LUXOTTICA GROUP SPA
Form 6-K
August 04, 2011

Table of Contents

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 June 30, 2011
COMMISSION FILE NO. 1 - 10421

LUXOTTICA GROUP S.p.A.

VIA C. CANTÙ 2, 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 ý Form 40-F o

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): o

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): o

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 o No ý

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

Table of Contents

F O R M 6-K

for the quarter ended June 30 of Fiscal Year 2011

INDEX TO FORM 6-K

Table of Contents

Corporate Management

Board of Directors
In office until the approval of the financial statements as of and for the year ending December 31, 2011.

Chairman	Leonardo Del Vecchio
Deputy Chairman	Luigi Francavilla
Chief Executive Officer	Andrea Guerra
Directors	Roger Abravanel* Mario Cattaneo* Enrico Cavatorta Roberto Chemello Claudio Costamagna* Claudio Del Vecchio Sergio Erede Sabina Grossi Ivanhoe Lo Bello (Lead Independent Director)* Marco Mangiagalli* Gianni Mion* Marco Reboa*

**Independent director.*

Human Resources Committee	Claudio Costamagna (Chairman) Roger Abravanel Sabina Grossi Gianni Mion
Internal Control Committee	Mario Cattaneo (Chairman) Ivanhoe Lo Bello 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, 2011.

Regular Auditors	Francesco Vella (Chairman) Alberto Giussani Enrico Cervellera
Alternate Auditors	Alfredo Macchiati Giorgio Silva
Officer Responsible for Preparing the Company's Financial Reports	Enrico Cavatorta

Auditing Firm
Until approval of the financial statements as of and for the year ending December 31, 2011.

Deloitte & Touche S.p.A.

Table of Contents

Luxottica Group S.p.A.

Headquarters and registered office Via C. Cantù 2, 20123 Milan, Italy

Capital Stock € 28,012,700.58

authorized and issued

ITEM 1. MANAGEMENT REPORT ON THE INTERIM FINANCIAL RESULTS
AS OF JUNE 30, 2011
(UNAUDITED)

The following discussion should be read in conjunction with the disclosure contained in the consolidated financial statements as of December 31, 2010, which includes a study about risks and uncertainties that can influence our operational results or our financial position.

1. OPERATING PERFORMANCE FOR THE THREE- AND THE SIX- MONTH PERIODS ENDED JUNE 30, 2011

During the second quarter of 2011, both the growth trend and Luxottica's investments continued. In a macroeconomic environment that was, as a whole, positive, the Group has successfully achieved results that show great improvement in all the major geographic areas where it operates, with particularly solid performance recorded in Europe, North America and the emerging markets. Despite the significant depreciation of the U.S. dollar against the Euro, going from Euro 1.2708 during the second quarter of 2010 to Euro 1.4391 (12 percent) during the second quarter of 2011, net sales for the second quarter of 2011 exceeded Euro 1.6 billion and net income stood at Euro 162 million, the best results ever recorded in the history of the Company.

In the second quarter of the year, Luxottica achieved positive performances in most geographic regions where it is present. The results recorded by the wholesale distribution segment are worthy of note, improving on the best-ever sales of previous quarters, recording strong growth in net sales (+11.6 percent at constant exchange rates[1]). Emerging markets made a key contribution to this performance, along with Europe, particularly France, Germany, Spain and Italy, which enjoyed an especially positive season.

[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 period ended June 30, 2010. Please refer to Attachment 1 for further details on exchange rates.

The results for Sunglass Hut were also exceptional, for the fourth consecutive quarter, benefitting from the continuous actions aimed at attracting and creating meaningful relationships with new consumers, as well as the opening of the first stores in Brazil and China. LensCrafters once again proved to be the point of reference for the optical sector in North America, thanks in part to the major investments made in new technologies and laboratories.

In the second quarter of 2011, net sales for the Group increased by 9.5 percent at constant exchange rates (+2.4 percent at current exchange rates), to Euro 1,633.5 million from Euro 1,595.1 million in the second quarter of 2010. During the first six months of 2011, net sales increased by 9.3 percent at constant exchange rates to Euro 3,189.6 million (Euro 2,986.8 million in the first six months of 2010).

