

**Interim
Financial
Report
as at 30
September
2019**



INDEX

PREFACE.....	4
INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019	5
CHANGES IN ACCOUNTING POLICIES	6
PERIOD HIGHLIGHTS	7
MAIN ECONOMIC AND FINANCIAL FIGURES	8
INDICATORS	10
SHAREHOLDER INFORMATION	12
RECLASSIFIED CONSOLIDATED INCOME STATEMENT	14
RECLASSIFIED CONSOLIDATED BALANCE SHEET	19
CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT	21
INCOME STATEMENT REVIEW	22
BALANCE SHEET REVIEW.....	43
ACQUISITION OF COMPANIES AND BUSINESSES	53
OUTLOOK.....	53
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019	54
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	55
CONSOLIDATED INCOME STATEMENT	57
STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME.....	58
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (*)	59
CONSOLIDATED CASH FLOW STATEMENT.....	61
SUPPLEMENTARY INFORMATION TO STATEMENT OF CONSOLIDATED CASH FLOWS.....	62

NOTES..... 63

1.	General Information	63
2.	Changes in the accounting policies.....	64
3.	Restatement of 2018 Balance Sheet data figures according to the temporary allocation of the GAES acquisition price	66
4.	Acquisitions and goodwill	68
5.	Intangible assets	69
6.	Tangible fixed assets	70
7.	Right-of-use assets	71
8.	Share capital.....	71
9.	Net financial position	72
10.	Financial liabilities	74
11.	Lease liabilities	78
12.	Revenues from sales and services	78
13.	Taxes	78
14.	Non-recurring significant events.....	79
15.	Earnings (loss) per share	79
16.	Transactions with parent companies and related parties	80
17.	Contingent liabilities	81
18.	Financial risk management	81
19.	Translation of foreign companies' financial statements	82
20.	Segment reporting	83
21.	Accounting policies	88
22.	Subsequent events.....	91

ANNEXES..... 92

Consolidation scope.....	92
Declaration of the Executive Responsible for Corporate Accounting Information pursuant to Article 154-bis of Legislative Decree 58/1998 (Consolidated finance act)	95

PREFACE

This Interim Financial Report for the period has been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) adopted by the European Union and must be read together with the financial statements of the Group at 31 December 2018 that includes additional information on the risks and uncertainties that could impact the Group's operative results or its financial position.

INTERIM MANAGEMENT REPORT

AS AT 30 SEPTEMBER 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 nine months of 2019 before the application of IFRS 16, unless stated otherwise.

PERIOD HIGHLIGHTS

In the first nine months of 2019 Amplifon confirmed the excellent trend in revenue growth and the improvement in profitability even after the integration of GAES. The outstanding performance is attributable to above market organic growth, robust operating leverage and the extraordinary contribution of acquisitions, attributable to both the bolt-on acquisitions made mainly in France and Germany and the consolidation of GAES, which reported higher than expected results and double-digit organic growth.

The first nine months of the year closed with:

- turnover of €1,224,741 thousand, an increase of +27.2% compared to the same period of the prior year (+26.1% at constant exchange rates) with double-digit growth achieved thanks also to the contribution of GAES;
- a gross operating margin (EBITDA) of €244,238 thousand, calculated based on the new accounting standard (IFRS 16). If the new accounting standard had not been applied, recurring EBITDA would have reached €176,093 thousand, 29.3% higher than in the first nine months of 2018 and the EBITDA margin would have reached 15.9% (+0.3 p.p. against the comparison period);
- Group net profit of €61,663 thousand, based on the new accounting standard. If the new IFRS 16 had not been applied, recurring net profit would have come to €79,559 thousand, (an increase of 28.3% against the first nine months of the previous year).

Net financial debt amounted to €856,751 thousand at 30 September 2019 (compared to €840,856 thousand at 31 December 2018), after absorbing net investments in acquisitions of €53,008 thousand, as well as a dividend payment of €30,939 thousand.

Ordinary operations confirmed the excellent level of cash flow generation with free cash flow reaching €68,627 thousand (versus €50,801 thousand in the comparison period) after absorbing net capital expenditure of €60,634 thousand (€43,562 thousand in the first nine months of 2018) and non-recurring cash-outs of €9,500 thousand.

MAIN ECONOMIC AND FINANCIAL FIGURES

(€ thousands)	First nine months 2019				First nine months 2018				Change % on recurring
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	
Economic figures:									
Revenues from sales and services	1,224,741	-	1,224,741	100.0%	962,771	-	962,771	100.0%	27.2%
Gross operating profit (loss) (EBITDA)	262,610	(18,372)	244,238	21.4%	150,565	(6,004)	144,561	15.6%	74.4%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	152,416	(18,736)	133,680	12.4%	114,294	(6,004)	108,290	11.9%	33.4%
Operating profit (loss) (EBIT)	124,709	(18,736)	105,973	10.2%	98,810	(6,004)	92,806	10.3%	26.2%
Profit (loss) before tax	104,993	(18,736)	86,257	8.6%	86,763	(6,071)	80,692	9.0%	21.0%
Group net profit (loss)	75,682	(14,019)	61,663	6.2%	62,015	(4,377)	57,638	6.4%	22.0%

(€ thousands)	First nine months 2019 w/o IFRS 16 (*)				First nine months 2018				Change % on recurring
	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring	
Economic figures:									
Revenues from sales and services	1,224,741	-	1,224,741	100.0%	962,771	-	962,771	100.0%	27.2%
Gross operating profit (loss) (EBITDA)	194,643	(18,550)	176,093	15.9%	150,565	(6,004)	144,561	15.6%	29.3%
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	148,852	(18,748)	130,104	12.2%	114,294	(6,004)	108,290	11.9%	30.2%
Operating profit (loss) (EBIT)	121,144	(18,748)	102,396	9.9%	98,810	(6,004)	92,806	10.3%	22.6%
Profit (loss) before tax	109,911	(18,748)	91,163	9.0%	86,763	(6,071)	80,692	9.0%	26.7%
Group net profit (loss)	79,559	(14,029)	65,530	6.5%	62,015	(4,377)	57,638	6.4%	28.3%

(€ thousands)	30/09/2019	31/12/2018 (**)	Change	30/09/2019 w/o IFRS 16 (*)
Financial figures:				
Non-current assets	2,267,353	1,778,266	489,087	1,838,521
Net invested capital	1,926,976	1,436,803	490,173	1,498,726
Group net equity	635,486	594,919	40,567	639,407
Total net equity	636,737	595,947	40,790	640,667
Net financial indebtedness	856,751	840,856	15,895	858,059
Lease liabilities	433,488	-	433,488	-
Total lease liabilities and net financial indebtedness	1,290,239	840,856	449,383	858,059

(*) 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 nine months 2019	First nine months 2018
Free cash flow	68,627	50,801
Cash flow generated from (absorbed by) business combinations	(53,008)	(72,688)
(Purchase) sale of other investments and securities	3	397
Cash flow provided by (used in) financing activities	(31,025)	(30,812)
Net cash flow from the period	(15,403)	(52,302)
Effect of discontinued operations on the net financial position	-	22
Effect of exchange rate fluctuations on the net financial position	(492)	(71)
Net cash flow from the period with changes for exchange rate fluctuations and discontinued operations	(15,895)	(52,351)

- **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

	30/09/2019	31/12/2018 (*)	30/09/2018
Net financial indebtedness (€ thousands)	856,751	840,856	348,616
Net Equity (€ thousands)	636,737	595,947	560,927
Group Net Equity (€ thousands)	635,486	594,919	560,719
Net financial indebtedness/Net Equity	1.35 (**)	1.41 (***)	0.62
Net financial indebtedness/Group Net Equity	1.35 (**)	1.41 (***)	0.62
Net financial indebtedness/EBITDA	2.20 (**)	3.11 (***)	1.52 (****)
EBITDA/Net financial expenses	31.22 (**)	20.41 (***)	14.86 (****)
Earnings per share (EPS) (€)	0.27839	0.45706	0.26264
Diluted EPS (€)	0.27309	0.44801	0.25733
EPS (€) adjusted for non-recurring transactions and amortization/depreciation related to purchase price allocations to tangible and intangible assets	0.43241	0.52578	0.33252
Group Net Equity per share (€)	2.853	2.696	2.541
Period-end price (€)	22.500	14.050	19.140
Highest price in period (€)	24.260	20.700	20.700
Lowest price in period (€)	13.610	12.590	12.590
Share price/net equity per share	7.887	5.211	7.532
Market capitalization (€ millions)	5,012.10	3,180.27	4,332.22
Number of shares outstanding	222,760,040	220,637,875	220,661,807

(*) 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 September 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

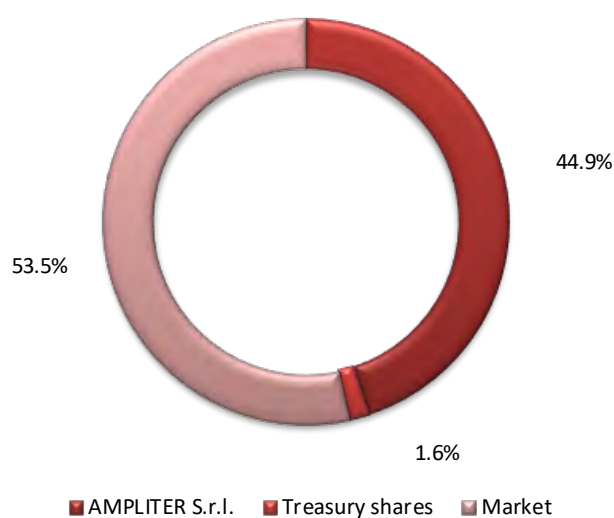
calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **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 September 2019 are:



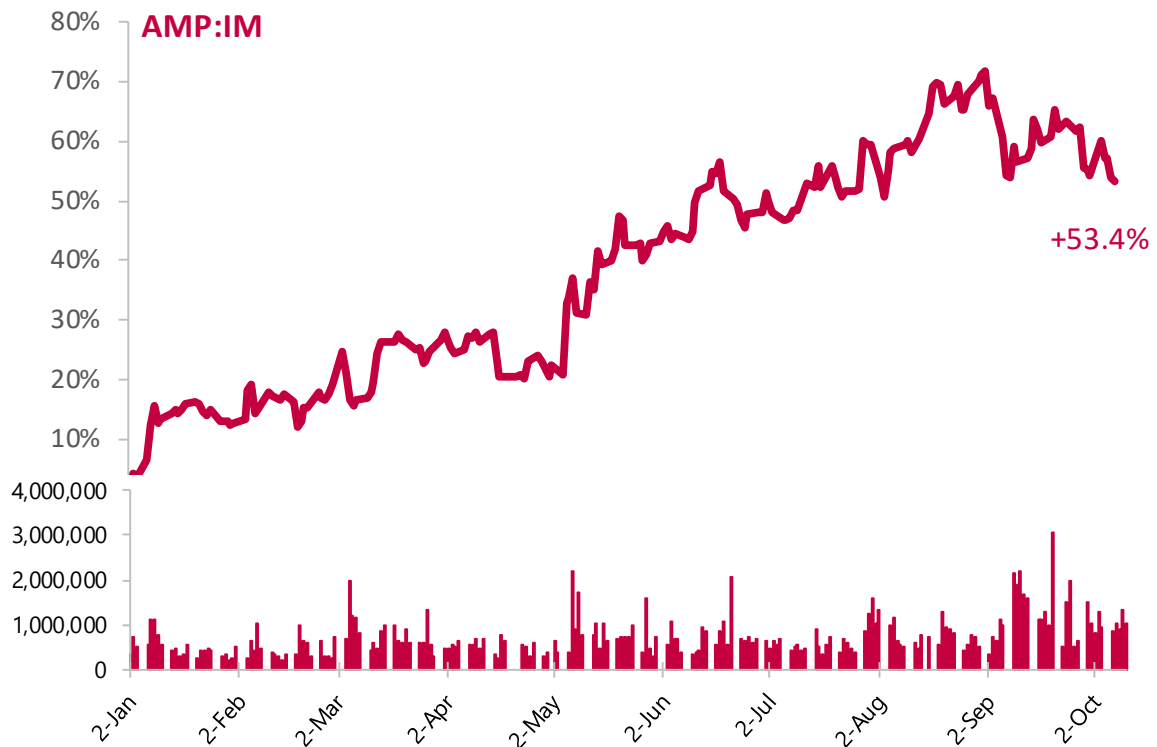
Shareholder	No. of ordinary shares	% held	% of the total share capital in voting rights
Ampliter S.r.l.	101,715,003	44.9%	61.9%
Treasury shares	3,628,580	1.6%	1.1%
Market	121,045,037	53.5%	37.0%
Total	226,388,620 (*)	100.0%	100.0%

(*) Number of shares related to the share capital registered with the Company registrar on 30 September 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 11 October 2019.



As at 30 September 2019 market capitalization was € 5,012.10 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 2 January 2019 – 30 September 2019, showed:

- average daily value: € 14,073,462.01;
- average daily volume: 735,635 shares;
- total volume traded of 139,770,744 shares, or 62.7% of the total number of shares comprising the share capital, net of treasury shares.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€ thousands)	First nine months 2019				First nine months 2018				Change % on recurring
	Recurring	Non- recurring (*)	Total	% on recurring	Recurring	Non- recurring (*)	Total	% on recurring	
Revenues from sales and services	1,224,741	-	1,224,741	100.0%	962,771	-	962,771	100.0%	27.2%
Operating costs	(963,216)	(18,372)	(981,588)	-78.6%	(814,850)	(262)	(815,112)	-84.6%	-18.2%
Other costs and revenues	1,085	-	1,085	0.1%	2,644	(5,742)	(3,098)	0.3%	-59.0%
Gross operating profit (EBITDA)	262,610	(18,372)	244,238	21.4%	150,565	(6,004)	144,561	15.6%	74.4%
Depreciation and write-downs of non-current assets	(45,424)	(198)	(45,622)	-3.7%	(36,271)	-	(36,271)	-3.8%	-25.2%
Right-of-use depreciation	(64,770)	(166)	(64,936)	-5.3%	-	-	-	0.0%	-
Operating result before the amortization and impairment of PPA related assets (EBITA)	152,416	(18,736)	133,680	12.4%	114,294	(6,004)	108,290	11.9%	33.4%
PPA related depreciation and impairment	(27,707)	-	(27,707)	-2.3%	(15,484)	-	(15,484)	-1.6%	-78.9%
Operating profit (EBIT)	124,709	(18,736)	105,973	10.2%	98,810	(6,004)	92,806	10.3%	26.2%
Income, expenses, revaluation and adjustments of financial assets	220	-	220	0.0%	253	-	253	0.0%	-13.0%
Net financial expenses	(19,699)	-	(19,699)	-1.6%	(11,689)	(67)	(11,756)	-1.2%	-68.5%
Exchange differences and non-hedge accounting instruments	(237)	-	(237)	0.0%	(611)	-	(611)	-0.1%	61.2%
Profit (loss) before tax	104,993	(18,736)	86,257	8.6%	86,763	(6,071)	80,692	9.0%	21.0%
Tax	(29,281)	4,717	(24,564)	-2.4%	(24,838)	1,694	(23,144)	-2.6%	-17.9%
Net profit (loss)	75,712	(14,019)	61,693	6.2%	61,925	(4,377)	57,548	6.4%	22.3%
Profit (loss) of minority interests	30	-	30	0.0%	(90)	-	(90)	0.0%	133.3%
Net profit (loss) attributable to the Group	75,682	(14,019)	61,663	6.2%	62,015	(4,377)	57,638	6.4%	22.0%

