Interim Financial Report as at 31 March 2018

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 2017 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 31 MARCH 2018

CHANGES TO THE ACCOUNTING POLICIES

New accounting standards

The Group has adopted IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments” effective 1 January 2018 which resulted in changes to the accounting policies and, in a few instances, adjustments to amounts recognized in the financial statements.

Adoption of IFRS 15 “Revenue from contracts with customers” resulted in the application of specific, new criteria for the allocation of the transaction price to the different performance obligations in the contract with the customer: hearing aid and the relative fitting activities (part of a single, inseparable obligation), after sales services, extended warranties, accessories (batteries, cleaning kits). The standard was applied retroactively and the cumulative effect was recognized from the date of initial application resulting in a decrease in net equity of €44 million.

The comparison figures were not restated while the figures for this reporting period are also shown without applying IFRS 15. The comparison figures shown in this report, unless stated otherwise, refer to the 2018 figures before application of IFRS 15.

IFRS 9 “Financial instruments” which calls for a different model for the classification and valuation of financial assets introducing the concept of expected losses, was also applied retroactively as of 1 January 2018 which caused a decrease in the opening net equity balance of just over one million Euro.

PERIOD HIGHLIGHTS

Despite a particularly challenging comparison base, in the first three months of the year the Group continued to post strong growth and reported very positive results.
The efficacy of the new marketing initiatives, the further development of the commercial network in core markets, the innovative service model and the execution capabilities made it possible to achieve significant results in terms of both revenues and profitability.

The first three months of the year closed with:

- turnover, calculated based on the new accounting standards (IFRS 15) in effect as of January 1st, of €309,407 thousand. Based on the accounting standards applied in the prior year, turnover would have amounted to €310,341 thousand (+4.8% against the first three months of the prior year and +9.7% at constant exchange rates);
- a gross operating margin (EBITDA) of €43,225 thousand, calculated based on the new accounting standard (IFRS 15). Based on the accounting standards applied in the prior year, EBITDA would have reached €44,001 thousand with an increase of 7.7% compared to the first three months of 2017 despite adverse translative FX effect;
- net profit of €14,603 thousand based on the new accounting standard in effect as of January 1st. Excluding the impact of IFRS 15 application, net profit would have come to €15,244 thousand (+19.3% compared to the first three months of the prior year).

Net financial debt amounted to €320,135 thousand at 31 March 2018, an increase of €23,870 thousand against 31 December 2017.
The increase in debt is the direct consequence of the acquisitions made in the period (€24,996 thousand) and the purchase of treasury shares (€6,753 thousand).
The ability of ordinary operations to generate significant cash flow was also confirmed in the weakest quarter of the year, which is also impacted by the increase in trade payables and commissions owed agents falling due in the latter part of the year, with free cash flow reaching a positive €8,371 thousand (versus positive €2,118 thousand in the first three months of the prior year) after absorbing capital expenditure of €11,014 thousand (€13,190 thousand in the first quarter of 2017).

MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First three months 2018 @ IFRS 2018		First three months 2018 @ IFRS 2017 (*)		First three months 2017 (**)		Change % @ IFRS 2017
Economic data:							
Revenues from sales and services	309,407	100.0%	310,341	100.0%	296,098	100.0%	4.8%
Gross operating margin (EBITDA)	43,225	14.0%	44,001	14.2%	40,860	13.8%	7.7%
Operating result before amortisation and impairment of customer lists (EBITA)	31,611	10.2%	32,388	10.4%	30,294	10.2%	6.9%
Operating income (EBIT)	26,549	8.6%	27,326	8.8%	25,996	8.8%	5.1%
Profit (loss) before tax	21,831	7.1%	22,607	7.3%	21,317	7.2%	6.1%
Group net profit (loss)	14,603	4.7%	15,244	4.9%	12,783	4.3%	19.3%

(€ thousands)	31/03/2018 @ IFRS 2018	31/12/2017 (**)	Change
Financial data:			
Non-current assets	1,098,100	1,078,562	19,538
Net invested capital	856,637	884,683	(28,046)
Group net equity	536,862	588,681	(51,819)
Total net equity	536,502	588,418	(51,916)
Net financial indebtedness	320,135	296,265	23,870

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2017 (**)
Free cash flow	**8,371**	**2,118**
Cash flow generated from (absorbed by) business combinations	(25,081)	(50,340)
(Purchase) sale of other investments and securities	85	(1)
Cash flow provided by (used in) financing activities	(6,023)	(6,815)
Net cash flow from the period	**(22,648)**	**(55,038)**
Effect of exchange rate fluctuations on the net financial position	(1,222)	415
Net cash flow from the period with changes for exchange rate fluctuations	**(23,870)**	**(54,623)**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

- **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

	31/03/2018 @ IFRS 2018	31/12/2017 (*)	31/03/2017 (*)
Net financial indebtedness (€ thousands)	320,135	296,265	279,044
Net Equity (€ thousands)	536,502	588,418	579,741
Group Net Equity (€ thousands)	536,862	588,681	579,426
Net financial indebtedness/Net Equity	0.60	0.50	0.48
Net financial indebtedness/Group Net Equity	0.60	0.50	0.48
Net financial indebtedness/EBITDA	1.44	1.35	1.39
EBITDA/Net financial charges	13.01	12.76	11.66
Earnings per share (EPS) (€)	0.066670	0.45906	0.05836
Diluted EPS (€)	0.065270	0.44779	0.05701
Earnings per share – Recurring operations (EPS) (€)	0.066670	0.43369	0.05836
Diluted EPS – Recurring operations (€)	0.065270	0.42302	0.05701
Group Net Equity per share (€)	2.453	2.686	2.649
Period-end price (€)	14.450	12.840	11.300
Highest price in period (€)	14.610	13.700	11.400
Lowest price in period (€)	12.590	8.415	8.415
Share price/net equity per share	5.891	4.781	4.266
Market capitalisation (€ millions)	3,270.60	2,906.08	2,557.02
Number of shares outstanding	218,857,167	219,174,784	218,762,076

(*) 2017 as reported figures

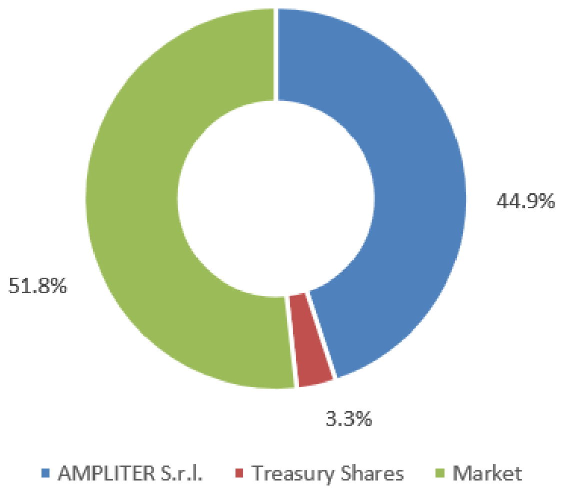
- The **net financial indebtedness/net equity** ratio is the ratio of net financial indebtedness to total net equity.
- The **net financial indebtedness/Group net equity** ratio is the ratio of the net financial indebtedness to the Group's net equity.
- The **net financial indebtedness/EBITDA** ratio 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 31 March 2018 are:



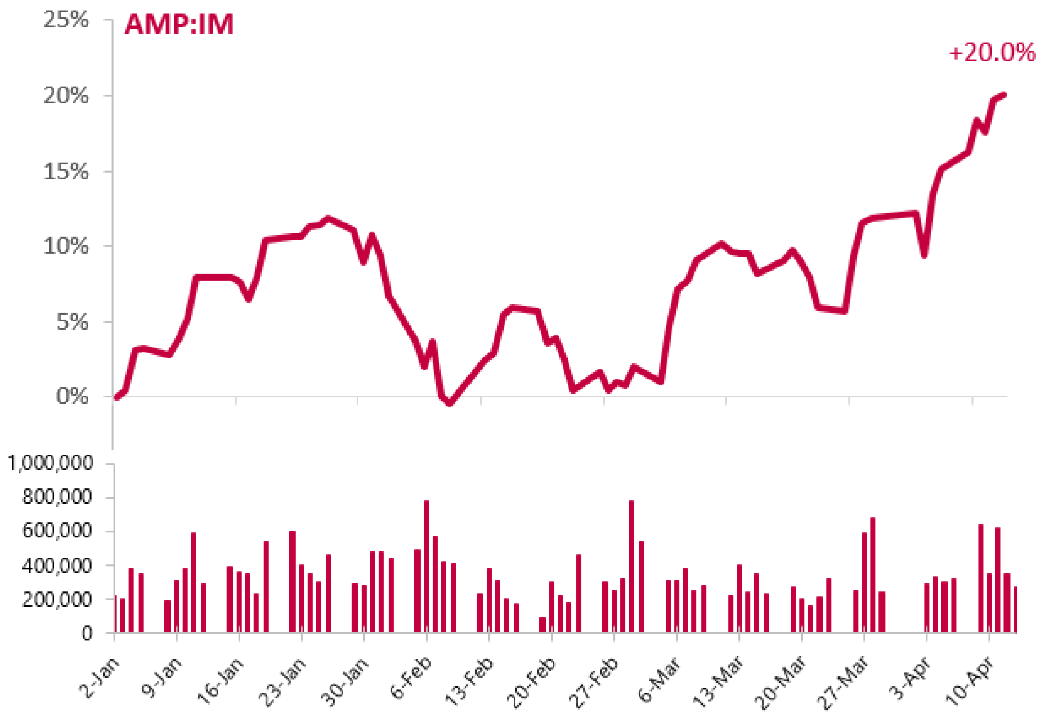
Shareholder	No. of ordinary shares	% held	% of the total share capital in voting right
Ampliter S.r.l.	101,715,003	44.94%	61.83%
Treasury shares	7,481,663	3.31%	2.27%
Market	117,141,914	51.75%	35.90%
Total	**226,338,580 (*)**	**100.00%**	**100.00%**

(*) Number of shares related to the share capital registered with the “Registro delle Imprese” on March 31, 2018

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 S.r.l. 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 2018 to 13 April 2018.



As at 31 March 2018 market capitalisation was €3,270.60 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 2 January 2018 – 29 March 2018, showed:

- average daily value: €4,835,687.72;
- average daily volume: 352,829 shares;
- total volume traded 22,228,219 shares or 10.16% of the total number of shares comprising company capital, net of treasury shares.

CONSOLIDATED INCOME STATEMENT

(€ thousands)	First three months 2018 @ IFRS 2018	%	First three months 2018 @ IFRS 2017 (*)	%	First three months 2017 (**)	%	Change @ IFRS 2017	%
Revenues from sales and services	309,407	100.0%	310,341	100.0%	296,098	100.0%	14,243	4.8%
Operating costs	(267,242)	-86.4%	(267,400)	-86.2%	(254,766)	-86.0%	(12,634)	5.0%
Other costs and revenues	1,060	0.4%	1,060	0.3%	(472)	-0.2%	1,532	324.6%
Gross operating profit (EBITDA)	**43,225**	**14.0%**	**44,001**	**14.2%**	**40,860**	**13.8%**	**3,141**	**7.7%**
Depreciation and write-downs of non-current assets	(11,614)	-3.8%	(11,613)	-3.7%	(10,566)	-3.6%	(1,047)	9.9%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**31,611**	**10.2%**	**32,388**	**10.4%**	**30,294**	**10.2%**	**2,094**	**6.9%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(5,062)	-1.6%	(5,062)	-1.6%	(4,298)	-1.5%	(764)	17.8%
Operating profit (EBIT)	**26,549**	**8.6%**	**27,326**	**8.8%**	**25,996**	**8.8%**	**1,330**	**5.1%**
Income, expenses, valuation and adjustments of financial assets	149	0.0%	149	0.0%	92	0.0%	57	62.0%
Net financial expenses	(4,598)	-1.5%	(4,598)	-1.5%	(4,834)	-1.6%	236	-4.9%
Exchange differences and non-hedge accounting instruments	(269)	0.0%	(270)	-0.1%	63	0.0%	(333)	-528.6%
Profit (loss) before tax	**21,831**	**7.1%**	**22,607**	**7.3%**	**21,317**	**7.2%**	**1,290**	**6.1%**
Tax	(7,277)	-2.4%	(7,411)	-2.4%	(8,507)	-2.9%	1,096	-12.9%
Net profit (loss)	**14,554**	**4.7%**	**15,196**	**4.9%**	**12,810**	**4.3%**	**2,386**	**18.6%**
Profit (loss) of minority interests	(49)	0.0%	(48)	0.0%	27	0.0%	(75)	-277.8%
Net profit (loss) attributable to the Group	**14,603**	**4.7%**	**15,244**	**4.9%**	**12,783**	**4.3%**	**2,461**	**19.3%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

