

Conference Call

First-Quarter 2018 Report

April 27, 2018

Conference Coordinator

Good morning ladies and gentlemen and welcome to Essilor's First-Quarter 2018 revenue presentation. Today, I am pleased to present Mr. Laurent VACHEROT, President and Chief Operating Officer of Essilor. During the presentation all participants will be in listen-only mode. Later there will be a question and answer session. If you require assistance from an operator, please press star zero on your telephone keypad. Mr. VACHEROT, please go ahead.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Good morning and welcome everyone. It is very sunny in Paris today, which is a good sign for the sun season coming up. I am with Paul, Hilary and all the Investor Relations team and we are here to comment on the activity for the first quarter of 2018. You have seen that this morning we reported sales of EUR 1.825 million, up 3.8% excluding the currency effect. We show a 9.6% negative impact from currencies, two thirds of it coming from the US dollar versus the euro. We expect this currency effect to reduce in the second part of the year and based on the exchange rates at the end of March, the effect should be reduced to about -5% for the full-year 2018. On a like-for like basis, we delivered 3.2% growth, totally in line with our expectations and plan. We confirm our objective of around 4% like-for-like revenue growth for the full year.

In Q1, the team has continued to execute our growth strategy to achieve our goal of eradicating poor vision around the globe in one generation. The fundamentals of the business are solid, and the underlying momentum is good. There have been numerous positive developments that I will discuss with you in a moment, on products launches, e-commerce, Sun and Readers, and in most of the fast-growing markets.

These positive developments were partly offset by two factors. First, there was the impact of adverse weather conditions in some parts of Europe and the United States during the quarter. Second, Easter had a slight impact on the number of days in the quarter globally and a bigger impact on regions such as Latin America, where a lot of businesses were closed during the entire Easter week. Finally, the scope effect was limited and, as you know, we are currently resuming our bolt-on strategy and we should see the first positive effect in the second part of the year.

Let us now discuss the dynamics region by region and division by division, starting with the Lenses and Optical Instruments Division. This Division grew 3.6% excluding the currency effect and 2.9% like-for-like. As I said, this Division, especially in mature countries, has been affected by adverse weather

conditions, especially in the northern United States, as well as major countries in Europe such as Spain, the UK, Italy, and Eastern countries.

If we go specifically to the US, growth was 3.6%, in line with our mid-term ambition for the US. It is a good number, as we know much lower than in Q4, but we knew that Q4 was exceptional. We see continued success with our new products, namely Varilux® X series™ and Crizal® Sapphire™, which we launched in the second part of 2017. We see continued success with the 'Ultimate Package' for presbyopes, which combines Varilux® X, Crizal® Sapphire™ and Transitions® and for younger population, Eyezen™, Crizal® Sapphire™ and Transitions®.

We also see very good results from the growing network of Essilor Experts, eye care professionals who have decided to be closer to us and benefit from all our new product solutions, education, and traffic generation. They are developing month after month and we enrolled 1,000 in the in the first quarter, which is very promising for the rest of the year. We now have close to 3,500 Essilor Experts and the results are amazing. On average our growth with Essilor Experts is double digit and their growth, which is most important, is faster than the market, at mid-single digit in a market we know is still flattish. This positive trend for Essilor Experts and the very well-received program is a very good indication of how we can accelerate the key categories and our innovation in the second part of the year.

In Europe, growth really came from Eastern countries, including Russia, where some of countries are growing very fast. We also had growth in France, despite the sluggish market. This was achieved thanks to our efficient multi-network strategy and well-received innovation for harmful blue ray protection. In Europe generally, we continue to benefit from the growth momentum of the Varilux® X series™ progressive lenses. We are now launching the new Crizal® Sapphire™ everywhere in Europe. We also see acceleration of the Nikon® lenses brand.

Overall, in those two main regions, growths are lifted by the good performance of online activities, which posted double-digit growth again this quarter. Within this performance, we have now identified and are implementing everywhere the 'winning business models which are delivering value', meaning those that are growing fast and have quality margin. This is particularly the case for EYEBUYDIRECT™ website in the US, and VISIONDIRECT™ and GLASSESDIRECT™ in Europe.

All our platforms are now implementing a 'buy one give one' program, where each time a consumer buys a pair of our glasses, another pair will be given to someone in need through our Vision for Life™ Foundation. We are getting great feedback from consumers on social networks; it seems very important, especially to younger populations.

