# Third Quarter 2020 Results

30 October 2020

# Disclaimer

GrandVision

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# 1. Key Highlights and Financial Summary

Stephan Borchert
CEO

# The Third Quarter 2020 has shown a strong recovery of revenue and record adjusted EBITA

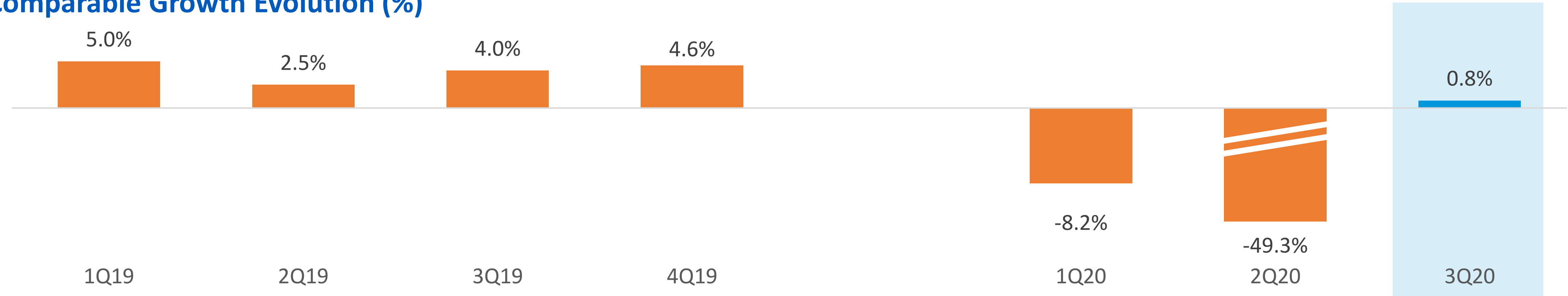
## Financial Highlights

- 3Q20 revenue increase of 2.3% at constant exchange rates compared to 3Q19; comparable growth of 0.8%
- Record adjusted EBITA[1] of €176 million at constant exchange rates increased by 35.2% driven by revenue growth, positive category mix, efficiency gains and € 10 million one-time benefit related to COVID-19 measures
- Banner e-commerce sales grew by 225% during the first nine months
- Net debt at € 602 million at end of September 2020

## Operational Highlights

- Strong recovery in 3Q20 after full re-opening of store network globally
- Margin gap between Other Europe and Americas and Asia further narrowed versus G4
- 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
- Stores operating under strict health and safety protocols to provide a safe environment for employees and customers

