LUXOTTICA GROUP SPA
Form 6-K
August 05, 2010

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, 2010
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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for the quarter ended June 30 of Fiscal Year 2010

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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, 2011

Chairman	Leonardo Del Vecchio
Deputy Chairman	Luigi Francavilla
Chief Executive Officer	Andrea Guerra
Directors	Roger Abravanel* Mario Cattaneo* Enrico Cavatorta Roberto Chemello Claudio Costamagna* Claudio Del Vecchio Sergio Erede Sabina Grossi Ivanhoe Lo Bello* (Lead Independent Director) Marco Mangiagalli* Gianni Mion* Marco Reboa*

**Independent directors*

Human Resources Committee	Claudio Costamagna (Chairman) Roger Abravanel Sabina Grossi Gianni Mion
Internal Control Committee	Mario Cattaneo (Chairman) Ivanhoe Lo Bello 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, 2011

Regular Auditors	Francesco Vella (Chairman) Alberto Giussani Enrico Cervellera
Alternate Auditors	Alfredo Macchiati Giorgio Silva
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, 2011

Deloitte & Touche S.p.A.

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Luxottica Group S.p.A.

Headquarters and registered office via Cantù, 2, 20123 Milan, Italy

Capital Stock € 27,904,576.98

authorized and issued

ITEM 1. MANAGEMENT REPORT ON THE INTERIM FINANCIAL RESULTS
AS OF JUNE 30, 2010
(UNAUDITED)

The following discussion should be read in conjunction with the disclosure contained in (1) our Annual Report on Form 20-F for the year ended December 31, 2009, which contains, among other things, a discussion of the risks and uncertainties that could affect our future operating results or financial condition and (2) our press release issued on April 16, 2010, relating to the Company beginning financial reporting in its financial communications in accordance with IAS/IFRS, which are both available on the Company's website, www.luxottica.com.

1. OPERATING PERFORMANCE FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010

For the Company, the second quarter reflected one of the strongest results in the Group's history. For the first time ever, quarterly net sales approached Euro 1.6 billion. Net income reached Euro 150 million. Both segments contributed to the achievement of this excellent result, successfully reaping the benefits of the extraordinary work carried out during the recent quarters and confirming the strength of the Company's brands while strengthening our market position. In the second quarter of the year, the Company achieved positive performances in most geographic regions where it is present. The manufacturing and wholesale distribution segment recorded its best sales performance in the Group's history. Emerging markets made a key contribution to this performance, boasting an increase in wholesale sales by approximately 30 percent compared to the same period last year, along with the United States and Europe, which enjoyed a particularly positive 'sun' season. The results posted by Sunglass Hut were also very solid, with net sales benefiting from the major store-opening plan within US department store Macy's, allowing record sales to be recorded in June. In the second quarter of 2010, net sales rose by 13.8 percent at current exchange rates and by 6.5 percent at constant exchange rates[1], to Euro 1,595.1 million from Euro 1,401.6 million. During the half-year period, net sales rose by 10.1 percent to Euro 2,986.8 million (Euro 2,714.0 million in the first half of 2009). Considering operating performance, EBITDA[2] grew over the previous year by 22.2 percent to Euro 335.4 million in the three months ended June 30, 2010, from Euro 274.5 million in the same period of 2009. For the first half of the year, EBITDA[2] grew to Euro 578.0 million from the Euro 501.5 million posted for the first half of 2009.

[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 six-month period ended June 30, 2009. Please refer to Attachment 1 for further details on exchange rates.

[2] For a further discussion of EBITDA, see page 16 "Non-IAS/IFRS Measures."

Operating income was Euro 258.3 million in the three months ended June 30, 2010 (Euro 203.3 million for the same period of 2009, or 27.1 percent), while the Group's operating margin improved from 14.5 percent in the three months of 2009 to 16.2 percent in the same period of 2010. In the first six months of 2010, operating income amounted to Euro 429.6 million, up 20.2 percent from Euro 357.5 million posted for the same period last year.

Net income in the three months ended June 30, 2010 increased to Euro 150.1 million (up by 30.1 percent from Euro 115.3 million for the same period of 2009), resulting in earnings per share (EPS) of Euro 0.33 (at an average Euro/Dollar exchange rate of 1.2708).

