



NEWS RELEASE

2007 RESULTS

Another Year of Solid Performance

Charenton-le-Pont, France – (March 6, 2008, 6:30 am) – The Board of Directors of Essilor International, the world leader in ophthalmic optical products, today announced its audited financial results for the year ended December 31, 2007.

€ millions	2007	2006 ²	Change
Revenue	2,908.1	2,690.0	+ 8.1%
Contribution from operations ¹	527.4	482.6	+ 9.3%
As a % of revenue	18.1%	17.9%	---
Operating profit	504.6	460.5	+ 9.6%
Profit attributable to equity holders	366.7	328.7	+ 11.6%
As a % of revenue	12.6%	12.2%	---
Earnings per share (in €)	1.78	1.61 ³	+ 10.8%

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

(2) 2006 figures have been adjusted for the option of recognizing actuarial gains and losses on pensions and other post-retirement benefits directly in equity. This had the effect of reducing expenses from operations by €0.6 million.

(3) Adjusted to reflect the 2-for-1 stock split on 16 July 2007.

In an expanding market, Essilor continued to gain share in corrective lenses in 2007, thanks to its operating efficiency and its strategy of innovation and international expansion. The year's highlights included:

- Strong growth in every region of the world.
- An improvement in the product mix led by firm growth in progressive lenses (Varilux Physio[®], Definity[®], Anateo[®]/Accolade[®]), medium and high-index lenses, Transitions[®] variable-tint lenses and anti-reflective coatings.
- Ongoing external growth, with the acquisition during the year of 16 new companies.



- Further profitability gains, with contribution from operations rising to 18.1% of revenue and profit attributable to equity holders reaching 12.6%.

The Board of Directors will ask shareholders to approve a dividend of **€0.62** per share, an increase of 13% over 2006. The dividend will be paid from May 28, 2008.

The Annual Shareholders' Meeting will be held on **Wednesday, May 14, 2008 at 10:30 a.m.** at Palais de la Bourse, Place de la Bourse, 75002 Paris, France.

A meeting with financial analysts will be held today, March 6, at 10:30 a.m. CET and webcast live at the following address: <http://hosting.3sens.com/Essilor/20080306-4B16578C/en/>

Next financial announcement:

First-quarter report: April 23, 2008

Essilor International is the world leader in ophthalmic optical products, offering a wide range of lenses under the flagship Varilux®, Crizal®, Essilor® and Definity® brands to correct myopia, hyperopia, presbyopia and astigmatism. Essilor operates worldwide through 15 production sites, 270 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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ANALYSIS OF THE YEAR'S RESULTS

CONSOLIDATED REVENUE

Revenue growth in 2007	Reported	Like-for-like	Effect of changes in scope of consolidation	Currency effect
In millions of euros	218.1	214.5	106.5	(103,0)
In %	+ 8.1%	+ 8.0%	+ 4.0%	-3.8%

Consolidated revenue increased 8.1% to 2,908.1 million in 2007.

- On a like-for-like basis, revenue grew 8.0%, on a par with the previous year and significantly outstripping the trend rate of 5 to 6%. Higher unit sales accounted for 5% of the increase, with an improved price-mix adding the other 3%.
- Consolidation of companies acquired in 2006 and 2007 contributed 4% of reported growth.
- The currency effect shifted to a sharply negative 3.8%, primarily due to the decline in the US dollar and, to a lesser extent, the Canadian dollar, the Japanese yen and the British pound against the euro.

SALES PERFORMANCE IN THE MAIN GEOGRAPHIC MARKETS

Revenue (in € millions)	2007	2006	% change (reported)	% change (like-for-like)
Europe	1,317.5	1,207.8	+ 9.1%	+ 6.2%
North America	1,214.2	1,156.7	+ 5.0%	+ 8.1%
Asia-Pacific	266.9	233.0	+ 14.5%	+ 13.4%
Latin America	109.5	92.4	+ 18.6%	+ 15.6%

CONSOLIDATED INCOME STATEMENT

Gross Margin

Gross margin (corresponding to revenue less cost of goods sold, divided by revenue) narrowed by 0.6 points to 57.6% during the year, primarily as a result of the temporary dilutive impact of acquisitions. Excluding acquisitions, gross margin improved by 0.1 point during the year.

Operating Expenses

Operating expenses amounted to €1,146.7 million in 2007. As a percentage of revenue, they declined by 0.9 points during the year, to 39.4%, reflecting:

- Stable selling and distribution costs (€642.6 million) and further savings on overheads, at a time of sustained research and development spending (€137.7 million after deduction of a €3.7 million research tax credit).
- The positive impact of acquisitions whose operating expenses are lower than the rest of the Company's as a percentage of revenue, thereby making it possible to pool a portion of corporate expenses.

