

Amplifon Capital Markets Day 2021

Innovating around the customer to fuel profitable growth

Milan, 13th September, 2021

 **amplifon**

The Amplifon logo features a stylized circular icon composed of horizontal lines of varying lengths, followed by the word 'amplifon' in a bold, lowercase, sans-serif font.

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Statement

In compliance with Article 154 bis of the “Uniform Financial Services Act” (Legislative Decree 58/1998), the Financial Reporting Officer, Gabriele Galli, declares that the accounting information reported in this presentation corresponds to the underlying documentary reports, books of account and accounting entries.

Management team with you today



Enrico Vita
Chief Executive Officer



Giuseppe Vironda
Chief Marketing Officer



Alessandro Bonacina
Executive Vice President
Americas



Anthea Muir
Executive Vice President
APAC



Iacopo Pazzi
Executive Vice President
EMEA



Gabriele Galli
Chief Financial Officer

Agenda

Welcome & agenda

F. Rambaudi | IR & Sustainability Sr Director

Our strategic journey of sustainable profitable growth

E. Vita | Chief Executive Officer

A unique and unmatched customer proposition

G. Vironda | Chief Marketing Officer

Riding the wave of growth in the US

A. Bonacina | Executive Vice President Americas

Connected from Minneapolis

Australia & China: two compelling growth opportunities

A. Muir | Executive Vice President APAC

Connected from Singapore

Our strategy in numbers

G. Galli | Chief Financial Officer

Closing remarks

E. Vita | Chief Executive Officer

Q&A Session

Our strategic journey of sustainable profitable growth

Enrico Vita

Chief Executive Officer

Amplifon today: stronger than ever



Note: Key data above excludes Elite in light of announced wind-down (application of IFRS 5 for Discontinued Operations) as well as Bay Audio in light of closing of the transaction currently expected in Q4 2021

Committed to the pillars of our simple and focused strategy

A customer-centered strategy able to deliver long-term growth



**Leadership &
Growth model**



**Unique customer
proposition**



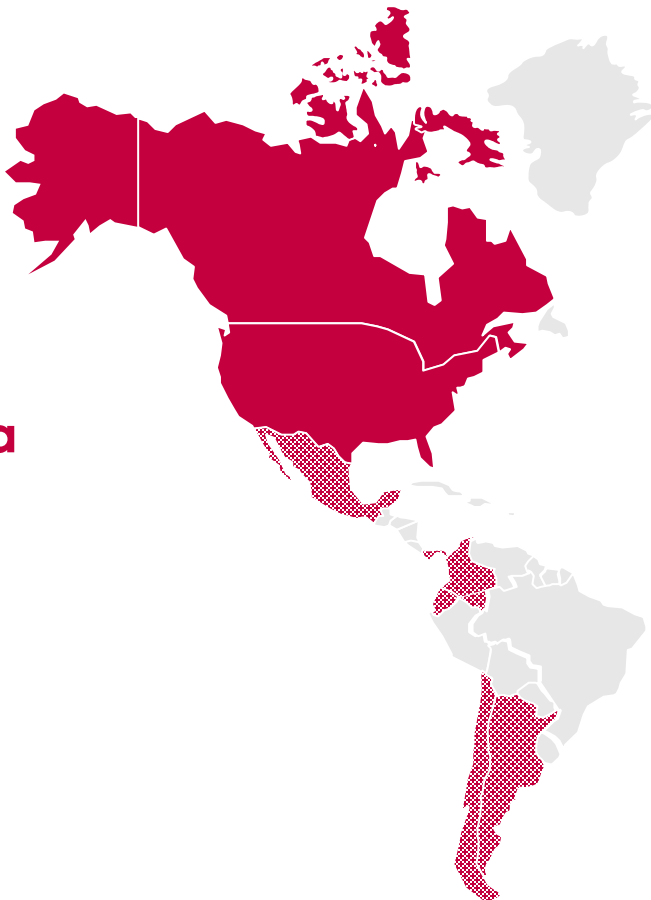
**People &
Organization**

Surfing the next waves of growth

Remarkable growth opportunities still to be exploited in many geographies

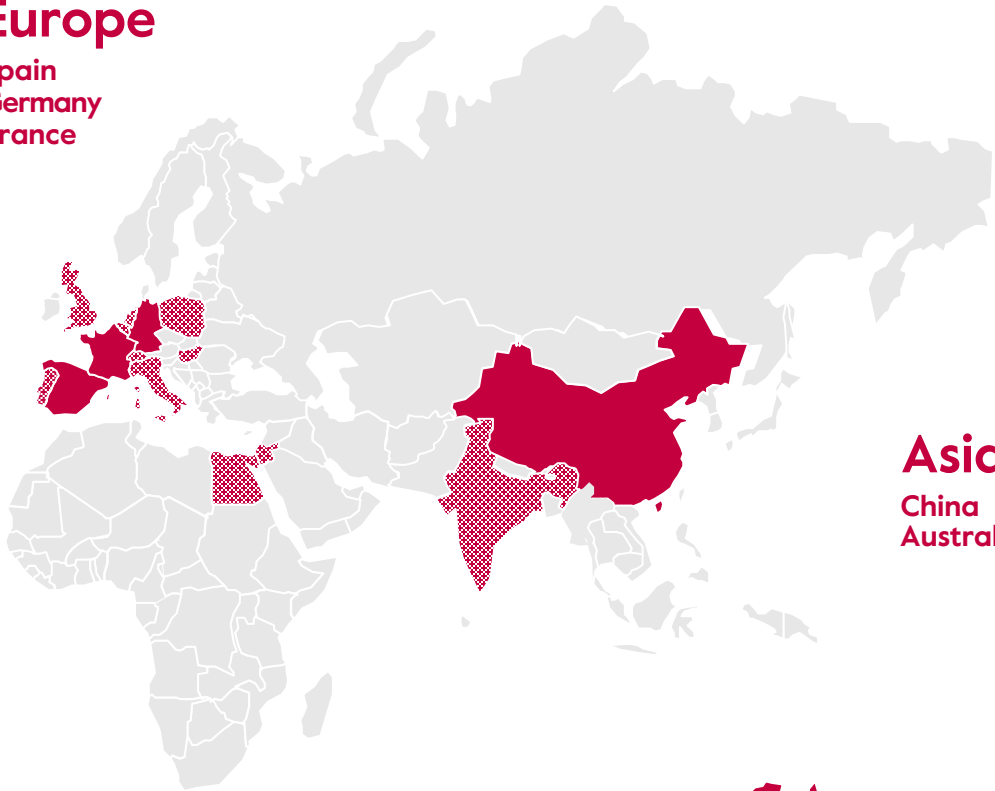
North America

US
Canada



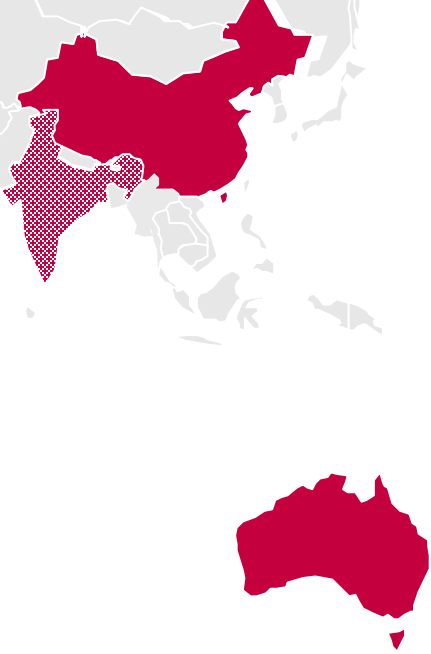
Europe

Spain
Germany
France



Asia

China
Australia



2023 Key financial targets

Accelerating on our ambitions while increasing investments to strengthen platform for long-term growth

	2021 Guidance ¹	2023 Target ¹ from 2021 guidance
SALES Amplifon²	~1,930 €m	High-single digit CAGR 2021-2023
SALES Bay Audio (not consolidated) ³	~65 €m	~100 €m
EBITDA MARGIN recurring	~24.8%	≥ 25.5%

1. 2021 Guidance and 2023 Target assume no further material impact from Covid-19 pandemic

2. 2021 revenue guidance was provided on July 29th 2021 and excludes Elite contribution for the full year in light of the application of IFRS 5 for Discontinued Operations

3. Bay Audio is excluded from Amplifon's consolidated 2021 guidance as the closing of the deal is currently expected in Q4 2021

