

AFFLELOU

Press release

Afflelou and its subsidiaries (the “Group”) publishes its third quarter results for the 2022/2023 fiscal year, as of and for the nine months ended April 30, 2023.

Paris, June 28, 2023

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- Sales¹ at €220.3 million in third quarter of 2022/23 fiscal year, up 4.2% from the same quarter of the prior fiscal year, including growth of 7.7% at ALAIN AFFLELOU optical business
 - Adjusted EBITDA² at €26.9 million for the quarter, up 10.2% from the prior comparable period and up 8.0% at €82.8 million for the nine months ended April 30, 2023, as compared to the same period the year prior
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Commercial performance of AFFLELOU

Network sales reached €220.3 million in the third quarter of the current fiscal year, as compared to €211.4 million from the third quarter of the prior fiscal year. The ALAIN AFFLELOU optical banner recorded strong performance in each geographical area, resulting in 7.7% growth compared to the same quarter in the past fiscal year. This performance was attenuated by the reduction of our discount banner network and a slowdown of our hearing aid business after the strong growth of the latter recorded during the 2021 calendar year. On a cumulative basis, network sales amounted to €658.5 million for the first nine months of the fiscal year ending July 31, 2023, 3.5% higher than the same period a year before (and 5.2% higher than the same period a year before when excluding our discount banner).

The ALAIN AFFLELOU optical banner continued to grow to 1,292 stores as of April 30, 2023, from 1,255 a year before, with expansion in each of its main geographical areas. Our hearing aid banner also recorded a significant expansion, reaching 480 points of sale (including dedicated centers and corners inside optical stores) as at April 30, 2023, versus 431 a year before, with the start of our expansion in Switzerland and Belgium. On a whole, the Group recorded a decrease of 26 stores compared to the year before, due to the aforementioned reduction of our discount perimeter. Excluding the reduction at our discount perimeter, the Group recorded an increase of 42 stores.

AFFLELOU’s financial performance

Adjusted EBITDA grew at €26.9 million during the third quarter of the current fiscal year as compared to €24.4 million during the same period the year before, representing a growth of 10.2% and reached €82.8 million in the first nine months of the current fiscal year as compared to €76.7 million in the prior fiscal year, representing a 8.0% growth.

¹ Network sales comprise sales (excluding VAT) to end customers by all of the Group’s distribution channels, including directly-owned stores. Sales of the franchisees are based on monthly sales reports provided by the franchisees pursuant to their reporting obligations under franchise agreements.

² Adjusted EBITDA is defined as operating income from ordinary activities as presented in the Group’s consolidated financial statements, before (i) depreciation and amortization of property, plant and equipment, and intangible assets, (ii) changes in provisions for trade receivables and inventories, and (iii) management fees, management long term incentives and acquisition price supplements, if applicable in each case.

In France, Adjusted EBITDA was €22.5 million for the third quarter of the current fiscal year, which was 6.7% higher than in same period of the previous fiscal year, thanks to the strong growth of our ALAIN AFFLELOU optical banner. Indeed, the slowdown of our hearing aid business and the reduction of our discount perimeter had a limited impact on our EBITDA growth in France, given their lower historical contribution to our profitability. In Spain, Adjusted EBITDA grew by €0.9 million to €3.5 million in the third quarter of the current fiscal year, with the positive impact of our optical banner on our overall profitability (as is the case in France) and an improvement of our profitability from our hearing aid banner, which continues to quickly develop in Spain. Finally, Adjusted EBITDA in our Other countries reported a growth of €0.1 million or 16.6% in the third quarter of the current fiscal year as compared to the year prior, reflecting the significant growth in its main geographical regions, with a noticeable improvement of our Portuguese perimeter.

Cash flows in the first half of the fiscal year, together with strong profitability and financial performance, resulted in the improvement of our net debt at €541.5 million as of April 30, 2023, compared to €559.9 million as of July 31, 2022.

Anthony Afflelou, Chief Executive Officer of AFFLELOU Group, stated: *“ALAIN AFFLELOU delivered strong growth in the third quarter of our current fiscal year, with a quite positive outcome on our profitability. Initiatives like our Magic collection and the deployment of teleophthalmology in our French network contributed to the strong network performance in most areas. Despite a slowdown of the hearing aids market in France, we continued to expand our geographical coverage of this new activity in France and Spain, and started our expansion in Belgium and Switzerland. We also adopted, where possible, our new signature “Alain Afflelou, optician & acoustician”, demonstrating the complete integration between those two businesses in our network. Finally, since the end of the past quarter, our sales continued to be well-oriented, confirming the Group’s overall strategy.”*

About Afflelou:

Founded in Bordeaux in 1972 by Alain Afflelou, the Group is one of Europe’s leading franchisors of optical products and hearing aids. In 2019, the Group operated the largest franchise network of optical products (in terms of store numbers) and the Alain Afflelou banner ranked third in France with a 10% market share (in terms of store numbers), in a historically fragmented market that includes many independent retailers. The Group has a long-standing presence in France, but also a strong foothold in Spain, where it operates the largest banner of optical products (in terms of store numbers) and the fourth largest (in terms of revenue). The Group, which is continuing its global expansion, is present worldwide, with 1,461 stores in 19 countries as of July 31, 2022

Forward Looking Statements

This press release may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms as “believe”, “expect”, “anticipate”, “may”, “assume”, “plan”, “intend”, “will”, “should”, “estimate”, “risk” and or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Company’s or any of its affiliates’ intentions, beliefs or current expectations concerning, among other things, the Company’s or any of its affiliates’ results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. 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. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Company’s or any of its affiliates’ actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward looking statements contained in this press release. In addition, even if the Company’s or any of its affiliates’ results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

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