Interim Financial Report as at 30 June 2019

INDEX

Translation from the original text in Italian

PREFACE

This interim financial report as at and for the six months ended 30 June 2019 has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Union and must be read together with the Group's consolidated financial statements as at and for the year ended 31 December 2018 that includes additional information on the risks and uncertainties that could impact the Group's operating results or its financial position.

INTERIM MANAGEMENT REPORT

AS AT 30 JUNE 2019

CHANGES IN ACCOUNTING POLICIES

New accounting standards

The Group has adopted IFRS 16 "Leases" effective 1 January 2019 which resulted in changes to the accounting policies and adjustments to the amounts recognized in the financial statements.

Based on IFRS 16, the right-of-use assets which fall under the scope of the standard must be recognized as an asset and the related payable must be recognized as a lease liability.

The comparative figures were not restated and the figures for this reporting period are also shown without applying IFRS 16. The comparative figures refer to the first six months of 2019 before the application of IFRS 16, unless stated otherwise.

PERIOD HIGHLIGHTS

In the first half of 2019 Amplifon confirmed the excellent trend in revenue growth and improvement in profitability even after the integration of GAES. The outstanding performance is attributable to the above-market organic growth, the efficacy of the continuous and sizeable investments in marketing, robust operating leverage and the important contribution of the GAES group acquisition, which has been contributing to the income statement since the beginning of the year and reported excellent results, above expectations.

The first six months of the year closed with:

- turnover of €832,035 thousand, an increase of +26.1% compared to the same period of the prior year (+25.0% at constant exchange rates) with double-digit growth thanks to the contribution of GAES in both EMEA and the Americas;
- a gross operating profit (EBITDA) of €180,760 thousand, calculated based on the new accounting standard (IFRS 16). If the new accounting standard had not been applied, recurring EBITDA would have reached €135,391 thousand, 28.4% higher than in the first six months of 2018 and the EBITDA margin would have reached 17.0% (+0.3 p.p. against the comparison period);
- Group net profit for the period of €54,492 thousand, based on the new accounting standard. If IFRS 16 had not been applied, recurring net profit would have come to €61,891 thousand, (an increase of 31.6% against the first six months of the previous year).

Net financial indebtedness amounted to €841,067 thousand at 30 June 2019, largely unchanged with respect to 31 December 2018, after absorbing net investments in acquisitions of €27,747 thousand, as well as a dividend payment of the €30,939 thousand.

Ordinary operations confirmed the excellent level of cash flow generation with free cash flow reaching €57,852 thousand (versus €44,490 thousand in the first half of the prior year) after absorbing net capital expenditure of €41,966 thousand (€25,950 thousand in the first half of 2018) and a non-recurring cash-out of €6,981 thousand.

MAIN ECONOMIC AND FINANCIAL FIGURES

(€ thousands)	First Half 2019				First Half 2018				
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	Change % on recurring
Economic figures:									
Revenues from sales and services	832,035	-	832,035	100.0%	659,605	-	659,605	100.0%	26.1%
Gross operating profit (loss) (EBITDA)	186,565	(5,805)	180,760	22.4%	109,949	-	109,949	16.7%	69.7%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	113,896	(5,805)	108,091	13.7%	86,258	-	86,258	13.1%	32.0%
Operating profit (loss) (EBIT)	95,373	(5,870)	89,503	11.5%	76,057	-	76,057	11.5%	25.4%
Profit (loss) before tax	82,557	(5,870)	76,687	9.9%	66,260	-	66,260	10.0%	24.6%
Group net profit (loss)	59,363	(4,871)	54,492	7.1%	47,038	-	47,038	7.1%	26.2%

(€ thousands)	First Half w/o IFRS 16 (*)				First Half 2018				
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	Change % on recurring
Economic figures:									
Revenues from sales and services	832,035	-	832,035	100.0%	659,605	-	659,605	100.0%	26.1%
Gross operating profit (loss) (EBITDA)	141,196	(5,805)	135,391	17.0%	109,949	-	109,949	16.7%	28.4%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	111,302	(5,805)	105,497	13.4%	86,258	-	86,258	13.1%	29.0%
Operating profit (loss) (EBIT)	92,779	(5,870)	86,909	11.2%	76,057	-	76,057	11.5%	22.0%
Profit (loss) before tax	85,640	(5,870)	79,770	10.3%	66,260	-	66,260	10.0%	29.2%
Group net profit (loss)	61,891	(4,871)	57,020	7.4%	47,038	-	47,038	7.1%	31.6%

(€ thousands)	30/06/2019	31/12/2018 (**)	Change	30/06/2019 w/o IFRS 16 (*)
Financial figures:				
Non-current assets	2,244,722	1,778,239	466,483	1,811,622
Net invested capital	1,902,577	1,436,803	465,774	1,470,589
Group net equity	624,417	594,919	29,498	626,947
Total net equity	625,546	595,947	29,599	628,082
Net financial indebtedness	841,067	840,856	211	842,507
Lease liabilities	435,964	-	435,964	-
Total lease liabilities and net financial indebtedness	1,277,031	840,856	436,175	842,507

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price.

(€ thousands)	First Half 2019	First Half 2018
Free cash flow	**57,852**	**44,490**
Cash flow generated from (absorbed by) business combinations	(27,747)	(37,973)
(Purchase) sale of other investments and securities	-	388
Cash flow provided by (used in) financing activities	(29,659)	(30,628)
Net cash flow from the period	**446**	**(23,723)**
Effect of discontinued operations on the net financial position	-	24
Effect of exchange rate fluctuations on the net financial position	(657)	318
Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations	**(211)**	**(23,381)**

- **EBITDA** is the operating result before charging amortization, depreciation and impairment of both tangible and intangible fixed assets.
- **EBITA** is the operating result before amortization and impairment of customer lists, trademarks, non-competition agreements and other fixed assets 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 and investing activities before the cash flows used in acquisitions and payment of dividends and the cash flows from or used in other financing activities.

INDICATORS

	30/06/2019	31/12/2018 (*)	30/06/2018
Net financial indebtedness (€ thousands)	841,067	840,856	319,646
Net Equity (€ thousands)	625,546	595,947	550,215
Group Net Equity (€ thousands)	624,417	594,919	549,942
Net financial indebtedness/Net Equity	1.34 (**)	1.24 (***)	0.58
Net financial indebtedness/Group Net Equity	1.35 (**)	1.24 (***)	0.58
Net financial indebtedness/EBITDA	2.23 (**)	3.11 (***)	1.40 (****)
EBITDA/Net financial expenses	25.88 (**)	20.41 (***)	12.95 (****)
Earnings per share (EPS) (€)	0.24665	0.45706	0.21477
Diluted EPS (€)	0.24180	0.44801	0.21005
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.32978	0.52578	0.24772
Group Net Equity per share (€)	2.808	2.696	2.502
Period-end price (€)	20.560	14.050	17.760
Highest price in period (€)	22.120	20.700	17.930
Lowest price in period (€)	13.610	12.590	12.590
Share price/net equity per share	7.322	5.211	7.099
Market capitalization (€ millions)	4,571.84	3,180.27	4,019.86
Number of shares outstanding	222,365,750	220,637,875	219,829,197

(*) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price.
(**) Indicators re-defined together with the banks and the financial investors after the adoption of IFRS 9, 15 and 16.
(***) Indicators calculated in compliance with the previous definitions included in the syndicated loan for the GAES acquisition, before the adoption of IFRS 9, 15 and 16.
(****) Indicators determined in compliance with the definitions as at 30 June 2018 before the adoption of IFRS 16.

- **Net financial indebtedness/net equity** is the ratio of net financial indebtedness to total net equity.
- **Net financial indebtedness/Group net equity** is the ratio of the net financial indebtedness to the Group's net equity.
- **Net financial indebtedness/EBITDA** is the ratio of net financial indebtedness to EBITDA for the last four quarters (determined with reference to recurring operations only, based on pro forma figures in case of significant changes to the structure of the Group).
- **EBITDA/net financial expenses ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring operations only, based on restated figures in case of significant changes to the structure of the Group) to net interest payable and receivable of the same last four quarters.
- **Earnings per share (EPS) (€)** is the 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 the 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

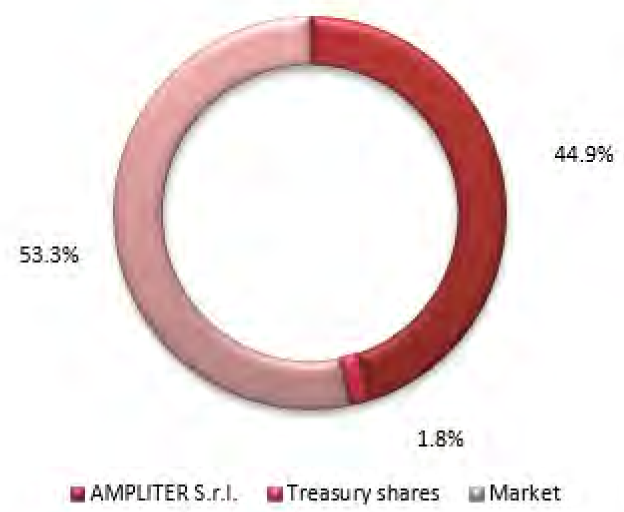
calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **Earnings per share (EPS) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets (€)** is the profit for the year from recurring operations attributable to the parent's ordinary shareholders divided by the weighted average number of outstanding shares in the period adjusted to reflect the amortization of purchase price allocations. When calculating the number of outstanding shares, the purchases and sales of treasury shares are considered cancellations and share issues, respectively.
- **Net Equity per share (€)** is the ratio of Group equity to the number of outstanding shares.
- **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 capitalization** is the closing price on the last stock exchange trading day of the period multiplied by the number of outstanding shares.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

SHAREHOLDER INFORMATION

Main Shareholders

The main Shareholders of Amplifon S.p.A. as at 30 June 2019 are:



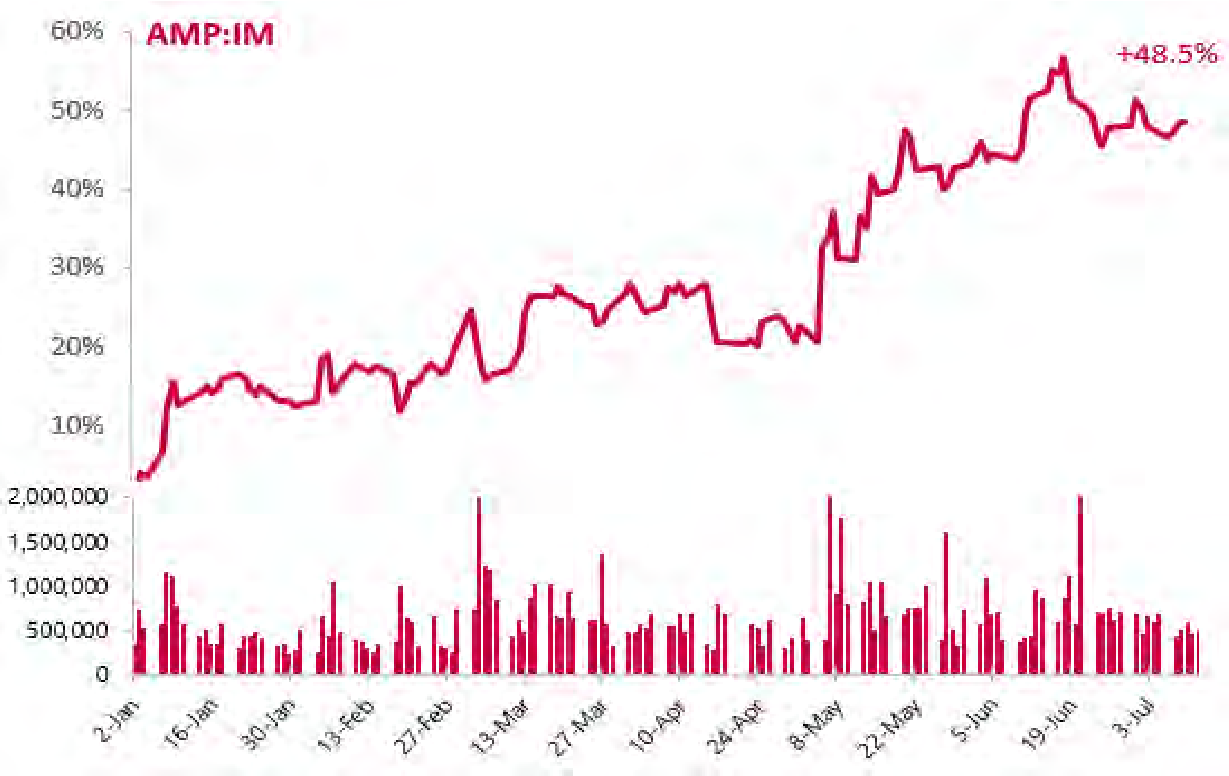
Shareholder	No. of ordinary shares	% held	% of the total share capital in voting rights
Ampliter S.r.l.	101,715,003	44.9%	61.9%
Treasury shares	4,022,870	1.8%	1.2%
Market	120,650,747	53.3%	36.9%
Total	**226,388,620 (*)**	**100.0%**	**100.0%**

(*) Number of shares related to the share capital registered with the Company registrar on 30 June 2019.

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 Ampliter S.r.l. or other indirect parents.

The shares of the parent 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 since 27 December 2018.

The chart shows the performance of the Amplifon share price and its trading volumes from 2 January 2019 to 12 July 2019.



As at 30 June 2019 market capitalization was €4,571.84 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 2 January 2019 – 28 June 2019, showed:

- average daily value: €11,416,070.48;
- average daily volume: 647,614 shares;
- total volume traded of 80,951,811 shares, or 36.4% of the total number of shares comprising the share capital, net of treasury shares.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ thousands)	First Half 2019				First Half 2018				
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	832,035	-	832,035	100.0%	659,605	-	659,605	100.0%	26.1%
Operating costs	(646,294)	(5,805)	(652,099)	-77.7%	(551,065)	-	(551,065)	-83.5%	-17.3%
Other costs and revenues	824	-	824	0.1%	1,409	-	1,409	0.2%	-41.5%
Gross operating profit (loss) (EBITDA)	**186,565**	**(5,805)**	**180,760**	**22.4%**	**109,949**	**-**	**109,949**	**16.7%**	**69.7%**
Depreciation and write-downs of non-current assets	(72,669)	-	(72,669)	-8.7%	(23,691)	-	(23,691)	-3.6%	-206.7%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**113,896**	**(5,805)**	**108,091**	**13.7%**	**86,258**	**-**	**86,258**	**13.1%**	**32.0%**
PPA related depreciation and amortization	(18,523)	(65)	(18,588)	-2.2%	(10,201)	-	(10,201)	-1.5%	-81.6%
Operating profit (loss) (EBIT)	**95,373**	**(5,870)**	**89,503**	**11.5%**	**76,057**	**-**	**76,057**	**11.5%**	**25.4%**
Income, expenses, valuation and adjustments of financial assets	193	-	193	0.0%	158	-	158	0.0%	22.2%
Net financial expenses	(13,121)	-	(13,121)	-1.6%	(9,501)	-	(9,501)	-1.4%	-38.1%
Exchange differences and non-hedge accounting instruments	112	-	112	0.0%	(454)	-	(454)	-0.1%	124.7%
Profit (loss) before tax	**82,557**	**(5,870)**	**76,687**	**9.9%**	**66,260**	**-**	**66,260**	**10.0%**	**24.6%**
Tax	(23,199)	999	(22,200)	-2.8%	(19,273)	-	(19,273)	-2.9%	-20.4%
Net profit (loss)	**59,358**	**(4,871)**	**54,487**	**7.1%**	**46,987**	**-**	**46,987**	**7.1%**	**26.3%**
Profit (loss) of minority interests	(5)	-	(5)	0.0%	(51)	-	(51)	0.0%	90.2%
Net profit (loss) attributable to the Group	**59,363**	**(4,871)**	**54,492**	**7.1%**	**47,038**	**-**	**47,038**	**7.1%**	**26.2%**

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

(€ thousands)	First Half 2019 w/o IFRS 16 (*)				First Half 2018				
	Recurring	**Non-recurring (**)**	**Total**	**% on recurring**	**Recurring**	**Non-recurring (**)**	**Total**	**% on recurring**	**Change % on recurring**
Revenues from sales and services	832,035	-	832,035	100.0%	659,605	-	659,605	100.0%	26.1%
Operating costs	(691,668)	(5,805)	(697,473)	-83.1%	(551,065)	-	(551,065)	-83.5%	-25.5%
Other costs and revenues	829	-	829	0.1%	1,409	-	1,409	0.2%	-41.2%
Gross operating profit (loss) (EBITDA)	**141,196**	**(5,805)**	**135,391**	**17.0%**	**109,949**	**-**	**109,949**	**16.7%**	**28.4%**
Depreciation and write-downs of non-current assets	(29,894)	-	(29,894)	-3.6%	(23,691)	-	(23,691)	-3.6%	-26.2%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**111,302**	**(5,805)**	**105,497**	**13.4%**	**86,258**	**-**	**86,258**	**13.1%**	**29.0%**
PPA related depreciation and amortization	(18,523)	(65)	(18,588)	-2.2%	(10,201)	-	(10,201)	-1.5%	-81.6%
Operating profit (loss) (EBIT)	**92,779**	**(5,870)**	**86,909**	**11.2%**	**76,057**	**-**	**76,057**	**11.5%**	**22.0%**
Income, expenses, valuation and adjustments of financial assets	193	-	193	0.0%	158	-	158	0.0%	22.2%
Net financial expenses	(7,444)	-	(7,444)	-0.9%	(9,501)	-	(9,501)	-1.4%	21.7%
Exchange differences and non-hedge accounting instruments	112	-	112	0.0%	(454)	-	(454)	-0.1%	124.7%
Profit (loss) before tax	**85,640**	**(5,870)**	**79,770**	**10.3%**	**66,260**	**-**	**66,260**	**10.0%**	**29.2%**
Tax	(23,735)	999	(22,736)	-2.9%	(19,273)	-	(19,273)	-2.9%	-23.2%
Net profit (loss)	**61,905**	**(4,871)**	**57,034**	**7.4%**	**46,987**	**-**	**46,987**	**7.1%**	**31.7%**
Profit (loss) of minority interests	14	-	14	0.0%	(51)	-	(51)	0.0%	127.5%
Net profit (loss) attributable to the Group	**61,891**	**(4,871)**	**57,020**	**7.4%**	**47,038**	**-**	**47,038**	**7.1%**	**31.6%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) See table at page 18 for details of non-recurring transactions.

