LUXOTTICA GROUP SPA
Form 6-K
July 27, 2016

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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 PERIOD ENDED JUNE 30, 2016
COMMISSION FILE NO. 1 - 10421**

LUXOTTICA GROUP S.p.A.

PIAZZALE LUIGI CADORNA 3, 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, 2017

Chairman	Leonardo Del Vecchio
Deputy Chairman	Luigi Francavilla
Deputy Chairman	Francesco Milleri
CEO Product and Operations	Massimo Vian
Directors	Marina Brogi* (Lead independent Director)
	Luigi Feola*
	Elisabetta Magistretti*
	Mario Notari
	Karl Heinz Salzburger*
	Maria Pierdicchi*
	Luciano Santel*
	Cristina Scocchia*
	Sandro Veronesi*
	Andrea Zappia*

* Independent director

Human Resources Committee	Andrea Zappia (President)
	Marina Brogi
	Mario Notari
Internal Control Committee	Elisabetta Magistretti (Chairperson)
	Luciano Santel
	Cristina Scocchia

Board of Statutory Auditors

In office until the approval of the financial statements as of and for the year ending December 31, 2017

Regular Auditors	Francesco Vella (Chairman)
	Alberto Giussani
	Barbara Tadolini
Alternate Auditors	Maria Venturini
	Roberto Miccù
Officer Responsible for Preparing the Company's Financial Reports	Stefano Grassi
Auditing Firm	**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 Piazzale Luigi Cadorna, 3, 20123 Milan, Italy

Capital Stock € 29,033,074.98

authorized and issued

ITEM 1. MANAGEMENT REPORT ON THE INTERIM FINANCIAL RESULTS AS OF JUNE 30, 2016 (UNAUDITED)

The following should be read in connection with the disclosure contained in the consolidated financial statements as of December 31, 2015, 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 2016, there were no changes to risks that were reported as of December 31, 2015.

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

1. OPERATING PERFORMANCE FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Net sales increased from Euro 4,666.7 million in the first six months of 2015 to Euro 4,719.4 million in the first six months of 2016 (1.1 percent at current exchange rates and 3.5 percent at constant exchange rates[1]). Net sales in the first six months of 2016 decreased by Euro 33.0 million or 0.7% as compared to Adjusted net sales[2] of Euro 4,752.5 million in the first six months of 2015. At constant exchange rates[1] net sales increased by Euro 75.6 million or 1.6%. Adjusted net sales were impacted, starting from July 1, 2014, by the modification of an EyeMed reinsurance agreement with an existing underwriter whereby the Company assumes less reinsurance revenues and less claims expense. The impact of this contract for the six-month period ended June 30, 2015 was a reduction in net sales with a corresponding reduction in cost of sales of Euro 85.8 million (the "EyeMed Adjustment"). Effective January 1, 2016, the Group's managed vision care business modified the terms of this reinsurance agreement with an existing underwriter whereby the Group will assume more reinsurance revenue and claims expense.

The Group's results in the first six months of 2016 was impacted by the strengthening of certain currencies in which it operates against the Euro.

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")[3] in the first six months of 2016 decreased by 5.2 percent to Euro 1,037.1 million from Euro 1,094.2 in the first six months of 2015.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")[3], which in the fisrt six months of 2016 excludes restructuring and reorganization costs of Euro 24.7 million and non-recurring expenses of Euro 43.9 million related to the departure of Adil Mehboob-Khan as CEO for Markets, expenses related to Oakley integration and to the accrual for the French anti-trust preceeding, and in first six months of 2015 excludes non-recurring expense related to Oakley integration and other minor projects for Euro 20.4 million, decreased by Euro 9.1 million or 0.8 percent, to Euro 1,105.6 million from Euro 1,114.7 in the first six months of 2015.

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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 six-month period ended June 30, 2015. Please refer to Attachment 1 for further details on exchange rates.

(2) For a further discussion of adjusted net sales, see Appendix "Non-IFRS Measures."

(3) For a further discussion of EBITDA and adjusted EBITDA, see Appendix "Non-IFRS Measures."

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Operating income for the first six months of 2016 decreased by 8.2 percent to Euro 788.1 million from Euro 858.5 million during the same period of the previous year. The Group's operating margin decreased to 16.7 percent from 18.4 percent in 2015.

Adjusted operating income[(4)] for the first six months of 2016 decreased by 2.5 percent to Euro 856.6 million compared to adjusted operating income[(4)] for the same period in 2015 of Euro 878.9 million. The Group's adjusted operating margin[(5)] decreased from 18.5 percent in 2015 to 18.2 percent in 2016.

In the first six months of 2016, net income attributable to Luxottica Stockholders decreased by 5.8 percent to Euro 475.7 million from Euro 505.1 million in the same period of 2015. Earnings per share ("EPS") was Euro 0.99.

In the first six months of 2016, adjusted net income attributable to Luxottica Stockholders[(6)] increased by 1.3 percent to Euro 531.5 million from Euro 524.7 million in the comparable period in 2015. Adjusted earnings per share[(7)] ("Adjusted EPS") was Euro 1.11.

Careful control of our working capital resulted in strong free cash flow[(8)] generation equal to Euro 403 million. Net debt[(9)] as of June 30, 2016 was Euro 1,126.6 million (Euro 1,005.6 million at the end of 2015), with a ratio of net debt to EBITDA[(9)] of 0.6x (0.5x as of December 31, 2015).

2. SIGNIFICANT EVENTS DURING THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

January

On January 29, 2016, Mr. Adil Mehboob-Khan ceased as a Director of the Company and as the Group's CEO for Markets. At the same time, the Board of Directors approved a modification to the governance structure by assigning responsibility for Markets to Mr. Leonardo Del Vecchio, the Company's Chairman of the Board of Directors and majority shareholder, as Executive Chairman. Massimo Vian continues in his role as CEO for Product and Operations assisting the Executive Chairman.

February

On February 11, 2016, the Company and Galeries Lafayette, the French market leader in department stores for fashion and event shopping, signed an agreement to roll out the Sunglass Hut retail concept in 57 Galeries Lafayette and BHV MARAIS department stores across France. The first locations opened in February 2016. The full roll-out is expected to be completed by the end of 2016.

On February 23, 2016, the Company and Maison Valentino signed a new and exclusive eyewear license agreement for the design, manufacture and worldwide distribution of Valentino eyewear. The ten-year agreement will be effective from January 2017. The first collection presented under the agreement will be available in 2017.

April

At the Stockholders' Meeting on April 29, 2016, Group's stockholders approved the Statutory Financial Statements as of December 31, 2015 as proposed by the Board of Directors and the distribution of a cash dividend of Euro 0.89 per ordinary share. The aggregate dividend amount of Euro 427.7 million was fully paid in May 2016.

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

(5) For a further discussion of adjusted operating margin see Appendix "Non-IFRS Measures."

(6) For a further discussion of adjusted net income attributable to Luxottica Stockholders see Appendix "Non-IFRS Measures."

(7) For a further discussion of adjusted earnings per share see Appendix "Non-IFRS Measures."

(8) For a further discussion of free cash flow, see Appendix "Non-IFRS Measures."

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

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May

During the month of May 2016, the Company announced a launch of its share buyback program pursuant to the authorization passed at the General Meeting on April 29, 2016. The Company may repurchase up to 5 million of the Company's ordinary shares. As of June 30, 2016, 2,173,624 treasury shares were repurchased.

3. FINANCIAL RESULTS

We are a market leader in the design, manufacture and distribution of fashion, luxury, sport and performance eyewear, with net sales reaching over Euro 8.8 billion in 2015, approximately 79,000 employees and a strong global presence. We operate in two industry segments: (i) manufacturing and wholesale distribution; and (ii) retail distribution. See Note 5 of the Notes to the Consolidated Financial Statements as of June 30, 2016 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, Pearle Vision, 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 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 to an average exchange rate of Euro 1.00 = U.S. $1.1159 in the first six months of 2016 from Euro 1.00 = U.S. $1.1158 in the first six months of 2015. With the acquisition of OPSM and other businesses, our results of operations have been rendered more 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 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. The Group does not engage in long-term hedging activities to mitigate translation risk. This discussion should be read in conjunction with the risk factor discussion in Section 8 of the Management Report included with the 2015 Consolidated Financial Statements.

