PRADA
MILANO
DAL 1913

PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE YEAR ENDED JANUARY 31, 2015

- Net revenues were Euro 3,551.7 million, recording a decrease of 1% compared with the twelve months ended January 31, 2014 (-1.1% at constant exchange rates)
- Retail net sales were Euro 2,980.9 million, down by 0.5% compared with the twelve months ended January 31, 2014 (-0.4% at constant exchange rates)
- EBITDA was Euro 954.2 million, representing a margin of 26.9% on net revenues (31.9% in the twelve months ended January 31, 2014)
- Group's net income amounted to Euro 450.7 million, compared to Euro 627.8 million for the twelve months ended January 31, 2014
- Net financial position standing positive at Euro 188.8 million as at January 31, 2015
- Net operating cash flow for the twelve months ended January 31, 2015, was Euro 483.6 million

Consolidated results for the year ended January 31, 2015

The Board of Directors (the "Board") of PRADA S.p.A. (the "Company", or "PRADA spa") announces the audited Consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended January 31, 2015, together with the audited comparative figures for the year ended January 31, 2014. The following financial information has been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Consolidated results of the Group for the year ended January 31, 2015, and January 31, 2014, were audited by Deloitte & Touche spa.

Scope of work of Messrs. Deloitte & Touche spa

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended January 31, 2015, as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte & Touche spa, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte & Touche spa in this respect did not constitute an assurance engagement in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange and consequently no assurance has been expressed by Messrs. Deloitte & Touche spa on the preliminary announcement.

Key financial information

Key information from the Income statement (amounts in thousands of Euro)	twelve months ended Jan 31 2015 (audited)	twelve months ended Jan 31 2014 (audited)	twelve months ended Jan 31 2013 (audited)	% change vs Jan 31 2014
Net revenues	3,551,696	3,587,347	3,297,219	-1.0%
EBITDA	954,249	1,143,186	1,052,469	-16.5%
EBITDA %	26.9%	31.9%	31.9%	-
EBIT	701,551	939,237	889,781	-25.3%
EBIT %	19.8%	26.2%	27.0%	-
Income before tax	667,702	922,896	883,616	-27.7%
Net income of the Group	450,730	627,785	625,681	-28.2%
Earnings per share (Euro)	0.176	0.245	0.245	-28.2%
Capital expenditure	449,735	611,227	351,129	-
Net operating cash flows	483,597	769,436	759,272	-37.1%
Average number of employees	11,962	10,816	9,427	10.6%

Key information from the Statement of financial position (amounts in thousands of Euro)	as at Jan 31 2015 (audited)	as at Jan 31 2014 (audited)	as at Jan 31 2013 (audited)	change vs Jan 31 2014
Net operating working capital	563,409	409,774	317,714	153,635
Net invested capital	2,829,359	2,405,650	2,017,844	423,709
Net financial position surplus/(deficit)	188,788	295,890	312,648	(107,102)
Group shareholders' equity	3,000,737	2,687,554	2,320,022	313,183

Highlights for the year ended January 31, 2015

The 2014 financial year has ended with consolidated net revenues of Euro 3,551.7 million, down by 1% compared to Euro 3,587.3 million in 2013. At constant exchange rates, consolidated net revenues have remained almost unchanged because, overall, exchange rates between other currencies and the Euro had a negative impact on sales for a significant portion of the year but then made a positive contribution and helped sales recover in the last few months of the year. Sales in the retail channel – which comprised 594 DOS at January 31, 2015 – were broadly in line with 2013 while wholesale channel sales fell by 3.4% and were again affected by the program of rationalization and conversion into retail sales.

The international economic environment in which the Group operated in 2014 was particularly challenging because of the ongoing economic uncertainty and the political and social tension that affected several important markets. Against this background, there was, generally, a lower contribution from flows of tourists while local demand followed different trends on the various markets: there was growth in Japan and the Americas and decreases in Europe, Italy and Asia Pacific. Nonetheless, Prada Group has continued to invest resources in pursuit of its medium/long-term objectives: it has confirmed the opening of new stores on markets not considered sufficiently covered although some have been postponed until 2015; it has also launched a number of communications initiatives in order to strengthen brand image and reinforce the link with customers. At the same time, in order to safeguard industrial margins and further increase production knowhow, there has been a major overhaul of certain internal production processes, the effects of which will be visible from next year. However, as the general situation during the year gradually became more complicated than could have been expected, management concluded that it was essential to implement a series of measures aimed at containing costs at various income statement levels.

The slowdown in the rate of growth and the accompanying increase in costs linked to retail network expansion has hit operating margins: EBITDA for the twelve months ended January 31, 2015 was Euro 954.2 million, or 26.9% of net revenues against 31.9% in prior year, and EBIT totaled Euro 701.6 million, or 19.8% of net revenues against 26.2% in prior year.

