EssilorLuxottica
Business game

A.Y. 2023/2024

Amico Eleonora | Mancuso Carolina
Piccaluga Iacopo | Piludu Elia | Southern Benjamin

About the Company:

- Largest global manufacturer and wholesaler of optical products
- Owns and manages 26 brands
- Headquarters in Milan, Italy

MISSION

To help people around the world "see more and be more".

VISION

Commitment to eliminate uncorrected vision problems by 2050 through raising awareness and permanent access to eye care globally.

Brief History

1961

Luxottica starts in **Italy**, specializing in eyewear design and manufacturing.

1999

Luxottica builds a strong brand portfolio acquiring **Ray-Ban** and building its own brands.

2007

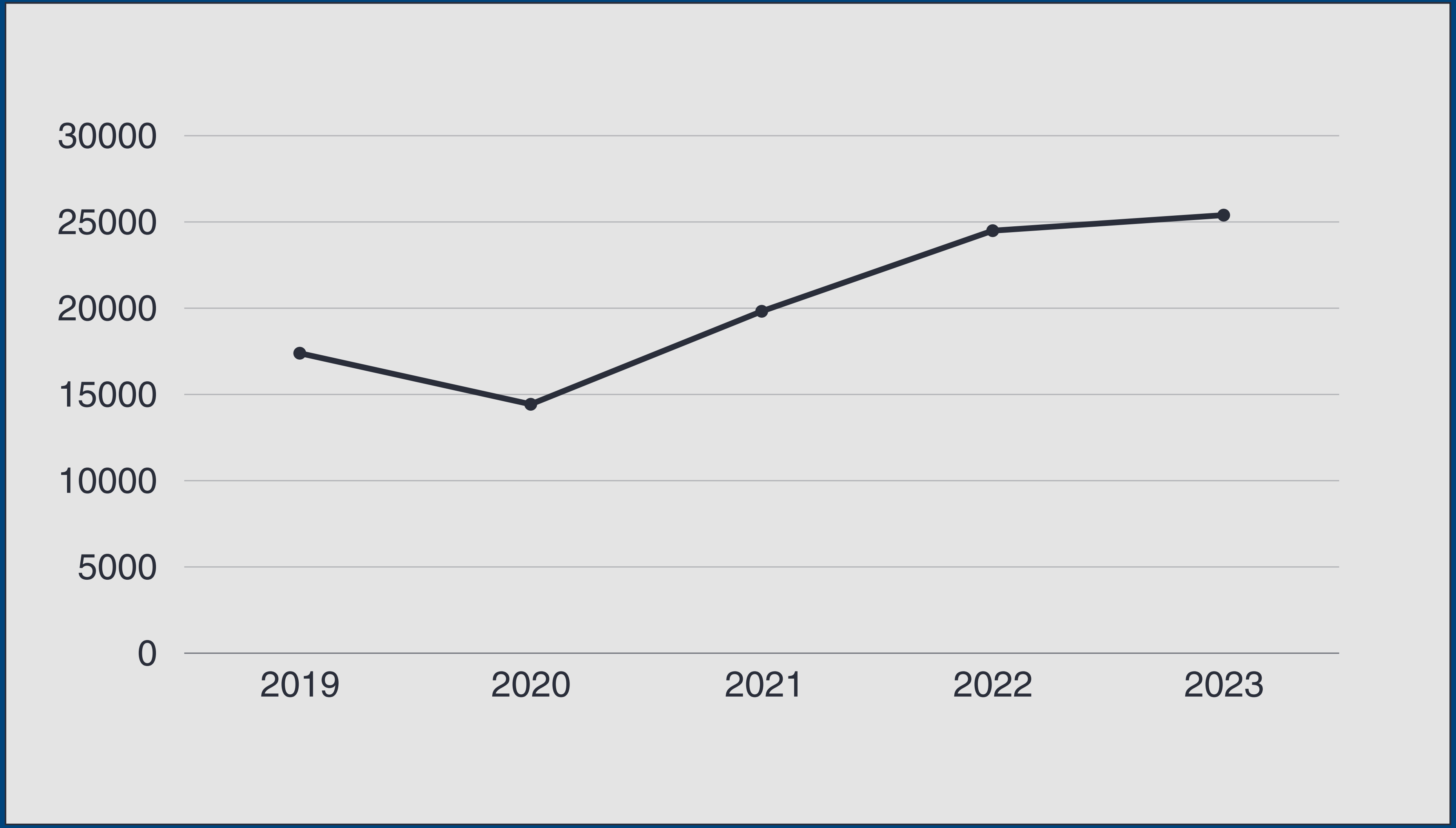
Luxottica and **Essilor merge** to create a giant in the eyewear industry. They expand their retail presence through chains like **Sunglass Hut**.

