

PRADA

MILANO

DAL 1913

3rd Quarter Results as of October 31st, 2014

Milan, December 5th, 2014

Net Sales by Channel (€ mn) – 9 months

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Retail	2,182.0	86%	2,171.7	86%	-	1%
Wholesale	365.2	14%	351.5	14%	-4%	-4%
Total	2,547.2	100%	2,523.2	100%	-1%	-

- Retail
 - +1% at constant rates: driven by 64 net openings since November 1st , 2013 (38 Prada, 21 Miu Miu, 5 Church's).
 - SSSG single-digit negative in the period.
- Wholesale
 - Essentially In line with our expectation and our previous guidance.

Net Sales by Channel (€ mn) – 3rd Quarter

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Retail	759.6	90%	729.5	92%	-4%	-6%
Wholesale	80.0	10%	62.8	8%	-22%	-26%
Total	839.6	100%	792.3	100%	-6%	-8%

- Retail also impacted by the performance of the month of October due to the Hong Kong disruptions.
- Wholesale trend in the quarter affected by different shipments planning aimed to a more efficient logistic process.

Net Sales by Geography (€ mn) – 9 months

<i>Note(*)</i> : PRC, HK, Macau <i>Note(**)</i> : Japan and Hawaii	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Retail						
Europe	764.4	35%	751.0	35%	-2%	-2%
Americas	255.4	12%	270.6	12%	+6%	+9%
Far East	861.4	39%	824.5	38%	-4%	-3%
<i>Greater China(*)</i>	590.6	27%	566.2	26%	-4%	-2%
Japan (**)	238.1	11%	257.1	12%	+8%	+15%
Middle East	60.9	3%	66.9	3%	+10%	+12%
Others	1.8	-	1.6	-	-13%	-13%
Total Retail	2,182.0	86%	2,171.7	86%	-	+1%
Wholesale	365.2	14%	351.5	14%	-4%	-4%
Total Sales	2,547.2	100%	2,523.2	100%	-1%	-

- Europe (Italy included): continuously affected by the lack of touristic flow and sluggish domestic demand.
- Americas: positive performance in the period mainly fuelled by domestic consumption.
- Far East: negatively impacted by general slowdown in demand particularly in Hong Kong and Macau.
- Japan: consistent positive performance across quarters.
- Middle East: still positive, Dubai suffering from lack of tourism.

Net Sales by Geography (€ mn) – 3rd Quarter

<i>Note(*)</i> : PRC, HK, Macau <i>Note(**)</i> : Japan and Hawaii	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Retail						
Europe	279.1	37%	269.3	37%	-4%	-4%
Americas	91.6	12%	93.4	13%	+2%	-1%
Far East	287.6	38%	262.7	36%	-9%	-13%
<i>Greater China(*)</i>	195.5	26%	178.2	24%	-9%	-12%
Japan (**)	79.8	11%	83.2	11%	+4%	+7%
Middle East	21.0	3%	20.5	3%	-2%	-6%
Others	0.5	-	0.4	-	-29%	-30%
Total Retail	759.6	90%	729.5	92%	-4%	-6%
Wholesale	80.0	10%	62.8	8%	-22%	-26%
Total Sales	839.6	100%	792.3	100%	-6%	-8%

- Third quarter was strongly impacted by the month of October where the trends have significantly deteriorated in Far East.
- America and Middle East must be read against a very tough comparable base (+42% USA and 111% Middle East)
- Japan: another quarter of growth.

Net Sales by Brand(€ mn) – 9 months

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Prada	1,826.7	84%	1,799.4	83%	-1%	-
Miu Miu	317.3	15%	329.6	15%	+4%	+6%
Church's	29.5	1%	33.4	2%	+13%	+11%
Car Shoe	6.1	-	6.6	-	+8%	+7%
Other	2.5	-	2.7	-	+8%	+8%
Total Retail	2,182.0	86%	2,171.7	86%	-	+1%
Total Wholesale	365.2	14%	351.5	14%	-4%	-4%
Total	2,547.2	100%	2,523.2	100%	-1%	-

- Prada:
 - Strongly penalized by the Far East trend.
 - Very good performance in men's division (+14%) consistently with the group strategy.
 - Miu Miu:
 - Strong retail growth in all regions with the exception of Europe.
- Church's and Car Shoe
 - Positive retail performance.

