EssilorLuxottica: ‘See more, be more, live life to the fullest’

25th September 2019
Disclaimer

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<th>Time</th>
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<td>Our perspective on the industry</td>
<td>Chiara Occulti, Grita Loebsack</td>
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<td>EssilorLuxottica today: key highly complementary assets</td>
<td>Paul du Saillant</td>
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<td>Chrystel Barranger, Leonardo Maria Del Vecchio</td>
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<td>• Transitions in EssilorLuxottica retail</td>
<td>Grita Loebsack, Chiara Occulti</td>
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<tr>
<td>• Branded lenses and complete pair</td>
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<tr>
<td>Developing new go-to-market approaches</td>
<td>Bernhard Nuesser, Paolo Alberti, Eric Thoreux</td>
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<td>• New digital consumer experience</td>
<td></td>
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<tr>
<td>• Addressing myopia in China</td>
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</tr>
<tr>
<td>Guidelines on financial targets</td>
<td>Hilary Halper, Stefano Grassi</td>
<td>~20’</td>
</tr>
<tr>
<td>Q&amp;A session</td>
<td></td>
<td>~30’</td>
</tr>
<tr>
<td>Exit canapés and drinks</td>
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</tbody>
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WELCOME AND INTRODUCTION

Laurent Vacherot & Francesco Milleri
EssilorLuxottica’s mission:
‘See more, be more, live life to the fullest’

See well:
Vision correction and protection

Look good:
Full branded offer

Address all client needs… At every price point… Everywhere in the world
EssilorLuxottica’s strategic vision: key pillars to shape the future of the industry…

Playing as a network company

Creating value for our customers and consumers

Bringing cutting edge innovation

Embedding sustainability to the core

… contributing to accelerate the market growth
Evolving from product manufacturer to an integrated network company

Developing our ecosystem through a global open digital network

- Open global digital network
- Access to all ~500k industry players
- Full range of products and services
- Reinvented supply chain
- Sharing synergies with all players

Offering a new consumer experience across channels

- Improved industry efficiency to the benefit of consumers
- Engaging consumer experience
- Omnichannel approach
- Analytics and Big Data for all

A unique industry with disparity in scale among players
EssilorLuxottica’s strategic vision: key pillars to shape the future of the industry...

Playing as a network company
Creating value for our customers and consumers
Bringing cutting edge innovation
Embedding sustainability to the core

... contributing to accelerate the market growth
Main trends driving growth in the Eyecare and Eyewear industry

1. Demographics & lifestyle change
2. Under-penetration
3. Branding & Premiumization
4. Retail transformation
Middle class in Fast-Growing Markets is driving population growth

- High net worth
- Middle class
- Disadvantaged

Global population
M people

- 2010: 6,800
- Today: 7,600
- 2030: 8,400

Share of middle class from Asia
%

- 2010: 29%
- Today: 54%
- 2030: 65%

1 Daily spending per person above $110 in 2011 Purchasing Parity Power (PPP)
2 Daily spending per person between $11 and $110 in 2011 PPP
3 Daily spending per person below $11 per day per person in 2011 PPP

SOURCE: World Bank
Myopia reaching epidemic levels, with half of the world’s population affected by 2050

Growing myopia prevalence
People, % of global population

<table>
<thead>
<tr>
<th>Year</th>
<th>Myopia</th>
<th>High myopia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>~34%</td>
<td>0.4 Bn</td>
</tr>
<tr>
<td>2010</td>
<td>34%</td>
<td>0.9 Bn</td>
</tr>
<tr>
<td>Today</td>
<td>~50%</td>
<td>~50%</td>
</tr>
<tr>
<td>2030</td>
<td>~50%</td>
<td>~50%</td>
</tr>
<tr>
<td>2040</td>
<td>~50%</td>
<td>~50%</td>
</tr>
<tr>
<td>2050</td>
<td>~50%</td>
<td>~50%</td>
</tr>
</tbody>
</table>

1 Global population of ~7.6 billion people in 2020 and 10 billion people in 2050
SOURCE: Brian Holden Institute

Why?
- Indoor lifestyle
- Genetics
- Prolonged exposure to screens

Risks
- Impaired learning & development
- Everyday safety
- Serious eye disease

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Presbyopia affecting ~40% of world population by 2050

Growing presbyopia prevalence
People, % of global population

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2010</th>
<th>Today</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Bn</td>
<td>2.3 Bn</td>
<td>4.1 Bn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Why?

