GrandVision

Full Year 2020 Results

26 February 2021

Disclaimer

This presentation contains forward-looking statements that reflect GrandVision's current views with respect to future events and financial and operational performance. These forward-looking statements are based on GrandVision's beliefs, assumptions and expectations regarding future events and trends that affect GrandVision's future performance, taking into account all information currently available to GrandVision, and are not guarantees of future performance. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and GrandVision cannot guarantee the accuracy and completeness of forward-looking statements. A number of important factors, not all of which are known to GrandVision or are within GrandVision's control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing GrandVision. Any forward-looking statements are made only as of the date of this press release, and GrandVision assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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1. Key Highlights and Financial Summary

Stephan Borchert

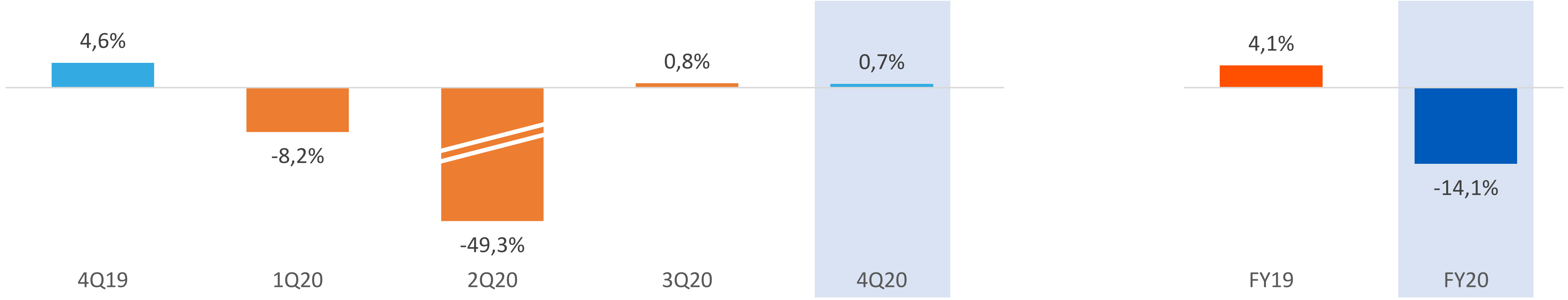
CEO

A uniquely challenging year with heightened COVID impact in 1H and strong bounce back in 2H

Timeline of key operational developments

1Q 2020	2Q 2020	3Q 2020	4Q 2020
▪ Strong start to the year prior to COVID-19 impact ▪ Enforced COVID-19 related lockdowns in second half of March with significant reduction in footfall ▪ Central task force established to ensure clarity of communication and fast response time	▪ COVID-19 peak with ~60% of stores closed and 40% partially open ▪ Strong revenue decline: *c.* 80% in April, 55% in May, and 16% in June ▪ >90% of store network gradually reopened in June	▪ Strong recovery as stores start to open with 99% of network re-opened by September ▪ Customer traffic below prior levels but compensated by higher customer conversion	▪ Continuation of 3Q momentum with 98.5% of store network open ▪ First signs of weakness in several markets due to COVID-19 second wave ▪ Disruptions expected to remain at least for 1Q21

Comparable Growth Evolution (%)



Response plan developed and implemented to actively manage situation and ensure business continuity and a safe environment for customers and employees

Our 3C priorities:

Care, Cash & Continuity

CARE
People first

- Established health and safety protocols supported by investments in protective measures for customers and store employees
- Provided ongoing and timely communication with non-store employees
- Collaborated and aligned with franchisees regarding COVID-19 safety procedures

CASH
Build on resilience and prepare for recovery

- Focused on preserving liquidity by setting up a central task force to monitor our rolling liquidity forecast including scenario planning
- Established relationships and ongoing dialogue with local health authorities, and key stakeholders across the board
- Successfully renegotiated existing and new credit facilities

CONTINUITY
Support our strategy

- Focused on balancing continued cost discipline and cash preservation with investments into important strategic initiatives
- Omnichannel strategy supported ongoing customer servicing in a safe environment (online and offline)
- Resilient infrastructure ensured momentum in our digital sales channels

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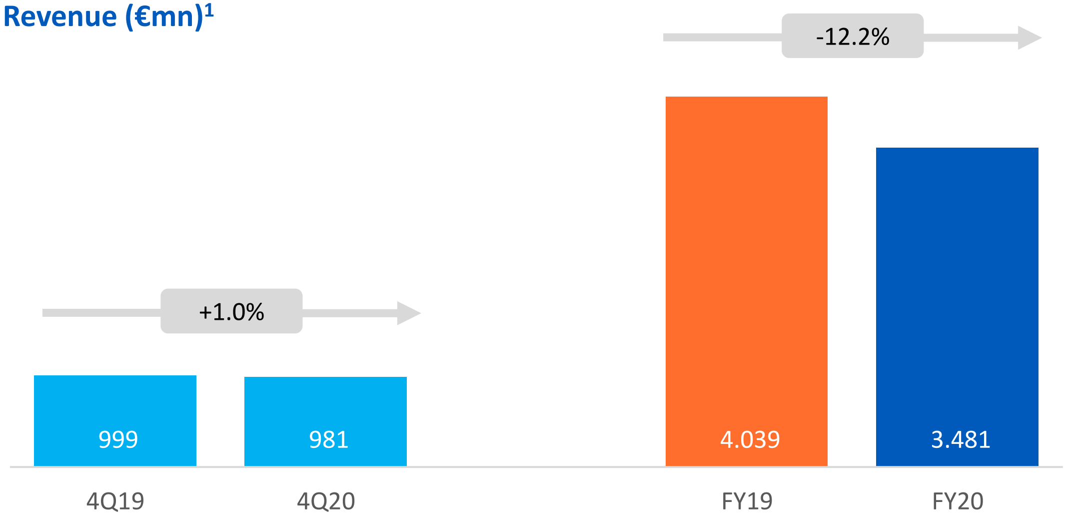
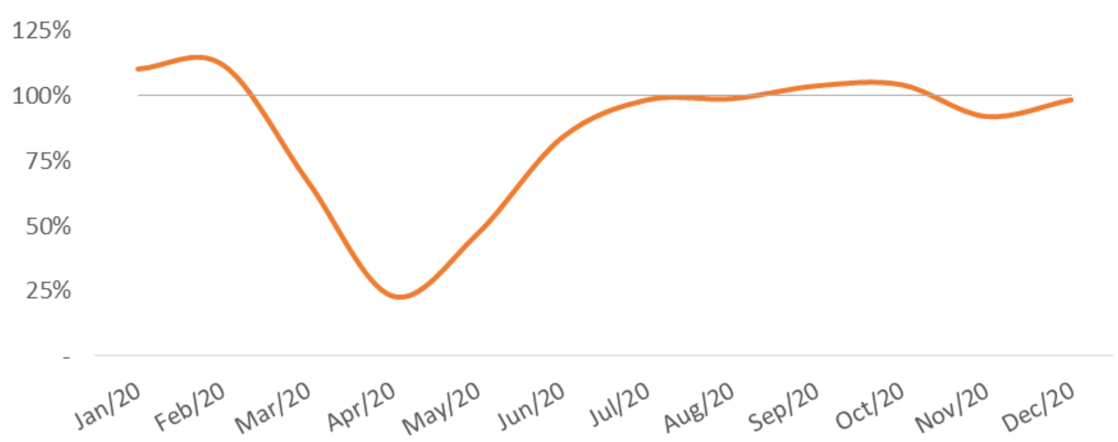
FY 2020 results reflect resilience and agility in a highly challenged operating environment