(€ thousands)	Second Quarter 2019				Second Quarter 2018				
	Recurring	Non-recurring (*)	Total	% on recurring	Recurring	Non-recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	440,062	-	440,062	100.0%	350,198	-	350,198	100.0%	25.7%
Operating costs	(332,960)	(4,380)	(337,340)	-75.6%	(283,823)	-	(283,823)	-81.0%	-17.3%
Other costs and revenues	521	-	521	0.1%	349	-	349	0.1%	49.3%
Gross operating profit (loss) (EBITDA)	**107,623**	**(4,380)**	**103,243**	**24.5%**	**66,724**	**-**	**66,724**	**19.1%**	**61.3%**
Depreciation and write-downs of non-current assets	(37,259)	-	(37,259)	-8.5%	(12,077)	-	(12,077)	-3.4%	-208.5%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**70,364**	**(4,380)**	**65,984**	**16.0%**	**54,647**	**-**	**54,647**	**15.6%**	**28.8%**
PPA related depreciation and amortization	(9,289)	(65)	(9,354)	-2.1%	(5,140)	-	(5,140)	-1.5%	-80.7%
Operating profit (loss) (EBIT)	**61,075**	**(4,445)**	**56,630**	**13.9%**	**49,507**	**-**	**49,507**	**14.1%**	**23.4%**
Income, expenses, valuation and adjustments of financial assets	121	-	121	0.0%	9	-	9	0.0%	1244.4%
Net financial expenses	(6,627)	-	(6,627)	-1.5%	(4,904)	-	(4,904)	-1.4%	-35.1%
Exchange differences and non-hedge accounting instruments	272	-	272	0.1%	(183)	-	(183)	-0.1%	248.6%
Profit (loss) before tax	**54,841**	**(4,445)**	**50,396**	**12.5%**	**44,429**	**-**	**44,429**	**12.7%**	**23.4%**
Tax	(14,281)	635	(13,646)	-3.3%	(11,996)	-	(11,996)	-3.4%	-19.0%
Net profit (loss)	**40,560**	**(3,810)**	**36,750**	**9.2%**	**32,433**	**-**	**32,433**	**9.3%**	**25.1%**
Profit (loss) of minority interests	(20)	-	(20)	0.0%	(3)	-	(3)	0.0%	-566.7%
Net profit (loss) attributable to the Group	**40,580**	**(3,810)**	**36,770**	**9.2%**	**32,436**	**-**	**32,436**	**9.3%**	**25.1%**

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

(€ thousands)	Second Quarter 2019 w/o IFRS 16 (*)				Second Quarter 2018				
	Recurring	Non-recurring (**)	Total	% on recurring	Recurring	Non-recurring (**)	Total	% on recurring	Change % on recurring
Revenues from sales and services	440,062	-	440,062	100.0%	350,198	-	350,198	100.0%	25.7%
Operating costs	(355,734)	(4,380)	(360,114)	-80.8%	(283,823)	-	(283,823)	-81.0%	-25.3%
Other costs and revenues	527	-	527	0.1%	349	-	349	0.1%	51.0%
Gross operating profit (loss) (EBITDA)	**84,855**	**(4,380)**	**80,475**	**19.3%**	**66,724**	**-**	**66,724**	**19.1%**	**27.2%**
Depreciation and write-downs of non-current assets	(15,679)	-	(15,679)	-3.6%	(12,077)	-	(12,077)	-3.4%	-29.8%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**69,176**	**(4,380)**	**64,796**	**15.7%**	**54,647**	**-**	**54,647**	**15.6%**	**26.6%**
PPA related depreciation and amortization	(9,289)	(65)	(9,354)	-2.1%	(5,140)	-	(5,140)	-1.5%	-80.7%
Operating profit (loss) (EBIT)	**59,887**	**(4,445)**	**55,442**	**13.6%**	**49,507**	**-**	**49,507**	**14.1%**	**21.0%**
Income, expenses, valuation and adjustments of financial assets	121	-	121	0.0%	9	-	9	0.0%	1244.4%
Net financial expenses	(3,790)	-	(3,790)	-0.9%	(4,904)	-	(4,904)	-1.4%	22.7%
Exchange differences and non-hedge accounting instruments	272	-	272	0.1%	(183)	-	(183)	-0.1%	248.6%
Profit (loss) before tax	**56,490**	**(4,445)**	**52,045**	**12.8%**	**44,429**	**-**	**44,429**	**12.7%**	**27.1%**
Tax	(14,577)	635	(13,942)	-3.3%	(11,996)	-	(11,996)	-3.4%	-21.5%
Net profit (loss)	**41,913**	**(3,810)**	**38,103**	**9.5%**	**32,433**	**-**	**32,433**	**9.3%**	**29.2%**
Profit (loss) of minority interests	(14)	-	(14)	0.0%	(3)	-	(3)	0.0%	-366.7%
Net profit (loss) attributable to the Group	**41,927**	**(3,810)**	**38,117**	**9.5%**	**32,436**	**-**	**32,436**	**9.3%**	**29.3%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) See table at page 18 for details of non-recurring transactions.

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

(€ thousands)	H1 2019	H1 2018
Costs related to GAES integration	(5,805)	-
Impact of the non-recurring items on EBITDA	**(5,805)**	**-**
Impairment of GAES intangible asset	(65)	-
Impact of the non-recurring items on EBIT	**(5,870)**	**-**
Impact of the non-recurring items pre-tax	**(5,870)**	**-**
Impact of the above items on the tax burden of the period	999	-
Impact of the non-recurring items on total net result	**(4,871)**	**-**

(€ thousands)	Q2 2019	Q2 2018
Costs related to GAES integration	(4,380)	-
Impact of the non-recurring items on EBITDA	**(4,380)**	**-**
Impairment of GAES intangible asset	(65)	-
Impact of the non-recurring items on EBIT	**(4,445)**	**-**
Impact of the non-recurring items pre-tax	**(4,445)**	**-**
Impact of the above items on the tax burden of the period	635	-
Impact of the non-recurring items on total net result	**(3,810)**	**-**

RECLASSIFIED CONSOLIDATED BALANCE SHEET

The reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: investments, operations and finance.

(€ thousands)	30/06/2019	31/12/2018 (*)	Change	30/06/2019 w/o IFRS 16 (**)
Goodwill	1,183,529	1,161,598	21,931	1,183,529
Non-competition agreements, trademarks, customer lists and lease rights	275,865	279,406	(3,541)	275,865
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	84,515	79,996	4,519	84,515
Property, plant and equipment	196,101	188,941	7,160	196,101
Right-of-use assets	433,446	-	433,446	-
Financial fixed assets (1)	40,580	41,546	(966)	40,580
Other non-current financial assets (1)	30,686	26,752	3,934	31,032
Non-current assets	**2,244,722**	**1,778,239**	**466,483**	**1,811,622**
Inventories	67,345	61,740	5,605	67,345
Trade receivables	184,517	169,454	15,063	184,517
Other receivables	90,208	77,292	12,916	92,250
Current assets (A)	**342,070**	**308,486**	**33,584**	**344,112**
Operating assets	**2,586,792**	**2,086,725**	**500,067**	**2,155,734**
Trade payables	(174,099)	(173,100)	(999)	(174,501)
Other payables (2)	(264,151)	(244,986)	(19,165)	(264,151)
Provisions for risks and charges (current portion)	(6,244)	(4,916)	(1,328)	(6,244)
Current liabilities (B)	**(444,494)**	**(423,002)**	**(21,492)**	**(444,896)**
Net working capital (A) - (B)	**(102,424)**	**(114,516)**	**12,092**	**(100,784)**
Derivative instruments (3)	(12,514)	(10,876)	(1,638)	(12,514)
Deferred tax assets	78,172	75,204	2,968	77,644
Deferred tax liabilities	(98,966)	(98,932)	(34)	(98,966)
Provisions for risks and charges (non-current portion)	(48,575)	(49,619)	1,044	(48,575)
Liabilities for employees' benefits (non-current portion)	(22,545)	(20,290)	(2,255)	(22,545)
Loan fees (4)	2,316	3,795	(1,479)	2,316
Other non-current payables	(137,609)	(126,202)	(11,407)	(137,609)
NET INVESTED CAPITAL	**1,902,577**	**1,436,803**	**465,774**	**1,470,589**
Group net equity	624,417	594,919	29,498	626,947
Minority interests	1,129	1,028	101	1,135
Total net equity	**625,546**	**595,947**	**29,599**	**628,082**
Net medium and long-term financial indebtedness (4)	812,211	877,688	(65,477)	812,866
Net short-term financial indebtedness (4)	28,856	(36,832)	65,688	29,641
Total net financial indebtedness	**841,067**	**840,856**	**211**	**842,507**
Lease liabilities	435,964	-	435,964	-
Total lease liabilities & net financial indebtedness	**1,277,031**	**840,856**	**436,175**	**842,507**
NET EQUITY, LEASE LIABILITIES AND NET FIN. INDEBTEDNESS	**1,902,577**	**1,436,803**	**465,774**	**1,470,589**

(*) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price.
(**) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.

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 by 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) "Derivatives" includes cash flow hedging instruments not included 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 portions, respectively.

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

The condensed consolidated cash flow statement is a summarized version of the reclassified statement of cash flows set out in the following pages and its purpose is, starting from the EBIT, to detail the cash flows from or used in operating, investing and financing activities.

(€ thousands)	First Half 2019	First Half 2018
Operating profit (loss) (EBIT)	89,503	**76,057**
Amortization, depreciation and write down	91,257	33,892
Provisions, other non-monetary items and gain/losses from disposals	12,908	9,499
Net financial expenses	(11,098)	(9,382)
Taxes paid	(17,035)	(17,177)
Changes in net working capital	(26,062)	(22,448)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**139,473**	**70,440**
Repayment of lease liabilities	(39,655)	-
Cash flow provided by (used in) operating activities (A)	**99,818**	**70,440**
Cash flow provided by (used in) operating investing activities (B)	(41,966)	(25,950)
Free Cash Flow (A) + (B)	**57,852**	**44,490**
Net cash flow provided by (used in) acquisitions (C)	(27,747)	(37,973)
(Purchase) sale of other investment and securities (D)	-	388
Cash flow provided by (used in) investing activities (B+C+D)	**(69,713)**	**(63,535)**
Cash flow provided by (used in) operating activities and investing activities	**30,105**	**6,905**
Dividends	(30,939)	(24,079)
Fees paid on medium/long-term financing	-	(146)
Treasury shares	-	(7,833)
Capital increases, third parties' contributions and dividends paid by subsidiaries to third parties	(38)	117
Hedging instruments and other changes in non-current assets	1,318	1,313
Net cash flow from the period	**446**	**(23,723)**
Net financial indebtedness as of period opening date	**(840,856)**	**(296,265)**
Effect of discontinued operation on financial position	-	24
Effect of exchange rate fluctuations on financial position	(657)	318
Change in net financial position	446	(23,723)
Net financial indebtedness as of period closing date	**(841,067)**	**(319,646)**

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

(€ thousands)	First Half 2019	First Half 2018
Free cash flow	**57,852**	**44,490**
Free cash flow generated by non-recurring transactions (see page 54 for details)	(6,981)	-
Free cash flow generated by recurring transactions	**64,833**	**44,490**

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area (*)

(€ thousands)	First Half 2019				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	607,128	131,884	91,037	1,986	832,035
Operating costs	(466,168)	(103,135)	(63,729)	(19,067)	(652,099)
Other costs and revenues	531	365	(39)	(33)	824
Gross operating profit (loss) (EBITDA)	**141,491**	**29,114**	**27,269**	**(17,114)**	**180,760**
Depreciation and write-downs of non-current assets	(55,377)	(4,511)	(8,678)	(4,103)	(72,669)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**86,114**	**24,603**	**18,591**	**(21,217)**	**108,091**
PPA related depreciation and amortization	(14,945)	(592)	(2,925)	(126)	(18,588)
Operating profit (loss) (EBIT)	**71,169**	**24,011**	**15,666**	**(21,343)**	**89,503**
Income, expenses, valuation and adjustments of financial assets					193
Net financial expenses					(13,121)
Exchange differences and non-hedge accounting instruments					112
Profit (loss) before tax					**76,687**
Tax					(22,200)
Net profit (loss)					**54,487**
Profit (loss) of minority interests					(5)
Net profit (loss) attributable to the Group					**54,492**

(€ thousands)	First Half 2019 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	607,128	131,884	91,037	1,986	832,035
Gross operating profit (loss) (EBITDA)	147,271	29,139	27,269	(17,114)	186,565
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	91,894	24,628	18,591	(21,217)	113,896
Operating profit (loss) (EBIT)	77,014	24,036	15,666	(21,343)	95,373
Profit (loss) before tax					82,557
Net profit (loss) attributable to the Group					59,363

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

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

(€ thousands)	First Half 2018 – Only recurring operations				
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Total**
Revenues from sales and services	462,961	109,339	86,118	1,187	659,605
Gross operating profit (loss) (EBITDA)	81,986	20,845	23,636	(16,518)	109,949
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	66,753	18,646	19,895	(19,036)	86,258
Operating profit (loss) (EBIT)	59,737	18,317	17,072	(19,069)	76,057
Profit (loss) before tax					66,260
Net profit (loss) attributable to the Group					47,038

(€ thousands)	Second Quarter 2019				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	323,365	68,782	46,622	1,293	440,062
Operating costs	(242,600)	(52,618)	(33,356)	(8,766)	(337,340)
Other costs and revenues	275	234	36	(24)	521
Gross operating profit (loss) (EBITDA)	**81,040**	**16,398**	**13,302**	**(7,497)**	**103,243**
Depreciation and write-downs of non-current assets	(28,186)	(2,408)	(4,582)	(2,083)	(37,259)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	**52,854**	**13,990**	**8,720**	**(9,580)**	**65,984**
PPA related depreciation and amortization	(7,510)	(325)	(1,455)	(64)	(9,354)
Operating profit (loss) (EBIT)	**45,344**	**13,665**	**7,265**	**(9,644)**	**56,630**
Income, expenses, valuation and adjustments of financial assets					121
Net financial expenses					(6,627)
Exchange differences and non-hedge accounting instruments					272
Profit (loss) before tax					**50,396**
Tax					(13,646)
Net profit (loss)					**36,750**
Profit (loss) of minority interests					(20)
Net profit (loss) attributable to the Group					**36,770**

(€ thousands)	Second Quarter 2019 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	323,365	68,781	46,622	1,294	440,062
Gross operating profit (loss) (EBITDA)	85,395	16,423	13,302	(7,497)	107,623
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	57,209	14,016	8,720	(9,581)	70,364
Operating profit (loss) (EBIT)	49,763	13,691	7,265	(9,644)	61,075
Profit (loss) before tax					54,841
Net profit (loss) attributable to the Group					40,580

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

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

(€ thousands)	Second Quarter 2018 – Only recurring transactions				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	247,232	57,539	44,824	603	350,198
Gross operating profit (loss) (EBITDA)	51,576	11,885	11,953	(8,690)	66,724
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	43,883	10,771	9,979	(9,986)	54,647
Operating profit (loss) (EBIT)	40,323	10,599	8,571	(9,986)	49,507
Profit (loss) before tax					44,429
Net profit (loss) attributable to the Group					32,436

Revenues from sales and services

(€ thousands)	First Half 2019	First Half 2018	Change	Change %
Revenues from sales and services	**832,035**	**659,605**	**172,430**	**26.1%**

(€ thousands)	First Half 2019	First Half 2018	Change	Change %
Revenues from sales and services	**440,062**	**350,198**	**89,864**	**25.7%**

Consolidated revenues from sales and services amounted to €832,035 thousand in the first six months of 2019, an increase of €172,430 thousand (+26.1%) compared to the same period of the previous year supported by the solid organic growth reported in all the geographic areas in which the Group operates. This result reflects the significant contribution of acquisitions (particularly GAES, consolidated from an income statement standpoint as of 1 January 2019) of €133,231 thousand (+20.2%), net of the disposal of Direito de Ouvir Amplifon Brazil SA finalized at the beginning of the second quarter of 2018, and the above-market organic growth which, including the contribution of the newly opened stores, amounted to €31,731 thousand (+4.8%). Net exchange rate gains came to €7,468 thousand (+1.1%) driven primarily by the strengthening of the USD against the Euro.

In the second quarter alone, consolidated revenues from sales and services amounted to €440,062 thousand, an increase of €89,864 thousand (+25.7%) compared to the same period of the previous year, driven by the significant contribution of acquisitions (particularly GAES) of €66,835 thousand (+19.1%) and strong organic growth which, including the contribution of the newly opened stores, accelerated compared to the first quarter coming in at €19,602 thousand (+5.6%). Net exchange rate gains came to €3,427 thousand (+1.0%)

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

(€ thousands)	H1 2019	% on Total	H1 2018	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	607,128	73.0%	462,961	70.2%	144,167	31.1%	924	30.9%
Americas	131,884	15.9%	109,339	16.5%	22,545	20.6%	7,489	13.7%
Asia Pacific	91,037	10.9%	86,118	13.1%	4,919	5.7%	(945)	6.8%
Corporate	1,986	0.2%	1,187	0.2%	799	67.3%	-	67.3%
Total	**832,035**	**100.0%**	**659,605**	**100.0%**	**172,430**	**26.1%**	**7,468**	**25.0%**

Europe, Middle-East and Africa

Period (€ thousands)	2019	2018	Change	Change %
I quarter	283,763	215,729	68,034	31.5%
II quarter	323,365	247,232	76,133	30.8%
I Half Year	**607,128**	**462,961**	**144,167**	**31.1%**

Revenues from sales and services amounted to €607,128 thousand in the first six months of 2019, an increase of €144,167 thousand (+31.1%) with respect to the same period of the previous year explained for €25,477 thousand (+5.5%) by organic growth, including the contribution of the newly opened stores, and for €117,766 thousand (+25.4%) by acquisitions, including GAES consolidated from an income statement standpoint as of 1 January 2019, while net exchange rate gains came to €924 thousand (+0.2%).

An outstanding performance was recorded in Italy, thanks also to the continuous success of the roll-out of the Amplifon product line and the digital ecosystem which were also launched in the Netherlands and Germany where the initial results were very positive. In Spain both GAES and Amplifon businesses reported excellent double-digit organic growth, above expectations, stemming from the success of the first integration activities. Double-digit growth returned to France after a first quarter which was affected by the new regulations that established a mandatory trial period for hearing aids of at least 30 days. Double-digit growth was recorded in Germany, driven by strong organic growth and acquisitions. Strong organic growth was also reported in the Netherlands, Belux and Switzerland.

In the second quarter alone, consolidated revenues from sales and services amounted to €323,365 thousand, an increase of €76,133 thousand (+30.8%) compared to the same period of the previous year, driven by the significant contribution of acquisitions (particularly GAES) of €58,454 thousand (+23.6%) and organic growth which, including the contribution of the newly opened stores, accelerated compared to the first quarter and posted an increase of €17,089 thousand (+6.9%). Net exchange rate gains came to €590 thousand (+0.3%).

Americas

Period (€ thousands)	2019	2018	Change	Change %
I quarter	63,102	51,800	11,302	21.8%
II quarter	68,782	57,539	11,243	19.5%
I Half Year	**131,884**	**109,339**	**22,545**	**20.6%**

Revenues from sales and services amounted to €131,884 thousand in the first six months of 2019, an increase of €22,545 thousand (+20.6%) compared to the same period of the previous year, explained for €2,558 thousand (+2.3%) by organic growth, including the contribution of the newly opened stores, and for €12,498 thousand (+11.4%) by acquisitions which was driven by the consolidation of GAES's Latin American companies from an income statement standpoint as of 1 January 2019, net of the Direito de Ouvir Amplifon Brasil SA disposal made at the beginning of the second quarter of 2018. Net exchange rate gains came to €7,489 thousand (+6.9%).

The United States reported a 13.7% increase in local currency thanks mainly to Miracle-Ear and Amplifon Hearing Healthcare which more than offset the weak performance of Elite Hearing Network and Canada. GAES's Latin America companies, reported in M&A, posted double-digit organic growth.

In the second quarter alone, consolidated revenues from sales and services amounted to €68,782 thousand, an increase of €11,243 thousand (+19.5%) compared to the same period of the previous year, explained for €972 thousand (+1.7%) by organic growth, including the contribution of the newly opened stores, and for €6,901 thousand (+12.0%) by acquisitions, particularly by the consolidation of GAES's Latin American companies from an income statement standpoint. Net exchange rate gains came to €3,370 thousand (+5.8%).

Asia Pacific

Period (€ thousands)	2019	2018	Change	Change %
I quarter	44,415	41,295	3,120	7.6%
II quarter	46,622	44,824	1,798	4.0%
I Half Year	**91,037**	**86,118**	**4,919**	**5.7%**

Revenues from sales and services amounted to €91,037 thousand in the first six months of 2019, an increase of €4,919 thousand (+5.7%) compared to the same period of the previous year, explained for €2,897 thousand (+3.4%) by organic growth, including the contribution of the newly opened stores, and for €2,967 thousand (+3.4%) by the Chinese acquisition (made in November 2018), while net exchange rate losses came to €945 thousand (-1.1%).

Revenues in local currency rose by +6.8% thanks to solid organic growth which outpaced the market despite the weak market environment in Australia and New Zealand (where there was also one less working day), as well as the excellent performance recorded in China where, thanks to the acquisitions referred to above, double-digit growth was recorded. A good performance was reported in Australia driven by organic growth, while revenue growth in New Zealand was still basically flat due to the regulatory changes that took place in 2013.

