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EssilorLuxottica

The world leader in eye health and the most serious bet on smart glasses

DEEP DIVE

November 2026

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COMPANY PROFILE

EssilorLuxottica

THESIS

EssilorLuxottica was born from the merger of two leaders and made acquisitions a consistent driver of growth. In this report I assess what the global leader in eye care and eyewear is worth, and whether its competitive position justifies what the market pays.

THE COMPANY

EssilorLuxottica was created in 2018 from the merger of France's Essilor, the leader in ophthalmic lenses, and Italy's Luxottica, dominant in frames, sunglasses, brands and optical retail.

It is a vertically integrated company, from research to distribution, with about 150 brands (Ray-Ban, Oakley, Varilux, Transitions, among others), a presence in more than 150 countries and close to 20,000 points of sale. It recently added Supreme and entered the hearing market with Nuance Audio.

TARGET PRICE
EUR 185

UPSIDE / DOWNSIDE
-4.5%

SECTOR
Healthcare

EXCHANGE
Euronext Paris

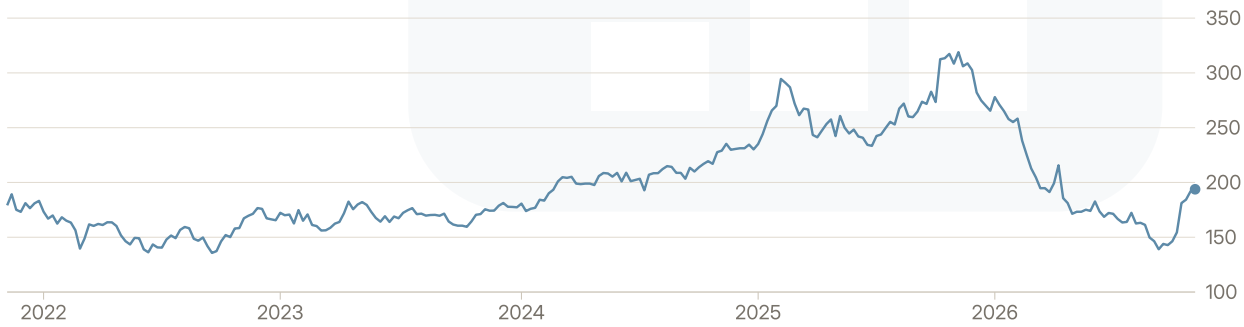
CURRENCY
EUR

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
EUR 193.80	138.30 – 323.80	+8%	0.88

WEEKLY SHARE PRICE, LAST 5 YEARS



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SECTION 01

Introduction

I discovered EssilorLuxottica through an acquaintance who works there. Almost every time I hear about a company, the first thing I do is check whether it is listed. And this one was.

The name “EssilorLuxottica” did not mean much to me at first, but when I started looking at its brands, such as Ray-Ban and Oakley, among others, it began to sound more familiar. At that point, around 2023, the share was at about EUR 160 - 180 and, at first sight, it did not look like an opportunity to me. I preferred to finish my analysis calmly... and of course, I missed the train: the stock kept rising until it reached EUR 320. But I am one of those who think that in the stock market the train comes by more than once.

And it did come by again: during 2026 the stock fell to around EUR 140, and from there it bounced back strongly to today’s EUR 194. Let’s see if there is still room to get on board.

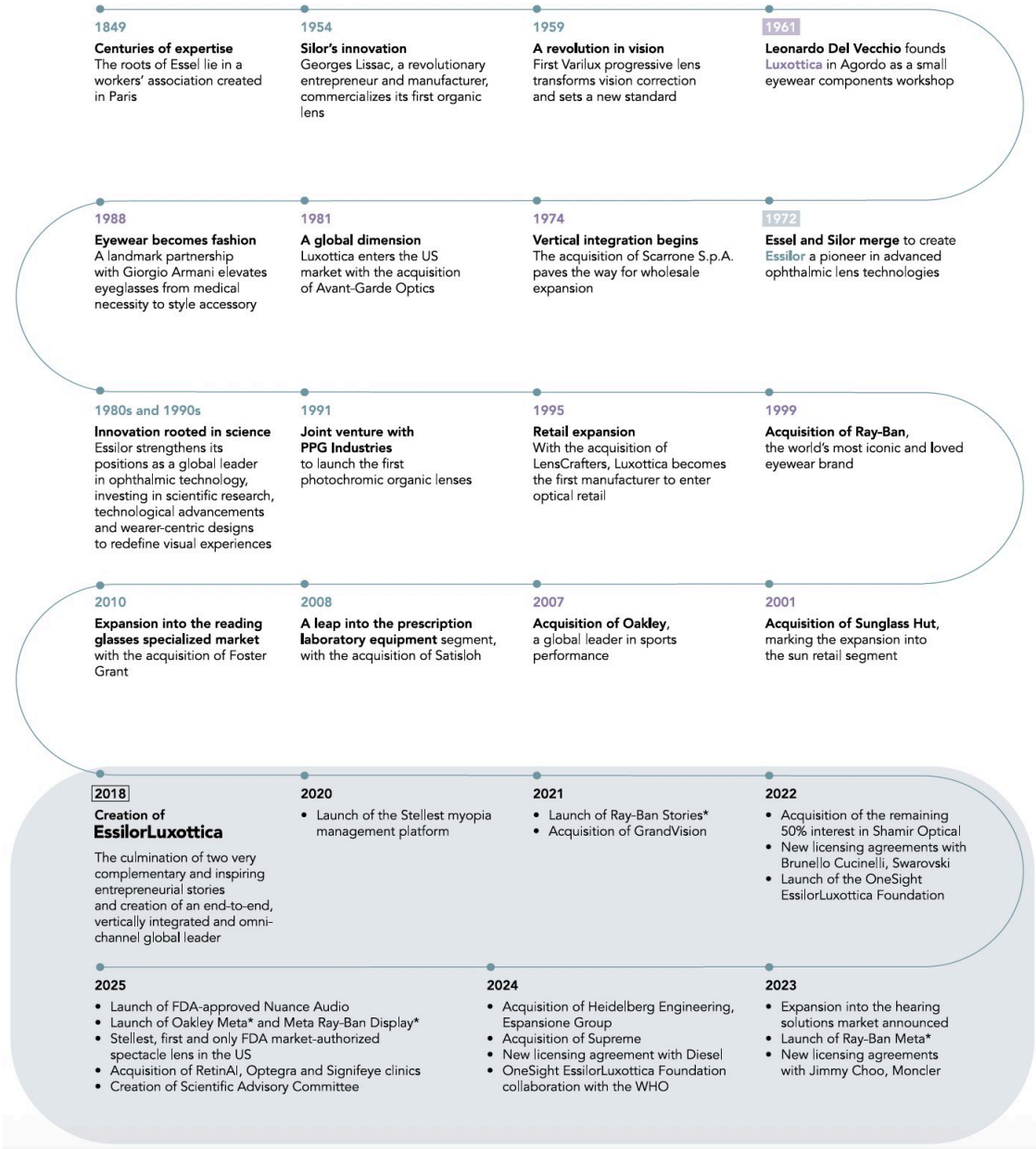
The company was born from the merger between the French **Essilor** (itself the result of the union of **Essel** and **Silor**) and the Italian **Luxottica** in 2018.

Essilor was historically one of the world leaders in ophthalmic lenses, while Luxottica dominated the world of frames, sunglasses, own brands, licenses and optical retail.

The combination of both companies created a unique player. On one side, Essilor brought optical science, lens technology, research, patents and relationships with eye care professionals. On the other, Luxottica brought brands, design, retail, distribution and an unusual ability to turn glasses into aspirational products.

That merger did not just create a bigger company. It changed the competitive structure of the entire industry.

You could say that **mergers are in its DNA**: the company itself is the result of one of the largest in the sector, and over time it turned that dynamic into **a consistent driver of growth**. And it does it very well.



SECTION 02

Business model

EssilorLuxottica operates globally in the **eyecare** and **eyewear** markets. In recent years it began to **broaden its horizon as a group**, also entering the **apparel, footwear and accessories** market through brands such as **Supreme** (one of its most recent acquisitions), **Oakley** and **Costa**.

It is a **fully vertically integrated** company: it handles everything, from research and development to production and distribution.

It has also started to look beyond sight: it is **entering the hearing market**, after acquiring a company called **Nuance Audio**, with which it launched glasses that help people with mild to moderate hearing loss hear better.

Today the group has about 150 brands, a presence in more than 150 countries and a network of close to 20,000 points of sale worldwide. This reach expanded in 2026 with the investment in Top Charoen, Thailand's leading optical chain, which adds more than 2,000 stores to the group's ecosystem.

Eyecare

This covers everything related to **eye care**.

The company has a very strong lens portfolio, with well-known brands such as **Essilor** (Varilux, Crizal, Eyezen, Stellest, Xperio and Transitions), as well as **Ray-Ban, Oakley, Barberini and Shamir Optical**.

It also has a **perpetual license with Kodak** and agreements with **Nikon** to develop specific technologies for different consumer needs.



Demand for optical products has a very attractive feature: it can be postponed, but it can hardly be eliminated. If a person needs to correct their vision, sooner or later they will have to change their lenses or update their prescription. The same applies to presbyopia, myopia or protection from UV rays and screens.

This makes a good part of the business much more resilient than traditional fashion. Sunglasses can be more discretionary, but optical products serve a necessary function.

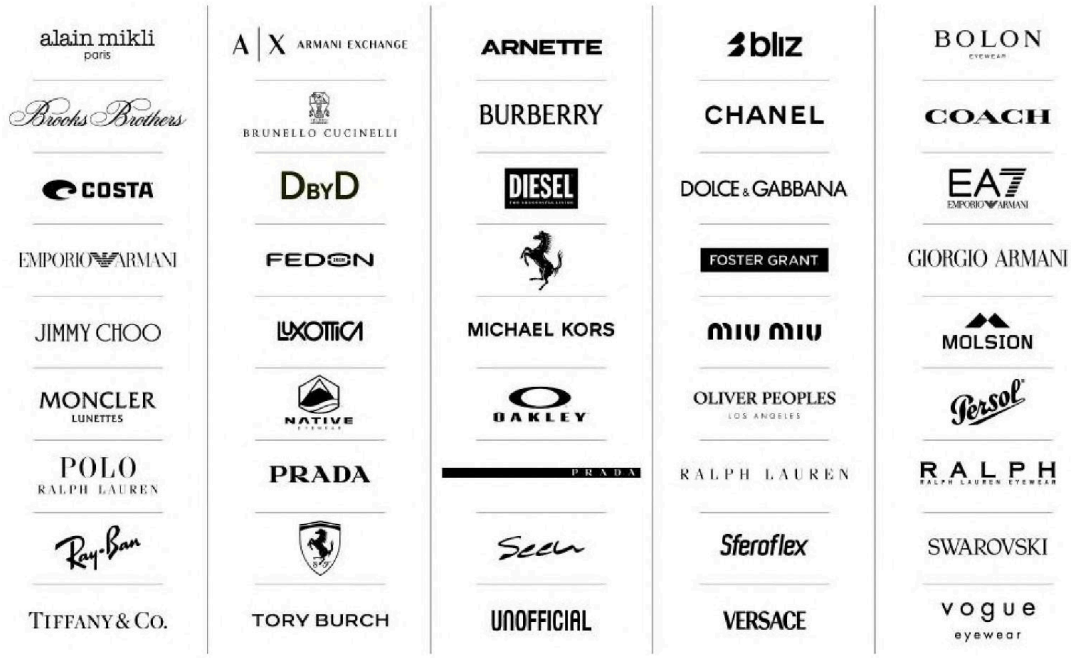
On top of that there is a very clear structural tailwind: population aging and the global growth of myopia. EssilorLuxottica is particularly well positioned to capture that trend, especially through solutions such as Stellest, aimed at slowing the progression of myopia in children and young people.

Eyewear

This is the part most linked to **fashion**.

This category includes iconic brands such as **Ray-Ban, Oakley, Persol, Oliver Peoples, Vogue** and **Alain Mikli**, among others.

In addition, EssilorLuxottica produces collections for **luxury brands** that entrust it with their design and manufacturing, for example:



Digital and technology solutions

- **SMART GLASSES:** A few years ago, smart glasses looked like an experiment. Today they are starting to look like a category with real potential. This does not mean we know for sure that they will replace the smartphone or become the next big consumer device. But it does mean that the probability that they end up being relevant has increased considerably. And if that category takes off, EssilorLuxottica is probably one of the best-positioned players in the world.

- *Ray-Ban Meta*

- Ray-Ban Meta is probably the most important product for understanding EssilorLuxottica's new stage. The first generation, Ray-Ban Stories, launched in 2021, had relatively limited features: photos, videos, calls and music. In 2023 a much more interesting new generation arrived: Ray-Ban Meta, now with artificial intelligence, a better camera, better audio, streaming and much more natural features for the user.

  What matters is not only that the product improved. What matters is that it started to show increasingly concrete commercial traction. During 2025, EssilorLuxottica sold more than 7 million units of AI Glasses, including Ray-Ban Meta and Oakley Meta. The acceleration was especially strong in the second half of the year and continued during 2026, with the company highlighting AI glasses as one of the main growth drivers in markets such as North America and EMEA.

  This changes the reading of the thesis quite a bit. We are no longer simply talking about an optical company experimenting with a new technology category, but about a product that has reached several million units sold and is starting to become a relevant part of the group's growth strategy.



Why Meta needs EssilorLuxottica

The relationship between Meta and EssilorLuxottica is often read as if the latter were simply a supplier or manufacturer. I think that reading greatly underestimates EssilorLuxottica's strategic role.

Meta brings artificial intelligence, software, assistants, processing, a digital ecosystem and an enormous capacity to invest. But EssilorLuxottica brings brands, design, distribution, retail, optics, manufacturing and consumer knowledge.

Meta can develop technology. But that does not mean it can build glasses that people want to wear for years.

EssilorLuxottica can.

That difference probably explains why the relationship between the two companies keeps deepening. In 2025 they extended the category to Oakley, and during 2026 they broadened the collaboration again, aiming to bring wearables to more consumers and to a wider variety of uses, styles and price points.

The relationship no longer looks like a simple deal between a supplier and a tech company. Meta brings software, artificial intelligence and investment capacity; EssilorLuxottica brings the industrial, optical, commercial and design platform needed to turn that technology into a product people actually want to use.

For me, that complementarity is one of EssilorLuxottica's most interesting competitive advantages in the wearable category.

Oakley Meta

The expansion into Oakley is particularly interesting because it broadens the potential market for AI Glasses.

Ray-Ban targets more of a lifestyle, urban and fashion consumer. Oakley, on the other hand, opens the door to segments much more linked to performance: running, cycling, golf, training, outdoor sports, POV content creation and active use.

This matters because many of the best use cases for AI glasses will probably appear precisely in contexts where the user's hands are busy and they need a light interface based on voice, audio and vision.

A cyclist may want to record a ride without using a GoPro. A runner may want to get metrics without looking at the phone. A tourist may want real-time translation. A content creator may want to capture video from their point of view. A professional may want to make a call or check information without taking out their phone.

We do not yet know which use cases will end up being mass-market. But Oakley opens up a much broader category than Ray-Ban on its own.

If Ray-Ban Meta validates lifestyle use, Oakley Meta could validate performance use.

- **NUANCE AUDIO**: in 2023 the company announced its entry into the world of **hearing solutions** with Nuance Audio. Its goal: improve the quality of life of the **1.2 billion people** who suffer from mild to moderate hearing loss.
- In 2025, EssilorLuxottica received FDA clearance for its Nuance Audio Glasses as an OTC solution in the United States and also obtained the certifications needed to move forward in Europe. Since then, the company has kept expanding its international distribution. At the end of 2025, Nuance Audio was already present in several markets and in approximately 15,000 points of sale, which shows that the company is starting to build a relevant commercial network around this new category.
- The idea is simple but powerful: integrate hearing assistance into attractive glasses.

