

# GrandVision reports YTD revenue growth of 6.1% at constant exchange rates and comparable growth of 1.7%

**Schiphol, the Netherlands – 27 October 2016.** GrandVision N.V. publishes the Nine Months and Third Quarter 2016 trading update.

## Highlights

- 9M16 revenue grew by 6.1% at constant exchange rates (3Q16: 4.9%) to €2,495 million (3Q16: €825 million) with reported revenue growth of 3.2% (3Q16: 2.2%)
- Comparable growth in 9M16 was 1.7%; 0.4% in 3Q16 was driven by weakness in the Other Europe segment, particularly in Finland and Italy
- Adjusted EBITDA (i.e. EBITDA before non-recurring items) grew by 4.3% at constant exchange rates (3Q16: 0.2%) to €411 million in 9M16 with reported adj. EBITDA growth of 2.8% (3Q16: -1.9%)
- The adjusted EBITDA margin remained constant at 16.5% (3Q16: 16.8%)
- GrandVision remains confident in achieving its medium term objectives of delivering annual revenue growth of at least 5% and high single digit adjusted EBITDA growth at constant exchange rates
- Total number of stores grew to 6,454 (6,110 at year-end 2015) as a result of store openings and acquisitions, especially in the Americas & Asia segment

## Key figures

in millions of EUR (unless stated otherwise)	9M16	9M15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	2,495	2,419	3.2%	6.1%	2.9%	3.2%
Comparable growth (%)	1.7%	4.7%				
Adjusted EBITDA	411	400	2.8%	4.3%	3.6%	0.7%
Adjusted EBITDA margin (%)	16.5%	16.5%	-6bps			
Number of stores (#)	6,454	5,922				
System wide sales	2,747	2,672	2.8%			

in millions of EUR (unless stated otherwise)	3Q16	3Q15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	825	808	2.2%	4.9%	1.6%	3.4%
Comparable growth (%)	0.4%	3.7%				
Adjusted EBITDA	139	142	-1.9%	0.2%	-0.2%	0.4%
Adjusted EBITDA margin (%)	16.8%	17.5%	-69bps			
System wide sales	908	889	2.1%			

### GrandVision N.V.

WTC Schiphol, G-5, Schiphol Boulevard 117, 1118 BG Schiphol  
 PO Box 75806, 1118 ZZ Schiphol, The Netherlands  
 W [www.grandvision.com](http://www.grandvision.com) T +31 88 887 0100

Chamber of Commerce 50.33.82.69  
 VAT number NL 8226.78.391 B01

## Group financial review

### Revenue

Revenue grew by 3.2% to €2,495 million in 9M16 (€2,419 million in 9M15) or 6.1% at constant exchange rates. Organic revenue growth of 2.9% was driven by comparable growth of 1.7% (4.7% in 9M15). Acquisitions had an impact on revenue of 3.2%, and currency translation effects were -3.0% primarily caused by the devaluation of the British Pound and certain emerging market currencies.

In 3Q16, revenue increased by 2.2% to €825 million, or 4.9% at constant exchange rates. Organic growth during 3Q16 was 1.6%. The comparable growth rate slowed down to 0.4% due to the weakness in the Other Europe segment, particularly in Finland and Italy as well as lower growth levels in the G4 and Americas & Asia segments.

### Adjusted EBITDA

Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by 2.8% to €411 million in 9M16 (€400 million in 9M15) or 4.3% at constant exchange rates with organic adjusted EBITDA growth of 3.6% and a 0.7% contribution from acquisitions. The adjusted EBITDA margin remained constant at 16.5%.

Non-recurring items of -€6 million in 9M16 were mainly related to acquisition costs for recently acquired businesses and integration costs following the merger of the Italian business as well as one-off adjustments of inventory and insurance income.

