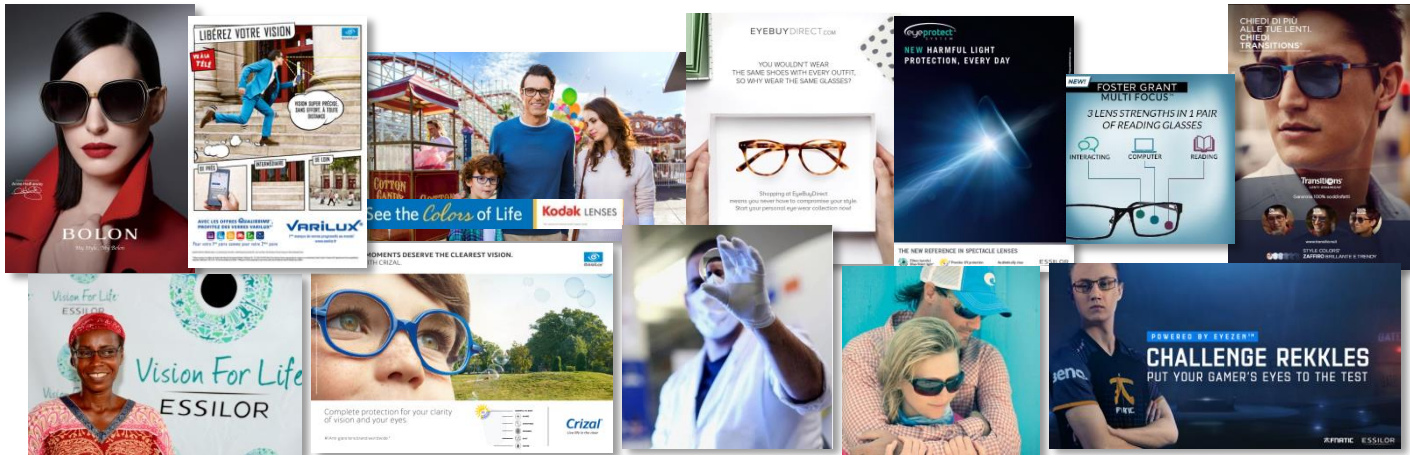# JP Morgan Healthcare Conference

↗ January 11, 2017

A Unique and Powerful Mission at the Heart of our Strategy

Improving Life by Improving Sight

ESSILOR

Essilor, A World Leader Focused on Improving and Protecting the Vision of 7.2 Billion People

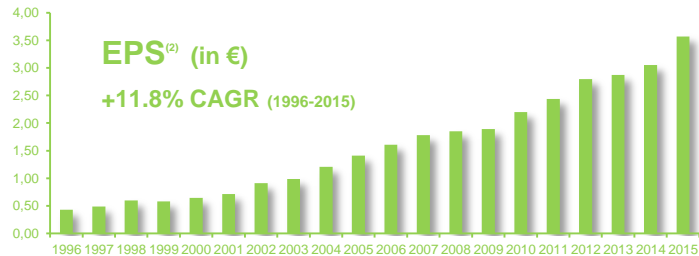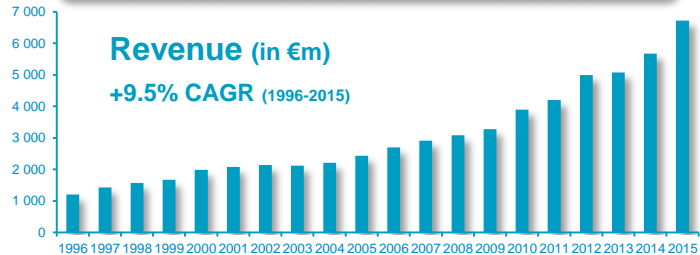## Essilor is Recognized among Worlds' Top Companies

FTSE4Good

Newsweek GREEN RANKINGS 2016

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Forbes 2016
THE WORLD'S
MOST
INNOVATIVE
COMPANIES
POWERED BY THE INNOVATORS DNA

100 FASTEST-GROWING COMPANIES 2015
FORTUNE
CHANGE
THE
WORLD
LIST

tv/e global sustainability film awards 2016

Solid Long-term Performance
Total Shareholder Return: 18% CAGR[1]