Note: Main FX assumptions for 2023 Target: € / USD at 1.20; € / AUD at 1.60

Our strategy for a more inclusive and sustainable future

Listening Ahead: a holistic approach with concrete and measurable targets

Product & service stewardship



- Raise **awareness and accessibility** to hearing



- Promote **innovative solutions**

People empowerment



- Attract, develop and retain the **best talents**



- Champion **inclusive workplace & equal opportunities**

Community impact



- **Foster social inclusion** via Amplifon Foundations



- Raise consciousness on **hearing well-being & responsible listening**

Ethical behavior



- Promote a **responsible management** of the value chain



- **Reduce environmental impact** of our activities

A unique and unmatched customer proposition

Giuseppe Vironda

Chief Marketing Officer

A unique and unmatched customer proposition



**Top of Mind
Brand**

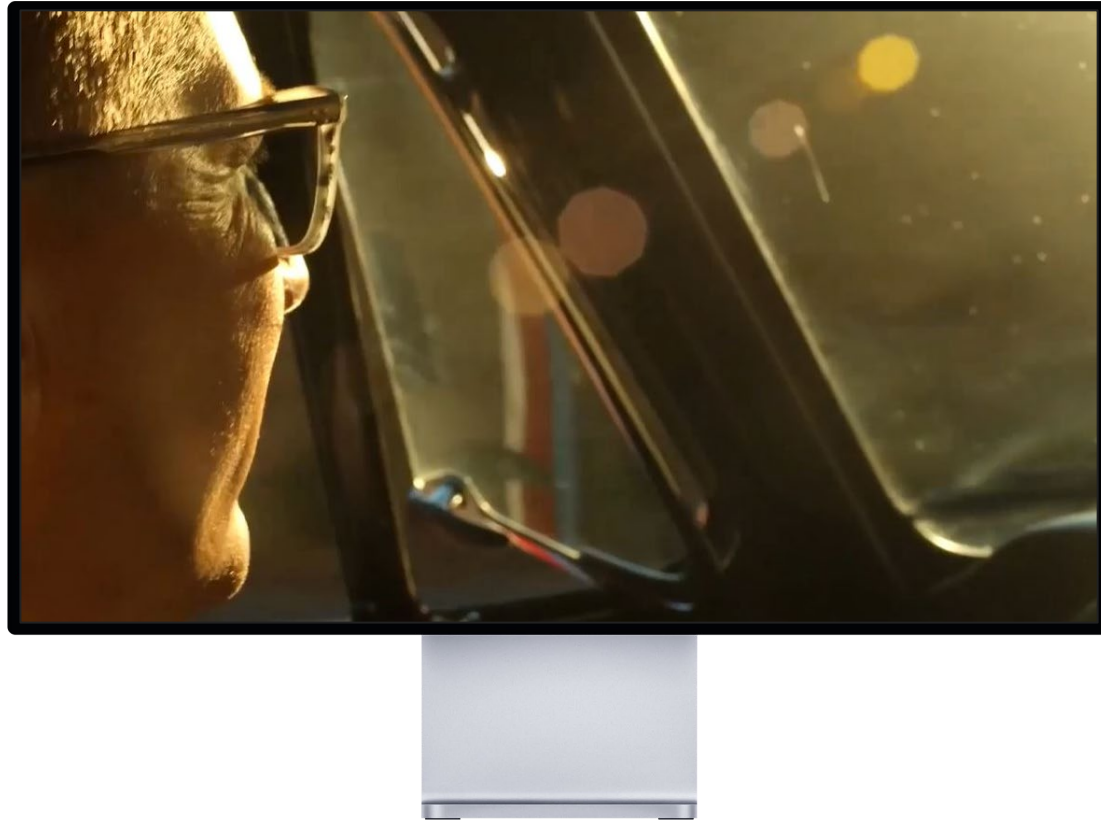


**Superior Customer
Knowledge**



**Leading
Innovation in CX**

The sound of emotions



The Global Brand platform in hearing care retail



#1 Top-of-Mind brand in 5 out of 8 core markets¹
On the podium in the other 3



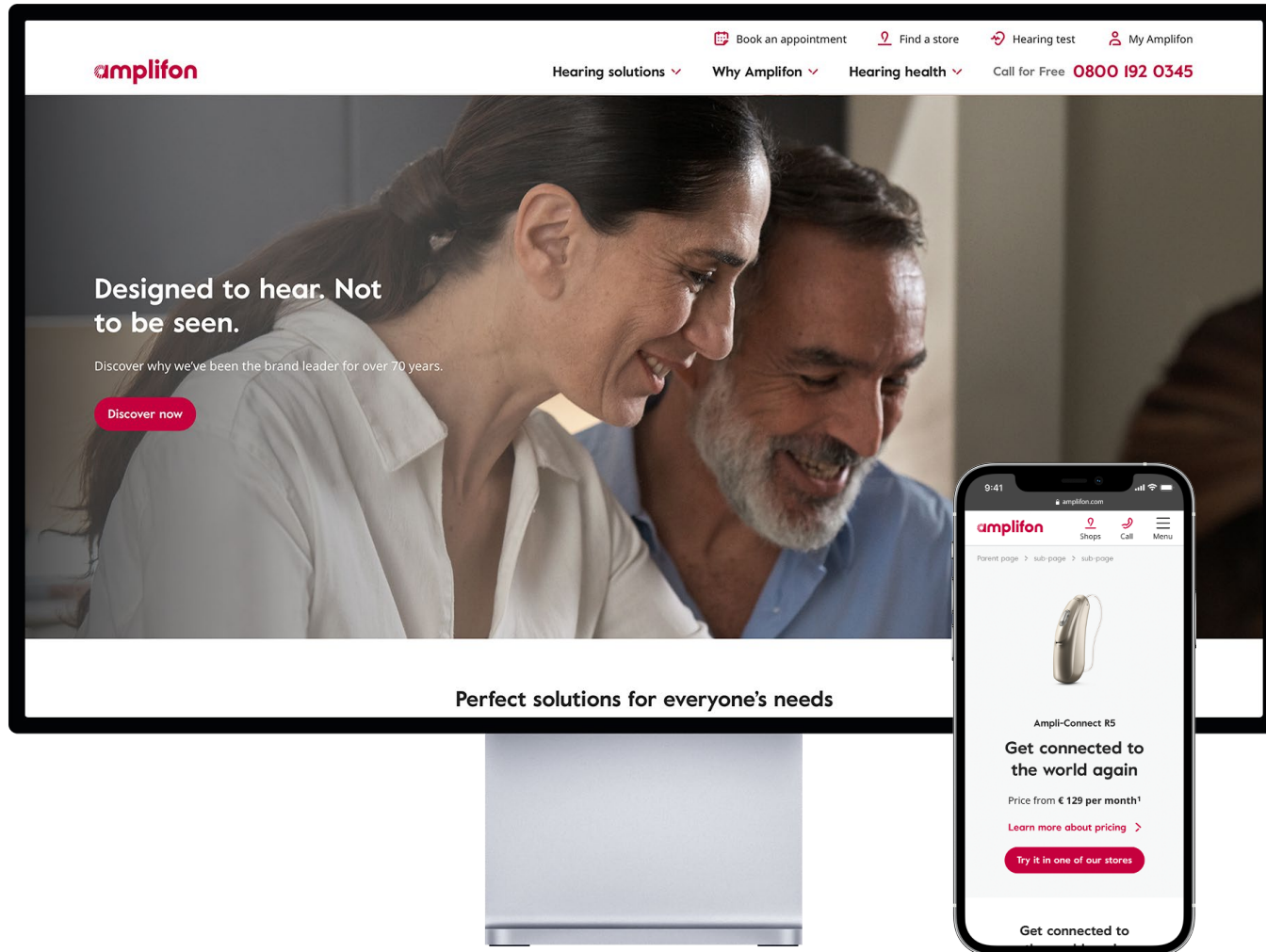
Glocal strategy
Hero-formats with local adaptation



Brand investment acceleration
Boost in **USA, Germany** and **Australia**
> €200m threshold in 2023

¹ Core markets: ITA, ES, FR, DE, NL, US, AU, NZ. Source internal surveys Ipsos 2021

Amplifon.com: the leading digital address in hearing care



#1 SEO website

Organic traffic in 7 out of 8 core markets¹



+170%

Organic traffic growth HI 2I vs HI I9



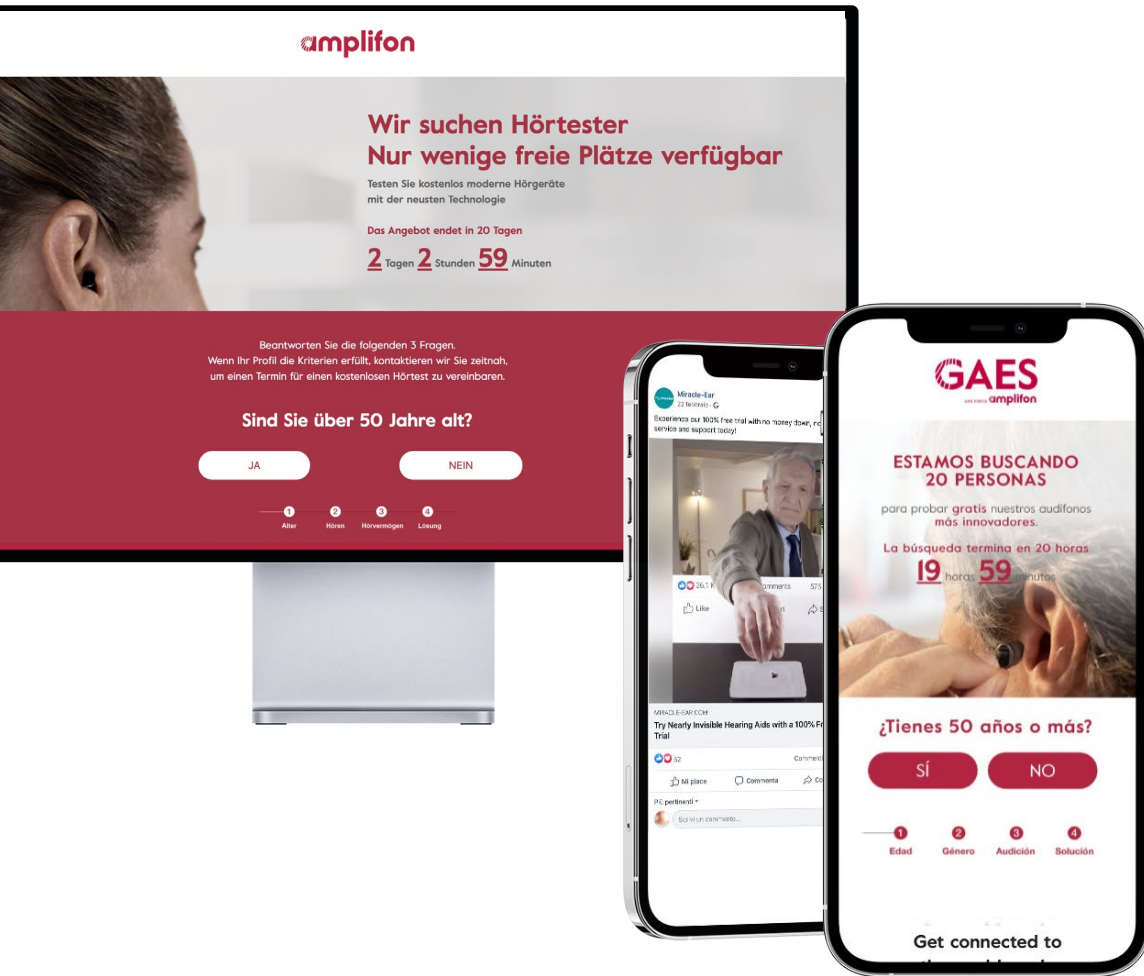
13.7 million visits

Organic traffic in HI 2I

¹ Core markets: ITA, ES, FR, DE, NL, US, AU, NZ

Source: SimilarWeb, Organic traffic as sum of organic and direct visits, ranking based on players active in the hearing care retail industry

