2011 Financial Results

A year of sustained, balanced growth

- **Revenue up 9.7% excluding currency effect**
- **Good performances in both fast-growing markets and developed countries**
- **Acquisition of Stylemark and integration of Shamir Optical**
- **Contribution margin maintained at a high 17.9%**
- **EPS up 10.7% to €2.44**

Charenton-le-Pont, France (March 1, 2012 – 6:30 a.m.) — At its meeting yesterday, the Board of Directors of Essilor approved the financial statements for the year ended December 31, 2011.The accounts have been audited and the auditors are currently preparing their report.

€ millions	**2011**	2010	% Change
Revenue	**4,189.5**	3,891.6	+7.7%
Contribution from operations[1] *As a % of revenue*	**748.2** ***17.9%***	704.8 *18.1%*	+6.1%
Operating profit	**683.1**	618.5	+10.4%
Profit attributable to equity holders of Essilor International *As a % of revenue*	**505.6** ***12.1%***	462.0 *11.9%*	+9.4%
Earnings per share (in €)	**2.44**	2.20	+10.7%

[1]Operating profit before compensation costs of share-based payments, restructuring costs, other income and expense, and goodwill impairment

In 2011, revenue excluding the currency effect and strategic acquisitions rose by 7.3%, at the high end of the Company's target range.

Like-for-like revenue growth was 5%, led by an improvement in the Lens business and a very good performance by the Equipment division. Deployment of the acquisitions strategy was also accelerated, enabling Essilor in particular to extend its presence in fast-growing markets and strengthen its positions in its three operating divisions.

Commenting on this performance, Chief Executive Officer Hubert Sagnières said: "*2011 was another year of sustained growth for the Company, not only in rapidly expanding markets but also in developed economies, thus ensuring market share gains. Year after year, in a market in which visual correction needs are growing at an ever-faster pace, Essilor continues to demonstrate the solidity of a business model that focuses on innovative products and services, operational excellence and the diligent deployment of a targeted acquisition strategy in its core business, which is dedicated to improving eyesight and visual health*."

The year's highlights included:

- An increase in unit sales and a sharp 9.7% rise in revenue excluding the currency effect.
- The launch of 235 products across all market segments, including the Optifog™ anti-fog lens.
- The implementation of long-term contracts with leading optical chains.
- Rapid expansion in high-growth countries.
- The excellent performance of the Equipment division.
- The integration of Shamir Optical and the acquisition of Stylemark.
- The ongoing acquisition and local partnership program with 29 transactions during the year, of which 20 in fast-growing markets.
- The ramp-up of export laboratories and continued productivity gains.

New increase in dividend

Based on these solid results and its confidence in the Company's outlook, the Board of Directors will recommend that shareholders at the Annual Meeting on May 11, 2012 approve the payment of a 2011 dividend of €0.85 per share. The dividend will be payable as from May 29, 2012.

Outlook

The dynamic growth of the ophthalmic optics industry is being driven by the continuous increase in eyesight correction needs. Of the 4.2 billion people with vision problems worldwide, 2.5 billion have still not been provided with corrective eyewear. Faced with this major challenge, Essilor will pursue its strategy of deploying innovative products that improve its portfolio of visual correction and protection solutions and step up its efforts to stimulate demand. While continuing to leverage its operational excellence and targeted acquisition strategy, the Company also intends to pursue its expansion in the mid-range segment around the world.

Approaching 2012 with confidence and determination, Essilor forecasts:

- Revenue growth, like-for-like plus bolt-on acquisitions, of 6% to 9%
- Sustained high operating margin.

Analyst meeting

A meeting with financial analysts will be held today, March 1, at 10:30 a.m. CET. It will be webcast live in French at: *http://hosting.3sens.com/Essilor/20120301-32FDDDE1/fr/*
and in English at: *http://hosting.3sens.com/Essilor/20120301-32FDDDE1/en/*

Forthcoming investor events

First-quarter 2012 report: April 24, 2012.
Annual Shareholders' Meeting: May 11, 2012.

