

## **EssilorLuxottica to acquire HAL's 76.72% interest in GrandVision and launch a mandatory public offer for the remaining shares upon completion of the transaction**

EssilorLuxottica intends to acquire full ownership in GrandVision to create a truly global eyecare and eyewear company

- **EssilorLuxottica to acquire HAL's 76.72% interest in GrandVision at a cash purchase price equal to Euro 28 per share – to be increased by 1.5% to Euro 28.42 if closing of the acquisition does not occur within 12 months from the announcement date**
- **Transaction supported by GrandVision's Management Board and Supervisory Board**
- **After the closing of the Transaction with HAL, EssilorLuxottica will launch a Mandatory Public Offer for all outstanding GrandVision shares**
- **Irrevocable commitment received from HAL to sell its shareholding to EssilorLuxottica**
- **The combination, which further complements EssilorLuxottica's scope of activities, will allow the company to deliver a superior eyecare and eyewear experience to more people globally**
- **The Transaction is expected to close in 12 to 24 months**
- **GrandVision will benefit from EssilorLuxottica's commitment to, and investment in, product innovation, supply chain, talent development and digital knowledge to foster a richer relationship with GrandVision's more than 150 million consumers**
- **Through the acquisition of GrandVision, EssilorLuxottica will expand its optical retail platform, primarily in Europe, by adding more than 7,200 stores globally, over 37,000 employees and Euro 3.7 billion in annual revenue**
- **The Transaction is subject to various closing conditions, including regulatory approvals and mandatory consultation procedures**

Leonardo Del Vecchio, Executive Chairman of EssilorLuxottica commented: *"Following the creation of EssilorLuxottica, which I strongly pursued, the acquisition of GrandVision represents the realization of a vision that has guided my actions and the growth of Luxottica over all these years. With GrandVision we will be able to develop our retail network, finally extended throughout the geographies, and fully enable our multichannel and digital platforms. We will raise the quality of in-store experience for products, brands and services for the benefit of all consumers and our wholesale customers."*

Hubert Sagnières, Executive Vice Chairman of EssilorLuxottica stated: *"This acquisition is another step towards our ambition to eradicate poor vision in the world before 2050. Following the combination with Luxottica, it's a milestone in our vision of reshaping the optical industry with the aim to provide all consumers of the world a better optical experience with higher quality eyewear. We look forward to welcoming the 37,000 employees of GrandVision to the growing*

*EssilorLuxottica family. Together, we will have an even stronger voice to champion better vision everywhere in the world.”*

Stephan Borchert, CEO of GrandVision: *“The future integration of GrandVision with EssilorLuxottica brings new opportunities to GrandVision’s business, its well-established retail banners, stores, employees and all our stakeholders. Furthermore, it will create a truly global eyecare and eyewear company that is ideally positioned to capture changing consumer needs and behaviors, and provide its customers with a high quality optical omni-channel customer experience. This transaction is expected to provide value to GrandVision’s shareholders, while allowing for the acceleration of GrandVision’s growth strategy through the expansion of our store network and online platforms. EssilorLuxottica’s interest in joining forces with GrandVision is a clear recognition of GrandVision’s successful strategy, our state-of-the-art retail platform and our people. We look forward to joining forces with EssilorLuxottica in what will be an exciting new chapter ahead.”*

Kees van der Graaf, Chairman of the Supervisory Board of GrandVision: *“The proposed combination of GrandVision and EssilorLuxottica provides an excellent opportunity to further strengthen the growth prospects of GrandVision. The Management Board and Supervisory Board of GrandVision decided to fully support the transaction as we believe it will contribute to the long-term sustainable success of the business and is in the best interests of GrandVision’s stakeholders.”*

**Charenton-le-Pont, France (July 31, 2019 – 7:00 am)** – EssilorLuxottica S.A. (“EssilorLuxottica”), a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses today announces an agreement with Hal Optical Investments B.V. (“HAL”), a wholly-owned subsidiary of HAL Holding N.V, for the sale of HAL’s 76.72% ownership interest in GrandVision N.V. (“GrandVision” or the “Company”), a global leader in optical retail (the “Block Trade Agreement”). Under the Block Trade Agreement, EssilorLuxottica will buy HAL’s shares for a price of Euro 28 per share, to be increased by 1.5% to Euro 28.42 if closing of the Transaction (the “Transaction”) does not occur within 12 months from the announcement date. GrandVision supports the Transaction under the terms of a support agreement with EssilorLuxottica (the “Support Agreement”).