EBITDA[2] for the second quarter of 2011 increased over the previous year by 5.0 percent to Euro 352.2 million, from Euro 335.4 million in the second quarter of 2010. For the first six months of the year, EBITDA increased to Euro 635.1 million from Euro 578.0 million posted for the first six months of 2010.

[2] For a further discussion of EBITDA, see page 15 "Non-IAS/IFRS Measures."

Table of Contents

Operating income for the second quarter of 2011 settled at Euro 276.8 million (Euro 258.3 million for the same period last year, +7.2 percent), while the Group's operating margin grew from 16.2 percent in the second quarter of 2010 to 16.9 percent in the second quarter of 2011. For the first six months of the year, the operating income amounted to Euro 484.2 million, up 12.7 percent over the Euro 429.6 million posted for the same period last year.

Net income for the second quarter of 2011 increased to Euro 162.1 million, up by 8.0 percent from Euro 150.1 million for the same period of 2010, resulting in earnings per share (EPS) of Euro 0.35 (at an average Euro/U.S. dollar exchange rate of Euro 1.4391). The EPS in U.S. dollars increased by 21.9 percent from U.S. $0.42 in the second quarter of 2010 to U.S. $0.51 in the second quarter of 2011.

For the second quarter of 2011, the Group increased the investments, opening new stores and investing in new technologies. By carefully controlling working capital, Luxottica once again generated excellent positive free cash flow[3] (Euro 154 million). Thanks to this excellent performance and after having paid dividends during the quarter of approximately Euro 200 million, net debt as of June 30, 2011 came to Euro 2,118 million (Euro 2,111 million at the end of 2010), with a ratio of net debt to EBITDA[4] of 1.9x as of June 30, 2011 as compared with 2.0x at the end of 2010.

[3] For a further discussion of free cash flow, see page 15 "Non-IAS/IFRS Measures."

[4] For a further discussion of net debt to EBITDA ratio, see page 15 "Non-IAS/IFRS Measures."

2. SIGNIFICANT EVENTS DURING THE SIX MONTHS ENDED JUNE 30, 2011

January

On January 20, 2011, the Company terminated the revolving credit line with Banca Nazionale del Lavoro totaling Euro 150 million. The original maturity date of the credit line was July 13, 2011. As of December 31, 2010, the credit line was undrawn.

February

On February 17, 2011, the Company announced that it had entered into agreements pursuant to which it will acquire two sunglass specialty retail chains totaling more than 70 stores in Mexico for a total amount of Euro 19.5 million. This transaction marks the Company's entry into the sun retail business in Mexico where the Group already has a solid presence through its wholesale division. Over time, the stores will be rebranded under the Sunglass Hut brand. The acquisition was completed by June 1, 2011.

March

During the first three months of 2011, we purchased on the Mercato Telematico Azionario ("MTA") 466,204 of our ordinary shares at an average price of Euro 22.45 per share, for a total amount of Euro 10,467,359, pursuant to the stock purchase program approved at the Stockholders' Meeting on October 29, 2009 and launched on November 16, 2009. This stock purchase program expired on April 28, 2011.

April

At the Stockholders' Meeting on April 28, 2011, the stockholders approved the Statutory Financial Statements as of December 31, 2010, as proposed by the Board of Directors and the distribution of a cash dividend of Euro 0.44 per ordinary share, reflecting a year-over-year 26 percent increase. The aggregate dividend amount of Euro 204.6 million was fully paid in May 2011.

May

On May 23, 2011, the Company announced that it had entered into an agreement pursuant to which it will exercise in advance, in July 2011, its call option on 57 percent of Multiopticas Internacional S.L.

("Multiopticas Internacional") share capital. The Company already owns a 40 percent stake in Multiopticas Internacional, which itself currently owns over 470 eyewear stores operating under the Opticas GMO, Econopticas and Sun Planet retail brands in Chile, Peru, Ecuador and Colombia.

Once the call option is exercised (which is worth approximately Euro 95 million), the Company will own 97 percent of Multiopticas Internacional's share capital.

