press release

GrandVision reports Half Year 2015 revenue growth of 16.9% and EPS growth of 23.2%

Schiphol, the Netherlands – 20 August 2015. GrandVision N.V. publishes Half Year and Second Quarter 2015 results

Highlights

- HY15 Revenue grew by 16.9% or 15.5% at constant exchange rates (2Q15: 15.3%) to €1,611 million (2Q15: €827 million)
- Comparable growth of 5.2% (2Q15: 4.8%)
- Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by 17.2% or 15.7% at constant exchange rates (2Q15: 16.0%) to €259 million (2Q15: €136 million)
- The adjusted EBITDA margin improved by 4 bps to 16.1% (2Q15: +15bps to 16.5%)
- Net result attributable to equity holders rose by 22.4% to €109 million
- Earnings per share grew by 23.2% to €0.43
- Total number of stores grew to 5,871 (5,814 at year-end 2014)
- GrandVision's Supervisory Board has approved an interim dividend of 0.14 EUR per share. The shares will trade ex-coupon as of 3 September 2015
- The Half Year 2015 Financial Report is available at www.grandvision.com
- GrandVision will host an analyst call on 20 August at 9am CET. Dial in details are available at www.grandvision.com and at the bottom of this press release

Key figures

in millions of EUR (unless stated otherwise)	HY15	HY14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,611	1,378	16.9%	15.5%	6.5%	8.9%
Comparable growth (%)	5.2%	3.7%				
Adjusted EBITDA	259	221	17.2%	15.7%	11.6%	4.1%
Adjusted EBITDA margin (%)	16.1%	16.0%	4bps			
Net result	118	97	21.6%			
Net result attributable to equity holders	109	89	22.4%			
Earnings per share (in €)	0.43	0.35	23.2%			
Number of stores (#)	5,871	5,189				
System wide sales	1,783	1,539	15.9%			

in millions of EUR (unless stated otherwise)	2Q15	2Q14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	827	707	17.0%	15.3%	6.0%	9.4%
Comparable growth (%)	4.8%	2.3%				
Adjusted EBITDA	136	115	18.1%	16.0%	9.6%	6.5%
Adjusted EBITDA margin (%)	16.5%	16.3%	15bps			
System wide sales	914	790	15.7%			

Group financial review

Consolidated Income Statement

in millions of EUR	HY15	HY14
Revenue	1,611	1,378
Cost of sales and direct related expenses	- 442	- 361
Gross profit	1,168	1,017
Selling and marketing costs	- 811	- 713
General and administrative costs	- 180	- 148
Share of result of associates	3	1
Operating result	180	157
Financial income	4	2
Financial costs	- 12	- 18
Financial result	- 8	- 16
Result before tax	172	141
Income tax	- 54	- 44
Result for the period	**118**	**97**
Attributable to:		
Equity holders	109	89
Non-controlling interests	9	8
	118	97

Revenue

Revenue increased by 16.9% to €1,611 million in HY15 (€1,378 million in HY14) or 15.5% at constant exchange rates. Organic revenue growth of 6.5% came primarily from comparable growth of 5.2% (3.7% in HY14). Acquisitions had an impact on revenue of 8.9%.

In 2Q15, revenue increased by 17.0%, or 15.3% at constant exchange rates. The comparable growth rate of 4.8% was accomplished by continued growth in all three segments.

Adjusted EBITDA

Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by 17.2% to €259 million in HY15 (€221 million in HY14) or 15.7% at constant exchange rates. This improvement resulted primarily from organic adjusted EBITDA growth of 11.6%, which benefited from strong comparable growth in combination with improved operating efficiencies. Acquisitions had a positive effect of 4.1% on adjusted EBITDA.

The adjusted EBITDA margin increased by 4 bps to 16.1% in HY15 (16.0% in HY14) as the effect of margin improvements in the G4 and Latin America & Asia segments were partially offset by the diluting effect of last year's acquisitions. Excluding acquisitions, the adjusted EBITDA margin would have improved by 76 bps to 16.8%.

Non-recurring items of -€3 million in HY15 were mainly related to legal and regulatory provisions, pension arrangements in the Netherlands as well as costs related to the initial public offering in February, including the effect on the valuation of the long-term incentive plans.

