

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 brightly lit, showing mannequins and clothing. The ground in front is a polished, reflective surface.

# PRADA Group

**Interim Results**  
**for the half year ended July 31<sup>st</sup>, 2011**

**September 19<sup>th</sup>, 2011**

# Key messages

## Turnover

Net Revenues grew by 21% (+24% at constant rates) with Retail up 33% (+37% at constant rates)

## Like-for-like Sales

Continuous Retail improvement on a comparable stores base: like-for-like +22% as already experienced in FY2010

## Results

EBITDA climbed to € 315 mn, 27.8% on Revenues, 40% above 2010. Net Profit at € 179.5 mn, 15.8% on Revenues, 74% above 2010

## Retail Openings

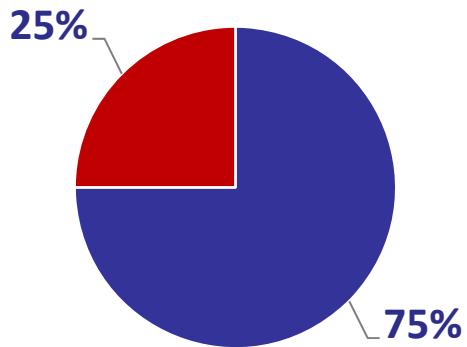
29 new openings at the end of the first half and 44 up to now

## Earning per Share

€ 0.071, +73% vs 2010

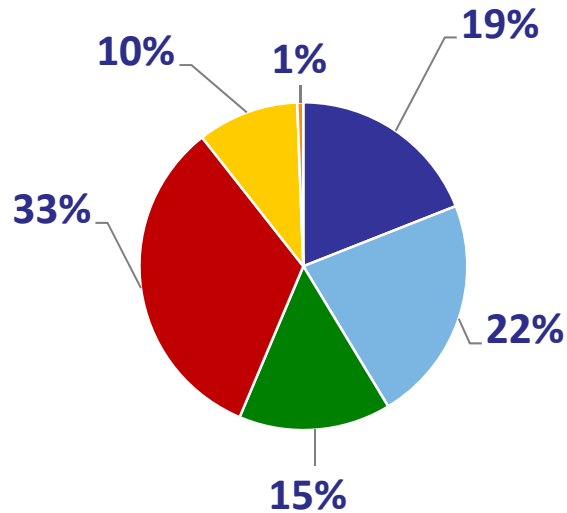
# The Group at a glance

**NET SALES BY CHANNEL**



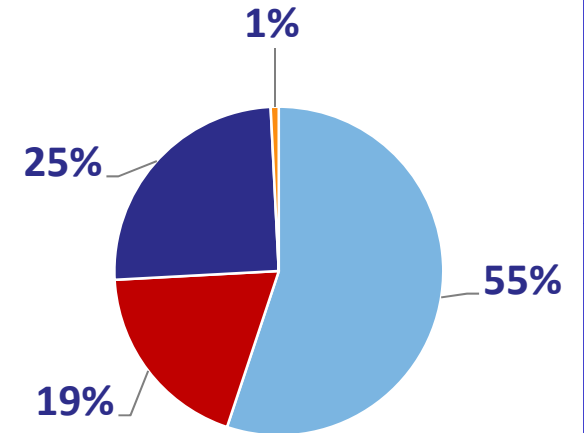
- Retail
- Wholesale

**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)

	2010	Mix %	2011	Mix %	2011 vs 2010
<b>Retail</b>	626.2	68%	835.4	75%	+33%
<b>Wholesale</b>	294.2	32%	282.0	25%	-4%
<b>Total</b>	920.4	100%	1,117.4	100%	+21%

- Retail improvement (+37% at constant rates) is mainly driven by like-for-like increase: +22% as already experienced in 2010; same trend in first and second quarter
- Wholesale development slightly better than expectation and consistent with our selective approach to distribution (-4% as reported, -2% at constant rates)

## Net Sales by Brand (€ mn)

	<b>2010</b>	<i>Mix %</i>	<b>2011</b>	<i>Mix %</i>	<b>2011 vs 2010</b>
<b>Prada</b>	<b>724.3</b>	<b>79%</b>	<b>878.4</b>	<b>79%</b>	<b>+21%</b>
<b>Miu Miu</b>	<b>159.2</b>	<b>17%</b>	<b>198.9</b>	<b>18%</b>	<b>+25%</b>
<b>Church's</b>	<b>23.4</b>	<b>3%</b>	<b>27.0</b>	<b>2%</b>	<b>+15%</b>
<b>Car Shoe</b>	<b>9.8</b>	<b>1%</b>	<b>9.7</b>	<b>1%</b>	<b>-1%</b>
<b>Others</b>	<b>3.6</b>	<b>-</b>	<b>3.4</b>	<b>-</b>	<b>-5%</b>
<b>Total</b>	<b>920.4</b>	<b>100%</b>	<b>1,117.4</b>	<b>100%</b>	<b>+21%</b>