## Comparable Growth Evolution (%)

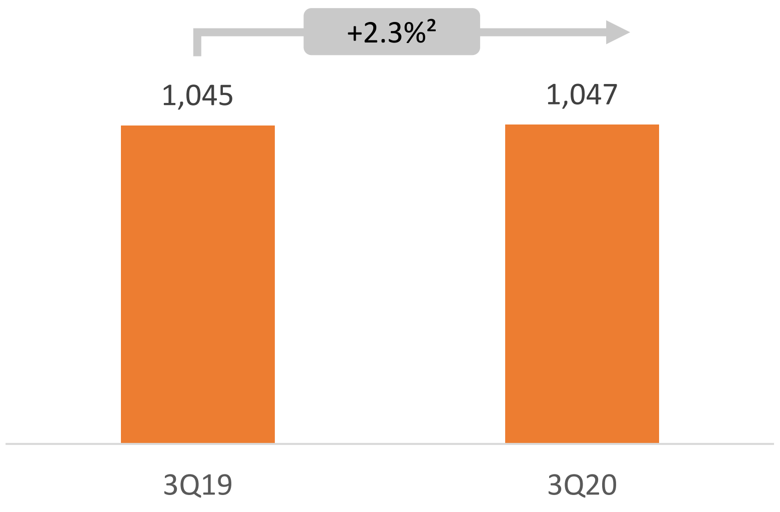



*1. All EBITA figures on an adjusted basis, i.e. excluding non-recurring items*

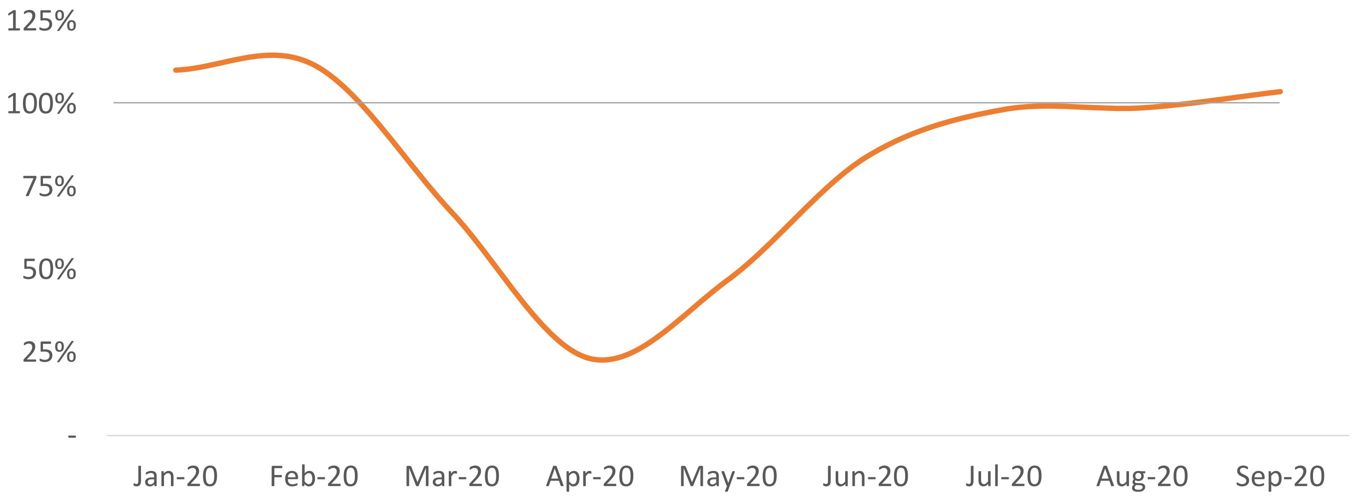
# Following re-opening of store network, strong revenue recovery in 3Q20 to pre-COVID-19 levels

- **Sequential top line improvements since May 2020**. In September, revenue growth reached 7%; the highest growth level since February
- **Lower customer traffic more than compensated by strong customer conversion**, driven by online appointment bookings and higher number of destination customers
- **Favorable sales mix** through outperformance of optical category, in particular higher share of multifocal lenses and higher value frames leading to higher ATP
- Markets in Latin America and parts of Other Europe still impacted by COVID-19 sales restrictions in August

