press release

GrandVision reports 2016 adj. EBITDA of €537 million and adj. EPS growth of 11.3%

Schiphol, the Netherlands – 20 February 2017. GrandVision NV (EURONEXT: GVNV) publishes Full Year and Fourth Quarter 2016 results.

2016 Highlights

- Revenue grew by 3.5%, or **6.5%** at constant exchange rates to **€3,316 million** (FY15: €3,205 million) with comparable growth of 2.2%
- Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by **6.7%** at constant exchange rates to **€537 million** (FY15: €512 million)
- The adjusted EBITDA margin increased by 24 bps to **16.2%**. Excluding acquisitions the EBITDA margin would have increased by 80 bps to 16.8%
- Net result attributable to equity holders rose by 8.8% to **€231** million (FY15: €213 million)
- Adjusted EPS grew by 11.3% to **€0.96** (FY15: €0.87), reported EPS was €0.92 (FY15: €0.84)
- The total number of stores expanded by 406 to **6,516** (FY15: 6,110)
- GrandVision's Supervisory Board proposes a dividend of **€0.31** per share, subject to shareholder approval. The shares will trade ex-coupon as of 4 May 2017
- GrandVision will host an analyst call on 20 February at 9am CET. Dial-in details are available at investors.grandvision.com and at the bottom of this press release.

FY16 and 4Q16 Key Figures

in millions of EUR (unless stated otherwise)	FY16	FY15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	3,316	3,205	3.5%	6.5%	3.5%	3.1%
Comparable growth (%)	2.2%	4.1%				
Adjusted EBITDA	537	512	5.0%	6.7%	7.3%	-0.6%
Adjusted EBITDA margin (%)	16.2%	16.0%	24bps			
Net result	252	231	9.1%			
Net result attributable to equity holders	231	213	8.8%			
Adjusted earnings per share, basic (in €)	0.96	0.87	11.3%			
Earnings per share, basic (in €)	0.92	0.84	8.7%			
Number of stores (#)	6,516	6,110	6.6%			
System wide sales	3,657	3,541	3.3%			

in millions of EUR (unless stated otherwise)	4Q16	4Q15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	821	786	4.4%	7.8%	5.2%	2.6%
Comparable growth (%)	3.8%	2.2%				
Adjusted EBITDA	126	111	12.9%	15.4%	20.4%	-5.0%
Adjusted EBITDA margin (%)	15.3%	14.2%	115bps			

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2016 Dividend

GrandVision's Supervisory Board proposes a dividend of €0.31 per share for the fiscal year 2016, subject to shareholder approval.

If approved, the shares will trade ex-coupon as of 4 May 2017 and dividends will be payable as from 11 May 2017. The record date will be 5 May 2017. The dividend represents a payout of 33.9% of net income attributable to equity holders.

Medium term financial objectives

GrandVision's medium term financial objectives are to achieve annual revenue growth of at least 5%, excluding large scale acquisitions, as well as high single digit annual adjusted EBITDA growth at constant exchange rates.

The targeted net debt/adj. EBITDA ratio remains at a maximum of 2.0x and we expect our cash flow generation to enable us to make further acquisitions without significantly altering our capital structure.

Group financial review

Consolidated Income Statement

in millions of EUR	FY16	FY15
Revenue	3,316	3,205
Cost of sales and direct related expenses	- 901	- 876
Gross profit	2,415	2,328
Selling and marketing costs	- 1,668	- 1,617
General and administrative costs	- 393	- 363
Share of result of Associates and Joint Ventures	4	5
Operating result	358	353
Financial income	9	5
Financial costs	- 19	- 24
Net financial result	- 10	- 19
Result before tax	348	334
Income tax	- 96	- 103
Result for the year	**252**	**231**
Attributable to:		
Equity holders	231	213
Non-controlling interests	21	18
	252	231

Revenue

Revenue grew by 3.5% to €3,316 million in FY16 (FY15: €3,205 million). At constant exchange rates, revenue increased by 6.5% as foreign exchange fluctuations had a negative effect of 3.1% on revenue, mainly due to the devaluation of the British Pound and emerging market currencies.

Organic growth of 3.5%, was driven by comparable growth of 2.2% as well as store openings across our business. Acquisitions contributed an additional 3.1% to revenue growth. Organic and comparable growth were achieved in all three regional segments and in all product categories: prescription eyeglasses, contact lenses and sunglasses.

