

# GrandVision reports Revenue growth of 13.8% and EPS growth of 31.7%

**Schiphol, the Netherlands – 16 March 2015.** GrandVision NV (EURONEXT: GVVV) publishes Full Year and Fourth Quarter 2015 results.

## 2015 Highlights

- Revenue grew by 13.8%, or 13.2% at constant exchange rates to €3,205 million (FY14: €2,817 million) with comparable growth of 4.1%
- Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by 13.8% to €512 million (FY14: €449 million)
- The adjusted EBITDA margin remained constant at 16.0%. Excluding acquisitions the EBITDA margin would have increased by 64 bps to 16.6%
- Net result attributable to equity holders rose by 32.0% to €213 million (FY14: €161 million)
- EPS grew by 31.7% to €0.84 (FY14: €0.64)
- The total number of stores expanded by 296 to 6,110 (FY14: 5,814)
- The average number of full-time equivalent employees was 27,510 in FY15 (FY14: 25,776)
- GrandVision's Supervisory Board proposes a final dividend of 0.14 EUR per share in addition to the interim dividend of 0.14 EUR per share paid in September 2015 and subject to shareholder approval at the AGM on 29 April 2016. The shares will trade ex-coupon as of 3 May 2016
- GrandVision will host an analyst call on 16 March at 9am CET. Dial in details are available at [www.grandvision.com](http://www.grandvision.com) and at the bottom of this press release.

## FY15 and 4Q15 Key Figures

in millions of EUR (unless stated otherwise)	FY15	FY14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	3,205	2,817	13.8%	13.2%	5.3%	7.9%
Comparable growth (%)	4.1%	4.3%				
Adjusted EBITDA	512	449	13.8%	12.8%	9.2%	3.6%
Adjusted EBITDA margin (%)	16.0%	16.0%	0bps			
Net result	231	175	32.3%			
Net result attributable to equity holders	213	161	32.0%			
Earnings per share (in €)	0.84	0.64	31.7%			
Number of stores (#)	6,110	5,814				
System wide sales	3,541	3,145	12.6%			

in millions of EUR (unless stated otherwise)	4Q15	4Q14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	786	722	8.8%	8.8%	3.4%	5.4%
Comparable growth (%)	2.2%	6.1%				
Adjusted EBITDA	111	106	4.6%	4.5%	4.7%	-0.3%
Adjusted EBITDA margin (%)	14.2%	14.7%	-57bps			

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## Dividend

For the financial year 2015, GrandVision intends to pay a final dividend of €0.14 per share, subject to shareholder approval at the AGM on 29 April 2016. If approved, the shares will trade ex-coupon as of 3 May 2016 and dividends will be payable as from 11 May 2016. The record date will be 4 May 2016. When combined with the interim dividend of €0.14 EUR per share paid in September 2015, the total dividend for the fiscal year 2015 would be €0.28, representing a payout of 33.2% of net income attributable to equity holders.

As of 2016, GrandVision intends to pay an ordinary dividend once per year.

## 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 annual adjusted EBITDA growth in the high single digits, 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	FY15	FY14
Revenue	3,205	2,817
Cost of sales and direct related expenses	- 876	- 744
Gross profit	2,328	2,073
Selling and marketing costs	- 1,617	- 1,446
General and administrative costs	- 363	- 342
Share of result of associates	5	3
Operating result	353	289
Financial income	5	4
Financial costs	- 24	- 39
Net financial result	- 19	- 34
Result before tax	334	254
Income tax	- 103	- 80
Result for the year	<b>231</b>	<b>175</b>
Attributable to:		
Equity holders	213	161
Non-controlling interests	18	13
	231	175

**Revenue**

Revenue increased by 13.8% to €3,205 million in FY15 (FY14: €2,817 million). At constant exchange rates, revenue grew by 13.2% as foreign exchange fluctuations had a positive effect of 0.6%.

Revenue growth was driven by organic growth of 5.3%, while acquisitions had a positive impact of 7.9% on revenue. The main driver of organic growth was comparable growth, which was achieved in all three regional segments and in all product categories: prescription eyeglasses, contact lenses and sunglasses.

System wide sales, which reflects the retail sales of GrandVision's own stores plus that of its franchisees, increased 12.6% to €3,541 million. Again, comparable growth, store openings and also acquisitions contributed to this development.

4Q15 revenue increased by 8.8% to €786 million (4Q14: €722 million). Comparable growth reached 2.2% following 6.1% in 4Q14.

**Adjusted EBITDA**

Adjusted EBITDA increased 12.8% at constant exchange rates to €512 million in FY15 (FY14: €449 million) with 9.2% from organic growth and 3.6% contributed by acquisitions. The adjusted EBITDA margin remained constant at 16.0%. Excluding acquisitions, the EBITDA margin would have increased by 64 bps to 16.6%.

