



# EssilorLuxottica

OTCPK: ESLOF  
EssilorLuxottica

# Fundamental Analysis





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# Introduction

GICS Sector: Healthcare

Sub-industry: Medical Instruments & Supplies



CEO: Francesco Milleri

Tenure: 2.6 years

EssilorLuxottica's management team has an average tenure of **2.6 years**. It is considered experienced.

Source of revenue:

- EssilorLuxottica operates globally, providing integrated eyecare and eyewear products and services. This includes the design, manufacture and distribution of ophthalmic lenses, frames, and sunglasses.
- The company offer a wide range of lenses under various brand names, including Oakley, Ray-Ban, and Transitions.
- They also supply different eyewear products under brand names such as Ray-Ban, Oakley, and Vogue Eyewear.
- The company operates through two segments: Professional Solutions and Direct to Consumer.
- In the Professional Solutions segment, EssilorLuxottica serves over 300,000 third-party eyecare professionals worldwide. While in the Direct to Consumer segment, they sell products and services directly to end consumers through physical stores and online channels.
- Visit my website to understand EssilorLuxottica operation model and each business segment.



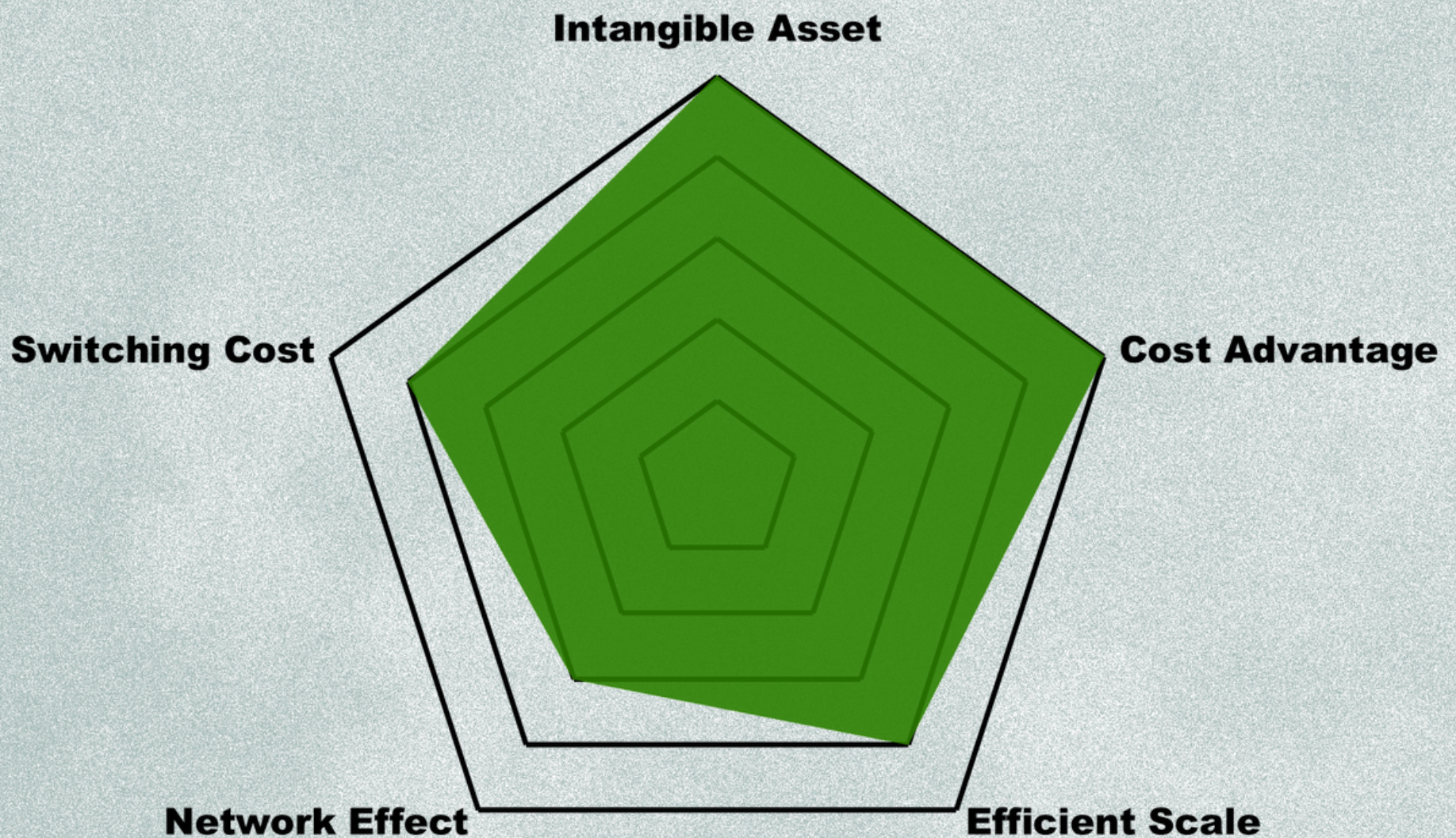
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# Economic Moat