  Many people with mild or moderate hearing loss do not use traditional hearing aids because of discomfort, price, aesthetics or social friction. But they may be willing to use a product that looks like a normal pair of glasses and that also lets them see and hear better.

  If the company manages to scale this category, Nuance Audio could become a new growth vertical within the group. It also fits perfectly with EssilorLuxottica's strategic direction: moving from traditional eyewear to integrated vision, hearing and wearable technology solutions.



- **HELIX, RETINAI, OPTEGRA AND MEDTECH**: Another area that has gained relevance is the expansion into med-tech and services linked to eye health.
- HELIX aims to build a digital ecosystem for eye care professionals, with tools ranging from appointment management to tele-optometry and digital services. This platform may look secondary next to Ray-Ban Meta, but strategically it is very relevant because it strengthens the relationship with opticians and professionals.
- In addition, the company moved ahead with several deals that show an ambition much broader than manufacturing and selling lenses and frames. It acquired Cellview, specialized in retinal imaging diagnostics; RetinAI, focused on artificial intelligence and data analysis applied to eye health; and Optegra, a European platform of ophthalmology clinics.

  Signifeye was added to this, consolidated since February 2026. Together with Optegra, these acquisitions are allowing EssilorLuxottica to build an ophthalmology platform with a growing presence in Europe. In the United Kingdom, for example, the company already highlights its ability to offer integrated solutions across different stages of eye care.

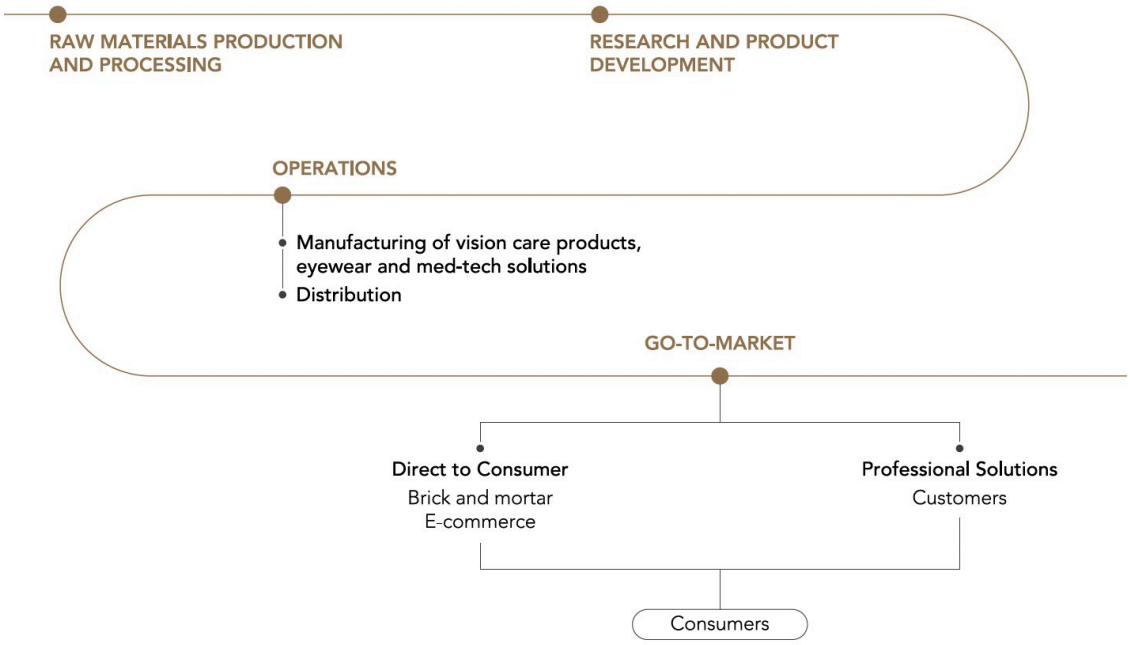
  The strategic direction looks increasingly clear: EssilorLuxottica wants to be present along the whole continuum of eye care, from prevention and diagnosis to treatment, optical products, retail and digital follow-up.

  This can open up new opportunities, although it also adds complexity. The company is no longer just an eyewear company. It looks more and more like an integrated eye health ecosystem.

  Another sign of this technological evolution came in 2026 with the alliance between EssilorLuxottica and Applied Materials to develop advanced optical technologies for augmented reality. It is still an early initiative, but a strategic one: if glasses evolve from devices mainly based on audio, cameras and artificial intelligence towards more advanced visual interfaces, the complexity of the lenses and optics becomes even more important.

Segments

EssilorLuxottica splits its operations into two segments, based on the distribution channel: Direct to Consumer and Professional Solutions.



Source: EssilorLuxottica

- **Direct To Consumer**

This is the **retail** business, where EssilorLuxottica reaches **the end consumer directly**.

It includes a network of close to 20,000 points of sale worldwide, covering both iconic shopping experiences (such as Ray-Ban, Oakley and Sunglass Hut) and eye care services, through chains such as GrandVision, +Vision, Óticas Carol and Top Charoen, among others.

The group also has a strong presence in the digital channel, with its own platforms such as **Glasses.com** and **FramesDirect**, which complement its physical network and reinforce its omnichannel strategy.

This network gives EssilorLuxottica a huge advantage in selling premium products, educating consumers, making adjustments, offering optical services and distributing new categories such as AI Glasses or Nuance Audio.

This is key.

Many tech companies can launch hardware, but they do not have thousands of specialized touchpoints to display, fit, prescribe, explain and sell glasses. EssilorLuxottica does.

As of December 31, 2025, EssilorLuxottica operated 17,750 stores as follows:

	North America	EMEA	Asia-Pacific	Latin America	Corporate Stores	Franchising & Licensing	Total Store Count
Sunglass Hut	1,575	548	307	450	**2,880**	251	3,131
LensCrafters	1,008		79		**1,087**	11	1,098
Vision Express		851			**851**	132	983
Apollo		671			**671**	217	888
Target Optical	591				**591**		591
Pearle		509			**509**	204	713
MasVisión		25		483	**508**		508
Générale d'Optique		393			**393**	275	668
OPSM			379		**379**	18	397
GMO				343	**343**		343
GrandVision		268		54	**322**	46	368
GrandOptical		312			**312**	52	364
Atasun Optik		309			**309**	39	348
Oakley	184	11	79	23	**297**	78	375
Ray-Ban	47	69	120	46	**282**		282
Synoptik		247			**247**		247
Salmoiraghi & Viganò		244			**244**	25	269
Luxoptica		239			**239**		239
Mujosh			171		**171**	293	464
Bolon			124		**124**	258	382
Pearle Vision	109				**109**	440	549
MultiÓpticas		104			**104**	108	212
Óticas Carol				26	**26**	1,399	1,425
Supreme	6	4	8		**18**		18
All Others*	294	1,242	415	717	**2,668**	220	2,888
TOTAL STORE COUNT	3,814	6,046	1,682	2,142	13,684	4,066	17,750
TOTAL OPTICAL	**2,001**	**5,301**	**1,153**	**1,579**	**10,034**	**3,734**	13,768
TOTAL SUN & OTHER	**1,813**	**745**	**529**	**563**	**3,650**	**332**	3,982

* *Banners with less than 200 total store count excl. Supreme: Ópticas Lux, Optica2000, Instrumentarium, Ópticas Visión, Team Vision, For Eyes, Ofotért, Solaris, Aojo, Smarteyes, Lafam, LensMaster, EconoLentes, Visilab, OPTIblu, Brilleland, McOptic, Washin, OCFYT, David Clulow Opticians, Ópticas Place Vendôme, Nissen, David Clulow, Robin Look, Oliver Peoples, Laubman & Pank, A-Look, Spectacle Hut, Seen, Interoptik, Vision Center, Mat Viet, Econopticas, Triangle Visions, EyeQ, OWL, Kochoptik, Sunglass Island, Optica Popular, Optiplaza, Mathieu Opticien, Luxottica Korea, Molsion, Miramás, MY I, Alain Mikli, Spex, Persol, Optical Shop of Aspen, Keops, Nikon, EyeBuyDirect, Optic Master, O51 and Meyrowitz.*

- **Professional Solutions**

This division is the group's **wholesale channel**: supplying products and services to almost **300,000 professionals** in the sector, including distributors, independent opticians, affiliated chains and third-party *e-commerce* platforms, among others.

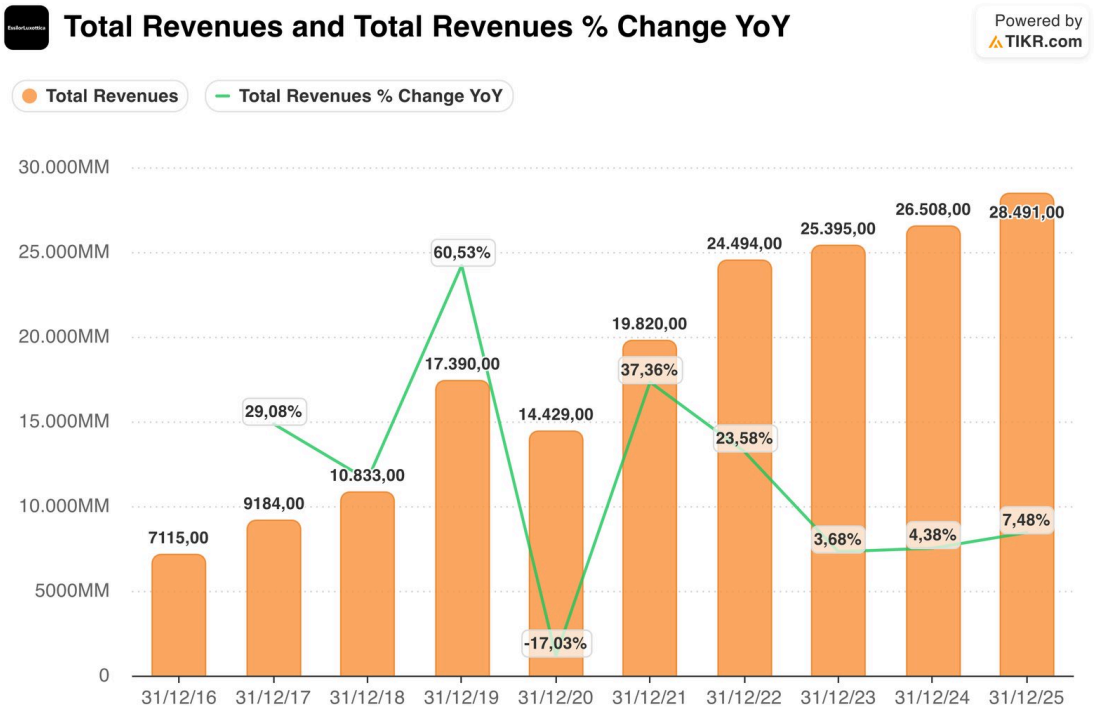
Through this channel, the company distributes ophthalmic lenses, frames, instruments, technologies and solutions for the professional ecosystem.

It is a less visible business than Ray-Ban or Sunglass Hut, but probably a more stable and strategic one.

SECTION 03

Business quality

Revenue

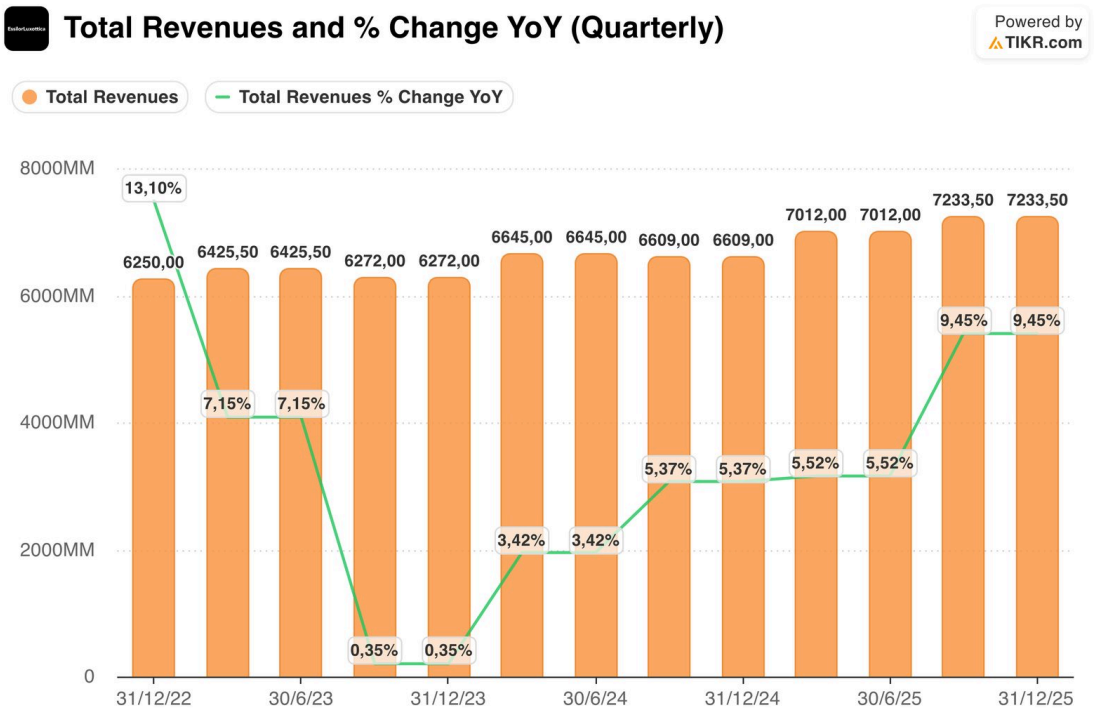


The evolution of EssilorLuxottica's sales should always be analyzed with some care, because its recent history is affected by extraordinary events: the merger between Essilor and Luxottica, the pandemic, the acquisition of GrandVision, the consolidation of Supreme and other deals.

In fact, I think the period before the merger between Essilor and Luxottica does not add much to the current analysis, since the business model changed completely from that point on.

On the other hand, although **sales grew 3.7% in 2023**, we have to take into account the negative effect of **exchange rates**. Adjusting for that impact, growth at **constant exchange rates** was **7.1%**. Something similar happened in **2024**, with **6% adjusted growth**, versus **4.4% reported**.

In **2025**, revenue reached EUR 28,491 million, reported growth of close to 7.5% and **11.2% at constant exchange rates**. In addition, the fourth quarter of 2025 showed a very strong acceleration, with growth of 18.4% at constant exchange rates. This matters because growth was no longer just in the mid-single-digit range. During 2025 and early 2026, the company showed a visible acceleration, driven in part by AI Glasses.



During the first half of 2026, EssilorLuxottica kept growing at close to double digits at constant exchange rates. The company also highlighted 15% growth in adjusted operating profit at constant currency, showing that the expansion of the business does not depend only on volume but is also accompanied by better profitability.

The first quarter had already anticipated this trend: sales reached EUR 7,127 million, with growth of 10.8% at constant exchange rates. Professional Solutions and Direct to Consumer both grew at double digits, while the traditional business kept growing at close to a mid-single-digit pace.

This last point is important for understanding the thesis. The core business keeps growing in a healthy way, but an increasing share of the incremental acceleration comes from innovation: AI Glasses, myopia control, new eye care solutions and the expansion of the health ecosystem.

If we break down **2025 sales by segment**, we see that **the mix is quite balanced**: **48%** comes from **Professional Solutions**, while the remaining **52%** corresponds to **Direct to Consumer**.

