

PRADA

MILANO

DAL 1913

1st Half Results as of July 31st, 2014

Milan, September 19th, 2014

Net Sales by Channel (€ mn) – 1st Half

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Retail	1,422.5	83%	1,442.2	83%	1%	5%
Wholesale	285.1	17%	288.7	17%	1%	2%
Total	1,707.6	100%	1,730.9	100%	1%	5%

- Retail
 - +5% at constant rates: driven by 75 net openings since August 1st, 2013 (41 Prada, 29 Miu Miu, 5 Church'S)
 - SSSG low single-digit negative in the period

- Wholesale
 - Stable trend, essentially in line with last year

Net Sales by Channel (€ mn) – 2nd Quarter

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Retail	743.8	80%	744.3	77%	-	+3%
Wholesale	191.3	20%	218.1	23%	+14%	+14%
Total	935.0	100%	962.4	100%	+3%	+5%

- Wholesale trend in the quarter also affected by timing differences in shipment aimed to a more efficient logistic process

Net Sales by Geography (€ mn) – 1st Half

<i>Note(*)</i> : PRC, HK, Macau	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Retail						
Europe	485.3	34%	481.7	33%	-1%	-
Americas	163.8	12%	177.2	12%	+8%	+14%
Far East	573.8	40%	561.8	39%	-2%	+2%
<i>Greater China(*)</i>	395.1	28%	388.1	27%	-2%	+3%
Japan	158.3	11%	173.8	12%	+10%	+19%
Middle East	40.0	3%	46.4	3%	+16%	+21%
Others	1.3	-	1.2	-	-	-
Total Retail	1,422.5	83%	1,442.2	83%	+1%	+5%
Wholesale	285.1	17%	288.7	17%	+1%	+2%
Total Sales	1,707.6	100%	1,730.9	100%	+1%	+5%

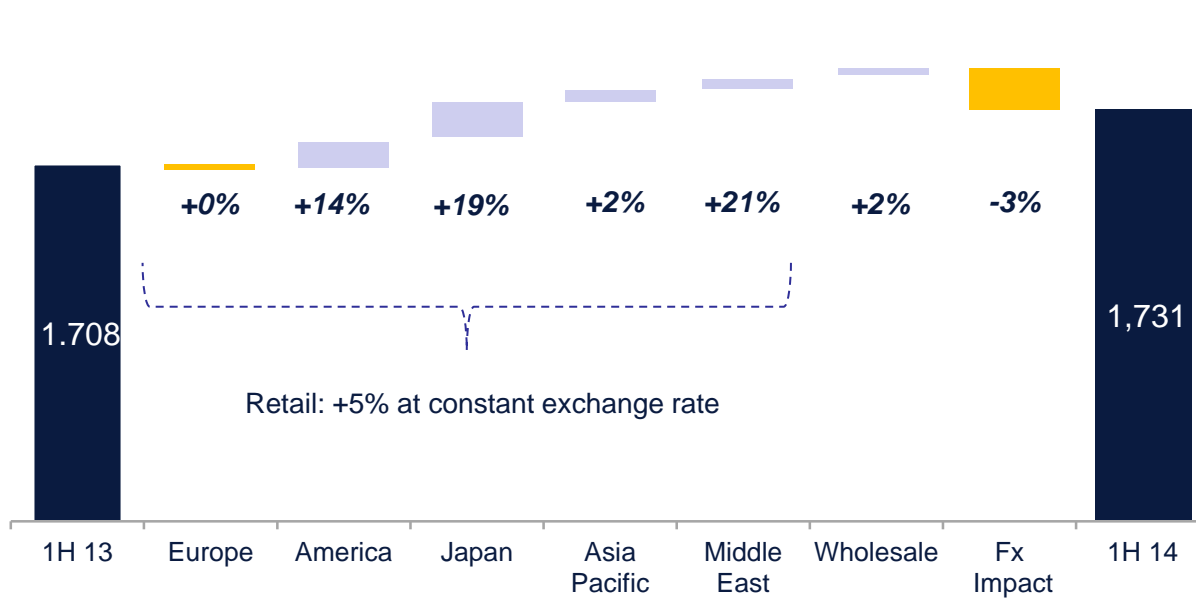
- Europe (Italy included): The uncertainty that prevailed on the political and economic landscape, together with the relative strength of the Euro, resulted in lower flows of tourists; on the other side, the domestic demand was still weak.
- Americas: very good performance of the retail channel fuelled by healthy domestic consumption and increasing travellers flow; the conversion plan of department stores plan still on-going.
- Far East: contrasted trends across countries; Hong Kong, South Korea and Singapore still weak while both Mainland China and Macau delivered double-digit rates of growth at constant exchange rates; other Asian countries positive.
- Japan: strong double-digit growth both at constant and reported exchange rate.

