GrandVision reports 2019 Revenue of €4,037 million (+8.7%) and adjusted EBITDA of €604 million (+5.1%)*

Schiphol, the Netherlands – 26 February 2020. GrandVision NV (EURONEXT: GVNV) publishes Full Year and Fourth Quarter 2019 results.

2019 Highlights

- Revenue increased by **8.7%** at constant exchange rates to **€4,037 million** (FY18: €3,721 million) with comparable growth of **4.1%**
- E-commerce sales grew by **66%** as a result of Lenstore's ongoing growth, the acquisition of Charlie Temple as well as omni-channel growth in our banners
- Adjusted EBITDA* (i.e. EBITDA before non-recurring items) increased by **5.1%** at constant exchange rates to **€604** million pre-IFRS 16 (FY18: €576 million)
- Adjusted EBITDA* margin decreased by 54 bps to **14.9%** in part driven by higher investments in the ongoing product value chain transformation and into digital capabilities
- Adjusted EPS was **€0.91** (FY18: €0.91)
- The net debt position was **€753** million at year-end 2019 (FY18: €743 million) with a leverage ratio of 1.2 times
- The total number of stores expanded by 311, to **7,406** (FY18: 7,095) driven by acquisitions and network expansion
- Supervisory Board proposes a dividend of **€0.35 per share**. The shares will trade ex-dividend on 28 April 2020, and the dividend will be payable as of 4 May 2020.

GrandVision will host an analyst call on 26 February 2020 at 9am CET. Webcast and dial-in details are available at investors.grandvision.com and at the bottom of this press release.

FY19 and 4Q19 Key Figures

		Pre-IFRS 16					
in millions of EUR (unless stated otherwise)	Reported FY19	FY19	FY18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	4,039	4,037	3,721	8.5%	8.7%	5.1%	3.6%
Comparable growth (%)	4.1%	4.1%	3.4%				
Adjusted EBITDA	990	604	576	4.7%	5.1%	2.3%	2.8%
Adjusted EBITDA margin (%)	24.5%	14.9%	15.5%	-54bps			
Adjusted EBITA	475	443	426	3.9%	4.6%	1.4%	3.1%
Adjusted EBITA margin (%)	11.8%	11.0%	11.5%	-49bps			
Net result	195	193	237	-18.7%			
Net result attributable to equity holders	178	176	216	-18.7%			
Adjusted earnings per share, basic (in €)	0.91	0.89	0.91	-1.7%			
Earnings per share, basic (in €)	0.70	0.69	0.85	-18.7%			
System wide sales	4,407	4,407	4,079	8.0%			
Number of stores (#)	7,406	7,406	7,095				

**Pre-IFRS 16*

in millions of EUR (unless stated otherwise)	Reported 4Q19	Pre-IFRS 16 4Q19	4Q18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	999	999	899	11.1%	10.6%	6.0%	4.6%
Comparable growth (%)	4.6%	4.6%	2.9%				
Adjusted EBITDA	243	142	127	12.2%	11.8%	8.0%	3.8%
Adjusted EBITDA margin (%)	24.3%	14.3%	14.1%	13bps			
Adjusted EBITA	107	102	88	15.0%	14.7%	10.4%	4.3%
Adjusted EBITA margin (%)	10.7%	10.2%	9.8%	34bps			
System wide sales	1,092	1,092	986	10.8%			

Management Comments

Stephan Borchert, GrandVision's CEO, commented "I am pleased that 2019 was an exciting year with strong revenue growth for GrandVision, thanks to the continuous pursuit of our strategic plans and thanks to our global team's hard work and dedication.

Our revenue increased by 8.7% at constant exchange rates to €4.0 billion for the full year, including comparable revenue growth of 4.1% – our best performance since 2015. Acquisitions added a further 3.6% to revenue, as we strengthened our positions in a number of markets including Switzerland and Spain. We achieved EBITDA growth of 5.1%, reflecting our ongoing investments into omni- channel and product value chain initiatives. We have successfully delivered on our commitment of turning around our Benelux and Italian businesses in 2019.

We also considerably improved the profitability of the Americas & Asia segment driven by an ongoing focus on operational excellence and the quality of our store networks. We also decided to discontinue our unsuccessful operations in China end of last year.

However, 2019 was not without challenges. Our Vision Express business in the UK was negatively impacted by a weaker general consumer sentiment and reduced customer footfall. Even with our generally very resilient business model in place, we have not been immune to these impacts.