- Miu Miu growing faster than other brands and increasing its share on total sales

## Net Sales by Geography (€ mn)

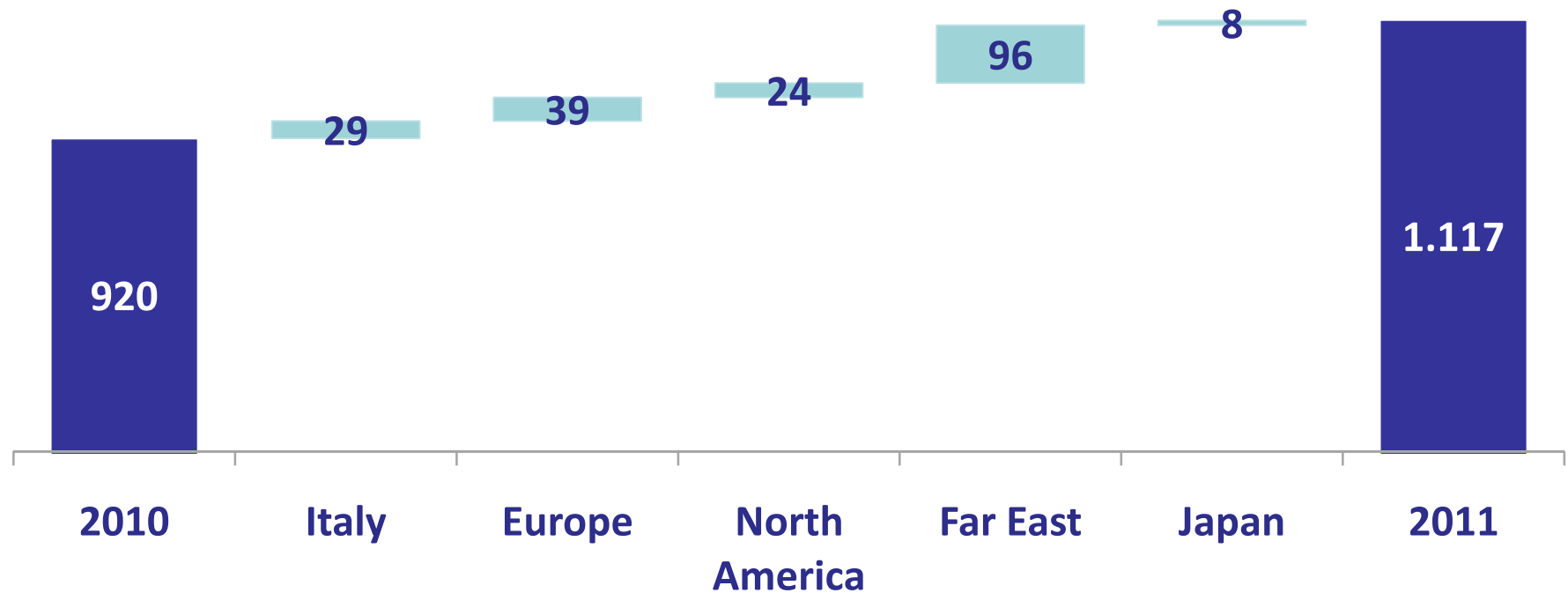
	2010	Mix %	2011	Mix %	% ch. as reported	% ch. same FX	Retail like-for-like
Italy	184.3	20%	213.4	19%	+16%	+16%	+34%
Europe	211.8	23%	250.7	22%	+18%	+19%	+18%
N. America	147.6	16%	171.9	15%	+16%	+26%	+12%
Far East	271.7	30%	368.0	33%	+35%	+41%	+31%
Greater China(*)	161.4	18%	222.8	20%	+38%	+48%	+37%
Japan	99.1	11%	107.2	10%	+8%	+6%	-
Others	5.9	1%	6.3	1%	+6%	+6%	-
<b>Total</b>	<b>920.4</b>	<b>100%</b>	<b>1,117.4</b>	<b>100%</b>	<b>+21%</b>	<b>+24%</b>	<b>+22%</b>

Note(\*): PRC, HK, Macau SAR (excl. Taiwan)

- All markets (excl. Japan) 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)