Net Sales by Geography (€ mn) – 2nd Quarter

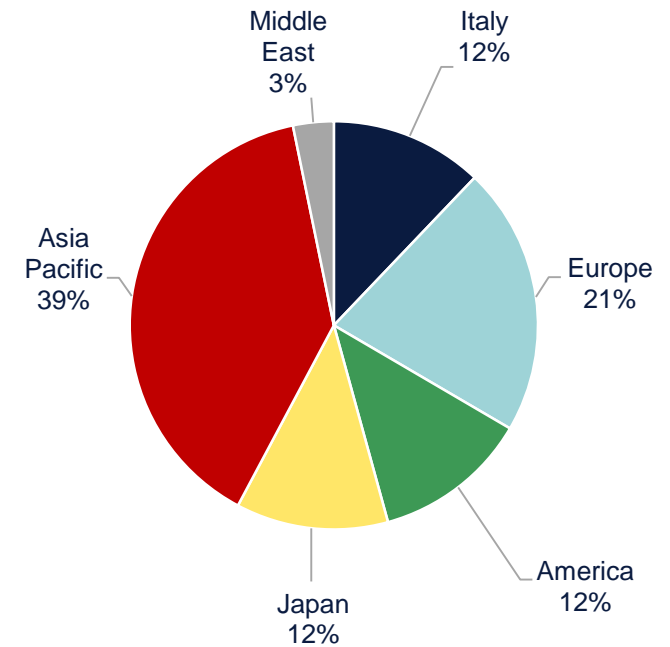
<i>Note(*)</i> : PRC, HK, Macau	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Retail						
Europe	271.8	37%	267.8	36%	-1%	-2%
Americas	88.8	12%	95.1	13%	+7%	+12%
Far East	284.5	38%	275.8	37%	-3%	-
<i>Greater China(*)</i>	195.8	26%	189.3	25%	-3%	+1%
Japan	79.9	11%	82.0	11%	+3%	+9%
Middle East	18.1	2%	23.0	3%	+27%	+32%
Others	0.8	-	0.7	-	-	-
Total Retail	743.8	80%	744.3	77%	-	+3%
Wholesale	191.3	20%	218.1	23%	+14%	+14%
Total Sales	935.0	100%	962.4	100%	+3%	+5%

- Strong growth in Japan despite the expected slowdown in purchases after the VAT increase at the beginning of April
- Excellent performance in Middle East
- Healthy trend in USA

Group Net Sales by Region/channel (€ mn) – 1st Half



■ Positive change
■ Negative change



Region breakdown for retail only

Net Sales by Brand(€ mn) – 1st Half

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Prada	1,186.5	83%	1,197.0	83%	+1%	+5%
Miu Miu	211.2	15%	217.4	15%	+3%	+7%
Church's	19.1	1%	21.7	2%	+14%	+12%
Car Shoe	4.3	-	4.4	-	+3%	+4%
Other	1.3	-	1.7	-	-	-
Total Retail	1,422.5	83%	1,442.2	83%	+1%	+5%
Total Wholesale	285.1	17%	288.7	17%	+1%	+2%
Total	1,707.6	100%	1,730.9	100%	+1%	+5%

Prada:

- Solid retail performance in Japan, USA, Mainland China, Macau and Middle East
- Very good performance in men's division (+19%) consistently with the group strategy

Miu Miu:

- Strong retail growth in all regions with the exception of Europe

Church's and Car Shoe

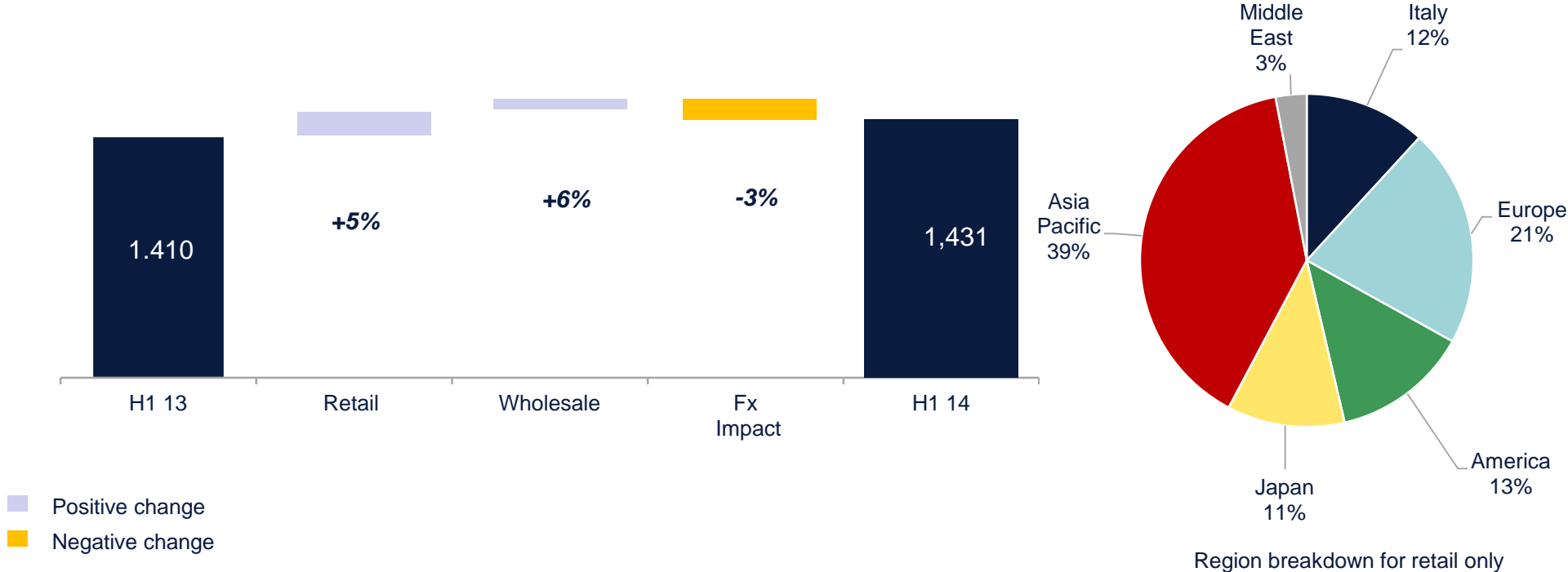
- Positive retail performance

Net Sales by Brand(€ mn) – 2nd Quarter

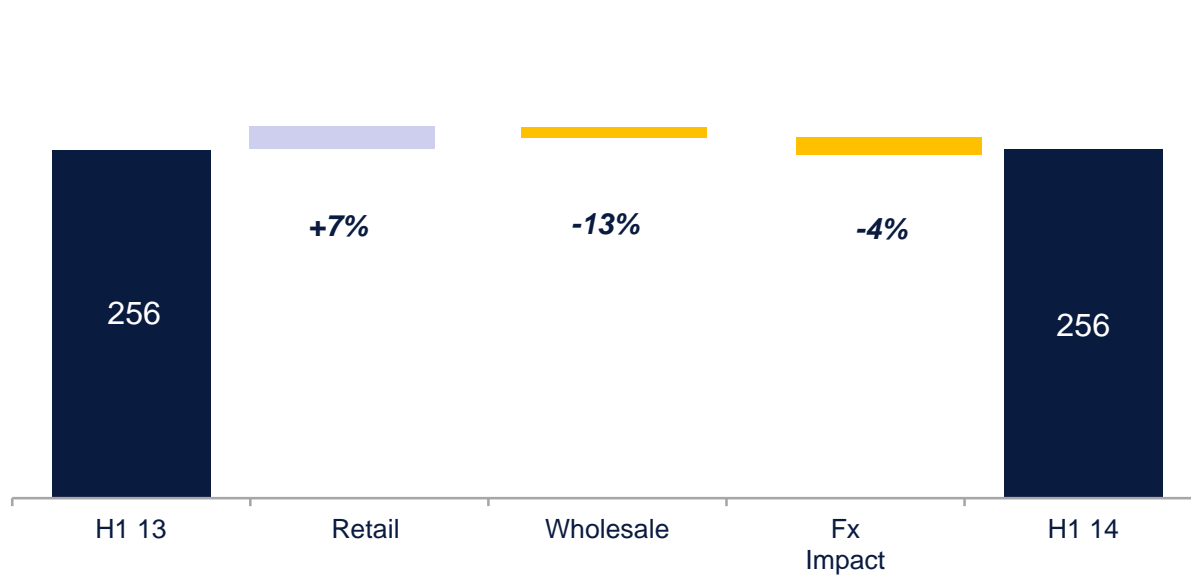
	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Prada	617.9	83%	612.2	82%	-1%	+2%
Miu Miu	112.1	15%	116.3	16%	+4%	+7%
Church's	10.3	1%	11.7	2%	+14%	+12%
Car Shoe	2.8	-	2.9	-	+6%	+7%
Other	0.7	-	1.2	-	-	-
Total Retail	743.8	80%	744.3	77%	-	+3%
Total Wholesale	191.3	20%	218.1	23%	+14%	+14%
Total	935.0	100%	962.4	100%	+3%	+5%

