



Winning through the cycle

Milan – July 28, 2009

# Forward looking statements

Certain statements in this investor presentation may constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. 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, the ability to manage the effect of the poor current global economic conditions on our business, the ability to successfully acquire new businesses and integrate their operations, the ability to predict future economic conditions and changes in consumer preferences, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to achieve and manage growth, the ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, as well as other political, economic 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.

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2Q09 results

# Trading conditions

- ▶ January and February were the toughest months YTD
- ▶ Experiencing stabilization and some growth since March
- ▶ Geographies:
  - North America – stabilizing but still negative YTD
    - > Weak discretionary spending overall
    - > Unseasonably rainy weather in the East Coast
  - Europe - positive change in trend since March
    - > Destocking effect nearly over
    - > Good weather helped the sun season
  - Emerging markets – positive performance since March
  - Emerging markets affected by tourism and Japan – still negative

**No major changes in trend expected ahead...**

# 2Q09: overview – visibly leveraging the 5 pillars

## Strong balance sheet

- ▶ Strong free cash flow<sub>(1)</sub> generation, €260 million vs. €120 million for 2Q08
- ▶ Net debt<sub>(1)</sub> at €2,627 million; Net debt/EBITDA<sub>(1)</sub>: 2.76x
- ▶ Strong control of working capital, capex, expenses

## Flexible cost structure

- ▶ Operations (factories, supply chain, labs) resize completed in May
- ▶ SG&A realignment almost over
- ▶ Store blueprint readjustment underway but at a slower pace (-60 stores)
- ▶ Reduction in advertising spending

## Sustained growth our DNA

- ▶ Returned to positive growth rate in sales, also helped by currency
- ▶ Leading position in wholesale distribution also thanks to a diversified and well-balanced brand portfolio
- ▶ Retail expansion in Latin America: acquired a 40% stake in Multiópticas International
- ▶ Sunglass Hut: very positive performance outside North America

(1) Free cash flow, EBITDA, Net debt and Net debt/EBITDA are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.

# 2Q09: overview – visibly leveraging the 5 pillars

## Adapting commercial approach

- ▶ The STARS affiliation program is extremely successful: over 1,100 clients targeted by year end
- ▶ Becoming even closer to our Key and Top Accounts
- ▶ Ongoing special and unique projects with selected brands
- ▶ Continuous success of Ray-Ban: Tech, colorize, remaster of Clubmaster and Rx
- ▶ Oakley: successfully adapting the business model across the world

## Winning organization mindset and system

- ▶ Everyone in the organization has contributed
- ▶ Organizational evolution in Oakley
- ▶ The first three SAP implementation kick-offs were nearly flawless

**Now we can make the difference**

# 2Q09: debt overview

Millions of Euro

	2Q09	2Q08
<b>EBITDA<sub>(1)</sub></b>	<b>277</b>	<b>295</b>
Δ working capital	113	(1)
Capex	(45)	(81)
<b>Operating cash flow</b>	<b>345</b>	<b>213</b>
Financial charges <sub>(3)</sub>	(18)	(27)
Taxes	(65)	(70)
Extraordinary charges <sub>(4)</sub>	(2)	4
<b>Free cash flow<sub>(1)</sub></b>	<b>260</b>	<b>120</b>

	March 31, 2009	June 30, 2009	Δ
Net US\$ debt <sub>(1)</sub>	(2,170)	(2,124)	46
Net € debt <sub>(1)</sub>	(1,319)	(1,130)	189
Translation adj.			79
€ 1 = US\$	1.3260	1.4019	
<b>Net debt<sub>(1)</sub> (€)</b>	<b>(2,963)</b>	<b>(2,627)</b>	<b>336</b>
<b>Net debt/EBITDA<sub>(1)</sub></b>	<b>3.1x</b>	<b>2.8x</b>	
<b>Net debt/EBITDA<sub>(1)</sub> (2) excluding exchange rate effect</b>	<b>3.0x</b>	<b>2.8x</b>	

**Strong focus on cash generation to sustain growth**

- (1) Free cash flow, EBITDA, Net debt and Net debt/EBITDA are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.
- (2) The ratio is calculated using the three-month average exchange rate as of March 31, 2009 and six-month average exchange rate as of June 30, 2009, respectively
- (3) Equals interest income minus interest expenses
- (4) Equals extraordinary income minus extraordinary expenses

# 2Q09: consolidated results

	2Q09 € million	2Q08 € million	Δ	margin 2Q09	margin 2Q08
<b>Net Sales</b>	<b>1,401.6</b>	<b>1,354.4</b>	<b>+3.5%</b>	-	-
▶ Retail	825.3	771.1	+7.0%	-	-
▶ Wholesale	576.3	583.4	-1.2%	-	-
<b>EBITDA<sub>(1)</sub></b>	<b>277.3</b>	<b>294.7</b>	<b>-5.9%</b>	<b>19.8%</b>	<b>21.8%</b>
<b>Operating Income</b>	<b>206.0</b>	<b>230.2</b>	<b>-10.5%</b>	<b>14.7%</b>	<b>17.0%</b>
▶ Retail	115.9	119.6	-3.0%	14.0%	15.5%
▶ Wholesale	129.8	147.7	-12.1%	22.5%	25.3%
<b>Net Income</b>	<b>115.7</b>	<b>132.6</b>	<b>-12.7%</b>	<b>8.3%</b>	<b>9.8%</b>
<b>EPS before trademark amortization<sub>(1)</sub> (€)</b>	<b>0.28</b>	<b>0.32</b>	<b>-11.4%</b>	-	-
<b>EPS (€)</b>	<b>0.25</b>	<b>0.29</b>	<b>-12.9%</b>	-	-

(1) EBITDA, EBITDA margin and EPS before trademark amortization are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.

