PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS FOR 2015

Consolidated net revenues of Euro 3,548 million
EBITDA of Euro 803 million (22.6% of revenues)
EBIT of Euro 503 million (14.2% of revenues)
Net income of Euro 331 million (9.3% of revenues)
Dividend of Euro 11 cents per share

Milan, April 8, 2016 – The Prada Spa Board of Directors met today to review and approve the separate financial statements of Prada Spa and the consolidated financial statements for the year ended January 31, 2016.

Revenues

Consolidated net revenues for the year amounted to Euro 3,547.8 million and were consistent with prior year (Euro 3,551.7 million in 2014).

In line with the strategy followed for several years, the Group continued with its planned development of the retail network, while reducing exposure in the wholesale channel.

In more detail, **wholesale** revenues for 2015 stood at Euro 444.6 million, (down by Euro 88 million or 16.5% at current exchange rates), essentially because of the selective policy implemented on the European market.

Retail channel by geographical area and brand

The sales of the Group's **retail** network – 618 DOS at January 31, 2016 – grew by Euro 79 million, a 2.6% increase at current exchange rates, to stand at Euro 3,059.7 million and were sustained by favorable exchange rate trends.

Sales on the **European market** recorded a healthy increase in 2015 at both current exchange rates +5.9% and constant exchange rates +5%, boosted by the weakening of the Euro which attracted a significant flow of Asian and American travelers, especially in the first half of the year.

The positive trend enjoyed by the **Japanese** market since 2010 continued in 2015 and it recorded 10.7% growth at current exchange rates and 3.9% growth at constant exchange rates, driven by a rising number of Chinese tourists.

The economic situation on the **Chinese** market remains negative and consequently, in financial year 2015, the **Asia Pacific** area as a whole recorded a 4.4% revenue decrease at current exchange rates and a 16.1% decrease at constant exchange rates.

Thanks to favorable exchange rates, sales on the **American market** grew by 5%. However, in real terms, there was a decrease, largely because the US Dollar strengthened greatly over the year. This negatively impacted the inflow of tourists – especially from China and South America – while, at the same time, shifting part of American consumption towards Europe.

Moving on to the retail channel by brand, **Prada** recorded net sales of Euro 2,487.6 million with a 1% increase, entirely attributable to the exchange rate effect. Meanwhile, **Miu Miu** enjoyed revenue growth at both current exchange rates, +10.3% and constant exchange rates, +1.3%. **Church's** also achieved growth for the year of 14.7% at current exchange rates and its performance was also positive in real terms, + 7.5% at constant exchange rates.

The licensing business (eyewear and fragrances) performed extremely well with royalties of Euro 43.4 million for the year ended January 31, 2016, up by 13.5%, also thanks to the launch of the first Miu Miu fragrance.

Economic and financial results

Margins for the year were conditioned by the lack of sales growth which meant that higher costs due to retail network expansion were not fully absorbed. However, operating expenses are starting to reflect the impact of the far-reaching and ongoing measures intended to make all processes, retail, manufacturing and corporate, more efficient, as well as the impact of actions taken to reduce discretionary costs in different areas.

EBITDA amounted to Euro 802.8 million: 22.6% of consolidated net revenues, (26.9% in 2014)

EBIT totaled Euro 503 million: 14.2% of consolidated net revenues, (19.8% in 2014).

Net income, amounting to Euro 330.9 million, represents 9.3% of consolidated net revenues, (12.7% in 2014).

At January 31, 2016, the Group's **Net Financial Position** was negative and stood at Euro 115 million. Operating cash flows of Euro 368 million generated in the period were used to finance capital expenditures of Euro 337 million. During the year, dividends totaling Euro 281 million were distributed to the shareholders.

The Board has made a proposal to the General Meeting, convened for May 24, 2016, for the distribution of a **dividend** of 11 Euro cents per share, unchanged compared to 2014.

Patrizio Bertelli, Chief Executive Officer of Prada Spa, commented: "*Throughout 2015, the luxury goods market had to deal with an economic environment characterized by volatile financial markets and by heightening geopolitical tension in different regions across the world. These conditions are still present and 2016 is expected to be affected by instability which makes any short-term forecasts uncertain. Bearing this in mind and in order to ensure the Group achieves satisfactory profit levels, we have recently implemented a thorough review of all operating processes. The results, in terms of greater efficiency and productivity, will be apparent in the months to come. We will pay particular attention to new forms and methods of communication designed to develop a relationship between our brands and an ever larger audience, based on a permanent dialogue embracing the various parts of the Prada universe. At the same time, we will continue to pave the way for the sustainable long-term growth of the Group with investments aimed at enhancing the distinctive features that make our brands unique: excellent product quality with contemporary and innovative design and capacity to interpret the desires of our ever more sophisticated and demanding customers"*

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PRADA Group
The PRADA Group –HKSE Code: 1913 – 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 production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. Moreover, in 2014, Prada acquired 80% of Marchesi srl, owner of the historic Milanese patisserie founded in 1824. The Group also operates, under licensing agreements, in the eyewear and fragrance sectors. Its products are sold in 70 countries worldwide through a network that included 618 directly operated stores (DOS) at January 31, 2016 and a select network of luxury department stores, independent retailers and franchise stores.