

## **First quarter revenue shows solid return to growth at +14.3%<sup>1</sup> versus 2020**

- Revenue above 2019 level<sup>1</sup> despite COVID-19 pandemic, up 2% at constant exchange rates<sup>1</sup>
- Strong momentum in prescription lenses and optical retail
- E-commerce up 61% versus 2019 at constant exchange rates<sup>1</sup>
- North America, China and Australia driving the performance
- Strong balance sheet and free cash flow<sup>5</sup> generation

**Charenton-le-Pont, France (May 6, 2021 – 7:00am)** – EssilorLuxottica today announced that consolidated revenue for the first quarter of 2021 totalled Euro 4,060 million, representing a year-on-year increase of 7.3% compared to the first quarter of 2020 (+14.3% at constant exchange rates<sup>1</sup>). Consolidated revenue grew by 1.9% at constant exchange rates<sup>1</sup> compared to the first quarter of 2019.

*“EssilorLuxottica had a strong start to the year. While the pandemic continued to put up a fight, we fought harder, delivering significant revenue growth that surpassed pre-pandemic levels and met the structural need for good vision. Our passionate employees were not deterred by the adversity - they remained agile and focused on improving the unique journey taken by our customers and consumers.*

*In the first quarter, we successfully capitalized on the rebound in the US and China, while leveraging our brands, product innovation, distribution and digitalization everywhere in the world.*

*Our integration gained further momentum and we made good progress in several areas, while continuing to make new bolt-on acquisitions. Our sustainability, social impact and inclusive business agendas remained at the heart of our mission and business model.*

*The position we’re in today gives us greater confidence in our ability to outperform the industry.”* said Francesco Milleri and Paul du Saillant, respectively CEO and Deputy CEO of EssilorLuxottica.

## Operational and financial highlights

- Revenue grew at constant exchange rates<sup>1</sup>, both compared to the first quarter of 2020 (+14.3%) and of 2019 (+1.9%). Momentum accelerated towards the end of the quarter.
- First quarter revenue also improved sequentially compared to the growth of 1.7% at constant exchange rates<sup>1</sup> achieved in the fourth quarter of 2020.
- By activities, the optical business, which accounts for around 75% of revenue, continued to drive the performance with sound prescription sales and optical retail. Sun demand bounced back in North America, with Sunglass Hut posting double digit comparable store sales<sup>3</sup> in March compared to 2019.
- E-commerce was up 61% versus 2019 (and +47% versus 2020) at constant exchange rates<sup>1</sup>, with the proprietary mono-brand platforms as a whole doubling in revenue.
- In Lenses & Optical Instruments, the solid ramp-up of all new launches highlighted the success of EssilorLuxottica's market activation initiatives: Stellest lenses in the myopia control category, Varilux Comfort Max progressive lenses, Ray-Ban Authentic offer in sun and clear prescription; the roll-out of Transitions Signature GEN 8 photochromic lenses, of AVA lenses and of the associated Vision-R 800 measuring instrument also continued successfully.
- By geography, North America showed strong signs of demand recovery, visible across all of the Company's channels. Greater China, now EssilorLuxottica's second biggest market in revenue, and Australia materially contributed to growth. Europe and most developing markets<sup>7</sup> lagged behind, due to new restrictions related to the COVID-19 pandemic.
- The Company actively pursued its innovation, digitalization and integration strategies.
- EssilorLuxottica signed several bolt-on acquisitions during the quarter. On February 3, 2021, it announced that it had entered into an agreement with CooperCompanies to create a 50/50 joint venture for the acquisition of SightGlass Vision, a US based life sciences company focused on developing innovative spectacle lenses to reduce the progression of myopia in children. And on March 25, 2021, it announced that it had entered into an agreement to acquire US based lab network Walman, which has 35 facilities across the US, including prescription lens-finishing labs and hubs for optical instruments and other vision care products.
- EssilorLuxottica ended the quarter with Euro 9.3 billion in cash and short-term investments and a net debt<sup>6</sup> of Euro 2.6 billion (including leases liabilities).

