

LUXOTICA

G R O U P

III QUARTER 2005

Consolidated Financial Statements

PRESS RELEASE

CONSOLIDATED FINANCIAL STATEMENTS



Luxottica Group 3Q05 Consolidated Operating Income Up 20.1 Percent

Wholesale sales for the quarter up 26.0%

Milan, Italy - October 27, 2005 - Luxottica Group S.p.A. (NYSE: LUX; MTA: LUX), global leader in the eyewear sector, today announced consolidated U.S. GAAP results for the three- and nine-month periods ended September 30, 2005.

Financial highlights

Third Quarter of 2005¹

- **Consolidated sales: €1,069.4 million (+47.3%)**
 - Retail sales: €849.0 million (+55.2%); Retail comparable store sales²: +5.3%
 - Total wholesale sales: €283.7 million (+26.0%)
- **Consolidated operating income: €154.9 million (+20.1%); Operating margin: 14.5%**
 - Retail operating income: €106.3 million (+15.1%); Retail operating margin: 12.5%
 - Wholesale operating income: €63.3 million (+34.0%); Wholesale operating margin: 22.3%
- **Consolidated net income: €89.3 million (+16.0%); Net margin: 8.4%**
- **Earnings per share: €0.20 (US\$0.24 per ADS)**

Nine-month Period³

- **Consolidated sales: €3,251.9 million (+41.0%)**
 - Retail sales: €2,448.6 million (+52.1%); Retail comparable store sales⁴: +5.7%
 - Total wholesale sales: €978.9 million (+17.0%)
- **Consolidated operating income: €457.1 million (+17.7%); Operating margin: 14.1%**
 - Retail operating income: €283.4 million (+20.1%); Retail operating margin: 11.6%
 - Wholesale operating income: €231.3 million (+23.2%); Wholesale operating margin: 23.6%
- **Consolidated net income: €256.7 million (+13.0%); Net margin: 7.9%**
- **Earnings per share: €0.57 (US\$0.72 per ADS)**

Andrea Guerra, chief executive officer of Luxottica Group, commented: "Results for the third quarter were again strong across our entire business and in all key markets, with both retail and wholesale contributing to continued growth. Cash flow generation was again one of the main highlights of our Group's results for the quarter, with approximately €140 million excluding non-recurring items⁵. At the same time, in the first nine months of 2005 we reached the same level of sales posted in 2004 for the full year, which in itself means that the Cole National acquisition has already helped us to achieve a significant result."

Regarding the retail business, the integration of Cole National is now nearly completed and the Group's retail team in North America is already focusing on the challenges ahead: the

growth of the Pearle Vision business and the ongoing repositioning of Sunglass Hut as the destination store for fashion in sun.

Results of the retail division for the third quarter were particularly strong, especially in North America where Sunglass Hut experienced double-digit comparable store sales growth for the second quarter in a row. Retail results were also positive in Asia-Pacific, especially in terms of profitability.

For the third quarter, the Group's wholesale business experienced significant additional growth and improved profitability. Wholesale sales to third parties rose by 23.0 percent, reflecting accelerated growth in the Group's wholesale business year-to-date compared with 13.0 percent for the first half of the year. Operating margin for the entire wholesale division for the quarter improved to 22.3%, up by 130 bps year-over-year. The performance of the wholesale business reflected the strength of Luxottica Group's brands portfolio, especially of Ray-Ban, which posted particularly strong results for the quarter.

In wholesale, the Group just launched the first Dolce & Gabbana collections and expects a strong first year, in line with the original projection of €120 million in sales. The new collections, together with the Group's well-balanced portfolio of leading and best-selling house and license brands, are expected to give Luxottica Group's sales teams additional tools to continue delivering the growth experienced year-to-date in all key markets.

The effective tax rate for the quarter was 35 percent, in line with an expected tax rate for the full year of 37 percent. In application of APB 25 (Accounting for Stock Issued to Employees), results for the nine-month period also included non-cash expenses for stock options⁶ of €12.4 million. The recently announced revised earnings estimates for fiscal year 2005 already fully reflect both the tax rate expectation and the non-cash expenses for stock options.

