

Risultati del primo semestre 2019

EssilorLuxottica al lavoro, processo di integrazione in accelerazione Forte generazione di cassa⁷

- Fatturato in crescita del +7,3%¹ (+3,9%¹ a cambi costanti²)
- Fatturato del secondo trimestre in crescita rispetto al primo trimestre a cambi costanti²
- Crescita dell'utile netto *adjusted*⁶ in linea con la crescita dei ricavi¹
- Generazione di cassa⁷ di 748 milioni di Euro
- Management focalizzato sull'accelerazione del processo di integrazione e sulla semplificazione del Gruppo
- Obiettivi per l'anno confermati

Charenton-Le-Pont, Francia (31 luglio 2019 – 7:00) - Il Consiglio di Amministrazione di EssilorLuxottica si è riunito il 30 luglio 2019 per l'approvazione del bilancio consolidato semestrale abbreviato del semestre chiusosi al 30 giugno 2019. Le società di revisione hanno svolto la revisione limitata di tale bilancio. Il Consiglio di Amministrazione ha inoltre approvato l'informativa finanziaria consolidata semestrale *pro forma*¹ abbreviata *unaudited* redatta a solo scopo illustrativo.

"Siamo contenti dei risultati del primo semestre che evidenziano vendite in crescita e una solida tenuta della redditività. La qualità del nostro lavoro si rispecchia non solo nei numeri ma anche nella conferma della fiducia e della collaborazione di Bulgari e di altre importanti maison del lusso e della moda. Ci aspettiamo ora una seconda metà dell'anno di ulteriore crescita e forte miglioramento della redditività rispetto all'anno scorso, anche grazie al lancio sul mercato di una nuova generazione di prodotti che ci consentiranno di migliorare l'esperienza del consumatore. Le sinergie attese sono ben indirizzate e le coglieremo nel rispetto di quanto già comunicato al mercato", ha commentato il Presidente Esecutivo Leonardo Del Vecchio.

"I risultati di EssilorLuxottica sono la testimonianza della sua forte missione e di un modello di business integrato ma aperto. La domanda per una vista migliore si è tradotta in crescite particolarmente significative per le soluzioni di correzione della vista e protezione solare di Essilor e per le attività retail di Luxottica. I buoni risultati raggiunti dalle divisioni sono anche la prova del forte interesse tra i professionisti dell'eyecare per la nostra capacità di reinventare l'esperienza del consumatore. I nostri investimenti nelle relazioni con i clienti, nella segmentazione del network distributivo, in prodotti e servizi innovativi, nelle soluzioni omnichannel, nella digitalizzazione delle nostre attività e nei mercati in rapida crescita, stanno dando i loro frutti. Allo stesso tempo, l'integrazione delle due società sta andando avanti con l'obiettivo di creare una piattaforma operativa più efficiente e reattiva", ha affermato Hubert Sagnières, Vice Presidente esecutivo di EssilorLuxottica.

Utile operativo e netto *adjusted*⁶ del primo semestre 2019

In milioni di Euro	1H 2019	1H 2018* <i>Pro forma</i> ¹	Variazione %	Variazione a cambi costanti ²
Fatturato	8.776	8.177	+7,3%	+3,9%
Utile lordo industriale adjusted⁶	5.549	5.195	+6,8%	+3,1%
% del fatturato	63,2%	63,5%		
Utile operativo adjusted⁶	1.512	1.450	+4,3%	-0,4%
% del fatturato	17,2%	17,7%		
Utile netto adjusted⁶	1.099	1.029	+6,8%	+1,9%
% del fatturato	12,5%	12,6%		

* I dati 2018 sono stati riesposti a seguito dell'applicazione del principio contabile IFRS 16 *Leases*.

EssilorLuxottica ha registrato ricavi per 8.776 milioni di Euro, in crescita del 7,3% (+3,9% a cambi costanti²). La crescita a cambi costanti² è progressivamente migliorata durante tutto il periodo, con il primo trimestre in crescita del 3,7% e il secondo trimestre in crescita del 4,1%.

Principali risultati operativi

Nel corso del primo semestre, la performance del Gruppo è stata caratterizzata da:

- Le divisioni Lenses & Optical Instruments e Sunglasses & Readers hanno generato ricavi in crescita rispettivamente del 4,9% e dell'8,4% a cambi costanti²;
- La divisione Retail è cresciuta del 3,6% a cambi costanti², in decelerazione nel secondo trimestre a causa delle difficoltà della catena Sears e delle avverse condizioni climatiche riscontrate tra maggio e inizio giugno. La divisione ha ampliato la propria presenza in Europa con Sunglass Hut, in Cina con Ray-Ban, che annovera oltre 150 punti vendita nel paese e in Brasile con Óticas Carol;
- La divisione Wholesale è cresciuta dell'1,7% a cambi costanti², accelerando nel secondo trimestre per effetto della ripresa in Nord America guidata dagli ottici indipendenti e dai department store. Il programma STARS ha generato più del 12% delle vendite nette della divisione e si è ulteriormente ampliato a livello globale, servendo ad oggi oltre 13.000 porte;
- La solida crescita di Ray-Ban si è confermata in tutte le aree geografiche e in tutti i canali, con una presenza in rapida crescita nel canale direct-to-consumer (negozi monomarca e Ray-Ban.com);
- In termini di aree geografiche, i paesi emergenti⁴ hanno trainato la crescita, con un incremento del fatturato superiore al 10% a tassi di cambio costanti². Questi paesi rappresentano circa il 20% delle vendite consolidate;
- L'introduzione sul mercato di innovazioni significative come Blue UV Capture™, una lente che offre una protezione avanzata contro i raggi UV e la dannosa luce blu-violetta; Eyezen™ Start, una nuova generazione di lenti monofocali dedicate ai consumatori under 40; Vision-RTM 800, un nuovo forottero che offre una rifrazione più precisa e un'esperienza più confortevole per il paziente; e Visioffice® X, l'ultima generazione di sistemi di misurazione ottica. Parallelamente, all'inizio del secondo semestre è stato preparato il lancio di Transitions® Signature® GEN 8™, una nuova soluzione di gestione della luce che offre lenti più scure e un'attivazione più rapida. Luxottica ha invece rafforzato la sua posizione come azienda eyewear più digitale al mondo presentando le sue ultime collezioni ai principali clienti in un ambiente hi-tech ad alto coinvolgimento dove ha mostrato come potrebbe essere il futuro del retail ottico;

- È proseguita la digitalizzazione del business come dimostrato dalla crescita dei ricavi online di quasi il 14% a cambi costanti². Numerosi fattori contribuiscono ad accelerare lo sviluppo di una piattaforma omnichannel che offra ai consumatori l'accesso a tecnologie digitali all'avanguardia combinate con l'esperienza di professionisti dell'eyecare e dell'eyewear. Tali fattori inducono l'implementazione del programma "Digital Acceleration" in Essilor, l'ulteriore sviluppo di strumenti e forme di comunicazione digitali in negozio nei canali retail e wholesale di Luxottica, la forte crescita di Ray-Ban.com e Sunglasshut.com e l'acquisizione di Essilor del rivenditore online Brille 24 in Germania;
- La ripresa della strategia di acquisizione bolt-on con quattro transazioni completate in Europa, America Latina e Cina.

