GrandVision

GrandVision Half Year 2019

FINANCIAL REPORT

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Interim report

Highlights

- HY19 revenue growth of 7.3% at constant exchange rates and comparable growth of 3.8% (HY18: 2.8%)
- HY19 adj. EBITDA (i.e. EBITDA before non-recurring items) increased by 2.4% y-o-y at constant exchange rates
- HY19 adj. EBITDA margin of 14.9% (HY18: 15.6%), in part driven by digital investments and supply chain transformation across the Group
- HY19 adj. EPS of €0.29 (HY18: €0.44), driven by the effect of a non-cash goodwill impairment during the second quarter
- Our store base increased to 7,265 stores from 7,216 by the end of March 2019 driven by store openings and acquisitions
- GrandVision booked a non-cash goodwill impairment charge of €51 million, reflecting the For Eyes business operational performance which remains below the initial investment case
- In July, GrandVision has successfully refinanced the current Revolving Credit Facility of EUR 1.2 billion with a group of their close relationship banks
- This morning, GrandVision announced that it supports EssilorLuxottica in acquiring HAL Holding's 76.72% interest in GrandVision.

Key figures

		Pre-IFRS 16					
in millions of EUR (unless stated otherwise)	**Reported HY19**	**HY19**	**HY18**	**Change vs. prior year**	**Change at constant FX**	**Organic growth**	**Growth from acquisitions**
Revenue	1,995	1,995	1,874	6.5%	7.3%	4.8%	2.5%
Comparable growth (%)	3.8%	3.8%	2.8%				
Adjusted EBITDA	486	297	293	1.3%	2.4%	0.7%	1.7%
Adjusted EBITDA margin (%)	24.4%	14.9%	15.6%	-76bps			
Adjusted EBITA	237	218	220	-0.8%	0.5%	-1.3%	1.8%
Adjusted EBITA margin (%)	11.9%	10.9%	11.7%	-80bps			
Net result	74	72	116	-37.9%			
Net result attributable to equity holders	66	64	106	-39.1%			
Adjusted earnings per share, basic (in €)	0.29	0.29	0.44	-35.3%			
Earnings per share, basic (in €)	0.26	0.25	0.42	-39.2%			
System wide sales	2,178	2,178	2,054	6.1%			
Number of stores (#)	7,265	7,265	7,002				

Management comments

Stephan Borchert, GrandVision's CEO said: "We continued to see strong growth momentum in our markets in the second quarter with comparable growth of 2.5% and revenue growth of 7.1% at constant exchange rates. Our comparable growth of 3.8% this year so far is well ahead of the previous year of 2.8%, despite fewer selling days in some key markets.

All three categories contributed to this growth trajectory, with optical sales and contact lenses categories outperforming sunglass sales, which were negatively impacted by strong LY comparison, particularly in April and May.

We also saw continued top-line growth momentum in all our segments. In 1H19, the G4 achieved a solid comparable growth performance of 3.2% - a strong acceleration from 1.4% in 1H18, driven by broad-based growth across all markets. In the Other Europe segment, comparable growth accelerated from 2.0% in 1H18 to 2.8% in 1H19, and in the Americas & Asia we saw strong growth of 8.7% with an acceleration in the second quarter driven by most regions and improved levels of comparable growth in the United States.

During the first half of the year, EBITDA growth was below revenue growth due to the ongoing investment behind omni-channel capabilities and the supply chain transformation, which we laid out at our 2018 Capital Markets Day as well as negative geography mix. In the second quarter of this year, we saw improvements in our underlying business, particularly in the G4 and Americas & Asia segments, driven by operational improvements in the Benelux region and better operating leverage. We expect our EBITDA performance in the second half of the year to improve as the investments annualize .

One of our most important strategic initiatives is to accelerate our omni-channel readiness, including a stronger contribution from e-commerce sales. Investments in our online appointment booking tools have led to an increase of online bookings by more than 40% in the second quarter, which has shown first positive effects on comparable growth in many parts of the group.

As a consequence of these initiatives, we also achieved e-commerce sales growth of 60%. This was driven mainly by our Lenstore business, which is now active in three markets: the UK, Italy and Germany. During the second quarter, we launched Sonnenbrillen.com in Germany and Lunettesdesoleil.com in France, based on the Zonnebrillen.com platform in the Netherlands. We also went live with a new contact lens pure-play website Sightful.nl, in the Netherlands and Belgium.

The integration of recent acquisitions is progressing well. Optica2000 is already contributing to Other Europe's EBITDA and has seen robust comparable growth of more than 4% since the acquisition in February.

Finally, we continue to explore different avenues of growth for our United States business. While we have made some progress, our operational performance remains below the business plan set out at the time of the acquisition. This has led us to book an additional one-time goodwill impairment charge of €51 million during the second quarter. We are confident that we have the right building blocks to succeed in this market, and that we will be able to further fine-tune our approach to reduce the losses going forward.

IFRS 16 impact

IFRS 16 Leases, the new leasing standard, is effective for accounting periods beginning on, or after, 1 January 2019. It will result in the majority of the leases being recognized on the consolidated Balance Sheet, as the distinction between operating and finance leases is removed for leases where the entity is a lessee. Overall, GrandVision has close to 10,000 lease contracts in all countries that are subject to IFRS 16.

GrandVision has adopted the new standard on the required effective date using the modified retrospective transition approach, with the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity on 1 January 2019. GrandVision will therefore not restate comparative amounts for the year 2018.

Due to the occupancy costs change from an operating expense to depreciation, EBITDA increases. The depreciation of leases is lower than the previous occupancy costs as a financing component is taken out, leading to higher net financial costs.

Overall, GrandVision's HY19 net income increases by EUR 2 million following the adoption of IFRS 16. A reconciliation table is presented below.

in millions of EUR	HY19
Occupancy costs included in pre-IFRS 16 adjusted EBITDA	189
IFRS 16 impact on depreciation	-171
IFRS 16 impact on net financial result	-17
Total IFRS 16 impact (additional net income)	2

Given the decreased operational relevance of adjusted EBITDA following the adoption of the new accounting standard, GrandVision will measure its performance on adjusted EBITA as of 2020.

Group financial review

in millions of EUR	Reported HY19	Pre-IFRS 16 HY19	Pre-IFRS 16 HY18
Revenue	1,995	1,995	1,874
Cost of sales and direct related expenses	- 547	- 547	- 512
Gross profit	1,448	1,448	1,362
Selling and marketing costs	- 996	- 1,014	- 953
General and administrative costs	- 294	- 294	- 224
Share of result of associates	0	0	0
Operating result	158	140	185
Financial income	2	2	1
Financial costs	- 28	- 11	- 11
Net financial result	- 26	- 9	- 10
Result before tax	132	131	174
Income tax	- 59	- 59	- 58
Result for the period	**74**	**72**	**116**
Attributable to:			
Equity holders	66	64	106
Non-controlling interests	8	8	11
	74	72	116

Revenue

Revenue increased by 7.3% at constant exchange rates to €1,995 million in HY19 (€1,874 million in HY18) or 6.5% at reported rates. Acquisitions, primarily Optica2000 in Spain contributed 2.5% to revenue growth while foreign exchange fluctuations, mainly driven by the strengthening of the Euro against major currencies, led to a negative impact of 0.8%. Organic revenue growth of 4.8% was primarily driven by comparable growth of 3.8% (2.8% in HY18) as well as new store openings.

