



**Global leader in  
eyewear**

*3Q08 Results*

# Safe Harbor Statement

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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 that are anticipated. Such risks and uncertainties include, but are not limited to, the ability to successfully integrate Oakley’s operations, the ability to realize expected synergies from the merger with Oakley, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to predict future economic conditions and changes in consumer preferences, 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, the ability to effectively integrate other recently acquired businesses, as well as other political, economic and technological factors and other risks referred to in Luxottica Group’s and Oakley’s filings with the US Securities and Exchange Commission.

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These forward-looking statements are made as of the date hereof and, under US securities regulation, Luxottica Group undertakes no obligation to subsequently update or revise the forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation.

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## ▶ 3Q08 Group results

- ▶ Outlook for FY 2008
- ▶ Comments on 3Q08 results
- ▶ The New Journey project update
- ▶ Conclusion
- ▶ Appendix

# 3Q08 Overview

## Macroeconomic environment continues to be tough

### Gaining market share worldwide

### Improving customers' satisfaction indexes

- ▶ LensCrafters: "customers - likely to return"<sup>(1)</sup> to 87% from 85% (top 2 boxes out of 5)
- ▶ Sunglass Hut: "customers - overall experience"<sup>(1)</sup> to 81% from 76% (top 2 boxes out of 5)
  - Best ever results from MYSTERY SHOPPING

### Continued investment in long-term projects

- ▶ Brands, stores, customers, people and IT systems
- ▶ 2008 Capex approx. €300 million, approx. 5.5% of Group sales

### Yet another quarter of solid free cash flow<sup>(2)</sup> generation

- ▶ Over €180 million of free cash flow<sup>(2)</sup>

### Good control of working capital

- ▶ In 4Q readjusting production to keep inventories under control

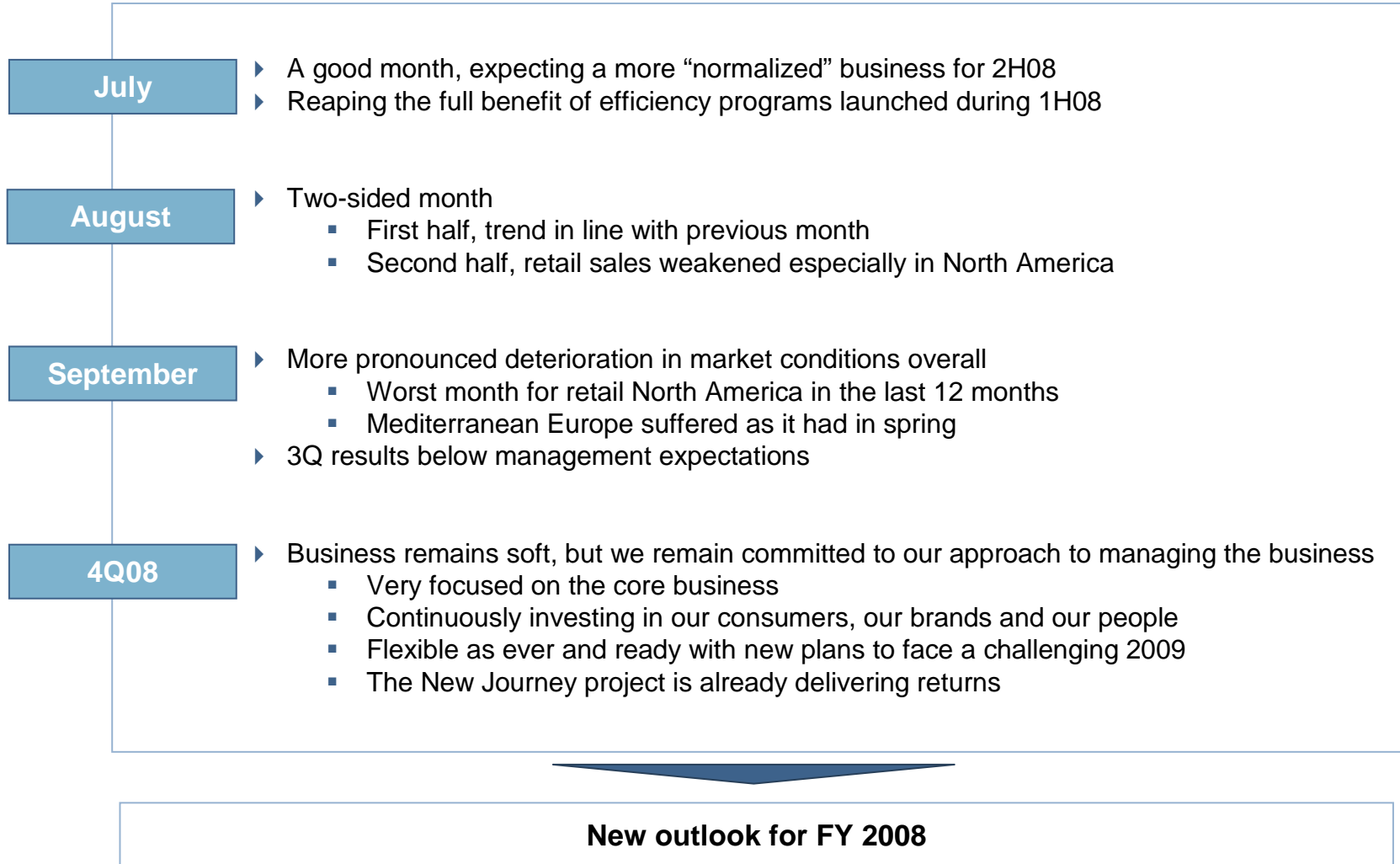
**3Q08 EPS before trademark amortization<sup>(1)</sup>:** ▶ US\$0.37 vs. US\$0.36 3Q07  
▶ €0.25 vs. €0.26 3Q07

(1) Internal survey

(2) Free cash flow and EPS before trademark amortization are not US GAAP measures. For additional disclosure regarding non-US GAAP measures and reconciliation to US GAAP measures, see Appendix.