Sinergie e integrazione

Nella prima metà dell'anno, il Gruppo ha implementato un'organizzazione strutturata e messo in atto un processo solido per guidare l'integrazione e consentirgli di confermare le sinergie nel range incluso tra 420 e 600 milioni di Euro di incremento dell'utile operativo *adjusted*⁶ nei prossimi tre - cinque anni.

Come annunciato il 13 maggio 2019 il management sta accelerando il processo di integrazione e semplificazione del Gruppo. I processi di integrazione sono ora in pieno svolgimento. Sono stati implementati ventidue progetti di integrazione prioritari a livello globale sotto la guida dei leader di riferimento e con il pieno coinvolgimento di team dedicati, impegnati a trarre il massimo dalla complementarità tra montature e lenti, dalla capillarità della rete retail del Gruppo, dalle opportunità di cross-selling nel wholesale, al contempo migliorando l'efficienza, ottimizzando la supply chain e contribuendo alla crescita dell'industria dell'eyecare e dell'eyewear.

Debellare i problemi di vista in tutto il mondo

La missione di EssilorLuxottica è aiutare le persone in tutto il mondo a vedere meglio, vivere meglio e godere appieno della vita. Questa è la pietra miliare di tutte le attività del Gruppo e la cultura condivisa da tutti i dipendenti. Per favorire questa missione, nel primo semestre, Essilor ha promosso ancora una volta l'importanza di vedere bene per guidare in sicurezza. Durante la quinta edizione della settimana della sicurezza stradale delle Nazioni Unite, Essilor ha presentato un nuovo memorandum d'intesa con la casa automobilistica francese Renault per sviluppare soluzioni innovative per migliorare l'esperienza visiva dei guidatori. Durante la 24 Hours di Le Mans, la società ha anche condotto circa 1.000 esami della vista. In Bhutan, Essilor e il governo reale hanno lanciato ufficialmente la loro collaborazione per rendere il Bhutan il primo paese al mondo a debellare i problemi di vista. Le prime 10.000 paia di occhiali sono state distribuite grazie al programma "Bhutan School Sight", che offre agli studenti tra i 6 e i 18 anni esami della vista e occhiali se necessari. In India, l'attività 2.5 di New Vision Generation di Essilor ha raggiunto il traguardo di dotare di occhiali 10 milioni di persone provenienti da comunità difficilmente raggiungibili. Le innovazioni in termini di distribuzione e tecnologia fornite attraverso Eye Mitra, la rete di esperti in cure oculistiche primarie hanno avuto un ruolo chiave nel raggiungere questo traguardo, riconosciuto alla sesta convention annuale Eye Mitra a Jaipur lo scorso maggio. Dall'altra parte, Vision for Life di Essilor ha sostenuto una campagna di sensibilizzazione per la salute degli occhi tra le comunità più povere dell'India con il sostegno di una grande star del cinema. Allo stesso tempo, Luxottica, attraverso il suo supporto a OneSight, organizzazione indipendente senza scopo di lucro di cui la società è principale sostenitore, ha aperto 25 nuovi Sustainable Vision Centers in 5 paesi (Stati Uniti, Ruanda, Zambia, Cina, Bangladesh) e ha prestato servizio a quasi 17.000 pazienti fornendo esami oculistici e occhiali in 17 cliniche organizzate in Stati Uniti, Giordania, Porto Rico, Cile, Messico, Cambogia, Cina, Brasile, e Thailandia. Ogni struttura è gestita da medici e dipendenti Luxottica; nella prima metà del 2019 oltre 575 dipendenti Luxottica hanno avuto l'opportunità di fare volontariato. EssilorLuxottica ha creato un nuovo livello di integrazione culturale tra i dipendenti Essilor e quelli di

Luxottica, con diversi dipendenti Essilor che si sono offerti volontari nelle missioni di OneSight nella prima metà dell'anno.

Eventi successivi alla chiusura del semestre

Acquisizione del 76,72% di GrandVision

EssilorLuxottica ha annunciato oggi un accordo in base al quale acquisirà l'intera quota del 76,72% di HAL Holding N.V. in GrandVision N.V. ad un prezzo per azione di Euro 28 (si faccia riferimento alla sezione "Subsequent events" del Management report).

Acquisizione di Barberini

Il Gruppo ha annunciato che tutte le approvazioni da parte delle autorità antitrust rilevanti ai fini dell'acquisizione di Barberini sono state ottenute e che tutte le condizioni sospensive alla finalizzazione della transazione sono soddisfatte (alla sezione "Subsequent events" del Management report).

Rinnovo dell'accordo di licenza con Bulgari

Luxottica e Bulgari S.p.A. hanno annunciato oggi il rinnovo anticipato di un accordo di licenza in esclusiva (alla sezione "Subsequent events" del Management report).

Outlook 2019

EssilorLuxottica conferma i suoi obiettivi finanziari per il 2019. Comprese le sinergie e a cambi costanti², prevede quanto segue:

- Crescita del fatturato: + 3,5-5%
- Crescita dell'utile operativo *adjusted*⁶: 0,8-1,2 rispetto alla crescita delle vendite
- Crescita dell'utile netto *adjusted*⁶: 1-1,5 rispetto alla crescita delle vendite

Conference call

Una conference call in inglese si terrà oggi alle 10:30 CET.

Sarà possibile seguire la presentazione in diretta o riascoltarla successivamente al seguente indirizzo: <https://hosting.3sens.com/EssilorLuxottica/20190731-4AEBD6F3/en/webcast/startup.php>

Prossimi eventi per gli investitori

- 25 settembre 2019: Capital Markets Day a Londra
- 30 ottobre 2019: fatturato del terzo trimestre 2019

Note al comunicato

1 Pro forma: l'informativa finanziaria consolidata semestrale *pro forma* abbreviata *unaudited* è predisposta a solo scopo illustrativo e con l'obiettivo di fornire informazioni comparative per i primi sei mesi chiusi al 30 giugno 2018, come se la combinazione tra Essilor e Luxottica fosse avvenuta in data 1° gennaio 2018. Per ulteriori dettagli fare riferimento alla tabella in appendice.

2 Dati a cambi costanti: sono stati calcolati utilizzando i tassi di cambio medi in vigore per il corrispondente periodo dell'anno precedente.

3 Crescita omogenea: crescita a perimetro e tassi di cambio costanti.

4 Paesi o mercati emergenti: Cina, India, ASEAN, Corea del Sud, Hong Kong, Taiwan, Africa, Medio Oriente, Russia, Europa dell'Est e America Latina.

5 Vendite omogenee: si intendono a fini comparativi la variazione delle vendite da un periodo all'altro prendendo in considerazione, nel periodo più recente, solo quei negozi già aperti nel periodo precedente comparabili. Per ciascuna area geografica il calcolo applica il tasso di cambio medio del periodo precedente ad entrambi i periodi.

