PRADA spa

PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2014

CONSOLIDATED NET REVENUES OF EURO 2,552 MILLION, NET PROFIT OF EURO 319.3 MILLION

Milan, December 5, 2014 – The Prada spa Board of Directors today examined and approved the Interim Consolidated Report for the nine months ended October 31, 2014.

The results for the first nine months of the 2014 financial year should be viewed in light of the somewhat complex political, economic and forex environment, also taking account of strategic and organizational initiatives undertaken by the Group.

Consolidated net revenues

Consolidated net revenues for the period amount to Euro 2,552 million, broadly in line with 2013 : -0.9% at current exchange rates, +0.5% at constant exchange rates.

Wholesale channel

In line with Group distribution strategy which has, for several years, concentrated on the development of the DOS (Directly Operated Stores) network, **wholesale** channel sales have decreased by 3.7% (-4.2% at constant exchange rates) to stand at Euro 351.5 million.

Retail channel by geographical area

Retail channel sales total Euro 2,171.7 million: -0.5% at current exchange rates, +1.3% at constant exchange rates. As at October 31, 2014, the retail network included 580 DOS, 40 of them opened during the current financial year.

The **Asia Pacific** area reports decreases of 4.3% at current exchange rates and 2.8% at constant exchange rates. Sales in said area were primarily conditioned by the Hong Kong market which was already weak in the previous months and deteriorated further in October following the well known facts. China, the largest market in the Asia Pacific area in terms of sales, has recorded a positive revenue trend.

The **Americas** market has grown thanks to domestic demand and has recorded revenue increases of +6% at current exchange rates and +8.8% at constant exchange rates.

Meanwhile, in **Europe**, revenues have fallen by 1.8% at both current and constant exchange rates. Sales in this area have been negatively influenced by two main factors: a fall in the volume of tourism - triggered by geopolitical tension in certain areas and by forex trends - and the lack of economic recovery which continues to depress local consumer spending.

The **Japanese** market recorded a positive trend and achieved strong growth in the period under review: +8% at current exchange rates and +15.3% at constant exchange rates.

The **Middle East** also achieved revenue growth in the nine months ended October 31, 2014: +9.8% at current exchange rates and +11.7% at constant exchange rates.

Retail channel by brand

At current exchange rates, the **Prada** brand recorded a small -1.5% decrease in sales whereas, at constant exchange rates, the brand's sales were broadly in line with 2013 (+0.3%). The **Men's** segment performed particularly well, in line with Group strategy focused on achieving growth for men's collections in all geographical areas.

Miu Miu continued to grow with a +6.1% increase at constant exchange rates (+3.9% at current exchange rates). Except in Europe, the brand continues to record good rates of growth on all markets.

Church's has also performed well with +11.1% sales growth at constant exchange rates (+13.3% at current exchange rates), as has **Car Shoe** retail network,with +7.5% growth at constant exchange rates (+7.6% at current exchange rates).

Margins

Margins have been conditioned by the revenue trend which didn't allow to absorb the additional costs due to retail network expansion: 64 new store openings in the last twelve months, including 38 Prada, 21 Miu Miu and 5 Church's.

EBITDA amounted to Euro 681.7 million, or 26.7% of consolidated net revenues.

EBIT totaled Euro 496.4 million or 19.5% of consolidated net revenues.

Net profit was Euro 319.3 million or 12.5% of consolidated net revenues.

Patrizio Bertelli, Chief Executive Officer of Prada Spa, commented: *"2014 is proving to be a more challenging year than expected. On top of the ongoing difficult international economic environment, the luxury goods market is undergoing a certain readjustment, the extent of which is not yet entirely clear. We are confident in the medium-term growth prospects of the market, but also aware of its increasing level of complexity. Consequently, we remain convinced that we have made the right choice in continuing to prioritize the Group's medium-term development, through investments focused on achieving qualitative and stylistic excellence. We are also working on making our business structures more efficient and improving the operating performance of our stores, in order to ensure the Group achieves satisfactory levels of profitability"*

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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 production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates, under licensing agreements, in the eyewear, fragrance and mobile telephone sectors. Its products are sold in 70 countries worldwide through 580 directly operated stores (DOS) at October 31, 2014 and a select network of luxury department stores, independent retailers and franchise stores.