- Steady trend for Miu Miu brand across the two quarters

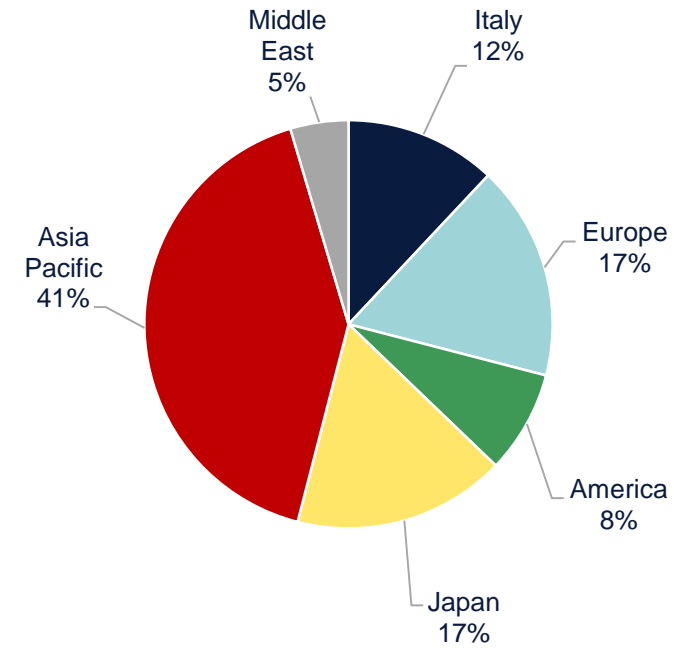
Prada – Total Net Sales by channel (€ mn) – 1st Half



Miu Miu – Total Net Sales by channel (€ mn) – 1st Half



- Positive change
- Negative change



Region breakdown for retail only

Net Sales by Product (€ mn) – 1st Half

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Leather Goods	1,025.6	72%	974.9	68%	-5%	-1%
Footwear	175.5	12%	208.5	14%	+19%	+23%
Ready to Wear	201.8	14%	229.8	16%	+14%	+18%
Others	19.6	1%	28.9	2%	+47%	+52%
Total Retail	1,422.5	83%	1,442.2	83%	+1%	+5%
Total Wholesale	285.1	17%	288.7	17%	+1%	+2%
Total	1,707.6	100%	1,730.9	100%	+1%	+5%

- Leather goods negatively impacted by reduced travellers flows in the traditional shopping destinations in Europe and Far East. To be highlighted the very high comparable base of previous year (+22%)
- Strong performance of footwear and ready to wear witnessing the stylistic leadership of the two main brands
- Men's business strong growth across the three product categories