In other developed markets, Japan had a strong quarter, up mid-single digit, thanks to our new products as well as business with retail chains. This is offsetting a still challenging situation in Australia.

Going now to fast-growing markets and Latin America first, where the biggest satisfaction in this first quarter is what we have seen in Brazil. I was in Brazil a few weeks ago with Paul and we saw a very dynamic team, with a lot of energy. We believe in Brazil. We have turned a corner and will see it accelerating month after month, thanks obviously due to innovation and new products. They have just

SEEING THE WORLD BETTER

started to launch the Varilux® X at the Abioptica Fair, at the end of March, and it is off to a very good start in this country.

Colombia and Argentina are quite bullish.

This region should benefit from a calendar tailwind in Q2, since we will compare to a much easier base due among other things to the date of the Semana Santa, which we suffered from in April last year and in March this year. We are quite positive about what we see for the coming quarters in Latin America.

Moving on to Asia, let us start with China. The whole management team was in China two weeks ago and here again, we saw a fantastic team with a lot of energy and a lot of initiatives to drive growth. We saw strong momentum in China, with double-digit growth in the domestic lens business for both Essilor and our partners in Danyang, Xiamen and Shenzhen. On top of the ongoing success of blue light filtering lenses, the development of our myopia strategy has started to pay off. This is something we started mid-last year, and we have a small division dedicated to building and delivering services and products to help consumers to slow down the development of myopia. From a low base, online also grew very fast at 50% across all brands and platforms.

On the retail side, MJS and AOJO increased their presence in Tier 2 to Tier 4 cities and are starting to offer consumer upgrades in lenses. This is a very powerful differentiating factor for this chain and the results are amazing, with lens business growing at 20% in those chains.

Thanks to all those efforts in the last two years at Bolon™, they now have a state of the art supply chain. They can track sales through SKU per SKU at store level, and obviously online. They manage sell-in and sell-through at wholesale level and they manage inventory at wholesale level and the new factory in Xiamen is up and running. As a result, the sell-in revenue, which was quite soft in Q1 will be much better in Q2 and following, and we actually see a very strong April for Bolon™, at the moment.

In other fast-growing markets in the region, we are sticking to our fundamentals, with new product launches driven by Varilux® X and category developments focused on progressive lenses. We are methodically deploying this program in Korea, Southeast Asia and Turkey, and the results are here.

India grew mid-single digit and we are already creating the market of tomorrow. We have deployed 4,000 EYE MITRA vision entrepreneurs across the sub-continent to date and we are very proud to say that we have the largest rural optical franchise network in the world. We also had great news, that the State of Telangana, of which the biggest city is Hyderabad, has committed itself to screen its 35 million citizens. They have selected Essilor's inclusive business 2.5 New Vision Generation, which means we will sell them 4 million pairs of eyeglasses. I think this is a fantastic success for the Indian team and the New Vision Generation team. As you can see, we are building the consumer base and access to good vision for the future, in line with our mission.

Moving on to the Sun and Readers Division, they posted a very solid, good quarter with 6.6% like-for-like growth. In the US, Foster Grant®, FGX, delivered a good performance on the back of new contracts and solid consumer demand. As an example, the points of sales (POS) that we can track in 80% of business with big customers, grew for the quarter at almost 6% reading glasses and at 3.4% for sun. That is very high demand for those products in the first quarter.

The expansion of Bolon™ and Costa® brands in the optical frame segment, reflect also the quality of both brand's equity and represents another source of growth this quarter and going forward. As I said earlier, this performance was achieved while Bolon™ sunwear business was still not at full speed because of some shipments planned for Q2. It is off to a very good start.

What is next? I think that is the question you all have and want to understand. Why do we believe that momentum will accelerate for the rest of the year? First, Easter is behind us , there is no Easter in April or going forward. In Q2 and beyond we will benefit from the full deployment of new products in all regions. This will start in Europe with the launch of Crizal® Sapphire™ in most countries early Q2. The introduction of the Varilux® X series™ will be finalized in Latin America and Asia. While in the US, we will introduce Transitions® Style Colors, which bring four additional colors to the brand, giving it a much younger image. In the Sun and Readers Division we will see the full benefit of the Bolon™ acceleration, as well as the return to growth of Brazil, a solid backlog in the Equipment Division, and acceleration in e-commerce. Overall, I think we could say that April is off to a very good start.