Revenue (in €m)
+9.5% CAGR (1996-2015)

7 000
6 000
5 000
4 000
3 000
2 000
1 000
0

1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

EPS[2] (in €)
+11.8% CAGR (1996-2015)

4,00
3,50
3,00
2,50
2,00
1,50
1,00
0,50
0,00

1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

(1) TSR: share price appreciation + reinvested dividends / Oct .28, 1975 – Dec. 31, 2016 CAGR
(2) Adjusted in 2013 and 2014 for non-recurring items resulting mainly from major acquisitions

Poor Vision, the World's Biggest Disability

7.2 bn people

VISION CORRECTION

63%
in need of
vision correction

1.9 billion
Corrected

↗ Myope growth rate: 3.3%
↗ Presbyope growth rate: 2.5%

2.5+ billion
Uncorrected

↗ 1.6 billion in Asia
↗ 530 million in Africa
↗ 170 million in the Middle East
↗ 130 million in Latin America

VISION PROTECTION

100%
should protect
their eyes
(sun, UV, blue light)

1.4 billion
Equipped
with sunglasses

↗ Sunglasses market growth: 6-7%
↗ High potential for prescription sunwear

5.8 billion
Unequipped

↗ Massive under-penetration in Fast-Growing Markets
↗ Cataract/Eyelid cancer

Source: Essilor – 2015 estimates

Solid Market Growth Potential Unchanged
Driven by Demographics, Ageing, Urbanization and Lifestyle

DEMOGRAPHY

In billions of people	2015	CAGR	2030
Worldwide Population	7.2	0.9%	8.2
Urban Population	4.0	2.0%	5.0

VISION CORRECTION

In billions of people	2015	CAGR	2030
Correction Needs	4.5	2.1%	6.0
Correction Wearers	1.9	3.0%	2.9
Myopia	1.7	3.3%	2.7
Presbyopia	2.1	2.5%	3.0

VISION PROTECTION

| In billions of people	2015	CAGR	2030
Sunglass Wearers	1.4	5.2%	3.0
AMD*	120m	2.6%	200m
Cataracts	260m	3.6%	440m

Age-related Macular Degeneration
Source: Essilor estimates, Worldbank, United Nations, CIA, World Population Prospects, Epidemiological and Marketing studies

Essilor, a Pure Play in a ~€85bn Market[1]

VISUAL HEALTH SOLUTIONS

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Spectacle Lenses

Contact Lenses

Readers

Pharmaceutical

Sunglasses

Surgical

Frames

W E A R E R S

(1) Sell-out value for contact lenses, spectacle lenses, readers, sunglasses and frames
Source: Essilor – 2015 estimates

Growth Potential in Value Terms as Big in Developed Markets as in Fast-Growing Markets
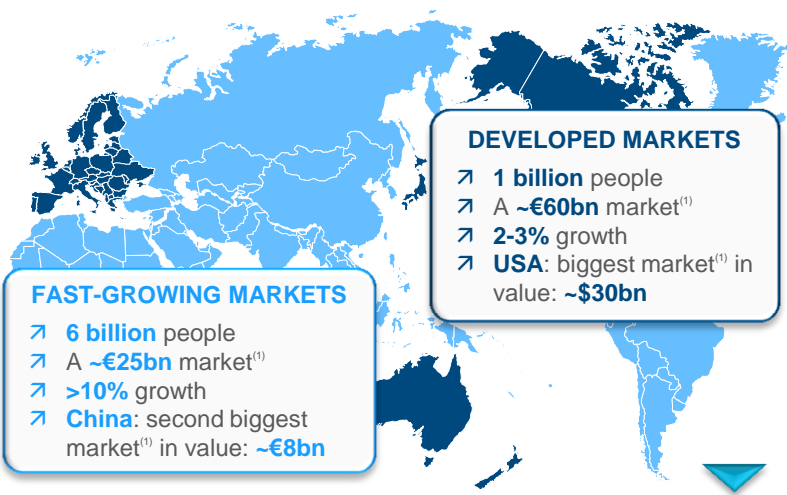
DEVELOPED MARKETS

↗ **1 billion** people
↗ A **~€60bn** market[1]
↗ **2-3%** growth
↗ **USA**: biggest market[1] in value: **~$30bn**

