments in intangible assets, relating primarily to the implementation of new store and sales support systems, digital marketing and back-office systems;
- for €97,651 thousand, by acquisitions made in the period;
- for €32,389 thousand, by amortization, depreciation and impairment;
- for €1,736 thousand, by other net decreases relating primarily to exchange losses.

Americas

Non-current assets came to €140,729 thousand at 30 September 2017 versus €148,580 thousand at 31 December 2016, a drop of €7,851 thousand explained:

- for €682 thousand, by investments in plant, property and equipment;
- for €3,212 thousand, by investments in intangible assets relating primarily to the implementation of front-office systems and the website, renewal of the headquarters, relocation of proprietary stores and joint investment plans entered with the franchisees for the renewal and relocation of stores;
- for €4,753 thousand by acquisitions made in the period;
- for €3,607 thousand, by amortization and depreciation;
- for €12,891 thousand, by other net decreases relating primarily to exchange losses.

Asia Pacific

Non-current assets came to €318,797 thousand at 30 September 2017 versus €331,939 thousand at 31 December 2016, a decrease of €13,142 thousand explained:

- for €5,102 thousand, by investments in plant, property and equipment, relating primarily to the opening, restructuring and relocation of a few stores;
- for €1,123 thousand, by investments in intangible assets, relating primarily to the implementation of a new front-office system;
- for €1,625 thousand by acquisitions made in the period;
- for €9,517 thousand, by amortization and depreciation;
- for €11,475 thousand, by other net decreases relating primarily to exchange losses.

Net invested capital

Net invested capital came to €871,472 thousand al 30 September 2017 versus €782,081 thousand at 31 December 2016, an increase of €89,391 thousand linked to the increase in both non-current assets described above and working capital, partially offset by an increase in non-current liabilities relating to deferred tax and other liabilities recognized following acquisitions.

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

(€ thousands)	30/09/2017	31/12/2016	Change
EMEA	493,067	391,399	101,668
Americas	89,630	93,728	(4,098)
Asia Pacific	288,775	296,954	(8,179)
Total	**871,472**	**782,081**	**89,391**

Europe, Middle-East and Africa

Net invested capital came to €493,067 thousand at 30 September 2017, an increase of €101,668 thousand against 31 December 2016. The increase in non-current assets described above was accompanied by an increase in working capital, which was largely offset by an increase in non-current liabilities relating to the deferred tax and other liabilities recognized as a result of the acquisitions made.

Factoring without recourse in the period involved trade receivables with a face value of €35,078 thousand (€33,562 thousand in the first nine months of the prior year) and VAT credits with a face value of €17,890 thousand (€16,005 thousand in the first nine months of 2016).

Americas

Net invested capital came to €89,630 thousand at 30 September 2017, a decrease of €4,098 thousand against the amount recorded at 31 December 2016. The decrease in non-current assets described above, attributable primarily to foreign exchange losses, was partially offset by an increase in working capital.

Asia Pacific

Net invested capital came to €288,775 thousand at 30 September 2017, a decrease of €8,179 thousand against the amount recorded at 31 December 2016. The decrease in non-current assets described above, attributable primarily to foreign exchange losses, was partially offset by a slight increase in working capital.

Net financial indebtedness

(€ thousands)	30/09/2017	31/12/2016	Change
Net medium and long-term financial indebtedness	105,188	379,566	(274,378)
Net short-term financial indebtedness	329,470	28,689	300,781
Cash and cash equivalents	(113,989)	(183,834)	69,845
Net financial indebtedness	**320,669**	**224,421**	**96,248**
Group net equity	550,610	557,371	(6,761)
Minority interests	193	289	(96)
Net Equity	**550,803**	**557,660**	**(6,857)**
Financial indebtedness/Group net equity	**0.58**	**0.40**	
Financial indebtedness/net equity	**0.58**	**0.40**	

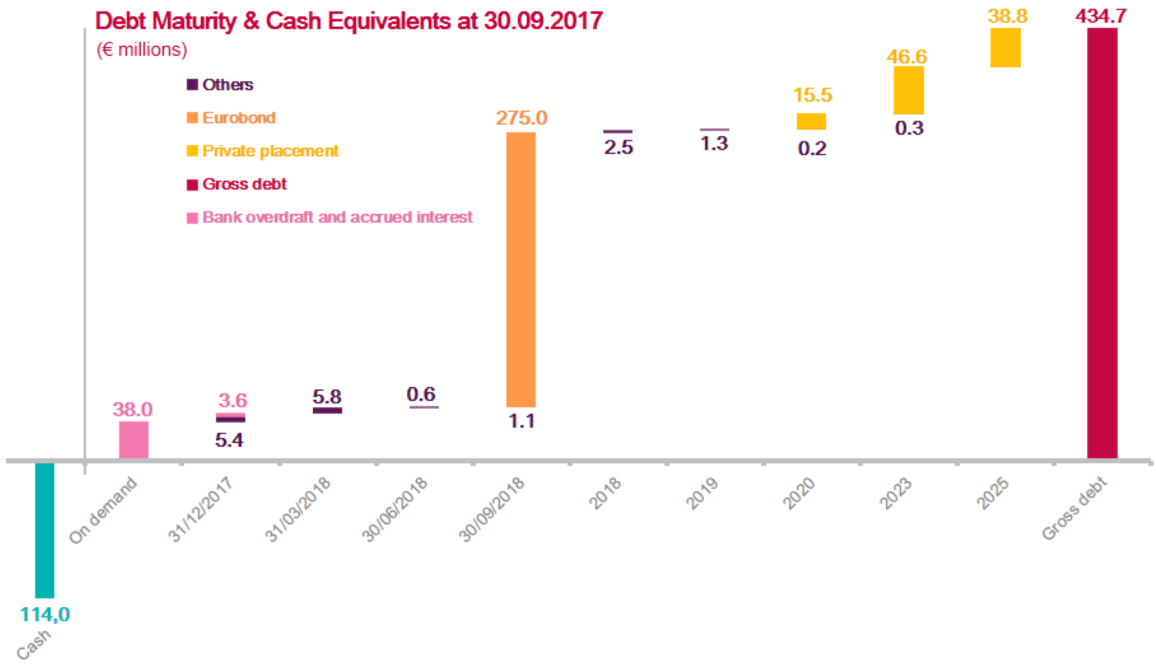
Net financial indebtedness amounted to €320,669 thousand at 30 September 2017, an increase of €96,248 thousand with respect to 31 December 2016.

The increase in debt is attributable primarily to the net impact of the acquisitions made in the period (€82,960 thousand), the purchase of treasury shares (€27,793 thousand) and the payment of dividends to shareholders (€15,292 thousand).
The ability of ordinary operations to generate excellent cash flow was also confirmed, with free cash flow reaching a positive €33,985 thousand (versus €27,477 thousand in the first nine months of the prior year) after absorbing capital expenditure which was €8,217 higher than in the comparison period.

At 30 September 2017, the Group's total financial indebtedness amounted to €320,669 thousand net of cash and cash equivalents totaling €113,989 thousand. Long-term debt amounted to €105,188 thousand, €3,018 thousand of which reflects the long term portion of deferred payments for acquisitions. The noticeable decline is attributable to the reclassification of the €275 million Eurobond, which expires in July 2018, as short-term debt. Short-term debt amounted to €329,470 thousand mainly explained for €275,000 thousand by the above mentioned reclassified Eurobond, for €37,185 thousand to drawdowns of credit lines used mainly for treasury management, for €3,463 thousand by the interest payable on the Eurobond and the Private Placement, and for €11,374 thousand by the best estimate of the deferred payments for acquisitions.

With a view to repaying the above-mentioned Eurobond in July 2018, in addition to the €195 million in irrevocable credit lines granted through 2021-2022, on 27 September 2017 the Group finalized an agreement for a 100 million medium-long term bank loan which will be disbursed in the second quarter of 2018. Both the lines of credit and the bank loan were obtained under terms and conditions which are significantly better than those applied to the Eurobond.

The chart below shows that there are no other significant maturities, other than the one described above, and that cash and cash equivalents of €114.0 million, the irrevocable credit lines and loan described above which amount to €295 million, as well as the €80.5 million in other available credit lines, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.



Interest payable on financial indebtedness amounted to €13,923 thousand at 30 September 2017, versus €13,669 thousand at 30 September 2016. The slight increase is explained by the commission paid linked to the 5-year irrevocable credit lines granted at the end of FY 2016.

Interest receivable on bank deposits came to €314 thousand at 30 September 2017, versus €491 thousand at 30 September 2016.

The reasons for the changes in net debt are detailed in the next section on the statement of cash flows.

CASH FLOW

The reclassified statement of cash flows shows the change in net financial indebtedness from the beginning to the end of the period.

