

A photograph of a Prada Group storefront at night. The building is a grand, ornate structure with multiple arched windows and doorways. The word "PRADA" is displayed in gold lettering above each entrance. The interior of the store is visible through the glass doors, showing mannequins and clothing. The scene is illuminated by warm, golden light from the store's interior and exterior wall sconces. The wet pavement in the foreground reflects the lights and the building's facade.

# PRADA Group

## Annual Results

for the twelve months ended January 31<sup>st</sup>, 2012

March 29<sup>th</sup>, 2012

# Agenda

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# Results Presentation

## Donatello Galli

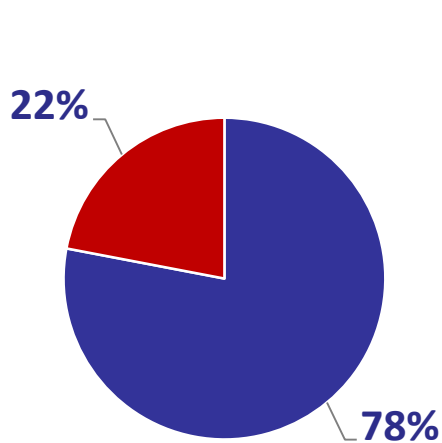
# Key messages

	12 Months	4th Quarter <sup>(*)</sup>
<b>Turnover</b>	Net Revenues grew by 25% (+26% at constant rates) with Retail up 38% (39% at constant rates)	Net Revenues grew by 25% (+24% at constant rates) with Retail up 42% (41% at constant rates)
<b>Like-for-like Sales</b>	Like-for-like +23%, above 2010 achievements and in line with October YTD	Continuous Retail improvement: like-for-like +24%
<b>Results</b>	EBITDA up to € 759 mn, 29.7% on Revenues, 42% above 2010. Net Profit at € 432 mn, 16.9% on Revenues, 72% above 2010	EBITDA climbed to € 273 mn, 33.1% on Revenues
<b>Retail openings</b>	75 new openings at the end of 2011	24 new openings in the Quarter
<b>Earning per Share and Dividends</b>	€ 0.17, +70% vs 2010 € 5 cents proposed dividends per share	

*Note<sup>(\*)</sup>: unaudited*

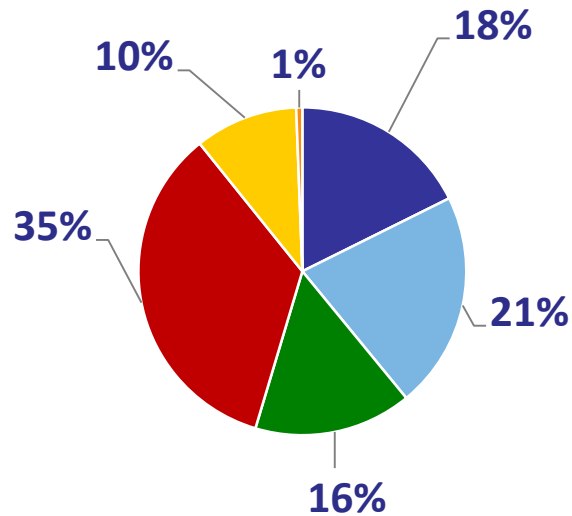
# The Group at a glance – Full year

## NET SALES BY CHANNEL



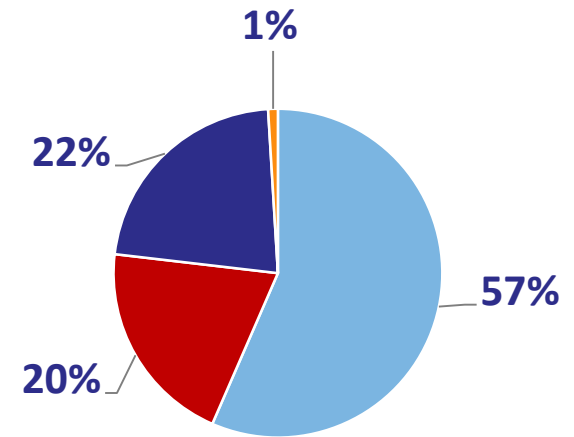
■ Retail  
■ Wholesale

## NET SALES BY REGION



■ Italy  
■ Europe  
■ North America  
■ Asia ex-Japan  
■ Japan  
■ Other Countries

## NET SALES BY PRODUCT



■ Leather Goods  
■ Ready to Wear  
■ Footwear  
■ Other

# Net Sales by Channel (€ mn) – Full year

	2010	Mix %	2011	Mix %	2011 vs 2010
<b>Retail</b>	<b>1,427.4</b>	<b>71%</b>	<b>1,964.5</b>	<b>78%</b>	<b>+38%</b>
<b>Wholesale</b>	<b>589.7</b>	<b>29%</b>	<b>558.8</b>	<b>22%</b>	<b>-5%</b>
<b>Total</b>	<b>2,017.1</b>	<b>100%</b>	<b>2,523.3</b>	<b>100%</b>	<b>+25%</b>

- Retail improvement (+39% at constant rates) is mainly driven by like-for-like increase: +23%, above last year achievements and in line with October YTD results
- Wholesale development slightly better than expectation
- Selective approach to Wholesale distribution