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For the three months ended June 30, 2010, once again the Company generated excellent positive free cash flow[3] (Euro 160 million): however, because of the exchange rate effect after having paid dividends during the quarter of more than Euro 160 million and having acquired the remaining 35.16 percent of our Turkish subsidiary for approximately Euro 60 million, consolidated net debt as of June 30, 2010 amounted to Euro 2,646 million (Euro 2,337 million at the end of 2009), with a ratio of net debt to EBITDA[4] of 2.8X, compared with 2.7X recorded at the end of 2009 (net of the exchange rate effect, the ratio of net debt to EBITDA[4] as of June 30, 2010 would have been 2.6X, down from 2.8X as of December 31, 2009).

[3] For a further discussion of free cash flow, see page 16 "Non-IAS/IFRS Measures."

[4] For a further discussion of net debt to EBITDA ratio, see page 16 "Non-IAS/IFRS Measures."

2. SIGNIFICANT EVENTS DURING THE SIX MONTHS ENDED JUNE 30, 2010

January

On January 29, 2010, our subsidiary Luxottica U.S. Holdings Corp. ("U.S. Holdings") completed a private placement of U.S. $175 million of senior unsecured guaranteed notes, issued in three series (Series D, Series E and Series F). The aggregate principal amount is U.S. $50 million for each of Series D and Series E Notes and U.S. $75 million for Series F Notes. The Series D Notes mature on January 29, 2017, the Series E Notes mature on January 29, 2020 and the Series F Notes mature on January 29, 2019. Interest on the Series D Notes accrues at 5.19 percent per annum, interest on the Series E Notes accrues at 5.75 percent per annum and interest on the Series F Notes accrues at 5.39 percent per annum. The proceeds from the Notes were used for general corporate purposes.

February

On February 8, 2010, we announced that we formed a long-term joint venture for the Australian and New Zealand markets with Essilor International. The joint venture will manage Eyebiz Pty Limited, Luxottica's Sydney-based optical lens finishing laboratory, which, as a result of this alliance, will be majority-controlled by Essilor. Eyebiz will continue to supply all of our retail optical outlets in Australia and New Zealand: OPSM, Budget Eyewear and Laubman & Pank.

March

On March 31, 2010, we announced a three-year renewal of our exclusive license agreement with Jones Apparel Group for the design, production and global distribution of prescription frames and sunglasses under the Anne Klein New York brand. The new agreement, which is substantially unchanged from the previous agreement, extends the license through December 2012, with a provision for a further renewal.

On March 31, 2010, we announced a five-year extension of the license agreement with Retail Brand Alliance, Inc. for the design, production and worldwide distribution of prescription frames and sunglasses under the Brooks Brothers brand. The Brooks Brothers trade name is owned by Retail Brand Alliance, Inc., which is controlled by Claudio Del Vecchio, one of our directors. The term of the new agreement is through December 2014, with an option for a further five-year extension under the same terms. The terms were substantially unchanged from those of the previous agreement.

April

On April 16, 2010, we announced that starting with fiscal year 2010 and for all future reporting periods we will report in all financial communications, including reports to the United States Securities and Exchange Commission ("SEC"), our financial results in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IAS/IFRS"). Up to

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and including the 2009 fiscal year, we had been reporting our financial results in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

Since 2005, we have also been preparing consolidated financial statements in Italy in accordance with IFRS as required by Italian law and we have provided the financial community with a reconciliation of our U.S. GAAP and IFRS results on a quarterly basis.

At the Stockholders' Meeting on April 29, 2010, the stockholders approved the distribution of a cash dividend of Euro 0.35 per ordinary share, reflecting a year-over-year 59 percent increase. The aggregate dividend amount is approximately Euro 160 million.

May

On May 27, 2010, we announced a ten-year extension of the license agreement for the design, production and worldwide distribution of prescription frames and sunglasses under the Bvlgari brand. The new agreement will run from January 1, 2011 to December 31, 2020.

