



9-September-2026

National Vision Holdings, Inc. (EYE)

Barclays Global Consumer and Retail
Conference

CORPORATE PARTICIPANTS

Alex Wilkes – Chief Executive Officer & Director, National Vision Holdings, Inc.

Christopher Laden – Chief Financial Officer, National Vision Holdings, Inc.

OTHER PARTICIPANTS

Adrienne Yih – Analyst, Barclays Capital, Inc.

QUESTION AND ANSWER SECTION

Adrienne Yih, Analyst, Barclays Capital, Inc.

Good afternoon, everybody, and thank you for joining us. I'm Adrienne Yih, Barclays Specialty Retail Apparel and Footwear analyst. And it is my intense pleasure to welcome Alex Wilkes, CEO of National Vision and Chris Laden, CFO.

So, I usually give a little bit of bio just so we can get a lay of the land. Alex, you joined National Vision in 2024 and were promoted to Chief Executive Officer in early 2025, after having served at CooperVision and then a long tenure at EssilorLuxottica. And the one point that I want to bring up here is that you helped drive the expansion of Pearle Vision, which I think is extraordinarily relevant kind of in this situation.

Chris, you then joined National Vision in 2025 as CFO and prior to that you bring extensive experience in scaling growth businesses, operational discipline with profitability among healthcare and vision care companies, also including Pearle Vision. So, I've always thought that National Vision was a little bit misunderstood, right? It is not necessarily just an optical retailer, but what you're creating is a vision care healthcare platform.

So, many investors still view you through the lens of that traditional value retailer selling glasses. And today, I'd like to focus on five key areas. Number one, why you are fundamentally different. Number two, National Vision's evolving business model and your competitive moat. Three, the drivers of market share gains profitably. Fourth, the structural margin opportunities. And finally, what National Vision will and can become over the next five years as you execute your transformation strategy.

So, before we start, we've been kind of asking all of our companies the macro backdrop and the health of the consumer, your favorite topic. How would you characterize it today versus sort of the beginning of the year? And we just had a new spike heading toward [ph] 100 (00:11:48), gas over \$4. Very similar to April. So, compare how your customer reacted, the lower end value and the higher end during that period. And if you're seeing any similarities now?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Yeah. We're not really seeing any difference now than we saw in what we reported in Q2 in terms of the value seeking consumers still sitting a little bit on the sideline. Again, we're seeing it actually across all

income demographics. It's not necessarily lower income households that are sitting out or participating less. It's really those consumers across all income demographics that would kind of raise their hand and say, we're value seekers. They're kind of sitting out at the moment. We haven't necessarily seen any change as we've gone into Q3. Certainly, we believe it's tied to energy prices.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Right. Is there typically a lag in terms of kind of that pump price and then kind of feeling it over some period of time?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

We saw it almost immediately. Once we start to see the energy prices go up in the beginning of Q2. And when we look back at our data, that's when we started to see some of the delay in purchase cycle of the cash pay consumer in particular.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Great. Optical sits at the intersection of healthcare and consumer spending. Does that make demand inherently more resilient than traditional discretionary retail? And where is that resilience hold versus where customers can still defer purchases?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Yeah. For sure. I mean, we see almost 7 million Americans every year for eye care. And you asked a question about what makes us so different? And we employ over 2000 optometrists, over half – close to half of our customer base. I think it's like 42% now, use some form of insurance in their purchase journey with us. So, that's a really fundamental difference from traditional retail. But it also makes us a lot more resilient.

The managed vision care customer in particular, who has an annual benefit that's use it or lose it. They're incentivized through their insurance plan to get an annual eye exam. They're incentivized through their insurance plan to deploy some of their benefit dollars against an optical purchase. That's really strengthened the resiliency of that consumer type.

And on the healthcare side, having doctors that are building one-to-one relationships with their patient base, that creates a lot more stickiness between brand and consumer or patient than what you see in traditional retail. So, we are a much more resilient business than, I'd say a traditional discretionary businesses because of those healthcare aspects.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Fantastic. So, that you kind of touched on, I wanted to go into our kind of optical retail 101. Let us get the lay of the land here. So, you touched upon some of those and why the category is largely misunderstood. When you meet investors for the first time, what do they -- other than what you just described and maybe that's it, but what do they consistently misunderstand about the optical category?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Specifically, what I think today we're even having a lot of conversations around is the opportunity for mix and ticket evolution in this business. In traditional retail, you make some changes to the assortment and maybe you get a year lap out of it. And then you have to do something new. In this business because so much of it is employee driven, as associates get more comfortable and confident in selling anti-reflective lenses and selling more premium progressive lenses. And helping the consumer through a consultative journey on frames. It's almost as their competence and confidence grows with the new product introduction, you see ticket expansion and that doesn't just happen in a year.

