

Paris, March 27, 2018

Afflelou Group's second quarter results for the three-month period ended January 31, 2018

- Network sales¹ up 2.0% to €199.9 million for the second quarter and up 3.6% for the first half of the current fiscal year, with 0.7% like-for-like network sales growth² in the first half of the current fiscal year
 - *Pro forma* Adjusted EBITDA³ at €82.8 million for the 12 months ended January 31, 2018
-

Afflelou and its subsidiaries (the “Group”) publishes its results today for the second quarter of the current fiscal year (the three-month period ended January 31, 2018).

Business trends of the Group's networks

Network sales reached €199.9 million in the second quarter of the current fiscal year, up 2.0% from €196.0 million recorded in the second quarter of the prior fiscal year. The network recorded a slightly negative evolution of -0.6% in like-for-like network sales in the second quarter of the current fiscal year as compared to the same period in the prior fiscal year, mainly due to the technical impact of fewer opening days.

The Group's banners Alain Afflelou and Optical Discount continue to show strong performances in France relative to the overall French optical sector, which recorded a decrease of 1.4% during the 2017 calendar year⁴ in terms of market value and in the total number of optical stores. In Spain, like-for-like network sales grew slightly, increasing by 1.0% during the second quarter compared to the same period in the previous fiscal year, despite a political environment in Catalonia that remains unpredictable. In the Group's other regions segment, sales continued to grow, despite strong competition in Belgium and the impact of variations in the exchange rate between Swiss francs and the euro.

The Group had 1,476 stores as of January 31, 2018, a net increase of 35 stores since January 31, 2017. The Group's networks reflect an increase in the size of the hearing aid business, with 265 hearing aid points of sale as of January 31, 2018. Lastly, the Group has opened a first store in Vietnam under the Alain Afflelou banner, with promising activity since its opening.

Afflelou Group's financial performance

The Group's revenue reached €95.4 million in the second quarter of the current fiscal year, compared to €98.4 million on the same period in the prior fiscal year.

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 *Pro Forma* Adjusted EBITDA includes the following adjustments: digital development fee adjustment, exclusive products prices adjustment, Forum Les Halles refurbishment adjustment, hearing aid business adjustment, lens supplier fees adjustment, Optimil adjustment, stores sold and closed adjustment and exclusive frames sales adjustment

⁴ GFK estimates for the whole calendar year 2017

⁵ 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.

Adjusted EBITDA⁵ decreased to €19.4 million in the second quarter from €20.4 million in the second quarter of the prior fiscal year, and increased to €37.7 million for the first half of the current fiscal year from €36.8 million for first half of the previous fiscal year. The decline in the second quarter of the current fiscal year is mainly due to a temporary impact of lower sales of our own frames to our exclusive partners. As a consequence, revenues and profitability have been impacted temporarily, with an estimated impact of €0.6 million to Adjusted EBITDA for the past quarter. The other components of the Group's activity were broadly aligned with the total network sales.

Adjusted EBITDA for the Group's main geographic segment, France, decreased by €0.4 million in the second quarter of the current fiscal year to €17.0 million as compared to the same period of the previous fiscal year, which is mainly linked to the aforementioned impact on exclusive frames. The profitability at our historical banner continued to perform at a high level, while Optical Discount and the hearing aid banner Alain Afflelou Acousticien are improving as expected. The Group's second largest geographic segment, Spain, also performed well at our historical banner. Profitability has been impacted by the same technical impact on exclusive frames. Sales at our discount banner were hit by store closures, following our effort to rationalize this network. Lastly, performances in the Other countries were affected by more difficult competitive environment in Belgium, with a limited impact of €0.1 million.

For the twelve-month period ended January 31, 2018, *Pro forma* Adjusted EBITDA reached €82.8 million.

Didier PASCUAL, new Chairman and Chief Executive Officer of Afflelou, stated: *“Our historical ALAIN AFFLELOU banner continues to show dynamism with 21 store openings in the first half of the fiscal year and resilient profitability in a challenging environment. We believe this allows us to pursue our development in adjacent segments, such as the hearing aid business and the discount offer, and in new regions, but also to anticipate the digital transformation to come in optical retail”.*

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 1,476 stores in 18 countries as of January 31, 2018.

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

Press contact BRUNSWICK

Ariane Vitou and Victoria Kiener
afflelou@brunswickgroup.com + 33 1 53 96 83 83

Press contact AFFLELOU

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