Press release

Paris, November 16, 2018

Afflelou Group's full year as at July 31, 2018

- **Network sales[1] up 5.5% to €212.4 million with 3.6% like-for-like network sales growth[2] for the fourth quarter**
- **Adjusted EBITDA[3] at €79.0 million for the fiscal year ended July 31, 2018**

Afflelou and its subsidiaries (the "**Group**") publishes its annual results for the fiscal year ended July 31, 2018).

Commercial performance of the AFFLELOU GROUP

	For the three months ended July 31,				For the twelve months ended July 31,				For the year ended July 31,	
€ in millions (except percentages)	**2018**	**2017**	*Δ €m*	*Δ %*	**2018**	**2017**	*Δ €m*	*Δ %*	**2016**	**2015**
NETWORK SALES										
France	163.9	155.0	*9.0*	*5.8%*	607.0	584.8	*22.2*	*3.8%*	533.6	493.8
Spain excl. Optimil	33.4	32.4	*0.9*	*2.8%*	120.9	116.6	*4.4*	*3.8%*	112.5	108.3
Other countries	15.1	13.9	*1.2*	*8.5%*	53.6	51.2	*2.3*	*4.6%*	46.3	41.5
Total network sales excl. Optimil	**212.4**	**201.3**	***11.1***	***5.5%***	**781.5**	**752.6**	***28.9***	***3.8%***	**692.5**	**643.5**
like for like network sales	**2018**	**2017**			**2018**	**2017**			**2016**	**2015**
France	3.7%	3.2%			1.5%	3.7%			3.8%	(1.9%)
Spain excl. Optimil	2.9%	3.5%			1.5%	(0.6%)			1.0%	3.9%
Other countries	4.0%	2.3%			0.6%	2.3%			4.5%	(0.5%)
like-for-like network sales excl. Optimil	**3.6%**	**3.2%**			**1.5%**	**2.9%**			**3.4%**	**(0.9%)**

Network sales reached €212.4 million in the last quarter of the fiscal year ended July 31, 2018, up 5.5% from the level recorded in the fourth quarter of the prior fiscal year. The network recorded a third year of positive evolution of like-for-like sales despite a more difficult sector environment in France and Spain.

In France, the ALAIN AFFLELOU and OPTICAL DISCOUNT banners continue to strongly outperform the optical sector, by more than 3%, meanwhile the hearing aids banner continued its rapid expansion.

In Spain, the historical banner also grew on the whole fiscal year by 1.5% in like for like network sales, despite a difficult political environment in Catalonia. On an other hand, the Group has decided to sell OPTIMIL its discount banner and to focus on the historical banner development. The impact on the activity in this area will be limited as OPTIMIL only accounted for €4.6 million of sales and 37 stores on the whole fiscal year, as compared to €120.9 million for the historical banner.

In the other countries, network sales increased by 4.6% on the whole fiscal year, after a fourth quarter of strong performance, notably in Belgium.

[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 two 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.

The Group had 1,460 stores as of July 31, 2018, a net increase of 35 stores since July 31, 2017. The Group's historical ALAIN AFFLELOU banner in the optical and hearing aid business in France continued to develop successfully with a total increase of 28 stores, as compared to one year before. The historical banner gained 15 net optical stores reaching 753 stores at the end of the fiscal year. The hearing aids banner in France also showed sharply positive growth with 240 points of sale as at end July 2018. In Spain, the network remained stable, following a rationalization, notably in the directly owned stores portfolio. In the other countries the store count increased by 8 stores, reaching 141 stores.

