

PRADA

MILANO

DAL 1913

FY 2015 Results Presentation

New York, April 11th 2016

Agenda

Presentation

11:00am – 11:45am

Carlo Mazzi - *Chairman*

- 2015 Overview

Alessandra Cozzani - *Group CFO*

- 2015 Financial Review

Stefano Cantino - *Group Strategic Marketing Director*

- Building up a customer centric culture

Q&A Session

11:45am – 12:30pm

Light Lunch

12:30pm – 1:30pm

2015 Overview

TURNOVER

Total Revenues to € 3,548 mn in FY-2015, in line with the previous year:

- Retail channel (86% on sales) up 3% (-5% at constant FX)
- Wholesale channel down 17% (-21% at constant FX) due to persistent rationalization strategy
- Royalties up +14%

RETAIL TRENDS

By region:

- Positive organic growth in Europe and Japan
- Asia Pacific weighed on trends
- US weakened in H2

By brands / category:

- Prada trend driven by favourable FX
- Miu Miu overall positive organically during the period
- Church's over-performed driven by positive SSSG
- Leather goods still underperforming
- Double digit organic performance in footwear and resilience in RTW

OPERATING RESULTS

Gross margin strong to 72,4%

EBIT to € 503 mn, 14,2% on Revenues

Net Result to € 331 mn, 9,3% on Revenues

2015 Financial Review

Alessandra Cozzani

Group CFO

Net Sales by Channel (€ mn) – Full Year

	2014		2015		% change as reported	% change same FX
Retail	2,980.9	85%	3,059.7	87%	+3%	-5%
Wholesale	532.5	15%	444.6	13%	-17%	-21%
Total	3,513.4	100%	3,504.3	100%	-	-8%

Retail

- +3% reported driven by FX tailwind
- -5% at constant exchange rates: negative SSSG in Asia and US, positive in Europe and Japan

Wholesale

- -17% reported (-21% at constant FX), as a result of:
 - persistent selective strategy of wholesale partners, notably in Europe
 - weakness in duty-free channel in Korea mainly due to Mers outburst
 - High-single-digit positive organic performance in US market in Q4 as a result of a good reception from the S/S 2016 collection

Net Sales by Geography (€ mn) – Full Year

<i>Note(*)</i> : PRC, HK, Macau <i>Note(**)</i> : Japan and Hawaii	2014		2015		% change as reported	% change same FX
Retail						
Europe	999.6	34%	1,058.6	35%	+6%	+5%
Americas	391.2	13%	410.8	13%	+5%	-9%
Far East	1,130.2	38%	1,080.0	35%	-4%	-16%
<i>Greater China(*)</i>	769.7	26%	705.8	23%	-8%	-22%
Japan (**)	364.8	12%	403.7	13%	+11%	+4%
Middle East	92.9	3%	103.5	3%	+12%	-5%
Others	2.2	-	3.1	-	+41%	+42%
Total Retail	2,980.9	85%	3,059.7	87%	+3%	-5%
Wholesale	532.5	15%	444.6	13%	-17%	-21%
Total Sales	3,513.4	100%	3,504.3	100%	-	-8%

Europe – positive organic growth driven by tourism, albeit slowing in Q4 due to terrorists attacks in France

Americas – US underlying trends impacted by strong USD, resulting in less tourism and shift of local consumption in other shopping destinations; North American customers were broadly flat in the period

Double digit organic growth in Brazil and Mexico in both Q3 and Q4

Asia Pacific – difficulty in most markets, affected by pricing differentials and Chinese stock market volatility; HK and Macau still impacted by very low footfall

Japan – positive organic growth throughout the year, sustained by tourism, mainly Chinese

Middle East – Dubai suffering from lower tourism; Middle Eastern customers overall largely positive worldwide throughout the year

Net Sales by Brand (€ mn) – Full Year

	2014		2015		% change as reported	% change same FX
Prada	2,463.2	83%	2,487.6	81%	+1%	-7%
Miu Miu	455.0	15%	501.7	16%	+10%	+1%
Church's	49.0	2%	56.2	2%	+15%	+7%
Other	13.8	-	14.2	-	+4%	+2%
Total Retail	2,980.9	85%	3,059.7	87%	+3%	-5%
Total Wholesale	532.5	15%	444.6	13%	-17%	-21%
Total	3,513.4	100%	3,504.3	100%	-	-8%

Prada

- Positive organic trends in Europe and Japan and weakness in Asia Pacific (mainly in HK and Macau) and US

Miu Miu

- Positive underlying growth sustained particularly by strong performances in Europe, Middle East and Mainland China

Church's

- Very good retail performance in the period, benefitting from higher exposure to Europe
- High single digit SSSG in the year

Net Sales by Product (€ mn) – Full Year

	2014		2015		% change as reported	% change same FX
Leather Goods	1,965.6	66%	1,919.9	63%	-2%	-10%
Footwear	448.7	15%	537.5	18%	+20%	+11%
Ready to Wear	512.3	17%	541.6	18%	+6%	-3%
Others	54.3	2%	60.7	2%	+12%	+4%
Total Retail	2,980.9	85%	3,059.7	87%	+3%	-5%
Total Wholesale	532.5	15%	444.6	13%	-17%	-21%
Total	3,513.4	100%	3,504.3	100%	-	-8%

Leather goods business impacted by contrasting trends across regions

- Positive organic growth in Europe and Japan during the period
- Negative trend in Asia Pacific and US

Continued strength of **Footwear** across all brands, still growing in Q3 and Q4 after six consecutive quarters of double-digit organic growth

Resilient performance in **Ready-to-wear**, improving in Q4 as a result of a very good reception from the Prada women F/W collection

Group Profit and Loss – Full Year

€ mn	2015		2014	
Net Sales	3.504,3	98,8%	3.513,4	98,9%
Royalties	43,4	1,2%	38,3	1,1%
Net Revenues	3.547,8	100,0%	3.551,7	100,0%
COGS	(980,2)	27,6%	(1.001,1)	28,2%
Gross Margin	2.567,6	72,4%	2.550,6	71,8%
Product Development	(134,3)	3,8%	(132,6)	3,7%
Advertising & Promotion	(191,7)	5,4%	(170,6)	4,8%
Selling	(1.517,4)	42,8%	(1.340,8)	37,8%
G&A	(221,3)	6,2%	(205,0)	5,8%
EBIT	502,9	14,2%	701,6	19,8%
Net Financial Income (Expenses)	(27,5)	0,8%	(34,0)	1,0%
Income Taxes	(142,0)	4,0%	(208,5)	5,9%
Net Income	333,4	9,4%	459,5	12,9%
Minority Income	2,4	0,1%	8,5	0,2%
Group Net income	330,9	9,3%	451,0	12,7%
D&A	299,9	8,5%	252,7	7,1%
EBITDA	802,8	22,6%	954,3	26,9%

