LUXOTTICA GROUP SPA
Form 6-K
May 12, 2014

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 March 31, 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 ý Form 40-F o

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): o

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): o

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 o No ý

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
Alternate Auditors	Giorgio Silva
	Fabrizio Riccardo di Giusto
Officer Responsible for Preparing the Company's Financial Reports	Enrico Cavatorta

Auditing Firm

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

PricewaterhouseCoopers SpA

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Luxottica Group S.p.A.

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

Capital Stock € 28,676,710.38

authorized and issued

ITEM 1. MANAGEMENT REPORT ON THE INTERIM FINANCIAL RESULTS AS OF MARCH 31, 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 three months of 2014, there were no changes to the risks reported as of December 31, 2013.

1. OPERATING PERFORMANCE FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

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

Net sales decreased from Euro 1,864.1 million in the first three months of 2013 to Euro 1,842.3 million in the first three months of 2014 (-1.2 percent at current exchange rates and +4.2 percent at constant exchange rates[(1)]).

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")[(2)] in the first three months of 2014 decreased by 1.5 percent to Euro 359.9 million from Euro 365.3 million in the same period of 2013.

Operating income for the first three months of 2014 decreased by 1.7 percent to Euro 270.2 million from Euro 274.8 million during the same period of the previous year. The Group's operating margin in the first three months of 2014 was 14.7 percent in line with last year.

In the first three months of 2014 net income attributable to Luxottica Stockholders decreased by 1.2 percent to Euro 157.3 million from Euro 159.2 million in the same period of 2013. Earnings per share ("EPS") was Euro 0.33 and EPS expressed in USD was 0.45 (at an average rate of Euro/USD of 1.3696).

By carefully controlling working capital, the Group generated positive free cash flow[(3)] in the first three months of 2014 equal to Euro 60 million. Net debt as of March 31, 2014 was Euro 1,429 million (Euro 1,461 million at the end of 2013), with a ratio of net debt to adjusted EBITDA[(4)] of 1.0x (1.0x as of December 31, 2013).

2. SIGNIFICANT EVENTS DURING THE THREE MONTHS ENDED MARCH 31, 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.

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(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 period ended March 31, 2013. Please refer to Attachment 1 for further details on exchange rates.

(2) For a further discussion of EBITDA and adjusted EBITDA, see page 9 "Non-IFRS Measures."

(3) For a further discussion of free cash flow, see page 9 "Non-IFRS Measures."

(4) For a further discussion of net debt and net debt to adjusted EBITDA, see page 9 "Non-IFRS Measures."

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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 with 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.

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 March 31, 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, Pearle Vision, 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. $1.3696 in the first three months of 2014 from Euro 1.00 = U.S. $1.3200 in the same period of 2013. With 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 THREE MONTHS ENDED MARCH 31, 2014 AND 2013 (UNAUDITED)

	Three months ended March 31,			
(Amounts in thousands of Euro)	**2014**	**% of net sales**	**2013**	**% of net sales**
Net sales	**1,842,334**	**100.0%**	**1,864,119**	**100.0%**
Cost of sales	664,142	36.0%	660,595	35.4%
Gross profit	**1,178,192**	**64.0%**	**1,203,524**	**64.6%**
Selling	547,667	29.7%	562,020	30.1%
Royalties	36,003	2.0%	36,170	1.9%
Advertising	108,504	5.9%	111,553	6.0%
General and administrative	215,804	11.7%	218,964	11.7%
Total operating expenses	**907,978**	**49.3%**	**928,706**	**49.8%**
Income from operations	**270,214**	**14.7%**	**274,817**	**14.7%**
Other income/(expense)				
Interest income	2,831	0.2%	2,548	0.1%
Interest expense	(26,029)	(1.4)%	(26,555)	(1.4)%
Other net	1,345	0.0%	177	0.0%
Income before provision for income taxes	**248,360**	**13.5%**	**250,987**	**13.5%**
Provision for income taxes	(89,382)	(4.9)%	(90,366)	(4.8)%
Net income	**158,978**	**8.6%**	**160,621**	**8.6%**
Attributable to				
Luxottica Group stockholders	**157,327**	**8.5%**	**159,234**	**8.5%**
non-controlling interests	1,651	0.1%	1,387	0.1%
NET INCOME	**158,978**	**8.6%**	**160,621**	**8.6%**

