

PRADA

MILANO

DAL 1913

1st Half Results as of July 31st, 2015

Milan, September 15th, 2015

Highlights

1st Half 2015

2nd Quarter 2015

TURNOVER

- Revenues up 4% (-6% at constant rates) with Retail up 8% (-3% at constant rates)

Wholesale down 14% (-20% at constant rates) due to persistent selective strategy

- Revenues up 2% (-6% at constant rates), with Retail up 8% (-2% at constant rates) improving vs. Q1

Wholesale down 17% (-23% at constant rates)

OPERATING RESULTS

- EBIT at € 293 mn, 16% on Revenues

- EBIT at € 202 mn, 20% on Revenues, showing a visible improvement vs. Q1

TRENDS BY REGION

- Double-digit organic growth in Europe in Q1 and Q2, propelled by both tourism and locals
- Acceleration in Japan in Q2
- No improvement in Asia Pacific, mainly impacted by HK and Macau

BRANDS / CATEGORY

- Prada predominantly affected by Greater China
- Solid retail improvement at Miu Miu across both quarters
- Outstanding performance from footwear division across regions and brands in both quarters

Net Sales by Channel (€ mn) – 1st Half

	2014	Mix %	2015	Mix %	% ch. as reported	% ch. same FX
Retail	1,442.2	83%	1,552.4	86%	+8%	-3%
Wholesale	288.7	17%	249.0	14%	-14%	-20%
Total	1,730.9	100%	1,801.4	100%	+4%	-6%

- **Retail**
 - +8% reported driven by FX tailwind
 - -3% at constant exchange rates, implying a negative SSSG and 11 net openings since February 1st, 2015
- **Wholesale**
 - -14% reported (-20% at constant exchange rates), impacted by persistent selective strategy mainly in Europe and a significant slowdown in duty-free channel in Korea due to MERS outburst

Net Sales by Channel (€ mn) – 2nd Quarter

	2014	Mix %	2015	Mix %	% ch. as reported	% ch. same FX
Retail	744.3	77%	803.0	82%	+8%	-2%
Wholesale	218.1	23%	181.6	18%	-17%	-23%
Total	962.4	100%	984.6	100%	+2%	-6%

- **Retail**

- +8% reported driven by FX tailwind
- -2% at constant exchange rates, showing an improvement vs. Q1-2015

Net Sales by Geography (€ mn) – 1st Half

<i>Note(*)</i> : PRC, HK, Macau <i>Note(**)</i> : Japan and Hawaii	2014	Mix %	2015	Mix %	% ch. as reported	% ch. same FX
Retail						
Europe	481.7	33%	541.6	35%	+12%	+11%
Americas	177.2	12%	203.8	13%	+15%	-5%
Asia Pacific	561.8	39%	557.6	36%	-1%	-17%
<i>Greater China(*)</i>	388.1	27%	368.4	24%	-5%	-23%
Japan (**)	173.8	12%	194.2	13%	+12%	+5%
Middle East	46.4	3%	53.4	3%	+15%	-5%
Others	1.2	-	1.7	-	+40%	+32%
Total Retail	1,442.2	83%	1,552.4	86%	+8%	-3%
Wholesale	288.7	17%	249.0	14%	-14%	-20%
Total Sales	1,730.9	100%	1,801.4	100%	+4%	-6%

- **Europe**: solid double digit organic growth across the last two quarters, sustained by tourism and improving local consumption
- **Americas**: growth boosted by FX; underlying trends impacted by stronger USD, resulting in less tourism and shift of local consumption in other shopping destinations. Sales to North American customers globally up in the period
- **Asia Pacific**: organic trend substantially unchanged, primarily due to the ongoing decline in luxury consumer spending in HK and Macau
- **Japan**: positive organic growth, accelerating at double-digit rate in the second quarter, powered by strong touristic flow and solid local clientele
- **Middle East**: double digit growth driven by FX; organic trend improved in the second quarter

