

LUXOTTICA GROUP SPA
Form 6-K
August 01, 2014

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarter ended June 30, 2014
COMMISSION FILE NO. 1 - 10421**

LUXOTTICA GROUP S.p.A.

VIA C. CANTÙ 2, MILAN, 20123 ITALY
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or
Form 40-F. Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to
the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

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Corporate Management

Board of Directors

In office until the approval of the financial statements as of and for the year ending December 31, 2014.

Chairman	Leonardo Del Vecchio
Deputy Chairman	Luigi Francavilla
Chief Executive Officer	Andrea Guerra
Directors	Roger Abravanel*
	Mario Cattaneo*
	Enrico Cavatorta**
	Claudio Costamagna*
	Claudio Del Vecchio
	Elisabetta Magistretti*
	Marco Mangiagalli*
	Anna Puccio*
	Marco Reboa* (Lead Independent Director)

*
Independent director

**
General Manager Central Corporate Functions

Human Resources Committee

Claudio Costamagna (Chairman)
Roger Abravanel
Anna Puccio

Control and Risk Committee

Mario Cattaneo (Chairman)
Elisabetta Magistretti
Marco Mangiagalli
Marco Reboa

Board of Statutory Auditors

In office until the approval of the financial statements as of and for the year ending December 31, 2014

Regular Auditors

Francesco Vella (Chairman)
Alberto Giussani
Barbara Tadolini
Giorgio Silva
Fabrizio Riccardo di Giusto

Alternate Auditors

**Officer Responsible for Preparing the Company's
Financial Reports
Auditing Firm**

Enrico Cavatorta
PricewaterhouseCoopers SpA

Until approval of the financial statements as of and for the year ending December 31, 2020.

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Luxottica Group S.p.A.

Headquarters and registered office Via C. Cantù 2, 20123 Milan, Italy

Capital Stock € 28,831,981.08

authorized and issued

ITEM 1. MANAGEMENT REPORT ON THE INTERIM
FINANCIAL RESULTS AS OF JUNE 30, 2014
(UNAUDITED)

The following should be read in connection with the disclosure contained in the consolidated financial statements as of December 31, 2013, which includes a discussion of risks and uncertainties that can influence the Group's operational results or financial position. During the first six months of 2014, there were no changes to the risks reported as of December 31, 2013.

1. OPERATING PERFORMANCE FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2014

The Group's growth in the second quarter and in the first half of 2014 was significantly affected by the weakening of certain currencies in which it operates. At constant exchange rates⁽¹⁾, the Group delivered solid growth in the main markets in which it conducts business.

In the first half of 2014 net sales increased to Euro 3,902.3 million from Euro 3,881.7 million (+0.5 percent at current exchange rates and +5.6 percent at constant exchange rates⁽¹⁾). In the second quarter of 2014 net sales increased to Euro 2,060.0 million from Euro 2,017.6 million in the same period of 2013 (+2.1 percent at current exchange rates and +7.0 percent at constant exchange rates⁽¹⁾).

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")⁽²⁾ in the first six months of 2014 increased by 3.5 percent to Euro 848.0 million from Euro 819.1 million in the same period of 2013. EBITDA in the first half of 2014 increased by 2.4 percent as compared to *Adjusted EBITDA*⁽²⁾ of Euro 828.1 million in the same period of 2013.

EBITDA⁽²⁾ in the second quarter of 2014 increased by 7.6 percent to Euro 488.2 million from Euro 453.7 million in the same period of 2013. EBITDA in the second quarter of 2014 increased by 5.5 percent as compared to *Adjusted EBITDA*⁽²⁾ of Euro 462.7 million in the same period of 2013.

Operating income for the first half of 2014 increased by 4.7 percent to Euro 666.3 million from Euro 636.5 million during the same period of the previous year. The Group's *operating margin*⁽³⁾ in the first six months of 2014 was 17.1 percent as compared to 16.4 percent in the same period of last year. *Operating income* for the first half of 2014 increased by 3.2 percent as compared to *adjusted operating income*⁽⁴⁾ of Euro 645.5 million in the same period of last year. The Group's *operating margin*⁽³⁾ in the first six months of 2014 was 17.1 percent as compared to an *adjusted operating margin*⁽³⁾ of 16.6 percent in the same period of last year.

Operating income for the second quarter of 2014 increased by 9.5 percent to Euro 396.1 million from Euro 361.7 million during the same period of the previous year. The Group's *operating margin*⁽³⁾ in the second quarter of 2014 was 19.2 percent as compared to 17.9 percent in the same period of last year. *Operating income* for the second quarter of 2014 increased by 6.9 percent as compared to *adjusted operating*

(1) We calculate constant exchange rates by applying to the current period the average exchange rates between the Euro and the relevant currencies of the various markets in which we operated during the three-month and six-month periods ended June 30, 2013. Please refer to Attachment 1 for further details on exchange rates.

(2) For a further discussion of EBITDA and adjusted EBITDA, see page 18 "Non-IFRS Measures."

(3) For a further discussion of operating margin and adjusted operating margin, see page 18 "Non-IFRS Measures."

(4) For a further discussion of adjusted operating income, see page 18 "Non-IFRS Measures."

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income⁽⁴⁾ of Euro 370.7 million in the same period of last year. The Group's operating margin⁽³⁾ in the second quarter of 2014 was 19.2 percent as compared to an *adjusted operating margin*⁽³⁾ of 18.4 percent in the same period of last year.

In the first six months of 2014, *net income attributable to Luxottica Stockholders* increased by 5.8 percent to Euro 392.5 million from Euro 371.2 million in the same period of 2013. In the first six months of 2014 *net income attributable to Luxottica Stockholders* increased by 4.1 percent as compared to *adjusted net income attributable to Luxottica Stockholders*⁽⁵⁾ of Euro 377.1 million in the same period of 2013. Earnings per share ("EPS") was Euro 0.83 and EPS expressed in USD was 1.13 (at an average rate of Euro/USD of 1.3703).

In the second quarter of 2014, *net income attributable to Luxottica Stockholders* increased by 11.0 percent to Euro 235.2 million from Euro 212.0 million in the same period of 2013. In the second quarter of 2014 *net income attributable to Luxottica Stockholders* increased by 8.0 percent as compared to *adjusted net income attributable to Luxottica Stockholders*⁽⁵⁾ of Euro 217.9 million in the same period of 2013. EPS was Euro 0.49 and EPS expressed in USD was 0.68 (at an average rate of Euro/USD of 1.3711).

By carefully controlling working capital, the Group generated positive *free cash flow*⁽⁶⁾ in the first six months of 2014 equal to Euro 381 million, of which Euro 321 million was generated in the second quarter of 2014. After paying dividends of Euro 308 million *net debt*⁽⁷⁾ as of June 30, 2014 was Euro 1,429 million (Euro 1,461 million at the end of 2013), with a ratio of *net debt to adjusted EBITDA*⁽⁷⁾ of 1.0x (1.0x as of December 31, 2013).

2. SIGNIFICANT EVENTS DURING THE SIX MONTHS ENDED JUNE 30, 2014

January

Luxottica Group S.p.A. announced that Standard & Poor's raised its long-term credit rating to A- from BBB+. The outlook is stable. Standard & Poor's disclosed that Luxottica improved its credit metrics since its long-term rating outlook was increased to positive on March 27, 2013.

On January 31, 2014, the Group closed the acquisition of glasses.com from WellPoint Inc. The transaction was previously announced on January 7, 2014.

March

On March 24, 2014, the Group and Google Inc. announced they are joining forces to design, develop and distribute a new breed of eyewear for Glass products. Luxottica's two major proprietary brands, Ray-Ban and Oakley, will be a part of the collaboration for Glass. In particular, the two companies will establish a team of experts devoted to working on the design, development, tooling and engineering of Glass products that straddle the line between high-fashion, lifestyle and innovative technology.

April

On April 15, 2014, Luxottica Group and Michael Kors Holdings Limited announced they signed a new and exclusive eyewear license agreement for the Michael Kors Collection and MICHAEL Michael Kors eyewear with a term of 10 years. The first collection produced with Luxottica will launch in January 2015. The brand's two luxury eyewear collections will be carried around the world in Michael Kors stores, department stores, select travel retail locations, independent optical locations and Luxottica's retail stores.

At the Stockholders' Meeting on April 29, 2014, Group's stockholders approved the Statutory Financial Statements as of December 31, 2013, as proposed by the Board of Directors and the distribution

(5) For a further discussion of adjusted net income attributable to Luxottica Stockholders, see page 18 "Non-IFRS Measures."

(6) For a further discussion of free cash flow, see page 18 "Non-IFRS Measures."

(7) For a further discussion of net debt and net debt to adjusted EBITDA, see page 18 "Non-IFRS Measures."

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of a cash dividend of Euro 0.65 per ordinary share. The aggregate dividend amount of Euro 308.3 million was fully paid in May 2014.

3. FINANCIAL RESULTS

We are a global leader in the design, manufacture and distribution of fashion, luxury and sport eyewear, with net sales reaching Euro 7.3 billion in 2013, over 73,400 employees and a strong global presence. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Note 5 to the Condensed Consolidated Financial Report as of June 30, 2014 (unaudited) for additional disclosures about our operating segments. Through our manufacturing and wholesale distribution segment, we are engaged in the design, manufacture, wholesale distribution and marketing of proprietary and designer lines of mid- to premium-priced prescription frames and sunglasses. We operate our retail distribution segment principally through our retail brands, which include, among others, LensCrafters, Sunglass Hut, OPSM, Laubman & Pank, Oakley "O" Stores and Vaults, David Clulow, GMO and our Licensed Brands (Sears Optical and Target Optical).

As a result of our numerous acquisitions and the subsequent expansion of our business activities in the United States through various acquisitions, our results of operations, which are reported in Euro, are susceptible to currency rate fluctuations between the Euro and the U.S. dollar. The Euro/U.S. dollar exchange rate has fluctuated to an average exchange rate of Euro 1.00 = U.S. \$1.3703 in the first six months of 2014 from Euro 1.00 = U.S. \$1.3129 in the same period of 2013. Since the acquisition of OPSM, our results of operations have also been rendered susceptible to currency fluctuations between the Euro and the Australian dollar. Additionally, we incur part of our manufacturing costs in Chinese Yuan; therefore, the fluctuation of the Chinese Yuan relative to other currencies in which we receive revenues could impact the demand of our products or our consolidated profitability. Although we engage in certain foreign currency hedging activities to mitigate the impact of these fluctuations, they have impacted our reported revenues and expenses during the periods discussed herein. This discussion should be read in conjunction with the risk factor discussion in Section 8 of the Management Report included with the 2013 Consolidated Financial Statements.

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RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)

In accordance with IFRS

(Amounts in thousands of Euro)	Six months ended June 30,			
	2014	% of net sales	2013	% of net sales
Net sales	3,902,313	100.0%	3,881,728	100.0%
Cost of sales	1,349,814	34.6%	1,323,878	34.1%
Gross profit	2,552,499	65.4%	2,557,849	65.9%
Selling	1,120,103	28.7%	1,144,519	29.5%
Royalties	75,629	1.9%	76,333	2.0%
Advertising	248,794	6.4%	245,318	6.3%
General and administrative	441,627	11.3%	455,189	11.7%
Total operating expenses	1,886,153	48.3%	1,921,359	49.5%
Income from operations	666,346	17.1%	636,491	16.4%
Other income/(expense)				
Interest income	5,840	0.1%	5,037	0.1%
Interest expense	(53,318)	(1.4)%	(52,839)	(1.4)%
Other net	(353)	(0.0)%	(4,107)	(0.1)%
Income before provision for income taxes	618,514	15.8%	584,582	15.1%
Provision for income taxes	(222,667)	(5.7)%	(210,499)	(5.4)%
Net income	395,847	10.2%	374,081	9.6%
Attributable to				
Luxottica Group stockholders	392,541	10.1%	371,197	9.6%
non-controlling interests	3,306	0.1%	2,885	0.0%
NET INCOME	395,847	10.2%	374,081	9.6%

In order to provide the reader of this report with a meaningful comparison of the information included in the condensed consolidated financial statements as of June 30, 2014, certain prior year comparative information has been revised to conform to the current year presentation. The revision relates to the reclassification of the warehouse and shipping expenses of certain subsidiaries of the Company from general and administrative expenses to cost of sales. The Company has determined that the revision, totaling Euro 30.5 million, is immaterial to the previously reported financial statements.

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For the first six months of 2014, there are no adjustments that needed to be made to Income from operations, EBITDA or Net Income attributable to Luxottica Group Stockholders. In the first six months of 2013, the Group incurred non-recurring expenses of Euro 9.0 million (Euro 5.9 million net of the tax effect), related to the reorganization of Alain Mikli International.