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)	31/03/2018 @ IFRS 2018	31/12/2017 (*)	Change
Goodwill	690,679	684,635	6,044
Non-competition agreements, trademarks, customer lists and lease rights	146,832	143,373	3,459
Software, licences, other intangible fixed assets, fixed assets in progress and advances	54,613	56,583	(1,970)
Tangible assets	143,182	143,003	179
Financial fixed assets (1)	39,890	43,392	(3,502)
Other non-current financial assets (1)	22,904	7,576	15,328
Non-current assets	**1,098,100**	**1,078,562**	**19,538**
Inventories	40,231	37,081	3,150
Trade receivables	124,043	132,792	(8,749)
Other receivables	65,176	47,584	17,592
Current assets (A)	**229,450**	**217,457**	**11,993**
Operating assets	**1,327,550**	**1,296,019**	**31,531**
Trade payables	(127,278)	(137,401)	10,123
Other payables (2)	(181,151)	(133,423)	(47,728)
Provisions for risks and charges (current portion)	(2,334)	(4,055)	1,721
Current liabilities (B)	**(310,763)**	**(274,879)**	**(35,884)**
Net working capital (A) - (B)	**(81,313)**	**(57,422)**	**(23,891)**
Derivative instruments (3)	(12,369)	(9,866)	(2,503)
Deferred tax assets	81,861	45,300	36,561
Deferred tax liabilities	(80,581)	(60,044)	(20,537)
Provisions for risks and charges (non-current portion)	(40,938)	(65,390)	24,452
Liabilities for employees' benefits (non-current portion)	(16,610)	(16,717)	107
Loan fees (4)	520	632	(112)
Other non-current payables	(92,033)	(30,372)	(61,661)
NET INVESTED CAPITAL	**856,637**	**884,683**	**(28,046)**
Group net equity	536,862	588,681	(51,819)
Minority interests	(360)	(263)	(97)
Total net equity	**536,502**	**588,418**	**(51,916)**
Net medium and long-term financial indebtedness (4)	119,912	119,193	719
Net short-term financial indebtedness (4)	200,223	177,072	23,151
Total net financial indebtedness	**320,135**	**296,265**	**23,870**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	**856,637**	**884,683**	**(28,046)**

(*) 2017 as reported figures

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 three months 2018 @ IFRS 2018	First three months 2017 (*)
Operating profit (EBIT)	**26,549**	**25,996**
Amortization, depreciation and write down	16,675	14,864
Provisions, other non-monetary items and gain/losses from disposals	5,204	6,561
Net financial expenses	(4,722)	(4,410)
Taxes paid	(9,311)	(5,489)
Changes in net working capital	(15,443)	(22,631)
Cash flow generated from (absorbed by) operating activities (A)	**18,952**	**14,891**
Cash flow generated from (absorbed by) operating investing activities (B)	(10,581)	(12,773)
Free cash flow (A+B)	**8,371**	**2,118**
Net cash flow generated from (absorbed by) business combinations (C)	(25,081)	(50,340)
(Purchase) sale of other investments and securities (D)	85	(1)
Cash flow generated from (absorbed by) investing activities (B+C+D)	**(35,577)**	**(63,114)**
Cash flow generated from (absorbed by) operating and investing activities	**(16,625)**	**(48,223)**
Fees paid on medium/long-term financing	(90)	-
Treasury shares	(6,753)	(6,923)
Capital increases, third parties' contributions, dividends paid to third parties by subsidiaries	(8)	400
Hedging instruments and other changes in non-current assets	828	(292)
Net cash flow from the period	**(22,648)**	**(55,038)**
Net financial indebtedness at the beginning of the period	**(296,265)**	**(224,421)**
Effect of the exchange rate fluctuations on the net financial position	(1,222)	415
Change in net financial position	(22,648)	(55,038)
Net financial indebtedness at the end of the period	**(320,135)**	**(279,044)**

(*) 2017 as reported figures

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area (*)

(€ thousands)	First three months 2018 - @ IFRS 2018				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	215,729	51,800	41,295	583	309,407
Operating costs	(185,818)	(42,832)	(30,007)	(8,585)	(267,242)
Other costs and revenues	499	(8)	395	174	1,060
Gross operating profit (EBITDA)	**30,410**	**8,960**	**11,683**	**(7,828)**	**43,225**
Depreciation and write-downs of non-current assets	(7,540)	(1,085)	(1,766)	(1,223)	(11,614)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**22,870**	**7,875**	**9,917**	**(9,051)**	**31,611**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(3,456)	(157)	(1,415)	(34)	(5,062)
Operating profit (EBIT)	**19,414**	**7,718**	**8,502**	**(9,085)**	**26,549**
Income, expenses, valuation and adjustments of financial assets					149
Net financial expenses					(4,598)
Exchange differences and non-hedge accounting instruments					(269)
Profit (loss) before tax					**21,831**
Tax					(7,277)
Net profit (loss)					**14,554**
Profit (loss) of minority interests					(49)
Net profit (loss) attributable to the Group					**14,603**

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

(€ thousands)	First three months 2017 (*)				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	195,178	57,738	42,826	356	296,098
Operating costs	(168,815)	(47,996)	(30,763)	(7,192)	(254,766)
Other costs and revenues	(524)	83	(56)	25	(472)
Gross operating profit (EBITDA)	**25,839**	**9,825**	**12,007**	**(6,811)**	**40,860**
Depreciation and write-downs of non-current assets	(6,811)	(1,081)	(1,649)	(1,025)	(10,566)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**19,028**	**8,744**	**10,358**	**(7,836)**	**30,294**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(2,199)	(169)	(1,709)	(221)	(4,298)
Operating profit (EBIT)	**16,829**	**8,575**	**8,649**	**(8,057)**	**25,996**
Income, expenses, valuation and adjustments of financial assets					92
Net financial expenses					(4,834)
Exchange differences and non-hedge accounting instruments					63
Profit (loss) before tax					**21,317**
Tax					(8,507)
Net profit (loss)					**12,810**
Profit (loss) of minority interests					27
Net profit (loss) attributable to the Group					**12,783**

(*) 2017 as reported figures

Revenues from sales and services

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2018 @ IFRS 2017 (*)	First three months 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Revenues from sales and services	**309,407**	**310,341**	**296,098**	**14,243**	**4.8%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

Consolidated revenues from sales and services, determined based on the new IFRS 15, amounted to €309,407 thousand in the first three months of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €310,341 thousand, an increase of €14,243 thousand (+4.8%) against the comparison period explained for €16,034 thousand (+5.4%) by organic growth, including the contribution of the newly opened stores, for €12,631 thousand (+4.3%) by acquisitions, while the foreign exchange differences had a negative impact of €14,422 thousand (-4.9%).

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

(€ thousands)	First three months 2018 @ IFRS 2018	%	First three months 2018 @ IFRS 2017 (*)	%	First three months 2017 (**)	%	Change @ IFRS 2017	Change %	Exchange diff.	Change % in local currency
EMEA	215,729	69.8%	216,556	69.8%	195,178	65.9%	21,378	11.0%	(1,726)	11.9%
Americas	51,800	16.7%	51,943	16.7%	57,738	19.5%	(5,795)	-10.0%	(7,880)	3.6%
Asia Pacific	41,295	13.3%	41,259	13.3%	42,826	14.5%	(1,567)	-3.7%	(4,816)	7.6%
Corporate	583	0.2%	583	0.2%	356	0.1%	227	63.8%		
Total	**309,407**	**100.0%**	**310,341**	**100.0%**	**296,098**	**100.0%**	**14,243**	**4.8%**	**(14,422)**	**9.7%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

Europe, Middle-East and Africa

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2018 @ IFRS 2017 (*)	First three months 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Revenues from sales and services	**215,729**	**216,556**	**195,178**	**21,378**	**11.0%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

Revenues from sales and services, determined based on the new IFRS 15, amounted to €215,729 thousand in the first three months of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €216,556 thousand, an increase of €21,378 thousand (+11.0%) against the comparison period explained for €12,013 thousand (+6.2%) by acquisitions and for €11,091 thousand (+5.7%) by organic growth, including the contribution of the newly opened stores, while the foreign exchange differences had a negative impact of €1,726 thousand (-0.9%).

In Italy growth continues in the wake of the excellent 2017 performance driven by the communication strategy and the launch of a new marketing campaign. A strong increase in revenues was recorded in France, driven mainly by the contribution of acquisitions. Excellent results were posted in Germany, thanks to acquisitions and organic growth. An exceptional performance was recorded in the Iberian Peninsula driven in Spain by the effective investments made in TV advertising and the contribution of the new stores opened last year and in Portugal by marketing synergies and the integration of MiniSom, acquired in April 2017.

Americas

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2018 @ IFRS 2017 (*)	First three months 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Revenues from sales and services	**51,800**	**51,943**	**57,738**	**(5,795)**	**-10.0%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

Revenues from sales and services, determined based on the new IFRS 15, amounted to €51,800 thousand in the first three months of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €51,943 thousand, a decrease of €5,795 thousand (-10.0%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €7,880 thousand (-13.6%) that entirely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €1,467 thousand (+2.5%) and acquisitions of €618 thousand (+1.1%).

Despite the unfavorable weather conditions recorded in January and the particularly challenging comparison period, Americas reported higher revenues in local currency driven by Miracle-Ear's robust growth trend in the United States.

Asia Pacific

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2018 @ IFRS 2017 (*)	First three months 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Revenues from sales and services	**41,295**	**41,259**	**42,826**	**(1,567)**	**-3.7%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

Revenues from sales and services, determined based on the new IFRS 15, amounted to €41,295 thousand in the first three months of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €41,259 thousand, a decrease of €1,567 thousand (-3.7%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €4,816 thousand (-11.3%) which completely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €3,249 thousand (+7.6%).

A significant increase in revenues was posted in all the region's countries in local currency: in Australia, in New Zealand and in India solid organic growth was recorded despite the particularly challenging comparison period.

Gross operating profit (EBITDA)

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2018 @ IFRS 2017 (*)	First three months 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Gross operating profit (EBITDA)	**43,225**	**44,001**	**40,860**	**3,141**	**7.7%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €43,225 thousand (with an EBITDA margin of 14.0%) in the first three months of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €44,001 thousand, an increase against the comparison period of €3,141 thousand (+7.7%) after the negative foreign exchange differences of €3,004 thousand. The EBITDA margin would have come to 14.2%, an increase of 0.4 p.p. with respect to the comparison period.

The following table shows a breakdown of EBITDA by segment:

(€ thousands)	First three months 2018 @ IFRS 2018	EBITDA Margin	First three months 2018 @ IFRS 2017 (*)	EBITDA Margin	First three months 2017 (**)	EBITDA Margin	Change @ IFRS 2017	Change %
EMEA	30,410	14.1%	31,235	14.4%	25,839	13.2%	5,396	20.9%
Americas	8,960	17.3%	8,955	17.2%	9,825	17.0%	(870)	-8.9%
Asia Pacific	11,683	28.3%	11,639	28.2%	12,007	28.0%	(368)	-3.1%
Corporate (***)	(7,828)	-2.5%	(7,828)	-2.5%	(6,811)	-2.3%	(1,017)	-14.9%
Total	**43,225**	**14.0%**	**44,001**	**14.2%**	**40,860**	**13.8%**	**3,141**	**7.7%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures
(***) 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), determined based on the new IFRS 15, amounted to €30,410 thousand (with an EBITDA margin of 14.1%) in the first three months of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €31,235 thousand, an increase against the comparison period of €5,396 thousand (+20.9%) after the negative foreign exchange differences of €188 thousand. The EBITDA margin would have come to 14.4%, an increase of 1.2 p.p. with respect to the comparison period.
These brilliant results were achieved thanks to the increase in revenues, improved operational efficiency notwithstanding the strong investments in marketing, and the greater scale reached in a few core markets.

Americas

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €8,960 thousand (with an EBITDA margin of 17.3%) in the first three months of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €8,955 thousand, a decrease against the comparison period of €870 thousand (-8.9%) after the negative foreign exchange differences of €1,430 thousand. The EBITDA margin would have come to 17.2%, an increase of 0.2 p.p. with respect to the comparison period attributable mainly to operational efficiency.

Asia Pacific

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €11,683 thousand (with an EBITDA margin of 28.3%) in the first three months of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €11,639 thousand, a decrease against the comparison period of €368 thousand (-3.1%) after the negative foreign exchange differences of €1,387 thousand. The EBITDA margin would have come to 28.2%, an increase of 0.2 p.p. with respect to the comparison period.

