Informazione Regolamentata n. 0491-66-2018	Data/Ora Ricezione 23 Luglio 2018 17:36:38	MTA

Societa'	:	LUXOTTICA GROUP
Identificativo Informazione Regolamentata	:	106590
Nome utilizzatore	:	LUXOTTICAN14 - Senici
Tipologia	:	REGEM
Data/Ora Ricezione	:	23 Luglio 2018 17:36:38
Data/Ora Inizio Diffusione presunta	:	23 Luglio 2018 17:36:39
Oggetto	:	Net sales improve in the second quarter, record net margin in the first half of 2018

Testo del comunicato

Vedi allegato.

Net sales improve in the second quarter, record net margin in the first half of 2018

- **Luxottica Group's net sales in the second quarter were Euro 2,417 million: +1.4% at constant exchange rates[2] and -4.9% at current exchange rates**
  - **Retail division's net sales were Euro 1,516 million: +4.3% at constant exchange rates[2] and -2.8% at current exchange rates**
  - **Wholesale division's net sales were Euro 901 million: -3.1% at constant exchange rates[2] and -8.2% at current exchange rates**
- **Luxottica Group's net sales in the first half of the year were Euro 4,553 million: +0.3% at constant exchange rates[2] and -7.7% at current exchange rates**
  - **Retail division's net sales were Euro 2,822 million: +2.8% at constant exchange rates[2] and -6.5% at current exchange rates**
  - **Wholesale division's net sales were Euro 1,731 million: -3.6% at constant exchange rates[2] and -9.6% at current exchange rates**
- **Adjusted[3,5] operating income was Euro 781 million: +0.5% at constant exchange rates[2] and -13.1% at current exchange rates**
- **Reported operating income was Euro 763 million: +1.7% at constant exchange rates[2] and -12.2% at current exchange rates**
- **Adjusted[3,5] net income was Euro 545 million: +11.6% at constant exchange rates[2] and -3.9% at current exchange rates**
- **Reported net income was Euro 530 million: +9.8% at constant exchange rates[2] and -5.7% at current exchange rates**
- **Outlook confirmed for 2018**

Milan (Italy), July 23, 2018 – The Board of Directors of Luxottica Group S.p.A. (MTA: LUX), a leader in the design, manufacture, distribution and sale of fashion, luxury and sports eyewear, met today to review the consolidated net sales for the second quarter and preliminary results for the six months ended June 30, 2018, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the second quarter of 2018, Luxottica's net sales accelerated, growing by 1.4% at constant exchange rates[2] (-4.9% at current exchange rates). The results were driven by the strong performance of the Retail division and e-commerce platforms as well as solid growth in North America and Asia-Pacific. This allowed the Group to close the first half of the year with sales slightly up (+0.3% at constant exchange rates[2], -7.7% at current exchange rates) and strong profitability, with record net margin.

The Wholesale division's net sales in the second quarter were down 3.1% at constant exchange rates[2] (-8.2% at current exchange rates) impacted by a temporary slowdown in Europe due to new commercial policies and a delayed sun season. On the other hand, North America and Asia-Pacific each reported strong performance following the restructuring of their distribution network.

In the second quarter, the Retail division's net sales grew by 4.3% at constant exchange rates[2] (-2.8% at current exchange rates) and comparable store sales[4] were up by 1.3%, an acceleration compared to the first quarter of the year. This confirmed the effectiveness of strategic initiatives aimed at improving the operating model and the ability of the Group's retail brands to execute them. For the third consecutive quarter, Sunglass Hut, with sales up 5.5% at constant exchange rates[2], grew in its main geographies. Retail brands in China, including Ray-Ban stores, and Australia confirmed a strong increase in sales. In North America, LensCrafters' sales were back to growth, with improving comparable store sales[4] even if still slightly negative.

The net sales from Group's e-commerce platforms in the second quarter were up by 16% at constant exchange rates[2]. Ray-Ban.com confirmed it is the main driver of the Group's digital business, benefiting in the quarter from the exclusive launch online of special collections, such as Ray-Ban Reloaded, and the brand-new campaign for Ray-Ban Studios, which strengthened the link between the brand, music and millennials.

"I'm pleased with the very good Group results. The growth in the markets where we completed the new commercial strategy, including North America and Asia, confirms the value and effectiveness of the initiatives undertaken. We look with confidence at Europe's prospects, the region where we are reorganizing our distribution strategy," commented Leonardo Del Vecchio, Executive Chairman of Luxottica.

"We are continuing to invest in product excellence and innovation. Our 'made in Japan' manufacturing capability and Barberini's lenses further expand our luxury portfolio. The Group's digital evolution is ongoing. Our e-commerce business is more and more important in our strategy and our communication is now focused on digital and social media".

"Considering the positive trends we are also seeing in July, we confirm our outlook for 2018".

Regarding the proposed combination between Luxottica and Essilor, the two companies are finalizing discussions with the Chinese competition authority and remain confident to obtain its approval by the end of the month. In parallel, the two companies are also finalizing their discussions with the Turkish antitrust authority and evaluating the timing for the closing of the transaction.

Luxottica renewed the license agreement for design, production and worldwide distribution of prescription frames and sunglasses for the Philippe Starck and Starck Eyes brands. The agreement has a duration of five years and is automatically renewable for a further five years.

Group's performance in the first half of 2018[1]

In the first six months of 2018, Group revenues reached Euro 4,553 million (+0.3% at constant exchange rates[2], -7.7% at current exchange rates)

Wholesale division sales were Euro 1,731 million (-3.6% at constant exchange rates[2], -9.6% at current exchange rates), with the strong growth in North America partially offsetting the temporary slowdown in Europe due to the new commercial policies and unseasonal weather conditions.
The Retail business net sales accelerated in the second quarter and were Euro 2,822 million in the first half of the year (+2.8% at constant exchange rates[2], -6.5% at current exchange rates), thanks to the contribution of Sunglass Hut, of Ray-Ban stores, OPSM in Australia, as well as the excellent performance of e-commerce platforms.