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

(€ thousands)	First nine months 2019 w/o IFRS 16 (*)				First nine months 2018				Change % on recurring
	Recurring	Non-recurring (**)	Total	% on recurring	Recurring	Non-recurring (**)	Total	% on recurring	
Revenues from sales and services	1,224,741	-	1,224,741	100.0%	962,771	-	962,771	100.0%	27.2%
Operating costs	(1,031,170)	(18,550)	(1,049,720)	-84.2%	(814,850)	(262)	(815,112)	-84.6%	-26.5%
Other costs and revenues	1,072	-	1,072	0.1%	2,644	(5,742)	(3,098)	0.3%	-59.5%
Gross operating profit (EBITDA)	194,643	(18,550)	176,093	15.9%	150,565	(6,004)	144,561	15.6%	29.3%
Depreciation and write-downs of non-current assets	(45,791)	(198)	(45,989)	-3.7%	(36,271)	-	(36,271)	-3.8%	-26.2%
Operating result before the amortization and impairment of PPA related assets (EBITA)	148,852	(18,748)	130,104	12.2%	114,294	(6,004)	108,290	11.9%	30.2%
PPA related depreciation and impairment	(27,708)	-	(27,708)	-2.3%	(15,484)	-	(15,484)	-1.6%	-78.9%
Operating profit (EBIT)	121,144	(18,748)	102,396	9.9%	98,810	(6,004)	92,806	10.3%	22.6%
Income, expenses, revaluation and adjustments of financial assets	220	-	220	0.0%	253	-	253	0.0%	-13.0%
Net financial expenses	(11,217)	-	(11,217)	-0.9%	(11,689)	(67)	(11,756)	-1.2%	4.0%
Exchange differences and non-hedge accounting instruments	(236)	-	(236)	0.0%	(611)	-	(611)	-0.1%	61.4%
Profit (loss) before tax	109,911	(18,748)	91,163	9.0%	86,763	(6,071)	80,692	9.0%	26.7%
Tax	(30,295)	4,719	(25,576)	-2.5%	(24,838)	1,694	(23,144)	-2.6%	-22.0%
Net profit (loss)	79,616	(14,029)	65,587	6.5%	61,925	(4,377)	57,548	6.4%	28.6%
Profit (loss) of minority interests	57	-	57	0.0%	(90)	-	(90)	0.0%	163.3%
Net profit (loss) attributable to the Group	79,559	(14,029)	65,530	6.5%	62,015	(4,377)	57,638	6.4%	28.3%

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

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

(€ thousands)	Third quarter 2019				Third quarter 2018				Change % on recurring
	Recurring	Non- recurring (*)	Total	% on recurring	Recurring	Non- recurring (*)	Total	% on recurring	
Revenues from sales and services	392,705	-	392,705	100.0%	303,167	-	303,167	100.0%	29.5%
Operating costs	(316,922)	(12,567)	(329,489)	-80.7%	(263,785)	(262)	(264,047)	-87.0%	-20.1%
Other costs and revenues	262	-	262	0.1%	1,234	(5,742)	(4,508)	0.4%	-78.8%
Gross operating profit (EBITDA)	76,045	(12,567)	63,478	19.4%	40,616	(6,004)	34,612	13.4%	87.2%
Depreciation and write-downs of non-current assets	(15,595)	(133)	(15,728)	-4.0%	(12,579)	-	(12,579)	-4.1%	-24.0%
Right-of-use depreciation	(21,995)	(166)	(22,161)	-5.6%	-	-	-	0.0%	-
Operating result before the amortization and impairment of PPA related assets (EBITA)	38,455	(12,866)	25,589	9.8%	28,037	(6,004)	22,033	9.2%	37.2%
PPA related depreciation and impairment	(9,118)	-	(9,118)	-2.3%	(5,284)	-	(5,284)	-1.7%	-72.6%
Operating profit (EBIT)	29,337	(12,866)	16,471	7.5%	22,753	(6,004)	16,749	7.5%	28.9%
Income, expenses, revaluation and adjustments of financial assets	27	-	27	0.0%	95	-	95	0.0%	-71.6%
Net financial expenses	(6,579)	-	(6,579)	-1.7%	(2,188)	(67)	(2,255)	-0.7%	-200.7%
Exchange differences and non-hedge accounting instruments	(349)	-	(349)	-0.1%	(157)	-	(157)	-0.1%	-122.3%
Profit (loss) before tax	22,436	(12,866)	9,570	5.7%	20,503	(6,071)	14,432	6.8%	9.4%
Tax	(6,081)	3,718	(2,363)	-1.5%	(5,565)	1,694	(3,871)	-1.8%	-9.3%
Net profit (loss)	16,355	(9,148)	7,207	4.2%	14,938	(4,377)	10,561	4.9%	9.5%
Profit (loss) of minority interests	35	-	35	0.0%	(38)	-	(38)	0.0%	192.1%
Net profit (loss) attributable to the Group	16,320	(9,148)	7,172	4.2%	14,976	(4,377)	10,599	4.9%	9.0%

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

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)				Third quarter 2018				Change % on recurring
	Recurring	Non- recurring (**)	Total	% on recurring	Recurring	Non- recurring (**)	Total	% on recurring	
Revenues from sales and services	392,705	-	392,705	100.0%	303,167	-	303,167	100.0%	29.5%
Operating costs	(339,501)	(12,745)	(352,246)	-86.5%	(263,785)	(262)	(264,047)	-87.0%	-28.7%
Other costs and revenues	243	-	243	0.1%	1,234	(5,742)	(4,508)	0.4%	-80.3%
Gross operating profit (EBITDA)	53,447	(12,745)	40,702	13.6%	40,616	(6,004)	34,612	13.4%	31.6%
Depreciation and write-downs of non-current assets	(15,962)	(133)	(16,095)	-4.1%	(12,579)	-	(12,579)	-4.1%	-26.9%
Operating result before the amortization and impairment of PPA related assets (EBITA)	37,485	(12,878)	24,607	9.5%	28,037	(6,004)	22,033	9.2%	33.7%
PPA related depreciation and impairment	(9,119)	-	(9,119)	-2.3%	(5,284)	-	(5,284)	-1.7%	-72.6%
Operating profit (EBIT)	28,366	(12,878)	15,488	7.2%	22,753	(6,004)	16,749	7.5%	24.7%
Income, expenses, revaluation and adjustments of financial assets	27	-	27	0.0%	95	-	95	0.0%	-71.6%
Net financial expenses	(3,774)	-	(3,774)	-1.0%	(2,188)	(67)	(2,255)	-0.7%	-72.5%
Exchange differences and non-hedge accounting instruments	(348)	-	(348)	-0.1%	(157)	-	(157)	-0.1%	-121.7%
Profit (loss) before tax	24,271	(12,878)	11,393	6.2%	20,503	(6,071)	14,432	6.8%	18.4%
Tax	(6,560)	3,720	(2,840)	-1.7%	(5,565)	1,694	(3,871)	-1.8%	-17.9%
Net profit (loss)	17,711	(9,158)	8,553	4.5%	14,938	(4,377)	10,561	4.9%	18.6%
Profit (loss) of minority interests	43	-	43	0.0%	(38)	-	(38)	0.0%	213.2%
Net profit (loss) attributable to the Group	17,668	(9,158)	8,510	4.5%	14,976	(4,377)	10,599	4.9%	18.0%

(*) For the sake of comparison, 2019 data 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)	First nine months 2019	First nine months 2019 w/o IFRS 16	First nine months 2018
GAES acquisition and integration costs	(18,372)	(18,550)	(6,004)
Impact of the non-recurring items on EBITDA	(18,372)	(18,550)	(6,004)
Depreciation and impairment of GAES intangible assets	(364)	(198)	-
Impact of the non-recurring items on EBIT	(18,736)	(18,748)	(6,004)
Financial expenses related to the financing of GAES acquisition	-	-	(67)
Impact of the non-recurring items on profit before tax	(18,736)	(18,748)	(6,071)
Impact of the above items on the tax burden for the period	4,717	4,719	1,694
Impact of the non-recurring items on net profit	(14,019)	(14,029)	(4,377)

(€ thousands)	Third quarter 2019	Third quarter 2019 w/o IFRS 16	Third quarter 2018
GAES acquisition and integration costs	(12,567)	(12,745)	(6,004)
Impact of the non-recurring items on EBITDA	(12,567)	(12,745)	(6,004)
Depreciation and impairment of GAES intangible assets	(299)	(133)	-
Impact of the non-recurring items on EBIT	(12,866)	(12,878)	(6,004)
Financial expenses related to the financing of GAES acquisition	-	-	(67)
Impact of the non-recurring items on profit before tax	(12,866)	(12,878)	(6,071)
Impact of the above items on the tax burden for the period	3,718	3,720	1,694
Impact of the non-recurring items on net profit	(9,148)	(9,158)	(4,377)

RECLASSIFIED CONSOLIDATED BALANCE SHEET

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

(€ thousands)	30/09/2019	31/12/2018 (*)	Change	30/09/2019 w/o IFRS 16 (**)
Goodwill	1,205,795	1,161,598	44,197	1,205,795
Customer lists, non-compete agreements, trademarks and location rights	274,210	279,406	(5,196)	274,210
Software charges, licenses, other int.ass., wip and advances	87,859	79,996	7,863	87,859
Tangible assets	195,469	188,968	6,501	196,205
Right-of-use assets	429,760	-	429,760	-
Fixed financial assets (1)	43,403	41,546	1,857	43,161
Other non-current financial assets (1)	30,857	26,752	4,105	31,291
Total fixed assets	2,267,353	1,778,266	489,087	1,838,521
Inventories	71,956	61,713	10,243	71,956
Trade receivables	181,569	169,454	12,115	181,569
Other receivables	88,242	77,292	10,950	90,521
Current assets (A)	341,767	308,459	33,308	344,046
Total assets	2,609,120	2,086,725	522,395	2,182,567
Trade payables	(167,558)	(173,100)	5,542	(168,046)
Other payables (2)	(253,579)	(244,986)	(8,593)	(253,659)
Provisions for risks (current portion)	(17,101)	(4,916)	(12,185)	(17,222)
Short term liabilities (B)	(438,238)	(423,002)	(15,236)	(438,927)
Working capital (A) – (B)	(96,471)	(114,543)	18,072	(94,881)
Derivative instruments (3)	(12,394)	(10,876)	(1,518)	(12,394)
Deferred tax assets	82,530	75,204	7,326	81,522
Deferred tax liabilities	(100,211)	(98,932)	(1,279)	(100,211)
Provisions for risks (non-current portion)	(51,166)	(49,619)	(1,547)	(51,166)
Employee benefits (non-current portion)	(23,626)	(20,290)	(3,336)	(23,626)
Loan fees (4)	1,853	3,795	(1,942)	1,853
Other long-term payables	(140,892)	(126,202)	(14,690)	(140,892)
NET INVESTED CAPITAL	1,926,976	1,436,803	490,173	1,498,726
Shareholders' equity	635,486	594,919	40,567	639,407
Third parties' equity	1,251	1,028	223	1,260
Net equity	636,737	595,947	40,790	640,667
Long-term net financial debt (4)	803,687	877,688	(74,001)	801,433
Short-term net financial debt (4)	53,064	(36,832)	89,896	56,626
Total net financial debt	856,751	840,856	15,895	858,059
Lease liabilities	433,488	-	433,488	-
Total lease liabilities & net financial debt	1,290,239	840,856	449,383	858,059
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL DEBT	1,926,976	1,436,803	490,173	1,498,726

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

(**) For the sake of comparison, 2019 data 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 nine months 2019	First nine months 2018
EBIT	105,973	92,806
Amortization, depreciation and write-downs	138,265	51,755
Provisions, other non-monetary items and gain/losses from disposals	27,515	12,734
Net financial expenses	(17,374)	(11,687)
Taxes paid	(29,833)	(27,423)
Changes in net working capital	(37,537)	(25,154)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	187,009	93,031
Repayment of lease liabilities	(59,647)	-
Cash flow provided by (used in) operating activities (A)	127,362	93,031
Cash flow provided by (used in) operating investing activities (B)	(58,735)	(42,230)
Free Cash Flow (A) + (B)	68,627	50,801
Net cash flow provided by (used in) acquisitions (C)	(53,008)	(72,688)
(Purchase) sale of other investment and securities (D)	3	397
Cash flow provided by (used in) investing activities (B+C+D)	(111,740)	(114,521)
Cash flow provided by (used in) operating activities and investing activities	15,622	(21,490)
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	(53)	26
Hedging instruments and other changes in non-current assets	(33)	1,220
Net cash flow from the period	(15,403)	(52,302)
Net financial indebtedness as of period opening date	(840,856)	(296,265)
Effect of discontinued operation on financial position	-	22
Effect of exchange rate fluctuations on financial position	(492)	(71)
Change in net financial position	(15,403)	(52,302)
Net financial indebtedness as of period closing date	(856,751)	(348,616)

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

(€ thousands)	First nine months 2019	First nine months 2018
Free cash flow	68,627	50,801
Free cash flow generated by non-recurring transactions (see page 53 for details)	(9,500)	(206)
Free cash flow generated by recurring transactions	78,127	51,007

INCOME STATEMENT REVIEW

Consolidated income statement by segment and geographic area (*)

(€ thousands)	First nine months 2019				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	877,827	203,382	140,218	3,314	1,224,741
Operating costs	(691,449)	(159,105)	(98,446)	(32,588)	(981,588)
Other costs and revenues	668	476	(118)	59	1,085
Gross operating profit (loss) (EBITDA)	187,046	44,753	41,654	(29,215)	244,238
Depreciation and write-downs of non-current assets	(28,769)	(4,039)	(6,299)	(6,515)	(45,622)
Right-of-use depreciation	(54,944)	(2,795)	(7,197)	-	(64,936)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	103,333	37,919	28,158	(35,730)	133,680
PPA related depreciation and amortization	(22,334)	(881)	(4,366)	(126)	(27,707)
Operating profit (loss) (EBIT)	80,999	37,038	23,792	(35,856)	105,973
Income, expenses, revaluation and adjustments of financial assets					220
Net financial expenses					(19,699)
Exchange differences and non-hedge accounting instruments					(237)
Profit (loss) before tax					86,257
Tax					(24,564)
Net profit (loss)					61,693
Profit (loss) of minority interests					30
Net profit (loss) attributable to the Group					61,663

(€ thousands)	First nine months 2019 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	877,827	203,382	140,218	3,314	1,224,741
Gross operating profit (loss) (EBITDA)	205,394	44,777	41,654	(29,215)	262,610
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	122,045	37,943	28,158	(35,730)	152,416
Operating profit (loss) (EBIT)	99,711	37,062	23,792	(35,856)	124,709
Profit (loss) before tax					104,993
Net profit (loss) attributable to the Group					75,682

