

PRADA Group



**Interim Results**  
**for the half year ended July 31<sup>st</sup>, 2013**

**September 17<sup>th</sup>, 2013**

# Results presentation

# Key messages

## 1<sup>st</sup> Half 2013

## 2<sup>nd</sup> Quarter 2013

### Turnover

- Net Revenues grew by 12% (+15% at constant rates) with Retail up 16% (+20% at constant rates)
- Net Revenues grew by 10% (+15% at constant rates) with Retail up 13% (+18% at constant rates)

### Same Store Sales Growth

- Continuous Retail improvement: Same Store Sales Growth +7%
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### Operating Results

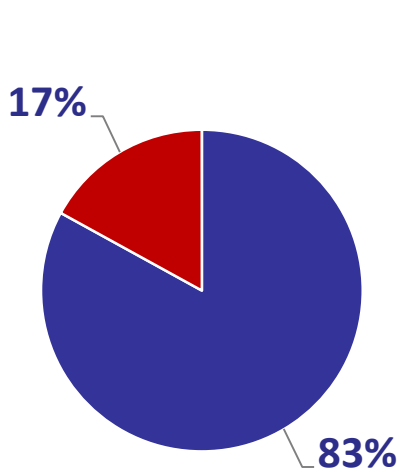
- EBITDA up to € 551 mn, 32% on Revenues, compared to 30% in 2012
- EBIT up to € 458 mn, 27% on Revenues, compared to 26% in 2012
- EBITDA up to € 310 mn, 33% on Revenues, compared to 31% in 2012
- EBIT up to € 263 mn, 28% on Revenues, compared to 27% in 2012

### Net Results

- Group Net Income to € 308 mn, 18% on Revenues, compared to € 286 mn of 2012, 19% on Revenues
- Group Net Income to € 170 mn, 18% on Revenues, compared to € 165 mn of 2012, 19% on Revenues

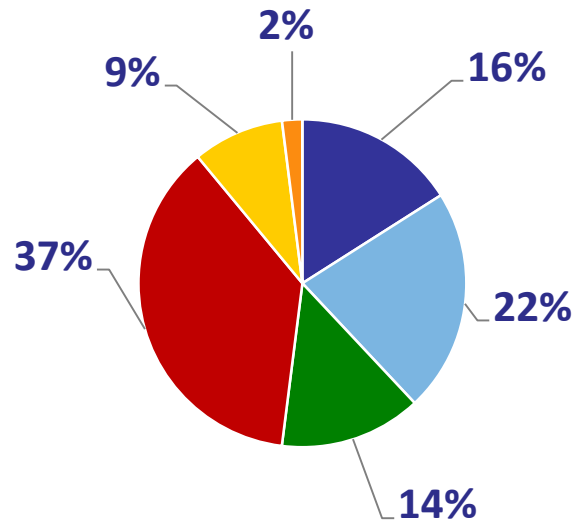
# The Group at a glance – 1st Half

## NET SALES BY CHANNEL



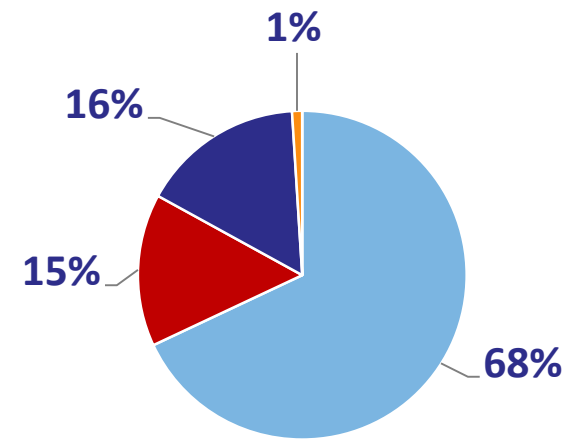
- Retail
- Wholesale

## 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) - 1st Half

	2012	Mix %	2013	Mix %	2013 vs 2012
<b>Retail</b>	<b>1,230.0</b>	<b>81%</b>	<b>1,422.5</b>	<b>83%</b>	<b>+16%</b>
<b>Wholesale</b>	<b>294.7</b>	<b>19%</b>	<b>285.1</b>	<b>17%</b>	<b>-3%</b>
<b>Total</b>	<b>1,524.7</b>	<b>100%</b>	<b>1,707.6</b>	<b>100%</b>	<b>+12%</b>

