



Strengthening our leadership

Milan – October 25, 2010

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, our ability to manage the effect of the uncertain current global economic conditions on our business, our ability to successfully acquire new businesses and integrate their operations, our ability to predict future economic conditions and changes in consumer preferences, our ability to successfully introduce and market new products, our ability to maintain an efficient distribution network, our ability to achieve and manage growth, our ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, our ability to protect our proprietary rights, our ability to maintain our relationships with host stores, any failure of our information technology, inventory and other asset risk, credit risk on our accounts, insurance risks, changes in tax laws, as well as other political, economic, legal and technological factors and other risks and uncertainties described in our filings with the US 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.

3Q10 overview

Strong growth overall

- ▶ Accelerating sales results in key regions: consolidated sales up by 19.7% (+8.6% at constant exchange rates₍₁₎)
 - Record Wholesale sales: +20.7%
 - > Gained 3.4% in price mix
 - > Accelerating growth in luxury brands
 - Strong Retail sales: +19.2%
 - > High single-digit comps₍₂₎ in North America, driven by excellent sun performance and successful “Back to school”
 - > Challenging performance in Australia, entering 4Q with some positive signals

- ▶ Operating income up by 33.6%, +130 bps
 - Wholesale drove the growth, Retail affected by reversal of variable compensation in 3Q09
 - A more efficient organization, heavily reinvesting into the business

- ▶ Almost 35% net income growth

- ▶ Strong free cash flow₍₃₎ generation: €252 million
 - Net debt/EBITDA₍₃₎ down to 2.3x, from 2.8x at the end of June
 - Working capital improvement: -18 days vs. September 2009

(1) 2010 figures at constant exchange rates are calculated using the average exchange rates in effect during the corresponding period of the previous year. See Appendix.

(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

(3) Free cash flow and Net debt/EBITDA are not measures in accordance with IAS/IFRS. For additional disclosure regarding non-IAS/IFRS measures and a reconciliation to IAS/IFRS measures, see Appendix.

3Q10 consolidated results

	3Q09 € million	3Q10 € million	Δ actual	Δ constant exchange rate ⁽¹⁾		
Net sales	1,223.3	1,464.7	19.7%	8.6%		
▶ Retail	793.8	946.5	19.2%	6.5%		
▶ Wholesale	429.5	518.3	20.7%	12.4%		
					margin 3Q09	margin 3Q10
Operating income	139.6	186.4	33.6%	11.4%	11.4%	12.7%
▶ Retail	113.9	129.3	13.5%	14.3%	14.3%	13.7%
▶ Wholesale	61.7	94.9	53.8%	14.4%	14.4%	18.3%
Net income	75.8	101.9	34.5%	6.2%	6.2%	7.0%
EPS (€)	0.17	0.22	34.1%			
						Δ bps
						130 bps
						(60) bps
						390 bps
						80 bps

(1) 2010 figures at constant exchange rates are calculated using the average exchange rates in effect during the corresponding period of the previous year. See Appendix.

9M10 consolidated results

	9M09 € million	9M10 € million	Δ actual	Δ constant exchange rate ⁽¹⁾		
Net sales	3,937.2	4,451.5	13.1%	7.3%		
▶ Retail	2,430.8	2,728.6	12.3%	5.9%		
▶ Wholesale	1,506.5	1,722.9	14.4%	9.5%		
					margin 9M09	margin 9M10
Operating income	497.0	616.0	23.9%	12.6%	12.6%	13.8%
▶ Retail	310.7	353.9	13.9%	12.8%	12.8%	13.0%
▶ Wholesale	296.1	372.2	25.7%	19.7%	19.7%	21.6%
						Δ bps
Net income	269.9	347.1	28.6%	6.9%	6.9%	7.8%
EPS (€)	0.59	0.76	28.2%			90 bps

(1) 2010 figures at constant exchange rates are calculated using the average exchange rates in effect during the corresponding period of the previous year. See Appendix.

