

**PRESS RELEASE**

**THE PRADA GROUP APPROVES ITS 2013 ANNUAL REPORT**

**Consolidated net revenues of Euro 3,587 million, +9%**

**EBITDA of Euro 1,143 million, +9%**

**EBIT of Euro 939 million, +6%**

**Net income of Euro 628 million, in line with prior year**

**Positive net financial position of Euro 296 million**

**Milan, April 2, 2014** – The Prada spa Board of Directors met today to review and approve the separate financial statements of Prada spa and the consolidated financial statements for the year ended January 31, 2014.

In 2013, the PRADA Group successfully continued its expansion in the global luxury goods market. By combining quality, stylistic innovation, excellent customer service and a retail presence in the most prestigious international locations, for the fourth consecutive year, the Group achieved a high rate of growth and operating profit among the highest in the sector.

**Consolidated net revenues** totaled Euro 3,587.3 million, an 8.8% increase (+13.3% at constant exchange rates) on the Euro 3,297.2 million reported for 2012.

**EBITDA** grew by 8.6% compared to 2012 to reach Euro 1,143.2 million, remaining stable at 31.9% of consolidated net revenues.

**EBIT** also grew by 5.6% to stand at Euro 939.2 million even though the major capex program carried out in recent years has led to higher depreciation and amortization.

**Net income** was somewhat hit by foreign exchange losses and a greater tax burden but still amounted to Euro 627.8 million, broadly in line with prior year.

**The net financial position** was positive by Euro 296 million and benefited from strong

cash flow generation which financed major investing activities during the year – including the purchase of a prestigious property on Old Bond Street, London – and the distribution of dividends of Euro 230 million to the shareholders.

The Board proposes payment of a dividend of Euro 0.11 per share. This proposal will be put to the Shareholders' General Meeting convened on May 22.

## **Analysis of Revenues**

### Distribution channels

In 2013, the **retail channel** generated 84.5% of the Group revenues and, once again, was the main revenue growth driver, in line with the Group's distribution strategy. DOS ("Directly Operated Stores") sales generated revenues of Euro 2,996.6 million, a 12.5% increase on prior year (+17.8% at constant exchange rates) thanks to both new DOS openings and Like-for-Like growth which totaled 7%.

During the year, the Group expanded the retail network from 461 DOS at January 31, 2013 to 540 DOS at January 31, 2014, including 330 Prada, 150 Miu Miu, 52 Church's and 8 Car Shoe.

The **wholesale channel** was affected by the ongoing selective approach to the independent customer base in Europe and by the conversion of retail corners in North American department stores into DOS. Wholesale sales revenues totaled Euro 551.6 million, down by 6.9% on prior year (-5.8% at constant exchange rates).

### Geographical areas

Growth on all markets:

- the **European** market held up well given the difficult economic environment and the recent strengthening of the Euro. Revenue growth of 4.8% was recorded (+6% at constant exchange rates), all of it attributable to the retail channel (+10.9% at constant exchange rates) while the wholesale channel recorded a fall in revenues compared to prior year;
- the **Americas Market** again performed strongly in the fourth quarter and recorded

PRADA spa

10.9% revenue growth for the year as a whole (+15.3% at constant exchange rates). The retail channel did extremely well with 36.3% growth at constant exchange rates;

- **Asia Pacific** achieved significant progress in 2013 with 11.4% growth (+14.4% at constant exchange rates). The **Greater China** area made a key contribution to the growth of the area as a whole, reaching sales of Euro 826 million (+14.7% at constant exchange rates).

- the period of growth continued in **Japan** where sales increased by 23.6% at constant exchange rates though the continuing weakness of the Yen meant that Euro equivalent revenues were broadly in line with 2012 (+1%).

- the contribution of the **Middle East** area to Group sales increased greatly: in the twelve months ended January 31, 2014, revenues totaled Euro 91.1 million, almost twice the figure of Euro 44.8 million recorded in 2012.

### **Brands**

**Prada** achieved excellent results with 11.1% revenue growth (+15.6% at constant exchange rates), especially in the retail channel where the brand recorded one of the highest rates of growth in the sector: +19.6% at constant exchange rates.

**Miu Miu** also achieved revenue growth of +1.2% (+6.5% at constant exchange rates). In this case, too, the growth was driven by the retail channel (+10.1% at constant exchange rates) with even higher growth recorded in the Americas, China and other emerging markets.

The **Church's** brand also recorded revenue growth in 2013 (+3.2% at constant exchange rates) while **Car Shoe** revenues decreased because of the downturn in the wholesale channel.

Patrizio Bertelli, Chief Executive Officer of Prada spa, declared: *"We are very satisfied with the work done over the last few years and the results achieved in terms of growth and profitability which encourage us to continue along our path of development. Even though the macroeconomic situation remains difficult and the continuing strength of the Euro does not help with exports, we are confident that the luxury goods sector will continue to grow and that, faced with rapidly changing consumer tastes and preferences,*

PRADA spa

*we will draw on our creativity and innovative capacity which enables us to interpret and, often, anticipate market trends”.*

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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, fragrances and mobile telephone sectors. Its products are sold in 70 countries worldwide through a network that included 540 directly operated stores (DOS) at January 31, 2014 and a selected network of luxury department stores, independent retailers and franchise stores.