- Ageing population
- Prolonged exposure to screens

Risks

- Eye fatigue
- Loss of productivity
- Loss of quality of life

1 Global population of ~7.6 billion people in 2020 and 10 billion people in 2050
SOURCE: United Nations, internal analysis
Large untapped opportunities in vision correction and protection

- **7.6 Bn** people worldwide
- **4.6 Bn** (60%) require vision correction
- **2.6 Bn** uncorrected
- **1.4 Bn** equipped with sunglasses (18%)
- **6.2 Bn** unequipped

**SOURCE:** Internal estimates
Additional opportunities in value added lenses

Penetration of value added lenses on total prescription lenses

- Global penetration
- Highest penetration

<table>
<thead>
<tr>
<th>Feature</th>
<th>Global Penetration (%)</th>
<th>Highest Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polarisated</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>Sun Rx</td>
<td>6%</td>
<td>30%</td>
</tr>
<tr>
<td>Photo-chromic</td>
<td>10%</td>
<td>25%</td>
</tr>
<tr>
<td>Progressive</td>
<td>15%</td>
<td>36%</td>
</tr>
<tr>
<td>Blue-cut</td>
<td>16%</td>
<td>43%</td>
</tr>
<tr>
<td>Thin (index&gt;=1.6)</td>
<td>21%</td>
<td>64%</td>
</tr>
<tr>
<td>Anti-reflective</td>
<td>100%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: Internal estimates
**Significant upside potential in Eyecare and Eyewear spend**

Consumer Consumption per Capita (Index)

<table>
<thead>
<tr>
<th></th>
<th>Mature Market example: United states</th>
<th>Mature Market example: France</th>
<th>Fast-Growing Market example: China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eyecare and Eyewear</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Shoes</td>
<td>192</td>
<td>174</td>
<td>417</td>
</tr>
<tr>
<td>Dentistry</td>
<td>306</td>
<td>180</td>
<td>83</td>
</tr>
<tr>
<td>Apparel¹</td>
<td>317</td>
<td>454</td>
<td>996</td>
</tr>
</tbody>
</table>

¹ Only includes women apparel

SOURCE: Internal analysis
Brand importance growing and driving industry growth

**Reasons for purchase**

**Functional**
Choice, Price, Quality

**Emotional**
desire, differentiation, status, affiliation, identity

Selfie culture
Social media/community

**Distribution channel**

**Search Engine Optimization**

**Physical stores**
(chains, mono-brand, independent…)

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Brands that make an impact are catalysts for category growth...

...and even more within younger generations as they need honest allies sharing their values and bringing value to their daily lives.

**HOW?**

1. **Meaning**
   Meeting the consumer’s functional and emotional needs in ways that are relevant and create affinity

2. **Difference**
   Stand out from other brands, being distinctive, even trendsetting

3. **Saliency**
   Amplify the meaningful difference through advertising, social media, retail shelf position to become top of mind

- Celebrating fluid identities and encouraging diversity
- Encouraging curiosity
- Helping them to feel good and have fun
- Embracing imperfection
- Empowering them to further their causes
- Inspiring their imagination

- Meeting the consumer’s functional and emotional needs in ways that are relevant and create affinity
- Stand out from other brands, being distinctive, even trendsetting
- Amplify the meaningful difference through advertising, social media, retail shelf position to become top of mind
Access can be improved in Fast-Growing Markets

# inhabitants per optical retail outlet

1 Including Russia
SOURCE: Internal estimates

- North America: 7k
- Europe: 7k
- Greater China: 21k
- Asia-Pacific Fast-Growing Markets: 27k
- Asia-Pacific Developed Markets: 10k
- Brazil: 8k
- Rest of Latin America: 13k
- Africa and Middle East: 80k
- India: 41k

5,000 to 10,000
10,000 to 30,000
More than 30,000
Retail in the industry is fragmented, independents account for more than half of the market

Independent stores sales as percentage of Eyecare and Eyewear industry retail sales

<table>
<thead>
<tr>
<th>Region</th>
<th>Independent Stores Sales as %</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>42%</td>
</tr>
<tr>
<td>Europe</td>
<td>53%</td>
</tr>
<tr>
<td>China</td>
<td>50%</td>
</tr>
<tr>
<td>India</td>
<td>90%</td>
</tr>
<tr>
<td>Developed AMERA¹</td>
<td>62%</td>
</tr>
<tr>
<td>Latin America</td>
<td>81%</td>
</tr>
<tr>
<td>Other FGM</td>
<td>88%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56%</strong></td>
</tr>
</tbody>
</table>

¹ Asia, Middle East, Oceania and Africa

SOURCE: Internal data
Retail improving customer experience

Vision care retail (e.g., independent ECPs, alliances)

Multi-brand retailers

Mono-brand omnichannel

Online-only players

From a need-based purchase to pleasure/desire driven purchase
The Eyecare & Eyewear industry is expected to grow at 3-4%, but could represent €300 Bn after transformation

- **Demographics**
- **Underpenetration**
- **Branding / premiumisation**
- **Access and retail transformation**

Note: rounded figures; growth driven by demography, GDP per capita and convergence to best in class

SOURCE: Internal analyses

EssilorLuxottica to play as accelerator of the industry growth
ESSILORLUXOTTICA TODAY: KEY HIGHLY COMPLEMENTARY ASSETS

Paul du Saillant
WE ARE A UNIQUE PLAYER...
... that is truly global

2018 Revenue: €16.2 Bn

Top 12 countries account for over 80% of revenue
1. USA
2. France
3. Greater China
4. Italy
5. UK
6. Australia
7. Germany
8. Brazil
9. Canada
10. Japan
11. Spain
12. India

