



NEWS RELEASE

Sustained Business Levels in the First Half Contribution Margin at 18.1%, an All-Time High

Charenton-le-Pont, France, (August 30, 2007 – 6:30 a.m.) - The Board of Directors of Essilor International, the world leader in ophthalmic optics, has approved the financial statements for the six months ended June 30, 2007.

€ millions	First-half 2007	First-half 2006	% change
Revenue	1,476.9	1,362.4	8.4%
Contribution margin	18.1%	17.8%	-
Profit attributable to equity holders of Essilor International	181.7	164.1	10.7%
Basic earnings per share (in €) ⁽¹⁾	0.88	0.80	9.9%

(1) Adjusted for the two-for-one stock split on July 16, 2007

The highlights of the first half were:

- Strong 8.5% organic growth, led by sustained demand, an improvement in the product mix and higher volumes.
- The success of new products, notably progressive and anti-reflective lenses.
- A further improvement in profitability with a contribution margin higher than the 17.9% reported for full-year 2006.
- A 9.9% increase in basic earnings per share.
- An ongoing external growth strategy, with the acquisition of nine companies or their assets representing an additional €118 million in full year revenue.
- Substantial capital spending (€107 million) and financial investment (€111.3 million).

This performance is especially satisfying given the high basis of comparison in first-half 2006.

In the second half, Essilor will pursue its strategy of implementing valued-added products and developing in the international marketplace. For the full year, the Company expects to report high quality financial results, confirming once again its steady growth.



A conference call will be held today at 2:00 p.m., Paris time.

- The number to dial is: +44 (0)207 750 99 23
- It will be webcast live and available for later listening at:
<http://hosting.3sens.com/Essilor/20070830-5CF628F2/en>
- A presentation of the first-half 2007 results can also be downloaded at:
<http://www.essilor.com/InvestorRelations/Library/Slides.htm>

Regulatory Information:

The Interim Financial Report can be downloaded from the Company's website, www.essilor.com, in the Shareholders/Investors section, under Regulatory Information, or by clicking on:
<http://www.essilor.com/InvestorRelations/Library/FinancialReport.htm>.

Next financial announcement:

Nine-month financial information: October 24, 2007

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 15 production sites, 244 lens finishing laboratories and local distribution networks. The Essilor share trades on the Euronext Paris market and is included in the CAC 40 index. Codes and symbols: ISIN: FR 0000121667; Reuters: ESSI.PA; Bloomberg: EF:FP.

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MANAGEMENT REPORT

First-Half 2007

€ millions	First-half 2007	First-half 2006	% change
Revenue	1,476.9	1,362.4	8.4%
Contribution from operations ⁽¹⁾	267	242.8	10.0%
<i>Contribution margin</i>	18.1%	17.8%	
Operating profit	252.9	229.3	10.3%
Profit attributable to equity holders of Essilor International	181.7	164.1	10.7%
<i>% of revenue</i>	12.3%	12.0%	
Basic earnings per share (in €) ⁽²⁾	0.88	0.80	9.9%

(1) Operating profit before compensation costs of share-based payments, restructuring costs and other expenses, and goodwill impairment.

(2) Adjusted for the two-for-one stock split on July 16, 2007.

Revenue up 8.4% to €1,476.9 million

Essilor's consolidated revenue for the six months ended June 30, 2007 rose by 8.4% as reported and by 8.5% like-for-like. Changes in the scope of consolidation boosted revenue by 3.5%, reflecting the contributions of the businesses acquired in 2006 and in the first half of 2007. The currency effect was a negative 3.6%.

Organic growth was led by various factors:

- Strong demand in all regions worldwide throughout the period.
- An accelerated improvement in the price mix and higher volumes, which contributed equally to growth. Unit sales of medium and high-index, progressive and photochromic lenses were especially robust.
- The success of new products, in particular the progressive lens marketed under the Anateo™ brand (for BBGR in Europe) and the Accolade™ brand (for optical chains and cooperatives in the rest of the world), the Crizal® anti-reflective, antistatic lens, and the Varilux Physio® progressive lens launched in early 2006.



Revenue by region

€ millions	First-half 2007	First-half 2006	Reported change	Like-for-like change*
Europe	675.7	606.4	11.4%	8.5%
North America	622.4	596.0	4.4%	7.1%
Asia-Pacific	128.7	116.8	10.2%	12.4%
Latin America	50.1	43.2	15.9%	16.7%

*Based on a comparable scope of consolidation and at constant exchange rates.

Nine acquisitions since January 1, 2007

Essilor acquired nine companies or their assets during the first half. Together, they represent additional full-year revenue of €118 million for a total investment of €101.7 million.

- In Europe the Company acquired a majority stake in the **Novacel** group, with annual revenue of €39 million.
- In the United States, Essilor acquired **OOGP** (\$50 million in revenue), **Beitler McKee Optical Company** (\$13 million), **Sutherlin Optical Company** (\$13 million), **Personal Eyes** (\$2 million), and purchased the prescription safety eyewear assets of **Dispensers Optical Service Corp.** (\$5 million).
- In Canada, Essilor acquired a majority interest in **Optique Cristal Inc**, with revenue of C\$2 million.
- In Singapore, Essilor acquired a 51% stake in **Integrated Lens Technology Pte Ltd**, with revenue of €13 million.
- In China, Nikon Essilor acquired all outstanding shares in **Nikon Beijing**, its local distributor.

