

**Houlihan
Lokey**



Consumer Health

A Closer Look at Eyewear

Houlihan Lokey Is the Trusted Advisor to More Top Decision-Makers Than Any Other Independent Global Investment Bank



2,660	36	\$8.3B	\$1.8B	~25%	NO
GLOBAL EMPLOYEES ⁽¹⁾	LOCATIONS	MARKET CAP ⁽¹⁾	ANNUAL REVENUE ⁽²⁾	EMPLOYEE OWNED	DEBT

Corporate Finance

- No. 1 Global M&A Advisor
- Raised Approximately \$25 Billion in Capital Over the Past Two Years

Financial Sponsors Coverage

- No. 1 Global Advisor to Private Equity Firms
- 1,000+ Sponsors Covered Globally

Source: LSEG (formerly Refinitiv). Excludes accounting firms and brokers.

2023 M&A Advisory Ranking All Global Transactions		
Advisor	Deals	
1 Houlihan Lokey	352	
2 Rothschild & Co	349	
3 Goldman Sachs & Co	300	

Source: PitchBook.

2022 Most Active Global Investment Banks to Private Equity Firms		
Advisor	Deals	
1 Houlihan Lokey	242	
2 Lincoln International	192	
3 Deloitte	190	

Financial and Valuation Advisory

- No. 1 Global M&A Fairness Opinion Advisor Over the Past 25 Years
- 2,000+ Annual Valuation Engagements

Financial Restructuring

- No. 1 Global Restructuring Advisor
- \$3.5 Trillion of Aggregate Transaction Value Completed




Source: LSEG (formerly Refinitiv). Announced or completed transactions.

1999 to 2023 Global M&A Fairness Advisory Ranking		
Advisor	Deals	
1 Houlihan Lokey	1,247	
2 JP Morgan	1,035	
3 Duff & Phelps, A Kroll Business	977	

Source: LSEG (formerly Refinitiv).

2023 Global Distressed Debt & Bankruptcy Restructuring Ranking		
Advisor	Deals	
1 Houlihan Lokey	73	
2 PJT Partners	64	
3 Rothschild	51	

Attractiveness of the Eyewear Market: A High-Margin Segment...

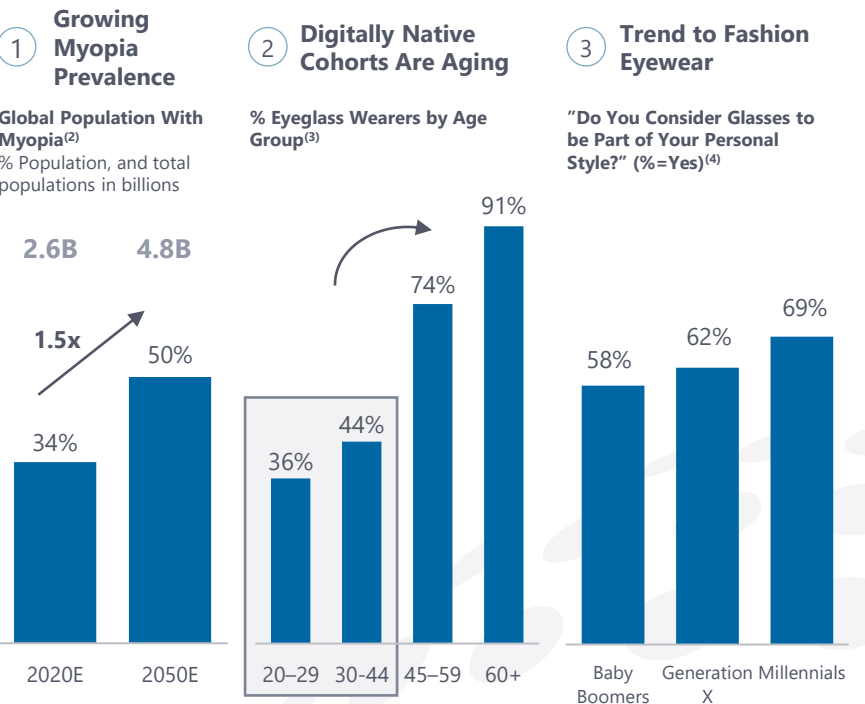
	 Prescription Eyewear	 Luxury	 Fashion
Gross Margins ⁽¹⁾	>65%	~70%	~50%
EBITDA Margins ⁽¹⁾	>20%	~25%	~15%
Average Order Value	High	High	Medium
Non-Discretionary, Predictable Replacement Cycle	✓	✗	✗
No Obsolescence of Inventory	✓	✓	✗
Regular Replacement Cycle	✓	✗	✓
Low Product Return Rates	✓	✗	✗
Online Distribution	✗	✗	✓

