

AFFLELOU

Press release

Paris, December 19, 2019

Afflelou's first quarter results for the 2019/2020 fiscal year, as of and for the three month ended October 31, 2019

-
- **Network sales¹ at €191.5 million, with 2.3% like-for-like network sales growth² for the quarter**
 - **Adjusted EBITDA³ at €17.2 million for the quarter**
-

Afflelou and its subsidiaries (the “**Group**”) publishes its first quarter results for the fiscal year ended July 31, 2020.

Commercial performance of AFFLELOU

Network sales reached €191.5 million in the first quarter of the current fiscal year, up by 0.4% from the first quarter of the prior fiscal year, including 2.3% growth in the Group's like-for-like network sales.

The historical ALAIN AFFLELOU banner continued to perform well in our main geographical areas, while slightly slowing down from past quarters. The hearing aid banner recorded a slight growth in a more difficult environment, anticipating coming *100% santé* changes in the sector regulation. Sales at our discount banner declined due to the reduction of our perimeter. In Spain, sales slightly decreased due to a perimeter impact mainly in the hearing aids. Lastly, sales in the other countries continued to show strong growth, both in total sales and like-for-like sales, with very strong performances in Switzerland, and the rise of new areas such as Kuwait.

The Group had 1,424 stores as of October 31, 2019, one unit below the level at July 31, 2019. We continued to restructure our discount banner. On the other side, the Alain Afflelou optical and hearing aid banners continued to grow, with a few net openings in France.

Afflelou's financial performance

Adjusted EBITDA pre-IFRS16 slightly decreased by 2.2%, to €17.2 million, as compared to €17.6 million for the same period in the prior fiscal year, mainly due to the postponement of new collections of exclusive frames put on display on our wholesale activity.

In France, the Group's profitability stands slightly below the same period of the previous year, at €13.5 million, as compared with €13.6 million, reflecting the aforementioned point relating to the wholesale activity. In Spain, the Group's profitability decreased by €0.5 million to €3.2 million, mainly for the same reason. Lastly, the Group's

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 Like-for-like network sales growth is based on sales of stores that were open through the periods under consideration, based on a full fiscal year, and which did not undergo any substantial changes during those periods (such as construction or refurbishment work of a duration of more than one month), so that sales performance in a period may be comparable to that of the prior period. Like-for-like network sales are calculated at current exchange rates as a very small portion of network sales are currently exposed to currency risk.

³ 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.

profitability in other countries rose by €0.2 million, thanks to strong network sales, and better performance in Portugal.

The Group also continued to generate strong cash flows, thus resulting in a rapid deleveraging to €365.3 million at the end of October 2019, versus €383.7 million at end July 2019.

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.

Investor relations contact AFFLELOU André Verneyre / averneyre@afflelou.net + 33 01 49 37 73 50
Press contact AFFLELOU Marion Tarneaud / mtarneaud@afflelou.net +33 1 49 37 74 59