Pursuant to IAS 7 the 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)	First nine months 2017	First nine months 2016
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	48,159	39,337
Minority interests	(49)	101
Amortization, depreciation and write-downs:		
- Intangible fixed assets	*22,579*	*18,575*
- Tangible fixed assets	*22,934*	*20,010*
- Goodwill	*-*	*-*
Total amortization, depreciation and write-downs	45,513	38,585
Provisions, other non-monetary items and gain/losses from disposals	19,571	15,449
Group's share of the result of associated companies	(244)	(351)
Financial income and charges	14,598	14,241
Current and deferred income taxes	28,907	27,213
Change in assets and liabilities:		
- Utilization of provisions	*(9,547)*	*(5,698)*
- (Increase) decrease in inventories	*(6,993)*	*(3,003)*
- Decrease (increase) in trade receivables	*2,985*	*392*
- Increase (decrease) in trade payables	*(13,051)*	*(9,854)*
- Changes in other receivables and other payables	*(6,495)*	*(12,431)*
Total change in assets and liabilities	(33,101)	(30,594)
Dividends received	302	85
Net interest charges	(13,868)	(13,122)
Tax paid	(32,996)	(28,877)
Cash flow generated from (absorbed) by operating activities	**76,792**	**62,067**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(10,889)	(9,933)
Purchase of tangible fixed assets	(33,275)	(25,654)
Consideration from sale of tangible fixed assets and businesses	1,357	997
Cash flow generated from (absorbed) by investing activities	**(42,807)**	**(34,590)**
Cash flow generated from operating and investing activities (Free cash flow)	**33,985**	**27,477**
Cash flow generated from acquisitions (*)	**(82,960)**	**(70,455)**
Cash flow generated from (absorbed) by investing activities	**(125,767)**	**(105,045)**

(€ thousands)	First nine months 2017	First nine months 2016
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	(75)	-
Other non-current assets	(987)	(5)
Dividends distributed	(15,292)	(9,427)
Treasury shares	(27,793)	(12,006)
Capital increases (reduction), third parties' contributions in subsidiaries and dividends paid to third parties by the subsidiaries	103	1,371
Cash flow generated from (absorbed) by financing activities	**(44,044)**	**(20,067)**
Changes in net financial indebtedness	**(93,019)**	**(63,045)**
Net financial indebtedness at the beginning of the period	(224,421)	(204,911)
Effect of exchange rate fluctuations on net financial indebtedness	(3,229)	2,101
Changes in net indebtedness	(93,019)	(63,045)
Net financial indebtedness at the end of the period	**(320,669)**	**(265,855)**

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

The change in net debt of €96,248 thousand is explained by:

(i) Investing activities:
- capital expenditure on property, plant and equipment and intangible assets of €44,164 thousand relating primarily to the opening and repositioning of stores, renewal of headquarters and stores, new back-office systems and the implementation of store and sales support systems, as well as digital marketing;
- acquisitions amounting to €82,960 thousand, including the impact of the acquired companies' debt and the net change in 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 amounting to €1,357 thousand.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial expenses of €13,868 thousand;
- payment of taxes amounting to €32,996 thousand;
- cash flow generated by operations of €123,656 thousand.

(iii) Financing activities:
- payment of €15,292 in dividends to shareholders;
- net proceeds from capital increases following the exercise of stock options of €499 thousand;
- payment of €396 thousand in dividends to minorities by subsidiaries;
- purchase of treasury shares amounting to €27,793 thousand;
- payment of fees on new credit lines of €75 thousand;
- increase in other non-current assets of €987 thousand.

(iv) Negative exchange losses of €3,229 thousand.

The non-recurring transactions had a negative impact on cash flow of €821 thousand in the first nine months of 2017 versus a negative €3,065 thousand in the same period of the prior year as shown below:

(€ thousands)	First nine months 2017	First nine months 2016
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	(821)	-
Restructuring charges paid in FY 2015 and 2016	-	(563)
Advisory fees and expenses related to an acquisition process not completed	-	(2,502)
Cash flow generated (absorbed) by operating activities	***(821)***	***(3,065)***
Cash flow generated from (absorbed) by investing activities	-	-
Free Cash Flow	**(821)**	**(3,065)**
Cash flow generated from acquisitions	-	-
Total cash flow generated by non-recurring transactions	**(821)**	**(3,065)**

ACQUISITION OF COMPANIES AND BUSINESSES

The Group's external growth continued in the first nine months of 2017. A total of 312 points of sale were acquired for a total investment of €82,960 thousand, including the debt consolidated and the net change in the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

Of note are the acquisitions of the AudioNova retail businesses in France (59 stores) and in Portugal (81 stores).

Overall in the first nine months:
- 108 points of sale were acquired in France;
- 81 points of sale were acquired in Portugal;
- 62 points of sale were acquired in Germany;
- 9 points of sale, which were previously part of the indirect network, were purchased in Belgium;
- 5 points of sale were acquired in Spain and a customer list relating to one store;
- 1 point of sale was acquired in Switzerland;
- customer lists relating to 12 stores were acquired in the United States;
- 8 points of sale were acquired in Canada;
- 1 point of sale, which was previously part of the indirect network, was purchased in Brazil;
- 37 points of sale were acquired in India.

OUTLOOK

Amplifon expects the favorable, both organic and external, growth trend to continue in the last quarter of 2017 across all geographic areas. This growth, driven by substantial investments in integrated marketing and communication activities, as well as the constant focus on execution and the contribution of piecemeal acquisitions in key countries, will favor the increase in profitability. Supported by the positive start of the fourth quarter, Amplifon reiterates its confidence in its ability to implement and execute the strategic guidelines announced previously, as well as to achieve the medium-long term targets.

Disclaimer

This report contains forward looking statements ("Outlook") relating to 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 a number of factors, the majority of which are out of the Group's control.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		30/09/2017	31/12/2016	Change
ASSETS				
Non-current assets				
Goodwill	**Note 2**	674,494	635,132	39,362
Intangible fixed assets with finite useful life	**Note 3**	186,699	161,906	24,793
Tangible fixed assets	**Note 4**	133,278	119,794	13,484
Investments valued at equity		1,720	1,759	(39)
Financial assets measured at fair value through profit or loss		27	43	(16)
Long-term hedging instruments		105	12,223	(12,118)
Deferred tax assets		45,695	40,744	4,951
Other assets		48,677	49,683	(1,006)
Total non-current assets		**1,090,695**	**1,021,284**	**69,411**
Current assets				
Inventories		40,484	31,370	9,114
Trade receivables		121,328	127,278	(5,950)
Other receivables		49,422	42,162	7,260
Hedging instruments		-	35	(35)
Other financial assets		23	-	23
Cash and cash equivalents		113,989	183,834	(69,845)
Total current assets		**325,246**	**384,679**	**(59,433)**
TOTAL ASSETS		**1,415,941**	**1,405,963**	**9,978**

(€ thousands)		30/09/2017	31/12/2016	Change
LIABILITIES				
Net Equity				
Share capital	**Note 5**	4,526	4,524	2
Share premium account		202,358	201,648	710
Treasury shares		(54,681)	(48,178)	(6,503)
Other reserves		(6,992)	14,938	(21,930)
Profit (loss) carried forward		357,240	320,819	36,421
Profit (loss) for the period		48,159	63,620	(15,461)
Group net equity		**550,610**	**557,371**	**(6,761)**
Minority interests		**193**	**289**	**(96)**
Total net equity		**550,803**	**557,660**	**(6,857)**
Non-current liabilities				
Medium/long-term financial liabilities	**Note 7**	111,020	399,166	(288,146)
Provisions for risks and charges		63,461	59,341	4,120
Liabilities for employees' benefits		16,486	16,609	(123)
Deferred tax liabilities		67,219	62,405	4,814
Payables for business acquisitions		3,018	2,087	931
Other long-term debt		30,063	26,127	3,936
Total non-current liabilities		**291,267**	**565,735**	**(274,468)**
Current liabilities				
Trade payables		117,219	131,181	(13,962)
Payables for business acquisitions		11,374	14,485	(3,111)
Other payables		124,355	120,298	4,057
Hedging instruments		1	3	(2)
Provisions for risks and charges		2,540	2,346	194
Liabilities for employees' benefits		810	739	71
Short-term financial liabilities	**Note 7**	317,572	13,516	304,056
Total current liabilities		**573,871**	**282,568**	**291,303**
TOTAL LIABILITIES		**1,415,941**	**1,405,963**	**9,978**

