Interim Financial Report as at 30 September 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 SEPTEMBER 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 nine months of 2018 Amplifon confirmed the growth trend for revenues in all the geographic areas in which the Group operates and the continuous improvement in profitability. The efficacy of the new marketing initiatives, the greater scale reached in core markets and increased operational efficiency were key to achieving these results.

The first nine months of the year closed with:
- turnover calculated based on the new accounting standard (IFRS 15), of €962,771 thousand. Based on the accounting standards applied in the prior year, turnover would have amounted to €967,594 thousand (+7.3% against the first nine months of the prior year and +10.4% at constant exchange rates)
- a gross operating margin (EBITDA) of €144,561 thousand, calculated based on the new accounting standard (IFRS 15). Based on the accounting standards applied in the prior year, EBITDA would have reached €148,352 thousand, 9.6% on a recurring basis higher than the first nine months of 2017 despite the adverse FX translation effect;
- net profit of €57,638 thousand based on the new accounting standards. Excluding the impact of the new standards, net profit would have come to €60,897 thousand (+28.1% on a recurring basis compared to the first nine months of the prior year).

Net financial debt amounted to €348,616 thousand at 30 September 2018, an increase of €52,351 thousand against 31 December 2017.
The increase in debt is the direct consequence of the acquisitions made in the period (€72,688 thousand, €24,853 thousand of which attributable to the advance payment made for the GAES acquisition), the payment of dividends to shareholders (€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 €50,801 thousand (versus €33,985 thousand in the first nine months of the prior year) after absorbing capital expenditure of €43,562 thousand (€44,164 thousand in the first nine months of 2017).

MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First nine months 2018 @ IFRS 2018				First nine months 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	962,771	-	962,771	100.0%	901,774	-	901,774	100.0%	6.8%
Gross operating margin (EBITDA)	150,565	(6,004)	144,561	15.6%	140,796	(3,912)	136,884	15.6%	6.9%
Operating result before amortisation and impairment of customer lists (EBITA)	114,294	(6,004)	108,290	11.9%	108,520	(3,912)	104,608	12.0%	5.3%
Operating income (EBIT)	98,810	(6,004)	92,806	10.3%	95,283	(3,912)	91,371	10.6%	3.7%
Profit (loss) before tax	86,763	(6,071)	80,692	9.0%	80,929	(3,912)	77,017	9.0%	7.2%
Group net profit (loss)	62,015	(4,377)	57,638	6.4%	50,947	(2,788)	48,159	5.6%	21.7%

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)				First nine months 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	967,594	-	967,594	100.0%	901,774	-	901,774	100.0%	7.3%
Gross operating margin (EBITDA)	154,356	(6,004)	148,352	16.0%	140,796	(3,912)	136,884	15.6%	9.6%
Operating result before amortisation and impairment of customer lists (EBITA)	118,086	(6,004)	112,082	12.2%	108,520	(3,912)	104,608	12.0%	8.8%
Operating income (EBIT)	102,601	(6,004)	96,597	10.6%	95,283	(3,912)	91,371	10.6%	7.7%
Profit (loss) before tax	90,555	(6,071)	84,484	9.4%	80,929	(3,912)	77,017	9.0%	11.9%
Group net profit (loss)	65,274	(4,377)	60,897	6.7%	50,947	(2,788)	48,159	5.6%	28.1%

(€ thousands)	30/09/2018 @ IFRS 2018	31/12/2017 @ IFRS 2017 (**)	Change
Financial data:			
Non-current assets	1,159,270	1,078,562	80,708
Net invested capital	909,543	884,683	24,860
Group net equity	560,719	588,681	(27,962)
Total net equity	560,927	588,418	(27,491)
Net financial indebtedness	348,616	296,265	52,351

(*) 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 nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Free cash flow	**50,801**	**33,985**
Cash flow generated from (absorbed by) business combinations	(72,688)	(82,984)
(Purchase) sale of other investments and securities	397	24
Cash flow provided by (used in) financing activities	(30,812)	(44,044)
Net cash flow from the period	**(52,302)**	**(93,019)**
Effect of discontinued operations on the net financial position	22	-
Effect of exchange rate fluctuations on the net financial position	(71)	(3,229)
Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations	**(52,351)**	**(96,248)**

(*) 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

	30/09/2018 @ IFRS 2018	30/09/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	30/09/2017 @ IFRS 2017 (**)
Net financial indebtedness (€ thousands)	348,616	348,616	296,265	320,669
Net Equity (€ thousands)	560,927	615,707	588,418	550,803
Group Net Equity (€ thousands)	560,719	615,499	588,681	550,610
Net financial indebtedness/Net Equity	0.62	0.57	0.50	0.58
Net financial indebtedness/Group Net Equity	0.62	0.57	0.50	0.58
Net financial indebtedness/EBITDA	1.52	1.49	1.35	1.54
EBITDA/Net financial charges	14.86	15.10	12.76	11.89
Earnings per share (EPS) (€)	0.26264	0.27749	0.45906	0.21991
Diluted EPS (€)	0.25733	0.27188	0.44779	0.21429
Earnings per share – Recurring operations (EPS) (€)	0.28258	0.29743	0.43369	0.23264
Diluted EPS – Recurring operations (€)	0.27687	0.29142	0.42302	0.22669
Group Net Equity per share (€)	2.541	2.789	2.686	2.508
Period-end price (€)	19.140	19.140	12.840	12.860
Highest price in period (€)	20.700	20.700	13.700	13.130
Lowest price in period (€)	12.590	12.590	8.415	8.415
Share price/net equity per share	7.532	6.862	4.781	5.128
Market capitalisation (€ millions)	4,332.22	4,332.22	2,906.08	2,910.03
Number of shares outstanding	220,661,807	220,661,807	219,174,784	219,539,643

(*) 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

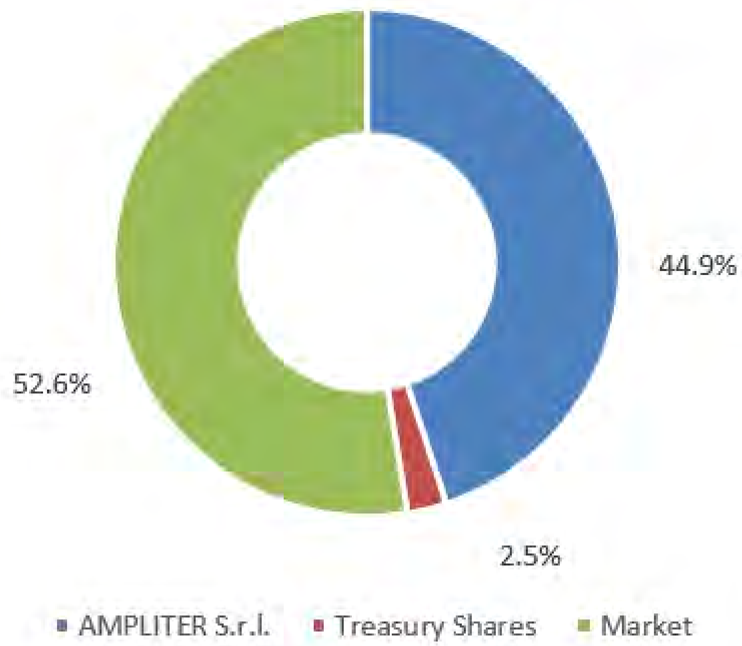
outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **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 September 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	5,681,813	2.5%	1.7%
Market	118,946,804	52.6%	36.4%
Total	**226,343,620 (*)**	**100.0%**	**100.0%**

(*) Number of shares related to the share capital registered with the "Registro delle Imprese" on 30 September 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 12 October 2018.

As at 30 September 2018 market capitalisation was €4,332.22 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 2 January 2018 – 28 September 2018, showed:

- average daily value: €5,726,197.54;
- average daily volume: 352,855 shares;
- total volume traded 67,042,360 shares or 30.38% of the total number of shares comprising company capital, net of treasury shares.

CONSOLIDATED INCOME STATEMENT

(€ thousands)	First nine months 2018 @ IFRS 2018				First nine months 2017 @ IFRS 2017 (*)				
	Recurring	Non-recurring (**)	Total	% on recurring	Recurring	Non-recurring (**)	Total	% on recurring	Change % on recurring
Revenues from sales and services	962,771	-	962,771	100.0%	901,774	-	901,774	100.0%	6.8%
Operating costs	(814,850)	(262)	(815,112)	-84.6%	(764,475)	(3,912)	(768,387)	-84.8%	-6.6%
Other costs and revenues	2,644	(5,742)	(3,098)	0.3%	3,497	-	3,497	0.4%	-24.4%
Gross operating profit (EBITDA)	**150,565**	**(6,004)**	**144,561**	**15.6%**	**140,796**	**(3,912)**	**136,884**	**15.6%**	**6.9%**
Depreciation and write-downs of non-current assets	(36,271)	-	(36,271)	-3.8%	(32,276)	-	(32,276)	-3.6%	-12.4%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**114,294**	**(6,004)**	**108,290**	**11.9%**	**108,520**	**(3,912)**	**104,608**	**12.0%**	**5.3%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(15,484)	-	(15,484)	-1.6%	(13,237)	-	(13,237)	-1.5%	-17.0%
Operating profit (EBIT)	**98,810**	**(6,004)**	**92,806**	**10.3%**	**95,283**	**(3,912)**	**91,371**	**10.6%**	**3.7%**
Income, expenses, valuation and adjustments of financial assets	253	-	253	0.0%	246	-	246	0.0%	2.8%
Net financial expenses	(11,689)	(67)	(11,756)	-1.2%	(14,274)	-	(14,274)	-1.6%	18.1%
Exchange differences and non-hedge accounting instruments	(611)	-	(611)	-0.1%	(326)	-	(326)	0.0%	-87.4%
Profit (loss) before tax	**86,763**	**(6,071)**	**80,692**	**9.0%**	**80,929**	**(3,912)**	**77,017**	**9.0%**	**7.2%**
Tax	(24,838)	1,694	(23,144)	-2.6%	(30,031)	1,124	(28,907)	-3.3%	17.3%
Net profit (loss)	**61,925**	**(4,377)**	**57,548**	**6.4%**	**50,898**	**(2,788)**	**48,110**	**5.6%**	**21.7%**
Profit (loss) of minority interests	(90)	-	(90)	0.0%	(49)	-	(49)	0.0%	-83.7%
Net profit (loss) attributable to the Group	**62,015**	**(4,377)**	**57,638**	**6.4%**	**50,947**	**(2,788)**	**48,159**	**5.6%**	**21.7%**

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

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)				First nine months 2017 @ IFRS 2017 (**)				
	Recurring	Non-recurring (***)	Total	% on recurring	Recurring	Non-recurring (***)	Total	% on recurring	Change % on recurring
Revenues from sales and services	967,594	-	967,594	100.0%	901,774	-	901,774	100.0%	7.3%
Operating costs	(815,882)	(262)	(816,144)	-84.3%	(764,475)	(3,912)	(768,387)	-84.8%	-6.7%
Other costs and revenues	2,644	(5,742)	(3,098)	0.3%	3,497	-	3,497	0.4%	-24.4%
Gross operating profit (EBITDA)	**154,356**	**(6,004)**	**148,352**	**16.0%**	**140,796**	**(3,912)**	**136,884**	**15.6%**	**9.6%**
Depreciation and write-downs of non-current assets	(36,270)	-	(36,270)	-3.7%	(32,276)	-	(32,276)	-3.6%	-12.4%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**118,086**	**(6,004)**	**112,082**	**12.2%**	**108,520**	**(3,912)**	**104,608**	**12.0%**	**8.8%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(15,485)	-	(15,485)	-1.6%	(13,237)	-	(13,237)	-1.5%	-17.0%
Operating profit (EBIT)	**102,601**	**(6,004)**	**96,597**	**10.6%**	**95,283**	**(3,912)**	**91,371**	**10.6%**	**7.7%**
Income, expenses, valuation and adjustments of financial assets	253	-	253	0.0%	246	-	246	0.0%	2.8%
Net financial expenses	(11,688)	(67)	(11,755)	-1.2%	(14,274)	-	(14,274)	-1.6%	18.1%
Exchange differences and non-hedge accounting instruments	(611)	-	(611)	-0.1%	(326)	-	(326)	0.0%	-87.4%
Profit (loss) before tax	**90,555**	**(6,071)**	**84,484**	**9.4%**	**80,929**	**(3,912)**	**77,017**	**9.0%**	**11.9%**
Tax	(25,371)	1,694	(23,677)	-2.6%	(30,031)	1,124	(28,907)	-3.3%	15.5%
Net profit (loss)	**65,184**	**(4,377)**	**60,807**	**6.7%**	**50,898**	**(2,788)**	**48,110**	**5.6%**	**28.1%**
Profit (loss) of minority interests	(90)	-	(90)	0.0%	(49)	-	(49)	0.0%	-83.7%
Net profit (loss) attributable to the Group	**65,274**	**(4,377)**	**60,897**	**6.7%**	**50,947**	**(2,788)**	**48,159**	**5.6%**	**28.1%**

