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ESSILORLUXOTTICA

FY 2020 RESULTS

March 12, 2021

RESILIENCE AND AGILITY IN 2020

- A pivotal year for EssilorLuxottica
- COVID-19 proves to be a catalyst
 - Outstanding adaptability of employees and customers
 - Client intimacy, supply chain flexibility, new consumer habits
 - Strict financial discipline
- Solid results and cash illustrate key strengths
 - Outperformance in lenses, optometry, optical frames, online, retail
 - Solid pipeline of innovations in major new categories: complete pairs, myopia management, precision optometry, smart glasses
 - Digitalisation acceleration and e-commerce
 - Deepening integration and synergies
- A stronger group, ideally positioned for the future



#1

LENS BRAND RECOMMENDED
BY EYE CARE PROFESSIONALS
WORLDWIDE*

SEE MORE.
DO MORE.

RELAX YOUR EYES AND HELP PROTECT FROM SCREENS.
WITH EYEZEN™ LENSES, YOUR EYES WILL NOT TIRE* THANKS TO THEIR SPECIFIC DESIGN
ENHANCING YOUR VISION ON SCREENS. THEY ALSO PROTECT YOU AGAINST HARMFUL
BLUE-VIOLET LIGHT†.

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FINANCIAL HIGHLIGHTS FY 2020

AT CURRENT EXCHANGE RATES

FY 2020

REVENUE GROWTH

-17.0% (curr. ER)

-14.6% (const. ER)

ADJUSTED OPERATING PROFIT (%)

9.5%

ADJUSTED NET PROFIT *

€ 788 mln

FREE CASH FLOW

€ 1.8 bn

CASH & SHORT-TERM INVESTMENTS

€ 8.9 bn

** Adjusted net profit attributable to the owners of the parent*

REVENUE BY SEGMENT, Q4 2020

€ million	Q4 2020	Q4 2019*	Change at constant exchange rates	Change at current exchange rates
Lenses & Optical Instruments	1,685	1,701	5.3%	-0.9%
Sunglasses & Readers	188	214	-8.8%	-12.3%
Equipment	50	70	-24.3%	-27.9%
Essilor revenue	1,923	1,985	2.7%	-3.1%
Wholesale	692	774	-3.9%	-10.6%
Retail	1,498	1,545	3.2%	-3.0%
Luxottica revenue	2,190	2,319	0.8%	-5.6%
TOTAL	4,113	4,304	1.7%	-4.4%

* Revenue breakdown restated for the integration of Costa into Luxottica's brand portfolio.

REVENUE BY REGION, Q4 2020

€ million	Q4 2020	Q4 2019*	Change at constant exchange rates	Change at current exchange rates
North America	2,213	2,270	4.2%	-2.5%
Europe	911	971	-3.7%	-6.3%
Asia, Oceania and Africa	727	757	-1.0%	-4.0%
Latin America	263	305	7.1%	-14.0%
TOTAL	4,113	4,304	1.7%	-4.4%

* Revenue breakdown revised to reflect a reclassification of certain geographic markets, which the Group considers immaterial.

REVENUE BY SEGMENT, FY 2020

€ million	FY 2020	FY 2019*	Change at constant exchange rates	Change at current exchange rates
Lenses & Optical Instruments	5,960	6,791	-9.5%	-12.2%
Sunglasses & Readers	595	740	-18.0%	-19.6%
Equipment	158	221	-26.9%	-28.5%
Essilor revenue	6,714	7,752	-10.8%	-13.4%
Wholesale	2,471	3,383	-24.3%	-27.0%
Retail	5,244	6,255	-14.1%	-16.2%
Luxottica revenue	7,715	9,638	-17.7%	-19.9%
TOTAL	14,429	17,390	-14.6%	-17.0%

* Revenue breakdown restated for the integration of Costa into Luxottica's brand portfolio.

