# Q1 2019 Financial Results

May 9, 2019

NATIONAL VISION®

**OUR MISSION**

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

# 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; and risks related to our common stock, including our ability to comply with requirements to design, implement and 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. 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 is provided in the appendix to this presentation and detailed in National Vision’s press release for the first quarter of 2019, which is available at www.nationalvision.com/investors, together with this presentation.

# Agenda

| Topic | Presenter |
|---|---|
| Q1 Highlights and Business Update | Reade Fahs, CEO |
| Q1 Financial Update<br>Fiscal 2019 Outlook | Patrick Moore, CFO |
| Moment of Mission | Reade Fahs, CEO |
| Q&A | |

Reade Fahs
CEO

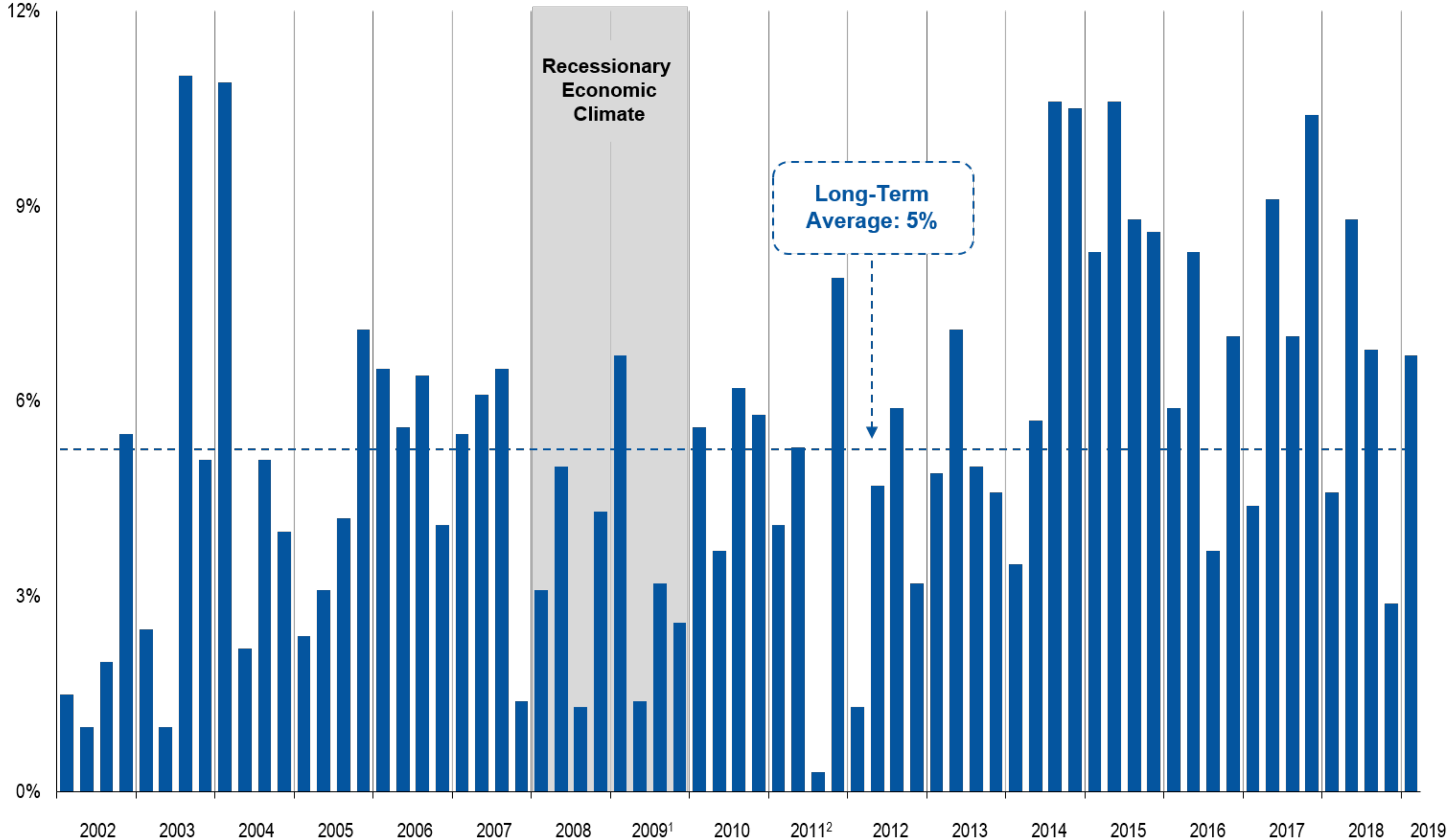
Patrick Moore
CFO

# Q1 Highlights

- Q1 Net Revenue: $461.2M, 13.0% over Q1 2018
- Opened 26 new stores in the quarter; ended the quarter with 1,105 stores
- 69 consecutive quarters of positive comparable store sales growth, our best first quarter comp since 2015
- Adjusted comparable store sales growth[1] of 6.7% for the quarter; America's Best 8.2%, Eyeglass World 6.5%
- Q1 Adjusted EBITDA[1]: $63.3M, 4.2% above Q1 2018
    - Year-over-year growth impacted -590 bps from the net change in margin on unearned revenue
- Q1 Adjusted Net Income[1]: $26.7M, 0.9% above Q1 2018
    - Year-over-year growth impacted -1,000 bps from the net change in margin on unearned revenue
- Overall NPS scores improved year-over-year with growth in America's Best, Eyeglass World, Walmart and Military retail brands
- Q1 S&P debt rating upgrade to BB-
    - Reduced interest on Term Loan A from L+175 to L+150
- New centralized lab opened in Plano, Texas

1-For reconciliation of total comparable store sales growth to adjusted comparable store sales growth, reconciliation of Net Income to Adjusted EBITDA and Net Income to Adjusted Net Income, see Appendix