Revenue growth was delivered in all three regions. Optical and contact lens sales outperformed in the first half of the year, while sunglass sales were impacted by more difficult comparables, particularly in Southern Europe.

Adjusted EBITDA

Adjusted EBITDA (i.e. EBITDA before non-recurring items) increased by 2.4% at constant exchange rates to €297 million in HY19 (€293 million in HY18) or 1.3% at reported rates.

The adjusted EBITDA margin decreased by 76 bps to 14.9% in HY19 (15.6% in HY18) mainly due to higher central costs to support our digital and product value chain strategy and lower margins at the start of the year as previously disclosed.

Operating Result

The operating result decreased by €45 million from €185 million in HY18 to €140 million in HY19, driven by the goodwill impairment charge booked during the second quarter of this year.

in millions of EUR	Reported HY19	Pre-IFRS 16 HY19	Pre-IFRS 16 HY18
Adjusted EBITDA	**486**	**297**	**293**
Non-recurring items	- 10	- 10	- 9
EBITDA	**476**	**287**	**284**
Depreciation and amortization of software	- 250	- 79	- 73
EBITA	**227**	**208**	**211**
Amortization and impairments	- 69	- 69	- 26
Operating result	**158**	**140**	**185**

Non-recurring items of -€10 million in HY19 (-€9 million in HY18) were mainly related to one-off restructuring and business integration costs.

Depreciation and amortization of software increased from -€73 million in HY18 to -€79 million in HY19 driven by the expansion of the business and additions to software mainly related to GrandVision's digital strategy.

Amortization and impairments increased by €43 million to -€69 million in HY19 due to the goodwill impairment charge reflecting the United States business operational performance which remains below the business plan set out at the time of the acquisition.

Financial result
The financial result slightly improved from -€10 million in HY18 to -€9 million in HY19 result from a combination of offseting effects.

Income tax
Income tax increased from -€58 million in HY18 to -€59 million in HY19. The estimated weighted average annual effective income tax rate used for the six months ended 30 June 2019 is 44.8% (33.2% in HY18). The increase is mainly resulting from the impairment charge of goodwill in the United States.

Net result for the period
Net result for the period decreased by 38% to €72 million in HY19 (€116 million in HY18), as the EBITDA growth was more than offset by the United States business goodwill impairment charge during the second quarter. Net result attributable to equity holders decreased 39% to €64 million (€106 million in HY18).

(Adjusted) Earnings per share
Adjusted earnings per share, which excludes non-recurring items, was €0.29 in HY19 (€0.44 in HY18). Earnings per share was €0.25 in HY19 (€0.42 in HY18).

The weighted average number of shares outstanding was 253,735,211 in HY19. On a fully diluted basis, adjusted EPS was €0.29 in HY19 (€0.44 in HY18), and EPS was €0.25 in HY19 (€0.42 in HY18).

Segment review

G4

in millions of EUR (unless stated otherwise)	Reported HY19	Pre-IFRS 16					
		HY19	HY18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,131	1,131	1,077	5.0%	4.9%	3.4%	1.5%
Comparable growth (%)	3.2%	3.2%	1.4%				
Adjusted EBITDA	310	214	206	3.7%	3.7%	2.4%	1.3%
Adjusted EBITDA margin (%)	27.4%	18.9%	19.1%	-23bps			
Adjusted EBITA	180	172	168	2.7%	2.7%	1.4%	1.3%
Adjusted EBITA margin (%)	15.9%	15.2%	15.6%	-33bps			
Number of stores (#)	3,408	3,408	3,386				

Revenue

Revenue in the G4 segment increased by 4.9% at constant exchange rates to €1,131 million in HY19. Comparable growth of 3.2% showed a strong acceleration from 1.4% in HY18, driven by strong momentum across all markets during the first six months of the year.

In **Benelux**, we saw a recovery of our business, as anticipated, in the second quarter with improved levels of comparable growth and an acceleration in profitability.

In **France**, our business continued to gain market share in the first five months of the year, for which data is available, driven by our value proposition, as customers continue to become more price sensitive following the recent regulatory changes.

In **Germany**, our revenue continued to increase through strong comparable growth and the acquisition of a franchise business.

In the **United Kingdom**, comparable growth of our stores continued to be impacted by an overall weaker retail environment, but this was more than compensated for by growth in online sales as well as stronger performance of the Tesco stores.

Adjusted EBITDA

Adjusted EBITDA increased by 3.7% at constant exchange rates to €214 million in HY19, reflecting an improvement in operating leverage in the second quarter. EBTIDA growth was strongest in Benelux, which saw improvements in its performance compared to the previous year. The EBITDA margin declined by 23 bps to 18.9%.

Other Europe

in millions of EUR (unless stated otherwise)	Reported HY19	Pre-IFRS 16					
		HY19	HY18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	611	611	560	9.0%	9.3%	3.8%	5.5%
Comparable growth (%)	2.8%	2.8%	2.0%				
Adjusted EBITDA	150	91	85	7.4%	7.8%	4.9%	2.8%
Adjusted EBITDA margin (%)	24.5%	15.0%	15.2%	-22bps			
Adjusted EBITA	71	68	62	9.7%	10.1%	7.0%	3.2%
Adjusted EBITA margin (%)	11.6%	11.1%	11.1%	7bps			
Number of stores (#)	2,054	2,054	1,896				

Revenue

IIn HY19, revenue growth in the Other Europe segment of 9.3% at constant exchange rates to €611 million was driven by the acquisition of Optica2000 in Spain, which contributed 5.5% as well as organic growth of 3.8%. Comparable growth of 2.8% in HY19 was ahead of the previous year (HY18: 2.0%), despite a slightly negative selling day impact in the region, particularly Switzerland and the Nordics.

The business units in Northern and Southern Europe delivered low single digit comparable growth despite weaker sunglass sales due to the delayed summer season. Eastern Europe continued to grow by high single digits with a strong performance in Hungary, the Czech Republic and Poland.

Adjusted EBITDA

Adjusted EBITDA in the Other Europe segment increased by 7.8% at constant exchange rates to €91 million in HY19 driven by operational improvements in Italy after adjusting the commercial proposition, and the first-time consolidation of Optica2000. However, the adjusted EBITDA margin decreased slightly by 22 bps to 15.0% in HY19, mainly due to weaker performance in Northern Europe.

Americas & Asia

		Pre-IFRS 16					
in millions of EUR (unless stated otherwise)	**Reported HY19**	**HY19**	**HY18**	**Change vs. prior year**	**Change at constant FX**	**Organic growth**	**Growth from acquisitions**
Revenue	253	253	237	7.0%	13.4%	13.3%	0.1%
Comparable growth (%)	8.7%	8.7%	10.0%				
Adjusted EBITDA	48	14	16	-12.5%	5.0%	5.3%	-0.3%
Adjusted EBITDA margin (%)	18.9%	5.4%	6.6%	-120bps			
Adjusted EBITA	10	2	5	-56.6%	-0.6%	0.5%	-1.1%
Adjusted EBITA margin (%)	3.9%	0.8%	1.9%	-113bps			
Number of stores (#)	1,803	1,803	1,720				

Revenue

The America & Asia segment achieved revenue growth of 13.4% at constant exchange rates to €253 million in HY19 (€237 million in HY18). Comparable growth and organic growth reached 8.7% and 13.3%, respectively, with particularly strong comparable growth in Mexico, Russia and Turkey. However, reported revenue was only 7.0% due to negative currency translation effects of 6.4% during the first half, or €15 million.