Net Sales. Net sales decreased by Euro 21.8 million, or 1.2% percent, to Euro 1,842.3 million in the first three months of 2014 from Euro 1,864.1 million in the same period of 2013. This decrease was attributable to the fluctuation of various currencies in which we conduct business. Net sales in the manufacturing and wholesale distribution segment in the first three months of 2014 as compared to the same period in 2013 increased by Euro 23.6 million, whereas net sales in the retail distribution segment decreased by Euro 45.4 million for the same period.

Net sales for the retail distribution segment decreased by Euro 45.4 million, or 4.2 percent, to Euro 1,037.7 million in the first three months of 2014 from Euro 1,083.1 million in the same period in 2013. Although there was an overall decrease, the retail segment recorded a 1.9 percent improvement in comparable store sales(5). In particular, comparable store sales for the North American retail operations increased slightly in the first three months of 2014 as compared ot the same period of last year (+0.1 percent). During the same periods the Australian/New Zealand retail operations increased 3.6 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 62.4 million during the period.

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(5) 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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Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 23.6 million, or 3.0 percent, to Euro 804.6 million in the first three months of 2014 from Euro 781.0 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 and Tiffany. 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 38.2 million.

In the first three months of 2014, net sales in the retail distribution segment accounted for approximately 56.3 percent of total net sales, as compared to approximately 58.1 percent of total net sales for the same period in 2013.

In the first three 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 78.1 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 decreased by 1.0 percent to USD 1,106.1 million in the first three months of 2014 from USD 1,116.9 million for the same period in 2013. This slight decrease was mainly caused by bad weather conditions occurring in this geographic region during the period. During the first three 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 decreased by 2.9 percent to Euro 230.1 million in the first three months of 2014 from Euro 236.9 million, or 21.9 percent of our total net sales in the retail distribution segment for the same period in 2012. This decrease was primarily due to the negative effect from the fluctuation of certain currencies in which we operate.

In the first three months of 2014, net sales to third parties in our manufacturing and wholesale distribution segment in Europe increased by Euro 19.2 million to Euro 353.8 million, comprising 44.0 percent of our total net sales in this segment, compared to Euro 334.6 million, or 42.8 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 285.8 million and comprised 25.9 percent of our total net sales in this segment for the first three months of 2014, compared to USD 270.1 million, or 26.2 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 three months of 2014, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world slightly increased by Euro 0.3 million or 0.1 percent to Euro 242.1 million, comprising 30.1 percent of our total net sales in this segment, compared to Euro 241.8 million, or 31.0 percent of our net sales in this segment, in the same period of 2013.

Cost of Sales. Cost of sales increased by Euro 3.5 million, or 0.5 percent, to Euro 664.1 million in the first three months of 2014 from Euro 660.6 million in the same period of 2013. As a percentage of net sales, cost of sales increased to 36.0 percent in the first three months of 2014 as compared to 35.4 percent in the same period of 2013. In the first three months of 2014, the average number of frames produced daily in our facilities was approximately 290,900 as compared to approximately 302,700 in the same period of 2013.

Gross Profit. Our gross profit decreased by Euro 25.3 million, or 2.1 percent, to Euro 1,178.2 million in the first three months of 2014 from Euro 1,203.5 million for the same period of 2013. As a percentage of net sales, gross profit decreased to 64.0 percent in the first three months of 2014 as compared to 64.6 percent for the same period of 2013, due to the factors noted above.

Operating Expenses. Total operating expenses decreased by Euro 20.7 million, or 2.2 percent, to Euro 908.0 million in the first three months of 2014 from Euro 928.7 million in the same period of 2013. As a percentage of net sales, operating expenses decreased to 49.3 percent in the first three months of 2014, from 49.8 percent in the same period of 2013.