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

(€ thousands)	Third Quarter 2018 @ IFRS 2018				Third Quarter 2017 @ IFRS 2017 (*)				
	Recurring	Non-recurring (**)	Total	% on recurring	Recurring	Non-recurring (**)	Total	% on recurring	Change % on recurring
Revenues from sales and services	303,167	-	303,167	100.0%	277,995	-	277,995	100.0%	9.1%
Operating costs	(263,785)	(262)	(264,047)	-87.0%	(242,866)	(1,373)	(244,239)	-87.4%	-8.6%
Other costs and revenues	1,234	(5,742)	(4,508)	0.4%	2,270	-	2,270	0.8%	-45.6%
Gross operating profit (EBITDA)	**40,616**	**(6,004)**	**34,612**	**13.4%**	**37,399**	**(1,373)**	**36,026**	**13.5%**	**8.6%**
Depreciation and write-downs of non-current assets	(12,579)	-	(12,579)	-4.1%	(10,797)	-	(10,797)	-3.9%	-16.5%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**28,037**	**(6,004)**	**22,033**	**9.2%**	**26,602**	**(1,373)**	**25,229**	**9.6%**	**5.4%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(5,284)	-	(5,284)	-1.7%	(4,284)	-	(4,284)	-1.5%	-23.3%
Operating profit (EBIT)	**22,753**	**(6,004)**	**16,749**	**7.5%**	**22,318**	**(1,373)**	**20,945**	**8.0%**	**1.9%**
Income, expenses, valuation and adjustments of financial assets	95	-	95	0.0%	50	-	50	0.0%	90.0%
Net financial expenses	(2,188)	(67)	(2,255)	-0.7%	(4,604)	-	(4,604)	-1.7%	52.5%
Exchange differences and non-hedge accounting instruments	(157)	-	(157)	-0.1%	(343)	-	(343)	-0.1%	54.2%
Profit (loss) before tax	**20,503**	**(6,071)**	**14,432**	**6.8%**	**17,421**	**(1,373)**	**16,048**	**6.3%**	**17.7%**
Tax	(5,565)	1,694	(3,871)	-1.8%	(6,331)	322	(6,009)	-2.3%	12.1%
Net profit (loss)	**14,938**	**(4,377)**	**10,561**	**4.9%**	**11,090**	**(1,051)**	**10,039**	**4.0%**	**34.7%**
Profit (loss) of minority interests	(38)	-	(38)	0.0%	(63)	-	(63)	0.0%	39.7%
Net profit (loss) attributable to the Group	**14,976**	**(4,377)**	**10,599**	**4.9%**	**11,153**	**(1,051)**	**10,102**	**4.0%**	**34.3%**

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

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)				Third Quarter 2017 @ IFRS 2017 (**)				
	Recurring	Non-recurring (***)	Total	% on recurring	Recurring	Non-recurring (***)	Total	% on recurring	Change % on recurring
Revenues from sales and services	304,842	-	304,842	100.0%	277,995	-	277,995	100.0%	9.7%
Operating costs	(263,955)	(262)	(264,217)	-86.6%	(242,866)	(1,373)	(244,239)	-87.4%	-8.7%
Other costs and revenues	1,235	(5,742)	(4,507)	0.4%	2,270	-	2,270	0.8%	-45.6%
Gross operating profit (EBITDA)	**42,122**	**(6,004)**	**36,118**	**13.8%**	**37,399**	**(1,373)**	**36,026**	**13.5%**	**12.6%**
Depreciation and write-downs of non-current assets	(12,579)	-	(12,579)	-4.1%	(10,797)	-	(10,797)	-3.9%	-16.5%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**29,543**	**(6,004)**	**23,539**	**9.7%**	**26,602**	**(1,373)**	**25,229**	**9.6%**	**11.1%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(5,284)	-	(5,284)	-1.7%	(4,284)	-	(4,284)	-1.5%	-23.3%
Operating profit (EBIT)	**24,259**	**(6,004)**	**18,255**	**8.0%**	**22,318**	**(1,373)**	**20,945**	**8.0%**	**8.7%**
Income, expenses, valuation and adjustments of financial assets	95	-	95	0.0%	50	-	50	0.0%	90.0%
Net financial expenses	(2,188)	(67)	(2,255)	-0.7%	(4,604)	-	(4,604)	-1.7%	52.5%
Exchange differences and non-hedge accounting instruments	(157)	-	(157)	-0.1%	(343)	-	(343)	-0.1%	54.2%
Profit (loss) before tax	**22,009**	**(6,071)**	**15,938**	**7.2%**	**17,421**	**(1,373)**	**16,048**	**6.3%**	**26.3%**
Tax	(5,920)	1,694	(4,226)	-1.9%	(6,331)	322	(6,009)	-2.3%	6.5%
Net profit (loss)	**16,089**	**(4,377)**	**11,712**	**5.3%**	**11,090**	**(1,051)**	**10,039**	**4.0%**	**45.1%**
Profit (loss) of minority interests	(38)	-	(38)	0.0%	(63)	-	(63)	0.0%	39.7%
Net profit (loss) attributable to the Group	**16,127**	**(4,377)**	**11,750**	**5.3%**	**11,153**	**(1,051)**	**10,102**	**4.0%**	**44.6%**

(*) 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
(***) 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 nine months 2018 @ IFRS 2018	First nine months 2018 @ IFRS 2017 (*)	First nine months 2017 @ IFRS 2017 (**)
Cost related to GAES acquisition	(6,004)	(6,004)	-
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	-	-	(3,912)
Impact of the non-recurring items on EBITDA	**(6,004)**	**(6,004)**	**(3,912)**
Impact of the non-recurring items on EBIT	**(6,004)**	**(6,004)**	**(3,912)**
Financial expenses related to the financing of GAES acquisition	(67)	(67)	-
Impact of the non-recurring items pre-tax	**(6,071)**	**(6,071)**	**(3,912)**
Impact of the above items on the tax burden of the period	1,694	1,694	1,124
Impact of the non-recurring items on total net result	**(4,377)**	**(4,377)**	**(2,788)**

(€ thousands)	Third Quarter 2018 @ IFRS 2018	Third Quarter 2018 @ IFRS 2017 (*)	Third Quarter 2017 @ IFRS 2017 (**)
Cost related to GAES acquisition	(6,004)	(6,004)	-
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	-	-	(1,373)
Impact of the non-recurring items on EBITDA	**(6,004)**	**(6,004)**	**(1,373)**
Impact of the non-recurring items on EBIT	**(6,004)**	**(6,004)**	**(1,373)**
Financial expenses related to the financing of GAES acquisition	(67)	(67)	-
Impact of the non-recurring items pre-tax	**(6,071)**	**(6,071)**	**(1,373)**
Impact of the above items on the tax burden of the period	1,694	1,694	322
Impact of the non-recurring items on total net result	**(4,377)**	**(4,377)**	**(1,051)**

(*) 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)	30/09/2018 @ IFRS 2018	30/09/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
Goodwill	713,886	712,714	684,635	29,251
Non-competition agreements, trademarks, customer lists and lease rights	146,711	146,711	143,373	3,338
Software, licences, other intangible fixed assets, fixed assets in progress and advances	56,389	56,389	56,583	(194)
Tangible assets	149,812	149,812	143,003	6,809
Financial fixed assets (1)	67,669	67,669	43,392	24,277
Other non-current financial assets (1)	24,803	6,585	7,576	17,227
Non-current assets	**1,159,270**	**1,139,880**	**1,078,562**	**80,708**
Inventories	45,719	45,719	37,081	8,638
Trade receivables	133,261	133,304	132,792	469
Other receivables	73,332	62,464	47,584	25,748
Current assets (A)	**252,312**	**241,487**	**217,457**	**34,855**
Operating assets	**1,411,582**	**1,381,367**	**1,296,019**	**115,563**
Trade payables	(135,318)	(136,276)	(137,401)	2,083
Other payables (2)	(187,942)	(130,763)	(133,423)	(54,519)
Provisions for risks and charges (current portion)	(1,892)	(2,938)	(4,055)	2,163
Current liabilities (B)	**(325,152)**	**(269,977)**	**(274,879)**	**(50,273)**
Net working capital (A) - (B)	**(72,840)**	**(28,490)**	**(57,422)**	**(15,418)**
Derivative instruments (3)	(12,886)	(12,886)	(9,866)	(3,020)
Deferred tax assets	66,386	48,104	45,300	21,086
Deferred tax liabilities	(64,796)	(63,673)	(60,044)	(4,752)
Provisions for risks and charges (non-current portion)	(43,995)	(66,472)	(65,390)	21,395
Liabilities for employees' benefits (non-current portion)	(17,003)	(17,003)	(16,717)	(286)
Loan fees (4)	371	371	632	(261)
Other non-current payables	(104,964)	(35,508)	(30,372)	(74,592)
NET INVESTED CAPITAL	**909,543**	**964,323**	**884,683**	**24,860**
Group net equity	560,719	615,499	588,681	(27,962)
Minority interests	208	208	(263)	471
Total net equity	**560,927**	**615,707**	**588,418**	**(27,491)**
Net medium and long-term financial indebtedness (4)	300,972	300,972	119,193	181,779
Net short-term financial indebtedness (4)	47,644	47,644	177,072	(129,428)
Total net financial indebtedness	**348,616**	**348,616**	**296,265**	**52,351**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	**909,543**	**964,323**	**884,683**	**24,860**

(*) 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 nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Operating profit (EBIT)	**92,806**	**91,371**
Amortization, depreciation and write down	51,755	45,513
Provisions, other non-monetary items and gain/losses from disposals	12,734	19,571
Net financial expenses	(11,687)	(13,566)
Taxes paid	(27,423)	(32,996)
Changes in net working capital	(25,154)	(33,101)
Cash flow generated from (absorbed by) operating activities (A)	**93,031**	**76,792**
Cash flow generated from (absorbed by) operating investing activities (B)	(42,230)	(42,807)
Free cash flow (A+B)	**50,801**	**33,985**
Net cash flow generated from (absorbed by) business combinations (C)	(72,688)	(82,984)
(Purchase) sale of other investments and securities (D)	397	24
Cash flow generated from (absorbed by) investing activities (B+C+D)	**(114,521)**	**(125,767)**
Cash flow generated from (absorbed by) operating and investing activities	**(21,490)**	**(48,975)**
Dividends	(24,079)	(15,292)
Fees paid on medium/long-term financing	(146)	(75)
Treasury shares	(7,833)	(27,793)
Capital increases, third parties' contributions, dividends paid to third parties by subsidiaries	26	103
Hedging instruments and other changes in non-current assets	1,220	(987)
Net cash flow from the period	**(52,302)**	**(93,019)**
Net financial indebtedness at the beginning of the period	**(296,265)**	**(224,421)**
Effect of discontinued operations on financial position	22	-
Effect of exchange rate fluctuations on financial position	(71)	(3,229)
Change in net financial position	(52,302)	(93,019)
Net financial indebtedness at the end of the period	**(348,616)**	**(320,669)**

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

(€ thousands)	First nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Free cash flow	**50,801**	**33,985**
Free cash flow generated by non-recurring transactions (see page 53 for details)	(206)	(821)
Free cash flow generated by recurring transactions	**51,007**	**34,806**

(*) 2017 as reported figures

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area (*)

(€ thousands)	First nine months 2018 @ IFRS 2018				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	661,423	168,023	131,585	1,740	962,771
Operating costs	(554,681)	(135,914)	(96,927)	(27,590)	(815,112)
Other costs and revenues	2,134	168	285	(5,685)	(3,098)
Gross operating profit (EBITDA)	**108,876**	**32,277**	**34,943**	**(31,535)**	**144,561**
Depreciation and write-downs of non-current assets	(23,169)	(3,340)	(5,883)	(3,879)	(36,271)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**85,707**	**28,937**	**29,060**	**(35,414)**	**108,290**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(10,676)	(504)	(4,208)	(96)	(15,484)
Operating profit (EBIT)	**75,031**	**28,433**	**24,852**	**(35,510)**	**92,806**
Income, expenses, valuation and adjustments of financial assets					253
Net financial expenses					(11,756)
Exchange differences and non-hedge accounting instruments					(611)
Profit (loss) before tax					**80,692**
Tax					(23,144)
Net profit (loss)					**57,548**
Profit (loss) of minority interests					(90)
Net profit (loss) attributable to the Group					**57,638**

(€ thousands)	First nine months 2018 @ IFRS 2018 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	661,423	168,023	131,585	1,740	962,771
Gross operating profit (EBITDA)	108,876	32,277	34,943	(25,531)	150,565
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	85,707	28,937	29,060	(29,410)	114,294
Operating profit (EBIT)	75,031	28,433	24,852	(29,506)	98,810
Profit (loss) before tax					86,763
Net profit (loss) attributable to the Group					62,015

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

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

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

(*) 2017 as reported figures

(€ thousands)	Third Quarter 2018 @ IFRS 2018				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	198,462	58,684	45,467	554	303,167
Operating costs	(172,783)	(47,433)	(34,085)	(9,746)	(264,047)
Other costs and revenues	1,211	181	(76)	(5,824)	(4,508)
Gross operating profit (EBITDA)	**26,890**	**11,432**	**11,306**	**(15,016)**	**34,612**
Depreciation and write-downs of non-current assets	(7,936)	(1,141)	(2,141)	(1,361)	(12,579)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**18,954**	**10,291**	**9,165**	**(16,377)**	**22,033**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(3,659)	(175)	(1,386)	(64)	(5,284)
Operating profit (EBIT)	**15,295**	**10,116**	**7,779**	**(16,441)**	**16,749**
Income, expenses, valuation and adjustments of financial assets					95
Net financial expenses					(2,255)
Exchange differences and non-hedge accounting instruments					(157)
Profit (loss) before tax					**14,432**
Tax					(3,871)
Net profit (loss)					**10,561**
Profit (loss) of minority interests					(38)
Net profit (loss) attributable to the Group					**10,599**

(€ thousands)	Third Quarter 2018 @ IFRS 2018 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	198,462	58,684	45,467	554	303,167
Gross operating profit (EBITDA)	26,890	11,432	11,306	(9,012)	40,616
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	18,954	10,291	9,165	(10,373)	28,037
Operating profit (EBIT)	15,295	10,116	7,779	(10,437)	22,753
Profit (loss) before tax					20,503
Net profit (loss) attributable to the Group					14,976

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

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

(*) 2017 as reported figures

Revenues from sales and services

(€ thousands)	First nine months 2018 @ IFRS 2018	First nine months 2018 @ IFRS 2017 (*)	First nine months 2017 @ IFRS 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Revenues from sales and services	**962,771**	**967,594**	**901,774**	**65,820**	**7.3%**

(€ thousands)	Third Quarter 2018 @ IFRS 2018	Third Quarter 2018 @ IFRS 2017 (*)	Third Quarter 2017 @ IFRS 2017 (**)	Change @ IFRS 2017	Change % @ IFRS 2017
Revenues from sales and services	**303,167**	**304,842**	**277,995**	**26,847**	**9.7%**

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

Consolidated revenues from sales and services, determined based on the new IFRS 15, amounted to €962,771 thousand in the first nine months of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €967,594 thousand, an increase of €65,820 thousand (+7.3%) against the comparison period explained for €62,000 thousand (+6.9%) by organic growth, including the contribution of the newly opened stores, for €31,561 thousand (+3.5%) by acquisitions, net of the Direito de Ouvir Amplifon Brasil SA disposal, while the foreign exchange differences had a negative impact of €27,741 thousand (-3.1%).