Closing of the Transaction between EssilorLuxottica and HAL is subject to various conditions, including obtaining antitrust clearance. The Transaction is expected to close in 12 to 24 months. After the Transaction has been successfully concluded, EssilorLuxottica will launch a mandatory cash public offer (the “Mandatory Public Offer”) for all outstanding shares in the Company, in accordance with the applicable Dutch public offer rules.

For EssilorLuxottica, the combination with GrandVision will serve as a catalyst to unlock the underlying growth potential of the eyecare and eyewear industry. The activities of both companies are highly complementary. EssilorLuxottica currently operates over 10,000 stores and several proprietary online platforms with a strong presence in the Americas. GrandVision operates more than 7,200 optical stores and online platforms in more than 40 different countries with a strong presence in Europe and Latin America.

GrandVision will bring more than 37,000 employees and Euro 3.7 billion in annual revenue to EssilorLuxottica, growing the company's reach and expanding its dialogue with end consumers. The combination with GrandVision will create an extended multichannel platform to seize future opportunities in retail and in consumer interaction on eyecare and eyewear products and services.

Further complementing EssilorLuxottica's scope of activities, while maintaining its open business model, the Transaction will also bring under the same roof GrandVision's 125 years of experience and success in putting the customer at the center of its business. Additionally, it will give EssilorLuxottica an opportunity to strengthen its direct-to-consumer business, benefitting from GrandVision's technologies, competencies and human capital that have made it a success.

Expanding its retail operations, while maintaining strong wholesale distribution, EssilorLuxottica will increase its capacity to drive consumer engagement more effectively, to raise the standard of in-store experience, resulting in more regular eye exams, up-to-date prescriptions and an increased availability of multiple tailored vision care products to meet all of their vision and style needs.

At the same time, GrandVision will benefit from EssilorLuxottica's outstanding product innovation, manufacturing and commercialization, integrated IT system, brand portfolio, state-of-the-art supply chain, talent development and digital tools and expertise to foster a closer and increasingly omnichannel relationship with GrandVision's more than 150 million consumers around the world.

EssilorLuxottica and GrandVision share common values and are both committed to delivering superior eyecare and eyewear to more people globally. The companies share a deep and century-long interest in doing business in a way that benefits all stakeholders, including customers, employees, shareholders, business partners, suppliers, and the communities in which they are present.

### **Transaction structure**

The Block Trade Agreement provides for the purchase by EssilorLuxottica of the entire participation of HAL in GrandVision equal to 76.72% at a price per share of Euro 28 payable in cash, to be increased by 1.5% to Euro 28.42 if closing of the Transaction does not occur within 12 months from the announcement date, representing a total consideration of approximately Euro 5.5 billion.

The purchase price of Euro 28.00 per share as agreed between EssilorLuxottica and HAL represents the following premium to the undisturbed share price:

- a premium of 33.1% to GrandVision's closing price on July 16, 2019 of Euro 21.04;
- a premium of 37.6% to GrandVision's average volume weighted price for the one-month period up to and including July 16, 2019 of Euro 20.35; and

- a premium of 41.7% to GrandVision's average volume weighted price for the three-month period up to and including July 16, 2019 of Euro 19.77.

Prior to the closing of the Transaction, GrandVision is permitted to pay dividends of up to Euro 0.35 per share for 2019 and Euro 0.37 per share for 2020 (or, in each case, 40% of net results if lower) without adjustment to the purchase price under the Block Trade Agreement.

### **Conditions and termination**

The Transaction is subject to, among other things, approval from various antitrust authorities and other third parties. EssilorLuxottica has committed to taking certain actions required to obtain merger clearance in each of the relevant jurisdictions, but it will not be required to consent to any remedies which may materially adversely affect the value of the combination of EssilorLuxottica and GrandVision as a whole, materially affect the strategic rationale of the Transaction or otherwise impose an unreasonable burden on either EssilorLuxottica or GrandVision.

In addition to the approvals mentioned above, the Transaction is subject to various other conditions including completion of mandatory consultation procedures with employee representative bodies, performance of the parties' obligations under the Block Trade Agreement, no breach of warranties, performance of the obligations by GrandVision under the Support Agreement, and the appointment conditional upon closing of the Transaction of four EssilorLuxottica nominees to the Supervisory Board. Furthermore, the Transaction is conditional upon GrandVision's net debt at closing being less than Euro 993 million.

