

A photograph of a Prada storefront at night. The building is ornate with classical architectural details like arches and columns. The word "PRADA" is illuminated in gold letters above each of the four main entrance arches. The store windows are lit up, showing colorful clothing displays. The overall scene is illuminated by warm, golden light from the store and street lamps.

# PRADA Group

**Interim Results**  
**for the nine months ended October 31<sup>st</sup>, 2011**

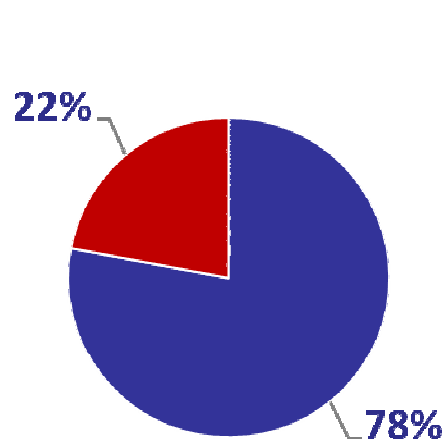
**November 29<sup>th</sup>, 2011**

# Key messages

	3rd Quarter	9 months
<b>Turnover</b>	Net Revenues grew by 33% (+35% at constant rates) with Retail up 39% (42% at constant rates)	Net Revenues grew by 25% (+28% at constant rates) with Retail up 36% (39% at constant rates)
<b>Like-for-like Sales</b>	Continuous Retail improvement: like-for-like +25%	Like-for-like +23%, higher than FY 2010 and 1st H 2011 thanks to 3rdQ improvement
<b>Results</b>	EBITDA climbed to € 172 mn, 28.8% on Revenues, 63% above 2010	EBITDA up to € 487 mn, 28.1% on Revenues, 47% above 2010. Net Profit at € 273 mn, 15.8% on Revenues, 75% above 2010
<b>Retail openings</b>	22 new openings in the Quarter	51 new openings at the end of October and 56 up to now
<b>Earning per Share</b>		€ 0.108, +71% vs 2010

# The Group at a glance - 9 months

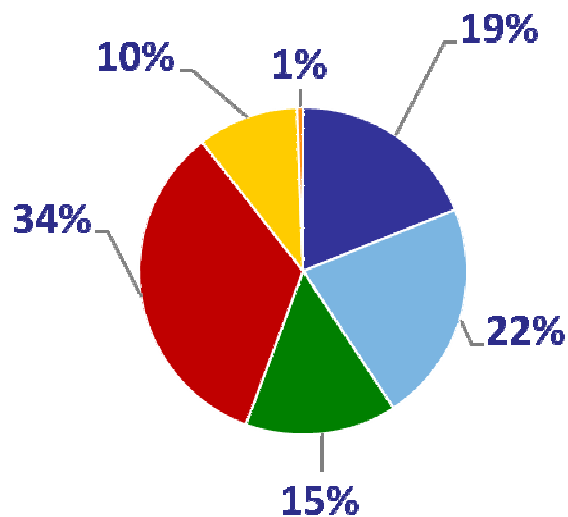
## NET SALES BY CHANNEL



- Retail
- Wholesale

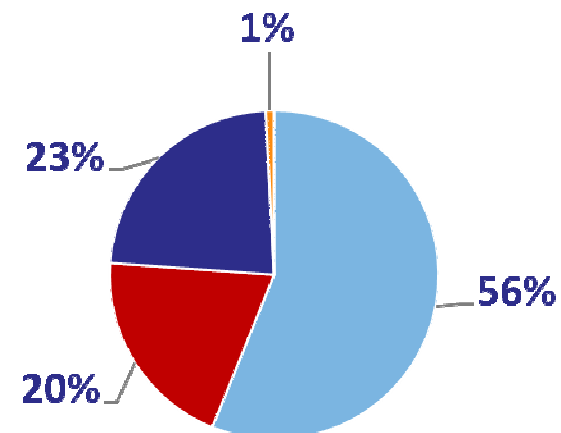
Retail weight up from 75% reported for 1st Half because of the Wholesale seasonality

## 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) - 3rd Quarter

	2010	Mix %	2011	Mix %	2011 vs 2010
<b>Retail</b>	360.5	81%	502.7	85%	+39%
<b>Wholesale</b>	82.2	19%	86.5	15%	+5%
<b>Total</b>	442.8	100%	589.2	100%	+33%

- Retail improvement (+42% at constant rates) is mainly driven by like-for-like increase: +25% with improving trends compared to first and second quarter
- Wholesale development better than expectation despite our selective approach to distribution (+5% as reported, +6% at constant rates)

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

	2010	Mix %	2011	Mix %	2011 vs 2010
<b>Retail</b>	986.7	72%	1,338.0	78%	+36%
<b>Wholesale</b>	376.5	28%	368.6	22%	-2%
<b>Total</b>	1,363.2	100%	1,706.6	100%	+25%

- Retail improvement (+39% at constant rates) is mainly driven by like-for-like increase: +23%, above last year and 1st half performance thanks to third quarter achievement
- Wholesale development slightly better than expectation and consistent with our selective approach to distribution (-2% as reported, flat at constant rates)

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

	<b>2010</b>	<i>Mix %</i>	<b>2011</b>	<i>Mix %</i>	<b>2011 vs 2010</b>
<b>Prada</b>	<b>344.0</b>	<b>78%</b>	<b>467.7</b>	<b>79%</b>	<b>+36%</b>
<b>Miu Miu</b>	<b>77.9</b>	<b>18%</b>	<b>98.5</b>	<b>17%</b>	<b>+26%</b>
<b>Church's</b>	<b>15.3</b>	<b>3%</b>	<b>16.6</b>	<b>3%</b>	<b>+8%</b>
<b>Car Shoe</b>	<b>3.9</b>	<b>1%</b>	<b>4.3</b>	<b>1%</b>	<b>+10%</b>
<b>Others</b>	<b>1.6</b>	<b>-</b>	<b>2.1</b>	<b>-</b>	<b>+31%</b>
<b>Total</b>	<b>442.8</b>	<b>100%</b>	<b>589.2</b>	<b>100%</b>	<b>+33%</b>