On top of a 37% growth last year 6 months, Retail (+19.5% at constant rates) is driven by:

- + 7% “Same Store Sales Growth”
- new store openings contribution (77 net openings since August 1, 2012)

Wholesale trend:

- Positive in Far East (mainly DFS)
- Negative trend in Europe (Italy included) due to persistent selective strategy and negative market conditions in secondary cities
- Affected by the initial phase of the “conversion strategy” (13 corners), Americas recorded a negative trend

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

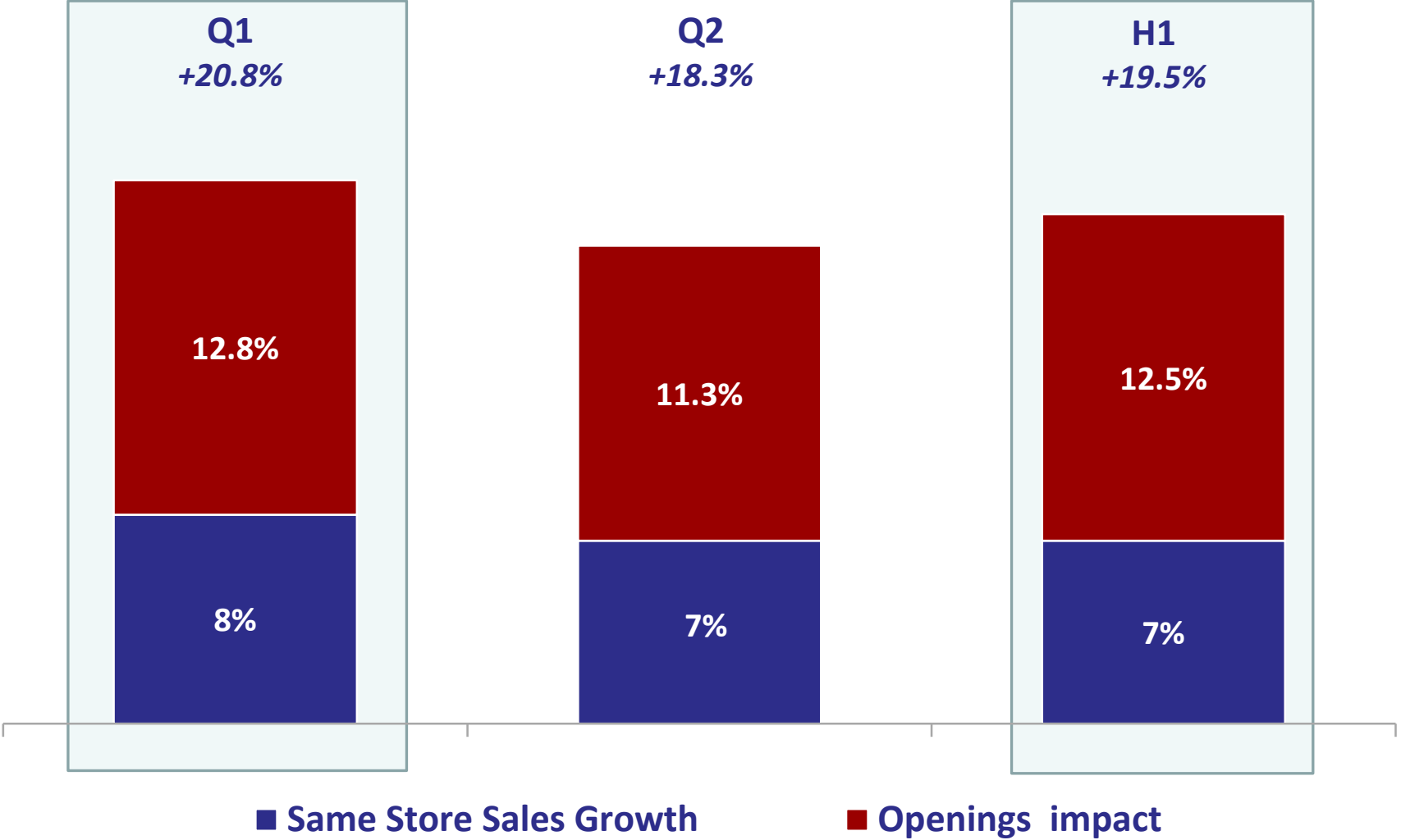
	2012	Mix %	2013	Mix %	2013 vs 2012
<b>Retail</b>	660.3	78%	743.7	80%	+13%
<b>Wholesale</b>	191.1	22%	191.3	20%	-
<b>Total</b>	851.4	100%	935.0	100%	+10%

