

## Revenue increases by 10%

### Q1 in line with planned 2017 growth trajectory

- ↗ Like-for-like growth of 2.4%, constant currency growth of 7%
- ↗ Lenses and Optical Instruments: rebound in US growth rate
- ↗ Robust performance in Equipment
- ↗ Dynamic in Sunglasses & Readers impacted by expected one off items

**Charenton-le-Pont, France (April 25, 2017 – 6:30 a.m. CEST)** – Essilor International, the world leader in ophthalmic optics, today announced that consolidated revenue for the first quarter of 2017 increased by 10% to €1,962 million.

#### First-quarter 2017 consolidated revenue

€ millions	Q1 2017	Q1 2016	% Change (reported)	% Change (like-for-like <sup>1</sup> )	Changes in scope	Currency effect
<b>Lenses and Optical Instruments</b>	<b>1,713</b>	1,567	+9.3%	+2.8%	+3.2%	+3.3%
<i>North America</i>	<b>767</b>	710	+7.9%	+2.3%	+1.6%	+4.0%
<i>Europe</i>	<b>508</b>	470	+8.2%	+2.0%	+6.3%	-0.1%
<i>Asia/Pacific/Middle East/Africa</i>	<b>311</b>	283	+10.1%	+5.2%	+1.9%	+3.0%
<i>Latin America</i>	<b>127</b>	104	+21.3%	+2.5%	+3.2%	+15.5%
<b>Sunglasses &amp; Readers</b>	<b>199</b>	173	+15.4%	-2.2%	+17.1%	+0.5%
<b>Equipment</b>	<b>50</b>	44	+14.5%	+7.3%	+4.4%	+2.9%
<b>TOTAL</b>	<b>1,962</b>	<b>1,784</b>	<b>+10.0%</b>	<b>+2.4%</b>	<b>+4.6%</b>	<b>+3.0%</b>

"Essilor continues to deliver with its growth model, which is based on innovation, local partnerships and its mission to improve the visual health of the world's 7.4 billion inhabitants. The performance from the beginning of the year has been in line with our annual plan, supported by improved growth in the United States and China and the contribution from acquisitions, despite an anticipated decline in the Sunglasses & Readers division. The deployment of growth initiatives across our businesses in corrective lenses, sunwear and e-commerce, along with the launch of new products should lead to renewed momentum in the coming quarters" commented Hubert Sagnières, Essilor International Chairman and Chief Executive Officer.

## First-Quarter Revenue

Q1 like-for-like<sup>1</sup> sales growth was up 2.4% reflecting:

- Lenses and Optical Instruments division sales up 2.8% in like-for-like terms<sup>1</sup>. This was the result of, on the one hand, improved momentum in North America and, on the other hand, solid performance in fast growing markets with the notable exception of Brazil, where the Company has faced the lasting effects of an acute economic crisis.
- Sunglasses & Readers division sales down 2.2% in like-for-like terms<sup>1</sup> linked to anticipated one off factors that do not impact the full year growth objective.
- Equipment division sales up 7.3% in like-for-like terms<sup>1</sup> reflecting strong performance.

Newly acquired companies increased revenue by 4.6%. This was composed primarily of the carryover effect from acquisitions consolidated during the 2016 fiscal year, particularly Photosynthesis Group (MJS) in China and MyOptique Group in Europe.

The positive currency effect of 3.0% primarily reflected the appreciation of the US Dollar and Brazilian Real against the Euro, which largely offset the decline in the British Pound when compared to the Euro.

## Revenue by Region and Division

### Lenses and Optical Instruments

Sales in **North America** were up 2.3% in like-for-like terms<sup>1</sup> against a relatively high Q1 2016 comparison base.

The core US lens business grew more quickly than the North America region and improved sequentially compared to Q4 2016 levels. The improved results were driven by the execution of key strategic initiatives across independent optometrists and key accounts. With respect to independent optometrists, this included the ongoing deployment of new offers for members of the alliance service platforms, Vision Source, PERC/IVA and Optiport, which continued to gather momentum through increased membership and enrolment in service and supply chain programs. Growth of Crizal<sup>®</sup> and Eyezen<sup>™</sup> lenses was dynamic. In its key account business, the Company generated faster growth through initiatives at new accounts utilizing integrated supply chain offerings as well as ongoing demand for higher value lens offerings in select key accounts. Contact lens distribution activities continued to be robust.

