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PRADA spa
(Stock Code: 1913)

**ANNOUNCEMENT
OF THE CONSOLIDATED RESULTS
FOR THE YEAR ENDED JANUARY 31, 2017**

- Net sales were Euro 3,139.3 million, -10.4% compared with the twelve months ended January 31, 2016 (-9.6% at constant exchange rates)
- Royalties were Euro 44.8 million, +3.1% compared with the twelve months ended January 31, 2016
- EBIT was Euro 431.2 million, or 13.5% on net revenues
- Group's net income was Euro 278.3 million, or 8.7% on net revenues
- Net Operating cash flow were Euro 631.9 million
- Net financial position standing positive at Euro 18.4 million as at January 31, 2017

Consolidated results for the twelve months ended January 31, 2017

The Board of Directors (the “Board”) of PRADA S.p.A. (the “Company”, or “PRADA spa”) announces the audited Consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended January 31, 2017, together with the audited comparative figures for the year ended January 31, 2016. The following financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The Consolidated results of the Group for the year ended January 31, 2017, and January 31, 2016, were audited by Deloitte & Touche S.p.A.

Scope of work of Messrs. Deloitte & Touche S.p.A.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended January 31, 2017, as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte & Touche S.p.A., to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte & Touche S.p.A. in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing and consequently no assurance has been expressed by Messrs. Deloitte & Touche S.p.A. on the preliminary announcement.

Key financial information

Key economic figures (amounts in thousands of Euro)	twelve months ended January 31 2017 (audited)	twelve months ended January 31 2016 (audited)	twelve months ended January 31 2015 (audited)	% change vs January 31 2016
Net revenues	3,184,069	3,547,771	3,551,696	-10.3%
EBITDA	653,448	802,758	954,249	-18.6%
EBITDA %	20.5%	22.6%	26.9%	-
EBIT	431,181	502,893	701,551	-14.3%
EBIT %	13.5%	14.2%	19.8%	-
Net income of the Group	278,329	330,888	450,730	-15.9%
Earnings per share (Euro)	0.109	0.129	0.176	-15.9%
Capital expenditure	251,507	336,895	449,735	-
Net operating cash flows	631,850	368,465	483,597	71.5%
Average number of employees	12,326	12,414	11,962	-0.7%

Key statement of financial position indicators (amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)	as at January 31 2015 (audited)	change vs January 31 2016
Net operating working capital	556,351	665,156	563,409	(108,805)
Net invested capital	3,086,089	3,212,172	2,829,359	(126,083)
Net financial position surplus/(deficit)	18,441	(114,795)	188,788	133,236
Group shareholders' equity	3,080,502	3,080,340	3,000,737	162

Highlights for the year ended January 31, 2017

2016 was a challenging year for the Prada Group, as it made concrete plans for brand development and launched an overhaul of its main operating processes.

This transition phase coincides with the completion of the long-term plan for the geographical expansion of its retail network and the beginning of efforts to streamline operations and achieve an innovative form of integration with the digital universe. The business climate was mired in uncertainty, due to ongoing geopolitical tensions of global impact, as well as new events that have suddenly altered economic balances around the world. Meanwhile, the stabilization of some currency trends paved the way for a recovery in domestic consumption, as in China and Russia, although growth in these markets has not yet compensated for the decrease in cross-border tourism.

Against this backdrop, the Group took the initiative on several fronts, starting as always from the development of new products that stand out for their innovative style and outstanding quality. New items were designed for Prada and Miu Miu in every category, particularly leather goods, with the creation of new, iconic handbag designs as well as special editions. With the same dedication, the Group also focused on store renovation with a view to enhancing the shopping experience. The massive restyling program launched during the year has begun to create more intimate, exclusive environments, updated to meet Prada's and Miu Miu's new aesthetic guidelines.

The recent redefinition of the Group's digital strategy, with the formation of a highly qualified team, is the foundation of a new global vision whereby brands will be empowered to express their full potential. These efforts will generate sustainable growth based on product quality, strong innovation, and distribution/communication

channels that permanently evolve in line with the habits of new generations of consumers.

Moreover, in 2016 the Group made some industrial changes under a three-year plan adopted in 2015, which aims to strengthen control over the production process by insourcing some of the most delicate phases. These investments will help preserve the craftsmanship at the heart of the Group's business model, while underscoring its ties to the Italian community and the sustainability of its manufacturing cycle.

Finally, efforts to streamline facilities and simplify processes took the form of new, transversal projects involving every unit and department while strengthening the cost reduction targets identified in 2015.

As for performance, cost-cutting programs managed to keep profitability from being further diluted by the decline in retail sales. The year closed with EBIT of Euro 431.2 million, or 13.5% of net revenues, while the Group's share of net income came to Euro 278.3 million (8.7% of net revenues).

The financial objectives set by the Group helped optimize working capital management; the resulting increase in operating cash flow brought the net financial position to positive territory by the end of the year.