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



## Net Sales by Product (€ mn)

	<b>2010</b>	<b>Mix %</b>	<b>2011</b>	<b>Mix %</b>	<b>2011 vs 2010</b>
<b>Leather Goods</b>	<b>455.6</b>	<b>50%</b>	<b>616.6</b>	<b>55%</b>	<b>+35%</b>
<b>Footwear</b>	<b>242.7</b>	<b>26%</b>	<b>275.0</b>	<b>25%</b>	<b>+13%</b>
<b>Ready to Wear</b>	<b>214.0</b>	<b>23%</b>	<b>212.4</b>	<b>19%</b>	<b>-1%</b>
<b>Others</b>	<b>8.1</b>	<b>1%</b>	<b>13.4</b>	<b>1%</b>	<b>+65%</b>
<b>Total</b>	<b>920.4</b>	<b>100%</b>	<b>1,117.4</b>	<b>100%</b>	<b>+21%</b>

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

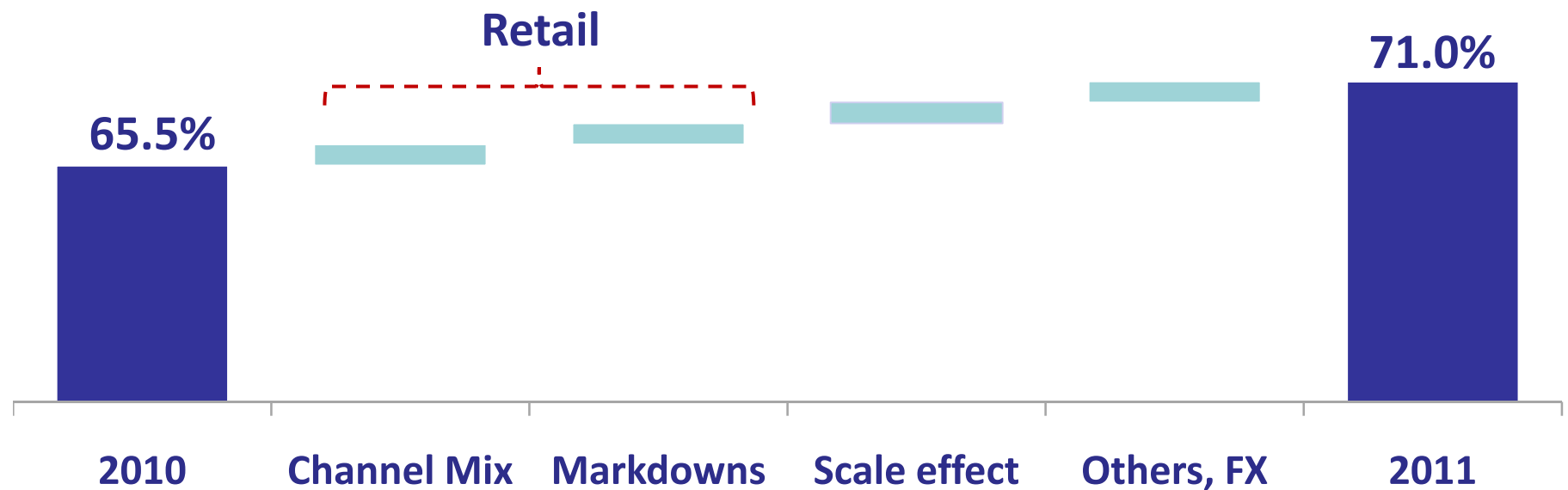


# Group Profit and Loss

€ mn	1H2010	%	1H2011	%
Net Sales	920.4		1,117.4	
Royalties	16.1		16.9	
Net Revenues	936.5	100.0%	1,134.3	100.0%
COGS	(322.7)		(329.1)	
Gross Profit	613.8	65.5%	805.2	71.0%
Product Development	(49.3)		(51.5)	
Advertising & Promotion	(36.7)		(53.9)	
Selling	(289.2)		(357.2)	
G&A	(66.5)		(89.3)	
EBIT	172.2	18.4%	253.4	22.3%
Net Financial Expenses	(19.6)		(11.6)	
Income Taxes	(48.7)		(60.6)	
Minority Income	(0.9)		(1.7)	
Net Income from cont. operations	103.0		179.5	
Disc. Operations	-		-	
Net Income	103.0	11.0%	179.5	15.8%
D&A	53.0		61.6	
EBITDA	225.2	24.0%	315.0	27.8%

