



2008: Solid Sales and Earnings

- Revenue up 9.7% excluding the currency effect
- Contribution margin at 17.9%
- Attributable profit of €382.4 million (up 8.7% excluding the currency effect)
- Recommended increase in dividend: +6.5% to €0.66 per share

Charenton-le-Pont, France (March 5, 2009, 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, 2008.

€ millions	2008	2007	% change	% change excluding the currency effect
Revenue	3,074.4	2,908.1	+5.7%	+9.7%
Contribution from operations ⁽¹⁾	551.2	527.4	+4.5%	+8.7%
As a % of revenue	17.9%	18.1%	---	---
Operating profit	514.5	504.6	+2.0%	+6.3%
Profit attributable to equity holders	382.4	366.7	+4.3%	+8.7%
As a % of revenue	12.4%	12.6%	---	---
Earnings per share (in €)	1.85	1.78	+3.7%	+8.4%

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

In an ophthalmic optics market that experienced slower growth, especially in the fourth quarter, Essilor demonstrated the solidity of its business model. With growth of 9.7% in 2008 (excluding the currency effect), the Company increased its market share while maintaining its margins and capacity for future investment.

The year's highlights included:

- Solid 4.9% growth in sales of corrective lenses, led by the effectiveness of Essilor's networks and the success of new products, notably the new generation of Transitions® VI variable-tint lenses and the new Crizal® anti-reflective lenses.

- Pursuit of the external growth strategy with the acquisition of a minority or majority stake in 27 companies, including Satisloh, the world leader in optical manufacturing solutions for prescription laboratories (see “27 Acquisitions in 2008” below).
- Continued strong profitability with contribution from operations at 17.9% of revenue (18.2% excluding the Satisloh acquisition) and attributable net profit at 12.4%.
- Continued financial solidity. Despite a major investment program, gearing remained at less than 5%.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting will be held on **Friday, May 15, 2009 at 10:30 a.m.** at Palais de la Bourse, Place de la Bourse, 75002 Paris.

The Board of Directors will ask shareholders to approve a dividend of €0.66 per share, an increase of 6.5% over the previous year. The dividend will be payable as from May 26, 2009.

Acquisitions in 2009

Pursuing its expansion in Asia-Pacific, Essilor has finalized four acquisitions in Australia representing €3.6 million in full-year revenue. Equity interests were acquired in three prescription laboratories—**Prescription Glass Pty Ltd, Precision Optics Pty Ltd and Wallace Everett Lens Technology Pty Ltd**—and a 50% stake was acquired in **Sunix**, a developer of optometric practice management systems.

Outlook

In 2009, the global recession has made forecasting growth for the year very uncertain. However the economic crisis does not call into question Essilor's medium- and long-term objectives and the Company will pursue its development and the deployment of its strategic focus on innovation and international expansion. Earlier this year, the Company launched its new Crizal[®] Forte anti-reflective lens in Europe and the United States, the Transitions[®] VI variable-tint lens in Europe and its new Mr. Blue edger. Essilor will also continue to make targeted acquisitions, especially in prescription laboratories, which could account for around 6% of growth in 2009, including the full-year contribution of 2008 acquisitions. Lastly, the Company will continue to optimize its management practices in response to changes in the economic environment.

A meeting with financial analysts will be held today, March 5, at 10:30 a.m. CET. It will be webcast live:

In French at

<http://hosting.3sens.com/Essilor/20090305-1D3C9C05/fr>

In English at

<http://hosting.3sens.com/Essilor/20090305-1D3C9C05/en>

Next financial announcement: First-quarter revenue will be released on April 23, 2009.

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, 292 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: EI:FP).

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ANALYSIS OF THE YEAR'S RESULTS

CONSOLIDATED REVENUE

Revenue growth in 2008	Reported	Like-for-like	Effect of changes in scope of consolidation	Currency effect
€ millions	166.3	134.6	147.9	(116.2)
In %	+5.7 %	+4.6 %	+5.1 %	-4.0 %

Consolidated revenue increased 5.7% to €3,074.4 million in 2008.