...With Strong Sustainable Growth and Structural Tailwinds

Global Eyewear Market



Macro Trends



(1) Refers to median last reported fiscal year gross and EBITDA margins. Peer groups: eyewear category leaders, selected luxury category leaders, and selected fashion category leaders. (2) Brien Holden Vision Institute (2016). Global population of ~7.5 billion in 2020 and 10 billion in 2050. (3) ZVA (2019), Germany only. (4) EyeMed survey (2018). Estimates based on source material.

The Market Is Driven by Attractive Demographic and Health-Related Dynamics...



Demographics

- **Overall population growth** implies an increasing number of people requiring glasses



Healthcare

- Strongly **growing share of younger people in need of visual aid** due to myopia as a result of exposure to screen displays
- **Ageing population** requires sight correction with corrective multifocal glasses



Consumer Behaviour

- **Consumer individualisation and differentiation** driving the trend to:
 - **Multiple spectacles**, for different occasions (office, sports, etc.)
 - **Eyewear as an accessory**: from functional/medical aid to lifestyle item



Pricing

- **Increasing price transparency and sensitivity of consumers** boosted by online availability of information
- **Support value-for-money concepts**



Positive Impact



Strong Positive Impact



Strong Positive Impact



Positive Impact

...But Still Shows Traits of an Outdated Traditional Consumer Market



Still Non-Transparent

Pricing models due to upselling practices of traditional players



Expensive

Due to respective lack of vertical integration



Limited in Brand Awareness

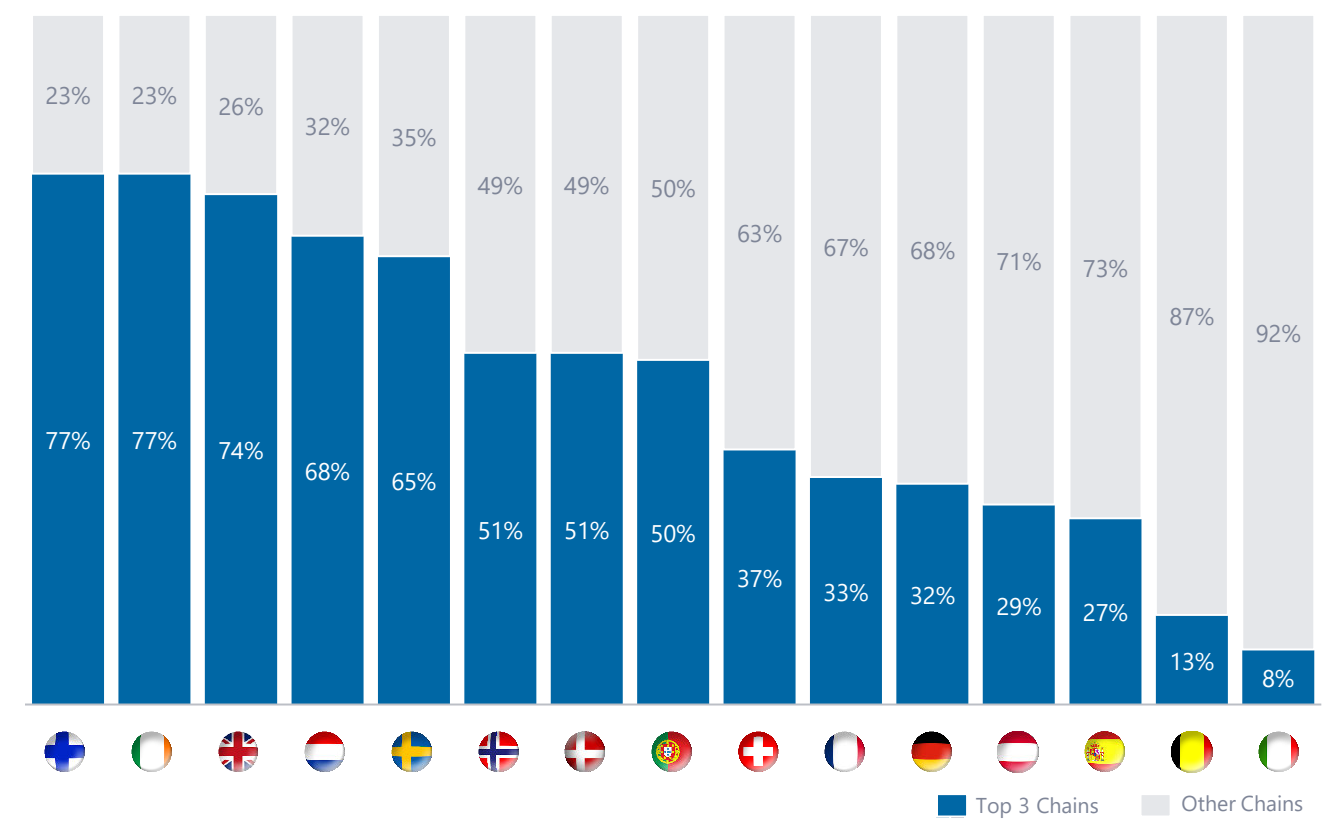
Due to the industry's focus on third-party frames and glasses








"No Fun" Shopping Experience

With most traditional players focusing only on medical aspects and in-store upselling

The Large European Market Offers Significant Consolidation Potential...



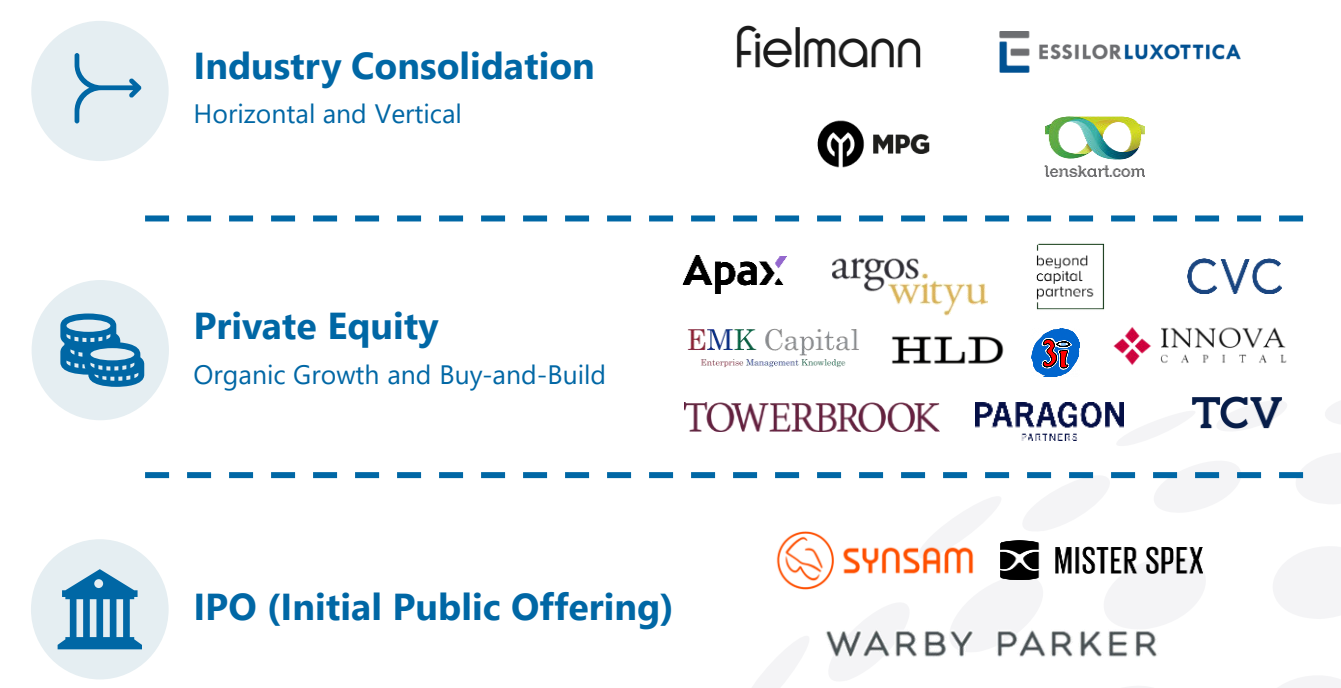
...With Five Regions Representing 16% of the Total Global Market