Multiopticas Internacional is currently present in South America with more than 470 stores, as follows: 221 in Chile, 141 in Peru, 40 in Ecuador and 77 in Colombia. In 2010 they had total net sales exceeding Euro 80 million. Over the last four years, Compound Annual Growth Rate (CAGR) of net sales was more than 11 percent. It is expected that net sales for 2011 for the Multiopticas Internacional business could reach Euro 95 million.

Under the terms of the agreement, the Company paid on July 13, 2011, 70 percent of the exercise price, determined on the basis of Multiopticas Internacional's sales and EBITDA values, at the time of the exercise of the call option. The remaining 30 percent of the exercise price will be paid by the end of 2011.

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 5.8 billion in 2010, over 60,000 employees and a strong global presence. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Note 4 to the Condensed Consolidated Half Year Financial Report as of June 30, 2011 (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 house 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, Pearle Vision, ILORI, The Optical Shop of Aspen, OPSM, Laubman & Pank, Budget Eyewear, Bright Eyes, Oakley "O" Stores and Vaults, David Clulow 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 these 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 from an average exchange rate of Euro 1.00 = U.S. $1.3268 in the first six months of 2010 to Euro 1.00 = U.S. $1.4032 in the same period of 2011. With the acquisition of OPSM and Bright Eyes (acquired through Oakley), 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 the profitability in consolidation. However, in the first six months of 2011, the fluctuation of the Chinese Yuan did not significantly affect demand for our products or decrease our profitability in consolidation. 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 Note 10 of the Management Report of the 2010 Consolidated Financial Statements.

Table of Contents

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (UNAUDITED)

In accordance with IAS/IFRS

	Six months ended June 30,			
Values in thousands of Euro	**2011**	**% of net sales**	**2010**	**% of net sales**
Net sales	**3,189,646**	**100.0%**	**2,986,811**	**100.0%**
Cost of sales	1,097,127	34.4%	1,029,545	34.5%
Gross profit	**2,092,519**	**65.6%**	**1,957,265**	**65.5%**
Selling	980,366	30.7%	937,529	31.4%
Royalties	57,052	1.8%	52,500	1.8%
Advertising	203,673	6.4%	196,488	6.6%
General and administrative	327,125	10.3%	299,640	10.0%
Intangibles amortization	40,069	1.3%	41,533	1.4%
Total operating expenses	**1,608,285**	**50.4%**	**1,527,690**	**51.1%**
Income from operations	**484,234**	**15.2%**	**429,577**	**14.4%**
Other income/(expense)				
Interest income	7,235	0.2%	3,282	0.1%
Interest expense	(60,434)	1.9%	(51,571)	1.7%
Other net	(2,896)	0.1%	(4,752)	0.2%
Income before provision for income taxes	**428,140**	**13.4%**	**376,536**	**12.6%**
Provision for income taxes	(147,221)	4.6%	(127,973)	4.3%
Net income	**280,919**	**8.8%**	**248,562**	**8.3%**
Attributable to				
Luxottica Group stockholders	**276,781**	**8.7%**	**245,142**	**8.2%**
non-controlling interests	4,138	0.1%	3,419	0.1%
NET INCOME	**280,919**	**8.8%**	**248,562**	**8.3%**

Net Sales. Net sales increased by Euro 202.8 million, or 6.8 percent, to Euro 3,189.6 million in the first six months of 2011 from Euro 2,986.8 million in the same period of 2010. Euro 140.4 million of such increase was attributable to the increased sales in the manufacturing and wholesale distribution segment in the first six months of 2011 as compared to the same period in 2010 and to increased sales in the retail distribution segment of Euro 62.4 million for the same period.

Net sales for the retail distribution segment increased by Euro 62.4 million, or 3.5 percent, to Euro 1,844.5 million in the first six months of 2011 from Euro 1,782.1 million in the same period in 2010. The increase in net sales for the period was partially attributable to a 5.6 percent improvement in comparable store sales[5]. In particular, we saw a 6.1 percent increase in comparable store sales for the North American retail operations, which was partially offset by almost flat comparable store sales of 0.3 percent 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 weakening of the U.S. dollar, despite the strengthening of the Australian dollar compared to the Euro, decreased net sales in the retail distribution segment by Euro 66.8 million during the period.

