



# Investor Presentation

November 2019



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## OUR MISSION

We help people by making quality  
eye care and eyewear more  
affordable and accessible.

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# Disclaimer

## **Forward-Looking Statements**

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements related to our expectations regarding the performance of our industry, growth strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. You can identify these forward-looking statements by the use of words such as “outlook,” “guidance,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “projects,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties, including our ability to open and operate new stores in a timely and cost-effective manner and to successfully enter new markets; our ability to recruit and retain vision care professionals for our stores; our relationships with managed vision care companies, vision insurance providers and other third-party payors; our operating relationships with our host and legacy partners; state, local and federal vision care and healthcare laws and regulations; our ability to maintain sufficient levels of cash flow from our operations to grow; the risk of loss or disruption in our distribution centers and optical laboratories; risks associated with vendors from whom our products are sourced; macroeconomic factors and other factors impacting consumer spending beyond the Company’s control; competition in the optical retail industry; our dependence on a limited number of suppliers; risks associated with information technology systems and the security of personal information and payment card data collected by us and our vendors; any failure, inadequacy, interruption, security failure or breach of our information technology systems; our growth strategy’s impact on our existing resources and performance of our existing stores; our ability to retain senior management and attract new personnel; our ability to manage costs; the success of our marketing, advertising and promotional efforts; risks associated with leasing substantial amounts of space; technological advances that may reduce the demand for our products, and future vision correction alternatives and drug development for the correction of vision-related problems; the impact product liability, product recall or personal injury issues; our compliance with managed vision care laws and regulations; our reliance on third-party reimbursements; our ability to manage our inventory balances and inventory shrinkage; risks associated with our e-commerce business; seasonal fluctuations in our operating results and inventory levels; risks of losses arising from our investments in technological innovators in the optical retail industry; our failure to comply with, or changes in, laws, regulations, enforcement activities and other requirements; impact of any adverse judgments or settlements resulting from legal proceedings; our ability to adequately protect our intellectual property; our leverage; restrictions in our credit agreement that limits our flexibility in operating our business; our ability to generate sufficient cash flow to satisfy our debt service obligations; our dependence on subsidiaries to fund all of our operations and expenses; risks associated with maintaining the requirements of being a public company; and risks related to our common stock, including our ability to comply with requirements to maintain effective internal controls. Additional factors that could cause National Vision’s results to differ materially from those described in the forward-looking statements can be found under the heading entitled Part I, Item 1A - “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 29, 2018 (the “2018 Annual Report”), as filed with the Securities and Exchange Commission (“SEC”), as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

## **Non-GAAP Financial Measures**

Included in this presentation are certain non-GAAP financial measures designed to supplement, and not substitute, the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors. Additional information about these measures and a reconciliation to the nearest GAAP financial measures are provided in the appendix to this presentation, which is available at [www.nationalvision.com/investors](http://www.nationalvision.com/investors).



## Our Mission



Helping people by  
making quality eye care  
and eyewear more  
affordable and  
accessible



# Investment Highlights

1

**Compelling Industry with Favorable Growth Trends and Barriers to Entry**

2

**Differentiated and Disruptive Value Proposition Gaining Market Share**

3

**Multiple Growth Drivers and Significant Whitespace Opportunity**

4

**Attractive Store-Level Economics Coupled with Consistent Predictability**

5

**Deeply Experienced Management Team of Optical Experts with Proven Track Record of Success**

6

**Culture of Philanthropy that Influences Optometrists, Associates and Customers**





## Company Overview

# Diverse Portfolio of Complementary Brands

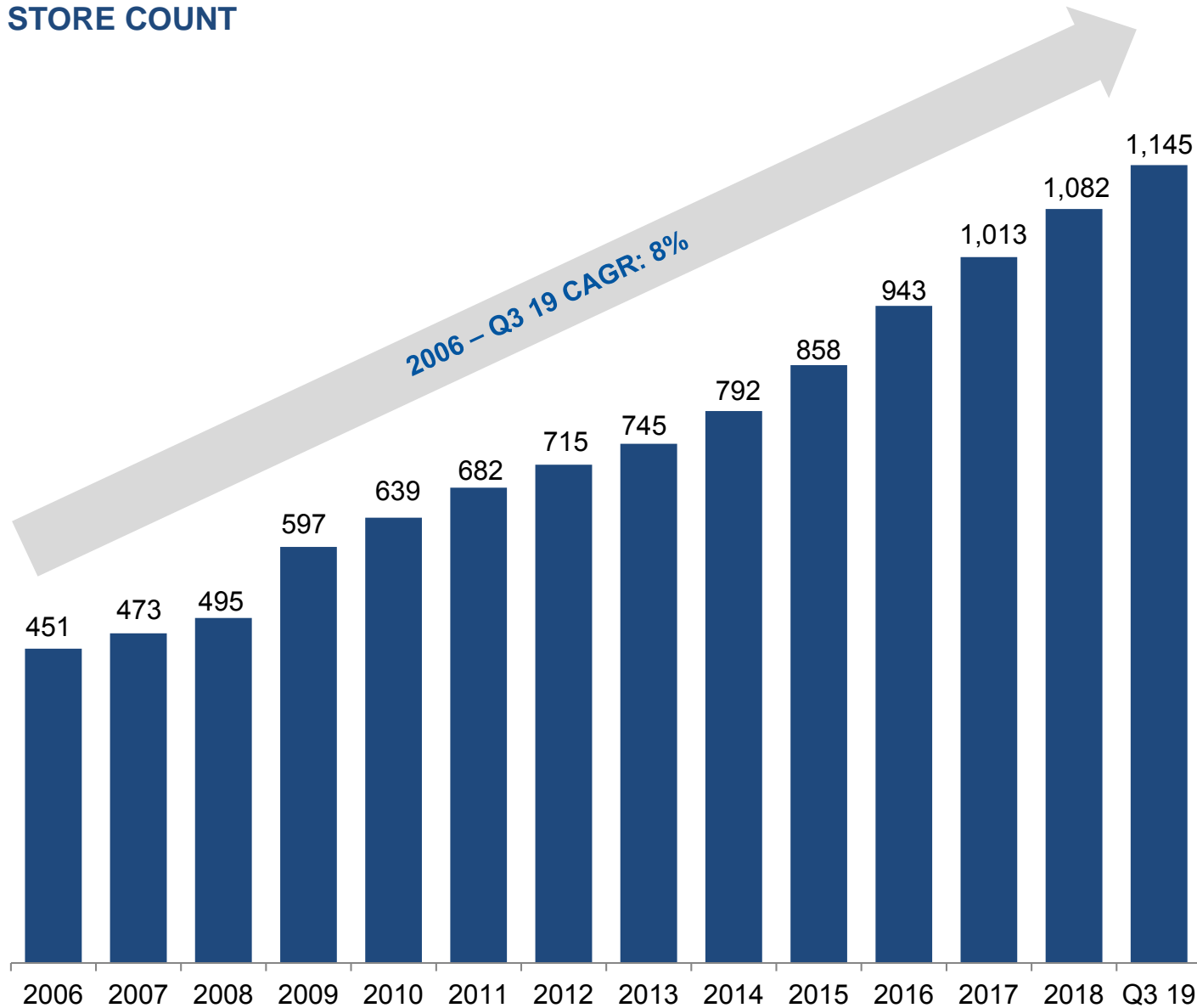
- NVI is one of the largest and fastest growing U.S. value optical retailers with a diverse portfolio of **1,145** retail stores across five brands and **19** consumer websites
  - Offer eye exams, eyeglasses, and contact lenses to cost conscious / lower income consumers
  - Ability to offer consumers a significant value proposition through bundled eyeglass, eye exam packages facilitated by employed optometrists
  - Low-cost provider of a “**medical necessity**”
- LTM Q3 2019 Net revenue of **\$1.7BN** and Adjusted EBITDA<sup>1</sup> of **\$191MM**
- Stable “Legacy/Host” brands that generate significant cash to reinvest in growth