	Germany 	United Kingdom 	Italy 	Benelux 	Nordics 
Market Size	€7.8B	€5.2B	€3.0B	€2.9B	€2.5B
Number of Independent Stores	~9,000	~3,600	~9,000	~2,000	~2,100
Market Share Top 3 Chains	32%	74%	8%	<div> <div></div> Netherlands: 68% <div></div> Belgium: 13% </div>	<div> <div></div> Sweden: 65% <div></div> Denmark: 51% </div>
Multifocal (Volume)	~40%	N/A	~20%	30-50%	N/A
Reimbursement Scheme	<div> <div></div> Low/No Reimbursement </div>	<div> <div></div> Partly Reimbursed </div>	<div> <div></div> Partly Reimbursed </div>	<div> <div></div> Netherlands: Low/No Reimbursement <div></div> Belgium: Partly Reimbursed </div>	<div> <div></div> Partly Reimbursed </div>

For Investors, the Market Offers Multiple Growth Opportunities...



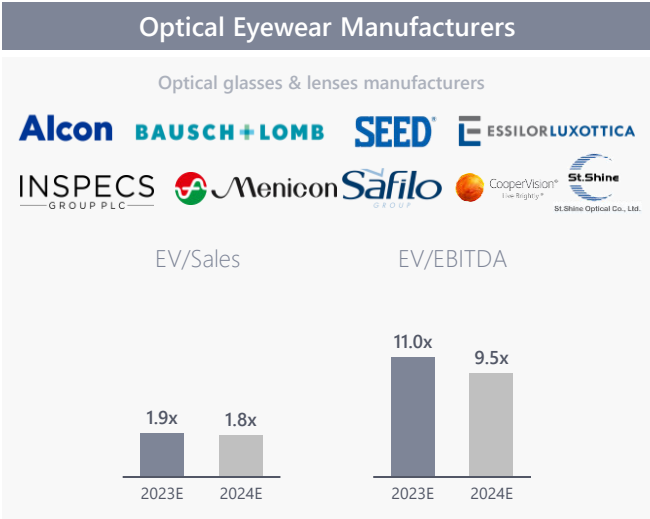
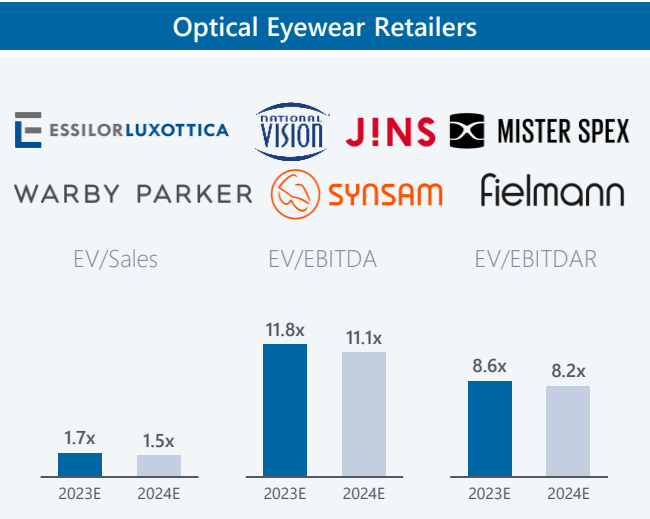
...With All Exit Channels—Strategic, Private, and Public Equity—Feasible