We believe that our momentum is good, although not fully captured in the first quarter numbers, and that we are experiencing underlying trends that are consistent with our ambition to grow sales at around 4% like-for-like for the full-year.

Before going on to the Q&A session, I want to come back to two pieces of great news in the last few weeks. Two weeks ago, we announced a breakthrough photochromic innovation that will expand access to Transitions® Light Intelligent Technology to contact wearers. After many years of joint development between Transitions Optical, Essilor and Johnson & Johnson (J&J), the latter are preparing to launch the first photochromic contact lenses in the first half of 2019. This is really a game-changing innovation that will allow a lot more of the population to benefit from the protection and comfort of the Transitions® Light Intelligent Technology. It will accelerate development of the photochromic category, especially for a younger population, as well as increasing awareness of the Transitions® brand.

The second piece of news I want to mention also took place two weeks ago, when Essilor committed itself to be an active partner with the Vision Catalyst Fund. This is a USD 1 billion initiative, so quite big, led by the Queen Elisabeth Jubilee Trust, to develop access to vision care in the Commonwealth and beyond. Under this partnership and based on our proven expertise in building vision care capability, we will provide over the next 10 to 15 years, ophthalmic lenses to 200 million people living below the poverty line, contributing to the eradication of poor vision within one generation. This is a very powerful way to help people see and live better, but also to on-board the consumers of tomorrow on the world of good vision.

Finally, I want to share with you where we stand regarding the preparation of the combination with Luxottica. Since March 1st, the last time we talked with you, we have received final approval without restrictions in Brazil and Singapore and we continue to work to obtain clearance in China and Turkey. We plan to finalize the combination in the first part of 2018.

That is what I wanted to share with you as an introduction to this call. I think we can now start this Q&A session.

Conference Coordinator

Thank you, Mr. VACHEROT. Ladies and gentlemen, our question and answer session will be conducted electronically. If you wish to ask a question, please press star one on your telephone keypad. Please also ensure the mute function on your phone is switched off to reach our equipment. Once again, please press star one on your telephone keypad. Our first question today, comes from Mr. Antoine BELGE, from HSBC. Please go ahead. Your line is open.

Mr. Antoine BELGE – HSBC

Three questions if I may. First of all, sorry to talk about weather. I know it is a bit of a tedious subject, but is it possible maybe to quantify the calendar impact on the like-for-like? Also, whether it is affecting the Sun Division, when in the past you would not really blame the bad weather conditions. In terms of the lens business, how did the bad weather impact your business? Also, in terms of consumer behavior, do you expect these losses will be purely lost, or is there a catch-up effect to be expected maybe in Q2? You have just mentioned this new venture in photochromic contact lenses. I know it is hard to give a figure, but is there some data you could share with us in terms of the potential market or sales that you might achieve? Finally, on the combination with Luxottica, I think that alongside their AGM, Luxottica mentioned they were expecting some small issues in China, or a concession that would be made more from ESSILOR's side. Can you tell us something on that topic?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Thank you, Antoine. I will take questions two and three and maybe Paul could comment on the weather. Obviously, it is difficult to measure. We know that there have been extremely poor conditions in the northern part of the US and some major European countries.

Mr. Paul du SAILLANT – Chief Operating Officer, Essilor

Good morning, everybody. On the weather, it is true that we would rather not comment on the effect of the weather on lenses, but both in the US and Europe in February, there were some pretty drastic weather conditions. We estimate that this cost us 50 basis points on the growth in the US in the first quarter. The figure is more precise in Europe because you asked for more granular information, when I look at the weather conditions I estimate they cost us around 1% of growth in the first quarter. We lost two full days of traffic in the stores in the UK and Ireland, where stores were closed, and we actually had to close our factory in Bristol. We also had some lost days in Spain, Italy, Ireland, so it was pretty tough. On the question of whether we recover those consumers, we will see through the months to come. Certainly, it disrupted operations and traffic in February, and we saw pretty low traffic in UK retail. So, that is what I could share more specifically.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Thank you, Paul. We do not talk about the weather very often, so if we do today it is because it really had an impact. It is difficult to quantify, but it is significant. This is one of the reasons why we are very confident about Q2. The impact on the Sun division was not so strong, because as you know, Costa® in the US is really more in the south part of the US and West coast, Florida, and not much in the northeast. In China, the Sun season really started in mid-March and we saw it improving week after week and great sales. This is why it has not affected the Sun activity so much.