North America 52%
Europe 25%
Latin America 6%
Asia, Oceania, Africa 17%

Fast-Growing Markets 19%
... with a portfolio of flagship brands covering all segments

<table>
<thead>
<tr>
<th>Lens Brands</th>
<th>Frame Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transitions</td>
<td>OLIVER PEOPLES</td>
</tr>
<tr>
<td>Crizal</td>
<td>GIORGIO ARMANI</td>
</tr>
<tr>
<td>Nikon</td>
<td>PRADA</td>
</tr>
<tr>
<td>COSTA</td>
<td>alain mikli</td>
</tr>
<tr>
<td>OAKLEY</td>
<td>PARIS</td>
</tr>
<tr>
<td>Tiffanys &amp; Co.</td>
<td>DOLCE &amp; GABBANA</td>
</tr>
<tr>
<td>VARILUX</td>
<td>ARNETTE</td>
</tr>
<tr>
<td>Persol</td>
<td>STEROFLEX</td>
</tr>
<tr>
<td>Xperia</td>
<td></td>
</tr>
<tr>
<td>SHAMIR</td>
<td>BOLON</td>
</tr>
<tr>
<td>KODAK Lens</td>
<td>aojo</td>
</tr>
<tr>
<td>FOSTER GRANT</td>
<td>MOLSION</td>
</tr>
<tr>
<td>2.5 NVG</td>
<td></td>
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</table>

Premium

Entry
... present in both direct and indirect distribution channels in more than 150 countries

**North America**
- ~4,400 retail stores
- 7 physical banners
- 6 online banners

**Europe**
- ~1,100 retail stores
- 5 physical banners
- 7 online banners

**Latin America**
- ~2,500 retail stores
- 7 physical banners
- 2 online banners

**Asia, Oceania, Africa**
- ~2,800 retail stores
- >10 physical banners
- 2 online banners

11,000 Stores
17 Online banners
Managed Vision Care

12,000 Inclusive Retail Providers
400K ECP & retail customers
… with a powerful supply chain covering both frames and lenses

270 M Pairs of prescription lenses

170 M Optical frames and sunglasses

- 14 Frame/sunglass manufacturing facilities
- 29 Prescription lens production plants
- 3 Sun lens production plants
- 8 Integrated prescription laboratories
- 18 Distribution centers
- 480 Local prescription laboratories

As at September 2019

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... leveraging the talent and the skills of 150,000+ engaged employees

North America
~55,500 employees

Latin America
~14,500 employees

Europe
~28,500 employees

Asia, Oceania, Africa
~53,500 employees
COMBINING THESE HIGH VALUE ASSETS
Innovation: EssilorLuxottica to combine frames and lenses

**Enhancing vision**
Next generation solutions for
- Myopia control
- Presbyopia
- Light management
- 2.6B uncorrected consumers

**Powering style**
- Fashionable designs to suit all preferences
- Better comfort
- Frame and lens combinations

**Revolutionizing eye exams**
- Digitally integrated
- Greater precision
- Remote e-refractions

**Making eyewear smart**
- E-chromic
- Integrating digital/artificial intelligence into eyewear
Customers/Consumers: EssilorLuxottica to reshape consumer journey

**Awareness**

Inform and guide consumers
- Informative websites
- Drive to Store
- Omnichannel solutions

**Convenience**

Digitally enhanced in-store experience
- Digitally-enabled stores
- Digitalized frame offers
- New generation of instruments

**Access**

Solutions for all price points, channels and segments
- Engage on Vision and Lifestyle
- Cover all needs
- Comprehensive go-to-market direct and indirect
Supply chain: EssilorLuxottica to integrate frames and lenses

Simplification and improved service:
- Standardization and automation
- Footprint optimization
- Complete pair offering
- 48h service

Leading to:
- Lower costs
- Reduced obsolescence
- Faster delivery

Complete jobs served by EssilorLuxottica’s supply chain per year

Prevents out of stock | Shortens delivery time | More cost efficient

2008: 1 M
2013: 3 M
2018: 17 M
2022: > 50 M
Combining our assets to accelerate growth and drive efficiencies

➢ Unlock market growth
➢ Serve consumers in all segments and price points
➢ Deliver balanced growth in value Wholesale / Retail and developed Markets / FGM
➢ Increase FGM presence
➢ Improve costs, service and asset utilization
Combining our assets in these unique ways boosts awareness and access, serving our Purpose / Mission

See more, be more and live life to the fullest
Integration: the path to build our future

➢ A strong model in place to drive integration
➢ Progress and achievements systematically tracked
➢ 20+ priority workstreams and strategic initiatives already launched
➢ A unique team of 40+ top executives
➢ Creation of our new foundation around common values and commitments to build a unified company

On track to achieve synergy targets
A strong model in place to drive the integration

Integration Committee

Top management
- Strategic guidelines & Decision making

Integration Management Office

Integration leaders
- Overall integration process management

Integration workstreams

Workstream owners
- Operational initiatives and execution

A lean and efficient integration machine to deliver our targets
First steps to build one unified company