EBIT Development – Full Year



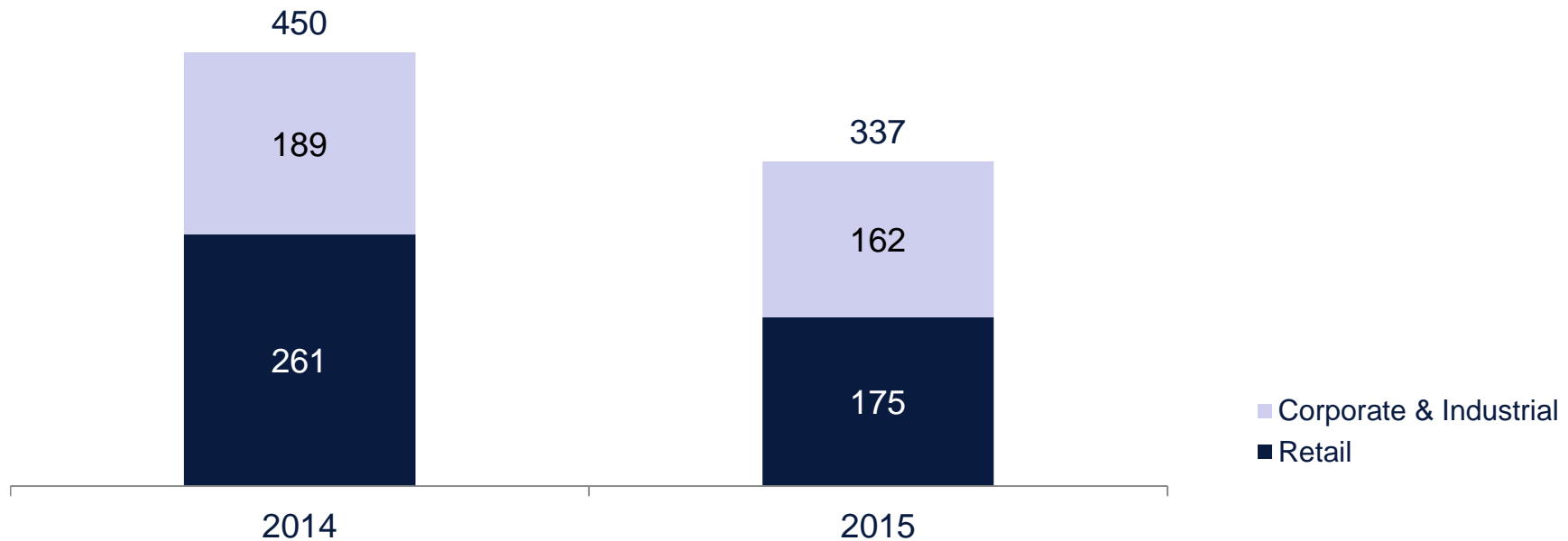
- Gross Margin improvement mainly driven by supply chain efficiencies, largely offsetting unfavourable category / geographic mix
- Higher incidence of selling expenses affected by negative SSSG and higher fixed costs, due to retail network expansion
- € 9 mn one-off expenses included in G&A weighed 90 bps dilution on EBIT margin in Q4

Capex (€ mn) – Full Year

Retail capex in 2015 includes 22 net openings, 20 relocations and 11 renovations

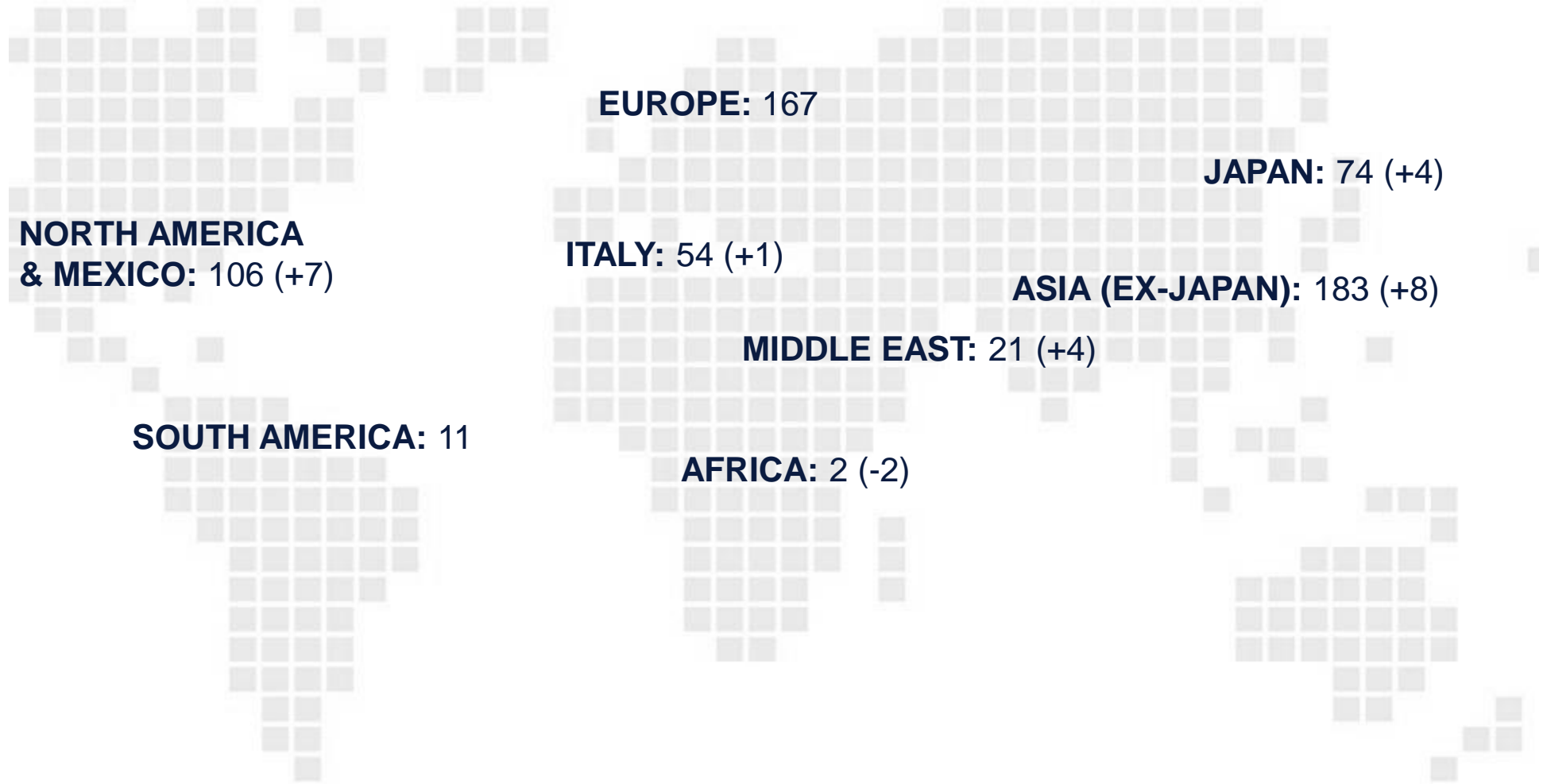
2015 Corporate & Industrial capex includes 2 new industrial facilities:

- Leather goods factory in Tuscany, Italy
- Tannerie Hervy in Limoges, France



Retail Overview - 618 Dos at January 31st, 2016 (*)

22 Net openings



(*) including 2 Marchesi shops in Italy

Net Financial Position (€ mn)