On your question on the photochromic contact lenses, which is obviously a huge breakthrough in the industry, but I cannot deliver figures. I can tell you that Essilor will benefit in two areas. Obviously in some licenses for technology and brands, as well as on some sales of dyes that will help Johnson & Johnson (J&J) to produce those contact lenses. The biggest part of the growth for us will come from our contact lens distribution network. Our e-commerce sites sell a lot of contact lenses, and also the wholesalers in the US and some European countries also sell contact lenses. Today, we are actually one of the biggest customers for contact lens manufacturers and more importantly will be in the future. Finally, I really believe it when I say it will accelerate the category's development and make this category well known to a younger population and improving and accelerating the brand image and awareness of Transitions® will have an effect on the full category. All of that will come progressively into 2019, but it is something that we are very happy about. It has been a long journey, with more than 10 years of development, which means that it is unique. It is an Essilor and Johnson & Johnson (J&J) proprietary product, so we really expect to benefit from that innovation in those many dimensions.

Your last question was on China, which, as you know, that is one of the two remaining authorizations we are waiting for and working to obtain, along with Turkey. In those two countries, at the moment, we do not really have yet what we call the written "theory of harm" from the authorities. It is difficult to say how we will cope with that situation. I think we almost are at the same point as with almost all the other 18 countries where we have had approval without any conditions, in those two countries and with their administrations. That is the final part, where they should give us some information on what they really think about what we are doing and then we will see what we can and have to do. There is a chance that they will still say that they do not have any difficulties with any remedies. That is what I can say from my knowledge on this topic.

Conference Coordinator

We will now go to Mr. Cédric LECASBLE, from Raymond James.

Mr. Cédric LECASBLE – Raymond James

Good morning Laurent, Paul and team. I have three questions if I may. My first question is a follow-up on your recent comments on China and Turkey anti-trust. Turkey is not conditional to the merger, China is. Assuming that China is faster than Turkey, do you need to wait for Turkey and if it takes months, what can you do to go faster? On the phasing of the impact of new product launches. At the AGM you showed a very precise slide with different regions and launches. Can you help us a little bit

to understand how the quarters will phase in terms of potential positive impact from these launches in the rest of 2018? In relation to fast-growing markets, India seems a bit better and you are more positive about China? What kind of growth can we expect, maybe not tomorrow but mid-term? You used to have 15%, 20% growth in past year, quite some time ago, can we come back to at least 10%, 15%? What is your view on these markets?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

I will answer your first question about the combination and Paul will take the more precise quarter after quarter product launch, and we will go back to India and China after that. You are right, the approval from the Chinese authorities is the last condition precedent, so when it happens we can conclude the transaction contractually in the combination agreement. Legally, it would be different. In the situation you suggest where we have China, but are still waiting for Turkey, we will have to discuss together what we do in Turkey. Since this country is very important for the future value creation of the EssilorLuxottica combination, I think it would be valuable to spend a few days, months, waiting to find a good way to solve that issue.

Mr. Cédric LECASBLE – Raymond James

Could you maybe help us understand the weight of Turkey for the combined company?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

I do not know for the combined company, because I do not have access to Luxottica's figures. For us it is around EUR 60 million, EUR 70 million in sales. However, there are 90 million inhabitants growing fast, and there is quite amazing potential for the future.

Mr. Paul du SAILLANT – Chief Operating Officer, Essilor

As we told you almost a year ago, we were entering a new product launch momentum. Just to remind you, we started last year with Eye Protect System™ in the first half, then in the middle of the year, second quarter, we launched Varilux® X in Europe, followed by a launch in the US later in the year. We have been deploying Varilux® X in the rest of our geographies since the beginning of the year and we have added the Crizal® Sapphire™ to that, a very promising new coating launched in the US in September, as part of the Ultimate Lens Package. It was very well received in the US and we launched it in Europe this month, in April, starting in France and some of the other markets. On top of that, we have the enlarged style product offering in Transitions®, which started in Europe mid-last year and is now being rolled-out in the US. To finish, we have the harmful blue offering, with two offers, one called EPS, Eye Protect System™, and another mid-tier offering called Blue Capture, which is going to the market as we talk. We have had progressive penetration by all those new products across our geographies since the middle of last year and it is building up. The big drivers are clearly having Varilux® X at work in every geography and gaining momentum through being deployed in more countries and stores and the product is extremely well-received by the consumers and the customers.