€ millions	2025	2024	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	13,600	12,547	12.2%	8.4%
Direct to Consumer	14,891	13,960	10.3%	6.7%
TOTAL REVENUE	28,491	26,508	11.2%	7.5%

The company does not break down sales by product type, but it is estimated that **around 75%** comes from **optical products** and the **remaining 25%** from **sunglasses**. In other words, we are talking about a **highly resilient business**, supported largely by recurring eye care demand.

If we look at sales by **geographic region**, the two most important markets are **North America (45%)** and **EMEA (38%)**. What is curious is that in the last fiscal year both regions were the ones that grew the most, despite being where the company has the highest penetration.

€ millions	2025	2024	Change at constant exchange rates[1]	Change at current exchange rates
NORTH AMERICA	**12,787**	**11,979**	**11.6%**	**6.7%**
• of which Professional Solutions	6,011	5,454	15.1%	10.2%
• of which Direct to Consumer	6,776	6,524	8.5%	3.9%
EMEA	**10,779**	**9,759**	**11.8%**	**10.4%**
• of which Professional Solutions	4,621	4,142	12.5%	11.5%
• of which Direct to Consumer	6,158	5,617	11.2%	9.6%
ASIA-PACIFIC	**3,410**	**3,247**	**10.1%**	**5.0%**
• of which Professional Solutions	2,197	2,164	6.3%	1.5%
• of which Direct to Consumer	1,214	1,083	17.7%	12.0%
LATIN AMERICA	**1,515**	**1,523**	**7.6%**	**-0.5%**
• of which Professional Solutions	771	787	7.0%	-2.0%
• of which Direct to Consumer	744	736	8.2%	1.1%
TOTAL REVENUE	28,491	26,508	11.2%	7.5%

Another interesting point is the progress of the subscription model. In the first quarter of 2026, EssilorLuxottica reported that the program already had more than 2.5 million members in 19 countries and included both prescription glasses and contact lenses.

If this model keeps expanding, it can improve revenue recurrence, increase the frequency of interaction with consumers and strengthen loyalty within the company's ecosystem. I do not expect it to transform the group's economics on its own, but it can become an interesting tool and make part of the retail business more predictable.

Latest results: third quarter of 2026

In October EssilorLuxottica reported third-quarter sales. It billed **EUR 7,486 million, 9.0% more than a year earlier and 7.2% at constant exchange rates**, on a demanding comparison base (in the third quarter of 2025 it had grown at double digits). In the first nine months of the year sales reached EUR 22,304 million, with growth of 8.9% at constant exchange rates.

By segment, Direct to Consumer grew 10.6% at constant currency, with comparable store sales up 6.8%, while Professional Solutions slowed to +3.4% after the strong growth of the previous year. The traditional business (eyecare and medtech) grew more than 6%, myopia control (Stellest) 24% and wearables (AI Glasses and Nuance Audio) 20%. All regions grew, with Asia-Pacific and the direct channel in EMEA at double digits.

My reading is that the business is still healthy, but the acceleration of late 2025 has moderated. AI Glasses keep growing, although no longer at last year's explosive pace, and the holiday season (with new launches) will be key to see whether the category accelerates again.

Vertical analysis

Income Statement

Fiscal year Income Statement — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(41.2%)	(36.2%)	(37.8%)	(38.7%)	(44.2%)	(39.2%)	(37.2%)	(37.8%)	(37.6%)	(40.3%)	**(38.5%)**	**(38.4%)**
Gross Profit	**58.8%**	**63.8%**	**62.2%**	**61.3%**	**55.8%**	**60.8%**	**62.8%**	**62.2%**	**62.4%**	**59.7%**	**61.5%**	**61.6%**
Selling General & Admin Expenses	(24.6%)	(45.1%)	(46.6%)	(46.5%)	(48.9%)	(46.6%)	(47.6%)	(47.5%)	(47.3%)	(45.3%)	**(46.7%)**	**(46.9%)**
R&D Expenses	(3.0%)	(0.7%)	(1.8%)	(3.2%)	(3.8%)	(2.9%)	(2.4%)	(2.3%)	(2.4%)	(2.3%)	**(2.3%)**	**(2.5%)**
Total Operating Expenses	**(40.9%)**	**(45.5%)**	**(48.3%)**	**(49.6%)**	**(52.7%)**	**(49.5%)**	**(50.0%)**	**(49.8%)**	**(49.6%)**	**(47.5%)**	**(49.0%)**	**(49.3%)**
Operating Income	**17.9%**	**18.2%**	**14.0%**	**11.7%**	**3.1%**	**11.3%**	**12.7%**	**12.4%**	**12.8%**	**12.2%**	**12.5%**	**12.3%**
Interest Expense	(1.0%)	(1.0%)	(1.1%)	(1.0%)	(1.0%)	(0.7%)	(0.6%)	(0.8%)	(1.0%)	(1.1%)	**(0.9%)**	**(0.8%)**
EBT Incl. Unusual Items	**16.4%**	**13.7%**	**11.9%**	**8.8%**	**2.2%**	**11.0%**	**12.4%**	**12.0%**	**12.4%**	**11.2%**	**11.9%**	**11.8%**
Income Tax Expense	(4.0%)	(2.3%)	(1.3%)	(2.0%)	(1.1%)	(2.9%)	(3.1%)	(2.4%)	(3.0%)	(2.6%)	**(2.7%)**	**(2.8%)**
Net Income	**11.4%**	**11.3%**	**10.0%**	**6.2%**	**0.6%**	**7.3%**	**8.8%**	**9.0%**	**8.9%**	**8.1%**	**8.7%**	**8.4%**
EBITDA	24.1%	24.1%	20.9%	20.6%	14.0%	19.8%	20.9%	20.4%	20.7%	19.6%	**20.2%**	**20.3%**

Source: author's analysis based on Tikr data.

Historically, EssilorLuxottica has shown very high gross margins for a company of its scale. This reflects the combination of brands, vertical integration, in-house production, operating efficiency and pricing power. Since the merger, and except for the pandemic, gross margin stayed above 60%, although in 2025 it fell to 59.7%, mainly because of mix pressure, tariffs and the larger weight of new categories such as wearable hardware.

The operating margin reported under IFRS has been stable at around 12-13% (12.2% in 2025). It is considerably lower than the *adjusted operating margin* the company communicates, because it includes the amortization of intangibles created by the merger and acquisitions. I prefer to use figures reported under IFRS to keep the whole valuation consistent.

This point is important. AI Glasses can have a mixed impact on margins in the short term. On the one hand, they require investment, technology components, marketing and production scale. On the other, if they become established as a premium product, they could end up being a high value-added category. In other words: in the short term they can put pressure on margins; in the long term they could expand them.

Balance Sheet

Fiscal year Balance Sheet — % of total assets	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**3.9%**	**11.6%**	**3.8%**	**10.2%**	**17.0%**	**5.5%**	**3.2%**	**4.2%**	**3.5%**	**5.5%**	**4.4%**	**4.4%**
Total Receivables	**13.1%**	**10.6%**	**5.5%**	**5.3%**	**4.8%**	**5.0%**	**5.4%**	**5.9%**	**6.1%**	**6.5%**	**6.2%**	**5.8%**
Inventory	8.5%	8.3%	4.2%	4.1%	3.7%	4.1%	4.6%	4.5%	4.9%	5.5%	**5.0%**	**4.7%**
Total Current Assets	**26.7%**	**31.5%**	**14.5%**	**20.4%**	**26.2%**	**15.6%**	**14.3%**	**16.1%**	**15.6%**	**18.8%**	**16.8%**	**16.1%**
Net Property Plant And Equipment	9.2%	18.0%	10.7%	10.7%	9.7%	12.0%	12.8%	13.6%	14.3%	14.2%	**14.0%**	**13.4%**
Long-term Investments	0.3%	0.0%	0.4%	0.3%	0.2%	0.5%	0.6%	0.7%	1.3%	1.5%	**1.1%**	**0.9%**
Goodwill	47.0%	35.9%	48.5%	45.8%	43.3%	49.0%	50.7%	50.0%	49.9%	48.5%	**49.5%**	**49.6%**
Other Intangibles	13.9%	12.4%	24.7%	21.5%	19.2%	21.2%	20.0%	18.2%	17.1%	15.3%	**16.8%**	**18.4%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**28.2%**	**20.8%**	**15.4%**	**10.7%**	**11.8%**	**15.0%**	**14.7%**	**16.1%**	**16.5%**	**19.0%**	**17.2%**	**16.3%**
Long-Term Debt	10.3%	16.4%	5.3%	13.1%	17.8%	15.0%	13.0%	10.8%	11.0%	10.7%	**10.8%**	**12.1%**
Capital Leases	0.0%	0.2%	3.1%	3.1%	2.7%	3.8%	3.9%	4.0%	4.3%	4.2%	**4.1%**	**4.0%**
Total Liabilities	**46.4%**	**42.2%**	**31.0%**	**32.8%**	**37.3%**	**39.6%**	**37.0%**	**35.7%**	**36.2%**	**38.2%**	**36.7%**	**37.4%**
Total Equity	**53.6%**	**57.8%**	**69.0%**	**67.2%**	**62.7%**	**60.4%**	**63.0%**	**64.3%**	**63.8%**	**61.8%**	**63.3%**	**62.6%**
Total Debt	**19.8%**	**18.9%**	**11.8%**	**17.9%**	**22.7%**	**21.9%**	**20.2%**	**19.3%**	**20.6%**	**22.5%**	**20.8%**	**20.9%**
Net Debt	15.9%	7.3%	8.0%	7.7%	5.8%	16.4%	16.9%	15.0%	17.1%	17.0%	**16.4%**	**16.5%**

Source: author's analysis based on Tikr data.

EssilorLuxottica's balance sheet is still solid, although it has one very important feature: goodwill represents almost half of total assets (48.5% in 2025).

This should not be surprising. We are talking about a company built on brands, licenses, acquisitions and mergers. In a company like this, traditional book value does not capture the real economic value of its assets well. Goodwill largely reflects the premium paid for assets such as Luxottica, GrandVision and other acquisitions. It also reflects something harder to measure: brand value, distribution, commercial relationships and competitive positioning.

Debt represents a little more than 22% of assets and equity 62%. The EUR 1,000 million bond issued in 2025, maturing in 2030 with a 2.625% coupon, shows that the credit market still sees EssilorLuxottica as a high-quality issuer.

Cash Flow Statement

Fiscal year Cash Flow — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Net Income	**11.4%**	**11.3%**	**10.0%**	**6.2%**	**0.6%**	**7.3%**	**8.8%**	**9.0%**	**8.9%**	**8.1%**	**8.7%**	**8.4%**
Total Depreciation & Amortization	**6.2%**	**5.9%**	**11.3%**	**12.2%**	**14.9%**	**12.0%**	**11.9%**	**11.6%**	**11.5%**	**10.8%**	**11.3%**	**11.6%**
Stock-Based Compensation	–	0.0%	0.7%	0.9%	1.1%	0.8%	0.8%	0.8%	0.6%	1.0%	**0.8%**	**0.8%**
Cash from Operations	**16.8%**	**17.5%**	**21.8%**	**19.0%**	**20.5%**	**22.9%**	**19.5%**	**19.1%**	**18.4%**	**18.6%**	**18.7%**	**19.7%**
Capital Expenditure	(4.1%)	(7.2%)	(6.6%)	(5.2%)	(4.5%)	(5.2%)	(6.4%)	(6.0%)	(5.7%)	(5.4%)	**(5.7%)**	**(5.7%)**
Cash Acquisitions	(9.9%)	(1.5%)	7.0%	(2.1%)	(0.9%)	(35.7%)	(3.9%)	(0.4%)	(6.6%)	(3.2%)	**(3.4%)**	**(10.0%)**
Cash from Investing	**(14.4%)**	**(7.6%)**	**0.4%**	**(9.7%)**	**(3.3%)**	**(40.7%)**	**(10.7%)**	**(6.8%)**	**(13.7%)**	**(9.0%)**	**(9.8%)**	**(16.2%)**
Total Debt Issued	**–**	**5.4%**	**–**	**28.5%**	**20.7%**	**0.4%**	**–**	**1.7%**	**9.0%**	**8.8%**	**6.5%**	**4.0%**
Total Debt Repaid	**(0.5%)**	**(6.6%)**	**(11.6%)**	**(11.6%)**	**(4.9%)**	**(7.7%)**	**(7.8%)**	**(7.7%)**	**(8.5%)**	**(8.7%)**	**(8.3%)**	**(8.1%)**
Repurchase of Common Stock	(0.4%)	–	–	–	(1.1%)	(1.6%)	(1.8%)	(1.1%)	(1.0%)	(1.3%)	**(1.1%)**	**(1.4%)**
Common Dividends Paid	(1.1%)	(4.8%)	(4.5%)	(5.1%)	(3.5%)	(0.7%)	(1.9%)	(1.9%)	(4.4%)	(1.9%)	**(2.7%)**	**(2.2%)**
Cash from Financing	**(2.0%)**	**(5.8%)**	**(15.8%)**	**7.9%**	**10.4%**	**(10.3%)**	**(14.6%)**	**(9.5%)**	**(6.2%)**	**(3.7%)**	**(6.5%)**	**(8.9%)**
Free Cash Flow	12.6%	10.2%	15.2%	13.8%	16.0%	17.7%	13.1%	13.1%	12.6%	13.2%	**13.0%**	**14.0%**

Source: author's analysis based on Tikr data.

EssilorLuxottica shows positive and consistent operating cash flow, between 18% and 23% of sales since the merger (18.6% in 2025). This reflects the company's solid ability to turn accounting revenue into real cash.

The main investing outflows are capex (5.4% of sales in 2025) and, in some years, acquisitions, which reached 35.7% of sales in 2021 with the purchase of GrandVision. The financing section shows dividends and buybacks, consistent with the shareholder return policy.

Financial ratios

- *Growth*

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth												
Revenue growth		29.1%	18.0%	60.5%	(17.0%)	37.4%	23.6%	3.7%	4.4%	7.5%	**5.2%**	**15.3%**
EBIT growth		31.3%	(9.6%)	34.7%	(78.2%)	406.1%	38.6%	1.3%	7.6%	2.2%	**3.7%**	**91.2%**
Diluted EPS growth		27.0%	(13.6%)	(40.0%)	(92.2%)	1610.5%	48.6%	5.2%	1.0%	(2.9%)	**1.1%**	**332.5%**
Change in diluted shares (dilution / buybacks)		0.9%	20.4%	65.8%	(0.5%)	1.4%	0.2%	1.1%	2.0%	1.1%	**1.4%**	**1.2%**

Source: author's analysis based on Tikr data.

The first years of the series are distorted by the 2018 merger and the 2021 GrandVision acquisition, so it is better to look at the most recent period. Since 2023 reported sales have grown between 3.7% and 7.5% a year, although at constant exchange rates growth was considerably higher (11.2% in 2025). EBIT, on the other hand, grew less than sales in 2025 because of the pressure on gross margin. The share count rises slightly every year because of employee share plans.