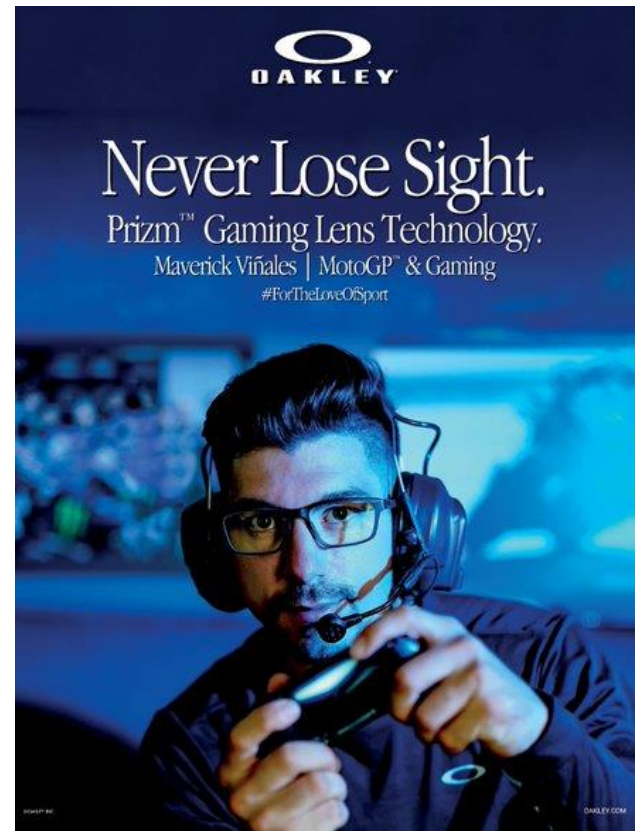
REVENUE BY REGION, FY 2020

€ million	FY 2020	FY 2019*	Change at constant exchange rates	Change at current exchange rates
North America	7,901	9,146	-11.8%	-13.6%
Europe	3,450	4,239	-17.5%	-18.6%
Asia, Oceania and Africa	2,362	2,891	-16.4%	-18.3%
Latin America	715	1,114	-21.9%	-35.8%
TOTAL	14,429	17,390	-14.6%	-17.0%

* Revenue breakdown revised to reflect a reclassification of certain geographic markets, which the Group considers immaterial.

NORTH AMERICA: REVENUE +4.2% IN Q4, -12% IN THE FY *

- Best performing region in the second half of the year
 - Lenses, Wholesale and Retail divisions drove Q4 acceleration
 - E-commerce up almost 60% in the full year, boosted by our major websites: Ray-Ban.com, Oakley.com, SunglassHut.com, Costa.com and EyeBuyDirect.com
 - Promising start for EssilorLuxottica 360 program for ECPs
- Lenses & Optical Instruments fastest growing division in Q4 at +7%
 - Recovery driven by independent ECPs, Essilor Experts and EssilorLuxottica 360
 - Good product mix thanks to Transitions GEN 8, Varilux and Crizal
- Sunglasses & Readers negative throughout the year, readers sell-out flat in H2
- Wholesale positive in Q4, fastest growing division in H2 at +10%
 - Independents and third-party e-commerce driving
 - Oakley strong again, growing in both eyewear and AFA
- Retail back to year-start pace, up 5% in Q4
 - Optical nicely growing (all banners), Sunglass Hut still negative (low traffic/tourism)
 - E-commerce boosted by proprietary mono-brand platforms



EUROPE: REVENUE -3.7% IN Q4, -17% IN THE FY *

- Nice recovery in H2, but new waves of restrictions in Q4
- Lenses & Optical Instruments up in H2, most resilient division throughout 2020
 - Good product mix
 - Strong ECP and e-commerce channels
 - Good performance in France thanks to multi-network strategy
- Wholesale softening in most key countries in Q4, stable in H2
 - Weakness persisting in Spain and the UK, resurfacing in France, Italy and Germany
 - Independents and Key Accounts recovery, but tourism-driven areas still troubled
 - Encouraging trends at STARS, supported by optical business
- Retail negative throughout the entire year
 - New restrictions and poor tourism affecting Sunglass Hut in key markets in Q4
 - Salmoiraghi & Viganò impacted by new restrictions in November-December

#1

SEE THE DETAILS.
SEE NO LIMITS.

