

GrandVision reports comparable revenue growth of 0.8% in 4Q20

Schiphol, the Netherlands – 22 January 2021. GrandVision NV (EURONEXT: GNVV) publishes its preliminary and unaudited 4Q and FY20 revenue and comparable growth update.

%	FY20	FY19	4Q20	4Q19
Revenue growth	-13.8%	8.6%	-1.7%	11.2%
Revenue growth at constant exchange rates	-12.2%	8.8%	1.1%	10.7%
Organic growth	-13.6%	5.2%	0.7%	6.0%
- Comparable Growth	-14.1%	4.1%	0.8%	4.6%
Growth from acquisitions	1.4%	3.6%	0.4%	4.6%

Fourth Quarter and Full Year Development

Following a strong revenue recovery in the third quarter, GrandVision entered the fourth quarter with good momentum. The impact of the COVID-19 second wave subsequently built up through the quarter and slowed our progress resulting in 4Q revenue growth of **1.1%** at constant exchange rates. Organic and comparable revenue growth for the quarter were **0.7%** and **0.8%** respectively.

In the fourth quarter, we continued the strong EBITA momentum from the previous months. However, the increased restrictions in more and more countries due to the second wave in November and December resulted in a deceleration in the EBITA growth compared with the previous quarter. In the fourth quarter profit growth exceeded revenue growth.

Revenue at constant exchange rates declined by **12.2%** for the full year with organic and comparable decreases of **13.6%** and **14.1%** respectively, driven by the COVID-19 enforced temporary store closures in the first half, as well as an overall reduction in footfall through the year. Total e-commerce sales grew 85%, while e-commerce sales generated by our retail brands more than doubled compared to the prior year. Acquisitions made in 2019, including Optica2000 in Spain and McOptic in Switzerland, continued to have a positive impact this year and added **1.4%** to revenue growth.

For the full year 2020, GrandVision is expecting an adjusted EBITA margin of approximately 7.5%.

Operating Environment

Although the positive operating trend from the third quarter continued into October, GrandVision experienced an increasingly challenging environment from the second wave of COVID-19, as governments started to re-introduce stricter measures to contain the spread of the virus. At year-end, 98.5% of the store network remained open as optical retail has qualified as 'essential retail' in most markets in which GrandVision operates. While the general restrictions on retail and the varying levels of lockdown had a negative impact on traffic, our conversion strongly increased. This was driven by visits from need-driven shoppers with a high purchase intent and aided by our proprietary online appointment booking tool and safety protocols in store.

The adherence to financial discipline across the Company has remained a core focus throughout the year, and we were well prepared to face the effects of the enhanced government measures towards the end of the year. We have also been aided by support from various government schemes in countries such as the UK and Italy, amongst others. In the second half of the year, we continued to invest in key initiatives, enhance customer safety and further drive omnichannel capabilities.

Given the rising short-term uncertainty following an increase in restrictive measures across several key markets in the beginning of this year, GrandVision will not be providing an outlook for 2021 at this stage.

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Segment Performance

The **G4** segment comparable revenue grew by **4.2%** in the fourth quarter, while it declined by **11.6%** for the full year, with France and the UK being the most affected countries in this segment. However, the negative impact was partially mitigated by a strong increase in the total digital influenced store sales (DISS) throughout the year, which also supported a significant improvement in the conversion ratio. Furthermore, the positive category mix with an increase in the multifocal category share, largely in France, also contributed to the underlying good performance of the segment.

In the fourth quarter, **Germany** and **Benelux** saw positive single-digit comparable growth, with continuing momentum in October and a strong performance in December. The **UK** reported a strong double digit comparable growth, continuing the trend in the quarter and benefits from weaker comparables with the prior year. This performance reflects solid commercial execution, as well as an increase in the average selling price driven by higher value optical products.

The **Other Europe** segment reported a comparable revenue decline for the fourth quarter of **4.1%** and **15.9%** for the full year 2020, with Italy being one of the hardest hit markets in both the full year and the fourth quarter. However, online sales grew strongly and particularly in Northern Europe and contributed to the revenue increase due to the successful implementation of subscription models in both the optical and contact lenses categories. Additionally, Optica2000 in Spain and McOptic in Switzerland were successfully integrated into GrandVision.

The **Americas & Asia** segment reported a comparable revenue decline of **1.2%** in 4Q20 and **20.6%** in FY20, with Latin America and the US markets being amongst the most impacted globally. Turkey remained more resilient, partly supported by a doubling of e-commerce sales compared to the prior year. Latin America also grew its online business significantly, improving the category mix with 20% of total online sales being in the optical category.

Management Comments

Stephan Borchert, GrandVision's CEO, commented: "2020 has been a year characterized by the unprecedented challenges of the COVID-19 outbreak. The resilience, engagement and relentless focus of all our employees has been a defining element for us and I thank them, as well as our many business partners, for their efforts in enabling us to keep the operations running where possible, and to serve the critical needs of our customers in a safe and sustainable manner during these difficult times.

