

# GrandVision posts record adjusted EBITA of €176 million in 3Q20 and returns to revenue growth

**EBITA grew by 35.2% in 3Q20 on 2.3% revenue growth at constant exchange rates**

**Schiphol, the Netherlands – 30 October 2020.** GrandVision N.V. publishes its Third Quarter and Nine Months 2020 results.

## Third quarter 2020 highlights

- 3Q20 adjusted EBITA (i.e. excluding non-recurring items) increased to **€176 million** from €132 million in the third quarter of 2019 (+35.2%) at constant exchange rates. The adjusted EBITA includes a positive one-time effect of €10 million from COVID-19 related measures
- Revenue grew by **2.3%** at constant exchange rates to **€1,047 million** in 3Q20 (3Q19: €1,045 million), as GrandVision's store network fully reopened
- Comparable revenue growth was **0.8%** in 3Q20, led by a strong performance in the G4 of 3.4%
- Banner e-commerce sales grew by of **225%** during the first nine months
- GrandVision's net debt position as of 30 September 2020 was **€602 million**, a reduction of €151 million compared to the end of June 2020
- The store base decreased to **7,247 stores** from 7,271 at the end of June 2020 driven by store closures in the ordinary course of business and openings of 45 new stores
- GrandVision intends to pay the postponed 2019 dividend contingent upon developments relating to COVID-19.

GrandVision will host an analyst call on 30 October 2020 at 9am CET. Webcast and dial-in details are available at [investors.grandvision.com](http://investors.grandvision.com) and at the bottom of this press release.

## Third quarter key figures

in millions of EUR (unless stated otherwise)	3Q20	3Q19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,047	1,045	0.3%	2.3%	1.5%	0.8%
Comparable growth (%)	0.8%	4.0%				
Adjusted EBITA	176	132	33.6%	35.2%	33.7%	1.5%
Adjusted EBITA margin (%)	16.8%	12.6%	421bps			
EBITA	167	126	32.7%			
System wide sales	1,148	1,137	1.0%			

## Nine months 2020 highlights

- 9M20 revenue declined by **16.6%** to **€2,500 million** (9MQ19: €3,040 million)
- 9M20 adjusted EBITA declined by **58.2%** to **€153 million** (9M19: €369 million)
- 9M20 comparable growth was **-8.9%** in 3Q20 (9M19: 3.9%)
- The store base decreased from 7,406 stores at year-end 2019 to 7,247 stores at the end of September 2020

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## Nine months key figures

in millions of EUR (unless stated otherwise)	9M20	9M19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	2,500	3,040	-17.8%	-16.6%	-18.3%	1.8%
Comparable growth (%)	-18.9%	3.9%				
Adjusted EBITA	153	369	-58.5%	-58.2%	-59.3%	1.1%
Adjusted EBITA margin (%)	6.1%	12.1%	-601bps			
EBITA	99	352	-71.9%			
System wide sales	2,739	3,316	-17.4%			
Number of stores (#)	7,247	7,366				

## Management comments

Stephan Borchert, GrandVision's CEO said: "The third quarter of 2020 was characterized by a faster than expected recovery of our business, as we delivered revenue growth and very strong adjusted EBITA on the back of higher customer conversion across a broad range of our markets, stronger omni-channel sales and efficiency gains. The recovery we experienced in the quarter would not have been possible without the continued support from all of our customers and employees and the great collaboration with our business partners, for which I am very grateful.

We continued to invest in our omni-channel initiatives, for example by launching prescription glass e-commerce in more than 10 countries, enabling us to cater for the strongly increasing customer demand particularly for single vision glasses to buy spectacles online within the trusted environment of our banners. During the first nine months, e-commerce sales through our banner websites grew by 225%, and our online pure-plays grew by 40%.

We improved the profitability in some of our historically underperforming markets such as the UK, US and Italy. In all these markets we have made good progress which has led to a solid EBITA performance in the quarter. In addition to that, the integration of the recently acquired businesses in Spain and Switzerland has proceeded as planned.

The strong performance reconfirms the resilience of the optical retailing industry in general with its favorable long-term market drivers, the strength of our local banners and the effectiveness of our investments in our strategic initiatives, which are allowing us to expand our customer value proposition across all channels and to leverage our global presence.

