PRADA Group

COMPANY PROFILE

MARCH 2018

www.pradagroup.com

PRADA GROUP

A leading player in the luxury industry, Prada Group is an experimental workshop of ideas.

Unfettered by preconceived style codes, the creations of the Group's brands – Prada, Miu Miu, Church's, Car Shoe and Pasticceria Marchesi – represent the answer to the exploration of society, at the same time, serving as precursors and pioneers of ever-changing scenarios.

A perspective that places at the heart of its inspiring and operative principles basic values as uncompromised quality, valorisation of labour and freedom of creative expression.

"Thorough observation and curiosity for the world around us have always been at the heart of the creativity and modernity of the Prada Group.

In society, and thus in fashion, which is somehow a reflection of it, the only constant is change.

The transformation and innovation of references, at the core of any evolution, led us to interact with different cultural disciplines, at times apparently far from our own, allowing us to capture and anticipate the spirit of the times.

Today this is no longer enough: we must be the actors of change, with the flexibility required to translate the demands of the market and the society into tangible actions that inform our way to do business."

Miuccia Prada & Patrizio Bertelli

Mario Prada portrayed by the Milanese artist Angelo Galli in the Prada Women's store in Galleria Vittorio Emanuele II, Milan, 1940

GROUP PROFILE

The history of the Group begins in 1913 when Mario Prada, Miuccia Prada's grandfather, opened the first Prada store in Milan.

Located in the prestigious Galleria Vittorio Emanuele II, the exclusive Prada boutique offered luggage and luxury goods manufactured with the finest artisanal techniques, using exquisite materials.

The boutique soon establishes itself as elegant shopping destination for the most prestigious Italian and European costumers, consolidating its role in 1919 with the title of Official Supplier of the Italian Royal House, which allows the brand to include the House of Savoy coat of arms and knotted rope design in its trademark logo.

Miuccia Prada and Patrizio Bertelli started working together in the late 1970's, laying the foundation for the future international expansion of the Group; Patrizio Bertelli pioneered the introduction of a new business model in the luxury industry, based on the direct control of all processes, applying rigorous quality criteria through all stages of production. A business model that goes hand in hand with Miuccia Prada's maverick creativity, which commanded international attention for its innovative approach inspired by her unconventional observation of society that allows her to anticipate - and often influence – fashion and style trends.

Today the Prada brand offers men's and women's leather goods, clothing and footwear, combining contemporary, innovative and sophisticated design with the uniqueness of handcrafted products. Prada also operates in the eyewear and fragrance sector.

Prada Women's Store in Galleria Vittorio Emanuele II, Milan

The Prada Group also includes: Miu Miu - Miuccia Prada's "other soul" - a brand with a provocative, nonchalant and sophisticated attitude; Church's, leading traditional high-end men's footwear manufacturer; Car Shoe, footwear brand known for its iconic studded rubber sole moccasin, and Pasticceria Marchesi, historic pastry shop, renown for its exceptional contemporary interpretation of traditional specialties.

On June 24, 2011, Prada Spa (HKSE code: 1913) listed 20% of its shares on the Hong Kong stock exchange, where the company was valued at €9.2 billion.

The Group's products are manufactured in 21 company-owned sites, 18 of which are located in Italy, 1 in United Kingdom, 1 in France, and 1 in Romania and by a network of long-standing and highly experienced contractors.

Each stage of the production process is directly monitored and controlled: from the selection to the purchase of raw materials (including external suppliers), from the fabrication of prototypes, to the planning and coordination of in-house and outsourced production.

As of December 31st, 2017, the Group's distribution network extends across 70 countries, counting 625 Directly Operated Stores, brand's e-commerce, a selection of luxury department stores and retailers in the most prestigious and exclusive locations and the most important e-tailers.

The Prada "garden factory" in Valvigna (Arezzo)

PRADA

An unconventional exploration of our society inspires an innovative approach through which Prada elaborates expressive codes that transcend all trends. Style statements that result in creations that reinterpret reality through unusual perspectives.

Unfettered from conceptual limitations and from the strict commitment to stylistic cohesion, the aesthetic codes of the brand transcend products bringing ideas and ideals to life through its clothes and accessories, which become tools of confident self-expression.

Through her work, Miuccia Prada challenges pre-conceived aesthetic patterns. Prada is an expression of society, society always changes and Prada evolves accordingly. What's simple and classic is intentionally distorted, reconsidered and revised in the tireless search of new perspectives. In an intellectual commitment towards the reinterpretation of good taste, Prada elects conceptuality as its preferred form of expression.

