Interim Financial Report as at 30 June 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 30 JUNE 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” (except for the requirements concerning the hedge accounting for which the Group has chosen as accounting policy to continue applying the requirements of IAS 39) effective 1 January 2018 which resulted in changes to the accounting policies and related 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 around €50.7 million at 1 January 2018.

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 €1.9 million.

PERIOD HIGHLIGHTS

Despite a particularly challenging comparison base, in the first half of 2018 the Group confirmed the strong growth trend for revenues and improvement in profitability. The efficacy of the new marketing initiatives, the greater scale reached in core markets, the innovative service model and greater operational efficiency were key to achieving these results.

The first half of the year closed with:

- turnover, calculated based on the new accounting standards (IFRS 15) of €659,605 thousand. Based on the accounting standards applied in the prior year, turnover would have amounted to €662,752 thousand (+6.2% against the first half of the prior year and +10.2% at constant exchange rates)
- a gross operating margin (EBITDA) of €109,949 thousand, calculated based on the new accounting standard (IFRS 15). Based on the accounting standards applied in the prior year, recurring EBITDA would have reached €112,234 thousand, 8.5% higher than the first half of 2017 despite the adverse FX translation effect;
- net profit of €47,038 thousand based on the new accounting standard. Excluding their impact, recurring net profit would have come to €49,147 thousand (+23.5% compared to the first half of the prior year).

Net financial debt amounted to €319,646 thousand at 30 June 2018, an increase of €23,381 thousand against 31 December 2017.
The increase in debt is the direct consequence of the acquisitions made in the period (€37,973 thousand), the payment of dividends (€24,079 thousand) and the purchase of treasury shares (€7,833 thousand).
Ordinary operations confirmed the excellent level of cash flow generation with free cash flow reaching a positive €44,490 thousand (versus €32,526 thousand in the first half of the prior year) after absorbing capital expenditure of €26,703 thousand (€29,538 thousand in the first half of 2017).

MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First Half 2018 @ IFRS 2018				First Half 2017 @ IFRS 2017 (**)				
	Recurring	Non recurring	Total	% on recurring	Recurring	Non recurring	Total	% on recurring	Change % on recurring
Economic data:									
Revenues from sales and services	659,605	-	659,605	100.0%	623,780	-	623,780	100.0%	5.7%
Gross operating margin (EBITDA)	109,949	-	109,949	16.7%	103,398	(2,540)	100,858	16.6%	6.3%
Operating result before amortisation and impairment of customer lists (EBITA)	86,258	-	86,258	13.1%	81,919	(2,540)	79,379	13.1%	5.3%
Operating income (EBIT)	76,057	-	76,057	11.5%	72,966	(2,540)	70,426	11.7%	4.2%
Profit (loss) before tax	66,260	-	66,260	10.0%	63,508	(2,540)	60,968	10.2%	4.3%
Group net profit (loss)	47,038	-	47,038	7.1%	39,795	(1,738)	38,057	6.4%	18.2%

(€ thousands)	First Half 2018 @ IFRS 2017 (*)				First Half 2017 @ IFRS 2017 (**)				
	Recurring	Non recurring	Total	% on recurring	Recurring	Non recurring	Total	% on recurring	Change % on recurring
Economic data:									
Revenues from sales and services	662,752	-	662,752	100.0%	623,780	-	623,780	100.0%	6.2%
Gross operating margin (EBITDA)	112,234	-	112,234	16.9%	103,398	(2,540)	100,858	16.6%	8.5%
Operating result before amortisation and impairment of customer lists (EBITA)	88,544	-	88,544	13.4%	81,919	(2,540)	79,379	13.1%	8.1%
Operating income (EBIT)	78,342	-	78,342	11.8%	72,966	(2,540)	70,426	11.7%	7.4%
Profit (loss) before tax	68,545	-	68,545	10.3%	63,508	(2,540)	60,968	10.2%	7.9%
Group net profit (loss)	49,147	-	49,147	7.4%	39,795	(1,738)	38,057	6.4%	23.5%

(€ thousands)	30/06/2018 @ IFRS 2018	31/12/2017 @ IFRS 2017 (**)	Change
Financial data:			
Non-current assets	1,124,567	1,078,562	46,005
Net invested capital	869,861	884,683	(14,822)
Group net equity	549,942	588,681	(38,739)
Total net equity	550,215	588,418	(38,203)
Net financial indebtedness	319,646	296,265	23,381

(*) 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

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Free cash flow	**44,490**	**32,526**
Cash flow generated from (absorbed by) business combinations	(37,973)	(75,314)
(Purchase) sale of other investments and securities	388	19
Cash flow provided by (used in) financing activities	(30,628)	(31,771)
Net cash flow from the period	**(23,723)**	**(74,540)**
Effect of discontinued operations on the net financial position	24	-
Effect of exchange rate fluctuations on the net financial position	318	(1,575)
Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations	**(23,381)**	**(76,115)**

(*) 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

	30/06/2018 @ IFRS 2018	30/06/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	30/06/2017 @ IFRS 2017 (**)
Net financial indebtedness (€ thousands)	319,646	319,646	296,265	300,536
Net Equity (€ thousands)	550,215	603,643	588,418	560,429
Group Net Equity (€ thousands)	549,942	603,370	588,681	560,171
Net financial indebtedness/Net Equity	0.58	0.53	0.50	0.54
Net financial indebtedness/Group Net Equity	0.58	0.53	0.50	0.54
Net financial indebtedness/EBITDA	1.40	1.39	1.35	1.46
EBITDA/Net financial charges	12.95	13.07	12.76	11.85
Earnings per share (EPS) (€)	0.21477	0.22440	0.45906	0.17390
Diluted EPS (€)	0.21005	0.21947	0.44779	0.16945
Earnings per share – Recurring operations (EPS) (€)	0.21477	0.22440	0.43369	0.18184
Diluted EPS – Recurring operations (€)	0.21005	0.21947	0.42302	0.17719
Group Net Equity per share (€)	2.502	2.745	2.686	2.556
Period-end price (€)	17.760	17.760	12.840	11.560
Highest price in period (€)	17.930	17.930	13.700	13.130
Lowest price in period (€)	12.590	12.590	8.415	8.415
Share price/net equity per share	7.099	6.471	4.781	4.523
Market capitalisation (€ millions)	4,019.86	4,019.86	2,906.08	2,615.86
Number of shares outstanding	219,829,197	219,829,197	219,174,784	219,150,504

(*) 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 **net financial indebtedness/net equity** ratio is the ratio of net financial indebtedness to total net equity.
- The **net financial indebtedness/Group net equity** ratio is the ratio of the net financial indebtedness to the Group's net equity.
- The **net financial indebtedness/EBITDA** ratio is the ratio of net financial indebtedness to EBITDA for the last four quarters (determined with reference to recurring business only on the basis of pro forma figures where there were significant changes to the structure of the Group).
- The **EBITDA/net financial charges ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring business only on the basis of restated figures where there were significant changes to the structure of the Group) to net interest payable and receivable of the same last 4 quarters.
- **Earnings per share (EPS) (€)** is net profit for the period attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share (EPS) (€)** is net profit for the period attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of

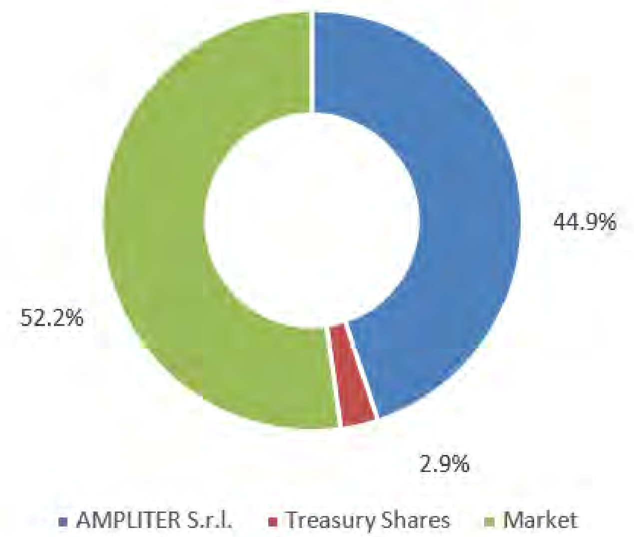
outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **Earnings per share – recurring operations (EPS) (€**) is net income from recurring operations for the year attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share – recurring operations (EPS) (€)** is net income from recurring operations for the year attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.
- **Net Equity per share (€)** is the ratio of Group equity to the number of shares outstanding.
- **Period-end price (€)** is the closing price on the last stock exchange trading day of the period.
- **Highest price (€)** and **lowest price (€)** are the highest and lowest prices from 1 January to the end of the period.
- **Share price/Net equity per share** is the ratio of the share closing price on the last stock exchange trading day of the period to net equity per share.
- **Market capitalisation** is the closing price on the last stock exchange trading day of the period multiplied by the number of shares outstanding.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

SHAREHOLDER INFORMATION

Main Shareholders

The main Shareholders of Amplifon S.p.A. as at 30 June 2018 are:



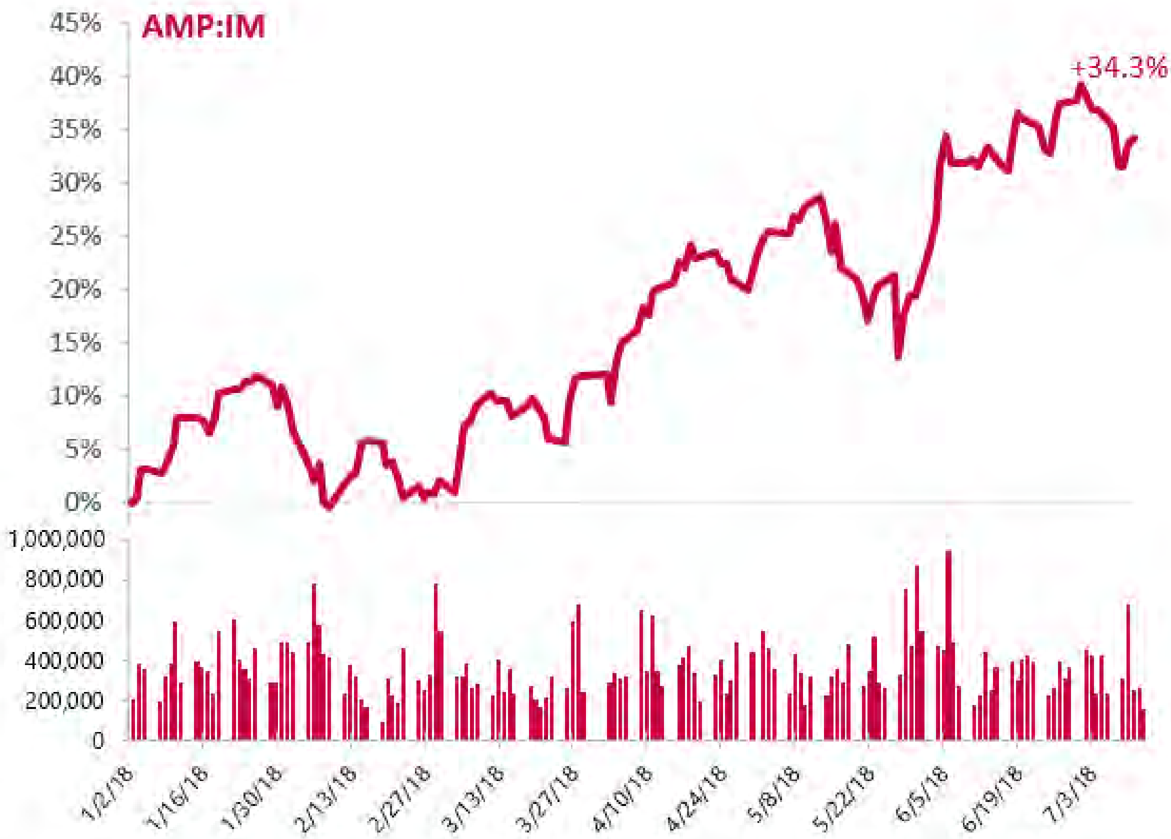
Shareholder	No. of ordinary shares	% held	% of the total share capital in voting right
Ampliter S.r.l.	101,715,003	44.9%	61.9%
Treasury shares	6,514,383	2.9%	2.0%
Market	118,114,194	52.2%	36.1%
Total	**226,343,580 (*)**	**100.0%**	**100.0%**

(*) Number of shares related to the share capital registered with the “Registro delle Imprese” on 30 June 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 July 2018.



As at 30 June 2018 market capitalisation was €4,019.86 million.

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

- average daily value: €5,482,939.11;
- average daily volume: 367,555 shares;
- total volume traded 46,311,894 shares or 21.07% of the total number of shares comprising company capital, net of treasury shares.

CONSOLIDATED INCOME STATEMENT

(€ thousands)	First Half 2018 @ IFRS 2018				First Half 2017 @ IFRS 2017 (*)				
	Recurring	Non recurring (**)	Total	% on recurring	Recurring	Non recurring (**)	Total	% on recurring	Change % on recurring
Revenues from sales and services	659,605	-	659,605	100.0%	623,780	-	623,780	100.0%	5.7%
Operating costs	(551,065)	-	(551,065)	-83.5%	(521,608)	(2,540)	(524,148)	-83.6%	-5.6%
Other costs and revenues	1,409	-	1,409	0.2%	1,226	-	1,226	0.2%	14.9%
Gross operating profit (EBITDA)	**109,949**	**-**	**109,949**	**16.7%**	**103,398**	**(2,540)**	**100,858**	**16.6%**	**6.3%**
Depreciation and write-downs of non-current assets	(23,691)	-	(23,691)	-3.6%	(21,479)	-	(21,479)	-3.4%	-10.3%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**86,258**	**-**	**86,258**	**13.1%**	**81,919**	**(2,540)**	**79,379**	**13.1%**	**5.3%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(10,201)	-	(10,201)	-1.5%	(8,953)	-	(8,953)	-1.4%	-13.9%
Operating profit (EBIT)	**76,057**	**-**	**76,057**	**11.5%**	**72,966**	**(2,540)**	**70,426**	**11.7%**	**4.2%**
Income, expenses, valuation and adjustments of financial assets	158	-	158	0.0%	197	-	197	0.0%	-19.8%
Net financial expenses	(9,501)	-	(9,501)	-1.4%	(9,670)	-	(9,670)	-1.6%	1.7%
Exchange differences and non-hedge accounting instruments	(454)	-	(454)	-0.1%	15	-	15	0.0%	-3,126.7%
Profit (loss) before tax	**66,260**	**-**	**66,260**	**10.0%**	**63,508**	**(2,540)**	**60,968**	**10.2%**	**4.3%**
Tax	(19,273)	-	(19,273)	-2.9%	(23,699)	802	(22,897)	-3.8%	18.7%
Net profit (loss)	**46,987**	**-**	**46,987**	**7.1%**	**39,809**	**(1,738)**	**38,071**	**6.4%**	**18.0%**
Profit (loss) of minority interests	(51)	-	(51)	0.0%	14	-	14	0.0%	-464.3%
Net profit (loss) attributable to the Group	**47,038**	**-**	**47,038**	**7.1%**	**39,795**	**(1,738)**	**38,057**	**6.4%**	**18.2%**

(*) 2017 as reported figures
(**) See table on page 18 for details of non-recurring transactions