In the second quarter alone, consolidated revenues from sales and services amounted to €46,622 thousand, an increase of €1,798 thousand (+4.0%) compared to the same period of the previous year, explained for €851 thousand (+1.9%) by organic growth, including the contribution of the newly opened stores, and for €1,480 thousand (+3.3%) by the acquisitions in China. Net exchange rate losses came to €533 thousand (-1.2%).

Gross operating profit (EBITDA)

(€ thousands)	First Half 2019			First Half 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	**186,565**	**(5,805)**	**180,760**	**109,949**	**-**	**109,949**

(€ thousands)	First Half 2019 w/o IFRS 16 (*)			First Half 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	**141,196**	**(5,805)**	**135,391**	**109,949**	**-**	**109,949**

(€ thousands)	Second Quarter 2019			Second Quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	**107,623**	**(4,380)**	**103,243**	**66,724**	**-**	**66,724**

(€ thousands)	Second Quarter w/o IFRS 16 (*)			Second Quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (loss) (EBITDA)	**84,855**	**(4,380)**	**80,475**	**66,724**	**-**	**66,724**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €180,760 thousand (with an EBITDA margin of 21.7%) in the first six months of 2019.
If IFRS 16 had not been applied, EBITDA would have amounted to €135,391 thousand, an increase on the same period of the previous year of €25,442 thousand (+23.1%) driven by considerable acceleration in revenues and solid operating leverage, even after the consolidation of GAES and the continuous investments in marketing. Net exchange rate gains came to €1,605 thousand.
The results posted in the period reflects non-recurring costs of €5,805 thousand relating to the integration of GAES.
Net of this item and excluding IFRS 16 application, EBITDA would have been €31,247 thousand (+28.4%) higher in the first six months of the year with an EBITDA margin of 17.0% (+0.3 p.p. compared to the same period of the previous year).

In the second quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €103,243 thousand (with an EBITDA margin of 23.5%).
Excluding the impact of IFRS 16 application, EBITDA would have amounted to €80,475 thousand, an increase on the same period of the previous year of €13,751 thousand (+20.6%), explained also by the exchange rate gains of €792 thousand. The results posted in the period reflect non-recurring costs of €4,380 thousand relating to the integration of GAES.

Net of this item and excluding IFRS 16 application, EBITDA would have been €18,131 thousand (+27.2%) higher in the second quarter of the year with an EBITDA margin of 19.3% (+0.2 p.p. compared to the same period of the previous year).

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	H1 2019	EBITDA Margin	H1 2018	EBITDA Margin	Change	Change %
EMEA	141,491	23.3%	81,986	17.7%	59,505	72.6%
Americas	29,114	22.1%	20,845	19.1%	8,269	39.7%
Asia Pacific	27,269	30.0%	23,636	27.4%	3,633	15.4%
Corporate (**)	(17,114)	-2.1%	(16,518)	-2.5%	(596)	-3.6%
Total	**180,760**	**21.7%**	**109,949**	**16.7%**	**70,811**	**64.4%**

(€ thousands)	H1 2019 w/o IFRS 16 (*)	EBITDA Margin	H1 2018	EBITDA Margin	Change	Change %
EMEA	103,371	17.0%	81,986	17.7%	21,385	26.1%
Americas	26,999	20.5%	20,845	19.1%	6,154	29.5%
Asia Pacific	22,135	24.3%	23,636	27.4%	(1,501)	-6.4%
Corporate (**)	(17,114)	-2.1%	(16,518)	-2.5%	(596)	-3.6%
Total	**135,391**	**16.3%**	**109,949**	**16.7%**	**25,442**	**23.1%**

(€ thousands)	Q2 2019	EBITDA Margin	Q2 2018	EBITDA Margin	Change	Change %
EMEA	81,040	25.1%	51,576	20.9%	29,464	57.1%
Americas	16,398	23.8%	11,885	20.7%	4,513	38.0%
Asia Pacific	13,302	28.5%	11,953	26.7%	1,349	11.3%
Corporate (**)	(7,497)	-1.7%	(8,690)	-2.5%	1,193	13.7%
Total	**103,243**	**23.5%**	**66,724**	**19.1%**	**36,519**	**54.7%**

(€ thousands)	Q2 2019 w/o IFRS 16 (*)	EBITDA Margin	Q2 2018	EBITDA Margin	Change	Change %
EMEA	61,936	19.2%	51,576	20.9%	10,360	20.1%
Americas	15,309	22.3%	11,885	20.7%	3,424	28.8%
Asia Pacific	10,727	23.0%	11,953	26.7%	(1,226)	-10.3%
Corporate (**)	(7,497)	-1.7%	(8,690)	-2.5%	1,193	13.7%
Total	**80,475**	**18.3%**	**66,724**	**19.1%**	**13,751**	**20.6%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) Centralized costs are shown 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)	H1 2019	EBITDA Margin	H1 2018	EBITDA Margin	Change	Change %
EMEA	147,271	24.3%	81,986	17.7%	65,285	79.6%
Americas	29,139	22.1%	20,845	19.1%	8,294	39.8%
Asia Pacific	27,269	30.0%	23,636	27.4%	3,633	15.4%
Corporate (**)	(17,114)	-2.1%	(16,518)	-2.5%	(596)	-3.6%
Total	**186,565**	**22.4%**	**109,949**	**16.7%**	**76,616**	**69.7%**

(€ thousands)	H1 2019 w/o IFRS 16 (*)	EBITDA Margin	H1 2018	EBITDA Margin	Change	Change %
EMEA	109,151	18.0%	81,986	17.7%	27,165	33.1%
Americas	27,024	20.5%	20,845	19.1%	6,179	29.6%
Asia Pacific	22,135	24.3%	23,636	27.4%	(1,501)	-6.4%
Corporate (**)	(17,114)	-2.1%	(16,518)	-2.5%	(596)	-3.6%
Total	**141,196**	**17.0%**	**109,949**	**16.7%**	**31,247**	**28.4%**

(€ thousands)	Q2 2019	EBITDA Margin	Q2 2018	EBITDA Margin	Change	Change %
EMEA	85,395	26.4%	51,576	20.9%	33,819	65.6%
Americas	16,423	23.9%	11,885	20.7%	4,538	38.2%
Asia Pacific	13,302	28.5%	11,953	26.7%	1,349	11.3%
Corporate (**)	(7,497)	-1.7%	(8,690)	-2.5%	1,193	13.7%
Total	**107,623**	**24.5%**	**66,724**	**19.1%**	**40,899**	**61.3%**

(€ thousands)	Q2 2019 w/o IFRS 16 (*)	EBITDA Margin	Q2 2018	EBITDA Margin	Change	Change %
EMEA	66,291	20.5%	51,576	20.9%	14,715	28.5%
Americas	15,334	22.3%	11,885	20.7%	3,449	29.0%
Asia Pacific	10,727	23.0%	11,953	26.7%	(1,226)	-10.3%
Corporate (**)	(7,497)	-1.7%	(8,690)	-2.5%	1,193	13.7%
Total	**84,855**	**19.3%**	**66,724**	**19.1%**	**18,131**	**27.2%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) Centralized costs are shown as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €141,491 thousand (with an EBITDA margin of 23.3%) in the first six months of 2019.
If IFRS 16 had not been applied, EBITDA would have amounted to €103,371 thousand, an increase on the same period of the previous year of €21,385 thousand (+26.1%), including the €260 thousand in net exchange rate gains. The EBITDA margin would have reached 17.0%, a decrease of 0.7 p.p. compared to the same period of the previous year.

The results posted in the period were impacted by non-recurring costs for €5,780 thousand relating to the integration of GAES. Net of this item and excluding IFRS 16 application, EBITDA would have been €27,165 thousand higher (+33.1%) with an EBITDA margin of 18.0% (+0.3 p.p. compared to the same period of the previous year).

The results for this area highlight the continuous and strong improvement made in the EBITDA, and revenues, despite the dilutive effect of the GAES integration.

In the second quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €81,040 thousand (with an EBITDA margin of 25.1%).
Excluding the impact of IFRS 16 application, EBITDA would have amounted to €61,936 thousand, an increase on the same period of the previous year of €10,360 thousand (+20.1%), including net exchange rate gains of €178 thousand. The EBITDA margin would have reached 19.2%, a decrease of 1.7 p.p. on the same period of the previous year.
The results posted in the period reflect non-recurring costs of €4,355 thousand relating to the integration of GAES.
Net of this item and excluding IFRS 16 application, EBITDA would have been €14,715 thousand higher (+28.5%) with an EBITDA margin of 20.5% (-0.4 p.p. compared to the same period of the previous year), down slightly on the same period of the previous year due to a difference in GAES's seasonality.

Americas

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €29,114 thousand (with an EBITDA margin of 22.1%) in the first six months of 2019.
If IFRS 16 had not been applied, EBITDA would have amounted to €26,999 thousand, an increase on the same period of the previous year of €6,154 thousand (+29.5%), thanks also to net exchange rate gains of €1,715 thousand. The EBITDA margin would have reached 20.5%, an increase of 1.4 p.p. compared to the same period of the previous year.
The result was impacted marginally (€25 thousand) by the non-recurring costs incurred relating to the integration of GAES.

The results of this area reflect a strong operating efficiency which made it possible to absorb the dilutive effect of the consolidation of GAES's Latin American companies from an income statement standpoint and the higher marketing investments.

In the second quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €16,398 thousand (with an EBITDA margin of 23.8%).
Excluding the impact of IFRS 16 application, EBITDA would have amounted to €15,309 thousand, an increase on the same period of the previous year of €3,424 thousand (+28.8%) including net exchange rate gains of €809 thousand. The EBITDA margin would have reached 22.3%, an increase of 1.6 p.p. with respect to the same period of the previous year.
The above mentioned non-recurring costs had a marginal impact on the second quarter results.

Asia Pacific

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €27,269 thousand (with an EBITDA margin of 30.0%) in the first six months of 2019.
If IFRS 16 had not been applied, EBITDA would have amounted to €22,135 thousand, a decrease on the same period of the previous year of €1,501 thousand (-6.4%) attributable also to net exchange rate losses of €372 thousand. The EBITDA margin would have reached 24.3%, a decrease of 3.1 p.p. compared to the same period of the previous year.

The results reflect the greater difficulty encountered in the absorption of fixed costs in Australia and New Zealand due to a weaker market and consolidation of the Chinese joint venture.

In the second quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €13,302 thousand (with an EBITDA margin of 28.5%).
If IFRS 16 had not been applied, EBITDA would have amounted to €10,727 thousand, a decrease on the same period of the previous year of €1,226 thousand (-10.3%), attributable also to net exchange rate losses of €195 thousand. The EBITDA margin would have reached 23.0%, a decrease of 3.7 p.p. compared to the same period of the previous year.

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 €17,114 thousand in the first six months of 2019 (2.1% of the revenues generated by the Group’s sales and services), an increase of €596 thousand with respect to the same period of the prior year.

In the second quarter alone, centralized corporate costs amounted to €7,497 thousand (1.7% of the revenues generated by Group’s sales and services), a decrease of €1,193 thousand with respect to the same period of the previous year.

Operating profit (EBIT)

(€ thousands)	First Half 2019			First Half 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	**95,373**	**(5,870)**	**89,503**	**76,057**	**-**	**76,057**

(€ thousands)	First Half w/o IFRS 16 (*)			First Half 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	**92,779**	**(5,870)**	**86,909**	**76,057**	**-**	**76,057**

(€ thousands)	Second Quarter 2019			Second Quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	**61,075**	**(4,445)**	**56,630**	**49,507**	**-**	**49,507**

(€ thousands)	Second Quarter w/o IFRS 16 (*)			Second Quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Operating profit (loss) (EBIT)	**59,887**	**(4,445)**	**55,442**	**49,507**	**-**	**49,507**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.

Operating profit (EBIT), determined based on the new IFRS 16, came to €89,503 thousand (with an EBIT margin of 10.8%) in the first six months of 2019.
If IFRS 16 had not been applied, EBIT would have reached €86,909 thousand, an increase on the same period of the previous year of €10,852 thousand (+14.3%), linked also to net exchange rate gains of €1,488 thousand. The EBIT margin would have come to 10.4%, a decrease of 1.1 p.p. compared to the same period of the previous year.
The results posted in the period were impacted by €5,780 thousand in non-recurring costs relating to the integration of GAES which had a slightly greater impact on EBIT than on EBITDA as a result of the impairment loss on an intangible asset. Net of this item and excluding IFRS 16 application, EBIT would have been €16,722 thousand higher (+22.0%) with an EBIT margin of 11.2% (-0.3 p.p. compared to the same period of the previous year).

With respect to the gross operating profit (EBITDA), EBIT was also influenced by higher depreciation and amortization as a result of the opening of new stores, investments in IT systems and, above all, the temporary allocation of the price paid for the GAES Group's tangible and intangible assets of €7,004 thousand.

In the second quarter alone, operating profit (EBIT), determined based on the new IFRS 16, amounted to €56,630 thousand (with an EBIT margin of 12.9%).

Excluding the impact of IFRS 16 application, EBIT would have reached €55,442 thousand, an increase on the same period of the previous year of €5,935 thousand (+12.0%) thanks also to net exchange rate gains of €745 thousand. The EBIT margin would have come to 12.6%, a decrease of 2.5 p.p. with respect to the same period of the previous year.
The results posted in the period were impacted by €4,445 thousand in non-recurring costs relating to the integration of GAES which had a slightly greater impact on EBIT than on EBITDA as a result of the impairment loss on an intangible asset. Net of this item and excluding IFRS 16 application, EBIT would have been €10,380 thousand higher (+21.0%) with an EBITDA margin of 13.6% (-0.5 p.p. compared to the same period of the previous year).
The impact of the increased amortization and depreciation stemming from the temporary allocation to tangible and intangible assets of part of the price paid for the GAES Group acquisition came to €3,504 thousand.

The following table shows the breakdown of EBIT by segment:

(€ thousands)	H1 2019	EBIT Margin	H1 2018	EBIT Margin	Change	Change %
EMEA	71,169	11.7%	59,737	12.9%	11,432	19.1%
Americas	24,011	18.2%	18,317	16.8%	5,694	31.1%
Asia Pacific	15,666	17.2%	17,072	19.8%	(1,406)	-8.2%
Corporate (**)	(21,343)	-2.6%	(19,069)	-2.9%	(2,274)	-11.9%
Total	**89,503**	**10.8%**	**76,057**	**11.5%**	**13,446**	**17.7%**

(€ thousands)	H1 2019 w/o IFRS 16 (*)	EBIT Margin	H1 2018	EBIT Margin	Change	Change %
EMEA	69,216	11.4%	59,737	12.9%	9,479	15.9%
Americas	23,788	18.0%	18,317	16.8%	5,471	29.9%
Asia Pacific	15,248	16.7%	17,072	19.8%	(1,824)	-10.7%
Corporate (**)	(21,343)	-2.6%	(19,069)	-2.9%	(2,274)	-11.9%
Total	**86,909**	**10.4%**	**76,057**	**11.5%**	**10,852**	**14.3%**

(€ thousands)	Q2 2019	EBIT Margin	Q2 2018	EBIT Margin	Change	Change %
EMEA	45,344	14.0%	40,323	16.3%	5,021	12.4%
Americas	13,665	19.9%	10,599	18.4%	3,066	28.9%
Asia Pacific	7,265	15.6%	8,571	19.1%	(1,306)	-15.2%
Corporate (**)	(9,644)	-2.2%	(9,986)	-2.9%	342	3.4%
Total	**56,630**	**12.9%**	**49,507**	**14.1%**	**7,123**	**14.4%**

(€ thousands)	Q2 2019 w/o IFRS 16 (*)	EBIT Margin	Q2 2018	EBIT Margin	Change	Change %
EMEA	44,445	13.7%	40,323	16.3%	4,122	10.2%
Americas	13,602	19.8%	10,599	18.4%	3,003	28.3%
Asia Pacific	7,039	15.1%	8,571	19.1%	(1,532)	-17.9%
Corporate (**)	(9,644)	-2.2%	(9,986)	-2.9%	342	3.4%
Total	**55,442**	**12.6%**	**49,507**	**14.1%**	**5,935**	**12.0%**

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

(€ thousands)	H1 2019	EBIT Margin	H1 2018	EBIT Margin	Change	Change %
EMEA	77,014	12.7%	59,737	12.9%	17,277	28.9%
Americas	24,036	18.2%	18,317	16.8%	5,719	31.2%
Asia Pacific	15,666	17.2%	17,072	19.8%	(1,406)	-8.2%
Corporate (**)	(21,343)	-2.6%	(19,069)	-2.9%	(2,274)	-11.9%
Total	**95,373**	**11.5%**	**76,057**	**11.5%**	**19,316**	**25.4%**

(€ thousands)	H1 2019 w/o IFRS 16 (*)	EBIT Margin	H1 2018	EBIT Margin	Change	Change %
EMEA	75,061	12.4%	59,737	12.9%	15,324	25.7%
Americas	23,813	18.1%	18,317	16.8%	5,496	30.0%
Asia Pacific	15,248	16.7%	17,072	19.8%	(1,824)	-10.7%
Corporate (**)	(21,343)	-2.6%	(19,069)	-2.9%	(2,274)	-11.9%
Total	**92,779**	**11.2%**	**76,057**	**11.5%**	**16,722**	**22.0%**

(€ thousands)	Q2 2019	EBIT Margin	Q2 2018	EBIT Margin	Change	Change %
EMEA	49,763	15.4%	40,323	16.3%	9,440	23.4%
Americas	13,691	19.9%	10,599	18.4%	3,092	29.2%
Asia Pacific	7,265	15.6%	8,571	19.1%	(1,306)	-15.2%
Corporate (**)	(9,644)	-2.2%	(9,986)	-2.9%	342	3.4%
Total	**61,075**	**13.9%**	**49,507**	**14.1%**	**11,568**	**23.4%**

(€ thousands)	Q2 2019 w/o IFRS 16 (*)	EBIT Margin	Q2 2018	EBIT Margin	Change	Change %
EMEA	48,865	15.1%	40,323	16.3%	8,542	21.2%
Americas	13,627	19.8%	10,599	18.4%	3,028	28.6%
Asia Pacific	7,039	15.1%	8,571	19.1%	(1,532)	-17.9%
Corporate (**)	(9,644)	-2.2%	(9,986)	-2.9%	342	3.4%
Total	**59,887**	**13.6%**	**49,507**	**14.1%**	**10,380**	**21.0%**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.
(**) Centralized costs are shown as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Operating profit (EBIT), determined based on the new IFRS 16, came to €71,169 thousand (with an EBIT margin of 11.7%) in the first six months of 2019.
If IFRS 16 had not been applied, EBIT would have reached €69,216 thousand, an increase on the same period of the previous year of €9,479 thousand (+15.9%), including net exchange rate gains of €225 thousand. The EBIT margin would have come to 11.4% (-1.5 p.p. compared to the same period of the previous year).
The results posted in the period were impacted by €5,845 thousand in non-recurring costs relating to the integration of GAES which had a slightly greater impact on EBIT than on EBITDA as a result of the impairment loss on an intangible asset. Net of this item and excluding IFRS 16 application, EBIT would have been €15,324 thousand higher (+25.7%) with an EBIT margin of 12.4% (-0.5 p.p. compared to the same period of the previous year).
The impact of the increased amortization and depreciation stemming from the temporary allocation to tangible and intangible assets of part of the price paid for the GAES Group acquisition came to €6,830 thousand.

