

AFFLELOU

Press release

Paris, June 27, 2019

**Afflelou's results for the 2018/2019 fiscal year,
as of and for the three and nine months ended April 30, 2019**

- **Network sales¹ up by 4.0% at €199.2 million, with 4.3% like-for-like network sales growth² for the quarter**
 - **Adjusted EBITDA³ up by 19.0% at €19.0 million for the quarter**
 - **Net debt at €348 million**
 - **Early redemption of €10 million of floating rate notes**
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Afflelou and its subsidiaries (the “**Group**”) publishes its third quarter results for the fiscal year ended July 31, 2019.

Commercial performance of AFFLELOU

Network sales reached €199.2 million in the third quarter of the current fiscal year, up by 4.0% from the third quarter of the prior fiscal year, and €601.1 million for the nine months of the current fiscal year, up by 5.6% as compared with the same period in the prior fiscal year.

The historical ALAIN AFFLELOU banner continued to perform very well in its main geographical areas. In France, sales recorded a solid performance in a better-oriented market since the start of the calendar year. In the hearing aid sector, our performance has reflected a recent decline in the overall market. Like-for-like sales in our discount banner were also positively oriented. On the whole, network sales in France grew by 4.2% during the third quarter.

Our Spanish segment recorded a total growth of 2.3% in the third quarter, below like-for-like sales which were at 4.3%, as a consequence of the reduction in our Spanish hearing aid portfolio.

The Other countries segment continued to show very strong growth in Belgium and Switzerland, with total growth of 5.1%.

The Group had 1,426 stores as of April 30, 2019, representing a decrease of 18 stores from the previous year, due to the ongoing rationalization of our discount banner in France and the termination of a master franchise agreement in our Spanish hearing aid business. The Group has opened stores in Colombia and Kuwait and is exploring further opportunities to potentially open new stores under the *Afflelou Paris* banner.

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.

Afflelou's financial performance

Strong sales across the Group's store networks drove financial performance during the third quarter with an Adjusted EBITDA increase by 19.0%, to €19.0 million, as compared to €16.0 million for the same period in the prior fiscal year.

In France, the negative phasing impact of around €1.5 million mentioned in our latest report, mainly relating to communication, has been neutralized. Improvement in our directly-owned stores business and in the hearing aid business compensated for lower performance at our discount banner, which is currently being restructured, while the rest of our business grew in line with the good network sales. The Spanish and Other countries segments recorded strong growth, especially in Spain where our directly-owned stores business contributed to an improvement of 29.5% in Adjusted EBITDA during the third quarter.

On a whole, Group's profitability at the Adjusted EBITDA level increased by €4.1 million to €58.7 million in the first nine months of the current fiscal year, as compared to the same period of the previous year. In this context, the Group generated strong cash flows, with net debt of €348.0 million at the end of April 2019, as compared with €397.8 million at the end of April 2018.

Didier PASCUAL, Chairman and Chief Executive Officer of Afflelou, stated: *“Our historical banner continues to perform strongly in our main regions. The Group's financial performance follows the strong dynamism of our network, offering potential for future growth”.*

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 ALAIN AFFLELOU banner ranked third in France with a 9.5% market share and has a strong foothold in Spain, where it operates the fourth largest banner with a 7.1% market share. The Group, which is continuing its global expansion, is present worldwide, with more than 1,400 stores in around 20 countries.

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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