LUXOTTICA GROUP SPA
Form 6-K
May 14, 2010

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarter ended March 31, 2010
COMMISSION FILE NO. 1 - 10421**

LUXOTTICA GROUP S.p.A.

VIA C. CANTÙ 2, MILAN, 20123 ITALY
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F ý Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No ý

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____________

Table of Contents

F O R M 6-K

for the quarter
ended March 31 of
Fiscal Year 2010

Table of Contents

INDEX TO FORM 6-K

Table of Contents

Luxottica Group S.p.A.

Headquarters and registered office via Cantù, 2, 20123 Milan, Italy

Capital Stock € 27,887,476.98

authorized and issued

ITEM 1. MANAGEMENT REPORT ON THE INTERIM FINANCIAL RESULTS
AS OF MARCH 31, 2010
(UNAUDITED)

The following discussion should be read in conjunction with the disclosure contained in our Annual Report on Form 20-F for the year ended December 31, 2009, which contains, among other things, a discussion of the risks and uncertainties that could affect our future operating results or financial condition.

1. OPERATING PERFORMANCE FOR THE FIRST QUARTER OF 2010

During the first quarter of the year, the global economy achieved selective growth and even showed hopeful signs of stability, with certain countries performing solidly while others still face challenges. Against this backdrop, we have reaped the fruits of our intense work over the past year, primarily due to the effectiveness of our integrated business model, thus bolstering the four key pillars of our business for 2010: Oakley, emerging markets, the North American market and efficiency.

In particular, during the first three months of 2010, we achieved positive performance in all of the key geographic regions in which we operate, confirming the success of our investments and actions over the past year. The results achieved in North America, a key region for the Group, are worthy of note: Luxottica's first quarter net sales in US dollars grew by 6.1 percent, mainly due to the solid performance of LensCrafters and Sunglass Hut, where comparable store sales[1] for the quarter rose by 6.6 percent and 10.8 percent, respectively. Significant results were also achieved in our emerging markets, with net sales up year-over-year by over 30 percent.

[1] Comparable store sales reflect the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period in the same geographic area, and applies to both periods the average exchange rate for the prior period.

Both our segments posted solid results, thereby confirming the success of our business model and the proactive and decisive steps taken. Net sales for the quarter in our manufacturing and wholesale distribution segment grew by over 10 percent, while operating margin increased in both our manufacturing and wholesale distribution and our retail distribution segments.

In the first quarter of 2010, net sales increased by 6.0 percent at current exchange rates and, by 7.0 percent at constant exchange rates[2] to Euro 1,391.7 million from Euro 1,312.3 million in the first quarter of 2009.

[2] We calculate constant exchange rates by applying to the current period the average exchange rates between the Euro and the relevant currencies of the various markets in which we operated during the three-month period ended March 31, 2009. Please refer to Attachment 1 for further details on exchange rates.

EBITDA[3] increased over the previous year by 6.9 percent to Euro 242.6 million, from Euro 227.0 million in the first quarter of 2009. Operating income was Euro 171.2 million for the first quarter of 2010, compared with Euro 154.2 million for the same period of the previous year (+11.1 percent), while operating margin increased to 12.3 percent, from 11.7 percent in the first quarter of 2009.

[3] For a further discussion of EBITDA, see page 11 "Non-IAS/IFRS Measures".

Net income attributable to Luxottica Group stockholders for the first three months of 2010 grew to Euro 95.1 million (a 20.8 percent increase from Euro 78.8 million for the first three months of 2009),

Table of Contents

resulting in earnings per share (EPS) of Euro 0.21 (at an average US Dollar/Euro exchange rate of 1.3829). Net income attributable to Luxottica Group stockholders expressed in US dollars grew by 28.2 percent to U.S. $131.5 million (U.S. $102.6 million in the first quarter of 2009), resulting in EPS of U.S. $0.29.

By carefully controlling working capital, the Group generated a positive free cash flow[4] (over Euro 40 million) in a quarter that traditionally sees a negative trend. However, because of the exchange rate effect, consolidated net debt at March 31, 2010 was Euro 2,421 million (Euro 2,337 million at the end of 2009), and the ratio of net debt to EBITDA was 2.8X, compared with 2.7X at December 31, 2009). Net of the exchange rate effect[5], the ratio would have been 2.7X compared with 2.8X at December 31, 2009.