Adjusted EBITDA

Adjusted EBITDA decreased to €14 million in HY19 (€16 million in HY18) with an adjusted EBITDA margin of 5.4% (6.6% in HY18) driven by a strong operating performance in other key markets of the segment such as Mexico, Russia and Turkey, while profitability in the United States remained under pressure. The EBITDA performance was partially reduced by foreign exchange fluctuations, which had a negative effect of €3 million, mainly attributable to the depreciation of the Turkish lira.

Liquidity and debt

in millions of EUR (unless stated otherwise)	HY19	HY18	change versus prior year
Free cash flow	107	99	8
Capital expenditure	78	93	- 15
- Store capital expenditure	48	73	- 25
- Non-store capital expenditure	30	20	10
Acquisitions	115	2	112
Net debt	867	826	
Net debt leverage (times)	1.5	1.5	

In HY19, free cash flow (defined based on IFRS 16, as cash flow from operating activities minus capital expenditure minus net repayment of lease liabilities and receivables) increased to €107 million (€99 million in HY18) due to lower capital expenditures.

Store capital expenditure decreased to €48 million in HY19 (€73 million in HY18) mainly due to the higher level of refurbishing and rebranding costs in the previous year related to the Tesco-located stores. Non-store capital expenditure increased from €20 million in HY18 to €30 million in HY19 mainly due to increased investments in omnichannel systems. Consequently, total capital expenditure decreased to €78 million in HY19 (€93 million in HY18), representing 4% of revenue.

Net debt was €867 million at the end of June 2019, compared to €743 million at year-end 2018, and €826 at the end of June 2018. The increae in net debt is mainly due to the acquisitions of Optica2000 and Charlie Temple in the beginning of the year. The 12-month rolling net debt/EBITDA ratio slightly increased to1.5x compared to year-end 2018 (1.3x) but remained stable compared to the same period last year.

In July, GrandVision has successfully refinanced the current Revolving Credit Facility of EUR 1.2 billion with a group of their close relationship banks. The new facility has a maturity till 2024 and can be extended two times by one year at the end of the first and second anniversary (5 + 1 + 1). The new Facility has the same size and similar terms to the previous facility that would have matured in 2021. In addition, a sustainability feature has been added to the facility, whereby the margins are linked to our sustainability performance.

Statement by the Management Board

In accordance with the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), section 5:25d, paragraph 2 sub c, we confirm that, to the best of our knowledge:

- the condensed interim consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 (Interim Financial Reporting) as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of GrandVision N.V. and its subsidiaries; and
- the interim report for the six months ended 30 June 2019 gives a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act.

Schiphol, 31 July 2019

The Management Board

Stephan Borchert, CEO

Willem Eelman, CFO

Financial Calendar 2019

30 October 2019 Third Quarter 2019 Trading Update

Condensed Interim Consolidated Financial Statements

Interim Consolidated Income Statement

in thousands of EUR	Notes	Six months ended 30 June 2019	Six months ended 30 June 2018
Revenue	5	1,995,248	1,874,152
Cost of sales and direct related costs		- 547,048	- 512,043
Gross profit		1,448,200	1,362,109
Selling and marketing costs		- 996,200	- 952,951
General and administrative costs		- 293,573	- 224,212
Share of result of Associates and Joint Ventures		- 355	- 374
Operating result		158,072	184,572
Financial income		2,412	586
Financial costs		- 28,074	- 10,995
Net financial result		- 25,662	- 10,409
Result before tax		132,410	174,163
Income tax	7	- 58,596	- 57,739
Result for the period		**73,814**	**116,424**
Attributable to:			
Equity holders		65,864	105,719
Non-controlling interests		7,950	10,705
		73,814	116,424
Earnings per share, basic and diluted (in EUR per share)		0.26	0.42

GrandVision has applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initial application of IFRS 16 is recognized in retained earnings. The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Statement of Other Comprehensive Income

in thousands of EUR	Six months ended 30 June 2019	Six months ended 30 June 2018
Result for the period	73,814	116,424
Other comprehensive income:		
Items that will not be reclassified to Income Statement		
Remeasurement of post-employment benefit obligations	- 16,659	3,011
Income tax relating to this item	4,548	- 813
	- 12,111	2,198
Items that may be subsequently reclassified to Income Statement		
Currency translation differences	6,363	- 6,260
Share of Other Comprehensive Income of Associates and Joint Ventures	10	- 35
Cash flow hedges	- 8,403	4,320
Income tax	2,103	- 1,005
	73	- 2,980
Other comprehensive loss (net of tax)	- 12,038	- 782
Total comprehensive income for the period (net of tax):	**61,776**	**115,642**
Attributable to:		
Equity holders	55,028	104,967
Non-controlling interests	6,748	10,675
	61,776	115,642

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Interim Consolidated Balance Sheet

in thousands of EUR	Notes	30 June 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment		507,360	516,782
Right-of-use assets	8	1,375,750	-
Goodwill	9	1,110,328	1,052,282
Other intangible assets	10	412,966	563,267
Deferred income tax assets		50,470	46,706
Investments in Associates and Joint Ventures		1,068	1,091
Non-current receivables		81,644	38,656
Other non-current assets		7,734	10,451
		3,547,320	2,229,235
Current assets			
Inventories		392,231	330,502
Trade and other receivables		284,987	253,933
Other current assets		45,068	49,800
Current income tax receivables		18,486	8,944
Derivatives		3,079	3,459
Cash and cash equivalents	11	167,420	138,257
		911,271	784,895
Total assets		**4,458,591**	**3,014,130**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	12	57,897	60,476
Other reserves		- 167,884	- 157,048
Retained earnings	13	1,173,589	1,259,026
		1,063,602	1,162,454
Non-controlling interests		82,781	90,011
Total equity		**1,146,383**	**1,252,465**
Non-current liabilities			
Borrowings		397,975	362,492
Lease liabilities	8	972,971	461
Deferred income tax liabilities		53,504	71,547
Post-employment benefits		114,800	96,199
Provisions		16,155	17,003
Derivatives		9,187	2,605
Contract liabilities		7,766	7,776
Other non-current liabilities		17,772	6,294
		1,590,130	564,377
Current liabilities			
Trade and other payables		581,194	542,978
Contract liabilities		82,526	77,674
Current income tax liabilities		40,886	40,389
Borrowings		626,242	514,851
Lease liabilities	8	368,037	411
Derivatives		4,388	4,144
Provisions		18,805	16,841
		1,722,078	1,197,288
Total liabilities		**3,312,208**	**1,761,665**
Total equity and liabilities		**4,458,591**	**3,014,130**

GrandVision has applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initial application of IFRS 16 is recognized in retained earnings. The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Interim Consolidated Statement of Changes in Shareholders' Equity