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

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

(€ thousands)	First nine months 2018 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	661,423	168,023	131,585	1,740	962,771
Gross operating profit (loss) (EBITDA)	108,876	32,277	34,943	(25,531)	150,565
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	85,707	28,937	29,060	(29,410)	114,294
Operating profit (loss) (EBIT)	75,031	28,433	24,852	(29,506)	98,810
Profit (loss) before tax					86,763
Net profit (loss) attributable to the Group					62,015

(€ thousands)	Third quarter 2019				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	270,699	71,498	49,181	1,327	392,705
Operating costs	(225,281)	(55,971)	(34,717)	(13,520)	(329,489)
Other costs and revenues	137	110	(79)	94	262
Gross operating profit (loss) (EBITDA)	45,555	15,637	14,385	(12,099)	63,478
Depreciation and write-downs of non-current assets	(9,559)	(1,418)	(2,337)	(2,414)	(15,728)
Right-of-use depreciation	(18,777)	(903)	(2,481)	-	(22,161)
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	17,219	13,316	9,567	(14,513)	25,589
PPA related depreciation and amortization	(7,389)	(289)	(1,440)	-	(9,118)
Operating profit (loss) (EBIT)	9,830	13,027	8,127	(14,513)	16,471
Income, expenses, revaluation and adjustments of financial assets					27
Net financial expenses					(6,579)
Exchange differences and non-hedge accounting instruments					(349)
Profit (loss) before tax					9,570
Tax					(2,363)
Net profit (loss)					7,207
Profit (loss) of minority interests					35
Net profit (loss) attributable to the Group					7,172

(€ thousands)	Third quarter 2019 – Only recurring operations				
	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	270,699	71,498	49,181	1,327	392,705
Gross operating profit (loss) (EBITDA)	58,122	15,637	14,385	(12,099)	76,045
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	30,085	13,316	9,567	(14,513)	38,455
Operating profit (loss) (EBIT)	22,696	13,027	8,127	(14,513)	29,337
Profit (loss) before tax					22,436
Net profit (loss) attributable to the Group					16,320

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

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

Third quarter 2018 – Only recurring operations					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Total
Revenues from sales and services	198,462	58,684	45,467	554	303,167
Gross operating profit (loss) (EBITDA)	26,890	11,432	11,306	(9,012)	40,616
Operating profit (loss) before the depreciation and amortization of PPA related assets (EBITA)	18,954	10,291	9,165	(10,373)	28,037
Operating profit (loss) (EBIT)	15,295	10,116	7,779	(10,437)	22,753
Profit (loss) before tax					20,503
Net profit (loss) attributable to the Group					14,976

Revenues from sales and services

(€ thousands)	First nine months 2019	First nine months 2018	Change	Change %
Revenues from sales and services	1,224,741	962,771	261,970	27.2%

(€ thousands)	Third quarter 2019	Third quarter 2018	Change	Change %
Revenues from sales and services	392,705	303,167	89,538	29.5%

Consolidated revenues from sales and services amounted to €1,224,741 thousand in the first nine months of 2019, an increase of €261,970 thousand (+27.2%) against the comparison period thanks to the solid performances reported in all the geographic areas in which the Group operates. This result reflects the significant contribution of acquisitions (particularly GAES, consolidated beginning 1 January 2019) of €191,375 thousand (+19.9%), net of the disposal of Direito de Ouvir Amplifon Brasil SA finalized at the beginning of second quarter 2018, and the above market organic growth which, including the contribution of the newly opened stores, amounted to €59,756 thousand (+6.2%). The foreign exchange differences had a positive impact of €10,839 thousand (+1.1%) driven primarily by the strengthening of the USD against the Euro.

In the third quarter alone, consolidated revenues from sales and services amounted to €392,705 thousand, an increase of €89,538 thousand (+29.5%) against the comparison period, driven by the significant contribution of acquisitions (particularly GAES) of €58,144 thousand (+19.2%) and strong organic growth which, including the contribution of the newly opened stores, accelerated against the first six months coming in at €28,023 thousand (+9.2%). The foreign exchange differences had a positive impact of €3,371 thousand (+1.0%)

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

(€ thousands)	First nine months 2019	% on Total	First nine months 2018	% on Total	Change	Change %	Exchange diff.	Change % in local currency
EMEA	877,827	71.7%	661,423	68.7%	216,404	32.7%	1,789	32.4%
Americas	203,382	16.6%	168,023	17.5%	35,359	21.0%	10,273	14.9%
Asia Pacific	140,218	11.4%	131,585	13.7%	8,633	6.6%	(1,223)	7.5%
Corporate	3,314	0.3%	1,740	0.1%	1,574	90.5%	-	90.5%
Total	1,224,741	100.0%	962,771	100.0%	261,970	27.2%	10,839	26.1%

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	607,128	462,961	144,167	31.1%
III quarter	270,699	198,462	72,237	36.4%
First nine months	877,827	661,423	216,404	32.7%

Revenues from sales and services amounted to €877,827 thousand in the first nine months of 2019, an increase of €216,404 thousand (+32.7%) with respect to the comparison period explained for €48,025 thousand (+7.3%) by organic growth, including the contribution of the newly opened stores, and for €166,590 thousand (+25.1%) by acquisitions, including GAES consolidated as of 1 January 2019, while the foreign exchange differences had a positive impact of €1,789 thousand (+0.3%).

An outstanding performance was recorded in Italy, thanks to the Amplifon brand products and the successful new marketing campaign. In Spain both GAES and the Amplifon business reported excellent double-digit organic growth, above expectations. The excellent trend in revenues, driven by strong organic growth and acquisitions, continued in France and Germany. The successful launch continued of the Amplifon brand products which today are present in four core European markets: Italy, Germany, the Netherlands and France.

In the third quarter alone, consolidated revenues from sales and services amounted to €270,699 thousand, an increase of €72,237 thousand or +36.4% against the comparison period, driven by the significant contribution of acquisitions (particularly GAES) of €48,824 thousand (+24.6%) and organic growth which, including the contribution of the newly opened stores, accelerated during the third quarter posting an increase of €22,548 thousand (+11.4%). The foreign exchange differences had a positive impact of €865 thousand (+0.4%).

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	131,884	109,339	22,545	20.6%
III quarter	71,498	58,684	12,814	21.8%
First nine months	203,382	168,023	35,359	21.0%

Revenues from sales and services amounted to €203,382 thousand in the first nine months of 2019, an increase of €35,359 thousand (+21.0%) against the comparison period explained for €4,930 thousand (+2.9%) by organic growth, including the contribution of the newly opened stores, and for €20,156 thousand (+12.0%) by acquisitions which was driven by the consolidation of GAES's Latin American companies as of 1 January 2019, net of the Direito de Ouvir Amplifon Brasil SA disposal made at the beginning of second quarter 2018. The foreign exchange differences had a positive impact of €10,273 thousand (+6.1%).

The Americas reported a strong increase in local currency of 14.9% thanks to solid organic growth, that accelerated in the third quarter, driven by Miracle-Ear and Amplifon Hearing Healthcare which more than offset the weak performance of Elite Hearing Network, and the good performance of GAES's Latin American companies, reported in M&A. The Amplifon Product Experience was also launched in the United States.

In the third quarter alone, consolidated revenues from sales and services amounted to €71,498 thousand, an increase of €12,814 thousand (+21.8%) against the comparison period explained for €2,372 thousand (+4.0%) by organic growth, including the contribution of the newly opened stores, and for €7,658 thousand (+13.0%) by acquisitions, particularly the consolidation of GAES's Latin American companies. The foreign exchange differences had a positive impact of €2,784 thousand (+4.7%).

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	91,037	86,118	4,919	5.7%
III quarter	49,181	45,467	3,714	8.2%
First nine months	140,218	131,585	8,633	6.6%

Revenues from sales and services amounted to €140,218 thousand in the first nine months of 2019, an increase of €8,633 thousand (+6.6%) against the comparison period explained for €5,227 thousand (+4.0%) by organic growth, including the contribution of the newly opened stores, and for €4,629 thousand (+3.5%) by the Chinese acquisition (made in November 2018), while the foreign exchange differences had a negative impact of €1,223 thousand (-0.9%).

Revenues in local currency rose by +7.5% thanks to solid organic growth which outpaced the market and accelerated in the third quarter, despite what is still a very soft market. A good, above market performance was reported in Australia driven by organic growth, while revenue growth in New Zealand improved despite the regulatory changes that took place in 2013. The Amplifon Product Experience was also launched in Australia.

In the third quarter alone, consolidated revenues from sales and services amounted to €49,181 thousand, an increase of €3,714 thousand (+8.2%) against the comparison period explained for €2,330 thousand (+5.1%) by organic growth, including the contribution of the newly opened stores, and for €1,662 thousand (+3.7%) by the acquisition in China. The foreign exchange differences had a negative impact of €278 thousand (-0.6%).

Gross operating profit (EBITDA)

(€ thousands)	First nine months 2019			First nine months 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	262,610	(18,372)	244,238	150,565	(6,004)	144,561

(€ thousands)	First nine months 2019 w/o IFRS 16 (*)			First nine months 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	194,643	(18,550)	176,093	150,565	(6,004)	144,561

(€ thousands)	Third quarter 2019			Third quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	76,045	(12,567)	63,478	40,616	(6,004)	34,612

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)			Third quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Gross operating profit (EBITDA)	53,447	(12,745)	40,702	40,616	(6,004)	34,612

(*) 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 €244,238 thousand (with an EBITDA margin of 19.9%) in the first nine months of 2019.

If IFRS 16 had not been applied, EBITDA would have amounted to €176,093 thousand, an increase against the comparison period of €31,532 thousand (+21.8%) driven by the considerable acceleration in revenues and solid operating leverage, even after the consolidation of GAES and the continuous investments in marketing. The foreign exchange differences had a positive impact of €2,265 thousand.

The result posted in the period reflects non-recurring costs of €18,550 thousand relating to the integration of GAES. The comparison period was also impacted, for €6,004 thousand, by non-recurring costs relating to the GAES acquisition.

Net of these non-recurring items and excluding IFRS 16 application, EBITDA would have been €44,078 thousand (+29.3%) with an EBITDA margin of 15.9% (+0.3 p.p. against the comparison period).

In the third quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €63,478 thousand (with an EBITDA margin of 16.2%).

Excluding the impact of IFRS 16 application, EBITDA would have amounted to €40,702 thousand, an increase against the comparison period of €6,090 thousand (+17.6%) explained also by the positive foreign exchange differences of €660 thousand.

The result posted in the period reflects non-recurring costs of €12,745 thousand relating to the integration of GAES. The comparison period was also impacted, for €6,004 thousand, by the non-recurring costs described above.

Net of these non-recurring items and excluding IFRS 16 application, EBITDA would have been €12,831 thousand (+31.6%) higher with an EBITDA margin of 13.6% (+0.2 p.p. against the comparison period).

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	First nine months 2019	EBITDA Margin	First nine months 2018	EBITDA Margin	Change	Change %
EMEA	187,046	21.3%	108,876	16.5%	78,170	71.8%
Americas	44,753	22.0%	32,277	19.2%	12,476	38.7%
Asia Pacific	41,654	29.7%	34,943	26.6%	6,711	19.2%
Corporate (**)	(29,215)	-2.4%	(31,535)	-3.3%	2,320	7.4%
Total	244,238	19.9%	144,561	15.0%	99,677	69.0%

(€ thousands)	First nine months 2019 w/o IFRS 16 (*)	EBITDA Margin	First nine months 2018	EBITDA Margin	Change	Change %
EMEA	129,852	14.8%	108,876	16.5%	20,976	19.3%
Americas	41,534	20.4%	32,277	19.2%	9,257	28.7%
Asia Pacific	33,922	24.2%	34,943	26.6%	(1,021)	-2.9%
Corporate (**)	(29,215)	-2.4%	(31,535)	-3.3%	2,320	7.4%
Total	176,093	14.4%	144,561	15.0%	31,532	21.8%

(€ thousands)	Third quarter 2019	EBITDA Margin	Third quarter 2018	EBITDA Margin	Change	Change %
EMEA	45,555	16.8%	26,890	13.5%	18,665	69.4%
Americas	15,637	21.9%	11,432	19.5%	4,205	36.8%
Asia Pacific	14,385	29.2%	11,306	24.9%	3,079	27.2%
Corporate (**)	(12,099)	-3.1%	(15,016)	-5.0%	2,917	19.4%
Total	63,478	16.2%	34,612	11.4%	28,866	83.4%

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)	EBITDA Margin	Third quarter 2018	EBITDA Margin	Change	Change %
EMEA	26,481	9.8%	26,890	13.5%	(409)	-1.5%
Americas	14,534	20.3%	11,432	19.5%	3,102	27.1%
Asia Pacific	11,786	24.0%	11,306	24.9%	480	4.2%
Corporate (**)	(12,099)	-3.1%	(15,016)	-5.0%	2,917	19.4%
Total	40,702	10.4%	34,612	11.4%	6,090	17.6%

(*) 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)	First nine months 2019	EBITDA Margin	First nine months 2018	EBITDA Margin	Change	Change %
EMEA	205,394	23.4%	108,876	16.5%	96,518	88.6%
Americas	44,777	22.0%	32,277	19.2%	12,500	38.7%
Asia Pacific	41,654	29.7%	34,943	26.6%	6,711	19.2%
Corporate (**)	(29,215)	-2.4%	(25,531)	-2.7%	(3,684)	-14.4%
Total	262,610	21.4%	150,565	15.6%	112,045	74.4%

(€ thousands)	First nine months 2019 w/o IFRS 16 (*)	EBITDA Margin	First nine months 2018	EBITDA Margin	Change	Change %
EMEA	148,377	16.9%	108,876	16.5%	39,501	36.3%
Americas	41,559	20.4%	32,277	19.2%	9,282	28.8%
Asia Pacific	33,922	24.2%	34,943	26.6%	(1,021)	-2.9%
Corporate (**)	(29,215)	-2.4%	(25,531)	-2.7%	(3,684)	-14.4%
Total	194,643	15.9%	150,565	15.6%	44,078	29.3%

(€ thousands)	Third quarter 2019	EBITDA Margin	Third quarter 2018	EBITDA Margin	Change	Change %
EMEA	58,122	21.5%	26,890	13.5%	31,232	116.2%
Americas	15,637	21.9%	11,432	19.5%	4,205	36.8%
Asia Pacific	14,385	29.2%	11,306	24.9%	3,079	27.2%
Corporate (**)	(12,099)	-3.1%	(9,012)	-3.0%	(3,087)	-34.2%
Total	76,045	19.4%	40,616	13.4%	35,429	87.2%

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)	EBITDA Margin	Third quarter 2018	EBITDA Margin	Change	Change %
EMEA	39,226	14.5%	26,890	13.5%	12,336	45.9%
Americas	14,534	20.3%	11,432	19.5%	3,102	27.1%
Asia Pacific	11,786	24.0%	11,306	24.9%	480	4.2%
Corporate (**)	(12,099)	-3.1%	(9,012)	-3.0%	(3,087)	-34.2%
Total	53,447	13.6%	40,616	13.4%	12,831	31.6%

(*) 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.

