



WHEN STRATEGY MEETS EXECUTION: A NEW OPERATING MODEL

Milan, February 26, 2018

LUXOTICA

FORWARD-LOOKING STATEMENT

Certain statements in this investor presentation 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, our ability to manage the effect of the uncertain current global economic conditions on our business, our ability to successfully acquire new businesses and integrate their operations, our ability to predict future economic conditions and changes in consumer preferences, our ability to successfully introduce and market new products, our ability to maintain an efficient distribution network, our ability to set and achieve our business objectives and manage growth, our ability to negotiate and maintain favorable license arrangements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, our ability to protect our proprietary rights, our ability to maintain our relationships with host stores, any failure of our information technology, inventory and other asset risk, credit risk on our accounts, insurance risks, changes in tax laws, as well as other political, economic, legal and technological factors and other risks and uncertainties described in our regulatory filings. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

In addition, such forward-looking statements include, but are not limited to, statements regarding the proposed business combination between Essilor International and Luxottica Group (including the benefits, results, effects and timing of a transaction), all statements regarding Luxottica’s (and Essilor’s and Luxottica’s combined) expected future financial position, results of operations, cash flows, dividends, financing plans, business strategy, budgets, capital expenditures, competitive positions, growth opportunities, plans and objectives of management. Statements used herein concerning the business outlook or future economic performance, anticipated profitability, revenues, expenses, dividends or other financial items, and product or services line growth of Luxottica (and the combined businesses of Essilor and Luxottica), together with other statements that are not historical facts, are forward-looking statements that are estimates reflecting the best judgment of Luxottica based upon currently available information.

This investor presentation contains measures that were not prepared in accordance with IFRS. For a reconciliation of non-IFRS measures used in these materials, see the Company’s press release titled “Record 2017 with net profits and free cash flow over one billion Euro” dated February 26, 2018, available on the Company’s website www.luxottica.com under the Investors tab.

DELIVERING RECORD RESULTS FOR 2017

All-time high of €1 billion in net income and free cash flow

- Group sales up by 2.2% at constant forex₍₁₎ driven by Europe and Latin America
 - Wholesale sales improving in 2H
 - Retail benefiting from new stores, comps₍₂₎ -2.6%
- Group adj. operating income₍₃₎₍₄₎ to €1,442 million, adjusted operating margin₍₃₎₍₄₎ at 15.8%
 - Wholesale maintains high profitability
 - Improved productivity driving retail profitability: +40bps in adj. retail margin₍₃₎₍₄₎ at 14.1%
- Exceeded the 10% threshold in net margin, both adjusted₍₃₎₍₄₎ and reported
- Over €1 billion free cash flow₍₃₎ sets a new record
- Proposed ordinary dividend per share up by 10%



For additional disclosures regarding information in this presentation, please see “Notes to the presentation” in the Appendix

A NEW OPERATING MODEL: ALREADY SUCCESSFUL IN 2017, MORE TO COME

- SIMPLIFICATION**
 - Leaner organization
 - Faster decision making process
 - Greater flexibility
- CENTRALIZATION**
 - Centralized inventory management
 - Price and assortment harmonization
 - Real estate strategy
- INTEGRATION**
 - Oakley integration
 - New lens capacity, Ray-Ban lenses
 - Fully integrated supply chain
- NEW RETAIL**
 - Showroom model
 - Ray-Ban stores
 - Omnichannel approach
- DIGITALIZATION**
 - Customer experience in-store and online
 - E-commerce proprietary platforms
 - Digital marketing

2017 achievements

- Healthier results
- Improving ROIC

Going forward

- Positive organic revenue growth
- Restoring operating leverage
- Consistently improving ROIC

