LUXOTTICA GROUP SPA
Form 6-K
May 05, 2015

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

May 5, 2015

COMMISSION FILE NO. 1 - 10421

LUXOTTICA GROUP S.p.A.

Piazzale 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 x 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 x

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

Set forth below is the text of a press release issued on May 4, 2015

Luxottica Group delivers strong growth in the first quarter of 2015

Group s adjusted net sales[3,5] +22% with a new quarterly record of Euro 2.25 billion

Net income of Euro 210 million (+34%)

- **Luxottica s adjusted[3,5] net sales +22% (+7.2% at constant exchange rates[2])**
  - **Wholesale Division s net sales +17% (+8.0% at constant exchange rates[2])**
  - **Retail Division s adjusted net sales[3,5] +26% (comparable store sales[4] +5.4%)**
- **Well-balanced sales growth, driven by all businesses and regions**
- **Operating income +33%, operating margin up by 120bps[3,5] to 15.9%[3,5]**
- **Net income +34% to Euro 210 million**

Milan (Italy), May 4, 2015 - The Board of Directors of Luxottica Group S.p.A. (MTA: LUX; NYSE: LUX), a leader in the design, manufacture and distribution of fashion, luxury and sports eyewear, met today to review the consolidated net sales and preliminary results for the first quarter ended March 31, 2015 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

First quarter 2015[1]

(Millions of Euro)	1Q 2014	1Q 2015	Change at constant exchange rates[2]	Change at current exchange rates
Group net sales	**1,842.3**	**2,209.9**	**+5.3%**	**+19.9%**
Adjusted[3,5]	**1,842.3**	**2,251.9**	**+7.2%**	**+22.2%**
Wholesale Division	804.6	939.9	+8.0%	+16.8%
Retail Division	1,037.7	1,270.0	+3.3%	+22.4%
Adjusted[3,5]	1,037.7	1,312.0	+6.6%	+26.4%
Operating income	**270.2**	**358.3**		**+32.6%**
Net income attributable to Luxottica Group stockholders	**157.3**	**210.4**		**+33.7%**
Earnings per share	**0.33**	**0.44**		**+32.4%**
Earnings per share in US$	**0.45**	**0.50**		**+8.9%**

In the first quarter of the year, Luxottica delivered outstanding results providing the foundation for another year of strong growth in sales and profitability. The organic performance of the business was very solid, with foreign exchange rates providing a material tailwind and leading to record sales and operating income, the best ever achieved in the history of the Group.

Luxottica s new leadership has started to implement organizational changes in key businesses and geographies with the goal of further integrating the Group s operations and making the growth strategy even more effective.

Strategic priorities at the top of the Group s agenda include growing share in emerging markets, developing and expanding the brand portfolio and strengthening retail and e-commerce channels.

Emerging markets: emerging markets represent a great opportunity and is a top priority for the Group. Following on the successful strategy implemented in Brazil, a new leadership structure based on a country General Manager has been put in place in China which is aimed at achieving fast growth and generating synergies among all the business areas.

Oakley integration: integration of Oakley has begun with a focus on production systems and sales channels along with the reorganization of the business in order to provide the Oakley brand with the same organizational structure and operating efficiency implemented throughout the rest of the Luxottica Group. This is expected to generate significant synergies in the range of Euro 100 million once fully deployed. The Oakley Retail and Apparel business is also changing with new leadership and the goal of doubling both revenues and the number of O stores over the next three years.

Retail: the excellent performance of Sunglass Hut, coupled with the recent significant improvements of LensCrafters in North America, have accelerated the plan to invest approximately Euro 200 million per year for the next five years (totalling approximately Euro 1 billion) to open or remodel stores. Before year-end, a new LensCrafters format will be launched in North America, with the plan of progressively rolling it out in 2016.

E-commerce: the Group remains focused on the expansion of new distribution channels, particularly e-commerce. The excellent results of Ray-Ban.com, Oakley.com and SunglassHut.com have inspired a reflection on what is the best strategic and organizational formula to transform e-commerce into a structural growth driver with the ambition of becoming a relevant part of the Group s revenues in the mid-term.

We have just closed an exceptional quarter, our first as a team, reaching some important financial and organizational milestones, - commented Massimo Vian and Adil Khan, Chief Executive Officers of Luxottica.