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 nearly 48,700 people.
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 CAC 40 index.
Codes and symbols:ISIN:FR0000121667; Reuters:ESSI.PA; Bloomberg:EI:FP.

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REVENUE: UP 9.7% AT CONSTANT EXCHANGE RATES

Revenue *€ millions*	**2011**	2010	Reported change	% change (like-for-like)	Contribution from acquisitions
Lenses and optical instruments	**3,795.8**	3,551.0	+6.9%	+4.6%	+4.3%
Europe	**1,471.2**	1,402.1	+4.9%	+1.9%	+3.0%
North America [(a)]	**1,519.0**	1,505.0	+0.9%	+3.8%	+2.0%
Asia-Pacific, Middle East & Africa	**556.1**	450.0	+23.6%	+13.0%	+10.1%
Latin America	**249.5**	193.9	+28.7%	+10.4%	+18.7%
Equipment [(a)]	**184.6**	153.6	+20.2%	+18.2%	+2.5%
Readers	**209.1**	187.0	+11.9%	+1.3%	+15.7%
TOTAL	**4,189.5**	**3,891.6**	**+7.7%**	**+5.0%**	**+4.8%**

(a) Following an operational reorganization, National Optronics' revenue has been reclassified from the North America region to the Equipment Division. The amount reclassified in 2010 was €10.6 million

In 2011, Essilor's consolidated revenue totaled €4,189.5 million, an increase of 7.7% as reported and 9.7% at constant exchange rates.

- On a like-for-like basis, revenue grew by 5.0%. The increase reflects the dynamic performance of the Lens business and strong growth in the Equipment Division.
- The 4.8% contribution from acquisitions breaks down as
  (i) 2.5% representing the contributions of Shamir Optical (consolidated as from July 1, 2011) and of FGXI and Signet Armorlite (consolidated in the course of 2010), and (ii) 2.3% from partnerships and bolt-on acquisitions signed in 2010 and 2011.
- The negative 2.1% currency effect primarily resulted from the average decline in the US dollar against the euro. The increase in the Australian dollar, Swiss franc and Japanese yen was offset by the decline in other of the Company's billing currencies, including the British pound.

The year was characterized by a sustained increase in lens volume sales and by balanced growth between developed countries and fast-growing markets. Performance by region and by business was as follows:

- A good year in North America where sales rose by 3.8% like-for-like. In the United States, all distribution channels contributed to the improvement in the product mix. Essilor strengthened its ties with leading lens distributors and signed major supply contracts. The prescription laboratory network benefited from a nationwide advertising campaign to promote Crizal® lenses that also had a positive impact on sales of Varilux® progressive lenses. In a buoyant market, sales of variable-tint and polarized lenses rose sharply. The year saw mixed results in Canada, with a return to stronger growth in the second half.

- In Europe, like-for-like growth of 1.9% for the year, enabling Essilor to consolidate its positions. As in 2010, sales varied widely from one month and one country to another. France, the Netherlands and Eastern Europe were the most dynamic markets, while the entire region benefited from the successful late-year launch of the Optifog™ anti-fog lens. In the Instruments business, Essilor built on the success of the Mr. Blue edger by launching a lower-priced version of the product called Mr. Orange™.
  Note that the Euro zone countries with the most serious public finance situations (Italy, Spain, Portugal, Greece and Ireland) account for 6.5% of Essilor's total sales.
- Accelerated growth in Asia-Pacific, Africa and the Middle East (up 13.0% like-for-like), reflecting renewed momentum in developed countries (up 5.9%) and ongoing strong sales in fast-growing markets (up 15.5%). In Japan, Essilor returned to very solid growth, making market share gains with large accounts. Among the rapidly expanding countries, China, India and Indonesia all posted growth of more than 20% like-for-like.
- A good performance in Latin America (up 10.4% like-for-like), with all countries in the region contributing to growth. In Brazil, the year saw a further improvement in the product mix, for both progressive lenses and anti-reflective lenses. In Argentina and Mexico, sales were up by more than 20%. Lastly, Essilor opened a sales subsidiary in Colombia to speed its development in the country.
- A very strong year for the Equipment Division (up 18.2% like-for-like). In a market lifted by the shift to digital surfacing technology and solid demand from operators around the world, Satisloh stood out for its capacity for innovation, with the launch of two new especially promising technologies: its fast-coating or "sputtering" technique that vacuum sprays thin layers of coatings and the OBM (On-Block Manufacturing) fully automated lens production process.
- Modest growth (1.3% like-for-like) in the Readers business, which was spread evenly across the non-prescription glasses and sunglasses segments. Following a very lively first half – and even though consumer sales continued to rise in the second half – revenue was impacted by extensive inventory draw-downs by large accounts in the United States. Non-prescription glasses continued to benefit from the highly success extensions of the Microvision™ and Lightspecs™ ranges, which are distributed by most of FGX International's large customers.