In the second quarter alone, operating profit (EBIT), determined based on the new IFRS 16, amounted to €45,344 thousand (with an EBIT margin of 14.0%).
Excluding the impact of IFRS 16 application, EBIT would have reached €44,445 thousand, an increase on the same period of the previous year of €4,122 thousand (+10.2%) thanks also to net exchange rate gains of €158 thousand. The EBIT margin would have come to 13.7%, a decrease of 2.6 p.p. with respect to the same period of the previous year.
The results posted in the period were impacted by €4,420 thousand in non-recurring costs relating to the integration of GAES which had a slightly greater impact on EBIT than on EBITDA as a result of the impairment loss described above. Net of this item and excluding IFRS 16 application, EBIT would have been €8,542 thousand higher (+21.2%) with an EBIT margin of 15.1%, a decrease of 1.2 p.p. on the same period of the previous year due to a difference in GAES's seasonality.
The impact of the increased amortization and depreciation stemming from the temporary allocation to tangible and intangible assets of part of the price paid for the GAES Group acquisition came to €3,415 thousand.

Americas

Operating profit (EBIT), determined based on the new IFRS 16, came to €24,011 thousand (with an EBIT margin of 18.2%) in the first six months of 2019.
If IFRS 16 had not been applied, EBIT would have reached €23,788 thousand, an increase on the same period of the previous year of €5,471 thousand (+29.9%), including net exchange rate gains of €1,559 thousand. The EBIT margin would have come to 18.0% (+1.2 p.p. compared to the same period of the previous year).
The results posted in the period were impacted marginally (€25 thousand) by the non-recurring costs described in the section on EBITDA and the impact of the increased amortization and depreciation stemming from the temporary allocation to intangible assets of part of the price paid for the GAES Group acquisition came to €174 thousand.

In the second quarter alone, operating profit (EBIT), determined based on the new IFRS 16, amounted to €13,665 thousand (with an EBIT margin of 19.9%).
If IFRS 16 had not been applied, EBIT would have reached €13,602 thousand, an increase on the same period of the previous year of €3,003 thousand (+28.3%), including net exchange rate gains of €737 thousand. The EBIT margin would have come to 19.8% (+1.4 p.p. compared to the same period of the previous year).
The results posted in the period were impacted marginally (€25 thousand) by the non-recurring costs described above and the impact of the increased amortization and depreciation stemming from the temporary allocation to tangible and intangible assets of part of the price paid for the GAES Group acquisition came to €89 thousand.

Asia Pacific

Operating profit (EBIT), determined based on the new IFRS 16, came to €15,666 thousand (with an EBIT margin of 17.2%) in the first six months of 2019.
If IFRS 16 had not been applied, EBIT would have come to €15,248 thousand, a decrease on the same period of the previous year of €1,824 thousand (-10.7%), including net exchange rate losses of €299 thousand. The EBIT margin would have come to 16.7%, a decrease of 3.1 p.p. compared to the same period of the previous year. This change is basically in line with the change in EBITDA described above.

In the second quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €7,265 thousand (with an EBIT margin of 15.6%).
If IFRS 16 had not been applied, EBIT would have come to €7,039 thousand, a decrease on the same period of the previous year of €1,532 thousand (-17.9%), including net exchange rate losses of €151 thousand. The EBIT margin would have come to 15.1%, down 4.0 p.p. due largely to the decrease in EBITDA described above.

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €21,343 thousand in the first six months of 2019 (2.6% of the revenues generated by the Group's sales and services), an increase of €2,274 thousand with respect to the same period of the previous year.

These net costs amounted to €9,644 thousand (2.2% of the revenues generated by the Group's sales and services) in the second quarter alone, a decrease of €342 thousand with respect to the same period of the previous year.

Profit before tax

(€ thousands)	First Half 2019			First Half 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**82,557**	**(5,870)**	**76,687**	**66,260**	**-**	**66,260**

(€ thousands)	First Half 2019 w/o IFRS 16 (*)			First Half 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**85,640**	**(5,870)**	**79,770**	**66,260**	**-**	**66,260**

(€ thousands)	Second Quarter 2019			Second Quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**54,841**	**(4,445)**	**50,396**	**44,429**	**-**	**44,429**

(€ thousands)	Second Quarter w/o IFRS 16 (*)			Second Quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	**56,490**	**(4,445)**	**52,045**	**44,429**	**-**	**44,429**

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.

Profit before tax, determined based on the new IFRS 16 based on which the interest paid on leased goods must be recognized, amounted to €76,687 thousand in the first six months of 2019 (with a gross profit margin of 9.2%). Based on the accounting standards applied in the prior period, profit before tax would have come to €79,770 thousand (with a gross profit margin of 9.6%), an increase of €13,510 thousand (+20.4%) compared to the profit before tax posted in the same period of the previous year. This increase is higher than the increase in EBIT described above due to a decrease in financial expense beginning in the third quarter of 2018 following repayment of the Eurobond on 16 July 2018 financed using new long-term credit lines granted at rates which are significantly better than those of the Eurobond, as was the debt used to finance the GAES Group acquisition on 18 December.

The period under examination was impacted by non-recurring costs of €5,870 thousand relating to the acquisition of the GAES Group in December 2018 and its integration, as described in the sections on EBITDA and EBIT.
Net of these one-offs and applying the same accounting standards, the increase in profit before tax reaches €19,380 thousand (+29.2%) in the first six months of 2019.

In the second quarter alone, profit before tax, determined based on the new accounting standards amounted to €50,396 thousand (with a gross profit margin of 11.5%). Based on the accounting standards applied in the prior period, profit before tax would have come to €52,045 thousand (with a gross profit margin of 11.8% excluding IFRS 16 application), an increase of €12,061 thousand (+27.1%), compared to the recurring profit before tax posted in the same period of the previous year.

Net profit attributable to the Group

(€ thousands)	First Half 2019			First Half 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	59,363	(4,871)	54,492	47,038	-	47,038

(€ thousands)	First Half 2019 w/o IFRS 16 (*)			First Half 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	61,891	(4,871)	57,020	47,038	-	47,038

(€ thousands)	Second Quarter 2019			Second Quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	40,580	(3,810)	36,770	32,436	-	32,436

(€ thousands)	Second Quarter w/o IFRS 16 (*)			Second Quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Group net profit (loss)	41,927	(3,810)	38,117	32,436	-	32,436

(*) For the sake of comparison, 2019 unaudited figures are shown without the application of IFRS 16.

The Group’s net profit, determined based on the new accounting standards effective as of 1 January, came to €54,492 thousand (with a profit margin of 6.5%) in the first six months of 2019. Based on the accounting standards applied in the prior year, the Group’s net profit would have amounted to €57,020 thousand (with a profit margin of 6.9%), an increase of €9,982 thousand. Recurring net profit would have shown an increase of €14,853 thousand (+31.6%) compared to the same period of the previous year.

The Group’s tax rate came to 28.9% compared to 29.1% at 30 June 2018. Net of the losses recorded by subsidiaries for which, in accordance with the principle of prudence, deferred tax assets are not recognized, the tax rate would have been 24.4% (26.2% in the same period of the prior year).

In the second quarter alone, the Group’s net profit, determined based on the new accounting standards, came to €36,770 thousand (with a profit margin of 8.4%). Based on the accounting standards applied in the prior year, the Group’s net profit would have amounted to €38,117 thousand (with a profit margin of 8.7% excluding IFRS 16 application), an increase of €9,491 thousand (+29.3%) against the recurring net profit recorded in the same period of the previous year.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	30/06/2019				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	814,016	123,866	245,647	-	1,183,529
Non-competition agreements, trademarks, customer lists and lease rights	227,488	10,197	38,180	-	275,865
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	59,488	15,683	9,344	-	84,515
Tangible assets	157,538	13,586	24,977	-	196,101
Right-of-use assets	380,288	17,742	35,416	-	433,446
Financial fixed assets	4,518	36,062	-	-	40,580
Other non-current financial assets	29,377	389	920	-	30,686
Non-current assets	**1,672,713**	**217,525**	**354,484**	**-**	**2,244,722**
Inventories	58,981	4,438	3,926	-	67,345
Trade receivables	130,202	39,595	18,316	(3,596)	184,517
Other receivables	72,812	11,495	5,908	(7)	90,208
Current assets (A)	**261,995**	**55,528**	**28,150**	**(3,603)**	**342,070**
Operating assets	**1,934,708**	**273,053**	**382,634**	**(3,603)**	**2,586,792**
Trade payables	(121,145)	(42,327)	(14,223)	3,596	(174,099)
Other payables	(231,504)	(15,735)	(16,919)	7	(264,151)
Provisions for risks and charges (current portion)	(5,137)	(1,107)	-	-	(6,244)
Current liabilities (B)	**(357,786)**	**(59,169)**	**(31,142)**	**3,603**	**(444,494)**
Net working capital (A) - (B)	**(95,791)**	**(3,641)**	**(2,992)**	**-**	**(102,424)**
Derivative instruments	(12,514)	-	-	-	(12,514)
Deferred tax assets	70,904	2,866	4,402	-	78,172
Deferred tax liabilities	(69,829)	(18,025)	(11,112)	-	(98,966)
Provisions for risks and charges (non-current portion)	(20,441)	(27,559)	(575)	-	(48,575)
Liabilities for employees' benefits (non-current portion)	(20,560)	(168)	(1,817)	-	(22,545)
Loan fees	2,316	-	-	-	2,316
Other non-current payables	(124,645)	(10,704)	(2,260)	-	(137,609)
NET INVESTED CAPITAL	**1,402,153**	**160,294**	**340,130**	**-**	**1,902,577**
Group net equity					624,417
Minority interests					1,129
Total net equity					**625,546**
Net medium and long-term financial indebtedness					812,211
Net short-term financial indebtedness					28,856
Total net financial indebtedness					**841,067**
Lease liabilities					435,964
Total lease liabilities & net financial indebtedness					**1,277,031**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					**1,902,577**

(*) 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)	31/12/2018 (**)				
	EMEA	**Americas**	**Asia Pacific**	**Eliminations**	**Total**
Goodwill	793,469	122,184	245,945	-	1,161,598
Non-competition agreements, trademarks, customer lists and lease rights	228,048	10,331	41,027	-	279,406
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	56,303	14,654	9,039	-	79,996
Tangible assets	155,319	9,807	23,815	-	188,941
Financial fixed assets	4,170	37,376	-	-	41,546
Other non-current financial assets	25,606	298	848	-	26,752
Non-current assets	**1,262,915**	**194,650**	**320,674**	**-**	**1,778,239**
Inventories	53,313	5,084	3,343	-	61,740
Trade receivables	124,424	33,247	13,412	(1,629)	169,454
Other receivables	64,007	9,211	4,081	(7)	77,292
Current assets (A)	**241,744**	**47,542**	**20,836**	**(1,636)**	**308,486**
Operating assets	**1,504,659**	**242,192**	**341,510**	**(1,636)**	**2,086,725**
Trade payables	(123,002)	(39,716)	(12,011)	1,629	(173,100)
Other payables	(212,445)	(14,401)	(18,147)	7	(244,986)
Provisions for risks and charges (current portion)	(3,813)	(1,103)	-	-	(4,916)
Current liabilities (B)	**(339,260)**	**(55,220)**	**(30,158)**	**1,636**	**(423,002)**
Net working capital (A) - (B)	**(97,516)**	**(7,678)**	**(9,322)**	**-**	**(114,516)**
Derivative instruments	(10,876)	-	-	-	(10,876)
Deferred tax assets	69,295	1,624	4,285	-	75,204
Deferred tax liabilities	(69,677)	(17,337)	(11,918)	-	(98,932)
Provisions for risks and charges (non-current portion)	(21,862)	(27,240)	(517)	-	(49,619)
Liabilities for employees' benefits (non-current portion)	(18,368)	(177)	(1,745)	-	(20,290)
Loan fees	3,795	-	-	-	3,795
Other non-current payables	(116,749)	(6,872)	(2,581)	-	(126,202)
NET INVESTED CAPITAL	**1,000,957**	**136,970**	**298,876**	**-**	**1,436,803**
Group net equity					594,919
Minority interests					1,028
Total net equity					**595,947**
Net medium and long-term financial indebtedness					877,688
Net short-term financial indebtedness					(36,832)
Total net financial indebtedness					**840,856**
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					**1,436,803**

(**) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price.

Non-current assets

Non-current assets amounted to €2,244,722 thousand at 30 June 2019, an increase of €466,483 thousand compared to the €1,778,239 thousand recorded at 31 December 2018, which includes the temporary purchase price allocated to the non-current assets and liabilities relating to the GAES Group acquisition. IFRS 16 was applied using the modified retrospective approach which does not call for the restatement of 2018 figures.

The changes in the period are explained (i) for €442,063 thousand by the recognition of right-of-use assets following application of IFRS 16 as of 1 January 2019; (ii) for €43,053 thousand by capital expenditure; (iii) for €34,476 thousand by right-of-use assets; (iv) for €35,094 thousand by acquisitions; (v) for €91,257 thousand by depreciation, amortization and impairment losses which includes the depreciation of the above right-of-use assets; (v) for €3,054 thousand by other net increases relating primarily to net exchange rate gains.

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

(€ thousands)		30/06/2019	31/12/2018 (*)	Change
EMEA	Goodwill	814,016	793,469	20,547
	Non-competition agreements, trademarks, customer lists and lease rights	227,488	228,048	(560)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	59,488	56,303	3,185
	Tangible assets	157,538	155,319	2,219
	Right-of-use assets	380,288	-	380,288
	Financial fixed assets	4,518	4,170	348
	Other non-current financial assets	29,377	25,606	3,771
	Non-current assets	**1,672,713**	**1,262,915**	**409,798**
Americas	Goodwill	123,866	122,184	1,682
	Non-competition agreements, trademarks, customer lists and lease rights	10,197	10,331	(134)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	15,683	14,654	1,029
	Tangible assets	13,586	9,807	3,779
	Right-of-use assets	17,742	-	17,742
	Financial fixed assets	36,062	37,376	(1,314)
	Other non-current financial assets	389	298	91
	Non-current assets	**217,525**	**194,650**	**22,875**
Asia Pacific	Goodwill	245,647	245,945	(298)
	Non-competition agreements, trademarks, customer lists and lease rights	38,180	41,027	(2,847)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	9,344	9,039	305
	Tangible assets	24,977	23,815	1,162
	Right-of-use assets	35,416	-	35,416
	Financial fixed assets	-	-	-
	Other non-current financial assets	920	848	72
	Non-current assets	**354,484**	**320,674**	**33,810**

(*) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price.

Europe, Middle-East and Africa

Non-current assets amounted to €1,672,713 thousand at 30 June 2019, an increase of €409,798 thousand compared to the €1,262,915 thousand recorded at 31 December 2018 which includes the temporary purchase price allocated to the non-current assets and liabilities acquired from the GAES Group.
The increase is explained:
- for €392,104 thousand, by the recognition of right-of-use assets following application of IFRS 16 beginning 1 January 2019;
- for €34,491 thousand, by acquisitions;
- for €18,150 thousand, by investments in property, plant and equipment, relating primarily to the opening of new and renewal of existing stores;
- for €11,777 thousand, by investments in intangible assets, relating primarily to further improvements of the CRM systems, digital marketing and a new business transformation system for back office functions (Human Resources, Procurement, Administration and Finance);
- for €23,981 thousand, by right-of-use assets;
- for €74,551 thousand, by amortization, depreciation and impairment losses which includes the depreciation of the right-of-use assets referred to above;
- for €3,846 thousand, by other net increases.

Americas

Non-current assets amounted to €217,525 thousand at 30 June 2019, an increase of €22,875 thousand compared to the €194,650 thousand recorded at 31 December 2018 which includes the temporary purchase price allocated to the non-current assets and liabilities acquired from the GAES Group.
The increase is explained:
- for €11,942 thousand, by the recognition of right-of-use assets following application of IFRS 16 beginning 1 January 2019,
- for €4,825 thousand, by investments in property, plant and equipment;
- for €2,374 thousand, by investments in intangible assets;
- for €7,833 thousand, by right-of-use assets;
- for €603 thousand, by acquisitions;
- for €5,103 thousand, by amortization and depreciation which includes the depreciation of the right-of-use assets referred to above;
- for €401 thousand, by other net increases relating primarily to net exchange rate gains.

Asia Pacific

Non-current assets amounted to €354,484 thousand at 30 June 2019, an increase of €33,810 thousand compared to the €320,674 thousand recorded at 31 December 2018.
The increase is explained:
- for €38,017 thousand, by the recognition of right-of-use assets following application of IFRS 16 beginning 1 January 2019,
- for €4,165 thousand, by investments in property, plant and equipment;
- for €1,762 thousand, by investments in intangible assets;
- for €2,662 thousand, by right-of-use assets;
- for €11,603 thousand, by amortization and depreciation which includes the depreciation of the right-of-use assets referred to above;
- for €1,193 thousand, by other net decreases relating primarily to net exchange rate losses.

Net invested capital

Net invested capital came to €1,902,577 thousand at 30 June 2019, an increase of €465,774 thousand compared to the €1,436,803 thousand recorded at 31 December 2018 which includes the temporary purchase price allocated to the non-current assets and liabilities acquired from the GAES Group. IFRS 16 was applied using the modified retrospective approach which does not call for the restatement of 2018 figures.

This increase is attributable to the change in non-current assets described above and the improvement in working capital which was partially offset by the increase in contract liabilities.

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

(€ thousands)	30/06/2019	31/12/2018 (*)	Change
EMEA	1,402,153	1,000,957	401,196
Americas	160,294	136,970	23,324
Asia Pacific	340,130	298,876	41,254
Total	**1,902,577**	**1,436,803**	**465,774**

(*) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price.

Europe, Middle-East and Africa

Net invested capital came to €1,402,153 thousand at 30 June 2019, an increase of €401,196 thousand compared to the €1,000,957 thousand recorded at 31 December 2018 which includes the temporary purchase price allocated to the non-current assets and liabilities acquired from the GAES Group.
This increase is attributable to the change in non-current assets described above and the improvement in working capital which was partially offset by the increase in contract liabilities.

Factoring without recourse in the period involved trade receivables with a nominal value of €36,899 thousand (€35,050 thousand in the same period of the prior year) and VAT credits with a nominal value of €13,646 thousand (€12,469 thousand in the same period of the prior year).

Americas

Net invested capital came to €160,294 thousand at 30 June 2019, an increase of €23,324 thousand compared to the €136,970 thousand recorded at 31 December 2018.
The increase is attributable to the change in non-current assets described above and the rise in working capital.

Asia Pacific

Net invested capital came to €340,130 thousand at 30 June 2019, an increase of €41,254 thousand compared to the €298,876 thousand recorded at 31 December 2018.
The increase is attributable to the change in non-current assets described above and the rise in working capital.

Net financial indebtedness

(€ thousands)	30/06/2019	31/12/2018 (*)	Change
Net medium and long-term financial indebtedness	812,211	877,688	(65,477)
Net short-term financial indebtedness	157,655	53,083	104,572
Cash and cash equivalents	(128,799)	(89,915)	(38,884)
Net financial indebtedness	**841,067**	**840,856**	**211**
Group net equity	624,417	594,919	29,498
Minority interests	1,129	1,028	101
Net Equity	**625,546**	**595,947**	**29,599**
Financial indebtedness/Group net equity	**1.35 (**)**	**1.24** (***)	
Financial indebtedness/Net equity	**1.34 (**)**	**1.24** (***)	
Financial indebtedness/EBITDA	**2.23 (**)**	3.11 (***)	

(*) The statement of financial position as at 31 December 2018 has been restated for the temporary allocation of the GAES acquisition price.
(**) Indicators re-defined together with the banks and the financial investors after the adoption of IFRS 9, 15 and 16, determining the covenants Financial indebtedness/Net equity at 1.65x (before 1.5x) and Financial indebtedness/EBITDA at 2.85x (before 3.5x).
(***) Indicators calculated in compliance with the previous definitions included in the syndicated loan for the GAES acquisition, before the adoption of IFRS 9, 15 and 16.

Net financial indebtedness amounted to €841,067 thousand at 30 June 2019, essentially unchanged with respect to 31 December 2018, after absorbing net investments in acquisitions of € 27,747 thousand.