Net Sales by Brand(€ mn) – 3rd Quarter

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Prada	640.2	84%	602.5	83%	-6%	-8%
Miu Miu	106.1	14%	112.2	15%	+6%	+4%
Church's	10.4	1%	11.7	2%	+12%	+9%
Car Shoe	1.8	-	2.2	-	+19%	+17%
Other	1.2	-	1.0	-	-13%	-13%
Total Retail	759.6	90%	729.5	92%	-4%	-6%
Total Wholesale	80.0	10%	62.8	8%	-22%	-26%
Total	839.6	100%	792.3	100%	-6%	-8%

Net Sales by Product (€ mn) – 9 months

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Leather Goods	1,545.8	71%	1,446.7	67%	-6%	-5%
Footwear	271.8	12%	323.2	15%	+19%	+21%
Ready to Wear	334.2	15%	359.2	17%	+7%	+10%
Others	30.3	1%	42.6	2%	+41%	+43%
Total Retail	2,182.0	86%	2,171.7	86%	-	+1%
Total Wholesale	365.2	14%	351.5	14%	-4%	-4%
Total	2,547.2	100%	2,523.2	100%	-1%	-

- Leather goods negatively impacted by tougher economic conditions and lack of touristic flows.
- Strong performance of footwear: double-digit growth across all regions.
- Sound performance of ready-to-wear despite decelerated during Q3.
- Men's business positive performance across the three products categories, particularly strong in ready-to-wear and footwear.

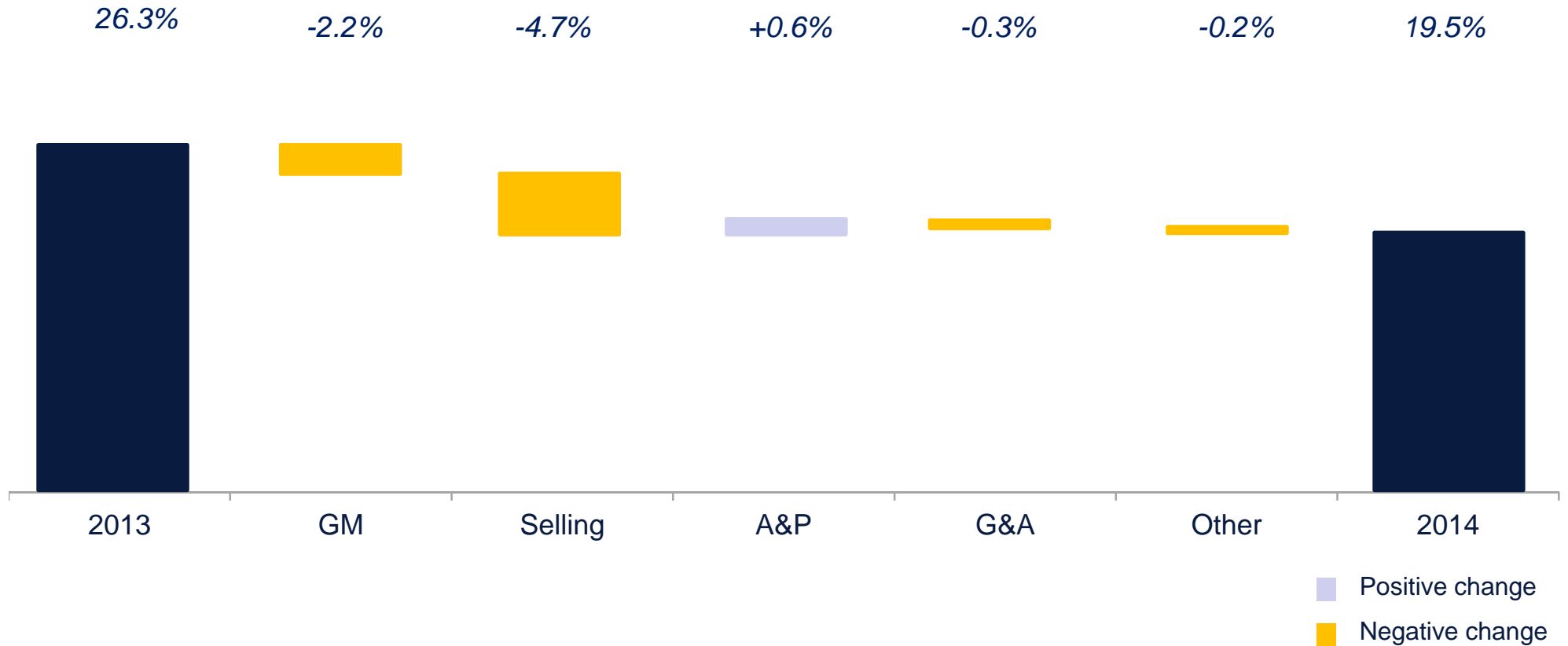
Net Sales by Product(€ mn) – 3rd Quarter

