

Press release

Paris, December 21, 2017

Afflelou Group's first quarter results for the three-month period ended October 31, 2017

- Network sales¹ up 5.4% at €180.1 million, with +2.2% like-for-like network sales growth²
 - 11.9% increase in operational profitability with Adjusted EBITDA³ at €18.3 million
 - *Pro forma* Adjusted EBITDA at €83.5 million for the 12 months ended October 31, 2017
 - Successful refinancing of the Group's Senior Secured Notes and Senior Notes due 2019
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Afflelou and its subsidiaries (the “Group”) publishes its results today for the first quarter of the current fiscal year (the three-month period ended October 31, 2017).

Business trends of the Group's networks

Network sales reached €180.1 million in the first quarter of the current fiscal year, up 5.4% from €170.8 million recorded in the first quarter of the prior fiscal year, including 2.2% growth in the Group's like-for-like network sales.

The network in France continued to perform positively, with an increase of 2.5% in like-for-like network sales, as compared to a 7.2% increase for the same period in the prior fiscal year. The first quarter of the current fiscal year is the ninth consecutive quarter of growth in Group like-for-like network sales in France, showing a strong performance as compared to the overall French market, which reported a slightly negative trend on a constant basis since the start of calendar year 2017.

In Spain, the Group's sales continue to grow, despite certain one-off disruptions due to a terrorist attack in August 2017 and the unpredictable political environment in Catalonia.

The Group had 1,478 stores as of October 31, 2017, a net increase of 75 stores since October 31, 2016. The Group's networks continued to expand during the quarter and reached 201 points of sale in the hearing aid business in France as of October 31, 2017. The Group's ongoing international expansion was also marked by the opening of one store in Thailand under the AFFLELOU banner.

Afflelou Group's financial performance

The Group's revenue reached €90.7 million in the first quarter of the current fiscal year, up 7.5% as compared to the same period in the prior fiscal year.

The vitality of the network fueled its performance during the quarter, especially in France with the historical ALAIN AFFLELOU banner continuing to perform well. Adjusted EBITDA increased by 11.9%, to €18.3

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.

⁴ *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 and stores sold and closed adjustment.

million as compared to €16.3 million for the same period in the prior fiscal year. *Pro forma* Adjusted EBITDA for the twelve-month period ended October 31, 2017 reached €83.5 million.

The Group's main geographic segment, France, had an increase of Adjusted EBITDA of 9.9% to €14.8 million and represented 10.9% of network sales. The Group's aim in France is to progressively reach for levels of profitability in the discount and hearing aid activities consistent with the profitability of the Group's historical banner. The second largest geographic segment, Spain, also performed well during the quarter, due to the dynamism of the historical banner, even though profitability of the directly-owned stores and its discount banner remain lower. In the other countries, Adjusted EBITDA increased by 23.1% to €0.4 million from €0.3 million for the same period in the prior fiscal year, with network sales and revenue in the principal other countries (Belgium and Switzerland) continuing to grow, while expenses in new territories were well managed.

The Group believes that the solid and profitable growth of the ALAIN AFFLELOU banner in its core geographies will continue to fuel its performance, while aiming to bring its activities in other geographies and acquired businesses to levels of performance in line with the historical core of the Group.

Frédéric Poux, Chairman and Chief Executive Officer of Afflelou, stated: *“Our historical ALAIN AFFLELOU banner shows a strong performance overall, with our exclusive collections performing well. We expect growth to continue in future months, following a dynamic and compelling communications program for the ALAIN AFFLELOU banner planned for the 2018 calendar year. In this context of our results to date in France at the ALAIN AFFLELOU banner, we look forward to growing other segments, particularly our discount banner and the hearing aid network.”*

On 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 1,474 stores in 16 countries as of July 31, 2017.

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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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