A Growth Story in the Eyewear Industry

January 16, 2017
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Fighting Poor Vision, the World’s Biggest Disability

7.2 billion people worldwide

4.5 billion (63%) require vision correction

100% should protect their eyes (sun, UV, blue light)

Corrected

Uncorrected

1.9 billion

2.5+ billion

Myopes growth rate: 3.3%

Presbyopes growth rate: 2.5%

1.4 billion

Equipped with sunglasses

5.8 billion

Unequipped

1.6 billion in Asia

530 million in Africa

170 million in Middle East

130 million in Latin America

Sunglasses market growth: 6-7%

High potential for prescription sunwear

Massive under-penetration in Fast-Growing Markets

Cataract/Eyelid cancer

Source: Essilor – 2015 estimates
Key Transaction Rationale

- Two major players in the eyewear industry, sharing common values, would provide new solutions for both the increasing unmet needs in visual health and the growing appetite for premium branded products.

- Luxottica Group and Essilor International would bring together complementary expertise in ophthalmic lenses, prescription frames, and sunglasses and develop comprehensive product and service offerings for consumers.

- The new entity, with combined sales in excess of €15bn, more than 140,000 employees and sales in more than 150 countries, would be a growth platform with sound capital structure and enhanced financial capabilities, ideally positioned to benefit from future opportunities.

- Expected to generate significant synergies.
Key Transaction Highlights

**Transaction structure**
- Contribution by Delfin of its entire stake in Luxottica (approx. 62% of Luxottica’s capital) to Essilor, in exchange for newly-issued Essilor shares
- Essilor mandatory exchange offer for all remaining issued and outstanding Luxottica shares\(^{(1)}\)
- Essilor to become a holding company (EssilorLuxottica) for (i) Luxottica and (ii) Essilor International

**Exchange ratio**
- 0.461 Essilor share for 1 Luxottica share

**Shareholders / BoD support**
- Unanimous support from Essilor Board
- Binding commitment from Delfin to contribute its Luxottica shares
- Unanimous support from Luxottica Board

**Timetable**
- Closing expected in H2 2017

**Shareholding structure**
- Delfin to own 31-38%\(^{(2)}\) shares in EssilorLuxottica. Voting rights capped at 31% for all shareholders

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(1) In accordance with Italian Law
(2) Depending on acceptance rate of the exchange offer, 31% assumes 100% acceptance rate of exchange offer
Two Dynamic Pure Plays in the Eyewear Industry

From national champions to global players

1849

1961

VARILUX®

Crizal®

Transitions®

Ray-Ban®

OAKLEY®
Complementary Profiles with Limited Overlap

Key success factors:

- **Ophthalmic Lenses**
  - R&D / Brands / Supply chain: ++++

- **Sunglasses/Frames**
  - R&D / Brands / Supply chain: +

- **Distribution**
  - Scale / Diversified channels: ++ (online)
    - (retail + online): ++++

EssilorLuxottica: a global player across the value chain
A Complementary Brand Portfolio

Lenses

- Varilux
- Ray-Ban
- Xperio
- Crizal
- OAKLEY
- Eyezen
- Transitions
- Kodak Lens
- OptiFog
- BBGR
- Shamir
- Nikon

Sun / Frames

- Proprietary
  - Ray-Ban
  - Oakley
  - Vogue
  - Oliver Peoples
  - Foster Grant
  - Bolon
  - Persol
  - Costa

- Licensed
  - Bvlgari
  - Burberry
  - Coach
  - Giorgio Armani
  - Chanel
  - Dolce & Gabbana
  - Michael Kors
  - Prada
  - Ralph Lauren
  - Tiffany & Co.
  - Tory Burch
  - Valentino
  - Versace

Brick-and-Mortar Retail and Omnichannel distribution

- Sunglass Hut
- GM0
- OPSM
- LensCrafters
- Pearle Vision
- Ray-Ban
- Oakley
- FramesDirect.com
- Eyebuydirect
- Coastal.com

ESSILOR
Global Presence with Significant Upside Remaining

A ~€95bn Market

**Europe**
(22% of 2015 combined revenues)

- €31bn
- Essilor (1.9 bn)
- Luxottica (1.6 bn)
- Essilor Luxottica* (3.5 bn)

**North America**
(54% of 2015 combined revenues)

- €31bn
- Essilor (3.2 bn)
- Luxottica (5.2 bn)
- Essilor Luxottica* (8.4 bn)