FAST-GROWING MARKETS

↗ **6 billion** people
↗ A **~€25bn** market[1]
↗ **>10%** growth
↗ **China**: second biggest market[1] in value: **~€8bn**

M&A opportunities in both geographies

Fast-Growing Markets include China, India, ASEAN, South Korea, Hong Kong, Taiwan, Africa, the Middle East, Russia and Latin America
Source: Essilor – 2015 estimates, Worldbank
(1) Sell-out value for contact lenses, spectacle lenses, readers, sunglasses and frames

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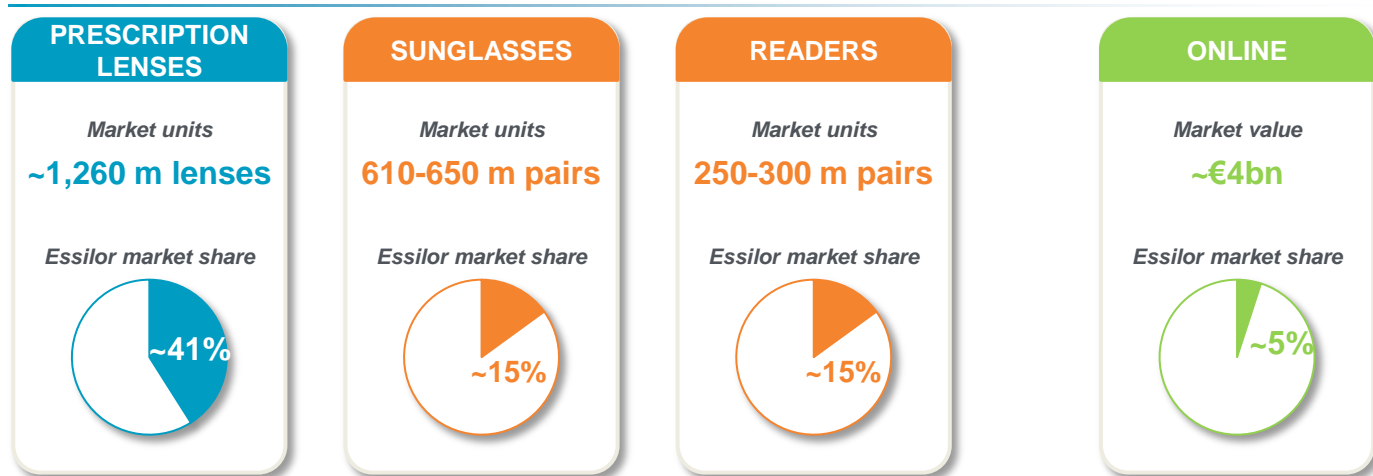# Strengthening our Presence in Four Key Segments

		PRESCRIPTION LENSES	SUNGLASSES & READERS
FAST-GROWING MARKETS	↗ **10-12%**	**€12.7bn** ↗ **3-4%**	**€10bn** ↗ **6-7%**
ONLINE	**€5.8bn** ↗ **14%**		
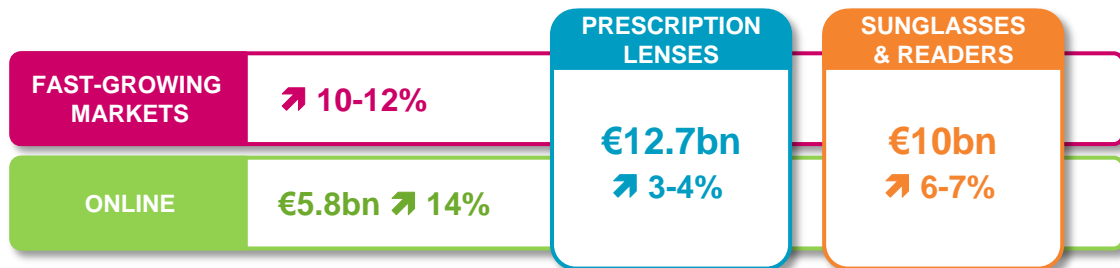
~ €28.5bn ↗ 6-7%