# 1H09: consolidated results

	1H09 € million	1H08 € million	Δ	margin 1H09	margin 1H08
<b>Net Sales</b>	<b>2,714.0</b>	<b>2,753.1</b>	<b>-1.4%</b>	-	-
▶ Retail	1,637.0	1,550.2	+5.6%	-	-
▶ Wholesale	1,077.0	1,202.9	-10.5%	-	-
<b>EBITDA<sub>(1)</sub></b>	<b>506.9</b>	<b>570.0</b>	<b>-11.1%</b>	<b>18.7%</b>	<b>20.7%</b>
<b>Operating Income</b>	<b>362.7</b>	<b>437.2</b>	<b>-17.1%</b>	<b>13.4%</b>	<b>15.9%</b>
▶ Retail	199.5	204.1	-2.2%	12.2%	13.2%
▶ Wholesale	235.1	304.4	-22.8%	21.8%	25.3%
<b>Net Income</b>	<b>196.1</b>	<b>236.3</b>	<b>-17.0%</b>	<b>7.2%</b>	<b>8.6%</b>
<b>EPS before trademark amortization<sub>(1)</sub> (€)</b>	<b>0.49</b>	<b>0.57</b>	<b>-15.3%</b>	-	-
<b>EPS (€)</b>	<b>0.43</b>	<b>0.52</b>	<b>-17.1%</b>	-	-

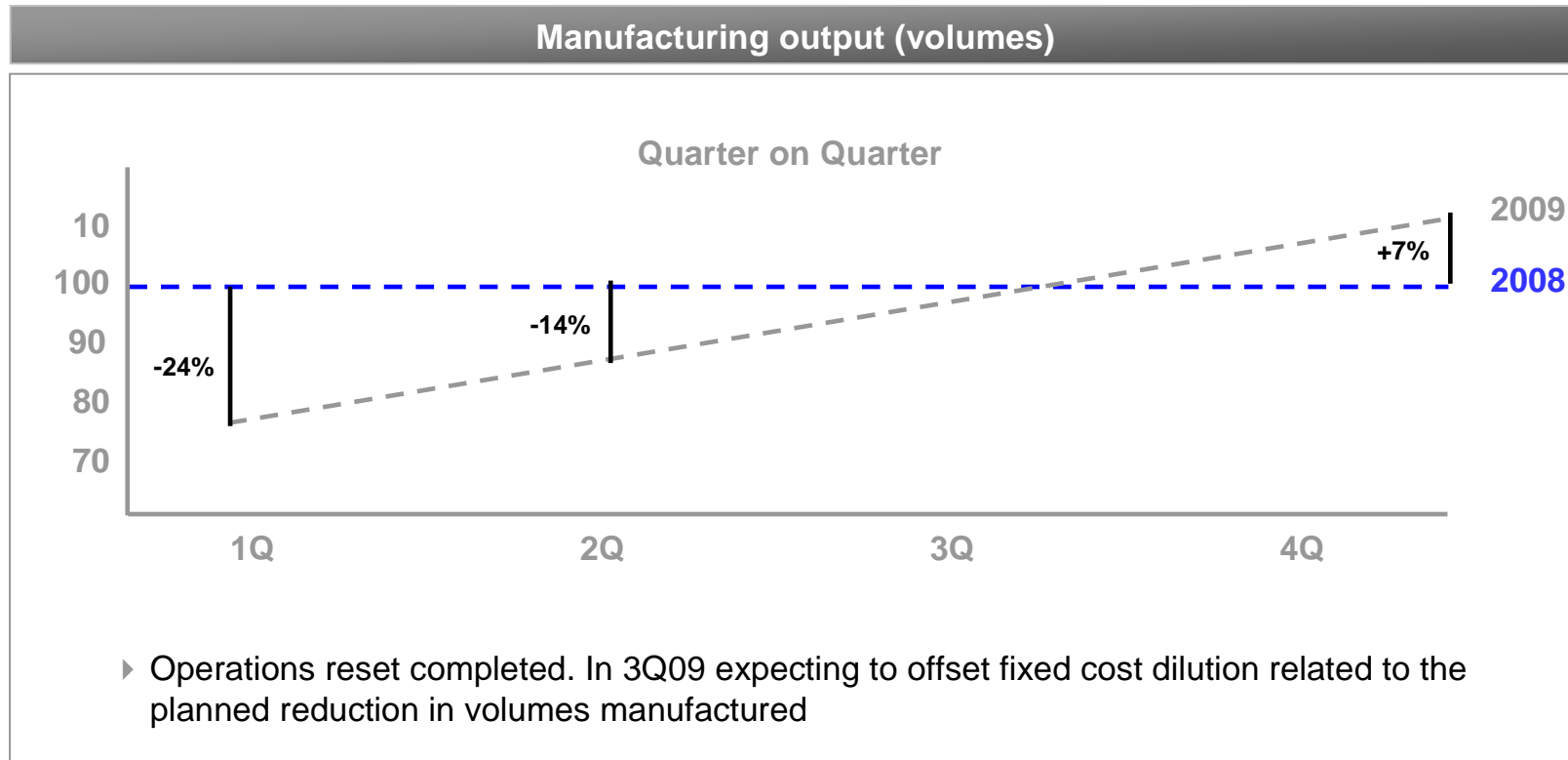
(1) EBITDA, EBITDA margin and EPS before trademark amortization are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.

