Good resistance for the first quarter with revenue down 10%
Taking measures to control costs and preserve cash
Preparing for recovery and delivering on our responsibilities to all

- **Solid growth up to February, followed by material declines in March due to COVID-19**
- **Optical business less affected, Online sales up double digits**
- **Robust balance sheet and liquidity with Euro 4.9 billion in cash and short-term investments**
- **Positioned for recovery with strong product pipeline and go to market strategy**
- **Enhanced corporate citizenship to support communities, employees and customers**

Charenton-le-Pont, France (May 5, 2020 – 7:00am) – EssilorLuxottica today announced that consolidated revenue for the first quarter of 2020 totalled Euro 3,784 million, representing a year-on-year decline of 10.1% compared to Q1 2019 revenue (-10.9% at constant exchange rates[1]), revealing good resistance in the current unprecedented global crisis.

"The market is going through an unprecedented crisis and we have answered the call as a leader with a responsibility to everyone whose lives we touch. Leading by example during the COVID-19 pandemic, we are working hard to keep our employees and their families safe, provide essential vision care for emergency workers on the front lines and do our part to support the customers and partners who make up the lifeblood of our business.

While we are adapting the organization for the few months ahead, early experience from the first countries to open is encouraging. When the crisis fades, the resilient demand for better vision will be visible again and we will be ready to serve it.

The digitally powered network that we have worked hard to build, connecting more than 400,000 optical stores and labs, can now guarantee the best support to our customers and an open door for all consumers even in the most difficult times.

This combination of social and business leadership will strongly help EssilorLuxottica and the entire industry when a wider recovery materializes. Until then, we continue to sharpen our digital assets, feed our consumers' love for brands and build on our talents", commented Francesco Milleri, CEO and Deputy Chairman of Luxottica, and Paul du Saillant, CEO of Essilor.

Update on the COVID-19 crisis

EssilorLuxottica entered the COVID-19 crisis with the advantage of a balanced market exposure spanning multiple products, channels, price points and geographies as well as about 70% of revenue exposed to resilient optical prescription needs. Its recent digital transformation has allowed the Company to strengthen its customer and consumer relationships during this downturn through CRM, e-commerce, online learning and social media.

In responding to the crisis, EssilorLuxottica's priority has been to ensure the health and safety of its employees. It swiftly leveraged its strong IT capabilities to implement remote connections with employees, customers and consumers and deliver a functional and productive work-from-home strategy. It launched a Euro 100 million fund to support employees and their families in need and activated emergency pay for its most vulnerable employee population in factories and retail stores. The Company also honored its commitment to social responsibility by donating over two million pieces of personal protective equipment including safety goggles, protective eyewear and face masks to hospitals, public institutions, employees and partners wherever it has local roots.

EssilorLuxottica implemented strict measures to secure business continuity, control costs and preserve cash in order to position itself for a successful future:

- The Company relied on its diverse and flexible manufacturing, logistics and optical lab footprint to provide business continuity despite closures required by government guidelines and adapted the capacity utilization to current demand.
- Costs were quickly controlled through employee furloughs, reductions or deferrals of manager compensation, suspension of marketing expenses and negotiations with suppliers and landlords.
- Cash was preserved thanks to the cessation of share buybacks, the decision not to propose a dividend distribution to the Annual Shareholders' Meeting and the suspension of all non-crucial investments.
- New acquisitions and partnerships were put on hold until the economy stabilizes.

Although group revenue has declined further in April, worldwide needs for better vision are structural and likely to fuel pent-up demand when the crisis fades, leading optical to be one of the first essential categories to restart. For instance, online sales staged an acceleration since March, when they reached 7% of group revenue versus 5% for the quarter, and they increased further in April. In the first countries to reopen, domestic sales of prescription products have regained momentum since the end of March. In China, domestic sales of prescription lenses returned to year-on-year growth since the end of April, even though total sales were still down. The Company is prepared for wider recovery with a pipeline of innovative branded products well suited to the new environment.

The first quarter of 2020 was marked by solid trends until March, followed by a rapid decline in most markets due to store closures related to the COVID-19 pandemic. Given the Company's reliance on eye exam activity and retail traffic, activity slowed across all divisions and geographies where social distancing measures were enacted.