## Revenue (€ mn)




## Revenue development (y-o-y[1])

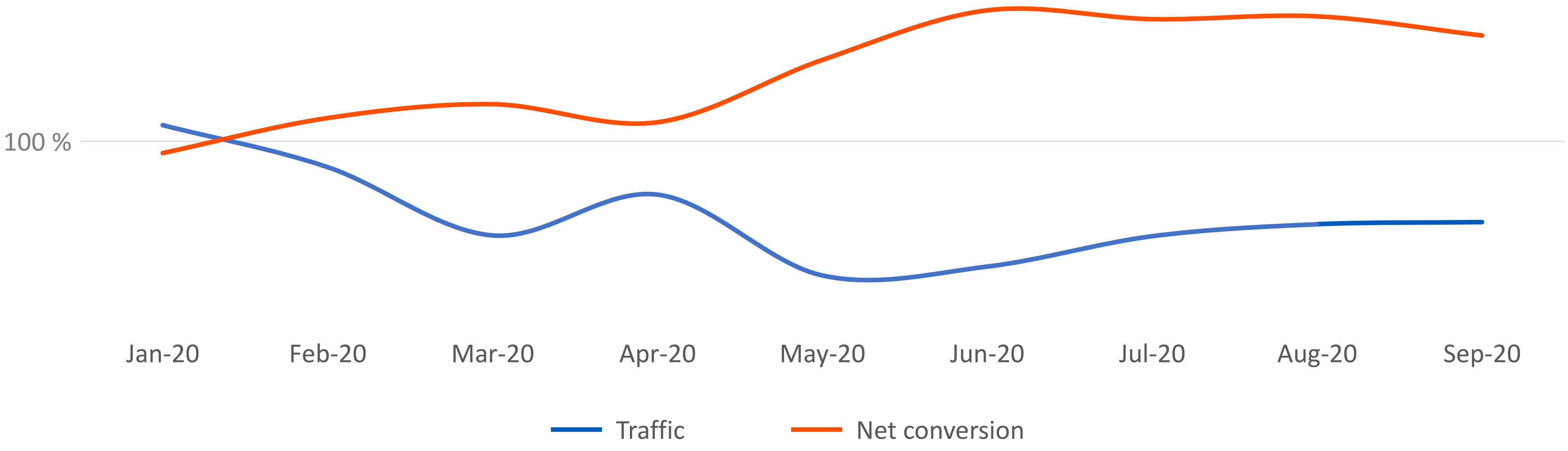


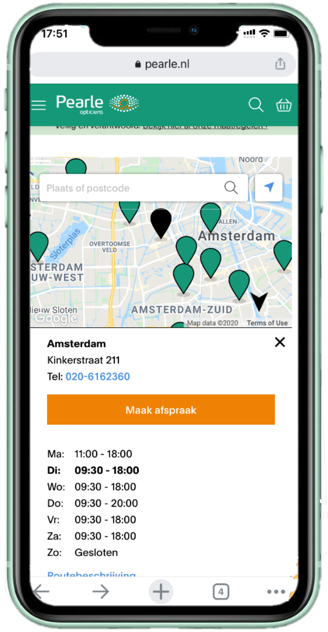

*1. Indexed to 100 % vs. previous year; 2. At constant currency*

# GrandVision has benefited from strong customer loyalty and professional customer service management

- Although **customer traffic** has improved since May, it remains **below the previous year**
- This is **compensated by consistently higher customer conversion** throughout COVID-19 crisis
- **More purpose-driven customers**, inclined to book their eye-tests online in advance and strongly relying on our safety protocols and trust in our banner brands
- **Appointment bookings** also leading to **better distribution of traffic; driving in-store efficiency**
- **Increased customer flexibility** due to increased working from home