(€ thousands)	First Half 2018 @ IFRS 2017 (*)				First Half 2017 @ IFRS 2017 (**)				
	Recurring	Non recurring (***)	Total	% on recurring	Recurring	Non recurring (***)	Total	% on recurring	Change % on recurring
Revenues from sales and services	662,752	-	662,752	100.0%	623,780	-	623,780	100.0%	6.2%
Operating costs	(551,927)	-	(551,927)	-83.3%	(521,608)	(2,540)	(524,148)	-83.6%	-5.8%
Other costs and revenues	1,409	-	1,409	0.2%	1,226	-	1,226	0.2%	14.9%
Gross operating profit (EBITDA)	**112,234**	**-**	**112,234**	**16.9%**	**103,398**	**(2,540)**	**100,858**	**16.6%**	**8.5%**
Depreciation and write-downs of non-current assets	(23,690)	-	(23,690)	-3.6%	(21,479)	-	(21,479)	-3.4%	-10.3%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**88,544**	**-**	**88,544**	**13.4%**	**81,919**	**(2,540)**	**79,379**	**13.1%**	**8.1%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(10,202)	-	(10,202)	-1.5%	(8,953)	-	(8,953)	-1.4%	-14.0%
Operating profit (EBIT)	**78,342**	**-**	**78,342**	**11.8%**	**72,966**	**(2,540)**	**70,426**	**11.7%**	**7.4%**
Income, expenses, valuation and adjustments of financial assets	158	-	158	0.0%	197	-	197	0.0%	-19.8%
Net financial expenses	(9,501)	-	(9,501)	-1.4%	(9,670)	-	(9,670)	-1.6%	1.7%
Exchange differences and non-hedge accounting instruments	(454)	-	(454)	-0.1%	15	-	15	0.0%	-3,126.7%
Profit (loss) before tax	**68,545**	**-**	**68,545**	**10.3%**	**63,508**	**(2,540)**	**60,968**	**10.2%**	**7.9%**
Tax	(19,449)	-	(19,449)	-2.9%	(23,699)	802	(22,897)	-3.8%	17.9%
Net profit (loss)	**49,096**	**-**	**49,096**	**7.4%**	**39,809**	**(1,738)**	**38,071**	**6.4%**	**23.3%**
Profit (loss) of minority interests	(51)	-	(51)	0.0%	14	-	14	0.0%	-464.3%
Net profit (loss) attributable to the Group	**49,147**	**-**	**49,147**	**7.4%**	**39,795**	**(1,738)**	**38,057**	**6.4%**	**23.5%**

(*) 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
(***) See table on page 18 for details of non-recurring transactions

(€ thousands)	Second Quarter 2018 @ IFRS 2018				Second Quarter 2017 @ IFRS 2017 (*)				
	Recurring	**Non recurring (**)**	**Total**	**% on recurring**	**Recurring**	**Non recurring (**)**	**Total**	**% on recurring**	**Change % on recurring**
Revenues from sales and services	350,198	-	350,198	100.0%	327,682	-	327,682	100.0%	6.9%
Operating costs	(283,823)	-	(283,823)	-81.0%	(266,842)	(2,540)	(269,382)	-81.4%	-6.4%
Other costs and revenues	349	-	349	0.1%	1,698	-	1,698	0.5%	-79.4%
Gross operating profit (EBITDA)	**66,724**	**-**	**66,724**	**19.1%**	**62,538**	**(2,540)**	**59,998**	**19.1%**	**6.7%**
Depreciation and write-downs of non-current assets	(12,077)	-	(12,077)	-3.4%	(10,914)	-	(10,914)	-3.3%	-10.7%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**54,647**	**-**	**54,647**	**15.6%**	**51,624**	**(2,540)**	**49,084**	**15.8%**	**5.9%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(5,140)	-	(5,140)	-1.5%	(4,654)	-	(4,654)	-1.4%	-10.4%
Operating profit (EBIT)	**49,507**	**-**	**49,507**	**14.1%**	**46,970**	**(2,540)**	**44,430**	**14.3%**	**5.4%**
Income, expenses, valuation and adjustments of financial assets	9	-	9	0.0%	104	-	104	0.0%	-91.3%
Net financial expenses	(4,904)	-	(4,904)	-1.4%	(4,837)	-	(4,837)	-1.5%	-1.4%
Exchange differences and non-hedge accounting instruments	(183)	-	(183)	-0.1%	(45)	-	(45)	0.0%	-306.7%
Profit (loss) before tax	**44,429**	**-**	**44,429**	**12.7%**	**42,192**	**(2,540)**	**39,652**	**12.9%**	**5.3%**
Tax	(11,996)	-	(11,996)	-3.4%	(15,194)	802	(14,392)	-4.6%	21.0%
Net profit (loss)	**32,433**	**-**	**32,433**	**9.3%**	**26,998**	**(1,738)**	**25,260**	**8.2%**	**20.1%**
Profit (loss) of minority interests	(3)	-	(3)	0.0%	(14)	-	(14)	0.0%	78.6%
Net profit (loss) attributable to the Group	**32,436**	**-**	**32,436**	**9.3%**	**27,012**	**(1,738)**	**25,274**	**8.2%**	**20.1%**

(*) 2017 as reported figures
(**) See table on page 18 for details of non-recurring transactions

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)				Second Quarter 2017 @ IFRS 2017 (**)				
	Recurring	Non recurring (***)	Total	% on recurring	Recurring	Non recurring (***)	Total	% on recurring	Change % on recurring
Revenues from sales and services	352,411	-	352,411	100.0%	327,682	-	327,682	100.0%	7.5%
Operating costs	(284,528)	-	(284,528)	-80.7%	(266,842)	(2,540)	(269,382)	-81.4%	-6.6%
Other costs and revenues	350	-	350	0.1%	1,698	-	1,698	0.5%	-79.4%
Gross operating profit (EBITDA)	**68,233**	**-**	**68,233**	**19.4%**	**62,538**	**(2,540)**	**59,998**	**19.1%**	**9.1%**
Depreciation and write-downs of non-current assets	(12,077)	-	(12,077)	-3.4%	(10,914)	-	(10,914)	-3.3%	-10.7%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**56,156**	**-**	**56,156**	**15.9%**	**51,624**	**(2,540)**	**49,084**	**15.8%**	**8.8%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(5,140)	-	(5,140)	-1.5%	(4,654)	-	(4,654)	-1.4%	-10.4%
Operating profit (EBIT)	**51,016**	**-**	**51,016**	**14.5%**	**46,970**	**(2,540)**	**44,430**	**14.3%**	**8.6%**
Income, expenses, valuation and adjustments of financial assets	9	-	9	0.0%	104	-	104	0.0%	-91.3%
Net financial expenses	(4,904)	-	(4,904)	-1.4%	(4,837)	-	(4,837)	-1.5%	-1.4%
Exchange differences and non-hedge accounting instruments	(183)	-	(183)	-0.1%	(45)	-	(45)	0.0%	-306.7%
Profit (loss) before tax	**45,938**	**-**	**45,938**	**13.0%**	**42,192**	**(2,540)**	**39,652**	**12.9%**	**8.9%**
Tax	(12,038)	-	(12,038)	-3.4%	(15,194)	802	(14,392)	-4.6%	20.8%
Net profit (loss)	**33,900**	**-**	**33,900**	**9.6%**	**26,998**	**(1,738)**	**25,260**	**8.2%**	**25.6%**
Profit (loss) of minority interests	(3)	-	(3)	0.0%	(14)	-	(14)	0.0%	78.6%
Net profit (loss) attributable to the Group	**33,903**	**-**	**33,903**	**9.6%**	**27,012**	**(1,738)**	**25,274**	**8.2%**	**25.5%**

(*) 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
(***) See table on page 18 for details of non-recurring transactions

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

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2018 @ IFRS 2017 (*)	First Half 2017 @ IFRS 2017 (**)
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	-	-	(2,540)
Impact of the non-recurring items on EBITDA	-	-	**(2,540)**
Impact of the non-recurring items on EBIT	-	-	**(2,540)**
Impact of the non-recurring items pre-tax	-	-	**(2,540)**
Impact of the above items on the tax burden of the period	-	-	802
Impact of the non-recurring items on total net result	-	-	**(1,738)**

(€ thousands)	Second Quarter 2018 @ IFRS 2018	Second Quarter 2018 @ IFRS 2017 (*)	Second Quarter 2017 @ IFRS 2017 (**)
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	-	-	(2,540)
Impact of the non-recurring items on EBITDA	-	-	**(2,540)**
Impact of the non-recurring items on EBIT	-	-	**(2,540)**
Impact of the non-recurring items pre-tax	-	-	**(2,540)**
Impact of the above items on the tax burden of the period	-	-	802
Impact of the non-recurring items on total net result	-	-	**(1,738)**

(*) 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)	30/06/2018 @ IFRS 2018	30/06/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
Goodwill	707,912	707,966	684,635	23,277
Non-competition agreements, trademarks, customer lists and lease rights	147,691	147,691	143,373	4,318
Software, licences, other intangible fixed assets, fixed assets in progress and advances	55,946	55,946	56,583	(637)
Tangible assets	146,263	146,263	143,003	3,260
Financial fixed assets (1)	41,806	41,806	43,392	(1,586)
Other non-current financial assets (1)	24,949	6,637	7,576	17,373
Non-current assets	**1,124,567**	**1,106,309**	**1,078,562**	**46,005**
Inventories	40,984	40,984	37,081	3,903
Trade receivables	138,328	138,371	132,792	5,536
Other receivables	68,780	58,378	47,584	21,196
Current assets (A)	**248,092**	**237,733**	**217,457**	**30,635**
Operating assets	**1,372,659**	**1,344,042**	**1,296,019**	**76,640**
Trade payables	(136,678)	(137,641)	(137,401)	723
Other payables (2)	(192,338)	(136,816)	(133,423)	(58,915)
Provisions for risks and charges (current portion)	(2,156)	(3,182)	(4,055)	1,899
Current liabilities (B)	**(331,172)**	**(277,639)**	**(274,879)**	**(56,293)**
Net working capital (A) - (B)	**(83,080)**	**(39,906)**	**(57,422)**	**(25,658)**
Derivative instruments (3)	(12,872)	(12,872)	(9,866)	(3,006)
Deferred tax assets	64,053	48,716	45,300	18,753
Deferred tax liabilities	(62,011)	(63,345)	(60,044)	(1,967)
Provisions for risks and charges (non-current portion)	(42,712)	(64,954)	(65,390)	22,678
Liabilities for employees' benefits (non-current portion)	(16,646)	(16,646)	(16,717)	71
Loan fees (4)	407	407	632	(225)
Other non-current payables	(101,845)	(34,420)	(30,372)	(71,473)
NET INVESTED CAPITAL	**869,861**	**923,289**	**884,683**	**(14,822)**
Group net equity	549,942	603,370	588,681	(38,739)
Minority interests	273	273	(263)	536
Total net equity	**550,215**	**603,643**	**588,418**	**(38,203)**
Net medium and long-term financial indebtedness (4)	239,206	239,206	119,193	120,013
Net short-term financial indebtedness (4)	80,440	80,440	177,072	(96,632)
Total net financial indebtedness	**319,646**	**319,646**	**296,265**	**23,381**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	**869,861**	**923,289**	**884,683**	**(14,822)**

(*) 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

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 Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Operating profit (EBIT)	**76,057**	**70,426**
Amortization, depreciation and write down	33,892	30,432
Provisions, other non-monetary items and gain/losses from disposals	9,499	16,477
Net financial expenses	(9,382)	(8,910)
Taxes paid	(17,177)	(16,632)
Changes in net working capital	(22,448)	(30,512)
Cash flow generated from (absorbed by) operating activities (A)	**70,440**	**61,281**
Cash flow generated from (absorbed by) operating investing activities (B)	(25,950)	(28,755)
Free cash flow (A+B)	**44,490**	**32,526**
Net cash flow generated from (absorbed by) business combinations (C)	(37,973)	(75,314)
(Purchase) sale of other investments and securities (D)	388	19
Cash flow generated from (absorbed by) investing activities (B+C+D)	**(63,535)**	**(104,050)**
Cash flow generated from (absorbed by) operating and investing activities	**6,905**	**(42,769)**
Dividends	(24,079)	(15,271)
Fees paid on medium/long-term financing	(146)	(75)
Treasury shares	(7,833)	(15,629)
Capital increases, third parties' contributions, dividends paid to third parties by subsidiaries	117	(3)
Hedging instruments and other changes in non-current assets	1,313	(793)
Net cash flow from the period	**(23,723)**	**(74,540)**
Net financial indebtedness at the beginning of the period	**(296,265)**	**(224,421)**
Effect of discontinued operations on financial position	24	-
Effect of exchange rate fluctuations on financial position	318	(1,575)
Change in net financial position	(23,723)	(74,540)
Net financial indebtedness at the end of the period	**(319,646)**	**(300,536)**

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

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Free cash flow	**44,490**	**32,526**
Free cash flow generated by non-recurring transactions (see page 52 for details)	-	(357)
Free cash flow generated by recurring transactions	**44,490**	**32,883**

(*) 2017 as reported figures

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area (*)

(€ thousands)	First Half 2018 @ IFRS 2018				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	462,961	109,339	86,118	1,187	659,605
Operating costs	(381,897)	(88,481)	(62,843)	(17,844)	(551,065)
Other costs and revenues	922	(13)	361	139	1,409
Gross operating profit (EBITDA)	**81,986**	**20,845**	**23,636**	**(16,518)**	**109,949**
Depreciation and write-downs of non-current assets	(15,233)	(2,199)	(3,741)	(2,518)	(23,691)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**66,753**	**18,646**	**19,895**	**(19,036)**	**86,258**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(7,016)	(329)	(2,823)	(33)	(10,201)
Operating profit (EBIT)	**59,737**	**18,317**	**17,072**	**(19,069)**	**76,057**
Income, expenses, valuation and adjustments of financial assets					158
Net financial expenses					(9,501)
Exchange differences and non-hedge accounting instruments					(454)
Profit (loss) before tax					**66,260**
Tax					(19,273)
Net profit (loss)					**46,987**
Profit (loss) of minority interests					(51)
Net profit (loss) attributable to the Group					**47,038**

(€ thousands)	First Half 2018 @ IFRS 2018 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	462,961	109,339	86,118	1,187	659,605
Gross operating profit (EBITDA)	81,986	20,845	23,636	(16,518)	109,949
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	66,753	18,646	19,895	(19,036)	86,258
Operating profit (EBIT)	59,737	18,317	17,072	(19,069)	76,057
Profit (loss) before tax					66,260
Net profit (loss) attributable to the Group					47,038

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

(€ thousands)	First Half 2017 @ IFRS 2017 (*)				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	418,527	116,460	87,989	804	623,780
Operating costs	(351,957)	(94,824)	(62,729)	(14,638)	(524,148)
Other costs and revenues	1,352	87	(108)	(105)	1,226
Gross operating profit (EBITDA)	**67,922**	**21,723**	**25,152**	**(13,939)**	**100,858**
Depreciation and write-downs of non-current assets	(13,973)	(2,145)	(3,274)	(2,087)	(21,479)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**53,949**	**19,578**	**21,878**	**(16,026)**	**79,379**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(4,993)	(319)	(3,345)	(296)	(8,953)
Operating profit (EBIT)	**48,956**	**19,259**	**18,533**	**(16,322)**	**70,426**
Income, expenses, valuation and adjustments of financial assets					197
Net financial expenses					(9,670)
Exchange differences and non-hedge accounting instruments					15
Profit (loss) before tax					**60,968**
Tax					(22,897)
Net profit (loss)					**38,071**
Profit (loss) of minority interests					14
Net profit (loss) attributable to the Group					**38,057**

