GrandVision reports 1Q21 revenue of €899 million and adjusted EBITA of €79 million

Schiphol, the Netherlands – 23 April 2021. GrandVision N.V. publishes its First Quarter 2021 trading update.

Due to the exceptional nature of the year 2020, GrandVision will also include in the present press release comparisons versus 2019.

Highlights

- GrandVision continues to show resilience in the first quarter despite the most recent COVID-19 related government restrictions in Europe and Latam
- At constant exchange rates, revenue declined by -0.7% compared with 1Q20 to €899 million from €926 million in 1Q20 (1Q19: €974m)
- Comparable revenue declined by -1.5% versus 1Q20 and on a 2019 basis, -10.8% versus 1Q19
- Adj. EBITA increased by 98.1% at constant exchange rates to €79 million from €41 million in 1Q20 (1Q19: €107m). Continued cost discipline, structural improvements in certain territories and improved product and price mix contributed to the underlying performance
- Adj. EBITA margin at 8.8%, +437bps versus 1Q20 and -219bps versus 1Q19
- Approximately 95% of our store network was open at the end of March 2021. Temporary store closures from ongoing government restrictions impacted outlets, mainly in shopping malls. France was the most affected with around 300 stores temporary closed during the period
- Net debt at €569 million at the end of March 2021 (FY20: €539m; March 2020: €755m)
- European launch of Karün, a 100% sustainable brand using recycled products from Patagonia, Chile
- GrandVision joined the United Nations Global Compact initiative
- GrandVision to maintain its dividend proposal of €0.35 per share for the fiscal year 2019 at the Annual General Meeting on 23 April 2021

First Quarter 2021 key figures

				Change versus prior year			
in millions of EUR (unless stated otherwise)	1Q21	1Q20	1Q19	At reported rate	At constant exchange rate	Organic growth	Growth from acquisitions
Revenue	899	926	974	-3.0%	-0.7%	-1.0%	0.3%
Comparable growth (%)	-1.5%	-8.2%	5.0%				
Comparable growth base 2019 (%)	-10.8%						
Adjusted EBITA	79	41	107	92.0%	98.1%	97.0%	1.1%
Adjusted EBITA margin (%)	8.8%	4.5%	11.0%	437bps			
System wide sales	987	996	1,063	-0.9%			
Number of stores (#)	7,247	7,320	7,216	-1.0%			

Comparable growth base 2019 is defined as revenue growth from the stores which were comparable in 2019 and are still being operated as per 31 March, 2021

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Management comments

Stephan Borchert, GrandVision's CEO, commented "It has been a challenging start to 2021. Nonetheless, GrandVision continues to show strong resilience, despite the ongoing uncertainties that the COVID-19 pandemic brings with it.

During the quarter, footfall remained at lower levels compared to 2019. However, we do see an overall stabilization and have maintained the strong conversion trend delivered in the second half of 2020. In addition, our customers' ongoing inclination to higher-value products continues to bolster positive price and product mix effects.

Our segments delivered a mixed performance. The positive momentum continued in our businesses in the Nordics, the UK, Switzerland and Americas & Asia, including the US. In France, almost 300 own and franchisee stores have been temporary closed due to COVID-19 increased government restrictions, accounting for one-third of the Group's revenue shortfall versus 2019. At the start of the quarter, Germany and BeNe were also temporarily impacted by the additional COVID-19 related measures, although with a gradual recovery towards the quarter-end.

Our online sales have continued to grow. Total e-commerce sales including omnichannel-enabled retail brands and our pure players grew by 35% compared to 2020.

In March, we implemented a new POS system in more than 200 stores in France and integrated all the 105 Óptica2000 stores into the global omnichannel and CRM platforms. Our new CRM platform is now live in 13 markets, including Belgium and the Netherlands. With this platform, we will better address, serve, and retain our customers. During 1Q21, our online appointment bookings and digitally influenced store sales doubled compared with the prior year, and we continue to improve conversion rates.

