Luxottica Group Conference Call Transcript  
Event Date: October 25, 2012

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Alessandra Senici  
As a reminder, a slide presentation, which we will informally follow during this call, is available for download from our website, under the “Investor Relations- Presentation” section. This presentation includes certain non-IFRS financial information within the meaning of Regulation G under the U.S. Securities Exchange Act. Further information, including additional information required by Regulation G, is also available in Luxottica Group’s press release relating to its results for the third quarter of 2012, which may be found on our website, under the “Investor Relations -- Press releases” section.

This conference call is being recorded and is also available via audio webcast from our website.

During the course of today’s call certain projections or other forward-looking statements may be made regarding Luxottica Group’s future financial performance or future events. We wish to caution you that such projections or statements are based upon current information and expectations and actual results may differ materially from those projected in the forward-looking statements. You can read more about our forward-looking statements on page 2 of the slide presentation. We also refer you to our filings with the SEC and Italian securities authorities. These filings contain additional information concerning factors that could cause actual results to differ materially from those contained in management’s projections or forward-looking statements.

We will begin with our CEO, Andrea Guerra.

Andrea Guerra  
So good morning and good afternoon to all of you and welcome to our third quarter business review today. I can be really brief because we are really happy. We are really happy with our performance and the fact that we performed well across all the geographies, brands, businesses and retail banners. So, if I made one comment to summarize it all, I think that comment would be yes, we are very happy and proud of the results we were able to achieve.

If you look at our presentation we have a different start today. We talk about free cash flow and working capital. Third quarter is always very critical in the definition of how efficient we have been with cash in the previous quarters. This has been the best quarter ever with free cash flow generation just above EUR270 million.

The only other two things I’d like to attract your attention to are:
Western Europe, and always bear in mind that we're not talking about whole Europe here, but we are only zooming in on Western Europe or else our numbers would have been much, much better. Western Europe in Q3 has really performed well. We were thinking about it and we made it, plus 9%. As always we experienced two velocities in the different regions of Western Europe: very fast rates in Continental and Northern Europe, but really improving in Mediterranean Europe. Summer was late, I'd say very late. But then it finally kicked in and from thereon it has been long and warm. Everything we did in terms of brand portfolio management, PR, marketing, special editions, capsule collections, events and service really paid off. Never forget the fact that we have been underlining, quite frequently, in the last years: the "vista", the prescription business that we totally refurbished and recreated three years ago is really making the way. It's been growing more than proportionately compared to sun, allowing us to be even more resilient than what we've been in the past.

The other aspect to be underlined in this introduction is the very clear and steady way of North America. Wholesale, wholesale, retail optical, sun, Oakley, Ray-Ban are progressing smoothly and now we are ready for the holiday season. So I made it brief because I think that when things are good you need to be brief. And I will turn the call over to Enrico.

Enrico Cavatorta
Thank you, Andrea. As Andrea mentioned, we decided to start the presentation of the financials and economics of this quarter with a discussion of free cash flow generation before talking about our P&L. The reason is, this has been a record quarter in terms of free cash flow generation, EUR 271 million generated in the quarter. Let me also add, in a quarter where our net sales are increasing 17% and the bottom line in the P&L is increasing 30%, the fact that our free cash flow is growing 35% versus a year ago is, again, a clear sign of good efficiency in terms of cash flow, as well as P&L.

Due to these results, we basically have already achieved, three months in advance, what was our target for the total year. We set a goal at the beginning of the year to de-lever the balance sheet on a debt to EBITDA basis of around 1.4x to 1.5x on a reported basis, and you have seen that we have achieved 1.4x already in September. We still have three months to go, and, hopefully, we can slightly improve that result by the end of December.

One of the main drivers of these results has been working capital and the fact that we have been consistently able to produce good generation of cash coming from working capital, in excess of last year. Every period it is increasingly difficult because, as you know, the working capital gain should be nonrecurring, despite that, actually, it’s been recurring, again a sign of great efficiency. Not surprisingly, the gain came from DPO and DSI; so, from payables and inventory and not from receivables. This is very much in line with expectations. As I mentioned many times in the past, we are about at the target level in terms of receivables. Still, we have room to improve inventory, in particular, to a lesser extent than payables. So this is what we are expecting also in future quarters.

