

Paris, November 15, 2019

Afflelou and its subsidiaries (the “Group”) publishes its annual results for the fiscal year ended July 31, 2019.

Afflelou’s full year results for the year ended July 31, 2019

- Network sales¹ up 4.7% to €818.5 million for the fiscal year
- Adjusted EBITDA² at €83.8 million for the fiscal year

Commercial performance of the Group

Network sales € in millions	For the three months ended July 31,				For the year ended July 31,				For the year ended July 31,		
	2019	2018	Δ €m	Δ %	2019	2018	Δ €m	Δ %	2017	2016	2015
France	167.8	163.9	3.9	2.4%	636.6	607.0	29.5	4.9%	584.8	533.6	493.8
Spain excl. Optimil	33.8	33.4	0.4	1.3%	124.5	120.9	3.6	3.0%	116.6	111.5	107.4
Other countries	15.8	15.1	0.7	4.9%	57.4	53.6	3.9	7.2%	51.2	46.3	41.5
Total network sales excl. Optimil	217.4	212.4	5.0	2.4%	818.5	781.5	37.0	4.7%	752.6	692.5	643.5

like for like network sales	2019		2018		2019		2018		2017		2016		2015	
	2019	2018	2019	2018	2019	2018	2019	2018	2017	2016	2015	2017	2016	2015
France	3.6%	3.7%	4.8%	1.5%	3.7%	3.8%	(1.9%)							
Spain excl. Optimil	5.2%	2.9%	5.5%	1.5%	(0.6%)	1.0%	3.9%							
Other countries	5.3%	4.0%	7.0%	0.6%	2.3%	4.5%	(0.5%)							
like-for-like network sales excl. Optimil	4.0%	3.6%	5.1%	1.5%	2.9%	3.4%	-0.9%							

Network sales reached €217.4 million in the last quarter of the fiscal year ended July 31, 2019, up 2.4% from the fourth quarter of the prior fiscal year. The network recorded its fourth year of solid growth in like-for-like sales, at 5.1% for the fiscal year ended July 31, 2019, outperforming significantly its main geographic markets. Sales growth of our network amounts to 27% since 2015.

In France, the Alain Afflelou banner continued to grow on the whole fiscal year at 4.8% in like-for-like sales, thanks to successful commercial initiatives, such as the *Magic* collection of frames. In Spain also, the Alain Afflelou banner grew by 5.5% in like-for-like network sales. In the Other countries segment, network sales increased by 7.0%, driven in large part by growth in Belgium and Switzerland.

The Group had 1,425 stores as of July 31, 2019. The historical banner network grew, notably in new countries with promising openings in Colombia and Kuwait. In the hearing aid business, the network continued to expand, with 283 points of sale at the end of the fiscal year in France, versus 240 a year before, including 81 dedicated stores and 202 corners in Alain Afflelou optical stores. In Spain, the Group terminated an agreement with a master franchisee for the hearing aid business, leading to a decline of 18 stores with limited impact on sales, and will now pursue a new plan to expand, following the model we employ in France. Finally, the Group continued to restructure the Optical Discount banner, with the aim to have a solid network of stores consistent with our concept and commercial requirements.

¹ Network sales comprise sales (excluding VAT) to end customers by all of the Group’s distribution channels, including directly-owned stores. Sales of the franchisees are based on monthly sales reports provided by the franchisees pursuant to their reporting obligations under the franchise agreements.

² Adjusted EBITDA is defined as operating income from ordinary activities as presented in the Group’s consolidated financial statements, before (i) depreciation and amortization of property, plant and equipment, and intangible assets, (ii) changes in provisions for trade receivables and inventories, and (iii) management fees, management long term incentives and acquisition price supplements if applicable in each case.

