2012 results

Buoyant market, clear strategy, strong revenue and earnings growth

- **Revenue up 19.1%**
- **Contribution margin at 17.9%, including strategic acquisitions[1]**
- **Strong demand for the new Crizal® UV and Varilux® S series lenses**
- **Ramp-up in the mid-range segment and in fast-growing countries**
- **Signature of 24 partnerships and successful integration of Stylemark**

Charenton-le-Pont, France (February 28, 2013) – The Board of Directors of Essilor International met yesterday to approve the 2012 financial statements. These financial statements have been audited and the auditors are currently preparing their report.

Key figures

€ millions	**2012**	2011	**Change**
Revenue	**4,989**	4,190	**+ 19.1%**
Contribution from operations	**894**	748	**+ 19.5%**
(% of revenue)	*17.9%*	*17.9%*	**-**
Operating profit	**832**	683	**+ 21.8%**
Profit attributable to Group equity holders	**584**	506	**+ 15.5%**
Earnings per share (in €)	**2.80**	2.44	**+ 14.7%**
Free cash flow[2]	**597**	463	**+ 28.9%**

Commenting on these results, Hubert Sagnières, Chairman and Chief Executive Officer, said:
"In light of these robust 2012 results, Essilor is looking to the future with confidence and enthusiasm, inspired by the importance of its corporate mission to improve vision worldwide, for all and wherever they are. Of the 4.2 billion people worldwide who have a vision problem, 2.5 billion don't have corrective eyewear yet. Essilor is deploying a powerful strategy based on innovation, partnerships and development

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[1] Shamir in Lenses and Optical Instruments and Stylemark in Readers
[2] Net cash from operating activities less change in working capital requirements and less net capital expenditure

News Release

in the mid-range segment and in fast-growing markets. With our many strengths, we are confident in our ability to deliver in 2013 another year of revenue growth and high operating margins."

Highlights

In 2012, revenue increased by 8.0% including like-for-like growth and organic acquisitions, while contribution margin held firm at 17.9% of revenue including strategic acquisitions. These performances exceeded the average annual targets announced by the Company at the start of the year.

Highlights of the year included:

- Continued innovation, with the launch of 232 new products spanning all market segments.
- Success of the new Crizal® UV anti-reflective lens and Varilux® S series progressive lens.
- Ongoing implementation of the acquisition and partnership program, with 24 partnership agreements signed during the year, including 14 in fast-growing markets, representing full-year revenues of €171 million.
- Penetration of five new high-potential geographic markets.
- Successful integration of Stylemark into FGX International, the North American leader in non-prescription glasses.
- Continuous optimization of the Company's manufacturing resources.

Dividend

At the Annual General Meeting of Shareholders on May 16, 2013, the Board of Directors will recommend paying a dividend of €0.88 per share. The dividend will be paid as from June 4, 2013.

Outlook

The ophthalmic optics market is continuing to experience structural growth, led by global demographic trends, changing lifestyles and the rapid growth of middle classes, particularly in fast-growing countries. The market remains highly fragmented and penetration rates are still low – of the 4.2 billion people worldwide with a vision problem, 2.5 billion do not have corrective eyewear yet.

In 2013, despite an uncertain economic environment, these factors will help to sustain demand for vision correction in all regions of the world and will allow the Group to continue its value creation strategy. As a result, Essilor is confident in its ability to deliver another year of revenue growth and high operating margins.

EXTRACT FROM THE MANAGEMENT REPORT

REVENUE UP 19.1%

Consolidated Revenue by Operating Segment and by Region

€ millions	**2012**	2011	**Change (reported)**	**Change (like-for-like)**	**Contribution from acquisitions**
Lenses and Optical Instruments	**4,445.2**	3,795.8	+ 17.1%	+ 5.3%	+ 7.4%
North America[a]	***1,735.9***	*1,503.1*	*+ 15.5%*	*+ 4.0%*	*+ 2.9%*
Europe	***1,558.7***	*1,471.2*	*+ 5.9%*	*+ 2.6%*	*+ 2.5%*
Asia-Pacific/Middle East/Africa[b]	***828.6***	*551.2*	*+ 50.3%*	*+ 12.3%*	*+ 30.9%*
Latin America[a]	***322.0***	*270.3*	*+ 19.2%*	*+ 13.0%*	*+ 12.1%*
Equipment	**199.2**	184.6	+ 7.9%	+ 1.4%	+ 0.5%
Readers	**344.4**	209.1	+ 64.7%	+ 5.9%	+ 50.4%
TOTAL	**4,988.8**	4,189.5	**+ 19.1%**	**+ 5.2%**	**+ 9.3%**

(a) Mexico, representing revenue of €15.9 million in 2011, is now included in the Latin America region.
(b) The full consolidation of Nikon-Essilor and Essilor Korea (previously consolidated on a 50% basis) added €101.3 million to 2012 revenue, representing a 2.4% impact reported under "Contribution from acquisitions".

In 2012, consolidated revenue totaled €4,988.8 million, an increase of 19.1% over the previous year.