In lenses in particular, it takes multiple years for your selling team to get really good and really confident at selling some of the more advanced materials. So, I think, that's a bit misunderstood. Just like how long of a tail some mix driven ticket strategies have to play out in this category. I think in particular, what's missed in our business is, frankly, how far behind we were when Chris and I joined the company.

We were laggards in almost every aspect of premiumization in the category. Although we had managed to – as I said, grow our managed care mix to over 40% of our customer base. We weren't even matching those consumers well with the purchasing power that they had in their plans. So, that's a significant difference, I think, from us versus, again, discretionary typical retail. It's the healthcare component. It's the role that the doctor plays in the transaction. It's the role that the store associate plays in the transaction, helping consumers find products that meet their lifestyle needs from a lens perspective.

Adrienne Yih, Analyst, Barclays Capital, Inc.

It's still a highly, highly fragmented business that you're in. And so, once you get that customer to come to you, I mean, there's the managed care aspect of it, but they can kind of move that back and forth. How, through your customer experience and your store model, do you retain them?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Yeah, it's a great question. And it's – we have historically retained them because we were relying on the one kind of trick of being the low value or low cost destination within the category. In recent years, we've made investments and significant investments in upgrading our CRM platform, upgrading our brand platform. Just this year, believe it or not, we didn't have the capability last year to appoint patients for their next eye exam.

In any healthcare experience that you have, you cannot leave the doctor's office without getting your next appointment, right. You're not leaving without your next dentist appointment, your next orthopedic appointment for your knee, your next appointment with your primary care physician. In our locations, you would leave the store without having your next appointment for eye care. And that was largely because we had a technical limitation.

We implemented a much more sophisticated CRM platform, and in Q4 of last year, we started the process of appointing people for their annual eye exam. That will have a significant impact on our retention and then ultimately on our traffic go forward, too, because we now have mechanisms in place to lean into that retention element of the annual eye exam story.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Great. So, let's stay on kind of the technological upgrade and I want to get something out of the way from a couple of quarters ago, it was the CRM, the e-commerce platform, the shift, and there was some

disappointment on kind of the sales kind of during that quarter. So, I completely understand that there's a learning process when you kind of transform onto a new platform. So, explain to us where we are in that? Is that now behind us and can we move forward?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Absolutely. So, in Q2, we essentially did a heart transplant of our e-commerce platform. We moved to the Adobe e-commerce platform, all of our brands, America's Best, Eyeglass World and Discount Contacts. And what that is ultimately going to enable us to do is be a much more prolific omni-channel retailer in the future. Internally, we use the word unified commerce, which I think we'll talk a little bit later about how we're reinventing the company. And actually, from a technical perspective, we didn't have any challenges. The learning for us was, about half of our eye exams that we see get booked online. And what we weren't doing well is sending the signals back from the site to the search company, saying, all right, go find us more of these. So, it really broke some of our search algorithms and made our cost per acquisition significantly more expensive than our historical norms. So, we decided to actually pull back on marketing investment because we had this inefficiency in Q2.

All that being said, and this is what I have been reminding folks since we reported Q2, in the second quarter, we grew positive comps. We expanded our operating income by 140 basis points and we took the most significant leap forward that the company has ever taken in terms of technological transformation of the enterprise. So, again, I could not be prouder of what we have done and what we've been able to accomplish through the first half of the year. And then we'll dive a little bit more into really the future of what unified commerce is going to enable us to do to – from our perspective, leapfrog the category from a consumer interaction perspective.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Yeah. And just to kind of level set and put things into perspective. Before you came in, I've been covering the stock for quite some time. We talk about National Vision having been an analog business, and frankly, it works because you comped every year, the firm comped, the company comped every year, literally every year. And so there was no reason to transform it. I think when you came in, it was just a light went on that you didn't need to confine the business model to the pre-existing past 20 years. I mean, the aperture has opened, the TAM has opened. And I think that's kind of what all these investments that are being made today are for the next 5 to 10 years?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

That's spot on. And what we found when we came into this business was, great supply chain, great infrastructure, incredible doctor experience. Our real estate that was well-maintained, well-positioned, but a business model that was requiring a commercial transformation. And also this notion of being an analog replicator, all focused on one consumer type, one message, one operating model. Yet the consumer had kind of evolved. And so, we had this opportunity to not only catch up and we've talked a lot about this too, post Q2.

