



Essilor and Luxottica Merger to Create Integrated Global Eyewear Powerhouse

- 1) Italy-based Luxottica (LUX.MI) and France-based Essilor (ESSI.PA) have agreed to a powerhouse eyewear industry merger valued at €46 billion. Luxottica's current market value is €24 billion and Essilor's is €22 billion.
- 2) The long-anticipated merger represents one of Europe's largest cross-border deals and unites the world's largest consumer eyewear frame manufacturer with one of the main global ophthalmic lens manufacturers.
- 3) The combined group will offer a comprehensive portfolio of strong brands, global distribution capabilities and complementary expertise in ophthalmic lenses, prescription frames and sunglasses. The deal is expected to be completed in the second half of 2017.

Luxottica and Essilor had explored a possible merger a few years ago, but could not come to terms over conditions.

Consumer eyewear group Luxottica designs, manufactures and distributes fashion, luxury and sports eyewear, including proprietary brands Ray-Ban and Oakley and luxury licensed brands. Luxottica also operates global wholesale and retail distribution networks, including LensCrafters and Sunglass Hut.

Essilor designs, manufactures and distributes ophthalmic and sun lenses.

Based on the two companies' 2015 results, the merged entity would have reported combined net revenues of more than €15 billion and combined net EBITDA of approximately €3.5 billion in that year. The companies have a combined geographic presence in more than 150 countries and together employ 140,000 people.

Based on a preliminary analysis, the combined group is expected to generate significant revenue and cost synergies, ranging between €400 and €600 million in the medium term, and accelerating further over the long term.

The merged group will be called EssilorLuxottica and will be headquartered in Paris and listed on the Paris stock exchange. The deal will be a "merger of equals" and Luxottica's founder, Leonardo Del Vecchio, will hold a 31%–38% stake (31% voting rights), becoming the largest shareholder in the merged group. Del Vecchio will also become CEO and chairman. Essilor's current chairman and CEO, Hubert Sagnières, will become executive vice-chairman and deputy CEO of the merged group. Del Vecchio and Sagnières will also keep their respective positions as CEO of Luxottica and Essilor.

Euromonitor International valued the global eyewear market at US\$121 billion (€109 billion) in 2016, up 0.5% year over year.



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