Contribution from operations¹ in euros and as a percentage of revenue

Change in contribution from operations ¹ in 2007	Reported	Like-for-like	Effect of changes in scope of consolidation	Currency effect
In millions of euros	44.8	57.6	7.2	(20.0)
In %	+9.3%	+11.9%	+ 1.5%	- 4.1%

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

In all, contribution from operations increased 9.3% to €527.4 million in 2007, while the contribution margin was 0.2 points higher at 18.1% of revenue.

Other Income and Expenses from Operations

Other income and expenses from operations represented a net expense of €22.8 million in 2007, virtually unchanged from the previous year and amounting to 0.8% of revenue. These expense items comprised:

- Compensation costs on share-based payments (€20.2 million), reflecting stock option and performance share costs (€16.2 million) and costs related to the share price discounts and matching contributions to the Employee Stock Ownership Plan (€4 million).
- Goodwill impairment losses (€2.3 million).
- Restructuring costs on the conversion of part of the Mexican plant into a laboratory to serve the US market (€1.2 million).

They were partially offset by a €1.6 million capital gain on property disposals, in particular following the closure of a glass lens plant in Ireland.

Operating Profit

In 2007, operating profit (corresponding to contribution from operations plus or minus other income and expenses from operations and gains and losses on asset disposals) rose 9.6% during the year to €504.6 million (17.3% of revenue) from €460.5 million (17.1%) in 2006.

Change in operating profit in 2007	Reported	Like-for-like	Effect of changes in scope of consolidation	Currency effect
In millions of euros	44.1	56.0	7.7	(19.6)
In %	+9.6%	+12.2%	+1.7%	-4.3%



Finance Costs and Other Financial Income and Expenses

Finance costs and other financial income and expenses represented a net expense of €6.5 million, versus €19.9 million in 2006. The improvement was led by a reduction in net finance costs due to a higher average cash position and a decline in interest rates in the United States.

Income Tax Expense

Income tax expense of €155.9 million represented an effective tax rate of 31.3%, virtually unchanged from the previous year. Growth in earnings in Europe and Asia, where corporate taxes are lower than the Group average, helped to offset the impact of increased earnings in the United States, where the tax rate is higher, and an increase in dividend withholding taxes in the United States and Canada.

Share of Profits of Associates

The share of profits of associates Sperian (formerly Bacou-Dalloz, 15%-owned), Transitions (49%-owned) and VisionWeb (44%-owned) remained stable, at €28.7 million. Despite an excellent year, the share of profits from Transitions declined, primarily because of the unfavorable currency effect and the recognition of major provisions as part of the introduction of the Generation VI variable-tint lenses in 2008.

Profit Attributable to Equity Holders of the Parent and Earnings Per Share

Consolidated net profit totaled €370.9 million for the year, an increase of 11.9%. Profit attributable to equity holders of the parent was 11.6% higher, at €366.7 million, and widened to 12.6% of revenue from 12.2% in 2006. Earnings per share grew 10.8% to €1.78.

BALANCE SHEET

Inventories and Working Capital Requirement

Inventories amounted to €394 million at December 31, 2007, up 6.2% from a year-earlier as reported and 5.4% like-for-like. This was much slower than growth in revenue.

Investments

<i>(in € millions)</i>	2007	2006
Capital expenditure net of the proceeds from asset sales	224.4	191.9
Depreciation and amortization	137.4	133.1
Gross financial investments	217.9	81.3
Cash flow ¹	486.1	449.4

(1) Cash provided by operations less change in working capital requirement and provisions.



Capital expenditure net of disposals totaled €224.4 million or 7.7% of consolidated revenue for the year. Around 75% of the outlays were committed to the distribution operations and prescription laboratories, with series production accounting for the rest.

Financial investments net of disposals amounted to €216.8 million. Acquisitions accounted for €151.3 million of the total, while convertible bond redemptions and the allocation of shares upon exercise of stock options represented €65.6 million. Another €4.5 million was allocated to loans to non-consolidated companies.

Cash Flow Statement

<i>(in € millions)</i>			
Net cash from operations	521.4	Capital expenditure net of the proceeds from asset sales ¹	224.4
Proceeds from employee share issue	40.2	Change in WCR and provisions	35.3
Currency effect, changes in the scope of consolidation and conversions of OCEANE convertible bonds	77.8	Dividends	113.3
		Financial investments net of the proceeds from disposals ¹	216.8
		Increase in net cash position	49.6

(1)) In all, the proceeds from disposals of property, plant and equipment and non-current financial assets totaled €6.9 million in 2007.