<b>Growth</b>					
<b>Legacy/ Host</b>					
<b>E-Comm</b>					

Note: Store count as of September 28, 2019  
 (1) For reconciliation of Net Income (Loss) to Adjusted EBITDA, see Appendix.

# We Have a Long History of Consistent Unit Expansion...

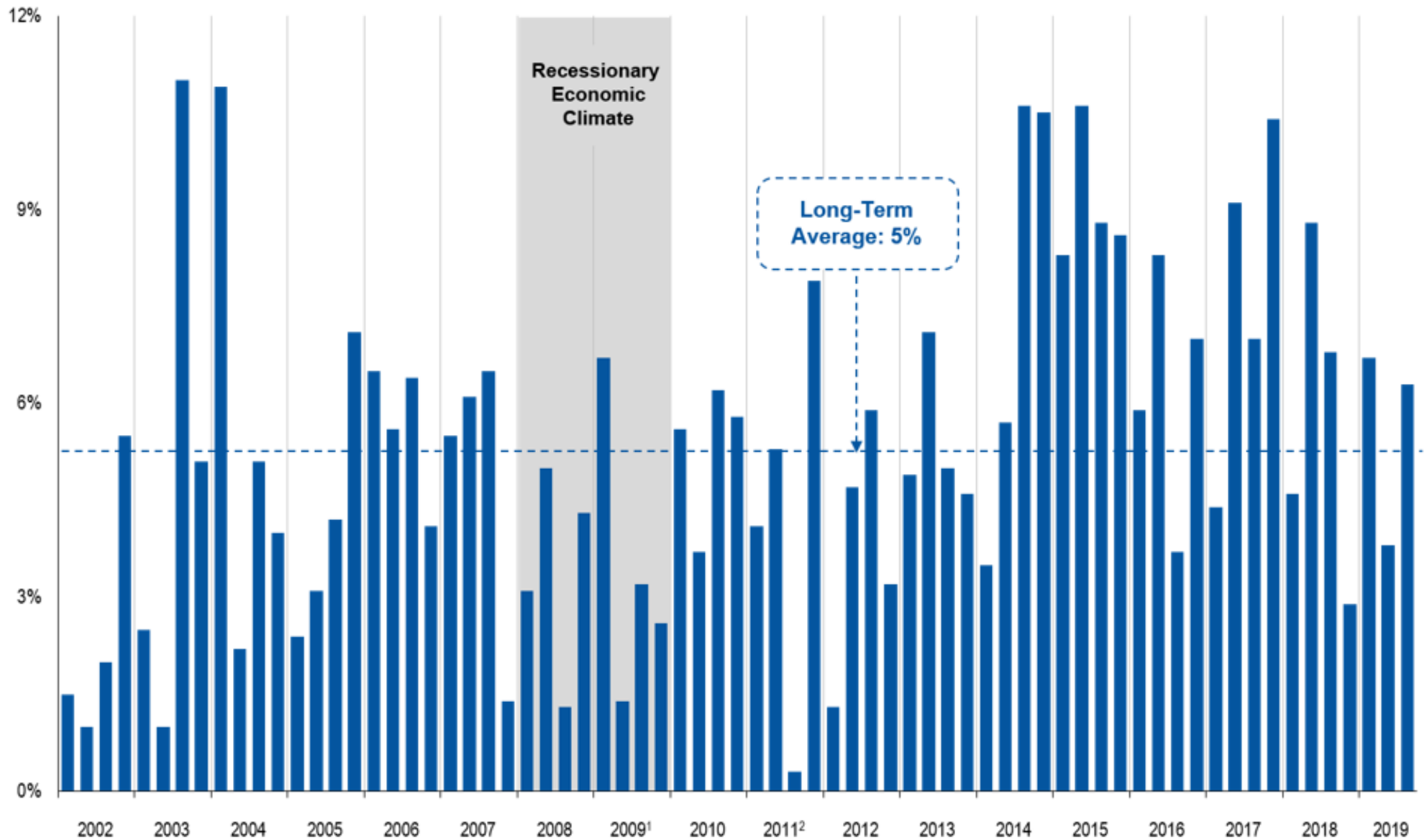
## STORE COUNT



- Opened over 700 **new stores** since 2006
- 5 year rolling average **new store success rate of 99%<sup>(1)</sup>**
- **Steadily grown net revenue** from **\$245MM** in 2002 (when new management team formed) **to \$1.7BN** (LTM Q3 2019)

(1) Defined as the percentage of stores opened in the last five years that are still open as of September 28, 2019

# ...With 71 Consecutive Quarters of Positive Comparable Store Sales Growth



1-2009 comparable store sales exclude sales from the Eyeglass World stores for the first six month "transition" period following our acquisition of Eyeglass World

2-Comparable store sales growth in the third quarter of fiscal year 2011 was impacted by the near U.S. federal government debt default/shutdown and the subsequent adverse impact on the consumer environment



# How We are Breaking the Mold in an Industry Ripe for Disruption

## WHY ARE EYE EXAMS AND EYE CARE SO EXPENSIVE?



### 730-year old technology

Dominican Cardinal  
Hugh of Saint-Cher - 1306 AD, Pisa, Italy

