

PRADA Group



**Interim Results**  
**for the nine months ended October 31<sup>st</sup>, 2013**

**December 20<sup>th</sup>, 2013**

# Results presentation

# Key messages

## 9 months

## 3<sup>rd</sup> quarter

### Turnover

- Net Revenues grew by 10% (+14% at constant rates) with Retail up 14% (+19% at constant rates)
- Net Revenues grew by 7% (+13% at constant rates) with Retail up 11% (+17% at constant rates)

### Same Store Sales Growth

- Solid Same Store Sales Growth +7%
- Same Store Sales Growth +7%, in line with H1 2013

### Operating Results

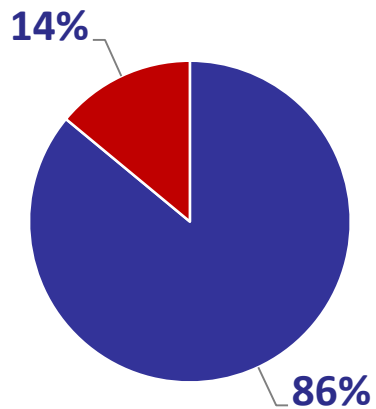
- EBITDA up to € 821 mn, 32% on Revenues, compared to 31% in 2012
- EBIT up to € 678 mn, 26% on Revenues, unchanged from 2012
- EBITDA up to € 270 mn, 32% on Revenues, compared to 33% in 2012
- EBIT up to 219 € mn, 26% on Revenues, compared to 28% in 2012

### Net Results

- Group Net Income to € 441 mn, 17% on Revenues, compared to € 409 mn of 2012, 18% on Revenues
- Group Net Income to € 133 mn, 16% on Revenues, compared to € 122 mn of 2012, 15% on Revenues

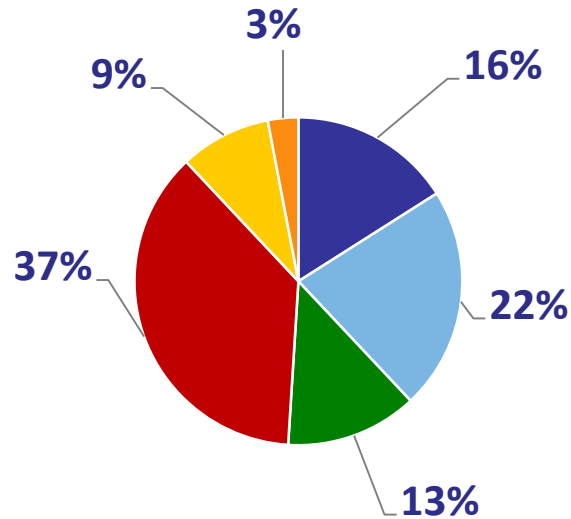
# The Group at a glance – 9 months

## NET SALES BY CHANNEL



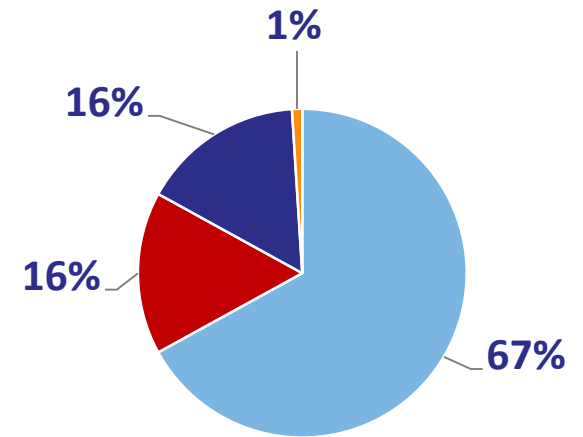
- Retail
- Wholesale

## NET SALES BY REGION



- Italy
- Europe
- America
- Asia ex-Japan
- Japan
- Middle East

## NET SALES BY PRODUCT



- Leather Goods
- Ready to Wear
- Footwear
- Other

# Net Sales by Channel (€ mn) – 9 months

	2012	Mix %	2013	Mix %	% ch. as reported	% ch. same FX
<b>Retail</b>	1,917.6	83%	2,182.0	86%	+14%	+19%
<b>Wholesale</b>	390.4	17%	365.2	14%	-7%	-6%
<b>Total</b>	2,308.0	100%	2,547.2	100%	+10%	+15%