Adjusted EBITDA growth resulted from the combination of comparable growth and further improvements in operational execution and the implementation of our global capabilities.

Non-recurring items of €5.5 million in FY15 were mainly related to legal and regulatory provisions, costs related to the IPO in 2015, including its effect on the valuation of the long-term incentive plans and some other items, partially offset by the benefit related to the changed pension arrangements in the Netherlands.

A reconciliation from adjusted EBITDA to Operating result for FY15 is presented in the table below.

in millions of EUR	FY15	FY14
<b>Adjusted EBITDA</b>	<b>512</b>	<b>449</b>
Non-recurring items	- 5	- 24
<b>EBITDA</b>	<b>506</b>	<b>426</b>
Depreciation and amortization of software	- 121	- 108
<b>EBITA</b>	<b>385</b>	<b>317</b>
Amortization and impairments	- 32	- 29
<b>Operating result</b>	<b>353</b>	<b>289</b>

In 4Q15, adjusted EBITDA grew by 4.6% to €111 million (4Q14: €106 million), or 4.5% at constant exchange rates. Organic growth in 4Q15 was 4.7%. Adjusted EBITDA growth was impacted by one-off costs related to the acquisition of For Eyes in the United States. As a consequence, the adjusted EBITDA margin decreased by 57 bps to 14.2% from 14.7% in 4Q14. Excluding acquisitions, the EBITDA margin would have increased by 20 bps.

**Financial result**

The financial result improved by 44.3% from -€34 million in FY14 to -€19 million in FY15. This improvement was largely due to the complete refinancing of the shareholder loan which took place in September 2014 and lower negative currency impact compared to FY14.

**Income tax**

Income tax increased from €80 million in FY14 to €103 million in FY15, as a result of the increase in operating profit. The effective tax rate decreased from 31.3% in FY14 to 30.8% in FY15, mainly due to changes in country profit mix.

**Net Result for the period**

The net result for the period increased by 32.3% to €231 million, compared with €175 million in FY14. Net result attributable to equity holders increased by 32.0% to €213 million in FY15 from €161 million in FY14. This increase is mainly due to higher underlying operating profit, lower net finance costs and non-recurring items.

**Earnings per share**

Earnings per share (basic and diluted) increased by 31.7% from €0.64 in FY14 to €0.84 in FY15. The average number of shares attributable to equity holders was 252,427,917 in FY15 (FY14: 250,748,330).

**Segment review****G4**

in millions of EUR (unless stated otherwise)	FY15	FY14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,976	1,820	8.6%	6.1%	4.9%	1.3%
Comparable growth (%)	4.1%	3.7%				
Adjusted EBITDA	401	364	10.1%	8.4%	7.2%	1.2%
Adjusted EBITDA margin (%)	20.3%	20.0%	28bps			
Number of stores	3,033	2,979				

in millions of EUR (unless stated otherwise)	4Q15	4Q14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	485	455	6.6%	4.6%	3.4%	1.2%
Comparable growth (%)	3.0%	5.9%				
Adjusted EBITDA	93	87	6.3%	5.3%	4.1%	1.3%
Adjusted EBITDA margin (%)	19.2%	19.2%	-5bps			

In the G4 segment, revenue increased by 8.6% to €1,976 million in FY15 including a positive effect of 2.4% from a stronger British pound against the euro. At constant exchange rates revenue growth was 6.1%, with organic growth of 4.9%, and a positive acquisition impact of 1.3%. Comparable growth for the segment of 4.1% was the combination of high single digit growth in Austria, Germany and Spain, and low to mid- single digit growth in the other G4 countries. The total number of stores in the G4 segment increased to 3,033 (FY14: 2,979).

Adjusted EBITDA in the G4 segment increased by 10.1% to €401 million in FY15 (FY14: €364 million). The adjusted EBITDA margin increased by 28 bps to 20.3% in FY15 (FY14: 20.0%). The margin benefited from an improved operating leverage through comparable growth and further roll-out of our global capabilities.

In 4Q15, revenue in the G4 grew by 6.6%, or 4.6% at constant exchange rates. Comparable and organic growth reached 3.0% and 3.4%, respectively, with a consistent performance across all markets. Adjusted EBITDA in the G4 segment grew by 6.3% or 5.3% at constant exchange rates with organic adjusted EBITDA growth of 4.1%. The adjusted EBITDA margin remained stable at 19.2%.