Net Sales by Geography (€ mn) – 2nd Quarter

<i>Note(*)</i> : PRC, HK, Macau <i>Note(**)</i> : Japan and Hawaii	2014	Mix %	2015	Mix %	% ch. as reported	% ch. same FX
Retail						
Europe	267.8	36%	303.5	38%	+13%	+12%
Americas	95.1	13%	108.5	14%	+14%	-4%
Asia Pacific	275.8	37%	266.5	33%	-3%	-18%
<i>Greater China(*)</i>	188.5	25%	177.0	22%	-6%	-23%
Japan (**)	82.0	11%	96.4	12%	+18%	+13%
Middle East	23.0	3%	26.9	3%	+17%	-2%
Others	0.7	-	1.2	-	+83%	+70%
Total Retail	744.3	77%	803.0	82%	+8%	-2%
Wholesale	218.1	23%	181.6	18%	-17%	-23%
Total Sales	962.4	100%	984.6	100%	+2%	-6%

Net Sales by Brand (€ mn) – 1st Half

	2014	Mix %	2015	Mix %	% ch. as reported	% ch. same FX
Prada	1,197.0	83%	1,262.2	81%	+5%	-5%
Miu Miu	217.4	15%	257.9	17%	+19%	+6%
Church's	21.7	2%	25.8	2%	+19%	+9%
Car Shoe	4.4	-	4.4	-	+1%	-6%
Other	1.7	-	2.1	-	+23%	+23%
Total Retail	1,442.2	83%	1,552.4	86%	+8%	-3%
Total Wholesale	288.7	17%	249.0	14%	-14%	-20%
Total	1,730.9	100%	1,801.4	100%	+4%	-6%

Prada

- Growth driven by FX; organic trends slightly improved in Q2, boosted by very good performance in Europe and Japan
- Organic trends predominantly impacted by continued weakness in Greater China
- Positive organic growth in the Men's business

Miu Miu

- Sequential improvement in organic growth across both quarters, sustained particularly by Europe, Middle East and US
- In a general weak environment in Asia Pacific we highlight a double digit organic growth in Mainland China in Q1 and Q2

Church's

- Very good retail organic performance; strong acceleration in Q2 driven by a double-digit SSSG

Car Shoe

- Negatively impacted by 3 DOS closures in Q2

Net Sales by Brand (€ mn) – 2nd Quarter

	2014	Mix %	2015	Mix %	% ch. as reported	% ch. same FX
Prada	612.2	82%	647.4	81%	+6%	-4%
Miu Miu	116.3	16%	138.0	17%	+19%	+7%
Church's	11.7	2%	14.1	2%	+21%	+12%
Car Shoe	2.9	-	2.7	-	-9%	-14%
Other	1.2	-	0.9	-	-24%	-24%
Total Retail	744.3	77%	803.0	82%	+8%	-2%
Total Wholesale	218.1	23%	181.6	18%	-17%	-23%
Total	962.4	100%	984.6	100%	+2%	-6%

Net Sales by Product (€ mn) – 1st Half

	2014	Mix %	2015	Mix %	% ch. as reported	% ch. same FX
Leather Goods	974.9	68%	997.1	64%	+2%	-8%
Footwear	208.5	14%	272.9	18%	+31%	+17%
Ready to Wear	229.8	16%	248.9	16%	+8%	-3%
Others	28.9	2%	33.5	2%	+16%	+5%
Total Retail	1,442.2	83%	1,552.4	86%	+8%	-3%
Total Wholesale	288.7	17%	249.0	14%	-14%	-20%
Total	1,730.9	100%	1,801.4	100%	+4%	-6%

- **Leather goods** underperformed with a slight improvement in the second quarter:
 - **Prada:** still negatively impacted by Asia Pacific; positive organic performance in Europe and Japan
 - **Miu Miu:** positive organic growth across the last two quarters, sustained particularly by Europe, Middle East and US
- **Shoes** continued to over-perform, growing strong double-digit across the quarters at both Prada and Miu Miu brands
- **Ready-to-wear:** slight negative organic trend, improving in Q2 thanks to Europe and Japan; Asia Pacific weighed on trends