Experience seamless vision with VARILUX® progressive lenses. Instantly sharp focus from near to far vision. That's seeing no limits.

essilor
Varilux.

ASIA, OCEANIA AND AFRICA: REVENUE -1.0% IN Q4, -16% IN THE FY *

- Lenses & Optical Instruments back to growth in Q4, flat in H2
 - Mainland China up double digits in H2 driven by branded lenses, blue cut and myopia management with Stelless ramp up
 - Japan and Australia: continued momentum
 - Rest of region mixed due to COVID-19
- Sunglasses & Readers up in Q4 and H2
 - Optical and E-commerce offset Sun
 - Bolon became leading optical brand in China
- Wholesale still under pressure, but positive in Mainland China
 - Mainland China consolidating the revenue rebound started in Q3
 - Hong Kong and South-East Asia double-digit negative
 - Lack of tourists still affecting Japan, but AFA improving
- Retail turning positive in Q4, thanks to Australia and Mainland China
 - Excellent in-store execution and lens upselling driving double-digit comparable store sales at OPSM
 - Positive with e-commerce in Mainland China, Hong Kong hit by new COVID-19 outbreak



LATIN AMERICA: REVENUE +7.1% IN Q4, -22% IN THE FY *

- Strong rebound in Q4, fuelled by Lenses and Retail
- Lenses & Optical Instruments up high-single digits in Q4
 - Limited store closures for most of the quarter
 - Brazil driven by mid-tier (blue-cut, Kodak) and high-end (Transitions, Varilux)
 - Mexico: good dynamic with key accounts and progressive lenses
- Wholesale slightly negative in Q4
 - Brazil up high-single digit, driven by optical and sun
 - Mexico lagging behind, still negative
- Retail adjusted comparable store sales up 10% in Q4
 - GMO double digit positive (easy comparison in Chile)
 - Sunglass Hut Brazil flat



ADJUSTED CONSOLIDATED STATEMENT OF PROFIT OR LOSS, FY 2020

€ millions	FY 2020	FY 2019	Change at current ER	Change at constant ER
Revenue	14,429	17,390	-17.0%	-14.6%
Cost of sales	(5,936)	(6,503)	-8.7%	-6.2%
Gross profit	8,493	10,887	-22.0%	-19.6%
<i>Margin %</i>	58.9%	62.6%		
Total operating expenses	(7,118)	(8,074)	-11.8%	-9.5%
OPERATING PROFIT	1,374	2,812	-51.1%	-48.5%
<i>Margin %</i>	9.5%	16.2%		
Cost of net debt	(125)	(115)	8.9%	10.3%
Other financial income / (expenses)*	(21)	(26)		
PROFIT BEFORE TAXES	1,229	2,672	-54.0%	-51.5%
<i>Margin %</i>	8.5%	15.4%		
Income taxes	(360)	(618)	-41.7%	-38.5%
NET PROFIT	868	2,054	-57.7%	-55.4%
Minority interests	(80)	(116)	-30.9%	-28.7%
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT	788	1,938	-59.3%	-57.0%
<i>Margin %</i>	5.5%	11.1%		

* Including Share of profit of associates

ADJUSTED CONSOLIDATED STATEMENT OF PROFIT OR LOSS, H2 2020

€ millions	H2 2020	H2 2019	Change at current ER	Change at constant ER
Revenue	8,199	8,614	-4.8%	0.3%
Cost of sales	(3,250)	(3,276)	-0.8%	4.3%
Gross profit	4,948	5,337	-7.3%	-2.2%
<i>Margin %</i>	60.4%	62.0%		
Total operating expenses	(3,700)	(4,037)	-8.4%	-3.7%
OPERATING PROFIT	1,249	1,300	-4.0%	2.3%
<i>Margin %</i>	15.2%	15.1%		
Cost of net debt	(61)	(53)	14.9%	17.8%
Other financial income / (expenses)*	(0)	(18)		
PROFIT BEFORE TAXES	1,188	1,230	-3.5%	2.8%
<i>Margin %</i>	14.5%	14.3%		
Income taxes	(348)	(275)	26.7%	34.9%
NET PROFIT	839	955	-12.1%	-6.4%
Minority interests	(58)	(65)	-9.6%	-5.9%
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT	781	891	-12.3%	-6.5%
<i>Margin %</i>	9.5%	10.3%		