## Other Europe

in millions of EUR (unless stated otherwise)	FY15	FY14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	875	732	19.5%	20.8%	4.3%	16.5%
Comparable growth (%)	3.2%	4.1%				
Adjusted EBITDA	135	114	18.1%	19.4%	7.9%	11.5%
Adjusted EBITDA margin (%)	15.4%	15.6%	-19bps			
Number of stores	1,707	1,660				

in millions of EUR (unless stated otherwise)	4Q15	4Q14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	207	181	14.1%	15.1%	-0.2%	15.3%
Comparable growth (%)	-0.7%	5.2%				
Adjusted EBITDA	30	28	7.9%	9.0%	-0.7%	9.6%
Adjusted EBITDA margin (%)	14.5%	15.3%	-83bps			

In Other Europe, revenue increased by 19.5% to €875 million in FY15 (FY14: €732 million) or 20.8% at constant exchange rates. Organic revenue growth and comparable growth were 4.3% and 3.2%, respectively. Within the segment, most markets showed a solid performance during the year. The total number of stores in the Other Europe segment increased to 1,707 (FY14: 1,660) mainly due to new store openings.

Adjusted EBITDA in the Other Europe segment increased by 18.1% to €135 million (FY14: €114 million) or 19.4% at constant exchange rates. The adjusted EBITDA margin decreased by 19 bps to 15.4% as the organic EBITDA margin expansion was diluted through the impact from acquisitions. Excluding acquisitions, the EBITDA margin would have increased by 54 bps to 16.1%.

In 4Q15, revenue grew by 14.1%, or 15.1% at constant exchange rates. During the quarter, comparable growth was -0.7% mainly due to a slowdown in Italy and Northern Europe, following 5.2% comparable growth in the previous year. Adjusted EBITDA grew by 7.9% and the adjusted EBITDA margin decreased by 83 bps to 14.5% mainly as a result of the comparable growth slowdown during the quarter.

### Americas & Asia

in millions of EUR (unless stated otherwise)	FY15	FY14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	354	265	33.6%	40.6%	11.1%	29.6%
Comparable growth (%)	6.6%	9.4%				
Adjusted EBITDA	8	5	58.8%	85.9%	106.2%	-20.4%
Adjusted EBITDA margin (%)	2.3%	1.9%	36bps			
Number of stores	1,370	1,175				

in millions of EUR (unless stated otherwise)	4Q15	4Q14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	94	86	9.7%	17.8%	10.8%	7.1%
Comparable growth (%)	5.6%	10.4%				
Adjusted EBITDA	-3	1	-405.2%	-306.4%	148.8%	-455.2%
Adjusted EBITDA margin (%)	-2.9%	1.0%	-390bps			

The Americas & Asia segment (previously Latin America & Asia) includes the newly acquired U.S. business For Eyes since 1 December 2015.

In the Americas & Asia segment, revenue grew by 33.6% to €354 million in FY15 (FY14: €265 million) including a -7.0% negative impact from weaker Latin American currencies and the Russian ruble against the Euro. At constant exchange rates, revenue grew by 40.6%. Organic and comparable growth were 11.1% and 6.6%, respectively. In Latin America, most countries continued to achieve high single digit comparable growth during the year, while Russia declined by low single digits due to the weak economic environment. The total number of stores in the segment increased to 1,370 (FY14: 1,175).

Adjusted EBITDA increased by 58.8% to €8 million in FY15 (FY14: €5 million), or 85.9% at constant exchange rates. Organic EBITDA growth was 106.2%, while acquisitions had a negative impact of 20.4%. Adjusted EBITDA growth in the segment was achieved through better operating leverage enabled by the growing store footprint, roll-out of our global capabilities as well as store network optimization in Brazil.

In 4Q15, revenue grew by 9.7%, or 17.8% at constant exchange rates. Total revenue growth slowed down compared to previous quarters as the 2014 acquisitions in China, Colombia, Peru and Turkey became part of the organic performance. Comparable growth was 5.6% as high single digit growth in Latin America was partially reduced by a mid-single digit decline in Russia.

Adjusted EBITDA in the Americas & Asia segment was -€3 million mainly resulting from one-off costs related to the acquisition of the U.S. business. The initial integration steps included supply chain integration measures leading to write down of existing inventory. On an organic basis, adjusted EBITDA grew by nearly 150%, which is in-line with the adjusted EBITDA growth rates achieved in the first nine months of 2015.

## Liquidity and debt

	in millions of EUR (unless stated otherwise)	FY15	FY14	change versus prior year
Free cash flow		220	222	- 2
Capital expenditure		162	158	4
- Store capital expenditure		122	117	5
- Non-store capital expenditure		40	41	- 1
Acquisitions		138	233	- 95
Net debt		941	922	19
Net debt leverage (times)		1.8	2.1	-

GrandVision's operations continued to generate solid cash flows. Free cash flow was €220 million in FY15, compared to €222 million in FY14. In the previous year, free cash flow benefited from a one-off change in provisions for long-term incentive plans in connection with the IPO, as well improvements in working capital positions, which did not re-occur in 2015.