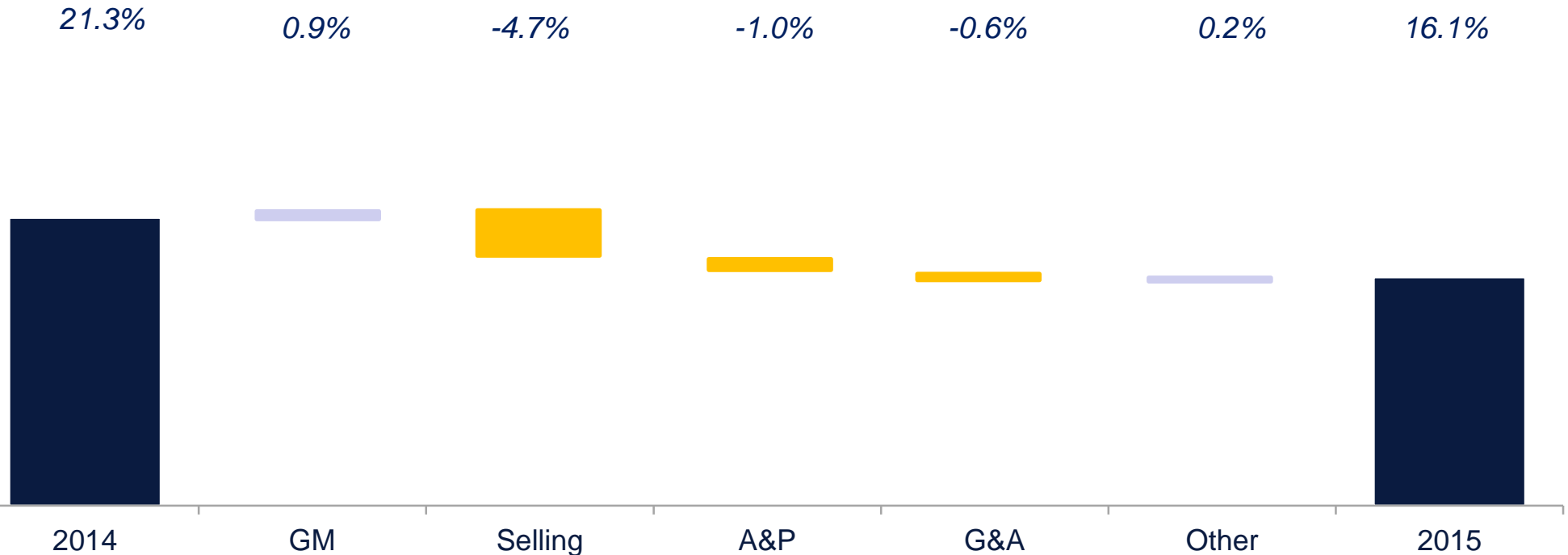
Net Sales by Product(€ mn) – 2nd Quarter

	2014	Mix %	2015	Mix %	% ch. as reported	% ch. same FX
Leather Goods	496.0	67%	511.6	64%	+3%	-6%
Footwear	113.1	15%	144.3	18%	+28%	+16%
Ready to Wear	118.5	16%	128.7	16%	+9%	-1%
Others	16.8	2%	18.4	2%	+10%	0%
Total Retail	744.3	77%	803.0	82%	+8%	-2%
Total Wholesale	218.1	23%	181.6	18%	-17%	-23%
Total	962.4	100%	984.6	100%	+2%	-6%

Group Profit and Loss – 1st Half

€ mn	Jul 2015	%	Δ 2015 vs 2014	Jul 2014	%
Net Sales	1.801,4	98,7%		1.730,9	98,8%
Royalties	23,1	1,3%		20,4	1,2%
Net Revenues	1.824,4	100,0%	4,2%	1.751,3	100,0%
COGS	(498,5)	27,3%		(493,7)	28,2%
Gross Profit	1.325,9	72,7%	5,4%	1.257,6	71,8%
Product Development	(69,3)	3,8%		(69,7)	4,0%
Advertising & Promotion	(98,5)	5,4%		(76,5)	4,4%
Selling	(752,0)	41,2%		(639,4)	36,5%
G&A	(112,9)	6,2%		(98,9)	5,6%
EBIT	293,2	16,1%	-21,4%	373,2	21,3%
Net Financial Income (Expenses)	(7,5)	0,4%		(9,0)	0,5%
Income Taxes	(94,1)	5,2%		(113,1)	6,5%
Net income	191,6	10,5%		251,0	14,3%
Minority income	3,0	0,2%		6,2	0,3%
Group Net income	188,6	10,3%	-23,0%	244,8	14,0%
D&A	146,8	8,0%		119,7	6,8%
EBITDA	440,1	24,1%	-10,7%	492,8	28,1%