Outstanding digital marketing performance



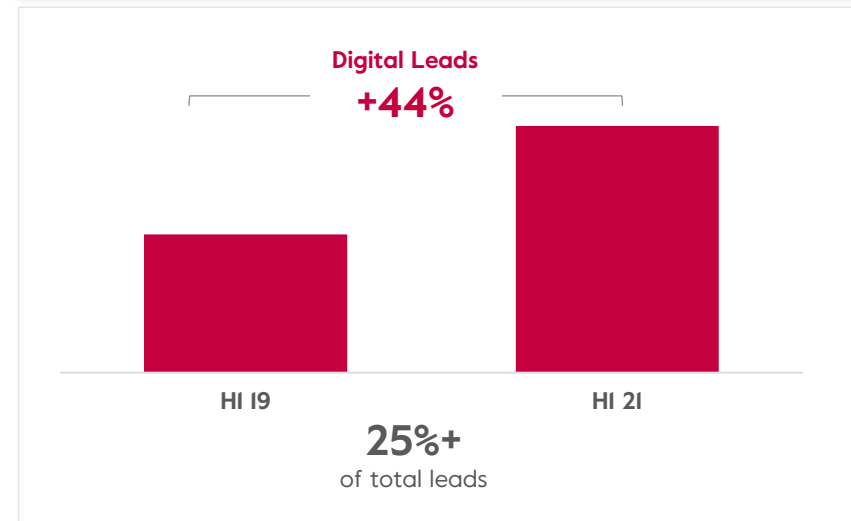
Top Digital Talents

Fully scaled **Digital Center of Excellence**

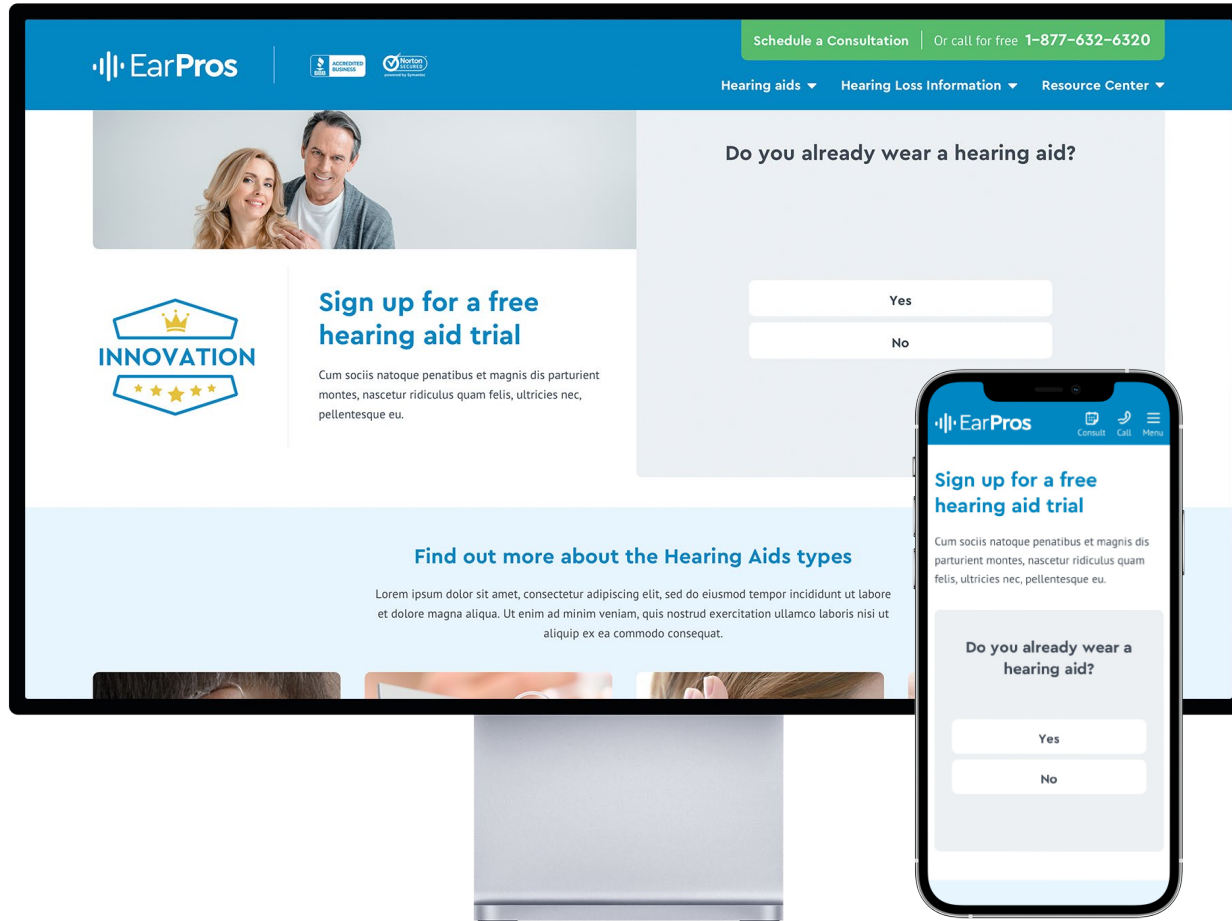
- **Top talents** from agencies and digital-native companies, growth-hacking culture

Internal **content factory**

Performance Excellence



Earpros.com: unbranded platform to reach all audiences



7 markets live
Scaling to 10 by 2022



+5.4 million
Incremental reach on target 55+ in HI 2021 vs HI 2020¹



4 years younger
65 average age vs 69 of Amplifon website²

1. Incremental reach based on digital social channel, unduplicated data
2. Age based on data collected by people tested in store in US and IT

Superior customer knowledge on a global scale

A unique data lake



Outstanding mar-tech capabilities

Leading-edge technology



Data-first mindset



Data scientist teams embedded in all functions

R&D with top talents



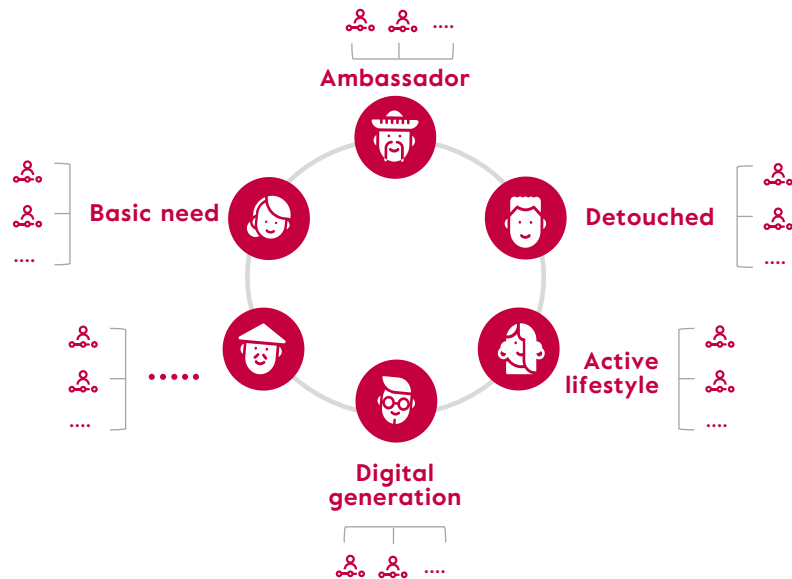
Amplifon Chair in Customer Science

Bocconi

Personalized lifecycle management unleashing growth

1:1 Personalized CRM

- Deployed advanced **attitudinal segmentation** – from 3 segments to 20+
- Scaled **100+ multi-channel automated journeys**
- Re-designed **best-contact** strategy to reduce frequency of interaction while increasing relevance