Retail (+19% at constant rates) is driven by:

- + 7% “Same Store Sales Growth”
- +12% new space contribution (88 net openings since November 1, 2012)

Wholesale trend:

- Negative trend in Europe (Italy included) due to persistent selective strategy and negative market conditions in secondary cities
- Affected by the first phase of “conversion strategy” (19 corners), Americas recorded a negative trend
- Positive trend in Far East (mainly DFS)

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

	<b>2012</b>	<i>Mix %</i>	<b>2013</b>	<i>Mix %</i>	<i>% ch. as reported</i>	<i>% ch. same FX</i>
<b>Retail</b>	<b>687.6</b>	<b>88%</b>	<b>759.6</b>	<b>91%</b>	<b>+11%</b>	<b>+17%</b>
<b>Wholesale</b>	<b>95.7</b>	<b>12%</b>	<b>80.0</b>	<b>9%</b>	<b>-16%</b>	<b>-14%</b>
<b>Total</b>	<b>783.3</b>	<b>100%</b>	<b>839.6</b>	<b>100%</b>	<b>+7%</b>	<b>+13%</b>

Retail trend broadly in line with H1 2013

Wholesale heavily impacted by the selective strategy

# Net Sales by Brand (€ mn) – 9 months

	2012	Mix %	2013	Mix %	% ch. as reported	% ch. same FX
Prada	1,876.6	81%	2,114.4	83%	+13%	+17%
Miu Miu	360.7	16%	368.0	15%	+2%	+7%
Church's	50.1	2%	51.3	2%	+2%	+6%
Car Shoe	15.1	1%	10.9	-	-28%	-27%
Others	5.5	-	2.6	-	-53%	-53%
<b>Total</b>	<b>2,308.0</b>	<b>100%</b>	<b>2,547.2</b>	<b>100%</b>	<b>+10%</b>	<b>+15%</b>

Excellent performance for Prada (+17% at constant rates)

Solid growth of Miu Miu and Church's (respectively 7% and 6% at constant rates)

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

	<b>2012</b>	<b>Mix %</b>	<b>2013</b>	<b>Mix %</b>	<b>% ch. as reported</b>	<b>% ch. same FX</b>
<b>Prada</b>	<b>643.2</b>	<b>82%</b>	<b>704.4</b>	<b>84%</b>	<b>+10%</b>	<b>+16%</b>
<b>Miu Miu</b>	<b>114.7</b>	<b>15%</b>	<b>112.0</b>	<b>13%</b>	<b>-2%</b>	<b>+5%</b>
<b>Church's</b>	<b>19.1</b>	<b>2%</b>	<b>18.6</b>	<b>2%</b>	<b>-3%</b>	<b>+2%</b>
<b>Car Shoe</b>	<b>3.8</b>	<b>1%</b>	<b>3.4</b>	<b>1%</b>	<b>-10%</b>	<b>-9%</b>
<b>Others</b>	<b>2.5</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>-51%</b>	<b>-51%</b>
<b>Total</b>	<b>783.3</b>	<b>100%</b>	<b>839.6</b>	<b>100%</b>	<b>+7%</b>	<b>+13%</b>

**Across Prada and Miu Miu, retail growth at constant exchange rates broadly in line with H1 2013**



# Net Sales by Geography (€ mn) – 9 months

Note(\*): PRC, HK, Macau  
Note(\*\*): Japan and Hawaii

	2012	Mix %	2013	Mix %	% ch. as reported	% ch. same FX
<b>Italy</b>	385.1	17%	398.6	16%	+4%	+4%
<b>Europe</b>	537.3	23%	572.0	22%	+7%	+9%
<b>Americas</b>	295.8	13%	335.7	13%	+14%	+18%
<b>Far East</b>	814.7	35%	932.0	37%	+14%	+17%
Greater China(*)	516.1	22%	592.6	23%	+15%	+17%
<b>Japan (**)</b>	246.9	11%	239.7	9%	-3%	+19%
<b>Middle East</b>	24.0	1%	65.0	3%	+171%	+179%
<b>Others</b>	4.2	-	4.2	-	-2%	-1%
<b>Total</b>	<b>2,308.0</b>	<b>100%</b>	<b>2,547.2</b>	<b>100%</b>	<b>+10%</b>	<b>+15%</b>