➢ **One single IT Platform**: launched pilot in Italy
➢ **One single lab network**: integration ongoing
➢ **Shared back office activities**: developed a plan for the US
➢ **Co-location**: systematic review of headquarters locations
➢ **Common shareholding plan**: launching this September
Workstreams and initiatives have been launched

Revenues

- Innovation: Foster product development and technology disruption
- Cross-selling: Maximize our highly complementary businesses
- Business development: Capture new opportunities to expand our businesses

Efficiency

- Supply chain and infrastructure: Unify our operations and systems
- G&A: Improve our cost efficiency levels
Key examples of the ongoing integration

- Transformation of supply chain into a single network
- Innovation and R&D New protocol to boost retail opportunities
- Transitions in EssilorLuxottica retail
- Branded lenses and complete pair
- New digital consumer experience
- Addressing myopia in China

Giorgio Striano
Federico Buffa
Norbert Gorny, Arnaud Ribadeau Dumas
Chrystel Barranger
Leonardo Maria Del Vecchio
Chiara Occulti
Grita Loebhacker
Paolo Alberti
Bernhard Nuesser
Eric Thoreux
DEVELOPING A POWERFUL SHARED INFRASTRUCTURE
Transformation of supply chain into a single network

Giorgio Striano
Transformation into a single supply chain (1/2)

Sourcing activities

Synergies coming from the combined spending of overlapping categories and using best practice applied by both parties - leveraging not just joined negotiation but looking at value engineering activities to improve service and develop supplier base:
- Raw Materials
- Contact Lenses
- Packaging Materials
- Consumable
- Tools
- Logistic

Insourcing activities

Maximize purchasing of products between Essilor & Luxottica in comparison with 3rd party companies:
- Rx lenses: Luxottica moving from 45% to >85% Essilor product (75% already implemented)
- Equipment: implementing Essilor technology in Luxottica prescription laboratories
- Frame manufacturing: using Luxottica factories to produce Essilor frames (i.e., Costa del Mar)
- Polarized wafer
- Special finished lenses
- Plano lenses

>6% Reduction in addressable spending
Transformation into a single supply chain (2/2)

Adopting EssilorLuxottica technology to elevate our joint product offer and services:

- **Design to match**: combine frame and lenses design to create an improved experience for complete job
- **Grow in Light Management technology** to support Transition, Oakley Prizm, Ray-Ban Chromance expansion in RX
- **Enlarge Multifocal Lenses portfolio** manufactured in Luxottica labs to increase product offer into our store (75% already active)
- **Grow Sun Rx offer** to enhance experiences consistent with Plano version (same protection, same colors, same logo)
- **Standardize technologies** Anti Reflective and Anti Scratch Premium Coating across all EssilorLuxottica lab network

Combine Essilor equipment with Luxottica automation technology to enhance quality and productivity increase across all the network:

- **Standardize equipment platform** to support know-how transfer and best practice sharing
- **Adopt in Essilor labs block of Luxottica automation module** to increase quality and productivity
- **Establish a common fully integrated IT (ERP+LMS+Calculator) platform** to support flexibility in the entire EssilorLuxottica network
A single Rx lab network maximizing efficiency, agility and competitiveness

Building a single network of EssilorLuxottica labs to better serve our customers developing complete pair, Sun Rx and e-commerce offers:

- **Standardize processes** including automation and IT, unified set of KPI
- **Optimize production cost** (fixed cost and lab productivity) and support improved business continuity plan
- **Improve asset utilization** and reinforce proximity: Luxottica retail supplied by local Essilor lab (e.g., Chile, Colombia, India, Australia)
- **Consolidate planning, distribution and delivery** of frames and lenses, and improve replenishment
- **Accelerate Innovation and shorten time to market**: faster new product phase-in and phase-out management, same day delivery

As a result we will achieve:

- D+2 days in store
- Reduced Working Capital
- Improved Quality
- >3% saving mfg transformation cost coming from footprint consolidation and efficiencies in industrial lab for best practice sharing
Lab Network to enable new commercial offer and greater service

**Current Rx footprint**

- **Europe**: 13 M Jobs
- **Gr China**: 3 M Jobs
- **Canada**: 2 M Jobs
- **LatAm**: 5 M Jobs
- **ELOA**: 14 M Jobs
- **AMERA**: 17 M Jobs
- **Export Labs 26 M Jobs**

**Key indicators**

- 80 M jobs (72M surfaced)
- 8 Export Labs covering 35% of needs

**Integrating EssilorLuxottica Rx footprint will consolidate position as world leader in Rx and fasten synergy capture**

- **11+ M jobs**
- **4 integrated hubs covering 45% of needs**
Integrating Costa into Luxottica frame network

Sales increase and margin x2

Leveraging Luxottica assets to accelerate Costa journey in becoming a global brand:

- Using Luxottica frame and lens factories to enhance faster product development and greater execution
- Leveraging Luxottica logistic network for a more efficient and wider distribution
- Wholesale integration across sport, optical, department store, travel retail channel
- Increase expansion in our retail stores
INNOVATION AND R&D

Federico Buffa & Norbert Gorny
How we innovate together at EssilorLuxottica

- One common vision unifying two approaches
  Create unique customer and consumer experiences

- A powerful global R&D network
  Updated Footprint

- 5 + 1 strategic pillars to drive innovation
  Aligned and coordinated

Already 40 R&D Projects under co-development

Examples of joined research efforts:

- Changing the consumer experience for children
- The myopia challenge
- Electro-chromic lenses
One common vision unifying two approaches

**ESSILOR**
Innovate to continuously improve correction, protection, and preservation of everyone’s vision
A powerful global R&D network

Supported by leading scientific, industrial and academic communities

- **Headcount**: 900
- **New Patents/year**: 130
- **New Product Output/year**: >2,250
5 + 1 strategic pillars to drive innovation

Empowering people to ‘See more, be more, live life to the fullest’ by...