2024

EssilorLuxottica remains a **dominant force** in the eyewear market through innovation and acquisitions.

Sales trend

In € millions



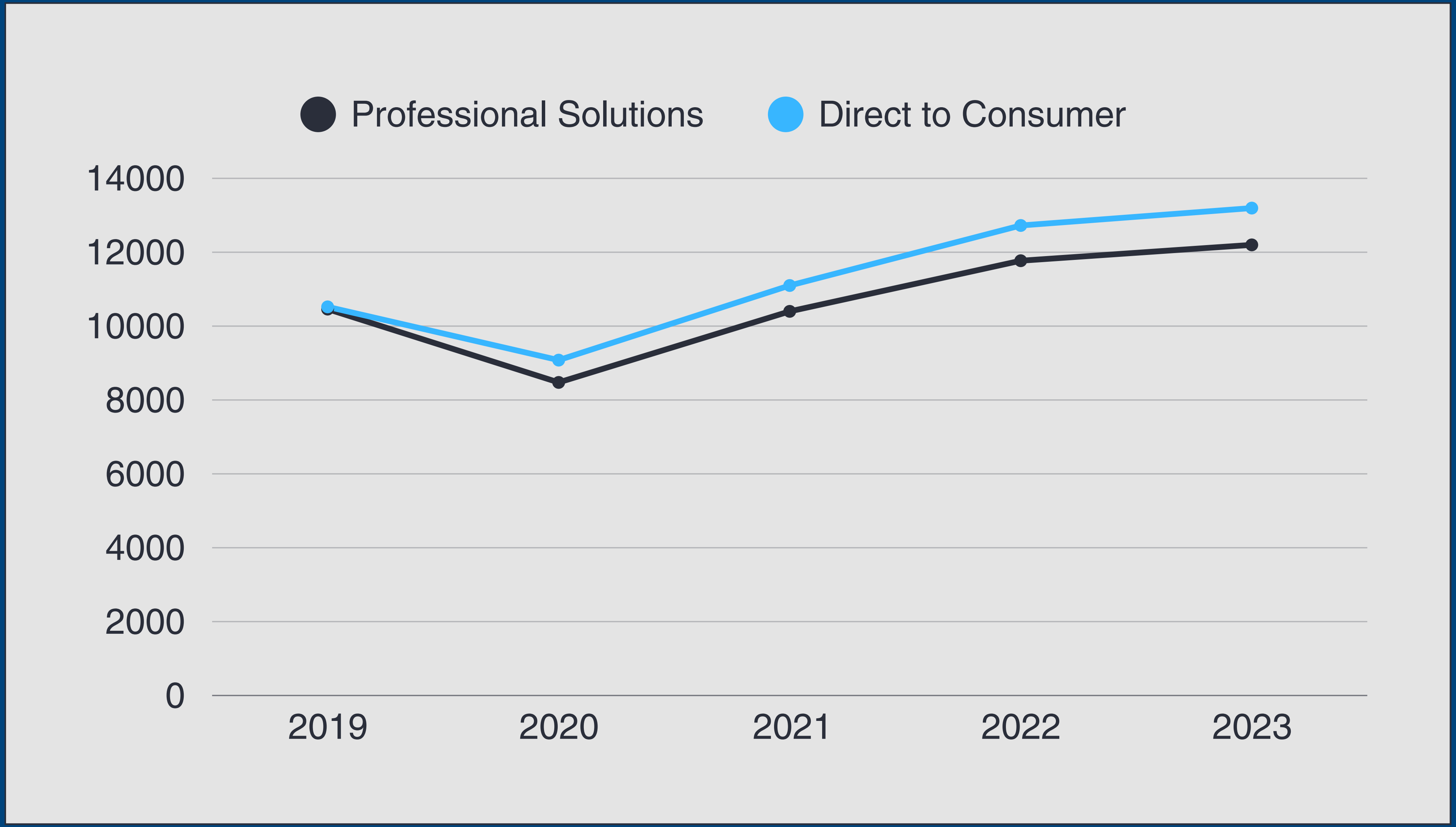
+46%

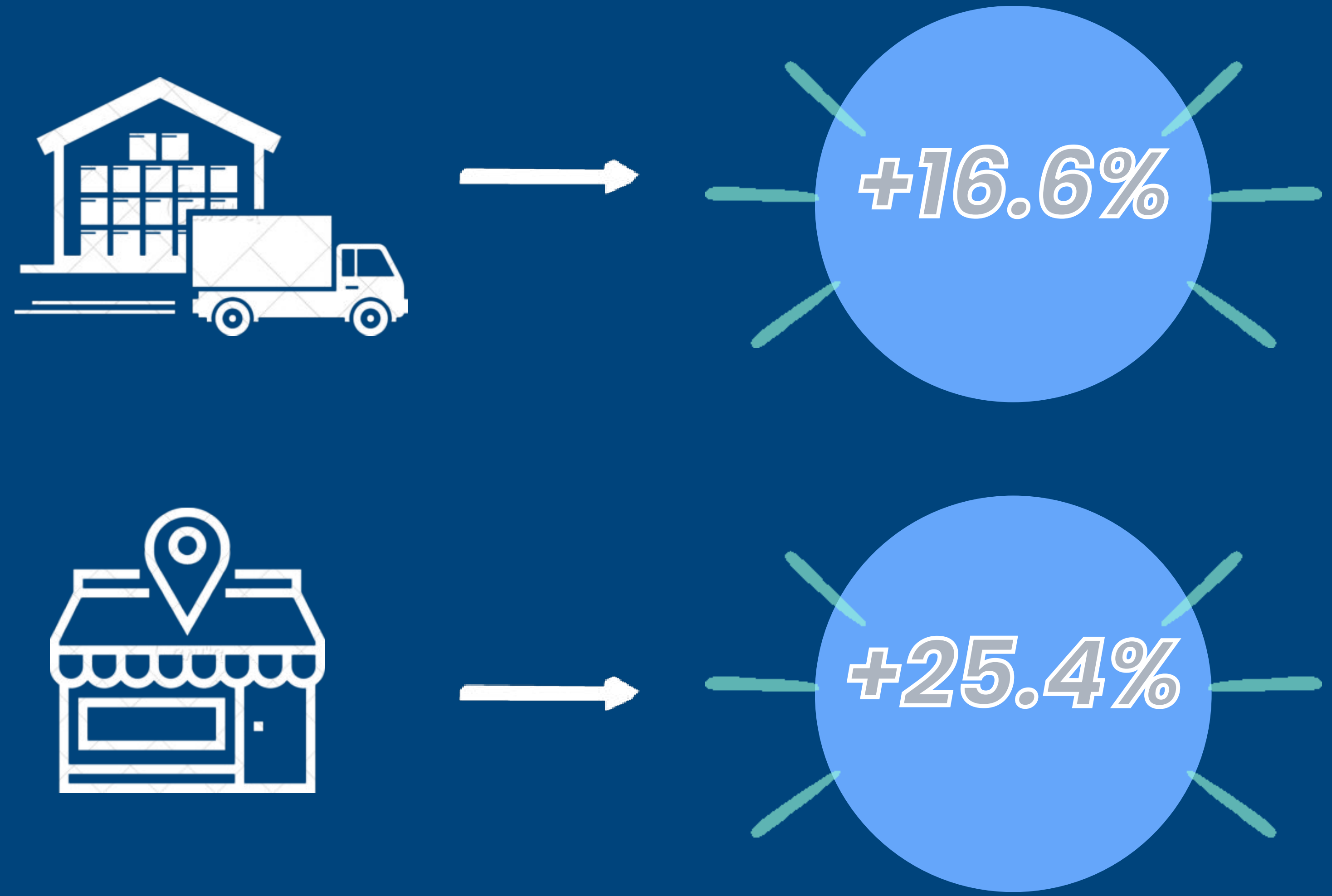
- 2019: maintaining its market position
- 2020: decline due to Covid-19
- 2021: recovery after the pandemic
- 2022: acquisition of GrandVision
- 2023: more stable situation

Sales trend

By segment

Both segments now contribute almost equally to the Group’s total revenues.