# 3Q08 Trend developments

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# Reacting to worsening market scenario

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## Building for 2009

### **The New Journey project**

- ▶ Results already reflect better efficiency and visibility for Oakley in Europe, travel retail and emerging markets
- ▶ A number of projects are already implemented and providing value
- ▶ Nearly one year after the closing, the way forward is clear

### **Ready for a challenging 2009**

#### Priorities

- ▶ Approach: cautious, quick and flexible
- ▶ Brands: continuing to invest, do not seek short term cuts
- ▶ Customers: working to be ready to get even closer to our top
- ▶ Products: innovation, innovation, innovation
- ▶ Efficiency: current planning to provide benefits soon

# 3Q08 Financial Highlights

Consolidated Income Statement, Millions of Euro

	3Q08	3Q07	Δ at current exchange rates	Δ at constant exchange rates
<b>Net Sales</b>	<b>1,212.0</b>	<b>1,151.0</b>	<b>+5.3%</b>	<b>+12.8%</b>
<b>EBITDA<sub>(1)</sub></b>	<b>258.6</b>	<b>250.9</b>	<b>+3.1%</b>	<b>-</b>
<b>Operating Income</b>	<b>195.1</b>	<b>195.0</b>	<b>-</b>	<b>-</b>
<b>Financial charges<sub>(2)</sub></b>	<b>(31.6)</b>	<b>(16.0)</b>	<b>+97.5%</b>	<b>-</b>
<b>Net income</b>	<b>104.6</b>	<b>112.4</b>	<b>-7.0%</b>	<b>-</b>

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

(2) Equals interest income minus interest expenses

# 3Q08 EPS

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	<u>3Q08 vs. 3Q07</u>
<b>EPS before trademark amortization<sub>(1)</sub></b>	
▶ in €	-7.4%
▶ in US\$	+1.5%
<b>EPS reported</b>	
▶ in €	-7.2%
▶ in US\$	+1.7%

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

# 3Q08 Group results

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<u>3Q08 vs. 3Q07</u>	
<b>Net sales</b>	
▶ reported at current exchange rates	+5.3%
▶ pro forma <sub>(1)</sub> at constant exchange rates	-2.7%
<b>EBITDA margin</b>	21.3%
▶ YoY change vs. pro forma <sub>(1)</sub>	-40 bps
<b>Operating margin</b>	16.1%
▶ YoY change vs. pro forma <sub>(1)</sub>	-30 bps

(1) Pro forma data reflects the inclusion of the consolidated results of Oakley, Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007

# 3Q08 Free cash flow and net debt

Millions of Euro

<b>EBITDA<sub>(1)</sub></b>	<b>259</b>
Δ working capital	81
Capex	(65)
<hr/>	
<b>Operating cash flow</b>	<b>274</b>
Financial charges <sub>(4)</sub>	(32)
Taxes	(54)
Extraordinary charges <sub>(5)</sub>	(2)
<hr/>	
<b>Free cash flow<sub>(1)</sub></b>	<b>186</b>

	June 30, 2008	Sept. 30, 2008	Δ
Net debt <sub>(1)</sub> (US\$)	(2,976)	(2,956)	+20
Net debt <sub>(1)</sub> (€)	(971)	(831)	+140
Translation adj. € 1 = US\$	1.5748	1.4081	(224)
<b>Net debt<sub>(1)</sub> (€)</b>	<b>(2,840)</b>	<b>(2,911)</b>	<b>(71)</b>
<hr/>			
<b>Net debt/EBITDA<sub>(1) (2)</sub></b>	<b>2.6x</b>	<b>2.8x</b>	
<hr/>			
<b>Net debt/EBITDA<sub>(1) (3)</sub> excluding exchange rate effect</b>	<b>2.8x</b>	<b>2.6x</b>	

(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 reconciliation to US GAAP measures, see Appendix.

(2) In the Net debt/EBITDA ratio, EBITDA is calculated for the 12 months ending on the respective date, on a pro forma basis, reflecting the inclusion of the consolidated results of Oakley Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007.

(3) The ratio is calculated translating the Net debt and EBITDA at the 6 month average exchange rate as of June 30, 2008 and the 9 month average exchange rate as of September 30, 2008, respectively

(4) Equals interest income minus interest expenses

(5) Equals extraordinary income minus extraordinary expenses

# 3Q08 Wholesale results

## Wholesale sales to third parties

- ▶ reported at current exchange rates
- ▶ pro forma<sub>(1)</sub> at constant exchange rates