Adjusted Measures⁽⁸⁾	2013	% of net sales
Adjusted income from operations	645,491	16.6%
Adjusted EBITDA	828,059	21.3%
Adjusted net income attributable to Luxottica Group stockholders	377,101	9.7%

(8) For a further discussion of Adjusted Measures, see page 18 "Non-IFRS Measures."

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Net Sales. Net sales increased by Euro 20.6 million, or 0.5 percent, to Euro 3,902.3 million in the first six months of 2014 from Euro 3,881.7 million in the same period of 2013. Net sales in the manufacturing and wholesale distribution segment in the first six months of 2014 as compared to the same period in 2013 increased by Euro 78.4 million, whereas net sales in the retail distribution segment decreased by Euro 57.8 million for the same period.

Net sales for the retail distribution segment decreased by Euro 57.8 million, or 2.6 percent, to Euro 2,162.9 million in the first six months of 2014 from Euro 2,220.7 million in the same period in 2013. Although there was an overall decrease, the retail segment recorded a 3.3 percent improvement in comparable store sales⁽⁹⁾. In particular, comparable store sales for the North American retail operations increased in the first six months of 2014 as compared to the same period of last year (+2.0 percent). During the same periods the Australian/New Zealand retail operations increased 4.0 percent. The effects from currency fluctuations between the Euro (which is our reporting currency) and other currencies in which we conduct business, in particular the weakening of the U.S. dollar and Australian dollar compared to the Euro, decreased net sales in the retail distribution segment by Euro 124.1 million during the period.

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 78.4 million, or 4.7 percent, to Euro 1,739.4 million in the first six months of 2014 from Euro 1,661.0 million in the same period in 2013. This growth was mainly attributable to increased sales of most of our proprietary brands, in particular Ray-Ban and of certain licensed brands such as Armani. Almost all of the primary geographic markets in which the Group operates recorded an increase in net sales. These positive effects were partially offset by negative currency fluctuations, in particular the weakening of the U.S. Dollar and the Brazilian Real, which decreased net sales to third parties in the manufacturing and wholesale distribution segment by Euro 74.4 million.

In the first six months of 2014, net sales in the retail distribution segment accounted for approximately 55.4 percent of total net sales, as compared to approximately 57.2 percent of total net sales for the same period in 2013.

In the first six months of 2014, net sales in our retail distribution segment in the United States and Canada comprised 77.8 percent of our total net sales in this segment as compared to 78.4 percent of our total net sales in the same period of 2013. In U.S. dollars, retail net sales in the United States and Canada slightly increased by 0.8 percent to USD 2,306.0 million in the first six months of 2014 from USD 2,286.8 million for the same period in 2013. During the first six months of 2014, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 22.2 percent of our total net sales in the retail distribution segment and increased by 0.3 percent to Euro 480.2 million in the first six months of 2014 from Euro 478.9 million, or 21.6 percent of our total net sales in the retail distribution segment for the same period in 2013.

In the first six months of 2014, net sales to third parties in our manufacturing and wholesale distribution segment in Europe increased by Euro 42.5 million, or 5.8 percent, to Euro 778.2 million, comprising 44.7 percent of our total net sales in this segment, compared to Euro 735.7 million, or 44.3 percent of total net sales in the segment, for the same period in 2013. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were USD 597.3 million and comprised 25.1 percent of our total net sales in this segment for the first six months of 2014, compared to USD 555.7 million, or 25.5 percent of total net sales in the segment, for the same period of 2013. The increase in net sales in the United States and Canada was primarily due to a general increase in consumer demand. In the first six months of 2014, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world increased by Euro 23.3 million or 4.6 percent to Euro 525.3 million, comprising 30.2 percent of our total net sales in this segment,

⁽⁹⁾ 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 in the same geographic area, and applies to both periods the average exchange rate for the prior period.

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compared to Euro 502.1 million, or 30.2 percent of our net sales in this segment, in the same period of 2013.

Cost of Sales. Cost of sales increased by Euro 25.9 million, or 2.0 percent, to Euro 1,349.8 million in the first six months of 2014 from Euro 1,323.9 million in the same period of 2013. As a percentage of net sales, cost of sales increased to 34.6 percent in the first six months of 2014 as compared to 34.1 percent in the same period of 2013. In the first six months of 2014, the average number of frames produced daily in our facilities was approximately 293,000 as compared to approximately 305,100 in the same period of 2013.

Gross Profit. Our gross profit decreased by Euro 5.4 million, or 0.2 percent, to Euro 2,552.5 million in the first six months of 2014 from Euro 2,557.8 million for the same period of 2013. As a percentage of net sales, gross profit decreased to 65.4 percent in the first six months of 2014 as compared to 65.9 percent for the same period of 2013, due to the factors noted above.

Operating Expenses. Total operating expenses decreased by Euro 35.2 million, or 1.8 percent, to Euro 1,886.2 million in the first six months of 2014 from Euro 1,921.4 million in the same period of 2013. As a percentage of net sales, operating expenses decreased to 48.3 percent in the first six months of 2014, from 49.5 percent in the same period of 2013.

Adjusted operating expenses⁽¹⁰⁾ in the first six months of 2013, excluding non-recurring expenses related to the reorganization of Alain Mikli International amounting to approximately Euro 9.0 million, were Euro 1,912.4 million. As a percentage of net sales, adjusted operating expenses⁽¹⁰⁾ were at 49.3 percent.

Please find the reconciliation between adjusted operating expenses and operating expenses in the following table:

(Amounts in millions of Euro)	2014	2013
Operating expenses	1,886.2	1,921.4
> Adjustment for Alain Mikli reorganization		(9.0)
Adjusted operating expenses	1,886.2	1,912.4

Selling and advertising expenses (including royalty expenses) decreased by Euro 21.6 million, or 1.5 percent, to Euro 1,444.5 million in the first six months of 2014 from Euro 1,466.2 million in the same period of 2013. Selling expenses decreased by Euro 24.4 million, or 2.1 percent which was primarily due to the weakening of the main currencies in which the group operates, in particular the U.S. dollar and the Australian dollar. Advertising expenses increased by Euro 3.5 million, or 1.4 percent. Royalties decreased by Euro 0.7 million, or 0.9 percent. As a percentage of net sales, selling and advertising expenses (including royalty expenses) were 37.0 percent in the first six months of 2014 and 37.8 percent in the same period of 2013.

General and administrative expenses, including intangible asset amortization decreased by Euro 13.6 million, or 3.0 percent, to Euro 441.6 million in the first six months of 2014 as compared to Euro 455.2 million in the same period of 2013. The decrease is mainly due to non-recurring expenses of Euro 9.0 million incurred in the first six months of 2013 relating to the reorganization of Alain Mikli International. As a percentage of net sales, general and administrative expenses were 11.3 percent in the first six months of 2014 as compared to 11.7 percent in the same period of 2013.

Adjusted general and administrative expenses⁽¹¹⁾, including intangible asset amortization and excluding, in the first six months of 2013, the non-recurring expenses related to the reorganization of Alain

⁽¹⁰⁾ For a further discussion of Adjusted operating expenses, see page 18 "Non-IFRS Measures."

⁽¹¹⁾ For a further discussion of Adjusted general and administrative expenses, see page 18 "Non-IFRS Measures."

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Mikli International amounting to Euro 9.0 million, totaled Euro 446.2 million. As a percentage of net sales, adjusted general and administrative expenses⁽¹¹⁾ were 11.5 percent in the first six months of 2013.

Please find the reconciliation between adjusted general and administrative expenses⁽¹¹⁾ and general and administrative expenses in the following table:

(Amounts in millions of Euro)	2014	2013
General and administrative expense	441.6	455.2
> Adjustment for Alain Mikli reorganization		(9.0)
Adjusted general and administrative expense	441.6	446.2

Income from Operations. For the reasons described above, income from operations increased by Euro 29.9 million, or 4.7 percent, to Euro 666.3 million in the first six months of 2014 from Euro 636.5 million in the same period of 2013. As a percentage of net sales, income from operations increased to 17.1 percent in the first six months of 2014 as compared to 16.4 percent in the same period of 2013.

Adjusted income from operations⁽¹²⁾, excluding, in the first six months of 2013, the above mentioned non-recurring expenses related to the reorganization of Alain Mikli International for Euro 9.0 million, amounted to Euro 645.5 million. As a percentage of net sales, adjusted income from operations⁽¹²⁾ was at 16.6 percent in the first six months of 2013.

Please find the reconciliation between adjusted income from operations⁽¹²⁾ and income from operations in the following table:

(Amounts in millions of Euro)	2014	2013
Income from operations	666.3	636.5
> Adjustment for Alain Mikli reorganization		9.0
Adjusted income from operations	666.3	645.5

Other Income (Expense) Net. Other income (expense) net was Euro (47.8) million in the first six months of 2014 as compared to Euro (51.9) million in the same period of 2013. Net interest expense was Euro 47.5 million in the first six months of 2014 as compared to Euro 47.8 million in the same period of 2013.

Net Income. Income before taxes increased by Euro 33.9 million, or 5.8 percent, to Euro 618.5 million in the first six months of 2014 from Euro 584.6 million in the same period of 2013, for the reasons described above. As a percentage of net sales, income before taxes was 15.8 percent in the first six months of 2014 as compared to 15.1 percent in the same period of 2013.

Adjusted income before taxes⁽¹³⁾ amounted to Euro 593.6 million in the first six months of 2013. As a percentage of net sales, adjusted income before taxes⁽¹³⁾ was 15.3 percent in the first six months of 2013.

(12) For a further discussion of Adjusted income from operations, see page 18 "Non-IFRS Measures."

(13) For a further discussion of Adjusted income before taxes, see page 18 "Non-IFRS Measures."

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Please find the reconciliation between adjusted income before taxes⁽¹³⁾ and income before taxes in the following table:

(Amounts in millions of Euro)	2014	2013
Net Income before taxes	618.5	584.6
> Adjustment for Alain Mikli reorganization		9.0
Adjusted income before taxes	618.5	593.6

Net income attributable to non-controlling interests in the first six months of 2014, increased to Euro 3.3 million from Euro 2.9 million in the first six months of 2013. The expected tax rate was 36.0 percent in the first six months of 2014 and 2013.

Net income attributable to Luxottica Group stockholders increased by Euro 21.3 million, or 5.8 percent, to Euro 392.5 million in the first six months of 2014 from Euro 371.2 million in the same period of 2013. Net income attributable to Luxottica Group stockholders as a percentage of net sales was 10.1 percent in the first six months of 2014 and 9.6 percent in the same period of 2013.

Adjusted net income attributable to Luxottica Group stockholders⁽¹⁴⁾ for the six month period ended June 30, 2013 was Euro 377.1 million. As a percentage of net sales, adjusted net income attributable to Luxottica Group stockholders⁽¹⁴⁾ 9.7 percent in the first six months of 2013.

Please find the reconciliation between adjusted net income attributable to Luxottica Group stockholders⁽¹⁴⁾ in the following table:

(Amounts in millions of Euro)	2014	2013
Net Income attributable to Luxottica Group stockholders	392.5	371.2
> Adjustment for Alain Mikli reorganization		5.9
Adjusted Net Income attributable to Luxottica Group stockholders	392.5	377.1

Basic earnings per share were Euro 0.83 and 0.79 in the first six months of 2014 and 2013. Diluted earnings per share were Euro 0.82 and 0.78 in the first six months of 2014 and 2013.

Adjusted basic and diluted earnings per share⁽¹⁵⁾ were Euro 0.80 and Euro 0.79 in the first six months of 2013.

(14) For a further discussion of Adjusted net income to Luxottica Group stockholders, see page 18 "Non-IFRS Measures."

(15) For a further discussion of Adjusted earnings per share, see page 18 "Non-IFRS Measures."

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(Amounts in thousands of Euro)	Three months ended June 30,			
	2014	% of net sales	2013	% of net sales
Net sales	2,059,979	100.0%	2,017,608	100.0%
Cost of sales	685,672	33.3%	663,283	32.9%
Gross profit	1,374,307	66.7%	1,354,325	67.1%
Selling	572,435	27.8%	582,500	28.9%
Royalties	39,626	1.9%	40,163	2.0%
Advertising	140,290	6.8%	133,764	6.6%
General and administrative	225,823	11.0%	236,225	11.7%
Total operating expenses	978,175	47.5%	992,651	49.2%
Income from operations	396,132	19.2%	361,674	17.9%
Other income/(expense)				
Interest income	3,009	0.1%	2,490	0.1%
Interest expense	(27,289)	(1.3)%	(26,284)	(1.3)%
Other net	(1,698)	(0.1)%	(4,285)	(0.2)%
Income before provision for income taxes	370,154	18.0%	333,594	16.5%
Provision for income taxes	(133,285)	(6.5)%	(120,133)	(6.0)%
Net income	236,869	11.5%	213,461	10.6%
Attributable to				
Luxottica Group stockholders	235,214	11.4%	211,963	10.5%
non-controlling interests	1,655	0.1%	1,498	0.1%
NET INCOME	236,869	11.5%	213,461	10.6%

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In order to provide the reader of this report with a meaningful comparison of the information included in the condensed consolidated financial statements as of June 30, 2014, certain prior year comparative information has been revised to conform to the current year presentation. The revision relates to the reclassification of the warehouse and shipping expenses of certain subsidiaries of the Company from general and administrative expenses to cost of sales. The Company has determined that the revision, totaling Euro 15.6 million, is immaterial to the previously reported financial statements.