**Europe**

**Asia-Pacific, Middle East, Africa**
(18% of 2015 combined revenues)

- €27bn
- Essilor (1.2 bn)
- Luxottica (1.5 bn)
- Essilor Luxottica* (2.7 bn)

**Latin America**
(6% of 2015 combined revenues)

- €6bn
- Essilor (0.4 bn)
- Luxottica (0.5 bn)
- Essilor Luxottica* (1.0 bn)

* 2015 public figures, therefore not adjusted for inter-companies sales
(1) Sell-out value for contact lenses, spectacle lenses, readers, sunglasses and frames
Source: Essilor fundamental data – 2015 estimates
An Outstanding Combination Driving Superior Growth

Drive market development
- Innovation as a key driver to create value in the industry
- Enhance lens category and improve product mix
- Foster acceptance of premium branded frames
- Increase capabilities to mobilize consumers

Serve the industry better
- Leaner and faster supply chain
- Enhance consumer experience

Increase consumer reach
- Leverage existing retail footprint and online platforms
- Revolution in a combined “frame + lens” offering
Progressive Ramp-up of Synergies

**Net Revenue Synergies**
- Market growth acceleration
  - Category development/Mix improvement (frames & lenses)
  - Sun mix improvement and sun prescription penetration
  - Online penetration
  - Consumer engagement
  - Emerging markets development

**Cost Synergies**
- Supply chain optimization
  - Insourcing
  - Logistics & distribution centers (frames + lenses)
  - Laboratory network streamlining
- G&A and purchasing cost reduction

**Expected progressive synergies: mid-term EBIT impact (1)**
- 200 – 300 M€ p.a.
- 70 – 100 M€ p.a.

+ Revenue synergies to accelerate in the long term

(1) Based on preliminary assumptions.
The Combination of Two Growing and Profitable Players

### 2015 financials

<table>
<thead>
<tr>
<th></th>
<th>Essilor</th>
<th>Luxottica</th>
<th>Combined pre-synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>€6.7bn</td>
<td>€9bn</td>
<td>€15bn+</td>
</tr>
<tr>
<td><strong>EBITDA (% margin)</strong></td>
<td>€1.6bn 25%</td>
<td>€1.9bn 21%</td>
<td>c.€3.5bn</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td>€2.1bn</td>
<td>€1.0bn</td>
<td>€3.1bn</td>
</tr>
<tr>
<td><strong>Net Debt / EBITDA</strong></td>
<td>1.3x</td>
<td>0.5x</td>
<td>0.9x</td>
</tr>
<tr>
<td><strong>Market capitalisation</strong></td>
<td>c.€23bn</td>
<td>c.€24bn</td>
<td>c.€47bn (3)</td>
</tr>
</tbody>
</table>

(1) Adjusted revenue; reflects adjustment of $174.3 million due to modification of contract terms. For more information see Item 5 of Luxottica’s 2015 annual report on Form 20-F
(2) Assumes exchange offer acceptance rate of 100%
(3) Assumes offer acceptance rate of 100%. Based on Luxottica and Essilor fully diluted NOSH and share prices as of 13/01/2017
Balanced Governance and Leadership

Board of Directors
- Executive Chairman: Leonardo Del Vecchio
- Executive Vice-Chairman: Hubert Sagnières
- Equally composed Board with 8 members from Essilor and 8 members from Luxottica

Management
- EssilorLuxottica CEO: Leonardo Del Vecchio
- EssilorLuxottica Deputy CEO: Hubert Sagnières
- Essilor International Chairman & CEO: Hubert Sagnières
- Luxottica Executive Chairman: Leonardo Del Vecchio

Committees
- Four Board committees with equal representation of Essilor and Luxottica
- Integration committee

Other
- Voting rights cap at 31%. No double voting rights
- Delfin standstill on takeover bid on EssilorLuxottica (as long as no other offer is filed / no other shareholder acquires 20% ownership)
Outstanding Value Proposition for all Stakeholders

Shareholders
- Solid growth and operating profitability prospects
- More diversified and balanced operational profile
- Robust balance sheet and cash generation
- Significant synergy potential

Customers / Consumers
- More integrated and diversified offering
- Improved value proposition derived from innovation on a larger scale
- Accelerating digital offering

Employees
- Organisations sharing common values and attributes
- Creation of a more global and multicultural company
- Stronger Company purpose