Consolidated statement of Profit or Loss for the year ended January 31, 2017

(amounts in thousands of Euro)	Note	twelve months ended January 31 2017 (audited)	% on Net revenues	twelve months ended January 31 2016 (audited)	% on Net revenues
Net revenues	3	3,184,069	100.0%	3,547,771	100.0%
Cost of goods sold		(894,957)	-28.1%	(980,206)	-27.6%
Gross margin		2,289,112	71.9%	2,567,565	72.4%
Operating expenses	4	(1,857,931)	-58.4%	(2,064,672)	-58.2%
EBIT		431,181	13.5%	502,893	14.2%
Interest and other financial income/(expenses), net	5	(18,003)	-0.6%	(29,872)	-0.9%
Dividends from investments		2,252	0.1%	2,311	0.1%
Income before taxes		415,430	13.0%	475,332	13.4%
Taxation	6	(131,240)	-4.1%	(141,994)	-4.0%
Net income for the year		284,190	8.9%	333,338	9.4%
Net income – Non-controlling interests		5,861	0.2%	2,450	0.1%
Net income – Group		278,329	8.7%	330,888	9.3%
Depreciation, amortization and impairment		222,267	7.0%	299,865	8.5%
EBITDA		653,448	20.5%	802,758	22.6%
Basic and diluted earnings per share (in Euro per share)	7	0.109		0.129	

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Assets			
Current assets			
Cash and cash equivalents		722,214	680,601
Trade receivables, net	8	285,504	254,183
Inventories	9	526,941	692,672
Derivative financial instruments – current		7,045	11,682
Receivables from, and advance payments to, related parties - current	10	14,964	19,629
Other current assets	12	253,375	229,671
Total current assets		1,810,043	1,888,438
Non-current assets			
Property, plant and equipment	11	1,542,684	1,517,779
Intangible assets	11	921,800	932,238
Associated undertakings		11,775	17,354
Deferred tax assets		247,266	280,572
Other non-current assets	13	123,361	113,954
Derivative financial instruments - non current		-	721
Receivables from, and advance payments to, related parties – non-current	10	-	5,499
Total non-current assets		2,846,886	2,868,117
Total Assets		4,656,929	4,756,555
Liabilities and Shareholders' Equity			
Current liabilities			
Bank overdrafts and short-term loans		151,211	270,112
Payables to related parties - current	14	5,542	5,244
Trade payables	15	256,094	281,699
Tax payables		65,467	80,744
Derivative financial instruments - current		13,634	11,095
Other current liabilities	16	144,827	142,271
Total current liabilities		636,775	791,819
Non-current liabilities			
Long-term financial payables		547,628	520,475
Post-employment benefits		67,211	69,405
Provision for risks and charges	17	82,323	69,233
Deferred tax liabilities		31,140	36,882
Other non-current liabilities		179,072	161,317
Derivative financial instruments non-current		8,250	10,047
Total non-current liabilities		915,624	867,359
Total Liabilities		1,552,399	1,659,178
Share capital			
Share capital		255,882	255,882
Total other reserves		2,401,500	2,355,023
Translation reserve		144,791	138,547
Net income for the year		278,329	330,888
Equity attributable to owners of Group		3,080,502	3,080,340
Equity attributable to Non-controlling interests		24,028	17,037
Total Equity		3,104,530	3,097,377
Total Liabilities and Total Equity		4,656,929	4,756,555
Net current assets		1,173,268	1,096,619
Total assets less current liabilities		4,020,154	3,964,736

Statement of changes in consolidated shareholders' equity (amounts in thousands of Euro, except for number of shares)

(amounts in thousands of Euro)	Number of Shares	Share Capital	Translation Reserve	Share premium reserve	Cash flow hedge reserve	Actuarial Reserve	Fair Value Available for sale Reserve	Other reserves	Total Other Reserves	Net income for year	Equity		Total Equity
											Equity attributable to owners of Group	Equity attributable to Non-Controll. Interests	
Balance at January 31, 2015	2,558,824,000	255,882	130,996	410,047	(35,323)	(13,481)	11,115	1,790,771	2,163,129	450,730	3,000,737	17,410	3,018,147
Allocation of 2014 net income	-	-	-	-	-	-	-	450,730	450,730	(450,730)	-	-	-
Dividends	-	-	-	-	-	-	-	(281,471)	(281,471)	-	(281,471)	(3,228)	(284,699)
Share capital increase	-	-	-	-	-	-	-	-	-	-	-	409	409
Transactions with Non-controlling shareholders	-	-	-	-	-	-	-	(726)	(726)	-	(726)	(39)	(765)
Comprehensive income for the year (recycled to P&L)	-	-	7,551	-	28,223	-	(10,182)	-	18,041	330,888	356,480	2,479	358,959
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	-	5,320	-	-	5,320	-	5,320	6	5,326
Balance at January 31, 2016	2,558,824,000	255,882	138,547	410,047	(7,100)	(8,161)	933	1,959,304	2,355,023	330,888	3,080,340	17,037	3,097,377
Allocation of 2015 net income	-	-	-	-	-	-	-	330,888	330,888	(330,888)	-	-	-
Dividends	-	-	-	-	-	-	-	(281,471)	(281,471)	-	(281,471)	(706)	(282,177)
Share capital increase	-	-	-	-	-	-	-	-	-	-	-	1,014	1,014
Transactions with Non-controlling shareholders	-	-	-	-	-	-	-	(2,008)	(2,008)	-	(2,008)	280	(1,728)
Comprehensive income for the year (recycled to P&L)	-	-	6,244	-	(797)	-	(2,589)	-	(3,386)	278,329	281,187	6,401	287,588
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	-	2,454	-	-	2,454	-	2,454	2	2,456
Balance at January 31, 2017	2,558,824,000	255,882	144,791	410,047	(7,897)	(5,707)	(1,656)	2,006,713	2,401,500	278,329	3,080,502	24,028	3,104,530