Ordinary operations confirmed excellent cash flow generation with free cash flow reaching a positive €57,852 thousand (versus €44,490 thousand in the first six months of the prior year) after absorbing capital expenditures of €43,053 thousand (€26,703 thousand in the first half of 2018) and the payment of €30,939 thousand in dividends.

At 30 June 2019 the Group's total financial indebtedness amounted to €841,067 thousand net of cash and cash equivalents totaling €128,799 thousand.

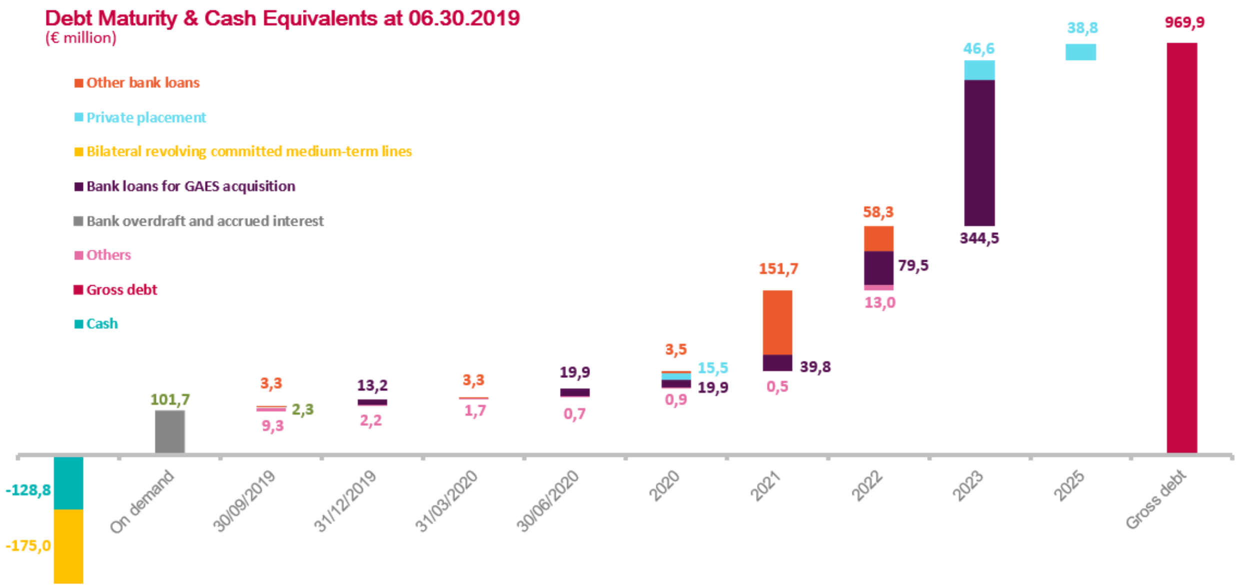
Medium and long-term financial indebtedness amounts to €812,211 thousand, €14,231 thousand of which reflects the long-term portion of deferred payments for acquisitions. The decrease of €65,477 thousand is attributable mainly to the substitution of revolving long-term credit lines, totaling €40 million, with hot money at a better rate (included in short-term financial indebtedness) and the reclassification of a portion of the syndicated loan used to finance the GAES acquisition as short-term debt.

Short-term indebtedness amounts to €157,655 thousand, an increase of €104,572 thousand attributable mainly to the hot money and the reclassification described above.

In addition to the hot money (€100,000 thousand), short-term financial indebtedness includes the short-term portion of the syndicated loan (€33,125 thousand), the short-term portion of long-term loans (€6,666 thousand), interest payable on bank loans and the private placement

(€2,253 thousand), and the best estimate of the deferred payments for acquisitions (€10,099 thousand).

The chart below shows that the first significant maturity is in 2021 and that the cash and cash equivalents of €128.8 million, the unutilized portions of irrevocable credit lines which amount to €175 million, as well as the €52 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 €7,359 thousand at 30 June 2019, versus €9,333 thousand at 30 June 2018.

The interest payable on leases accounted for in accordance with IFRS amounted to €5,677 thousand.

Interest receivable on bank deposits came to €64 thousand at 30 June 2019, versus €214 thousand at 30 June 2018.

The reasons for the changes in net financial indebtedness are described in the next section on the statement of cash flows.

CASH FLOW

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

Pursuant to IAS 7 the consolidated financial statements include a statement of cash flows that shows the change in cash and cash equivalents from the beginning to the end of the period.

(€ thousands)	First Half 2019	First Half 2018
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	54,492	47,038
Minority interests	(5)	(51)
Amortization, depreciation and write-downs:		
- Intangible fixed assets	*28,129*	*17,320*
- Tangible fixed assets	*20,353*	*16,572*
- Right-of-use assets	*42,775*	*-*
Total amortization, depreciation and write-downs	91,257	33,892
Provisions, other non-monetary items and gain/losses from disposals	12,908	9,499
Group's share of the result of associated companies	(193)	(243)
Financial income and charges	13,009	10,040
Current and deferred income taxes	22,200	19,272
Change in assets and liabilities:		
- Utilization of provisions	*(4,649)*	*(5,861)*
- (Increase) decrease in inventories	*(4,655)*	*(3,324)*
- Decrease (increase) in trade receivables	*(15,300)*	*(6,541)*
- Increase (decrease) in trade payables	*(736)*	*(707)*
- Changes in other receivables and other payables	*(722)*	*(6,015)*
Total change in assets and liabilities	(26,062)	(22,448)
Dividends received	125	158
Net interest charges	(11,223)	(9,540)
Taxes paid	(17,035)	(17,177)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	**139,473**	**70,440**
Repayment of lease liabilities	(39,655)	-
Cash flow generated from (absorbed) by operating activities	**99,818**	**70,440**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(15,913)	(7,107)
Purchase of tangible fixed assets	(27,140)	(19,596)
Consideration from sale of tangible fixed assets and businesses	1,087	753
Cash flow generated from (absorbed) by investing activities	**(41,966)**	**(25,950)**
Cash flow generated from operating and investing activities (Free cash flow)	**57,852**	**44,490**
Business combinations (*)	(27,747)	(37,973)
(Purchase) sale of other investments and securities	-	388
Net cash flow generated from acquisitions	**(27,747)**	**(37,585)**
Cash flow generated from (absorbed) by investing activities	**(69,713)**	**(63,535)**

(€ thousands)	First Half 2019	First Half 2018
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	-	(146)
Other non-current assets	1,318	1,313
Dividends	(30,939)	(24,079)
Treasury shares	-	(7,833)
Capital increases (reduction), third parties' contributions in subsidiaries and dividends paid to third parties by the subsidiaries	(38)	117
Cash flow generated from (absorbed) by financing activities	**(29,659)**	**(30,628)**
Changes in net financial indebtedness	**446**	**(23,723)**
Net financial indebtedness at the beginning of the period	(840,856)	(296,265)
Effect of discontinued operations on net financial indebtedness	-	24
Effect of exchange rate fluctuations on net financial indebtedness	(657)	318
Changes in net indebtedness	446	(23,723)
Net financial indebtedness at the end of the period	**(841,067)**	**(319,646)**

(*) The item refers to the net cash flows used in the acquisition of businesses and equity investments.

The change in net financial indebtedness of €211 thousand is attributable to:

- Investing activities:
  - capital expenditure on property, plant and equipment and intangible assets of €43,053 thousand relating primarily to the opening, renewal and repositioning of stores consistent with Amplifon's new brand image, CRM systems, digital marketing, as well as a new business transformation system for back office functions (Human Resources, Procurement, Administration and Finance);
  - acquisitions amounting to €27,747 thousand, including the impact of the acquired companies' debt and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years;
  - net proceeds from the disposal of assets of €1,087 thousand.

- Operating activities:
  - interest expense on financial indebtedness and other net financial expense of €11,223 thousand;
  - payment of taxes amounting to €17,035 thousand;
  - payment of principal on lease obligations of €39,655 thousand;
  - cash flows from operations of €167,731 thousand.

- Financing activities:
  - payment of €30,939 thousand in dividends to shareholders;
  - decrease in other non-current assets of €1,318 thousand linked primarily to the repayment of loans granted to the indirect channel in the United States;
  - net proceeds from capital increases following the exercise of stock options of €148 thousand;
  - payment of €186 thousand in dividends to non-controlling interests by subsidiaries.

- Net exchange rate losses of €657 thousand.

The non-recurring transactions described above had a negative impact on cash flow of €6,981 thousand in the first six months of 2019, attributable to the costs incurred for the GAES acquisition made at the end of 2018 and its integration.

ACQUISITION OF COMPANIES AND BUSINESSES

The Group's external growth continued in the first six months of 2019. 68 points of sale were acquired for a total investment of €27,747 thousand, including consolidated net financial indebtedness and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail, in the first six months:
- 34 points of sale were acquired in Germany;
- 31 points of sale were acquired in France;
- 1 customer list was acquired in the United Kingdom;
- 1 point of sale was acquired in Andorra;
- 1 point of sale that was previously part of the indirect channel and a customer list relating to one store were acquired in the United States;
- 1 point of sale was acquired in Canada.

OUTLOOK

In the second half of 2019 the Group expects to continue recording a favorable trend in revenues, above market, thanks to the contribution of all the geographic areas in which it operates, driven by solid organic growth, the integration of GAES and the contribution of acquisitions, mainly in France, Germany and Canada. In 2019 the Group also expects the recurring EBITDA margin to be higher than in 2018, even after the consolidation of GAES. Lastly, the Group expects to proceed at a sustained pace with the execution of the 2020 strategic plan thanks to both the integration of GAES and the kick-off of the Amplifon Product Experience roll-out in France, Australia and the United States in the third quarter.

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.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		30/06/2019	31/12/2018 (*)	Change
ASSETS				
Non-current assets				
Goodwill	**Note 4**	1,183,529	1,161,598	21,931
Intangible fixed assets with a finite useful life	**Note 5**	360,380	359,402	978
Tangible fixed assets	**Note 6**	196,101	188,941	7,160
Right-of-use assets	**Note 7**	433,446	-	433,446
Investments valued at equity		2,273	2,025	248
Long-term hedging instruments		6,898	3,725	3,173
Deferred tax assets		78,172	75,204	2,968
Contract costs		6,518	5,594	924
Other assets		62,473	60,679	1,794
Total non-current assets		**2,329,790**	**1,857,168**	**472,622**
Current assets				
Inventories		67,345	61,740	5,605
Trade receivables		184,517	169,454	15,063
Contract costs		3,816	3,853	(37)
Other receivables		86,333	73,380	12,953
Hedging instruments		-	-	-
Other financial assets		73	60	13
Cash and cash equivalents		128,799	89,915	38,884
Current assets		**470,883**	**398,402**	**72,481**
TOTAL ASSETS		**2,800,673**	**2,255,570**	**545,103**

(*) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price. The Group has adopted IFRS 16 since 1 January 2019 applying the retrospective modified approach.

(€ thousands)		30/06/2019	31/12/2018 (*)	Change
LIABILITIES				
Net Equity				
Share capital	**Note 8**	4,528	4,527	1
Share premium reserve		202,712	202,565	147
Treasury shares		(35,848)	(50,933)	15,085
Other reserves		(28,788)	(24,186)	(4,602)
Retained Earnings		427,322	362,503	64,819
Profit (loss) for the period		54,491	100,443	(45,952)
Group net equity		**624,417**	**594,919**	**29,498**
Minority interests		**1,129**	**1,028**	**101**
Total net equity		**625,546**	**595,947**	**29,599**
Non-current liabilities				
Medium/long-term financial liabilities	**Note 10**	810,138	872,669	(62,531)
Lease liabilities	**Note 11**	358,887	-	358,887
Provisions for risks and charges		48,575	49,619	(1,044)
Liabilities for employees' benefits		22,545	20,290	2,255
Long-term hedging instruments		6,068	1,957	4,111
Deferred tax liabilities		98,966	98,932	34
Payables for business acquisitions		14,231	16,136	(1,905)
Contract liabilities		126,517	118,791	7,726
Other long-term debt		11,092	7,411	3,681
Total non-current liabilities		**1,497,019**	**1,185,805**	**311,214**
Current liabilities				
Trade payables		174,099	173,100	999
Payables for business acquisitions		10,099	12,643	(2,544)
Contract liabilities		95,671	93,692	1,979
Other payables		167,955	150,818	17,137
Hedging instruments		11	58	(47)
Provisions for risks and charges		6,244	4,916	1,328
Liabilities for employees' benefits		525	476	49
Short-term financial liabilities	**Note 10**	146,427	38,115	108,312
Lease liabilities	**Note 11**	77,077	-	77,077
Total current liabilities		**678,108**	**473,818**	**204,290**
TOTAL LIABILITIES		**2,800,673**	**2,255,570**	**545,103**

(*) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price. The Group has adopted IFRS 16 since 1 January 2019 applying the retrospective modified approach.

CONSOLIDATED INCOME STATEMENT

(€ thousands)		First Half 2019			First Half 2018 (*)			
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Change
Revenues from sales and services		832,035	-	832,035	659,605	-	659,605	172,430
Operating costs		(646,294)	(5,805)	(652,099)	(551,065)	-	(551,065)	(101,034)
Other income and costs		824	-	824	1,409	-	1,409	(585)
Gross operating profit (loss) (EBITDA)		**186,565**	**(5,805)**	**180,760**	**109,949**	**-**	**109,949**	**70,811**
Amortization, depreciation and impairment								
Amortization of intangible fixed assets	Note 5	(27,865)	-	(27,865)	(17,286)	-	(17,286)	(10,579)
Depreciation of tangible fixed assets	Note 6	(19,962)	-	(19,962)	(16,465)	-	(16,465)	(3,497)
Depreciation of right-of-use assets	Note 7	(42,775)	-	(42,775)	-	-	-	(42,775)
Impairment and impairment reversals of non-current assets		(590)	(65)	(655)	(141)	-	(141)	(514)
		(91,192)	**(65)**	**(91,257)**	**(33,892)**	**-**	**(33,892)**	**(57,365)**
Operating profit (loss) (EBIT)		**95,373**	**(5,870)**	**89,503**	**76,057**	**-**	**76,057**	**13,446**
Financial income, charges and value adjustments to financial assets								
Group's share of the result of associated companies valued at equity		193	-	193	243	-	243	(50)
Other income and charges, impairment and revaluations of financial assets		-	-	-	(85)	-	(85)	85
Interest income and expense		(7,180)	-	(7,180)	(9,088)	-	(9,088)	1,908
Other financial income and expense		(5,941)	-	(5,941)	(413)	-	(413)	(5,528)
Exchange gains and losses		457	-	457	(440)	-	(440)	897
Gain (loss) on assets measured at fair value		(345)	-	(345)	(14)	-	(14)	(331)
		(12,816)	**-**	**(12,816)**	**(9,797)**	**-**	**(9,797)**	**(3,019)**
Profit (loss) before tax		**82,557**	**(5,870)**	**76,687**	**66,260**	**-**	**66,260**	**10,427**
Current and deferred income tax	Note 13	(23,199)	999	(22,200)	(19,273)	-	(19,273)	(2,927)
Total net profit (loss)		**59,358**	**(4,871)**	**54,487**	**46,987**	**-**	**46,987**	**7,500**
Net profit (loss) attributable to Minority interests		(5)	-	(5)	(51)	-	(51)	46
Net profit (loss) attributable to the Group		**59,363**	**(4,871)**	**54,492**	**47,038**	**-**	**47,038**	**7,454**

Income (loss) and earnings per share (€ per share)	**Note 15**	**First Half 2019**	**First Half 2018**
Earnings per share			
- Base		0.24665	0.21477
- Diluted		0.24180	0.21005

(*) The Group has adopted IFRS 16 since 1 January 2019 applying the retrospective modified approach.

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First Half 2019	First Half 2018
Net income (loss) for the period	**54,487**	**46,987**
Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	(1,284)	394
Tax effect on items of other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	175	(61)
Total other comprehensive income (expense) that will not be reclassified subsequently to profit or loss after the tax effect (A)	**(1,109)**	**333**
Other comprehensive income (expense) that will be reclassified subsequently to profit or loss		
Gains/(losses) on cash flow hedging instruments	(1,653)	(2,974)
Gains/(losses) from the foreign currency basis spread on derivatives	133	-
Net exchange rate gains (losses) from translation of financial statements of foreign entities	1,481	(6,663)
Tax effect on items of other comprehensive income (expense) that will be reclassified subsequently to profit or loss	364	781
Total other comprehensive income (expense) that will be reclassified subsequently to profit or loss after the tax effect (B)	**325**	**(8,856)**
Total other comprehensive expense (A)+(B)	**(784)**	**(8,523)**
Comprehensive income (expense) for the period	**53,703**	**38,464**
Attributable to the Group	53,630	38,507
Attributable to Minority interests	73	(43)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (*)

(€ thousands)	Share capital	Share premium reserve	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 standards						
Balance at 1 January 2018 restated	**4,527**	**202,412**	**934**	**3,636**	**(60,217)**	**30,387**
Allocation of profit for 2017						
Share capital increase		68				
Treasury shares					(7,833)	
Dividend distribution						
Notional cost of stock options and stock grants						8,097
Other changes		31			10,616	(6,512)
Total comprehensive income (expense) for the period						
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Profit for the first half of 2018						
Balance at 30 June 2018	**4,527**	**202,511**	**934**	**3,636**	**(57,434)**	**31,972**

(€ thousands)	Share capital	Share premium reserve	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 2019	**4,527**	**202,565**	**934**	**3,636**	**(50,933)**	**34,569**
Allocation of profit for 2018						
Share capital increase	1	147				
Treasury shares						
Dividend distribution						
Notional cost of stock options and stock grants						7,729
Other changes					15,085	(11,470)
Total comprehensive income (expense) for the period						
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Profit for the first half of 2019						
Balance at 30 June 2019	**4,528**	**202,712**	**934**	**3,636**	**(35,848)**	**30,828**

(*) 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price.

