



First Half 2005 Financial Results



First Half Highlights

- ▶ Excellent performance in North America, Asia and Latin America
- ▶ Turnaround in Europe in the 2nd quarter
- ▶ Sharp improvement in margins
- ▶ A large number of acquisitions

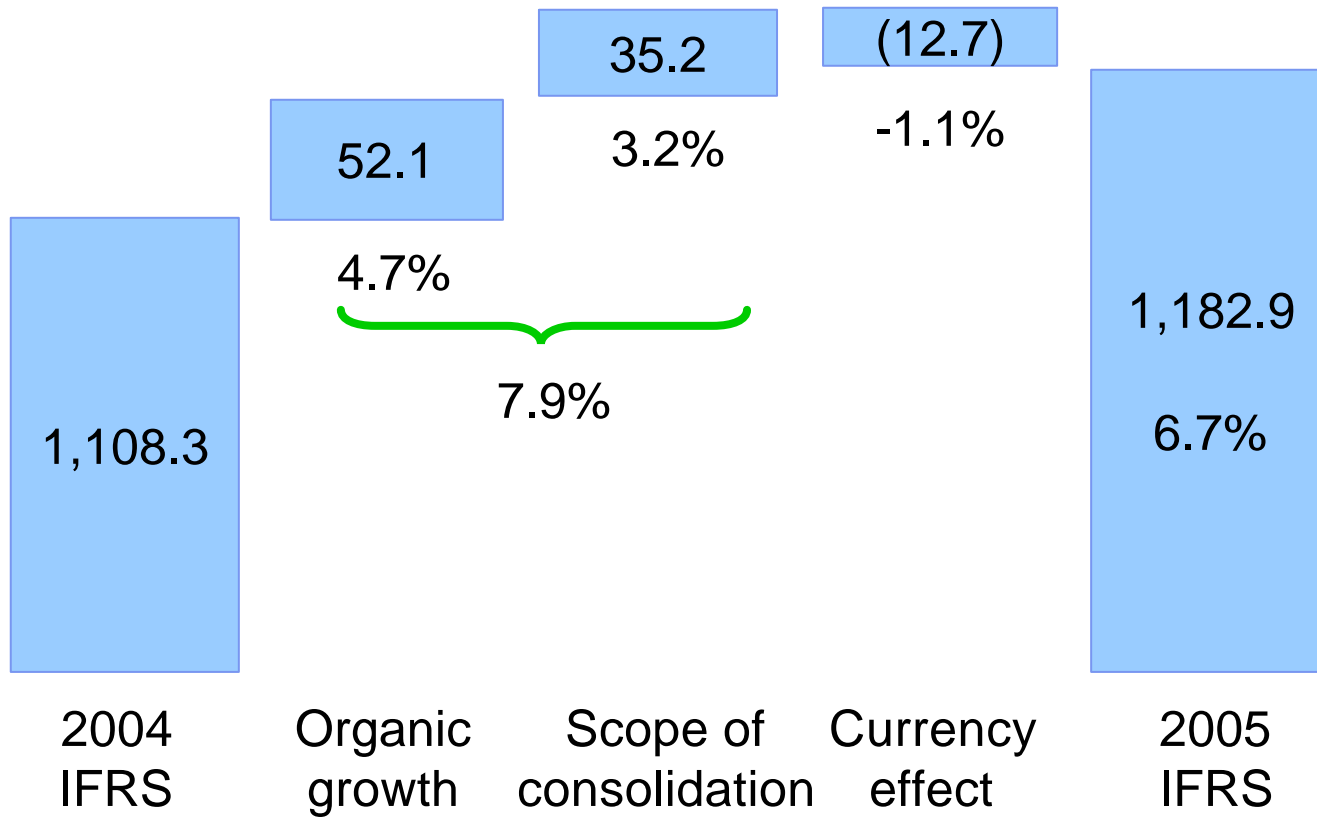
Financial Highlights

€ millions	H1 2005 IFRS	H1 2004 IFRS	% Change
Sales	1,182.9	1,108.3	6.7% 4.7% f-f-l
Contribution from operations ⁽¹⁾	210.2	177.7	18.3%
% Sales	17.8%	16.0%	
Operating income	196.4	170.2	15.4%
Net income	145.7	122.3	19.1%
% Sales	12.3%	11%	
EPS (in €)	1.43	1.21	18.5%

