

Sales up a strong 14.5% at constant exchange rates Annual targets confirmed

- Further improvement in quarterly organic growth to 3.9%
- Successful innovations and stepped-up consumer marketing
- Swift momentum in the United States and fast-growing countries
- Integration of major acquisitions proceeding in line with objectives

Charenton-le-Pont, France (October 24, 2014 – 6:30 a.m.) – Essilor International, the world leader in ophthalmic optics, today announced that consolidated revenue for the third quarter of 2014 totaled €1,415 million, representing an increase of 14.5% excluding the currency effect.

Consolidated revenue – third quarter 2014

<i>In € millions</i>	Q3 2014	% Change (reported)	% Change (like-for-like)	Change in the scope of consolidation	Currency effect
Lenses and Optical Instruments	1,274	+14.3%	+5.5%	+9.0%	-0.2%
<i>North America</i>	527	+19.8%	+7.1%	+13.2%	-0.5%
<i>Europe</i>	409	+8.7%	+0.3%	+7.7%	+0.7%
<i>Asia/Pacific/Middle East/Africa</i>	234	+12.9%	+8.0%	+5.0%	-0.1%
<i>Latin America</i>	104	+14.2%	+13.3%	+3.5%	-2.6%
Equipment	46	-12.5%	-10.1%	-2.3%	-0.1%
Sunglasses & Readers	95	+35.0%	-10.5%	+44.4%	+1.2%
TOTAL	1,415	+14.4%	+3.9%	+10.6%	-0.1%

“Everywhere in the world, the eyecare market continues to enjoy strong demand for visual health,” said Hubert Sagnières, Chairman and Chief Executive Officer of Essilor. “The third-quarter performance attests to the ability of our teams and strengthened management organization to carry out Essilor’s mission and execute a clear strategy aimed at increasing market share in all of its businesses, i.e. ophthalmic lenses, sun lenses and online sales. The dynamic we set in motion is really paying off and allowing us to approach the end of the year as well as 2015 with confidence.”

Third-quarter revenue driven by an acceleration in the Lenses and Optical Instruments division

Like-for-like growth in the third quarter (3.9%) was led by the Lenses and Optical Instruments division, which saw a 5.5% like-for-like revenue increase, its strongest rate of expansion since the second quarter of 2012.

This performance was underpinned by a variety of factors:

- Vigorous sales of value-added products, including the Crizal[®], Varilux[®], Transitions[®] and Xperio[®] lenses.
- The positive impact of consumer marketing campaigns.
- An excellent performance in the United States and Canada.
- 11.2% like-for-like growth in fast-growing countries, which account for about 22% of consolidated sales.

Newly acquired companies increased reported revenue for the period by 10.6%, which reflected the 3.8% positive impact of bolt-on acquisitions¹, primarily due to strong growth achieved by sun lens businesses Xiamen Yarui Optical (Bolon[®]) in China and Costa Inc. in the United States (see Sunglasses & Readers below), and the 6.7% positive impact of strategic acquisitions. Strategic acquisitions included Coastal.com, the integration of which is proceeding in line with the objective to return to profit, and Transitions Optical, which is enjoying sustained momentum in sales to third-party lens casters and continuing to help unlock synergies, thereby providing the resources to fund the ramp-up of Essilor's consumer marketing initiatives.

The **currency effect** was negligible, reducing revenue by just 0.1% for the quarter. In fact, the gradual rise in the U.S. dollar over the period had a positive impact on revenue toward the period-end.

Revenue by region and division

Sales in **North America** continued to grow very rapidly (up 7.1% like-for-like) in a dynamic market. In Canada, sales continued to advance at a satisfactory pace. In the United States, Essilor led an assertive consumer communication strategy to support growth in sales of its flagship brands Varilux[®], Crizal[®], Transitions[®] and Xperio[®] among independent optometrists and to speed the deployment of high value-added progressive, antireflective, photochromic and polarized lenses. Growth was also lifted by managed care organizations and large optical chains, the healthy performance of retail operations and the uptick in online sales from Frames Direct and EyeBuyDirect.

Sales in **Europe** were slightly higher (up 0.3% like-for-like), with successful sales to key accounts and the effects of consumer advertising offsetting the still significant impact of a sales contract lost in the second half of 2013.