In the third quarter alone, consolidated revenues from sales and services determined based on the new IFRS 15 amounted to €303,167 thousand. Based on the same accounting standards applied in the prior year, revenues would have amounted to €304,842 thousand, an increase of €26,847 thousand (+9.7%) against the comparison period explained for €21,625 thousand (+7.8%) by organic growth, including the contribution of the newly opened stores, for €8,492 thousand (+3.1%) by acquisitions, while the foreign exchange differences had a negative impact of €3,270 thousand (-1.2%).

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

(€ thousands)	First nine months 2018 @ IFRS 2018	%	First nine months 2018 @ IFRS 2017 (*)	%	First nine months 2017 @ IFRS 2017 (**)	%	Change @ IFRS 2017	Change %	Exchange diff.	Change % in local currency
EMEA	661,423	68.7%	664,930	68.7%	595,097	66.0%	69,833	11.7%	(3,943)	12.4%
Americas	168,023	17.5%	169,447	17.5%	171,593	19.0%	(2,146)	-1.3%	(12,069)	5.7%
Asia Pacific	131,585	13.7%	131,477	13.6%	133,997	14.9%	(2,520)	-1.9%	(11,729)	6.9%
Corporate	1,740	0.1%	1,740	0.2%	1,087	0.1%	653	60.1%		
Total	**962,771**	**100.0%**	**967,594**	**100.0%**	**901,774**	**100.0%**	**65,820**	**7.3%**	**(27,741)**	**10.4%**

(*) 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%**
III quarter	198,462	199,121	176,570	22,551	12.8%
First nine months	**661,423**	**664,930**	**595,097**	**69,833**	**11.7%**

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

Revenues from sales and services, determined based on the new IFRS 15, amounted to €661,423 thousand in the first nine months of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €664,930 thousand, an increase of €69,833 thousand (+11.7%) against the comparison period explained for €43,437 thousand (+7.3%) by organic growth, including the contribution of the newly opened stores, and for €30,339 thousand (+5.1%) by acquisitions, while the foreign exchange differences had a negative impact of €3,943 thousand (-0.7%).

In Italy solid revenue growth continued, supported by the launch of the new Amplifon brand products and the digital ecosystem, as well as the new integrated marketing and communication campaigns. In France and Germany revenues, once again, showed strong growth with respect to the prior year driven by both excellent organic growth and significant M&A activity. An excellent performance was posted in the Iberian Peninsula, supported mainly by double digit organic growth, which was also recorded in the Netherlands and Belgium.

In the third quarter alone, consolidated revenues from sales and services determined based on the new IFRS 15 amounted to €198,462 thousand. Based on the same accounting standards applied in the prior year, revenues would have amounted to €199,121 thousand, an increase of €22,551 thousand (+12.8%) against the comparison period explained for €14,843 thousand (+8.5%) by organic growth, including the contribution of the newly opened stores, for €8,184 thousand (+4.6%) by acquisitions, while the foreign exchange differences had a negative impact of €476 thousand (-0.3%).

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%**
III quarter	58,684	59,734	55,133	4,601	8.3%
First nine months	**168,023**	**169,447**	**171,593**	**(2,146)**	**-1.3%**

(*) 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 €168,023 thousand in the first nine months of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €169,447 thousand, a decrease of €2,146 thousand (-1.3%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €12,069 thousand (-7.0%) that entirely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €8,702 thousand (+5.0%) and acquisitions of €1,221 thousand (+0.7%), net of the Direito de Ouvir Amplifon Brasil SA disposal.

Despite the particularly challenging comparison period, Americas reported higher revenues in local currency. In addition to the contributions of acquisitions, primarily in Canada, a trend of robust organic growth was recorded in the United States driven by the solid performance of Miracle-Ear and Amplifon Hearing Health Care.

In the third quarter alone, consolidated revenues from sales and services determined based on the new IFRS 15 amounted to €58,684 thousand. Based on the same accounting standards applied in the prior year, revenues would have amounted to €59,734 thousand, an increase of €4,601 thousand (+8.3%) against the comparison period explained for €3,769 thousand (+6.8%) by organic growth, including the contribution of the newly opened stores, for €308 thousand (+0.6%) by acquisitions, while the foreign exchange differences which had a positive impact of €524 thousand (+0.9%).

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%**
III quarter	45,467	45,434	46,008	(574)	-1.2%
First nine months	**131,585**	**131,477**	**133,997**	**(2,520)**	**-1.9%**

(*) 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 €131,585 thousand in the first nine months of 2018.
Based on the same accounting standards applied in the prior year, revenues would have amounted to €131,477 thousand, a decrease of €2,520 thousand (-1.9%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €11,729 thousand (-8.8%) that entirely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €9,209 thousand (+6.9%).

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 third quarter alone, consolidated revenues from sales and services determined based on the new IFRS 15, amounted to €45,467 thousand. Based on the same accounting standards applied in the prior year, revenues would have amounted to €45,434 thousand, a decrease of €574 thousand (-1.2%) against the comparison period attributable to the foreign exchange differences which had a negative impact of €3,318 thousand (-7.2%) that entirely offset the positive impact of organic growth which, including the contribution of the newly opened stores, reached €2,744 thousand (+6.0%).

Gross operating profit (EBITDA)

(€ thousands)	First nine months 2018 @ IFRS 2018			First nine months 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	**150,565**	**(6,004)**	**144,561**	**140,796**	**(3,912)**	**136,884**

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)			First nine months 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	**154,356**	**(6,004)**	**148,352**	**140,796**	**(3,912)**	**136,884**

(€ thousands)	Third Quarter 2018 @ IFRS 2018			Third Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	**40,616**	**(6,004)**	**34,612**	**37,399**	**(1,373)**	**36,026**

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)			Third Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	**42,122**	**(6,004)**	**36,118**	**37,399**	**(1,373)**	**36,026**

(*) 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 €144,561 thousand (with an EBITDA margin of 15.0%) in the first nine months of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €148,352 thousand, an increase against the comparison period of €11,468 thousand (+8.4%) after the negative foreign exchange differences of €5,958 thousand. The EBITDA margin would have reached 15.3%, an increase of 0.1 p.p. with respect to the comparison period.

In the third quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €34,612 thousand (with an EBITDA margin of 11.4%).
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €36,118 thousand, an increase against the comparison period of €92 thousand (+0.3%) after the negative foreign exchange differences of €660 thousand. The EBITDA margin would have reached 11.8%, a decrease of 1.2 p.p. with respect to the comparison period.

The result posted in the period was impacted by the non-recurring costs of €6,004 thousand incurred relating to the GAES acquisition, while non-recurring costs of €3,912 thousand (€1,373

thousand in the third quarter) relating to the integration of the AudioNova businesses acquired in France and in Portugal were reported in the 2017 comparison period.
Net of these items, excluding the impact of IFRS 15 application, the increase in EBITDA would have reached €13,560 thousand (+9.6%) for the first nine months of the year and €4,723 thousand (+12.6%) for the third quarter alone with a margin of 16.0% for the first nine months of the year (+0.4 p.p. against the comparison period) and of 13.8% for the third quarter alone (+0.3 p.p. against the comparison period).

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	First nine months 2018 @ IFRS 2018	EBITDA Margin	First nine months 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	108,876	16.5%	86,322	14.5%	22,554	26.1%
Americas	32,277	19.2%	33,535	19.5%	(1,258)	-3.8%
Asia Pacific	34,943	26.6%	38,308	28.6%	(3,365)	-8.8%
Corporate (***)	(31,535)	-3.3%	(21,281)	-2.4%	(10,254)	-48.2%
Total	**144,561**	**15.0%**	**136,884**	**15.2%**	**7,677**	**5.6%**

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)	EBITDA Margin	First nine months 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	111,902	16.8%	86,322	14.5%	25,580	29.6%
Americas	33,175	19.6%	33,535	19.5%	(360)	-1.1%
Asia Pacific	34,810	26.5%	38,308	28.6%	(3,498)	-9.1%
Corporate (***)	(31,535)	-3.3%	(21,281)	-2.4%	(10,254)	-48.2%
Total	**148,352**	**15.3%**	**136,884**	**15.2%**	**11,468**	**8.4%**

(€ thousands)	Third Quarter 2018 @ IFRS 2018	EBITDA Margin	Third Quarter 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	26,890	13.5%	18,400	10.4%	8,490	46.1%
Americas	11,432	19.5%	11,812	21.4%	(380)	-3.2%
Asia Pacific	11,306	24.9%	13,156	28.6%	(1,850)	-14.1%
Corporate (***)	(15,016)	-5.0%	(7,342)	-2.6%	(7,674)	-104.5%
Total	**34,612**	**11.4%**	**36,026**	**13.0%**	**(1,414)**	**-3.9%**

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)	EBITDA Margin	Third Quarter 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	27,612	13.9%	18,400	10.4%	9,212	50.1%
Americas	12,259	20.5%	11,812	21.4%	447	3.8%
Asia Pacific	11,264	24.8%	13,156	28.6%	(1,892)	-14.4%
Corporate (***)	(15,017)	-4.9%	(7,342)	-2.6%	(7,675)	-104.5%
Total	**36,118**	**11.8%**	**36,026**	**13.0%**	**92**	**0.3%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures
(***) the 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 nine months 2018 @ IFRS 2018	EBITDA Margin	First nine months 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	108,876	16.5%	90,234	15.2%	18,642	20.7%
Americas	32,277	19.2%	33,535	19.5%	(1,258)	-3.8%
Asia Pacific	34,943	26.6%	38,308	28.6%	(3,365)	-8.8%
Corporate (***)	(25,531)	-2.7%	(21,281)	-2.4%	(4,250)	-20.0%
Total	**150,565**	**15.6%**	**140,796**	**15.6%**	**9,769**	**6.9%**

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)	EBITDA Margin	First nine months 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	111,902	16.8%	90,234	15.2%	21,668	24.0%
Americas	33,175	19.6%	33,535	19.5%	(360)	-1.1%
Asia Pacific	34,810	26.5%	38,308	28.6%	(3,498)	-9.1%
Corporate (***)	(25,531)	-2.6%	(21,281)	-2.4%	(4,250)	-20.0%
Total	**154,356**	**16.0%**	**140,796**	**15.6%**	**13,560**	**9.6%**

(€ thousands)	Third Quarter 2018 @ IFRS 2018	EBITDA Margin	Third Quarter 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	26,890	13.5%	19,773	11.2%	7,117	36.0%
Americas	11,432	19.5%	11,812	21.4%	(380)	-3.2%
Asia Pacific	11,306	24.9%	13,156	28.6%	(1,850)	-14.1%
Corporate (***)	(9,012)	-3.0%	(7,342)	-2.6%	(1,670)	-22.7%
Total	**40,616**	**13.4%**	**37,399**	**13.5%**	**3,217**	**8.6%**

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)	EBITDA Margin	Third Quarter 2017 @ IFRS 2017 (**)	EBITDA Margin	Change	Change %
EMEA	27,612	13.9%	19,773	11.2%	7,839	39.6%
Americas	12,259	20.5%	11,812	21.4%	447	3.8%
Asia Pacific	11,264	24.8%	13,156	28.6%	(1,892)	-14.4%
Corporate (***)	(9,013)	-3.0%	(7,342)	-2.6%	(1,671)	-22.8%
Total	**42,122**	**13.8%**	**37,399**	**13.5%**	**4,723**	**12.6%**

(*) 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

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €108,876 thousand (with an EBITDA margin of 16.5%) in the first nine months of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €111,902 thousand, an increase against the comparison period of €25,580 thousand (+29.6%) after the negative foreign exchange differences of €458 thousand. The EBITDA margin would have reached 16.8%, an increase of 2.3 p.p. with respect to the comparison period.

In the third quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €26,890 thousand (with an EBITDA margin of 13.5%).
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €27,612 thousand, an increase against the comparison period of €9,212 thousand (+50.1%) after the positive foreign exchange differences of €49 thousand. The EBITDA margin would have reached 13.9%, an increase of 3.5 p.p. with respect to the comparison period.

The result posted in the comparison period was impacted by non-recurring costs of €3,912 thousand (€1,373 thousand in the third quarter) 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 EBITDA would have reached €21,668 thousand (+24.0%) for the first nine months of the year and €7,839 thousand (+39.6%) for the third quarter alone with a margin of 16.8% for the first nine months of the year (+1.6 p.p. against the comparison period) and of 13.9% for the third quarter alone (+2.7 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 a few core markets.

Americas

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €32,277 thousand (with an EBITDA margin of 19.2%) in the first nine months of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €33,175 thousand, a decrease against the comparison period of €360 thousand (-1.1%) after the negative foreign exchange differences of €2,406 thousand. The EBITDA margin would have reached 19.6%, showing an increase of 0.1 p.p. against the particularly challenging comparison base, explained primarily by operational efficiency.

In the third quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €11,432 thousand (with an EBITDA margin of 19.5%).
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €12,259 thousand, an increase against the comparison period of €447 thousand (+3.8%) after the positive foreign

exchange differences of €107 thousand. The EBITDA margin would have reached 20.5%, a decrease of 0.9 p.p. with respect to the comparison period.

Asia Pacific

Gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €34,943 thousand (with an EBITDA margin of 26.6%) in the first nine months of 2018.
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €34,810 thousand, a decrease against the comparison period of €3,498 thousand (-9.1%) after the negative foreign exchange differences of €3,109 thousand. The EBITDA margin would have reached 26.5%, a decrease of 2.1 p.p. with respect to the comparison period.