## First quarter 2021 revenue by operating segments

Compared to 2020

€ millions	1Q 2021	1Q 2020	Change at constant exchange rates <sup>1</sup>	Currency effect	Change at current exchange rates
Lenses & Optical Instruments	1,631	1,589	+9.5%	-6.8%	+2.6%
Sunglasses & Readers	166	134	+29.6%	-6.1%	+23.5%
Equipment	45	38	+25.5%	-7.6%	+17.9%
<b>Essilor revenue</b>	<b>1,842</b>	<b>1,762</b>	<b>+11.4%</b>	<b>-6.8%</b>	<b>+4.6%</b>
Wholesale	776	695	+18.8%	-7.1%	+11.7%
Retail	1,441	1,327	+15.9%	-7.4%	+8.6%
<b>Luxottica revenue</b>	<b>2,218</b>	<b>2,023</b>	<b>+16.9%</b>	<b>-7.3%</b>	<b>+9.6%</b>
<b>Total revenue</b>	<b>4,060</b>	<b>3,784</b>	<b>+14.3%</b>	<b>-7.1%</b>	<b>+7.3%</b>

Compared to 2019

€ millions	1Q 2021	1Q 2019*	Change at constant exchange rates <sup>1</sup>	Currency effect	Change at current exchange rates
Lenses & Optical Instruments	1,631	1,674	+3.1%	-5.7%	-2.6%
Sunglasses & Readers	166	167	+3.4%	-3.7%	-0.3%
Equipment	45	44	+7.5%	-4.8%	+2.7%
<b>Essilor revenue</b>	<b>1,842</b>	<b>1,885</b>	<b>+3.2%</b>	<b>-5.5%</b>	<b>-2.3%</b>
Wholesale	776	867	-4.7%	-5.8%	-10.5%
Retail	1,441	1,458	+4.0%	-5.2%	-1.1%
<b>Luxottica revenue</b>	<b>2,218</b>	<b>2,325</b>	<b>+0.8%</b>	<b>-5.4%</b>	<b>-4.6%</b>
<b>Total revenue</b>	<b>4,060</b>	<b>4,210</b>	<b>+1.9%</b>	<b>-5.4%</b>	<b>-3.6%</b>

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

### Lenses & Optical Instruments

Lenses & Optical Instruments revenue was down by 2.6% compared to the first quarter of 2019 (up 3.1% at constant exchange rates<sup>1</sup>). Structural needs for better vision benefitted from enhanced screen usage and working habits triggered by the pandemic. The segmented distribution strategy continued to bear fruit, with partnership programs (Essilor Experts, EssilorLuxottica 360), alliance members and e-commerce all outperforming materially. Several new products drove the business, in particular the Stellest lens in the myopia control category in China, Transitions Signature GEN 8 photochromic lenses, Varilux Comfort Max progressive lenses and Eyezen Start lenses in anti-fatigue. Optical instruments had a strong quarter.

### **Sunglasses & Readers**

Sunglasses & Readers revenue was down 0.3% compared to the first quarter of 2019 (+3.4% at constant exchange rates<sup>1</sup>). Xiamen Yarui Optical posted very strong growth at Bolon and Molsion, driven by the optical business and by retail, with both new store openings and solid e-commerce activity thanks to new brand ambassadors. FGX benefitted from good momentum in its Readers optical activity, e-commerce growth and favorable shipment timing. MJS revenue declined compared to 2019 mainly due to the downsizing of its franchisee network, while comparable store sales<sup>3</sup> continued to improve in its direct stores.

### **Equipment**

Equipment revenue was up by 2.7% compared to the first quarter of 2019 (+7.5% at constant exchange rates<sup>1</sup>). This was mainly due to the delivery of the strong backlog accumulated at the end of 2020, mostly reflecting pent-up demand from the pandemic. Sales of new machines drove the performance, with generators outperforming coaters. Consumables remained steady. Activity was very strong in Latin America and Asia, solid in North America and down in Europe.

### **Wholesale**

The Wholesale division posted revenue down 10.5% compared with the first quarter of 2019 (-4.7% at constant exchange rates<sup>1</sup>). The sun category remained soft whilst optical consolidated the growth trajectory started in the third quarter of 2020. In terms of geographies, North America remained the main driver and experienced a sequential acceleration compared with the fourth quarter of 2020, up high single digit in the period at constant exchange rates<sup>1</sup> compared with the first quarter of 2019. Conversely, Europe decelerated, with new restrictions affecting the performance of the sun category in particular. Among developing countries<sup>7</sup>, Brazil weakened toward the end of the period suffering from renewed impacts of COVID-19. As for eyewear brands, Oakley stood out again as one of the best performers.

