

PRADA Group

COMPANY PROFILE
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“Careful observation of and curiosity about the world, society, and culture are at the core of Prada’s creativity and modernity. This pursuit has pushed Prada beyond the physical limitations of boutiques and showrooms, provoked an interaction with different and seemingly distant worlds, and introduced a new way to create a natural, almost fashionless fashion.”

Miuccia Prada and Patrizio Bertelli

THE PRADA GROUP

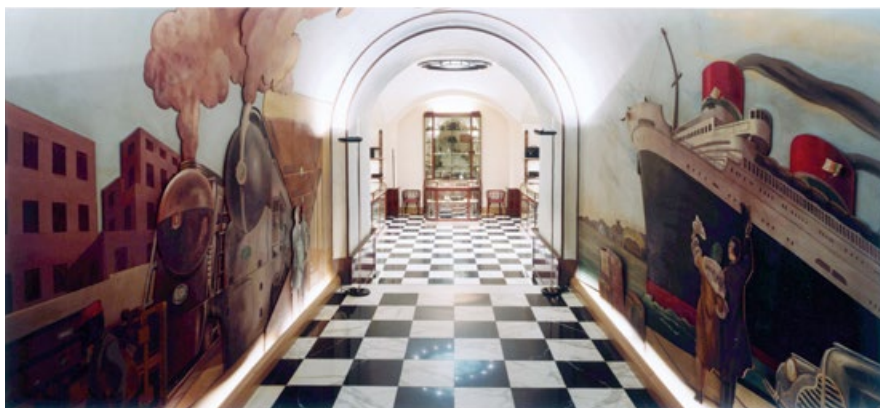


Prada was founded in 1913 by Mario Prada, Miuccia Prada's grandfather, in Milan.

Located in the prestigious Galleria Vittorio Emanuele II, Prada was an exclusive, stylish store selling luggage, accessories and luxury goods, in fine materials and of sophisticated workmanship.

The Milan store quickly became a firm favourite with the aristocracy and the most sophisticated members of the European elite. In 1919 Prada received the warrant of "Official Supplier of the Italian Royal Household", and since then has been entitled to display the royal Savoy coat of arms and figure-of-eight knots alongside the company logo.

Miuccia Prada and Patrizio Bertelli started working together in the late 70's, laying the foundations of the international expansion that was to come. Patrizio Bertelli broke new ground in the luxury goods sector, introducing a new business model in which he kept direct, internal control over all processes, applying uncompromised quality criteria across the entire production cycle. Miuccia Prada's creative talent and avant-garde approach attracted the attention of the global fashion industry, while her ability to look at the world from an unconventional vantage point allowed her not only to anticipate, but quite often, to set new trends.



The luxury Group now produces men's and women's leather goods, clothing and footwear, combining contemporary, cutting-edge sophistication with one-of-a-kind, sublimely-crafted products. The Group also operates in the eyewear and fragrance sectors.



The Prada brand is part of the Prada Group, a global powerhouse in the luxury goods market, as well as a business icon. The group's business model, capable of combining industrialized processes with sophisticated workmanship, top quality and the level of detail characteristic of craft production, set a world precedent. The Prada group also includes: Miu Miu - Miuccia Prada's "other soul" - a brand with a strong personality and as provocative and sophisticated as it is cool-headed and cutting-edge; Church's, a high-end men's footwear manufacturer established in the British town of Northampton in 1873; and Car Shoe, inventor of the original driving moccasin with uppers perforated with rubber studs, patented in 1963.

In March 2014 Prada Spa acquired 80% of Angelo Marchesi srl. As two brands that are deeply Milanese in heart, Prada Group and Marchesi aim to preserve the pastry shop's historic mores while expanding its celebrated imprint. The second shop opened on Milan's Via Monte Napoleone in September 2015 and a third venue inside Galleria Vittorio Emanuele II arcade in September 2016.

Time magazine ranked Miuccia Prada and Patrizio Bertelli as one of the 100 most influential couples in the world in 2006.

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



The Prada brand ranked 81st in Interbrand's top 100 most valuable global brands in 2016.

Prada's products are made in 18 company-owned sites, 15 of which are located in Italy, 1 in Great Britain, 1 in France and 1 in Romania, and by a network of external contractors who are carefully screened to assure the necessary standard of craftsmanship, quality and reliability. Each stage of the production process is closely and directly monitored: from the procurement and purchase of raw materials (including external suppliers) to the fabrication of prototypes, and planning and coordination of in-house and outsourced production.