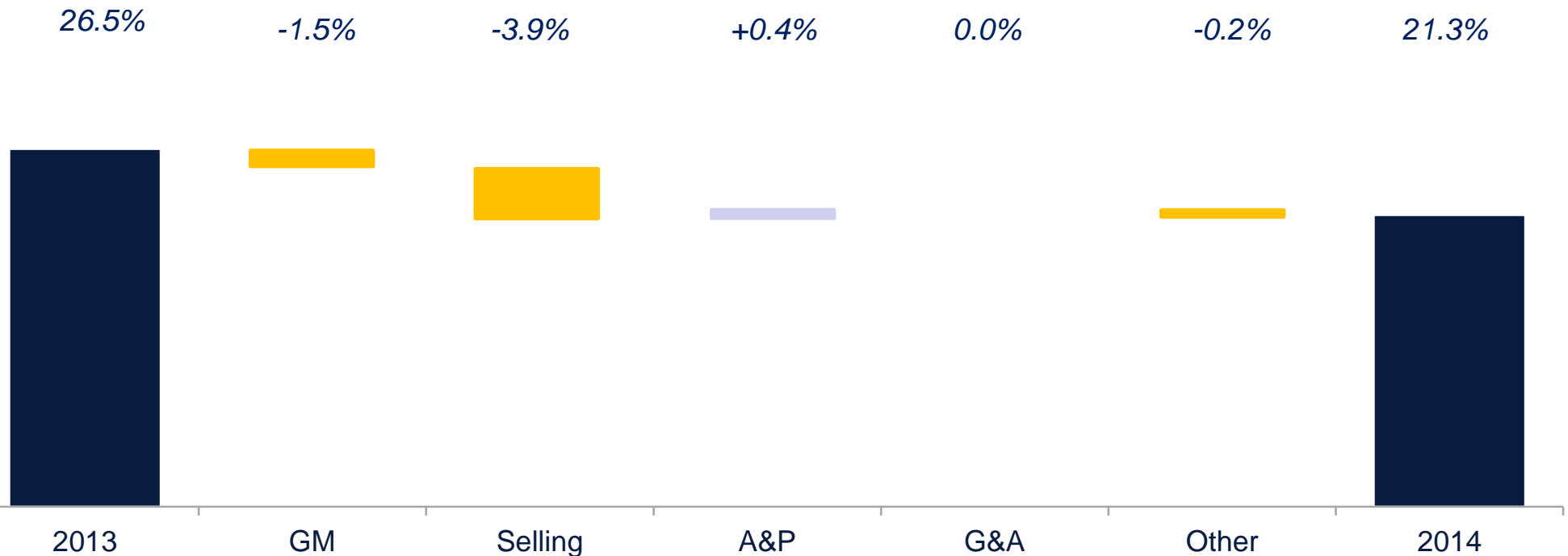
Net Sales by Product(€ mn) – 2nd Quarter

	2013	Mix %	2014	Mix %	% ch. as reported	% ch. same FX
Leather Goods	534.0	72%	496.0	67%	-7%	-5%
Footwear	93.3	13%	113.1	15%	+21%	+24%
Ready to Wear	104.3	14%	118.5	16%	+14%	+17%
Others	12.1	2%	16.8	2%	+38%	+42%
Total Retail	743.8	80%	744.3	77%	-	+3%
Total Wholesale	191.3	20%	218.1	23%	+14%	+14%
Total	935.0	100%	962.4	100%	+3%	+5%

Group Profit and Loss – 1st Half

€ mn	Jul 2014	%	Δ 2014 vs 2103	Jul 2013	%
Net Sales	1.730,9	98,8%		1.707,6	98,8%
Royalties	20,4	1,2%		20,5	1,2%
Net Revenues	1.751,3	100,0%	1,3%	1.728,1	100,0%
COGS	(493,7)	28,2%		(460,4)	26,6%
Gross Profit	1.257,6	71,8%	-0,8%	1.267,7	73,4%
Product Development	(69,7)	4,0%		(66,4)	3,8%
Advertising & Promotion	(76,5)	4,4%		(82,1)	4,7%
Selling	(639,4)	36,5%		(564,0)	32,6%
G&A	(98,9)	5,6%		(96,9)	5,6%
EBIT	373,2	21,3%	-18,6%	458,3	26,5%
Net Financial Income (Expenses)	(9,0)	0,5%		(14,9)	0,9%
Income Taxes	(113,1)	6,5%		(130,6)	7,6%
Minority Income	(6,2)	0,4%		(4,6)	0,3%
Group Net income	244,8	14,0%	-20,6%	308,2	17,8%
D&A	119,7	6,8%		92,7	5,4%
EBITDA	492,8	28,1%	-10,6%	551,1	31,9%