The performance of our For Eyes business in the US has continued to perform below expectations. In Q2 2019, we introduced a new management team with a clear mandate to implement a strategic and operational turnaround plan. The US market is of strategic importance for us, it offers ample opportunities for a strong optical retail operator such as GrandVision, and we remain committed to operating a successful business over the mid-term.

The digitalization of our industry has shown clear signs of acceleration across all categories in 2019, and we made significant progress towards our first strategic objective of transforming our business into a leading optical retailer across multiple channels. We particularly strengthened our digital capabilities by connecting 10 retail brands in eight markets to our global omni-channel platform, which has successfully complemented our pure play e-commerce businesses in achieving strong revenue growth momentum in 2019.

The second main strategic focus area for us is our "End-to-End Product Value Chain" initiative. In October, we successfully launched our first Regional Fulfilment Hub (RFH) in Porto, Portugal. The facility, fully connected to five operating companies in Northern and Southern Europe, now processes customer orders from lens cutting to full assembly.

Looking forward, these two important initiatives will help us attract new customers and to convert satisfied customers into loyal fans, thanks to outstanding product range and services, competitive prices, a modern omni-channel shopping experience and faster deliveries.

As stated in our press release from 6 February 2020, I reaffirm the shared objective with EssilorLuxottica to obtain regulatory approval for the closure of the transaction within 12 to 24 months from the announcement date. The transaction has been unconditionally cleared so far in the United States, Russia and Colombia, and it is currently under review in the EU, Brazil, Chile, Mexico and Turkey. Further announcements will be made if and when required.

Finally, I would like to reassure all of GrandVision's stakeholders that our focus remains on business continuity, and in particular on achieving our medium-term objectives. We firmly believe that the possible integration with EssilorLuxottica will help us to further accelerate the achievement of these objectives."

Outlook and medium-term financial objectives

GrandVision reconfirms the following medium-term objectives:

- Medium-term average revenue growth target of at least 5% at constant exchange rates maintained, which includes on average at least 3% comparable growth, at least 1% contribution from store openings and at least 1% contribution from small acquisitions
- Adjusted EBITA growth in line with total revenue growth as organic margin expansion will continue to be offset by segment mix and the initially dilutive impact of acquisitions
- Capital expenditure to remain at 4-6% of revenue
- Dividend payout ratio to remain at 25-50% with the intention to increase dividend per share over time.

For 2020, GrandVision expects revenue and EBITA growth to be broadly in line with the medium-term objectives. GrandVision expects to further reduce its net debt/EBITDA ratio driven by strong cash flow generation.

2019 Dividend

GrandVision's Supervisory Board proposes a dividend of €0.35 per share for the fiscal year 2019, subject to shareholder approval at the Annual General Meeting on 24 April 2020. The dividend represents a payout of 49.6% of net income attributable to equity holders, compared to 38.7% for 2018.

If approved, the shares will trade ex-dividend as of 28 April, 2020. The record date will be 29 April 2020.

IFRS 16 - Leases

The new leasing standard under IFRS 16 is effective for accounting periods beginning on, or after, 1 January 2019. This resulted 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 has therefore not restarted the comparative amounts for the year 2018.

Reported net income for FY19 is positively impacted by IFRS 16, under which occupancy costs are split into depreciation of Right-of-Use assets and interest expense on lease liability. A reconciliation table is presented below.

in millions of EUR	FY19
Occupancy costs included in pre-IFRS 16 adjusted EBITDA	386
IFRS 16 impact on depreciation	- 354
IFRS 16 impact on net financial result	- 30
Total IFRS 16 impact (additional net income)	2

Group Financial Review

Consolidated Income Statement

		Pre-IFRS 16	
in millions of EUR	Reported FY19	FY19	FY18
Revenue	4,039	4,037	3,721
Cost of sales and direct related expenses	- 1,110	- 1,110	- 1,004
Gross profit	2,930	2,928	2,717
Selling and marketing costs	- 2,027	- 2,056	- 1,899
General and administrative costs	- 578	- 579	- 480
Share of result of associates	- 1	- 1	- 1
Operating result	324	292	337
Financial income	4	3	2
Financial costs	- 53	- 22	- 20
Net financial result	- 49	- 19	- 18
Result before tax	275	272	319
Income tax	- 79	- 79	- 82
Result for the period	**195**	**193**	**237**
Attributable to:			
Equity holders	178	176	216
Non-controlling interests	17	17	21
	195	193	237

REVENUE

GrandVision achieved revenue growth at constant exchange rates of 8.7% for the full year 2019 to €4,037 million with organic growth of 5.1%. Comparable growth accelerated from 3.4% in 2018 to 4.1% in 2019.