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Selling and advertising expenses (including royalty expenses) decreased by Euro 17.6 million, or 2.5 percent, to Euro 692.2 million in the first three months of 2014 from Euro 709.7 million in the same period of 2013. Selling expenses decreased by Euro 14.4 million, or 2.6 percent. Advertising expenses decreased by Euro 3.1 million, or 2.7 percent. Royalties decreased by Euro 0.2 million, 0.5 percent. As a percentage of net sales, selling and advertising expenses (including royalty expenses) were 37.6 percent in the first three months of 2014 and 38.1 percent in the same period of 2013.

General and administrative expenses, including intangible asset amortization decreased by Euro 3.2 million, or 1.4 percent, to Euro 215.8 million in the first three months of 2014 as compared to Euro 219.0 million in the same period of 2013. As a percentage of net sales, general and administrative expenses were 11.7 percent in the first three months of 2014 and 2013.

Income from Operations. For the reasons described above, income from operations decreased by Euro 4.6 million, or 1.7 percent, to Euro 270.2 million in the first three months of 2014 from Euro 274.8 million in the same period of 2013. As a percentage of net sales, income from operations was 14.7 percent in the first three months of 2014 and 2013.

Other Income (Expense) Net. Other income (expense) net was Euro (21.9) million in the first three months of 2014 as compared to Euro (23.8) million in the same period of 2013. Net interest expense was Euro 23.2 million in the first three months of 2014 as compared to Euro 24.0 million in the same period of 2013.

Net Income. Income before taxes decreased by Euro 2.6 million, or 1.0 percent, to Euro 248.4 million in the first three months of 2014 from Euro 251.0 million in the same period of 2013, for the reasons described above. As a percentage of net sales, income before taxes was 13.5 percent in the first three months of 2014 and 2013.

Net income attributable to non-controlling interests in the first three months of 2014, increased to Euro 1.7 million from Euro 1.4 million in the first three months of 2013.

Net income attributable to Luxottica Group stockholders decreased by Euro 1.9 million, or 1.2 percent, to Euro 157.3 million in the first three months of 2014 from Euro 159.2 million in the same period of 2013. Net income attributable to Luxottica Group stockholders as a percentage of net sales was 8.5 percent in the first three months of 2014 and 2013.

Basic earnings per share were Euro 0.33 and 0.34 in the first three months of 2014 and 2013.

OUR CASH FLOWS

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 March 31, 2014**	**As of March 31, 2013**
		(unaudited)	
A)	Cash and cash equivalents at the beginning of the period	617,995	790,093
B)	Net cash provided by operating activities	127,432	23,761
C)	Cash used in investing activities	(110,584)	(187,615)
D)	Cash provided by/(used in) financing activities	514,435	(51,976)
E)	Effect of exchange rate changes on cash and cash equivalents	114	7,831
F)	Net change in cash and cash equivalents	531,397	(208,000)
G)	**Cash and cash equivalents at the end of the period**	**1,149,393**	**582,096**

Operating activities. Cash provided by operating activities was Euro 127.4 million and Euro 23.8 million for the first three months of 2014 and 2013, respectively.

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Depreciation and amortization were Euro 89.6 million in the first three months of 2014 as compared to Euro 90.5 million in the same period of 2013.

Cash used in accounts receivable was Euro (160.7) million in the first three months of 2014, compared to Euro (215.6) million in the same period of 2013. This change was primarily due to the improved timing of accounts receivable collections in the first three months of 2014 as compared to the same period of 2013. Cash generated/(used) in inventory was Euro 21.6 million in the first three months of 2014 as compared to Euro (9.8) million in the same period of 2013. The change in inventory in the first three months of 2013 was mainly due to the launch of the Armani collection which occurred in the second quarter of 2013. The change in inventory in the first three months of 2014 was mainly due to the better management of the Group's inventory and warehouses. Cash used in accounts payable was Euro (62.8) million in the first three months of 2014 compared to Euro (48.4) 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 1.9 million and Euro (29.8) million in the first three months of 2014 and 2013, respectively. The cash used in the first three months of 2013 was mainly due to the payments made for advances on royalties. Income taxes paid were Euro (15.1) million in the first three months of 2014 as compared to Euro (14.2) million in the same period of 2013. Interest paid was Euro (34.3) million and Euro (37.3) million in the first three months of 2014 and 2013, respectively.