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RESULTS OF OPERATIONS FOR THE SIX-MONTHS ENDED JUNE 30, 2016 AND 2015

	Six months ended June 30,				
(Amounts in thousands of Euro)	2016	% of net sales	2015	% of net sales	% Change
Net sales	**4,719,426**	**100%**	**4,666,712**	**100%**	**(1.1)%**
Cost of sales	1,620,578	34.3%	1,476,094	31.6%	9.8%
Gross profit	**3,098,848**	**65.7%**	**3,190,617**	**68.4%**	**(2.9)%**
Selling	1,428,173	30.3%	1,397,199	29.9%	2.2%
Royalties	88,585	1.9%	89,565	1.9%	(1.1)%
Advertising	282,850	6.0%	305,974	6.6%	(7.6)%
General and administrative	511,165	10.8%	539,350	11.6%	(5.2)%
Total operating expenses	**2,310,773**	**49.0%**	**2,332,088**	**50.0%**	**(0.9)%**
Income from operations	**788,076**	**16.7%**	**858,529**	**18.4%**	**(8.2)%**
Other income/(expense)					
Interest income	6,207	0.1%	5,384	0.1%	15.3%
Interest expense	(39,163)	(0.8)%	(58,696)	(1.3)%	(33.3)%
Other net	2,526	0.1%	710	0.0%	(100)%
Income before provision for income taxes	**757,646**	**16.1%**	**805,927**	**17.3%**	**(42.2)%**
Provision for income taxes	(280,621)	(5.9)%	(299,156)	(6.4)%	(6.2)%
Net income	**477,024**	**10.1%**	**506,770**	**10.9%**	**(5.9)%**
Attributable to					
Luxottica Group stockholders	**475,683**	**10.1%**	**505,113**	**10.8%**	**(5.8)%**
non-controlling interests	1,341	0.0%	1,658	0.0%	(19.1)%

In order to represent the Group's operating performance on a consistent basis in this Management Report, net sales and operating expenses as represented in the Group's Consolidated Financial Statements have been adjusted in the tables below to take into account the following events:

In the first six months of 2016 the Group incurred:

- restructuring and reorganization costs for Euro 24.7 million;
- non-recurring expenses for Euro 43.9 million related to the departure of Adil Mehboob-Khan as CEO for Markets, expenses related to the Oakley integration and to the accrual for the French anti-trust proceeding;

In the first six months of 2015:

- impact of the EyeMed Adjustment (as defined above) equal to Euro 85.8 million;

non-recurring expenses related to the Oakley integration and other minor projects of Euro 20.4 million.

Net Sales. Net sales increased by Euro 52.7 million, or 1.1% to Euro 4,719.4 million in the first six months of 2016 from Euro 4,666.7 million in the same period of 2015. Euro 90.2 million of the increase, attributable to the retail distribution segment, was partially offset by a decrease of Euro 37.5 million in the wholesale distribution segment. The weakening of certain currencies in which we conduct business resulted in a a decrease in net sales of Euro 108.6 million. Adjusted net sales[10] for the six-month period in 2015, which included the EyeMed Adjustment of Euro 85.8 million, were Euro 4,752.5 million.

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(10) For a further discussion of adjusted net sales, see Appendix "Non-IFRS Measures."

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Please find the reconciliation between adjusted[10] net sales and net sales in the following table:

(Amounts in million of Euro)	June 30, 2016	June 30, 2015
Net sales	**4,719.4**	**4,666.7**
> EyeMed Adjustment		85.8
Adjusted net sales	**4,719.4**	**4,752.5**

Net sales for the retail distribution segment increased by Euro 90.2 million, or 3.4%, to Euro 2,749.0 million in the first six months of 2016 from Euro 2,658.8 million in the same period of 2015. The increase in net sales for the period was partially attributable to a 0.6% increase in comparable store[11] sales. The effects from currency fluctuations between the Euro, which is our reporting currency, and the other currencies in which we conduct business, in particular the weakening of the Australian dollar and the British pound compared to the Euro, decreased net sales in the retail distribution segment by Euro 49.0 million.

Adjusted net sales[10] for the retail division in the first six months of 2015, which included the Eyemed Adjustment of Euro 85.8 million, were Euro 2,744.6 million.

Please find the reconciliation between adjusted[10] net sales of the retail division and net sales of the retail division in the following table:

(Amounts in millions of Euro)	June 30, 2016	June 30, 2015
Net sales of the retail division	**2,749.0**	**2,658.8**
> EyeMed Adjustment		85.8
Adjusted net sales of the retail division	**2,749.0**	**2,744.6**

Net sales to third parties in the manufacturing and wholesale distribution segment decreased in the first six months of 2016 by Euro 37.5 million, or 1.9%, to Euro 1,970.4 million from Euro 2,007.9 million in the same period of 2015. The decrease in sales was impacted by the reduction in net sales of some of our proprietary brands, in particular Ray-Ban and Oakley and by certain designer brands including Prada.This decrease occurred in most geographic areas in which the Group operates. The reduction was also driven by negative currency fluctuations, in particular the weakening of the Australian dollar, British pound and Brazilian real compared to the Euro, which decreased net sales in the wholesale distribution segment by Euro 59.7 million.

In the first six months of 2016, net sales in the retail distribution segment accounted for approximately 58.2% of total net sales, as compared to approximately 57.0% of total net sales in the same period of 2015.

In the first six months of 2016 and 2015, net sales in our retail distribution segment in the United States and Canada comprised 79.5% and 78.5%, respectively, of our total net sales in this segment. In U.S. dollars, retail net sales in the United States and Canada increased by 5.2% to U.S. $ 2,448.3 million in the first six months of 2016 from U.S. $ 2,327.6 million in the same period of 2015. During the first six months of 2016, net sales in the retail distribution segment in the rest of the world (excluding the United States and Canada) comprised 20.5% of our total net sales in the retail distribution segment and slightly decreased by 1.4% to Euro 564.6 million in the first six months of 2016 from Euro 572.8 million, or 21.5% of our total net sales in the retail distribution segment, in the same period of 2015.

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(11) 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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In the first six months of 2016, net sales to third parties in our manufacturing and wholesale distribution segment in Europe were Euro 833.3 million, comprising 42.3% of our total net sales in this segment, compared to Euro 815.8 million, or 40.6% of total net sales in this segment in the same period of 2015, increasing by Euro 17.5 million or 2.1% in 2016 as compared to the same period of 2015. Net sales to third parties in our manufacturing and wholesale distribution segment in the United States and Canada were U.S. $623.6 million and comprised 27.5% of our total net sales in this segment in the first six months of 2016, compared to U.S. $634.0 million, or 28.3% of total net sales in this segment, in the same period of 2015. The decrease in net sales in the United States and Canada was primarily due to the reduction in net sales of certain of our proprietary brandes including Oakley. In the first six months of 2016, net sales to third parties in our manufacturing and wholesale distribution segment in the rest of the world were Euro 582.9 million, comprising 29.6% of our total net sales in this segment, compared to Euro 623.9 million, or 31.1% of our net sales in this segment, in the same period of 2015, with a decrease of 6.6%, as of June 30 2016 as compared to the same period of 2015.

Cost of Sales. Cost of sales increased by Euro 144.5 million, or 9.8%, to Euro 1,620.6 million in the first six months of 2016 from Euro 1,476.1 million in the same period of 2015. As a percentage of net sales, cost of sales was 34.3% and 31.6% in the first six months of 2016 and 2015, respectively. The increase in cost of sales on net sales is due to the combined effect of the change of the product mix and to the price harmonization that occurred in 2016. In the first six months of 2016, the average number of frames produced daily in our facilities was approximately 353,000 in line with the same period of 2015.

Adjusted cost of sales[(12)] which excludes in the first six months of 2016 reorganization and restructuring expenses of Euro 8.6 million and non-recurring expenses of Euro 0.1 million, and includes in the first six months of 2015 the EyeMed adjustment equal to Euro 85.8 million, was Euro 1,611.9 million and Euro 1,561.9 million, respectively.

Please find the reconciliation between adjusted cost of sales[(12)] and cost of sales in the following table:

(Amounts in millions of Euro)	June 30, 2016	June 30, 2015
Cost of sales	**1,620.6**	**1,476.1**
> Eyemed Adjustment		85.8
> Non-recurring expenses	(0.1)	
> Restructuring and reorganization expenses	(8.6)	
Adjusted cost of sales	**1,611.9**	**1,561.9**

Gross Profit. Our gross profit decreased by Euro 91.8 million, or 2.9%, to Euro 3,098.8 million in the first six months of 2016 from Euro 3,190.6 million in the same period of 2015. As a percentage of net sales, gross profit decreased to 65.7% in the first six months of 2016 from 68.4% in the same period of 2015.

Operating Expenses. Total operating expenses decreased by Euro 21.3 million, or 0.9%, to Euro 2,310.8 million in the first six months of 2016 from Euro 2,332.1 million in the same period of 2015. As a percentage of net sales, operating expenses decreased to 49.0% in the first six months of 2016 from 50.0% in the same period of 2015. The reduction is primarily driven by general and administrative expenses which decreased by Euro 27.9 millon as a result of the cost-savings actions put in place by the Group in the first six month of 2016.

Adjusted operating expenses[(13)], excluding for 2016 (i) restructuring and reorganization expenses for Euro 16.0 million, and (ii) non-recurring expenses of Euro 43.8 million related to the departure of Adil Mehboob-Khan as CEO for Markets, expenses related to the Oakley integration and to the accrual for the

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(12) For a further discussion of adjusted cost of sales, see Appendix "Non-IFRS Measures."

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

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French anti-trust proceeding, and for 2015 non-recurring expenses related to the Oakley integration and other minor projects for Euro 20.4 million, decreased by Euro 60.7 million to Euro 2,251.0 million, or 47.7% on net sales, as compared to Euro 2,311.7, or 48.6% on adjusted net sales[10].