- All brands accelerating growth in third quarter compared to first half (except of Church's, slightly reducing its pace)

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

	2010	Mix %	2011	Mix %	2011 vs 2010
Prada	1,068.3	78%	1,346.1	79%	+26%
Miu Miu	237.1	17%	297.3	17%	+25%
Church's	38.8	3%	43.6	3%	+12%
Car Shoe	13.7	1%	14.0	1%	+2%
Others	5.2	-	5.5	-	+6%
<b>Total</b>	<b>1,363.2</b>	<b>100%</b>	<b>1,706.6</b>	<b>100%</b>	<b>+25%</b>

- All brands on the increase with Prada and Miu Miu showing outstanding results

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

	2010	Mix %	2011	Mix %	% ch. as reported	% ch. same FX	Retail like-for-like
Italy	82.3	19%	104.8	18%	+27%	+27%	+22%
Europe	91.8	21%	121.9	21%	+33%	+35%	+16%
N. America	69.3	16%	85.8	15%	+24%	+30%	+20%
Far East	146.2	33%	211.7	36%	+45%	+48%	+39%
Greater China(*)	91.3	21%	136.6	23%	+50%	+55%	+46%
Japan	51.5	12%	61.7	10%	+20%	+16%	+3%
Others	1.7	-	3.2	1%	+92%	+98%	-
<b>Total</b>	<b>442.8</b>	<b>100%</b>	<b>589.2</b>	<b>100%</b>	<b>+33%</b>	<b>+35%</b>	<b>+25%</b>

Note(\*): PRC, HK, Macau SAR

- All markets growing double digit with Far East, and Greater China, increasing their share on total
- Very positive results in Japan
- Double digit like-for-like growth in all markets (excl. Japan)



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

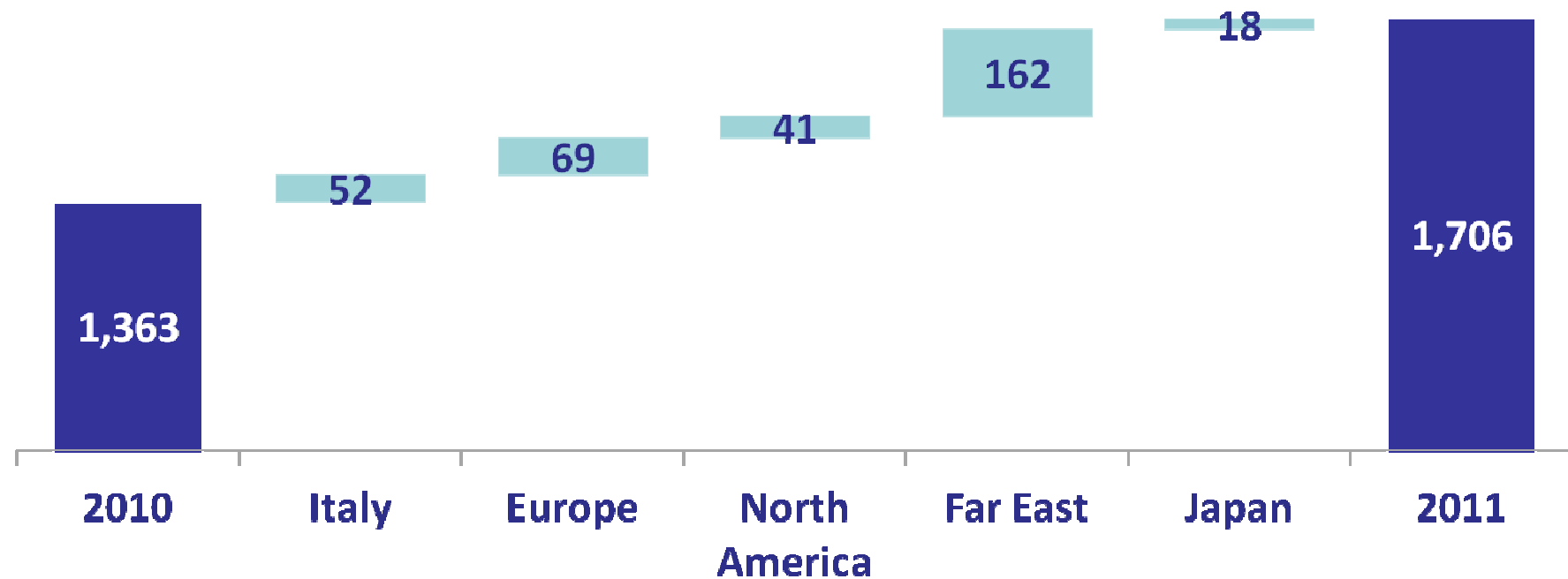
	2010	Mix %	2011	Mix %	% ch. as reported	% ch. same FX	Retail like-for-like
Italy	266.6	20%	318.2	19%	+19%	+19%	+29%
Europe	303.5	22%	372.6	22%	+23%	+24%	+17%
N. America	217.0	16%	257.6	15%	+19%	+27%	+15%
Far East	417.9	31%	579.7	34%	+39%	+44%	+34%
Greater China(*)	252.6	18%	359.3	21%	+42%	+50%	+40%
Japan	150.7	11%	168.9	10%	+12%	+9%	-
Others	7.5	1%	9.5	1%	+25%	+27%	-
<b>Total</b>	<b>1,363.2</b>	<b>100%</b>	<b>1,706.6</b>	<b>100%</b>	<b>+25%</b>	<b>+28%</b>	<b>+23%</b>