The Company's very good operating performance for the year enabled it simultaneously to maintain its capital expenditure capability, significantly increase the size of its financial investments and recommend a further increase in the dividend. In all, Essilor ended the year with a net cash position of €259.6 million.

Key Ratios

- Return on equity (ROE)

Return on equity – corresponding to the ratio of net profit to equity – stood at 17% for the year, on a par with previous years.

- Return on assets (ROA)

After increasing sharply in 2006, return on assets – corresponding to the ratio of EBIT to non-current assets and working capital – eased to 26.9% in 2007.



ACQUISITIONS

Essilor stepped up the pace of its acquisitions-led growth strategy in 2007, acquiring 16 companies around the world and strengthening its positions in distribution and prescription laboratories, especially in the United States. These transactions added €160 million in full-year revenue, at a total cost of €151.3 million.

North America

In the **United States**, Essilor subsidiary Essilor of America continued to extend its network of prescription lens laboratories:

- **Beitler McKee Optical** (Pittsburgh, Pennsylvania)
- **Personal Eyes** (Minneapolis, Minnesota)
- **Sutherlin Optical** (Kansas City and Joplin, Missouri), which primarily serves customers in Missouri and Kansas
- **Premier Optics** and **Gold Optical Enterprises** (Belmont and Fayetteville, North Carolina).
- **GK Optical** (Greenwood and Fort Wayne, Indiana).
- Lastly, Essilor acquired the prescription safety eyewear assets of **Dispensers Optical** in Louisville, Kentucky.

To expand its services business for independent eye care professionals in the United States, particularly on the West Coast, Essilor of America acquired a majority stake in **OOGP**, one of the five largest contact lens distributors in the US. Created in 1985, OOGP has three distribution centers in Oregon, Alabama and Hawaii and will contribute \$50 million in full-year revenue.

Essilor of America also acquired a controlling interest in **KBco**, one of the largest polarized lens distributors in the United States. Created in 1987, KBco is based in Centennial, Colorado and has annual sales of \$31 million. A recognized specialist in polarized lenses for the US ophthalmic optics industry, KBco markets a broad range of products for retail chains and independent eye care professionals. The acquisition has enhanced Essilor's portfolio of value-added corrective sun lenses and expanded its presence in the fast growing polarized segment.

Canada

Essilor subsidiary Essilor Canada acquired a majority stake in **Optique Cristal**, a Quebec-based prescription laboratory.

Europe

In France, Essilor expanded its international network of wholesale distributors by acquiring a majority stake in the **Novacel** group, which has €39 million in revenue. Founded in 1994, Novacel distributes a



full range of lenses under its own brands in France and other European countries and operates a prescription laboratory.

The Company's European prescription laboratory network was also strengthened with the acquisition of independent laboratories **Sinclair Optical Services** and **United Optical** in the United Kingdom.

In Norway, the Company acquired **SentralSlip**, a lens edging and mounting laboratory that has become a local BBGR and Nikon lens distributor.

Lastly, a subsidiary was created in Serbia during the year.

Asia

Essilor International acquired a majority stake in **Integrated Lens Technology** (ILT), a Singapore-based ophthalmic lens distributor that serves Asia, Europe, the Middle East and Latin America.

In China, Nikon Essilor acquired all outstanding shares of **Nikon Beijing**, its local distributor.

South America

Present for more than 20 years in Brazil, Essilor made its first upstream acquisition in the country in 2007, taking an equity interest in **Unilab**, a prescription laboratory in the Northeast. The stake will be gradually increased to 51% by early 2011. Unilab has full-year revenue of around \$5 million.

SUBSEQUENT EVENTS

Recent Acquisitions

In January 2008, the Company completed the acquisition of **Interstate Optical Co.**, one of the five largest independent prescription laboratories in the United States. Interstate's two laboratories in Mansfield, Ohio and Indianapolis, Indiana serve eye care professionals in 32 states. It has \$26 million in full-year sales.

In February 2008, Essilor announced that it was acquiring **Rainbow Optical Labs Inc.**, a Porto Rican prescription laboratory with \$3 million in annual revenue. Separately, Essilor Canada acquired a majority stake in **Westlab Optical Inc.**, a Montreal-based prescription laboratory with C\$4 million in annual revenue.

Lastly, the Company is expanding more quickly in Eastern Europe by setting up operations in Bulgaria. Its new subsidiary Essilor Bulgaria Eood has acquired the business assets of **Optymal Ood**, which currently distributes Essilor lenses and instruments in Bulgaria and has nearly €1 million in revenue. The acquisition will enable the Company to actively participate in the fast growing corrective lens market, especially the progressive lens segment.