Please find the reconciliation between adjusted operating expenses[13] and operating expenses in the following table:

(Amounts in millions of Euro)	June 30, 2016	June 30, 2015
Operating expenses	**2,310.8**	**2,332.1**
> Restructuring and reorganization expenses	(16.0)	
> Non-recurring expenses	(43.8)	(20.4)
Adjusted operating expenses	**2,251.0**	**2,311.7**

Selling and advertising expenses (including royalty expenses) increased by Euro 6.9 million, or 0.4%, to Euro 1,799.6 million in the first six months of 2016 from Euro 1,792.7 million in the same period of 2015. Selling expenses increased by Euro 31.0 million, or 2.2%. Advertising expenses decreased by Euro 23.1 million, or 7.6%. Royalties decreased by Euro 1.0 million, or 1.1%. As a percentage of net sales selling and advertising expenses were 38.1% and 38.4% in the first six months of 2016 and 2015, respectively.

Adjusted selling and advertising expenses[14] (including royalty expenses), excluding for 2016 restructuring and reorganization expenses of Euro 3.6 million and non-recurring expenses of Euro 0.3 million, increased by Euro 3.0 million to Euro 1,795.7 million as compared to selling and advertising expenses of Euro 1,792.7 million in 2015. As a percentage of net sales adjusted selling and advertising expenses[14] were 38.0% in the first six month of 2016. As a percentage of adjusted net sales[10] selling and advertising expenses were 37.7% in the first six months of 2015.

Please find the reconciliation between adjusted selling and advertising expenses[14] and selling and advertising expenses in the following table:

(Amounts in millions of Euro)	June 30, 2016	June 30, 2015
Selling and advertising expenses	**1,799.6**	**1,792.7**
> Non recurring expenses	(0.3)	
> Restructuring and reorganization expenses	(3.6)	
Adjusted Selling and advertising expenses	**1,795.7**	**1,792.7**

General and administrative expenses, including intangible asset amortization, decreased by Euro 28.2 million, or 5.2%, to Euro 511.2 million in the first six months of 2016, as compared to Euro 539.4 million in the same period of 2015. As a percentage of net sales, general and administrative expenses were 10.8% in the first six months of 2016 as compared to 11.6% in the same period of 2015. The decrease is mainly due to the cost-savings actions put in place by the group in the first six month of 2016.

Adjusted general and administrative expenses[15], including intangible asset amortization and excluding for 2016 restructuring and reorganization expenses of Euro 12.3 million and non-recurring expenses of Euro 43.5 million related to the departure of Adil Mehboob-Khan as CEO for Markets, expenses related to the Oakley integration and to the accrual for the French anti-trust proceeding, and for 2015 the non-recurring expenses related to the Oakley integration and other minor projects for

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(14) For a further discussion of adjusted selling and advertising expenses, see Appendix "Non-IFRS Measures."

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

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Euro 20.4 million, were Euro 455.3 million and Euro 519.0 million in the first six months of 2016 and in 2015, respectively. As a percentage of net sales adjusted general and administrative expenses[15] were 9.6% in the first six months of 2016. As a percentage of adjusted net sales[10] adjusted general and administrative expenses[15] were 10.9% in the first six months of 2015.

Please find the reconciliation between adjusted general and administrative expenses[15] and general and administrative expenses in the following table:

(Amounts in millions of Euro)	June 30, 2016	June 30, 2015
General and administrative expenses	**511.1**	**539.4**
> Restructuring and reorganization expenses	(12.3)	
> Non-recurring expenses	(43.5)	(20.4)
Adjusted general and administrative expenses	**455.3**	**519.0**

Income from Operations. For the reasons described above, income from operations decreased by Euro 70.5 million or 8.2% to Euro 788.1 million in the first six months of 2016 from Euro 858.5 million in the same period of 2015. As a percentage of net sales, income from operations decreased to 16.7% in 2016 from 18.4% in 2015.

Adjusted income from operations[16], excluding for 2016 restructuring and reorganization expenses of Euro 24.7 million and non-recurring expenses of Euro 43.9 million related to the departure of Adil Mehboob-Khan as CEO for Markets, expenses related to the Oakley integration and to the accrual for the French anti-trust proceeding, and for 2015 the non-recurring expenses related to the Oakley integration and other minor projects for Euro 20.4 million, decreased by Euro 22.3 million to Euro 856.6 million in the first six months of 2016 from Euro 878.9 million in the same period of 2015. As a percentage of net sales adjusted income from operations[16] was 18.2% in the first six months of 2016. As a percentage of adjusted net sales[10] adjusted income from operations[16] was 18.5% in the first six months 2015.

Please find the reconciliation between adjusted income from operations[16] and income from operations in the following table:

(Amounts in millions of Euro)	June 30, 2016	June 30, 2015
Income from operations	**788.1**	**858.5**
> Restructuring and reorganization expenses	24.7	
> Non-recurring expenses	43.9	20.4
Adjusted Income from operations	**856.6**	**878.9**

Other Income (Expense) Net. Other income (expense) net was Euro (30.4) million in the first six months of 2016 as compared to Euro (52.6) million in the same period of 2015. Net interest expense was Euro 33.0 million in the first six months of 2016 as compared to Euro 53.3 million in the same period of 2015. The reduction was due to the repayment of long-term debt maturing in the second half of 2015.

Net Income. Income before taxes decreased by Euro 48.3 million, or 6.0% to Euro 757.6 million in the first six months of 2016 from Euro 805.9 million in the same period of 2015. As a percentage of net sales, income before taxes decreased to 16.1% in 2016, from 17.3% in 2015.

Our adjusted effective tax rate was 35.5% and 36.3% in the first six months of 2016 and 2015, respectively.

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(16) For a further discussion of adjusted income from operations, see Appendix "Non-IFRS Measures."

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Net income attributable to non-controlling interests was equal to Euro 1.3 million and Euro 1.7 million, in the first six months of 2016 and 2015, respectively.

Net income attributable to Luxottica Group stockholders decreased by Euro 29.4 million, or 5.8% to Euro 475.7 million in the first six months of 2016 from Euro 505.1 million in the same period of 2015. Net income attributable to Luxottica Group stockholders as a percentage of net sales decreased to 10.1% in the first six months of 2016 from 10.8% in 2015.

Adjusted net income attributable to Luxottica Group stockholders(17), excluding for 2016 restructuring and reorganization expenses of Euro 16.4 million and non-recurring expenses of Euro 39.4 million related to the departure of Adil Mehboob-Khan as CEO for Markets, expenses related to the Oakley integration and to the accrual for the French anti-trust proceeding, and for 2015 the non-recurring expenses related to the Oakley integration and other minor projects for Euro 19.6 million, increased by Euro 6.8 million to Euro 531.5 million from Euro 524.7 million. As a percentage of net sales, adjusted net income attributable to Luxottica Group stockholders(17) was 11.3% in the first six months of 2016. As a percentage of adjusted net sales(10), adjusted net income attributable to Luxottica Group stockholders(17) was 11.0%.

Please find the reconciliation between adjusted net income attributable to Luxottica Group stockholders(17) and net income attributable to Luxottica Group stockholders in the following table:

(Amounts in millions of Euro)	June 30, 2016	June 30, 2015
Net income attributable Luxottica Stockholders	**475.7**	**505.1**
> Restructuring and reorganization expenses	16.4	
> Non-recurring expenses	39.4	19.6
Adjusted Net income attributable Luxottica Stockholders	**531.5**	**524.7**

Basic earnings per share were Euro 0.99 in the first six months of 2016 and Euro 1.05 in the same period of 2015. Adjusted basic earnings per share(18) was Euro 1.11 in the first six months of 2016 and Euro 1.10 in the same period of 2015.

OUR CASH FLOWS

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

	(Amounts in thousands of Euro)	June 30, 2016	June 30, 2015
A)	Cash and cash equivalents at the beginning of the period	864,852	1,453,587
B)	Net cash provided by operating activities	689,780	500,070
C)	Cash provided/(used) in investing activities	(311,577)	(231,128)
D)	Cash provided/(used) in financing activities	(481,378)	(724,189)
E)	Effect of exchange rate changes on cash and cash equivalents	(7,467)	44,256
F)	Net change in cash and cash equivalents	(110,643)	(410,991)
G)	**Cash and cash equivalents at the end of the period**	**754,209**	**1,042,596**

(17)

For a further discussion of adjusted net income attributable to Luxottica Stockholders, see Appendix "Non-IFRS Measures."

(18) For a further discussion of adjusted basic earning per share, see Appendix "Non-IFRS Measures."

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Operating Activities. The Company's net cash provided by operating activities in the first six months of 2016 and 2015 was Euro 689.8 million and Euro 500.1 million, respectively.

Depreciation and amortization were Euro 249.0 million in the first nine months of 2016 as compared to Euro 235.7 million in the same period of 2015. The increase is mainly due to capital additions of the first six months of 2016.