In 2Q15, adjusted EBITDA grew by 18.1% or 16.0% at constant exchange rates, based on an organic growth of 9.6% and a 6.5% contribution from acquisitions. The adjusted EBITDA margin increased by 15 bps to 16.5% (16.3% in 2Q14).

A reconciliation from adjusted EBITDA to operating result for HY15 is presented in the table below:

in millions of EUR	HY15	HY14
Adjusted EBITDA	**259**	**221**
Non-recurring items	- 3	- 2
EBITDA	**255**	**219**
Depreciation and amortization of software	- 59	- 52
EBITA	**196**	**167**
Amortization and impairments	- 16	- 9
Operating result	**180**	**157**

Financial result
The financial result was -€8 million in HY15 (-€16 million in HY14). This improvement was largely due to the refinancing of the shareholder loans which took place in September 2014. The financial result was also positively impacted by currency gains.

Income tax
Income tax increased to €54 million in HY15 (€44 million in HY14), in line with the increase in operating profit. The effective tax rate remained stable at 31.4%.

Net result for the period
Net result for the period increased by 21.6% to €118 million in HY15 (€97 million in HY14). Net result attributable to equity holders increased by 22.4% to €109 million (€89 million in HY14).

Earnings per share
Earnings per share (basic and diluted) increased by 23.2% to €0.43 per outstanding share in HY15 (pro forma €0.35 in HY14).

On 20 January 2015 GrandVision issued 241,721,553 ordinary shares. Pro forma EPS for HY14 is calculated on this basis for comparability reasons.

Segment review

G4

in millions of EUR (unless stated otherwise)	HY15	HY14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,001	903	10.8%	8.0%	6.6%	1.4%
Comparable growth (%)	5.8%	2.7%				
Adjusted EBITDA	207	181	14.4%	12.2%	11.1%	1.0%
Adjusted EBITDA margin (%)	20.7%	20.1%	66bps			
Number of stores	2,994	2,927				

in millions of EUR (unless stated otherwise)	2Q15	2Q14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	506	462	9.5%	6.4%	5.4%	1.0%
Comparable growth (%)	4.8%	1.1%				
Adjusted EBITDA	106	94	12.4%	9.8%	8.8%	1.1%
Adjusted EBITDA margin (%)	21.0%	20.4%	54bps			

Revenue in the G4 segment rose by 10.8% to €1,001 million in HY15 and by 8.0% at constant exchange rates. Organic revenue growth and comparable growth were 6.6% and 5.8%, respectively. All four business units delivered strong results, with an especially good performance in Germany and Austria, which continued to see sales momentum following successful commercial activities.

In 2Q15, revenue in the G4 grew by 9.5%, or 6.4% at constant exchange rates. Comparable and organic growth reached 4.8% and 5.4%, respectively.

Adjusted EBITDA in the G4 segment increased by 14.4% to €207 million in HY15. The adjusted EBITDA margin increased by 66bps to 20.7% in HY15 (20.1% in HY14), benefiting from the continued roll out of the global capabilities as well as operating leverage.

In 2Q15, adjusted EBITDA in the G4 segment grew by 12.4% with organic adjusted EBITDA growth of 8.8%. The adjusted EBITDA margin increased by 54bps to 21.0%.

Other Europe

in millions of EUR (unless stated otherwise)	HY15	HY14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	433	360	20.4%	21.5%	4.8%	16.7%
Comparable growth (%)	3.2%	4.7%				
Adjusted EBITDA	61	53	14.7%	15.8%	5.8%	10.0%
Adjusted EBITDA margin (%)	14.1%	14.8%	-70bps			
Number of stores	1,689	1,439				

in millions of EUR (unless stated otherwise)	2Q15	2Q14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	229	187	22.2%	22.9%	5.9%	17.0%
Comparable growth (%)	4.8%	3.8%				
Adjusted EBITDA	35	28	25.1%	25.7%	13.3%	12.4%
Adjusted EBITDA margin (%)	15.4%	15.1%	35bps			

Revenue in the Other Europe segment increased by 20.4% to €433 million in HY15, or 21.5% at constant exchange rates. Organic revenue growth was 4.8%, while acquisitions contributed 16.7% to revenue growth. After a slower start to the year, comparable growth improved to 4.8% in 2Q15, reaching 3.2% in HY15.