The Group's adjusted[3,5] operating income, substantially in line with the first half of 2017 at constant exchange rates[2] (with an adjusted operating margin[3,5] slightly improving at 18.3%), was Euro 781 million at current exchange rates.
Adjusted operating income[3,5] excluded organizational simplification and restructuring costs for certain business areas as well as non-recurring costs for a total of approximately Euro 19 million.
The Wholesale division's adjusted operating margin[3,5] at constant exchange rates[2] was 28.4%, down 20 basis points; the margin of the Retail division increased to 15.7%, up by 60 basis points.

On an adjusted[3,5] basis and at constant exchange rates[2], net profit increased by 11.6%, benefiting from the lower cost of debt, the benefits of the Italian Patent Box, and from American tax reform, and amounting to Euro 545 million at current exchange rates. Record adjusted net margin[3,5] of 12.8% increased by 130 basis points at constant exchange rates[2] compared to the first half of 2017. EPS (earnings per share) on an adjusted basis[3,5] was Euro 1.14 (1.38 dollars at the average €/US$ exchange rate of 1.2104).

The strong free cash flow[3] generation in the first half of the year reached approximately Euro 400 million.

Net debt[3] as of June 30, 2018 was approximately Euro 900 million, down by 19.2% compared to the same period last year, with a net debt/adjusted[3,5] EBITDA ratio of 0.5x.

Geographic segments: net sales[1]

Net sales (millions of Euro)	2Q 2017 restated[6]	%	2Q 2018	%	Change at constant exchange rates[2]	Change at current exchange rates
North America	1,432	56%	1,368	57%	+3.4%	-4.5%
Wholesale	261	10%	255	11%	+5.5%	-2.1%
Retail	1,172	46%	1,113	46%	+2.9%	-5.0%
Europe	628	25%	590	24%	-4.5%	-6.1%
Asia-Pacific	290	11%	294	12%	+7.5%	+1.5%
Latin America	143	6%	128	5%	+2.3%	-10.3%
Rest of the World	47	2%	36	2%	-19.4%	-23.2%
Group total	**2,540**	**100%**	**2,417**	**100%**	**+1.4%**	**-4.9%**

Net sales (millions of Euro)	**1H 2017 restated[6]**	**%**	**1H 2018**	**%**	**Change at constant exchange rates[2]**	**Change at current exchange rates**
North America	2,809	57%	2,566	56%	+1.8%	-8.7%
Wholesale	534	11%	495	11%	+3.0%	-7.4%
Retail	2,274	46%	2,071	45%	+1.5%	-9.0%
Europe	1,145	23%	1,079	24%	-4.3%	-5.8%
Asia-Pacific	597	12%	573	13%	+3.5%	-4.0%
Latin America	288	6%	259	6%	+2.5%	-10.1%
Rest of the World	93	2%	76	2%	-13.0%	-17.8%
Group total	**4,932**	**100%**	**4,553**	**100%**	**+0.3%**	**-7.7%**

North America – In the second quarter, North America net sales grew by 3.4% at constant exchange rates[2] and accelerated compared to the performance of the first three months of the year in both divisions. Wholesale business sales increased by 5.5% at constant exchange rates[2] with the positive contribution from all sales channels, in particular department stores and key accounts. The positive results of the Retail division, with sales up 2.9% at constant exchange rates[2], were driven by Sunglass Hut, which in the quarter opened approximately 170 shop-in-shops in Bass Pro and Cabela's locations, in addition to contributions from Target Optical and Ray-Ban.com. LensCrafters reported positive net sales, at +2% at constant exchange rates[2], and an improvement in comparable stores sales[4].

Europe – After twelve consecutive quarters of solid growth, Europe reported a decline in sales in the first six months of 2018. A decline of 4.5% at constant exchange rates[2] in the second quarter was due to the effect of the new trade policies and the delayed start of the sun season, which led customers to be more cautious in their orders. In the second quarter, against falling wholesale net sales, an effective retail strategy led the excellent performance of the division, with the contribution of all the chains.

Asia-Pacific – In the second quarter, Asia-Pacific's net sales at constant exchange rates[2] were up by 7.5%. Greater China is growing double digits after completing the restructuring of the distribution channel and thanks to the positive contribution from Hong Kong. Australia confirmed the solid growth of previous quarters, accompanied by positive performance from Japan and India. The Retail division's net sales accelerated in the second quarter of the year, leveraging on the strong result of the retail brands in Australia and China, where Ray-Ban continued to expand.

Latin America – In the second quarter, Latin America reported net sales up by 2.3% at constant exchange rates[2]. Brazil contributed to the results thanks to the solid growth of the Óticas Carol franchise business, with 80 new openings in the first six months of the year. Mexico posted growing sales, in particular due to the expansion of Sunglass Hut.

§

Results for the first half 2018 will be available via audio webcast Monday, July 23, 2018 at 12:30PM EDT (5:30PM BST, 6:30PM CEST). The audio webcast will be available to the financial community

and the media from Luxottica Group's corporate website at http://www.luxottica.com/en/investors/results-and-presentations/webcasts.
The presentation will be available for download from Luxottica Group's Investor Relations website at http://www.luxottica.com/en/investors/results-and-presentations shortly before the start of the audio webcast.

The officer responsible for preparing the Company's financial reports, Stefano Grassi, declares, pursuant to Article 154-bis, Section 2 of the Consolidated Law on Finance, that the accounting information contained in this press release is consistent with the data in the supporting documents, books of accounts and other accounting records.

