

LUXOTTICA GROUP SPA
Form 6-K
November 12, 2014

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarter ended September 30, 2014
COMMISSION FILE NO. 1 - 10421

LUXOTTICA GROUP S.p.A.

PIAZZALE L. CADORNA 3, MILAN, 20123 ITALY
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F
 Form 40-F Form 20-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

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Corporate Management

Board of Directors

In office until the approval of the financial statements as of and for the year ending December 31, 2014.

Chairman and CEO	Leonardo Del Vecchio
Deputy Chairman	Luigi Francavilla
Directors	Mario Cattaneo* Claudio Costamagna* Claudio Del Vecchio Elisabetta Magistretti* Marco Mangiagalli* Anna Puccio* Marco Reboa* (Lead Independent Director)

*
Independent director

Human Resources Committee	Claudio Costamagna (Chairman) Marco Mangiagalli Anna Puccio
Control and Risk Committee	Mario Cattaneo (Chairman) Elisabetta Magistretti Marco Mangiagalli Marco Reboa

Board of Statutory Auditors

In office until the approval of the financial statements as of and for the year ending December 31, 2014

Regular Auditors	Francesco Vella (Chairman) Alberto Giussani Barbara Tadolini
Alternate Auditors	Giorgio Silva Fabrizio Riccardo di Giusto
Officer Responsible for Preparing the Company's Financial Reports	Enrico Cavatorta
Auditing Firm	PricewaterhouseCoopers SpA

Until approval of the financial statements as of and for the year ending December 31, 2020.

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Luxottica Group S.p.A.

Headquarters and registered office Piazzale L. Cadorna 3, 20123 Milan, Italy

Capital Stock € 28,844,101.08

authorized and issued

ITEM 1. MANAGEMENT REPORT ON THE INTERIM
FINANCIAL RESULTS AS OF SEPTEMBER 30, 2014
(UNAUDITED)

The following should be read in connection with the disclosure contained in the consolidated financial statements as of December 31, 2013, which includes a discussion of risks and uncertainties that can influence the Group's operational results or financial position.

1. OPERATING PERFORMANCE FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014

The Group's growth in the first nine months of 2014 was significantly affected by the weakening of certain currencies in which it operates. At constant exchange rates⁽¹⁾, the Group delivered solid growth in the main markets in which it conducts business.

In the first nine months of 2014 net sales increased to Euro 5,785.3 million from Euro 5,666.7 million (+2.1 percent at current exchange rates and +5.5 percent at constant exchange rates⁽¹⁾). In the first nine months of 2014, adjusted net sales⁽²⁾ increased to Euro 5,808.0 million from Euro 5,666.7 million in the same period of last year. Starting in the third quarter of 2014, adjusted net sales include a change in the presentation of a component of EyeMed net sales that was previously included in net sales on a gross basis and is currently included on a net basis due to a change in the terms of an insurance underwriting agreement resulting in a reduction of net sales and cost of goods sold of Euro 22.7 million (the "2014 EyeMed Adjustment").

In the third quarter of 2014 net sales increased to Euro 1,883.0 million from Euro 1,785.0 million in the same period of 2013 (+5.5 percent at current exchange rates and +5.3 percent at constant exchange rates⁽¹⁾).

In the third quarter of 2014 adjusted net sales,⁽²⁾ including the Euro 22.7 million EyeMed Adjustment, increased by 6.8 percent (+6.7 percent at constant exchange rates⁽¹⁾) to Euro 1,905.7 million from Euro 1,785.0 million in the same period of last year.

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")⁽³⁾ in the first nine months of 2014 increased by 5.3 percent to Euro 1,227.6 million from Euro 1,165.9 million in the same period of 2013. *Adjusted EBITDA*⁽³⁾ in the first nine months of 2014 increased by 5.8 percent to Euro 1,242.6 million as compared to Euro 1,174.9 million in the same period of 2013.

EBITDA⁽³⁾ in the third quarter of 2014 increased by 9.4 percent to Euro 379.5 million from Euro 346.9 million in the same period of 2013. *Adjusted EBITDA*⁽³⁾ in the third quarter of 2014 increased by 13.7 percent to Euro 394.5 million from Euro 346.9 million in the same period of 2013.

(1) We calculate constant exchange rates by applying to the current period the average exchange rates between the Euro and the relevant currencies of the various markets in which we operated during the three-month and nine-month periods ended September 30, 2013. Please refer to Attachment 1 for further details on exchange rates.

(2) For a further discussion of Adjusted net sales, see page 20 "Non-IFRS Measures."

(3) For a further discussion of EBITDA and adjusted EBITDA, see page 20 "Non-IFRS Measures."

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Operating income for the first nine months of 2014 increased by 6.3 percent to Euro 947.5 million from Euro 891.6 million during the same period of the previous year. The Group's *operating margin*⁽⁴⁾ in the first nine months of 2014 was 16.4 percent as compared to 15.7 percent in the same period of last year. *Adjusted operating income*⁽⁵⁾ for the first nine months of 2014 increased by 6.9 percent to Euro 962.5 million as compared to Euro 900.6 million in the same period of last year. The Group's *Adjusted operating margin*⁽⁴⁾ in the first nine months of 2014 was 16.6 percent as compared to 15.9 percent in the same period of last year.

Operating income for the third quarter of 2014 increased by 10.2 percent to Euro 281.2 million from Euro 255.1 million during the same period of the previous year. The Group's *operating margin*⁽⁴⁾ in the third quarter of 2014 was 14.9 percent as compared to 14.3 percent in the same period of last year.

Adjusted operating income⁽⁵⁾ for the third quarter of 2014 increased by 16.1 percent to Euro 296.2 million from operating income of Euro 255.1 million in the same period of the previous year.

The Group's *adjusted operating margin*⁽⁴⁾ in the third quarter of 2014 was 15.5 percent as compared to operating margin of 14.3 percent in the same period of last year.

In the first nine months of 2014, *net income attributable to Luxottica Stockholders* increased by 7.0 percent to Euro 555.0 million from Euro 518.8 million in the same period of 2013. In the first nine months of 2014 *adjusted net income attributable to Luxottica Stockholders*⁽⁶⁾ increased by 7.9 percent to Euro 565.9 compared to Euro 524.7 million in the same period of 2013. Earnings per share ("EPS") was Euro 1.17 and EPS expressed in USD was 1.58 (at an average rate of Euro/USD of 1.3549).

In the third quarter of 2014, *net income attributable to Luxottica Stockholders* increased by 10.1 percent to Euro 162.4 million from Euro 147.6 million in the same period of 2013. In the third quarter of 2014, *adjusted net income attributable to Luxottica Stockholders*⁽⁶⁾ increased by 17.5 percent to Euro 173.3 million from *net income attributable to Luxottica Stockholders* of Euro 147.6 million in the same period of 2013. EPS was Euro 0.34 and EPS expressed in USD was 0.45 (at an average rate of Euro/USD of 1.3256).

By carefully controlling working capital, the Group generated positive *free cash flow*⁽⁷⁾ in the first nine months of 2014 equal to Euro 696.9 million, of which Euro 315.8 million was generated in the third quarter of 2014. After paying dividends of Euro 308.3 million *net debt*⁽⁸⁾ as of September 30, 2014 was Euro 1,118.7 million (Euro 1,461 million at the end of 2013), with a ratio of *net debt to adjusted EBITDA*⁽⁸⁾ of 0.7x (1.0x as of December 31, 2013).