(€ thousands)	First Half 2017 @ IFRS 2017 (*) – Only recurring operations				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	418,527	116,460	87,989	804	623,780
Gross operating profit (EBITDA)	70,462	21,723	25,152	(13,939)	103,398
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	56,489	19,578	21,878	(16,026)	81,919
Operating profit (EBIT)	51,496	19,259	18,533	(16,322)	72,966
Profit (loss) before tax					63,508
Net profit (loss) attributable to the Group					39,795

(*) 2017 as reported figures

(€ thousands)	Second Quarter 2018 @ IFRS 2018				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	247,232	57,539	44,824	603	350,198
Operating costs	(196,079)	(45,650)	(32,836)	(9,258)	(283,823)
Other costs and revenues	423	(4)	(35)	(35)	349
Gross operating profit (EBITDA)	**51,576**	**11,885**	**11,953**	**(8,690)**	**66,724**
Depreciation and write-downs of non-current assets	(7,693)	(1,114)	(1,974)	(1,296)	(12,077)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**43,883**	**10,771**	**9,979**	**(9,986)**	**54,647**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(3,560)	(172)	(1,408)	-	(5,140)
Operating profit (EBIT)	**40,323**	**10,599**	**8,571**	**(9,986)**	**49,507**
Income, expenses, valuation and adjustments of financial assets					9
Net financial expenses					(4,904)
Exchange differences and non-hedge accounting instruments					(183)
Profit (loss) before tax					**44,429**
Tax					(11,996)
Net profit (loss)					**32,433**
Profit (loss) of minority interests					(3)
Net profit (loss) attributable to the Group					**32,436**

(€ thousands)	Second Quarter 2018 @ IFRS 2018 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	247,232	57,539	44,824	603	350,198
Gross operating profit (EBITDA)	51,576	11,885	11,953	(8,690)	66,724
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	43,883	10,771	9,979	(9,986)	54,647
Operating profit (EBIT)	40,323	10,599	8,571	(9,986)	49,507
Profit (loss) before tax					44,429
Net profit (loss) attributable to the Group					32,436

(€ thousands)	Second Quarter 2017 @ IFRS 2017 (*)				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	223,349	58,722	45,163	448	327,682
Operating costs	(183,141)	(46,828)	(31,966)	(7,447)	(269,382)
Other costs and revenues	1,875	4	(52)	(129)	1,698
Gross operating profit (EBITDA)	**42,083**	**11,898**	**13,145**	**(7,128)**	**59,998**
Depreciation and write-downs of non-current assets	(7,163)	(1,065)	(1,624)	(1,062)	(10,914)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**34,920**	**10,833**	**11,521**	**(8,190)**	**49,084**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(2,793)	(149)	(1,637)	(75)	(4,654)
Operating profit (EBIT)	**32,127**	**10,684**	**9,884**	**(8,265)**	**44,430**
Income, expenses, valuation and adjustments of financial assets					104
Net financial expenses					(4,837)
Exchange differences and non-hedge accounting instruments					(45)
Profit (loss) before tax					**39,652**
Tax					(14,392)
Net profit (loss)					**25,260**
Profit (loss) of minority interests					(14)
Net profit (loss) attributable to the Group					**25,274**

(€ thousands)	Second Quarter 2017 @ IFRS 2017 (*) – Only recurring operations				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	223,349	58,722	45,163	448	327,682
Gross operating profit (EBITDA)	44,623	11,898	13,145	(7,128)	62,538
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	37,460	10,833	11,521	(8,190)	51,624
Operating profit (EBIT)	34,667	10,684	9,884	(8,265)	46,970
Profit (loss) before tax					42,192
Net profit (loss) attributable to the Group					27,012

(*) 2017 as reported figures

Revenues from sales and services

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2018 @ IFRS 2017 (*)	First Half 2017 @ IFRS 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Revenues from sales and services	**659,605**	**662,752**	**623,780**	**38,972**	**6.2%**

(€ thousands)	Second Quarter 2018 @ IFRS 2018	Second Quarter 2018 @ IFRS 2017 (*)	Second Quarter 2017 @ IFRS 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Revenues from sales and services	**350,198**	**352,411**	**327,682**	**24,729**	**7.5%**

(*) 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 €659,605 thousand in the first half of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €662,752 thousand, an increase of €38,972 thousand (+6.2%) against the comparison period explained for €40,375 thousand (+6.5%) by organic growth, including the contribution of the newly opened stores, for €23,068 thousand (+3.7%) by acquisitions net of disposals of Direito de Ouvir Amplifon Brasil SA, while the foreign exchange differences had a negative impact of €24,471 thousand (-4.0%).

In the second quarter alone, consolidated revenues from sales and services determined based on the new IFRS 15 amounted to €350,198 thousand. Based on the same accounting standards applied in the prior year, revenues would have amounted to €352,411 thousand, an increase of €24,729 thousand (+7.5%) against the comparison period explained for €24,340 thousand (+7.4%) by organic growth, including the contribution of the newly opened stores, for €10,438 thousand (+3.2%) by acquisitions net of disposals of Direito de Ouvir Amplifon Brasil SA, while the foreign exchange differences had a negative impact of €10,049 thousand (-3.1%).

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

(€ thousands)	First Half 2018 @ IFRS 2018	%	First Half 2018 @ IFRS 2017 (*)	%	First Half 2017 @ IFRS 2017 (**)	%	Change @ IFRS 2017	Change %	Exchange diff.	Change % in local currency
EMEA	462,961	70.2%	465,809	70.3%	418,527	67.1%	47,282	11.3%	(3,467)	12.1%
Americas	109,339	16.5%	109,713	16.5%	116,460	18.7%	(6,747)	-5.8%	(12,593)	5.0%
Asia Pacific	86,118	13.1%	86,043	13.0%	87,989	14.1%	(1,946)	-2.2%	(8,411)	7.4%
Corporate	1,187	0.2%	1,187	0.2%	804	0.1%	383	47.6%	-	
Total	**659,605**	**100.0%**	**662,752**	**100.0%**	**623,780**	**100.0%**	**38,972**	**6.2%**	**(24,471)**	**10.2%**

(*) 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

Period (€ thousands)	**2018 @ IFRS 2018**	**2018 @ IFRS 2017 (*)**	**2017 @ IFRS 2017 (**)**	**Change @ IFRS 2017**	**Change % @ IFRS 2017**
I quarter	215,729	216,556	195,178	21,378	11.0%
II quarter	247,232	249,253	223,349	25,904	11.6%
I Half Year	**462,961**	**465,809**	**418,527**	**47,282**	**11.3%**

(*) 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

Revenues from sales and services, determined based on the new IFRS 15, amounted to €462,961 thousand in the first half of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €465,809 thousand, an increase of €47,282 thousand (+11.3%) against the comparison period explained for €28,594 thousand (+6.8%) by organic growth, including the contribution of the newly opened stores, for €22,155 thousand (+5.3%) by acquisitions, while the foreign exchange differences had a negative impact of €3,467 thousand (-0.8%).

In Italy solid revenue growth continued, supported by the launch of the new Amplifon product-line and the digital ecosystem. In France and Germany revenues showed strong growth with respect to the prior year driven by both excellent organic growth and significant M&A activity. A strong increase in revenues was recorded in the Iberian Peninsula, supported mainly by double digit organic growth. A good performance was also reported in the United Kingdom where top-line growth accelerated in the second quarter.

In the second quarter alone, revenues from sales and services determined based on the new IFRS 15 amounted to €247,232 thousand. Based on the same accounting standards applied in the prior year, revenues would have amounted to €249,253 thousand, an increase of €25,904 thousand (+11.6%) against the comparison period explained for €17,503 thousand (+7.9%) by organic growth, including the contribution of the newly opened stores, for €10,142 thousand (+4.5%) by acquisitions, while the foreign exchange differences had a negative impact of €1,741 thousand (-0.8%).

Americas

Period (€ thousands)	2018 @ IFRS 2018	2018 @ IFRS 2017 (*)	2017 @ IFRS 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
I quarter	51,800	51,943	57,738	(5,795)	-10.0%
II quarter	57,539	57,770	58,722	(952)	-1.6%
I Half Year	**109,339**	**109,713**	**116,460**	**(6,747)**	**-5.8%**

(*) 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

Revenues from sales and services, determined based on the new IFRS 15, amounted to €109,339 thousand in the first half of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €109,713 thousand, a decrease of €6,747 thousand (-5.8%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €12,593 thousand (-10.8%) that entirely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €4,932 thousand (+4.2%) and acquisitions of €914 thousand (+0.8%) net of disposals of Direito de Ouvir Amplifon Brasil SA.

Despite the particularly challenging comparison period, Americas reported higher revenues in local currency. In addition to the contributions of acquisitions, primarily in Canada, robust organic growth was recorded in the United States (which accelerated in the second quarter) driven by the solid performance of Miracle-Ear, along with the positive contribution of Amplifon Hearing Health Care and Elite Hearing Network.

In the second quarter alone, consolidated revenues from sales and services determined based on the new IFRS 15 amounted to €57,539 thousand. Based on the same accounting standards applied in the prior year, revenues would have amounted to €57,770 thousand, a decrease of €952 thousand (-1.6%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €4,713 thousand (-8.0%) that entirely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €3,465 thousand (+5.9%) and acquisitions of €296 thousand (+0.5%) net of disposals of Direito de Ouvir Amplifon Brasil SA.

Asia Pacific

Period (€ thousands)	2018 @ IFRS 2018	2018 @ IFRS 2017 (*)	2017 @ IFRS 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
I quarter	41,295	41,259	42,826	(1,567)	-3.7%
II quarter	44,824	44,784	45,163	(379)	-0.8%
I Half Year	**86,118**	**86,043**	**87,989**	**(1,946)**	**-2.2%**

(*) 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 €86,118 thousand in the first half of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €86,043 thousand, a decrease of €1,946 thousand (-2.2%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €8,411 thousand (-9.6%) that entirely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €6,465 thousand (+7.4%).

The increase in revenues in local currency is attributable to the solid organic growth posted in Australia and New Zealand despite the challenging comparison base.

In the second quarter alone, consolidated revenues from sales and services determined based on the new IFRS 15, amounted to €44,824 thousand. Based on the same accounting standards applied in the prior year, revenues would have amounted to €44,784 thousand, a decrease of €379 thousand (-0.8%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €3,595 thousand (-7.9%) that entirely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €3,216 thousand (+7.1%).

Gross operating profit (EBITDA)

(€ thousands)	First Half 2018 @ IFRS 2018			First Half 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	109,949	-	109,949	103,398	(2,540)	100,858

(€ thousands)	First Half 2018 @ IFRS 2017 (*)			First Half 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	112,234	-	112,234	103,398	(2,540)	100,858

(€ thousands)	Second Quarter 2018 @ IFRS 2018			Second Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	66,724	-	66,724	62,538	(2,540)	59,998

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)			Second Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	68,233	-	68,233	62,538	(2,540)	59,998

(*) 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 €109,949 thousand (with an EBITDA margin of 16.7%) in the first half of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €112,234 thousand, an increase against the comparison period of €11,376 thousand (+11.3%) after the negative foreign exchange differences of €5,298 thousand. The EBITDA margin would have reached 16.9%, an increase of 0.7 p.p. with respect to the comparison period.

In the second quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €66,724 thousand (with an EBITDA margin of 19.1%).
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €68,233 thousand, an increase against the comparison period of €8,235 thousand (+13.7%) after the negative foreign exchange differences of €2,294 thousand. The EBITDA margin would have reached 19.4%, an increase of 1.1 p.p. with respect to the comparison period.

The result posted in the comparison period was impacted by the non-recurring costs of €2,540 thousand incurred relating to the integration of the AudioNova businesses acquired in France and in Portugal. Net of this item, excluding the impact of IFRS application, the increase in EBITDA against the comparison period would have reached €8,836 thousand (+8.5%) for the full year and €5,695 thousand (+9.1%) for the second quarter alone with a margin of 16.9% for the full year (+0.3 p.p. against the comparison period) and of 19.4% for the second quarter alone (+0.3 p.p. against the comparison period).

The following table shows a breakdown of EBITDA by segment:

(€ thousands)	First Half 2018 @ IFRS 2018	EBITDA Margin	First Half 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	81,986	17.7%	67,922	16.2%	14,064	20.7%
Americas	20,845	19.1%	21,723	18.7%	(878)	-4.0%
Asia Pacific	23,636	27.4%	25,152	28.6%	(1,516)	-6.0%
Corporate (***)	(16,518)	-2.5%	(13,939)	-2.2%	(2,579)	-18.5%
Total	**109,949**	**16.7%**	**100,858**	**16.2%**	**9,091**	**9.0%**

(€ thousands)	First Half 2018 @ IFRS 2017 (*)	EBITDA Margin	First Half 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	84,290	18.1%	67,922	16.2%	16,368	24.1%
Americas	20,916	19.1%	21,723	18.7%	(807)	-3.7%
Asia Pacific	23,546	27.4%	25,152	28.6%	(1,606)	-6.4%
Corporate (***)	(16,518)	-2.5%	(13,939)	-2.2%	(2,579)	-18.5%
Total	**112,234**	**16.9%**	**100,858**	**16.2%**	**11,376**	**11.3%**

(€ thousands)	Second Quarter 2018 @ IFRS 2018	EBITDA Margin	Second Quarter 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	51,576	20.9%	42,083	18.8%	9,493	22.6%
Americas	11,885	20.7%	11,898	20.3%	(13)	-0.1%
Asia Pacific	11,953	26.7%	13,145	29.1%	(1,192)	-9.1%
Corporate (***)	(8,690)	-2.5%	(7,128)	-2.2%	(1,562)	-21.9%
Total	**66,724**	**19.1%**	**59,998**	**18.3%**	**6,726**	**11.2%**

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)	EBITDA Margin	Second Quarter 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	53,055	21.3%	42,083	18.8%	10,972	26.1%
Americas	11,961	20.7%	11,898	20.3%	63	0.5%
Asia Pacific	11,907	26.6%	13,145	29.1%	(1,238)	-9.4%
Corporate (***)	(8,690)	-2.5%	(7,128)	-2.2%	(1,562)	-21.9%
Total	**68,233**	**19.4%**	**59,998**	**18.3%**	**8,235**	**13.7%**

(*) 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

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

(€ thousands)	First Half 2018 @ IFRS 2018	EBITDA Margin	First Half 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	81,986	17.7%	70,462	16.8%	11,524	16.4%
Americas	20,845	19.1%	21,723	18.7%	(878)	-4.0%
Asia Pacific	23,636	27.4%	25,152	28.6%	(1,516)	-6.0%
Corporate (***)	(16,518)	-2.5%	(13,939)	-2.2%	(2,579)	-18.5%
Total	**109,949**	**16.7%**	**103,398**	**16.6%**	**6,551**	**6.3%**

(€ thousands)	First Half 2018 @ IFRS 2017 (*)	EBITDA Margin	First Half 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	84,290	18.1%	70,462	16.8%	13,828	19.6%
Americas	20,916	19.1%	21,723	18.7%	(807)	-3.7%
Asia Pacific	23,546	27.4%	25,152	28.6%	(1,606)	-6.4%
Corporate (***)	(16,518)	-2.5%	(13,939)	-2.2%	(2,579)	-18.5%
Total	**112,234**	**16.9%**	**103,398**	**16.6%**	**8,836**	**8.5%**

(€ thousands)	Second Quarter 2018 @ IFRS 2018	EBITDA Margin	Second Quarter 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	51,576	20.9%	44,623	20.0%	6,953	15.6%
Americas	11,885	20.7%	11,898	20.3%	(13)	-0.1%
Asia Pacific	11,953	26.7%	13,145	29.1%	(1,192)	-9.1%
Corporate (***)	(8,690)	-2.5%	(7,128)	-2.2%	(1,562)	-21.9%
Total	**66,724**	**19.1%**	**62,538**	**19.1%**	**4,186**	**6.7%**

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)	EBITDA Margin	Second Quarter 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	53,055	21.3%	44,623	20.0%	8,432	18.9%
Americas	11,961	20.7%	11,898	20.3%	63	0.5%
Asia Pacific	11,907	26.6%	13,145	29.1%	(1,238)	-9.4%
Corporate (***)	(8,690)	-2.5%	(7,128)	-2.2%	(1,562)	-21.9%
Total	**68,233**	**19.4%**	**62,538**	**19.1%**	**5,695**	**9.1%**

(*) 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

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €81,986 thousand (with an EBITDA margin of 17.7%) in the first half of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €84,290 thousand, an increase against the comparison period of €16,368 thousand (+24.1%) after the negative foreign exchange differences of €507 thousand. The EBITDA margin would have reached 18.1%, an increase of 1.9 p.p. with respect to the comparison period.