Fourth quarter: Strong growth

Revenue *€ millions*	**Q4 2011**	Q4 2010	Reported change	% change (like-for-like	Contribution from acquisitions
Lenses and optical instruments	**979.3**	876.5	+11.7%	+7.2%	+5.3%
Europe	**382.0**	355.1	+7.6%	+3.9%	+3.8%
North America	**378.9**	352.7	+7.4%	+5.5%	+2.6%
Asia-Pacific, Middle East & Africa	**151.2**	116.3	+29.9%	+20.6%	+10.1%
Latin America	**67.2**	52.4	+28.3%	+11.2%	+23.2%
Equipment	**52.8**	51.5	+2.5%	+6.2%	-3.4%
Readers	**58.1**	59.8	-2.9%	-4.2%	+2.5%
TOTAL	**1,090.2**	**987.8**	**+10.4%**	**+6.4%**	**+4.7%**

Consolidated revenue for the fourth quarter alone stood at €1,090.2 million, up 10.4% from the prior-year period and 6.4% like-for-like. Contributions from acquisitions added 4.7% to fourth-quarter growth, of which 2.7% from Shamir Optical. The negative 0.8% currency effect was mitigated by the increase in the US dollar against the euro.

In a generally buoyant market, Essilor benefited from:

- The implementation of important lens supply contracts.
- The launch of the Optifog™ anti-fog lens, especially in Europe.
- One-off volume increases.
- Ongoing strong demand in the Equipment Division.

On the other hand, FGXI continued to feel the effects of inventory draw-downs among certain of its large customers.

Essilor forged eleven new partnerships during the period, of which two each in Brazil (including CM Equipamentos Ópticos de Precisão in the Equipment Division), the United States and Morocco, and one each in Switzerland, China, India, Russia and the Dominican Republic. These transactions represent additional full-year revenue of approximately €85 million.

CONTRIBUTION MARGIN OF 17.9%

€ millions	**2011**	2010
Gross margin *As a % of revenue*	**2,321.5** *55.4*	**2,159.6** *55.5*
Operating expenses	**1,573.3**	**1,454.7**
Contribution from operations[1] *As a % of revenue*	**748.2** *17.9*	**704.8** *18.1*

(1) Operating profit before compensation costs of share-based payments, restructuring costs, other income and expense, and goodwill impairment.

Contribution from operations increased 6.1% to €748.2 million in 2011.The contribution margin stood at 17.9% of revenue (versus 18.1% in 2010), reflecting:

- Gross margin that was virtually unchanged at 55.4% (compared with 55.5% in 2010) due to the dilutive impact of acquisitions, partially offset by industrial productivity gains.
- An increase in operating expenses, which totaled €1,573.3 million, or 37.6% of revenue. Operating expenses include a major increase in marketing, sales and distribution costs, sustained research and development spending, effective management of overheads and the positive impact of acquisitions, which had a lower operating expense/revenue ratio than other Essilor entities.

Excluding the impact of strategic acquisitions, operating margin was stable at 18.2%, in line with the Company's objective.