In 3Q16, adjusted EBITDA decreased by 1.9% but increased by 0.2% at constant exchange rates to €139 million. The adjusted EBITDA margin decreased by 69 bps to 16.8% (17.5% in 3Q15). The decrease in EBITDA is mainly related to the lower level of comparable growth during the quarter.

A reconciliation from adjusted EBITDA to operating result for 9M16 is presented in the table below:

in millions of EUR	9M16	9M15
<b>Adjusted EBITDA</b>	<b>411</b>	<b>400</b>
Non-recurring items	- 6	- 5
<b>EBITDA</b>	<b>406</b>	<b>396</b>
Depreciation and amortization of software	- 94	- 89
<b>EBITA</b>	<b>312</b>	<b>307</b>
Amortization and impairments	- 23	- 21
<b>Operating result</b>	<b>289</b>	<b>285</b>

### Financial Position

Capital expenditure not related to acquisitions was €41 million in 3Q16 and €104 million in 9M16, compared to €34 million in 3Q15 and €98 million in 9M15. The increase is in line with the growth of the business. The majority of the capex was invested in store openings, maintenance and refurbishments.

Net debt decreased to €841 million from €911 million at the end of June 2016. The 12-month rolling net debt/EBITDA ratio decreased to 1.6x from 1.7x at the end of June 2016.

## Segment review

### G4

in millions of EUR (unless stated otherwise)	9M16	9M15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,492	1,488	0.3%	2.4%	1.9%	0.5%
Comparable growth (%)	1.5%	4.6%				
Adjusted EBITDA	321	310	3.5%	5.1%	4.6%	0.5%
Adjusted EBITDA margin (%)	21.5%	20.8%	67bps			

in millions of EUR (unless stated otherwise)	3Q16	3Q15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	479	490	-2.2%	1.3%	1.0%	0.4%
Comparable growth (%)	0.8%	2.1%				
Adjusted EBITDA	101	102	-0.5%	2.2%	2.0%	0.2%
Adjusted EBITDA margin (%)	21.1%	20.7%	36bps			

Revenue in the G4 segment grew by 2.4% at constant exchange rates to €1,492 million. Organic revenue growth was 1.9%, and within that comparable growth was 1.5%. Including the devaluation of the British Pound, reported revenue grew by 0.3%.

In 3Q16, revenue in the G4 grew by 1.3% at constant exchange rates. Organic and comparable growth reached 1.0% and 0.8%, respectively. The devaluation of the British Pound led to a decrease in reported revenue of 2.2%. During the quarter, we saw solid low single digit comparable growth in the Benelux and UK, while comparable growth in France slowed down mainly due to high prior year comparables.

Adjusted EBITDA in the G4 segment increased by 3.5% to €321 million in 9M16 and the adjusted EBITDA margin increased by 67bps to 21.5% in 9M16 (20.8% in 9M15).

In 3Q16, adjusted EBITDA in the G4 segment increased by 2.2% at constant exchange rates and organic adjusted EBITDA grew by 2.0%. Including the negative currency effect adjusted EBITDA decreased by 0.5%. The adjusted EBITDA margin increased by 36 bps to 21.1% driven by a higher proportion of Exclusive Brand frames in the sales mix.

### Other Europe

in millions of EUR (unless stated otherwise)	9M16	9M15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	677	672	0.8%	1.7%	0.8%	0.9%
Comparable growth (%)	-0.1%	4.4%				
Adjusted EBITDA	104	103	0.6%	1.6%	0.5%	1.1%
Adjusted EBITDA margin (%)	15.3%	15.3%	-3bps			

in millions of EUR (unless stated otherwise)	3Q16	3Q15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	235	235	-0.3%	0.0%	-0.9%	0.9%
Comparable growth (%)	-1.9%	6.4%				
Adjusted EBITDA	42	43	-1.4%	-1.2%	-2.3%	1.1%
Adjusted EBITDA margin (%)	18.0%	18.2%	-22bps			

Revenue in the Other Europe segment increased by 0.8% to €677 million in 9M16, or 1.7% at constant exchange rates. Organic revenue growth was 0.8%, while acquisitions contributed 0.9% to revenue growth. Comparable growth in the first nine months was -0.1%.