2. SIGNIFICANT EVENTS DURING THE NINE MONTHS ENDED SEPTEMBER 30, 2014

January

Luxottica Group S.p.A. announced that Standard & Poor's raised its long-term credit rating to A- from BBB+. The outlook is stable. Standard & Poor's disclosed that Luxottica improved its credit metrics since its long-term rating outlook was increased to positive on March 27, 2013.

On January 31, 2014, the Group closed the acquisition of glasses.com from WellPoint Inc. The transaction was previously announced on January 7, 2014.

March

On March 24, 2014, the Group and Google Inc. announced they are joining forces to design, develop and distribute a new breed of eyewear for Glass products. Luxottica's two major proprietary brands, Ray-Ban and Oakley, will be a part of the collaboration for Glass. In particular, the two companies will establish a team of experts devoted to working on the design, development, tooling and engineering of Glass products that straddle the line between high-fashion, lifestyle and innovative technology.

(4) For a further discussion of operating margin and adjusted operating margin, see page 20 "Non-IFRS Measures."

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- (5) For a further discussion of adjusted operating income, see page 20 "Non-IFRS Measures."
- (6) For a further discussion of adjusted net income attributable to Luxottica Stockholders, see page 20 "Non-IFRS Measures."
- (7) For a further discussion of free cash flow, see page 20 "Non-IFRS Measures."
- (8) For a further discussion of net debt and net debt to adjusted EBITDA, see page 20 "Non-IFRS Measures."

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April

On April 15, 2014, Luxottica Group and Michael Kors Holdings Limited announced they signed a new and exclusive eyewear license agreement for the Michael Kors Collection and MICHAEL Michael Kors eyewear with a term of 10 years. The first collection produced with Luxottica will launch in January 2015. The brand's two luxury eyewear collections will be carried around the world in Michael Kors stores, department stores, select travel retail locations, independent optical locations and Luxottica's retail stores.

At the Stockholders' Meeting on April 29, 2014, Group's stockholders approved the Statutory Financial Statements as of December 31, 2013, as proposed by the Board of Directors and the distribution of a cash dividend of Euro 0.65 per ordinary share. The aggregate dividend amount of Euro 308.3 million was fully paid in May 2014.

September

On September 1, 2014, following a period of debate with Chairman Leonardo Del Vecchio over the Group's future strategy and direction, Andrea Guerra left as Group CEO ("Former Group CEO").

After the resignation of the Former Group CEO, Luxottica Group announced the introduction of a new management structure based on a co-CEO model; one focused on Markets and the other dedicated to Corporate Functions, in order to ensure a stronger management of the Group.

Enrico Cavatorta, General Manager and CFO of the Group, on September 1, 2014 was appointed CEO of Corporate Functions and was also named as Interim CEO of Markets, pending the appointment of a permanent executive to this position. Mr. Cavatorta resigned this role in October 2014 but retained his position as the Manager charged with preparing the Group's financial reports until he departed Luxottica on October 31, 2014.

3. FINANCIAL RESULTS

We are a global leader in the design, manufacture and distribution of fashion, luxury and sport eyewear, with net sales reaching Euro 7.3 billion in 2013, over 73,400 employees and a strong global presence. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Note 5 to the Condensed Consolidated Financial Report as of September 30, 2014 (unaudited) for additional disclosures about our operating segments. Through our manufacturing and wholesale distribution segment, we are engaged in the design, manufacture, wholesale distribution and marketing of proprietary and designer lines of mid- to premium-priced prescription frames and sunglasses. We operate our retail distribution segment principally through our retail brands, which include, among others, LensCrafters, Sunglass Hut, OPSM, Laubman & Pank, Oakley "O" Stores and Vaults, David Clulow, GMO and our Licensed Brands (Sears Optical and Target Optical).

As a result of our numerous acquisitions and the subsequent expansion of our business activities in the United States through various acquisitions, our results of operations, which are reported in Euro, are susceptible to currency rate fluctuations between the Euro and the U.S. dollar. The Euro/U.S. dollar exchange rate has fluctuated to an average exchange rate of Euro 1.00 = U.S. \$1.3549 in the first nine months of 2014 from Euro 1.00 = U.S. \$1.3167 in the same period of 2013. Since the acquisition of OPSM, our results of operations have also been rendered susceptible to currency fluctuations between the Euro and the Australian dollar. Additionally, we incur part of our manufacturing costs in Chinese Yuan; therefore, the fluctuation of the Chinese Yuan relative to other currencies in which we receive revenues could impact the demand of our products or our consolidated profitability. Although we engage in certain foreign currency hedging activities to mitigate the impact of these fluctuations, they have impacted our reported revenues and expenses during the periods discussed herein. This discussion should be read in conjunction with the risk factor discussion in Section 8 of the Management Report included with the 2013 Consolidated Financial Statements.

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RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 (UNAUDITED)

In accordance with IFRS

(Amounts in thousands of Euro)	Nine months ended September 30,			
	2014	% of net sales	2013	% of net sales
Net sales	5,785,282	100.0%	5,666,720	100.0%
Cost of sales	1,955,366	33.8%	1,930,969	34.1%
Gross profit	3,829,916	66.2%	3,735,751	65.9%
Selling	1,710,560	29.6%	1,697,999	30.0%
Royalties	112,352	1.9%	109,105	1.9%
Advertising	381,202	6.6%	364,919	6.4%
General and administrative	678,260	11.7%	672,132	11.9%
Total operating expenses	2,882,375	49.8%	2,844,155	50.2%
Income from operations	947,541	16.4%	891,596	15.7%
Other income/(expense)				
Interest income	8,994	0.2%	6,652	0.1%
Interest expense	(80,764)	(1.4)%	(76,872)	(1.4)%
Other net	(367)	(0.0)%	(4,911)	(0.1)%
Income before provision for income taxes	875,405	15.1%	816,466	14.4%
Provision for income taxes	(316,373)	(5.5)%	(293,919)	(5.2)%
Net income	559,031	9.7%	522,547	9.2%
Attributable to				
Luxottica Group stockholders	554,982	9.6%	518,755	9.2%
non-controlling interests	4,049	0.1%	3,792	0.1%
NET INCOME	559,031	9.7%	522,547	9.2%

In order to provide the reader of this report with a meaningful comparison of the information included in the condensed consolidated financial statements as of September 30, 2014, certain prior year comparative information has been revised to conform to the current year presentation. The revision relates to the reclassification of the warehouse and shipping expenses of certain subsidiaries of the Company from general and administrative expenses and selling expenses to cost of sales. The Company has determined that the revision, totaling Euro 44.1 million, is immaterial to the previously reported financial statements.

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In order to provide the reader of this report with a meaningful comparison of the information as of and for the period ended September 30, 2014, certain items are adjusted as follows: (i) in the first nine months of 2014, the Group incurred non-recurring expenses of Euro 15.0 million (Euro 10.9 million net of the tax effect) related to the termination of the Former Group CEO and (ii) starting in the third quarter of 2014, adjusted net sales include the 2014 EyeMed adjustment as defined above.

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In the first nine months of 2013, the Group incurred non-recurring expenses of Euro 9.0 million (Euro 5.9 million net of the tax effect), related to the reorganization of Alain Mikli International.