Europe, Middle-East and Africa

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €187,046 thousand (with an EBITDA margin of 21.3%) in the first nine months of 2019.

If IFRS 16 had not been applied, EBITDA would have amounted to €129,852 thousand, an increase against the comparison period of €20,976 thousand (+19.3%), including the €445 thousand in foreign exchange gains. The EBITDA margin would have reached 14.8%, a decrease of 1.7 p.p. against the comparison period.

The result posted in the period was impacted by the €18,525 thousand in non-recurring costs relating to the integration of GAES.

Net of this item and excluding IFRS 16 application, EBITDA would have been €39,501 thousand higher (+36.3%) with an EBITDA margin of 16.9% (+0.4 p.p. against the comparison period).

The contribution of EMEA to the Group's profitability continues to be very significant, the region's result highlights the strong and continuous improvement made in the EBITDA margin despite the dilutive effect of the GAES consolidation.

In the third quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €45,555 thousand (with an EBITDA margin of 16.8%).

Excluding the impact of IFRS 16 application, EBITDA would have amounted to €26,481 thousand, a decrease against the comparison period of €409 thousand (-1.5%), including the positive foreign exchange differences of €185 thousand. The EBITDA margin would have reached 9.8%, a decrease of 3.7 p.p. against the comparison period.

The result posted in the period reflects non-recurring costs of €12,745 thousand relating to the integration of GAES.

Net of this item and excluding IFRS 16 application, EBITDA would have been €12,336 thousand higher (+45.9%) with an EBITDA margin of 14.5% (+1.0 p.p. against the comparison period).

Americas

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €44,753 thousand (with an EBITDA margin of 22.0%) in the first nine months of 2019.

If IFRS 16 had not been applied, EBITDA would have amounted to €41,534 thousand, an increase against the comparison period of €9,257 thousand (+28.7%), thanks also to positive foreign exchange differences of €2,326 thousand. The EBITDA margin would have reached 20.4%, an increase of 1.2 p.p. against the comparison period.

The result was impacted marginally (€25 thousand) by the non-recurring costs incurred relating to the integration of GAES.

The result for this area reflects strong operating efficiency which made it possible to absorb the dilutive effect of the consolidation of GAES's Latin American companies.

In the third quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €15,637 thousand (with an EBITDA margin of 21.9%).

Excluding the impact of IFRS 16 application, EBITDA would have amounted to €14,534 thousand, an increase against the comparison period of €3,102 thousand (+27.1%) including the positive foreign exchange differences of €611 thousand. The EBITDA margin would have reached 20.3%, an increase of 0.8 p.p. with respect to the comparison period.

Asia Pacific

Gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €41,654 thousand (with an EBITDA margin of 29.7%) in the first nine months of 2019.

If IFRS 16 had not been applied, EBITDA would have amounted to €33,922 thousand, a decrease against the comparison period of €1,021 thousand (-2.9%) attributable also to negative foreign exchange differences of €507 thousand. The EBITDA margin would have reached 24.2%, a decrease of 2.4 p.p. against the comparison period.

The result reflects the greater difficulty encountered in the absorption of fixed costs in Australia and New Zealand due to a softer market and consolidation of the Chinese joint venture.

In the third quarter alone, gross operating profit (EBITDA), determined based on the new IFRS 16, amounted to €14,385 thousand (with an EBITDA margin of 29.2%).

If IFRS 16 had not been applied, EBITDA would have amounted to €11,786 thousand, an increase against the comparison period of €480 thousand (+4.2%) despite the negative foreign exchange differences of €135 thousand. The EBITDA margin would have reached 24.0%, a decrease of 0.9 p.p. against the comparison period.

Corporate

The net cost of centralized Corporate functions (corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €29,215 thousand in the first nine months of 2019 (2.4% of the revenues generated by the Group's sales and services), a decrease of €2,320 thousand with respect to the same period of the prior year.

The result posted in the comparison period was impacted by the €6,004 thousand in non-recurring costs relating to the GAES acquisition. Net of this item the centralized corporate costs would have been €3,684 thousand higher, reaching 2.4% of the revenues generated by the Group's sales versus 2.7% in the comparison period.

In the third quarter alone, centralized corporate costs amounted to €12,099 thousand (3.1% of the revenues generated by Group's sales and services), a decrease of €2,917 thousand with respect to the comparison period.

The result posted in the comparison period reflects the non-recurring costs referred to above which amounted to €6,004 thousand. Net of this item the centralized corporate costs were €3,087 thousand higher or 3.1% of the revenues generated by the Group's sales versus 3.0% in the comparison period.

Operating profit (EBIT)

(€ thousands)	First nine months 2019			First nine months 2018		
	Recurring	Non-recurring	Total	Non-recurring	Recurring	Total
Operating profit (loss) (EBIT)	124,709	(18,736)	105,973	98,810	(6,004)	92,806

(€ thousands)	First nine months 2019 w/o IFRS 16 (*)			First nine months 2018		
	Recurring	Non-recurring	Total	Non-recurring	Recurring	Total
Operating profit (loss) (EBIT)	121,144	(18,748)	102,396	98,810	(6,004)	92,806

(€ thousands)	Third quarter 2019			Third quarter 2018		
	Recurring	Non-recurring	Total	Non-recurring	Recurring	Total
Operating profit (loss) (EBIT)	29,337	(12,866)	16,471	22,753	(6,004)	16,749

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)			Third quarter 2018		
	Recurring	Non-recurring	Total	Non-recurring	Recurring	Total
Operating profit (loss) (EBIT)	28,366	(12,878)	15,488	22,753	(6,004)	16,749

(*) 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 €105,973 thousand (with an EBIT margin of 8.7%) in the first nine months of 2019.

If IFRS 16 had not been applied, EBIT would have reached €102,396 thousand, an increase against the comparison period of €9,590 thousand (+10.3%), linked also to the positive foreign exchange differences of €2,091 thousand. The EBIT margin would have come to 8.4%, a decrease of 1.2 p.p. against the comparison period.

The result posted in the period was impacted by €18,748 thousand in non-recurring costs relating to the integration of GAES, different than those described in the section on EBITDA, tied to the write-down of a few non-current assets. The comparison period was also impacted by the same non-recurring costs of €6,004 thousand described in the section on EBITDA.

Net of these items and excluding IFRS 16 application, EBIT would have been €22,334 thousand higher (+22.6%) with an EBIT margin of 9.9% (-0.4 p.p. against the comparison period).

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 €10,501 thousand.

In the third quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €16,471 thousand (with an EBIT margin of 4.2%).

Excluding the impact of IFRS 16 application, EBIT would have reached €15,488 thousand, a decrease against the comparison period of €1,261 thousand (-7.5%) despite the positive foreign exchange differences of €604 thousand. The EBIT margin would have come to 3.9%, a decrease of 1.6 p.p. with respect to the comparison period.

The result posted in the period was impacted by €12,878 thousand in non-recurring costs relating to the integration of GAES, different than those described in the section on EBITDA, tied to the write-down of a few non-current assets. The comparison period was also impacted by the same non-recurring costs of €6,004 thousand described in the section on EBITDA.

Net of these items and excluding IFRS 16 application, EBIT would have been €5,613 thousand higher (+24.7%) with an EBITDA margin of 7.2% (-0.3 p.p. against the comparison period).

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 €3,497 thousand.

The following table shows a breakdown of EBIT by segment.

(€ thousands)	First nine months 2019	EBIT Margin	First nine months 2018	EBIT Margin	Change	Change %
EMEA	80,999	9.2%	75,031	11.3%	5,968	8.0%
Americas	37,038	18.2%	28,433	16.9%	8,605	30.3%
Asia Pacific	23,792	17.0%	24,852	18.9%	(1,060)	-4.3%
Corporate (**)	(35,856)	-2.9%	(35,510)	-3.7%	(346)	-1.0%
Total	105,973	8.7%	92,806	9.6%	13,167	14.2%

(€ thousands)	First nine months 2019 w/o IFRS 16 (*)	EBIT Margin	First nine months 2018	EBIT Margin	Change	Change %
EMEA	78,381	8.9%	75,031	11.3%	3,350	4.5%
Americas	36,614	18.0%	28,433	16.9%	8,181	28.8%
Asia Pacific	23,257	16.6%	24,852	18.9%	(1,595)	-6.4%
Corporate (**)	(35,856)	-2.9%	(35,510)	-3.7%	(346)	-1.0%
Total	102,396	8.4%	92,806	9.6%	9,590	10.3%

(€ thousands)	Third quarter 2019	EBIT Margin	Third quarter 2018	EBIT Margin	Change	Change %
EMEA	9,830	3.6%	15,295	7.7%	(5,465)	-35.7%
Americas	13,027	18.2%	10,116	17.2%	2,911	28.8%
Asia Pacific	8,127	16.5%	7,779	17.1%	348	4.5%
Corporate (**)	(14,513)	-3.7%	(16,441)	-5.4%	1,928	11.7%
Total	16,471	4.2%	16,749	5.5%	(278)	-1.7%

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)	EBIT Margin	Third quarter 2018	EBIT Margin	Change	Change %
EMEA	9,165	3.4%	15,295	7.7%	(6,130)	-40.1%
Americas	12,827	17.9%	10,116	17.2%	2,711	26.8%
Asia Pacific	8,010	16.3%	7,779	17.1%	231	3.0%
Corporate (**)	(14,514)	-3.7%	(16,441)	-5.4%	1,927	11.7%
Total	15,488	3.9%	16,749	5.5%	(1,261)	-7.5%

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

(€ thousands)	First nine months 2019	EBIT Margin	First nine months 2018	EBIT Margin	Change	Change %
EMEA	99,711	11.4%	75,031	11.3%	24,680	32.9%
Americas	37,062	18.2%	28,433	16.9%	8,629	30.4%
Asia Pacific	23,792	17.0%	24,852	18.9%	(1,060)	-4.3%
Corporate (**)	(35,856)	-2.9%	(29,506)	-3.1%	(6,350)	-21.5%
Total	124,709	10.2%	98,810	10.3%	25,899	26.2%

(€ thousands)	First nine months 2019 w/o IFRS 16 (*)	EBIT Margin	First nine months 2018	EBIT Margin	Change	Change %
EMEA	97,104	11.1%	75,031	11.3%	22,073	29.4%
Americas	36,639	18.0%	28,433	16.9%	8,206	28.9%
Asia Pacific	23,257	16.6%	24,852	18.9%	(1,595)	-6.4%
Corporate (**)	(35,856)	-2.9%	(29,506)	-3.1%	(6,350)	-21.5%
Total	121,144	9.9%	98,810	10.3%	22,334	22.6%

(€ thousands)	Third quarter 2019	EBIT Margin	Third quarter 2018	EBIT Margin	Change	Change %
EMEA	22,696	8.4%	15,295	7.7%	7,401	48.4%
Americas	13,027	18.2%	10,116	17.2%	2,911	28.8%
Asia Pacific	8,127	16.5%	7,779	17.1%	348	4.5%
Corporate (**)	(14,513)	-3.7%	(10,437)	-3.4%	(4,076)	-39.1%
Total	29,337	7.5%	22,753	7.5%	6,584	28.9%

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)	EBIT Margin	Third quarter 2018	EBIT Margin	Change	Change %
EMEA	22,043	8.1%	15,295	7.7%	6,748	44.1%
Americas	12,827	17.9%	10,116	17.2%	2,711	26.8%
Asia Pacific	8,010	16.3%	7,779	17.1%	231	3.0%
Corporate (**)	(14,514)	-3.7%	(10,437)	-3.4%	(4,077)	-39.1%
Total	28,366	7.2%	22,753	7.5%	5,613	24.7%

(*) 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 €80,999 thousand (with an EBIT margin of 9.2%) in the first nine months of 2019.

If IFRS 16 had not been applied, EBIT would have reached €78,381 thousand, an increase against the comparison period of €3,350 thousand (+4.5%), including the positive foreign exchange differences of €386 thousand. The EBIT margin would have come to 8.9% (-2.4 p.p. against the comparison period).

The result posted in the comparison period was impacted by €18,723 thousand in non-recurring costs relating to the integration of GAES, different than those described in the section on EBITDA, tied to the write-down of a few non-current assets.

Net of this item and excluding IFRS 16 application, EBIT would have been €22,073 thousand higher (+29.4%) with an EBIT margin of 11.1% (-0.2 p.p. against the comparison period).

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 €10,245 thousand.

In the third quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €9,830 thousand (with an EBIT margin of 3.6%).

Excluding the impact of IFRS 16 application, EBIT would have reached €9,165 thousand, a decrease against the comparison period of €6,130 thousand (-40.1%) including the positive foreign exchange differences of €161 thousand. The EBIT margin would have come to 3.4%, a decrease of 4.3 p.p. with respect to the comparison period.

The result posted in the period was impacted by €12,878 thousand in non-recurring costs relating to the integration of GAES, different than those described in the section on EBITDA, tied to the write-down of a few non-current assets.

Net of these items and excluding IFRS 16 application, EBIT would have been €6,748 thousand higher (+44.1%) with an EBIT margin of 8.1% (+0.4 p.p. against the comparison period).

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 €37,038 thousand (with an EBIT margin of 18.2%) in the first nine months of 2019.

If IFRS 16 had not been applied, EBIT would have reached €36,614 thousand, an increase against the comparison period of €8,181 thousand (+28.8%) attributable also to the positive foreign exchange differences of €2,113 thousand. The EBIT margin would have come to 18.0% (+1.1 p.p. against the comparison period).

The result posted in the period was impacted marginally (€25 thousand) by the non-recurring costs described above in the section on EBITDA 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 which came to €256 thousand.

In the third quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €13,027 thousand (with an EBIT margin of 18,2%).

If IFRS 16 had not been applied, EBIT would have reached €12,827 thousand, an increase against the comparison period of €2,711 thousand (+26.8%), including the positive foreign exchange differences of €554 thousand. The EBIT margin would have come to 17.9% (+0.7 p.p. against the comparison period).

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 €82 thousand.

Asia Pacific

Operating profit (EBIT), determined based on the new IFRS 16, came to €23,792 thousand (with an EBIT margin of 17.0%) in the first nine months of 2019.

If IFRS 16 had not been applied, EBIT would have come to €23,257 thousand, a decrease against the comparison period of €1,595 thousand (-6.4%), including the negative foreign exchange differences of €409 thousand. The EBIT margin would have come to 16.6%, a decrease of 2.3 p.p. against the comparison period. This change is basically in line with the change in EBITDA described above.

In the third quarter alone operating profit (EBIT), determined based on the new IFRS 16, amounted to €8,127 thousand (with an EBIT margin of 16.5%).

If IFRS 16 had not been applied, EBIT would have come to €8,010 thousand, an increase against the comparison period of €231 thousand (+3.0%), including the negative foreign exchange differences of €110 thousand. The EBIT margin would have come to 16.3%, down 0.8 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 €35,856 thousand in the first nine months of 2019 (2.9% of the revenues generated by the Group's sales and services), an increase of €346 thousand with respect to the comparison period. The comparison period was impacted by the same €6,004 thousand non-recurring costs described in the section on EBITDA. Excluding this item, the net costs of centralized corporate functions would have been €6,350 thousand higher or 2.9% of Group revenues versus 3.1% in the comparison period.