E-Commerce activities in North America posted like-for-like sales growth of around 10%, driven by eyeglasses sales and reflecting a substantial progression in sales for EyeBuyDirect<sup>™</sup>, solid delivery from Frames Direct<sup>™</sup> and improved trends in Clearly<sup>™</sup>.

Although Transitions<sup>®</sup> trademark lenses sold through Essilor networks expanded, the quarter was negatively impacted by the ongoing decline of Transitions<sup>®</sup> sales to other lens manufacturers.

Sales in **Europe** were up 2.0 % on a like-for-like basis<sup>1</sup>, reflecting mixed performance dynamics across countries. The start of the quarter was also adversely affected by weather conditions. Results were particularly noteworthy in Scandinavia, especially for value-added products, as well as in Russia and Eastern European countries. Southern Europe and Central Europe reported modest growth, with the development in particular of mid-range product lines. The environment was more challenging in France and in the United Kingdom. In addition, online sales of contact lenses and prescription eyeglasses had a good start to the year.

**Asia/Pacific/Middle East/Africa** sales were up 5.2% in like-for-like terms<sup>1</sup> reflecting dynamic domestic activity in fast-growing countries, stability in mature markets and the subdued results of export sales on the back of a high comparison base. Fast-growing countries reported sales growth in excess of 10% in like-for-like terms in their domestic businesses. This was attributable in part to an acceleration in China, where all the networks benefited from the marked growth of blue light filtering lenses in a generally more buoyant market. Solid results were also achieved across South-East Asia, Africa and in Turkey. The situation normalized in India where sales of Transitions<sup>®</sup> lenses developed well and the economy rebounded following disruption linked to demonetization. South Korea contributed to growth due to the success of progressive lenses, Eyezen<sup>™</sup> and Transitions<sup>®</sup>, as well as an improved product mix. In the developed countries, sales in Australia grew moderately, while in Japan sales growth in the high-end range offset the reduction in business with a major optical chain.

**Latin America** sales were up 2.5% in like-for-like terms<sup>1</sup>. Weakness in Brazil detracted from the brisk performance of Spanish-speaking countries.

With the ongoing economic crisis in Brazil, pressure on consumer purchasing power has translated into subdued footfall at optical stores with sales of high-end products being disproportionately affected. The Company nevertheless continues to expand its national coverage through its strategy of forming partnerships with new prescription laboratories.

Other countries within the region posted a double-digit growth, led by Mexico and Argentina. For the first time, the Company began operating in Guatemala, through a partnership with a consolidated laboratory (please refer to Acquisitions section).

### **Sunglasses & Readers**

Sunglasses & Readers Division sales were down 2.2% like-for-like terms<sup>1</sup> in the first quarter due to a highly unfavorable comparison base for FGX International, which had benefited from a significant new contract at one key account in North America over the first quarter of 2016. This impact on FGX's Q1 2017 sales is in line with budget projections.

Costa had a satisfactory start to the year with strong sales growth despite lackluster momentum in sports stores. Costa continues to establish the brand in new points of sale, including eye care professionals as it proceeds with the development of the prescription segment.

In China, Xiamen Yarui Optical (Bolon<sup>™</sup>) recorded a slight sales increase for the period. Over the course of the quarter, Xiamen Yarui Optical completed the start up of its new manufacturing facility and now benefits

from a fully integrated, state of the art supply chain. The 2017 collection has been favorably received by eye care professionals and consumers alike, as evidenced by a substantial increase in online sales.

## Equipment

Sales of the Equipment Division were up 7.3% on a like-for-like basis<sup>1</sup>. All product lines (digital surfacing machines, multi-layer coating machines and consumables) contributed to growth. Results also benefited from the success of new products launched over the past few months and particularly the new generation of Multi-FLEX™ polishers and the new version of the VFT-orbit 2™ generator. The Equipment division's backlog remains at a healthy level.

## Acquisitions and partnerships

Since the beginning of the year, Essilor has completed **six** new transactions representing combined revenue of around €40 million on a full-year basis.

In addition to the previously announced acquisitions of **Visolab Produtos Opticos Ltda** in **Brazil**, **Mangalsons Optics PTE Ltd** in **India**, **Sun Optical Technologies** in **Ethiopia** and **Optitrade Logistics Center** (OLC) in the **Netherlands**, Essilor increased its equity investment in the joint venture **Topcon Visioncare Japan** (TVJ), the distributor of Topcon's optometry line and Essilor's lens finishing line to opticians in **Japan**, to 51%. This transaction will strengthen Essilor's expertise in the optometry field and will enhance its offering to Japanese eye care professionals.