When we start to roll out a new Varilux® there is always momentum on that brand and category. We saw it in the US in the fourth quarter, as we mentioned. It is continuing to drive the first quarter this year and I think that as we launch it in Europe it should have a clear impact on the dynamic of our sales. As you see, the portfolio of new products is wide and addresses all our key brands. I did not even mention Eyezen™, where we have extremely good momentum in China, in the domestic market, with an offer called Eyezen™ Lite, which is also growing very fast in China. I hope this gives you a bit more granularity on all of the pipeline of products being rolled-out.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

I will go on to the question about fast-growing markets and our mid-term ambitions, if I understand correctly. I think there are a lot of differences per country, but overall, I think the high single digit, double digit growth, plus acquisitions in those countries is still the target we should aim for. In some of those countries, I think we have built a new capability to accelerate growth from what we have seen in the last few quarters. For example, in China, India and Brazil, we now have e-commerce capability, which will accelerate growth. As you know, part of the growth in those countries is linked to access to eye exams and screening. With our Instruments Division we now provide quite good equipment to facilitate eye measurements in those countries and we have also, as we started in China, specific initiatives and organizations, to cope with the myopia situation. As you know, myopia is one of the biggest vision problems we have to face as an industry, especially in China and Asia. With teams focused on that, they will find solutions to accelerate growth there. In China we not only have the strong Lens Division, which will develop the industry, but also those strong brands for frames, sun glasses and optical frames, like Bolon™ and MJS. In addition, we also have stores where we can push lens categories and promote better vision. 10% should be a minimum, plus acquisitions and all those elements for acceleration in those three countries should help us go above that.

Conference Coordinator

We now go to Mr. Michael JUNGLING, from MORGAN STANLEY.

Mr. Michael JUNGLING – Morgan Stanley

I have three questions. Firstly, you mentioned organic sales growth in Q1 was in line with your expectations. Does this also apply to your contribution margin, given the sales mix in the first quarter with Lenses growing slower, not being helpful? Second, when it comes to the Luxottica merger, have you been able to work on the cost and revenue synergies in the countries where you have had regulatory approval, that is the US and Europe in particular? If so, what are the high-level findings with respect to synergies? Question three is on China/US tariffs. Can you comment at a high-level under what conditions this would become a challenge for Essilor?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Michael, could you repeat the third question?

Mr. Michael JUNGLING – Morgan Stanley

Yes, the third question is on the China/US tariffs war or conflict. Can you comment at a high level under what conditions this could become an issue for Essilor?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

On Q1 and margins, I think that yes other Divisions grew faster than the Lens business, but there are a few things you need to know. Yes, we are still on plan and we are also on plan for the net margin, contribution. Number one in lenses, the mix of products is much better thanks to new products, which contribute to higher gross margins for those products. Second, the e-commerce Division is less diluted than it was two years ago. Third, the Sun Division has a decent margin, also, when you see a country like Brazil recovering, it will help to deliver the proper margins. We are confident on that aspect, as we are for the growth of sales.

On the EssilorLuxottica combination, we do not have anything new to discuss with you. Obviously, on each part of the Alps, we have each thought about the first things to do after day one. First, we are preparing very precisely and there is a lot of work to be done. We have our own ideas on what we could do to generate sales growth and synergies; they probably have their own too. We have no comment to make for the moment.

Paul, do you want to comment on the China/US conflict? You're brave enough?

Mr. Paul du SAILLANT – Chief Operating Officer, Essilor

I will not comment on the China/US conflict, on the tariff aspect, no. I can share with you that, as you know, our industrial supply chain system is made up of many plants, some in Asia and some in the US, Mexico, Brazil, and Europe. Overall, we have a manufacturing system that we can swing around very easily and then most of the added value is created locally through the prescription labs in the US. Therefore, even if tariffs are put in place, we can swing the production flows easily and, in any case, the added value is created in local labs.

Mr. Michael JUNGLING – Morgan Stanley

Can I just quickly follow up on the Luxottica merger? Have you been able to have more discussions in the US and Europe with Luxottica because you have regulatory approval? Has that allowed you to share more data?