EBIT Development – 1st Half

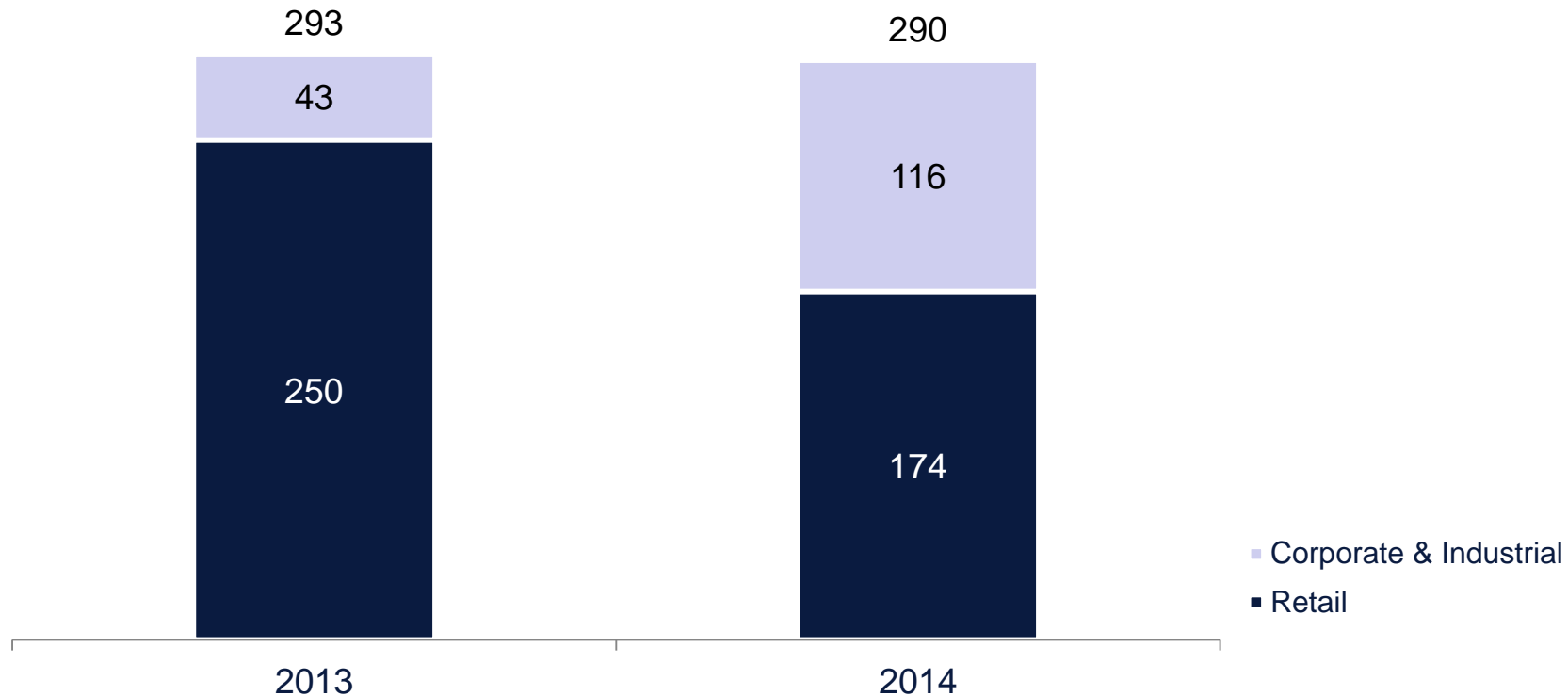


- Foreign exchange trend negatively impacted EBIT margin by 0.8%
- Gross Margin dilution mainly due to exchange rates impact
- Initial positive impact of actions undertaken to improve efficiency

