

PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS AS OF 30 JUNE 2019

Ending seasonal markdowns and rationalization of wholesale channels in progress

Positive trend in full price sales

Results in line with market expectations

Patrizio Bertelli “These strategic decisions are necessary for the Group’s future growth which we will support by strengthening our brands’ cultural heritage”

Highlights

- **Net revenues** at Euro 1,570 million, **up 2%** at current FX compared with 2018
 - **Retail** stable, full price sales growth offset sharp reduction in markdowns
 - Positive trend in **Wholesale**, mainly driven by e-tailers
 - Strong appreciation of recent **Ready-To-Wear** and **Footwear** collections
- **EBITDA: Euro 491 million**, 31.2% of revenues
- **EBIT: Euro 150 million**, 9.6% of revenues
- **Net income: Euro 155 million**, 10% of revenues, benefitting from Patent Box tax relief
- **Net Financial Position:** Euro -507 million after paying dividends of Euro 146 million

Patrizio Bertelli, CEO

“Our strategic decision to stop seasonal markdowns and to rationalize the wholesale channel has been well received by the market: full price retail sales increased across the main geographies and product categories, reflecting the soundness of our choice.

We believe that improving consistency in pricing will reinforce the relationship with customers and enhance product value.

Our Prada and Miu Miu collections are receiving significant appreciation from the market, confirming the strength of our stylistic leadership.

We are strongly committed to driving digital technology across the business, leading to more efficient decision making, as we are aware that digital innovation is key to compete in an evolving market.

Executing this program is the necessary step towards sustainable revenue and margin growth, which we will target by strengthening our brands’ cultural heritage – essential to our Group’s future.”

Milan, 1 August 2019 – The Prada S.p.A. Board of Directors met today to review and approve the Consolidated Financial Results for the first semester of 2019, ended 30 June.

Revenues – Net revenues amounted to Euro 1,570 million, up 2% at current FX, compared with Euro 1,535 million for the same period in 2018 (flat at constant FX).

The **Retail** channel performed in line with the same period in 2018 at current FX (-3% at constant FX), heavily impacted by the strategic decision to stop seasonal markdowns. **Full price retail sales** progressively grew throughout the semester.

The **Wholesale** channel, not yet impacted by the recent rationalization decision, increased by 15% at current FX (+14% at constant FX), mainly driven by e-tailers.

Geographical areas

- Sales in **Europe** grew by 6% at current FX, mainly driven by wholesale.
- Sales in **Americas** were up 6%, at current FX, largely supported by local consumers.
- **The Far East** was down 4% at current FX, negatively impacted by social unrest in Hong Kong. **Mainland China** instead recorded a positive performance: the recent communication initiatives tailored to the local market are strengthening local customer engagement.
- Sales in **Japan** were up 5% at current FX, driven by local consumers.

Product category

- **Leather Goods** and **Footwear** were in line with H1 2018 at current FX.
- **Ready-to-Wear** grew 8% at current FX, thanks to the great success of both Men's and Women's collections, including Linea Rossa.

EBITDA amounted to Euro 491 million, 31.2% of revenues (32.7% in H1 2018 pro-forma) (*).

EBIT amounted to Euro 150 million, 9.6% of revenues (11.3% in H1 2018 pro-forma) (*).

Net income amounted to Euro 155 million, 10% of revenues (6.4% in H1 2018 pro-forma), benefitting from the Patent Box tax relief relating to the 2015-2019 years.

During the period, the Group generated **operating cash flow** of Euro 137 million.

Capital expenditures throughout the period were mainly towards Retail and amounted to Euro 178 million.

Net Financial Position at 30 June 2019 was Euro -507 million, following a Euro 146 million dividend payment during the period.

Prada Press Office

+39 02 567811

corporatepress@prada.com

www.pradagroup.com

PRADA Group

The PRADA Group – HKSE Code 1913 – is a global leader in the luxury goods industry, where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the production and distribution of handbags, leather goods, footwear, apparel and accessories. The Group also operates in the food sector with Marchesi 1824, and in the eyewear and fragrance industries under licensing agreements. Its products are sold in 70 countries worldwide through 637 directly operated stores as of June 30, 2019 and a selected network of luxury department stores, multi-brand stores and franchise stores.

* For a better performance comparison, H1 2018 has been restated for the P&L under the new accounting principle IFRS 16.