For the second quarter of 2014, there are no adjustments that needed to be made to Income from operations, EBITDA or Net income attributable to Luxottica Group Stockholders. In the three months ended June 30, 2013, the Group incurred non-recurring expenses of Euro 9.0 million (Euro 5.9 million net of the tax effect).

Adjusted Measures⁽¹⁶⁾	Three months ended June 30, 2013	% of net sales
Adjusted income from operations	370,674	18.4%
Adjusted EBITDA	462,713	22.9%
Adjusted net income attributable to Luxottica Group stockholders	217,867	10.8%

(16)

For a further discussion of Adjusted Measures, see page 18 "Non-IFRS Measures."

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Net Sales. Net sales increased by Euro 42.4 million, or 2.1 percent, to Euro 2,060.0 million in the three months ended June 30, 2014 from Euro 2,017.6 million in the same period of 2013. The increase in the manufacturing and wholesale distribution segment in the three months ended June 30, 2014 of Euro 54.8 million compared to the same period in 2013 was partially offset by the decrease in net sales in the retail distribution segment of Euro 12.4 million for the same period.

Net sales for the retail distribution segment decreased by Euro 12.4 million, or 1.1 percent, to Euro 1,125.2 million in the three months ended June 30, 2014 from Euro 1,137.6 million in the same period in 2013. Although there was an overall decrease, the retail segment recorded a 4.8 percent improvement in comparable store sales⁽¹⁷⁾. In particular, we saw a 3.8 percent increase in comparable store sales⁽¹⁷⁾ for the North American retail operations, and a 4.6 percent increase for the Australian/New Zealand retail operations. The effects from currency fluctuations between the Euro (which is our reporting currency) and other currencies in which we conduct business, in particular the weakening of the U.S. dollar and Australian dollar compared to the Euro, decreased net sales in the retail distribution segment by Euro 61.7 million during the period.

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 54.8 million, or 6.2 percent, to Euro 934.8 million in the three months ended June 30, 2014 from Euro 880.0 million in the same period in 2013. This growth was mainly attributable to increased sales of most of our proprietary brands, in particular Ray-Ban and Oakley and of some licensed brands such as Prada. Almost all of the primary geographic markets in which the Group operates recorded an increase in net sales. These positive effects were partially offset by negative currency fluctuations, in particular the weakening of the U.S. dollar and other currencies including but not limited to the Japanese Yen and the Australian dollar, the effect of which was to decrease net sales to third parties in the manufacturing and wholesale distribution segment by Euro 36.2 million.

In the three months ended June 30, 2014, net sales in the retail distribution segment accounted for approximately 54.6 percent of total net sales, as compared to approximately 56.4 percent of total net sales for the same period in 2013.

In the three months ended June 30, 2014, net sales in our retail distribution segment in the United States and Canada comprised 77.8 percent of our total net sales in this segment as compared to 78.7 percent of our total net sales in the same period of 2013. In U.S. dollars, retail net sales in the United States and Canada increased by 2.6 percent to USD 1,199.9 million in the three months ended June 30, 2014 from USD 1,169.9 million for the same period in 2013. During the three months ended June 30, 2014, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 22.2 percent of our total net sales in the retail distribution segment and increased by 3.3 percent to Euro 250.0 million in the three months ended June 30, 2014 from Euro 241.9 million, or 21.3 percent of our total net sales in the retail distribution segment for the same period in 2013.

In the three months ended June 30, 2014, net sales to third parties in our manufacturing and wholesale distribution segment in Europe increased by Euro 23.3 million to Euro 424.4 million, comprising 45.4 percent of our total net sales in this segment, compared to Euro 401.1 million of total net sales in the segment, for the same period in 2013. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were USD 311.4 million and comprised 24.3 percent of our total net sales in this segment for the three months ended June 30, 2014, compared to USD 285.5 million, or 24.8 percent of total net sales in the segment, for the same period of 2013. In the three months ended June 30, 2014, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world increased by Euro 22.9 million, or 8.8 percent, in the three months ended June 30, 2014 as compared to the same period of 2013, to Euro 283.2 million, comprising 30.3 percent of our total net sales in this segment, compared to Euro 260.3 million, or 29.6 percent of our net sales in this segment, in the same period of 2013.

⁽¹⁷⁾ 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 in the same geographic area, and applies to both periods the average exchange rate for the prior period.

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Cost of Sales. Cost of sales increased by Euro 22.4 million, or 3.4% percent, to Euro 685.7 million in the three months ended June 30, 2014 from Euro 663.3 million in the same period of 2013. As a percentage of net sales, cost of sales increased to 33.3 percent in the three months ended June 30, 2014 as compared to 32.9 percent in the same period of 2013. In the three months ended June 30, 2014, the average number of frames produced daily in our facilities decreased to approximately 295,000 as compared to approximately 307,100 in the same period of 2013.

Gross Profit. Our gross profit increased by Euro 20.0 million, or 1.5 percent, to Euro 1,374.3 million in the three months ended June 30, 2014 from Euro 1,354.3 million for the same period of 2013. As a percentage of net sales, gross profit decreased to 66.7 percent in the three months ended June 30, 2014 as compared to 67.1 percent for the same period of 2013, due to the factors noted above.

Operating Expenses. Total operating expenses decreased by Euro 14.5 million, or 1.5 percent, to Euro 978.2 million in the three months ended June 30, 2014 from Euro 992.7 million in the same period of 2013. As a percentage of net sales, operating expenses decreased to 47.5 percent in the three months ended June 30, 2014, from 49.2 percent in the same period of 2013.

Adjusted operating expenses⁽¹⁸⁾ in the three months ended June 30, 2013, excluding non-recurring expenses related to the reorganization of the Alain Mikli business amounting to approximately Euro 9.0 million, were Euro 983.7 million. As a percentage of net sales, adjusted operating expenses⁽¹⁸⁾ equaled 48.8 percent.

Please find the reconciliation between adjusted operating expenses⁽¹⁸⁾ and operating expenses in the following table:

(Amounts in millions of Euro)	2014	2013
Operating expenses	978.2	992.7
> Adjustment for Alain Mikli reorganization		(9.0)
Adjusted operating expenses	978.2	983.7

Selling and advertising expenses (including royalty expenses) decreased by Euro 4.1 million, or 0.5 percent, to Euro 752.4 million in the three months ended June 30, 2014 from Euro 756.4 million in the same period of 2013. Selling expenses decreased by Euro 10.1 million, or 1.7 percent. The decrease was primarily due to the weakening of the main currencies in which the group operates, in particular the U.S. dollar and the Australian dollar. Advertising expenses increased by Euro 6.5 million, or 4.9 percent. Royalties decreased by Euro 0.5 million, or 1.3 percent. As a percentage of net sales, selling and advertising expenses were 36.5 percent in the three months ended June 30, 2014 and 37.5 percent in the same period of 2013.

General and administrative expenses, including intangible asset amortization decreased by Euro 10.4 million, or 4.4 percent, to Euro 225.8 million in the three months ended June 30, 2014 as compared to Euro 236.2 million in the same period of 2013. The decrease is primarily due to non-recurring expenses of Euro 9.0 million incurred in the first six months of 2013 relating to the reorganization of Alain Mikli International. As a percentage of net sales, general and administrative expenses were 11.0 percent in the three months ended June 30, 2014 as compared to 11.7 percent in the same period of 2013.

⁽¹⁸⁾ For a further discussion of adjusted operating expenses, see page 18 "Non-IFRS Measures."

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Adjusted general and administrative expenses⁽¹⁹⁾, including intangible asset amortization and excluding, in the three months ended June 30, 2013, non-recurring expenses related to the reorganization of the Alain Mikli business amounting to Euro 9.0 million, totaled Euro 227.2 million. As a percentage of net sales, adjusted general and administrative expenses⁽¹⁹⁾ were 11.3 percent in the three months ended June 30, 2013.

Please find the reconciliation between adjusted general and administrative expenses⁽¹⁹⁾ and general and administrative expenses in the following table:

(Amounts in millions of Euro)	2014	2013
General and administrative expenses	225.8	236.2
> Adjustment for Alain Mikli reorganization		(9.0)
Adjusted general and administrative expenses	225.8	227.2

Income from Operations. For the reasons described above, income from operations increased by Euro 34.5 million, or 9.5 percent, to Euro 396.1 million in the three months ended June 30, 2014 from Euro 361.7 million in the same period of 2013. As a percentage of net sales, income from operations increased to 19.2 percent in the three months ended June 30, 2014 from 17.9 percent in the same period of 2013.

Adjusted income from operations⁽²⁰⁾, excluding, in the three months ended June 30, 2013, non-recurring expenses related to the reorganization of the Alain Mikli business for Euro 9.0 million, amounted to Euro 370.7 million. As a percentage of net sales, adjusted income from operations⁽²⁰⁾ was at 18.4 percent in the three months ended June 30, 2013.

Please find the reconciliation between adjusted income from operations⁽²⁰⁾ and income from operations in the following table:

(Amounts in millions of Euro)	2014	2013
Income from operations	396.1	361.7
> Adjustment for Alain Mikli reorganization		9.0
Adjusted income from operations	396.1	370.7

Other Income (Expense) Net. Other income (expense) net was Euro (26.0) million in the three months ended June 30, 2014 as compared to Euro (28.1) million in the same period of 2013. Net interest expense was Euro 24.3 million in the three months ended June 30, 2014 as compared to Euro 23.8 million in the same period of 2013.

Net Income. Income before taxes increased by Euro 36.6 million, or 11.0 percent, to Euro 370.2 million in the three months ended June 30, 2014 from Euro 333.6 million in the same period of 2013, for the reasons described above. As a percentage of net sales, income before taxes increased to 18.0 percent in the three months ended June 30, 2014 from 16.5 percent in the same period of 2013. Adjusted income before taxes⁽²¹⁾ excluding, in the three months ended June 30, 2013, expenses related to the reorganization of the Alain Mikli business for Euro 9.0 million, amounted to Euro 342.6 million in the three months ended June 30, 2013. As a percentage of net sales, adjusted income before taxes⁽²¹⁾ was 17.0 percent in the three months ended June 30, 2013.

(19) For a further discussion of adjusted general and administrative expenses, see page 18 "Non-IFRS Measures."

(20) For a further discussion of adjusted income from operations, see page 18 "Non-IFRS Measures."

(21) For a further discussion of adjusted income before taxes, see page 18 "Non-IFRS Measures."

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Please find the reconciliation between adjusted income before taxes⁽²¹⁾ and income before taxes in the following table:

(Amounts in millions of Euro)	2014	2013
Income before provision for taxes	370.2	333.6
> Adjustment for Alain Mikli reorganization		9.0
Adjusted income before provision for taxes	370.2	342.6

Net income attributable to non-controlling interests in the three months ended June 30, 2014, increased to Euro 1.7 million from Euro 1.5 million in the three months ended June 30, 2013.

Net income attributable to Luxottica Group stockholders increased by Euro 23.3 million, or 11.0 percent, to Euro 235.2 million in the three months ended June 30, 2014 from Euro 212.0 million in the same period of 2013. Net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 11.4 percent in the three months ended June 30, 2014 from 10.5 percent in the same period of 2013. Adjusted net income attributable to Luxottica Group stockholders⁽²²⁾ excluding non-recurring expenses related to the reorganization of the Alain Mikli business for Euro 5.9 million, was Euro 217.9 million in the second quarter of 2013. As a percentage of net sales, adjusted net income attributable to Luxottica Group stockholders⁽²²⁾ equaled 10.8 percent in the three months ended June 30, 2013.

Please find the reconciliation between adjusted net income attributable to Luxottica Group stockholders⁽²²⁾ in the following table:

(Amounts in millions of Euro)	2014	2013
Net income attributable to Group stockholders	235.2	212.0
> Adjustment for Alain Mikli reorganization		5.9
Adjusted net income attributable to Group stockholders	235.2	217.9

Basic earnings per share and diluted earnings per share were Euro 0.49 in the three months ended June 30, 2014. Basic earnings per share were Euro 0.45 and diluted earnings per share were Euro 0.44 in the three months ended June 30, 2013.