In the second quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €51,576 thousand (with an EBITDA margin of 20.9%).
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €53,055 thousand, an increase against the comparison period of €10,972 thousand (+26.1%) after the negative foreign exchange differences of €319 thousand. The EBITDA margin would have reached 21.3%, an increase of 2.5 p.p. with respect to the comparison period.

The result posted in the comparison period was impacted by non-recurring costs of €2,540 thousand incurred relating to the integration of the AudioNova businesses acquired in France and in Portugal. Net of this item, excluding the impact of IFRS application, the increase in EBITDA against the comparison period would have reached €13,828 thousand (+19.6%) for the full year and €8,432 thousand (+18.9%) for the second quarter alone with a margin of 18.1% for the full year (+1.3 p.p. against the comparison period) and of 21.3% for the second quarter alone (+1.3 p.p. against 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 core markets.

Americas

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €20,845 thousand (with an EBITDA margin of 19.1%) in the first half of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €20,916 thousand, a decrease against the comparison period of €807 thousand (-3.7%) after the negative foreign exchange differences of €2,513 thousand. The EBITDA margin would have reached 19.1%, an increase of 0.4 p.p. with respect to the comparison period explained primarily by operational efficiency.

In the second quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €11,885 thousand (with an EBITDA margin of 20.7%).
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €11,961 thousand, an increase against the comparison period of €63 thousand (+0.5%) after the negative foreign exchange differences of €1,083 thousand. The EBITDA margin would have reached 20.7%, an increase of 0.4 p.p. with respect to the comparison period.

Asia Pacific

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €23,636 thousand (with an EBITDA margin of 27.4%) in the first half of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €23,546 thousand, a decrease against the comparison period of €1,606 thousand (-6.4%) after the negative foreign exchange differences of €2,291 thousand. The EBITDA margin would have reached 27.4%, a decrease of 1.2 p.p. with respect to the comparison period.

In the second quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €11,953 thousand (with an EBITDA margin of 26.7%).
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €11,907 thousand, a decrease against the comparison period of €1,238 thousand (-9.4%) after the negative foreign exchange differences of €904 thousand. The EBITDA margin would have reached 26.6%, a decrease of 2.5 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 €16,518 thousand in the first half of 2018 (2.5% of the revenues generated by the Group's sales and services), an increase of €2,579 thousand with respect to the same period of the prior year.

In the second quarter alone centralized corporate costs amounted to €8,690 thousand (2.5% of the revenues generated by Group's sales and services), an increase of €1,562 thousand with respect to the comparison period.

Operating profit (EBIT)

(€ thousands)	First Half 2018 @ IFRS 2018			First Half 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**76,057**	**-**	**76,057**	**72,966**	**(2,540)**	**70,426**

(€ thousands)	First Half 2018 @ IFRS 2017 (*)			First Half 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**78,342**	**-**	**78,342**	**72,966**	**(2,540)**	**70,426**

(€ thousands)	Second Quarter 2018 @ IFRS 2018			Second Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**49,507**	**-**	**49,507**	**46,970**	**(2,540)**	**44,430**

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)			Second Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**51,016**	**-**	**51,016**	**46,970**	**(2,540)**	**44,430**

(*) 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 €76,057 thousand (with an EBIT margin of 11.5%) in the first half of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €78,342 thousand, an increase against the comparison period of €7,916 thousand (+11.2%) after the negative foreign exchange differences of €4,358 thousand. The EBIT margin would have come to 11.8%, an increase of 0.5 p.p. with respect to the comparison period.

In the second quarter alone operating profit (EBIT), determined based on the new IFRS 15, amounted to €49,507 thousand (with an EBIT margin of 14.1%).
Excluding the impact of IFRS 15 application, EBIT would have reached €51,016 thousand, an increase against the comparison period of €6,586 thousand (+14.8%) after the negative foreign exchange differences of €1,908 thousand. The EBIT margin would have come to 14.5%, an increase of 0.9 p.p. with respect to the comparison period.

The result posted in the comparison was impacted by the non-recurring costs of €2,540 thousand incurred relating to the integration of the AudioNova businesses acquired in France and in Portugal. Net of this item, excluding the impact of IFRS 15 application, the increase in EBIT would have reached €5,376 thousand (+7.4%) for the full year and €4,046 thousand (+8.6%) for the second quarter alone with a margin of 11.8% for the full year (+0.1 p.p. against the

comparison period) and of 14.5% for the second quarter alone (+0.2 p.p. against the comparison period).
The difference is basically in line with the change in EBITDA described above.

The following table shows the breakdown of EBIT by segment:

(€ thousands)	First Half 2018 @ IFRS 2018	EBIT Margin	First Half 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	59,737	12.9%	48,956	11.7%	10,781	22.0%
Americas	18,317	16.8%	19,259	16.5%	(942)	-4.9%
Asia Pacific	17,072	19.8%	18,533	21.1%	(1,461)	-7.9%
Corporate (***)	(19,069)	-2.9%	(16,322)	-2.6%	(2,747)	-16.8%
Total	**76,057**	**11.5%**	**70,426**	**11.3%**	**5,631**	**8.0%**

(€ thousands)	First Half 2018 @ IFRS 2017 (*)	EBIT Margin	First Half 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	62,040	13.3%	48,956	11.7%	13,084	26.7%
Americas	18,388	16.8%	19,259	16.5%	(871)	-4.5%
Asia Pacific	16,983	19.7%	18,533	21.1%	(1,550)	-8.4%
Corporate (***)	(19,069)	-2.9%	(16,322)	-2.6%	(2,747)	-16.8%
Total	**78,342**	**11.8%**	**70,426**	**11.3%**	**7,916**	**11.2%**

(€ thousands)	Second Quarter 2018 @ IFRS 2018	EBIT Margin	Second Quarter 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	40,323	16.3%	32,127	14.4%	8,196	25.5%
Americas	10,599	18.4%	10,684	18.2%	(85)	-0.8%
Asia Pacific	8,571	19.1%	9,884	21.9%	(1,313)	-13.3%
Corporate (***)	(9,986)	-2.9%	(8,265)	-2.5%	(1,721)	-20.8%
Total	**49,507**	**14.1%**	**44,430**	**13.6%**	**5,077**	**11.4%**

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)	EBIT Margin	Second Quarter 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	41,801	16.8%	32,127	14.4%	9,674	30.1%
Americas	10,675	18.5%	10,684	18.2%	(9)	-0.1%
Asia Pacific	8,525	19.0%	9,884	21.9%	(1,359)	-13.7%
Corporate (***)	(9,985)	-2.8%	(8,265)	-2.5%	(1,720)	-20.8%
Total	**51,016**	**14.5%**	**44,430**	**13.6%**	**6,586**	**14.8%**

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

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

(€ thousands)	First Half 2018 @ IFRS 2018	EBIT Margin	First Half 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	59,737	12.9%	51,496	12.3%	8,241	16.0%
Americas	18,317	16.8%	19,259	16.5%	(942)	-4.9%
Asia Pacific	17,072	19.8%	18,533	21.1%	(1,461)	-7.9%
Corporate (***)	(19,069)	-2.9%	(16,322)	-2.6%	(2,747)	-16.8%
Total	**76,057**	**11.5%**	**72,966**	**11.7%**	**3,091**	**4.2%**

(€ thousands)	First Half 2018 @ IFRS 2017 (*)	EBIT Margin	First Half 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	62,040	13.3%	51,496	12.3%	10,544	20.5%
Americas	18,388	16.8%	19,259	16.5%	(871)	-4.5%
Asia Pacific	16,983	19.7%	18,533	21.1%	(1,550)	-8.4%
Corporate (***)	(19,069)	-2.9%	(16,322)	-2.6%	(2,747)	-16.8%
Total	**78,342**	**11.8%**	**72,966**	**11.7%**	**5,376**	**7.4%**

(€ thousands)	Second Quarter 2018 @ IFRS 2018	EBIT Margin	Second Quarter 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	40,323	16.3%	34,667	15.5%	5,656	16.3%
Americas	10,599	18.4%	10,684	18.2%	(85)	-0.8%
Asia Pacific	8,571	19.1%	9,884	21.9%	(1,313)	-13.3%
Corporate (***)	(9,986)	-2.9%	(8,265)	-2.5%	(1,721)	-20.8%
Total	**49,507**	**14.1%**	**46,970**	**14.3%**	**2,537**	**5.4%**

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)	EBIT Margin	Second Quarter 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	41,801	16.8%	34,667	15.5%	7,134	20.6%
Americas	10,675	18.5%	10,684	18.2%	(9)	-0.1%
Asia Pacific	8,525	19.0%	9,884	21.9%	(1,359)	-13.7%
Corporate (***)	(9,985)	-2.8%	(8,265)	-2.5%	(1,720)	-20.8%
Total	**51,016**	**14.5%**	**46,970**	**14.3%**	**4,046**	**8.6%**

(*) 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 €59,737 thousand (with an EBIT margin of 12.9%) in the first half of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €62,040 thousand, an increase against the comparison period of €13,084 thousand (+26.7%) after the negative foreign exchange differences of €444 thousand. The EBIT margin would have come to 13.3%, an increase of 1.6 p.p. with respect to the comparison period.

In the second quarter alone operating profit (EBIT), determined based on the new IFRS 15, amounted to €40,323 thousand (with an EBIT margin of 16.3%).
Excluding the impact of IFRS 15 application, EBIT would have reached €41,801 thousand, an increase against the comparison period of €9,674 thousand (+30.1%) after the negative foreign exchange differences of €297 thousand. The EBIT margin would have come to 16.8%, an increase of 2.4 p.p. with respect to the comparison period.

The result posted in the comparison was impacted by the non-recurring costs of €2,540 thousand incurred relating to the integration of the AudioNova businesses acquired in France and in Portugal. Net of this item, excluding the impact of IFRS 15 application, the increase in EBIT would have reached €10,544 thousand (+20.5%) for the full year and €7,134 thousand (+20.6%) for the second quarter alone with a margin of 13.3% for the full year (+1.0 p.p. against the comparison period) and of 16.8% for the second quarter alone (+1.3 p.p. against the comparison period).

Americas

Operating profit (EBIT), determined based on the new IFRS 15, came to €18,317 thousand (with an EBIT margin of 16.8%) in the first half of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €18,388 thousand, a decrease with respect to the comparison period of €871 thousand (-4.5%) after the negative foreign exchange differences of €2,270 thousand. The EBIT margin would have come to 16.8%, an increase of 0.3 p.p. with respect to the comparison period.

In the second quarter alone operating profit (EBIT), determined based on the new IFRS 15, amounted to €10,599 thousand (with an EBIT margin of 18.4%).
Excluding the impact of IFRS 15 application, EBIT would have reached €10,675 thousand, basically unchanged with respect to the comparison period after the negative foreign exchange differences of €984 thousand. The EBIT margin would have come to 18.5%, an increase of 0.3 p.p. with respect to the comparison period.

Asia Pacific

Operating profit (EBIT), determined based on the new IFRS 15, came to €17,072 thousand (with an EBIT margin of 19.8%) in the first half of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €16,983 thousand, a decrease with respect to the comparison period of €1,550 thousand (-8.4%) after the negative foreign exchange differences of €1,657 thousand. The EBIT margin would have come to 19.7%, a decrease of 1.4 p.p. with respect to the comparison period.

In the second quarter alone operating profit (EBIT), determined based on the new IFRS 15, amounted to €8,571 thousand (with an EBIT margin of 19.1%).
Excluding the impact of IFRS 15 application, EBIT would have reached €8,525 thousand, a decrease of €1,359 thousand (-13.7%) against the comparison period after the negative foreign exchange differences of €639 thousand. The EBIT margin would have come to 19.0%, a decrease of 2.9 p.p. with respect to the comparison period.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €19,069 thousand in the first half of 2018 (2.9% of the revenues generated by the Group's sales and services), an increase of €2,747 thousand with respect to the comparison period.

These net costs amounted to €9,986 thousand (2.9% of the revenues generated by the Group's sales and services) in the second quarter alone, an increase of €1,721 thousand with respect to the comparison period.

Profit before tax

(€ thousands)	First Half 2018 @ IFRS 2018			First Half 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**66,260**	**-**	**66,260**	**63,508**	**(2,540)**	**60,968**

(€ thousands)	First Half 2018 @ IFRS 2017 (*)			First Half 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**68,545**	**-**	**68,545**	**63,508**	**(2,540)**	**60,968**

(€ thousands)	Second Quarter 2018 @ IFRS 2018			Second Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**44,429**	**-**	**44,429**	**42,192**	**(2,540)**	**39,652**

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)			Second Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**45,938**	**-**	**45,938**	**42,192**	**(2,540)**	**39,652**

(*) 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, amounted to €66,260 thousand (with a gross profit margin of 10.0%) in the first half of 2018. Based on the accounting standards applied in the prior year, profit before tax would have come to €68,545 thousand (with a gross profit margin of 10.3% excluding IFRS 15 application), an increase of €5,037 thousand (+7.9%), compared to the recurring profit before tax posted in the comparison period. This increase is lower than the increase in EBIT described above due to the fees and interest payable on the new loans negotiated in order to repay the €275 million Eurobond reimbursed on 16 July 2018. The interest rate on the loans is significantly lower than the Eurobond rate and, therefore, interest payable is expected to decline noticeably beginning in the third quarter of the year.

In the second quarter alone, profit before tax, determined based on the new accounting standards, amounted to €44,429 thousand (with a gross profit margin of 12.7%). Based on the accounting standards applied in the prior year, profit before tax would have come to €45,938 thousand (with a gross profit margin of 13.0% excluding IFRS 15 application), an increase of €3,746 thousand (+8.9%), compared to the recurring profit before tax posted in the comparison period.