Over the years, we'd accumulated a lot of customers that were only participating at the kind of base offer of the business. So, our two pair offer, love those patients, too, to be clear, and we're not walking away from that message. But we had over-indexed the organizational resource pointed at that consumer that was ultimately a lower value transaction and a lower profitability transaction for us.

So, starting to think through the lens of segmentation, through optimizing the business. Chris and I have been joking a lot about this lately that if you thought of our business as a manufacturing business and not a retail business, you'd actually view our strategy in a different light that we are trying to get the highest degree of yield out of our assets, our doctor assets, our real estate assets, our store employees and our optical supply chain.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Fantastic. So that's a great segue into the business model shift. So, historically, investors focus on traffic, traffic, traffic, right. And that's a retail – that's how we're trained and transaction counts. And today, the discussion that you just opened up here, it increasingly centers around customer quality, the relationship with the optometrist, wallet expansion and profitability. You're one of the only, if I believe, the only that employs the optometrists.

Adrienne Yih, Analyst, Barclays Capital, Inc.

So, explain that as a competitive advantage and how this model soup to nuts on a 360 basis is changing?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

So historically, National Vision employed our optometrists because it was the way that we could offer an eye exam as part of our consumer commercial model. Because if you don't employ the doctors, you can't include the service or you can't mandate what a physician would charge for the services. So, the company went through a huge amount of legal and structural and investment work to have an employed doctor model. And that's served us really well for those 20 years. But now with 40-plus-percent of the business being managed care, where this notion of a free eye exam or a bundle eye exam isn't as powerful as it once was. But we still have this incredible asset.

And we also know that there is a huge group of consumers who would like to interact with a brand, not necessarily in a brick-and-mortar format. So, we're thinking, all right, how do these assets actually work together in a way where they're very complementary? So, part of the reason that we've made the significant investment in our e-commerce re-platforming is actually tied to our asset that we have with our employed doctor model.

So, I like to say imagine a world, right? Imagine a world where you can go online to americasbest.com, you can buy prescription eyewear. And if you need to see a doctor, we got your back. You can come into one of our locations and we'll get you in to see one of our doctors. We can get you in front of our opticians to make any adjustments.

Imagine a world where a patient comes to see one of our doctors, gets a prescription, buys eyewear, and three months later we can retarget that consumer with a message of, hey, we have prescription sunglasses available in the same style and designs you like. You can make one quick purchase here. But because we own the prescription information at the corporate entity level, you can basically order those lenses or those frames online through one click through a CRM message.

So, it is taking our employed doctor model, which was previously a means to an end to the free eye exam, and now transforming it into something much more noble, which is to provide truly a scaled unified commerce business model, where customers who interact with us online, if they need to see us in store, they can, they can see the doctor. And likewise for consumers who interact with us in-store and see a doctor

that they can then make secondary purchases online in a much more seamless way. So, that's what we are building towards.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Great. So, Chris, I'm going to bring you in, too, so that was like sort of the strategic direction. On the model itself, right, those optometrists were – if not the, but one of the biggest fixed costs, right, within the P&L structure. When you're holding the top line, constraining the top line, you bear the burden of kind of the inflation in that. So, talk about the model under this new format and the ability to leverage both store expenses, fixed expenses, but really this unique salaried that goes through the COGS line and has this way of depressing GM or expanding it?

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

It is a unique business model for retail where our story of – we are looking at driving average ticket at a faster pace than traffic and by the way, gross margin percentages might depress. These are two things that usually throw up red alarms for folks who follow retail stocks. But for us, it's actually a really healthy position to be in. So, to unpack the category a bit, as you move up the premium scale on lens materials, on lens add-on, like anti-reflective coating or transitions and even up on more premium frames, typically what you see is higher dollar transaction, higher gross margin dollars, but those are typically dilutive to our historical business model.