Note(\*): PRC, HK, Macau SAR

- All markets growing double digit with Far East, and Greater China, increasing their share on total
- Very positive results in Japan despite negative circumstances
- Double digit like-for-like growth in all markets (excl. Japan)

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

- Nearly 50% of the sales increase is coming from Far East (out of which 2/3 from Greater China)



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

	<b>2010</b>	<i>Mix %</i>	<b>2011</b>	<i>Mix %</i>	<b>2011 vs 2010</b>
<b>Leather Goods</b>	<b>224.4</b>	<b>51%</b>	<b>341.3</b>	<b>58%</b>	<b>+52%</b>
<b>Footwear</b>	<b>100.8</b>	<b>23%</b>	<b>116.3</b>	<b>20%</b>	<b>+15%</b>
<b>Ready to Wear</b>	<b>113.5</b>	<b>26%</b>	<b>125.3</b>	<b>21%</b>	<b>+11%</b>
<b>Others</b>	<b>4.1</b>	<b>1%</b>	<b>6.2</b>	<b>1%</b>	<b>+50%</b>
<b>Total</b>	<b>442.8</b>	<b>100%</b>	<b>589.2</b>	<b>100%</b>	<b>+33%</b>

- The increasing weight of Leather Goods driven by channel and geographical mix

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

	2010	Mix %	2011	Mix %	2011 vs 2010
Leather Goods	680.1	50%	957.9	56%	+41%
Footwear	343.4	25%	391.4	23%	+14%
Ready to Wear	327.5	24%	337.7	20%	+3%
Others	12.2	1%	19.6	1%	+60%
<b>Total</b>	<b>1,363.2</b>	<b>100%</b>	<b>1,706.6</b>	<b>100%</b>	<b>+25%</b>

- The increasing weight of Leather Goods driven by channel and geographical mix
- Ready to Wear development mainly driven by Wholesale drop

# Group Profit and Loss - 3rd Quarter

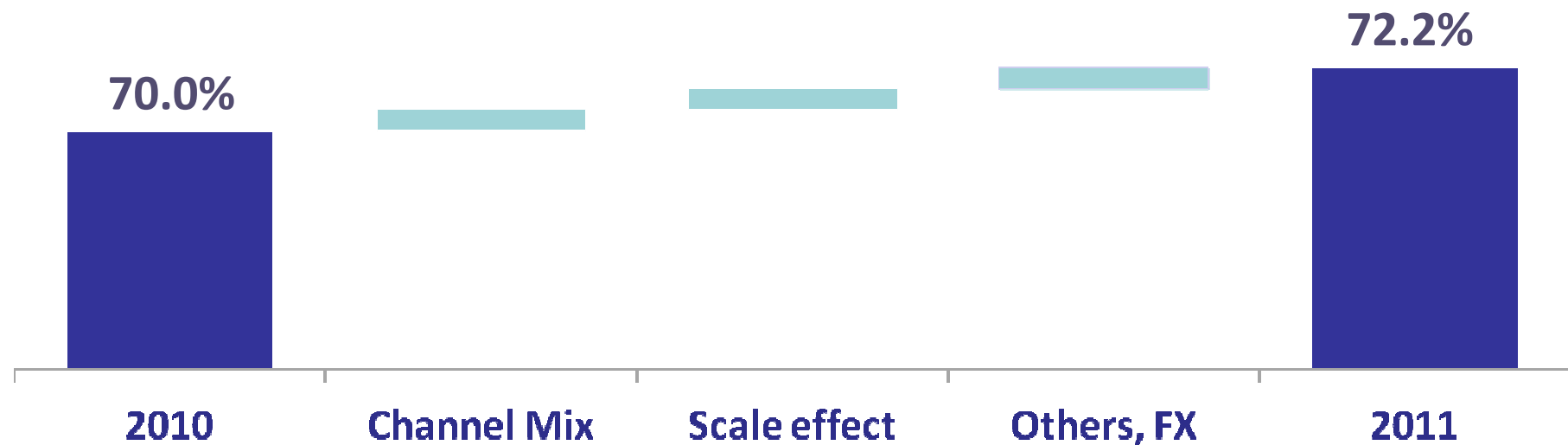
€ mn	3Q 2010	%	3Q 2011	%
Net Sales				
Royalties				
Net Revenues	449.0	100.0%	596,1	100.0%
COGS	(134.9)		(165.6)	
Gross Profit	314.1	70.0%	430.5	72.2%
Product Development	(21.4)		(21.5)	
Advertising & Promotion	(25.2)		(36.6)	
Selling	(158.6)		(199.4)	
G&A	(32.3)		(34.0)	
EBIT	76.6	17.1%	138.9	23.3%
Net Financial Expenses	1.9		(6.3)	
Income Taxes	(24.4)		(37.9)	
Minority Income	(0.6)		(1.2)	
Net Income from cont. operations	53.5	11.9%	93.6	15.7%
Disc. Operations	-		-	
Net Income	53.5	11.9%	93.6	15.7%
D&A	28.5		32.6	
EBITDA	105.1	23.4%	171.5	28.8%

# Group Profit and Loss - 9 months

€ mn	Oct 2010	%	Oct 2011	%
Net Sales	1,363.2		1,706.6	
Royalties	22.4		23.8	
Net Revenues	1,385.5	100.0%	1,730.4	100.0%
COGS	(457.6)		(494.7)	
Gross Profit	927.9	67.0%	1,235.6	71.4%
Product Development	(70.7)		(72.9)	
Advertising & Promotion	(61.9)		(90.5)	
Selling	(447.8)		(556.6)	
G&A	(98.8)		(123.2)	
EBIT	248.8	18.0%	392.3	22.7%
Net Financial Expenses	(17.7)		(17.9)	
Income Taxes	(73.1)		(98.5)	
Minority Income	(1.5)		(2.8)	
Net Income from cont. operations	156.6		273.2	
Disc. Operations	-		-	
Net Income	156.5	11.3%	273.2	15.8%
D&A	81.5		94.2	
EBITDA	330.3	23.8%	486.5	28.1%