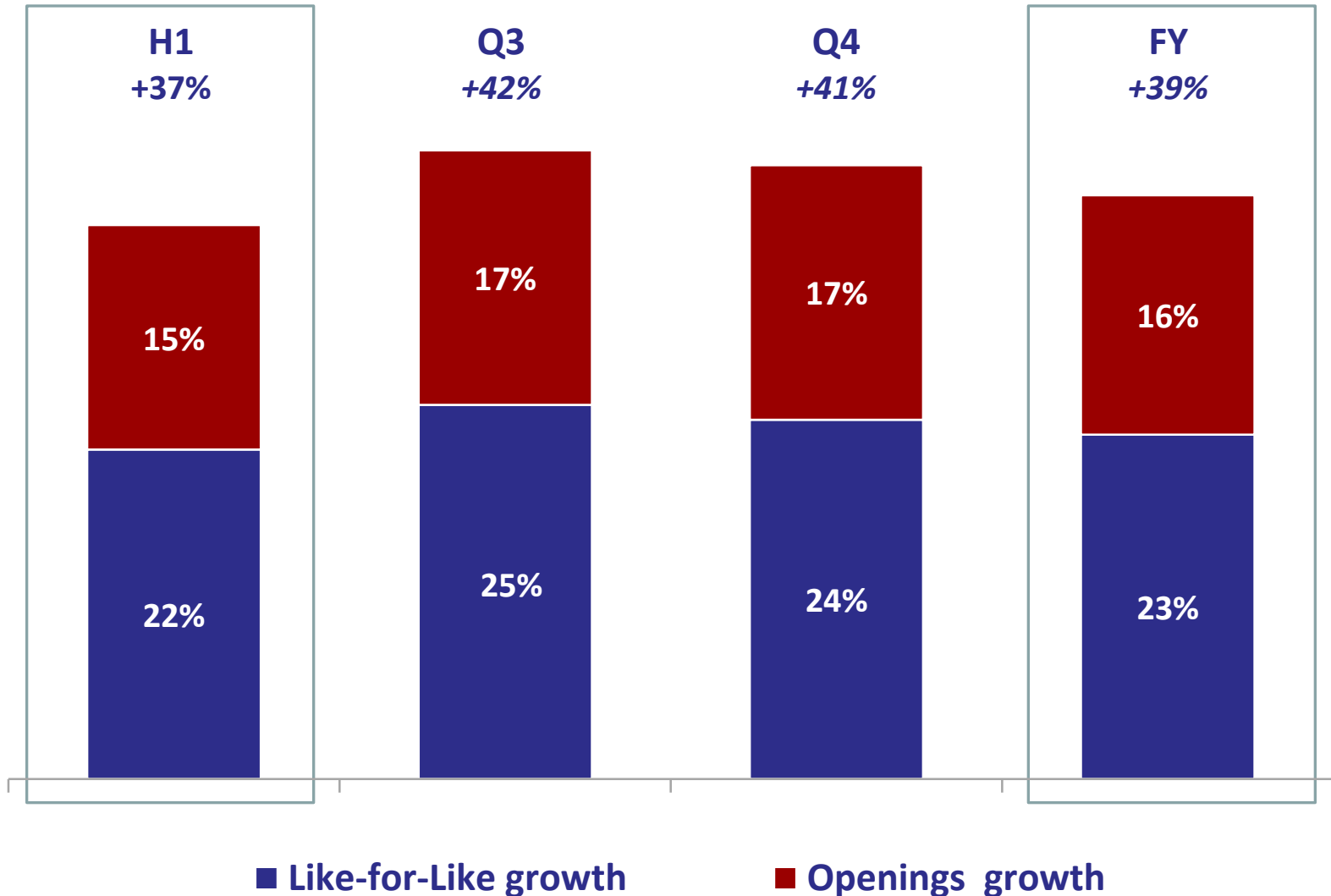
# Net Sales by Channel (€ mn) – 4th Quarter<sup>(\*)</sup>

	2010	Mix %	2011	Mix %	2011 vs 2010
<b>Retail</b>	<b>440.7</b>	<b>67%</b>	<b>626.5</b>	<b>77%</b>	<b>+42%</b>
<b>Wholesale</b>	<b>213.3</b>	<b>33%</b>	<b>190.3</b>	<b>23%</b>	<b>-11%</b>
<b>Total</b>	<b>653.9</b>	<b>100%</b>	<b>816.8</b>	<b>100%</b>	<b>+25%</b>

- Retail improvement (+41% at constant rates) is mainly driven by like-for-like increase: +24% with improving trends compared to October YTD
- Wholesale development has been affected by delayed deliveries due to adverse weather condition and transportation strikes in the last two weeks of January

*Note<sup>(\*)</sup>: unaudited*

# Quarterly evolution Retail Net Sales (same fx)



# Net Sales by Brand (€ mn) – Full year

	2010	Mix %	2011	Mix %	2011 vs 2010
Prada	1,586.8	79%	1,999.3	79%	+26%
Miu Miu	353.0	17%	441.1	17%	+25%
Church's	53.0	3%	59.2	2%	+12%
Car Shoe	17.9	1%	17.0	1%	-5%
Others	6.2	-	6.7	-	+7%
Total	2,017.1	100%	2,523.3	100%	+25%

- Outstanding results especially for Prada and Miu Miu
- Slight decrease for Car Shoe

# Net Sales by Brand (€ mn) – 4th Quarter<sup>(\*)</sup>

	2010	Mix %	2011	Mix %	2011 vs 2010
Prada	518.5	79%	653.2	80%	+26%
Miu Miu	115.9	18%	143.7	18%	+24%
Church's	14.2	2%	15.6	2%	+10%
Car Shoe	4.2	1%	3.0	-	-28%
Others	1.0	-	1.1	-	+11%
Total	653.9	100%	816.8	100%	+25%

- Double digit growth for Prada, Miu Miu and Church's
- Car Shoe has been also affected by a different delivery schedule in line with Wholesalers expectations

Note<sup>(\*)</sup>: unaudited

# Net Sales by Geography (€ mn) – Full year

	2010	Mix %	2011	Mix %	% ch. as reported	% ch. same FX	Retail like-for-like
Italy	393.3	19%	445.6	18%	+13%	+13%	+28%
Europe	450.5	22%	540.1	21%	+20%	+21%	+19%
N. America	326.8	16%	392.7	16%	+20%	+26%	+16%
Far East	613.8	30%	873.0	35%	+42%	+45%	+33%
Greater China <sup>(*)</sup>	375.4	19%	544.8	22%	+45%	+50%	+40%
Japan	220.9	11%	256.7	10%	+16%	+12%	+1%
Others	11.8	1%	15.2	1%	+29%	+31%	-
Total	2,017.1	100%	2,523.3	100%	+25%	+27%	+23%

Note<sup>(\*)</sup>: PRC, HK, Macau

- All markets growing double digit with Far East, and among this Greater China, increasing its share on total
- Very positive results in Japan despite the Tsunami
- Double digit like-for-like growth in all markets excluding Japan