Europe (Italy included) trend in line with H1 2013: retail double-digit up, wholesale double-digit contraction

Americas: acceleration in retail with strong double-digit growth (+36% at constant rate), wholesale strong double-digit contraction

Far East: moderated growth, notably in Greater China

Japan: acceleration in Q3

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

Note(\*): PRC, HK, Macau  
 Note(\*\*): Japan and Hawaii

	2012	Mix %	2013	Mix %	% ch. as reported	% ch. same FX
<b>Italy</b>	125.7	16%	130.0	15%	+3%	+3%
<b>Europe</b>	188.0	24%	197.7	24%	+5%	+8%
<b>Americas</b>	91.6	12%	104.1	12%	+14%	+21%
<b>Far East</b>	282.2	36%	304.4	36%	+8%	+13%
Greater China(*)	181.5	23%	195.9	23%	+8%	+12%
<b>Japan</b>	82.5	11%	80.3	10%	-3%	+23%
<b>Middle East</b>	11.5	1%	21.8	3%	+89%	+99%
<b>Others</b>	1.8	-	1.3	-	-25%	-25%
<b>Total</b>	<b>783.3</b>	<b>100%</b>	<b>839.6</b>	<b>100%</b>	<b>+7%</b>	<b>+13%</b>

SSSG in Q3 in line with H1 2013 with acceleration in Americas and Japan, and moderation in Far East also due to some renovations still in progress on some flagships in the region

# Net Sales by Product (€ mn) – 9 months

	2012	Mix %	2013	Mix %	% ch. as reported	% ch. same FX
Leather Goods	1,444.2	62%	1,710.8	67%	+19%	+23%
Footwear	450.3	20%	415.4	16%	-8%	-5%
Ready to Wear	387.9	17%	390.3	16%	+1%	+4%
Others	25.6	1%	30.7	1%	+20%	+24%
<b>Total</b>	<b>2,308.0</b>	<b>100%</b>	<b>2,547.2</b>	<b>100%</b>	<b>+10%</b>	<b>+15%</b>

Leather Goods momentum remains strong

Footwear negatively impacted by Wholesale, partially compensated by a positive trend in the Retail channel

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

	<b>2012</b>	<b>Mix %</b>	<b>2013</b>	<b>Mix %</b>	<b>% ch. as reported</b>	<b>% ch. same FX</b>
<b>Leather Goods</b>	<b>501.2</b>	<b>64%</b>	<b>554.4</b>	<b>66%</b>	<b>+11%</b>	<b>+17%</b>
<b>Footwear</b>	<b>135.0</b>	<b>17%</b>	<b>133.0</b>	<b>16%</b>	<b>-2%</b>	<b>+3%</b>
<b>Ready to Wear</b>	<b>139.3</b>	<b>18%</b>	<b>141.5</b>	<b>17%</b>	<b>+2%</b>	<b>+7%</b>
<b>Others</b>	<b>7.8</b>	<b>1%</b>	<b>10.7</b>	<b>1%</b>	<b>+37%</b>	<b>+43%</b>
<b>Total</b>	<b>783.3</b>	<b>100%</b>	<b>839.6</b>	<b>100%</b>	<b>+7%</b>	<b>+13%</b>

# Group Profit and Loss – 9 months

€ mn	Oct 2013	%	Oct 2012	%
Net Sales	2,547.2	98.9%	2,308.0	98.7%
Royalties	28.9	1.1%	31.3	1.3%
Net Revenues	2,576.1	100.0%	2,339.3	100.0%
COGS	(666.9)	25.9%	(654.9)	28.0%
Gross Profit	1,909.2	74.1%	1,684.4	72.0%
Product Development	(94.1)	3.6%	(78.7)	3.4%
Advertising & Promotion	(135.9)	5.3%	(110.4)	4.7%
Selling	(859.2)	33.4%	(748.1)	32.0%
G&A	(142.2)	5.5%	(134.7)	5.8%
EBIT	677.8	26.3%	612.5	26.2%
Net Financial Income / (Expenses)	(14.1)	0.5%	(4.3)	0.2%
Income Taxes	(215.1)	8.4%	(194.1)	8.3%
Minority Income	(7.7)	0.3%	(5.5)	0.2%
Group Net income	440.9	17.1%	408.6	17.5%
D&A	143.2	5.6%	115.4	4.9%
EBITDA	821.0	31.9%	727.9	31.1%