We have made further steps on our Corporate Responsibility and Sustainability agenda. I am proud to announce our inclusion in the United Nations Global Compact, the world's largest corporate sustainability initiative. We also launched Karün, a 100% recyclable eyewear brand from Chile and an important addition to our portfolio of sustainable eyewear brands. The collaboration with Karün is another step towards our ambition to positively contribute to our environmental impact and increasing our contribution to local communities in need.

As we look ahead, we are confident with the ongoing execution of our omnichannel strategy. However, there are still COVID-19 related uncertainties for the remainder of 2021. Therefore, we refrain from providing an outlook for FY 2021 at this stage.

Finally, we continue to support EssilorLuxottica in its acquisition of GrandVision and are working with EssilorLuxottica to obtain the final required regulatory approval in Turkey."

Financial Position and Dividend

At the end of 1Q21, GrandVision's net debt position was €569 million, compared to €539 million at year-end 2020.

Due to the Company's financial position not being materially worsened due to the impact of the second wave of COVID-19 in 1Q 2021, GrandVision maintains its dividend proposal of €0.35 per share for the fiscal year 2019 at the Annual General Meeting on 23 April 2021.

GrandVision will not propose at this time a dividend for the fiscal year 2020.

2021 Outlook

GrandVision remains confident to continue executing the Company's strategy for 2021.

The increase in restrictive government measures across many of our markets related to the COVID-19 pandemic, has impacted the start of 2021. Given the ongoing uncertainty and timing related to the lifting of the COVID-19 measures, GrandVision will not provide any guidance for the full year 2021 at this stage.

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 (the Transaction) before 31 July 2021. So far, the Transaction has been unconditionally cleared in Brazil, Colombia, Mexico, Russia and the United States and conditionally cleared in the EU and Chile. It is still under review in Turkey.

On 23 March 2021, the European Commission cleared the Transaction. The clearance is conditioned on the divestment of some optical retail businesses, in particular, 35 GrandOptical stores in Belgium, 142 Eye Wish stores in the Netherlands and 172 stores in Italy, which includes the whole of EssilorLuxottica's VistaSì chain together with 72 stores from the "GrandVision by" chain.

On 12 April 2021, GrandVision announced that the Chilean market regulator FNE (Fiscalía Nacional Económica) has cleared the Transaction on 9 April 2021. The clearance follows the commitment to divest GrandVision's Chilean operations operating under the banner Rotter Y Kraus. GrandVision's Chilean operations will be sold to HAL in accordance with the terms of the block trade agreement entered into by HAL and EssilorLuxottica on 30 July 2019 in respect of the Transaction.

SUMMARY PROCEEDINGS

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 6 April 2021, the Amsterdam Court of Appeal dismissed all claims made by EssilorLuxottica. The ruling confirms the earlier ruling by the District Court on 24 August, 2020.

ARBITRATION PROCEEDINGS

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 RECOGNITION OF THE REMEDIES

The antitrust approval in the European Union for the Transaction between HAL and EssilorLuxottica is conditioned on the divestment of GrandVision's 35 GrandOptical stores in Belgium, 142 Eye Wish stores in the Netherlands and 72 stores from the "GrandVision by" chain in Italy.

As from 23 March 2021, the so-called Hold Separate Organization (HSO) is managed by Hold Separate Managers. The HSO is excluded from consolidation as from 1 April 2021, as GrandVision has no longer control over these divestments and the relevant assets and liabilities of divestments will be derecognized from the consolidated Balance Sheet. Instead, the fair value of these divestments will be reported as "Investments in Associates" on the consolidated Balance Sheet.

The total net result of these divestments will be reported as part of the Company's Operating Result as "Result of Associates" in GrandVision's Consolidated Income Statement.

Any detail on the performance of the HSO shall remain confidential.

The carve-out in Chile is subject to and will close simultaneously with the closing of the Transaction. Therefore, the Chilean business will continue to be part of GrandVision's consolidated figures until closing.