# Wholesale overview

## Wholesale improvements over the quarter

- ▶ 2Q09 wholesale sales almost in line with 2Q08 and 2Q07 peaks
- ▶ June portfolio orders: +7% YOY
  - Change in trend since March, solid web and phone replenishment orders
- ▶ STARS
  - Currently 863 clients, on track to reach over 1,100
  - Positive like-for-like performance in May and June
- ▶ Brand performance
  - No major changes in trend vs. previous quarter
  - Ray-Ban and Oakley outperforming the portfolio
  - Luxury brands showing slightly better results, still suffering
  - Better sun season vs. 2008, especially in Europe
- ▶ Cost efficiencies at all P&L lines
  - return policies, samples management, commercial organization, alternative models of serving clients, G&A and advertising

# Operations overview



**Reaping full benefits of operations resize**

# Oakley 2Q09 overview

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- ▶ Sales increased 4% in US\$ (wholesale +6%, retail +2%)
- ▶ Positive growth in both optics and AFA
- ▶ Positive growth in all geographic regions, led by Americas and EMEA
  - Integration efforts in continental Europe providing continued positive growth
- ▶ Oakley retail comps, and Oakley comps within Luxottica retail outpaced the general eyewear category
- ▶ US growth led by Military, National Accounts, and Oakley websites
- ▶ New sports performance styles (Jawbone) and Rx styles (Drill Bit) well received in the market
- ▶ Excellent brand exposure in sporting events
  - Tour de France
  - US Golf Open

# 2009: Oakley product introductions

## Sport Performance



**JAWBONE**

## Elite



**PIT BOSS**

## Custom



**TEAM COLORS**

## Women



**COMMIT**

# Optical Retail overview: North America

## Retail North America

- ▶ Solid comp sales continue at “value segment” Licensed Brands; “premium segment” LensCrafters and Pearle Vision were negative in 2Q
- ▶ LensCrafters and Pearle Vision were hurt in 2Q by disappointing sun sales (almost 20% of mix)
  - Sun business down 19%
  - Prescription business stable versus 1Q (slightly impacted by Easter shift and LensCrafters promo timing extending into 3Q)
- ▶ July comps for the optical business have turned positive
- ▶ Continued pull back and trade-down of uninsured customers (70% of our business)
- ▶ New brand advertising campaigns launched for LensCrafters and Pearle Vision
  - “LensCrafters loves eyes, eyes love LensCrafters”
  - “Pearle: A different kind of Optical”
- ▶ Ongoing aggressive cost controls helped mitigate sales performance
  - Cross functional areas focused on additional efficiencies to improve profitability

# Sunglass Hut overview

## New global sun and luxury retail business units, organizational changes underway

- ▶ Very positive performance outside North America
  - Particularly good performance in department stores in Australia
  - Results in UK helped by the combination of Sunglass Hut and David Clulow businesses
- ▶ Challenging but improving environment persists in North America
  - Sunglass Hut brand equity remains very strong – attracting new customers, younger generation
  - Improving customer satisfaction indexes
  - Luxury brands suffering more, but special initiatives are helping performance
- ▶ Successful new initiatives
  - Ray-Ban Tech launched successfully in North America: during the front door program in best locations, it represented 12% of Ray-Ban mix, increasing Ray-Ban AUR by 6%
  - Exclusive partnerships: “Prada at Sunglass Hut” was the first, others to come
  - Polarized lenses increased from 42% to 45% in 1H09 vs. 1H08
- ▶ Improving traffic data and sales at [www.sunglasshut.com](http://www.sunglasshut.com) e-commerce platform
  - Only nine months old, on track to exceed 1% of Sunglass Hut sales in 2009

# Special initiative: Prada at Sunglass Hut

## Prada eyewear concept store: a successful initiative

- ▶ Prada eyewear concept store at Sunglass Hut, NY Rockefeller Center - offered only Prada eyewear as well as Prada exclusives & special editions for one week
- ▶ Approx. 900 stores involved
  - Eyewear concept store at Sunglass Hut at NY Rockefeller Center
  - Full store personalization: 7 stores
  - Extended window customization: 100 stores
  - Prada front doors: 800 stores
- ▶ YTD Prada sales in Sunglass Hut moved from -17% to flat and still improving



# A season of special editions

## Chanel – Sunshine

- ▶ 2009 first special edition
- ▶ Two unique and exclusive styles from the “Boutique” collection
  - €250 – US\$325 (suggested retail price)
  - 25,000 units
- ▶ Ready to ship in May



## Versace @ Sunglass Hut



- ▶ Exclusive color for Sunglass Hut in US in April
- ▶ “Exclusive for Sunglass Hut” engraved on the internal side of the temple