Corporate

The net cost of centralized Corporate functions (corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €7,828 thousand in the first three months of 2018 (2.5% of the revenues generated by the Group’s sales and services), an increase of €1,017 thousand (+14.9%).

Operating profit (EBIT)

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2018 @ IFRS 2017 (*)	First three months 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Operating profit (EBIT)	**26,549**	**27,326**	**25,996**	**1,330**	**5.1%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

Operating profit (EBIT), determined based on the new IFRS 15, came to €26,549 thousand (with an EBIT margin of 8.6%) in the first three months of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €27,326 thousand, an increase against the comparison period of €1,330 thousand (+5.1%) after the negative foreign exchange differences of €2,450 thousand. The EBIT margin would have come to 8.8%, unchanged with respect to the comparison period.
The change is basically in line with the change in EBITDA described above.

The following table shows the breakdown of EBIT by segment:

(€ thousands)	First three months 2018 @ IFRS 2018	EBIT Margin	First three months 2018 @ IFRS 2017 (*)	EBIT Margin	First three months 2017 (**)	EBIT Margin	Change @ IFRS 2017	Change %
EMEA	19,414	9.0%	20,239	9.3%	16,829	8.6%	3,410	20.3%
Americas	7,718	14.9%	7,713	14.8%	8,575	14.9%	(862)	-10.1%
Asia Pacific	8,502	20.6%	8,458	20.5%	8,649	20.2%	(191)	-2.2%
Corporate (***)	(9,085)	-2.9%	(9,085)	-2.9%	(8,057)	-2.7%	(1,028)	-12.7%
Total	**26,549**	**8.6%**	**27,326**	**8.8%**	**25,996**	**8.8%**	**1,330**	**5.1%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures
(***) 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), determined based on the new IFRS 15, came to €19,414 thousand (with an EBIT margin of 9.0%) in the first three months of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €20,239 thousand, an increase of €3,410 thousand (+20.3%) after the negative foreign exchange differences of €147 thousand. The EBIT margin would have come to 9.3%, an increase of 0.7 p.p. with respect to the comparison period.

Americas

Operating profit (EBIT), determined based on the new IFRS 15, came to €7,718 thousand (with an EBIT margin of 14.9%) in the first three months of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €7,713 thousand, a decrease against the comparison period of €862 thousand (-10.1%) after the negative foreign exchange differences of €1,286 thousand. The EBIT margin would have come to 14.8%, a drop of 0.2 p.p. with respect to the comparison period.

Asia Pacific

Operating profit (EBIT), determined based on the new IFRS 15, came to €8,502 thousand (with an EBIT margin of 20.6%) in the first three months of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €8,458 thousand, a decrease against the comparison period of €191 thousand (-2.2%) after the negative foreign exchange differences of €1,018 thousand. The EBIT margin would have come to 20.5%, an increase of 0.3 p.p. with respect to the comparison period.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €9,085 thousand in the first three months of 2018 (2.9% of the revenues generated by the Group's sales and services), an increase of €1,028 thousand (+12.7%) with respect to the comparison period.

Profit before tax

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2018 @ IFRS 2017 (*)	First three months 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Profit before tax	**21,831**	**22,607**	**21,317**	**1,290**	**6.1%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

Profit before tax, determined based on the new accounting standards in effect as of January 1st, amounted to €21,831 thousand (with a gross profit margin of 7.1%) in the first three months of 2018. Based on the accounting standards applied in the prior year, profit before tax would have come to €22,607 thousand (with a gross profit margin of 7.3% excluding IFRS 15 application), an increase of €1,290 thousand (+6.1%), consistent with the increase in EBIT described above: financial expenses were, in fact, basically unchanged compared to the first quarter of the prior year due to the structure of the Group's debt which, through July (when the €275 million Eurobond expires), is placed almost entirely on the debt capital markets at a fixed rate. This maturity will be refinanced completely with medium-long term bank borrowings which will result in significantly lower interest expense beginning in the third quarter.

Net profit attributable to the Group

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2018 @ IFRS 2017 (*)	First three months 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Net profit attributable to the Group	**14,603**	**15,244**	**12,783**	**2,461**	**19.3%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures

The Group's net profit, determined based on the new accounting standards in effect as of January 1st, came to €14,603 thousand (with a profit margin of 4.7%) in the first three months of 2018. Based on the accounting standards applied in the prior year, the Group's net profit would have amounted to €15,244 thousand (with a profit margin of 4.9% excluding IFRS 15 application), an increase of €2,461 thousand (+19.3%) against the comparison period.

In addition to the higher profit before tax described above, the Group also benefited from a lower tax rate which came to 33.3%, versus 39.9% in the prior period, attributable mainly to the lower tax rate in the United States. Due to seasonality, the first quarter is impacted more than the other quarters by the losses recorded by subsidiaries for which, in accordance with the principle of prudence, deferred tax assets are not recognized. Net of these, the tax rate would have been 28.0%.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	31/03/2018 - @ IFRS 2018				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	382,601	77,334	230,744	-	690,679
Non-competition agreements, trademarks, customer lists and lease rights	99,515	4,510	42,807	-	146,832
Software, licences, other intangible fixed assets, fixed assets in progress and advances	36,148	11,512	6,953	-	54,613
Tangible assets	118,979	3,709	20,494	-	143,182
Financial fixed assets	2,502	37,388	-	-	39,890
Other non-current financial assets	22,105	108	691	-	22,904
Non-current assets	**661,850**	**134,561**	**301,689**	**-**	**1,098,100**
Inventories	38,096	304	1,831	-	40,231
Trade receivables	89,458	27,452	10,066	(2,933)	124,043
Other receivables	56,348	6,677	2,158	(7)	65,176
Current assets (A)	**183,902**	**34,433**	**14,055**	**(2,940)**	**229,450**
Operating assets	**845,752**	**168,994**	**315,744**	**(2,940)**	**1,327,550**
Trade payables	(85,559)	(32,368)	(12,284)	2,933	(127,278)
Other payables	(157,345)	(5,397)	(18,416)	7	(181,151)
Provisions for risks and charges (current portion)	(2,334)	-	-	-	(2,334)
Current liabilities (B)	**(245,238)**	**(37,765)**	**(30,700)**	**2,940**	**(310,763)**
Net working capital (A) - (B)	**(61,336)**	**(3,332)**	**(16,645)**	**-**	**(81,313)**
Derivative instruments	(12,369)	-	-	-	(12,369)
Deferred tax assets	76,307	647	4,907	-	81,861
Deferred tax liabilities	(52,567)	(15,526)	(12,488)	-	(80,581)
Provisions for risks and charges (non-current portion)	(14,468)	(25,566)	(904)	-	(40,938)
Liabilities for employees' benefits (non-current portion)	(14,776)	(134)	(1,700)	-	(16,610)
Loan fees	520	-	-	-	520
Other non-current payables	(88,605)	(1,417)	(2,011)	-	(92,033)
NET INVESTED CAPITAL	**494,556**	**89,233**	**272,848**	**-**	**856,637**
Group net equity					536,862
Minority interests					(360)
Total net equity					**536,502**
Net medium and long-term financial indebtedness					119,912
Net short-term financial indebtedness					200,223
Total net financial indebtedness					**320,135**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**856,637**

(*) 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)	31/12/2017 (*)				
	EMEA	**Americas**	**Asia Pacific**	**Eliminations**	**Total**
Goodwill	365,022	78,585	241,028	-	684,635
Non-competition agreements, trademarks, customer lists and lease rights	93,289	4,271	45,813	-	143,373
Software, licences, other intangible fixed assets, fixed assets in progress and advances	37,401	12,188	6,994	-	56,583
Tangible assets	118,641	3,440	20,922	-	143,003
Financial fixed assets	2,490	40,902	-	-	43,392
Other non-current financial assets	6,971	49	556	-	7,576
Non-current assets	**623,814**	**139,435**	**315,313**	**-**	**1,078,562**
Inventories	34,640	314	2,127	-	37,081
Trade receivables	98,780	27,038	10,507	(3,533)	132,792
Other receivables	37,158	6,513	3,920	(7)	47,584
Current assets (A)	**170,578**	**33,865**	**16,554**	**(3,540)**	**217,457**
Operating assets	**794,392**	**173,300**	**331,867**	**(3,540)**	**1,296,019**
Trade payables	(93,277)	(32,166)	(15,491)	3,533	(137,401)
Other payables	(106,265)	(8,618)	(18,547)	7	(133,423)
Provisions for risks and charges (current portion)	(4,055)	-	-	-	(4,055)
Current liabilities (B)	**(203,597)**	**(40,784)**	**(34,038)**	**3,540**	**(274,879)**
Net working capital (A) - (B)	**(33,019)**	**(6,919)**	**(17,484)**	**-**	**(57,422)**
Derivative instruments	(9,866)	-	-	-	(9,866)
Deferred tax assets	40,831	30	4,439	-	45,300
Deferred tax liabilities	(30,945)	(15,744)	(13,355)	-	(60,044)
Provisions for risks and charges (non-current portion)	(36,994)	(27,461)	(935)	-	(65,390)
Liabilities for employees' benefits (non-current portion)	(14,768)	(140)	(1,809)	-	(16,717)
Loan fees	631	1	-	-	632
Other non-current payables	(28,865)	(100)	(1,407)	-	(30,372)
NET INVESTED CAPITAL	**510,819**	**89,102**	**284,762**	**-**	**884,683**
Group net equity					588,681
Minority interests					(263)
Total net equity					**588,418**
Net medium and long-term financial indebtedness					119,193
Net short-term financial indebtedness					177,072
Total net financial indebtedness					**296,265**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**884,683**

(*) 2017 as reported figures

Non-current assets

Non-current assets amounted to €1,098,100 thousand at 31 March 2018 versus the €1,078,562 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018. The change in the period is explained (i) for €11,014 thousand by capital expenditure; (ii) for €29,490 thousand by acquisitions; (iii) for €16,666 thousand by depreciation, amortization and impairment; (iv) for €16,729 thousand by the change in other non-current assets following application of IFRS 15; (v) for €21,029 thousand by other net decreases relating primarily to the negative impact of exchange differences.

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

(€ thousands)		31/03/2018 @ IFRS 2018	31/12/2017 (*)	Change
EMEA	Goodwill	382,601	365,022	17,579
	Non-competition agreements, trademarks, customer lists and lease rights	99,515	93,289	6,226
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	36,148	37,401	(1,253)
	Tangible assets	118,979	118,641	338
	Financial fixed assets	2,502	2,490	12
	Other non-current financial assets	22,105	6,971	15,134
	Non-current assets	**661,850**	**623,814**	**38,036**
Americas	Goodwill	77,334	78,585	(1,251)
	Non-competition agreements, trademarks, customer lists and lease rights	4,510	4,271	239
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	11,512	12,188	(676)
	Tangible assets	3,709	3,440	269
	Financial fixed assets	37,388	40,902	(3,514)
	Other non-current financial assets	108	49	59
	Non-current assets	**134,561**	**139,435**	**(4,874)**
Asia Pacific	Goodwill	230,744	241,028	(10,284)
	Non-competition agreements, trademarks, customer lists and lease rights	42,807	45,813	(3,006)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	6,953	6,994	(41)
	Tangible assets	20,494	20,922	(428)
	Financial fixed assets	-	-	-
	Other non-current financial assets	691	556	135
	Non-current assets	**301,689**	**315,313**	**(13,624)**

(*) 2017 as reported figures

Europe, Middle-East and Africa

Non-current assets amounted to €661,850 thousand at 31 March 2018, an increase of €38,036 thousand against the €623,814 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
The increase is explained:
- for €6,263 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 new concept store;
- for €1,328 thousand, by investments in intangible assets, relating primarily to the implementation of digital marketing and store systems;
- for €27,585 thousand, by acquisitions made in the period;
- for €12,243 thousand, by amortization, depreciation and impairment;
- change in other non-current assets following the application of accounting standard IFRS 15 for Euro 16,609 thousand;
- for €1,506 thousand, by other net decreases.

Americas

Non-current assets amounted to €134,561 thousand at 31 March 2018, a decrease of €4,874 thousand against the €139,435 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
The decrease is explained:
- for €159 thousand, by investments in plant, property and equipment;
- for €993 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 into with the franchisees for the renewal and relocation of stores;
- for €1,905 thousand by acquisitions made in the period;
- for €1,242 thousand, by amortization and depreciation;
- change in other non-current assets following the application of accounting standard IFRS 15 for Euro 63 thousand;
- for €6,752 thousand, by other net decreases linked primarily to exchange losses.

Asia Pacific

Non-current assets amounted to €301,689 thousand at 31 March 2018, a decrease of €13,624 thousand against the €315,313 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.