Group financial review

REVENUE

GrandVision's 1Q21 revenue at constant exchange rates declined by -0.7% to €899 million versus 1Q20 (1Q20: €926m) with comparable revenue decrease of 1.5%. On a 2019 basis, comparable revenue declined by 10.8% versus 1Q19.

Higher average price driven by higher value products and increased share of non-exclusive brand sales had a positive effect on revenue during the quarter.

The positive trend in our conversion ratios continued, despite footfall continuing to be lower than 2019 levels. During the quarter, approximately 5% of our store network, predominantly in shopping malls, was temporarily closed or operated limited hours due to COVID-19 government restrictions. The biggest impact has been in France, where we had to temporarily close around 300 commercial center stores. Approximately 50% of the own stores' network in France has been impacted, which accounts for circa 60% of the country's sales. The restrictive COVID-19 measures are still ongoing at the start of 2Q21.

E-commerce sales via our omnichannel-enabled retail brands grew by 128% during 1Q21 versus the prior year and the pure-play e-commerce platforms delivered high single-digit growth. Our global online platforms continue to deliver positive growth momentum, with digitally influenced store sales doubling versus 1Q20.

1Q21 system wide sales, which reflects the retail sales of GrandVision's own stores plus that of its franchisees, was €987 million (1Q20: €996m; 1Q19: €1,063m).

GrandVision's store network at 7,247 stores (FY20: 7,260), including 34 store openings across all segments, mainly in the G4, and ongoing store network optimization.

ADJUSTED EBITA

Adjusted EBITA (i.e. EBITA before non-recurring items) increased to €79 million in 1Q21 from €41 million in 1Q20 (1Q19: €107m). Ongoing improvements in our price and product mix, continued cost discipline and efficiencies across the Group. Structural improvements in historically underperforming markets partially offset the negative effect from revenue reduction due to the COVID-19 pandemic.

Segment review

G4

				Change versus prior year			
in millions of EUR (unless stated otherwise)	1Q21	1Q20	1Q19	At reported rate	At constant exchange rate	Organic growth	Growth from acquisitions
Revenue	513	525	561	-2.2%	-1.8%	-2.2%	0.4%
Comparable growth (%)	-3.2%	-8.6%	3.9%				
Comparable growth base 2019 (%)	-12.2%						
Adjusted EBITA	54	39	87	40.2%	40.6%	39.5%	1.0%
Adjusted EBITA margin (%)	10.6%	7.4%	15.4%	320bps			
Number of stores (#)	3,442	3,436	3,389	0.2%			

Revenue

The G4 segment's 1Q21 revenue at constant exchange rates declined by 1.8% to €513 million from €525 million in 1Q20. Comparable revenue decreased by 3.2% versus 1Q20. On a 2019 basis, comparable revenue declined by 12.2% versus a very strong 1Q19. The segment had a challenging start to the year, with the reintroduction of stricter COVID-19 related government measures disrupting the market and traffic.

Germany and Belgium/Netherlands were impacted with approximately 40% lower footfall at the beginning of the year, although both improved towards the quarter-end. In **France**, temporary store closures strongly impacted 1Q21 performance. Around 300 stores located in malls bigger than 10,000 sqm, have remained closed since February.

However, the successful redirection via our CRM platform of some shopping mall footfall to other stores partially offset this impact. Restrictions in the country are expected to continue into the second quarter. Germany and particularly France accounted for almost 90% of the segment's revenue decline versus 2019.

The effect of continued government restrictions in the **United Kingdom** resulted in a high single-digit comparable revenue decline versus 2019. Despite this, underlying structural improvements in the United Kingdom business continued to sustain performance.

E-commerce sales, particularly our retail brand platforms and the digitally influenced store sales across all the countries in the segment, delivered strong growth year-to-date.

Adjusted EBITA
Adjusted EBITA increased to €54 million in 1Q21 from €39 million in 1Q20 (1Q19: €87m), driven by continued cost discipline, solid commercial execution and structural improvements in the United Kingdom business.