Contacts

Alessandra Senici
Group Investor Relations and Corporate Communications Director
Tel.: +39 (02) 8633 4870
Email: InvestorRelations@luxottica.com
http://www.luxottica.com/en/investors/contacts

Marco Catalani
Group Corporate Media Relations Senior Manager
Tel.: +39 (02) 8633 4470
Email: marco.catalani@luxottica.com

Notes to the press release

1 Comparisons, including percentage changes, are between the three and six-month periods ended June 30, 2018 and 2017.

2 Figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the previous year. For further information, please refer to the attached tables.

3 Adjusted data, EBITDA, EBITDA margin, free cash flow and net debt are not measures in accordance with IFRS. For further information, please refer to the attached tables.

4 "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.

5 The adjusted data for the six-month period ended June 30, 2018 excludes: (i) restructuring and reorganization costs of Euro 14.0 million (Euro 12.1 million net of the tax effect) and (ii) non-recurring expenses of Euro 4.5 million (Euro 3.2 million net of the tax effect) related to the pending combination with Essilor. The combined effect of (i) and (ii) for the six-month period ended June 30, 2018, was extraordinary expense with an impact on operating income of approximately Euro 18.5 million and Euro 15.3 million on net income.
The adjusted data for six-month period ended June 30, 2017 excludes: (i) restructuring and reorganization costs of Euro 22.9 million (Euro 15.8 million net of the tax effect); (ii) non-recurring expenses of Euro 38.6 million (Euro 24.5 million net of the related tax effect) related to (a) the early repayment of financial liabilities of Euro 30.8 million (Euro 19.0 million net of the tax effect) and (b) the pending combination with Essilor of Euro 7.9 million (Euro 5.5 million net of the tax effect) and (iii) non-recurring income of Euro 48.7 million (Euro 34.9 million net of the tax effect), relating to the gain on the sale of a building owned by the Group. The combined effect of (i), (ii) and (iii) for the six-month period ended June 30, 2017, was extraordinary costs with an impact on operating income of approximately Euro 31 million, Euro 12.9 million on income before provision for income taxes, and Euro 5.4 million on net income.

6 See the second table in the accompanying Appendix.

Luxottica Group S.p.A.

Luxottica is a leader in the design, manufacture and distribution of fashion, luxury and sports eyewear. Its portfolio includes proprietary brands such as Ray-Ban, Oakley, Vogue Eyewear, Persol, Oliver Peoples and Alain Mikli, as well as licensed brands including Giorgio Armani, Burberry, Bulgari, Chanel, Coach, Dolce&Gabbana, Ferrari, Michael Kors, Prada, Ralph Lauren, Tiffany & Co., Valentino and Versace. The Group's global wholesale distribution network covers more than 150 countries and is complemented by an extensive retail network of approximately 9,000 stores, with LensCrafters and Pearle Vision in North America, OPSM and LensCrafters in Asia-Pacific, GMO and Óticas Carol in Latin America, Salmoiraghi & Viganò in Italy and Sunglass Hut worldwide. In 2017, with approximately 85,000 employees, Luxottica posted net sales of over Euro 9 billion. Additional information on the Group is available at www.luxottica.com.

Important information

This press release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or any other jurisdiction. Securities may not be offered or sold in the United States unless they have been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or are exempt from registration. The securities that may be offered in any transaction have not been and will not be registered under the U.S. Securities Act and Essilor does not intend to make a public offering of any such securities in the United States.

This press release is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The securities which are referred to herein are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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, the ability to manage the effects of the current uncertain international economic outlook, the ability to successfully acquire and integrate new businesses, the ability to predict future economic conditions and changes to consumer preferences, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to set and achieve our business objectives and manage growth, the ability to negotiate and maintain favorable license agreements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, the ability to protect intellectual property, the ability to maintain relationships with those hosting our stores, any failure of information technology, inventory and other asset-related risks, 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 Luxottica Group's regulatory filings. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

- APPENDIX FOLLOWS –

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE SIX-MONTH PERIODS ENDED
JUNE 30, 2018 AND JUNE 30, 2017

In accordance with IFRS

KEY FIGURES IN MILLIONS OF EURO	2018	2017 RESTATED [1]	% CHANGE AT CONSTANT EXCHANGE RATE [2]	% CHANGE AT CURRENT EXCHANGE RATE
NET SALES	**4,553**	**4,932**	**0.3%**	**-7.7%**
Wholesale division	1,731	1,915	-3.6%	-9.6%
Retail division	2,822	3,017	2.8%	-6.5%
ADJUSTED [3,4] OPERATING INCOME	**781**	**899**	**0.5%**	**-13.1%**
REPORTED OPERATING INCOME	**763**	**868**	**1.7%**	**-12.2%**
ADJUSTED [3,4] NET INCOME ATTRIBUTABLE TO LUXOTTICA STOCKHOLDERS	**545**	**567**	**11.6%**	**-3.9%**
REPORTED NET INCOME ATTRIBUTABLE TO LUXOTTICA STOCKHOLDERS	**530**	**562**	**9.8%**	**-5.7%**
ADJUSTED [3,4] EARNING PER SHARE	**1.14**	**1.19**		**-4.1%**
ADJUSTED [3,4] EARNING PER SHARE IN USD$	**1.38**	**1.29**		**7.2%**

Notes:

[1] 2017 Net sales and results have been restated to reflect: (i) the application from 1Q 2018 of the new accounting standard IFRS 15; (ii) the inclusion of net sales and results of the Group's e-commerce platforms in the Retail division and; (iii) the finalization of Oticas Carol purchase price allocation;

[2] Figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the previous year. For further information, please refer to the attached tables;

[3] Adjusted data, EBITDA, EBITDA margin, free cash flow and net debt are not measures in accordance with IFRS;