So, as we can unpack what our five year journey looks like, we expect to grow 50 basis points to 150 basis points of operating margin expansion every year. 100%, if not more than 100% of that will come through leveraging SG&A. As we have higher value transactions come through, certainly the doctor labor which sits in gross margin, will better lever, but the offset on the product side is going to outpace that to a degree. And I think the simplest example that folks can digest on the frame side is, you can imagine, our input cost for a smart eyewear is substantially different than a typical piece of plastic injected mold from East-Asia.

The price point is higher, but it's not disproportionately higher from a percentage perspective, right. And that's kind of true as you go through the entire kind of frame portfolio and also true on the lens side. So, yeah, what we're telling folks, guys expect gross margin to be flat to dilutive over the five year period. Look at operating margin, make sure we're expanding there because as we drive more premium transactions through, it's really not going to require any incremental SG&A to make that happen.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Great. Also in this new business model, you've highlighted managed care customers, progressive wearers, outside prescription customers as particularly attractive cohorts. So, what did you discover about the customer economics that led you to prioritize these customers?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Yeah. So, those customers are worth multiple times more in terms of profit contribution than our historical kind of bundle consumer. The progressive wearers, in particular, those progressive wearers with the managed care benefit, those transactions can be worth hundreds of dollars more than a bundle customer because generally they're choosing lenses that provide them not only a great benefit, but it's actually maximizing their managed care benefit. And that's one of the things that we had to work on in recalibrating

our store teams to help them understand that managed care members in particular, they're paying for that benefit out of their paycheck, and they expect that they're getting a differential out of it.

So, a member out-of-pocket on a Tier 4 progressive lens can actually still be hundreds of dollars that that person is paying out of their pocket, plus the hundreds of dollars that come from the plan. But they pay the premium throughout the course of the year, which ultimately is also giving them a \$500 to \$600 differential on that product. So, if you take, the most premium progressive lens and the most premium frame that we sell, if you were to apply that, on a total uninsured basis, that could be a \$1,000 transaction. Even for a managed care transaction, that can be a \$600 transaction for that managed care member. But in their minds, they're getting a \$400 discount on what someone without that insurance product would pay.

So, that's when I talk about getting our teams competent and confident to really kind of talk to the consumers, especially that managed vision care consumer, about the benefit that they get through the virtue of their payroll contributions against the healthcare plan. It's a completely different muscle. But even in that silly example, right. You can imagine the profitability on a \$600 net managed care transaction on a premium lens is far more valuable from a flow through perspective than a two pair for \$95, including a free eye exam. And that doesn't even include any of the reimbursement that comes through the back-end from the health insurance plan.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

I think one of the other cohorts you mentioned are outside Rx. So, just to unpack, all right, that's folks who got a prescription from a doctor outside the four-walls of a National Vision doctor. I think going back to your point on leveraging doctor payroll rate, those are – that is the category where we've historically under-indexed in terms of our percent of our mix of that customer cohort. And I think we've got a better right to win than anyone else in the category given our relative price points on the product side.

So, in terms of opportunities for leverage, historically, when you've spent nearly all of your marketing assets, a customer acquisition strategy that says two pair plus a free eye exam, right? A managed care consumer or an outside Rx consumer might go, well, that offer is not for me, because I either get my exam through my insurance for free or I already have my prescription in hand. So, I'm not necessarily – that puts America's Best maybe not in the consideration set, when in reality America's Best should be towards the top of that consideration set because of the value proposition that they offer for the products that we sell. So, that's a little bit of the repositioning of America's Best brand assets to make sure it resonates with these consumers where we're under-indexing.

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

And it's interesting that when we talk about reinvention, reinventing the brand components, reinventing the supply chain, reinventing the mechanical stuff, that's what like Chris and I and Ana our Chief Merchant do. We also have our President of America's Best, his name is Mark Banner and Mark is leading the charge to reinvent the experience in the store.

And historically, if you were to walk into an America's Best store, you were greeted with the following. Hi, welcome to America's Best. What time is your eye exam? Because there is always this assumption that the eye exam was the part that was bundled in with the purchase. So, Mark and his team have been leading even the kind of orchestration and the retail theater, if you will, within the stores to just not start like that.

To start with, welcome to America's Best. How can we help you? And if you have a prescription from an outside doctor, let me go ahead and show you the frame board.