After net financial expenses of Euro 33.8 million (Euro 16.3 million in 2013) and an effective tax rate almost in line with prior year (31.2% against 30.9% in 2013), the Group's net income amounted to Euro 450.7 million (12.7% of net revenues against 17.5% in 2013).

The capital expenditure for 2014 totaled Euro 449.7 million and was mainly dedicated to the expansion and renewal of the DOS network and to the acquisition for Euro 61.5 million of a property in Milan already used by the Group as its Corporate Headquarters under a rental contract.

At January 31, 2015, the Group's net financial position was positive by Euro 188.8 million. In the twelve months then ended, cash flows generated by operating activities amounted to Euro 483.6 million and were almost entirely employed – together with some existing cash – to finance capex and pay dividends to the shareholders of PRADA spa (Euro 281.5 million) and the non-controlling shareholders of subsidiaries (Euro 9.4 million).

Consolidated income statement for the year ended January 31, 2015

(amounts in thousands of Euro)	Note	twelve months ended January 31 2015 (audited)	% on Net revenues	twelve months ended January 31 2014 (audited)	% on Net revenues
Net revenues	3	3,551,696	100.0%	3,587,347	100.0%
Cost of goods sold		(1,001,117)	-28.2%	(938,698)	-26.2%
Gross margin		2,550,579	71.8%	2,648,649	73.8%
Operating expenses	4	(1,849,028)	-52.1%	(1,709,412)	-47.7%
EBIT		701,551	19.8%	939,237	26.2%
Interest and other financial income/(expenses), net	5	(34,304)	-1.0%	(17,357)	-0.5%
Dividends received from third parties		455	-	1,016	-
Income before taxes		667,702	18.8%	922,896	25.7%
Taxation	6	(208,484)	-5.9%	(285,091)	-7.9%
Net income for the period		459,218	12.9%	637,805	17.8%
Net income – Non-controlling interests		8,488	0.2%	10,020	0.3%
Net income – Group		450,730	12.7%	627,785	17.5%
Depreciation, amortization and impairment		252,698	7.1%	203,949	5.7%
EBITDA		954,249	26.9%	1,143,186	31.9%
Basic and diluted earnings per share (in Euro per share)	7	0.176		0.245	

Consolidated income statement for the three months ended January 31, 2015

(amounts in thousands of Euro)	Note	three months ended January 31 2015 (unaudited)	% on Net revenues	three months ended January 31 2014 (unaudited)	% on Net revenues
Net revenues	3	999,672	100.0%	1,011,246	100.0%
Cost of goods sold		(285,509)	-28.6%	(271,837)	-26.9%
Gross margin		714,163	71.4%	739,409	73.1%
Operating expenses		(509,045)	-50.9%	(477,986)	-47.3%
EBIT		205,118	20.5%	261,423	25.9%
Interest and other financial income/(expenses), net		(18,326)	-1.8%	(2,933)	-0.3%
Dividends received from third parties		-	-	732	0.1%
Income before taxes		186,792	18.7%	259,222	25.6%
Taxation		(53,771)	-5.4%	(69,957)	-6.9%
Net income for the period		133,021	13.3%	189,265	18.7%
Net income – Non-controlling interests		1,610	0.2%	2,360	0.2%
Net income – Group		131,411	13.1%	186,906	18.5%
Depreciation, amortization and impairment		67,453	6.7%	60,791	6.0%
EBITDA		272,571	27.3%	322,214	31.9%

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Assets			
Current assets			
Cash and cash equivalents		708,966	568,414
Trade receivables, net	9	346,284	308,405
Inventories, net	8	654,545	449,903
Derivative financial instruments - current		6,287	13,984
Receivables from, and advance payments to, parent company and other related parties - current	10	3,240	5,993
Other current assets	12	180,633	114,897
Total current assets		1,899,955	1,461,596
Non-current assets			
Property, plant and equipment	11	1,474,218	1,230,192
Intangible assets	11	943,304	901,289
Associated undertakings		30,529	21,186
Deferred tax assets		280,983	201,245
Other non-current assets	13	91,353	69,867
Derivative financial instruments non-current		1,106	1,430
Receivables from, and advance payments to, parent company and other related parties – non-current	10	17,429	1,487
Total non-current assets		2,838,922	2,426,696
Total Assets		4,738,877	3,888,292
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		263,335	61,909
Payables to parent company and other related parties - current	14	3,083	4,894
Trade payables	15	437,420	348,534
Current tax liabilities		133,914	132,145
Derivative financial instruments - current		56,772	3,803
Obligations under finance leases - current		21	524
Other current liabilities	16	220,480	154,666
Total current liabilities		1,115,025	706,475
Non-current liabilities			
Long-term financial payables		255,203	207,950
Obligations under finance leases non-current		-	19
Post-employment benefits		85,754	63,279
Provision for risks and charges	17	63,695	52,660
Deferred tax liabilities		41,634	42,671
Other non-current liabilities		128,752	98,982
Derivative financial instruments non-current		17,283	1,469
Payables to parent company and other related parties – non-current	14	13,384	13,247
Total non-current liabilities		605,705	480,277
Total Liabilities		1,720,730	1,186,752
Share capital		255,882	255,882
Translation reserve		130,996	(49,438)
Total other reserves		2,163,129	1,853,325
Net profit for the period		450,730	627,785
Total Shareholders' equity – Group		3,000,737	2,687,554
Shareholders' equity – Non-controlling interests		17,410	13,986
Total Liabilities and Shareholders' equity		4,738,877	3,888,292