[4] The adjusted data for the six-month period ended June 30, 2018 excludes: (i) restructuring and reorganization costs of Euro 14.0 million (Euro 12.1 million net of the tax effect) and (ii) non-recurring expenses of Euro 4.5 million (Euro 3.2 million net of the tax effect) related to the pending combination with Essilor.
The combined effect of (i) and (ii) for the six-month period ended June 30, 2018, was extraordinary expense with an impact on operating income of approximately Euro 18.5 million and Euro 15.3 million on net income.
The adjusted data for six-month period ended June 30, 2017 excludes: (i) restructuring and reorganization costs of Euro 22.9 million (Euro 15.8 million net of the tax effect);
(ii) non-recurring expenses of Euro 38.6 million (Euro 24.5 million net of the related tax effect) related to (a) the early repayment of financial liabilities of Euro 30.8 million (Euro 19.0 million net of the tax effect) and (b) the pending combination with Essilor of Euro 7.9 million (Euro 5.5 million net of the tax effect) and (iii) non-recurring income of Euro 48.7 million (Euro 34.9 million net of the tax effect), relating to the gain on the sale of a building owned by the Group. The combined effect of (i), (ii) and (iii) for the six-month period ended June 30, 2017, was extraordinary costs with an impact on operating income of approximately Euro 31 million, Euro 12.9 million on income before provision for income taxes, and Euro 5.4 million on net income.

LUXOTTICA GROUP

2017 FIGURES RESTATEMENT

In accordance with IFRS

KEY FIGURES IN THOUSANDS OF EURO	1Q 2017	2Q 2017	1H 2017	3Q 2017	4Q 2017	FY2017
NET SALES (1)	**2,391**	**2,540**	**4,932**	**2,153**	**2,099**	**9,184**
Wholesale	934	981	1,915	739	717	3,371
Retail	1,458	1,559	3,017	1,414	1,382	5,813
ADJUSTED (1,2,3) OPERATING INCOME			**899**			**1,443**
Wholesale			547			782
Retail			457			862

Notes:

(1) 2017 Net sales and adjusted operating income have been restated to reflect: (i) the application from 1Q 2018 of the new accounting standard IFRS 15; (ii) the inclusion of net sales and adjusted operating income of the Group's e-commerce platforms in the Retail division and; (iii) the finalization of Oticas Carol purchase price allocation;

(2) Adjusted data, EBITDA, EBITDA margin, free cash flow and net debt are not measures in accordance with IFRS. For further information, please refer to the attached tables;

(3) The adjusted data for the six-month period ended June 30, 2018 excludes: (i) restructuring and reorganization costs of Euro 14.0 million (Euro 12.1 million net of the tax effect) and (ii) non-recurring expenses of Euro 4.5 million (Euro 3.2 million net of the tax effect) related to the pending combination with Essilor. The combined effect of (i) and (ii) for the six-month period ended June 30, 2018, was extraordinary expense with an impact on operating income of approximately Euro 18.5 million and Euro 15.3 million on net income.
The adjusted data for six-month period ended June 30, 2017 excludes: (i) restructuring and reorganization costs of Euro 22.9 million (Euro 15.8 million net of the tax effect); (ii) non-recurring expenses of Euro 38.6 million (Euro 24.5 million net of the related tax effect) related to (a) the early repayment of financial liabilities of Euro 30.8 million (Euro 19.0 million net of the tax effect) and (b) the pending combination with Essilor of Euro 7.9 million (Euro 5.5 million net of the tax effect) and (iii) non-recurring income of Euro 48.7 million (Euro 34.9 million net of the tax effect), relating to the gain on the sale of a building owned by the Group. The combined effect of (i), (ii) and (iii) for the six-month period ended June 30, 2017, was extraordinary costs with an impact on operating income of approximately Euro 31 million, Euro 12.9 million on income before provision for income taxes, and Euro 5.4 million on net income.

LUXOTTICA GROUP

CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIODS ENDED
JUNE 30, 2018 AND JUNE 30, 2017

In accordance with IFRS

KEY FIGURES IN THOUSANDS OF EURO [(1)]	2018	% OF SALES	2017 RESTATED [(2)]	% OF SALES	% CHANGE
NET SALES	**4,552,547**	**100.0%**	**4,931,632**	**100.0%**	**-7.7%**
Cost of Sales	(1,617,514)		(1,716,197)		
GROSS PROFIT	**2,935,032**	**64.5%**	**3,215,435**	**65.2%**	**-8.7%**
Operating Expenses					
Selling Expenses	(1,441,661)		(1,548,836)		
Royalties	(81,222)		(89,126)		
Advertising Expenses	(240,332)		(266,411)		
General and Administrative expenses	(409,132)		(442,523)		
TOTAL	**(2,172,346)**		**(2,346,897)**		
OPERATING INCOME	**762,686**	**16.8%**	**868,538**	**17.6%**	**-12.2%**
Other income (expenses)					
Interest Income	8,944		8,458		
Interest Expenses	(34,160)		(70,746)		
Other - net	(2,635)		45,524		
OTHER INCOME (EXPENSES)-NET	**(27,850)**		**(16,763)**		
INCOME BEFORE PROVISION FOR INCOME TAXES	**734,836**	**16.1%**	**851,775**	**17.3%**	**-13.7%**
Provision for income taxes	(203,908)		(288,275)		
NET INCOME	**530,928**	**11.7%**	**563,500**	**11.4%**	**-5.8%**
of which attributable to:					
- Luxottica Group stockholders	530,191	11.6%	562,041	11.4%	-5.7%
- Non-controlling interests	738	0.0%	1,459	0.0%	
BASIC EARNINGS PER SHARE (ADS):	**1.11**		**1.18**		
FULLY DILUTED EARNINGS PER SHARE (ADS):	**1.11**		**1.18**		
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	**478,844,569**		**477,671,101**		
FULLY DILUTED AVERAGE NUMBER OF SHARES	**478,911,077**		**478,130,884**		

Notes:
(1) Except earnings per share (ADS), which are expressed in Euro;
(2) H1 2017 results have been restated to reflect the application from 1Q 2018 of the new accounting standard IFRS 15.

