



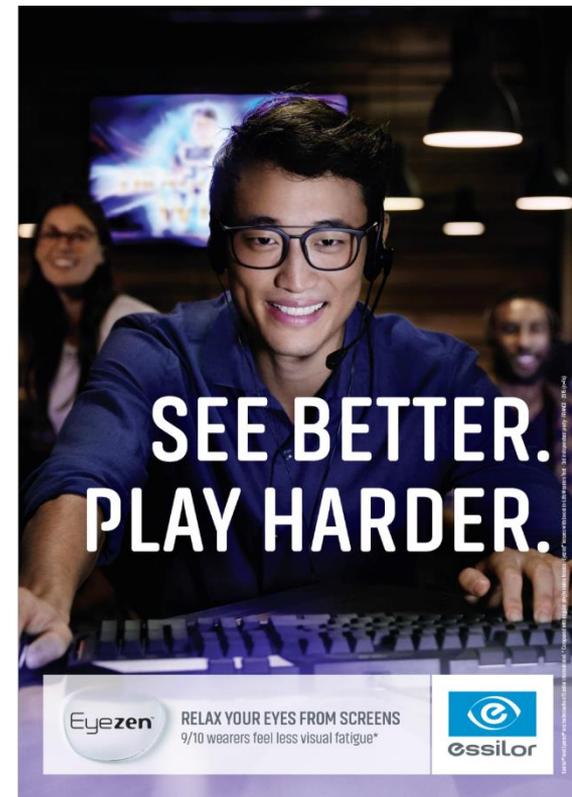
# ESSILORLUXOTTICA

## 1H 2019 RESULTS

July 31, 2019

# MAJOR PROGRESS AND ACHIEVEMENTS IN 1H

- Revenue up 7.3% in the first half, +3.9% at constant exchange rates with some acceleration in 2Q (+4.1%)
- Adjusted operating profit at 17.2% of revenue
- Key business highlights
  - Robust lens business performance, led by China, Brazil and Europe
  - Sharp rebound of Sunglasses & Readers in 2Q
  - Wholesale accelerating, turning positive in North America
  - Retail growing, while evolving the model
  - Group's e-commerce activities growing in the mid-teens
  - Bolt-on acquisitions picking up
- Activation of synergies
- 2019 outlook confirmed
- Agreement to acquire HAL's 76.72% stake in GrandVision



*The presentation should be read together with the press release dated July 31, 2019 available at [www.essilorluxottica.com](http://www.essilorluxottica.com) under the Investors tab.*

## ROBUST FINANCIALS

1H 2019

REVENUE AT CONSTANT EXCHANGE RATES

+3.9%

ADJ. OPERATING PROFIT

17.2% of revenue

ADJ. NET PROFIT

€1,099m, +6.8%

FREE CASH FLOW

€748m



# 1H 2019 RESULTS

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## SUSTAINED MOMENTUM IN ESSILOR'S LENSES AND IN LUXOTTICA'S RETAIL

€ millions	1H 2019	1H 2018 pro forma	Change at constant exchange rates	Currency effect	Change (reported)
Lenses & Optical Instruments	3,377	3,136	4.9%	2.8%	7.7%
Sunglasses & Readers	456	407	8.4%	3.5%	11.9%
Equipment	99	93	1.3%	4.4%	5.8%
<b>Essilor revenue</b>	<b>3,932</b>	<b>3,636</b>	<b>5.2%</b>	<b>2.9%</b>	<b>8.1%</b>
Wholesale	1,759	1,703	1.7%	1.6%	3.3%
Retail	3,086	2,838	3.6%	5.1%	8.7%
<b>Luxottica revenue</b>	<b>4,844</b>	<b>4,541</b>	<b>2.9%</b>	<b>3.8%</b>	<b>6.7%</b>
<b>TOTAL</b>	<b>8,776</b>	<b>8,177</b>	<b>3.9%</b>	<b>3.4%</b>	<b>7.3%</b>

## ESSILORLUXOTTICA REVENUE UP 3.9% AT CONSTANT EXCHANGE RATES

€ millions	1H 2019	1H 2018	Change at constant exchange rates	Currency effect	Change (reported)
North America	4,583	4,211	+1.9%	+6.9%	+8.8%
Europe	2,231	2,151	+4.7%	-1.0%	+3.8%
Asia, Oceania and Africa	1,436	1,336	+5.8%	+1.6%	+7.4%
Latin America	526	479	+12.3%	-2.6%	+9.8%
<b>TOTAL</b>	<b>8,776</b>	<b>8,177</b>	<b>+3.9%</b>	<b>+3.4%</b>	<b>+7.3%</b>