	2014	% of net sales	2013	% of net sales
Adjusted Measures⁽⁹⁾				
Adjusted net sales	5,807,960			
Adjusted cost of sales	1,978,044	34.1%		
Adjusted income from operations	962,541	16.6%	900,596	15.9%
Adjusted EBITDA	1,242,564	21.4%	1,174,915	20.7%
Adjusted net income attributable to Luxottica Group stockholders	565,858	9.7%	524,659	9.3%

Net Sales. Net sales increased by Euro 118.6 million, or 2.1 percent, to Euro 5,785.3 million in the first nine months of 2014 from Euro 5,666.7 million in the same period of 2013. Net sales in the manufacturing and wholesale distribution segment in the first nine months of 2014 as compared to the same period in 2013 increased by Euro 142.4 million, whereas net sales in the retail distribution segment decreased by Euro 23.8 million for the same period. Adjusted net sales⁽¹⁰⁾ in the first nine months of 2014, which include the 2014 EyeMed Adjustment, were Euro 5,808.0 million.

Please find the reconciliation between adjusted net sales⁽¹⁰⁾ and net sales in the following table:

(Amounts in millions of Euro)	2014	2013
Net sales	5,785.3	5,666.7
> EyeMed net sales presented on a net basis starting from the third quarter of 2014	22.7	
Adjusted net sales	5,808.0	5,666.7

Net sales for the retail distribution segment decreased by Euro 23.8 million, or 0.7 percent, to Euro 3,295.8 million in the first nine months of 2014 from Euro 3,319.6 million in the same period in 2013. Although there was an overall decrease, the retail segment recorded a 3.7 percent improvement in comparable store sales⁽¹¹⁾. In particular, comparable store sales for the North American retail operations increased in the first nine months of 2014 as compared to the same period of last year (+2.7 percent). During the same periods the Australian/New Zealand retail operations increased 3.1 percent. The effects from currency fluctuations between the Euro (which is our reporting currency) and other currencies in which we conduct business, in particular the weakening of the U.S. dollar and Australian dollar compared to the Euro, decreased net sales in the retail distribution segment by Euro 121.7 million during the period.

Adjusted net sales⁽¹⁰⁾ of the retail division in the first nine months of 2014, which include the 2014 EyeMed Adjustment, were Euro 3,318.4 million.

(9) For a further discussion of Adjusted Measures, see page 20 "Non-IFRS Measures."

(10) For a further discussion of Adjusted net sales, see page 20 "Non-IFRS Measures."

(11) 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 in the same geographic area, and applies to both periods the average exchange rate for the prior period.

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Please find the reconciliation between adjusted net sales⁽¹⁰⁾ of the retail division and net sales of the retail division in the following table:

(Amounts in millions of Euro)	2014	2013
Net sales	3,295.8	3,319.6
> EyeMed net sales presented on a net basis starting from the third quarter of 2014	22.7	
Adjusted net sales	3,318.4	3,319.6

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 142.4 million, or 6.1 percent, to Euro 2,489.5 million in the first nine months of 2014 from Euro 2,347.1 million in the same period in 2013. This growth was mainly attributable to increased sales of most of our proprietary brands, in particular Ray-Ban and of certain licensed brands such as Armani. Almost all of the primary geographic markets in which the Group operates recorded an increase in net sales. These positive effects were partially offset by negative currency fluctuations, in particular the weakening of the U.S. Dollar and the Brazilian Real, which decreased net sales to third parties in the manufacturing and wholesale distribution segment by Euro 74.1 million.

In the first nine months of 2014, net sales in the retail distribution segment accounted for approximately 57.0 percent of total net sales, as compared to approximately 58.6 percent of total net sales for the same period in 2013.

In the first nine months of 2014, net sales in our retail distribution segment in the United States and Canada comprised 77.5 percent of our total net sales in this segment as compared to 78.4 percent of our total net sales in the same period of 2013. In U.S. dollars, retail net sales in the United States and Canada slightly increased by 1.0 percent to USD 3,458.5 million in the first nine months of 2014 from USD 3,425.7 million for the same period in 2013. During the first nine months of 2014, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 22.5 percent of our total net sales in the retail distribution segment and increased by 3.5 percent to Euro 743.1 million in the first nine months of 2014 from Euro 717.9 million, or 21.6 percent of our total net sales in the retail distribution segment for the same period in 2013.

In the first nine months of 2014, net sales to third parties in our manufacturing and wholesale distribution segment in Europe increased by Euro 39.0 million, or 3.9 percent, to Euro 1,052.2 million, comprising 42.3 percent of our total net sales in this segment, compared to Euro 1,013.2 million, or 43.2 percent of total net sales in the segment, for the same period in 2013. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were USD 878.8 million and comprised 26.1 percent of our total net sales in this segment for the first nine months of 2014, compared to USD 810.1 million, or 26.2 percent of total net sales in the segment, for the same period of 2013. The increase in net sales in the United States and Canada was primarily due to a general increase in consumer demand. In the first nine months of 2014, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world increased by Euro 70.0 million or 9.7 percent to Euro 788.7 million, comprising 31.7 percent of our total net sales in this segment, compared to Euro 718.7 million, or 30.6 percent of our net sales in this segment, in the same period of 2013.

Cost of Sales. Cost of sales increased by Euro 24.4 million, or 2.5 percent, to Euro 1,955.4 million in the first nine months of 2014 from Euro 1,931.0 million in the same period of 2013. As a percentage of net sales, cost of sales decreased to 33.8 percent in the first nine months of 2014 as compared to 34.1 percent in the same period of 2013. In the first nine months of 2014, the average number of frames produced daily in our facilities was approximately 295,000 as compared to approximately 305,700 in the same period of 2013.

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Adjusted cost of sales⁽¹²⁾ in the first nine months of 2014, which include cost of sales related to EyeMed equal to Euro 22.7 million, was Euro 1,978.0 million.

Please find the reconciliation between adjusted cost of sales⁽¹²⁾ and cost of sales in the following table:

(Amounts in millions of Euro)	2014	2013
Cost of sales	1,955.4	1,931.0
> EyeMed cost of sales presented on a net basis starting from the third quarter of 2014	22.7	
Adjusted cost of sales	1,978.0	1,931.0

Gross Profit. Our gross profit increased by Euro 94.2 million, or 2.5 percent, to Euro 3,829.9 million in the first nine months of 2014 from Euro 3,735.8 million for the same period of 2013. As a percentage of net sales, gross profit increased to 66.2 percent in the first nine months of 2014 as compared to 65.9 percent for the same period of 2013, due to the factors noted above.

Operating Expenses. Total operating expenses increased by Euro 38.2 million, or 1.3 percent, to Euro 2,882.4 million in the first nine months of 2014 from Euro 2,844.2 million in the same period of 2013. As a percentage of net sales, operating expenses decreased to 49.8 percent in the first nine months of 2014, from 50.2 percent in the same period of 2013.

Adjusted operating expenses⁽¹³⁾, excluding in the first nine months of 2014 non-recurring expenses of Euro 15.0 million related to the termination of the Former Group CEO and in the first nine months of 2013 non-recurring expenses related to the reorganization of Alain Mikli International amounting to approximately Euro 9.0 million, were Euro 2,867.4 million and 2,835.2 million, respectively. As a percentage of net sales, adjusted operating expenses⁽¹³⁾ were at 49.4 percent and 50.0 percent in the first nine months of 2014 and 2013, respectively.

Please find the reconciliation between adjusted operating expenses⁽¹³⁾ and operating expenses in the following table:

(Amounts in millions of Euro)	2014	2013
Operating expenses	2,882.4	2,844.2
> Adjustment for termination of the Former Group CEO	(15.0)	
> Adjustment for Alain Mikli reorganization		(9.0)
Adjusted operating expenses	2,867.4	2,835.2

Selling and advertising expenses (including royalty expenses) increased by Euro 32.1 million, or 1.5 percent, to Euro 2,204.1 million in the first nine months of 2014 from Euro 2,172.0 million in the same period of 2013. Selling expenses increased by Euro 12.6 million, or 0.7 percent. Advertising expenses increased by Euro 16.3 million, or 4.5 percent. Royalties increased by Euro 3.2 million, or 3.0 percent. As a percentage of net sales, selling and advertising expenses (including royalty expenses) were 38.1 percent in the first nine months of 2014 and 38.3 percent in the same period of 2013.