Economic moat: **Wide**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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# Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>





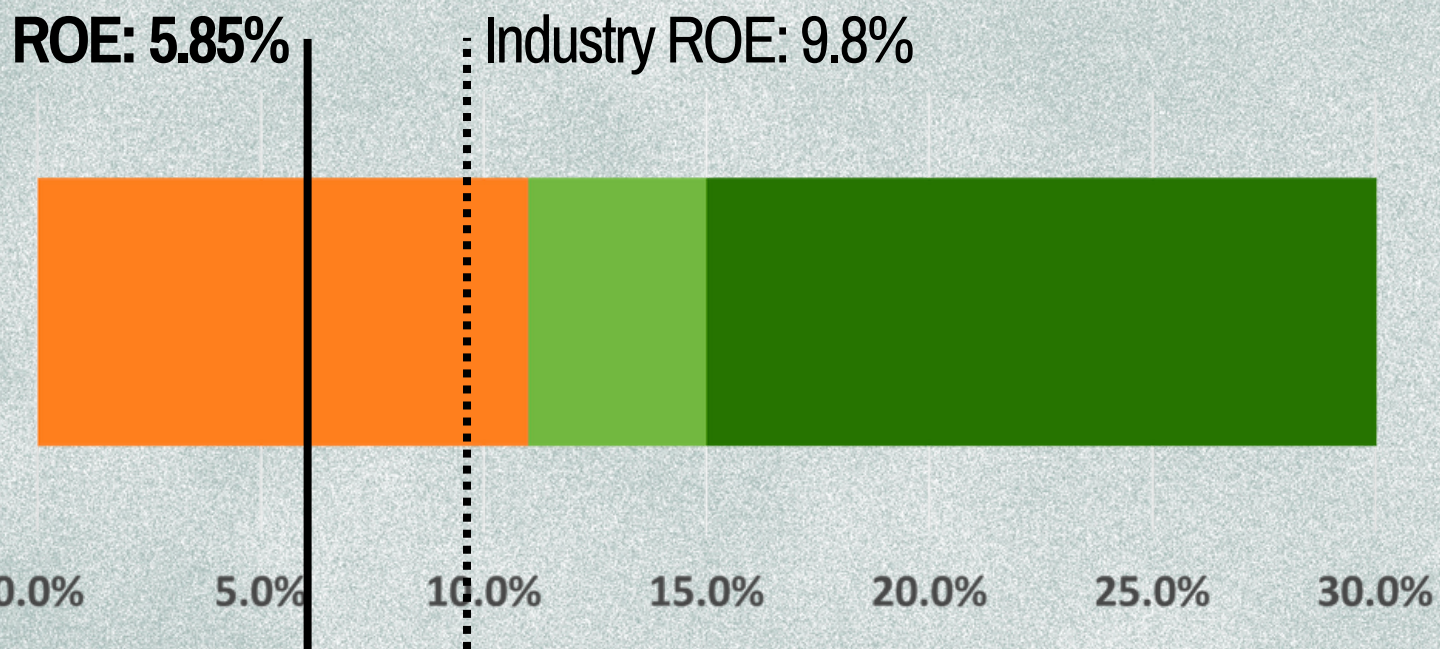
# Management Effectiveness

Yes