## Operating margin

- ▶ YoY change vs. pro forma<sub>(1)</sub>

## 3Q08 vs. 3Q07

+37.5%

-0.7%

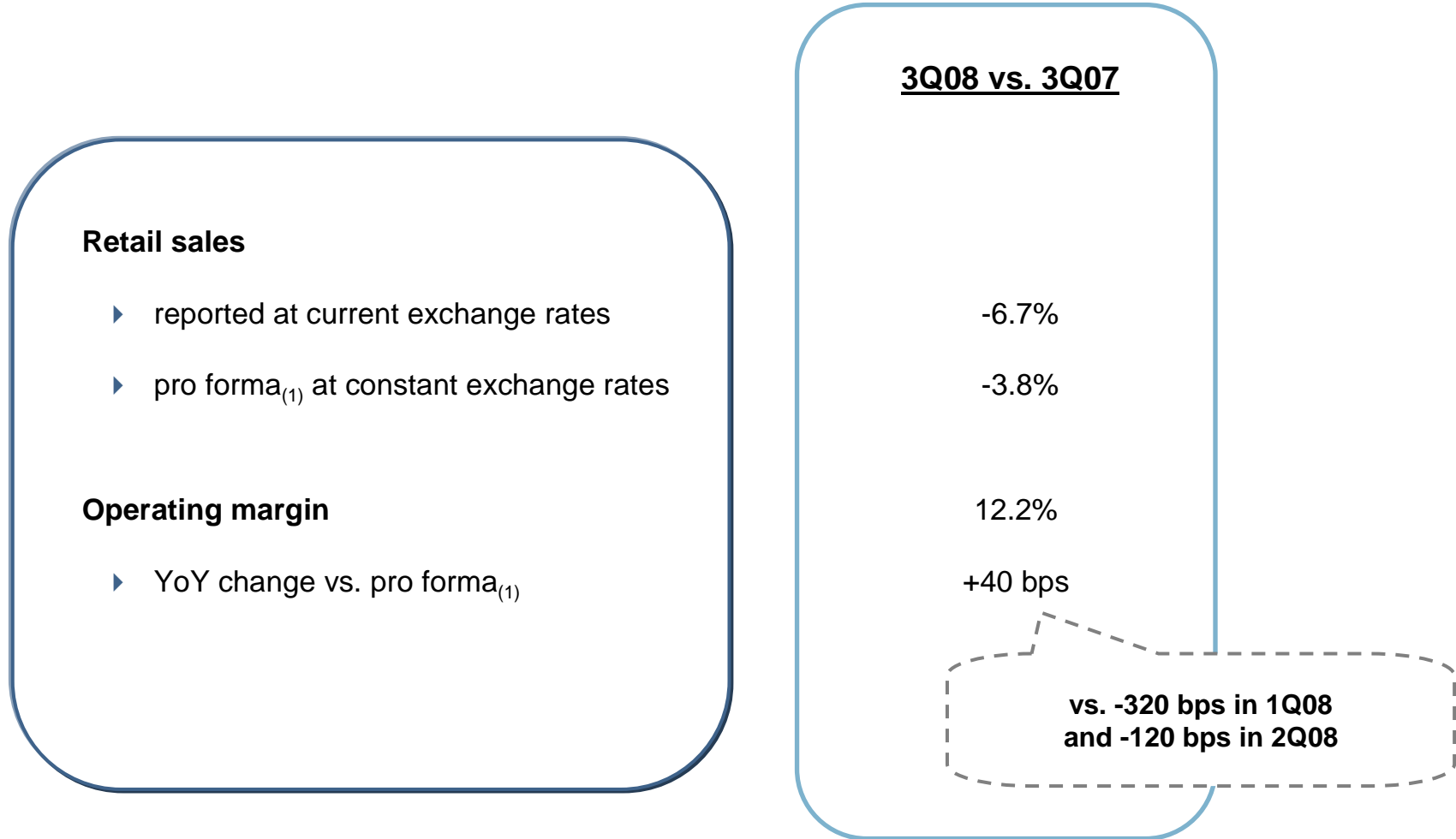
20.1%

-270 bps

**Mainly due to exchange rate effect (130bps) and Oakley one-time charges (approx. €8 million)**

(1) Pro forma data reflects the inclusion of the consolidated results of Oakley, Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007

# 3Q08 Retail results



(1) Pro forma data reflects the inclusion of the consolidated results of Oakley, Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007

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▶ 3Q08 Group results

▶ **Outlook for FY 2008**

▶ Comments on 3Q08 results

▶ The New Journey project update

▶ Conclusion

▶ Appendix

# FY08: the new outlook

Despite recent weakening of Euro vs. other currencies,  
Group results continue to be negatively impacted by exchange rates

	<b>February 7, 2008</b> <b>(€=US\$1.45)</b>	<b>New</b> <b>(€=US\$1.45)<sup>(2)</sup></b>	<b><u>Δ% New</u></b> <b><u>vs. previous year</u></b>
<b>EPS before trademark amortization<sup>(1)</sup></b>			
▶ €	1.22 – 1.25	1.06 – 1.08	-6%
▶ US\$	1.77 – 1.81	1.54 – 1.57	0%
<b>EPS reported</b>			
▶ €	1.11 – 1.14	0.96 – 0.98	-8%
▶ US\$	1.61 – 1.65	1.39 – 1.42	-2%

- ▶ **We are in the midst of uncertain times**
- ▶ **In 4Q08 for the first time this year, Group pro forma operating margin is expected to be up vs. 4Q07**
- ▶ **4Q07 EPS reflected an extraordinary gain related to foreign exchange transaction of approx. €16 million before taxes**

(1) EPS before trademark amortization is not a US GAAP measure. For additional disclosure regarding non-US GAAP measures and reconciliation to US GAAP measures, see Appendix  
(2) For ease of comparison, the new outlook is provided at the same €/US\$ exchange rate as the February outlook

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- ▶ 3Q08 Group results

- ▶ Outlook for FY 2008

- ▶ **Comments on 3Q08 results**

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# Overview: North America

	9M07 (pro forma) <sub>(1)</sub>	9M08	Δ%
<b>Total sales</b> (US\$ million)	<b>3,541.9</b>	<b>3,541.7</b>	-

## Retail

- ▶ Two-sided quarter
- ▶ September mall traffic very low
- ▶ Sunglass Hut more resilient (total sales YTD flat vs. LY)
- ▶ ILORI posted weekly record sales until September
- ▶ “O” stores still performing positively
- ▶ Optical business showing unchanged trend
  - Premium brands outperformed licensed brands

## Wholesale

- ▶ Ray-Ban and Oakley: very good results
- ▶ In September experienced slowdown overall
- ▶ Department stores are discovering a new idea: SUNGLASSES

