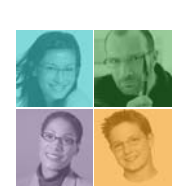
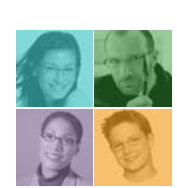


2004 RESULTS





- ▶ Introduction Xavier Fontanet
- ▶ 2004 Results Philippe Alfroid
- ▶ North America Hubert Sagnières
- ▶ Conclusion Xavier Fontanet
- ▶ Questions & Answers



2004 Results

Philippe Alfroid

Essilor in 2004

▶ A very good year

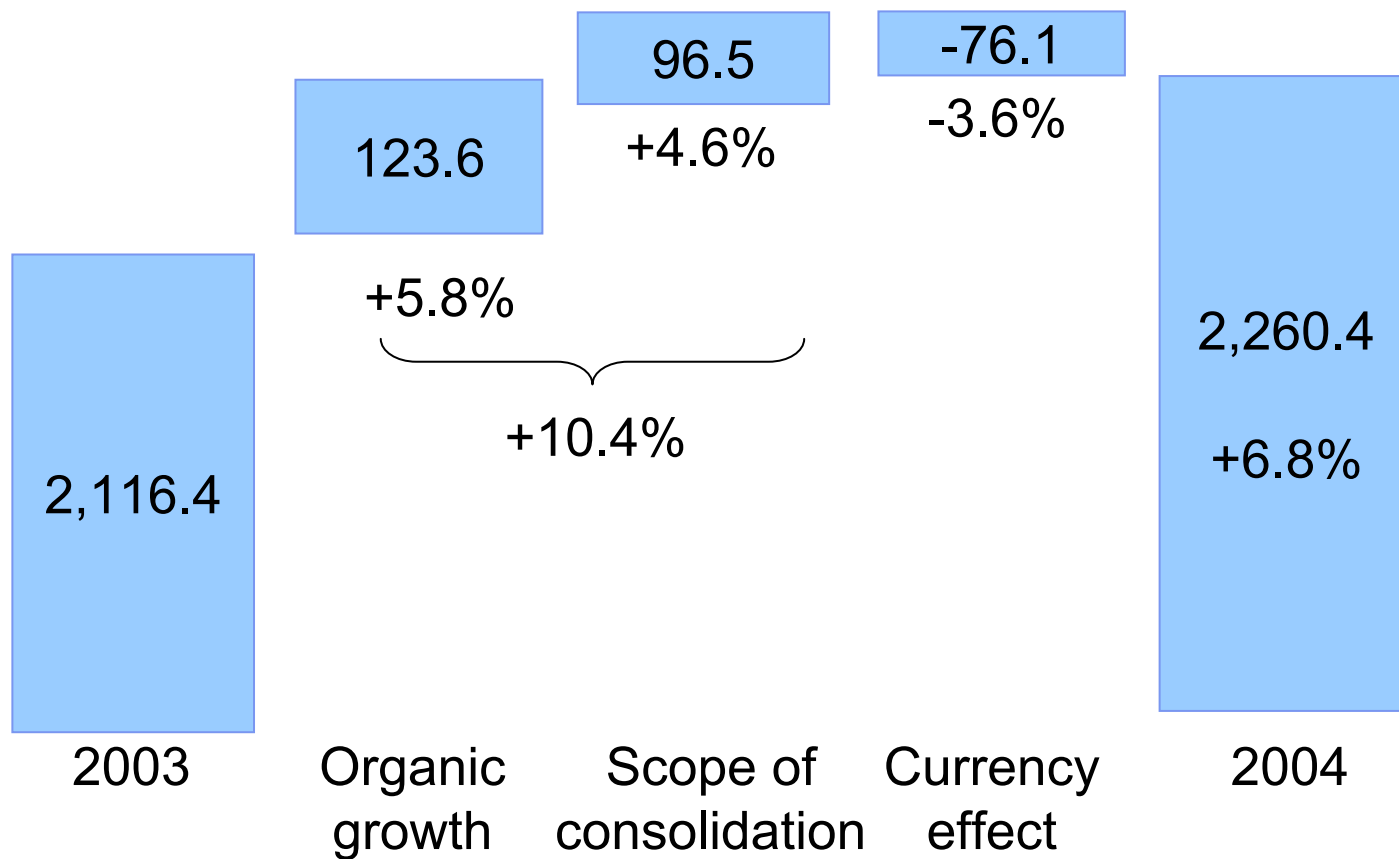
- Growth
- Profitability
- New products
- Emerging countries

Financial Highlights

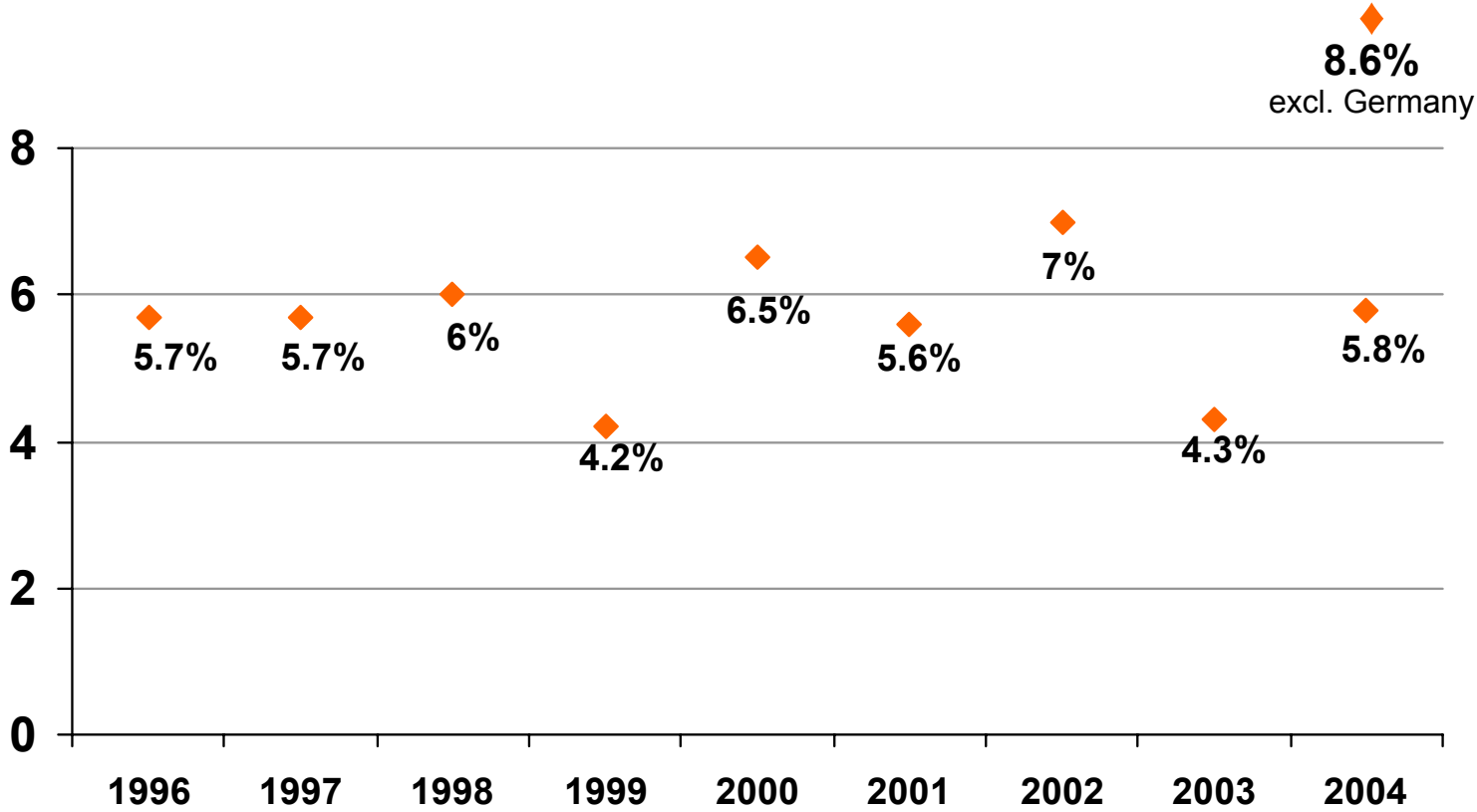
<i>€ millions</i>	2004	2003	% change
Sales	2,260	2,116	+6.8% +10.4% excl. currency effect
Gross margin	60.3%	60.6%	
Operating income	403.9	364.9	+10.7%
% of sales	17.9%	17.2%	
Net income after minority interests	227.1	200.3	+13.4%
% of sales	10%	9.5%	
Earnings per share (in €)	2.24	1.98	+12.9%