What is considered *beautiful* and controversial are purposely mixed in an incessant play between past, present and future, where the *bourgeois* codes are often broken down and rebuilt.

Black Nylon, *Prada Donna SS2018 Advertising Campaign*

MIU MIU

Miu Miu is born in 1993 from the independent and unconventional spirit of Miuccia Prada. An outpost for the most refined femininity, a tangible expression of the energy conveyed by women's natural contradictions and provocative personalities to contemporary society.

Miu Miu is a workshop of new design expressions that play with the kaleidoscopic nature of fashion, where experimentation is the expressive playground for spontaneous creativity.

By transforming fashion into a mental state and by utilizing change as the key element to build the world, Miu Miu achieves a characterful result boasting sensual as well as intellectual flair.

Charming and unruly, the brand combines a naïf and sophisticatedly raw elegance with a youthful, maverick and carefree soul. The immediate and ever-evolving expressive language of Miu Miu narrates an individual and conscious femininity that allows room for boundless creativity.

Return to Arcosanti, *Miu Miu SS2018 Advertising Campaign*

CHURCH'S

Manufacturing tradition and timeless elegance represent the distinctive elements of the style journey of Church's shoes that began with its foundation in 1873.

That same year, resting on the family shoemaking experience specialized in the production of handmade men's footwear dating back to 1675, the first shoe production laboratory was opened at 30 Maple Street in Northampton. Through the years Church's turns a small artisan's workshop into a leading company in the luxury industry.

With its creations, Church's becomes synonymous with an impeccable style that remains faithful to the aesthetic codes of its *British attitude*, without sacrificing the exploration of new areas of expression, playing with the combination of three primary elements: finest leather, classic taste and excellent *cultural craftsmanship*. Church's dedicates meticulous attention and care to every detail. Approximately 250 manual steps and 8 weeks of manufacturing are necessary to create one single pair of shoes.

An always-modern luxury that enshrines an impeccable tradition of a formal yet effortless style.

White Cliffs, *Church's SS2018 Advertising Campaign*

CAR SHOE

In 1963 Italian artisan Gianni Mostile translates his passion for race cars and handmade shoes in a deconstructed loafer featuring a sole set on tiny rubber studs. An innovation that encapsulates intuition and passion. Car shoe, always identified with the loafer that rapidly becomes a cult accessory has been chosen by important international figures, such as John Fitzgerald Kennedy Giovanni Agnelli, Lapo Elkann, Elle Macpherson and Sofia Coppola.

The iconic loafer has represented the starting point for Church's personal interpretation of casual style through an extensive range of products.

Distinctive soles and comfortable design embody the essence of Car Shoe, while quality materials, shape and precision of artisanal technique are the added value. A combination of elements that provide the inspiration for future collections.

Car Shoe footwear express uniqueness with all its styles, featuring a constant attention to details, symbolizing a style that blends passion for sports and artisanal excellence, suggesting evocative imagery halfway between leisure and travel.

The iconic Car Shoe loafer

PASTICCERIA MARCHESI

Founded by the Marchesi family, the pastry shop is a hub of excellence where to fully experience the Milanese spirit of good taste.