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Leather Goods	520.3	68%	471.8	65%	-9%	-11%
Footwear	96.3	13%	114.7	16%	+19%	+17%
Ready to Wear	132.4	17%	129.4	18%	-2%	-3%
Others	10.6	1%	13.7	2%	+30%	+27%
Total Retail	759.6	90%	729.5	92%	-4%	-6%
Total Wholesale	80.0	10%	62.8	8%	-22%	-26%
Total	839.6	100%	792.3	100%	-6%	-8%

Group Profit and Loss – 9 months

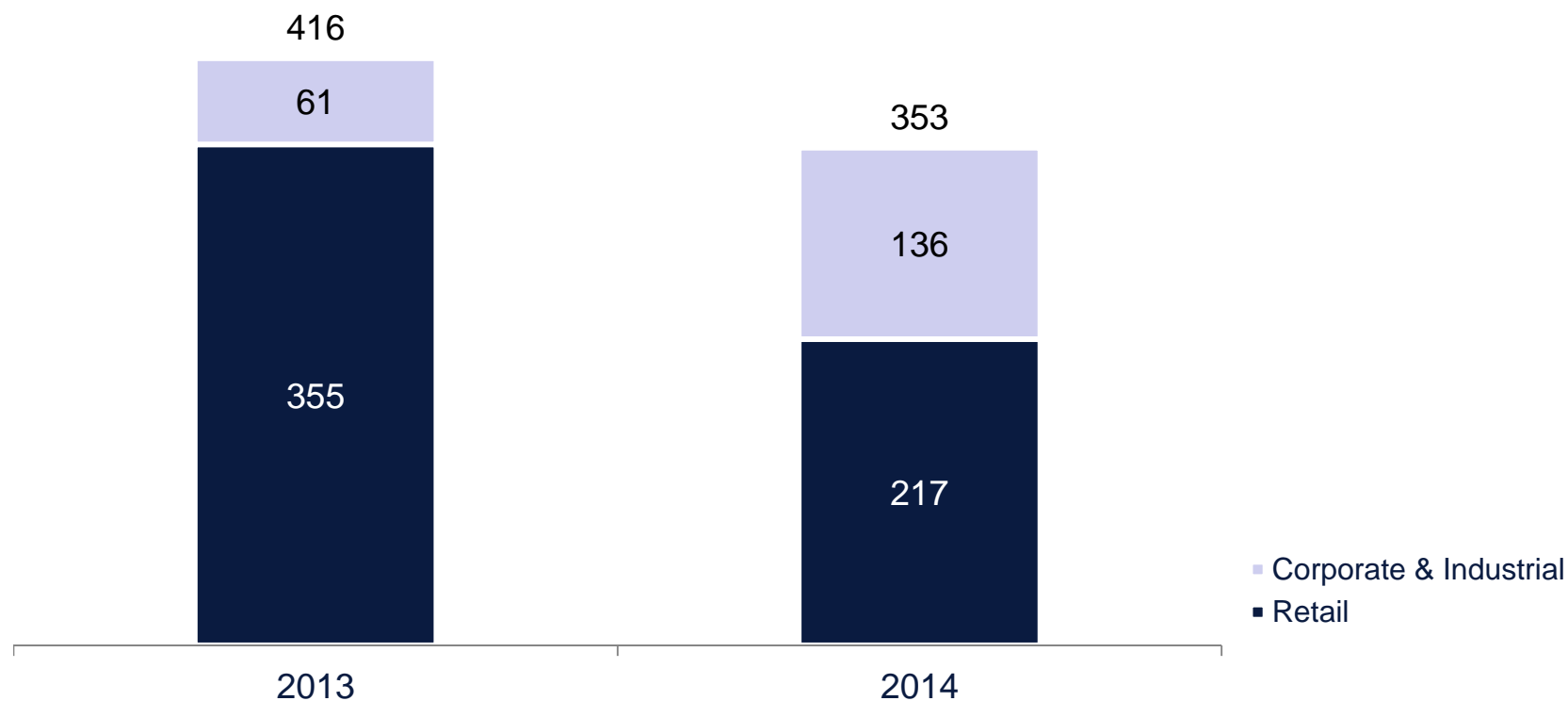
€mn	Oct 2014	%	Δ 2014 vs 2103	Oct 2013	%
Net Sales	2.523,2	98,9%		2.547,2	98,9%
Royalties	28,9	1,1%		28,9	1,1%
Net Revenues	2.552,0	100,0%	-0,9%	2.576,1	100,0%
COGS	(715,6)	28,0%		(666,9)	25,9%
Gross Profit	1.836,4	72,0%	-3,8%	1.909,2	74,1%
Product Development	(96,2)	3,8%		(94,1)	3,6%
Advertising & Promotion	(120,3)	4,7%		(135,9)	5,3%
Selling	(971,6)	38,0%		(859,2)	33,4%
G&A	(151,9)	6,0%		(142,2)	5,5%
EBIT	496,4	19,5%	-26,8%	677,8	26,3%
Net Financial Income/(Expenses)	(15,5)	0,6%		(14,1)	0,5%
Income Taxes	(154,7)	6,1%		(215,1)	8,4%
Minority Income	(6,9)	0,3%		(7,7)	0,3%
Group Net income	319,3	12,5%	-27,6%	440,9	17,1%
D&A	185,2	7,2%		143,2	5,6%
EBITDA	681,7	26,7%	-17,0%	821,0	31,9%