EBIT Development – 1st Half

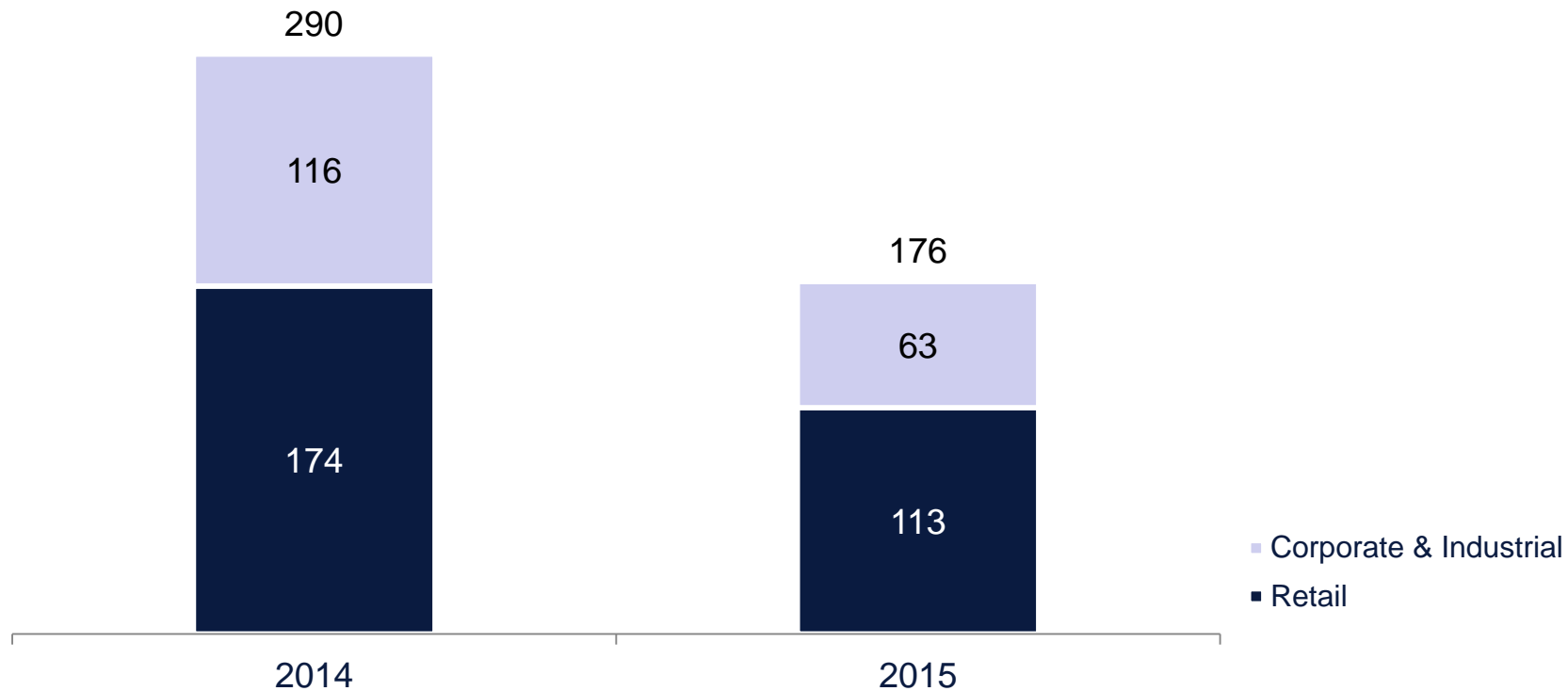


- Gross margin positively impacted mainly by supply chain efficiencies and FX
- Higher incidence of selling expenses due to negative SSSG and larger retail network
- Q2 showed a visible improvement (Ebit Margin at 20% in Q2 vs. 11% in Q1), showing less deleverage