In the third quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 15, amounted to €11,306 thousand (with an EBITDA margin of 24.9%).
Excluding the impact of IFRS 15 application, EBITDA would have amounted to €11,264 thousand, a decrease against the comparison period of €1,892 thousand (-14.4%) after the negative foreign exchange differences of €818 thousand. The EBITDA margin would have reached 24.8%, a decrease of 3.8 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 €31,535 thousand in the first nine months of 2018 (3.3% of the revenues generated by the Group’s sales and services), an increase of €10,254 thousand with respect to the same period of the prior year.

In the third quarter alone, centralized corporate costs amounted to €15,016 thousand (5.0% of the revenues generated by Group’s sales and services), an increase of €7,674 thousand with respect to the comparison period.

The result posted in the period was impacted by the non-recurring costs of €6,004 thousand incurred relating to the GAES acquisition. Net of this item the centralized corporate costs amounted to €4,250 thousand in the first nine months of the year and to €1,670 thousand in the third quarter alone reaching 2.6% of the revenues generated by the Group’s sales and services in the first nine months of the year and 3.0% in the third quarter alone.

Operating profit (EBIT)

(€ thousands)	First nine months 2018 @ IFRS 2018			First nine months 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (EBIT)	**98,810**	**(6,004)**	**92,806**	**95,283**	**(3,912)**	**91,371**

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)			First nine months 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (EBIT)	**102,601**	**(6,004)**	**96,597**	**95,283**	**(3,912)**	**91,371**

(€ thousands)	Third Quarter 2018 @ IFRS 2018			Third Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (EBIT)	**22,753**	**(6,004)**	**16,749**	**22,318**	**(1,373)**	**20,945**

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)			Third Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (EBIT)	**24,259**	**(6,004)**	**18,255**	**22,318**	**(1,373)**	**20,945**

(*) 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 €92,806 thousand (with an EBIT margin of 9.6%) in the first nine months of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €96,597 thousand, an increase against the comparison period of €5,226 thousand (+5.7%) after the negative foreign exchange differences of €4,636 thousand. The EBIT margin would have come to 10.0%, a drop of 0.1 p.p. with respect to the comparison period.

In the third quarter alone operating profit (EBIT), determined based on the new IFRS 15, amounted to €16,749 thousand (with an EBIT margin of 5.5%).
Excluding the impact of IFRS 15 application, EBIT would have reached €18,255 thousand, a decrease against the comparison period of €2,690 thousand (-12.8%) after the negative foreign exchange differences of €278 thousand. The EBIT margin would have come to 6.0%, a drop of 1.5 p.p. against the comparison period.

The result posted in the period was impacted by the non-recurring costs of €6,004 thousand incurred relating to the GAES acquisition, while non-recurring costs of €3,912 thousand (€1,373

thousand in the third quarter) relating to the integration of the AudioNova businesses acquired in France and in Portugal were reported in the 2017 comparison period.
Net of these items, excluding the impact of IFRS 15 application, the increase in EBIT would have reached €7,318 thousand (+7.7%) for the first nine months of the year and €1,941 thousand (+8.7%) for the third quarter alone with a margin of 10.6% for the first nine months of the year and of 8.0% for the third quarter alone (largely unchanged with respect to the comparison period).

The change is basically in line with the change in EBITDA described above.

The following table shows the breakdown of EBIT by segment.

(€ thousands)	First nine months 2018 @ IFRS 2018	EBIT Margin	First nine months 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	75,031	11.3%	57,435	9.7%	17,596	30.6%
Americas	28,433	16.9%	29,928	17.4%	(1,495)	-5.0%
Asia Pacific	24,852	18.9%	28,791	21.5%	(3,939)	-13.7%
Corporate (***)	(35,510)	-3.7%	(24,783)	-2.7%	(10,727)	-43.3%
Total	**92,806**	**9.6%**	**91,371**	**10.1%**	**1,435**	**1.6%**

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)	EBIT Margin	First nine months 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	78,057	11.7%	57,435	9.7%	20,622	35.9%
Americas	29,331	17.3%	29,928	17.4%	(597)	-2.0%
Asia Pacific	24,719	18.8%	28,791	21.5%	(4,072)	-14.1%
Corporate (***)	(35,510)	-3.7%	(24,783)	-2.7%	(10,727)	-43.3%
Total	**96,597**	**10.0%**	**91,371**	**10.1%**	**5,226**	**5.7%**

(€ thousands)	Third Quarter 2018 @ IFRS 2018	EBIT Margin	Third Quarter 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	15,295	7.7%	8,479	4.8%	6,816	80.4%
Americas	10,116	17.2%	10,670	19.4%	(554)	-5.2%
Asia Pacific	7,779	17.1%	10,258	22.3%	(2,479)	-24.2%
Corporate (***)	(16,441)	-5.4%	(8,462)	-3.0%	(7,979)	-94.3%
Total	**16,749**	**5.5%**	**20,945**	**7.5%**	**(4,196)**	**-20.0%**

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)	EBIT Margin	Third Quarter 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	16,017	8.0%	8,479	4.8%	7,538	88.9%
Americas	10,943	18.3%	10,670	19.4%	273	2.6%
Asia Pacific	7,736	17.0%	10,258	22.3%	(2,522)	-24.6%
Corporate (***)	(16,441)	-5.4%	(8,462)	-3.0%	(7,979)	-94.3%
Total	**18,255**	**6.0%**	**20,945**	**7.5%**	**(2,690)**	**-12.8%**

(*) 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 nine months 2018 @ IFRS 2018	EBIT Margin	First nine months 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	75,031	11.3%	61,347	10.3%	13,684	22.3%
Americas	28,433	16.9%	29,928	17.4%	(1,495)	-5.0%
Asia Pacific	24,852	18.9%	28,791	21.5%	(3,939)	-13.7%
Corporate (***)	(29,506)	-3.1%	(24,783)	-2.7%	(4,723)	-19.1%
Total	**98,810**	**10.3%**	**95,283**	**10.6%**	**3,527**	**3.7%**

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)	EBIT Margin	First nine months 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	78,057	11.7%	61,347	10.3%	16,710	27.2%
Americas	29,331	17.3%	29,928	17.4%	(597)	-2.0%
Asia Pacific	24,719	18.8%	28,791	21.5%	(4,072)	-14.1%
Corporate (***)	(29,506)	-3.0%	(24,783)	-2.7%	(4,723)	-19.1%
Total	**102,601**	**10.6%**	**95,283**	**10.6%**	**7,318**	**7.7%**

(€ thousands)	Third Quarter 2018 @ IFRS 2018	EBIT Margin	Third Quarter 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	15,295	7.7%	9,852	5.6%	5,443	55.2%
Americas	10,116	17.2%	10,670	19.4%	(554)	-5.2%
Asia Pacific	7,779	17.1%	10,258	22.3%	(2,479)	-24.2%
Corporate (***)	(10,437)	-3.4%	(8,462)	-3.0%	(1,975)	-23.3%
Total	**22,753**	**7.5%**	**22,318**	**8.0%**	**435**	**1.9%**

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)	EBIT Margin	Third Quarter 2017 @ IFRS 2017 (**)	EBIT Margin	Change	Change %
EMEA	16,017	8.0%	9,852	5.6%	6,165	62.6%
Americas	10,943	18.3%	10,670	19.4%	273	2.6%
Asia Pacific	7,736	17.0%	10,258	22.3%	(2,522)	-24.6%
Corporate (***)	(10,437)	-3.4%	(8,462)	-3.0%	(1,975)	-23.3%
Total	**24,259**	**8.0%**	**22,318**	**8.0%**	**1,941**	**8.7%**

(*) for the sake of comparison with the 2017 as reported figures, the 2018 figures are shown before application of IFRS 15
(**) 2017 as reported figures
(***) the impact of the centralized costs is calculated as a percentage of the Group's total sales

Europe, Middle-East and Africa

Operating profit (EBIT), determined based on the new IFRS 15, came to €75,031 thousand (with an EBIT margin of 11.3%) in the first nine months of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €78,057 thousand, an increase against the comparison period of €20,622 thousand (+35.9%) after the negative foreign exchange differences of €298 thousand. The EBIT margin would have come to 11.7%, an increase of 2.0 p.p. with respect to the comparison period.

In the third quarter alone operating profit (EBIT), determined based on the new IFRS 15, amounted to €15,295 thousand (with an EBIT margin of 7.7%).
Excluding the impact of IFRS 15 application, EBIT would have reached €16,017 thousand, an increase against the comparison period of €7,538 thousand (+88.9%) after the positive foreign exchange differences of €146 thousand. The EBIT margin would have come to 8.0%, an increase of 3.2 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 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 €16,710 thousand (+27.2%) for the first nine months of the year and €6,165 thousand (+62.6%) for the third quarter alone with a margin of 11.7% for the first nine months of the year (+1.4 p.p. against the comparison period) and of 8.0% for the third quarter alone (+2.4 p.p. against the comparison period).

Americas

Operating profit (EBIT), determined based on the new IFRS 15, came to €28,433 thousand (with an EBIT margin of 16.9%) in the first nine months of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €29,331 thousand, a decrease with respect to the comparison period of €597 thousand (-2.0%) after the negative foreign exchange differences of €2,133 thousand. The EBIT margin would have come to 17.3%, a decrease of 0.1 p.p. with respect to the comparison period.

In the third quarter alone operating profit (EBIT), determined based on the new IFRS 15, amounted to €10,116 thousand (with an EBIT margin of 17.2%).
Excluding the impact of IFRS 15 application, EBIT would have reached €10,943 thousand, an increase against the comparison period of €273 thousand (+2.6%), after the positive foreign exchange differences of €137 thousand. The EBIT margin would have come to 18.3%, a decrease of 1.1 p.p. with respect to the comparison period.

Asia Pacific

Operating profit (EBIT), determined based on the new IFRS 15, came to €24,852 thousand (with an EBIT margin of 18.9%) in the first nine months of 2018.
Excluding the impact of IFRS 15 application, EBIT would have reached €24,719 thousand, a decrease with respect to the comparison period of €4,072 thousand (-14.1%) after the negative foreign exchange differences of €2,220 thousand. The EBIT margin would have come to 18.8%, a decrease of 2.7 p.p. with respect to the comparison period.

In the third quarter alone operating profit (EBIT), determined based on the new IFRS 15, amounted to €7,779 thousand (with an EBIT margin of 17.1%).
Excluding the impact of IFRS 15 application, EBIT would have reached €7,736 thousand, a decrease of €2,522 thousand (-24.6%) against the comparison period after the negative foreign exchange differences of €563 thousand. The EBIT margin would have come to 17.0%, a decrease of 5.3 p.p. with respect to the comparison period.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €35,510 thousand in the first nine months of 2018 (3.7% of the revenues generated by the Group's sales and services), an increase of €10,727 thousand with respect to the comparison period.

These net costs amounted to €16,441 thousand (5.4% of the revenues generated by the Group's sales and services) in the third quarter alone, an increase of €7,979 thousand with respect to the comparison period.

The net costs posted in the period reflect the non-recurring costs of €6,004 thousand incurred relating to the GAES acquisition. Net of this item the centralized corporate costs amounted to €4,723 thousand in the first nine months of the year and to €1,975 thousand in the third quarter alone reaching 3.0% of the revenues generated by the Group's sales and services in the first nine months of the year and 3.4% in the third quarter alone.

Profit before tax

(€ thousands)	First nine months 2018 @ IFRS 2018			First nine months 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before tax	**86,763**	**(6,071)**	**80,692**	**80,929**	**(3,912)**	**77,017**

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)			First nine months 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before tax	**90,555**	**(6,071)**	**84,484**	**80,929**	**(3,912)**	**77,017**

(€ thousands)	Third Quarter 2018 @ IFRS 2018			Third Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before tax	**20,503**	**(6,071)**	**14,432**	**17,421**	**(1,373)**	**16,048**

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)			Third Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit before tax	**22,009**	**(6,071)**	**15,938**	**17,421**	**(1,373)**	**16,048**

(*) 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 €80,692 thousand (with a gross profit margin of 8.4%) in the first nine months of 2018. Based on the accounting standards applied in the prior year, profit before tax would have come to €84,484 thousand (with a gross profit margin of 8.7% excluding IFRS 15 application), an increase of €9,626 thousand (+11.9%), compared to the recurring profit before tax posted in the comparison period. This increase is higher than the increase in EBIT described above due to a decrease in the financial expenses incurred in the third quarter following repayment of the €275 million Eurobond on 16 July 2018 financed using new long-term credit lines granted at rates which are significantly lower than those of the Eurobond.

In the third quarter alone, profit before tax, determined based on the new accounting standards, amounted to €14,432 thousand (with a gross profit margin of 4.8%). Based on the accounting standards applied in the prior year, profit before tax would have come to €15,938 thousand (with a gross profit margin of 5.2% excluding IFRS 15 application), an increase of €4,588 thousand (+26.3%), compared to the recurring profit before tax posted in the comparison period.

Net profit attributable to the Group

(€ thousands)	First nine months 2018 @ IFRS 2018			First nine months 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Net profit attributable to the Group	**62,015**	**(4,377)**	**57,638**	**50,947**	**(2,788)**	**48,159**

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)			First nine months 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Net profit attributable to the Group	**65,274**	**(4,377)**	**60,897**	**50,947**	**(2,788)**	**48,159**

(€ thousands)	Third Quarter 2018 @ IFRS 2018			Third Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Net profit attributable to the Group	**14,976**	**(4,377)**	**10,599**	**11,153**	**(1,051)**	**10,102**

(€ thousands)	Third Quarter 2018 @ IFRS 2017 (*)			Third Quarter 2017 @ IFRS 2017 (**)		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Net profit attributable to the Group	**16,127**	**(4,377)**	**11,750**	**11,153**	**(1,051)**	**10,102**

(*) 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 €57,638 thousand (with a profit margin of 6.0%) in the first nine months of 2018. Based on the accounting standards applied in the prior year, the Group's net profit would have amounted to €60,897 thousand (with a profit margin of 6.3% excluding IFRS 15 application), an increase of €12,738 thousand (+26.4%) against the comparison period and an increase of €14,327 thousand (+28.1%) considering the Group's recurring net profit.