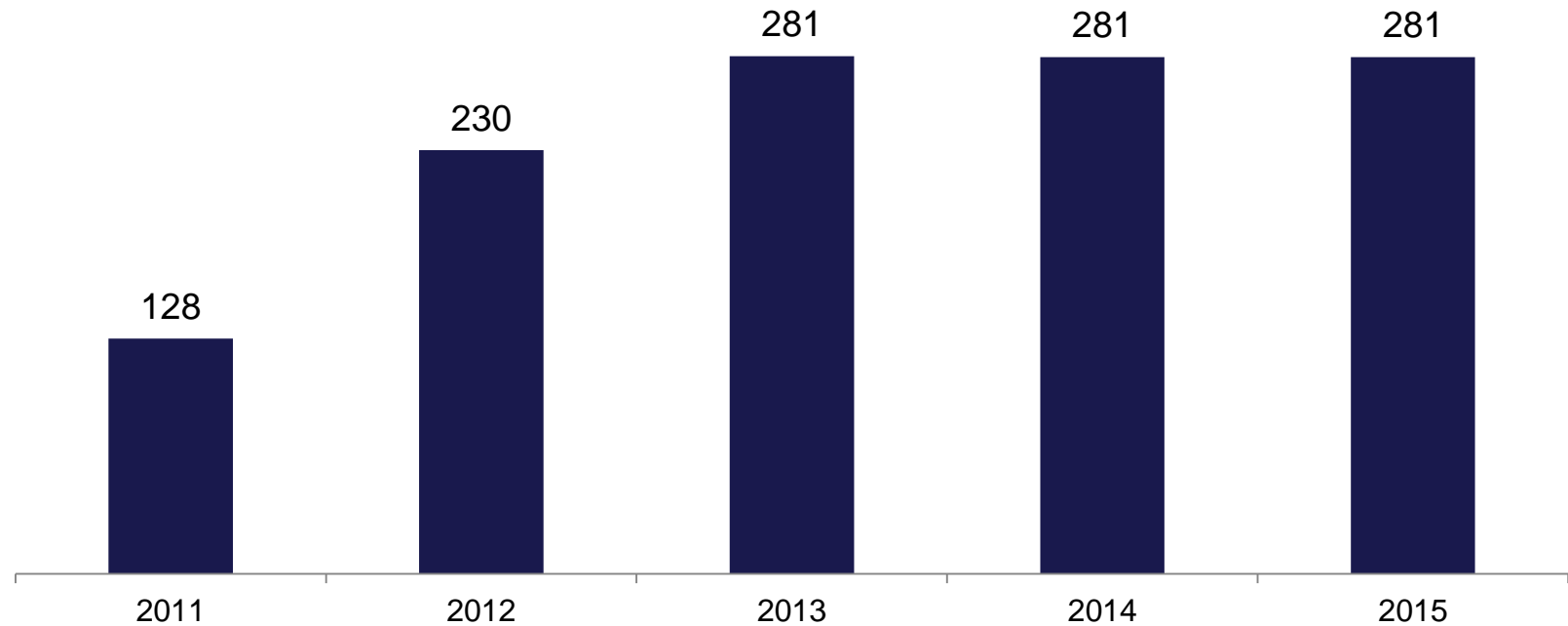


* including payment of payables for capex 2014 (headquarter office in Milan)

Strong Balance Sheet (€ mn)

	2015	2014
Non-current assets	2,587	2,557
Net operating working capital	665	563
Other current assets / (liabilities), net	26	(222)
Other non-current assets / (liabilities), net	(66)	(69)
Net invested capital	3,212	2,829
Total consolidated shareholders' equity	3,097	3,018
Net financial position (surplus) / deficit	115	(189)
Total	3,212	2,829

Dividend Policy (€ mn)



*Dividend
Payout (in %)*

30%

37%

45%

62%

85%

*Dividend
Per Shares (in €)*

0,05

0,09

0,11

0,11

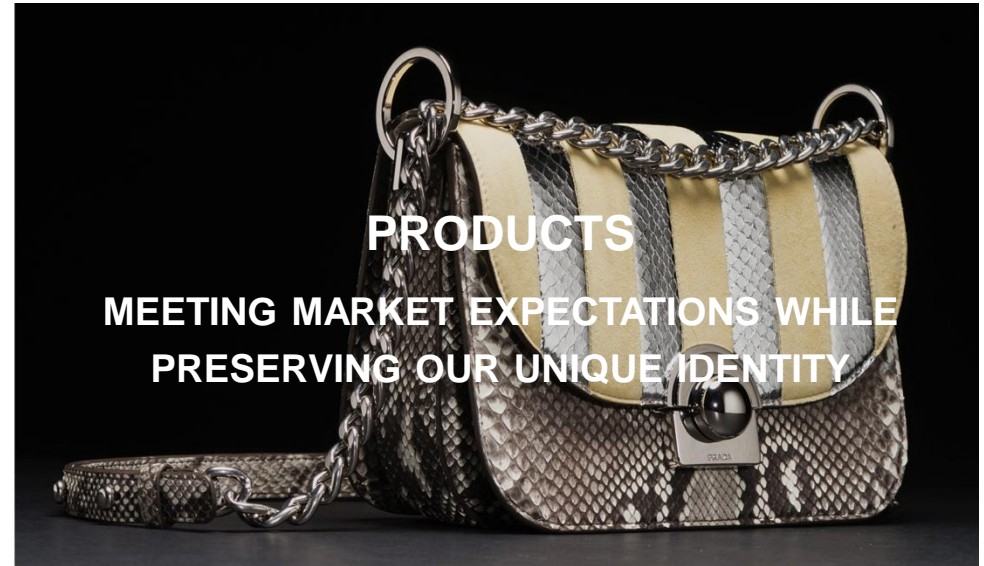
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Building up a customer centric culture

Stefano Cantino

Group Strategic Marketing Director

Building up a customer centric culture



CHANNEL

Leveraging on our best in class distribution network

RETAIL

- Retail network optimization
 - rationalize in store space
 - selective closures
- Store concept evolution at Miu Miu
- Continuous research of market opportunities

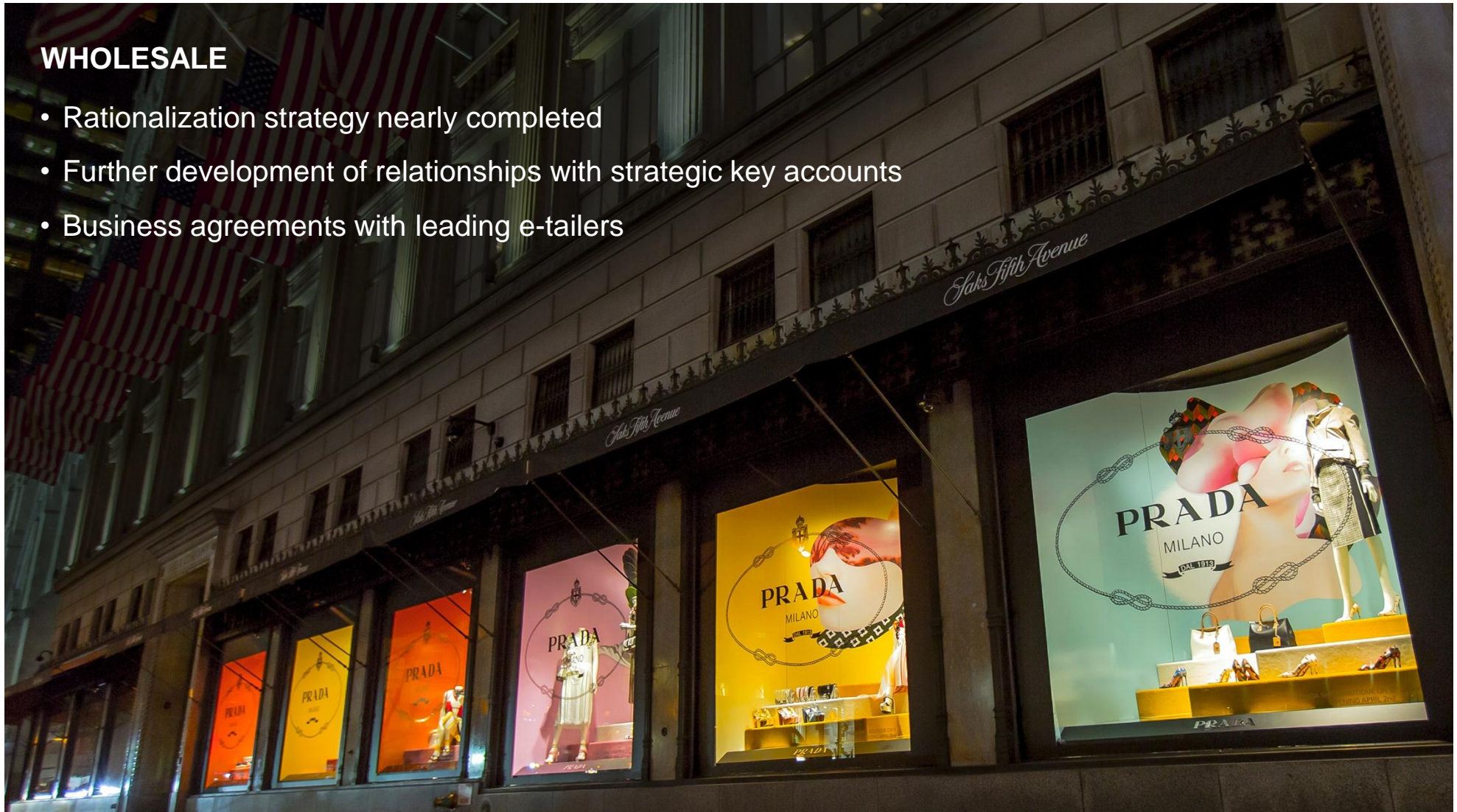


CHANNEL

Leveraging on our best in class distribution network

WHOLESALE

- Rationalization strategy nearly completed
- Further development of relationships with strategic key accounts
- Business agreements with leading e-tailers