CONSOLIDATED INCOME STATEMENT

(€ thousands)		First nine months 2017			First nine months 2016			
		Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Change
Revenues from sales and services		901,774	-	901,774	803,940	-	803,940	97,834
Operating costs		(764,475)	(3,912)	(768,387)	(681,037)	-	(681,037)	(87,350)
Other income and costs		3,497	-	3,497	(1,276)	(2,502)	(3,778)	7,275
Gross operating profit (EBITDA)		**140,796**	**(3,912)**	**136,884**	**121,627**	**(2,502)**	**119,125**	**17,759**
Amortisation, depreciation and impairment								
Amortisation of intangible fixed assets	Note 3	(22,579)	-	(22,579)	(18,570)	-	(18,570)	(4,009)
Depreciation of tangible fixed assets	Note 4	(22,467)	-	(22,467)	(19,727)	-	(19,727)	(2,740)
Impairment and impairment reversals of non-current assets		(467)	-	(467)	(288)	-	(288)	(179)
		(45,513)	**-**	**(45,513)**	**(38,585)**	**-**	**(38,585)**	**(6,928)**
Operating result		**95,283**	**(3,912)**	**91,371**	**83,042**	**(2,502)**	**80,540**	**10,831**
Financial income, charges and value adjustments to financial assets								
Group's share of the result of associated companies valued at equity		244	-	244	351	-	351	(107)
Other income and charges, impairment and revaluations of financial assets		2	-	2	(73)	-	(73)	75
Interest income and charges		(13,609)	-	(13,609)	(13,203)	-	(13,203)	(406)
Other financial income and charges		(665)	-	(665)	(783)	-	(783)	118
Exchange gains and losses		(505)	-	(505)	(1,568)	-	(1,568)	1,063
Gain (loss) on assets measured at fair value		179	-	179	1,386	-	1,386	(1,207)
		(14,354)	**-**	**(14,354)**	**(13,890)**	**-**	**(13,890)**	**(464)**
Profit (loss) before tax		**80,929**	**(3,912)**	**77,017**	**69,152**	**(2,502)**	**66,650**	**10,367**
Income tax	Note 8							
Tax		(30,031)	1,124	(28,907)	(27,998)	786	(27,212)	(1,695)
Total net profit (loss)		**50,898**	**(2,788)**	**48,110**	**41,154**	**(1,716)**	**39,438**	**8,672**
Net profit (loss) attributable to Minority interests		(49)	-	(49)	101	-	101	(150)
Net profit (loss) attributable to the Group		**50,947**	**(2,788)**	**48,159**	**41,053**	**(1,716)**	**39,337**	**8,822**

Income (loss) and earnings per share (€ per share)	Note 10	First nine months 2017	First nine months 2016
Earnings per share:			
- base		0.21991	0.17941
- diluted		0.21429	0.17470

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First nine months 2017	First nine months 2016
Net income (loss) for the period	**48,110**	**39,438**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit plans	119	(2,026)
Tax effect on components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	(14)	395
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	**105**	**(1,631)**
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedging instruments	1,095	(1,217)
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(24,130)	2,622
Tax effect on components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	(262)	335
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	**(23,297)**	**1,740**
Total other comprehensive income (loss) (A)+(B)	**(23,192)**	**109**
Comprehensive income (loss) for the period	**24,918**	**39,547**
Attributable to the Group	25,014	39,488
Attributable to Minority interests	(96)	59

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

(€ thousands)	Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 2016	**4,510**	**197,774**	**934**	**3,636**	**(39,740)**	**21,835**
Appropriation of FY 2015 result						
Share capital increase	11	1,640				
Treasury shares					(12,006)	
Dividend distribution						
Implicit cost of stock options and stock grants						8,509
Other changes		1,045			5,357	(6,572)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for first 9 months 2016						
Total comprehensive income (loss) for the period						
Balance at 30 September 2016	**4,521**	**200,459**	**934**	**3,636**	**(46,389)**	**23,772**

(€ thousands)	Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 2017	**4,524**	**201,648**	**934**	**3,636**	**(48,178)**	**25,541**
Appropriation of FY 2016 result						
Share capital increase	2	497				
Treasury shares					(27,793)	
Dividend distribution						
Implicit cost of stock options and stock grants						11,771
Other changes		213			21,290	(10,556)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for first 9 months 2017						
Total comprehensive income (loss) for the period						
Balance at 30 September 2017	**4,526**	**202,358**	**934**	**3,636**	**(54,681)**	**26,756**

Cash flow hedge reserve	Actuarial gains and (losses)	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(5,096)	(4,404)	287,535	(14,318)	46,805	499,471	694	500,165
		46,805		(46,805)	-		-
					1,651		1,651
					(12,006)		(12,006)
		(9,427)			(9,427)		(9,427)
					8,509		8,509
		91			(79)	(232)	(311)
(882)					(882)		(882)
	(1,631)				(1,631)		(1,631)
			2,664		2,664	(42)	2,622
				39,337	39,337	101	39,438
(882)	(1,631)		2,664	39,337	39,488	59	39,547
(5,978)	(6,035)	325,004	(11,654)	39,337	527,607	521	528,128

Cash flow hedge reserve	Actuarial gains and (losses)	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(7,545)	(4,308)	320,819	(3,320)	63,620	557,371	289	557,660
		63,620		(63,620)	-		-
					499		499
					(27,793)		(27,793)
		(15,292)			(15,292)		(15,292)
					11,771		11,771
		(11,907)			(960)		(960)
833					833		833
	105				105		105
			(24,083)		(24,083)	(47)	(24,130)
				48,159	48,159	(49)	48,110
833	105		(24,083)	48,159	25,014	(96)	24,918
(6,712)	(4,203)	357,240	(27,403)	48,159	550,610	193	550,803

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First nine months 2017	First nine months 2016
OPERATING ACTIVITIES		
Net profit (loss)	48,110	39,438
Amortization, depreciation and write-downs:		
- intangible fixed assets	22,579	18,575
- tangible fixed assets	22,934	20,010
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	19,571	15,449
Group's share of the result of associated companies	(244)	(351)
Financial income and charges	14,598	14,241
Current, deferred tax assets and liabilities	28,907	27,213
Cash flow from operating activities before change in working capital	***156,455***	***134,575***
Utilization of provisions	(9,547)	(5,698)
(Increase) decrease in inventories	(6,993)	(3,003)
Decrease (increase) in trade receivables	2,985	392
Increase (decrease) in trade payables	(13,051)	(9,854)
Changes in other receivables and other payables	(6,495)	(12,431)
Total change in assets and liabilities	***(33,101)***	***(30,594)***
Dividends received	302	85
Interest received (paid)	(18,115)	(17,368)
Tax paid	(32,996)	(28,877)
Cash flow generated from (absorbed by) operating activities (A)	**72,545**	**57,821**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(10,889)	(9,933)
Purchase of tangible fixed assets	(33,275)	(25,654)
Consideration from sale of tangible fixed assets	1,357	997
Cash flow generated from (absorbed by) operating investing activities (B)	**(42,807)**	**(34,590)**
Purchase of subsidiaries and business units	(86,330)	(72,509)
Increase (decrease) in payables through business acquisition	(2,312)	4,948
(Purchase) sale of other investments, securities and reductions of earn out	23	(55)
Cash flow generated from (absorbed by) acquisition activities (C)	**(88,619)**	**(67,616)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(131,426)**	**(102,206)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	33,720	15,233
(Increase) decrease in financial receivables	(25)	38
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	(75)	-
Other non-current assets and liabilities	(987)	(5)
Treasury shares	(27,793)	(12,006)
Dividends distributed	(15,292)	(9,427)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	103	1,371
Cash flow generated from (absorbed by) financing activities (D)	**(10,349)**	**(4,796)**
Net increase in cash and cash equivalents (A+B+C+D)	**(69,230)**	**(49,181)**

(€ thousands)	First nine months 2017	First nine months 2016
Cash and cash equivalents at beginning of period	**183,834**	**196,714**
Effect of discontinued operations on cash & cash equivalents	-	-
Effect of exchange rate fluctuations on cash & cash equivalents	(3,962)	584
Liquid assets acquired	3,347	2,109
Cash and cash equivalents flows	(69,230)	(49,181)
Cash and cash equivalents at end of period	**113,989**	**150,226**

Related-party transactions relate to rentals of the main office and certain stores, to recharges of maintenance costs and general services of the above-mentioned buildings and to commercial transactions, personnel costs and loans. They are detailed in Note 11. The impact of these transactions on the Group's cash flows is not material.

SUPPLEMENTARY INFORMATION TO CONSOLIDATED CASH FLOW STATEMENT

The fair values of the assets and liabilities acquired are summarised in the following table:

(€ thousands)	First nine months 2017	First nine months 2016
- Goodwill	57,072	55,856
- Customer lists	36,033	20,298
- Trademarks and non-competition agreements	223	-
- Other intangible fixed assets	5,186	1,006
- Tangible fixed assets	5,080	2,815
- Financial fixed assets	-	-
- Current assets	11,313	9,753
- Provisions for risks and charges	(4,270)	(1,734)
- Current liabilities	(22,431)	(13,923)
- Other non-current assets and liabilities	(10,029)	(7,593)
- Minority interests	-	-
Total investments	**78,177**	**66,478**
Net financial debt acquired	8,153	6,031
Total business combinations	**86,330**	**72,509**
(Increase) decrease in payables through business acquisition	2,312	(4,948)
Disposal of businesses (reduction in earn-outs), purchase (sale) of other investments and securities	(23)	55
Cash flow absorbed by (generated from) acquisitions	**88,619**	**67,616**
(Cash and cash equivalents acquired)	(3,347)	(2,109)
Net cash flow absorbed by (generated from) acquisitions	**85,272**	**65,507**

EXPLANATORY NOTES

1. General Information

The Amplifon Group is global leader in the distribution of Hearing Aid systems and in their fitting and customization to meet the needs of hearing impaired patients.

The parent company Amplifon S.p.A. is based in Milan in Via Ripamonti 133. The Group is controlled directly by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

The consolidated financial statements at 30 September 2017 have been prepared in accordance with International Accounting Standards and the implementation regulations set out in Article 9 of legislative decree no. 38 of 28 February 2005. These standards include the IAS and IFRS issued by the International Accounting Standard Board, as well as the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed in accordance with the procedure set out in Article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 30 September 2017. International Accounting Standards endorsed after that date and before the preparation of these financial statements are adopted in the preparation of the consolidated financial statements only if early adoption is allowed by the Endorsing Regulation and the accounting standard itself and the Group has elected to do so.