6 Misure o indicatori *adjusted*: rettificate dai costi correlati alla combinazione tra Essilor e Luxottica e ad altre transazioni straordinarie, poco frequenti o non correlate al business poiché l'impatto di questi eventi potrebbe influenzare la comprensione della performance del Gruppo.

7 Generazione di cassa: generazione di cassa derivante dalle attività operative al netto della somma degli acquisti di immobili, impianti e macchinari e attività immateriali e ai pagamenti delle passività relative ai contratti di leasing, così come riportati nel rendiconto finanziario consolidato IFRS.

EssilorLuxottica è un leader globale nella progettazione, produzione e distribuzione di lenti oftalmiche, occhiali da vista e da sole. Costituita nel 2018, la sua mission è aiutare il mondo a vedere meglio, vivere meglio e godere appieno della vita. L'azienda unisce le competenze complementari di due pionieri nel settore, uno nelle tecnologie all'avanguardia per lenti oftalmiche e l'altro nella realizzazione di occhiali da vista e da sole iconici, definendo nuovi standard nel settore dei prodotti per la cura della vista e nell'esperienza dei consumatori. Marchi iconici come Ray-Ban e Oakley nell'eyewear, Varilux e Transitions nelle lenti, Sunglass Hut e LensCrafters nel retail ottico e sole fanno parte della famiglia EssilorLuxottica. Con circa 150.000 dipendenti, nel 2018 EssilorLuxottica ha registrato ricavi pro forma di circa 16,2 miliardi di Euro. EssilorLuxottica è quotata sul mercato Euronext Paris ed è inclusa negli indici Euro Stoxx 50 e CAC 40. ISIN: FR0000121667; Reuters: ESLX.PA; Bloomberg: EL:FP.

CONTATTI

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First-half 2019 management report

First-half 2019 revenue by operating segment

In millions of Euros	1H 2019	1H 2018 <i>Pro forma</i> ¹	Change at constant rates ²	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%
Essilor revenue	3,932	3,636	+5.2%	+2.9%	+8.1%
Wholesale	1,759	1,703	+1.7%	+1.6%	+3.3%
Retail	3,086	2,838	+3.6%	+5.1%	+8.7%
Luxottica revenue	4,844	4,541	+2.9%	+3.8%	+6.7%
Total	8,776	8,177	+3.9%	+3.4%	+7.3%

Lenses & Optical Instruments sales rose by 7.7% in the first six months, to Euro 3,377 million (+4.9% at constant exchange rates²) and were up by 3.8% like-for-like³.

Growth accelerated in the second quarter. The main drivers were good momentum in fast-growing markets⁴, especially China, Southeast Asia and all of Latin America. Online sales once again saw double-digit gains, fuelled by robust demand for prescription glasses. Growth in developed markets was powered by Europe and Australia. Results in the United States were more mixed, notably due to the timing of the launch of the new Transitions® lens.

The **Sunglasses & Readers** division posted revenue of Euro 456 million during the first half, an increase of 11.9% (8.4% at constant exchange rates²). Growth of 14.1% in the second quarter at constant exchange rates² underscored an acceleration for Costa and FGX International. Costa continues to execute its optical frame rollout strategy with a focus on Independent Eyecare Professionals and benefitted from a positive reception to new collections. FGX International recorded strong in store sales and gained additional shelf space. In China, business remained solid due to the strong performance of optical frames and despite slower Sunglasses sales for Xiamen Yarui Optical (Bolon™) and MJS due to sluggish market conditions and unfavorable spring weather.

Equipment sales rose by 5.8% to Euro 99 million in the first half (+1.3% at constant exchange rates²). Positive momentum in fast-growing markets⁴ in Asia and Latin America made up for the wait-and-see approach by some customers in developed countries. Good demand for surfacing solutions bolstered sales of VFT-Orbit 2™ digital generators and Multi-FLEX™ polishers throughout the first six months. The order book nonetheless showed a slight slowdown in demand for these machines and renewed interest in coating solutions.

Wholesale division was up 3.3% in the first half (+1.7% at constant exchange rates²). All regions were on the rise apart from North America, which turned positive in the second quarter on a rebound with independents and department stores. The best performing countries were Brazil, Mexico, Germany, Eastern Europe, Japan and Korea, while a rebuilt business in China doubled sales in the first half. The

STARS evolution and roll-out continued with rapid sales growth in Europe, North America and Brazil. On a global basis, the STARS program is now comprised of more than 13,000 doors, representing over 12% of sales for the Wholesale division. Online sales to third-party platforms were down, mostly due to timing effects between quarters and slowdown with certain North American customers.

Retail division revenue was up 8.7% in the first half (+3.6% at constant exchange rates²) and flat on a comparable store sales⁵ basis. This reflected the strong performance of Europe (Sunglass Hut and Salmoiraghi & Viganò), Asia-Pacific (Australia) and Latin America (Brazil), paired with double-digit growth at Target Optical and EyeMed in the US. On a global level, Sunglass Hut posted 3% growth at constant exchange rates² with slightly negative comparable stores sales⁵ due to the weak performance in North America, which was affected by unfavorable weather. LensCrafters remained largely flat in the first half, confirming its focus on margin progression. The sound overall performance of the division reflects the benefits of a number of initiatives taken on assortment, pricing, store remodeling and digitalization. Online business growth in the first half was fueled by the proprietary platforms, which posted double digit gains in the second quarter.

First-half 2019 revenue by geographical area

In millions of Euros	1H 2019	1H 2018 <i>Pro forma</i> ¹	Change at constant rates ²	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%
Total	8,776	8,177	+3.9%	+3.4%	+7.3%

In **North America**, revenue increased by 8.8% (+1.9% at constant exchange rates²).

Lenses & Optical Instruments, e-commerce and Sunglasses & Readers all showed strong growth in the second quarter. The core US lens business grew largely in line with market levels during the first half with sequential improvement shown in both the first and second quarter. Essilor continued to expand programs to support Independent Eyecare Professionals including Essilor Experts and Alliance Groups while recent key account wins began to contribute. E-commerce revenue continued to grow at a double-digit rate in North America, particularly online sales of eyeglasses. The Sunglasses & Readers business had seen mixed results in the US in the first quarter, but both FGX International and Costa rebounded sharply in the second.

Business in Canada and sales of Transitions® lenses to other lens casters declined over the course of the first half, with the latter occurring ahead of the Transitions® Gen 8™ launch expected early in the third quarter.

