

GrandVision reports 1Q18 revenue growth of 10.9% and 1.9% comparable growth

Schiphol, the Netherlands – 26 April 2018. GrandVision N.V. publishes the First Quarter 2018 trading update.

Highlights

- First Quarter revenue grew by **10.9%** at constant exchange rates to €913 million driven by organic growth of **3.3%** and a 7.6% contribution from acquisitions
- Comparable growth of **1.9%** (4.1% in 1Q17) benefited from strong growth of 9.8% in the Americas & Asia segment, 1.0% growth in the G4 and 0.1% in the Other Europe segment despite the high prior year comparables related to the timing of the Easter holidays and poor weather in Europe
- Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by **1.0%** at constant exchange rates to **€136 million** as strong adj. EBITDA growth in the Americas & Asia segment was partially offset by lower comparable growth in the significant Northern European countries and integration and rebranding costs of recent acquisitions
- GrandVision's first Capital Markets Day will take place on 20 September 2018

GrandVision will host an analyst call on 26 April at 9am CET. Dial-in details are available at investors.grandvision.com and at the bottom of this press release.

First Quarter 2018 key figures

in millions of EUR (unless stated otherwise)	1Q18	1Q17	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	913	845	8.0%	10.9%	3.3%	7.6%
Comparable growth (%)	1.9%	4.1%				
Adjusted EBITDA	136	136	-0.2%	1.0%	-0.2%	1.1%
Adjusted EBITDA margin (%)	14.9%	16.1%	-122bps			
System wide sales	1,000	931	7.3%			
Number of stores (#)	6,980	6,551				

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Management comments

Stephan Borchert, GrandVision's CEO said: "We are pleased that we started the year with solid comparable growth despite the difficult comparable base of the previous year, and some calendar headwinds as well as adverse weather conditions in parts of Europe.

As expected, adjusted EBITDA growth in the quarter was subdued due to the weaker performance of the important Northern European markets, as well as the consolidation and rebranding of the newly acquired Tesco Opticians business in the UK. We remain confident in achieving our full year objective of revenue and adjusted EBITDA growth of high single digits at constant exchange rates.

During the quarter, we made good progress in the Americas & Asia segment. The strong operating performance of our businesses in Mexico, Russia and Turkey helped us to significantly enhance our adjusted EBITDA margin. In addition, we have made further steps in building the right platform for growth in the United States and have started to reduce the losses in line with our expectations for the year.

Our businesses in Eastern Europe also showed good results with double digit sales growth and even higher adjusted EBITDA growth.

It is also my pleasure to announce that GrandVision will host its first Capital Markets Day on 20 September. Having joined GrandVision only a few months ago, I am looking forward to sharing my views on the company's strategy at this forum and to meet our investors and analysts in person."

Outlook and medium term financial objective

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.

For 2018, GrandVision expects improved revenue and adjusted EBITDA growth. Revenue growth is expected to benefit from comparable growth and the addition of the Visilab and Tesco Opticians businesses, leading to high single digit revenue growth for the full year.

GrandVision expects adjusted EBITDA growth in line with revenue growth, supported by lower integration costs in the United States and the continued implementation of our global capabilities and efficiencies.

GrandVision expects the second quarter to benefit from lower prior year comparables and the timing of the Easter school holidays leading to an improved adjusted EBITDA performance in the quarter compared to the first quarter. GrandVision continues to expect momentum to build as the year progresses.

Group performance

Revenue

Revenue increased by 8.0% to €913 million (€845 million in 1Q17) or 10.9% at constant exchange rates. Organic and comparable growth were 3.3% and 1.9%, respectively. Acquisitions, primarily Visilab in Switzerland and Tesco Opticians in the United Kingdom contributed 7.6% to revenue growth. Foreign exchange fluctuations, mainly driven by the strengthening of the euro against major currencies, led to a negative impact of 2.9% or €24 million on revenue growth, mainly impacting the Americas and Asia segment.

Comparable growth of 1.9% was driven by a strong 9.8% growth in the Americas and Asia segment, 1.0% growth in the G4 and 0.1% growth in the Other Europe segment. The two European segments achieved organic revenue and comparable growth despite the high prior year comparables related to the timing of the Easter holidays, as well as the adverse weather conditions across the region.

GrandVision's store based reduced by 21 stores to 6,980 during the first quarter (7,001 stores at year-end 2017) reflecting the continued optimization of our store footprint. This led to higher store closings than openings, primarily in the Latin America region, in order to enhance the store profitability profile in the segment. GrandVision expects store openings to pick up as the year progresses, in line with the business cycle patterns of previous years.

Adjusted EBITDA

Adjusted EBITDA, which is EBITDA excluding exceptional and non-recurring items remained unchanged at €136 million but increased by 1.0% at constant exchange rates.

During the quarter, the positive contribution from the acquired Visilab business and an improved adjusted EBITDA performance in the Americas and Asia segment was offset by higher prior year comparables and the timing of the Easter school holidays in Northern Europe and Western European markets, which led to lower operating leverage in these important markets. As expected, adjusted EBITDA was also negatively impacted by the addition of Tesco Opticians in the UK, including one-time costs related to the rebranding process of the network to Vision Express.

As a consequence, the adjusted EBITDA margin decreased by 122 bps to 14.9% (16.1% in 1Q17). Overall, the dilutive impact of acquisitions on the EBITDA margin was -95bps.