The change in accounts receivable was Euro (239.6) million in the first six months of 2016 as compared to Euro (304.2) million in the same period of 2015. The change, in line with the seasonality of the Group's business, was less than in 2015 due to the lower net sales in the wholesale division. The change in inventory was Euro (14.1) million in the first six months of 2016 as compared to Euro (63.5) million in the first six months of 2015. The increase in inventory in 2015 was aimed at improving the quality of the customer experience by having inventory levels in line with customer demand. The change in accounts payable was Euro 32.4 million in the first six months of 2016 as compared to Euro 88.2 million in the same period of 2015. The change as compared to previous year was mainly due to the timing of payment made by the Group. Income taxes paid in the first six months of 2016 were Euro (88.9) million as compared to Euro (282.0) million in the same period of 2015. The increase in income taxes paid in the first six months of 2015 was due to the Italian entities of the Group and, in particular, to the payment of Euro (91.6) million related to the tax audit of Luxottica S.r.l. for the tax years from 2008 to 2011. The change was also due to the timing of tax payments in the different jurisdictions in which the Group operates. Interest paid was Euro (52.2) million as compared to Euro (63.6) million in the first six months of 2016 and 2015, respectively. The decrease is mainly due to thr repayment of long term debt due in the second half of 2015.

Investing Activities. The Company's net cash used in investing activities was Euro (311.6) million and Euro (231.1) million in the first six months of 2016 and 2015, respectively. The primary investment activities in the first six months of 2016 were related to (i) the purchase of tangible assets for Euro (275.8) million, including a building in New York of approximately Euro 65.8 million (Euro 6.5 million paid in 2015), and (ii) the acquisition of intangible assets for Euro (57.3) million. In the first six month of 2016 the Group finalized the sale of the aircraft owned by Luxottica Leasing Srl which resulted in cash inflow of Euro 19.3 million. The primary investment activities in the first six months of 2015 were related to (i) the purchase of tangible assets for Euro (148.7) million, and (ii) the acquisition of intangible assets for Euro (83.4) million.

Financing Activities. The Company's net cash used in financing activities was Euro (481.4) million and Euro (724.2) million in the first six months of 2016 and 2015, respectively. Cash used by financing activities in the first six months of 2016 consisted of (i) Euro (427.7) million related to the payment of dividends to the Company's shareholders, (ii) Euro (95.7) million related to the purchase of treasury shares, (iii) Euro 36.5 million related to the increase in bank overdrafts, (iv) Euro 7.2 million from Delfin S.a.rl. contributions related to the grant of treasury shares to the Group's employees in Italy in honor of the 80th birthday of the Group's chairman, and (v) of Euro 4.3 million related to the exercise of stock options. Cash used in the first six months of 2015 was mainly due to (i) Euro (689.7) million used to pay dividends to the shareholders of the Company, (ii) Euro (28.5) million related to the decrease of bank overdraft, (iii) Euro (19.0) million related to the acquisition of the remaining 49% of Luxottica Netherlands, and (iv) Euro 37.8 million related to the exercise of stock options.

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OUR CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONDENSED)

ASSETS (Amounts in thousands of Euro)	June 30, 2016	December 31, 2015
CURRENT ASSETS:		
Cash and cash equivalents	754,209	864,852
Accounts receivable	1,101,094	858,053
Inventories	849,443	833,272
Other assets	254,966	272,932
Total current assets	**2,959,712**	**2,829,109**
NON-CURRENT ASSETS:		
Property, plant and equipment	1,503,776	1,435,524
Goodwill	3,554,717	3,596,983
Intangible assets	1,364,000	1,442,148
Investments	66,235	65,378
Other assets	101,544	105,574
Deferred tax assets	191,765	174,433
Total non-current assets	**6,782,038**	**6,820,040**
TOTAL ASSETS	**9,741,750**	**9,649,148**

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2016	December 31, 2015
CURRENT LIABILITIES:		
Short-term borrowings	152,215	110,450
Current portion of long-term debt	72,723	44,882
Accounts payable	898,043	927,186
Income taxes payable	237,867	34,179
Short-term provisions for risks and other charges	155,325	118,779
Other liabilities	639,671	671,424
Total current liabilities	**2,155,844**	**1,906,900**
NON-CURRENT LIABILITIES:		
Long-term debt	1,655,883	1,715,104
Employee benefits	210,478	136,200
Deferred tax liabilities	232,372	277,327
Long-term provisions for risks and other charges	111,702	104,508
Other liabilities	93,399	91,391
Total non-current liabilities	**2,303,835**	**2,324,529**
STOCKHOLDERS' EQUITY:		
Luxottica Group stockholders' equity	5,276,936	5,412,524
Non-controlling interests	5,136	5,196
Total stockholders' equity	**5,282,072**	**5,417,719**

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**9,741,750**	**9,649,148**

As of June 30, 2016, total assets increased by Euro 92.6 million to Euro 9,741.8 million, compared to Euro 9,649.1 million as of December 31, 2015.

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In the first six months of 2016, non-current assets decreased by Euro 38.0 million, mainly due to a decrease in intangible assets (including goodwill) of Euro 120.4 million and a decrease in other assets of Euro 4.0 million and it is partially offset by an increase in property, plant and equipment of Euro 68.2 million and an increase in deferred tax assets of Euro 17.3 million.

The decrease in intangible assets (including goodwill) was due to the negative effects of foreign currency fluctuations of Euro 61.7 million and to amortization in the period of Euro 109.1 million which were partially offset by the additions in the period of Euro 51.5 million.

The increase in property, plant and equipment was due to the additions in the period of Euro 233.3 million and was partially offset by the negative currency fluctuation effects of Euro 18.0 million as of June 30, 2015 compared to December 31, 2015, and depreciation in the period of Euro 139.8 million.

As of June 30, 2016 as compared to December 31, 2015:

Accounts receivable increased by Euro 243.0 million, primarily due to the seasonality of the Group's business which is generally characterized by higher sales in the first part of the year and collection of the related receivables in the second part of the year;

Inventories increased by Euro 16.2 million is mainly aimed at improving the quality of the customer experience by having at any time finished products inventory levels in line with customer demand;

Accounts payable increased by Euro 29.1 million, primarily due to the timing of the payments made by the Group and was partially offset by the weakening of certain currencies in which the Group operates;

Other current assets decreased by Euro 18.0 million mainly due to the sale of the aircraft owned by Luxottica Leasing Srl which was classified as an asset held for sale as of December 31, 2015;

Current taxes payable increased by Euro 203.7 million due to the timing of tax payments made by the Group in various jurisdictions;

Employee benefits increased by Euro 74.3 million which was primarily due to the reduction of interest rates used to discount the liability; and

Short-term risk provision for risks and other charges increased by Euro 36.5 million mainly due to the accrual for the French anti-trust proceeding.

Our net financial position as of June 30, 2016 and December 31, 2015 was as follows:

(Amounts in thousands of Euro)	**June 30, 2016**	**December 31, 2015**
Cash and cash equivalents	754,209	864,852
Bank overdrafts	(152,215)	(110,450)
Current portion of long-term debt	(72,723)	(44,882)
Long-term debt	(1,655,833)	(1,715,104)
Total net financial position	**(1,126,612)**	**(1,005,584)**

Bank overdrafts consist of the utilized portion of short-term uncommitted revolving credit lines borrowed by various subsidiaries of the Group. The interest rate applied to these credit lines depends on the currency and is usually floating.

As of June 30, 2016, Luxottica together with our wholly-owned Italian subsidiaries had credit lines aggregating Euro 343.8 million. The interest rate is a floating rate of EURIBOR plus a margin on average of approximately 30 basis points. At June 30, 2016, Euro 50.0 million was utilized under these credit lines.

As of June 30, 2016, our wholly-owned subsidiary Luxottica U.S. Holdings Corp. maintained unsecured lines of credit with an aggregate maximum availability of Euro 112.5 million (USD 124.9 million

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converted at the applicable exchange rate for the period ended June 30, 2016). The interest is at a floating rate of approximately LIBOR plus 50 basis points. At June 30, 2016, these credit lines were not utilized but Euro 45.8 million in aggregate face amount of standby letters of credit were outstanding as of period end.

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. These transactions are managed as arms-length market transactions. For further details regarding related party transactions, please refer to Note 29 of the Notes to the Consolidated Financial Statements as of June 30, 2016.

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.

5. SUBSEQUENT EVENTS

For further details regarding any subsequent events, please refer to Note 35 to the Condensed Consolidated Financial Statements as of June 30, 2016.

6. 2016 OUTLOOK

The second quarter results, along with increasing uncertainty in many markets, lead management to assume a more cautious outlook for the second half of the year. The Group is therefore revising its expectations for the full-year 2016 as follows: sales growth to increase in the range of 2-3% at constant exchange rates; adjusted operating income[(4)] and adjusted net income[(6)] aligned to net sales growth; and the Group's net debt/adjusted EBITDA ratio to fall within a range of 0.5x-0.4x.

