



Essilor Continues to Expand in a Robust Market

- ▶ Third quarter performance in line with the second quarter, excluding calendar effects
- ▶ Robust growth in emerging markets
- ▶ Strong start for the Varilux® S series
- ▶ 2012 guidance confirmed

Charenton-le-Pont, France (October 25, 2012, 6:30 a.m.) – Essilor International, the world leader in ophthalmic optics, today announced that consolidated revenue for the nine months ended September 30, 2012 totaled €3,759.1 million. **This represented a year-on-year increase, before the currency effect, of 15.9%, exceeding the 12 to 15% growth target set at the beginning of the year.**

Nine-month consolidated revenue up 5.8% like-for-like

€ millions	2012 (9 months)	2011 (9 months)	% Change (reported)	% Change (like-for-like)	Contribution from acquisitions
Lenses and optical instruments	3,354.3	2,816.4	+ 19.1%	+ 6.0%	+ 8.0%
North America	1,344.0	1,140.1	+ 17.9%	+ 4.6%	+ 3.4%
Europe	1,168.6	1,089.2	+ 7.3%	+ 3.2%	+ 3.3%
Asia-Pacific & Africa ^a	618.9	401.4	+ 54.2%	+ 14.3%	+ 31.6%
Latin America	222.8	185.7	+ 20.0%	+ 12.7%	+ 13.0%
Equipment	143.6	131.9	+ 8.9%	+ 1.3%	+ 0.7%
Readers	261.2	151.1	+ 72.9%	+ 5.7%	+ 57.7%
TOTAL	3,759.1	3,099.4	+ 21.3%	+ 5.8%	+ 10.1%

^a The change in consolidation method applied to Nikon-Essilor and Essilor Korea, which were fully consolidated as of January 1 and February 1, 2012, respectively, added €77.7 million to nine-month revenue, thereby accounting for 19.6% of the growth in Asia-Pacific & Africa revenue and 2.5% of the growth in consolidated revenue.

Commenting on this performance, Hubert Sagnières, Chairman and Chief Executive Officer, said: “Essilor continues to implement its strategy of innovation in every market in response to the demand for better visual health. Following in the tracks of Optifog™, and Crizal® UV early in the year, the new Varilux® S series progressive lens is being steadily deployed by our teams, country by country. The third quarter performance is a further illustration of our ability to diligently execute our action plans around the world and we remain confident in achieving our objectives for 2012.”

The 5.8% organic growth reflected the strong momentum in the Lenses and Optical Instruments business, led by new products and fast growing demand, as well as the solid performance by the Readers division.

Newly acquired companies increased revenue for the period by 10.1%, with bolt-on acquisitions¹ accounting for 2.7% of the gain and the 2011 strategic acquisitions of Shamir Optical and Stylemark representing 4.9%.

The remaining 2.5% improvement was attributable to the Nikon-Essilor and Essilor Korea joint ventures, which are now fully consolidated instead of 50% as previously.

Lastly, the 5.4% positive currency effect was mainly due to the rise against the euro in the US dollar and, to a lesser extent, the Canadian dollar, the Chinese yuan and the Australian dollar which more than offset the impact of the decline in the Brazilian real.

Third-quarter consolidated revenue up 4.0% like-for-like

Compared with the prior-year period, third-quarter 2012 revenue was impacted by two calendar effects:

- The fewer number of billing days, whose impact was particularly material in the United States and Canada, as well as to a lesser extent in Europe, Brazil and Australia.
- The schedule for fulfilling a contract to supply a one-hour anti-reflective lens technology to North-American optical chain LensCrafters.

Excluding these effects, the third quarter performance was in line with the second quarter.