- *Profitability*

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability												
Gross margin	58.8%	63.8%	62.2%	61.3%	55.8%	60.8%	62.8%	62.2%	62.4%	59.7%	**61.5%**	**61.6%**
SG&A % revenue	24.6%	45.1%	46.6%	46.5%	48.9%	46.6%	47.6%	47.5%	47.3%	45.3%	**46.7%**	**46.9%**
R&D % revenue	3.0%	0.7%	1.8%	3.2%	3.8%	2.9%	2.4%	2.3%	2.4%	2.3%	**2.3%**	**2.5%**
EBIT margin	17.9%	18.2%	14.0%	11.7%	3.1%	11.3%	12.7%	12.4%	12.8%	12.2%	**12.5%**	**12.3%**
EBITDA margin (EBIT + D&A)	24.1%	24.1%	25.2%	23.9%	18.0%	23.4%	24.6%	24.0%	24.3%	23.0%	**23.8%**	**23.9%**
Net margin	11.4%	11.3%	10.0%	6.2%	0.6%	7.3%	8.8%	9.0%	8.9%	8.1%	**8.7%**	**8.4%**
Stock-based compensation % revenue	–	0.0%	0.7%	0.9%	1.1%	0.8%	0.8%	0.8%	0.6%	1.0%	**0.8%**	**0.8%**
Effective tax rate	24.5%	17.1%	10.8%	22.8%	52.4%	26.7%	24.8%	20.1%	24.3%	23.5%	**22.6%**	**23.9%**

Source: author's analysis based on Tikr data.

EBITDA margin has been around 23-25% since 2022, while reported EBIT margin stays at around 12-13%. The gap between the two (more than 10 points) is explained by the depreciation of stores, plants and leases, and by the amortization of acquisition intangibles. Selling and overhead expenses (SG&A) represent close to 45-47% of sales, a level typical of a business with such a large retail network.

- *Cash flow and reinvestment*

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment												
Cash from operations % revenue	16.8%	17.5%	21.8%	19.0%	20.5%	22.9%	19.5%	19.1%	18.4%	18.6%	**18.7%**	**19.7%**
FCF margin (TIKR FCF / revenue)	12.6%	10.2%	15.2%	13.8%	16.0%	17.7%	13.1%	13.1%	12.6%	13.2%	**13.0%**	**14.0%**
FCF conversion (FCF / net income)	110.7%	90.3%	152.3%	222.5%	2709.4%	242.7%	149.2%	145.5%	142.1%	162.7%	**150.1%**	**168.4%**
Capex % revenue	4.1%	7.2%	6.6%	5.2%	4.5%	5.2%	6.4%	6.0%	5.7%	5.4%	**5.7%**	**5.7%**
D&A % revenue	6.2%	5.9%	11.3%	12.2%	14.9%	12.0%	11.9%	11.6%	11.5%	10.8%	**11.3%**	**11.6%**
Capex / D&A	0.7x	1.2x	0.6x	0.4x	0.3x	0.4x	0.5x	0.5x	0.5x	0.5x	**0.5x**	**0.5x**
D&A % beginning net PP&E		44.6%	67.4%	41.0%	38.2%	46.8%	40.9%	38.0%	37.0%	33.7%	**36.2%**	**39.3%**
Acquisitions % revenue	9.9%	1.5%	(7.0%)	2.1%	0.9%	35.7%	3.9%	0.4%	6.6%	3.2%	**3.4%**	**10.0%**

Source: author's analysis based on Tikr data.

The free cash flow margin is stable at around 13% of sales. An interesting point is that free cash flow comfortably exceeds net income (162.7% in 2025), precisely because accounting profit is penalized by the amortization of intangibles, which involves no cash outflow. **For EssilorLuxottica, FCF is a much more representative measure than net income.**

- *Working capital*

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital												
Receivables days (DSO)	88.4	42.4	90.3	58.2	63.4	54.2	49.0	51.0	53.8	53.5	**52.8**	**52.3**
Inventory days (DIO)	140.0	91.3	181.5	117.4	110.5	115.0	111.6	104.6	115.6	112.7	**111.0**	**111.9**
Payables days (DPO)	86.7	99.5	155.7	96.0	106.7	104.3	91.9	90.6	111.7	102.7	**101.6**	**100.2**
Cash conversion cycle (DSO + DIO − DPO)	141.7	34.1	116.1	79.7	67.2	64.9	68.7	65.0	57.7	63.5	**62.1**	**64.0**
Deferred revenue % revenue	0.2%	0.0%	0.6%	0.4%	0.0%	1.0%	1.0%	0.9%	1.0%	1.1%	**1.0%**	**1.0%**
Operating NWC % revenue	8.3%	1.8%	(5.1%)	6.7%	2.5%	(1.5%)	0.0%	1.4%	3.2%	5.0%	**3.2%**	**1.6%**

Source: author's analysis based on Tikr data.

EssilorLuxottica collects in about 54 days, holds inventory for 113 days and pays suppliers in 103. The cash conversion cycle is around 60-65 days, stable in recent years. High inventory is logical for a company that manufactures and distributes thousands of frame and lens models around the world.

- *Returns on capital*

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital												
NOPAT = EBIT × (1 − normalized tax rate)	974	1,279	1,156	1,558	339	1,718	2,382	2,414	2,598	2,656	**2,556**	**2,354**
Invested capital = debt + equity − cash & ST inv.	9,147	6,545	37,265	39,400	35,810	45,598	48,391	47,991	51,967	50,347	**50,102**	**48,859**
ROIC = NOPAT / average invested capital		16.3%	5.3%	4.1%	0.9%	4.2%	5.1%	5.0%	5.2%	5.2%	**5.1%**	**4.9%**
ROIC incl. cash = NOPAT / average (debt + equity)		14.7%	4.9%	3.7%	0.8%	3.7%	4.8%	4.8%	5.0%	4.9%	**4.9%**	**4.6%**
Pre-tax ROIC = EBIT / average invested capital (reference)		21.3%	6.9%	5.3%	1.2%	5.5%	6.6%	6.6%	6.8%	6.8%	**6.7%**	**6.5%**
ROE = net income / average equity		16.2%	5.5%	3.1%	0.2%	4.2%	5.8%	5.9%	5.9%	5.8%	**5.9%**	**5.5%**
ROA = net income / average total assets		9.0%	3.7%	2.1%	0.2%	2.6%	3.6%	3.8%	3.8%	3.6%	**3.7%**	**3.5%**

Source: author's analysis based on Tikr data.

This is the weakest point of the analysis. ROIC has stayed at around 5% since the merger, far below what Essilor earned before 2018 (16%). The reason is the enormous invested capital (more than EUR 50,000 million), which includes the goodwill from the merger and from GrandVision. It is a return that barely covers the cost of capital. If we excluded goodwill, the return on operating assets would be much higher, but shareholders paid those premiums and we cannot ignore them.

- *Leverage and liquidity*

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity												
Net debt (debt − cash & ST inv.)	2,093	731	3,862	4,068	3,012	9,723	10,244	9,099	10,965	10,854	**10,306**	**10,177**
Net debt / EBITDA	1.2x	0.3x	1.4x	1.0x	1.2x	2.1x	1.7x	1.5x	1.7x	1.7x	**1.6x**	**1.7x**
Interest coverage (EBIT / interest expense)	17.9x	18.2x	12.8x	11.9x	3.1x	15.9x	20.0x	15.9x	13.4x	11.1x	**13.5x**	**15.3x**
Debt / (debt + equity), book	27.0%	24.6%	14.6%	21.0%	26.6%	26.6%	24.2%	23.1%	24.4%	26.7%	**24.7%**	**25.0%**
Current ratio	0.94	1.52	0.94	1.91	2.22	1.04	0.97	1.00	0.95	0.99	**0.98**	**0.99**

Source: author's analysis based on Tikr data.

Net debt is around EUR 11,000 million, equivalent to 1.7 times EBITDA, a comfortable level for a company as stable as EssilorLuxottica. Interest coverage is 11 times. A current ratio close to 1 does not worry me: it is consistent with its business model and its cash-generating capacity.

- *Shareholder returns and valuation*

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)												
Dividends + buybacks % FCF	12.2%	46.9%	29.4%	37.0%	28.7%	12.9%	27.6%	22.8%	42.9%	24.5%	**30.0%**	**26.1%**
EV / EBITDA	14.9x	12.3x	21.6x	17.8x	30.0x	21.7x	16.9x	17.9x	21.5x	24.6x	**21.3x**	**20.5x**
EV / revenue	3.6x	3.0x	4.5x	3.7x	4.2x	4.3x	3.5x	3.6x	4.4x	4.8x	**4.3x**	**4.1x**
P/E	28.2x	23.7x	43.0x	54.6x	654.7x	57.0x	35.0x	35.8x	45.5x	54.0x	**45.1x**	**45.5x**
FCF yield (FCF / market cap)	3.9%	3.8%	3.5%	4.1%	4.1%	4.3%	4.3%	4.1%	3.1%	3.0%	**3.4%**	**3.7%**

Source: author's analysis based on Tikr data.

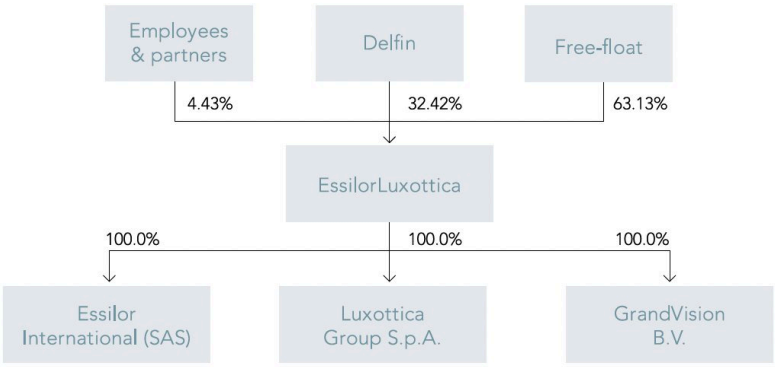
The company returns between 20% and 45% of its free cash flow through dividends and buybacks, and uses the rest mainly for acquisitions. In terms of valuation, the stock ended 2025 at 24.6 times EBITDA and 54 times earnings, at the highs of the series. The FCF yield was 3.0%. After the 2026 fall and the subsequent rebound, the current valuation is below those levels, although still demanding.

SECTION 04

Management and capital allocation

Almost **37% of EssilorLuxottica's shares** are held by **insiders**, which shows an unusual level of commitment for a company of this size. Of that total, **32.3% belongs to Delfin** (the investment company of the **Del Vecchio** family, founder of Luxottica), while **4.4% is held by employees** of the group. The rest is **free float**.

Group structure as at December 31, 2025



Treasury stock accounted for 0.02% of capital.

In other words, there is a **very significant shareholding by those who run and make up the company**, which means strong **"skin in the game"**, something that is undoubtedly **very positive** from a long-term investor's perspective.

The management team is made up of:

Francesco Milleri (CEO)

Milleri joined **Luxottica in 1988** and held several executive positions before becoming **interim CEO in 2017**, leading the **merger with Essilor in 2018**. It was **Leonardo Del Vecchio** himself, founder of Luxottica, who chose him as his successor to run the group after his death.

As of **December 31, 2025**, Milleri held, directly or indirectly (through his company **Milleri S.r.l.**), **602,054 EssilorLuxottica shares**. This shows a **strong alignment of interests** with shareholders.



Paul du Saillant (Deputy CEO)

He joined **Essilor in 2008** and played a key role in the **integration with Luxottica**. He currently defines the **group's global strategy together with Milleri**.

As of **December 31, 2025**, he held **410,877 shares**, which also shows a high degree of personal commitment to the company's performance.



In September 2026 there was also public news related to the group's governance and strategic direction. In response, the Board of Directors unanimously reaffirmed its confidence in Francesco Milleri, Paul du Saillant, the executive team and EssilorLuxottica's medium- and long-term strategy.

I do not think this alone changes the investment thesis, but it is a governance issue worth monitoring given Delfin's importance in the shareholder base.

Capital allocation

EssilorLuxottica's capital allocation has a clear priority: growing through acquisitions. The purchase of GrandVision in 2021, Supreme, the move into med-tech with Optegra, RetinAI and Signifeye, and the investment in Top Charoen are examples of a strategy that makes acquisitions a consistent driver of growth.

The problem with this strategy is that it increases invested capital and puts pressure on ROIC, as we saw in the ratios. The dividend, which shareholders can take in cash or shares, and moderate buybacks complete the shareholder return policy.

SECTION 05

Competitive position

Industry

The industry in which EssilorLuxottica operates is **highly resilient**. Although **sunglasses** are often seen as a fashion accessory, they represent only **around 16% of the industry's total value**, while most of it corresponds to optical products with much more stable and necessary demand.

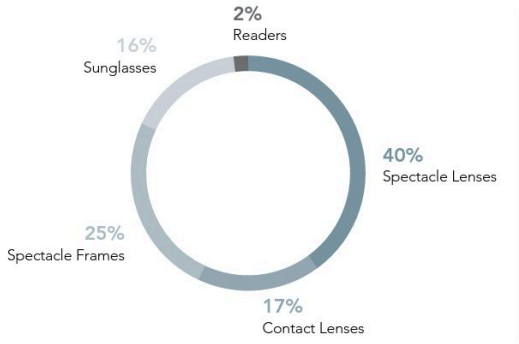
Structural demand for lenses and optical products is driven by several factors: **population aging**, **rising myopia and presbyopia**, and the growing **use of digital screens**. These are products that, even in adverse economic conditions, consumers can postpone but not eliminate: sooner or later they have to replace them or update their prescription. In addition, many people use **both glasses and contact lenses**, which increases consumption per user.

Industry tailwinds:

- **Myopia is estimated to affect 50% of the world's population by 2050**, that is, about **4.7 billion people**.
- **Greater exposure to screens** (computers, phones, tablets) increases vision problems.
- **Visual impairment** remains one of the least treated: close to **2.7 billion people** have uncorrected refractive errors due to lack of access or diagnosis, and about **6.2 billion** do not adequately protect their eyes from UV rays.
- Consumers are **more aware of eye health**, concerned about the effects of the sun and **blue light**.
- **Sunglasses** are established as **fashion accessories**, with consumers willing to **update designs and frames** according to trends.

According to company and **Euromonitor** estimates, the global industry is worth close to **€120 billion**, with **low to mid single-digit** growth rates in the short term. Within this market, EssilorLuxottica has far greater scale than most of its competitors and is one of the global leaders of the industry.

Eye Care and Eyewear Industry, 2025 Retail Value by Product Category[1]



Eye Care and Eyewear Industry, 2025 Retail Value by Region[1]

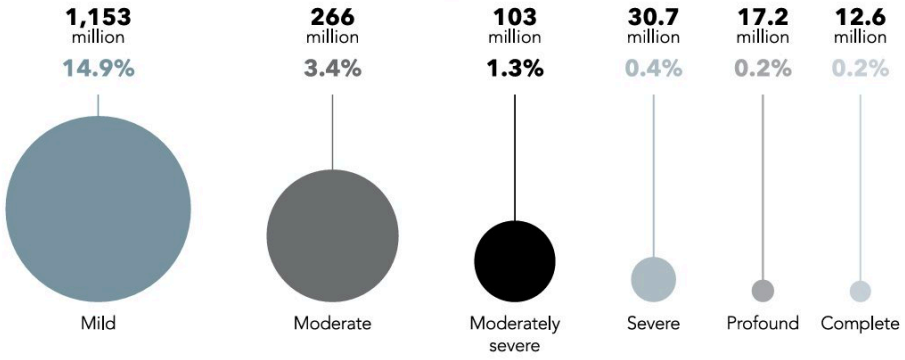


Top 10 Countries by Retail Value[1]

1 United States	2 Greater China	3 France	4 Germany	5 Japan
6 United Kingdom	7 Italy	8 Brazil	9 India	10 Canada

As for the **hearing device** sector, according to the World Health Organization (WHO, 2021), around 1.5 billion people have hearing loss, mostly mild to moderate. The number of people affected could reach 2.5 billion by 2050.