EBIT Development – 9 months



- Foreign exchange trend negatively impacted EBIT margin by 1.3%.
- Gross Margin dilution mainly due to exchange rates impact.
- Further pressure on margin due to weaker top line in Q3.

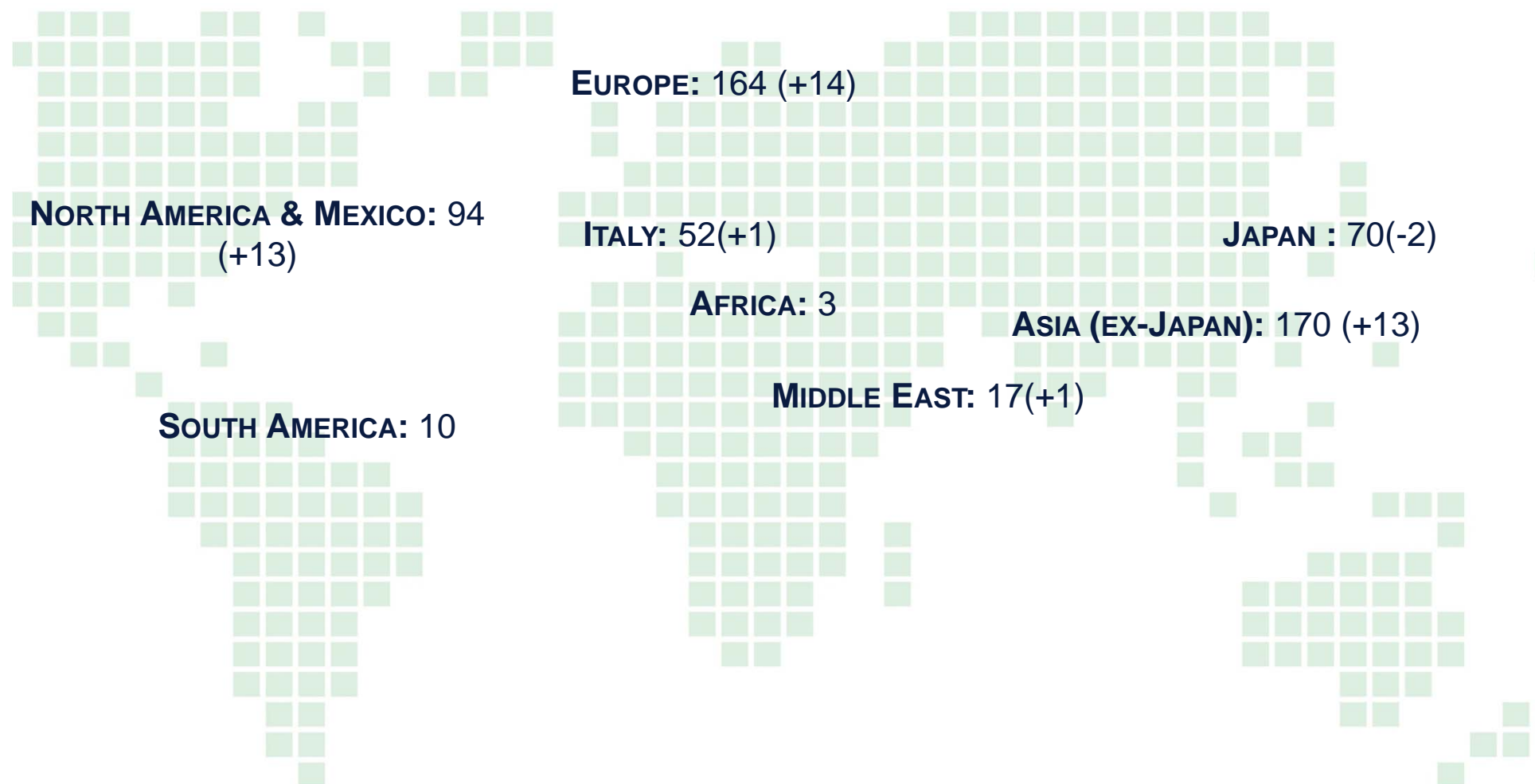
Capex (€ mn) – 9 months



- Capex driven by Retail development.
- 2014 Retail includes 47 gross new openings, 24 relocations and 8 renovations for retails,
- 2014 Corporate&Industrial includes €62 million for the purchase of the headquarters office in Milan.
- 2013 Retail includes €121 million of Old Bond Street and St. Petersburg shops acquisitions.

