

## Revenue up a Robust 9.4% Excl. the Currency Effect

- ↗ Like-for-like growth at 5%, in line with full-year guidance
- ↗ Very strong growth in the Lenses & Optical Instruments division, up 5.7% like-for-like
- ↗ Sustained momentum in the fast-growing countries
- ↗ A very active quarter in acquisitions

**Charenton-le-Pont, France (April 21, 2016 – 6.30 a.m.)** – Essilor International, the world leader in ophthalmic optics, today announced that consolidated revenue for the first quarter of 2016 totaled €1,784 million, representing an increase of 9.4% excluding the currency effect.

### Consolidated revenue – first-quarter 2016

€ millions	Q1 2016	Q1 2015	Change (reported)	Change (like-for-like)	Changes in scope	Currency effect
<b>Lenses &amp; Optical Instruments</b>	<b>1,567</b>	<b>1,454</b>	<b>+7.8%</b>	<b>+5.7%</b>	<b>+4.3%</b>	<b>-2.3%</b>
<i>North America</i>	<b>710</b>	<b>650</b>	<b>+9.3%</b>	<b>+4.7%</b>	<b>+3.5%</b>	<b>+1.1%</b>
<i>Europe</i>	<b>470</b>	<b>441</b>	<b>+6.4%</b>	<b>+4.7%</b>	<b>+2.7%</b>	<b>-1.0%</b>
<i>Asia/Pacific/ Middle East/Africa</i>	<b>283</b>	<b>267</b>	<b>+6.0%</b>	<b>+8.9%</b>	<b>+1.4%</b>	<b>-4.3%</b>
<i>Latin America</i>	<b>104</b>	<b>96</b>	<b>+9.1%</b>	<b>+9.0%</b>	<b>+25.7%</b>	<b>-25.5%</b>
<b>Sunglasses &amp; Readers</b>	<b>173</b>	<b>163</b>	<b>+6.0%</b>	<b>-1.5%</b>	<b>+6.9%</b>	<b>+0.6%</b>
<b>Equipment</b>	<b>44</b>	<b>42</b>	<b>+2.9%</b>	<b>+3.5%</b>	<b>-1.0%</b>	<b>+0.3%</b>
<b>TOTAL</b>	<b>1,784</b>	<b>1,659</b>	<b>+7.5%</b>	<b>+5.0%</b>	<b>+4.4%</b>	<b>-1.9%</b>

"The Lenses & Optical Instruments division's very good start to the year and the firm demand observed in both developed and fast-growing countries further strengthens our confidence in meeting our 2016 guidance," noted Hubert Sagnières, Chairman and Chief Executive Officer. "This is particularly the case as the business momentum of the Sunglasses & Readers division is only expected to be reflected in our numbers in the coming months. Our successful first-quarter performance therefore confirms the validity of our strategy aimed at combining innovation, acquisitions and consumer marketing in prescription lenses, sunwear and online sales, in order to fulfill a particularly exciting mission, namely to offer 7.2 billion consumers around the planet the right solutions to correct and protect their vision."

## First-Quarter Revenue

The 5% like-for-like increase in first-quarter revenue reflected:

- A sharp acceleration in the Lenses & Optical Instruments division, whose like-for-like growth stood at 5.7% for the period, one of the highest figures since 2008.
- A 1.5% like-for-like decline in Sunglasses & Readers revenue, a one-time impact further to the introduction of ARTEMIS<sup>1</sup>, a new dealer fulfillment system by Xiamen Yarui Optical (Bolon™).

Newly acquired companies increased reported revenue for the period by 4.4%, which reflected significant contributions both over the full quarter from acquisitions completed in 2015 (positive 3.4% impact) and on a pro-rata basis from the acquisitions consolidated in the first three months of 2016.

The currency effect reduced reported revenue by 1.9%, with the positive impact of movements in the euro against the US dollar unable to fully offset both the decline in the Brazilian real as well as that of the Canadian dollar, British pound, Colombian peso and Mexican peso.

## Revenue by Region and Division

### Lenses & Optical Instruments

In **North America**, all of the distribution channels – independent optometrists, optical chains and online – contributed to the 4.7% like-for-like sales growth.

In the expanding US market, business with independent optometrists continued to be driven by innovation and consumer marketing campaigns, which spurred faster growth in the sales of Crizal® and Transitions® lenses. In addition, Essilor began collaborating with recently acquired service platforms Vision Source and PERC/IVA to develop new solutions that were widely acclaimed by their members.

Sales to managed care organizations, large optical chains and other key accounts also trended upwards over the period. The contact lens distribution business enjoyed another quarter of robust growth.