Investing activities. Our cash used in investing activities was Euro (110.6) million for the first three months of 2014 as compared to Euro (187.6) million for the same period in 2013. The cash used in investing activities in the first three months of 2014 primarily consisted of (i) Euro (50.2) million in capital expenditures, (ii) Euro (31.0) million for the acquisition of intangible assets related to the creation of a new IT platform, (iii) Euro (29.3) million (net of cash acquired), mainly related to the acquisition of glasses.com. Cash used in investing activities in the first three months of 2013 primarily consisted of (i) Euro (42.6) million in capital expenditures, (ii) Euro (27.0) million for the acquisition of intangible assets, (iii) Euro (72.1) million, mainly related to the acquisition of Alain Mikli, and (iv) Euro (45.0) million, related to the acquisition of 36.33 percent stake in Salmoiraghi & Viganò.

Financing activities. Our cash provided by/(used) in financing activities for the first three months of 2014 and 2013 was Euro 514.4 million and Euro (52.0) million, respectively. Cash provided by/(used in) financing activities for the first three months of 2014 consisted primarily of the issuance of a new bond of Euro 500 million. Cash provided by/(used in) financing activities for the first three months of 2013 consisted primarily of Euro (94.5) million in cash used to repay short and long-term debt expiring during the first three months of 2013, partially offset by the proceeds from the exercise of stock options for Euro 44.1 million.

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OUR CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS **(Amounts in thousands of Euro)**	**March 31, 2014** **(unaudited)**	**December 31, 2013** **(audited)**
CURRENT ASSETS:		
Cash and cash equivalents	1,149,393	617,995
Accounts receivable net	844,198	680,296
Inventories net	681,284	698,950
Other assets	263,855	238,761
Total current assets	**2,938,729**	**2,236,002**
NON-CURRENT ASSETS:		
Property, plant and equipment net	1,181,955	1,183,236
Goodwill	3,063,790	3,045,216
Intangible assets net	1,267,965	1,261,137
Investments	58,177	58,108
Other assets	122,625	126,583
Deferred tax assets	180,213	172,623
Total non-current assets	**5,874,725**	**5,846,903**
TOTAL ASSETS	**8,813,454**	**8,082,905**

LIABILITIES AND STOCKHOLDERS' EQUITY	**March 31, 2014** **(unaudited)**	**December 31, 2013** **(audited)**
CURRENT LIABILITIES:		
Short term borrowings	65,182	44,921
Current portion of long-term debt	312,220	318,100
Accounts payable	617,599	681,151
Income taxes payable	101,961	9,477
Short term provisions for risks and other charges	132,465	123,688
Other liabilities	528,823	523,050
Total current liabilities	**1,758,251**	**1,700,386**
NON-CURRENT LIABILITIES:		
Long-term debt	2,201,206	1,716,410
Employee benefits	100,198	76,399
Deferred tax liabilities	252,578	268,078
Long term provisions for risks and other charges	98,241	97,544
Other liabilities	75,371	74,151

Total non-current liabilities	**2,727,594**	**2,232,583**
STOCKHOLDERS' EQUITY:		
Luxottica Group stockholders' equity	4,319,599	4,142,828
Non-controlling interests	8,009	7,107
Total stockholders' equity	**4,327,609**	**4,149,936**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**8,813,454**	**8,082,905**

As of March 31, 2014, total assets increased by Euro 730.6 million to Euro 8,813.5 million, compared to Euro 8,082.9 million as of December 31, 2013.

In the first three months of 2014, non-current assets increased by Euro 27.8 million, due to increases in intangible assets (including goodwill) of Euro 25.4 million and deferred tax assets of Euro 7.6 million,

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partially offset by decreases in other assets of Euro 4.0 million and in property, plant and equipment of Euro 1.3 million.