- Like-for-like revenue growth was 5.2%. The increase reflected vibrant sales by the Lenses and Optical Instruments business across all regions and the good performance of the Readers business.
- Acquisitions lifted revenue by 9.3%. The inclusion of Shamir Optical's first-half revenue and the impact of consolidating StyleMark from January 1, 2012 added 4.1%, the partnerships and bolt-on acquisitions signed in 2011 and 2012 contributed 2.8% and the consolidation of Nikon-Essilor and Essilor Korea on a 100% basis (versus 50% previously) contributed 2.4%.
- The currency effect was a positive 4.6%, reflecting primarily the US dollar's appreciation against the euro, but also the appreciation of the Canadian and Australian dollars, the British pound and the Chinese yuan. Conversely, the depreciation of the Brazilian real had a negative impact on revenue.

Activity by region and by division

LENSES AND OPTICAL INSTRUMENTS

North America

Essilor had an excellent year in North America. Revenue was up 4.0% like-for-like, lifted by the combined impact of successful product launches, favorable market conditions and initiatives undertaken in prior years.

In the **United States,** revenue grew 5.0% like-for-like. Growth was led by value-added products, with independent eyecare professionals enthusiastically welcoming the deployment of Crizal® UV throughout the entire Crizal® range. Coinciding with the Crizal® advertising campaign that began in 2012, Crizal® UV's launch drove a sharp rise in volumes together with better differentiation and a positive price effect. The new Varilux® S series was introduced in the United States in the second half, along with the Definity 3 progressive lens.

Concerning distribution channels, 2012 saw very strong activity levels with the major optical chains. The contract for the supply of anti-reflective solutions signed with one of the country's leading chains, LensCrafters, was renewed and extended, and a new lens supply contract was signed with another major national chain.

Sales via eyeglass and contact lens distributors grew at a healthy rate.

In **Canada,** the success of the multi-network distribution strategy helped to offset a mixed performance by Nikon Essilor in the independent optician segment and the decision by a major national chain to in-source part of its lens production.

Europe

Revenue in Europe grew 2.6% like-for-like, despite a challenging economic environment particularly in Southern Europe. Activity was strong during the first three quarters. However the fourth quarter growth rate was adversely affected by the high basis of comparison in the same period of 2011, which saw the ramp up of a major supply contract in the United Kingdom, and a sales uplift due to the production problems experienced by a major competitor. The negative impact of high prior year comparatives was nonetheless partly offset by strong initial sales of the new Crizal® UV lenses launched in the second quarter and the Varilux® S series introduced in stages as from September.

The business in **France** continued to perform well, thanks to the group's own marketing efforts that included extending the distribution networks, successfully launching new products such as Varilux® S series, optimizing BBGR's positioning with national chains and leveraging the appeal of Shamir products in certain regions. Revenues were up strongly in the **United Kingdom**, lifted by the full-year impact of a supply contract with a leading optical chain, Boots Opticians, and solid sales to independent opticians. In

Central Europe, Northern Europe and **Eastern Europe,** revenue grew modestly, reflecting differing situations from one country to another. In Germany, Essilor performed well in the optical chain segment and demonstrated good potential in the independent optician segment. Revenue in **Benelux** and **Southern Europe** was affected by difficult local economic environments. Nonetheless, the business in **Spain** benefited from a very significant increase in BBGR's penetration rate with a national optical chain.

Asia-Pacific/Middle East/Africa

Revenue in the Asia-Pacific/Middle East/Africa region was up by a strong 12.3% like-for-like, reflecting increased momentum in fast-growing markets and firm sales in the region's developed markets. Varilux® and Crizal® enjoyed vibrant demand throughout the region.

In **China,** sales of mid-range products continued to expand very rapidly, helped by the good positioning of the Company's partners. Wanxin's distribution of Kodak® lenses in the domestic market delivered very good results, while premium lens sales continued to be lifted by Varilux® and Crizal® lenses.

In **India,** strong gains were recorded in all market segments, thanks to new products and sustained efforts to expand coverage of the customer base. All of the Company's partners turned in very good performances.

In **Indonesia** and the **Asean** countries, revenue continued to grow at a rapid pace and the product mix improved.

Operations in **Japan** had a good year, even before taking into account the positive effect of the change in the competitive environment. In particular, the group increased its sales to two optical chains.

In **Australia/New Zealand,** the network of independent eyecare professionals performed very well. In the optical chain segment, the Eyebiz partnership improved product mix.

During 2012, the Company also entered several countries for the first time (Sri Lanka, Tunisia and Togo).

Latin America

In a less favorable economic environment than in 2011, Essilor reported revenue up 13.0% like-for-like.

In **Brazil,** Essilor continued to deploy its multi-network strategy. Leveraging partnerships with independent laboratories to speed distribution of value-added lenses, the Company secured a rapid increase in sales of progressive lenses, anti-reflective coatings and photochromic lenses. In particular, anti-reflective coating centers were deployed at two partner laboratories. The Crizal® UV lens was launched in Brazil's major cities at the end of the year.