**Diversified business model proving to be resilient**

(1) Pro forma sales figure for 9M07 includes the consolidated net sales of Oakley, Inc. as if Oakley had been acquired on January 1, 2007

# Retail North America

## Overview of 3Q08 results

Total retail sales in US\$ down by 5%<sub>(1)</sub>

### Retail comparable store sales<sub>(2)</sub>

	3Q08
Optical	
▶ LensCrafters, Pearle Vision	-6.6%
▶ Licensed brands	-16.8%
Sun <sub>(3)</sub>	-4.3%

**August – September: comps turned sharply negative as “back to school” increase never materialized**

**LensCrafters: A\$S per unit strong, but**

- ▶ Fewer “multiple pair” units purchased
- ▶ Fewer shoppers in malls
- ▶ Optical insurance customers used their benefits; non-insured pulled back
- ▶ Heavier presence in weakest regions (i.e. West Coast)

## Profit improving from cost-cutting actions

**Good profitability results achieved through lowered costs, streamlined processes, quality and service maintained**

- ▶ Operating margin in line with last year
- ▶ Customer satisfaction scores up across all brands

**Realizing continued benefits from previous quarters’ cost-cutting actions**

- ▶ Trimmed store labor force
- ▶ Rationalized field management
- ▶ Reduced G&A headcount, discretionary expenses
- ▶ Waste reduction initiatives
- ▶ Adjusted advertising expenses

**Our focus: continuing to operate efficiently while retooling sales approaches to drive top line in new consumer environment**

(1) Does not include Oakley Retail

(2) 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 sales.

(3) Sunglass Hut only

# Retail North America

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## Innovating and adjusting with a focus on each brand

### **LensCrafters**

- ▶ Driving mix of new lens technologies in optical and sun
- ▶ Delivering new merchandising/service program (“mind-blowing experience”) to improve conversion, A\$\$ and customer satisfaction
- ▶ Offering new Rx Sun products in all price points
- ▶ New advertising messages and media mix

### **Pearle Vision**

- ▶ Providing new franchise programs/incentives to drive frames and lenses revenues
- ▶ Offering new Rx Sun products in all price points
- ▶ Handling a surge of new insurance customers, from various sources/programs
- ▶ New advertising messages and media mix

### **Sunglass Hut**

- ▶ Introducing holiday “Gift Giving” and “Great Value” programs
- ▶ Continuing focus on major brands
- ▶ For the first time 2009 collection in stores for the Holiday Season
- ▶ Pushing the strongest-performing channels
- ▶ Launching new E-commerce site in mid-November using Oakley expertise/platform

# 3Q08 Wholesale

## Continuing strength

### 14th quarter in a row of double digit growth in sales<sup>(1)</sup>

- ▶ Combination of organic and external growth is paying off
- Market performance**
- ▶ **Continental Europe:** keeping up
- ▶ **Mediterranean Europe:** improved performance in July and August, deteriorated in September
- ▶ **US:** holding up but some slowdown
- ▶ **Japan:** negative performance
- ▶ **Emerging markets:** consistent trend of solid growth in sales and profit

### Brand performance

- ▶ **Ray-Ban and Oakley** continue to show great momentum
- ▶ **Ray-Ban:** Wayfarers #2 in global ranking
- ▶ **Oakley:** very hot across all regions. Oakley athletes having very successful season
- ▶ **Fashion and Premium:** resilient
- ▶ **Luxury:** showed weakness

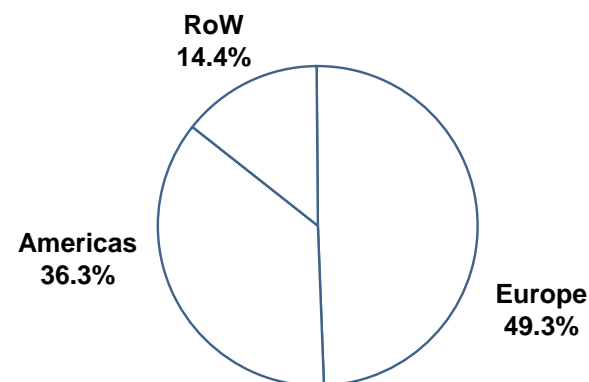
### Channels of trade

- ▶ Key accounts: keeping up
- ▶ Travel retail & department stores: doing well
- ▶ Big and medium independents: not bad and destocking
- ▶ Small independents: going down and destocking

## Sales breakdown for 3Q08

Wholesale sales to third parties increased by 43.0%<sup>(2)</sup>

(Sales breakdown by region, 3Q08)<sup>(1)</sup>



(YoY% changes by region, 3Q08)<sup>(2)</sup>

- ▶ Europe: +27.7%
- ▶ Americas: +57.6%
- ▶ RoW: +67.8%

(1) Wholesale sales to third parties

(2) Wholesale sales to third parties, at constant exchange rates



# Wayfarer Colorize KIT: To Accessorize your life with Color

A step ahead in Wayfarer mania: personalize in colors your own Wayfarer!