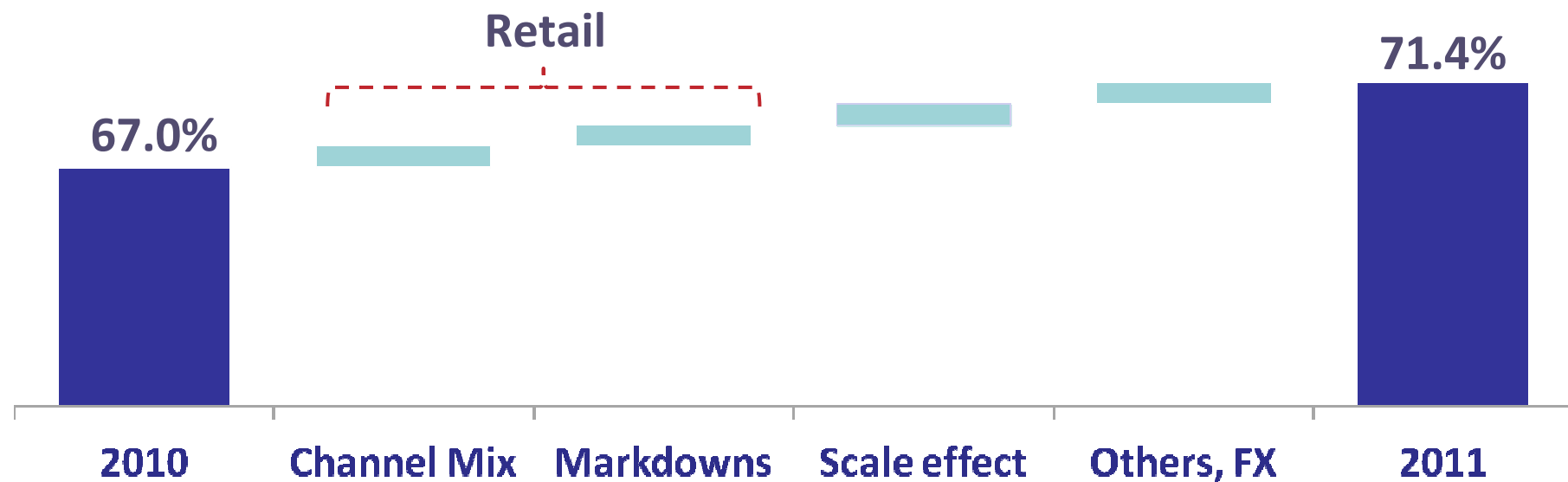
# Gross Margin Development - 3rd Quarter

- Shift towards Retail
- Scale effect
- Manufacturing efficiency



# Gross Margin Development - 9 months

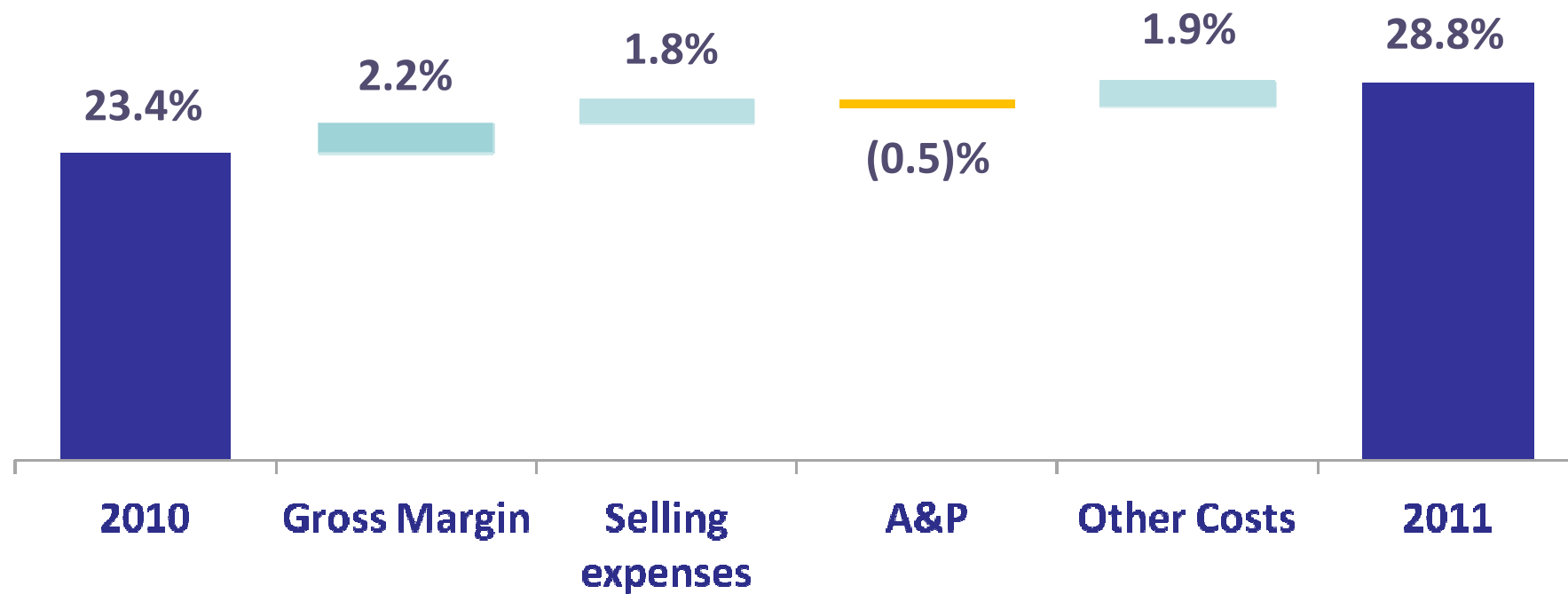
- Shift towards Retail
- Change in Markdown policy
- Scale effect
- Manufacturing efficiency