LUXOTTICA GROUP

CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

In accordance with IFRS

KEY FIGURES IN THOUSANDS OF EURO		JUNE 30, 2018	DECEMBER 31, 2017 RESTATED [1]
CURRENT ASSETS:			
Cash and cash equivalents		986,335	1,159,320
Account receivable - net		1,123,235	943,778
Inventories - net		832,407	831,549
Other assets		253,161	240,052
TOTAL CURRENT ASSETS		**3,195,137**	**3,174,698**
NON-CURRENT ASSETS:			
Property, Plant and equipment - net		1,889,380	1,808,834
Goodwill		3,660,127	3,608,225
Intangible assets - net		1,184,276	1,246,409
Investments		17,986	14,488
Other assets		162,949	80,911
Deferred tax assets		127,166	130,454
TOTAL NON-CURRENT ASSETS		**7,041,885**	**6,889,322**
	TOTAL	**10,237,022**	**10,064,020**
CURRENT LIABILITIES:			
Bank overdrafts		58,668	77,486
Current portion of long-term debt		704,938	150,411
Account payable		895,554	906,749
Income taxes payable		154,384	22,299
Short-term provisions for risk and other charges		155,800	171,015
Other liabilities		728,346	764,920
TOTAL CURRENT LIABILITIES		**2,697,690**	**2,092,878**
NON-CURRENT LIABILITIES:			
Long-term debt		1,122,005	1,671,281
Employee benefits		118,029	121,555
Deferred tax liabilities		158,536	157,601
Long-term provisions for risk and other charges		128,005	130,453
Other liabilities		79,774	76,516
TOTAL NON-CURRENT LIABILITIES		**1,606,349**	**2,157,407**
STOCKHOLDERS' EQUITY:			
Luxottica Group stockholders'equity		5,925,543	5,808,271
Non-controlling interests		7,440	5,463
TOTAL STOCKHOLDERS' EQUITY		**5,932,983**	**5,813,734**
	TOTAL	**10,237,022**	**10,064,020**

Notes:

(1) Consolidated balance sheet as of December 31, 2017 has been restated to reflect the application from 1Q 2018 of the new accounting standard IFRS 15 and the finalization of Oticas Carol purchase price allocation.

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE SIX-MONTH PERIODS ENDED
JUNE 30, 2018 AND JUNE 30, 2017
- SEGMENTAL INFORMATION -

In accordance with IFRS

KEY FIGURES IN THOUSANDS OF EURO	MANUFACTURING AND WHOLESALE	RETAIL	INTER-SEGMENT TRANSACTIONS AND CORPORATE ADJ.	CONSOLIDATED
2018				
NET SALES	1,730,902	2,821,645		4,552,547
OPERATING INCOME	462,152	410,523	(109,989)	762,686
% OF SALES	*26.7%*	*14.5%*		*16.8%*
CAPITAL EXPENDITURES	152,101	89,436		241,537
DEPRECIATION AND AMORTIZATION	79,845	126,868	44,455	251,168
2017 RESTATED [1]				
NET SALES	1,914,516	3,017,116		4,931,632
OPERATING INCOME	532,516	448,927	(112,905)	868,538
% OF SALES	*27.8%*	*14.9%*		*17.6%*
CAPITAL EXPENDITURES	127,656	103,937		231,594
DEPRECIATION AND AMORTIZATION	89,563	142,200	45,347	277,110

Notes:

[1] H1 2017 segmental information has been restated to reflect the application from 1Q 2018 of the new accounting standard IFRS 15 and the inclusion of financial information of the Group's e-commerce platforms in the Retail division.

LUXOTTICA GROUP

NON-IFRS MEASURES: ADJUSTED MEASURES

In order to provide a supplemental comparison of current period results of operations to prior periods, we have adjusted for certain transactions or events.

We have made such adjustments to the following measures: cost of sales, operating expenses, operating income, EBITDA, other income/(expense), income before provision for income taxes, provision for income taxes, net income and earnings per share.

For comparative purposes, management has adjusted each of the foregoing measures. The adjusted data for the six-month period ended June 30, 2018 excludes: (i) restructuring and reorganization costs of Euro 14.0 million (Euro 12.1 million net of taxes and Euro 0.03 impact on EPS) and (ii) non-recurring expenses of Euro 4.5 million (Euro 3.2 million net of taxes and Euro 0.01 impact on EPS) related to the pending combination with Essilor. The combined effect of (i) and (ii) for the six-month period ended June 30, 2018, was extraordinary expense with an impact on operating income of approximately Euro 18.5 million and Euro 15.3 million on net income.
The adjusted data for the six-month period ended June 30, 2017 excludes: (i) restructuring and reorganization costs of Euro 22.9 million (Euro 15.8 million net of taxes and Euro 0.03 impact on EPS), (ii) non-recurring expenses of Euro 38.6 million (Euro 24.5 million net of taxes and Euro 0.05 impact on EPS) related to (a) the early repayment of financial liabilities for Euro 30.8 million (Euro 19.0 million net of taxes) and (b) the pending combination with Essilor for Euro 7.9 million (Euro 5.5 million net of taxes), and (iii) non-recurring income of Euro 48.7 million (Euro 34.9 net of taxes and Euro -0.07 impact on EPS) related to a gain on the sale of a building owned by the Group. The combined effect of (i), (ii) and (iii) for the six-month period ended June 30, 2017, was extraordinary costs with an impact on operating income of approximately Euro 31 million, Euro 12.9 million on income before provision for income taxes, and Euro 5.4 million on net income.