It was another year of very strong growth in **Mexico**, where Essilor continued to take advantage of the opportunities created by the under-penetration of the main value-added lens categories. The Varilux® progressive lens and Crizal® anti-reflective lens ranges increased their market shares. A new laboratory was opened in Mexico City to improve service quality, while the signature of a major partnership agreement with an independent distributor, Crystal y Plastico, will allow the Company to deepen its geographic coverage and strengthen its position in the mid-range segment.

In **Colombia,** a marketing subsidiary was set up during the year to speed deployment of the Company's various brands. After a good start to the year in **Argentina,** performance was affected by slower economic growth and import restrictions.

Instruments

The Instruments Division experienced a limited decline in business during 2012, in a particularly tight market environment in Europe which accounts for a significant proportion of its revenue.

Essilor strengthened its overall positions in the edging tool segment, but performances were uneven depending on the country. In Europe, the fall-off in sales concerned Southern Europe, particularly Italy and Spain, and Central Europe. In France, sales were higher, helped by the ongoing success of the Mr. Orange® edger. Outside Europe, the Division performed well in the United States, Canada, Asia and Brazil.

The growing number of opticians choosing to install optometric equipment helped to drive expansion in this segment of the European market. Essilor's revamped product line-up contributed to market share gains among independent opticians and stronger positions with the optical chains.

Lastly, during 2012, Essilor began marketing its M'Eye Fit® range of measuring tools that are designed as aids for the sale of individualized lenses by eyecare professionals. The Company has considerably strengthened its position in the measuring device segment by acquiring a majority stake in Interactive Visuel System (IVS), a global leader in technological sales support solutions for opticians. IVS's products include the Visioffice measuring column that allows eyecare professionals to dispense premium lenses in the Varilux® range.

EQUIPMENT

The Equipment Division reported a 1.4% increase in like-for-like revenue despite high prior-year comparatives and a less favorable climate for capital expenditure. This good performance reflects ongoing laboratory investment in digital surfacing machines, primarily in the United States and Latin America, as well as firm demand in the Consumables division. Satisloh's overall volumes were also lifted by the extension of a contract to supply one-hour anti-reflective lens machines to LensCrafters, a large optical chain in the United States.

The Division's capacity for innovation enabled it to selectively increase market share via a more flexible deployment of its technological solutions, a more global services network and the introduction of new business models. Satisloh launched the Box-Coater 1200-MPX, a high-output anti-reflective lens machine for mass manufacturers. MicroLab was introduced for smaller laboratories interested in digital surfacing. The modular system offers wide manufacturing flexibility for digital surfacing processes, as well as new On-Block Manufacturing processes.

The Division also continued to expand internationally, led by its many successes in Latin America and the opening of a new 2,000-sq.m showroom in Dan Yang, China to showcase its technology to Asian customers.

READERS

The Readers Division had a good year, with like-for-like revenue gaining 5.9%. Growth was mainly fueled by the sunglasses segment, which benefited from the ramp-up of a new contract with a major nationwide chain and the introduction of new collections at several key accounts at the end of the year.

Performance in the non-prescription glasses segment was more mixed, due to ongoing inventory drawdown at the start of the year. In the United States, FGXI was helped by the launch of a revamped line-up for a major retailer and the ramp-up of a new supply contract with a fast-growing variety store chain. These efforts were backed by a television ad campaign featuring Brooke Shields, the new face of Foster Grant® eyewear products.

FGXI also continued its development outside the United States, posting strong sales growth in the United Kingdom and Latin America. In Latin America, the Division launched business operations in South America (Ecuador, Bolivia and Peru) and a certain number of Central American countries, while expanding in Mexico and Chile alongside existing or new customers. In Italy, Polinelli reported market share gains in a difficult economic climate.

The integration of Stylemark and the implementation of the resulting synergies are in line with expectations. Following the transaction, distribution operations are gradually being merged at the FGXI site in Rhode Island. The acquisition has also allowed Essilor to accelerate its growth in the department store segment, increasing its sales to various fast-growing key accounts.

Fourth quarter revenue: up 10.5% excluding the currency effect

€ millions	**Q4 2012**	Q4 2011	**Change (reported)**	**Change (like-for-like)**	**Contribution from acquisitions**
Lenses and Optical Instruments	**1,090.9**	979.3	+ 11.4%	+ 3.5%	+ 5.8%
North America[a]	***410.1***	*374.6*	*+ 9.5%*	*+ 3.0%*	*+ 2.1%*
Europe	***390.1***	*382.0*	*+ 2.1%*	*+ 1.1%*	*0%*
Asia-Pacific/ Middle East/Africa[b]	***209.6***	*149.7*	*+ 40.0%*	*+ 7.0%*	*+ 29.1%*
Latin America[a]	***81.1***	*72.9*	*+ 11.3%*	*+ 11.9%*	*+ 6.7%*
Equipment	**55.6**	52.8	+ 5.3%	+ 1.7%	+ 0%
Readers	**83.2**	58.1	+ 43.3%	+ 6.5%	+ 31.5%
TOTAL	**1,229.7**	1,090.2	**+ 12.8%**	**+ 3.6%**	**+ 6.9%**

