

EssilorLuxottica

October 9, 2025

This report does not constitute a rating action.

EssilorLuxottica (EL) posted resilient results for first-half 2025, with sales up 5.5% year-on-year and reported EBITDA margins of 25.4%. The company navigated macroeconomic uncertainty and weakening consumer confidence, generating €14 billion in revenues and seeing sales increase (7.3% in constant currency). EMEA remained the strongest growth engine, with revenues up 8.8% year-on-year with both direct-to-consumer and professional solutions contributing. The commercial launch of Nuance Audio, following the FDA's approval in February 2025, supported volumes in the region. At the same time, an 8.8% increase in cost of sales versus first-half 2024 stemmed from higher import tariffs by the U.S. administration. Gross margins therefore dropped slightly to 63.1%, from 64.2%.

In our view, EL is well placed to mitigate the increasing volatility from trade tariffs in the U.S. Its solid market position is supported by its innovation capabilities and retail operations. We believe the group will rely on past investments in supply chain diversification and on pricing actions to offset the impact of tariffs on its profitability. Despite a drop in gross margins and a 3.9% increase in operating expenses, EL's reported EBITDA margin of 25.4% for first-half 2025 was only slightly lower than the 26% of June 2024.

S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses--specifically with regard to tariffs--and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts and reassess our guidance accordingly (see our research here: spglobal.com/ratings).

Our 'A' long-term issuer credit rating on EL is supported by its ability to fuel growth via innovation and its strong balance sheet. We continue viewing EL as the world leader in eyecare, which enjoys strong growth prospects from unmet needs in emerging markets, continuous improvement in optical lenses, and also a likely revolution coming from new digital technologies. We forecast EL's topline will grow 4.0%-5.0% in 2025 and in 2026, supported by continuous product launches. The commercial launch of Nuance Audio in U.S., Italy, France, the U.K., and Germany marked the group's entrance into the audiology space in the first quarter of 2025. It is also continuing its partnership with Meta. For example, in June 2025 the group launched Oakley Meta HSTN glasses, which integrate a hands-free camera, a speaker, and a connection with Meta AI. Such technologies are likely medium-term gamechangers. Lastly, on Sept. 25, 2025, EL obtained the U.S. FDA's approval for its Essilor Stellest lenses, which are now the only FDA-authorized, clinically-proven way to slow down myopia progression in children in the U.S. In our

Primary Contact

Francesca Massarotti
Frankfurt
49-69-3399-9130
francesca.massarotti@spglobal.com

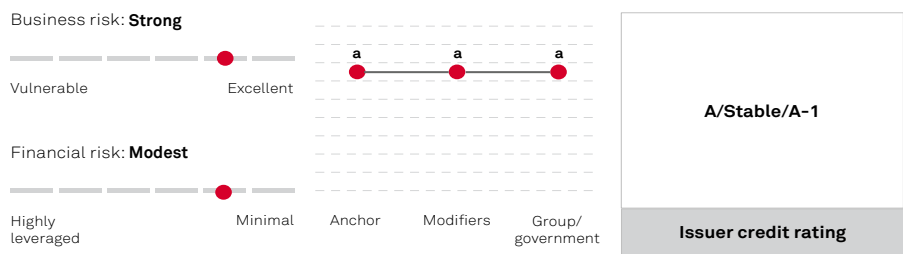
Secondary Contact

Nicolas Baudouin
Paris
33-14-420-6672
nicolas.baudouin@spglobal.com

view, innovation and product mix will also support the group’s EBITDA margins, which we expect will remain resilient at 25.5%–26.0%, also reflecting disciplined cost management. In our base case, we factor in the group maintaining leverage of 1.5x-2.0x over our forecast horizon, well in line with our ‘A’ issuer credit rating.