- On a like-for-like basis, revenue grew by 4.6%. This figure reflects an increase of 4.9% in the lens business, led by higher unit sales, and a decline in instrument sales.
- Consolidation of companies acquired in 2007 and 2008 contributed 5.1% of reported growth.
- The currency effect remained negative, at 4%, primarily due to the decline in the US dollar and, to a lesser extent, the British pound, the Canadian dollar and the South Korean won against the euro.
- In the fourth quarter, Essilor consolidated Satisloh, which contributed €34 million to revenue. The world's leading supplier of prescription laboratory equipment, Satisloh manufactures and markets anti-reflective coating units and surfacing machines, as well as consumables. It also provides customer maintenance services.

REVENUE GROWTH BY REGION

Revenue € millions	2008	2007	% change (reported)	% change (like-for-like)
Europe	1,362.3	1,317.5	+3.4%	+2.4%
North America	1,267.9	1,214.2	+4.4%	+5.0%
Asia-Pacific	282.9	266.9	+6.0%	+8.6%
Latin America	127.2	109.5	+16.1%	+17.6%
Satisloh	34.0	-	-	-

Revenue by geographical segment: Europe 44.3%; North America 41.3%; Asia-Pacific and other 9.2%; Latin America 4.1%; Satisloh 1.1%.

INCOME STATEMENT

Gross margin up 0.1 point excluding acquisitions

Gross margin (corresponding to revenue less cost of sales, expressed as a percentage of revenue) narrowed by 0.7 points to 56.9% during the year, as a result of the dilutive impact of acquisitions, in particular Satisloh. Excluding acquisitions, gross margin grew by a modest 0.1 point.

Operating expenses down 0.4 points

Operating expenses amounted to €1,198.2 million in 2008. As a percentage of revenue, they declined by 0.4 points during the year, to 39.0%. The decrease reflects:

- Stable selling and distribution costs (€672.3 million) and savings on overheads, at a time of sustained research and development spending (€144.5 million after deduction of a €10.5 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.

Contribution from operations⁽¹⁾ in euros and as a percentage of revenue

€ millions	2008	2008 excl. Satisloh	2007	% change
Contribution from operations⁽¹⁾	551.2	553.9	527.4	+4.5%
<i>As a % of revenue</i>	17.9	18.2	18.1	---

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

Change in contribution from operations ⁽¹⁾ in 2008	Reported	Like-for-like	Changes in scope of consolidation	Currency effect
€ millions	23.8	35.5	10.2	(22.0)
In %	+4.5%	+6.7%	+1.9%	-4.2%

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

In all, contribution from operations increased 4.5% to €551.2 million in 2008, while the contribution margin was a slight 0.2 points lower at 17.9% of revenue. Excluding Satisloh, contribution from operations increased by 5.0% and the contribution margin was 0.1 point higher at 18.2%.

Other income and expenses from operations

Other income and expenses from operations represented a net expense of €36.3 million for the year (an increase of €13.8 million), mainly comprised of:

- Compensation costs on share-based payments (€24.9 million), reflecting stock option and performance share costs (€23.3 million) and costs related to the share price discounts on the Employee Stock Ownership Plan (€1.6 million).
- Restructuring costs to rationalize production facilities, charges to provisions for contingencies, claims and litigation, and other expenses, for €11.7 million.

Operating profit

In 2008, operating profit (corresponding to contribution from operations plus or minus other income and expenses from operations and gains and losses on asset disposals) rose 2.0% during the year to €514.5 million (16.7% of revenue) from €504.6 million (17.3%) in 2007.

Change in operating profit in 2008	Reported	Like-for-like	Changes in scope of consolidation	Currency effect
€ millions	9.9	34.5	8.2	(32.8)
In %	+2.0%	+6.8%	+1.6%	-6.5%

Finance costs and other financial income and expenses: sharp improvement

Finance costs and other financial income and expenses represented a net expense of €2.5 million, versus €6.5 million in 2007. The improvement was led by a reduction in net finance costs due to a higher average cash position for the year (as the Satisloh acquisition price was settled in the fourth quarter).