On September 30, 2005, Luxottica Group's consolidated net outstanding debt was €1,557.9 million.

Luxottica Group's consolidated results for the three- and nine-month periods ended September 30, 2005, were approved today by its Board of Directors. Consolidated results for the quarter and the nine-month period include the consolidation of the Cole National business.

About Luxottica Group S.p.A.

Luxottica Group is a global leader in eyewear, with nearly 5,500 optical and sun retail stores mainly in North America, Asia-Pacific and China and a well-balanced portfolio that comprises leading premium house and licensed brands, including Ray-Ban, the best selling sun and prescription eyewear brand in the world. Among others, the Group's brand portfolio includes house brands Vogue, Persol, Arnette and REVO and license brands Bvlgari, Chanel, Dolce & Gabbana, Donna Karan, Prada and Versace. Luxottica Group's global wholesale network touches 120 countries, with a direct presence in the key 28 eyewear markets worldwide. The Group's products are designed and manufactured at its six Italy-based high-quality manufacturing plants and at the only China-based plant wholly-owned by a premium eyewear manufacturer. For fiscal year 2004, Luxottica Group posted consolidated net sales and net income of €3.2 billion and €286.9 million, respectively.

Luxottica Group's 2004 annual report is available online at <http://annual-report-2004.luxottica.com>. Additional information on the Group is available at www.luxottica.com.

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 ability to successfully launch initiatives to increase sales and reduce costs, the availability of correction alternatives to prescription eyeglasses, the ability to effectively integrate recently acquired businesses, including Cole National, risks that expected synergies from the acquisition of Cole National will not be realized as planned and that the combination of Luxottica Group's managed vision care business with Cole National will not be as successful as planned, 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 Luxottica Group does not assume any obligation to update them.

Contacts

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- TABLES TO FOLLOW -

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1 All comparisons, including percentage changes, are between the three-month periods ended September 30, 2005, and 2004.

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. The calculation of comparable store sales for the three- and nine-month periods ended September 30, 2005, includes relevant stores of the former Cole National business as if the Cole National acquisition had been completed as of January 1, 2004. Cole National results are actually consolidated with Luxottica Group results only as of the October 4, 2004, acquisition date.

3 All comparisons, including percentage changes, are between the nine-month periods ended September 30, 2005, and 2004.

4 See note (2) above.

5 Non-recurring items include acquisitions and litigation settlements.

6 The non-cash expenses for stock options for the nine-month period ended September 30, 2005, resulted from the application of APB 25, in advance of the required adoption of SFAS 123 (R) as of January 1, 2006.

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004

KEY FIGURES IN THOUSANDS OF EURO ⁽⁴⁾

	2005	2004 ⁽⁵⁾	% Change
NET SALES	1,069,381	726,163	47.3%
NET INCOME	89,309	76,975	16.0%
EARNINGS PER SHARE (ADS) ⁽²⁾	0.20	0.17	
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽³⁾	0.20	0.17	

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS ^{(1) (4)}

	2005	2004 ⁽⁵⁾	% Change
NET SALES	1,304,324	887,371	47.0%
NET INCOME	108,931	94,064	15.8%
EARNINGS PER SHARE (ADS) ⁽²⁾	0.24	0.21	
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽³⁾	0.24	0.21	

Notes :

	2005	2004
(1) Average exchange rate (in U.S. Dollars per Euro)	1.2197	1.2220
(2) Weighted average number of outstanding shares	450,359,614	448,259,456
(3) Fully diluted average number of shares	453,829,742	450,321,072
(4) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively		
(5) Certain amounts for FY 2004 have been reclassified to conform to the presentation of FY 2005 figures		

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CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004

KEY FIGURES IN THOUSANDS OF EURO ⁽⁴⁾

	2005	2004 ⁽⁵⁾	% Change
NET SALES	3,251,948	2,306,993	41.0%
NET INCOME	256,715	227,118	13.0%
EARNINGS PER SHARE (ADS) ⁽²⁾	0.57	0.51	
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽³⁾	0.57	0.50	