↗ **Innovation**

↗ **Consumer Focus and Branding**

↗ **Partnerships and Acquisitions**

↗ **Business Interconnections**

Size and growth of industry segments by 2018 / Prescription sun lenses are included in prescription lenses
Fast-Growing Markets include China, India, ASEAN, South Korea, Hong Kong, Taiwan, Africa, the Middle East, Russia and Latin America

An Undisputed Leader with only 25% Market Share

PRESCRIPTION LENSES	SUNGLASSES	READERS		ONLINE
Market units	*Market units*	*Market units*		*Market value*
~1,260 m lenses	**610-650 m pairs**	**250-300 m pairs**		**~€4bn**
Essilor market share	*Essilor market share*	*Essilor market share*		*Essilor market share*
~41%	**~15%**	**~15%**		**~5%**

Total market share in units: ~25%

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Five Key Competitive Advantages to Extend our Leadership

Unique partnership & acquisition formula

Innovation

Consumer & customer proximity

Growing brand portfolio

Supply chain & servicing capabilities

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SEEING THE WORLD BETTER

VARILUX
Transitions
Crizal

Strong Potential for Product Mix Improvement

Progressive lenses

- China 3%
- Italy 13%
- WW 15%
- USA 30%
- France 32%
- New Zealand 49%

Anti-reflective lenses

- Costa Rica 14%
- Brazil 29%
- USA 39%
- WW 57%
- Spain 60%
- Japan 100%
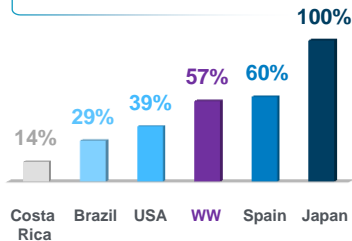
Thin lenses (index>=1.6)

- Brazil 2%
- Czech. Rep. 4%
- USA 5%
- WW 15%
- China 16%
- Korea 62%

Photochromic lenses

- Japan 1%
- France 7%
- WW 10%
- India 18%
- USA 19%
- South Africa 27%

Prescription sun lenses*

- India 0%
- USA 7%
- WW 7%
- Brazil 10%
- France 20%
- Korea 30%

Polarized lenses

- Argentina 1.0%
- Singap. 2.0%
- WW 2.0%
- Switz. 2.2%
- Australia 4.0%
- USA 7.2%
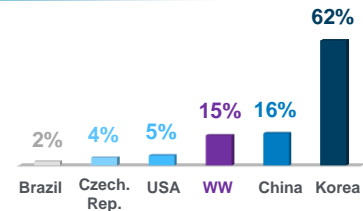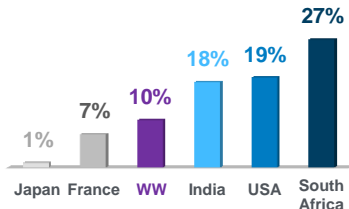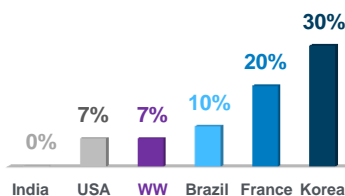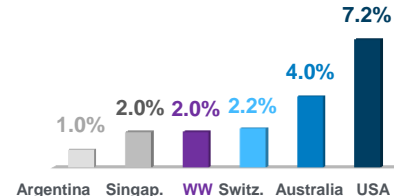
Penetration of total lens industry in volume in 2013 / Source: Essilor estimates
* Excluding polarized lenses

A Promising 18-Month Innovation Pipeline

Prescription Lenses	Sunglasses & Readers	Online	Fast-Growing Markets
Varilux / Crizal	**Eyezen**	**Eye Protect System**	**Transitions**

↗ New products coming in 2017/2018

↗ Roll-out of this new category dedicated to new wearer segments

↗ Best protection against harmful UV rays and blue-violet light in a aesthetically clear lens

↗ New products to seize untapped opportunities

A Promising 18-Month Innovation Pipeline

Prescription Lenses	Sunglasses & Readers	Online	Fast-Growing Markets
Varilux / Crizal	Eyezen	Eye Protect System	Transitions

VARILUX

Crizal

↗ New products coming in 2017/2018

Wearable Technology

↗ Roll-out of this new category dedicated to new wearer segments

eyeprotect
NEW HARMFUL LIGHT PROTECTION, EVERY DAY

THE NEW REFERENCE IN SPECTACLE LENSES
ESSILOR

↗ Best protection against harmful UV rays and blue-violet light in a aesthetically clear lens