# Net Sales by Geography (€ mn) – 4th Quarter<sup>(\*)</sup>

	2010	Mix %	2011	Mix %	% ch. as reported	% ch. same FX	Retail like-for-like
Italy	126.7	19%	127.4	16%	+1%	+1%	+25%
Europe	146.9	22%	167.5	21%	+14%	+14%	+24%
N. America	109.8	17%	135.0	17%	+23%	+24%	+19%
Far East	195.9	30%	293.3	36%	+50%	+48%	+32%
Greater China <sup>(**)</sup>	122.8	19%	185.5	23%	+51%	+52%	+39%
Japan	70.3	11%	87.8	11%	+25%	+17%	+4%
Others	4.3	-	5.8	1%	+35%	+37%	-
Total	653.9	100%	816.8	100%	+25%	+24%	+24%

Notes: <sup>(\*)</sup>unaudited

<sup>(\*\*)</sup>: PRC, HK, Macau

- All markets growing double digit excluding Italy affected by Wholesale (Retail +46%)
- Double digit like-for-like growth in all markets excluding Japan because of the Tsunami

# Net Sales by Product (€ mn) – Full year

	2010	Mix %	2011	Mix %	2011 vs 2010
Leather Goods	1,013.9	50%	1,426.5	57%	+41%
Footwear	503.1	25%	560.1	22%	+11%
Ready to Wear	483.6	24%	512.6	20%	+6%
Others	16.5	1%	24.1	1%	+46%
Total	2,017.1	100%	2,523.3	100%	+25%

- The increasing weight of Leather Goods driven by channel and geographical mix
- Ready to Wear growth in line with Budget

# Net Sales by Product (€ mn) – 4th Quarter<sup>(\*)</sup>

	2010	Mix %	2011	Mix %	2011 vs 2010
Leather Goods	333.8	51%	466.9	57%	+39%
Footwear	159.7	24%	168.7	21%	+6%
Ready to Wear	156.1	24%	174.9	21%	+12%
Others	4.3	1%	6.2	1%	+85%
Total	653.9	100%	816.8	100%	+25%

- The increasing weight of Leather Goods driven by channel and geographical mix
- Footwear and Ready to Wear show a more moderate increase, mainly due to Wholesale

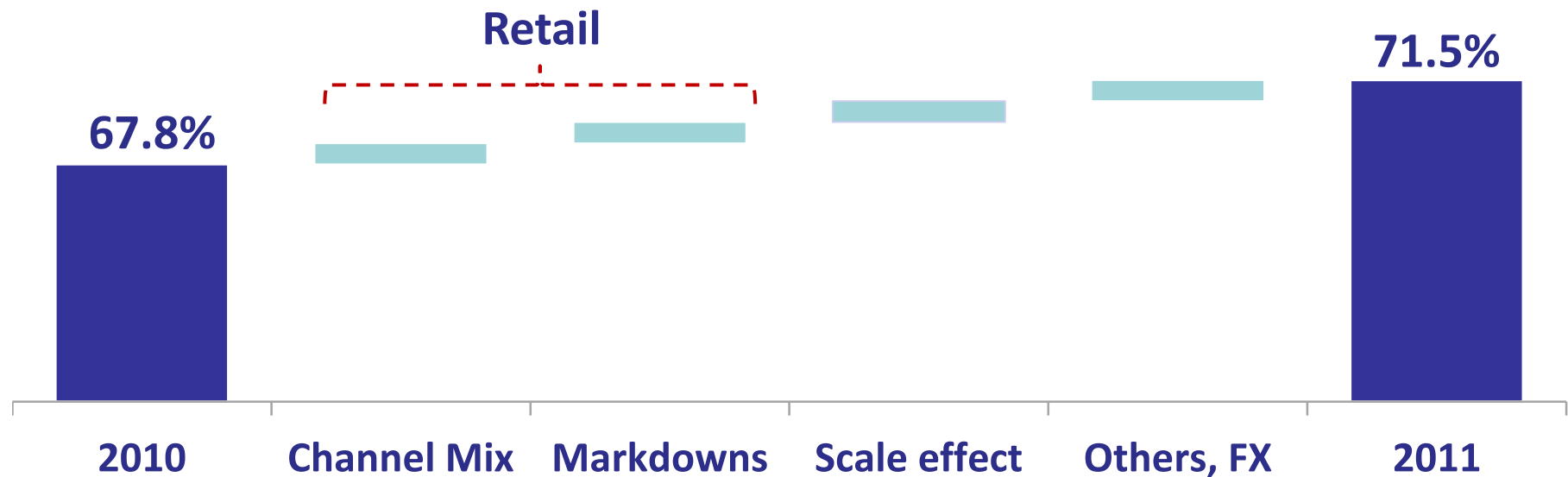
*Note<sup>(\*)</sup>: unaudited*

# Group Profit and Loss – Full Year

€ mn	FY 2010	%	FY 2011	%
Net Sales	2,017.1		2,523.3	
Royalties	29.6		32.3	
Net Revenues	2,046.7	100.0%	2,555.6	100.0%
COGS	(658.8)		(727.6)	
Gross Profit	1,387.9	67.8%	1,828.0	71.5%
Product Development	(97.2)		(103.1)	
Advertising & Promotion	(85.1)		(129.2)	
Selling	(642.5)		(802.9)	
G&A	(144.7)		(163.9)	
EBIT	418.4	20.4%	628.9	24.6%
Net Financial Expenses	(30.1)		(26.0)	
Income Taxes	(134.7)		(166.5)	
Minority Income	(2.7)		(4.5)	
Group Net Income	250.8	12.3%	431.9	16.9%
D&A	117.5		130.3	
EBITDA	535.9	26.2%	759.3	29.7%