Acquisitions, mainly Óptica2000 in Spain and McOptic in Switzerland, added 3.6% to revenue growth. In 2019, all three regional segments delivered solid revenue growth. The Other Europe segment delivered the highest revenue growth overall due to acquisitions. Among GrandVision's product categories, contact lenses showed the highest growth rate, benefiting from the continued expansion of e-commerce sales.

Overall, e-commerce sales grew by 66% as a result of Lenstore's ongoing growth, including the expansion into France and Italy, the acquisition of Charlie Temple in the Netherlands as well as growth in our banners.

GrandVision's store base increased by 311 stores in 2019 through new store openings and acquisitions, further strengthening GrandVision's position as the world's largest retailer of prescription glasses.

System wide sales, which reflects the retail sales of GrandVision's own stores plus that of its franchisees, increased by 8.0% to €4,407 million (FY18: €4,079 million).

In the fourth quarter, revenue growth at constant exchange rates was 10.6%, with organic and comparable growth of 6.0% and 4.6%, respectively.

ADJUSTED EBITDA

Reported adjusted EBITDA increased from €576 million in 2018 to €990, largely due to the positive impact of IFRS 16, under which occupancy costs are split into depreciation of right-of-use assets and interest expenses on lease liabilities.

Excluding the effect of IFRS 16, adjusted EBITDA increased by 5.1% at constant exchange rates to €604 million in FY19 with 2.3% organic growth and a positive contribution of 2.8% from acquisitions, largely related to Óptica2000 and McOptic.

The adjusted EBITDA margin decreased by 54 bps to 14.9% due to mainly due to higher central investments to support our digital and product value chain strategy as well as operational challenges in a few key markets.

Other reconciling items, which primarily consist of corporate costs not allocated to specific segments, were €40 million in FY19 (pre-IFRS 16), compared to €31 million in FY18, driven by higher central investments in digital capabilities.

In 4Q19, reported adjusted EBITDA increased from €127 million in 4Q18 to €243 million, largely due to the positive impact of IFRS 16 and a strong operational performance during quarter. Excluding the effect of IFRS 16, adjusted EBITDA increased by 11.8% at constant exchange rates to €142 million due to a weaker EBITDA performance in the Other Europe and Americas and Asia segments. The adjusted EBITDA margin increased by 13 bps to 14.3%.

RECONCILIATION OF ADJUSTED EBITDA, EBITDA, EBITA AND OPERATING RESULT

		Pre-IFRS 16	
in millions of EUR	Reported FY19	FY19	FY18
Adjusted EBITDA	**990**	**604**	**576**
Non-recurring items	- 63	- 63	- 20
EBITDA	**927**	**541**	**557**
Depreciation and amortization of software	- 515	- 161	- 150
EBITA	**413**	**380**	**406**
Amortization and impairments	- 89	- 89	- 69
Operating result	**324**	**292**	**337**

Non-recurring items of €63 million and are related to impairment of software (€21 million), expenses related to potential EssilorLuxottica transaction (€9 million), restructuring costs (€9 million), discontinuation of activities in China (€4 million) and costs related to acquisitions and the prior year. In 2018, these items mainly related to restructuring, legal provisions, VAT risks, software impairment as well as costs related to prior years.

EBITDA increased from €557 million in 2018 to €927, largely due to the positive impact of IFRS 16. Excluding the effect of IFRS 16, EBITDA decreased by 2.8% from €557 million in FY18 to €541 million in FY19.

Depreciation and amortization of software increased from -€150 in 2018 to -€515, largely due to the depreciation of right-of-use asset under IFRS 16. Excluding the effect of IFRS 16, depreciation and amortization of software increased by -€11 million during 2019 as a result of increased IT investments.

EBITA increased from €406 million in 2018 to €413 driven by the positive impact of IFRS 16. Excluding this effect, EBITA decreased by 6.4% from €406 million in FY18 to €380 million in FY19. Amortization and impairments of -€89 million (-€69 million in 2018) includes a goodwill impairment charge of €51 million related to the United States as the operational performance of the For Eyes business remains below the performance targets of the business plan set out at the time of the acquisition in 2015.