Revenue growth

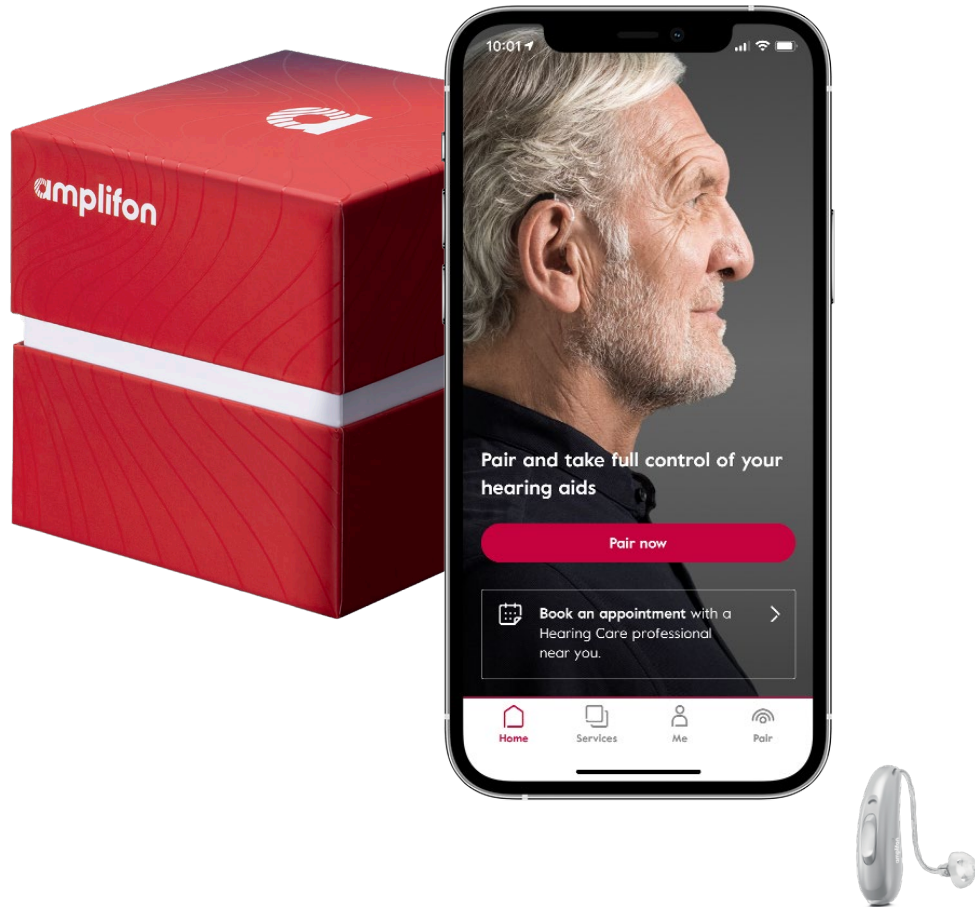


Double-digit increase
in CRM campaigns redemption



2.7x
Revenue growth from CRM managed
customer vs non CRM

Amplifon Product Experience keeps growing successfully



Global scale-up

~45% on total sales

~85% penetration on addressable markets

10 active countries

11 countries by **2021**

Full footprint by **2023**

+2-3% ASP increase

Leading App

App penetration at **~17%** and up to **40%** in selected markets

iOS USERS

4.4



Amplifon app

2.6



Competitors' app (avg)

ANDROID USERS

4.0



Amplifon app

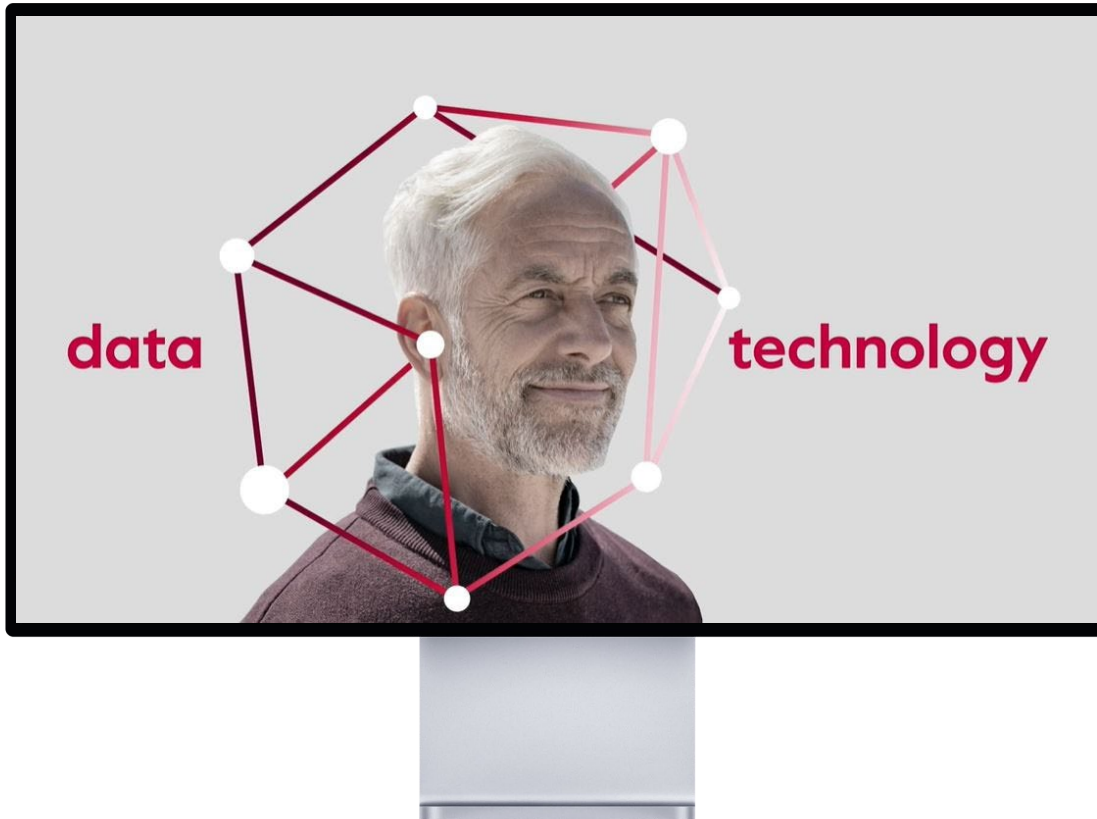
2.6



Competitors' app (avg)