CHANNEL

Leveraging on our best in class distribution network

LICENSING

- Keep growth momentum in eyewear at both Prada and Miu Miu
- Successful launch of the new Miu Miu fragrance



CHANNEL

Leveraging on our best in class distribution network

E-COMMERCE

- Set in-house operations across all brands to develop CRM and e-shopping experience
- Development plan: extend categories and expand in new countries



PRODUCTS

Meeting market expectations while preserving our unique identity

- Relentless focus on innovation and quality: leveraging on our design leadership
- Optimize the leather goods portfolio: strengthen all strategic prices ranges to cover any customer expectations
- Strong focus on both local customers and tourists:
 - Merchandising mix differentiation among regions and stores
 - Price harmonization across countries
- Reduce time to market: “see now buy now” special projects
- Development of more versatile collections at Miu Miu
- New merchandising mix focused on luxury lifestyle aligned with current market expectations



PRODUCTS

Pricing harmonization



Prada Arcade bag

PRODUCTS

See now buy now

SEE NOW BUY NOW

February 2016 – An avant-première of the Pionnière and Cahier bags, starred at the Prada F/W 16 fashion show; both models were immediately available, in limited edition, in Milan, Paris, London and New York Prada stores



COMMUNICATION

Targeting a global audience

- Embracing Digital Communication
- Innovative communication projects leveraging on new platforms
- Revisited communication approach for Miu Miu brand: new styling for fashion shows and advertising
- Fondazione Prada: brand's "DNA" strong reference to culture



COMMUNICATION

Embracing digital communication

INCREASING FOCUS ON SOCIAL MEDIA AND DIGITAL COMMUNICATION

- In 2015 both Prada and Miu Miu have been active with special projects dedicated to Social Media achieving remarkable increase in fan base growth and engagement
- Reached 6.9 mn fans on Instagram in 2015 (+4.3 mn, + 167% growth yoy)
- Social media projects to be further enhanced in 2016
- Focus on China: Activated social platform Sina Weibo on February 2016

Prada social media - Worldwide



Facebook
5,5 M



Twitter
690 k



Instagram
7,6 M



LinkedIn
178 k

Prada social media - China



Sina Weibo
61 k



WeChat
64 k

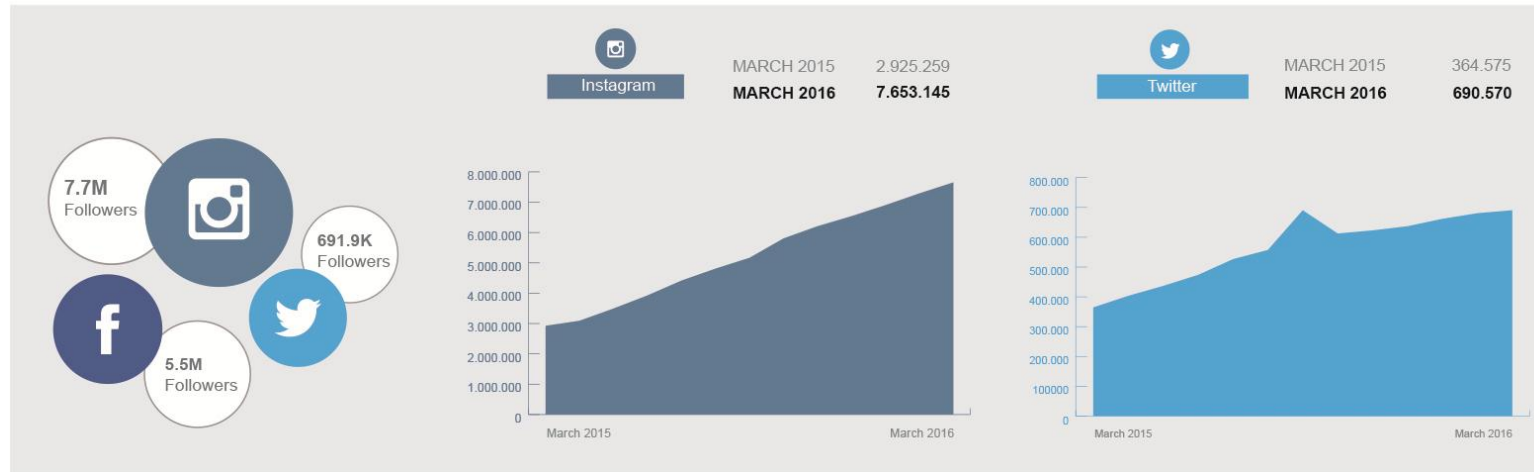
COMMUNICATION

Embracing digital communication

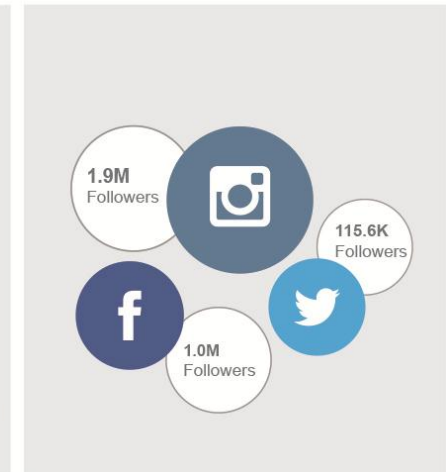
INCREASING FOCUS ON SOCIAL MEDIA AND DIGITAL COMMUNICATION

- On February 2016 Prada came out on top during Milan Fashion Week: it was the **most engaging brand** on Instagram with 515,000 interactions in one day reaching 7.2 mn followers (*source: Blogmeter*)
- Prada was the 5th Instagram profile in terms of increasing traffic among luxury brands in February 2016 (*source: Stylophane*)

Prada followers distribution



Miu Miu followers distribution



COMMUNICATION

Embracing digital communication

MIU MIUSIC - THE NEW FASHION APP

Developed by Miu Miu for IOS, Android and Windows devices, the Miu Miusic app has been launched in February 2016.

The project is aimed to engage Miu Miu and music lovers in an exclusive experience, allowing users to create their personal videoclips by combining music tracks and original graphics and share them on their favourite social media.

Two artistic worlds – the music created exclusively by DJ Frederic Sanchez and a set of distinctive Miu Miu graphics – are brought together with unique, highly personal video contents, different every time.