### **Retail**

The Retail business was down 1.1% in revenue compared to the first quarter of 2019, but up 4.0% at constant exchange rates<sup>1</sup>. While new restrictions caused additional store closures in specific areas and periods compared with the end of 2020 (in particular in Brazil and Europe in March), the Company kept opened slightly more than 90% of its total 6,736 owned locations worldwide throughout the entire quarter. Adjusted comparable store sales<sup>4</sup> were flat compared to the first quarter of 2019, after a marked recovery in March mostly driven by North America. Direct e-commerce continued to grow fast at constant exchange rates<sup>1</sup> up 124% versus the first quarter of 2019 and 100% versus the same period of 2020. Among regions, in North America the division was up high single digit compared with the first quarter of 2019 at constant exchange rates<sup>1</sup>, boosted by buoyant consumer demand not only in optical but also in the revamped sun business. Asia was slightly positive thanks to the Australian optical and sun categories more than offsetting the negative performance in the rest of the region. Europe and Latin America were dragged down by new restrictions.

## First quarter 2021 revenue by geographical area

Compared to 2020

€ millions	1Q 2021	1Q 2020	Change at constant exchange rates <sup>1</sup>	Currency effect	Change at current exchange rates
North America	2,200	2,070	+15.7%	-9.4%	+6.3%
Europe	955	906	+8.1%	-2.6%	+5.5%
Asia, Oceania and Africa	706	587	+21.8%	-1.6%	+20.2%
Latin America	199	222	+7.2%	-17.5%	-10.4%
<b>Total</b>	<b>4,060</b>	<b>3,784</b>	<b>+14.3%</b>	<b>-7.1%</b>	<b>+7.3%</b>

Compared to 2019

€ millions	1Q 2021	1Q 2019*	Change at constant exchange rates <sup>1</sup>	Currency effect	Change at current exchange rates
North America	2,200	2,188	+6.4%	-5.8%	+0.6%
Europe	955	1,056	-7.3%	-2.3%	-9.6%
Asia, Oceania and Africa	706	705	+2.0%	-2.0%	+0.1%
Latin America	199	261	+0.9%	-24.6%	-23.7%
<b>Total</b>	<b>4,060</b>	<b>4,210</b>	<b>+1.9%</b>	<b>-5.4%</b>	<b>-3.6%</b>

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

### North America

Revenue in North America increased by 0.6% compared to the first quarter of 2019 (+6.4% at constant exchange rates<sup>1</sup>).

The Lenses & Optical instruments division was up compared to 2019 despite the ongoing impact of the pandemic. Business with alliance partners, Essilor Experts and EssilorLuxottica 360 customers outperformed an otherwise good ECP momentum. The performance was driven by new products such as Varilux Comfort Max as well as the continued ramp-up of Transitions GEN 8. Since March, consumers have benefited from the positive impact of the stimulus measures put in place by the new US administration. E-commerce in the region were up high double digits, boosted by strong demand for eyeglasses at EyeBuyDirect.com and Clearly.ca.

In Sunglasses & Readers, regional sales were up mid single digits at constant exchange rates<sup>1</sup> compared to 2019. This was driven by strong e-commerce and favorable shipment timing, especially in the Readers optical business. The sunglass business lagged behind an increase in sell-through data, indicative of improving consumer appetite towards the end of the quarter.

Wholesale accelerated its growth pace in the first quarter compared to the same period of 2019, up high single digit at constant exchange rates<sup>1</sup>. On top of the continuously positive independent segment, the other three main channels of key accounts, department stores and third-party e-commerce platforms were all strongly positive on a two-year stack basis. Oakley confirmed itself as the top-performer among the Company's proprietary brands, boosted by eyewear. Luxury licensed eyewear brands also did well overall.

Retail showed a faster pace than the last quarter of 2020 when compared to the corresponding period of 2019 at constant exchange rates<sup>1</sup>, up high single digit similar to Wholesale. In the context of an invigorated consumer environment in the region, both optical and sun businesses were positive, with Sunglass Hut bouncing back nicely in adjusted comparable stores sales<sup>4</sup>, followed by positive Target Optical and LensCrafters. E-commerce more than doubled in revenue, boosted once again by flagship mono-brand platforms Ray-Ban.com, Oakley.com and SunglassHut.com.

## **Europe**

Revenue in Europe decreased by 9.6% compared to the first quarter of 2019 (-7.3% at constant exchange rates<sup>1</sup>).

In Lenses & Optical Instruments, revenue was slightly up at constant exchange rates<sup>1</sup> compared to the first quarter of 2019 despite a challenging business environment impacted by the various lockdowns across the region. Turkey, France, the Nordics, Russia and Eastern European countries were among the best performers and delivered positive revenue growth in the quarter. On the other hand, Southern European countries such as Spain and Portugal, as well as the UK, Germany and the Benelux were impacted by the COVID-19 environment and weighed negatively on the division's performance. In terms of products, good performances were achieved during the quarter in optical instruments as well as in blue-filtering and anti-fatigue lenses. E-commerce was up strongly, driven by eyeglasses.