## 2006: Wayfarer re-launch

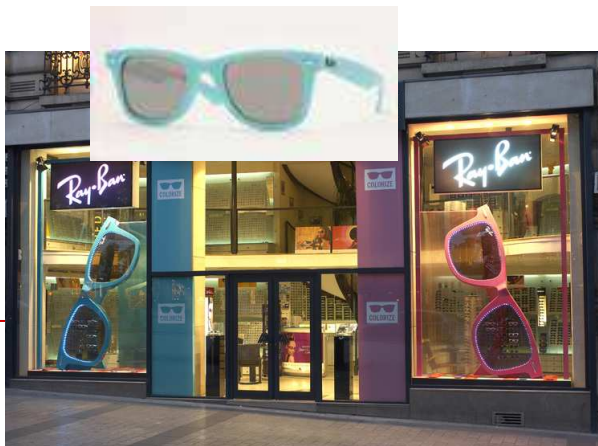
- ▶ Brand ambition was:
  - get inspired by glorious heritage
  - act to ensure long term leadership
  - Influence trend setters

## 2007: Wayfarer became #2 worldwide

- ▶ first choice of worldwide trend setters

## 2008: COLORIZE!

- ▶ An explosion of colors (over 30) to embrace consumers and to turn elite trend in mania
- ▶ Global PR, media and POS campaign
- ▶ YTD color represents 40% of Wayfarer sales



What's next for 2009? **WAYFARER COLORIZE KIT**

**A special fancy kit to personalize your Wayfarer with dedicated colored pens and stencil!**

- ▶ The unique opportunity to have a custom-made Wayfarer
- ▶ Special way to deepen the connection between consumers and Ray-Ban brand and product:  
**You can become your Wayfarer maker**
- ▶ Coming soon in selected distribution worldwide



# INCOGNITO - Persol Design Exhibition in Paris

***A unique brand and product experience, celebrating Persol heritage through interactive communication tools***

- An exploration of the abundant connections between the brand and the Design and Cinema fields
- A celebration of more than 90 years of product excellence
- Original and innovative displays (touch table, video wall)

***INCOGNITO goes international***

- At Palais de Tokyo, the epicenter of international contemporary art
- During FIAC, one of the most important European contemporary art fairs



# Oakley 3Q08 financial results

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**Total Sales +16% in US\$**

**Double-digit revenue growth in Optics and AFA**

**Significant double-digit revenue growth in US; mid-single-digit revenue growth Internationally**

- International growth balanced with particular strength in Australia, Brazil, Canada and Japan
- Europe integration complete and business improving versus earlier results

**In the US, both wholesale and retail channels performed well above market trends**

- Strong growth across US wholesale channel segments led by military/law enforcement, E-commerce, lifestyle accounts, department stores and LensCrafters
- Oakley retail comps +16.4%

# Oakley 3Q08 financial results

3Q08 results driven by consistent and balanced performance across our key initiatives



Retail



AFA



Optics Initiatives

- Sport
- Polarized
- Women's
- Rx frames & lenses



Key Collaborations

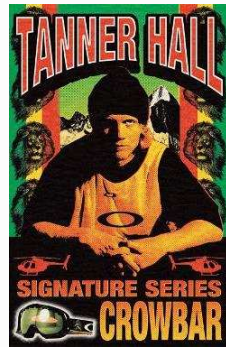


# 4Q08 Brand development and marketing

*In 4Q, we will drive our brand efforts with the same performance messages. We will continue to connect with stories and venues that connect with specific customer groups and spend more time directly with accounts and consumers to ensure the message breaks through the clutter....*



Sports Marketing



Consumer Connection



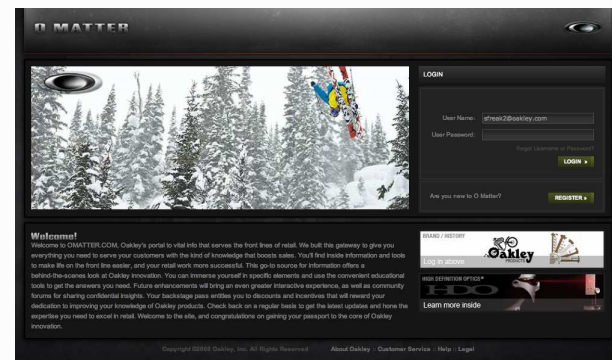
Revolution Tour II



Tour De Pink billboard



Seasonal Story Telling



Education and Training:  
launch of www.Omatter.com

# **Adjusting our business for the environment**

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## **Drive sales of more premium products**

- Polarized lenses
- Customized eyewear (including Holiday lens engraving)
- Technical outerwear

## **Drive sales of “equipment” (less sensitive to economy) – goggles, tech outerwear, military**

## **Utilize special editions/collaborations to drive retailer traffic, additional sales to loyalists**

## **Leverage E-commerce platform**

## **Shift marketing spending to be as close to retailer and consumer as possible**

## **Prudent expense management**

- 
- ▶ 3Q08 Group results
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# Leveraging manufacturing scale and capability

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## Now shifting from early cost reduction to driving competitive advantage through the supply chain

Delivered expected savings in overlapping purchases through vendor optimization and scale-based negotiation

Implemented process for sharing seasonal design information and sharing design and development learnings in both directions