# 69 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

# We Have Multiple Drivers to Continue Our Growth

**Grow Store Base Across Our Owned Brands**

**Continue to Drive Comparable Store Sales Growth**

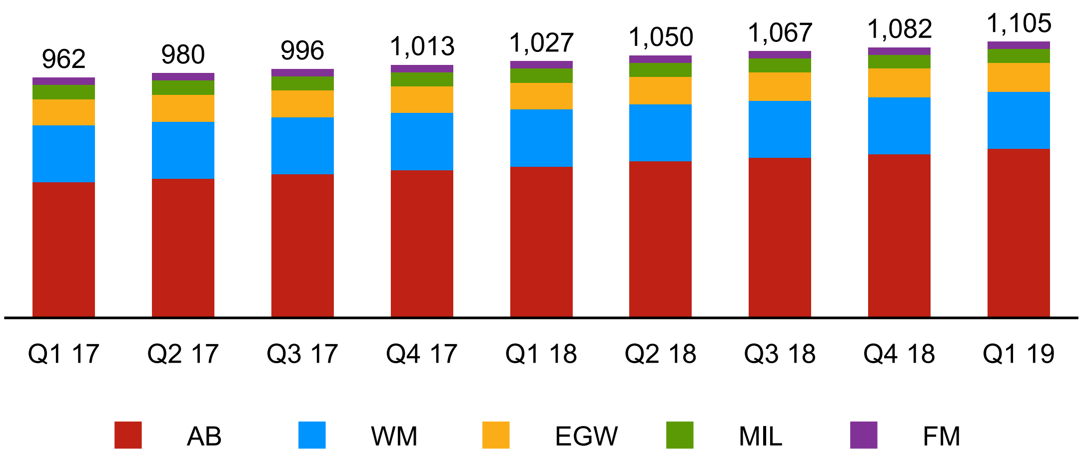
**Improve Operating Productivity**

**Leverage Technology**

# First Quarter Financial Update

# Revenue Drivers

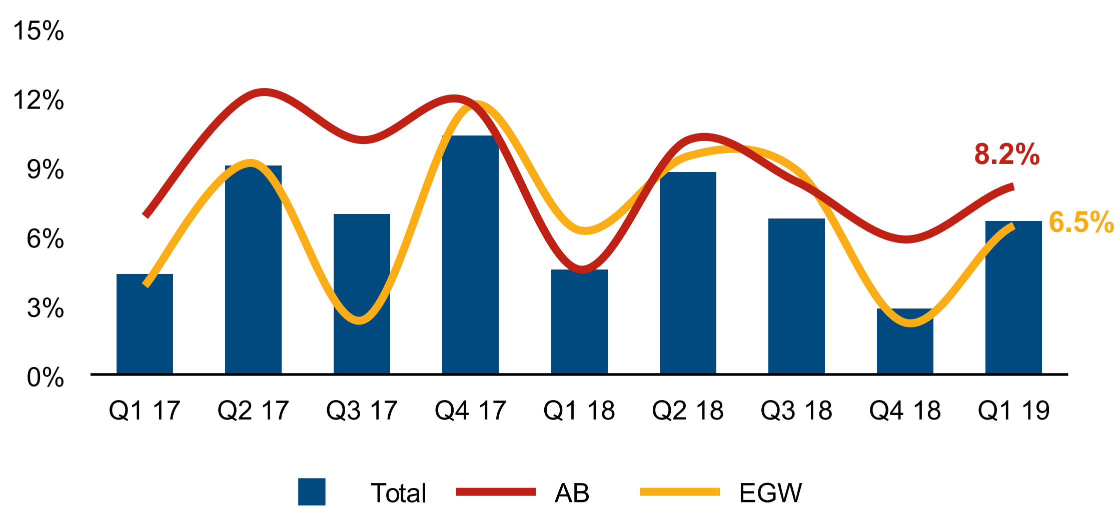
## Total Store Count Growth




## Commentary

- 23 net new stores in the quarter (26 new stores and 3 closed stores)
- 78 net new stores in the last 12 months (85 new stores and 7 closed stores)
