

## **Essilor and Delfin successfully complete the combination of Essilor and Luxottica by creating EssilorLuxottica, a global leader in the eyecare and eyewear industry**

- **EssilorLuxottica brings together two pioneering and complementary global players to address the world's growing vision care needs and the changing lifestyles of consumers**
- **The new entity represents a growth platform ideally positioned to seize future opportunities with pro forma combined revenues in excess of Euro 16 billion, nearly 150,000 employees and an unmatched global footprint**

**Luxembourg and Charenton-le-Pont, France (October 1, 2018 – 7:00 pm)** - Delfin S.à.r.l ("Delfin"), the majority shareholder of Luxottica Group S.p.A. ("Luxottica") and Essilor International (Compagnie Générale d'Optique) ("Essilor"), today announced the successful completion of the combination of Essilor and Luxottica. The combined holding company named EssilorLuxottica is a global leader in the design, manufacture and distribution of ophthalmic lenses, prescription frames and sunglasses.

### **Combination complete**

All conditions precedent to the closing of the transaction have been satisfied, including approval by Essilor shareholders in May 2017, the hive-down of substantially all Essilor activities to Essilor International SAS (a wholly-owned subsidiary of Essilor) in November 2017 and clearance from all antitrust authorities whose authorization was a condition precedent to the closing of the transaction.

Following the contribution by Delfin, the majority shareholder of Luxottica, of its 62.42% stake in Luxottica to Essilor on October 1, 2018, Essilor became the parent company of Luxottica and was renamed EssilorLuxottica.

As consideration for the contribution by Delfin of its stake in Luxottica to Essilor, Essilor issued 139,703,301 new ordinary shares through a capital increase without preferential subscription rights pursuant to a resolution approved by Essilor shareholders in May 2017.

Following the closing, EssilorLuxottica has a share capital made of 358,840,853 shares. Its main shareholders are Delfin (38.93% of capital with voting rights capped at 31%) and EssilorLuxottica employees (4.9%). The remaining 56.8% of the shares are being publicly held.

EssilorLuxottica will soon be launching a Mandatory Exchange Offer for the remaining issued and outstanding Luxottica shares. Following the Mandatory Exchange Offer, the interest held by Delfin would

decrease to a minimum of 31% of the share capital of EssilorLuxottica depending on the acceptance rate of the Mandatory Exchange Offer<sup>1</sup>.

EssilorLuxottica draws the attention of its shareholders to the fact that the closing of the contribution and the results of the Mandatory Exchange Offer could trigger upwards or downwards threshold crossing notifications by certain of its shareholders pursuant to French law and/or EssilorLuxottica by-laws.

As from October 2, 2018, EssilorLuxottica shares will be traded on Euronext Paris, under the ticker symbol EL with the same ISIN code FR0000121667. They will be part of the CAC 40 and Euro Stoxx 50 indices.

### **The new combined company**

Essilor and Luxottica have joined forces around one common mission: “Help people see more, be more and live life to its fullest” by addressing their evolving vision needs and personal style aspirations.

Leveraging over 150 years of innovation, operational excellence, entrepreneurial spirit and international mindset, EssilorLuxottica develops groundbreaking eyecare and eyewear solutions to meet the changing lifestyles of existing consumers, while inventing new ways to reach the 2.5 billion people<sup>2</sup> who suffer from uncorrected poor vision and the 6 billion people who do not protect their eyes from harmful rays. Its vertically integrated business draws on the complementary expertise of two industry pioneers, one in advanced lens technologies and the other in the craftsmanship of iconic eyewear, to offer an unprecedented set of comprehensive solutions to consumers and eyecare professionals.

With pro forma combined sales in excess of Euro 16 billion in 2017 and nearly 150,000 employees, EssilorLuxottica is ideally positioned to seize the growth opportunities that result from strong demand in the eyecare and eyewear market, driven by the increasing need for corrective and protective eyewear and a growing appetite for strong brands.

**Leonardo Del Vecchio, Executive Chairman of EssilorLuxottica, said:** *“We are at the beginning of a new chapter in our history in which we so strongly believe, bringing together frames and lenses under the same roof and completing our vertically integrated business model. We will enhance the excellences of Luxottica and Essilor to improve the service level and offer consumers around the world ever better products that leverage on our most beloved brands with cutting-edge lens technologies. We will expand our offer and foster the development of our customers' business and the entire industry.”*

**Hubert Sagnières, Executive Vice-Chairman of EssilorLuxottica, added:** *“The creation of EssilorLuxottica is a defining moment in our fight to elevate the importance of good vision as both a basic human right and a key lever for global development. EssilorLuxottica now has the means to give this important cause a much stronger voice and is in a position to grow the entire eyecare and eyewear industry thanks to its presence in all major segments, from lenses to frames to physical and online distribution. Our commitment to foster innovation, enhance customer service and reimagine the consumer experience will benefit all stakeholders. Moreover, the Company's mission will be*

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<sup>1</sup> 31% is calculated on a fully diluted basis, based on the number of Essilor shares that Delfin will receive immediately upon the completion of the Contribution and assuming 100% acceptance rate of the Exchange Offer.

<sup>2</sup> Source: Vision Impact Institute, Eyelliance: Eyeglasses for Global Development: Bridging the Visual Divide.

*strengthened by active and growing employee ownership, which is set to play a central role in the EssilorLuxottica governance model.”*

EssilorLuxottica has the opportunity for significant value creation through revenue and cost synergies, which are overall anticipated to range from Euro 420 to Euro 600 million as a net impact in EBIT per annum in the medium term, then to accelerate in the longer run.