Retail improvement (+18.3% at constant rates) is driven by:

- “Same Store Sales Growth” : +7%
- New store openings : 77 net openings since August 1, 2012

Wholesale flat (+1.2% at constant rates)

# Quarterly evolution Retail Net Sales (same fx)



# Net Sales by Brand (€ mn) - 1st Half

	<b>2012</b>	<i>Mix %</i>	<b>2013</b>	<i>Mix %</i>	<b>2013 vs 2012</b>
<b>Prada</b>	<b>1,233.4</b>	<b>81%</b>	<b>1,410.1</b>	<b>83%</b>	<b>+14%</b>
<b>Miu Miu</b>	<b>246.0</b>	<b>16%</b>	<b>255.9</b>	<b>15%</b>	<b>+4%</b>
<b>Church's</b>	<b>31.0</b>	<b>2%</b>	<b>32.7</b>	<b>2%</b>	<b>+5%</b>
<b>Car Shoe</b>	<b>11.4</b>	<b>1%</b>	<b>7.6</b>	<b>-</b>	<b>-33%</b>
<b>Others</b>	<b>2.9</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>-54%</b>
<b>Total</b>	<b>1,524.7</b>	<b>100%</b>	<b>1,707.6</b>	<b>100%</b>	<b>+12%</b>

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

Solid growth of Miu Miu and Church's (for both +8% at constant rates)



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

	<b>2012</b>	<i><b>Mix %</b></i>	<b>2013</b>	<i><b>Mix %</b></i>	<i><b>2013 vs 2012</b></i>
<b>Prada</b>	<b>691.9</b>	<b>81%</b>	<b>771.2</b>	<b>83%</b>	<b>+12%</b>
<b>Miu Miu</b>	<b>138.6</b>	<b>16%</b>	<b>143.3</b>	<b>15%</b>	<b>+3%</b>
<b>Church's</b>	<b>14.7</b>	<b>2%</b>	<b>15.9</b>	<b>2%</b>	<b>+8%</b>
<b>Car Shoe</b>	<b>5.1</b>	<b>1%</b>	<b>3.8</b>	<b>-</b>	<b>-24%</b>
<b>Others</b>	<b>1.1</b>	<b>-</b>	<b>0.8</b>	<b>-</b>	<b>-32%</b>
<b>Total</b>	<b>851.4</b>	<b>100%</b>	<b>935.0</b>	<b>100%</b>	<b>+10%</b>

# Net Sales by Geography (€ mn) - 1st Half

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

	2012	Mix %	2013	Mix %	% ch. as reported	% ch. same FX
<b>Italy</b>	259.3	17%	268.5	16%	+4%	+4%
<b>Europe</b>	349.3	23%	374.3	22%	+7%	+9%
<b>Americas</b>	204.2	13%	231.6	14%	+13%	+16%
<b>Far East</b>	532.5	35%	627.6	37%	+18%	+19%
Greater China(*)	334.6	22%	396.7	23%	+19%	+20%
<b>Japan (**)</b>	164.4	11%	159.4	9%	-3%	+16%
<b>Middle East</b>	12.5	1%	43.3	2%	+245%	+253%
<b>Others</b>	2.5	-	2.9	-	+15%	+16%
<b>Total</b>	<b>1,524.7</b>	<b>100%</b>	<b>1,707.6</b>	<b>100%</b>	<b>+12%</b>	<b>+15%</b>