## Traffic conversion (%)[1]



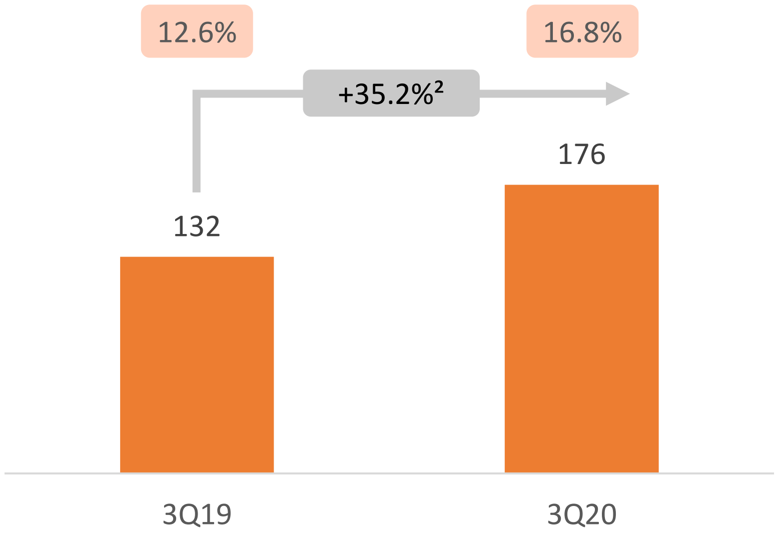




*1. Traffic and net conversion vs. previous year*

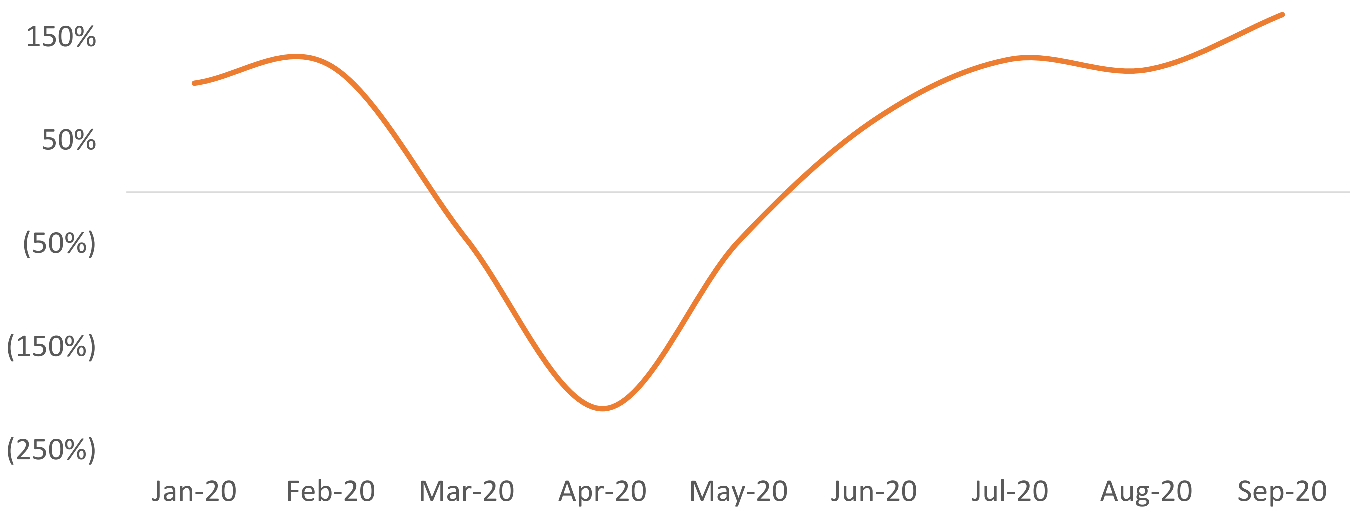
# Highest adjusted EBITA ever, driven by revenue growth, efficiency gains and one-time benefits

- Adj. EBITA growth of €44 million or +35.2 % at constant exchange rates compared to 3Q19 to €176 million, driven by
  - **Revenue growth in core markets** and broad-based sales mix improvements
  - **Ongoing benefits from efficiency gains**, mainly in historically underperforming countries, such as the UK, US and Italy
  - **One-time benefit of €10 million** related to temporary COVID-19 measures

## EBITA (€ mn) and EBITA margin (%)




## EBITA development (y-o-y[1])




*1. Indexed to 100 % vs. previous year; 2. At constant exchange rates*

# Banner e-commerce sales grew by 225% in the first nine months

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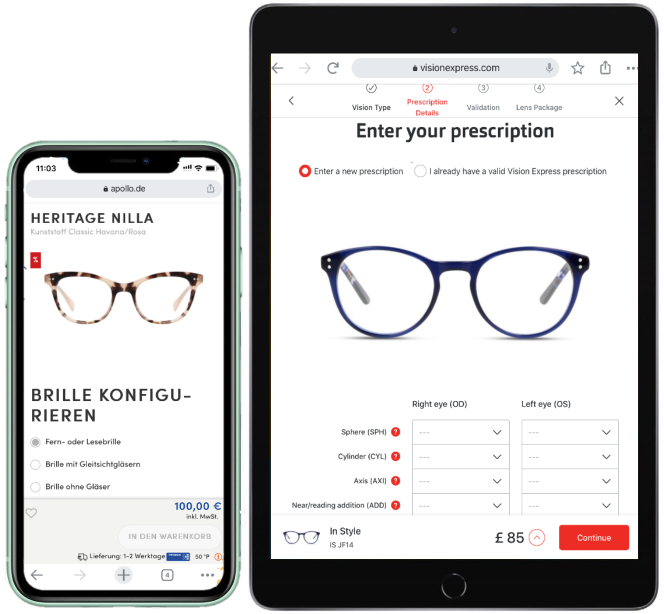
- **Customers switching sales channels, but staying loyal** to our well-established retail banners
- **Increasing customer demand to buy complex products,** such as single vision prescription glasses through our omni-channel platforms
- While contact lenses remain the most popular e-commerce product category, **customer demand for prescription glass e-commerce has strongly accelerated** since the beginning of the COVID-19 crisis
- Particularly strong demand observed in Latin America, Poland, Germany & Austria and in the UK
- Even after stores have started to reopen, **e-commerce sales are staying at high levels**
- **Increase of digitally influenced sales driven by strong growth of online appointment bookings** as customers prepare for store visits to avoid waiting times – leading to higher customer conversion and increase of in-store efficiency