Among these categories, contact lenses showed the highest growth rate during the year, benefiting from increasing consumer demand for daily disposable contact lenses. The proportion of sunglasses in the overall revenue mix continued to increase in 2016 as we further expanded the Solaris concept.

Sales of prescription glass sales grew as our commercial proposition proved to be successful during the year, enabling us to deliver on our promise of providing high quality eye care at affordable prices. We saw higher conversion rates in our stores as we shared the benefits of our global scale and category management with our customers, helping us to further enhance the competitiveness of our stores.

System wide sales, which reflects the retail sales of GrandVision's own stores plus that of its franchisees, increased 3.3% to €3,657 million.

4Q16 revenue increased by 7.8% at constant exchange rates to €821 million (4Q15: €786 million). Comparable growth reached 3.8% driven by a strong year-end performance across the business, particularly in Other Europe.

(Adjusted) EBITDA

Adjusted EBITDA increased 6.7% at constant exchange rates to €537 million in FY16 (FY15: €512 million) with 7.3% from organic growth and negative contribution of 0.6% from acquisitions. The adjusted EBITDA margin increased by 24 bps to 16.2%. Excluding the dilutive effect of acquisitions, the EBITDA margin would have increased by 80 bps to 16.8%. Adjusted EBITDA growth and margin expansion were driven by a combination of comparable growth, further efficiency gains through the implementation of our global capabilities and a higher share Exclusive Brand frames in our sales mix.

Adjusted EBITDA growth and margin expansion were achieved in all three segments. Other reconciling items, which primarily consist of corporate costs not allocated to specific regions, were €34 million in FY16, compared to €32 million in FY15.

A reconciliation from adjusted EBITDA to Operating result for FY16 is presented in the table below.

in millions of EUR	FY16	FY15
Adjusted EBITDA	**537**	**512**
Non-recurring items	- 16	- 5
EBITDA	**522**	**506**
Depreciation and amortization of software	- 127	- 121
EBITA	**395**	**385**
Amortization and impairments	- 37	- 32
Operating result	**358**	**353**

Reported EBITDA increased by 3.0% from €506 million in FY15 to €522 million in FY16. This increase also reflects the inclusion of exceptional and non-recurring items for a total of -€16 million recorded in 2016, which were mainly related to acquisition costs for recent acquired businesses and integration costs following the merger of the Italian business. Further costs result from legal and regulatory provisions as well as corrections related to prior years. In FY15, non-recurring items of -€5 million were mainly reflecting legal and regulatory provisions, costs related to the IPO in 2015, partially offset by a benefit related to changed pension calculations in the Netherlands.

In 4Q16, adjusted EBITDA grew by 12.9% to €126 million (4Q15: €111 million), or 15.4% at constant exchange rates. Organic growth in 4Q16 was 20.4%. The adjusted EBITDA margin increased by 115 bps to 15.3% from 14.2% in 4Q15.

Financial result

The financial result improved by 45.6% from -€19 million in 2015 to -€10 million in 2016. This improvement was mainly due to lower financing cost as a result of lower debt levels, interest rates and bank fees.

Income tax

Income tax decreased from €103 million in 2015 to €96 million in 2016. The effective tax rate decreased to 27.5% in 2016 (2015: 30.8%), mainly due to one-off effects in deferred tax positions, a reduction of the statutory rate in France and tax loss carry-forwards.

Net Result for the period

The net result for the period increased by 9.1% to €252 million in 2016, compared with €231 million in 2015.

Net result attributable to equity holders increased by 8.8% to €231 million in 2016 from €213 million in 2015. This increase is mainly due to higher underlying EBITDA and lower net finance costs.

(Adjusted) Earnings per share

Adjusted Earnings per share, which excludes non-recurring items, increased by 11.3% to €0.96 in FY16 (FY15: €0.87). Earnings per share increased by 8.7% to €0.92 in FY16 (FY15: €0.84).

The weighted average number of shares outstanding was 252,623,738 in FY16 (FY15: 252,427,917).

On a fully diluted basis, EPS was €0.91 in FY16 (FY15: €0.84).