**Joint product R&D**

- **Branded Product Strategy (F + L)**
  - ...providing vision solutions that harmonize branded Frames and Lenses

- **Sun 2.0 (Plano and Rx)**
  - ...reinforcing our worldwide leadership in sun lenses through joint innovation

- **Smart Eyewear**
  - ...preserving our strength with new digital products

- **Optical Techno**
  - ...investing in a common process and product platform

- **Kids and Youth**
  - ...creating a new, fun and unique journey for kids and youth to guide them to approach the best optical solutions

- **Sustainability**
  - ...searching for low impact materials, processes and technologies
Changing the consumer experience for children

The perfect complete pair just for them starting from 2020

Ray-Ban kids
Ray-ban kids play hard. We built the perfect complete pair just for them!

Oakley youth
Oakley’s youth blends optical performance with style to endure the daily activities of young active lives

Vogue junior
A new dedicated line for Vogue junior to re-juvenate fashion in the category

EXCLUSIVE NON-TOXIC MATERIAL
COLOURFUL PALETTE
ADJUSTABLE TEMPLE TIPS
SAFETY LENS RETENTION
IMPACT RESISTANT POLICARBONATE LENSES
SPECIFIC DESIGN
HARMFUL BLUE LIGHT PROTECTION
SCRATCH RESISTANCE
The myopia challenge

Promising new technology to manage myopia progression

Peripheral defocus in myopic eyes creates a signal behind retina

The new lens technology manages peripheral defocus

Light focused behind the retina is a trigger for myopia progression

Specially designed lenses create a defocal area in front of the retina

➢ New technology with invisible microlens arrays
➢ Two ongoing clinical tests
➢ Very encouraging results
➢ More than ten patents pending
➢ Market launch in 2020
Electro-chromic lenses
We developed a proprietary Electro-chromatic technology platform

Technological Platform

- Lens shield
- Battery, Electronic & Sensors
- Prescription Lens

Enabling infinite product opportunities

- e-chromatic for sports
- e-chromatic for sunwear
- e-chromatic for everyday
- e-chromatic for Augmented Reality
- e-chromatic for e-sports
- e-chromatic for driving
- e-chromatic for professionals
- e-chromatic for health care
INNOVATION AND R&D
New eye exam technology to boost retail opportunities

Arnaud Ribadeau Dumas
EssilorLuxottica is re-designing the consumer experience to maximize consumer satisfaction and retail value

Instruments + Protocols + Lenses + Frames + Digitalization

Improved in store consumer experience ...

Welcoming
Screening & Diagnosis
Refraction

Delivering & following
Personalizing & Fitting
Product selection
Lens + Frame

... to maximize consumer satisfaction and retail value

Traffic
Conversion
Trade up
Efficiency
Best experience, combining EssilorLuxottica’s new eye exam, precise vision and amazing look

High refraction precision…

…for enhanced vision accuracy and best complete pair fit and look

0.01D Refraction

AI guided algorithm

Easy to practice for ECP

Real life experience

Personalized fitting Lens+Frame
Promising results and tremendous potential

➢ Traffic & loyalty: new unique experience
➢ Conversion: see the difference of precise vision
➢ Trade up: categories demonstration in real life
➢ Efficiency: returns reduction
➢ New models: delegation to non specialists, specially in FGM

"I've got to be honest these lenses are amazingly clear. Truly edge to edge clarity, script is spot on!"

Testimonials from customers

We have had many calls for people who wanted to have the new precision measurement

Customers would definitely pay for this

VisionR800 & AVA brings important distinction from competitors. This is unique selling point

1 SOURCE: Internal market test
COMBINING OUR ASSETS TO BOOST GROWTH
Transitions in EssilorLuxottica retail

Chrystel Barranger & Leonardo Maria Del Vecchio
VISIONARY BRAND
Beyond correction, master of light since the 90’s

GENIUS TECHNOLOGY
Automatically adapting to changing light. Transitions lenses darken when outdoors and return back to clear when indoors.