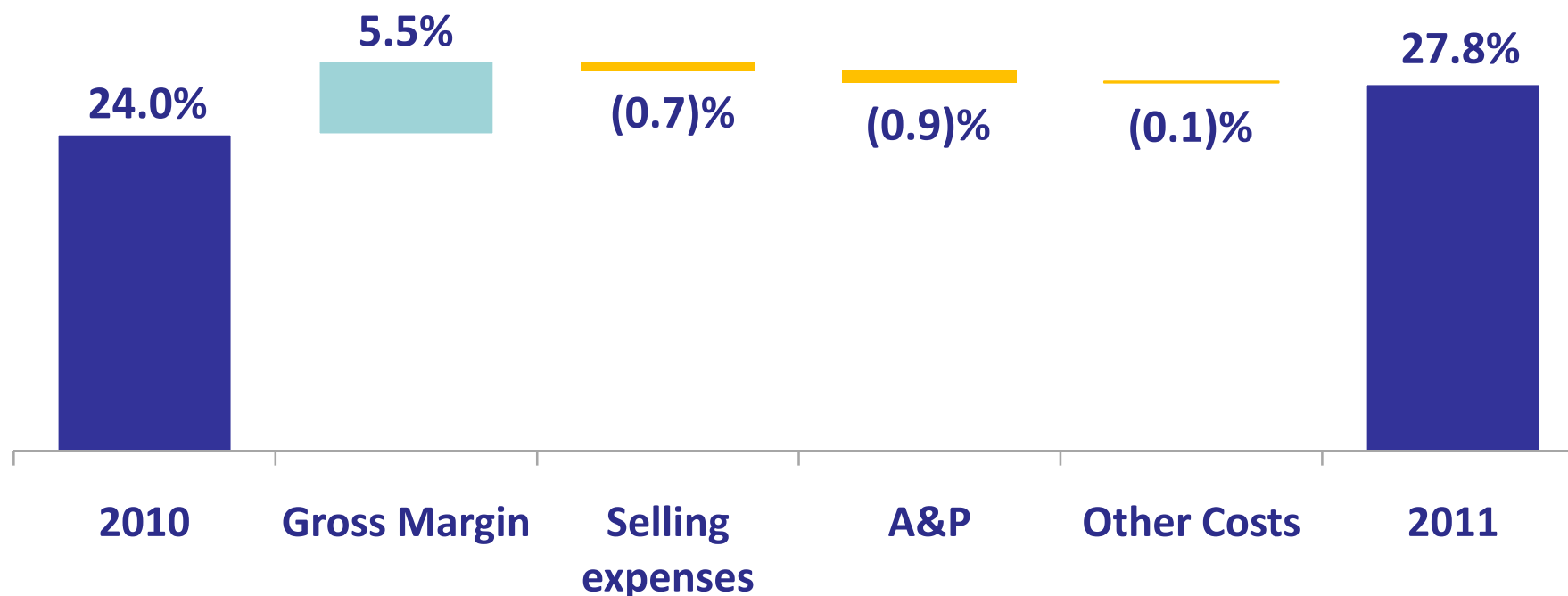
# Gross Margin Development

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



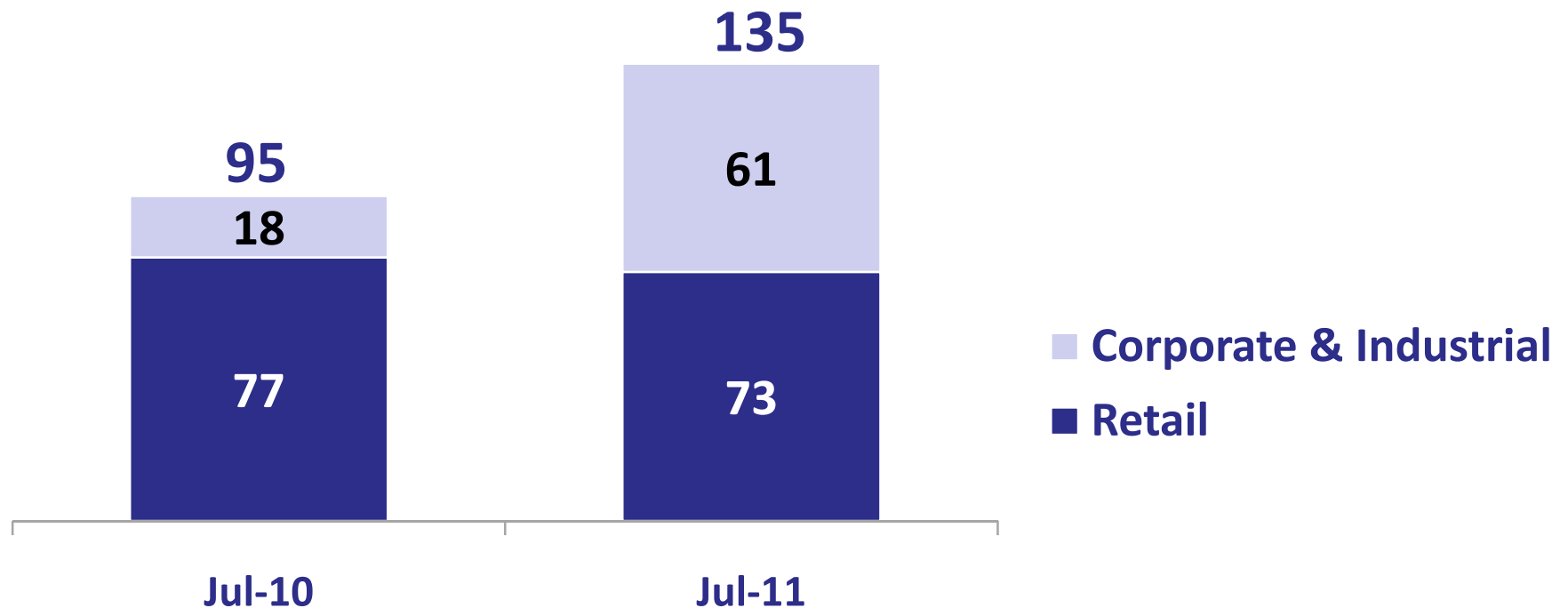
# EBITDA Development

- 2011 EBITDA margin benefited from the gross margin improvement and positive scale effect (excluding one-time charges) partially offset by increasing selling expenses due to the growing DOS network and increasing communication expenses

