

**BUSINESS & FINANCE**

# Strength in U.S. boosts Luxottica

BY CHRISTOPHER EMSDEN AND SOFIA CELESTE

MILAN—**Luxottica Group SpA** on Thursday posted a 21% increase in first-quarter profit, helped by a sales rebound in the U.S.

The performance was spurred by strong growth of premium brands, said Chief Executive **Andrea Guerra**, whose company owns the Ray-Ban and Oakley brands and makes eye-wear under license for luxury labels such as **Burberry Group PLC**, **Prada SpA** and **Tiffany & Co.**

The company reported net profit of €114.7 million (\$169.7 million), up from €95.1 million a year earlier, while sales rose 12% to €1.56 billion from €1.39 billion. Revenue rose 9.2% if foreign currency effects were excluded.

The company's wholesale division posted revenue gains of 16%, with a whopping 28% increase in North America, **Luxottica** said. Revenue at the retail division rose 9.2%. Comparable-store sales at Sunglass Hut, the company's core chain, rose 7.9% globally and an even faster 10.2% in the U.S.

"Having the American consumer back in the game is great news," Mr. Guerra said.

He praised Luxottica's stable of brands as proving particularly hot in

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the U.S. but also noted **Luxottica** is reaping benefits from past efforts to speed delivery and boost customer service. Similar efforts in its home country led to an 8% boost in sales in the first quarter, even though overall retail sales in Italy have been flat.

While hailing Luxottica's display of brand power in the U.S. and in emerging markets—the company opened its first Sunglass Hut stores in Brazil and China this month—Mr. Guerra said he "doesn't want to be dependent on one-time exploits."

What may be most important for **Luxottica** now are signs that its managed vision-care business, much of which was acquired seven years ago in a deal that has drawn less public interest than the company's later purchase of Oakley, has been restructured and improved, Mr. Guerra said.

"One of the things I most like of the past nine months is to see a very balanced growth story for the company," he said.

Sunglasses are more profitable than optical kits and the wholesale channel has a profit margin twice as high as from the retail chain, but the company makes a total of 1.2 million pairs a week and needs to focus on keeping a balance across sectors, Guerra said. The same logic applies to China and other new markets, where luxury labels have posted sizzling results of late.

Such fast-growing economies "are not heaven or hell, but they are big and will get bigger," Mr. Guerra said. "You have to develop deep local roots there. Once that is done, business is good," he said.