€ millions	Q3 2012	Q3 2011	% Change (reported)	% Change (like-for-like)	Contribution from acquisitions
Lenses and optical instruments	1,105.1	952.0	+ 16.1%	+ 3.8%	+ 5.6%
<i>North America</i>	446.2	382.3	+ 16.7%	+ 1.0%	+ 2.7%
<i>Europe</i>	370.9	356.1	+ 4.2%	+ 2.3%	+ 0.5%
<i>Asia-Pacific & Africa^a</i>	210.7	143.7	+ 46.6%	+ 11.5%	+ 25.0%
<i>Latin America</i>	77.3	69.9	+ 10.6%	+ 10.6%	+ 7.6%
Equipment	48.0	42.4	+ 13.1%	+ 3.4%	+ 0.4%
Readers	75.5	44.9	+ 68.3%	+ 8.5%	+ 46.3%
TOTAL	1,228.6	1,039.3	+ 18.2%	+ 4.0 %	+ 7.1%

^a The change in consolidation method applied to Nikon-Essilor and Essilor Korea, which were fully consolidated as of January 1 and February 1, 2012, respectively, added €27.3 million to third-quarter revenue, thereby accounting for 19.2% of the growth in Asia-Pacific & Africa revenue and 2.6% of the growth in consolidated revenue.

In the third quarter, consolidated revenue rose by 4.0% like-for-like. The 7.1% contribution from acquisitions comprised a 2.5% gain from bolt-on acquisitions¹ and a 2.0% increase from the consolidation of Stylemark. The rest came from the joint-ventures that are now fully consolidated, as opposed to 50% in the third quarter of 2011.

¹Acquisitions or local partnerships

The currency effect, which added 7.1% to reported growth, primarily reflected the increase in the US dollar against the euro.

Performance by region and by division

During the period, Essilor pursued its growth strategy in the still very fast growing ophthalmic optics market, with:

- Robust growth in developed markets.
- Strong expansion in emerging markets.
- Highly successful new products, including the Varilux[®] S series launched during the quarter.

Demand remains brisk in **North America**. In the United States, sales to independent eyecare professionals are still being driven by anti-reflective lenses, including Crizal[®] UV. Sales to independent laboratories were particularly sustained over the period.

Growth was firm in **Europe**, with the exception of selected markets in Southern Europe, notably Italy and Portugal, and the Instruments division. Since its launch in early September, the Varilux[®] S series, the new-generation progressive lens, has been very successful, especially in France and Switzerland. The Varilux[®] S series won the gold medal at the SILMO international optics show in Paris.

In the **Asia-Pacific & Africa** region, all of the fast-growing markets, led by China and India, maintained their strong expansion. Business with the optical chains slowed in Australia but sales to independent eyecare professionals are still trending upwards. Growth in Japan remained firm despite the expected changes in the competitive environment.

In **Latin America**, demand continued to rise in Brazil and especially Mexico, where revenue growth is being driven by volume gains and an improving sales mix. The deteriorating economic environment weighed on revenue in Argentina.

The **Equipment** division continued to hold revenue firm at a high level. Demand for digital surfacing machines was strong in both North and South America, while the consumables segment continues to enjoy sustained growth.

During the quarter, Satisloh opened a facility in China, comprising a sales and customer service office and a logistics center. Located in Danyang, Jiangsu where the country's largest ophthalmic lens producers are based, the center will enable Satisloh to broaden its range of solutions for fast growing local optical companies.

Lastly, the **Readers** division had a very good quarter, thanks to the ramp-up of a major contract with a leading US retail chain, strong demand in the sunglasses segment and the fast growth in international sales, particularly in Latin America.

Significant third-quarter events and other transactions

Since the beginning of the second half, Essilor has completed eight new transactions as part of its ongoing bolt-on acquisitions² strategy, which is extending local coverage and bringing innovations to more markets more quickly.

In addition to the already announced transactions with **Riachuelo** in Brazil and **Optovision** in Argentina, in the third quarter Essilor acquired **Balester Optical**, a US-based prescription laboratory with \$13.7 million in revenue.

Acquisitions since October 1

Five new acquisitions have been completed since the beginning of October.

