PRESS RELEASE

PRADA SPA APPROVES THE GROUP’S 2018 RESULTS AS OF 31 DECEMBER 2018

Revenue growth of 6% at constant exchange rates

Patrizio Bertelli: “We are entering a new phase of strategic renewal, building on respect for our history to create the future of the Group”

Highlights

- Revenues of Euro 3,142 million, up by 6% at constant exchange rates compared with 2017
  - Good growth for the Retail channel: +7% (at constant exchange rates)
  - Controlled growth in Wholesale, +1% (at constant exchange rates), consistent with our selective strategy
  - Progress in all geographic areas and across product categories
- EBITDA: Euro 551 million, 18% of revenues
- EBIT: Euro 324 million, 10% of revenues
- Net income: Euro 205 million, 7% of revenues
- Good operating cash flow generation: Euro 365 million
- Net Financial Position: Euro -309 million
- 797 jobs created in 2018
- Proposed dividend distribution of Euro 6 cent per share

Patrizio Bertelli, CEO

“The results of 2018 demonstrate that our recent initiatives have been met with a positive reaction by the market, with a return in terms of revenue growth.

The strategic renewal and subsequent organisational review, which will be completed in the months to come, will give the company a more dynamic structure and a renewed capacity to interpret the cultural evolution of the new generations with which to share the identity of our brands.

We have already started a technological upgrade programme that will increase control and efficiency of all business factors, from marketing to logistics and from product to customer service.

It is clear that the digital transformation has radically altered relationships with consumers, making them ever more aware of their purchasing choices. In this context, communication takes on an even more crucial importance to effectively reach our customers. With this objective in mind, we will continue to invest in all our digital assets to create an increasingly immersive brand experience with a unique and engaging involvement at all touch points.

We are also investing to strengthen the industrial infrastructure to ensure timely responses to the different needs of the individual markets, translating our creative vision of the evolution of looks into products readily available at our stores.

In the next few months we will be engaged in accelerating this renewal process, and I am certain that all those initiatives, essential for the Group’s future, will create value for our shareholders in the medium-long term.”
2018 Results

Milan, March 15, 2019 - The Prada S.p.A. Board of Directors met today to review and approve the Consolidated Financial Statements for the year ended December 31, 2018. The data presented for comparison, for reasons of transparency and comparability of performance, are the pro-forma figures for the 12 months from January to December 2017.

Revenues - The 2018 revenues amount to Euro 3,142 million, up by 3% at current exchange rates compared with Euro 3,056 million for 2017 (+6% at constant exchange rates).

The retail channel performed well at constant exchange rates with 7% growth driven by full-price sales, in line with the strategy to steadily reduce discounted sales.

The development of the Wholesale channel was more contained, stable at current exchange rates, following a careful selection of commercial partners.

Geographical areas

Positive trends in all markets:

- Sales in Asia Pacific grew by 10% at constant exchange rates, with increases across all the main markets fueled by both local consumption and intra-regional tourism flows. Sales in Greater China rose by 8% at constant exchange rates;

- Sales in the American market, sustained by local customers and tourists, grew by 4% at constant exchange rates;

- Performance in Europe was positive, despite a decline in tourism flows, with sales up by 3% at constant exchange rates, supported by domestic consumption;

- Local consumption continues to support the Japanese market, with 7% growth at constant exchange rates;

- Progress in the Middle East at constant exchange rates with growth of 5%.

Brand and product category

Continuing the positive trend started in the last months of 2017, the Prada brand closes the year under review with 7% growth at constant exchange rates, with positive trends in all markets and product categories.

Sales of the Miu Miu brand increased by 2% for the period at constant exchange rates, with Ready-to-Wear up 7% while the other product categories substantially confirmed 2017 figures.

Sales in the Leather Goods category increased by 6%, driven by the market's appreciation for the iconic lines as well as for the many new products introduced during the year.

Revenues in Ready-to-Wear grew by 10% at constant exchange rates in the period under review. Footwear was also up 2% at constant exchange rates, thanks in part to the success of the new sneaker collections.
Financial results – In the 2018 financial year, the unfavourable currency trends translated into a dilution of operating margins of around 140 basis points; margins at constant exchange rates remained substantially stable.

EBITDA was Euro 551 million, 17.5% of revenues (19.2% for 2017)

EBIT was Euro 324 million, 10.3% of revenues (11.8% for 2017)

Net income was Euro 205 million, 6.5% of revenues (8.1% for 2017).

During the 2018 financial year the Group generated a significant Operating cash flow of Euro 365 million. Investments (Capital expenditure) in the period amounted to Euro 284 million and were allocated towards increasing the attractiveness of the stores with more than 150 projects, as well as to strengthening the supply chain and technological infrastructure of the Group.

The Net financial position at December 31, 2018 is Euro -309 million, after the distribution of Euro 198 million in dividends during the year.

The Board of Directors has proposed to the General Meeting, called for April 30, 2019, to distribute a dividend of Euro 6 cents per share, equivalent to a payout ratio of 75%.

PRADA Group

The PRADA Group – HKSE Code 1913 – is a global leader in the luxury goods industry, where it operates with the Prada, Miu Miu, Church’s and Car Shoe brands in the production and distribution of handbags, leather goods, footwear, apparel and accessories. The Group also operates in the food sector with Marchesi 1824, and in the eyewear and fragrance industries under licensing agreements. Its products are sold in 70 countries worldwide through 634 directly operated stores as of December 31, 2018 and a selected network of luxury department stores, multi-brand stores and franchise stores.