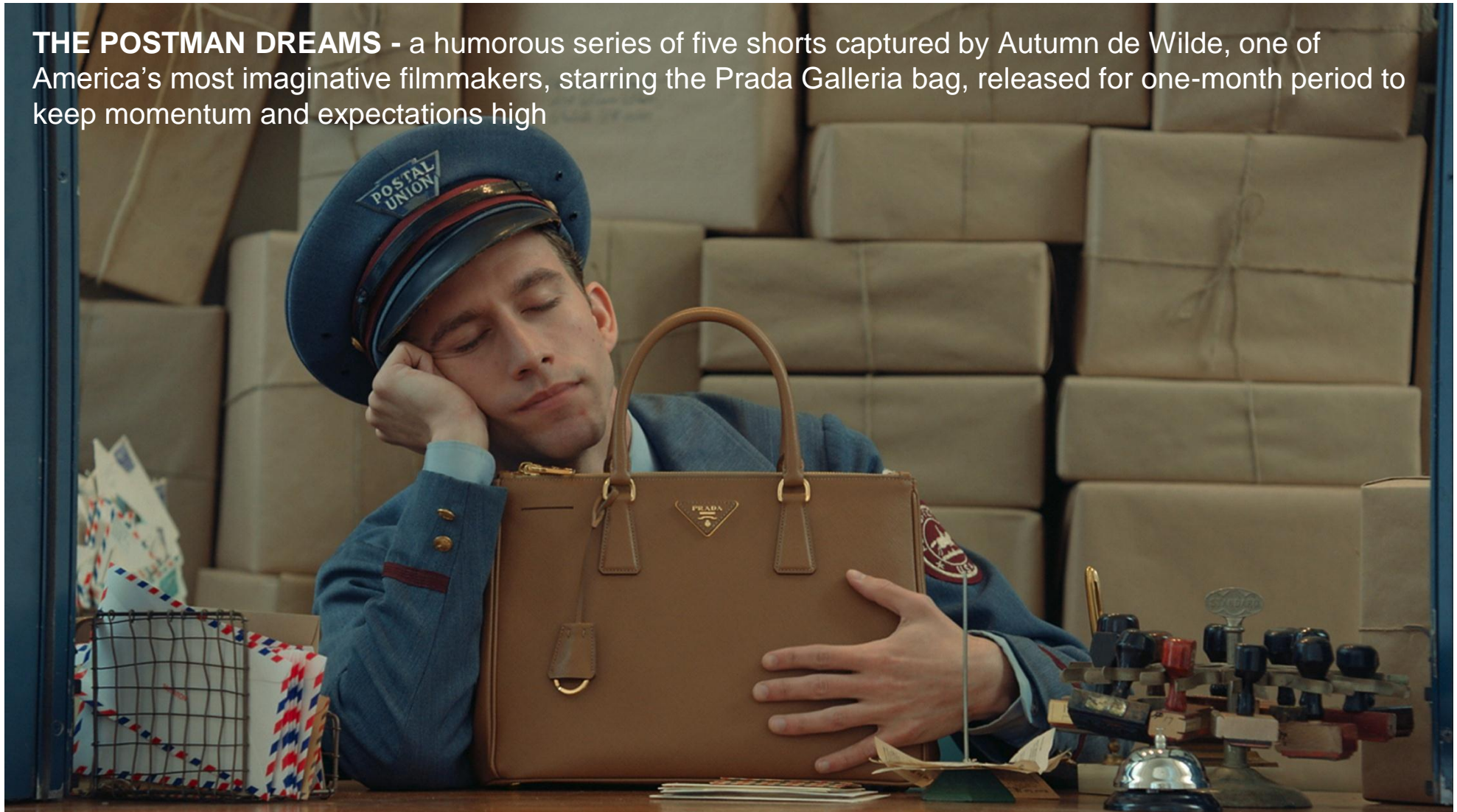
New releases are planned in 2016 involving new artists and visuals consistent with the new Miu Miu collections. New features will include the possibility to shop selected online key items.



COMMUNICATION

Innovative communication projects

THE POSTMAN DREAMS - a humorous series of five shorts captured by Autumn de Wilde, one of America's most imaginative filmmakers, starring the Prada Galleria bag, released for one-month period to keep momentum and expectations high



COMMUNICATION

Innovative communication projects

REAL FANTASIES - video created by AMO, the design and research division of the OMA architecture studio, to present the Prada Men's and Women's Collections.

The video provides a graphical reinterpretation of the Indefinite Hangar, the space designed for the Spring/Summer 2016 fashion shows, where spectators experienced a sensation of continuity between the ceiling and floor, thus blurring the boundaries between the catwalk and the public.



COMMUNICATION

Innovative communication projects

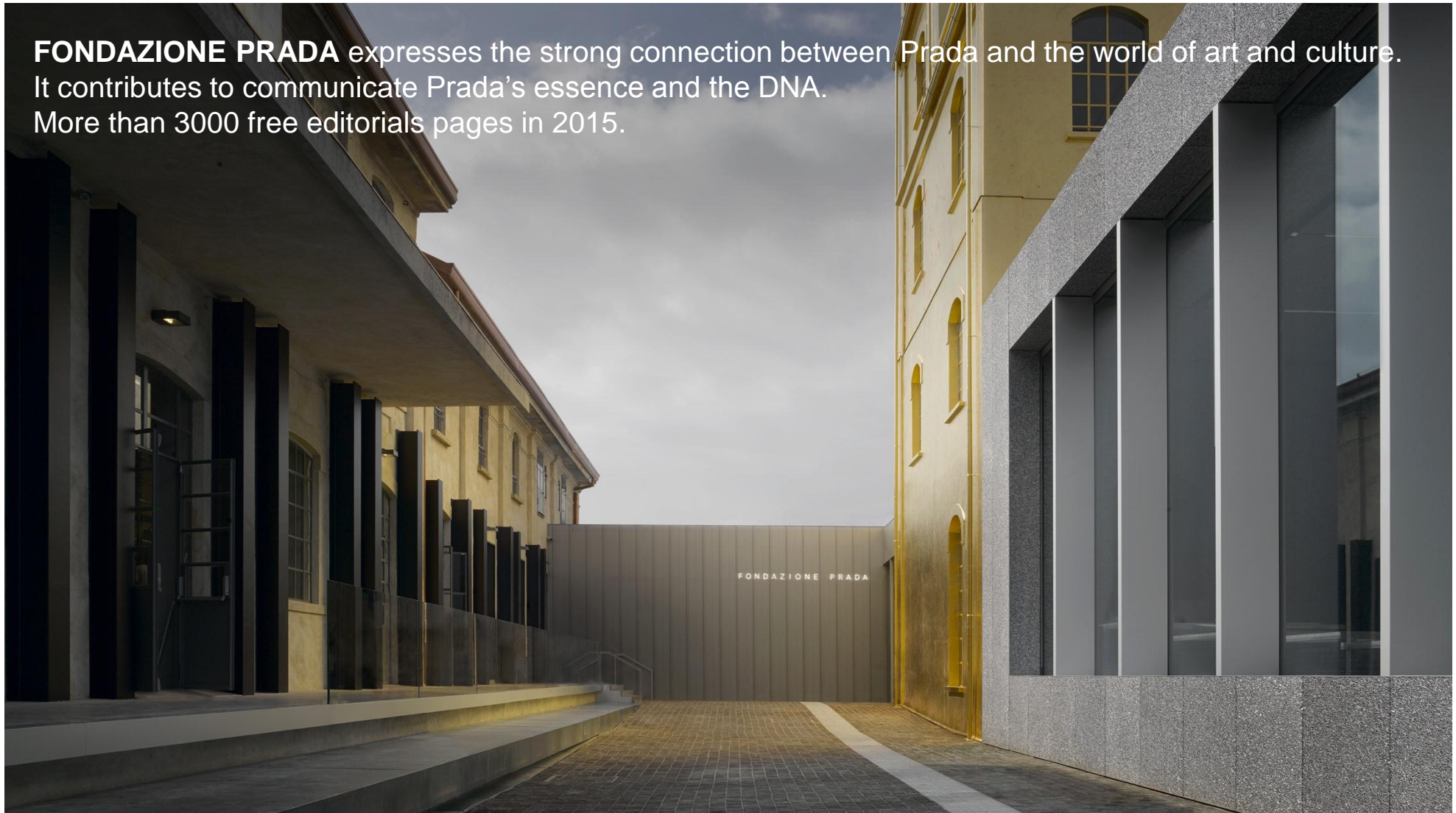
MIU MIU WOMEN'S TALES - a series of short films created by renowned international contemporary female directors, inspired by Miu Miu to celebrate and interpret the concept of femininity: an innovative vision consistent with Miu Miu's avant-garde identity.



COMMUNICATION

Fondazione Prada

FONDAZIONE PRADA expresses the strong connection between Prada and the world of art and culture. It contributes to communicate Prada's essence and the DNA. More than 3000 free editorials pages in 2015.