- Focused store growth on America's Best (24 new stores in the quarter and 74 in the last 12 months) and Eyeglass World (2 new stores in the quarter and 11 in the last 12 months)

## Adjusted Comparable Store Sales Growth[1]



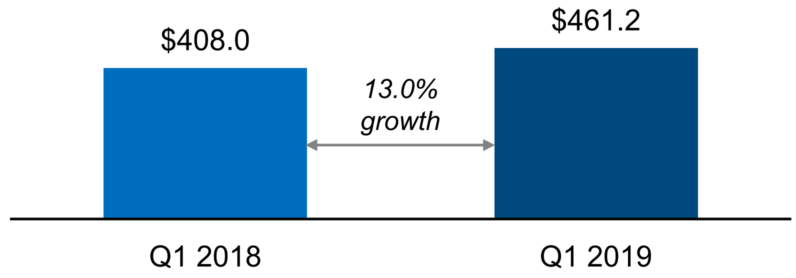

## Commentary

- America's Best and Eyeglass World drove favorable comparable store sales growth results for the quarter
- Adjusted comparable store sales growth driven by increases in average ticket and customer transactions

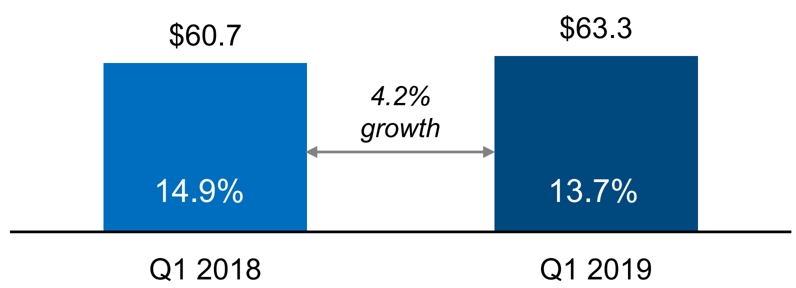
1-For reconciliation of total comparable store sales growth to adjusted comparable store sales growth, see Appendix