EL’s healthy financials and good rating headroom translate into financial flexibility and allow discretionary spending. Healthy free operating cash flow after leases of €3.0 billion-€3.5 billion over 2025-2026 should enable it to self-fund its shareholder remuneration. In our 2025-2026 base case, we include annual dividend payments of €600 million-€650 million, down from €1.2 billion in 2024, due to an increase in dividends paid in shares. EL is also conducting share buybacks, with the current program ending in October 2025. We believe share buybacks will remain a recurring aspect of EL’s capital allocation but also note these programs are small at less than €500 million per year. EL views strategic M&A as integral to its growth and has a track record of using M&A to strengthen its market leadership. We anticipate it will focus on value-accretive transactions that will broaden the owned brand portfolio and reach new consumer segments, accelerate its technological and innovation capabilities and reinforcing the integrated retail model across geographies. Our base case includes up to €1.5 billion annually for selective M&A.

Ratings Score Snapshot



Recent Research

- Full Analysis: [EssilorLuxottica](#), August 5, 2024.

Company Description

EL is a global manufacturer of lenses and eyewear, generating €26.5 billion of revenue and about €6.7 billion of adjusted EBITDA for the fiscal year ended Dec. 31, 2024. The group was created on Oct. 1, 2018, from the combination of France-based ophthalmic lens manufacturer Essilor and Italy-based eyewear manufacturer Luxottica. In 2021, EL acquired Grandvision, a large optical retail business, which has increased the group's position in Europe.

At end-2024, the revenue breakdown by geography was:

- North America (45%);
- Europe (37%);
- Asia-Oceania and Africa (12%); and

- Latin America (6%).

And, by business segment:

- Professional solutions (47%); and
- Direct to consumers (53%).

EssilorLuxottica S.A. is listed on Euronext Paris. As of Dec. 31, 2024, the shareholding structure was as follows:

- Public (mostly institutional investors): 63.14% of shares (64.1% voting rights);
- Delfin (Del Vecchio family holding): 32.26% of shares (31.4% voting rights);
- Employees and partners: 4.43% of shares (4.5%) voting rights; and
- Treasury stock: 0.17%

Outlook

The stable outlook reflects our expectation that EL's adjusted debt-to-EBITDA ratio will remain comfortably within the 1.5x-2.0x range over 2025-2026. This is notably thanks to a prudent financial policy regarding acquisitions and shareholder remuneration. We anticipate EL will continue to grow, leveraging its world-leading position in a market with supportive growth prospects.

Downside scenario

A more aggressive financial policy than we anticipate, which would lead to the group's leverage increasing above 2x, would pressure the current rating. In our view, a major new acquisition would be a likely trigger behind such a scenario.

Upside scenario

We could consider a higher rating if the company demonstrates substantial organic growth through the cycle, as well as expanding profitability. Under this scenario, S&P Global Ratings-adjusted debt to EBITDA would likely fall to 1.5x or below. In this case, a higher rating would be contingent on a solid commitment from the group to maintain such a level of leverage. We believe the group's current financial policy is more aligned with an 'A' rating, keeping the leverage ratio within the 1.5x-2.0x range.

Key Metrics

EssilorLuxottica--Forecast summary

Period ending	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. EUR)	2023a	2024a	2025e	2026f	2027f
Revenue	25,395	26,508	27,500-28,000	28,500-29,000	30,000-30,500
EBITDA	6,341	6,706	~7,050	~7,400	~7,700
Capital expenditure (capex)	1,531	1,522	1,600-1,700	1,500-1,600	1,500-1,600
Free operating cash flow (FOCF) – after leases	2,394	2,412	2,500-3,000	2,700-3,200	3,000-3,500
Dividends	598	1,255	619	650	650

EssilorLuxottica--Forecast summary

Share repurchases (reported)	271	274	420	450	450
Debt	10,543	12,230	12,000-12,500	11,500-12,000	10,000-10,500
Adjusted ratios					
Debt/EBITDA (x)	1.7	1.8	1.5-2.0	1.5-2.0	~ 1.5
Annual revenue growth (%)	3.7	4.4	4.0-5.0	4.0-5.0	4.0-5.0
EBITDA margin (%)	25.0	25.3	25.5-26.0	25.5-26.0	25.5-26.0