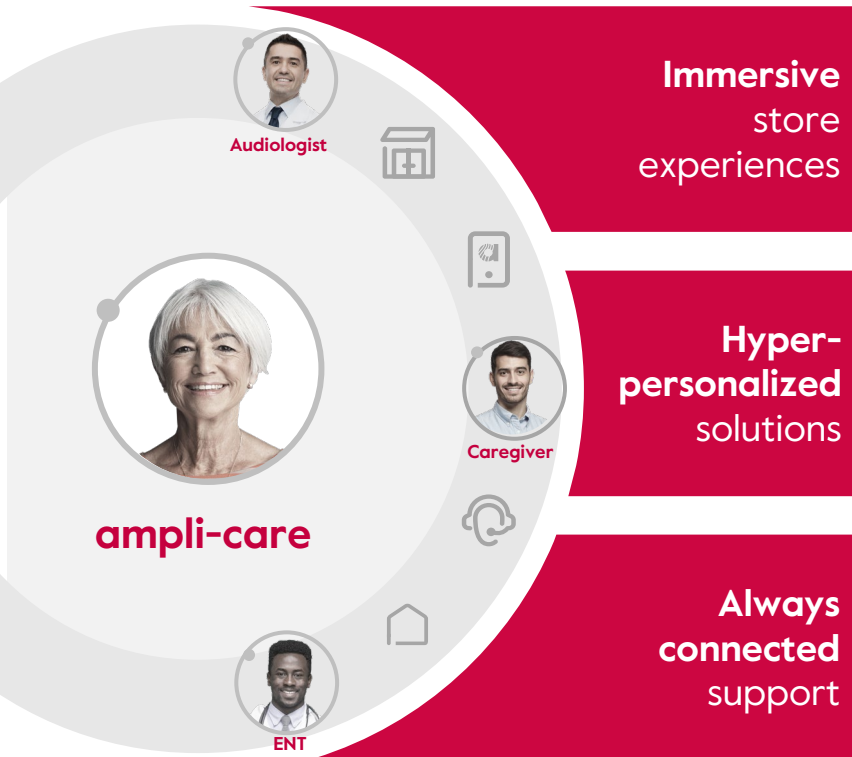
Source: Sensor Tower, July 2021

Ampli-care



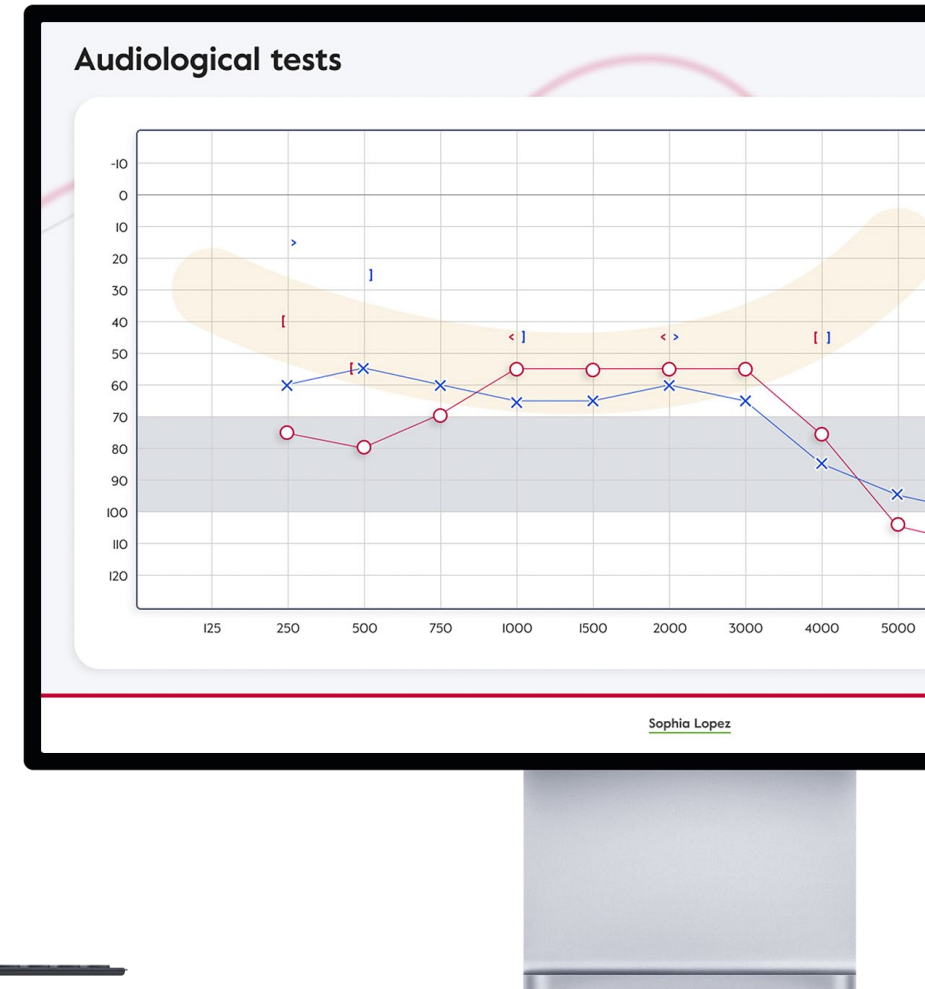
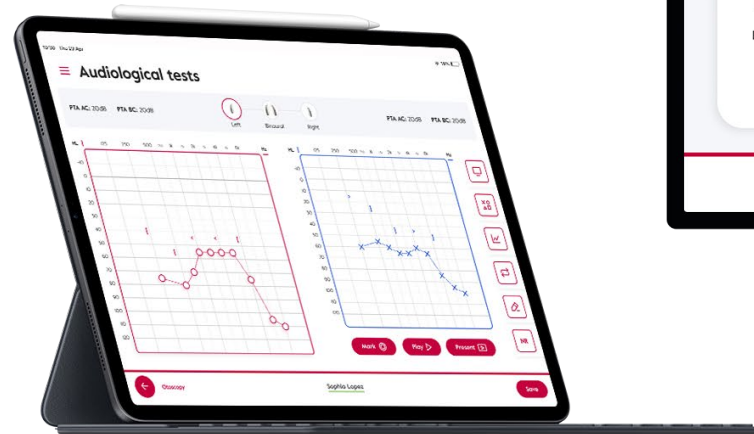
Ampli-care: reshaping the audiological care experience

An omni-channel, omni-persona experience enhanced through data, technology and empathy



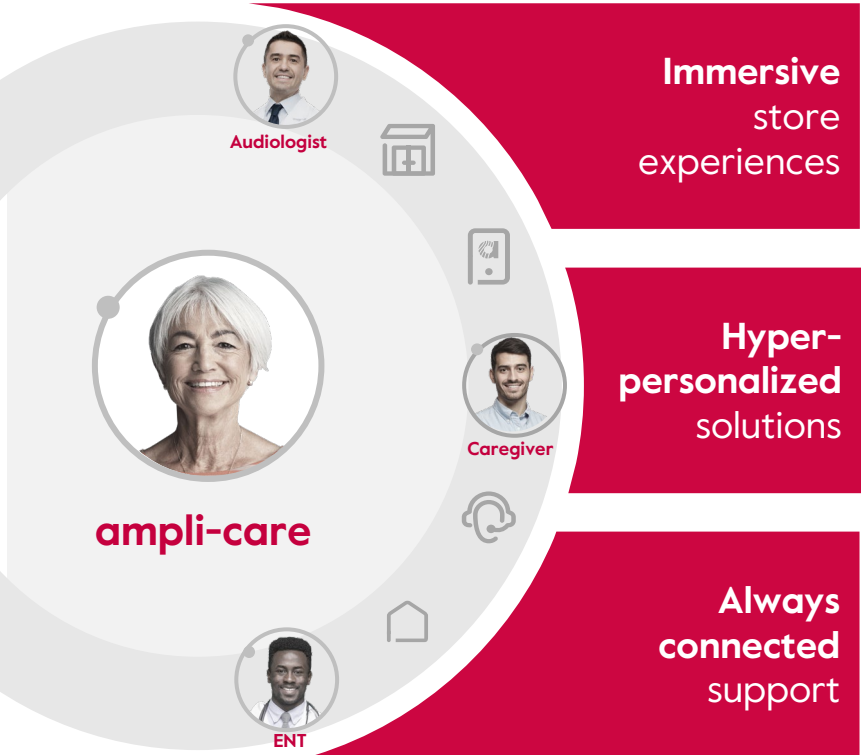
Proprietary audiometer technology, iOS based

