

PRESS INFORMATION

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NEW DAWN FOR UK HEARING AID MARKET €93 million deal set to revolutionise the sector

Ultravox, the UK's market leader in the dispensing of hearing aid devices has been sold in a €93 million deal. Amplifon SpA, the Italian based, worldwide market leader has acquired Manchester-based Ultravox which operates under four retail brands from 250 centres nationwide.

Lead advisers to the deal were Paul Jones and Jon Mercer of Clearwater Corporate Finance who believe this deal signifies the start of a fundamental restructuring for the UK hearing market.

"Private sector sales of hearing aids have grown significantly and are expected to accelerate in the future as the NHS tries to cope with the ever-increasing demand of an ageing population," comments Paul Jones, partner with Clearwater Corporate Finance. "Ultravox, the UK number one is in a unique position to fully benefit from this change and became a 'must have' for the global market leader."

With a £57 million turnover, Ultravox has a 24 per cent market share of the UK private sector. The company has four well-known high-street brands; Ultratone, Sietech, Hearing Health and Active Life UK

Since 2001, Ultravox has increased its number of high street branches from 76 to 138 and in 2005 alone, opened in 41 new locations. The company also operates from over 120 day centres across the country. It provides services direct to its customers at home (domiciliary) through over 100 dispensers in the field and provides audiological services, occupational health and mobility products in some branches.

The UK hearing aid market is characterised by a shortage of audiologists, NHS funding issues and long waiting lists on the NHS (of up to 18 months). Over 80 per cent of the UK hearing aid market is still dispensed through the NHS. A significant element of this is dispensed through a Public Private Partnership (PPP), of which Ultravox is a key partner.

The PPP has had some success in delivering on a Government initiative to reduce NHS waiting times, but going forward, increased supply, both through the PPP and direct private sector dispensers, is fundamental to achieving the Government's target of a maximum 18 weeks waiting time for an NHS hearing aid.

Jeff Murphy, chief executive of Ultravox said: "We have seen continuous growth working successfully within both the public and private sectors of the market. 72 per cent of people over 60 have hearing deficiencies and the ageing population is putting an enormous strain on the current system. The PPP is the first serious attempt to try and improve the long term efficiency of the market and will continue to evolve, but the role of the private sector is critical. Amplifon is a service led business which will bring enormous benefits to our public and private sector customers and many exciting opportunities for our employees. It is a very exciting development for both us and I believe the market generally."

The deal involves a significant cross-border element, with an Italian buyer and shareholders based in the UK, Spain, Switzerland and Denmark. Ultravox has over 50 shareholders, many of which are employees who will share in the sale proceeds.

Since its flotation in June 2001, Amplifon has shown 19 quarters of continuous growth. Led by chief executive Franco Moscetti, the business turns over in excess of €500 million with an EBITDA in 2005 of €93m.

Amplifon has for some time been keen to enter the UK market, one of the largest hearing aid markets in the world, and the acquisition of Ultravox, Amplifon's largest acquisition to date, places it directly into the UK's market leading position.

This deal also represents the largest acquisition by an Italian company in the UK this year.

Geoff Blower (partner), David McGlennon and Victoria Moore from the Manchester office of law firm Eversheds advised the majority shareholder of Ultravox.

Lovells advised Amplifon on this transaction. Lovells' team was led by Frances Le Grys (London, corporate partner), Marco Rota Candiani (Milan, corporate partner) and Pamela Buxton (London, commercial partner). Ernst & Young undertook due diligence on behalf of the purchaser (Graham McConnell, Nick Gittings, Lee Simpson, Mitchell Cox, Alison Barnes, Emma Suchland and Adrian Walker)

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Notes to Editors

Clearwater Corporate Finance LLP is the largest independent corporate finance house in the UK, focusing on unquoted mid-market transactions. Its services are always led by one of Clearwater's ten partners who have personally completed over 300 transactions worth an aggregate value in excess of E4 billion, split equally between purchaser and vendor assignments.

A key strength is Clearwater's research and deal origination skills – 25 per cent of its corporate finance specialists are dedicated to this creative aspect of deal activity. Clearwater focuses on a number of sectors including: engineering, food, healthcare, home & building products, print & packaging, retail & consumer products, support services and technology.

Clearwater's partners are all owners of the business and have been involved in the sale of their business and subsequent MBO, which led to the formation of Clearwater Corporate Finance LLP.

Clearwater offers tailored corporate finance solutions to owner-managers, management teams, private equity houses and larger corporate groups on a variety of transactions, such as exit strategies, company sales, MBOs and MBIs, corporate transactions and development and replacement capital.

Alongside its ten partners, Clearwater has an additional 30 staff and provides national coverage from offices in Birmingham, London, Manchester and Nottingham.

Clearwater is a member of the International Network of M&A Partners (IMAP), an exclusive global partnership of corporate finance lead advisory firms. IMAP has unmatched global reach, with 350 dealmakers spread across 25 countries, covering North and South America, Europe and Asia. Globally, IMAP advises on circa 200 completed transactions per annum.

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Our international corporate finance team plays a leading role in both public M&A and significant off-market acquisitions, disposals, joint ventures/alliances and restructurings. Internationally, we have advised on cross-border transactions in all the major European countries and many Asian countries.

Since January 2005, we have advised on over 350 M&A transactions globally with a total value of more than €180 billion. Our ability to serve our corporate clients is enhanced as a result of regularly representing financial institutions in their role as sponsors, brokers or providers of finance. We recognise the importance of having a clear understanding of our clients' objectives and the positions likely to be taken by the other parties involved.

Lovells' overall strength in depth across practice areas and around the world is a key element in our corporate finance work. Our transaction teams regularly include lawyers experienced in the competition, tax, pensions, employee benefits, banking, intellectual property and financial regulatory issues involved in corporate transactions as well as lawyers with relevant industry sector expertise.

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