# NORTH AMERICA: UP 1.9% AT CONSTANT EXCHANGE RATES

- **Essilor**

- Expansion of Essilor Expert program to ~4,800 ECPs
- E-commerce growing in the mid-teens, driven by the Eyeglasses segment
- Costa growth boosted by optical frames
- Launch of Transitions Signature Gen 8 in July

- **Luxottica**

- Wholesale back to growth in 2Q, driven by independents and department stores
- Retail slightly decelerating in 2Q, on a tougher comp base
- LensCrafters flattish in revenue and comps in 1H
- Sunglass Hut back on TV after 3 years, but hit by bad weather (May/early June)
- EyeMed and Target Optical both strong, Sears heavily weighting



## EUROPE: UP 4.7% AT CONSTANT EXCHANGE RATES

- **Essilor**

- Robust lens category development in France, Turkey, Russia and Eastern Europe
- Strong 2Q and order book in the instrument business (Visioffice X, Vision R 800)
- Roll out of a new business model in Germany

- **Luxottica**

- Wholesale steadily growing in 1H driven by volume and prescription (up double digit)
- STARS accelerating further (+18% in 2Q), over 20% of wholesale revenue in the region
- Retail growth in excess of 10% in 1H, fuelled by successful Sunglass Hut & Ray-Ban stores
- Sustained space expansion



**BVLGARI**  
ROMA

B. Serol  
BVLGARI

# ASIA, OCEANIA, AFRICA: UP 5.8% AT CONSTANT EXCHANGE RATES

- **Essilor**

- Robust momentum in China in all business lines
- Rapid growth of Bolon optical frames segment
- Southeast Asia and Korea driven by lens category development
- Good dynamic with Independent ECPs in Australia

- **Luxottica**

- Sound growth across Japan, Korea, Southeast Asia, Middle East and China (driven by wholesale rebuild)
- 25 new Ray-Ban Stores opened in 1H
- Strong Retail in Australia/New Zealand, revenue accelerating in 2Q
- Positive comps in optical for the 12<sup>th</sup> quarters in a row in the two countries



## LATIN AMERICA: UP 12.3% AT CONSTANT EXCHANGE RATES

- **Essilor**

- Robust growth in Brazil, driven by Varilux and regional chains
- Central America retail banners performing well
- Key supply contract with a leading optical chain in Mexico

- **Luxottica**

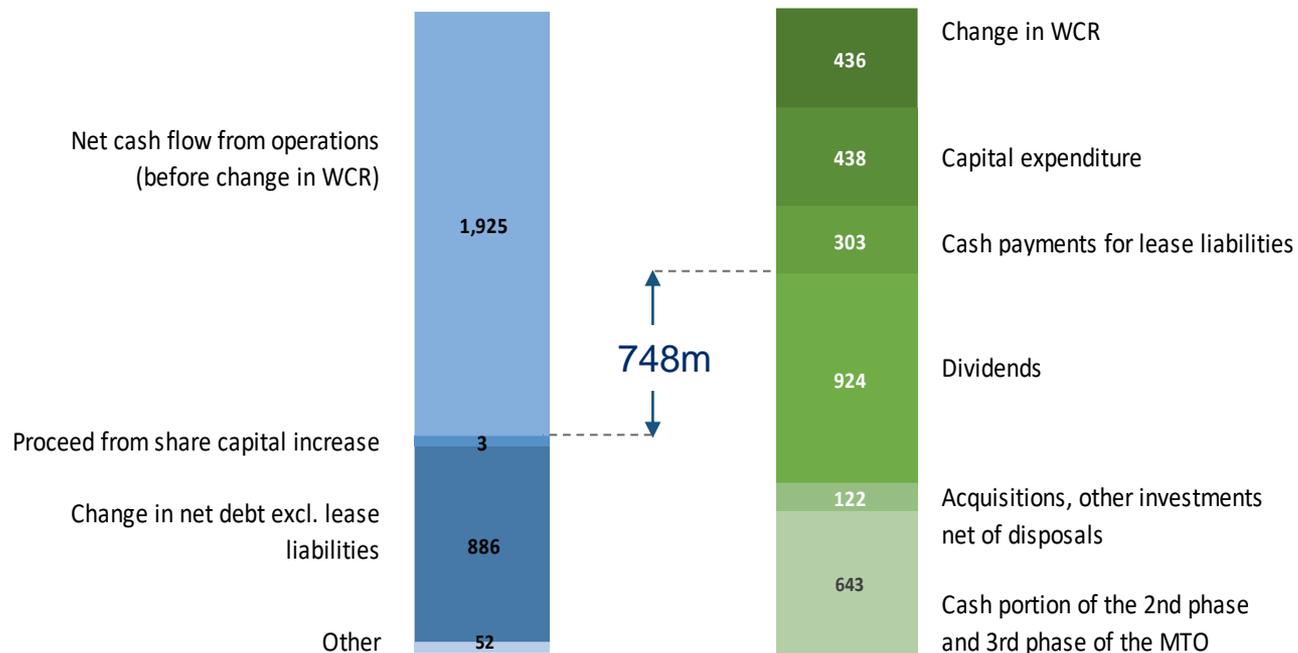
- Brazil growing double digit, boosted by both wholesale and retail
- High single digit comps in Sunglass Hut Brazil, accelerating in 2Q
- Óticas Carol and STARS both firing
- Mexico strongly rebounding in 2Q (+20%)