- FY20 revenue: €3,481mn, -13.8% (-12.2% at constant exchange rates
- Top-line drivers:
  - COVID-19 temporary store closures in 1H20 and lower footfall
  - Strong e-commerce sales, +85% vs prior year
    - Banner website more than doubled vs prior year
  - Upside from subscription models in optical and contact lenses categories
  - Resilient G4 while Americas and Asia saw greatest relative impact from pandemic
  - Mix shift to higher value optical product sales
  - 1.4 pp from 2019 acquisitions
  - FX: negative impact €64mn (depreciation of Turkish lira and Latin American currencies)
- Store network: 7,260 at year end

Revenue (€mn)[1]



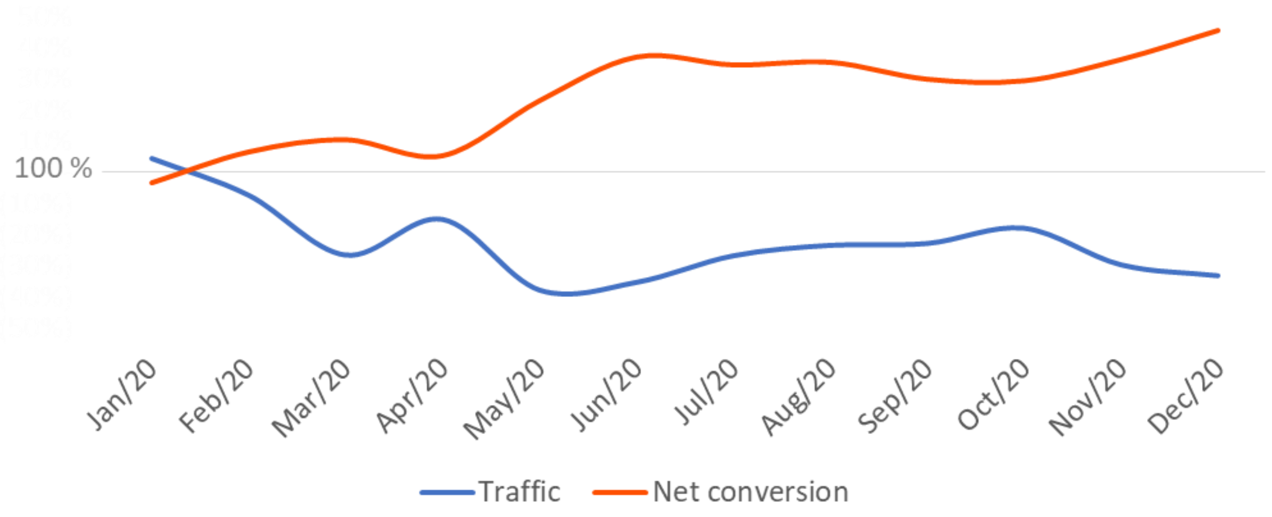
Revenue development (y-o-y[2])

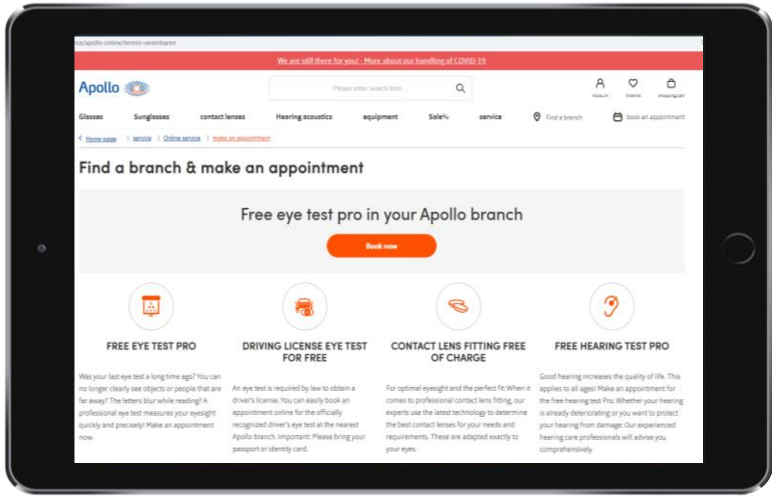


[1] Growth at constant exchange rates
[2] Indexed to 100% vs previous year

Top-line supported by strong customer loyalty and professional customer service management

Traffic and Net conversion (%)[1]





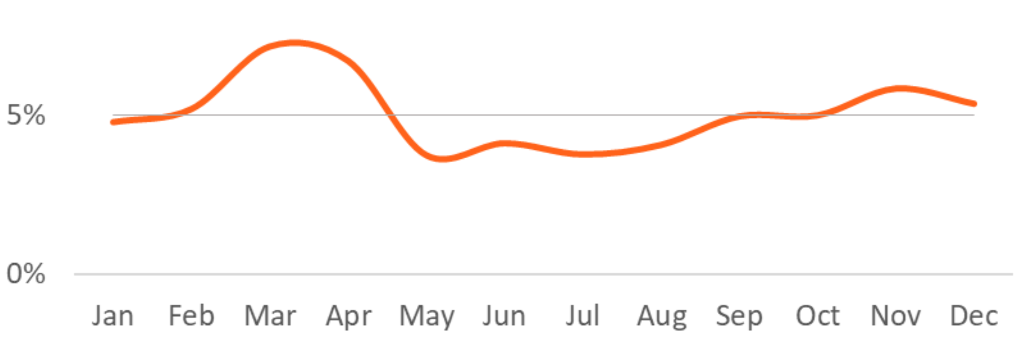
Footfall	Conversion	Online appointment bookings
▪ Footfall remained subdued through the year ▪ COVID-19 second wave impacting November and December	▪ Higher customer conversion compensating for footfall reduction ▪ Need-driven customers, with high purchase intent, aided by online appointment booking tool, in-store safety protocols and trust in our banner brands	▪ Leading to optimized planning and distribution of traffic ▪ Driving in-store efficiency and increased digital influenced store sales