Sales trend

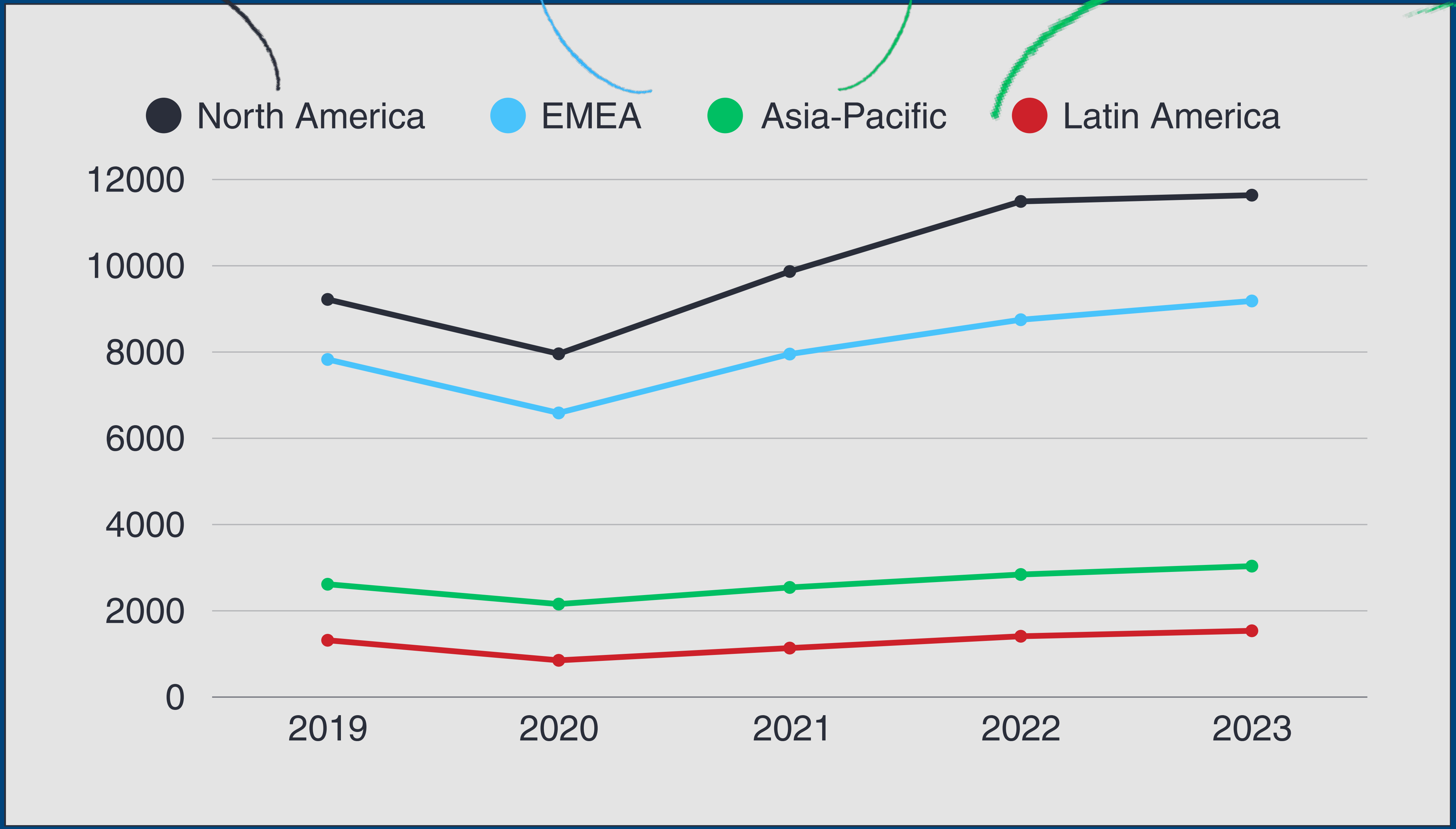
By geographical area

US: biggest market

Led the Group's growth in 2023

Restricted operations in Russia since 2022

Negatively impacted by COVID-19 for the longest



Profitability analysis

	2021	2022	2023
ROCE	4,40%	6,15%	6,30%
RNOA	3,56%	4,90%	5,20%

Profitability analysis

	2021	2022	2023
FIRST LEVEL BREAKDOWN *ROCE=RNOA+[FLEV*(RNOA-NBC)]*	**4,32%**	**6,10%**	**6,30%**
FLEV	0,28696	0,287887	0,268749
OLLEV	0,205323	0,195655	0,184433
SECOND LEVEL BREAKDOWN *RNOA=PM*ATO*	**3,56%**	**4,90%**	**5,20%**
OperatingProfit Margin: OI/SALES	0,08532	0,0970	0,09941
ATO: SALES/NOA	0,42927	0,5158	0,52226