EARNINGS PER SHARE UP 10.7%

Profit attributable to equity holders of the parent up 9.4%

Profit attributable to equity holders of the parent totaled €505.6 million – up 9.4% over 2010 for a net margin of 12.1% – and breaks down as follows:

- Other income and expenses amounting to a net expense of €65.1million, comprising €23.2 million in compensation costs of share-based payments, €22.6 million in restructuring costs related mainly to the rationalization of the prescription laboratory network and €7.5 million in acquisition-related expenses stemming from the transactions with Shamir Optical and Stylemark.
- A 10.4% increase in operating profit to €683.1 million.
- An increase in net financial expense to €13.4 million, from €10.8 million in 2010, due in part to higher average debt for the year.
- The share of profit from associates, which amounted to €27.9 million. This was lower than in the previous year because of the sale of Sperian in 2010.

- Income tax expense of €179.4 million. The 26.8% effective tax rate was lower than the 27.5% rate in 2010.

Thanks to share buybacks, **earnings per share** increased slightly faster than net profit, rising 10.7% to €2.44.

CASH FLOW UP 7%

Essilor's business model continued to demonstrate its ability to generate strong cash flow in 2011. Net cash from operating activities (excluding the change in working capital) rose by 7% to €723 million, providing ample funds to finance the Company's growth by covering:

- A €55.6 million rise in working capital requirement.
- An increase in capital expenditure, which rose to €204.6 million.

As a result, free cash flow (net cash from operating activities less net capital expenditure) amounted to €463 million, helping the Company to finance:

- Financial investments net of cash acquired[1] of €430 million, including Stylemark and a 50% stake in Shamir Optical.
- Share buybacks totaling €148 million, representing 3.22 million shares.
- A 18.1% increase in dividends paid to shareholders, representing a total of €175 million.

Change in net debt

€ millions			
Operating cash flow (before WCR)	**723**	Purchases of property, plant and equipment	**205**
Issue of share capital	**83**	Change in WCR	**56**
Other	**8**	Dividends	**175**
Change in net debt	**210**	Financial investments net of cash acquired[1]	**430**
		Share buybacks	**148**
		Change in the cross currency swap	**10**

[1]Financial investments net of cash acquired, plus debt of newly acquired companies

ACQUISITIONS IN 2011

In 2011, the Company stepped up its acquisitions and partnership strategy with a total of **29 new transactions representing combined full-year revenue of €383 million.**

In line with the announcement on October 15, 2010, Essilor completed its acquisition of a 50% interest in Shamir Optical, an independent manufacturer of ophthalmic lenses that generated $158 million in revenue in 2010. Shamir Optical's revenue has been fully consolidated on a 100% basis since July 1, 2011.

Essilor also completed the acquisition of all outstanding shares in Stylemark, a major designer and distributor of reading glasses and sunglasses whose licensed brands include Nine West®, Dockers®, Reebok®, Hello Kitty® and various Disney® brands. Stylemark sells more than 30 million readers and sunglasses per annum and generates revenue of around $140 million a year in North America.

In addition to these two strategic acquisitions, the Company finalized 27 partnerships or bolt-on acquisitions representing €169 million in additional revenue. These transactions involved all regions (four in North America, six in Latin America, one in Europe and ten in Asia-Pacific & Africa) and all divisions (two in Equipment and three in Readers).

In addition a partnership was signed with India's GKB Hi-Tech (full-year revenue of approximately €15 million), which has a network of prescription laboratories serving export markets, especially in Africa and the Middle East, as well as the domestic market.

POST CLOSING EVENTS

Financing: Essilor's financial resources secured

In January 2012, Essilor carried out a $300 million US private placement notes issue comprising a $200-million five-year tranche and a $100-million seven-year tranche. The closing date for the issue is March 15, 2012. Also in January, Essilor signed two new bilateral five-year credit facilities for a total of $300 million. Lastly, the Company terminated in advance the €700-million syndicated line of credit that falls due in May 2012.

Share buybacks

Essilor pursued its share buyback program intended to offset potential dilution from the issuance of shares under employee share-based payment plans. From January 1st to February 23, Essilor acquired a total of 1,608 million shares for approximately €91.5 million.