Adjusted basic and diluted earnings per share⁽²³⁾ in the three months ended June 30, 2013 were Euro 0.46.

(22) For a further discussion of adjusted net income attributable to Luxottica Group stockholders, see page 18 "Non-IFRS Measures."

(23) For a further discussion of adjusted basic and diluted earnings per share, see page 18 "Non-IFRS Measures."

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The following table sets forth for the periods indicated certain items included in our statements of consolidated cash flows included in Item 2 of this report.

(Amounts in thousands of Euro)	As of June 30, 2014	As of June 30, 2013 (unaudited)
A) Cash and cash equivalents at the beginning of the period	617,995	790,093
B) Cash provided by operating activities (net)	513,417	306,078
C) Cash used in investing activities	(213,754)	(272,552)
D) Cash provided by/(used in) financing activities	259,740	(439,268)
E) Effect of exchange rate changes on cash and cash equivalents	5,801	(10,971)
F) Net change in cash and cash equivalents	565,204	(416,715)
G) Cash and cash equivalents at the end of the period	1,183,200	373,378

Operating activities. Cash provided by operating activities was Euro 513.4 million and Euro 306.1 million for the first six months of 2014 and 2013, respectively.

Depreciation and amortization were Euro 181.7 million in the first six months of 2014 as compared to Euro 182.6 million in the same period of 2013.

Cash used in accounts receivable was Euro (249.3) million in the first six months of 2014, compared to Euro (269.1) million in the same period of 2013. This change was primarily due to the improved timing of accounts receivable collections in the first six months of 2014 as compared to the same period of 2013. Cash generated/(used) in inventory was Euro 51.0 million in the first six months of 2014 as compared to Euro (6.9) million in the same period of 2013. The change in inventory in the first six months of 2014 was due to better inventory management within the group. The change in inventory in the first six months of 2014 was mainly due to the better management of the Group's inventory and warehouses. Cash used in accounts payable was Euro (27.8) million in the first six months of 2014 compared to Euro (4.4) million in the same period of 2013. The decrease in cash used for accounts payable in 2014 as compared to 2013 is due to better payment terms negotiated by the Group beginning in 2012. Cash generated/(used) in other assets and liabilities, risk funds and employee benefits was Euro 37.7 million and Euro (35.5) million in the first six months of 2014 and 2013, respectively. The cash used in the first six months of 2013 was mainly due to the payments made for advances on royalties. Income taxes paid were Euro (134.3) million in the first six months of 2014 as compared to Euro (167.2) million in the same period of 2013. Interest paid was Euro (43.9) million and Euro (50.9) million in the first six months of 2014 and 2013, respectively.

Investing activities. Our cash used in investing activities was Euro (213.8) million for the first six months of 2014 as compared to Euro (272.6) million for the same period in 2013. The cash used in investing activities in the first six months of 2014 primarily consisted of (i) Euro (117.2) million in capital expenditures mainly related to routine technology upgrades to the manufacturing infrastructure, opening of new stores and the remodeling of older stores with leases that were extended during the period, (ii) Euro (57.0) million for the acquisition of intangible assets related to the creation of a new IT platform, and (iii) Euro (39.5) million (net of cash acquired), related to the acquisition of glasses.com for Euro (29.2) million and other minor acquisitions in the retail segment for Euro (10.3) million. Cash used in investing activities in the first six months of 2013 primarily consisted of (i) Euro (102.2) million in capital expenditures, mainly related to routine technology upgrades to the manufacturing infrastructure, opening of new stores and the remodeling of older stores with leases that were extended during the period, (ii) Euro (54.0) million for the acquisition of intangible assets, (iii) Euro (71.3) million (net of cash acquired), mainly related to the acquisition of Alain Mikli International, and (iv) Euro (45.0) million, related to the acquisition of a 36.33 percent stake in Salmoiraghi & Viganò.

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Financing activities. Our cash provided by/(used) in financing activities for the first six months of 2014 and 2013 was Euro 259.7 million and Euro (439.3) million, respectively. Cash provided by/(used in) financing activities for the first six months of 2014 consisted primarily of (i) Euro 500 million related to the issuance of a new bond, (ii) Euro (308.3) million used to pay dividends to the shareholders of the Company and (iii) Euro 51.2 million related to the exercise of stock options. Cash provided by/(used in) financing activities for the first six months of 2013 consisted primarily of (i) Euro (216.5) million in cash used to repay short and long-term debt expiring during the first six months of 2013, (ii) Euro (273.7) million used to pay dividends to the shareholders of the Company and (iii) Euro 61.8 million related to the exercise of stock options.

Table of Contents**OUR CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS (Amounts in thousands of Euro)	June 30, 2014 (unaudited)	December 31, 2013 (audited)
CURRENT ASSETS:		
Cash and cash equivalents	1,183,200	617,995
Accounts receivable net	943,895	680,296
Inventories net	657,968	698,950
Other assets	232,995	238,761
Total current assets	3,018,058	2,236,002
NON-CURRENT ASSETS:		
Property, plant and equipment net	1,196,858	1,183,236
Goodwill	3,107,312	3,045,216
Intangible assets net	1,273,113	1,261,137
Investments	58,032	58,108
Other assets	116,979	126,583
Deferred tax assets	190,961	172,623
Total non-current assets	5,943,256	5,846,903
TOTAL ASSETS	8,961,313	8,082,905

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2014 (unaudited)	December 31, 2013 (audited)
CURRENT LIABILITIES:		
Short term borrowings	80,907	44,921
Current portion of long-term debt	303,966	318,100
Accounts payable	658,329	681,151
Income taxes payable	95,433	9,477
Short term provisions for risks and other charges	140,278	123,688
Other liabilities	559,354	523,050
Total current liabilities	1,838,267	1,700,386
NON-CURRENT LIABILITIES:		
Long-term debt	2,226,839	1,716,410
Employee benefits	103,387	76,399
Deferred tax liabilities	248,465	268,078
Long term provisions for risks and other charges	106,461	97,544
Other liabilities	76,525	74,151

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Total non-current liabilities	2,761,678	2,232,583
STOCKHOLDERS' EQUITY:		
Luxottica Group stockholders' equity	4,351,970	4,142,828
Non-controlling interests	9,399	7,107
Total stockholders' equity	4,361,369	4,149,936
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	8,961,313	8,082,905

As of June 30, 2014, total assets increased by Euro 878.4 million to Euro 8,961.3 million, compared to Euro 8,082.9 million as of December 31, 2013.

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In the first six months of 2014, non-current assets increased by Euro 96.4 million, due to increases in intangible assets (including goodwill) of Euro 74.1 million, in tangible assets of Euro 13.6 million and deferred tax assets of Euro 18.3 million, partially offset by decreases in other assets of Euro 9.6 million.

The increase in intangible assets was due to capitalized software and other intangible asset additions of Euro 57.0 million, acquisitions that occurred in the first six months of 2014 of Euro 32.5 million, effects of foreign currency fluctuations from December 2013 to June 2014 of Euro 60.4 million, all of which were partially offset by amortization of assets in the period of Euro 75.2 million.

The increase in property, plant and equipment was due to additions in the period of Euro 117.2 million, to the impact of foreign currency fluctuations from December 2013 to June 2014 of Euro 5.9 million, to the acquisitions that occurred in the first six months of 2014 of Euro 4.7 million, all of which were partially offset by depreciation for the period of Euro 106.5 million and to disposals for the period of Euro 7.6 million.

As of June 30, 2014 as compared to December 31, 2013:

Accounts receivable increased by Euro 263.6 million, primarily due to the increase in net sales during the first six months of 2014 in line with the seasonality of the Group's business which is generally characterized by higher sales in the first half of the year and collection of the related receivables in the second half of the year;

Inventories decreased by 41.0 million. The reduction is mainly due to improved inventory turns in the first six months of 2014 as compared to December 31, 2013;

Accounts payable decreased by Euro 22.8 million, primarily due to payments made in the first six months of 2014;

Current taxes payable increased by Euro 86.0 million due to the timing of tax payments made by the Group in various jurisdictions;

Employee benefits increased by Euro 27.0 million which was primarily due to a decrease in the discount rate used to determine employee benefit liabilities.

Our net financial position as of June 30, 2014 and December 31, 2013 was as follows:

(Amounts in thousands of Euro)	June 30, 2014 (unaudited)	December 31, 2013 (audited)
Cash and cash equivalents	1,183,200	617,995
Bank overdrafts	(80,907)	(44,921)
Current portion of long-term debt	(303,966)	(318,100)
Long-term debt	(2,226,839)	(1,716,410)
Total	(1,428,512)	(1,461,435)

Bank overdrafts consist of the utilized portion of short-term uncommitted revolving credit lines borrowed by various subsidiaries of the Group and the applicable interest rate is usually variable and depends on the currency in which the loan is drawn.

As of June 30, 2014, Luxottica together with our wholly-owned Italian subsidiaries, had credit lines aggregating Euro 357.9 million. The interest rate is a floating rate of EURIBOR plus a margin on average of approximately 90 basis points. At June 30, 2014, Euro 0.1 million was utilized under these credit lines.

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As of June 30, 2014, our wholly-owned subsidiary Luxottica U.S. Holdings Corp. maintained unsecured lines of credit with an aggregate maximum availability of Euro 94.8 million (USD 130.0 million). At June 30, 2014, Euro 4.8 million was utilized under these credit lines.

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However, there was Euro 40.2 million in aggregate face amount of standby letters of credit outstanding related to guarantees on these lines of credit.

4. RELATED PARTY TRANSACTIONS

Our related party transactions are neither atypical nor unusual and occur in the ordinary course of our business. Management believes that these transactions are fair to the Company. For further details regarding related party transactions, please refer to Note 29 to the Condensed Consolidated Financial Statements as of June 30, 2014 (unaudited).

On January 29, 2013, the Company elected to avail itself of the options provided by Article 70, Section 8, and Article 71, Section 1- bis, of CONSOB Issuers' Regulations and, consequently, will no longer comply with the obligation to make available to the public an information memorandum in connection with transactions involving significant mergers, spin-offs, increases in capital through contributions in kind, acquisitions and disposals.

On April 29, 2014, the Board of Directors of Luxottica Group authorized the Company to enter into an agreement to lease a building located in Piazzale Cadorna 3, Milan. The lease will be for a period of six years and 5 months and will be renewable for an additional six years.

The building is owned by Beni Stabili SIQ S.p.A., which through Delfin S.à.r.l. is ultimately controlled by the Company's Chairman Leonardo Del Vecchio, and therefore the lease agreement is a transaction with related parties. In accordance with the procedure on related parties adopted by the Company and the Consob regulation n. 17221/2010 and in light of the contract balance, the agreement qualifies as a minor transaction with related parties.

On March 31, 2014 the Risk and Control Committee, solely composed of independent directors, unanimously expressed a favorable opinion regarding the Company's interest in entering in such transaction as well as on the convenience and fairness of the related conditions.

5. SUBSEQUENT EVENTS

For further details regarding subsequent events, please refer to Note 35 to the Condensed Consolidated Financial Statements as of June 30, 2014 (unaudited).

6. 2014 OUTLOOK

The financial results reported for the first six months of 2014 lead management to an optimistic outlook for the full fiscal year.

NON-IFRS MEASURES

Adjusted measures

In this Management Report we refer to certain performance measures that are not in accordance with IFRS. Such non-IFRS 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 our operational performance.

Such measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors. Such non-IFRS measures are explained in detail and reconciled to their most comparable IFRS measures below.

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

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For the first six months of 2014 there were no such adjustments to Group's IFRS measures. In 2013, we made adjustments to the following measures: operating income, operating margin, EBITDA and EBITDA margin. We have also adjusted net income, earnings per share, operating expenses, selling expenses and general and administrative expenses. We adjusted the above items by excluding non-recurring costs related to (i) the reorganization of the Alain Mikli business for Euro 9.0 million (Euro 5.9 million net of the tax effect), (ii) the tax audit of Luxottica S.r.l. (fiscal year 2007) for Euro 26.7 million and (iii) the tax audit of Luxottica S.r.l. (fiscal years subsequent to 2007) for Euro 40.0 million.

The adjusted measures referenced above are not measures of performance in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and endorsed by the European Union. The Group believes that these adjusted measures are useful to both management and investors in evaluating the Group's operating performance compared with that of other companies in its industry in order to provide a supplemental view of operations that exclude items that are unusual, infrequent or unrelated to our ongoing operations.

Non-IFRS measures such as EBITDA, EBITDA margin, free cash flows and the ratio of net debt to EBITDA are included in this Management Report in order to:

improve transparency for investors;

assist investors in their assessment of the Group'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 Group's cost of debt;

ensure that these measures are fully understood in light of how the Group 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.