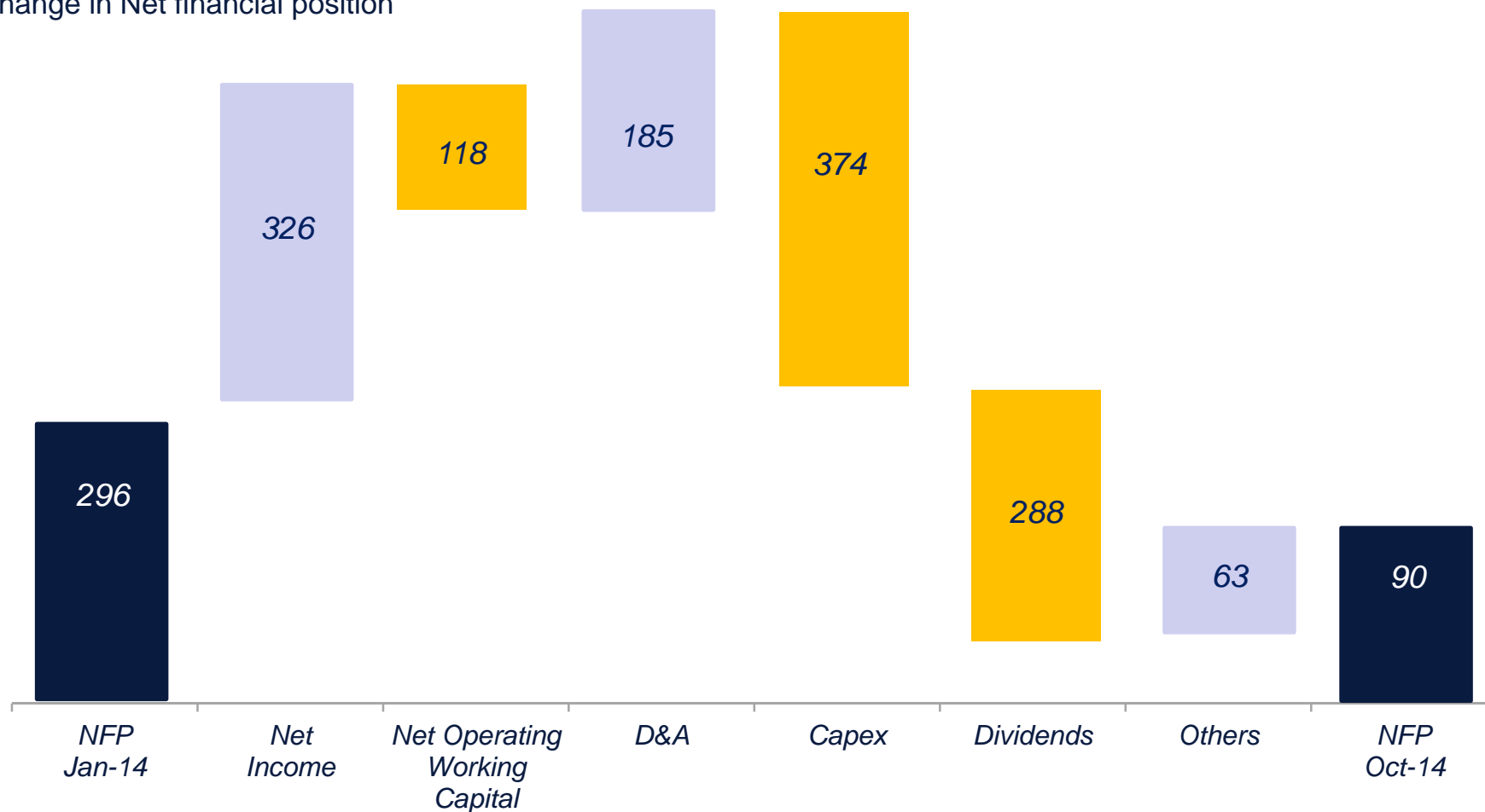
Retail Overview - 580 DOS at November 2014

47 openings and 7 closings



Net Financial Surplus/(Deficit) (€ mn)

- Change in Net financial position



- Positive change
- Negative change

Key Highlights

EXTERNAL FACTORS

- The difficult economic and political conditions that have adversely impacted the consumers attitude are not easing
- The luxury market is undergoing a reshaping phase, the extent and nature of which is not yet entirely clear

MEDIUM-TERM STRATEGY

- Focus on product, leveraging on our indisputable design leadership
- Industrial investments aimed to protect our competitive edge
- Focus on Miu Miu
- Development of Prada men's business
- Marketing activities focused on customer relationship management , to further improve the brand experience
- Reinforcing organization and processes
- Selective retail expansion

ACTIONS TAKEN

- The organizational structure needs to be adapted after a period of accelerated growth to better face the increasing complexity and volatility of the market
- Lifecycle of certain products needs to be addressed with a more balanced merchandising mix among and inside the categories
- Measures to increase efficiency at all operational levels and greater emphasis on control of discretionary expenses

Prada



Key Strengths

- One of the most desirable brand in fashion and luxury
- Strong presence in all core categories built on constant development of new products resulting in a clear differentiation and further growth opportunities
- Strong man image and sizeable business

Development activities

- Strengthening the merchandising mix with new products covering all strategic pricing ranges supported by institutional and product marketing and communication activities in all markets
- Engagement and fidelization of customers with CRM activities integrated on-line and off- line
- Empowering the new Digital Communication department under the Strategic Marketing Direction