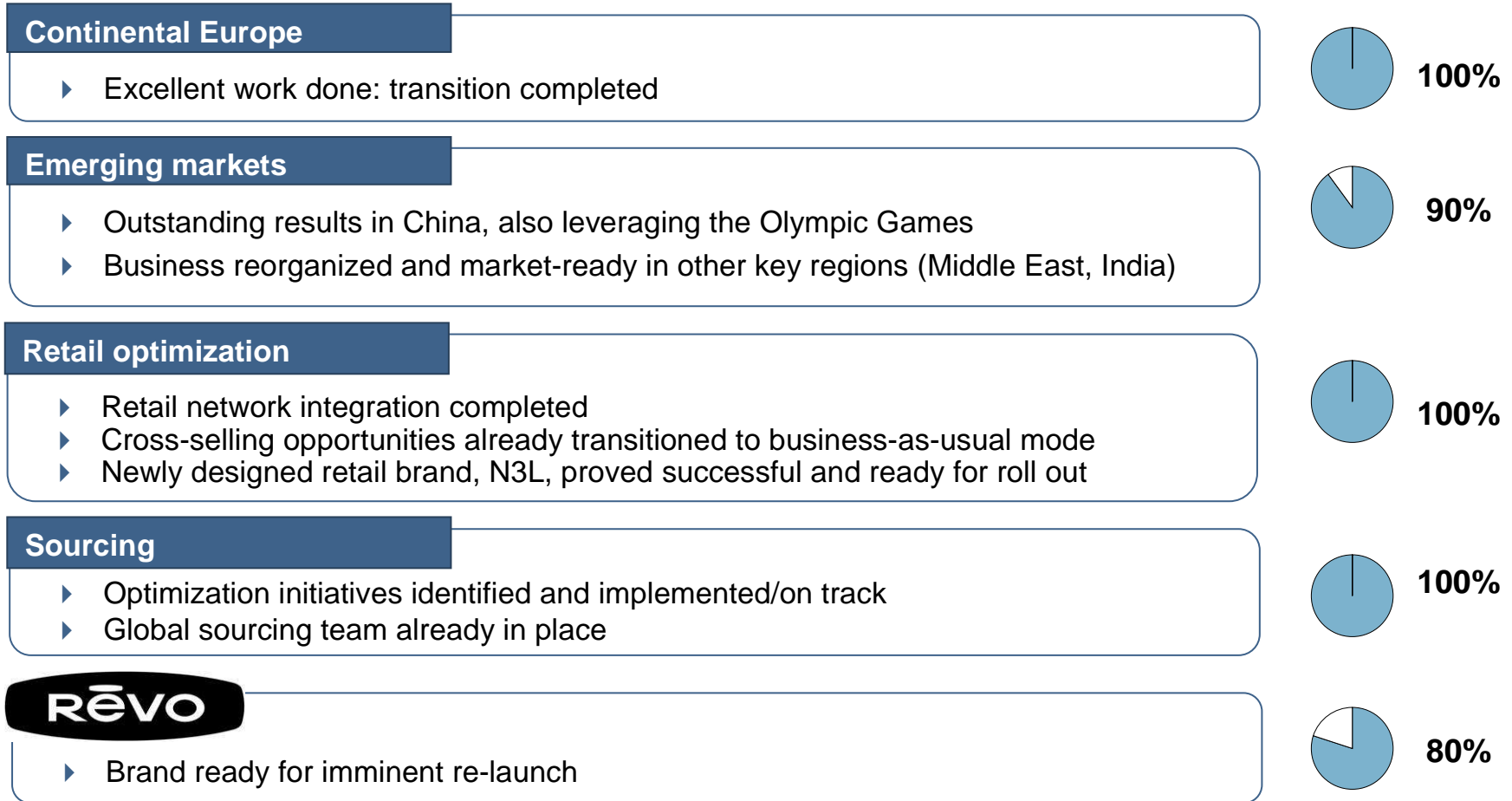
Joint development of new Revo styles. New styles will be manufactured by Oakley.

Additional lens blank production has moved in-house and production has started at Foothill Ranch

Luxottica team assisting Oliver Peoples with select new product development and will also manufacture product over time, focused on materials and product styles where outside capacity constraints exist and where existing vendors have lead-time challenges

Joint team driving to best practice quality processes, especially in Asian sourcing. Sharing of warranty processes and policies also leading to optimization in different parts of the world.

# Key projects status

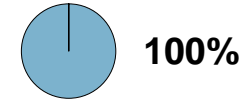


**Most projects finalized and in line with plans**

# Key projects status

## Other key countries

- ▶ UK and Australia new/integrated working processes already in place



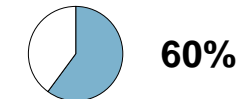
## Global Supply Chain & IT

- ▶ Supply Chain: quick wins implemented, and new three-year plan developed for key regions, including North America
- ▶ IT: integration path defined, ready to kick-off in UK



## Oliver Peoples

- ▶ Plans developed and organizational changes implemented in order to exploit opportunities in international sales and product sourcing



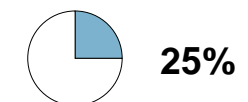
## E-Commerce (B2C)

- ▶ New direct channels under development for North America, go live before Christmas season



## Sun lens value proposition

- ▶ Vision and strategy for comprehensive sun lenses value proposition under advanced development



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# Business guidelines going forward

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## No strategic changes

### Retail

- ▶ Brands/store
  - Targeting our loyal and extensive customer base
- ▶ Our people
- ▶ Flexibility remains critical
  - Continuously reacting and fine-tuning plans

### Wholesale

- ▶ Getting even closer to clients
- ▶ Continuing to manage brands effectively
- ▶ Seeking efficiency opportunities
  - Within commercial organization, operations & manufacturing and supply chain

### Oakley

- ▶ Activities planned for the first 12 months completed
- ▶ Already working on 2<sup>nd</sup> and 3<sup>rd</sup> year integration activities

# Financial guidelines going forward

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## Cautious approach, quick reaction

### Greater attention on free cash flow<sup>(1)</sup> generation, already one of the Group's key strengths

- ▶ Projected capex to 4% of sales in 2009 vs. approx. 5.5% in 2008
- ▶ Tight control on working capital (inventory readjustment planned for 4Q08)

### Tight control of costs

- ▶ Reaping benefit of the merger with Oakley
- ▶ Realizing full effect from already finalized projects
- ▶ Developing an even more efficient platform
  - Operations and manufacturing
  - Supply chain
  - Commercial and field organization
  - G&A and back office

Ready to respond if scenario deteriorates

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

# Conclusion - Our pillars

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## **A strategy for continuing growth: combining organic and external growth**

- ▶ YTD sales growth at constant exchange rates: +14.0%
- ▶ YTD EPS growth in US\$ before trademark amortization<sup>(1)</sup>: +3.1%<sup>(2)</sup>
- ▶ Diversified businesses, brands and geographies: resilient business model
- ▶ Continued investments in long-term profitable growth

## **Efficiency and flexibility derived from the vertically integrated business model**

- ▶ Quick reaction across the value chain: efficiency and cost base improvement
- ▶ Benefits from higher efficiency in manufacturing, quality and service level
- ▶ Clear strategy going forward

## **Global presence**

- ▶ Global wholesale platform
- ▶ Approximately 6,250 retail locations worldwide
- ▶ Scouting new retail projects: sun and emerging markets

## **Brand portfolio**

- ▶ The strongest and best balanced brand portfolio in the industry
- ▶ Oakley and Ray-Ban: the best sellers

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

(2) Excluding a non-recurring gain related to the sale of a real estate property in 2Q07. The impact of the sale was a gain of approximately €20 million before taxes and approximately €13 million after taxes, equivalent to €0.03 at the EPS level.

