Revenue Up 8.1% Excluding the Currency Effect

- Revenue up 4.1% like-for-like
- Lenses & Optical Instruments gained momentum, driven by the fast-growing countries
- Sunglasses & Readers impacted by weather conditions
- Earnings per share outpaced revenue
- Free cash flow[2] up 9.3%
- Revenue expected to end the year around 4.5% like-for-like
- 2018 objectives confirmed

Charenton-le-Pont, France (July 29, 2016 – 6:30 am) – The Board of Directors of Essilor International met yesterday to approve the financial statements for the six months ended June 30, 2016. The auditors have performed a limited review of the consolidated financial statements.

Financial Highlights

€ millions	H1 2016	H1 2015	Change
Revenue	**3,583**	**3,408**	+ 5.1%
Contribution from operations[1] *(% of revenue)*	**677** ***18.9%***	**651** ***19.1%***	+ 4.0%
Operating profit	**646**	**614**	+ 5.3%
Profit attributable to equity holders	**416**	**388**	+ 7.3%
Earnings per share (in €)	**1.95**	**1.83**	+ 6.4%
Free cash flow[2]	**247**	**226**	+ 9.3%

Commenting on these results, Hubert Sagnières, Chairman and Chief Executive Officer of Essilor, said: *"In a structurally expanding optical industry, Essilor is confirming its objective of increasing organic growth to more than 6% by 2018. In first-half 2016, our strategy once again successfully drove gains in the Lenses & Optical Instruments division and strong acquisitions-led growth. The performance of the Sunglasses & Readers division was hit by very unfavorable weather conditions in the second quarter. In the second half, we will continue to deploy a wide array of growth initiatives in prescription lenses, Sunwear, online retailing and the fast-growing countries. We are confident in our ability to fully capitalize on the many growth opportunities that are arising."*

First-half operating highlights

Consolidated revenue amounted to €3,583 million in the first six months of 2016, an increase of 8.1% at constant exchange rates and 4.1% like-for-like. Contribution margin[1] amounted to 18.9% of revenue, while earnings per share increased by 6.4% and free cash flow[2] advanced 9.3%.

Highlights of the first-half also included:

- ↗ A further acceleration at the Lenses and Optical Instruments division, with like-for-like growth of 5%, versus 4.7% in first-half 2015, that reflected:
  - A steep increase in business in the fast-growing countries.
  - Better-than-expected growth in Europe.
  - A sluggish performance in North America, primarily due to the decrease in Transitions Optical sales to other lens manufacturers.
- ↗ A 3.9% decline at the Sunglasses & Readers division caused by:
  - Unfavorable weather conditions during the sunwear season.
  - A slower-than-expected recovery in sales at Xiamen Yarui Optical (Bolon™).
- ↗ A return to growth at the Equipment division.
- ↗ A positive contribution by online sales to consolidated growth.
- ↗ A robust acquisitions and partnerships dynamic, which added 4.0% to reported growth.
- ↗ A high contribution from operations, reflecting firm cost discipline.

Outlook

Essilor expects the Sunglasses & Readers division to deliver an improved performance in the second half, and the lenses and online retailing operations will continue to deploy a wide range of growth initiatives during the period. Nevertheless, it prefers to conservatively factor the impact of a poor sunwear season into its full-year like-for-like growth objective, and calls for an increase in revenue in excess of 8% at constant exchange rates, including like-for-like growth of around 4.5%. Essilor also confirms the target for contribution from operations[1] excluding any new major acquisitions of at least 18.8% of revenue for the year. The Company's structural growth dynamic remains unchanged and we continue to target like-for-like revenue growth of more than 6.0% by 2018.

Notes

1. *Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).*
2. *Net cash from operating activities less change in working capital requirement and purchases of property, plant and equipment and intangible assets*

A conference call in English will be held today at 10:30 a.m. CEST.