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

Sales: Up 7.9% at Constant Exchange Rates

€ millions



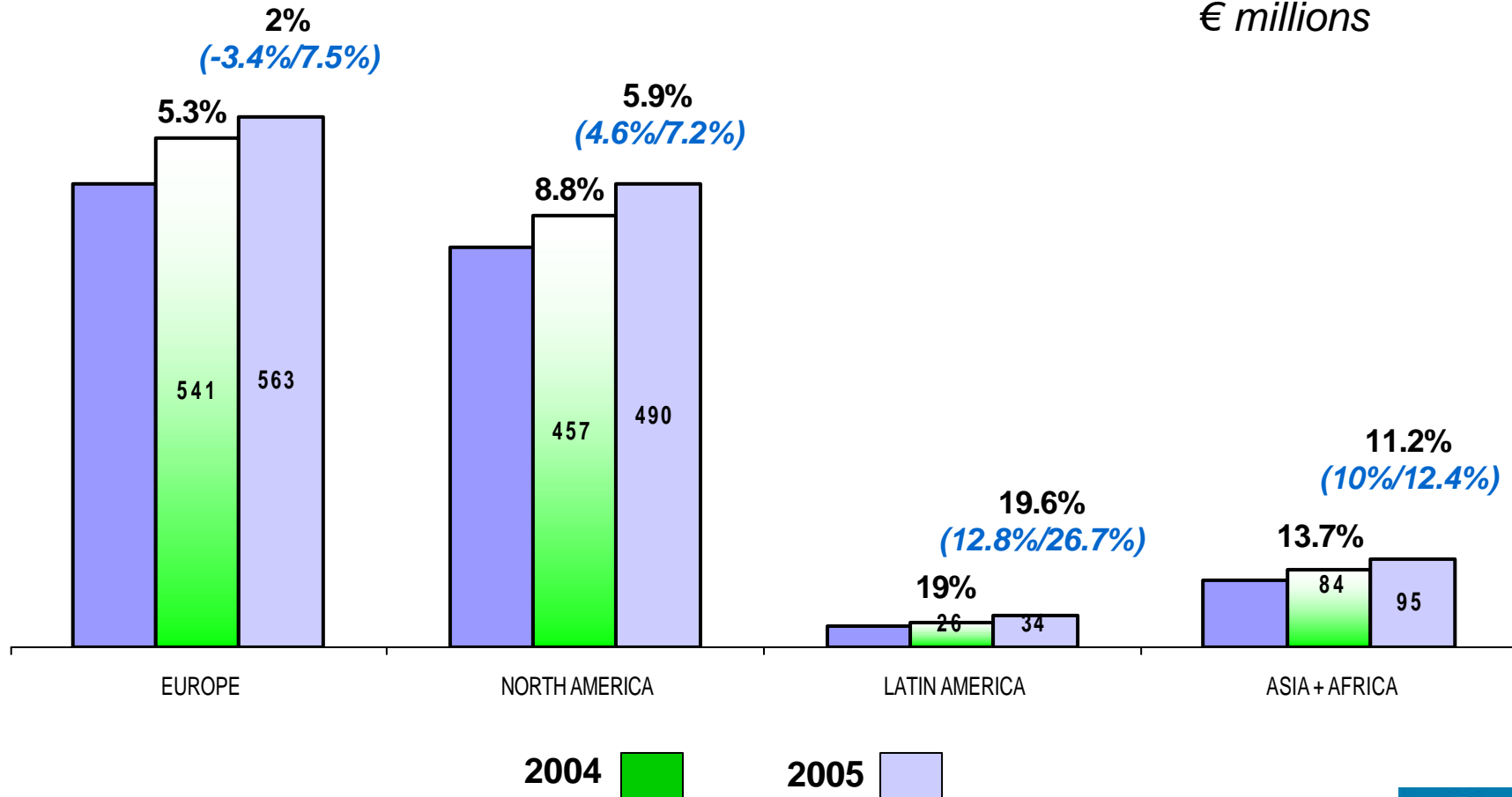
Sales Improved From the 1st to the 2nd Quarter