In May 2010, we completed the acquisition of the 35.16 percent interest held by minority stockholders in Luxottica Gözlük Endüstri ve Ticaret Anonim Sirketi, ("Luxottica Turkey") our Turkey-based subsidiary, for approximately Euro 61.8 million, bringing our ownership in this subsidiary to 100 percent.

June

During the first six months of 2010, we purchased on the Mercato Telematico Azionario ("MTA") 1,471,712 of our ordinary shares at an average price of Euro 19.77 for a total amount of Euro 29,096,776 pursuant to the share purchase program approved at the Stockholders' Meeting on October 29, 2009, and launched on November 16, 2009.

In parallel, our subsidiary, Arnette Optic Illusions, Inc., sold during the same period on the MTA 1,415,000 of our treasury shares at an average price of Euro 19.64 for a total amount of Euro 27,784,389.

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 5.1 billion in 2009, approximately 60,000 employees and a strong global presence. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Note 4 to the Condensed Consolidated Half Year Report as of June 30, 2010 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 house 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, Budget Eyewear, Bright Eyes, Oakley "O" Stores and Vaults, David Clulow 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 these 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 from an average exchange rate of Euro 1.00 = U.S. $1.3320 in the first six months of 2009 to Euro 1.00 = U.S. $1.3268 in the same period of 2010. Additionally, with the acquisition of OPSM and Bright Eyes (acquired through Oakley), our results of operations are susceptible to currency fluctuations between the Euro and the Australian dollar. 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.

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RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (UNAUDITED)

In accordance with IAS/IFRS

	Six months ended June 30,			
Values in thousands of Euro	**2010**	**% of net sales**	**2009**	**% of net sales**
Net sales	**2,986,811**	**100.0%**	**2,713,960**	**100.0%**
Cost of sales	1,029,545	34.5%	931,696	34.3%
Gross profit	**1,957,265**	**65.5%**	**1,782,264**	**65.7%**
Selling	937,529	31.4%	869,242	32.0%
Royalties	52,500	1.8%	54,166	2.0%
Advertising	196,488	6.6%	172,164	6.3%
General and administrative	299,640	10.0%	288,010	10.6%
Intangibles amortization	41,533	1.4%	41,195	1.5%
Total operating expenses	**1,527,690**	**51.1%**	**1,424,777**	**52.5%**
Income from operations	**429,576**	**14.4%**	**357,487**	**13.2%**
Other income/(expense)				
Interest income	3,282	0.1%	3,368	0.1%
Interest expense	(51,571)	1.7%	(49,644)	1.8%
Other net	(4,752)	0.2%	(3,992)	0.1%
Income before provision for income taxes	**376,535**	**12.6%**	**307,218**	**11.3%**
Provision for income taxes	(127,973)	4.3%	(109,166)	4.0%
Net income	**248,561**	**8.3%**	**198,052**	**7.3%**
Attributable to				
Luxottica Group stockholders	**245,142**	**8.2%**	**194,085**	**7.2%**
noncontrolling interests	3,419	0.1%	3,967	0.1%
NET INCOME	**248,561**	**8.3%**	**198,052**	**7.3%**

Net Sales. Net sales increased by Euro 272.8 million, or 10.1 percent, to Euro 2,986.8 million in the first six months of 2010 from Euro 2,714.0 million in the same period of 2009. Euro 127.7 million of such increase is attributable to the increased sales in the manufacturing and wholesale distribution segment in the first six months of 2010 as compared to the same period in 2009 and to increased sales in the retail distribution segment of Euro 145.1 million for the same period.

Net sales for the retail distribution segment increased by Euro 145.1 million, or 8.9 percent, to Euro 1,782.1 million in the first six months of 2010 from Euro 1,637.0 million in the same period in 2009. The increase in net sales for the period is partially attributable to an approximately 3 percent improvement in comparable store sales[5]. In particular we saw a 4.5 percent increase in comparable store sales for the North American retail operations, which was partially offset by a 11.4 percent decrease in comparable store sales for the Australian/New Zealand retail operations. The positive effects from currency fluctuations between the Euro, which is our reporting currency, and other currencies in which

[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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we conduct business, in particular due to the strengthening of the Australian Dollar compared to the Euro, increased net sales in the retail distribution segment by Euro 52.9 million.