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APPENDIX

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 the first six months of 2016, we made adjustments to the following measures: cost of sales, selling expenses, general and administrative expenses, EBITDA, operating income, income taxes, net income and earnings per share. We adjusted the above items for (i) restructuring and reorganization costs of Euro 24.7 million (Euro 16.4 million net of taxes), and (ii) non-recurring expenses of Euro 43.9 million (Euro 39.4 million net of taxes) related to the departure of Adil Mehboob-Khan as CEO for Markets, expenses related to the Oakley integration and to an accrual for the French anti-trust proceeding.

In the first six months of 2015, we made adjustments to the following measures: net sales, cost of sales, general and administrative expenses, EBITDA, operating income, income taxes, net income and earnings per share. We adjusted the above items for the modification of the EyeMed reinsurance agreement referenced above with an impact for the six-month period ended June 30, 2015 equal to Euro 85.8 million (the "EyeMed Adjustment") and for the non-recurring expenses related to the Oakley integration and other minor projects of Euro 20.4 million (Euro 19.6 million net of tax).

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.

Non-IFRS measures such as EBITDA, EBITDA margin, free cash flow 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.

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See the tables below for a reconciliation of the adjusted measures discussed above to their most directly comparable IFRS financial measures. For a reconciliation of EBITDA to its most directly comparable IFRS measure, see the pages following the tables below (Amounts in millions of Euro):

Luxottica Group	1H 2016					
	Net sales	Cost of Sales	EBITDA	Operating Income	Net Income	Base EPS
Reported	**4,719.4**	**(1,620.6)**	**1,037.1**	**788.1**	**475.7**	**0.99**
> Restructuring and Reorganization expense		8.6	24.7	24.7	16.4	0.03
> Non-Recurring expenses		0.1	43.9	43.9	39.4	0.08
Adjusted	**4,719.4**	**(1,611.8)**	**1,105.6**	**856.6**	**531.5**	**1.11**

Luxottica Group	1H 2015					
	Net sales	Cost of Sales	EBITDA	Operating Income	Net Income	Base EPS
Reported	**4,666.7**	**(1,476.1)**	**1,094.2**	**858.5**	**505.1**	**1.05**
> EyeMed Adjustment	85.8	(85.8)				
> Oakley integration and other minor project costs			20.4	20.4	19.6	0.04
Adjusted	**4,752.5**	**(1,561.9)**	**1,114.6**	**878.9**	**524.7**	**1.10**

EBITDA and EBITDA margin

EBITDA represents net income attributable to Luxottica Group stockholders, before non-controlling interests, 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.

EBITDA and EBITDA margin are not meant to be considered in isolation or as a substitute for items appearing in 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 the Group's non-IFRS measures used in this report, see "NON-IFRS MEASURES *Adjusted Measures*" set forth above.

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;

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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.

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-IFRS Measure: EBITDA and EBITDA margin

Millions of Euro	1H 2015	1H 2016	FY 2015	LTM June 30, 2016
Net income/(loss) (+)	505.1	475.7	804.1	774.7
Net income attributable to non-controlling interest (+)	1.7	1.3	2.8	2.4
Provision for income taxes (+)	299.2	280.6	471.0	452.4
Other (income)/expense (+)	52.6	30.4	98.5	76.4
Depreciation and amortization (+)	235.7	249.0	476.9	490.2
EBITDA (=)	1,094.2	1,037.1	1,853.3	1,796.1
Net sales (/)	4,666.7	4,719.4	8,836.6	8,889.3
EBITDA margin (=)	23.4%	22.0%	21.0%	20.2%

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

Millions of Euro	1H 2015[1,4]	1H 2016[2,3]	FY 2015[1,4]	LTM June 30, 2016[1,2,3,4]
Adjusted net income/(loss) (+)	524.7	531.5	854.0	860.8
Net income attributable to non-controlling interest (+)	1.7	1.3	2.8	2.4
Adjusted provision for income taxes (+)	300.0	293.3	487.6	480.9

Other (income)/expense (+)	52.6	30.4	98.5	76.4
Depreciation and amortization (+)	235.7	249.0	476.9	490.2
Adjusted EBITDA (=)	1,114.6	1,105.6	1,919.7	1,910.6
Net sales (/)	4,752.5	4,719.4	9,010.8	8,977.8
Adjusted EBITDA margin (=)	23.5%	23.4%	21.3%	21.3%

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The adjusted figures:

(1) Include the EyeMed Adjustment. Starting from July 1, 2014 following the modification of an EyeMed reinsurance agreement with an existing underwriter, the Group assumes less reinsurance revenues and less claims expense. The impact of the contract for the twelve-month period ended December 31, 2015 was Euro 174.3 million, for the six month-period ended June 30, 2015 was Euro 85.8 million. Starting from Janury 1, 2016 Eyemed modified the terms of the reinsurance agreement and is, therefore, recognizing more reinsurance revenues and more claims expense;

(2) Exclude restructuring and reorganization expenses of Euro 24.7 million (Euro 16.4 million net of taxes) for the six month-period ended June 30, 2016;

(3) Exclude in 2016 the non-recurring expenses of Euro 43.9 million (Euro 39.4 million net of taxes) related to the departure of Adil Mehboob-Khan as CEO for markets, expenses related to the Oakley integration and the accrual of the French antitrust proceeding;

(4) Exclude for 2015 non-recurring expenses related to the Oakley integration and other minor projects of Euro 66.4 million (Euro 49.8 million net of taxes) for the twelve-month period ended December 31, 2015, and Euro 20.4 million (Euro 19.6 million net of taxes) for the six month-period ended June 30, 2015.

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. For additional information on Group's non-IFRS measures used in this report, see "NON-IFRS MEASURES *Adjusted Measures*" set forth above.

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.

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.

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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)	**1H 2016**
Adjusted EBITDA[1]	**1,105.6**
Δ working capital	(295.5)
Capex	(284.7)
Operating cash flow	**525.4**
Financial charges[2]	(33.0)
Taxes	(88.9)
Other net[3]	(0.8)
Free cash flow	**402.7**

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

(2) Equals interest income minus interest expenses.

(3) Equals extraordinary income minus extraordinary expenses.

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 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 EBITDA and the ratio of net debt to EBITDA as evaluative tools may have certain limitations. 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, 2016	December 31, 2015
Long-term debt (+)	1,655.9	1,715.1
Current portion of long-term debt (+)	72.7	44.9
Bank overdrafts (+)	152.2	110.5
Cash (-)	(754.2)	(864.9)
Net debt (=)	1,126.6	1,005.6
LTM EBITDA	1,796.1	1,853.3
Net debt/EBITDA	0.6x	0.5x
Net debt @ avg. exchange rates[1]	1,131.2	991.9
Net debt @ avg. exchange rates[1]/EBITDA	0.6x	0.5x

(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, 2016[2]	December 31, 2015[3]
Long-term debt (+)	1,655.9	1,715.1
Current portion of long-term debt (+)	72.7	44.9
Bank overdrafts (+)	152.2	110.5
Cash (-)	(754.2)	(864.9)
Net debt		

(=)	1,126.6	1,005.6
LTM Adjusted EBITDA	1,910.6	1,919.7
Net debt/LTM Adjusted EBITDA	0.6x	0.5x
Net debt @ avg. exchange rates[1]	1,131.2	991.9
Net debt @ avg. exchange rates[1]/LTM EBITDA	0.6x	0.5x

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

(2) Adjusted figures exclude:

(a) restructuring and reorganization expenses of Euro 24.7 million;

(b) Non-recurring expenses of Euro 43.9 million related to the departure of Adil Mehboob-Khan as CEO for Markets, expenses related to the Oakley integration and to the accrual for the French anti-trust proceeding.

(3) Adjusted figures exclude non-recurring expenses of Euro 66.4 million related to the Oakley integration and other minor projects.