Profitability analysis

	2021	2022	2023
SALES PM: OI (after tax) from sales/sales	0,08295	0,09513	0,09940
OTHER ITEMS PM: OI (after tax) from other items/sales	0,002366	0,001872	0,000598
OPERATING PROFIT MARGIN: OI (after tax)/sales	0,08532	0,0970	0,09941

Profitability analysis

	2021	2022	2023
THIRD LEVEL BREAKDOWN			
PPE Turnover	4,70672	5,15989	4,90061
Account Receivable Turnover	7,47642	8,28619	7,91861
Days in Account Receivable	48,8201	44,1832	46,0939
Inventory Turnover	3,10388	3,19469	3,39890
Days in Inventory	117,594	114,251	107,387

Credit analysis

Liquidity Stock Measures

CURRENT RATIO

0,99

QUICK RATIO

0,72

CASH RATIO

0,27

Liquidity Flow Measures

CASH FLOW RATIO

0,51

DEFENSIVE INTERVAL

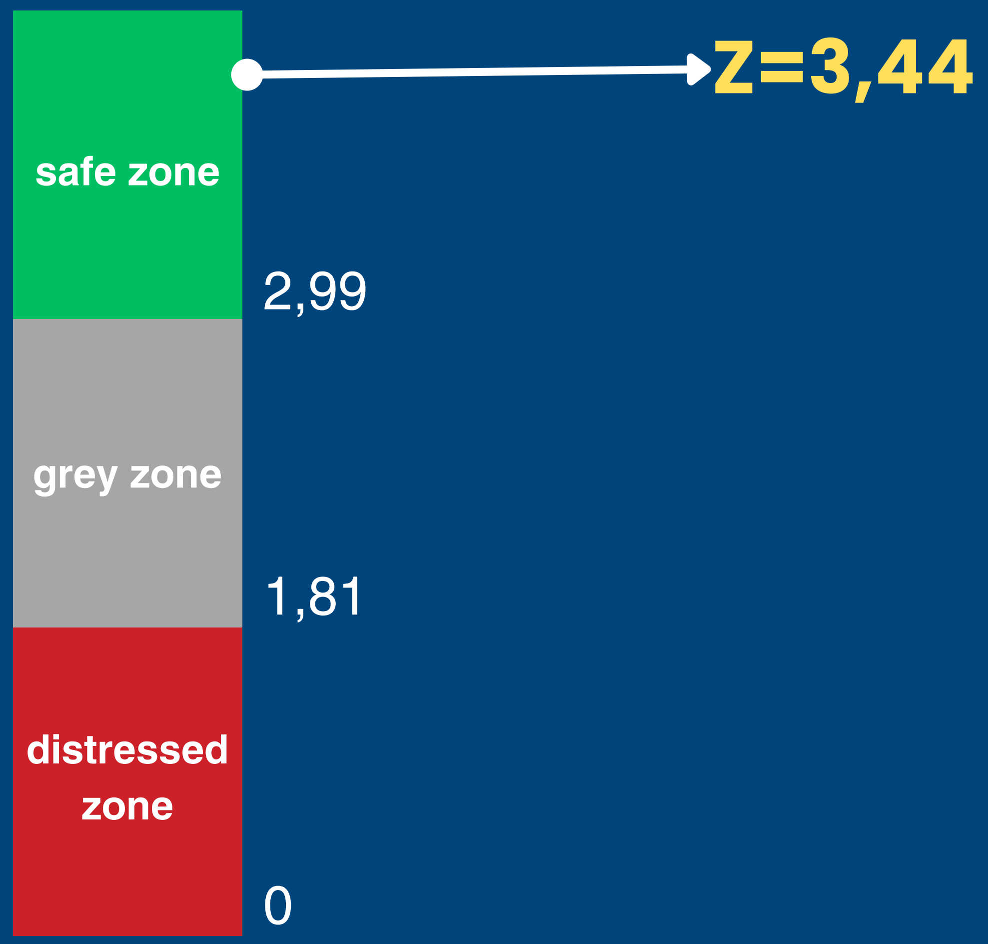
1.561

CASH FLOW TO CAPITAL EXP

3,05

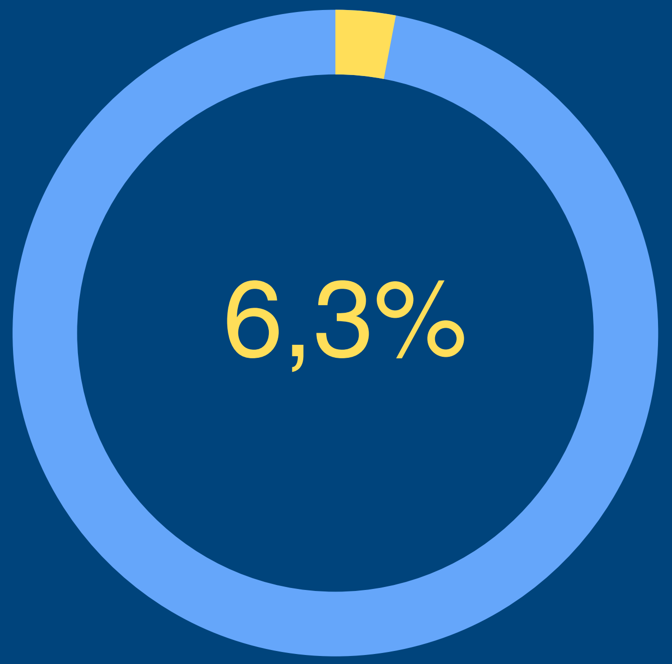
Credit scoring for 2023

Z-scoring (Altman model)



Logit Scoring Model (Holson Model)

Y=-2,70 therefore the probability of bankruptcy is:



Screening on multiples

(For year 2023)

	EssilorLuxottica	Safilo Group	Kering	Fielmann
P/S	3,60	0,37	2,50	1,82
P/E	37,67	16,91	16,37	24,92
P/B	2,39	1,00	3,22	4,23
P/CFO	18,38	7,93	10,95	13,36

SIGNIFICANT ITEMS & FINAL EVALUATIONS

Relevant composition ratios and accounts

Forecasting comments

Estimates and differences

Other notes