Hearing Loss, Estimated Number of People Affected and Percentage Prevalence[1]



Globally 1.5 billion people live with hearing loss

Main competitors

Today **there is no competitor that combines EssilorLuxottica's scale and vertical integration**. No company covers the whole chain, from design and production to retail distribution, nor does any bring together under one roof both the **optical (eyecare)** and **fashion (eyewear)** businesses.

The company does not fit perfectly into any category. It is not just an optician, not just a fashion company, not just retail, not just med-tech, and not a pure tech company either.

That is why the competitive analysis has to be done in layers.

EYECARE COMPETITORS

In eyecare, the main competitors are Alcon, CooperCompanies, Bausch + Lomb, Hoya and Carl Zeiss Meditec.

Alcon and Bausch + Lomb have greater exposure to ophthalmic products, contact lenses, surgery and eye health. CooperCompanies is very focused on contact lenses through CooperVision. Hoya and Zeiss have very high-quality businesses with a strong technology component, although with models different from EssilorLuxottica's.

The big difference is that none of these competitors combines, at the same time, lenses, frames, global brands, physical retail, e-commerce, distribution, luxury licenses and AI Glasses.

Hoya and Zeiss may be better on some profitability ratios. But EssilorLuxottica has a much broader platform.

EYEWEAR COMPETITORS

In traditional eyewear, the most relevant competitors are Safilo, Marcolin and De Rigo.

Safilo, for example, competes in the design, manufacturing and distribution of glasses, with own brands and licenses. But the difference in scale compared with EssilorLuxottica is enormous. Marcolin and De Rigo are also relevant players in licenses and frames, although smaller and less integrated.

The key point is that these competitors can take part in parts of the market, but none has EssilorLuxottica's scale, vertical integration and combination of brands.

This makes the comparison useful, but imperfect.

TECHNOLOGY COMPETITORS

What is new is that we now also have to think about technology competitors.

If AI Glasses become a truly important category, EssilorLuxottica could start competing indirectly with Apple, Google, Samsung, Sony, Snap and other hardware and artificial intelligence players.

Google already tried to enter smart glasses with Google Glass, but the product did not achieve mass adoption. Apple dominates wearables with the Apple Watch and AirPods, and will probably sooner or later try to deepen its presence in visual interfaces or augmented reality. Google and Samsung also have mobile ecosystems, AI and hardware.

The difference is that none of these companies has the same optical expertise, the same eyewear brands, or a comparable specialized retail network.

That is why technology competition is real, but EssilorLuxottica is not competing from a weak position. On the contrary: it has a cultural and design advantage that tech companies cannot easily replicate.

Comparison of financial metrics

For the comparative analysis I mainly use Hoya Corporation, Carl Zeiss Meditec, Safilo and Bausch + Lomb, with annual data up to 2025.

It is important to clarify that none of these companies is a perfect comparable. Hoya and Zeiss have more technical and less retail-oriented models. Safilo is more comparable in eyewear, but much smaller and less integrated. Bausch + Lomb has exposure to eye health, but with quite a different

financial structure and profitability.

Even so, the exercise helps to better understand where EssilorLuxottica stands.

Companies from the luxury or tech sectors could be used as a reference, but I think that today these selected competitors best represent EssilorLuxottica's peer group.

- *Revenue*

REVENUES										
% YoY	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	-	29,1%	18,0%	60,5%	-17,0%	37,4%	23,6%	3,7%	4,4%	7,5%
Hoya Corporation	-	(5,3 %)	11,8 %	5,6 %	1,9 %	(5,0 %)	20,7 %	9,4 %	5,4 %	13,6 %
Carl Zeiss Meditec AG	-	9,3%	7,6%	13,9%	-8,5%	23,3%	15,5%	9,8%	-1,1%	7,8%
Safilo Group SpA	0%	-17%	-12%	3%	-17%	24%	11%	-5%	-3%	-1%
Bausch + Lomb Corporation	-	(9,8 %)	(3,9 %)	2,6 %	(6,7 %)	5,1 %	(3,7 %)	7,8 %	9,9 %	6,7 %

In terms of growth, EssilorLuxottica stood out again against its main competitors. In 2025 the company grew **7.5% year over year**, accelerating from 4.4% in 2024 and once again showing the resilience of its integrated model.

Although Hoya Corporation was the fastest-growing competitor in the year, at **13.6%**, its comparison base and business mix are different, since it combines optics with other technology divisions. Carl Zeiss Meditec also showed a reasonable recovery, with growth of **7.8%**, while Bausch + Lomb grew **6.7%**.

The weakest case was Safilo, whose sales fell **1.0%**, reflecting the greater fragility of a model more dependent on licenses, wholesale distribution and exposure to discretionary consumption.

Overall, EssilorLuxottica still shows one of the most consistent growth profiles in the peer group. It is not necessarily the fastest-growing company every year, but it combines scale, stability, geographic diversification and an expansion capacity greater than most of its direct peers. That consistency is especially relevant considering it starts from a revenue base far larger than the rest of the industry.

- *Margins*

MARGINS										
% Gross Margins	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	58,8%	63,8%	62,2%	61,3%	55,8%	60,8%	62,8%	62,2%	62,5%	59,7%
Hoya Corporation	52,7%	54,1%	56,2%	53,7%	55,5%	55,6%	56,2%	55,3%	55,7%	55,7%
Carl Zeiss Meditec AG	53,2%	55,2%	55,5%	57,0%	55,8%	58,7%	59,3%	57,7%	52,7%	52,8%
Safilo Group SpA	57,1%	50,2%	49,8%	51,5%	47,0%	52,9%	55,5%	58,7%	59,7%	60,9%
Bausch + Lomb Corporation	-	-	64,2%	64,9%	62,3%	61,0%	59,7%	60,4%	60,9%	70,7%
% Operating Margin	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	17,9%	18,2%	14,0%	11,7%	3,1%	11,3%	12,7%	12,4%	13,1%	12,2%
Hoya Corporation	22,1%	24,1%	25,9%	25,6%	29,9%	30,4%	29,0%	28,0%	29,2%	29,2%
Carl Zeiss Meditec AG	14,0%	14,5%	15,3%	18,1%	13,2%	22,5%	20,9%	16,7%	9,1%	10,0%
Safilo Group SpA	2,7%	-4,2%	-2,8%	0,4%	-7,8%	3,4%	4,5%	4,2%	4,9%	6,5%
Bausch + Lomb Corporation	-	-	11,7%	12,4%	8,7%	9,2%	5,8%	4,9%	4,3%	21,4%
% Net Income Margin	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	11,4%	11,3%	10,0%	6,2%	0,6%	7,3%	8,8%	9,0%	8,9%	8,1%
Hoya Corporation	18,1%	18,6%	21,6%	19,8%	22,9%	24,9%	23,3%	23,8%	23,3%	23,3%
Carl Zeiss Meditec AG	9,0%	11,3%	9,9%	10,9%	9,2%	14,3%	15,4%	13,9%	8,7%	6,3%
Safilo Group SpA	-11,3%	-24,3%	-3,6%	-35,0%	-9,4%	2,2%	5,0%	-2,4%	2,2%	4,9%
Bausch + Lomb Corporation	-	-	19,4%	7,9%	-0,5%	4,8%	0,2%	-6,3%	-6,6%	1,5%

On margins, Hoya is still the strongest benchmark. Its operating margin is close to 29% and its net margin above 23%, levels well above EssilorLuxottica's. This reflects a more technical model, less retail-intensive and with strong exposure to higher-profitability segments.

Carl Zeiss Meditec had lower margins in 2025 than in its history, while Safilo improved but is still far from EssilorLuxottica's scale and stability. Bausch + Lomb shows a high operating margin in 2025, although with a much heavier financial structure and a considerably lower net margin.

EssilorLuxottica is not the company with the best margins in the group, but it combines solid margins with scale, diversification, brands, retail and technological optionality. That combination does not appear in any other comparable.

- *Balance sheet structure*

BALANCE SHEET

ASSETS										
Total Cash And Short Term Investments	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	3,9%	11,6%	3,8%	10,2%	17,0%	5,5%	3,2%	4,2%	3,5%	5,5%
Hoya Corporation	45,0%	37,8%	38,4%	39,2%	39,2%	42,2%	39,5%	43,6%	43,3%	43,3%
Carl Zeiss Meditec AG	0,7%	0,5%	0,5%	1,1%	0,3%	0,3%	0,3%	0,3%	0,6%	0,8%
Safilo Group SpA	7,1%	6,5%	15,0%	7,7%	9,8%	10,6%	8,1%	8,8%	5,6%	6,9%
Bausch + Lomb Corporation	-	-	0,0%	1,7%	2,1%	1,6%	3,2%	2,5%	2,3%	5,0%
Accounts Receivable	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	12,3%	9,4%	4,9%	4,6%	4,0%	4,0%	4,5%	4,9%	5,1%	5,7%
Hoya Corporation	14,9%	16,5%	14,5%	12,7%	13,7%	13,5%	13,9%	12,7%	14,4%	14,4%
Carl Zeiss Meditec AG	20,2%	17,7%	17,5%	16,0%	12,9%	13,5%	14,7%	13,9%	12,9%	15,3%
Safilo Group SpA	15,5%	16,0%	15,5%	22,7%	19,0%	18,5%	22,3%	23,7%	25,2%	24,6%
Bausch + Lomb Corporation	-	-	0,0%	6,2%	5,7%	6,7%	6,5%	6,2%	7,6%	8,9%
Total Current Assets	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	26,7%	31,5%	14,5%	20,4%	26,2%	15,6%	14,3%	16,1%	15,6%	18,8%
Hoya Corporation	75,1%	68,6%	66,5%	64,3%	65,0%	68,8%	69,1%	71,2%	71,3%	71,3%
Carl Zeiss Meditec AG	68,8%	74,4%	75,3%	64,5%	64,2%	66,9%	63,5%	63,0%	35,7%	37,6%
Safilo Group SpA	44,8%	52,5%	54,9%	64,8%	57,3%	60,2%	62,1%	64,0%	60,6%	59,1%
Bausch + Lomb Corporation	-	-	0,0%	14,8%	14,7%	15,1%	19,2%	20,4%	20,7%	23,4%
Net Property Plant And Equipment	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	9,2%	18,0%	10,7%	10,7%	9,7%	12,0%	12,8%	13,6%	14,3%	14,2%
Hoya Corporation	15,7%	16,2%	14,5%	18,8%	19,3%	17,1%	17,4%	16,5%	17,1%	17,1%
Carl Zeiss Meditec AG	5,1%	3,5%	3,4%	5,5%	5,9%	7,4%	7,1%	8,3%	7,8%	8,4%
Safilo Group SpA	12,9%	16,1%	14,9%	23,1%	18,4%	16,3%	15,4%	14,3%	14,7%	14,8%
Bausch + Lomb Corporation	-	-	0,0%	9,5%	11,2%	12,4%	12,7%	11,2%	12,1%	8,7%
Goodwill	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	47,0%	35,9%	48,5%	45,8%	43,3%	49,0%	50,7%	50,0%	49,8%	48,5%
Hoya Corporation	2,2%	4,9%	5,6%	5,2%	4,2%	4,0%	4,6%	4,4%	4,2%	4,2%
Carl Zeiss Meditec AG	13,2%	10,7%	11,2%	16,7%	16,2%	13,7%	15,2%	13,7%	29,0%	28,5%
Safilo Group SpA	29,4%	18,9%	19,0%	0,0%	3,3%	3,5%	3,6%	3,9%	4,3%	4,1%
Bausch + Lomb Corporation	-	-	0,0%	39,7%	41,6%	42,4%	40,4%	34,0%	33,6%	42,7%
Other Intangibles	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	13,9%	12,4%	24,7%	21,5%	19,2%	21,2%	20,0%	18,2%	17,2%	15,3%
Hoya Corporation	4,0%	5,7%	5,8%	4,9%	4,3%	3,6%	3,5%	2,8%	2,0%	2,0%
Carl Zeiss Meditec AG	2,2%	1,9%	1,9%	1,4%	1,1%	0,7%	0,6%	0,4%	9,0%	8,2%
Safilo Group SpA	4,2%	5,5%	4,9%	5,9%	15,9%	15,1%	13,8%	12,6%	16,1%	15,2%
Bausch + Lomb Corporation	-	-	0,0%	24,9%	22,7%	20,9%	18,5%	26,7%	25,9%	17,6%

Cash and short-term investments at **EssilorLuxottica** are stable at around **5.5% of total assets**, although in some years they reached significantly higher levels, which were later used to fund **strategic acquisitions**.

Among competitors, **Safilo** has a slightly higher ratio, while there are two extremes: **Carl Zeiss**, with practically no cash position (below 1% in recent years), and **Hoya Corporation**, at **43%**, a high level that is typical of many Japanese companies, which are more conservative in managing liquidity.

As for **receivables**, EssilorLuxottica stays consistently at around **4-6% of assets**, reflecting **efficient working capital management** and a position of strength with distributors and customers. In contrast, **Safilo** shows a ratio close to **25%**, which reveals **lower operating efficiency** and **greater dependence on its distribution channels**. If we add that around **25% of Safilo's assets are inventory**, it reinforces the idea of a **less agile business model**, with **lower capital turnover** and a higher risk of product obsolescence. The rest of the companies analyzed show more balanced values in line with each segment's profile.

As for **fixed assets (PP&E)**, EssilorLuxottica shows a moderate share of **13-14%**, attributable to its extensive network of **own stores, production centers and logistics**. This ratio is notably higher than that of lighter-structure companies such as Hoya or Zeiss, and closer to Safilo's, which also combines **manufacturing and retail**.

Where the structural difference is most evident is in **intangibles and goodwill**, which together exceed **60% of total assets**. These items are the **direct legacy of the group's intense acquisition and merger strategy**, particularly the **2018 merger between Essilor and Luxottica**.

Goodwill, close to **50%**, reflects the **premium paid over the book value** of the companies acquired and highlights the importance of brand value, licenses and intangible capital in the business model.

EssilorLuxottica has a balance sheet typical of a **global brand company**, dominated by intangible assets, **low working capital** and strong investment in commercial infrastructure. It is a heavier structure than that of its Asian peers, but also more consistent with its **integrated omnichannel model**, which combines design, production and direct-to-consumer sales.