In case of termination of the Transaction as a result of (i) failure to satisfy the condition to obtain approval from the relevant regulatory authorities by July 30, 2021 (the "Long Stop Date") or (ii) a breach of the agreement or a breach of warranties by EssilorLuxottica resulting in any closing conditions not being met, EssilorLuxottica shall pay termination compensation in the amount of Euro 400 million to HAL. In case the agreement is terminated as a result of the net debt of GrandVision being more than Euro 993 million, HAL shall pay to EssilorLuxottica termination compensation in the amount of Euro 100 million.

The price of the Mandatory Public Offer will be determined in accordance with Dutch law and will be at a minimum the price per share paid to HAL pursuant to the Block Trade Agreement (as it may be adjusted in accordance with the Block Trade Agreement).

The Block Trade Agreement and the Support Agreement may not be terminated as a result of a superior third party offer for the shares in GrandVision.

### **Support Agreement**

GrandVision has agreed to support the Transaction and EssilorLuxottica acquiring control.

In addition to a general commitment to support the Transaction, GrandVision more specifically agreed to cooperate with EssilorLuxottica in connection with (i) the antitrust clearance process (including by offering certain remedies in order to obtain antitrust clearance), (ii) the required

filings for the Mandatory Public Offer, (iii) the financing of the Transaction (including the refinancing of GrandVision's existing debt) (iv) consultation procedures with employee representative bodies, (v) convening a general meeting in which EssilorLuxottica's nominees for the Supervisory Board can be conditionally appointed, and (vi) accepting certain restrictions in GrandVision's conduct of business until Closing, including with respect to M&A. In addition, GrandVision and EssilorLuxottica have each agreed to abstain from performing any actions that would reasonably be expected to materially prejudice or render more difficult closing of the Transaction.

After closing of the Transaction and the Mandatory Public Offer, EssilorLuxottica intends to terminate GrandVision's listing on Euronext Amsterdam and to acquire 100% of the shares of GrandVision pursuant to statutory buy-out proceedings or to obtain full ownership of GrandVision's business through other second-step transactions. GrandVision acknowledges and agrees that it will be desirable that following the closing of the Transaction, EssilorLuxottica acquires full ownership of GrandVision and its business and has agreed that the Management Board and Supervisory Board will reasonably consider any reasonable proposals for such post-closing second-step transactions.

EssilorLuxottica and GrandVision have agreed that any related party transactions that are not in the ordinary course or at arm's length terms, require the affirmative vote of at least one independent member of the Supervisory Board of GrandVision. Such affirmative vote will be required until EssilorLuxottica holds all shares in GrandVision or has initiated statutory buy-out proceedings. EssilorLuxottica has furthermore agreed not to acquire any GrandVision shares or other securities before the launch of the Mandatory Public Offer.

### **Financing**

EssilorLuxottica has obtained, subject to customary conditions, committed bridge financing for the Transaction from reputable global financial institutions of approximately Euro 8 billion and plans to refinance through debt and equity, or equity-like instruments, in the amount of up to Euro 2 billion.

### **Corporate Governance**

It is envisaged that upon successful completion of the Transaction and until the earlier of EssilorLuxottica acquiring full ownership or initiating statutory buy-out proceedings, the Supervisory Board of GrandVision will be composed of four members to be identified by EssilorLuxottica and two current members of GrandVision's Supervisory Board, Mr. Kees van der Graaf and Ms. Rianne Meijerman, qualifying as independent under the Dutch Corporate Governance Code. Mr. Kees van der Graaf will continue to serve as Chairman of the Supervisory Board.

In addition, EssilorLuxottica has strong respect and appreciation for the work done by the current management team of GrandVision and is pleased that Mr. Stephan Borchert and Mr. Willem Eelman have expressed their commitment to remain as CEO and CFO of GrandVision post-closing of the Transaction and the subsequent Mandatory Offer.

## **Strategy**

This Transaction will fully serve EssilorLuxottica's ambition to unlock the underlying growth potential of the eyecare and eyewear industry. It will provide EssilorLuxottica with additional resources to promote awareness and access in the industry and serve the growing appetite for brands and quality in eyewear.