- Protectionist laws / quirky legislation
- Economic inefficiency of “independents”
- Growth of “brands” and fashionability

## SOCIAL / HEALTHCARE IMPLICATIONS

- Eyes are the window to hundreds of health concerns, including diabetes and hypertension
- Compounding impact of not catching vision issues early
- Road safety

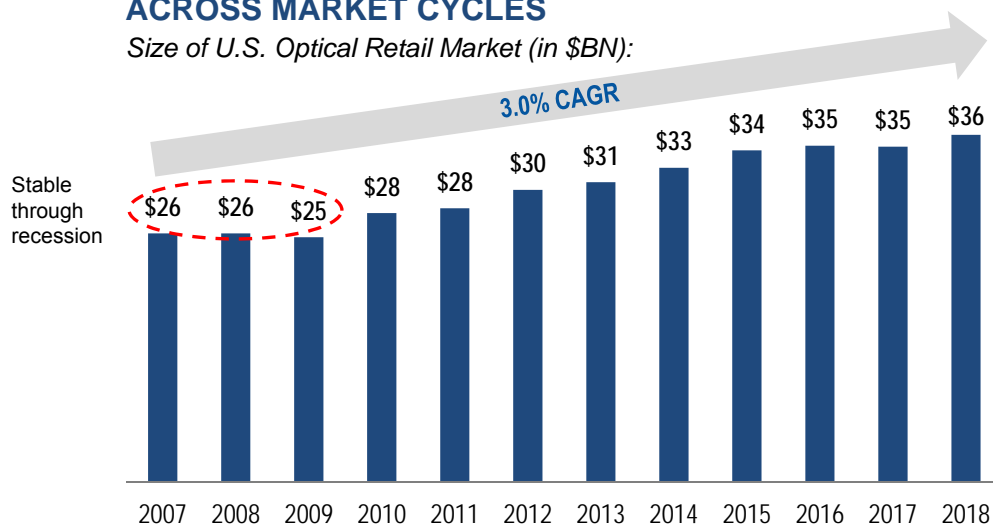
## HOW NATIONAL VISION IS BREAKING THE MOLD

- Employed optometrist model and value bundles (eyeglass / eye exam bundles)
- Low cost operating model and locations in strip centers (not high mall rents)
- Highly-efficient centralized laboratory network / custom manufacturing capabilities
- Economies of scale / negotiating leverage
- Private label frames and contact lenses
- “Sticky” customer base

# “A Rising Tide in a Rising Tide in a Rising Tide”

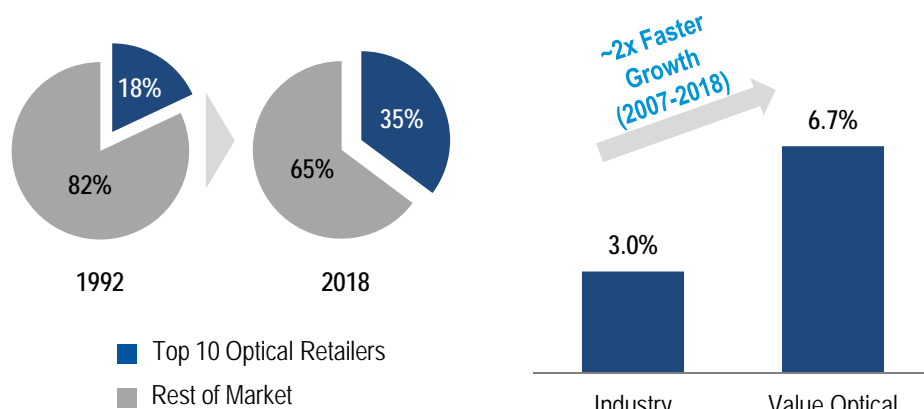
## ~\$36 BILLION RESILIENT AND GROWING INDUSTRY, ACROSS MARKET CYCLES

Size of U.S. Optical Retail Market (in \$BN):



Source: Vision Monday

## LARGEST RETAILERS GAINING SHARE FROM INDEPENDENTS, VALUE SEGMENT GROWING FASTEST



Source: 20/20 Magazine (April 1993), Vision Monday

(1) EssilorLuxottica represents a combination of the two entities and is comprised of LensCrafters, Pearle Vision, Target, Sears and Vision Source