Penetration rate of photochromic lenses in volume

20%	6%
>45 years old	<45 years old

↗ New products to seize untapped opportunities

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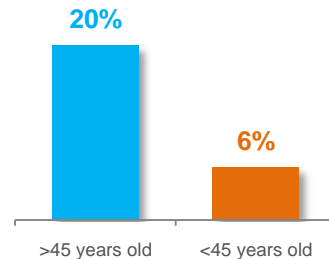
A Compelling Strategy
to Better Tap Market Opportunities in the US

Prescription Lenses	Sunglasses & Readers	Online	Fast-Growing Markets

Innovation Deployment

- ↗ Catch-up potential
- ↗ Leveraging all group networks
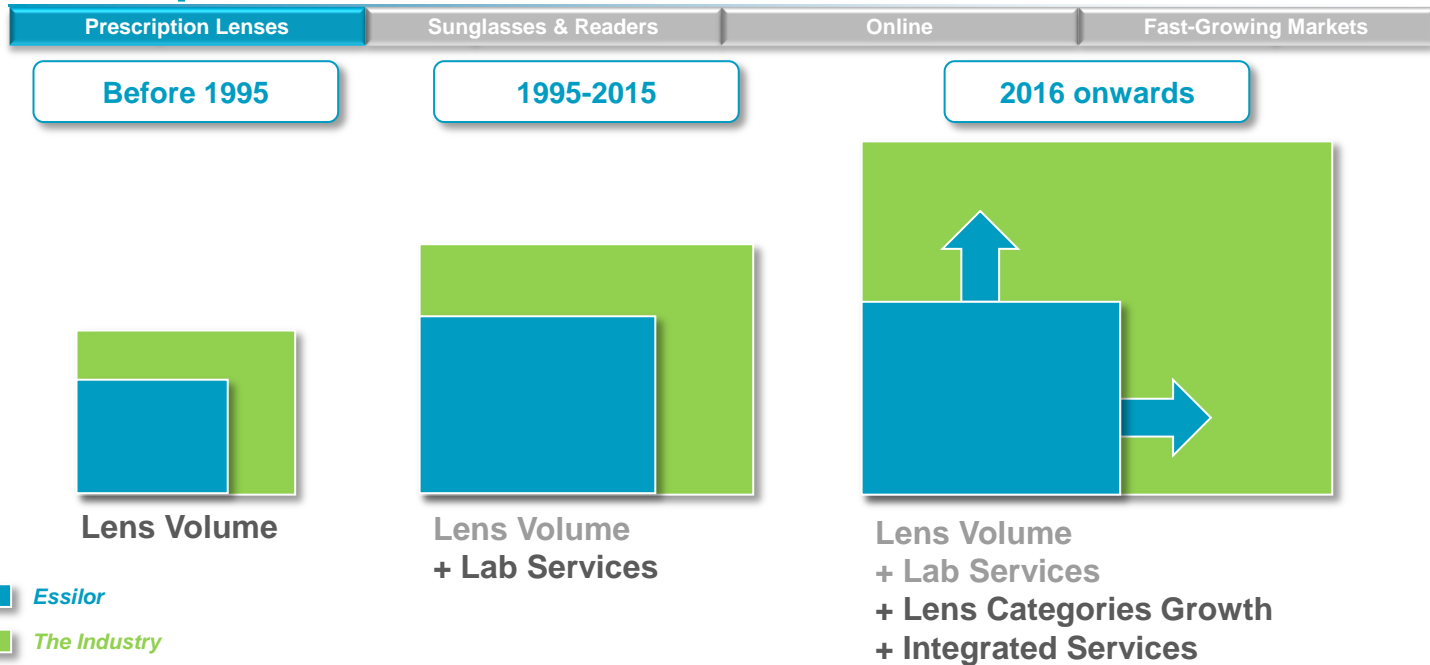- ↗ Continuous innovation