Focus on Miu Miu



Key Strengths

- Strong fashion identity and coherent position in all international markets
- Balanced product portfolio and geographical exposure
- Prime store locations

Development activities

- Strong marketing and communication supporting the brand identity and awareness
- Successful recent collections on all product categories
- Launch of the first fragrance

PRADA

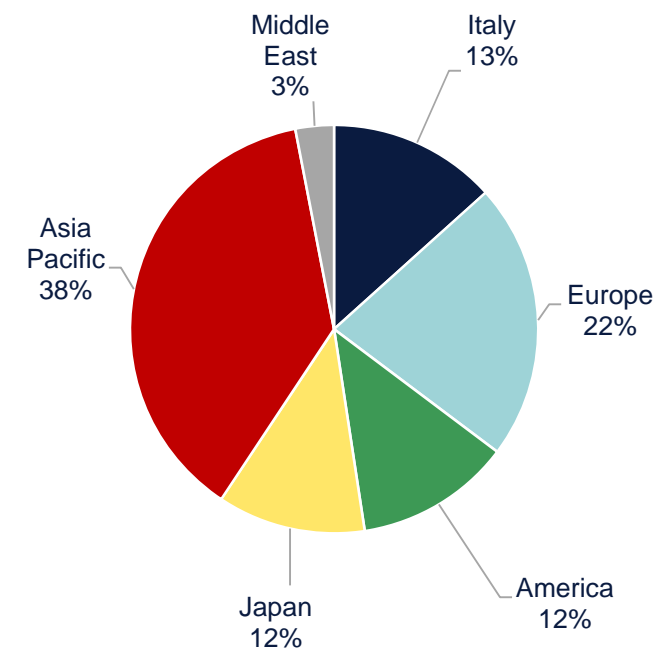
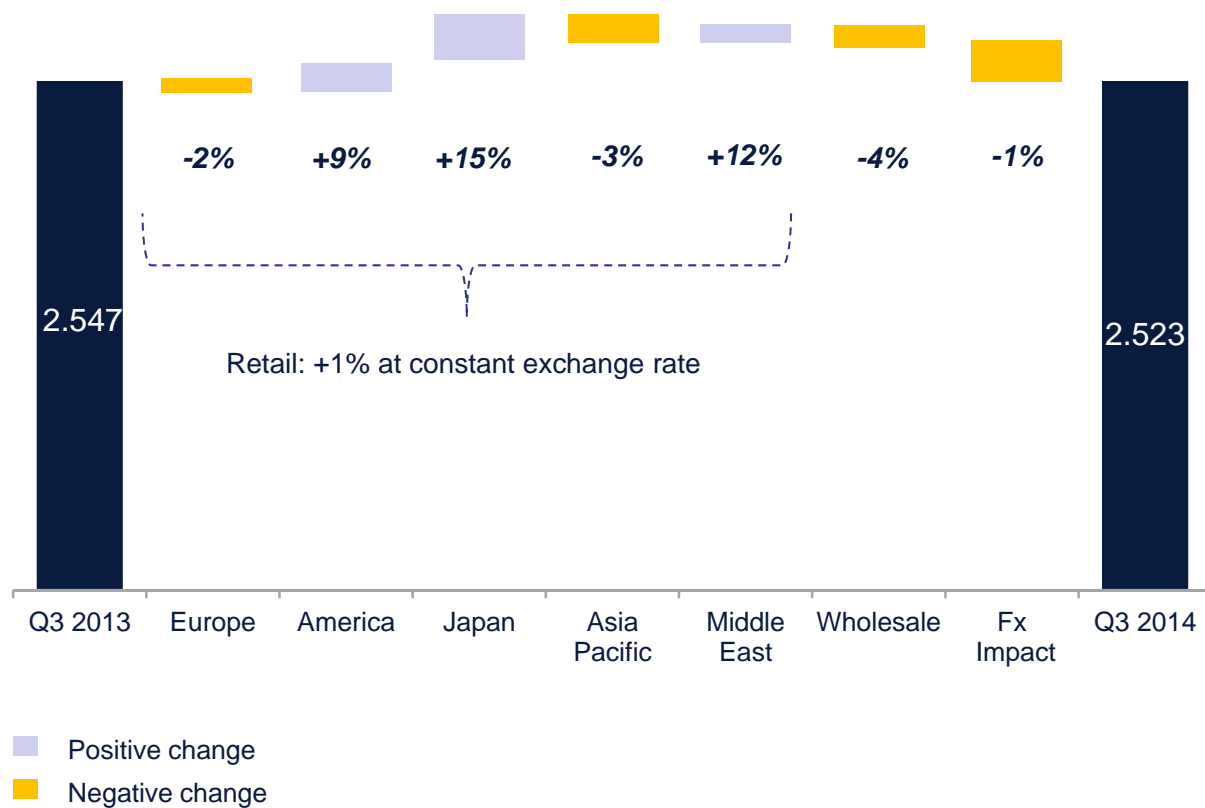
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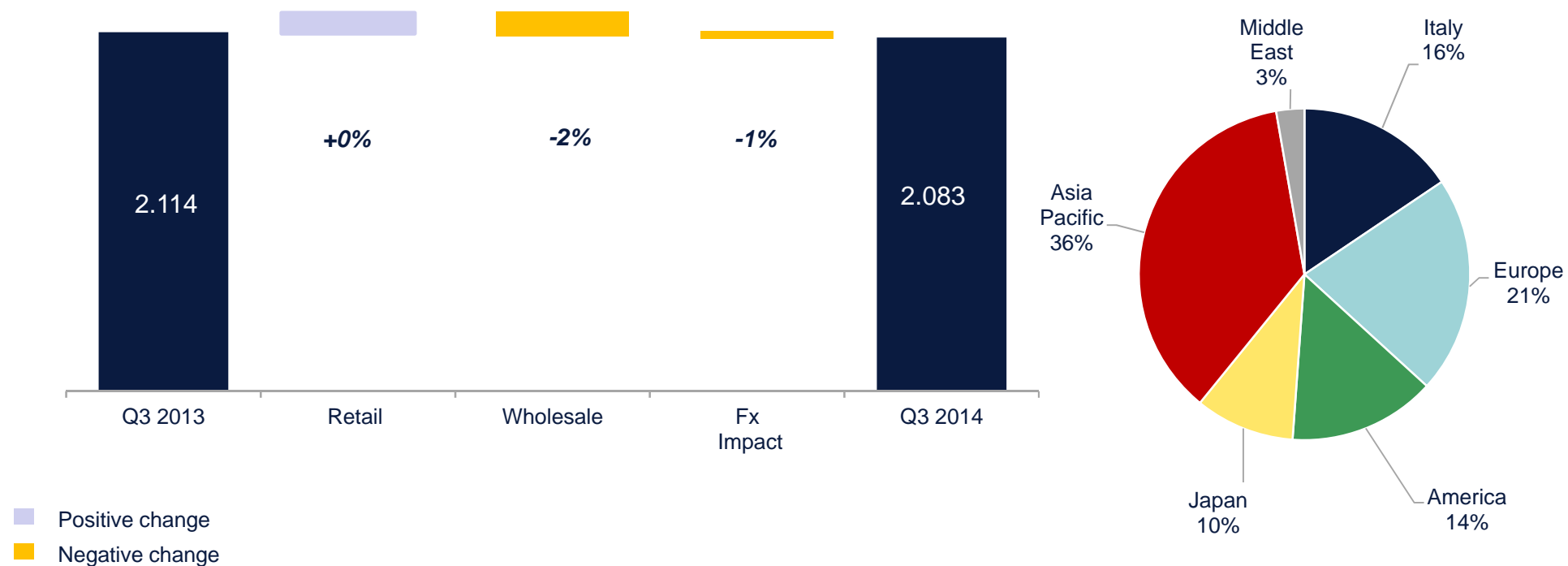
Q&A

Appendix

Group Net Sales by Region/channel (€ mn) – 9 months



Prada – Total Net Sales by channel (€ mn) – 9 months



Miu Miu – Total Net Sales by channel (€ mn) – 9 months