First-quarter 2020 revenue by operating segment

In millions of Euros	1Q 2020	1Q 2019*	Change at constant rates[1]	Currency effect	Change (reported)
Lenses & Optical Instruments	1,589	1,674	-5.8%	0.7%	-5.1%
Sunglasses & Readers	134	167	-20.5%	1.2%	-19.3%
Equipment	38	44	-14.4%	1.5%	-12.9%
Essilor revenue	**1,762**	**1,885**	**-7.3%**	**0.8%**	**-6.5%**
Wholesale	695	867	-19.8%	0.0%	-19.8%
Retail	1,327	1,458	-10.3%	1.3%	-9.0%
Luxottica revenue	**2,023**	**2,325**	**-13.8%**	**0.8%**	**-13.0%**
Total revenue	**3,784**	**4,210**	**-10.9%**	**0.8%**	**-10.1%**

* The breakdown of 2019 revenue has been restated following the integration of Costa into Luxottica's brand portfolio.

Lenses & Optical Instruments

The Lenses & Optical Instruments division saw revenue decline by 5.1% (-5.8% at constant exchange rates[1]). This resilient performance was adversely affected by closures of optical retail outlets across North America, Latin America, Europe and Asia, most of which have continued in April. However, market activity started a gradual recovery from early March in China as reopening began. E-commerce activity has strengthened since March as consumers have continued to complete optical purchases of both eyeglasses and contact lenses online. The global roll-out of innovation from the Company's product pipeline was postponed but is ready to resume upon broader market reopening, including Transitions Signature GEN 8, AVA lenses for better accuracy and the successful Vision-R 800 measuring instrument.

Sunglasses & Readers

The Sunglasses & Readers division reported revenue down 19.3% (-20.5% at constant exchange rates[1]). The current scope includes Xiamen Yarui Optical (Bolon) and MJS, which operate mainly in China, and FGX, which operates primarily in North America.
While the year started well for all three businesses, Xiamen Yarui Optical (Bolon) and MJS were impacted by the COVID-19 related lockdowns in China from late January. Their decrease gradually subsided from mid-March with the optical prescription category outperforming sun, which has been much slower so far in the recovery. FGX was impacted by the lockdowns in Europe and the United States from March. Online sales for the division posted double-digit growth in the first quarter.

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Equipment

The Equipment division reported a decrease of 12.9% in revenue (-14.4% at constant exchange rates[1]). First quarter dynamics carried over from 2019 in most markets ahead of the COVID-19 impact. In response to the crisis customers took steps to shore up near term supplies, which positively impacted consumable sales, and postponed new orders of machine equipment pending a stabilization in market conditions.

Wholesale

In the first quarter of the year, Luxottica Wholesale posted Euro 695 million revenue, with a 19.8% decline versus the same period of last year at both current and constant exchange rates[1]. The division's performance sharply deteriorated in March, when more than two thirds of the Company's customers shut down stores worldwide and foot traffic in the remaining locations collapsed. In the quarter, all the regions were equally down and the positive price mix, the consolidation of Barberini and the integration of Costa into Luxottica's brand portfolio (included in 2019 revenue on a restated basis) could not materially offset the sales decline due to COVID-19. In terms of mix, the prescription business proved to be more resilient than sunglasses. Third-party e-commerce platforms recorded solid growth, in particular in North America where sales were up double digit.

Retail

Luxottica Retail recorded Euro 1,327 million revenue, down year-on-year 9.0% at current and 10.3% at constant exchange rates[1]. The division posted a strong start to the year in January-February with sales up 8.0% (+5.5% at constant exchange rates[1]) and then experienced a visible contraction in March as the lockdown measures and mobility restrictions introduced in most of the countries took effect. These restrictions forced the Company to enact massive store closures and caused material traffic decline in the locations that were still operating. The unprecedented situation led to the closure of approximately one third of Luxottica's retail optical stores and most of the sun locations on a global scale at the end of the quarter. Retail optical in North America and Australia-New Zealand proved to be relatively less affected, down low-to-mid single digit in sales at constant exchange rates[1] in the quarter after a strong performance in January-February. This was due to a later emergence of COVID-19 in those regions as well as the continued essential eyecare the optical networks provided to their clients in need. Luxottica's direct e-commerce was up 14% in the first quarter, with all the major proprietary platforms posting solid growth.

