GrandVision reports Third Quarter revenue growth of 5.3% at constant exchange rates and comparable growth of 3.1%

Schiphol, the Netherlands – 31 October 2017. GrandVision N.V. publishes the Nine Months and Third Quarter 2017 trading update.

Highlights

- 9M17 revenue grew by **4.7%** (3Q17: 5.3%) at constant exchange rates with comparable growth of **2.6%** (3Q17: 3.1%), driven by all categories: spectacles, contact lenses and sunglasses
- Adj. EBITDA (i.e. EBITDA before non-recurring items) increased by **4.3%** (3Q17: 6.2%) at constant exchange rates to **€422 million** in 9M17, including a loss of €11 million in the US
- The adj. EBITDA margin increased by **23 bps** to **17.1%** in 3Q17
- The total number of stores expanded to **6,709** (6,516 at year-end 2016)
- The US business delivered comparable growth during 9M17 and 3Q17. However, due to the delayed improvement of profitability, a non-cash goodwill impairment charge of €38 million was recorded in 3Q17
- The 4Q17 relative performance will be impacted by fewer selling days compared to the previous year related to the timing of the 2017 Christmas holidays
- GrandVision has published the convocation note and details for the extraordinary shareholders meeting on Thursday, 14 December 2017 related to the appointment of Stephan Borchert as member of the company's Management Board

Dial-in details for the analyst call at 9:00 am CET are available at the end of this press release.

Key figures

in millions of EUR (unless stated otherwise)	9M17	9M16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	2,579	2,495	3.3%	4.7%	4.1%	0.6%
Comparable growth (%)	2.6%	1.7%				
Adjusted EBITDA	422	411	2.7%	4.3%	4.0%	0.3%
Adjusted EBITDA margin (%)	16.4%	16.5%	-11bps			
Number of stores (#)	6,709	6,454				
System wide sales	2,835	2,747	3.2%			

in millions of EUR (unless stated otherwise)	3Q17	3Q16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	858	825	3.9%	5.3%	4.9%	0.4%
Comparable growth (%)	3.1%	0.4%				
Adjusted EBITDA	146	139	5.4%	6.2%	5.8%	0.3%
Adjusted EBITDA margin (%)	17.1%	16.8%	23bps			
System wide sales	941	908	3.7%			

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Group financial review

Revenue

Revenue increased by 4.7% at constant exchange rates to €2,579 million in 9M17 (€2,495 million in 9M16) or 3.3% at reported rates. Organic revenue growth of 4.1% was driven by comparable growth of 2.6% (1.7% in 9M16), as well as store openings and smaller acquisitions across all segments.

In 3Q17, revenue grew by 5.3% at constant exchange rates or 3.9% at reported rates. Comparable growth of 3.1% resulted from continued growth in the Other Europe and Americas & Asia segments, as well as an improvement across the G4 segment.

Adjusted EBITDA

Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by 4.3% at constant exchange rates to €422 million in 9M17 (€411 million in 9M16) or 2.7% at reported rates.

The adjusted EBITDA margin decreased by 11 bps to 16.4%, as margin improvements in the G4 and Other Europe segments were offset by the impact of the US business on the Americas & Asia segment. Excluding this effect, the adjusted EBITDA would have been €433 million and the adjusted EBITDA margin would have increased to 16.7%.

Non-recurring items of -€11 million in 9M17 (-€6 million in 9M16) relate mainly to restructuring and integration activities across our business.

In 3Q17, adjusted EBITDA grew by 6.2% at constant exchange rates to €146 million or 5.4% at reported rates. The adjusted EBITDA margin increased by 23 bps to 17.1% (16.8% in 3Q16), mainly reflecting an adjusted EBITDA margin improvement in the Americas and Asia segment despite the negative EBITDA contribution from the United States, also in the quarter.