Sales Growth Analysis

€ millions



Organic Growth

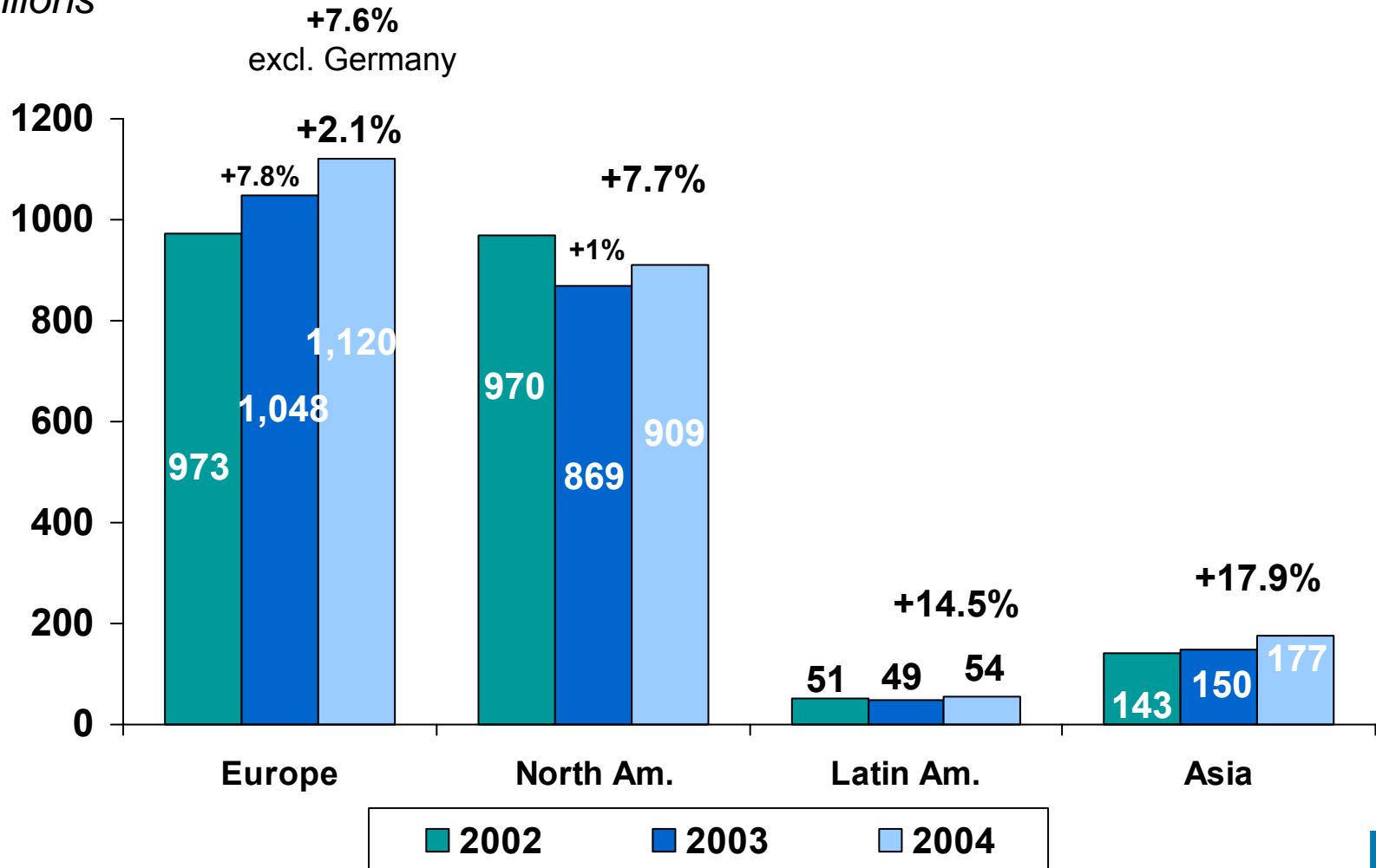




Sales by Region

% growth like-for-like in 2004

€ millions





2004 Highlights (1)

MARKETS

- ▶ Return to growth in the United States and Japan.
- ▶ Growth in Europe (excluding Germany) well above the historic trend.
- ▶ Asia and Latin America account for 10% of revenues and 30% of sales volume



2004 Highlights (2)

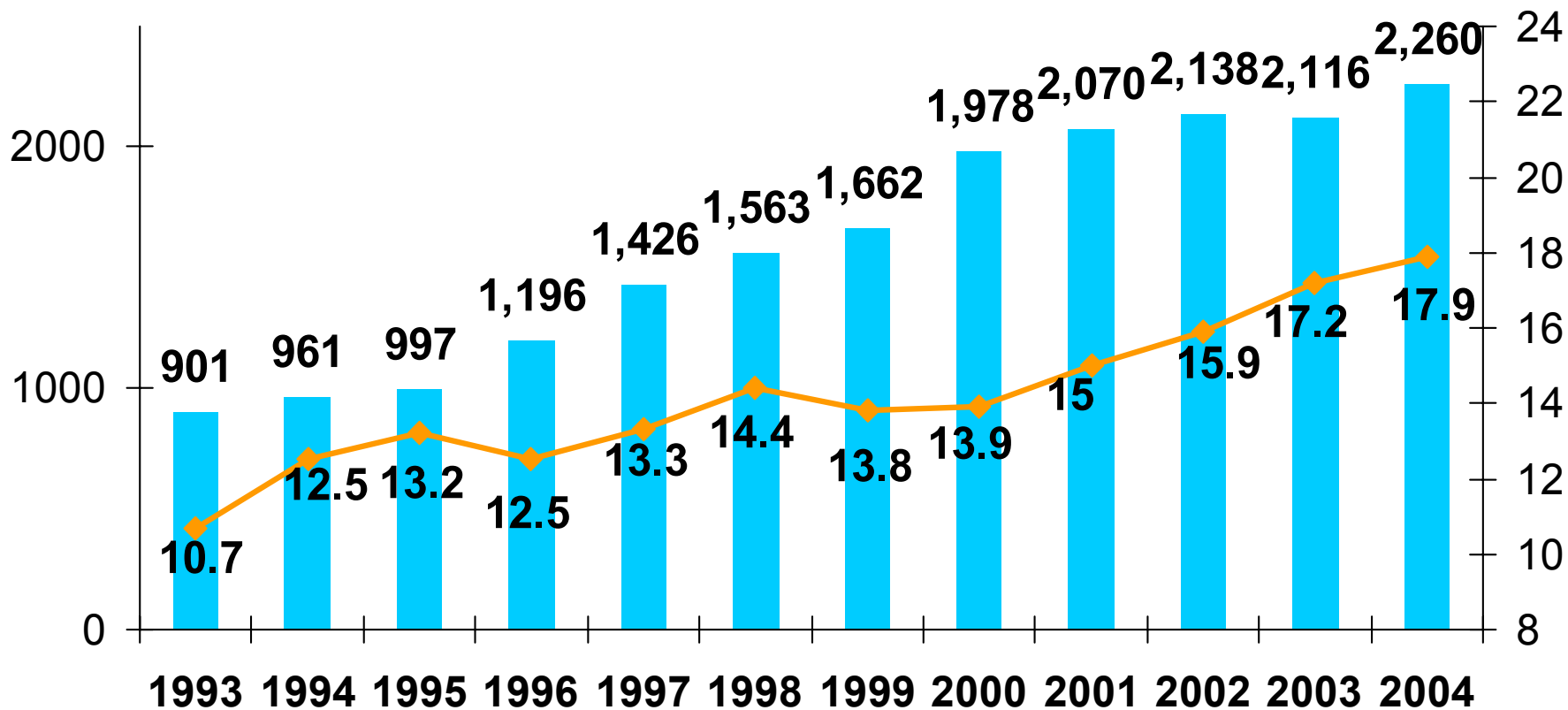
PRODUCTS

- ▶ Crizal® Alizé™
- ▶ Varilux® Ellipse™, Varilux Liberty™
- ▶ Polycarbonate, High indices 1.67 / 1.74
- ▶ Transitions®

Record High Operating Margin

€ millions / in %

■ Sales ◆ Operating margin





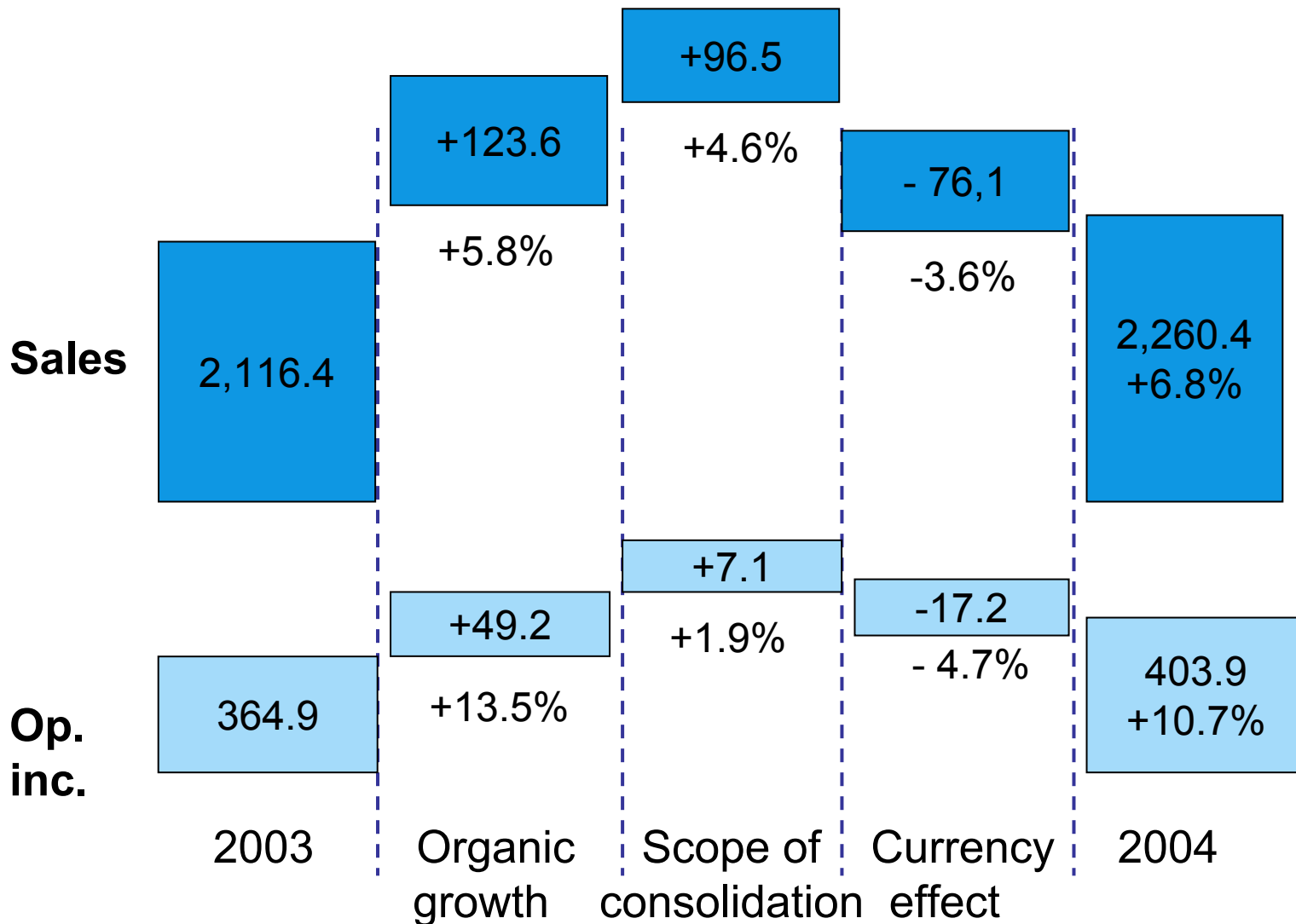
Operating Margin (1)