Segment review

G4

in millions of EUR (unless stated otherwise)	FY16	FY15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,969	1,968	0.1%	2.6%	2.1%	0.5%
Comparable growth (%)	1.5%	4.2%				
Adjusted EBITDA	423	402	5.0%	6.8%	6.2%	0.5%
Adjusted EBITDA margin (%)	21.5%	20.4%	100bps			
Number of stores	3,020	2,990				

in millions of EUR (unless stated otherwise)	4Q16	4Q15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	477	481	-0.8%	3.1%	2.7%	0.4%
Comparable growth (%)	1.8%	2.9%				
Adjusted EBITDA	102	93	9.8%	12.2%	11.7%	0.5%
Adjusted EBITDA margin (%)	21.4%	19.3%	205bps			

In the G4 segment, which comprises the business units France & Luxembourg, Germany & Austria, Netherlands & Belgium and UK & Ireland, revenue increased by 0.1% to €1,969 million in FY16 including a negative effect of 2.5% from a weaker British pound against the euro. At constant exchange rates, revenue growth was 2.6% with organic growth of 2.1% and a positive acquisition impact of 0.5%. Comparable growth for the segment was 1.5% . All business units delivered revenue and comparable growth. The total number of stores in the G4 segment increased to 3,020 (FY15: 2,990).

Adjusted EBITDA in the G4 segment increased by 5.0% to €423 million (FY15: €402 million) or 6.8% excluding the devaluation of the British pound. The adjusted EBITDA margin increased by 100 bps to 21.5% in 2016 (FY15: 20.4%), benefiting from efficiency gains from the continued roll-out of our global capabilities as well as a higher share of Exclusive Brand frames in the sales mix.

In 4Q16, revenue growth at constant exchange rates was 3.1%. Organic and comparable growth reached 2.7% and 1.8%, respectively, with a strong performance in Germany.

In Germany, the revenue growth in the fourth quarter is a result of attracting customers of which some had delayed their purchase from 3Q16 when retail traffic, in general, was weak. This was supported by omni-channel features and related marketing activities.

In France, revenue grew by low single digits in FY16 driven by comparable growth, network expansion and single store bolt-on acquisitions. We estimate that we gained market share as regulatory changes led to price pressure in the market, benefiting more affordable concepts such as Générale d'Optique.

4Q16 adjusted EBITDA in the G4 segment grew by 12.2% at constant exchange rates with organic adjusted EBITDA growth of 11.7%. The adjusted EBITDA margin increased by 205 bps to 21.4% driven by efficiency gains and a higher share of Exclusive Brands in the sales mix.

Other Europe

in millions of EUR (unless stated otherwise)	FY16	FY15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	907	883	2.7%	3.5%	2.6%	0.9%
Comparable growth (%)	1.6%	3.2%				
Adjusted EBITDA	138	133	4.0%	4.9%	3.9%	1.0%
Adjusted EBITDA margin (%)	15.3%	15.1%	18bps			
Number of stores	1,818	1,750				

in millions of EUR (unless stated otherwise)	4Q16	4Q15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	230	211	8.9%	9.2%	8.6%	0.6%
Comparable growth (%)	7.0%	-0.4%				
Adjusted EBITDA	35	30	15.5%	16.0%	15.4%	0.7%
Adjusted EBITDA margin (%)	15.2%	14.3%	87bps			

In Other Europe, revenue increased by 2.7% to €907 million in FY16 (FY15: €883 million), or 3.5% at constant exchange rates. Organic revenue growth and comparable growth were 2.6% and 1.6% respectively. Revenue growth during the year was impacted by the integration and rebranding process in Italy following the merger of the Avanzi and Randazzo retail banners, while Eastern European markets continued to grow by mid-single digits.

Adjusted EBITDA in the Other Europe segment increased by 4.0% to €138 million (FY15: €133 million) or 4.9% at constant exchange rates. The adjusted EBITDA margin increased by 18 bps to 15.3%.

In 4Q16, revenue growth accelerated to 8.9% or 9.2% at constant exchange rates. Comparable growth during the quarter reached 7.0% driven by a stronger performance in the region's biggest market, Italy, as well as the impact of an additional selling day. Eastern Europe and the Nordics also contributed positively to revenue and comparable growth

The business in Italy showed solid growth in the fourth quarter as the impacts of the post-merger process of Avanzi and Optissimo are diminishing, and the rebranding efforts, while still not fully completed, are gaining traction with consumers. In addition, the business faced easier comparables in 4Q16.

Adjusted EBITDA in 4Q16 increased by 15.5% to €35 million or 16.0% at constant exchange rates. The adjusted EBITDA margin increased by 87 bps to 15.2%, driven by revenue growth, efficiency gains and a higher share of Exclusive Brand frames within the sales mix.