In early March, Essilor announced two new acquisitions:

- In the Netherlands, with **O'Max**, a distributor of optometry and lens edging instruments with €3.2 million in revenue.
- In India, with **20/20 Rx Lens**, a Hyderabad-based prescription laboratory and long-time Essilor partner.

OUTLOOK FOR 2008

Despite a relatively uncertain economic environment, Essilor is confident in its ability to drive further growth in 2008, as it continues to implement its strategy based on innovation and global expansion. In particular, the Company is launching a new Transitions[®] variable-tint lens and will continue to make targeted acquisitions, particularly of prescription laboratories.



CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2007

CONSOLIDATED INCOME STATEMENT

€ thousands, except per share data	2007	2006(a)	2005(a)
Revenue	2,908,116	2,689,958	2,424,323
Cost of sales	(1,233,977)	(1,123,078)	(1,034,529)
GROSS MARGIN	1,674,139	1,566,880	1,389,794
Research and development costs	(137,672)	(127,629)	(113,490)
Selling and distribution costs	(642,634)	(604,548)	(538,711)
Other operating expenses	(366,417)	(352,137)	(315,943)
CONTRIBUTION FROM OPERATIONS	527,416	482,566	421,650
Restructuring costs, net	(958)	(2,662)	(3,353)
Impairment losses	(2,293)	(2,929)	(11,256)
Compensation costs on share-based payments	(20,185)	(16,101)	(12,269)
Other income and expenses from operations, net	(948)	(68)	1,967
Gains and losses on asset disposals, net	1,557	(304)	(1,871)
OPERATING PROFIT	504,589	460,502	394,868
Finance costs	(35,759)	(30,510)	(28,021)
Income from cash and marketable securities	32,934	20,090	18,993
Other financial income and expenses, net	(3,688)	(9,442)	(9,708)
PROFIT BEFORE TAX	498,076	440,640	376,132
Income tax expense	(155,949)	(137,534)	(108,742)
NET PROFIT OF CONSOLIDATES COMPANIES	342,127	303,106	267,390
Share of profits of associates	28,743	28,499	22,457
NET PROFIT	370,870	331,605	289,847
Attributable to equity holders of Essilor International	366,740	328,733	287,917
Attributable to minority interests	4,130	2,872	1,930
Basic earnings per common share (€)	1.78	1.61	1.41
Weighted average number of common shares (thousands)	205,727	204,247	203,767
Diluted earnings per common share (€)	1.74	1.55	1.37
Diluted weighted average number of common shares (thousands)	214,647	216,339	216,909

(a) 2006 and 2005 figures have been adjusted for the option of recognizing actuarial gains and losses on pensions and other post-retirement benefits directly in equity.

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2007

ASSETS

€ thousands	December 31, 2007	December 31, 2006 (a)	December 31, 2005 (a)
Goodwill	591,147	474,771	451,037
Other intangible assets	121,636	118,166	124,195
Property, plant and equipment	740,601	671,257	637,342
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, NET	1,453,384	1,264,194	1,212,574
Investments in associates	157,496	155,596	133,313
Other long-term financial investments	39,174	34,657	41,408
Deferred tax assets	37,645	41,577	42,587
Non current receivables	14,314	9,338	9,189
Autres actifs non courants	1,024	840	0
OTHER NON-CURRENT ASSETS, NET	249,653	242,008	226,497
TOTAL NON-CURRENT ASSETS, NET	1,703,037	1,506,202	1,439,071
Inventories	393,597	371,133	364,559
Prepayments to suppliers	9,849	7,698	9,614
Current trade receivables	605,356	551,013	515,460
Current income tax assets	12,072	7,929	16,054
Other receivables	10,423	6,558	7,851
Derivative financial instruments	32,777	3,174	2,650
Prepaid expenses	19,307	16,174	14,139
Short-term investments	31,179	75,147	0
Cash and cash equivalents	696,002	584,889	658,713
CURRENT ASSETS, NET	1,810,562	1,623,715	1,589,039
Non-current assets held for sale	0	0	4,015
TOTAL ASSETS	3,513,599	3,129,917	3,032,125

(a) 2006 and 2005 figures have been adjusted for the option of recognizing actuarial gains and losses on pensions and other post-retirement benefits directly in equity.