The increase in intangible assets was due to capitalized software and other intangible asset additions of Euro 30.9 million, acquisitions that occurred in the first three months of 2014 of Euro 22.3 million, effects of foreign currency fluctuations from December 2013 to March 2014 of Euro 9.1 million, all of which were partially offset by amortization of assets in the period of Euro 36.9 million.

The decrease in property, plant and equipment was due to the depreciation for the period of Euro 52.7 million, to the negative impact of foreign currency fluctuations from December 2013 to March 2014 of Euro 1.5 million, to the disposals for the period of Euro 2.0 million all of which were partially offset by capital additions in the period of Euro 50.2 million.

As of March 31, 2014 as compared to December 31, 2013:

Accounts receivable increased by Euro 163.9 million, primarily due to the increase in net sales during the first three 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 17.7 million. The reduction is mainly due to improved inventory turns in the first three months of 2014 as compared to December 31, 2013;

Other current assets increased by Euro 25.1 million which was mainly due to advance payments made for future contracted royalties;

Accounts payable decreased by Euro 63.6 million, primarily due to payments made in the first three months of 2014;

Current taxes payable increased by Euro 92.5 million due to the timing of tax payments made by the Group in various jurisdictions;

Employee benefits increased by Euro 23.8 million which was primarily due to a reduction in the discount rate used to determine employee benefit liabilities.

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

(Amounts in thousands of Euro)	**March 31, 2014 (unaudited)**	**December 31, 2013 (audited)**
Cash and cash equivalents	1,149,393	617,995
Bank overdrafts	(65,182)	(44,920)
Current portion of long-term debt	(312,220)	(318,100)
Long-term debt	(2,201,206)	(1,716,410)
Total	**(1,429,215)**	**(1,461,435)**

Bank overdrafts consist of the utilized portion of short-term uncommitted revolving credit lines borrowed by various subsidiaries of the Group.

As of March 31, 2014, Luxottica together with our wholly-owned Italian subsidiaries, had credit lines aggregating Euro 797.9 million. The interest rate is a floating rate of EURIBOR plus a margin on average of approximately 0.9 percent. At March 31, 2014, Euro 59.7 million was utilized under these credit lines.

As of March 31, 2014, our wholly-owned subsidiary Luxottica U.S. Holdings Corp. maintained unsecured lines of credit with an aggregate maximum availability of Euro 99.9 million (USD 137.7 million converted at applicable exchange rate for the three-month period ended March 31, 2014). The interest is at a floating rate of approximately LIBOR plus 50 basis points. At March 31, 2014, Euro 4.7 million was utilized under these credit lines.

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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 March 31, 2014 (unaudited).

On January 29, 2012 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.

5. SUBSEQUENT EVENTS

For further details regarding subsequent events, please refer to Note 33 to the Condensed Consolidated Financial Statements as of March 31, 2014 (unaudited).

6. 2014 OUTLOOK

The financial results reported for the first three months of 2014 lead management to an optimistic outlook for the full fiscal year primarily driven by the strong performance of the Group's brand portfolio.

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.

In 2013, we made such 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 acquired 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.

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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.

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	**1Q 2013**	**1Q 2014**	**FY 2013**	**LTM March 2014**
Net income/(loss) (+)	159.2	157.3	544.7	542.8
Net income attributable to non-controlling interest (+)	1.4	1.7	4.2	4.4
Provision for income taxes (+)	90.4	89.4	407.5	406.5
Other (income)/expense (+)	23.8	21.9	99.3	97.3
Depreciation and amortization (+)	90.5	89.6	366.6	365.7
EBITDA (=)	365.3	359.9	1,422.3	1,416.8
Net sales (/)	1,864.1	1,842.3	7,312.6	7,290.8
EBITDA margin (=)	19.6%	19.5%	19.5%	19.4%

