

PRESS RELEASE

PRADA GROUP PRELIMINARY SALES FIGURES FOR FINANCIAL YEAR 2014

Milan, February 22, 2015 – The preliminary sales reported by the Prada Group – listed on the Hong Kong Stock Exchange (1913HK) – for the financial year ended January 31, 2015 amount to Euro 3,552 million, slightly down compared to the previous financial year (-1%).

Wholesale channel

In line with our forecast and Group strategy which has, for some years, prioritized retail channel development, the **wholesale** channel ended financial year 2014 with sales of Euro 532 million, a decrease of 4% (-5% at constant exchange rates). This decrease is essentially due to the European and American markets where we continued our rationalization program. In contrast, there was strong sales growth for the network of franchise stores in the Asia Pacific region (DFS) which have benefited from an increasing flow of Chinese consumers.

Retail channel by geographical area

As at January 31, 2015, the Group **retail** network comprised 594 DOS and its sales for the financial year then ended totaled Euro 2,981 million, broadly in line with financial year 2013 at both current and constant exchange rates. There were clear differences between the various geographical areas: the growth recorded in Japan, the Americas and the Middle East was offset by a fall in sales in the Far East, where market conditions gradually deteriorated in the second half of the year.

In more detail:

- in **Europe** sales revenue decreased by 1% compared to the previous financial year because of a fall in the tourists' spending and a still weak domestic demand. However, the trend did improve in the fourth quarter when a sales increase was recorded.
- in the fourth quarter, the **Americas market** confirmed the strong performance recorded earlier in the year, thanks to buoyant domestic consumption: the twelve months growth was 8% at current exchange rates (+7% at constant exchange rates).
- the situation was more difficult in **Asia Pacific** and sales for financial year 2014 were 5% down on prior year at current exchange rates (-7% at constant exchange rates). The fall in sales in this area originated primarily in Hong Kong and Macau, where market conditions deteriorated

significantly during the second half of the year. The different timing of the Chinese New Year also affected performance for the month of January throughout the Greater China area.

- the **Japanese** market continued its robust growth even in the fourth quarter. Sales for financial year 2014 as a whole, increased by 8% at current exchange rates, (+13% at constant exchange rates).

- there was healthy growth in the **Middle East**, although performance was affected by a slump in the number of Russian tourists. Overall sales growth in the area amounted to 10% at current exchange rates (+9% at constant exchange rates).

Retail channel by brand

The **Prada** brand now accounts for 83% of consolidated sales. In financial year 2014, it recorded a 1.7% decrease at current exchange rates (-1.6% at constant exchange rates) and performance varied from one geographical area to another, in line with the variations in total sales described above. The **Men's** segment achieved sales growth in all geographical areas.

Miu Miu recorded a 4% increase in sales at current exchange rates in financial year 2014 (+4.4% at constant exchange rates). Except for Europe, the brand achieved good rates of growth on all markets, including the Far East.

Sales increases were also achieved by both **Church's**, +14.8% at current exchange rates (+12.2% at constant exchange rates), and **Car Shoe**, +12.7% at current exchange rates (+11.5% at constant exchange rates).

Patrizio Bertelli, Chief Executive Officer of Prada Spa, commented: *"Throughout financial year 2014, we operated under a geopolitical and monetary environment which was more uncertain and complex than could have been envisaged. This situation has temporarily held up the Group's path of growth, but it will not affect our medium/long-term growth objectives. We shall continue to pursue said objectives, adapting our strategy and organizational structure to the constantly evolving global environment. Thanks to operational decisions taken in recent years, we now have a balanced, global retail presence which enables us to maintain and develop direct relations with our customer base and makes a daily contribution to broadening the image of our brands around the world. The Group's medium-term plan shall continue with the focused industrial, marketing and retail investments needed to guarantee solid future growth. The closest attention is always paid to costs, in order to safeguard profit margins and yield satisfactory returns on investments"*.

PRADA spa

Full results regarding performance in the 2014 financial year will be published following approval by the Board of Directors at the meeting provisionally scheduled for March 26, 2015.

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PRADA Group

The PRADA Group – HKSE Code: 1913 – is one of the world leaders in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates, under licensing agreements, in the eyewear and fragrances sectors. Its products are sold in 70 countries worldwide through 594 directly operated stores (DOS) at January 31, 2015 and a select network of luxury department stores, independent retailers and franchise stores.