Net sales to third parties in the manufacturing and wholesale distribution segment increased by Euro 127.7 million, or 11.9 percent, to Euro 1,204.7 million in the first six months of 2010 from Euro 1,077.0 million in the same period in 2009. This increase is mainly attributable to increased sales of most of our house brands, in particular Ray-Ban and Oakley, and of some designer brands such as Bvlgari, Ralph Lauren and Chanel. These sales volume increases occurred in most of the markets in which the Group operates. These positive effects were further increased by positive currency fluctuations, in particular due to a strengthening of the Australian Dollar and other minor currencies, including but not limited to the Brazilian Real, the Canadian Dollar and the Japanese Yen, while the U.S. Dollar remained relatively stable compared to the Euro, which increased net sales to third parties in the manufacturing and wholesale distribution segment by Euro 37.2 million.

In the first six months of 2010, net sales in the retail distribution segment accounted for approximately 59.7 percent of total net sales, as compared to approximately 60.3 percent of total net sales for the same period in 2009. This decrease in sales as a percentage of total net sales for the retail distribution segment is primarily attributable to an 11.9 percent increase in net sales to third parties in our manufacturing and wholesale distribution segment compared to the same period of 2009 compared to an increase of 8.9 percent in the retail distribution segment compared to the same period of 2009.

In the first six months of 2010, net sales in our retail distribution segment in the United States and Canada comprised 83.1 percent of our total net sales in this segment as compared to 84.1 percent of our total net sales in the same period of 2009. In U.S. dollars, retail net sales in the United States and Canada increased by 7.1 percent to U.S. $1,964.0 million in the first six months of 2010 from U.S. $1,833.2 million for the same period in 2009, due to sales volume increases. During the first six months of 2010, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 16.9 percent of our total net sales in the retail distribution segment and increased by 15.8 percent to Euro 301.9 million in the first six months of 2010 from Euro 260.7 million, or 15.9 percent of our total net sales in the retail distribution segment for the same period in 2009, mainly due to positive currency fluctuation effects.

In the first six months of 2010, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 622.0 million, comprising 51.6 percent of our total net sales in this segment, compared to Euro 574.3 million or 53.3 percent of total net sales in the segment, in the same period in 2009. The increase of Euro 47.7 million in the first six months of 2010 compared to the same period of 2009 constituted an 8.3 percent increase in net sales to third parties in Europe, due to a general increase in consumer demand. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. $366.2 million and comprised 22.9 percent of our total net sales in this segment in the first six months of 2010, compared to U.S. $343.7 million, or 24.0 percent of total net sales in the segment, in the same period of 2009. The increase of U.S. $22.5 million in the first six months of 2010 compared to the same period of 2009 constituted an increase, in U.S. dollars, of 6.6 percent in net sales in this segment in the United States and Canada, due to a general increase in consumer demand. In the first six months of 2010, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 306.7 million, comprising 25.5 percent of our total net sales in this segment, compared to Euro 244.6 million or 22.7 percent of our net sales in this segment, in the same period of 2009. The increase of Euro 62.0 million in the first six months of 2010 compared to the same period of 2009 constituted a 25.4 percent increase in this segment in the rest of the world due to the positive effect of currency fluctuations as well as an increase in consumer demand.

Cost of Sales. Cost of sales increased by Euro 97.8 million, or 10.5 percent, to Euro 1,029.5 million in the first six months of 2010 from Euro 931.7 million in the same period of 2009,

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essentially in line with the increase of net sales in the period. As a percentage of net sales, cost of sales increased to 34.5 percent in the first six months of 2010, as compared to 34.3 percent in the same period of 2009. In the first six months of 2010, the average number of frames produced daily in our facilities increased to approximately 233,300, as compared to about 198,600 in the same period of 2009, which was attributable to increased production in all manufacturing facilities in response to an overall increase in demand.