# EBITDA Development – 9 months



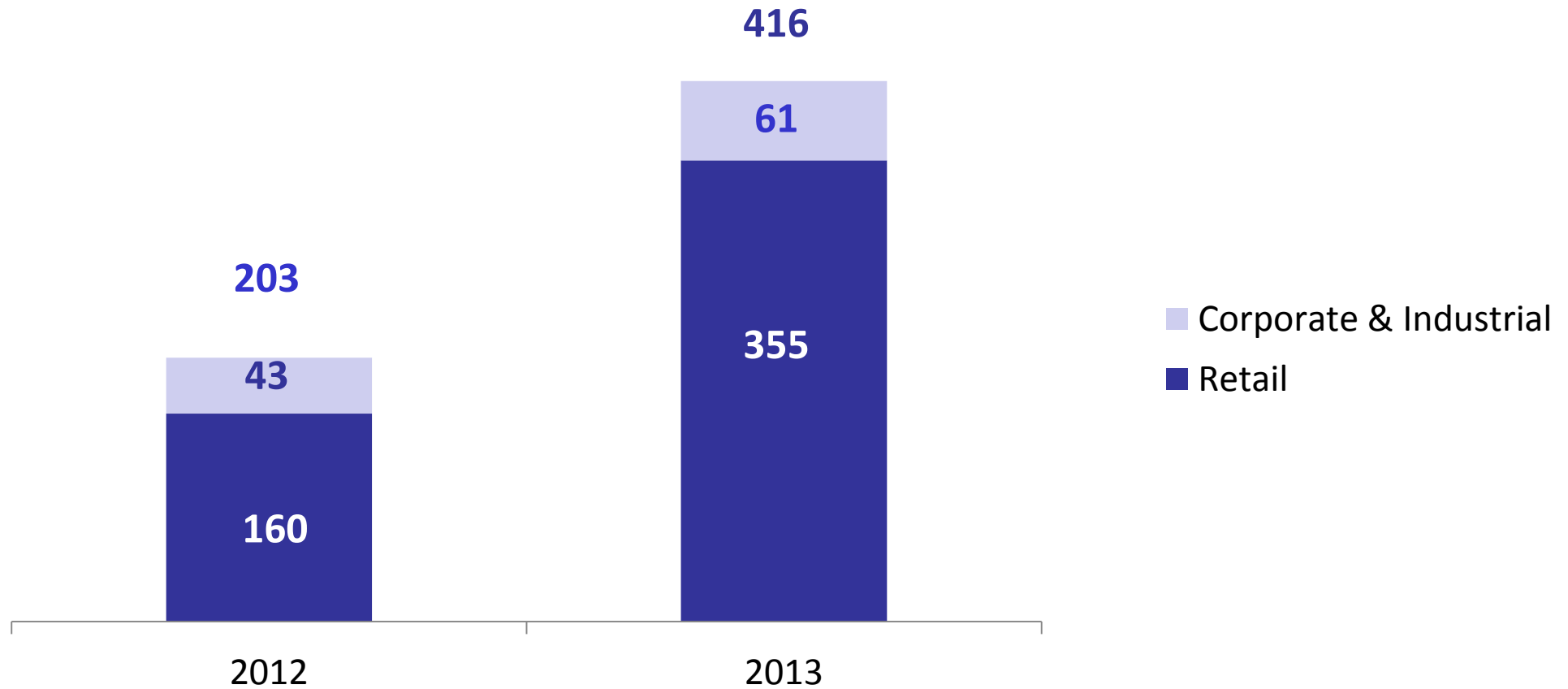
*Note(\*): percentages not comparable with Group Profit and Loss slide that is at EBIT structure*