Our revenue performance varied significantly through the months after the outbreak, with a strong recovery in the third quarter as restrictions were lifted. Towards the end of the year, the impact of the second wave resulted in lower retail traffic again and a slowdown of the recovery. We expect these disruptions to continue into at least the first quarter of 2021.

The COVID-19 impact on profitability has been partially offset by strong commercial execution, as well as short term government support in some countries. I am proud that we achieved continued revenue and EBITA growth in the quarter.

We have continued our momentum in our digital sales channels, as we have further invested in our omnichannel capabilities to adapt to the evolving customer behavior. Over 30 of our retail brands across the Group are using our proprietary online appointment booking platform, which has been a main driver for the increase in our digitally influenced store sales. We have also seen good progress in the optical category e-commerce and subscription sales.

During 2020, we continue to invest in our in-store customer experience through an upgraded store model with new omnichannel customer journey elements, and the pilot stores have delivered promising results so far. Subsequently, we have implemented this store concept in six countries by the end of 2020 and will accelerate the roll-out in the coming year. With pride, we have recorded another increase in our group-wide net promoter score (NPS) from 65 in 2019 to 70 this year and have received multiple consumer awards across the Group over the course of 2020.

The resilience of our business paired with continued cash discipline resulted in a strong financial position at year end, with a preliminary net debt of EUR 539M, from an opening position of EUR 753M at the beginning of the year.

GrandVision successfully managed the challenges presented by the COVID-19 pandemic in 2020 with a strong performance in the second half of the year. We are well prepared for a recovery in 2021, but we expect the impact of the second wave to subdue our recovery at least in the first quarter.

We continue to support EssilorLuxottica in the completion of its acquisition of GrandVision and are working through the necessary regulatory approval processes.”

Financial Position at year end 2020 and Dividend

GrandVision finished the year with a preliminary and unaudited net debt of €539M, as strong cash generation continued in the first part of the last quarter of the year.

Contingent upon the Company's financial position not being materially worsened due to the impact of the second wave of COVID-19 in the beginning of 2021, GrandVision confirms its intention to propose a dividend for the fiscal year 2019 at the Annual General Meeting on 23 April 2021.

Status of transaction with EssilorLuxottica

GrandVision continues to support EssilorLuxottica with the shared objective to obtain regulatory approval for the closure of the acquisition by EssilorLuxottica of HAL's 76.72% interest in GrandVision within 12 to 24 months from the announcement date of 31 July 2019. The transaction has been unconditionally cleared so far in the United States, Colombia, Brazil, and Mexico and it is currently under review in the EU, Chile, and Turkey, as well as in Russia (where the previously obtained clearance had expired). These merger clearance proceedings are confidential.

On 18 July 2020, EssilorLuxottica initiated summary proceedings before the District Court of Rotterdam demanding that GrandVision provides to EssilorLuxottica additional information in relation to GrandVision's actions to mitigate the impact of COVID-19 on its business.

On 24 August 2020, the District Court dismissed all claims made by EssilorLuxottica. EssilorLuxottica has appealed the decision of the District Court.

On 30 July 2020, GrandVision announced that it had initiated arbitration proceedings against EssilorLuxottica in connection with the material breach notice EssilorLuxottica has sent to GrandVision. These proceedings are currently ongoing; they are confidential and non-public.

Further announcements will be made if and when required.

Financial Calendar 2021

Date	Event
26 February 2021	Full Year 2020 Results Press Release
23 April 2021	First Quarter 2021 Trading Update Annual General Meeting (AGM)
6 August 2021	Half Year and Second Quarter 2021 Results Press Release
29 October 2021	Third Quarter 2021 Trading Update

ABOUT GRANDVISION

GrandVision is a global leader in optical retailing 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 vision 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 leading optical retail banners which operate in more than 40 countries across Europe, the Americas, the Middle East and Asia. GrandVision serves its customers in over 7,200 stores and with more than 38,000 employees which are proving every day that in EYE CARE, WE CARE MORE. For more information, please visit www.grandvision.com.

Disclaimer

This press release contains forward-looking statements that reflect GrandVision's current views with respect to future events and financial and operational performance. These forward-looking statements are based on GrandVision's beliefs, assumptions and expectations regarding future events and trends that affect GrandVision's future performance, taking into account all information currently available to GrandVision, and are not guarantees of future performance. 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, and GrandVision cannot guarantee the accuracy and completeness of forward-looking statements. A number of important factors, not all of which are known to GrandVision or are within GrandVision's control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing GrandVision. Any forward-looking statements are made only as of the date of this press release, and GrandVision assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This press release contains inside information relating to GrandVision within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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