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

	3Q08	9M08
<b>Optical North America</b>		
▶ LensCrafters, Pearle Vision	-6.6%	-4.8%
▶ Licensed brands	-16.8%	-9.2%
<b>Optical Australia/New Zealand</b>	<b>-2.4%</b>	<b>-0.3%</b>
<b>SGH worldwide<sup>(2)</sup></b>	<b>-2.6%</b>	<b>-2.4%</b>

(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.

(2) Sun-only stores. Excluding former Oakley, Inc. retail chains, ILORI and David Clulow

# 3Q07 Segmental information

Thousands of Euro

	Manufacturing and Wholesale	Retail	Inter-Segments Transactions and Corporate Adjustments	Consolidated
<b>3Q07 Lux stand-alone</b>				
Net Sales	394,665	838,297	(82,010)	1,150,952
Operating income	102,274	97,877	(5,129)	195,021
<i>% of sales</i>	25.9%	11.7%		16.9%
Depreciation & Amortization (1)	16,986	30,794	8,066	55,846
<b>3Q07 Pro forma</b>				
Net Sales Tot	552,725	884,462	(102,537)	1,334,651
Operating Income Tot	125,886	104,233	(11,488)	218,630
<i>% of sales</i>	22.8%	11.8%		16.4%
Depreciation & Amortization	23,756	32,975	14,425	71,155

(1) These pro forma segment figures reflect the inclusion of the consolidated results of Oakley, Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007

# Non-US GAAP Measure: EBITDA and EBITDA margin

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**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 Measure: EBITDA and EBITDA margin

Millions of Euro

	3Q08	3Q07	3Q07 pro forma <sup>(1)</sup>
<b>Operating income (+)</b>	<b>195.1</b>	<b>195.0</b>	<b>218.6</b>
<b>Depreciation &amp; amortization (+)</b>	<b>63.5</b>	<b>55.8</b>	<b>71.2</b>
<b>EBITDA (=)</b>	<b>258.6</b>	<b>250.9</b>	<b>289.8</b>
<b>Net sales (/)</b>	<b>1,212.0</b>	<b>1,151.0</b>	<b>1,334.7</b>
<b>EBITDA margin (=)</b>	<b>21.3%</b>	<b>21.8%</b>	<b>21.7%</b>

(1) These pro forma segment figures reflect the inclusion of the consolidated results of Oakley, Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007.

# Non-US GAAP Measure: EBITDA

Millions of Euro

	9M07 pro forma <sub>(1)</sub> (-)	FY07 pro forma <sub>(1)</sub> +	9M08 +	LTM Sept 30, 2008
Operating income (+)	(727.5)	878.1	632.3	782.9
Depreciation & amortization (+)	(215.0)	288.2	196.3	269.5
EBITDA (=)	(942.5)	1,166.3	828.6	1,052.4
EBITDA at avg. exchange rates for the period <sub>(2)</sub>	(846.2)	1,060.6	828.6	1,043.1

(1) These pro forma segment figures reflect the inclusion of the consolidated results of Oakley, Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007.

(2) Calculating using the 9-month average exchange rate as of September 30, 2008

# Non-US GAAP Measure: EBITDA

Millions of Euro

	<b>6M07 pro forma<sup>(1)</sup> (-)</b>	<b>FY07 pro forma<sup>(1)</sup> +</b>	<b>6M08 +</b>	<b>LTM June 30, 2008</b>
<b>Operating income (+)</b>	<b>(508.9)</b>	<b>878.1</b>	<b>437.2</b>	<b>806.5</b>
<b>Depreciation &amp; amortization (+)</b>	<b>(143.8)</b>	<b>288.2</b>	<b>132.8</b>	<b>277.1</b>
<b>EBITDA (=)</b>	<b>(652.7)</b>	<b>1,166.3</b>	<b>570.0</b>	<b>1,083.6</b>
<b>EBITDA at avg. exchange rates for the period<sup>(2)</sup></b>	<b>(580.7)</b>	<b>1,057.9</b>	<b>570.0</b>	<b>1,047.2</b>

(1) These pro forma segment figures reflect the inclusion of the consolidated results of Oakley, Inc., a subsidiary that was acquired in November 2007, as if it was acquired on January 1, 2007.

(2) Calculating using the 6-month average exchange rate as of June 30, 2008

# Non-US GAAP Measure: Net Debt to EBITDA ratio

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**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.

Historical and forecasted EBITDA and the historical and forecasted 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 historical and forecasted 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.

Historical and forecasted EBITDA and the historical and forecasted 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 historical and forecasted operating performance and leverage.