First-quarter 2020 revenue by geographical area

In millions of Euros	1Q 2020	1Q 2019*	Change at constant rates[1]	Currency effect	Change (reported)
North America	2,070	2,188	-8.1%	2.7%	-5.4%
Europe	906	1,056	-14.1%	-0.2%	-14.3%
Asia, Oceania and Africa	587	705	-16.4%	-0.4%	-16.8%
Latin America	222	261	-6.8%	-8.1%	-14.9%
Total	**3,784**	**4,210**	**-10.9%**	**0.8%**	**-10.1%**

* The geographical breakdown of 2019 revenue has been revised to reflect a reclassification of certain geographic markets, which the Group considers immaterial.

North America

In North America revenue decreased by 5.4% (-8.1% at constant exchange rates[1]).

Essilor revenue proved resilient in this context with a decline of 4.7% at constant exchange rates[1]. The Lenses & Optical Instruments division experienced steady trends across the US and Canada until the middle of March, after which it was negatively impacted by store closures. In response to the crisis, the division rapidly adjusted its cost base and supply chain and has leveraged its alliance network to provide support for independent eyecare professionals, while getting ready for the recovery when it comes.
Online sales continued to expand with eyeglasses and contact lenses driving the performance. EyeBuyDirect and Clearly saw record sales growth in April with a strong inflow of new customers.

Sunglasses & Readers sales were down mid-single digit for the quarter despite a strong start to the year. FGX declined sharply in the second half of March with readers proving more resilient than sunglasses in the downturn.

The Equipment division saw a slightly later onset of COVID-19 related weakness as its primary customers began to reduce activity along a different timeline.

For Luxottica, North America had a solid start in January-February, with sales up 7% at constant exchange rates[1], in further acceleration versus the strong trend of the fourth quarter 2019. Business deterioration started in March when the COVID-19 outbreak reverted the trend.
Wholesale had a promising start to the year driven by independents and key accounts as well as the strong performance of Oakley, then stalled in March when most customers began to close their doors due to the pandemic.

Retail turned negative as well, as one-third of the group's optical retail stores and all Sunglass Hut and Oakley locations shut down from mid-March and traffic into open stores was drying up. Strong signs of business health in January-February, with LensCrafters and the overall retail optical network up mid- to high-single digit in sales, were erased by the sharp contraction of March. Luxottica's directly operated e-commerce platforms were up double digit, mostly thanks to Ray-Ban.com and SunglassHut.com performance.

The sound trajectory of the optical retail business in North America before the COVID-19 outbreak in the region is a source of confidence for the Company. When the economy stabilizes and restarts, given optical retail's nature of primary non-discretionary service, it will be ready to serve the wide pent-up demand.

Europe

In Europe revenue decreased by 14.3% (-14.1% at constant exchange rates[1]).

Essilor revenues were down 6.7% at constant exchange rates[1].
In Lenses and Optical instruments, the business was boosted by the successful launch of Transitions Signature GEN 8 in Italy, Spain and the UK in the earlier part of the year. In March, Italy, France and Spain were among the most impacted countries whereas Eastern Europe resisted better. Online sales delivered double-digit growth driven by contact lenses and prescription solutions throughout the first quarter, with a visible acceleration in March. Vision Direct, Europe's largest online contact lens supplier, experienced a surge in spontaneous new buyers in March with no additional client acquisition cost. Instruments followed the same trend as the lens business but interest for new products such as the Vision-R 800 phoropter remained strong.

Sunglasses & Readers sales started the year with double-digit growth but were severely impacted in March, especially in Italy and the UK.

The Equipment division started to see a decline in sales at the beginning of March. Demand for consumables benefitted from pre-lockdown inventory build-ups. Demand for surfacing and coating machines stabilised at a subdued level.