# Q1 2019 Results

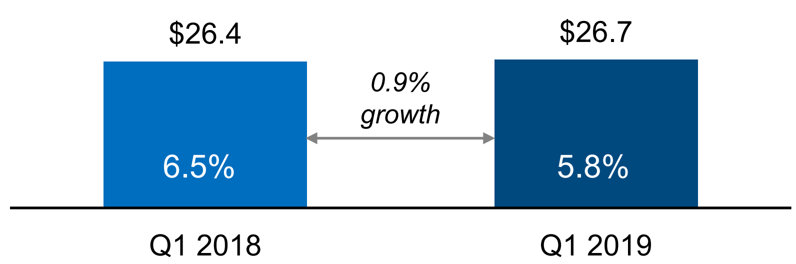
## Net Revenue (in $MM)




## Adjusted EBITDA[1] (in $MM)




## Adjusted Net Income[1] (in $MM)




## Commentary

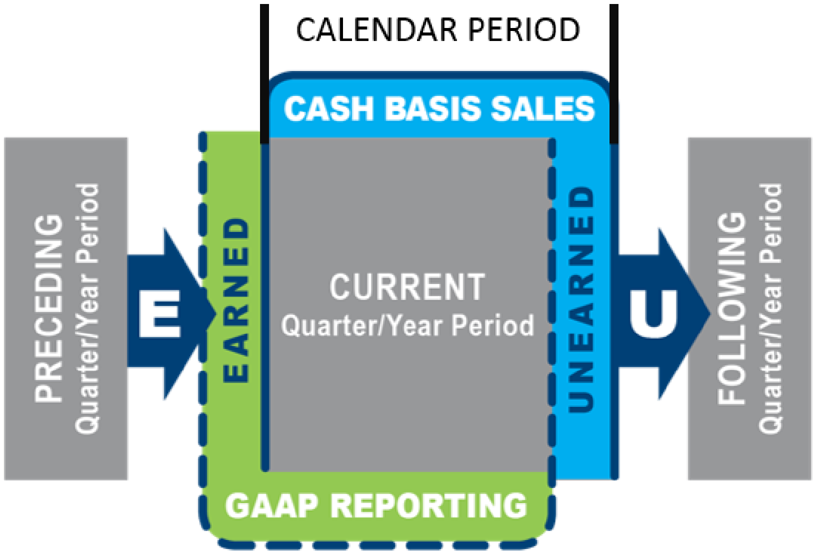
- Net revenue grew 13.0% year-over-year; adjusted comparable store sales grew 6.7%. Net revenue growth was impacted by:
  - Walmart contact lens distribution business growth +270 bps
  - Unearned revenue -120 bps
- Adjusted EBITDA[1] grew 4.2% year-over-year (impacted -590 bps by margin on unearned revenue). As a percentage of net revenue, Adjusted EBITDA declined 120 bps year-over-year impacted by:
  - Margin on unearned revenue -60 bps
  - Walmart contact lens distribution business growth -40 bps
- Costs applicable to revenue as a percentage of net revenue increased from 44.2% in Q1 2018 to 46.0% in Q1 2019
  - Walmart contact lens distribution business growth -130 bps
- SG&A as a percentage of net revenue grew from 41.8% in Q1 2018 to 42.0% in Q1 2019 impacted by:
  - Non-recurring management realignment and associated stock compensation expense and performance-based incentive compensation, partially offset by Walmart contact lens distribution business leverage, store payroll leverage and secondary offering fees incurred in 2018 that did not recur in 2019
  - Adjusted SG&A Percent of Net Revenue[1] improved 60 bps year-over-year
- Adjusted Net Income[1] grew 0.9% year-over-year to $26.7M
  - Margin on unearned revenue impacted year-over-year growth by -1,000 bps
- Diluted EPS was $0.21 and Adjusted Diluted EPS[1] was $0.33