Consumer Focus

- ↗ Education and awareness
- ↗ Branding
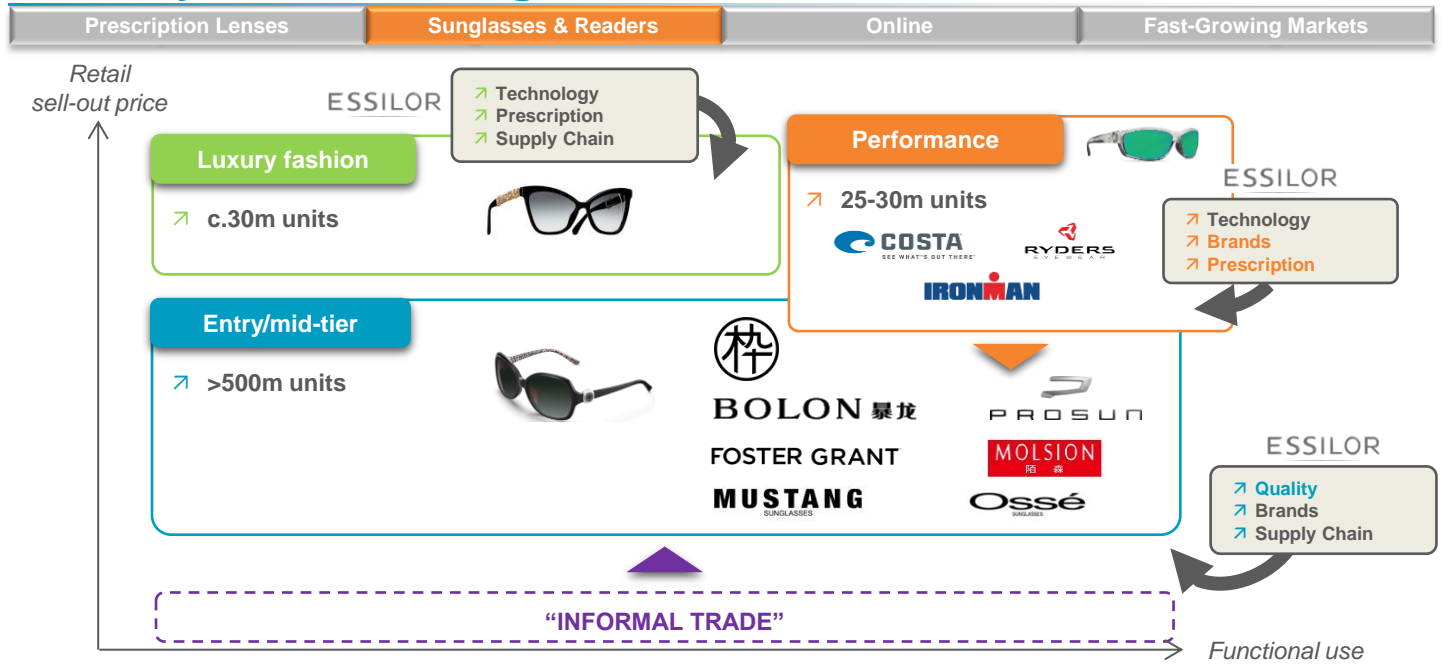- ↗ Consumer insights via online models

Trade Opportunities

- ↗ Supply chain capabilities
- ↗ Category development
- ↗ Business interconnections
- ↗ New retail players

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Leveraging Dr Alliances to Capture a Growing Portion of Independent ECP Business in the US

Prescription Lenses	Sunglasses & Readers	Online	Fast-Growing Markets

Before 1995

1995-2015

2016 onwards

Lens Volume

Lens Volume
+ Lab Services

Lens Volume
+ Lab Services
+ Lens Categories Growth
+ Integrated Services

■ *Essilor*

■ *The Industry*

Leveraging All Group Capabilities to Capture Growth in Every Sunwear Segment

Building a Global Sun Brands Portfolio in the Mid-tier

Prescription Lenses	Sunglasses & Readers	Online	Fast-Growing Markets

Headquarters

Subsidiaries

Countries where products are distributed

Plants
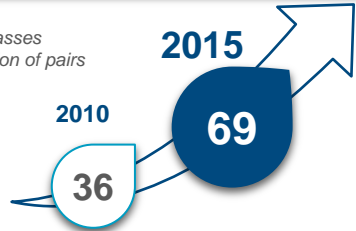
Leveraging Volume Leadership and Fast-Growing Sun Brands