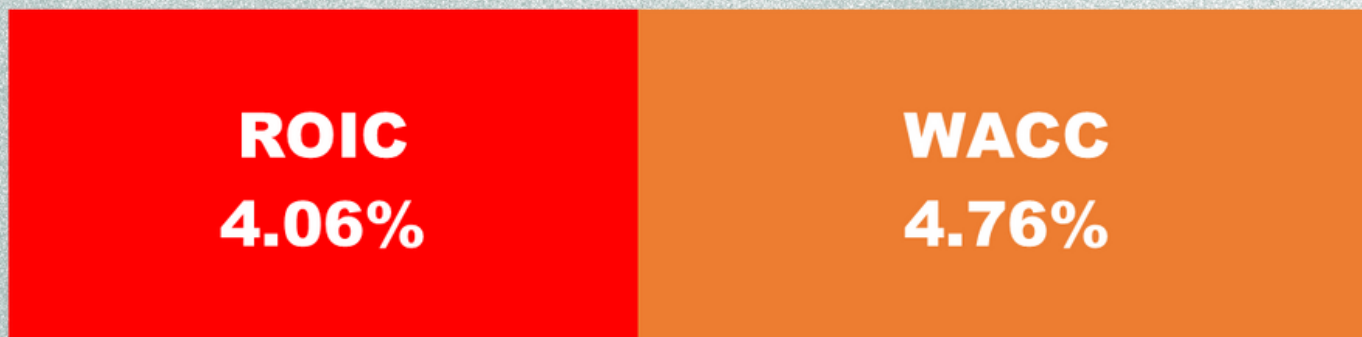
Inconsistent

No

ROE is consistently at 12%-15% YoY for the past 5 years?



ROIC is consistently at 12%-15% YoY for the past 5 years?



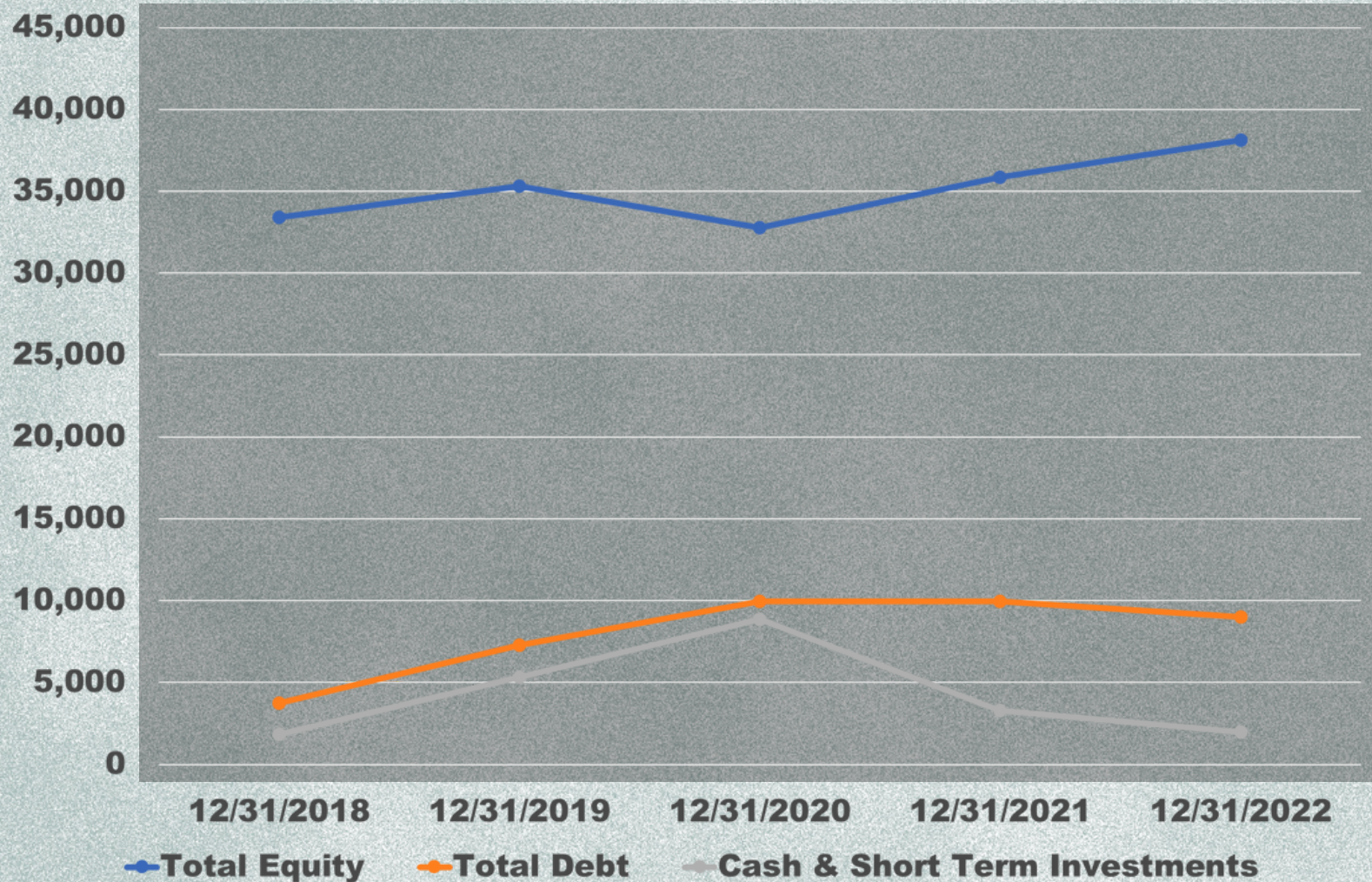
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# Financial Health

