

Luxottica eyes China
 Italian group sets 20% sales goal from emerging markets. **Page 16**

Luxottica eyes China growth

PERSONAL GOODS

By Vincent Boland in Milan

Luxottica, the Italian eyewear group, is targeting Brazil, India and China for future growth to take its share of sales in emerging markets to about a fifth of its global revenues.

Andrea Guerra, chief executive of the Milan-based group, said the aim was that these three countries and other selected emerging markets would account for 20 per cent of sales and 12 per cent of retail outlets by 2012 compared with 14 per cent and 6 per cent in 2009.

The biggest opportunities would lie in China, Mr Guerra told the Financial Times ahead of an investor

presentation in London today. "China today is like Italy in the 1960s - it's full of people who want to work hard and have success. By definition it will be huge in terms of growth, but it will take time."

Luxottica, which owns the Ray-Ban and Oakley brands and the retail outlet Sunglass Hut, has had a manufacturing presence in China for more than a decade.

It began retail operations in 2007 and now has 270 stores in the country. In addition it is targeting expansion of Sunglass Hut across Asia aiming for 250 stores this year. That should help in achieving its target of double-digit sales growth in emerging markets in 2010.

Mr Guerra said 2010 would be a year of organic growth after what he described as the "discontinuity" in the global economy caused by the financial crisis.

"We will continue to

'We will continue to make small to medium acquisitions in emerging markets'

make small to medium acquisitions in emerging markets. In 2011/12 we will look for other opportunities around the world, and there will be such opportunities."

Mr Guerra was speaking

as **Luxottica** reported a 2 per cent fall in sales for 2009 to just over €5bn (\$6.7bn), and a 17 per cent drop in net income to €315m, compared with a year earlier.

The company generated €691m in free cash flow that it used to pay down debt, enabling it to reduce its net debt to €2.3bn from €2.9bn in 2008. **Luxottica** said it would increase its 2009 dividend by 59 per cent to €0.35 a share.

Italy's Del Vecchio family owns two-thirds of **Luxottica**, and Giorgio Armani, the fashion designer, owns 4.9 per cent.

Shares in the eyewear group closed up 2.66 per cent at €19.71, giving the group a market capitalisation of about €9.14bn.