■ Positive change
■ Negative change

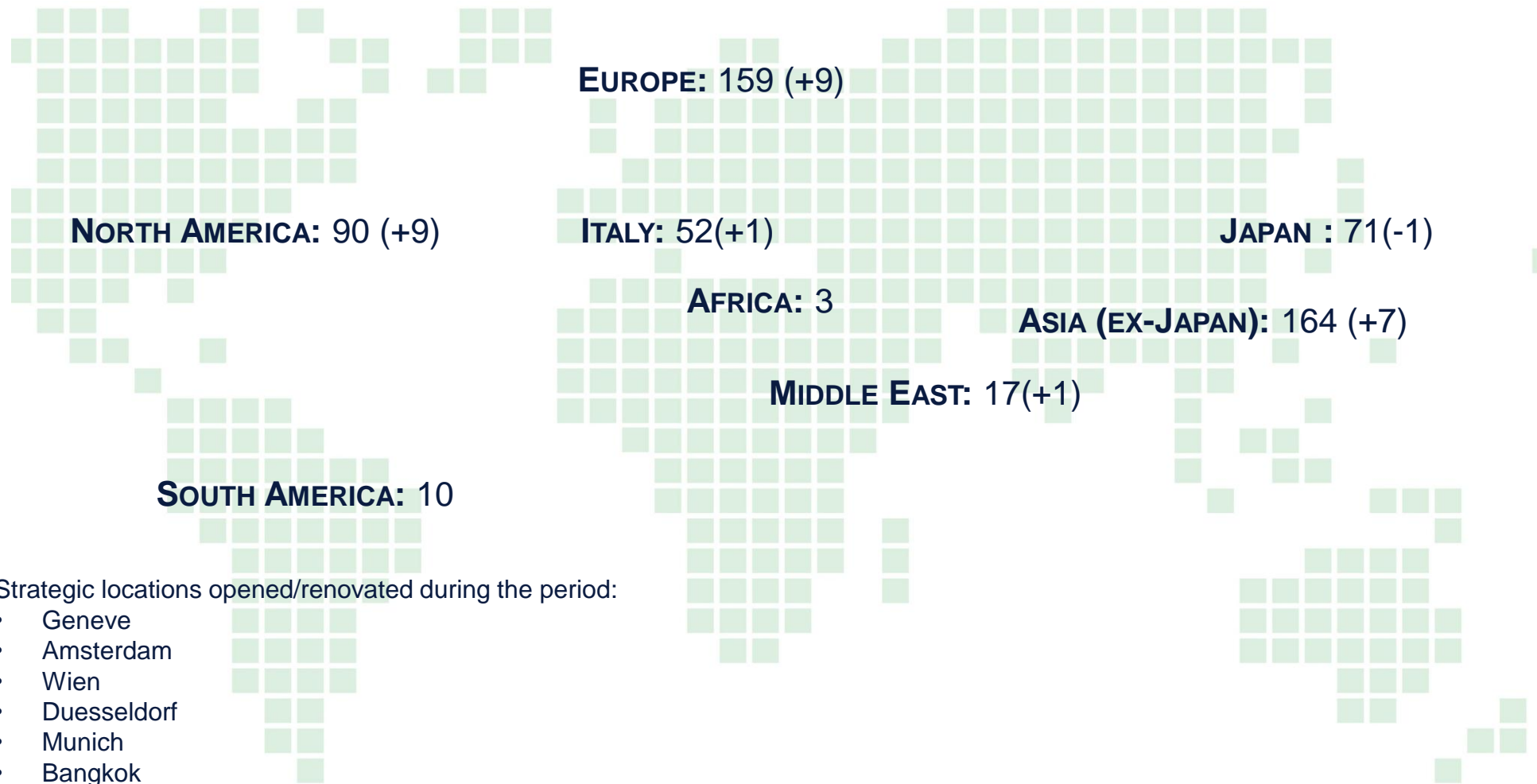
Capex (€ mn) - 1st Half

- Capex driven by Retail development
- 2014 Capex includes 32 gross new openings, 17 relocations and 6 renovations for retails and € 62 million for the purchase of the headquarters office in Milan
- 2013 Retail includes € 80 million of Old Bond Street and St. Petersburg shops acquisitions