LIABILITIES										
Accounts Payable	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	5,3%	9,0%	3,6%	3,4%	3,6%	3,7%	3,8%	3,9%	4,1%	4,5%
Hoya Corporation	6,3%	7,2%	7,2%	7,8%	6,7%	6,2%	6,3%	5,6%	5,6%	5,6%
Carl Zeiss Meditec AG	6,9%	6,2%	6,1%	5,8%	4,6%	6,1%	6,7%	7,9%	5,4%	5,7%
Safilo Group SpA	8,9%	9,6%	6,8%	10,7%	8,7%	11,6%	9,7%	10,7%	10,4%	8,1%
Bausch + Lomb Corporation	-	-	0,0%	2,3%	1,6%	2,2%	3,3%	3,9%	2,9%	2,3%
Accrued Expenses	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	4,4%	5,4%	2,6%	2,6%	2,6%	3,3%	3,1%	3,2%	3,0%	0,0%
Hoya Corporation	4,8%	5,0%	4,5%	4,0%	4,4%	4,4%	4,8%	4,6%	4,8%	4,8%
Carl Zeiss Meditec AG	4,1%	3,6%	4,3%	3,9%	3,6%	3,9%	3,4%	3,5%	3,6%	3,9%
Safilo Group SpA	12,8%	15,5%	10,6%	15,6%	15,0%	13,5%	13,4%	13,7%	14,5%	17,1%
Bausch + Lomb Corporation	-	-	0,0%	3,1%	3,3%	4,2%	4,5%	4,2%	6,1%	7,4%
Current Portion of Long-Term Debt	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	4,7%	2,2%	2,0%	0,5%	1,2%	1,0%	1,9%	2,3%	2,5%	6,3%
Hoya Corporation	5,3%	0,0%	0,0%	0,0%	0,0%	0,0%	0,1%	0,1%	0,1%	0,1%
Carl Zeiss Meditec AG	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,1%	0,1%
Safilo Group SpA	0,0%	0,0%	17,5%	0,0%	2,2%	2,1%	3,1%	3,5%	3,6%	4,0%
Bausch + Lomb Corporation	-	-	0,0%	0,0%	0,0%	0,0%	0,2%	0,2%	0,3%	0,9%
Current Liabilities	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	28,2%	20,8%	15,4%	10,7%	11,8%	15,0%	14,7%	16,1%	16,4%	19,0%
Hoya Corporation	19,8%	16,0%	14,6%	16,3%	15,4%	14,8%	15,2%	14,0%	14,5%	14,5%
Carl Zeiss Meditec AG	22,9%	19,5%	16,9%	16,8%	14,8%	18,7%	19,1%	18,5%	16,8%	16,0%
Safilo Group SpA	26,7%	36,7%	40,7%	36,0%	35,5%	33,1%	32,5%	33,8%	32,9%	34,6%
Bausch + Lomb Corporation	-	-	0,0%	9,0%	8,1%	10,2%	11,6%	11,7%	12,9%	15,9%
Long-Term Debt	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	10,3%	16,4%	5,3%	13,1%	17,8%	15,0%	13,0%	10,8%	11,0%	10,7%
Hoya Corporation	0,0%	0,0%	0,0%	0,0%	0,1%	0,1%	0,1%	0,1%	0,9%	0,9%
Carl Zeiss Meditec AG	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	11,8%	11,8%
Safilo Group SpA	9,0%	12,2%	0,0%	8,8%	26,9%	14,1%	12,2%	10,3%	6,9%	3,8%
Bausch + Lomb Corporation	-	-	0,0%	0,0%	0,0%	0,0%	21,6%	33,7%	35,2%	78,1%

On the liabilities side, EssilorLuxottica keeps a fairly balanced financial structure, although in 2025 current liabilities increased to around **19.0% of assets**, from 16.4% in 2024. This increase seems mainly explained by a larger share of short-term debt, as the current portion of long-term debt rises to **6.3% of assets**, the highest level in the peer group.

At first sight, that increase could look like a sign of greater financial pressure, but it is worth analyzing it in context. EssilorLuxottica's long-term debt stays at around **10.7% of assets**, a moderate level for a company of its scale, cash generation and operating stability. In addition, the company has a defensive business profile, solid margins and a strong ability to refinance or absorb maturities without compromising its capital structure.

In accounts payable, EssilorLuxottica stands at **4.5% of assets**, below Safilo, at **8.1%**, and also somewhat below Hoya and Carl Zeiss Meditec. This shows that although the company uses supplier financing, it does not rely excessively on this source to support its working capital. Safilo, on the other hand, still shows greater dependence on operating liabilities, consistent with a more fragile and less integrated model.

The comparison with peers also shows important differences. Hoya still operates with an extremely conservative structure, with practically no relevant financial debt. Carl Zeiss Meditec also keeps low levels of debt, although with a relatively stable base of current liabilities. Safilo has much higher current liabilities, close to **34.6% of assets**, reflecting a more stretched structure. Bausch + Lomb is the most leveraged case in the group, with long-term debt equivalent to **78.1% of assets**, a very significant difference from EssilorLuxottica.

Although EssilorLuxottica showed a one-off increase in current debt in 2025, its liability structure remains solid and manageable. The company does not have a balance sheet as conservative as Hoya's, but neither does it show the leverage or financial fragility seen at Safilo or Bausch + Lomb. Its combination of scale, cash generation and access to financing allows it to sustain a reasonable debt structure without putting the group's financial flexibility at risk.

EQUITY										
Additional Paid In Capital	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	4,5%	5,7%	43,2%	41,8%	42,1%	37,7%	38,1%	37,8%	36,6%	38,9%
Hoya Corporation	1,6%	1,4%	1,1%	0,9%	0,6%	0,4%	0,3%	-0,1%	-0,5%	-0,5%
Carl Zeiss Meditec AG	25,2%	38,2%	37,3%	30,7%	30,8%	25,9%	22,0%	20,4%	18,3%	18,2%
Safilo Group SpA	31,8%	41,5%	48,8%	71,7%	65,3%	73,8%	72,1%	3,2%	3,3%	3,7%
Bausch + Lomb Corporation	-	-	0,0%	0,0%	0,0%	0,0%	74,3%	62,1%	62,6%	1,4%

Retained Earnings	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	6,2%	53,9%	24,7%	23,3%	22,9%	21,4%	22,2%	25,4%	24,5%	3,6%
Hoya Corporation	76,8%	81,4%	80,8%	83,4%	83,2%	80,9%	73,2%	67,0%	70,6%	70,6%
Carl Zeiss Meditec AG	36,7%	34,2%	38,1%	36,8%	40,1%	41,8%	43,0%	46,4%	43,8%	46,3%
Safilo Group SpA	-4,9%	-27,9%	-30,1%	-83,1%	-95,2%	-89,9%	-80,8%	-14,6%	-13,0%	-10,3%
Bausch + Lomb Corporation	-	-	0,0%	0,0%	0,0%	0,0%	0,1%	-1,9%	-4,2%	-36,7%

Looking at the equity structure, EssilorLuxottica still shows a solid equity base, although with a particular composition. **Additional Paid-In Capital** represents around **38.9% of assets in 2025**, a high level that reflects both the group's history of mergers and acquisitions and the strong capitalization generated by the combination of Essilor and Luxottica.

Compared with its peers, the company sits somewhere in the middle. Hoya keeps a much more conservative structure, with practically no additional paid-in capital and a very high share of retained earnings, reflecting a company with a shorter history of large corporate combinations and strong internal capital accumulation. Carl Zeiss Meditec, for its part, keeps a more balanced equity structure, with **Additional Paid-In Capital** of **18.2%** and retained earnings of **46.3%**.

Safilo is in quite a different situation: after years with very high levels of contributed capital, the weight of Additional Paid-In Capital fell sharply from 2023, while retained earnings remain negative, reflecting a history of accumulated losses and a lower ability to self-fund its growth. Bausch + Lomb also has a weaker structure, with negative retained earnings in 2025, in contrast with EssilorLuxottica's greater stability.

The point to watch at EssilorLuxottica is the fall in retained earnings in 2025, from levels close to 24.5% of assets to just **3.6%**. This move does not seem to reflect operating deterioration, but rather accounting and equity structure effects. That is why it should be analyzed together with cash generation and the evolution of the whole balance sheet, where the company still shows a solid financial position and a reinvestment capacity above most of its direct competitors.

- *Liquidity ratios*

LIQUIDITY										
Current [Current Assets / Current Liabilities]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	0,9x	1,5x	0,9x	1,9x	2,2x	1,0x	1,0x	1,0x	1,0x	1,0x
Hoya Corporation	3,8x	4,3x	4,5x	3,9x	4,2x	4,6x	4,6x	5,1x	4,9x	4,9x
Carl Zeiss Meditec AG	3,0x	3,8x	4,5x	3,8x	4,3x	3,6x	3,3x	3,4x	2,1x	2,4x
Safilo Group SpA	1,7x	1,4x	1,3x	1,8x	1,6x	1,8x	1,9x	1,9x	1,8x	1,7x
Bausch + Lomb Corporation	-	-	0,0x	1,6x	1,8x	1,5x	1,6x	1,7x	1,6x	1,5x

Quick [(Cash + Marketable securities + Receivables) / Current Liabilities]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	0,6x	1,1x	0,6x	1,4x	1,8x	0,7x	0,6x	0,6x	0,6x	0,6x
Hoya Corporation	3,0x	3,4x	3,6x	3,2x	3,5x	3,8x	3,6x	4,1x	4,0x	4,0x
Carl Zeiss Meditec AG	2,2x	3,0x	3,5x	3,0x	3,3x	2,9x	2,5x	2,3x	1,1x	1,3x
Safilo Group SpA	1,0x	0,8x	0,8x	1,0x	0,9x	1,0x	1,0x	1,1x	1,0x	1,0x
Bausch + Lomb Corporation	-	-	0,0x	0,9x	1,0x	0,8x	0,9x	0,8x	0,8x	0,9x

Cash [(Cash + Marketable securities) / Current Liabilities]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	0,1x	0,6x	0,2x	1,0x	1,4x	0,4x	0,2x	0,3x	0,2x	0,3x
Hoya Corporation	2,3x	2,4x	2,6x	2,4x	2,5x	2,8x	2,6x	3,1x	3,0x	3,0x
Carl Zeiss Meditec AG	0,0x	0,0x	0,0x	0,1x	0,0x	0,0x	0,0x	0,0x	0,0x	0,1x
Safilo Group SpA	0,3x	0,2x	0,4x	0,2x	0,3x	0,3x	0,2x	0,3x	0,2x	0,2x
Bausch + Lomb Corporation	-	-	0,0x	0,2x	0,3x	0,2x	0,3x	0,2x	0,2x	0,3x

In liquidity, EssilorLuxottica keeps a tight but stable position, with a **Current Ratio close to 1.0x** and a **Quick Ratio of 0.6x** in 2025. At first sight this does not look like ample liquidity, but it is consistent with its business model: a global, vertically integrated company with strong cash generation that does not need to keep excessive cash levels to operate normally.

Against its peers, Hoya still stands out as the most conservative company, with much higher ratios and a structurally high cash position. Carl Zeiss Meditec also shows more comfortable liquidity than EssilorLuxottica, while Safilo and Bausch + Lomb sit at intermediate levels, although with weaker financial profiles.

EssilorLuxottica does not stand out for excess liquidity, but for efficiency: it operates with a tight working capital structure, backed by the stability of its cash flows and the strength of its business.

- *Solvency ratios*

SOLVENCY

Debt to Equity [Total debt / Total Equity]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	0,3x	0,3x	0,2x	0,3x	0,4x	0,4x	0,3x	0,3x	0,3x	0,4x
Hoya Corporation	0,1x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x
Carl Zeiss Meditec AG	0,0x	0,0x	0,0x	0,0x	0,0x	0,1x	0,1x	0,1x	0,3x	0,3x
Safilo Group SpA	0,2x	0,3x	0,3x	0,4x	1,7x	0,5x	0,4x	0,4x	0,3x	0,2x
Bausch + Lomb Corporation	-	-	0,0x	0,0x	0,0x	0,0x	0,4x	0,7x	0,8x	55,9x

Debt to Capital [Total debt / Total Capital]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	21,9%	24,6%	14,1%	20,8%	26,6%	26,0%	24,2%	22,4%	23,1%	26,7%
Hoya Corporation	6,5%	0,1%	0,2%	3,2%	2,9%	2,6%	2,9%	2,9%	3,7%	3,7%
Carl Zeiss Meditec AG	1,0%	0,5%	0,8%	3,9%	4,5%	6,7%	5,9%	6,7%	21,2%	20,1%
Safilo Group SpA	13,6%	21,1%	24,3%	26,0%	62,8%	34,5%	30,3%	28,5%	23,3%	19,6%
Bausch + Lomb Corporation	-	-	0,0%	0,9%	1,0%	1,2%	26,3%	40,3%	43,0%	98,2%

Debt to Assets [Total debt / Total Assets]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	15,0%	18,9%	11,3%	17,7%	22,7%	21,2%	20,2%	18,5%	19,2%	22,5%
Hoya Corporation	5,4%	0,1%	0,2%	2,6%	2,3%	2,1%	2,3%	2,4%	3,0%	3,0%
Carl Zeiss Meditec AG	0,7%	0,4%	0,7%	2,8%	3,4%	5,1%	4,5%	5,1%	16,3%	15,7%
Safilo Group SpA	9,0%	12,2%	17,5%	14,5%	33,9%	20,6%	19,9%	18,4%	15,5%	12,9%
Bausch + Lomb Corporation	-	-	0,0%	0,8%	0,9%	1,0%	22,7%	34,8%	36,6%	79,9%

Financial Leverage [Total Assets / Total Equity]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	1,9x	1,7x	1,4x	1,5x	1,6x	1,7x	1,6x	1,6x	1,6x	1,6x
Hoya Corporation	1,3x	1,2x	1,2x	1,3x	1,3x	1,3x	1,3x	1,3x	1,3x	1,3x
Carl Zeiss Meditec AG	1,5x	1,3x	1,3x	1,4x	1,4x	1,4x	1,4x	1,4x	1,7x	1,6x
Safilo Group SpA	1,7x	2,2x	1,8x	2,4x	5,0x	2,6x	2,2x	2,2x	2,0x	1,9x
Bausch + Lomb Corporation	-	-	0,0x	1,1x	1,1x	1,2x	1,6x	1,9x	2,1x	69,9x

Debt to EBITDA [Total debt / EBITDA]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	1,2x	0,9x	2,0x	2,2x	4,6x	2,7x	2,0x	1,8x	1,9x	2,2x
Hoya Corporation	0,3x	0,0x	0,0x	0,1x	0,1x	0,1x	0,1x	0,1x	0,1x	0,1x
Carl Zeiss Meditec AG	0,1x	0,0x	0,0x	0,2x	0,3x	0,3x	0,3x	0,4x	2,2x	1,8x
Safilo Group SpA	1,9x	-12,9x	18,2x	1,5x	-25,5x	2,4x	2,1x	1,7x	1,5x	1,0x
Bausch + Lomb Corporation	-	-	0,0x	0,1x	0,1x	0,1x	4,2x	8,0x	7,7x	6,2x

Interest Coverage	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	17,9x	18,2x	12,8x	11,9x	3,1x	15,9x	20,0x	15,9x	13,8x	14,5x
Hoya Corporation	93,7x	167,7x	374,4x	186,7x	81,6x	120,8x	115,7x	110,8x	173,2x	173,2x
Carl Zeiss Meditec AG	70,8x	102,6x	95,9x	34,5x	6,5x	43,2x	43,7x	22,9x	6,4x	8,4x
Safilo Group SpA	4,5x	-5,6x	-2,1x	0,5x	-5,1x	2,4x	5,8x	3,7x	4,7x	9,0x
Bausch + Lomb Corporation	-	-	0,0x	0,0x	0,0x	0,0x	1,5x	0,7x	0,5x	1,4x

Fixed Charge Coverage [Earnings before taxes, interest and lease payments / Interest and Lease Payments]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Essilorluxottica SA	21,8x	3,7x	2,2x	1,5x	1,3x	2,2x	1,8x	2,4x	2,2x	2,2x
Hoya Corporation	181,7x	4,6x	589,1x	17,7x	22,4x	24,1x	131,9x	12,5x	20,7x	20,7x
Carl Zeiss Meditec AG	1,0x	0,7x	1,9x	29,4x	3,0x	1,6x	30,5x	10,1x	-8,7x	4,4x
Safilo Group SpA	0,0x	0,0x	-1,5x	1,0x	-1,1x	1,2x	1,3x	2,1x	2,1x	2,5x
Bausch + Lomb Corporation	-	-	0,6x	0,8x	1,3x	0,5x	0,1x	1,9x	1,4x	1,2x

In solvency, EssilorLuxottica keeps a solid and fairly balanced financial profile. In 2025, **Debt to Equity** is around **0.4x**, while **Debt to EBITDA** is approximately **2.2x**. Although this means somewhat higher leverage than Hoya or Carl Zeiss Meditec, it is still a manageable level for a company with EssilorLuxottica's scale, stability and cash generation.