EYE PROTECTION
UV - Harmful Blue Light - Glare
Brightest Lights - Brutal Changes
Transitions is a major group asset

A Global Category
CHAMPION

Light Intelligence
LEADER

Most Advanced
TECHNOLOGY

Added Value
GROWTH ENGINE

4B$ PHOTOCHROMIC CONSUMER VALUE

70% OF PHOTOCHROMIC VALUE GENERATED BY TRANSITIONS TECHNOLOGY

GEN8 BEST OVERALL PERFORMANCE

+7% ESSILOR VOLUME GROWTH 18

1 SOURCE: InfoMarche & BCG Analysis
Huge growth potential at reach

Recruiting new wearers & unlocking ECP recommendation

- Low Global Penetration: 10% photochromic penetration on clear lenses
- High Users Satisfaction: 85% repurchase rate
- Largely Preferred: 8/10 prefer GEN8 by clear lenses wearers
- Consumers: not often proposed by ECPs
An ambition to become an everyday optical lens standard.

LIGHT EXPOSURE

A GLOBAL HEALTH CHALLENGE
Better eye protection: a pressing need

LIGHT INTELLIGENT LENSES
#seethedifference

9/10 DECLARE THEY ARE LIGHT SENSITIVE
Brand rejuvenation & breakthrough innovation
TO RECRUIT NEW WEARERS

- NEW COMMUNICATION
- NEW GEN8
- NEW COLORS & MIRRORS
- NEW CATEGORY SPEECH
- NEW ACUVUE OASYS WITH TRANSITION

LIGHT UNDER CONTROL
NEW FRONTIER OF PERFORMANCE
LIGHT UP YOUR STYLE
PROTECT YOUR EYES
CATEGORY EXPANSION
The store is the critical touch point to recruit new wearers

Joint collaboration to accelerate penetration gain at group retail

**DRIVING TO THE STORE**
Consumer Awareness & Interest

**CONVERSION IN STORE**
Transitions Visibility, ECP Recommendation & Product demonstration
salmoiraghi & viganò – The leading multi-brand retailer in Italy

400+ Stores

High-single digit Revenue growth

#1 Awareness among retailer brands

90+% In Milan
80+% In Italy
...and the engagement of our whole team

~2,000 Employees involved

~36,000 Hours of trainings already delivered
Impact has been achieved with a strong in-store execution…

Advertising  In-store Lens simulator on iPad  Direct marketing to client base
Transitions™ in salmoiraghi & viganò – A success story

Penetration of photochromatic lenses since joint initiative launch

**Single Vision**

<table>
<thead>
<tr>
<th></th>
<th>Market</th>
<th>S&amp;V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>S&amp;V</td>
<td>13.0%</td>
<td>&gt;2X</td>
</tr>
</tbody>
</table>

Growing at ~25p.p. faster than the market

**Multi-focal**

<table>
<thead>
<tr>
<th></th>
<th>Market</th>
<th>S&amp;V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>27.0%</td>
<td></td>
</tr>
<tr>
<td>S&amp;V</td>
<td>35.0%</td>
<td>+30%</td>
</tr>
</tbody>
</table>

Growing at ~10p.p. faster than the market

~20% of total lens sales
COMBINING OUR ASSETS TO BOOST GROWTH
Branded lenses and complete pair

Grita Loebsack & Chiara Occulti
Our brands drive value and differentiation

€8.4 Bn Retail Value<sup>1</sup> +4% 2018

1 Internal estimate
Our brands improve satisfaction

- ~2× more HIGHLY SATISFIED wearers with Varilux lenses compared to other progressive lenses¹

- 9/10 Crizal wearers are VERY SATISFIED vs only 4/10 generic coating wearers

- 87% of wearers are SATISFIED with their Transitions lenses

¹ Global studies conducted between 2009 and 2017 on 1903 wearers (n = 18 studies)
Our brands are category developers

Varilux inventor of the PAL category

Crizal leading the anti-reflective category

Eyezen inventing a new category of lenses for connected life

350M wearers equipped over 60 years

1 pair of Crizal lenses sold every second worldwide

+30% growth per year since the launch

710 M lenses with Crizal coating sold since 1992

SOURCE: Essilor internal sales data
PREFERRED VISION BRAND
WORLDWIDE, CAPITALIZING ON ITS CORE TECHNOLOGY AND BRANDS
VARILUX•CRIZAL•EYEZEN
Driving desirability across 4 key targets

Doctors

ECPs

Managed Care

Consumers
### Essilor brand has 90+% awareness among ECPs

<table>
<thead>
<tr>
<th>#1</th>
<th>Most recommended by ECPs</th>
<th>41%</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>ECPs trust the most</td>
<td>43%</td>
</tr>
<tr>
<td>#1</td>
<td>Sets industry standards</td>
<td>53%</td>
</tr>
<tr>
<td>#1</td>
<td>Advanced technology</td>
<td>47%</td>
</tr>
</tbody>
</table>

**SOURCE:** 958 IECP’s – CSA – Feb 2018 – 10 countries
CONSUMERS WANT TO FEEL EMPOWERED

The quality of lenses is among the most important criteria when purchasing corrective eyeglasses.
### Why Ray-Ban prescription? Maximise the ‘complete pair’ opportunity

<table>
<thead>
<tr>
<th>From an ‘assembled’ product-service…</th>
<th>To a fully customized factory product</th>
</tr>
</thead>
<tbody>
<tr>
<td>A fragmented process</td>
<td>Your Ray-Ban Complete pair</td>
</tr>
<tr>
<td>An assembled product</td>
<td></td>
</tr>
<tr>
<td>Re-assembled product</td>
<td></td>
</tr>
</tbody>
</table>