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

Millions of Euro	**1Q 2013**	**1Q 2014**	**FY 2013**[(1)]	**LTM March 2014**[(1)]
Adjusted net income/(loss) (+)	159.2	157.3	617.3	615.4
Net income attributable to non-controlling interest (+)	1.4	1.7	4.2	4.4
Adjusted provision for income taxes (+)	90.4	89.4	343.9	342.9
Other (income)/expense (+)	23.8	21.9	99.3	97.3
Depreciation and amortization	90.5	89.6	366.6	365.7

(+)				
Adjusted EBITDA (=)	365.3	359.9	1,431.3	1,425.8
Net sales (/)	1,864.1	1,842.3	7,312.6	7,290.8
Adjusted EBITDA margin (=)	19.6%	19.5%	19.6%	19.6%

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

(c) 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)	**Q1 2014**
EBITDA[(1)]	**360**
Δ working capital	(182)
Capex	(81)
Operating cash flow	**97**
Financial charges[(2)]	(23)
Taxes	(15)
Other net	1
Free cash flow	**60**

(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

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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 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.

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)	**March 31, 2014**	**FY 2013**
Long-term debt (+)	2,201.2	1,716.4
Current portion of long-term debt (+)	312.2	318.1
Bank overdrafts (+)	65.2	44.9
Cash (-)	(1,149.4)	(618.0)
Net debt (=)	1,429.2	1,461.4
LTM EBITDA	1,416.8	1,422.3
Net debt/EBITDA	1.0x	1.0x
Net debt @ avg. exchange rates[1]	1,441.5	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.

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

(Amounts in millions of Euro)	March 31, 2014	FY 2013[2]
Long-term debt (+)	2,201.2	1,716.4
Current portion of long-term debt (+)	312.2	318.1
Bank overdrafts (+)	65.2	44.9
Cash (-)	(1,149.4)	(618.0)
Net debt (=)	1,429.2	1,461.4
LTM Adjusted EBITDA	1,425.8	1,431.3
Net debt/LTM Adjusted EBITDA	1.0x	1.0x
Net debt @ avg. exchange rates[1]	1,441.5	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;

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	March 31, 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	1,149,393		617,995	
Accounts receivable	7	844,198	11,508	680,296	11,616
Inventories	8	681,284		698,950	
Other assets	9	263,855	652	238,761	931
Total current assets		**2,938,729**	**12,160**	**2,236,002**	**12,547**
NON-CURRENT ASSETS:					
Property, plant and equipment	10	1,181,955		1,183,236	
Goodwill	11	3,063,790		3,045,216	
Intangible assets	11	1,267,965		1,261,137	
Investments	12	58,177	48,928	58,108	49,097
Other assets	13	122,625	803	126,583	778
Deferred tax assets	14	180,213		172,623	
Total non-current assets		**5,874,725**	**49,731**	**5,846,903**	**49,875**
TOTAL ASSETS		**8,813,454**	**61,891**	**8,082,905**	**62,422**
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	15	65,182		44,921	
Current portion of long-term debt	16	312,220		318,100	
Accounts payable	17	617,599	10,709	681,151	10,067
Income taxes payable	18	101,961		9,477	
Short term provisions for risks and other charges	19	132,465		123,688	
Other liabilities	20	528,823	22	523,050	72
Total current liabilities		**1,758,251**	**10,730**	**1,700,386**	**10,095**
NON-CURRENT LIABILITIES:					
Long-term debt	21	2,201,206		1,716,410	
Employee benefits	22	100,198		76,399	
Deferred tax liabilities	14	252,578		268,078	
Long term provisions for risks and other charges	23	98,241		97,544	
Other liabilities	24	75,371		74,151	
Total non-current liabilities		**2,727,594**		**2,232,583**	

STOCKHOLDERS' EQUITY:					
Capital stock	25	28,912		28,653	
Legal reserve	25	5,711		5,711	
Reserves	25	4,201,525		3,646,830	
Treasury shares	25	(73,875)		(83,060)	
Net income	25	157,327		544,696	
Luxottica Group stockholders' equity	25	4,319,599		4,142,828	
Non-controlling interests	26	8,009		7,107	
Total stockholders' equity		**4,327,609**		**4,149,936**	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**8,813,454**	**10,730**	**8,082,905**	**10,095**

