



**Press Release**

**First-Half 2005  
Strong Demand in the Second Quarter  
Net Income Up 19%**

(Charenton-le-Pont, France - September 8, 2005) — The Board of Directors of Essilor International, the world leader in ophthalmic optical products, today announced the financial results for the six months ended June 30, 2005:

<i>€ millions</i>	<b>June 30, 2005</b>	June 30, 2004	% change
	<b>IFRS</b>	IFRS	
Sales	<b>1,182.9</b>	1,108.3	6.7%
Contribution from operations <sup>(1)</sup>	<b>210.2</b>	177.7	18.3%
<i>As a % of sales</i>	<b>17.8 %</b>	16.0 %	
Operating income	<b>196.4</b>	170.2	15.4%
Net income after minority interests	<b>145.7</b>	122.3	19.1%
<i>As a % of sales</i>	<b>12.3 %</b>	11 %	
Earnings per share (in €)	<b>1.43</b>	1.21	18.5%

(1) Operating income before share-based payments, restructuring costs and other non-recurring items, and goodwill impairment.

**Sales up 6.7% to €1,182.9 million**

Consolidated sales at June 30, 2005 were up 7.9% excluding the currency effect, and 4.7% like-for-like. Acquisitions made in 2004 and first-half 2005 added 3.2% of sales growth, while the currency effect eased to a negative 1.1% following the rise in the dollar against the euro.

Organic growth was led by:

- A very good second quarter, with like-for-like sales growth of 8.1%, following the turnaround in Europe and very good demand in other regions.
- An increase in sales of high value-added lenses combined with a significant rise in volumes.
- New product launches, the most important of which were the new range of Transitions® photochromic lenses made of 1.67 high index and polycarbonate



materials, the rollout of the Crizal® Alizé™ antireflective/smudge-proof treatment in Asia and the worldwide launch of Varilux® Ellipse™ small-frame progressive lenses.

The strength of the current product mix reflects the success of new lenses developed through recent Essilor innovations. Their success has also demonstrated the depth of consumer demand for constant improvements in visual comfort.

### Acquisitions

Between January 1 and August 31, Essilor pursued its external growth strategy with the acquisition of 12 companies (or their assets) representing a total investment of €102 million. The acquisitions were primarily designed to improve local service to opticians and optometrists and to enter new markets in Asia. In addition, the acquisition of Johnson & Johnson's ophthalmic lens business will enhance Essilor's progressive lens portfolio.

### Sales by region

€ millions	June 30, 2005 IFRS	June 30, 2004 IFRS	% change (reported)	At constant scope of consolidation and exchange rates
Europe	563.2	541.2	4.1%	2.0%
North America	490.4	457.2	7.3%	5.9%
Asia-Pacific	95	84.4	12.7%	11.2%
Latin America	34.2	25.5	33.9%	19.6%

**Contribution from operations (*Operating income before share-based payments, restructuring costs and other non-recurring items, and goodwill impairment*) up 18.3% to €10.2 million**

Contribution from operations as a percentage of sales gained 1.8 points, reaching an exceptional level of 17.8%. The increase reflected:

- A sharp improvement in the product mix as well as productivity gains in manufacturing operations that drove an 8.4% increase in gross margin to €678.8 million.
- Slower growth in operating expense, which rose 4.5% to €468.6 million.



### **Operating income up 15.4% to €196.4 million**

This new item represents contribution from operations less other income/expense and proceeds from asset disposals, which totaled an aggregate €13.8 million. Of this, €6.2 million concerned costs related to stock options and discounts on shares purchased into the corporate savings plan.

### **Net income after minority interests up 19.1% to €145.7 million**

VisionWeb, Bacou-Dalloz and, since the change to IFRS, Transitions are accounted for by the equity method. Following Bacou-Dalloz's improved performance, net income of companies accounted for by the equity method rose sharply to €11.6 million, versus €1.8 million in 2004, adding to the growth in net income after minority interests. Earnings per share rose 18.5% to €1.43.

### **Change in the share base: 900,000 shares canceled**

Essilor canceled 900,000 shares on August 31 to offset the impact of the November 2004 stock option grants.

### **Outlook 2005**

Based on the excellent first-half performance, Essilor expects 2005 results to be in line with its long-term growth objectives, with an increase of approximately 9% in sales, excluding the currency effect.

Note that while second-half earnings should be good, margins are not expected to be as high as in the first half, notably because operating expense is forecast to be higher in the second half.

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*Essilor International is the world leader in ophthalmic optical products, offering a wide range of lenses under the flagship Varilux®, Crizal®, Airwear® and Essilor® brands to correct myopia, hyperopia, presbyopia and astigmatism. Essilor operates worldwide through 16 production centers, 190 lens finishing laboratories and local distribution networks. The Essilor share trades on the Euronext Paris market (ISIN code: FR 0000121667; Reuters: ESSI.PA; Bloomberg: EF FP) and is included in the CAC 40 index.*  
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