## TOP OPTICAL RETAILERS

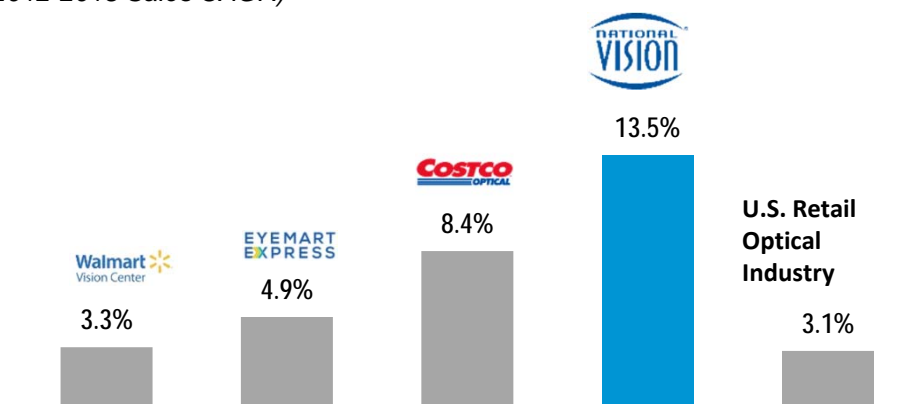
(2018 sales dollars in \$MM):

1. Essilor Luxottica <sup>(1)</sup>	\$5,310
2. Walmart Stores & Sam's Club	\$1,762
3. National Vision	\$1,537
4. Costco Wholesale	\$1,130
5. Visionworks	\$947
8. Warby Parker	\$315

Source: Vision Monday

## NVI IS THE FASTEST GROWING U.S. VALUE OPTICAL CHAIN


(2012-2018 Sales CAGR)



Source: Vision Monday, Management Team

# Our Two Differentiated Growth Brands Catering to the Value Segment



<p><b>Value Proposition</b></p>	<ul style="list-style-type: none"> <li>✓ Extreme value</li> <li>✓ Free eye exams</li> <li>✓ Private label</li> </ul> 	<ul style="list-style-type: none"> <li>✓ Value</li> <li>✓ Broad selection / designer brands</li> <li>✓ Convenience / same-day service</li> </ul>
<p><b>The Model</b></p>	<ul style="list-style-type: none"> <li>• Employed optometrists enable key signature bundled offerings (eye exam + glasses / contacts)</li> <li>• High margin private label eyeglasses and contact lenses</li> <li>• Latest eye exam technology</li> </ul>	<ul style="list-style-type: none"> <li>• Big box eyeglass superstore</li> <li>• Broader assortment of designer frames</li> <li>• Mostly independent optometrists</li> </ul>
<p><b>Cost Structure</b></p>	<ul style="list-style-type: none"> <li>• High-traffic strip centers</li> <li>• Highly efficient centralized labs (no labs in stores)</li> </ul>	<ul style="list-style-type: none"> <li>• “At the corner of main-and-main” near major shopping hubs</li> <li>• In-store labs that provide quick turnaround times</li> </ul>
<p><b>Typical Customer Profile</b></p>	<ul style="list-style-type: none"> <li>• Age 35 – 64; high school graduate</li> <li>• Blue collar job</li> <li>• Household income of \$35K - \$100K</li> </ul>	<ul style="list-style-type: none"> <li>• Age 35 – 79; college degree or higher</li> <li>• Professional or technical job</li> </ul>
<p><b>'18 Net Revenue Contribution</b></p>	<p style="text-align: center;"><b>63% of total</b></p>	<p style="text-align: center;"><b>11% of total</b></p>

# National Vision is Well-Positioned for Success in the Retail Environment of the Future

## “RETAIL 1.0”

Retailing of Products

“Bar-code” Distributors

Disintermediated by Online /  
Disruptors

High Prices and Moderate  
Margins

*Susceptible to disruption*



## “RETAIL 2.0”



Retailing of Services

*Eye exams; frame and lens selection and fitting;  
mass custom manufacturing*

**Experiential**

*In-store and online browsing and try-on*

**Proactively Integrating Online  
Disruption Into Our Model**

*Online threat currently limited given need for eye  
exams and precise measurements / near-perfect fit  
for proper function*

**Low Prices and Strong Margins**

**Greater Meaning**

***National Vision has established a scaled services platform  
not easily disintermediated by the internet***



# Experienced Team of Optical Experts

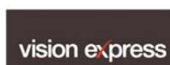
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## BEST IN CLASS MANAGEMENT TEAM

- ✓ Deeply experienced management team of optical experts
- ✓ Cohesive team averaging 10+ years<sup>(1)</sup> at National Vision
- ✓ History of delivering results together at National Vision
- ✓ Experienced management team averaging 20+ years<sup>(1)</sup> of optical or retail experience
- ✓ Insights into customers and industry from prior experience
- ✓ Extensive optical network and reference points throughout the world