Luxottica's wholesale business returned to growth in the second quarter, primarily driven by the sound performance with independent eyecare professionals. This counterbalanced a slight deceleration in retail, which faced a higher comparison base and less favorable weather conditions. LensCrafters posted a largely flat trend in the first half in both revenue and comparable store sales⁵ while it maintained its above-group-average operating profitability. Among the other optical retail banners, Target Optical continued to grow comparable store sales⁵ at a double-digit pace in the second quarter, proving to be highly successful in the lower-end of the premium segment. Sears continued to weigh heavily on the quarter, although the store count is currently stabilizing. EyeMed, currently covering 55 million lives,

maintained its double-digit growth in revenue in the second quarter. Sunglass Hut comparable stores sales⁵ remained negative in the second quarter, affected by unseasonal weather conditions (May and early June) and also consequently lower flows in tourist locations. However, after a three-year hiatus, the brand returned to television in May with its new advertising campaign that is expected to deliver benefits in the months to come. E-commerce continues its rapid growth in the region, with Ray-Ban.com and SunglassHut.com as the best performers. The acceleration of the latter suggests a moderate level of traffic substitution (online versus brick-and-mortar).

In **Europe**, revenue increased by 3.8% (+4.7% at constant exchange rates²).

All Essilor businesses contributed to this strong sales performance. In Lenses & Optical Instruments, Russia, Eastern Europe and Turkey delivered double-digit growth. The main driver was a sharp rise in sales of value-added lenses, notably progressive lenses, fueled by targeted marketing investments. In a growing French market, all key categories and brands posted good results with new loyalty programs for consumers and the popularity of Nikon® lenses providing support. Instruments also drove growth in France and Europe with the rollout of Visioffice® X, the new tool for personalizing lenses at points of sale, and the new Vision-R™ 800 phoropter. Demand for Transitions® lenses was strong, notably in Italy, while the new Eyezen™ Start lens for connected activities boosted growth both for the category and for the brand.

Within the Sunglasses & Readers division, FGX companies posted solid gains, notably in Italy.

In the first half of the year, Europe continued to be a growth driver for Luxottica with positive contributions from both the Wholesale and Retail divisions. The wholesale business steadily grew in the six months driven by volume and the development of the prescription offering, including the new Ray-Ban complete pair model, up double digit versus the same period of last year. Italy, Germany, Turkey, the Netherlands and Eastern Europe were among the best performing markets, benefiting from the introduction of new digital tools. These extended Luxottica's innovative omnichannel platform and in-store digital communications to its customers' locations as well. The company continued to invest in the development of STARS, which currently represents over 20% of wholesale revenue in the region and reported a sound acceleration, up 18% in the second quarter.

Sales were also driven by the double-digit growth of the Retail division, thanks to the strong and consistent in-store execution and the significant contribution of Sunglass Hut and Ray-Ban stores. Both grew at mid-single digit in comparable sales⁵ with around 20 successful new openings during the first half of the year. Retail sales were strong in many markets in the region, including Italy where Salmoiraghi & Viganò grew nicely in comparable sales⁵ and Persol opened its first store in Europe (in Milan).

In **Asia, Oceania and Africa** sales rose by 7.4% (+5.8% at constant exchange rates²).

The Lenses & Optical Instruments division was a major driver of this growth. In China, the division delivered double-digit sales growth thanks to myopia control solutions, Eyezen™, Crizal®, Nikon® and Transitions® lenses in the high-end segment, and innovation in the midrange. The division also posted strong gains in Southeast Asia and South Korea, notably fueled by progressive and photochromic lenses. In India, revenue generated online and through inclusive distribution channels for base-of-pyramid consumers partially offset weaker results in conventional distribution channels. Continued commercial inroads with optical retail chains led to a positive performance in developed countries in the region.

The Sunglasses & Readers division also contributed to the region's results, thanks to the successful expansion of Bolon™ and Molsion into optical frames and online sales.

Luxottica's Wholesale and Retail businesses travelled on parallel tracks during the first half, notwithstanding a challenging situation in Hong Kong due to political turmoil. Japan, Korea, Southeast Asia and the Middle East all fueled the wholesale business, while China realized the benefits of the rebuilt wholesale distribution network. The Retail division confirmed its strength in Australia and New

Zealand, where OPSM accelerated its growth in the second quarter. Ray-Ban continued its expansion in the region with the inauguration of two other stores in Japan and the opening of 20 new stores in China.

In **Latin America** sales ended the first half up by 9.8% (+12.3% at constant exchange rates²).

Essilor's businesses achieved double-digit gains on a like-for-like³ basis, with Brazil and Spanish-speaking countries making very similar contributions. Sales of Varilux® progressive lenses in Brazil rose by more than 10%. This growth was notably driven by an offer including a second pair of quality lenses, which lifted sales of prescription sunglasses, a category with significant potential for increased penetration in Brazil. Sales were also very buoyant for regional chains. Growth in Colombia was fueled by the addition of new customers and by the "Cambia tu cara" promotion, which gave sales of Transitions® photochromic lenses a substantial boost. In Mexico, value-added lenses and the entry-level range both contributed to double-digit sales growth. Essilor signed a supply contract with Opticas Devlyn, the leading optical chain in the country (see "Acquisitions and partnerships" section, page 12). In addition, consumers in Mexico and Colombia can now use the Spanish-language edition of the eye care website "AllAboutVision.com", which will make it easier for them to set up appointments in partner stores.

Solid growth was also flagged by Luxottica's wholesale and retail businesses across the region. In Brazil, both divisions enjoyed solid momentum and leading to double-digit revenue growth in the first half: in Wholesale, STARS and the franchise system of Óticas Carol expanded their reach with the addition of new doors. In Retail, the existing network of Sunglass Hut stores accelerated, mainly in Brazil. Mexico strongly rebounded in the second quarter, with both wholesale and retail boosting revenue (Ray-Ban and Sunglass Hut continued their expansion in the country). The GMO network posted steady growth throughout the first six months.

Second-quarter 2019 revenue by operating segment

In millions of Euros	2Q 2019	2Q 2018 <i>Pro forma</i> ¹	Change at constant rates ²	Currency effect	Change (reported)
Lenses & Optical Instruments	1,703	1,582	+5.3%	+2.4%	+7.7%
Sunglasses & Readers	256	218	+14.1%	+3.4%	+17.5%
Equipment	55	54	-1.3%	+3.8%	+2.4%
Essilor revenue	2,014	1,853	+6.1%	+2.6%	+8.7%
Wholesale	921	884	+2.4%	+1.8%	+4.2%
Retail	1,632	1,524	+2.7%	+4.3%	+7.0%
Luxottica revenue	2,552	2,408	+2.6%	+3.4%	+6.0%
Total	4,566	4,261	+4.1%	+3.0%	+7.2%

Revenue for the second quarter stood at Euro 4,566 million, an increase of 7.2% as reported and of 4.1% at constant exchange rates², in acceleration versus the first quarter.