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS ^{(1) (4)}

	2005	2004 ⁽⁵⁾	% Change
NET SALES	4,106,209	2,827,220	45.2%
NET INCOME	324,151	278,334	16.5%
EARNINGS PER SHARE (ADS) ⁽²⁾	0.72	0.62	
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽³⁾	0.72	0.62	

Notes :

	2005	2004
(1) Average exchange rate (in U.S. Dollars per Euro)	1.2627	1.2255
(2) Weighted average number of outstanding shares	449,805,613	448,162,086
(3) Fully diluted average number of shares	452,757,366	450,125,235
(4) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively		
(5) Certain amounts for FY 2004 have been reclassified to conform to the presentation of FY 2005 figures		

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CONSOLIDATED INCOME STATEMENT FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004

In thousands of Euro ⁽¹⁾	3Q05	% of sales	3Q04 ⁽²⁾	% of sales	% Change
NET SALES	1,069,381	100.0%	726,163	100.0%	47.3%
COST OF SALES	(321,746)		(219,320)		
GROSS PROFIT	747,635	69.9%	506,842	69.8%	47.5%
<i>OPERATING EXPENSES:</i>					
SELLING EXPENSES	(396,028)		(251,433)		
ROYALTIES	(14,020)		(10,256)		
ADVERTISING EXPENSES	(64,125)		(39,211)		
GENERAL AND ADMINISTRATIVE EXPENSES	(105,702)		(66,245)		
TRADEMARK AMORTIZATION	(12,832)		(10,645)		
TOTAL	(592,707)		(377,790)		
OPERATING INCOME	154,928	14.5%	129,052	17.8%	20.1%
<i>OTHER INCOME (EXPENSE):</i>					
INTEREST EXPENSES	(17,409)		(13,078)		
INTEREST INCOME	972		2,391		
OTHER - NET	89		794		
OTHER INCOME (EXPENSES) NET	(16,348)		(9,893)		
INCOME BEFORE PROVISION FOR INCOME TAXES	138,580	13.0%	119,159	16.4%	16.3%
PROVISION FOR INCOME TAXES	(48,462)		(40,510)		
INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	90,117		78,648		
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	(808)		(1,673)		
NET INCOME	89,309	8.4%	76,975	10.6%	16.0%
EARNINGS PER SHARE (ADS) ⁽¹⁾	0.20		0.17		
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽¹⁾	0.20		0.17		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	450,359,614		448,259,456		
FULLY DILUTED AVERAGE NUMBER OF SHARES	453,829,742		450,321,072		

Notes :

(1) Except earnings per share (ADS), which are expressed in Euro

(2) Certain amounts for FY 2004 have been reclassified to conform to the presentation of FY 2005 figures

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004

In thousands of Euro ⁽¹⁾	2005	% of sales	2004 ⁽²⁾	% of sales	% Change
NET SALES	3,251,948	100.0%	2,306,993	100.0%	41.0%
COST OF SALES	(1,020,223)		(718,208)		
GROSS PROFIT	2,231,725	68.6%	1,588,784	68.9%	40.5%
<i>OPERATING EXPENSES:</i>					
SELLING EXPENSES	(1,162,830)		(780,498)		
ROYALTIES	(48,548)		(37,728)		
ADVERTISING EXPENSES	(213,219)		(143,289)		
GENERAL AND ADMINISTRATIVE EXPENSES	(310,613)		(206,989)		
TRADEMARK AMORTIZATION	(39,415)		(31,993)		
TOTAL	(1,774,625)		(1,200,496)		
OPERATING INCOME	457,100	14.1%	388,288	16.8%	17.7%
<i>OTHER INCOME (EXPENSE):</i>					
INTEREST EXPENSES	(49,163)		(37,458)		
INTEREST INCOME	4,188		4,560		
OTHER - NET	7,665		2,377		
OTHER INCOME (EXPENSES) NET	(37,310)		(30,521)		
INCOME BEFORE PROVISION FOR INCOME TAXES	419,790	12.9%	357,767	15.5%	17.3%
PROVISION FOR INCOME TAXES	(155,322)		(124,033)		
INCOME BEFORE MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	264,468		233,734		
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	(7,753)		(6,616)		
NET INCOME	256,715	7.9%	227,118	9.8%	13.0%
EARNINGS PER SHARE (ADS) ⁽¹⁾	0.57		0.51		
FULLY DILUTED EARNINGS PER SHARE (ADS) ⁽¹⁾	0.57		0.50		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	449,805,613		448,162,086		
FULLY DILUTED AVERAGE NUMBER OF SHARES	452,757,366		450,125,235		