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## EXTENSIVE OPTICAL AND SPECIALTY RETAIL EXPERIENCE

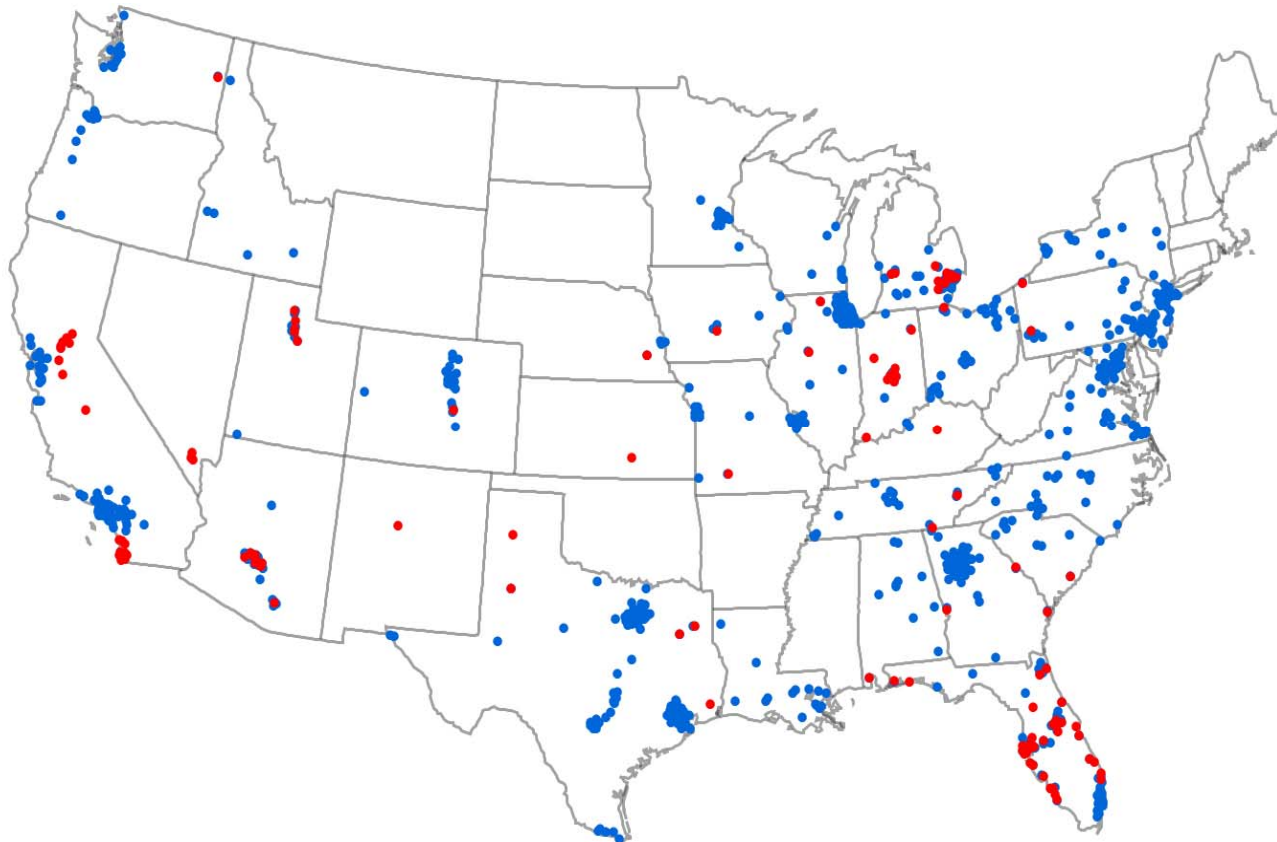


(1) Includes years with predecessor entities prior to NVI's acquisition thereof.

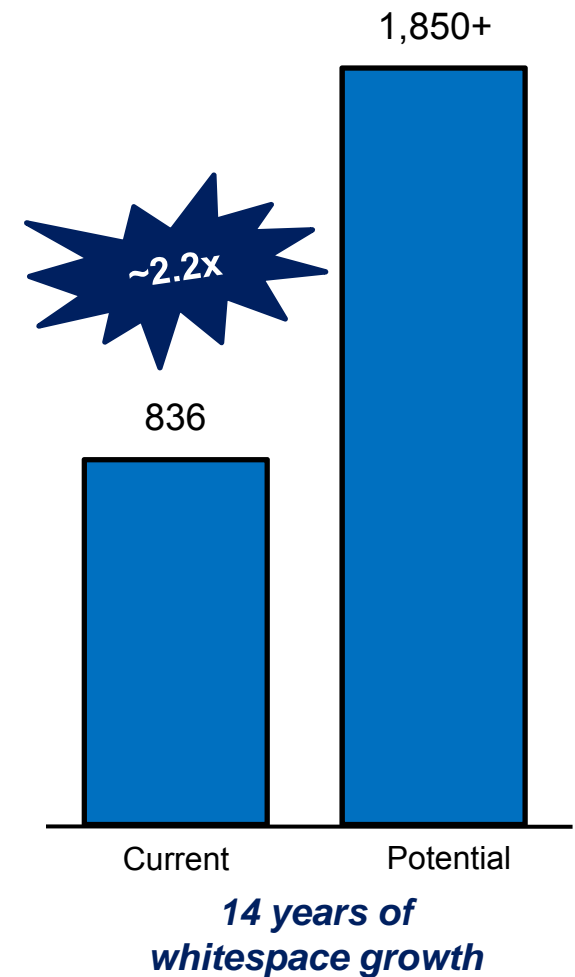
# Already at Scale, with Runway for Continued Growth

CURRENT STORE FOOTPRINT OF AMERICA'S BEST AND EYEGLOSS WORLD DEMONSTRATES SIGNIFICANT WHITESPACE OPPORTUNITY...