The Group's distribution network extends across 70 countries, counting 620 directly-operated stores (at 31 January 2017), which form the backbone of the group's international expansion strategy, and a selection of department stores and multi-brand retail spaces in the most significant cities and stylish locations.

Innovation is at the core of Prada's success, with no sector escaping the Group's avante-garde approach, distribution included. Prada was the first brand to launch a new type of store, known as "Prada Epicenters", designed by internationally-acclaimed architects such as Rem Koolhaas, and Herzog & de Meuron, both winners of the Pritzker Prize (the Nobel for architecture).

All the other leading fashion brands then followed Prada's lead.

Prada casts its creative eye beyond the boundaries of fashion, to include art, architecture, cinema and culture as key reference to the brand's core values.

Since 1993 **Fondazione Prada's** activities have analyzed intentions and relevance through an evolution of projects. In twenty years of activities solo shows devoted to Italian and international artists, philosophy conferences, architecture exhibitions and film festivals have been presented in Milan. The Fondazione also organized special projects and art exhibitions in Venice and other international cities such as Paris, London, Seoul and Tokyo.

In 2011 Fondazione Prada unveiled a new exhibition space in Venice in the 18th-century palazzo Ca' Corner della Regina, where important research exhibitions have been presented. On May 9th 2015, its new permanent Milan venue, conceived by architecture firm OMA led by Rem Koolhaas, opened to the public. The compound develops on an overall surface of 19.000 m²/205,000 ft² and expands the repertoire of spatial typologies in which art can be exhibited and shared with the public. Characterized by an articulated architectural configuration which combines seven existing buildings with three new structures, it is the result of the transformation of a distillery dating back to the 1910's.

Fondazione Prada new Milan venue offers new opportunities to widen and enrich a plurality of disciplines and languages, keeping art as the main instrument of working and learning.

In December 2016 Osservatorio, Fondazione Prada's outpost dedicated to photography and visual languages, was launched in Galleria Vittorio Emanuele II in the center of Milan. Extending across the fifth and sixth floors of one of the Galleria's main buildings, it is located above the central octagon, at the level of the glass and iron dome that covers the arcades.



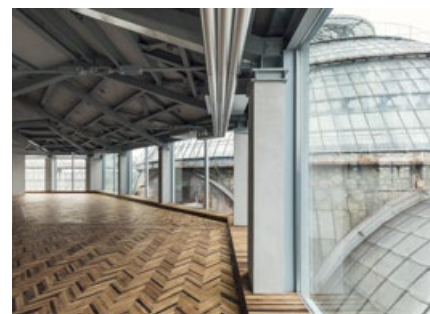
Ph. credit Agostino Osio



Ph. credit Bas Princen



Ph. credit Bas Princen



Ph. credit Delfino Sisto Legnani and Marco Cappelletti

Prada is also four-times sponsor of the Luna Rossa team in the 2000, 2003, 2007 and 2013 **America's Cup** campaigns, winning the challengers' selection series in 2000 and reaching the final in both 2007 and 2013.



This experience gained Prada massive visibility on an international scale, linking it to the world's oldest and one of the most prestigious international sporting competition.

Patrizio Bertelli was the first Italian ever to be inducted in the America's Cup Hall of Fame, on 29 June 2012.

CREATIVITY AND MANUFACTURING

Creativity

Creativity is the starting point of every process. Miuccia Prada's unique talent is the ability to fuse her intellectual curiosity and cultural interests with her relentless pursuit of new ideas, blazing her very own pioneering trail. This often leads her not only to anticipate trends, but also to set them.



The constant sharing of ideas and experimentation are at the heart of the Prada Group creative process, and this has engendered a systematic research culture using a common methodology.

The charisma and incredible intuition of Miuccia Prada and Patrizio Bertelli attracts talents from all over the world. This has allowed the husband-and-wife partnership to build dedicated teams for each part of the creative process, in a global, interactive approach.

Manufacturing

The industrial aspects of production are perfectly in tune with the specialist nature of the workmanship and uncompromisingly high quality standards demanded, at every step of the production process, across the Prada Group. The constant quest for excellence and innovation are an integral part of this.

Production is carried out in fifteen company-owned sites located around Italy, and coordinated centrally from the Terranuova Bracciolini industrial headquarters, in Arezzo, Tuscany, whereas the Northampton (UK), site is dedicated to the high-end footwear brand Church's. On October 2014 Prada Group announced the acquisition of the historic tannery Tannerie Mégisserie Hervy, located in Isle, near Limoges, France.

A network of external suppliers, selected for their artisan workmanship, quality and reliability, works in parallel with these production sites. Many have been with Prada Group for more than twenty years. For each market sector, the Prada Group also has its own in-house research and development department, meaning collections can be designed, developed and optimised in very short turnarounds.



