

GrandVision reports 1Q17 revenue growth of 6.2% and EBITDA growth of 12.6% at constant exchange rates

Schiphol, the Netherlands – 2 May 2017. GrandVision N.V. publishes the First Quarter 2017 trading update.

Highlights

- First Quarter revenue grew by 5.2% or **6.2%** at constant exchange rates to **€845 million**
- Comparable growth was **4.1%** (0.9% in 1Q16), benefiting from commercial effectiveness, strong sunglass sales, the timing of the Easter holidays and lower prior year comparables
- G4 revenue grew by **3.1%** at constant exchange rates with comparable growth of **1.5%** (0.3% in 1Q16)
- Other Europe revenue grew by **9.4%** at constant exchange rates with comparable growth of **8.0%** (-0.5% in 1Q16)
- Americas and Asia revenue grew by **15.2%** at constant exchange rates with comparable growth of **7.6%** (8.5% in 1Q16)
- Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by **12.6%** at constant exchange rates to **€136 million**
- The adjusted EBITDA margin increased by **79 bps** to **16.1%**
- Total number of stores was **6,551** (6,516 at year-end 2016)
- GrandVision expects a softer 2Q17 due to the timing of the Easter holidays and higher prior year comparables especially in the Other Europe segment
- GrandVision will host an analyst call on 2 May at 9am CET. Dial-in details are available at investors.grandvision.com and at the bottom of this press release
- GrandVision announced the launch of its CEO succession plan in a separate press release, issued on 2 May 2017

First Quarter 2017 key figures

in millions of EUR (unless stated otherwise)	1Q17	1Q16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	845	803	5.2%	6.2%	5.5%	0.8%
Comparable growth (%)	4.1%	0.9%				
Adjusted EBITDA	136	123	10.7%	12.6%	12.4%	0.2%
Adjusted EBITDA margin (%)	16.1%	15.3%	79bps			
System wide sales	931	886	5.1%			
Number of stores (#)	6,551	6,121				

GrandVision N.V.

The Base, Tower C, 6th Floor, Evert van de Beekstraat 1-80, 1118 CL Schiphol
 PO Box 75806, 1118 ZZ Schiphol, The Netherlands
W www.grandvision.com **T** +31 88 887 0100

Chamber of Commerce 50.33.82.69
 VAT number NL 8226.78.391 B01

Revenue

Revenue increased by 5.2% to €845 million (€803 million in 1Q16) or 6.2% at constant exchange rates. Comparable growth of 4.1% in 1Q17 was positively impacted by a lower prior year comparable of 0.9%, the effect of a later Easter holiday, robust underlying growth in the Other Europe segment as well as a strong sunglass performance, particularly in the G4, Southern Europe, Eastern Europe and Turkey.

Adjusted EBITDA

Adjusted EBITDA, which is EBITDA excluding exceptional and non-recurring items, increased by 10.7% to €136 million (€123 million in 1Q16) or 12.6% at constant exchange rates. Adjusted EBITDA growth benefited from further leveraging our global capabilities in the supply chain as well as topline growth. The adjusted EBITDA margin increased by 79 bps to 16.1% (15.3% in 1Q16).

No non-recurring items were recorded in 1Q17. A reconciliation from adjusted EBITDA to operating result is presented in the table below:

in millions of EUR	1Q17	1Q16
Adjusted EBITDA	136	123
Non-recurring items	0	-
EBITDA	136	123
Depreciation and amortization of software	- 33	- 31
EBITA	103	92
Amortization and impairments	- 8	- 7
Operating result	96	84

Financial Position

Capital expenditures were €34 million in 1Q17 (€25 million in 1Q16). The increase of €9 million is related to due to investments in IT systems, including the ongoing deployment of the global ERP system and omnichannel solutions as well as the growing size of the business.