The valuation criteria adopted in the preparation of the condensed consolidated interim financial statements as at 30 September 2017 did not change from those of the consolidated accounts as at 31 December 2016.

The condensed consolidated interim financial statements at 30 September 2017 do not include all the additional information required by the financial statements, and must be read together with the financial statements of the Group at 31 December 2016.

The publication of the condensed consolidated interim financial statements of the Amplifon Group at 30 September 2017 was authorized by a resolution of the Board of Directors of 25 October 2017 which approved their distribution to the public.

2. Acquisitions and goodwill

During the first nine months of 2017 the Group continued its external growth and finalized many acquisitions with the aim of increasing the coverage: in detail 266 points of sale were purchased in the EMEA region, 37 in the APAC and 9 in the Americas.

The total investment amounted to €82,960 thousand, including debt consolidated and the net change in the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

A summary of the book values and fair values of assets and liabilities, deriving from the provisional allocation of the purchase price paid in business combinations is provided in the following table.

(€ thousands)	Net carrying value at 31/12/2016	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 30/09/2017
Italy	540	-	-	-	-	540
France	70,491	20,639	-	-	-	91,130
Iberian Peninsula	23,975	6,748	-	-	-	30,723
Hungary	1,033	-	-	-	(1)	1,032
Switzerland	13,719	232	-	-	(846)	13,105
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxembourg	11,136	543	-	-	-	11,679
Germany	130,871	24,076	-	-	-	154,947
Poland	217	-	-	-	-	217
United Kingdom and Ireland	8,820	-	-	-	(256)	8,564
Turkey	1,050	-	-	-	(8)	1,042
Israel	3,677	-	-	-	(15)	3,662
USA and Canada	84,310	3,682	-	-	(8,348)	79,644
Brazil	-	56	-	-	(3)	53
Australia and New Zealand	252,512	-	-	-	(8,170)	244,342
India	-	1,096	-	-	(63)	1,033
Goodwill	**635,132**	**57,072**	**-**	**-**	**(17,710)**	**674,494**

"Business combinations" contains the provisional allocation to goodwill of the portion of the purchase price not directly attributable to the fair value of the assets and liabilities, but which reflects the expectations of obtaining a positive contribution in terms of free cash flow for an indefinite period.

The item "Other net changes" is entirely related to differences in exchange rates.

3. Intangible fixed assets

The following table shows the changes in intangible fixed assets.

(€ thousands)	Historical cost at 31/12/2016	Accumulated amortisation and write-downs at 31/12/2016	Net book value at 31/12/2016	Historical cost at 30/09/2017	Accumulated amortisation and write-downs at 30/09/2017	Net book value at 30/09/2017
Software	93,004	(62,284)	30,720	95,464	(67,157)	28,307
Licenses	10,931	(9,122)	1,809	12,189	(9,963)	2,226
Non-competition agreements	4,685	(4,390)	295	5,257	(4,553)	704
Customer lists	202,766	(110,496)	92,270	234,269	(118,558)	115,711
Trademarks and concessions	33,002	(15,816)	17,186	39,496	(20,492)	19,004
Other	22,333	(7,073)	15,260	22,982	(7,620)	15,362
Fixed assets in progress and advances	4,366	-	4,366	5,385	-	5,385
Total	**371,087**	**(209,181)**	**161,906**	**415,042**	**(228,343)**	**186,699**

(€ thousands)	Net book value at 31/12/2016	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/09/2017
Software	30,720	2,786	-	(7,459)	6	-	2,254	28,307
Licenses	1,809	468	-	(706)	19	-	636	2,226
Non-competition agreements	295	859	-	(551)	106	-	(5)	704
Customer lists	92,270	-	-	(10,738)	36,033	-	(1,854)	115,711
Trademarks and concessions	17,186	-	-	(1,875)	4,497	-	(804)	19,004
Other	15,260	1,803	(332)	(1,250)	781	-	(900)	15,362
Fixed assets in progress and advances	4,366	4,973	(33)	-	-	-	(3,921)	5,385
Total	**161,906**	**10,889**	**(365)**	**(22,579)**	**41,442**	**-**	**(4,594)**	**186,699**

The variation of the item "Business combinations" is detailed as follows:

- for €40,339 thousand to the temporary allocation of the considerations paid for the acquisitions made in the EMEA region;
- for €880 thousand to the temporary allocation of the considerations paid for the acquisitions made in the Americas region;
- for €223 thousand to the temporary allocation of the considerations paid for the acquisitions made in the Asia Pacific region.

The increase in intangible assets in the period is primarily attributable to investments in digital marketing, in back office systems, new deployment of store and sales support systems.

The item "Other net changes" is mainly due to exchange rate fluctuations during the period and to the allocation of the fixed assets in progress and advances completed in the period to the related fixed assets lines.

4. Tangible fixed assets

The following table shows the changes in tangible fixed assets.

(€ thousands)	Historical cost at 31/12/2016	Accumulated amortisation and write-downs at 31/12/2016	Net book value at 31/12/2016	Historical cost at 30/09/2017	Accumulated amortisation and write-downs at 30/09/2017	Net book value at 30/09/2017
Land	162	-	162	162	-	162
Buildings, constructions and leasehold improvements	140,239	(87,869)	52,370	156,743	(100,371)	56,372
Plant and machines	35,243	(27,225)	8,018	40,942	(30,151)	10,791
Industrial and commercial equipment	40,660	(28,785)	11,875	43,893	(31,145)	12,748
Motor vehicles	6,259	(3,589)	2,670	6,315	(3,752)	2,563
Computers and office machinery	39,066	(30,932)	8,134	43,359	(34,531)	8,828
Furniture and fittings	84,918	(54,698)	30,220	93,147	(59,420)	33,727
Other tangible fixed assets	504	(379)	125	661	(526)	135
Fixed assets in progress and advances	6,220	-	6,220	7,952	-	7,952
Total	**353,271**	**(233,477)**	**119,794**	**393,174**	**(259,896)**	**133,278**

(€ thousands)	Net book value at 31/12/2016	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/09/2017
Land	162	-	-	-	-	-	-	162
Buildings, constructions and leasehold improvements	52,370	9,996	(3)	(9,249)	2,351	(105)	1,012	56,372
Plant and machines	8,018	2,820	(11)	(1,579)	1,200	(264)	607	10,791
Industrial and commercial equipment	11,875	2,767	(1)	(2,318)	412	(7)	20	12,748
Motor vehicles	2,670	637	(70)	(837)	210	-	(47)	2,563
Computers and office machinery	8,134	2,845	(13)	(2,963)	203	(9)	631	8,828
Furniture and fittings	30,220	7,774	(30)	(5,409)	648	(82)	606	33,727
Other tangible fixed assets	125	66	(1)	(112)	54	-	3	135
Fixed assets in progress and advances	6,220	6,370	(37)	-	2	-	(4,603)	7,952
Total	**119,794**	**33,275**	**(166)**	**(22,467)**	**5,080**	**(467)**	**(1,771)**	**133,278**

The investments made in the period refer primarily to network expansion with the opening of new stores and renewal of existing ones based on the concept store.

The increase of “Business combinations” in the period is detailed below:
- for €4,639 thousand to the to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €136 thousand to the temporary allocation of the price related to one acquisition made in the Americas region;
- for €305 thousand to the temporary allocation of the price related to the acquisitions made in the Asia Pacific region.

The item “Other net changes” is mainly due to exchange rate fluctuations occurred during the period and to the allocation of the fixed assets in progress and advances completed in the period to the related fixed assets lines.

5. Share capital

At 30 September 2017, the fully paid in and subscribed share capital consisted of 226,320,086 ordinary shares with a par value of €0.02.

At 31 December 2016 share capital was made up of 226,211,802 shares. The increase recorded in the period is due to the exercise of 108,284 stock options, equivalent to 0.05% of the share capital.

During the period, continued the share buy-back program started following the resolution of the Shareholders Meetings held on 18 April 2016 and on 20 April 2017 when the Assembly authorized (after revoking the current shares buy-back plan due to expire in October 2017) a new plan of shares buy-back and disposal, pursuant the dispositions of articles 2357 and 2357-ter of the Italian Civil Code and 132 Legislative Decree n. 58 of 24 February 1998, effective for a period of 18 months starting from 20 April 2017.

The program has the purpose to increase treasury shares in order to service stock-based incentive plans and, if necessary, to ensure the availability of treasury shares to use as a form of payment for acquisitions. As resolved by the shareholders, the treasury shares may be purchased on one or more occasions on a revolving basis for up to a total number of new shares, which together with the treasury shares already held and in accordance with the law, amounts to 10% of the company’s share capital. The purchase price of the shares may not be 10% higher or lower than the stock price registered at the close of the trading session prior to each single purchase.

As part of this program during 2017, 2,412,000 shares have been purchased at an average price of €11.523.

During the period, have been exercised 2,626,308 performance stock grants rights. The Company transferred to the beneficiaries an equivalent number of treasury shares.