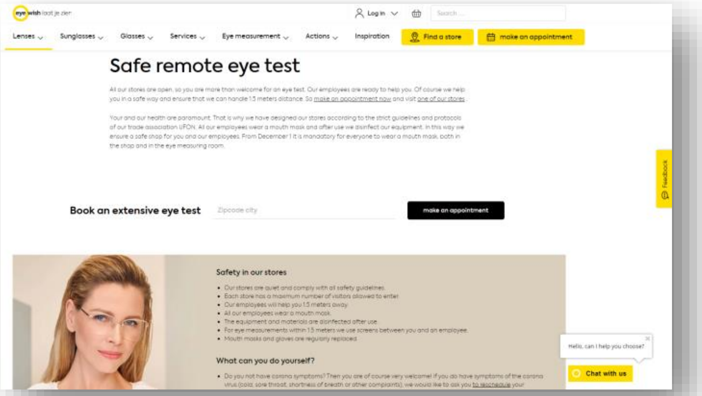
1. *Traffic and net conversion vs. previous year*

Maintained marketing spend with customer-centric communication during the COVID-19 pandemic

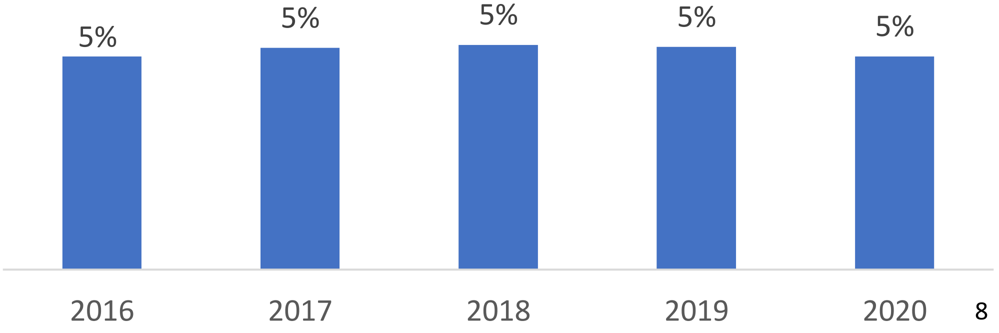
- Optimized marketing activities to fulfill customer needs:
  - Scaled up Customer Care Service
    - Dedicated line to guide customers related to open orders, subscriptions, eye test, open stores
  - Continued online communication to support omnichannel
    - SEO optimization, social media, e-mails, direct messages

Marketing Spent as percentage of revenue





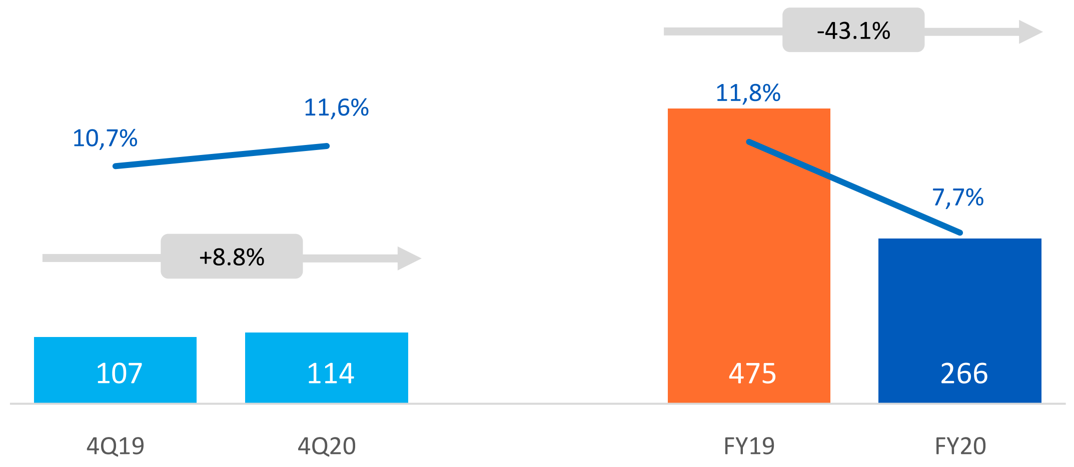
Marketing Spent as percentage of revenue



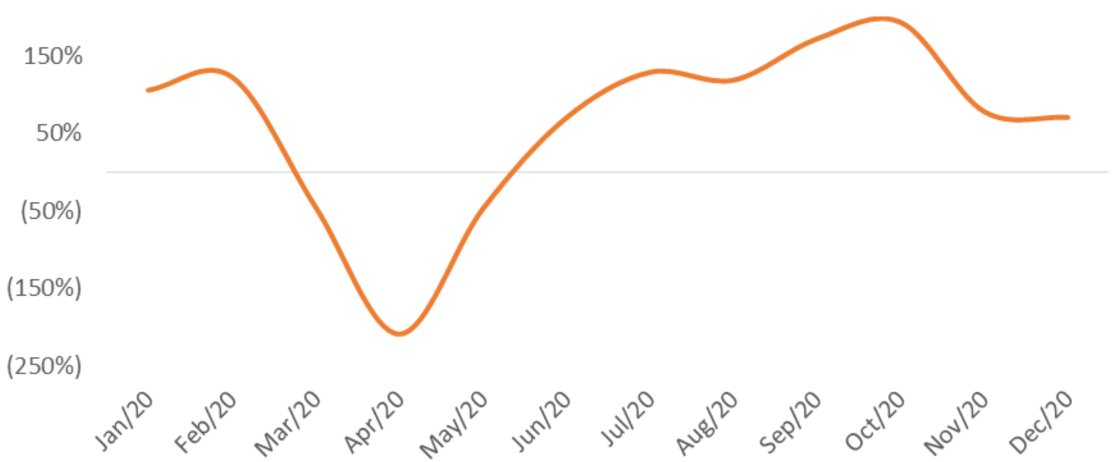
Adjusted EBITA margin contraction driven by challenged operating leverage

- FY20 Adj. EBITA[1]: -43.9% to €266mn (-43.1% at constant exchange rates)
- Drivers:
  - Lower sales in April and May resulting in limited operating leverage in 1H
  - Efficiency gains in historically underperforming markets
  - Strong commercial execution and short-term key stakeholders support in some countries
  - Cost discipline
- Highest adjusted EBITA in 3Q20, driven by revenue growth, efficiency gains and one-time benefits
- EBITA momentum continued in 4Q20 although increased COVID-19 second wave restrictions saw deceleration in growth
- EBITA[1] margin
  - -411bps to 7.7% versus prior year
  - +91bps to 11.6% in 4Q20