Second-quarter 2019 revenue by geographical area

In millions of Euros	2Q 2019	2Q 2018 <i>Pro forma</i> ¹	Change at constant rates ²	Currency effect	Change (reported)
North America	2,394	2,204	+2.6%	+6.0%	+8.6%
Europe	1,177	1,136	+4.3%	-0.7%	+3.6%
Asia, Oceania and Africa	728	681	+5.7%	+1.2%	+6.9%
Latin America	267	239	+13.0%	-1.6%	+11.4%
Total	4,566	4,261	+4.1%	+3.0%	+7.2%

In **North America**, growth improved sequentially in the US lenses & Optical Instruments division, e-commerce businesses and Sunglasses & Readers division during the second quarter. The US lens business benefited from stronger market conditions and contributions from recent key account wins. The Sunglasses & Readers business showed significant improvement compared to first quarter levels. Sales in Canada declined during the quarter while Equipment growth recovered from first quarter levels. The Wholesale business bounced back in the second quarter, turning positive thanks to a recovery in the independent segment. Meanwhile Retail decelerated sequentially due to an ongoing headwind from Sears along with unfavorable weather conditions in May and early June that affected Sunglass Hut performance. Notably, Target and EyeMed continued to growth at a double-digit pace in the second quarter, in line with first quarter performance. In e-commerce, Ray-Ban.com and SunglassHut.com were standout performers, both with double-digit increases in the second quarter.

In **Europe**, sales of the Lenses & Optical Instruments division improved sequentially with better performance in France, Russia, Eastern Europe, Turkey and the Instruments business during the second quarter. Performance in Equipment and Sunglasses & Readers was more muted during the second quarter when compared to the first quarter of 2019.

Wholesale and Retail both grew in the second quarter. Wholesale was supported in particular by solid performance with the key accounts as well as the fast-growing business of STARS, up 18% at constant exchange rates² during the period. Retail developed positively across all the areas with Sunglass Hut and Ray-Ban stores growing faster through a mix of positive comparable stores⁵ growth and new space added.

In **Asia, Oceania and Africa**, the Lenses & Optical Instruments business posted double-digit growth for the second quarter in China, most Southeast Asian countries and South Korea. Sunglasses & Readers benefitted from optical frames sales in China and online sales.

Wholesale and Retail progressed similarly in the second quarter. Retail was primarily driven by a strong Australia and New Zealand with OPSM accelerating during the period along with new openings under the Ray-Ban banner. Results in Hong Kong deteriorated due to the impact of political turmoil. In Wholesale, the key markets of Japan, Korea, South East Asia and the Middle East all contributed to growth, while China benefited from the rebuild of the business and saw a resurgence from a healthier basis.

In **Latin America**, the Lens & Optical instruments business continued to grow in double digits with improved growth rates in Brazil and the Spanish speaking markets growing above 10 %. Growth in the Equipment business was heavily weighted toward the second quarter while Sunglasses & Readers and e-commerce continued to grow in double digits.

Wholesale and Retail were fueled by a buoyant Brazil, which maintained its double-digit growth at constant exchange rates² in the second quarter. Sunglass Hut strongly accelerated its pace of comparable stores⁵ growth sales while Oticas Carol and STARS posted solid gains. Growth in Mexico stepped up in the second quarter, reaching 20% at constant exchange rates². GMO sustained its positive trajectory during the period.

Reported condensed consolidated interim statement of profit or loss

€ millions	1H 2019	1H 2018 Restated*	Change
Revenue	8,776	4,569	+92.1%
Cost of sales	(3,290)	(1,587)	+73.1%
Gross profit	5,486	2,982	+68.8%
% of revenue	62.5%	65.3%	
Total operating expenses	(4,440)	(2,199)	+101.9%
Operating profit	1,046	783	+33.6%
% of revenue	11.9%	17.1%	
Profit before taxes	978	735	+33.1%
% of revenue	11.1%	16.1%	
Income taxes	(253)	(204)	+25.9%
Effective tax rate	25.9%	27.7%	
Net Profit	725	531	+36.5%
Net profit attributable to owners of the parent	675	530	+27.4%

* 2018 information has been restated following the application of IFRS 16 *Leases*.

As a result of the combination between Essilor and Luxottica the structure of the condensed consolidated interim financial statements is as follows:

Statements	First semester 2019 and as at June 30, 2019	First semester 2018	As at December 31, 2018
Profit or loss	EssilorLuxottica's 6 months (Jan-June)	Luxottica's 6 months (Jan-June)	n.a.
Financial position	EssilorLuxottica's historical cost	n.a	EssilorLuxottica's historical cost

Therefore, the information presented as comparative information for the six-months ended June 30, 2018 in the condensed consolidated interim financial statements is not fully comparable and as a result, the financial information deemed relevant to comment on the performance of the Group in the management report is based on the unaudited *pro forma*¹ consolidated financial information. The Unaudited *Pro Forma*¹ Condensed Consolidated Interim Financial Information has been produced with the aim of providing comparative information for the first six months ended June 30, 2018.

Moreover, key performance indicators are adjusted from the impacts of events that might affect the understanding of the Group's performance such as those related to transactions that are unusual, infrequent or unrelated to regular operations.

The tables below present the reconciliation with the adjusted⁶ figures for the first semester 2019 and 2018.

Reported figures are commented below:

- Reported *Revenue* showed a 92.1% growth due to the contribution of Essilor revenue amounting to Euro 3,932 million for the 2019 first semester;
- Reported *Operating profit* grew by 33.6% primarily because of the contribution of Essilor which is affected by the effects on statement of profit or loss resulting from the purchase price allocation. In the first semester 2019, the Group recorded the impact related to the use of inventories subject to a fair value step up for about Euro (61) million within the *Costs of sales*. These costs will not have a recurring impact on the results of the Group. The six-month amortization impacts related to the fair value of intangible and tangibles assets recognized as part of the purchase price allocation exercise were recorded for an amount of Euro 325 million;
- Reported *Net profit* grew by 36.5% essentially due to the contribution of Essilor as described above.

Condensed consolidated interim statement of profit or loss: reconciliation with adjusted⁶ figures

First semester 2019

€ millions	1H2019 Reported	Adjustments related to PPA impacts for the 6- month period	Other non-GAAP adjustments	1H2019 Adjusted ⁶
Revenue	8,776			8,776
Cost of sales	(3,290)	61	3	(3,227)
Gross profit	5,486	61	3	5,549
% of revenue	62.5%			63.2%
Total operating expenses	(4,440)	325	77	(4,037)
Operating profit	1,046	386	80	1,512
% of revenue	11.9%			17.2%
Cost of net debt	(59)	(3)	1	(62)
Other financial income / (expenses)*	(8)			(8)
Profit before taxes	978	383	81	1,442
% of revenue	11.1%			16.4%
Income taxes	(253)	(71)	(20)	(343)
Net Profit	725	312	62	1,099
Net profit attributable to owners of the parent				1,047

* Including *Share of profit of associates*.

First semester 2018

€ millions	1H2018* Pro forma ¹ information**	Adjustments related to PPA impacts for the 6- month period	Other non-GAAP adjustments	1H2018* Pro forma ¹ Adjusted ⁶
Revenue	8,177			8,177
Cost of sales	(3,112)	119	10	(2,982)
Gross profit	5,065	119	10	5,195
% of revenue	61.9%			63.5%
Total operating expenses	(4,260)	306	209	(3,744)
Operating profit	805	425	219	1,450
% of revenue	9.8%			17.7%
Cost of net debt	(70)	(3)		(73)
Other financial income / (expenses)***	(7)			(7)
Profit before taxes	728	422	219	1,370
% of revenue	8.9%			16.7%
Income taxes	(239)	(93)	(9)	(341)
Net Profit	490	329	211	1,029
Net profit attributable to owners of the parent				982

* 2018 information has been restated following the application of IFRS 16 *Leases*.