The meeting will be available live and may also be heard later at:

http://hosting.3sens.com/Essilor/20160729-226A668B/en/

Regulatory filings

The interim financial report is available at www.essilor.com, by clicking on:

http://www.essilor.com/en/Investors/Pages/PublicationsDownloads.aspx

Forthcoming investor event

October 21, 2016: Third-quarter 2016 revenue

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 €6.7 billion in 2015 and employs 61,000 people worldwide. It markets its products in more than 100 countries and has 32 plants, 490 prescription laboratories and edging facilities, as well as five 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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MANAGEMENT REPORT

FIRST-HALF 2016 CONSOLIDATED REVENUE

€ millions	**H1 2016**	**H1 2015**	**Change (reported)**	**Change (like-for-like)**	**Change in the scope of consolidation**	**Currency effect**
Lenses & Optical Instruments	**3,129**	**2,954**	**+5.9%**	**+5.0%**	**+4.1%**	**-3.2%**
North America	***1,378***	***1,312***	***+5.0%***	*+3.1%*	*+2.8%*	*-0.9%*
Europe	***965***	***904***	***+6.8%***	*+4.6%*	*+3.8%*	*-1.6%*
Asia/Pacific/Middle East/Africa	***564***	***536***	***+5.3%***	*+8.7%*	*+1.6%*	*-5.0%*
Latin America	***222***	***202***	***+9.5%***	*+10.3%*	*+20.3%*	*-21.1%*
Sunglasses & Readers	**360**	**362**	**-0.6%**	**-3.9%**	**+4.7%**	**-1.4%**
Equipment	**94**	**92**	**+2.3%**	**+4.0%**	**-0.7%[(a)]**	**-0.9%**
TOTAL	**3,583**	**3,408**	**+5.1%**	**+4.1%**	**+4.0%**	**-3.0%**

(a) Intra-group sales with newly consolidated companies.

Revenue amounted to €3,583 million in the first six months of 2016, an increase of 5.1% as reported and of 8.1% like-for-like including bolt-on acquisitions[1], in line with Essilor's full-year guidance.

- On a like-for-like basis, revenue grew by 4.1%, driven by a solid 5% rise in the Lenses & Optical Instruments division on the back of double-digit sales growth in the fast-growing countries. Growth was held back however by a contraction in the Sunglasses & Readers division due to unfavorable weather conditions as well as a slower-than-expected recovery in sales at Xiamen Yarui Optical (Bolon™).
- Changes in the scope of consolidation added 4.0% to the growth performance, illustrating the major impact of the Company's 2015 acquisitions as well as the strong momentum in the early part of 2016, with 10 new transactions signed.
- The currency effect was a negative 3.0%, primarily due to the depreciation of the Brazilian real, Chinese yuan, Indian rupee, Colombian and Mexican peso, and in mature markets, a weakening of the Canadian dollar and British pound.

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[1] *Local acquisitions or partnerships*

REVENUE BY BUSINESS AND BY REGION

Lenses & Optical Instruments

The Lenses & Optical Instruments division posted like-for-like growth of 5.0%.

Sales rose by 3.1% like-for-like in **North America** over the period, as a solid performance in the United States made up for softer demand in Canada.

US sales were led by demand from independent eyecare professionals for Crizal® and Xperio® lenses, as well as other value-added products. In addition, a variety of new product, marketing and supply chain solutions were designed and are now being developed for the independent optometrists who are members of the Vision Source and PERC/IVA service platforms. They are expected to start delivering their benefits in the second half and in 2017. Business with the optical chains benefited from the success of the Company's premium solutions, while the contact lens distribution business enjoyed robust growth across the period. As demand cooled in the second quarter, overall performance in the US was dampened by the fall-off in Transitions Optical sales to other lens manufacturers.

In Canada, the various lens distribution networks (Essilor®, Nikon-Essilor, Shamir® and partner laboratories), as well as the instruments business, generated modest gains against high prior-year comparatives.

The sustained rise in online sales is being led by the continuing success of EyeBuyDirect™ and Frames Direct™, as well as by the return to growth of Clearly™ in Canada. In the United States, sales at Coastal™ have not improved as quickly as expected.

