PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS TO 31 JULY 2014

THE GROUP CONFIRMS MEDIUM-TERM GROWTH STRATEGY

Milan, 19 September 2014 – The Prada SpA Board of Directors today examined and approved the Consolidated Interim Report for the six months ended July 31, 2014.

Despite the difficult political and macroeconomic environment and unfavorable forex trends throughout the period, the Prada Group continued to prioritize long-term growth objectives with investment aimed at increasing brand value. At the same time, it sought to reduce short-term pressure on margins with measures to contain costs across the Group.

Consolidated net revenues

Consolidated net revenues totaled € 1,751.3 million, a 1.3% increase (+4.5% at constant exchange rates) on the € 1,728.1 million reported for the first half of 2013.

Wholesale channel

The rationalization of the **wholesale** channel is close to completion and sales in that channel grew by 1.3% (+1.8% at constant exchange rates) to reach Euro 288.7 million.

Retail channel by geographical area

The **retail channel,** which currently represents more than 83% of consolidated sales, also recorded growth of 1.4% at current exchange rates and 5.1% at constant exchange rates. Even though they were penalized by unfavorable exchange rates, the 566 Directly Operated Stores (DOS) generated sales of Euro 1,442.2 million.

The **Asia Pacific** area shows a 2.1% decrease at current exchange rates but overall growth of 2.1% at constant exchange rates. Performance remains weak in Korea, Hong Kong and Singapore while **China** has accelerated with 11.8% growth at constant exchange rates and other Asian markets have maintained healthy rates of growth.

The **Americas** market shows some positive signs, sustained by both domestic consumption and a greater contribution from tourist spending. The Group's retail channel recorded 8.2% growth at current exchange rates and 14.2% growth at constant exchange rates in this geographical area.

Europe remains penalized by weaker tourist flow and by the negative general economic environment which has hit domestic consumption. Sales fell slightly at constant exchange rates.

Sales on the **Japanese** market again grew strongly despite the expected slowdown in purchases after the VAT increase at the beginning of April: +9.8% at current exchange rates, +19.5% at constant exchange rates.

The **Middle East** has done extremely well with growth in the first half of the year standing at +16.1% at current exchange rates and +21% at constant exchange rates.

Retail channel by brand

Prada, which represents around 83% of Group sales, achieved 4.6% revenue growth at constant exchange rates and 0.9% growth at current exchange rates. 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 +7.1% increase at constant exchange rates (+2.9% at current exchange rates). Except in Europe, the brand continues to record excellent rates of growth on all markets.

Church's also did well with +12.4% growth at constant exchange rates (+13.8% at current exchange rates), as did **Car Shoe** with +3.6% growth at constant exchange rates (+2.7% at current exchange rates).

Retail channel by product category

Clothing and **footwear** performed well with growth of 18.3% and 22.6%, respectively, at constant exchange rates (+13.9% and +18.8% at current exchange rates). Meanwhile, revenues from sales of **leather goods** decreased by 1.4% at constant exchange rates (-4.9% at current exchange rates), mainly because of a decrease in tourist footfall in the main shopping destinations in Europe and Asia since their spending is more oriented towards this product category.

Margins

Margins for the period were conditioned by the unfavorable forex trends and by the broadly stable level of revenues which was insufficient to absorb the increase in costs due to retail network expansion: 75 new store openings in the last twelve months, including 41 Prada, 29 Miu Miu and 5 Church's.

EBITDA amounted to Euro 492.8 million, or 28.1% of consolidated net revenues.

EBIT totaled Euro 373.2 million or 21.3% of consolidated net revenues.

Net profit was Euro 244.8 million or 14% of consolidated net revenues.

Patrizio Bertelli, Chief Executive Officer of Prada Spa, commented: *"Despite the current scenario is not showing signs of improvement and the difficult economic and geopolitical conditions are negatively influencing consumers attitude, we remain confident that the luxury goods market – especially the high-end segment where the Prada Group operates with success – will continue to offer interesting growth prospects in the medium-term. In recent years, we have been dedicated to the development of a balanced, global retail network, which has enabled us to establish a direct connection with our customer base and increased the value of our brands. The position now reached by the Group on the luxury goods market constitutes a solid base for medium-term growth of revenues and margins. We shall pursue such growth, paying ever greater attention to excellence, through a focused investment policy and the constant monitoring of costs."*

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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 566 directly operated stores (DOS) at July 31, 2014 and a select network of luxury department stores, independent retailers and franchise stores.