	Organic growth	Scope of consolidation 2004/2005	Currency effect	Reported
Q1 2005	1.3%	3.2%	-2.1%	2.3%
Q2 2005	8.1%	3.2%	-0.1%	11.2%
June 30, 2005	4.7%	3.2%	-1.1%	6.7%

Sales by Region (IFRS)

% growth like-for-like
% growth Q1 / % growth Q2

€ millions



Acquisitions Consolidated in the 1st Half

2005 ACQUISITIONS

United States

Vision Craft, Midland

Canada

Labs Hakim, GVO

Contribution to H1 2005
consolidated sales:
€35.2 million

2004 ACQUISITIONS

Europe

LTL (Italy), Delamare (France)

United States

Spectrum, Tri Supreme, Opal Lite, Select Optical, 21st Century

Canada

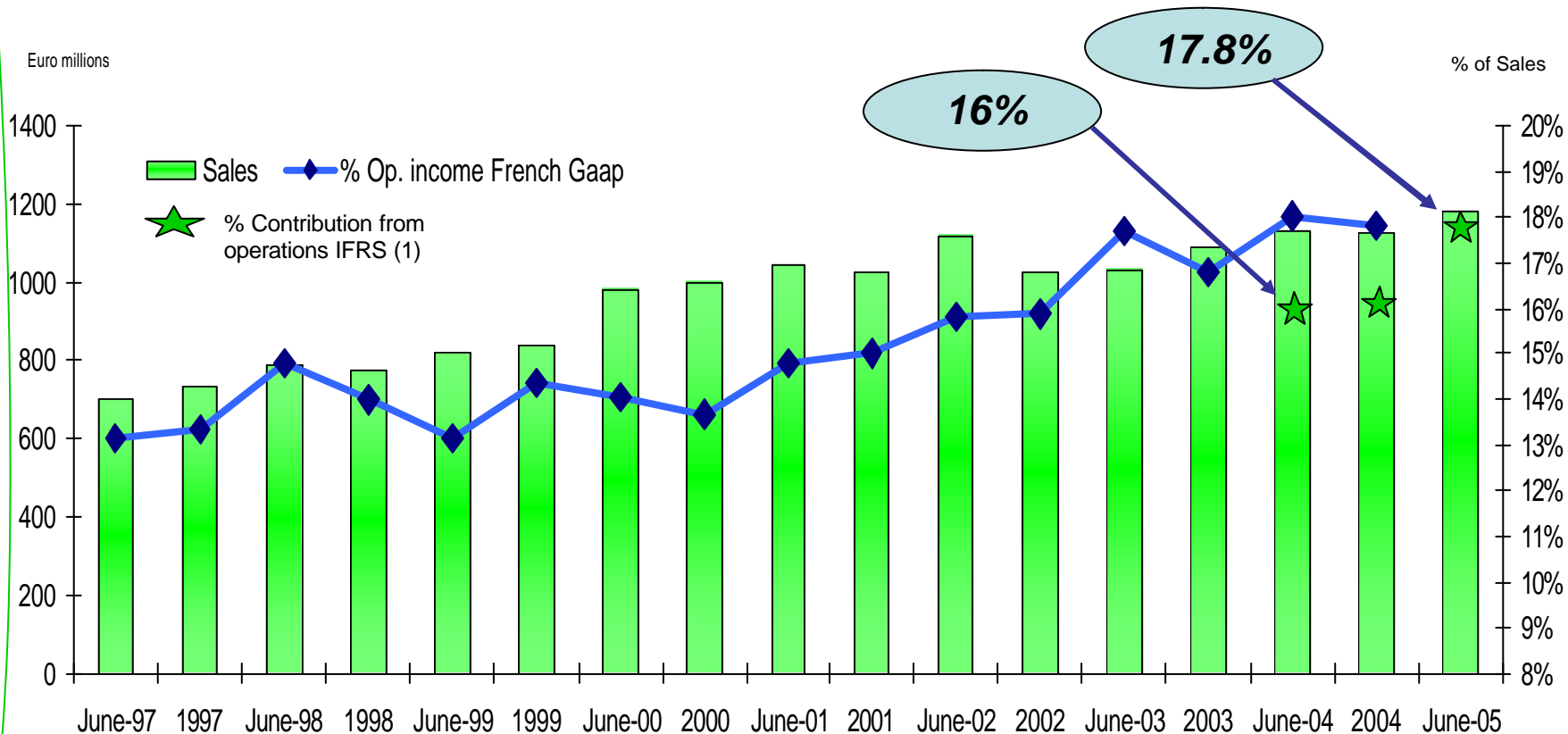
Tech Cite (Nikon Essilor)