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CONSOLIDATED STATEMENT OF INCOME

(Amounts in thousands of Euro)[1]	Note reference	Three Months ended March 31, 2014 (unaudited)	Of which related parties (note 29)	Three Months ended March 31, 2013 (unaudited)	Of which related parties (note 29)
Net sales	27	**1,842,334**	**4,241**	**1,864,119**	**1,237**
Cost of sales	27	664,142	12,922	660,595	12,866
Gross profit		**1,178,192**	**(8,861)**	**1,203,524**	**(11,628)**
Selling	27	547,667		562,020	1
Royalties	27	36,003	255	36,170	308
Advertising	27	108,504	24	111,553	99
General and administrative	27	215,804	221	218,964	
Total operating expenses		**907,978**	**500**	**928,707**	**407**
Income from operations		**270,214**	**(9,182)**	**274,817**	**(12,036)**
Other income/(expense)					
Interest income	27	2,831		2,548	
Interest expense	27	(26,029)		(26,555)	
Other net	27	1,345	1	177	1
Income before provision for income taxes		**248,360**	**(9,180)**	**250,987**	**(12,035)**
Provision for income taxes	27	(89,382)		(90,366)	
Net income		**158,978**		**160,621**	
Of which attributable to:					
Luxottica Group stockholders		157,327		159,233	
Non-controlling interests		1,651		1,387	
NET INCOME		**158,978**		**160,621**	
Weighted average number of shares outstanding:					
Basic		473,699,357		469,697,345	
Diluted		477,383,188		472,742,228	
EPS:					
Basic		0.33		0.34	

Diluted	0.33	0.34

(1) Except per share data

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of Euro)	Three Months ended March 31, 2014 (unaudited)	Three Months ended March 31, 2013 (unaudited)
Net income	158,978	160,621
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge net of tax of Euro 0.0 million and 0.2 million as of March 31, 2014 and March 31, 2013, respectively		150
Currency translation differences	16,158	99,813
Total items that may be reclassified subsequently to profit or loss:	***16,158***	***99,963***
Items that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit plans net of tax of Euro 11.1 million and Euro 14.1 million as of March 31, 2014 and March 31, 2013, respectively	(15,632)	26,959
Total items that will not be reclassified to profit or loss	***(15,632)***	***26,959***
Total other comprehensive income net of tax	**526**	**126,922**
Total comprehensive income for the period	**159,505**	**287,543**
Attributable to:		
Luxottica Group stockholders' equity	157,549	286,029
Non-controlling interests	1,956	1,514
Total comprehensive income for the period	**159,505**	**287,543**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013 (UNAUDITED)

(Amounts in thousands of Euro, except share data)	Capital stock Number of shares	Amount	Legal reserve	Additional paid-in capital	Retained earnings	Stock options reserve	Translation of foreign operations and other	Treasury shares	Stockholders' equity	Non-controlling interests
					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 March 31, 2013					**186,343**		**99,686**		**286,029**	**1,514**
Exercise of stock options	2,472,636	148		43,990					44,138	
Non-cash stock based compensation						5,847			5,847	
Tax benefit on stock options				6,192					6,192	
Granting of treasury shares to employees					(8,869)			8,869		
Change in the consolidation perimeter										
Dividends										(1,020)
Balance as of March 31, 2013	**475,710,833**	**28,542**	**5,623**	**378,924**	**3,810,955**	**247,133**	**(64,538)**	**(83,060)**	**4,323,579**	**12,363**
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 March 31, 2014					**141,695**		**15,854**		**157,549**	**1,956**
Exercise of stock options	4,322,476	259		5,895					6,154	
Non-cash stock based compensation						10,631			10,631	
Excess tax benefit on stock options				2,437					2,437	

Granting of treasury shares to employees	(9,185)	9,185
Dividends		