We are conscious of the risk of a second wave, which could again impact customer behavior and traffic to our stores, but we have gained valuable experience in responding to the crisis during the first wave, and have recovered quickly. We are confident that we will come out of a potential second wave strong and well-positioned for future growth.

Finally, I would like to reiterate that we are continuing to support EssilorLuxottica in obtaining the remaining regulatory approvals for the proposed acquisition of HAL's stake in our company."

## Dividend

As a result of the strong recovery of GrandVision's financial position since the on-set of the COVID-19 crisis, GrandVision confirms its intention to pay a dividend for 2019 as set out in our Full Year 2019 results announcement of 26 February 2020 and expects to confirm this with the publication of its trading update on 22 January 2021. This will allow the company to review and monitor the development and possible impact of a second wave of COVID-19 on the financial position of the company before taking a decision to propose a dividend for shareholder approval.

## Third quarter 2020 developments

### Store network reopening and traffic developments

At the end of September, more than 99% of GrandVision's stores had reopened, an improvement from approximately 90% of our store network at the end of June. By the end of July, our store networks in most European markets and the US had re-opened. The strongest recovery in the quarter was therefore seen in the G4 and partly in the Other Europe segment. In many of our Latin American markets, lockdown measures were only eased in August, resulting in a weaker performance for the Americas & Asia segment. Nevertheless, we have also seen strong signs of recovery in Russia, Turkey and the United States.

Although customer traffic remains below previous levels, this effect has been more than compensated by higher customer conversion in our stores, which is partly driven by an increase of online appointment bookings and a higher purchase intent by customers. We have also observed more evenly distributed traffic flows throughout the week, as customers try to avoid store visits during weekends and peak times. The more evenly distributed traffic flows and the increased customer usage of online appointment bookings have also led to an increase in store productivity. This development has particularly benefited our banners that to a large extent rely on proximity and convenience locations.

### Revenue development

Revenue increased by 2.3% at constant exchange rates to €1,047 million in 3Q20 (€1,045 million in 3Q19) or 0.3% at reported rates including negative currency translation effects of approx. €19 million, primarily due to the depreciation of the Turkish lira and Latin American currencies. Comparable revenue growth during the period was 0.8%.

GrandVision's core continental European markets, particularly the Benelux, Germany, Austria and Switzerland recovered above expectations, delivering at least mid-single digit revenue growth.

Revenue growth benefitted from a mix shift due to strong optical sales during the quarter, while sunglasses continued to show a weaker performance.

### Adjusted EBITA development

Adjusted EBITA grew considerably by 35.2% at constant exchange rates to €176 million (€132 million in 3Q19). The adjusted EBITA growth of €44 million compared to the prior year was in approximately equal parts driven by efficiency gains, particularly in historically underperforming markets, revenue growth and short-term cost benefits related to COVID-19 measures

A substantial part of adjusted EBITA growth is related to ongoing efficiency gains. The company had taken steps to structurally improve the profitability in certain countries that were previously lagging compared to more mature operations, in particular the UK, the US and Italy. These restructuring programs were already initiated before the COVID-19 crisis and included the staffing and efficiency of its stores, headquarter operations, optimizing the commercial proposition and making necessary changes to local management teams.

Adjusted EBITA growth benefitted from a mix increase toward the higher margin optical category and from revenue growth in our higher margin European markets.

Adjusted EBITA includes a positive one-time effect of €10 million related to cost control and other measures GrandVision had taken in the beginning of the COVID-19 crisis. These measures were mostly phased out after the re-opening of the store network.

3Q20 adjusted EBITA excludes non-recurring items of €10 million, which are largely related to expenses in connection with the announced acquisition of HAL's interest in GrandVision by EssilorLuxottica.

## Financial position

GrandVision's net debt at the end of September 2020 was €602 million, a reduction from €755 million at the end of June 2020, driven by strong operating performance and continued cash discipline. Net working capital benefited from the business recovery as we expect some impact from working capital normalization to take place in the fourth quarter.

GrandVision continues its investment program on its strategic initiatives and expects capital expenditures for the full year at the lower end of its 4 - 6% of revenue range. Capital expenditures included investments in automated eye measurement equipment, thereby enabling its stores to quickly resume operations in compliance with COVID-19 health and safety protocols.