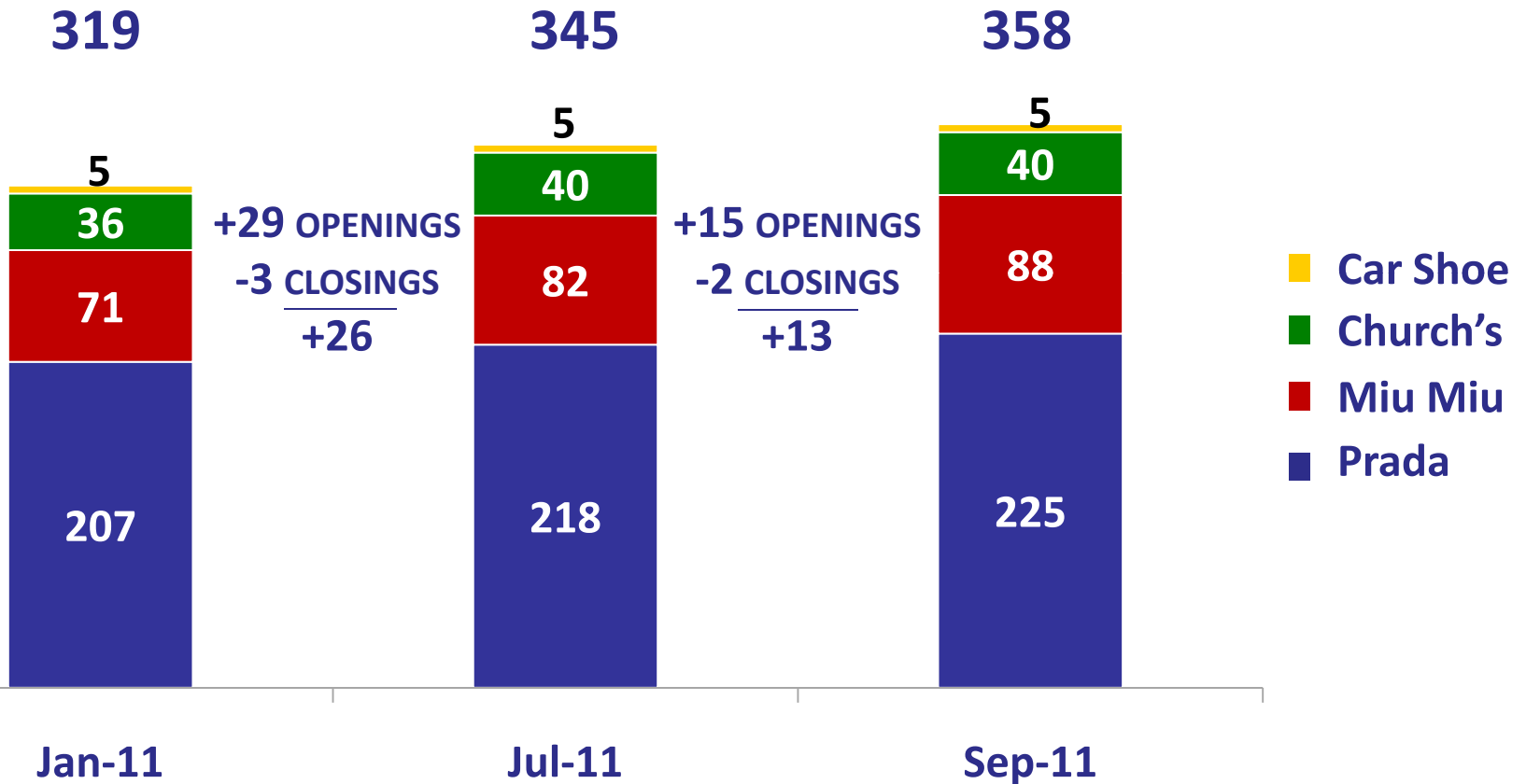


## Capex Driven by DOS Openings (€ mn)

- 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

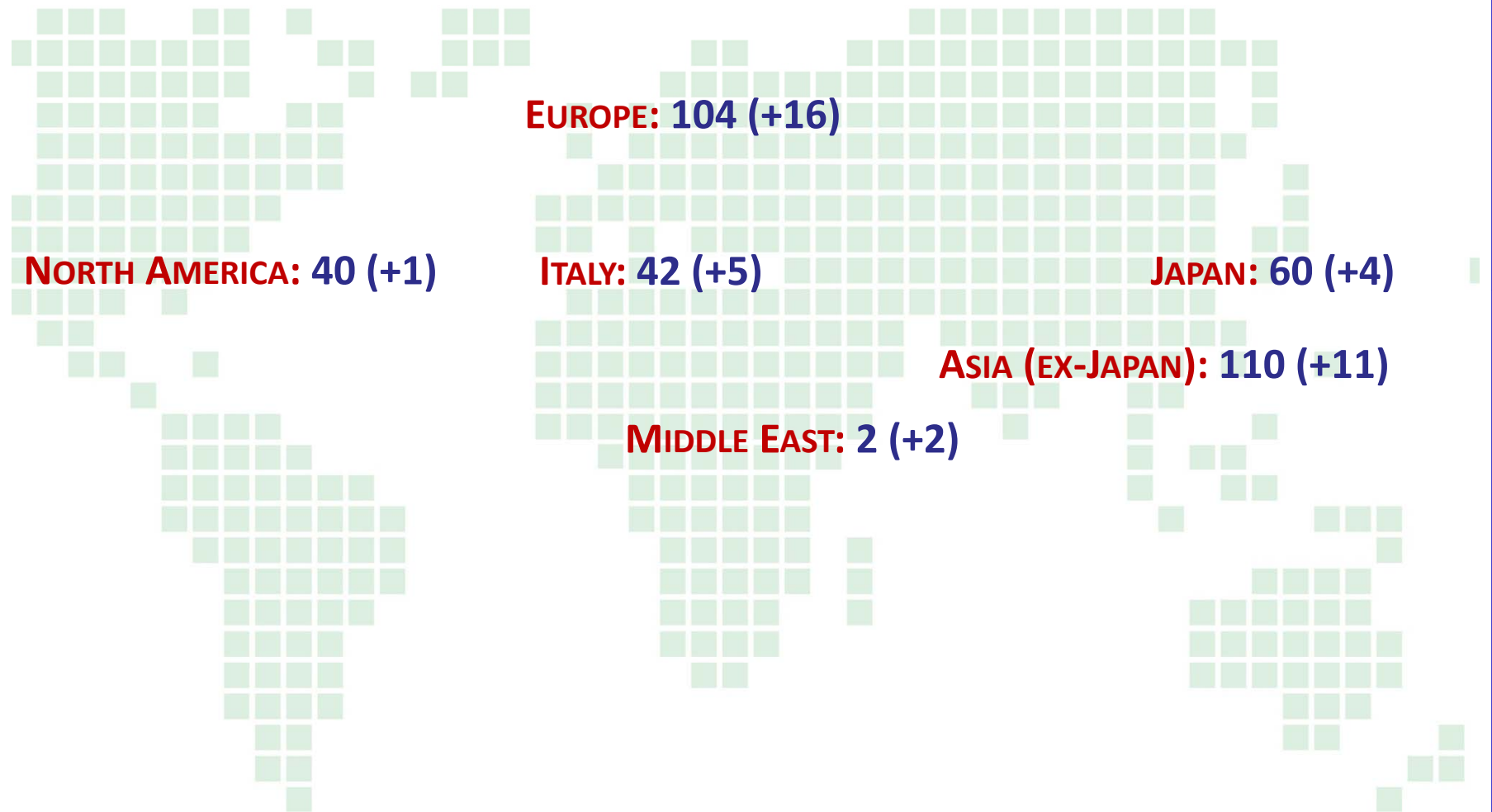


# DOS Network Development



# DOS Network

## 358 DOS at Sept 2011