Capital expenditure of €162 million in FY15 (FY14: €158 million) was mainly invested in the ongoing optimization and expansion of the store network. Store capital expenditure increased to €122 million in FY15 (FY14: €117 million). Non-store capital expenditure decreased to €40 million in FY15 (FY14: €41 million). Strong investments continued into IT systems, including the global ERP system and IT-based omni-channel solutions. In June and July, the new SAP based global ERP system went live in the United Kingdom and Ireland as well as Belgium and the Netherlands. Further global rollout will continue over the next years.

The cash outflow related to acquisitions in FY15 of €138 million was fully financed from the free cash flow generated during the year. While net debt increased slightly from €922 million to €941 million, net debt leverage improved to 1.8 times adjusted EBITDA at year-end 2015, compared to 2.1 times at year end 2014. The increase in net debt was caused by the acquisition of treasury shares for €50 million at the initial public offering in February 2015 as well as the interim dividend payment of €35 million in September 2015.

## Conference call and webcast details

GrandVision will hold a conference call and webcast for analysts and investors on 16 March 2016 at 9:00 am CET (8:00 am GMT)

Webcast registration link: <http://edge.media-server.com/m/p/m8igt5g>

Conference call details are available on request

The presentation will be available at [www.grandvision.com](http://www.grandvision.com) prior to the conference call/webcast

## Financial Calendar 2016

16 March 2016	Full Year 2015 results press release
18 March 2016	Publication Annual Report 2016
29 April 2016	First Quarter 2016 trading update
29 April 2016	General Shareholders Meeting
3 May 2016	Ex-dividend date (2015 final dividend)
4 May 2016	Record date (2015 final dividend)
11 May 2016	Payment date (2015 final dividend)
5 August 2016	Half Year 2016 results press release
27 October 2016	Third Quarter 2016 trading update

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### 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 6,100 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

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 thousands of EUR	31 December 2015	31 December 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	431	408
Goodwill	1,025	886
Other intangible assets	454	448
Deferred income tax assets	67	81
Investments in Associates	40	35
Other non-current assets	45	51
	2,063	1,908
<b>Current assets</b>		
Inventories	264	240
Trade and other receivables	267	257
Current income tax receivables	6	8
Derivative financial instruments	1	1
Cash and cash equivalents	99	134
	637	640
<b>Total assets</b>	<b>2,700</b>	<b>2,548</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
Share capital	52	62
Other reserves	- 60	- 55
Retained earnings	786	616
	779	623
<b>Non-controlling interests</b>	<b>53</b>	<b>45</b>
<b>Total equity</b>	<b>832</b>	<b>668</b>
<b>Non-current liabilities</b>		
Borrowings	776	960
Deferred income tax liabilities	143	141
Post-employment benefits	65	86
Provisions	11	28
Derivative financial instruments	1	3
Other non-current liabilities	16	16
	1,011	1,234
<b>Current liabilities</b>		
Trade and other payables	534	503
Current income tax liabilities	33	20
Borrowings	262	93
Derivative financial instruments	2	2
Provisions	26	29
	857	646
<b>Total liabilities</b>	<b>1,868</b>	<b>1,880</b>
<b>Total equity and liabilities</b>	<b>2,700</b>	<b>2,548</b>

## Annex 2: Consolidated Cash Flow Statement

in thousands of EUR	2015	2014
<b>Cash flows from operating activities</b>		
Cash generated from operations	462	477
Tax paid	- 80	- 97
<b>Net cash from operating activities</b>	<b>382</b>	<b>380</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	- 138	- 233
Investment in associates and assets held for trading	-	- 1
Purchase of property, plant and equipment	- 132	- 132
Proceeds from sales of property, plant and equipment	7	4
Purchase of intangible assets	- 30	- 26
Proceeds from sales of intangible assets	0	3
Other non-current receivables	6	4
Dividends received	4	3
Interest received	5	5
<b>Net cash used in investing activities</b>	<b>- 277</b>	<b>- 374</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	- 51	-
Proceeds from borrowings	425	999
Repayment of shareholder loan	-	- 325
Repayments of other borrowings	- 543	- 602
Interest swap payments	- 3	- 4
Acquisition of non-controlling interest	- 1	-
Dividends paid to non-controlling interests	- 11	- 10
Dividends paid to shareholders	- 35	-
Interest paid	- 17	- 28
<b>Net cash generated from/ (used in) financing activities</b>	<b>- 237</b>	<b>29</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>- 132</b>	<b>36</b>
<b>Movement in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the year	54	22
Increase / (decrease) in cash and cash equivalents	- 132	36
Exchange gains/ (losses) on cash and cash equivalents	- 4	- 3
<b>Cash and cash equivalents at end of year</b>	<b>- 82</b>	<b>54</b>