Operating result (EBIT) decreased from €337 million in 2018 to €324 includes the positive effect of IFRS 16. Excluding this effect, Operating result (EBIT) decreased by 13.5% to €292 million in 2019, compared to €337 million in 2018, as positive adjusted EBITDA growth was offset by higher non-recurring items, depreciation and amortization as well as higher impairment charges.

FINANCIAL RESULT

Net financial result increased from -€18 million in 2018 to -€49 million in 2019, which includes net interest on lease liabilities and lease receivables of €30 million following the split of occupancy costs into depreciation of right-of-use assets and interest expenses of lease liabilities as a result of IFRS 16. Excluding this effect, net financial result of -€19 million was broadly in line with the previous year.

INCOME TAX

Income tax decreased from €82 million in 2018 to €79 million in 2019. The effective tax rate (ETR) increased from 25.6% to 28.9%. The increase in the ETR is mainly resulting from the non-tax deductible impairment of goodwill in 2019. This ETR increase was partly offset by positive impacts from business restructuring which led to the recognition of deferred tax assets for unused tax credits from the past in different jurisdictions.

NET RESULT FOR THE PERIOD

Reported net result decreased from €237 million in 2018 €195 million in 2019, as a higher adjusted EBITDA was more than offset by higher non-recurring items and impairment charges.

GrandVision's FY19 net income increases by €2 million following the adoption of IFRS 16. Excluding this effect, net income was €193 million in 2019.

Net result attributable to equity holders decreased by 17.7% to €178 million in 2019 from €216 million in 2018.

(ADJUSTED) EARNINGS PER SHARE

Adjusted Earnings per share, which excludes non-recurring items, is €0.91 in FY19 (FY18: €0.91). Earnings per share decreased by -17.5% to €0.70 in FY19 (FY18: €0.85).

The weighted average number of shares outstanding was 253,693,611 in FY19 (FY18: 253,702,033). On a fully diluted basis, EPS decreased by -17.5% at €0.70 in FY19 (FY18: €0.85).

Segment Review

G4

in millions of EUR (unless stated otherwise)	Reported FY19	Pre-IFRS 16 FY19	FY18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	2,266	2,265	2,131	6.3%	6.0%	4.2%	1.8%
Comparable growth (%)	3.7%	3.7%	2.4%				
Adjusted EBITDA	616	421	411	2.3%	2.2%	0.4%	1.8%
Adjusted EBITDA margin (%)	27.2%	18.6%	19.3%	-73bps			
Adjusted EBITA	347	336	331	1.5%	1.4%	-0.4%	1.8%
Adjusted EBITA margin (%)	15.3%	14.8%	15.5%	-70bps			
Number of stores (#)	3,428	3,428	3,387				

in millions of EUR (unless stated otherwise)	Reported 4Q19	Pre-IFRS 16 4Q19	4Q18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	551	551	508	8.3%	7.5%	5.7%	1.8%
Comparable growth (%)	4.4%	4.4%	1.7%				
Adjusted EBITDA	144	93	95	-1.9%	-2.2%	-3.8%	1.6%
Adjusted EBITDA margin (%)	26.2%	16.9%	18.7%	-177bps			
Adjusted EBITA	73	72	75	-4.2%	-4.3%	-6.0%	1.7%
Adjusted EBITA margin (%)	13.2%	13.0%	14.7%	-170bps			

Revenue

In the G4 segment, revenue increased by 6.0% at constant exchange rates to €2,265 million in FY19 (2018: €2,131 million) with organic growth was 4.2%. Acquisitions, which contributed 1.8% to revenue growth, are mainly related to the acquisition of franchise stores across Germany and the Netherlands during the year as well as Charlie Temple.

The total number of stores in the G4 segment increased by 41 to 3,428 (FY18: 3,387), mainly driven by store openings and acquisitions across the region.

Comparable growth for the segment accelerated to 3.7% in 2019, from 2.4% in 2018. In the **Benelux**, we saw a particularly strong business performance in the Netherlands driven by successful commercial campaigns, following a difficult year of management transition. In **France** and **Germany** our businesses deliver solid comparable growth for the year in line with overall segment growth.

Our business in the **United Kingdom** saw modest comparable growth as it has continued to be impacted by a weaker retail environment. This was compensated by growth in online sales as well as an improving performance of the Vision Express business in the Tesco stores.