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

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

Millions of Euro

	June 30, 2008	Sept 30, 2008
<b>Long-term debt (+)</b>	<b>2,153.5</b>	<b>2,516.5</b>
<b>Current portion of long-term debt (+)</b>	<b>462.3</b>	<b>245.0</b>
<b>Bank overdrafts (+)</b>	<b>454.0</b>	<b>454.1</b>
<b>Cash (-)</b>	<b>(229.9)</b>	<b>(305.0)</b>
<b>Net debt (=)</b>	<b>2,839.7</b>	<b>2,910.6</b>
<b>EBITDA<sub>(1)</sub></b>	<b>1,083.6</b>	<b>1,052.4</b>
<b>Net debt/EBITDA<sub>(1)</sub></b>	<b>2.6x</b>	<b>2.8x</b>
<b>Net debt @ avg. exchange rates<sub>(2)</sub></b>	<b>2,884.1</b>	<b>2,748.5</b>
<b>EBITDA pro forma @ avg. exchange rates for the period<sub>(2)</sub></b>	<b>1,047.2</b>	<b>1,043.1</b>
<b>Net debt/EBITDA</b>	<b>2.8x</b>	<b>2.6x</b>

(1) Last twelve months pro forma EBITDA

(2) Calculating using the 6-month average exchange rate as of June 30, 2008 and the 9-month average exchange rate as of September 30, 2008, respectively

# Non-US GAAP Measures: EPS before Trademark Amortization

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**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.

Historical and forecasted EPS before trademark amortization 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 historical and forecasted operating performance;
- ▶ ensure that these measures are fully understood in light of how the Company evaluates its operating results;
- ▶ properly define the metrics used and confirm their calculation; and
- ▶ share these measures with all investors at the same time.

Historical and forecasted EPS before trademark amortization 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 historical and forecasted operational performance of the Company. The Company cautions that these measures are not a 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 historical and forecasted EPS before trademark amortization may differ from methods used by other companies. The Company recognizes that the usefulness of historical and forecasted EPS before trademark amortization as an evaluative tools 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 historical and forecasted EPS before trademark amortization as two of several comparative tools, together with US GAAP measurements, to assist in the evaluation of our historical and forecasted operating performance.

See the tables on the following pages for a reconciliation of EPS before trademark amortization to EPS and of forecasted EPS before trademark amortization to forecasted EPS, respectively, which is the most directly comparable US GAAP financial measures.

# Non-US GAAP Measures: EPS before Trademark Amortization

Millions of Euro, unless otherwise noted

	3Q08	3Q07	Δ
Trademark amortization and other similar intangible assets (+)	12	13	
Taxes on trademark amortization and other similar intangible assets (-)	(5)	(5)	
Trademark amortization and other similar intangible assets, net of taxes (=)	7	8	
Average number of shares outstanding of 3Q (in thousands) (/)	456,614	455,672	
<b>Trademark amortization and other similar intangible assets, net of taxes, per share (in Euro) (=)</b>	<b>0.02</b>	<b>0.02</b>	
<b>EPS (in Euro) (+)</b>	<b>0.23</b>	<b>0.25</b>	<b>-7.2%</b>
<b>EPS before trademark amortization and other similar intangible assets, net of taxes (in Euro) (=)</b>	<b>0.25</b>	<b>0.26</b>	<b>-7.4%</b>
€/US\$ average exchange rate	1.5055	1.3738	
<b>EPS before trademark amortization and other similar intangible assets, net of taxes (in US\$)</b>	<b>0.37</b>	<b>0.36</b>	<b>+1.5%</b>

# Non-U.S. GAAP Measures: forecast of EPS before Trademark Amortization

Millions of Euro, unless otherwise noted

	FY08E
Trademark amortization and other similar intangible assets (+)	71
Taxes on trademark amortization and other similar intangible assets (-)	(26)
Trademark amortization and other similar intangible assets, net of taxes (=)	45
Average number of shares outstanding as of December (in thousands) (/)	456,480
<b>Trademark amortization and other similar intangible assets, net of taxes, per share (=)</b>	<b>0.10</b>
<b>EPS (+)</b>	<b>0.96-0.98</b>
<b>EPS before trademark amortization and other similar intangible assets, net of taxes (=)</b>	<b>1.06-1.08</b>
€/US\$ average exchange rate	1.4500
<b>EPS before trademark amortization and other similar intangible assets, net of taxes in US\$</b>	<b>1.54-1.57</b>

# Non-US GAAP Measure: Free cash flow

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**Free cash flow** represents income from operations before depreciation and amortization (i.e. EBITDA, see appendix on page 38), 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 tables on page 10 and page 38 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.

# Luxottica Group Foundation

3Q08 update

**A leader in the optometric industry dedicated to  
*restoring and preserving* clear vision to those in need since 1988**

## **Restoring Clear Vision:**

### ▶ **International missions – 15 missions in 9 countries helping 267,385 people**

- Thailand (1)
  - > 9 missions to Thailand 256,253 people helped since 1999
- Mexico (5)
  - > 41 missions to Mexico, 855,951 people helped since 1994
- Cambodia (1)
  - > 2 missions to Cambodia, 45,895 people helped since 2005
- Romania (1)
  - > 4 missions to Romania, 102,282 people helped since 2005
- Guatemala (1)
  - > 4 missions to Guatemala, 84,728 people helped since 2002
- Paraguay (2)
  - > 9 missions to Paraguay, 187,764 people helped since 2004
- Chile (1)
  - > 11 missions to Chile, 198,245 people helped since 1995
- El Salvador (1)
  - > 4 missions to El Salvador, 85,214 people helped since 2003

### **North American missions – 46 missions in 24 states, 23,214 helped**

- Children's Missions
  - > 8 mission in California, Texas, Illinois, New York and North Dakota, 13,341 helped
- Vision Van Missions
  - > 38 missions to 23 states, 9,873 helped

## **Preserving Clear Vision:**

- ▶ 5 Grants awarded to 5 organizations totaling US\$ 120,000
  - Grants support research and education to find cures for preventable eye diseases



*With a prescription so strong that it took multiple tries to get a reading, after receiving her glasses, Wendy can now see clearly to run and play with her friends and succeed in school  
– Mexico, 2008*

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