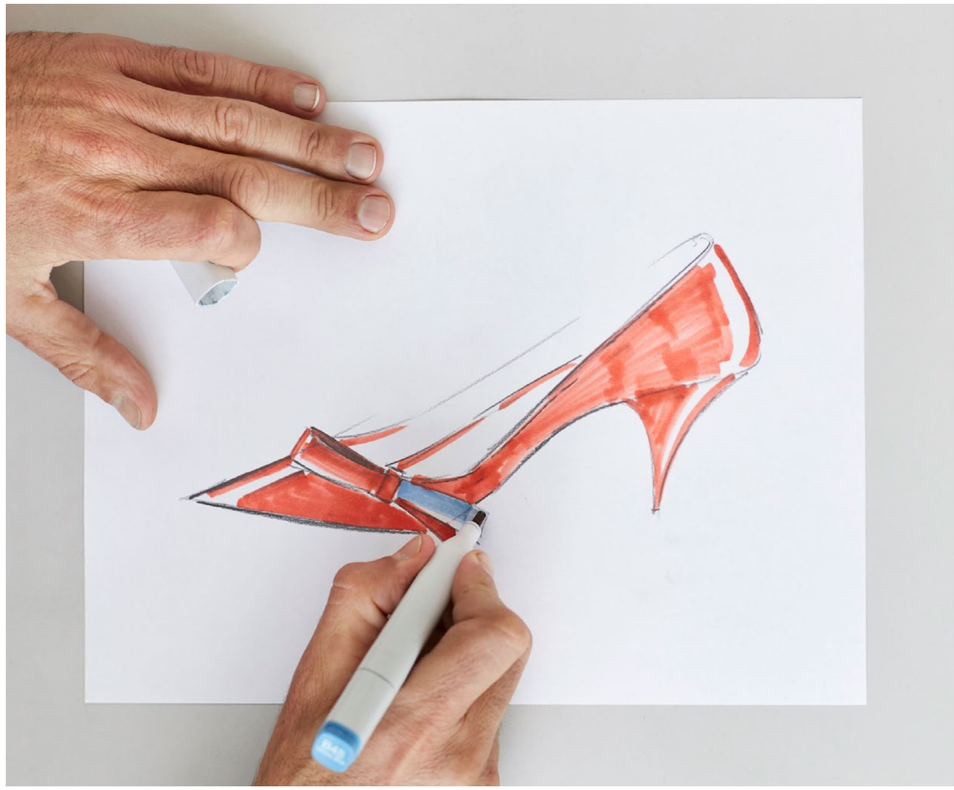
Immune from passing fads, Pasticceria Marchesi has remained faithful to its traditions steeped in history and to its artisanal products. Then as now, all specialties are prepared the *old-fashioned* way; skilfully handmade, using high quality ingredients.

Traditional recipes that rely on long-standing knowhow are reinterpreted with a contemporary style.

Breakfast, lunch, cocktails, a confectionary and savoury selection, chocolate and sweet specialties, as the famous Panettone, are just some of the delicacies offered by Pasticceria Marchesi that are always enhanced by a spirit of research.

The meticulous attention to details defines the *good taste* of Pasticceria Marchesi in its every expression. Impeccable service, pastry decoration, dishes presentation, window display and iconic packaging featuring pastel shades and gold leaf finishing.

Pasticceria Marchesi in Galleria Vittorio Emanuele II, Milan



Sketch of a Prada shoe

The fabric warehouse inside the Prada headquarter in Milan

CREATIVITY

Creativity is at the core of the manufacturing process. Miuccia Prada's distinctive ability to combine her intellectual curiosity and cultural interests with the research of new ideas through an unconventional approach.

The creative process is based on incessant research and confrontation geared towards the creation of an actual project culture grounded on a method that guides the work of all the actors involved.

Prada's know-how and the irresistible appeal of tradition and company standards continue to attract talents from all over the world who wish to share the experience of the brand in various creative fields.

Teams specialized in all stages of the creative process are formed. From design to manufacturing, from architecture to communication and photography, from store interior design to all the Prada Group's endeavors.

RAW MATERIALS

Raw materials are extremely important for the Prada Group and are the essence of products quality.

An internal careful selection process of top quality raw materials and suppliers ensures top quality standards.

Raw materials are often exclusively produced for the Prada Group, following rigorous stylistic and technical specifications that offer quality as well as exclusivity, while enhancing the strong identity, typical of all the products of the Group.

Raw Materials undergo exceptionally strict controls carried out by Group's technicians and inspectors, prior to their employment.

PRODUCTION

The 21 Group-owned production sites embody the highest expression of the manufacturing tradition of the Prada Group, as they harmonize the ability of preserving artisanal know-how with cutting-edge industrial processes, geared to achieve and respect the manufacturing quality and excellence.

These production sites are accompanied by a network of external suppliers. In most cases it is a matter of long-term relationships, begun after a careful selection conducted on the basis of very strict parameters, aimed to ensure excellent quality with a special focus on working and reliability conditions.

The Prada Group also relies on in-house modeling and prototyping structures for all product categories that allow the creation, development and optimization of collections in very short time. Even for external suppliers – who are provided with materials, project and prototypes - all the stages of the process are monitored by a team of Group's inspectors.

The Group's production sites have been built throughout the years based on the development of various sectors or are the result of the acquisition of companies that were suppliers of the Prada Group. The acquired companies have been subsequently upgraded to meet the strictest standards applicable to the reduction of environmental impact and working conditions.