(a) Mexico, representing revenue of €4.3 million in fourth quarter 2011, is now included in the Latin America region.
(b) The full consolidation of Nikon-Essilor and Essilor Korea (previously consolidated on a 50% basis) added €23.5 million, representing a 2.2% impact reported under "Contribution from acquisitions"

Revenue grew 12.8% in the fourth quarter, including a 3.6% like-for-like increase despite the high prior-period comparatives. The 6.9% contribution to growth from acquisitions breaks down as follows: 3.0% from bolt-on acquisitions, 1.7% from Stylemark, and the remaining 2.2% from the change in the method of consolidation for Nikon-Essilor and Essilor Korea. The currency effect was a positive 2.3%.

Over the period, Essilor generated results in line with its objectives by continuing to deliver innovative products and expand in high-growth markets. By region and business:

- Demand remained strong in the United States.
- The Varilux S series was successfully launched in Europe, where period-on-period growth was weakened by very high prior-period comparatives and ongoing difficulties in Southern Europe and in the Instruments business.
- Sales were strong in the fast-growing markets of Asia-Pacific, the Middle East and Latin America.
- The Readers business enjoyed a good fourth quarter.
- Equipment Division sales stabilized at a high level.

Twenty-four new partnerships forged worldwide in 2012

During the year, the Company finalized 24 partnerships or bolt-on acquisitions representing €171 million in additional revenue on a full-year basis. These transactions involved all regions (nine in North America, one in Europe, ten in Asia-Pacific/Middle East/Africa and four in Latin America).

INCOME STATEMENT

€ millions	**2012**	2011	**Change**
Revenue	**4,988.8**	4,189.5	**+ 19.1%**
Gross profit *(% of revenue)*	2,783.6 *55.8%*	2,321.5 *55.4%*	**+ 19.9%**
Contribution from operations[(a)] *(% of revenue)*	**894.1** *17.9%*	748.2 *17.9%*	**+ 19.5%**
Other income (expenses), net	(62.4)	(65.1)	
Operating profit	**831.7**	683.1	**+ 21.8%**
Cost of gross debt and other financial income and expenses, net	(18.0)	(13.4)	
Income tax expense *Effective tax rate (%)*	(207.1) *25.5%*	(179.4) *26.8%*	
Share of profit of associates	23.8	27.9	
Attributable to minority interests	(46.4)	(12.6)	
Profit attributable to Group equity holders *% of revenue*	**584.0** *11.7%*	505.6 *12.1%*	**+ 15.5%**
Earnings per share (in €)	2.80	2.44	**+ 14.7%**

(a) Operating profit before compensation costs for share-based payment plans, restructuring costs, other income and expense, and goodwill impairment

Gross margin

In 2012, gross margin (revenue less cost of sales as a percentage of revenue) rose by 40 basis points to 55.8%. The improvement reflected manufacturing productivity gains, generated by the sharp rise in volumes, and the success of new products, particularly the Crizal® UV anti-reflective lens.

Operating expenses

Operating expenses represented 37.9% of revenue. The 30-basis point increase compared with 2011 was due to:

- Significantly higher marketing, sales and distribution costs.
- An increase in corporate costs, notably to strengthen support structures in fast-growing regions.
- An uplift in research and development spending to €161.9 million (before deducting research tax credits of €12.9 million) from €151.5 million in 2011.

In all, the contribution from operations amounted to €894.1 million, up 19.5% on 2011. Contribution margin was stable at 17.9% of revenue. Excluding the impact of purchase price allocations and the application of IFRS 3 (revised), contribution margin stood at 18.6%.

Earnings per share up 14.7% to €2.80

Other income and expenses from operations

This item represented net income of €62.4 million, down €2.7 million from 2011.

The total includes:

- €28.4 million in compensation costs for share-based payment plans (versus €23.2 million in 2011), of which €27.7 million for stock option and performance share plans (including €5 million in employer contributions), with the balance corresponding to the cost of the discount offered to employees participating in the Employee Stock Ownership Plan.
- €25.3 million in restructuring costs, representing slightly more than in 2011. The 2012 figure mainly concerned the rationalization of the prescription laboratory network and the transfer of R&D operations from Florida to the new innovation and technology center opened on the Dallas campus in 2012.
- €21.2 million in legal costs, notably for the agreement with Carl Zeiss Vision, and transaction costs on strategic acquisitions.
- A €15.6 million net gain on asset disposals, arising mainly from the full consolidation of the Nikon-Essilor and Essilor Korea joint ventures that were previously consolidated on a 50% basis.

Operating profit

In 2012, operating profit (corresponding to contribution from operations plus or minus other income and expenses from operations and gains and losses on asset disposals) totaled €831.7 million, representing 16.7% of revenue versus 16.3% in 2011.