Afflelou Group's financial performance

€ in millions (except percentages)	For the three months ended July 31, 2018	2017	Δ €m	Δ %	For the twelve months ended July 31, 2018	2017	Δ €m	Δ %
Consolidated Income Statement								
Revenue	**105.2**	**99.7**	***5.4***	***5.5%***	**380.3**	**371.2**	***9.1***	***2.5%***
Operating income from ordinary activities	**21.4**	**20.5**	***0.9***	***4.4%***	**65.8**	**68.0**	***(2.2)***	***(3.2%)***
Operating profit	**13.3**	**18.7**	***(5.5)***	***(29.3%)***	**52.3**	**56.4**	***(4.0)***	***(7.2%)***
Net financial income / (expense)	(16.8)	(19.5)	*2.7*	*14.1%*	(73.9)	(77.2)	*3.4*	*4.4%*
Net (loss)/income before tax of cons. Comp.	(3.5)	(0.8)	*(2.7)*	*na*	(21.6)	(20.9)	*(0.7)*	*(3.2%)*
Tax income/(expense)	1.0	(7.5)	*8.4*	*na*	16.0	21.0	*(5.0)*	*(23.8%)*
Net (loss)/income to equity holders	**(3.4)**	**(8.4)**	***4.9***	***58.8%***	**(8.0)**	**(1.0)**	***(7.1)***	***na***
Adjusted EBITDA	**24.8**	**22.6**	***2.2***	***9.9%***	**79.0**	**78.2**	***0.9***	***1.1%***
Adjusted EBIT	21.6	20.7	*0.9*	*4.4%*	66.9	69.1	*(2.2)*	*(3.2%)*
Net Debt	**391.9**	**412.7**	***(20.9)***	***(5.1%)***	**391.9**	**412.7**	***(20.9)***	***(5.1%)***

The Group's revenue reached €105.2 million in the fourth quarter of the current fiscal year, and €380.3 million for the whole year, 2.5% above the prior fiscal year.

Adjusted EBITDA sharply increased to €24.8 million in the last quarter from €22.6 million in same period of the prior fiscal year, thus reaching €79.0 million for the whole fiscal year. Adjusted EBITDA increased by 1.1% versus the prior year, slightly below the network sales growth, taking into accounts some business units as the hearing aids, still show lower levels of profitability than on the optical banner.

The refinancing in October 2017 and the performances of the network have allowed the Group to generate a high level of cash flow thus reducing our net debt to €391.9 million as of July 2018, versus €412.7 million a year before.

As a reminder, the optical and hearing aid sectors in France have been marked by changes in the regulation with the *100% Santé* program. These changes to start in 2020 onward include the creation of the "zero consumer cost" offer in the optical and hearing aid sector, with the aim to eliminate the out of pocket expenses for glasses and hearing aids, for a proportion estimated at 15 to 20% of end customers. Additionally, there will be a cut in the reimbursement cap for frames to €100. Lastly, changes also include a greater role for the optician who will be entitled to make view exams reimbursed by Social Security in the future. We estimate these upcoming changes will have a limited impact on the total market, while we see an opportunity to grow our market share through our commercial offers, our exclusive products and the professionalism of a banner with maximum brand awareness in France.

Didier PASCUAL, Chairman and Chief Executive Officer of Afflelou, stated: *"Our Group continues to deliver a strong out performance versus our main markets, thanks to its constant commercial innovation like our Smart Tonic offer. We are currently engaged in a digital transformation plan, in order to keep the AFFLELOU banner ahead of the competition. We are also currently optimizing less profitable segments of our businesses, like the hearing aids or our first price offer, which constitute areas of growth in the future. On a whole, and in light of the first months of the current fiscal year, we feel confident that the AFFLELOU Group will continue to grow its network sales and develop further on".*

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 2016, the Group operated the largest franchise network of optical products (in terms of store numbers) and the ALAIN AFFLELOU banner ranked fourth in France with a 9% 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 1,460 stores in 17 countries as of July 31, 2018.

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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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Investor relations contact AFFLELOU

André Verneyre, Head of financial operations and investor relations / averneyre@afflelou.net + 33 01 49 37 73 50

Press contact AFFLELOU

Marion Tarneaud, Corporate communication manager / mtarneaud@afflelou.net +33 1 49 37 74 59