## D&G – New Trend

- ▶ 4 cutting-edge styles in trendy colours for both frames and lenses
- ▶ Affordable pricing: €129 – US\$135 (suggested retail price)
- ▶ Collection developed in only 50 days!  
Shipped beginning of June



# What's new

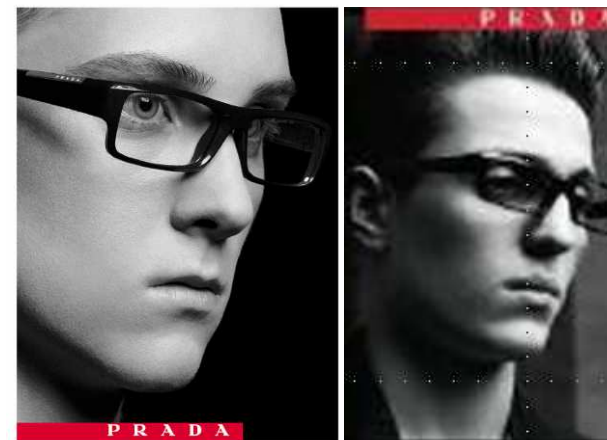
Acquired a 40% stake in Multiópticas International



Launching Stella McCartney collection



Launching Tory Burch collection



Launched Rx Prada Linea Rossa collection

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## Conclusions

# Drawing some conclusions

- ▶ The industry structural reset is still underway...
  - ...we believe the worst is over
  - ...we are ready to either reap the benefits of market recovery or to face further deterioration
  
- ▶ Our approach – to be quick, simple and adaptive
  - Biggest achievement: free cash flow<sub>(1)</sub> generation of €338 million in 1H09 (€78 million and €260 million in 1Q09 and 2Q09, respectively)
  
- ▶ An easier comparison for 2H is expected, but visibility remains low
  
- ▶ July maintaining a positive trend

(1) Free cash flow is not a US GAAP measure. For additional disclosure regarding non-US GAAP measures and a reconciliation to US GAAP measures, see Appendix.

# OneSight<sup>SM</sup> Foundation

**OneSight, a Luxottica Group Foundation, our mission is** to restore and preserve clear vision for 250 million adults and children in need worldwide who cannot afford basic eye care. Our Vision is a world where vision care is a reality for everyone. Through OneSight, we use our business expertise in eye care and eyewear to give back to those in need.



## 1H activities:

- ▶ Global Eye Care: seven Global Clinics to Guatemala, Mexico and Thailand, 97,872 people helped
- ▶ Regional Eye Care: 26 Regional and Vision Van Clinics across North America and Australia, 16,754 helped
- ▶ Community Eye Care: more than 62,000 helped through in-store and outreach programs in communities across North America
- ▶ Preventative Eye Care: six grants totaling \$106,000 to research cures for preventable blindness

*Ten-year old Jamie had always been a good student, but recently her grades began to slip – especially in her best subject, reading. Concerned, her mother brought her to a OneSight Clinic for an exam. Doctors quickly realized her grades were slipping because she was having difficulty seeing. When she got her glasses, she looked around in awe and was thrilled to realize she would be able to read and do better in school. **Honduras Clinic, 2009***



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## Appendix

# Retail comparable store sales<sup>(1)</sup>

	2Q09	1H09
Optical North America		
▶ LensCrafters, Pearle Vision	-10.7%	-9.2%
▶ Licensed brands	+2.2%	+6.1%
Optical Australia/New Zealand	-3.4%	-0.9%
Sunglass Hut worldwide	-9.1%	-10.1%

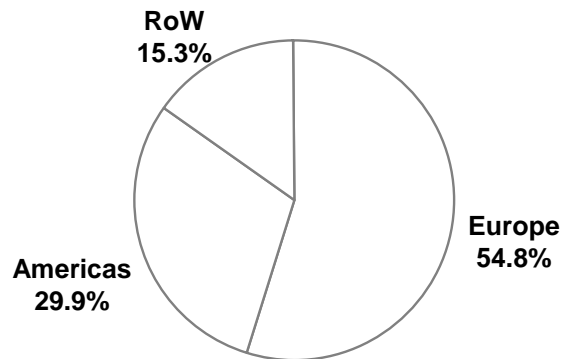
(1) Comparable store sales reflects the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period, and applies to both periods the average exchange rate for the prior period and the same geographic area. The table does not include Oakley retail sales.

# Wholesale sales breakdown

## Sales breakdown for 2Q09

Wholesale sales decreased by 3.0%<sub>(1)</sub>

(Sales breakdown by region, 2Q09)



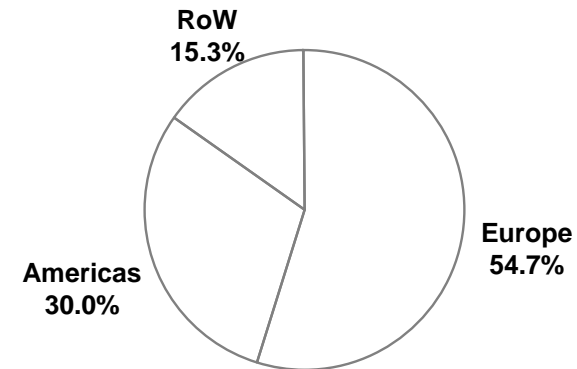
(YoY% changes by region, 2Q09)<sub>(1)</sub>

