AFFLELOU

Press release

Paris, December 19, 2018

Afflelou's first quarter results for the 2018/2019 fiscal year, as of and for the three month ended October 31, 2018

- **Network sales[1] up by 6.7% at €190.7 million, with 5.9% like-for-like network sales growth[2] for the quarter**
- **Adjusted EBITDA[3] at €17.6 million for the quarter**

Afflelou and its subsidiaries (the "**Group**") publishes its first quarter results for the fiscal year ended July 31, 2019.

Commercial performance of AFFLELOU

Network sales reached €190.7 million in the first quarter of the current fiscal year, up by 6.7% from the first quarter of the prior fiscal year, including 5.9% growth in the Group's like-for-like network sales.

The historical ALAIN AFFLELOU banner continued to perform very well in each of our geographical areas. Sales in October were especially strong, with double-digit growth in like-for-like network sales. In addition, our hearing aid banner continued to grow, as demonstrated by this network's expansion, reaching 253 points of sale in France as of October 31, 2018, and growth of 13.7% in like-for-like sales as compared to the same period, in the year before. Further, OPTICAL DISCOUNT, our discount banner in France also performed well, with positive like-for-like network sales for the quarter.

This performance has occurred in the absence of a strong communication campaign as compared with the same period, a year before.

Political troubles in France had a limited impact, so far, in a context of quite positive trend for our banners.

The Group had 1,462 stores as of October 31, 2018, a net increase of 30 stores since October 31, 2017. The Group added a new geographical area, with its first store in Columbia, opened through a master franchise agreement.

Afflelou's financial performance

Strong sales across the Group's networks drove financial performance during the first quarter.

Adjusted EBITDA increased by 0.8%, to €17.6 million, as compared to €17.4 million for the same period in the prior fiscal year, despite a negative impact relating to communications which reflects the seasonality of the communications budget and lower volumes of frames put on display on our wholesale activity; these two items will be balanced out in the second half of the fiscal year.

In France, the Group's profitability stands slightly below the same period of the previous year, at €13.6 million, as compared with €14.2 million, reflecting the aforementioned point relating to communications. Additionally, the Group's performance in its hearing aid activities was almost breakeven.

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[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.

In Spain, the Group's profitability was positive, with an increase of 28.3% as compared with the same period in the previous fiscal year in Adjusted EBITDA, reaching €3.7 million, due to positive trends in network sales, with notable improvement in the performance of our Spanish directly owned stores network. The Group's profitability in the Other countries segment stands close to the performance the year before.

Lastly, the Group continues to have strong cash flows, in line with the good sales in the network, thus resulting in a rapid deleveraging to a net debt of €381.5 million at the end of October 2018, versus €414.0 million a year before.

Didier PASCUAL, Chairman and Chief Executive Officer of Afflelou, stated: *"Sales grew well, in each geographical area. The ALAIN AFFLELOU banner delivered encouraging levels of growth. On a whole, we feel confident that AFFLELOU will continue to grow its network sales and develop further opportunities".*

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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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