[4] For a further discussion of free cash flow, see page 11 "Non-IAS/IFRS Measures".

[5] We calculate results net of the exchange rate effect by applying to the current period the average exchange rates between the Euro and the relevant currencies of the various markets in which we operated during the three-month period ended March 31, 2009. Please refer to Attachment 1 for further details on exchange rates.

2. SIGNIFICANT EVENTS DURING THE THREE MONTHS ENDED MARCH 31, 2010

January

On January 5, 2010, the minority stockholders of Luxottica Gözlük Endüstri ve Ticaret Anonim Sirketi, our Turkey-based subsidiary notified us of their intention to exercise their put option to sell us a 35.16 percent interest in this subsidiary. The purchase price will be approximately Euro 61.5 million. The sale is subject to the prior approval of the Turkish antitrust authority and it is expected to close in May 2010.

On January 29, 2010, our subsidiary Luxottica U.S. Holdings Corp. ("U.S. Holdings") completed a private placement of U.S. $175 million of senior unsecured guaranteed notes, issued in three series (Series D, Series E and Series F). The aggregate principal amount is U.S. $50 million for each of Series D and Series E Notes and U.S. $75 million for Series F Notes. The Series D Notes mature on January 29, 2017; the Series E Notes mature on January 29, 2020 and the Series F Notes mature on January 29, 2019. Interest on the Series D Notes accrues at 5.19 percent per annum, interest on the Series E Notes accrues at 5.75 percent per annum and interest on the Series F Notes accrues at 5.39 percent per annum. The proceeds from the Notes were used for general corporate purposes.

February

On February 8, 2010 we announced that we formed a long-term joint venture for the Australian and New Zealand markets with Essilor International. The joint venture will manage Eyebiz Pty Limited, Luxottica's Sydney-based optical lens finishing laboratory, which, as a result of this alliance, will be majority-controlled by Essilor. Eyebiz will continue to supply all of our retail optical outlets in Australia and New Zealand: OPSM, Budget Eyewear and Laubman & Pank.

March

On March 31, 2010 we announced a three-year renewal of our exclusive license agreement with Jones Apparel Group for the design, production and global distribution of prescription frames and sunglasses under the Anne Klein New York brand. The new agreement, which is substantially unchanged from the previous agreement, extends the license through December 2012, with a provision for a further renewal.

On March 31, 2010, we announced a five-year extension of the license agreement with Retail Brand Alliance, Inc. for the design, production and worldwide distribution of prescription frames and sunglasses under the Brooks Brothers brand. The Brooks Brothers trade name is owned by Retail Brand

Alliance, Inc., which is controlled by Claudio Del Vecchio, one of our directors. The term of the new agreement is through December 2014, with an option for a further five-year extension under the same terms. The terms were substantially unchanged from those of the previous agreement.

During the first three months of 2010, we purchased on the "Mercato Telematico Azionario" ("MTA") 546,712 of our ordinary shares at an average price of Euro 18.80 for a total amount of Euro 10,280,809 pursuant to the share purchase program approved at the Stockholders' Meeting on October 29, 2009 and launched on November 16, 2009.

In parallel our subsidiary, Arnette Optic Illusions, Inc., sold during the same period on the MTA 705,000 of our ordinary shares at an average price of Euro 18.87 for a total amount of Euro 13,303,645.

3. FINANCIAL RESULTS

We are a global leader in the design, manufacture and distribution of fashion, luxury and sport eyewear, with net sales reaching Euro 5.1 billion in 2009, approximately 60,000 employees and a strong global presence. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Note 4 to the Management Report on the Interim Financial Results as of March 31, 2010, for additional disclosures about our operating segments. Through our manufacturing and wholesale distribution segment, we are engaged in the design, manufacture, wholesale distribution and marketing of house and designer lines of mid- to premium-priced prescription frames and sunglasses and, through Oakley, of performance optics products. We operate our retail segment principally through our retail brands, which include, among others, LensCrafters, Sunglass Hut, Pearle Vision, ILORI, The Optical Shop of Aspen, OPSM, Laubman & Pank, Budget Eyewear, Bright Eyes, Oakley "O" Stores and Vaults, David Clulow and our Licensed Brands (Sears Optical and Target Optical).