Net profit attributable to the Group

(€ thousands)	First Half 2018 @ IFRS 2018			First Half 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	47,038	-	47,038	39,795	(1,738)	38,057

(€ thousands)	First Half 2018 @ IFRS 2017 (*)			First Half 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	49,147	-	49,147	39,795	(1,738)	38,057

(€ thousands)	Second Quarter 2018 @ IFRS 2018			Second Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	32,436	-	32,436	27,012	(1,738)	25,274

(€ thousands)	Second Quarter 2018 @ IFRS 2017 (*)			Second Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	33,903	-	33,903	27,012	(1,738)	25,274

(*) 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 €47,038 thousand (with a profit margin of 7.1%) in the first six months of 2018. Based on the accounting standards applied in the prior year, the Group's recurring net profit would have amounted to €49,147 thousand (with a profit margin of 7.4% excluding IFRS 15 application), an increase of €9,352 thousand (+23.5%) 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 29.1%, versus 37.6% in the prior period, attributable mainly to the lower tax rate in the United States and the positive impact of the "Patent Box" tax incentives recognized in Italy at the end of 2017. Net of the losses recorded by subsidiaries for which, in accordance with the principle of prudence, deferred tax assets were not recognized the tax rate would have been 26.2% (33.2% in the same period of the prior year).

In the second quarter alone, the Group's net profit, determined based on the new accounting standards, came to €32,436 thousand (with a profit margin of 9.3%). Based on the accounting standards applied in the prior year, the Group's recurring net profit would have amounted to €33,903 thousand (with a profit margin of 9.6% excluding IFRS 15 application), an increase of €6,891 thousand (+25.5%) against the comparison period.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	30/06/2018 @ IFRS 2018				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	390,497	83,117	234,298	-	707,912
Non-competition agreements, trademarks, customer lists and lease rights	100,792	5,101	41,798	-	147,691
Software, licences, other intangible fixed assets, fixed assets in progress and advances	36,683	12,133	7,130	-	55,946
Tangible assets	120,224	4,092	21,947	-	146,263
Financial fixed assets	2,493	39,313	-	-	41,806
Other non-current financial assets	24,106	119	724	-	24,949
Non-current assets	**674,795**	**143,875**	**305,897**	**-**	**1,124,567**
Inventories	38,490	160	2,334	-	40,984
Trade receivables	104,941	27,750	10,754	(5,117)	138,328
Other receivables	59,363	7,333	2,091	(7)	68,780
Current assets (A)	**202,794**	**35,243**	**15,179**	**(5,124)**	**248,092**
Operating assets	**877,589**	**179,118**	**321,076**	**(5,124)**	**1,372,659**
Trade payables	(87,598)	(40,446)	(13,751)	5,117	(136,678)
Other payables	(167,127)	(7,651)	(17,567)	7	(192,338)
Provisions for risks and charges (current portion)	(2,156)	-	-	-	(2,156)
Current liabilities (B)	**(256,881)**	**(48,097)**	**(31,318)**	**5,124**	**(331,172)**
Net working capital (A) - (B)	**(54,087)**	**(12,854)**	**(16,139)**	**-**	**(83,080)**
Derivative instruments	(12,872)	-	-	-	(12,872)
Deferred tax assets	58,449	499	5,105	-	64,053
Deferred tax liabilities	(34,113)	(15,640)	(12,258)	-	(62,011)
Provisions for risks and charges (non-current portion)	(14,173)	(27,593)	(946)	-	(42,712)
Liabilities for employees' benefits (non-current portion)	(14,736)	(139)	(1,771)	-	(16,646)
Loan fees	407	-	-	-	407
Other non-current payables	(96,043)	(3,718)	(2,084)	-	(101,845)
NET INVESTED CAPITAL	**507,627**	**84,430**	**277,804**	**-**	**869,861**
Group net equity					549,942
Minority interests					273
Total net equity					**550,215**
Net medium and long-term financial indebtedness					239,206
Net short-term financial indebtedness					80,440
Total net financial indebtedness					**319,646**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**869,861**

(*) 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 @ IFRS 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 €1,124,567 thousand at 30 June 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 amounted to €46,005 thousands, explained (i) for €26,703 thousand by capital expenditure; (ii) for €44,779 thousand by acquisitions; (iii) for €33,892 thousand by depreciation, amortization and impairment; (iv) for €16,860 thousand by the change in other non-current assets following application of IFRS 15; (v) for €8,445 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)		30/06/2018 @ IFRS 2018	31/12/2017 @ IFRS 2017 (*)	Change
EMEA	Goodwill	390,497	365,022	25,475
	Non-competition agreements, trademarks, customer lists and lease rights	100,792	93,289	7,503
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	36,683	37,401	(718)
	Tangible assets	120,224	118,641	1,583
	Financial fixed assets	2,493	2,490	3
	Other non-current financial assets	24,106	6,971	17,135
	Non-current assets	**674,795**	**623,814**	**50,981**
Americas	Goodwill	83,117	78,585	4,532
	Non-competition agreements, trademarks, customer lists and lease rights	5,101	4,271	830
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	12,133	12,188	(55)
	Tangible assets	4,092	3,440	652
	Financial fixed assets	39,313	40,902	(1,589)
	Other non-current financial assets	119	49	70
	Non-current assets	**143,875**	**139,435**	**4,440**
Asia Pacific	Goodwill	234,298	241,028	(6,730)
	Non-competition agreements, trademarks, customer lists and lease rights	41,798	45,813	(4,015)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	7,130	6,994	136
	Tangible assets	21,947	20,922	1,025
	Financial fixed assets	-	-	-
	Other non-current financial assets	724	556	168
	Non-current assets	**305,897**	**315,313**	**(9,416)**

(*) 2017 as reported figures

Europe, Middle-East and Africa

Non-current assets amounted to €674,795 thousand at 30 June 2018, an increase of €50,981 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 €14,424 thousand, by investments in plant, property and equipment, relating primarily to the opening of new and renewal of existing stores;
- for €4,162 thousand, by investments in intangible assets, relating primarily to further implementation of digital marketing and store systems;
- for €40,418 thousand, by acquisitions made in the period;
- for €24,801 thousand, by amortization, depreciation and impairment;
- for €16,740 thousand, by changes in other non-current assets as a result of the application of IFRS 15;
- for €38 thousand, by other net increases.

Americas

Non-current assets amounted to €143,875 thousand at 30 June 2018, an increase of €4,440 thousand against the €139,435 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018. The increase is explained:

- for €562 thousand, by investments in plant, property and equipment;
- for €1,857 thousand, by investments in intangible assets relating primarily to the implementation of front-office systems and the website, relocation of proprietary stores and joint investment plans entered into with the franchisees for the renewal and relocation of stores;
- for €4,361 thousand by acquisitions made in the period;
- for €2,528 thousand, by amortization and depreciation;
- for €63 thousand, by changes in other non-current assets as a result of the application of IFRS 15;
- for €125 thousand, by other net differences linked primarily to exchange gains.

Asia Pacific

Non-current assets amounted to €305,897 thousand at 30 June 2018, a decrease of €9,416 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 €4,610 thousand, by investments in plant, property and equipment, relating primarily to the opening, restructuring and relocation of a few stores, as well as the rebranding carried out at all of them;
- for €1,088 thousand, by investments in intangible assets, relating primarily to the implementation of a new front-office system;
- for €6,563 thousand, by amortization and depreciation;
- for €57 thousand, by changes in other non-current assets as a result of the application of IFRS 15;
- for €8,608 thousand, by other net decreases, relating primarily to exchange losses.

Net invested capital

Net invested capital came to €869,861 thousand at 30 June 2018, a decrease of €14,822 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)	30/06/2018 @ IFRS 2018	30/06/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
EMEA	507,627	554,677	510,819	(3,192)
Americas	84,430	90,209	89,102	(4,672)
Asia Pacific	277,804	278,403	284,762	(6,958)
Total	**869,861**	**923,289**	**884,683**	**(14,822)**

(*) 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

Net invested capital came to €507,627 thousand at 30 June 2018, a decrease of €3,192 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 €35,050 thousand (€24,208 thousand in the first six months of the prior year) and VAT credits with a face value of €12,469 thousand (€11,948 thousand in the first six months of the prior year).

Americas

Net invested capital came to €84,430 thousand at 30 June 2018, a decrease of €4,672 thousand against the €89,102 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
The increase in non-current assets described above was more than offset by the decrease in working capital and the increase in contract obligations following application of IFRS 15.

Asia Pacific

Net invested capital came to €277,804 thousand at 30 June 2018, a decrease of €6,958 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.

Net financial indebtedness

(€ thousands)	30/06/2018 @ IFRS 2018	30/06/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
Net medium and long-term financial indebtedness	239,206	239,206	119,193	120,013
Net short-term financial indebtedness	304,226	304,226	301,154	3,072
Cash and cash equivalents	(223,786)	(223,786)	(124,082)	(99,704)
Net financial indebtedness	**319,646**	**319,646**	**296,265**	**23,381**
Group net equity	549,942	603,370	588,681	(38,739)
Minority interests	273	273	(263)	536
Net Equity	**550,215**	**603,643**	**588,418**	**(38,203)**
Financial indebtedness/Group net equity	**0.58**	**0.53**	**0.50**	
Financial indebtedness/Net equity	**0.58**	**0.53**	**0.50**	
Financial indebtedness/EBITDA	**1.40**	**1.39**	**1.35**	

(*) 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

Net financial indebtedness amounted to €319,646 thousand at 30 June 2018, an increase of €23,381 thousand with respect to 31 December 2017.

The increase in debt is the direct consequence of the acquisitions made in the period (€37,973 thousand), the payment of dividends to shareholders (€24,079 thousand), the purchase of treasury shares (€7,833 thousand).
The ability of ordinary operations to generate excellent cash flow was confirmed, with free cash flow reaching a positive €44,490 thousand (versus €32,526 thousand in the first six months of the prior year) after absorbing capital expenditure €26,703 thousand (€29,538 thousand in the first half of 2017).

At 30 June 2018 the Group's total financial indebtedness amounted to €319,646 thousand net of cash and cash equivalents totaling €223,786 thousand.

In order to repay the Eurobond (repaid in July 2018), during the half year 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.

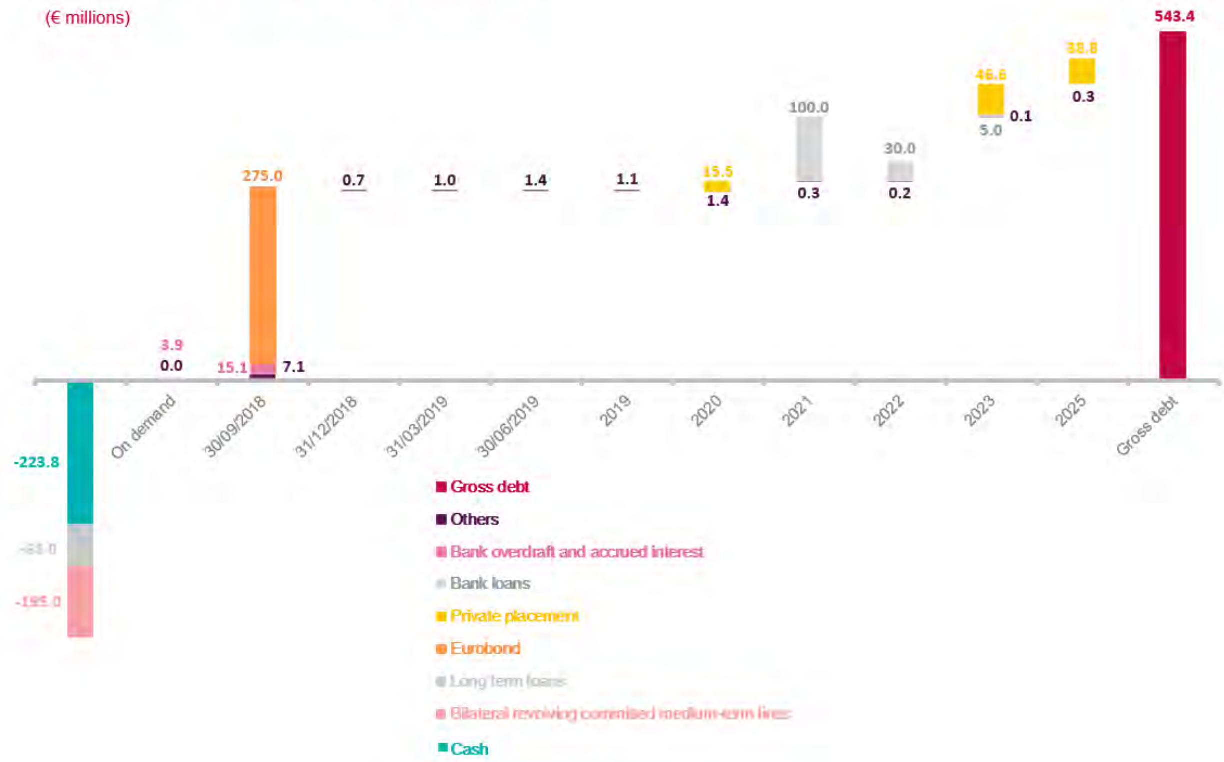
Long-term debt amounts to €239,206 thousand, €2,702 thousand of which reflects the long-term portion of deferred payments for acquisitions. The increase of around €120 million compared to 31 December 2017 is attributable to the initial drawdowns on the loans stipulated in order to repay the Eurobond (made on 16 July 2018) which explains the increase in cash and cash equivalents.

Short-term debt amounts to €304,226 thousand and pertains primarily to the Eurobond (€275,000 thousand) repaid on 16 July 2008, the utilization of credit lines mainly by a few foreign subsidiaries (€3,740 thousand), interest payable on the Eurobond and the Private Placement (€14,625 thousand) and the best estimate of the deferred payments for acquisitions (€8,961 thousand).

The next chart shows that at 30 June 2018 there were no other significant maturities, other than the Eurobond described above, and that cash and cash equivalents of €223.8 million, the irrevocable credit lines and unutilized portions of the loans described above which amount to €260 million, as well as the €153.6 million in other available credit lines, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

Debt Maturity & Cash Equivalents at 30.06.2018

(€ millions)



Interest payable on financial indebtedness amounted to €9,333 thousand at 30 June 2018, versus €9,239 thousand at 30 June 2017.