Summarized statement of consolidated cash flows

(amounts in thousands of Euro)	twelve months ended January 31 2017 (audited)	twelve months ended January 31 2016 (audited)
Net cash flows from operating activities	631,850	368,465
Cash flows generated/(utilized) by investing activities	(226,327)	(392,125)
Cash flows generated/(utilized) by financing activities	(376,218)	(9,777)
Change in cash and cash equivalents, net of bank overdrafts	29,305	(33,437)

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	twelve months ended January 31 2017 (audited)	twelve months ended January 31 2016 (audited)
Net income for the period – Consolidated	284,190	333,338
A) Items recyclable to P&L:		
Change in Translation reserve	6,784	7,580
Tax impact	-	-
Change in Translation reserve less tax impact	6,784	7,580
Change in Cash Flow Hedge reserve	(914)	38,907
Tax impact	117	(10,684)
Change in Cash Flow Hedge reserve less tax impact	(797)	28,223
Change in Fair Value reserve	(3,452)	(13,576)
Tax impact	863	3,394
Change in Fair Value reserve less tax impact	(2,589)	(10,182)
B) Item not recyclable to P&L:		
Change in Actuarial reserve	3,277	6,526
Tax impact	(821)	(1,200)
Change in Actuarial reserve less tax impact	2,456	5,326
Consolidated comprehensive income for the period	290,044	364,285
Comprehensive income for the period – Non-controlling Interests	6,403	2,485
Comprehensive income for the period – Group	283,641	361,800

Notes to the consolidated results for the year ended January 31, 2017

1. Presentation of PRADA Group

PRADA spa (the “Company”), together with its subsidiaries (jointly the “Group”), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). It 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 in the eyewear and fragrance industries under specific licensing agreements stipulated with industry leaders, and with the recent acquisition (2014) of Pasticceria Marchesi 1824, it has made its entry into the food industry, where it is positioned at the highest levels of quality. Its products are sold in 70 countries worldwide through a network that included 620 Directly Operated Stores (DOS) at January 31, 2017, and a select network of luxury department stores, independent retailers and franchise stores.

The Company is a joint-stock company, registered and domiciled in Italy. Its registered office is in via Fogazzaro 28, Milan, Italy.

2. Basis of preparation

The Consolidated financial statements of the PRADA Group as at January 31, 2017, including the “Consolidated statement of Profit or Loss”, the “Consolidated statement of financial position”, the “Statement of changes in consolidated shareholders’ equity”, the “Summarized statement of consolidated cash flows”, the “Statement of consolidated comprehensive income” and the “Notes to the consolidated financial statements” have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union.

At the date of presentation of these Consolidated financial statements, there were no differences between IFRS as endorsed by the European Union and applicable to the PRADA Group and those issued by the IASB.

IFRS also refers to all International Accounting Standards (“IASs”) and all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously called the Standing Interpretations Committee (“SIC”).

The contents of this Announcement on the consolidated results for the year ended January 31, 2017, are included in the 2016 Annual Report of PRADA spa.

New standards and amendments issued by the IASB, endorsed by the European Union and applicable to the PRADA Group from February 1, 2016

Amendments to existing standards	Effective date for the Prada Group	EU endorsement status
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	February 1, 2016	Endorsed on December 2015
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	February 1, 2016	Endorsed on November 2016
Disclosure Initiative: Amendments to “IAS 1 Presentation of Financial Statements”	February 1, 2016	Endorsed on December 2015
2012–2014 Cycle that impacted IFRS 5, IFRS 7, IAS 19, IAS 34	February 1, 2016	Endorsed on December 2015

These changes above did not have significant impacts on these Consolidated Financial Statements.

3. Net revenues analysis

Net revenues for the year ended January 31, 2017

(amounts in thousands of Euro)	twelve months ended January 31 2017 (audited)		twelve months ended January 31 2016 (audited)		% change
Net Sales	3,139,290	98.6%	3,504,344	98.8%	-10.4%
Royalties	44,779	1.4%	43,427	1.2%	3.1%
Net revenues	3,184,069	100%	3,547,771	100%	-10.3%

Net sales analysis

(amounts in thousands of Euro)	twelve months ended January 31 2017 (audited)		twelve months ended January 31 2016 (audited)		% change
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Net sales by geographical area

Europe	1,190,149	37.9%	1,292,121	36.9%	-7.9%
Americas	458,925	14.6%	525,424	15.0%	-12.7%
Asia Pacific	993,214	31.6%	1,158,174	33.0%	-14.2%
Japan	388,892	12.4%	407,398	11.6%	-4.5%
Middle East	103,417	3.3%	115,444	3.3%	-10.4%
Other countries	4,693	0.1%	5,783	0.2%	-18.8%
Total	3,139,290	100.0%	3,504,344	100.0%	-10.4%

Net sales by brand

Prada	2,528,129	80.5%	2,841,056	81.1%	-11.0%
Miu Miu	515,176	16.4%	564,315	16.1%	-8.7%
Church's	80,378	2.6%	82,456	2.4%	-2.5%
Other	15,607	0.5%	16,517	0.4%	-5.5%
Total	3,139,290	100.0%	3,504,344	100.0%	-10.4%