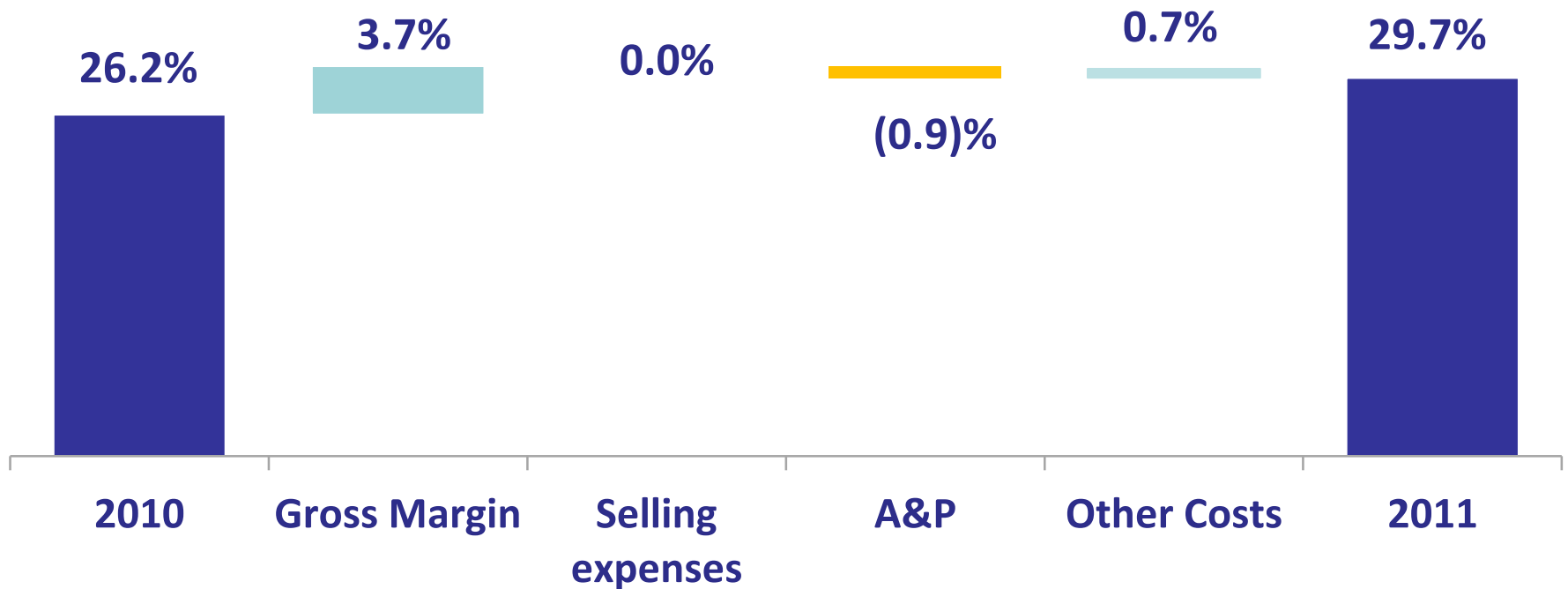
# Gross Margin Development – Full year

- Shift towards Retail
- Change in Markdown policy
- Shift towards more favourable geographical and product mix
- Scale effect

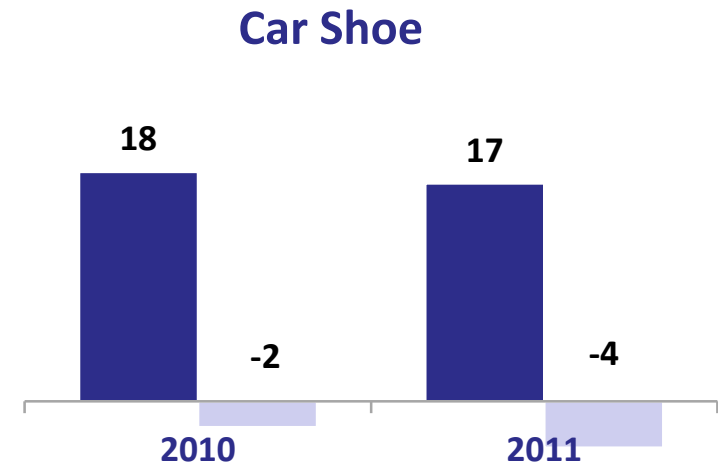
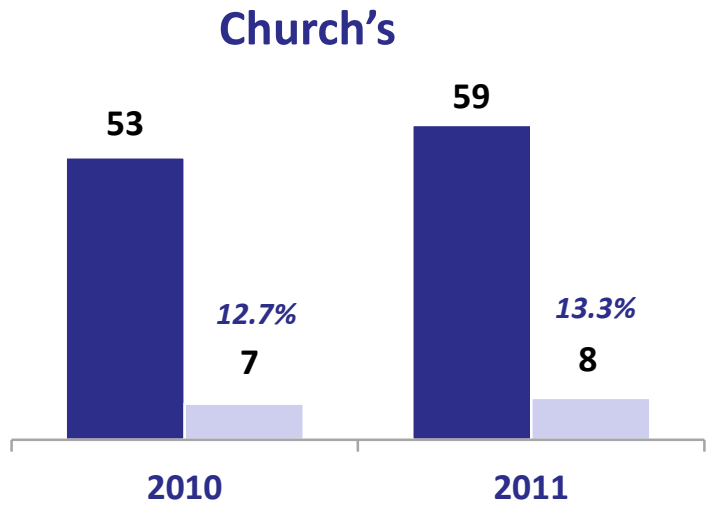
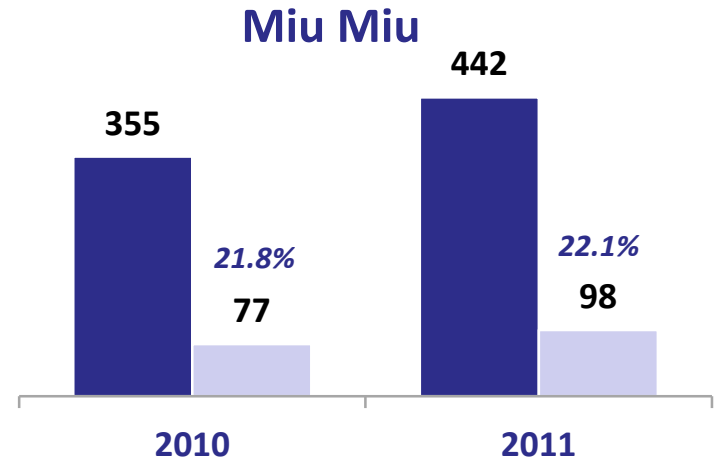
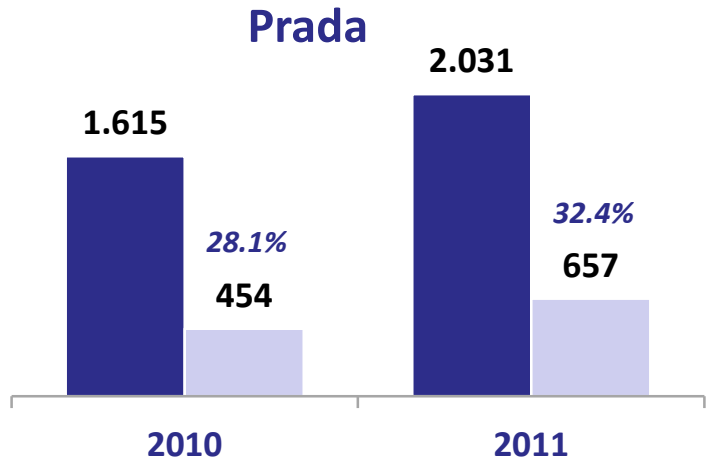