Two new partnerships were formed in the United States with prescription laboratories **Hirsch Optical** (New York, with \$8.3 million in revenue) and **Carskadden Optical Company** (Ohio, with \$1.7 million in revenue).

A third transaction was carried out in Morocco, where Essilor has agreed to acquire a majority stake in **Movisia**, the exclusive distributor for Nikon and Kodak brand lenses. Based in Casablanca, Movisia has almost €1 million in revenue.

In South Africa, a majority interest was acquired in **Evolution Optical**, a prescription laboratory with revenue of €1.2 million formed by the merger of Uniti Optical and Progress Optical, based respectively in Cape Town and Johannesburg. Evolution Optical is now an exclusive agent for BBGR lenses in this market of 50 million people, only 20% of whom have corrective eyewear.

Lastly, Essilor has entered the Sri Lankan market by acquiring a controlling interest in **Global Vision**, a prescription laboratory and distributor with around €1 million in revenue. As a result, the Company will be able to promote its technologies and brands in a market with 20 million inhabitants.

In addition, the Company completed the acquisition of **Opak** in Turkey.

Since the beginning of the year, Essilor has formed 22 partnerships, representing aggregate full-year revenue of €94 million.

Cash position

Essilor continued to generate solid operating cash flow,³ enabling it to reduce net debt by nearly €200 million compared during the quarter to €414 million at September 30, 2012.

Outlook

Essilor confirms its full-year objectives of 12% to 15% growth in revenue, before the currency effect, and of sustained high profitability excluding strategic acquisitions.

²Acquisitions or local partnerships

³Net cash from operating activities before working capital requirement



Appendix – Revenue by quarter, 2012 vs. 2011

€ millions	Q3 2012	Q2 2012	Q1 2012	Q3 2011	Q2 2011	Q1 2011
Lenses and optical instruments	1,105.1	1,110.3	1,138.9	952.0	920.8	943.7
<i>North America</i>	446.2	442.0	455.8	382.3	363.2	394.6
<i>Europe</i>	370.9	392.1	405.6	356.1	367.8	365.3
<i>Asia-Pacific & Africa</i>	210.7	202.7	206.5	143.7	127.7	131.0
<i>Latin America</i>	77.3	73.5	71.0	69.9	62.0	52.8
Equipment	48.0	49.8	45.7	42.4	49.0	40.4
Readers	75.5	100.5	85.3	44.9	62.7	43.5
TOTAL	1,228.6	1,260.6	1,269.9	1,039.3	1,032.5	1,027.6

A conference call in French will be held today at 9:00 a.m. CEST

The number to dial is: + 33 (0)1 70 99 42 86

The conference will be available for later listening at:

<http://hosting.3sens.com/Essilor/20121025-1388F3EC/fr/>

A conference call in English will follow at 10:00 a.m. CEST

The number to dial is: +44 (0)20 7136 2055

The conference will be available for later listening at:

<http://hosting.3sens.com/Essilor/20121025-1388F3EC/en/>

Forthcoming investor events

The 2012 annual results will be released on February 28, 2013.

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 corporate mission is to enable everyone around the world to access lenses that meet his or her unique vision requirements. To support this mission, the Company allocates around €150 million to research and development every year, in a commitment to continuously bring new, more effective products to market. Essilor's flagship brands are Varilux®, Crizal®, Definity®, Xperio®, Optifog™ and Foster Grant®. It also develops and markets equipment, instruments and services for eyecare professionals.

Essilor reported consolidated revenue of €4.2 billion in 2011 and employs around 48,700 people in some 100 countries. It operates 19 plants, a total of 390 prescription laboratories and edging facilities, as well as several research and development centers around the world.

For more information, please visit www.essilor.com.

The Essilor share trades on the NYSE Euronext Paris market and is included in the EuroStoxx 50 and CAC 40 indices. Codes and symbols: ISIN: FR FR0000121667; Reuters: ESSI.PA; Bloomberg: EI:FP.



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