The Prada "garden factory" in Valvigna (Arezzo)

Some production sites have been designed in collaboration with leading names in architecture, such as Guido Canali (Montevarchi, Arezzo, Montegranaro, Valvigna) or with Studio Cerri & Associati together with Vittorio Gregotti (Piancastagnaio, Siena). Projects aimed to preserve the territory, recover the existing structures and mitigate the architecture impact on landscape.

This has been progressively accompanied by a path geared towards the energy efficiency optimization of the structures and an increasing focus on green spaces. Goals that find their highest expression on the "garden factories" designed by architect Guido Canali for the Group seeking a subtle balance between human work and nature.

In July 2016, the industrial complex of Prada Valvigna won the prestigious *Brand&Landscape Award*, the recognition established by the National Council of Architects in collaboration with international magazine Paysage Topscape, that celebrated the factory for being an "expression of great respect for nature, which is safeguarded and preserved, as well as for work, to which dignity and value are attributed".

The Prada "garden factory" in Montevarchi (Arezzo)

Production Plants

CLOTHING

Ancona
Città di Castello
Fucecchio, Florence
Montone, Perugia
Torgiano, Perugia

FOOTWEAR

Buresta, Arezzo
Civitanova Marche, Macerata
Dolo, Venice
Levane, Arezzo
Montegranaro, Fermo
San Giovanni Valdarno, Arezzo

LEATHER GOODS

Arezzo
Florence
Milan
Piancastagnaio, Siena
Scandicci, Florence
Terranuova, Arezzo
Valvigna, Arezzo

INTERNATIONAL FACTORIES

Isle, France
Northampton, UK
Sibiu, Romania

2,850,000
meters of fabric

20,000,000
square feet
of leather

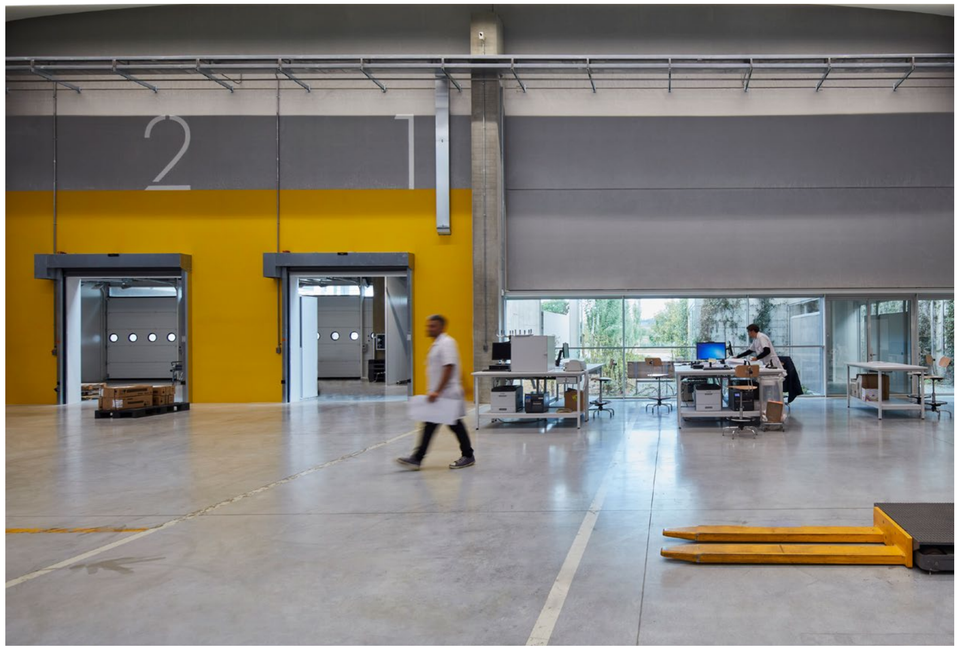
90,000
kilos of yarn

[December 31, 2017]

LOGISTICS

The logistics of the finished product is concentrated in 6 warehouses, 5 of which are in Italy and 1 in the UK. The activity is managed through an internal department of the Group which coordinates the storage, shipping and distribution of the finished product, including the organization of transportation and customs handling.