The total amount of treasury shares held at 30 September 2017 equals 6,745,443 or 2.98% of the Company’s share capital.

Following are disclosed the information relating to treasury shares.

	N. of shares	Average purchase price (Euro) / FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 31 December 2016	**6,959,751**	**6.922**	**48,178**
Purchases	2,412,000	11.523	27,793
Transfers due to exercise of Performance Stock grants	(2,626,308)	8.106	(21,290)
Total at 30 September 2017	**6,745,443**	**8.106**	**54,681**

6. Net financial position

In accordance with the requirements of the Consob communication dated 28 July 2006 and in compliance with the CESR (now ESMA) Recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the Group's net financial position at 30 September 2017, was as follows:

(€ thousands)	30/09/2017	31/12/2016	Change
Liquid funds	(113,989)	(183,834)	69,845
Other financial assets	(24)	-	(24)
Eurobond 2013-2018	275,000	-	275,000
Payables for business acquisitions	11,374	14,485	(3,111)
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	447	681	(234)
Other financial payables	42,671	13,555	29,116
Non-hedge accounting derivative instruments	2	(32)	34
Short-term financial position	**215,481**	**(155,145)**	**370,626**
Private placement 2013-2025	110,114	123,328	(13,214)
Eurobond 2013-2018	-	275,000	(275,000)
Finance lease obligations	819	1,165	(346)
Other medium/long-term debt	459	421	38
Hedging derivatives	(9,222)	(22,435)	13,213
Medium/long-term acquisition payables	3,018	2,087	931
Net medium and long-term indebtedness	**105,188**	**379,566**	**(274,378)**
Net financial indebtedness	**320,669**	**224,421**	**96,248**

In order to reconcile the above items with the statutory statement of financial position, we detail the breakdown of the following items.

Long-term loans, the private placement 2013-2025, the Eurobond and finance lease obligations are shown in the statutory statement of financial position:

a. under the caption "Medium/long-term financial liabilities" for the long-term portion.

(€ thousands)	30/09/2017
Private placement 2013-2025	110,114
Finance lease obligations	819
Other medium/long-term debt	459
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(372)
Medium/long-term financial liabilities	**111,020**

b. under the caption "Short-term financial liabilities" for the current portion.

(€ thousands)	30/09/2017
Short term debt	41,603
Current portion of finance lease obligations	1,068
Other financial liabilities	**42,671**
Eurobond 2013-2018	275,000
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	447
Loan, private placement 2013-2025 and Eurobond fees	(546)
Short-term financial liabilities	**317,572**

All the other items in the net financial indebtedness table correspond to items in the statement of financial position schedule.

The **medium/long-term portion of the net financial position** reached €105,188 thousand at 30 September 2017 versus €379,566 thousand at 31 December 2016. The change of €274,378 thousand is attributable to the reclassification of the €275 million Eurobond, which expires in July 2018, as short-term debt.

The **short-term net financial position** has registered a negative variation of €370,626 thousand from a positive value of €155,145 thousand at 31 December 2016 to a negative value of €215,481 thousand at 30 September 2017. The change of the period is mainly explained for €275,000 thousand by the above mentioned reclassified Eurobond and for €82,960 thousand for the net investments in acquisitions utilizing the available liquidity.

7. Financial liabilities

Financial liabilities break down as follows:

(€ thousands)	30/09/2017	31/12/2016	Change
Private placement 2013-2025	110,114	123,328	(13,214)
Eurobond 2013-2018	-	275,000	(275,000)
Medium/long-term financing liabilities	**110,114**	**398,328**	**(288,214)**
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(372)	(748)	376
Other medium/long-term debt	459	421	38
Finance lease obligations	819	1,165	(346)
Total medium/long-term financial liabilities	**111,020**	**399,166**	**(288,146)**
Short-term debt:	317,572	13,516	304,056
- of which Eurobond 2013-2018	275,000	-	275,000
- of which loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(546)	(720)	174
- of which current-portion of lease obligations	1,068	1,123	(55)
Total short-term financial liabilities	**317,572**	**13,516**	**304,056**
Total financial debt	**428,592**	**412,682**	**15,910**

Main financial liabilities are detailed below.

- Eurobond 2013-2018
  A €275 million 5-year bond loan reserved for non-American institutional investors and listed on the Luxembourg Stock Exchange's Euro MTF market issued on 16 July 2013.

Issue Date	Debtor	Maturity	Face Value (/000)	Fair value (/000)	Nominal interest rate Euro
16/07/2013	Amplifon S.p.A.	16/07/2018	275,000	285,939	4.875%
	Total in Euro		**275,000**	**285,939**	**4.875%**

- Private placement 2013-2025
  A USD 130 million private placement issued in the USA by Amplifon USA.

Issue Date	Issuer	Maturity	Currency	Face Value (/000)	Fair value (/000)	Nominal interest rate (*)	Euro Interest rate after hedging (**)
30/05/2013	Amplifon USA	31/07/2020	USD	7,000	7,434	3.85%	3.39%
30/05/2013	Amplifon USA	31/07/2023	USD	8,000	9,119	4.46%	3.90%
31/07/2013	Amplifon USA	31/07/2020	USD	13,000	13,824	3.90%	3.42%
31/07/2013	Amplifon USA	31/07/2023	USD	52,000	59,422	4.51%	3.90%-3.94%
31/07/2013	Amplifon USA	31/07/2025	USD	50,000	59,368	4.66%	4.00%-4.05%
	Total			**130,000**	**149,167**		

(*) The rate applied if the Group's net debt/ EBITDA ratio is less than 2.75x. Above this level a step-up of 25 bps will be applied. When the ratio exceeds 3.25x but is less than or equal to 3.5x. an additional step-up of 25 bps will kick-in. If the ratio exceeds 3.50x an additional step-up of 75 bps will be applied.

(**) The hedging instruments that determine the interest rate as detailed above, are also fixing the exchange rate at 1.2885, the total equivalent of the bond resulting in €100,892 thousand.

Covenant:

The USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885) is subject to the following covenants:

- the ratio of Group net financial indebtedness to Group shareholders' equity must not exceed 1.5;
- the ratio of net financial indebtedness to EBITDA in the last four quarters (determined based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 3.5.

In the event of relevant acquisitions, the above ratios may be increased to 2.0 and 4.0, respectively, for a period of not more than 12 months, 2 times over the life of the loan.

At 30 September 2017, these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.58
Net financial indebtedness/EBITDA for the last 4 quarters	1.54

In determining the above-mentioned ratios, the EBITDA value has been determined on the basis of restated figures, in order to include the main changes in the Group structure:

(€ thousands)	
Group EBITDA for the last 4 quarters	204,618
EBITDA normalised (from acquisitions and disposals)	535
Acquisitions and non-recurring costs	2,618
EBITDA for covenant calculation	207,771

The private placement is also subject to other covenants applied in current international practice which limit the ability to issue guarantees and complete sale and lease back, as well as extraordinary transactions. It is confirmed that no transactions have been carried out in excess of the limits provided for by the aforementioned covenants.

The €275 million Eurobond, due in 2018 and issued in July 2013, is not subject to any covenants nor is the remaining €0.9 million in long term debt, including the short-term portion.

8. Tax

Tax rate reached 37.5% versus 40.8% in the comparison period and reflects the net effect of the losses recorded by subsidiaries for which, in absence of the necessary assumptions, deferred tax assets are not recognized.
Net of these items the tax rate would have been 33.2% versus 34.2% in the first nine months of 2016.

9. Non-recurring significant events

The result of the period was affected by the following non-recurring events:

(€ thousands)		First nine months 2017	First nine months 2016
Operating costs	Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	(3,912)	-
Operating costs	Advisory fees and expenses related to an acquisition process not completed	-	(2,502)
Profit (loss) before tax		**(3,912)**	**(2,502)**
Tax	Fiscal impact of above mentioned items	1,124	786
Total		**(2,788)**	**(1,716)**

10. Earnings per share

Basic EPS

Basic earnings per share is obtained by dividing the net profit for the year pertaining to the ordinary shareholders of the parent company by the weighted average number of shares outstanding in the year, considering purchases and disposals of own shares as cancellations and issues of shares.

Earnings per share are determined as follows:

Earnings per share from operating activities	First nine months 2017	First nine months 2016
Net profit (loss) pertaining to ordinary shareholders (€ thousand)	48,159	39,337
Average number of shares outstanding in the year	219,000,584	219,258,685
Average earnings per share (€ per share)	0.21991	0.17941

Diluted earnings per share

Diluted earnings per share is obtained by dividing the net income for the year pertaining to ordinary shareholders of the Parent company by the weighted-average number of shares outstanding during the year adjusted by the diluting effects of potential shares. In the calculation of shares outstanding, purchases and sales of treasury shares are considered as cancellation or issue of shares.

The 'potential ordinary share' categories refer to the possible conversion of Group employees' stock options and stock grants. The computation of the average number of outstanding potential shares is based on the average fair value of shares for the period; stock options and stock grants are excluded from the calculation since they have anti-diluting effects.