Complete pair opportunity – Extremely high consumer appeal of the Ray-Ban concept

With Ray-Ban, 8 out of 10 embrace the new opportunity

<table>
<thead>
<tr>
<th>Complete Pair</th>
<th>Ray-Ban Complete Pair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopting</td>
<td>48%</td>
</tr>
<tr>
<td>Rejecting</td>
<td>52%</td>
</tr>
<tr>
<td></td>
<td>83%</td>
</tr>
<tr>
<td></td>
<td>17%</td>
</tr>
</tbody>
</table>

Same brand
From a functional item…
Ray-Ban concept
…to an emotional bond

Complete pair opportunity – Address vision correction seekers’ hidden ‘pain points’

<table>
<thead>
<tr>
<th>Different entry points for sun &amp; clear</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sun</strong></td>
</tr>
<tr>
<td>Maintain authenticity &amp; originality</td>
</tr>
<tr>
<td>Rx-ability in sun x2 next year</td>
</tr>
<tr>
<td>Same color as plano</td>
</tr>
<tr>
<td>Same product ‘aesthetic’ as plano</td>
</tr>
<tr>
<td>Same shopping experience as plano</td>
</tr>
<tr>
<td><strong>Clear</strong></td>
</tr>
<tr>
<td>Guarantee of perfect fit ‘Frame + Lenses’</td>
</tr>
<tr>
<td>Authentic Ray-Ban logo</td>
</tr>
<tr>
<td>Perfect fit: each lens is cut to fit the frame perfectly</td>
</tr>
<tr>
<td>Elevate the single vision offer</td>
</tr>
</tbody>
</table>
Complete pair market opportunity – Maximise appeal and potential (1/2)

Combine the best of Luxottica & Essilor capabilities and expertise

Best of brands

Best of lens expertise

SOURCE: Ray-Ban Brand Tracker, 2018
Maximise attachment rate to Ray-Ban frames across clear and sun

Create market demand by addressing consumer need for a unique & authentic Ray-Ban sun look
Oakley complete pair opportunity

Strategic vision
Become the #1 prescription brand for the committed¹, on and off the field, by offering Oakley authentic complete pair for sun and clear

A unique Oakley product built specifically for your needs

¹ Oakley primary consumer target
Oakley Prizm lens technology

See more with Prizm
The most advanced contrast enhancing lens technology for sports environments

Premium technology
Average price Prizm Sun is €21 higher than non-Prizm (ca. 15% premium)

Lens technology platform
Prizm Sun mix 12% to 59% in 4 years
DEVELOPING NEW GO-TO-MARKET APPROACHES
New digital consumer experience

Bernhard Nuesser & Paolo Alberti
Digital influences all sales...

- **Discovery happens online**
- **Digital experience drives choice of retailer / brand**
- **Technology enhances experience**

- **72%**
  - online discovery in North America

- **89%**
  - of North American consumers choose a retailer based on a great digital experience

- **Majority**
  - of consumers aged 18-34 declare AR/VR enhances experience

Source: Google | Deloitte 2019 online consumer survey, EssilorLuxottica analyses
Developing omnichannel opportunities

USA example

Lead Online presence

- Content
- Retail.com
- Brand.com
- E-commerce
- Managed Care

Connected in a multi-touch approach

Leading Retail ecosystem

- Partners / Franchise
- Owned retail
- E-commerce

>100M unique visitors

>10,000 stores

Building a unified Data Platform

~50M consumers

SOURCE: Internal estimates
Key technologies to stitch the ecosystem together

**Web-to-store**
- Store locators
- Driving Eye Exam Appointments

**Web-to-web**
- Linking ➔ SEO benefits and cross property conversion
- Re-targeting

**CRM**
- Audience sharing ➔ social networks and retargeting
- Consumer data and understanding
- Consumer marketing
New digital consumer experience
(Digital tools for wholesale and retail customers)

“Don’t convert an old store... into a new old store”
... the journey continues

TRANSFORMING THE INDUSTRY FROM WITHIN

ELEVATING CONSUMER EXPERIENCE
DEVELOPING NEW GO-TO-MARKET APPROACHES
Addressing myopia in China

Eric Thoreux
Chinese Eyecare and Eyewear industry is already large and shows huge potential

Eyecare and Eyewear industry value, €Bn

Source: Internal analyses

#1
WW market by volume

#2
by value

Growth drivers:
- Myopia
- Middle class
- Urbanization
- New channels
- Premiumization
- Digital consumer
Leading China myopia battle via consumer understanding

- Rapid increase (-1.00 D/year)
- High prevalence (80% myopes among 18 y.o. in universities)
- Increase of high myopia
- Exponential risk of retinopathy

1 Based on the results of National Health Commission 2018 Student Myopia Survey
EssilorLuxottica tackling myopia with an integrated go-to-market effort

Unique go-to-market

- Government collaboration
- Consumer awareness
- Ecosystem partnership
- ECP professionalization
- Digital acceleration