		Attributable to the equity holders							
in thousands of EUR	Notes	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
At 31 December 2018		**5,089**	**69,455**	**- 14,068**	**- 157,048**	**1,259,026**	**1,162,454**	**90,011**	**1,252,465**
Adjustment on initial application of IFRS 16 (net of tax)		-	-	-	-	- 67,601	- 67,601	- 901	- 68,502
Adjusted at 1 January 2019		**5,089**	**69,455**	**- 14,068**	**- 157,048**	**1,191,425**	**1,094,853**	**89,110**	**1,183,963**
Result for the period		-	-	-		65,864	65,864	7,950	73,814
Cash flow hedge reserve		-	-	-	- 6,253	-	- 6,253	- 47	- 6,300
Remeasurement of post-employment benefit obligations*		-	-	-	- 10,778	-	- 10,778	- 1,333	- 12,111
Cumulative currency translation reserve		-	-	-	6,195	-	6,195	178	6,373
Total comprehensive income		-	-	-	- 10,836	65,864	55,028	6,748	61,776
Purchase of treasury shares	12	-	-	- 3,814	-	-	- 3,814	-	- 3,814
Share-based payments	12, 13	-	- 363	1,598	-	43	1,278	-	1,278
Dividends	13	-	-	-	-	- 83,743	- 83,743	- 13,077	- 96,820
Total transactions with equity holders		-	- 363	- 2,216	-	- 83,700	- 86,279	- 13,077	- 99,356
At 30 June 2019		**5,089**	**69,092**	**- 16,284**	**- 167,884**	**1,173,589**	**1,063,602**	**82,781**	**1,146,383**
At 1 January 2018		**5,089**	**72,176**	**- 17,753**	**- 148,962**	**1,128,524**	**1,039,074**	**81,480**	**1,120,554**
Result for the period		-	-	-		105,719	105,719	10,705	116,424
Cash flow hedge reserve		-	-	-	3,431	-	3,431	- 116	3,315
Remeasurement of post-employment benefit obligations		-	-	-	1,927	-	1,927	271	2,198
Cumulative currency translation reserve		-	-	-	- 6,110	-	- 6,110	- 185	- 6,295
Total comprehensive income		-	-	-	- 752	105,719	104,967	10,675	115,642
Share-based payments	12, 13		- 4,524	3,676		- 82	- 930	-	- 930
Acquisition of non-controlling interest	13	-	-	-	-	- 2,330	- 2,330	2,261	- 69
Dividends	13					- 81,147	- 81,147	- 12,642	- 93,789
Total transactions with equity holders		-	- 4,524	3,676	-	- 83,559	- 84,407	- 10,381	- 94,788
At 30 June 2018		**5,089**	**67,652**	**- 14,077**	**- 149,714**	**1,150,684**	**1,059,634**	**81,774**	**1,141,408**

GrandVision has applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initial application of IFRS 16 is recognized in retained earnings. The accompanying notes are an integral part of these condensed interim consolidated financial statements.

*Remeasurement of post-employment benefits obligations following decrease in discount rates mainly in Germany and Switzerland.

Interim Consolidated Cash Flow Statement

in thousands of EUR	Notes	Six months ended 30 June 2019	Six months ended 30 June 2018
Cash flows from operating activities			
Cash generated from operations		444,715	258,075
Tax paid		- 69,941	- 66,396
Net cash from operating activities		**374,774**	**191,679**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	6	- 114,962	- 2,295
Settlement of contingent consideration		-	- 2,846
Purchase of property, plant and equipment		- 52,278	- 72,901
Proceeds from sales of property, plant and equipment		2,188	4,233
Purchase of intangible assets	10	- 25,223	- 19,796
Proceeds from sales of intangible assets		1,030	583
Investments in Associates and Joint Ventures		- 321	-
Proceeds from sales of investments in buildings		-	150
Other non-current receivables and lease prepayments		- 282	- 707
Interest received		2,260	577
Net cash used in investing activities		**- 187,588**	**- 93,002**
Cash flows from financing activities			
Purchase of treasury shares		- 3,814	-
Proceeds from borrowings		157,153	149,896
Repayments of borrowings		- 61,985	- 62,549
Repayments of lease liabilities		- 198,870	-
Receipts from finance subleases		8,551	-
Interest swap payments		- 1,514	- 1,362
Acquisition of non-controlling interest	13	-	- 69
Dividends paid to shareholders	13	- 83,743	- 81,147
Dividends paid to non-controlling interest		- 13,077	- 4,113
Interest paid		- 9,286	- 5,149
Net cash used in financing activities		**- 206,585**	**- 4,493**
(Decrease) / increase in cash and cash equivalents		**- 19,399**	**94,184**
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		71,619	12,236
(Decrease)/increase in cash and cash equivalents		- 19,399	94,184
Exchange losses on cash and cash equivalents		- 2,333	- 4,515
Cash and cash equivalents at end of the period	11	**49,887**	**101,905**

GrandVision has applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initial application of IFRS 16 is recognized in retained earnings. The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1. General Information

GrandVision N.V. ('the Company') is a public limited liability company and is incorporated and domiciled in Haarlemmermeer, the Netherlands. GrandVision N.V. is listed on the Euronext Amsterdam stock exchange. The Company's Chamber of Commerce registration number is 50338269. The address of its registered office is as follows: The Base, Evert van de Beekstraat 1-80, Tower C, 6th floor, 1118 CL Schiphol, the Netherlands.

At 30 June 2019, 76.72% of the issued shares are owned by HAL Optical Investments B.V. and 22.94% by institutional and retail investors, with the remaining shares held by GrandVision's Management Board (0.03%) and in treasury (0.31%). HAL Optical Investments B.V. is indirectly controlled by HAL Holding N.V. All HAL Holding N.V. shares are held by HAL Trust. HAL Trust is listed on the Euronext Amsterdam stock exchange.

GrandVision N.V. and its subsidiaries (together, referred to as 'the Group') comprise a number of optical retail chains operated under different retail banners. As of 30 June 2019, the Group, including its associates and joint ventures, operated 7,265 (31 December 2018: 7,095) optical retail stores (including franchise stores) in Argentina, Austria, Bahrain, Belgium, Brazil, Bulgaria, Chile, China, Colombia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Ireland, Italy, Kuwait, Luxembourg, Malta, Mexico, Monaco, the Netherlands, Norway, Peru, Poland, Portugal, Russia, Qatar, Saudi Arabia, Slovakia, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, the United States and Uruguay. At 30 June 2019 the number of average full-time equivalents within the Group (excluding associates and joint ventures) was 33,716 (31 December 2018: 32,400).

The information in these condensed interim consolidated financial statements is unaudited.

2. Basis of Preparation

2.1. Statement of Compliance

These condensed interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 *Interim financial reporting* as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union.

2.2. Basis of Measurement

These condensed interim financial statements have been prepared under the historical cost convention except for derivatives, share-based payment plans, contingent considerations, certain non-current assets and post-employment benefits.

Preparing these condensed interim financial statements in accordance with IFRS means that management is required to make assessments, estimates and assumptions that influence the application of regulations and the amounts reported for assets, equity, liabilities, commitments, income and expenses.

The estimates and assumptions serve as the basis for assessing the value of recognized assets and liabilities whose amounts cannot currently be determined from other sources. The Group makes estimations and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates made and the related assumptions are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the given circumstances. Estimates and underlying assumptions are subject to constant assessment. Changes in estimates and assumptions are recognized in the period in which the estimates are revised.

Assessments and estimates, made by management under IFRS that have a significant impact on the condensed interim consolidated financial statements, carry the risk of a possible material inaccuracy. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018. The principles of valuation and determination of results have been applied consistently by the Group companies during the periods presented in these condensed interim consolidated financial statements.