For Luxottica, Europe was the most affected region by the COVID-19 outbreak, with negative trends similarly affecting both Retail and Wholesale. The weakness of the region was worsened by a difficult year-on-year comparison for both the divisions.
With the exception of Germany, Turkey and Russia, the Wholesale division suffered from material slowdown in sales in every market, as business conditions progressively worsened in March, severely hitting key markets like Italy, Spain and France (where the new reimbursement regulation introduced at the beginning of this year also weighed heavily).

The marked decrease in Retail sales was attributable to the social distancing measures progressively implemented by the European countries in March. At the end of the quarter, in Italy, most Salmoiraghi & Viganò stores were operating with ample limitations in terms of opening hours, while all Sunglass Hut locations in Europe were closed.

Asia, Oceania and Africa

In Asia, Oceania and Africa, consolidated revenue contracted by 16.8% (-16.4% at constant exchange rates[1]).

After a strong first few weeks of the year, Essilor's Lenses and Optical Instruments division saw a swift contraction in revenue at the end of January, as the region was the first one to be hit by the COVID-19 pandemic. Revenue in China troughed in mid-February with high double-digit declines as the country's lockdown took its toll, before starting a gradual recovery from March. Domestic sales of prescription lenses have returned to year-on-year growth since the end of April. Anti-fatigue and blue-cut products proved more resilient in this volatile environment, boosted by home working and increased screen time. The launch of Transitions Signature GEN 8 in China was postponed to the second quarter. Revenue in the rest of the region started to deteriorate markedly in March with South East Asia, India and South Korea particularly affected while Japan and Australia proved more resilient.

The Sunglasses & Readers division experienced a sharp decline in revenue from end of January. At the peak of the Chinese lockdowns in mid-February, sales were down by high double-digit percentages. Since then, a gradual recovery has materialized, with prescription activities outperforming sun and wholesale outperforming retail. Within retail, although most stores have reopened, post COVID-19 consumers have shown a preference for high-street shopping over shopping malls. These trends have led Xiamen Yarui Optical (Bolon) to fare better than MJS in the recovery so far.

For Luxottica too, Asia, Oceania and Africa was the first region to experience a contraction in both the Wholesale and Retail divisions. Trends progressively deteriorated towards the end of the quarter, with all countries in negative territory in March.
The Wholesale division experienced weak trends in Greater China and Japan for most of the quarter, while trading conditions in South Korea, Southeast Asia and Middle East worsened at the end of the quarter.

In the Retail division, store closures peaked in Greater China around mid-February, while locations in Australia, New Zealand, South East Asia and South Africa were partly affected by shutdown measures starting from the second half of March. In terms of sales trends, Australia and New Zealand started the year on a positive note, with a nice progression in January-February. On the other hand, sales in Greater China posted sequential improvement, remaining subdued even after lockdowns were lifted.

Latin America

In Latin America, sales decreased by 14.9% (-6.8% at constant exchange rates[1]).

At Essilor, sales in the region finished the quarter up by 1.9% at constant exchange rates[1] thanks to brisk activity in Mexico, Chile, Costa Rica, Brazil and others ahead of COVID-19 related closings. These highly positive trends were disrupted in mid to late March as stores closed and retail traffic slowed significantly. Recovery efforts are underway to develop consumer outreach programs to encourage a return to optical stores, drive additional myopia solutions enabled by the recent Miraflex acquisition and support lab and retail partners.

For Luxottica, the Latin America region experienced an overall positive trend in January-February, enduring the negative impacts of lockdown measures only towards the end of the quarter.
The Wholesale division suffered from adverse trends in both Brazil and Mexico, challenged further by a difficult comparison base in particular for Brazil.

As for Retail, the division drove the overall business expansion in the region during the first two months of the year, which were double-digit positive in sales. Trading conditions progressively worsened towards the end of March, with almost all the retail locations in the region closed at the end of the quarter, Mexico being the only market with a store base partially operating.

Eliminating poor vision around the world

EssilorLuxottica expanded its efforts to create sustainable access to vision care reaching over 345 million people. During the first quarter alone, it helped deliver vision solutions to over 1.9 million wearers at the base of the pyramid through its efforts to eliminate poor vision from the world by 2050.

While the COVID-19 situation has slowed progress through the suspension of its inclusive business expansion and charitable clinics, Essilor has tapped into the influence of its rural network of primary vision care providers to raise awareness among their communities about social distancing, hand washing and keeping safe during the pandemic.