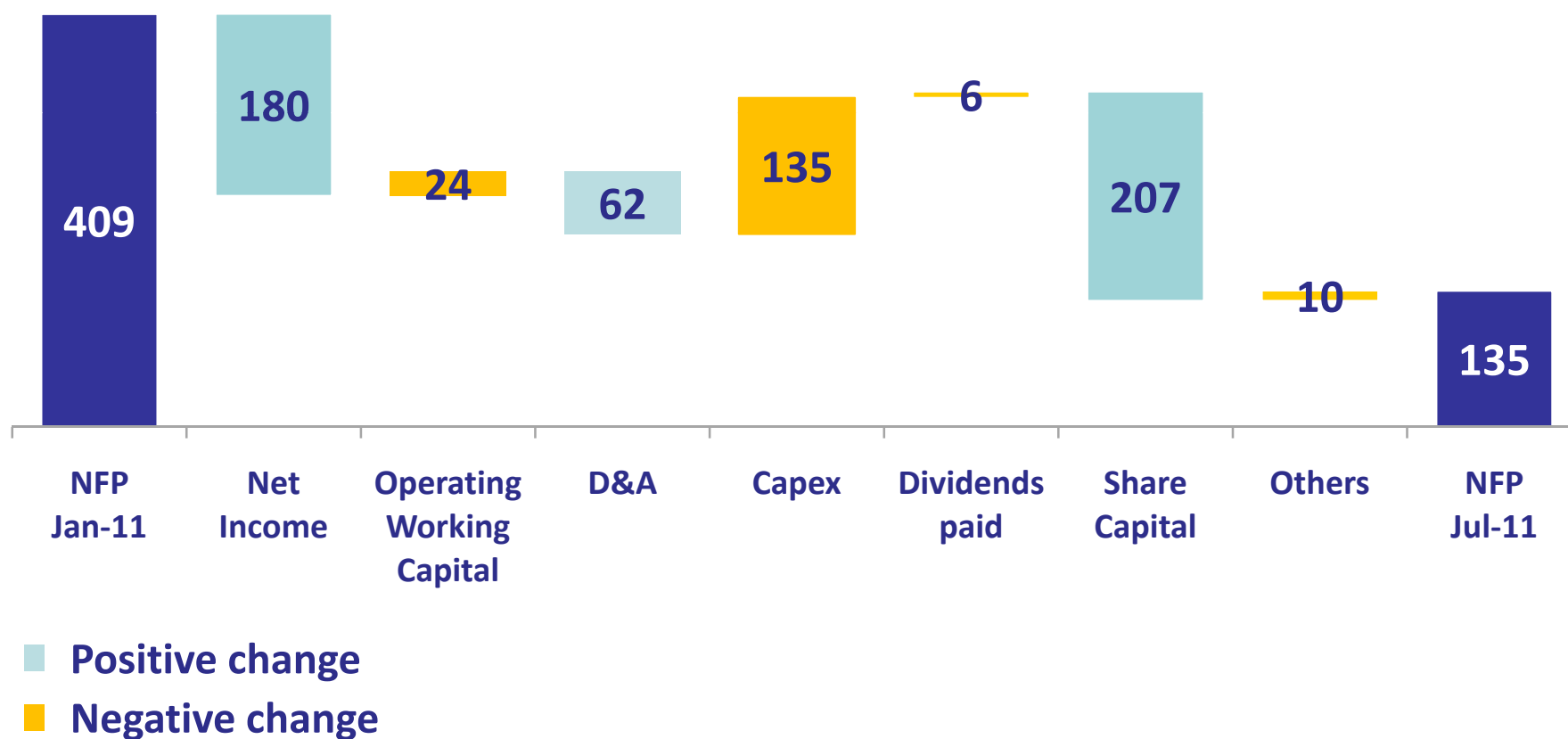


## Main Balance Sheet items (€ mn)

	July 2010	January 2011	July 2011
<b>Net Financial Position</b>	<b>460.1</b>	<b>408.6</b>	<b>135.2</b>
<b>Net Operating Working Capital</b>	<b>313.0</b>	<b>320.7</b>	<b>354.5</b>
<b><i>NOWC on Net Revenues</i></b>	<b><i>17.6%</i></b>	<b><i>15.7%</i></b>	<b><i>15.8%</i></b>
<b>Capital Employed (average)</b>	<b>1,545</b>	<b>1,538</b>	<b>1,619</b>
<b><i>ROCE</i></b>	<b><i>19.3%</i></b>	<b><i>27.2%</i></b>	<b><i>30.9%</i></b>