As a result of our numerous acquisitions and the subsequent expansion of our business activities in the United States through these acquisitions, our results of operations, which are reported in Euro, are susceptible to currency rate fluctuations between the Euro and the U.S. dollar. The Euro/U.S. dollar exchange rate has fluctuated from an average exchange rate of Euro 1.00 = U.S. $1.3029 in the first three months of 2009 to Euro 1.00 = U.S. $1.3829 in the same period of 2010. Additionally, with the acquisition of OPSM and Bright Eyes (acquired through Oakley), our results of operations are susceptible to currency fluctuations between the Euro and the Australian dollar. Although we engage in certain foreign currency hedging activities to mitigate the impact of these fluctuations, they have impacted our reported revenues and expenses during the periods discussed herein.

On April 16, 2010, we announced that starting with the first quarter of fiscal year 2010 and for all future reporting periods we will report our financial results in accordance with the International Financial and Reporting Standards as issued by the International Accounting Standards Board ("IAS/IFRS") in all financial communications including reports to the United States Securities and Exchange Commission ("SEC"). Up to and including the 2009 fiscal year, we had been reporting our financial results in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

Since 2005, we have also been preparing consolidated financial statements in Italy in accordance with IFRS as required by Italian law and we have provided the financial community with a reconciliation of our U.S. GAAP and IFRS results on a quarterly basis.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	Three months ended March 31,			
Values in thousands of Euro	**2010**	**% of net sales**	**2009**	**% of net sales**
Net sales	**1,391,687**	**100.0%**	**1,312,334**	**100.0%**
Cost of sales	499,789	35.9%	450,988	34.4%
Gross profit	**891,898**	**64.1%**	**861,346**	**65.6%**
Selling	452,766	32.5%	440,888	33.6%
Royalties	24,868	1.8%	25,812	2.0%
Advertising	81,143	5.8%	79,277	6.0%
General and administrative	141,765	10.2%	140,181	10.7%
Intangibles amortization	20,110	1.4%	21,017	1.6%
Total operating expenses	**720,652**	**51.8%**	**707,174**	**53.9%**
Income from operations	**171,246**	**12.3%**	**154,173**	**11.7%**
Other income/(expense)				
Interest income	2,037	0.1%	2,004	0.2%
Interest expense	(24,638)	1.8%	(29,820)	2.3%
Other net	(818)	0.1%	(1,605)	0.1%
Income before provision for income taxes	**147,827**	**10.6%**	**124,751**	**9.5%**
Provision for income taxes	(50,161)	3.6%	(43,415)	3.3%
Net income	**97,666**	**7.0%**	**81,336**	**6.2%**
Attributable to				
Luxottica Group stockholders	**95,091**	**6.8%**	**78,750**	**6.0%**
noncontrolling interests	2,575	0.2%	2,587	0.2%
NET INCOME	**97,666**	**7.0%**	**81,336**	**6.2%**

Net Sales. Net sales increased by Euro 79.4 million, or 6.0 percent, to Euro 1,391.7 million in the first three months of 2010 from Euro 1,312.3 million in the same period of 2009. Euro 51.9 million of such increase is attributable to the increased sales in the manufacturing and wholesale distribution segment in the first three months of 2010 as compared to the same period in 2009 and to the increase in the retail distribution segment of Euro 27.4 million. The increase in net sales to third parties in the manufacturing and wholesale distribution segment was mainly attributable to increased sales of most of our housebrands and some of our licensed brands such as Bvlgari, Ralph Lauren and Chanel.

Net sales for the retail distribution segment increased by Euro 27.4 million, or 3.4 percent, to Euro 838.2 million in the first three months of 2010 from Euro 810.8 million in the same period in 2009. The increase in net sales for the period is almost solely attributable to an improvement in comparable store sales[6] which accounted for 3.4 percent. In particular we saw a 5.5 percent increase in comparable store sales for the North American retail operations, which was partially offset by an 11.9 decrease in comparable store sales for the Australian/New Zealand retail operations. The negative effects from currency fluctuations between the Euro, which is our reporting currency, and other currencies in which

[6] Comparable store sales reflects the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period in the same geographic area, and applies to both periods the average exchange rate for the prior period.

we conduct business, in particular due to the weakening of the U.S. dollar compared to the Euro, decreased net sales in the retail distribution segment by Euro 18.2 million.