In 3Q16, reported revenue declined by 0.3% and was unchanged at constant exchange rates. Organic growth in 3Q16 was -0.9%. Comparable growth was -1.9% due to the combination of difficult comparables with the previous year (+6.4% in 3Q15) with particular weakness in Italy and Finland.

In Italy, the performance was impacted by the ongoing integration process including the re-branding of the two businesses, which has led to short-term distractions, as well as difficult comparables due to a successful commercial campaign in the previous year. In Finland, the business was also impacted by high prior year comparables as well as a difficult market environment.

Adjusted EBITDA in the Other Europe segment increased by 0.6% to €104 million in 9M16 and adjusted EBITDA margin was broadly stable at 15.3%.

In 3Q16, adjusted EBITDA decreased by 1.4%, or 2.3% organically. The adjusted EBITDA margin decreased by 22 bps to 18.0%.

**Americas & Asia**

in millions of EUR (unless stated otherwise)	9M16	9M15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	326	259	25.6%	38.9%	14.0%	24.9%
Comparable growth (%)	7.8%	6.9%				
Adjusted EBITDA	12	11	13.7%	20.5%	21.8%	-1.3%
Adjusted EBITDA margin (%)	3.8%	4.2%	-40bps			

in millions of EUR (unless stated otherwise)	3Q16	3Q15	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	111	82	35.3%	40.6%	12.5%	28.1%
Comparable growth (%)	4.9%	6.5%				
Adjusted EBITDA	3	4	-20.4%	-22.6%	-19.1%	-3.6%
Adjusted EBITDA margin (%)	3.1%	5.3%	-220bps			

Revenue increased by 25.6% to €326 million in 9M16, or 38.9% at constant exchange rates. Organic and comparable growth reached 14.0% and 7.8%, respectively. Acquisitions added 24.9% to revenue growth.

In 3Q16, revenue grew by 35.3%, or 40.6% at constant exchange rates. Comparable growth was 4.9% as growth in Turkey returned to high single digits following several quarters with exceptional growth above 20%. Mexico and Chile also delivered high single digit growth, while Brazil and Russia grew by low single digits.

The store network increased from 1,370 at year-end 2015 to 1,641 in September 2016. The increase is mainly due to an acquisitions in Mexico as well as store openings across the region, particularly in Mexico and Turkey. In Mexico, GrandVision strengthened its market position through the acquisition of 181 small store-in-store points of sale within the Walmart network. The Americas & Asia segment now represents 25% of GrandVision's store base. This is in line with our strategy to further growing our presence in the faster growing emerging markets.

Adjusted EBITDA increased to €12 million in 9M16 (€11 million in 9M15) and the adjusted EBITDA margin decreased to 3.8% in 9M16 (4.2% in 9M15).

In 3Q16, adjusted EBITDA in the Americas & Asia segment decreased from €4 to €3 million mainly due to the dilutive effects from the acquisitions in the United States, Mexico and Uruguay. The adjusted EBITDA margin decreased by 220 bps to 3.1%.

## Financial Calendar 2017

Date	Event
20 February 2017	Full Year 2016 Results
2 May 2017	Annual General Meeting (AGM) and First Quarter 2017 Trading Update
1 August 2017	Half Year and Second Quarter 2017 results
31 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 its leading optical retail banners which operate in 44 countries across Europe, the Americas, the Middle East and Asia. GrandVision serves its customers in over 6,400 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](http://www.grandvision.com).

### Disclaimer

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The financial figures in this press release 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.

### Media and Investor Contacts

GrandVision N.V.  
Thelke Gerdes  
Investor Relations Director  
T +31 88 887 0227  
E [thelke.gerdes@grandvision.com](mailto:thelke.gerdes@grandvision.com)