1-For reconciliation of Net Income to Adjusted EBITDA, SG&A to Adjusted SG&A, Net Income to Adjusted Net Income and Diluted EPS to Adjusted Diluted EPS, see Appendix

# 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"***

# Capital Structure and Cash Flow

## Q1 2019 Capital Structure

| *Dollars in millions* | Debt Amount | Less: Deferred Financing Costs | Amounts per Balance Sheet | % of Total | Coupon | Maturity |
|---|---|---|---|---|---|---|
| First lien revolving credit facility[1] | $ — | $ (0.4) | $ (0.4) | — % | L + 250 | 10/15/2022 |
| First Lien - Term Loan A | 198.8 | — | 198.8 | 34 % | L + 150 | 10/9/2023 |
| First Lien - Term Loan B | 364.3 | (5.8) | 358.5 | 61 % | L + 250 | 11/20/2024 |
| Other debt[2] | 30.0 | — | 30.0 | 5 % | | |
| **Total debt** | $ 593.1 | $ (6.2) | $ 586.9 | 100 % | | |
| Cash and cash equivalents | | | 72.5 | | | |
| **Net debt** | | | $ 514.4 | | | |

## Commentary

- Q1 S&P debt rating upgrade to BB- reduced interest on Term Loan A from L+175 to L+150
- Net debt to TTM Adjusted EBITDA[3] 2.9x
- No borrowings outstanding under our Revolving Loan Facility ($5.5M in outstanding letters of credit)

## Cash Flow

| | Three Months Ended | | |
|---|---|---|---|
| *Dollars in millions* | March 30, 2019 | March 31, 2018 | Variance |
| Net cash provided by operating activities | $ 83.0 | $ 77.8 | $ 5.2 |
| Net cash used for investing activities | (25.8) | (22.7) | (3.1) |
| Net cash used for financing activities | (1.4) | (0.3) | (1.1) |
| **Net change in cash, cash equivalents and restricted cash** | $ 55.9 | $ 54.8 | $ 1.0 |

## Commentary

- $5.2M increase in net cash provided by operating activities driven primarily by store growth
- $3.1M increase in net cash used for investing activities driven primarily by increased capital expenditures year-over-year
- $1.1M increase in net cash used for financing activities driven primarily by proceeds from exercise of stock options, partially offset by purchase of treasury stock

Note: Some of the totals in the table above do not foot due to rounding differences
1-$100M facility; $94.5M available
2-Includes finance lease debt and original issue discount
3-For reconciliation of Net Income to Adjusted EBITDA, see Appendix

# Fiscal 2019 Outlook

| | Fiscal 2019 Outlook |
|---|---|
| New Stores | ~75 New Stores |
| Adjusted Comparable Store Sales Growth | 3 - 5% |
| Net Revenue(1) | $1.675 - $1.705 billion |
| Adjusted EBITDA | $186 - $191 million |
| Adjusted Net Income | $53.5 - $56.5 million |
| Depreciation and Amortization | $88 - $90 million |
| Interest | $36 - $37 million |
| Tax Rate(2) | ~26.0% |
| Capital Expenditures | $100 - $105 million |

1-Includes an estimated $20 - 25 million in incremental net revenue from the expanded contact lens distribution relationship with Walmart
2-Excluding the impact of stock option exercises

The fiscal 2019 outlook information provided above includes Adjusted EBITDA and Adjusted Net Income guidance, which are non-GAAP financial measures management uses in measuring performance. The Company is not able to reconcile these forward-looking non-GAAP measures to GAAP without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the actual impact of certain items and unanticipated events, including taxes and non-recurring items, which would be included in GAAP results. The impact of such items and unanticipated events could be potentially significant.

The fiscal 2019 outlook is forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and based upon assumptions with respect to future decisions, which are subject to change. Actual results may vary and those variations may be material. As such, the Company's results may not fall within the ranges contained in its fiscal 2019 outlook. The Company uses these forward looking metrics internally to assess and benchmark its results and strategic plans.