The performance in Canada was led by the success of the Varilux®, Crizal® and Nikon® brands, the deployment of the Eyezen™ product line and other lenses offering blue-light protection, and the instruments business.

Lastly, online sales were up with EyeBuyDirect™ and Frames Direct™ growing at a solid double-digit pace while the re-deployment of Coastal continued in North America.

In **Europe**, revenue rose by 4.7% like-for-like, lifted by the start-up of marketing campaigns early in the period. The advertising drove volume gains and product-mix improvements led by Varilux® and other branded progressive lenses, anti-reflective lenses and blue-light filtering coatings. The independent eyecare professionals segment, which often leads the market in the sale of these products, helped to spur robust growth in sales, especially in Italy, Eastern Europe and Russia, where our operations consistently

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<sup>1</sup> *Accelerate Revenue Through Efficient Merchandising and Integrated Solutions*

outperformed the regional average. Sales of optical instruments and online sales both enjoyed double-digit growth.

Sales in the **Asia/Pacific/Middle East/Africa** region rose by 8.9% like-for-like, led by gains in the fast-growing countries. Operations in India enjoyed robust growth and improved the product mix thanks to stronger sales of photochromic and progressive lenses. In China, growth was led by the popularity of blue-light filtering lenses, an acceleration in export sales and strong momentum for local partners. Business in South Korea benefited from the positive response to progressive lenses, demand for the Perfect UV solutions and export sales. Revenue in Indonesia and the Philippines grew at a double-digit pace over the period. Africa/Middle East turned in a very fine performance, with particularly good results in Turkey, Saudi Arabia and Morocco. Operations in the region's developed countries returned to growth over the period, thanks to successful partnerships with leading optical chains in Australia / New-Zealand and Japan.

Revenue rose by 9% like-for-like in **Latin America**, as modest sales growth in Brazil's sluggish economy and a turbulent political environment was offset by strong gains across the rest of the region.

Despite the slowdown in optical store footfalls in Brazil, Essilor leveraged the depth of its product portfolio, particularly in the Varilux<sup>®</sup> and Crizal<sup>®</sup> lines, and the ramp-up in its laboratory network to increase the market penetration of its value-added lenses. In addition, the mid-tier Kodak<sup>®</sup> line continued to enjoy fast growth, especially in southern Brazil, which helped to strengthen Essilor's local market positions.

Operations in Mexico and Colombia turned in the fastest growth, at more than 20% for the quarter. Boosted by sustained consumer marketing campaigns, demand was especially brisk for the value-added lines, like Varilux<sup>®</sup>, Crizal<sup>®</sup> and Transitions<sup>®</sup> lenses. Sales were also firm in Chile and Argentina.

In Costa Rica and Nicaragua, Essilor capitalized on the acquisition of Grupo Vision in 2015 to step up the market introduction both of the premium lens lines, like Varilux<sup>®</sup> lenses, and the Costa<sup>®</sup>-brand sunglasses. The acquisitions of OPV in Chile and Ocutec in Peru during the quarter (see the section on Acquisitions) have also helped to rebalance the business portfolio's geographic footprint and strengthen the Company's growth profile in the region.

### **Sunglasses & Readers**

The Sunglasses & Readers division reported a 1.5% like-for-like decline in revenue for the period, due to Xiamen Yarui Optical (Bolon<sup>™</sup>) in China. Early in the year, Xiamen Yarui Optical introduced the new Artemis<sup>1</sup> inventory management system designed to make its restocking policy more flexible and efficient. As a result, Xiamen Yarui Optical voluntarily limited deliveries of sunwear inventory to wholesalers in the first quarter, although this will be more than offset by restocking through the rest of the year. Further to the changeover, Xiamen Yarui Optical recorded a 33% decline in revenue for the quarter, even as the Bolon<sup>™</sup> brand's in-store sales remained robust. This supports Xiamen Yarui Optical's expectation of double-digit revenue growth in 2016, in line with prior-year performance.

Excluding the new system implementation, the Bolon<sup>™</sup> brand continued to expand in China with the opening of new stores, in airport duty-free chains, and in new countries like Malaysia, Thailand and Indonesia. In North

America, FGX International had a very good first quarter, particularly in reading glasses, led by the positive impact of the new POS displays, the ramp-up of value-added products, and a new contract in Canada. Lastly, the Costa<sup>®</sup> brand maintained its strong growth and nationwide expansion in the United States, thanks to its entry into the Northern and West Coast markets as well as the development of its prescription sunwear offer. The brand also made a highly encouraging debut outside the US during the quarter.