Cash flow hedge reserve	Actuarial gains and (losses)	Retained earnings	Translation difference	Profit for the period	Total Shareholders' equity	Minority interests	Total net equity
(7,282)	**(5,324)**	**355,714**	**(36,684)**	**100,578**	**588,681**	**(263)**	**588,418**
		(52,587)			(52,587)		(52,587)
(7,282)	**(5,324)**	**303,127**	**(36,684)**	**100,578**	**536,094**	**(263)**	**535,831**
		100,578		(100,578)	-		-
					68		**68**
					(7,833)		**(7,833)**
		(24,079)			**(24,079)**		**(24,079)**
					8,097		**8,097**
		(5,047)			**(912)**	579	**(333)**
(2,193)	333		(6,671)	47,038	**38,507**	(43)	**38,464**
(2,193)					***(2,193)***		***(2,193)***
	333				***333***		***333***
			(6,671)		***(6,671)***	*8*	***(6,663)***
				47,038	***47,038***	*(51)*	***46,987***
(9,475)	**(4,991)**	**374,579**	**(43,355)**	**47,038**	**549,942**	**273**	**550,215**

Cash flow hedge reserve	*Foreign Curr. Basis Spread reserve*	Actuarial gains and (losses)	Retained earnings	Translation difference	Profit for the period	Total Shareholders' equity	Minority interests	Total net equity
(8,012)	**-**	**(7,123)**	**362,503**	**(48,190)**	**100,443**	**594,919**	**1,028**	**595,947**
			100,443		(100,443)	-		-
						148		**148**
						-		-
			(30,939)			**(30,939)**		**(30,939)**
						7,729		**7,729**
657	(657)		(4,685)			**(1,070)**	28	**(1,042)**
(1,257)	101	(1,109)		1,404	54,491	**53,630**	**73**	**53,703**
(1,257)	*101*					***(1,156)***		***(1,156)***
		(1,109)				***(1,109)***		***(1,109)***
				1,404		***1,404***	*77*	***1,481***
					54,491	***54,491***	*(4)*	***54,487***
(8,612)	**(556)**	**(8,232)**	**427,322**	**(46,786)**	**54,491**	**624,417**	**1,129**	**625,546**

STATEMENT OF CONSOLIDATED CASH FLOWS

(€ thousands)	First Half 2019	First Half 2018
OPERATING ACTIVITIES		
Net profit (loss)	54,487	46,987
Amortization, depreciation and write-downs:		
- intangible fixed assets	28,129	17,320
- tangible fixed assets	20,353	16,572
- right-of-use assets	42,775	-
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	12,908	9,499
Group's share of the result of associated companies	(193)	(243)
Financial income and charges	13,009	10,040
Current, deferred tax assets and liabilities	22,200	19,272
Cash flow from operating activities before change in working capital	***193,668***	***119,447***
Utilization of provisions	(4,649)	(5,861)
(Increase) decrease in inventories	(4,655)	(3,324)
Decrease (increase) in trade receivables	(15,300)	(6,541)
Increase (decrease) in trade payables	(736)	(707)
Changes in other receivables and other payables	(722)	(6,015)
Total change in assets and liabilities (delta working capital)	***(26,062)***	***(22,448)***
Dividends received	125	158
Interest received (paid)	(11,553)	(2,523)
Taxes paid	(17,035)	(17,177)
Cash flow generated from (absorbed by) operating activities (A)	**139,143**	**77,457**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(15,913)	(7,107)
Purchase of tangible fixed assets	(27,140)	(19,596)
Consideration from sale of tangible fixed assets	1,087	753
Cash flow generated from (absorbed by) operating investing activities (B)	**(41,966)**	**(25,950)**
Purchase of subsidiaries and business units	(28,456)	(39,338)
Increase (decrease) in payables through business acquisition	(4,777)	(351)
(Purchase) sale of other investments and securities	-	388
Cash flow generated from (absorbed by) acquisition activities (C)	**(33,233)**	**(39,301)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(75,199)**	**(65,251)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	43,479	117,030
(Increase) decrease in financial receivables	(119)	(41)
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	-	(146)
Repayment of lease liabilities	(39,655)	-
Other non-current assets and liabilities	1,318	1,313
Treasury shares	-	(7,833)
Dividends distributed	(30,939)	(24,079)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	(38)	117
Cash flow generated from (absorbed by) financing activities (D)	**(25,954)**	**86,361**
Net increase in cash and cash equivalents (A+B+C+D)	**37,990**	**98,567**

(€ thousands)	First Half 2019	First Half 2018
Cash and cash equivalents at beginning of period	**89,915**	**124,082**
Effect of discontinued operations on cash & cash equivalents	-	(155)
Effect of exchange rate fluctuations on cash & cash equivalents	185	(73)
Liquid assets acquired	709	1,365
Flows of cash and cash equivalents	37,990	98,567
Cash and cash equivalents at end of period	**128,799**	**223,786**

Related-party transactions refer 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 expenses and loans. They are detailed in Note 16. The impact of these transactions on the Group's cash flows is not material.

SUPPLEMENTARY INFORMATION TO STATEMENT OF CONSOLIDATED CASH FLOWS

The fair value of the assets and liabilities acquired are summarized in the following table:

(€ thousands)	First Half 2019	First Half 2018
- Goodwill	20,629	28,489
- Customer lists	12,393	15,198
- Trademarks and non-competition agreements	-	-
- Other intangible fixed assets	184	195
- Tangible fixed assets	990	1,295
- Right-of-use assets	704	-
- Financial fixed assets	80	-
- Current assets	3,043	2,709
- Provisions for risks and charges	(4)	(7)
- Current liabilities	(3,181)	(4,406)
- Other non-current assets and liabilities	(7,029)	(4,691)
- Minority interests	-	(52)
Total investments	**27,809**	**38,730**
Net financial indebtedness acquired	647	608
Total business combinations	**28,456**	**39,338**
(Increase) decrease in payables through business acquisition	4,777	351
Purchase (sale) of other investments and securities	-	(388)
Cash flow absorbed by (generated from) acquisitions	**33,233**	**39,301**
(Cash and cash equivalents acquired)	(709)	(1,365)
Net cash flow absorbed by (generated from) acquisitions	**32,524**	**37,936**

NOTES

1. General Information

The Amplifon Group is a global leader in the distribution of hearing solutions and the fitting of customized products.

The parent, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is controlled directly by Ampliter S.r.l. which is owned through a majority stake (93.82% as at 30 June 2019) by Amplifin S.p.A. which is fully controlled by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

The condensed interim consolidated financial statements at 30 June 2019 have been prepared in accordance with International Accounting Standards and the implementation regulations set out in Article 9 of legislative decree no. 38 of 28 February 2005. These standards include the IAS and IFRS issued by the International Accounting Standard Board, as well as the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed in accordance with the procedure set out in Article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 30 June 2019. The International Accounting Standards endorsed after that date and before the preparation of these condensed interim consolidated financial statements are adopted in the preparation of the condensed interim consolidated financial statements only if early adoption is allowed by the Endorsing Regulation and the standard itself and if the Group has elected to do so.

The condensed interim consolidated financial statements at 30 June 2019 do not include all the additional information required by the annual financial statements, and must be read together with the annual consolidated financial statements of the Group at 31 December 2018.

The condensed interim consolidated financial statements at 30 June 2019 have been prepared in accordance with the new standard IFRS 16 “Leases” 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 section. No modifications were made to the other standards with respect to those used in preparing the consolidated financial statements at 31 December 2018.

The publication of the condensed interim consolidated financial statements of the Amplifon Group at 30 June 2019 was authorized by a resolution of the Board of Directors of 30 July 2019 which approved their publication.

Pursuant to the Consob Communication of 28 July 2006, it is specified that during the first six months of 2019 the Group did not carry out atypical and/or unusual transactions, as defined by the Communication itself.

2. Changes in the accounting policies

IFRS 16 "Leases" replaced the accounting rules called for in IAS 17, as well as the interpretation of IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and was applied as of 1 January 2019.

Pursuant to the new standard, the lessee must recognize an asset, namely the right-of-use of the leased asset over the duration of the lease (the right-of-use asset) and a liability, namely the lease payments that must be made in the future (the lease liability) as of the lease's effective date.

The interest on lease liabilities and the depreciation of the right-of-use assets are accounted for separately in the income statement.

There are two exceptions to which the standard does not apply: low-value and short-term leases.

Scope of application:
The Amplifon Group contracts that fall within the scope of the standard include mainly the lease of stores, headquarters, warehouses, cars and other electronic machinery.

Transition method:
The Amplifon Group opted to transition using the modified retrospective approach.

More in detail, based on the modified retrospective approach for the leases classified previously as operating leases:
- the lessee must assume the leasing liabilities like the present value of remaining payments over the remaining lease term discounted using the incremental borrowing rate at the initial application date;
- the lessee must recognize a right-of-use asset at the date of initial application for leases classified previously as operating leases. As allowed under the standard, the Amplifon Group opted to value the right-of-use asset as a lease lability, adjusted by the amount of any prepaid or accrued lease payments recognized in the latest statement of financial position prior to initial adoption.

In accordance with the standard, the Group opted for the following practical expedients:
- to exclude the initial direct costs stemming from the right-of-use measurement as at 1 January 2019;

- not to apply the standard to low-value assets like computers, printers, electronic equipment (IFRS 16.5.b) and short-term contracts (IFRS 16.5.a). For these contracts, the introduction of IFRS 16 will not result in the recognition of the lease liability and the related right-of-use, but the lease paid will be recognized in the income statement on a straight-line basis over the lease term.

Use of estimates:

The transition to IFRS 16 required certain professional judgements to be made including the definition of a few accounting policies and the use of assumptions and estimates relating to the lease term, as well as the determination of the incremental borrowing rate, as summarized below:

- Lease term: the duration was determined on a lease-by-lease basis and is comprised of the "non-cancellable" period along with the impact of any extension or early termination clauses if exercise of that clause is reasonably certain. This property valuation took into account circumstances and facts specific to each asset;
- Incremental borrowing rate: in most of the lease agreements stipulated by the Group, there is no implicit interest rate, therefore the discount rate applied to future rent payments was determined using the risk-free rate in the country where the agreement was executed, with expirations consistent with the term of the specific lease agreement plus the parent's credit spread (deduced from the main financing agreements negotiated by the parent for the Group) and any costs for additional guarantees.

Impact:

Adoption of the standard as of 1 January 2019 resulted in an increase in the right-of-use assets and lease liabilities equal to the present value of future installments payable over the lease term, as shown below. Upon first application, the right-of-use was also adjusted to reflect any prepayments made at 1 January 2019.

(thousands of Euros)	01/01/2019	Change for IFRS 16 adoption	01/01/2019 w/o IFRS 16
Non-current assets			
Right-of-use assets	442,063	442,063	-
Current assets			
Non-financial prepayments and accrued income	71,123	(2,257)	73,380

(thousands of Euros)	01/01/2019	Change for IFRS 16 adoption	01/01/2019 w/o IFRS 16
Non-current liabilities			
Lease liabilities	368,117	368,117	-
Current liabilities			
Lease liabilities	71,689	71,689	-

3. Restatement of 2018 Balance Sheet data figures according to the temporary allocation of the GAES acquisition price

During the first quarter of 2019, with the support of an independent expert, a temporary but essentially complete fair value was recognized for the assets acquired and liabilities assumed relating to the acquisition of GAES occurred at the end of 2018. Therefore, the comparison figures in the consolidated financial statements at 31 December 2018 were restated as summarized below.

(thousands of Euros)	**31/12/2018**	***Fair value* temporary allocation**	**31/12/2018 after temporary allocation**
ASSETS			
Non-current assets			
Goodwill	1,258,848 (*)	(97,250)	1,161,598
Intangible fixed assets with a finite useful life	223,832	135,570 (**)	359,402
Tangible fixed assets	188,651	290	188,941
Investments valued at equity	2,025	-	2,025
Long-term hedging instruments	3,725	-	3,725
Deferred tax assets	74,641	563	75,204
Contract costs	5,594	-	5,594
Other assets	60,679	-	60,679
Total non-current assets	**1,817,995**	**39,173**	**1,857,168**
Current assets			
Inventories	61,770	(30)	61,740
Trade receivables	169,454	-	169,454
Contract costs	3,853	-	3,853
Other receivables	75,387	(2,007)	73,380
Hedging instruments	-	-	-
Other assets	60	-	60
Cash and cash equivalents	89,915	-	89,915
Current assets	**400,439**	**(2,037)**	**398,402**
TOTAL ASSETS	**2,218,434**	**37,136**	**2,255,570**

(*) Considering that the GAES acquisition was finalized at the end of 2018, a temporary goodwill of €513,286 thousand was recognized in the consolidated Balance Sheet.
(**) The temporary allocation to intangible assets with a finite useful life is detailed as follows: customer lists for €76,170 thousand, trademarks for € 49,000 thousand, licenses for €7,400 thousand and software for €3,000 thousand.

(€ thousands)	31/12/2018	*Fair value* temporary allocation	31/12/2018 after temporary allocation
LIABILITIES			
Net Equity			
Share capital	4,527	-	4,527
Share premium reserve	202,565	-	202,565
Treasury shares	(50,933)	-	(50,933)
Other reserves	(24,186)	-	(24,186)
Retained earnings	362,503	-	362,503
Profit for the period	100,443	-	100,443
Group net equity	**594,919**	**-**	**594,919**
Minority interests	**1,183**	**(155)**	**1,028**
Total net equity	**596,102**	**(155)**	**595,947**
Non-current liabilities			
Medium/long-term financial liabilities	872,669	-	872,669
Provisions for risks and charges	48,043	1,576	49,619
Liabilities for employees' benefits	20,290	-	20,290
Long-term hedging instruments	1,957	-	1,957
Deferred tax liabilities	64,885	34,047	98,932
Payables for business acquisitions	16,136	-	16,136
Contract liabilities	118,791	-	118,791
Other long-term debt	7,411	-	7,411
Total non-current liabilities	**1,150,182**	**35,623**	**1,185,805**
Current liabilities			
Trade payables	173,649	(549)	173,100
Payables for business acquisitions	12,643	-	12,643
Contract liabilities	93,692	-	93,692
Other payables	150,749	69	150,818
Hedging instruments	58	-	58
Provisions for risks and charges	2,768	2,148	4,916
Liabilities for employees' benefits	476	-	476
Short-term financial liabilities	38,115	-	38,115
Total current liabilities	**472,150**	**1,668**	**473,818**
TOTAL LIABILITIES	**2,218,434**	**37,136**	**2,255,570**

The temporary purchase price allocation did not impact the consolidated income statement at 31 December 2018 as the transaction was completed at the end of December.

4. Acquisitions and goodwill

During the first six months of 2019 the Group continued its external growth and finalized many acquisitions with the aim of increasing the coverage: specifically, 66 points of sale were purchased in the EMEA region and 2 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 €27,747 thousand.

The variations of goodwill and of the amounts recognized as such, stemming from the acquisitions performed during the period, are reported in the table below and shown by cash generating unit.

(€ thousands)	Value at 31/12/2018	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 30/06/2019
Italy	540	-	-	-	-	540
France	115,022	4,993	-	-	-	120,015
Spain	401,034 (*)	-	-	-	-	401,034
Portugal	13,497	-	-	-	-	13,497
Hungary	1,018	-	-	-	(3)	1,015
Switzerland	13,624	-	-	-	196	13,820
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxemburg	14,733	-	-	-	-	14,733
Germany	187,817	15,377	-	-	-	203,194
Poland	217	-	-	-	-	217
United Kingdom and Ireland	8,442	-	-	-	(19)	8,423
Turkey	1,026	-	-	-	(4)	1,022
Israel	3,720	-	-	-	7	3,727
USA and Canada	88,611	259	-	-	1,363	90,233
Latin America	33,572 (*)	-	-	-	60	33,632
Australia and New Zealand	227,190	-	-	-	(313)	226,877
China	17,756	-	-	-	-	17,756
India	998	-	-	-	15	1,013
Total	**1,161,598 (*)**	**20,629**	**-**	**-**	**1,302**	**1,183,529**

(*) 2018 balances were restated according to the Purchase Price Allocation relating to GAES acquisition as described in note 3.

"Business combinations" refers to the temporary allocation to goodwill relating to the portion of the purchase price paid which is not directly attributable to the fair value of assets and liabilities but is rather based on the positive contribution to cash flow that is expected to be made for an indefinite period of time.

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

5. Intangible assets

The following table shows the changes in intangible assets.

(€ thousands)	Historical cost at 31/12/2018 (*)	Accumulated amortization and impairment at 31/12/2018 (*)	Carrying amount at 31/12/2018 (*)	Historical cost at 30/06/2019	Accumulated amortization and impairment at 30/06/2019	Carrying amount at 30/06/2019
Software	122,838	(84,195)	38,643	132,929	(90,381)	42,548
Licenses	21,369	(11,191)	10,178	21,895	(13,033)	8,862
Non-competition agreements	6,459	(5,808)	651	7,054	(6,327)	727
Customer lists	353,108	(137,874)	215,234	365,886	(151,498)	214,388
Trademarks and concessions	81,495	(18,875)	62,620	81,585	(21,715)	59,870
Other	25,541	(10,100)	15,441	26,102	(10,691)	15,411
Fixed assets in progress and advances	16,635	-	16,635	18,574	-	18,574
Total	**627,445**	**(268,043)**	**359,402**	**654,025**	**(293,645)**	**360,380**

(€ thousands)	Carrying amount at 31/12/2018 (*)	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Carrying amount at 30/06/2019
Software	38,643	2,457	(6)	(8,373)	8	-	9,819	42,548
Licenses	10,178	459	-	(1,846)	5	-	66	8,862
Non-competition agreements	651	270	-	(498)	-	-	304	727
Customer lists	215,234	-	-	(13,492)	12,393	-	253	214,388
Trademarks and concessions	62,620	-	-	(2,784)	-	-	34	59,870
Other	15,441	812	(229)	(918)	171	(199)	333	15,411
Fixed assets in progress and advances	16,635	11,915	-	-	-	(65)	(9,911)	18,574
Total	**359,402**	**15,913**	**(235)**	**(27,911)**	**12,577**	**(264)**	**898**	**360,380**

(*) 2018 balances were restated according to the Purchase Price Allocation relating to GAES acquisition as described in note 3.

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

- For €12,245 thousand to the temporary allocation of the considerations paid for the acquisitions made in EMEA;
- For €332 thousand to the temporary allocation of the consideration paid for the acquisitions made in the Americas.

The increase in intangible assets in the period is attributable primarily to investments in CRM systems, in digital marketing and in the new system of business transformation for the back-office functions (HR, Procurement and Administration and Finance).

“Other net changes” refers primarily to exchange rate fluctuations during the period and to the recognition of work in progress completed in the period and relating to the specific items in the financial statements.

6. Tangible fixed assets

The following table shows the changes in tangible fixed assets.

(€ thousands)	Historical cost at 31/12/2018 (*)	Accumulated depreciation and impairment at 31/12/2018 (*)	Carrying amount at 31/12/2018 (*)	Historical cost at 30/06/2019	Accumulated depreciation and impairment at 30/06/2019	Carrying amount at 30/06/2019
Land	168	-	168	167	-	167
Buildings, construction and leasehold improvements	223,218	(135,555)	87,663	229,306	(143,063)	86,243
Plant and machinery	54,097	(38,577)	15,520	56,933	(40,617)	16,316
Industrial and commercial equipment	48,368	(33,612)	14,756	50,007	(35,548)	14,459
Motor vehicles	5,931	(4,238)	1,693	5,953	(3,955)	1,998
Computers and office machinery	53,823	(41,131)	12,692	57,111	(43,853)	13,258
Furniture and fittings	114,341	(72,675)	41,666	119,639	(76,582)	43,057
Other tangible fixed assets	2,273	(1,295)	978	2,305	(1,369)	936
Fixed assets in progress and advances	13,805	-	13,805	19,667	-	19,667
Total	**516,024**	**(327,083)**	**188,941**	**541,088**	**(344,987)**	**196,101**

(€ thousands)	Carrying amount at 31/12/2018 (*)	Investments	Disposals	Depreciation	Business combinations	Impairment	Other net changes	Carrying amount at 30/06/2019
Land	168	-	-	-	-	-	(1)	167
Buildings, construction and leasehold improvements	87,663	6,858	-	(8,610)	221	(253)	364	86,243
Plant and machinery	15,520	2,064	(48)	(1,800)	352	(82)	310	16,316
Industrial and commercial equipment	14,756	1,368	(32)	(1,722)	53	(1)	37	14,459
Motor vehicles	1,693	588	(13)	(378)	-	-	108	1,998
Computers and office machinery	12,692	3,083	(22)	(3,097)	36	(1)	567	13,258
Furniture and fittings	41,666	4,524	(1)	(4,209)	328	(41)	790	43,057
Other tangible fixed assets	978	112	-	(146)	-	(13)	5	936
Fixed assets in progress and advances	13,805	8,543	(30)	-	-	-	(2,651)	19,667
Total	**188,941**	**27,140**	**(146)**	**(19,962)**	**990**	**(391)**	**(471)**	**196,101**

(*) 2018 balances were restated according to the Purchase Price Allocation relating to GAES acquisition as described in note 3.

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 Group's new brand image.

The variation of the item "Business combinations" is related:
- for €977 thousand, is related to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €13 thousand, is related to the temporary allocation of the price related to the acquisitions made in the Americas region.

"Other net changes" refers primarily to exchange rate fluctuations during the period and to the recognition of work in progress completed in the period and relating to the specific items in the financial statements.