Prada Logistic hub in Levanella (Arezzo)



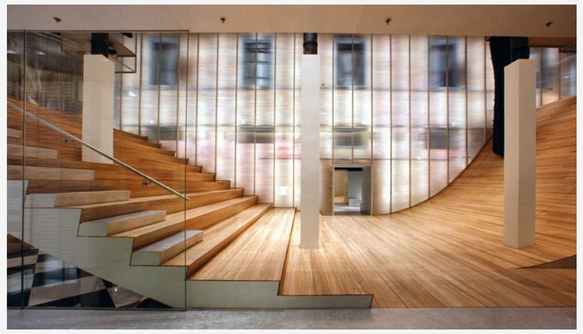
Prada Logistic hub in Levanella (Arezzo)

DISTRIBUTION

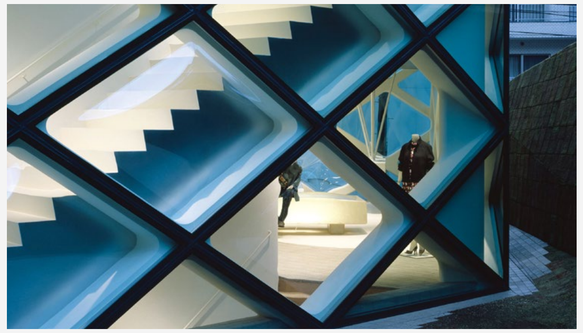
Throughout the years the Group has expanded its distribution network counting - as of December 31st, 2017 - 625 Directly Operated Stores in the most prestigious locations of the main international shopping destinations, consistently with the image, heritage and exclusivity of each brand. This extended network is an actual asset for the Group, as it represents an important showcase for the launch of new collections as well as an essential vehicle to establish a contact with customers. Stores transcend their primary function of selling, serving also as an important tool of communication and customer assistance. They consistently narrate the image of each brand and allow a continuous dialogue as well as providing services that protect the products' quality and durability over time. The wholesale channel (department stores, multi-brand, franchise stores and e-tailers) guarantees an additional number of stores selected according the exclusivity of the locations in various markets allowing a direct and immediate comparison to competitors. The channel has been carefully reviewed during the past few years in order to implement the selection of stores, which have been considerably reduced consistently with the expansion of the retail expansion. The digital evolution of the Group led to the development of new partnerships with the major on-line retailers.

All stores are managed by carefully selected staff engaged in regular training activities to offer customers the best support to their shopping experience and to the understanding of the collections' stylistic content, as well as the convey the values, heritage and corporate culture represented by the products themselves.

The history of the retail development of the Group boasts collaboration with some among the world's most prestigious architecture firms. In 2015 Herzog & de Meuron, winners of the Pritzker Prize –the Nobel of architecture – join the Group to develop a new retail project dedicated to Tokyo's Aoyama Miu Miu flagship store, center of the activities of the brand in Japan. A few years earlier, between 2000 and 2004, the two architects, together with another Pritzker Prize winner, Rem Koolhaas, worked with Prada at the New York, Los Angeles and Tokyo Epicenter Concept Stores. These Epicenters, still pivotal to the Group's retail strategy, are the result of an innovative take on the concept of shopping, revisited and reinterpreted to create unique stores, where luxury products, technology, design and architecture combine with an extensive selection of exclusive services and sensory and audiovisual experiences. On occasion, the Epicenters have also hosted movie screenings, exhibits, debates and other cultural activities.



Prada New York Epicenter



Prada Tokyo Epicenter

Prada Los Angeles Epicenter

Miu Miu store in Aoyama, Tokyo

LICENSES

Eyewear

The Prada Group introduced the pioneering concept of eyewear as an actual fashion accessory, including it in its brands' collections. In 2000 the Group develops its first sunglasses with Prada and Miu Miu and in 2003, enters into a licensing agreement with Luxottica, a global leader in the eyewear industry. The agreement provides that the Prada Group coordinates the creativity, design, style and communication of all eyewear collections, while Luxottica Group exclusively produces and distributes eyewear under the Prada and Miu Miu brands.

Fragrances - Prada

In 2003 Prada signs a collaboration agreement with Puig Beauty & Fashion Group for the creation, production and marketing of Prada perfumes. Throughout the years, under the creative supervision of Miuccia Prada, the brand has launched fragrances that remain to this day staples of international perfumery.

TIMELINE

2003 Prada Exclusive Scents

2004 Amber Woman

2006 Amber Man

2007 Infusion d'Iris

2008 Infusion d'Homme

2011 Candy

2012 Luna Rossa

2015 Olfactory - Les Infusions de Prada

2016 La Femme Prada et L'Homme Prada

2017 Olfactory Les Mirages

Fragrances - Miu Miu

In 2013 the Prada Group enters into an agreement with Coty Inc. for the distribution and creation of Miu Miu perfumes.