# Moment of Mission - Dr. Bradshaw and America's Best Team in Mentor, OH

# Q&A

# Appendix

# Q1 2019 Consolidated Financial Results (Unaudited)

| *Dollars in thousands* | **Three Months Ended March 30, 2019** | **Three Months Ended March 31, 2018** |
|---|---|---|
| **Revenue:** | | |
| Net product sales | $ 383,160 | $ 338,777 |
| Net sales of services and plans | 78,055 | 69,198 |
| Total net revenue | 461,215 | 407,975 |
| **Costs applicable to revenue (exclusive of depreciation and amortization):** | | |
| Products | 154,004 | 130,878 |
| Services and plans | 57,965 | 49,576 |
| Total costs applicable to revenue | 211,969 | 180,454 |
| **Operating expenses:** | | |
| Selling, general and administrative expenses | 193,876 | 170,689 |
| Depreciation and amortization | 20,415 | 17,862 |
| Asset impairment | 2,082 | — |
| Other expense, net | 473 | 122 |
| Total operating expenses | 216,846 | 188,673 |
| Income from operations | 32,400 | 38,848 |
| Interest expense, net | 9,061 | 9,313 |
| Earnings before income taxes | 23,339 | 29,535 |
| Income tax provision | 5,910 | 5,080 |
| Net income | $ 17,429 | $ 24,455 |

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

| | Comparable store sales growth[a] | | |
|---|---|---|---|
| | Three Months Ended March 30, 2019 | Three Months Ended March 31, 2018 | 2019 Outlook |
| **Owned & Host segment** | | | |
| America's Best | 8.2% | 4.6% | |
| Eyeglass World | 6.5% | 6.3% | |
| Military | (4.4)% | 2.8% | |
| Fred Meyer | (9.7)% | 6.0% | |
| **Legacy segment[b]** | 1.8% | 3.3% | |
| | | | |
| Total comparable store sales growth | 6.2% | 4.6% | 3.5 - 5.5% |
| Adjusted comparable store sales growth[c] | 6.7% | 4.6% | 3 - 5% |

(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 CODM reviews, and consistent with reportable segment revenues presented in Note 9. "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 March 30, 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 185 basis points and 205 basis points for the three months ended March 30, 2019 and March 30, 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 0.8% and 0.1% from total comparable store sales growth based consolidated net revenue for the three months ended March 30, 2019 and March 31, 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), resulting in a decrease of 0.3% and 0.1% from total comparable store sales growth based on consolidated net revenue for the three months ended March 30, 2019 and March 31, 2018, respectively.

# Reconciliation of Net Income to Adjusted EBITDA

| *Dollars in thousands* | Three Months Ended March 30, 2019 | | Three Months Ended March 31, 2018 | | Twelve Months Ended March 30, 2019 |
|---|---|---|---|---|---|
| Net income | $ 17,429 | 3.8% | $ 24,455 | 6.0% | $ 16,626 |
| Interest expense | 9,061 | 2.0% | 9,313 | 2.3% | 37,031 |
| Income tax provision | 5,910 | 1.3% | 5,080 | 1.2% | (17,955) |
| Depreciation and amortization | 20,415 | 4.4% | 17,862 | 4.4% | 76,892 |
| EBITDA | 52,815 | 11.5% | 56,710 | 13.9% | 112,594 |
| | | | | | |
| Stock compensation expense [a] | 2,976 | 0.6% | 1,596 | 0.4% | 22,318 |
| Asset impairment [b] | 2,082 | 0.5% | — | —% | 19,712 |
| New store pre-opening expenses [c] | 885 | 0.2% | 474 | 0.1% | 2,640 |
| Non-cash rent [d] | 1,198 | 0.3% | 528 | 0.1% | 3,472 |
| Secondary offering expenses [e] | — | —% | 963 | 0.2% | 1,488 |
| Management realignment expenses [f] | 2,155 | 0.5% | — | —% | 2,155 |
| Other [g] | 1,192 | 0.3% | 459 | 0.1% | 5,575 |
| Long-term incentive plan [l] | — | —% | — | —% | 6,981 |
| **Adjusted EBITDA / Adjusted EBITDA margin** | $ 63,303 | 13.7% | $ 60,730 | 14.9% | $ 176,935 |