7. Right-of-use assets

The right-of-use assets are detailed as follows:

(€ thousands)	Historical cost at 31/12/2018	Accumulated depreciation and impairment at 31/12/2018	Carrying amount at 31/12/2018	Historical cost at 30/06/2019	Accumulated depreciation and impairment at 30/06/2019	Carrying amount at 30/06/2019
Stores and offices	-	-	-	465,651	(40,457)	425,194
Motor vehicles	-	-	-	10,109	(2,143)	7,966
Computers and office machinery	-	-	-	371	(85)	286
Total	**-**	**-**	**-**	**476,131**	**(42,685)**	**433,446**

(€ thousands)	Carrying amount at 31/12/2018	Change for IFRS 16 adoption	Investments	Disposals	Depreciation	Business combinations	Impairment	Other net changes	Carrying amount at 30/06/2019
Stores and offices	-	434,305	34,764	(3,715)	(40,546)	702	-	(316)	425,194
Motor vehicles	-	7,387	3,693	(236)	(2,144)	2	-	(736)	7,966
Computers and office machinery	-	371	2	-	(85)	-	-	(2)	286
Total	**-**	**442,063**	**38,459**	**(3,951)**	**(42,775)**	**704**	**-**	**(1,054)**	**433,446**

The Group has adopted IFRS 16 since 1 January 2019 applying the retrospective modified approach, determining the recognition of right-of-use assets as of 1 January 2019 without the restatement of previous period figures.

8. Share capital

At 30 June 2019 the share capital comprised 226,388,620 ordinary shares with a nominal value of €0.02 fully paid in and subscribed. At 31 December 2018 share capital was made of 226,353,620 shares. The increase recorded in the period is due to the exercise of 35,000 stock options, equivalent to 0.015% of the share capital.

On 7 May 2019, with reference to the Stock Grant Plan 2019-2025, the Board of Directors resolved to assign, based on the Remuneration and Appointment Committee's recommendations and pursuant to Art. 84 bis, par. 5 of Consob Regulation n. 11971/99, as amended, the first award cycle of the stock grant plan (for the period 2019-2021) which calls for the assignment of 620,000 shares.

During the period 1,692,875 performance stock grants rights were exercised. The parent transferred to the beneficiaries an equivalent number of treasury shares.

In the period there were no purchases of treasury shares. The total amount of treasury shares held at 30 June 2019 equals 4,022,870 or 1.777% of the parent's share capital.

Information relating to the treasury shares held is shown below:

	No. of shares	Average purchase price (Euro) / FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 31 December 2018	**5,715,745**	**8.911**	**50,933**
Purchases	-		-
Transfers due to exercise of Performance Stock grants	(1,692,875)	8.911	(15,085)
Total at 30 June 2019	**4,022,870**	**8.911**	**35,848**

9. Net financial position

In accordance with the requirements of the Consob communication dated 28 July 2006 and in compliance with the CESR (now ESMA) recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the Group's net financial position at 30 June 2019 was as follows:

(€ thousands)	30/06/2019	31/12/2018	Change
Liquid funds	(128,799)	(89,915)	(38,884)
Other financial assets	(14)	-	(14)
Payables for business acquisitions	10,099	12,643	(2,544)
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	141,559	34,852	106,707
Other financial payables	5,998	5,530	468
Non-*hedge* accounting derivative instruments	13	58	(45)
Short-term financial indebtedness	**28,856**	**(36,832)**	**65,688**
Private placement 2013-2025	114,236	113,537	699
Finance lease obligations	-	385	(385)
Other medium/long-term debt	697,088	760,275	(63,187)
Hedging derivatives	(13,344)	(12,645)	(699)
Medium/long-term acquisition payables	14,231	16,136	(1,905)
Net medium and long-term financial indebtedness	**812,211**	**877,688**	**(65,477)**
Net financial indebtedness	**841,067**	**840,856**	**211**
Lease liabilities (*)	435,964	-	435,964
Total lease liabilities & net financial indebtedness	**1,277,031**	**840,856**	**436,175**

(*) The Group has adopted IFRS 16 since 1 January 2019 applying to the retrospective modified approach, determining the recognition of right-of-use assets as of 1 January 2019 without the restatement of previous period figures.

Medium/long-term financial indebtedness reached €812,211 thousand at 30 June 2019 versus €877,688 thousand at 31 December 2018, a difference of €65,477 thousand. The decrease posted in the period is attributable mainly to the substitution of revolving unsecured credit lines, totaling €40 million, with hot money with better rates (included in short-term financial indebtedness) and the reclassification of a portion of the syndicated loan used to finance the GAES acquisition as short-term debt.

The **short-term portion of the net financial position** went from a positive €36,832 thousand at 31 December 2018 to a negative €28,856 thousand at 30 June 2019, a change of €65,688 thousand. The short-term portion refers primarily to hot money (€100,000 thousand), the short-term portion of the syndicated loan (€33,125 thousand), the short-term portion of long-term loans (€6,666 thousand), interest payable on bank loans and the private placement (€2,253 thousand), the best estimate of the deferred payments for acquisitions (€10,099 thousand), as well as cash and cash equivalents of €128,799 thousand.

In order to reconcile the above items with the statement of financial position, a breakdown of the following items is provided.

Long-term bank loans and the private placement 2013-2025 are shown in the statement of financial position:

a. under the caption “Medium/long-term financial liabilities” for the non-current portion.

(€ thousands)	30/06/2019
Private placement 2013-2025	114,236
Syndicated loan for GAES acquisition	483,625
Other medium/long-term debt	213,463
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(1,186)
Medium/long-term financial liabilities	**810,138**

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

(€ thousands)	30/06/2019
Bank overdraft and other short-term debt (including current portion of other long-term debt)	141,559
Other financial payables	5,998
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(1,130)
Short-term financial liabilities	**146,427**

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

10. Financial liabilities

Long-term financial liabilities breakdown is as follows:

(€ thousands)	30/06/2019	31/12/2018	Change
Private placement 2013-2025	114,236	113,537	699
Syndicated loan for GAES acquisition	483,625	503,500	(19,875)
Other medium/long-term debt	213,463	256,775	(43,312)
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(1,186)	(1,528)	342
Finance lease obligations	-	385	(385)
Total medium/long-term financial liabilities	**810,138**	**872,669**	**(62,531)**
Short term debt	146,427	38,115	108,312
- of which current portion for the financing for GAES acquisition	*33,125*	*26,500*	*6,625*
- of which current portion of other short-term bank loans	*6,666*	*3,538*	*3,128*
- of which fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	*(1,130)*	*(2,268)*	*1,138*
- of which current-portion of lease obligations	*-*	*837*	*(837)*
Total short-term financial liabilities	**146,427**	**38,115**	**108,312**
Total financial liabilities	**956,565**	**910,784**	**45,781**

The main financial liabilities are detailed below.

- *Syndicated loan for the GAES acquisition*
  An unsecured syndicated bank loan negotiated with five top-tier banks for the acquisition of GAES comprised of two tranches:
  - a first tranche (Facility A), a €265 million amortizing loan which expires on 28 September 2023;
  - a second tranche (Facility B), a €265 million 18-month bullet loan which may be extended through 28 September 2023 at Amplifon's discretion by exercising the option before 28 March 2020 in order to ensure both the certainty of long-term financing and the flexibility to refinance through debt capital market issues or other forms of financing.

Issue Date	Debtor	Maturity	Nominal value at negotiation date (/000)	Nominal value at 30/06/2019 (/000)	Fair value (/000)	Nominal interest rate (*)
18/12/2018	Amplifon S.p.A.	28/09/2023	265,000	251,750	251,750	1.582%
18/12/2018	Amplifon S.p.A.	28/03/2020 extendable to 28/09/2023	265,000	265,000	265,000	0.689%
	Total in Euro		**530,000**	**516,750**	**516,750**	

(*) The nominal interest rate is equal to Euribor plus a spread.
The initial spread is 1.45% for Facility A and 0.80% for Facility B.
With regard to the first tranche, the floating Euribor rate will be converted into a fixed rate of 0.132% effective 18 June 2019.
The spread applied to Facility A depends on the Group's net financial indebtedness/EBITDA ratio while for Facility B the spread is 0.8% for the first six months, 1.0% for the second 6 months and 1.35% for the last 6 months. If the loan is extended the spread will depend on the Group's net debt/EBITDA ratio.

The following table shows the applicable rates depending on the ratio of net financial position over Group EBITDA:

Ratio between the Group's net financial position and EBITDA	Facility A	Facility B
Higher than 3.50x	1.65%	1.85%
Less or equal than 3.50x but higher than 3.00x	1.45%	1.65%
Less or equal than 3.00x but higher than 2.50x	1.25%	1.45%
Less or equal than 2.50x but higher than 2.00x	1.10%	1.30%
Less or equal than 2.00x	0.95%	1.15%

- *Private placement 2013-2025*
  It is a US$130 million private placement made in the US by Amplifon USA.

Issue Date	Issuer	Maturity	Currency	Nominal value (/000)	Fair value (/000)	Nominal interest rate	Euro interest rate after hedging (*)
30/05/2013	Amplifon USA	31/07/2020	US$	7,000	7,253	4.10%	3.39%
30/05/2013	Amplifon USA	31/07/2023	US$	8,000	9,006	4.71%	3.90%
31/07/2013	Amplifon USA	31/07/2020	US$	13,000	13,479	4.15%	3.42%
31/07/2013	Amplifon USA	31/07/2023	US$	52,000	58,651	4.76%	3.90%-3.94%
31/07/2013	Amplifon USA	31/07/2025	US$	50,000	59,209	4.91%	4.00%-4.05%
	Total			**130,000**	**147,597**		

(*) 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.

- *Bank loans*
  4 medium/long-term unsecured bank loans totaling €200 million and a medium/long-term revolving credit line as shown in the following table.

Issue Date	Issuer	Maturity	Currency	Nominal value (/000)	*Fair value* (/000)	Nominal interest rate Euro (*)
28/09/2017	Amplifon S.p.A.	Bullet financing	28/09/2021	100,000	101,312	0.987%
24/10/2017	Amplifon S.p.A.	Amortizing financing	31/10/2022	50,000	51,178	1.329%
23/03/2018	Amplifon S.p.A.	Bullet financing	22/03/2022	30,000	30,555	1.00%
11/01/2018	Amplifon S.p.A.	Bullet financing	11/01/2022	20,000	20,220	1.04%
21/12/2016	Amplifon S.p.A.	Revolving line	21/12/2021	20,000	20,000	0.75%
	Total in Euro			**220,000**	**223,265**	

(*) With reference to the financing, the rate is composed of the fixed rate plus the applicable margin.

The following loans:

- the USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the €/USD exchange rate at 1.2885);
- the EUR 200 million medium/long-term bilateral loans with top-tier banks;
- the EUR 195 million in medium/long-term revolving irrevocable credit lines with top-tier banks, of which EUR 20 million received at 30 June 2019,

are subject to the covenants listed below:

- the ratio of Group net financial indebtedness to Group equity must not exceed 1.65;
- the ratio of net financial indebtedness to EBITDA recorded in the last four quarters (determined excluding the fair value of the share-based payments and based only on recurring business and restated if the Group's structure should change significantly) must not exceed 2.85.

In the event of relevant acquisitions, the above ratios may be increased to 2.20 and 3.26 respectively, for a period of not more than 12 months, 2 times over the life of the respective loans.

The syndicated loan granted for the GAES acquisition, amounting to €530 million, is subject to the following covenants:

- the ratio of net financial indebtedness to EBITDA recorded in the last four quarters (determined excluding the fair value of the share-based payments and based only on the recurring business and restated if the Group's structure should change significantly) must not exceed 3.26 through 30 June 2019 and 2.85 in the following periods;
- the ratio of EBITDA recorded in the last four quarters (determined excluding the fair value of the share-based payments and based only on the recurring business and restated if the Group's structure should change significantly) and net interest paid in the last 4 quarters must exceed 4.9. As this last covenant is more restrictive it also applied to the private placement.

Following the recent introduction of the new standards IFRS 9, 15 and 16, which resulted in significant adjustments to the amounts recognized in the financial statements, Amplifon re-defined the covenants with banks and financial investors in order to preserve the same headroom for Amplifon and the same protection level to lenders.

As at 30 June 2019 the ratios, which confirm the covenant requirements, were as follows:

	Value at 30/06/2019
Net financial indebtedness/Group net equity	1.35
Net financial indebtedness/EBITDA for the last 4 quarters	2.23
EBITDA for the last 4 quarters/Net financial expenses	25.88

The above-mentioned ratios were determined based on EBITDA restated for the main changes in the Group structure and normalized for the application of the new IFRS 16 to the figures of the last nine months of 2018.

(€ thousands)	Value at 30/06/2019
Group EBITDA first half year	180,760
EBITDA July-December 2018 without IFRS 16	115,518
IFRS 16 impact on EBITDA July-December 2018	36,356
Fair value of share-based payments (July 2018-June 2019)	15,523
EBITDA normalized (from acquisitions and disposals)	5,342
IFRS 16 impact on EBITDA related to acquisitions	7,013
Acquisitions and non-recurring costs	16,543
EBITDA for covenant calculation	377,055

The same agreements are also subject to other covenants applied in current international practice which limit the ability to issue guarantees, complete sale and lease back operations and execute extraordinary transactions involving the sale of assets.

The remaining €0.2 million in medium/long-term financial indebtedness, including the short-term portion, is not subject to any covenants.

11. Lease liabilities

Lease liabilities stem from lease agreements. These liabilities are equal to the present value of future rents payable over the lease term.

The financial lease liabilities are shown in the statement of financial position as follows:

	30/06/2019	Effect of first-time IFRS 16 application as of 01/01/2019
Short-term lease liabilities	77,077	71,689
Long-term lease liabilities	358,887	368,117
Lease liabilities	**435,964**	**439,806**

During the reporting period the following expense items were recognized in the income statement:

	First Half 2019
Interest paid on leased assets	5,677
Costs relating to short-term and low-value leases	5,502

12. Revenues from sales and services

(€ thousands)	First Half 2019	First Half 2018	Change
Revenues from sales of products	739,217	584,682	154,535
Revenues from services	92,818	74,923	17,895
Revenues from sales and services	**832,035**	**659,605**	**172,430**

Consolidated revenues from sales and services amounted to €832,035 thousand in the first six months of 2019, an increase of €172,430 thousand (+26.1%) compared to the same period of the previous year. This result reflects the significant contribution of acquisitions (particularly GAES, consolidated from an income statement standpoint as of 1 January 2019) of €133,231 thousand (+20.2%), net of the disposal of Direito de Ouvir Amplifon Brazil SA finalized at the beginning of the second quarter of 2018, and the above market organic growth which, including the contribution of the newly opened stores, amounted to €31,731 thousand (+4.8%). Net exchange rate gains came to €7,468 thousand (+1.1%) driven primarily by the strengthening of the USD against the Euro.

13. Taxes

The Group's tax rate came to 28.9% compared to 29.1% at 30 June 2018. Net of the losses recorded by subsidiaries for which, in accordance with the principle of prudence, deferred tax assets are not recognized, the tax rate would have been 24.4% (26.2% in the same period of the prior year).

14. Non-recurring significant events

The period was impacted by the following non-recurring items:

(€ thousands)		First Half 2019	First Half 2018
Operating costs	GAES integration costs	(5,805)	-
Impairment and impairment reversals of non-current assets	Impairment of GAES intangible asset	(65)	-
Profit before tax		**(5,870)**	**-**
Tax	Impact of the above items on the tax burden for the period	999	-
Total		**(4,871)**	**-**

15. Earnings (loss) per share

Basic Earnings (loss) per share

Basic earnings (loss) per share is obtained by dividing the net profit for the year attributable 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	First Half 2019	First Half 2018
Net profit (loss) attributable to ordinary shareholders (€ thousand)	54,492	47,038
Average number of shares outstanding in the period	220,928,080	219,013,756
Average earnings per share (€ per share)	0.24665	0.21477

Diluted earnings (loss) per share

Diluted earnings (loss) per share is obtained by dividing the net profit for the period attributable to the ordinary shareholders of the parent by the weighted average number of shares outstanding during the year adjusted by the diluting effects of potential shares. In the calculation of shares outstanding, purchases and sales of treasury shares are considered as cancellation or issue of shares.

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

Weighted average diluted number of shares outstanding	First Half 2019	First Half 2018
Average number of shares outstanding in the period	220,928,080	219,013,756
Weighted average of potential and diluting ordinary shares	4,436,127	4,922,503
Weighted average of shares potentially subject to options in the period	225,364,207	223,936,259

The diluted earnings per share were determined as follows:

Diluted earnings per share	First Half 2019	First Half 2018
Net profit attributable to ordinary shareholders (€ thousand)	54,492	47,038
Average number of shares outstanding in the period	225,364,207	223,936,259
Average diluted earnings per share (€)	0.24180	0.21005

16. Transactions with parent companies and related parties

The parent, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is controlled directly by Ampliter S.r.l. which is owned through a majority stake (93.82% as at 30 June 2019) by Amplifin S.p.A. which is fully controlled by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

The transactions with related parties, including intercompany transactions do not qualify as atypical or unusual, and fall within the Group's normal course of business and are conducted at arm's-length as dictated by the nature of the goods and services provided.

The following table details transactions with related parties:

(€ thousands)	30/06/2019					First Half 2019		
	Trade receivables	Trade payable	Other receivables	Other payables	Other assets	Revenues for sales and services	Operating costs	Interest income and expense
Amplifin S.p.A.	5		1,122	232			(7)	11
Total – Parent	**5**	**-**	**1,122**	**232**	**-**	**-**	**(7)**	**11**
Comfoor BV (The Netherlands)		299					(1,746)	125
Comfoor GmbH (Germany)		6					(15)	
Ruti Levinson Institute Ltd (Israel)	261					123		
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	61				22	235	(11)	
Total – Other related parties	**322**	**305**	**-**	**-**	**22**	**358**	**(1,772)**	**125**
Total	**327**	**305**	**1,122**	**232**	**22**	**358**	**(1,779)**	**136**
Total as per financial statements	**184,517**	**174,099**	**86,333**	**167,955**	**62,473**	**832,035**	**(652,099)**	**(7,180)**
% of financial statements total	**0.18%**	**0.18%**	**1.30%**	**0.14%**	**0.04%**	**0.04%**	**0.27%**	**-1.89%**

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

- the recovery of maintenance costs and building fees and the recharge of personnel expense to Amplifin S.p.A.;
- the receivables due by Amplifin S.p.A. for the renovation of the headquarters based on modern and efficient standards for the use of workspaces;
- trade receivables due 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;
- existing agreements with the parent 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 other payables refer to withholding tax on foreign income made by Amplifon S.p.A. during the period when the tax consolidation agreement was still in place (2014 – 2016) and not recovered by the consolidator Amplifin S.p.A. In accordance with the Consolidated income tax act, the tax credit was reallocated to Amplifon S.p.A. upon termination of the tax consolidation agreement.

17. Contingent liabilities

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

18. Financial risk management

The condensed interim consolidated financial statements at 30 June 2019 do not include all the additional information on financial risk management that is required in annual financial statements, therefore reference is made to the consolidated financial statements of the Group at 31 December 2018 for a detailed analysis of financial risk management.

19. Translation of foreign companies' financial statements

The exchange rates used to translate non-Euro zone companies' financial statements are as follows:

	30 June 2019		2018	30 June 2018	
	Average exchange rate	As at 30 June	As at 31 December	Average exchange rate	As at 30 June
Panamanian balboa	1.130	1.138	1.145	1.210	1.166
Australian dollar	1.600	1.624	1.622	1.569	1.579
Canadian dollar	1.507	1.489	1.561	1.546	1.544
New Zealand dollar	1.682	1.696	1.706	1.691	1.725
Singapore dollar	1.536	1.540	1.559	1.605	1.590
US dollar	1.130	1.138	1.145	1.210	1.166
Hungarian florin	320.420	323.39	320.98	314.113	329.77
Swiss franc	1.130	1.111	1.127	1.170	1.157
Egyptian lira	19.566	19.001	20.511	21.458	20.866
Turkish lira	6.356	6.566	6.059	4.957	5.339
New Israeli shekel	4.090	4.061	4.297	4.258	4.263
Argentine peso	46.800	48.568	43.159	24.182	24.819
Chilean peso	763.39	773.850	794.370	740.190	744.580
Colombian peso	3,602.82	3,638.99	3,721.81	3,513.45	3,439.76
Mexican peso	21.654	21.820	22.492	23.037	22.525
Brazilian real	4.342	4.351	4.444	4.142	4.488
Chinese renminbi	7.668	7.819	7.875	7.815	7.747
Indian rupee	79.124	78.524	79.730	79.490	79.813
British pound	0.874	0.897	0.895	0.880	0.886
Polish zloty	4.292	4.250	4.301	4.221	4.373

20. Segment reporting

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

The Amplifon Group’s business (distribution and customization of hearing solutions) is organized into three specific geographical areas which comprise the Group’s operating segments: Europe, Middle-East and Africa - EMEA - (Italy, France, The Netherlands, Germany, the United Kingdom, Ireland, Spain, Portugal, Switzerland, Belgium, Luxemburg, Hungary, Egypt, Turkey, Poland and Israel), Americas (USA, Canada, Chile, Argentina, Ecuador, Colombia, Panama and Mexico) and Asia-Pacific (Australia, New Zealand, India and China).