<i>€ millions</i>	2004	2003	% Change
Sales	2,260	2,116	+6.8%
Gross margin	1,363	1,283	+6.3%
% of sales	60.3%	60.6%	
Operating expenses	959	917	+4.6%
% of sales	42.4%	43.3%	
Operating income	403.9	364.9	+10.7%
% of sales	17.9%	17.2%	

Operating Margin (2)

	Gross margin	Controlled operating expenses
Core business (excl. acquisitions)	+ 0.7 pt	+ 0.3 pt
Scope of consolidation	- 1.0 pt	+ 0.7 pt
	<hr/>	<hr/>
	- 0.3 pt	+ 1.0 pt
	+ 0.7 pt	

Sales Growth and Operating Income Analysis





Currency Impact on Sales and Operating Income

2004
Real € rate

2004
2003 € rate

Sales 2,260.4

+6.8%

2,336.5

+10.4%

Op. inc. 403.9

+10.7%

421.1

+15.4%

Op. margin

17.9%

18.0%

Currency Effect = Translation Adjustment

	2004 in € millions		2004 in USD millions		2004 in JPY billions	
Sales	2,260.4	+6.8%	2,816.5	+16.5%	302.7	+8.5%
Op. Inc.	403.9	+10.7%	503.3	+20.7%	54.1	+12.4%
Op. margin	17.9 %		17.9%		17.9%	

Net Income

<i>€ millions</i>	2004	2003	% Change
Operating income	403.9	364.9	10.7%
Net interest expense	(34.1)	(33.5)	1.8%
Non-operating expense	(6.3)	(14.9)	
Income tax	(101.7)	(90.3)	
Net income (loss) of companies accounted for by the equity method	(8.1)	(2.9)	
Amortization of goodwill	(25.9)	(22.5)	
Net income after minority interests	227.1	200.3	13.4%



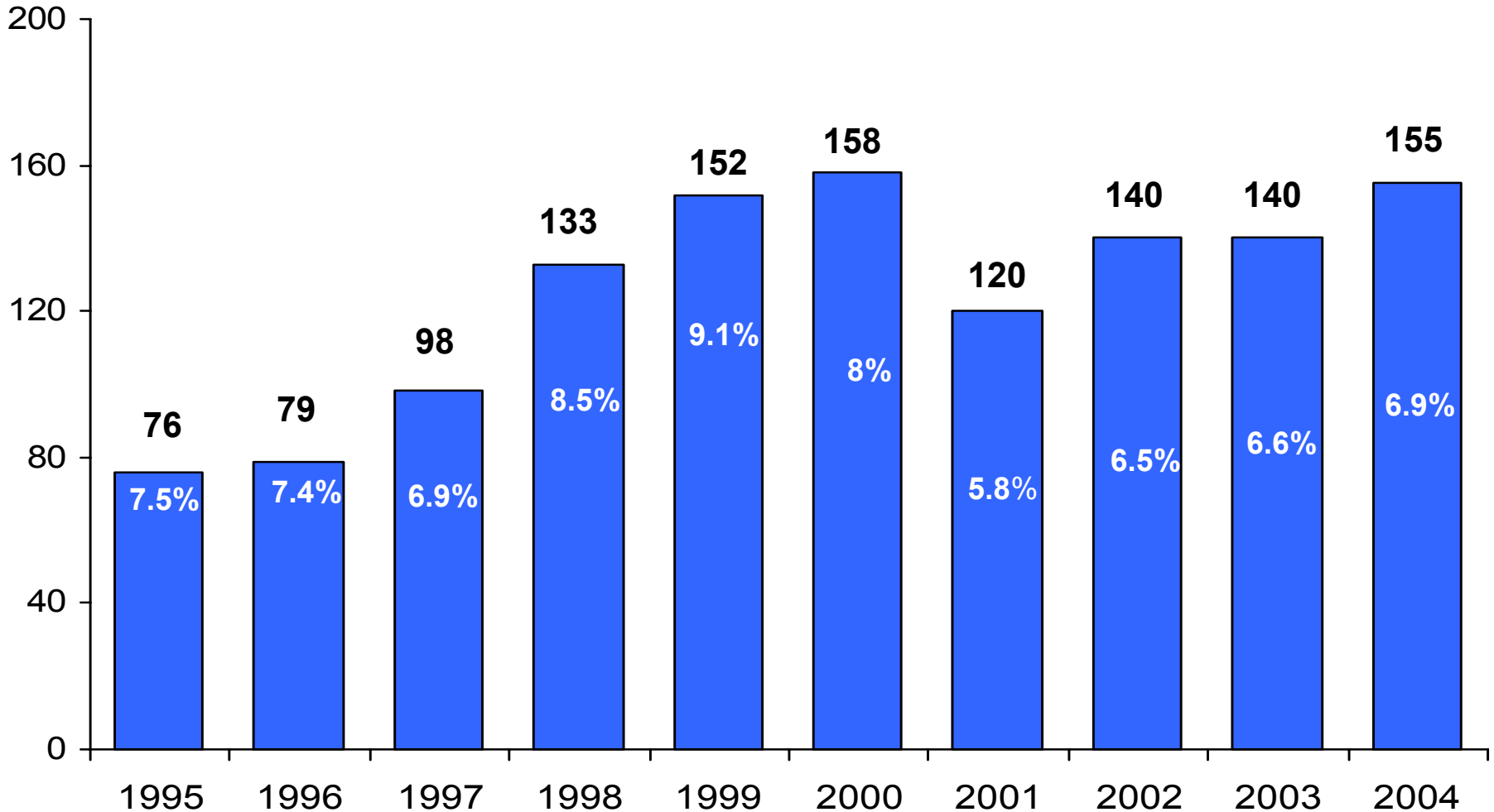
Non-Operating Expense

	2004	2003
Real estate gain		4.5
US restructuring costs	(2.6)	(11.3)
Europe restructuring costs	(3.7)	(1.0)
Asset write-downs and other		(7.1)
	<hr/>	<hr/>
TOTAL	(6.3)	(14.9)

US restructuring costs, Europe restructuring costs, and Asset write-downs and other are grouped together with a bracket and a total of (19.4) for 2003.

Net Capital Expenditure

€ millions



12 Acquisitions in 2004

Sales €m
100%

**Consolidation
date**

EUROPE

LTL	32	June 30
Delamare-Sovra	3	December 31

US

Dunlaw (80%)	1.8	January 2
Spectrum	2.6	March 31
Tri-Supreme (80%)	8.7	June 2
Opal Lite (80%)	4.1	June 30
Select Optical (80%)	7.8	July 1
21st Century (80%)	13.9	Nov. 1

