



Vision Monday's  
**Global Leadership Summit**

*New York, March 21, 2007*

## 4 The global leader in eyewear

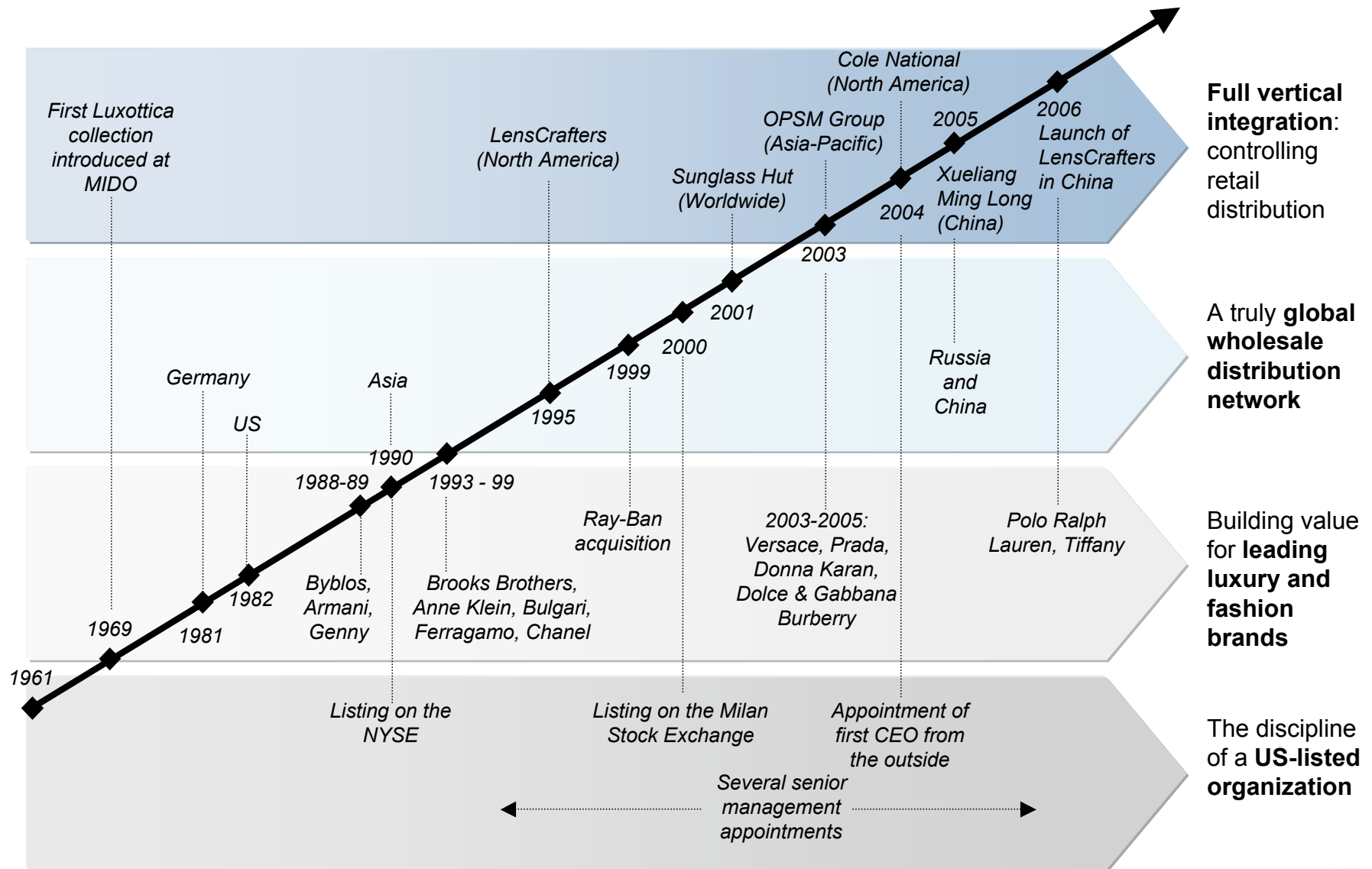
- 4 The new eyewear market: a bigger opportunity
- 4 Advantages of vertical integration
- 4 Give the Gift of Sight Foundation