The comparison with peers reinforces this reading. Hoya is still the most conservative case, with practically no relevant financial debt, while Carl Zeiss keeps low levels, although somewhat higher than in previous years. Safilo shows a more moderate structure but with lower operating quality, and Bausch + Lomb appears as the most stretched case, with debt levels far above the rest of the group.

EssilorLuxottica's interest coverage is also comfortable, at around **14.5x**, which confirms that the financial burden does not put meaningful pressure on the business. The company does not have the most conservative balance sheet in the peer group, but it does have one of the most balanced: it uses debt reasonably, without compromising its financial flexibility or its ability to keep investing in organic growth, acquisitions and innovation.

- *Activity ratios*

ACTIVITY										
Inventory turnover [COGS / Average inventory]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	2,6x	3,4x	2,9x	3,2x	3,1x	3,5x	3,5x	3,5x	3,4x	3,4x
Hoya Corporation	3,4x	3,6x	3,3x	3,4x	3,1x	3,5x	3,2x	3,0x	3,2x	3,2x
Carl Zeiss Meditec AG	2,6x	2,4x	2,4x	2,4x	2,1x	2,4x	2,3x	2,0x	1,8x	2,0x
Safilo Group SpA	2,0x	1,9x	1,8x	1,9x	1,9x	2,1x	1,9x	1,7x	1,8x	2,0x
Bausch + Lomb Corporation	-	-	0,0x	4,5x	2,1x	2,5x	2,5x	2,0x	1,8x	1,9x
Days of inventory on hand (DOH) [Number of days in period / inventory turnover]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	140	107	128	114	117	103	105	105	108	106
Hoya Corporation	106	102	111	107	116	105	113	120	116	116
Carl Zeiss Meditec AG	143	152	154	150	172	154	158	187	197	179
Safilo Group SpA	179	188	198	190	191	172	188	211	200	181
Bausch + Lomb Corporation	-	-	0	81	172	148	144	184	201	195
Receivables turnover [Revenue / Average receivables]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	4,4x	9,7x	4,6x	7,2x	6,9x	8,3x	9,0x	8,6x	8,1x	7,8x
Hoya Corporation	4,9x	5,0x	5,1x	5,6x	4,7x	4,9x	5,1x	5,0x	4,9x	4,9x
Carl Zeiss Meditec AG	4,3x	4,1x	4,4x	4,5x	5,1x	5,1x	4,6x	5,0x	4,7x	4,3x
Safilo Group SpA	5,3x	5,5x	4,9x	5,0x	4,5x	5,6x	5,0x	5,0x	4,7x	5,3x
Bausch + Lomb Corporation	-	-	0,0x	5,3x	5,3x	5,2x	5,2x	4,9x	4,7x	4,4x
Days of sales outsanding (DSO) [Number of days in period / Receivables turnover]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	83	38	80	51	53	44	41	43	45	47
Hoya Corporation	75	73	72	65	78	74	72	73	75	75
Carl Zeiss Meditec AG	85	88	83	81	71	72	79	74	77	85
Safilo Group SpA	69	66	74	73	81	65	73	72	78	69
Bausch + Lomb Corporation	-	-	0	69	69	70	70	74	78	84
Payables turnover [Purchases / Average trade payables]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	0,0x	3,8x	4,0x	3,9x	3,4x	4,1x	4,2x	4,1x	4,1x	4,3x
Hoya Corporation	5,5x	5,7x	5,0x	4,5x	4,0x	5,2x	5,2x	5,4x	5,7x	5,7x
Carl Zeiss Meditec AG	6,9x	6,0x	5,8x	5,9x	5,8x	5,7x	5,2x	4,8x	4,7x	5,4x
Safilo Group SpA	4,4x	4,1x	4,5x	5,4x	4,5x	5,3x	5,0x	4,3x	4,2x	4,6x
Bausch + Lomb Corporation	-	-	-	14,6x	6,0x	6,8x	5,2x	4,6x	4,1x	5,1x
Number of days of payables [Number of days in period / Payables turnover]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	0	96	91	93	108	90	87	89	89	85
Hoya Corporation	67	64	72	81	90	71	70	68	64	64
Carl Zeiss Meditec AG	53	61	63	62	63	64	70	77	78	68
Safilo Group SpA	82	90	80	68	82	69	73	86	86	79
Bausch + Lomb Corporation	-	-	-	25	61	53	71	80	88	71
Working capital turnover [Revenue / Average working capital]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	-34,0x	8,5x	-23,2x	3,4x	1,9x	58,6x	-99,2x	-1269,8x	-51,1x	-196,5x
Hoya Corporation	1,3x	1,6x	1,4x	1,5x	1,3x	1,2x	1,3x	1,1x	1,2x	1,2x
Carl Zeiss Meditec AG	1,9x	1,3x	1,3x	1,5x	1,3x	1,4x	1,5x	1,5x	3,2x	3,0x
Safilo Group SpA	4,6x	5,6x	5,4x	3,9x	3,9x	3,8x	3,8x	4,0x	4,3x	5,3x
Bausch + Lomb Corporation	-	-	0,0x	5,7x	4,6x	7,0x	4,5x	3,6x	4,6x	5,2x
Total Asset turnover [Revenue / Average total assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	0,5x	0,9x	0,2x	0,3x	0,3x	0,3x	0,4x	0,4x	0,4x	0,4x
Hoya Corporation	0,7x	0,8x	0,7x	0,7x	0,6x	0,7x	0,7x	0,6x	0,7x	0,7x
Carl Zeiss Meditec AG	0,9x	0,7x	0,8x	0,7x	0,7x	0,7x	0,7x	0,7x	0,6x	0,7x
Safilo Group SpA	0,8x	0,9x	0,8x	1,1x	0,9x	1,0x	1,1x	1,2x	1,2x	1,3x
Bausch + Lomb Corporation	-	-	0,0x	0,3x	0,3x	0,3x	0,3x	0,3x	0,4x	0,4x

In terms of operating efficiency, EssilorLuxottica still shows fairly stable management. Inventory turnover stays at around **3.4x**, equivalent to some **106 days of inventory**, a reasonable level for a vertically integrated company that manufactures, distributes and sells on a global scale.

Receivables turnover also remains solid, with **DSO of 47 days**, better than Hoya, Carl Zeiss Meditec and Bausch + Lomb, and only slightly above Safilo. This reflects a good collection capacity despite operating in both retail and professional channels.

On the supplier side, EssilorLuxottica keeps payment periods close to **85 days**, which allows it to fund part of its operations with spontaneous working capital. Overall, the company combines stable inventories, reasonably fast collections and good payment management, sustaining an efficient operating cycle for its scale and global complexity.

- *Profitability ratios*

PROFITABILITY										
Operating ROA [Operating Income / Average Total Assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	9,7%	16,6%	3,1%	3,9%	0,8%	3,8%	5,1%	5,2%	5,4%	5,4%
Hoya Corporation	16,0%	19,9%	19,2%	18,2%	19,2%	20,2%	20,4%	17,7%	20,5%	20,5%
Carl Zeiss Meditec AG	12,3%	10,6%	11,8%	13,1%	8,8%	15,5%	14,1%	11,5%	5,5%	6,6%
Safilo Group SpA	2,2%	-3,7%	-2,1%	0,4%	-6,7%	3,5%	5,1%	5,1%	5,7%	8,5%
Bausch + Lomb Corporation	-	-	0,0%	4,1%	2,6%	3,2%	2,0%	1,5%	1,5%	8,3%
ROA [Net Income / Average Total Assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	6,2%	10,3%	2,2%	2,0%	0,2%	2,4%	3,6%	3,8%	3,7%	3,6%
Hoya Corporation	13,2%	15,3%	16,0%	14,1%	14,7%	16,6%	16,4%	15,1%	16,4%	16,4%
Carl Zeiss Meditec AG	7,9%	8,3%	7,6%	7,9%	6,1%	9,9%	10,4%	9,6%	5,3%	4,1%
Safilo Group SpA	-9,3%	-21,5%	-2,7%	-39,6%	-8,0%	2,3%	5,6%	-2,9%	2,6%	6,4%
Bausch + Lomb Corporation	-	-	0,0%	2,6%	-0,2%	1,7%	0,1%	-1,9%	-2,4%	0,6%
ROE [Net Income / Average Total Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	11,5%	17,9%	3,2%	3,0%	0,3%	4,0%	5,6%	5,9%	5,8%	5,9%
Hoya Corporation	16,8%	18,7%	19,5%	18,2%	18,7%	20,8%	20,7%	18,8%	20,8%	20,8%
Carl Zeiss Meditec AG	11,6%	10,8%	9,6%	11,3%	8,4%	14,1%	14,5%	13,4%	8,7%	6,6%
Safilo Group SpA	-16,3%	-47,2%	-5,0%	-96,0%	-40,0%	5,8%	12,3%	-6,2%	5,2%	12,1%
Bausch + Lomb Corporation	-	-	0,0%	3,0%	-0,2%	1,9%	0,1%	-3,8%	-4,8%	41,6%
ROIC [EBIT / Average short and long-term debt and equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
Essilorluxottica SA	14,1%	21,7%	3,9%	4,6%	1,0%	4,6%	6,2%	6,3%	6,5%	6,4%
Hoya Corporation	19,2%	24,3%	23,3%	22,7%	23,7%	24,8%	25,1%	21,5%	25,0%	25,0%
Carl Zeiss Meditec AG	17,8%	13,8%	14,8%	17,9%	11,6%	20,6%	18,4%	15,0%	7,2%	8,4%
Safilo Group SpA	3,4%	-6,4%	-2,9%	0,8%	-12,5%	5,9%	7,7%	7,9%	8,6%	12,8%
Bausch + Lomb Corporation	-	-	0,0%	4,6%	2,9%	3,6%	2,3%	1,8%	1,8%	10,2%

In profitability, EssilorLuxottica shows a stable profile, although less explosive than that of some asset-lighter competitors. In 2025, **ROA** is around **3.6%**, **ROE** close to **5.9%** and **ROIC** around **6.4%**, levels similar to recent years.

The comparison with Hoya makes the difference in models clear: Hoya operates with a much more capital-efficient structure, which allows it to sustain far higher returns, with **ROIC close to 25%**. Carl Zeiss Meditec also shows attractive returns, although in 2025 they were somewhat below Hoya's.

Safilo and Bausch + Lomb have more volatile profitability, with occasional improvements but less historical consistency.

In EssilorLuxottica's case, returns are partly affected by its large asset base, the weight of goodwill and intangibles from acquisitions, and the integration of an extensive global retail network. That is why, although it does not lead the peer group in return on capital, it combines solid margins, operating stability, scale and cash generation, which reinforces the quality of the business from a long-term perspective.

SWOT analysis (Strengths, Weaknesses, Opportunities and Threats)

EssilorLuxottica's SWOT makes the nature of the thesis quite clear. This is not a company that needs to reinvent itself to keep growing, but a global leader that already has a competitive position that is very hard to replicate and is now trying to extend that advantage into new categories: artificial intelligence, wearables, hearing health, eye diagnostics and digital platforms.

The central question is not whether EssilorLuxottica has a good business. That seems quite evident. The most important question is whether the company will be able to turn its scale, brands and capacity for innovation into higher returns on capital over the coming years.

STRENGTHS

EssilorLuxottica's main strength is its competitive position. The company is the global leader in a resilient industry, with a presence in more than 150 countries, a network of close to 20,000 points of sale and a brand portfolio that is hard to match.

Unlike many competitors, EssilorLuxottica does not take part in just one part of the value chain. It controls everything from research and development to production, distribution, retail and e-commerce. This vertical integration allows it to capture more value, have greater control over the customer experience and keep a very strong negotiating position with suppliers, distributors and brands.

Another core strength is its portfolio. Ray-Ban, Oakley, Persol, Oliver Peoples, Varilux, Crizal, Transitions and Stellest are not easily replaceable brands or products. In many cases they combine trust, quality, design and aspiration. That gives the company greater pricing power than many smaller or less integrated competitors.

In addition, EssilorLuxottica combines two worlds that are usually analyzed separately: eye health and fashion. The optical business brings recurrence and resilience, while eyewear brings premiumization, aesthetic turnover and brand value. This combination means the company does not depend exclusively on either fashion or health, but benefits from both.

Finally, the company keeps a solid balance sheet, good cash generation and an aligned shareholder structure, with Delfin and employees as significant shareholders. This "skin in the game" matters, especially in a company that keeps making long-term strategic decisions.

OPPORTUNITIES

The most obvious opportunity is still the structural growth of the vision market. Population aging, rising myopia and presbyopia, intensive screen use and low penetration of vision correction in certain regions create a market with clear tailwinds. By 2050 close to 50% of the world's population could have myopia, which reinforces the need for solutions such as prescription lenses, myopia control products and eye health services.

On top of that there is an even more interesting opportunity: AI Glasses. Ray-Ban Meta and Oakley Meta together exceeded 7 million units sold during 2025, so the category is no longer just an experimental idea. It is still early to know its final size, but the adoption seen increases the likelihood that smart glasses can become established as a new everyday interface for audio, vision and artificial intelligence.

EssilorLuxottica's advantage is that it does not start from scratch: it already has brands, design, industrial capacity, optical expertise, retail and global distribution. If the category keeps expanding, those capabilities can become particularly relevant barriers to entry.

Nuance Audio is also a relevant opportunity. The possibility of integrating hearing assistance into normal glasses could open a huge market among people with mild or moderate hearing loss who do not use traditional hearing aids because of aesthetics, discomfort or social friction. If the company manages to scale this category, it could add a new growth vertical very much aligned with its visual and hearing well-being strategy.

Another opportunity lies in the expansion into med-tech and digital services. HELIX, RetinAI, Optegra and the eye diagnostic solutions show that EssilorLuxottica wants to be increasingly present across the whole eye health ecosystem, not just in selling products. This could strengthen its relationship with professionals, improve data capture and increase the recurrence of the business.

Finally, the subscription model can gradually change the dynamics of the business. If the company manages to expand it to more geographies and formats, it could improve revenue recurrence, increase customer loyalty and make cash flow more predictable.

WEAKNESSES

EssilorLuxottica's main weakness is that, despite the quality of the business, its returns on capital are not as high as those of some asset-lighter peers. ROIC stays at around 5-6%, affected by the weight of goodwill, intangibles and the extensive global retail network. This does not mean the business is bad, but it does limit value creation if the company does not manage to gradually improve the efficiency of its asset base.

Another weakness is the complexity of the group. EssilorLuxottica operates across multiple geographies, segments, brands and channels, and now also new technology and medical categories. That diversification is a strength, but it also makes execution harder. Integrating acquisitions, scaling wearables, developing hearing solutions and running a global store network is not trivial.

The company is also exposed to discretionary consumption in part of its business. Although optical products are resilient, sunglasses, certain premium brands and some fashion products can be affected in an economic slowdown.

Finally, new categories such as AI Glasses and Nuance Audio could pressure margins in the short term. They require investment, marketing, technology components, production and commercial development. If adoption does not scale enough, they could dilute profitability before becoming a real growth driver.

THREATS

One of the main risks is that AI Glasses do not reach the market size that part of the narrative is starting to price in. Sales already show real traction, but it is still early to determine the degree of long-term adoption, the replacement frequency and what percentage of consumers will make these devices a regular part of their daily lives.

The risk, therefore, is no longer only that the category does not exist, but that it ends up being smaller, less profitable or with longer replacement cycles than investors currently expect.

There is also competitive risk. If the category takes off, it is logical to expect Apple, Google, Samsung, Sony, Snap or other tech players to try to capture part of the market. These companies have enormous financial resources, digital ecosystems, software and artificial intelligence. EssilorLuxottica's advantage lies in design, brands and optics, but technology competition could intensify.