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 51.9 million, or 10.4 percent, to Euro 553.5 million in the first three months of 2010 from Euro 501.6 million in the same period in 2009. This increase is mainly attributable to increased sales of most of our housebrands and in some designer brands such as Bvlgari, Ralph Lauren and Chanel. These sales volume increases occurred in some key markets, such as France, Italy, Spain and Brazil. These positive effects were further increased by positive currency fluctuations, in particular due to a strengthening of the Brazilian Real and Australian Dollar compared to the Euro, which caused an increase in net sales to third parties in the manufacturing and wholesale distribution segment of Euro 6.2 million.

In the first three months of 2010, net sales in the retail distribution segment accounted for approximately 60.2 percent of total net sales, as compared to approximately 61.8 percent of total net sales for the same period in 2009. This decrease in sales as a percentage of total net sales for the retail distribution segment is primarily attributable to: (i) a 10.4 percent increase in net sales to third parties in our manufacturing and wholesale distribution segment compared to the same period of 2009; and (ii) negative currency exchange rate effects, which more heavily impacted net sales for the retail distribution segment because of the heavy concentration of our retail business in North America, where the Euro is not the functional currency.

In the first three months of 2010, net sales in our retail distribution segment in the United States and Canada comprised 82.6 percent of our total net sales in this segment as compared to 84.5 percent of our total net sales in the same period of 2009. In U.S. dollars, retail net sales in the United States and Canada increased by 7.2 percent to U.S. $957.1 million in the first three months of 2010 from U.S. $892.9 million for the same period in 2009. During the first three months of 2010, net sales in the retail segment in the rest of the world (excluding the United States and Canada) comprised 17.4 percent of our total net sales in the retail distribution segment and increased 16.5 percent to Euro 146.1 million in the first three months of 2010 from Euro 125.4 million for the same period in 2009.

In the first three months of 2010, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 295.3 million, comprising 53.4 percent of our total net sales in this segment, compared to Euro 269.2 million in the same period in 2009, or 53.7 percent of total net sales in the segment. The increase of Euro 26.1 million in the first three months of 2010 compared to the same period of 2009 constituted a 9.7 percent increase in net sales to third parties in Europe, due to a general improvement in market conditions. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. $158.9 million and comprised 21.2 percent of our total net sales in this segment in the first three months of 2010, compared to U.S. $158.3 million in the same period of 2009, or 24.2 percent of total net sales in the segment. The increase of U.S. $0.6 million in the first three months of 2010 compared to the same period of 2009 constituted an increase, in U.S. dollars, of 0.4 percent in net sales in this segment in the United States and Canada, due to a general improvement in market conditions. In the first three months of 2010, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 140.6 million, comprising 25.4 percent of our total net sales in this segment, compared to Euro 110.9 million in the same period of 2009, or 22.1 percent of our net sales in this segment. The increase of Euro 29.7 million in the first three months of 2010 compared to the same period of 2009 constituted a 26.8 percent increase in this segment in the rest of the world due to a general improvement in market conditions.

Cost of Sales. Cost of sales increased by Euro 48.8 million, or 10.8 percent, to Euro 499.8 million in the first three months of 2010 from Euro 451.0 million in the same period of 2009. As a percentage of net sales, cost of sales increased to 35.9 percent in the first three months of 2010, as compared to 34.4 percent in the same period of 2009. In the first three months of 2010, the average number of frames

Table of Contents

produced daily in our facilities increased to approximately 228,200, as compared to 188,100 in the same period of 2009, which was attributable to increased production in all manufacturing facilities in response to an overall increase in demand.

Gross Profit. Our gross profit increased by Euro 30.6 million, or 3.5 percent, to Euro 891.9 million in the first three months of 2010 from Euro 861.3 million in the same period of 2009. As a percentage of net sales, gross profit decreased to 64.1 percent in the first three months of 2010 from 65.6 percent in the same period of 2009, due to the factors noted above for cost of sales.

Operating Expenses. Total operating expenses increased by Euro 13.5 million, or 1.9 percent, to Euro 720.7 million in the first three months of 2010 from Euro 707.2 million in the same period of 2009. As a percentage of net sales, operating expenses decreased to 51.8 percent in the first three months of 2010 from 53.9 percent in the same period of 2009 primarily due to an increase in sales while keeping strong cost controls over selling and advertising expenses.