Acquisitions

Since the beginning of 2012, Essilor has continued to expand in the global marketplace with three new transactions. In addition to the two previously announced partnerships with Seeworld in China and Sivo in Tunisia, which are subject to certain conditions, Essilor signed an agreement, subject to certain conditions precedent, to acquire a majority interest in Ipek Optik, a major player in the Turkish market. The company has annual revenue of approximately €5 million and a prescription laboratory in Izmir. With this first acquisition in Turkey, Essilor intends to build on the strong growth momentum in this market of 75 million inhabitants, and in particular on the potential of the progressive lens segment, which currently accounts for just 4% of total lens sales volume.

Change in the method of consolidation for Nikon-Essilor and Essilor Korea

In line with their shared commitment to speeding the development of Nikon-Essilor in Japan, Nikon and Essilor have decided to change the joint venture's governance system without impacting the company's ownership structure. As a result, Nikon-Essilor will be fully consolidated in the Essilor accounts as from January 1, 2012.

For the same reason, Essilor and Samyung Trading have amended their joint venture contract so that the company, Essilor Korea, will be fully consolidated by Essilor in 2012.

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2011

CONSOLIDATED INCOME STATEMENT

€ thousands, except per share data	2011	2010
Revenue	4,189,541	3,891,559
Cost of sales	(1,868,086)	(1,732,007)
GROSS MARGIN	**2,321,455**	**2,159,552**
Research and development costs	(151,490)	(150,879)
Selling and distribution costs	(959,692)	(859,708)
Other operating expenses	(462,094)	(444,126)
CONTRIBUTION FROM OPERATIONS	**748,179**	**704,839**
Restructuring costs, net	(22,646)	(37,869)
Goodwill impairment losses	0	0
Compensation costs on share-based payments	(23,211)	(21,717)
Other income from operations, net	3,962	1,848
Other expenses from operations, net	(20,722)	(54,594)
Gains and losses on asset disposals, net	(2,470)	25,965
OPERATING PROFIT	**683,092**	**618,472**
Finance costs	(13,904)	(11,956)
Income from cash and cash equivalents	10,507	9,289
Net exchange losses	(85)	(3,793)
Other financial income and expenses, net	(9,917)	(4,327)
Share of profit of associates	27,883	31,746
PROFIT BEFORE TAX	**697,576**	**639,431**
Income tax expense	(179,396)	(167,404)
NET PROFIT	**518,180**	**472,027**
Attributable to equity holders of Essilor International	**505,619**	**461,969**
Attributable to minority interests	12,562	10,058
Basic earnings per common share (€)	2.44	2.20
Weighted average number of common shares (thousands)	207,246	209,574
Diluted earnings per common share (€)	2.41	2.18
Diluted weighted average number of common shares (thousands)	209,678	212,652

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2011

ASSETS

€ thousands	December 31, 2011	December 31, 2010
Goodwill	1,883,331	1,521,951
Other intangible assets	581,781	501,400
Property, plant and equipment	955,280	876,227
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, NET	**3,420,392**	**2,899,578**
Investments in associates	109,915	104,047
Other long-term financial investments	92,743	65,488
Deferred tax assets	101,689	93,205
Non-current receivables	3,891	7,849
Other non-current assets	892	1,214
OTHER NON-CURRENT ASSETS, NET	**309,130**	**271,803**
TOTAL NON-CURRENT ASSETS, NET	**3,729,522**	**3,171,381**
Inventories	753,416	645,453
Prepayments to suppliers	19,671	12,865
Current trade receivables	1,121,746	915,868
Current income tax assets	48,355	25,720
Other receivables	30,838	17,636
Derivative financial instruments	15,091	26,993
Prepaid expenses	41,777	26,068
Marketable securities	7,450	
Cash and cash equivalents	390,320	371,055
CURRENT ASSETS, NET	**2,428,664**	**2,041,658**
TOTAL ASSETS	**6,158,186**	**5,213,039**