* Including Share of profit of associates

STRONG LIQUIDITY

- **Free cash flow**

- € 1.9 billion generation in H2
- Capex contained at € 650 million, one third down

- **Net debt**

- € 3.0 billion net debt at year end (€ 4.0 billion in 2019)
- € 8.9 billion cash and short term investments

- **Dividend**

- € 1.08 dividend per share proposed
- On top of € 1.15 interim dividend paid in December



INTEGRATION

- **Synergy targets confirmed at adjusted operating profit level**
 - € 300 to 350 million by end 2021
 - € 420 to 600 million by end 2023
- **Integration process gained momentum**
 - 28 active work streams
 - Revenue synergies: Ray-Ban Authentic, EssilorLuxottica 360 and Retail cross/up-selling
 - Supply chain structuration: labs, complete pairs, insourcing
 - Infrastructure building: IT, back-office, procurement



INNOVATION AT THE HEART OF OUR DNA

- **Disruptive innovations**
 - Stelless in myopia management
 - Facebook/Ray-Ban smart glasses
 - Electrochromic capabilities
- **Improved eye exams**
 - Vision R-800 and AVA lenses
 - Tele-optometry
- **New generations**
 - Varilux Comfort Max
 - Crizal Rock
 - Eyezen Start
 - Transitions GEN 8

#1 LENS BRAND RECOMMENDED BY EYE CARE PROFESSIONALS WORLDWIDE

ESSILOR® STELLESS™ LENSES
SLOW DOWN MYOPIA PROGRESSION
BY 67% ON AVERAGE⁽¹⁾

Stelless™ lens is Essilor's best solution to fight your child's myopia. It slows down myopia progression by 67% on average⁽¹⁾, compared to single vision lenses, when worn 12 hours a day.

ESSILOR
Stelless.

BUSINESS DIGITALISATION

- E-commerce revenue up 40%* to €1.2bn
- Consumer journey
 - Digital tools in store (Smart Shopper, Frame Advisor)
 - Omnichannel
 - CRM
- Patient journey
 - Optical instruments
 - Tele-medicine: remote measurements, tele-optometry
- Business-to-Business
 - Selling digital tools (Red Carpet, One Sales Suite)
 - Services provider: VTO, Smart Shopper, Digital Windows
- Operations
 - Product digital rendering
 - Digitally integrated supply chain
 - Digital asset protection



SOCIAL IMPACT & SUSTAINABILITY IN SUPPORT OF OUR MISSION

- **Eliminating poor vision around the world**
 - New access to vision care for over 420 million people since 2013
 - Innovation in teleconsultation and low-cost vision screening
 - Awareness increased through partnerships (Tencent, FIA, UN)
- **Embedding sustainability to the core**
 - Leveraging sustainability anchoring of Essilor and Luxottica into EssilorLuxottica sustainability roadmap
 - Energy efficiency, water usage, bio-based materials and climate change-related initiatives
 - Simplified, efficient and responsible supply chain
 - € 160 million employee support fund
 - 44% employees of the group are shareholders



2021 OUTLOOK

- **Ambition to deliver a performance comparable to pre-pandemic levels**
- **Taking into account:**
 - Uncertainties around COVID-19
 - Positive momentum already visible in Asia-Pacific
 - Hopes that vaccination will start to normalize the business environment in other regions during Q2
- **Current trends set to continue:**
 - Strong E-commerce
 - Sound prescription sales
 - Optical retail outperforming sun
- **Confidence in ability to outperform the industry**