■ Positive change
■ Negative change

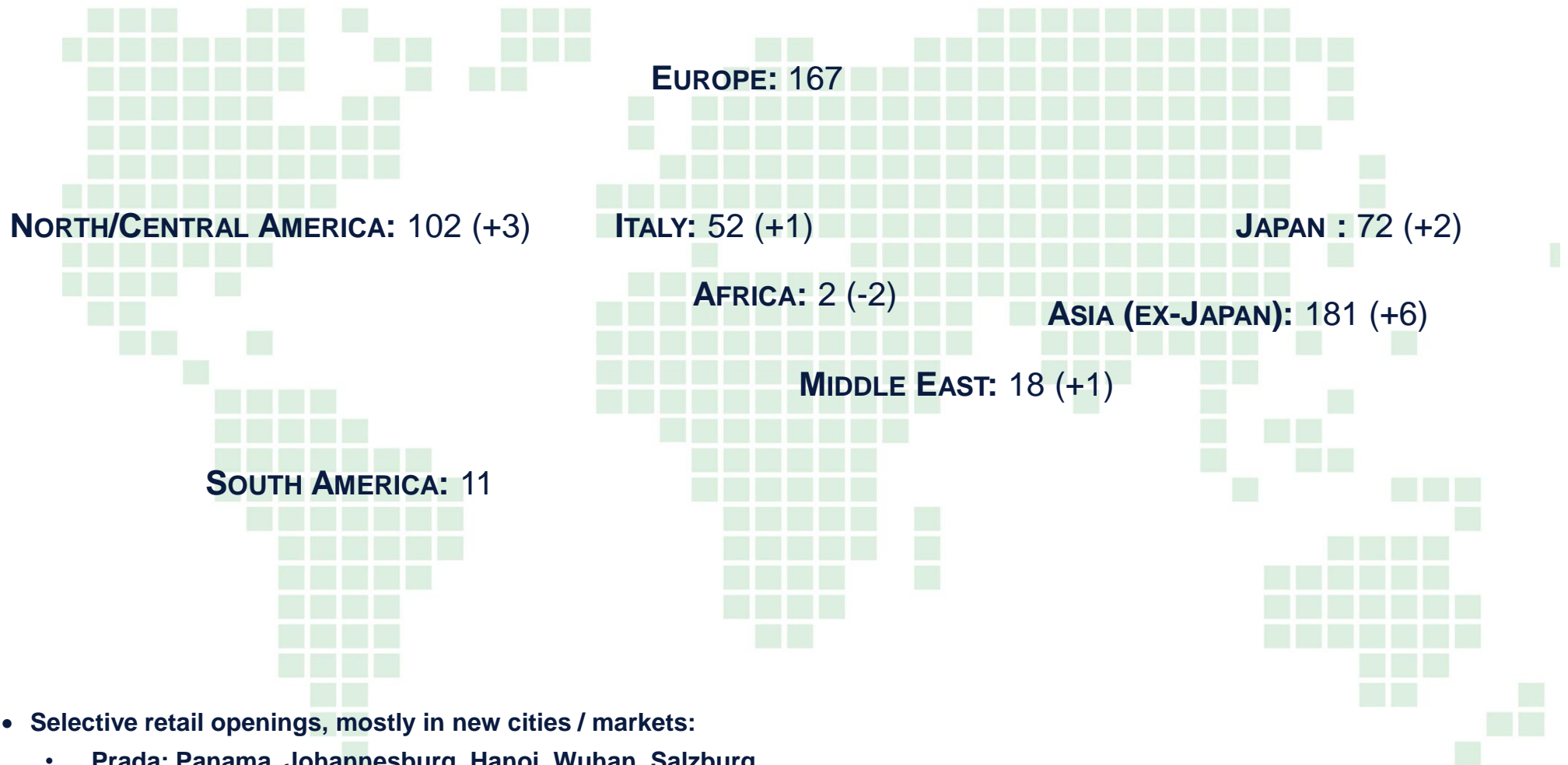
Capex (€ mn) - 1st Half

- 2015 Retail capex includes 20 gross new openings (11 net), 15 relocations and 8 renovations
- 2014 Corporate & Industrial includes € 62 million for the purchase of the headquarters office in Milan