Adjusted EBITA[1] (€mn) and margin

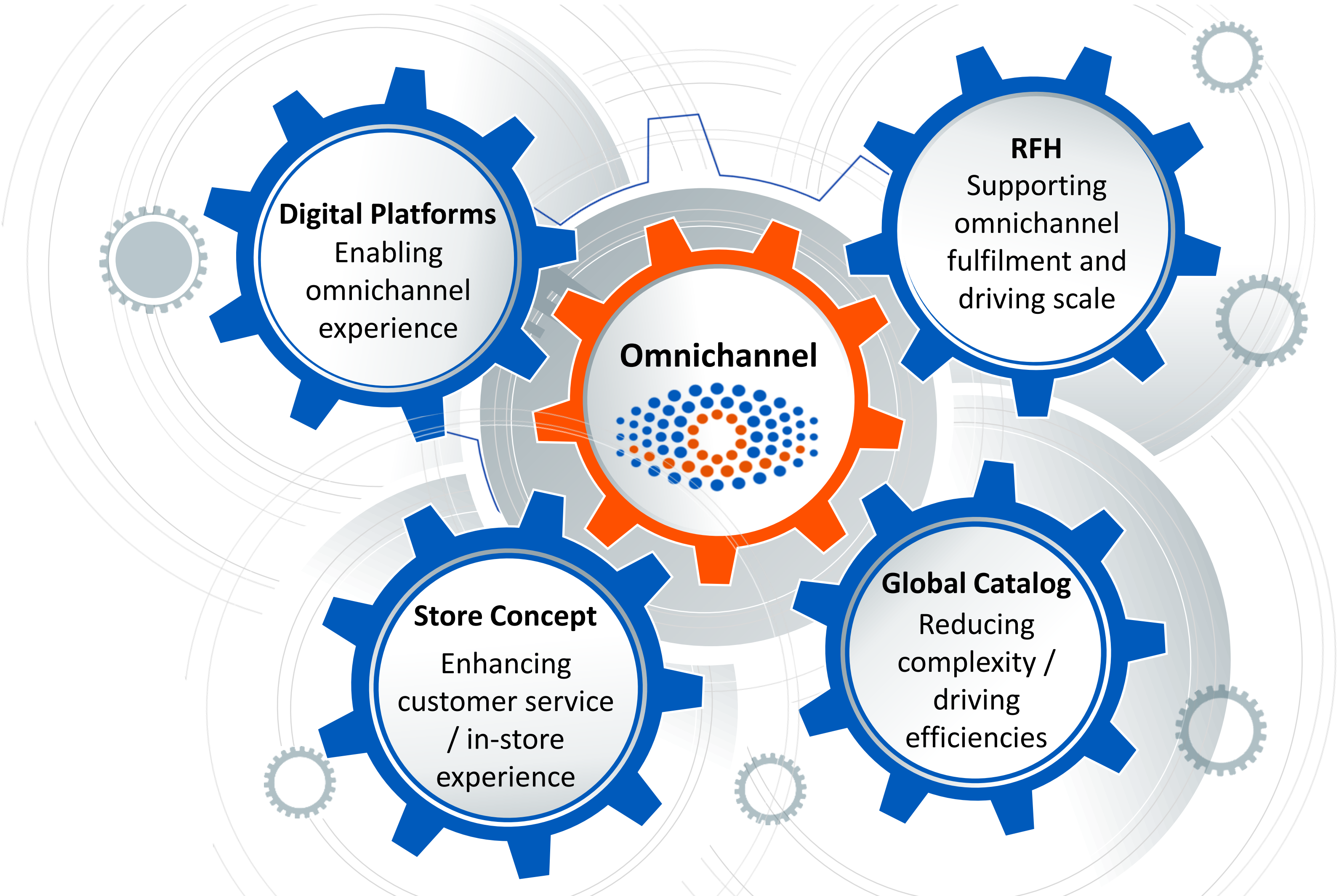


EBITA development (y-o-y[2])



[1]All EBITA figures on an adjusted basis, i.e. excluding non-recurring items. Growth at constant exchange rates
[2] Indexed to 100% vs previous year

Retained focus on long-term strategic transformation of omnichannel capabilities to improve end-to-end customer journey



Good progress on implementation of our strategic agenda since 2018; Omnichannel platform the foundational element of our transformation strategy

Omnichannel

	2018	2019	2020	2021
NPS	62	65	70	
Digital Platforms	▪ Pilot in Portugal ▪ Linsenmax acq. ▪ Lenstore launch in Germany	▪ Platform roll-out ▪ Charlie Temple acq. ▪ Launch of Sightful	▪ Platform enhancement ▪ Advanced Online Appointment Booking / Customer 360 platform ▪ Prescription glasses now available online ▪ Optical subscription Scandinavia / e-commerce LatAm ▪ Product ratings, reviews / virtual try-on /'Click & Collect’	▪ Further market roll-out
Store Concept	▪ Implemented standardized store concept	▪ Piloted enhanced retail top store concept	▪ Enhanced omni-enabled concept piloted in 6 countries ▪ Strategic suppliers ▪ Concept supports showroom model ▪ Lean POS and SeeNeo	▪ Start of global rollout
RFH	▪ Outlined TechCenters to RFHs strategy	▪ Launched RFH in Porto	▪ Porto first RFH with fully integrated processes ▪ Strengthened network to support service level, store & online fulfilment	▪ Further optimize RFH network
Global catalog		▪ Outlined strategy for product portfolio rationalization	▪ Concluded review of EB portfolio ▪ Integration of more sustainable products ▪ S&OP	▪ Global launch of EB

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More than 40 awards worldwide, showing recognition from customers, employees and business partners

Customer

- **NPS at 70** (65 in 2019)
- Awarded best optical retailer in various countries

Employees

- **High employee engagement** during COVID-19 with strong appreciation of GrandVision's response to employee and customer safety
- **Continued recruitment** of optical professionals

Business partners

- **Strong support from business partners**
- **Collaboration and alignment with franchisees** regarding COVID-19 safety procedures

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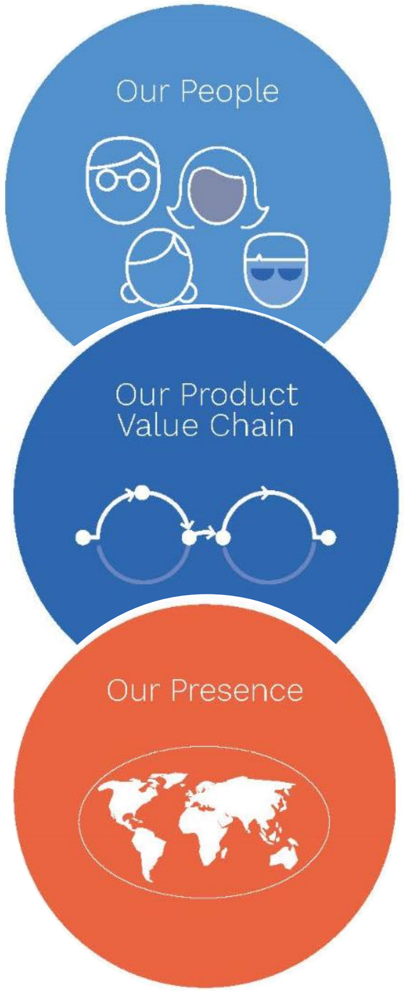
Embedding sustainability into our strategic framework and corporate culture