Segment review

G4

in millions of EUR (unless stated otherwise)	1Q17	1Q16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	498	494	0.7%	3.1%	2.6%	0.5%
Comparable growth (%)	1.5%	0.3%				
Adjusted EBITDA	112	100	11.6%	13.3%	12.7%	0.6%
Adjusted EBITDA margin (%)	22.5%	20.3%	220bps			

Revenue in the G4 segment increased by 0.7% to €498 million in 1Q17 (€494 million in 1Q16) and by 3.1% at constant exchange rates. The devaluation of the British pound had a negative impact on revenue of 2.3%. Organic revenue growth and comparable growth were 2.6% and 1.5%, respectively.

Within the segment, Germany and Austria showed the strongest comparable growth due to commercial effectiveness, the increasing impact of the omnichannel functionalities and also an easier comparable. Sunglass sales were strong throughout the segment.

Adjusted EBITDA in the G4 segment increased by 11.6% to €112 million (€100 million in 1Q16) or 13.3% at constant exchange rates. The adjusted EBITDA margin increased by 220 bps to 22.5% (20.3% in 1Q16), driven by supply chain benefits, the continued roll-out of our Exclusive Brands and promotional effectiveness.

Other Europe

in millions of EUR (unless stated otherwise)	1Q17	1Q16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	228	208	9.9%	9.4%	9.0%	0.4%
Comparable growth (%)	8.0%	-0.5%				
Adjusted EBITDA	32	26	20.5%	20.0%	19.3%	0.7%
Adjusted EBITDA margin (%)	13.9%	12.6%	122bps			

Revenue increased by 9.9% to €228 million (€208 million in 1Q16) or 9.4% at constant exchange rates. Organic growth was 9.0% and comparable growth reached 8.0%. The segment saw a strong performance across all regions in Northern, Eastern and Southern Europe, strong sunglass sales in Italy and Portugal, as well as the benefit of additional selling days related to the timing of the Easter holiday.

1Q17 adjusted EBITDA increased by 20.5% to €32 million (€26 million in 1Q16) and 20.0% at constant exchange rates. The EBITDA margin increased by 122 bps to 13.9% (12.6% in 1Q16), benefiting from operating leverage and cost savings achieved through our global capabilities.

Americas & Asia

in millions of EUR (unless stated otherwise)	1Q17	1Q16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	119	101	17.4%	15.2%	12.1%	3.1%
Comparable growth (%)	7.6%	8.5%				
Adjusted EBITDA	2	3	-42.8%	-17.7%	-2.2%	-15.6%
Adjusted EBITDA margin (%)	1.5%	3.2%	-162bps			

Revenue in the Americas and Asia segment increased by 17.4% to €119 million (€101 million in 1Q16) or 15.2% at constant exchange rates. The acquisitions in Mexico and Uruguay, added 3.1% to revenue growth. Comparable growth of 7.6% was driven by a strong performance in Mexico and Turkey. Organic growth of 12.1% also benefited from the ongoing store network expansion in the region, particularly in Colombia, Mexico and Turkey.

Adjusted EBITDA in the Americas & Asia segment decreased by 42.8% to €2 million (€3 million in 1Q16), and by 17.7% at constant exchange rates. The decrease is mainly due to integration costs related to the businesses in the United States and Mexico. The adjusted EBITDA margin decreased by 162 bps to 1.5%.

Conference call and webcast details

GrandVision will hold a conference call and webcast for analysts and investors on 2 May 2017 at 9:00am CET (8:00 am GMT).

Webcast link: <http://edge.media-server.com/m/p/e3cbkfhj>

Conference call details: <http://investors.grandvision.com/phoenix.zhtml?c=253951&p=irol-EventDetails&EventId=5254509>

Financial Calendar 2017

Date	Event
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.

Media and Investor Contact

GrandVision N.V.

Thelke Gerdes

Investor Relations Director

Phone: +31 88 887 0227

E-mail: thelke.gerdes@grandvision.com

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