Retail overview

605 DOS at July 2015 with 20 openings and 9 closings



- **Selective retail openings, mostly in new cities / markets:**
 - Prada: Panama, Johannesburg, Hanoi, Wuhan, Salzburg
 - Miu Miu: Wuhan, Miami, Jeddah, Calgary

Net Financial Surplus/(Deficit) (€ mn)



Final remarks

EXTERNAL ENVIRONMENT

- Global economic environment remains still uncertain amid FX and stock market volatility, contributing to limited visibility going forward

LUXURY SECTOR

- Luxury market is undergoing major changes which require a large scale, long-term strategy

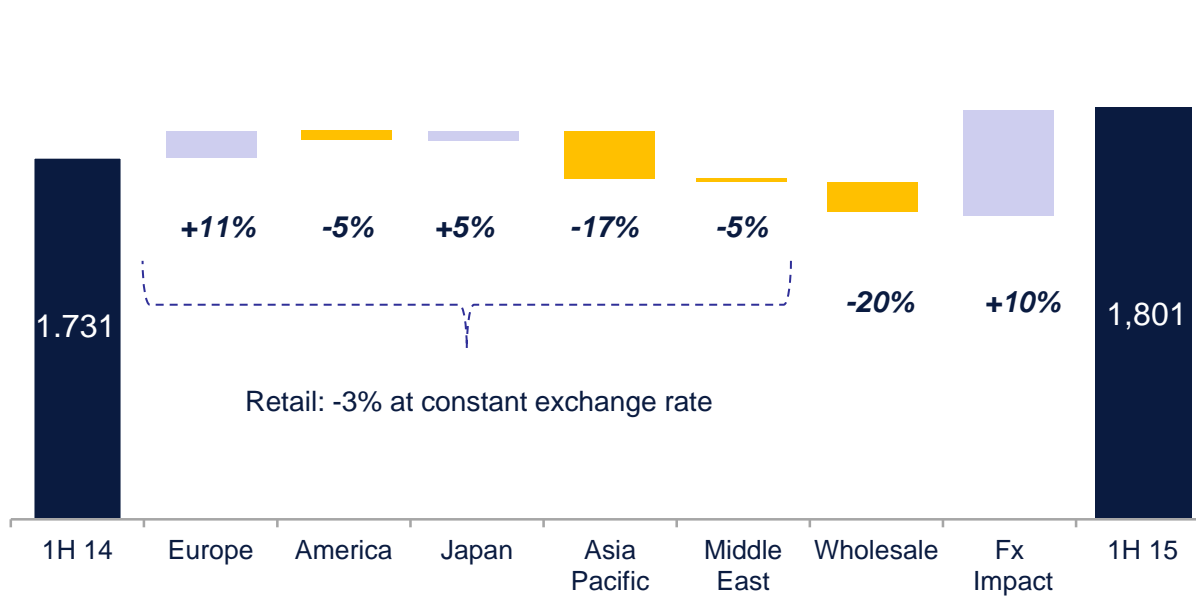
ACTIONS UNDERTAKEN TO IMPROVE SALES AND PROTECT MARGINS

- Review of critical processes aimed to streamline operations, find efficiencies and adapt our business to short and long term challenges:
 - supply chain management (product development, planning, procurement, manufacturing, logistics)
 - quality and innovation aiming to constantly reach product excellence
 - selective investments aimed to optimize the retail network and focus on further enhancing the shopping experience
- Strict control and revision of discretionary expenses. Initial effects already visible in Q2