# Overview of Luxottica Group

| Key financial figures   | Retail  |
|---|---|
| <ul style="list-style-type: none"> <li>4 <b>Sales FY 2006:</b> €4.7 Billion <ul style="list-style-type: none"> <li>§ Retail: 70.4%</li> <li>§ Wholesale<sup>(1)</sup>: 29.6%</li> </ul> </li> <li>4 <b>Operating Income FY 2006:</b> €756.0 Million, 16.2% of sales</li> <li>4 <b>Net debt/LTM EBITDA:</b> 1.18x</li> </ul> | <ul style="list-style-type: none"> <li>4 <b>Over 5,800 stores</b> worldwide</li> <li>4 <b>Leading optical retailer</b> in: <ul style="list-style-type: none"> <li>§ North America</li> <li>§ Asia-Pacific</li> <li>§ Greater China</li> </ul> </li> <li>4 <b>#1 specialty sun retailer</b> worldwide</li> <li>4 <b>#1 operator of leased optical departments in host stores</b> environment in North America</li> </ul> |
| Wholesale   | Manufacturing   |
| <ul style="list-style-type: none"> <li>4 <b>130 countries</b>, 5 continents</li> <li>4 <b>29 direct subsidiaries</b> in key markets</li> <li>4 Reaching approx. <b>200,000 doors</b></li> <li>4 Over <b>110,000 units shipped every day</b></li> </ul>  | <ul style="list-style-type: none"> <li>4 <b>Six manufacturing plants in Italy</b></li> <li>4 The only premium eyewear manufacturer with <b>two wholly-owned plants in China</b></li> <li>4 One manufacturing plant in <b>India</b></li> <li>4 Dedicated <b>sun lens R&amp;D and manufacturing facility in Italy</b></li> </ul>  |

(1) Wholesale sales to third parties only

# Over 45 years of carefully planned growth



# Manufacturing and wholesale distribution

## Manufacturing

### **Italy-based high quality manufacturing capability**

- 4 Fully leveraging *Made in Italy*
- 4 Ongoing investments in state-of-the-art technology

### **The only premium manufacturer with two wholly-owned plants in China**

- 4 High quality
- 4 Additional manufacturing flexibility
- 4 On-site quality control of third-party sourced product

### **Already looking at the future**

- 4 One India-based manufacturing plant

### **Flexibility to quickly adjust and shift production as needed**

## Wholesale

### **Leadership in key markets**

### **Plenty of new market opportunities**

- 4 Emerging markets

### **A much stronger brand portfolio**

- 4 Plenty of potential for additional growth from exiting brands
- 4 Strong new brands
- 4 Ray-Ban, other strong house brands

### **New channels opportunities**

- 4 Department stores
- 4 Travel retail

### **Service is a key differentiator**

# Retail network

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## Leader in optical and sun retail

### **The two leading optical brands in North America**

- 4 LensCrafters: superior service and fashion
- 4 Pearle Vision: the most known optical retail brand in personalized eyecare

### **The leading operator of leased optical departments in host stores environment in North America**

- 4 Sears Optical, Target Optical and BJ's Optical

### **Sunglass Hut is the only global specialty sun brand**

- 4 Setting trends worldwide
- 4 Already in North America, Asia-Pacific, UK and the Middle East
- 4 Entering new markets

### **The leading optical retailer in Australasia**

- 4 OPSM: fashion, convenience
- 4 Laubman & Pank: superior service, eyecare
- 4 Budget Eyewear: value, high traffic

### **The only high-end optical retailer in China**

- 4 Launching LensCrafters to all top locations in Mainland China
- 4 Full roll-out already completed in Hong Kong

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4 The new eyewear market: a bigger opportunities