Selling and advertising expenses (including royalty expenses) increased by Euro 12.8 million, or 2.3 percent, to Euro 558.8 million in the first three months of 2010 from Euro 546.0 million in the same period of 2009. Selling expenses increased by Euro 11.9 million or 2.7 percent. Advertising expenses increased by Euro 1.9 million or 2.4 percent. Royalties decreased by Euro 0.9 million or 3.7 percent. As a percentage of net sales, selling and advertising expenses decreased to 40.2 percent in the first three months of 2010 compared to 41.6 percent for the same period 2009, primarily due to certain fixed costs in selling, as well as the restructuring made in 2009 in our selling force, which brought about more efficient costs.

General and administrative expenses, including intangible asset amortization remained flat at Euro 161.9 million in the first three months of 2010 compared to Euro 161.2 million in the same period of 2009.

Income from Operations. For the reasons described above, income from operations increased by Euro 17.1 million, or 11.1 percent, to Euro 171.2 million in the first three months of 2010 from Euro 154.2 million in the same period of 2009. As a percentage of net sales, income from operations increased to 12.3 percent in the first three months of 2010 from 11.7 percent in the same period of 2009.

Other Income (Expense) Net. Other income (expense) net was Euro (23.4) million in the first three months of 2010 compared to Euro (29.4) million in the same period of 2009. Net interest expense decreased to Euro 22.6 million in the first three months of 2010 compared to Euro 27.8 million in the same period of 2009, mainly attributable to a reduction of our indebtedness and the weakening of the U.S. dollar against the Euro.

Net Income. Income before taxes increased by Euro 23.1 million, or 18.5 percent, to Euro 147.8 million in the first three months of 2010 from Euro 124.8 million in the same period of 2009 for the reasons described above. As a percentage of net sales, income before taxes increased to 10.6 percent in the first three months of 2010 from 9.5 percent in the same period of 2009. Net income attributable to noncontrolling interests remained flat at Euro 2.6 million in the first three months of 2010 and the same period of 2009. Our effective tax rate was 33.9 percent in the first three months of 2010, compared to 34.8 percent in the same period of 2009.

Net income attributable to Luxottica Group stockholders increased by Euro 16.3 million, or 20.8 percent, to Euro 95.1 million in the first three months of 2010 from Euro 78.8 million in the same period of 2009. Net income attributable to Luxottica group stockholders as a percentage of net sales increased to 6.8 percent in the first three months of 2010 from 6.0 percent in the same period of 2009.

Table of Contents

Basic earnings per share were Euro 0.21 in the first three months of 2010 as compared to Euro 0.17 in the same period of 2009. Diluted earnings per share were Euro 0.21 in the first three months of 2010 compared to Euro 0.17 in the same period of 2009.

OUR CASH FLOWS

The following table sets forth for the periods indicated, certain items included in our statements of consolidated cash flows included in Item 1 of this report.

		As of March 31, 2010	As of March 31, 2009
A)	Cash and cash equivalents at the beginning of the period	380,081	288,450
B)	Cash provided by operating activities	42,525	140,292
C)	Cash used in investing activities	(52,353)	(47,112)
D)	Cash used in financing activities	(39,245)	(129,370)
	Change in bank overdrafts	(12,742)	(30,346)
	Effect of exchange rate changes on cash and cash equivalents	17,894	5,094
E)	Net change in cash and cash equivalents	(43,921)	(61,442)
F)	**Cash and cash equivalents at the end of the period**	**336,160**	**227,008**

Operating activities. Our cash provided by operating activities was Euro 42.5 million and Euro 140.3 million for the first three months of 2010 and 2009, respectively. The Euro 97.8 million decrease for the first three months of 2010 as compared to the same period in 2009 was primarily attributable to:

Cash used in accounts receivable were Euro (80.8) million in the first three months of 2010 compared to Euro (45.3) million in the same period of 2009. This change is primarily due to an increase in sales volume in the first three months of 2010 compared to the same period of 2009.

Cash used in accounts payable were Euro (37.2) million in the first three months of 2010 compared to Euro (15.3) million in the same period of 2009. This change is mainly due to an increase in production in the first three months of 2010 as compared to the same period of 2009.

Cash generated by other assets/liabilities were Euro 1.2 million in the first three months of 2010 compared to Euro 29.7 million in the same period of 2009. This change is primarily due to the higher utilization in 2009 of some tax receivables of certain U.S. subsidiaries to offset the tax liabilities for the period.