Prescription Lenses	Sunglasses & Readers	Online	Fast-Growing Markets

Essilor Eyewear volume

Sunglasses + Readers + Optical frames In million of pairs

2015

2010

>135

65
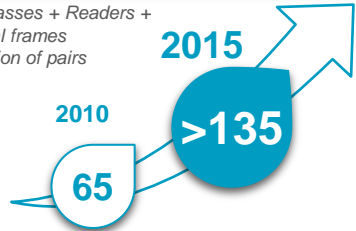
Essilor Sunwear volume

Sunglasses In million of pairs

2015

2010

69

36

We own 5 of the top 20 sun brands worldwide	Volume (in million of pairs)	Global/ Regional/ Local
Ray-Ban	>25	G
Foster Grant	**>12**	**R**
Oakley	~10	G
Maui Jim	~4	R/G
Bolon, Armani	**>2.5**	**L/R**
Chili Beans	~2.5	L
Polaroid, Gucci, Carrera, Dolce & Gabbana, Prada, Police, Dior, **Costa, Molsion, MJS**	1 to 2	G/L
Small selective/Small local/Fast-growing brands		G/L/R
TOTAL	**~600**	

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Online: An Appealing Channel to Unlock the Untapped Potential of the Myopia Segment

Prescription Lenses	Sunglasses & Readers	Online	Fast-Growing Markets

Incremental volumes

1/3 of sales

Consumers who like to purchase outside of business hours....

…with higher appetite for multi-pairs…

Average pairs per order

1.4
EyeBuyDirect

≥1
Worldwide

…and who re-purchase faster

Number of purchase over a 3-year period

~4
EyeBuyDirect

~1
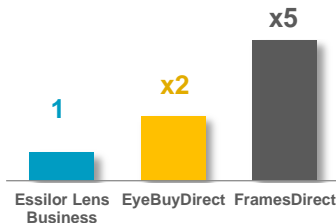Worldwide

Trade-up

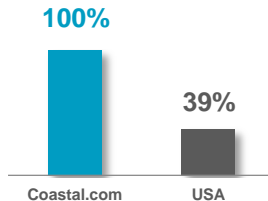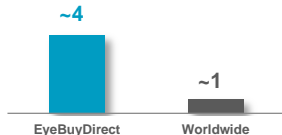↗ **Higher quality lenses**

↗ **Better margins per consumer**
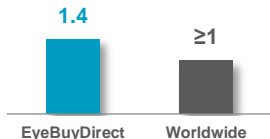
Average penetration rate of antireflective lenses

Base 1 = Essilor lens business' estimated contribution margin per consumer

100%
Coastal.com

39%
USA

1
Essilor Lens Business

x2
EyeBuyDirect

x5
FramesDirect

US market prescription eyeglasses

A Unique Global Footprint

| Prescription Lenses | Sunglasses & Readers | Online | Fast-Growing Markets |

○ Headquarters

Pushing Innovation and New Business Models to Answer Massive Vision Needs in Fast-Growing Markets

| Prescription Lenses | Sunglasses & Readers | Online | Fast-Growing Markets |

Vision Needs

~6.2bn people
in Fast-Growing Markets

▼

~3.8bn people
in need of vision correction

▼

~2.4bn people
uncorrected

Growing Segments

In millions of people

Presbyopia
- 2013: 1,340m
- 2020: 1,600m

Myopia
- 2013: 1,230m
- 2020: 1,600m
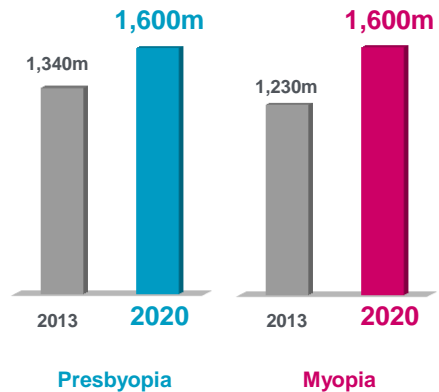
Retail Penetration