# ESSILORLUXOTTICA ADJUSTED INCOME STATEMENT

€ millions	1H 2019	1H 2018 pro forma	Change	Change at constant FX
Revenue	8,776	8,177	+7.3%	+3.9%
Cost of sales	(3,277)	(2,982)	+8.2%	+5.3%
<b>Gross profit</b>	<b>5,549</b>	<b>5,195</b>	<b>+6.8%</b>	<b>+3.1%</b>
Margin %	63.2%	63.5%		
Total operating expenses	(4,037)	(3,744)	+7.8%	+4.5%
<b>OPERATING PROFIT</b>	<b>1,512</b>	<b>1,450</b>	<b>+4.3%</b>	<b>-0.4%</b>
Margin %	17.2%	17.7%		
Cost of net debt	(62)	(73)	-15.7%	-16.4%
Other financial income / (expenses)	(8)	(7)		
<b>PROFIT BEFORE TAXES</b>	<b>1,442</b>	<b>1,370</b>	<b>+5.3%</b>	<b>+0.6%</b>
Margin %	16.4%	16.7%		
Income taxes	(343)	(341)	+0.8%	-3.5%
<b>NET PROFIT</b>	<b>1,099</b>	<b>1,029</b>	<b>+6.8%</b>	<b>+1.9%</b>
Margin %	12.5%	12.6%		

# FREE CASH FLOW AT €748 MILLION



- **Net financial debt: €4,728 million**
- **Strong Investment grade rating:**
  - Moody's: A2 (Stable)
  - S&P's: A (Stable)



# GRANDVISION

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# TRANSACTION RATIONALE

- **EssilorLuxottica + GrandVision = a major step on the strategic journey**
- **Shared vision and common ground on strategy at the top of EssilorLuxottica: transform consumer experience while continuing to operate an open model**
- **Further developing distribution capabilities, direct-to-consumer and omnichannel**
- **Complementary product offering and banner positioning**
- **Balancing Group profile across channels and regions**
- **EPS accretive from year 1 (before PPA)**
- **Expected to generate synergies in the long term**

# GRANDVISION – A GLOBAL LEADER IN OPTICAL RETAIL



2018 adjusted Ebitda  
**€576m**  
15.5% of Revenue

2018 Free Cash Flow  
**€238m**

37,000+ employees  
in  
40+ countries  
across  
4 continents



7,000+ stores  
93% own stores sales



30 leading retail banners

with most targeting the large and growing **mass-market segment** in their respective countries