Relevant accounts

Based on composition ratios

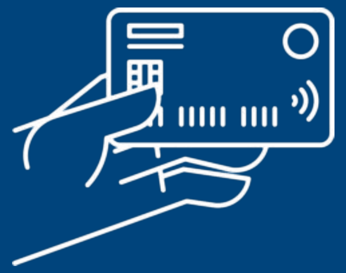
- Intangibles → 68%
- share capital-to-premium → 0,3%
- Acquisition of businesses (2021, computed on tot. Investments) → 88%

Estimates

Processes and calculations

- Different net debt position from the declared one:

- Financial items



~~Operating section~~

Financial section

Estimates

Processes and calculations

2021 and 2022 FCFs has been restated:

2021

- Weighted average approach towards outliers inside the investing section

= €3035,43 M

2022

- Substituted with Refinitiv's data

= €3211 M

Estimates

Processes and calculations

Growth rates used:

Estimated

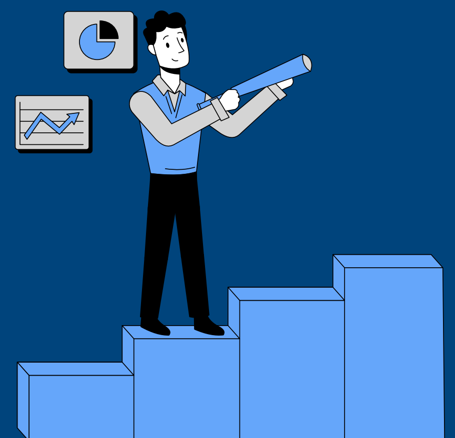
- 'Progressive' Geometric average of past, present and future g. and restated outliers

5,43%

'Conservative'

- Inflation rate provided by the European Central Bank

2,00%



BoD Recommendations

DCF Analysis

- *Market value of Equity: €**91’858,6** M*
- Market price per Share: €**202,4**

Strongly dependent on *g*, due to a relatively low WACC (~7,7%) :

‘Estimated’ way:

- Intrinsic value of equity: €***152’505,58*** M
- Intrinsic price per share: €***336,06***

Strong buy!

‘Conservative’ way:

- Intrinsic value of equity: €***51’370,04*** M
- Intrinsic price per share: €***113,09***

Strong sell!

THANK YOU ALL!