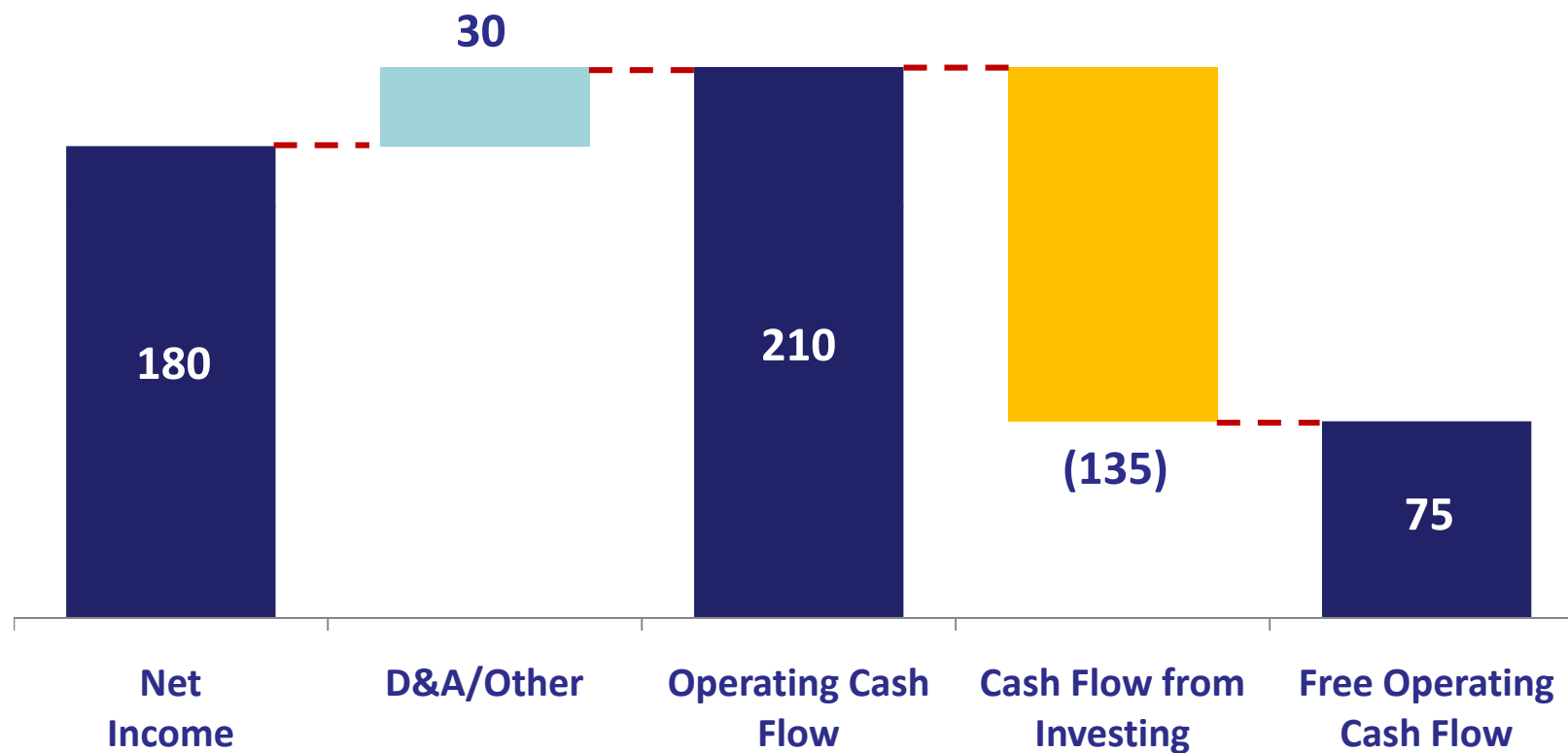
# Cash Flow Generation (€ mn)

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





# Operating Cash Flow (€ mn)



# Current Trading

- **Markets' situation up to now is regular worldwide**
- **Current sales trend, reported and like-for-like, in line with 1H**
- **Confidence on the effectiveness of the retail strategy and global geographical presence**

# Strategic Guidelines

## Focus on Retail

We confirm our strategy with focus on the expansion of our Retail network and the selective approach to Wholesale

## New Openings

We expect 80 openings on average a year until 2013 with about 50% of the openings in fast growing markets. Out of the approx. 550 stores we expect at the end of the FY2013 about 50% will be in Asia and about 50 in China

## Product Know-How

Selective investment to further improve internal know-how on product development and industrialization

## Advertising and Promotion

Strong increase in 2011, we will keep investing in brands' equity in the following years with incidence on sales not higher than 2011

## Operational Efficiency

Cost control and efficiencies to preserve operational leverage