Transitions and Intercast, a Very Good Fit with Essilor Strategy

A Large and Growing Market, Still Significantly Underpenetrated

- 7 billion people in the world
- 4.2 billion people (60%) require vision correction

1.7 billion Corrected
2.5 billion Not corrected

A Strategy that Delivers Results

- INNOVATE: Products & Services
- DEVELOP: Top & Mid-range Markets
- GROW: Acquisitions & Partnerships
- STIMULATE: Demand for Vision Improvement

Operational and management efficiency
Corporate social responsibility

Global market growing at 3-4%
Highlights

➤ Transitions: a key Essilor asset for past 23 years

➤ Global leader in organic photochromic lenses and one of the most successful optical brands

➤ Unique, open business model supplying major lens manufacturers, including Essilor (62%)

➤ Photochromic and Sun: among the fastest-growing optical categories

➤ Low execution risk

➤ Enhanced value creation for Essilor and its shareholders
Transitions: 23-Year Partnership With Essilor

**Transitions**

- 2012 revenue: $814m
  - Of which $310m with third party lens manufacturers

**Strong ties with Essilor**
- Co-created in 1990 with PPG Industries

**Innovation leadership**
- 170 patent families
- 90% of revenue from products less than 4 years old

**A powerful product portfolio with promising innovation**
- Everyday lenses (clear to dark):
  - Transitions Signature VII
  - Transitions Vantage (clear to polarized)
- Sun lenses (dark to darker)

**Global presence**
- Distribution in 75 countries
- Available in over 100 designs (24,000 SKUs)

**Intercast**

- 2012 revenue: $34m

**Leading sun-lens manufacturer**
- Plano, semi-finished single vision, shields for visors/goggles
- Comprehensive range of materials
- Cutting edge manufacturing expertise
Leading Brand in Photochromic Lenses Worldwide

Strong Consumer Recognition

Powerful Product Portfolio with Promising Innovation
Global Supply Chain and Distribution Network

- 5 Plants
- Headquarters
- 3 Regional hubs: Paris, Singapore & Sao Paulo
Meeting an Essential Vision Need: Brightness Management

### Loyal Existing Customer Base

#### Very High Satisfaction Level

- 87% of clear lens wearers
- 89% of photochromic lens wearers
- 71% of <45 yo
- 68% of >45 yo

70% of existing wearers would replace with another pair of photochromics

### Significant Growth Potential

#### Multipair

- 84% of France
- 76% of Italy

Share of Photochromic Wearers with Multiequipment

73% of existing wearers have at least one additional pair of sunglasses

#### Presbyopes

- 63% of clear lens wearers
- 34% of photochromic wearers
- 29% of extremely and very interested

Clear lens wearers over 45yo interested in having a photochromic pair

- 65% pay special attention to their health
- 56% willing to pay more for higher quality products

#### Myopes/Hyperopes

- 19% of progressive lenses
- 6% of single vision lenses

Penetration rate of photochromic lenses in volume

A significant UNTAPPED potential

Source: Ipsos U&A Sunwear 2012 conducted in France, Italy and in the US

Transitions Optical & Intercast
Photochromic Segment Growing Twice As Fast As The Optical Market …

- **CAGR** c.7%
- **CAGR** 3-4%

Basis 100 in 2000 / Source: Essilor estimates
... With Significant Worldwide Additional Growth Potential

Worldwide Penetration Rate of Photochromic Lenses in volume: 10%

Strong regional differences

Source: Essilor estimates - IM 2011
Strengthening Essilor’s Offer in Sunwear

**Prescription Sun Lenses**
- Photochromic: Transitions® Performance Sunwear
- Polarized: Xperio®, Polaroid® & Onbitt technologies
- Prescription lenses for wrap-around sunwear
- UV Protection: Crizal® UV, e-SPF 50
- Shamir outdoor activities designs

**Plano Sun Lenses**
- Intercast complements BNL, Polycore & Gentex offerings: comprehensive lens material offer
- Mid to Premium market positioning

**Readers & Sunglasses**
- Development of FGX & Stylemark sun presence
- Photochromic Readers
- Mid-market positioning
Key Transaction Data

- Acquisition price: $1.73bn on closing and $125m spread over five years for 51% of Transitions and 100% of Intercast
- 100% cash acquisition
- Adjusted 2012 EBITDA acquisition multiple*: 12.5x
- Post transaction Gearing**: < 0.4x
- Expected closing: H1 2014, subject to regulatory approvals

* Adjusted for royalties paid to shareholders  ** Consolidated net debt to equity
Full Ownership Enabling Essilor to Envisage Major Opportunities

- Drive faster growth in the expanding photochromic category, in particular in Europe, Asia, Latin America as well as in the mid-market
- Leverage Transitions brand worldwide, one of the top 3 lens brands with Varilux and Crizal
- Capitalize on synergies between Essilor and Transitions’ networks and expertise
- Further expand market by continuing to offer Transitions products to all lens manufacturers
- Strengthen Essilor’s strategy in sunwear

Unlock the full potential of the photochromic and sun markets
A Value-creating Transaction for Essilor’s Shareholders

- Increase Essilor contribution margin to 19.5% after PPA costs by Year 2 of the integration

- EPS accretive from Year 1 of the integration and by at least 5% per annum from Year 2

- Increase Essilor like-for-like growth by 50 bp from Year 3 of the integration
To Sum Up

- Acquisition of a fast-growing optical category leader
- Unlocking the worldwide potential of a leading optical brand
- Strong impact on organic growth and contribution margin
- Low execution risk
- Strengthen Essilor’s sunwear offer and positioning
- Significant value enhancement for Essilor’s shareholders

Strengthen Essilor’s core business
Appendices
Intercast: Premier Sun Lens Manufacturer

2012 Revenue

$34m

Main product lines

Plano sunlens + SFSV sunlens + Shields for visors/goggles

Materials

NXT + CR-39 + Polyamide + Polycarbonate

Locations

Headquarters in Parma, Italy + Plant in Thailand
Current Method of Consolidating Transitions’ Results in Essilor’s P&L

- Revenue: 0
- Transitions’ net profit coming from Essilor products: 49%
- Transitions’ net profit coming from other customers: 49%
- Gross Margin
- Operating Expense
- Contribution from Associates

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