Net sales by product line

Leather goods	1,803,762	57.5%	2,103,241	60.0%	-14.2%
Footwear	678,797	21.6%	725,987	20.7%	-6.5%
Clothing	599,563	19.1%	612,249	17.5%	-2.1%
Other	57,168	1.8%	62,867	1.8%	-9.1%
Total	3,139,290	100.0%	3,504,344	100.0%	-10.4%

Net Sales of direct operated stores (DOS)	2,634,923	83.9%	3,059,732	87.3%	-13.9%
Sales to Independent customers and franchisees	504,367	16.1%	444,612	12.7%	13.4%
Total	3,139,290	100.0%	3,504,344	100.0%	-10.4%

Number of stores

	January 31, 2017		January 31, 2016	
	Owned	franchises	Owned	franchises
Prada	387	25	386	26
Miu Miu	171	9	173	10
Church's	54	-	52	-
Car Shoe	5	-	5	-
Marchesi	3	-	2	-
Total	620	34	618	36

	January 31, 2017		January 31, 2016	
	Owned	franchises	Owned	franchises
Europe	220	4	221	5
Americas	113	-	117	-
Asia Pacific	187	25	183	26
Japan	78	-	74	-
Middle East	20	5	21	5
Africa	2	-	2	-
Total	620	34	618	36

4. Operating expenses

(amounts in thousands of Euro)	twelve months ended January 31 2017 (audited)	% on net revenues	twelve months ended January 31 2016 (audited)	% on net revenues
Product design and development costs	125,258	3.9%	134,272	3.8%
Advertising and communications costs	172,549	5.4%	191,695	5.4%
Selling costs	1,383,337	43.4%	1,517,443	42.8%
General and administrative costs	176,787	5.6%	221,262	6.2%
Total	1,857,931	58.4%	2,064,672	58.2%

5. Interest and other financial income/(expenses), net

(amounts in thousands of Euro)	twelve months ended January 31 2017 (audited)	twelve months ended January 31 2016 (audited)
Interest expenses on borrowings	(14,282)	(14,779)
Interest expenses IAS 19	48	(44)
Interest income	4,575	3,816
Exchange gains / (losses) – realized	9,783	3,221
Exchange gains/ (losses) – unrealized	(15,068)	(17,489)
Other financial income / (expenses)	(3,059)	(4,597)
Total	(18,003)	(29,872)

6. Taxation

(amounts in thousands of Euro)	twelve months ended January 31 2017 (audited)	twelve months ended January 31 2016 (audited)
Current taxation	95,647	158,157
Deferred taxation	35,593	(16,163)
Income taxes	131,240	141,994

7. Earnings and dividends per share, basic and diluted

Earnings per share

Earnings per share are calculated by dividing the net income of the period attributable to Group's shareholders by the weighted average number of ordinary shares in issue.

	twelve months ended January 31 2017 (audited)	twelve months ended January 31 2016 (audited)
Group net income in Euro	278,328,814	330,888,425
Weighted average number of ordinary shares in issue	2,558,824,000	2,558,824,000
Basic and Diluted earnings per share in Euro, calculated on weighted average number of shares	0.109	0.129

Dividend per share

The Board of Directors of PRADA spa has proposed a final dividend of Euro 307,058,880 (or Euro 0.12 per share) for the twelve months ended January 31, 2017.

During the year ended January 31, 2017, the Company distributed dividends of Euro 281,470,640, as approved by Shareholders at the General Meeting held on May 24, 2016 to approve the financial statements for the year ended January 31, 2016.

The dividends and the related Italian withholding tax (Euro 14.6 million), determined by applying the ordinary Italian tax rate to the entire amount of the dividends distributed to the beneficial owners of the Company's shares held through the Hong Kong Central Clearing and Settlement System, were paid by January 31, 2017.

8. Trade receivables, net

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Trade receivables – third parties	268,223	235,718
Allowance for bad and doubtful debts	(6,654)	(6,546)
Trade receivables – related parties	23,935	25,011
Total	285,504	254,183

Trade receivables increased by Euro 31.3 million, in line with the growth of the wholesale channel.

Trade receivables from related parties refer primarily to sales of finished products to Fratelli Prada spa, an affiliate and franchisee of the Prada Group.

Movements of the allowance for doubtful debts during the period were as follows:

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Opening balance	6,546	7,784
Exchange differences	(78)	(47)
Increases	578	418
Reversals	(202)	(1,321)
Utilization	(190)	(288)
Closing balance	6,654	6,546

The following table contains a summary of total receivables by due date before the allowance for doubtful debts:

(amounts in thousands of Euro)	as at January 31 2017 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables	292,158	226,210	22,631	16,259	5,766	3,193	18,099
Total	292,158	226,210	22,631	16,259	5,766	3,193	18,099

(amounts in thousands of Euro)	as at January 31 2016 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables	260,729	217,808	17,077	6,848	5,257	3,400	10,339
Total	260,729	217,808	17,077	6,848	5,257	3,400	10,339

The following table contains a summary of trade receivables by due date after the allowance for doubtful debts:

(amounts in thousands of Euro)	as at January 31 2017 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables less allowance for doubtful accounts	285,504	225,905	22,613	16,259	5,766	3,193	11,768
Total	285,504	225,905	22,613	16,259	5,766	3,193	11,768

(amounts in thousands of Euro)	as at January 31 2016 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables less allowance for doubtful accounts	254,183	217,327	17,077	6,848	5,257	3,400	4,274
Total	254,183	217,327	17,077	6,848	5,257	3,400	4,274

9. Inventories, net

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Raw materials	103,679	107,782
Work in progress	26,368	20,925
Finished products	444,049	614,423
Allowance for obsolete and slow moving inventories	(47,155)	(50,458)
Total	526,941	692,672

The reduction in finished products was achieved by improving the timing of manufacturing activities and revising the strategies for replenishing the stores.