Enhanced touch-experiences and second-screen

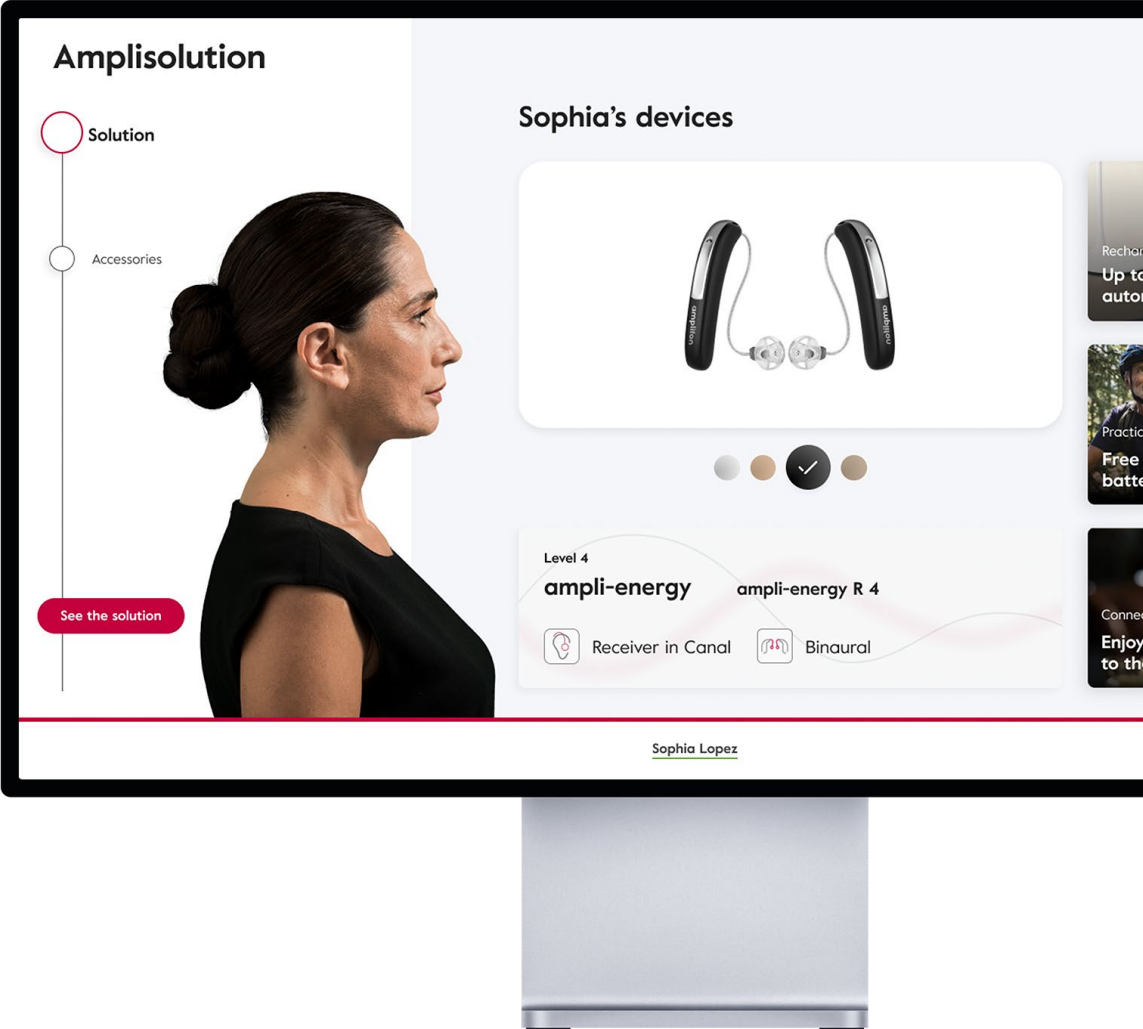


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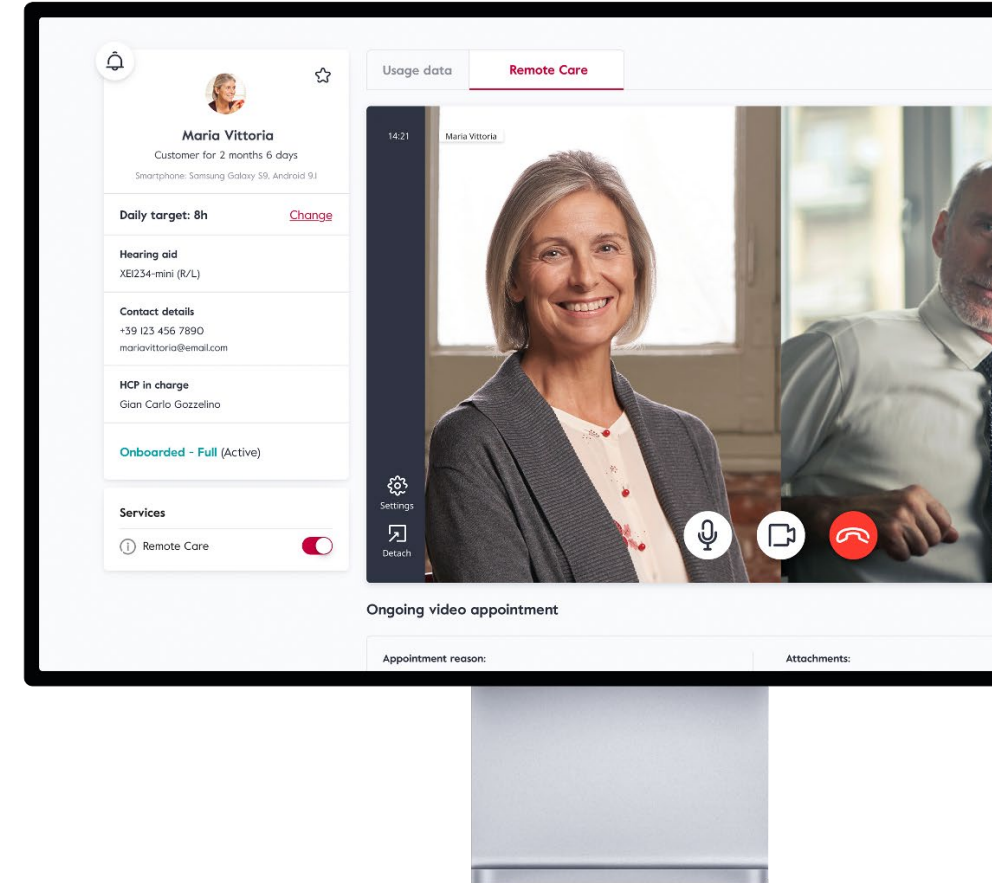
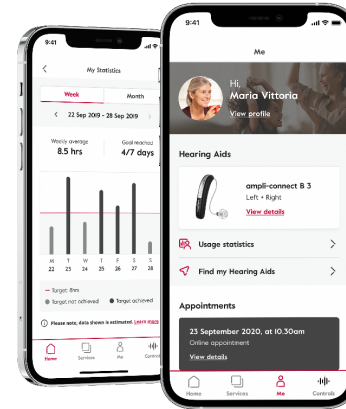
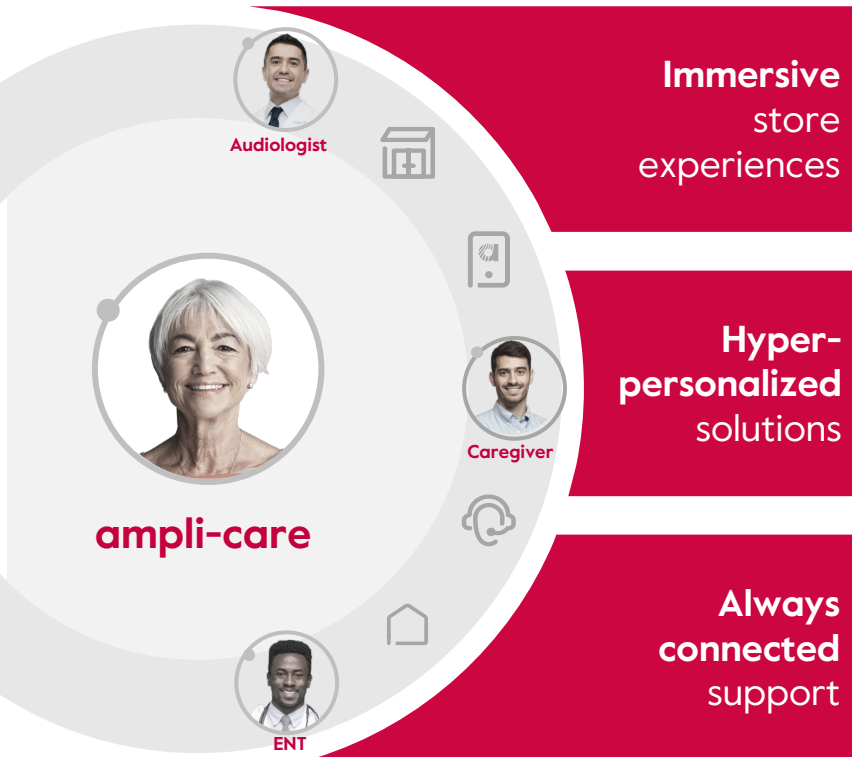


AI-powered solution-builder engine



Ampli-care: reshaping the audiological care experience

An omni-channel, omni-persona experience enhanced through data, technology and empathy



Store **Audiologist** + **24/7** expert remote support and monitoring

Caregiver and **ENT** active involvement with dedicated digital profiles

A unique and unmatched customer proposition



**Top of Mind
Brand**



**Superior Customer
Knowledge**



**Leading
Innovation in CX**

Riding the wave of growth in the US

Alessandro Bonacina

Executive Vice President Americas

US: a structurally growing market

Largest market worldwide



~€6.5bn
in 2021E



>40%
of the global market



Huge growth potential



Baby boomers are on the rise

24%

of total population over 65+
by 2030 up 11p.p. from 2010



Penetration is increasing

34%

Penetration in 2020 up 9p.p.
from 2010

Two key market segments



Private retail chains market

>40%
of the market

High-single digit
CAGR 2019-23



Managed care

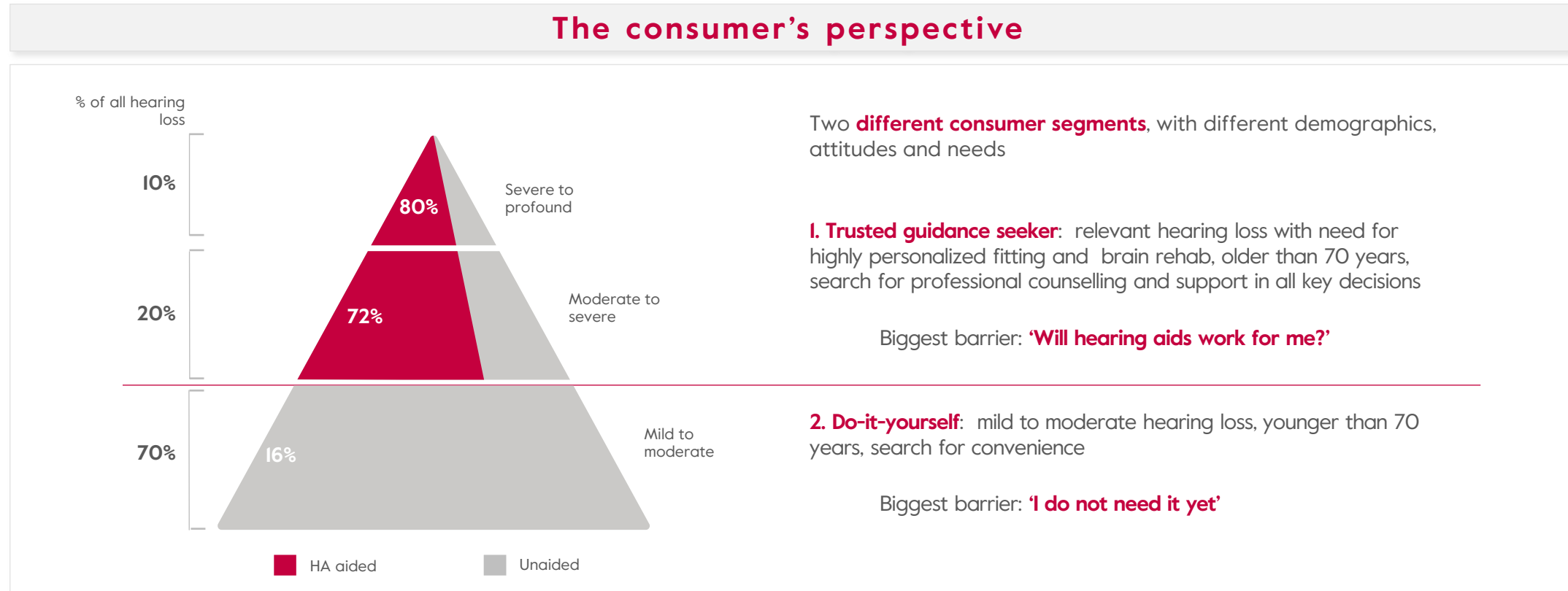
~30%
of the market

>10%
CAGR 2019-23

Note: all market data in value and refers to private market only (excludes VA segment)

OTC hearing aids: a consumer driven perspective

Two different consumer segments, with different needs: one can possibly be served by OTC, if safe and effective



OTC hearing aids could possibly **expand the market**, serving **do-it-yourself**, with **milder hearing loss** consumer segment, if **safe & effective**, and if addressing **key consumer barrier**

Source: Amplifon based on WHO, MarTrackIO and other industry statistics

We built a solid base to win

We transformed our business model in the US to focus on the two fastest growing segments