See the tables below for a reconciliation of the adjusted measures discussed above to their most directly comparable IFRS financial measures or, in case of adjusted EBITDA, to EBITDA which is also a non-IFRS measure.

Non-IAS/IFRS Measures: reconciliation between reported and adjusted P&L items.

<i>Luxottica Group</i>	Net Sales	EBITDA	6M13 Operating Income	Net Income	EPS
Reported	3,881.7	819.1	636.5	371.2	0.79
> Adjustment for Alain Mikli restructuring		9.0	9.0	5.9	0.01
Adjusted	3,881.7	828.1	645.5	377.1	0.80

<i>Luxottica Group</i>	Net Sales	EBITDA	2Q13 Operating Income	Net Income	EPS
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Reported	2,017.6	453.7	361.7	212.0	0.45
> Adjustment for Alain Mikli restructuring		9.0	9.0	5.9	0.01
Adjusted	2,017.6	462.7	370.7	217.9	0.46

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EBITDA and EBITDA margin

EBITDA represents net income attributable to Luxottica Group stockholders, before non-controlling interest, provision for income taxes, other income/expense, depreciation and amortization. EBITDA margin means EBITDA divided by net sales. We believe that EBITDA is useful to both management and investors in evaluating our operating performance compared to that of other companies in our 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. For additional information on Group's non-IFRS measures used in this report, see "NON-IFRS MEASURES *Adjusted Measures*" set forth above.

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 Group.

The Group 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 our method of calculating EBITDA may differ from methods used by other companies. We recognize 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 amortization 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.

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We compensate for the foregoing limitations by using EBITDA as a comparative tool, together with IFRS measurements, to assist in the evaluation of our operating performance and leverage. The following table provides a reconciliation of EBITDA to net income, which is the most directly comparable IFRS financial measure, as well as the calculation of EBITDA margin on net sales:

Non-IAS/IFRS Measure: EBITDA and EBITDA margin

Millions of Euro	2Q 2013	2Q 2014	6M 2013	6M 2014	FY 2013	LTM June 2014
Net income/(loss) (+)	212.0	235.2	371.2	392.5	544.7	566.0
Net income attributable to non-controlling interest (+)	1.5	1.7	2.9	3.3	4.2	4.6
Provision for income taxes (+)	120.1	133.3	210.5	222.7	407.5	419.7
Other (income)/expense (+)	28.1	26.0	51.9	47.8	99.3	95.2
Depreciation and amortization (+)	92.0	92.0	182.6	181.7	366.6	365.7
EBITDA (=)	453.7	488.2	819.1	848.0	1,422.3	1,451.3
Net sales (/)	2,017.6	2,060.0	3,881.7	3,902.3	7,312.6	7,333.2
EBITDA margin (=)	22.5%	23.7%	21.1%	21.7%	19.5%	19.8%

Non-IAS/IFRS Measure: Adjusted EBITDA and Adjusted EBITDA margin

Millions of Euro	2Q 2013 ⁽²⁾	2Q 2014	6M 2013 ⁽²⁾	6M 2014	FY 2013 ^(1,2)	LTM June 2014 ^(1,2)
Adjusted net income/(loss) (+)	217.9	235.2	377.1	392.5	617.3	632.7
Net income attributable to non-controlling interest (+)	1.5	1.7	2.9	3.3	4.2	4.6
Adjusted provision for income taxes (+)	123.2	133.3	213.6	222.7	343.9	353.0
Other (income)/expense (+)	28.1	26.0	51.9	47.8	99.3	95.2
Depreciation and amortization	92.0	92.0	182.6	181.7	366.6	365.7

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(+)						
Adjusted EBITDA	462.7	488.2	828.1	848.0	1,431.3	1,451.3
(=)						
Net sales	2,017.6	2,060.0	3,881.7	3,902.3	7,312.6	7,333.2
(/)						
Adjusted EBITDA margin	22.9%	23.7%	21.3%	21.7%	19.6%	19.8%
(=)						

The adjusted figures exclude the following:

- (1)
 - (a) non-recurring tax expense for the tax audit relating to Luxottica S.r.l. (fiscal year 2007) of approximately Euro 27 million;
 - (b) non-recurring tax expense for the tax audit relating to Luxottica S.r.l. (fiscal year subsequent to 2007) of approximately Euro 40 million; and
- (2) non-recurring Alain Mikli restructuring costs with an approximately Euro 9 million impact on operating income and an approximately Euro 6 million adjustment to net income.

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Free Cash Flow

Free cash flow represents EBITDA, as defined above, plus or minus the decrease/(increase) in working capital over the period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. Our calculation of free cash flow provides a clearer picture of our ability to generate net cash from operations, which is used for mandatory debt service requirements, to fund discretionary investments, pay dividends or pursue other strategic opportunities. 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 Group. For additional information on Group's non-IFRS measures used in this report, see "NON-IFRS MEASURES *Adjusted Measures*" set forth above.

The Group 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 our method of calculation of free cash flow may differ from methods used by other companies. We recognize that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

The manner in which we calculate 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 our discretion if we take steps or adopt policies that increase or diminish our current liabilities and/or changes to working capital.

We compensate for the foregoing limitations by using free cash flow as one of several comparative tools, together with IFRS measurements, to assist in the evaluation of our operating performance.

The following table provides a reconciliation of free cash flow to EBITDA and the table above provides a reconciliation of EBITDA to net income, which is the most directly comparable IFRS financial measure:

Non-IFRS Measure: Free cash flow

(Amounts in millions of Euro)	6M 2014
EBITDA⁽¹⁾	848
Δ working capital	(111)
Capex	(174)
Operating cash flow	563
Financial charges ⁽²⁾	(47)
Taxes	(134)
Other net	
Free cash flow	381

(1)

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EBITDA is not an IFRS measure; please see reconciliation of EBITDA to net income provided above.

(2)

Equals interest income minus interest expense.

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(Amounts in millions of Euro)	2Q 2014
EBITDA⁽¹⁾	488
Δ working capital	71
Capex	(93)
Operating cash flow	466
Financial charges ⁽²⁾	(24)
Taxes	(119)
Other net	(1)
Free cash flow	321

(1) EBITDA is not an IFRS measure; please see reconciliation of EBITDA to net income provided above.

(2) Equals interest income minus interest expense.

Net debt to EBITDA ratio

Net debt represents the sum of bank overdrafts, the current portion of long-term debt and long-term debt, less cash. The ratio of net debt to EBITDA is a measure used by management to assess the Group'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, as defined above, and the 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 Group. For additional information on Group's non-IFRS measures used in this report, see "NON-IFRS MEASURES *Adjusted Measures*" set forth above.

The Group 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 Group recognizes that the usefulness of the ratio of net debt to EBITDA as evaluative tool may have certain limitations, including that 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 measurements, to assist in the evaluation of our operating performance and leverage.

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See the table below 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 its most directly comparable IFRS measure, see the table on the earlier page.

Non-IFRS Measure: Net debt and Net debt/EBITDA

(Amounts in millions of Euro)	June 30, 2014	FY 2013
Long-term debt (+)	2,226.8	1,716.4
Current portion of long-term debt (+)	304.0	318.1
Bank overdrafts (+)	80.9	44.9
Cash (-)	(1,183.2)	(618.0)
Net debt (=)	1,428.5	1,461.4
LTM EBITDA	1,451.3	1,422.3
Net debt/EBITDA	1.0x	1.0x
Net debt @ avg. exchange rates ⁽¹⁾	1,429.1	1,475.9
Net debt @ avg. exchange rates ⁽¹⁾ /EBITDA	1.0x	1.0x

(1) Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures.

Non-IFRS Measure: Net debt and Net debt/Adjusted EBITDA

(Amounts in millions of Euro)	June 30, 2014	FY 2013 ⁽²⁾
Long-term debt (+)	2,226.8	1,716.4
Current portion of long-term debt (+)	304.0	318.1
Bank overdrafts (+)	80.9	44.9
Cash (-)	(1,183.2)	(618.0)
Net debt (=)	1,428.5	1,461.4
LTM Adjusted EBITDA	1,451.3	1,431.3

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Net debt/LTM Adjusted EBITDA	1.0x	1.0x
Net debt @ avg. exchange rates ⁽¹⁾	1,429.1	1,475.9
Net debt @ avg. exchange rates ⁽¹⁾ /LTM EBITDA	1.0x	1.0x

(1) Net debt figures are calculated using the average exchange rates used to calculate EBITDA figures.

(2) (a) The adjusted figures exclude non-recurring Alain Mikli restructuring costs with an approximately Euro 9 million impact on operating income and an approximately Euro 6 million adjustment to net income;

(b) The adjusted figures exclude non-recurring tax expense for the tax audit relating to Luxottica S.r.l. (fiscal year 2007) of approximately Euro 27 million;

(c) The adjusted figures exclude non-recurring tax expense for the tax audit relating to Luxottica S.r.l. (fiscal years subsequent to 2007) of approximately Euro 40 million;

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FORWARD-LOOKING INFORMATION

Throughout this report, management has made certain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 which are considered prospective. These statements are made based on management's current expectations and beliefs and are identified by the use of forward-looking words and phrases such as "plans," "estimates," "believes" or "belief," "expects" or other similar words or phrases.

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 achieve 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 filings with the U.S. Securities and Exchange Commission. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

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ITEM 2. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of Euro)	Note reference	June 30, 2014 (unaudited)	Of which related parties (note 29)	December 31, 2013 (audited)	Of which related parties (note 29)
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	6	1,183,200		617,995	
Accounts receivable	7	943,895	13,254	680,296	11,616
Inventories	8	657,968		698,950	
Other assets	9	232,995	2,019	238,761	931
Total current assets		3,018,058	15,273	2,236,002	12,547
NON-CURRENT ASSETS:					
Property, plant and equipment	10	1,196,858		1,183,236	
Goodwill	11	3,107,312		3,045,216	
Intangible assets	11	1,273,113		1,261,137	
Investments	12	58,032	48,903	58,108	49,097
Other assets	13	116,979	825	126,583	778
Deferred tax assets	14	190,961		172,623	
Total non-current assets		5,943,256	49,728	5,846,903	49,875
TOTAL ASSETS		8,961,313	65,001	8,082,905	62,422
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	15	80,907		44,921	
Current portion of long-term debt	16	303,966		318,100	
Accounts payable	17	658,329	10,095	681,151	10,067
Income taxes payable	18	95,433		9,477	
Short term provisions for risks and other charges	19	140,278		123,688	
Other liabilities	20	559,354	62	523,050	27
Total current liabilities		1,838,267	10,157	1,700,386	10,095
NON-CURRENT LIABILITIES:					
Long-term debt	21	2,226,839		1,716,410	
Employee benefits	22	103,387		76,399	
Deferred tax liabilities	14	248,465		268,078	
Long term provisions for risks and other charges	23	106,461		97,544	
Other liabilities	24	76,525		74,151	
Total non-current liabilities		2,761,678		2,232,583	
STOCKHOLDERS' EQUITY:					

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Capital stock	25	28,832		28,653
Legal reserve	25	5,736		5,711
Reserves	25	3,998,736		3,646,830
Treasury shares	25	(73,875)		(83,060)
Net income	25	392,541		544,696
Luxottica Group stockholders' equity	25	4,351,970		4,142,828
Non-controlling interests	26	9,399		7,107
Total stockholders' equity		4,361,369		4,149,936
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		8,961,313	10,157	8,082,905
				10,095

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CONSOLIDATED STATEMENT OF INCOME

(Amounts in thousands of Euro) ⁽¹⁾	Note reference	Six Months ended June 30, 2014 (unaudited)	Of which related parties (note 29)	Six Months ended June 30, 2013 (unaudited)	Of which related parties (note 29)
Net sales	27	3,902,313	18,988	3,881,728	7,729
Cost of sales	27	1,349,814	24,654	1,323,878	24,542
Gross profit		2,552,499	(5,666)	2,557,849	(16,812)
Selling	27	1,120,103		1,144,519	3
Royalties	27	75,629	413	76,333	435
Advertising	27	248,794	22	245,318	151
General and administrative	27	441,627	360	455,189	87
<i>of which non recurring</i>	33			9,000	
Total operating expenses		1,886,153	795	1,921,359	677
Income from operations		636,346	(6,461)	636,491	(17,489)
Other income/(expense)					
Interest income	27	5,840		5,037	
Interest expense	27	(53,318)		(52,839)	
Other net	27	(353)	2	(4,107)	2
Income before provision for income taxes		618,514	(6,459)	584,582	(17,487)
Provision for income taxes	27	(222,667)		(210,499)	
<i>of which non recurring</i>	33			3,096	
Net income		395,847		374,081	
Of which attributable to:					
Luxottica Group stockholders		392,541		371,196	
Non-controlling interests		3,306		2,885	
NET INCOME		395,847		374,081	
Weighted average number of shares outstanding:					