In early April, the Company also finalized the acquisition of a majority stake in **Optical Center**, an integrated prescription laboratory that operates around 50 optical stores in **Guatemala**.

## Outlook

In 2017, Essilor forecasts revenue growth (excluding currency effects) of between 6% and 8% including between 3% and 5% on a like-for-like<sup>1</sup> basis. The contribution from operations<sup>2</sup> is expected to be around 18.5% of revenue, reflecting the short-term dilutive impact of the rapid development of online retail operations. Due to the progressive effect of the initiatives to be implemented over the course of the year and the comparison basis, the Company expects a higher level of growth and profitability in the second half of the year versus the first half.

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

Please dial-in at the following numbers: +33 (0)1 76 77 25 06 or +44 (0)330 336 9412 (access code: 2060461)

The call may also be heard later at: <http://hosting.3sens.com/Essilor/20170425-5BD71010/en/startup.php>

## Investor calendar

- May 11, 2017:
  - 9:00 a.m. CEST: Special Meeting of holders of Essilor International shares with double voting rights at the Maison de la Mutualité in Paris, France.
  - 10:45 a.m. CEST: Essilor International Combined General Shareholders' Meeting at the Maison de la Mutualité in Paris, France.
- July 28, 2017: 2017 First-Half Results

## Notes

1. **Like-for-like growth:** Growth at constant scope and exchange rates. See definition provided in Note 2.3 to the consolidated financial statements of the 2016 Registration Document.
2. **Contribution from operations:** Revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).
3. **Bolt-on acquisitions:** Local acquisitions or partnerships.

## About Essilor

*The world's leading ophthalmic optics company, Essilor designs, manufactures and markets a wide range of lenses to improve and protect eyesight. Its mission is to improve lives by improving sight. To support this mission, Essilor allocates more than €200 million to research and innovation every year, in a commitment to continuously bring new, more effective products to market. Its flagship brands are Varilux®, Crizal®, Transitions®, Eyezen™, Xperio®, Foster Grant®, Bolon™ and Costa®. It also develops and markets equipment, instruments and services for eyecare professionals.*

*Essilor reported consolidated revenue of more than €7.1 billion in 2016 and employs 64,000 people worldwide. It markets its products in more than 100 countries and has 33 plants, 490 prescription laboratories and edging facilities, as well as 5 research and development centers around the world. For more information, please visit [www.essilor.com](http://www.essilor.com).*

*The Essilor share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices.*

*Codes and symbols: ISIN: FR0000121667; Reuters: ESSI.PA; Bloomberg: EI:FP.*

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## APPENDIX

### CONSOLIDATED REVENUE BY QUARTER

€ millions	2017	2016
<b>First Quarter</b>		
<b>Lenses &amp; Optical Instruments</b>	<b>1,713</b>	<b>1,567</b>
> North America	<b>767</b>	710
> Europe	<b>508</b>	470
> Asia/Pacific/Middle East/Africa	<b>311</b>	283
> Latin America	<b>127</b>	104
<b>Sunglasses &amp; Readers</b>	<b>199</b>	173
<b>Equipment</b>	<b>50</b>	44
<b>TOTAL First Quarter</b>	<b>1,962</b>	<b>1,784</b>
<b>Second Quarter</b>		
<b>Lenses &amp; Optical Instruments</b>		<b>1,562</b>
> North America		668
> Europe		495
> Asia/Pacific/Middle East/Africa		282
> Latin America		117
<b>Sunglasses &amp; Readers</b>		187
<b>Equipment</b>		50
<b>TOTAL Second Quarter</b>		<b>1,799</b>
<b>Third Quarter</b>		
<b>Lenses &amp; Optical Instruments</b>		<b>1,541</b>
> North America		671
> Europe		461
> Asia/Pacific/Middle East/Africa		288
> Latin America		121
<b>Sunglasses &amp; Readers</b>		132
<b>Equipment</b>		50
<b>TOTAL Third Quarter</b>		<b>1,723</b>
<b>Fourth Quarter</b>		
<b>Lenses &amp; Optical Instruments</b>		<b>1,549</b>
> North America		657
> Europe		480
> Asia/Pacific/Middle East/Africa		286
> Latin America		126
<b>Sunglasses &amp; Readers</b>		192
<b>Equipment</b>		68
<b>TOTAL Fourth Quarter</b>		<b>1,809</b>