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 by 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 relating to the income statement and the statement of financial position is determined using the same criteria and accounting standards used to prepare the consolidated financial statements.

Statement of Financial Position as at 30 June 2019 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
Goodwill	814,016	123,866	245,647	-	1,183,529
Intangible fixed assets with a finite useful life	286,976	25,880	47,524	-	360,380
Tangible fixed assets	157,538	13,586	24,977	-	196,101
Right-of-use assets	380,288	17,742	35,416	-	433,446
Investments valued at equity	2,273	-	-	-	2,273
Hedging instruments	6,898	-	-	-	6,898
Deferred tax assets	70,904	2,866	4,402	-	78,172
Contract costs	6,263	184	71	-	6,518
Other assets	25,358	36,266	849	-	62,473
Total non-current assets					**2,329,790**
Inventories	58,981	4,438	3,926	-	67,345
Receivables	199,321	50,991	24,141	(3,603)	270,850
Contract costs	3,634	99	83	-	3,816
Other financial assets					73
Cash and cash equivalents					128,799
Total current assets					**470,883**
TOTAL ASSETS					**2,800,673**

Net Equity					**625,546**
Medium/long-term financial liabilities					810,138
Lease liabilities					358,887
Provisions for risks and charges	20,441	27,559	575	-	48,575
Liabilities for employees' benefits	20,560	168	1,817	-	22,545
Hedging instruments	6,068	-	-	-	6,068
Deferred tax liabilities	69,829	18,025	11,112	-	98,966
Payables for business acquisitions	13,920	311	-	-	14,231
Contract liabilities	117,051	7,690	1,776	-	126,517
Other long-term debt	7,594	3,014	484	-	11,092
Total non-current liabilities					**1,497,019**
Trade payables	121,145	42,327	14,223	(3,596)	174,099
Payables for business acquisitions	9,545	349	205	-	10,099
Contract costs	79,962	8,052	7,657	-	95,671
Other payables	151,083	7,617	9,262	(7)	167,955
Hedging instruments	11	-	-	-	11
Provisions for risks and charges	5,137	1,107	-	-	6,244
Liabilities for employees' benefits	459	66	-	-	525
Short-term financial liabilities					146,427
Lease liabilities					77,077
Total current liabilities					**678,108**
TOTAL LIABILITIES					**2,800,673**

(*) 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.

Statement of Financial Position as at 31 December 2018 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
Goodwill	793,469	122,184	245,945	-	1,161,598
Intangible fixed assets with finite useful life	284,351	24,985	50,066	-	359,402
Tangible fixed assets	155,319	9,807	23,815	-	188,941
Investments valued at equity	2,025	-	-	-	2,025
Hedging instruments	3,725	-	-	-	3,725
Deferred tax assets	69,295	1,624	4,285	-	75,204
Contract costs	5,391	137	66		5,594
Other assets	22,360	37,537	782	-	60,679
Total non-current assets					**1,857,168**
Inventories	53,313	5,084	3,343	-	61,740
Receivables	184,712	42,338	17,420	(1,636)	242,834
Contract costs	3,660	120	73	-	3,853
Other financial assets					60
Cash and cash equivalents					89,915
Total current assets					**398,402**
TOTAL ASSETS					**2,255,570**
Net Equity					**595,947**
Medium/long-term financial liabilities					872,669
Provisions for risks and charges	21,862	27,240	517	-	49,619
Liabilities for employees' benefits	18,368	177	1,745	-	20,290
Hedging instruments	1,957	-	-	-	1,957
Deferred tax liabilities	69,677	17,337	11,918	-	98,932
Payables for business acquisitions	15,827	309	-	-	16,136
Contract liabilities	110,228	6,859	1,704	-	118,791
Other long-term debt	6,521	13	877	-	7,411
Total non-current liabilities					**1,185,805**
Trade payables	123,002	39,716	12,011	(1,629)	173,100
Payables for business acquisitions	11,732	711	200	-	12,643
Contract costs	77,977	7,606	8,109	-	93,692
Other payables	134,058	6,729	10,038	(7)	150,818
Hedging instruments	58	-	-	-	58
Provisions for risks and charges	3,813	1,103	-	-	4,916
Liabilities for employees' benefits	410	66	-	-	476
Short-term financial liabilities					38,115
Total current liabilities					**473,818**
TOTAL LIABILITIES					**2,255,570**

(*) 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.
Moreover, 2018 Balance Sheet has been restated for the temporary allocation of the GAES acquisition price.

Income Statement – First Half 2019 (*)

	Frist Half 2019				
(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	607,128	131,884	91,037	1,986	832,035
Operating costs	(466,168)	(103,135)	(63,729)	(19,067)	(652,099)
Other income and costs	531	365	(39)	(33)	824
Gross operating profit (loss) by segment (EBITDA)	**141,491**	**29,114**	**27,269**	**(17,114)**	**180,760**
Amortization, depreciation and impairment					
Amortization of intangible fixed assets	(17,557)	(2,354)	(4,347)	(3,607)	(27,865)
Depreciation of tangible fixed assets	(16,003)	(856)	(2,481)	(622)	(19,962)
Depreciation of right-of-use assets	(36,167)	(1,893)	(4,715)	-	(42,775)
Impairment and impairment reversals of non-current assets	(595)	-	(60)	-	(655)
	(70,322)	**(5,103)**	**(11,603)**	**(4,229)**	**(91,257)**
Operating profit (loss) by segment (EBIT)	**71,169**	**24,011**	**15,666**	**(21,343)**	**89,503**
Financial income, expense and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	193	-	-	-	193
Other income and expense, impairment and revaluations of financial assets					-
Interest income and expense					(7,180)
Other financial income and expense					(5,941)
Exchange gains and losses					457
Gain (loss) on assets measured at fair value					(345)
					(12,816)
Net profit (loss) before tax					**76,687**
Current and deferred income tax					(22,200)
Total net profit (loss)					**54,487**
Minority interests					(5)
Net profit (loss) attributable to the Group					**54,492**

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

Income Statement – First Half 2018 (*)

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

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

21. Accounting policies

21.1 Presentation of the financial statements

The condensed interim consolidated financial statements at 30 June 2019 were prepared in accordance with the historical cost method with the exception of derivatives, a few financial investments measured at fair value and assets and liabilities hedged against changes in fair value, as explained in more detail in this report, as well as on an ongoing concern basis.

With regard to reporting formats:

- in the statement of financial position, the Group distinguishes between non-current and current assets and liabilities;
- in the income statement, the Group classifies costs by nature insofar as this is deemed to more accurately represent the primarily commercial and distribution activities carried out by the Group;
- in addition to the net profit for the period, the statement of comprehensive income also shows the impact of exchange rate differences, changes in the hedging reserve and actuarial gains and losses that are recognized directly in equity; these items are subdivided based on whether they may subsequently be reclassified to profit or loss;
- in the statement of changes in net equity, the Group reports all the changes in net equity, including those deriving from shareholder transactions (payment of dividends and capital increases);
- the statement of cash flows is prepared using the indirect method to determine cash flow from operations.

21.2 Use of estimates in preparing the financial statements

The preparation of the financial statements and explanatory notes requires the use of estimates and assumptions particularly with regard to the following items:

- revenues from services rendered over time recognized based on the effort or the input expended to satisfy the performance obligation;
- allowances for impairment made based on the asset's estimated realizable value;
- provisions for risks and charges made based on a reasonable estimate of the amount of the potential liability, including with regard to any counterparty claims;
- provisions for obsolete inventory in order to align the carrying value of inventory with the estimated realizable value;
- provisions for employee benefits, calculated based on actuarial valuations;
- amortization and depreciation of intangible and tangible fixed assets recognized based on the estimated remaining useful life and the recoverable amount;
- income tax recognized based on the best estimate of the 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 market exchange rates, which are subject to credit/debit valuation adjustments based on market prices;
- the lease term duration was determined on a lease-by-lease basis and is comprised of the "non-cancellable" period along with the impact of any extension or early termination clauses if exercise of that clause is reasonably certain. This property valuation took into account circumstances and facts specific to each asset;

- the discount rate (incremental borrowing rate) applied to future rent payments was determined using the risk-free rate in the country where the agreement was executed, with expirations consistent with the term of the specific lease agreement plus the parent's credit spread and any costs for additional guarantees.

Estimates and assumptions are periodically reviewed, and any changes made, following the change of the circumstances or the availability of better information, are recognized in the income statement. The use of reasonable estimates is essential to the preparation of the financial statements and does not affect their overall reliability.

The Group tests goodwill for impairment at least once a year and quarterly if there are indicators of impairment. This calls for an estimate of the value in use of the cash-generating unit to which the goodwill has been allocated based on the estimated future cash flows and the after-tax discount rate consistent with market conditions at the date of the valuation.

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

The following table lists the IFRS/interpretations approved by the IASB, endorsed in Europe and applied for the first time this year.

Description	Endorsement date	Publication	Effective date	Effective date for Amplifon
IFRS 16 "Leases"	31 Oct '17	9 Nov '17	Periods 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	Periods beginning on or after 1 Jan '19	1 Jan '19
IFRIC 23 "Uncertainty over income tax treatments"	23 Oct '18	24 Oct '17	Periods beginning on or after 1 Jan '19	1 Jan '19
Annual Improvements to IFRS Standards 2015-2017 Cycle	14 Mar '19	15 Mar '19	Periods beginning on or after 1 Jan '19	1 Jan '19
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	8 Feb '19	11 Feb '19	Periods beginning on or after 1 Jan '19	1 Jan '19
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	13 Mar '19	14 Mar '19	Periods beginning on or after 1 Jan '19	1 Jan '19

Please see note 2 for more information about the impact of IFRS 16 adoption.

During the year the Amplifon Group adopted the provisions of IFRS 9 relating to hedge accounting, for which IAS 39 had previously been used, which did not impact the valuation of the Group's assets, liabilities, costs and revenues.

With regard to the other standards and interpretations described above, adoption did not have a material impact on the valuation of the Group's assets, liabilities, costs and revenues.

Future accounting standards and interpretations

International Financial Reporting Standards and interpretations approved by the IASB but not yet endorsed in Europe

The International Financial Reporting Standards, interpretations and amendments to existing standards and interpretations approved by IASB, but not yet endorsed for adoption in Europe at 19 July 2019 are listed below:

Description	Effective date
IFRS 17 "Insurance Contracts" (issued on 18 May 2017)	Periods beginning on or after 1 Jan '21
Revised version of the IFRS Conceptual Framework (issued on 29 March 2018)	Periods beginning on or after 1 Jan '20
Amendments to IFRS 3: "Business Combinations" (issued on 22 October 2018)	Periods beginning on or after 1 Jan '20
Amendments to IAS 1 and IAS 8: "Definition of Material" (issued on 31 October 2018)	Periods beginning on or after 1 Jan '20

The adoption of the standards and interpretations above is not expected to have a material impact on the valuation of the Group's assets, liabilities, costs and revenues.

22. Subsequent events

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

During the month of July, the group has continued its external growth through acquisitions and purchased about 6 stores in Germany and Switzerland (where also a customer list was purchased).

After 30 June 2019 the group continued its stock grant remuneration program and granted 154,986 treasury shares as at 30 July 2019. As at the date of the above financial statements, the total of treasury shares in portfolio is 3,867,884, corresponding to 1.709% of the company share capital.

Milan, 30 July 2019

On behalf of the Board of Directors
CEO
Enrico Vita

Annexes

Consolidation scope

As required by articles 38 and 39 of Law 127/91 and article 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 scope of Amplifon S.p.A. at 30 June 2019.

Parent company:

Company name	Head office	Currency	Share capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,527,772

Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 30/06/2019
Amplifon Rete	Milan (Italy)	D	EUR	11,500	4.4%
Amplifon France SAS	Arcueil (France)	D	EUR	48,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Aides Auditives de France SAS	Clermont-Ferrand (France)	D	EUR	30,000	100.0%
Audio-Conseil SAS	Angers (France)	D	EUR	100,000	100.0%
Ré Audition SAS	La Rochelle (France)	I	EUR	400,000	100.0%
Acoustique Rey Sarl	La Rochelle (France)	I	EUR	7,623	100.0%
Conversons Paris 19 Sarl	Paris (France)	I	EUR	1,000	100.0%
Conversons Couëron SAS	Paris (France)	I	EUR	1,000	100.0%
Audiosons Nantes SAS	Paris (France)	I	EUR	16,000	100.0%
Amplifon France Holding	Arcueil (France)	D	EUR	1	100.0%
OLM SAS	Paris (France)	I	EUR	5,000	100.0%
Conversons 91	Paris (France)	I	EUR	14,000	100.0%
Conversons 93 Sarl	Paris (France)	I	EUR	10,000	100.0%
Conversons Lyon SAS	Paris (France)	I	EUR	1,000	100.0%
Entendre - Blandine Lannee SAS	Dax (France)	I	EUR	4,000	100.0%
Cap Audition SAS	La Rochelle (France)	I	EUR	10,000	100.0%
Laboratoire d'Audiologie Eric Hans SAS	Belfort (France)	I	EUR	380,000	100.0%
Audiolor SAS	Thionville (France)	I	EUR	7,125	100.0%
Audition Paca SAS	Thionville (France)	I	EUR	5,000	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Fundación Amplifon Iberica	Madrid (Spain)	I	EUR	30,000	100.0%
GAES S.A.	Barcelona (Spain)	D	EUR	332,112	100.0%
Instituto Valenciano De La Sordera S.L.	Valencia (Spain)	D	EUR	12,020	100.0%
Microson S.A.	Barcelona (Spain)	D	EUR	61,752	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 30/06/2019
Blambos S.L.	Barcelona (Spain)	I	EUR	5,959,600	100.0%
Circulo Famex 25 S.L.	Barcelona (Spain)	I	EUR	847,523	100.0%
Centro de Audioprotesistas Españoles S.L.	Girona (Spain)	I	EUR	120,200	100.0%
Centre Auditiu Badalona S.L.	Barcelona (Spain)	I	EUR	75,000	100.0%
Centre Auditiu Vic S.L.	Barcelona (Spain)	I	EUR	37,500	100.0%
Oidos Audionatur S.L.	Barcelona (Spain)	I	EUR	90,000	100.0%
Nostar 22 S.L.	Barcelona (Spain)	I	EUR	3,012	100.0%
Noalia Plus S.L.	Barcelona (Spain)	I	EUR	3,012	100.0%
Nicer Beta S.L.	Barcelona (Spain)	I	EUR	33,012	100.0%
Boston Audit S.L.	Barcelona (Spain)	I	EUR	77,820	100.0%
Instituto Gallego de la Audición S.L.	Barcelona (Spain)	I	EUR	10,000	100.0%
Centeralia S.L.	Barcelona (Spain)	I	EUR	3,012	100.0%
Centro Auditivo Benidorm S.L.	Barcelona (Spain)	I	EUR	3,005	100.0%
Servicios Audiologicos Castilla y Leon S.L.	Barcelona (Spain)	I	EUR	27,900	100.0%
Auditiva 2014 S.A.	Andorra la Vella (Andorra)	I	EUR	3,000	100.0%
Amplifon Portugal SA	Lisbon (Portugal)	I	EUR	5,720,187	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	Brussels (Belgium)	D	EUR	495,800	100.0%
Amplifon Luxemburg Sarl	Luxemburg (Luxemburg)	I	EUR	50,000	100.0%
Amplifon RE SA	Luxemburg (Luxemburg)	D	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 (UK)	D	GBP	76,600,000	100.0%
Amplifon Ltd	Manchester (UK)	I	GBP	1,800,000	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 30/06/2019
Ultra Finance Ltd	Manchester (UK)	I	GBP	75	100.0%
Amplifon Ireland Ltd	Wexford (Ireland)	I	EUR	1,000	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	1,000,125	100.0%
Makstone İşitme Ürünleri Perakende Satış A.Ş.	Istanbul (Turkey)	D	TRY	300,000	51.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,000	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	2,000,000	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	53,000,200	100.0%
Sound Authority, Inc.	Orangeville (Canada)	I	CAD	0	100.0%
6793798 Manitoba Ltd	Winnipeg (Canada)	I	CAD	0	100.0%
Amplifon South America Holding LTDA	São Paulo (Brazil)	D	BRL	3,636,348	100.0%
GAES S.A.	Santiago de Chile (Chile)	D	CLP	1,381,655,108	100.0%
GAES Servicios Corporativo de Latinoamerica Spa	Santiago de Chile (Chile)	I	CLP	10,000,000	100.0%
GAES S.A.	Buenos Aires (Argentina)	D	ARS	1,057,770	100.0%
GAES Colombia SAS	Bogotà (Colombia)	I	COP	10,000,000,000	100.0%
Soluciones Audiologicas de Colombia SAS	Bogotà (Colombia)	I	COP	45,000,000	100.0%
Audiovital S.A.	Quito (Ecuador)	I	USD	430,337	100.0%
Centros Auditivos GAES Mexico sa de cv	Ciudad de México (Mexico)	I	MXN	50,000	100.0%
Compañía de Audiologia y Servicios Medicos sa de cv	Aguascalientes (Mexico)	I	MXN	43,306,212	66.4%
GAES Panama S.A.	Panama (Panama)	I	PAB	10,000	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%
NHanCe Hearing Care LLP (on liquidation) (**)	Gurgaon (India)	I	INR	1,000,000	0.0%
Beijing Cohesion Hearing Science &Technology Co. Ltd (***)	Běijīng (China)	D	CNY	2,000,000	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 30/06/2019
Tianjin Cohesion Hearing Science &Technology Co. Ltd (***)	Tianjin (China)	I	CNY	500,000	100.0%
Shijiazhuang Cohesion Hearing Science &Technology Co. Ltd (***)	Shijiazhuang (China)	I	CNY	100,000	100.0%

(*) Medtechnica Ortophone Ltd and its subsidiary Medtechnica Ortophone Shaked Ltd, despite being owned by Amplifon at 80%, are consolidated at 100% 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.
(***) Beijing Cohesion Hearing Science &Technology Co. Ltd., despite being owned by Amplifon at 51%, is consolidated at 100% without exposure of non-controlling interest due to the put-call option exercisable from 2022 and related to the purchase of the remaining 49%.

Companies valued using the equity method:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held at 30/06/2019
B2C SAS (in 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 (Germania)	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 (Consolidated finance act)

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

- the adequacy, by reference to the characteristics of the business;
- the effective application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements during the period from 1 January to 30 June 2019.

We also certify that the condensed interim consolidated financial statements at 30 June 2019:

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

The management report includes a reliable operating and financial analysis of the parent and all the companies included in the consolidation scope as well as a description of the main risks and uncertainties to which they are exposed.

Milan, 30 July 2019

CEO	Executive Responsible for Corporate Accounting Information
Enrico Vita	Gabriele Galli

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Amplifon S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Amplifon Group, comprising the statement of financial position as at 30 June 2019, the income statement and the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Amplifon Group as at and for the six months ended 30 June 2019 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other matters

The 2018 annual and condensed interim consolidated financial statements were respectively audited and reviewed by other auditors, who expressed an unmodified opinion and an unmodified conclusion thereon on 15 March 2019 and 1 August 2018, respectively.

Milan, 2 August 2019

KPMG S.p.A.

(signed on the original)

Claudio Mariani
Director of Audit