Americas & Asia

in millions of EUR (unless stated otherwise)	FY16	FY15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	440	354	24.3%	36.2%	13.0%	23.2%
Comparable growth (%)	7.4%	6.6%				
Adjusted EBITDA	11	8	29.2%	41.6%	119.2%	-77.6%
Adjusted EBITDA margin (%)	2.4%	2.3%	9bps			
Number of stores	1,678	1,370				

in millions of EUR (unless stated otherwise)	4Q16	4Q15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	114	94	20.9%	28.8%	10.1%	18.6%
Comparable growth (%)	6.1%	5.6%				
Adjusted EBITDA	- 2	- 3	33.1%	43.2%	271.9%	-228.7%
Adjusted EBITDA margin (%)	-1.6%	-2.9%	128bps			

In the Americas & Asia segment, revenue grew by 24.3% to €440 million in FY16 (FY15: €354 million) or 36.2% at constant exchange rates. Organic growth was 13.0% and the acquisitions in the United States, Mexico and Uruguay contributed 23.2% to revenue growth. Comparable growth was 7.4% with a strong contribution from Mexico and Turkey and a weaker performance in Brazil, Peru and Uruguay.

Adjusted EBITDA increased by 29.2% to €11 million in FY16 (FY15: €8 million), or 41.6% at constant exchange rates. Organic adjusted EBITDA growth was 119%, while acquisitions had a negative impact of 78%. Organic growth was achieved through better operating leverage enabled by the growing store footprint, and roll-out of our global capabilities.

In 4Q16, revenue grew by 20.9% to €114 million in 4Q16 (4Q15: €94 million) or 28.8% at constant exchange rates. Comparable growth during the quarter was 6.1%.

Adjusted EBITDA in 4Q16 was to -€2 million in 4Q16 (4Q15: €-3 million), mostly related to integration costs of recently acquired businesses.

Liquidity and debt

in millions of EUR (unless stated otherwise)	FY16	FY15	change versus prior year
Free cash flow	255	220	35
Capital expenditure	176	162	14
- Store capital expenditure	124	122	2
- Non-store capital expenditure	52	40	12
Acquisitions	13	138	- 125
Net debt	750	941	- 191
Net debt leverage (times)	1.4	1.8	

GrandVision's operations demonstrated a solid cash flow generation in 2016. Free cash flow was €255 million in 2016, compared to €220 million in 2015. The increase in free cash flow was driven by higher cash flows from operating activities including improved working capital positions.

Capital expenditure not related to acquisitions amounted to €176 million (5.3% of revenue) in 2016, compared with €162 million (5.0% of revenue) in 2015. The majority consisted of maintenance capital expenditure used to optimize the existing store network.

Store capital expenditure increased from €122 million in 2015 to €124 million in 2016 and primarily reflects the optimization of existing stores through renovations and an expanding store network, along with the implementation of a more harmonized commercial proposition and new store openings. During 2016, GrandVision continued to implement its standardized store format with a reduction of its average store size leading to a lower level of capital expenditure and operating expenses per store.

Non-store capital expenditure of €52 million in 2016 increased compared to €40 million in 2015 mostly due to investments in IT systems, including the ongoing deployment of the global ERP system and omni-channel solutions.

In 2016, cash outflows relating to acquisitions of companies (net of cash) amounted to €13 million, mainly resulting from the acquisitions of Optica Lux in Uruguay, and the acquisition of 181 smaller points of sale of Walmart in Mexico. In 2015, cash outflows related mainly to the acquisition of For Eyes in the USA.

At year-end 2016, GrandVision's net debt reduced from €941 million to €750 million and the net debt leverage ratio improved to 1.4 times adjusted EBITDA, compared to 1.8 times in 2015. The decrease in net debt was driven by the strong cash flow generation during 2016 in combination with fewer acquisitions compared to the previous year. 2015 also included the purchase of €50 million of treasury shares to cover expected future share deliveries related to long term incentive plans after the IPO, which did not re-occur at that scale in 2016.

Conference call and webcast details

GrandVision will hold a conference call and webcast for analysts and investors on 20 February 2017 at 9:00 am CET (8:00 am GMT)

Webcast registration link: http://edge.media-server.com/m/p/49nh9446

Conference call details are available on request .