# Capex (€ mn) – 9 months

Capex driven by Retail development

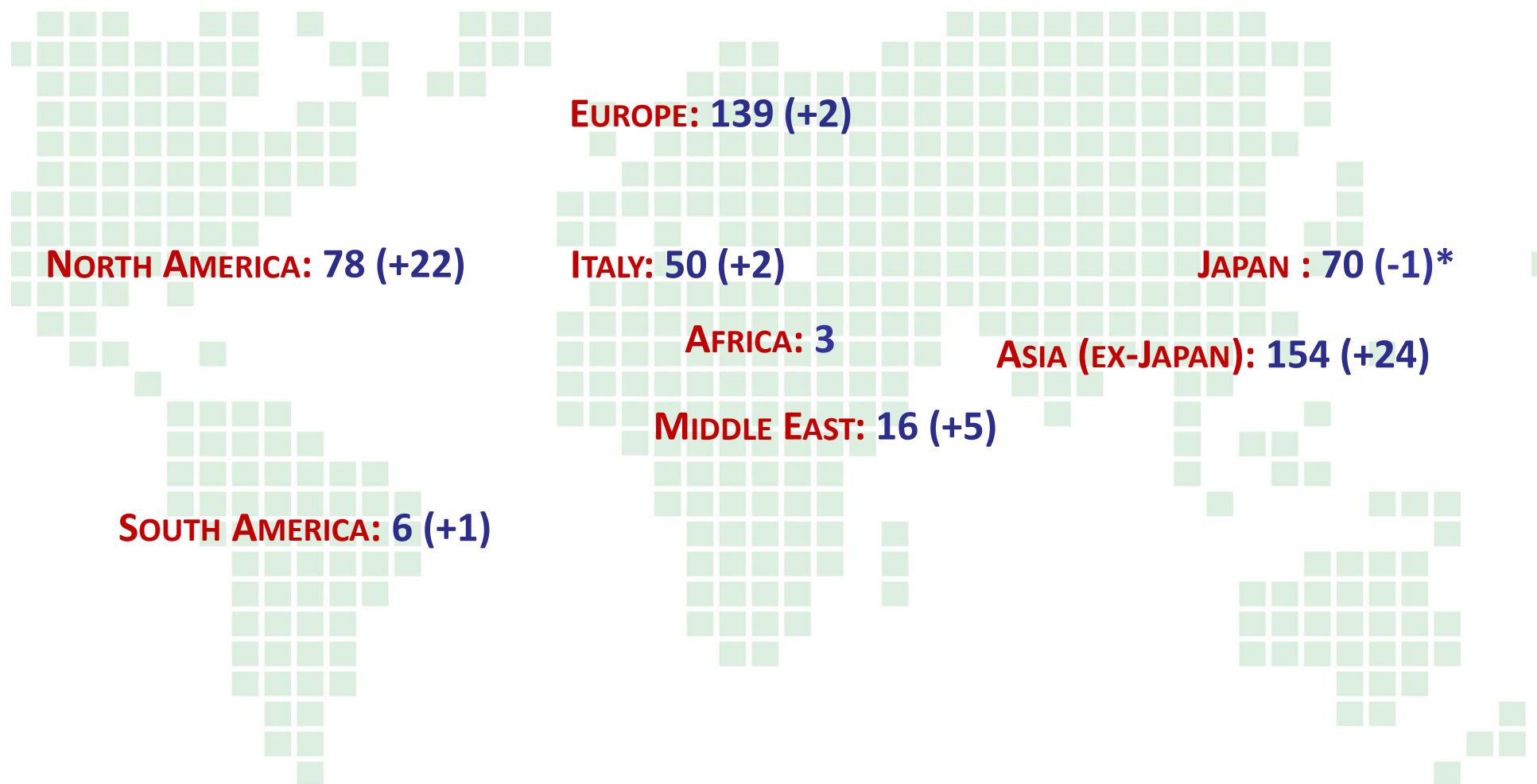
Retail includes new openings, refurbishments and relocations