Investing activities. Our cash used in investing activities was Euro (52.4) million for the first three months of 2010 compared to Euro (47.1) million for the same period in 2009. The cash used in investing activities primarily consists of (i) Euro (31.7) million in capital expenditures in the first three months of 2010 compared to Euro (44.6) million in the same period of 2009, which mostly relate to our reduction in investment in the opening, remodeling and relocation of stores in the retail distribution segment as we wind down our remodeling initiative, and (ii) the payment of the second instalment related to the acquisition of a 40 percent investment in Multiopticas Internacional S.L. by Euro 20.7 million which occurred in the first three months of 2010.

Financing activities. Our cash generated/(used in) financing activities for the first three months of 2010 and 2009 was Euro (39.2) million and Euro (129.4) million, respectively. Cash provided by/(used in) financing activities for the first three months of 2010 consisted primarily of the proceeds of Euro 126.5 million from long-term debt borrowings and Euro (162.0) million used to repay long-term debt expiring during the first three months of 2010. Cash provided by/(used in) financing activities for the first three months of 2009 consisted primarily of the proceeds of Euro 536.4 million from long-term debt borrowings Euro (58.3) million and Euro (608.2) million in cash used to repay bank overdrafts and long-term debt expiring during the first three months of 2009.

Table of Contents

OUR CONSOLIDATED BALANCE SHEET

	March 31, 2010 (unaudited)	December 31, 2009 (audited)
	(thousands of Euro)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	336,160	380,081
Accounts receivable net	718,434	618,884
Inventories net	540,467	524,663
Other assets	214,870	198,365
Total current assets	**1,809,931**	**1,721,993**
NON CURRENT ASSETS:		
Property, plant and equipment net	1,171,543	1,149,972
Goodwill	2,837,688	2,688,835
Intangible assets net	1,193,394	1,149,880
Investments	49,480	46,317
Other assets	147,485	147,591
Deferred tax assets	343,486	356,706
Total non-current assets	**5,743,078**	**5,539,301**
TOTAL ASSETS	**7,553,009**	**7,261,294**

LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank overdrafts	134,978	148,951
Current portion of long-term debt	199,580	166,279
Accounts payable	403,352	434,604
Income taxes payable	7,942	11,204
Other liabilities	571,889	554,136
Total current liabilities	**1,317,742**	**1,315,174**
NON-CURRENT LIABILITIES:		
Long-term debt	2,422,941	2,401,796
Liability for termination indemnity	43,367	44,633
Deferred tax liabilities	382,095	396,048
Other liabilities	379,534	350,028
Total non-current liabilities	**3,227,936**	**3,192,505**
STOCKHOLDERS' EQUITY:		
Luxottica Group stockholders' equity	2,994,886	2,737,239
Noncontrolling interests	12,445	16,376
Total stockholders' equity	**3,007,331**	**2,753,615**
TOTAL LIABILITIES AND STOCKHOLDERS'EQUITY	**7,553,009**	**7,261,294**

As of March 31, 2010 total assets were Euro 7,553.0 million and increased by Euro 291.7 million compared to Euro 7,261.3 million as of December 31, 2009.

In the first three months of 2010 non-current assets increased by Euro 203.8 million. This increase was primarily due to increases in net intangible assets (Euro 192.4 million increase), property, plant and

Table of Contents

equipment net (Euro 21.6 million increase) and investments (Euro 3.2 million increase) which were partially offset by decreases in deferred tax assets (Euro 13.2 million decrease) and other assets (Euro 0.1 million decrease).

The increase in net intangible assets is primarily due to the positive effects of foreign currency fluctuation effects of Euro 202.1 million.

The increase in property, plant and equipment is primarily due to additions during the period of Euro 31.7 million, partially offset by Euro 8.0 million of disposals.

As of March 31, 2010 as compared to December 31, 2009:

Accounts receivable increased by Euro 99.6 million due to the seasonality of our business, which results in most of our net sales occurring in the first part of the calendar year and a corresponding increase in accounts receivable;

Other current assets increased by Euro 16.5 million mainly due to (i) an increase of Euro 25.8 million in marketable securities which as of December 31, 2009, such amounts were not invested and were held as cash and cash equivalents; (ii) an increase of Euro 11.5 million of prepaid expenses mainly due to other assets of our retail North America division, and (iii) a decrease of Euro 23.6 million in income taxes receivable.