- ▶ Europe: -1.9%
- ▶ Americas: -9.9%
- ▶ RoW: +8.0%

## Sales breakdown for 1H09

Wholesale sales decreased by 11.7%<sub>(1)</sub>

(Sales breakdown by region, 1H09)



(YoY% changes by region, 1H09)<sub>(1)</sub>

- ▶ Europe: -12.6%
- ▶ Americas: -9.1%
- ▶ RoW: -13.3%

(1) Wholesale sales, at constant exchange rates

# Non-US GAAP measures: EPS before trademark amortization

**Earnings per share before trademark amortization:** Earnings per share (EPS) before trademark amortization means earnings per share before trademark and other similar intangible asset amortization expense, net of taxes, per share. The Company believes that EPS before trademark amortization is useful to both management and investors in evaluating the Company's operating performance and prospects compared to that of other companies in its industry. Our calculation of EPS before trademark amortization allows us to compare our earnings per share with those of other companies without giving effect to the accounting effects of the amortization of the Company's trademarks and other similar intangible assets, which may vary for different companies for reasons unrelated to the overall operating performance of a company's business.

EPS before trademark amortization is not a measure of performance under accounting principles generally accepted in the United States (U.S. GAAP). We include it in this presentation in order to:

- ▶ improve transparency for investors;
- ▶ assist investors in their assessment of the Company's operating performance;
- ▶ ensure that this measure is fully understood in light of how the Company evaluates its operating results;
- ▶ properly define the metrics used and confirm their calculation; and
- ▶ share this measure with all investors at the same time.

EPS before trademark amortization is not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with U.S. GAAP. Rather, this non-GAAP measure should be used as a supplement to U.S. GAAP results to assist the reader in better understanding the operational performance of the Company. The Company cautions that this measure is not a defined term under U.S. GAAP and its definition should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EPS before trademark amortization may differ from methods used by other companies. The Company recognizes that the usefulness of EPS before trademark amortization as an evaluative tool may have certain limitations, including:

- ▶ EPS before trademark amortization does not include the effects of amortization of the Company's trademarks and other intangible assets. Because trademarks and other intangible assets are important to our business and to our ability to generate sales, we consider trademark amortization expense as a necessary element of our costs. Therefore, any measure that excludes trademark amortization expense may have material limitations.

We compensate for these limitations by using EPS before trademark amortization as one of several comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of our operating performance.

See the tables on the following pages for a reconciliation of EPS before trademark amortization to EPS, which is the most directly comparable U.S. GAAP financial measure.

# Non-US GAAP measures: EPS before trademark amortization

Millions of Euro, unless otherwise noted

	2Q09	2Q08	Δ
Trademark amortization and other similar intangible assets (+)	20	19	
Taxes on trademark amortization and other similar intangible assets (-)	(7)	(7)	
Trademark amortization and other similar intangible assets, net of taxes (=)	13	12	
Average number of shares outstanding as of June 30 (in thousands) (/)	457,076	456,481	
<b>Trademark amortization and other similar intangible assets, net of taxes, per share (=)</b>	<b>0.03</b>	<b>0.03</b>	
<b>EPS (+)</b>	<b>0.25</b>	<b>0.29</b>	-12.9%
<b>EPS before trademark amortization and other similar intangible assets, net of taxes (=)</b>	<b>0.28</b>	<b>0.32</b>	-11.4%

# Non-US GAAP measures: EPS before trademark amortization

Millions of Euro, unless otherwise noted

	1H09	1H08	Δ
Trademark amortization and other similar intangible assets (+)	41	41	
Taxes on trademark amortization and other similar intangible assets (-)	(15)	(15)	
Trademark amortization and other similar intangible assets, net of taxes (=)	26	26	
Average number of shares outstanding as of June 30 (in thousands) (/)	457,054	456,410	
<b>Trademark amortization and other similar intangible assets, net of taxes, per share (=)</b>	<b>0.06</b>	<b>0.05</b>	
<b>EPS (+)</b>	<b>0.43</b>	<b>0.52</b>	-17.1%
<b>EPS before trademark amortization and other similar intangible assets, net of taxes (=)</b>	<b>0.49</b>	<b>0.57</b>	-15.3%

# Non-US GAAP measures: EBITDA and EBITDA margin

**EBITDA** represents operating income before depreciation and amortization. **EBITDA margin** means EBITDA divided by net sales. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared to that of other companies in its 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 and EBITDA margin are not measures of performance under accounting principles generally accepted in the United States (US GAAP). We include them in this presentation 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.

EBITDA and EBITDA margin are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with US GAAP. Rather, these non-GAAP measures should be used as a supplement to US GAAP results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these measures are not defined terms under US GAAP and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EBITDA may differ from methods used by other companies. The Company recognizes 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.

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

See the tables on the following pages for a reconciliation of EBITDA to operating income, which is the most directly comparable US GAAP financial measure, as well as the calculation of EBITDA margin on net sales.