Cost of gross debt and other financial income and expenses

Cost of gross debt and other financial income and expenses represented a net expense of €18.0 million, versus €13.4 million in 2011. The increase is mainly explained by the fact that the average maturity of debt was longer in 2012 than in 2011, leading to a rise in interest costs. Unfavorable exchange rates were also a factor.

Income tax expense

Income tax expense rose by 15.5% to €207.1 million. However, the effective tax rate declined to 25.5% of pre-tax profit from 26.8%, due mainly to the non-recurring items included in other operating income and expenses.

Share of profits of associates

This item corresponds to Essilor's share of the profit derived from sales by 49%-owned Transitions to third-party lens casters. The decline to €23.8 million from €27.9 million in 2011 was due to the fall-off in Transitions sales to these external customers.

Profit attributable to equity holders of the parent and earnings per share

Minority interests in profit rose sharply to €46.4 million, reflecting dynamic implementation of Essilor's partnership strategy. The main reasons for the increase were as follows:

- The change of consolidation method applied to Nikon-Essilor and Essilor Korea.
- Consolidation of 50%-owned Shamir over the full year in 2012 versus only part of the year in 2011.
- Recognition of minority interests in the new partnerships signed in 2011 and 2012.
- Growth in the profits of existing partnerships, notably as a result of the implementation of programs to unleash synergies.

Profit attributable to equity holders of the parent rose 15.5% to €584.0 million, representing 11.7% of revenue.

As a result of a small increase in the number of outstanding shares, earnings per share grew at a faster rate, rising 14.7% to €2.80.

FREE CASH FLOW[3]: 28.9%

Goodwill and other intangible assets

Goodwill increased by €204 million to €2,087 million at December 31, 2012, reflecting the acquisitions made during the year.

Inventories

Inventories amounted to €830 million at December 31, 2012, an increase of €77 million over the year-earlier figure that was also mainly due to acquisitions for the year. The underlying increase in inventory was consistent with like-for-like sales growth for the year.

Investments

Capital expenditure net of disposals totaled €232.3 million or 4.7% of consolidated revenue for the year. Most of the expenditure concerned prescription laboratories, with increases recorded in all regions of the world, while around 20% was committed to series production. In addition, the 2012 total included expenditure for the construction of the Dallas (USA) and Créteil (France) innovation and technology centers.

Free cash flow

Essilor's business model continued to demonstrate its ability to generate strong cash flow[4] in 2012. Net cash from operating activities (before change in working capital) amounted to €848 million, an increase of 17.3% compared with 2011. This amount more than covered the €241 million growth in capital

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[3] Net cash from operating activities less change in working capital requirements and less net capital expenditure

[4] Net cash from operating activities before change in working capital requirement

expenditure, and the more modest €10 million increase in working capital, driving a 28.9% rise in free cash flow to €597 million, that helped to finance:

- Net financial investments of €193 million.
- A €201 million increase in dividends paid to Essilor shareholders and the Company's minority partners in joint ventures.
- Purchases of treasury stock for a total of €112 million, corresponding to more than two million shares purchased on the market for employee share-based payment plans.

Equity

Consolidated equity amounted to €3,921 million at end-2012, up 13.4% from the year-earlier figure.

Net debt was cut from €506 million at end-2011 to €237 million, reducing gearing to less than 10%.

Change in net debt

€ millions

Operating cash flow (before WCR[b])	**848**	Purchases of property, plant and equipment	**241**
Change in the method of consolidation[c]	**48**	Change in WCR	**10**
Share issues	**118**	Dividends	**201**
Other	**12**	Acquisition of investments, net of disposals[a]	**193**
		Purchases of treasury stock	**112**
		Reduction in net debt	**269**

a. *Financial investments net of cash acquired, plus debt of newly acquired companies.*
b. *Working Capital Requirements*
c. *Change in the method of consolidation of Nikon-Essilor and Essilor Korea*

SUBSEQUENT EVENTS

Acquisitions

Since the beginning of 2013, partnership agreements have been signed with local companies in two countries:

- In Chile, Essilor has signed an agreement for the acquisition of a majority stake in **Megalux**, the country's leading independent prescription laboratory. Based in Santiago, Megalux has five branches and generates annual revenue of €7 million. The partnership marks Essilor's entry into Chile, a country with a population of around 17 million. It is a fast-growing market, with progressive lenses accounting for less than one in 20 lenses sold each year.
- In Israel, Essilor has acquired the production and distribution assets of **Optiplas**, its local distributor which has annual revenue of some €5 million. The new company, Essilor Laboratories of Israel, will take over distribution of Essilor brands (Essilor®, Varilux®, Crizal® and Nikon®) in Israel. Combined with Shamir's local presence, this partnership will allow Essilor to build a credible multi-

network offer in a competitive market where demand for innovations is strong among eyecare professionals.