Conditions varied from country to country. Growth was led by the ongoing recovery of the Southern European countries. Following the example of Spain, where growth was in the double digits, sales in Italy were

¹ Acquisitions or local partnerships

stimulated by promotional campaigns. The United Kingdom and the Eastern European countries went from strength to strength. The situation remained more difficult in Germany and in Northern Europe.

Asia-Pacific/Middle East/Africa operations (up 8% like-for-like) were buoyed by swift momentum in fast-growing countries. In China, the positive impact of the consumer media campaign focusing on Crizal® UV and the E-SPF UV protection index, coupled with strong demand for Transitions® photochromic lenses, drove double-digit growth in the domestic market, which offset a flat performance in the export business.

India saw double-digit growth in both the domestic and export markets, against a backdrop of economic recovery. The increase was mainly driven by Varilux® progressive lenses and antireflective lenses, enabling Essilor to strengthen its positions particularly in the mid-range. Growth improved in Southeast Asia, whereas the situation in South Korea was more nuanced. South Africa witnessed a sharp acceleration.

Performances by developed economies in the region were mixed. Japan's relatively weak performance was offset by Australia's robust growth, helped by the performance of the Crizal® UV lens, which was endorsed by Cancer Council Australia for its protective action against harmful UV rays.

Despite more difficult economic conditions in the region, growth accelerated in **Latin America** (up 13.3% like-for-like), where consumer demand for better vision remained strong. In Brazil, Essilor reaped the rewards of the nationwide media campaign promoting the Crizal® brand and the successful launch in the southern part of the country of Kodak®-brand lenses, which are the new standard-bearers in the mid-range segment. Colombia continued to deliver very strong growth, driven by all of Essilor's brands. For its part, Chile benefited from the ramp-up of a contract with a major regional optical chain. Performances were less favorable in Mexico and Argentina.

In **Sunglasses & Readers**, the strategy to expand internationally and move the sunglasses range up market is being carried out as planned. Recent acquisitions continued to drive high levels of growth. These mainly corresponded to Costa, a major player in the high-performance sunglasses segment in the United States, and Xiamen Yarui Optical, which is leveraging the growing success of the Bolon® brand in China. In addition, deployment of the FGX lineup outside North America continued smoothly, with solid performances achieved in Latin America and Europe.

The 10.5% like-for-like decline in sales for the division was therefore exclusively linked to FGX's operations in the North American market. Despite higher sales of its products to end consumers, its revenue was affected by the inventory drawdown policies implemented by certain customers as well as the postponement of programs to renew eyewear collections, which normally lift growth. Facing these headwinds, FGX introduced a series of new measures to revitalize its sales. A significant improvement in performance is expected in the fourth quarter.

The **Equipment** division (down 10.1% like-for-like) was hurt by an unfavorable basis of comparison and by a weak backlog at the beginning of the quarter that reflected the slowdown in demand for digital surfacing

machines, particularly in the United States and Europe. Note that the strategy of acquiring prescription laboratories has a negative impact on the division's reported level of growth, as sales of machines and consumables to new partners are recognized as intra-group revenue. The division's performance should however improve over the coming quarters based on the success of surfacing microlines in Latin America and the new green alternative to the traditional alloy ophthalmic blocking process.

Nine-month consolidated revenue up 13.2% at constant exchange rates, in line with the annual target

<i>In € millions</i>	2014 (9 months)	% Change (reported)	% Change (like-for-like)	Change in the scope of consolidation	Currency effect
Lenses & Optical Instruments	3,693	+8.3%	+4.2%	+7.4%	-3.3%
<i>North America</i>	1,511	+11.6%	+5.1%	+10.1%	-3.6%
<i>Europe</i>	1,235	+4.8%	-0.2%	+4.9%	+0.1%
<i>Asia/Pacific/Middle East/Africa</i>	667	+8.4%	+8.3%	+6.0%	-5.9%
<i>Latin America</i>	280	+6.6%	+9.8%	+7.4%	-10.5%
Equipment	131	-9.4%	-5.6%	-1.7%	-2.2%
Sunglasses & Readers	371	+44.1%	-3.9%	+50.5%	-2.6%
TOTAL	4,195	+10.0%	+3.3%	+9.9%	-3.2%

Acquisitions and partnerships

In Russia, Essilor acquired a majority stake in **Company Grand Vision**, a major distributor of ophthalmic lenses and contact lenses that generates annual revenue of around €29 million. Company Grand Vision will continue to be led by its current management team and will help to strengthen Essilor's multi-network strategy in Russia, where the Essilor and BBGR brands have been on the market for several years. The acquisition confirms the strategic nature of this market of more than 140 million people, where less than a third of the population is equipped with corrective eyewear and where growth is driven by strong demand for value-added products such as progressive and high-index lenses.