Europe (Italy included): retail double-digit up, pretty in line with Q1, wholesale low double-digit contraction

Americas: acceleration in retail with strong double-digit growth, wholesale low double-digit contraction

Far East: moderated growth, notably in Greater China, also due to the chinese new year that positively affected Q1

Japan: acceleration in Q2

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

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

	2012	Mix %	2013	Mix %	% ch. as reported	% ch. same FX
<b>Italy</b>	149.3	17%	167.2	18%	+12%	+12%
<b>Europe</b>	200.8	24%	216.0	23%	+8%	+10%
<b>Americas</b>	127.5	15%	137.4	15%	+8%	+12%
<b>Far East</b>	279.7	33%	312.0	33%	+12%	+15%
Greater China(*)	173.0	20%	195.8	21%	+13%	+13%
<b>Japan</b>	83.9	10%	80.4	9%	-4%	+20%
<b>Middle East</b>	8.8	1%	20.4	2%	+132%	+143%
<b>Others</b>	1.4	-	1.6	-	+19%	+18%
<b>Total</b>	<b>851.4</b>	<b>100%</b>	<b>935.0</b>	<b>100%</b>	<b>+10%</b>	<b>+15%</b>

**SSSG in Q2 broadly in line with Q1 with acceleration in Americas and Japan, and moderation in Far East**

# Net Sales by Product (€ mn) - 1st Half

	<b>2012</b>	<b>Mix %</b>	<b>2013</b>	<b>Mix %</b>	<b>2013 vs 2012</b>
<b>Leather Goods</b>	<b>943.1</b>	<b>62%</b>	<b>1,156.4</b>	<b>68%</b>	<b>+23%</b>
<b>Footwear</b>	<b>315.3</b>	<b>21%</b>	<b>282.4</b>	<b>16%</b>	<b>-10%</b>
<b>Ready to Wear</b>	<b>248.7</b>	<b>16%</b>	<b>248.8</b>	<b>15%</b>	<b>-</b>
<b>Others</b>	<b>17.6</b>	<b>1%</b>	<b>20.0</b>	<b>1%</b>	<b>+13%</b>
<b>Total</b>	<b>1,524.7</b>	<b>100%</b>	<b>1,707.6</b>	<b>100%</b>	<b>+12%</b>

**Leather Goods momentum remains strong**

**Footwear and Ready to Wear negatively impacted by Wholesale, partially compensated by a positive trend in the Retail channel**

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

	<b>2012</b>	<b>Mix %</b>	<b>2013</b>	<b>Mix %</b>	<b>2012 vs 2011</b>
<b>Leather Goods</b>	<b>525.8</b>	<b>62%</b>	<b>618.0</b>	<b>66%</b>	<b>+18%</b>
<b>Footwear</b>	<b>180.6</b>	<b>21%</b>	<b>164.2</b>	<b>18%</b>	<b>-9%</b>
<b>Ready to Wear</b>	<b>134.8</b>	<b>16%</b>	<b>140.7</b>	<b>15%</b>	<b>+4%</b>
<b>Others</b>	<b>10.2</b>	<b>1%</b>	<b>12.1</b>	<b>1%</b>	<b>+19%</b>
<b>Total</b>	<b>851.4</b>	<b>100%</b>	<b>935.0</b>	<b>100%</b>	<b>+10%</b>

# Group Profit and Loss – 1st Half

€ mn	First Half 2013	%	First Half 2012	%
Net Sales	1,707.6	98.8%	1,524.7	98.5%
Royalties	20.5	1.2%	22.7	1.5%
Net Revenues	1,728.1	100%	1,547.4	100%
COGS	(460.4)	26.6%	(440.9)	28.5%
Gross Profit	1,267.7	73.4%	1,106.5	71.5%
Product Development	(66.4)	3.8%	(56.2)	3.6%
Advertising & Promotion	(82.0)	4.7%	(68.3)	4.4%
Selling	(564.0)	32.6%	(488.9)	31.6%
G&A	(96.9)	5.6%	(98.2)	6.3%
EBIT	458.3	26.5%	394.9	25.5%
Net Financial Income / (Expenses)	(14.9)	0.9%	(2.9)	0.2%
Income Taxes	(130.6)	7.6%	(102.8)	6.6%
Minority Income	(4.6)	0.3%	(2.8)	0.2%
Group Net income	308.2	17.8%	286.4	18.5%
D&A	92.7	5.4%	74.5	4.8%
EBITDA	551.0	31.9%	469.4	30.3%