Financial Summary

EssilorLuxottica--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	17,390	14,429	19,820	24,494	25,395	26,508
EBITDA	3,968	2,773	4,951	6,317	6,341	6,706
Funds from operations (FFO)	3,350	2,305	4,208	5,252	5,289	5,543
Interest expense	184	143	113	162	214	266
Cash interest paid	116	112	125	125	136	181
Operating cash flow (OCF)	3,299	2,953	4,545	4,471	4,880	4,931
Capital expenditure	903	650	1,030	1,572	1,531	1,522
Free operating cash flow (FOCF)	2,396	2,303	3,515	2,899	3,349	3,409
Discretionary cash flow (DCF)	1,437	1,582	2,955	1,874	2,480	1,880
Cash and short-term investments	5,336	8,683	3,093	1,710	2,258	1,901
Gross available cash	5,336	8,683	3,093	1,710	2,258	1,901
Debt	5,052	3,847	10,766	11,590	10,543	12,230
Common equity	35,332	32,798	35,996	38,147	38,892	41,002
Adjusted ratios						
EBITDA margin (%)	22.8	19.2	25.0	25.8	25.0	25.3
Return on capital (%)	4.3	1.3	5.6	6.6	6.6	6.9
EBITDA interest coverage (x)	21.6	19.4	43.8	39.0	29.6	25.2
FFO cash interest coverage (x)	29.9	21.6	34.7	43.0	39.9	31.6
Debt/EBITDA (x)	1.3	1.4	2.2	1.8	1.7	1.8
FFO/debt (%)	66.3	59.9	39.1	45.3	50.2	45.3
OCF/debt (%)	65.3	76.8	42.2	38.6	46.3	40.3
FOCF/debt (%)	47.4	59.9	32.6	25.0	31.8	27.9
DCF/debt (%)	28.4	41.1	27.4	16.2	23.5	15.4

Peer Comparison

EssilorLuxottica--Peer Comparisons

	EssilorLuxottica	Alcon Inc.	Koninklijke Philips N.V.	LVMH Moët Hennessy Louis Vuitton S.E.
Foreign currency issuer credit rating	A/Stable/A-1	BBB+/Stable/--	BBB+/Stable/A-2	AA-/Stable/A-1+

EssilorLuxottica--Peer Comparisons

Local currency issuer credit rating	A/Stable/A-1	BBB+/Stable/--	BBB+/Stable/A-2	AA-/Stable/A-1+
Period	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR
Revenue	26,508	9,573	18,021	84,683
EBITDA	6,706	2,706	2,213	26,335
Funds from operations (FFO)	5,543	2,216	1,779	19,964
Interest	266	202	288	1,205
Cash interest paid	181	176	261	840
Operating cash flow (OCF)	4,931	2,006	1,329	18,933
Capital expenditure	1,522	647	436	5,531
Free operating cash flow (FOCF)	3,409	1,359	893	13,402
Discretionary cash flow (DCF)	1,880	1,233	479	5,768
Cash and short-term investments	1,901	1,767	2,401	13,587
Gross available cash	1,901	1,767	2,401	13,587
Debt	12,230	3,567	6,432	31,422
Equity	41,002	20,818	12,043	69,287
EBITDA margin (%)	25.3	28.3	12.3	31.1
Return on capital (%)	6.9	6.0	4.6	20.5
EBITDA interest coverage (x)	25.2	13.4	7.7	21.9
FFO cash interest coverage (x)	31.6	13.6	7.8	24.8
Debt/EBITDA (x)	1.8	1.3	2.9	1.2
FFO/debt (%)	45.3	62.1	27.7	63.5
OCF/debt (%)	40.3	56.2	20.7	60.3
FOCF/debt (%)	27.9	38.1	13.9	42.7
DCF/debt (%)	15.4	34.6	7.4	18.4

Rating Component Scores

Foreign currency issuer credit rating	A/Stable/A-1
Local currency issuer credit rating	A/Stable/A-1
Business risk	Strong
Country risk	Low
Industry risk	Low
Competitive position	Strong
Financial risk	Modest
Cash flow/leverage	Modest
Anchor	a
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	a

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [ARCHIVE | Criteria | Corporates | General: Corporate Methodology](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [ARCHIVE | Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Nov. 13, 2012
- [General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating](#), Oct. 1, 2010

Copyright © 2025 Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.