In 2Q15, revenue grew by 22.2%, or 22.9% at constant exchange rates. Organic growth in 2Q15 was 5.9%. Higher comparable growth was achieved especially in Southern Europe, also due to strengthening sunglass sales in 2Q15.

Adjusted EBITDA in the Other Europe segment increased by 14.7% to €61 million in HY15. The adjusted EBITDA margin decreased by 70 bps to 14.1% in HY15 (14.8% in HY14), mainly due to the margin dilutive effect of the Randazzo acquisition in Italy. In 2Q15, adjusted EBITDA grew by 25.1%, or 25.7% at constant exchange rates with underlying organic growth of 13.3%. The adjusted EBITDA margin increased by 35bps to 15.4%.

Latin America & Asia

in millions of EUR (unless stated otherwise)	HY15	HY14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	177	115	54.5%	55.5%	11.2%	44.3%
Comparable growth (%)	7.1%	8.5%				
Adjusted EBITDA	7	2	256.4%	267.5%	165.5%	102.0%
Adjusted EBITDA margin (%)	3.7%	1.6%	208bps			
Number of stores	1,188	823				

in millions of EUR (unless stated otherwise)	2Q15	2Q14	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	92	58	60.4%	62.3%	10.6%	51.7%
Comparable growth (%)	5.3%	6.7%				
Adjusted EBITDA	5	1	637.8%	647.3%	175.0%	472.3%
Adjusted EBITDA margin (%)	5.0%	1.1%	390bps			

Revenue increased by 54.5% to €177 million in HY15, or 55.5% at constant exchange rates. Comparable growth and organic growth reached 7.1% and 11.2%, respectively. The acquisitions in China, Colombia, Peru and Turkey added 44.3% to revenue growth. The operations in Chile, Colombia and Mexico showed particularly strong organic growth.

In 2Q15, revenue grew by 60.4%, or 62.3% at constant exchange rates mostly due to the acquisitions as well as organic growth of 10.6%. Comparable growth during the quarter was 5.3%.

Adjusted EBITDA more than tripled to €7 million in HY15 (€2 million in HY14) and the adjusted EBITDA margin increased to 3.7% in HY15 (1.6% in HY14). In 2Q15, adjusted EBITDA in the Latin America & Asia segment increased to €5 million with strong organic growth of 175% as well as a positive contribution from acquisitions. As a consequence, the adjusted EBITDA margin increased by almost 400 bps to 5.0%. Improvements in both adjusted EBITDA and the adjusted EBITDA margin are being achieved through the successful integration of the newly acquired businesses, the optimization of the operations in Brazil and further implementation of the global capabilities.

Liquidity and debt

in millions of EUR (unless stated otherwise)	HY15	HY14	change versus prior year
Free cash flow	124	90	34
Capital expenditure	64	59	5
- Store capital expenditure	44	47	- 3
- Non-store capital expenditure	20	12	8
Acquisitions	4	33	- 29
Net debt	863		
Net debt leverage (times)	1.8		

In HY15, free cash flow (defined as cash flow from operating activities minus capital expenditure) amounted to €124 million (€90 million in HY14).

Capital expenditure not related to acquisitions was €64 million or 4.0% of revenue in HY15 (€59 million or 4.3% of revenue in HY14). The majority of capital expenditure was directed towards store openings, maintenance and renovation.

Store capital expenditure decreased by €3 million to €44 million in HY15 compared to HY14, mainly related to a different timing of investments compared to the previous year and optimized store capex. Non-store capital expenditure increased by €8 million in HY15 compared to HY14. This increase is mainly driven by investments into enabling IT systems. In June and July, the new SAP based global ERP system went live the first time in the United Kingdom and Ireland as well as Belgium and the Netherlands. Further global rollout will follow over the next years.

Net debt decreased to €863 million at the end of June 2015 from €922 million at year-end 2014, and includes the acquisition of €50 million of treasury shares at the initial public offering. The 12-month rolling net debt/EBITDA ratio decreased to 1.8x from 2.1x at year-end 2014.