<u>Brand</u>	<u># of Stores</u>	<u># of States</u>
● America's Best	718	31
● Eyeglass World	118	23



...SUPPORTED BY STRONG FUTURE STORE POTENTIAL



Note: Store count as of September 28, 2019



## Growth Strategies

## We Have Multiple Drivers to Continue Our Growth

**Grow Store Base Across Our Owned Brands**

**Continue to Drive Comparable Store Sales Growth**

**Improve Operating Productivity**

**Leverage Technology**



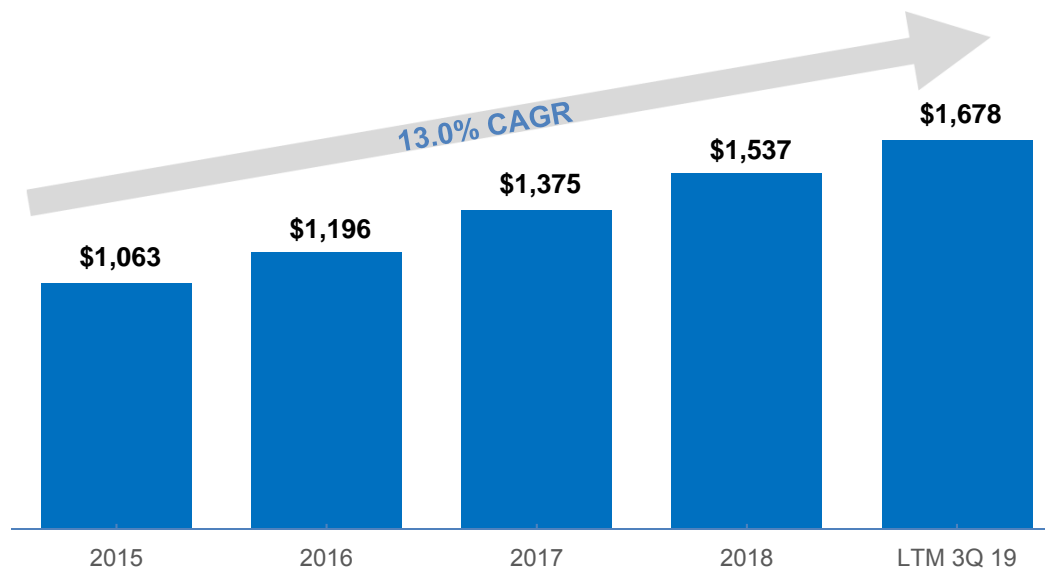


## Financial Review

# Proven Ability to Deliver Consistent Financial Performance

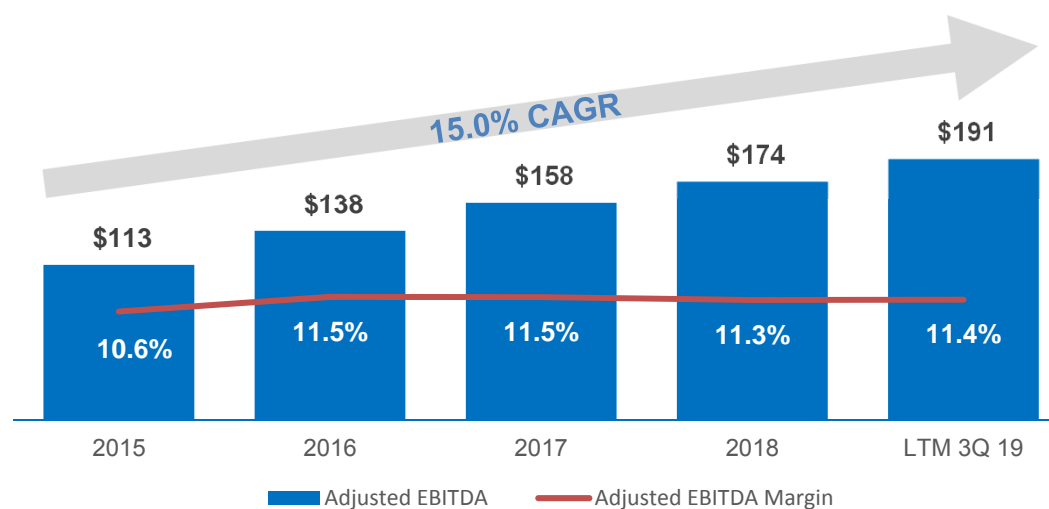
## NET REVENUE

(Net Revenue in \$MM)



## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN<sup>(1)</sup>

(Adjusted EBITDA in \$MM)



(1) For reconciliation of Net Income (Loss) to Adjusted EBITDA and Adjusted EBITDA margin, see Appendix.

# Q3 2019 Highlights

## DOUBLE-DIGIT REVENUE AND PROFITABILITY GROWTH

- ✓ Q3 Net Revenue increased 11.5%
- ✓ Opened 17 new stores in the quarter
- ✓ Delivered 71<sup>th</sup> consecutive quarter of positive comparable store sales growth
- ✓ Adjusted comparable store sales growth<sup>(1)</sup> was 6.2% for the quarter (America's Best at 6.7%, Legacy at 5.7%, and Eyeglass World at 5.2%) and 5.6% for the year-to-date
- ✓ Q3 Adjusted EBITDA<sup>(1)</sup> increased 24.7%
- ✓ Overall NPS scores improved year-over-year with growth in America's Best, Eyeglass World and Military retail brands
- ✓ Refinanced credit agreement with lower borrowing costs
- ✓ KKR sold their remaining ownership in the Company
- ✓ Strong cash flow drove \$25M stock repurchase concurrent with the August secondary offering and \$25M voluntary Term Loan prepayment (in October)

(1) For reconciliation of total comparable store sales growth to adjusted comparable store sales growth and reconciliation of Net Income (Loss) to Adjusted EBITDA, see Appendix.

# Fast Growing Philanthropic Mission



**BOYS & GIRLS CLUBS  
OF AMERICA**



Made Locally, Given Globally

THE WORLD'S BEST WAY  
TO **GIVE BACK**

Glasses made locally, given globally.