Interest receivable on bank deposits came to €214 thousand at 30 June 2018, versus €194 thousand at 30 June 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 Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	47,038	38,057
Minority interests	(51)	14
Amortization, depreciation and write-downs:		
- Intangible fixed assets	*17,320*	15,178
- Tangible fixed assets	*16,572*	15,254
- Goodwill	-	-
Total amortization, depreciation and write-downs	33,892	30,432
Provisions, other non-monetary items and gain/losses from disposals	9,499	16,478
Group's share of the result of associated companies	(243)	(197)
Financial income and charges	10,040	9,654
Current and deferred income taxes	19,272	22,897
Change in assets and liabilities:		
- Utilization of provisions	*(5,861)*	*(6,932)*
- (Increase) decrease in inventories	*(3,324)*	*(5,092)*
- Decrease (increase) in trade receivables	*(6,541)*	*(8,385)*
- Increase (decrease) in trade payables	*(707)*	*(7,133)*
- Changes in other receivables and other payables	*(6,015)*	*(2,970)*
Total change in assets and liabilities	(22,448)	(30,512)
Dividends received	158	300
Net interest charges	(9,540)	(9,210)
Taxes paid	(17,177)	(16,632)
Cash flow generated from (absorbed) by operating activities	**70,440**	**61,281**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(7,107)	(7,541)
Purchase of tangible fixed assets	(19,596)	(21,997)
Consideration from sale of tangible fixed assets and businesses	753	783
Cash flow generated from (absorbed) by investing activities	**(25,950)**	**(28,755)**
Cash flow generated from operating and investing activities (Free cash flow)	**44,490**	**32,526**
Business combinations (**)	(37,973)	(75,314)
(Purchase) sale of other investments and securities	388	19
Net cash flow generated from acquisitions	**(37,585)**	**(75,295)**
Cash flow generated from (absorbed) by investing activities	**(63,535)**	**(104,050)**

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	(146)	(75)
Other non-current assets	1,313	(793)
Distributed dividends	(24,079)	(15,271)
Treasury shares	(7,833)	(15,629)
Capital increases (reduction), third parties' contributions in subsidiaries and dividends paid to third parties by the subsidiaries	117	(3)
Cash flow generated from (absorbed) by financing activities	**(30,628)**	**(31,771)**
Changes in net financial indebtedness	**(23,723)**	**(74,540)**
Net financial indebtedness at the beginning of the period	(296,265)	(224,421)
Effect of discontinued operations on net financial indebtedness	24	-
Effect of exchange rate fluctuations on net financial indebtedness	318	(1,575)
Changes in net indebtedness	(23,723)	(74,540)
Net financial indebtedness at the end of the period	**(319,646)**	**(300,536)**

(*) 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 €23,381 thousand is attributable to:

(i) Investing activities:
- capital expenditure on property, plant and equipment and intangible assets of €26,703 thousand relating primarily to the opening, renewal and repositioning of stores based on the Amplifon's new brand image, CRM systems, digital marketing, as well as the deployment of store and sales support systems;
- acquisitions amounting to €37,973 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, equity interests and securities amounting to €1,141 thousand.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial expenses of €9,540 thousand;
- payment of taxes amounting to €17,177 thousand;
- cash flow generated by operations of €97,157 thousand.

(iii) Financing activities:
- payment of €24,079 thousand in dividends to shareholders;
- payment of €146 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 €69 thousand;
- payment of €378 thousand in dividends to minorities by subsidiaries;
- proceeds from capital increases for subsidiaries subscribed by third parties of €426 thousand;

- purchase of treasury shares amounting to €7,833 thousand;
- decrease in other non-current assets of €1,313 thousand.

(iv) Exchange gains of €318 thousand;

(v) Gains from discontinued operations of €24 thousand.

The non-recurring transactions did not impact the cash flow generated in the period, while a negative impact of €357 thousand was recorded in the prior year, as shown below:

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	-	(357)
Cash flow generated (absorbed) by operating activities	-	**(357)**
Cash flow generated from (absorbed) by investing activities	-	-
Free Cash Flow	-	**(357)**
Cash flow generated from acquisitions	-	-
Total cash flow generated by non-recurring transactions	-	**(357)**

(*) 2017 as reported figures

ACQUISITION OF COMPANIES AND BUSINESSES

The Group's external growth continued in the first six months of 2018. A total of 79 points of sale were acquired for a total investment of €37,973 thousand, including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail:
- 35 points of sale were acquired in Germany;
- 20 points of sale and a customer list relating to one store were acquired in France;
- 2 points of sale and a customer list relating to two stores were acquired in Spain;
- 2 points of sale were acquired in Israel;
- 8 points of sale were acquired in Belgium;
- 1 point of sale were acquired in Turkey;
- 4 points of sale and customer lists relating to 23 stores were acquired in the United States;
- 7 points of sale were acquired in Canada.

OUTLOOK

Amplifon expects the favorable growth trend to continue in the second half of 2018, with revenue growth outpacing the market, thanks to the contribution of all the geographies of operation driven by solid organic and external growth. This performance, sustained also by a strong focus on execution, will help to sustain the continuous increase in profitability thanks to operating leverage and economies of scale which will more than offset the continuous investments in marketing and communication, network expansion and people made with a view to sustainable long-term growth. Amplifon is well positioned to execute the strategic plan for 2020 and confirms its confidence in the ability to achieve the medium-long term targets, thanks also to the launch of the Amplifon brand products and innovative multichannel ecosystem which will continue to be rolled out in Italy in the second half of 2018, followed by the roll-out in other countries beginning in 2019.

Disclaimer

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 30 JUNE 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		30/06/2018 @ IFRS 2018	30/06/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
ASSETS					
Non-current assets					
Goodwill	**Note 3**	707,912	707,966	684,635	23,277
Intangible fixed assets with finite useful life	**Note 4**	203,637	203,637	199,956	3,681
Tangible fixed assets	**Note 5**	146,263	146,263	143,003	3,260
Investments valued at equity		2,037	2,037	1,976	61
Financial assets measured at fair value through profit or loss		3	3	35	(32)
Long-term hedging instruments		820	820	-	820
Deferred tax assets		64,053	48,716	45,300	18,753
Other assets		64,715	46,403	48,956	15,759
Total non-current assets		**1,189,440**	**1,155,845**	**1,123,861**	**65,579**
Current assets					
Inventories		40,984	40,984	37,081	3,903
Trade receivables		138,328	138,371	132,792	5,536
Other receivables		68,780	58,378	47,584	21,196
Hedging instruments		5	5	-	5
Other financial assets		12	12	19	(7)
Cash and cash equivalents		223,786	223,786	124,082	99,704
Total current assets		**471,895**	**461,536**	**341,558**	**130,337**
TOTAL ASSETS		**1,661,335**	**1,617,381**	**1,465,419**	**195,916**

(*) 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

(€ thousands)		30/06/2018 @ IFRS 2018	30/06/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
LIABILITIES					
Net Equity					
Share capital	Note 7	4,527	4,527	4,527	-
Share premium account		202,511	202,511	202,412	99
Treasury shares		(57,434)	(57,434)	(60,217)	2,783
Other reserves		(21,279)	(21,168)	(14,333)	(6,946)
Profit (loss) carried forward		374,579	425,787	355,714	18,865
Profit (loss) for the period		47,038	49,147	100,578	(53,540)
Group net equity		**549,942**	**603,370**	**588,681**	**(38,739)**
Minority interests		**273**	**273**	**(263)**	**536**
Total net equity		**550,215**	**603,643**	**588,418**	**(38,203)**
Non-current liabilities					
Medium/long-term financial liabilities	Note 9	246,809	246,809	123,990	122,819
Provisions for risks and charges		42,712	64,954	65,390	(22,678)
Liabilities for employees' benefits		16,646	16,646	16,717	(71)
Hedging instruments		3,073	3,073	2,362	711
Deferred tax liabilities		62,011	63,345	60,044	1,967
Payables for business acquisitions		2,702	2,702	2,355	347
Other long-term debt		101,845	34,421	30,372	71,473
Total non-current liabilities		**475,798**	**431,950**	**301,230**	**174,568**
Current liabilities					
Trade payables		136,678	137,641	137,401	(723)
Payables for business acquisitions		8,961	8,961	9,468	(507)
Other payables		191,824	136,302	132,572	59,252
Hedging instruments		-	-	43	(43)
Provisions for risks and charges		2,156	3,181	4,055	(1,899)
Liabilities for employees' benefits		514	514	851	(337)
Short-term financial liabilities	Note 9	295,189	295,189	291,381	3,808
Total current liabilities		**635,322**	**581,788**	**575,771**	**59,551**
TOTAL LIABILITIES		**1,661,335**	**1,617,381**	**1,465,419**	**195,916**

(*) 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 INCOME STATEMENT

(€ thousands)		First Half 2018 @ IFRS 2018			First Half 2017 @ IFRS 2017 (*)			
		Recurring	Non recurring	Total	Recurring	Non recurring	Total	Change
Revenues from sales and services		659,605	-	659,605	623,780	-	623,780	35,825
Operating costs		(551,065)	-	(551,065)	(521,608)	(2,540)	(524,148)	(26,917)
Other income and costs		1,409	-	1,409	1,226	-	1,226	183
Gross operating profit (EBITDA)		**109,949**	**-**	**109,949**	**103,398**	**(2,540)**	**100,858**	**9,091**
Amortisation, depreciation and impairment								
Amortisation of intangible fixed assets	**Note 4**	(17,286)	-	(17,286)	(15,178)	-	(15,178)	(2,108)
Depreciation of tangible fixed assets	**Note 5**	(16,465)	-	(16,465)	(14,960)	-	(14,960)	(1,505)
Impairment and impairment reversals of non-current assets		(141)	-	(141)	(294)	-	(294)	153
		(33,892)	**-**	**(33,892)**	**(30,432)**	**-**	**(30,432)**	**(3,460)**
Operating result		**76,057**	**-**	**76,057**	**72,966**	**(2,540)**	**70,426**	**5,631**
Financial income, charges and value adjustments to financial assets								
Group's share of the result of associated companies valued at equity		243	-	243	197	-	197	46
Other income and charges, impairment and revaluations of financial assets		(85)	-	(85)	-	-	-	(85)
Interest income and charges		(9,088)	-	(9,088)	(9,045)	-	(9,045)	(43)
Other financial income and charges		(413)	-	(413)	(625)	-	(625)	212
Exchange gains and losses		(440)	-	(440)	(140)	-	(140)	(300)
Gain (loss) on assets measured at fair value		(14)	-	(14)	155	-	155	(169)
		(9,797)	**-**	**(9,797)**	**(9,458)**	**-**	**(9,458)**	**(339)**
Profit (loss) before tax		**66,260**	**-**	**66,260**	**63,508**	**(2,540)**	**60,968**	**5,292**
Tax	**Note 10**	(19,273)	-	(19,273)	(23,699)	802	(22,897)	3,624
Total net profit (loss)		**46,987**	**-**	**46,987**	**39,809**	**(1,738)**	**38,071**	**8,916**
Net profit (loss) attributable to Minority interests		(51)	-	(51)	14	-	14	(65)
Net profit (loss) attributable to the Group		**47,038**	**-**	**47,038**	**39,795**	**(1,738)**	**38,057**	**8,981**

Income (loss) and earnings per share (€ per share)	**Note 12**	**First Half 2018 @ IFRS 2018**	**First Half 2017 @ IFRS 2017 (*)**
Earnings per share			
- base		0.21477	0.17390
- diluted		0.21005	0.16945

(*) 2017 as reported figures

(€ thousands)	First Half 2018 @ IFRS 2017 (*)			First Half 2017 @ IFRS 2017 (**)			
	Recurring	**Non recurring**	**Total**	**Recurring**	**Non recurring**	**Total**	**Change**
Revenues from sales and services	662,752	-	662,752	623,780	-	623,780	38,972
Operating costs	(551,927)	-	(551,927)	(521,608)	(2,540)	(524,148)	(27,779)
Other income and costs	1,409	-	1,409	1,226	-	1,226	183
Gross operating profit (EBITDA)	**112,234**	**-**	**112,234**	**103,398**	**(2,540)**	**100,858**	**11,376**
Amortisation, depreciation and impairment							
Amortisation of intangible fixed assets	(17,286)	-	(17,286)	(15,178)	-	(15,178)	(2,108)
Depreciation of tangible fixed assets	(16,465)	-	(16,465)	(14,960)	-	(14,960)	(1,505)
Impairment and impairment reversals of non-current assets	(141)	-	(141)	(294)	-	(294)	153
	(33,892)	**-**	**(33,892)**	**(30,432)**	**-**	**(30,432)**	**(3,460)**
Operating result	**78,342**	**-**	**78,342**	**72,966**	**(2,540)**	**70,426**	**7,916**
Financial income, charges and value adjustments to financial assets							
Group's share of the result of associated companies valued at equity	243	-	243	197	-	197	46
Other income and charges, impairment and revaluations of financial assets	(85)	-	(85)	-	-	-	(85)
Interest income and charges	(9,088)	-	(9,088)	(9,045)	-	(9,045)	(43)
Other financial income and charges	(413)	-	(413)	(625)	-	(625)	212
Exchange gains and losses	(440)	-	(440)	(140)	-	(140)	(300)
Gain (loss) on assets measured at fair value	(14)	-	(14)	155	-	155	(169)
	(9,797)	**-**	**(9,797)**	**(9,458)**	**-**	**(9,458)**	**(339)**
Profit (loss) before tax	**68,545**	**-**	**68,545**	**63,508**	**(2,540)**	**60,968**	**7,577**
Tax	(19,449)	-	(19,449)	(23,699)	802	(22,897)	3,448
Total net profit (loss)	**49,096**	**-**	**49,096**	**39,809**	**(1,738)**	**38,071**	**11,025**
Net profit (loss) attributable to Minority interests	(51)	-	(51)	14	-	14	(65)
Net profit (loss) attributable to the Group	**49,147**	**-**	**49,147**	**39,795**	**(1,738)**	**38,057**	**11,090**

(*) 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

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Net income (loss) for the period	**46,987**	**38,071**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit plans	394	98
Tax effect on components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	(61)	(3)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	**333**	**95**
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedging instruments	(2,974)	2,082
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(6,663)	(14,236)
Tax effect on components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	781	(500)
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	**(8,856)**	**(12,654)**
Total other comprehensive income (loss) (A)+(B)	**(8,523)**	**(12,559)**
Comprehensive income (loss) for the period	**38,464**	**25,512**
Attributable to the Group	38,507	25,543
Attributable to Minority interests	(43)	(31)

(*) 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	399				
Treasury shares					(15,629)	
Dividend distribution						
Notional cost of stock options and stock grants						8,138
Other changes		171			9,377	(5,027)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for HY1 2017						
Total comprehensive income (loss) for the period						
Balance at 30 June 2017	**4,526**	**202,218**	**934**	**3,636**	**(54,430)**	**28,652**

(€ 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		68				
Treasury shares					(7,833)	
Dividend distribution						
Notional cost of stock options and stock grants						8,097
Other changes		31			10,616	(6,512)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for HY1 2018						
Total comprehensive income (loss) for the period						
Balance at 30 June 2018	**4,527**	**202,511**	**934**	**3,636**	**(57,434)**	**31,972**

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)	-		-
					401		**401**
					(15,629)		**(15,629)**
		(15,271)			**(15,271)**		**(15,271)**
					8,138		**8,138**
		(4,903)			**(382)**		**(382)**
1,582					***1,582***		***1,582***
	95				***95***		***95***
			(14,191)		***(14,191)***	*(45)*	***(14,236)***
				38,057	***38,057***	*14*	***38,071***
1,582	95		(14,191)	38,057	**25,543**	(31)	**25,512**
(5,963)	**(4,213)**	**364,265**	**(17,511)**	**38,057**	**560,171**	**258**	**560,429**

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**
		(52,587)			(52,587)		(52,587)
(7,282)	**(5,324)**	**303,127**	**(36,684)**	**100,578**	**536,094**	**(263)**	**535,831**
		100,578		(100,578)	-		-
					68		**68**
					(7,833)		**(7,833)**
		(24,079)			**(24,079)**		**(24,079)**
					8,097		**8,097**
		(5,047)			**(912)**	579	**(333)**
(2,193)					***(2,193)***		***(2,193)***
	333				***333***		***333***
			(6,671)		***(6,671)***	*8*	***(6,663)***
				47,038	***47,038***	*(51)*	***46,987***
(2,193)	333		(6,671)	47,038	**38,507**	(43)	**38,464**
(9,475)	**(4,991)**	**374,579**	**(43,355)**	**47,038**	**549,942**	**273**	**550,215**