In addition to the higher profit before tax described above, the Group also benefited from a lower tax rate which came to 28.7% (28.0% if had been applied the same accounting standards of the previous year), versus 37.1% 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 24.6% (30.7% in the same period of the prior year).

In the third quarter alone, the Group's recurring net profit, determined based on the new accounting standards, came to €14,976 thousand (with a profit margin of 4.9%). Based on the accounting standards applied in the prior year, the Group's recurring net profit would have amounted to €16,127 thousand (with a profit margin of 5.3% excluding IFRS 15 application), an increase of €4,974 thousand (+44.6%) against the comparison period.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	30/09/2018 @ IFRS 2018				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	395,746	87,680	230,460	-	713,886
Non-competition agreements, trademarks, customer lists and lease rights	100,419	6,534	39,758	-	146,711
Software, licences, other intangible fixed assets, fixed assets in progress and advances	37,088	11,872	7,429	-	56,389
Tangible assets	122,937	4,348	22,527	-	149,812
Financial fixed assets	27,423	40,246	-	-	67,669
Other non-current financial assets	23,939	177	687	-	24,803
Non-current assets	**707,552**	**150,857**	**300,861**	**-**	**1,159,270**
Inventories	43,377	197	2,145	-	45,719
Trade receivables	93,940	30,606	14,300	(5,585)	133,261
Other receivables	61,783	7,117	4,439	(7)	73,332
Current assets (A)	**199,100**	**37,920**	**20,884**	**(5,592)**	**252,312**
Operating assets	**906,652**	**188,777**	**321,745**	**(5,592)**	**1,411,582**
Trade payables	(87,181)	(38,922)	(14,800)	5,585	(135,318)
Other payables	(161,843)	(8,713)	(17,393)	7	(187,942)
Provisions for risks and charges (current portion)	(1,892)	-	-	-	(1,892)
Current liabilities (B)	**(250,916)**	**(47,635)**	**(32,193)**	**5,592**	**(325,152)**
Net working capital (A) - (B)	**(51,816)**	**(9,715)**	**(11,309)**	**-**	**(72,840)**
Derivative instruments	(12,886)	-	-	-	(12,886)
Deferred tax assets	61,199	697	4,490	-	66,386
Deferred tax liabilities	(37,416)	(15,700)	(11,680)	-	(64,796)
Provisions for risks and charges (non-current portion)	(14,281)	(28,795)	(919)	-	(43,995)
Liabilities for employees' benefits (non-current portion)	(15,134)	(138)	(1,731)	-	(17,003)
Loan fees	371	-	-	-	371
Other non-current payables	(97,672)	(5,012)	(2,280)	-	(104,964)
NET INVESTED CAPITAL	**539,917**	**92,194**	**277,432**	**-**	**909,543**
Group net equity					560,719
Minority interests					208
Total net equity					**560,927**
Net medium and long-term financial indebtedness					300,972
Net short-term financial indebtedness					47,644
Total net financial indebtedness					**348,616**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**909,543**

(*) 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 €1,159,270 thousand at 30 September 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 €80,708 thousand, explained (i) for €43,562 thousand by capital expenditure; (ii) for €83,649 thousand by acquisitions; (iii) for €51,764 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 €11,599 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)		30/09/2018 @ IFRS 2018	31/12/2017 @ IFRS 2017 (*)	Change
EMEA	Goodwill	395,746	365,022	30,724
	Non-competition agreements, trademarks, customer lists and lease rights	100,419	93,289	7,130
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	37,088	37,401	(313)
	Tangible assets	122,937	118,641	4,296
	Financial fixed assets	27,423	2,490	24,933
	Other non-current financial assets	23,939	6,971	16,968
	Non-current assets	**707,552**	**623,814**	**83,738**
Americas	Goodwill	87,680	78,585	9,095
	Non-competition agreements, trademarks, customer lists and lease rights	6,534	4,271	2,263
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	11,872	12,188	(316)
	Tangible assets	4,348	3,440	908
	Financial fixed assets	40,246	40,902	(656)
	Other non-current financial assets	177	49	128
	Non-current assets	**150,857**	**139,435**	**11,422**
Asia Pacific	Goodwill	230,460	241,028	(10,568)
	Non-competition agreements, trademarks, customer lists and lease rights	39,758	45,813	(6,055)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	7,429	6,994	435
	Tangible assets	22,527	20,922	1,605
	Financial fixed assets	-	-	-
	Other non-current financial assets	687	556	131
	Non-current assets	**300,861**	**315,313**	**(14,452)**

(*) 2017 as reported figures

Europe, Middle-East and Africa

Non-current assets amounted to €707,552 thousand at 30 September 2018, an increase of €83,738 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 €23,693 thousand, by investments in plant, property and equipment, relating primarily to the opening of new and renewal of existing stores;
- for €7,175 thousand, by investments in intangible assets, relating primarily to further implementation of digital marketing and store systems;
- for €74,011 thousand, by acquisitions made in the period, including the advance payment of around €25 million made for the GAES acquisition;
- for €37,829 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 €52 thousand, by other net decreases.

Americas

Non-current assets amounted to €150,857 thousand at 30 September 2018, an increase of €11,422 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 €892 thousand, by investments in plant, property and equipment;
- for €2,527 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 €9,638 thousand by acquisitions made in the period;
- for €3,844 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 €2,146 thousand, by other net differences linked primarily to exchange gains.

Asia Pacific

Non-current assets amounted to €300,861 thousand at 30 September 2018, a decrease of €14,452 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 €7,175 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 the same stores;
- for €2,100 thousand, by investments in intangible assets, relating primarily to the implementation of a new front-office system;
- for €10,091 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 €13,693 thousand, by other net decreases, relating primarily to exchange losses.

Net invested capital

Net invested capital came to €909,543 thousand at 30 September 2018, an increase of €24,860 thousand against the €884,683 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
This increase is attributable to the change in non-current assets described above largely offset by the contract liabilities following application of the new IFRS 15 and the decrease in working capital.

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

(€ thousands)	30/09/2018 @ IFRS 2018	30/09/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
EMEA	539,917	587,627	510,819	29,098
Americas	92,194	98,715	89,102	3,092
Asia Pacific	277,432	277,981	284,762	(7,330)
Total	**909,543**	**964,323**	**884,683**	**24,860**

(*) 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 €539,917 thousand at 30 September 2018, an increase of €29,098 thousand against the €510,819 thousand recorded at 31 December 2017 and not redetermined based on the accounting standards applied beginning in 2018.
The increase is attributable to the change in non-current assets described above partially offset by the contract obligations following application of the new IFRS 15 and the decrease in working capital.

Factoring without recourse in the period involved trade receivables with a face value of €50,274 thousand (€35,078 thousand in the same period of the prior year) and VAT credits with a face value of €19,025 thousand (€17,890 thousand in the same period of the prior year).

Americas

Net invested capital came to €92,194 thousand at 30 September 2018, an increase of €3,092 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 almost entirely offset the contract obligations following application of IFRS 15 and the drop in working capital.

Asia Pacific

Net invested capital came to €277,432 thousand at 30 September 2018, a decrease of €7,330 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)	30/09/2018 @ IFRS 2018	30/09/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
Net medium and long-term financial indebtedness	300,972	300,972	119,193	181,779
Net short-term financial indebtedness	146,526	146,526	301,154	(154,628)
Cash and cash equivalents	(98,882)	(98,882)	(124,082)	25,200
Net financial indebtedness	**348,616**	**348,616**	**296,265**	**52,351**
Group net equity	560,719	615,499	588,681	(27,962)
Minority interests	208	208	(263)	471
Net Equity	**560,927**	**615,707**	**588,418**	**(27,491)**
Financial indebtedness/Group net equity	**0.62**	**0.57**	**0.50**	
Financial indebtedness/Net equity	**0.62**	**0.57**	**0.50**	
Financial indebtedness/EBITDA	**1.52**	**1.49**	**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 €348,616 thousand at 30 September 2018, an increase of €52,351 thousand with respect to 31 December 2017.

The increase in debt is the direct consequence of the acquisitions made in the period (€72,688 thousand, €24,853 thousand of which attributable to the advance payment made for the GAES acquisition), the payment of dividends to shareholders (€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 €50,801 thousand (versus €33,985 thousand in the first nine months of the prior year) after absorbing capital expenditure of €43,562 thousand (€44,164 thousand in the first nine months of 2017).

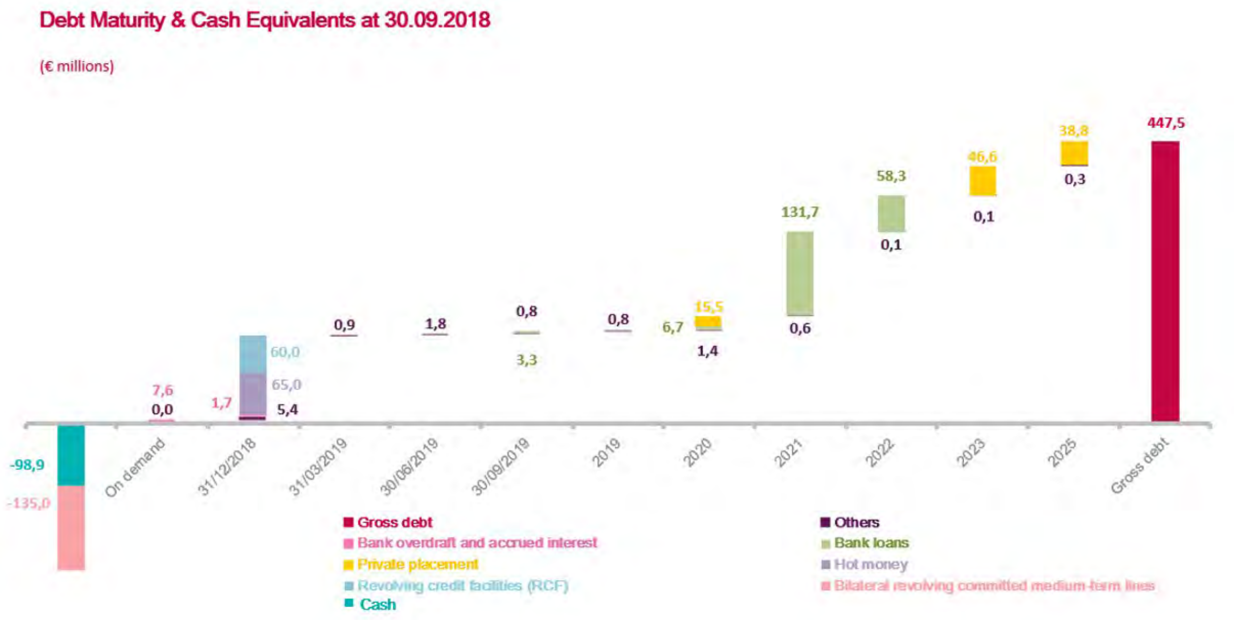
At 30 September 2018 the Group's total financial indebtedness amounted to €348,616 thousand net of cash and cash equivalents totaling €98,882 thousand.

Long-term debt amounts to €300,972 thousand, €2,921 thousand of which reflects the long-term portion of deferred payments for acquisitions. The increase of around €182 million compared to 31 December 2017 is attributable to the drawdowns on the medium-long term loans (expiring 2021-2022) stipulated to repay the Eurobond on 16 July 2018 which amounted to around €200 million at 30 September, 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 in place for the Eurobond.

Short-term debt amounts to €146,526 thousand and pertains primarily to amounts drawn down on the above mentioned irrevocable revolving credit lines (€60,000 thousand), other short term borrowings or hot money (€65,000 thousand) for treasury transactions, the utilization of credit lines mainly by a few foreign subsidiaries (€8,302 thousand), short term portion of long-term loans (€3,333 thousand), interest payable on bank loans and the Private Placement (€1,691 thousand) and the best estimate of the deferred payments for acquisitions (€7,801 thousand).

On 28 September 2018 the Group signed a syndicated loan for the acquisition of GAES. The €530 million loan is comprised of two tranches: one 5-year amortizing loan of €265 million and an 18-month bullet loan with an option for Amplifon to extend it to 5 years.

The chart below shows that the first significant maturity is in 2021. The GAES acquisition has already been completely debt financed as mentioned previously and the cash and cash equivalents of €98.9 million, the unutilized portions of irrevocable credit lines which amount to €135 million, as well as the €154.3 million in other available credit lines, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.



Interest payable on financial indebtedness amounted to €11,691 thousand at 30 September 2018, versus €13,923 thousand at 30 September 2017. The decrease in interest payable is explained by the repayment of €275 million Eurobond on 16 July 2018 which was refinanced using medium-long term bank debt at rates that were significantly better than the coupon payable on the Eurobond of 4.875%.