The presentation will be available at www.grandvision.com prior to the conference call/webcast

Financial Calendar 2017

Date	Event
3 March 2017	Publication 2016 Annual Report
2 May 2017	First Quarter 2017 Trading Update
	General Shareholders Meeting
4 May 2017	Ex-dividend date
5 May 2017	(Dividend) record date
11 May 2017	(Dividend) payment date
1 August 2017	Half-Year 2017 Results
27 October 2017	Third Quarter 2017 Trading Update

About GrandVision

GrandVision is a global leader in optical retailing and delivers high quality and affordable eye care to more and more customers around the world. The high quality eye care offered by GrandVision includes a wide range of services provided by its vision experts, prescription glasses including frames and lenses, contact lenses and contact lens care products, and sunglasses both plain and with prescription lenses. These products are offered through leading optical retail banners which operate in more than 40 countries across Europe, the Americas, the Middle East and Asia. GrandVision serves its customers in over 6,500 stores and with more than 31,000 employees which are proving every day that in EYE CARE, WE CARE MORE. For more information, please visit www.grandvision.com.

Disclaimer

This press release contains forward-looking statements that reflect GrandVision's current views with respect to future events and financial and operational performance. These forward-looking statements are based on GrandVision's beliefs, assumptions and expectations regarding future events and trends that affect GrandVision's future performance, taking into account all information currently available to GrandVision, and are not guarantees of future performance. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and GrandVision cannot guarantee the accuracy and completeness of forward-looking statements. A number of important factors, not all of which are known to GrandVision or are within GrandVision's control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing GrandVision. Any forward-looking statements are made only as of the date of this press release, and GrandVision assumes no obligation to publicly update or revise any forward looking statements, whether as a result of new information or for any other reason.

The condensed consolidated financial statements are presented in euro (€) and all values are rounded to the nearest million unless otherwise stated. As a consequence, rounded amounts may not add up to the rounded total in all cases.

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Annex 1: Consolidated Balance Sheet

in millions of EUR	31 December 2016	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	444	431
Goodwill	1,012	1,025
Other intangible assets	446	454
Deferred income tax assets	75	67
Investments in Associates and Joint Ventures	36	40
Other non-current assets	45	45
	2,058	2,063
Current assets		
Inventories	293	264
Trade and other receivables	291	267
Current income tax receivables	6	6
Derivative financial instruments	5	1
Cash and cash equivalents	181	198
	777	736
Total assets	**2,835**	**2,799**
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	58	52
Other reserves	- 93	- 60
Retained earnings	981	786
	947	779
Non-controlling interests	**60**	**53**
Total equity	**1,007**	**832**
Non-current liabilities		
Borrowings	388	776
Deferred income tax liabilities	134	143
Post-employment benefits	76	65
Provisions	12	11
Derivative financial instruments	4	1
Other non-current liabilities	13	16
	628	1,011
Current liabilities		
Trade and other payables	588	534
Current income tax liabilities	42	33
Borrowings	543	362
Derivative financial instruments	1	2
Provisions	26	26
	1,200	956
Total liabilities	1,828	**1,968**
Total equity and liabilities	**2,835**	**2,799**

Annex 2: Consolidated Cash Flow Statement

in millions of EUR	2016	2015
Cash flows from operating activities		
Cash generated from operations	534	462
Tax paid	- 103	- 80
Net cash from operating activities	**431**	**382**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	- 13	- 138
Purchase of property, plant and equipment	- 140	- 132
Proceeds from sales of property, plant and equipment	5	7
Purchase of intangible assets	- 36	- 30
Proceeds from sales of intangible assets	2	0
Investments in Associates and Joint Ventures	0	-
Proceeds from sales of investments in buildings	0	-
Other non-current receivables and assets	- 1	6
Dividends received	8	4
Interest received	5	5
Net cash used in investing activities	**- 169**	**- 277**
Cash flows from financing activities		
Purchase of treasury shares	- 2	- 51
Proceeds from borrowings	505	425
Repayments of other borrowings	- 579	- 543
Interest swap payments	- 3	- 3
Acquisition of non-controlling interest	-	- 1
Dividends paid to non-controlling interests	- 11	- 11
Dividends paid to shareholders	- 35	- 35
Interest paid	- 15	- 17
Net cash generated from/ (used in) financing activities	**- 140**	**- 237**
Increase / (decrease) in cash and cash equivalents	**121**	**- 132**
Movement in cash and cash equivalents		
Cash and cash equivalents at beginning of the year	- 82	54
Increase / (decrease) in cash and cash equivalents	121	- 132
Exchange gains/ (losses) on cash and cash equivalents	- 1	- 4
Cash and cash equivalents at end of year	**38**	**- 82**