From an organizational standpoint, we implemented several changes, which we believe will accelerate growth and profitability. We initiated the integration of Oakley s salesforce into Luxottica s organization, creating a single market-facing team that will give the brand more firepower in strategic markets such as North America and Europe. And we introduced a new country leadership in China, responsible for the performance of the Wholesale, Retail and e-commerce businesses, allowing the Group to pursue accelerated expansion with a more holistic approach in the important Chinese market.

Our Wholesale Division performed well across brands and in all geographies, particularly in North America and emerging markets, boosted by the Group s first Michael Kors collection, which made an impressive debut around the world. In addition, the positive mix effect and efficiency gains have resulted in significant higher margins.

The Retail Division also had a solid performance for the quarter, especially in North America where LensCrafters reinforced its recent sales improvements and Sunglass Hut continued double-digit growth worldwide.

New creative and groundbreaking collections introduced by the Group have drawn interest and sparked enthusiasm among clients, which, combined with the highest levels of service, provides a distinct competitive advantage.

We re pleased with our results for the first four months of the year and a solid order book bodes well for expected growth over the next few quarters.

Group performance for the first quarter of 2015[1]

Group adjusted sales[3,5] rose by 22%, or +7.2% at constant exchange rates[2], to Euro 2.2 billion, a record level for a single quarter. This performance was driven by acceleration in both divisions from 2014 as evidenced by net sales increasing by 16.8% in Wholesale and, on an adjusted basis[3,5], by 26.4% in Retail.

Group operating income soared by 33% to Euro 358 million, with an operating margin now at 15.9%[3,5], expanding 120bps[3,5] versus the first quarter of last year. Operating margin grew by 100bps to 25.1% in Wholesale and 110bps[3,5], on an adjusted basis, to 13.1%[3,5] in Retail.

Net income reached Euro 210 million, recording 34% growth over the prior period. This generated EPS of 0.44 Euro (US$0.50 at the exchange rate of /US$ 1.1261).

Free cash flow generation[3] was equal to Euro 38 million (after an extraordinary tax payment of Euro 29 million) for the three months ended March 31, 2015, compared with Euro 60 million in the same quarter of the previous year. This was mainly due to the continuous improvements in profitability and working capital management. Net debt[3] at the end of the quarter was Euro 1,005 million (Euro 1,013 million at December 31, 2014), with a net debt/adjusted EBITDA[3,5] ratio remaining stable at 0.6x.

Sales breakdown					2015 vs. 2014	
(mn)	**1Q 2014**	**%**	**1Q 2015**	**%**	**Curr. fx**	**Const. fx(2)**
North America adj.(3,5)	1,016	*55%*	1,315	*58%*	29.4%	6.7%
Wholesale	209	*11%*	275	*12%*	31.9%	9.8%
Retail adj.(3,5)	808	*44%*	1,040	*46%*	28.8%	5.9%
Europe	392	*21%*	425	*19%*	8.5%	6.3%
Asia-Pacific	251	*14%*	298	*13%*	18.7%	6.4%
Latin America	107	*6%*	130	*6%*	21.7%	16.8%
Rest of the World	76	*4%*	84	*4%*	9.5%	7.0%
Group total adj.(3,5)	**1,842**	***100%***	**2,252**	***100%***	**22.2%**	**7.2%**
Group total rep.	**1,842**		**2,210**		**19.9%**	**5.3%**

North America

North America remains a sweet spot for the Group, recording +29%[3,5] growth in sales at current exchange rates, with both divisions driving this strong growth. Wholesale results were also boosted by the launch of Michael Kors, which outperformed the Group s expectations. Retail comparable store sales[4] grew across key retail chains, with LensCrafters at +5.9%, confirming the improvement seen in the second half of 2014, and Sunglass Hut accelerating at +7.4% compared to the second half of last year.

Europe

Sales in Europe accelerated, growing by 8.5% at current exchange rates. The performance of the Wholesale division was mainly fueled by Italy, France, Spain, UK and Turkey. Within Retail, Sunglass Hut confirmed its growth trend by posting double digit comparable store sales[4] in Continental Europe.