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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

Pursuant to Consob Resolution No. 15519 of July 27, 2006

(Amounts in thousands of Euro)	Note reference	June 30, 2016(*)	Of which related parties (note 29)(*)	December 31, 2015	Of which related parties (note 29)
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	6	754,209		864,852	
Accounts receivable	7	1,101,094	17,440	858,053	12,472
Inventories	8	849,443		833,272	
Other assets	9	254,966	2,402	272,932	11,617
Total current assets		**2,959,712**	**19,842**	**2,829,109**	**24,090**
NON-CURRENT ASSETS:					
Property, plant and equipment	10	1,503,776		1,435,524	
Goodwill	11	3,554,717		3,596,983	
Intangible assets	11	1,364,000	6,829	1,442,148	
Investments	12	66,235	54,087	65,378	53,367
Other assets	13	101,544		105,574	
Deferred tax assets	14	191,765		174,433	
Total non-current assets		**6,782,038**	**60,916**	**6,820,040**	**53,367**
TOTAL ASSETS		**9,741,750**	**80,758**	**9,649,148**	**77,456**
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term borrowings	15	152,215		110,450	
Current portion of long-term debt	16	72,723		44,882	
Accounts payable	17	898,043	17,363	927,186	17,191
Income taxes payable	18	237,867		34,179	
Short term provisions for risks and other charges	19	155,325		118,779	
Other liabilities	20	639,671	24	671,424	571
Total current liabilities		**2,155,844**	**17,387**	**1,906,900**	**17,763**
NON-CURRENT LIABILITIES:					
Long-term debt	21	1,655,883		1,715,104	
Employee benefits	22	210,478		136,200	
Deferred tax liabilities	14	232,372		277,327	
Long term provisions for risks and other charges	23	111,702		104,508	

Other liabilities	24	93,399		91,391	
Total non-current liabilities		**2,303,835**		**2,324,529**	
STOCKHOLDERS' EQUITY:					
Capital stock	25	29,033		29,019	
Legal reserve	25	5,805		5,784	
Reserves	25	4,914,162		4,642,238	
Treasury shares	25	(147,748)		(68,636)	
Net income	25	475,684		804,119	
Luxottica Group stockholders' equity	25	5,276,936		5,412,524	
Non-controlling interests	26	5,136		5,169	
Total stockholders' equity		**5,282,072**		**5,417,719**	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**9,741,750**	**17,387**	**9,649,148**	**17,763**

(*) Unaudited

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CONSOLIDATED STATEMENT OF INCOME

(Amounts in thousands of Euro)[1]	Note reference	Six Months ended June 30[*], 2016	Of which related parties[*] (note 29)	Six Months ended June 30[*], 2015	Of which related parties[*] (note 29)
Net sales	27	4,719,426	17,703	4,666,712	13,860
Cost of sales	27	1,620,578	24,631	1,476,094	36,488
Of which non-recurring	*32*	*90*			
Gross profit		**3,098,848**	**(6,928)**	**3,190,617**	**(22,628)**
Selling	27	1,428,173	190	1,397,199	22
Of which non-recurring	*32*	*282*			
Royalties	27	88,585	222	89,565	391
Advertising	27	282,850	60	305,974	25
General and administrative	27	511,165	3,764	539,350	3,581
Of which non-recurring	*32*	*43,482*		*20,400*	
Total operating expenses		**2,310,773**	**4,236**	**2,332,088**	**4,020**
Income from operations		**788,076**	**(11,163)**	**858,529**	**(26,648)**
Other income/(expense)					
Interest income	27	6,207	1,288	5,384	
Interest expense	27	(39,163)		(58,696)	
Other net	27	2,526	(6)	710	1
Income before provision for income taxes		**757,646**	**(9,881)**	**805,927**	**(26,646)**
Provision for income taxes	27	(280,621)		(299,156)	
Of which non-recurring	*32*	*(4,435)*		*(800)*	
Net income		**477,024**		**506,770**	
Of which attributable to:					
Luxottica Group stockholders		475,683		505,113	
Non-controlling interests		1,341		1,658	
Weighted average number of shares outstanding:					
Basic	30	480,424,539		478,819,264	
Diluted	30	481,377,070		480,763,466	
EPS					
Basic	30	0.99		1.05	
Diluted	30	0.99		1.05	

(1) Except per share data

(*) Unaudited

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months ended June 30	
(Amounts in thousands of Euro)	**2016**(*)	**2015**(*)
Net income	477,024	506,770
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	(41,208)	266,929
Total items that may be reclassified subsequently to profit or loss:	***(41,208)***	***266,929***
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on defined benefit plans	(77,167)	47,135
Related tax effect	30,874	(14,369)
Total items that will not be reclassified to profit or loss	***(46,294)***	***32,766***
Total other comprehensive income net of tax	**(87,502)**	**299,695**
Total comprehensive income for the period	**389,522**	**806,466**
Attributable to:		
Luxottica Group stockholders' equity	387,797	804,798
Non-controlling interests	1,725	1,668

(*) Unaudited

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED JUNE 30, 2016 AND 2015(*)

(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, 2015	**481,671,583**	**28,900**	**5,736**	**484,865**	**4,230,560**	**300,659**	**(55,364)**	**(73,875)**	**4,921,479**	**7,300**
Total Comprehensive Income as of June 30, 2015					**537,879**		**266,919**		**804,798**	**1,668**
Exercise of stock options	1,555,122	93		37,751					37,844	
Non-cash stock based compensation						25,534			25,534	
Excess tax benefit on stock options				15,668					15,668	
Purchase of treasury Shares								(3,786)	(3,786)	
Granting of treasury shares to employees					(9,664)			9,664		
Change in consolidation perimeter					(15,397)				(15,397)	(3,594)
Dividends (euro 1.44 per share)					(689,714)				(689,714)	(1,603)
Allocation to legal reserve			49		(49)					
Balance as of June 30, 2015	**483,226,705**	**28,993**	**5,785**	**538,284**	**4,053,615**	**326,193**	**211,555**	**(67,996)**	**5,096,426**	**3,771**
Balance as of January 1, 2016	**483,653,333**	**29,019**	**5,784**	**549,950**	**4,334,745**	**350,531**	**211,311**	**(68,636)**	**5,412,524**	**5,196**
Total Comprehensive Income as of June 30, 2016					**429,390**		**(41,592)**		**387,797**	**1,725**
Exercise of stock options	231,250	14		4,294					4,308	
Non-cash stock based compensation						7,554			7,554	
Excess tax benefit on stock options				(11,712)					(11,712)	
Purchase of treasury Shares								(95,815)	(95,815)	
Granting of treasury shares to employees					(16,703)			16,7039		
Dividends (euro 0.89 per share)					(427,772)				(427,772)	(1,785)
Allocation to legal reserve			20		(20)					

Balance as of June 30, 2016	**483,884,583**	**29,033**	**5,804**	**542,532**	**4,319,825**	**357,905**	**169,719**	**(147,748)**	**5,276,936**	**5,136**

(*) Unaudited

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CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in thousands of Euro)	Note reference	June 30, 2016(**)	June 30, 2015(**)
Income before provision for income taxes		**757,646**	**805,927**
Stock-based compensation		7,554	25,534
Depreciation and amortization	10/11	248,979	235,715
Net loss fixed assets and other	10/11	4,490	9,908
Financial charges		39,163	58,696
Other non-monetary items		(3,297)	(1,683)
Changes in accounts receivable		(239,554)	(304,200)
Changes in inventories		(14,098)	(63,466)
Changes in accounts payable		32,352	88,157
Changes in other assets/liabilities		(2,384)	(8,918)
Total adjustments		**73,206**	**39,743**
Cash provided by operating activities		**830,852**	**845,670**
Interest paid		(52,154)	(63,645)
Tax paid		(88,919)	(281,955)
Net cash provided by operating activities		**689,779**	**500,070**
Additions of Property, plant and equipment	10	(275,764)	(148,697)
Sale of Property, plant and equipment		19,258	
Change in investments	12	2,282	999
Additions to intangible assets	11	(57,353)	(83,430)
Cash used in investing activities		**(311,577)**	**(231,128)**
Long-term debt:			
Proceeds	21	1,452	3,220
Repayments	21	(5,581)	(22,651)
Short-term debt:			
Proceeds		36,461	
Repayments			(28,509)
Exercise of stock options	25	4,307	37,844
Contributions from Delfin S.a.r.l.		7,171	
Purchase of treasury shares		(95,681)	(3,786)
Purchase of non-controlling interests(*)			(18,990)
Dividends		(429,506)	(691,317)
Cash (used in)/provided financing activities		**(481,377)**	**(724,189)**
Increase (decrease) in cash and cash equivalents		**103,176**	**455,248**
Cash and cash equivalents, beginning of the period		**864,852**	**1,453,587**
Effect of exchange rate changes on cash and cash equivalents		(7,467)	44,256

Cash and cash equivalents, end of the period	**754,209**	**1,042,596**

(*) In the six months of 2015 we acquired the remaining 49% of Luxottica Netherland for Euro (19.0) million.

(**) Unaudited

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Luxottica Group S.p.A.

Registered office at Piazzale Cadorna 3, Milan, 20123 Italy

Share capital € 29,033,074.98

Authorized and issued

Notes to the CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2016

1. GENERAL INFORMATION

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 in Milan, Italy at Piazzale Luigi Cadorna 3, organized under the laws of the Republic of Italy.

The Company and its subsidiaries (collectively, the "Group") operate in two segments: (1) manufacturing and wholesale distribution; and (2) retail distribution. Through its manufacturing and wholesale distribution operations, the Group is engaged in the design, manufacturing, wholesale distribution and marketing of proprietary brands and designer lines of mid- to premium-priced prescription frames and sunglasses, as well as of performance optics products.

The Company is controlled by Delfin S.a r.l., a company subject to Luxembourg law. The chairman of the Board of Directors of the Company, Leonardo Del Vecchio, controls Delfin S.a r.l.

The Company's Board of Directors, at its meeting on July 25, 2016, approved the Group's interim condensed consolidated financial statements as of June 30, 2016 (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 as of June 30, 2016 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 dated 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 the Standing Interpretation Committee ("SIC").

This Financial Report as of June 30, 2016 should be read in connection with the consolidated financial statements as of December 31, 2015 which were prepared in accordance with IFRS, as endorsed by the European Union.