** Reconciliation from Reported to Pro forma¹ 1H 2018 income statement is available on page 13 of the document.

*** Including *Share of profit of associates*.

Adjusted⁶ measures

In this document, management presented certain performance indicators that are not envisioned by the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and endorsed by the European Union. Such measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica condensed consolidated interim financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Group and should be read in conjunction with EssilorLuxottica condensed consolidated interim financial statements. Such measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors.

The combination of Essilor and Luxottica (the "EL Combination"), as well as events that are unusual, infrequent or unrelated to normal operations, have a significant impact on the consolidated results. Accordingly, in order to provide additional comparative information on the results for the period under review compared to previous periods, to reflect the EssilorLuxottica actual economic performance and enable it to be monitored and benchmarked against competitors, some measures have been adjusted ("adjusted measures"). In particular, management adjusted the following measures: *Gross profit*, *Operating expenses*, *Operating profit*, *Profit before taxes* and *Net profit*. Such adjusted measures are reconciled to their most comparable *pro forma*¹ measures in the Unaudited *Pro Forma*¹ Condensed Consolidated Interim Financial Information for the first semester 2018, and to the most comparable reported measures in the consolidated interim statement of profit or loss for the first semester 2019.

In 1H 2018 and 1H 2019, adjusted measures exclude: (i) the incremental impacts of the purchase price allocations related to the EL Combination; and (ii) other adjustments related to transactions that are

unusual, infrequent or unrelated to normal operations, as the impact of these events might affect the understanding of the Group's performance. These adjustments are described below.

First semester 2019

- Non-recurring *Cost of sales* for Euro 3 million associated mainly with restructuring and reorganization expenses.
- Non-recurring *General and administrative* expenses for Euro 83 million associated with the following impacts:
 - one-off costs incurred by the Group for Euro 21 million, including transaction costs and other one-off integration costs;
 - expenses related to share-based payments for about Euro 28 million linked to the removal of the performance conditions from the 2015 and 2016 Essilor's share-based plans and, starting from 2019, to Luxottica's restricted shares plan (LTI);
 - other restructuring and reorganization charges for Euro 24 million;
 - non-recurring expenses for Euro 10 million, which include transaction costs related to M&A activities.
- Non-recurring *Other income / (expenses)* are adjusted for Euro (5) million to eliminate a non-recurring net gain related to significant claims and litigations booked by the Group for Euro 8 million, and other non-recurring expenses for Euro 2 million.
- *Income taxes* are adjusted for an amount of Euro (20) million corresponding to the tax effects of the above-mentioned adjustments for Euro (17) million and to a non-recurring net tax gain for Euro (2) million.

First semester 2018

- Non-recurring *Cost of sales* for Euro 10 million mainly associated with restructuring and reorganization expenses incurred by Luxottica.
- Non-recurring *General and administrative* expenses for Euro 206 million associated with the following impacts:
 - one-off cumulated transaction costs incurred by the Group related to the EL Combination for Euro 157 million;
 - expenses related to share-based payments for about Euro 31 million related to the removal of the performance conditions from the 2015 and 2016 Essilor's share-based plans;
 - other restructuring and reorganization charges for Euro 18 million.
- Non-recurring *Other income / (expenses)* are adjusted for Euro 3 million linked to a non-recurring net expenses related to significant claims and litigations booked at Essilor level for Euro 1 million and other non-recurring expenses for Euro 2 million.
- *Income taxes* are adjusted for an amount of Euro (9) million corresponding to the tax effects of the above-mentioned adjustments.

Adjusted⁶ consolidated interim statement of profit or loss

€ millions	1H 2019	1H 2018* Pro forma ¹	Change	Change at constant exchange rates ²
Revenue	8,776	8,177	+7.3%	+3.9%
Cost of sales	(3,227)	(2,982)	+8.2%	+5.3%
Gross profit	5,549	5,195	+6.8%	+3.1%
% of revenue	63.2%	63.5%		
Research and development	(141)	(136)	+3.6%	+0.7%
Selling	(2,272)	(2,126)	+6.9%	+3.2%
Royalties	(88)	(86)	+2.0%	-0.3%
Advertising and marketing	(625)	(560)	+11.5%	+8.1%
General and administrative	(912)	(834)	+9.3%	+6.8%
Other income / (expenses)	(1)	(3)	-67.4%	-75.9%
Total operating expenses	(4,037)	(3,744)	+7.8%	+4.5%
Operating profit	1,512	1,450	+4.3%	-0.4%
% of revenue	17.2%	17.7%		
Cost of net debt	(62)	(73)	-15.7%	-16.4%
Other financial income / (expenses)	(7)	(7)	+3.1%	-35.7%
Share of profits of associates	(1)			
Profit before taxes	1,442	1,370	+5.3%	+0.6%
% of revenue	16.4%	16.7%		
Income taxes	(343)	(341)	+0.8%	-3.5%
Effective tax rate	23.8%	24.9%		
Net Profit	1,099	1,029	+6.8%	+1.9%
Net profit attributable to owners of the parent	1,047	982	+6.6%	+1.7%

* 2018 information has been restated following the application of IFRS 16 *Leases*.

Revenue for the first half of the year totaled Euro 8,776 million, an increase of 7.3% in current exchange rates and 3.9% in constant exchange rates² when compared to the first half of 2018.

Adjusted⁶ Gross profit: +6.8% at current exchange rates and 3.1% at constant exchange rates²

Adjusted⁶ *Gross profit* ended the first half of 2019 at Euro 5,549 million, representing 63.2% of revenue versus 63.5% in the first half of 2018. The evolution was driven by the increase in the gross margin of the frame business, more than offset by portfolio mix effects stemming from faster growth in online contact lens sales and Sunglasses & Readers as well as a decline in sales of Transitions® lenses to other lens casters ahead of the Transitions Generation 8 launch.

Adjusted⁶ Operating expenses: +7.8% at current exchange rates and +4.5% at constant exchange rates²

Operating expenses amounted to Euro 4,037 million for the first half of 2019, translating to 46.0% of sales compared to 45.8% in the prior year period and reflecting:

- *Research and development* costs of Euro 141 million, as the Group continues to invest the same portion of its revenue behind innovation.
- *Selling* costs of Euro 2,272 million to support EssilorLuxottica's top line growth and at consistent levels relative to sales.
- *Royalties* of Euro 88 million, related to the Group's licensed frame brands.

- *Advertising and marketing* costs of Euro 625 million included the impact of bolt-on acquisitions along with investments to drive future growth. This included a renewed effort in marketing campaigns on brands, e-commerce, Sunglasses & Readers, the Transitions® Generation 8 launch and activities to develop the myopia segment. The Group also launched new campaigns for its top brands in frames and retail banners (Sunglass Hut returning to television after three years). The increased support for growth initiatives was partially offset by the winding down of legacy programs and investments.
- *General and administrative* costs totaled Euro 912 million reflecting EssilorLuxottica's expenses, bolt-on acquisitions and investments behind growth initiatives, primarily digital marketing and fast-growing markets⁴. The impact of these items was lessened by strong cost control in the Wholesale and Retail divisions.

