

Nine-Month Consolidated Revenue up 7.8% at Constant Exchange Rates

- Strong contribution from acquisitions and partnerships
- Return to growth for Sunglasses & Readers during the third quarter
- Market still sluggish in the United States after a very strong year in 2015
- Slower than expected recovery at Coastal.com

Charenton-le-Pont, France (October 21, 2016 – 6:30 a.m.) – Essilor International, the world leader in ophthalmic optics, today announced that consolidated revenue for the nine months ended September 30, 2016 totaled €5,306 million, representing an increase of 5.5% as reported.

Nine-Month Consolidated Revenue up 7.8% at Constant Exchange Rates

€ millions	2016 (9 months)	2015 (9 months)	Change (reported)	Change (like-for-like)	Change in scope of consolidation	Currency effect
Lenses & Optical Instruments	4,669	4,400	+6.1%	+4.3%	+4.3%	-2.5%
<i>North America</i>	2,050	1,956	+4.8%	+2.5%	+3.0%	-0.7%
<i>Europe</i>	1,425	1,334	+6.8%	+4.1%	+4.8%	-2.0%
<i>Asia/Pacific/ Middle East/Africa</i>	852	806	+5.7%	+7.7%	+1.2%	-3.2%
<i>Latin America</i>	342	304	+12.6%	+8.3%	+17.8%	-13.5%
Sunglasses & Readers	492	488	+0.7%	-1.1%	+3.5%	-1.6%
Equipment	145	140	+3.2%	+4.5%	-0.6%	-0.6%
TOTAL	5,306	5,028	+5.5%	+3.8%	+4.0%	-2.3%

"Driven by its commitment to improving and protecting vision, Essilor continues to deliver a sustainable, well-balanced mix of organic and acquisitions-led growth. We remain firmly aligned with our medium- and long-term growth dynamic, despite the temporary difficulties that we have experienced in certain markets. Essilor continues to deploy a wide array of strategic initiatives in prescription lenses and sunlenses, in the development of online sales and in the fast-growing countries, where demand is strong and durable. We expect these initiatives to start delivering tangible results in the near future, and to provide an uplift to growth through 2017," said Hubert Sagnières, Chairman and Chief Executive Officer.

Nine-Month Revenue

Combined growth (like-for-like growth plus acquisitions) came out at 7.8% and reflects the following key factors:

- A like-for-like increase in consolidated revenue of 3.8%, including good performances for Lenses & Optical Instruments and Equipment, and a slight decline in sales for Sunglasses & Readers, although business rebounded during the third quarter.
- Changes in the scope of consolidation contributed 4% to nine-month 2016 revenue, illustrating Essilor's active acquisitions and partnerships strategy, especially in Europe and Latin America.

The currency effect reduced revenue by 2.3% in the nine months to September 30, due mainly to the depreciation of the British pound, Brazilian real, Chinese yuan, Canadian dollar and, although the impact diminished in the third quarter on the back of a rebound in the real.

Third-Quarter Consolidated Revenue up 7.2% at Constant Exchange Rates

€ millions	Q3 2016	Q3 2015	Change (reported)	Change (like-for-like)	Change in scope of consolidation	Currency effect
Lenses & Optical Instruments	1,541	1,446	+6.6%	+2.9%	+4.6%	-0.8%
<i>North America</i>	671	643	+4.4%	+1.3%	+3.4%	-0.4%
<i>Europe</i>	461	431	+7.0%	+3.0%	+6.8%	-2.9%
<i>Asia/Pacific/ Middle East/Africa</i>	288	270	+6.6%	+5.7%	+0.5%	+0.4%
<i>Latin America</i>	121	102	+18.8%	+4.5%	+12.8%	+1.5%
Sunglasses & Readers	132	126	+4.5%	+6.9%	-0.2%	-2.2%
Equipment	50	48	+4.9%	+5.4%	-0.3%	-0.2%
TOTAL	1,723	1,620	+6.4%	+3.2%	+4.0%	-0.9%

Third-Quarter Revenue by Region and Division

Lenses & Optical Instruments

In **North America**, consolidated revenue rose by 1.3% like for like in the third quarter. In an optical market that has been steadily slowing since the beginning of the year – following an especially dynamic 2015 – US sales were lifted by the good performance of Crizal[®] lenses with independent eyecare professionals and by sustained strong business with the optical chains, led by gains in value-added lenses. The service platforms for independent eyecare professionals – Vision Source, PERC/IVA and Optiport – continued to record solid growth. However, as in the second quarter, overall results were dampened by the decline in Transitions Optical sales to other lens manufacturers and by the expiration of certain government supply programs (Department of Veterans Affairs and Medicaid in two states).