Income tax expense: effective tax rate of 29.2%

Income tax expense of €149.3 million represented an effective tax rate of 29.2%, down from 31.3% in 2007. The improvement was led by a lower tax rate in the United States, and to a lesser extent in the Latin American countries, as well as by sharply higher earnings in regions where tax rates are below the Company average.

Share of profits of associates

The share of profits of associates Sperian Protection (15%-owned), Transitions (49%-owned) and Vision Web (44%-owned) was slightly lower, at €26.1 million. The decline resulted mainly from Sperian Protection's earnings and also from the negative impact of the dollar on Transitions' earnings, although the company had a good year.

Profit attributable to equity holders of the parent up 4.3% and earnings per share of €1.85

Consolidated net profit totaled €388.8 million for the year, an increase of 4.8%. Profit attributable to equity holders of the parent was 4.3% higher at €382.4 million and represented 12.4% of revenue (12.7%

excluding Satisloh), virtually unchanged from 2007. Earnings per share grew 3.7% to €1.85.

BALANCE SHEET

Goodwill

Goodwill totaled €958 million at December 31, 2008, an increase of €367 million principally due to the Satisloh acquisition.

Inventories and working capital

Inventories amounted to €475 million at December 31, 2008, up 21% from a year-earlier as reported and 9.1% like-for-like.

Investments

€ millions	2008	2007	2006
Capital expenditure net of the proceeds from asset sales	182.9	224.4	191.9
Depreciation	143.6	137.4	133.1
Gross financial investments	617.5	217.9	81.3
Cash flow ⁽¹⁾	490.9	486.1	449.4

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

Capital expenditure net of disposals totaled €182.9 million or 5.9% of consolidated revenue for the year. Around two-thirds of expenditure was committed to distribution operations and prescription lens laboratories, with series production accounting for the rest.

Financial investments net of disposals amounted to €617.5 million. Of this amount, acquisitions accounted for €505.0 million, while net buybacks of shares accounted for €112.5 million.

Cash Flow Statement

€ millions			
Net cash from operations	557.5	Capital expenditure net of disposals ⁽¹⁾	182.9
Proceeds from employee share issue	31.4	Change in WCR and provisions	66.6
Currency effect, changes in the scope of consolidation and conversions of OCEANE convertible bonds	34.7	Dividends	128.5
Change in net debt	371.9	Financial investments net of the proceeds from disposals ⁽¹⁾	617.5

(1) In all, the proceeds from disposals of property, plant and equipment and non-current financial assets totaled €3.8 million in 2008.

The Company's very good operating performance for the year enabled it simultaneously to continue investing in subsidiaries' production resources, significantly increase the size of its financial investments and recommend a further increase in the dividend, while maintaining its solid financial position. At December 31, 2008, net debt stood at €112.3 million and gearing amounted to 4.7%.

Key Ratios

- Return on equity (ROE)

Return on equity (corresponding to the ratio of net profit to equity) stood at 16.4% in 2008, on a par with previous years.

- Return on assets (ROA)

Excluding Satisloh, return on assets (corresponding to the ratio of EBIT to non-current assets and working capital) amounted to 24.1%.

27 ACQUISITIONS IN 2008

In 2008, Essilor maintained its sustained pace of external growth, carrying out 27 acquisitions during the year, mainly prescription laboratories. This strategy was deployed in all regions, with 15 acquisitions in North America, seven in Europe, three in Asia and one in Brazil, as well as Satisloh, the world leader in optical manufacturing solutions for prescription laboratories.

Satisloh

During the year, Essilor acquired all outstanding shares of Satisloh Holding AG. Created by the merger of Satis and Loh in 2004, Satisloh has a global distribution network and is the world's leading supplier of

prescription laboratory equipment. It manufactures and markets anti-reflective coating units and surfacing machines, as well as consumables, to independent prescription laboratories, integrated lens manufacturers and optical chains. It reported revenue of €139 million in 2008 and has more than 400 employees. The acquisition strengthens Essilor's capabilities for developing innovative products, technologies and services for the entire ophthalmic lens industry.