4 Advantages of vertical integration

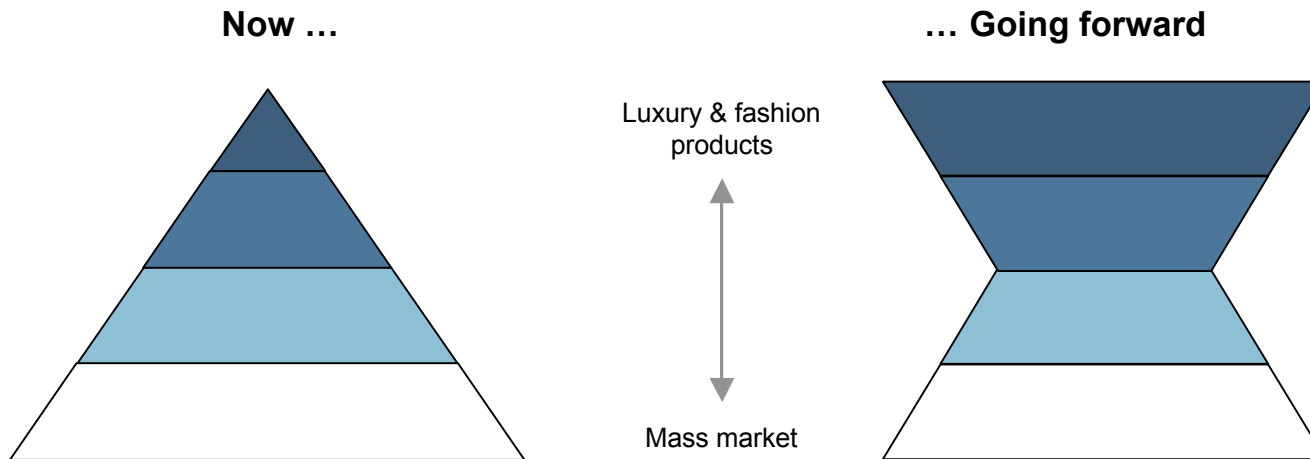
4 Give the Gift of Sight Foundation

# Growth drivers: fashion and luxury

A rapidly evolving US\$64 billion global market

## Shifts in perception and customer behavior are changing the relevant market

- 4 Fashion accessory vs. purely functional device
- 4 Consumers have shortened the replacement cycle (3-5 years to 1.5 years) and are more likely to buy more eyeglasses for different purposes
- 4 Accessories are increasingly important for fashion/luxury houses
  - § Eyewear is one of the most accessible and most visible accessories and newest addition to the fashion/luxury market
  - § All fashion houses have entered the eyewear market
    - > A way to address a wider consumer base and to extend their reach
    - > Eyewear is the perfect industry in which to launch a new brand, i.e. Tom Ford



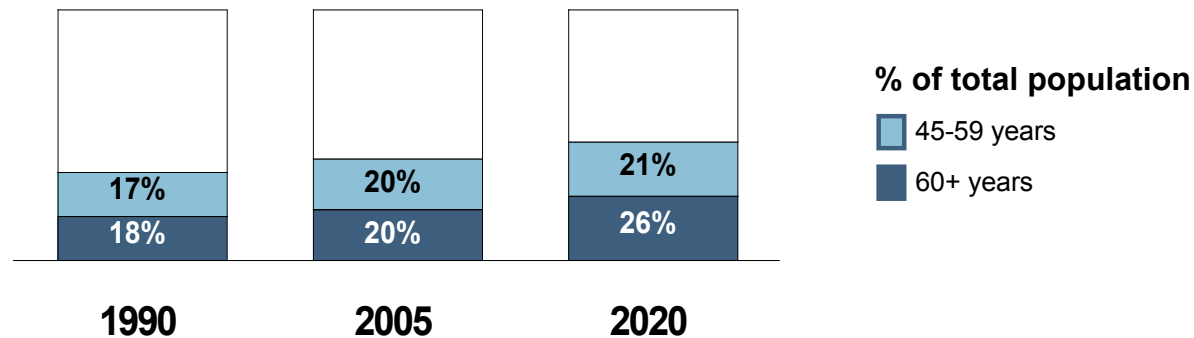


# Growth drivers: population in developed countries is aging

## Demand for fashion and luxury eyewear is growing: coming of age of baby boomers

### Population in developed countries is aging

- 4 By 2020 population above 45 years of age is expected to grow by 17.6% vs. by 2.7% for total population