The decrease is explained:
- for €1,896 thousand, by investments in plant, property and equipment, relating primarily to the opening, restructuring and relocation of a few stores;
- for €375 thousand, by investments in intangible assets, relating primarily to the implementation of a new front-office system;
- for €3,181 thousand, by amortization and depreciation;
- change in other non-current assets following the application of accounting standard IFRS 15 for Euro 57 thousand;
- for €12,771 thousand, by other net decreases, relating primarily to exchange losses.

Net invested capital

Net invested capital came to €856,637 thousand at 31 March 2018, a decrease of €28,046 thousand against the €884,683 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
The decrease is attributable to the increase in contract liabilities following application of the new IFRS 15 which, along with the decrease in working capital, more than offset the increase in non-current assets described above.

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

(€ thousands)	31/03/2018 @ IFRS 2018	31/12/2017 (*)	Change
EMEA	494,556	510,819	(16,263)
Americas	89,233	89,102	131
Asia Pacific	272,848	284,762	(11,914)
Total	**856,637**	**884,683**	**(28,046)**

(*) 2017 as reported figures

Europe, Middle-East and Africa

Net invested capital came to €494,556 thousand at 31 March 2018, a decrease of €16,263 thousand against the €510,819 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
The decrease is attributable to the increase in contract liabilities following application of the new IFRS 15 which, along with the decrease in working capital, more than offset the increase in non-current assets described above.

Factoring without recourse in the period involved trade receivables with a face value of €17,595 thousand (€11,910 thousand in the first three months of the prior year) and VAT credits with a face value of €6,556 thousand (€5,664 thousand in the first three months of the prior year).

Americas

Net invested capital came to €89,233 thousand at 31 March 2018, an increase of €131 thousand against the €89,102 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
The decrease in non-current assets described above, attributable primarily to foreign exchange losses, was more than offset by an increase in working capital and the net positive impact on long-term liabilities and deferred tax.

Asia Pacific

Net invested capital came to €272,848 thousand at 31 March 2018, a decrease of €11,914 thousand against the €284,762 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
The decrease in non-current assets described above, attributable primarily to foreign exchange losses, was partially offset by an increase in working capital and the net positive impact on long-term liabilities and deferred tax.

Net financial indebtedness

(€ thousands)	31/03/2018 @ IFRS 2018	31/12/2017 (*)	Change
Net medium and long-term financial indebtedness	119,912	119,193	719
Net short-term financial indebtedness	301,481	301,154	327
Cash and cash equivalents	(101,258)	(124,082)	22,824
Net financial indebtedness	**320,135**	**296,265**	**23,870**
Group net equity	536,862	588,681	(51,819)
Minority interests	(360)	(263)	(97)
Net Equity	**536,502**	**588,418**	**(51,916)**
Financial indebtedness/Group net equity	**0.60**	**0.50**	
Financial indebtedness/net equity	**0.60**	**0.50**	
Financial indebtedness/EBITDA	**1.44**	**1.35**	

(*) 2017 as reported figures

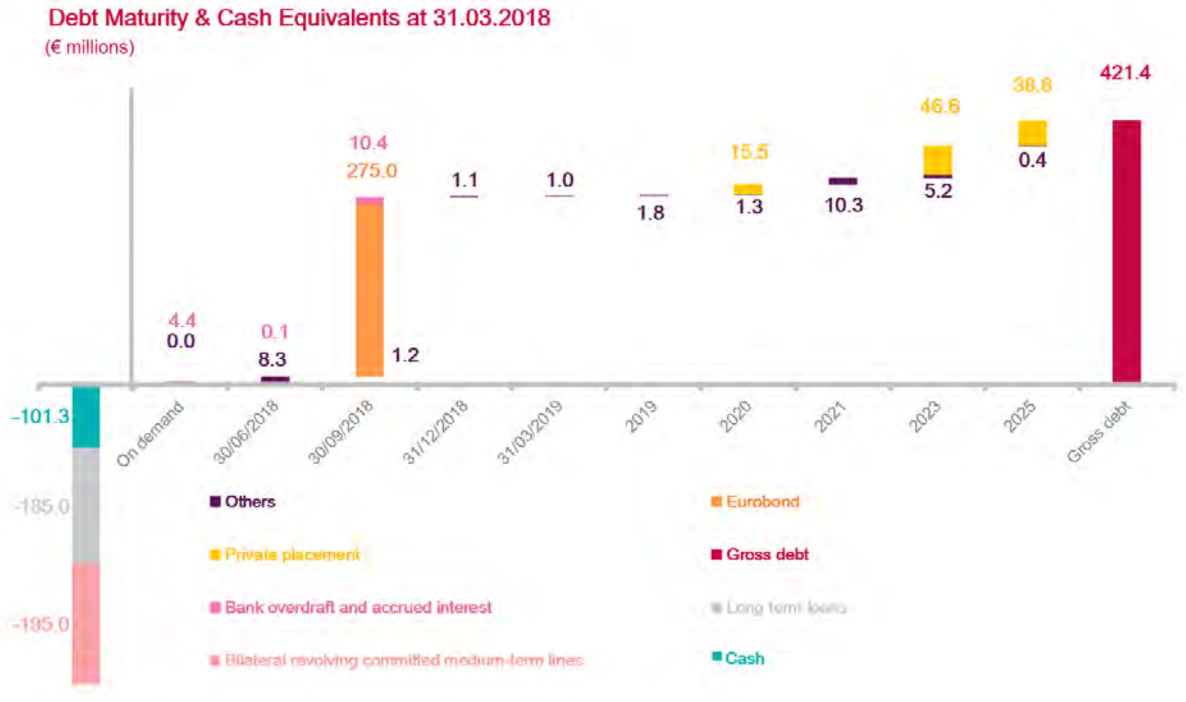
Net financial indebtedness amounted to €320,135 thousand at 31 March 2018, an increase of €23,870 thousand with respect to 31 December 2017.

The increase in debt is the direct consequence of the acquisitions made in the period (€24,996 thousand) and the purchase of treasury shares (€6,753 thousand).
The ability of ordinary operations to generate excellent cash flow was also confirmed in the weakest quarter of the year, which is also impacted by the increase in trade payables and commissions owed agents falling due in the latter part of the year, with free cash flow reaching a positive €8,371 thousand (versus €2,118 thousand in the first three months of the prior year) after absorbing capital expenditure of €11,014 thousand (€13,190 thousand in the first quarter of 2017).

At 31 March 2018 the Group's total financial indebtedness amounted to €320,135 thousand net of cash and cash equivalents totaling €101,258 thousand. Long-term debt amounted to €119,912 thousand, €3,084 thousand of which reflects the long-term portion of deferred payments for acquisitions. Short-term debt amounted to €301,481 thousand and pertains primarily to the Eurobond (€275,000 thousand), the utilization of credit lines mainly by a few foreign subsidiaries (€3,364 thousand), interest payable on the Eurobond and the Private Placement (€10,117 thousand) and the best estimate of the deferred payments for acquisitions (€9,857 thousand).

With a view to repaying the Eurobond expiring in July 2018, during this reporting period the Group negotiated two more medium-long term bank loans (expiring in 2022) for a total of €50 million, which brings the total bank borrowings to €200 million, in addition to the €195 million in irrevocable credit lines granted through 2021-2022.
The terms and conditions of both the credit lines and the bank loans are significantly better than those of 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 €101.3 million, the irrevocable credit lines and unutilized portions of the loans described above which amount to €380 million, as well as the €125.7 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 €4,529 thousand at 31 March 2018, versus €4,585 thousand at 31 March 2017.

Interest receivable on bank deposits came to €97 thousand at 31 March 2018, versus €92 thousand at 31 March 2017.

The reasons for the changes in net debt are described in the next section on the cash flow statement.

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 three months 2018 @ IFRS 2018	First three months 2017 (*)
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	14,603	12,783
Minority interests	(49)	27
Amortization, depreciation and write-downs:		
- Intangible fixed assets	*8,553*	*7,394*
- Tangible fixed assets	*8,122*	*7,470*
- Goodwill	*-*	*-*
Total amortization, depreciation and write-downs	16,675	14,864
Provisions, other non-monetary items and gain/losses from disposals	5,204	6,561
Group's share of the result of associated companies	(72)	(92)
Financial income and charges	4,790	4,771
Current and deferred income taxes	7,277	8,507
Change in assets and liabilities:		
- Utilization of provisions	*(4,042)*	*(2,664)*
- (Increase) decrease in inventories	*(3,378)*	*(4,897)*
- Decrease (increase) in trade receivables	*6,346*	*1,954*
- Increase (decrease) in trade payables	*(9,063)*	*(11,083)*
- Changes in other receivables and other payables	*(5,306)*	*(5,941)*
Total change in assets and liabilities	(15,443)	(22,631)
Dividends received	-	150
Net interest charges	(4,722)	(4,560)
Taxes paid	(9,311)	(5,489)
Cash flow generated from (absorbed) by operating activities	**18,952**	**14,891**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(2,696)	(3,432)
Purchase of tangible fixed assets	(8,318)	(9,758)
Consideration from sale of tangible fixed assets and businesses	433	417
Cash flow generated from (absorbed) by investing activities	**(10,581)**	**(12,773)**
Cash flow generated from operating and investing activities (Free cash flow)	**8,371**	**2,118**
Business combinations (**)	(25,081)	(50,340)
(Purchase) sale of other investments and securities	85	(1)
Net cash flow generated from acquisitions	**(24,996)**	**(50,341)**
Cash flow generated from (absorbed) by investing activities	**(35,577)**	**(63,114)**

(€ thousands)	First three months 2018 @ IFRS 2018	First three months 2017 (*)
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	(90)	-
Other non-current assets	828	(292)
Treasury shares	(6,753)	(6,923)
Capital increases (reduction), third parties' contributions in subsidiaries and dividends paid to third parties by the subsidiaries	(8)	400
Cash flow generated from (absorbed) by financing activities	**(6,023)**	**(6,815)**
Changes in net financial indebtedness	**(22,648)**	**(55,038)**
Net financial indebtedness at the beginning of the period	(296,265)	(224,421)
Effect of exchange rate fluctuations on net financial indebtedness	(1,222)	415
Changes in net indebtedness	(22,648)	(55,038)
Net financial indebtedness at the end of the period	**(320,135)**	**(279,044)**

(*) 2017 as reported figures
(**) The item refers to the net cash flow absorbed by the acquisition of businesses and equity investments.

The change in net financial debt of €23,870 thousand is attributable to:

(i) Investing activities:
- capital expenditure on property, plant and equipment and intangible assets of €11,014 thousand relating primarily to the opening, renewal and repositioning of stores based on the concept store and Amplifon's new brand image, CRM systems, digital marketing, as well as the deployment of store and sales support systems;
- acquisitions amounting to €25,081 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, investments and securities amounting to €518 thousand.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial expenses of €4,722 thousand;
- payment of taxes amounting to €9,311 thousand;
- cash flow generated by operations of €32,985 thousand.

(iii) Financing activities:
- payment of €90 thousand in commitment fees on long term credit lines granted in the year;
- net proceeds from capital increases following the exercise of stock options of €47 thousand;
- payment of €55 thousand in dividends to minorities by subsidiaries;
- purchase of treasury shares amounting to €6,753 thousand;
- decrease in other non-current assets of €828 thousand.

(iv) Exchange losses of €1,222 thousand.

ACQUISITION OF COMPANIES AND BUSINESSES

The Group's external growth continued in the first quarter of 2018. A total of 57 points of sale were acquired for a total investment of €25,081 thousand, including the debt consolidated and the best estimate of the net change in the earn-out linked to sales and profitability targets payable over the next few years.

More in detail:
- 25 points of sale were acquired in Germany;
- 11 points of sale and a customer list relating to one store were acquired in France;
- 1 point of sale and a customer list relating to one store were acquired in Spain;
- 2 points of sale were acquired in Israel;
- 1 point of sale were acquired in Belgium;
- 1 point of sale were acquired in Turkey;
- 11 points of sale and customer lists relating to 2 stores were acquired in the United States;
- 5 points of sale were acquired in Canada.

OUTLOOK

For the rest of 2018, Amplifon expects the favorable trend in revenues to continue, outpacing the market, thanks to the contribution of all the geographic areas in which it operates and driven by continuous organic growth, as well as the solid contribution of M&A. Moreover, for 2018 Amplifon expects profitability to increase with respect to the prior year, thanks to operating leverage and economies of scale, which will more than offset the investments in marketing and communication, network expansion and people to accelerate future growth. Amplifon also expects to proceed at a steady pace with the execution of the strategic plan for 2020 also thanks to the launch of the Amplifon product line and innovative multi-channel ecosystem expected in Italy in the second quarter of 2018.

