# Luxottica warns of UK profit squeeze in 2025 amid rising costs and cooling sales



The owner of Ray-Ban, Luxottica Group, has recently issued a cautionary outlook for 2025 following a downturn in UK sales and profits for the previous year. The company reported a turnover of £165.8 million for 2024, a slight decline from £168.1 million in 2023. Additionally, pre-tax profits fell from £7.4 million to £6.7 million. This decrease has been attributed to rising costs of goods and services combined with a notable increase in employer National Insurance contributions, set to rise to 15% from April 2025. These factors are expected to negatively impact both gross and operating profits.

Luxottica’s UK division noted the persistent inflationary pressures on labour costs, exacerbated by a combination of long-term sickness and post-Brexit workforce shortages. The board described the recent summer as particularly cool—the most significant drop in temperatures since 2015—which subsequently contributed to a drop in customer foot traffic. These elements have collectively strained sales performance in a crucial market.

Despite these challenges, the company asserts it maintains profitability and anticipates a recovery driven by strategic investments. In a recent board statement, Luxottica expressed optimism for an eventual improvement in performance, suggesting that the investments in place may offset some of the cost pressures they currently face. They noted: “Despite these headwinds, we continue to experience strong cost control measures.”

The broader Luxottica Group, founded in 1961 by Leonardo Del Vecchio and headquartered in Italy, encompasses several well-known brands including Sunglasses Hut, Persol, and Oakley. The group has reported robust growth outside of the UK, with its parent company, EssilorLuxottica, achieving revenues of €26.5 billion in 2024—up 6% year-on-year. This growth has been largely attributed to the success of Ray-Ban Meta smartglasses, which have sold over 2 million units since their launch, and the introduction of new products like Nuance Audio glasses.

Notably, EssilorLuxottica not only reaffirmed its operational targets but also reported strong growth with an 8.5% revenue increase in the fourth quarter alone. The success across various markets, particularly in North America and Europe, highlights the potential resilience of the group despite the challenges faced in the UK. Analysts point to the company’s strategic pricing and efficiency improvements as key drivers for their ability to navigate inflationary pressures without sacrificing profitability.

Looking ahead, while UK operations remain under strain, Luxottica's strong performance in international markets and its successful product launches suggest a more promising future. The company’s proactive approach to managing costs and investing in innovation could be crucial as it aims to weather ongoing economic turbulence. However, as geopolitical uncertainties persist, particularly affecting global supply chains, sustaining this growth trajectory will require continued vigilance and strategic agility.

The situation in the UK serves as a reminder of the complex landscape businesses must navigate in fluctuating economic climates, where local conditions can significantly impact global operations.

### Reference Map

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Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.cityam.com/ray-ban-owner-issues-warning-after-uk-sales-fall/> - Please view link - unable to able to access data
2. <https://www.cityam.com/ray-ban-owner-issues-warning-after-uk-sales-fall/> - The owner of Ray-Ban, Luxottica Group, has issued a warning regarding its performance in 2025 after reporting a decline in UK sales and profit for 2024. The UK arm of Luxottica reported a turnover of £165.8 million for 2024, down from £168.1 million in the previous year. Pre-tax profit also decreased from £7.4 million to £6.7 million. The company cited increased costs of goods and services, as well as a rise in employer's National Insurance contributions to 15%, as factors negatively impacting gross and operating profits. Additionally, a cooler-than-usual summer, described as the coolest since 2015, led to a slowdown in foot traffic, further affecting sales. Despite these challenges, Luxottica remains profitable in 2024 and anticipates positive performance improvements in the coming year due to key investments, though concerns about inflation and geopolitical situations may impact international channels.
3. <https://www.essilorluxottica.com/en/newsroom/press-releases/q4-full-year-2024-results/> - EssilorLuxottica, the parent company of Ray-Ban, reported a 6% increase in revenue for 2024, reaching €26.5 billion. The company highlighted strong sales growth and margin expansion, with North America accelerating in the fourth quarter. The success of Ray-Ban Meta smartglasses, which sold 2 million units since launch, and the promising start of Nuance Audio glasses were noted as key drivers. Despite inflationary pressures and currency headwinds, EssilorLuxottica expanded margins through pricing strategies, integration synergies, and cost efficiencies. The company also reaffirmed its long-term financial targets, including mid-single-digit annual revenue growth from 2022 to 2026 and an operating profit margin of 19% to 20% by the end of that period.
4. <https://moodiedavittreport.com/essilorluxottica-records-solid-revenue-and-profits-growth-in-2024-despite-industry-headwinds/> - EssilorLuxottica achieved €26.5 billion in full-year revenues in 2024, marking a 6% increase at constant exchange rates. The company faced industry headwinds, including inflationary pressures and currency fluctuations, but managed to expand margins through strategic pricing, integration synergies, and cost efficiencies. The success of Ray-Ban Meta smartglasses, with over 2 million units sold since launch, and the upcoming launch of Nuance Audio glasses, designed for individuals with mild to moderate hearing loss, were highlighted as significant contributors to growth. The company also reaffirmed its long-term financial targets, aiming for mid-single-digit annual revenue growth from 2022 to 2026 and an operating profit margin of 19% to 20% by the end of that period.
5. <https://www.luxurytribune.com/en/essilorluxottica-records-6-growth-in-revenue-in-2024> - EssilorLuxottica reported a 6% increase in revenue for 2024, reaching €26.51 billion. The company attributed this growth to the success of Ray-Ban Meta smart glasses and the acquisition of the Supreme brand. In the fourth quarter, revenue rose by 8.5% compared to the same period the previous year, with North America recording a 7.8% increase and Europe performing even better with 9.6%. The company also noted impressive growth in Asia, with a 14% increase at constant rates. The success of Ray-Ban Meta smart glasses, with over a million pairs sold in 2024, was highlighted as a significant contributor to the company's growth.
6. <https://www.globenewswire.com/news-release/2025/02/12/3025277/0/en/EssilorLuxottica-Q4-FY-2024-Results-Sound-sales-growth-and-margin-expansion-in-2024-Smartglasses-as-a-new-driver-Nuance-off-to-a-promising-start.html> - EssilorLuxottica reported strong sales growth and margin expansion in 2024, with group revenue at constant exchange rates increasing by 9.2% in the fourth quarter and 6.0% for the full year. North America experienced acceleration in the fourth quarter, with positive results in both Professional Solutions and Direct-to-Consumer segments. The success of Ray-Ban Meta smartglasses, with 2 million units sold since launch, and the promising start of Nuance Audio glasses were noted as key drivers. The company also reported a strong free cash flow of €2.4 billion for the year and proposed a dividend of €3.95 per share, with a scrip dividend option.
7. <https://www.fashiondive.com/news/EssilorLuxottica-Rayban-revenue-H1-2024/722552/> - EssilorLuxottica reported a 3.4% revenue increase in the first half of 2024, totaling €13.3 billion. While all regions saw growth in the mid-single digits, North America, the company's largest market, experienced a more modest increase of about 1.4%. The company's Ray-Ban, Oakley, and Prada products continued to perform well, with Ray-Ban seeing healthy high-single-digit growth and Prada's licensed portfolio up in the high teens. Despite the overall growth, the company faced challenges in North America, which impacted its overall performance.