Creating the undisputed leader in the US

2021: a new strategy to change pace and capture more value than ever



Miracle-Ear: the leading US brand driving hearing care standards

#1 Brand + amazing CX = Unmatchable customer proposition

LEADING INNOVATION IN CX

Immersive store experience

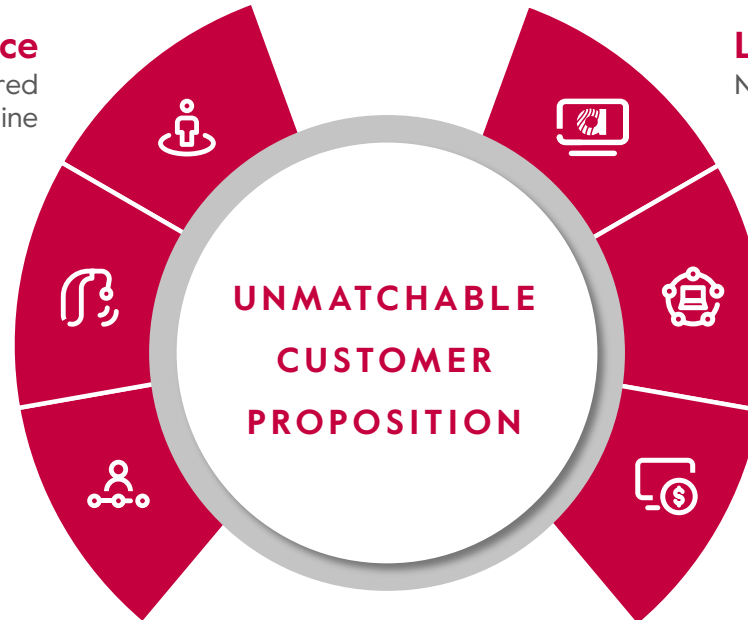
Proprietary audiometer technology and AI-powered solution-builder engine

Unique offering

M-E Product Experience and leading App

Customized lifecycle management

AI personalized CRM, advanced attitudinal segmentation, multi-channel



GIANT LEAP IN MARKETING

Lead the TV space

New media agency, new TV campaign

Accelerating on digital performance

Earpros.com: our new digital acquisition engine
Doubling digital leads in 2023 vs 2019

Step-up in marketing investments

+50% in 2023 vs 2019

Miracle-Ear: scale Direct Retail to deliver superior proposition to end-customer

Accelerating revenue growth and capturing a larger share of the value chain



~200

PoS in 8 States



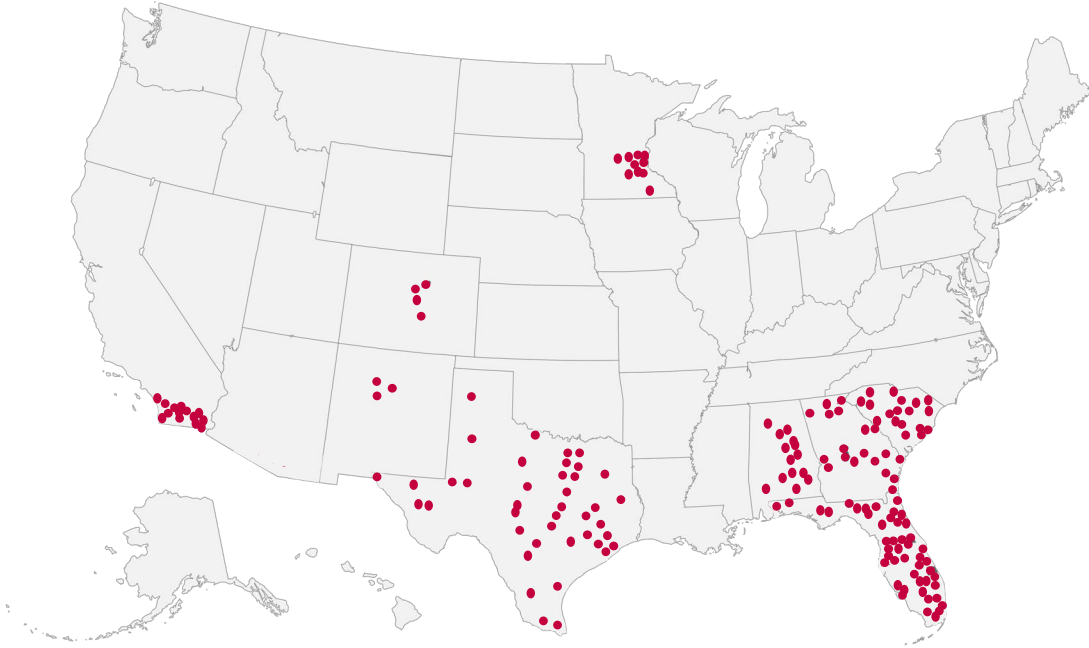
>+40%

revenue organic growth in LC HI 2I vs HI I9



~2.5x

faster than the market

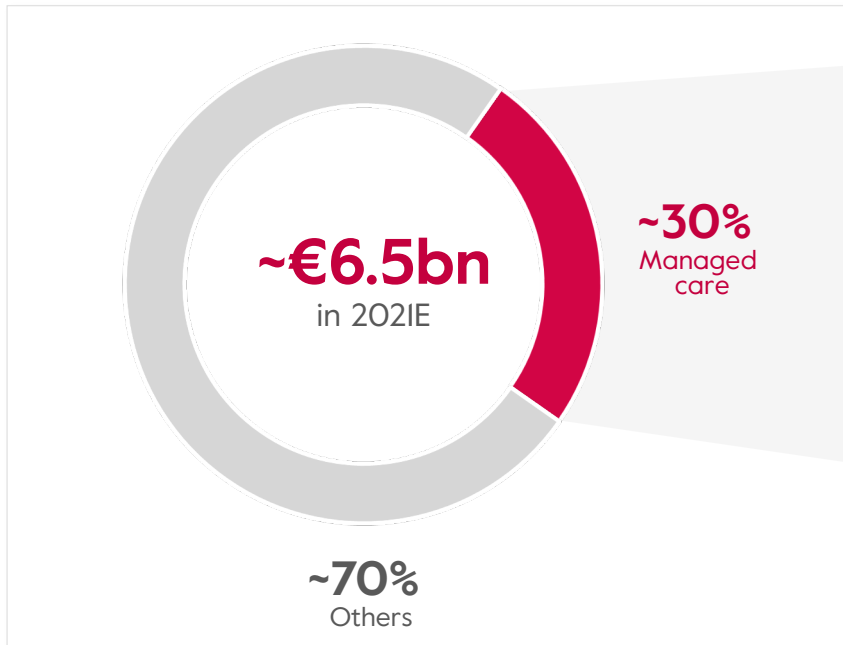


Legend: Direct Retail points of sale only.

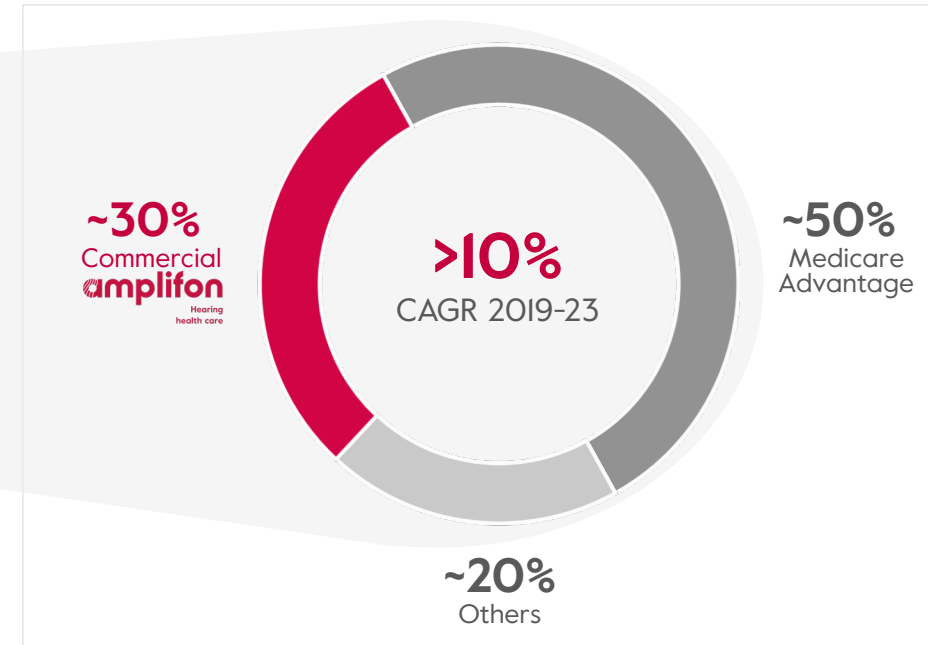
Amplifon HHC: riding the wave of US' fastest growing segment

~€1 billion Medicare Advantage segment representing the largest opportunity

Managed care is a key portion of the US market



Medicare Advantage is the most sizeable segment



Amplifon HHC: ready to capture the whole managed care potential

A unique value proposition for health plans, retailers and consumers

Optimal coverage

~90% of national Medicare Advantage members are adequately **covered by current network**



Top-notch technology

New TPA platform to elevate experience, optimize costs and enhance consumer data knowledge



Distinctive capabilities

New distinctive capabilities and accreditations to expand and enhance our organization



Unique Experience

Amplifon Product Experience and **E-Amplifon**, our e-health platform



From only commercial to **coverage of all segments**

Australia & China: two compelling growth opportunities

Anthea Muir

Executive Vice President APAC

Australia: a growing and highly attractive market

10th largest market worldwide



>€500m
in 2021E



~3%
of the global market



A prosperous economy



Population is ageing
19%

of total population over
65+ by 2030 up 3p.p.
from 2020



**Attractive economy and
high-level of well-being**

amongst highest disposable
income per capita

A highly attractive market



Penetration is increasing
~40%

Penetration in 2019
up 5p.p. from 2015



**Low brand awareness in
hearing care**

A sizeable opportunity to be
exploited in the private market



**Efficient government
programs**

Granting pensioners support for
hearing aids & wide range of services

We built the ideal platform to offer the highest quality of hearing care

Three perfectly complementary retail models to grasp all market potential



Hearing Care Professionals

Customer-centric retailer leveraging traditional & digital marketing channels

>200 points of sale mostly located in strip malls (nationwide)