Our pricing architecture, if you're an outside Rx customer, was really hard to understand, because you're like, I already got a prescription. This thing has value. I don't understand it in context of your pricing. So, as we've taken pricing decisions and gotten more sophisticated there, it wasn't just – and it hasn't been about rising AUR through pricing, it is around creating a pricing architecture that makes sense in a broader ecosystem of consumers and how they want to engage with our brands. I think, Adrienne, when you and I first met in New York a couple of years ago, we were at the chat in some restaurant.

And I think I said, our first step on pricing was no regrets pricing. Our second step was how do we begin to optimize pricing around managed care transactions? And step three on pricing is, how do we evolve our pricing architecture to make sense for all customer cohorts, including being more shoppable for that outside Rx customer? We're now entering that kind of phase three of pricing evolution.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Great. So, it sounds like all of these are ways to create a moat, right? So, generally barriers to entry to retail are pretty low, but you're creating a lot of long-term infrastructure, human capital investments that make it really hard to kind of penetrate. So, talk to us about what you think the moat is? If we gave somebody, an open ended capital, what could they do or what couldn't they do to replicate your model?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Immediately finding 2,000 optometrists and wrapping them under all of the dozens of legal entities that you have to have in 40 different states that all have different flavors of regulation is really, really hard. We have built that out. And again, we have this asset that's now going to be pointed at this unified commerce vision, that's certainly a moat. The infrastructure that we've built, again, great real estate positioning, well-maintained stores and I do want to give a huge amount of credit to the prior management team. It was always a sense of pride that we had well-maintained, clean stores with great doctors and the most up to date doctor equipment.

Adrienne Yih, Analyst, Barclays Capital, Inc.

If you haven't been to one, I can totally attest to that. I did my exam three months ago and they were some of the cleanest stores I've ever been in. and the most up to date.

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

And – but they weren't necessarily joyful, right? It was very functional, very prideful, but not necessarily very joyful from a merchandising and from an experience perspective. So, that's kind of the pieces we're bringing in. But that's part of our moat, too. So, it's the doctors, our positioning, our supply chain and our domestic labs where we produce lenses. I mean, we buy the pucks and then all the value added components are generated in our lab.

We have a lab and supply chain network that just this year, as we introduce product segmentation, we could do it really, really fast because in our model we run a showroom model. So, when you buy glasses, you don't actually walk out of the store with the glasses, you try it on. They go back on the shelf and you get a

brand new pair of glasses from our central lab. That also allowed us to be super-efficient from an inventory perspective.

So, when we're making inventory change-outs, we don't have to sell through two, three pieces of back stock per store. We have one piece per store and then we have less than – as you can imagine, one piece per store in central inventory. So, as we make inventory changes, as we've moved into segmentation, we can be highly efficient from an inventory and inventory investment perspective on our balance sheet. That was also something that was historically built.

So, I really love this story because we're taking the best of what was built over 20 years during this analog replicator phase. And overlaying digitization and segmentation and just a greater sophistication of the business model. And that's, I think, some of the strength that you've seen from this management team deliver over the past six quarters.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Great. So, we've kind of touched on pockets of this unified commerce and building this ecosystem. So, I want to give you the opportunity to kind of bring it all together. What becomes possible under the new platform? And so just to level set, unified commerce is omni-channel, plus the doctors, plus the healthcare ecosystem. So, I just want to make sure that we understand the definition of that. The contact eye – oh, sorry, connecting the eye exams, the prescriptions, the doctors, the managed care, the retail locations and digital?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Adrienne, that's perfect. I'm going to take on the road with me. That's a better articulation than I think I've given.

Adrienne Yih, Analyst, Barclays Capital, Inc.

So, tell us what becomes possible?

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

That's exactly right. It is the possibility of having consumers who shop in-store and then make subsequent purchases online, knowing that if they ever need to see that doctor, if they ever need to go in a store, giving them that confidence that we got their back on a medical device purchase. Whether we like it or not in this category, 80% of consumers view optical as a medically necessitated purchase. Yes, there are those 20% who buy for fashion. But the vast majority view this as a medically necessitated category.

That doesn't mean that we shouldn't be able to serve them through a lower touch channel in a much more efficient and joyful way. So, this idea of being able to serve a consumer with a doctor and then allowing them to make repeat purchases to stay connected to our brand, but knowing that they always have our brick-and-mortar locations to rely on when they need us most, we think that is a powerful differentiator. And we think the ability to attract consumers who might want to make purchases online. But again, with this idea of, if you need to come to see us in store, we got your back.

