

PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS AS OF 30 JUNE 2018

Return to revenue and margin growth

Positive performance across all markets and product categories

Patrizio Bertelli “A new phase of progress has begun in which Prada Group can deliver its full potential”

Highlights

- **Net revenues at €1.5bn, 9% growth at constant FX** compared to 2017 (3% at current FX)
 - **Solid performance in both Retail and Wholesale**, up 10% and 8% respectively at constant FX
 - **Organic growth for both Prada (+10%) and Miu Miu (+8%)**, positive performance across all product categories
- **EBITDA up at €271m: +8%** compared to H1 2017
- **EBIT at €159m: +16%** compared to H1 2017
- **Net income amounted to €106m: +11%** compared to H1 2017
- **Sound operating cash flow generation at €180m**
- **Net financial position at -€240m**, following a €186m dividend payment

Patrizio Bertelli, CEO

“Prada Group achieved very satisfactory results in the first half of 2018 with revenue growth across brands, markets and products, along with margin progression, despite continued investment in product quality and innovation, visibility of the brands and the digital evolution.

We are always working to reshape the Prada Group to adapt to the rapid changes in society and to interpret the spirit of new generations without losing our brand integrity. Today the results of this transformation are visible and supported by many positive signs from the market, confirming the soundness of our strategic choices.

We will continue our path of sustainable growth, based on the creative leadership of our brands and the attractiveness of our retail network, where we see great potential to be unlocked through integration with digital technologies.

I am confident that this new phase of growth will be translated into value creation for all Group stakeholders.”

Results for first half 2018

Milan, 1 August 2018 – The Board of Directors of Prada S.p.A met today and approved the Consolidated Financial Results for the first semester of 2018, ended 30th June 2018. The 2017 financial data reported in this release is the 6-month pro-forma data from January to June, to allow transparency and performance comparison.

Net revenues – at €1,535.3m, a 3% increase at current FX compared to €1,486m in H1 2017 (+9% at constant FX).

The Retail Channel saw significant growth, 10% at constant FX (3% at current FX); Wholesale also registered a positive performance with 8% growth at constant FX (5% at current FX).

Sales by Geographies

Positive trend across all markets:

- Strong performance continues in **Asia Pacific**, +14% at constant FX (+7% at current FX), driven by significant sales growth in Greater China (+17% at constant FX), with a further acceleration in recent months;
- The **US** returned to sales growth, +8% at constant FX supported by recovering local consumption, despite unfavourable exchange rates for most of the period (-4% at current FX);
- **Europe** also registered a positive performance, +7% at constant FX (+5% at current FX), notwithstanding a decrease of tourist flows due to strengthening of the euro;
- **Japan** saw a significant recovery, benefitting from domestic spending and tourist flows, with revenue growth of +9% at constant FX, in line with the H1 2017 performance at current FX;
- The **Middle East** also returned to growth, +7% at constant FX, although down by 4% at current FX.

Brand and product categories

The **Prada** brand ended H1 2018 with double-digit growth, +10% at constant FX (+4% at current FX), driven by positive trends across all geographies and product categories, accelerating the trend already seen in the last months of 2017.

Miu Miu showed a significant recovery, with sales growth of 8% at constant FX (+2% at current FX), and positive trends in all product categories.

Leather Goods returned to growth, +8% at current FX (+2% at constant FX), driven by market appreciation for many of the new and iconic products.

Positive sales also seen in **Footwear** (+4% at constant FX), supported by a very good reception for the new sneaker collections.

Continued strong performance in **Ready-to-Wear**, which achieved 20% growth at constant FX (13% at current FX), as witnessed by the success of the Prada Resort Show in New York and the Miu Miu Croisière Show in Paris.

Financial results – Continued sales growth, despite unfavourable exchange rates fluctuations, led to higher margins:

EBITDA amounted to €271m, with margins of 17.6% (EBITDA margin of 16.9% in H1 2017)

EBIT amounted to €159m, with margins of 10.4% (EBIT margin of 9.2% in H1 2017)

Net income amounted to €106m, with margins of 6.9% (Net income margin of 6.4% H1 2017)

During the period, the Group generated **operating cash flow** of €180m, which fully financed investments of €126m.

Net financial position, at 30 June 2018 was at -€240m, following a €186m dividend payment during the period.

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PRADA Group

The PRADA Group (HKSE Code: 1913) is a world leader in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates in the food sector with Marchesi 1824 and in the eyewear and fragrance segments, under licensing agreements, applying the same criteria of excellence and high quality. Its products are sold in 70 countries worldwide through a network that includes 629 directly operated stores (DOS, at 30 June 2018) and a select network of luxury department stores, independent retailers, e-tailers and franchise stores.