Turning back to the P&L, you have seen our sales results. Clearly, we have benefited in the quarter from a strong revaluation of the dollar, which was more than 10% stronger this year versus last year. We have to say this positive effect is coming to an end, unfortunately. Last year, in the fourth quarter, the average euro/dollar exchange rate was $1.35. So, nowadays, we are still slightly better than a year ago, but, clearly, the gain is going to be much lower.

But, even if I carve out the positive effect of exchange rates, we still have a solid business growth all across our geographies and divisions; in particular, wholesale again scored double-digit growth. And I have to mention that, also last year in the third quarter, wholesale scored double-digit growth. So this is double-digits on top of double-digits, which is particularly positive.

In terms of retail, 6% comps, very much in line with the previous quarter. So, as you see, exactly the same number in the nine months and the full third quarter means that we have an overall positive performance all across. And you will see later on that all geographies are contributing to
this positive growth, from North America to Australia to our presence in the emerging markets. Clearly, if you look at the growth also versus last year, we have to remember that retail was positive last year, in the mid-single-digit area. So, again, this is 6% on top of a similar performance last year.

Now to profitability, we have both divisions scoring margin increases; not surprisingly, retail more than wholesale. First of all, on a Group level, 100 basis points, in line with the first six months of the year. And, we have to mention that in three years' time since we started to grow our margin, we have gained at the Group level more than 250 basis points going back to 2009.

In wholesale, a 40-basis-point increase. We should never forget that, this year, we have the dilution coming from the integration of our Brazilian acquisition, Tecnol. Excluding that result, that is approximately 40 to 50 basis points all across 2012, our gain in profitability in wholesale would have been close to 100 basis points. And this is a remarkable performance because you should consider that, last year and two years ago, Wholesale scored a very strong growth in margin. So, if I look back to three years ago that was our minimum, the increase in margin in wholesale has been between 400 and 500 basis points in three years.

Coming to retail, you know the gain in profitability has started this year, after a steady margin evolution during 2010 and 2011. But, now, quarter after quarter, we are confirming exactly the performance of the previous quarter. So, again, a strong increase in margin in retail, 140 basis points, very much in line with what we have achieved during the first six months, only partially helped by the exchange rate. But, as usually, in a minute we'll see more details in terms of retail profitability evolution.

In terms of the bottom line, as I mentioned at the beginning, our bottom line in Euros grew 30%, half that, 15%, in dollars, discounting the gain in exchange rates. I would like to mention that, again, as it happened in Q1 and Q2, in terms of absolute net income, this is the all-time high record here, both in Euro and in Dollars for Q3 and, also, that, in nine months, we basically have generated EUR480 million of net income. And you might remember, last year, in a 12 month-period, we generated net income of EUR456 million. So, we are already now, at nine months, well ahead of the results achieved in the full 12 months of last year.

A final few words on retail. Really, no news. That's what you have seen in March and, then, in June. Our reported margin has increased by 140 basis points. Even if I exclude the positive exchange rate effect, still, we are looking at a solid 90 basis points of improvement, exactly in line with what's happened in the first six months. And, again, if I consider the partial dilution coming from our expansion in Latin America, in particular, it means that our core retail is growing more than that.

I have to say again that North America grew around 120 - 130 basis points and is now, as already happened in June, back in line with our record year profitability. In Australia, profitability is growing even faster than that. Still, we have not completed the journey back to what was historically high profitability for Australia. But, in absolute terms, operating profit in our Australian retail operation is today a multiple of what it was a year ago.

So, all in all, a very positive quarter.

Andrea Guerra
Looking at our geographic roadmap, I've already given you some news and color about Western Europe and North America. So let me briefly focus on Australia and emerging markets.

Australia was another quarter of growth for OPSM. And even more important is the acceleration seen in Sunglass Hut. This second news, really is important, as we're moving towards the peak sun season. And the fact that we had 7% comps for Sunglass Hut in Australia, I think it's a good welcome ticket for the season. On October 1st, during our Investor Day, we presented the logic,
the rationale and the execution of the Australian project. Enrico just told you about the profitability. And I really feel we are on the right track there.