Movements on the allowance for obsolete and slow moving inventories are analyzed as follows:

(amounts in thousands of Euro)	Raw materials	Finished products	Total
Balance at January 31, 2016	26,757	23,701	50,458
Exchange differences	(4)	43	39
Increases	-	1,659	1,659
Reversals	(1,000)	-	(1,000)
Utilization	(77)	(4,488)	(4,565)
Other movements	-	564	564
Balance at January 31, 2017	25,676	21,479	47,155

10. Receivables from, and advance payments to, related parties – current and non-current

Receivables from, and advance payments to, related parties current are detailed as follows:

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Prepaid sponsorship	8,741	13,626
Other receivables and advances	6,223	6,003
Receivables from and advances to related parties - current	14,964	19,629

Receivables from, and advance payments to, related parties non-current are detailed as follows:

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Prepaid sponsorship	-	3,164
Deferred rental income – long-term	-	1,632
Loans	-	703
Receivables from and advances to related parties – non-current	-	5,499

The prepaid sponsorships refer to the amount paid to Luna Rossa Challenge srl under agreements in effect as of January 31, 2017.

11. Capital expenditure

Changes in the net book value of Property, plant and equipment in the period ended January 31, 2017, are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Assets under construction	Total net carrying amount
Balance at January 31, 2016 (audited)	639,831	28,691	478,717	187,687	86,109	96,744	1,517,779
Change in consolidation area	3,819	1,279	256	110	12	-	5,476
Additions	30,155	12,720	107,451	29,251	10,969	31,313	221,859
Depreciation	(15,637)	(7,559)	(111,997)	(33,548)	(14,643)	-	(183,384)
Disposals	(1,562)	(110)	(133)	(656)	(114)	(34)	(2,609)
Exchange differences	(18,412)	(117)	10,129	618	266	(89)	(7,605)
Other movements	18,330	2,096	28,476	3,963	241	(51,734)	1,372
Impairment	-	(13)	(5,028)	(4,581)	(172)	(410)	(10,204)
Balance at January 31, 2017 (audited)	656,524	36,987	507,871	182,844	82,668	75,790	1,542,684

Changes in the net book value of Intangible assets in the period ended January 31, 2017, are as follows:

(amounts in thousands of Euro)	Trade-marks	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangibles	Assets in progress	Total net carrying amount
Balance at January 31, 2016 (audited)	265,238	513,218	97,510	15,037	14,987	26,248	932,238
Change in consolidation area	-	6,239	-	11	53	-	6,303
Additions	305	262	-	9,010	83	8,209	17,869
Amortization	(11,141)	-	(10,624)	(5,728)	(1,177)	-	(28,670)
Disposals	-	-	-	(3)	-	-	(3)
Exchange differences	(5,958)	(1,123)	1,787	33	-	55	(5,206)
Other movements	-	-	314	6,740	(1,038)	(6,738)	(722)
Impairment	-	1	(1)	(1)	(1)	(7)	(9)
Balance at January 31, 2017 (audited)	248,444	518,597	88,986	25,099	12,907	27,767	921,800

12. Other current assets

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
VAT	48,582	59,917
Income tax and other tax receivables	117,244	100,838
Other assets	27,218	12,242
Prepayments	55,676	51,863
Deposits	4,655	4,811
Total	253,375	229,671

13. Other non-current assets

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Guarantee deposits	77,007	73,974
Deferred rental income	16,807	13,716
Pension fund surplus	10,233	7,778
Other long-term assets	19,314	18,486
Total	123,361	113,954

14. Payables to related parties - current

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Financial payables	4,934	4,858
Other payables	608	386
Payables to related parties - current	5,542	5,244

The financial payables due to related parties regard two interest-free loans granted by the non-controlling shareholders of the Group's subsidiaries in the Middle East.

15. Trade payables

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Trade payables – third parties	241,901	266,701
Trade payables – related parties	14,193	14,998
Total	256,094	281,699

The following table contains a summary of trade payables by due date:

(amounts in thousands of Euro)	as at January 31 2017 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade payables	256,094	221,125	15,884	4,670	2,955	582	10,878
Total	256,094	221,125	15,884	4,670	2,955	582	10,878

(amounts in thousands of Euro)	as at January 31 2016 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade payables	281,699	246,525	16,418	10,190	1,912	670	5,984
Total	281,699	246,525	16,418	10,190	1,912	670	5,984

16. Other current liabilities

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Payables for capital expenditure	56,639	54,132
Accrued expenses and deferred income	18,636	16,379
Other payables	69,552	71,760
Total	144,827	142,271

17. Provisions for risks and charges

Movements in provisions for risks and charges are summarized as follows:

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other Provisions	Total
Balance at January 31, 2016 (audited)	2,041	22,846	44,346	69,233
Exchange differences	(10)	(1)	522	511
Reclassifications	-	-	-	-
Reversals	(145)	(289)	(41)	(475)
Utilized	(231)	(80)	(1,761)	(2,072)
Increases	133	2,429	12,564	15,126
Balance at January 31, 2017 (audited)	1,788	24,905	55,630	82,323

The provisions for risks and charges represent management's best estimate of the maximum amount of potential liabilities. According to management based on the information available, and in the opinion of independent experts, the total amount allocated for risks and charges at the reporting date is adequate in respect of the liabilities that could arise from them.