[5] 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.

Table of Contents

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 140.4 million, or 11.7 percent, to Euro 1,345.1 million in the first six months of 2011 from Euro 1,204.7 million in the same period in 2010. This increase was mainly attributable to increased sales of most of our house brands, in particular Ray-Ban and Oakley, and of some designer brands such as Chanel, Prada, Polo, Burberry and Tiffany. These sales volume increases occurred in most of the geographic markets in which the Group operates. These positive effects were partially offset by negative currency fluctuations, in particular the weakening of the U.S. dollar, despite the strengthening of the Australian dollar and other minor currencies, including but not limited to the Brazilian Real, the Canadian Dollar and the Japanese Yen, the total effect of which was to decrease net sales to third parties in the manufacturing and wholesale distribution segment by Euro 9.6 million.

In the first six months of 2011, net sales in the retail distribution segment accounted for approximately 57.8 percent of total net sales, as compared to approximately 59.7 percent of total net sales for the same period in 2010. This decrease in sales for the retail distribution segment as a percentage of total net sales was primarily attributable to a 11.7 percent increase in net sales to third parties in our manufacturing and wholesale distribution segment for the first six months of 2011 as compared to the same period of 2010, which exceeded a 3.5 percent increase in net sales in the retail distribution segment for the first six months of 2011 as compared to the same period of 2010.

In the first six months of 2011, net sales in our retail distribution segment in the United States and Canada comprised 81.8 percent of our total net sales in this segment as compared to 83.1 percent of our total net sales in the same period of 2010. In U.S. dollars, retail net sales in the United States and Canada increased by 7.7 percent to U.S. $2,116.2 million in the first six months of 2011 from U.S. $1,964.0 million for the same period in 2010, due to sales volume increases. During the first six months of 2011, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 18.2 percent of our total net sales in the retail distribution segment and increased by 11.5 percent to Euro 336.5 million in the first six months of 2011 from Euro 301.9 million, or 16.9 percent of our total net sales in the retail distribution segment for the same period in 2010, mainly due to positive currency fluctuation effects.

In the first six months of 2011, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 682.0 million, comprising 50.7 percent of our total net sales in this segment, compared to Euro 622.0 million, or 51.6 percent of total net sales in the segment, for the same period in 2010. The increase in net sales in Europe of Euro 60.0 million in the first six months of 2011 as compared to the same period of 2010 constituted a 9.7 percent increase in net sales to third parties, due to a general increase in consumer demand. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. $422.5 million and comprised 22.4 percent of our total net sales in this segment for the first six months of 2011, compared to U.S. $366.2 million, or 22.9 percent of total net sales in the segment, for the same period of 2010. The increase in net sales in the United States and Canada was primarily due to a general increase in consumer demand. In the first six months of 2011, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 362.0 million, comprising 26.9 percent of our total net sales in this segment, compared to Euro 306.7 million, or 25.5 percent of our net sales in this segment, in the same period of 2010. The increase of Euro 55.3 million, or 18.0 percent, in the first six months of 2011 as compared to the same period of 2010, was due to the positive effect of currency fluctuations as well as an increase in consumer demand.

Cost of Sales. Cost of sales increased by Euro 67.6 million, or 6.6 percent, to Euro 1,097.1 million in the first six months of 2011 from Euro 1,029.5 million in the same period of 2010, essentially in line with the increase of net sales in the period. As a percentage of net sales, cost of sales decreased to 34.4 percent in the first six months of 2011 as compared to 34.5 percent in the same period of 2010. In the first six months of 2011, the average number of frames produced daily in our facilities increased to

Table of Contents

approximately 266,000 as compared to approximately 233,300 in the same period of 2010, which was attributable to increased production in all manufacturing facilities in response to an overall increase in demand.

Gross Profit. Our gross profit increased by Euro 135.2 million, or 6.9 percent, to Euro 2,092.5 million in the first six months of 2011 from Euro 1,957.3 million for the same period of 2010. As a percentage of net sales, gross profit increased to 65.6 percent in the first six months of 2011 as compared to 65.5 percent for the same period of 2010, due to the factors noted above.