2.3. Foreign Currency

The condensed interim financial statements are presented in euros (€), this being GrandVision's presentation currency. Amounts are shown in thousands of euros unless otherwise stated.

2.4. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied when preparing the annual financial statements for the year ended 31 December 2018 and will be applied when preparing the annual financial statements for the current financial year. The policies have been consistently applied to all the periods presented, except for the adoption of new and amended standards as set out below.

2.5. Changes in Accounting Policy and Disclosures

2.5.1. New and Amended Standards and Interpretations Adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards, where applicable:

- **IFRS 16 *Leases***
- **IFRIC 23 *Uncertainty over Income Tax Treatments***

No other new or amended standards and interpretations had significant impact on the Group's interim consolidated financial statements.

IFRS 16 Leases

GrandVision has adopted the new standard using the modified retrospective transition approach, with the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity on 1 January 2019. GrandVision therefore does not restate comparative amounts for the year prior to first adoption. There is no significant change to the disclosures of transition and expected impact from adopting IFRS 16 Leases, as reported in the Group's annual financial statements as at 31 December 2018,

Accounting policy

Definition of a lease

At the inception date of the contract, GrandVision assesses if it has the right to obtain substantially all of the economic benefits from use of the leased asset throughout the period of use in exchange for consideration; and if it can direct how the leased asset is used.

The following contracts are not considered to be a lease and shall be expensed on a straight-line basis over contract term:

- The contracts with rent payments, which are based on variables such as revenue, volume or traffic levels.
- When a lessor has a substantive substitution right, for example the landlord can benefit by moving the store/corner or office during the lease contract, with only limited costs or efforts of the landlord, while GrandVision cannot prevent the landlord from moving the store.

Lessee Accounting

At the lease commencement date GrandVision recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus key money paid when entering the lease and any other incremental costs of obtaining the lease.

The right-of-use assets are subsequently depreciated using the straight-line basis, over the shorter of its estimated useful life and the lease term (see also paragraph "Significant accounting estimates and judgments"). Right-of-use assets are subject to impairment and adjusted for remeasurements of lease liabilities.

The lease liability is initially measured as the present value of outstanding lease payments, discounted using the incremental borrowing rate (see also paragraph "Significant accounting estimates and judgments").

The lease liability is subsequently measured at amortised cost using the effective interest method and is remeasured when there is a change in future lease payments arising, for example, from renegotiations of the lease contract, a change in an index, or if GrandVision changes its assessment of whether it will exercise extension or termination options (see also paragraph "Significant accounting estimates and judgments"). A corresponding adjustment is made to the carrying amount of the right-of-use asset, and excess over the carrying amount of the asset, if any, being recognised in the consolidated Income statement within other occupancy costs.

At the end of the lease term or at early termination of the lease, the cost of the right-of-use asset, accumulated depreciation, and outstanding lease liability, are written-down with the difference, if any, recorded in the consolidated Income statement within other occupancy costs.

Short-term and low-value leases

GrandVision has elected that the lease payments associated with lease contracts with a term of 12 months or less and leases of low value assets (individual value of below €5,000, when new, such as computer equipment or mobile phones) are recognized on a straight-line basis over the lease term.

Lessor accounting

GrandVision subleases some of its right-of-use assets to franchisees or third parties. When substantially all the risks and rewards transfer to the lessee, the sublease is classified as finance lease, otherwise the sub-lease is an operating lease.

When the sublease is classified as finance lease, the right-of-use asset in the head lease is de-recognized and a lease receivable is recognized, with any difference being recorded in the consolidated Income statement within occupancy costs. Subsequently, the interest income and interest expense are accrued on the lease receivable and lease liability respectively applying the effective interest method. Rental income from operating subleases is recognised in consolidated Income statement within other revenue.

Significant Accounting Estimates and Judgments

Key judgements and estimates to apply IFRS 16 include determining the lease term, i.e. when renewal and termination options are reasonably certain to be exercised, and the determination of the discount rate in order to calculate the present value of the lease liabilities and lease receivables.

Lease term

The lease term comprises non-cancellable period of lease contracts, plus periods covered by reasonably certain renewal options and periods covered by a termination option, if GrandVision is reasonably certain not to exercise that option.

When assessing renewal and termination options related to real estate leases, a distinction is made between new and existing locations, as well as between the stores based on their performance. In addition, GrandVision considers other circumstances, including recent leasehold improvements, local legislation, chain strategy, etc. Renewal and early termination options for non-real estate leases are not included in the lease term.

GrandVision assesses whether it is reasonably certain to exercise renewal and termination options at lease commencement date and subsequently, if there is a change in circumstances within its control.

Discount rate

GrandVision has elected to use incremental borrowing rates (IBR's) as a discount rate. The IBR is the rate that a lessee would pay to attract required funding to purchase the asset over a similar term, with a similar security and in a similar economic environment. In determining the IBR, the comparable uncontrolled price method was selected. The IBR is determined as the sum of a reference rate, credit risk premium and sovereign risk premium. The sovereign risk premium is based on the Credit Default Swaps' market.

The calculation of IBR takes into account the currency of the lease contract, the lease term, type of leased assets, the country of the lessee and the credit rating of the lessee. The credit rating of the lessee is determined based on financial assessment, in which a scoring approach is applied to key financial ratios of the lessee.

The IBR's are determined on a country by country basis with a distinction between the currency of the lease contract, as well as lease term. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a country.

Changes in Presentation

The application of IFRS 16 resulted in changes in presentation of the certain items in the condensed interim financial statements (comparative information is not restated for these changes).

Changes in the Consolidated Balance Sheet

- Right-of-use assets are presented as a separate line in the consolidated Balance Sheet under Non-current assets.
- Lease liabilities are presented as separate lines in the consolidated Balance Sheet under Non-current liabilities and Current liabilities.

Changes in the Consolidated Income Statement

- Rental income from operating subleases is recognised in the consolidated Income Statement within other revenue.

Changes in the Consolidated Cash Flow Statement

- Repayments of lease liabilities including both repayments of the principal amount and interest are classified as cash flows from financing activities and presented in a separate line 'Repayments of lease liabilities'
- Repayments of finance lease receivables including both repayments of the principal amount and interest are classified as cash flows from financing activities and presented in a separate line 'Receipts from finance subleases'
- Line 'Other non-current receivables' in the Cash flows from investing activities is renamed to 'Other non-current receivables and lease prepayments' to include key money paid and lease payments made before or at the lease commencement date.
- Interest received is classified as cash flows from financing activities and is presented in a separate line 'Interest received'.

IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 was issued in 2017 and is effective for accounting periods beginning on or after 1 January 2019. The interpretation sets out how to determine the accounting tax positions when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. IFRIC 23 did not have a significant impact on the condensed interim financial statements of the Group.

2.5.2. New Standards, Amendments and Interpretations Issued But Not Effective for the Reported Period and Not Adopted Early

The following new standards and amendments to standards and interpretations are applicable to the Group and are effective for annual periods beginning on or after 1 January 2019. These have not been applied in preparing these condensed interim financial statements, and will be adopted by the Group at the moment they become effective.

Amendments to IFRS 3 *Business Combinations*

The amendments to IFRS 3 on the definition of a business were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments clarify whether an acquired set of activities and assets is a business or not, which is a key consideration in determining whether a transaction is accounted for as a business combination or an asset acquisition. As from 2020, the Group will apply these amendments.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on the definition of "Material" were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments were issued to align the definition of 'material' across the IFRS standards and to clarify certain aspects of the definition. As from 2020, the Group will apply these amendments.