See footnotes

Note: Percentages reflect line item as a percentage of net revenue

# Reconciliation of Net Income to Adjusted Net Income

| *Dollars in thousands* | Three Months Ended March 30, 2019 | Three Months Ended March 31, 2018 |
|---|---|---|
| Net income | $ 17,429 | $ 24,455 |
| Stock compensation expense [a] | 2,976 | 1,596 |
| Asset impairment [b] | 2,082 | — |
| New store pre-opening expenses [c] | 885 | 474 |
| Non-cash rent [d] | 1,198 | 528 |
| Secondary offering expenses [e] | — | 963 |
| Management realignment expenses [f] | 2,155 | — |
| Other [g] | 1,192 | 459 |
| Amortization of acquisition intangibles and deferred financing costs [h] | 2,258 | 2,281 |
| Tax benefit of stock option exercises [i] | (230) | (2,695) |
| Tax effect of total adjustments [j] | (3,263) | (1,613) |
| **Adjusted Net Income** | $ 26,682 | $ 26,448 |

See footnotes

# Reconciliation of Diluted EPS to Adjusted Diluted EPS

| *Shares in thousands* | **Three Months Ended March 30, 2019** | **Three Months Ended March 31, 2018** |
|---|---|---|
| Diluted EPS | $ 0.21 | $ 0.31 |
| Stock compensation expense [a] | 0.04 | 0.02 |
| Asset impairment [b] | 0.03 | — |
| New store pre-opening expenses [c] | 0.01 | 0.01 |
| Non-cash rent [d] | 0.01 | 0.01 |
| Secondary offering expenses [e] | — | 0.01 |
| Management realignment expenses [f] | 0.03 | — |
| Other [g] | 0.01 | 0.01 |
| Amortization of acquisition intangibles and deferred financing costs [h] | 0.03 | 0.03 |
| Tax benefit of stock option exercises [i] | — | (0.03) |
| Tax effect of total adjustments [j] | (0.04) | (0.02) |
| **Adjusted Diluted EPS** | $ 0.33 | $ 0.34 |
| | | |
| **Weighted average diluted shares outstanding** | 81,466 | 77,837 |

Note: Some of the totals in the table above do not foot due to rounding differences
See footnotes

# Reconciliation of SG&A to Adjusted SG&A

| *Dollars in thousands* | Three Months Ended March 30, 2019 | | Three Months Ended March 31, 2018 | |
|---|---|---|---|---|
| SG&A | $ 193,876 | 42.0% | $ 170,689 | 41.8% |
| Stock compensation expense [(a)] | 2,976 | 0.6% | 1,596 | 0.4% |
| New store pre-opening expenses [(c)] | 885 | 0.2% | 474 | 0.1% |
| Non-cash rent [(d)] | 1,198 | 0.3% | 528 | 0.1% |
| Secondary offering expenses [(e)] | — | —% | 963 | 0.2% |
| Management realignment expenses [(f)] | 2,155 | 0.5% | — | —% |
| Other [(k)] | 631 | 0.1% | 267 | 0.1% |
| **Adjusted SG&A/ Adjusted SG&A Percent of Net Revenue** | $ 186,031 | 40.3% | $ 166,861 | 40.9% |