### Significant correlation between the eyewear market and growth of the elderly population

### Consumption behavior of aging population is changing

- 4 Baby boomers are now in their late 40's and 50's
  - § Enjoying a second phase of luxury goods consumption, which is likely to boost demand for fashion and luxury eyewear

# Growth drivers: the US is still a big opportunity

## The US market

**The most developed consumer market, yet still experiencing high growth**

**An underdeveloped luxury market, far from having reached maturity**

- 4 Accounts only for approx. 25% of global luxury goods demand vs. approx. 35% in Japan
- 4 Luxury per capita consumer spending is 15% lower than in Japan
- 4 Over the last three years sales in luxury stores have been growing 4x faster than retail sales

**New consumer behavior**

- 4 A growing appetite for luxury and fashion
  - § Increasing desire for luxury goods driven by social trends and changes in lifestyle
  - § Consumers are willing to pay a significant premium for goods that are emotionally important, while becoming bargain hunters for other goods
- 4 Moving towards premium lenses
  - § New technologies still to be rolled out
  - § Low penetration of anti-reflective lenses

# Growth drivers: the evolution of lens technology

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## Need for corrective lenses is growing

### **Progressive lenses are a growing opportunity**

- 4 Replacing bifocal lenses over time
- 4 Currently represent only 11% of lenses in terms of surface design
- 4 Providing greater comfort and better sight correction
- 4 Growing presbyopia diffusion due to the aging of the world's population
  - § By 2020, 32% of the world's population will be over 45, up from 23% in 2000

### **“Free Form” technology: an epochal change**

- 4 Extreme lens customization
- 4 Products “on demand”

### **Demand for surface treatments and coatings still increasing**

- 4 High value-creating product
- 4 US anti-reflective penetration below 50% vs. 98% in Japan

# Growth drivers: developing consumption in emerging markets

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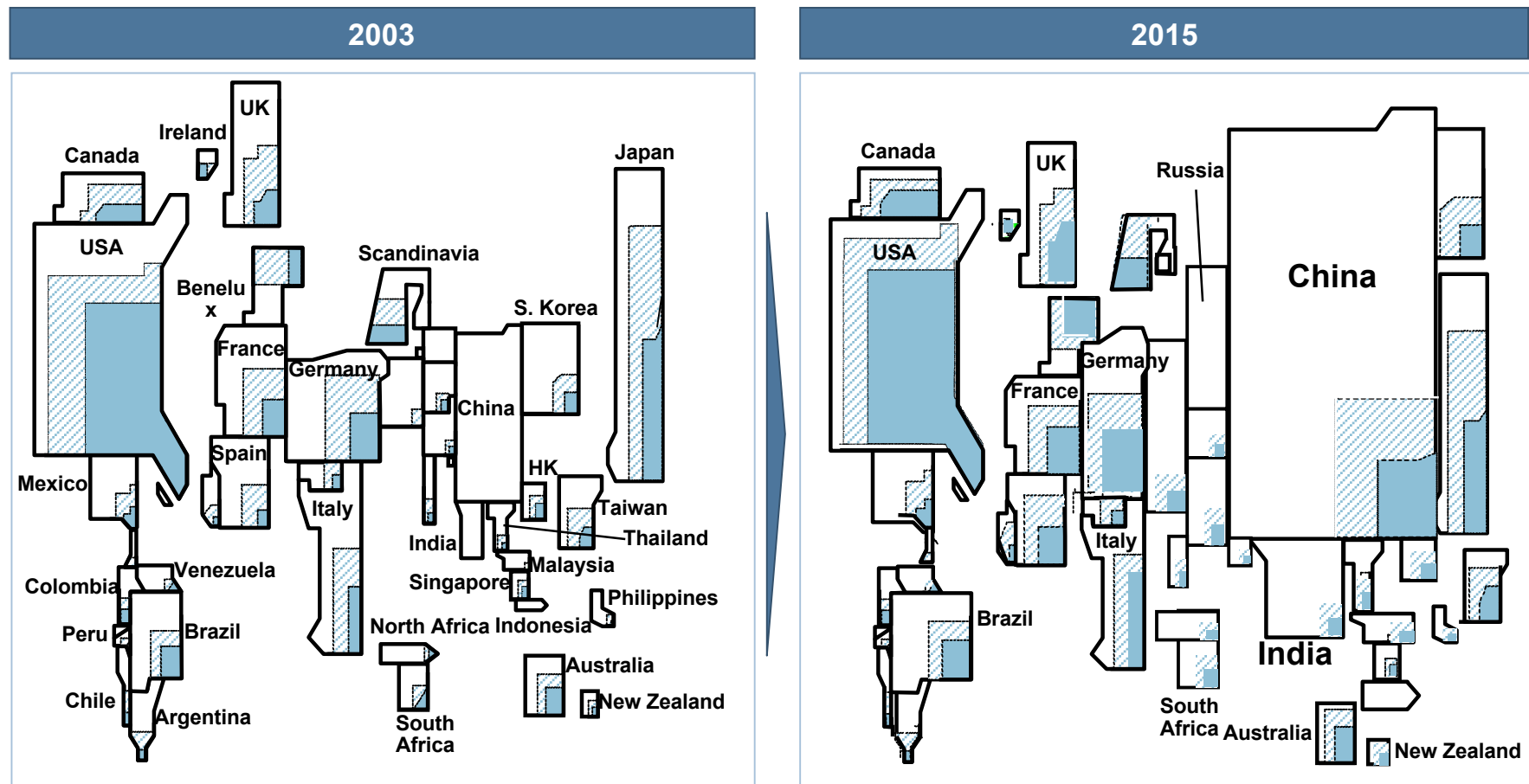
## Economic and social development driving eyewear market evolution