**VisionSpring**

Clear Vision Collective





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## Appendix

# Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

<i>\$ in thousands</i>	2015		2016		2017		2018		YTD 3Q 2018		YTD 3Q 2019	
Net Revenue	\$1,062,528		\$1,196,195		\$1,375,308		\$1,536,854		\$1,180,932		\$1,322,568	
Net income (loss)	2,871	0.3%	13,343	1.1%	43,138	3.1%	23,653	1.5%	42,093	3.6%	28,879	2.2%
Interest expense	36,741	3.5%	39,092	3.3%	55,536	4.0%	37,283	2.4%	28,144	2.4%	25,902	2.0%
Income tax provision (benefit)	1,300	0.1%	11,634	1.0%	(38,910)	(2.8)%	(18,785)	(1.2)%	(8,499)	(0.7)%	647	—%
Depreciation and amortization	44,349	4.2%	52,677	4.4%	61,974	4.5%	74,339	4.8%	54,783	4.6%	63,570	4.8%
<b>EBITDA</b>	<b>\$85,261</b>	<b>8.0%</b>	<b>\$116,746</b>	<b>9.8%</b>	<b>\$121,738</b>	<b>8.9%</b>	<b>\$116,490</b>	<b>7.6%</b>	<b>\$116,521</b>	<b>9.9%</b>	<b>\$118,998</b>	<b>9.0%</b>
Stock compensation expense <sup>(1)</sup>	6,635	0.6%	4,293	0.4%	5,152	0.4%	20,939	1.4%	13,749	1.2%	10,840	0.8%
Debt issuance cost <sup>(2)</sup>	2,551	0.2%	—	—%	4,527	0.3%	200	—%	—	—%	—	—%
Loss on extinguishment of debt <sup>(3)</sup>	—	—%	—	—%	—	—%	—	—%	—	—%	9,786	0.7%
Asset impairment <sup>(4)</sup>	7,716	0.7%	7,132	0.6%	4,117	0.3%	17,630	1.1%	2,137	0.2%	7,387	0.6%
Non-cash inventory write-offs <sup>(5)</sup>	—	—%	—	—%	2,271	0.2%	—	—%	—	—%	—	—%
Purchase accounting inventory adjustment <sup>(6)</sup>	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Acquisition related expenses <sup>(7)</sup>	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Management fees <sup>(8)</sup>	1,649	0.2%	1,126	0.1%	5,263	0.4%	—	—%	—	—%	—	—%
New store pre-opening expenses <sup>(9)</sup>	1,962	0.2%	1,983	0.2%	2,531	0.2%	2,229	0.1%	1,742	0.1%	2,862	0.2%
Non-cash rent <sup>(10)</sup>	1,597	0.2%	1,970	0.2%	1,919	0.1%	2,801	0.2%	1,934	0.2%	2,386	0.2%
Secondary offering expenses <sup>(11)</sup>	—	—%	—	—%	—	—%	2,451	0.2%	1,842	0.2%	406	—%
Litigation settlement <sup>(12)</sup>	—	—%	—	—%	7,000	0.5%	—	—%	—	—%	—	—%
Management realignment expenses <sup>(13)</sup>	—	—%	—	—%	—	—%	—	—%	—	—%	2,155	0.2%
Long-term incentive plan <sup>(14)</sup>	—	—%	—	—%	—	—%	7,040	0.5%	4,611	0.4%	1,830	0.1%
Other <sup>(15)</sup>	4,644	0.4%	3,520	0.3%	3,924	0.3%	4,585	0.3%	3,112	0.3%	4,423	0.3%
<b>Adjusted EBITDA/Adjusted EBITDA Margin</b>	<b>\$112,015</b>	<b>10.5%</b>	<b>\$136,770</b>	<b>11.4%</b>	<b>\$158,442</b>	<b>11.5%</b>	<b>\$174,365</b>	<b>11.3%</b>	<b>\$145,648</b>	<b>12.3%</b>	<b>\$161,073</b>	<b>12.2%</b>

Note: Some of the percentage totals in the table above do not foot due to rounding.

- (1) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on the timing of awards and performance vesting conditions.
- (2) Fees associated with the issuance of new term loans, refinancing, or borrowings of additional principal.
- (3) Reflects write-off of deferred financing fees related to the extinguishment of debt.
- (4) Non-cash charges related to impairments of long-lived assets, cost-basis investment, and goodwill in our Military and Fred Meyer brands.
- (5) Reflects write-offs of inventory relating to the expiration of a specific type of contact lenses that could not be sold and required disposal.
- (6) Inventory step-up cost resulting from the application of purchase accounting to the Successor.
- (7) Expenses associated with KKR Acquisition.
- (8) Management fees paid to Sponsors in accordance with our monitoring agreement and terminated upon consummation of the IPO in October 2017.
- (9) Pre-opening expenses related to the opening of new stores, including marketing and advertising, labor and cash occupancy expenses.
- (10) Non-cash portion of rent expense, reflecting the extent to which straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments.
- (11) Expenses related to our secondary public offerings during fiscal years 2018 and 2019.
- (12) Expenses associated with settlement of litigation.
- (13) Expenses related to a non-recurring management realignment described on the Form 8-K filed with the SEC on January 10, 2019.
- (14) Expenses pursuant to a long-term incentive plan for non-executive employees who were not participants in the management equity plan.
- (15) Other adjustments that management does not consider representative of operating performance; includes losses on equity method investments.