Weighted average diluted number of shares outstanding	First nine months 2017	First nine months 2016
Average number of shares outstanding in the year	219,000,584	219,258,685
Weighted average of potential and diluting ordinary shares	5,743,476	5,912,194
Weighted average of shares potentially subject to options in the period	224,744,060	225,170,879

The diluted earnings per share were determined as follows:

Diluted earnings per share	First nine months 2017	First nine months 2016
Net profit pertaining to ordinary shareholders (€ thousand)	48,159	39,337
Average number of shares outstanding in the period	224,744,060	225,170,879
Average diluted earnings per share (€)	0.21429	0.17470

11. Transactions with parent companies and related parties

The Parent company, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is directly controlled by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

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 conducted at arm's-length as dictated by the nature of the goods and services provided.

The following table details transactions with related parties.

(€ thousands)	30/09/2017								First nine months 2017		
	Trade receivables	Other receivables	Trade payable	Other assets	Tax receivables	Financial liabilities	Other debts	Financial payables	Revenues for sales and services	Operating costs	Interest income and expenses
Amplifin S.p.A.					5					(1,388)	
Total – Parent Company	**-**	**-**	**-**	**-**	**5**	**-**	**-**	**-**	**-**	**(1,388)**	**-**
Comfoor BV (The Netherlands)	11		563						15	(2,339)	
Comfoor GmbH (Germany)			4							(59)	
Medtechnica Ortophone Shaked Ltd (Israel)	135			5					132		
Ruti Levinson Institute Ltd (Israel)	338								248		
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	166			21					341	(17)	1
Total – Other related parties	**650**	**-**	**567**	**26**	**-**	**-**	**-**	**-**	**736**	**(2,415)**	**1**
Bardissi Import (Egypt)			141					48		(1,267)	
Meders (Turkey)			1,076							(1,415)	
Nevo (Israel)	59										
Ortophone (Israel)	2			7						(248)	
Moti Bahar (Israel)										(228)	
Asher Efrati (Israel)										(187)	
Arigcom (Israel)										(59)	
Tera (Israel)				65							3
Frederico Abrahao (Brazil)						339		199		(41)	(40)
Others											
Total – Other related parties	**61**	**-**	**1,217**	**72**	**-**	**339**	**-**	**247**	**-**	**(3,445)**	**(37)**
Total	**711**	**-**	**1,784**	**98**	**5**	**339**	**-**	**247**	**736**	**(7,248)**	**(36)**
Total as per financial statement	**121,328**	**33,975**	**117,219**	**48,677**	**15,446**	**111,020**	**124,355**	**317,572**	**901,774**	**(768,387)**	**(13,609)**
% of financial statement total	**0.59%**	**0.00%**	**1.52%**	**0.20%**	**0.03%**	**0.31%**	**0.00%**	**0.08%**	**0.08%**	**0.94%**	**0.26%**

The trade receivables, revenue from sales and services and other income with related parties refer primarily to:

- the recovery of maintenance costs and condominium fees and the recharge of personnel costs to Amplifin S.p.A.;
- the receivables payable to Amplifin S.p.A. for the renovation of the headquarters based on modern and efficient standards for the use of work spaces;
- trade receivables payable by associates (mainly in Israel) which act as resellers and to which the Group supplies hearing aids.

The trade payables and operating costs refer primarily to:

- commercial transactions with Comfoor BV and Comfoor GmbH, joint ventures from which hearing protection devices are purchased and then distributed in Group stores;
- commercial transactions involving the purchase of hearing aids, other products and services in Turkey and Egypt with, respectively, Meders and Bardissi Import (both companies that belong to their minority shareholders). These companies distribute hearing aids in their respective countries and the purchase conditions applied, defined in the Group's framework agreement, are in line with market conditions;
- existing agreements with the parent company Amplifin S.p.A. for:
  - the lease of the property in Milan at Via Ripamonti No. 133, the registered office and Corporate headquarters of Amplifon S.p.A. and ancillary services including routine property maintenance, cafeteria, office cleaning, porters and security;
  - the rental of retail store space;
- the recharge of personnel costs to the Israeli subsidiary by the minority shareholders Moti Bahar and Asher Efrati, as well as rents, administrative and commercial services by Ortophone (Israel).

The tax receivables refer to the IRES (Corporate income tax) payable by Amplifon S.p.A. to the parent company as a result of the tax consolidation agreement entered for the three-year period 2014-2016.

Financial transactions refer primarily to loans granted to Group companies in Egypt and Brazil by their respective minority shareholders and a long-term receivable payable by an affiliate in Israel.

12. Guarantees provided, commitments and contingent liabilities

Obligations

Obligations with regard to future rent instalments amounted at the 30 September 2017 to €293,235 thousand, of which €249,777 thousand relates to the lease of stores, €30,911 thousand relates to the rent of offices, €9,762 thousand relates to the operating leasing of cars and €2,785 thousand relates to other operating leasing. The average lease term is equal to 4.7 years.

Contingent liabilities and uncertainties

Currently the Group is not subject to any other particular risks or uncertainties.

13. Financial risk management

The condensed consolidated interim financial statements do not include all the additional information on financial risk management that is required in annual financial statements, therefore reference is made to the financial statements of the Group at 31 December 2016 for a detailed analysis of financial risk management.

14. Translation of foreign companies' financial statements

The exchange rates used to translate into Euro non-Italian subsidiaries' financial statements are as follows:

	30 September 2017		2016	30 September 2016	
	Average	As at 30 September	31 December	Average	As at 30 September
Australian dollar	1.454	1.508	1.460	1.505	1.466
Canadian dollar	1.455	1.469	1.419	1.475	1.469
New Zealand dollar	1.556	1.635	1.516	1.613	1.537
Singapore dollar	1.547	1.603	1.523	1.530	1.523
US dollar	1.114	1.181	1.054	1.116	1.116
Hungarian florin	308.404	310.670	309.830	312.133	309.790
Swiss franc	1.095	1.146	1.074	1.094	1.088
Egyptian lira	19.931	20.845	19.211	9.604	9.907
Turkish lira	4.003	4.201	3.707	3.277	3.358
New Israeli sheqel	4.039	4.159	4.048	4.287	4.200
Brazilian real	3.535	3.764	3.431	3.956	3.621
Indian rupee	72.645	77.069	71.594	74.916	74.366
British pound	0.873	0.882	0.856	0.803	0.861
Polish zloty	4.265	4.304	4.410	4.358	4.319

15. Segment information

In accordance with IFRS 8 “Operating Segments”, the schedules relative to each operating segment are shown below.

The Amplifon Group’s business (distribution and personalization of hearing solutions) is organized in three specific geographical areas which comprise the Group’s operating segments: Europe, Middle-East and Africa - EMEA - (Italy, France, The Netherlands, Germany, the United Kingdom, Ireland, Spain, Portugal, Switzerland, Belgium, Luxemburg, Hungary, Egypt, Turkey, Poland and Israel), Americas (USA, Canada and Brazil) and Asia Pacific (Australia, New Zealand and India).
The Group also operates via 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.

These areas of responsibility, which coincide with the geographical areas (the Corporate functions are recognized under EMEA), represent the organizational structure used by management to run the Group’s operations. The reports periodically analyzed by the Chief Executive Officer and Top Management are divided up accordingly, by geographical area.

Performances are monitored and measured for each operating segment/geographical area, through operating profit including amortization and depreciation (EBIT), along with the portion of the results of equity investments in associated companies valued using the equity method. Financial expenses are not monitored insofar as they are based on Corporate decisions regarding the financing of each region (own funds versus borrowings) and, consequently, neither are taxes. Items in the statement of financial position are analyzed by geographical area without being separated from the Corporate functions which remain part of EMEA. All the information pertaining to the income statement and the statement of financial position are determined using the same criteria and accounting standards used to prepare the consolidated financial statements.

Statement of Financial Position as at 30 September 2017 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	349,422	79,696	245,376	-	674,494
Intangible fixed assets with finite useful life	115,501	16,386	54,812	-	186,699
Tangible fixed assets	111,396	3,825	18,057	-	133,278
Investments valued at equity	1,720	-	-	-	1,720
Financial assets measured at fair value through profit and loss	27	-	-	-	27
Hedging instruments	105	-	-	-	105
Deferred tax assets	41,347	68	4,280	-	45,695
Other assets	7,303	40,822	552	-	48,677
Total non-current assets					**1,090,695**
Current assets					
Inventories	37,763	536	2,185	-	40,484
Receivables	125,576	36,265	12,899	(3,990)	170,750
Hedging instruments					-
Other financial assets					23
Cash and cash equivalents					113,989
Total current assets					**325,246**
TOTAL ASSETS					**1,415,941**
LIABILITIES					
Net Equity					**550,803**
Non-current liabilities					
Medium/long-term financial liabilities					111,020
Provisions for risks and charges	36,183	26,347	931	-	63,461
Liabilities for employees' benefits	14,014	146	2,326	-	16,486
Deferred tax liabilities	29,211	23,981	14,027	-	67,219
Payables for business acquisitions	2,329	34	655	-	3,018
Other long-term debt	29,118	61	884	-	30,063
Total non-current liabilities					**291,267**
Current liabilities					
Trade payables	75,292	32,479	13,431	(3,983)	117,219
Payables for business acquisitions	11,054	320	-	-	11,374
Other payables	101,776	4,799	17,787	(7)	124,355
Hedging instruments	1	-	-	-	1
Provisions for risks and charges	2,540	-	-	-	2,540
Liabilities for employees' benefits	651	159	-	-	810
Short-term financial liabilities					317,572
Total current liabilities					**573,871**
TOTAL LIABILITIES					**1,415,941**

(*) The items in the statement of financial position are analyzed by the CEO and the Top Management by geographical area without being separated from the Coporate functions which are included in EMEA.