### Lower penetration rates of vision correction vs. North America and Europe

#### Permanent and significant change in consumer patterns led by:

- 4 Already sizeable existing population with high spending power moving quickly towards Western-like lifestyles and tastes
- 4 Fast increase in purchasing power driven by economic development
  - § High GDP per capita +4-7% in emerging markets vs. 1.5% in Europe
  - § Strong correlation between GDP growth and demand for luxury products (5x)
  - § Expected higher growth in the eyewear segment led by fashion and “need for quality of life” reasons

# Growth drivers: changes in consumer patterns



Middle income
  Upper-middle income
  Upper income

Source: World out of balance – P.A. Laudicina

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# The advantages of vertical integration

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## Helping the market grow

### **A brand portfolio truly designed to serve today's market needs**

#### **Monitoring market trends**

- 4 Touching consumers both at the retail and wholesale level

#### **Ability to respond quickly**

- 4 Wholly-owned manufacturing structure both in Italy and in China
- 4 Best-in-class logistics

#### **Setting trends worldwide**

- 4 Made in Italy design and high-quality manufacturing
- 4 Global advertising campaigns
- 4 Trade marketing support

#### **Helping the overall market grow**

- 4 Promoting quality, focus on service and better eyecare
  - § Includes ongoing work on the store base
- 4 Ability to share product and retail know-how with clients

**And, naturally, the ability to reinvest in the business when needed where needed**

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# A Luxottica Group Foundation: Give the Gift of Sight

## Another year of strong results

### A total of 697,487 people helped in 2006

- 4 5th millionth recipient helped in October
- 4 Opened second and third recycling centers
  - § Agordo, Italy
  - § Port Washington, NY

### International Missions: 374,873 people helped on 16 missions

- 4 Mexico – 6 missions in 2006
- 4 Panama – 1 mission in 2006
- 4 Romania – 1 mission in 2006
- 4 Ecuador – 1 mission in 2006
- 4 China – 1 mission in 2006
- 4 Honduras – 2 missions in 2006
- 4 Paraguay – 2 missions in 2006
- 4 Mali – Inaugural mission
- 4 Cambodia – 1 mission in 2006