### Equipment

The 3.5% like-for-like growth in Equipment sales was led by demand in North America across every product line, including digital surfacing machines, multi-layer coating machines and consumables. In the fast-growing countries, the situation has stabilized in Latin America but remains challenging in Asia. Lastly, the division continued to be adversely impacted by the recognition of sales to controlled entities as intra-group revenue.

### Acquisitions and Partnerships

Since the beginning of the year, Essilor has stepped up its strategy of forging local partnerships, with **nine new transactions** representing combined revenue of around €100 million on a full-year basis.

In **South Africa**, a majority stake has been acquired in **One Vision Optical Pty Ltd.**, an eyewear, readers and sunglasses distributor with around €6 million in revenue, which also markets comprehensive vision solutions to independent opticians. It holds strong positions across sub-Saharan Africa.

In **Canada**, Essilor has acquired a majority stake in **Axis Medical Canada Inc.**, an optical instruments distributor to eyecare professionals with revenue of around CAD 6 million. It will enable the Company to drive faster sales of instruments, particularly its refraction and optometry technologies.

Essilor has entered the **Peruvian** market with the acquisition of **Ocutec Laboratorio**, a prescription laboratory with around €3 million in revenue. It will enable Essilor to expand its product and brand portfolio in a country where there are more than 30 million inhabitants and strong demand for better vision.

These acquisitions come on top of the five transactions already announced since the beginning of the year, i.e., **Vision Direct** in the United Kingdom, **iCare Industries** in the United States, **OPV** in Chile and two small laboratories in Brazil.

Lastly, on April 1, Essilor of America completed an investment in **Opti-Port LLC**, a U.S. alliance of leading, multi-office eyecare practices. This acquisition will continue to strengthen the independent eyecare profession in the United States by accelerating key programs designed to deliver a stronger patient experience.

## Outlook

Based on these good first-quarter results, the Company has confirmed its guidance for the year, which calls for revenue growth, at constant exchange rates, of more than 8%, including a like-for-like gain of around 5%, and a contribution from operations<sup>2</sup>, excluding any new strategic acquisitions, of at least 18.8% of revenue.

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

Please dial-in at the following numbers: +33(0)1 76 77 22 29 or +44(0)20 3427 1900 (access code: 3264035)

The call may also be heard later at: <http://hosting.3sens.com/Essilor/20160421-4F3EA547/en/>

## Investor calendar

The Annual Shareholders' Meeting will be held on May 11, 2016 at 10:30 a.m. at Maison de la Mutualité in Paris.

The 2016 first-half results will be released on July 29, 2016.

### 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<sup>®</sup>, Crizal<sup>®</sup>, Transitions<sup>®</sup>, Eyezen<sup>™</sup>, Xperio<sup>®</sup>, Foster Grant<sup>®</sup>, Bolon<sup>™</sup> and Costa<sup>®</sup>. 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](http://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.

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<sup>2</sup> Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs, other operating expenses).

## Appendix: Consolidated Revenue by Quarter

€ millions	2016	2015
<b>First Quarter</b>		
<b>Lenses &amp; Optical Instruments</b>	1,567	1,454
> North America	710	650
> Europe	470	441
> Asia/Pacific/Middle East/Africa	283	267
> Latin America	104	96
<b>Sunglasses &amp; Readers</b>	173	163
<b>Equipment</b>	44	42
<b>TOTAL First Quarter</b>	<b>1,784</b>	<b>1,659</b>
<b>Second Quarter</b>		
<b>Lenses &amp; Optical Instruments</b>		1,501
> North America		663
> Europe		462
> Asia/Pacific/Middle East/Africa		269
> Latin America		107
<b>Sunglasses &amp; Readers</b>		199
<b>Equipment</b>		49
<b>TOTAL Second Quarter</b>		<b>1,749</b>
<b>Third Quarter</b>		
<b>Lenses &amp; Optical Instruments</b>		1,446
> North America		643
> Europe		431
> Asia/Pacific/Middle East/Africa		270
> Latin America		102
<b>Sunglasses &amp; Readers</b>		126
<b>Equipment</b>		48
<b>TOTAL Third Quarter</b>		<b>1,620</b>
<b>Fourth Quarter</b>		
<b>Lenses &amp; Optical Instruments</b>		1,440
> North America		632
> Europe		442
> Asia/Pacific/Middle East/Africa		265
> Latin America		101
<b>Sunglasses &amp; Readers</b>		185
<b>Equipment</b>		63
<b>TOTAL Fourth Quarter</b>		<b>1,688</b>