



## Third-Quarter 2010 Report

→ Nine-month revenue up 17.6%

→ Strong sales in emerging markets and the Equipment division

Charenton-le-Pont, France (October 22, 2010 – 6:30 a.m.) – Essilor International, the world leader in ophthalmic optics, today announced its consolidated revenue for the nine months ended September 30, 2010.

### Nine-month consolidated revenue

€ millions	2010 (9 months)	2009 (9 months)	% Change (reported*)	% Change (like-for-like)	Contribution from acquisitions
Lenses and Optical Instruments	2,685.0	2,396.5	+12.0%	+2.5%	+4.2%
<i>Europe</i>	1,047.1	989.4	+5.8%	+0.8%	+4.1%
<i>North America</i>	1,162.8	1,051.5	+10.6%	+1.3%	+3.8%
<i>Asia-Pacific &amp; Africa</i>	333.6	259.7	+28.5%	+8.4%	+5.7%
<i>Latin America</i>	141.5	95.9	+47.5%	+18.5%	+5.5%
Equipment	91.6	71.9	+27.4%	+10.6%	+16.8%
Readers	127.2	-	N/M	N/M	N/M
<b>TOTAL</b>	<b>2,903.8</b>	<b>2,468.5</b>	<b>+17.6%</b>	<b>+2.8%</b>	<b>+9.7%</b>

\*Currency effect: +5.1%

Consolidated revenue for the first nine months of 2010 amounted to €2,903.8 million, up 17.6% compared with the prior-year period. On a like-for-like basis, revenue rose by 2.8%, led by strong growth in sales in emerging markets and the sharp recovery in the Equipment Division.

Changes in the scope of consolidation accounted for 9.7% of reported growth, of which 3.1% for bolt-on acquisitions and 6.6% for strategic acquisitions (Signet Armorlite and FGX International).

The 5.1% positive currency effect resulted mainly from the appreciation against the euro of the US and Canadian dollars, the Brazilian real and, to a lesser extent, the Australian dollar.

**For the nine months ended September 30, Essilor reported 5.9% revenue growth excluding the currency effect and strategic acquisitions, in line with its full-year objective.**

## Third quarter revenue up 21.4%

### Consolidated revenue

€ millions	Q3 2010	Q3 2009	% Change (reported*)	% Change (like-for-like)	Contribution from acquisitions
Lenses and Optical Instruments	<b>898.0</b>	782.9	+14.7%	+2.6%	+4.4%
<i>Europe</i>	339.4	324.3	+4.7%	-0.4%	+4.0%
<i>North America</i>	386.4	333.4	+15.9%	+1.8%	+3.7%
<i>Asia-Pacific &amp; Africa</i>	119.4	89.6	+48.3%	+9.1%	+7.4%
<i>Latin America</i>	52.8	35.6	+33.3%	+21.7%	+6.2%
Equipment	<b>31.5</b>	22.1	+42.1%	+14.7%	+27.5%
Readers	<b>47.5</b>	-	N/M	N/M	N/M
<b>TOTAL</b>	<b>977.0</b>	<b>805.1</b>	<b>+21.4%</b>	<b>+3.0%</b>	<b>+10.9%</b>

\*Currency effect: +7.5%

In the third quarter, consolidated revenue rose by 21.4% on a reported basis.

The 3% like-for-like increase confirms the upswing in demand observed during the first half in a still uncertain business environment.

The impact of changes in the scope of consolidation added 10.9% to growth, of which 2.9% from bolt-on acquisitions and 8% from strategic acquisitions.

Lastly, the decline in the euro against the Company's other billing currencies had a 7.5% positive impact on third-quarter revenue.

### Performance by region and by division was as follows:

- A still-fragile recovery in **Europe**, where the overall performance was affected by weakness in the Instruments Division, due to a high basis of comparison. In the corrective lens segment, sales continued to trend upwards in France while demand improved in Germany, the United Kingdom and Poland. However, the situation remained difficult in Spain and Italy.

- Gains in **North America**. In the United States, the new Varilux Comfort<sup>®</sup> New Edition and Varilux Physio<sup>®</sup> Enhanced<sup>™</sup> lenses were well received by independent optometrists. Sales to optical chains were stable while demand for polarized lenses remained strong.

- Ongoing sales growth in emerging markets in **Asia**. Demand continued to be robust in India and China, as well as in the ASEAN countries where the product mix improved. On the other hand, difficult market conditions persisted in Japan and Australia.