Afflelou Group's financial performance

€ in millions (except percentages)	For the three months ended July 31,				For the fiscal year ended July 31,			
	2019	2018	Δ €m	Δ %	2019	2018	Δ €m	Δ %
Consolidated Income Statement								
Revenue	103.9	104.2	(0.3)	(0.3%)	373.0	380.3	(7.3)	(1.9%)
Operating income from ordinary activities	22.8	21.0	1.8	8.6%	73.5	65.8	7.7	11.7%
Operating profit	15.6	12.9	2.7	21.3%	64.9	52.3	12.5	24.0%
Net financial income / (expense)	(13.9)	(16.8)	2.9	17.3%	(55.4)	(73.9)	18.5	25.0%
Net (loss)/income before tax of consolidated comp.	1.8	(3.9)	5.7	na	9.4	(21.6)	31.0	na
Tax income/(expense)	3.1	1.0	2.1	na	(1.4)	16.0	(17.4)	na
Net (loss)/income attributable to equity holders	4.7	(3.8)	8.5	na	6.8	(8.0)	14.8	na
Adjusted EBITDA	25.2	24.5	0.7	2.8%	83.8	79.0	4.8	6.1%
Adjusted EBIT	23.1	21.3	1.8	8.5%	74.6	66.9	7.7	11.5%
Net Debt	383.8	391.9	(8.1)	(2.1%)	383.8	391.9	(8.1)	(2.1%)

The Group's revenue was largely stable in the final quarter of the year ended July 31, 2019, at €103.9 million, and slightly decreased to €373.0 million for the whole year, 1.9% below the prior fiscal year. This evolution stems from a change in our supply chain which had a technical impact on our revenues, while the Group's main businesses generally grew in line with the network's performance.

Adjusted EBITDA increased to €25.2 million in the last quarter, from €24.5 million in same period of the prior fiscal year, and reached €83.8 million for the whole fiscal year, an increase of 6.1% versus the prior year, consistent with network sales growth. Notably, the developing hearing aid business in France reached breakeven. Also, the directly owned stores structure in France and Spain improved its profitability, thanks to a strong sales performance and the sale and the closing down of certain loss making stores.

The lower interest charge resulting from the Group's refinancing in October 2017 and our strong performance allowed us to again generate a level of cash flow that enabled us to reduce our net debt to €383.8 million as of July 31, 2019, even after reimbursing €52.1 million convertible bonds during the fiscal year.

Didier PASCUAL, Chairman and Chief Executive Officer of Afflelou, stated: "Our Group recorded a fourth year of solid performance on its historical banner, with a clear out performance versus our main markets, which we believe is linked to our commercial innovation like our Magic offer. Our less profitable segments like the hearing aid business and our directly owned stores improved strongly and contributed to the growth in our profitability. The coming year will bring changes in in the optical and the hearing aid sectors in France, with the '100% Santé' new regulation and care networks partnerships renewals. We believe the Group is well placed to face those challenges, while in other geographies, we can continue to expand successfully on our historical banner".

About Afflelou:

Founded in Bordeaux in 1972 by Alain Afflelou, the Group is one of Europe's leading franchisors of optical products and hearing aids. In 2018, the Group operated the largest franchise network of optical products (in terms of store numbers) and the Alain Afflelou banner ranked third in France with a 9.5% market share (in terms of store numbers), in a historically fragmented market that includes many independent retailers. The Group has a long-standing presence in France, but also a strong foothold in Spain, where it operates the largest banner of optical products (in terms of store numbers) and the fourth largest (in terms of revenue). The Group, which is continuing its global expansion, is present worldwide, with 1,425 stores in 19 countries as of July 31, 2019.

Forward Looking Statements

This press release may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms as "believe", "expect", "anticipate", "may", "assume", "plan", "intend", "will", "should", "estimate", "risk" and or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Company's or any of its affiliates' intentions, beliefs or current expectations concerning, among other things, the Company's or any of its affiliates' results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. 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. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Company's or any of its affiliates' actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward looking statements contained in this press release. In addition, even if the Company's or any of its affiliates' results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

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