Joint innovation

<table>
<thead>
<tr>
<th>Kids and teens</th>
<th>Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Luxottica and Essilor kids frames</td>
<td>• Elevating Lenses</td>
</tr>
<tr>
<td>• Myopia control lens leadership: Myopilux, new innovations</td>
<td>• Switching 45M mid tier frames to branded</td>
</tr>
<tr>
<td>• Shanghai School Association partnership</td>
<td><strong>Eyezen</strong>, <strong>Transitions</strong>, <strong>Crizal</strong>, <strong>Varilux</strong></td>
</tr>
</tbody>
</table>

**CAPITAL MARKET DAY – SEPTEMBER 2019**
Shaping the market in China by combining all common assets and market drivers, building a €1.5 to 2 Bn business by 2025

**Wide penetration**
- 35,000 doors coverage
- Strong online presence
- All price tiers covered

**Large consumer impact**
- #1 ranking brands
- 200M consumers
- 1,600 stores

**Strong operation**
- >30,000 employees
- 6 lens, 2 frame plants
- 2 world class labs
EssilorLuxottica has a strong foundation to build upon

**Pro forma revenue ex. currency growth**  
+3.2%  

**Adj. Pro forma Operating Profit**  
15.9% of Revenue  

**Combined net debt/adj. EBITDA**  
~0.6x  

**Combined free cash flow**  
€1.8 Bn

**Strong brands**  
- Focus on leading premium brands  
- Continued investment in marketing and media

**Innovation leadership**  
- Product innovation and category development  
- Digital transformation & selling model evolution

**Developing sustainable growth levers**  
- FGM, e-commerce and omnichannel, STARS  
- Myopia, 2.5 NVG activities  
- Leveraging new acquisitions

**Improving efficiencies**  
- Simplification, continued investment in operations  
- Financial discipline and start of synergy program

**Strong human capital**  
- Mission driven, talent development
Long term sales outlook
Excluding strategic acquisitions, including synergies, at constant exchange rates

Sales growth YoY
- 2018: +3.2%
- Long term view (up to 2023): Mid-single digit

Fast-Growing Markets % of sales
- 2018: ~20%
- Long term view (up to 2023): ~25%

Direct to Consumer % of sales
- 2018: ~40%
- Long term view (up to 2023): >40%

Organic sales growth acceleration
- Revenue synergies, innovation, market growth
- Business and Channel mix

Rebalanced global coverage
- Continued expansion in Fast-Growing Markets

Increasing share of direct distribution
- Continued investments in e-commerce platforms
Value creation levers

Initiatives

Business opportunities
- Combined offers
- Innovation
- Brand development

New markets and channels
- Online
- Fast-Growing Markets
- Sun Rx

Operating efficiencies
- Industrial efficiency
- Cost Management
- Supply chain

Short term growth, %

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Sales</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business opportunities</td>
<td></td>
<td></td>
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<tr>
<td>New markets and channels</td>
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<td></td>
</tr>
<tr>
<td>Operating efficiencies</td>
<td></td>
<td></td>
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</table>

Mid / long term, %

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<tr>
<td>Operating efficiencies</td>
<td></td>
<td></td>
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</tbody>
</table>

Sales growth:
- Short term: Up
- Mid / long term: Up
Cash conversion & leverage

Cash conversion ratio, 2018 €M

<table>
<thead>
<tr>
<th>Net Income Adj.¹</th>
<th>Combined Adj. FCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>~1,870</td>
<td>~1,830</td>
</tr>
</tbody>
</table>

Financial Leverage Ratio
Net Debt on EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.7x</td>
<td>0.6x</td>
</tr>
</tbody>
</table>

¹ Pro forma
CAPEX structure

- Continued optimization of operations and supply chain
- Improve efficiencies for better service and quality
- Digital transformation
- Keep the pace on IT investments
- Stores opening and remodeling

~5.5-6.0% on Sales
Synergies

**2019-2021 Adj. EBIT impact**

- Net revenue synergies: €140-160
- Costs synergies: €160-190
- Total Adj. EBIT impact: €300-350

**2022 – 2023 Adj. EBIT impact**

- Net revenue synergies: €200-300
- Costs synergies: €220-300
- Total Adj. EBIT impact: €420-600
Net sales & costs by currency

**Net Sales 2018**
- **USD**: 50%
- **BRL**: 3%
- **AUD**: 4%
- **CNY**: 4%
- **EUR**: 18%
- **Other**: 21%

**Costs 2018**
- **USD**: 45%
- **BRL**: 17%
- **AUD**: 3%
- **CNY**: 7%
- **EUR**: 25%
- **Other**: 3%
## Financial outlook

Excluding strategic acquisitions, including synergies, at constant exchange rates

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Long term view (up to 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth at constant Fx</td>
<td>+3.2%</td>
<td>Mid-single digit</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>15.9%</td>
<td>1.0 – 1.4x sales growth</td>
</tr>
<tr>
<td>Adjusted net profit</td>
<td>11.6%</td>
<td>1.0 – 1.5x sales growth</td>
</tr>
</tbody>
</table>