The Company believes that these adjusted measures are useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry because they exclude the impact of certain items that are not relevant to the Company's operating performance.

The adjusted measures referenced above are not measures of performance in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). We include these adjusted measures in this presentation in order to provide a supplemental view of operations.

These adjusted measures are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IFRS. Rather, these non/IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these adjusted measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating these adjusted measures may differ from methods used by other companies.

The Company recognizes that there are limitations in the usefulness of adjusted measures due to the subjective nature of items excluded by management in calculating adjusted comparisons. We compensate for the foregoing limitations by using these adjusted measures as a comparative tool, together with IFRS measures, to assist in the evaluation of our operating performance.

See the tables on the following pages for a reconciliation of the adjusted measures discussed above to their most directly comparable IFRS financial measures or, in the case of adjusted EBITDA and adjusted EBITDA margin, to EBITDA and EBITDA margin, respectively, which are also non-IFRS measures. For a discussion of EBITDA and EBITDA margin and a reconciliation of EBITDA and EBITDA margin to their most directly comparable IFRS financial measures, see the tables on the pages immediately following the reconciliation of the adjusted measures.

LUXOTTICA GROUP

NON-IFRS MEASURES:
RECONCILIATION BETWEEN REPORTED AND *ADJUSTED* P&L ITEMS

Millions of Euro

GROUP	**6M 2018**							**6M 2017 Restated [1]**						
	COST OF SALES	OPERATING EXPENSES	EBITDA	OPERATING INCOME	OTHER INCOME/(EXPENSE)	NET INCOME	EPS	COST OF SALES	OPERATING EXPENSES	EBITDA	OPERATING INCOME	OTHER INCOME/(EXPENSE)	NET INCOME	EPS
REPORTED	**(1,617.5)**	**(2,172.3)**	**1,013.9**	**762.7**	**(27.9)**	**530.2**	**1.11**	**(1,716.2)**	**(2,346.9)**	**1,145.6**	**868.5**	**(16.8)**	**562.0**	**1.18**
- RESTRUCTURING AND REORGANIZATION EXPENSES	10.3	3.7	14.0	14.0	-	12.1	0.03	9.6	13.2	22.9	22.9	-	15.8	0.03
- NON-RECURRING EXPENSES	-	4.5	4.5	4.5	-	3.2	0.01	-	7.9	7.9	7.9	30.8	24.5	0.05
- NON-RECURRING INCOMES	-	-	-	-	-	-	-	-	-	-	-	(48.7)	(34.9)	(0.07)
ADJUSTED	**(1,607.2)**	**(2,164.1)**	**1,032.4**	**781.2**	**(27.9)**	**545.5**	**1.14**	**(1,706.6)**	**(2,325.8)**	**1,176.4**	**899.3**	**(34.7)**	**567.5**	**1.19**

WHOLESALE DIVISION	**6M 2018**							**6M 2017 Restated [1]**						
	COST OF SALES	OPERATING EXPENSES	EBITDA	OPERATING INCOME	OTHER INCOME/(EXPENSE)	NET INCOME	EPS	COST OF SALES	OPERATING EXPENSES	EBITDA	OPERATING INCOME	OTHER INCOME/(EXPENSE)	NET INCOME	EPS
REPORTED	**(714.8)**	**(554.0)**	**542.0**	**462.2**	**n.a.**	**n.a.**	**n.a.**	**(777.7)**	**(604.3)**	**622.1**	**532.5**	**n.a.**	**n.a.**	**n.a.**
- RESTRUCTURING AND REORGANIZATION EXPENSES	1.8	2.3	4.1	4.1	-	-	-	6.2	8.4	14.5	14.5	-	-	-
ADJUSTED	**(713.0)**	**(551.7)**	**546.1**	**466.2**	**n.a.**	**n.a.**	**n.a.**	**(771.6)**	**(595.9)**	**636.6**	**547.0**	**n.a.**	**n.a.**	**n.a.**

RETAIL DIVISION	**6M 2018**							**6M 2017 Restated [1]**						
	COST OF SALES	OPERATING EXPENSES	EBITDA	OPERATING INCOME	OTHER INCOME/(EXPENSE)	NET INCOME	EPS	COST OF SALES	OPERATING EXPENSES	EBITDA	OPERATING INCOME	OTHER INCOME/(EXPENSE)	NET INCOME	EPS
REPORTED	**(902.7)**	**(1,508.4)**	**537.4**	**410.5**	**n.a.**	**n.a.**	**n.a.**	**(938.5)**	**(1,629.7)**	**591.1**	**448.9**	**n.a.**	**n.a.**	**n.a.**
- RESTRUCTURING AND REORGANIZATION EXPENSES	8.5	0.6	9.1	9.1	-	-	-	3.5	4.4	7.8	7.8	-	-	-
ADJUSTED	**(894.2)**	**(1,507.8)**	**546.5**	**419.6**	**n.a.**	**n.a.**	**n.a.**	**(935.0)**	**(1,625.3)**	**599.0**	**456.8**	**n.a.**	**n.a.**	**n.a.**

Notes:

(1) H1 2017 Net Sales and results have been restated to reflect the application from 1Q 2018 of the new accounting standard IFRS 15 and the inclusion of net sales and results of the Group's e-commerce platforms in the Retail division.

LUXOTTICA GROUP

NON-IFRS MEASURES: EBITDA AND EBITDA MARGIN

EBITDA represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization. EBITDA margin means EBITDA divided by net sales. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business.

EBITDA and EBITDA margin are not measures of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

We include them in this presentation in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

EBITDA and EBITDA margin are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EBITDA may differ from methods used by other companies.