# EBITDA Development – 1st Half



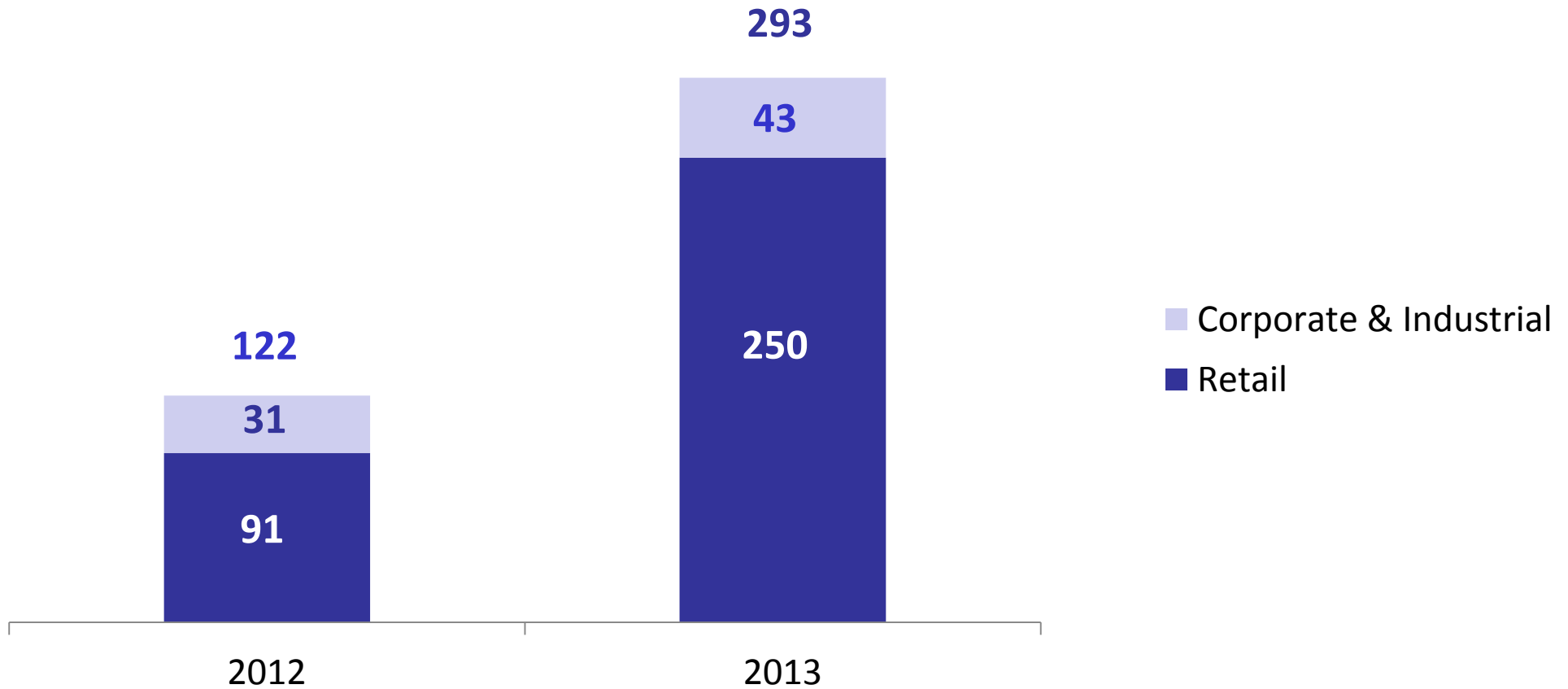
*Note(\*): percentages not comparable with Group Profit and Loss slide that is at EBIT structure*