These net costs amounted to €14,513 thousand (3.7% of the revenues generated by the Group's sales and services) in the third quarter alone, a decrease of €1,927 thousand with respect to the comparison period. Net of the same non-recurring item described above, the corporate costs would have been €4,077 thousand higher or 3.7% of the Group revenues versus 3.4% in the comparison period.

Profit before tax

(€ thousands)	First nine months 2019			First nine months 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	104,993	(18,736)	86,257	86,763	(6,071)	80,692

(€ thousands)	First nine months w/o IFRS 16 (*)			First nine months 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	109,911	(18,748)	91,163	86,763	(6,071)	80,692

(€ thousands)	Third quarter 2019			Third quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	22,436	(12,866)	9,570	20,503	(6,071)	14,432

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)			Third quarter 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Profit (loss) before tax	24,271	(12,878)	11,393	20,503	(6,071)	14,432

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

Profit before tax, determined in accordance with the new IFRS 16 based on which the interest paid on leased goods must be recognized, amounted to €86,257 thousand in the first nine months of 2019 (with a gross profit margin of 7.0%). Based on the accounting standards applied in the prior year, profit before tax would have come to €91,163 thousand (with a gross profit

margin of 7.4%), an increase of €10,471 thousand (+13.0%) compared to the profit before tax posted in the comparison period. This increase is higher than the increase in EBIT described above due to a decrease in financial expenses beginning in the third quarter of 2018 following the 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 €18,748 thousand relating to the acquisition of the GAES Group in December 2018 and its integration, as described in the sections on EBITDA and EBIT. The comparison period was also impacted by non-recurring costs relating to GAES of €6,071 thousand.

Net of these one-offs and based on the same accounting standards, the increase in profit before tax reaches €23,148 thousand (+26.7%) in the first nine months of 2019.

In the third quarter alone, profit before tax, determined based on the new accounting standards amounted to €9,570 thousand (with a gross profit margin of 2.4%).

Financial expenses were slightly higher compared to the comparison period due to the interest payable on the loan granted in December 2018 for the GAES acquisition, while in the comparison period the Eurobond had been repaid early July.

Based on the accounting standards applied in the prior year, profit before tax would have come to €11,393 thousand (with a gross profit margin of 2.9%), an increase of €3,768 thousand (+18.4%), compared to the Group's recurring profit before tax posted in the comparison period.

Net profit attributable to the Group

(€ thousands)	First nine months 2019			First nine months 2018		
	Recurring	Non-recurring	Total	Non-recurring	Recurring	Total
Group net profit (loss)	75,682	(14,019)	61,663	62,015	(4,377)	57,638

(€ thousands)	First nine months w/o IFRS 16 (*)			First nine months 2018		
	Recurring	Non-recurring	Total	Non-recurring	Recurring	Total
Group net profit (loss)	79,559	(14,029)	65,530	62,015	(4,377)	57,638

(€ thousands)	Third quarter 2019			Third quarter 2018		
	Recurring	Non-recurring	Total	Non-recurring	Recurring	Total
Group net profit (loss)	16,320	(9,148)	7,172	14,976	(4,377)	10,599

(€ thousands)	Third quarter 2019 w/o IFRS 16 (*)			Third quarter 2018		
	Recurring	Non-recurring	Total	Non-recurring	Recurring	Total
Group net profit (loss)	17,668	(9,158)	8,510	14,976	(4,377)	10,599

(*) 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 in effect as of January 1st, came to €61,663 thousand (with a profit margin of 5.0%) in the first nine months of 2019. Based on the accounting standards applied in the prior year, the Group's net profit would have amounted to €65,530 thousand (with a profit margin of 5.4%), an increase of €7,892 thousand. Recurring net profit would have shown an increase of €17,544 thousand (+28.3%) against the Group's recurring net profit in the comparison period.

The tax rate came to 28.5% compared to 28.7% at 30 September 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 23.6% (24.6% in the same period of the prior year).

In the third quarter alone, the Group's net profit, determined based on the new accounting standards, came to €7,172 thousand (with a profit margin of 1.8%). Based on the accounting standards applied in the prior year, the Group's net profit would have amounted to €8,510 thousand (with a profit margin of 2.2%), an increase of €2,692 thousand (+18.0%) against the recurring net profit recorded by the Group in the comparison period.

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area (*)

(€ thousands)	30/09/2019				
	EMEA	Americas	Asia Pacific	Eliminations	Total
Goodwill	834,339	124,230	247,226	-	1,205,795
Non-competition agreements, trademarks, customer lists and lease rights	227,304	10,203	36,703	-	274,210
Software, licenses, other intangible fixed assets, fixed assets in progress and advances	61,802	16,484	9,573	-	87,859
Tangible assets	156,283	13,507	25,679	-	195,469
Right-of-use assets	376,636	17,715	35,409	-	429,760
Financial fixed assets	4,418	38,985	-	-	43,403
Other non-current financial assets	29,281	657	919	-	30,857
Non-current assets	1,690,063	221,781	355,509	-	2,267,353
Inventories	63,492	4,710	3,754	-	71,956
Trade receivables	127,909	40,390	21,282	(8,012)	181,569
Other receivables	71,805	10,278	6,166	(7)	88,242
Current assets (A)	263,206	55,378	31,202	(8,019)	341,767
Operating assets	1,953,269	277,159	386,711	(8,019)	2,609,120
Trade payables	(116,697)	(42,256)	(16,617)	8,012	(167,558)
Other payables	(218,073)	(16,762)	(18,751)	7	(253,579)
Provisions for risks and charges (current portion)	(16,073)	(1,028)	-	-	(17,101)
Current liabilities (B)	(350,843)	(60,046)	(35,368)	8,019	(438,238)
Net working capital (A) - (B)	(87,637)	(4,668)	(4,166)	-	(96,471)
Derivative instruments	(12,394)	-	-	-	(12,394)
Deferred tax assets	74,886	3,076	4,568	-	82,530
Deferred tax liabilities	(70,790)	(18,725)	(10,696)	-	(100,211)
Provisions for risks and charges (non-current portion)	(20,549)	(30,090)	(527)	-	(51,166)
Liabilities for employees' benefits (non-current portion)	(21,491)	(129)	(2,006)	-	(23,626)
Loan fees	1,853	-	-	-	1,853
Other non-current payables	(127,292)	(11,257)	(2,343)	-	(140,892)
NET INVESTED CAPITAL	1,426,649	159,988	340,339	-	1,926,976
Group net equity					635,486
Minority interests					1,251
Total net equity					636,737
Net medium and long-term financial indebtedness					803,687
Net short-term financial indebtedness					53,064
Total net financial indebtedness					856,751
Lease liabilities					433,488
Total lease liabilities & net financial indebtedness					1,290,239
NET EQUITY, LEASE LIABILITIES AND NET FINANCIAL INDEBTEDNESS					1,926,976

(*) 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	155,346	9,807	23,815	-	188,968
Financial fixed assets	4,170	37,376	-	-	41,546
Other non-current financial assets	25,606	298	848	-	26,752
Non-current assets	1,262,942	194,650	320,674	-	1,778,266
Inventories	53,286	5,084	3,343	-	61,713
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)	241,717	47,542	20,836	(1,636)	308,459
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)	(97,543)	(7,678)	(9,322)	-	(114,543)
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 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 €2,267,353 thousand at 30 September 2019, an increase of €489,087 thousand against the €1,778,266 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 €60,634 thousand by capital expenditure; (iii) for €52,369 thousand by right-of-use assets; (iv) for €65,224 thousand by acquisitions; (v) for €138,265 thousand by depreciation, amortization and impairment which includes the amortization of the above right-of-use assets; (v) for €7,062 thousand by other net increases relating primarily to foreign exchange gains.

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

(€ thousands)	30/09/2019	31/12/2018 (*)	Change	
EMEA	Goodwill	834,339	793,469	40,870
	Non-competition agreements, trademarks, customer lists and lease rights	227,304	228,048	(744)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	61,802	56,303	5,499
	Tangible assets	156,283	155,346	937
	Right-of-use assets	376,636	-	376,636
	Financial fixed assets	4,418	4,170	248
	Other non-current financial assets	29,281	25,606	3,675
	Non-current assets	1,690,063	1,262,942	427,121
Americas	Goodwill	124,230	122,184	2,046
	Non-competition agreements, trademarks, customer lists and lease rights	10,203	10,331	(128)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	16,484	14,654	1,830
	Tangible assets	13,507	9,807	3,700
	Right-of-use assets	17,715	-	-
	Financial fixed assets	38,985	37,376	1,609
	Other non-current financial assets	657	298	359
	Non-current assets	221,781	194,650	27,131
Asia Pacific	Goodwill	247,226	245,945	1,281
	Non-competition agreements, trademarks, customer lists and lease rights	36,703	41,027	(4,324)
	Software, licenses, other intangible fixed assets, fixed assets in progress and advances	9,573	9,039	534
	Tangible assets	25,679	23,815	1,864
	Right-of-use assets	35,409	-	35,409
	Financial fixed assets	-	-	0
	Other non-current financial assets	919	848	71
	Non-current assets	355,509	320,674	34,835

(*) 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 €1,690,063 thousand at 30 September 2019, an increase of €427,121 thousand against the €1,262,942 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 €63,493 thousand, by acquisitions;
- for €25,866 thousand, by investments in plant, property and equipment, relating primarily to the opening of new and renewal of existing stores;
- for €16,310 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 €38,733 thousand, by right-of-use assets;
- for €112,690 thousand, by amortization, depreciation and impairment which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €3,305 thousand, by other net increases.

Americas

Non-current assets amounted to €221,781 thousand at 30 September 2019, an increase of €27,131 thousand against 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 €5,389 thousand, by investments in plant, property and equipment;
- for €3,776 thousand, by investments in intangible assets;
- for €8,489 thousand, by right-of-use assets;
- for €1,731 thousand, by acquisitions;
- for €7,715 thousand, by amortization and depreciation which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €3,519 thousand, by other net increases relating primarily to foreign exchange gains.

Asia Pacific

Non-current assets amounted to €355,509 thousand at 30 September 2019, an increase of €34,835 thousand against 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 €6,262 thousand, by investments in plant, property and equipment;
- for €3,031 thousand, by investments in intangible assets;
- for €5,147 thousand, by right-of-use assets;
- for €17,860 thousand, by amortization and depreciation which includes the amortization and depreciation of the right-of-use assets referred to above;
- for €238 thousand, by other net increases relating primarily to foreign exchange gains.

Net invested capital

Net invested capital came to €1,926,976 thousand at 30 September 2019, an increase of €490,173 thousand against 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)	30/09/2019	31/12/2018 (*)	Change
EMEA	1,426,649	1,000,957	425,692
Americas	159,988	136,970	23,018
Asia Pacific	340,339	298,876	41,463
Total	1,926,976	1,436,803	490,173

(*) 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 €1,426,649 thousand at 30 September 2019, an increase of €425,692 thousand against 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 face value of €53,413 thousand (€50,274 thousand in the same period of the prior year) and tax credits (VAT and IRES) with a face value of €22,451 thousand (€19,025 thousand in the same period of the prior year).

Americas

Net invested capital came to €159,988 thousand at 30 September 2019, an increase of €23,018 thousand against 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 which was partially offset by the increase in contract liabilities.

Asia Pacific

Net invested capital came to €340,399 thousand at 30 September 2019, an increase of €41,463 thousand against 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)	30/09/2019	31/12/2018 (*)	Change
Net medium and long-term financial indebtedness	803,687	877,688	(74,001)
Net short-term financial indebtedness	178,309	53,083	125,226
Cash and cash equivalents	(125,245)	(89,915)	(35,330)
Net financial indebtedness	856,751	840,856	15,895
Group net equity	635,486	594,919	40,567
Minority interests	1,251	1,028	223
Net Equity	636,737	595,947	40,790
Financial indebtedness/Group net equity	1.35 (**)	1.41 (***)	
Financial indebtedness/Net equity	1.35 (**)	1.41 (***)	
Financial indebtedness/EBITDA	2.20 (**)	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 €856,751 thousand at 30 September 2019 reporting an increase of €15,895 thousand with respect to the amount at 31 December 2018.

The increase in debt is the direct consequence of the acquisitions made in the period (€53,008 thousand) and the payment of dividends to shareholders (€30,939 thousand).

Ordinary operations confirmed the excellent level of cash flow generation with free cash flow reaching a positive €68,627 thousand (versus €50,801 thousand in the first nine months of the prior year) after absorbing capital expenditure of €60,634 thousand (€43,562 thousand in the first nine months of 2018).

At 30 September 2019 the Group's total financial indebtedness amounted to €856,751 thousand net of cash and cash equivalents totaling €125,245 thousand.

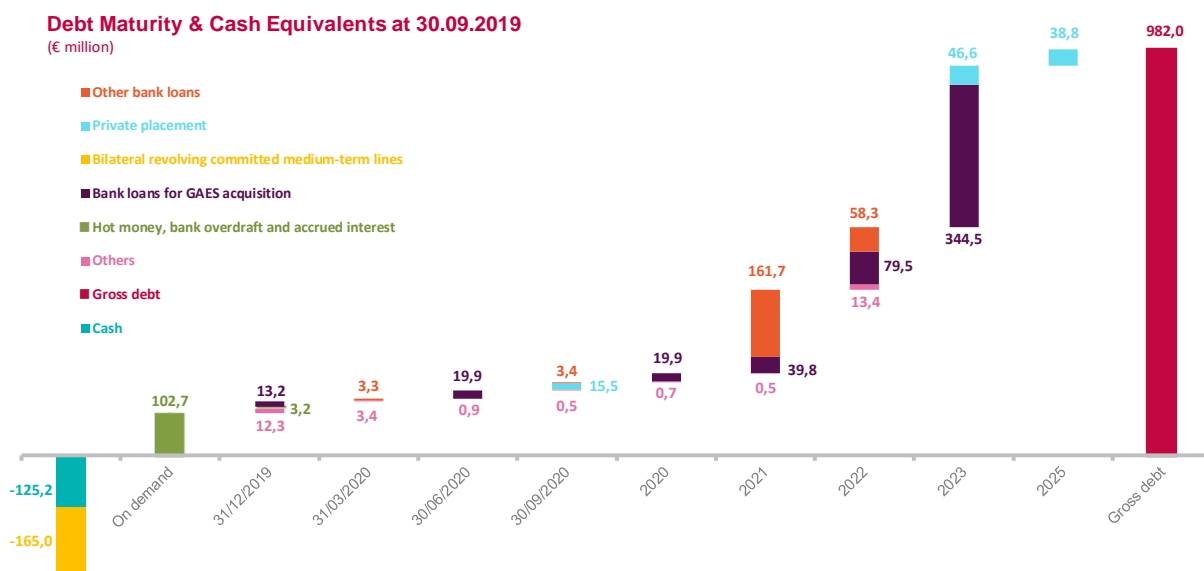
Long-term debt amounts to €803,687 thousand, €14,691 thousand of which reflects the long-term portion of deferred payments for acquisitions. The decrease of €74,001 thousand is attributable mainly to the substitution of revolving long-term credit lines, totaling €40 million, with hot money at a better rate (included in short-term debt) and the reclassification of a portion of the syndicated loan used to finance the GAES acquisition as short-term debt, along with a portion of the private placement and other borrowings.