They launch the first Miu Miu fragrance in August 2015 through the brand's boutiques and a selected distribution network. L'Eau Bleue, Miu Miu's second fragrance was introduced on December 2016.

Miu Miu l'Eau Bleu

PEOPLE

People are the driving force of the Company. The Prada Group is represented all over the world by a mixed universe of cultures, skills and nationalities. Employees are an indispensable source of richness and a fundamental strategic factor for the competitiveness in an ever-evolving global market.

The Group is committed to respecting ethnic, gender, age, sexual orientation diversities, personal characteristics and opinions, seeking to recruit collaborators from local communities in order to incorporate their cultures to company practices, making the Prada Group a globalized business.

In this scenario, the passion, skills and intellectual curiosity of each person lead the Group throughout all its activities. The uniqueness of its heritage and the various abilities consolidated through the years allow every process to be executed with great dedication and care.

Style

The creative department of the Prada Group see things from always-new perspectives and exercise highly critical thinking, driven by a relentless desire to discover new things in all areas.

Manufacturing

Excellent know-how, manual abilities, passion and desire for experimentation are the core values of the Prada Group.

New talents, constantly supported by long-standing experience figures are at the heart of the manufacturing processes inspiring innovative reinterpretations of excellence.

Retail

The interest to broaden the knowledge of the product and the market, the aptitude to connect with an international clientele are, along with the passion for sales, essential requirements to work in the stores of the Prada Group.

Corporate

Effective administration of the intricacies of the managerial and strategic context, communication and organizational skills, knowledge of fashion and trends throughout the different markets are the essential requirements in the corporate field.

CORPORATE SOCIAL RESPONSIBILITY

The Prada Group seeks an economic growth linked to medium and long-term sustainable development, contributing to the respect for people, environment, communities and artistic heritage.

These principles, which have always been part of the Group's activities, find expression in corporate culture, relations with institutions and industry associations, with supply chain partners and in cultural projects supporting the communities in the areas where it is present.

The commitment of the Group - documented in an annual report since 2013 - intends to significantly contribute to a path of sustainability through the development of practices and values among the main stakeholders.

The Prada "garden factory" in Montegranaro (Fermo)

The Prada "garden factory" in Valvigna (Arezzo)

EXCURSUS

The exploration of apparently distant universes is imbued in the DNA of the Prada Group, which supports Fondazione Prada's cultural projects as well as Luna Rossa sporting challenges.

Fondazione Prada was born in 1993 to organize and sponsor contemporary art exhibitions and several other cultural activities that collected international appreciation and recognition.

In May 2011 the Fondazione Prada inaugurates an exhibition space overlooking the Gran Canal in the Ca' Corner della Regina palace in Venice, of which it also overseen the restoration.

The permanent seat of the Fondazione Prada, inaugurated on May 2015, in a former industrial complex dating back to the 1910's located in Largo Isarco, in Milan, has been transformed and re-envisioned by Rem Koolhaas occupying the 19,000 sq. m that host a vast program of exhibits and cultural events.

In 2016, the Fondazione opened Osservatorio in Milan's Galleria Vittorio Emanuele II; a new space dedicated to contemporary photography.

Patrizio Bertelli's passion for sailing gave birth to the *Prada Challenge for the America's Cup 2000* team in 1997, undertaking its first America's Cup challenge, the world's oldest sporting competition and the most important international regatta.

Prada takes part in the competition as sponsor of the Luna Rossa sailing team for 4 editions of the America's Cup (2000, 2003, 2007 e 2013), winning the challengers' selection series in 2000 and making it to the finals in 2007 and 2013.

In 2017 Luna Rossa is chosen once again as the Challenger of Record for the 36th America's Cup that will take place in 2021 in Auckland, New Zealand.

Luna Rossa - XXX America's Cup, Auckland (New Zealand), 2000

Fondazione Prada in Milan

The Group Prada and FAI, fresco detail of Sacello di San Prosdocimo, Abbey of Santa Giustina in Padua

KEY FIGURES

[December 31, 2017]

5 Brands	3,057 € M revenues (pro-forma)	12,112 Full-time equivalent Employees
625 DOS	70 Countries	21 Factories