Gross Profit. Our gross profit increased by Euro 175.0 million, or 9.8 percent, to Euro 1,957.3 million in the first six months of 2010 from Euro 1,782.3 million in the same period of 2009. As a percentage of net sales, gross profit decreased to 65.5 percent in the first six months of 2010 from 65.7 percent in the same period of 2009, due to the factors noted above.

Operating Expenses. Total operating expenses increased by Euro 102.9 million, or 7.2 percent, to Euro 1,527.7 million in the first six months of 2010 from Euro 1,424.8 million in the same period of 2009, primarily due to the currency fluctuation effects, in particular due to the strengthening of the Australian Dollar against the Euro. As a percentage of net sales, operating expenses decreased to 51.1 percent in the first six months of 2010 from 52.5 percent in the same period of 2009.

Selling and advertising expenses (including royalty expenses) increased by Euro 90.9 million, or 8.3 percent, to Euro 1,186.5 million in the first six months of 2010 from Euro 1,095.6 million in the same period of 2009. Selling expenses increased by Euro 68.3 million or 7.9 percent. Advertising expenses increased by Euro 24.3 million or 14.1 percent. Royalties decreased by Euro 1.7 million, or 3.1 percent. As a percentage of net sales, selling and advertising expenses decreased to 39.7 percent in the first six months of 2010 compared to 40.4 percent for the same period of 2009, mainly due to the increase in net sales in relation to the fixed portion of selling expenses, such as occupancy costs and fixed employee selling costs.

General and administrative expenses, including intangible asset amortization increased by Euro 12.0 million, to Euro 341.2 million in the first six months of 2010 compared to Euro 329.2 million in the same period of 2009, mainly due to currency fluctuation effects.

Income from Operations. For the reasons described above, income from operations increased by Euro 72.1 million, or 20.2 percent, to Euro 429.6 million in the first six months of 2010 from Euro 357.5 million in the same period of 2009. As a percentage of net sales, income from operations increased to 14.4 percent in the first six months of 2010 from 13.2 percent in the same period of 2009.

Other Income (Expense) Net. Other income (expense) net was Euro (53.0) million in the first six months of 2010 compared to Euro (50.3) million in the same period of 2009. Net interest expense increased to Euro 48.3 million in the first six months of 2010 compared to Euro 46.3 million in the same period of 2009, mainly attributable to an increase in the cost of our indebtedness.

Net Income. Income before taxes increased by Euro 69.3 million, or 22.6 percent, to Euro 376.5 million in the first six months of 2010 from Euro 307.2 million in the same period of 2009 for the reasons described above. As a percentage of net sales, income before taxes increased to 12.6 percent in the first six months of 2010 from 11.3 percent in the same period of 2009. Net income attributable to noncontrolling interests decreased to Euro 3.4 million in the first six months of 2010 as compared to Euro 4.0 million in the same period of 2009. Our effective tax rate was 34.0 percent in the first six months of 2010, compared to 35.5 percent in the same period of 2009.

Net income attributable to Luxottica Group stockholders increased by Euro 51.1 million, or 26.3 percent, to Euro 245.1 million in the first six months of 2010 from Euro 194.1 million in the same period of 2009. Net income attributable to Luxottica Group stockholders as a percentage of net sales increased to 8.2 percent in the first six months of 2010 from 7.2 percent in the same period of 2009.

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Basic earnings per share were Euro 0.53 in the first six months of 2010 as compared to Euro 0.42 in the same period of 2009. Diluted earnings per share were Euro 0.53 in the first six months of 2010 compared to Euro 0.42 in the same period of 2009.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2010 AND 2009 (UNAUDITED)

In accordance with IAS/IFRS

	Three months ended June 30,			
Values in thousands of Euro	**2010**	**% of net sales**	**2009**	**% of net sales**
Net sales	**1,595,124**	**100.0%**	**1,401,626**	**100.0%**
Cost of sales	529,756	33.2%	480,708	34.3%
Gross profit	**1,065,367**	**66.8%**	**920,918**	**65.7%**
Selling	484,763	30.4%	428,354	30.6%
Royalties	27,632	1.7%	28,354	2.0%
Advertising	115,345	7.2%	92,887	6.6%
General and administrative	157,875	9.9%	147,831	10.5%
Intangibles amortization	21,422			