Short-term debt amounts to €178,309 thousand, an increase of €125,226 thousand attributable mainly to the decrease in long-term debt described above.

In addition to the hot money (€100,000 thousand), short-term debt includes the short-term portion of the syndicated loan (€33,125 thousand), the short-term portion of the private placement (€15,522 thousand), the short term portion of other long-term bank loans (€6,666

thousand), interest payable on bank loans and the private placement (€3,182 thousand) and the best estimate of the deferred payments for acquisitions (€13,339 thousand).

The chart below shows that the first significant maturity is in 2021 and that the cash and cash equivalents of €125.2 million, the unutilized portions of irrevocable credit lines which amount to €165 million, as well as the €53 million in other available credit lines, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.



Interest payable on financial indebtedness amounted to €11,020 thousand at 30 September 2019, versus €11,691 thousand at 30 September 2018.

The interest payable on leases accounted for in accordance with IFRS 16 amounted to €8,516 thousand.

Interest receivable on bank deposits came to €101 thousand at 30 September 2019, versus €367 thousand at 30 September 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 nine months 2019	First nine months 2018
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	61,663	57,638
Minority interests	30	(90)
<i>Amortization, depreciation and write-downs:</i>		
- Intangible fixed assets	42,593	26,333
- Tangible fixed assets	30,736	25,422
- Right-of-use assets	64,936	-
Total amortization, depreciation and write-downs	138,265	51,755
Provisions, other non-monetary items and gain/losses from disposals	27,515	12,734
Group's share of the result of associated companies	(217)	(330)
Financial income and charges	19,933	12,444
Current and deferred income taxes	24,564	23,144
<i>Change in assets and liabilities:</i>		
- Utilization of provisions	(6,574)	(6,386)
- (Increase) decrease in inventories	(7,179)	(8,259)
- Decrease (increase) in trade receivables	(10,705)	(1,471)
- Increase (decrease) in trade payables	(9,832)	(1,803)
- Changes in other receivables and other payables	(3,247)	(7,235)
Total change in assets and liabilities	(37,537)	(25,154)
Dividends received	127	159
Net interest charges	(17,501)	(11,846)
Taxes paid	(29,833)	(27,423)
Cash flow provided by (used in) operating activities before repayment of lease liabilities	187,009	93,031
Repayment of lease liabilities	(59,647)	-
Cash flow generated from (absorbed) by operating activities	127,362	93,031
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(23,117)	(11,802)
Purchase of tangible fixed assets	(37,517)	(31,760)
Consideration from sale of tangible fixed assets and businesses	1,899	1,332
Cash flow generated from (absorbed) by investing activities	(58,735)	(42,230)
Cash flow generated from operating and investing activities (Free cash flow)	68,627	50,801
Business combinations (*)	(53,008)	(72,688)
(Purchase) sale of other investments and securities	3	397
Net cash flow generated from acquisitions	(53,005)	(72,291)
Cash flow generated from (absorbed) by investing activities	(111,740)	(114,521)

(€ thousands)	First nine months 2019	First nine months 2018
FINANCING ACTIVITIES:		
Fees paid on medium/long-term financing	-	(146)
Other non-current assets	(33)	1,220
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	(53)	26
Cash flow generated from (absorbed) by financing activities	(31,025)	(30,812)
Changes in net financial indebtedness	(15,403)	(52,302)
Net financial indebtedness at the beginning of the period	(840,856)	(296,265)
Effect of discontinued operations on net financial indebtedness	-	22
Effect of exchange rate fluctuations on net financial indebtedness	(492)	(71)
Changes in net indebtedness	(15,403)	(52,302)
Net financial indebtedness at the end of the period	(856,751)	(348,616)

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

The change in net financial debt of €15,895 thousand is attributable to:

- Investing activities:
 - capital expenditure on property, plant and equipment and intangible assets of €60,634 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 ERP system for back office functions (Human Resources, Procurement, Administration and Finance);
 - acquisitions amounting to €53,008 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 €1,902 thousand.
- Operating activities:
 - interest payable on financial indebtedness and other net financial expenses of €17,501 thousand;
 - payment of taxes amounting to €29,833 thousand;
 - payment of principle on lease obligations of €59,647 thousand;
 - cash flow generated by operations of €174,696 thousand.
- Financing activities:
 - payment of €30,939 thousand in dividends to shareholders;
 - increase in other non-current assets of €33 thousand;
 - net proceeds from capital increases following the exercise of stock options of €148 thousand;
 - payment of €201 thousand in dividends to minorities by subsidiaries.
- Exchange losses of €492 thousand.

The non-recurring transactions described above had a negative impact on cash flow of €9,500 thousand in the first nine 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 nine months of 2019. 97 points of sale were acquired for a total investment of €53,008 thousand, including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

More in detail, in the first nine months:

- 52 points of sale were acquired in Germany;
- 37 points of sale were acquired in France;
- 2 points of sale and 2 customer lists were acquired in Switzerland;
- 1 customer list was acquired in the United Kingdom;
- 1 point of sale was acquired in Israel;
- 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 was acquired in the United States;
- 3 points of sale were acquired in Canada.

OUTLOOK

Amplifon expects to continue recording a favorable, above market trend in revenues in the last quarter of 2019 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 and Germany. In 2019, the Company also expects the recurring EBITDA margin to be higher than in 2018, even after the consolidation of GAES. Lastly, Amplifon expects to proceed at a steady pace with the execution of its strategic plan for 2020 thanks, above all, to the progressive roll-out of the Amplifon Product Experience in other countries and the integration of GAES. The current results for GAES are exceeding expectations and the restructuring carried out is expected to generate significant synergies in the future.

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 SEPTEMBER 2019**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		30/09/2019	31/12/2018 (*)	Change
ASSETS				
<u>Non-current assets</u>				
Goodwill	Note 4	1,205,795	1,161,598	44,197
Intangible fixed assets with a finite useful life	Note 5	362,069	359,402	2,667
Tangible fixed assets	Note 6	195,469	188,968	6,501
Right-of-use assets	Note 7	429,760	-	429,760
Investments valued at equity		2,224	2,025	199
Long-term hedging instruments		10,504	3,725	6,779
Deferred tax assets		82,530	75,204	7,326
Contract costs		6,874	5,594	1,280
Other assets		65,162	60,679	4,483
Total non-current assets		2,360,387	1,857,195	503,192
<u>Current assets</u>				
Inventories		71,956	61,713	10,243
Trade receivables		181,570	169,454	12,116
Contract costs		3,706	3,853	(147)
Other receivables		84,476	73,380	11,096
Hedging instruments		2,633	-	2,633
Other financial assets		260	60	200
Cash and cash equivalents		125,245	89,915	35,330
Current assets		469,846	398,375	71,471
TOTAL ASSETS		2,830,233	2,255,570	574,663

(*) 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)		30/09/2019	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		(30,834)	(50,933)	20,099
Other reserves		(26,531)	(24,186)	(2,345)
Retained earnings		423,948	362,503	61,445
Profit (loss) for the period		61,663	100,443	(38,780)
Group net equity		635,486	594,919	40,567
Minority interests		1,251	1,028	223
Total net equity		636,737	595,947	40,790
Non-current liabilities				
Medium/long-term financial liabilities	Note 10	803,576	872,669	(69,093)
Lease liabilities	Note 11	355,138	-	355,138
Provisions for risks and charges		51,166	49,619	1,547
Liabilities for employees' benefits		23,626	20,290	3,336
Long-term hedging instruments		7,037	1,957	5,080
Deferred tax liabilities		100,211	98,932	1,279
Payables for business acquisitions		14,691	16,136	(1,445)
Contract liabilities		129,783	118,791	10,992
Other long-term debt		11,109	7,411	3,698
Total non-current liabilities		1,496,337	1,185,805	310,532
Current liabilities				
Trade payables		167,558	173,100	(5,542)
Payables for business acquisitions		13,339	12,643	696
Contract liabilities		95,218	93,692	1,526
Other payables		157,875	150,818	7,057
Hedging instruments		-	58	(58)
Provisions for risks and charges		17,101	4,916	12,185
Liabilities for employees' benefits		486	476	10
Short-term financial liabilities	Note 10	167,232	38,115	129,117
Lease liabilities	Note 11	78,350	-	78,350
Total current liabilities		697,159	473,818	223,341
TOTAL LIABILITIES		2,830,233	2,255,570	574,663

(*) 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 nine months 2019			First nine months 2018 (*)			
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Change
Revenues from sales and services	1,224,741	-	1,224,741	962,771	-	962,771	261,970
Operating costs	(963,216)	(18,372)	(981,588)	(814,850)	(262)	(815,112)	(166,476)
Other income and costs	1,085	-	1,085	2,644	(5,742)	(3,098)	4,183
Gross operating profit (loss) (EBITDA)	262,610	(18,372)	244,238	150,565	(6,004)	144,561	99,677
Amortization, depreciation and impairment							
Amortization of intangible fixed assets	Note 5 (42,110)	-	(42,110)	(26,254)	-	(26,254)	(15,856)
Depreciation of tangible fixed assets	Note 6 (30,047)	(166)	(30,213)	(25,202)	-	(25,202)	(5,011)
Depreciation of right-of-use assets	Note 7 (64,936)	-	(64,936)	-	-	-	(64,936)
Impairment and impairment reversals of non-current assets	(808)	(198)	(1,006)	(299)	-	(299)	(707)
	(137,901)	(364)	(138,265)	(51,755)	-	(51,755)	(86,510)
Operating profit (loss) (EBIT)	124,709	(18,736)	105,973	98,810	(6,004)	92,806	13,167
Financial income, charges and value adjustments to financial assets							
Group's share of the result of associated companies valued at equity	217	-	217	330	-	330	(113)
Other income and charges, impairment and revaluations of financial assets	3	-	3	(77)	-	(77)	80
Interest income and expense	(10,672)	-	(10,672)	(11,226)	(67)	(11,293)	621
Other financial income and expense	(9,027)	-	(9,027)	(463)	-	(463)	(8,564)
Exchange gains and losses	108	-	108	(542)	-	(542)	650
Gain (loss) on assets measured at fair value	(345)	-	(345)	(69)	-	(69)	(276)
	(19,716)	-	(19,716)	(12,047)	(67)	(12,114)	(7,602)
Profit (loss) before tax	104,993	(18,736)	86,257	86,763	(6,071)	80,692	5,565
Current and deferred income tax	Note 13 (29,281)	4,717	(24,564)	(24,838)	1,694	(23,144)	(1,420)
Total net profit (loss)	75,712	(14,019)	61,693	61,925	(4,377)	57,548	4,145
Net profit (loss) attributable to Minority interests	30	-	30	(90)	-	(90)	120
Net profit (loss) attributable to the Group	75,682	(14,019)	61,663	62,015	(4,377)	57,638	4,025
Income (loss) and earnings per share (€ per share)							
	Note 15	First nine months 2019	First nine months 2018				
Earnings per share							
- Base		0.27839	0.26264				
- Diluted		0.27309	0.25733				

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

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	30/09/2019	30/09/2018
Net income (loss) for the period	61,693	57,548
Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	(1,730)	282
Tax effect on items of other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	312	(21)
Total other comprehensive income (expense) that will not be reclassified subsequently to profit or loss after the tax effect (A)	(1,418)	261
Other comprehensive income (expense) that will be reclassified subsequently to profit or loss		
Gains/(losses) on cash flow hedging instruments	(1,441)	(2,989)
Gains/(losses) from the foreign currency basis spread on derivatives	170	-
Net exchange rate gains (losses) from translation of financial statements of foreign entities	3,180	(10,171)
Tax effect on items of other comprehensive income (expense) that will be reclassified subsequently to profit or loss	305	717
Total other comprehensive income (expense) that will be reclassified subsequently to profit or loss after the tax effect (B)	2,214	(12,443)
Total other comprehensive expense (A)+(B)	796	(12,182)
Comprehensive income (expense) for the period	62,489	45,366
Attributable to the Group	62,359	45,425
Attributable to Minority interests	130	(59)

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						11,941
Other changes		31			17,947	(11,242)
Total comprehensive income (expense) for the period						
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Profit for the first nine months of 2018						
Balance at 30 September 2018	4,527	202,511	934	3,636	(50,103)	31,086
(€ 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						11,106
Other changes					20,099	(14,147)
Total comprehensive income (expense) for the period						
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Profit for the first nine months of 2019						
Balance at 30 September 2019	4,528	202,712	934	3,636	(30,834)	31,528

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

Cash flow hedge reserve	Actuarial gains and (losses)	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(7,282)	(5,324)	355,714	(36,684)	100,578	588,681	(263)	588,418
		(52,587)			(52,587)		(52,587)
(7,282)	(5,324)	303,127	(36,684)	100,578	536,094	(263)	535,831
		100,578		(100,578)	-		-
					68		68
					(7,833)		(7,833)
					(24,079)		(24,079)
					11,941		11,941
					(897)	530	(367)
(2,272)	261		(10,202)	57,638	45,425	(59)	45,366
(2,272)					(2,272)		(2,272)
	261				261		261
					(10,202)	31	(10,171)
				57,638	57,638	(90)	57,548
(9,554)	(5,063)	371,993	(46,886)	57,638	560,719	208	560,927

Cash flow hedge reserve	Foreign Curr. Basis Spread reserve	Actuarial gains and (losses)	Profit (loss) carried forward	Translation difference	Profit (loss) 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)
						11,106		11,106
689	(689)		(8,059)			(2,107)	93	(2,014)
(1,095)	129	(1,418)		3,080	61,663	62,359	130	62,489
(1,095)	129					(966)		(966)
						(1,418)		(1,418)
					3,080	3,080	100	3,180
					61,663	61,663	30	61,693
(8,418)	(560)	(8,541)	423,948	(45,110)	61,663	635,486	1,251	636,737