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 31 MARCH 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		31/03/2018	31/12/2017 (*)	Change
ASSETS				
Non-current assets				
Goodwill	**Note 3**	690,679	684,635	6,044
Intangible fixed assets with finite useful life	**Note 4**	201,445	199,956	1,489
Tangible fixed assets	**Note 5**	143,182	143,003	179
Investments valued at equity		2,037	1,976	61
Financial assets measured at fair value through profit or loss		-	35	(35)
Long-term hedging instruments		-	-	-
Deferred tax assets		81,861	45,300	36,561
Other assets		60,757	48,956	11,801
Total non-current assets		**1,179,961**	**1,123,861**	**56,100**
Current assets				
Inventories		40,231	37,081	3,150
Trade receivables		124,043	132,792	(8,749)
Other receivables		65,176	47,584	17,592
Hedging instruments		7	-	7
Other financial assets		6	19	(13)
Cash and cash equivalents		101,258	124,082	(22,824)
Total current assets		**330,721**	**341,558**	**(10,837)**
TOTAL ASSETS		**1,510,682**	**1,465,419**	**45,263**

(*) 2017 as reported figures

(€ thousands)		31/03/2018	31/12/2017 (*)	Change
LIABILITIES				
Net Equity				
Share capital	**Note 7**	4,527	4,527	-
Share premium account		202,480	202,412	68
Treasury shares		(65,526)	(60,217)	(5,309)
Other reserves		(29,340)	(14,333)	(15,007)
Profit (loss) carried forward		410,118	355,714	54,404
Profit (loss) for the period		14,603	100,578	(85,975)
Group net equity		**536,862**	**588,681**	**(51,819)**
Minority interests		**(360)**	**(263)**	**(97)**
Total net equity		**536,502**	**588,418**	**(51,916)**
Non-current liabilities				
Medium/long-term financial liabilities	**Note 9**	121,114	123,990	(2,876)
Provisions for risks and charges		40,938	65,390	(24,452)
Liabilities for employees' benefits		16,610	16,717	(107)
Hedging instruments		7,750	2,362	5,388
Deferred tax liabilities		80,581	60,044	20,537
Payables for business acquisitions		3,084	2,355	729
Other long-term debt		92,033	30,372	61,661
Total non-current liabilities		**362,110**	**301,230**	**60,880**
Current liabilities				
Trade payables		127,278	137,401	(10,123)
Payables for business acquisitions		9,857	9,468	389
Other payables		180,340	132,572	47,768
Hedging instruments		-	43	(43)
Provisions for risks and charges		2,334	4,055	(1,721)
Liabilities for employees' benefits		811	851	(40)
Short-term financial liabilities	**Note 9**	291,450	291,381	69
Total current liabilities		**612,070**	**575,771**	**36,299**
TOTAL LIABILITIES		**1,510,682**	**1,465,419**	**45,263**

(*) 2017 as reported figures

CONSOLIDATED INCOME STATEMENT

(€ thousands)		First three months 2018	First three months 2017 (*)	Change
Revenues from sales and services		309,407	296,098	13,309
Operating costs		(267,242)	(254,766)	(12,476)
Other income and costs		1,060	(472)	1,532
Gross operating profit (EBITDA)		**43,225**	**40,860**	**2,365**
Amortisation, depreciation and impairment				
Amortisation of intangible fixed assets	Note 4	(8,553)	(7,394)	(1,159)
Depreciation of tangible fixed assets	Note 5	(8,064)	(7,396)	(668)
Impairment and impairment reversals of non-current assets		(59)	(74)	15
		(16,676)	**(14,864)**	**(1,812)**
Operating result		**26,549**	**25,996**	**553**
Financial income, charges and value adjustments to financial assets				
Group's share of the result of associated companies valued at equity		72	92	(20)
Other income and charges, impairment and revaluations of financial assets		77	-	77
Interest income and charges		(4,432)	(4,493)	61
Other financial income and charges		(166)	(341)	175
Exchange gains and losses		(222)	113	(335)
Gain (loss) on assets measured at fair value		(47)	(50)	3
		(4,718)	**(4,679)**	**(39)**
Profit (loss) before tax		**21,831**	**21,317**	**514**
Tax	Note 10	(7,277)	(8,507)	1,230
Total net profit (loss)		**14,554**	**12,810**	**1,744**
Net profit (loss) attributable to Minority interests		(49)	27	(76)
Net profit (loss) attributable to the Group		**14,603**	**12,783**	**1,820**

(*) 2017 as reported figures

Income (loss) and earnings per share (€ per share)	Note 11	First three months 2018	First three months 2017 (*)
Earnings per share			
- base		0.06667	0.05836
- diluted		0.06527	0.05701

(*) 2017 as reported figures

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First three months 2018	First three months 2017 (*)
Net income (loss) for the period	**14,554**	**12,810**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit plans	50	144
Tax effect on components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	(13)	(48)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	**37**	**96**
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedging instruments	(2,504)	756
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(16,188)	11,837
Tax effect on components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	601	(181)
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	**(18,091)**	**12,412**
Total other comprehensive income (loss) (A)+(B)	**(18,054)**	**12,508**
Comprehensive income (loss) for the period	**(3,500)**	**25,318**
Attributable to the Group	(3,444)	25,292
Attributable to Minority interests	(56)	26

(*) 2017 as reported figures

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 2017	**4,524**	**201,648**	**934**	**3,636**	**(48,178)**	**25,541**
Appropriation of FY 2016 result						
Share capital increase	2	398				
Treasury shares					(6,923)	
Dividend distribution						
Notional cost of stock options and stock grants						3,291
Other changes		171			518	(689)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for first 3 months 2017						
Total comprehensive income (loss) for the period						
Balance at 31 March 2017	**4,526**	**202,217**	**934**	**3,636**	**(54,583)**	**28,143**

(€ thousands)	Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 2018 as reported	**4,527**	**202,412**	**934**	**3,636**	**(60,217)**	**30,387**
Variation for introduction of new accounting principles						
Balance at 1 January 2018 restated	**4,527**	**202,412**	**934**	**3,636**	**(60,217)**	**30,387**
Appropriation of FY 2017 result						
Share capital increase		47				
Treasury shares					(6,753)	
Dividend distribution						
Notional cost of stock options and stock grants						3,717
Other changes		21			1,444	(677)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for first 3 months 2018						
Total comprehensive income (loss) for the period						
Balance at 31 March 2018	**4,527**	**202,480**	**934**	**3,636**	**(65,526)**	**33,427**

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)	-		-
					400		**400**
					(6,923)		**(6,923)**
					-		-
					3,291		**3,291**
		(5)			**(5)**		**(5)**
575					***575***		***575***
	96				***96***		***96***
			11,838		***11,838***	*(1)*	***11,837***
				12,783	***12,783***	*27*	***12,810***
575	96		11,838	12,783	**25,292**	26	**25,318**
(6,970)	**(4,212)**	**384,434**	**8,518**	**12,783**	**579,426**	**315**	**579,741**

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
(7,282)	**(5,324)**	**355,714**	**(36,684)**	**100,578**	**588,681**	**(263)**	**588,418**
		(45,267)			(45,267)		(45,267)
(7,282)	**(5,324)**	**310,447**	**(36,684)**	**100,578**	**543,414**	**(263)**	**543,151**
		100,578		(100,578)	-		-
					47		**47**
					(6,753)		**(6,753)**
					-		-
					3,717		**3,717**
		(907)			**(119)**	(41)	**(160)**
(1,903)					***(1,903)***		***(1,903)***
	37				***37***		***37***
			(16,181)		***(16,181)***	*(7)*	***(16,188)***
				14,603	***14,603***	*(49)*	***14,554***
(1,903)	37		(16,181)	14,603	**(3,444)**	(56)	**(3,500)**
(9,185)	**(5,287)**	**410,118**	**(52,865)**	**14,603**	**536,862**	**(360)**	**536,502**

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First three months 2018	First three months 2017 (*)
OPERATING ACTIVITIES		
Net profit (loss)	14,554	12,810
Amortization, depreciation and write-downs:		
- intangible fixed assets	8,553	7,394
- tangible fixed assets	8,122	7,470
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	5,204	6,561
Group's share of the result of associated companies	(72)	(92)
Financial income and charges	4,790	4,771
Current, deferred tax assets and liabilities	7,277	8,507
Cash flow from operating activities before change in working capital	***48,428***	***47,421***
Utilization of provisions	(4,042)	(2,664)
(Increase) decrease in inventories	(3,378)	(4,897)
Decrease (increase) in trade receivables	6,346	1,954
Increase (decrease) in trade payables	(9,063)	(11,083)
Changes in other receivables and other payables	(5,306)	(5,941)
Total change in assets and liabilities	***(15,443)***	***(22,631)***
Dividends received	-	150
Interest received (paid)	(2,254)	(2,332)
Taxes paid	(9,311)	(5,489)
Cash flow generated from (absorbed by) operating activities (A)	**21,420**	**17,119**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(2,696)	(3,432)
Purchase of tangible fixed assets	(8,318)	(9,758)
Consideration from sale of tangible fixed assets	433	417
Cash flow generated from (absorbed by) operating investing activities (B)	**(10,581)**	**(12,773)**
Purchase of subsidiaries and business units	(26,045)	(52,666)
Increase (decrease) in payables through business acquisition	996	527
(Purchase) sale of other investments and securities	85	(1)
Cash flow generated from (absorbed by) acquisition activities (C)	**(24,964)**	**(52,140)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(35,545)**	**(64,913)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	(2,169)	959
(Increase) decrease in financial receivables	20	(136)
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	(90)	-
Other non-current assets and liabilities	828	(292)
Treasury shares	(6,753)	(6,923)
Dividends distributed	-	-
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	(8)	400
Cash flow generated from (absorbed by) financing activities (D)	**(8,172)**	**(5,992)**
Net increase in cash and cash equivalents (A+B+C+D)	**(22,297)**	**(53,786)**

(*) 2017 as reported figures

(€ thousands)	First three months 2018	First three months 2017 (*)
Cash and cash equivalents at beginning of period	**124,082**	**183,834**
Effect of discontinued operations on cash & cash equivalents	-	-
Effect of exchange rate fluctuations on cash & cash equivalents	(1,491)	606
Liquid assets acquired	964	2,326
Flows of cash and cash equivalents	(22,297)	(53,786)
Cash and cash equivalents at end of period	**101,258**	**132,980**

(*) 2017 as reported figures

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 12. 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 three months 2018	First three months 2017 (*)
- Goodwill	18,853	36,791
- Customer lists	9,775	20,673
- Trademarks and non-competition agreements	-	-
- Other intangible fixed assets	184	224
- Tangible fixed assets	671	3,323
- Financial fixed assets	-	-
- Current assets	1,939	8,444
- Provisions for risks and charges	-	(3,141)
- Current liabilities	(2,967)	(9,816)
- Other non-current assets and liabilities	(2,904)	(6,695)
- Minority interests	140	-
Total investments	**25,691**	**49,803**
Net financial debt acquired	354	2,863
Total business combinations	**26,045**	**52,666**
(Increase) decrease in payables through business acquisition	(996)	(527)
Disposal of businesses, purchase of investments and shares	(85)	1
Cash flow absorbed by (generated from) acquisitions	**24,964**	**52,140**
(Cash and cash equivalents acquired)	(964)	(2,326)
Net cash flow absorbed by (generated from) acquisitions	**24,000**	**49,814**

(*) 2017 as reported figures

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 S.r.l. 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 31 March 2018 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 31 March 2018. 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 condensed consolidated interim financial statements at 31 March 2018 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 2017.

The condensed consolidated interim financial statements at 31 March 2018 have been prepared in accordance with the new standards IFRS 15 “Revenues from contract with customers” and IFRS 9 “Financial instruments” which have led to changes in the accounting policies and in some cases adjustments of the values recorded in the financial statements. The modifications introduced are illustrated in the following paragraphs. No modifications were made to the other standards with respect from those of the financial statements as at 31 December 2017.

The publication of the condensed consolidated interim financial statements of the Amplifon Group at 31 March 2018 was authorized by a resolution of the Board of Directors of 2 May 2018 which approved their distribution to the public.

2. Changes to the accounting policies

New accounting standards
The Group has adopted IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments” effective 1 January 2018 which resulted in changes to the accounting policies and, in a few instances, adjustments to amounts recognized in the financial statements.

This note explains the impact of the adoption of such standards on the Group’s financial statement and illustrates the new accounting policies applied from 1 January 2018, when different from those of the previous periods.