**Prescription glasses now available online in 15 banners across 11 countries:**

Apollo
Generale d'Optique
Pearle opticiens
VisionExpress Opticians
Robin Look
TRENDY OPTICIANS
VISILAB
+Visión POR MENOS PRECIO
instrumentarium
Rotter & Krauss
OPTICAS LUX
GrandOptical



# Health and safety protocols in our stores enable safe eye testing and build trust with employees and customers

Plexiglass dividers at dispensing desks,
payments points,
and autorefractors

Screens in eye exam room and plexiglass shields
in smaller rooms, slit-lamp screens and phoropter screens

# Throughout COVID-19, we continued to receive high recognition from customers, employees and business partners

## Customers

- **NPS stable at 65** (9M19); reaching peak of 70 in August
- Awarded **best optical retailer** in various countries





## Employees

- **High employee engagement** during COVID-19 with strong appreciation of GrandVision’s response to employee and customer safety
- **Continued recruitment** of optical professionals



## Business partners

- **Strong support from business partners**
- **Collaboration and alignment with franchisees** regarding COVID-19 safety procedures

# Experience gains from the first wave result in established procedures and here-to-stay improvements in operational flexibility

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## Operational flexibility

- **Cost and cash discipline measures** that were implemented to protect the business
- Investments in omni-channel and CRM contributing to **higher conversion and productivity**