Adjusted⁶ Operating profit: + 4.3% at current exchange rates and -0.4% at constant exchange rates²

The Group posted an adjusted⁶ *Operating profit* of Euro 1,512 million, representing 17.2% of sales compared to 17.7% for the first half of 2018.

Adjusted⁶ Cost of net debt, Other financial income / (expenses) and Share of profits of associates

The adjusted⁶ *Cost of net debt* declined to Euro 62 million in the first half of 2019 from Euro 73 million due to a decrease in the Company's financing cost and despite an exceptional cash disbursement related to complete EssilorLuxottica's Mandatory Tender Offer for Luxottica shares. *Other financial expenses* amounted to Euro 7 million and *Share of profits of associates* showed a loss of Euro 1 million.

Adjusted⁶ Income taxes

EssilorLuxottica reported adjusted⁶ tax expense of Euro 343 million, reflecting an adjusted tax rate of 23.8% for the first half of 2019 compared to an adjusted⁶ tax rate of 24.9% in the prior year period resulting from a more favorable geographical mix of earnings, particularly on the Luxottica side of the business.

Adjusted⁶ Net profit: +6.8% at current exchange rates and 1.9% at constant exchange rates².

Balance sheet and cash flow statement

Cash Flow

Operating cash-flow before changes in working capital amounted to Euro 1,925 in the first half of 2019. Changes in working capital requirement amounted to Euro 436 million, consistently with the business seasonality.

Capital expenditures amounted to Euro 438 million, representing 5% of Group's revenue.

The Free Cash Flow⁷ normalized for IFRS 16 impacts amounted to Euro 748 million.

€ millions

Net cash from operations (before change in WCR ^(a))	1,925	Change in WCR ^(a)	436
Proceeds from share capital increase	3	Capital expenditure	438
Change in net debt (excluding lease liabilities)	886	Cash payments for lease liabilities	303
Other	52	Dividends	924
		Acquisition and other investments, net of disposals ^(b)	122
		Cash portion of MTO	643

(a) Working capital requirement.

(b) Financial investments net of cash acquired, plus debt of newly-consolidated companies.

Net debt

Group Net debt amounted to Euro 4,728 million at the end of June 2019. Excluding the impact of IFRS 16, it stood at Euro 2,773 million, an increase of 886 million compared to the net debt position at the end of December 2018.

This includes the extraordinary cash out linked to the settlement of the second and third phase of the mandatory tender offer to Luxottica minority shareholders, as well as the payment of the annual dividend of EssilorLuxottica in the first half.

Acquisitions and partnerships

During the first half, EssilorLuxottica pursued its strategy of forging local partnerships by completing 4 transactions.

In Germany, Essilor acquired 100% of **Brille24 GmbH**, one of the leading German online optical platforms with annual revenue of close to Euro 25 million.

In Greece, Essilor strengthened its presence with its partner Shamir that acquired **Union Optic**, a prescription laboratory that also distributes optical instruments. Union Optic generates annual sales of about Euro 9 million and has four offices in Greece and Cyprus.

In addition, in Latin America, Essilor bought the assets of the lab of **Devlyn Holdings**, a leading integrated retail player in Mexico, and has contracted a supply agreement with Devlyn's retail banner with the view of further promoting quality vision care solutions in the fast expanding Mexican eyecare optical industry.

In China, Essilor acquired 100% of **Future Vision**, a lens manufacturing plant operating a prescription laboratory, with annual revenues of Euro 1.8 million

Subsequent events

EssilorLuxottica to acquire HAL's 76.72% interest in GrandVision

EssilorLuxottica announce today an agreement with HAL Optical Investments B.V. ("HAL"), the majority shareholder of GrandVision N.V. ("GrandVision"), a global leader in optical retailing, under which EssilorLuxottica will acquire HAL's entire 76.72% stake in GrandVision at a cash price per share of Euro 28 – to be increased by 1.5% to Euro 28.42 if closing of the acquisition does not occur within 12 months from the announcement date. Upon the closing of the transaction, EssilorLuxottica will launch a mandatory public offer for all the remaining GrandVision shares in accordance with the applicable public offer rules (please refer to the full press release published on July 31, 2019). The transaction is subject to customary closing conditions, including regulatory approvals

Acquisition of Barberini

Regarding the acquisition of Barberini by Luxottica, announced on June 22, 2018, the Group is now announcing that all the relevant antitrust approvals have been obtained and that all the conditions precedent to the transaction closing have been met. The closing is expected to take place in the near future.

Renewal of the exclusive licence agreement with Bulgari

Luxottica and Bulgari SpA today announced the early renewal of an exclusive license agreement for the development, production and worldwide distribution of sunglasses and prescription frames under the Bulgari brand. The three-year renewal will be effective starting January 1, 2021, immediately following the expiration of the existing agreement, and is scheduled to expire on December 31, 2023.

Notes

Notes

1 Pro forma: the unaudited pro forma condensed consolidated interim financial information has been produced for illustrative purposes only, with the aim of providing comparative information for the first six months ended June 30, 2018 as if the combination between Essilor and Luxottica had occurred on January 1, 2018. For further details, please refer to the table in the Appendix.

2 Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the previous year.

3 Like-for-like: growth at constant scope and exchange rates.

4 Fast-growing countries or markets: include China, India, ASEAN, South Korea, Hong Kong, Taiwan, Africa, the Middle East, Russia, Eastern Europe and Latin America.

5 Comparable store sales or comps: reflect, for comparison purposes, the change in sales from one period to another by taking into account in the more recent period only those stores already open during the comparable prior period. For each geographic area, the calculation applies the average exchange rate of the prior period to both periods.

6 Adjusted measures or figures: adjusted from the expenses related to the combination between Essilor and Luxottica and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.

7 Free Cash Flow: net cash flow provided by operating activities less the sum of purchase of property, plant and equipment and intangible assets and cash payments for the principal portion of lease liabilities according to the IFRS consolidated statement of cash flow.