‘GrandVision Cares’ as part of our strategy seeks to integrate strong ESG priorities into each of our strategic accelerators through three pillars:



1. Our People

- Commitment to establish a culture of inclusion and diversity, and nurture top talent in eye care

2. Our Product Value Chain

- Improved Environmental Management in Supply Chain and good Social Supplier Standards
- Increased sustainable materials in our Exclusive Brand collections and introduction of more sustainable third-party brands to the markets

3. Our Presence

- Introduction of more second life and product recycling programs
- Established effective Corporate Governance and improved transparency and communication about our tax strategy and principles

Our ESG scores

Tax transparency benchmark VBDO - In top 10% based on tax transparency performance - Significantly improved position between 2016-2020, with score more than doubling	25/35
Sustainalytics - ESG score up by 5 points to 80 in total - Margin discount from Revolving Credit Facility achieved	80/100
CDP - B score above Discretionary Retail Sector Average	B

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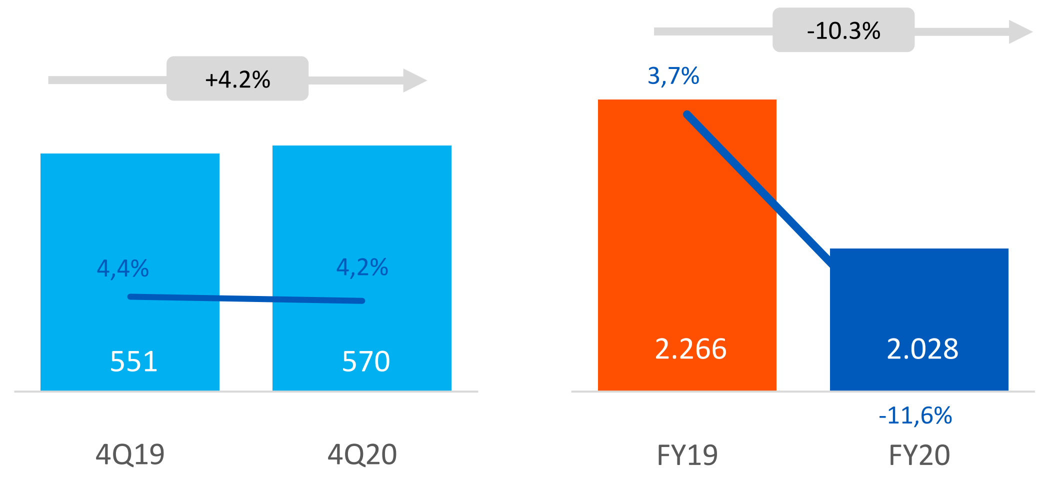
2. Financial Review

Willem Eelman
CFO

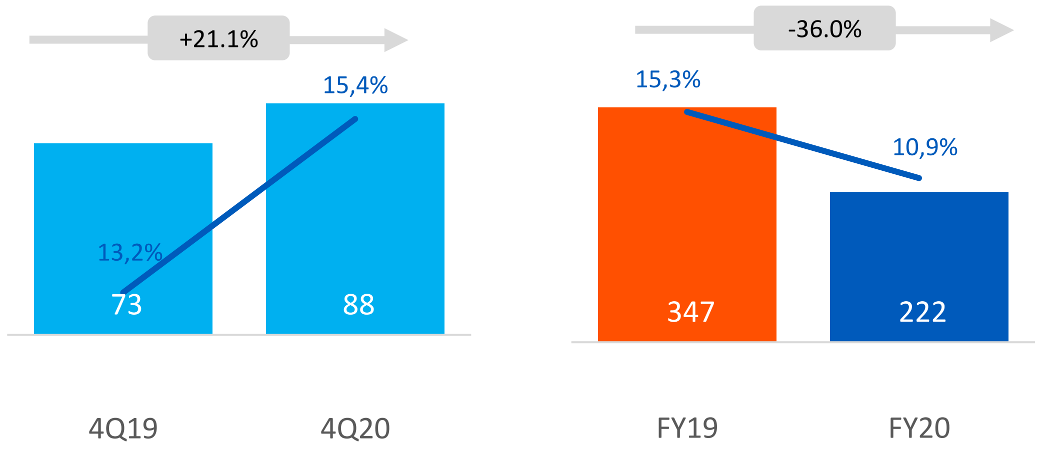
G4: Resilient markets buoyed by strong post-lockdown recovery and commercial execution

- FY20 revenue: €2,028mn, -10.5% vs prior year (-10.3% at constant exchange rates)
- Comparable revenue growth +4.2% in 4Q20 and -11.6% in FY20:
  - France and UK most affected by COVID-19 in 1H
  - Negative impact partially mitigated by strong increase in total digital influenced store sales (DISS)
  - Positive contribution from category mix: increase in multifocal category share, largely in France, and acquisitions
- FY20 EBITA[1] -36.0% at constant FX to €222mn due to COVID-related store closures, particularly in April and May
  - Improvements in commercial execution in Germany and Netherlands
  - UK benefitting from turnaround strategy
- FY20 EBITA[1] margin -436bps to 10.9%
- Store network: 3,433 (up 5 from 3,428 in 2019)

Revenue (€mn) and comparable growth[1] (y-o-y)



EBITA[1] (€mn) and margin

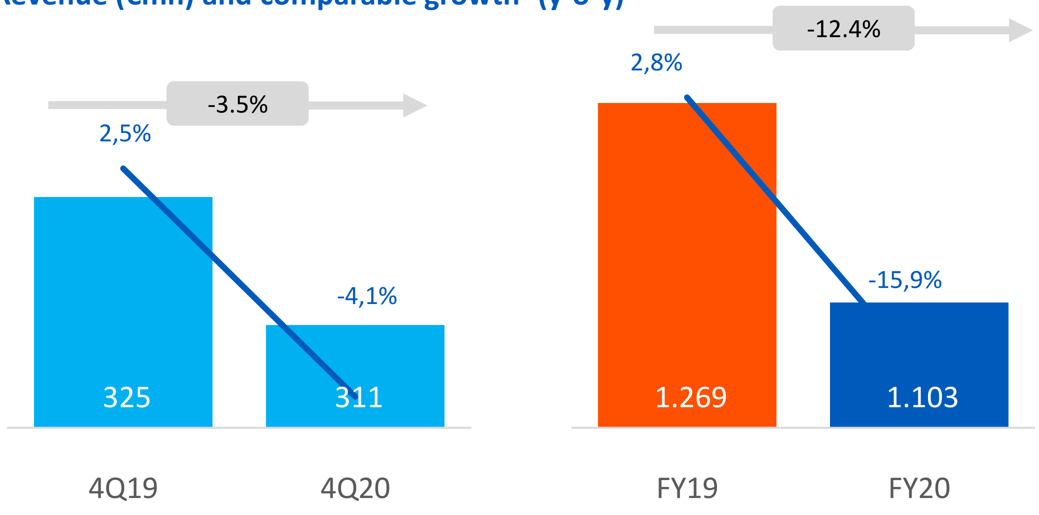


[1] *All EBITA figures on an adjusted basis, i.e., excluding non-recurring items. Growth at constant exchange rates*