Interest receivable on bank deposits came to €367 thousand at 30 September 2018, versus €314 thousand at 30 September 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 nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	57,638	48,159
Minority interests	(90)	(49)
Amortization, depreciation and write-downs:		
- Intangible fixed assets	*26,333*	*22,579*
- Tangible fixed assets	*25,422*	*22,934*
- Goodwill		-
Total amortization, depreciation and write-downs	51,755	45,513
Provisions, other non-monetary items and gain/losses from disposals	12,734	19,571
Group's share of the result of associated companies	(330)	(244)
Financial income and charges	12,444	14,598
Current and deferred income taxes	23,144	28,907
Change in assets and liabilities:		
- Utilization of provisions	*(6,386)*	*(9,547)*
- (Increase) decrease in inventories	*(8,259)*	*(6,993)*
- Decrease (increase) in trade receivables	*(1,471)*	*2,985*
- Increase (decrease) in trade payables	*(1,803)*	*(13,051)*
- Changes in other receivables and other payables	*(7,235)*	*(6,495)*
Total change in assets and liabilities	(25,154)	(33,101)
Dividends received	159	302
Net interest charges	(11,846)	(13,868)
Taxes paid	(27,423)	(32,996)
Cash flow generated from (absorbed) by operating activities	**93,031**	**76,792**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(11,802)	(10,889)
Purchase of tangible fixed assets	(31,760)	(33,275)
Consideration from sale of tangible fixed assets and businesses	1,332	1,357
Cash flow generated from (absorbed) by investing activities	**(42,230)**	**(42,807)**
Cash flow generated from operating and investing activities (Free cash flow)	**50,801**	**33,985**
Business combinations (**)	(72,688)	(82,984)
(Purchase) sale of other investments and securities	397	24
Net cash flow generated from acquisitions	**(72,291)**	**(82,960)**
Cash flow generated from (absorbed) by investing activities	**(114,521)**	**(125,767)**

(€ thousands)	First nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	(146)	(75)
Other non-current assets	1,220	(987)
Distributed dividends	(24,079)	(15,292)
Treasury shares	(7,833)	(27,793)
Capital increases (reduction), third parties' contributions in subsidiaries and dividends paid to third parties by the subsidiaries	26	103
Cash flow generated from (absorbed) by financing activities	**(30,812)**	**(44,044)**
Changes in net financial indebtedness	**(52,302)**	**(93,019)**
Net financial indebtedness at the beginning of the period	(296,265)	(224,421)
Effect of discontinued operations on net financial indebtedness	22	-
Effect of exchange rate fluctuations on net financial indebtedness	(71)	(3,229)
Changes in net indebtedness	(52,302)	(93,019)
Net financial indebtedness at the end of the period	**(348,616)**	**(320,669)**

(*) 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 €52,351 thousand is attributable to:

(i) Investing activities:
- capital expenditure on property, plant and equipment and intangible assets of €43,562 thousand relating primarily to the opening, renewal and repositioning of stores based on Amplifon's new brand image, CRM systems, digital marketing, as well as the deployment of store and sales support systems;
- acquisitions amounting to €72,688 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. This amount includes the advance payment made for the GAES acquisition of €24,853 thousand;
- net proceeds from the disposal of assets, equity interests and securities amounting to €1,729 thousand.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial expenses of €11,846 thousand;
- payment of taxes amounting to €27,423 thousand;
- cash flow generated by operations of €132,300 thousand.

(iii) Financing activities:
- payment of €24,079 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 €430 thousand in dividends to minorities by subsidiaries;

- proceeds from capital increases for subsidiaries subscribed by third parties of €387 thousand;
- purchase of treasury shares amounting to €7,833 thousand;
- decrease in other non-current assets of €1,220 thousand.

(iv) Exchange losses of €71 thousand;

(v) Gains from asset disposals of €22 thousand.

The non-recurring transactions had a negative impact on cash flow of €206 thousand in the first nine months of 2018, attributable to the costs incurred for the GAES, versus a negative €821 thousand in the same period of the prior year, as shown below.

(€ thousands)	First nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Cost related to GAES Acquisition	(206)	-
Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	-	(821)
Cash flow generated (absorbed) by operating activities	***(206)***	***(821)***
Cash flow generated from (absorbed) by investing activities	***(206)***	-
Free Cash Flow	**(206)**	**(821)**
Cash flow generated from acquisitions	-	-
Total cash flow generated by non-recurring transactions	**(206)**	**(821)**

(*) 2017 as reported figures

ACQUISITION OF COMPANIES AND BUSINESSES

The Group's external growth continued in the first nine months of 2018. A total of 147 points of sale were acquired for a total cash out of €72,688 thousand, including the debt consolidated, the best estimate of the earn-out linked to sales and profitability targets payable over the next few years, as well as the advance payment of around €25 million made for the GAES acquisition.

More in detail:
- 47 points of sale were acquired in Germany;
- 35 points of sale and customer lists relating to two stores were acquired in France;
- 3 points of sale and customer lists relating to two stores were acquired in Spain;
- 2 points of sale were acquired in Israel;
- 7 points of sale were acquired in Belgium and other 3 point of sale which were previously part of the indirect network;
- 1 point of sale were acquired in Turkey;
- 36 points of sale which were previously part of the indirect network and customer lists relating to 17 stores were acquired in the United States;
- 13 points of sale were acquired in Canada.

OUTLOOK

Amplifon expects the favorable growth trend, both organic and external, to continue in the last quarter of 2018 in all the geographic areas. This performance will support the continuous increase in profitability, thanks also to the ongoing improvement in operational efficiency and the greater scale reached in core markets. The increase in profitability will more than offset the investments in marketing and communication, network expansion and people, supporting sustainable long-term growth. Amplifon, as announced during the Capital Markets Day held in March 2018, also expects to enter the Chinese market by the end of the year. 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, also thanks to the launch of the Amplifon brand products and innovative multichannel ecosystem in other core countries. These objectives will, moreover, be further strengthened by the unique opportunity created by the GAES acquisition.

Disclaimer

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		30/09/2018 @ IFRS 2018	30/09/2018 @ IFRS 2017 (*)	31/12/2017 @ IFRS 2017 (**)	Change @ IFRS 2018
ASSETS					
Non-current assets					
Goodwill	**Note 3**	713,886	712,714	684,635	29,251
Intangible fixed assets with finite useful life	**Note 4**	203,100	203,100	199,956	3,144
Tangible fixed assets	**Note 5**	149,812	149,812	143,003	6,809
Investments valued at equity		26,979	26,979	1,976	25,003
Financial assets measured at fair value through profit or loss		5	5	35	(30)
Long-term hedging instruments		985	985	-	985
Deferred tax assets		66,386	48,104	45,300	21,086
Other assets		65,488	47,270	48,956	16,532
Total non-current assets		**1,226,641**	**1,188,969**	**1,123,861**	**102,780**
Current assets					
Inventories		45,719	45,719	37,081	8,638
Trade receivables		133,261	133,305	132,792	469
Other receivables		73,332	62,463	47,584	25,748
Hedging instruments		-	-	-	-
Other financial assets		19	19	19	-
Cash and cash equivalents		98,882	98,882	124,082	(25,200)
Total current assets		**351,213**	**340,388**	**341,558**	**9,655**
TOTAL ASSETS		**1,577,854**	**1,529,357**	**1,465,419**	**112,435**

(*) 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)		30/09/2018 @ IFRS 2018	30/09/2018 @ 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		(50,103)	(50,103)	(60,217)	10,114
Other reserves		(25,847)	(17,026)	(14,333)	(11,514)
Profit (loss) carried forward		371,993	414,693	355,714	16,279
Profit (loss) for the period		57,638	60,897	100,578	(42,940)
Group net equity		**560,719**	**615,499**	**588,681**	**(27,962)**
Minority interests		**208**	**208**	**(263)**	**471**
Total net equity		**560,927**	**615,707**	**588,418**	**(27,491)**
Non-current liabilities					
Medium/long-term financial liabilities	Note 9	309,165	309,165	123,990	185,175
Provisions for risks and charges		43,995	66,472	65,390	(21,395)
Liabilities for employees' benefits		17,003	17,003	16,717	286
Hedging instruments		2,464	2,464	2,362	102
Deferred tax liabilities		64,796	63,673	60,044	4,752
Payables for business acquisitions		2,921	2,921	2,355	566
Other long-term debt		104,964	35,508	30,372	74,592
Total non-current liabilities		**545,308**	**497,206**	**301,230**	**244,078**
Current liabilities					
Trade payables		135,318	136,276	137,401	(2,083)
Payables for business acquisitions		7,801	7,801	9,468	(1,667)
Other payables		187,526	130,347	132,572	54,954
Hedging instruments		93	93	43	50
Provisions for risks and charges		1,892	2,938	4,055	(2,163)
Liabilities for employees' benefits		416	416	851	(435)
Short-term financial liabilities	Note 9	138,573	138,573	291,381	(152,808)
Total current liabilities		**471,619**	**416,444**	**575,771**	**(104,152)**
TOTAL LIABILITIES		**1,577,854**	**1,529,357**	**1,465,419**	**112,435**

(*) 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 nine months 2018 @ IFRS 2018			First nine months 2017 @ IFRS 2017 (*)			
		Recurring	**Non-recurring**	**Total**	**Recurring**	**Non-recurring**	**Total**	**Change**
Revenues from sales and services		962,771	-	962,771	901,774	-	901,774	60,997
Operating costs		(814,850)	(262)	(815,112)	(764,475)	(3,912)	(768,387)	(46,725)
Other income and costs		2,644	(5,742)	(3,098)	3,497	-	3,497	(6,595)
Gross operating profit (EBITDA)		**150,565**	**(6,004)**	**144,561**	**140,796**	**(3,912)**	**136,884**	**7,677**
Amortisation, depreciation and impairment								
Amortisation of intangible fixed assets	Note 4	(26,254)	-	(26,254)	(22,579)	-	(22,579)	(3,675)
Depreciation of tangible fixed assets	Note 5	(25,202)	-	(25,202)	(22,467)	-	(22,467)	(2,735)
Impairment and impairment reversals of non-current assets		(299)	-	(299)	(467)	-	(467)	168
		(51,755)	**-**	**(51,755)**	**(45,513)**	**-**	**(45,513)**	**(6,242)**
Operating result		**98,810**	**(6,004)**	**92,806**	**95,283**	**(3,912)**	**91,371**	**1,435**
Financial income, charges and value adjustments to financial assets								
Group's share of the result of associated companies valued at equity		330	-	330	244	-	244	87
Other income and charges, impairment and revaluations of financial assets		(77)	-	(77)	2	-	2	(80)
Interest income and charges		(11,226)	(67)	(11,293)	(13,609)	-	(13,609)	2,316
Other financial income and charges		(463)	-	(463)	(665)	-	(665)	202
Exchange gains and losses		(542)	-	(542)	(505)	-	(505)	(37)
Gain (loss) on assets measured at fair value		(69)	-	(69)	179	-	179	(248)
		(12,047)	**(67)**	**(12,114)**	**(14,354)**	**-**	**(14,354)**	**2,240**
Profit (loss) before tax		**86,763**	**(6,071)**	**80,692**	**80,929**	**(3,912)**	**77,017**	**3,675**
Tax	**Note 10**	(24,838)	1,694	(23,144)	(30,031)	1,124	(28,907)	5,763
Total net profit (loss)		**61,925**	**(4,377)**	**57,548**	**50,898**	**(2,788)**	**48,110**	**9,438**
Net profit (loss) attributable to Minority interests		(90)	-	(90)	(49)	-	(49)	(41)
Net profit (loss) attributable to the Group		**62,015**	**(4,377)**	**57,638**	**50,947**	**(2,788)**	**48,159**	**9,479**

Income (loss) and earnings per share (€ per share)	**Note 12**	**First nine months 2018 @ IFRS 2018**	**First nine months 2017 @ IFRS 2017 (*)**
Earnings per share			
- base		0.26264	0.21991
- diluted		0.25733	0.21429

(*) 2017 as reported figures

(€ thousands)	First nine months 2018 @ IFRS 2017 (*)			First nine months 2017 @ IFRS 2017 (**)			
	Recurring	**Non-recurring**	**Total**	**Recurring**	**Non-recurring**	**Total**	**Change**
Revenues from sales and services	967,594	-	967,594	901,774	-	901,774	65,820
Operating costs	(815,882)	(262)	(816,144)	(764,475)	(3,912)	(768,387)	(47,757)
Other income and costs	2,644	(5,742)	(3,098)	3,497	-	3,497	(6,595)
Gross operating profit (EBITDA)	**154,356**	**(6,004)**	**148,352**	**140,796**	**(3,912)**	**136,884**	**11,468**
Amortisation, depreciation and impairment							
Amortisation of intangible fixed assets	(26,254)	-	(26,254)	(22,579)	-	(22,579)	(3,675)
Depreciation of tangible fixed assets	(25,202)	-	(25,202)	(22,467)	-	(22,467)	(2,735)
Impairment and impairment reversals of non-current assets	(299)	-	(299)	(467)	-	(467)	168
	(51,755)	**-**	**(51,755)**	**(45,513)**	**-**	**(45,513)**	**(6,242)**
Operating result	**102,601**	**(6,004)**	**96,597**	**95,283**	**(3,912)**	**91,371**	**5,226**
Financial income, charges and value adjustments to financial assets							
Group's share of the result of associated companies valued at equity	330	-	330	244	-	244	87
Other income and charges, impairment and revaluations of financial assets	(77)	-	(77)	2	-	2	(80)
Interest income and charges	(11,226)	(67)	(11,293)	(13,609)	-	(13,609)	2,316
Other financial income and charges	(462)	-	(462)	(665)	-	(665)	203
Exchange gains and losses	(542)	-	(542)	(505)	-	(505)	(37)
Gain (loss) on assets measured at fair value	(69)	-	(69)	179	-	179	(248)
	(12,046)	**(67)**	**(12,113)**	**(14,354)**	**-**	**(14,354)**	**2,241**
Profit (loss) before tax	**90,555**	**(6,071)**	**84,484**	**80,929**	**(3,912)**	**77,017**	**7,467**
Tax	(25,371)	1,694	(23,677)	(30,031)	1,124	(28,907)	5,230
Total net profit (loss)	**65,184**	**(4,377)**	**60,807**	**50,898**	**(2,788)**	**48,110**	**12,697**
Net profit (loss) attributable to Minority interests	(90)	-	(90)	(49)	-	(49)	(41)
Net profit (loss) attributable to the Group	**65,274**	**(4,377)**	**60,897**	**50,947**	**(2,788)**	**48,159**	**12,738**

(*) 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

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	30/09/2018 @ IFRS 2018	30/09/2017 @ IFRS 2017 (*)
Net income (loss) for the period	**57,548**	**48,110**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit plans	282	119
Tax effect on components of other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	(21)	(14)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	**261**	**105**
Other comprehensive income (loss) that will be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedging instruments	(2,989)	1,095
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(10,171)	(24,130)
Tax effect on components of other comprehensive income (loss) that will be reclassified subsequently to profit or loss	717	(262)
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	**(12,443)**	**(23,297)**
Total other comprehensive income (loss) (A)+(B)	**(12,182)**	**(23,192)**
Comprehensive income (loss) for the period	**45,366**	**24,918**
Attributable to the Group	45,425	25,014
Attributable to Minority interests	(59)	(96)

