AFFLELOU

Press release

Paris, March 28, 2017

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

- **Network sales[1] up +9.2% to €196.0 million, including a rise of +2.7% on a like-for-like basis[2]**
- **+2.1% increase of operational profitability in adjusted EBITDA[3] to €20.4 million**

The Afflelou Group ("the Group") has today published its results for the second quarter of its fiscal year (three-month period to January 31, 2017).

Business trends of the Group's networks

Network sales were €196.0 million in the second quarter of the fiscal year (from November 1, 2016 to January 31, 2017), up +9.2% from the €179.4 million recorded in the second quarter of the preceding fiscal year, thus resulting in an increase of +8.7% since the beginning of the current fiscal year. The Group's network sales also posted an increase on a like-for-like basis of +2.7% in the quarter.

Business trends across the networks continue to be supported by a strong dynamism in France, with sales growing on a like-for-like basis at +3.4%, clearly outperforming the whole optical market which has been stable during the calendar year 2016.

Sales in Spain and in other countries are also largely increasing, even though Spain registered a slight decrease in like-for-like sales, as a result of a slowdown in consumer spending in the optical sector which had already been pointed out on previous quarter.

Since the beginning of the fiscal year, our Group grew by 46 additional points of sale. During the second quarter, new stores opened not only in our core markets but also in new geographies, like Togo and Hong Kong. Afflelou Group's banners are now presents in 16 countries and should continue to expand in the coming months.

To date, overall performance of the networks are in line with full-year Group's expectations.

Afflelou Group's financial performance

The Group recorded sales of €98.4 million, up +8.4%.

The networks provided the driving force for this increase, with contributions to the Group's sales varying from one geographical region and one banner to another.

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[1] Network sales comprise sales (excluding tax) to end customers by all of the Group's distribution channels, including directly-owned stores. Sales of the franchisees correspond to their monthly sales reports, resulting from obligations under their franchise agreements.
[2] Like-for-like network sales correspond to 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 compared 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 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.

Group's operational profitability in adjusted EBITDA increased by +2.1%, to €20.4 million, from € 20.0 million a year before. Profitability in France, the Group's main geographical region, delivered an increase of +8.3%, in line with network sales growth in this region. This is a strong performance given the integration of less profitable activities compared to those generated by original Alain Afflelou banner. In Group's other countries, profitability was impacted by diversification of the activities and expenses linked to the expansion. In the Iberian Peninsula, performance of directly owned stores in Spain and, marginally, in Portugal was also affected by a slight decrease in like-for-like sales.

All these various items were mainly expected and do not significantly affect Group's forecasts for the whole fiscal year.

Frédéric Poux, Chairman and Chief Executive Officer of the Afflelou Group, commented: "*Our Group has continued to follow a very positive expansion dynamic, on all our banners and our territories, with a special distinction on our historical brand Alain Afflelou in France, which registers strong performances since numerous quarters. Our diversification is going on, at such point that our historical brand Alain Afflelou in France now only account for half of our total 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 2015, 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 third 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 1,395 stores in 13 countries as of July 31, 2016, including France and Spain– its main markets – as well as Andorra, Belgium, Luxembourg, Portugal, Switzerland, Algeria, , Côte d'Ivoire, Lebanon, Morocco, Senegal and Tunisia.

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