Revenue synergies are expected in the Euro 200-300 million range, as a result of the capability of EssilorLuxottica to develop new and better products optimizing the interaction between frames and lenses, serve the industry better via a broader distribution reach and a more efficient logistics platform, accelerate emerging markets development, strengthen e-commerce businesses, increase plano and prescription sunglasses penetration and foster consumer engagement with regard to their vision correction and protection needs as well as their aspiration for a full brand experience. Cost synergies are expected to come in the range of Euro 220–300 million from the combined supply chain optimization, G&A and sourcing savings.

### **Leadership, governance and structure**

Leonardo Del Vecchio, Luxottica’s Executive Chairman, serves as EssilorLuxottica’s Executive Chairman (*Président-Directeur Général*). Hubert Sagnières, Chairman and CEO of Essilor, serves as EssilorLuxottica’s Executive Vice-Chairman (*Vice-Président-Directeur Général Délégué*) with equal powers to those of the Executive Chairman.

Leonardo Del Vecchio and Hubert Sagnières keep their respective positions as Executive Chairman of Luxottica and Chief Executive Officer (*Président*) of Essilor International SAS. Essilor International SAS and Luxottica maintain their respective Boards of Directors.

The Board of Directors of EssilorLuxottica is composed of sixteen members: Leonel Ascencao Pereira, Romolo Bardin, Leonardo Del Vecchio, Juliette Favre, Giovanni Giallombardo, Bernard Hours, Annette Messemer, Francesco Milleri, Gianni Mion, Lucia Morselli, Olivier Pécoux, Sabrina Pucci<sup>3</sup>, Hubert Sagnières, Cristina Scocchia, Jeanette Wong and Delphine Zablocki.

An integration committee, led by Leonardo Del Vecchio and Hubert Sagnières, will ensure a smooth and successful integration of Essilor and Luxottica.

The new EssilorLuxottica Board of Directors met today and decided on the following:

- The appointment of Hilary Halper, Essilor Chief Financial Officer, and Stefano Grassi, Luxottica Chief Financial Officer, as Co-Chief Financial Officers of the new combined entity
- The Nomination and Compensation Committee will be mandated before the end of January 2019 to lead the search process for a Chief Executive Officer
- The approval of the new rules of procedure of the EssilorLuxottica Board of Directors to be published on the website of EssilorLuxottica
- The approval of financial authorizations necessary for the combined Company, Essilor International SAS and Luxottica to operate their respective businesses
- The constitution and appointment of the members of the Committees of the EssilorLuxottica Board of Directors, as follows:

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<sup>3</sup> Subject to shareholder’s approval at the November 29, 2018 Shareholders Meeting.

- The Nomination and Compensation Committee, composed of Olivier Pécoux (Chairman), Romolo Bardin, Bernard Hours and Gianni Mion
- The Audit and Risk Committee, composed of Lucia Morselli (Chairwoman), Romolo Bardin, Annette Messemer and Olivier Pécoux
- The Corporate Social Responsibility Committee, composed of Jeanette Wong (Chairwoman), Giovanni Giallombardo, Hubert Sagnières, and Cristina Scocchia
- The Strategy Committee, composed of Francesco Milleri (Chairman), Bernard Hours, Gianni Mion and Hubert Sagnières
- The determination of the components comprising the compensation of the EssilorLuxottica Executive Chairman (*Président-Directeur Général*) and of the EssilorLuxottica Executive Vice-Chairman (*Vice-Président-Directeur Général Délégué*), the details of which are disclosed on EssilorLuxottica's website
- The convening of the Ordinary and Extraordinary Shareholders' Meeting of EssilorLuxottica on November 29, 2018.

## Next steps

EssilorLuxottica will launch in due course, in accordance with Italian law, a Mandatory Exchange Offer to acquire all remaining issued and outstanding shares of Luxottica not already owned by EssilorLuxottica with a view to eventually delisting Luxottica's shares from trading.

For further information please see the specific notice on the Mandatory Exchange Offer which was published by EssilorLuxottica today under article 102 of the Italian Consolidated Financial Act.

During the first part of 2019, EssilorLuxottica will present its first combined annual results and is expecting to hold a Capital Markets Day for investors and analysts.

Today, EssilorLuxottica also unveiled its new visual identity and corporate website:

<https://www.essilor-luxottica.com>

*EssilorLuxottica is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. Formed in 2018, its mission is to help people around the world to see more, be more and live life to its fullest by addressing their evolving vision needs and personal style aspirations. The company brings together the complementary expertise of two industry pioneers, one in advanced lens technology and the other in the craftsmanship of iconic eyewear, to set new industry standards for vision care and the consumer experience around it. Influential eyewear brands including Ray-Ban and Oakley, lens technology brands including Varilux® and Transitions®, and world-class retail brands including Sunglass Hut and LensCrafters are part of the EssilorLuxottica family. In 2017, EssilorLuxottica had nearly 150,000 employees and pro forma consolidated revenues would have reached approximately Euro 16 billion. The EssilorLuxottica share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices. Codes and symbols: ISIN: FR0000121667; Bloomberg: EL:FP.*

## **CONTACTS**

### **EssilorLuxottica Investor Relations**

(Charenton-le-Pont) Tel: + 33 1 49 77 42 16

(Milan) Tel: 39 (02) 8633 4870

E-mail: [ir@essilor-luxottica.com](mailto:ir@essilor-luxottica.com)

### **EssilorLuxottica Corporate Communications**

(Charenton-le-Pont) Tel: + 33 1 49 77 45 02

(Milan) Tel: + 39 (02) 8633 4470

E-mail: [media@essilor-luxottica.com](mailto:media@essilor-luxottica.com)

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