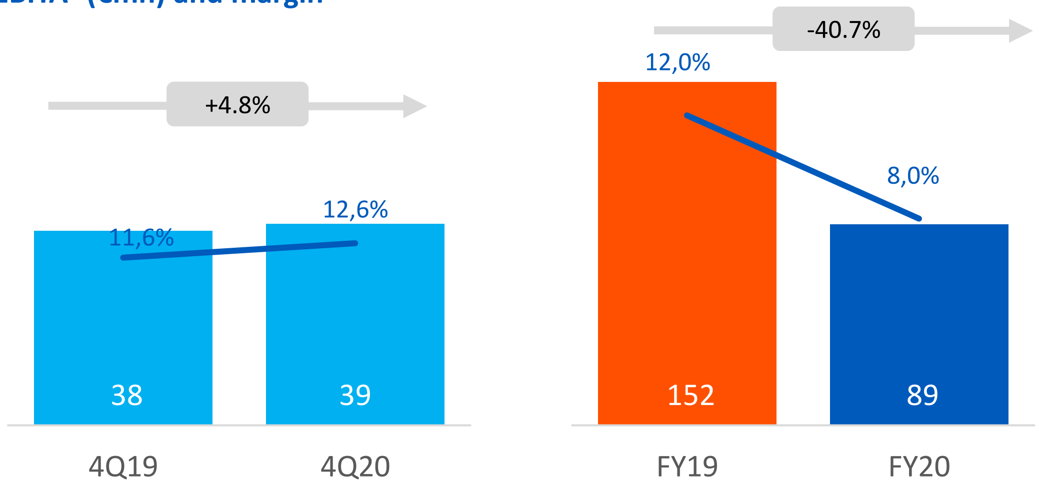
Other Europe: Benefiting from digital roll-out, recovery of business in Italy, contribution from acquisitions and improved sales mix

- FY20 revenue: €1,103mn, -13.0% vs prior year (-12.4% at constant exchange rates)
- Comparable revenue -4.1% in 4Q20 and -15.9% in FY20
  - Italy hardest hit market in both FY and 4Q20
  - Northern Europe successful implementation of subscription models in optical and contact lenses categories
  - Strong online sales growth across the segment
  - Óptica2000 in Spain and McOptic in Switzerland successfully integrated and contributed 3.1%
- FY20 EBITA[1]: €89mn, -41.6% vs prior year (-40.7% at constant exchange rates)
  - Switzerland and Denmark saw strong performance in the year
  - Positive mix impact from growth of multifocal glasses and continued rollout of optical subscription programs
- EBITA[1] margin decreased by 393bps to 8.0% in FY20
- Store network: 2,114 (down from 2,134 in 2019)

Revenue (€mn) and comparable growth[1] (y-o-y)



EBITA[1] (€mn) and margin

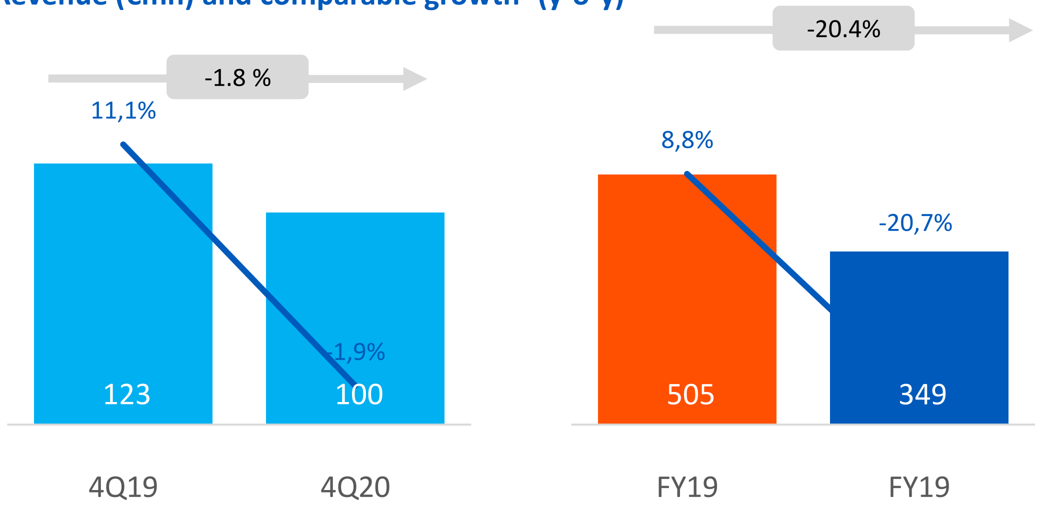


[1] All EBITA figures on an adjusted basis, i.e., excluding non-recurring items. Growth at constant exchange rates

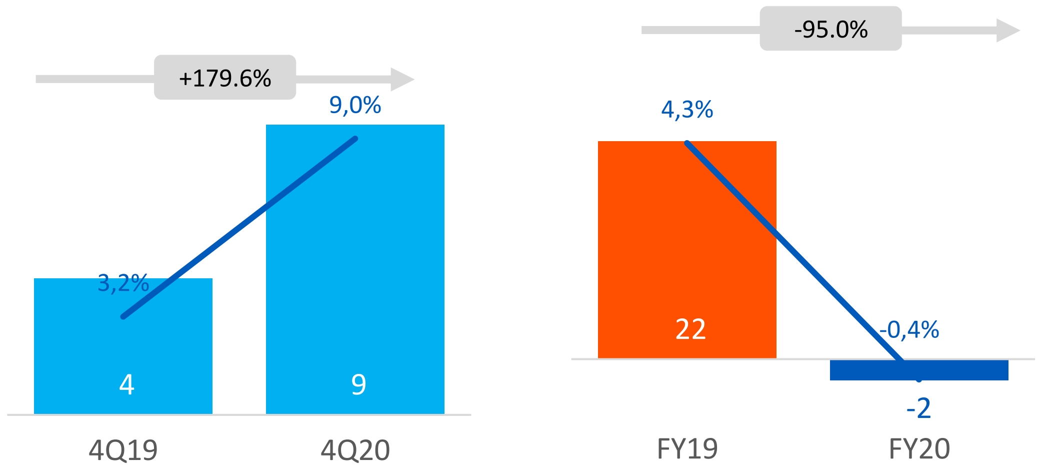
Americas & Asia: LatAm and US amongst most impacted globally by the pandemic; first signs of recovery underway