See footnotes

Note: Percentages reflect line item as a percentage of net revenue

# Reconciliation of GAAP to Non-GAAP Financial Measures Footnotes

(a) 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.
(b) Reflects write-off of property and equipment for the three months ended March 30, 2019. Non-cash charges related to impairment of long-lived assets, primarily goodwill in our Military and Fred Meyer brands during the twelve months ended March 30, 2019.
(c) Pre-opening expenses, which include marketing and advertising, labor and occupancy expenses incurred prior to opening a new store, are generally higher than comparable expenses incurred once such store is open and generating revenue. We believe that such higher pre-opening expenses are specific in nature and are not indicative of ongoing core operating performance. We adjust for these costs to facilitate comparisons of store operating performance from period to period.
(d) Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments.
(e) Expenses related to our secondary public offerings for the three months ended March 31, 2018 and the twelve months ended March 30, 2019.
(f) Expenses related to a non-recurring realignment of management as described on the Form 8-K filed with the SEC on January 10, 2019.
(g) Other adjustments include amounts that management believes are not representative of our operating performance (amounts in brackets represent reductions in Adjusted EBITDA and Adjusted Net Income), including our share of losses on equity method investments of $0.6 million, $0.2 million and $1.7 million for the three months ended March 30, 2019 and March 31, 2018 and the twelve months ended March 30, 2019, respectively; the amortization impact of adjustments related to the acquisition of the Company by affiliates of Kohlberg Kravis Roberts & Co. L.P. ("KKR Sponsor") in March 2014 (the "KKR Acquisition") (e.g., fair value of leasehold interests) of $0.1 million, $17 thousand and $0.5 million for the three months ended March 30, 2019 and March 31, 2018 and the twelve months ended March 30, 2019, respectively; differences between the timing of expense versus cash payments related to contributions to charitable organizations of $(0.3) million and $(0.8) million for the three months ended March 31, 2018 and the twelve months ended March 30, 2019, respectively; costs of severance and relocation of $0.2 million, $0.2 million and $1.0 million for the three months ended March 30, 2019 and March 31, 2018 and the twelve months ended March 30, 2019, respectively; excess payroll taxes related to stock option exercises of $23 thousand, $0.2 million and $1.6 million for the three months ended March 30, 2019 and March 31, 2018 and the twelve months ended March 30, 2019, respectively; and other expenses and adjustments totaling $0.3 million, $0.1 million and $1.6 million for the three months ended March 30, 2019 and March 31, 2018 and the twelve months ended March 30, 2019, respectively.
(h) Amortization of the increase in carrying values of definite-lived intangible assets resulting from the application of purchase accounting to the KKR Acquisition of $1.9 million for each of the three months ended March 30, 2019 and March 31, 2018. Amortization of deferred financing costs is primarily associated with the March 2014 term loan borrowings in connection with the KKR Acquisition and, to a lesser extent, amortization of debt discounts associated with the May 2015 and February 2017 incremental First Lien - Term Loan B and the November 2017 First Lien - Term Loan B refinancing, aggregating to $0.4 million for the three months ended March 30, 2019 and March 31, 2018.
(i) Tax benefit associated with accounting guidance adopted at the beginning of fiscal year 2017 (Accounting Standards Update 2016-09, *Compensation - Stock Compensation*), requiring excess tax benefits to be recorded in earnings as discrete items in the reporting period in which they occur.
(j) Represents the income tax effect of the total adjustments at our combined statutory federal and state income tax rates.
(k) Reflects other expenses in (g) above, except for our share of losses on equity method investments of $0.6 million and $0.2 million for the three months ended March 30, 2019 and March 31, 2018, respectively.
(l) Expenses pursuant to a long-term incentive plan for non-executive employees who were not participants in the management equity plan for fiscal year 2018. This plan was effective in 2014 following the KKR Acquisition. During fiscal year 2018, a $4.6 million payout was triggered as a result of the second secondary offering of common stock by KKR Sponsor and other selling stockholders completed in the third quarter of fiscal year 2018. The remaining $2.4 million relates to the third secondary offering in the fourth quarter of fiscal year 2018 and is accrued but not paid as of March 30, 2019.

**Check out some of our latest commercials:** National Vision Commercials