CANADA

Optic Lison	0.2	January 26
Tech Cite (via Nikon Essilor- 50%)	2.8	April 30

ASIA

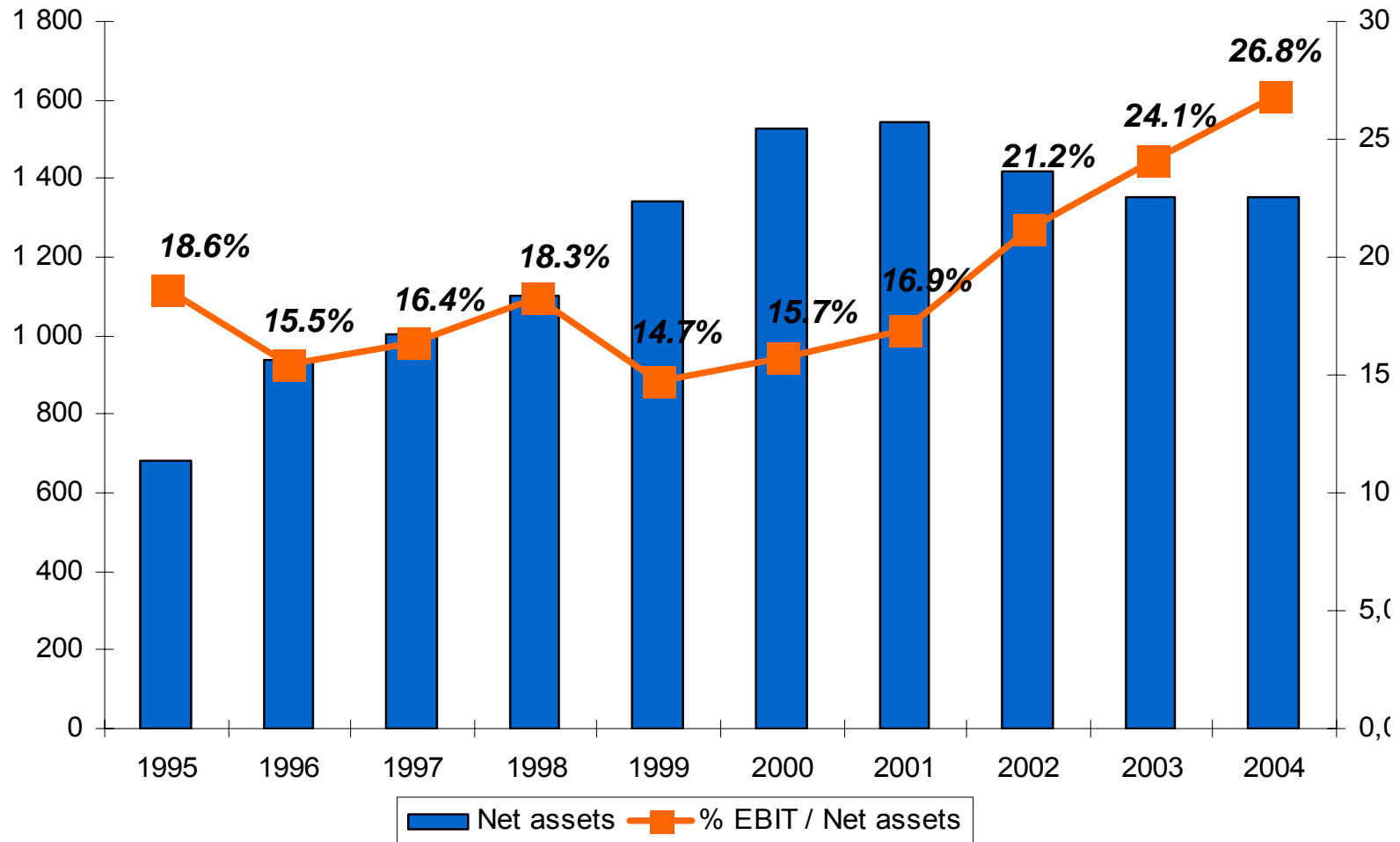
City Optical (Australian Lab, 50%)	3.4	July 1
Vijay Vision (Indian Lab, 87.5%)	1	October 15

TOTAL: Annual sales **€78m***
Purchase price **€62m**

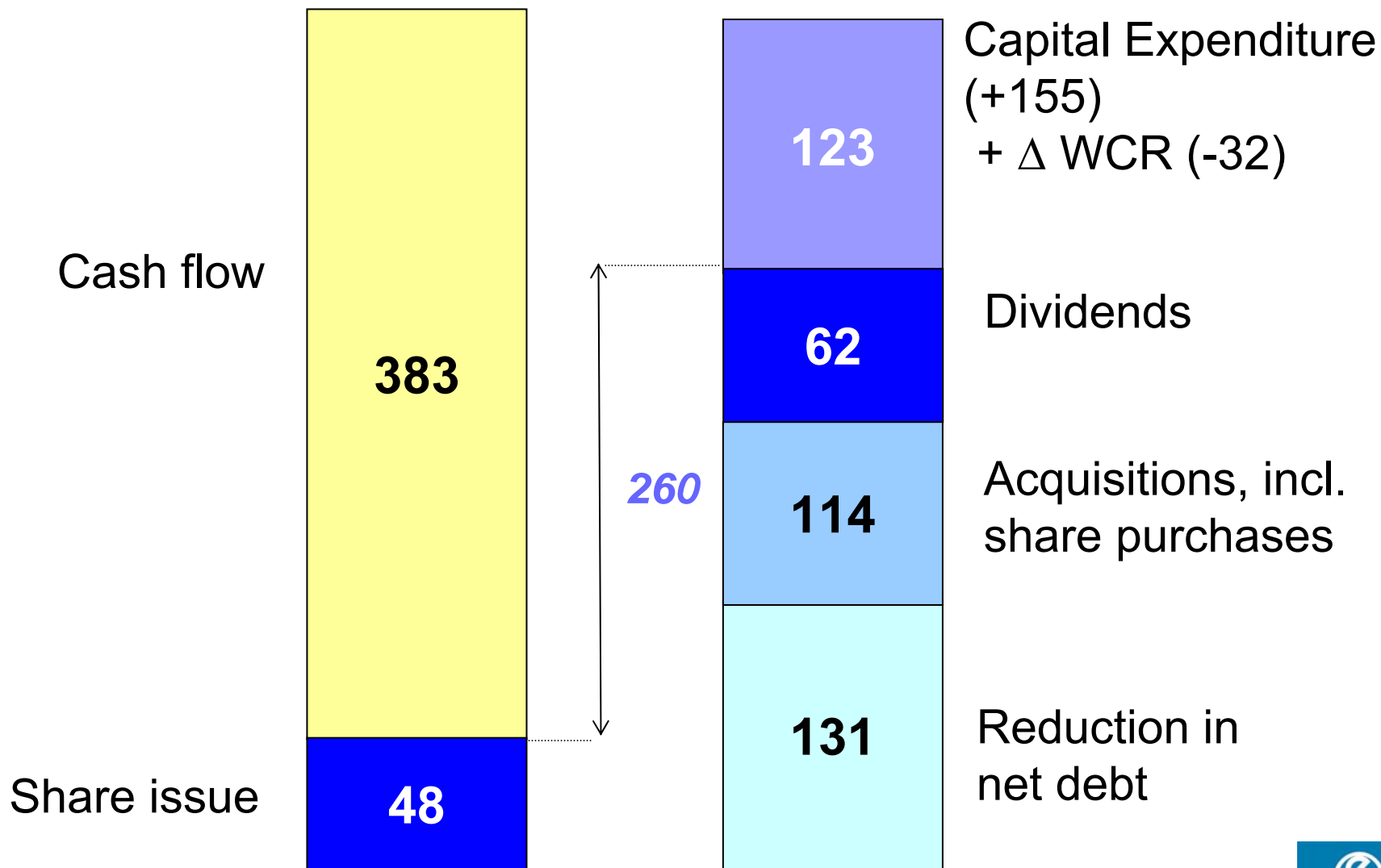
** Sales impact on Essilor consolidation*

ROA: EBIT / Net Assets

ROA vs. total net assets (€ millions)