Asia-Pacific

Growth in the Asia-Pacific region (+19% at current exchange rates) was driven by China, India and Southeast Asia, where revenues grew by over 30%. Meanwhile, LensCrafters sales in China continue to grow double digits. In Australia where a reorganization process has started, including a change in OPSM leadership to better compete in this increasingly challenging environment, comparable store sales[4] grew 1.4%, with a mixed performance between Sunglass Hut (growing double digits) and OPSM (marginally negative). The Group continues to pursue its wholesale expansion strategy with the upcoming opening of a new commercial subsidiary in Indonesia.

Latin America

Latin America grew by 22% at current exchange rates, with both Wholesale and Retail driving this excellent performance. Brazil, one of largest wholesale markets for Luxottica, recorded +18% growth despite prolonged macroeconomic difficulties. In Mexico, synergies between Wholesale and Retail have supported revenue growth of over 38%, an exceptional result, especially in light of the Group s 20th anniversary in the country. The Group continues its wholesale expansion strategy in the region with the opening of new subsidiaries in Colombia and Chile before year-end.

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The Board of Directors of Luxottica Group S.p.A. also approved the grant of awards for 2015 under the Performance Shares Plan 2013-2017.

The Plan, approved by the ordinary meeting of stockholders on April 29, 2013, is in the form of a stock grant plan. It provides that beneficiaries will be granted the right to receive, without consideration, ordinary shares of the Company as long as certain financial targets set by the Board of Directors at the time of grant are achieved at the end of a specified three-year reference period.

In particular, the Board of Directors, upon recommendation of the Human Resources Committee, approved an ordinary grant and an extraordinary one, with consolidated cumulative EPS targets related to the period 2015-2017, with different and more challenging targets for the extraordinary grant.

Under the ordinary grant, the Board awarded to 629 beneficiaries, 893,160 rights to receive Luxottica Group shares at the end of the relevant reference period. Under the second grant, the Board awarded to five beneficiaries, 688,800 rights to receive Luxottica Group shares at the end of the relevant reference period. Under the extraordinary grant, the Board assigned to the CEO for Markets 327,600 rights and to the CEO for Product and Operations 98,400 rights; under the ordinary grant, the Board assigned to the CEO for Product and Operations 36,000 rights.

The terms of the Plan are described in more detail in the Board of Directors Report to the April 29, 2013 ordinary stockholders meeting and within the Information Document included in the Report, available on the Company s website www.luxottica.com under the Governance/General Meeting/Archive section.

Based on the official price of the Company s ordinary shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana on the day of grant, the estimated cost that the Company expects to incur in connection with the 2015 grants is approximately Euro 95 million.

Detailed information on this assignment will be later provided pursuant to Article 84bis of the CONSOB Issuers Regulations.

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Results for the first quarter of 2015 will be discussed today in a conference call with the financial community starting at 6:30pm CEST (5:30PM GMT, 12:30PM US EDT). The presentation will be available via live audio webcast at www.luxottica.com.

The officer responsible for preparing the Company s financial reports, Stefano Grassi, declares, pursuant to Article 154-bis, Section 2 of the Consolidated Law on Finance, that the accounting information contained in this press release is consistent with the data in the supporting documents, books of accounts and other accounting records.

5

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Notes on the press release

1 All comparisons, including percentage changes, are between the three-month periods ended March 31, 2014 and March 31, 2015, respectively.

2 Figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the previous year. For further information, please refer to the attached tables.

3 EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net sales, adjusted operating income/profit, adjusted operating margin, free cash flow, net debt, net debt/adjusted EBITDA ratio, adjusted net income and adjusted EPS are not measures in accordance with IFRS.

4 Comparable store sales reflect the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period, and applies to both periods the average exchange rate for the prior period and the same geographic area.

5 The adjusted data for the three-month period ended March 31, 2015 does not take into account a change in the presentation of a component of EyeMed net sales that was previously included 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 Euro 42 million reduction to net sales on a reported basis.

Luxottica Group S.p.A.