A reconciliation from adjusted EBITDA to operating result for 9M17 is presented in the table below:

in millions of EUR	9M17	9M16
Adjusted EBITDA	**422**	**411**
Non-recurring items	- 11	- 6
EBITDA	**412**	**406**
Depreciation and amortization of software	- 99	- 94
EBITA	**312**	**312**
Amortization and impairments	- 61	- 23
Operating result	**252**	**289**

Amortization and impairments of -€61 million (-€23 million in 9M16) includes a goodwill impairment charge of €38 million, in line with IFRS accounting guidelines. This reflects the delayed improvement of the profitability in the United States resulting from the longer than expected organizational rebuild and continued investments in the growth platform.

Financial Position

Capital expenditure not related to acquisitions was €130 million in 9M17, compared to €104 million in 9M16. The increase is mainly related to higher levels of store refurbishments in the growing store network, the ongoing implementation of the global ERP system as well as further investments in omnichannel solutions.

Segment review

G4

in millions of EUR (unless stated otherwise)	9M17	9M16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,498	1,492	0.4%	2.2%	1.8%	0.4%
Comparable growth (%)	0.5%	1.5%				
Adjusted EBITDA	326	321	1.8%	3.1%	2.6%	0.5%
Adjusted EBITDA margin (%)	21.8%	21.5%	30bps			

in millions of EUR (unless stated otherwise)	3Q17	3Q16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	494	479	3.0%	4.1%	3.7%	0.4%
Comparable growth (%)	1.8%	0.8%				
Adjusted EBITDA	104	101	3.1%	3.9%	3.5%	0.4%
Adjusted EBITDA margin (%)	21.1%	21.1%	2bps			

Revenue in the G4 segment increased by 2.2% at constant exchange rates to €1,498 million in 9M17, excluding the depreciation of the British Pound. Organic revenue growth and comparable growth were 1.8% and 0.5%, respectively.

In 3Q17, revenue in the G4 increased by 4.1% at constant exchange rates and 3.0% at reported rates including the depreciation of the British pound. Comparable growth was 1.8% with a consistent performance across all markets.

In France, revenue grew during the first nine months in a market which declined by 2.1% (January-August 2017, source: GfK) following recent changes to insurance reimbursements, which are negatively impacting customer repurchase cycles. During the third quarter, the French business delivered comparable growth and accelerated market share gains.

Adjusted EBITDA growth in the G4 segment was 3.1% at constant exchange rates in 9M17. The adjusted EBITDA margin increased by 30 bps to 21.8% (9M16: 21.5%).

In 3Q17, adjusted EBITDA increased by 3.9% at constant exchange rates. The adjusted EBITDA margin remained at 21.1%.

In the UK, the acquisition of 209 Tesco optical stores is expected to close before the end of the year.

GrandVision

Other Europe

in millions of EUR (unless stated otherwise)	9M17	9M16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	718	677	6.2%	5.9%	5.6%	0.3%
Comparable growth (%)	4.7%	-0.1%				
Adjusted EBITDA	110	104	6.6%	6.2%	5.9%	0.4%
Adjusted EBITDA margin (%)	15.4%	15.3%	5bps			

in millions of EUR (unless stated otherwise)	3Q17	3Q16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	246	235	5.0%	4.7%	4.5%	0.2%
Comparable growth (%)	3.7%	-1.9%				
Adjusted EBITDA	42	42	0.2%	-0.2%	-0.2%	0.1%
Adjusted EBITDA margin (%)	17.2%	18.0%	-82bps			

Revenue in the Other Europe segment increased by 5.9% at constant exchange rates to €718 million in 9M17. Organic revenue growth and comparable growth in the first nine months were 5.6% and 4.7%, respectively.

In 3Q17, revenue grew by 4.7% at constant exchange rates with organic growth of 4.5%. Comparable growth of 3.7% was contributed by all three regions of Northern, Southern and Eastern Europe with a particularly strong performance in Italy and Poland.

Adjusted EBITDA in the Other Europe segment increased by 6.2% at constant exchange rates to €110 million in 9M17 and the adjusted EBITDA margin increased to 15.4%. In 3Q17, adjusted EBITDA decreased by 0.2% at constant exchange rates. The adjusted EBITDA margin decreased by 82 bps to 17.2% against a high prior year comparable due to changes in product mix and the timing of marketing activities.