Management Discussion and Analysis for the year ended January 31, 2017

Distribution channels

Retail sales for the twelve months ended January 31, 2017 were lower by 13.9% at current exchange rates and by 13.1% at constant exchange rates. The trend for the period shows a less marked decline during the second half of the fiscal year, especially in the final months. The number of directly operated stores, with 28 openings and 26 closures, rose from 618 at January 31, 2016 to 620 at the reporting date.

Sales in the wholesale channel were up by 13.4% at current exchange rates and by 14.6% at constant rates. Growth in this channel was due primarily to the new partnerships with leading online "e-tailers" around the world.

Markets

Net sales in the Asia Pacific market were down by 14.2% at current exchange rates and by 12.1% at constant exchange rates. Mainland China had a substantial impact on the region's performance, suffering a double-digit decline in the first six months, then gradually recovering and resuming growth late in the year. In the second half of the period South Korea reported recovery for sales to franchisees.

Net sales in Europe decreased by 7.9% at current exchange rates and by 5.2% at constant exchange rates. The decline in tourism, as a result of the terrorist attacks, had an especially significant impact on sales in France although the trend showed significant signs of improvement during the final quarter. Performance was particularly valuable in Russia, which enjoyed double-digit growth, and in the UK, where a first-half decline was successfully reversed and the year ended with a solid growth rate. The wholesale channel in Europe benefited from the new partnerships forged with on-line distributors during the year.

Net sales in the Americas fell by 12.7% at current exchange rates and by 12% at constant rates. Net sales in the United States were down in both channels, while Brazil and Mexico reported growth, as did Canada during the second half of the year.

Net sales in the Japanese region decreased by 4.5% at current exchange rates and by 12.8% at constant exchange rates. The stronger yen discouraged tourism from China.

In the Middle East, sales decreased by approximately 10.4% at both current and constant exchange rates.

Products

Leather goods showed a decrease of 14.2% at current exchange rates and 14% at constant rates, although the trend was more moderate in the second half. In absolute terms, the declines were most severe in Hong Kong, France and the United States.

The downturn for footwear was less steep (-6.5% at current exchange rates and -4.5% at constant exchange rates), though the trends in terms of region and timing were similar to those of leather goods.

Net sales of the clothing were in line with the previous year (-2.1% at current exchange rates and -0.8% at constant exchange rates), with a decline in the first six months followed by growth in the second half of the fiscal year.

Brands

Sales of Prada brand products decreased by 11% at current exchange rates and by 10.3% at constant rates, with a greater decline for leather goods and footwear, which however lessened during the year.

Miu Miu sales were down by 8.7% at current exchange rates and by 8.3% at constant exchange rates. The improvement in the second half of the fiscal year was especially visible for footwear and clothing, both of which increased.

Sales of Church's brand products decreased by 2.5% at current exchange rates, but grew by 5.8% at constant exchange rates, reporting real growth in Italy and the UK.

The heading "other brands" mainly includes Car Shoe sales, which decreased due to closures in 2015 in Singapore, London and Hong Kong, and sales of patisserie goods by Marchesi 1824, which showed both organic growth and growth through expansion.

Royalties

In 2016, licensing agreements generated royalties of Euro 44.8 million, an increase of 3.1% with respect to 2015. The royalty growth was attributable primarily to the launch of Miu Miu's first fragrance.

Operating results

The gross margin came to 71.9% of net revenues, down slightly from the previous fiscal year due mainly to a less favorable sales mix in terms of distribution channel and product category.

The operating expenses of 2016 were lower than those of 2015 by Euro 206.7 million, or 10%. This reflects measures to optimize key processes, a decline in variable costs, and lower depreciation and amortization as explained in greater detail below. In particular, advertising and communication costs fell, although they remained 5.4% of net revenues, as a result of less spending in the traditional media, as well as lower sponsorship costs.

(amounts in thousands of Euro)	twelve months ended January 31 2017	% on net revenues	twelve months ended January 31 2016	% on net revenues
Product design and development costs	125,258	3.9%	134,272	3.8%
Advertising and communications costs	172,549	5.4%	191,695	5.4%
Selling costs	1,383,337	43.4%	1,517,443	42.8%
General and administrative costs	176,787	5.6%	221,262	6.2%
Total Operating expenses	1,857,931	58.4%	2,064,672	58.2%

For the twelve months ended January 31, 2017, EBITDA was Euro 653.5 million or 20.5% of net sales, falling by 210 basis points in comparison with 2015, when it amounted to 22.6% of revenues.

During the fiscal year, management reviewed the estimated useful life of certain tangible and intangible fixed assets in order to better represent their use in business processes, principally within the retail area. This change in estimates reduced depreciation and amortization by Euro 64 million in the consolidated statement of profit or loss.

EBIT came to Euro 431.2 million, a reduction of Euro 71.7 million with respect to 2015. As a percentage of net revenues, EBIT fell from 14.2% to 13.5%.

Finance charges decreased from Euro 27.6 million in 2015 to Euro 15.8 million. The decrease was influenced by lower exchange losses on financial items and, to a minor degree, the combination of higher interest income thanks to the more efficient use of cash and lower interest expense due to lower average debt and interest rates.