Asia

City Optical (Australia), Vijay Vision (India)

Contribution from Operations⁽¹⁾

Up 1.8 pts



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

Gross Margin: 0.9 pts

Operating Expense: 0.9 pts

<i>€ millions</i>	H1 2005 IFRS	H1 2004 IFRS
Sales	1,182.9	1,108.3
Gross margin	678.8	626.2
% Sales	57.4%	56.5%
Operating expense	468.6	448.4
% Sales	39.6%	40.5%
Contribution from operations ⁽¹⁾	210.2	177.7
% Sales	17.8%	16%

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

Contribution from Operations ⁽¹⁾: Up 1.8 pts

- ▶ Gross margin: up 0.9 pts
 - **Product mix**
 - **Productivity gains in standard and prescription lens manufacturing**
- ▶ Slight 0.9-pt decrease in operating expense

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

Net Income: Up 19%

€ millions	H1 2005 IFRS	H1 2004 IFRS	% Change
Contribution from operations ⁽¹⁾	210.2	177.7	18.3%
Other expense	(14.3)	(7.6)	
Asset disposals	0.5		
Operating income	196.4	170.2	15.4%
Interest expense	(4.3)	(5.5)	
Income tax	(57.2)	(43.8)	
Net income of companies accounted for by the equity method	11.6	1.8	
Net income after minority interests	145.7	122.3	19.1%