OTHER EUROPE

in millions of EUR (unless stated otherwise)	1Q21	1Q20	1Q19	Change versus prior year: At reported rate	At constant exchange rate	Organic growth	Growth from acquisitions
Revenue	286	288	292	-0.6%	0.0%	-0.2%	0.1%
Comparable growth (%)	-0.1%	-9.7%	5.9%				
Comparable growth base 2019 (%)	-11.2%						
Adjusted EBITA	23	13	33	73.7%	77.2%	76.8%	0.4%
Adjusted EBITA margin (%)	7.9%	4.5%	11.3%	339bps			
Number of stores (#)	2,111	2,113	2,036	-0.1%			

Revenue
The Other Europe segment's 1Q21 revenue growth at constant exchange rates was 0.0% to €286 million from €288 million in 1Q20. Comparable revenue decreased by -0.1% versus 1Q20. On a 2019 basis, comparable revenue declined by 11.2% versus 1Q19. Comparable revenue performance gradually improved towards the quarter-end, mainly in the Northern Europe sub-region.

Footfall across the segment, but mainly in **Southern and Eastern Europe**, has been primarily affected by temporary store closures in shopping malls and the prolonged COVID-19 government measures.

Italy continues to be the hardest-hit country in the segment with a high double-digit comparable revenue decline versus 2019. Footfall has been impacted, with approximately 200 stores in shopping malls remaining closed during the weekends due to the COVID-19 government restrictions.

On the other hand, the **Nordics** remained resilient. We have further adapted our online optical and contact lens subscription programs in Scandinavia to the market's specific needs, such as flex subscriptions in Denmark and Sweden and family subscriptions in Norway. In 1Q21, the total subscription base including optical and contact lenses in Scandinavia grew double-digits versus 1Q20.

Switzerland continues to deliver a good performance with single-digit comparable growth versus 2020, as the business integration of the acquired McOptic nears completion, including the refurbishment of all McOptic's 63 stores into our new store concept.

Adjusted EBITA
Adjusted EBITA increased to €23 million in 1Q21 from €13 million in 1Q20 (1Q19: €33m), driven by continued cost discipline and efficiencies and the improved product/price mix.

AMERICAS & ASIA

in millions of EUR (unless stated otherwise)	1Q21	1Q20	1Q19	Change versus prior year: At reported rate	At constant exchange rate	Organic growth	Growth from acquisitions
Revenue	99	113	121	-12.6%	2.7%	2.7%	0.1%
Comparable growth (%)	2.8%	-2.4%	7.9%				
Comparable growth base 2019 (%)	-2.5%						
Adjusted EBITA	9	- 2	0	515.2%	602.2%	602.1%	0.1%
Adjusted EBITA margin (%)	9.5%	-2.0%	0.3%	1155bps			
Number of stores (#)	1,694	1,771	1,791	-4.3%			

Revenue
The Americas & Asia segment's 1Q21 revenue at constant exchange rates increased by 2.7% to €99 million from €113 million in 1Q20. Reported revenue was -12.6% versus 1Q20 due to the negative currency translation effect of 15.3% during the first quarter, or €17 million mainly driven by the depreciation of the Turkish lira and other Latin American local currencies.

Comparable growth was +2.8% versus 1Q20. On a 2019 basis, comparable growth decreased by 2.5% versus 1Q19.

Online sales in **Turkey** doubled compared with 2020 continuing the good momentum during the prior year. **Latin America** more than tripled its online sales with the highest relative growth in the optical category. Latin America's digital influenced store sales grew above 50% compared with 2020 to offset the lower traffic resulting from increased COVID-19 related government measures, including the temporary store closures in the network located at shopping malls.

Adjusted EBITA
Adjusted EBITA increased to €9 million in 1Q21 from -€2 million in 1Q20 (1Q19: €0m), driven by cost efficiencies. Underlying improvement from the business turnaround in the United States and strong performances in Latin America and Turkey positively contributed to the segment's profit.

Financial Calendar 2021

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

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. 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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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. GrandVision product assortment includes 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 39,000 employees which are proving every day that in EYE CARE, WE CARE MORE. For more information, please visit www.grandvision.com.