3-4% global market share

**Market-leading positions** in Europe and Latin America

Top 3 positions in most other markets

700k+ visits per day  
150m+ customers  
17m Spectacles sold/year



Note: based on FY 2018 data. (1) Europe includes Middle East franchises

# COMPLEMENTARY BUSINESSES WITH HIGH QUALITY BANNERS IN ALL REGIONS



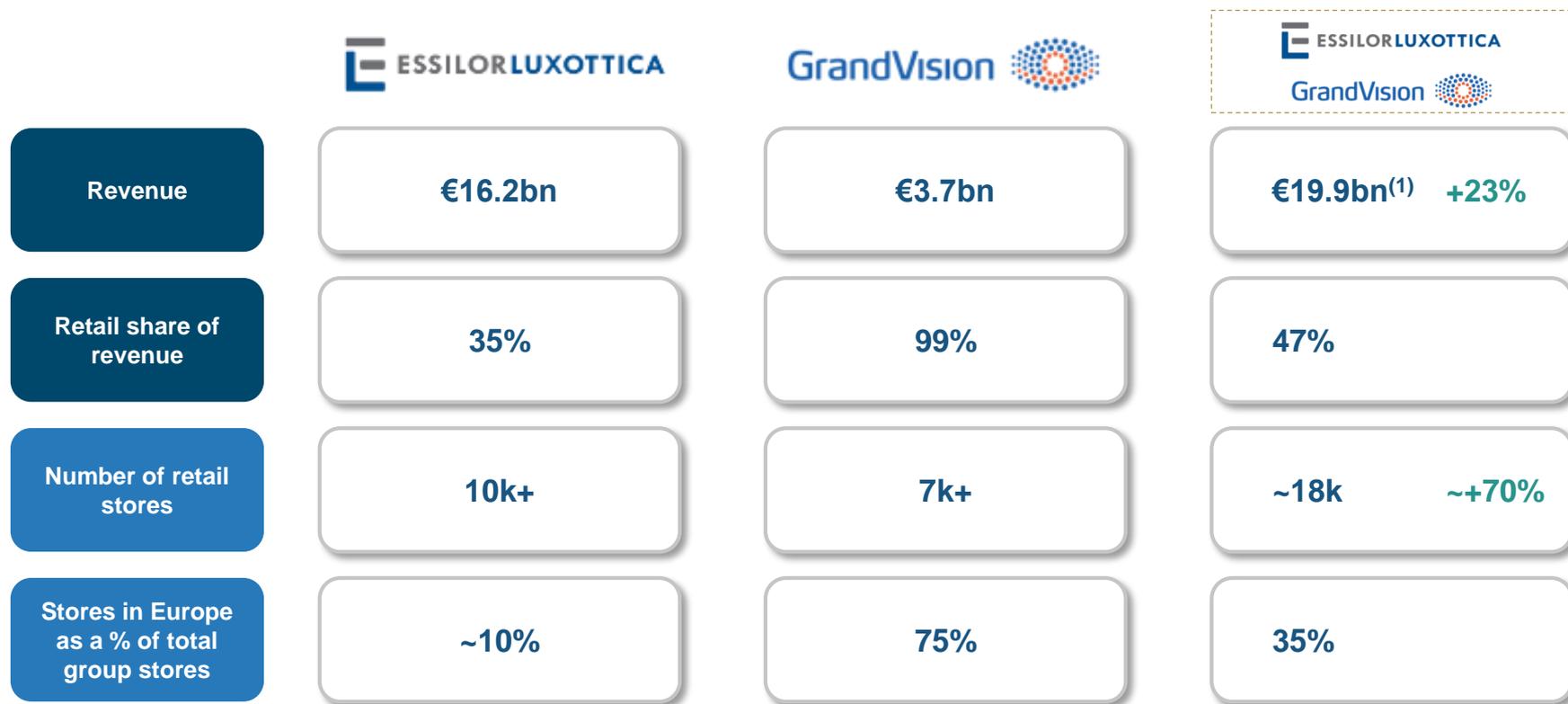
## Brick-and-Mortar-Focused Retail



## Online-Focused



# MORE BALANCED GROUP PROFILE ACROSS CHANNELS AND REGIONS



Note: based on FY 2018 data. (1) Excluding Grandvision proforma consolidation impact

# TRANSACTION SUMMARY

## Transaction structure

- Agreement to acquire HAL's 76.72% interest in GrandVision
- Cash purchase price of €28 per share<sup>(1)</sup>, equivalent to approx. €5.5bn for HAL stake
  - 33% premium to the unaffected share price of GrandVision on July 16<sup>th</sup>, 2019 of €21.04
- Upon completion, mandatory cash public offer to all minority shareholders for the remaining GrandVision shares<sup>(2)</sup>
  - Equivalent to €7.1bn for 100% of the equity of GrandVision, in addition to net debt of €0.9bn as of 1H 2019
- Financing: committed bridge financing from global financial institutions of approx. €8bn and plans to refinance through debt and equity/equity-like up to €2bn

## Shareholders / BoD Support

- Irrevocable received from HAL
- Full support from EssilorLuxottica Board of Directors
- Full support from GrandVision Supervisory and Management Boards

## Expected Timeline

- Transaction subject to customary closing conditions, including regulatory and anti-trust approvals
- Expected closing in 12-24 months
- Long Stop Date: July, 30<sup>th</sup> 2021

*(1) Purchase price to be increased by 1.5% to €28.42 per share, if closing of the transaction does not occur within 12 months from the announcement date*

*(2) In accordance with Dutch public offer rules*



# INTEGRATION UPDATE AND 2019 OUTLOOK

## 2019 OUTLOOK CONFIRMED

INCLUDING SYNERGIES, AT CONSTANT EXCHANGE RATES

SALES GROWTH

+3.5-5%

ADJUSTED OPERATING PROFIT

0.8-1.2x sales

ADJUSTED NET PROFIT

1-1.5x sales