## Reconciliation of Total Comparable Store Sales Growth to Adjusted Comparable Store Sales Growth

	Comparable store sales growth <sup>(a)</sup>	
	Nine Months Ended September 28, 2019	Nine Months Ended September 29, 2018
<b>Owned &amp; Host Segment</b>		
America's Best	6.5%	7.6%
Eyeglass World	5.7%	8.2%
Military	(0.7)%	(1.5)%
Fred Meyer	(6.1)%	1.9%
<b>Legacy segment<sup>(b)</sup></b>	2.5%	2.5%
<b>Total comparable store sales growth</b>	5.5%	7.4%
<b>Adjusted comparable store sales growth<sup>(c)</sup></b>	5.6%	6.6%

- (a) We calculate total comparable store sales based on consolidated net revenue excluding the impact of (i) Corporate/Other segment net revenue, (ii) sales from stores opened less than 13 months, (iii) stores closed in the periods presented, (iv) sales from partial months of operation when stores do not open or close on the first day of the month and (v) if applicable, the impact of a 53rd week in a fiscal year. Brand-level comparable store sales growth is calculated based on cash basis revenues consistent with what the chief operating decision maker reviews, and consistent with reportable segment revenues presented in Note 10. "Segment Reporting" in our unaudited condensed consolidated financial statements included in Part I. Item 1. in our Quarterly Report on Form 10-Q for the period ended September 28, 2019, with the exception of the Legacy segment, which is adjusted as noted in clause (c) (ii) below.
- (b) As a result of changes in applicable California law, certain optometrists employed by FirstSight Vision Services Inc. ("FirstSight") were transferred to a professional corporation that contracts directly with our legacy segment in the fourth quarter of 2018, similar to optometrist transfers that occurred in the third quarter of 2017. Incremental eye exam revenue as a result of these changes in operations at FirstSight drove a favorable impact to comparable store sales growth in the Legacy segment of approximately 190 basis points and 140 basis points for the nine months ended September 28, 2019 and September 29, 2018, respectively.
- (c) There are two differences between total comparable store sales growth based on consolidated net revenue and adjusted comparable store sales growth: (i) adjusted comparable store sales growth includes the effect of deferred and unearned revenue as if such revenues were earned at the point of sale, resulting in an increase of 0.3% and a decrease of 0.7% from total comparable store sales growth based consolidated net revenue for the nine months ended September 28, 2019 and September 29, 2018, respectively, and (ii) adjusted comparable store sales growth includes retail sales to the legacy partner's customers (rather than the revenues recognized consistent with the management & services agreement with the legacy partner), resulting in a decrease of 0.2% and 0.1% from total comparable store sales growth based on consolidated net revenue for the nine months ended September 28, 2019 and September 29, 2018, respectively.

# Adjusted Comparable Store Sales Growth Primer

## What is Adjusted Comparable Store Sales Growth?

- Calculated using net revenue **on a cash-basis**
- Excludes the impact of unearned and deferred revenue

## Why use Adjusted Comparable Store Sales Growth?

- Provides a clear view of the Company's current operating performance
  - Shifts in unearned revenue are difficult to predict and related to short-term customer behavior (see slide 25)
- Used by management to assess business performance and is the basis for store-level business performance
- Consistently applied methodology

## Adjusted Comparable Store Sales Growth Consistently Lower than Total Comparable Store Sales Growth

- Company provides Total Comparable Store Sales growth measured on GAAP revenue
- Adjusted metric has been lower than or equal to GAAP metric in 10 of last 13 quarters due to unearned revenue
- Total Comparable Store Sales Growth based on GAAP revenue was not calculated prior to 2017 IPO

### TOTAL COMPARABLE STORE SALES GROWTH VERSUS ADJUSTED COMPARABLE STORE SALES GROWTH

	2016		2017				2018				2019		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total Comparable Store Sales Growth (GAAP)	5.2%	7.0%	5.7%	8.5%	8.3%	11.5%	4.6%	10.4%	7.0%	4.3%	6.2%	4.4%	5.7%
Adjusted Comparable Store Sales Growth	3.7%	7.0%	4.4%	9.1%	7.0%	10.4%	4.6%	8.8%	6.8%	2.9%	6.7%	3.8%	6.2%

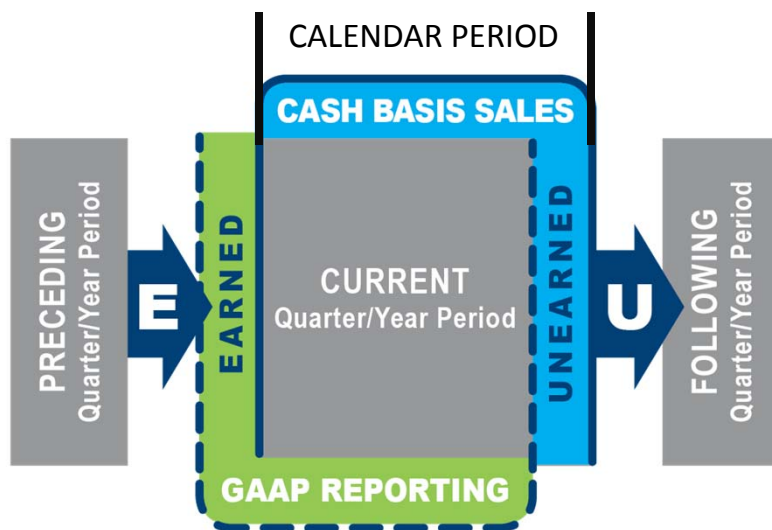
\*See Reconciliation for Total Comparable Store Sales Growth to Adjusted Comparable Store Sales Growth on slide 24

# Unearned Revenue Primer

## PURCHASE JOURNEY



## UNEARNED REVENUE ACCOUNTING



- Customers generally pay for products and services at time of order. Eyeglasses are typically picked up 7 to 10 days later.
- Unearned revenue represents **CASH BASIS SALES** during approximately the last week of a reporting period. **GAAP REPORTING** requires **REVENUE RECOGNITION** at time of **PICKUP**.
- The change in unearned revenue depends on relative magnitude of sales for last week of the preceding **E** and current **U** quarters, as well as customer purchase pick-up behavior.
  - The change in activity is then compared to the same periods in the prior year.
- Typical seasonal impact on income statement:
 

Q1 negative (E<U)	Q2 positive (E>U)
Q3 pos./neg. (E><U)	Q4 negative (E<U)
- For a company with growing revenues, unearned revenue should also grow to some degree each year.

*"It's a short-term timing difference between quarters"*





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