 # people per optical retail store

- Africa Middle East: 55,000
- Asia: 29,500
- Latin America: 13,200
- North America: 6,600
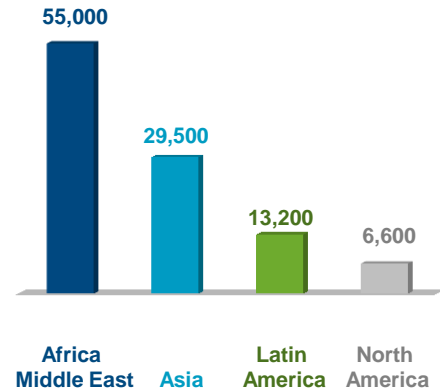
Source: Essilor estimates, World bank

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Setting the Ground for Acceleration by Leveraging All Group Assets

Prescription Lenses	Sunglasses & Readers	Online	Fast-Growing Markets

c.22% of Group Revenue

RUSSIA
- ↗ Building brand equity
- ↗ Contact lenses

TURKEY
- ↗ Merve Sun brands: Building momentum

CHINA
- ↗ Compelling mid-tier strategy
- ↗ Pioneering online models
- ↗ Vision ambassadors

CHILE, COSTA RICA & NICARAGUA
- ↗ Integrated retail model

ASEAN
- ↗ 2.5 NVG models
- ↗ Pipeline of acquisitions

AFRICA
- ↗ New Kodak® frames & lenses offering in Morocco
- ↗ 2.5 NVG and Charity active in 12 countries
- ↗ Pipeline of acquisitions

INDIA
- ↗ Strong leadership in plastic lens segment
- ↗ Building online offering

PERU
- ↗ New footprint

BRAZIL
- ↗ New partnerships
- ↗ Branding
- ↗ Online models

(1) Fast-growing markets include China, India, ASEAN, South Korea, Hong Kong, Taiwan, Africa, the Middle East, Russia and Latin America

A Unique Combination Driving Value Creation

A powerful mission

Poor vision is the biggest handicap in the world

A clear strategy

Innovation & partnerships

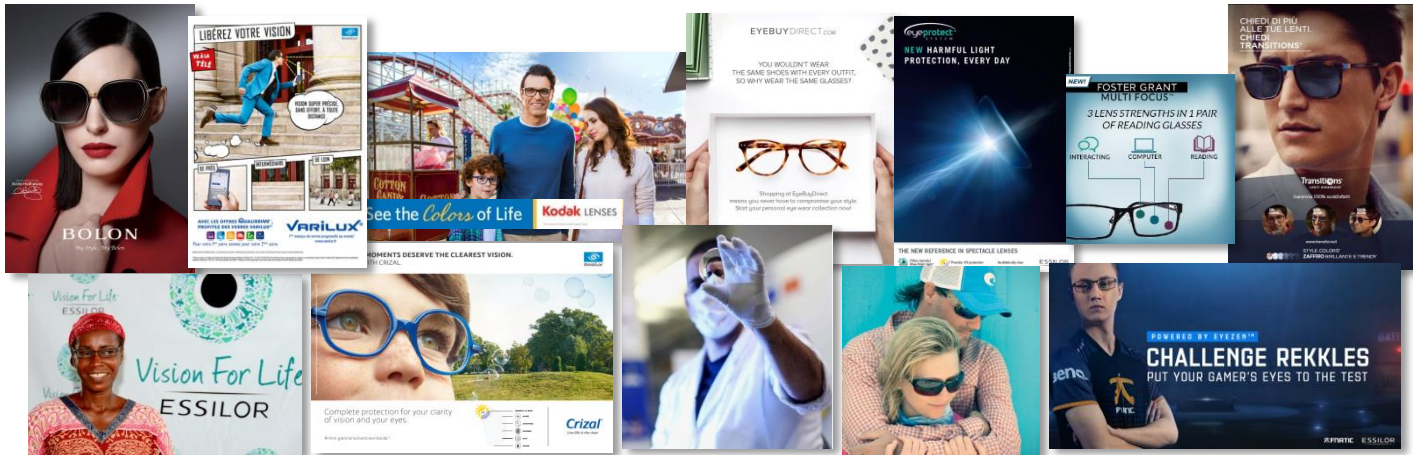**ESSILOR**

SEEING THE WORLD BETTER

Strong teams

Entrepreneurial & global

↗ **Employees aligned with shareholders**

through employee shareholder program and Valoptec governance

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Thank you