A YEAR OF HEALTHY SALES GROWTH, IMPROVED MOMENTUM IN 4Q

Millions of Euro

4Q 2017

GROUP

2,092.7

-2.3%

+4.3% @c.fx₍₁₎

WHOLESALE

754.4

-0.4%

+4.7% @c.fx₍₁₎

RETAIL

1,338.2

-3.3%

+4.1% @c.fx₍₁₎

FY 2017

GROUP

9,157.3

+0.8%

+2.2% @c.fx₍₁₎

WHOLESALE

3,504.9

-0.6%

+0.3% @c.fx₍₁₎

RETAIL

5,652.4

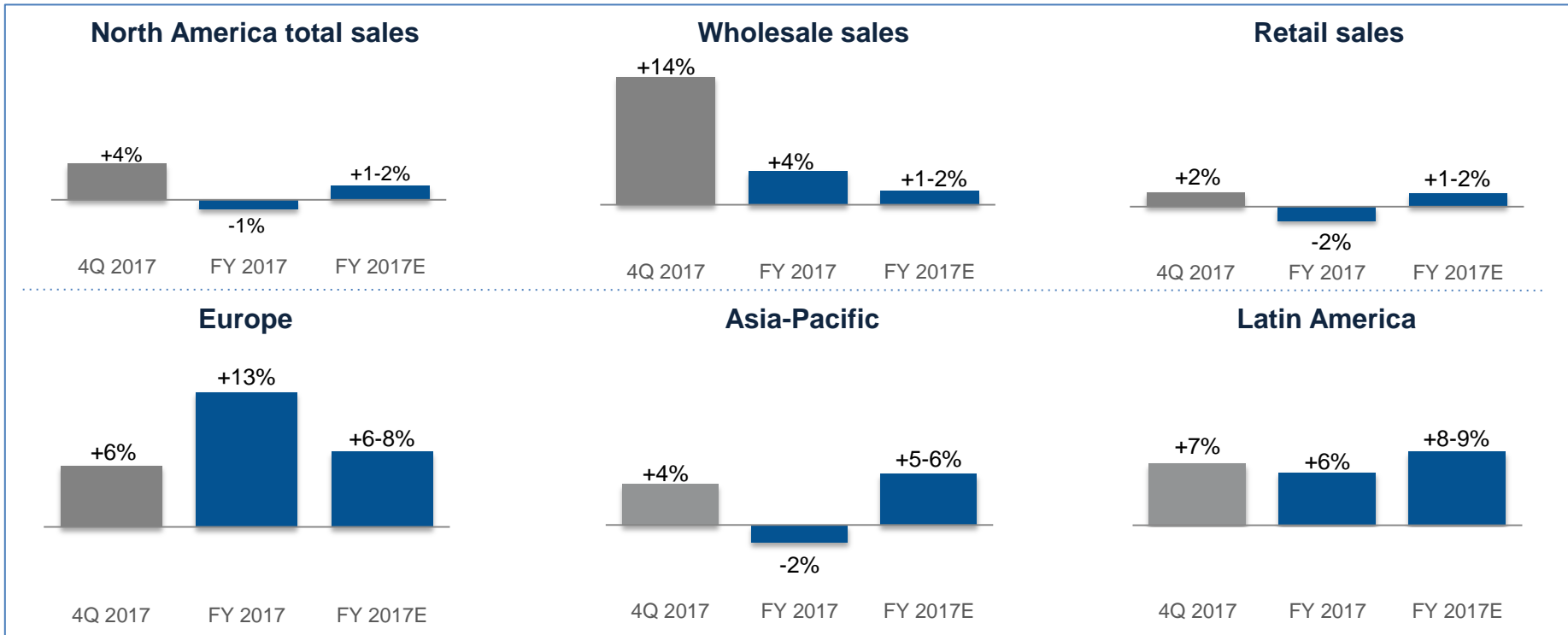
+1.7%

+3.4% @c.fx₍₁₎

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REVENUE ROADMAP BY GEOGRAPHY

At constant forex₍₁₎



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CONSOLIDATED INCOME STATEMENT

€ mn	FY 2016			FY 2017	2017 vs. 2016	
					Curr. fx	Const. fx ⁽¹⁾
Net sales	9,086			9,157	0.8%	2.2%
- Wholesale	3,528			3,505	-0.6%	0.3%
- Retail	5,558			5,652	1.7%	3.4%
Adjusted gross profit⁽³⁾⁽⁴⁾	5,951	65.5%		5,933	64.8%	-70bps
Operating income	1,345	14.8%		1,301	14.2%	-60bps
Adjustments (pre tax)	(87)			(142)		
Adjusted operating income⁽³⁾⁽⁴⁾	1,432	15.8%		1,442	15.8%	flat
- Adjusted wholesale operating income ⁽³⁾⁽⁴⁾	850	24.1%		843	24.1%	flat
- Adjusted retail operating income ⁽³⁾⁽⁴⁾	762	13.7%		799	14.1%	+40bps
Net income⁽⁵⁾	848	9.3%		1,038	11.3%	+200bps
Adjustments (after tax)	(34)			68		
Adjusted net income⁽³⁾⁽⁴⁾	882	9.7%		970	10.6%	+90bps
EPS	1.77			2.17		
Adjusted EPS⁽³⁾⁽⁴⁾	1.84			2.03	10.3%	12.5%

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FINANCIAL POSITION OVERVIEW

€ mn	Dec 31, 2016	Dec 31, 2017	YoY change
Adjusted EBITDA₍₃₎₍₄₎	1,945	1,983	38
Change in working capital	(83)	73	156
Capex	(652)	(663)	(11)
Operating cash flow₍₃₎	1,211	1,393	183
Free cash flow₍₃₎	664	1,028	364
Net debt₍₃₎	(1,177)	(740)	437
Net debt/adjusted Ebitda₍₃₎₍₄₎	0.6x	0.4x	
Net debt/adjusted Ebitda excluding exchange rate effect₍₃₎₍₄₎₍₆₎	0.6x	0.4x	
Total operating working capital days	111	113	2