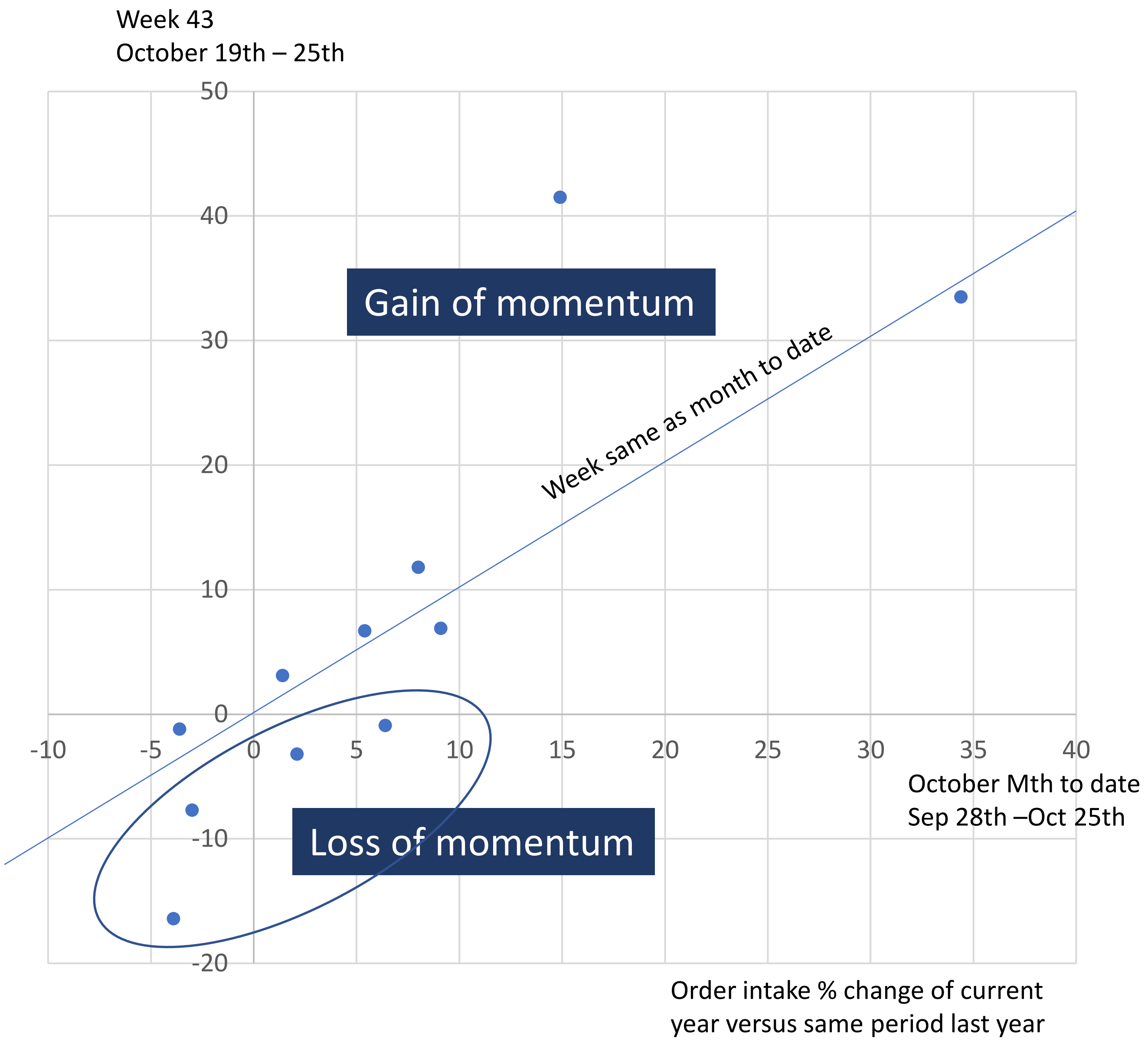
## Procedures in place

- **Established health and safety protocols** supported by investments in protective measures in stores
- Compliance with safety and health protocols has created **strong trust among staff and customers**
- **Best practice transfer** and use of e-Learning have enabled us to adapt quickly and effectively

## Ongoing dialogues

- **Established relationships** and **ongoing dialogues** with local health authorities and national decision-makers
- Supports the **ability to act fast and effectively** when the situation changes and new regulations are introduced

# Second Wave increasingly likely with impact on business starting to be visible in parts of our business




## COVID-19 developments: First signs of restrictions re-emerging

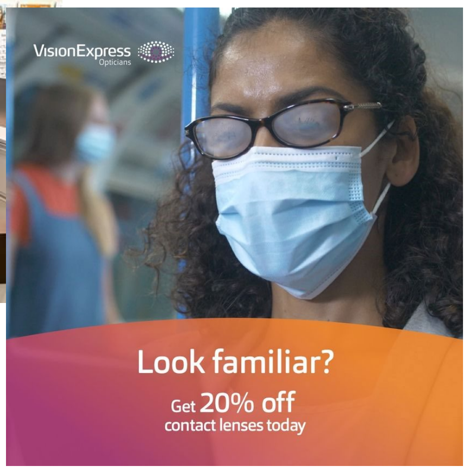
- **First signs of Covid-19 impact visible in recent commercial intake in specific countries**
- **Significant lock down measures taken, with impact on retail** in Ireland and the Czech Republic
- **Reduced opening / partial closures of malls** in selective regions and countries
- Continued **cost and cash discipline**
- Potential reactivation of **COVID-19 mitigating measures** with defined trigger points at unit and group level

# 2. Financial Review

Willem Eelman
CFO

# G4: Particularly strong revenue growth and EBITA recovery across Benelux, Germany and Austria; efficiency gains in the UK