The Company recognizes that the usefulness of EBITDA has certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;
- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss.

We compensate for the foregoing limitations by using EBITDA as a comparative tool, together with IFRS measures, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of EBITDA to net income, which is the most directly comparable IFRS financial measure, as well as the calculation of EBITDA margin.

LUXOTTICA GROUP

NON-IFRS MEASURES:
EBITDA and EBITDA margin

Millions of Euro

	JUNE 30, 2017 Restated [1]	JUNE 30, 2018	FY 2017 Restated [1]	LTM JUNE 30, 2018 [1]
NET INCOME/(LOSS) (+)	562.0	530.2	1,040.4	1,008.5
NET INCOME ATTRIBUTABLE TO NON CONTROLLING INTEREST (+)	1.5	0.7	2.0	1.2
PROVISION FOR INCOME TAXES (+)	288.3	203.9	215.0	130.6
OTHER (INCOME)/EXPENSES (+)	16.8	27.9	44.1	55.2
DEPRECIATION AND AMORTIZATION (+)	277.1	251.2	541.0	515.1
EBITDA (=)	1,145.6	1,013.9	1,842.4	1,710.6
NET SALES (/)	4,931.6	4,552.5	9,184.2	8,805.1
EBITDA MARGIN (=)	23.2%	22.3%	20.1%	19.4%

Notes:

[1] H1 and FY 2017 results have been restated to reflect the application from 1Q 2018 of the new accounting standard IFRS 15 and the finalization of Oticas Carol purchase price allocation

LUXOTTICA GROUP

NON-IFRS MEASURES:
ADJUSTED EBITDA AND *ADJUSTED* EBITDA MARGIN

Millions of Euro

	JUNE 30, 2017 RESTATED [1,2,8]	JUNE 30, 2018 [3,4]	FY 2017 RESTATED [5,6,7,8]	LTM JUNE 30, 2018 [8]
NET INCOME/(LOSS) (+)	567.5	545.5	970.6	948.5
NET INCOME ATTRIBUTABLE TO NON CONTROLLING INTEREST (+)	1.5	0.7	2.0	1.2
PROVISION FOR INCOME TAXES (+)	295.7	207.2	407.4	318.9
OTHER (INCOME)/EXPENSES (+)	34.7	27.9	63.2	56.4
DEPRECIATION AND AMORTIZATION (+)	277.1	251.2	541.0	515.1
Adjusted EBITDA (=)	1,176.4	1,032.4	1,984.2	1,840.2
NET SALES (/)	4,931.6	4,552.5	9,184.2	8,805.1
EBITDA MARGIN (=)	23.9%	22.7%	21.6%	20.9%

Notes:

[1] Exclude restructuring and reorganization expenses of Euro 22.9 million

[2] Exclude the non-recurring expenses of Euro 7.9 million related to the pending combination with Essilor

[3] Exclude restructuring and reorganization expenses of Euro 14.0 million

[4] Exclude the non-recurring expenses of Euro 4.5 million related to the pending combination with Essilor

[5] Exclude restructuring and reorganization expenses of Euro 115.7 million

[6] Exclude non-recurring expenses of Euro 55.6 million (Euro 36.6 million net of taxes)

[7] Exclude non-recurring income of Euro 48.7 million (Euro 192.3 million net of taxes) related to a gain on the sale of a building owned by the Group of Euro 48.7 million (Euro 34.9 net of taxes and Euro) and the "Patent Box" tax benefit and US fiscal reform impact of Euro 157.4 million

[8] H1 and FY 2017 results have been restated to reflect the application from 1Q 2018 of the new accounting standard IFRS 15 and the finalization of Oticas Carol purchase price allocation

LUXOTTICA GROUP

NON-IFRS MEASURES: NET DEBT TO EBITDA RATIO

Net debt to EBITDA ratio: Net debt means the sum of bank overdrafts, current portion of long-term debt and long-term debt, less cash. EBITDA represents net income before non-controlling interests, taxes, other income/expense, depreciation and amortization. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business. The ratio of net debt to EBITDA is a measure used by management to assess the Company's level of leverage, which affects our ability to refinance our debt as it matures and incur additional indebtedness to invest in new business opportunities. The ratio also allows management to assess the cost of existing debt since it affects the interest rates charged by the Company's lenders.

EBITDA and ratio of net debt to EBITDA are not measures of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). We include them in this presentation in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

EBITDA and ratio of net debt to EBITDA are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EBITDA and the ratio of net debt to EBITDA may differ from methods used by other companies.The Company recognizes that the usefulness of EBITDA and the ratio of net debt to EBITDA as evaluative tools may have certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;
- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss; and
- The ratio of net debt to EBITDA is net of cash and cash equivalents, restricted cash and short-term investments, thereby reducing our debt position.

Because we may not be able to use our cash to reduce our debt on a dollar-for-dollar basis, this measure may have material limitations. We compensate for the foregoing limitations by using EBITDA and the ratio of net debt to EBITDA as two of several comparative tools, together with IFRS measures, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of net debt to long-term debt, which is the most directly comparable IFRS financial measure, as well as the calculation of the ratio of net debt to EBITDA. For a reconciliation of EBITDA to net income, which is the most directly comparable IFRS financial measure, see the table on the preceding pages.