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2017: SOLID FOUNDATION FOR FUTURE GROWTH

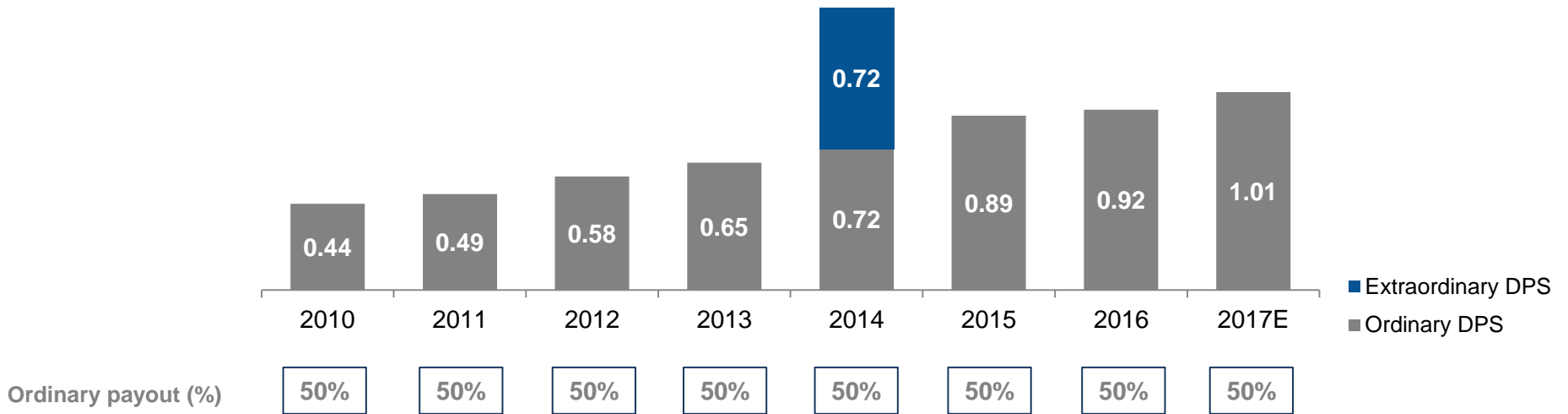
At constant forex⁽¹⁾

	2017E	% growth vs. FY16
SALES GROWTH	LOW TO MID-SINGLE DIGIT	+2.2%
ADJ. OPERATING INCOME GROWTH ₍₃₎₍₄₎	~0.8-1.0x SALES	1.2x
ADJ. NET INCOME GROWTH ₍₃₎₍₄₎	~1.0x SALES	5.5x
NET DEBT/EBITDA ₍₃₎₍₄₎₍₆₎	~0.5x	0.4x

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PROPOSED DIVIDEND PAYMENT FOR 2017: €1.01 PER SHARE

DPS (€) and payout (%)



HEALTHY OUTLOOK FOR 2018

At constant forex⁽¹⁾

	2017 (€ mn)	2018E
SALES GROWTH	9,157	+2-4%
ADJ. OPERATING INCOME ⁽³⁾⁽⁴⁾	1,442	0.8-1.0x SALES
ADJ. NET INCOME ⁽³⁾⁽⁴⁾	970	1.0-2.0x SALES
NET DEBT/EBITDA ⁽³⁾⁽⁴⁾⁽⁶⁾		0.3-0.4x

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STICKING TO STRATEGIC PRIORITIES

- Leveraging strong brand portfolio with more integrated and consumer-centric distribution
 - Expansion of Ray-Ban stores: continuous focus on China and new openings in Europe and Latin America
 - Richer e-commerce experience
- Strengthening wholesale distribution while fighting counterfeits and parallel markets
 - Moving to direct distribution in Middle-East
- Continuing operational excellence
 - Hub approach and further supply chain integration
- Nurturing investments in:
 - Product innovation
 - “Futurizing” store experience



RAY-BAN IS FIRING ON ALL ENGINES

The world's most-loved eyewear brand

- Winning over consumers with product innovation and new digital marketing campaign for frames and lenses
 - Ray-Ban lenses enriching a full brand experience
- Driving marketplace transformation
 - Going more and more direct to consumer
 - Ray-Ban.com offering customization and endless aisle
 - Growing mono-brand stores in China, starting with Europe and Latin America
- Healthy single-digit growth continues, fiercely defending brand equity and value
 - Wholesale clean-up to drive results
 - MAP fully effective in North America
 - ARA implemented globally
 - RFID tag to gain control