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

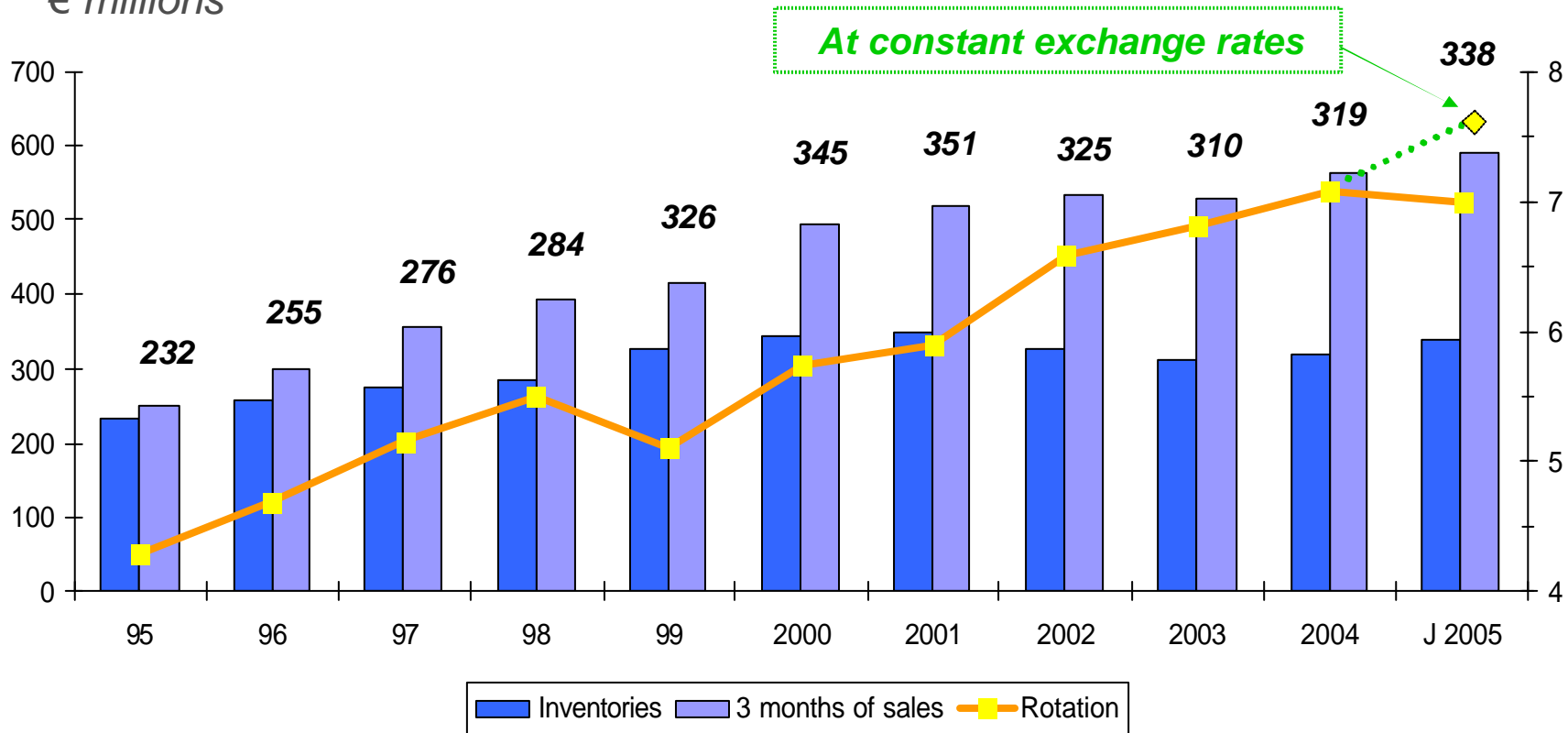
Other Revenues and Expenses

1st Half 2005

<i>€ millions</i>	1H 2005	1H 2004
First-time consolidations	--	(0.2)
Restructuring/Reorganization projects		
United States	(0.5)	(1.3)
Europe	(0.2)	(0.1)
Provisions for contingencies	--	1.2
Costs related to stock options	(3.7)	(2.1)
Discounts on shares	(2.5)	(2.3)
Goodwill impairment	(7.3)	(2.4)
Other	(0.1)	(0.4)
<i>TOTAL</i>	(14.3)	(7.6)