# Non-US GAAP measures: EBITDA

Millions of Euro

	1H08 (-)	FY08 +	1H09 +	LTM June 30, 2009
Operating income (+)	(437.2)	749.8	362.7	675.2
Depreciation & amortization (+)	(132.8)	264.9	144.3	276.4
EBITDA (=)	(570.0)	1,014.7	506.9	951.6
EBITDA at avg. exchange rates for the period <sup>(1)</sup>	(598.6)	1,051.9	506.9	960.1

(1) Calculated using the six-month average exchange rate as of June 30, 2009

# Non-US GAAP measures: EBITDA

Millions of Euro

	1Q08 (-)	FY08 +	1Q09 +	LTM March 31, 2009
Operating income (+)	(207.1)	749.8	156.7	699.4
Depreciation & amortization (+)	(68.3)	264.9	72.9	269.5
EBITDA (=)	(275.3)	1,014.7	229.6	969.0
EBITDA at avg. exchange rates for the period <sup>(1)</sup>	(284.2)	1,064.8	229.6	1,010.1

(1) Calculated using the three-month average exchange rate as of March 31, 2009

# Non-US GAAP measures: EBITDA and EBITDA margin

Millions of Euro

	2Q09	2Q08
Operating income (+)	206.0	230.2
Depreciation & amortization (+)	71.4	64.5
EBITDA (=)	277.3	294.7
Net sales (/)	1,401.6	1,354.4
EBITDA margin (=)	19.8%	21.8%

# Non-US GAAP measures: EBITDA and EBITDA margin

Millions of Euro

	1H09	1H08
Operating income (+)	362.7	437.2
Depreciation & amortization (+)	144.3	132.8
EBITDA (=)	506.9	570.0
Net sales (/)	2,714.0	2,753.1
EBITDA margin (=)	18.7%	20.7%

# Non-US GAAP measures: Net debt to EBITDA ratio

**Net debt to EBITDA ratio:** Net debt means the sum of bank overdrafts, current portion of long-term debt and long-term debt, less cash. EBITDA represents operating income before depreciation and amortization. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared to that of other companies in its 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. The ratio of net debt to EBITDA is a measure used by management to assess the Company's level of leverage, which affects our ability to refinance our debt as it matures and incur additional indebtedness to invest in new business opportunities. The ratio also allows management to assess the cost of existing debt since it affects the interest rates charged by the Company's lenders.

EBITDA and the ratio of net debt to EBITDA are not measures of performance under accounting principles generally accepted in the United States (US GAAP). We include them in this presentation 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.

EBITDA and the ratio of net debt to EBITDA are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with US GAAP. Rather, these non-GAAP measures should be used as a supplement to US GAAP results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these measures are not defined terms under US GAAP and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EBITDA and the ratio of net debt to EBITDA may differ from methods used by other companies. The Company recognizes that the usefulness of EBITDA and the ratio of net debt to EBITDA as evaluative tools may have 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; and
- ▶ The ratio of net debt to EBITDA is net of cash and cash equivalents, restricted cash and short-term investments, thereby reducing our debt position. Because we may not be able to use our cash to reduce our debt on a dollar-for-dollar basis, this measure may have material limitations.

We compensate for the foregoing limitations by using EBITDA and the ratio of net debt to EBITDA as two of several comparative tools, together with US GAAP measurements, to assist in the evaluation of our operating performance and leverage.

See the tables on the following pages for a reconciliation of net debt to long-term debt, which is the most directly comparable US GAAP financial measure, as well as the calculation of the ratio of net debt to EBITDA. For a reconciliation of EBITDA to operating income, which is the most directly comparable US GAAP financial measure, see the tables on the preceding pages.

# Non-US GAAP measures: Net debt and net debt/EBITDA

Millions of Euro

	March 31, 2009	June 30, 2009
Long-term debt (+)	2,453.6	2,485.9
Current portion of long-term debt (+)	395.6	223.1
Bank overdrafts (+)	341.2	228.6
Cash (-)	(227.0)	(310.3)
<b>Net debt (=)</b>	<b>2,963.4</b>	<b>2,627.3</b>
EBITDA LTM	969.0	951.6
<b>Net debt/EBITDA</b>	<b>3.1x</b>	<b>2.8x</b>
Net debt @ avg. exchange rates <sub>(1)</sub>	2,993.5	2,702.8
EBITDA @ avg. exchange rates <sub>(1)</sub>	1,010.1	960.1
<b>Net debt/EBITDA @ avg. exchange rates<sub>(1)</sub></b>	<b>3.0x</b>	<b>2.8x</b>

(1) Calculated using the three-month average exchange rate as of March 31, 2009 and six-month average exchange rate as of June 30, 2009, respectively

# Non-US GAAP measures: Free cash flow

**Free cash flow** represents income from operations before depreciation and amortization (i.e. EBITDA, see appendix on page 28), plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and net charges for extraordinary items, minus taxes paid. The Company believes that free cash flow is useful to both management and investors in evaluating the Company's operating performance compared to other companies in its industry. In particular, our calculation of free cash flow provides a clearer picture of the Company's ability to generate net cash from operations, which may be used, among other things, to fund discretionary investments, pay dividends or pursue other strategic opportunities.

Free cash flow is not a measure of performance under accounting principles generally accepted in the United States (US GAAP). We include it in this presentation in order to:

- Improve transparency for investors;
- Assist investors in their assessment of the Company's 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 the Company evaluates its operating results;
- Properly define the metrics used and confirm their calculation; and
- Share this measure with all investors at the same time.