LENSCRAFTERS: THE TURNAROUND CONTINUES

- Renewed focus on brand's strengths: product excellence, superior service and advanced digital eye exam technology
- Confident in our strategy and aware that the right execution takes time
 - Ongoing acquisition of talented field and store managers
 - Enhancing the customer journey: leading the technological and storytelling evolution in-store
- Strong chain profitability enabling investments
 - Just launched the remodeling program: 50+ stores in 2018
 - Macy's agreement revised: up to total 200 locations by early 2019
 - Developing the new LensCrafters.com platform



SUNGLASS HUT: PREMIUM MESSAGING AND OMNICHANNEL STRATEGY DRIVING RESULTS

The only multi-brand premium sun specialist worldwide

- Eliminating promotions helped to strengthen premium messaging in store and online
 - Strong improvement in sales performance during 4Q
- Gradual and selective network expansion
 - Right-sized in North America
 - Paving the way for expansion in Europe and all over Latin America
- Omnichannel hard at work
 - E-commerce targeting 8-10% of chain revenues by 2021
 - CRM powerful tool in the US, developing in other areas



An advertisement for Armani Exchange featuring two models in a desert landscape. The models are wearing bright pink sunglasses with reflective lenses. The background shows a desert with sand dunes and a blue sky with scattered clouds. In the upper left, there is a circular graphic containing the letters 'AIX' in a stylized font. The overall aesthetic is modern and energetic.

ARMANI EXCHANGE

NEW ENERGY. SAME SPIRIT.

APPENDIX

NOTES TO THE PRESENTATION

- › ¹ Figures at constant exchange rates are calculated using the average exchange rates in effect during the corresponding period of the previous year. Please refer to the “Major currencies” table in the press release titled “Record 2017 with net profits and free cash flow over one billion Euro” dated February 26, 2018 available at the www.luxottica.com website under the Investors tab.
- › ² “Comps” or comparable store sales reflect 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
- › ³ Net debt/EBITDA, net debt/adjusted EBITDA, net debt, EBITDA, adjusted EBITDA, adjusted gross profit, adjusted operating income, adjusted operating margin, adjusted net income, adjusted earnings per share and free cash flow are not measures in accordance with IFRS. For additional disclosure, see the press release titled “Record 2017 with net profits and free cash flow over one billion Euro” dated February 26, 2018 available at the www.luxottica.com website under the Investors tab.
- › ⁴ Excluding adjusting items
- › ⁵ Net income attributable to Luxottica Group Stockholders at December 31, 2016 was restated to include €2.4 million from the Salmoiraghi & Vigano’s acquisition required by IFRS 3 - Business Combinations. For additional disclosure, see the press release titled “Record 2017 with net profits and free cash flow over one billion Euro” dated February 26, 2018 available at the www.luxottica.com website under the Investors tab.
- › ⁶ Net debt figures are calculated using the average exchange rates used to calculate EBITDA figures

4Q 2017 SALES BREAKDOWN

€ mn	4Q 2016	%	4Q 2017	%	2017 vs. 2016	
					Const. fx ₍₁₎	Curr. fx
North America	1,287	60%	1,225	58%	3.9%	-4.8%
Wholesale	239	11%	251	12%	14.0%	5.0%
Retail	1,048	49%	974	46%	1.5%	-7.0%
Europe	346	16%	364	17%	6.1%	5.3%
Asia-Pacific	293	14%	288	14%	4.4%	-2.0%
Latin America	175	8%	180	9%	7.1%	3.0%
Rest of the World	40	2%	35	2%	-9.0%	-12.0%
GROUP TOTAL	2,142	100%	2,093	100%	4.3%	-2.3%

4Q 2016 sales breakdown has been revised to reflect a market reclassification for the travel retail business

FY 2017 SALES BREAKDOWN

€ mn	FY 2016	%	FY 2017	%	2017 vs. 2016	
					Const. fx ₍₁₎	Curr. fx
North America	5,381	59%	5,252	57%	-0.5%	-2.4%
Wholesale	1,036	11%	1,056	11%	3.7%	1.9%
Retail	4,345	48%	4,197	46%	-1.5%	-3.4%
Europe	1,761	20%	1,966	21%	13.4%	11.7%
Asia-Pacific	1,190	13%	1,156	13%	-1.9%	-2.9%
Latin America	568	6%	616	7%	6.1%	8.6%
Rest of the World	186	2%	166	2%	-12.2%	-10.7%
GROUP TOTAL	9,086	100%	9,157	100%	2.2%	0.8%

FY 2016 sales breakdown has been revised to reflect a market reclassification for the travel retail business

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Upcoming events

- April 19 – Shareholders' meeting
- April 27 – 1Q 2018 net sales
- July 23 – 1H 2018 results
- October 22 – 3Q 2018 net sales

www.luxottica.com/en/company/investors/financial-calendar

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