Luxottica posts third consecutive year of double-digit growth in sales

Consolidated net sales for fiscal year 2006 rose by 13.0%; the Group expects additional profitable growth in 2007


Fourth quarter of 2006¹

- Consolidated sales: €1,105.3 million (+6.8%) (+13.4% excluding effect of exchange rates)
  - Retail sales: €769.0 million (+0.4%); Retail comparable store sales²: +5.7%
  - Total wholesale sales: €408.7 million (+23.3%) (+27.3% excluding effect of exchange rates)

Fiscal year 2006³

- Consolidated sales: €4,670.9 million (+13.0%) (+13.8% excluding effect of exchange rates)
  - Retail sales: €3,294.0 million (+7.6%); Retail comparable store sales⁴: +6.7%
  - Total wholesale sales: €1,710.2 million (+30.5%) (+30.9% excluding effect of exchange rates)

Andrea Guerra, chief executive officer of Luxottica Group, commented: “2006 was another exceptional year for our Group, marking our third consecutive fiscal year of double-digit growth in sales. We currently expect that earnings per share for 2006 will be consistent with the range provided in our latest outlook.”

“Our results showed strong growth from both wholesale and retail operations. The record performance by our wholesale business - +30.5 percent year-over-year growth, to over €1.7 billion in sales - reflected significantly improved penetration in key markets worldwide thanks to the strength of our renewed brand portfolio. I am also pleased with the performance of our retail division, especially in North America, where the almost eight percent increase in sales was nearly all organic and affirmed - including during the final quarter of the year - the strength and additional potential of that business going forward.”

Wholesale sales to third parties for the year - a key measure of the business - rose by 28.1 percent. Ray-Ban, the world’s most recognized eyewear brand, posted its fourth year in a row of double-digit growth, reaching a total of over 14 million units sold - an all-time record for the industry. Sales of luxury brands - including Bvlgari, Chanel, Dolce & Gabbana, Prada and Versace - rose by an average of 40 percent for the year. In terms of regions, the business continued to improve penetration in the key North American market.
Of particular note was the performance of the Group’s wholesale business in emerging markets, where sales rose for the year by 60 percent thus highlighting another area of growth going forward.

In 2006, the Group’s investments in its store base further strengthened its retail operations, unlocking opportunities for growth going forward. The plan covered the remodeling of approximately 510 stores worldwide as well as the addition of approximately 570 new and acquired stores, including the beginning of retail operations in Mainland China.

“Turning to 2007,” added Mr. Guerra, “we are working on a highly focused plan that we expect should result in another strong year in both retail and wholesale. This plan will include additional investments in our store base for approximately €225 million to continue building on the significant momentum of our retail business.”

The Group’s capital investment plan for 2007 currently includes the remodeling of an additional 480 stores worldwide as well over 500 new stores. Within retail, particularly in North America, the Group will especially focus on Sunglass Hut - for which by the end of 2007 approximately 60% percent of the store base is expected to be new or recently remodeled - and LensCrafters - where the roll-out of its new store format has already contributed to the positive results for 2006.

In wholesale Luxottica Group is expecting further growth from key luxury brands, which the Group believes continue to demonstrate significant potential for additional improvement, and from Ray-Ban. In terms of regions, emerging markets will be an area of additional focus for Luxottica Group with potential investments in both wholesale and retail.

The Group will report full year results on March 5, 2007, including a detailed outlook for fiscal year 2007.

Finally, today Luxottica Group announced that it expects to pay dividends for fiscal year 2006 for the Group’s ordinary shares in May 2007. The Group does not expect to adopt a policy of interim dividend distribution for fiscal year 2007 and will promptly inform the market of any changes with respect to the date indicated in this announcement, in accordance with applicable regulations.

About Luxottica Group S.p.A.

Luxottica Group is a global leader in eyewear, with approximately 5,700 optical and sun retail stores in North America, Asia-Pacific, China and Europe and a strong brand portfolio that includes Ray-Ban, the best selling sun and prescription eyewear brand in the world, as well as, among others, license brands Bvlgari, Burberry, Chanel, Dolce & Gabbana, Donna Karan, Polo Ralph Lauren, Prada and Versace, and key house brands Vogue, Persol, Arnette and REVO. In addition to a global wholesale network that touches 130 countries, the Group manages leading retail brands such as LensCrafters and Pearle Vision in North America, OPsm and Laubman & Pank in Asia-Pacific, and Sunglass Hut globally. The Group’s products are designed and manufactured in six Italy-based high-quality manufacturing plants and in the only two China-based plants wholly-owned by a premium eyewear manufacturer. For

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, fluctuations in exchange rates, economic and weather factors affecting consumer spending, the ability to successfully introduce and market new products, the availability of correction alternatives to prescription eyeglasses, the ability to successfully launch initiatives to increase sales and reduce costs, the ability to effectively integrate recently acquired businesses, as well as other political, economic and technological factors and other risks 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, under U.S. securities regulation, Luxottica Group does not assume any obligation to update them.

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1 All comparisons, including percentage changes, are between the three-month periods ended December 31, 2006 and 2005.
2 Comparable store sales reflects the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period, and applies to both periods the average exchange rate for the prior period and the same geographic area.
3 All comparisons, including percentage changes, are between the fiscal years ended December 31, 2006 and 2005.
4 Comparable store sales reflects the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period, and applies to both periods the average exchange rate for the prior period and the same geographic area.
5 This announcement about the payment of dividends for fiscal year 2006 and 2007 is specifically made in accordance with the rules specified in Article IA.2.1.2. paragraph 1, lett. a) and b) of the Regulation of the Markets Organized and Managed by Borsa Italiana S.p.A.