- FY20 revenue: €349mn, -30.8% vs prior year (-20.4% at constant exchange rates). FX impact -10.4% largely due to Turkish lira
- Comparable revenue -1.9% in 4Q20 and -20.7% in FY20
  - Latin America and US amongst most impacted globally
  - Turkey with good results, partly supported by a doubling of e-commerce sales versus prior year
  - Significant growth in Latin America online business - mix benefit with 20% of total online sales in optical category
- FY20 EBITA[1]: -€2mn, -107.2% vs prior year (-95.0% at constant exchange rates)
  - Positive contribution from operational improvements in the US - turnaround and closure of underperforming stores
- EBITA[1] margin: -475bps to -0.4% in FY20
- Store network: 1,713 (down from 1,844 in 2019) mainly due to planned stores' closures from the divested Chinese operations and turnaround plans in the region

Revenue (€mn) and comparable growth[1] (y-o-y)



EBITA (€mn) and margin

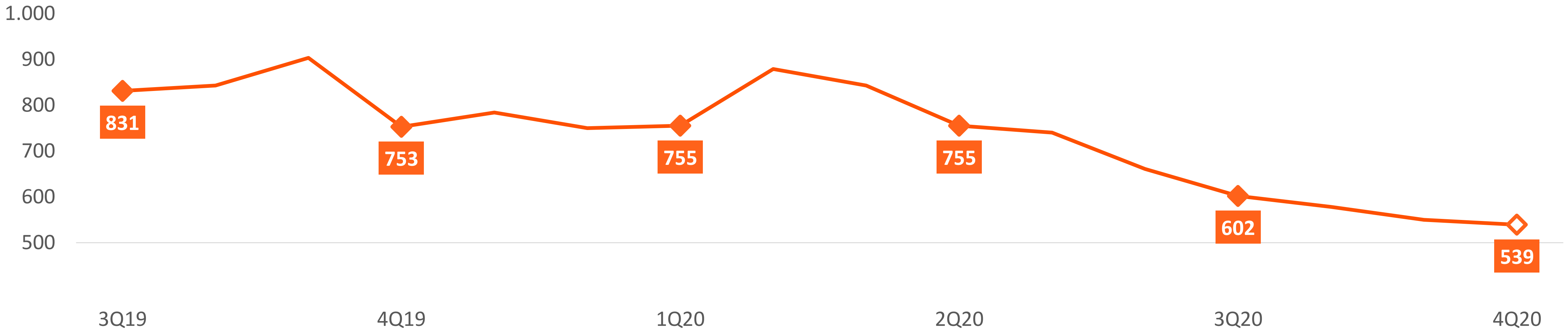


[1] *All EBITA figures on an adjusted basis, i.e., excluding non-recurring items. Growth at constant exchange rates*

Net debt reduction at year-end reflects strong operational performance and financial discipline

- Consolidated net debt decrease of €214mn to €539mn as resilience of business paired with continued cash discipline resulted in a strong financial position at year end
    - FY20 net debt includes positive effect related to dividend over the fiscal year 2019 not having been paid out in 2020
- Net Debt reduction in 4Q20 driven by:
    - \+ Good operating performance and continued cash discipline with sequential deceleration from the third quarter
    - \+ Working capital at year end, with continued benefits from the positive inventory-reduction trend
    - \- Acceleration of investments towards the back end of the year

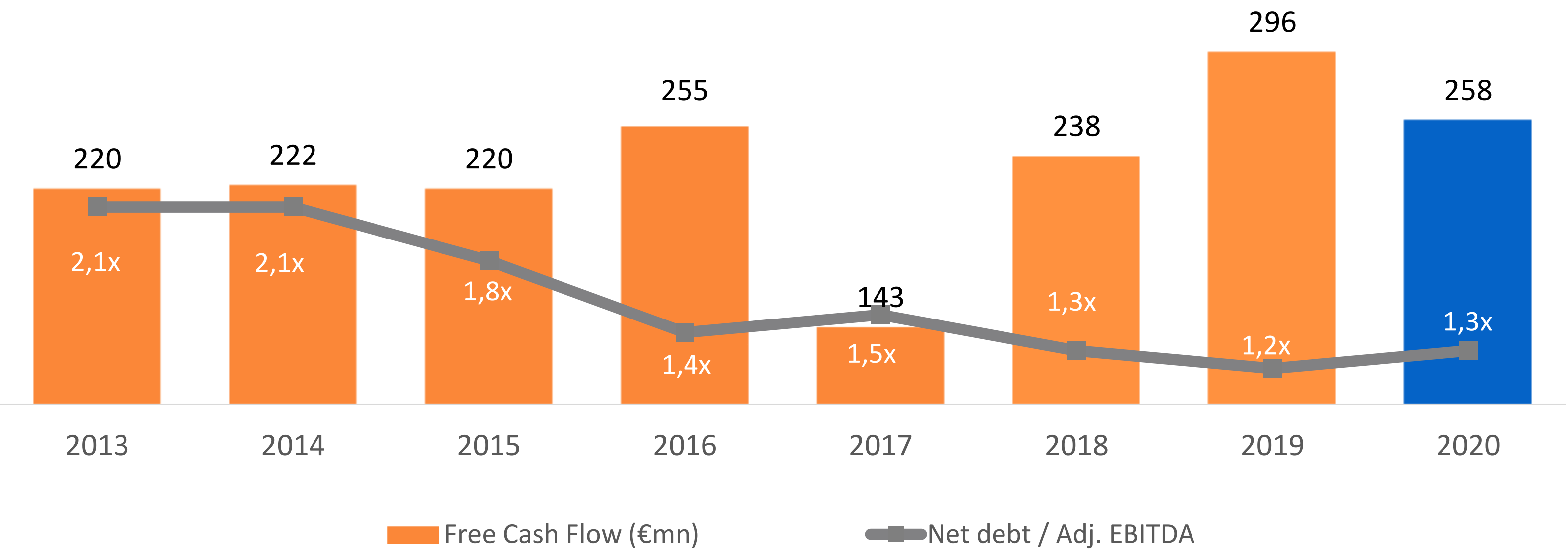
Net debt development (€ mn)



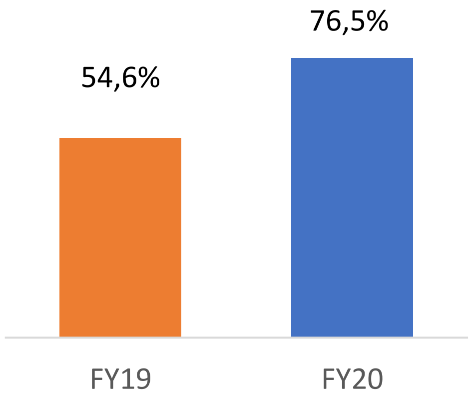
Free cash flow generation and strong cash conversion leading to lower leverage