# EBITDA Development – Full year

- 2011 EBITDA margin benefited from the gross margin improvement and positive scale effect partially offset by increasing communication expenses



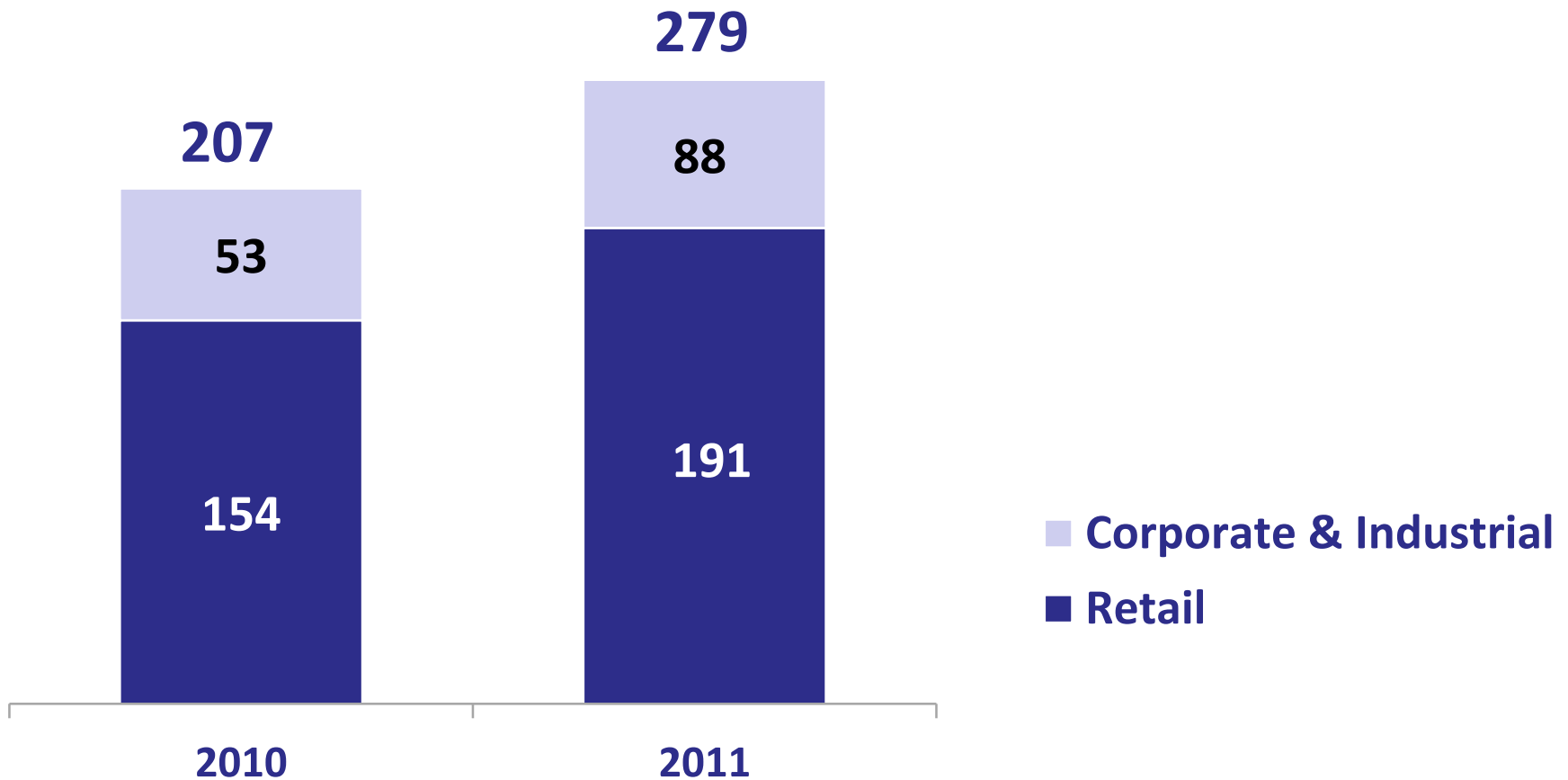
# EBITDA by Brand (€ mn) – Full year



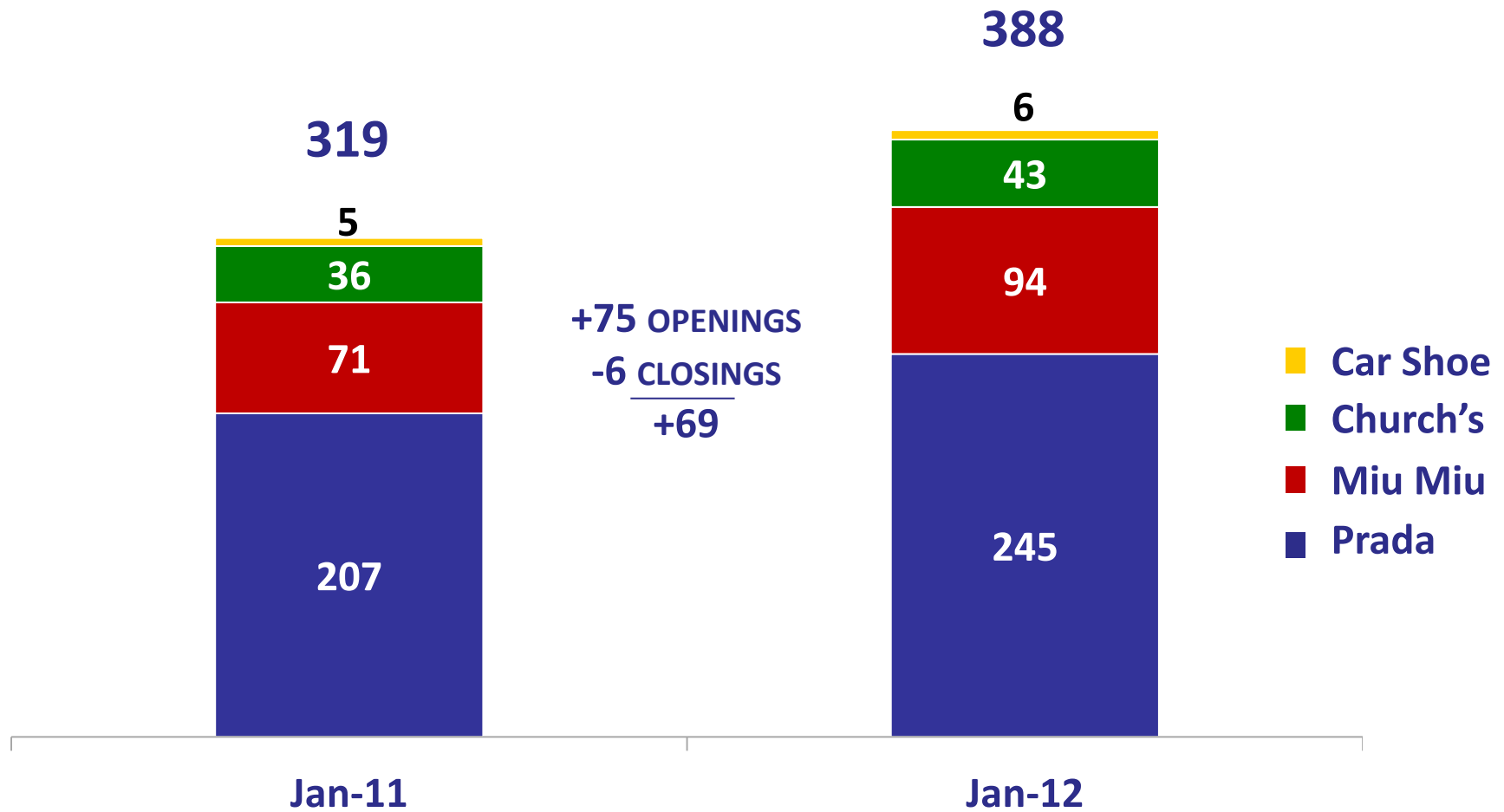
■ Net Revenues ■ EBITDA

# Capex Driven by DOS Openings (€ mn) – Full year

- Retail includes new openings, refurbishments and relocations
- Corporate & Industrial includes the buy-back of industrial facilities for approx. € 36 mn