(*) 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	497				
Treasury shares					(27,793)	
Dividend distribution						
Notional cost of stock options and stock grants						11,771
Other changes		213			21,290	(10,556)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for first 9 months 2017						
Total comprehensive income (loss) for the period						
Balance at 30 September 2017	**4,526**	**202,358**	**934**	**3,636**	**(54,681)**	**26,756**

(€ 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						11,941
Other changes		31			17,947	(11,242)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for first 9 months 2018						
Total comprehensive income (loss) for the period						
Balance at 30 September 2018	**4,527**	**202,511**	**934**	**3,636**	**(50,103)**	**31,086**

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

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)**
					11,941		**11,941**
		(7,633)			**(897)**	530	**(367)**
(2,272)					***(2,272)***		***(2,272)***
	261				***261***		***261***
			(10,202)		***(10,202)***	*31*	***(10,171)***
				57,638	***57,638***	*(90)*	***57,548***
(2,272)	261		(10,202)	57,638	**45,425**	(59)	**45,366**
(9,554)	**(5,063)**	**371,993**	**(46,886)**	**57,638**	**560,719**	**208**	**560,927**

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
OPERATING ACTIVITIES		
Net profit (loss)	57,548	48,110
Amortization, depreciation and write-downs:		
- intangible fixed assets	26,333	22,579
- tangible fixed assets	25,422	22,934
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	12,734	19,571
Group's share of the result of associated companies	(330)	(244)
Financial income and charges	12,444	14,598
Current, deferred tax assets and liabilities	23,144	28,907
Cash flow from operating activities before change in working capital	***157,295***	***156,455***
Utilization of provisions	(6,386)	(9,547)
(Increase) decrease in inventories	(8,259)	(6,993)
Decrease (increase) in trade receivables	(1,471)	2,985
Increase (decrease) in trade payables	(1,803)	(13,051)
Changes in other receivables and other payables	(7,235)	(6,495)
Total change in assets and liabilities	***(25,154)***	***(33,101)***
Dividends received	159	302
Interest received (paid)	(18,241)	(18,115)
Taxes paid	(27,423)	(32,996)
Cash flow generated from (absorbed by) operating activities (A)	**86,638**	**72,545**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(11,802)	(10,889)
Purchase of tangible fixed assets	(31,760)	(33,275)
Consideration from sale of tangible fixed assets	1,332	1,357
Cash flow generated from (absorbed by) operating investing activities (B)	**(42,230)**	**(42,807)**
Purchase of subsidiaries and business units	(74,633)	(86,330)
Increase (decrease) in payables through business acquisition	(1,302)	(2,312)
(Purchase) sale of other investments and securities	397	23
Cash flow generated from (absorbed by) acquisition activities (C)	**(75,538)**	**(88,619)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(117,768)**	**(131,426)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	35,239	33,720
(Increase) decrease in financial receivables	(92)	(25)
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	(146)	(75)
Other non-current assets and liabilities	1,220	(987)
Treasury shares	(7,833)	(27,793)
Dividends distributed	(24,079)	(15,292)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	26	103
Cash flow generated from (absorbed by) financing activities (D)	**4,335**	**(10,349)**
Net increase in cash and cash equivalents (A+B+C+D)	**(26,795)**	**(69,230)**

(*) 2017 as reported figures

(€ thousands)	First nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Cash and cash equivalents at beginning of period	**124,082**	**183,834**
Effect of discontinued operations on cash & cash equivalents	(150)	-
Effect of exchange rate fluctuations on cash & cash equivalents	(200)	(3,962)
Liquid assets acquired	1,945	3,347
Flows of cash and cash equivalents	(26,795)	(69,230)
Cash and cash equivalents at end of period	**98,882**	**113,989**

(*) 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 nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
- Goodwill	37,084	57,072
- Customer lists	19,715	36,033
- Trademarks and non-competition agreements	-	223
- Other intangible fixed assets	182	5,186
- Tangible fixed assets	2,203	5,080
- Financial fixed assets	24,853	-
- Current assets	3,522	11,313
- Provisions for risks and charges	(2)	(4,270)
- Current liabilities	(6,887)	(22,431)
- Other non-current assets and liabilities	(6,598)	(10,029)
- Minority interests	(52)	-
Total investments	**74,020**	**78,177**
Net financial debt acquired	613	8,153
Total business combinations	**74,633**	**86,330**
(Increase) decrease in payables through business acquisition	1,302	2,312
Purchase (sale) of other investments and securities	(397)	(23)
Cash flow absorbed by (generated from) acquisitions	**75,538**	**88,619**
(Cash and cash equivalents acquired)	(1,945)	(3,347)
Net cash flow absorbed by (generated from) acquisitions	**73,593**	**85,272**

(*) 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 September 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 September 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 September 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 September 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) 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 September 2018 was authorized by a resolution of the Board of Directors of 30 October 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) 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 nine months of 2018 the Group continued its external growth and finalized many acquisitions with the aim of increasing the coverage: in detail 98 points of sale were purchased in the EMEA region and 49 in the Americas.

The total investment, 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, amounted to €72,688 thousand of which €24,853 thousand related to an advance on the acquisition of GAES.

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 30/09/2018 @ IFRS 2018
Italy	540	-	-	-	-	540
France	100,354	7,651	-	-	-	108,005
Spain and Portugal	32,067	-	-	-	-	32,067
Hungary	1,033	-	-	-	(19)	1,014
Switzerland	13,134	-	-	-	435	13,569
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxembourg	12,286	811	-	-	-	13,097
Germany	159,400	21,805	-	-	-	181,205
Poland	217	-	-	-	-	217
United Kingdom and Ireland	8,511	-	-	-	-	8,511
Turkey	1,038	2	-	-	(20)	1,020
Israel	3,662	61	-	-	(1)	3,722
USA and Canada	78,585	6,754	-	-	2,341	87,680
Australia and New Zealand	239,989	-	-	-	(10,478)	229,511
India	1,038	-	-	-	(91)	947
Total	**684,635**	**37,084**	**-**	**-**	**(7,833)**	**713,886**

(*) 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 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 30/09/2018 @ IFRS 2018	Accumulated amortisation and write-downs at 30/09/2018 @ IFRS 2018	Net book value at 30/09/2018 @ IFRS 2018
Software	101,858	(69,551)	32,307	110,463	(78,597)	31,866
Licenses	12,388	(10,060)	2,328	13,443	(10,795)	2,648
Non-competition agreements	5,333	(4,661)	672	6,318	(5,493)	824
Customer lists	247,254	(121,597)	125,657	264,534	(133,396)	131,138
Trademarks and concessions	33,513	(17,127)	16,386	32,276	(18,168)	14,108
Other	23,364	(7,956)	15,408	24,348	(9,234)	15,114
Fixed assets in progress and advances	7,198	-	7,198	7,400	-	7,400
Total	**430,908**	**(230,952)**	**199,956**	**458,782**	**(255,683)**	**203,099**

(€ thousands)	Net book value at 31/12/2017 @ IFRS 2017 (*)	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/09/2018 @ IFRS 2018
Software	32,307	4,218	(14)	(8,797)	1	-	4,151	31,866
Licenses	2,328	597	-	(760)	3	-	480	2,648
Non-competition agreements	672	281	-	(720)	-	-	592	825
Customer lists	125,657	-	(93)	(12,855)	19,715	(45)	(1,241)	131,138
Trademarks and concessions	16,386	-	(9)	(1,752)	-	-	(517)	14,108
Other	15,408	861	(250)	(1,370)	178	(34)	321	15,114
Fixed assets in progress and advances	7,198	5,845	-	-	-	-	(5,643)	7,400
Total	**199,956**	**11,802**	**(366)**	**(26,254)**	**19,897**	**(79)**	**(1,857)**	**203,099**

(*) 2017 as reported figures

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

- for €17,156 thousand to the temporary allocation of the considerations paid for the acquisitions made in EMEA;
- for €2,741 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 30/09/2018 @ IFRS 2018	Accumulated amortisation and write-downs at 30/09/2018 @ IFRS 2018	Net book value at 30/09/2018 @ IFRS 2018
Land	162	-	162	162	-	162
Buildings, constructions and leasehold improvements	157,862	(99,388)	58,474	169,007	(109,240)	59,767
Plant and machines	43,555	(31,498)	12,057	46,931	(33,642)	13,289
Industrial and commercial equipment	44,462	(31,288)	13,174	47,076	(33,273)	13,803
Motor vehicles	6,186	(3,635)	2,551	6,052	(4,233)	1,819
Computers and office machinery	45,194	(34,500)	10,694	48,194	(37,791)	10,403
Furniture and fittings	95,542	(59,943)	35,599	102,983	(65,725)	37,258
Other tangible fixed assets	704	(566)	138	682	(569)	113
Fixed assets in progress and advances	10,154	-	10,154	13,198	-	13,198
Total	**403,821**	**(260,818)**	**143,003**	**434,285**	**(284,473)**	**149,812**

(€ thousands)	Net book value at 31/12/2017 @ IFRS 2017 (*)	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/09/2018 @ IFRS 2018
Land	162	-	-	-	-	-	-	162
Buildings, constructions and leasehold improvements	58,474	8,942	(34)	(9,870)	816	(83)	1,522	59,767
Plant and machines	12,057	1,786	(42)	(2,133)	485	(93)	1,229	13,289
Industrial and commercial equipment	13,174	2,242	(47)	(2,430)	124	(2)	742	13,803
Motor vehicles	2,551	88	(89)	(797)	39	-	27	1,819
Computers and office machinery	10,694	3,252	(31)	(3,574)	51	(2)	13	10,403
Furniture and fittings	35,599	6,049	(106)	(6,352)	510	(40)	1,598	37,258
Other tangible fixed assets	138	41	(2)	(46)	-	-	(18)	113
Fixed assets in progress and advances	10,154	9,360	(101)	-	178	-	(6,393)	13,198
Total	**143,003**	**31,760**	**(452)**	**(25,202)**	**2,203**	**(220)**	**(1,280)**	**149,812**

(*) 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 €2,203 thousand is detailed below:

- for €1,673 thousand to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €530 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 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 September 2018, the fully paid in and subscribed share capital consisted of 226,343,620 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 13,373 stock options, equivalent to 0.006% 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 and on 20 April 2018 when 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 2,036,650 performance stock grants rights. The Company transferred to the beneficiaries an equivalent number of treasury shares.

The total amount of treasury shares held at 30 September 2018 equals 5,681,813 or 2.510% 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	(2,036,650)	8.816	(17,956)
Total at 30 September 2018	**5,681,813**	**8.816**	**50,094**

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 September 2018, was as follows:

(€ thousands)	30/09/2018 @ IFRS 2018	31/12/2017 @ IFRS 2017 (*)	Change
Liquid funds	(98,882)	(124,082)	25,200
Other financial assets	(19)	(19)	-
Eurobond 2013-2018	-	275,000	(275,000)
Payables for business acquisitions	7,801	9,468	(1,667)
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	372	1,156	(784)
Other financial payables	138,279	15,506	122,773
Non-*hedge* accounting derivative instruments	93	43	50
Short-term financial position	**47,644**	**177,072**	**(129,428)**
Private placement 2013-2025	112,301	108,397	3,904
Finance lease obligations	492	871	(379)
Other medium/long-term debt	196,667	15,074	181,593
Hedging derivatives	(11,409)	(7,504)	(3,905)
Medium/long-term acquisition payables	2,921	2,355	566
Net medium and long-term indebtedness	**300,972**	**119,193**	**181,779**
Net financial indebtedness	**348,616**	**296,265**	**52,351**

(*) 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 and finance lease obligations are shown in the statutory statement of financial position.

a. under the caption “Medium/long-term financial liabilities”

(€ thousands)	30/09/2018 @ IFRS 2018
Private placement 2013-2025	112,301
Finance lease obligations	492
Other medium/long-term debt	196,667
Loan and private placement 2013-2025	(295)
Medium/long-term financial liabilities	**309,165**

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

(€ thousands)	30/09/2018 @ IFRS 2018
Short term debt	137,490
Current portion of finance lease obligations	789
Other financial payables	**138,279**
Bank overdraft and other short-term debt (including current portion of other long-term debt)	372
Loan and private placement 2013-2025	(78)
Short-term financial liabilities	**138,573**

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 €300,972 thousand at 30 September 2018 versus €119,193 thousand at 31 December 2017. The change of €181,779 thousand is strictly related to the utilization of the long-term loans (expiring 2021-2022) negotiated for the repayment of the Eurobond carried out on 16 July 2018.

The **short-term net financial position** has registered a variation of €129,428 thousand from a negative value of €177,072 thousand at 31 December 2017 to an always negative value of €47,644 thousand at 30 September 2018. The movement in the period is mainly linked to the repayment of the Eurobond that has been replaced by the medium-term bank loans described above and, in the short-term position, by the utilization of the revolving credit facility (€60,000 thousand) and "hot money" bank loans (€65,000 thousand).

9. Financial liabilities

Financial liabilities break down as follows:

(€ thousands)	30/09/2018 @ IFRS 2018	31/12/2017 @ IFRS 2017 (*)	Change
Private placement 2013-2025	112,301	108,397	3,904
Other medium long-term debt	196,667	15,074	181,593
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(295)	(352)	57
Finance lease obligations	492	871	(379)
Total medium/long-term financial liabilities	**309,165**	**123,990**	**185,175**
Short-term debt:	138,573	291,381	(152,808)
- of which Eurobond 2013-2018	-	275,000	(275,000)
- of which loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(78)	(281)	203
- of which current-portion of lease obligations	789	1,080	(291)
Total short-term financial liabilities	**138,573**	**291,381**	**(152,808)**
Total financial liabilities	**447,738**	**415,371**	**32,367**

(*) 2017 as reported figures

Main long-term financial liabilities are detailed below.