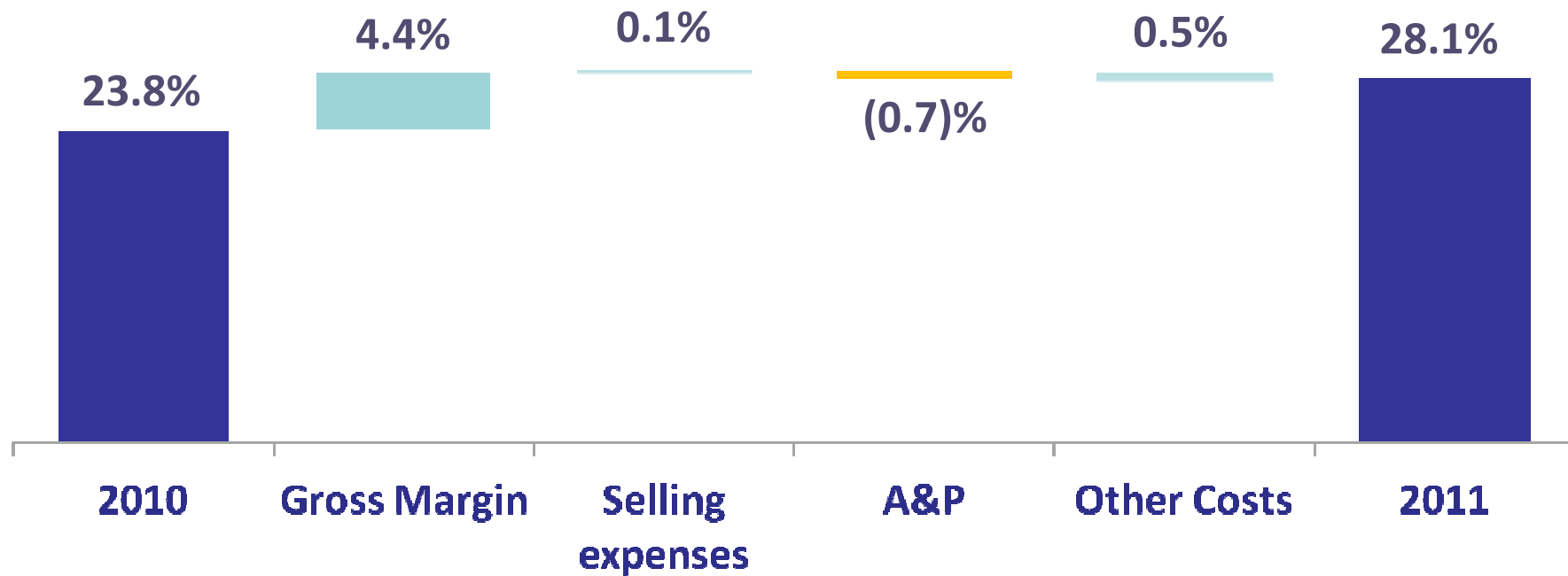
# EBITDA Development - 3rd Quarter

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



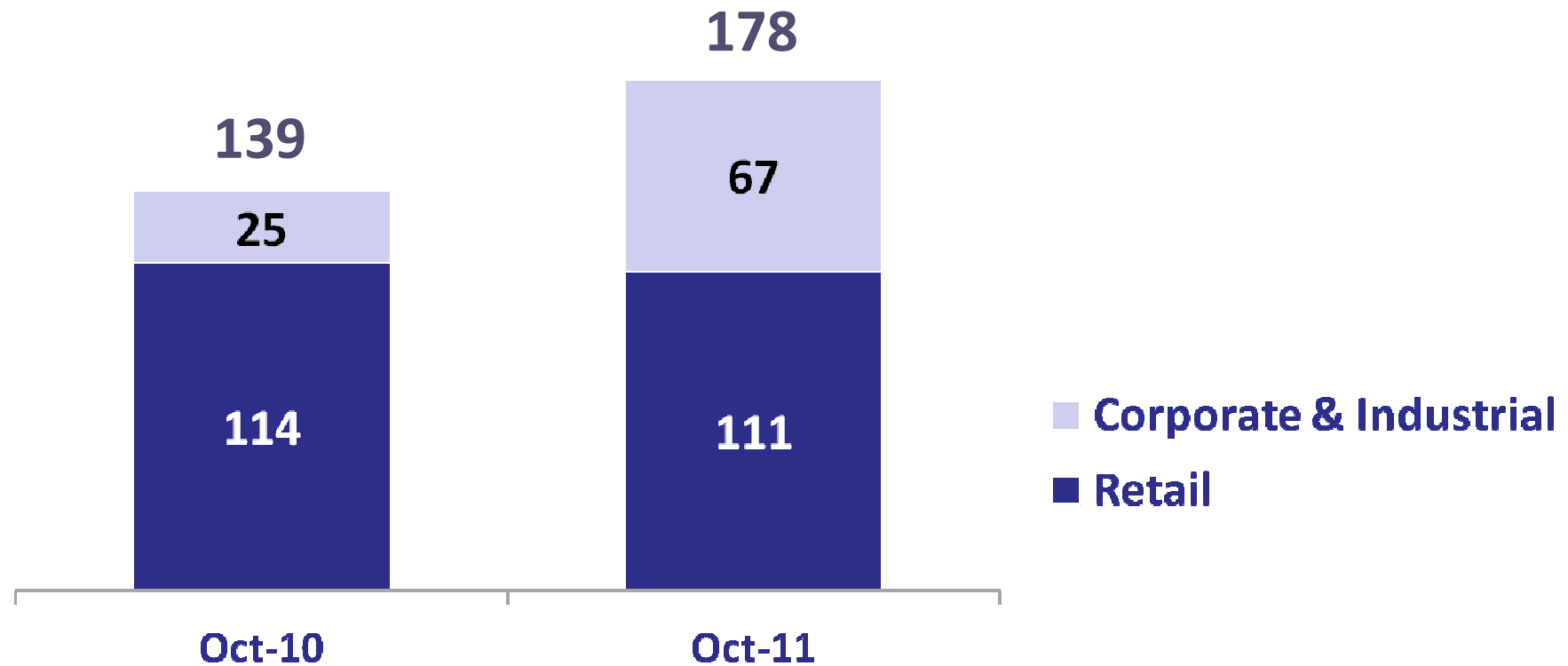
# EBITDA Development - 9 months

- 2011 EBITDA margin benefited from the gross margin improvement and positive scale effect (despite one-time charges) partially offset by increasing communication expenses