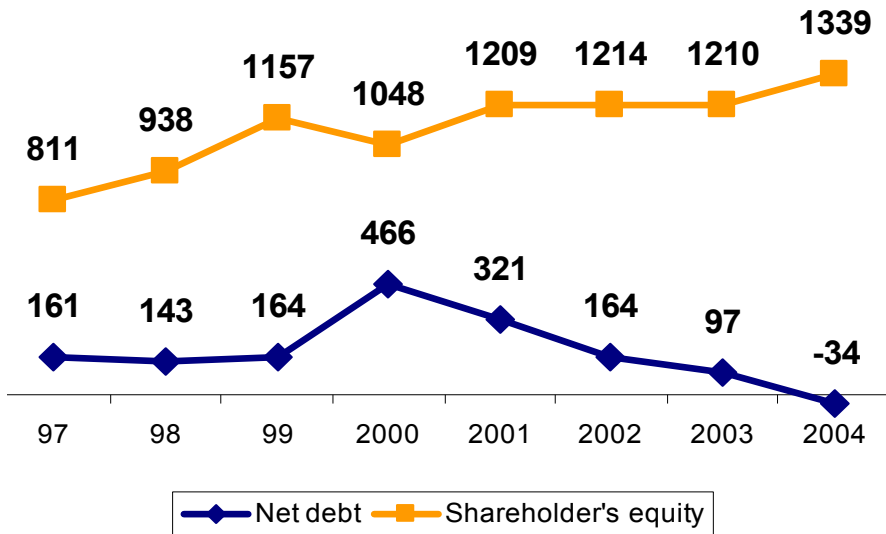


2004 Consolidated Cash Flow

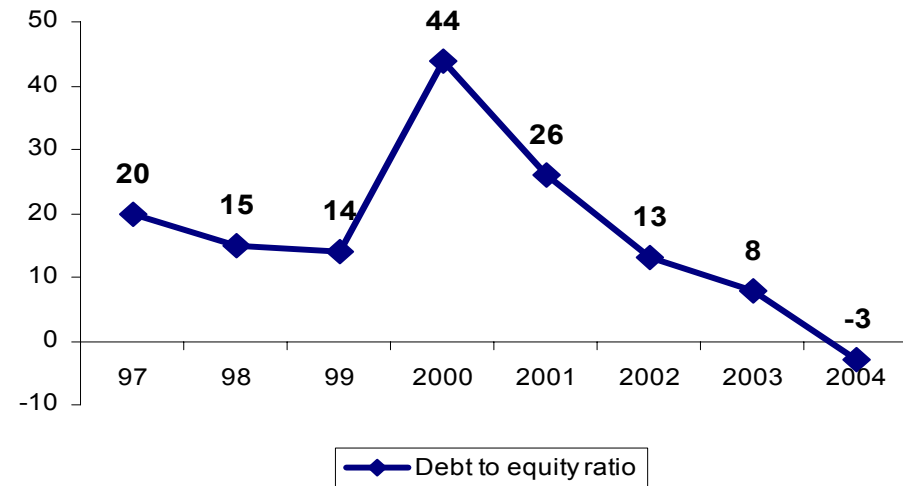


Balance Sheet Structure at Dec. 31, 2004

€ millions



%





Consolidated Shareholders' Equity

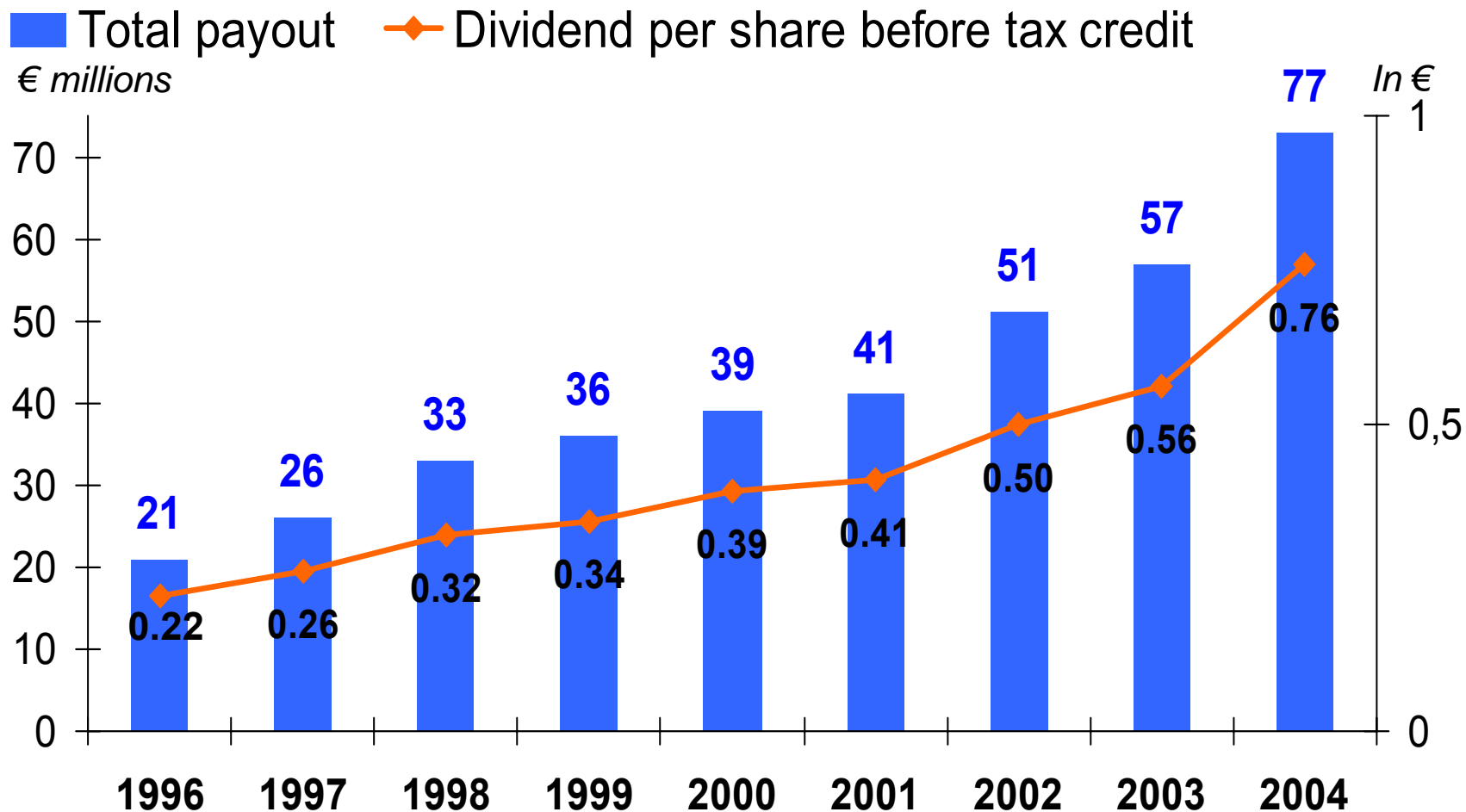
€ millions

Dec. 31, 2003
1,209.6

Dec. 31, 2004
1,339.8

47.8	227.1	1.2	61.8	45.3	38.8
+	+	+	-	-	-
Capital increase	Income	Minority interests	Dividends	Treasury stock net of share cancellations	Translation adjustment

Dividend Up 36%



Restated for 2001 10-for-1 stock split



Change in Issued Capital

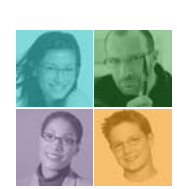
(Shares outstanding at Dec. 31, 2004)

- ▶ 800,000 Shares cancelled
- ▶ 1,370,375 New shares issued
- ▶ 1,382,788 Shares held in treasury
- ▶ 101,927,695 Shares outstanding excluding treasury stock



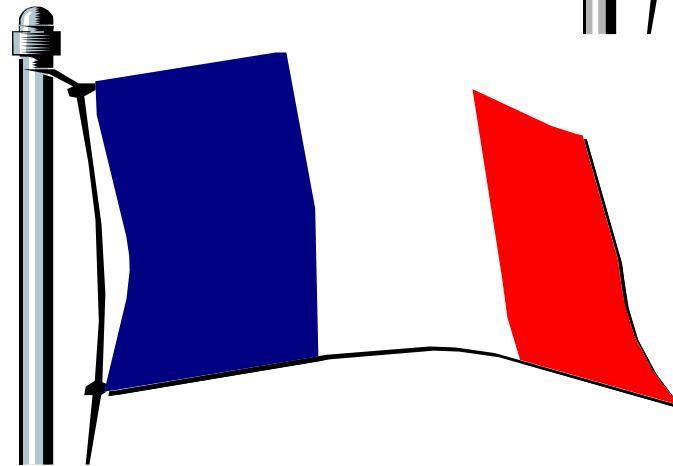
Outlook for 2005

- ▶ Global rollout of the 5th generation Transitions® 1.67 very high-index and polycarbonate lenses
- ▶ Launch of the Varilux® Ipseo™ and 1.74 ultra high-lenses in the US
- ▶ Acquisitions
- ▶ Growth in European markets?
- ▶ IT systems in Europe
- ▶ Reorganization of engineering



North America

Hubert Sagnières



March 10, 2005



Essilor of America

- **U.S. Market**
- **EOA Business Model**
- **Our Achievements**
- **Future Opportunities**
- **Essilor Canada**

U.S.: A Big Market with Huge Opportunity

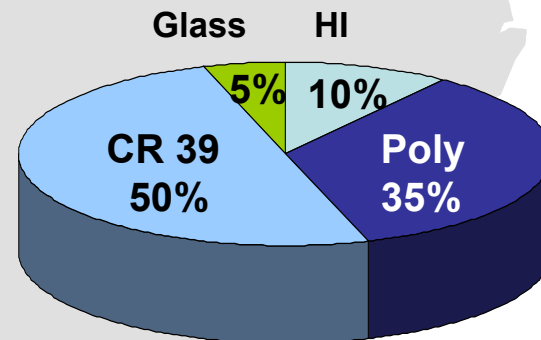
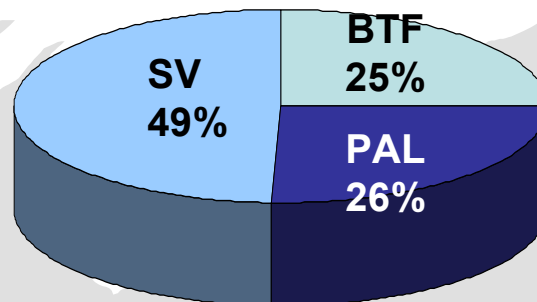


295 Million Habitants
163 Million Lens Wearers



150 Million Lenses Sold/Year
Retail: 49% Independent: 51%

- 
- 20% AR
 - 14% Photochromic
 - 5% Polarized





The U.S. market is showing significant differences versus the European or Asian markets - this requires a specific approach

- **Chains**
- **Independent Lab Network**
- **Low AR**
- **High Bifocals**
- **FDA**
- **Managed Vision Care**
- **Service**
- **Web**
- **Edged - Mounted**