Another risk is the partial dependence on Meta within the wearable thesis. The partnership is a great opportunity, but it also means exposure to the strategic decisions of an external partner. Changes in priorities, in the economics of the partnership, in regulation or in product positioning could affect the expected upside.

On the regulatory side, glasses with cameras, microphones, artificial intelligence and potential data capture can raise privacy concerns. The more advanced these devices become, the greater the regulatory scrutiny.

Finally, valuation is also a threat. EssilorLuxottica is a very high-quality company, but the market has already started to recognize part of the technological optionality. If growth slows, margins do not expand or AI Glasses disappoint, there could be multiple compression.

SECTION 06

The bulls vs. the bears

In just a few months EssilorLuxottica went from being one of the great growth stories in the European market to a punished stock, and then recovered strongly. That reflects quite well how divided the market is.

What do the bulls say?

The first argument is the **quality of the traditional business**. More than half of sales come from optical products that people need no matter what, with very clear demographic tailwinds: aging, myopia and screen use. It is a business that grows at 5-6% almost regardless of the economic cycle.

The second is the **optionality of AI Glasses**. If smart glasses become a new consumer interface, EssilorLuxottica is probably the best-positioned company in the world to capture that growth, thanks to its brands, its industrial capacity and its store network.

The third is myopia control and eye health. Stellest is growing at 24% and the expansion into medtech can turn the company into a complete eye health ecosystem, with greater recurrence and margins.

What do the bears say?

The first argument is return on capital: a 5% ROIC does not justify multiples of 20-25 times EBITDA. The company grows, but largely by buying other companies at high prices.

The second is the reliance on Meta in the wearable thesis. If Meta changes its strategy, develops its own glasses or negotiates better terms, much of the optionality could disappear. In addition, wearables growth already slowed to 20% in the last quarter.

The third is governance. Tensions within the Del Vecchio family and its weight through Delfin create uncertainty about the future control of the company.

And fourth, margins: gross margin already fell in 2025 and tariffs in the United States, its main market, are still a risk.

SECTION 07

Valuation

To value EssilorLuxottica I used a ten-year **discounted cash flow (DCF) model** with two methods to calculate the terminal value: **perpetuity growth** and **exit multiple on EBITDA**.

EssilorLuxottica is not an easy company to pigeonhole. If we value it only as a mature optical company, we are probably underestimating part of its potential. But if we value it as a pure tech company, we are probably going too far. That is why I think it is important to look at both methods together.

Model inputs and assumptions

The main *drivers* are:

2. Operating drivers by scenario (explicit forecast)

Driver	Δ vs Base	FY2023A	FY2024A	FY2025A	3Y avg	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		3.7%	4.4%	7.5%	**5.2%**	**5.9%**	**8.2%**	**7.2%**	**7.0%**	**6.5%**	**6.0%**	**5.5%**	**5.0%**	**4.5%**	**4.0%**
Best case	1.5%					7.4%	9.7%	8.7%	8.5%	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%
Base case						5.9%	8.2%	7.2%	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%	4.0%
Worst case	(2.0%)					3.9%	6.2%	5.2%	5.0%	4.5%	4.0%	3.5%	3.0%	2.5%	2.0%
Gross margin ▸ selected scenario		62.2%	62.4%	59.7%	**61.5%**	**59.8%**	**60.0%**	**60.0%**	**60.0%**	**60.1%**	**60.2%**	**60.2%**	**60.2%**	**60.2%**	**60.2%**
Best case	1.0%					60.8%	61.0%	61.0%	61.0%	61.1%	61.2%	61.2%	61.2%	61.2%	61.2%
Base case						59.8%	60.0%	60.0%	60.0%	60.1%	60.2%	60.2%	60.2%	60.2%	60.2%
Worst case	(1.0%)					58.8%	59.0%	59.0%	59.0%	59.1%	59.2%	59.2%	59.2%	59.2%	59.2%
EBIT margin ▸ selected scenario		12.4%	12.8%	12.2%	**12.5%**	**12.5%**	**13.0%**	**13.4%**	**13.7%**	**14.0%**	**14.1%**	**14.2%**	**14.2%**	**14.2%**	**14.2%**
Best case	1.5%					14.0%	14.5%	14.9%	15.2%	15.5%	15.6%	15.7%	15.7%	15.7%	15.7%
Base case						12.5%	13.0%	13.4%	13.7%	14.0%	14.1%	14.2%	14.2%	14.2%	14.2%
Worst case	(2.0%)					10.5%	11.0%	11.4%	11.7%	12.0%	12.1%	12.2%	12.2%	12.2%	12.2%
Capex % of revenue ▸ selected scenario		6.0%	5.7%	5.4%	**5.7%**	**5.5%**	**5.5%**	**5.4%**	**5.3%**	**5.2%**	**5.1%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**
Best case	(0.5%)					5.0%	5.0%	4.9%	4.8%	4.7%	4.6%	4.5%	4.5%	4.5%	4.5%
Base case						5.5%	5.5%	5.4%	5.3%	5.2%	5.1%	5.0%	5.0%	5.0%	5.0%
Worst case	0.5%					6.0%	6.0%	5.9%	5.8%	5.7%	5.6%	5.5%	5.5%	5.5%	5.5%

Source: author's analysis.

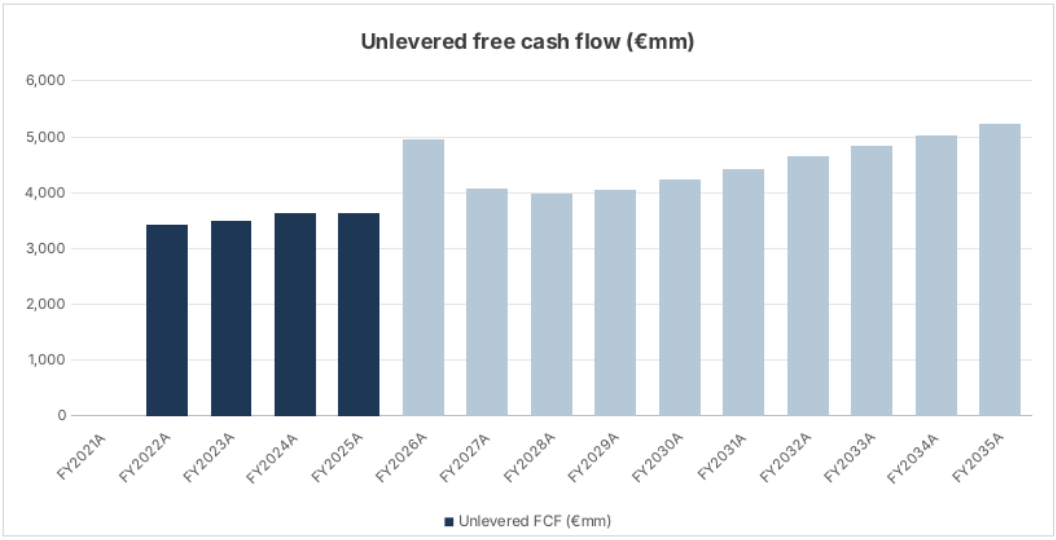
Year 1 of the model is 2026.

- **Sales growth:** 5.9% in 2026, a more prudent estimate than the +6.8% reported in the first nine months, an acceleration to 8.2% in 2027, 7.2% in 2028 and then a gradual slowdown to 4% in 2035. These are somewhat demanding numbers for a company of this size, but reasonable considering that at constant exchange rates it has been growing at close to 9-11%, with the traditional business growing at a healthy pace and the incremental acceleration coming from AI Glasses, myopia control and new categories.
- **Margins:** gross margin stays at around 60%, without returning to the levels above 62% of the past, because the company is investing heavily in new categories. The EBIT margin reported under IFRS improves gradually from 12.5% in 2026 to 14.2% in 2032. I use reported metrics, not adjusted ones, to keep the income statement, cash generation and multiple-based valuation consistent.
- **Capex:** stays at around 5-5.5% of sales, gradually easing towards 5%. EssilorLuxottica is not an asset-light business: it has stores, labs, plants and distribution centers all over the world.

What does each scenario mean?

- In the **base case**, the traditional business keeps growing in a healthy way and the new categories add incremental growth, without assuming AI Glasses become the next big consumer device.

- In the **best case**, I include stronger adoption of wearables, higher growth in Ray-Ban Meta and Oakley Meta and a better expansion of the ecosystem: 1.5 points more growth per year and 1.5 points more EBIT margin.
- In the **worst case**, I assume a faster slowdown, with lower adoption of AI Glasses and growth closer to the traditional optical business: 2 points less growth and 2 points less margin.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)		
		Value
Risk-free rate		3.0%
Equity beta (levered)	x	0.88
Equity risk premium		5.0%
Country risk premium		-
Cost of equity		7.4%
Pre-tax cost of debt		3.5%
Tax rate (debt tax shield)		23.5%
After-tax cost of debt		2.7%
Market value of equity	€ mm	90,117
Total debt	€ mm	14,398
Debt / (Debt + Equity)		13.8%
Equity / (Debt + Equity)		86.2%
WACC		6.7%

Source: author's analysis.

Since EssilorLuxottica reports in euros and the valuation is expressed in that currency, the cost of equity starts from a risk-free rate of 3% (German government bond), an equity risk premium of 5% and a beta of 0.88, which gives a cost of equity of 7.4%. For debt I use a pre-tax cost of 3.5%, in line with its latest issues. With a capital structure of 86% equity and 14% debt at market values, **the WACC comes out at 6.7%**.

To go from Enterprise Value to Equity Value I subtracted net debt and other claims of EUR 10,521 million. The diluted share count is 465 million.

What is EssilorLuxottica worth? The two methods and what they say

Method 1: Perpetuity growth

In the base case, with perpetual growth of 2.5%, a return on new invested capital of 9% and a WACC of 6.7%, the model gives an Enterprise Value of EUR 84,073 million, equivalent to an Equity Value of EUR 73,552 million or **EUR 158 per share**.



EssilorLuxottica

EL · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 6 Nov 2026 · EUR mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

€158.18

Current share price	€193.80
Upside / (downside)	(18.4%)

VALUATION SUMMARY

Enterprise value	84,073
Equity value	73,552
PV of forecast cash flows	30,596
PV of terminal value	53,476
Terminal value % of EV	63.6%
Implied exit EV / EBITDA	10.2x

KEY ASSUMPTIONS

WACC (year 1)	6.7%
Terminal WACC	6.7%
Terminal growth (g)	2.5%
RONIC (terminal)	9.0%
Net debt & other claims	10,521
Diluted shares (mm)	465.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	115,889	105,368	€226.60	+16.9%
Base case	2.5%	84,073	73,552	€158.18	(18.4%)
Worst case	2.0%	56,855	46,334	€99.64	(48.6%)
Current share price				*€193.80*	

VALUE PER SHARE VS. CURRENT PRICE

SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
5.7%	€190.57	€198.93	€209.86	€224.77	€246.31
6.2%	€168.47	€173.82	€180.59	€189.45	€201.54
6.7%	€150.59	€153.98	**€158.18**	€163.49	€170.43
7.2%	€135.82	€137.91	€140.44	€143.57	€147.53
7.7%	€123.43	€124.63	€126.06	€127.79	€129.93

Source: author's analysis.

In the **best** case the value is **EUR 227** and in the **worst** case **EUR 100** per share.

The sensitivity is high: with a WACC of 5.7%, the valuation would rise to EUR 210 per share. This shows how much EssilorLuxottica's value depends on the cost of capital and, above all, on its ability to turn growth into higher returns on invested capital.

Method 2: Exit multiple (EBITDA)

For this method I used the following multiples on the EBITDA of the last projected year:

- Best case: 18x
- *Base case: 15x*
- Worst case: 12x

The 15x multiple aims to represent a normalized long-term valuation for a global leader with premium brands, vertical integration and structural growth. It does not require valuing it like a tech company, nor going back to the multiples of more than 20 times the company had at some points. It also implies perpetual growth of 3%, a reasonable figure.

In the worst case, the multiple compresses to reflect a view closer to a mature premium optical company. In the best case, it expands to reflect a scenario in which the market starts to value EssilorLuxottica as one of the main consumer wearable platforms.

In the base case, the model gives an Enterprise Value of **EUR 109,261 million**, equivalent to an Equity Value of **EUR 98,740 million** or approximately **EUR 212 per share**.



EssilorLuxottica

EL · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · EUR mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

€212.34

Current share price	€193.80
Upside / (downside)	+9.6%

VALUATION SUMMARY

Enterprise value	109,261
Equity value	98,740
PV of forecast cash flows	30,596
PV of terminal value	78,664
Terminal value % of EV	72.0%
Implied perpetual growth	3.0%

KEY ASSUMPTIONS

WACC (year 1)	6.7%
Terminal WACC	6.7%
Exit EV / EBITDA	15.0x
EBITDA, final forecast year	9,533
Net debt & other claims	10,521
Diluted shares (mm)	465.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	18.0x	150,368	139,847	**€300.75**	+55.2%
Base case	15.0x	109,261	98,740	**€212.34**	+9.6%
Worst case	12.0x	72,527	62,006	**€133.35**	(31.2%)
Current share price				*€193.80*	

VALUE PER SHARE VS. CURRENT PRICE

SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	13.0x	14.0x	15.0x	16.0x	17.0x
5.7%	€205.74	€218.03	€230.33	€242.62	€254.91
6.2%	€197.58	€209.36	€221.13	€232.90	€244.68
6.7%	€189.79	€201.07	**€212.34**	€223.62	€234.90
7.2%	€182.33	€193.14	€203.95	€214.75	€225.56
7.7%	€175.20	€185.56	€195.92	€206.27	€216.63

Source: author's analysis.

In the **best** case the value is **EUR 301** and in the **worst** case **EUR 133** per share.

Reading the two methods together

Averaging both methods in the base case, I get a **target price of EUR 185 per share**, practically in line with the current price of EUR 193.8.

The gap between the two methods (EUR 158 versus EUR 212) once again reflects the issue of return on capital. The perpetuity method penalizes a company that earns on its capital only slightly more than it costs. The multiple method assumes the market will keep paying it a premium for the quality of its brands and its competitive position.

What is interesting is the asymmetry: in the best case, with greater adoption of AI Glasses, the value reaches EUR 227-304 per share. In the worst case, it falls to EUR 100-135.

SECTION 08

Conclusions

EssilorLuxottica is still a hard company to classify.

It is at the same time eye health, fashion, accessible luxury, retail, manufacturing, technology, distribution, med-tech and now wearable artificial intelligence.

That complexity can be an advantage.

Because when a company does not fit well into a category, the market often takes time to understand it. For years, EssilorLuxottica was seen mainly as an optical company with good brands. Or perhaps as a luxury brand, which explains the sharp fall from its highs (although in my opinion it was quite overvalued).

Today perhaps we should start seeing it as a much broader platform. The core business is still the anchor: resilient, profitable, global and with structural tailwinds. AI Glasses, Nuance Audio, Stellest, RetinAI and Optegra are the layer of optionality.

Taking both valuation methods into account, **I get a target price of EUR 185 per share**, practically in line with the current price of EUR 193.8.

When the stock was trading around EUR 140, the risk-reward balance was very attractive. After the rebound of recent months, that opportunity has narrowed considerably: today the stock trades close to its intrinsic value under my assumptions, and the upside depends on the new categories ending up working better than I assume in the base case.

I do not need to assume that smart glasses will become the next big technology device for the thesis to make sense. The core business can keep creating value on its own. But if the new verticals end up reaching a relevant scale, the additional potential can be significant.

A company like EssilorLuxottica has many of the characteristics I look for in a long-term investment. At this price I would not sell it, but I would not be aggressive buying either: I would rather build a position on dips, which with a stock as volatile as this one will surely come again.

Alan



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