General and administrative expenses, including intangible asset amortization increased by Euro 6.1 million, or 0.9 percent, to Euro 678.3 million in the first nine months of 2014 as compared to Euro 672.1 million in the same period of 2013. As a percentage of net sales, general and administrative

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For a further discussion of Adjusted cost of sales, see page 20 "Non-IFRS Measures."

(13)

For a further discussion of Adjusted operating expenses, see page 20 "Non-IFRS Measures."

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expenses were 11.7 percent in the first nine months of 2014 as compared to 11.9 percent in the same period of 2013.

Adjusted general and administrative expenses⁽¹⁴⁾, including intangible asset amortization and excluding in the first nine months of 2014, non-recurring expenses related to termination of the Former Group CEO of 15.0 million and in the first nine months of 2013, non-recurring expenses related to the reorganization of Alain Mikli International amounting to Euro 9.0 million, totaled Euro 663.3 million in 2014 and 663.1 million in 2013. As a percentage of net sales, adjusted general and administrative expenses⁽¹⁴⁾ were 11.4 percent in the first nine months of 2014 and 11.7 percent in 2013.

Please find the reconciliation between adjusted general and administrative expenses⁽¹⁴⁾ and general and administrative expenses in the following table:

(Amounts in millions of Euro)	2014	2013
General and administrative expense	678.3	672.1
> Adjustment for termination of the Former Group CEO	(15.0)	
> Adjustment for Alain Mikli reorganization		(9.0)
Adjusted general and administrative expense	663.3	663.1

Income from Operations. For the reasons described above, income from operations increased by Euro 55.9 million, or 6.3 percent, to Euro 947.5 million in the first nine months of 2014 from Euro 891.6 million in the same period of 2013. As a percentage of net sales, income from operations increased to 16.4 percent in the first nine months of 2014 as compared to 15.7 percent in the same period of 2013.

Adjusted income from operations⁽¹⁵⁾, excluding, in the first nine months of 2013 and 2014, the above mentioned non-recurring expenses related to termination of the Former Group CEO for Euro 15.0 million and the reorganization of Alain Mikli International for Euro 9.0 million, amounted to Euro 962.6 million in 2014 and 900.6 million in 2013. As a percentage of net sales, adjusted income from operations⁽¹⁵⁾ was 16.6 percent in the first nine months of 2014 and 15.9 percent in the first nine months of 2013.

Please find the reconciliation between adjusted income from operations⁽¹⁵⁾ and income from operations in the following table:

(Amounts in millions of Euro)	2014	2013
Income from operations	947.5	891.6
> Adjustment for termination of the Former Group CEO	15.0	
> Adjustment for Alain Mikli reorganization		9.0
Adjusted income from operations	962.5	900.6

Other Income (Expense) Net. Other income (expense) net was Euro (72.1) million in the first nine months of 2014 as compared to Euro (75.1) million in the same period of 2013. Net interest expense was Euro 71.8 million in the first nine months of 2014 as compared to Euro 70.2 million in the same period of 2013.

Net Income. Income before taxes increased by Euro 58.9 million, or 7.2 percent, to Euro 875.4 million in the first nine months of 2014 from Euro 816.5 million in the same period of 2013, for the reasons

(14)

For a further discussion of Adjusted general and administrative expenses, see page 20 "Non-IFRS Measures."

(15)

For a further discussion of Adjusted income from operations, see page 20 "Non-IFRS Measures."

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described above. As a percentage of net sales, income before taxes was 15.1 percent in the first nine months of 2014 as compared to 14.4 percent in the same period of 2013.

Adjusted income before taxes⁽¹⁶⁾ amounted to Euro 890.4 in the first nine months of 2014 and Euro 825.5 million in the same period of 2013. As a percentage of net sales, adjusted income before taxes⁽¹⁶⁾ was 15.3 percent in the first nine months of 2014 and 14.6 percent in the same period of 2013. Please find the reconciliation between adjusted income before taxes⁽¹⁶⁾ and income before taxes in the following table:

(Amounts in millions of Euro)	2014	2013
Income before taxes	875.4	816.5
> Adjustment for termination of the Former Group CEO	15.0	
> Adjustment for Alain Mikli reorganization		9.0
 Adjusted income before taxes	 890.4	 825.5

Net income attributable to non-controlling interests in the first nine months of 2014, increased to Euro 4.0 million from Euro 3.8 million in the same period of 2013. The expected tax rate was 36.1 and 36.0 percent in the first nine months of 2014 and 2013.

Net income attributable to Luxottica Group stockholders increased by Euro 36.2 million, or 7.0 percent, to Euro 550.0 million in the first nine months of 2014 from Euro 518.8 million in the same period of 2013. Net income attributable to Luxottica Group stockholders as a percentage of net sales was 9.6 percent in the first nine months of 2014 and 9.2 percent in the same period of 2013.

Adjusted net income attributable to Luxottica Group stockholders⁽¹⁷⁾ increased to Euro 565.9 from Euro 524.7 million in the nine month period ended September 30, 2014 and 2013. As a percentage of net sales, adjusted net income attributable to Luxottica Group stockholders⁽¹⁷⁾ was at 9.7 percent and 9.3 percent in the first nine months of 2014 and 2013 respectively.

Please find the reconciliation between adjusted net income attributable to Luxottica Group stockholders⁽¹⁷⁾ in the following table:

(Amounts in millions of Euro)	2014	2013
Net Income attributable to Luxottica Group stockholders	550.0	518.8
> Adjustment for termination of the Former Group CEO	10.9	
> Adjustment for Alain Mikli reorganization		5.9
 Adjusted Net Income attributable to Luxottica Group stockholders	 565.9	 524.7

Basic and diluted earnings per share were Euro 1.17 and 1.16 in the first nine months of 2014 respectively. In the same period of 2013, basic and diluted earnings per share were Euro 1.10 and 1.09 respectively.

Adjusted basic earnings per share⁽¹⁸⁾ was Euro 1.19 and 1.11 in the first nine months of 2014 and 2013 respectively. Adjusted diluted earnings per share⁽¹⁸⁾ was Euro 1.18 and Euro 1.10 in the first nine months of 2014 and 2013 respectively.

(16) For a further discussion of Adjusted income before taxes, see page 20 "Non-IFRS Measures."

(17) For a further discussion of Adjusted net income to Luxottica Group stockholders, see page 20 "Non-IFRS Measures."

(18)

For a further discussion of Adjusted basic and diluted earnings per share, see page 20 "Non-IFRS Measures."