Statement of Financial Position as at 31 December 2016 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	298,310	84,310	252,512	-	635,132
Intangible fixed assets with finite useful life	82,392	17,400	62,114	-	161,906
Tangible fixed assets	98,968	3,884	16,942	-	119,794
Investments valued at equity	1,759	-	-	-	1,759
Financial assets measured at fair value through profit and loss	43	-	-	-	43
Hedging instruments	12,223	-	-	-	12,223
Deferred tax assets	37,287	651	2,806	-	40,744
Other assets	6,326	42,986	371	-	49,683
Total non-current assets					**1,021,284**
Current assets					
Inventories	29,020	484	1,866	-	31,370
Receivables	121,423	41,225	10,097	(3,305)	169,440
Hedging instruments	35	-	-	-	35
Cash and cash equivalents					183,834
Total current assets					**384,679**
TOTAL ASSETS					**1,405,963**
LIABILITIES					
Net Equity					**557,660**
Non-current liabilities					
Medium/long-term financial liabilities					399,166
Provisions for risks and charges	31,745	26,709	887	-	59,341
Liabilities for employees' benefits	14,313	172	2,124	-	16,609
Deferred tax liabilities	20,854	25,817	15,734	-	62,405
Payables for business acquisitions	2,052	35	-	-	2,087
Other long-term debt	25,513	27	587	-	26,127
Total non-current liabilities					**565,735**
Current liabilities					
Trade payables	82,434	39,399	12,646	(3,298)	131,181
Payables for business acquisitions	11,671	2,814	-	-	14,485
Other payables	97,497	4,969	17,839	(7)	120,298
Hedging instruments	3	-	-	-	3
Provisions for risks and charges	2,346	-	-	-	2,346
Liabilities for employees' benefits	608	131	-	-	739
Short-term financial liabilities					13,516
Total current liabilities					**282,568**
TOTAL LIABILITIES					**1,405,963**

(*) The items in the statement of financial position are analyzed by the CEO and the Top Management by geographical area without being separated from the Coporate functions which are included in EMEA.

Income Statement – First nine months 2017 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	595,097	171,593	133,997	1,087	901,774
Operating costs	(510,309)	(140,279)	(95,512)	(22,287)	(768,387)
Other income and costs	1,534	2,221	(177)	(81)	3,497
Gross operating profit (EBITDA)	**86,322**	**33,535**	**38,308**	**(21,281)**	**136,884**
Amortisation, depreciation and impairment					
Amortisation	(10,406)	(2,839)	(6,170)	(3,164)	(22,579)
Depreciation	(18,116)	(768)	(3,245)	(338)	(22,467)
Impairment and impairment reversals of non-current assets	(365)	-	(102)	-	(467)
	(28,887)	**(3,607)**	**(9,517)**	**(3,502)**	**(45,513)**
Operating result	**57,435**	**29,928**	**28,791**	**(24,783)**	**91,371**
Financial income, charges and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	244	-	-	-	244
Other income and charges, impairment and revaluations of financial assets					2
Interest income and charges					(13,609)
Other financial income and charges					(665)
Exchange gains and losses					(505)
Gain (loss) on assets measured at fair value					179
					(14,354)
Net profit (loss) before tax					**77,017**
Tax					(28,907)
Total net profit (loss)					**48,110**
Minority interests					(49)
Net profit (loss) attributable to the Group					**48,159**

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

Income Statement – First nine months 2016 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	526,507	157,007	119,767	659	803,940
Operating costs	(450,810)	(128,386)	(83,163)	(18,678)	(681,037)
Other income and costs	(1,084)	(80)	(117)	(2,497)	(3,778)
Gross operating profit (EBITDA)	**74,613**	**28,541**	**36,487**	**(20,516)**	**119,125**
Amortisation, depreciation and impairment					
Amortisation	(7,746)	(2,650)	(5,336)	(2,838)	(18,570)
Depreciation	(16,005)	(612)	(2,863)	(247)	(19,727)
Impairment and impairment reversals of non-current assets	(240)	-	(48)	-	(288)
	(23,991)	**(3,262)**	**(8,247)**	**(3,085)**	**(38,585)**
Operating result	**50,622**	**25,279**	**28,240**	**(23,601)**	**80,540**
Financial income, charges and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	351	-	-	-	351
Other income and charges, impairment and revaluations of financial assets					(73)
Interest income and charges					(13,203)
Other financial income and charges					(783)
Exchange gains and losses					(1,568)
Gain (loss) on assets measured at fair value					1,386
					(13,890)
Net profit (loss) before tax					**66,650**
Tax					(27,212)
Total net profit (loss)					**39,438**
Minority interests					101
Net profit (loss) attributable to the Group					**39,337**

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

16. Accounting policies

16.1 Presentation of financial statements

The condensed consolidated interim financial statements at 30 September 2017 have been prepared in accordance with the historical cost convention with the exception of derivative financial instruments, certain financial investments measured at fair value and assets and liabilities hedged by a fair value hedge, as more fully explained hereafter, as well as on the going concern assumption.

With respect to the presentation of the financial statements, the following should be noted:
- statement of financial position: the Group distinguishes between current and non-current assets and liabilities;
- income statement: the Group classifies costs by nature, as such classification is deemed to be more representative of the mainly commercial and distribution activities carried out by the Group;
- statement of comprehensive income (loss): this includes the net result of the period and the effects of changes in exchange rates, the cash flow hedge reserve and actuarial gains and losses that are recognised directly in net equity; those items are disclosed on the basis of whether they will potentially be reclassified subsequently to profit or loss;
- statement of changes in net equity: the Group includes all changes in net equity, including those arising from transactions with the shareholders (dividend distributions, increases in share capital);
- cash flow statement: this is prepared using the indirect method for defining cash flows deriving from operating activities.

16.2 Use of estimates in preparing the financial statements

Preparation of the financial statements schedules and explanatory notes required the use of estimates and assumptions in respect of the following items:
- provisions for impairment, calculated on the basis of the asset's estimated realisable value;
- provisions for risks and charges, calculated on the basis of a reasonable estimate of the amount of the potential liability, not least in relation to any claim made by the counterparty;
- provisions for obsolescence, in order to adjust the carrying value of inventory to reflect realisable value;
- provisions for employee benefits, recognised on the basis of the actuarial valuations made;
- amortisation and depreciation, recognised on the basis of the estimated remaining useful life and recoverable amount;
- income tax, which is recognised on the basis of the best estimate of the expected tax rate for the full year;
- IRSs and currency swaps (instruments not traded on regulated markets), marked to market at the reporting date based on the yield curve and exchange rate fluctuations and subject to credit/debit valuation adjustments, which are supported by market quotations.

Estimates are periodically reviewed and any adjustments due to changes in the circumstances which determined such estimates or additional information are recognised in the income statement. The use of reasonable estimates is an essential part of the preparation of the financial statements and does not affect their overall reliability.

The Group tests goodwill for impairment at least once a year. This requires an estimation of the value in use of the cash-generating unit to which the goodwill pertains. This calculation requires estimating of future cash flows and the after-tax discount rate reflecting market conditions at the date of the valuation.

16.3 Future accounting principles and interpretations

International accounting standards and the interpretations approved by IASB and endorsed in Europe

The following table shows the IFRS/Interpretations approved by the IASB and endorsed in Europe whose compulsory effectiveness date is later than 20 October 2017.

Description	Endorsement date	Publication in O.J.E.C.	Effective date	Effective date for Amplifon
IFRS 9: Financial Instruments	22 Nov '16	22 Nov '16	Financial years beginning on or after 1 Jan '18	1 Jan '18
IFRS 15 Revenue from contracts with customers and related Amendment (Effective Date of IFRS 15)	22 Nov '16	29 Oct '16	Financial years beginning on or after 1 Jan'18	1 Jan '18

The issue of the definitive version of IFRS 9 "Financial instruments" completed the project to revise the accounting standard relating to financial instruments. The new standard: (i) changes the way in which financial assets are classified and measured; (ii) introduces the concept of expected credit losses as one of the variables to be considered in the measurement and impairment of financial assets (iii) changes the hedge accounting model. It is not expected that the adoption of this new Standard could result in material impact in the evaluation of assets, liabilities, costs and expenses for the Amplifon Group.

Based on IFRS 15 "Revenue from contracts with customers", the company must recognize revenue when the control of the goods or services is transferred to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard introduces a five-step model to be used to analyse and recognize revenue in relation to the timing and the amount. The Group is finalizing the implementation project which leads to some changes on methods and timing of revenue recognition with reference to the after-sales services, warranties and costs classified as contract cost.

International accounting standards and the interpretations approved by IASB not yet endorsed in Europe

Below are the International Financial Reporting Standards, interpretations, amendments to existing standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB which on 20 October 2017 had not yet been endorsed for adoption in Europe.