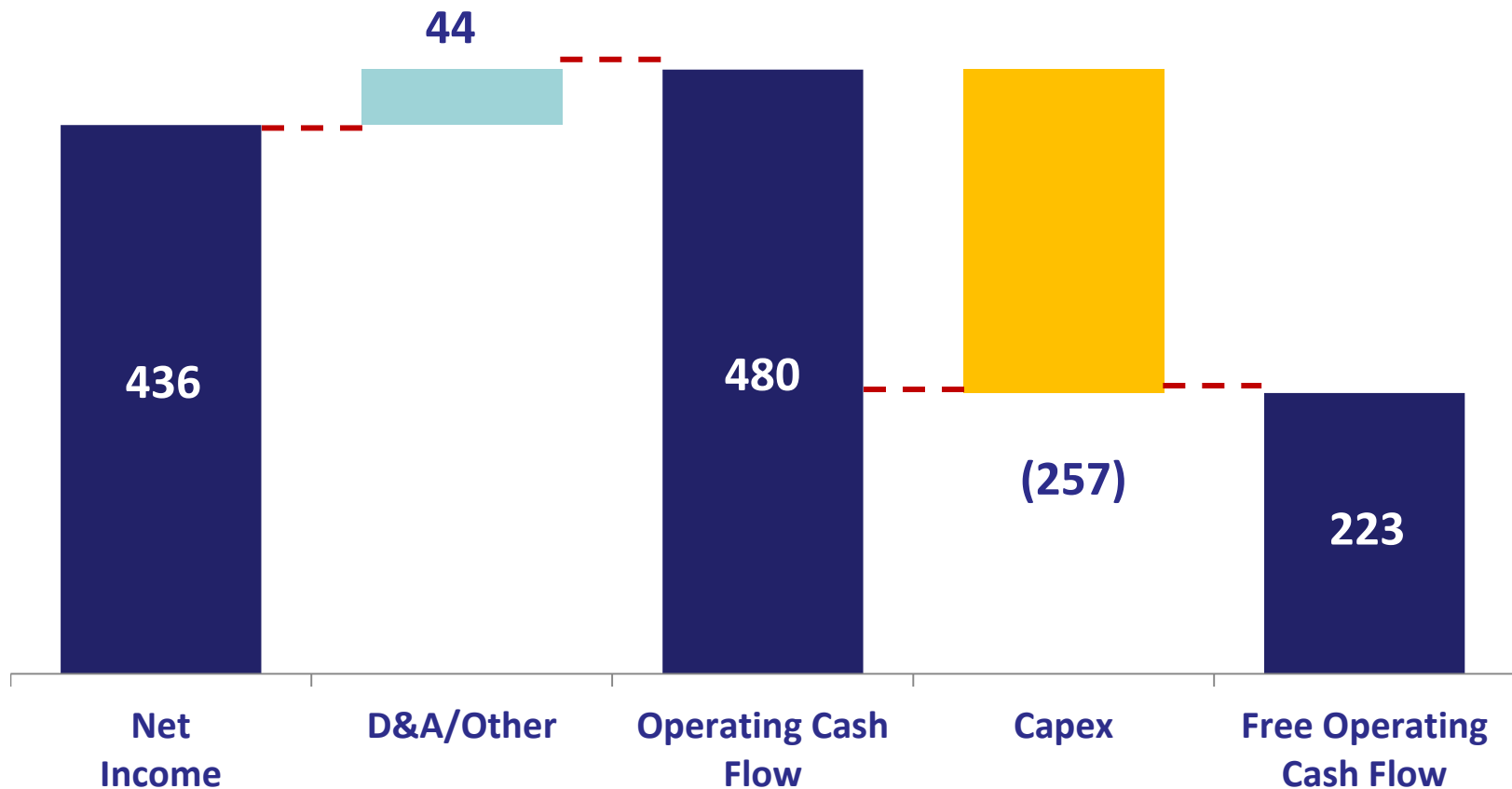
# DOS Network Development



# Main Balance Sheet items (€ mn)

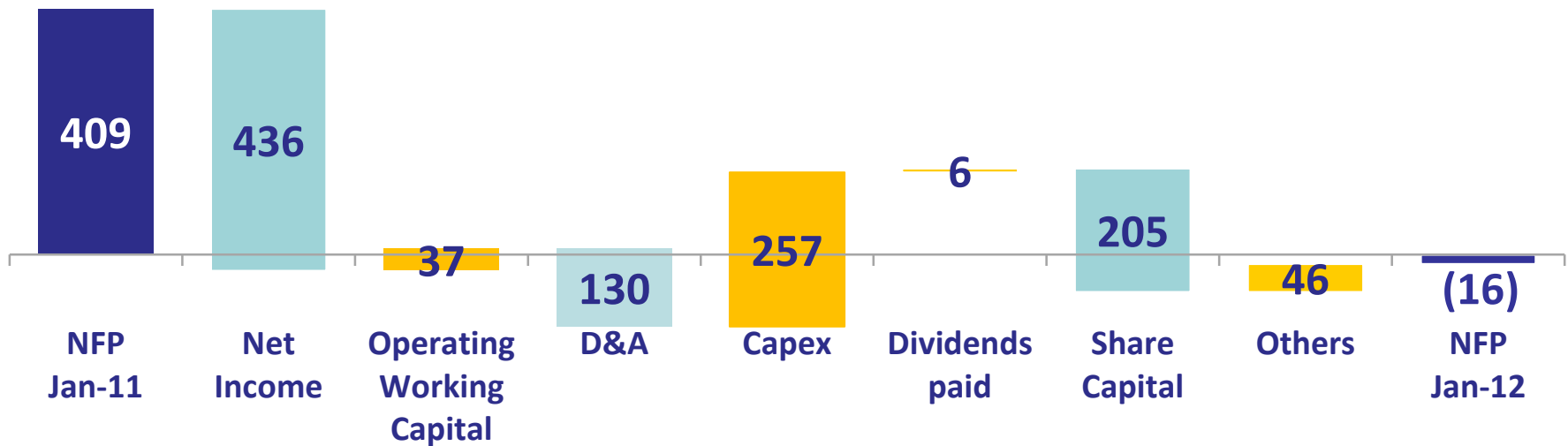
	January 2011	January 2012
<b>Net Financial Position</b>	<b>408.6</b>	<b>(15.8)</b>
<b>Net Operating Working Capital</b>	<b>320.8</b>	<b>357.6</b>
<b><i>NOWC on Net Revenues</i></b>	<b><i>15.7%</i></b>	<b><i>14.0%</i></b>
<b>Capital Employed (average)</b>	<b>1,538</b>	<b>1,701</b>
<b><i>ROCE</i></b>	<b><i>27.2%</i></b>	<b><i>37.0%</i></b>

# Operating Cash Flow (€ mn)



# NFP evolution (€ mn)

- Strong Cash Flow from Operation contributed, on top of IPO proceeds, to sharp debt decrease