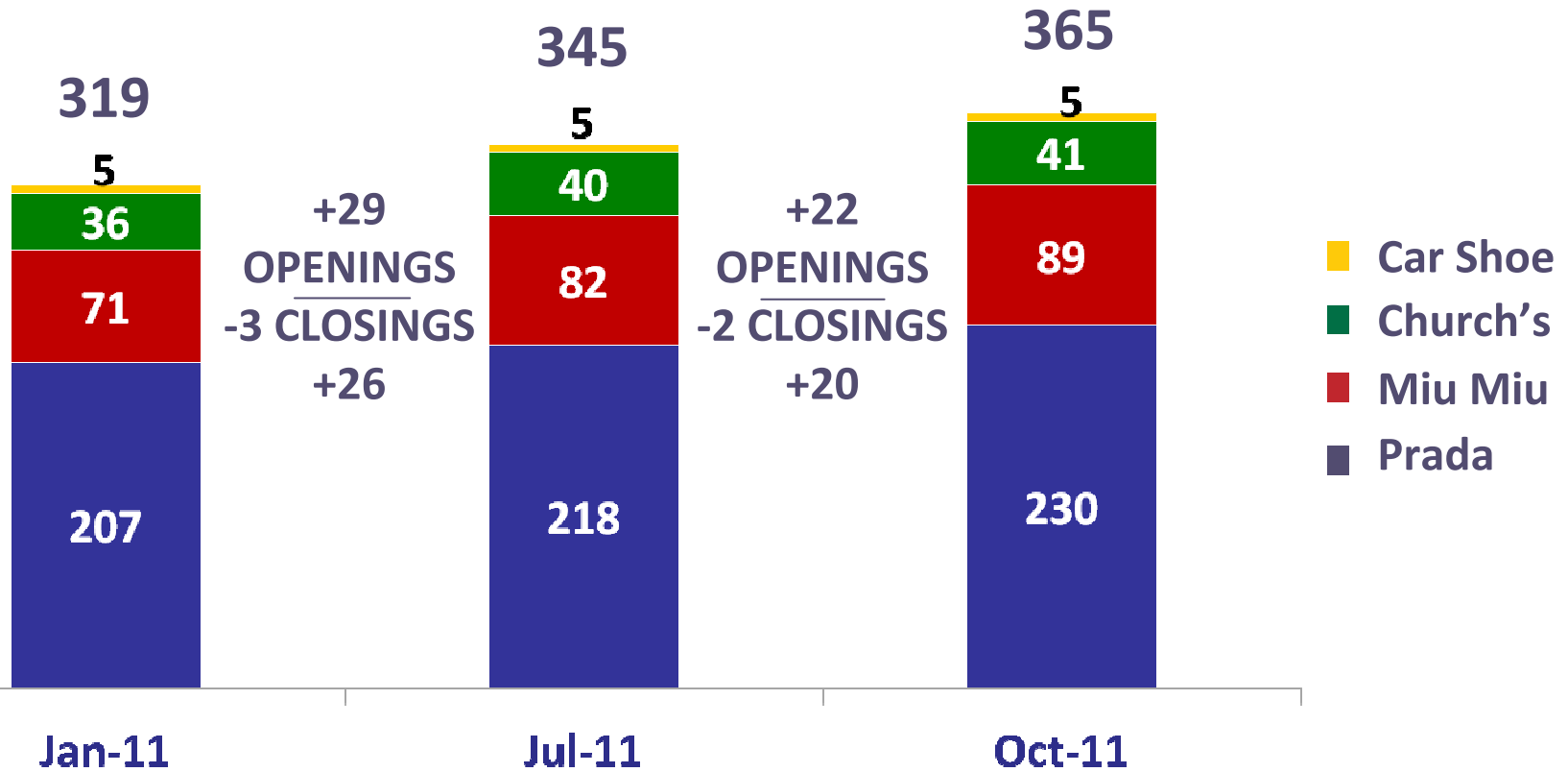


## Capex Driven by DOS Openings (€ mn) - 9 months

- Retail includes new openings, refurbishments and relocations
- Corporate & Industrial includes the buy-back of industrial facilities for approx. € 30 mn and on going construction of new facilities for approx. € 15 mn