E.O.A. Business Model is driven by the Specific Structure of the U.S. Market

Imports, stock houses, In lab casting
NASSAU LENSES

Lens Manufacturers
ESSILOR LENSES

Sola
Labs
Hoya

Independent Labs
Varilux and non
Varilux

ELOA

**Retail Chains
& Integrated
Retailers**

Private ECP's

Consumers

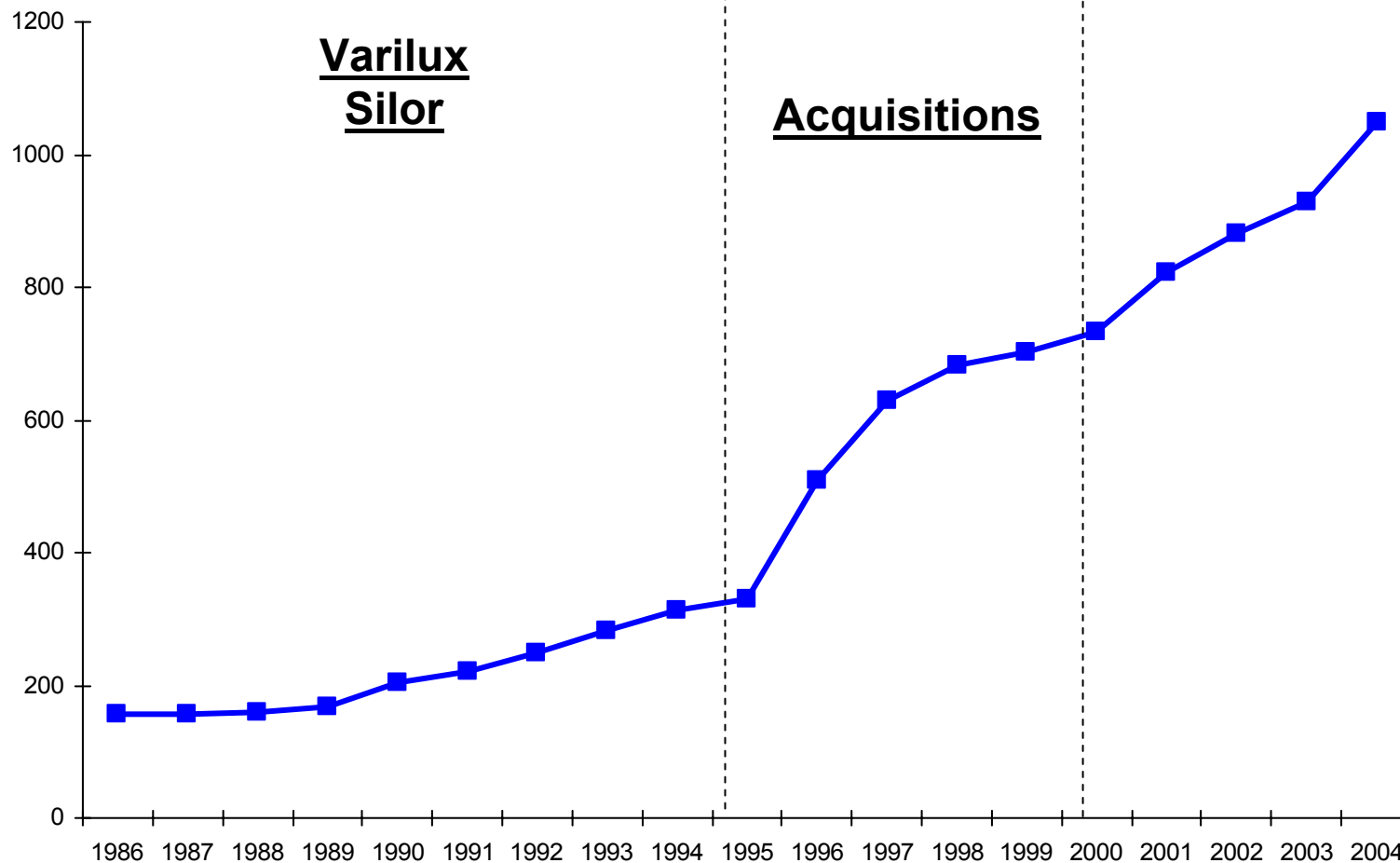


Essilor of America: Key Facts

- **8,000 Employees**
- **\$1.2 Billion U. S. Dollars**
- **87 Labs in the U.S. – 29 Labs in Canada**
- **4 Manufacturing Plants**
- **5 Sales Forces : 230 sales people + 35 in Canada**

EOA: a 3 Step Story

Sales (in million \$)



Varilux
Silor

Acquisitions

PFG
and acquisitions



Essilor is best positioned to take advantage of the BTF/PAL conversion

- The 45 – 69 year old segment is growing

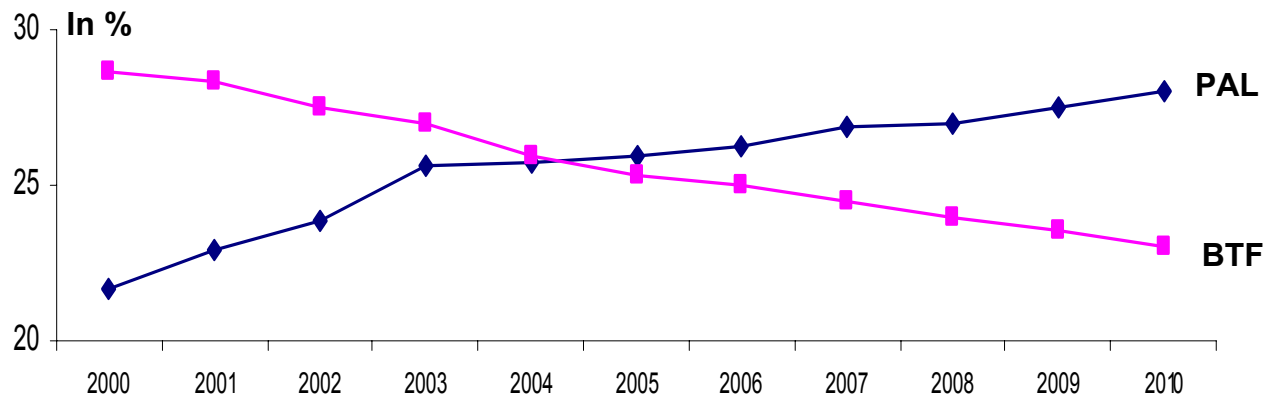
	<u>2005</u>	<u>2010</u>	<u>Var.</u>
70 +	26	28	2
45-69	81	94	13

- Younger presbyopes prefer progressive lenses



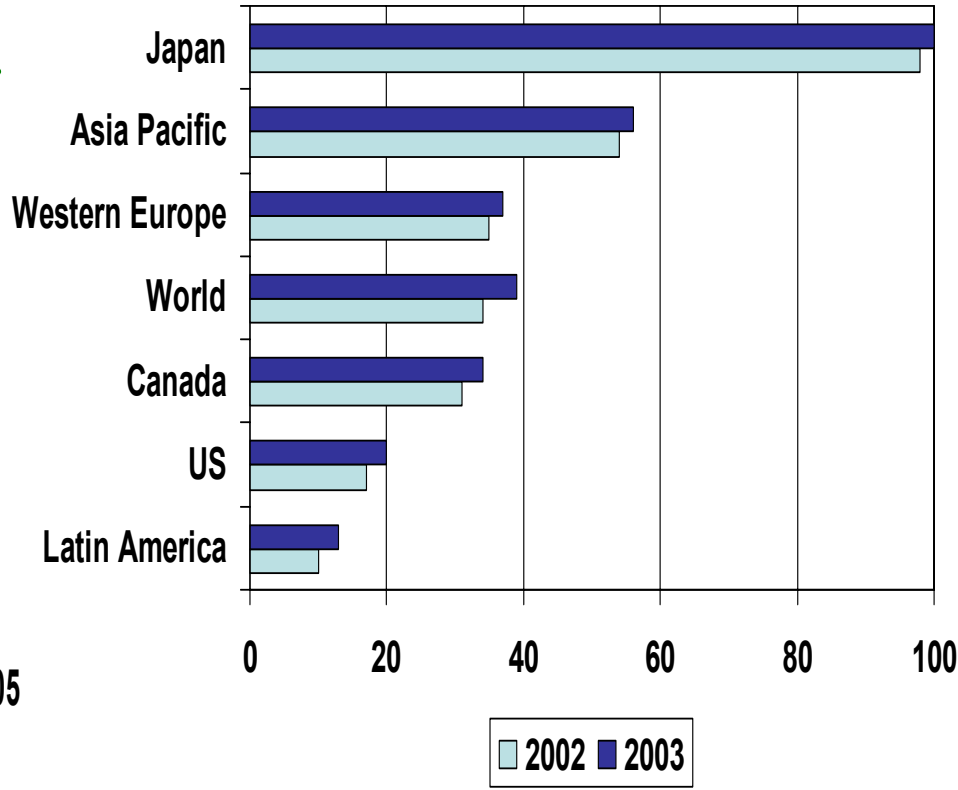
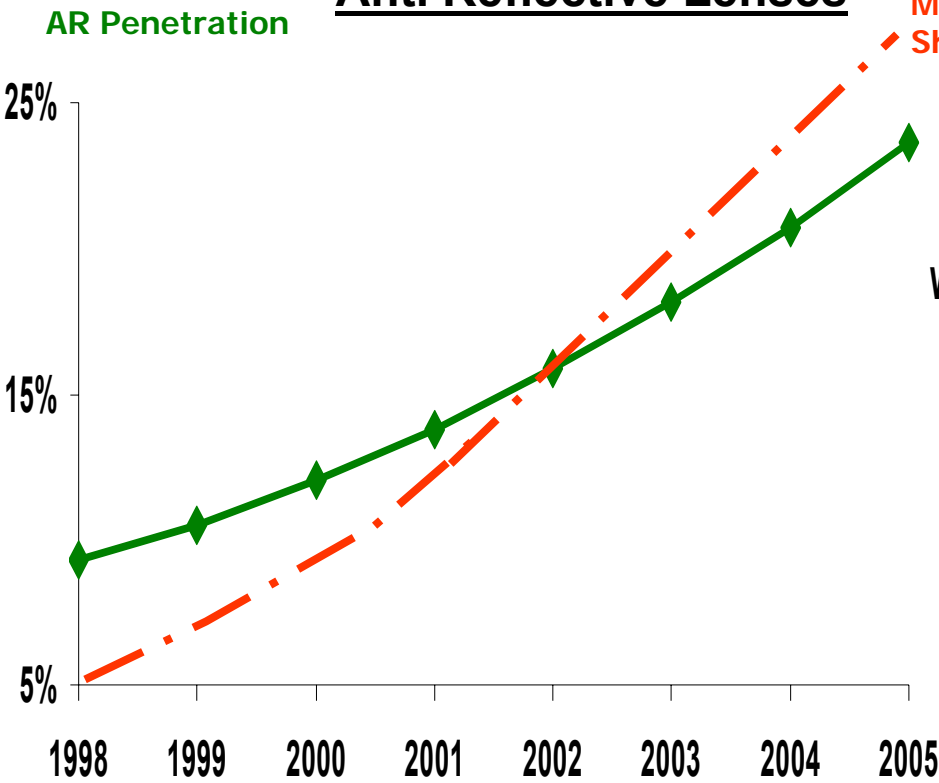
■ Population Age 35-44
 ■ Population Age 45-54
 ■ Population Age 55-59
 ■ Population Age 60+

- Split between Lens design confirms the shift



Thanks to high quality products like Crizal, and better service, the U.S. market is moving fast to AR coatings

Anti Reflective Lenses



Essilor is gaining market share in a fast growing segment.