Sales in **Europe** ended the first six months of the year up 4.6% like-for-like, as the momentum built up in 2015 continued during the period, with solid gains in several large countries, as well as in Scandinavia, Russia and Eastern Europe. Operations in the Benelux countries enjoyed a return to growth, which helped to offset the slight slowdowns i) in the United Kingdom and Spain against high prior-year comparatives; and ii) in Central Europe. Sales of value-added products, like Varilux® progressive lenses, Crizal® anti-reflective lenses and Xperio® polarized lenses, rose over the period, while the new Eyezen™ category got off to a promising start. Lastly, the Instruments business and online sales turned in a solid half-year performance.

A sales increase above 10% in the fast-growing countries drove an 8.7% like-for-like gain in the **Asia/Pacific/Middle East/Africa region.** Growth remained very strong in India, led by robust sales of Transitions ®and Varilux® lenses. In a lackluster economy, operations in China are continuing to expand. The Eyezen™ line is proving highly popular with eyecare professionals and preparations are underway for the local roll-out of new blue-light lenses. Business in South Korea rose markedly over the period on the sustained success of Chemilens' Perfect UV solutions. Operations in Southeast Asia delivered solid growth, led by Transitions®, Varilux® and Kodak® lenses. The Turkish and African markets continued to demonstrate strong potential during the period. In particular, the robust demand for Varilux® and Crizal® lenses is boosting business in Morocco and Tunisia. Business also rose in the region's developed economies, thanks chiefly to optical chains in Japan and an equal contribution from independent eye care professionals and optical chains in Australia and New Zealand.

In **Latin America**, business rose by 10.3% like-for-like over the first half, reflecting slightly faster gains in Brazil in the second quarter and robust growth in the region's other countries, which are accounting for an increasing share of the total revenue stream.

In a persistently challenging economy, Essilor further strengthened its positions in Brazil, where Crizal® lenses performed well thanks to the successful media campaigns. In addition, the mid-range Kodak® line continued to be quickly deployed nationwide. The online businesses (eÓtica, e-lens and glasses4you™) reported good growth.

In the rest of the region, growth was driven by demand for high value-added products. In Mexico, consumer marketing campaigns continued to lift Crizal®, Transitions® and Varilux® lens sales, while Kodak® lenses are off to an encouraging start following their introduction in the second quarter. Operations in Argentina delivered the region's fastest growth, thanks in particular to the sharp increase in Crizal® lens sales. Revenue in Colombia and Chile was lifted by a strong performance from the Company's partner laboratories. Lastly, in Costa Rica and Nicaragua, Grupo Vision enjoyed the benefits of the faster market roll-out of Crizal®, Varilux® and other premium lenses.

Sunglasses & Readers

The Sunglasses & Readers division saw sales decline by 3.9% like-for-like over the first half, due to three main factors. First, the lack of demand from mass merchandisers and unfavorable weather conditions during the peak sunwear season impacted Costa® and the FGX International brands in North America and Europe. Second, after a first quarter disrupted by the introduction of a new inventory management system, Xiamen Yarui Optical (Bolon™) is recovering more slowly than expected in a lackluster Chinese market. Lastly, in the United States, FGX International's performance suffered by comparison with first-half 2015, when entire collections were placed at two key accounts.

Nevertheless, Essilor is pursuing the development of the Sunwear business, led by the expansion of its brands in the global marketplace, the entry into new distribution channels and the arrival of new products. This is expected to drive an improvement in sales in the second half.

Equipment

The **Equipment** division saw revenue climb 4.0% like-for-like in the first half, lifted by the increases in surfacing and coating capacity at several key accounts and optical chains, mainly in North America but also in Asia. Sales growth in Latin America was led by the growing take-up of digital surfacing technology by small and mid-sized laboratories. The Equipment division's backlog for the second half of the year trended favorably.