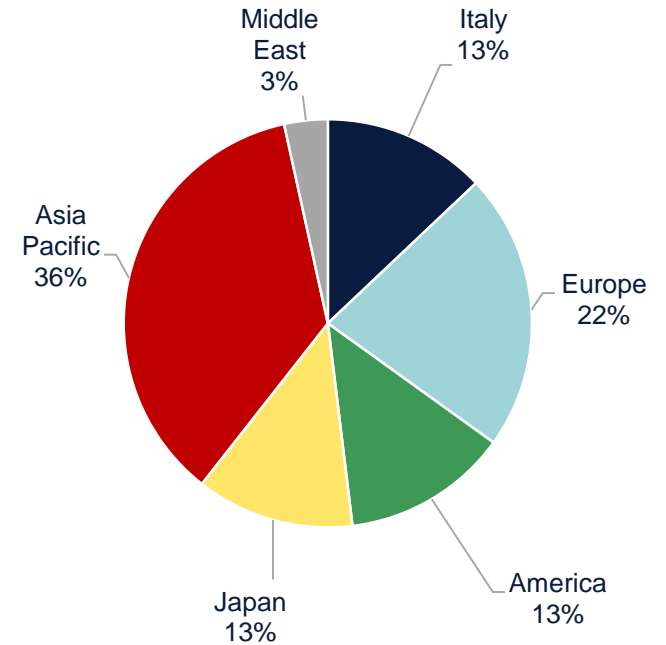
Appendix

Group Net Sales by Region / channel (€ mn) – 1st Half

+4% as reported / -6% at constant exchange rates



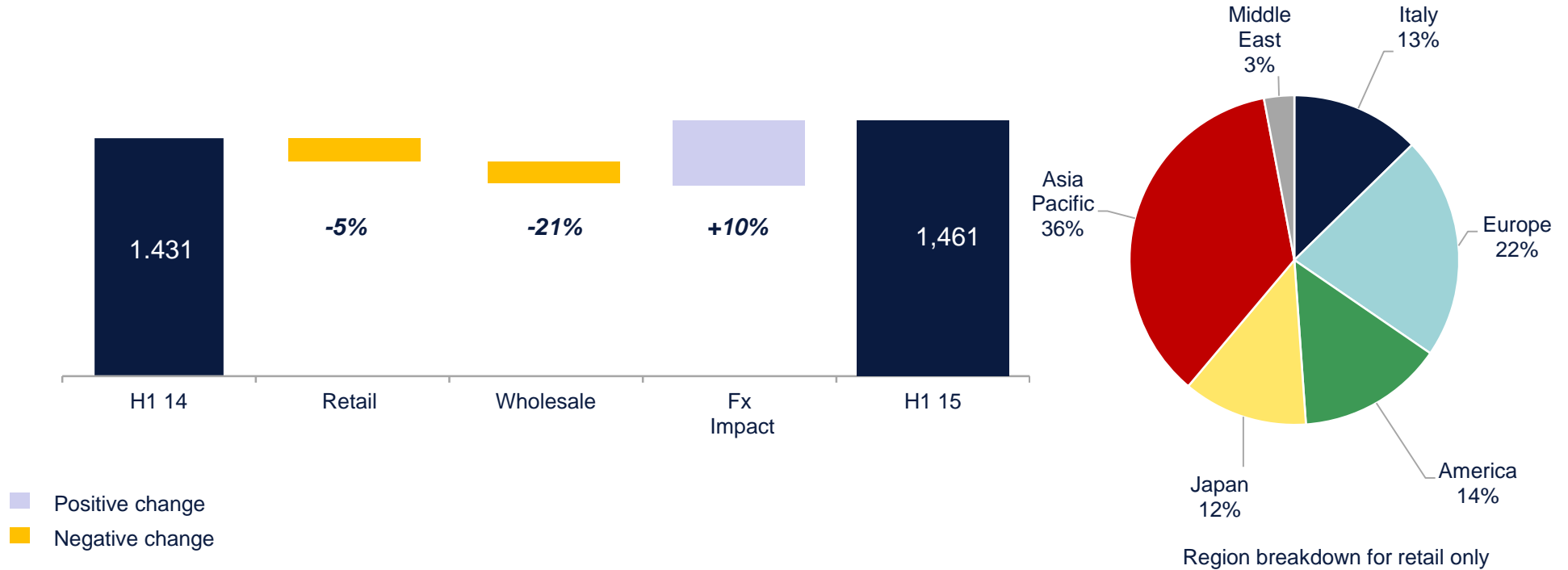
■ Positive change
■ Negative change



Region breakdown for retail only

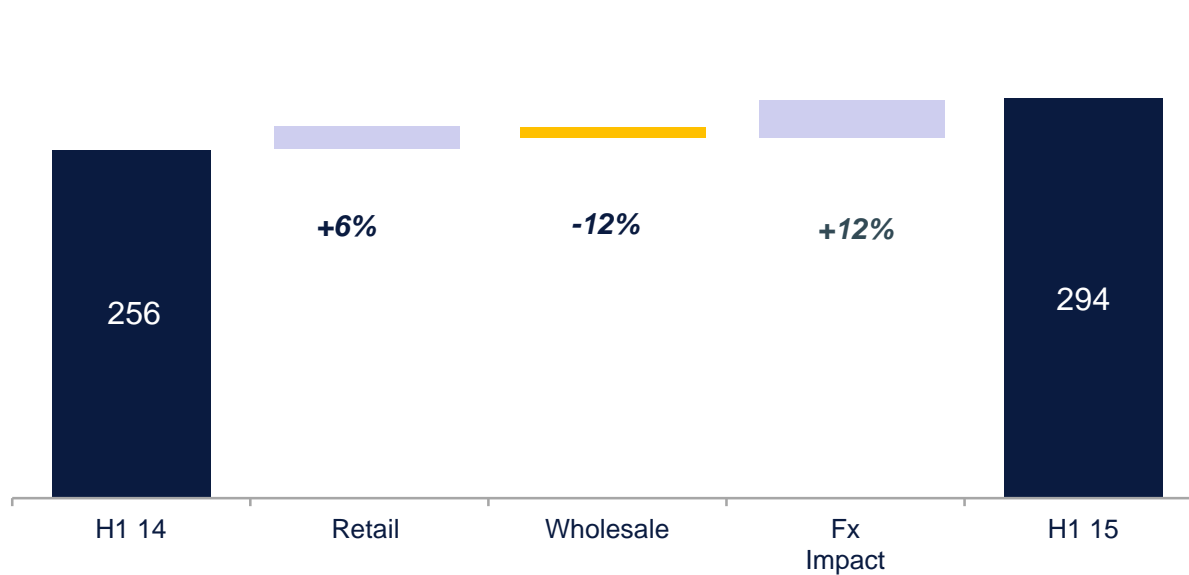