- 3Q20 revenue growth of 4.5% at constant exchange rates to €610 million (3Q19: €584 million)
- Mid-to-high single digit revenue and comparable growth in the Benelux, Germany and Austria reflecting a strong recovery, good commercial execution and higher ATP
- 3Q20 EBITA growth of 19.9% to €113 million (3Q19: €94 million)
  - Benelux, Germany and Austria benefited from positive operating leverage from revenue growth, improved sales mix and in-store productivity gains
  - Particularly strong EBITA growth in the UK, as a result of our turnaround program to narrow the margin gap with other G4 countries




| G4 – key figures | 3Q20 | 3Q19 | Change at constant fx |
|---|---|---|---|
| Revenue | **610** | 584 | 4.5% |
| Comparable growth | **3.4%** | 4.1% | |
| Adj. EBITA[1] | **113** | 94 | 19.9% |
| Adj. EBITA margin | **18.6%** | 16.2% | |
| Number of stores (#) | **3,436** | 3,420 | |

*1 All EBITA figures on an adjusted basis, i.e. excluding non-recurring items*

# Other Europe: Broad-based EBITA growth driven by business recovery, efficiency gains and sales mix

- 3Q20 revenue growth of 1.7% at constant exchange rates to €337 million (3Q19: €333 million)
  - Denmark, Hungary and Switzerland showed the strongest performance in the quarter
  - Weaker sunglass sales in Italy and other parts of Southern Europe
- 3Q20 EBITA growth of 33.1% to €57 million (3Q19: €43 million)
  - Broad-based adjusted EBITA growth with a particularly strong performance in the Nordics, Italy, Switzerland and Portugal
  - Improved sales mix due to strong category growth of multifocal glasses and the continued roll-out of optical subscription programs
  - Successful business integration in Switzerland and Spain

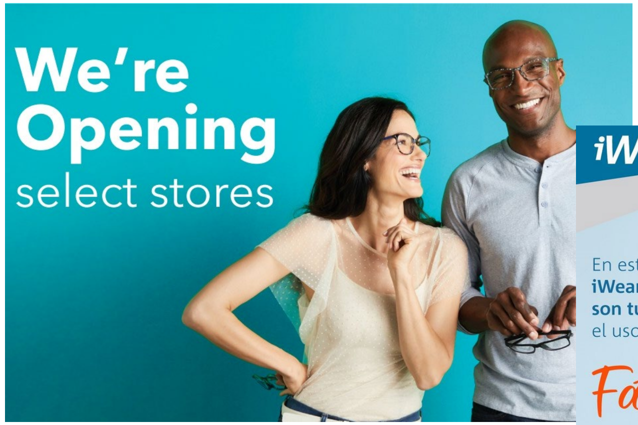


| Other Europe – key figures | 3Q20 | 3Q19 | Change at constant fx |
|---|---|---|---|
| Revenue | **337** | 333 | 1.7% |
| Comparable growth | **-0.8%** | 3.1% | |
| Adj. EBITA[1] | **57** | 43 | 33.1% |
| Adj. EBITA margin | **17.0%** | 13.0% | |
| Number of stores (#) | **2,109** | 2,124 | |

*1 All EBITA figures on an adjusted basis, i.e. excluding non-recurring items*

# Americas & Asia: Markets in Latin America slowly recovering; Turkey and Russia are back on track

- 3Q20 revenue decline of 6.3% at constant exchange rates to €101 million (3Q19: €128 million)
  - Continued COVID-19 impact, particularly in Latin America and the US as COVID-19 related sales restrictions were only eased towards the latter part of the quarter
  - Turkey and Russia achieved positive revenue and comparable growth
- 3Q20 EBITA growth of 72.4% to €12 million (3Q19: €8 million)
  - Operational improvements in the United States
  - Strong EBITA contribution from Turkey