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
OPERATING ACTIVITIES		
Net profit (loss)	46,987	38,071
Amortization, depreciation and write-downs:		
- intangible fixed assets	17,320	15,178
- tangible fixed assets	16,572	15,254
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	9,499	16,478
Group's share of the result of associated companies	(243)	(197)
Financial income and charges	10,040	9,654
Current, deferred tax assets and liabilities	19,272	22,897
Cash flow from operating activities before change in working capital	***119,447***	***117,335***
Utilization of provisions	(5,861)	(6,932)
(Increase) decrease in inventories	(3,324)	(5,092)
Decrease (increase) in trade receivables	(6,541)	(8,385)
Increase (decrease) in trade payables	(707)	(7,133)
Changes in other receivables and other payables	(6,015)	(2,970)
Total change in assets and liabilities	***(22,448)***	***(30,512)***
Dividends received	158	300
Interest received (paid)	(2,523)	(2,651)
Taxes paid	(17,177)	(16,632)
Cash flow generated from (absorbed by) operating activities (A)	**77,457**	**67,840**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(7,107)	(7,541)
Purchase of tangible fixed assets	(19,596)	(21,997)
Consideration from sale of tangible fixed assets	753	783
Cash flow generated from (absorbed by) operating investing activities (B)	**(25,950)**	**(28,755)**
Purchase of subsidiaries and business units	(39,338)	(78,066)
Increase (decrease) in payables through business acquisition	(351)	(338)
(Purchase) sale of other investments and securities	388	19
Cash flow generated from (absorbed by) acquisition activities (C)	**(39,301)**	**(78,385)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(65,251)**	**(107,140)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	117,030	2,241
(Increase) decrease in financial receivables	(41)	24
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	(146)	(75)
Other non-current assets and liabilities	1,313	(793)
Treasury shares	(7,833)	(15,629)
Dividends distributed	(24,079)	(15,271)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	117	(3)
Cash flow generated from (absorbed by) financing activities (D)	**86,361**	**(29,506)**
Net increase in cash and cash equivalents (A+B+C+D)	**98,567**	**(68,806)**

(*) 2017 as reported figures

(€ thousands)	First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Cash and cash equivalents at beginning of period	**124,082**	**183,834**
Effect of discontinued operations on cash & cash equivalents	(155)	-
Effect of exchange rate fluctuations on cash & cash equivalents	(73)	(2,145)
Liquid assets acquired	1,365	2,752
Flows of cash and cash equivalents	98,567	(68,806)
Cash and cash equivalents at end of period	**223,786**	**115,635**

(*) 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 13. 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 Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
- Goodwill	28,489	49,160
- Customer lists	15,198	32,207
- Trademarks and non-competition agreements	-	4,380
- Other intangible fixed assets	195	243
- Tangible fixed assets	1,295	4,592
- Financial fixed assets	-	-
- Current assets	2,709	10,692
- Provisions for risks and charges	(7)	(4,127)
- Current liabilities	(4,406)	(17,280)
- Other non-current assets and liabilities	(4,691)	(9,243)
- Minority interests	(52)	-
Total investments	**38,730**	**70,624**
Net financial debt acquired	608	7,442
Total business combinations	**39,338**	**78,066**
(Increase) decrease in payables through business acquisition	351	338
Purchase (sale) of other investments and securities	(388)	(19)
Cash flow absorbed by (generated from) acquisitions	**39,301**	**78,385**
(Cash and cash equivalents acquired)	(1,365)	(2,752)
Net cash flow absorbed by (generated from) acquisitions	**37,936**	**75,633**

(*) 2017 as reported figures

EXPLANATORY NOTES

1. General Information

The Amplifon Group is global leader in the hearing care retail market and in the service and fitting of personalized products to meet the needs of the customers.

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 30 June 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 30 June 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 30 June 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 30 June 2018 have been prepared in accordance with the new standards IFRS 15 "Revenues from contract with customers" and IFRS 9 "Financial instruments" (except for the requirements concerning the hedge accounting for which the Group has chosen as accounting policy to continue applying the requirements of IAS 39) effective 1 January 2018 which resulted in changes to the accounting policies and related adjustments to amounts recognized in the financial statements. The modifications introduced are illustrated in the following paragraph. 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 30 June 2018 was authorized by a resolution of the Board of Directors of 26 July 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” (except for the requirements concerning the hedge accounting for which the Group has chosen as accounting policy to continue applying the requirements of IAS 39) effective 1 January 2018 which resulted in changes to the accounting policies and related 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. Contract costs are represented in the assets side of the balance sheet under the item other receivables (short-term and long-term).

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, following further refinements with respect to March's publication, decreases by an amount equal to €50.7 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 except for the requirements concerning the hedge accounting for which the Group has chosen as accounting policy to continue applying the requirements of IAS 39.

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 (for which the Group has chosen as accounting policy to continue applying the requirements of IAS 39).

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 amount to € 1.9mln. See note 6 for details.

3. Acquisitions and goodwill

During the first half of 2018 the Group continued its external growth and finalized many acquisitions with the aim of increasing the coverage: in detail 68 points of sale were purchased in the EMEA region and 11 in the Americas.

The total investment amounted to €37,973 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 @ IFRS 2017 (*)	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 30/06/2018 @ IFRS 2018
Italy	540	-	-	-	-	540
France	100,354	6,655	-	-	-	107,009
Spain and Portugal	32,067	-	-	-	-	32,067
Hungary	1,033	-	-	-	(26)	1,007
Switzerland	13,134	-	-	-	147	13,281
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxembourg	12,286	479	-	-	-	12,765
Germany	159,400	18,156	-	-	-	177,556
Poland	217	-	-	-	-	217
United Kingdom and Ireland	8,511	-	-	-	11	8,522
Turkey	1,038	2	-	-	(8)	1,032
Israel	3,662	62	-	-	(4)	3,720
USA and Canada	78,585	3,135	-	-	1,397	83,117
Australia and New Zealand	239,989	-	-	-	(6,688)	233,301
India	1,038	-	-	-	(41)	997
Total	**684,635**	**28,489**	**-**	**-**	**(5,212)**	**707,912**

(*) 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 @ IFRS 2017 (*)	Accumulated amortisation and write-downs at 31/12/2017 @ IFRS 2017 (*)	Net book value at 31/12/2017 @ IFRS 2017 (*)	Historical cost at 30/06/2018 @ IFRS 2018	Accumulated amortisation and write-downs at 30/06/2018 @ IFRS 2018	Net book value at 30/06/2018 @ IFRS 2018
Software	101,858	(69,551)	32,307	108,186	(75,468)	32,718
Licenses	12,388	(10,060)	2,328	12,840	(10,528)	2,312
Non-competition agreements	5,333	(4,661)	672	5,993	(5,203)	790
Customer lists	247,254	(121,597)	125,657	260,733	(129,346)	131,387
Trademarks and concessions	33,513	(17,127)	16,386	32,674	(17,804)	14,870
Other	23,364	(7,956)	15,408	24,436	(8,947)	15,489
Fixed assets in progress and advances	7,198	-	7,198	6,071	-	6,071
Total	**430,908**	**(230,952)**	**199,956**	**450,933**	**(247,296)**	**203,637**

(€ thousands)	Net book value at 31/12/2017 @ IFRS 2017 (*)	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/06/2018 @ IFRS 2018
Software	32,307	2,505	(15)	(5,780)	2	-	3,699	32,718
Licenses	2,328	47	-	(502)	1	-	438	2,312
Non-competition agreements	672	30	-	(452)	-	-	540	790
Customer lists	125,657	-	(96)	(8,478)	15,198	-	(894)	131,387
Trademarks and concessions	16,386	-	(9)	(1,175)	-	-	(332)	14,870
Other	15,408	642	(91)	(899)	192	(34)	271	15,489
Fixed assets in progress and advances	7,198	3,883	-	-	-	-	(5,010)	6,071
Total	**199,956**	**7,107**	**(211)**	**(17,286)**	**15,393**	**(34)**	**(1,288)**	**203,637**

(*) 2017 as reported figures

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

- for €14,155 thousand to the temporary allocation of the considerations paid for the acquisitions made in EMEA;
- for €1,238 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 @ IFRS 2017 (*)	Accumulated amortisation and write-downs at 31/12/2017 @ IFRS 2017 (*)	Net book value at 31/12/2017 @ IFRS 2017 (*)	Historical cost at 30/06/2018 @ IFRS 2018	Accumulated amortisation and write-downs at 30/06/2018 @ IFRS 2018	Net book value at 30/06/2018 @ IFRS 2018
Land	162	-	162	162	-	162
Buildings, constructions and leasehold improvements	157,862	(99,388)	58,474	164,204	(105,759)	58,445
Plant and machines	43,555	(31,498)	12,057	46,226	(32,858)	13,368
Industrial and commercial equipment	44,462	(31,288)	13,174	46,201	(32,532)	13,669
Motor vehicles	6,186	(3,635)	2,551	6,042	(3,969)	2,073
Computers and office machinery	45,194	(34,500)	10,694	47,290	(36,553)	10,737
Furniture and fittings	95,542	(59,943)	35,599	100,510	(63,573)	36,937
Other tangible fixed assets	704	(566)	138	679	(558)	121
Fixed assets in progress and advances	10,154	-	10,154	10,751	-	10,751
Total	**403,821**	**(260,818)**	**143,003**	**422,065**	**(275,802)**	**146,263**

(€ thousands)	Net book value at 31/12/2017 @ IFRS 2017 (*)	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/06/2018 @ IFRS 2018
Land	162	-	-	-	-	-	-	162
Buildings, constructions and leasehold improvements	58,474	5,381	(35)	(6,505)	454	(40)	716	58,445
Plant and machines	12,057	1,297	(41)	(1,370)	389	(54)	1,090	13,368
Industrial and commercial equipment	13,174	1,505	(62)	(1,614)	69	(2)	599	13,669
Motor vehicles	2,551	92	(90)	(548)	39	-	29	2,073
Computers and office machinery	10,694	2,486	(31)	(2,297)	39	(1)	(153)	10,737
Furniture and fittings	35,599	3,881	(105)	(4,107)	304	(10)	1,375	36,937
Other tangible fixed assets	138	17	(2)	(24)	-	-	(8)	121
Fixed assets in progress and advances	10,154	4,937	(100)	-	1	-	(4,241)	10,751
Total	**143,003**	**19,596**	**(466)**	**(16,465)**	**1,295**	**(107)**	**(593)**	**146,263**

(*) 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 Amplifon’s new brand image.

The increase of “Business combinations” in the period, equal to €1,295 thousand is detailed below:
- for €906 thousand to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €389 thousand to the temporary allocation of the price related to the acquisitions 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 (except for the requirements concerning the hedge accounting for which the Group has chosen as accounting policy to continue applying the requirements of IAS 39) 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 comprehensive of further refinements with respect to March’s publication are illustrated below:

(€ millions)	Balance on the transition date
Contract liabilities - IFRS 15	(149.1)
Contract assets - IFRS 15	28.4
Release of warranty provision and other funds - IFRS 15	52.8
Allowance for doubtful accounts - IFRS 9	(2.3)
Tax	17.6
Total impact at January 1, 2018	**(52.6)**

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

7. Share capital

At 30 June 2018, the fully paid in and subscribed share capital consisted of 226,343,580 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 20 April 2017.
On 20 April 2018 the Assembly authorized (after revoking the current shares buy-back plan due to expire in October 2018) 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 2018 however no purchases of treasury shares have been made on the basis of this resolution.

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, 563,000 shares have been purchased at an average price of €13.914.

During the period have been exercised 1,204,080 performance stock grants rights. The Company transferred to the beneficiaries an equivalent number of treasury shares.

The total amount of treasury shares held at 30 June 2018 equals 6,514,383 or 2.878% 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	563,000	13.914	7,833
Transfers due to exercise of Performance Stock grants	(1,204,080)	8.816	(10,616)
Total at 30 June 2018	**6,514,383**	**8.816**	**57,434**

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 30 June 2018, was as follows:

(€ thousands)	30/06/2018 @ IFRS 2018	31/12/2017 @ IFRS 2017 (*)	Change
Liquid funds	(223,786)	(124,082)	(99,704)
Other financial assets	(12)	(19)	7
Eurobond 2013-2018	275,000	275,000	-
Payables for business acquisitions	8,961	9,468	(507)
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	378	1,156	(778)
Other financial payables	19,905	15,506	4,399
Non-*hedge* accounting derivative instruments	(6)	43	(49)
Short-term financial position	**80,440**	**177,072**	**(96,632)**
Private placement 2013-2025	111,511	108,397	3,114
Finance lease obligations	612	871	(259)
Other medium/long-term debt	135,000	15,074	119,926
Hedging derivatives	(10,619)	(7,504)	(3,115)
Medium/long-term acquisition payables	2,702	2,355	347
Net medium and long-term indebtedness	**239,206**	**119,193**	**120,013**
Net financial indebtedness	**319,646**	**296,265**	**23,381**

(*) 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)	30/06/2018 @ IFRS 2018
Private placement 2013-2025	111,511
Finance lease obligations	612
Other medium/long-term debt	135,000
Loan, private placement 2013-2025 and Eurobond fees	(314)
Medium/long-term financial liabilities	**246,809**

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

(€ thousands)	30/06/2018 @ IFRS 2018
Short term debt	19,020
Current portion of finance lease obligations	885
Other financial payables	**19,905**
Eurobond 2013-2018	275,000
Bank overdraft and other short-term debt (including current portion of other long-term debt)	378
Loan, private placement 2013-2025 and Eurobond fees	(94)
Short-term financial liabilities	**295,189**

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 €239,206 thousand at 30 June 2018 versus €119,193 thousand at 31 December 2017. The change of €120,013 thousand is strictly related to the utilization of the first part of the loans negotiated for the repayment of the Eurobond carried out on 16 July 2018.

The **short-term net financial position** has registered a variation of €96,632 thousand from a negative value of €177,072 thousand at 31 December 2017 to an always negative value of €80,440 thousand at 30 June 2018. The movement in the period is mainly linked to the increase in cash and cash equivalents determined by the transaction described in the previous point.

9. Financial liabilities

Financial liabilities break down as follows:

(€ thousands)	30/06/2018 @ IFRS 2018	31/12/2017 @ IFRS 2017 (*)	Change
Private placement 2013-2025	111,511	108,397	3,114
Other medium long-term debt	135,000	15,074	119,926
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(314)	(352)	38
Finance lease obligations	612	871	(259)
Total medium/long-term financial liabilities	**246,809**	**123,990**	**122,819**
Short-term debt:	295,189	291,381	3,808
- of which Eurobond 2013-2018	275,000	275,000	-
- of which loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(94)	(281)	187
- of which current-portion of lease obligations	885	1,080	(195)
Total short-term financial liabilities	**295,189**	**291,381**	**3,808**
Total financial liabilities	**541,998**	**415,371**	**126,627**

(*) 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 and repaid on 16 July 2018.

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	276,331	4.875%
	Total in Euro		**275,000**		**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	7,262	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	13,503	3.90%	3.42%
31/07/2013	Amplifon USA	31/07/2023	USD	52,000	57,001	4.51%	3.90%-3.94%
31/07/2013	Amplifon USA	31/07/2025	USD	50,000	56,654	4.66%	4.00%-4.05%
	Total			**130,000**	**143,171**		

(*) 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.