Inventory Under Control: Up 2.2 % Like-For-Like

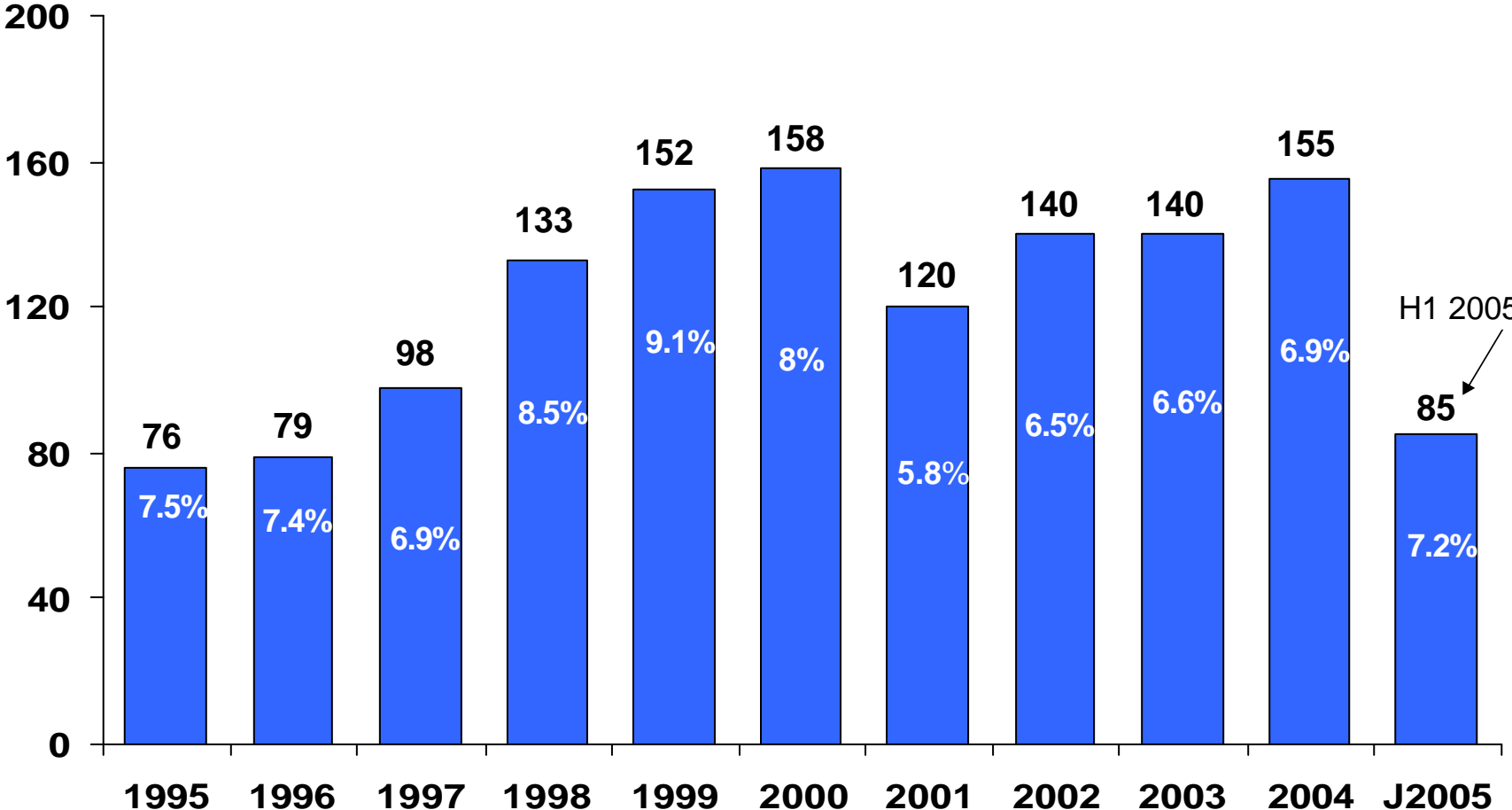
€ millions



Capital Expenditure

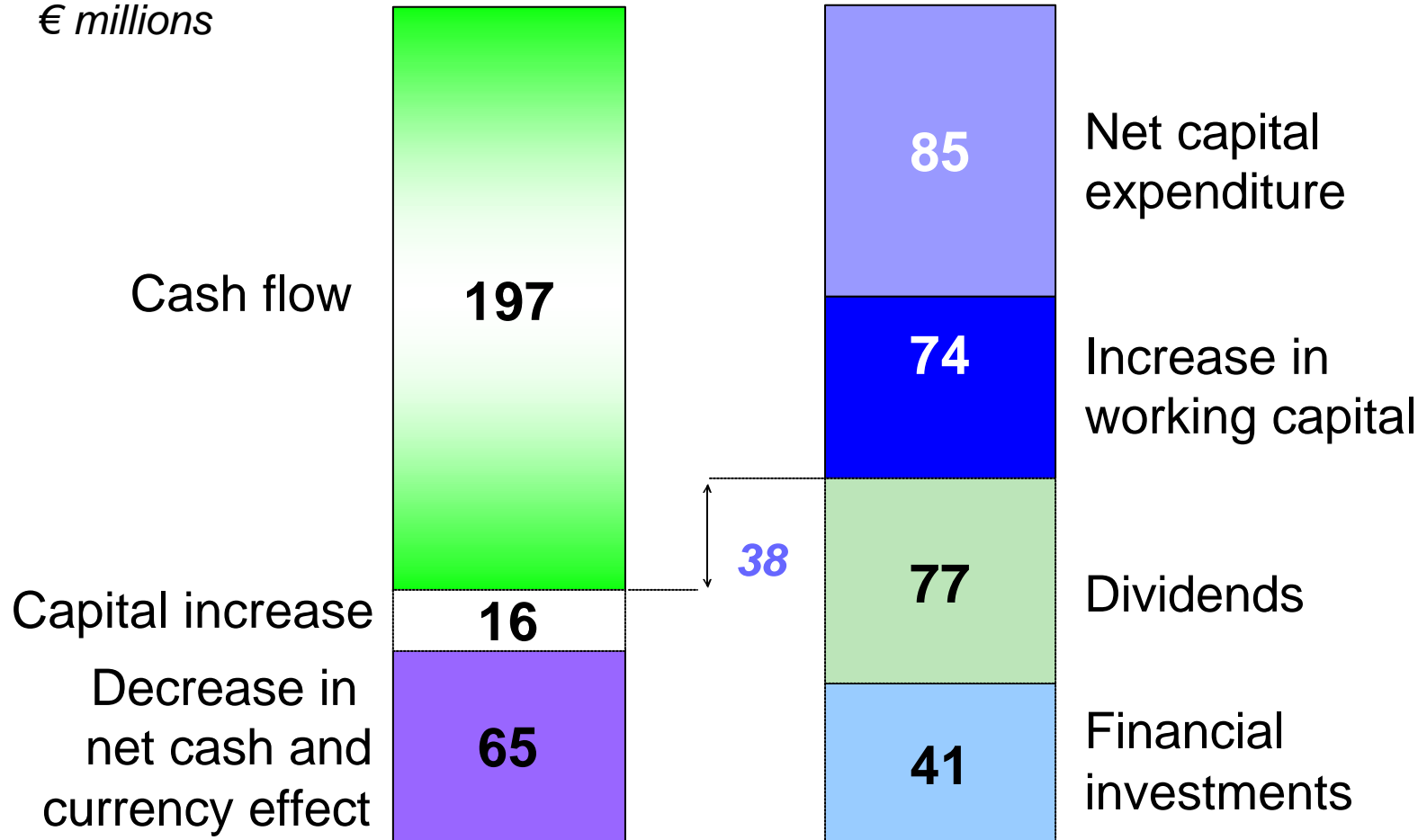
(net of disposals)

€ millions
As a % of sales



Cash Flow 1st Half 2005 IFRS

€ millions



Acquisitions Since January 1, 2005

UNITED STATES

Vision Craft (80%)

Midland (80%)

Jorgenson (80%)

Optical One (80%)

MGM (80%) – Puerto Rico

National Optronics

Omics

TSLG

Consolidation date

January 3

February 1

July 1

July 1

September 1

June 9

September 1

July 22

CANADA

Hakim

GVO

April 1

April 4

EUROPE

ATR MEC (Italy)

July 1

ASIA

Delta (India 51%)

July 4

TOTAL:

Annual sales (Essilor share)