And the U.S. market has still a lot of potential growth to catch up with the rest of the world.





Many other shifts are also driving the U.S. market up

- **Growth of polycarbonate vs. CR 39 lenses**
- **Increasing demand for polarized lenses**
- **Transitions® is taking a significant share of the U.S. market**
- **The demand for “Double Side Hard Coat” is now growing fast**



Laboratory Strategy : Extensive Coverage

The acquisition of U.S. labs increases the penetration of Essilor lenses and contributes to the overall growth of Essilor in the U.S.

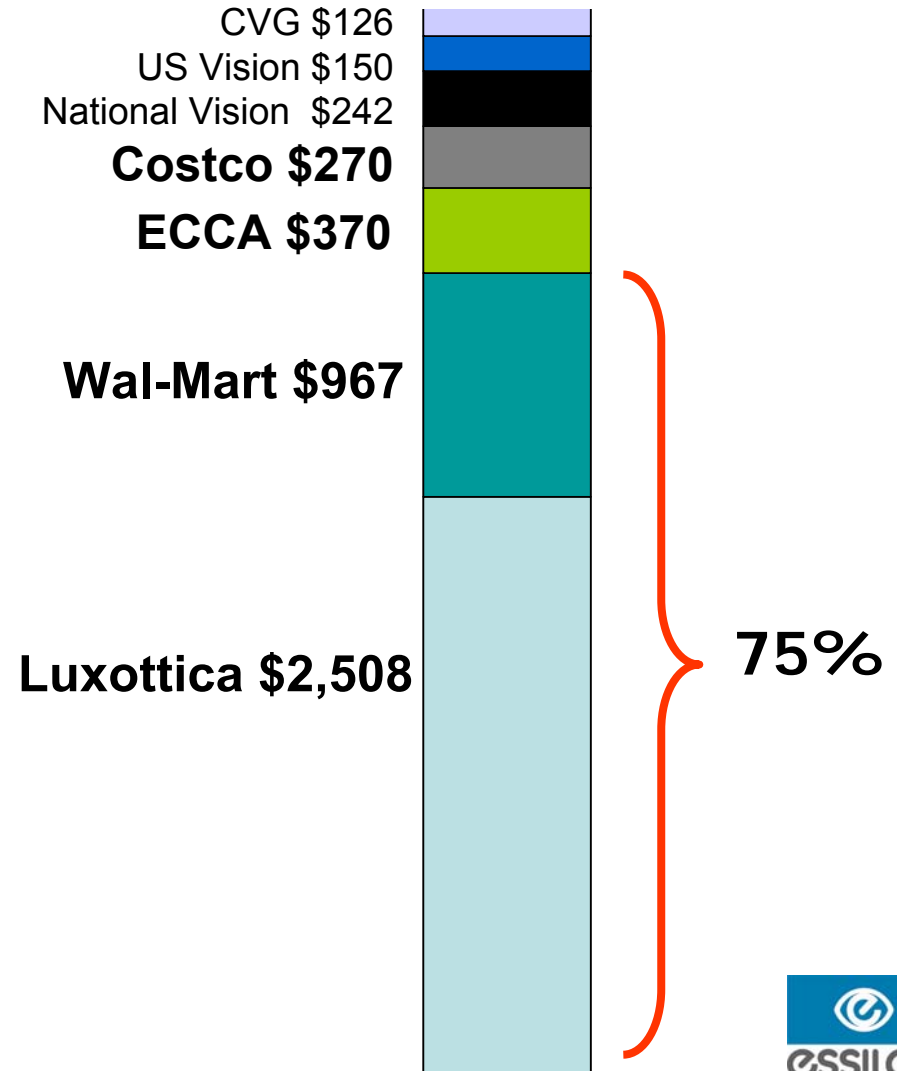
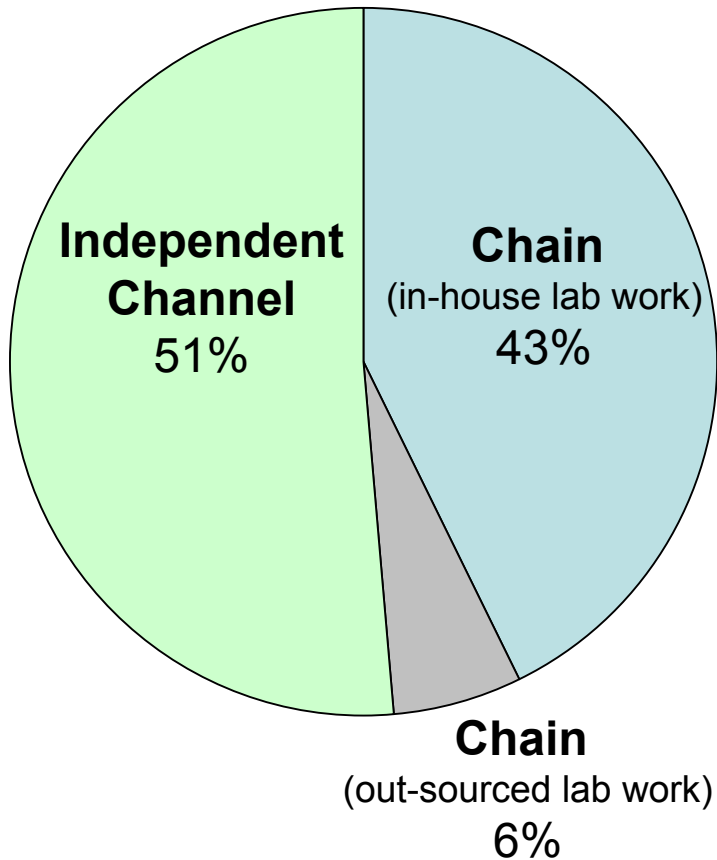
Essilor Laboratories of America