3Q10 growth backbone

Brand portfolio

- ▶ Acceleration in price mix
- ▶ Reaping the benefit of premium/luxury storytelling activities
 - Premium and luxury brands posted 18% sales increase
- ▶ Ray-Ban and Oakley sales: strong momentum, fifth quarter in a row of double-digit growth, Rx outperforming sun

Developed markets

- ▶ Fourth quarter in a row of solid sales results
 - Strong sun business overall
- ▶ Europe and North America wholesale sales at constant exchange rates⁽¹⁾ +10.1%
- ▶ High single-digit comps⁽²⁾ in North America
 - Sunglass Hut continuing solid sales trend
 - LensCrafters sales driven by excellent execution and improved product mix

Emerging markets

- ▶ Total sales up by 26%, solid trends across all markets
 - Outstanding sales growth in China, India, Korea, Brazil, Turkey, Mexico and Eastern Europe
- ▶ Continuously investing to support growth
 - Growing penetration of Ray-Ban emerging markets collection

(1) 2010 figures at constant exchange rates are calculated using the average exchange rates in effect during the corresponding period of the previous year. See Appendix.

(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

3Q10 North America

	3Q10	YoY
Total sales (US\$ million)	1,216.0	+8.5%
Retail		
<ul style="list-style-type: none"> ▶ Strong optical and sun comps₍₁₎ <ul style="list-style-type: none"> ▪ Strong “Back to school” all around ▪ Excellent sun season, also helped by good weather ▶ LensCrafters <ul style="list-style-type: none"> ▪ 8.4% comps₍₁₎ improvement driven by conversion, A\$\$ and multiple pairs <ul style="list-style-type: none"> > Sun comps₍₁₎ improved by 19% ▶ Sunglass Hut <ul style="list-style-type: none"> ▪ 12.5% comps₍₁₎ improvement, driven by growth in volumes and AUR <ul style="list-style-type: none"> > New & accelerated marketing and more effective PR activities > Enhancing product portfolio strategy > Polarized penetration to record level: 50% ▪ Solid profitability growth 		
Wholesale		
<ul style="list-style-type: none"> ▶ Sales up by 21.4% <ul style="list-style-type: none"> ▪ Very strong performance in peak sun season of the iconic brands ▶ Luxury and premium positive wave has just begun ▶ Maintaining strong momentum <ul style="list-style-type: none"> ▪ Ray-Ban posted robust sales, sustained by solid brand awareness and boosted by Rx up by over 35% ▪ Oakley sales close to double-digit growth ▶ Stable and efficient organization 		

(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

3Q10 Europe

- ▶ Wholesale sales up by 12%, growth spread across all European countries, with the only exception of Greece, which was down 49%
 - Strong sun sellout in the Mediterranean region
- ▶ Strong growth driven by:
 - More customized distribution approach: KA+TA+STARS continued to outperform traditional wholesale
 - Luxury and premium brands gaining momentum
 - > Excellent reception of new collections and growing orders
 - Strong iconic brands
 - > Ray-Ban kept momentum thanks to its innovative products
 - Sun experienced double-digit increase
 - Polarized grew at three times the rate of traditional sun
 - Rx sustained growth with sales up by 26%
 - > Oakley sales increased by over 20% led by France, Italy and Scandinavia
 - Brand awareness enhanced thanks to first European advertising campaign
 - Rx sales up by 51%
 - Polarized now represents 35% of total products
 - Leverage the custom program through newly launched e-commerce

3Q10 emerging markets

Successful expansion

- ▶ Strong sales growth across all markets: +26%
 - Outstanding sales growth in China, India, Korea, Brazil, Turkey, Mexico and Eastern Europe
 - Starting direct expansion in “new” emerging markets in Southeast Asia, Latin America and North Africa

- ▶ Further strengthened dedicated emerging markets collections
 - Ray-Ban: introducing sun following the successful Rx collection performance
 - Getting ready to launch dedicated Vogue in China

- ▶ New retail leadership in China bearing fruits
 - Double-digit growth in comps₍₁₎ solid all around
 - LensCrafters perceived as the destination for sun, already at 30% of the mix
 - Store base rationalization complete; ready for new openings