Sunglasses & Readers revenue was significantly down at constant exchange rates<sup>1</sup> compared to 2019, dragged by the underperformance of the sunglass activity due to the impact of COVID-19 lockdowns in the UK and Italy and to the lack of tourism flows.

The Wholesale division continued to be affected by restrictions in most European countries, with softness persisting in particular in Spain, France and Italy. Conversely, Northern Europe offered more reassuring trends compared with the first quarter of 2019. The STARS program was markedly positive, outpacing the rest of the business in the region.

In Retail, Europe remained the only region in negative territory (at constant exchange rates<sup>1</sup> compared with the first quarter of 2019), and showed a deceleration compared with the second half of 2020. New restrictions in key countries, as well as still subdued tourism particularly affected Sunglass Hut. Quarterly performance at Salmoiraghi & Viganò was impacted by new restrictions to mobility and limitations to stores opening over the weekends. In a challenging business environment, e-commerce performance stood out with growth over 200% compared to the first quarter of 2019.

## **Asia, Oceania and Africa**

In Asia, Oceania and Africa, revenue was up by 0.1% compared to the first quarter of 2019 (+2.0% at constant exchange rates<sup>1</sup>).

The Lenses and Optical Instruments division posted high single digit revenue growth compared to the first quarter of 2019. Business in Greater China was very strong, thanks to the booming myopia control category driven among other things by the successful ramp-up of the new Stellest lens. The other branded products also enjoyed strong performances, including Varilux progressive lenses, Crizal anti-reflective lenses, Transitions photochromic lenses and Eyezen lenses for the connected life. Mid-tier solutions were back on track. Activity in India was up compared to 2019, thanks to Essilor Experts, progressive lenses and an overall simplification of the offering. Australia and Japan benefitted from good momentum in branded lenses. The performance in the rest of the region was mixed and mainly reflected the degree of COVID-19 restrictions in each country.

Sunglasses & Readers revenue was up double digits compared to 2019. This was driven by a very strong performance at Xiamen Yarui Optical thanks to the success of its optical business, new collections and multi-network strategy covering both wholesale, retail and online. Its two main brands, Bolon and Molsion, reinforced their leadership as China's first and second optical brands in volumes. MJS sales were down, with direct store revenue driven by good optical momentum and a gradual sunglass recovery, while franchise store revenue declined due to unit closures.

The Wholesale division continued to suffer from COVID-19 related restrictions in most of the countries, and in particular Japan, South East Asia, South Korea and Hong Kong. On the other hand, Mainland China and Australia showed a nice progression in their quarterly performance compared with 2019 at constant exchange rates<sup>1</sup>.

The Retail division started the year confirming its positive revenue trends. In Australia, growth at constant exchange rates<sup>1</sup> compared with 2019 accelerated, sustained by nice improvements at Sunglass Hut as well as double-digit comparable store sales<sup>3</sup> at OPSM. Performance in Greater China suffered from still negative trends in Hong Kong and some renewed softness in the Beijing area.

## **Latin America**

Revenue in Latin America was down 23.7% compared to the first quarter of 2019 (+0.9% at constant exchange rates<sup>1</sup>).

Despite a challenging environment impacted by multiple lockdowns accross the region, the Lenses & Optical Instruments division recorded mid single digit revenue growth at constant exchange rates<sup>1</sup> compared to the same period of 2019. This good performance was driven by Mexico, Chile and Argentina. Revenue in Brazil was up high single digits in the quarter despite the negative impact of COVID-19 restrictions from mid-March. In terms of products, the best performing categories were optical instruments as well as blue-filtering, progressive and photochromic lenses. Key brands such as Varilux and Transitions in the premium segment and Kodak Lenses in the mid-tier benefitted from enhanced market segmentation thanks to new launches and impactful marketing campaigns. The continued success of the Essilor Experts program helped boost the region's overall performance.

Wholesale revenue worsened compared to the last quarter of 2020 and to the same period of 2019 at constant exchange rates<sup>1</sup>. The key market of Brazil turned sharply negative in the period, due to deteriorated health and economic conditions toward the end of the quarter (with negative Óticas Carol). Mexico remained negative as at the end of last year.

Retail performance was challenged by the deterioration of the pandemic situation, with GMO negative and progressively weakening during the quarter due to new restrictions. The sun business was positive



in adjusted comparable store sales<sup>4</sup>, but overall softening compared with the fourth quarter of 2020, mainly due to Brazil. As a sign of integration progress, Chilean network Opticas Place Vendome was moved from the Lenses & Optical Instruments to the Retail division from a managerial standpoint.