When we turn to emerging markets, specifically in Brazil, it's now nine months' work, and we have another five months to go, a couple of months longer than what we forecasted. And this is because we still have a number of IT projects to be finalized. In the meantime, we are now over with all the brand portfolio decisions. We have completed the sales organization integration. We have completed the engineering upgrade and supply chain reorganization. To go, we still have, as I was saying before, a couple of IT projects to be finalized. And, during 1Q 2013, the integration will be done. So, today, we see the positive effect in sales. In 2013, we will see the positive effects in the bottom line.

Always staying in the emerging markets, in the nine months we have grown fast in India, almost 30%, new Europe almost 40%, Middle East almost 30%. China wholesale growth was really high, in the 40% region. And China retail maintained the double-digits comp growth that we had before. So, no real news from these geographies. Happy, as well, to report that we are today “comping” with Sunglass Hut in Mexico and GMO in Latin America, and numbers are really promising.

So here we are today, two months to go. October was not bad at all. It was in line with the first nine months. November and December to go. November is a month which normally has a low seasonality for us. And December is again important. Again, important for Sunglass Hut in some regions of the world. And important for optical retail in North America. Sunglass Hut is ready with a number of events planned in stores and online, from the Black Friday weekend onwards. We are ready at optical retail for the final insurance week. This year, the calendar is basically allowing us two days more for shopping in sun and two days less in insurance with optical. But I would say no major effects. So, obviously, we're ready for that. If the consumer comes, we're ready to serve. Or else, we will go through directly into 2013. But, I mean, this is not affecting our overall 2012 performance.

On the other side, obviously, we are getting ready for 2013. The first thing we have done some months ago is to plan one of the final hurdles in the SAP global transformation project. January 2013 is the month in which all our Italian factories will move to SAP. One year ago, we undertook the same exercise in our Chinese plants. No issues. I think you had no color, rumor, or information from my side. So we are really optimistic about the SAP startup in our Italian plants.

But, in order to be ready and, in any case, to be able to deliver “A-class” service to our customers and consumers, we are putting away, at the end of the year, between EUR15 million and EUR20 million more in inventory. This is also because we are going to face 1Q 2013, probably the toughest quarter for us in terms of comparison. We had a very good performance in 1Q 2012. And, therefore, we really want to allow our wholesale and retail networks to be able to offer the best service to our consumers. So this is what we're doing, and I really hope and think, having planned everything so far in advance, that we will be flawless.

And so, basically, our 2012 is almost finished. We're getting ready, as I was saying, for 2013. We will have time to discuss 2013, that we would love it to be what we call a “natural evolution” of 2012. But I think it's too early today to give you details on our plans for 2013.

Thank you for listening and I turn the call back to Alessandra.

Alessandra Senici
Before opening the call to questions, I would like to apologize because we understand there are some technical issues on our website. So, now, operator, you can open the call for questions.
Q&A

Bassel Choughari - Berenberg Bank
I have a couple of questions, if I may. The first one is about the STARS program. Would it be possible for you to provide us with an update on the number of retailers in that program and where you are in terms of achieving your midterm target?
My second question is about Sunglass Hut in China. You have a test store there. Could you give us some color on how it's behaving? And what are your plans for China?
And the last one. Could you provide us, please, with an update on potential price increases for Ray-Ban and Oakley prescription? Thank you.

Andrea Guerra
Regarding the Sunglass Hut store in China, it's one, and I've got no color to give you. I'm sorry, but I really do not know where it is. And we've got no plans for Sunglass Hut in China today. We opened one store in order to protect the brand locally. But, I mean, there is nothing behind it. Hong Kong is doing really well. But I think that you were more interested around China.

In terms of STARS, we are pretty close to the 3,000 doors. Things are moving on. I give that as an ordinary job for us. You are asking, quite frequently, some color. So, next time, I will have a section on STARS. It's really moving fast and well and in all new countries where we entered. The last was Italy, where it was a little bit more difficult considering how the distribution is done in Italy. And we were pretty successful. But I will open up a section next time.