SECOND-QUARTER 2016 CONSOLIDATED REVENUE

€ millions	**Q2 2016**	**Q2 2015**	**Change (reported)**	**Change (like-for-like)**	**Change in the scope of consolidation**	**Currency effect**
Lenses & Optical Instruments	**1,562**	**1,501**	**+4.1%**	**+4.4%**	**+3.9%**	**-4.2%**
North America	***668***	***663***	***+0.8%***	*+1.5%*	*+2.2%*	*-2.8%*
Europe	***495***	***462***	***+7.1%***	*+4.5%*	*+4.9%*	*-2.3%*
Asia/Pacific/Middle East/Africa	***282***	***269***	***+4.6%***	*+8.5%*	*+1.7%*	*-5.7%*
Latin America	***117***	***107***	***+9.8%***	*+11.4%*	*+15.5%*	*-17.2%*
Sunglasses & Readers	**187**	**199**	**-6.0%**	**-5.8%**	**+2.9%**	**-3.1%**
Equipment	**50**	**49**	**+1.9%**	**+4.3%**	**-0.5%[a]**	**-1.9%**
TOTAL	**1,799**	**1,749**	**+2.9%**	**+3.2%**	**+3.7%**	**-4.0%**

(a) Intra-group sales with newly consolidated companies.

Revenue for the second quarter stood at €1,799 million, an increase of 2.9% as reported and 3.2% like-for-like, lifted by the 4.4% growth in Lenses & Optical Instruments sales. Changes in the scope of consolidation added 3.7% to growth, and the currency effect was a negative 4.0%.

Second-quarter highlights were as follows:

- A slowdown in North America, reflecting a fall-off in Transitions Optical sales to other lens manufacturers.
- Solid performances in all the fast-growing countries and in Europe.
- A peak sunwear season impacted by highly unfavorable weather conditions in the US and in Europe, as well as a slower-than-expected recovery in sales at Xiamen Yarui Optical (Bolon™).
- A good performance by the Equipment division.

ACQUISITIONS AND PARTNERSHIPS

During the first half, Essilor pursued its strategy of forging local partnerships by acquiring majority interests in 10 companies representing aggregate full-year revenue of around €100 million.

North America

- In the United States, Essilor of America has acquired:
  - **ICare Industries, Inc.**, a Florida-based laboratory with USD 14 million in revenue.
  - **Opti-Port LLC**, a national purchasing alliance of leading, multi-office eyecare practices.
  - **AllAboutVision.com**, a consumer website designed as a source of eye health and vision correction news and information. The site offers more than 500 pages of vision-related content and had more than 45 million unique visitors in 2015.
- In **Canada**, Essilor has acquired a majority stake in **Axis Medical Canada Inc.**, an optical instruments distributor to eyecare professionals with revenue of around CAD 6 million.

Europe

- In the **United Kingdom**, Essilor has acquired **Vision Direct Group Ltd.**, a leading online optical products retailer with revenue of around £33 million in 2015.

Asia/Pacific/Middle East/Africa

- In **South Africa**, a majority stake has been purchased in **One Vision Optical Pty Ltd.**, an eyewear, readers and sunglasses distributor with around €6 million in revenue, which also markets comprehensive vision solutions to independent opticians.

Latin America

- In **Brazil**, the Company purchased **Digital Lab** Industria e commercio de lentes e Óculos Ltda and Laboratorio Ótico **Summer Vision** Ltda, two laboratories with around BRL 12 million in aggregate revenue from operations in São Paulo and Rio de Janeiro states.
- In **Chile**, majority stakes have been acquired in **Laboratorio Óptica Ltda** and **Ópticas OPV Ltda**, an integrated laboratory and distributor that reported around USD 25 million in revenue in 2015.
- In **Peru**, a majority interest has been acquired in **Ocutec Laboratorio**, a prescription laboratory with revenue of around €3 million.