EssilorLuxottica fully supports the mission and strategy of GrandVision. It is envisaged that GrandVision will maintain its geographical footprint and global retail network as well as its business model as an integrated multibrand optical omnichannel retailer, with a balanced portfolio of brands and products to tap the needs of all its customers.

With this Transaction, GrandVision will become part of a global eyecare and eyewear group with outstanding product innovation, manufacturing and commercialization, technology, brand portfolio, supply chain, talent development and digital expertise to foster a closer relationship with its wholesale and final consumers around the world. This would highly accelerate the strategic objectives GrandVision communicated to investors in September 2018, seizing future opportunities in retail and consumer interaction with eyecare and eyewear products and services.

GrandVision will have the resources it needs to grow and maintain its reputation in the optical retail space and will benefit from the access to EssilorLuxottica's multiproduct and multibrand portfolio as well as to EssilorLuxottica's multichannel ecosystem, including new digital tools, integrated IT system, state-of-the-art supply chain and logistics.

Through a combination with GrandVision, EssilorLuxottica intends to grow revenue and profit through efficiency gains and business expansion, notably in terms of store openings, corner openings in hosted environments and omnichannel activities. Moreover, the enlarged group intends to invest into new store openings and store maintenance and renovation in line with or better than GrandVision current standards and to support Solaris concept, subject to further evaluation.

In the planned combined company, the GrandVision organization will operate EssilorLuxottica's ophthalmic retail activities in Europe, the Middle East and Africa, while the current EssilorLuxottica organization will operate the retail networks in Latin America and North America.

## **Employees**

EssilorLuxottica values greatly the experience and expertise of GrandVision's employees, which are a crucial asset for the future success of the combination. EssilorLuxottica is committed to providing GrandVision's employees new career opportunities as members of the enlarged group.

EssilorLuxottica aims to foster a culture of excellence, where qualified employees are offered training and national and international career perspectives. The nomination, selection and appointment of staff for functions within the group will be based on the "best person for the job"

principle and on a non-discriminatory, fair, business-oriented and transparent set of criteria without any discrimination on the basis of nationality, current employer or otherwise.

The Transaction's rationale is not based on workforce reduction, but to the contrary on the quality and capabilities of the human and physical assets of GrandVision. Accordingly, EssilorLuxottica does not currently envisage redundancies of any significance as a result of the Transaction. If a future integration of activities would entail redundancies, change in work location or other reorganization, all applicable consultation requirements and procedures (with employee representative bodies) will be observed.

EssilorLuxottica has committed to respect the existing rights and benefits of GrandVision employees, including under their individual employment agreements, collective labor agreements, and if any, existing employee consultation structure, existing redundancy and social plans and pension rights.

#### **Timetable**

EssilorLuxottica and GrandVision will work together to obtain all necessary merger clearances. It is expected that it will take approximately 12 to 24 months before closing of the Transaction.

At or prior to the Annual General Meeting of Shareholders in 2020, GrandVision will propose the conditional appointment of four Supervisory Board members to be nominated by EssilorLuxottica. The appointment will be effective upon and subject to closing of the Transaction.

After closing of the Transaction and given EssilorLuxottica will obtain an ownership interest in excess of 30%, EssilorLuxottica will have the obligation to make a Mandatory Public Offer for all remaining outstanding shares of GrandVision. Settlement of the Mandatory Public Offer is expected to take place approximately 6 months after closing of the Transaction.

*EssilorLuxottica is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. Formed in 2018, its mission is to help people around the world to see more, be more and live life to its fullest by addressing their evolving vision needs and personal style aspirations. The company brings together the complementary expertise of two industry pioneers, one in advanced lens technology and the other in the craftsmanship of iconic eyewear, to set new industry standards for vision care and the consumer experience around it. Influential eyewear brands including Ray-Ban and Oakley, lens technology brands including Varilux® and Transitions®, and world-class retail brands including Sunglass Hut and LensCrafters are part of the EssilorLuxottica family. In 2018, EssilorLuxottica had nearly 150,000 employees and pro forma consolidated revenues of Euro 16.2 billion.*

*The EssilorLuxottica share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices. Codes and symbols: ISIN: FR0000121667; Reuters: ESLX.PA; Bloomberg: EL:FP.*

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**Disclaimer**

*This is a public announcement by EssilorLuxottica S.A. pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities.*

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