APPENDICES

ESSILORLUXOTTICA PRO FORMA – FROM REPORTED TO ADJUSTED

€ millions	1H 2018							
	Luxottica 1H 2018	Essilor 1H 2018	PPA adjustments Jan. 1, 2018 Jun. 30, 2018	Other adjustments	EssilorLuxottica Pro forma	Elimination of 12 months PPA adjustments	Other non-GAAP adjustments	EssilorLuxottica Pro forma Adjusted
Revenue	4,569	3,726	-	(118)	8,177	-	-	8,177
Cost of sales	(1,587)	(1,523)	(119)	118	(3,112)	119	10	(2,982)
Gross profit	2,982	2,202	(119)	-	5,065	119	10	5,195
% of revenue	65.3%	59.1%			61.9%			63.5%
Research and development	(29)	(106)	(128)	-	(263)	128	-	(136)
Selling	(1,461)	(665)	(129)	-	(2,255)	129	0	(2,126)
Royalties	(81)	(5)	-	-	(86)	-	-	(86)
Advertising and marketing	(297)	(263)	(44)	-	(604)	44	-	(560)
General and administrative	(329)	(574)	(5)	(137)	(1,045)	5	206	(834)
Other income / (expenses)	(1)	(5)	-	-	(6)	-	3	(3)
Total operating expenses	(2,199)	(1,618)	(306)	(137)	(4,260)	306	209	(3,744)
Operating profit	783	584	(425)	(137)	805	425	219	1 450
% of revenue	17.1%	15.7%			9.8%			17.7%
Cost of net debt	(42)	(31)	3	-	(70)	(3)	-	(73)
Other financial income / (expenses)	(7)	(0)	-	-	(7)	-	-	(7)
Share of profits of associates	1	(0)	-	(1)	(0)	-	-	(0)
Profit before taxes	735	552	(422)	(138)	728	422	219	1,370
% of revenue	16.1%	14.8%			8.9%			16.7%
Income taxes	(204)	(155)	93	27	(239)	(93)	(9)	(341)
Effective tax rate	27.7%	28.1%			32.8%			24.9%
Net profit	531	397	(329)	(110)	490	329	211	1,029

EXCERPTS FROM THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated statement of profit or loss

€ millions	Notes	First semester 2019	Restated First semester 2018 ^(a)
Revenue	4	8,776	4,569
Cost of sales		(3,290)	(1,587)
GROSS PROFIT		5,486	2,982
Research and development		(269)	(29)
Selling		(2,361)	(1,461)
Royalties		(88)	(81)
Advertising and marketing		(627)	(297)
General and administrative		(1,100)	(329)
Other income / (expenses)	5	4	(1)
Total operating expenses		(4,440)	(2,199)
OPERATING PROFIT		1,046	783
Cost of net debt	6	(59)	(42)
Other financial income / (expenses)	6	(7)	(7)
Share of profits of associates		(1)	1
PROFIT BEFORE TAXES		978	735
Income taxes		(253)	(204)
NET PROFIT		725	531
Of which attributable to:			
Owners of the parent		675	530
Non-controlling interests		50	1
Weighted average number of shares outstanding:	7		
Basic		432,960,135	220,891,000
Diluted		439,113,109	220,921,679
Earnings per share (EPS) for net profit attributable to owners of the parent:	7		
Basic		1.56	2.40
Diluted		1.54	2.40

(a) The comparative information presented is that of Luxottica Group S.p.A. restated as described in paragraph Basis of preparation of the financial statements and in Note 1 – New accounting standards of the condensed consolidated interim financial statements.

Consolidated statement of financial position

Assets

€ millions	Notes	June 30, 2019	Restated December 31, 2018 ^(a)
Goodwill	8	23,342	23,241
Intangible assets	8	11,492	11,869
Property, plant and equipment	9	3,395	3,339
Right-of-use assets	9	1,831	1,828
Investments in associates		30	22
Other non-current assets		413	390
Deferred tax assets		426	341
TOTAL NON-CURRENT ASSETS		40,930	41,032
Inventories	10	2,125	2,045
Trade receivables	11	2,619	2,357
Tax receivables		94	128
Other current assets		720	660
Cash and cash equivalents		1,538	1,829
TOTAL CURRENT ASSETS		7,096	7,018
Assets held for sale		12	14
TOTAL ASSETS		48,038	48,064

(a) The consolidated statement of financial position as of December 31, 2018 has been restated in accordance with the transitional requirements of the initial application of IFRS 16 – *Leases*, as described in Note 1 – New accounting standards of the condensed consolidated interim financial statements.

Consolidated statement of financial position

Equity and liabilities

€ millions	Notes	June 30, 2019	Restated December 31, 2018 ^(a)
Share capital		78	77
Share premium reserve		21,950	20,931
Treasury shares reserve		(92)	(92)
Other reserves		11,076	10,757
Net profit attributable to owners of the parent		675	1,086
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		33,688	32,758
Equity attributable to non-controlling interests		454	438
TOTAL EQUITY	12	34,142	33,196
Non-current borrowings	13	2,533	2,564
Non-current lease liabilities	13	1,470	1,481
Employee benefits	14	531	459
Non-current provisions	16	189	428
Other non-current liabilities	17	193	226
Deferred tax liabilities		2,203	2,235
TOTAL NON-CURRENT LIABILITIES		7,121	7,394
Current borrowings	13	1,808	1,176
Current lease liabilities	13	485	481
Trade payables		1,698	1,745
Tax payables		603	99
Current provisions	16	146	211
Other current liabilities	17	2,035	3,762
TOTAL CURRENT LIABILITIES		6,775	7,474
TOTAL EQUITY AND LIABILITIES		48,038	48,064

(a) The consolidated statement of financial position as of December 31, 2018 has been restated in accordance with the transitional requirements of the initial application of IFRS 16 – *Leases*, as described in Note 1 – New accounting standards of the condensed consolidated interim financial statements.

Consolidated statement of cash flows

€ millions	Notes	First semester 2019	Restated First semester 2018 ^(a)
NET PROFIT		725	531
Depreciation and amortization		1,045	464
Expense arising from share-based payments	15	76	17
Income taxes		253	204
Finance result, net	6	67	49
Other non-cash items		5	13
Changes in provisions and other		2	(204)
Changes in working capital		(436)	(119)
Taxes paid, net		(156)	(48)
Interest paid, net		(93)	(62)
NET CASH FLOWS PROVIDED BY / (USED IN) OPERATING ACTIVITIES		1,489	844
Purchase of property, plant and equipment and intangible assets	8, 9	(438)	(300)
Disposal of property, plant and equipment and intangible assets	8, 9	8	-
Acquisitions of businesses, net of cash acquired		(113)	(5)
Changes in other non-financial assets		(17)	-
NET CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(560)	(305)
Share capital increase	12	3	3
Dividends paid:			
- to the owners of the parent		(887)	(484)
- to non-controlling interests		(37)	(2)
Transactions with non-controlling interests		(643)	-
Cash payments for principal portion of lease liabilities	13	(303)	(197)
Issuance of bonds, private placement and other long-term debt	13	-	-
Repayment of bonds, private placement and other long-term debt	13	(699)	(20)
Changes in other current and non-current borrowings	13	1,330	(14)
NET CASH FLOWS PROVIDED BY / (USED IN) FINANCING ACTIVITIES		(1,235)	(713)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(305)	(173)
Cash and cash equivalents at the beginning of the financial year	13	1,829	1,159
Effects of exchange rate changes on cash and cash equivalents		14	-
CASH AND CASH EQUIVALENTS AT THE END OF THE INTERIM PERIOD		1,538	986

(a) The comparative information presented is that of Luxottica Group S.p.A. restated as described in paragraph Basis of preparation of the financial statements and in Note 1 – New accounting standards of the condensed consolidated interim financial statements.