Luxottica Profit Up 11% in Second Quarter; Wholesale Business Pushes Results Higher

By Eric Sylvers

MILAN - 25.07.2014 - Luxottica SpA profit rose 11% in the second quarter as a strong performance at the Italian eyewear maker's wholesale business pushed the overall results higher.

Net profit rose to €235 million compared with €212 million in the second quarter of last year. Net sales rose 2.1% to €2.06 billion. Sales at the retail division, which accounts for just less than half of the business, rose 6.2% while they fell 1.1% at the retail division.

Luxottica, the world's largest eyewear group and owner of Ray-Ban, Oakley and Sunglass hut, said it continues to face a challenging situation with the weak dollar hurting results as profit is converted into euros. The increase in sales at the wholesale division is almost twice as big at constant exchange rates, while the small decrease at the retail division becomes a 4.3% gain.

The third quarter has started strongly and the company is forecasting "solid and well-balanced growth" in all its businesses and markets, Andrea Guerra, Luxottica's chief executive, said in a statement. The negative exchange rate effect will gradually decline in the second half of the year since there will be a more favorable basis of comparison between the major currencies, Mr. Guerra said.

The wholesale division noted its biggest growth in emerging markets such as China, Brazil and India as well as North America and parts of Europe including Germany, France and the U.K. The division posted an operating margin of 28% compared with 16% for the retail division.

Global same-store sales at Sunglass Hut rose 9.9% while at LensCrafters they inched 0.9% higher.