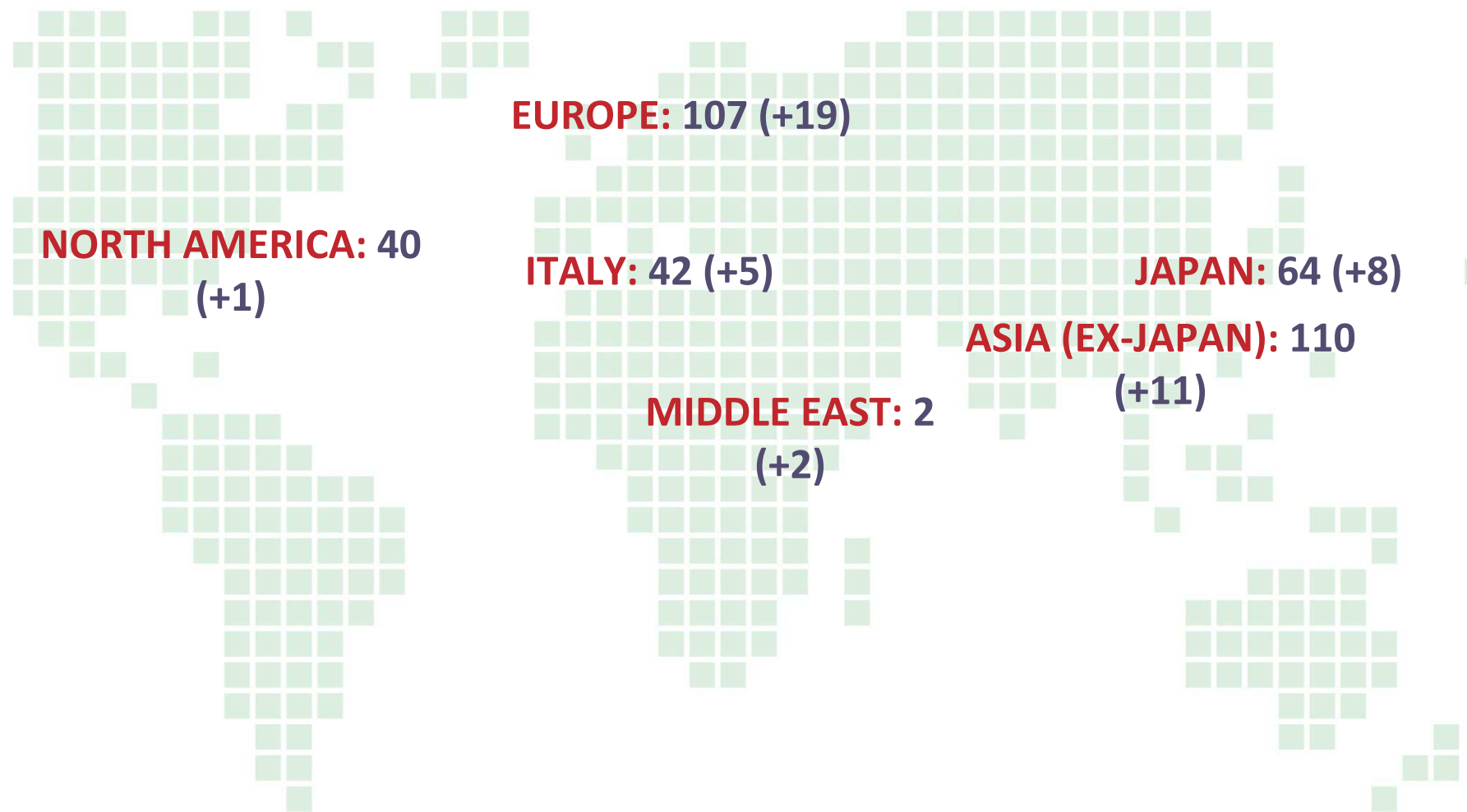


# DOS Network Development



# DOS Network

## 365 DOS at Oct 2011

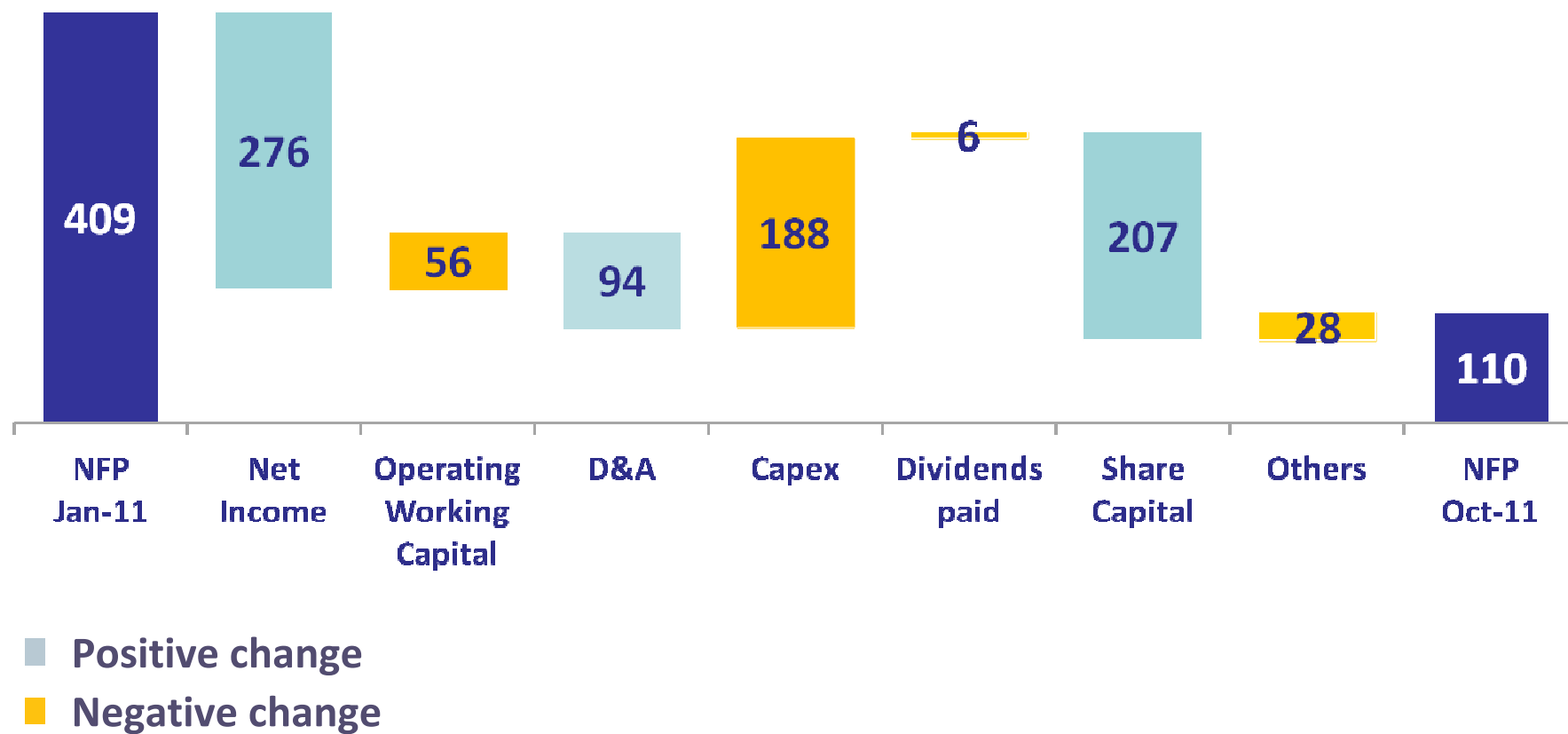


## Main Balance Sheet items (€ mn)

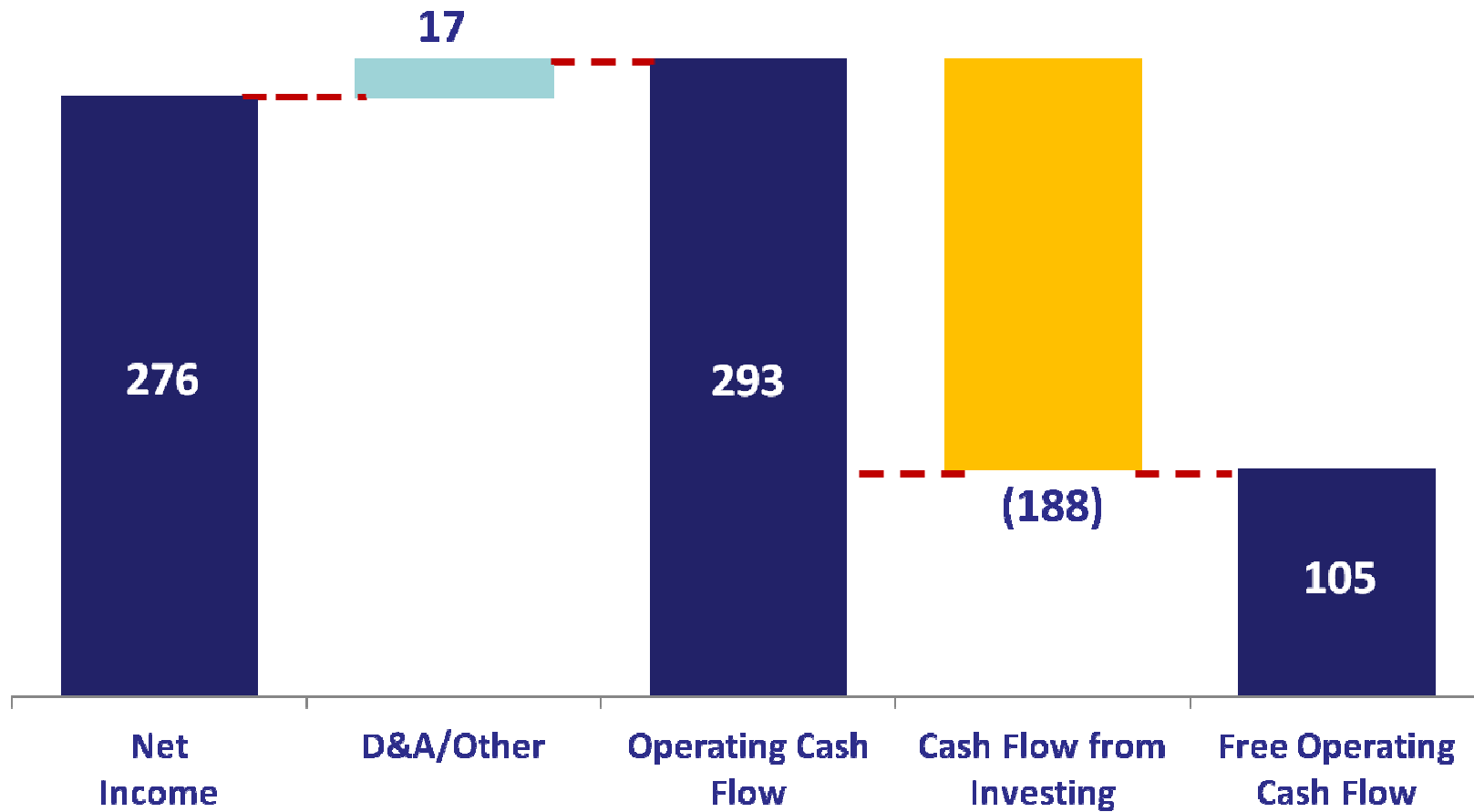
	October 2010	January 2011	October 2011
<b>Net Financial Position</b>	428.8	408.6	110.1
<b>Net Operating Working Capital</b>	285.5	320.7	376.4
<b><i>NOWC on Net Revenues</i></b>	15.1%	15.7%	15.7%
<b>Capital Employed (average)</b>	1,539	1,538	1,659
<b><i>ROCE</i></b>	22.1%	27.2%	33.9%

# Cash Flow Generation (€ mn)

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



# Operating Cash Flow (€ mn)





# Current Trading

- November Retail sales trend in line with past months
- Based on strong results so far and good current trading we are confident to consolidate our performance for the full year. Given the present uncertainty of global financial markets we, as in the past, will be ready to react in order to defend our profitability and growth perspectives
- On a longer term perspective, we will continue to invest in our retail network with focus on sustainable growth, as we remain highly confident about the potential of the luxury market