Free cash flow is not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with US GAAP. Rather, this non-GAAP measure should be used as a supplement to US GAAP results to assist the reader in better understanding the operational performance of the Company. The Company cautions that this measure is not a defined term under US GAAP and its definition should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculation of free cash flow may differ from methods used by other companies. The Company recognizes that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

- The manner in which the Company 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 the Company's discretion if the Company takes 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 US GAAP measurements, to assist in the evaluation of our operating performance.

See the tables on pages 7 and 37 and pages 31 and 36 for a reconciliation of free cash flow to EBITDA and EBITDA to income from operations, respectively, which is the most directly comparable US GAAP financial measure.

# Non-US GAAP measures: EBITDA

Millions of Euro

	1Q09 +
Operating income (+)	156.7
Depreciation & amortization (+)	72.9
EBITDA (=)	229.6

(1) Calculated using the three-month average exchange rate as of March 31, 2009

# Non-US GAAP measures: Free cash flow

Millions of Euro

	1Q09
<b>EBITDA</b>	<b>230</b>
Δ working capital	(35)
Capex	(45)
<b>Operating cash flow</b>	<b>150</b>
Financial charges <sup>(1)</sup>	(27)
Taxes	(44)
Extraordinary charges <sup>(2)</sup>	(2)
<b>Free cash flow</b>	<b>78</b>

(1) Equals interest income minus interest expenses

(2) Equals extraordinary income minus extraordinary expenses

# Segmental information

In accordance with SFAS No.131 "Disclosures about Segments of an Enterprise and Related Information", since 1998 Luxottica Group has reported disaggregated information for the following operating segments: Manufacturing and Wholesale Distribution, and Retail Distribution. Consistently with Management's approach to review the results of each operating segment for purposes of making decisions with regard to resource allocation and performance evaluation, net sales and income from operations for each reported segment have been calculated as follows:

- ▶ Manufacturing and Wholesale distribution:
  - Net sales includes both sales to third-party customers *and* inter-company sales to the Retail Distribution segment, based on the actual transfer price from the wholesale entity to the retail entity;
  - Income from operations is related to total sales, i.e. income generated not only from sales to third-party customers *but also* from the inter-company sales to the Retail Distribution segment (so-called "manufacturing profit" generated on the retail sales);
- ▶ Retail distribution :
  - Net sales to the retail consumers are included;
  - Income from operations is related to the retail sales, considering the cost of goods acquired from the Wholesale segment at their *actual transfer price*, therefore *excluding* the so-called "manufacturing profit" of those sales, which is reported instead under the Manufacturing and Wholesale Distribution segment's income from operations;

The Inter-Segment Transactions and Corporate Adjustments column shows the reconciliation to the Consolidated US GAAP results:

- ▶ At Net Sales level, the elimination of inter-company sales from the Manufacturing and Wholesale segment to the Retail segment, as described above;
- ▶ At Income from Operations level, the sum of *three* different effects:
  - profit-in-stock elimination: represents the elimination of the "manufacturing profit" reported under the Wholesale segment for those goods sold to the Retail segment but not yet sold to the final retail customers (i.e. still "sitting" in inventory);
  - corporate costs not allocated to a specific segment: typically, costs relating to the top management, board of directors, listing and investor's relation cost, etc; and
  - amortization of acquired intangible assets.

However, following several changes over recent years within Luxottica Group's organizational structure described below, Management has decided, beginning in 2009, to use a different methodology to review the results of each segment for performance evaluation purposes:

- ▶ the recent integration of Oakley, which, on one hand, has increased significantly the volume of inter-company transactions from the Manufacturing and Wholesale to the Retail segment, but, on the other hand, has diminished the significance of those transactions for evaluating the performance of the Manufacturing and Wholesale segment;
- ▶ the 2009 update to the Transfer Pricing Policy applied within the Group according to the continually evolving regulations issued by tax authorities in many different countries where Luxottica operates, thus diminishing the significance of the transfer price for "splitting" the manufacturing profit from the retail profit between the two segments; and
- ▶ the increased use of full profitability measures (i.e. adding manufacturing profit to the retail profit) when making decisions regarding product and brand allocation within the Retail Distribution segment.

# Segmental information

Therefore it is the opinion of Management that, for 2009, the method described above for reporting disaggregated information by business segment could be not fully aligned with the new method used to review the information. Accordingly, in 2009 and in compliance with SFAS 131 requirements, the Segment Reporting information has changed as described below.

Net sales and income from operations for each reporting segment are now being calculated as follows:

- ▶ Manufacturing and Wholesale distribution :
  - Net Sales will include sales to third-party customers *only*; inter-company sales to the Retail Distribution segment will not be included;
  - Therefore, Income from Operations will be related to net sales to third-party customers *only*; the so-called “manufacturing profit” generated on the inter-company sales to the Retail Distribution segment will not be included in this segment;
- ▶ Retail distribution :
  - Net sales to the retail consumers are included;
  - Income from Operations will be related to the retail sales, considering the cost of goods acquired from the Manufacturing and Wholesale Distribution segment at *manufacturing cost*, therefore *including* the so-called “manufacturing profit” of those sales, no longer reported under the Manufacturing and Wholesale Distribution segment’s income from operations;

**The Inter-Segment Transactions and Corporate Adjustments column will be modified as follows:**

- ▶ Net sales will become inapplicable, since there will be no inter-company sales between the segments. The sum of third-party wholesale sales and retail sales will match the consolidated net sales figures;
- ▶ Income from operations will be the sum of the following *two* different effects, since the profit-in-stock will not be required to be eliminated in consolidation:
  - corporate costs not allocated to a specific segment; and
  - amortization of acquired intangible assets.