€71 million

Purchase price

€102 million

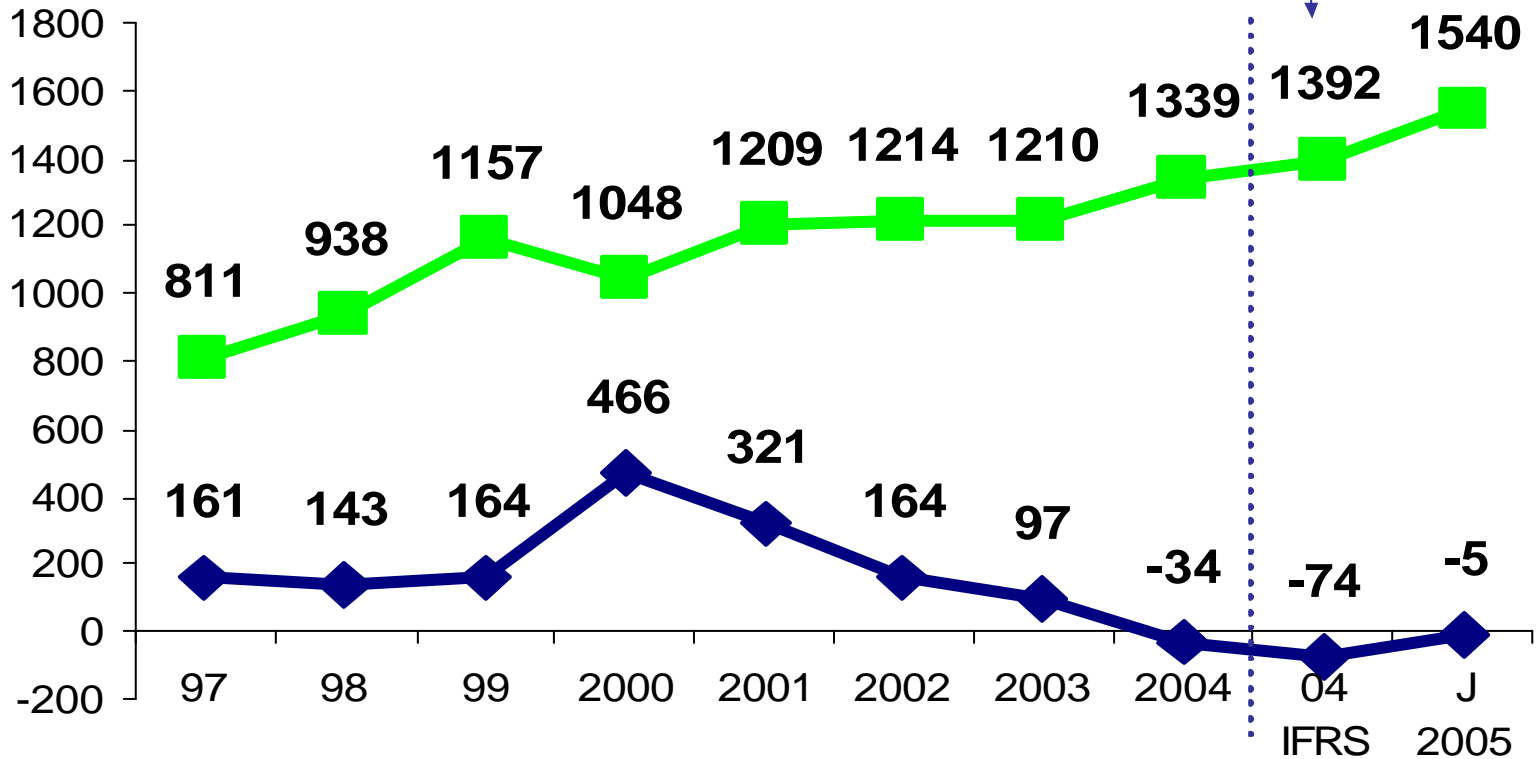
Acquisition of TSLG

- ▶ J&J's corrective lens business, created in 1998
- ▶ Extensive R&D program
 - **80 patents: progressive lens designs and manufacturing technology**
 - **Unique Dual Add[®] progressive lens technology divides the add power between the front and back surfaces, marketed in the United States under the Definity[®] brand**
- ▶ Essilor acquired the business for €63 million
 - **Patents and brands**
 - **Manufacturing assets transferred to Dallas**

Balance Sheet Structure at January 1 and June 30, 2005 - IFRS

€ millions

Net cash /Shareholders' equity: 5.3% and 0.3%



◆ Net debt ■ Shareholders' equity

Changes in Issued Capital

(Shares outstanding at August 31, 2005)

- ▶ 407,573 new shares issued in H1
(corporate savings plan + stock options)
- ▶ 900,000 shares cancelled
- ▶ 755,074 shares held in treasury*
- ▶ 102,062,982 shares outstanding, excluding treasury stock

** After cancellation and excluding the liquidity agreement*

Key Messages

- ▶ Sales excluding the current effect: up 7.9%
- ▶ Contribution from operations: up 18.3% (1.8 pts)
- ▶ Net income after minority interests: up 19.1%

A very good first half in line with
Essilor's long-term growth objectives

