Luxottica’s Profit Surges as Sales Rise in North America
Lower euro-dollar exchange rate cited as contributing to gains

MILAN—Italian eyewear giant Luxottica SpA saw its first-quarter net profit rise nearly 34% compared with the same period last year after it recorded strong sales growth, particularly in North America.

With the euro progressively weakening against the dollar in the past three months, the eyewear maker—strongly exposed to currency moves—benefited from a strong tailwind. At constant rates, sales rose 20% on the year to €2.21 billion, but only 5.3% at current rates.

Sales in North America, which accounts for 58% of the total, rose 29.4% at current rates compared with the previous year. The result was driven by the lowering euro-dollar exchange rate, and was also supported by the launch of the Michael Kors collection, which made its debut this quarter and boosted the wholesale division’s result. In retail, both Luxottica’s chains Sunglass Hut and LensCrafters were on the rise. At constant rates, North American sales grew 7% on the year.

On the back of such growth at the two retail chains, the company has decided to accelerate its previously-decided investment plan consisting in €200 million a year for the next five years to open or remodel stores. Luxottica said that before the end of the year, a new LensCrafters store concept will be launched in North America.

As for Sunglass Hut, Luxottica previously said that it plans to expand its store network by adding about 1,000 stores in the next few years to its existing 3,000. Brazil, India and Southeast Asia are some of the areas where stores will be opened, the two CEOs—Adil Mehboob-Khan and Massimo Vian—previously said.

In the Asia-Pacific region, sales grew 19%, strongly driven by performance in Southeast Asia, where revenues were over 30% up compared with the previous year.

Luxottica, which also owns brands like Ray-Ban and Oakley, said that its first-quarter operating profit rose 33% compared with the first quarter 2014, to €358 million.

As previously announced, the firm is reorganizing Oakley to give it the same organizational structure of the rest of the group. Luxottica said that the organizational and production systems changes currently under way should generate synergies of about €100 million once fully deployed.

The company, which makes eyewear for the likes of Giorgio Armani and Chanel, said net profit climbed to €210.4 million ($235.5 million).