Table of Contents**RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 (UNAUDITED)***In accordance with IFRS*

(Amounts in thousands of Euro)	Three months ended September 30,			
	2014	% of net sales	2013	% of net sales
Net sales	1,882,969	100.0%	1,784,992	100.0%
Cost of sales	605,552	32.2%	607,091	34.0%
Gross profit	1,277,417	67.8%	1,177,901	66.0%
Selling	590,457	31.4%	553,480	31.0%
Royalties	36,722	2.0%	32,772	1.8%
Advertising	132,408	7.0%	119,601	6.7%
General and administrative	236,633	12.6%	216,944	12.2%
Total operating expenses	996,221	52.9%	922,797	51.7%
Income from operations	281,195	14.9%	255,105	14.3%
Other income/(expense)				
Interest income	3,154	0.2%	1,615	0.1%
Interest expense	(27,445)	(1.5)%	(24,033)	(1.3)%
Other net	(14)	(0.0)%	(803)	(0.0)%
Income before provision for income taxes	256,891	13.6%	231,884	13.0%
Provision for income taxes	(93,706)	(5.0)%	(83,420)	(4.7)%
Net income	163,184	8.7%	148,464	8.3%
Attributable to				
Luxottica Group stockholders	162,441	8.6%	147,557	8.3%
non-controlling interests	743	0.0%	907	0.1%
NET INCOME	163,184	8.7%	148,464	8.3%

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In order to provide the reader of this report with a meaningful comparison of the information included in the condensed consolidated financial statements as of September 30, 2014, certain prior year comparative information has been revised to conform to the current year presentation. The revision relates to the reclassification of the warehouse and shipping expenses of certain subsidiaries of the Company from general and administrative expenses and selling expenses to cost of sales. The Company has determined that the revision, totaling Euro 13.6 million, is immaterial to the previously reported financial statements.

In order to provide the reader of this report with a meaningful comparison of the information as of and for the period ended September 30, 2014, certain items are adjusted as follows: (i) in the third quarter of 2014, the Group incurred non-recurring expenses for Euro 15.0 million (Euro 10.9 million net of the tax

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effect) related to the termination of the Former Group CEO and (ii) starting in the third quarter of 2014, adjusted net sales include the 2014 EyeMed adjustment as defined above.

	Three months ended September 30, 2014	% of net sales
Adjusted Measures⁽¹⁹⁾		
Adjusted net sales	1,905,647	
Adjusted cost of sales	628,230	33.0%
Adjusted income from operations	296,196	15.5%
Adjusted EBITDA	394,538	20.7%
Adjusted net income attributable to Luxottica Group stockholders	173,317	9.1%

Net Sales. Net sales increased by Euro 98.0 million, or 5.5 percent, to Euro 1,883.0 million in the three months ended September 30, 2014 from Euro 1,785.0 million in the same period of 2013. Net Sales growth was due to the increase in the manufacturing and wholesale distribution segment in the three months ended September 30, 2014 of Euro 64.0 million and increase in the retail distribution segment of Euro 34.0 million.

Adjusted net sales⁽²⁰⁾ in the three months ended September 30, 2014, which include the 2014 EyeMed Adjustment, were Euro 1,905.7 million.

Please find the reconciliation between adjusted net sales⁽²⁰⁾ and net sales in the following table:

	Three months ended September 30, 2014	Three months ended September 30, 2013
(Amounts in millions of Euro)		
Net sales	1,883.0	1,785.0
> EyeMed net sales presented on a net basis starting from the third quarter of 2014	22.7	
Adjusted net sales	1,905.7	1,785.0

Net sales for the retail distribution segment increased by Euro 34.0 million, or 3.1 percent, to Euro 1,132.8 million in the three months ended September 30, 2014 from Euro 1,098.9 million in the same period in 2013. The retail segment recorded a 4.4 percent improvement in comparable store sales⁽²¹⁾. In particular, we saw a 4.3 percent increase in comparable store sales⁽²¹⁾ for the North American retail operations, and a 1.3 percent increase for the Australian/New Zealand retail operations. The effects from currency fluctuations between the Euro (which is our reporting currency) and other currencies in which we conduct business, in particular the strengthening of the U.S. dollar and Australian dollar compared to the Euro, increased net sales in the retail distribution segment by Euro 2.4 million during the period.

Adjusted net sales⁽²⁰⁾ of the retail division in the third quarter of 2014, which include the 2014 EyeMed Adjustment, were Euro 1,155.5 million.

(19) For a further discussion of Adjusted Measures, see page 20 "Non-IFRS Measures."

(20) For a further discussion of Adjusted net sales, see page 20 "Non-IFRS Measures."

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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 in the same geographic area, and applies to both periods the average exchange rate for the prior period.

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Please find the reconciliation between adjusted net sales⁽²⁰⁾ of the retail division and net sales of the retail division in the following table:

(Amounts in millions of Euro)	Three months ended September 30, 2014	Three months ended September 30, 2013
Net sales	1,132.8	1,098.9
> EyeMed net sales presented on a net basis starting from the third quarter of 2014	22.7	
Adjusted net sales	1,155.5	1,098.9

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 64.0 million, or 9.3 percent, to Euro 750.1 million in the three months ended September 30, 2014 from Euro 686.1 million in the same period in 2013. This growth was mainly attributable to increased sales of most of our proprietary brands, in particular Ray-Ban and Oakley and of some licensed brands such as Prada. Almost all of the primary geographic markets in which the Group operates recorded an increase in net sales. The impact of currency fluctuations, in particular the strengthening of the U.S. dollar and other currencies, is immaterial on the net sales to third parties in the manufacturing and wholesale distribution segment

In the three months ended September 30, 2014, net sales in the retail distribution segment accounted for approximately 60.2 percent of total net sales, as compared to approximately 61.6 percent of total net sales for the same period in 2013.

In the three months ended September 30, 2014, net sales in our retail distribution segment in the United States and Canada comprised 76.8 percent of our total net sales in this segment as compared to 78.2 percent of our total net sales in the same period of 2013. In U.S. dollars, retail net sales in the United States and Canada increased by 1.2 percent to USD 1,152.5 million in the three months ended September 30, 2014 from USD 1,138.9 million for the same period in 2013. During the three months ended September 30, 2014, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 23.2 percent of our total net sales in the retail distribution segment and increased by 10.0 percent to Euro 263.0 million in the three months ended September 30, 2014 from Euro 239.1 million, or 21.8 percent of our total net sales in the retail distribution segment for the same period in 2013.

In the three months ended September 30, 2014, net sales to third parties in our manufacturing and wholesale distribution segment in Europe decreased by Euro 3.5 million to Euro 273.9 million, comprising 36.5 percent of our total net sales in this segment, compared to Euro 277.5 million of total net sales in the segment, for the same period in 2013. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were USD 281.5 million and comprised 28.4 percent of our total net sales in this segment for the three months ended September 30, 2014, compared to USD 254.5 million, or 28.0 percent of total net sales in the segment, for the same period of 2013. In the three months ended September 30, 2014, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world increased by Euro 46.8 million, or 21.6 percent, in the three months ended September 30, 2014 as compared to the same period of 2013, to Euro 263.4 million, comprising 35.1 percent of our total net sales in this segment, compared to Euro 216.6 million, or 31.6 percent of our net sales in this segment, in the same period of 2013.

Cost of Sales. Cost of sales decreased by Euro 1.5 million, or 0.3 percent, to Euro 605.6 million in the three months ended September 30, 2014 from Euro 607.1 million in the same period of 2013. As a percentage of net sales, cost of sales decreased to 32.2 percent in the three months ended September 30, 2014 as compared to 34.0 percent in the same period of 2013. In the three months ended September 30,

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2014, the average number of frames produced daily in our facilities decreased to approximately 299,000 as compared to approximately 306,800 in the same period of 2013.

Adjusted Cost of sales⁽²²⁾ which include the 2014 EyeMed Adjustment, was Euro 628.2 million.