In 4Q19, revenue growth was 7.5% at constant exchange rate, supported by comparable growth of 4.4%, driven by a strong year-end performance in the Netherlands, France and Germany. Acquisitions, which contributed 1.8% to revenue growth, are mainly related to the acquisition of franchise stores across Germany and the Netherlands over the last 12 months.

(Adjusted) EBITDA

Reported adjusted EBITDA in the G4 segment was €616 million in 2019, compared to €411 million in 2018, largely due to the impact of IFRS 16. Excluding this effect, adjusted EBITDA in the G4 segment grew by 2.2% at constant exchange rates to €421 million as the full recovery of the Benelux segment during the year was partially reduced by an EBITDA decline in the United Kingdom related to operational and macroeconomic headwinds during as well as higher investments in e-commerce activities.

The adjusted EBITDA margin decreased by 73 bps to 18.6% in 2018 (FY18: 19.3%) mainly due to investments in online platforms and omni-channel solutions as well as a weaker operational performance in the UK.

In 4Q19, reported adjusted EBITDA in the G4 segment was €144 million, compared to €95 million in 4Q18, largely due to the positive effect of IFRS 16. Excluding this effect, adjusted EBITDA decreased by 2.2% at constant exchange rates mainly as a result of a weaker operational performance in the UK. The adjusted EBITDA margin decreased by 177 bps to 16.9%.

OTHER EUROPE

		Pre-IFRS 16					
in millions of EUR (unless stated otherwise)	Reported FY19	FY19	FY18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,269	1,268	1,130	12.2%	12.3%	4.0%	8.3%
Comparable growth (%)	2.8%	2.8%	2.7%				
Adjusted EBITDA	315	195	176	10.9%	11.2%	6.1%	5.1%
Adjusted EBITDA margin (%)	24.8%	15.4%	15.5%	-18bps			
Adjusted EBITA	152	146	129	13.7%	14.1%	8.4%	5.7%
Adjusted EBITA margin (%)	12.0%	11.5%	11.4%	15bps			
Number of stores (#)	2,134	2,134	1,912				

		Pre-IFRS 16					
in millions of EUR (unless stated otherwise)	Reported 4Q19	4Q19	4Q18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	325	325	281	15.5%	15.5%	4.0%	11.5%
Comparable growth (%)	2.5%	2.5%	3.9%				
Adjusted EBITDA	81	49	44	11.5%	11.4%	4.1%	7.4%
Adjusted EBITDA margin (%)	24.8%	15.1%	15.7%	-54bps			
Adjusted EBITA	38	36	32	13.7%	13.7%	5.6%	8.1%
Adjusted EBITA margin (%)	11.6%	11.2%	11.4%	-18bps			

Revenue

In the Other Europe segment, revenue increased by 12.3% at constant exchange rates to €1,268 million in FY19 (FY18: €1,130 million) with organic and comparable growth of 4.0% and 2.8%, respectively. Acquisitions, primarily Óptica2000 in Spain and McOptic in Switzerland, contributed with 8.3% to the revenue growth.

Comparable growth was particularly strong in Eastern Europe, especially in Hungary and Poland, while our more mature markets in Northern and Southern Europe delivered low single digit growth.

In 4Q19, revenue grew by 15.5% at constant exchange rates with comparable growth of 2.5% and a contribution from acquisitions of 11.5%.

(Adjusted) EBITDA

Reported adjusted EBITDA in the Other Europe increased from €176 million in 2018 to €315 million in 2019, largely due to the impact of IFRS 16.

Excluding this effect, adjusted EBITDA in the segment increased by 11.2% at constant exchange rates to €195 million in FY19 (FY18: €176 million), driven by organic growth of 6.1% and a positive contribution from acquisitions of 5.1%. The adjusted EBITDA margin decreased by 18 bps to 15.4%, as strong EBITDA growth and margin enhancement in Italy was reduced by the focus of the business integration in Switzerland and a weaker operational performance in Northern Europe.

In 4Q19, reported adjusted EBITDA in the Other Europe segment was €81 million, compared to €44 million in 4Q18, largely due to the positive effect of IFRS 16. Excluding this effect, adjusted EBITDA increased by 11.4% at constant exchange rates to €49 million, reflecting a strong operational performance in Italy as well as a positive contribution from acquisitions. The adjusted EBITDA margin decreased by 54 bps to 15.1%.