Conference call and webcast details

GrandVision will hold a conference call and webcast for analysts and investors on 20 August 2015 at 9:00 am CET (8:00 am GMT):

- Webcast registration: http://edge.media-server.com/m/p/j7p6oyrc
- Conference call details are available on request
- The presentation will be available at www.grandvision.com shortly before the conference call

Financial Calendar 2015

20 August 2015	Half Year 2015 results press release
3 September 2015	Ex-dividend date (2015 interim dividend)
4 September 2015	Record date (2015 interim dividend)
8 September 2015	Payment date (2015 interim dividend)
10 November 2015	Third Quarter 2015 trading update

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About GrandVision

GrandVision is the global leader in optical retail by number of stores (excluding sunglass specialty stores) and delivers high quality and affordable eye care to more and more customers around the world. The high quality eye care offered by GrandVision includes a wide range of services provided by its optical experts, prescription glasses including frames and lenses, contact lenses and contact lens care products, and sunglasses both plain and with prescription lenses. These products are offered through its leading optical retail banners which operate in 43 countries across Europe, Latin America, the Middle East and Asia. GrandVision serves its customers in over 5,800 stores and with more than 26,600 full-time equivalent employees which are proving every day that in eye care, we care more. For more information, please visit www.grandvision.com.

Disclaimer

The financial figures in this press release are presented in euro (€) and all values are rounded to the nearest million unless otherwise stated. As a consequence, rounded amounts may not add up to the rounded total in all cases.

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Annex 1: Consolidated Balance Sheet

in thousands of EUR	30 June 2015	31 December 2014
ASSETS		
Non-current assets		
Property, plant and equipment	411,984	407,727
Goodwill	907,428	885,855
Other intangible assets	441,089	448,240
Deferred income tax assets	71,475	80,912
Associates	44,310	34,967
Other non-current assets	49,392	50,530
	1,925,678	1,908,231
Current assets		
Inventories	276,748	239,657
Trade and other receivables	279,883	257,301
Current income tax receivables	11,601	7,716
Derivative financial instruments	2,325	891
Cash and cash equivalents	90,770	134,095
	661,327	639,660
Total assets	**2,587,005**	**2,547,891**
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	45,729	61,535
Other reserves	- 19,099	- 54,775
Retained earnings	717,848	616,130
	744,478	622,890
Non-controlling interests	**49,347**	**45,327**
Total equity	**793,825**	**668,217**
Non-current liabilities		
Borrowings	787,158	960,463
Deferred income tax liabilities	138,148	141,378
Post-employment benefits	68,522	85,849
Provisions	22,425	27,727
Derivative financial instruments	-	2,508
Other non-current liabilities	18,617	15,859
	1,034,870	1,233,784
Current liabilities		
Trade and other payables	539,589	503,058
Current income tax liabilities	35,168	19,538
Borrowings	165,256	92,914
Derivative financial instruments	3,826	1,537
Provisions	14,471	28,843
	758,310	645,890
Total liabilities	**1,793,180**	**1,879,674**
Total equity and liabilities	**2,587,005**	**2,547,891**

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Annex 2: Consolidated Cash Flow Statement

in thousands of EUR	Six months ended 30 June 2015	Six months ended 30 June 2014
Cash flows from operating activities		
Cash generated from operations	221,958	199,359
Tax paid	- 33,886	- 50,707
Net cash from operating activities	**188,072**	**148,652**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	- 4,429	- 32,767
Investment in associates and property	-	- 1,125
Purchase of property, plant and equipment	- 51,181	- 51,502
Proceeds from sales of property, plant and equipment	5,121	1,987
Purchase of intangible assets	- 12,594	- 7,119
Proceeds from sales of intangible assets	146	697
Other non-current receivables	1,408	3,293
Interest received	2,247	1,912
Net cash used in investing activities	**- 59,282**	**- 84,624**
Cash flows from financing activities		
Purchase of treasury shares	- 51,074	-
Proceeds from borrowings	178,572	40,297
Repayments of other borrowings	- 309,014	- 47,365
Repayments of shareholder loan	-	- 50,000
Interest swap payments	- 1,367	- 2,187
Acquisition of non-controlling interest	- 1,440	-
Dividends paid	- 7,612	- 6,911
Interest paid	- 9,553	- 6,999
Net cash generated from/ (used in) financing activities	**- 201,488**	**- 73,165**
Increase / (decrease) in cash and cash equivalents	**- 72,698**	**- 9,137**
Movement in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	54,405	22,161
Increase / (decrease) in cash and cash equivalents	- 72,698	- 9,137
Exchange gains/ (losses) on cash and cash equivalents	782	- 1,144
Cash and cash equivalents at end of period	**- 17,511**	**11,880**