- 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	7,154	3.85%	3.39%
30/05/2013	Amplifon USA	31/07/2023	USD	8,000	8,562	4.46%	3.90%
31/07/2013	Amplifon USA	31/07/2020	USD	13,000	13,299	3.90%	3.42%
31/07/2013	Amplifon USA	31/07/2023	USD	52,000	55,773	4.51%	3.90%-3.94%
31/07/2013	Amplifon USA	31/07/2025	USD	50,000	55,265	4.66%	4.00%-4.05%
	Total			**130,000**	**140,054**		

(*) 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 September 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 September 2018 had been completely 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 September 2018 had been completely utilized.

- *HSBC loan*
  A €20 million bilateral medium-term unsecured amortizing loan to be repaid every six months beginning on 11 July 2019 in four years from the signing of the loan agreement. The loan was granted at terms and conditions in line with current market standards. At 30 September 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 2017-2022 completely utilized;
- the €30 million bank loan 2018-2022 completely utilized;
- the €20 million bank loan 2018-2022 completely utilized;
- the €195 million in irrevocable credit lines expiring between 2021 and 2022 in which €60 million have been utilized at 30 September 2018

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 nine months 2018 @ IFRS 2018	First nine months 2018 @ IFRS 2017 (*)
Net financial indebtedness	348,616	348,616
Group Net Equity	560,719	617,353
Net financial indebtedness/Group Net Equity	**0.62**	**0.56**
Net financial indebtedness	348,616	348,616
Group EBITDA for the last 4 quarters	229,484	233,275
Net financial indebtedness/EBITDA for the last 4 quarters	**1.52**	**1.49**

(*) 2018 figures are shown without the effects of IFRS 15 and IFRS 9 application

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 nine months 2018 @ IFRS 2018	First nine months 2018 @ IFRS 2017 (*)
Group EBITDA for the last 4 quarters	220,168	223,959
EBITDA normalised (from acquisitions and disposals)	782	782
Acquisitions and non-recurring costs	8,534	8,534
EBITDA for covenant calculation	229,484	233,275

(*) 2018 figures are shown without the effects of IFRS 15 and IFRS 9 application

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 €0.4 million in long term inclusive of the short-term portion was not subject to any covenants.

10. Tax

The tax rate reached 28.7% (28.0% if had been applied the same accounting standards of the previous year) versus 37.1% 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 24.6% (30.7% in the comparative period).

11. Non-recurring significant events

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

(€ thousands)		First nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Operating costs	Cost related to GAES acquisition	(6,004)	-
Operating costs	Restructuring charges related to the acquisitions of the AudioNova retail businesses in France and in Portugal	-	(3,912)
Financial expenses	Financial expenses related to the financing of GAES acquisition	(67)	-
Profit (loss) before tax		**(6,071)**	**(3,912)**
Tax	Fiscal impact of above mentioned items	1,694	1,124
Total		**(4,377)**	**(2,788)**

(*) 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 nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Net profit (loss) attributable to ordinary shareholders (€ thousand)	57,638	48,159
Average number of shares outstanding in the year	219,459,488	219,000,584
Average earnings per share (€ per share)	0.26264	0.21991

(*) 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 nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Average number of shares outstanding in the year	219,459,488	219,000,584
Weighted average of potential and diluting ordinary shares	4,527,443	5,743,476
Weighted average of shares potentially subject to options in the period	223,986,931	224,744,060

(*) 2017 as reported figures

The diluted earnings per share were determined as follows.

Diluted earnings per share	First nine months 2018 @ IFRS 2018	First nine months 2017 @ IFRS 2017 (*)
Net profit attributable to ordinary shareholders (€ thousand)	57,638	48,159
Average number of shares outstanding in the period	223,986,931	224,744,060
Average diluted earnings per share (€)	0.25733	0.21429

(*) 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)	30/09/2018					First nine months 2018 @ IFRS 2018		
	Trade receivables	Trade payable	Other receivables	Other assets	Financial payables	Revenues for sales and services	Operating costs	Interest income and expenses
Amplifin S.p.A.	2		1,255				(1,632)	
Total – Parent Company	**2**	**-**	**1,255**	**-**	**-**	**-**	**(1,632)**	**-**
Comfoor BV (The Netherlands)	9	267				8	(2,464)	
Comfoor GmbH (Germany)		4					(28)	
Ruti Levinson Institute Ltd (Israel)	296					138	(16)	
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	82					286		
Total – Other related parties	**387**	**271**	**-**	**-**	**-**	**432**	**(2,508)**	**-**
Bardissi Import (Egypt)		245			48		(593)	
Meders (Turkey)		993					(740)	
Nevo (Israel)	55						(25)	
Ortophone (Israel)		1		7			(233)	
Moti Bahar (Israel)							(225)	
Asher Efrati (Israel)							(180)	
Arigcom (Israel)		7					(56)	
Tera (Israel)				8			(39)	(1)
Total – Other related parties	**55**	**1,246**	**-**	**15**	**48**	**-**	**(2,091)**	**(1)**
Total	**444**	**1,517**	**1,255**	**15**	**48**	**432**	**(6,231)**	**(1)**
Total as per financial statement	**133,261**	**135,318**	**73,332**	**65,488**	**138,573**	**962,771**	**(815,112)**	**(11,293)**
% of financial statement total	**0.33%**	**1.12%**	**1.71%**	**0.02%**	**0.03%**	**0.04%**	**0.76%**	**0.01%**

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 September 2018 to €314,802 thousand, of which €257,890 thousand relates to the lease of stores, €44,925 thousand relates to the rent of offices, €9,672 thousand relates to operating leasing of cars and €2,315 thousand relates to other operating leases. The average lease term is equal to 4.65 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 September 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 September 2018		2017	30 September 2017	
	Average	As at 30 September	31 December	Average	As at 30 September
Australian dollar	1.576	1.605	1.535	1.454	1.508
Canadian dollar	1.537	1.506	1.504	1.455	1.469
New Zealand dollar	1.707	1.751	1.685	1.556	1.635
Singapore dollar	1.600	1.584	1.602	1.547	1.603
US dollar	1.194	1.158	1.199	1.114	1.181
Hungarian florin	317.514	324.370	310.330	308.404	310.670
Swiss franc	1.161	1.132	1.170	1.095	1.146
Egyptian lira	21.239	20.755	21.331	19.931	20.845
Turkish lira	5.510	6.965	4.546	4.003	4.201
New Israeli shekel	4.248	4.212	4.164	4.039	4.159
Brazilian real	4.297	4.654	3.973	3.535	3.764
Indian rupee	80.191	83.916	76.606	72.645	77.069
British pound	0.884	0.887	0.887	0.873	0.882
Polish zloty	4.249	4.277	4.177	4.265	4.304

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 September 2018 (*)

	30/09/2018 @ IFRS 2018				
(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	395,746	87,680	230,460	-	713,886
Intangible fixed assets with finite useful life	137,507	18,406	47,187	-	203,100
Tangible fixed assets	122,937	4,348	22,527	-	149,812
Investments valued at equity	26,979	-	-	-	26,979
Financial assets measured at fair value through profit and loss	5	-	-	-	5
Hedging instruments	985	-	-	-	985
Deferred tax assets	61,199	697	4,490	-	66,386
Other assets	24,378	40,423	687	-	65,488
Total non-current assets					**1,226,641**
Current assets					
Inventories	43,377	197	2,145	-	45,719
Receivables	155,723	37,723	18,739	(5,592)	206,593
Other financial assets					19
Cash and cash equivalents					98,882
Total current assets					**351,213**
TOTAL ASSETS					**1,577,854**
LIABILITIES					
Net Equity					**560,927**
Non-current liabilities					
Medium/long-term financial liabilities					309,165
Provisions for risks and charges	14,281	28,795	919	-	43,995
Liabilities for employees' benefits	15,134	138	1,731	-	17,003
Hedging instruments	2,464	-	-	-	2,464
Deferred tax liabilities	37,416	15,700	11,680	-	64,796
Payables for business acquisitions	2,585	336	-	-	2,921
Other long-term debt	97,672	5,012	2,280	-	104,964
Total non-current liabilities					**545,308**
Current liabilities					
Trade payables	87,181	38,922	14,800	(5,585)	135,318
Payables for business acquisitions	7,456	345	-	-	7,801
Other payables	161,492	8,648	17,393	(7)	187,526
Hedging instruments	93	-	-	-	93
Provisions for risks and charges	1,892	-	-	-	1,892
Liabilities for employees' benefits	351	65	-	-	416
Short-term financial liabilities					138,573
Total current liabilities					**471,619**
TOTAL LIABILITIES					**1,577,854**

(*) 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
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 nine months 2018 (*)

	First nine months 2018 @ IFRS 2018				
(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	661,423	168,023	131,585	1,740	962,771
Operating costs	(554,681)	(135,914)	(96,927)	(27,590)	(815,112)
Other income and costs	2,134	168	285	(5,685)	(3,098)
Gross operating profit by segment (EBITDA)	**108,876**	**32,277**	**34,943**	**(31,535)**	**144,561**
Amortisation, depreciation and impairment					
Amortisation	(13,896)	(2,935)	(5,919)	(3,504)	(26,254)
Depreciation	(19,735)	(909)	(4,087)	(471)	(25,202)
Impairment and impairment reversals of non-current assets	(214)	-	(85)	-	(299)
	(33,845)	**(3,844)**	**(10,091)**	**(3,975)**	**(51,755)**
Operating result by segment	**75,031**	**28,433**	**24,852**	**(35,510)**	**92,806**
Financial income, charges and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	330	-	-	-	330
Other income and charges, impairment and revaluations of financial assets					(77)
Interest income and charges					(11,293)
Other financial income and charges					(463)
Exchange gains and losses					(542)
Gain (loss) on assets measured at fair value					(69)
					(12,114)
Net profit (loss) before tax					**80,692**
Tax					(23,144)
Total net profit (loss)					**57,548**
Minority interests					(90)
Net profit (loss) attributable to the Group					**57,638**

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

Income Statement – First nine months 2017 (*)

	First nine months 2017 @ IFRS 2017				
(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	595,097	171,593	133,997	1,087	901,774
Operating costs	(510,309)	(140,279)	(95,512)	(22,287)	(768,387)
Other income and costs	1,534	2,221	(177)	(81)	3,497
Gross operating profit by segment (EBITDA)	**86,322**	**33,535**	**38,308**	**(21,281)**	**136,884**
Amortisation, depreciation and impairment					
Amortisation	(10,406)	(2,839)	(6,170)	(3,164)	(22,579)
Depreciation	(18,116)	(768)	(3,245)	(338)	(22,467)
Impairment and impairment reversals of non-current assets	(365)	-	(102)	-	(467)
	(28,887)	**(3,607)**	**(9,517)**	**(3,502)**	**(45,513)**
Operating result by segment	**57,435**	**29,928**	**28,791**	**(24,783)**	**91,371**
Financial income, charges and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	244	-	-	-	244
Other income and charges, impairment and revaluations of financial assets					2
Interest income and charges					(13,609)
Other financial income and charges					(665)
Exchange gains and losses					(505)
Gain (loss) on assets measured at fair value					179
					(14,354)
Net profit (loss) before tax					**77,017**
Tax					(28,907)
Total net profit (loss)					**48,110**
Minority interests					(49)
Net profit (loss) attributable to the Group					**48,159**

(*) 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 September 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 recognized in the income statement. The use of reasonable estimates is an essential part of the preparation of the financial statements and does not affect their overall reliability.

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

IFRS standard/ Approved interpretations by IASB and endorsed in Europe

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

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

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

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

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

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

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 September 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	Financial years beginning on or after 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 25 October 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 September are described below.

As disclosed on October 8th, all the antitrust clearances were obtained for the GAES acquisition announced on July 24th. More in detail, unconditional authorizations ware received from the Spanish and Portuguese authorities. On the same date, Amplifon also announced the completion of the loan syndication related to the acquisition.
Amplifon confirms, therefore, that the transaction will close by the end of fourth quarter 2018, following some minor activities related to completing the transaction.

The Board of Directors resolved to assign, based on the recommendations of the Remuneration and Appointments Committee and pursuant to Art. 84 bis, par. 5 of Consob Regulation n. 11971/1999, as amended, the eighth award cycle of the performance stock grant plan (for the period 2018-2020) which calls for the assignment of 110,000 shares with assignment date October 30th, 2018.

During October 2018 an additional 44 points of sale were purchased in Germany, France, Belgium and United States.

The exercise of performance stock grants continued in the period as a result of which, as at 30 October 2018, Amplifon transferred a total of 19,450 treasury shares to the beneficiaries. The treasury shares held at the date of this report, therefore, now total 5,662,363 or 2.502% of the Company’s share capital.

Milan, 30 October 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 September 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 30/09/2018
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%
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%
S.E. Ducastel SAS	Tarbes (France)	I	EUR	68,602	100.0%
Audition Chevet Marie Sarl	Montrond-les-Bains (France)	I	EUR	6,000	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%
Hoorcentrum Kempeneers BVBA	Bruxelles (Belgium)	I	EUR	18,550	100.0%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/09/2018
Amplifon Luxemburg Sarl	Luxemburg (Luxembourg)	I	EUR	50,000	100.0%
Amplifon RE SA	Luxemburg (Luxembourg)	I	EUR	3,700,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
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%
ME Pivot Holdings LLC	Minneapolis (USA)	I	USD	0	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%
2332325 Ontario Ltd	Stouffville (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	1,230,000,000	100.0%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/09/2018
NHanCe Hearing Care LLP (on liquidation) (**)	Gurgaon (India)	I	INR	1,000,000	0.0%

(*) Medtechnica Ortophone Ltd and its subsidiaries Medtechnica Ortophone Shaked Ltd 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 30/09/2018
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)

The undersigned Gabriele Galli, Chief Financial Officer of the Amplifon Group, as Executive Responsible for Corporate Accounting Information hereby declares that the quarterly report at 30 September 2018 corresponds to the results documented in the books, accounting and other records of the Company.

Milan, 30 October 2018

Executive Responsible for Corporate
Accounting Information

Gabriele Galli