EUR Millions



Current Ratio: 1.1



Debt-to-EBITDA: 2.0



Interest Coverage: 19.9



Debt Servicing Ratio: 3.3%



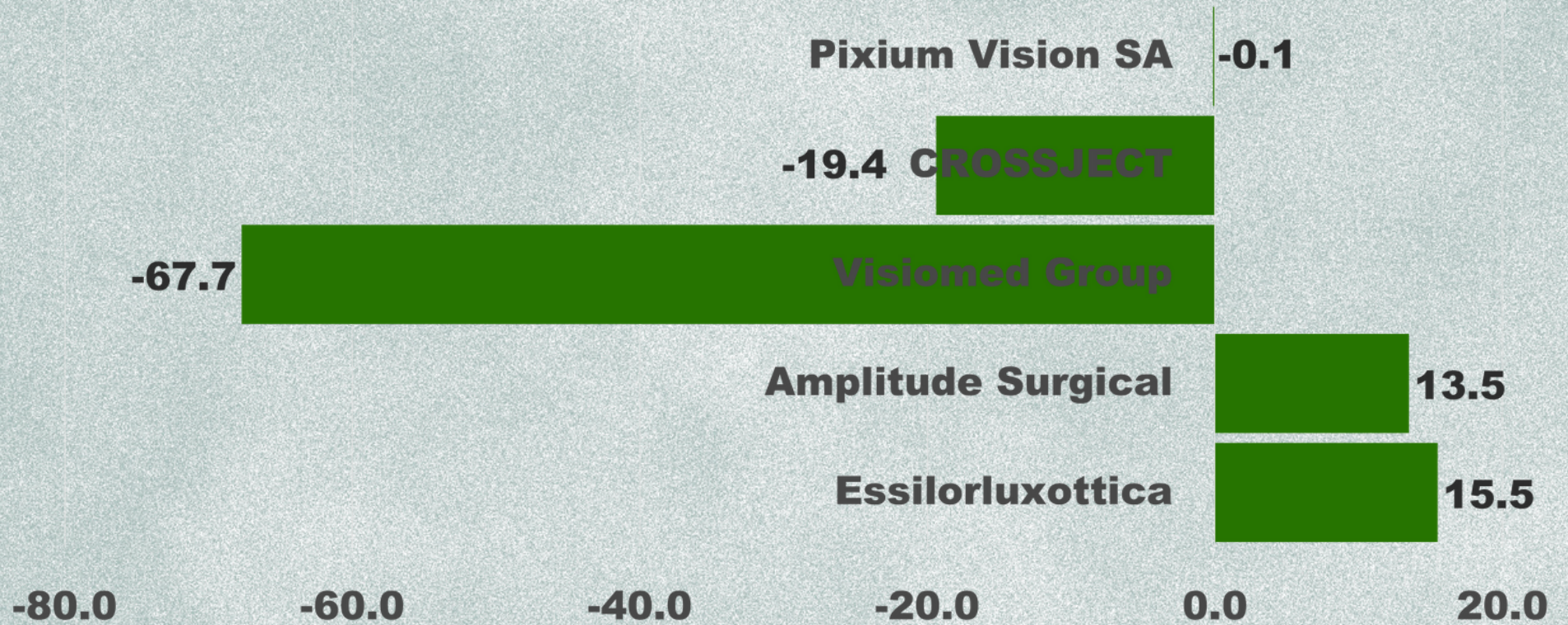
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# Relative Valuation