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, 2016.

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, 2015 except

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Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AS OF JUNE 30, 2016

2. BASIS OF PREPARATION (Continued)

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.

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, 2016.

The Group'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 Consolidated Financial Statements are expressed in thousands of Euro.

The Group presents its Consolidated Statements of Income using the function of expense method. The Company presents current and non-current assets and current and non-current liabilities as separate classifications in its consolidated statements of financial position. This presentation of the Consolidated Statements of Income and of the Consolidated Statements of Financial Position is believed to provide the most relevant information. The Consolidated Statements of Cash Flows was prepared and presented utilizing the indirect method.

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 applied CONSOB resolution n. 15519 dated July 27, 2006 and CONSOB communication n. 6064293 dated July 28, 2006, which defines non-recurring transactions as events which do not occur frequently in the ordinary course of business.

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 and amended accounting standards and interpretations, if not early adopted, must be adopted in the financial statements issued after the applicable effective date.

New standard and amendments that are effective for the reporting periods beginning on January 1, 2016.

The application of the new and amended accounting standards and interpretations, indicated below, did not have a significant impact on the consolidated financial statements of the Group.

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Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AS OF JUNE 30, 2016

3. NEW ACCOUNTING PRINCIPLES (Continued)

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions. The amendment reduces current services costs for the period by contributions paid by employees or by third parties during the period that are not related to the number of years of service, instead of allocating these contributions over the period when the services are rendered.

Annual Improvements to IFRSs 2010-2012 Cycle. The amendments adopted impact: (i) IFRS 2, clarifying the definition of "vesting condition" and introducing the definitions of conditions of service and results; (ii) IFRS 3, clarifying that obligations that correspond to contingent considerations, other than those covered by the definition of equity instrument, are measured at fair value at each balance sheet date, with changes recognized in the income statement; (iii) IFRS 8, requiring information to be disclosed regarding the judgments made by management in the aggregation of operating segments that describes how the segments have been aggregated and the economic indicators that have been evaluated in order to determine that the aggregated segments have similar economic characteristics; (iv) IAS 16 and IAS 38, clarifying the procedures for determining the gross carrying amount of assets when a revaluation is determined as a result of the revaluation model; and (v) IAS 24, establishing the disclosures to be provided when there is a related party entity that provides key management personnel services to the reporting entity.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations. The amendments advise on how to account for acquisitions of interests in joint operations.

Amendments to IAS 1 Disclosure Initiative. The amendments concern materiality, the aggregation of items, structure of the notes, information about accounting policies and the presentation of other comprehensive income arising from the measurement of equity method investments.

Amendments to IAS 27 Equity Method in Separate Financial Statements. The amendments clarify that an entity can apply the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements retrospectively.

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.

Annual Improvements to IFRSs 2012-2014 Cycle. The amendment modify: (i) IFRS 5, clarifying that the reclassification of an asset (or disposal group) from held for sale to held for distribution (or vice versa) should not be considered as a change in the original disposal plan; (ii) IFRS 7, clarifying that the offsetting disclosures are not applicable to condensed interim financial statements unless they provide a significant update to the disclosure included in the most recent annual financial statements, and excluding the presumption that the right to earn a fee for servicing a financial asset is generally continuing involvement and specifying that the entity should define the nature of the fee in accordance with the guidance of IFRS 7, (iii) IAS 19, clarifying that the depth of the market for high-quality corporate bonds should be assessed based on the currency in which the bond is denominated as opposed to the country in which the bond is located (in case a deep market of high-quality corporate bonds in a specific currency does not exist, corporate bonds should be considered), and (iv) IAS 34, clarifying that the required disclosures should be included either in the interim financial report or by cross-reference to other sections

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Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AS OF JUNE 30, 2016

3. NEW ACCOUNTING PRINCIPLES (Continued)

of the interim report (i.e. the management report). The disclosure included in the interim report should be available at the same time as the interim financial report.

New standard and amendments that are effective for the reporting periods beginning after January 1, 2016 and not early adopted by the Group.

The Group is assessing the full impact of the new and amended accounting standards and interpretations on its consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception. The amendments provide clarification of the application of the exception to consolidation of investment entities. The amendments will be applicable after the European Union endorsement, which has not yet occurred as of the date this Financial Report was authorized for issue.

Amendments to IAS 12 Recognition of Deferred Tax Assets on Unrealized Losses. The amendments provide clarifications on the recognition of deferred tax assets on debt instruments measured at fair value. The amendments are applicable to periods beginning on or after January 1, 2017 unless changed after the European Union endorsement, which has not yet occurred as of the date this Financial Report was authorized for issue.

Amendments to IAS 7 Disclosure Initiatives. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes The amendments are applicable to periods beginning on or after January 1, 2017 unless changed after the European Union endorsement, which has not yet occurred as of the date this Financial Report was authorized for issue.

IFRS 15 Revenue from Contracts with Customers. The new standard will be effective for the first interim period within the annual reporting periods beginning on or after January 1, 2018. This standard replaces IAS 18 *Revenues,* IAS 11 *Construction Contracts,* IFRIC 13 *Customer Loyalty Programs,* IFRIC 15 *Agreements for Constructions of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and 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. If 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 basis 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 revenue is recognized. The standard also specifies that an entity should adjust the transaction price for the time value of money in case the contract includes a significant financing component. IFRS 15 is applicable to periods beginning on or after January 1, 2018 unless changed after the European Union endorsement.

Clarifications to IFRS 15 Revenue from contracts with customers. The objective of the document is to clarify the guidance in IFRS 15 in respect of issues arising from the discussions of the Transition Resource Group for Revenue Recognition (TRG). The clarifications are applicable to periods beginning on or after January 1, 2018 unless changed after the European Union endorsement.

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Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AS OF JUNE 30, 2016

3. NEW ACCOUNTING PRINCIPLES (Continued)

IFRS 9 Financial instruments. This standard was issued in July 2014. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial instruments: recognition and measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets. The new standard reduces to three 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 new model introduced by IFRS 9 eliminates the threshold for the recognition of expected impairment losses, so that it is no longer necessary for a trigger event to have occurred before impairment losses are recognized, and requires an entity to recognize expected impairment losses at all times and to update the amount of expected impairment losses at each reporting date to reflect changes in the credit risk of the financial instrument. IFRS 9 contains a three-stage approach to account for impairment losses. Each stage dictates how an entity measures impairment losses. IFRS 9 aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The new standard enables an entity to use information produced internally as a basis for hedge accounting. The standard is not applicable until January 1, 2018, unless changes after the European Union endorsement which has not yet occurred as of the date this Financial Report was authorized for issue.

IFRS 16 Leases. The standard replaces IAS 17 "Leases" and requires all leases to be recorded on the balance sheet as assets and liabilities. IFRS 16 is applicable to periods beginning on or after January 1, 2019 unless changes after the European Union endorsement which has not yet occurred as of the date this Financial Report was authorized for issue. An entity can apply IFRS 16 before that date but only if it also applies IFRS 15 "Revenue from contracts with customers".

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. These amendments clarify the accounting treatment in relation to profits or losses arising from transactions with joint ventures or associates accounted for using the equity method. The application date has not yet been defined.

4. BUSINESS COMBINATIONS

In the first six months of 2016 there have been no business combinations.

5. SEGMENT INFORMATION

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

The criteria applied to identify the operating segments are consistent with the way the Group is managed. In particular, the disclosures are consistent with the information regularly reviewed by the

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Notes to the
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
AS OF JUNE 30, 2016

5. SEGMENT INFORMATION (Continued)

Executive Chairman in his role of Chief Operating Decision Maker, to make decisions about resources to be allocated to the segments and assess their performance.

Total assets and liabilities for each operating segment are no longer disclosed as they are not regularly reviewed by the CODM.

In January 2016, our Board of Directors approved a modification to our governance by assigning executive responsibility for Markets, a role formerly held by Mr. Adil Mehboob-Khan, to Mr. Leonardo Del Vecchio, the Company's Chairman of the Board of Directors and majority shareholder, as Executive Chairman. Due to the this change in the governance structure, the Executive Chairman became the CODM assisted in his role by the CEO of Products and Operations. This change did not impact the operating segments as the information provided and reviewed by the CODM has not changed.

(Amounts in thousands of Euro)	Manufacturing and Wholesale Distribution	Retail Distribution	Inter-segment transactions and corporate adjustments[c]	Consolidated
Six months ended June 30, 2016				
Net sales[a]	1,970,406	2,749,020		4,719,426
Income from operations[b]	524,856	365,018	(101,798)	788,076
Interest income				6,207
Interest expense				(39,163)
Other-net				2,526
Income before provision for income taxes				757,646
Provision for income taxes				(280,621)
Net income				477,024
Of which attributable to:				
Luxottica stockholders				475,683
Non-controlling interests				1,341
Capital expenditures	(147,246)	(137,461)		(284,707)
Depreciation and amortization	(80,239)	(125,900)	(42,840)	(248,979)
Six months ended June 30, 2015				
Net sales[a]	2,007,928	2,658,784		4,666,712
Income from operations[b]	539,308	424,127	(104,906)	858,529
Interest income				5,384
Interest expense				(58,696)
Other-net				710
Income before provision for income taxes				805,927
Provision for income taxes				(299,156)
Net income				506,770
Of which attributable to:				
Luxottica stockholders				505,113
Non-controlling interests				1,658
Capital expenditures	(83,920)	(132,965)		(216,885)
Depreciation and amortization	(80,130)	(112,410)	(43,175)	(235,715)

(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 not allocated to the segments.