STATEMENT OF INCOME

Condensed statement of income

€ millions	**H1 2016**	**H1 2015**	**Change**
Revenue	3,583	3,408	+5.1%
Gross profit *(% of revenue)*	2,135 *59.6%*	2,041 *59.9%*	+4.6% --
Operating expenses	1,458	1,390	+4.9%
EBITDA[(a)] *(% of revenue)*	866 *24.2%*	835 *24.5%*	+3.8% --
Contribution from operations[(b)] *(% of revenue)*	677 *18.9%*	651 *19.1%*	+4.0% --
Operating profit	646	614	+5.3%
Financial income (expense), net	(37)	(20)	--
Income tax *Effective tax rate*	(159) *26.1%*	(172) *29.0%*	--
Net profit Attributable to equity holders of Essilor International *(% of revenue)*	450 416 *11.6%*	422 388 *11.4%*	+6.7% +7.3% --
Earnings per share *(in €)*	1.95	1.83	+6.4%

(a) EBITDA (Earnings Before Interests, Taxes, Depreciation & Amortization) is a metric defined as the contribution from operations before depreciation and amortization of property, plant and equipment, and intangible assets and amortization of inventory revaluations generated by acquisitions.

(b) Revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).

EARNINGS PER SHARE UP 6.4%

Gross profit

In the first half of 2016, gross profit (revenue less cost of sales) stood at €2,135 million, representing 59.6% of revenue, versus 59.9% in first-half 2015.

The positive impact from the improved product mix and operating efficiency gains partially offset the decline in Transitions Optical's business to other lens manufacturers and the dilution coming from bolt-on acquisitions[1].

Operating expenses up 4.9%

Operating expenses amounted to €1,458 million for the period, representing 40.7% of revenue, versus 40.8% in first-half 2015.

They primarily comprised:

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[1] *Local acquisitions or partnerships*

- €108 million in R&D and engineering costs, versus €104 million in first-half 2015.
- €892 million in selling and distribution costs, versus €841 million in first-half 2015. In line with the Company's strategy, the increase reflected i) the higher consumer marketing expenses committed to strengthen the brand portfolio and raise consumer awareness of the online businesses; and ii) the expansion of the sales force.

Contribution from operations[1]

Contribution from operations[1] rose by 4.0% to €677 million in the first half. Contribution from operations[1], however, narrowed slightly to 18.9% of revenue from 19.1% in first-half 2015 due to:

- A 10-point decrease in operating expenses as a percentage of revenue, which partially offset a decline in gross margin.
- An €8-million increase in consumer marketing spend included in operating expenses compared with first-half 2015. Excluding this expense, contribution from operations[1] would have been stable at 19.1% of revenue.

Operating profit up 5.3% to €646 million or 18% of revenue

"Other income and expenses from operations" and "Gains and losses on asset disposals" together represented a net expense of €31 million, versus €37 million in first-half 2015. These items covered:

- Charges to restructuring provisions in a total amount of €14 million, mainly related to the reorganization of Transitions Optical production in the United States.
- Compensation costs for share-based payments (in particular performance share plans), totaling €25 million.
- €8 million in proceeds from the sale of property in France.

Finance costs and other financial income and expenses, net

This item came out at a net cost of €37 million, up from a net cost of €20 million in first-half 2015 due to the increase in interest expense stemming from the rise in interest rates on dollar-denominated debt and the swing to a foreign exchange loss from a strong gain in the prior-year period.

Profit attributable to equity holders up 7.3% to €416 million

Profit attributable to equity holders of Essilor International is stated after:

- €159 million in income tax expense, representing an effective tax rate of 26.1% compared with 27.5% in the year ended December 31, 2015. The improvement in the rate was mainly attributable to the reduction in dividend taxes after a significant portion of the 2015 dividend was paid out in shares.
- €34 million in non-controlling interests, unchanged from first-half 2015.

Earnings per share amounted to €1.95, a 6.4% increase that outpaced the growth in revenue.

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[1] *Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).*

BALANCE SHEET AND CASH FLOW STATEMENT

FREE CASH FLOW[1] UP 9.3%

Free cash flow[1] advanced 9.3% to €247 million, and as a result of capital expenditure discipline, outpaced the rise in contribution from operations[2].