LUXOTTICA GROUP

NON-IFRS MEASURES:
NET DEBT AND NET DEBT/EBITDA

Millions of Euro

	DECEMBER 31, 2017 RESTATED [1]	JUNE 30, 2018
LONG-TERM DEBT (+)	1,671.3	1,122.0
CURRENT PORTION OF LONG TERM DEBT (+)	150.4	704.9
BANK OVERDRAFTS (+)	77.5	58.7
CASH (-)	(1,159.3)	(986.3)
NET DEBT (=)	739.9	899.3
EBITDA *(LTM and FY 2017)*	1,842.4	1,710.6
NET DEBT/EBITDA	0.4x	0.5x
NET DEBT @ AVG. EXCHANGE RATES [2]	718.9	893.8
NET DEBT @ AVG. EXCHANGE RATES [2]/EBITDA	0.4x	0.5x

Notes:
[1] FY 2017 results have been restated to reflect the application from 1Q 2018 of the new accounting standard IFRS 15
[2] Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures

LUXOTTICA GROUP

NON-IFRS MEASURES:
NET DEBT AND NET DEBT/*ADJUSTED* EBITDA

Millions of Euro

	DECEMBER 31, 2017 RESTATED [2,4]	JUNE 30, 2018 [3]
LONG-TERM DEBT (+)	1,671.3	1,122.0
CURRENT PORTION OF LONG TERM DEBT (+)	150.4	704.9
BANK OVERDRAFTS (+)	77.5	58.7
CASH (-)	(1,159.3)	(986.3)
NET DEBT (=)	739.9	899.3
ADJUSTED EBITDA *(LTM and FY 2017)*	1,984.2	1,840.2
NET DEBT/*ADJUSTED* EBITDA	0.4x	0.5x
NET DEBT @ AVG. EXCHANGE RATES [1]	718.9	893.8
NET DEBT @ AVG. EXCHANGE RATES [1]/ *ADJUSTED* EBITDA	0.4x	0.5x

Notes:
[1] Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures.
The adjusted figures:
[2] Exclude: (i) restructuring and reorganization expenses of Euro 115.7 million; (ii) Non-recurring expenses of Euro 26.1 million
[3] Exclude: (i) restructuring and reorganization expenses of Euro 14.0 million; (ii) Non-recurring expenses of Euro 4.5 million related to the pending combination with Essilor
[4] FY 2017 results have been restated to reflect the application from 1Q 2018 of the new accounting standard IFRS 15.

LUXOTTICA GROUP

NON-IFRS MEASURES: FREE CASH FLOW

Free cash flow represents net income before non-controlling interests, taxes, other income/expense, depreciation and amortization (i.e. EBITDA – see table on the earlier page) plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. The Company believes that free cash flow is useful to both management and investors in evaluating the Company's operating performance compared with other companies in its industry. In particular, our calculation of free cash flow provides a clearer picture of the Company's ability to generate net cash from operations, which is used for mandatory debt service requirements, for funding discretionary investments, for paying dividends or pursuing other strategic opportunities.

Free cash flow is not a measure of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

We include it in this presentation in order to:

- Improve transparency for investors;
- Assist investors in their assessment of the Company's operating performance and its ability to generate cash from operations in excess of its cash expenses;
- Ensure that this measure is fully understood in light of how the Company evaluates its operating results;
- Properly define the metrics used and confirm their calculation; and
- Share this measure with all investors at the same time.

Free cash flow is not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IFRS. Rather, this non-IFRS measure should be used as a supplement to IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that this measure is not a defined term under IFRS and its definition should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculation of free cash flow may differ from methods used by other companies. The Company recognizes that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

- The manner in which the Company calculates free cash flow may differ from that of other companies, which limits its usefulness as a comparative measure;
- Free cash flow does not represent the total increase or decrease in the net debt balance for the period since it excludes, among other things, cash used for funding discretionary investments and to pursue strategic opportunities during the period and any impact of the exchange rate changes; and
- Free cash flow can be subject to adjustment at the Company's discretion if the Company takes steps or adopts policies that increase or diminish its current liabilities and/or changes to working capital.

Because we may not be able to use our cash to reduce our debt on a dollar-for-dollar basis, this measure may have material limitations. We compensate for the foregoing limitations by using EBITDA and the ratio of net debt to EBITDA as two of several comparative tools, together with IFRS measures, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of net debt to long-term debt, which is the most directly comparable IFRS financial measure, as well as the calculation of the ratio of net debt to EBITDA. For a reconciliation of EBITDA to net income, which is the most directly comparable IFRS financial measure, see the table on the preceding page.

LUXOTTICA GROUP

NON-IFRS MEASURES:
FREE CASH FLOW

Millions of Euro

	JUNE 2018
***ADJUSTED* EBITDA** [1]	**1,032.4**
∆ WORKING CAPITAL	(312.5)
CAPEX	(241.5)
OPERATING CASH FLOW	**478.3**
FINANCIAL CHARGES [2]	(25.2)
TAXES	(50.0)
EXTRAORDINARY CHARGES [3]	(3.2)
Free cash flow	**399.9**

Notes:

(1) *Adjusted* EBITDA is not an IAS/IFRS measure; please see table on the earlier page for a reconciliation of *adjusted* EBITDA to EBITDA and EBITDA to net income

(2) Equals interest income minus interest expense

(3) Equals extraordinary income minus extraordinary expense

LUXOTTICA GROUP

Major currencies

Average exchange rates per € 1	Three months ended June 30, 2018	Six months ended June 30, 2018	Twelve months ended December 31, 2017	Three months ended June 30, 2017	Six months ended June 30, 2017
US$	1.19149	1.21035	1.12968	1.10213	1.08302
AUD	1.57441	1.56881	1.47317	1.46869	1.43642
GBP	0.87616	0.87977	0.87667	0.86112	0.86059
CNY	7.60174	7.70859	7.62900	7.55970	7.44483
JPY	130.04524	131.60571	126.71118	122.58403	121.78039
MXN	23.13281	23.08502	21.32861	20.44375	21.04407
BRL	4.29426	4.14146	3.60543	3.54413	3.44311

Fine Comunicato n.0491-66	Numero di Pagine: 24