Please find the reconciliation between adjusted cost of sales⁽²²⁾ and cost of sales in the following table:

(Amounts in millions of Euro)	Three months ended September 30, 2014	Three months ended September 30, 2013
Cost of sales	605.6	607.1
> EyeMed cost of sales presented on a net basis starting from the third quarter of 2014	22.7	
Adjusted Cost of sales	628.2	607.1

Gross Profit. Our gross profit increased by Euro 99.5 million, or 8.4 percent, to Euro 1,277.4 million in the three months ended September 30, 2014 from Euro 1,177.9 million for the same period of 2013. As a percentage of net sales, gross profit increased to 67.8 percent in the three months ended September 30, 2014 as compared to 66.0 percent for the same period of 2013, due to the factors noted above.

Operating Expenses. Total operating expenses increased by Euro 73.4 million, or 8.0 percent, to Euro 996.2 million in the three months ended September 30, 2014 from Euro 922.8 million in the same period of 2013. As a percentage of net sales, operating expenses increased to 52.9 percent in the three months ended September 30, 2014, from 51.7 percent in the same period of 2013.

Adjusted operating expenses⁽²³⁾ excluding in the third quarter of 2014 a non-recurring expense of Euro 15.0 million related to the termination of the Former Group CEO, were Euro 981.2 million. As a percentage of net sales, adjusted operating expenses⁽²³⁾ were at 51.5 percent.

Please find the reconciliation between adjusted operating expenses⁽²³⁾ and operating expenses in the following table:

(Amounts in millions of Euro)	Three months ended September 30, 2014	Three months ended September 30, 2013
Operating expenses	996.2	922.8
> Adjustment for termination of the Former Group CEO	(15.0)	
Adjusted operating expenses	981.2	922.8

Selling and advertising expenses (including royalty expenses) increased by Euro 53.7 million, or 7.6 percent, to Euro 759.6 million in the three months ended September 30, 2014 from Euro 705.9 million in the same period of 2013. Selling expenses increased by Euro 37.0 million, or 6.7 percent. Advertising expenses increased by Euro 12.8 million, or 10.7 percent. Royalties increased by Euro 4.0 million, or 12.1 percent. As a percentage of net sales, selling and advertising expenses were 40.3 percent in the three months ended September 30, 2014 and 39.5 percent in the same period of 2013.

General and administrative expenses, including intangible asset amortization increased by Euro 19.7 million, or 9.1 percent, to Euro 236.6 million in the three months ended September 30, 2014 as compared to Euro 216.9 million in the same period of 2013. As a percentage of net sales, general and administrative expenses were 12.6 percent in the three months ended September 30, 2014 as compared to

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(22)

For a further discussion of Adjusted cost of sales, see page 20 "Non-IFRS Measures."

(23)

For a further discussion of Adjusted operating expenses, see page 20 "Non-IFRS Measures."

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12.2 percent in the same period of 2013. The increase is mainly due to the non-recurring expense related to the termination of the Former Group CEO as explained below.

Adjusted general and administrative expenses⁽²⁴⁾, including intangible asset amortization and excluding, in the three months ended September 30, 2014, the non-recurring expenses related to termination of the Former Group CEO of 15.0 million, were 221.6 million. As a percentage of net sales, adjusted general and administrative expenses⁽²⁴⁾ were 11.6 percent in the third quarter of 2014

Please find the reconciliation between adjusted general and administrative expenses⁽²⁴⁾ and general and administrative expenses in the following table:

(Amounts in millions of Euro)	Three months ended September 30, 2014	Three months ended September 30, 2013
General and administrative expense	236.6	216.9
> Adjustment for termination of the Former Group CEO	(15.0)	
Adjusted general and administrative expense	221.6	216.9

Income from Operations. For the reasons described above, income from operations increased by Euro 26.1 million, or 10.2 percent, to Euro 281.2 million in the three months ended September 30, 2014 from Euro 255.1 million in the same period of 2013. As a percentage of net sales, income from operations increased to 14.9 percent in the three months ended September 30, 2014 from 14.3 percent in the same period of 2013.

Adjusted income from operations⁽²⁵⁾, excluding in the third quarter of 2014, the above mentioned non-recurring expenses related to termination of the Former Group CEO for Euro 15.0 million, amounted to Euro 296.2 million in 2014. As a percentage of net sales, adjusted income from operations⁽²⁵⁾ was 15.5 percent in the third quarter of 2014.

Please find the reconciliation between adjusted income from operations⁽²⁵⁾ and income from operations in the following table:

(Amounts in millions of Euro)	Three months ended September 30, 2014	Three months ended September 30, 2013
Income from operations	281.2	255.1
> Adjustment for termination of the Former Group CEO	15.0	
Adjusted Income from operations	296.2	255.1

Other Income (Expense) Net. Other income (expense) net was Euro (24.3) million in the three months ended September 30, 2014 as compared to Euro (23.2) million in the same period of 2013. Net interest expense was Euro 24.3 million in the three months ended September 30, 2014 as compared to Euro 22.4 million in the same period of 2013.

Net Income. Income before taxes increased by Euro 25.0 million, or 10.8 percent, to Euro 256.9 million in the three months ended September 30, 2014 from Euro 231.9 million in the same period of 2013, for the reasons described above. As a percentage of net sales, income before taxes increased to 13.6 percent in the three months ended September 30, 2014 from 13.0 percent in the same period of 2013.

(24) For a further discussion of Adjusted general and administrative expenses, see page 20 "Non-IFRS Measures."

(25) For a further discussion of Adjusted income from operations, see page 20 "Non-IFRS Measures."

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Adjusted income before taxes⁽²⁶⁾ amounted to Euro 271.9 million in the third quarter of 2014. As a percentage of net sales, adjusted income before taxes⁽²⁶⁾ was 14.3 percent in the third quarter of 2014

Please find the reconciliation between adjusted income before taxes⁽²⁶⁾ and income before taxes in the following table:

(Amounts in millions of Euro)	Three months ended September 30, 2014	Three months ended September 30, 2013
Income before taxes	256.9	231.9
> Adjustment for termination of the Former Group CEO	15.0	
Adjusted income before taxes	271.9	231.9

Net income attributable to non-controlling interests in the three months ended September 30, 2014, increased to Euro 0.7 million from Euro 0.9 million in the three months ended September 30, 2013.

Net income attributable to Luxottica Group stockholders increased by Euro 14.9 million, or 10.1 percent, to Euro 162.4 million in the three months ended September 30, 2014 from Euro 147.6 million in the same period of 2013. Net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 8.6 percent in the three months ended September 30, 2014 from 8.3 percent in the same period of 2013.

Adjusted net income attributable to Luxottica Group stockholders⁽²⁷⁾ excluding non-recurring expenses related to termination of the Former Group CEO was 173.3 million in the third quarter of 2014. As a percentage of net sales adjusted net income attributable to Luxottica Group stockholders⁽²⁷⁾ equaled 9.1 percent in the three-month period ended September 30, 2014.

Please find the reconciliation between Adjusted net income attributable to Luxottica Group stockholders⁽²⁷⁾ and Net income attributable to Luxottica Group stockholders in the following table:

(Amounts in millions of Euro)	2014	2013
Net Income attributable to Luxottica Group stockholders	162.4	147.6
> Adjustment for termination of the Former Group CEO	10.9	
Adjusted net Income attributable to Luxottica Group stockholders	173.3	147.6

Basic earnings per share and diluted earnings per share were Euro 0.34 in the three months ended September 30, 2014. Basic earnings per share and diluted earnings per share were Euro 0.31 in the three months ended September 30, 2013.

Adjusted basic and diluted earnings⁽²⁸⁾ per share were Euro 0.36 in the third quarter of 2014.

(26) For a further discussion of Adjusted income before taxes, see page 20 "Non-IFRS Measures."