Description	Effective date
IFRS 16 Leases (Issued on 13 January 2016)	Financial years beginning on or after 1 Jan '19
IFRS 17 Insurance Contracts (issued on 18 May 2017)	Financial years beginning on or after 1 Jan '21
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)	Financial years beginning on or after 1 Jan '19
IFRS 14 regulatory deferral accounts (issued on 30 January 2014)	Deferred
Amendments to IFRS 10 and IAS 28: sale or contribution of assets between an Investor and its associate or joint venture (issued on 11 September 2014)	Deferred
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Issued on 19 January 2016)	Financial years beginning on or after 1 Jan '17
Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016)	Financial years beginning on or after 1 Jan '17
Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)	Financial years beginning on or after 1 Jan '18
Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions (issued on 20 June 2016)	Financial years beginning on or after 1 Jan '18
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)	Financial years beginning on or after 1 Jan '18
Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	Financial years beginning on or after 1 Jan '17/18
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)	Financial years beginning on or after 1 Jan '18
Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016)	Financial years beginning on or after 1 Jan '18
Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)	Financial years beginning on or after 1 Jan '19
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)	Financial years beginning on or after 1 Jan '19

With the publication of the new accounting standard IFRS 16 "Leases", the IASB replaces the accounting rules provided by IAS 17 and the IASB requires that all leases should be recognized in the balance sheet as assets and liabilities are they "financial", whether "operative".

With reference to IFRS 16 Amplifon Group is continuing the analysis in order to determine the future impacts on the consolidate financial statements and to identify appropriate solutions on the information systems. For a first evidence of the magnitude of the expected impacts of the adoption of IFRS 16 refer to note 12 "Guarantees, commitments and contingent liabilities" where the future commitments for operating lease are disclosed.

With regards to other standards and interpretations detailed above, it is not expected that the adoption will significantly affect the valuation of assets, liabilities, costs and revenues of the Group.

17. Subsequent events

The main events that took place after the end of the period are described below:

In October 2017 execution of the buyback program approved during the Shareholders' Meeting held on 18 April 2016 continued and a total of 156,000 shares were purchased between the end of September 2017 and the date of this report at an average price of €13.309. The exercise of performance stock grants continued in the period as a result of which, as at 24 October 2017, Amplifon transferred a total of 142,480 treasury shares to the beneficiaries. The treasury shares held at the date of this report, therefore, now total 6,758,963 or 2.986% of the Company's share capital.

On 19 October 2017, the Articles of Incorporation were updated following the partial subscription of a capital increase servicing stock option plans which resulted in the issue of 35,000 ordinary shares of Amplifon S.p.A. with a par value of €0.02 per share. The share capital, entirely subscribed and paid-in, amounted to €4,526,401.72 at 19 October 2017.

Lastly, on October 2017, the Company signed a €50 million unsecured bilateral 5-year financing agreement.

Milan, 25 October 2017

On behalf of the Board of Directors
CEO

Enrico Vita

Annexes

Consolidation Area

As required by §§ 38 and 39 of Law 127/91 and § 126 of Consob's resolution 11971 dated 14 May 1999, as amended by resolution 12475 dated 6 April 2000, the following is the list of companies included in the consolidation area of Amplifon S.p.A. at 30 September 2017.

Parent company:

Company name	Head office	Currency	Share Capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,526,402

Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/09/2017
Amplifon Groupe France SA	Arcueil (France)	D	EUR	48,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Mirande Audition SAS	Saint Esteve (France)	I	EUR	5,000	100.0%
Audition Bonin SARL	Sillé Le Guillaume (France)	I	EUR	3,000	100.0%
AudioPrev Arnage Sarl	Arnage (France)	I	EUR	3,000	100.0%
AudioPrev Les Maillets Sarl	Le Mans (France)	I	EUR	3,000	100.0%
AudioPrev Bonnetable Sarl	Bonnetable (France)	I	EUR	3,000	100.0%
V.B. Audition Sarl	Toulouges (France)	I	EUR	5,000	100.0%
Saint Clair Audition Sarl	Sète (France)	I	EUR	61,000	100.0%
Laboratoires Coscas Audition SAS	Paris (France)	I	EUR	474,000	100.0%
AudioNova France SAS	Villeurbanne (France)	I	EUR	7,900,000	100.0%
Centre de Surdité du Rousillon	Perpignan (France)	I	EUR	213,429	100.0%
Audi-C SAS	Nanterre (France)	I	EUR	32,010	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Fundación Amplifon Iberica	Madrid (Spain)	I	EUR	30,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	5,720,187	100.0%
MiniSom SA	Lisboa (Portugal)	I	EUR	14,237,444	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	3,500,000	100.0%
Amplibus Magyarország Kft	Budaörs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%
Hearing Supplies SA	Lugano (Switzerland)	I	CHF	100,000	100.0%
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
Electro Medical Instruments BV	Doesburg (The Netherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Netherlands)	I	EUR	18,000	100.0%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/09/2017
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Hoorcentrum Tom De Neve BVBA	Bruxelles (Belgium)	I	EUR	18,152	100.0%
Amplifon Luxemburg Sarl	Luxemburg (Luxemburg)	I	EUR	50,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
Amplifon München GmbH	München (Germany)	I	EUR	1,245,000	100.0%
Amplifon Bayern GmbH	München (Germany)	I	EUR	30,000	100.0%
Sanomed GmbH	Hamburg (Germany)	I	EUR	25,000	100.0%
Focus Hören AG	Willroth (Germany)	I	EUR	485,555	100.0%
Focus Hören Deutschland GmbH	Willroth (Germany)	I	EUR	25,000	100.0%
Egger Hörgeräte + Gehörschutz GmbH, Kempten	Kempten (Germany)	I	EUR	25,100	100.0%
Egger Hörgeräte + Gehörschutz Oberstdorf GmbH	Oberstdorf (Germany)	I	EUR	25,000	100.0%
Egger Hörgeräte + Gehörschutz GmbH, Amberg	Amberg (Germany)	I	EUR	26,000	100.0%
Amplifon Poland Sp.z o.o.	Lodz (Poland)	D	PLN	3,342,640	100.0%
Amplifon UK Ltd	Manchester (UK)	D	GBP	112,290,423	100.0%
Amplifon Ltd	Manchester (UK)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (UK)	I	GBP	75	100.0%
Amplifon Ireland Ltd	Wexford (Ireland)	I	EUR	1,000	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	1,000,125	100.0%
Makstone İşitme Ürünleri Perakende Satış A.Ş.	Istanbul (Turkey)	D	TRY	300,000	51.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,000	60.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul – MN (USA)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis – MN (USA)	I	USD	1,000	100.0%
Amplifon USA Inc.	Dover – DE (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care, Inc.	St. Paul – MN (USA)	I	USD	10	100.0%
Ampifon IPA, LLC	New York – NY (USA)	I	USD	1,000	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	37,500,200	100.0%
Boreal Hearing Centre Inc.	Thunder Bay – ON (Canada)	I	CAD	0	100.0%
Sound Authority, Inc.	Orangeville – ON (Canada)	I	CAD	0	100.0%
Amplifon South America Holding LTDA	São Paulo (Brazil)	D	BRL	3,636,348	100.0%
Direito de Ouvir Amplifon Brasil SA	Franca (Brazil)	I	BRL	4,126,463	51.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	0	100.0%
Amplifon Asia Pacific Pte Limited	Singapore (Singapore)	I	SGD	1,000,000	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	0	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	0	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	850,000,000	100.0%
NHanCe Hearing Care LLP (on liquidation) (**)	Gurgaon (India)	I	INR	1,000,000	0.0%

(*) Medtechnica Ortophone Ltd and its subsidiaries despite being owned by Amplifon at 60%, is consolidated 100% without exposure of non-controlling interest due to the put-call option exercisable from 2017 and related to the purchase of the remaining 40 %.
(**) Consolidated entity subject to de facto control by the Amplifon Group.

Companies valued using the equity method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/09/2017
B2C SAS (on liquidation)	Ajaccio (France)	I	EUR	16,165	21.0%
Comfoor BV	Doesburg (The Netherlands)	I	EUR	18,000	50.0%
Comfoor GmbH	Emmerich am Rhein (Germany)	I	EUR	25,000	50.0%
Medtechnica Ortophone Shaked Ltd	Tel Aviv (Israel)	I	ILS	1,001	30.0%
Ruti Levinson Institute Ltd	Ramat HaSharon (Israel)	I	ILS	105	12.0%
Afik - Test Diagnosis & Hearing Aids Ltd	Jerusalem (Israel)	I	ILS	100	12.0%
Lakeside Specialist Centre Ltd	Mairangi Bay (New Zealand)	I	NZD	0	50.0%

Declaration of the Executive Responsible for Corporate Accounting Information pursuant to Article 154-bis para 2 of Legislative Decree 58/1998 (Testo Unico della Finanza)

The undersigned Gabriele Galli, Chief Financial Officer of the Amplifon Group, as Executive Responsible for Corporate Accounting Information hereby declares that the quarterly report at 30 September 2017 corresponds to the results documented in the books, accounting and other records of the Company.

25 October 2017

Executive Responsible for Corporate Accounting Information

Gabriele Galli