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What's new

Contact lenses launched on Target.com



EyeMed closer to Humana

HUMANA[®]
Guidance when you need it most

HumanaVision VCP Plans &
HumanaVision powered by EyeMed

Oakley 3D Gascan



New OPSPM advertising campaign



A new strategic entry

COACH, a leading marketer of modern classic American accessories

- ▶ A multi-year global license agreement beginning on January 1, 2012
 - Sun and prescription eyewear under the Coach, Coach Poppy and Reed Krakoff brands
- ▶ Distribution through Coach stores around the world, select department stores primarily in North America, Japan, China and East Asia, as well as select travel retail locations, independent optical locations and Luxottica's retail chains
- ▶ Targeting approximately US\$100 million in annual revenues, after the initial launch period, once the distribution is fully rolled out across key geographies and channels



Entering 4Q with

- ▶ A solid 9M behind us
 - Excellent execution has been key
- ▶ Wholesale overall trending well
 - Solid portfolio orders
 - Continuing improvement in luxury brands
- ▶ Retail
 - Sunglass Hut strongly leveraging power brands with Christmas campaign “All I want
 - LensCrafters focusing on annual “end-of-year” sale and insurance week
- ▶ Improved visibility, higher confidence for 4Q10 and beyond



FY 2010 net income targeting €400 million mark
Net debt/EBITDA₍₁₎ targeting 2x

(1) Net debt/EBITDA is not a measure in accordance with IAS/IFRS. For additional disclosure regarding non-IAS/IFRS measure and a reconciliation to IAS/IFRS measure, see Appendix.

Building for solid long-term growth

Clear plans, priorities already identified

- ▶ Further exploiting vertically integrated business model
- ▶ Actively managing brand portfolio
 - Continued focus on enhancing the portfolio: Coach from 2012
 - Further expanding Oakley penetration and product offering
- ▶ Approaching worldwide wholesale distribution more selectively
 - Further developing strategic channels: Travel Retail and Department Stores
 - Differentiating strategy between bigger and more mature and newer emerging markets
 - > Further developing distribution in big emerging countries: Brazil, China, India, Mexico and Turkey
- ▶ Building leadership on the sun e-commerce channel globally
 - Oakley.com & Ray-Ban.com & Sunglasshut.com
- ▶ Retail expansion
 - Growing store base, fueled by Sunglass Hut expansion in new markets
 - Lens technology and sun Rx driving growth
- ▶ Reaping the benefit of the transformation program: shared service centers in Europe and North America, leaner supply chain
- ▶ With acquisition growth on top

Seize growth, widen the gap

OneSight Foundation

At OneSight, a Luxottica Foundation, the mission is to restore and preserve clear vision for the 314 million adults and children worldwide who cannot afford or do not have access to primary eye care. Its Vision is a world where primary vision care is a reality for everyone. Through OneSight, we donate our business expertise in eye care and eyewear to give back to those in need. We've helped more than 7.5 million since 1988.



3Q 2010 activities

- ▶ Global Eye Care:
 - 5 Global Clinics to: Mexico (2), Paraguay, Benin, South Africa
 - 51,321 people helped
- ▶ Regional Eye Care:
 - 5 Regional and Vision Van Clinics across North America, China and Australia
 - 4,630 people helped
- ▶ Community Eye Care:
 - 44,331 helped through in-store and community outreach programs across North America and Asia-Pacific
- ▶ Preventative Eye Care:
 - the OneSight Research Foundation awarded US\$145,000 to four organizations that support diabetic retinopathy research

OneSight Clinic doctors detected a severe eye infection in a six-week-old girl. They were able to treat her with antibiotic drops. Left untreated, the infection could have permanently damaged her eyes.