■ Positive change  
■ Negative change

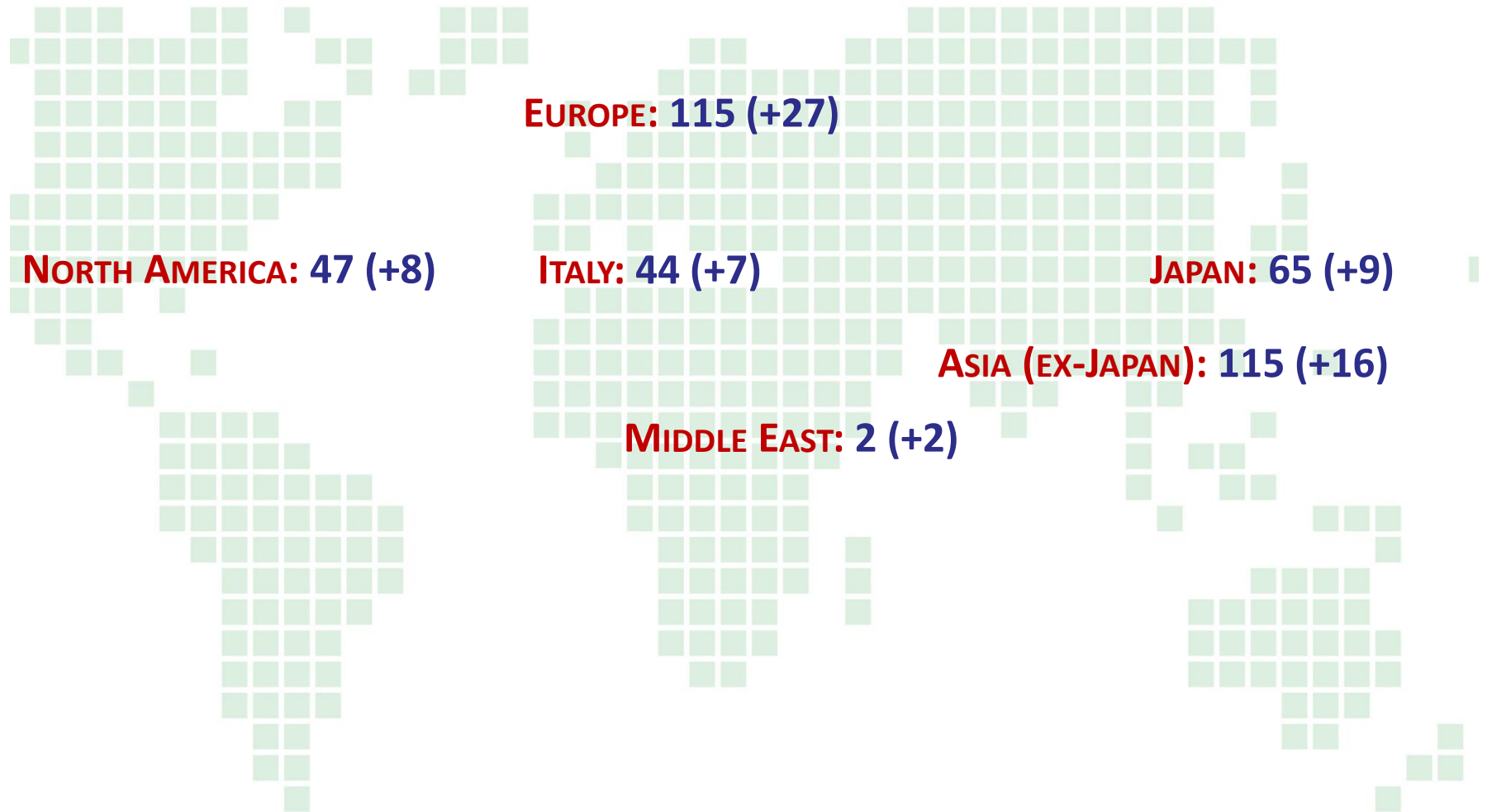


# Retail Overview

## Armando Tolomelli

# Retail Overview

388 DOS at Jan 2012 with 75 openings and 6 closing



# Retail Overview

- 2/3 of 2011 openings occurred in Europe and US that we don't consider "mature markets" because of the increasing travellers flows which helped us enjoying double digits like-for-like growth in these markets

# Retail Overview

- In the last couple of years Retail sales to “travellers” increased by almost 10 p.p. up to almost half of our Retail business
- Most important “travellers” are
  - Chinese
  - Japanese
  - From other Far East countries
  - Russian
  - Brazilian

# **Retail Overview – Italy**

## **7 news openings in 2011**

- Selective openings in touristic cities**
- 44 stores at the end of the year, more than 50% Prada**
- Retail Revenue growth +45%, LFL +28%**

# 2011 openings – Italy

## Prada Forte dei Marmi



# 2011 openings – Italy

## Prada Palermo



# 2011 openings – Italy

## Prada Padova



# 2011 openings – Italy

## Miu Miu Capri



# **Retail Overview – Europe**

## **28 new openings in 2011**

- 9 openings in Russia, of which 5 franchisee converted into Retail concessions**
- 8 openings in UK, where we now have 39 stores (31 in London, of which 11 Church's)**
- 4 openings in France, where we now have 33 stores mainly in Paris**
- 3 openings in Spain, where we now have 8 stores mainly in Madrid**
- 3 openings in Germany, where we now have 13 stores**
- Retail Revenue growth +43% (+44% same fx); LFL growth +19%**

# 2011 openings – Europe

## Prada Moscow Barvika



# 2011 openings – Europe

## Prada Moscow Crocus



# 2011 openings – Europe

## Miu Miu Moscow Crocus



# 2011 openings – Europe

## Prada Moscow Stolesnikov



# 2011 openings – Europe

## Miu Miu Moscow Stolesnikov



# 2011 openings – Europe

## Miu Miu London Heathrow



# 2011 openings – Europe

## Prada Paris Av. Montaigne



# 2011 openings – Europe

## Miu Miu Barcelona



# 2011 openings – Europe

## Prada Berlin



# **Retail Overview – North America**

## **8 new openings in 2011**

- Selective openings in important Malls in new cities**