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2007

EQUITY AND LIABILITIES

€ thousands	December 31, 2007	December 31, 2006 (a)	December 31, 2005 (a)
Share capital	38,030	36,347	36,122
Additional paid-in capital	329,880	236,858	203,771
Retained earnings	1,565,991	1,332,544	1,133,089
Treasury stock	(101,910)	(71,502)	(81,979)
Convertible bond (OCEANE) call option	23,408	35,489	40,752
Revaluation and hedging reserves	(4,717)	(13,357)	(13,512)
Translation reserve	(61,247)	(4,399)	63,266
Net profit attributable to equity holders of Essilor International	366,740	328,733	287,917
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL	2,156,175	1,880,713	1,669,426
Minority interests	12,090	11,032	7,000
TOTAL EQUITY	2,168,265	1,891,745	1,676,426
Provisions for pensions and other post-employment benefits	106,890	116,245	108,263
Long-term borrowings	435,583	262,997	448,848
Deferred tax liabilities	2,042	1,267	2,163
Long-term payables	1,750	198	631
NON-CURRENT LIABILITIES	546,265	380,707	559,905
Provisions	24,552	23,350	26,321
Short-term borrowings	31,990	187,011	156,222
Customer prepayments	4,363	3,183	6,943
Short-term payables	598,434	554,693	522,505
Current income tax liability	31,349	29,086	26,665
Other liabilities	94,243	50,591	38,897
Derivative financial instruments	5,457	2,221	9,267
Deferred income	8,681	7,330	8,974
CURRENT LIABILITIES	799,069	857,465	795,794
TOTAL EQUITY AND LIABILITIES	3,513,599	3,129,917	3,032,125

(a) 2006 and 2005 figures have been adjusted for the option of recognizing actuarial gains and losses on pensions and other post-retirement benefits directly in equity.

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	2007	2006 (a)	2005 (a)
NET PROFIT	370,870	331,605	289,847
Share of profits of associates, net of dividends received	14,667	(6,416)	4,567
Depreciation, amortization and other non-cash items	139,306	132,509	123,424
Profit before non-cash items and share of profits of associates, net of dividends received	524,843	457,698	417,838
Provision charges (reversals)	5,127	4,328	(2,249)
(Gains) and losses on asset disposals, net	(1,557)	312	1,871
Cash flow after income tax expense and finance costs, net	528 413	462,338	417,460
Finance costs, net	3,008	10,134	9,028
Income tax expense (current and deferred taxes)	155,949	137,534	108,472
Cash flow before income tax expense and finance costs, net	687,370	610,006	535,230
Income taxes paid	(157,034)	(127,553)	(132,067)
Interest (paid) and received, net	6,364	(4,543)	(1,272)
Change in working capital	(44,796)	(26,849)	(3,561)
NET CASH FROM OPERATING ACTIVITIES	491,904	451,061	398,330
Purchases of property, plant and equipment	(227,701)	(204,745)	(181,341)
Acquisitions of subsidiaries, net of the cash acquired	(136,435)	(44,024)	(106,737)
Purchases of available-for-sale financial assets	(2,375)	(2,135)	(10,658)
Purchases of other long-term financial investments	(5,488)	(4,829)	(697)
Proceeds from the sale of subsidiaries, net of cash sold	0	(116)	0
Proceeds from the sale of other non-current assets	6,937	14,080	12,165
NET CASH USED IN INVESTING ACTIVITIESs	(365,062)	(241,769)	(287,268)
Proceeds from issue of share capital	40,200	33,312	31,883
(Purchases) and sales of treasury stock, net	(49,415)	9,192	(60,158)
Dividends paid to:			
- Equity holders of Essilor International	(113,043)	(95,840)	(77,300)
- Minority shareholders of subsidiaries	(239)	(381)	(173)
Repayments of borrowings other than finance lease liabilities	57,752	(138,426)	(19,019)
Purchases of marketable securities (b)	43,968	(75,147)	
Repayments of finance lease liabilities	(2,769)	(2,175)	(8,067)
Other movements	1,152	2,464	(1,713)
NET CASH USED IN FINANCING ACTIVITES	(22,394)	(267,001)	(134,547)
NET(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	104,448	(57,709)	(23,485)
Cash and cash equivalents at January 1	569,873	631,100	651,573
IAS 39 adjustments to opening cash and cash equivalents			253
Effect of changes in exchange rates	2,843	(3,518)	2,759
CASH AND CASH EQUIVALENTS AT DECEMBER 31	677,164	569,873	631,100
Cash and cash equivalents	696,002	584,889	658,713
Short-term bank loans and overdrafts	(18,838)	(15,016)	(27,613)

(a) 2006 and 2005 figures have been adjusted for the option of recognizing actuarial gains and losses on pensions and other post-retirement benefits directly in equity.

(b) Money market funds not qualified as cash equivalents under IAS 7.