Purchase of the Old Bond Street Shop and St. Petersburg



# Retail overview

516 DOS at October 2013 with 66 openings and 11 closings



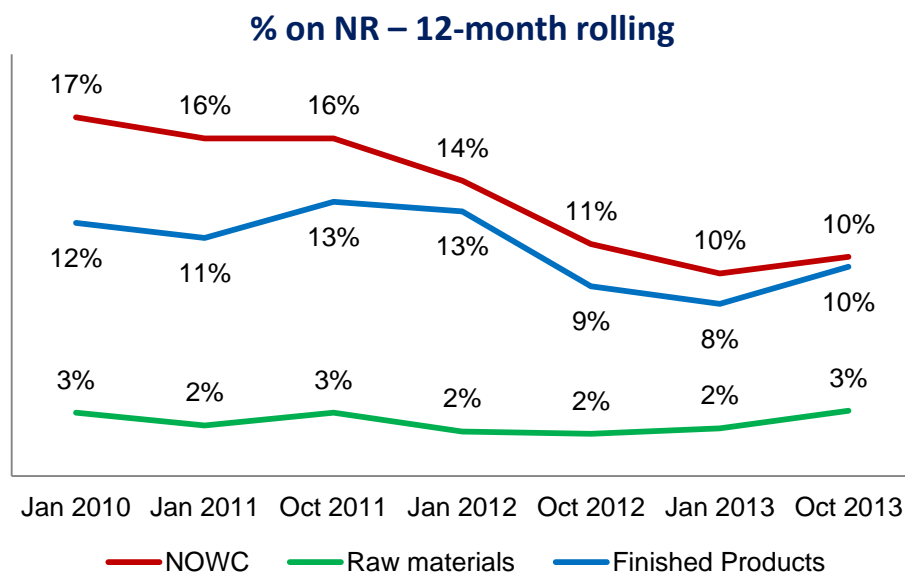
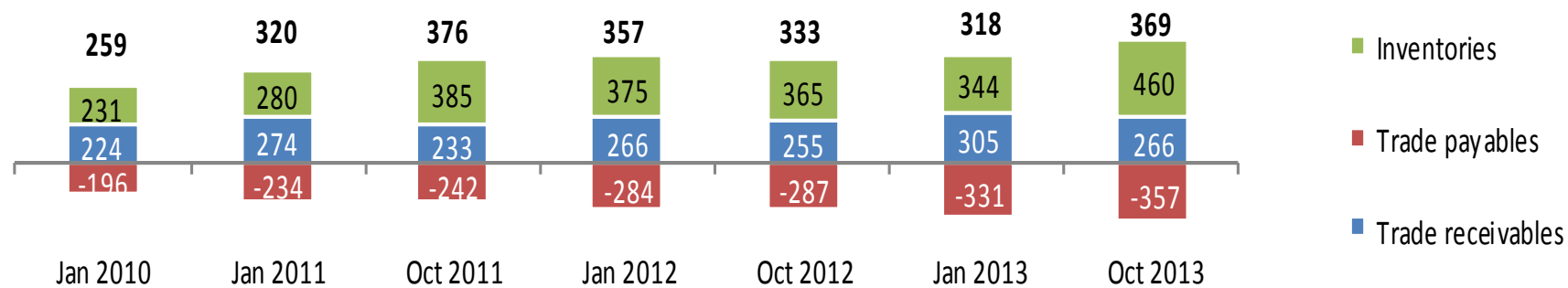
\* 5 stores reclassified from North America to Japan



# Key figures (€ mn)

	October 2013	January 2013	October 2012
<b>Net Financial Position</b>	<b>303.5</b>	<b>312.6</b>	<b>210.6</b>
<b>Net Operating Working Capital</b>	<b>369.0</b>	<b>317.7</b>	<b>332.7</b>
<b><i>NOWC on Net Revenues</i></b>	<b><i>10.4%</i></b>	<b><i>9.6%</i></b>	<b><i>10.5%</i></b>
<b>Capital Employed (average)</b>	<b>2,071.3</b>	<b>1,917.6</b>	<b>1,839.1</b>
<b><i>ROCE</i></b>	<b><i>46.1%</i></b>	<b><i>46.4%</i></b>	<b><i>46.2%</i></b>

# Net Operating Working Capital (€ mn)



# Net financial surplus/(deficit) (€ mn)

## Change in Net financial position