IFRS 15 “Revenues from contract with customers”
On 1 January 2018 the Amplifon Group adopted for the first time the standard IFRS 15 “Revenues from contract with customers” applying the modified retrospective approach.

The standard IFRS 15 “Revenues from contracts with customers” substitutes the standards currently applicable for revenues recognition (i.e. IAS 18 and IAS 11 and the interpretations IFRIC 13 “Customer Loyalty Programmes”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfers of Assets from Customers” and SIC-31 “Revenue—Barter Transactions Involving Advertising Services”). The new standard introduces a five-step model to be used to analyze and recognize revenue in relation to the timing and the amount.

The standard has introduced more detailed guidelines and illustrative disclosure with respect to the previous revenue recognition principles, and which has therefore determined the necessity to adjust several accounting practices so far accepted and applied.

In the Amplifon Group, this principle, introducing the concept of stand-alone selling price, has determined the adoption of new and specific criteria to drive the price allocation for goods and services within the same contract (unbundling), as well as to goods and services not sold separately and for which an observable price is not available in the market.

In particular, the principal performance obligations identified within the Amplifon Group are: hearing aid and the relative fitting activities (part of a single, inseparable obligation), after sales services, extended warranties, accessories (batteries, cleaning kits) provided to the customer within the contract.

The transaction price, which represent the amount of consideration that the entity expects to be entitled to in exchange for transferring goods or services to the customer, is allocated on the basis of the “stand-alone selling prices” of the relative performance obligations.

The stand-alone selling price is deducted from the market if directly observable or is estimated using the “cost plus a margin” method when not directly observable on the market.

The performance obligations are represented in the liabilities of the financial statements under the caption other payables (short-term and long-term). The impact on the opening Group net equity derived from their recognition is illustrated in note 6 of the financial statements.

Following the clarifications introduced by the standard, the Group has modified the accounting methodology for extended warranties, material rights and complimentary products, passing from an accrual of costs to a deferral of revenues.

The adoption of the standard has impacted on the timing of revenues and some costs recognition.

In fact, revenues are recognized when the performance obligations are satisfied through the transferring of control of the promised goods or services to the customer. This can happen at a specified moment or later in time. The revenues realized over time are suspended and the recognition of the related revenues is carried out on the basis of the entity's progresses evaluation towards the complete fulfillment of the performance obligation over time. The recognition of the related revenues is carried out through the *input* method, that is on the basis of the entity's efforts or inputs used to satisfy the performance obligation. Revenues over time are mainly represented by the after-sale services and extended warranties.

With reference to costs, the ones incurred for obtaining the contract qualifiable as contract costs, typically represented by the commissions and premiums recognized for any additional sale made, have been capitalized.

The adoption of the new standard has determined, at the Group level, a non-material decrease in revenues due to the differential between revenue deferral and reversal in a context of growth and a consequent non-material decrease on the Group's EBIT, partially compensated by the suspension of the contract costs.

The cash flow impact deriving from the adoption of the standard is null.

The Group net equity on the financial statement of initial application, following the recognition of performance obligations (so called contract liabilities) provided for by the contracts and contract costs decreases by an amount equal to 44 million. See note 6 for details.

IFRS 9 "Financial instruments"

On 1 January 2018 the Amplifon Group adopted the standard IFRS 9 Financial Instruments, adopting the exemption of retrospective application on comparative data, therefore detecting the differences in the opening profit reserves at 1 January 2018.

The review project of the accounting principle concerning financial instruments was completed with the publication of the complete version of IFRS 9 “Financial Instruments”. The new requirements of the principles: (i) modify the classification and evaluation model of financial assets; (ii) introduce the concept of expected credit losses, among the variables to be considered in the valuation and impairment of financial assets; (iii) modify the requirements concerning the hedge accounting.

The adoption of the standard has resulted in minor impacts in the valuation of financial assets and in particular in determining the allowance for doubtful accounts for the Amplifon Group, through the introduction of dedicated models to quantify the forward-looking element. The impact recorded at opening net equity amounts just over one million Euro. See note 6 for details.

3. Acquisitions and goodwill

During the first three months of 2018 the Group continued its external growth and finalized a number of acquisitions of small regional chains with the aim of increasing the coverage: in detail 41 points of sale were purchased in the EMEA region and 16 in the Americas.

The total investment amounted to €25,081 thousand, including the debt consolidated and the best estimate of the net change in the earn-out linked to sales and profitability targets payable over the next few years.

The variations of goodwill and of the amounts booked as such as a consequence of the acquisitions performer during the period, divided for cash generation unit, are highlighted in the table below.

(€ thousands)	Net carrying value at 31/12/2017 (*)	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 31/03/2018
Italy	540	-	-	-	-	540
France	100,354	4,231	-	-	-	104,585
Iberian Peninsula	32,067	-	-	-	-	32,067
Hungary	1,033	-	-	-	(3)	1,030
Switzerland	13,134	-	-	-	(84)	13,050
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxembourg	12,286	79	-	-	-	12,365
Germany	159,400	13,178	-	-	-	172,578
Poland	217	-	-	-	-	217
United Kingdom and Ireland	8,511	-	-	-	120	8,631
Turkey	1,038	2	-	-	(5)	1,035
Israel	3,662	65	-	-	(6)	3,721
USA and Canada	78,585	1,298	-	-	(2,549)	77,334
Australia and New Zealand	239,989	-	-	-	(10,236)	229,753
India	1,038	-	-	-	(46)	992
Total	**684,635**	**18,853**	**-**	**-**	**(12,809)**	**690,679**

(*) 2017 as reported figures

"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 almost entirely related to differences in exchange rates.

4. Intangible fixed assets

The following table shows the changes in intangible fixed assets.

(€ thousands)	Historical cost at 31/12/2017	Accumulated amortisation and write-downs at 31/12/2017	Net book value at 31/12/2017	Historical cost at 31/03/2018	Accumulated amortisation and write-downs at 31/03/2018	Net book value at 31/03/2018
Software	101,858	(69,551)	32,307	103,008	(71,701)	31,307
Licenses	12,388	(10,060)	2,328	12,834	(10,310)	2,524
Non-competition agreements	5,333	(4,661)	672	5,817	(4,826)	991
Customer lists	247,254	(121,597)	125,657	254,426	(124,642)	129,784
Trademarks and concessions	33,513	(17,127)	16,386	32,631	(17,216)	15,415
Other	23,364	(7,956)	15,408	23,540	(8,238)	15,302
Fixed assets in progress and advances	7,198	-	7,198	6,122	-	6,122
Total	**430,908**	**(230,952)**	**199,956**	**438,378**	**(236,933)**	**201,445**

(€ thousands)	Net book value at 31/12/2017 (*)	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 31/03/2018
Software	32,307	363	-	(2,830)	-	-	1,467	31,307
Licenses	2,328	17	-	(261)	1	-	439	2,524
Non-competition agreements	672	30	-	(250)	-	-	539	991
Customer lists	125,657	-	-	(4,178)	9,775	-	(1,470)	129,784
Trademarks and concessions	16,386	-	-	(589)	-	-	(382)	15,415
Other	15,408	365	(54)	(436)	183	-	(164)	15,302
Fixed assets in progress and advances	7,198	1,921	-	-	-	-	(2,997)	6,122
Total	**199,956**	**2,696**	**(54)**	**(8,544)**	**9,959**	**-**	**(2,568)**	**201,445**

(*) 2017 as reported figures

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

- for €9,391 thousand to the temporary allocation of the considerations paid for the acquisitions made in EMEA;
- for €568 thousand to the temporary allocation of the considerations paid for the acquisitions made in the Americas.

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.

5. Tangible fixed assets

The following table shows the changes in tangible fixed assets.

(€ thousands)	Historical cost at 31/12/2017	Accumulated amortisation and write-downs at 31/12/2017	Net book value at 31/12/2017	Historical cost at 31/03/2018	Accumulated amortisation and write-downs at 31/03/2018	Net book value at 31/03/2018
Land	162	-	162	162	-	162
Buildings, constructions and leasehold improvements	157,862	(99,388)	58,474	160,960	(102,616)	58,344
Plant and machines	43,555	(31,498)	12,057	44,489	(32,195)	12,294
Industrial and commercial equipment	44,462	(31,288)	13,174	45,292	(31,904)	13,388
Motor vehicles	6,186	(3,635)	2,551	6,235	(3,901)	2,334
Computers and office machinery	45,194	(34,500)	10,694	45,560	(35,376)	10,184
Furniture and fittings	95,542	(59,943)	35,599	96,798	(61,339)	35,459
Other tangible fixed assets	704	(566)	138	692	(565)	127
Fixed assets in progress and advances	10,154	-	10,154	10,890	-	10,890
Total	**403,821**	**(260,818)**	**143,003**	**411,078**	**(267,896)**	**143,182**

(€ thousands)	Net book value at 31/12/2017 (*)	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 31/03/2018
Land	162	-	-	-	-	-	-	162
Buildings, constructions and leasehold improvements	58,474	2,348	-	(3,259)	142	(5)	644	58,344
Plant and machines	12,057	431	-	(667)	240	(45)	278	12,294
Industrial and commercial equipment	13,174	465	(11)	(790)	12	-	538	13,388
Motor vehicles	2,551	51	(32)	(279)	-	-	43	2,334
Computers and office machinery	10,694	738	-	(1,098)	24	(2)	(172)	10,184
Furniture and fittings	35,599	1,158	(5)	(1,959)	252	(7)	421	35,459
Other tangible fixed assets	138	8	(1)	(12)	-	-	(6)	127
Fixed assets in progress and advances	10,154	3,119	-	-	1	-	(2,384)	10,890
Total	**143,003**	**8,318**	**(49)**	**(8,064)**	**671**	**(59)**	**(638)**	**143,182**

(*) 2017 as reported figures

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, equal to €671 thousand is detailed below:
- for €631 thousand to the to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €40 thousand to the temporary allocation of the price related to one acquisition made in the Americas region.

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.

6. Impact resulting from changes in accounting policies

On 1 January 2018, the Amplifon Group adopted IFRS 15 "Revenues from contracts with customers" and IFRS 9 "Financial instruments" for the first time, by accounting for the cumulative effect in the initial reserves at the date of initial application.

The impacts deriving from the adoption of these principles on the opening Group net equity are illustrated below:

(€ millions)	Balance on the transition date
Contract liabilities - IFRS 15	(138.4)
Contract assets - IFRS 15	28.2
Release of warranty provision and other funds - IFRS 15	52.0
Allowance for doubtful accounts - IFRS 9	(2.2)
Tax	15.1
Total impact at January 1, 2018	**(45.3)**

The new accounting policies are described in note 2 "Changes to the accounting policies".

7. Share capital

At 31 March 2018, the fully paid in and subscribed share capital consisted of 226,338,830 ordinary shares with a par value of €0.02.

At 31 December 2017 share capital was made up of 226,330,247 shares. The increase recorded in the period is due to the exercise of 8,583 stock options, equivalent to 0.004% 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 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 2018, 491,000 shares have been purchased at an average price of €13.753.

During the period have been exercised 164,800 performance stock grants rights. The Company transferred to the beneficiaries an equivalent number of treasury shares.

The total amount of treasury shares held at 31 March 2018 equals 7,481,663 or 3.306% 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 2017	**7,155,463**	**8.415**	**60,217**
Purchases	491,000	13.753	6,752
Transfers due to exercise of Performance Stock grants	(164,800)	8.758	(1,443)
Total at 31 March 2018	**7,481,663**	**8.758**	**65,526**

8. 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 31 March 2018, was as follows:

(€ thousands)	31/03/2018	31/12/2017 (*)	Change
Liquid funds	(101,258)	(124,082)	22,824
Other financial assets	(6)	(19)	13
Eurobond 2013-2018	275,000	275,000	-
Payables for business acquisitions	9,857	9,468	389
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	844	1,156	(312)
Other financial payables	15,793	15,506	287
Non-*hedge* accounting derivative instruments	(7)	43	(50)
Short-term financial position	**200,223**	**177,072**	**23,151**
Private placement 2013-2025	105,511	108,397	(2,886)
Finance lease obligations	864	871	(7)
Other medium/long-term debt	15,072	15,074	(2)
Hedging derivatives	(4,619)	(7,504)	2,885
Medium/long-term acquisition payables	3,084	2,355	729
Net medium and long-term indebtedness	**119,912**	**119,193**	**719**
Net financial indebtedness	**320,135**	**296,265**	**23,870**

(*) 2017 as reported figures

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”

(€ thousands)	31/03/2018
Private placement 2013-2025	105,511
Finance lease obligations	864
Other medium/long-term debt	15,072
Loan, private placement 2013-2025 and Eurobond fees	(333)
Medium/long-term financial liabilities	**121,114**

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

(€ thousands)	31/03/2018
Short term debt	14,900
Current portion of finance lease obligations	893
Other financial payables	**15,793**
Eurobond 2013-2018	275,000
Bank overdraft and other short-term debt (including current portion of other long-term debt)	844
Loan, private placement 2013-2025 and Eurobond fees	(187)
Short-term financial liabilities	**291,450**

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 €119,912 thousand at 31 March 2018 versus €119,193 thousand at 31 December 2017. The change of €719 thousand is strictly related to the variation of the short-term debt for acquisitions due within a year.