## Outlook

GrandVision's top priority remains the health and well-being of our employees and customers, whilst managing the business for the long term. The managerial experience of the lock-downs together with the strong recovery we have seen over the past months, provides us with solid foundation as we continue to navigate through the crisis.

Although the positive operating trend continued in October, GrandVision has started to see first signs of weakness in a number of European markets affected by the second wave of coronavirus, as governments have started to re-introduce stricter measures to contain the spread of the virus.

The uncertainty and low near-term visibility regarding the impact of the COVID-19 pandemic prevent us from providing an outlook for the remainder of the year and for 2021.

## Status of transaction with EssilorLuxottica

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

On July 18 2020, EssilorLuxottica initiated summary proceedings before the District Court of Rotterdam demanding that GrandVision provides to EssilorLuxottica additional information in relation to GrandVision's actions to mitigate the impact of COVID-19 on its business. On 24 August 2020, the District Court dismissed all claims made by EssilorLuxottica. EssilorLuxottica has appealed the decision of the District Court.

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

Further announcements will be made if and when required.

Segment review

**G4**

in millions of EUR (unless stated otherwise)	9M20	9M19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	1,459	1,715	-14.9%	-14.9%	-15.8%	0.9%
Comparable growth (%)	-16.5%	3.5%				
Adjusted EBITA	134	274	-51.1%	-51.1%	-51.9%	0.8%
Adjusted EBITA margin (%)	9.2%	16.0%	-678bps			
Number of stores (#)	3,436	3,420				

in millions of EUR (unless stated otherwise)	3Q20	3Q19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	610	584	4.5%	4.5%	4.0%	0.6%
Comparable growth (%)	3.4%	4.1%				
Adjusted EBITA	113	94	19.9%	19.9%	19.0%	0.9%
Adjusted EBITA margin (%)	18.6%	16.2%	239bps			

*Revenue*

Revenue in the G4 segment increased by 4.5% at constant exchange rates to €610 million in 3Q20, with comparable growth of 3.4%. In 9M20, revenue declined by 14.9% at constant exchange rates with a comparable revenue decline of 16.5%.

In the Benelux, Germany and Austria we achieved mid-to-high single digit revenue and comparable growth during the third quarter, reflecting a strong recovery and commercial execution, as well as the higher average selling price driven by the outperformance of higher value optical products. Overall, the stores in this region were less impacted by the traffic reductions we have seen in other markets due to the focus on proximity stores in these countries rather than high street locations.

In France, the mid-single digit growth of optical sales was partially offset by a weaker sunglass performance, particularly in high streets and tourist destinations.

In the United Kingdom, our business recovered with a 6-8 week lag compared to Continental European markets. While revenue growth was slightly negative for the quarter, we saw a sequential improvement throughout the quarter with a particularly strong performance of the Tesco stores.

*Adjusted EBITA*

Adjusted EBITA improved by 19.9% at constant exchange rates to €113 million in 3Q20, reflecting the recovery of the business following the re-opening of our store network, improved sales mix in the Benelux, Germany and Austria and efficiency gains achieved in the UK, one of our traditionally underperforming markets.

In the first nine months, adjusted EBITA decreased from €274 million in 9M19 to €134 million, mainly driven by the loss in the second quarter related to store closures as a result of COVID-19.

**OTHER EUROPE**

in millions of EUR (unless stated otherwise)	9M20	9M19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	792	944	-16.1%	-15.5%	-19.7%	4.1%
Comparable growth (%)	-19.8%	2.9%				
Adjusted EBITA	50	114	-56.6%	-55.7%	-57.3%	1.7%
Adjusted EBITA margin (%)	6.3%	12.1%	-586bps			
Number of stores (#)	2,109	2,124				

in millions of EUR (unless stated otherwise)	3Q20	3Q19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	337	333	1.0%	1.7%	0.0%	1.7%
Comparable growth (%)	-0.8%	3.1%				
Adjusted EBITA	57	43	31.9%	33.1%	30.6%	2.5%
Adjusted EBITA margin (%)	17.0%	13.0%	397bps			

*Revenue*

Revenue in the Other Europe segment increased by 1.7% at constant exchange rates to €337 million in 3Q20, while comparable revenue declined by 0.8%. In 9M20, revenue declined by 15.5% at constant exchange rates with a comparable revenue decline of 19.8%

Within the segment, the businesses in Denmark, Hungary and Switzerland showed the strongest performance in the quarter, driven by the recovery of the business. In Italy, and other parts of Southern Europe, the strong recovery of optical sales was offset by weaker sunglass sales.