Notes :

(1) Except earnings per share (ADS), which are expressed in Euro

(2) Certain amounts for FY 2004 have been reclassified to conform to the presentation of FY 2005 figures

LUXOTTICA GROUP

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2005 AND DECEMBER 31, 2004

In thousands of Euro	September 30, 2005	December 31, 2004 ⁽¹⁾
<i>CURRENT ASSETS:</i>		
CASH	347,886	257,349
ACCOUNTS RECEIVABLE	457,964	406,437
SALES AND INCOME TAXES RECEIVABLE	37,346	33,120
INVENTORIES	422,867	433,158
PREPAID EXPENSES AND OTHER	77,794	69,151
DEFERRED TAX ASSETS - CURRENT	76,511	104,508
TOTAL CURRENT ASSETS	1,420,368	1,303,723
PROPERTY, PLANT AND EQUIPMENT - NET	694,047	599,245
<i>OTHER ASSETS</i>		
INTANGIBLE ASSETS - NET	2,689,686	2,473,053
INVESTMENTS	14,822	156,988
OTHER ASSETS	49,311	23,040
SALES AND INCOME TAXES RECEIVABLES	292	9
TOTAL OTHER ASSETS	2,754,111	2,653,090
TOTAL	4,868,526	4,556,058
<i>CURRENT LIABILITIES:</i>		
BANK OVERDRAFTS	356,318	290,531
CURRENT PORTION OF LONG-TERM DEBT	238,175	405,369
ACCOUNTS PAYABLE	254,916	222,550
ACCRUED EXPENSES AND OTHER	369,347	376,779
ACCRUAL FOR CUSTOMERS' RIGHT OF RETURN	11,612	8,802
INCOME TAXES PAYABLE	50,381	12,722
TOTAL CURRENT LIABILITIES	1,280,749	1,316,753
<i>LONG TERM LIABILITIES:</i>		
LONG TERM DEBT	1,311,281	1,277,495
LIABILITY FOR TERMINATION INDEMNITIES	57,125	52,656
DEFERRED TAX LIABILITIES - NON CURRENT	188,978	215,891
OTHER	184,905	173,896
TOTAL LONG TERM LIABILITIES	1,742,289	1,719,938
<i>COMMITMENTS AND CONTINGENCY:</i>		
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES	14,598	23,760
<i>SHAREHOLDERS' EQUITY:</i>		
457,264,223 ORDINARY SHARES AUTHORIZED AND ISSUED		
- 450,829,437 SHARES OUTSTANDING	27,436	27,312
NET INCOME	256,715	286,874
RETAINED EARNINGS	1,546,739	1,181,421
TOTAL SHAREHOLDERS' EQUITY	1,830,890	1,495,607
TOTAL	4,868,526	4,556,058

Notes :

(1) Certain amounts for FY 2004 have been reclassified to conform to the presentation of FY 2005 figures

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004 - SEGMENTAL INFORMATION -