- Very sharp growth in **Latin America**. In Brazil, the strategic development of the premium and mid-range segments generated an increase in unit sales and an improvement in the product mix, with Crizal® lenses in particular making significant gains. Growth was led by Argentina, where Essilor increased its market share.
- Continued strong momentum for the **Equipment** division, which benefited from firm demand for digital surfacing machines. The order backlog stabilized at a high level.
- In line with forecasts, a satisfactory performance in the **Readers** division, led by the success of new products.

## Significant third-quarter events and other transactions

### Acquisitions

In the third quarter, Essilor made five new acquisitions, of which three in the United States, one in the United Kingdom and one in India.

In addition to the previously announced transactions with **Gulf States** and **PASCH** (Nikon-Essilor), Essilor of America forged a partnership with **Reliable Optics**, a Brooklyn, New York-based prescription laboratory that generates approximately \$4.3 million in revenue.

In the UK, Essilor acquired an 80% stake in **Leicester Optical**, a prescription and edging laboratory based in Rothley with sales of €1.8 million.

In India, Essilor acquired a majority stake in **GKB Optics Technologies**, a prescription laboratory based in New Delhi with annual revenue of €0.8 million.

Since the beginning of the year, Essilor has acquired 18 companies (excluding Signet Armorlite and FGX International) representing additional full-year revenue of approximately €92 million.

On October 15, Essilor announced an agreement with Kibbutz Shamir to acquire 50% of **Shamir Optical**, an independent producer of ophthalmic lenses that reported 2009 revenue of \$142 million. The transaction, which is subject to the approval of Shamir Optical's shareholders and various regulatory authorities, is expected to close in mid-2011.

### Cash position

Between July and September, Essilor purchased 1.63 million of its own shares on the market, at a total cost of €78 million. Essilor also sold its long-standing stake in Sperian Protection to Honeywell, generating net proceeds of €132 million.

Combined with these transactions, cash flow generated during the period enabled the Company to reduce its net debt from €638 million at June 30 to €332 million at the end of September.

## Outlook

In the context of a gradual recovery in the world economy, Essilor is continuing to diligently deploy its growth strategy, based on new products, geographic expansion, bolt-on acquisitions and gains in the mid-range segment. For the full year, the Company confirms its objectives of revenue growth of 5% to 7% excluding the currency effect and strategic acquisitions, and a stable contribution margin excluding strategic acquisitions and changes in IFRS.

## Appendix – Quarterly revenue data

€ millions	Q3 2010	Q2 2010	Q1 2010	Q3 2009	Q2 2009	Q1 2009
<b>TOTAL</b>	<b>977.0</b>	<b>1,020.9</b>	<b>905.8</b>	<b>805.1</b>	<b>823.0</b>	<b>840.4</b>
<i>Europe</i>	339.4	362.3	345.3	324.3	335.0	330.0
<i>North America</i>	386.4	400.8	375.7	333.4	345.7	372.5
<i>Asia-Pacific</i>	119.4	111.2	103.1	89.6	84.4	85.7
<i>Latin America</i>	52.8	48.8	39.9	35.6	32.5	27.8
<i>Equipment</i>	31.5	36.6	23.6	22.1	25.4	24.4
<i>Readers</i>	47.5	61.4	18.3	-	-	-

### A conference call in French will be held today at 9:00 a.m. CEST.

The number to dial is: + 33 (0)1 70 99 42 67

The conference will be available for later listening at:

<http://hosting.3sens.com/Essilor/20101022-B74506B5/fr/>

### A conference call in English will follow at 10:00 a.m. CEST.

The number to dial is: + 44 (0)20 7138 0845

The conference will be available for later listening at:

<http://hosting.3sens.com/Essilor/20101022-B74506B5/en/>



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**Investor Relations and Financial Communications**

Véronique Gillet – Sébastien Leroy

Phone: +33 (0)1 49 77 42 16

***The world leader in ophthalmic optical products***, Essilor International researches, develops, manufactures and markets around the world a wide range of lenses to improve and protect eyesight. Its flagship brands are **Varilux<sup>®</sup>**, **Crizal<sup>®</sup>**, **Essilor<sup>®</sup>**, **Definity<sup>®</sup>** and **Xperio<sup>™</sup>**.

Based in France, the Company reported consolidated revenue of more than €3.2 billion in 2009, with 34,700 employees and operations in 100 countries.

For more information, please visit [www.essilor.com](http://www.essilor.com).