(27) For a further discussion of Adjusted net income attributable to Luxottica Group Stockholders, see page 20 "Non-IFRS Measures."

(28) For a further discussion of Adjusted earnings per share, see page 20 "Non-IFRS Measures."

Table of Contents**OUR CASH FLOWS**

The following table sets forth for the periods indicated certain items included in our statements of consolidated cash flows included in Item 2 of this report.

(Amounts in thousands of Euro)	As of September 30, 2014	As of September 30, 2013
	(unaudited)	
A) Cash and cash equivalents at the beginning of the period	617,995	790,093
B) Cash provided by operating activities (net)	935,910	679,885
C) Cash used in investing activities	(311,227)	(341,128)
D) Cash provided by/(used in) financing activities	11,069	(564,186)
E) Effect of exchange rate changes on cash and cash equivalents	44,302	(26,946)
F) Net change in cash and cash equivalents	680,054	(252,375)
G) Cash and cash equivalents at the end of the period	1,298,049	537,718

Operating activities. Cash provided by operating activities was Euro 935.9 million and Euro 679.9 million for the first nine months of 2014 and 2013, respectively.

Depreciation and amortization were Euro 280.0 million in the first nine months of 2014 as compared to Euro 274.3 million in the same period of 2013.

Cash used in accounts receivable was Euro (79.2) million in the first nine months of 2014, compared to Euro (80.4) million in the same period of 2013. This change was primarily due to the improved timing of accounts receivable collections in the first nine months of 2014 as compared to the same period of 2013. Cash generated in inventory was Euro 21.9 million in the first nine months of 2014 as compared to Euro 2.1 million in the same period of 2013. The change in inventory in the first nine months of 2014 was due to better inventory management within the Group. Cash generated/(used) in accounts payable was Euro 0.3 million in the first nine months of 2014 compared to Euro (64.7) million in the same period of 2013. The decrease in cash used for accounts payable in 2014 as compared to 2013 is due to better payment terms negotiated by the Group beginning in 2012. Cash used in other assets and liabilities, risk funds and employee benefits was Euro (37.5) million and Euro (69.6) million in the first nine months of 2014 and 2013, respectively. The cash used in the first nine months of 2013 was mainly due to the payments made for advances on royalties. Income taxes paid were Euro (183.8) million in the first nine months of 2014 as compared to Euro (238.5) million in the same period of 2013. The reduction is mainly due to the timing of income tax payments in the different jurisdictions. Interest paid was Euro (62.0) million and Euro (63.3) million in the first nine months of 2014 and 2013, respectively.

Investing activities. Our cash used in investing activities was Euro (311.2) million for the first nine months of 2014 as compared to Euro (341.1) million for the same period in 2013. The cash used in investing activities in the first nine months of 2014 primarily consisted of (i) Euro (177.3) million in capital expenditures mainly related to routine technology upgrades to the manufacturing infrastructure, opening of new stores and the remodeling of older stores with leases that were extended during the period, (ii) Euro (94.6) million for the acquisition of intangible assets related to the creation of a new IT platform, and (iii) Euro (39.4) million (net of cash acquired), related to the acquisition of glasses.com for Euro (29.5) million and other minor acquisitions in the retail segment for Euro (9.9) million. Cash used in investing activities in the first nine months of 2013 primarily consisted of (i) Euro (171.4) million in capital expenditures, mainly related to routine technology upgrades to the manufacturing infrastructure, opening of new stores and the remodeling of older stores with leases that were extended during the period, (ii) Euro (66.9) million for the acquisition of intangible assets, (iii) Euro (59.7) million (net of cash

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acquired), mainly related to the acquisition of Alain Mikli International, and (iv) Euro (45.0) million, related to the acquisition of a 36.33 percent stake in Salmoiraghi & Viganò.

Financing activities. Our cash provided by/(used) in financing activities for the first nine months of 2014 and 2013 was Euro 11.1 million and Euro (564.2) million, respectively. Cash provided by/(used in) financing activities for the first nine months of 2014 consisted primarily of (i) Euro 500 million related to the issuance of a new bond, (ii) Euro (318.3) million related to the payment of existing debt, (iii) Euro (308.3) million used to pay dividends to the shareholders of the Company and (iii) Euro 55.5 million related to the exercise of stock options. Cash provided by/(used in) financing activities for the first nine months of 2013 consisted primarily of (i) Euro (328.5) million in cash used to repay short and long-term debt expiring during the first nine months of 2013, (ii) Euro (277.0) million used to pay dividends to the shareholders of the Company and (iii) Euro 72.5 million related to the exercise of stock options.

Table of Contents**OUR CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS (Amounts in thousands of Euro)	September 30, 2014 (unaudited)	December 31, 2013 (audited)
CURRENT ASSETS:		
Cash and cash equivalents	1,298,049	617,995
Accounts receivable net	791,998	680,296
Inventories net	708,252	698,950
Other assets	229,535	238,761
Total current assets	3,027,834	2,236,002
NON-CURRENT ASSETS:		
Property, plant and equipment net	1,259,520	1,183,236
Goodwill	3,282,865	3,045,216
Intangible assets net	1,350,051	1,261,137
Investments	58,705	58,108
Other assets	114,661	126,583
Deferred tax assets	200,877	172,623
Total non-current assets	6,266,679	5,846,903
TOTAL ASSETS	9,294,513	8,082,905

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 2014 (unaudited)	December 31, 2013 (audited)
CURRENT LIABILITIES:		
Short term borrowings	122,811	44,921
Current portion of long-term debt	103,794	318,100
Accounts payable	712,080	681,151
Income taxes payable	144,761	9,477
Short term provisions for risks and other charges	145,233	123,688
Other liabilities	552,587	523,050
Total current liabilities	1,781,266	1,700,386
NON-CURRENT LIABILITIES:		
Long-term debt	2,190,107	1,716,410
Employee benefits	100,038	76,399
Deferred tax liabilities	259,156	268,078
Long term provisions for risks and other charges	109,764	97,544
Other liabilities	82,091	74,151

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Total non-current liabilities	2,741,156	2,232,583
STOCKHOLDERS' EQUITY:		
Luxottica Group stockholders' equity	4,763,948	4,142,828
Non-controlling interests	8,142	7,107
Total stockholders' equity	4,772,090	4,149,936
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	9,294,513	8,082,905

As of September 30, 2014, total assets increased by Euro 1,211.6 million to Euro 9,294.5 million, compared to Euro 8,082.9 million as of December 31, 2013.

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In the first nine months of 2014, non-current assets increased by Euro 419.8 million, due to increases in intangible assets (including goodwill) of Euro 326.6 million, in tangible assets of Euro 76.3 million and deferred tax assets of Euro 28.3 million, partially offset by decreases in other assets of Euro 11.9 million.

The increase in intangible assets was due to capitalized software and other intangible asset additions of Euro 94.6 million, acquisitions that occurred in the first nine months of 2014 of Euro 35.0 million, effects of foreign currency fluctuations from December 2013 to September 2014 of Euro 308.5 million, which were partially offset by amortization of assets in the period of Euro 115.3 million.

The increase in property, plant and equipment was due to additions in the period of Euro 177.3 million, to the impact of foreign currency fluctuations from December 2013 to September 2014 of Euro 72.8 million, to the acquisitions that occurred in the first nine months of 2014 of Euro 5.5 million, which were partially offset by depreciation for the period of Euro 164.7 million and to disposals for the period of Euro 10.1 million.