In thousands of Euro	Manufacturing and Wholesale	Retail	Inter-Segments Transaction and Corporate Adj.	Consolidated
2005				
Net Sales	978,928	2,448,596	(175,576)	3,251,948
EBITDA ⁽³⁾	267,741	365,881	(32,919)	600,703
<i>% of sales</i>	27.4%	14.9%		18.5%
Operating income	231,310	283,441	(57,651)	457,100
<i>% of sales</i>	23.6%	11.6%		14.1%
Capital Expenditures	65,005	86,175		151,180
Depreciation & Amortization	36,431	82,440	24,732	143,604
Assets	1,591,005	1,298,257	1,979,263	4,868,526
2004 ⁽¹⁾				
Net Sales	836,964	1,609,614	(139,585)	2,306,993
EBITDA ⁽³⁾	223,854	289,129	(18,026)	494,957
<i>% of sales</i>	26.7%	18.0%		21.5%
Operating income	187,690	235,921	(35,323)	388,288
<i>% of sales</i>	22.4%	14.7%		16.8%
Capital Expenditures	22,032	46,502		68,534
Depreciation & Amortization	36,164	53,208	17,297	106,669
Assets	1,507,135	877,534	1,776,603	4,161,272
2004 As adjusted ⁽²⁾				
Net Sales	836,964	2,358,649	(140,095)	3,055,518
EBITDA ⁽³⁾	223,854	306,846	(18,026)	512,674
<i>% of sales</i>	26.7%	13.0%		16.8%
Operating income	187,690	232,368	(43,391)	376,667
<i>% of sales</i>	22.4%	9.9%		12.3%
Depreciation & Amortization	36,164	74,478	25,365	136,007

Notes :

- (1) Certain amounts for FY 2004 have been reclassified to conform to the presentation of FY 2005 figures
- (2) These consolidated adjusted amounts are a non-GAAP measurement. The company has included this measurement to give comparative information for the two periods discussed, aligning the consolidation periods of Cole National for both years 2004 and 2005. They reflect the consolidation of Cole National results for the first nine months of 2004 (as it is in 2005). This information does not purport to be indicative of the actual results that would have been achieved had the Cole National acquisition been completed as of January 1, 2004.
- (3) EBITDA is the sum of Operating income and Depreciation & Amortization

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NON-GAAP COMPARISON OF CONSOLIDATED NET SALES FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004, ASSUMING CONSTANT EXCHANGE RATES

In millions of Euro	3Q 2004 U.S. GAAP results	3Q 2005 U.S. GAAP results	Adjustment for constant exchange rates	3Q 2005 adjusted results
Consolidated net sales	726.2	1,069.4	-9.0	1,060.4
Manufacturing/wholesale net sales	225.2	283.7	-2.9	280.8
Retail net sales	546.9	849.0	-6.5	842.5

In millions of Euro	9M 2004 U.S. GAAP results	9M 2005 U.S. GAAP results	Adjustment for constant exchange rates	9M 2005 adjusted results
Consolidated net sales	2,307.0	3,251.9	60.4	3,312.3
Manufacturing/wholesale net sales	837.0	978.9	5.4	984.3
Retail net sales	1,609.6	2,448.6	58.9	2,507.5

Note:

Luxottica Group uses certain measures of financial performance that exclude the impact of fluctuations in currency exchange rates in the translation of operating results into Euro. The Company believes that these adjusted financial measures provide useful information to both management and investors by allowing a comparison of operating performance on a consistent basis. In addition, since the Luxottica Group has historically reported such adjusted financial measures to the investment community, the Company believes that their inclusion provides consistency in its financial reporting. Further, these adjusted financial measures are one of the primary indicators management uses for planning and forecasting in future periods. Operating measures that assume constant exchange rates between the first nine months of 2005 and the first nine months of 2004 and the third quarter of 2005 and the third quarter of 2004 are calculated using for each currency the average exchange rate for the nine-month period and the three-month period ended September 30, 2004, respectively. Operating measures that exclude the impact of fluctuations in currency exchange rates are not measures of performance under accounting principles generally accepted in the United States (U.S. GAAP). These non-GAAP measures are not meant to be considered in isolation or as a substitute for results prepared in accordance with U.S. GAAP. In addition, Luxottica Group's method of calculating operating performance excluding the impact of changes in exchange rates may differ from methods used by other companies. See table above for a reconciliation of the operating measures excluding the impact of fluctuations in currency exchange rates to their most directly comparable U.S. GAAP financial measures. The adjusted financial measures should be used as a supplement to U.S. GAAP results to assist the reader in better understanding the operational performance of the Company.