Established brand, growing in the private segment



HEARING EXPERTS

Customer-centric retailer with proven innovative store format leveraging traffic in premiere shopping malls

>100 points of sale in high-traffic urban shopping malls (East Coast)

Strong brand and premium positioning



hearing each moment

Full-service audiology business leveraging strong relationship with medical community

~50 points of sale mainly in medical precincts (mostly in Queensland)

Partner of choice for the medical community

#1 player in Australia with ~350 points of sale

Creating another Company stronghold

Material growth opportunity for each retail brand



Hearing Care Professionals

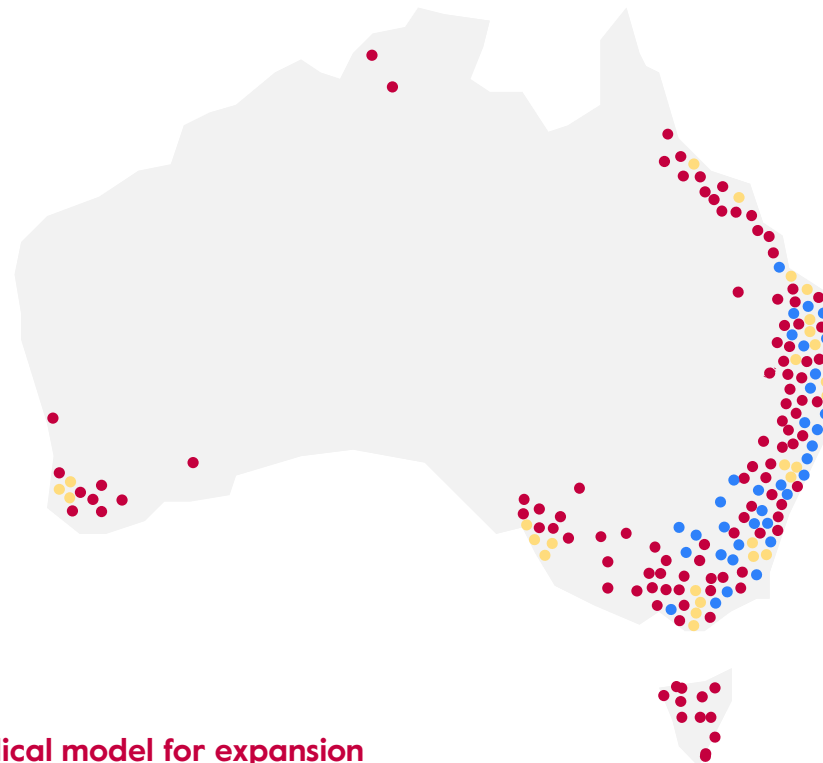
Lead growth in the private market

- Leverage the market leading customer value proposition including Amplifon 360 and APE
- Strong marketing investments (TV & digital)



Lead growth in the private market

- Opportunity to increase current asset utilization
- Potential expansion to other Australian territories



Leverage medical model for expansion

- Leverage medical relationships
- Further expand services
- Potential expansion within Australian states

China: the fastest growing market with huge untapped potential

6th largest market worldwide



~€650m

in 2021E



~4%

of the global market



Multiple structural growth drivers



Population is ageing

17%

of total population over 65+ by 2030
up 5p.p. from 2020



Hearing care retail market²

>10%

CAGR 2019-23



Fast-growing economy

>+8%

2021E GDP growth



Penetration is still very low

~5-10%

vs. >30% of developed countries



High prevalence of hearing loss¹

>30%

Significantly higher vs developed
countries (<20%)



Highly fragmented market

Significant opportunity for the first
player to drive consolidation

1. Refers to disabling hearing loss (>40dB)
2. Amplifon estimates

Creating the first national retailer

Strong investments in network, brand, quality and people to win in the fastest growing global market

Largest network

Build the **largest nationwide network** covering mega-cities via a balanced mix of **greenfield & inorganic** growth strategy

Unique customer proposition: Best CX + #1 Brand

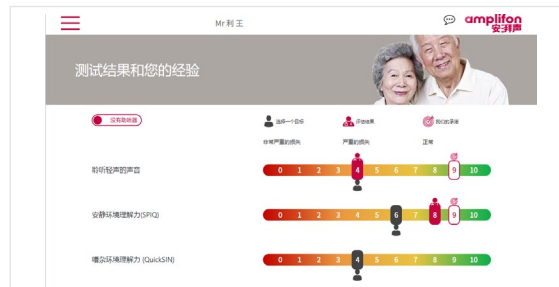
Offer the **best customer experience** and the highest service **standards**, leveraging Amplifon's proprietary know-how and tools **customized** for the Chinese market

Be Top-of-Mind brand driven by strong **marketing investments** in digital & CRM

Best people

Leverage Amplifon's **training skills, know-how** and **tools**

Greater China HQ opened in **Shanghai**



Accelerating on our network expansion

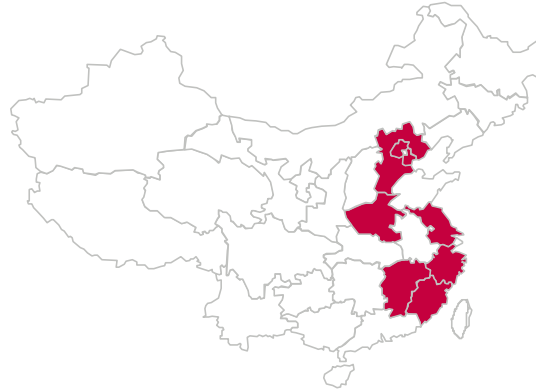
A balanced mix of greenfield and inorganic growth strategy

2018 – Beijing JV



- From ~35 to ~55 PoS in Beijing, Tianjing & Hebei
- Rebranding to Amplifon in 2019
- Implemented best-in-class marketing and in-store practices in 2020

July 2021 – Sound Bridge JV Q3 Shanghai Greenfield entry



- Sound Bridge JV
 - JV 51% owned by Amplifon
 - 45 high-quality PoS primarily in Zhejiang, Fujian, Henan & Jiangxi
- Reaching ~100 PoS and 2021E turnover run rate of ~€15 million with double-digit EBITDA margin
- Greenfield entry and Greater China HQ in Shanghai

2022 onwards - Full bore expansion



- Expansion in major cities around current hubs
- JV / M&A of local partners in new areas
 - Active pipeline of further targets

China is expected to be > €1 billion market by 2024 and #3 largest market worldwide by 2030

Our strategy in numbers

Gabriele Galli

Chief Financial Officer

Amplifon priorities for superior shareholders' returns



Revenue growth fuelled by strong organic growth and M&A

Organic growth

- **Strong market rebound** in 2021 after Covid outbreak and back to **historical growth rates** thereafter
- **Market share gains** thanks to unique and unmatched customer value proposition fostered by superior investments
- **Growth balanced across Regions**

M & A

- **Acquisition strategy** in selected core countries
 - Germany & France
 - US
 - China
- **Large M&A** part of Amplifon's DNA, not included in the current Plan

Delivering **high-single digit revenue CAGR 2021-2023¹** for Amplifon² from 2021 guidance and additional **~€100m sales contribution from Bay Audio** at 2023

1. Main FX assumptions of €/USD at 1.20; €/AUD at 1.60
2. Current Amplifon consolidation area (excluding Bay Audio)

Profitability driven by productivity and scale while strongly investing for future growth

Profitability drivers

Productivity

- Key processes optimization leveraging Covid-19 learnings
 - Front and back-end labour
 - Marketing
 - SG&A
- Global direct and indirect purchasing

Synergies from GAES integration

Global and local scale

Investments to fuel future growth

People

- Attracting, developing & retaining talents
- Winning workplace

Marketing

- Investments growing in line with revenues whilst delivering higher ROI

Corporate

- Global Centers of Excellence
- Strategic corporate projects

Delivering an EBITDA margin of $\geq 25.5\%$ in 2023
after sizeable step-up of 2021 guidance

Continued steady EPS growth

D&A

- Ratio on revenues in line to 2019, even after strong investments and M&A activity (including PPA for Bay Audio) increasing absolute D&A value

Stable
as % on revenues

Financial expenses

- < 1.5% average cost of debt with 3.5 years average maturity thanks to 2020 successful refinancing activity
- ~ €400 million financial headroom ensuring all required flexibility to seize all potential opportunities

~ €30 million¹
per year

Taxes

- Diversified PBT base and planned initiatives across the Group balancing effects of potential US tax reform

In line
with recent years

¹ Includes interests on financial debt and interests on lease liabilities (IFRS I6)

Sustained cash flow generation and solid balance sheet

Operating Cash Flow

- Continued strong cash conversion
- Strict management of NWC following strong 2020 improvement

> €1 billion
Cumulated 2021-23

Capex

- Innovation
- Investments for digital transformation and IT
- Network expansion and upgrade
- Incremental Capex plan, even after higher purchasing efficiencies

> €300 million
Cumulated 2021-23

Cash-out for M&A

- Continued sustained pace of acquisitions in selected core markets
 - France & Germany
 - US
 - China
- Large M&A part of Amplifon's DNA, not included in the current Plan

~€300 million
Cumulated 2021-23¹

Strong Operating Cash Flow sustaining Capex, M&A and Shareholders' returns while allowing a **rapid deleverage at around 1.2x by 2023**

¹ Excludes cash-out of €340 million for Bay Audio acquisition in 2021

2023 Key financial targets

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Closing remarks

Enrico Vita

Chief Executive Officer

Amplifon 2023 and beyond

**We look forward
with strong confidence and excitement
as we continue our strategic journey
of sustainable profitable growth**

Q&A Session

Thank you