- *Payables to other medium-long term lenders*
  - *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 30 June 2018 had been completely 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 30 June 2018 €5 million had been utilized.

  - *Mediobanca loan*
    A €30 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 30 June 2018 had been completely 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 completely utilized.
- the €50 million bank loan 2017-2021 of which €5 million had been utilized 30 June 2018;
- the €30 million bank loan 2018-2022 completely utilized;
- 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.

The introduction of accounting standards IFRS 15 and IFRS 9 led to the change in some items that are the basis for the calculation of covenant indicators with consequent changes in the indices not linked to the Group's performance. The clauses in the various loan agreements allow the company to renegotiate the covenants in the event of changes in accounting principles, in order to obtain, mutatis mutandis, the same effects that would have occurred had these principles not been applied and, as long as such new indicators / covenants are not defined, they allow to calculate the covenants and indicators by applying the same accounting standards of the previous year.
The following table shows the values of the indicators with and without the application of the new principles.

	First Half 2018 @ IFRS 2018	First Half 2018 @ IFRS 2017 (*)
Net financial indebtedness	319,646	319,646
Group Net Equity	549,942	603,370
Net financial indebtedness/Group Net Equity	**0.58**	**0.53**
Net financial indebtedness	319,646	319,646
Group EBITDA for the last 4 quarters	228,292	230,577
Net financial indebtedness/EBITDA for the last 4 quarters	**1.40**	**1.39**

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

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)	First Half 2018 @ IFRS 2018	First Half 2018 @ IFRS 2017 (*)
Group EBITDA for the last 4 quarters	221,582	223,867
EBITDA normalised (from acquisitions and disposals)	434	434
Acquisitions and non-recurring costs	6,276	6,276
EBITDA for covenant calculation	228,292	230,577

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

With reference to the same contracts, other covenants are expected 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, issued in July 2013 and repaid in July 2018, was not subject to any covenants nor is the remaining €0.4 million in long term debt, including the short-term portion.

10. Tax

The tax rate reached 29.1% versus 37.6% in the comparison period, attributable mainly to the lower tax rate in the United States and to the benefit of the "Patent Box" regime recognized in Italy at the end of 2017. Net of the effect of losses recorded by the subsidiaries for which, in absence of the necessary assumptions, deferred tax assets are not recognized the tax rate would have been 26.2% (33.2% in the comparative period).

11. Non-recurring significant events

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

(€ thousands)		First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Operating costs	Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	-	(2,540)
Profit (loss) before tax		**-**	**(2,540)**
Tax	Fiscal impact of above mentioned items	-	802
Total		**-**	**(1,738)**

(*) 2017 as reported figures

12. 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 Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Net profit (loss) attributable to ordinary shareholders (€ thousand)	47,038	38,057
Average number of shares outstanding in the year	219,013,756	218,846,766
Average earnings per share (€ per share)	0.21477	0.17390

(*) 2017 as reported figures

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 Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Average number of shares outstanding in the year	219,013,756	218,846,766
Weighted average of potential and diluting ordinary shares	4,922,503	5,739,278
Weighted average of shares potentially subject to options in the period	223,936,259	224,586,044

(*) 2017 as reported figures

The diluted earnings per share were determined as follows:

Diluted earnings per share	First Half 2018 @ IFRS 2018	First Half 2017 @ IFRS 2017 (*)
Net profit attributable to ordinary shareholders (€ thousand)	47,038	38,057
Average number of shares outstanding in the period	223,936,259	224,586,044
Average diluted earnings per share (€)	0.21005	0.16945

(*) 2017 as reported figures

13. 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)	30/06/2018					First Half 2018 @ IFRS 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.	2	87					(1,090)	
Total – Parent Company	**2**	**87**	**-**	**-**	**-**	**-**	**(1,090)**	**-**
Comfoor BV (The Netherlands)	9	320				7	(1,464)	
Comfoor GmbH (Germany)		3					(19)	
Ruti Levinson Institute Ltd (Israel)	232					66	(11)	
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	94		21			220		
Total – Other related parties	**335**	**323**	**21**	**-**	**-**	**293**	**(1,494)**	**-**
Bardissi Import (Egypt)		296			48		(303)	
Meders (Turkey)		1,128					(525)	
Nevo (Israel)	53						(29)	
Ortophone (Israel)			8				(159)	
Moti Bahar (Israel)							(178)	
Asher Efrati (Israel)							(148)	
Arigcom (Israel)		7					(37)	
Tera (Israel)			22				(26)	
Total – Other related parties	**53**	**1,431**	**30**	**-**	**48**	**-**	**(1,405)**	**-**
Total	**390**	**1,841**	**51**	**-**	**48**	**293**	**(3,989)**	**-**
Total as per financial statement	**138,328**	**137,493**	**64,715**	**246,809**	**295,189**	**659,605**	**(551,065)**	**(9,088)**
% of financial statement total	**0.28%**	**1.34%**	**0.08%**	**0.00%**	**0.02%**	**0.04%**	**0.72%**	**0.00%**

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 company in Egypt by its minority shareholder and a long-term receivable payable by an affiliate in Israel.

14. Guarantees provided, commitments and contingent liabilities

Obligations

Obligations with regard to future fees amounted at 30 June 2018 to €316,979 thousand, of which €259,489 thousand relates to the lease of stores, €45,188 thousand relates to the rent of offices, €9,936 thousand relates to operating leasing of cars and €2,365 thousand relates to other operating leases. The average lease term is equal to 4.68 years.

Contingent liabilities and uncertainties

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

15. Financial risk management

The condensed consolidated interim financial statements at 30 June 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.

16. Translation of foreign companies' financial statements

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

	30 June 2018		2017	30 June 2017	
	Average	As at 30 June	31 December	Average	As at 30 June
Australian dollar	1.5688	1.5787	1.535	1.436	1.485
Canadian dollar	1.5457	1.5442	1.504	1.445	1.479
New Zealand dollar	1.6908	1.7247	1.685	1.530	1.555
Singapore dollar	1.6054	1.5896	1.602	1.521	1.571
US dollar	1.2104	1.1658	1.199	1.083	1.141
Hungarian florin	314.1128	329.77	310.330	309.421	308.970
Swiss franc	1.1697	1.1569	1.170	1.077	1.093
Egyptian lira	21.4584	20.866	21.331	19.448	20.644
Turkish lira	4.9566	5.3385	4.546	3.939	4.013
New Israeli shekel	4.2584	4.2627	4.164	3.964	3.989
Brazilian real	4.1415	4.4876	3.973	3.443	3.760
Indian rupee	79.4903	79.813	76.606	71.176	73.745
British pound	0.8798	0.8861	0.887	0.861	0.879
Polish zloty	4.2207	4.3732	4.177	4.269	4.226

17. 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 30 June 2018 (*)

	30/06/2018 @ IFRS 2018				
(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	390,497	83,117	234,298	-	707,912
Intangible fixed assets with finite useful life	137,475	17,234	48,928	-	203,637
Tangible fixed assets	120,224	4,092	21,947	-	146,263
Investments valued at equity	2,037	-	-	-	2,037
Financial assets measured at fair value through profit and loss	3	-	-	-	3
Hedging instruments	820	-	-	-	820
Deferred tax assets	58,449	499	5,105	-	64,053
Other assets	24,559	39,432	724	-	64,715
Total non-current assets					**1,189,440**
Current assets					
Inventories	38,490	160	2,334	-	40,984
Receivables	164,304	35,083	12,845	(5,124)	207,108
Hedging instruments	5	-	-	-	5
Other financial assets					12
Cash and cash equivalents					223,786
Total current assets					**471,895**
TOTAL ASSETS					**1,661,335**
LIABILITIES					
Net Equity					**550,215**
Non-current liabilities					
Medium/long-term financial liabilities					246,809
Provisions for risks and charges	14,173	27,593	946	-	42,712
Liabilities for employees' benefits	14,736	139	1,771	-	16,646
Hedging instruments	3,073	-	-	-	3,073
Deferred tax liabilities	34,113	15,640	12,258	-	62,011
Payables for business acquisitions	2,512	190	-	-	2,702
Other long-term debt	96,043	3,718	2,084	-	101,845
Total non-current liabilities					**475,798**
Current liabilities					
Trade payables	87,598	40,446	13,751	(5,117)	136,678
Payables for business acquisitions	8,602	359	-	-	8,961
Other payables	166,678	7,586	17,567	(7)	191,824
Provisions for risks and charges	2,156	-	-	-	2,156
Liabilities for employees' benefits	449	65	-	-	514
Short-term financial liabilities					295,189
Total current liabilities					**635,322**
TOTAL LIABILITIES					**1,661,335**

(*) 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 (*)

	31/12/2017 @ IFRS 2017				
(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	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 Half 2018 (*)

	First Half 2018 @ IFRS 2018				
(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	462,961	109,339	86,118	1,187	659,605
Operating costs	(381,897)	(88,481)	(62,843)	(17,844)	(551,065)
Other income and costs	922	(13)	361	139	1,409
Gross operating profit by segment (EBITDA)	**81,986**	**20,845**	**23,636**	**(16,518)**	**109,949**
Amortisation, depreciation and impairment					
Amortisation	(9,156)	(1,925)	(3,962)	(2,243)	(17,286)
Depreciation	(13,016)	(603)	(2,538)	(308)	(16,465)
Impairment and impairment reversals of non-current assets	(77)	-	(64)	-	(141)
	(22,249)	**(2,528)**	**(6,564)**	**(2,551)**	**(33,892)**
Operating result by segment	**59,737**	**18,317**	**17,072**	**(19,069)**	**76,057**
Financial income, charges and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	243	-	-	-	243
Other income and charges, impairment and revaluations of financial assets					(85)
Interest income and charges					(9,088)
Other financial income and charges					(413)
Exchange gains and losses					(440)
Gain (loss) on assets measured at fair value					(14)
					(9,797)
Net profit (loss) before tax					**66,260**
Tax					(19,273)
Total net profit (loss)					**46,987**
Minority interests					(51)
Net profit (loss) attributable to the Group					**47,038**

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

Income Statement – First Half 2017 (*)

	First Half 2017 @ IFRS 2017				
(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	418,527	116,460	87,989	804	623,780
Operating costs	(351,957)	(94,824)	(62,729)	(14,638)	(524,148)
Other income and costs	1,352	87	(108)	(105)	1,226
Gross operating profit by segment (EBITDA)	**67,922**	**21,723**	**25,152**	**(13,939)**	**100,858**
Amortisation, depreciation and impairment					
Amortisation	(6,668)	(1,940)	(4,402)	(2,168)	(15,178)
Depreciation	(12,075)	(524)	(2,146)	(215)	(14,960)
Impairment and impairment reversals of non-current assets	(223)	-	(71)	-	(294)
	(18,966)	**(2,464)**	**(6,619)**	**(2,383)**	**(30,432)**
Operating result by segment	**48,956**	**19,259**	**18,533**	**(16,322)**	**70,426**
Financial income, charges and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	197	-	-	-	197
Other income and charges, impairment and revaluations of financial assets					-
Interest income and charges					(9,045)
Other financial income and charges					(625)
Exchange gains and losses					(140)
Gain (loss) on assets measured at fair value					155
					(9,458)
Net profit (loss) before tax					**60,968**
Tax					(22,897)
Total net profit (loss)					**38,071**
Minority interests					14
Net profit (loss) attributable to the Group					**38,057**

(*) 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.

18. Accounting policies

18.1 Presentation of financial statements

The condensed consolidated interim financial statements at 30 June 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.

18.2 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	22 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.

18.3 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 30 June 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 14 "Guarantees, commitments and contingent liabilities" where the future commitments for operating lease are disclosed in accordance with the rules prescribed by the IAS 17 currently in use.

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 July 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.

19. Subsequent events

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

On July 23rd Amplifon signed a definitive agreement for the acquisition of GAES group. GAES is the largest privately-owned specialty hearing care retailer worldwide, with a leadership positioning in Spain, the tenth largest hearing aid retail market in the world. The company is also present in Portugal as well as in different Latin American countries. GAES operates a network of around 600 points of sale, of which around 500 are in Spain. In 2017 GAES Group posted revenues of around Euro 210 million and an adjusted EBITDA of around Euro 30 million.
The acquisition of GAES represents a key strategic transaction for Amplifon, allowing the Group to consolidate its global leadership. In addition, the combination, which will also allow for a greater diversification of Amplifon's business, is expected to generate significant synergies.
The transaction is currently expected to be completed by the end of Q4 2018 and is subject to the receipt of required antitrust clearance.
The equity value to be paid in cash amounts to Euro 528 million, with a net financial position expected to be around zero. Amplifon will finance the acquisition with a new bank financing fully underwritten by UniCredit S.p.A.

Always during July 2018 an additional 6 points of sale were purchased in France, Belgium, Germany, Spain and USA.

The exercise of performance stock grants continued in the period as a result of which, as at 26 July 2018, Amplifon transferred a total of 410,750 treasury shares to the beneficiaries. The treasury shares held at the date of this report, therefore, now total 6,103,633 or 2.697% of the Company's share capital.

Milan, 26 July 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 30 June 2018.

Parent company:

Company name	Head office	Currency	Share Capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,526,872

Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/06/2018
Hearing Supplies Srl	Milan (Italy)	D	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%
Centre de Surdité du Rousillon SAS	Perpignan (France)	I	EUR	213,429	100.0%
Voir et Entendre SAS	Lyon (France)	I	EUR	205,000	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%
Aides Auditives de France SAS	Clermont-Ferrand (France)	D	EUR	30,000	100.0%
Audio-Conseil SAS	Sedan (France)	D	EUR	100,000	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%
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
Electro Medical Instruments BV	Doesburg (The Netherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Panactiva SCRL	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%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/06/2018
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	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	3,343,580	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	47,000,200	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%
6793798 Manitoba Ltd	Winnipeg (Canada)	I	CAD	0	100.0%
Amplifon South America Holding LTDA	São Paulo (Brazil)	D	BRL	3,636,348	100.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	0	100.0%
Amplifon Asia Pacific Pte Limited	Singapore (Singapore)	I	SGD	1,000,000	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	0	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	0	100.0%
Amplifon India Pvt Ltd	Gurgaon (India)	I	INR	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 30/06/2018
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%
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)

We, the undersigned, Enrico Vita, Chief Executive Officer, and Gabriele Galli, Executive Responsible for Corporate Accounting Information for Amplifon S.p.A., taking into account the provisions of § 154-*bis*, paragraphs 3 and 4 of Law 58/98, certify:

- the adequacy, by reference to the characteristics of the business;
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during the period from 1st of January to 30th of June 2018.

We also certify that the interim consolidated financial statements at 30 June 2018:

- have been prepared in accordance with the international accounting standards recognized in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the underlying accounting entries and records;
- provides a true and fair view of the performance and financial position of the issuer and of all of the companies included in the consolidation.

The report on operations includes a reliable operating and financial review of the company and all the companies included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

Milan, 26 July 2018

CEO	**Executive Responsible for Corporate Accounting Information**
Enrico Vita	Gabriele Galli

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Amplifon SpA and its subsidiaries (the Amplifon Group) as of 30 June 2018, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in net equity, cash flow statement and related explanatory notes. The directors of Amplifon SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the Amplifon Group as of 30 June 2018 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 1 August 2018

PricewaterhouseCoopers SpA

Signed by

Massimo Rota
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.