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Basic	30	474,464,497	470,908,944
Diluted	30	477,917,675	475,505,827
EPS:			
Basic		0.83	0.79
Diluted		0.82	0.78

(1) Except per share data

Table of Contents**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(Amounts in thousands of Euro)	Six Months ended June 30, 2014 (unaudited)	Six Months ended June 30, 2013 (unaudited)
Net income	395,847	374,081
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Cash flow hedge net of tax of Euro 0.0 million and 0.1 million as of June 30, 2014 and June 30, 2013, respectively		318
Currency translation differences	71,813	(69,218)
<i>Total items that may be reclassified subsequently to profit or loss:</i>	<i>71,813</i>	<i>(68,900)</i>
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial gain on defined benefit plans net of tax of Euro 14.4 million and Euro 27.7 million as of June 30, 2014 and June 30, 2013, respectively	(20,157)	49,736
<i>Total items that will not be reclassified to profit or loss</i>	<i>(20,157)</i>	<i>49,736</i>
Total other comprehensive income net of tax	51,656	(19,164)
Total comprehensive income for the period	447,504	354,917
Attributable to:		
Luxottica Group stockholders	443,862	352,307
Non-controlling interests	3,642	2,611
Total comprehensive income for the period	447,504	354,917

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FOR THE PERIODS ENDED JUNE 30, 2014 AND 2013 (UNAUDITED)**

(Amounts in thousands of Euro, except share data)	Capital stock		Legal reserve	Additional paid-in capital	Retained earnings	Stock options reserve	Translation of foreign operations and other	Treasury shares	Stockholders' equity	Non-controlling interests
	Number of shares	Amount								
					Note 25					Note 26
Balance as of January 1, 2013	473,238,197	28,394	5,623	328,742	3,633,481	241,286	(164,224)	(91,929)	3,981,372	11,868
Total Comprehensive Income as of June 30, 2013					421,251		(68,944)		352,306	2,611
Exercise of stock options	3,539,213	212		62,052	(414)				61,850	
Non-cash stock based compensation						14,009			14,009	
Excess tax benefit on stock options				10,430					10,430	
Granting of treasury shares to employees					(8,869)			8,869		
Dividends (Euro 0.58 per ordinary share)					(273,689)				(273,689)	(3,057)
Allocation of legal reserve			88		(88)					
Balance as of June 30, 2013	476,777,410	28,606	5,711	401,224	3,771,672	255,295	(233,168)	(83,060)	4,146,279	11,422
Balance as of January 1, 2014	477,560,673	28,653	5,711	412,063	3,958,076	268,833	(447,447)	(83,060)	4,142,828	7,107
Total Comprehensive Income as of June 30, 2014					372,384		71,478		443,862	3,642
Exercise of stock options	2,972,345	178		50,988					51,166	
Non-cash stock based compensation						18,501			18,501	
Excess tax benefit on stock options				3,954					3,954	
Granting of treasury shares to employees					(9,185)			9,185		

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Dividends (Euro 0.65 per ordinary share)					(308,343)				(308,343)	(1,350)
Allocation of legal reserve			24		(24)					
Balance as of June 30, 2014	480,533,018	28,832	5,736	467,005	4,012,907	287,334	(375,969)	(73,875)	4,351,970	9,399

Table of Contents**CONSOLIDATED STATEMENT OF CASH FLOWS**

(Amounts in thousands of Euro)	Note reference	June 30, 2014 (unaudited)	June 30, 2013 (unaudited)
Income before provision for income taxes		618,514	584,582
Stock-based compensation		18,501	14,546
Depreciation and amortization	10/11	181,681	182,568
Net loss fixed assets and other	10	7,591	7,841
Financial charges		53,318	52,839
Other non-cash items		420	(2,362)
Changes in accounts receivable		(249,328)	(269,050)
Changes in inventories		50,998	(6,912)
Changes in accounts payable		(27,780)	(4,381)
Changes in other assets/liabilities		37,702	(35,475)
Total adjustments		73,103	(60,386)
Cash provided by operating activities		691,617	524,196
Interest paid		(43,913)	(50,929)
Tax paid		(134,287)	(167,189)
Net cash provided by operating activities		513,417	306,078
Additions of property, plant and equipment	10	(117,181)	(102,247)
Purchases of businesses net of cash acquired ^(*)	4	(39,532)	(71,267)
Increase in investment ^(**)	12	(45,000)	(45,000)
Additions to intangible assets	11	(57,041)	(54,039)
Cash used in investing activities		(213,754)	(272,552)

(*) Purchases of businesses net of cash acquired in the first six months of 2014 included the purchase of glasses.com for Euro (29.2) million and other minor acquisitions in the retail segment for Euro (10.3) million. In the same period of 2013 purchases of businesses net of cash acquired included the purchase of Alain Mikli International for Euro (72.1) million and other minor acquisitions for Euro 0.8 million.

(**) Increase in investment refers to the acquisition of 36.33 percent of the share capital of Salmoiraghi & Viganò in 2013.

Table of Contents**CONSOLIDATED STATEMENT OF CASH FLOWS**

(Amounts in thousands of Euro)	Note reference	June 30, 2014 (unaudited)	June 30, 2013 (unaudited)
Long-term debt:			
Proceeds	21	496,166	2,835
Repayments	21	(13,281)	(216,483)
Short-term debt:			
Proceeds		35,382	
Repayments			(10,723)
Exercise of stock options	25	51,166	61,848
Dividends		(309,693)	(276,745)
Cash (used in)/provided financing activities		259,740	(439,268)
Increase/(decrease) in cash and cash equivalents		559,403	(405,744)
Cash and cash equivalents, beginning of the period		617,995	790,093
Effect of exchange rate changes on cash and cash equivalents		5,801	(10,971)
Cash and cash equivalents, end of the period		1,183,200	373,378

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Luxottica Group S.p.A.

Headquarters and registered office Via C. Cantù 2 20123 Milan, Italy

Capital Stock: € 28,831,981.08

authorized and issued

Notes to the CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)

1. BACKGROUND

Luxottica Group S.p.A. (hereinafter the "Company" or together with its consolidated subsidiaries, the "Group") is a company listed on Borsa Italiana and the New York Stock Exchange with its registered office located at Via C. Cantù 2, Milan (Italy), organized under the laws of the Republic of Italy.

The Company is controlled by Delfin S.à r.l., based in Luxembourg. The chairman of the Board of Directors of the Company, Leonardo Del Vecchio, controls Delfin S.à r.l.

In line with prior years, the retail division's fiscal year is a 52- or 53-week period ending on the Saturday nearest December 31. The use of a calendar fiscal year by these entities would not have had a material impact on the consolidated financial statements.

The Company's Board of Directors, at its meeting on July 24, 2014, approved the Group's interim condensed consolidated financial statements as of June 30, 2014 (hereinafter referred to as the "Financial Report") for publication.

The financial statements included in this Financial Report are unaudited.

2. BASIS OF PREPARATION

This Financial Report has been prepared in accordance with article 154-ter of the Legislative Decree No. 58 of February 24, 1998 and subsequent modifications and in accordance with the CONSOB Issuers Regulation in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union in accordance with the regulation (CE) n. 1606/2002 of the European Parliament and of the Council of July 19, 2002. Furthermore, this financial report has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, and of the provisions which implement Article 9 of Legislative Decree no. 38/2005.

IFRS are all the international accounting standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously named "Standing Interpretation Committee" (SIC).

In order to provide the reader of these condensed consolidated financial statements with a meaningful comparison of the information included in the condensed consolidated financial statements as of June 30, 2014, certain prior year comparative information has been revised to conform to the current year presentation. The revision relates to the reclassification of the warehouse and shipping expenses of certain subsidiaries of the Company from general and administrative expenses to cost of sales. The Company has determined that the revision, totaling Euro 30.5 million, is immaterial to the previously reported financial statements and does not impact any of the Group's key financial indicators.

This unaudited Financial Report should be read in connection with the consolidated financial statements as of December 31, 2013, which were prepared in accordance with IFRS, as endorsed by the European Union.

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**Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AS OF JUNE 30, 2014
(UNAUDITED)**

2. BASIS OF PREPARATION (Continued)

In accordance with IAS 34, the Group has chosen to publish a set of condensed financial statements in its financial report as of June 30, 2014.

The principles and standards used in the preparation of this unaudited Financial Report are consistent with those used in preparing the audited consolidated financial statements as of December 31, 2013, except as described in Note 3 "New Accounting Principles," and taxes on income which are accrued using the tax rate that would be applicable to projected total annual profit.

This Financial Report has been prepared on a going concern basis. Management believes that there are no indicators that may cast significant doubt upon the Group's ability to continue as a going concern, in particular, over the next twelve months.

The Company's reporting currency for the presentation of the consolidated financial statements is the Euro. Unless otherwise specified, the figures in the statements and within these Notes to the Condensed Consolidated Financial Statements are expressed in thousands of Euro.

This Financial Report is composed of the consolidated statements of financial position, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, the consolidated statements of cash flows and Notes to the Condensed Consolidated Financial Statements as of June 30, 2014.

The financial statements were prepared using the historical cost convention, with the exception of certain financial assets and liabilities for which measurement at fair value is required.

The Group also applied the CONSOB resolution n. 15519 of July 27, 2006 and the CONSOB communication n. 6064293 of July 28, 2006.

The preparation of this report required management to use estimates and assumptions that affected the reported amounts of revenue, costs, assets and liabilities, as well as disclosures relating to contingent assets and liabilities at the reporting date. Results published on the basis of such estimates and assumptions could vary from actual results that may be realized in the future.

These measurement processes and, in particular, those that are more complex, such as the calculation of impairment losses on non-current assets, and the actuarial calculations necessary to calculate certain employee benefits liabilities, are generally carried out only when the audited consolidated financial statements for the fiscal year are prepared, unless there are indicators which require updates to estimates.

3. NEW ACCOUNTING PRINCIPLES

New standards and amendments that are effective for reporting periods beginning on or after January 1, 2014.

IFRIC 21 Levies. The interpretation published by the IASB on May 20, 2013 is applicable to the periods starting from January 1, 2014. IFRIC 21 is an interpretation of IAS 37 *Provision, Contingent Liabilities and Contingent Assets*, which requires that a provision is booked if, being certain other conditions met, an entity also has a present obligations as a consequence of a past event ("obligating event"). The interpretation clarifies the obligating event that requires an obligation to pay taxes to be recorded is the

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**Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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3. NEW ACCOUNTING PRINCIPLES (Continued)

activity that determines the tax payments, as set forth by the law. The adoption of the interpretation did not have a significant impact on the consolidated financial statements of the Group.

Amendments to IAS 32 Financial instruments: "Presentation on offsetting financial assets and financial liabilities." The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The standard, published in December 2011, was endorsed by the European Union in December 2012 and is effective for annual periods beginning on or after January 1, 2014. The adoption of the standard did not have a significant impact on the consolidated financial statements of the Group.

Amendments to IAS 36 Impairment of assets. The amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposals. The amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of the amendments did not have a significant impact on the consolidated financial statements of the Group.

New standards and amendments that are effective for reporting periods beginning after January 1, 2014 and not early adopted.

IFRS 9 Financial instruments, issued in November 2009. The standard is the first step in the process to replace IAS 39 *Financial instruments: recognition and measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets. The new standard reduces the number of categories of financial assets pursuant to IAS 39 and requires that all financial assets be: (i) classified on the basis of the model which a company has adopted in order to manage its financial activities and on the basis of the cash flows from financing activities; (ii) initially measured at fair value plus any transaction costs in the case of financial assets not measured at fair value through profit and loss; and (iii) subsequently measured at their fair value or at the amortized cost. IFRS 9 also provides that embedded derivatives which fall within the scope of IFRS 9 must no longer be separated from the primary contract which contains them and states that a company may decide to directly record within the consolidated statement of comprehensive income any changes in the fair value of investments which fall within the scope of IFRS 9. The standard has not yet been endorsed by the European Union. The Group has not early adopted and is assessing the full impact of adopting IFRS 9.