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2008

CONSOLIDATED INCOME STATEMENT

€ thousands, except per share data	2008	2007	2006(a)
Revenue	3,074,419	2,908,116	2,689,958
Cost of sales	(1,325,106)	(1,233,977)	(1,123,078)
GROSS MARGIN	1,749,313	1,674,139	1,566,880
Research and development costs	(144,518)	(137,672)	(127,629)
Selling and distribution costs	(672,268)	(642,634)	(604,548)
Other operating expenses	(381,368)	(366,417)	(352,137)
CONTRIBUTION FROM OPERATIONS	551,159	527,416	482,566
Restructuring costs, net	(3,736)	(958)	(2,662)
Impairment losses	0	(2,293)	(2,929)
Compensation costs on share-based payments	(24,906)	(20,185)	(16,101)
Other income and expenses from operations, net	(7,357)	(948)	(68)
Gains and losses on asset disposals, net	(629)	1,557	(304)
OPERATING PROFIT	514,531	504,589	460,502
Finance costs	(28,181)	(35,759)	(30,510)
Income from cash and cash equivalents	29,042	32,934	20,090
Other financial income and expenses, net	(3,368)	(3,688)	(9,442)
PROFIT BEFORE TAX	512,024	498,076	440,640
Income tax expense	(149,266)	(155,949)	(137,534)
NET PROFIT OF CONSOLIDATED COMPANIES	362,758	342,127	303,106
Share of profits of associates	26,053	28,743	28,499
NET PROFIT	388,811	370,870	331,605
Attributable to equity holders of Essilor International	382,356	366,740	328,733
Attributable to minority interests	6,455	4,130	2,872
Basic earnings per common share (€)	1.85	1.78	1.61
Weighted average number of common shares (thousands)	206,875	205,727	204,247
Diluted earnings per common share (€)	1.81	1.74	1.55
Diluted weighted average number of common shares (thousands)	213,615	214,647	216,339

(a) 2006 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, 2008

ASSETS

€ thousands	December 31, 2008	December 31, 2007	December 31, 2006 (a)
Goodwill	957,605	591,147	474,771
Other intangible assets	205,249	121,636	118,166
Property, plant and equipment	811,484	740,601	671,257
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, NET	1,974,338	1,453,384	1,264,194
Investments in associates	164,690	157,496	155,596
Other long-term financial investments	44,214	39,174	34,657
Deferred tax assets	51,955	37,645	41,577
Non-current receivables	8,093	14,314	9,338
Other non-current assets	693	1,024	840
OTHER NON-CURRENT ASSETS, NET	269,645	249,653	242,008
TOTAL NON-CURRENT ASSETS, NET	2,243,983	1,703,037	1,506,202
Inventories	475,299	393,597	371,133
Prepayments to suppliers	9,521	9,849	7,698
Current trade receivables	684,797	605,356	551,013
Current income tax assets	5,859	12,072	7,929
Other receivables	37,294	10,423	6,558
Derivative financial instruments	50,996	32,777	3,174
Prepaid expenses	21,242	19,307	16,174
Short-term investments	32,538	31,179	75,147
Cash and cash equivalents	505,571	696,002	584,889
CURRENT ASSETS, NET	1,823,117	1,810,562	1,623,715
TOTAL ASSETS	4,067,100	3,513,599	3,129,917