Retail overview

566 DOS at August 2014 with 32 openings and 6 closings

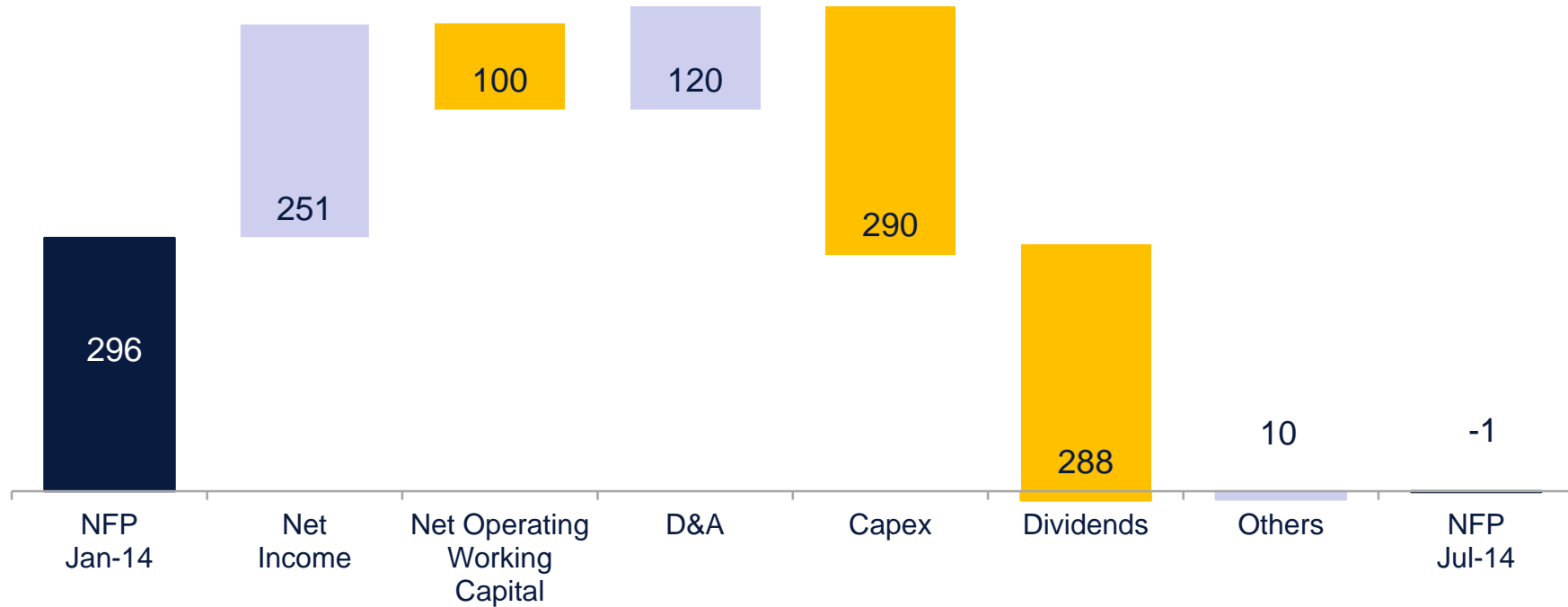


Strategic locations opened/renovated during the period:

- Geneve
- Amsterdam
- Wien
- Duesseldorf
- Munich
- Bangkok
- 8 conversions in USA

Net Financial Surplus/(Deficit) (€ mn)

- Change in Net financial position



■ Positive change
 ■ Negative change

Outlook

Luxury Market

- Recent trends have not shown signs of improvement due to the persistent difficult economic and political conditions that are adversely impacting the consumers attitude

Actions undertaken to improve sales and protect margins

- Merchandising mix improvement to better suit the evolution and segmentation of the customers demand
- Marketing activities more focused on retail and customer relationship, to further improve the shopping experience
- Events and communications geographically diversified and more focused on domestic customers
- Measures to increase efficiency at all operational levels.
- Enhancement on digital experience

Investments

- Openings plan focused on strategic locations with high potential
- Maintain investments aimed to improve efficiency in the supply chain

Outlook

- 2H 2014 expected to be broadly in line with 1H. Margins will continue to be under pressure with some marginal improvements deriving from the costs-cutting actions
- The Group will continue to prioritize investments in brands equity with the aim to nurture a sustainable long term growth while maintaining high attention to costs development in order to ensure a satisfactory returns on investments
- Dividend policy to remain in line with previous years

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Q&A