AMERICAS & ASIA

in millions of EUR (unless stated otherwise)	Reported FY19	Pre-IFRS 16 FY19	FY18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	505	504	459	9.7%	12.1%	12.1%	0.1%
Comparable growth (%)	8.8%	8.8%	9.4%				
Adjusted EBITDA	100	29	20	46.4%	57.2%	57.5%	-0.2%
Adjusted EBITDA margin (%)	19.8%	5.8%	4.3%	144bps			
Adjusted EBITA	22	6	- 2	417.9%	521.9%	524.2%	-2.3%
Adjusted EBITA margin (%)	4.3%	1.3%	-0.4%	169bps			
Number of stores (#)	1,844	1,844	1,796				

in millions of EUR (unless stated otherwise)	Reported 4Q19	Pre-IFRS 16 4Q19	4Q18	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	123	123	110	12.4%	12.1%	12.1%	0.0%
Comparable growth (%)	11.1%	11.1%	5.5%				
Adjusted EBITDA	25	7	- 4	269.6%	263.4%	263.4%	0.0%
Adjusted EBITDA margin (%)	20.2%	5.6%	-3.7%	928bps			
Adjusted EBITA	4	1	- 10	114.9%	112.6%	112.6%	0.0%
Adjusted EBITA margin (%)	3.2%	1.2%	-8.9%	1005bps			

Revenue

The Americas & Asia segment delivered revenue growth of 12.1% at constant exchange rates to €504 million in FY19 (FY18: €459 million). Comparable growth and organic growth reached 8.8% and 12.1%, respectively, with particularly strong comparable growth in Colombia, Russia and Turkey.

In 4Q19, revenue grew by 12.1% at constant exchange rates with a comparable growth rate of 11.1% with a strong year-end performance in Russia and Turkey.

(Adjusted) EBITDA

Reported adjusted EBITDA in the Americas & Asia segment increased from €20 million in 2018 to €100 million in 2019, largely due to the impact of IFRS 16 as well as a strong operating performance across the segment.

Excluding the effect of IFRS 16, adjusted EBITDA increased by 57.2% at constant exchange rates to €29 million in FY19. During the year, the segment achieved strong underlying organic EBITDA growth driven by a strong operational performance in several Latin American markets, Russia and Turkey, which was partially reduced by ongoing operational challenges in the United States. The adjusted EBITDA margin increased by 144 bps to 5.8% compared to 4.3% in FY18.

In 4Q19, reported adjusted EBITDA in the Americas & Asia segment was €25 million, compared to -€4 million in 4Q18, largely due to the positive effect of IFRS 16. Excluding this effect, adjusted EBITDA improved to €7 million, driven by a strong operational performance across the segment.

GrandVision

Liquidity and Debt

in millions of EUR (unless stated otherwise)	FY19	FY18	change versus prior year
Free cash flow	296	238	58
Capital expenditure	198	210	- 12
- Store capital expenditure	127	162	- 35
- Non-store capital expenditure	70	48	22
Acquisitions	154	14	141
Net debt	753	743	
Net debt leverage (times)	1.2	1.3	

Free cash flow increased to €296 million in 2019, compared to €238 million in 2018. The increase in free cash flow was mainly driven by improvements in working capital as well as lower capital expenditure. Cash conversion increased from 42.8% in 2018 to 54.6% in 2019.

Capital expenditure not related to acquisitions decreased by €12 million to €198 million (4.9% of revenue) in 2019, compared with €210 million (5.6% of revenue) in 2018. The majority of capital expenditure is dedicated to optimizing the store network.

Store capital expenditure decreased from €162 million in 2018 to €127 million in 2019 due to the higher level of refurbishments in the previous year related to the integration and refurbishment of the Tesco Opticians business in the United Kingdom, as well as fewer store openings in 2019.

Non-store capital expenditure increased to €70 million in 2019 compared to €48 million in 2018 mainly due to the roll-out of omni-channel platform in eight markets during the year.

In 2019, cash outflows relating to acquisitions of companies was €154 million, reflecting the increase of acquisitions in 2019, particularly Óptica2000 in Spain, Charlie Temple in the Netherlands and McOptic in Switzerland.

At year-end 2019, GrandVision's net debt slightly increased from €743 million in 2018 to €753 million in 2019, as strong cash flow generation was offset by acquisitions Óptica2000, Charlie Temple and McOptic during the period. The net debt leverage ratio year-end 2019 was 1.2x, compared to 1.3x at the end of 2018.