IFRS 15 Revenue from contracts with customers, issued on May 28, 2014. The new standard will be effective for the first interim period within the annual reporting periods beginning on or after January 1, 2017. This standard replaces IAS 18 *Revenues*, IAS 11 *Construction Contracts*, IFRIC 13 *Customers Loyalty Programs*, IFRIC 15 *Agreements for Constructions of Real Estate*, IFRIC 18 *Transfers of Assets from Customers*, SIC 31 *Revenue Barter Transactions Involving Advertising Services*. Revenue is recognized when the customer obtains control over goods or services and, therefore, when it has the ability to direct the use of and obtain the benefit from them. In case an entity agrees to provide goods or services for consideration that varies upon certain future events occurring or not occurring, an estimate of this variable consideration is included in the transaction price only if highly probable. The consideration in multiple element transactions is allocated based on the price an entity would charge a customer on a stand-alone for each good or service. Entities sometimes incur costs, such as sales commissions, to obtain or fulfill a contract. Contract costs that meet certain criteria are capitalized as an asset and amortized as

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**Notes to the
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3. NEW ACCOUNTING PRINCIPLES (Continued)

revenue is recognized. The standard also specifies that an entity should adjust the transaction price for the time value of the money in case the contract includes a significant financing component. The Group is currently evaluating the impact that the application of the new standard will have on its consolidated financial statements. The new standard was not endorsed by the European Union at the time these condensed consolidated financial statements were authorized for issuance.

Amendments to IAS 16 and 38 Clarification of Acceptable Methods of Depreciation and Amortization. The Amendments clarify the use of the *"revenue based methods"* to calculate the depreciation of a building. The Amendments are applicable starting January 1, 2016 and are not yet endorsed by the European Union. The Group is currently evaluating the impact that the application of the new standard will have on its consolidated financial statements.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operation. The Amendments advise on how to account for acquisitions of interests in joint operations. The Amendments are applicable starting January 1, 2016 and are not yet endorsed by the European Union. The Group is currently evaluating the impact that the application of the new standard will have on its consolidated financial statements.

4. BUSINESS COMBINATIONS

On January 31, 2014, the Company completed the acquisition of glasses.com. The consideration for the acquisition was USD 40 million (approximately Euro 29.2 million). The difference between the consideration paid and the net assets acquired was provisionally recorded as goodwill and intangible assets. In accordance with IFRS 3 Business combinations, the value of assets acquired and liabilities assumed will be definitively determined within 12 months after the acquisition date. Acquisition-related costs were approximately Euro 321.3 thousand and were expensed as incurred.

During the first half of 2014, the Group completed other minor acquisitions in the retail segment in Spain, Macao and Australia for total consideration of Euro 10.3 million. The difference between the consideration paid and the net assets acquired was provisionally recorded as goodwill, determined based on the future expected economic benefits.

In accordance with IFRS 3 Business combinations, the value of the above assets acquired and liabilities assumed will be definitively determined within 12 months after the acquisition date.

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4. BUSINESS COMBINATIONS (Continued)

The following table summarizes the consideration paid, the provisional fair value of the assets acquired and liabilities assumed at the acquisition date for glasses.com (in thousands of Euro):

Consideration	29,190
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Total consideration	29,190
----------------------------	---------------

Recognized amount of identifiable assets and liabilities assumed

Accounts receivable net	50
Inventory	3,284
Other current receivables	295
Fixed assets	4,590
Intangible assets	9,604
Other current liabilities	(1,213)
Total net identifiable assets	16,610

Provisional Goodwill	12,580
----------------------	--------

Total	29,190
--------------	---------------

5. SEGMENT REPORTING

In accordance with IFRS 8 *Operating segments*, the Group operates in two industry segments: (1) Manufacturing and Wholesale Distribution and (2) Retail Distribution.

The criteria applied to identify the reporting segments are consistent with the way the Group is managed. In particular, the disclosures are consistent with the information periodically analyzed by the Group's Chief Executive Officer, in his role as Chief Operating Decision Maker, to make decisions about resources to be allocated to the segments and assess their performance. Total assets for each reporting

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**Notes to the
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5. SEGMENT REPORTING (Continued)

segment are no longer disclosed as they are not key indicators which are monitored in order to assess the Group's financial performance.

(Amounts in thousands of Euro)	Manufacturing and Wholesale Distribution	Retail Distribution	Inter-segment transactions and corporate adjustments ^(c)	Consolidated
Six months ended June 30, 2014 (unaudited)				
Net sales ^(a)	1,739,399	2,162,913		3,902,313
Income from operations ^(b)	456,264	306,842	(96,760)	666,346
Interest income				5,840
Interest expense				(53,318)
Other-net				(353)
Income before provision for income taxes				618,514
Provision for income taxes				(222,667)
Net income				395,847
<i>Of which attributable to:</i>				
Luxottica stockholders				392,541
Non-controlling interests				3,306
Capital expenditures	68,490	105,428		173,919
Depreciation and amortization	57,313	85,716	38,653	181,681
Six months ended June 30, 2013 (unaudited)				
Net sales ^(a)	1,660,987	2,220,741		3,881,728
Income from operations ^(b)	421,355	311,870	(96,734)	636,491
Interest income				5,037
Interest expense				(52,839)
Other-net				(4,107)
Income before provision for income taxes				584,582
Provision for income taxes				(210,499)
Net income				374,081
<i>Of which attributable to:</i>				
Luxottica Stockholders				371,196
Non-controlling Interests				2,885
Capital expenditures	67,512	86,711		154,223
Depreciation and amortization	53,171	86,619	42,778	182,568

(a) Net sales of both the Manufacturing and Wholesale Distribution segment and the Retail Distribution segment include sales to third-party customers only.

(b) Income from operations of the Manufacturing and Wholesale Distribution segment is related to net sales to third-party customers only, excluding the "manufacturing profit" generated on the inter-company sales to the Retail Distribution segment. Income from operations of the Retail Distribution segment is related to retail sales, considering the cost of goods acquired from the Manufacturing and Wholesale Distribution segment at manufacturing cost, thus including the relevant "manufacturing profit" attributable to those sales.

(c) Inter-segment transactions and corporate adjustments include corporate costs not allocated to a specific segment and amortization of acquired intangible assets.

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**Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION***CURRENT ASSETS*****6. CASH AND CASH EQUIVALENTS**

(Amounts in thousands of Euro)	As of June 30, 2014 (unaudited)	As of December 31, 2013 (audited)
Cash at bank	1,174,488	607,499
Checks	5,870	7,821
Cash and cash equivalents on hand	2,842	2,626
Total	1,183,200	617,995

The increase is mainly due to the issuance of a new bond for Euro 500 million in the first half of 2014. See note 21 and the consolidated cash flow statement for further details.

7. ACCOUNTS RECEIVABLE

(Amounts in thousands of Euro)	As of June 30, 2014 (unaudited)	As of December 31, 2013 (audited)
Accounts receivable	983,901	715,527
Allowance for doubtful accounts	(40,006)	(35,231)
Total	943,895	680,296

The above are exclusively trade receivables and are recognized net of allowances to adjust their carrying amount to estimated realizable value. They are all due within 12 months.

8. INVENTORIES

(Amounts in thousands of Euro)	As of June 30, 2014 (unaudited)	As of December 31, 2013 (audited)
Raw materials	168,158	163,809
Work in process	37,212	36,462
Finished goods	577,842	612,814
Less: inventory obsolescence reserves	(125,244)	(114,135)
Total	657,968	698,950

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**Notes to the
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9. OTHER ASSETS

(Amounts in thousands of Euro)	As of June 30, 2014 (unaudited)	As of December 31, 2013 (audited)
Sales taxes receivable	38,926	47,105
Short-term borrowings	4,729	770
Accrued income	1,915	1,418
Other financial assets	34,519	41,293
Total financial assets	80,089	90,586
Income tax receivable	26,783	46,554
Advances to suppliers	26,875	19,546
Prepaid expenses	68,427	51,469
Other assets	30,822	30,606
Total other assets	152,906	148,175
Total other current assets	232,995	238,761

Other financial assets included amounts (i) recorded in the North American Retail Division totaling Euro 8.5 million as of June 30, 2014 (Euro 12.1 million as of December 31, 2013) and (ii) derivative financial assets of Euro 0.5 million as of June 30, 2014 (Euro 6.0 million as of December 31, 2013). The decrease in sales tax receivable is mainly due to certain Italian entities of the Group.

The decrease in income tax receivable is mainly due to certain U.S. subsidiaries of the Group utilizing receivables generated in 2013 to offset payments due in 2014.

Other assets include the short-term portion of advance payments made to certain designers for future contracted minimum royalties of Euro 30.8 million as of June 30, 2014 (Euro 30.6 million as of December 31, 2013).

Prepaid expenses mainly relate to the payments of monthly rental expenses incurred by the Group's North America and Asia-Pacific retail divisions.

The net book value of financial assets is approximately equal to their fair value and this value also corresponds to the maximum exposure of the credit risk. The Group has no guarantees or other instruments to manage credit risk.

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**Notes to the
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NON-CURRENT ASSETS**10. PROPERTY, PLANT AND EQUIPMENT**

Changes in items of property, plant and equipment during the first six months of 2013 and 2014 were as follows:

(Amounts in thousands of Euro)	Land and buildings, including leasehold improvements	Machinery and equipment	Aircraft	Other equipment	Total
Balance as of January 1, 2013					
Historical cost	913,679	1,074,258	38,087	615,957	2,641,981
Accumulated depreciation	(438,046)	(668,561)	(10,337)	(332,644)	(1,449,588)
Balance as of January 1, 2013	475,633	405,697	27,750	283,313	1,192,394
Increases					
Increases	19,872	39,324		43,147	102,343
Decreases	(1,652)			(6,189)	(7,841)
Business combinations	2,448	766		1,261	4,475
Translation differences and other	2,240	20,653		(31,572)	(8,679)
Depreciation expense	(30,002)	(46,492)	(770)	(28,686)	(106,132)
Balance as of June 30, 2013	468,539	419,948	26,980	261,092	1,176,559
Historical cost					
Historical cost	927,169	1,112,363	38,087	597,530	2,675,148
Accumulated depreciation	(458,630)	(692,415)	(11,107)	(336,438)	(1,498,590)
Balance as of June 30, 2013	468,539	419,948	26,980	261,092	1,176,559

(Amounts in thousands of Euro)	Land and buildings, including leasehold improvements	Machinery and equipment	Aircraft	Other equipment	Total
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Balance as of January 1, 2014					
Historical cost	910,968	1,107,816	38,145	612,555	2,669,485
Accumulated depreciation	(454,957)	(681,918)	(11,894)	(337,480)	(1,486,249)
Balance as of January 1, 2014	456,011	425,898	26,252	275,075	1,183,236
Increases					
Increases	20,405	35,555	7,522	53,698	117,181
Decreases	(610)	(2,285)	(2,893)	(1,809)	(7,597)
Business combinations	4	4,120		518	4,641
Translation differences and other	6,888	20,477	3,807	(25,293)	5,879
Depreciation expense	(28,935)	(48,885)	(776)	(27,887)	(106,483)
Balance as of June 30, 2014	453,763	434,881	33,912	274,302	1,196,858
Historical cost					
Historical cost	927,267	1,159,674	45,971	635,387	2,768,299
Accumulated depreciation	(473,504)	(724,793)	(12,058)	(361,085)	(1,571,441)
Balance as of June 30, 2014	453,763	434,881	33,912	274,302	1,196,858

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**Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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10. PROPERTY, PLANT AND EQUIPMENT (Continued)

The increase in property, plant and equipment from business combinations is mainly due to the acquisition of glasses.com. For further details about the effects of the acquisition of glasses.com please refer to Note 4 "Business combinations."

Of the total depreciation expense of Euro 106.5 million for the first six months of 2014 (Euro 106.1 million in the same period of 2013), Euro 39.8 million (Euro 35.6 million in the same period of 2013) is included in cost of sales, Euro 52.3 million (Euro 55.9 million in the same period of 2013) in selling expenses, Euro 3.3 million (Euro 2.4 million in the same period of 2013) in advertising expenses and Euro 11.1 million (Euro 12.3 million in the same period of 2013) in general and administrative expenses.

Capital expenditures in the first six months of 2014 and 2013 mainly relate to routine technology upgrades to the manufacturing infrastructure, opening of new stores and the remodeling of older stores with leases that were extended during their respective periods.

Other equipment includes Euro 67.5 million for assets under construction at June 30, 2014 (Euro 70.9 million at December 31, 2013).

Leasehold improvements totaled Euro 149.3 million and Euro 149.5 million at June 30, 2014 and December 31, 2013, respectively.