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First nine months 2019	First nine months 2018
OPERATING ACTIVITIES		
Net profit (loss)	61,693	57,548
<i>Amortization, depreciation and write-downs:</i>		
- intangible fixed assets	42,593	26,333
- tangible fixed assets	30,736	25,422
- right-of-use assets	64,936	-
- goodwill	-	-
Provisions, other non-monetary items and gain/losses from disposals	27,515	12,734
Group's share of the result of associated companies	(217)	(330)
Financial income and charges	19,933	12,444
Current, deferred tax assets and liabilities	24,564	23,144
Cash flow from operating activities before change in working capital	271,753	157,295
Utilization of provisions	(6,574)	(6,386)
(Increase) decrease in inventories	(7,179)	(8,259)
Decrease (increase) in trade receivables	(10,705)	(1,471)
Increase (decrease) in trade payables	(9,832)	(1,803)
Changes in other receivables and other payables	(3,247)	(7,235)
Total change in assets and liabilities (delta working capital)	(37,537)	(25,154)
Dividends received	127	159
Interest received (paid)	(17,145)	(18,241)
Taxes paid	(29,833)	(27,423)
Cash flow generated from (absorbed by) operating activities (A)	187,365	86,638
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(23,117)	(11,802)
Purchase of tangible fixed assets	(37,517)	(31,760)
Consideration from sale of tangible fixed assets	1,899	1,332
Cash flow generated from (absorbed by) operating investing activities (B)	(58,735)	(42,230)
Purchase of subsidiaries and business units	(54,065)	(74,633)
Increase (decrease) in payables through business acquisition	924	(1,302)
(Purchase) sale of other investments and securities	3	397
Cash flow generated from (absorbed by) acquisition activities (C)	(53,138)	(75,538)
Cash flow generated from (absorbed by) investing activities (B+C)	(111,873)	(117,768)
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	51,556	35,239
(Increase) decrease in financial receivables	(3,654)	(92)
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	-	(146)
Repayment of lease liabilities	(59,647)	-
Other non-current assets and liabilities	(33)	1,220
Treasury shares	-	(7,833)
Dividends distributed	(30,939)	(24,079)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	(53)	26
Cash flow generated from (absorbed by) financing activities (D)	(42,770)	4,335
Net increase in cash and cash equivalents (A+B+C+D)	32,722	(26,795)

(€ thousands)	First nine months 2019	First nine months 2018
Cash and cash equivalents at beginning of period	89,915	124,082
Effect of discontinued operations on cash & cash equivalents	-	(150)
Effect of exchange rate fluctuations on cash & cash equivalents	1,551	(200)
Liquid assets acquired	1,057	1,945
Flows of cash and cash equivalents	32,722	(26,795)
Cash and cash equivalents at end of period	125,245	98,882

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 nine months 2019	First nine months 2018
- Goodwill	41,464	37,084
- Customer lists	18,581	19,715
- Trademarks and non-competition agreements	-	-
- Other intangible fixed assets	2,156	182
- Tangible fixed assets	1,385	2,203
- Right-of-use assets	1,478	-
- Financial fixed assets	-	24,853
- Current assets	4,385	3,522
- Provisions for risks and charges	(4)	(2)
- Current liabilities	(2,575)	(6,887)
- Other non-current assets and liabilities	(11,684)	(6,598)
- Minority interests	-	(52)
Total investments	55,186	74,020
Net financial indebtedness acquired	(1,121)	613
Total business combinations	54,065	74,633
(Increase) decrease in payables through business acquisition	(924)	1,302
Purchase (sale) of other investments and securities	(3)	(397)
Cash flow absorbed by (generated from) acquisitions	53,138	75,538
(Cash and cash equivalents acquired)	(1,057)	(1,945)
Net cash flow absorbed by (generated from) acquisitions	52,081	73,593

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 September 2019) by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

The condensed interim consolidated financial statements at 30 September 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 September 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 September 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 September 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 September 2019 was authorized by a resolution of the Board of Directors of 30 October 2019 which approved their publication.

Pursuant to the Consob Communication of 28 July 2006, it is specified that during the first nine 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 liability, 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
<u>Non-current assets</u>			
Right-of-use assets	442,063	442,063	-
<u>Current assets</u>			
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
<u>Non-current liabilities</u>			
Lease liabilities	368,117	368,117	-
<u>Current liabilities</u>			
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 six months 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	317	188,968
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	39,200	1,857,195
Current assets			
Inventories	61,770	(57)	61,713
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	(2,064)	398,375
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			
<u>Net Equity</u>			
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
<u>Non-current liabilities</u>			
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
<u>Current liabilities</u>			
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 nine months of 2019 the Group continued its external growth and finalized many acquisitions with the aim of increasing the coverage: specifically, 93 points of sale were purchased in the EMEA region and 4 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 €53,008 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 30/09/2019
Italy	540	8,025	-	-	-	8,565
France	115,022	9,532	-	-	-	124,554
Spain	401,034 (*)	-	-	-	-	401,034
Portugal	13,497	-	-	-	-	13,497
Hungary	1,018	-	-	-	(17)	1,001
Switzerland	13,624	229	-	-	520	14,373
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxemburg	14,733	-	-	-	-	14,733
Germany	187,817	21,988	-	-	-	209,805
Poland	217	-	-	-	-	217
United Kingdom and Ireland	8,442	-	-	-	84	8,526
Turkey	1,026	-	-	-	(1)	1,025
Israel	3,720	464	-	-	46	4,230
USA and Canada	88,611	1,226	-	-	5,245	95,082
Latin America	33,572 (*)	-	-	-	(4,425)	29,147
Australia and New Zealand	227,190	-	-	-	1,248	228,438
China	17,756	-	-	-	-	17,756
India	998	-	-	-	33	1,031
Total	1,161,598 (*)	41,464	-	-	2,733	1,205,795

(*) 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 30/09/2019	Accumulated amortization and impairment at 30/09/2019	Carrying amount at 30/09/2019
Software	122,838	(84,195)	38,643	142,585	(96,205)	46,380
Licenses	21,369	(11,191)	10,178	21,961	(14,002)	7,959
Non-competition agreements	6,459	(5,808)	651	7,336	(6,639)	698
Customer lists	353,108	(137,874)	215,234	373,212	(159,032)	214,180
Trademarks and concessions	81,495	(18,875)	62,620	81,378	(22,883)	58,495
Other	25,541	(10,100)	15,441	26,852	(11,420)	15,432
Fixed assets in progress and advances	16,635	-	16,635	18,925	-	18,925
Total	627,445	(268,043)	359,402	672,249	(310,180)	362,069

(€ thousands)	Carrying amount at 31/12/2018 (*)	Investments	Disposals	Amortization	Business combinations	Impairment	Other net changes	Carrying amount at 30/09/2019
Software	38,643	8,325	(6)	(13,007)	1,909	-	10,516	46,380
Licenses	10,178	509	-	(2,811)	15	-	68	7,959
Non-competition agreements	651	400	-	(659)	-	-	306	698
Customer lists	215,234	-	-	(20,260)	18,581	-	625	214,180
Trademarks and concessions	62,620	-	-	(4,072)	-	-	(53)	58,495
Other	15,441	1,262	(250)	(1,368)	232	(217)	332	15,432
Fixed assets in progress and advances	16,635	12,621	-	-	-	(65)	(10,266)	18,925
Total	359,402	23,117	(256)	(42,177)	20,737	(282)	1,528	362,069

(*) 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 €20,286 thousand to the temporary allocation of the considerations paid for the acquisitions made in EMEA;
- For €451 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 30/09/2019	Accumulated depreciation and impairment at 30/09/2019	Carrying amount at 30/09/2019
Land	168	-	168	166	-	166
Buildings, construction and leasehold improvements	223,218	(135,555)	87,663	236,941	(148,334)	88,607
Plant and machinery	54,124	(38,577)	15,547	58,101	(41,739)	16,362
Industrial and commercial equipment	48,368	(33,612)	14,756	50,548	(36,431)	14,117
Motor vehicles	5,931	(4,238)	1,693	3,136	(2,066)	1,070
Computers and office machinery	53,823	(41,131)	12,692	58,714	(45,629)	13,085
Furniture and fittings	114,341	(72,675)	41,666	122,068	(79,085)	42,983
Other tangible fixed assets	2,273	(1,295)	978	2,433	(1,403)	1,030
Fixed assets in progress and advances	13,805	-	13,805	18,049	-	18,049
Total	516,051	(327,083)	188,968	550,156	(354,687)	195,469

(€ thousands)	Carrying amount at 31/12/2018 (*)	Investments	Disposals	Depreciation	Business combinations	Impairment	Other net changes	Carrying amount at 30/09/2019
Land	168	-	-	-	-	-	(2)	166
Buildings, construction and leasehold improvements	87,663	11,355	(639)	(13,247)	344	(411)	3,542	88,607
Plant and machinery	15,547	2,821	-	(2,767)	382	(146)	525	16,362
Industrial and commercial equipment	14,756	1,812	(33)	(2,574)	89	(1)	68	14,117
Motor vehicles	1,693	133	(42)	(196)	8	-	(526)	1,070
Computers and office machinery	12,692	4,362	(31)	(4,739)	60	(6)	747	13,085
Furniture and fittings	41,666	6,685	(6)	(6,496)	437	(143)	840	42,983
Other tangible fixed assets	978	255	(1)	(194)	-	(17)	9	1,030
Fixed assets in progress and advances	13,805	10,094	(31)	-	65	-	(5,884)	18,049
Total	188,968	37,517	(783)	(30,213)	1,385	(724)	(681)	195,469

(*) 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 €1,330 thousand, is related to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €55 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 30/09/2019	Accumulated depreciation and impairment at 30/09/2019	Carrying amount at 30/09/2019
Stores and offices	-	-	-	481,134	(61,192)	419,942
Motor vehicles	-	-	-	14,851	(5,290)	9,561
Computers and office machinery	-	-	-	323	(66)	257
Total	-	-	-	496,308	(66,548)	429,760

(€ thousands)	Carrying amount at 31/12/2018	Change for new standards adoption	Investments	Disposals	Depreciation	Business combinations	Impairment	Other net changes	Carrying amount at 30/09/2019
Stores and offices	-	434,305	50,224	(3,947)	(61,312)	1,476	-	(804)	419,942
Motor vehicles	-	7,387	6,032	(206)	(3,559)	2	-	(95)	9,561
Computers and office machinery	-	371	2	(53)	(65)	-	-	2	257
Total	-	442,063	56,258	(4,206)	(64,936)	1,478	-	(897)	429,760

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 September 2019 the share capital comprised 226,388,620 ordinary shares with a par value of €0.02, fully paid in and subscribed. The share capital at 31 December 2018 comprised 226,353,620 shares. The increase recorded in the period is attributable to the exercise of 35,000 stock options, equivalent to 0.015% of the share capital.

In relation to the Stock Grant Plan 2019-2025, on 7 May 2019, the Board of Directors resolved to assign, based on the recommendations of the Remuneration and Appointments Committee and pursuant to Art. 84 bis, par. 5 of Consob Regulation n. 11971/1999, as amended, the first award cycle of the stock grant (for the period 2019-2021) which calls for the assignment of 620,000 shares per target.

A total of 2,087,165 of the performance stock grant rights were exercised in the period, as a result of which the Company transferred the same number of treasury shares to the beneficiaries.

In the period there were no purchases of treasury shares.

The total amount of treasury shares held at 30 September 2019 equals 3,628,580 or 1.603% of the parent's share capital.

Information relating to the treasury shares held is shown below:

	No. of shares	Average purchase price (Euro)	Total amount (€ thousands)
		FV of transferred rights (Euro)	
Held at 31 December 2018	5,715,745	8.911	50,933
Purchases	-	-	-
Transfers due to exercise of Performance Stock grants	(2,087,165)	8.911	(18,599)
Total at 30 September 2019	3,628,580	8.911	32,334

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 September 2019 was as follows:

(€ thousands)	30/09/2019	31/12/2018	Change
Liquid funds	(125,245)	(89,915)	(35,330)
Other financial assets	(200)	-	(200)
Private placement 2013-2025	18,367	-	18,367
Payables for business acquisitions	13,339	12,643	696
Bank overdraft and other short-term loans from third parties (including current portion of medium/long-term debt)	142,601	34,852	107,749
Other financial payables	7,047	5,530	1,517
Non-hedge accounting derivative instruments	(2,845)	58	(2,903)
Short-term financial indebtedness	53,064	(36,832)	89,896
Private placement 2013-2025	101,019	113,537	(12,518)
Finance lease obligations	-	385	(385)
Other medium/long-term debt	703,626	760,275	(56,649)
Hedging derivatives	(15,649)	(12,645)	(3,004)
Medium/long-term acquisition payables	14,691	16,136	(1,445)
Net medium and long-term financial indebtedness	803,687	877,688	(74,001)
Net financial indebtedness	856,751	840,856	15,895
Lease liabilities (*)	433,488	-	433,488
Total lease liabilities & net financial indebtedness	1,290,239	840,856	1,290,239

(*) 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.

The **medium/long-term portion of the net financial position** reached €803,687 thousand at 30 September 2019 versus €877,688 thousand at 31 December 2018, a difference of €74,001 thousand. The decrease posted in the period is attributable mainly to the substitution of revolving unsecured credit lines, totaling €40 million, with hot money at better rates (included in short-term debt) and the reclassification as short-term debt of a portion of the syndicated loan used to finance the GAES acquisition and other long-term loans.

The **short-term portion of the net financial position** went from a positive €36,832 thousand at 31 December 2018 to a negative €53,064 thousand at 30 September 2019, a change of €89,896 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 the private placement (€15,522 thousand), the short term portion of other long-term bank loans (€6,666 thousand), interest payable on bank loans and the private placement (€3,182 thousand), the best estimate of the deferred payments for acquisitions (€13,339 thousand), as well as cash and cash equivalents of €125,245 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)	30/09/2019
Private placement 2013-2025	101,019
Syndicated loan for GAES acquisition	483,625
Other medium/long-term debt	220,000
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(1,068)
Medium/long-term financial liabilities	803,576

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

(€ thousands)	30/09/2019
Bank overdraft and other short-term debt (including current portion of other long-term debt)	142,601
Private placement 2013-2025	18,367
Other financial payables	7,047
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(783)
Short-term financial liabilities	167,232

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)	30/09/2019	31/12/2018	Change
Private placement 2013-2025	101,019	113,537	(12,518)
Syndicated loan for GAES acquisition	483,625	503,500	(19,875)
Other medium/long-term debt	220,000	256,775	(36,775)
Fees for bank loans, private placement 2013-2025 and syndicated loan for GAES acquisition	(1,068)	(1,528)	460
Finance lease obligations	-	385	(385)
Total medium/long-term financial liabilities	803,576	872,669	(69,093)
Short term debt	167,232	38,115	129,117
- of which current portion for the financing for GAES acquisition	33,125	26,500	6,625
- of which current portion of private placement 2013-2025	18,367	-	18,367
- 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	(783)	(2,268)	1,485
- of which current-portion of lease obligations	-	837	(837)
Total short-term financial liabilities	167,232	38,115	129,117
Total financial liabilities	970,808	910,784	60,024

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 30/09/2019 (/000)	Nominal interest rate (*)
18/12/2018	Amplifon S.p.A.	28/09/2023	265,000	251,750	1.582%
18/12/2018	Amplifon S.p.A.	28/03/2020 extendable to 28/09/2023	265,000	265,000	0.689%
Total in Euro			530,000	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	7,171	4.10%	3.39%
30/05/2013	Amplifon USA	31/07/2023	US\$	8,000	8,929	4.71%	3.90%
31/07/2013	Amplifon USA	31/07/2020	US\$	13,000	13,324	4.15%	3.42%
31/07/2013	Amplifon USA	31/07/2023	US\$	52,000	58,083	4.76%	3.90%-3.94%
31/07/2013	Amplifon USA	31/07/2025	US\$	50,000	59,138	4.91%	4.00%-4.05%
Total				130,000	146,645		

(*) 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	Type	Maturity	Nominal value at negotiation date (/000)	Nominal value at 30/09/2019 (/000)	Fair value (/000)	Effective rate (*)
28/09/2017	Amplifon S.p.A.	Bullet financing	28/09/2021	100,000	100,000	101,411	0.987%
24/10/2017	Amplifon S.p.A.	Amortizing financing	31/10/2022	50,000	50,000	51,235	1.329%
23/03/2018	Amplifon S.p.A.	Bullet financing	22/03/2022	30,000	30,000	30,591	1.00%
11/01/2018	Amplifon S.p.A.	Bullet financing	11/01/2022	20,000	16,667	16,850	1.04%
19/12/2016	Amplifon S.p.A.	Revolving line	19/12/2021	20,000	20,000	20,000	0.543%
21/12/2016	Amplifon S.p.A.	Revolving line	21/12/2021	10,000	10,000	10,000	0.75%
Total in Euro				230,000	226,667	230,087	

(*) 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 196,7 million medium/long-term bilateral loans with top-tier banking institutions;
- the EUR 195 million in medium/long-term revolving irrevocable credit lines of which 30 million issued at 30 September 2019

are subject to the covenants listed below:

- the ratio of Group net financial indebtedness to Group shareholders' 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 2.85;
- 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 accounting principles 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 same headroom for Amplifon and same protection level to lenders.