The same criteria apply to contractors, whom are supplied with the raw materials, designs and prototypes, and monitored by a team of inspectors from within the Prada Group.

Moreover, before products are released to market, they are subject to stringent testing by a dedicated division in the Group responsible for quality control.

The Prada Group's approach to production is therefore based on two key principles: the constant quest of innovation, thereby assuring skills and expertise continue to evolve, and an artisan spirit, the legacy core value for production and a unique asset for each brand.

Throughout the Group's expansion, production sites were either built to meet product requirements or acquired from companies originally used as suppliers. The sites acquired were then modernized, or in some cases rebuilt, in collaboration with trailblazing architects the likes of Guido Canali (Levanella, Arezzo and Montegranaro, Fermo) or Studio Cerri & Associati along with Vittorio Gregotti (Piancastagnaio, Siena). The aim in each case was to optimize manufacturing processes and create optimal working environments that reflect the signature of Prada Group's aesthetics and quality.

One site won the "ANCE-IN/ARCH National Architecture Award" in 2006, for the best industrial architecture project in Italy in the five years reference period.

READY-TO-WEAR	LEATHER GOODS
Ancona	Arezzo
Città di Castello	Florence
Fucecchio, Florence	Milan
Montone, Perugia	Piancastagnaio, Siena
Torgiano, Perugia	Scandicci, Florence
SHOES	
Buresta, Arezzo - Women's shoes	
Civitanova Marche, Macerata - Men's shoes	
Dolo, Venice - Women's shoes	
Levane, Arezzo - Women's shoes (made to order)	
Montegranaro, Fermo - Men's shoes	
FOREIGN PRODUCTION SITES	
Isle, France - Raw materials, tannery	
Northampton, UK - Men's shoes	
Sibiu, Romania - Leather goods	

Production sites

Most of the individuals responsible for producing Prada's exquisite items have been with the group for an average of twenty years; the level of expertise acquired is therefore very high, as is the guarantee that it will be transferred to younger generations.



Prada Group's capacity to innovate is evident in the creativity and speed of its production processes: as a complement to its reference collections, flash collections are regularly produced to re-assort sales points. The entire process for these collections, from drawing table to shop display, takes only from four to six weeks.



RAW MATERIALS

Raw materials are an essential part of product quality, making them a primary concern in the Prada Group.

They are sourced by an in-house division which selects suppliers directly in an uncompromising, total quality system.

In many cases, the materials are made especially for Prada, in line with stringent technical and style specifications guaranteeing both the excellence of the material and its exclusive nature. The materials therefore highlight the independent spirit imbued in all Prada Group products.

Raw materials, before being released into production, are also subject to stringent quality control by internal inspectors and engineers.



LOGISTICS

Product distribution is handled through six warehouses, five in Italy and one in UK. It is managed by a group division which coordinates product storage, shipping and distribution, as well as arranging transport and customs procedures.



DISTRIBUTION

Central to the Prada Group's distribution strategy is the development of its retail channel in all markets, both consolidated and emerging, focusing in particular on nations with high growth potential.

The Group's distribution network extends across 70 countries, counting 620 directly-operated stores (at 31 January 2017), which form the backbone of the group's international expansion strategy, and a selection of department stores and multi-brand retail spaces in the most significant cities and stylish locations.



The reasons for this strategy are many: not only the DOS are the supreme showcase for newly-launched collections, but they also offer a direct relationship with customers and provide real-time feedback on how each product category is performing. Over and above their primary role as a sales point, DOS also represent an important communication tool: real embassies of each brand, they portray their image in a clear and consistent manne.



Direct sales account for about 85% of consolidated revenues while the remaining 15% is generated by the wholesale channel (multi-brand retail spaces and department stores).

Prada Epicenters

In the late 90s, Prada decided to explore shopping from a different angle and in radical, new ways. Partnerships were forged with internationally acclaimed architects Rem Koolhaas, and Herzog & de Meuron (both winners of the Pritzker Prize, the Nobel for Architecture) to come up with an innovative new take on the concept of shopping. This period of profound reflection resulted in “Prada Epicenters”, a singularly and unmistakably different kind of space, urban references in the city and cultural landscapes, complementing Prada’s network of traditional shops and setting new trends in store space design.

Epicenters are like no other shops; luxury goods, technology, design and architecture very cleverly coalesce with an extensive range of additional services and interactive audio and sensory experiences, to create an all-new shopping experience and approach.