Ray-Ban optical and Oakley? We will take our decisions in the next months.

Bassel Choughari - Berenberg Bank
Thank you. Just one follow-up about that potential price increase. Are we thinking of price increases for this year, or are we speaking about 2013?

Andrea Guerra
2013.

Sophie Dargnies - HSBC
I did not hear the first question and I hope it will not be the same. In wholesale, can you tell me if sales were driven by volume and mix In Q3? Can you give us some percentage? And, in October, you said it was in line with the first nine months for all categories and for all regions. If you can, please, give us a bit more in details.
And the third question is on wholesale. I understood during the Investor Day that the wholesale EBIT margin will be declining at the end of 2012. But you've gained 20bps in nine months. Is that still correct, or what do you expect? Thanks.

Andrea Guerra
Regarding this last question, to imagine that our EBIT margin in wholesale was declining, I don't think we ever said such a thing. It would not be on my mind. We said that, probably, the accelerated improvement that we had in the last two or three years probably would have slowed down but always talking about an increase in margin, which, as Enrico said, we need to remember the work and one-offs we had in Brazil realated to the Tecnol integration, or else it would have been even higher.

In terms of October, as I was saying before, yes, it's good. I would not pay attention to it. I mean, October and November are the same as December alone. So it's not a major month, but it is good. And this is what I was saying before. Nothing really special to report from any market across the world or business or banners or brands.

In terms of mix and volume, we are happy to say that it was not fully volume as it was in the previous quarters. But it was probably 75%-25% or 70%-30%. So, basically, two things. The price
increase of Ray-Ban that we took in March really kicked in completely. And, on the other side, I think that the overall higher positioning of our luxury collection again kicked in.

**Domenico Ghilotti - Equita SIM**

I have a question on the profitability of LensCrafters. In the last call and last presentation, you said that you were expecting to improve profitability even in a low, mid-single-digit same-store sales environment. So I would like to have some color on the execution of this.

And the other question is on wholesale; in particular, if you can give us the dilution that you had due to the Chinese currency strengthening.

**Andrea Guerra**

When you are talking about that, you're talking about the currency impact on our Chinese manufacturing. Is that correct?

**Domenico Ghilotti - Equita SIM**

Yes. So, if you can give us a broad indication on what is the current dilutive impact on your wholesale profitability due to the currency impact, basically.

**Andrea Guerra**

20bps.

In terms of LensCrafters' profit and loss, there is really nothing to be said. I mean, we were able to increase our profitability with a 1.5% increase in Q2, and we moved along those trends in Q3. So nothing particular to report.

**Piral Dadhania - Nomura**

Just a couple of questions in relation to 2013 and outlook. Are we still on track for the Armani contract to kick in on January 1, 2013?

And, also, I understand that the vogue collection was launched in September. So I just wanted to know how that has kind of been received through the retail and wholesale channels.

And, finally, just whether Ray-Ban and Oakley production is also due to kick in in the Tecnol factory from January. Thank you.

**Andrea Guerra**

So, regarding Tecnol, Vogue is in. Vogue was excellent. It was really well received. And I think, in any case, we're talking about one-month-long presence in the market. It's too early. But it was really great.

So Ray-Ban will kick-in in spring. This was our original plan. So not January. And Oakley will kick in at the end of 2013, and that was our original plan. And there are no delays.

Regarding Armani, the contract starts January 2013. And we will be in the market between February and March.

**Domenico Ghilotti - Equita SIM**

I have a question on your statements regarding Salmoiraghi&Viganò. I don't know if you can clarify what's going on there and what is the pressure that you see; so, a better understanding of what is the situation.

**Andrea Guerra**

The situation is pretty clear. On one side, you have someone who is looking for either a partner or to sell. On the other side, there is a number of players that are trying their best. We have been asked to join this project and journey from many different parts. We're looking into it and I think it's too early to imagine anything else.

So, thank you, everyone, and talk to you very soon. Thank you very much, and good evening.