In China, Xiamen Yarui Optical (Bolon[®]), a 50%-held subsidiary over which Essilor exercises control, signed an agreement subject to certain conditions precedent, to become a majority shareholder in the company that owns the **Prosun[®]** brand. Prosun[®], which generated revenue of about €7 million in 2013, designs, manufactures and sells sunglasses in China's fast-growing mid-range segment. The second best-known local sunglasses brand in China after Bolon[®], Prosun[®] mainly specializes in sunglasses for men and children, and will therefore enhance Essilor's current offering under the Bolon[®] and Molsion[®] brands.

Cash and cash equivalents

Cash generated over the period allowed Essilor to engage in the process of reducing its net debt. At September 30, net debt stood at around €2,048 million, versus €2,166 million at June 30.

Outlook

Essilor confirms its annual target to achieve revenue growth of over 13% excluding the currency effect and an adjusted² contribution from operations of around 18.6% of revenue, for a significant increase on 2013.

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 27 or +44(0)20 3427 1904 (access code: 1186950)

The call will be available for later listening at: <http://hosting.3sens.com/Essilor/20141024-381DA1C5/en/>

Investor calendar

The 2014 annual results will be released on February 19, 2015.

About Essilor

The world's leading ophthalmic optics company, Essilor designs, manufactures and markets a wide range of lenses to correct and protect eyesight. Its corporate mission is to improve vision to improve life. To support this mission, the Company allocates more than €150 million to research and innovation every year, in a commitment to continuously bring new, more effective products to market. Essilor's flagship brands are Varilux[®], Crizal[®], Transitions[®], Definity[®], Xperio[®], Optifog[™], Foster Grant[®], Bolon[®] and Costa[®]. It also develops and markets equipment, instruments and services for eyecare professionals.

Essilor reported consolidated revenue of over €5 billion in 2013 and employs more than 55,000 people. It distributes its products in some 100 countries with 28 plants, more than 450 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 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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² Adjusted for non-recurring items mainly related to the acquisitions of Transitions Optical, Costa, Coastal.com and Xiamen Yarui Optical.

Appendix: Consolidated Revenue by Quarter (€ millions)

	2014	2013
First Quarter		
Lenses and Optical Instruments	1,160	1,149
> <i>North America</i>	467	463
> <i>Europe</i>	400	402
> <i>Asia/Pacific/Middle East/Africa</i>	211	205
> <i>Latin America</i>	82	79
Equipment	39	42
Sunglasses & Readers	124	85
TOTAL First Quarter	1,323	1,276
Second Quarter		
Lenses and Optical Instruments	1,259	1,148
> <i>North America</i>	518	452
> <i>Europe</i>	426	400
> <i>Asia/Pacific/Middle East/Africa</i>	222	203
> <i>Latin America</i>	94	93
Equipment	46	50
Sunglasses & Readers	152	102
TOTAL Second Quarter	1,457	1,300
Third Quarter		
Lenses and Optical Instruments	1,274	1,114
> <i>North America</i>	527	439
> <i>Europe</i>	409	376
> <i>Asia/Pacific/Middle East/Africa</i>	234	208
> <i>Latin America</i>	104	91
Equipment	46	52
Sunglasses & Readers	95	71
TOTAL Third Quarter	1,415	1,237
Fourth Quarter		
Lenses and Optical Instruments		1,095
> <i>North America</i>		416
> <i>Europe</i>		394
> <i>Asia/Pacific/Middle East/Africa</i>		197
> <i>Latin America</i>		88
Equipment		60
Sunglasses & Readers		97
TOTAL Fourth Quarter		1,252