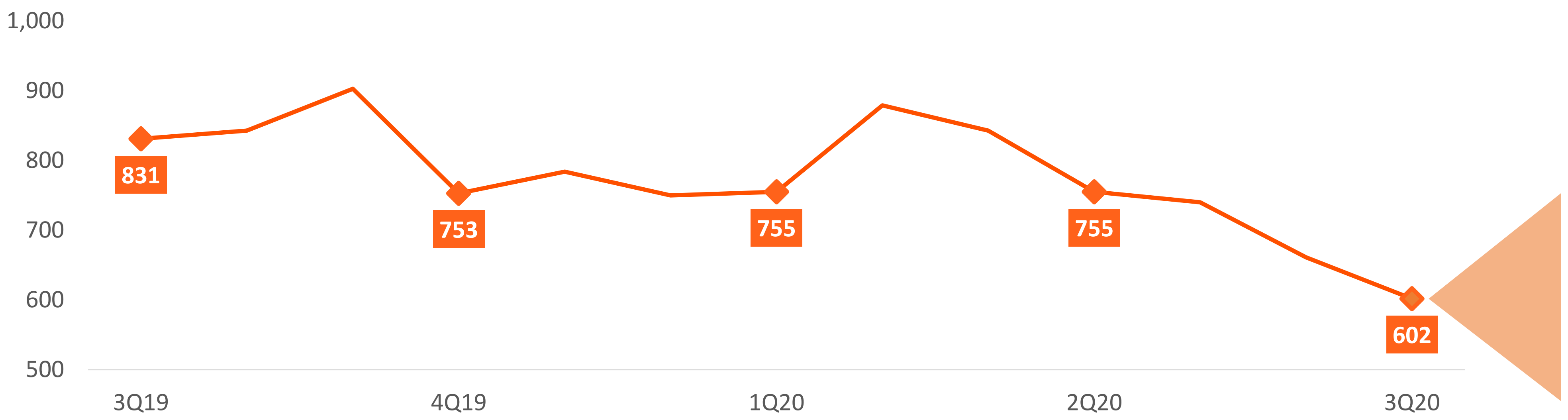
| Americas & Asia – key figures | 3Q20 | 3Q19 | Change at constant fx |
|---|---|---|---|
| Revenue | **101** | 128 | -6.3% |
| Comparable growth | **-6.2%** | 6.4% | |
| Adj. EBITA[1] | **12** | 8 | 72.4% |
| Adj. EBITA margin | **11.9%** | 6.2% | |
| Number of stores (#) | **1,702** | 1,822 | |

*1 All EBITA figures on an adjusted basis, i.e. excluding non-recurring items*

# Net debt reduction in 3Q20 reflecting strong operational performance

- GrandVision's consolidated net debt decreased by €153 million, from €755 million at the end of June 2020 to €602 million at the end of September
- Net Debt reduction in 3Q20 was driven by:
  - **Strong operating performance and continued cash discipline**
  - **Working capital normalization** with inventory and receivables reverting to pre-COVID-19 levels, positive impact from tax payables reflecting Q3 financial performance
  - Temporary effect of **investment delays due to COVID-19 impact**

## Net debt development (€ mn)



# Intention to pay 2019 dividend contingent on COVID-19 developments

- GrandVision's consolidated net debt decreased by €153 million, from €755 million at the end of June 2020 to €602 million at the end of September 2020
- GrandVision intends to pay the postponed 2019 dividend contingent on developments of net debt and developments relating to COVID-19
- Confirmation to be made in the Full Year 2020 trading update on 22 January 2021

# 3.

# Summary

Stephan Borchert

CEO

# GrandVision continues to support the transaction with EssilorLuxottica

- On 18 July 2020, EssilorLuxottica initiated summary 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
- The phase of obtaining regulatory approvals in various jurisdictions (merger clearances) is ongoing. The current status is as follows:


**Pending:**
- EU (Phase II review)
- Chile (Phase II review)
- Turkey (Phase II review)

**Approved:**
- Brazil
- Colombia
- Russia
- USA
- Mexico

# Summary & Outlook

- Strong recovery in 3Q20 shows **underlying resilience of our industry** and the strength of GrandVision's business
- GrandVision is **well-prepared to mitigate impact of a second wave** of COVID-19
- GrandVision is **well-positioned to capture business opportunities** through its international presence and platform
- However, **near-term visibility remains low** given uncertainty given increasing impact of a second wave of COVID-19 and the wider economic outlook. **We continue to refrain from issuing an outlook for remainder of 2020 and 2021**

# Q&A