# Capex (€ mn) - 1st Half

Capex driven by Retail development

Retail includes new openings, refurbishments and relocations

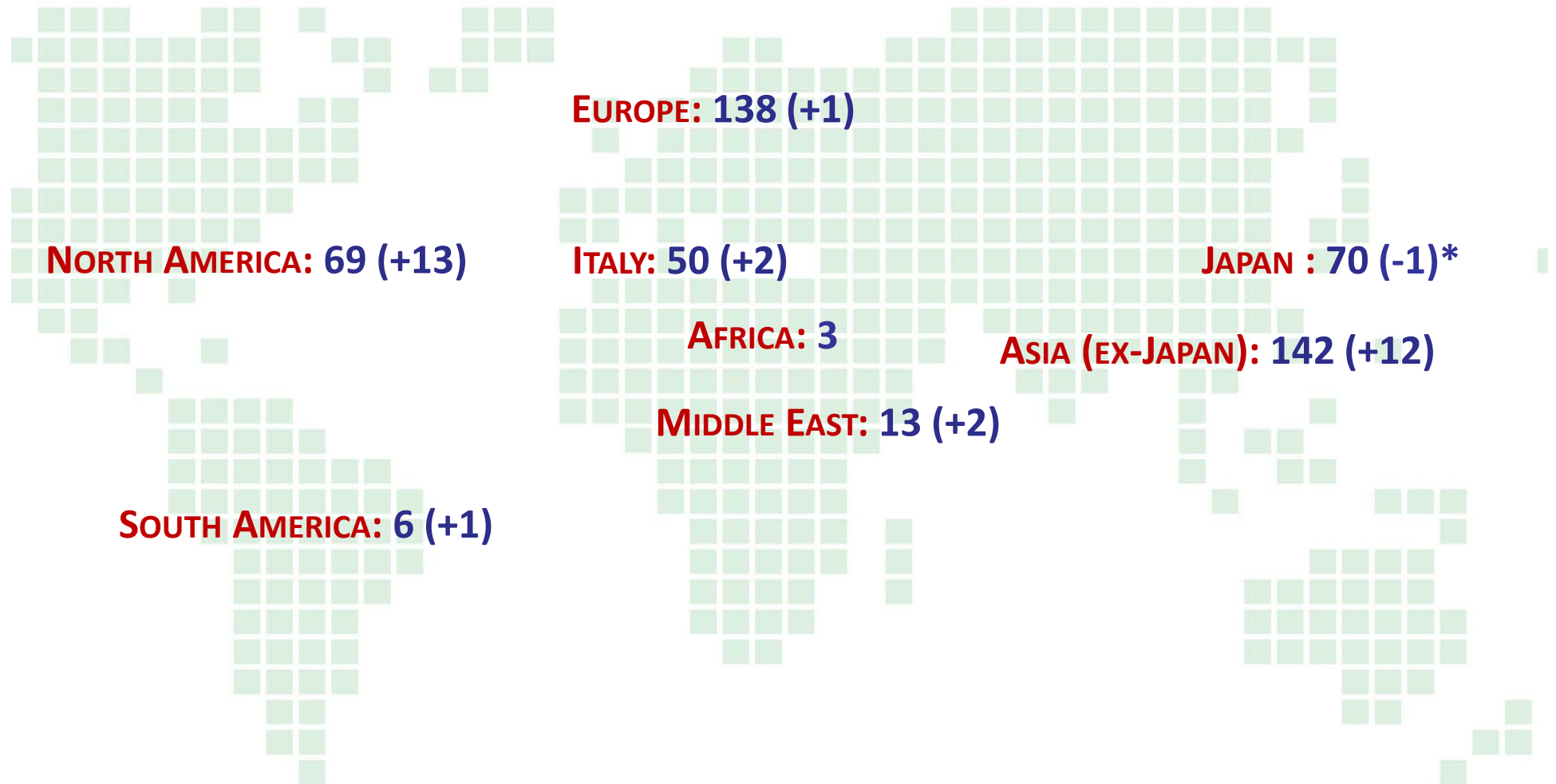
Purchase of the Old Bond Street Shop and St. Petersburg