Mr. Paul du SAILLANT – Chief Operating Officer, Essilor

No, as Laurent said very clearly, we are running the two companies independently. We have many touchpoint on a regular business relationship, which is nothing new. That has always been the case, so the teams work on a normal basis on supply, products that are being leveraged by Luxottica from Essilor, in LensCrafters, to develop the categories as you saw in BLUE IQ, or Transitions®. These are

normal business relations and we also have some Luxottica brands on some of the online platforms. As far as what we will do post-combination, no. As Laurent said, we are both developing our thoughts and when the time comes, we will get to work on those topics together post-closing.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Paul, maybe we could add that at the moment there is a joint team, which is really working hard to prepare on day one. It is already a huge task to be ready for day one, and we will be ready.

Conference Coordinator

Next question is from Ms. Veronika DUBAJOVA, from GOLDMAN SACHS.

Ms. Veronika DUBAJOVA – Goldman Sachs

Good morning, gentlemen and thank you for taking my questions. I have three please. My first question is on the growth in Lenses in North America and Europe. I am just trying to reconcile some of the optimism that you had about the business when we last spoke in early March, when you reported full-year, and the performance you have delivered. I know you flagged weather, but even if I add some of the impacts that you have discussed, it does seem that the business has decelerated a bit. I am trying to understand what happened. Was there something else in March? Was there something else in the full quarter that surprised you? What degree of confidence do you have that you can see the growth accelerate more to the normalized levels that you expect in those two regions? Second, on Latin America, where you flagged a significant Easter effect, Laurent. Could you put that into some context for us from a numbers perspective? Finally, can you tell us what happened in Q1 on third-party Transitions® revenues?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

If Paul would speak about Europe and I will take the US and Latin America.

Mr. Paul du SAILLANT – Chief Operating Officer, Essilor

On Europe, we already touched on the impact of the weather in the first quarter, as well as the way Easter at the end of March weighted on the first quarter. As far as traffic is concerned it was not a good quarter in the UK. These are the three things, the underlying activity in Europe is of good quality, leveraging the new products. As was mentioned, we had a good performance in France, leveraging our multi-network positioning. With the new products, I see the overall business strengthening as it is going into the second quarter. The normal level of performance from Europe that you have seen in the quarters and years you have seen before, should be closer to 2% and that is what are Europe teams are targeting to achieve. I would also mention on the Lens Division, we did not talk much about it, but there was a very strong swing of our activity in Brazil, which is the result of an extremely well executed new product activity in the first quarter. This is going to build-up momentum and development will continue around Varilux®, Transitions®, Kodak®. That is also the result of a very good performance by

our partner labs in Brazil, which is swinging the mix, the margin, and the organic growth of LATAM. That is also a key factor that is acting and as will build up as we go through the year.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Veronika, I will go back to the US and LATAM, but as I said at the beginning, overall, we are on plan and this is despite the aggressive weather conditions. That means that there have been positive, better than plan areas, of which Brazil is one. When Paul and I were in Brazil in early March, we saw the team being very hands-on, implementing plans very practically. We were not sure at the time that they would deliver such a good end of March and getting better moving forward, so that is part of the good news.

In the US specifically, we mentioned that Q4 last year was an exception. Consistent 3%, 4% growth in the US, quarter after quarter is a good performance and as planned. As we said, it was achieved through solid business with eye care professionals, especially Doctor Alliance and Essilor Experts, and a steady, consistent business with big retailers, Luxottica, Costco, and Walmart. It has also been accelerated by very strong growth of high-double digits for the e-commerce Division. As I said in my introductory remarks, I think we have now found the winning formula to generate growth and increase value and I think that is why we are so positive about the next quarter.

In Latin America, in Mexico, Brazil and some other countries, businesses are closed for the whole week before Easter. Last year, it was in April and this year in March, so it has a large impact when you have such a switch of holiday closures between one quarter and another.

Transitions® out of Group has been slightly better than it was last year, still slightly negative. I cannot comment on each customer, but as you know, there is one that continues to support Transitions® and is growing slightly. There are two others, one of which we have a much better relationship with them. Therefore, it is a positive factor for the first quarter and moving forward. Do you want to add anything, Paul?

Mr. Paul du SAILLANT – Chief Operating Officer, Essilor

Not only out of Group, but all together on Transitions®. I think it is worth mentioning that Chrystel BARRANGER, who is now leading the Transitions® division, has done a very good job. She is rejuvenating the brand with very new positioning towards the younger generation and you will see that coming to the media, including digital. The Style Color offering has also been very well received by consumers. I would not be surprised if this created a very good activity around the brand at this part of the year, which is very key for Transitions®. For the photochromic category, the second and third quarters are key. I just wanted to point that out, because the new media are very interested in this positioning.