Gross profit up 7.9% to €54.8 million

Gross margin (revenue less cost of sales, expressed as a percentage of revenue) stood at 57.9%, compared with 58.2% in first-half 2006. In the Company's core businesses, the product mix showed a satisfactory improvement. However, Essilor's 2007 acquisitions, especially OOGP (contact lens distribution) and Novacel (lens distribution), adversely affected gross margin since these companies operate in different segments and have different business models from the rest of the Company in terms of capital employed and margins.

Operating expenses up 6.9% to €87.8 million

Operating expenses rose less quickly than revenue and accounted for 39.8% of consolidated revenue in first-half 2007, versus 40.3% in the prior-year period, when they totaled €549.7 million.

Operating expenses comprised:



- R&D and engineering costs representing 4.8% of consolidated revenue, versus 4.6% in the first six months of 2006, and amounting to €69.1 million (net of a €1.7 million tax credit).
- Selling and distribution costs of €326.9 million (22.1% of revenue compared with 22.8% in the previous-year period).
- Other operating expenses of €191.8 million (13% of revenue versus 13.1% in first-half 2006).

The Company continued to invest in research and development while maintaining tight control over spending.

Contribution from operations up 10.0% to €267 million

As a percentage of revenue, contribution from operations stood at 18.1%, above the full-year contribution of 17.9% in 2006.

This solid performance reflects a favorable product mix driven by sustained demand in all regions as well as new products, productivity gains and a limited increase in operating costs.

Operating profit up 10.3% to €252.9 million

“Other income and expenses from operations” and “Gains and losses on asset disposals” together represented a net expense of €14.1 million (compared with €13.6 million in first-half 2006), of which €10.7 million in compensation costs on employee stock ownership plans, stock options and performance share grants.

Operating profit represented 17.1% of consolidated revenue.

Finance costs net of €5.5 million

Finance costs and other financial income and expenses represented a net expense of €5.5 million compared with €13.5 million in first-half 2006. This reflected an improvement in net cash and cash equivalents, and the reduced impact of exchange losses and changes in the fair value of financial instruments.

Profit attributable to equity holders of Essilor International up 10.7% to €181.7 million

Net profit totaled €183.7 million, an increase of 11%. It comprised:

- Income tax expense of €79.1 million. The 32% effective tax rate compared with 30.7% for first-half 2006. The higher rate stemmed mainly from the increased contribution to profit of entities in North America, the Company’s highest tax region.
- The share of profit from associates—VisionWeb, Sperian Protection (formerly Bacou-Dalloz) and Transitions—which amounted to €15.3 million, versus €16.1 million in first-half 2006. Profit from Transitions declined slightly to €10.1 million, from €12.1 million for the prior-year period, because



of a substantial currency effect, the concentration of marketing costs in the first half and restructuring costs related to the plant closing in Australia.

Profit attributable to equity holders of the parent was 10.7% higher, at €181.7 million. Earnings per share rose by 9.9% to €0.88 (adjusted for the July 16, 2007 stock split).

Inventories

Inventories amounted to €397 million at June 30, 2007, compared with €371 million one year earlier, a 7% increase. The like-for-like increase was 2.6%, significantly below the rate of revenue growth.

Investments

Capital expenditure net of divestments totaled €107 million or 7.2% of consolidated revenue.

Financial investments net of disposals amounted to €111.3 million. Of this amount, acquisitions accounted for €101.7 million, while buybacks of shares under the liquidity contract accounted for €9.6 million.

Cash Flow Statement

€ millions			
Net cash from operations	235	Capital expenditure net of disposals ⁽¹⁾	107
Proceeds from employee share issue	20	Change in WCR and provisions	71
Decline in net cash and cash equivalents	141	Dividends	113
Effect of changes in exchange rates and in the scope of consolidation	7	Financial investments net of the proceeds from disposals ⁽¹⁾	111

(1) In all, the proceeds from disposals of property, plant and equipment and non-current financial assets totaled €1.7 million in first-half 2007.

Net cash and cash equivalents declined to €69 million, from €210 million at year-end 2006 as the Company's high profitability and robust performance enabled it to pursue an ambitious program of industrial and financial investment and increase dividends.

Net cash and cash equivalents were also affected by the usual seasonal impact of annual volume discount payments to customers, which are concentrated in the first half.



Related party transactions/Risks and uncertainties

In first-half 2007, the nature of transactions with related parties, consolidated subsidiaries and associates did not change significantly compared to the description in the 2006 Registration Document. Similarly, risks and uncertainties affecting business for the months ahead are still in line with the analysis in Chapter 4 of the Registration Document.

Outlook

In the second half, Essilor will pursue its strategy of implementing valued-added products and developing in the international marketplace. For the full year, the Company expects to report high quality financial results, confirming once again its steady growth.