11. GOODWILL AND INTANGIBLE ASSETS

Changes in intangible assets in the first six months of 2013 and 2014 were as follows:

(Amounts in thousands of Euro)	Goodwill	Trade names and Trademarks	Customer relations, contracts and lists	Franchise agreements	Other intangible assets	Total
Balance as of January 1, 2013						
Historical cost	3,148,770	1,563,447	247,730	21,752	547,966	5,528,665
Accumulated amortization		(713,608)	(83,553)	(8,433)	(228,614)	(1,034,208)
Balance as of January 1, 2013	3,148,770	849,839	164,177	13,319	318,352	4,494,457
Increases		16			53,937	53,953
Decreases					(46)	(46)
Intangible assets from business acquisitions	62,551	29,567			4,261	96,379
Translation differences and other	(23,931)	(6,495)	(689)	114	11,178	(19,823)
Amortization expense		(35,154)	(7,485)	(553)	(33,250)	(76,436)
Balance as of June 30, 2013	3,187,390	837,773	156,003	12,886	354,433	4,548,485
Balance as of June 30, 2014						
Historical cost	3,187,390	1,579,218	247,304	21,942	612,213	5,648,067
Accumulated amortization		(741,445)	(91,301)	(9,055)	(257,780)	(1,099,582)

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Balance as of June 30, 2013	3,187,390	837,773	156,003	12,886	354,433	4,548,485
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**Notes to the
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11. GOODWILL AND INTANGIBLE ASSETS (Continued)

(Amounts in thousands of Euro)	Goodwill	Trade names and Trademarks	Customer relations, contracts and lists	Franchise agreements	Other intangible assets	Total
Balance as of January 1, 2014						
Historical cost	3,045,216	1,490,809	231,621	20,811	624,468	5,412,925
Accumulated amortization		(729,915)	(93,148)	(9,109)	(274,400)	(1,106,572)
Balance as of January 1, 2014	3,045,216	760,894	138,473	11,702	350,068	4,306,353
Increases						
		17			57,024	57,041
Decreases						
					(648)	(648)
Intangible assets from business acquisitions						
	22,610	876			9,041	32,526
Translation differences and other						
	39,486	10,857	2,535	112	7,359	60,350
Amortization expense						
		(31,609)	(6,797)	(524)	(36,268)	(75,198)
Balance as of June 30, 2014	3,107,312	741,035	134,211	11,290	386,577	4,380,425
Of which						
Historical cost	3,107,312	1,511,855	235,216	21,013	700,542	5,575,938
Accumulated amortization		(770,820)	(101,005)	(9,723)	(313,965)	(1,195,326)
Balance as of June 30, 2014	3,107,312	741,035	134,211	11,290	386,577	4,380,425

The increase in goodwill and other intangible assets from business acquisitions mainly relates to the acquisition of glasses.com in January 2014 for Euro 29.2 million (USD 40 million) and other minor acquisitions in the retail segment in Spain, Macao and Australia for Euro 10.3 million. For additional details on the acquisition please refer to Note 4 "Business Combinations."

Of the total amortization expense of Euro 75.2 million of the first six months of 2014 (Euro 76.4 million in the same period of 2013), Euro 1.3 million (Euro 2.7 million in the same period of 2013) is included in cost of sales, Euro 5.6 million (Euro 3.9 million in the same period of 2013) in selling expenses and Euro 68.3 million (Euro 69.8 million in the same period of 2013) in general and administrative expenses.

The increase in other intangible assets is mainly due to the continued implementation of a new IT platform.

12. INVESTMENTS

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Investments amounted to Euro 58.0 million as of June 30, 2014 (Euro 58.1 million at December 31, 2013) and mainly included investments in (i) Eyebiz Laboratories Pty Limited of Euro 5.9 million (Euro 4.7 million at December 31, 2013) and (ii) Salmoiraghi & Viganò of Euro 41.3 million (Euro 42.6 as of December 31, 2013).

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**Notes to the
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12. INVESTMENTS (Continued)

The following tables provide a roll-forward of Group's investment for the first half of 2014 and the assets, liabilities and net sales of Salmoiraghi & Viganò as of June 30, 2014:

As of January 1, 2013	42,567
Addition	
Share of profit from associate	(1,270)

As of June 30, 2014	41,297
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**As of
June 30, 2014**

Total assets	177,445
Total liabilities	145,361
Net sales	85,689
Share of profit	(1,270)

Percentage held	36.33%
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13. OTHER NON-CURRENT ASSETS

(Amounts in thousands of Euro)	As of June 30 2014 (unaudited)	As of December 31 2013 (audited)
Other financial assets	62,404	57,390
Other assets	54,575	69,193
Other non-current assets	116,979	126,583

Other non-current financial assets were primarily comprised of security deposits of Euro 30.9 million as of June 30, 2014 (Euro 28.7 million at December 31, 2013). The remaining portion of the balance is split among the Group's subsidiaries, none of them

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representing significant amounts on a standalone basis as of June 30, 2014 and 2013 respectively.

The carrying value of financial assets approximates their fair value and corresponds to the Group's maximum exposure to credit risk. The Group does not utilize guarantees or other credit support instruments for managing credit risk.

Other assets include advance payments made to certain licensees for future contractual minimum royalties totaling Euro 54.6 million (Euro 69.2 million as of December 31, 2013).

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14. DEFERRED TAX ASSETS AND LIABILITIES

The balance of deferred tax assets and liabilities as of June 30, 2014 and December 31, 2013 is as follows:

(Amounts in thousands of Euro)	As of June 30 2014 (unaudited)	As of December 31 2013 (audited)
Deferred tax assets	190,961	172,623
Deferred tax liabilities	248,465	268,078
Deferred tax liabilities (net)	57,504	95,455

Deferred tax assets primarily relate to temporary differences between the tax values and carrying amounts of inventories, fixed and intangible assets, pension funds, tax losses and provisions for risks and other charges. Deferred tax liabilities primarily relate to temporary differences between the tax values and carrying amounts of property, plant and equipment and intangible assets. The decrease in deferred tax liabilities (net) is mainly due to an increase in pension plan liabilities as a result of a decrease in the discount rate applied in June 2014 as compared to the one used to calculate liabilities as of December 31, 2013.

15. SHORT-TERM BORROWINGS

Short-term borrowings at June 30, 2014 reflect bank overdrafts and short term borrowings with various banks. The interest rates on these credit lines are floating. The credit lines may be used, if necessary, to obtain letters of credit.

As of June 30, 2014 and December 31, 2013, the Company had unused short-term lines of credit of approximately Euro 724.8 million and Euro 742.6 million, respectively.

The Company and its wholly-owned Italian subsidiary Luxottica S.r.l. maintain unsecured lines of credit with primary banks for an aggregate maximum credit of Euro 259.0 million. These lines of credit are renewable annually, can be cancelled at short notice and have no commitment fees. At June 30, 2014, these credit lines were utilized in the amount of Euro 0.1 million.

Luxottica U.S. Holdings Corp. ("US Holdings") maintains unsecured lines of credit with two separate banks for an aggregate maximum credit of Euro 94.8 million (USD 130.0 million). These lines of credit are renewable annually, can be cancelled at short notice and have no commitment fees. At June 30, 2014, Euro 4.8 million was utilized under these credit lines. However, there was Euro 40.2 million in aggregate face amount of standby letters of credit outstanding related to guarantees on these lines of credit.

The blended average interest rate on these lines of credit is LIBOR plus a spread up to 20 basis points based on the different lines of credit.

The carrying value of short-term borrowings approximates their fair value.

16. CURRENT PORTION OF LONG-TERM DEBT

This item consists of the current portion of loans granted to the Group, as further described below in Note 21 "Long-term Debt."

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**Notes to the
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17. ACCOUNTS PAYABLE

Accounts payable were Euro 658.3 million and Euro 681.2 million as of June 30, 2014 and December 31, 2013, respectively. The balance is due in its entirety within 12 months.

The carrying value of accounts payable approximates their fair value.

18. INCOME TAXES PAYABLE

The balance of income taxes payable is detailed below:

(Amounts in thousands of Euro)	As of June 30, 2014 (unaudited)	As of December 31, 2013 (audited)
Current year income taxes payable fund	129,338	44,072
Income taxes advance payment	(33,905)	(34,595)
Total	95,433	9,477

The expected effective tax rate (36%) for 2014 is consistent with the effective tax rate as of December 31, 2013.

The increase in income tax payable is due to the timing of the tax payments in the different jurisdictions in which the group operates.

19. SHORT TERM PROVISIONS FOR RISKS AND OTHER CHARGES

The balance as of June 30, 2013 and 2014 is detailed below respectively:

(Amounts in thousands of Euro)	Legal risk	Self-insurance	Tax provision	Other risks	Returns	Total
Balance as of December 31, 2012	578	4,769	12,150	12,477	36,057	66,032
Increases	623	5,926	369	14,598	24,113	45,629
Decreases	(410)	(4,963)	(1,040)	(3,161)	(15,076)	(24,649)
Foreign translation difference reclassifications and other movements	85	13	1	1,170	144	1,952
Balance as of June 30, 2013	876	5,745	11,481	25,624	45,238	88,964

(Amounts in thousands of Euro)	Legal risk	Self-insurance	Tax provision	Other risks	Returns	Total
Balance as of December 31, 2013	997	5,535	63,928	14,772	38,455	123,688
Increases	4	4,911	23	17,720	15,516	38,174
Decreases	(72)	(4,867)	(26)	(8,760)	(9,633)	(23,358)
Foreign translation difference reclassifications and other movements	1,346	(79)	94	6	407	1,775
Balance as of June 30, 2014	2,275	5,500	64,019	23,738	44,746	140,278

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(UNAUDITED)**

19. SHORT TERM PROVISIONS FOR RISKS AND OTHER CHARGES (Continued)

The Company is self-insured for certain losses relating to workers' compensation, general liability, auto liability, and employee medical benefits for claims filed and for claims incurred but not reported. The Company's liability is estimated on an undiscounted basis using historical claims experience and industry averages.

Legal risk includes provisions for various litigated matters that have occurred in the ordinary course of business.

The tax provision mainly includes a total accrual of approximately Euro 40.0 million related to the tax audit of Luxottica S.r.l. for fiscal years subsequent to 2007.

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20. OTHER LIABILITIES

(Amounts in thousands of Euro)	As of June 30, 2014 (unaudited)	As of December 31, 2013 (audited)
Premiums and discounts	4,216	2,674
Leasing rental	18,308	16,535
Insurance	8,697	10,008
Sales taxes payable	58,336	37,838
Salaries payable	230,401	228,856
Due to social security authorities	30,631	33,640
Sales commissions	7,159	9,008
Royalties payable	3,973	3,742
Derivative financial liabilities	3,127	1,729
Other liabilities	154,830	130,852
Total financial liabilities	519,677	474,882
Deferred income	6,774	9,492
Advances from customers	27,573	33,396
Other liabilities	5,329	5,280
Total liabilities	39,677	48,168
Total other current liabilities	559,354	523,050

21. LONG-TERM DEBT

Long-term debt was Euro 2,530.8 million and Euro 2,176.9 million as of June 30, 2014 and 2013, respectively.

The roll-forward of long term debt as of June 30, 2013 and 2014 is as follows:

(Amounts in thousands of Euro)	Luxottica Group S.p.A. credit agreement	Senior unsecured guaranteed notes	Credit agreement with various	Credit agreement with various	Other loans with banks and other third	Total
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	with various financial institutions	financial institutions	financial institutions for Oakley acquisition	parties, interest at various rates, payable in installments through 2014		
Balance as of January 1, 2013	367,743	1,723,225	45,664	174,922	50,624	2,362,178
Proceeds from new and existing loans					3,585	3,585
Repayments	(70,000)		(46,016)	(80,679)	(19,788)	(216,483)
Loans assumed in business combinations					16,063	16,063
Amortization of fees and interests	(66)	(528)	34	87	4,420	3,947
Foreign translation difference		5,355	318	1,225	719	7,617
Balance as of June 30, 2013	297,677	1,728,052		95,555	55,623	2,176,907

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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21. LONG-TERM DEBT (Continued)

(Amounts in thousands of Euro)	Luxottica Group S.p.A. credit agreement with various financial institutions	Senior unsecured guaranteed notes	Other loans with banks and other third parties, interest at various rates, payable in installments through 2014	Total
Balance as of January 1, 2014	298,478	1,683,970	52,061	2,034,510
Proceeds from new and existing loans		494,655	1,511	496,166
Repayments			(13,281)	(13,281)
Loans assumed in business combinations				
Amortization of fees and interests	823	7,108		7,931
Foreign translation difference		5,590	(110)	5,479
Balance as of June 30, 2014	299,302	2,191,322	40,181	2,530,805

The Group uses debt financing to raise financial resources for long-term business operations and to finance acquisitions. The Group continues to seek debt refinancing at favorable market rates and actively monitors the debt capital markets in order to take appropriate action to issue debt, when appropriate. Our debt agreements contain certain covenants, including covenants that limit our ability to incur additional indebtedness (for more details see note 3(f) Default risk: negative pledges and financial covenants to the 2013 Consolidated Financial Statements). As of June 30, 2014, we were in compliance with these financial covenants.

The table below summarizes the Group's long-term debt.

Type	Series	Issuer/Borrower	Issue Date	CCY	Amount	Outstanding amount at the reporting date	Coupon / Pricing	Interest rate as of June 30, 2014	Maturity
2009 Term Loan		Luxottica Group S.p.A.	November 11, 2009						