Mr. Veronika DUBAJOVA – Goldman Sachs

Can I just quickly clarify a comment you made earlier, Laurent, about the anti-trust approval, China and Turkey. My understanding was that once China was closed you would proceed to go ahead with

the merger. It sounds as if you might be entertaining waiting for the Turkish clearance to come through before you go ahead. Have I misunderstood what you were saying?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

It is not really waiting. You are right, from the contract we have with Luxottica, the combination agreement, we can close once there is approval from China. However, we then need to decide at which stage we close. From a legal perspective, we cannot approve without the approval for Turkey. If the scenario is approval from China, we then need to discuss how we manage Turkey and when we close, depending on where we are with Turkey. We are not in a rush. Those two countries are very important, and we need to wait and do the same job we have done in the 18 other countries, where we have obtained approval without any conditions.

Conference Coordinator

We will now be going to Mr. Julien DORMOIS, from EXANE.

Mr. Julien DORMOIS - Exane

Good morning Laurent, good morning Paul. I am left with three questions. The first one relates to the bolt-on acquisition activity. In the press release you mentioned that you had resumed that activity as part of your overall growth strategy. I just wondered where you stand on that front and whether we could see the effect of that already fueling growth in H2 of this year. How much time do you think it could take to return to the 3% to 4% contribution you may have had historically? Second, is in relation to the customer pushback, which was obviously a key topic in 2017. I am curious to hear what you have to say on that front. Brazil obviously seems to be turning the corner, but how about the other countries? Lastly, on Sun & Readers you mentioned that FGX had a very good Q1 thanks to a new contract that has been won. I just wondered if there was a stocking element in those good results, or it was purely driven by good demand.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Thank you, Julien, very good questions. On bolt-on acquisitions, you remember the 4% or 5% growth from bolt-on acquisitions came when we were much smaller. I think that at the moment the normal pace that we can target is 2%, 3%. I do not think we will achieve that in the second part of the year. It takes time to make those acquisitions properly and to do them in the right way. When we say that we have reactivated, it means that the teams are actively entering discussions with new potential targets, or some where we are waiting to clear anti-trust hurdles on the combination. I think we could see some effect late in 2018 and probably mostly in 2019.

On the reaction of customers after almost a year, as I said, I think it stabilized in the second half of the year. I have no information of a new negative situation. As we said, with all the new products we can offer those customers, I think we will progressively regain part of it. One situation where it may still be difficult and complex is Australia. Other than that, I think we are in a more normalized situation.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Sun & Readers, what was the question?

Mr. Julien DORMOIS - Exane

It is about a potential stocking effect that you would have had from the new contracts from FGX.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

On Sun & Readers I think it is mostly an extension of existing customers. What really happened is that the out-of-store business is quite strong, so there is no stocking effect. Veronique Gillet, SVP Investor Relations showed me some figures for some customers I cannot mention, some of whom have out of point of sales of +9, or +52, so it has really been a great quarter for FGX.

Conference Coordinator

We will be going to Ms. Francesca DI PASQUANTONIO, from DEUTSCHE BANK.

Ms. Francesca DI PASQUANTONIO – Deutsche Bank

My first question is on LATAM, where you are pointing out the strength of Brazil, but the overall like-for-like has still not been very strong. I wondered if you would comment on whether there are any major markets that are holding back your performance in Latin America and whether you see a comeback in the coming quarters. Second, you are pointing out Australia and Canada as particularly weak markets. How long do you think will it take to normalize the situation from a lens market point of view in Australia, compared to the competitive framework? Can you elaborate a bit on Canada? Third, going back to the merger, I have a couple of clarifications to ask. One, is whether there is a deadline after which you are forced to reconsider the merger, that is, if you do not receive approval from the Chinese anti-trust authorities by a certain date? Second, I would really like to know what you think is holding back China and Turkey from releasing the approvals, given that you have obtained unconditional approvals from much bigger, more relevant markets?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

I will start with the last question and Paul will take the LATAM. As I said, there is not certain date when the deal is closed and where the deal will not happen. There is a precedent condition, which is China, when it has to happen. Then there is all the discussion of the best date to close depending on what those two authorities will tell us. Again, neither of them has yet told us what they have found and what in this deal could prevent consumers from having better and more products, and how this combination could restrain consumer choice. On the contrary, we believe that in China and Turkey, the combination will be great news for the industry and consumers, because we will create and offer great new products. We really need to wait for those two authorities to tell us what they think about the deal and it is not yet done from Versailles.