GrandVision increased its shareholding to 60% in Visilab S.A. on 2 October 2017, a leading optical retailer in Switzerland, and will consolidate and report this business in the Other Europe segment as of 4Q17.

Americas & Asia

in millions of EUR (unless stated otherwise)	9M17	9M16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	362	326	11.2%	13.9%	11.9%	2.0%
Comparable growth (%)	7.4%	7.8%				
Adjusted EBITDA	11	12	-8.9%	14.9%	19.7%	-4.8%
Adjusted EBITDA margin (%)	3.1%	3.8%	-68bps			

in millions of EUR (unless stated otherwise)	3Q17	3Q16	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	118	111	5.8%	11.9%	11.0%	0.9%
Comparable growth (%)	7.1%	4.9%				
Adjusted EBITDA	6	3	85.9%	99.3%	97.6%	1.7%
Adjusted EBITDA margin (%)	5.5%	3.1%	238bps			

Revenue increased by 13.9% to €362 million at constant exchange in 9M17, or 11.2% at reported rates. Organic growth of 11.9% was mainly driven by comparable growth of 7.4% as well as store openings across the region, particularly in Mexico and Turkey.

In 3Q17, revenue grew by 11.9% at constant exchange rates, while reported revenue growth of 5.8% includes a negative currency impact of €5 million primarily related to the depreciation of the Turkish lira and US dollar. Comparable growth was 7.1% with a particularly strong performance in Chile, Turkey, as well as Mexico, despite disruptions to the business following the earthquakes, which led to temporary closings of stores in affected areas.

The US business delivered both revenue and comparable growth in 9M17 and also in 3Q17 despite the severe impact of the hurricanes in the Southeast of the country and Puerto Rico. However, the longer than expected organizational rebuild including the recently completed management restructuring have significantly impacted profitability during the year and the quarter and have led to a loss of €11 million in 9M17. Consequently, GrandVision recorded a goodwill impairment charge of €38 million.

Adjusted EBITDA decreased to €11 million in 9M17 (€12 million in 9M16) and the adjusted EBITDA margin decreased to 3.1% in 9M17 (3.8% in 9M16). Excluding the loss in the USA, adjusted EBITDA would have nearly doubled to €22 million due to a strong underlying development in the segment.

In 3Q17, adjusted EBITDA in the Americas & Asia segment increased from €3 to €6 million despite the negative contribution from the USA. The adjusted EBITDA margin increased by 238 bps to 5.5%.

Convocation to extraordinary shareholders meeting on 14 December 2017

GrandVision has called an extraordinary shareholders meeting (EGM) for the appointment of Stephan Borchert as member of the company's Management Board. The Supervisory Board intends to appoint Stephan Borchert as CEO of GrandVision, succeeding Theo Kiesselbach, latest end of April 2018.

The EGM will be held on 14 December 2017 at 09:30 CET at the Steigenberger Airport Hotel, Schiphol-Haarlemmermeer.

The convocation, agenda for the EGM, the accompanying explanatory notes and other information have been published on the GrandVision website: www.grandvision.com.

If requested, more information about the EGM is available to shareholders during office hours from:

- GrandVision Investor Relations at +31.88.887.0227 or Investor.Relations@GrandVision.com

Conference call and webcast details

GrandVision will hold a conference call and webcast for analysts and investors on 31 October 2017 at 9:00 am CET (8:00 am GMT):

- Webcast registration: https://edge.media-server.com/m6/p/k6cb2ph4
- Conference call details: http://investors.grandvision.com/phoenix.zhtml?c=253951&p=irol-EventDetails&EventId=5264850

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 more than 40 countries across Europe, the Americas, the Middle East and Asia. GrandVision serves its customers in over 6,700 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

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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.

This press release contains inside information relating to GrandVision within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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