(a) 2006 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, 2008

EQUITY AND LIABILITIES

€ thousands	December 31, 2008	December 31, 2007	December 31, 2006 (a)
Share capital	37,984	38,030	36,347
Additional paid-in capital	311,765	329,880	236,858
Retained earnings	1,829,870	1,565,991	1,332,544
Treasury stock	(153,407)	(101,910)	(71,502)
Convertible bond (OCEANE) call option	22,206	23,408	35,489
Revaluation and hedging reserves	(9,109)	(4,717)	(13,357)
Translation reserve	(70,235)	(61,247)	(4,399)
Net profit attributable to equity holders of Essilor International	382,356	366,740	328,733
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ESSILOR INTERNATIONAL	2,351,430	2,156,175	1,880,713
Minority interests	14,544	12,090	11,032
TOTAL EQUITY	2,365,974	2,168,265	1,891,745
Provisions for pensions and other post-employment benefits	132,401	106,890	116,245
Long-term borrowings	437,617	435,583	262,997
Deferred tax liabilities	22,406	2,042	1,267
Long-term payables	2,359	1,750	198
NON-CURRENT LIABILITIES	594,783	546,265	380,707
Provisions	36,720	24,552	23,350
Short-term borrowings	212,835	31,990	187,011
Customer prepayments	8,611	4,363	3,183
Short-term payables	631,945	598,434	554,693
Current income tax liability	35,626	31,349	29,086
Other liabilities	143,159	94,243	50,591
Derivative financial instruments	28,480	5,457	2,221
Deferred income	8,967	8,681	7,330
CURRENT LIABILITIES	1,106,343	799,069	857,465
TOTAL EQUITY AND LIABILITIES	4,067,100	3,513,599	3,129,917

(a) 2006 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	2008	2007	2006 (a)
NET PROFIT	388,811	370,870	331,605
Share of profits of associates, net of dividends received	20,637	14,667	(6,416)
Depreciation, amortization and other non-cash items	148,886	139,306	132,509
Profit before non-cash items and share of profits of associates, net of dividends received	558,334	524,843	457,698
Provision charges (reversals)	9,810	5,127	4,328
(Gains) and losses on asset disposals, net	629	(1,557)	312
Cash flow after income tax expense and finance costs, net	568,773	528,413	462,338
Finance costs, net	(692)	3,008	10,134
Income tax expense (current and deferred taxes)	149,266	155,949	137,534
Cash flow before income tax expense and finance costs, net	717,347	687,370	610,006
Income taxes paid	(144,650)	(157,034)	(127,553)
Interest (paid) and received, net	8,607	6,364	(4,543)
Change in working capital	(84,503)	(44,796)	(26,849)
NET CASH FROM OPERATING ACTIVITIES	496,801	491,904	451,061
Purchases of property, plant and equipment	(184,298)	(227,701)	(204,745)
Acquisitions of subsidiaries, net of the cash acquired	(452,879)	(136,435)	(44,024)
Purchases of available-for-sale financial assets	(4,673)	(2,375)	(2,135)
Purchases of other long-term financial investments	(11,978)	(5,488)	(4,829)
Proceeds from the sale of subsidiaries, net of cash sold	0	0	(116)
Proceeds from the sale of other non-current assets	3,799	6,937	14,080
NET CASH USED IN INVESTING ACTIVITIES	(650,029)	(365,062)	(241,769)
Proceeds from issue of share capital	31,385	40,200	33,312
(Purchases) and sales of treasury stock, net	(112,613)	(49,415)	9,192
Dividends paid to:			
- Equity holders of Essilor International	(128,393)	(113,043)	(95,840)
- Minority shareholders of subsidiaries	(188)	(239)	(381)
Repayments of borrowings other than finance lease liabilities	177,782	57,752	(138,426)
Purchases of marketable securities (b)	(1,359)	43,968	(75,147)
Repayments of finance lease liabilities	(2,644)	(2,769)	(2,175)
Other movements	473	1,152	2,464
NET CASH USED IN FINANCING ACTIVITIES	(35,557)	(22,394)	(267,001)
NET(DECREASE)-INCREASE IN CASH AND CASH EQUIVALENTS	(188,785)	104,448	(57,709)
Cash and cash equivalents at January 1	677,164	569,873	631,100
Effect of changes in exchange rates	(1 614)	2,843	(3,518)
CASH AND CASH EQUIVALENTS AT DECEMBER 31	486,765	677,164	569,873
Cash and cash equivalents	505,571	696,002	584,889
Short-term bank loans and overdrafts	(18,806)	(18,838)	(15,016)

(a) 2006 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.