Before the virus outbreak, Essilor signed an official partnership with hiring company Truck Lagbe enabling truck drivers in Bangladesh to visit Eye Mitras or attend screening events to get eye tests and glasses at affordable rates. Essilor also announced, together with The Fred Hollows Foundation and other partners, the expansion of the "See Now" campaign in Uttar Pradesh, India, in February. "See Now" will reach 200 million people with messaging around eye health and offer free eyecare to 400,000 people in Uttar Pradesh. In China, Essilor drove discussions on myopia with government officials, academics and other key opinion leaders, and unveiled the China findings of its "Eliminating Poor Vision in a Generation" report at a leading national health forum. As a result of these efforts and more, Essilor was recognized by change makers at the World Economic Forum in Davos through several feature stories and reports.

In the first quarter, Luxottica, through its support for OneSight, an independent non-profit organization of which the group is the founding sponsor, served over 8,800 patients across 7 charitable clinics and 177 sustainable centers around the world. OneSight ran clinics in locations such as Bangladesh, Australia, New Zealand and the United States and opened 7 new sustainable vision centers in Rwanda in Q1.

Finally, EssilorLuxottica took the 4th spot in the Impak French 40 ranking, which rates CAC 40 companies according to their impact on society and the environment.

Eyewear license renewals

In the first quarter of the year, Luxottica announced the early ten-year renewal of exclusive license agreements with Dolce & Gabbana and Versace, for the development, production and worldwide distribution of sunglasses and prescription frames under the Dolce & Gabbana and Versace brands, respectively. Both agreements are scheduled to expire on December 31, 2029.

Synergies and integration

Many integration projects continued unabated during the crisis, including the creation of a single IT platform and of a single network of prescription laboratories across the Company. A few revenue synergy projects were temporarily delayed, such as the penetration of Essilor lenses within the Company's own retail networks or the availability of prescription products under the Ray-Ban brand. However, the environment also created opportunities for deeper cooperation between Essilor and Luxottica on a range of topics from procurement to joint key account programs, joint sales protocols and deeper online integration.

Liquidity

The Company ended the quarter with Euro 4.9 billion in cash and short-term investments and a net debt of Euro 4.8 billion (including IFRS 16 – Leases liabilities). In addition, the Company has undrawn credit facilities of Euro 5.2 billion.

Dividend

The Board of Directors decided not to submit any dividend distribution proposal to the Annual Shareholders' Meeting of June 25, 2020. It will further assess the state of the business in the second half of the year and the efficacy of all the measures undertaken to face the COVID-19 outbreak. If the recovery is solid enough, the Board of Directors may propose a special dividend payment before the end of 2020.

Outlook

As announced on March 27, 2020 the Company's outlook for 2020, initially published on March 6, 2020 is no longer valid. At present, the Company has insufficient visibility to provide an assessment of the full impact of COVID-19 on its future activity, as the situation remains volatile. It is however likely that second quarter revenue and profitability will still be negatively impacted by the crisis, and more severely so than in the first quarter.

Conference call

No conference call will be held following the first quarter trading update.
Management is closely monitoring the evolution of the business conditions, in order to assess the impact of the COVID-19 on the next months. As soon as visibility improves, the Company will share its view with the financial market.

Forthcoming investor events

- June 25, 2020: Annual Shareholders' Meeting
- July 31, 2020: H1 2020 results and conference call
- November 3, 2020: Q3 2020 sales and conference call

Notes

1 Figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the previous year.

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 2019, EssilorLuxottica had over 150,000 employees and consolidated revenues of Euro 17.4 billion.

The EssilorLuxottica share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices.

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CONTACTS

EssilorLuxottica Investor Relations
(Charenton-le-Pont) Tel: + 33 1 49 77 42 16
(Milan) Tel: + 39 (02) 8633 4870
E-mail: ir@essilorluxottica.com

EssilorLuxottica Corporate Communications
(Charenton-le-Pont) Tel: + 33 1 49 77 45 02
(Milan) Tel: + 39 (02) 8633 4470
E-mail: media@essilorluxottica.com