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2011
EQUITY AND LIABILITIES

€ thousands	December 31, 2011	December 31, 2010
Share capital	38,527	38,098
Additional paid-in capital	307,401	224,697
Retained earnings	2,629,367	2,331,494
Treasury stock	(264,110)	(136,258)
Convertible bond (OCEANE) call option	0	0
Revalution and others reserves	(49,443)	(40,872)
Translation reserve	157,496	121,865
Net profit attributable to equity holders of Essilor International	505,619	461,969
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL	**3,324,857**	**3,000,993**
Minority interests	132,894	43,186
TOTAL EQUITY	**3,457,751**	**3,044,179**
Provisions for pensions and other post-employment obligations	177,693	162,897
Long-term borrowings	309,152	285,558
Deferred tax liabilities	148,755	124,406
Other non-current liabilities	138,168	117,914
NON-CURRENT LIABILITIES	**773,768**	**690,775**
Provisions	141,401	144,155
Short-term borrowings	606,581	402,832
Customer prepayments	15,705	12,506
Short-term payables	913,218	759,613
Current income tax liability	62,172	38,331
Other current liabilities	161,306	97,939
Derivative financial instruments	14,953	12,644
Deferred income	11,331	10,065
CURRENT LIABILITIES	**1,926,667**	**1,478,085**
TOTAL EQUITY AND LIABILITES	**6,158,186**	**5,213,039**

CONSOLIDATED CASH FLOW STATEMENT

€ thousands		December 31, 2011	December 31, 2010
NET PROFIT	**(i)**	**518,180**	**472,027**
Share of profits of associates, net of dividends received		34,433	24,096
Depreciation, amortization and other non-cash items		180,693	179,712
Profit before non-cash items and share of profits of associates, net of dividends received		**733,306**	**675,835**
Provision charges (reversals)		(2,745)	67,327
(Gains) and losses on asset disposals, net	**(i)**	2,470	(25,955)
Cash flow after income tax expense and finance costs, net		**733,031**	**717,207**
Finance costs, net		8,988	5,948
Income tax expense (current and deferred taxes)	**(i)**	179,396	167,404
Cash flow before income tax expense and finance costs, net		**921,415**	**890,559**
Income taxes paid		(183,717)	(210,711)
Interest (paid) and received, net		(14,293)	(3,546)
Change in working capital		(55,607)	(56,849)
NET CASH FROM OPERATING ACTIVITIES		**667,798**	**619,453**
Intangibles assets and purchases of property, plant and equipment		(204,717)	(139,971)
Acquisitions of subsidiaries, net of the cash acquired		(364,428)	(531,455)
Purchases of available-for-sale financial assets		(15,120)	(7,726)
Purchases of other long-term financial investments		(16,688)	(5,341)
Proceeds from the sale of subsidiaries, net of cash sold		203	132,523
Proceeds from the sale of other non-current assets		14,412	15,791
NET CASH USED IN INVESTING ACTIVITIES		**(586,338)**	**(536,179)**
Proceeds from issue of share capital	**(ii)**	83,132	76,834
(Purchases) and sales of treasury stock, net	**(ii)**	(147,502)	(348,861)
Dividends paid to:			
- Equity holders of Essilor International	**(ii)**	(171,541)	(146,471)
- Minority shareholders of subsidiaries	**(ii)**	(3,588)	(2,044)
Increase/(decrease) in borrowings other than finance lease liabilities		188,590	276,108
Purchases of marketable securities *		2,066	33,965
Repayments of finance lease liabilities		(2,866)	(2,306)
Other movements		(7,049)	(987)
NET CASH USED IN FINANCING ACTIVITES		**(58,758)**	**(113,762)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**22,702**	**(30,488)**
Cash and cash equivalents at January 1		345,888	363,902
Effect of changes in exchange rates		(5,481)	12,474
NET CASH AND CASH EQUIVALENTS AT DECEMBER 31		**363,109**	**345,888**
Cash and cash equivalents		390,320	371,055
Short-term bank loans and overdrafts		(27,211)	(25,167)

(*) Money market funds not qualified as cash equivalents under IAS 7.

(i) Please refer to the consolidated income statement
(ii) Please refer to the statement of changes in equity