Lens business remained stable in Canada.

Online sales continued to be led by the success of the EyeBuyDirect™ and Frames Direct™ offerings, but remained impacted by the slower than expected return to growth for Coastal.com in the United States.

Sales in **Europe** ended the third quarter up 3.0% like for like, led by product mix improvements in Italy, Eastern Europe, Russia and most of the other countries in the region as well as by good momentum for the Instruments division. The recently introduced Eyezen™ lens got off to a good start, particularly in France and Spain. Operations in the Nordic countries had a good quarter, with particularly fast growth in online sales. These firm results helped to offset the more subdued performances in the United Kingdom and Central Europe.

The **Asia/Pacific/Middle East/Africa** region saw a 5.7% like-for-like increase in revenue, with sales impacted by a slowdown in consumer spending in the Middle East and difficulties in Turkey. Excluding these two factors, operations in the fast-growing countries delivered an excellent performance, while demand turned upwards in Australia and Japan, particularly from the optical chains. The product mix continues to improve in most of the region, thanks to strong sales of Varilux®, Crizal® and Transitions® lenses and the launch of the Eyezen™ line, which has been well received by eyecare professionals. Business in China remained on an upward trend in a mixed economic environment, driven by the partnerships formed in recent years in the mid-range lens segment. The Kodak® lens brand reported good results. Business in India remained brisk, with sustained growth led by the strong awareness of the Varilux® and Crizal® lenses. Operations in South Korea turned in another solid performance, while growth remained in the double digits in Southeast Asia and Africa.

Revenue from operations in **Latin America** rose by 4.5% like for like, reflecting a contrast between the worsening situation in Brazil and the sustained growth across the rest of the region.

After a resilient first-half, sales in Brazil declined slightly in the third quarter as the recession led to a significant falloff in optical store traffic. Expanding sales of Kodak® lenses and other mid-range solutions did not fully offset the soft performance of the premium lenses.

In the rest of the region, operations in Argentina, Colombia and Mexico reported strong gains. In Argentina, new partnerships are helping to step up the roll-out of Varilux® progressive lenses to independent laboratories, while in Mexico, sales surged by more than 30% on the back of strong demand. In Chile, the early-year acquisition of Ópticas OPV Ltda has provided a vehicle to help launch the Varilux® and Crizal® brands nationwide. Lastly, in Costa Rica and Nicaragua, Grupo Vision, which was acquired in April 2015, continues to deploy the Crizal® and Varilux® value-added lenses through its distribution network.

Sunglasses & Readers

The Sunglasses & Readers division turned in a 6.9% like-for-like gain in third quarter sales, rebounding off the first-half contraction caused by unfavorable weather conditions in the sunglasses segment and the disruptive deployment of the new inventory management system at Xiamen Yarui Optical (Bolon™) in China. Sales of sunglasses at FGX International were lifted by the fine summer weather conditions, while sales of readers

remained solid. In China, Xiamen Yarui Optical enjoyed an as-expected upturn in sales and continued to advance rapidly online and on international markets.

Equipment

The Equipment division saw sales climb 5.4% like for like in the third quarter, and continued to benefit from the investment cycle across the optical industry. In North America, upgraded surfacing and coating machines boosted sales to independent laboratories and leading optical chains alike. Sales rose sharply in Latin America, driven by the growing take-up of digital surfacing equipment by small-sized laboratories. In Asia, strong sales growth was reported on the back of higher production capacity for both the domestic and export markets. Backlog is on the rise.

Acquisitions and Partnerships

Since the beginning of the year, Essilor has pursued its strategy of forging local partnerships by acquiring majority interests in 16 companies representing aggregate full-year revenue of around €205 million.

➤ During the third quarter

In **Europe**, Essilor completed the acquisition of **MyOptique Group Ltd.**, a leading European online prescription glasses, contact lenses and sunglasses business. Based in the United Kingdom, MyOptique Group reported £57 million in revenue in its last fiscal year, which ended April 30, 2016.

In addition, as announced on July 29, Essilor of America deepened its footprint in the **United States** by acquiring a majority stake in **US Optical LLC**, a New York-based wholesale optical laboratory with around US\$35 million in annual revenue.

➤ Subsequent transactions

In **India**, a majority interest was purchased in **Mamtora**, a prescription laboratory and ophthalmic lens distributor based in the Kolkata region with revenue of around €2 million. The partnership has strengthened Essilor's presence in Eastern India, particularly in the fast-growing progressive lens segment.