3. Financial Risk Management

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Group monitors capital on the basis of leverage ratio (defined as net debt/adjusted EBITDA).

Management believes the current capital structure, operational cash flows and profitability of the Group will safeguard the Group's ability to continue as a going concern. GrandVision aims to maintain a maximum leverage ratio of 2.0 (net debt/ EBITDA) excluding the impact of any borrowings associated with, and any EBITDA amounts attributable to major acquisitions.

Net debt consists of the Group's borrowings, derivatives and cash and cash equivalents, excluding lease liabilities. As of 1 January 2019, depreciation right-of-use assets and net financial result on lease liabilities/receivables are added to EBITDA used for monitoring financial covenants.

At end of June 2019 net debt is €867,293 (2018: €743,248) and leverage ratio is 1.5 (2018: 1.3).

4. Seasonality of Operations

Due to the geographical presence of our operations and accordingly different seasons within the periods, the seasonality in the individual countries varies throughout the Group. This results in minimal impact from seasonality on Revenue and EBITDA on Group level.

5. Segment Information

An operating segment is defined as a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker ('CODM') to make decisions about resources to be allocated to the segment, assess its performance and for which discrete financial information is available. The CEO and CFO (the Management Board) forms the CODM. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. These operating segments were defined based on geographic markets in line with their maturity, operating characteristics, scale and market presence. The operating segments' operating result is reviewed regularly by the Management Board – together, the CODM – which makes decisions as to the resources to be allocated to the segments and assesses their performance, based on discrete financial information available. All geographic segments are involved in the optical retail industry, and there are no other significant product lines or sources of revenue for the Group.

There has been no aggregation of operating segments into reportable segments.

The Group's reportable segments are defined as follows:

- **G4**, consisting of the Netherlands & Belgium, the United Kingdom & Ireland, France & Luxembourg and Germany & Austria
- **Other Europe**, consisting of Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Italy, Norway, Poland, Portugal, Slovakia, Spain, Sweden and Switzerland
- **Americas & Asia**, consisting of Argentina, Brazil, Chile, China, Colombia, India, Mexico, Peru, Russia, Turkey, the United States and Uruguay

The most important measures assessed by the CODM and used to make decisions about resources to be allocated are total net revenue, adjusted EBITDA and EBITA. Measures of assets and liabilities by segment are not reported to the CODM.

The following table presents total net revenue, adjusted EBITDA and EBITA for the operating segments for the six months ended 30 June 2019 and 2018, respectively. The adjusted EBIT(D)A is defined as EBIT(D)A excluding other reconciling items and non-recurring items. Non-recurring items are defined as significant items that are not included in the performance of the segments based on their exceptional nature. For 2019 these items are mainly related to business integration and restructuring costs as well as corrections related to prior years. For 2018 these items mainly relate to restructuring, legal provisions and VAT risks. A reconciliation from adjusted EBITDA to earnings before taxes is presented within each table below. Other reconciling items represent corporate costs that are not allocated to a specific segment.

in thousands of EUR	G4	Other Europe	Americas & Asia	Other reconciling items	Total
Six months ended 30 June 2019					
Total net revenue	1,131,059	610,693	253,496	-	1,995,248
Adjusted EBITDA	309,909	149,742	47,885	- 21,508	**486,028**
Depreciation and amortization Software					- 249,510
Adjusted EBITA	179,595	71,098	9,771	- 23,946	**236,518**
Non-recurring items					- 9,811
Amortization and impairments					- 68,635
Operating income/loss					**158,072**
Non-operating items:					
Net financial result					- 25,662
Earnings before tax					**132,410**
Six months ended 30 June 2018					
Total net revenue	1,077,200	560,130	236,822	-	1,874,152
Adjusted EBITDA	206,096	85,108	15,612	- 13,733	**293,083**
Depreciation and amortization Software					- 73,251
Adjusted EBITA	167,507	61,959	4,500	- 14,135	**219,832**
Non-recurring items					- 8,895
Amortization and impairments					- 26,365
Operating income/loss					**184,572**
Non-operating items:					
Net financial result					- 10,409
Earnings before tax					**174,163**

Set out below is the disaggregation of the Group's revenue from contracts with customers per reportable segment for the six months ended 30 June 2019 and 2018, respectively. Franchise revenues include sales to franchisees and franchise royalties and contributions.

in thousands of EUR	G4	Other Europe	Americas & Asia	Total
Six months ended 30 June 2019				
Revenue from contracts with customers				
Own store sales	1,012,936	599,526	244,011	1,856,473
Franchisee revenues	116,201	7,809	2,550	126,560
Other merchandise revenues	764	7	5,913	6,684
	1,129,901	607,342	252,474	1,989,717
Revenue from other sources				
Other revenues	1,158	3,351	1,022	5,531
	1,131,059	610,693	253,496	**1,995,248**
Six months ended 30 June 2018				
Revenue from contracts with customers				
Own store sales	964,703	550,447	228,586	1,743,736
Franchisee revenues	109,259	7,214	2,399	118,872
Other merchandise revenues	85	1	4,980	5,066
	1,074,047	557,662	235,965	1,867,674
Revenue from other sources				
Other revenues	3,153	2,468	857	6,478
	1,077,200	560,130	236,822	**1,874,152**

6. Acquisitions of Subsidiaries, Associates and Non-Controlling Interests

The following acquisitions were done in 2019

Charlie Temple

On January 28, 2019 the Group acquired 67% of Charlie Temple, the leading online optical retailer in the Benelux. As part of the agreement GrandVision's shareholding will increase in three steps, to 100% in 2023. This acquisition is an important step in development of digital platform for the Group and will enable the Group to build a stronger presence in the segment of the online market at a much faster pace. The Company paid €20,847 in cash and recognized a total contingent consideration of €16,742 relating to its obligation to increase its shareholding by a further 33% in three steps in 2021, 2022 and 2023.

The contingent consideration is calculated using an EBITDA multiple of Charlie Temple corrected for changes in net debt based on agreed business targets by Charlie Temple, adjusted for the time value of money. This contingent consideration has been included as part of Other Non-Current Liabilities.

Based on the initial purchase price allocation an amount of €32,060 is identified as goodwill and represents increase in Group's online market position and assembled workforce. The purchase price allocation has been completed. Charlie Temple forms part of the G4 segment.

Óptica2000

On February 20, 2019 the Group acquired 100% of Óptica2000 through its Spanish business in the Other Europe segment, MasVision. The acquisition incorporates Óptica2000's network of 108 optical stores across Spain and Portugal, with the majority of these establishments in the El Corte Ingles department stores. With this acquisition the Group further strengthened its market position in Spain. The Group paid €89,493 in cash for the acquisition of the assets consisting mainly of customer database , trademark and concession agreement.

Based on the initial purchase price allocation an amount of €32,638 was identified as provisional goodwill. The goodwill mainly comprises expected expansion in Spanish market and synergies following integration of the acquired business into our existing organization, which cannot be recognized as separately identifiable assets. The purchase price allocation has been largely completed pending final valuation of identified intangible assets.