The **short-term net financial position** has registered a negative variation of €23,151 thousand from a negative value of €177,072 thousand at 31 December 2017 to an always negative value of €200,223 thousand at 31 March 2018. The change of the period is mainly explained by €25,081 thousand related to acquisition investments utilizing the available liquidity.

9. Financial liabilities

Financial liabilities break down as follows:

(€ thousands)	31/03/2018	31/12/2017 (*)	Change
Private placement 2013-2025	105,511	108,397	(2,886)
Other medium long-term debt	15,072	15,074	(2)
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(333)	(352)	19
Finance lease obligations	864	871	(7)
Total medium/long-term financial liabilities	**121,114**	**123,990**	**(2,876)**
Short-term debt:	291,450	291,381	69
- of which Eurobond 2013-2018	275,000	275,000	-
- of which loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(187)	(281)	94
- of which current-portion of lease obligations	893	1,080	(187)
Total short-term financial liabilities	**291,450**	**291,381**	**69**
Total financial liabilities	**412,564**	**415,371**	**(2,807)**

(*) 2017 as reported figures

Main long-term 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	279,241	4.875%
	Total in Euro		**275,000**	**279,241**	**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	7,239	3.85%	3.39%
30/05/2013	Amplifon USA	31/07/2023	USD	8,000	8,751	4.46%	3.90%
31/07/2013	Amplifon USA	31/07/2020	USD	13,000	12,473	3.90%	3.42%
31/07/2013	Amplifon USA	31/07/2023	USD	52,000	57,012	4.51%	3.90%-3.94%
31/07/2013	Amplifon USA	31/07/2025	USD	50,000	56,749	4.66%	4.00%-4.05%
	Total			**130,000**	**142,224**		

(*) 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.

- *UniCredit loan*
  A €100 million bilateral medium-term unsecured loan. The loan calls for a bullet repayment four year from the signing of the loan agreement and was granted at terms and conditions in line with current market standards. At 31 March 2018 €10 million had been utilized.

- *Banco BPM loan*
  A €50 million bilateral medium-term unsecured amortizing loan to be repaid every six months beginning on 30 April 2021 in five years from the signing of the loan agreement. The loan was granted at terms and conditions in line with current market standards. At 31 March 2018 €5 million had been utilized.

The following loans:

- the US$130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/US$ exchange rate at 1.2885);
- the €100 million bank loan 2017-2021 of which €10 million had been utilized at 31 March 2018;
- the €50 million bank loan 2017-2021 of which €5 million had been utilized 31 March 2018;
- and the €195 million in irrevocable credit lines expiring between 2021 and 2022 which have yet to be utilized

are subject to the covenants listed below:

- 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 respective loans.

At 31 March 2018, these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.60
Net financial indebtedness/EBITDA for the last 4 quarters	1.44

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	214,856
EBITDA normalised (from acquisitions and disposals)	1,044
Acquisitions and non-recurring costs	6,624
EBITDA for covenant calculation	222,524

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.

The €275 million Eurobond, due in July 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.

10. Tax

The tax rate reached 33.3% versus 39.9% in the comparison period, attributable mainly to the lower tax rate in the United States. Due to seasonality, the first quarter is impacted more than the other quarters by the losses recorded by subsidiaries for which, in accordance with the principle of prudence, deferred tax assets are not recognized. Net of these, the tax rate would have been 28.0%.

11. Earnings (loss) per share

Basic Earnings (loss) per share

Basic earnings (loss) 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 three months 2018**	**First three months 2017**
Net profit (loss) attributable to ordinary shareholders (€ thousand)	14,603	12,783
Average number of shares outstanding in the year	219,025,785	219,038,729
Average earnings per share (€ per share)	0.06667	0.05836

Diluted earnings (loss) per share

Diluted earnings (loss) 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’ attribution. 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 three months 2018**	**First three months 2017**
Average number of shares outstanding in the year	219,025,785	219,038,729
Weighted average of potential and diluting ordinary shares	4,697,841	5,186,685
Weighted average of shares potentially subject to options in the period	223,723,626	224,230,199

The diluted earnings per share were determined as follows:

Diluted earnings per share	First three months 2018	First three months 2017
Net profit attributable to ordinary shareholders (€ thousand)	14,603	12,783
Average number of shares outstanding in the period	223,723,626	224,230,199
Average diluted earnings per share (€)	0.06527	0.05701

12. 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 S.r.l. 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)	31/03/2018					First three months 2018		
	Trade receivables	Trade payable	Other assets	Financial liabilities	Financial payables	Revenues for sales and services	Operating costs	Interest income and expenses
Amplifin S.p.A.	17						(555)	
Total – Parent Company	**17**	**-**	**-**	**-**	**-**	**-**	**(555)**	**-**
Comfoor BV (The Netherlands)	12	279				4	(795)	
Comfoor GmbH (Germany)		3					(11)	
Ruti Levinson Institute Ltd (Israel)	239					28	(5)	
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	119		20			144		
Total – Other related parties	**370**	**282**	**20**	**-**	**-**	**176**	**(811)**	**-**
Bardissi Import (Egypt)		262			46		(163)	
Meders (Turkey)		1,059					(280)	
Nevo (Israel)	53						(14)	
Ortophone (Israel)			7				(83)	
Moti Bahar (Israel)							(132)	
Asher Efrati (Israel)							(118)	
Arigcom (Israel)		7					(19)	
Tera (Israel)			37				(13)	
Frederico Abrahao (Brazil)				72	469			(34)
Total – Other related parties	**53**	**1,328**	**44**	**72**	**515**	**-**	**(822)**	**(34)**
Total	**440**	**1,610**	**64**	**72**	**515**	**176**	**(2,188)**	**(34)**
Total as per financial statement	**124,043**	**127,278**	**60,757**	**121,114**	**291,450**	**309,407**	**(267,242)**	**(4,432)**
% of financial statement total	**0.35%**	**1.26%**	**0.11%**	**0.06%**	**0.18%**	**0.06%**	**0.82%**	**0.77%**

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).

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.

13. Guarantees provided, commitments and contingent liabilities

Obligations

Obligations with regard to future rent instalments amounted at the 31 March 2018 to €301,963 thousand, of which €255,115 thousand relates to the lease of stores, €34,284 thousand relates to the rent of offices, €9,939 thousand relates to the operating leasing of cars and €2,625 thousand relates to other operating leasing. The average lease term is equal to 4.47 years.

Contingent liabilities and uncertainties

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

14. Financial risk management

The condensed consolidated interim financial statements at 31 March 2018 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 2017 for a detailed analysis of financial risk management.

15. Translation of foreign companies' financial statements

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

	31 March 2018		2017	31 March 2017	
	Average	As at 31 March	31 December	Average	As at 31 March
Australian dollar	1.563	1.604	1.535	1.406	1.398
Canadian dollar	1.554	1.590	1.504	1.410	1.427
New Zealand dollar	1.690	1.710	1.685	1.498	1.531
Singapore dollar	1.621	1.616	1.602	1.508	1.494
US dollar	1.229	1.232	1.199	1.065	1.069
Hungarian florin	311.027	312.130	310.330	309.095	307.620
Swiss franc	1.165	1.178	1.170	1.069	1.070
Egyptian lira	21.717	21.749	21.331	18.980	19.394
Turkish lira	4.690	4.898	4.546	3.938	3.889
New Israeli shekel	4.254	4.326	4.164	3.973	3.885
Brazilian real	3.989	4.094	3.973	3.347	3.380
Indian rupee	79.126	80.296	76.606	71.284	69.397
British pound	0.883	0.875	0.887	0.860	0.856
Polish zloty	4.179	4.211	4.177	4.321	4.227

16. 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), America (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 31 March 2018 (*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	382,601	77,334	230,744	-	690,679
Intangible fixed assets with finite useful life	135,663	16,022	49,760	-	201,445
Tangible fixed assets	118,979	3,709	20,494	-	143,182
Investments valued at equity	2,037	-	-	-	2,037
Hedging instruments	-	-	-	-	-
Deferred tax assets	76,307	647	4,907	-	81,861
Other assets	22,570	37,496	691	-	60,757
Total non-current assets					**1,179,961**
Current assets					
Inventories	38,096	304	1,831	-	40,231
Receivables	145,806	34,129	12,224	(2,940)	189,219
Hedging instruments	7	-	-	-	7
Other financial assets					6
Cash and cash equivalents					101,258
Total current assets					**330,721**
TOTAL ASSETS					**1,510,682**
LIABILITIES					
Net Equity					**536,502**
Non-current liabilities					
Medium/long-term financial liabilities					121,114
Provisions for risks and charges	14,468	25,566	904	-	40,938
Liabilities for employees' benefits	14,776	134	1,700	-	16,610
Hedging instruments	7,750	-	-	-	7,750
Deferred tax liabilities	52,567	15,526	12,488	-	80,581
Payables for business acquisitions	3,013	71	-	-	3,084
Other long-term debt	88,605	1,417	2,011	-	92,033
Total non-current liabilities					**362,110**
Current liabilities					
Trade payables	85,559	32,368	12,284	(2,933)	127,278
Payables for business acquisitions	9,726	131	-	-	9,857
Other payables	156,615	5,316	18,416	(7)	180,340
Hedging instruments	-	-	-	-	-
Provisions for risks and charges	2,334	-	-	-	2,334
Liabilities for employees' benefits	730	81	-	-	811
Short-term financial liabilities					291,450
Total current liabilities					**612,070**
TOTAL LIABILITIES					**1,510,682**

(*) 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 Corporate functions which are included in EMEA.

Statement of Financial Position as at 31 December 2017 (*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	365,022	78,585	241,028	-	684,635
Intangible fixed assets with finite useful life	130,690	16,459	52,807	-	199,956
Tangible fixed assets	118,641	3,440	20,922	-	143,003
Investments valued at equity	1,976	-	-	-	1,976
Financial assets measured at fair value through profit and loss	35	-	-	-	35
Hedging instruments	-	-	-	-	-
Deferred tax assets	40,831	30	4,439	-	45,300
Other assets	7,449	40,951	556	-	48,956
Total non-current assets					**1,123,861**
Current assets					
Inventories	34,640	314	2,127	-	37,081
Receivables	135,938	33,551	14,427	(3,540)	180,376
Hedging instruments	-	-	-	-	-
Other financial assets					19
Cash and cash equivalents					124,082
Total current assets					**341,558**
TOTAL ASSETS					**1,465,419**
LIABILITIES					
Net Equity					**588,418**
Non-current liabilities					
Medium/long-term financial liabilities					123,990
Provisions for risks and charges	36,994	27,461	935	-	65,390
Liabilities for employees' benefits	14,768	140	1,809	-	16,717
Hedging instruments	2,362	-	-	-	2,362
Deferred tax liabilities	30,945	15,744	13,355	-	60,044
Payables for business acquisitions	2,355	-	-	-	2,355
Other long-term debt	28,865	100	1,407	-	30,372
Total non-current liabilities					**301,230**
Current liabilities					
Trade payables	93,277	32,166	15,491	(3,533)	137,401
Payables for business acquisitions	8,629	180	659	-	9,468
Other payables	105,498	8,534	18,547	(7)	132,572
Hedging instruments	43	-	-	-	43
Provisions for risks and charges	4,055	-	-	-	4,055
Liabilities for employees' benefits	767	84	-	-	851
Short-term financial liabilities					291,381
Total current liabilities					**575,771**
TOTAL LIABILITIES					**1,465,419**

(*) 2017 as reported figures. 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 Corporate functions which are included in EMEA.