Mr. Paul du SAILLANT – Chief Operating Officer, Essilor

To understand the dynamic in LATAM you have to look at it in three blocks. One is the recovery in Brazil on which we have already commented, which should accelerate going into Q2. In Mexico, we are still in the aftermath of the earthquakes that took place in the second half of last year, which really created a very difficult market dynamic, consumer behavior, operational situation. Then, there is the rest of all the Spanish speaking countries in LATAM, where underlying organic growth is good, but as we said, there was a weak end of March due to the Semana Santa, when most of those countries are closed for a week. We should see the swing in these Spanish speaking geographies in the second quarter. That is what is behind the 1% growth, meaning that underlying organic growth is actually north of this 1%.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

You had a question about Australia and Canada. On Australia, we recently launched the new Varilux® X, and the new Crizal® which is currently, are a great opportunity to re-enter and continue discussions with independent eye care professionals. As we have seen in other countries, it will probably help a lot to reenergize the relationship with those independent ECPs, who will finally understand that we are the ones bringing innovation to all those markets. Eventually, they will be happy to continue to do business with us, or to do more business.

When you look at the Canada total, we are growing. When you combine e-commerce capability and more traditional business, we are growing. The situation in Canada is a new landscape where consolidation is taking place in retail chains, and fast developing e-commerce. Again, there is also the situation with the new Varilux®, the new Crizal® and the new Transitions®, and the blue protection product, where we can reengage or continue to engage ECPs, so that they can benefit from the new products. It will take some time, but we are still very hopeful that Canada will grow again in the next quarters.

Conference Coordinator

We have a follow up question from Mr. Michael JUNGLING, MORGAN STANLEY.

Mr. Michael JUNGLING – Morgan Stanley

Firstly, on the Transitions® contract for contact lenses, can you confirm that this technology will be leveraged beyond Johnson & Johnson (J&J)? Did I understand that the actual Transitions® sales, in terms of a licensing fee or royalties, are not material for 2019 and 2020? Can I just confirm my understanding that despite merger approval in the United States and Europe, there has been no material progress in merging those two organizations together?

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

On your last question, yes, you are right. We are still two independent companies and it will be extremely detrimental if we start to combine them operationally. We have to wait for full approval everywhere, and closing of the deal, which is not yet done. It will happen as soon as we can, but it is not yet done.

Will the Transitions® photochromic lenses be material? Yes, it is exclusive with Johnson & Johnson (J&J). As I said, it has been a long process to create this breakthrough innovation, more than 10 years. It is exclusive for Johnson & Johnson (J&J) as far as manufacturing is concerned. We will eventually sell those contact lenses in our own network and stores. Whether or not it is material depend on the success of the launch. I can tell you that it would improve the net margin slightly.

Mr. Michael JUNGLING – Morgan Stanley

One last question on the Luxottica merger. Is it or is it not illegal for you to commence integration work in the US and Europe, until the deal is closed? I am trying to understand if you could not make any progress because you were legally restricted until the overall deal closes, or whether it was your choice not to do it. You simply did not want to.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

First, the combination has not been closed, so we are still two separate companies and I do not think we can do any operational combination before it is closed. I think it is quite a simple answer.

Conference Coordinator

It appears that we do not have further questions, so I would like to turn the call back over to you for the conclusion.

Mr. Laurent VACHEROT – President and Chief Operating Officer, Essilor

Thank you for your time spent on ESSILOR and obviously, the future combination of EssilorLuxottica. I hope we have convinced you that we are totally in line with everything we do, and with the successes Paul and I have described in many different regions and business units, we are really up to deliver a great year in 2018 and on track to deliver the guidance we gave you at the beginning of the year. Thank you very much for your attention and your time.

This transcript does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or any other jurisdiction. Securities may not be offered or sold in the United States unless they have been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or are exempt from registration. The securities that may be offered in any transaction contemplated herein have not been and will not be registered under the U.S. Securities Act and Essilor does not intend to make a public offering of any such securities in the United States.

This transcript is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The securities which are referred to herein are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.