# Retail overview

491 DOS at July 2013 with 36 openings and 6 closing



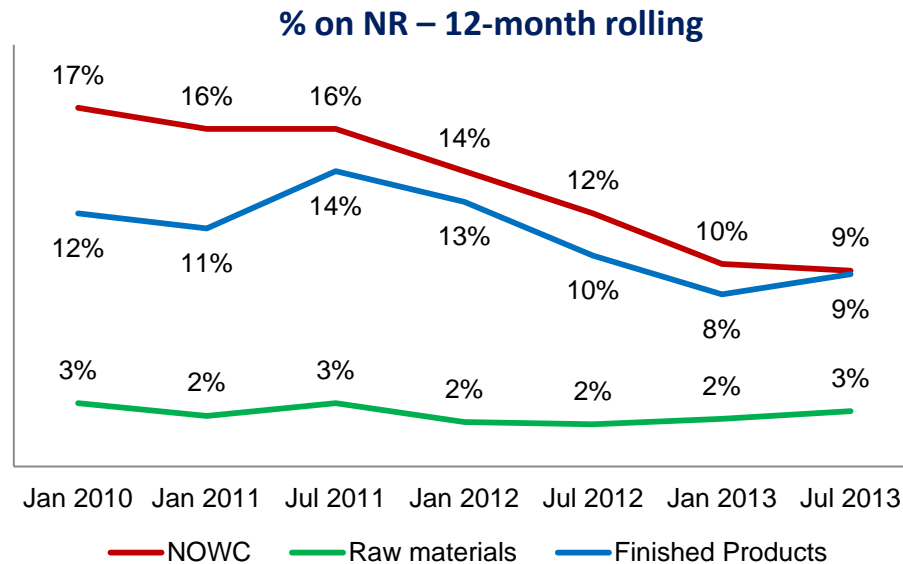
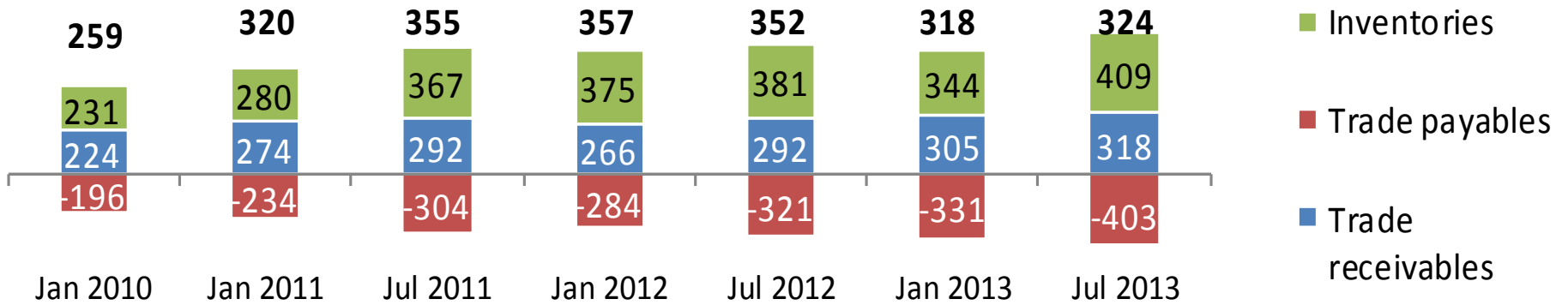
\* 5 stores reclassified from North America to Japan

# Key figures (€ mn)

	July 2013	January 2013	July 2012
<b>Net Financial Position</b>	<b>195.6*</b>	<b>312.6</b>	<b>82.5</b>
<b>Net Operating Working Capital</b>	<b>323.1</b>	<b>317.7</b>	<b>351.9</b>
<b><i>NOWC on Net Revenues</i></b>	<b>9.3%</b>	<b>9.6%</b>	<b>11.9%</b>
<b>Capital Employed (average)</b>	<b>2,075.2</b>	<b>1,917.6</b>	<b>1,812.7</b>
<b><i>ROCE</i></b>	<b>45.9%</b>	<b>46.4%</b>	<b>42.5%</b>

*Note(\*): after distribution of dividends*

# Net Operating Working Capital (€ mn)



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

## Change in Net financial position