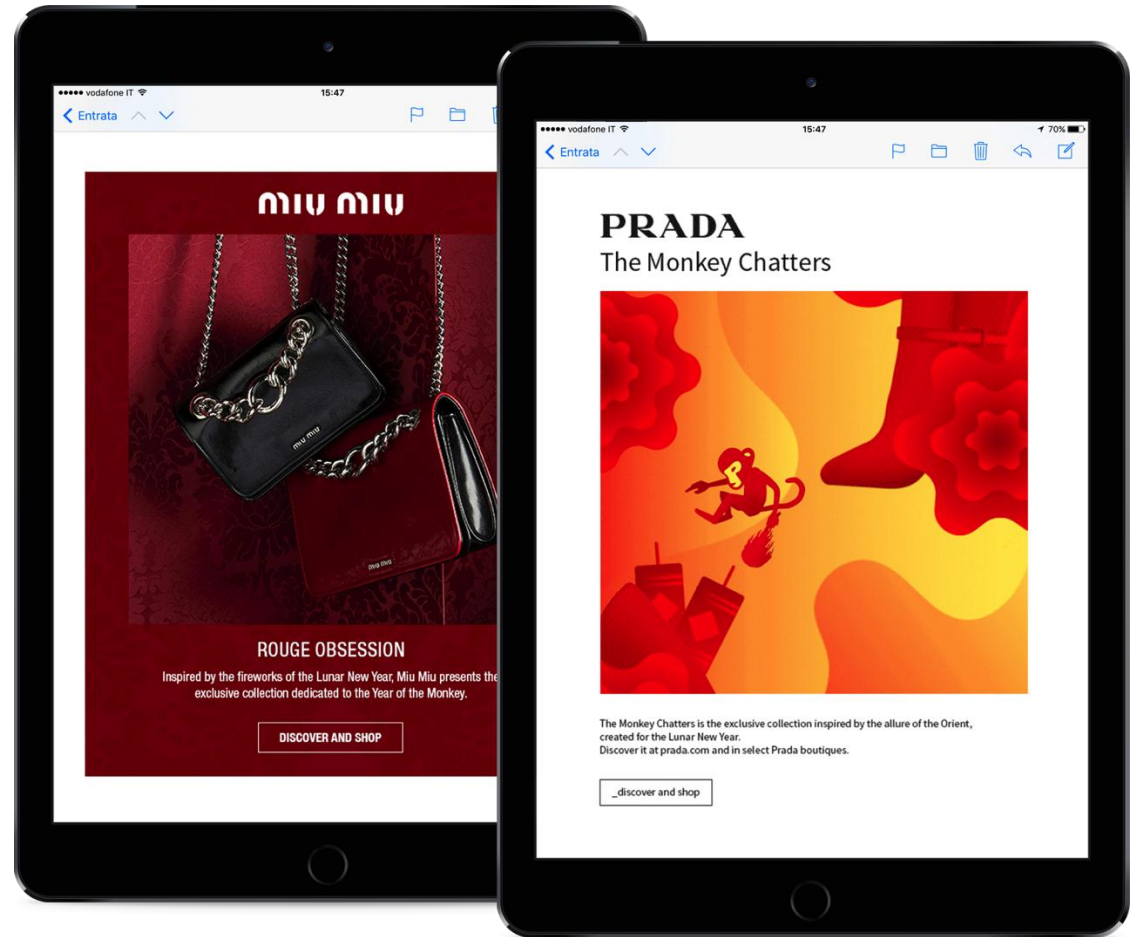


EXPERIENCE

Tailored attention to customer experience by providing outstanding services

One of the key pillars of the Prada Group's 2016 strategy is the strengthening of our relationship with existing and aspirational clients, including millennials:

- An highly innovative “Digital Retail Project”: a comprehensive view of our customers
- One-to-one digital marketing: “Prada Monkey Chatter”, “Miu Miu Rouge obsession”...
- Tailored services: made-to-order, local delivering, trunk shows...
- In-store marketing events: private fashion shows, special events...



EXPERIENCE

Digital Retail Project a comprehensive view of our customers

With the aim to increase retention and loyalty by providing personalized services and tailored product offer across different client segments and markets, the Group launched the «Digital Retail Project»

The project allows:

- **Store managers** to have full access to relevant information in order to have deeper customer insights and develop personalized metrics
- **Clients** to have access to exclusive contents (advertising campaigns, special projects, new product releases, exclusive fashion show, back stage materials on a one-to-one approach)



EXPERIENCE

One-to-one digital marketing

THE MONKEY CHATTER

February 2016 – Launch of an exclusive collection of women's and men's bags, footwear, accessories and iconic trick charms, to honour the Chinese New Year



EXPERIENCE

One-to-one digital marketing

ROUGE OBSESSION

Miu Miu capsule collection inspired by its affinity with the astrological sign after which the Chinese New Year is named



EXPERIENCE Made-to-Order

PRADA: MADE-TO-ORDER DÉCOLLETÉ

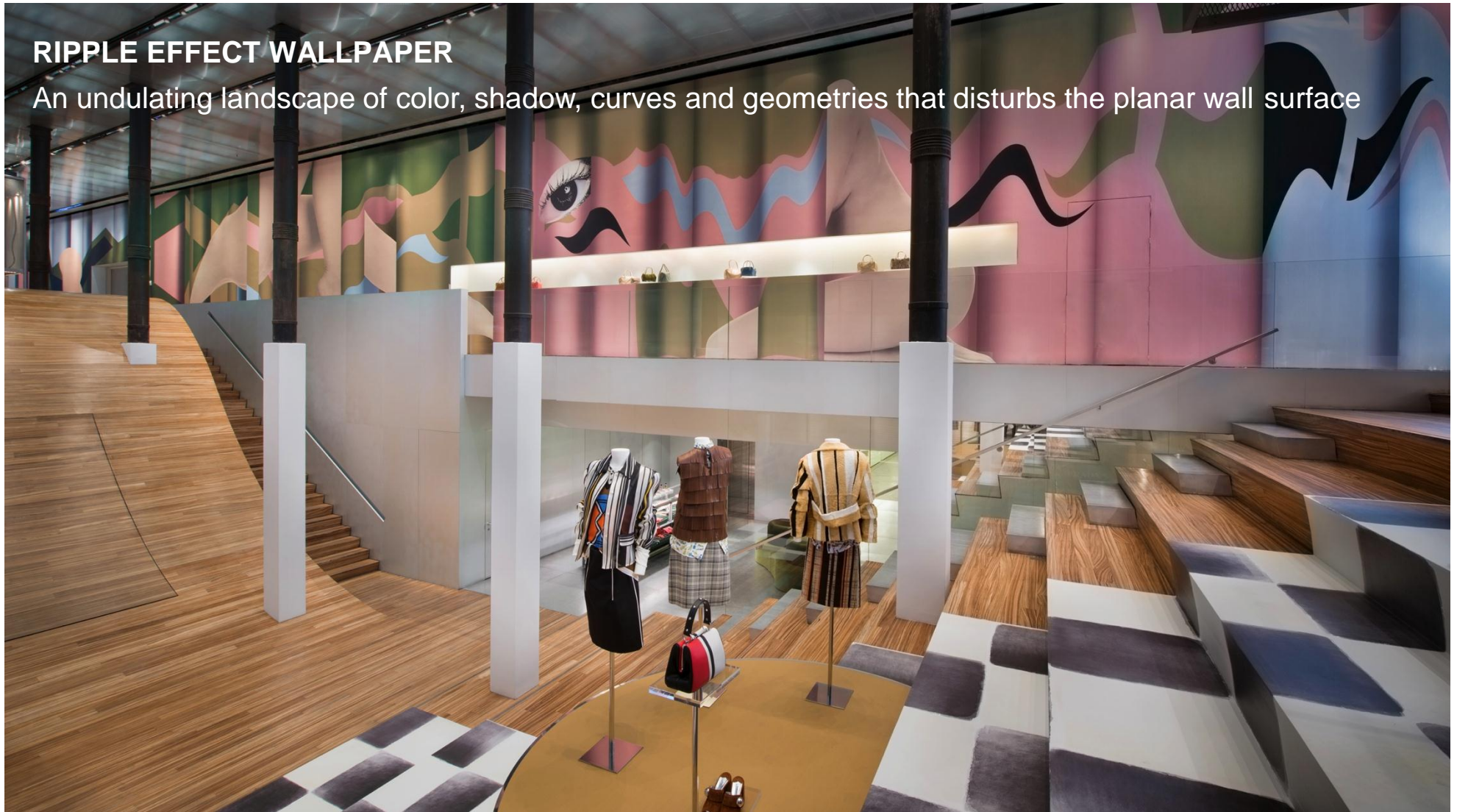


EXPERIENCE

In-store marketing

RIPPLE EFFECT WALLPAPER

An undulating landscape of color, shadow, curves and geometries that disturbs the planar wall surface