Other non-current liabilities increased by Euro 29.5 million due to increasing liabilities for interest rate derivatives related to an increase in interest rates compared to December 31, 2009.

Our net financial position as of March 31, 2010 and December 31, 2009 is as follows:

(thousands of Euro)	**March 31, 2010**	**December 31, 2009**
Cash and cash equivalents	336,160	380,081
Bank overdrafts	(134,978)	(148,951)
Current portion of long-term debt	(199,580)	(166,279)
Long-term debt	(2,422,941)	(2,401,796)
Total	**(2,421,340)**	**(2,336,945)**

Bank overdrafts represent negative cash balances held in banks and amounts borrowed under various unsecured short-term lines of credit that the Company has obtained through local financial institutions. These facilities are usually short-term in nature. The remaining part consists of short-term revolving lines of credit borrowed by various subsidiaries of the Group. The applicable interest rate is usually floating and varies based on the currency of the line of credit.

As of March 31, 2010 the Company and its wholly-owned Italian subsidiary Luxottica S.r.l had credit lines aggregating Euro 391.8 million. The interest rate is a floating rate and is EURIBOR plus a margin on average of approximately 0.50 percent. As of March 31, 2010 these credit lines were utilized for Euro 0.4 million.

As of March 31, 2010, Luxottica US Holdings maintained unsecured lines of credit for an aggregate maximum availability of Euro 98.5 million (U. S. $133.2 million). The interest rate is a floating rate and is approximately USD LIBOR plus 0.80 percent. At March 31, 2010, these lines were not used.

As of March 31, 2010 the current portion of long-term debt has increased due to the reclassification of the portion of the debt maturing in the first three months of 2011 as short-term debt

4. RELATED PARTY TRANSACTIONS

Our related party transactions are neither atypical nor unusual and occur within the ordinary course of our business. Management believe that these transactions are fair to the Company. For further details

Table of Contents

on the related party transactions please refer to Note 27 in the Notes to the Interim Consolidated Financial Statements as of March 31, 2010.

5. SUBSEQUENT EVENTS

There are no significant events that have occurred between the end of the quarter and the authorization by the Board of Directors to the issuance of our financial statements related thereto.

6. 2010 OUTLOOK

Based on current market conditions, management believes that the remainder of 2010 will be more normal for our business than in the prior year.

Management believes that the benefits expected from the investments and initiatives carried out during the past two years will be fully realized in 2010, due in part to a much more flexible and efficient cost structure and organization than in the past. In addition, in 2010, we will continue to invest in our infrastructure, with the goal of creating a truly common platform shared by our operations throughout the world, which is essential to support our future growth.

Table of Contents

NON-IAS/IFRS MEASURES

We use in this Management Report certain performance measures that are not in accordance with IAS/IFRS. Such non-IAS/IFRS measures are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measure should be used as a supplement to IAS/IFRS results to assist the reader in better understanding our operational performance.

We caution that such measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Such non-IAS/IFRS measures are explained in detail and reconciled to their most comparable IAS/IFRS measures below.

EBITDA

EBITDA represents net income attributable to Luxottica Group Stockholders, before noncontrolling interest, provision for income taxes, other income/expense, depreciation and amortization. We believe that EBITDA is useful to both management and investors in evaluating our operating performance compared with that of other companies in our industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business.

EBITDA is not a measure of performance under IAS/IFRS. We include it in this Management Report in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

Investors should be aware that our method of calculating EBITDA may differ from methods used by other companies. We recognize that the usefulness of EBITDA has certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;
- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;

EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, working capital needs;

EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss.

Table of Contents

We compensate for the foregoing limitations by using EBITDA as a comparative tool, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance and leverage.

The following table provides a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure:

Non-IAS/IFRS Measure: EBITDA and EBITDA margin

	March 31, 2010	March 31, 2009
	(Millions of Euro)	
Net income attributable to Luxottica Group Stockholders (+)	95.1	78.8
Net income attributable to noncontrolling interest (+)	2.6	2.6
Provision for income taxes (+)	50.2	43.4
Other (income)/expense (+)	23.4	29.4
Depreciation & amortization (+) (+)	71.4	72.8
EBITDA (=)	242.6	227.0
Net sales (/)	1,391.7	1,312.3
EBITDA margin (=)	17.4%	17.3%

Free Cash Flow

Free cash flow represents net income before noncontrolling interests, taxes, other income/expense, depreciation and amortization (i.e. EBITDA) plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. We believe that free cash flow is useful to both management and investors in evaluating our operating performance compared with other companies in our industry. In particular, our calculation of free cash flow provides a clearer picture of our ability to generate net cash from operations, which is used for mandatory debt service requirements, to fund discretionary investments, pay dividends or pursue other strategic opportunities.