- In Russia, the Company acquired a majority stake in **MOC BBGR**, a joint venture that owns Marketing Optical Company, the long-standing distributor of BBGR lenses in the Russian market. MOK has annual revenue of some €3.7 million.
- Essilor also announced two agreements to acquire majority stakes in **Servi Optica** and **Isbir Optik**. Servi Optica is the leading distributor in Colombia with revenue of €29 million, while Isbir Optik is the distribution leader in Turkey with €15 million in revenue. These two transactions are still subject to approval by the competition authorities.

Transitions Optical Inc.

In January, Essilor announced that it was in discussions with PPG Industries concerning the future of their joint subsidiary, Transitions Optical, Inc., which is 49%-owned by Essilor.

Renewal of the Kodak license

Signet Armorlite, a subsidiary of Essilor, has renewed the Kodak® lens manufacturing and distribution license signed with Eastman Kodak. The US$30.5 million investment will allow Signet Armorlite, the Company's subsidiaries and some of their partners, to use the Kodak® brand throughout the world until 2029.

Share buybacks

Essilor pursued its share buyback program intended to offset potential dilution from the issuance of shares under employee share-based payment plans. Between December 31, 2012 and February 26, 2013, more than 309,000 shares were bought back on the market for a total investment of approximately €22.5 million.

Practical information

A meeting with analysts will be held in Paris today, February 28, at 10:00 a.m.

The meeting will be available live and recorded for later listening at:
http://hosting.3sens.com/Essilor/20130228-DA00CBA8/en/

The presentation will be webcast at:
http://www.essilor.com/en/Investors/Pages/PublicationsDownloads.aspx

Forthcoming investor events

April 25, 2013: First-quarter 2013 revenue announcement
May 16, 2013: Annual Shareholders' Meeting

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 approximately €5 billion in 2012 and employs around 52,600 people in some 100 countries. It operates 22 plants, more than 400 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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CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2012

Financial Statements

CONSOLIDATED INCOME STATEMENT

€ thousands, except per share data	**2012**	**2011**
Revenue	4 ,988,845	4,189,541
Cost of sales	(2, 205,278)	(1,868,086)
GROSS PROFIT	**2 783 567**	**2,321,455**
Research and development costs	(161,877)	(151,490)
Selling and distribution costs	(1,139,856)	(959,692)
Other operating expenses	(587,688)	(462,094)
CONTRIBUTION FROM OPERATIONS	**894 146**	**748,179**
Restructuring costs, net	(25,325)	(22,646)
Goodwill impairment losses	0	0
Compensation costs on share-based payments	(28, 421)	(23,211)
Other income from operations, net	12, 006	3,962
Other expenses from operations, net	(36, 319)	(20,722)
Gains and losses on asset disposals, net	15 ,626	(2,470)
OPERATING PROFIT	**831,713**	**683,092**
Finance costs	(24, 063)	(13,904)
Income from cash and cash equivalents	17, 037	10,507
Net exchange losses	(6, 779)	(85)
Other financial income and expenses, net	(4, 173)	(9,917)
Share of profit of associates	23, 811	27,883
PROFIT BEFORE TAX	**837,546**	**697,576**
Income tax expense	(207,122)	(179,396)
NET PROFIT	**630,424**	**518,180**
Attributable to equity holders of Essilor International	**584,008**	**505,619**
Attributable to minority interests	46,416	12,562
Basic earnings per common share (€)	2.80	2.44
Weighted average number of common shares (thousands)	208,264	207,246
Diluted earnings per common share (€)	2.77	2.41
Diluted weighted average number of common shares (thousands)	211,015	209,678

CONSOLIDATED STATEMENT OF TOTAL INCOME AND EXPENSES RECOGNIZED IN EQUITY

(€ thousands)	2012			2011		
	Attributable to equity holders of Essilor International	Attributable to minority interests	Total	Attributable to equity holders of Essilor International	Attributable to minority interests	Total
Profit for the period (A)	**584,008**	**46,416**	**630,424**	**505,619**	**12,562**	**518,181**
Valuation gains and losses on derivative financial instruments, net of tax						
Cash flow hedges, effective portion	(244)		(244)	(4,466)		(4,466)
Tax	(94)		(94)	2,494		2,494
Net of tax	*(338)*		*(338)*	*(1,972)*		*(1,972)*
Hedges of net investments, effective portion	836		836	1,392		1,392
Tax	(114)		(114)	(479)		(479)
Net of tax	*(722)*		*(722)*	*913*		*913*
Transfers to profit for the period, net of tax:						
Cash flow hedges, effective portion	(1,808)		(1,808)	4,104		4,104
Tax	239		239	(1,194)		(1,194)
Net of tax	*(1,569)*		*(1,569)*	*2,910*		*2,910*
Hedges of net investments, effective portion	(246)		(246)	(199)		(199)
Tax	11		11	68		68
Net of tax	*(235)*		*(235)*	*(131)*		*(131)*
Valuation gains and losses on non-current financial assets	2,289		2,289	(1,279)		(1,279)
Tax	(47)		(47)	(131)		(131)
Net of tax	*2, 242*		*2,242*	*(1,410)*		*(1,410)*
Actuarial gains and losses on defined benefit obligations	(31,337)		(31,337)	(10,535)		(10,535)
Tax	6,376		6,376	2,632		2,632
Net of tax	*(24,961)*		*(24,961)*	*(7,903)*		*(7,903)*
Translation adjustments to hedging and revaluation reserves	62		62	(978)		(978)
Translation adjustments to other reserves and profit for the period	(49,868)	(6 036)	(55,904)	35,738	812	36,550
Other (Tax)	*(6,126)*		*(6,126)*			
Total income and expense for the period recognized directly in equity, net of tax (B)	(80,071)	(6,036)	(86,107)	**27,167**	**812**	**27,979**
Total recognized income and expense, net of tax (A) + (B)	**503,937**	**40,380**	**544,317**	**532,786**	**13,374**	**546,160**