Appendix

Net Sales by Channel (€ mn) – 4th Quarter

	2014		2015		% change as reported	% change same FX
Retail	809.2	82%	806.3	84%	-	-6%
Wholesale	181.1	18%	149.0	16%	-18%	-21%
Total	990.3	100%	955.3	100%	-4%	-9%

Net Sales by Geography (€ mn) – 4th Quarter

<i>Note(*)</i> : PRC, HK, Macau <i>Note(**)</i> : Japan and Hawaii	2014		2015		% change as reported	% change same FX
Retail						
Europe	248.6	31%	242.7	30%	-2%	-3%
Americas	120.5	15%	117.0	15%	-3%	-10%
Far East	305.7	38%	295.6	37%	-3%	-10%
<i>Greater China(*)</i>	203.5	25%	189.4	23%	-7%	-16%
Japan (**)	107.7	13%	120.0	15%	+11%	+2%
Middle East	26.0	3%	30.1	4%	+16%	+3%
Others	0.7	-	0.9	-	+32%	+46%
Total Retail	809.2	82%	806.3	84%	-	-6%
Wholesale	181.1	18%	149.0	16%	-18%	-21%
Total Sales	990.3	100%	955.3	100%	-4%	-9%

Net Sales by Brand (€ mn) – 4th Quarter

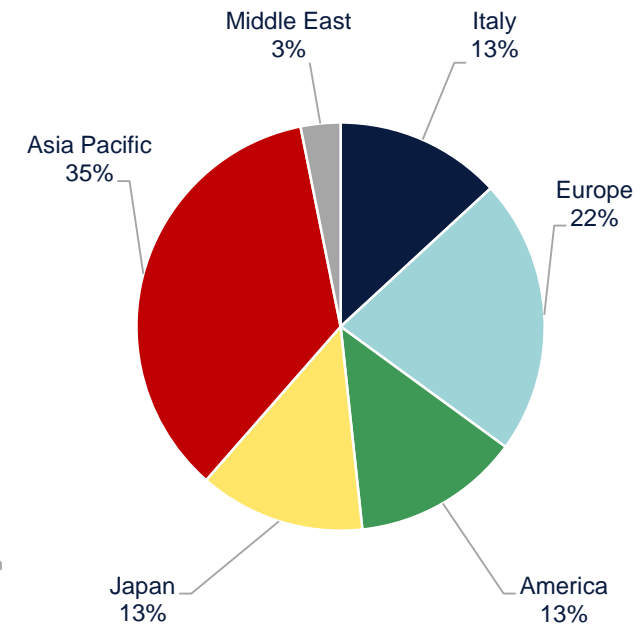
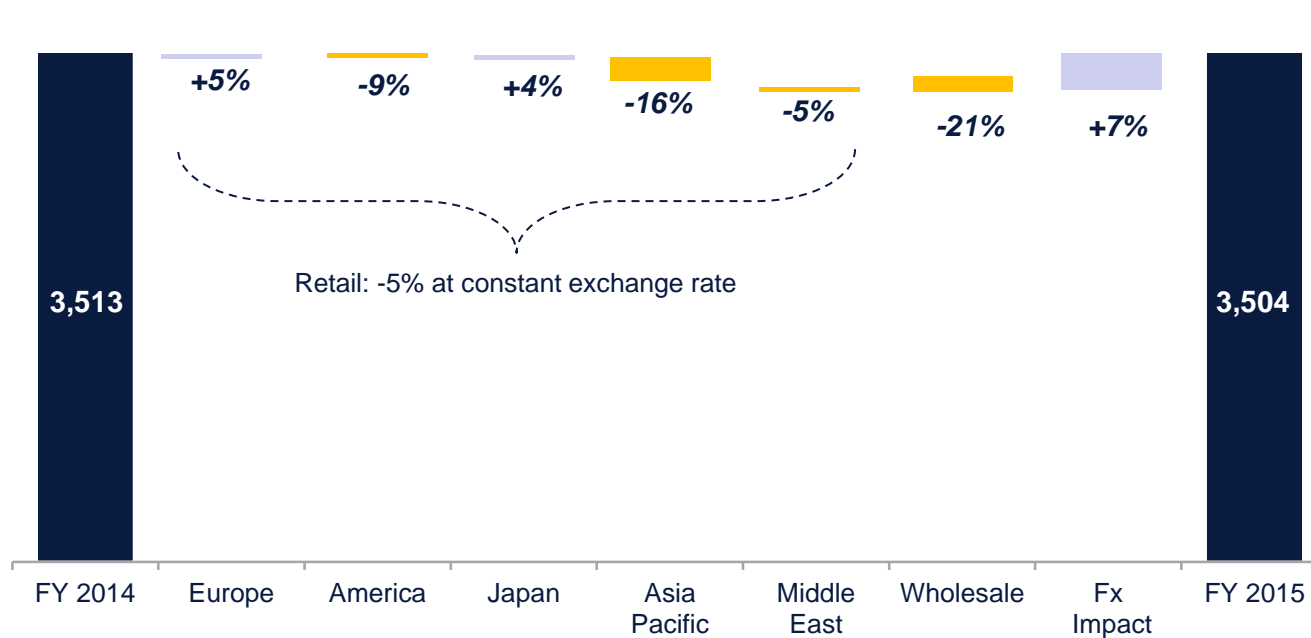
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Miu Miu	125.4	15%	133.3	17%	+6%	-
Church's	15.6	2%	16.9	2%	+8%	+3%
Other	4.5	-	4.9	-	+9%	+8%
Total Retail	809.2	82%	806.3	84%	-	-6%
Total Wholesale	181.1	18%	149.0	16%	-18%	-21%
Total	990.3	100%	955.3	100%	-4%	-9%

Net Sales by Product (€ mn) – 4th Quarter

	2014		2015		% change as reported	% change same FX
Leather Goods	518.9	64%	493.7	61%	-5%	-10%
Footwear	125.5	16%	137.8	17%	+10%	+4%
Ready to Wear	153.1	19%	161.9	20%	+6%	-1%
Others	11.7	1%	12.9	2%	+11%	+8%
Total Retail	809.2	82%	806.3	84%	-	-6%
Total Wholesale	181.1	18%	149.0	16%	-18%	-21%
Total	990.3	100%	955.3	100%	-4%	-9%