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INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following items:

(Amounts in thousands of Euro)	As of June 30, 2016	As of December 31, 2015
Cash at bank	747,558	856,611
Checks	5,422	5,596
Cash and cash equivalents on hand	1,229	2,645
Total	**754,209**	**864,852**

There is no restricted cash. For a discussion on the changes in cash and cash equivalents please refer to Note 3 "Financial Result" of the management report and to Note 21.

7. ACCOUNTS RECEIVABLE

Accounts receivable consist exclusively of trade receivables and are recognized net of allowances to adjust their carrying amount to the estimated realizable value. Accounts receivable are due within 12 months:

(Amounts in thousands of Euro)	As of June 30, 2016	As of December 31, 2015
Accounts receivable	1,140,077	895,555
Allowance for doubtful accounts	(38,983)	(37,501)
Total accounts receivable	**1,101,094**	**858,053**

The increase in accounts receivable is primarily due to the seasonality of the Group's business which is generally characterized by higher sales in the first part of the year and collection of the related receivables in the second part of the year.

8. INVENTORIES

Inventories are comprised of the following items:

(Amounts in thousands of Euro)	As of June 30, 2016	As of December 31, 2015
Raw materials	187,471	200,336
Work in process	40,625	51,828
Finished goods	766,598	711,009
Less: inventory obsolescence reserves	(145,252)	(129,901)
Total	**849,443**	**833,272**

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8. INVENTORIES (Continued)

The increase in inventories of Euro 16.2 million is mainly due to finished products which went up in order to improve the quality of the customer experience by having at any time finished product inventory levels in line with customer demand, and was partially offset by an increase in the inventory obsolescence reserves of Euro 15.4 million mainly to align the inventory to its aging.

9. OTHER CURRENT ASSETS

Other assets comprise the following items:

(Amounts in thousands of Euro)	As of June 30, 2016	As of December 31, 2015
Sales taxes receivable	31,323	38,016
Other assets	54,226	57,354
Total financial assets	**85,549**	**95,370**
Income tax receivable	46,302	70,038
Advances to suppliers	19,224	15,070
Prepaid expenses	89,941	72,985
Other assets	13,950	19,468
Total other assets	**169,417**	**177,561**
Total other current assets	**254,966**	**272,932**

The decrease in other financial assets of Euro 9.8 million is mainly due to the sale of the aircraft owned by Luxottica Leasing which was classified as an asset held for sale as of December 31, 2015.

The change in other assets is mainly driven by the decrease in income tax receivables of Euro 23.7 million, mostly related to the US subsidiaries' of the Group, and partially offset by the increase in prepaid expenses of Euro 17.0 million related to rent payments for the North America retail operations and to the payment of royalties.

Other financial assets mainly include other financial assets of the North America retail division totaling Euro 16.5 million as of June 30, 2016 (Euro 12.1 million as of December 31, 2015).

Other assets include the short-term portion of advance payments made to certain designers for future contracted minimum royalties totaling Euro 13.9 million as of December 31, 2015 (Euro 19.5 million as of December 31, 2015).

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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AS OF JUNE 30, 2016

NON-CURRENT ASSETS

10. PROPERTY, PLANT AND EQUIPMENT

Changes in items of property, plant and equipment in the six months as of June 30, 2016 were as follows:

(Amounts in thousands of Euro)	Land and buildings, including leasehold improvements	Machinery and equipment	Aircraft	Other equipment	Total
As of Decembre 31, 2015					
Historical cost	1,160,057	1,456,077	11,362	825,695	3,453,190
Accumulated depreciation	(617,283)	(941,482)	(865)	(458,033)	(2,017,664)
Total as of December 31, 2015	**542,774**	**514,595**	**10,496**	**367,661**	**1,435,524**
Increases	38,329	23,744		171,231	233,304
Decreases/write downs	(107)	(1,195)		(2,594)	(3,896)
Translation difference and other	(5,079)	15,612		(31,862)	(21,326)
Depreciation expense	(38,659)	(61,923)	(282)	(38,966)	(139,830)
Total balance as of June 30, 2016	**537.258**	**490,833**	**10,214**	**465,471**	**1,503,776**
Of which:					
Historical cost	1,169,498	1,472,532	11,362	935,895	3,589,287
Accumulated depreciation	(632,240)	(981,699)	(1,148)	(470,424)	(2,085,511)
Total as of June 30, 2016	**537,258**	**490,833**	**10,214**	**465,471**	**1,503,776**

Of the total depreciation expense of Euro 139.8 million as of June 30, 2016 (Euro 133.9 million in the same period of 2015), Euro 47.9 million (Euro 46.5 million in the same period of 2015) is included in cost of sales, Euro 68.2 million (Euro 65.6 million in the same period of 2015) in selling expenses, Euro 6.9 million (Euro 5.2 million in the same period of 2015) in advertising expenses, and Euro 16.8 million (Euro 16.6 million in the same period of 2015) in general and administrative expenses.

Capital expenditures in the first six months of 2016 mainly relate to routine technology upgrades to the manufacturing infrastructure, opening of new stores and the remodeling of older stores. During the first six months of 2016 the Group completed the purchase of a building located in New York for Euro 65.8 million of which Euro 6.5 million was paid in 2015. The building is classified as asset in progress as of June 30, 2016.

Other equipment includes Euro 221.2 million for assets under construction as of June 30, 2016 (Euro 108.5 million as of December 31, 2015).

Leasehold improvements totaled Euro 207.2 million and Euro 202.9 million as of June 30, 2016 and December 31, 2015, respectively.

No impairment indicators were identified during the first six months of 2016.

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11. GOODWILL AND INTANGIBLE ASSETS

Changes in goodwill and intangible assets in the six months as of June 30, 2016 were as follows:

(Amounts in thousands of Euro)	Goodwill	Trade names and trademarks	Customer relations, contracts and lists	Franchise agreements	Other	Total
As of December 31, 2015						
Historical cost	3,596,983	1,745,004	277,266	26,362	1,020,028	6,665,643
Accumulated amortization		(981,138)	(144,202)	(14,175)	(486,997)	(1,626,512)
Total as of December 31, 2015	**3,596,983**	**763,866**	**133,064**	**12,187**	**533,031**	**5,039,131**
Increases		58			51,406	51,464
Decreases/write downs					(287)	(287)
Translation difference and other	(42,266)	(11,768)	(371)	(239)	(7,770)	(62.414)
Amortization expense		(34,586)	(7,378)	(643)	(66,570)	(109,177)
Balance as of June 30, 2016	**3,554,717**	**717,570**	**125,315**	**11,305**	**509,810**	**4,918,717**
Historical cost	3,554,717	1,692,573	274,812	25,851	1,056,960	6,604,913
Accumulated amortization		(975,004)	(149,496)	(14,547)	(547,150)	(1,686,197)
Total Balance as of June 30, 2016	**3,554,717**	**717,570**	**125,315**	**11,305**	**509,810**	**4,918,717**

Of the total amortization expense of intangible assets as of June 30, 2016 of Euro 109.2 million (Euro 101.8 million in the same period of 2015), Euro 90.3 million (Euro 89.6 million in the same period of 2015) is included in general and administrative expenses, Euro 12.2 million (Euro 9.0 million in the same period of 2015) is included in selling expenses and Euro 6.7 million (Euro 3.2 million in the same period of 2015) is included in cost of sales.

The increase in intangible assets is mainly due to the implementation of IT infrastructure.

No impairment test was performed in the first half of 2016 since no impairment indicators were brought to management's attention.

12. INVESTMENTS

Investments amounted to Euro 66.2 million (Euro 65.4 million as of December 31, 2015) and mainly related to investments in Eyebiz Laboratories Pty Limited (a joint venture formed in 2010 between Luxottica and Essilor International that provides most of the Australian lab requirements) for Euro 5.8 million (Euro 6.0 million as of December 31, 2015) and in Salmoiraghi & Viganò of Euro 47.3 million (Euro 46.0 million as of December 31, 2015).

The investment was analyzed under the applicable impairment test as of December 31, 2015 and it was determined that no loss is to be recorded in the consolidated financial statements as of December 31, 2015.

No impairment indicators were identified during the first six months of 2016.

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13. OTHER NON-CURRENT ASSETS

(Amounts in thousands of Euro)	As of June 30, 2016	As of December 31, 2015
Other financial assets	85,253	84,800
Other assets	16,291	20,774
Total other non-current assets	**101,544**	**105,574**