Non-recurring items of -€2 in 1Q18 are related to a legal case. A reconciliation from adjusted EBITDA to operating result is presented in the table below:

in millions of EUR	1Q18	1Q17
Adjusted EBITDA	136	136
Non-recurring items	- 2	0
EBITDA	134	136
Depreciation and amortization of software	- 37	- 33
EBITA	97	103
Amortization and impairments	- 11	- 8
Operating result	87	96

Segment performance

G4

in millions of EUR (unless stated otherwise)	1Q18	1Q17	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	531	498	6.7%	7.4%	2.6%	4.8%
Comparable growth (%)	1.0%	1.5%				
Adjusted EBITDA	101	112	-9.8%	-9.6%	-6.9%	-2.7%
Adjusted EBITDA margin (%)	19.0%	22.5%	-348bps			

Revenue in the G4 segment increased by 7.4% at constant exchange rates to €531 million in 1Q18 (€498 million in 1Q17) with organic revenue growth and comparable growth of 2.6% and 1.0%, respectively. Acquisitions, mainly Tesco Opticians in the UK, contributed 4.8% to revenue growth. During the quarter, contact lenses showed the strongest growth rate driven by online sales, while sunglass sales declined due to poor weather conditions across the region.

Within the segment, the countries showed a mixed performance. The French market benefited from the anticipated sales shift into January related to the timing of the insurance reimbursement change, and leading to low single digit comparable and revenue growth during the quarter.

Comparable growth in Germany, the Netherlands and the UK was impacted by lower retail traffic related to the timing of the Easter school holidays and adverse weather conditions. During the first quarter, approximately half the Tesco Opticians stores have been successfully rebranded to Vision Express. GrandVision expects the rebranding process to be completed by mid-year.

Adjusted EBITDA in the G4 segment decreased by 9.6% at constant exchange rates to €101 million (€112 million in 1Q17) following high adjusted EBITDA growth of 13.3% in the previous year and lower operating leverage due to lower comparable growth in Germany and the Netherlands as well as higher investments in digital marketing capabilities. Adjusted EBITDA was also impacted by the addition of the Tesco Opticians business in the UK as well as integration and rebranding costs of that store network to Vision Express. The adjusted EBITDA margin therefore decreased by 348 bps to 19.0%.

Other Europe

in millions of EUR (unless stated otherwise)	1Q18	1Q17	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	266	228	16.6%	18.8%	1.1%	17.7%
Comparable growth (%)	0.1%	8.0%				
Adjusted EBITDA	36	32	13.1%	15.1%	0.5%	14.6%
Adjusted EBITDA margin (%)	13.4%	13.9%	-41bps			

Revenue in the Other Europe segment increased by 18.8% at constant exchange rates to €266 million (€228 million in 1Q17). Organic growth of 1.1% and comparable growth of 0.1% were impacted by a higher prior year comparable of 9.0% and 8.0%, respectively. The addition of Visilab contributed 17.7% to revenue growth.

The segment saw a strong performance across Eastern Europe, which was offset by slightly negative comparable growth across Northern and Southern Europe related to the timing of the Easter holidays. The sunglasses category saw a double digit decline due to poor weather conditions in Southern Europe. In Italy, adjustments of the commercial proposition during the quarter led to lower revenue but higher margins.

1Q18 adjusted EBITDA increased by 15.1% to €36 million (€32 million in 1Q17), mainly due to the addition of Visilab. The EBITDA margin decreased by 41 bps to 13.4% (13.9% in 1Q17) mainly due to the weaker performance of the higher margin Northern European countries.

Americas & Asia

in millions of EUR (unless stated otherwise)	1Q18	1Q17	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	115	119	-2.8%	10.3%	10.3%	0.0%
Comparable growth (%)	9.8%	7.6%				
Adjusted EBITDA	7	2	279.3%	323.5%	323.5%	0.0%
Adjusted EBITDA margin (%)	6.0%	1.5%	448bps			

Revenue in the Americas and Asia segment increased by 10.3% at constant exchange rates to €115 million (€119 million in 1Q16). However, revenue was 2.8% lower due to negative currency translation effects due to the strengthening of the euro against a number of currencies, including the US dollar, Turkish lira, Mexican peso. Overall, the impact of FX fluctuations was -13.1% during the quarter, or €16 million.

Comparable growth of 9.8% was driven by a strong underlying performance across most markets, with particularly strong growth in Colombia, Mexico, Turkey and the United States.

Adjusted EBITDA in the Americas & Asia segment increased to €7 million in 1Q18 (€2 million in 1Q17) mainly due to strong adjusted EBITDA growth across Latin America and Asia as well as the reduction of the loss in the United States. The adjusted EBITDA margin improved by 448 bps to 6.0%.

Conference call and webcast details

GrandVision will hold a conference call and webcast for analysts and investors on 26 April 2018 at 9:00am CET (8:00 am GMT).

Webcast link: <https://edge.media-server.com/m6/p/cv9ieuuq>

Conference call details: <http://investors.grandvision.com/events/event-details/first-quarter-2018-trading-update>

Financial Calendar 2018

Date	Event
26 April 2018	First Quarter 2018 Trading Update Annual General Meeting (AGM)
6 August 2018	Half Year and Second Quarter Results Press Release
20 September 2018	Capital Markets Day
31 October 2018	Third Quarter 2018 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 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 approximately 7,000 stores and with more than 36,000 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.

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