Group Net Sales by Region/Channel (€ mn) – Full Year

0% as reported / -8% same fx

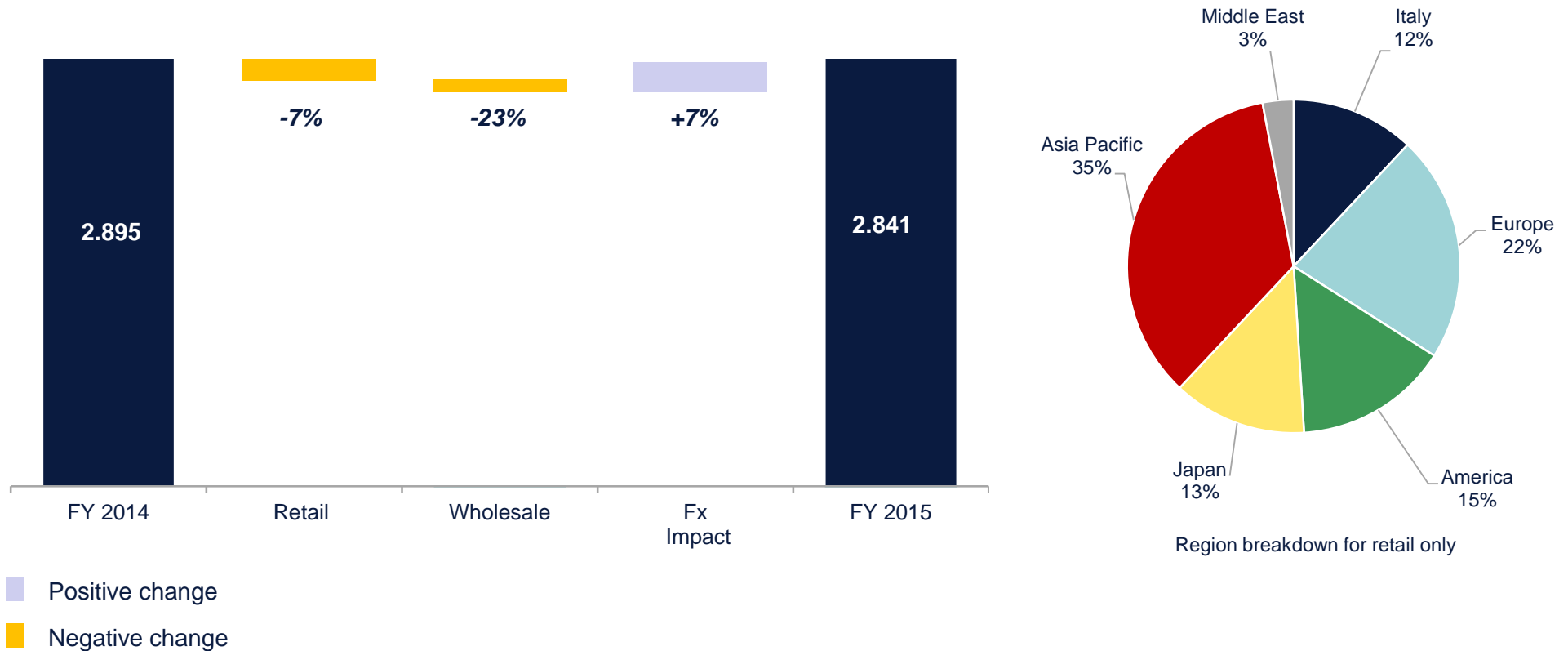


Region breakdown for retail only

- Positive change
- Negative change

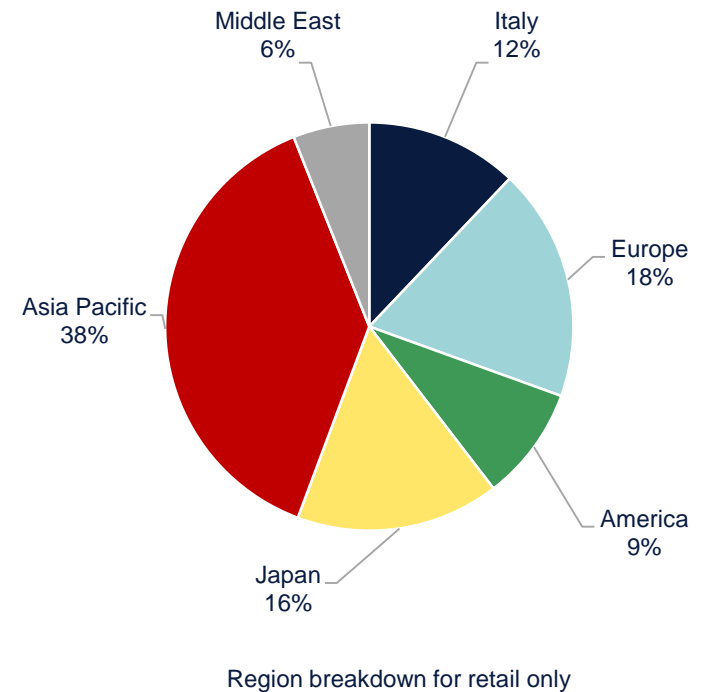
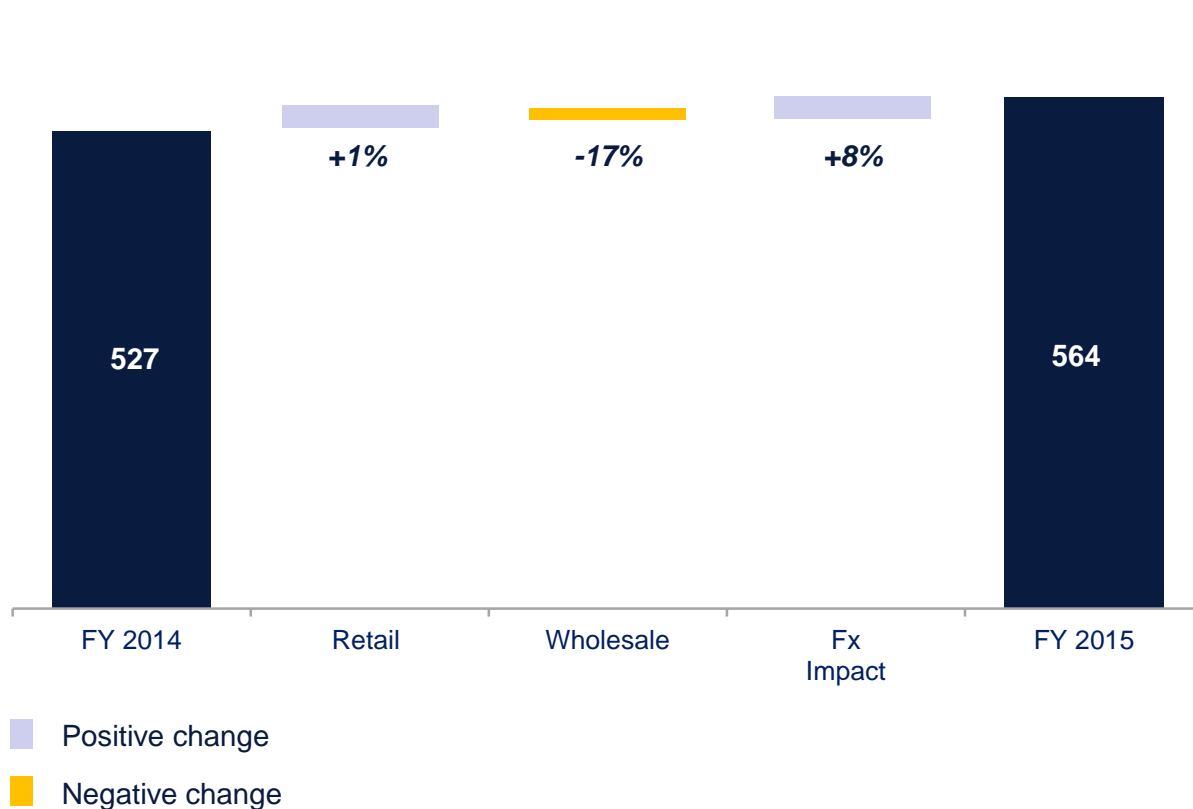
Prada – Total Net Sales by Channel (€ mn) – Full Year

-2% as reported / -9% same fx



Miu Miu – Total Net Sales by Channel (€ mn) – Full Year

+7% as reported / -1% same fx



PRADA

MILANO

DAL 1913

Q&A SESSION