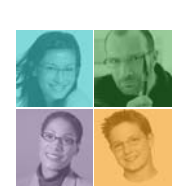


Chain Strategy: Responding to Each Chain's Needs

The U.S. retail market is now highly concentrated after the Luxottica/Cole merge

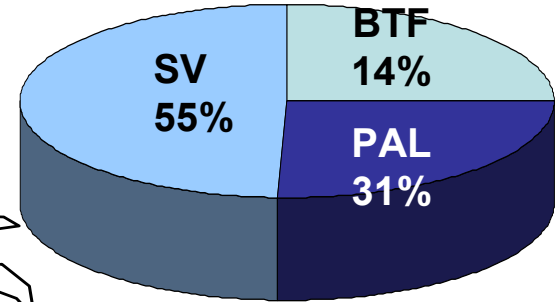
US Chain / Independent Mix



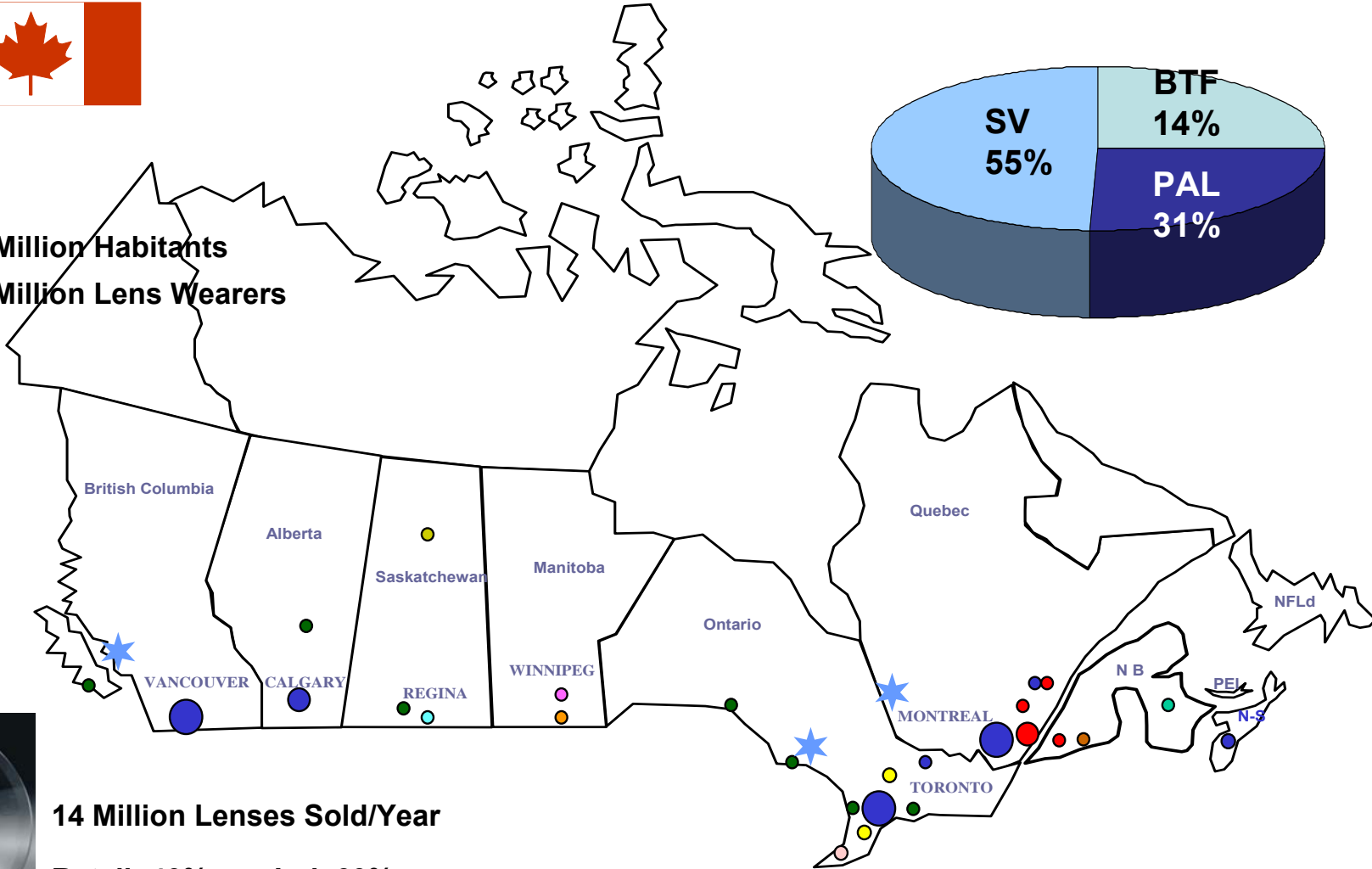


Essilor Canada

Canada: an Outstanding Essilor Success Story



32 Million Habitants
16 Million Lens Wearers



14 Million Lenses Sold/Year

Retail: 40% Ind. 60%



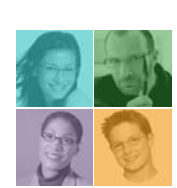
200 Million Canadian \$
1,000 People





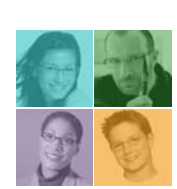
Summary

Thanks to a highly competitive product line, significant investment in new technology and better service, Essilor is well positioned to continue leading the U.S. and Canada markets for years to come.



Conclusion

Xavier Fontanet




What was noteworthy in 2004?

Where do we stand today?

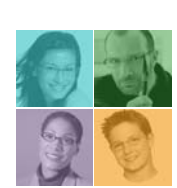


2004 Performance by Region

▶ **Each continent contributed:**

- **Europe:** **Good performance despite Germany**
- **North America:** **Profitable growth**
- **Asia:**
- **Latin America:**  **Relay growth channels
now operational**

▶ **Essilor holds a solid share in each of its markets.**



- ▶ **With the recent breakthroughs in Japan, China and India, Essilor is undergoing a new period of change:**

**From European in 1990,
to Western in 1995,
and global in 2005.**



This change is having an impact

Chains:

**Factories and laboratories,
Engineering and research,
People**

**Essilor has become a unique melting pot
and is building a global culture.**



Products: What's current?

- ▶ **Our high-tech strategy is still producing results and our enhanced products are in line with customer expectations.**
- ▶ **Our initiatives are supported by scientific advances in machining, materials, thin films, nanotechnologies, information systems, telecommunications and logistics.**
- ▶ **As a result, we don't foresee any short or medium-term change in the business model.**



Products: What's new?

- ▶ **New products increasingly develop into new processes.**
- ▶ **Profitable growth requires investments in new technologies and thus the necessary scientific and financial resources.**
- ▶ **Having completely re-engineered its laboratory business in 2004/2005, Essilor will be in a position to increase technological pressure on the competition.**

Geographic presence:

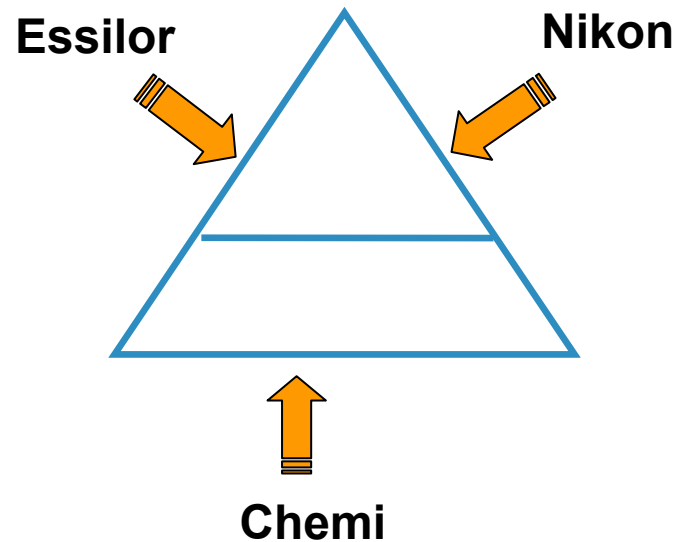
What's new: emerging countries

Asia (excl. Japan), Latin America, Eastern Europe

- ▶ **These markets already account for about 30% of Essilor's volume sales.**
- ▶ **Chemi / Nassau / LTL are part of the leadership strategy in this new segment.**
- ▶ **Essilor is profitable in these markets.**



Emerging countries: a two-level strategy



This approach ensures very long-term growth in the ophthalmic optics industry. It will also give Essilor strong positions in all new markets, both in value and in volume.



Competition in Lenses

- ▶ **The Sola/Zeiss merger is part of the ongoing consolidation of the ophthalmic optics market, but it doesn't change the stakes.**
- ▶ **In 2004, Essilor's sales growth (at constant exchange rates) outpaced its major competitors.**
- ▶ **Region of volume growth: China and India.**



Acquisitions / Joint ventures

Category

Profitability

Major

+++

Midsized

- 0 -

Small

+

Focus mainly on targeted opportunities



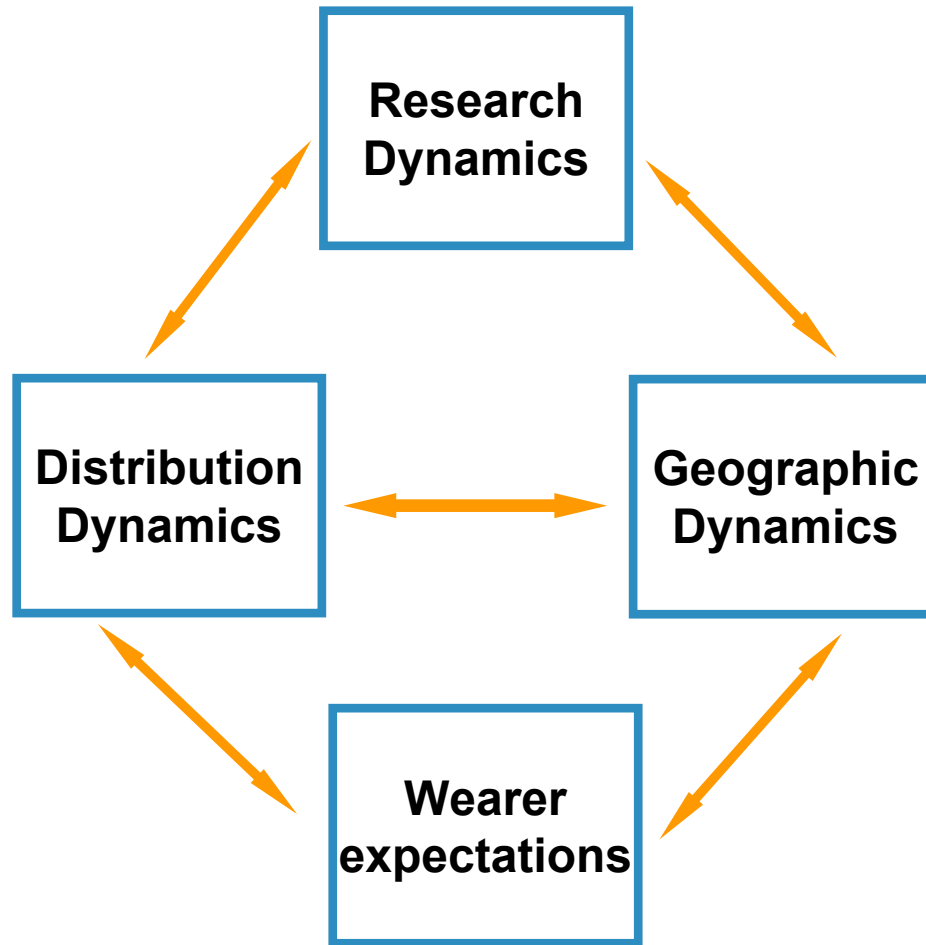
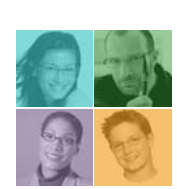
Distribution - Production

- ▶ **The balance between chains and independents seems relatively stable. Chains are beginning to merge.**
- ▶ **As with distribution, production has become more concentrated.**
- ▶ **Manufacturers and distributors stimulate each other's growth.**
- ▶ **Thanks to its rapid geographic expansion, Essilor's customer portfolio remains extremely diversified.**



2005

- ▶ **We are well prepared, but the year will have its share of unforeseen events.**
- ▶ **Essilor will maintain its fundamentals: short-term dexterity and a long-term outlook.**



The industry still has a bright future.