### **Social impact and sustainability in support of the Company's mission**

As part of its mission to help everyone in the world see more, be more and live life to its fullest, EssilorLuxottica progressed in its ambition to responsibly eliminate uncorrected poor vision from the world by 2050 by continuing to focus on:

- **Inclusive business:** The Company resumed the creation of sustainable access to vision care in several parts of the world. In India, the 8,000 Eye Mitra partners regained better momentum. In China, the roll-out of 3,200 eye partners continued by structuring existing informal optical channels in small towns.
- **Social impact :** The Company is getting organised to deliver the 200m pairs of lenses pledged to the Vision Catalyst Fund to support governments in integrating eye care into health services. It also received a letter of appreciation from The Health Minister of Bhutan recognizing its contribution in making it the first country in the world to eliminate uncorrected poor vision. By the end of March 2021, EssilorLuxottica had delivered 386,000 glasses and helped provide eye screenings to almost 25% of Bhutan's population.
- **Sustainability :** For its efforts in combating youth myopia in China through the Stellest lens, EssilorLuxottica received the 'Golden Key – Sustainable Development Solutions for China' award, presented by China Sustainability Tribune magazine to companies instrumental in shaping sustainable development in the nation.

### **Synergies and integration**

The Company remains on track to deliver cumulative synergies of Euro 300 to 350 million in adjusted<sup>2</sup> operating profit by the end of 2021 and of Euro 420 to 600 million by the end of 2023.

During the first quarter of 2021, the integration process between the two operating companies has continued to gain momentum and delivered some positive results.

On cost synergies, they included the launch of a new project to combine the Company's business-to-business digital platforms; progress on the global roll-out of a unified SAP system; further unification of the supply chain and back office infrastructures; and the optimization of shared service centers.

On the revenue side, key achievements included a new initiative to promote safety eyewear leveraging Oakley and EyeMed positions in the US; the continued roll-out of the Ray-Ban Authentic prescription offering in North America; and further deployment of the EssilorLuxottica 360 partnership program with eye care professionals.



## **Financial position**

The Company ended the quarter with Euro 9.3 billion in cash and short-term investments and a net debt<sup>6</sup> of Euro 2.6 billion (including leases liabilities) compared to a net debt<sup>6</sup> of Euro 3.0 billion at the end of 2020. The net debt<sup>6</sup> reduction mostly reflects the sound Free Cash Flow<sup>5</sup> generation of the quarter.

## **Outlook**

EssilorLuxottica confirms its confidence in its ability to outperform the eyecare and eyewear industry in 2021, thanks to continued innovation in products and processes and ongoing evolution of the consumer journey.

The Company now has the ambition to deliver a performance that is at least comparable to 2019 in both revenue and adjusted<sup>2</sup> operating profit margin, at constant exchange rates<sup>1</sup>. This takes into account the positive momentum in several areas of the business and the gradual normalization of the business environment due to vaccination campaigns, while also weighing the remaining uncertainties around COVID-19.

## **Conference call**

A conference call in English will be held today at 10:30 am CEST.

The meeting will be available live and may also be heard later at:  
<https://streamstudio.world-television.com/1217-2090-28457/en>

## **Forthcoming investor events**

- May 21, 2021: Annual Shareholders Meeting
- July 30, 2021: H1 2021 results and conference call
- October 29, 2021: Q3 2021 sales and conference call

## Notes

**1 Constant exchange rates:** figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year (2020 or 2019).

**2 Adjusted measures or figures:** adjusted from the expenses or income 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.

**3 Comparable store sales:** 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.

**4 Adjusted comparable store sales:** 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. Stores that are or were temporarily closed due to the COVID-19 crisis are excluded from the calculation for the duration of the store closure. For each geographic area, the calculation applies the average exchange rate of the prior period to both periods.

**5 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.

**6 Net debt:** sum of *Current and Non-current borrowings, Current and Non-current lease liabilities*, minus *Short-term investments, Cash and cash equivalents* and the *Interest Rate Swap measured at fair value* as disclosed in the IFRS consolidated financial statements.

**7 Fast-growing/emerging/developing countries/economies/markets:** China, India, South Asia, South Korea, Hong Kong, Taiwan, Africa, the Middle East, Russia, Eastern Europe and Latin America.

*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 2020, EssilorLuxottica had over 140,000 employees and consolidated revenues of Euro 14.4 billion.*

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

*Codes and symbols: ISIN: FR0000121667; Reuters: ESLX.PA; Bloomberg: EL:FP.*

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