Store acquisitions

During 2019 the Group acquired 43 stores across G4 and Other Europe segment. With these acquisitions the Group further strengthened its market position within the respective regions. After the initial allocation of the consideration transferred for the acquisitions of the assets, liabilities and contingent liabilities in 2019, an amount of €7,580 is identified as provisional goodwill. The goodwill is attributable to the expected synergies following the integration of the acquired businesses into our existing organization. The goodwill mainly comprises the skilled employees, the locations of the acquired stores and other items, which cannot be recognized as separately identifiable assets.

The amount of €19,541 (CHF 21,714) related to the increase of the Group's shareholding in Visilab S.A. from 70% to 79% is paid in July 2019.

Details of the net assets acquired, related consideration are set out below:

in thousands of EUR	Notes	Charlie Temple	Óptica2000	Stores acquisitions	Total
Property, plant and equipment		634	3,112	2,165	5,911
Right-of-Use Assets	8	-	3,291	3,453	6,744
Other intangibles assets	10	6,363	53,997	9,546	69,906
Deferred income tax assets		-	1,027	-	1,027
Other non-current assets		-	96	-	96
Inventories		1,195	5,548	735	7,478
Trade and other receivables		444	10,533	218	11,195
Cash and cash equivalents		- 174	6,348	525	6,699
Deferred income tax liabilities		- 1,519	- 14,224	- 2,530	- 18,273
Lease liabilities	8	-	- 3,291	- 3,004	- 6,295
Trade and other payables		- 1,414	- 9,582	- 1,370	- 12,366
Total identifiable net assets and liabilities at fair value		5,529	56,855	9,738	72,122
Consideration paid in cash and cash equivalents		20,847	89,493	11,321	121,661
Cash and cash equivalents and bank overdrafts at acquired subsidiary		- 174	6,348	525	6,699
Outflow of cash and cash equivalents net of cash acquired		**21,021**	**83,145**	**10,796**	**114,962**
Consideration paid in cash and cash equivalents		20,847	89,493	11,321	121,661
Consideration to be transferred		16,742	-	5,997	22,739
Total consideration transferred or to be transferred		37,589	89,493	17,318	144,400
Minus: Identifiable net assets and liabilities at fair value		- 5,529	- 56,855	- 9,738	- 72,122
Goodwill	9	**32,060**	**32,638**	**7,580**	**72,278**

The acquisitions in 2019 contributed the following in revenue and net result for the Group:

in thousands of EUR	Charlie Temple	Óptica2000	Stores acquisitions	Total
Revenue	3,626	29,761	4,738	38,125
Net result	- 740	1,419	911	1,590

Had the acquisitions in 2019 been consolidated for the full year, revenue and net result would be:

in thousands of EUR	Charlie Temple	Óptica2000	Stores acquisitions	Total
Revenue	4,351	41,733	11,770	57,854
Net result	- 903	2,055	3,206	4,358

7. Income Tax

Income tax expense in the condensed interim consolidated financial statements is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual effective income tax rate used for the six months ended 30 June 2019 is 44.3% (for the six months ended 30 June 2018 it was 33.2%). The increase is mainly resulting from impairment of goodwill in the CGU United States in 2019.

8. Leases

The movements in the Right-of-use Assets are as follows:

in thousands of EUR	Notes	Real Estate	Other	Total
At 1 January 2019				
Cost		1,386,174	8,904	1,395,078
Accumulated depreciation and impairment		-	-	-
Carrying amount		1,386,174	8,904	1,395,078
Movements				
Acquisitions	6	6,721	23	6,744
Additions		141,877	996	142,873
Depreciation charge		-168,370	-2,548	- 170,918
Impairment		-873	-	- 873
Exchange differences		2,894	-48	2,846
At 30 June 2019		**1,368,423**	**7,327**	**1,375,750**
Cost		1,525,012	9,639	1,534,651
Accumulated depreciation and impairment		- 156,589	- 2,312	- 158,901
Carrying amount		1,368,423	7,327	1,375,750

The other right-of-use assets mainly relate to Vehicles.

The impairment loss represents the write-down of right-of-use assets related to stores closures in Americas & Asia segment. This was recognized in the consolidated Income Statement within general and administrative costs.

The movements in the Lease liabilities are as follows:

in thousands of EUR	Notes	Lease liabilities
At 31 December 2018		872
Adjustment on initial application of IFRS 16		1,365,105
At 1 January 2019		1,365,977
Additions		147,366
Acquisitions	6	6,295
Payments		- 198,870
Accrued interest		15,394
Exchange differences		4,846
At 30 June 2019		**1,341,008**
Non-current		972,971
Current		368,037
At 30 June 2019		1,341,008

The balances of Right-of-use assets and Lease liabilities at 1 January 2019 are recognized due to implementation of IFRS 16 (see section 2.5.1).

Additions relate to new lease contracts entered during the first 6 months of 2019 and to remeasurement of existing contracts.

9. Goodwill

Movements in goodwill are as follow:

in thousands of EUR	Notes	Six months ended 30 June 2019	Six months ended 30 June 2018
At 31 December		1,052,282	1,065,467
Adjustment on initial application of IFRS 16		32,626	-
At 1 January		1,084,908	1,065,467
Acquisitions	6	72,278	444
Adjustment to purchase price allocation		-	4,749
Impairment		- 50,668	-
Exchange differences		3,810	926
At 30 June		1,110,328	1,071,586
Cost		1,257,294	1,147,844
Accumulated impairment		- 146,966	- 76,258
Carrying amount		1,110,328	1,071,586

In 2019, the acquisitions mainly relate to Charlie Temple and Óptica2000. Refer to note 6 for more details.

In 2018, the adjustment to purchase price allocation relates to Visilab S.A.

Goodwill impairment test

During the reporting period there were triggering events for impairment in CGU United States, which operates in the Americas & Asia segment, following the delayed profitability of the US business. The Group completed its goodwill impairment test for CGU United States and as a result the carrying amount of the CGU United States has been reduced to its recoverable amount of €62,446 (USD 70,951) through recognition of an impairment loss against goodwill of €50,668 (USD 57,326).

The key assumptions applied are further described below.

Significant Accounting Estimates and Judgments

The recoverable amount of CGU United States is its fair value less costs of disposal, determined using the discounted cash flow method.

The discounted cash flow projections cover a period of eight years in which only in the first 4 years expansion is included. The longer horizon is used for the expected new store openings to become mature. Estimation techniques were based on CGU United States' highest and best use from a market participant's perspective as far as they could have reasonably been ascertained, taking the five-year financial plan as approved by management as a base (level 3). The growth rate beyond 5-year period is 2% in line with expected growth in the United States eyewear industry.

At the end of the eight-year projected cash flow period, a terminal value was estimated in order to reflect the value of the CGU in future years. The terminal values were calculated as a perpetuity at the growth rate of 2% based on the long-term inflation expectation in the United States.

The discount rate of 8.47% used is post-tax, excludes cost of leasing and reflects the country-specific risks relating to the optical retail industry.

The revenue growth rate is based on historical performance as well as our assessment of the development of these rates in the upcoming years. Average revenue growth rate is 10.9%.

The discounted cash flows include the net repayment of lease liabilities and receivables to incorporate cash outflows in respect to occupancy costs. The carrying amount of CGU includes lease liabilities under assumption that the lease liabilities will be transferred to the buyer, if the business is sold.

Sensitivity

For the discounted cash flow method, the most sensitive key assumptions relate to revenue growth and discount rate.