It is, as you know, a generally a longer cycle purchase category, contact lens customers call it, maybe once every 12 months, spectacle wearers every two years, the managed care member somewhere in between. It's

a really long time between purchase. There's a lot that happens in your eyes and with your eyes during that timeframe. So, unlocking the ability for more frequent interactions, be it online, be it in-store, that's what unified commerce gives us, is a way to always stay kind of top of mind as a trusted destination for eye care, no matter how you want to engage with the brand.

And again we think we're really unique in that regard because we are the only ones to have the assets of 1,200 points of physical distribution, a truly advanced leading e-commerce platform. Now, that we have kind of stood that up and our employed doctor network. So, that's what we're working to in the next year or so is like get that pulled together, get all of those use cases running and get the consumer to think about us in those regards.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Fantastic. So, with our final few minutes, all of that in a nutshell, I'm going to have Chris describe – tell us what vectors of top line, right. So, customer acquisition, TAM expansion, retain customer spending more wallet share, drivers of the top line and drivers of the – structural drivers of the margin expansion, explain us how all that flows through the P&L and what's the future look like in the model?

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah. Absolutely. So, I think you nailed the top line expansion opportunities. Well, one thing we have not unpacked a ton here today just yet is the whitespace still available for us across the country. So, we today operate just under about 1,280 stores in 40 states. The lovely state we're sitting in today. We do not operate in yet. So, there's still significant expansion opportunities for us from a pure four-wall perspective. We've made an intentional decision to slow down on new store growth. We're still been a net store – grower of stores for the last couple of years, but we needed to get the operating model right. We needed to get the new store concepts designed and ready to go with the new brand assets to then re-accelerate store growth.

So, as we think about long-term drivers of growth and particularly on traffic, like those are – as we re-accelerate store growth, we certainly expect to see some positive tailwinds from a traffic perspective. But look, I think in aggregate, the things we're doing are going to drive higher average transaction value with the addition of our unified commerce approach, again, tailwinds to overall transaction growth. But we do expect to see gross margin dilution from a percentage perspective and significant leverage in SG&A.

We've been very focused in the last two years on SG&A and cost out and that's largely come through, I'd say some optimization of our home office, but largely on the backs of just professionalizing our procurement and sourcing processes and really leaning into our strategic partners who want to be part of this new growth trajectory for the business. And we're very, very glad, the partners met us where we needed them to. As we look in out years, right, I think there's still more, let's say, internal optimization to be done in terms of better matching supply and demand, ultimately yielding to 50 basis points to 150 basis points of operating margin expansion on average for the next five years.

So, it's just a really exciting time to be part of the business. When I came in, we had finished 2024 around 3.5% operating margin and the midpoint of our guide for this year is going to double our operating margin dollars for 2024 through 2026. And like how many opportunities do you get to say that when you join a company and we still feel great about the operating margin expansion, it's something that Alex has brought in a great team that's truly, uniquely focused on doing what's right for the customer, but putting NVI first as well and making sure that we're driving operating margin as a key priority for the business.

Adrienne Yih, Analyst, Barclays Capital, Inc.

And just remind us what your longer term goals are in terms of sort of an algorithm?

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah. We think over the five year period, we expect kind of an average of high single digit revenue growth, the mid-single digit comps and operating margin expansion from 50 basis points to 150 basis points. We're expecting to reaccelerate new store growth in 2028 back up to like the 60-plus range, whereas last year, this year, what we projected for next year was closer to like the 30 to 35 range.

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

And I think learning from this year has been as we stay really focused on driving the right type of traffic that we've actually seen acceleration of our operating income growth even beyond our original expectations. Because I think that is also one of the nuances of this business versus traditional retail. It's like your mix of traffic type matters a lot. And just where we kind of started the conversation, we are much more focused on the quality of our traffic mix versus the kind of aggregate traffic number because of the significant delta and profit contribution depending on the type of traffic you're driving in.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Yeah. And with that, we're at the end of time. But it's just to wrap it all up in very simple economic terms, every marginal revenue dollar is creating more marginal profit dollar. So, thank you so much, Alex and Chris.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Great point. Thank you so much. Thanks for having us.

Alex Wilkes, Chief Executive Officer & Director, National Vision Holdings, Inc.

Thank you.

Adrienne Yih, Analyst, Barclays Capital, Inc.

Thank you.