Luxottica Group is a leader in premium, luxury and sports eyewear with over 7,000 optical and sun retail stores in North America, Asia-Pacific, China, South Africa, Latin America and Europe, and a strong, well-balanced brand portfolio. House brands include Ray-Ban, the world s most famous sun eyewear brand, Oakley, Vogue Eyewear, Persol, Oliver Peoples, Alain Mikli and Arnette, while licensed brands include Giorgio Armani, Bulgari, Burberry, Chanel, Coach, Dolce & Gabbana, DKNY, Polo Ralph Lauren, Prada, Michael Kors, Starck Eyes, Tiffany and Versace. In addition to a global wholesale network involving 130 different countries, the Group manages leading retail chains in major markets, including LensCrafters, Pearle Vision and ILORI in North America, OPSM and Laubman & Pank in Asia-Pacific, LensCrafters in China, GMO in Latin America and Sunglass Hut worldwide. The Group s products are designed and manufactured at its six manufacturing plants in Italy, two wholly owned plants in the People s Republic of China, one plant in Brazil and one plant in the United States devoted to the production of sports eyewear. In 2014, Luxottica Group posted net sales of over Euro 7.6 billion. Additional information on the Group is available at www.luxottica.com.

Safe Harbor Statement

Certain statements in this press release may constitute forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, the ability to manage the effects of the current uncertain international economic outlook, the ability to successfully acquire and integrate new businesses, the ability to predict future economic conditions and changes to consumer preferences, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to achieve and manage growth, the ability to negotiate and maintain favorable license agreements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, the ability to protect intellectual property, the ability to maintain relations with those hosting our stores, computer system problems, inventory-related risks, credit and insurance risks, changes to tax regimes as well as other political, economic and technological factors and other risks and uncertainties referred to in Luxottica Group s filings with the U.S. Securities and Exchange Commission. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

APPENDIX FOLLOWS

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE THREE-MONTH PERIODS ENDED

MARCH 31, 2015 AND MARCH 31, 2014

In accordance with IFRS

KEY FIGURES IN THOUSANDS OF EURO(1)

	2015	2014	% Change
NET SALES	2,209,850	1,842,334	19.9%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	210,385	157,327	33.7%
BASIC EARNINGS PER SHARE (ADS) (2)	0.44	0.33	32.4%

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS (1) (3)

	2015	2014	% Change
NET SALES	2,488,512	2,523,261	-1.4%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	236,914	215,475	9.9%
BASIC EARNINGS PER SHARE (ADS)(2)	0.50	0.45	8.9%

Notes:	**2015**	**2014**
(1) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively.		
(2) Weighted average number of outstanding shares.	**478,328,834**	**473,699,357**
(3) Average exchange rate (in U.S. Dollars per Euro).	**1.1261**	**1.3696**

Luxottica Group 1Q15, Table 1 of 4

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT

FOR THE THREE-MONTH PERIODS ENDED

MARCH 31, 2015 AND MARCH 31, 2014

In accordance with IFRS

KEY FIGURES IN THOUSANDS OF EURO (1)					
	2015	**% of sales**	**2014**	**% of sales**	**% Change**
NET SALES	**2,209,850**	**100.0%**	**1,842,334**	**100.0%**	**19.9%**
COST OF SALES	(727,886)		(664,142)		
GROSS PROFIT	**1,481,964**	**67.1%**	**1,178,192**	**64.0%**	**25.8%**
OPERATING EXPENSES:					
SELLING EXPENSES	(683,935)		(547,667)		
ROYALTIES	(43,914)		(36,003)		
ADVERTISING EXPENSES	(135,938)		(108,504)		
GENERAL AND ADMINISTRATIVE EXPENSES	(259,860)		(215,804)		
TOTAL	**(1,123,646)**		**(907,978)**		
OPERATING INCOME	**358,318**	**16.2%**	**270,214**	**14.7%**	**32.6%**
OTHER INCOME (EXPENSE):					
INTEREST INCOME	2,999		2,831		
INTEREST EXPENSES	(30,089)		(26,029)		
OTHER - NET	1,441		1,345		

OTHER INCOME (EXPENSES)-NET	**(25,649)**		**(21,854)**		
INCOME BEFORE PROVISION FOR INCOME TAXES	**332,669**	**15.1%**	**248,360**	**13.5%**	**33.9%**
PROVISION FOR INCOME TAXES	(120,653)		(89,382)		
NET INCOME	**212,016**	**9.6%**	**158,978**	**8.6%**	**33.4%**
OF WHICH ATTRIBUTABLE TO:					
- LUXOTTICA GROUP STOCKHOLDERS	210,385	**9.5%**	157,327	**8.5%**	**33.7%**
- NON-CONTROLLING INTERESTS	1,632	**0.1%**	1,651	**0.1%**	
NET INCOME	**212,016**	**9.6%**	**158,978**	**8.6%**	**33.4%**