CONSOLIDATED BALANCE SHEET

ASSETS

€ thousands	December 31, 2012	December 31, 2011
Goodwill	2,086,933	1,883,331
Other intangible assets	621,622	581,781
Property, plant and equipment	1 000,558	955,280
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, NET	**3,709,113**	**3,420,392**
Investments in associates	109,838	109,915
Other long-term financial investments	119,583	92,743
Deferred tax assets	116,789	101,689
Long-term receivables	25,052	3,891
Other non-current assets	674	892
OTHER NON-CURRENT ASSETS, NET	**371,936**	**309,130**
TOTAL NON-CURRENT ASSETS, NET	**4,081,049**	**3,729,522**
Inventories	830,478	753,416
Prepayments to suppliers	15,719	19,671
Short-term receivables	1,147,525	1,121,746
Current income tax assets	55,806	48,355
Other receivables	35,645	30,838
Derivative financial instruments	33,611	15,091
Prepaid expenses	40,651	41,777
Marketable securities	5,781	7,450
Cash and cash equivalents	660,958	390,320
CURRENT ASSETS	**2,826,174**	**2,428,664**
Non-current assets held for sale		
TOTAL ASSETS	**6,907,223**	**6,158,186**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

€ thousands	December 31, 2012	December 31, 2011
Share capital	38,650	38,527
Additional paid-in capital	311,622	307,401
Retained earnings	2,940,952	2,629,367
Treasury stock	(239,044)	(264,110)
Revaluation and other reserves	(79,647)	(49,443)
Translation difference	107,628	157,496
Profit attributable to equity holders of Essilor International	584,008	505,619
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL	**3,664,169**	**3,324,857**
Minority interests	256,571	132,894
TOTAL EQUITY	**3,920,740**	**3,457,751**
Provisions for pensions and other post-employment benefit obligations	204,652	177,693
Long-term borrowings	526,237	309,152
Deferred tax liabilities	148,339	148,755
Other non-current liabilities	232,544	138,168
NON-CURRENT LIABILITIES	**1,111,772**	**773,768**
Provisions	126,954	141,401
Short-term borrowings	390,012	606,581
Customer prepayments	16,944	15,705
Short-term payables	1,014,675	913,218
Taxes payable	75,627	62,172
Other current liabilities	207,605	161,306
Derivative financial instruments	30,115	14,953
Deferred income	12,779	11,331
CURRENT LIABILITIES	**1,874 711**	**1,926,667**
TOTAL EQUITY AND LIABILITIES	**6,907,223**	**6,158,186**

CONSOLIDATED CASH FLOW STATEMENT

€ thousands		December 31, 2012	December 31, 2011
NET PROFIT	**(i)**	**630,424**	**518,180**
Share of profit of associates, net of dividends received		44,796	34,433
Depreciation, amortization and other non-cash items		229,629	180,693
Profit before non-cash items and share of profit of associates, net of dividends received		**904,849**	**733,306**
Provision charges (reversals)		(24,325)	(2,745)
(Gains) losses on asset disposals, net	**(i)**	(14,733)	2,470
Cash flow after income tax expense and finance costs, net		**865,791**	**733,031**
Finance costs, net		7,026	8,988
Income tax expense (current and deferred taxes)	**(i)**	207,122	179,396
Cash flow before income tax expense and finance costs, net		**1,079,939**	**921,415**
Income taxes paid		(224,264)	(183,717)
Interest (paid) and received, net		(5,586)	(14,293)
Change in working capital		(10,091)	(55,607)
NET CASH FROM OPERATING ACTIVITIES		**839,998**	**667,798**
Purchases of property, plant and equipment and intangible assets		(24,207)	(204,717)
Acquisitions of subsidiaries, net of the cash acquired		(158,224)	(364,428)
Purchases of available-for-sale financial assets		(12,956)	(15,120)
Purchases of other long-term financial investments		(16,077)	(16,688)
Proceeds from the sale of subsidiaries, net of the cash sold		1,368	203
Proceeds from the sale of other non-current assets		10,770	14,412
NET CASH USED IN INVESTING ACTIVITIES		**(416,326)**	**(586,338)**
Proceeds from the issue of share capital	**(ii)**	117,899	83,133
(Purchases) sales of treasury stock, net	**(ii)**	(111,788)	(147,502)
Dividends paid to:			
- Equity holders of Essilor International	**(ii)**	(176,619)	(171,541)
- Minority shareholders of subsidiaries	**(ii)**	(24,837)	(3,783)
Increase (decrease) in borrowings other than finance lease liabilities		(54,840)	188,590
Purchases of marketable securities*		1,724	2,066
Repayment of finance lease liabilities		(2,614)	(2,866)
Other movements		(1,266)	(6,855)
NET CASH USED IN FINANCING ACTIVITIES		**(252,341)**	**(58,758)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**171,331**	**22,702**
Cash and cash equivalents at January 1		363,109	345,888
Impact of the change of consolidation method applied to the joint ventures		49,335	
Effect of changes in exchange rates		(4,244)	(5,481)
NET CASH AND CASH EQUIVALENTS AT PERIOD-END		**579,531**	**363,109**
Cash and cash equivalents reported in the balance sheet		660,958	390,320
Short-term bank loans and overdrafts		(81,427)	(27,211)