Benin Global Clinic, 2010



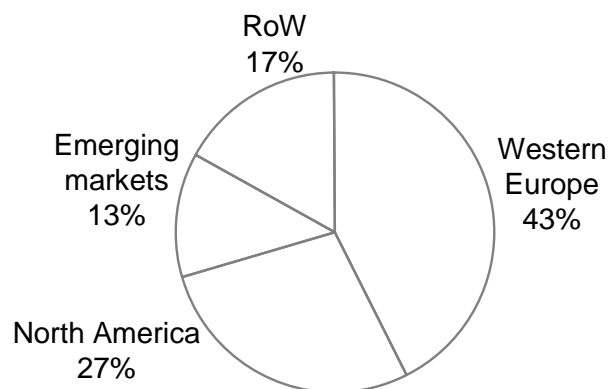
Appendix

Wholesale sales breakdown

Sales breakdown for 3Q10

Wholesale sales: 12.4%₍₁₎

(Sales breakdown by region, 3Q10)₍₁₎



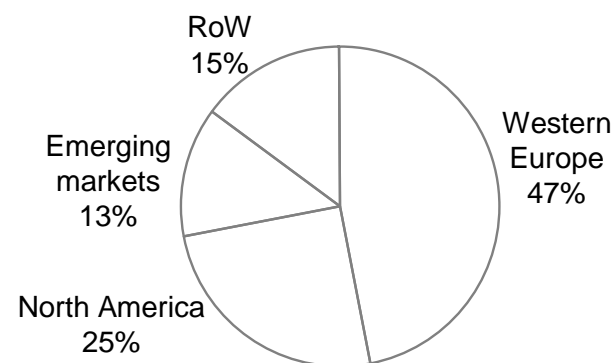
(YoY% changes by region, 3Q10)₍₁₎

- ▶ Western Europe: +11.1%
- ▶ North America: +8.4%
- ▶ Emerging markets: +9.5%
- ▶ RoW: +25.9%

Sales breakdown for 9M10

Wholesale sales: 9.5%₍₁₎

(Sales breakdown by region, 9M10)₍₁₎



(YoY% changes by region, 9M10)₍₁₎

- ▶ Western Europe: +7.9%
- ▶ North America: +5.6%
- ▶ Emerging markets: +16.5%
- ▶ RoW: +15.7%

(1) Wholesale sales at constant exchange rates calculated using the average exchange rates during the corresponding period in the previous year. See Appendix.

Retail comparable store sales⁽¹⁾

	3Q10	9M10
Optical North America		
▶ LensCrafters	+8.4%	+6.2%
▶ Pearle Vision	-8.2%	-7.5%
▶ Licensed brands	+11.6%	+7.9%
Optical Australia/New Zealand	-13.4%	-13.4%
Sunglass Hut worldwide	+9.6%	+7.2%

(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

Major currencies

Average exchange rates	Three months ended Sept. 30, 2009	Nine months ended Sept. 30, 2009	Twelve months ended Dec. 31, 2009	Three months ended Sept. 30, 2010	Nine months ended Sept. 30, 2010
€1 = US\$	1.43030	1.36618	1.39467	1.29104	1.31453
€1 = AUD	1.71689	1.82338	1.77281	1.42885	1.46555
€1 = GBP	0.87161	0.88633	0.89104	0.83305	0.85730
€1 = CNY	9.77019	9.33414	9.52693	8.73875	8.94742
€1 = JPY	133.81712	129.50037	130.31404	110.67500	117.66057

Non-IAS/IFRS measure: EBITDA and EBITDA margin

EBITDA represents net income before non-controlling interest, taxes, other income/expense, 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 with 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 International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS).

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 IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS 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 IAS/IFRS 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 IAS/IFRS 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 net income, which is the most directly comparable IAS/IFRS financial measure, as well as the calculation of EBITDA margin on net sales.