Operating Expenses. Total operating expenses increased by Euro 80.6 million, or 5.3 percent, to Euro 1,608.3 million in the first six months of 2011 from Euro 1,527.7 million in the same period of 2010. As a percentage of net sales, operating expenses decreased to 50.4 percent in the first six months of 2011, from 51.1 percent in the same period of 2010.

Selling and advertising expenses (including royalty expenses) increased by Euro 54.6 million, or 4.6 percent, to Euro 1,241.1 million in the first six months of 2011 from Euro 1,186.5 million in the same period of 2010. Selling expenses increased by Euro 42.8 million, or 4.6 percent. Advertising expenses increased by Euro 7.2 million, or 3.7 percent. Royalties increased by Euro 4.6 million, or 8.7 percent. As a percentage of net sales, selling and advertising expenses decreased to 38.9 percent in the first six months of 2011, compared to 39.7 percent for the same period of 2010, mainly due to efficiencies reached in managing our sales force.

General and administrative expenses, including intangible asset amortization increased by Euro 26.0 million, or 7.6 percent, to Euro 367.2 million in the first six months of 2011 as compared to Euro 341.2 million in the same period of 2010. As a percentage of net sales, general and administrative expenses were 11.5 percent in the first six months of 2011 as compared to 11.4 percent in the same period of 2010.

Income from Operations. For the reasons described above, income from operations increased by Euro 54.7 million, or 12.7 percent, to Euro 484.2 million in the first six months of 2011 from Euro 429.6 million in the same period of 2010. As a percentage of net sales, income from operations increased to 15.2 percent in the first six months of 2011 from 14.4 percent in the same period of 2010.

Other Income (Expense) Net. Other income (expense) net was Euro (56.1) million in the first six months of 2011 as compared to Euro (53.0) million in the same period of 2010. Net interest expense was Euro 53.2 million in the first six months of 2011 as compared to Euro 48.3 million in the same period of 2010. The increase in net interest expense is attributable to an increase in the cost of debt, mainly due to (i) the arrangement of new long-term debt, which has extended the average maturity of the Group's debt and (ii) a higher debt exposure in certain emerging markets where the Group now operates, where the cost of indebtedness is significantly higher as compared to the cost of indebtedness in markets where the Group historically has obtained financing.

Net Income. Income before taxes increased by Euro 51.6 million, or 13.7 percent, to Euro 428.1 million in the first six months of 2011 from Euro 376.5 million in the same period of 2010, for the reasons described above. As a percentage of net sales, income before taxes increased to 13.4 percent in the first six months of 2011 from 12.6 percent in the same period of 2010. Net income attributable to non-controlling interests increased to Euro 4.1 million in the first six months of 2011 as compared to Euro 3.4 million in the same period of 2010. Our effective tax rate was 34.4 percent in the first six months of 2011 as compared to 34.0 percent for the same period of 2010.

Net income attributable to Luxottica Group stockholders increased by Euro 31.7 million, or 12.9 percent, to Euro 276.8 million in the first six months of 2011 from Euro 245.1 million in the same period of

Table of Contents

2010. Net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 8.7 percent in the first six months of 2011 from 8.2 percent in the same period of 2010.

Basic and diluted earnings per share were Euro 0.60 in the first six months of 2011 as compared to Euro 0.53 in the same period of 2010.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2011 AND 2010 (UNAUDITED)

In accordance with IAS/IFRS

	Three months ended June 30,			
Values in thousands of Euro	**2011**	**% of net sales**	**2010**	**% of net sales**
Net sales	**1,633,544**	**100.0%**	**1,595,124**	**100.0%**
Cost of sales	542,674	33.2%	529,756	33.2%
Gross profit	**1,090,871**	**66.8%**	**1,065,367**	**66.8%**
Selling	488,101	29.9%	484,763	30.4%
Royalties	28,509	1.7%	27,632	1.7%
Advertising	113,260	6.9%	115,345	7.2%
General and administrative	164,482	10.1%	157,875	9.9%
Intangibles amortization	19,701	1.2%	21,422	1.3%
Total operating expenses	**814,053**	**49.8%**	**807,037**	**50.6%**

&n