Luxottica Net Rises 10.3%

MILAN — Italy’s Luxottica SpA, the world’s leading maker of eyewear, on Thursday said adjusted net profit in 2013 jumped 10.3 percent at current exchange, and said the board would suggest paying a 308 million euro, or $409.6 million, dividend to shareholders.

The payout would be equal to about 50 percent of Luxottica’s reported adjusted net income of 617.3 million euros, or $821 million — a result which, among other factors, followed strong sales growth in emerging markets and an excellent performance in the North American wholesale channel.

The dividend — 0.65 euros, or 87 cents, a share — will be payable in Italy on May 22, subject to the approval of shareholders at the April 29 general meeting. In the U.S., where Luxottica is also listed on the New York Stock Exchange, the dividend will be payable — in U.S. dollars — on May 30, the company said.

In a statement released after the close of trading in Milan, Luxottica said it had achieved the “best results ever” last year with more than 1 billion euros, or $1.33 billion, in operating income and more than 600 million euros, or $798 million, in adjusted net income.

Full year sales — already reported on Jan. 28 — reached 7.3 billion euros, or $9.7 billion, up 3.2 percent (at current exchange) on the year earlier.

Dollar amounts have been converted at average exchange for the periods to which they refer.

The company said the adjustment to its income relates to a 2007 tax audit by Italian tax authorities “that has ended with a determination relating to transfer pricing involving increased charges of 26.7 million [euros],” or $36.6 million at Thursday’s exchange rates. Luxottica said it had also set aside some 40 million euros, or $54.8 million, in nonrecurring accrual “relating to open tax audits for the tax years after 2007.” The adjustment also includes items such as nonrecurring costs related to the reorganization of Alain Mikli International, acquired by Luxottica in January 2013.

Total operating income was up 14.4 percent in the year, to 1.1 billion euros, or $1.46 billion.

The company was upbeat concerning its prospects for the current year. Chief executive officer Andrea Guerra said, “We believe that 2014 will be a natural evolution of the year that has just ended. The early months are delivering positive results despite some bad weather and we believe they will set the stage for sales growth and profitability consistent with prior years.”

Guerra pointed to the company’s “increasingly strong” brand portfolio as a driver of future growth, with “Ray-Ban continuing to be a global leader in its category and Oakley reporting excellent results in Europe and emerging markets.”

The company said that both the wholesale and retail divisions continued to grow in the premium segment in North America, while Sunglass Hut “continues its expansion globally and in new channels, strengthening its role of sunglass category captain.”

Given the strong performance in emerging markets, Luxottica — which owns brands including Ray-Ban, Oakley, Oliver Peoples and Persol, and produces under license for top names including
Giorgio Armani, Coach, Prada and Ralph Lauren — said its goal is to “enhance our local presence in Brazil, China, India, Mexico and Turkey.”

In its previous sales statement on Jan. 28, the company had said that revenues in emerging markets in 2013 grew by more than 20 percent at constant exchange rates, “with peaks of excellence in China, Brazil and Turkey.”

Both wholesale and retail divisions reported higher operating income for the full year. At the wholesale level, adjusted operating income increased 8.9 percent to 658 million euros, or $875.1 million, while at the retail division, adjusted operating income increased 1.9 percent to 586 million euros, or $779.4 million.

However, both divisions were impacted by currency shifts in the fourth quarter.