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

	Value at 30/09/2019
Net financial indebtedness/Group net equity	1.35
Net financial indebtedness/EBITDA for the last 4 quarters	2.20
EBITDA for the last 4 quarters/Net financial expenses	31.22

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 quarter of 2018.

(€ thousands)	Value at 30/09/2019
Group EBITDA first nine months 2019	244,238
EBITDA October-December 2018 without IFRS 16	80,906
IFRS 16 impact on EBITDA October-December 2018	19,008
Fair value of share-based payments (October 2018-September 2019)	15,057
EBITDA normalized (from acquisitions and disposals)	4,816
IFRS 16 impact on EBITDA related to acquisitions	3,082
Acquisitions and non-recurring costs	22,487
EBITDA for covenant calculation	389,594

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 €0.1 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:

(€ thousands)	30/09/2019	Effect of first-time IFRS 16 application as of 01/01/2019
Short-term lease liabilities	78,350	71,689
Long-term lease liabilities	355,138	368,117
Lease liabilities	433,488	439,806

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

(€ thousands)	30/09/2019
Interest paid on leased assets	8,516
Costs relating to short-term and low-value leases	8,479

12. Revenues from sales and services

(€ thousands)	First nine months 2019	First nine months 2018	Change
Revenues from sales of products	1,082,950	851,679	231,271
Revenues from services	141,791	111,092	30,699
Revenues from sales and services	1,224,741	962,771	261,970

Consolidated revenues from sales and services amounted to €1,224,741 thousand in the first nine months of 2019, an increase of €261,970 thousand (+27.2%) 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 €191.375 thousand (+19.9%), 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 €59,756 thousand (+6.2%). Net exchange rate gains came to €10,839 thousand (+1.1%) driven primarily by the strengthening of the USD against the Euro.

13. Taxes

The Group's tax rate came to 28.5% compared to 28.7% at 30 September 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 23.6% (24.6% 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 nine months 2019	First nine months 2018
Operating costs	GAES acquisition and integration costs	(18,372)	(6,004)
Amortization, depreciation and impairment	Depreciation and impairment of GAES intangible assets	(364)	-
Financial expenses	Financial expenses related to the financing of GAES acquisition	-	(67)
Profit before tax		(18,736)	(6,071)
Tax	Impact of the above items on the tax burden for the period	4,717	1,694
Total		(14,019)	(4,377)

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 nine months 2019	First nine months 2018
Net profit (loss) attributable to ordinary shareholders (€ thousand)	61,663	57,638
Average number of shares outstanding in the period	221,502,419	219,459,488
Average earnings per share (€ per share)	0.27839	0.26264

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 nine months 2019	First nine months 2018
Average number of shares outstanding in the period	221,502,419	219,459,488
Weighted average of potential and diluting ordinary shares	4,294,741	4,527,443
Weighted average of shares potentially subject to options in the period	225,797,159	223,986,931

The diluted earnings per share were determined as follows:

Diluted earnings per share	First nine months 2019	First nine months 2018
Net profit attributable to ordinary shareholders (€ thousand)	61,663	57,638
Average number of shares outstanding in the period	225,797,159	223,986,931
Average diluted earnings per share (€)	0.27309	0.25733

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 September 2019) by Amplifin S.p.A. which is fully controlled by Susan Carol Holland.

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

The following table details transactions with related parties:

(€ thousands)	30/09/2019				First nine months 2019		
	Trade receivables	Trade payable	Other receivables	Other assets	Revenues for sales and services	Operating costs	Interest income and expense
Amplifin S.p.A.	232		1,748			(5)	17
Total – Parent	232	-	1,748	-	-	(5)	17
Comfoor BV (The Netherlands)		246				(2,428)	125
Comfoor GmbH (Germany)		1				(21)	
Ruti Levinson Institute Ltd (Israel)	186				204	(17)	
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	61			22	365		
Total – Other related parties	247	247	-	22	569	(2,466)	125
Total	479	247	1,748	22	569	(2,471)	142
Total as per financial statements	181,570	167,558	84,476	65,162	1,224,741	(981,588)	(10,672)
% of financial statements total	0.26%	0.15%	2.07%	0.03%	0.05%	0.25%	-1.33%

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;
- the 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 and to joint ventures from which hearing protection devices are purchased and then distributed in Group stores.

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 September 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 September 2019		2018	30 September 2018	
	Average exchange rate	As at 30 September	As at 31 December	Average exchange rate	As at 30 September
Panamanian balboa	1.1236	1.0889	1.145	1.1942	1.1576
Australian dollar	1.6077	1.6126	1.622	1.576	1.605
Canadian dollar	1.4935	1.4426	1.561	1.537	1.506
New Zealand dollar	1.6928	1.7375	1.706	1.707	1.751
Singapore dollar	1.5332	1.506	1.559	1.600	1.584
US dollar	1.1236	1.0889	1.145	1.194	1.158
Hungarian florin	323.0732	334.83	320.98	317.514	324.370
Swiss franc	1.1179	1.0847	1.127	1.161	1.132
Egyptian lira	19.1576	17.738	20.511	21.239	20.755
Turkish lira	6.339	6.1491	6.059	5.510	6.965
New Israeli shekel	4.0313	3.7877	4.297	4.248	4.212
Argentine peso	49.8762	62.3995	43.159	29.7336	46.0503
Chilean peso	770.61	791.24	794.370	750.71	764.18
Colombian peso	3,640.8	3,768.25	3,721.81	3,446.49	3,457.21
Mexican peso	21.6336	21.4522	22.492	22.7381	21.78
Brazilian real	4.3646	4.5288	4.444	4.297	4.654
Chinese renminbi	7.7135	7.7784	7.875	7.7789	7.9662
Indian rupee	78.8301	77.1615	79.730	80.191	83.916
British pound	0.88346	0.88573	0.895	0.884	0.887
Polish zloty	4.3011	4.3782	4.301	4.249	4.277

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 September 2019 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
Goodwill	834,339	124,230	247,226	-	1,205,795
Intangible fixed assets with a finite useful life	289,106	26,687	46,276	-	362,069
Tangible fixed assets	156,283	13,507	25,679	-	195,469
Right-of-use assets	376,636	17,715	35,409	-	429,760
Investments valued at equity	2,224	-	-	-	2,224
Hedging instruments	10,504	-	-	-	10,504
Deferred tax assets	74,886	3,076	4,568	-	82,530
Contract costs	6,598	203	73	-	6,874
Other assets	24,877	39,438	847	-	65,162
Total non-current assets					2,360,387
Inventories	63,492	4,710	3,754	-	71,956
Receivables	196,146	50,558	27,361	(8,019)	266,046
Contract costs	3,508	110	88	-	3,706
Hedging instruments	2,633	-	-	-	2,633
Other assets					260
Cash and cash equivalents					125,245
Total current assets					469,846
TOTAL ASSETS					2,830,233
Net Equity					636,737
Medium/long-term financial liabilities					803,576
Lease liabilities					355,138
Provisions for risks and charges	20,549	30,090	527	-	51,166
Liabilities for employees' benefits	21,491	129	2,006	-	23,626
Hedging instruments	7,037	-	-	-	7,037
Deferred tax liabilities	70,790	18,725	10,696	-	100,211
Payables for business acquisitions	14,417	274	-	-	14,691
Contract liabilities	119,515	8,400	1,868	-	129,783
Other long-term debt	7,777	2,857	475	-	11,109
Total non-current liabilities					1,496,337
Trade payables	116,697	42,256	16,617	(8,012)	167,558
Payables for business acquisitions	12,530	607	202	-	13,339
Contract costs	78,664	8,449	8,105	-	95,218
Other payables	138,992	8,244	10,646	(7)	157,875
Hedging instruments	-	-	-	-	-
Provisions for risks and charges	16,073	1,028	-	-	17,101
Liabilities for employees' benefits	417	69	-	-	486
Short-term financial liabilities					167,232
Lease liabilities					78,350
Total current liabilities					697,159
TOTAL LIABILITIES					2,830,233

(*) 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	155,346	9,807	23,815	-	188,968
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					1,857,195
Inventories	53,286	5,084	3,343	-	61,713
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					398,375
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 nine months 2019 ^(*)

(€ thousands)	First nine months 2019				
	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	CONSOLIDATED
Revenues from sales and services	877,827	203,382	140,218	3,314	1,224,741
Operating costs	(691,449)	(159,105)	(98,446)	(32,588)	(981,588)
Other income and costs	668	476	(118)	59	1,085
Gross operating profit (loss) by segment (EBITDA)	187,046	44,753	41,654	(29,215)	244,238
Amortization, depreciation and impairment					
Amortization of intangible fixed assets	(26,263)	(3,613)	(6,758)	(5,476)	(42,110)
Depreciation of tangible fixed assets	(23,934)	(1,307)	(3,807)	(1,165)	(30,213)
Depreciation of right-of-use assets	(54,944)	(2,795)	(7,197)	-	(64,936)
Impairment and impairment reversals of non-current assets	(906)	-	(100)	-	(1,006)
	(106,047)	(7,715)	(17,862)	(6,641)	(138,265)
Operating profit (loss) by segment (EBIT)	80,999	37,038	23,792	(35,856)	105,973
Financial income, expense and value adjustments to financial assets					
Group's share of the result of associated companies valued at equity	217	-	-	-	217
Other income and expense, impairment and revaluations of financial assets					3
Interest income and expense					(10,672)
Other financial income and expense					(9,027)
Exchange gains and losses					108
Gain (loss) on assets measured at fair value					(345)
					(19,716)
Net profit (loss) before tax					86,257
Current and deferred income tax					(24,564)
Total net profit (loss)					61,693
Minority interests					30
Net profit (loss) attributable to the Group					61,663

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

Income Statement – First nine months 2018 ^(*)

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

(*) For the purposes of reporting on economic 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 September 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;
- IRs 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 '18	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 30 October 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
Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (issued on 26 September 2019)	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 October, the group has continued its external growth through acquisitions and purchased about 16 stores in Spain, Germany, France, Switzerland and Canada.

After 30 September 2019 the group continued its stock grant remuneration program and granted 30,461 treasury shares as at 30 October 2019. As at the date of the above financial statements, the total of treasury shares in portfolio is 3,598,119 corresponding to 1.589% of the company share capital.

Milan, 30 October 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 September 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 30/09/2019
Amplifon Rete	Milan (Italy)	D	EUR	11,500	4.4%
Otohub S.r.l.	Naples (Italy)	D	EUR	28,571	100.0%
Amplifon France SAS	Arcueil (France)	D	EUR	98,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Aides Auditives de France SAS	Clermont-Ferrand (France)	I	EUR	30,000	100.0%
Audio-Conseil SAS	Angers (France)	I	EUR	100,000	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%
Acovoux SAS	Paris (France)	I	EUR	50,000	100.0%
Audition-Assas.com Sarl	Paris (France)	I	EUR	201,000	100.0%
Espace de Correction Auditive SAS	Thionville (France)	I	EUR	7,500	100.0%
Amplifon Iberica SA	Zaragoza (Spain)	D	EUR	26,578,809	100.0%
Fundación Amplifon Iberica	Madrid (Spain)	I	EUR	30,000	100.0%
Microson S.A.	Barcelona (Spain)	D	EUR	61,752	100.0%
Blambos S.L.	Barcelona (Spain)	I	EUR	5,959,600	100.0%
Oidos Audionatur S.L.	Alicante (Spain)	I	EUR	90,000	100.0%
Nicer Beta S.L.	Barcelona (Spain)	I	EUR	33,012	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 30/09/2019
Centralia S.L.	Barcelona (Spain)	I	EUR	3,012	100.0%
Servicios Audiologicos Castilla y Leon S.L.	Valladolid (Spain)	I	EUR	27,900	100.0%
Auditiva 2014 S.A.	Andorra la Vella (Andorra)	I	EUR	3,000	100.0%
Amplifon Portugal SA	Lisboa (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	Bruxelles (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%
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%
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 İştirak 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%
2332325 Ontario, Ltd.	Strathroy (Canada)	I	CAD	0	100.0%
6793798 Manitoba Ltd	Winnipeg (Canada)	I	CAD	0	100.0%
Grand River Tinnitus and Hearing Centre Ltd	Kitchener (Canada)	I	CAD	0	100.0%

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held as at 30/09/2019
Amplifon South America Holding LTDA	São Paulo (Brasil)	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	Bogota (Colombia)	I	COP	10,000,000,000	100.0%
Soluciones Audiologicas de Colombia SAS	Bogota (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 Audiología 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%
Otohub Unit Trust (on liquidation)	Brisbane (Australia)	D	AUD	0	100.0%
Otohub Australasia Pty Ltd	Brisbane (Australia)	D	AUD	10	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%
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. and its subsidiaries (Tianjin Cohesion Hearing Science &Technology Co. Ltd and Shijiazhuang Cohesion Hearing Science &Technology Co. Ltd), despite being owned by Amplifon at 51%, are 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 as at 30/09/2019
Comfoor BV	Doesburg (The Netherlands)	I	EUR	18,000	50.0%
Comfoor GmbH	Emmerich am Rhein (Germany)	I	EUR	25,000	50.0%
Ruti Levinson Institute Ltd	Ramat HaSharon (Israel)	I	ILS	105	12.0%
Afik - Test Diagnosis & Hearing Aids Ltd	Jerusalem (Israel)	I	ILS	100	12.0%
Lakeside Specialist Centre Ltd	Mairangi Bay (New Zealand)	I	NZD	0	50.0%

Declaration of the Executive Responsible for Corporate Accounting Information pursuant to Article 154-bis of Legislative Decree 58/1998 (Consolidated finance act)

The undersigned Gabriele Galli, Chief Financial Officer of the Amplifon Group, as Executive Responsible for Corporate Accounting Information hereby declares that the quarterly report at 30 September 2019 corresponds to the results documented in the books, accounting and other records of the Company.

Milan, 30 October 2019

**Executive Responsible for Corporate
Accounting Information**

Gabriele Galli