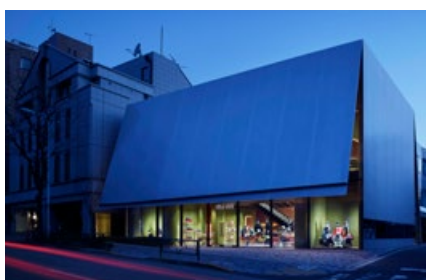
Prada Epicenters have become local and international landmarks, and at times transcending their retail function to host film screenings, exhibitions, debates and other cultural events. The fusion of each of these aspects endows Prada with a new sense of exclusiveness while emphasizing the identity of the brand and empowering perceptions.

The Prada Epicenters are in New York (2001 – Rem Koolhaas), Tokyo (2003 – Herzog & de Meuron) and Los Angeles (2004 – Rem Koolhaas).

Miu Miu Aoyama

On March 26th, 2015, Miu Miu unveiled its new project in Tokyo, designed by Swiss architects Herzog & de Meuron.

The 720 square metres building, located in the Aoyama District, is sited diagonally across the street from Prada Tokyo Epicenter. About the construction the architects say: “More like a home than a department store, more hidden than open, more understated than extravagant, more opaque than transparent”.



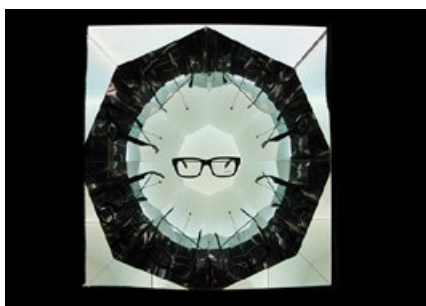
The external suggests a polished metal box; the metallic façade reflecting the street and the image of the passersby, instead of revealing the interior like a typical storefront. The warm and inviting material palette includes polished copper, wood, and the classic Miu Miu brocade, creating an elegant and refined atmosphere.

LICENCES

Eyewear

Prada was the first luxury group to see the eyewear's fashion potential and to consider the glasses as a stylish part of its collections.

The group unveiled its first ever sunglasses in 2000, under the Prada and Miu Miu labels, then in 2003 signed a licence agreement with the Luxottica Group, the world leader in premium fashion, luxury and sports eyewear.



Under this agreement, Prada coordinates the creative vision, design, style and communication for all eyewear collections, while Luxottica takes care of production and distribution, with exclusive rights to Prada and Miu Miu sunglasses and spectacles in all global markets.

Fragrances – Prada

An agreement was signed with Puig Beauty & Fashion Group in 2003, laying down the terms of a partnership to produce, distribute and develop Prada fragrances.

Under Miuccia Prada's creative direction, a number of fragrances were launched throughout the years and even today, these are considered classics in the international arena.

Timeline:

2003 Prada Exclusive Scents

2004 Prada Amber Woman – Prada Amber Intense

2006 Prada Amber Man – Prada Amber Tendre

2007 Infusion d'Iris

2008 Infusion d'Homme

2011 Prada Candy

2012 Prada Luna Rossa Sport

2013 Exclusive Scents: N° 14 Rossetto

2014 Prada Candy Floreale

2015 Les Infusions de Prada – Luna Rossa Sport – Prada Olfactories

2016 Prada Candy Kiss – La Femme et L'Homme Prada



Fragrances – Miu Miu

The Prada Group signed an agreement with Coty Inc. in 2013 for the production, distribution and development of Miu Miu fragrances.

The first Miu Miu fragrance was launched in August 2015 through a selective distribution network.

The new fragrance, L'Eau Bleu, was presented in December 2016.



CORPORATE SOCIAL RESPONSIBILITY

The Prada Group pursues economic growth in conjunction with sustainable development in the immediate and long term, with the objective of building the foundation for the company of the future.

The constant evaluation of the outside world is a fundamental part of the Prada Group, and consequently, the company's DNA is naturally aligned with the issues on which society is largely focused today: respect for people, for the environment, for communities and for artistic heritage.



The Group's commitment in this area has been recapitulated since 2013 through a report that, year after year, summarises projects that have been developed, results that have been achieved and objectives set for the future.

The year 2015 saw the launch of the corporate website www.csr.pradagroup.com, a new perspective on the Prada Group. The website highlights the steps that have been undertaken towards sustainability, initially subconsciously, and then increasingly consciously, in over thirty years of industrial development. This site aims to be a major contributor to the diffusion of practices and values within the Group, along the supply chain and among the main stakeholders, whilst demonstrating the Group's commitment to them to continue along that path.

PRADA GROUP FIGURES