- 47 stores at the end of the year, of which 5 in Hawaii**
- Retail Revenue growth +25% (+32% same fx); LFL growth +16%**

# 2011 openings – USA

## Prada Atlanta



# 2011 openings – USA

## Miu Miu Short Hills



# **Retail Overview – Middle East**

## **2 new openings in 2011**

- First 2 openings in the Middle East, Dubai, in August 2011**
- More stores to be opened in the next 2-3 years**

# 2011 openings – Middle East

## Prada Dubai Burjiman



# 2011 openings – Middle East

## Miu Miu Dubai Burjiman



# **Retail Overview - Japan**

## **12 new openings in 2011**

- 12 openings and 3 closings with 9 additional stores**
- 4 net openings for Prada, 47 stores at the end of the year**
- 5 net openings for Miu Miu, 18 stores at the end of the year**
- Retail Revenue growth +16% (+12% same fx);  
LFL growth +1%**

# 2011 openings – Japan

## Prada Osaka Umeda



# 2011 openings – Japan

## Miu Miu Tokyo Ginza



# 2011 openings – Japan

## Miu Miu Okinawa



# **Business perspective – Far East**

## **18 new openings in 2011**

- 8 openings and 1 closing in China, 25 stores at the end of the year**
- 6 openings in Korea, 30 stores at the end of the year**
- 115 stores at the end of the year in the region, out of which 48 in Greater China**
- Retail Revenue growth +45% (+48% same fx);  
LFL growth +33%**
- Greater China Revenue growth +45% (+50% same fx);  
LFL growth +40%**

# 2011 openings – Far East

## Prada China Shenyang



# 2011 openings – Far East

## Prada China Guangzhou



# 2011 openings – Far East

## Prada China Wenzhou



# 2011 openings – Far East

## Prada China Harbin



# 2011 openings – Far East

## Prada China Hangzhou



# 2011 openings – Far East

## Miu Miu China Shenyang



# 2011 openings – Far East

## Miu Miu China Guangzhou



# Retail Overview

- After 75 openings in 2011, we confirm the strategy already communicated and the average 80 openings per year for 2012 and 2013
- As far as 2012, 50% of openings are planned in “fast growing markets” such as China, other Far East countries, Middle East, Brazil and Morocco
- Nearly 40% of 2012 openings are planned for Miu Miu