(*) 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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

♦ Full-year 2012

(€ thousands)	Share capital	Additional paid-in capital	Revaluation reserves	Retained earnings	Translation reserve	Treasury stock	Profit attributable to equity holders of Essilor International	**Equity attributable to equity holders of Essilor International**	Minority interests	**Total equity**
Equity at January 1, 2012	**3,527**	**307,401**	**(49,443)**	**2,629,367**	**157,496**	**(264, 110)**	**505,619**	**3,324,857**	**132,894**	**3,457,751**
Issue of share capital										
- To the corporate mutual funds	69	21,927						21,996		21,996
- On exercise of stock options	486	95,417						95,903		95,903
- Paid up by capitalizing reserves										
Issue of share capital for minority shareholders										
Cancellation of treasury stock	(432)	(113,123)				113,555				
Share-based payments				23, 444				23,444		23,444
Purchases and sales of treasury stock, net				(23,299)		(88,489)		(111,788)		(111,788)
Appropriation of profit				505,619			(505,619)			
Effect of changes in scope of consolidation				(8,103)				(8,103)	108,134	100,031
Dividends				(176,619)				(176,619)	(24,837)	(201,456)
Transactions with shareholders	**123**	**4,221**		**321,042**		**25,066**	**(505,619)**	**(155 ,167)**	**83,297**	**(71,870)**
Total income (expense) for the period recognized directly in equity			(30,266)					(30,266)		(30,266)
Profit for the period							584,008	584,008	46 416	630 424
Exchange differences on translating foreign operations			62	(9,457)	(49,868)			(59,263)	(6,036)	(65,299)
Total recognized income and expense			**(30,204)**	**(9,457)**	**(49,868)**		**584,008**	**494,479**	**40,380**	**534,859**
Equity at December 31, 2012	**38,650**	**311,622**	**(79,647)**	**2,940,952**	**107,628**	**(239,044)**	**584,008**	**3,664,169**	**256,571**	**3,920,740**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

♦ Full-year 2011

(€ thousands)	Share capital	Additional paid-in capital	Revaluation reserves	Retained earnings	Translation reserve	Treasury stock	Profit attributable to equity holders of Essilor International	**Equity attributable to equity holders of Essilor International**	Minority interests	**Total equity**
Equity at January 1, 2011	**38,098**	**224,697**	**(40,872)**	**2,331,494**	**121,865**	**(136,258)**	**461,969**	**3,000,993**	**43,186**	**3,044,179**
Issue of share capital										
- To the corporate mutual funds	94	21,708						21,802		21,802
- On exercise of stock options	335	60,996						61,331		61,331
- Paid up by capitalizing reserves				1,018				1,018		1,018
Issue of share capital for minority shareholders									4,845	4,845
Cancellation of treasury stock										
Share-based payments				21,577				21,577		21,577
Purchases and sales of treasury stock, net				(19,650)		(127,852)		(147,502)		(147,502)
Appropriation of profit				461,969			(461,969)			
Effect of changes in scope of consolidation				3,941	452			4,393	75,272	79,665
Dividends				(171,541)				(171,541)	(3,783)	(175,324)
Transactions with shareholders	**429**	**82,704**		**297,314**	**452**	**(127,852)**	**(461,969)**	**(208,922)**	**76,334**	**(132,588)**
Total income (expense) for the period recognized directly in equity			(7,593)					(7,593)		(7,593)
Profit for the period							505,619	505,619	12,562	518,181
Exchange differences on translating foreign operations			(978)	559	35,179			34,760	812	35,572
Total recognized income and expense			**(8,571)**	**559**	**35,179**		**505,619**	**532,786**	**13,374**	**546,160**
Equity at December 31, 2011	**38,527**	**307,401**	**(49,443)**	**2,629,367**	**157,496**	**(264,110)**	**505,619**	**3,324,857**	**132,894**	**3,457,751**