As of September 30, 2014 as compared to December 31, 2013:

Accounts receivable increased by Euro 111.7 million, primarily due to the increase in net sales during the first nine months of 2014;

Accounts payable increased by Euro 30.9 million, primarily due to the effect of foreign currency fluctuations from December 2013 to September 2014;

Current taxes payable increased by Euro 135.3 million due to the timing of tax payments made by the Group in various jurisdictions;

Employee benefits increased by Euro 23.6 million which was primarily due to a decrease in the discount rate used to determine employee benefit liabilities.

Our net financial position as of September 30, 2014 and December 31, 2013 was as follows:

(Amounts in thousands of Euro)	September 30, 2014 (unaudited)	December 31, 2013 (audited)
Cash and cash equivalents	1,298,049	617,995
Bank overdrafts	(122,811)	(44,921)
Current portion of long-term debt	(103,794)	(318,100)
Long-term debt	(2,190,107)	(1,716,410)
Total	(1,118,663)	(1,461,435)

Bank overdrafts consist of the utilized portion of short-term uncommitted revolving credit lines borrowed by various subsidiaries of the Group and the applicable interest rate is usually variable and depends on the currency in which the loan is drawn.

As of September 30, 2014, Luxottica together with our wholly-owned Italian subsidiaries, had credit lines aggregating Euro 360.3 million. The interest rate is a floating rate of EURIBOR plus a margin on average of approximately 100 basis points. At September 30, 2014, Euro 0.1 million was utilized under these credit lines.

As of September 30, 2014, our wholly-owned subsidiary Luxottica U.S. Holdings Corp. maintained unsecured lines of credit with an aggregate maximum availability of Euro 98.0 million (USD 130.0 million). At September 30, 2014, Euro 4.9 million was utilized under these credit lines.

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Euro 45.0 million in aggregate at September 30, 2014 face amount of standby letters of credit were outstanding related to guarantees on these lines of credit.

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4. RELATED PARTY TRANSACTIONS

Our related party transactions are neither atypical nor unusual and occur in the ordinary course of our business. Management believes that these transactions are fair to the Company. For further details regarding related party transactions, please refer to Note 29 to the Condensed Consolidated Financial Statements as of September 30, 2014 (unaudited).

On January 29, 2013, the Company elected to avail itself of the options provided by Article 70, Section 8, and Article 71, Section 1-bis, of CONSOB Issuers' Regulations and, consequently, will no longer comply with the obligation to make available to the public an information memorandum in connection with transactions involving significant mergers, spin-offs, increases in capital through contributions in kind, acquisitions and disposals.

On April 29, 2014, the Board of Directors of Luxottica Group authorized the Company to enter into an agreement to lease a building located in Piazzale Cadorna 3, Milan. The lease will be for a period of seven years and 5 months and will be renewable for an additional six years.

The building is owned by Beni Stabili SIQ S.p.A., which through Delfin S.à.r.l. is ultimately controlled by the Company's Chairman Leonardo Del Vecchio, and therefore the lease agreement is a transaction with related parties. In accordance with the procedure on related parties adopted by the Company and Consob regulation n. 17221/2010 and in light of the contract balance, the agreement qualifies as a minor transaction with related parties.

On March 31, 2014 the Risk and Control Committee, solely composed of independent directors, unanimously expressed a favorable opinion regarding the Company's interest in entering in such transaction as well as on the convenience and fairness of the related conditions.

On September 1, 2014, following a period of debate with Chairman Leonardo Del Vecchio over the Group's future strategy and direction, Andrea Guerra left as Group CEO ("Former Group CEO") and received a termination payment in connection with his departure.

5. SUBSEQUENT EVENTS

For further details regarding subsequent events, please refer to Note 35 to the Condensed Consolidated Financial Statements as of September 30, 2014 (unaudited).

6. 2014 OUTLOOK

The financial results reported for the first nine months of 2014 lead management to an optimistic outlook for the full fiscal year.

NON-IFRS MEASURES

Adjusted measures

In this Management Report we refer to certain performance measures that are not in accordance with IFRS. Such non-IFRS measures are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding our operational performance.

Such measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors. Such non-IFRS measures are explained in detail and reconciled to their most comparable IFRS measures below.

In order to provide a supplemental comparison of current period results of operations to prior periods, we have adjusted for certain non-recurring transactions or events.

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For the first nine months of 2014 we made adjustments to the following measures: Net sales, cost of sales, general and administrative expenses, operating income, operating margin, EBITDA and EBITDA margin, net income and earnings per share. We adjusted the above items, as appropriate, by excluding a non-recurring expense related to termination of the Former Group CEO of Euro 15.0 million (Euro 10.9 million net of the tax effect) and by including sales of the EyeMed division of Euro 22.7 million which, starting from the third quarter of 2014, are reported on a net in lieu of a gross basis.

In 2013, we made adjustments to the following measures: operating income, operating margin, EBITDA and EBITDA margin. We have also adjusted net income, earnings per share, operating expenses, selling expenses and general and administrative expenses. We adjusted the above items by excluding (i) non-recurring costs related to the reorganization of the Alain Mikli business for Euro 9.0 million (Euro 5.9 million net of the tax effect), (ii) costs related to the tax audit of Luxottica S.r.l. (fiscal year 2007) for Euro 26.7 million and (iii) costs related to the tax audit of Luxottica S.r.l. (fiscal years subsequent to 2007) for Euro 40.0 million.

The adjusted measures referenced above are not measures of performance in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and endorsed by the European Union. The Group believes that these adjusted measures are useful to both management and investors in evaluating the Group's operating performance compared with that of other companies in its industry in order to provide a supplemental view of operations that exclude items that are unusual, infrequent or unrelated to our ongoing operations.

Non-IFRS measures such as EBITDA, EBITDA margin, free cash flows and the ratio of net debt to EBITDA are included in this Management Report in order to:

improve transparency for investors;

assist investors in their assessment of the Group'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 Group's cost of debt;

ensure that these measures are fully understood in light of how the Group 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.

See the tables below for a reconciliation of the adjusted measures discussed above to their most directly comparable IFRS financial measures or, in case of adjusted EBITDA, to EBITDA which is also a non-IFRS measure.

Non-IAS/IFRS Measures: reconciliation between reported and adjusted P&L items.

Luxottica Group	Net Sales	Cost of sales	9M14		Net Income	EPS
			EBITDA	Operating Income		
Reported	5,785.3	(1,955.4)	1,227.6	947.5	555.0	1.17
> 2014 EyeMed Adjustment	22.7	(22.7)				
> Adjustment for Former Group CEO payment			15.0	15.0	10.9	0.02

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Adjusted	5,808.0	(1,978.0)	1,242.6	962.5	565.9	1.19
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Retail division	Net Sales	Cost of sales	9M14		Net Income	EPS
			EBITDA	Operating Income		
Reported	3,295.8	(973.0)	620.4	487.7	n/a	n/a
> 2014 EyeMed Adjustment	22.7	(22.7)				
Adjusted	3,318.4	(995.7)	620.4	487.7	n/a	n/a

Luxottica Group	Net Sales	EBITDA	9M13		Net Income	EPS
			Operating Income	Net Income		
Reported	5,666.7	1,165.9	891.6	518.8	1.10	
> Adjustment for Alain Mikli restructuring		9.0	9.0	5.9	0.01	
Adjusted	5,666.7	1,174.9	900.6	524.7	1.11	

Luxottica Group	Net Sales	Cost of sales	3Q14		Net Income	EPS
			EBITDA	Operating Income		
Reported	1,883.0	(605.6)	379.5	281.2	162.4	0.34
> 2014 EyeMed Adjustment	22.7	(22.7)				
> Adjustment for Former Group CEO payment			15.0			