This method of reporting segmental information is in compliance with SFAS No.131 requirements.

**For the purpose of providing comparability with financial information from previous periods, we are including at the end of this explanation 2008 quarterly segment data prepared in accordance with the revised methodology described above.**

The combined effect from the revised methodology on 2008 results would be the following:

- ▶ a reduction in Manufacturing and Wholesale Distribution segment sales and operating margin, due to the elimination of sales and profits related to the inter-company sales to the Retail Distribution segment;
- ▶ an increase in the Retail Distribution segment’s profitability, due to the inclusion of the manufacturing profit generated by the Group on the inter-company sale of its manufactured goods;
- ▶ a less volatile operating loss reported under the Corporate Adjustments column (due to the elimination of the profit-in-stock adjustment); and
- ▶ Total Consolidated Net Sales and Income from Operations remain, of course, unchanged.

# Consolidated financial highlights for the three-month period ended March 31, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
<b>2008</b>				
Net Sales	712,264	779,142	(92,702)	1,398,703
Operating income	172,765	67,305	(33,013)	207,057
<i>% of sales</i>	<i>24.3%</i>	<i>8.6%</i>		<i>14.8%</i>
<b>2008 REVISED</b>				
Net Sales	619,561	779,142	-	1,398,703
Operating income	156,732	84,482	(34,157)	207,057
<i>% of sales</i>	<i>25.3%</i>	<i>10.8%</i>		<i>14.8%</i>

# Consolidated financial highlights for the three-month period ended June 30, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
<b>2008</b>				
Net Sales	692,215	771,060	(108,832)	1,354,442
Operating income	173,484	86,243	(29,551)	230,177
<i>% of sales</i>	<i>25.1%</i>	<i>11.2%</i>		<i>17.0%</i>
<b>2008 REVISED</b>				
Net Sales	583,382	771,060	-	1,354,442
Operating income	147,711	119,587	(37,121)	230,177
<i>% of sales</i>	<i>25.3%</i>	<i>15.5%</i>		<i>17.0%</i>

# Consolidated financial highlights for the six-month period ended June 30, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
<b>2008</b>				
Net Sales	1,404,478	1,550,201	(201,535)	2,753,145
Operating income	346,249	153,549	(62,564)	437,234
<i>% of sales</i>	<i>24.7%</i>	<i>9.9%</i>		<i>15.9%</i>
<b>2008 REVISED</b>				
Net Sales	1,202,943	1,550,201	-	2,753,145
Operating income	304,443	204,069	(71,278)	437,234
<i>% of sales</i>	<i>25.3%</i>	<i>13.2%</i>		<i>15.9%</i>

# Consolidated financial highlights for the three-month period ended September 30, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
<b>2008</b>				
Net Sales	522,063	782,190	(92,263)	1,211,991
Operating income	105,143	95,452	(5,514)	195,081
<i>% of sales</i>	<i>20.1%</i>	<i>12.2%</i>		<i>16.1%</i>
<b>2008 REVISED</b>				
Net Sales	429,801	782,190	-	1,211,991
Operating income	69,981	138,343	(13,243)	195,081
<i>% of sales</i>	<i>16.3%</i>	<i>17.7%</i>		<i>16.1%</i>

# Consolidated financial highlights for the nine-month period ended September 30, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
<b>2008</b>				
Net Sales	1,926,542	2,332,392	(293,798)	3,965,136
Operating income	451,392	249,001	(68,078)	632,314
<i>% of sales</i>	<i>23.4%</i>	<i>10.7%</i>		<i>15.9%</i>
<b>2008 REVISED</b>				
Net Sales	1,632,744	2,332,392	-	3,965,136
Operating income	374,424	342,412	(84,521)	632,314
<i>% of sales</i>	<i>22.9%</i>	<i>14.7%</i>		<i>15.9%</i>

# Consolidated financial highlights for the three-month period ended December 31, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
<b>2008</b>				
Net Sales	545,788	776,754	(86,066)	1,236,476
Operating income	94,115	42,469	(19,136)	117,448
<i>% of sales</i>	<i>17.2%</i>	<i>5.5%</i>		<i>9.5%</i>
<b>2008 REVISED</b>				
Net Sales	459,722	776,754	-	1,236,476
Operating income	65,533	88,153	(36,238)	117,448
<i>% of sales</i>	<i>14.3%</i>	<i>11.3%</i>		<i>9.5%</i>

# Consolidated financial highlights for the year ended December 31, 2008

thousands of EURO	Manufacturing and Wholesale	Retail	Corporate	Consolidated
<b>2008</b>				
Net Sales	2,472,330	3,109,146	(379,864)	5,201,611
Operating income	545,507	291,469	(87,214)	749,763
<i>% of sales</i>	<i>22.1%</i>	<i>9.4%</i>		<i>14.4%</i>
<b>2008 REVISED</b>				
Net Sales	2,092,465	3,109,146	-	5,201,611
Operating income	439,957	430,565	(120,759)	749,763
<i>% of sales</i>	<i>21.0%</i>	<i>13.8%</i>		<i>14.4%</i>

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