For the discounted cash flow method used for the CGU United States, a 1 p.p decrease in revenue growth of existing stores in next five years and a 1 p.p increase in the discount rate would result in an additional impairment of €27,296 (USD 30,883) and €18,150 (USD 20,535), respectively. A 1 p.p increase in revenue growth of existing stores in next five years and 1p.p decrease in the discount rate would result in a decrease in impairment of €28,259 (USD 31,973) and €25,372 (USD 28,706), respectively.

The impairment charge is included in the general and administrative costs in the consolidated Income Statement.

10. Other Intangible Assets

Movements in Other Intangible Assets are as follow:

in thousands of EUR	Notes	Key money	Customer databases	Trademarks	Software	Other	Total
At 31 December 2018		212,944	128,581	104,143	103,281	14,318	563,267
Adjustment on initial application of IFRS 16		- 212,944	-	-	-	-	- 212,944
Adjusted at 1 January 2019		-	128,581	104,143	103,281	14,318	350,323
Cost		-	173,057	291,547	261,011	44,575	770,190
Accumulated depreciation and impairment		-	- 44,476	- 187,404	- 157,730	- 30,257	- 419,867
Carrying amount			128,581	104,143	103,281	14,318	350,323
Movements		-					
Acquisitions	6	-	12,998	13,015	682	43,211	69,906
Additions		-	272	-	24,943	8	25,223
Disposals		-	-	-	- 52	- 104	- 156
Amortization charge		-	- 9,137	- 5,323	- 16,639	- 3,507	- 34,606
Impairment		-	-	-	- 132	-	- 132
Reclassification		-	- 5	- 20	321	21	317
Exchange differences		-	939	973	455	- 276	2,091
At 30 June 2019		**-**	**133,648**	**112,788**	**112,859**	**53,671**	**412,966**
Cost		-	187,441	306,687	288,089	87,419	869,636
Accumulated amortization and impairment		-	- 53,793	- 193,899	- 175,230	- 33,748	- 456,670
Carrying amount		-	133,648	112,788	112,859	53,671	412,966
At 1 January 2018							
Cost		220,527	170,251	292,449	230,277	54,523	968,027
Accumulated depreciation and impairment		- 9,002	- 25,803	- 167,507	- 138,061	- 38,783	- 379,156
Carrying amount		211,525	144,448	124,942	92,216	15,740	588,871
Movements							
Acquisitions		2,146	-	-	-	78	2,224
Additions		1,382	376	-	18,008	30	19,796
Disposals		- 846	-	-	- 58	-	- 904
Amortization charge		-	- 9,314	- 8,713	- 12,219	- 2,476	- 32,722
Impairment		- 324	-	- 5,538	-	-	- 5,862
Reclassification		-	-	- 121	20	98	- 3
Exchange differences		- 452	1,644	592	12	76	1,872
At 30 June 2018		**213,431**	**137,154**	**111,162**	**97,979**	**13,546**	**573,272**
Cost		221,913	172,606	292,645	245,722	54,772	987,658
Accumulated amortization and impairment		- 8,482	- 35,452	- 181,483	- 147,743	- 41,226	- 414,386
Carrying amount		213,431	137,154	111,162	97,979	13,546	573,272

As of 1 January 2019 under IFRS 16 key money is reclassified to Right-of-Use Assets.

Customer databases and trademarks

In 2019, the increase mainly relates to acquisitions of Óptica2000 and Charlie Temple. Refer to note 6 for more details.

In 2018, the impairment of trademarks related to the impairment of a trademark in Italy of €5,538 following the periodic review of the trademarks in use.

Software

In 2019, the additions mainly related to the development of omni-channel capabilities, ongoing deployment of the global ERP system and other investments in IT systems.

Other

In 2019, the increase mainly related to concession agreement of Óptica2000 in Spain.

11. Cash and Cash Equivalents

Cash and cash equivalents can be specified as follows:

in thousands of EUR	30 June 2019	31 December 2018
Cash at bank and in hand	162,575	121,932
Short-term bank deposits and marketable securities	4,845	16,325
	167,420	138,257

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following:

in thousands of EUR	30 June 2019	31 December 2018
Cash and bank balances	167,420	138,257
Bank overdrafts	- 117,533	- 66,638
	49,887	71,619

In the consolidated Balance Sheet, bank overdrafts are included in borrowings as part of current liabilities. Bank overdrafts include drawings on the uncommitted bilateral overdraft and money market facilities.

12. Share Capital

The movements in the number of shares outstanding and share capital can be specified as follows:

in thousands of EUR	Number of shares outstanding	Ordinary shares (in thousands of EUR)	Share premium (in thousands of EUR)	Total (in thousands of EUR)
At 1 January 2019	253,767,648	5,089	55,387	60,476
Share-based payments	79,881	-	1,235	1,235
Purchase of treasury shares	- 195,000	-	- 3,814	- 3,814
At 30 June 2019	**253,652,529**	**5,089**	**52,808**	**57,897**
At 1 January 2018	253,583,420	5,089	54,423	59,512
Share-based payments	183,824	-	- 848	- 848
At 30 June 2018	**253,767,244**	**5,089**	**53,575**	**58,664**

In the first 6 months of 2019, the share-based payment plan movements within share capital of €1,235 relate to the periodic expenses and settlements of the share-based payment plans (2018: €848).

GrandVision provided 79,881 shares related to the share-based payment plans following vesting in the first 6 months of 2019 (in first 6 months of 2018: 183,824 shares). The number of shares held in treasury at 30 June 2019 were 791,311 (2018: 676,596 shares).

During 2019 GrandVision purchased 195,000 shares to be held in treasury related to the share-based payment plans for a total amount of €3,814. GrandVision did not purchase shares in 2018.

13. Retained Earnings

The movements in Retained Earnings can be specified as follows:

in thousands of EUR	Six months ended 30 June 2019	Six months ended 30 June 2018
At 31 December	1,259,026	1,128,524
Adjustment on initial application of IFRS 16	- 67,601	-
At 1 January	1,191,425	1,128,524
Result for the year	65,864	105,719
Dividends paid	- 83,743	- 81,147
Acquisition of non-controlling interest	-	- 2,330
Share-based payments	43	- 82
At 30 June	1,173,589	1,150,684

For 2018, a total dividend of EUR 0.33 per share was paid out in the first half year of 2019 amounting to €83,743. For 2017, a total dividend of EUR 0.32 per share was paid out in the first half year of 2018 amounting to €81,147.

Acquisition of non-controlling interest in the first 6 months of 2018 mainly relates to the purchase of the non-controlling shares in the United Kingdom.

14. Contingencies

There are no significant changes in contingent liabilities at the end of 30 June 2019, compared to 31 December 2018 as disclosed in the Group's annual financial statements as at 31 December 2018.

15. Related Parties

During the first 6 months of 2019, GrandVision acquired goods from Safilo (a group company of HAL Holding N.V.) for an amount of €36,736 (during first 6 months of 2018: €34,226).

Other positions with Related Parties are as follows:

in thousands of EUR	30 June 2019	31 December 2018
Trade receivables:		
Safilo	1,623	1,595
Other HAL subsidiaries	-	115
	1,623	1,710
Trade payables:		
Safilo	15,441	6,436
HAL Investments B.V	1,885	1,886
Other HAL subsidiaries	38	204
	17,364	8,526

Subsequent events

There are no subsequent events to report.