- Free Cash Flow[1] at €258mn in FY20 (-12.8% vs FY19) driven by strong cash conversion[2]
- Cash Conversion for FY20 at 76.5% (FY19: 54.6%)
- Leverage ratio below max of 2.0x
  - Net Debt / EBITDA of 1.3x vs 1.2x in 2019

Free Cash Flow[1] and Net debt/EBITDA



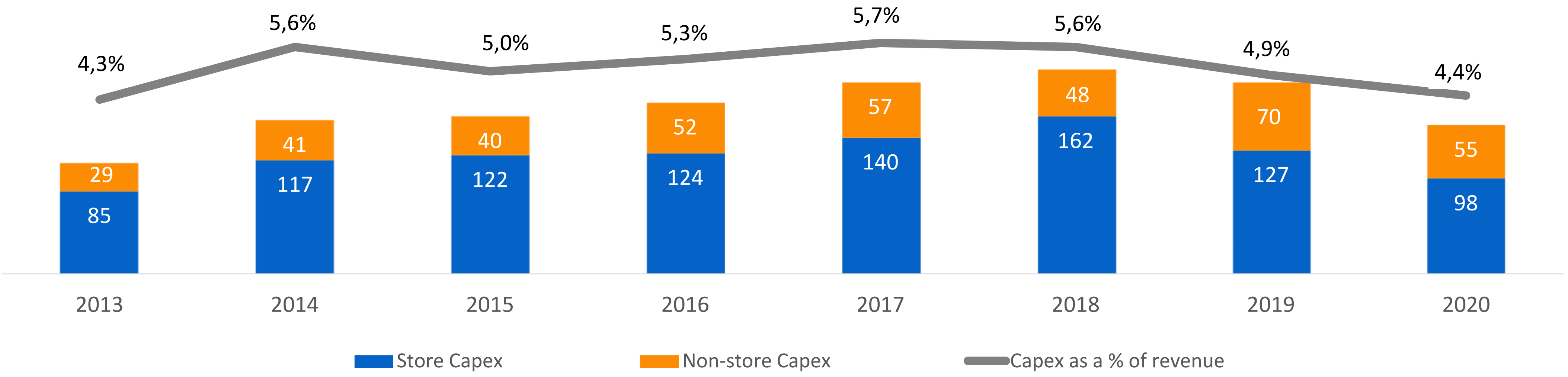
Cash Conversion[2]



[1] Free cash flow defined as cash flow from operating activities minus capital expenditures minus net repayment of lease liabilities and receivables
[2] Free Cash Flow divided by EBITDA

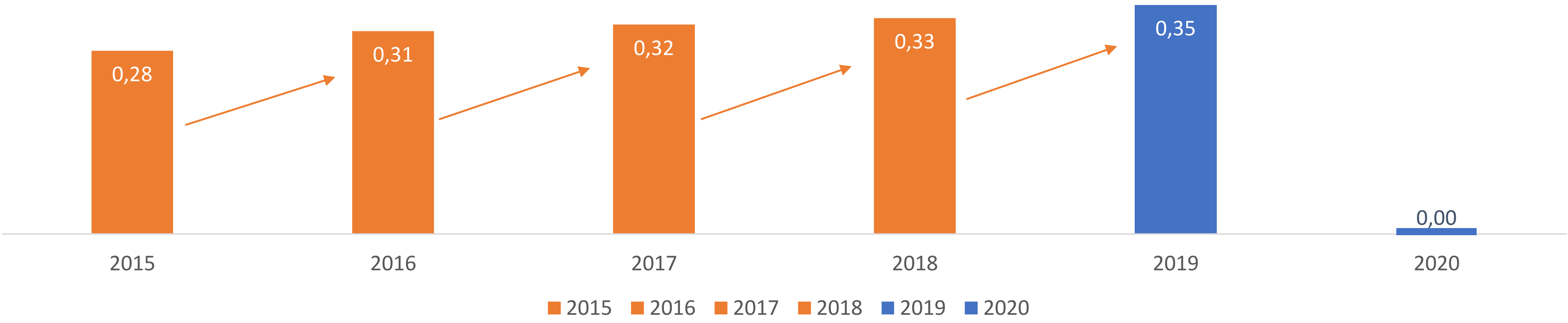
Capital expenditures in-line with guided range of 4-6% of revenue

- Store capital expenditure decreased to €98mn in FY20 (€127mn in FY19) including:
  - Phasing of non-critical refurbishments during the pandemic
  - Investments in automated eye measurement equipment, security and protective material to enable stores to quickly resume operations in compliance with COVID-19 health and safety protocols
  - Lower store capital expenditure reflecting the fewer GrandVision store openings in 2020
- Non-store capital expenditure was €55mn in FY20 (FY19: €70mn) including:
  - Strategic investments focused on the continued rollout of our omnichannel platform, as well as our end-to-end Product Value Chain transformation



GrandVision proposes dividend of €0.35 per share for fiscal year 2019

- Contingent upon the Company's financial position not being materially worsened due to the impact of the second wave of COVID-19 in 1Q 2021, GrandVision confirms its intention to propose a dividend for the fiscal year 2019 of €0.35 per share
- If so proposed, dividend is subject to approval at the Annual General Meeting on 23 April 2020
- GrandVision will not propose at this time a dividend for the fiscal year 2020



3. Summary

Stephan Borchert

CEO

GrandVision continues to support the transaction with EssilorLuxottica

- We continue to support the transaction between EssilorLuxottica and HAL regarding the proposed acquisition by Essilor Luxottica of HAL's 76.7% stake in our company, which was announced on 31 July, 2019
- To date, the transaction has been unconditionally cleared in the US, Colombia, Brazil, Mexico, and Russia and it is currently under review in the EU, Chile, and Turkey
- We believe the rationale for the transaction remains valid and remain committed to supporting EssilorLuxottica to obtain regulatory approvals in the regions where the merger clearance process is ongoing

Regulatory Review & Closing Conditions
12-24 months

Mandatory Tender Offer

Integration

Closing

Delisting

Status as of 31 December 2020

Pending:
- EU (Phase II review)
- Chile (Phase II review)
- Turkey (Phase II review)

Unconditionally cleared in:
- Brazil
- Colombia
- Mexico
- Russia
- US

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Summary

- Material impact during 1H20 and strong recovery in 2H20 demonstrates underlying resilience of our industry and the strength of GrandVision's business
- Well-prepared to mitigate impact of a second wave but remain cautious
- Positioned to capture business opportunities through international presence and platform
- Remained committed to pursue our transformation strategic agenda

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4.

Q&A

Stephan Borchert

CEO