Capital expenditure and investments

Purchases of property, plant and equipment and intangible assets totaled €145 million for the first six months of 2016, mainly comprising capital expenditure to support the Company's development.
Financial investments, in an amount of €293 million, mainly concerned the acquisitions of Vision Direct Group Ltd in the United Kingdom, ICare Industries, Inc. in the US, and Ópticas OPV Ltda in Chile.

Working capital requirement

Working capital requirement rose by €233 million in first-half 2016 mainly due to seasonal impacts in the Lenses & Optical Instruments division.

Operating cash flow[3]

Operating cash flow[3] came in at €625 million (€617 million in the six months to June 30, 2015) and included the disbursement during the period of the fine handed down to two subsidiaries by the German antitrust authority. This was set aside in the financial statements in 2010.

Net debt

Consolidated net debt was €2,172 million at June 30, 2016, or 1.3 times consolidated 12-month EBITDA.

Cash flow statement

€ millions

Net cash from operations (before change in WCR[(a)])	625	Change in WCR	233
Proceeds from share issues	3	Capital expenditure	145
Change in net debt	83	Dividends[(c)]	103
Other[(b)]	63	Acquisition of investments, net of disposals[(d)]	293

(a) Working capital requirement.
(b) Other items include the positive €38-million currency effect.
(c) The theoretical 2015 dividend amounted to €237.1 million. However, the option to receive the dividend in shares was taken up by 67.6% of shareholders and the cash dividend effectively disbursed amounted to €79.1 million.
(d) Financial investments net of cash acquired, plus debt of newly-consolidated companies.

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[1] Net cash from operating activities less the change in working capital requirement and purchases of property, plant and equipment and intangible assets, according to the IFRS consolidated cash flow statement.
[2] Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).
[3] Net cash from operating activities before working capital requirement.

SIGNIFICANT EVENTS SINCE THE END OF THE FIRST HALF

ACQUISITIONS

In the **United States**, Essilor of America has acquired a majority stake in **US Optical LLC**, a New York-based wholesale optical laboratory focused on quality and speed of delivery, with around USD 35 million in annual revenue. This partnership will help to complement Essilor's U.S. offerings and broaden the distribution of Varilux® lenses and other value-added products.

APPENDICES

CONSOLIDATED REVENUE BY QUARTER

€ millions	2016	2015
First Quarter		
Lenses & Optical Instruments	1,567	1,454
➤ *North America*	*710*	*650*
➤ *Europe*	*470*	*441*
➤ *Asia/Pacific/Middle East/Africa*	*283*	*267*
➤ *Latin America*	*104*	*96*
Sunglasses & Readers	173	163
Equipment	44	42
TOTAL First Quarter	**1,784**	**1,659**
Second Quarter		
Lenses & Optical Instruments	1,562	1,501
➤ *North America*	*668*	*663*
➤ *Europe*	*495*	*462*
➤ *Asia/Pacific/Middle East/Africa*	*282*	*269*
➤ *Latin America*	*117*	*107*
Sunglasses & Readers	187	199
Equipment	50	49
TOTAL Second Quarter	**1,799**	**1,749**
Third Quarter		
Lenses & Optical Instruments		1,446
➤ *North America*		*643*
➤ *Europe*		*431*
➤ *Asia/Pacific/Middle East/Africa*		*270*
➤ *Latin America*		*102*
Sunglasses & Readers		126
Equipment		48
TOTAL Third Quarter		**1,620**
Fourth Quarter		
Lenses & Optical Instruments		1,440
➤ *North America*		*632*
➤ *Europe*		*442*
➤ *Asia/Pacific/Middle East/Africa*		*265*
➤ *Latin America*		*101*
Sunglasses & Readers		185
Equipment		63
TOTAL Fourth Quarter		**1,688**

RISK FACTORS

Risk factors are similar to those presented in section 1.6 of the 2015 Registration Document (pages 26 to 30) and did not change significantly during the first half of 2016. Litigation risks are described in note 15 to the consolidated financial statements.