## EV-to-EBITDA

Industry Average: 37.2



## Price-to-earnings







# Intrinsic Valuation

Estimated intrinsic value: **USD 121.00**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: EUR 3,000M

Projected growth rate: 8%

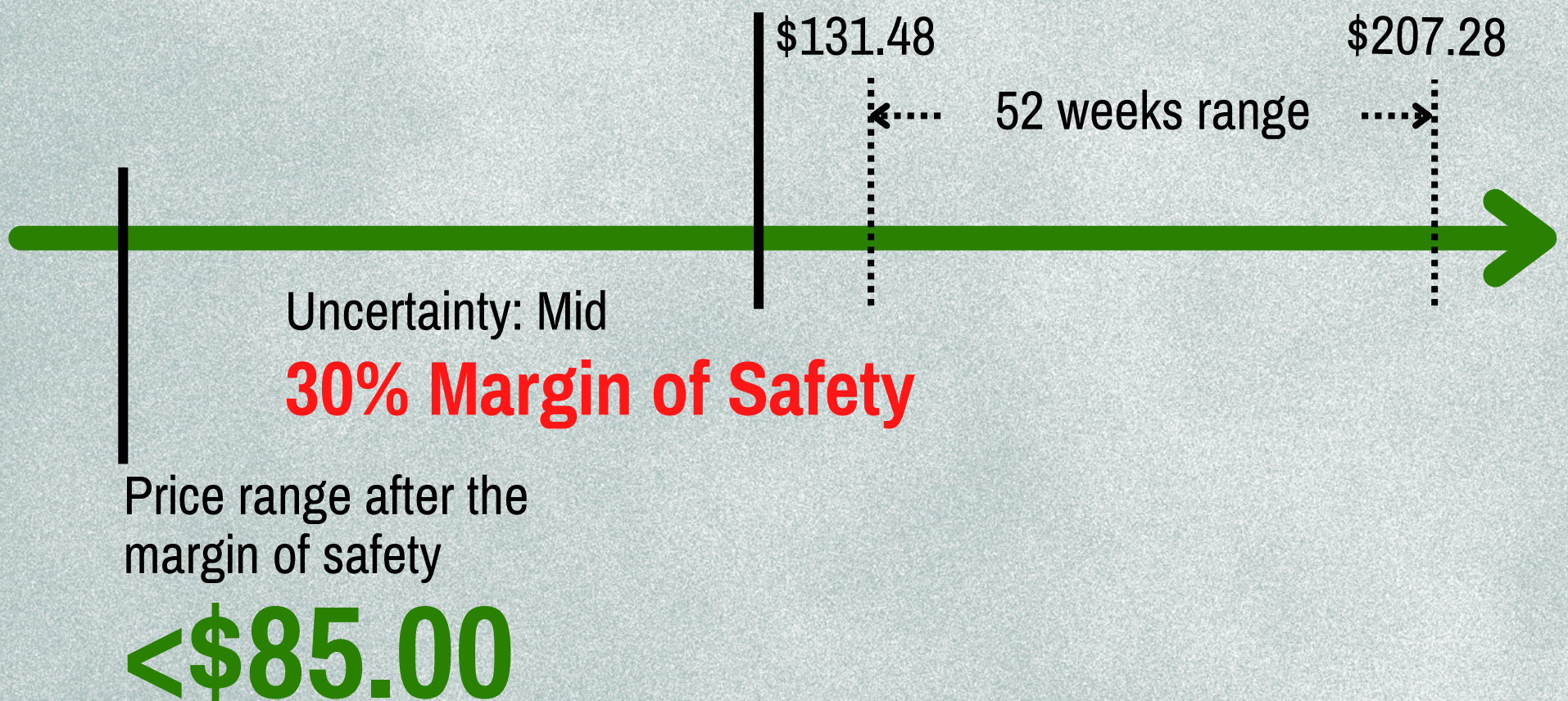
Beta: 1.0

Discount rate: 8.0%

Date of calculation: 28 July 2023

Estimated intrinsic value of  
EssilorLuxottica

**\$121.00**



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