*Adjusted EBITA*

Adjusted EBITA improved from €43 million in 3Q19 to €57 million in 3Q20, as a result of the business recovery in the quarter, improved sales mix, efficiency gains in Italy and benefits from successful business integration of the acquisitions in Switzerland and Spain. During the quarter, we saw broad-based adjusted EBITA growth with a particularly strong performance in the Nordics, Italy, Switzerland and Portugal. In many markets, we benefited from improved sales mix due to strong category growth of multifocal glasses and the continued roll-out of optical subscription programs.

In 9M20, adjusted EBITA decreased from €114 million in 9M19 to €50 million, mainly driven by store network closures across the segment during the second quarter.

**AMERICAS & ASIA**

in millions of EUR (unless stated otherwise)	9M20	9M19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	249	381	-34.7%	-26.4%	-26.4%	0.0%
Comparable growth (%)	-26.9%	7.9%				
Adjusted EBITA	- 11	18	-159.8%	-156.9%	-156.9%	0.0%
Adjusted EBITA margin (%)	-4.3%	4.6%	-891bps			
Number of stores (#)	1,702	1,822				

in millions of EUR (unless stated otherwise)	3Q20	3Q19	Change vs. prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	101	128	-21.0%	-6.3%	-6.3%	0.0%
Comparable growth (%)	-6.2%	6.4%				
Adjusted EBITA	12	8	51.2%	72.4%	72.4%	0.0%
Adjusted EBITA margin (%)	11.9%	6.2%	568bps			

## Revenue

The America & Asia segment continued to be impacted by the COVID-19 pandemic in the third quarter. Revenue in the segment decreased by 6.3% at constant exchange rates to €101 million in 3Q20 with a comparable revenue decline of 6.2%. On a reported basis, revenue declined by 21.1%, reflecting the depreciation of the Turkish lira, Russian ruble and most Latin American currencies relative to the euro. The negative currency effect was €19 million in 3Q20. In 9M20, revenue declined by 26.4% at constant, or 34.7% at reported rates, with a comparable revenue decline of 26.9%.

While Turkey and Russia achieved positive revenue and comparable growth during the third quarter, most markets in Latin America and United States were still negative as lockdown measures or COVID-19 related sales restrictions were only eased towards the latter part of the quarter.

## Adjusted EBITA

Adjusted EBITA increased from €8 million in 3Q19 to €12 million in 3Q20, mainly reflecting operational improvements in the United States, which returned to profitability in the quarter, and the business recovery in Turkey.

In 9M20, adjusted EBITA decreased from €18 million in 9M19 to -€11 million, mainly due to the store network closures and sales restrictions in Latin America as a result of the COVID-19 crisis, while our businesses in Turkey and Russia have shown more resilience during the first nine months.

## Conference call and webcast details

GrandVision will hold a conference call and webcast for analysts and investors on 30 October 2020 at 9:00 am CET (8:00 am GMT):

Webcast registration: <https://edge.media-server.com/mmc/p/7ixp69wo>

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: **2365287**

Location	Phone Number
Standard International	+44 (0) 2071 928338
Belgium	+32 (0) 27933847
China	4009966853
France	+33 (0) 170700781
Germany	+49 (0) 6922222625
Italy	+39 (0) 236006670
Netherlands	+31 (0) 207956614
UK	+44 (0) 8444819752
USA, New York	+16467413167

- Conference call details can also be found at: <https://investors.grandvision.com/events/event-details/third-quarter-2020-trading-update>
- The presentation will be available at [www.grandvision.com](http://www.grandvision.com) shortly before the conference call

## 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, 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 7,000 stores and with more than 37,000 employees which are proving every day that in EYE CARE, WE CARE MORE. For more information, please visit [www.grandvision.com](http://www.grandvision.com).