Income Statement – First three months 2018 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	215,729	51,800	41,295	583	309,407
Operating costs	(185,818)	(42,832)	(30,007)	(8,585)	(267,242)
Other income and costs	499	(8)	395	174	1,060
Gross operating profit by segment (EBITDA)	**30,410**	**8,960**	**11,683**	**(7,828)**	**43,225**
Amortisation, depreciation and impairment					
Amortisation	(4,524)	(939)	(1,982)	(1,108)	(8,553)
Depreciation	(6,441)	(303)	(1,171)	(149)	(8,064)
Impairment and impairment reversals of non-current assets	(31)	-	(28)	-	(59)
	(10,996)	**(1,242)**	**(3,181)**	**(1,257)**	**(16,676)**
Operating result by segment	**19,414**	**7,718**	**8,502**	**(9,085)**	**26,549**
Financial income, charges and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	72	-	-	-	72
Other income and charges, impairment and revaluations of financial assets					77
Interest income and charges					(4,432)
Other financial income and charges					(166)
Exchange gains and losses					(222)
Gain (loss) on assets measured at fair value					(47)
					(4,718)
Net profit (loss) before tax					**21,831**
Tax					(7,277)
Total net profit (loss)					**14,554**
Minority interests					(49)
Net profit (loss) attributable to the Group					**14,603**

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

Income Statement – First three months 2017 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	195,178	57,738	42,826	356	296,098
Operating costs	(168,815)	(47,996)	(30,763)	(7,192)	(254,766)
Other income and costs	(524)	83	(56)	25	(472)
Gross operating profit by segment (EBITDA)	**25,839**	**9,825**	**12,007**	**(6,811)**	**40,860**
Amortisation, depreciation and impairment					
Amortisation	(3,032)	(986)	(2,242)	(1,134)	(7,394)
Depreciation	(5,940)	(264)	(1,080)	(112)	(7,396)
Impairment and impairment reversals of non-current assets	(38)	-	(36)	-	(74)
	(9,010)	**(1,250)**	**(3,358)**	**(1,246)**	**(14,864)**
Operating result by segment	**16,829**	**8,575**	**8,649**	**(8,057)**	**25,996**
Financial income, charges and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	92	-	-	-	92
Other income and charges, impairment and revaluations of financial assets					-
Interest income and charges					(4,493)
Other financial income and charges					(341)
Exchange gains and losses					113
Gain (loss) on assets measured at fair value					(50)
					(4,679)
Net profit (loss) before tax					**21,317**
Tax					(8,507)
Total net profit (loss)					**12,810**
Minority interests					27
Net profit (loss) attributable to the Group					**12,783**

(*) 2017 as reported figures. For the purposes of reporting on economic data by geographic area, please note that the Corporate structures are included in EMEA.

17. Accounting policies

17.1 Presentation of financial statements

The condensed consolidated interim financial statements at 31 March 2018 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.

17.2 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:

- revenues recognition of the services rendered over time recognised on the basis of the efforts or inputs used by the entity to fulfil the performance obligation;
- 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.

IFRS standard/ Approved interpretations by IASB and endorsed in Europe

The following table lists the international accounting standards and the interpretations approved by IASB and endorsed to be adopted in Europe and applied for the first time in the financial year under review:

Description	Endorsement date	Publication on O.J.E.C.	Effective date	Effective date for Amplifon
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	28 Mar ‘18	3 Apr ‘18	Financial years beginning on or after 1 jan’18	1 Jan ‘18
Amendments to IAS 40: “Transfers of Investment Property”	14 Mar ‘18	15 Mar ‘18	Financial years beginning on or after 1 Jan ‘18	1 Jan ‘18
Amendments to IFRS 2: “Classification and Measurement of Share-based Payment Transactions”	26 Feb ‘18	27 Feb ‘18	Financial years beginning on or after 1 Jan ‘18	1 Jan ‘18
Annual Improvements to IFRS Standards 2014-2016 Cycle	7 Feb ‘18	8 Feb ‘18	Financial years beginning on or after 1 Jan ‘18	1 Jan ‘18
IFRS 15 “Revenue from Contracts with Customers”	22 Sep ‘16	29 Oct ‘16	Financial years beginning on or after 1 Jan ‘18	1 Jan ‘18
Clarifications to IFRS 15 “Revenue from Contracts with Customers”	31 Oct ’17	9 Nov ‘17	Financial years beginning on or after 1 Jan ‘18	1 Jan ‘18
Amendments to IFRS 4: “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”	3 Nov ‘17	9 Nov ‘17	Financial years beginning on or after 1 Jan ‘18	1 Jan ‘18
IFRS 9 ”Financial instruments”	22 Nov ‘16	29 Nov ‘16	Financial years beginning on or after 1 Jan ‘18	1 Jan ‘18

The IFRS and the Interpretations approved by IASB and endorsed to be adopted in Europe in the current financial year relates to:

- IFRIC 22 “Foreign Currency Transactions and Advance Consideration” examines the exchange rate to be used for translation when payments are made or received before the relevant asset, cost or income;
- the “Amendments to IFRS 2: classification and measurement of share-based payment transactions” introduced modifications clarifying how to account for some share-based payments;
- the “Annual improvements to IFRS Standards 2014-2016 cycle” which modify the IFRS 1, IFRS 12 and IAS 28 and
- amendments to IAS 40 “Investment property: transfers of investment property”.

Reference is made to the financial statements at 31 December 2017 for a description of the IFRS and the interpretations approved by IASB and endorsed for Europe during the last years.

Reference is made to the note 6 for the explanation of the impacts related to the adoption of the standard IFRS 15 and IFRS 9. With regard to other standards and interpretations detailed above, the adoption has not affected the valuation of assets, liabilities, costs and revenues of the Group.

17.3 Future accounting principles and interpretations

IFRS standard/ Approved interpretations by IASB and endorsed in Europe

The following table lists the IFRS/Interpretations approved by IASB and endorsed to be adopted in Europe whose obligatory effective date is after 31 March 2018:

Description	Endorsement date	Publication on O.J.E.C.	Effective date	Effective date for Amplifon
IFRS 16 “Leases”	31 Oct ‘17	9 Nov ‘17	Financial years beginning on or after 1 Jan ‘19	1 Jan ‘19
Amendments to IFRS 9: “Financial instruments - Prepayment Features with Negative Compensation”	22 Mar ‘18	26 Mar ‘18	1 Jan ‘19	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 13 "Guarantees, commitments and contingent liabilities" where the future commitments for operating lease are disclosed.

International accounting standards and 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 April 2018 had not yet been endorsed for adoption in Europe.

Description	Effective date
"Amendments to references to the conceptual Framework in IFRS Standards" (issued on 29 March 2018)	Financial years beginning on or after 1 Jan '20
"Amendments to IAS 19: plan Amendment, curtailment or settlement" (issued on 7 February 2018)	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
"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
"Annual Improvements to IFRS Standards 2015-2017 Cycle" (issued on 12 December 2017)	Financial years beginning on or after 1 Jan '19

The amendments approved by IASB during 2018 refer to:

- the revision of the Conceptual Framework for Financial Reporting, where a new chapter on assessment was introduced, some concepts (such as stewardship, prudence and uncertainty in evaluations) have been better specified and some definitions were expanded;
- some amendments to IAS 19 regarding the accounting of changes to the plans.

Reference is made to the financial statements at 31 December 2017 for a description of the remaining interpretations, amendments to existing or new accounting policies, approved by IASB in the previous financial years and that have not been endorsed yet.

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.

18. Subsequent events

The main events that took place after the end of March are described below.

After the close of the quarter, Amplifon disposed its 51% stake in Direito de Ouvir Amplifon Brasil S/A to Frederico Vaz Guimarães Abrahão, its former partner in the joint venture. The reason of the disposal is due to the business model which was considered unsuitable for expansion in the South American markets. The transaction is not material from a financial standpoint, nor in terms of value or turnover of the company sold.

On 5 April and subsequently on 12 April 2018, the Articles of Incorporation were updated following the partial subscription of a capital increase servicing stock option plans which resulted in the issue of 5,000 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 €4,526,871.60 at 12 April 2018.

On 20 April 2018, the Shareholders' Meeting of Amplifon S.p.A. after approving the Financial Statements as at December 31st, 2017 and a dividend of Euro 0.11 per share, resolved on the following items:

- appointed the new members of the Board of Statutory Auditors for the three-year period 2018-2020. The Board of Statutory Auditors is now comprised of the following statutory Auditors: Fano Emilio and Brena Maria Stella – both on the list submitted by the Shareholder Ampliter S.r.l., owner of 44.94% of Amplifon S.p.A. ordinary shares – and Pagani Raffaella Annamaria, appointed from the list presented by certain minority Shareholders, owners of a total of 3.06% of Amplifon S.p.A. ordinary shares. The alternate auditors are Mezzabotta Claudia and Grange Alessandro, appointed by the majority list and the minority list, respectively.

- pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and Art. 132 of Legislative Decree n. 58 of 24 February 1998, also approved a new share buy-back program following revocation of the current program expiring in October 2018. The new authorization will be effective for a period of 18 months from this date and calls for the purchase and disposal, on one or more occasions, on a rotating basis, of up to a total number of new shares which, taking account of the treasury shares already held, does not exceed 10% of Amplifon S.p.A.'s share capital. The proposal is motivated by the need to continue to provide the Company with an efficient means to access treasury shares to service stock-based incentive plans, existing and future, reserved for executives and/or employees and/or staff members of the Company or its subsidiaries, and for potential free allocation of shares to shareholders, as well as to use as a form of payment for extraordinary transactions, including company acquisitions and the exchange of equity interests. The purchase price of the shares will be determined on a case by case basis for each single transaction. The price, however, may not be 10% higher or lower than the stock price registered at the close of the trading session prior to each single purchase.

Implementation of the buyback program approved during the Shareholders' Meeting held on 18 April 2016 continued in April 2018 and a total of 72,000 shares were purchased between the end of March 2018 and the date of this report at an average price of €15.006. The exercise of performance stock grants continued in the period as a result of which, as at 2 May 2018, Amplifon transferred a total of 77,850 treasury shares to the beneficiaries. The treasury shares held at the date of this report, therefore, now total 7,475,813 or 3.303% of the Company's share capital.

During April 2018 an additional 13 points of sale were purchased in France, Belgium, Germany and Spain.

Milan, 2 May 2018

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 31 March 2018.

Parent company:

Company name	Head office	Currency	Share Capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,526,777

Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 31/03/2018
Hearing Supplies Srl	Milan (Italy)	I	EUR	87,283	100.0%
Amplifon France SAS	Arcueil (France)	D	EUR	48,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	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%
Centre de Surdité du Rousillon	Perpignan (France)	I	EUR	213,429	100.0%
Audi-C SAS	Courbevoie (France)	I	EUR	32,010	100.0%
Comaudio SAS	Saint-Gaudens (France)	I	EUR	1,000	100.0%
Audio-Conseil SAS	Sedan (France)	I	EUR	8,000	100.0%
Voir et Entendre SAS	Lyon (France)	I	EUR	205,000	100.0%
Besacier Couvrat SAS	Craponne (France)	I	EUR	20,000	100.0%
Laboratoire de Corrections Auditives Sylvain Chopinaud SAS	Dunkerque (France)	I	EUR	100,000	100.0%
Audition Lyon Est SAS	Lyon (France)	I	EUR	200,000	100.0%
Centre de l'Audition SAS	Decines-Charpieu (France)	I	EUR	8,000	100.0%
Audition Mallet Sarl	Colomiers (France)	I	EUR	5,000	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%
Höraktustik Weber GmbH	Zofingen (Switzerland)	I	CHF	20,000	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%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 31/03/2018
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%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Witte BVBA	Bruxelles (Belgium)	I	EUR	18,600	100.0%
Amplifon Luxemburg Sarl	Luxemburg (Luxembourg)	I	EUR	50,000	100.0%
Amplifon RE SA	Luxemburg (Luxembourg)	I	EUR	3,700,000	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 (United Kingdom)	D	GBP	69,100,000	100.0%
Amplifon Ltd	Manchester (United Kingdom)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (United Kingdom)	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	80.0%
Medtechnica Ortophone Shaked Ltd (*)	Tel Aviv (Israel)	I	ILS	1,001	80.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul (USA)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis (USA)	I	USD	1,000	100.0%
Amplifon USA Inc.	Dover (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care, Inc.	St. Paul (USA)	I	USD	10	100.0%
Ampifon IPA, LLC	New York (USA)	I	USD	1,000	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	43,000,200	100.0%
Boreal Hearing Centre Inc.	Thunder Bay (Canada)	I	CAD	0	100.0%
Sound Authority, Inc.	Orangeville (Canada)	I	CAD	0	100.0%
2279662 Ontario Ltd	Stouffville (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%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 31/03/2018
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	1,050,000,000	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 80%, is consolidated 100 % as its subsidiaries without exposure of non-controlling interest due to the put-call option exercisable from 2019 and related to the purchase of the remaining 20%.
(**) Consolidated company because the Amplifon Group has de facto control

Companies valued using the equity method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 31/03/2018
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 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 31 March 2018 corresponds to the results documented in the books, accounting and other records of the Company.

Milan, 2 May 2018

Executive Responsible for Corporate
Accounting Information

Gabriele Galli