Free cash flow is not a measure of performance under IAS/IFRS. We include it in this presentation in order to:

Improve transparency for investors;

Assist investors in their assessment of our operating performance and its ability to generate cash from operations in excess of its cash expenses;

Ensure that this measure is fully understood in light of how we evaluate our operating results;

Properly define the metrics used and confirm their calculation; and

Share this measure with all investors at the same time.

Table of Contents

Investors should be aware that our method of calculation of free cash flow may differ from methods used by other companies. We recognize that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

The manner in which we calculates free cash flow may differ from that of other companies, which limits its usefulness as a comparative measure;

Free cash flow does not represent the total increase or decrease in the net debt balance for the period since it excludes, among other things, cash used for funding discretionary investments and to pursue strategic opportunities during the period and any impact of the exchange rate changes; and

Free cash flow can be subject to adjustment at our discretion if we take steps or adopts policies that increase or diminish its current liabilities and/or changes to working capital.

We compensate for the foregoing limitations by using free cash flow as one of several comparative tools, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance.

The following table provides a reconciliation of free cash flow to EBITDA and the table above provides a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure:

Non-IAS/IFRS Measure: Free cash flow

	March 31, 2010 (Millions of Euro)
EBITDA	**242.6**
Δ Working capital	(116.0)
Capital expenditures	(31.7)
Operating cash flow	**94.9**
Net interest expense	(22.6)
Income taxes paid	(28.3)
Other net	(0.9)
Free cash flow	**43.1**

FORWARD-LOOKING INFORMATION

Throughout this report, management has made certain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 which are considered prospective. These statements are made based on management's current expectations and beliefs and are identified by the use of forward-looking words and phrases such as "plans," "estimates," "believes" or "belief," "expects" or other similar words or phrases.

Such statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, our ability to manage the effect of the poor current global economic conditions on our business, our ability to successfully acquire new businesses and integrate their operations, our ability to predict future economic conditions and changes in consumer preferences, our ability to successfully introduce and market new products, our ability to maintain an efficient distribution network, our ability to achieve and manage growth, our ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, our ability to protect our proprietary rights, our ability to maintain our relationships with host stores, any failure of our information technology, inventory and other asset risk, credit risk on our accounts, insurance risks, changes in tax laws, as well as other political, economic, legal and technological factors and other risks and uncertainties described in our filings with the U.S. Securities and Exchange Commission. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

Table of Contents

ITEM 2. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS IAS/IFRS

	Footnote reference	March 31, 2010 (unaudited)	December 31, 2009 (audited)
		(Thousands of Euro)	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	5	336,160	380,081
Accounts receivable net	6	718,434	618,884
Inventories net	7	540,467	524,663
Other assets	8	214,870	198,365
Total current assets		**1,809,931**	**1,721,993**
NON-CURRENT ASSETS:			
Property, plant and equipment net	9	1,171,543	1,149,972
Goodwill	10	2,837,688	2,688,835
Intangible assets net	10	1,193,394	1,149,880
Investments	11	49,480	46,317
Other assets	12	147,485	147,591
Deferred tax assets	13	343,486	356,706
Total non-current assets		**5,743,078**	**5,539,301**
TOTAL ASSETS		**7,553,009**	**7,261,294**

LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABIILTIES:			
Bank overdrafts	14	134,978	148,951
Current portion of long-term debt	15	199,580	166,279
Accounts payable	16	403,352	434,604
Income taxes payable	17	7,942	11,204
Other liabilities	18	571,889	554,136
Total current liabilities		**1,317,742**	**1,315,174**
NON-CURRENT LIABILITIES:			
Long-term debt	19	**2,422,941**	**2,401,796**
Liability for termination indemnities	20	**43,367**	**44,633**
Deferred tax liabilities	21	**382,095**	**396,048**
Other liabilities	22	**379,534**	**350,028**
Total non-current liabilities			