Conference Call and Webcast Details

GrandVision will hold a conference call and webcast for analysts and investors on 26 February 2020 at 9:00 am CET (8:00 am GMT):

Webcast registration: https://edge.media-server.com/mmc/p/5943kxmk

Conference call details for investors/analysts intending to participate in the Q&A

- Participant Access: Dial in 5-10 minutes prior to the start time using the number/Conference ID below
- Passcode: **8987366**

Location	Phone Number
Standard International	+44 (0) 2071 928000
Belgium	+32 (0) 24009874
China	4009950198
France	+33 (0) 176700794
Germany	+49 (0) 6924437351
Italy	+39 0687502026
Netherlands	+31 (0) 207143545
UK	+44 (0) 8445718892
USA, New York	+1 6315107495

- Conference call details can also be found at: http://investors.grandvision.com/events/event-details/full-year-2019-results-conference-call
- The presentation will be available at www.grandvision.com shortly before the conference call

Financial Calendar 2020

Date	Event
26 February 2020	Full Year 2019 Results Press Release
24 April 2020	First Quarter 2020 Trading Update
	Annual General Meeting (AGM)
5 August 2020	Half Year and Second Quarter 2020 Results Press Release
30 October 2020	Third Quarter 2020 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 7,400 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.

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 condensed consolidated financial statements 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.

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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Annex 1: Consolidated Balance Sheet

in millions of EUR	31 December 2019	31 December 2018
ASSETS		
Property, plant and equipment	533	517
Right-of-use assets	1,443	-
Goodwill	1,146	1,052
Other intangible assets	415	563
Deferred income tax assets	62	47
Investments in Associates and Joint Ventures	1	1
Non-current receivables	84	39
Other non-current assets	-	10
Non-current assets	3,683	2,229
Inventories	356	331
Trade and other receivables	276	254
Other current assets	33	50
Current income tax receivables	32	9
Derivatives	2	3
Cash and cash equivalents	163	138
Current assets	861	785
Total assets	**4,544**	**3,014**
EQUITY AND LIABILITIES		
Equity attributable to equity holders	1,177	1,162
Non-controlling interests	87	90
Total equity	1,264	1,252
Borrowings	386	362
Lease liabilities	1,037	0
Deferred income tax liabilities	43	72
Post-employment benefits	136	96
Provisions	18	17
Derivatives	8	3
Other non-current liabilities	22	6
Contract liabilities	9	8
Non-current liabilities	1,659	564
Borrowings	517	515
Lease liabilities	373	0
Current income tax liabilities	41	40
Provisions	24	17
Derivatives	6	4
Trade and other payables	570	543
Contract liabilities	90	78
Current liabilities	1,621	1,197
Total liabilities	3,280	1,762
Total equity and liabilities	**4,544**	**3,014**

Annex 2: Consolidated Cash Flow Statement

in thousands of EUR	2019	2018
Cash flows from operating activities		
Cash generated from operations	1,001	585
Tax paid	- 123	- 137
Net cash from operating activities	**877**	**448**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	- 154	- 14
Settlement of contingent consideration	- 20	- 26
Purchase of property, plant and equipment	- 140	- 162
Proceeds from sales of property, plant and equipment	8	9
Purchase of intangible assets	- 57	- 48
Proceeds from sales of intangible assets	2	1
Investments in associates and joint ventures	- 1	- 1
Proceeds from sales of investments in buildings	-	0
Change in other non-current receivables and lease prepayments	1	- 1
Dividends received	0	-
Net cash used in investing activities	**- 362**	**- 241**
Cash flows from financing activities		
Purchase of treasury shares	- 4	-
Proceeds from borrowings	203	206
Repayments of borrowings	- 141	- 233
Repayments of lease liabilities	- 400	-
Receipts from finance subleases	17	-
Interest swap payments	- 3	- 3
Acquisition of non-controlling interest	0	- 2
Dividends paid to shareholders	- 84	- 81
Dividends paid to non-controlling interests	- 17	- 16
Interest received	3	2
Interest paid	- 19	- 10
Net cash used in financing activities	**- 446**	**- 137**
Net increase in cash and cash equivalents	**70**	**70**
Cash and cash equivalents at beginning of the year	72	12
Effect of exchange rate changes on cash and cash equivalents	- 7	- 10
Cash and cash equivalents at end of year	**134**	**72**