IPO Is a Tangible Option, Yet Valuations Have Suffered Recently

	 MISTER SPEX	WARBY PARKER	 SYNSAM
			
Concept	Digitally native omnichannel retailer with a focus on “lifestyle spectacles” increasing store base to generate prescriptive eyewear sales	Fully integrated value-for-money D2C eyewear brand	Traditional stationary optical eyewear retailer
Target Group	Fashion- and style-oriented, targeting a broad range of customers Broad range	Fashion- and style-oriented, targeting a broad range of customers Broad range	Focused on the medical aspect Practically oriented
Stores	>70 (DACH + SE)	260 (US + CA)	542 (SE, FI, NO, DEN)
EV/Sales			
Valuation Development	5.2x EV/Sales⁽¹⁾ at IPO (First day of trading: 30 June 2021) vs. 0.3x EV/Sales Today⁽²⁾	12.6x EV/Sales⁽¹⁾ at IPO (First day of trading: 29 Sept. 2021) ⁽³⁾ vs. 2.0x EV/Sales Today⁽²⁾	3.5x EV/Sales⁽¹⁾ at IPO (First day of trading: 29 Oct. 2021) vs. 1.5x EV/Sales Today⁽²⁾

Overall, Publicly Listed Optical Eyewear Retailers Trade at ~11x FWD EBITDA...



Historic EV/EBITDA (FY1) Development (L10Y)




...While Historic Transactions Predominantly Traded at 10-11x LTM EBITDA


Historic Transaction Analysis

Optical Eyewear Retailers		Optical Eyewear Manufacturers		Contact Lenses	
EV/Sales	Median: 1.2x	EV/Sales	Median: 1.3x	EV/Sales	Median: 2.5x
EV/EBITDA	Median: 11.0x	EV/EBITDA	Median: 12.6x	EV/EBITDA	Median: 15.6x


Featured Transactions of the Houlihan Lokey Team



VENDIS CAPITAL
has sold
eyes + more®
to
nexeye
(Formerly Hans Anders)
Sellside Advisor*



PARAGON PARTNERS
has acquired
prooptik
Buyside Advisor*




Bridgepoint
has completed the debt
restructuring/recapitalizing of
RODENSTOCK
Financial Advisor*



HILCO VISION
Creating Smart Optical Solutions®
a portfolio company of
BLUEPOINT
Capital Partners
has been acquired by
Sellside Advisor



KAPTEN & SON
has entered into a partnership with
ARDIAN GROWTH
Sellside Advisor*




WALMAN
has been acquired by
EssilorLuxottica SA
Sellside Advisor



smarteyes
a portfolio company of
MELJURY GÅRD
has been acquired by
GrandVision
Sellside Advisor



INDO
has been acquired by
RODENSTOCK
Sellside Advisor



EVEX GROUP
Premier software
provider for
opticians in the UK
(2023)
Financing Advisor

Tombstones included herein represent transactions closed from 2011 forward. *Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.

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