In **Vietnam**, Essilor acquired a majority stake in **Essilor Distribution Vietnam**, owner of the assets of **Thai Thanh Phat**, an ophthalmic lens distributor with annual sales in the region of €1 million. The acquisition marks Essilor's first significant commercial foray into the Vietnamese market, comprising some 90 million people, a large proportion of whom lack satisfactory vision care.

In **Mexico**, Essilor acquired a majority interest in **Sistemas Ópticos Integrales, S.A. de C.V (SOI)**, an ophthalmic lens distributor based in Oaxaca state with annual revenue of around MXN 27 million. With two prescription laboratories and several distribution centers, SOI will allow Essilor to expand its footprint in the south-east of Mexico.

In the **Equipment** division, the Company acquired a majority stake in **SCL International**, a French manufacturer of cleaning and hard coating machines that also engineers and produces coatings for plastic lenses. Supported by the current management team, the new subsidiary, which has around €8 million in

annual revenue, will continue to develop innovative solutions for all its customers, while expanding the Satisloh portfolio of solutions.

Outlook

In the fourth quarter, Essilor plans to pursue and amplify the wide range of initiatives implemented to boost growth in all regions and all businesses. For the year as a whole, we remain fully engaged to deliver 2016 full-year results as close as possible to our annual objectives, despite headwinds in certain key countries.

By way of reminder, these objectives include full-year revenue growth at constant exchange rates of more than 8%, including a like-for-like gain of around 4.5% and a contribution from operations¹ of at least 18.8% of revenue, excluding any new major acquisitions.

¹ *Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs, and other operating expenses).*

A conference call in English will be held today at 10:00 a.m. CEST.

Please dial-in at the following numbers: +33 (0)1 76 77 22 57 or +44 (0)20 7026 5967 (access code: 8305838)

The call may also be heard later at: <http://hosting.3sens.com/Essilor/20161021-82A896F1/en/>

Investor calendar

The 2016 annual results will be released on February 17, 2017.

About Essilor

The world's leading ophthalmic optics company, Essilor designs, manufactures and markets a wide range of lenses to improve and protect eyesight. Its mission is to improve lives by improving sight. To support this mission, Essilor allocates more than €200 million to research and innovation every year, in a commitment to continuously bring new, more effective products to market. Its flagship brands are Varilux[®], Crizal[®], Transitions[®], Eyezen[™], Xperio[®], Foster Grant[®], Bolon[™] and Costa[®]. It also develops and markets equipment, instruments and services for eyecare professionals.

Essilor reported consolidated revenue of more than €6.7 billion in 2015 and employs 61,000 people worldwide. It markets its products in more than 100 countries and has 32 plants, 490 prescription laboratories and edging facilities, as well as five research and development centers around the world. For more information, please visit www.essilor.com.

The Essilor share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices.

Codes and symbols: ISIN: FR0000121667; Reuters: ESSI.PA; Bloomberg: EI:FP.

CONTACTS

**Investor Relations and Financial
Communications**

Véronique Gillet

Sébastien Leroy

Ariel Bauer

Tel.: +33 (0)1 49 77 42 16

Corporate Communications

Lucia Dumas

Tel.: +33 (0)1 49 77 45 02

Media Relations

Mailis Thiercelin

Tel.: +33 (0)1 49 77 45 02

APPENDICES

CONSOLIDATED REVENUE BY QUARTER

€ millions	2016	2015
First Quarter		
Lenses & Optical Instruments	1,567	1,454
> <i>North America</i>	710	650
> <i>Europe</i>	470	441
> <i>Asia/Pacific/Middle East/Africa</i>	283	267
> <i>Latin America</i>	104	96
Sunglasses & Readers	173	163
Equipment	44	42
TOTAL First Quarter	1,784	1,659
Second Quarter		
Lenses & Optical Instruments	1,562	1,501
> <i>North America</i>	668	663
> <i>Europe</i>	495	462
> <i>Asia/Pacific/Middle East/Africa</i>	282	269
> <i>Latin America</i>	117	107
Sunglasses & Readers	187	199
Equipment	50	49
TOTAL Second Quarter	1,799	1,749
Third Quarter		
Lenses & Optical Instruments	1,541	1,446
> <i>North America</i>	671	643
> <i>Europe</i>	461	431
> <i>Asia/Pacific/Middle East/Africa</i>	288	270
> <i>Latin America</i>	121	102
Sunglasses & Readers	132	126
Equipment	50	48
TOTAL Third Quarter	1,723	1,620
Fourth Quarter		
Lenses & Optical Instruments		1,440
> <i>North America</i>		632
> <i>Europe</i>		442
> <i>Asia/Pacific/Middle East/Africa</i>		265
> <i>Latin America</i>		101
Sunglasses & Readers		185
Equipment		63
TOTAL Fourth Quarter		1,688