Prada – Total Net Sales by channel (€ mn) – 1st Half

+2% as reported / -8% at constant exchange rates

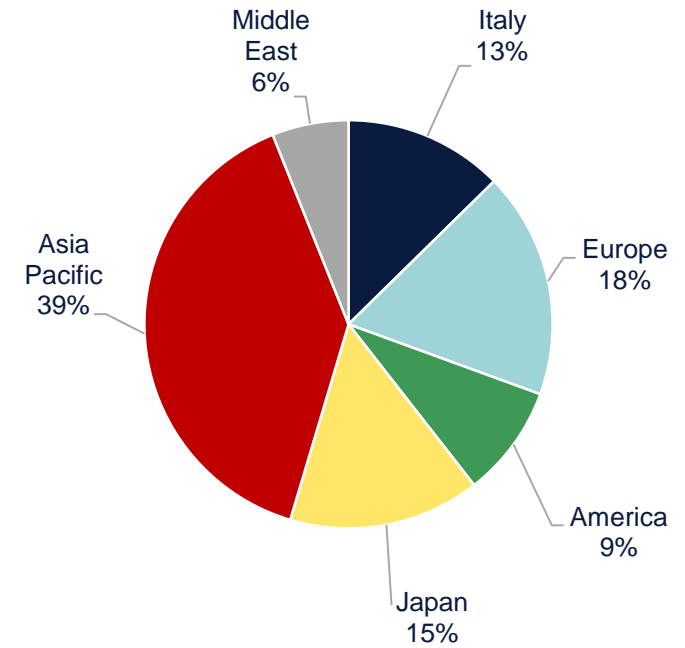


Miu Miu – Total Net Sales by channel (€ mn) – 1st Half

+15% as reported / +3% at constant exchange rates



■ Positive change
■ Negative change



Region breakdown for retail only

PRADA

MILANO

DAL 1913

Q&A