The effective tax rate was 31.6%, up slightly from the 29.9% of 2015, essentially following to a less favorable geographical distribution of the taxable income in 2016.

The Group's net income of the 2016 was Euro 278.3 million, or 8.7% of net revenues, compared with the Euro 330.9 million or 9.3% achieved in 2015.

Net invested capital

The following table contains the statement of financial position, as reclassified in order to provide a better picture of the composition of Net Invested Capital.

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Non-current assets (excluding deferred tax assets)	2,599,620	2,586,841
Trade receivables, net	285,504	254,183
Inventories, net	526,941	692,672
Trade payables	(256,094)	(281,699)
Net operating working capital	556,351	665,156
Other current assets (excluding items of financial position)	275,384	260,983
Other current liabilities (excluding items of financial position)	(224,536)	(234,496)
Other current assets/(liabilities), net	50,848	26,487
Provision for risks	(82,323)	(69,233)
Post-employment benefits	(67,211)	(69,405)
Other long-term liabilities	(187,322)	(171,364)
Deferred taxation, net	216,126	243,690
Other non-current assets/(liabilities)	(120,730)	(66,312)
Net invested capital	3,086,089	3,212,172
Shareholder's equity – Group	(3,080,502)	(3,080,340)
Shareholder's equity – Non-controlling interests	(24,028)	(17,037)
Total Consolidated shareholders' equity	(3,104,530)	(3,097,377)
Long-term financial payables	(547,628)	(519,772)
Short-term financial, net surplus/(deficit)	566,069	404,977
Net financial position surplus/(deficit)	18,441	(114,795)
Shareholders' equity and net financial position	(3,086,089)	(3,212,172)
Net Debt to Consolidated equity ratio	n/a	3.6%

As of January 31, 2017, the Group has net invested capital of Euro 3,086.1 million, a positive net financial position of Euro 18.4 million and equity attributable to the Group of Euro 3,080.5 million.

Non-current assets, consisting essentially of property, plant, equipment and intangible assets, increased from Euro 2,586.8 million to Euro 2,599.6 million, mainly due to capital expenditure (Euro 251.5 million) less depreciation, amortization and impairment (Euro 222.3 million).

Capital expenditure was allocated for Euro 151.2 million to many projects in the retail area to expand, relocate and renovate stores. Investments in the retail network also included the initial projects of the restyling plan intended to bring Prada and Miu Miu stores into line with the Group's new aesthetic guidelines. The remaining capital expenditure of Euro 100.3 million concerned the corporate and manufacturing divisions. Indeed, several manufacturing projects in Italy finalized at strengthening control over the production cycle were completed in the fiscal year: the inauguration of a new leather goods manufacturing facility, the upgrading of various factories, and the purchase of two former contract manufacturers (one in Italy and one in Romania). In addition, the Group opened the first of three *tranches* to serve as its new logistical hub for finished products.

The decrease in net working capital was due essentially to a reduction in finished product inventories that was achieved by improving the timing of manufacturing activities and revising the strategies for replenishing the stores.

Other current assets, net, increased by Euro 24.4 million due chiefly to lower tax payables, the termination of derivative contracts and other receivables.

Other non-current liabilities, net, increased by Euro 54.4 million essentially as a result of lower deferred tax assets on retail inventories and greater deferred rent liabilities.

During the fiscal year the Group paid dividends to PRADA spa shareholders in the amount of Euro 281.5 million.

Net financial position surplus/(deficit)

(amounts in thousands of Euro)	as at January 31 2017 (audited)	as at January 31 2016 (audited)
Bonds	(130,000)	(130,000)
Bank borrowing – non-current	(417,628)	(390,475)
Total financial payables – non-current	(547,628)	(520,475)
Financial payables and bank overdrafts - current	(151,211)	(270,766)
Payables to parent company and related parties	(4,934)	(4,858)
Total financial payables – current	(156,145)	(275,624)
Total financial payables	(703,773)	(796,099)
Financial receivables from related parties – non-current	-	703
Cash and cash equivalents	722,214	680,601
Total financial receivables and cash and cash equivalents - current	722,214	680,601
Total financial receivables and cash and cash equivalents	722,214	681,304
Net financial surplus/(deficit), total	18,441	(114,795)
Net financial surplus/(deficit) excluding related party balances	23,375	(110,640)
NFP/EBITDA ratio	n/a	-14.3%

As of January 31, 2017, the net financial position is positive and amounting to Euro 18.4 million, compared with the net indebtedness of Euro 114.8 million as of January 31, 2016. Working capital management made a significant contribution to operating cash flow, which enabled the Group to pay dividends to shareholders, self-finance its capital expenditure and reduce indebtedness.

In 2016, thanks in part to favorable credit market conditions, the Group took out Euro 120 million in new medium/long-term loans that further reduced the average borrowing rate while extending maturities. Together with the cash surplus generated during the year, the new loans made it possible to repay some Euro 80 million of long-term loans at their natural maturity and to settle short-term credit lines totaling some Euro 138 million.

The total amount of undrawn lines of credit at January 31, 2017 is Euro 662 million.

Events after the reporting date

Nothing to mention.

Outlook

The Group will leverage on its unique heritage and creativity to continue to deliver unparalleled innovation and quality. The omni-channel experience will be intensified with enhanced online presence and in-store digital environment. This action plan, coupled with a streamlined cost structure, puts the Group in a strong position to convert future revenue into profitability.