Non-IAS/IFRS measure: EBITDA and EBITDA margin

Millions of Euro

	3Q 2010	3Q 2009	9M 2010	9M 2009
Net income/(loss) (+)	101.9	75.8	347.1	269.9
Net income attributable to non-controlling interests (+)	0.8	1.0	4.2	5.0
Provision for income taxes (+)	58.2	36.1	186.2	145.3
Other (income)/expense (+)	25.5	26.6	78.5	76.9
Depreciation & amortization (+)	77.0	70.2	225.4	214.2
EBITDA (=)	263.5	209.8	841.5	711.3
Net sales (/)	1,464.7	1,223.3	4,451.5	3,937.2
EBITDA margin (=)	18.0%	17.1%	18.9%	18.1%

Non-IAS/IFRS measure: EBITDA and EBITDA margin

Millions of Euro

	1H 2010 (+)	FY 2009 (+)	1H 2009 (-)	LTM June 30, 2010
Net income/(loss) (+)	245.1	299.1	194.1	350.2
Net income attributable to non-controlling interests (+)	3.4	5.8	4.0	5.2
Provision for income taxes (+)	128.0	159.9	109.2	178.7
Other (income)/expense (+)	53.0	106.3	50.3	109.1
Depreciation & amortization (+)	148.4	285.4	144.0	289.9
EBITDA (=)	578.0	856.5	501.5	933.0
Net sales (/)	2,986.8	5,094.3	2,714.0	5,367.2
EBITDA margin (=)	19.4%	16.8%	18.5%	17.4%

Non-IAS/IFRS measure: EBITDA and EBITDA margin

Millions of Euro

	9M 2010 (+)	FY 2009 (+)	9M 2009 (-)	LTM Sept. 30, 2010
Net income/(loss) (+)	347.1	299.1	269.9	376.3
Net income attributable to non-controlling interests (+)	4.2	5.8	5.0	5.0
Provision for income taxes (+)	186.2	159.9	145.3	200.8
Other (income)/expense (+)	78.5	106.3	76.9	108.0
Depreciation & amortization (+)	225.4	285.4	214.2	296.7
EBITDA (=)	841.5	856.5	711.3	986.7
Net sales (/)	4,451.5	5,094.3	3,937.2	5,608.6
EBITDA margin (=)	18.9%	16.8%	18.1%	17.6%

Non-IAS/IFRS measure: 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 net income before non-controlling interest, taxes, other income/expense, depreciation and amortization.

The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with 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 International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS).

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 IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS 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 IAS/IFRS 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 IAS/IFRS 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 IAS/IFRS financial measure, as well as the calculation of the ratio of net debt to EBITDA.

For a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure, see the tables on the preceding pages.

Non-IAS/IFRS measure: Net debt and Net debt/EBITDA

Millions of Euro

	June 30, 2010	Sept. 30, 2010
Long-term debt (+)	2,587.4	2,394.6
Current portion of long-term debt (+)	219.6	135.1
Bank overdrafts (+)	176.2	222.0
Cash (-)	(337.6)	(482.9)
Net debt (=)	2,645.6	2,268.8
LTM EBITDA	933.0	986.7
Net debt/LTM EBITDA	2.8x	2.3x
Net debt @ avg. exchange rates ₍₁₎	2,447.6	2,274.7
Net debt @ avg. exchange rates ₍₁₎ /LTM EBITDA	2.6x	2.3x

(1) Net debt figures are calculated using the average exchange rates used to calculate EBITDA figures. See pages 22 and 23.

Non-IAS/IFRS measure: Free Cash Flow

Free cash flow represents net income before non-controlling interests, taxes, other income/expense, depreciation and amortization (i.e. EBITDA – see tables on the preceding pages) plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. The Company believes that free cash flow is useful to both management and investors in evaluating the Company's operating performance compared with 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 is used for mandatory debt service requirements, to fund discretionary investments, pay dividends or pursue other strategic opportunities.

Free cash flow is not a measure of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS).

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 IAS/IFRS. Rather, this non-IAS/IFRS measure should be used as a supplement to IAS/IFRS 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 IAS/IFRS 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 IAS/IFRS measurements, to assist in the evaluation of our operating performance.

See the table on page 6 of this presentation for a reconciliation of free cash flow to EBITDA and the tables on preceding pages for a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure.

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