Corporate Governance practices

The Company is committed to maintaining a high standard of corporate governance practices as part of its commitment to effective corporate governance. The corporate governance model adopted by the Company consists of a set of rules and standards aimed toward establishing efficient and transparent operations within the Company and its subsidiaries (the “Group”), to protect the rights of the Company’s shareholders and to enhance shareholder value. The corporate governance model adopted by the Company is in compliance with the applicable regulations in Italy, as well as the principles of the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Full details on the Company’s corporate governance practices are set out in the Company’s 2016 Annual Report.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules where at least one member possesses appropriate professional qualifications in accounting or possesses related financial management expertise to discharge the responsibility of the Audit Committee. The membership of the Audit Committee consists of three Independent Non-Executive Directors, namely, Mr. Gian Franco Oliviero Mattei (Chairman), Mr. Giancarlo Forestieri and Mr. Sing Cheong Liu.

During the year ended January 31, 2017 (the “Reviewed Period”), the Audit Committee held four meetings (with an attendance rate of 100%) mainly to review with senior management, the Group’s internal and external auditor and the board of statutory auditors, significant internal and external audit findings and financial matters as required under the Committee’s terms of reference and make relevant recommendations to the Board. The Audit Committee’s review covers the audit plans as well as the findings of both the internal and external auditors, internal controls, risk assessment, annual review of the continuing connected transaction of the Group, tax updates and financial reporting matters (including the annual results for the year ended January 31, 2016 and the interim financial results as of July 31, 2016) before recommending them to the Board for approval.

The Audit Committee also held two meetings on April 6 and 12, 2017, to review the annual results for the year ended January 31, 2017, before recommending it to the Board for approval.

Compliance with the Code

The Board has reviewed the Company’s corporate governance practices and is satisfied that such practices have complied with the code provisions set out in the Code, for the entire Reviewed Period (i.e. the year ended January 31, 2017).

Directors’ Securities Transactions

The Company has adopted written procedures governing Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”). Specific written acknowledgments have been obtained from each Director to confirm his/her compliance with required standard set out in the Model Code and the

Company's relevant procedures regarding directors' securities transactions for the duration of the Reviewed Period. There were no incidents of non-compliance during the Reviewed Period.

The Company has also adopted written procedures governing securities transactions carried out by the relevant employees who are likely to possess inside information in relation to the Company and its securities. The terms of these procedures are no less exacting than the standard set out in the Model Code.

The Company has adopted policies to ensure that inside information are handled and disseminated in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reviewed Period.

Shareholders' general meeting

The Shareholders' general meeting of the Company will be held on Wednesday, May 31, 2017 (the "AGM").

Notice of the AGM will be published on the Company's website at www.pradagroup.com and on the Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk and dispatched to the shareholders of the Company in due course.

Final Dividend

The Board recommends, for the twelve month period ended January 31, 2017, a final dividend of Euro 307,058,880 (or 12 Euro/cents per share). The payments shall be made:

- (i) in Euro to the shareholders recorded in the section of the Company's shareholders register kept by the Company at its registered office in Milan (Italy), and
- (ii) in Hong Kong dollars to the shareholders recorded in the section of the Company's shareholders register kept in Hong Kong. The relevant exchange rate will be the opening buying T/T rate of Hong Kong dollars to Euros as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day the final dividend is approved by the shareholders.

Subject to the shareholders' approval of the payment of the final dividend at the forthcoming shareholders' general meeting of the Company to be held on Wednesday, May 31, 2017, such dividend will be paid on Tuesday, June 20, 2017.

Book Closure and Record Dates

For determining shareholders' right to attend and vote at the AGM:

Latest time to lodge transfer documents with the Company's Hong Kong Share Registrar or the Company in Milan (<i>Note 1</i>)	May 25, 2017 - 4:30 pm HK time/10:30 am CET time
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Book closure (both sections) <i>(Note 2)</i>	From May 26 to 31, 2017 (both days inclusive)
Record date	May 26, 2017
For determining shareholders' entitlement to the payment of the proposed final dividend:	
Latest time to lodge transfer documents with the Company's Hong Kong Share Registrar or the Company in Milan <i>(Note 1)</i>	June 6, 2017 - 4:30 pm HK time/10:30 am CET time
Book closure (both sections) <i>(Note 2)</i>	June 7, 2017
Record Date	June 7, 2017
Dispatch date of dividend warrants	June 20, 2017

Notes:

1. *All transfers accompanied by the relevant share certificate(s) must be lodged with:*
 - (i) *the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited whose address is at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company's Hong Kong share registrar itself; or*
 - (ii) *the Company's registered office at Via Antonio Fogazzaro no. 28, Milan 20135, Italy, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company itself.*
2. *No transfer of shares will be registered on the book closure date.*

Publication of Annual Results Announcement and Annual Report

This Annual Results Announcement is published on the Company's website at www.pradagroup.com and on the Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk. The Company's 2016 Annual Report will be published on the same websites and dispatched to shareholders of the Company in due course.

By Order of the Board
PRADA S.p.A.
Mr. Carlo Mazzi
Chairman

Milan (Italy), April 12, 2017

As at the date of this announcement, the Company's executive directors are Mr. Carlo MAZZI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI and Ms. Alessandra COZZANI; the Company's non-executive directors are Stefano SIMONTACCHI and Mr. Maurizio CEREDA and the Company's independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI and Mr. Sing Cheong LIU.