Net current assets		784,930	755,121
Total assets less current liabilities		3,623,852	3,181,817

Statement of changes in consolidated shareholders' equity (amounts in thousands of Euro, except for number of shares)

											Equity		
(amounts in thousands of Euro)	Number of Shares	**Share Capital**	**Translation Reserve**	Share premium reserve	Cash flow hedge reserve	Actuarial Reserve	*Fair Value Available for sale Reserve*	Other reserves	**Total Other Reserves**	**Net income for year**	**Equity attributable to owners of Group**	**Non-controlling interests**	**Total Equity**
Balance at January 31, 2013	2,558,824,000	**255,882**	**(42,288)**	410,047	20,148	(6,470)	5,486	1,051,536	**1,480,747**	**625,681**	**2,320,022**	**10,470**	**2,330,492**
Allocation of 2012 net income	-	**-**	**-**	-	-	-	-	625,681	**625,681**	**(625,681)**	**-**	-	**-**
Dividends	-	**-**	**-**	-	-	-	-	(230,294)	**(230,294)**	**-**	**(230,294)**	(6,634)	**(236,928)**
Capital injection in subsidiaries	-	**-**	**-**	-	-	-	-	-	**-**	**-**	**-**	40	**40**
Comprehensive income for the year (recycled to P&)	-	**-**	**(7,150)**	-	(16,449)	-	(1,378)	-	**(17,827)**	**627,785**	**602,808**	10,110	**612,918**
Comprehensive income for the year (not recyclable to P&L)	-	**-**	**-**	-	-	(4,982)	-	-	**(4,982)**	**-**	**(4,982)**	-	**(4,982)**
Balance at January 31, 2014	2,558,824,000	**255,882**	**(49,438)**	410,047	3,699	(11,452)	4,108	1,446,923	**1,853,325**	**627,785**	**2,687,554**	**13,986**	**2,701,540**
Allocation of 2013 net income	-	**-**	**-**	-	-	-	-	627,785	**627,785**	**(627,785)**	**-**	-	**-**
Dividends	-	**-**	**-**	-	-	-	-	(281,471)	**(281,471)**	**-**	**(281,471)**	(9,378)	**(290,849)**
Acquisition of Marchesi Angelo srl	-	**-**	**-**	-	-	-	-	(2,466)	**(2,466)**	**-**	**(2,466)**	107	**(2,359)**
Capital injection in subsidiaries	-	**-**	**-**	-	-	-	-	-	**-**	**-**	**-**	2,125	**2,125**
Comprehensive income for the year (recycled to P&)	-	**-**	**180,434**	-	(39,022)	-	7,007	-	**(32,015)**	**450,730**	**599,149**	10,573	**609,722**
Comprehensive income for the year (not recyclable to P&L)	-	**-**	**-**	-	-	(2,029)	-	-	**(2,029)**	**-**	**(2,029)**	(3)	**(2,032)**
Balance at January 31, 2015	2,558,824,000	**255,882**	**130,996**	410,047	(35,323)	(13,481)	11,115	1,790,771	**2,163,129**	**450,730**	**3,000,737**	**17,410**	**3,018,147**

Under Italian law, the Company is required to allocate a portion of its net income to non-distributable reserves and to provide additional information on the distribution of earnings for the period.

Condensed statement of consolidated cash flows

(amounts in thousands of Euro)	twelve months ended January 31 2015 (audited)	twelve months ended January 31 2014 (audited)
Net cash flows from operating activities	483,597	769,436
Cash flows generated/(utilized) by investing activities	(368,870)	(548,349)
Cash flows generated/(utilized) by financing activities	(57,027)	(219,797)
Change in cash and cash equivalents, net of bank overdrafts	57,700	1,292

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	twelve months ended January 31 2015 (audited)	twelve months ended January 31 2014 (audited)
Net income for the period – Consolidated	459,218	637,805
A) Items recyclable to P&L:		
Change in Translation reserve	182,519	(7,057)
Tax impact	-	-
Change in Translation reserve less tax impact	182,519	(7,057)
Change in Cash Flow Hedge reserve	(52,817)	(22,755)
Tax impact	13,795	6,306
Change in Cash Flow Hedge reserve less tax impact	(39,022)	(16,449)
Change in Fair Value reserve	9,343	(1,837)
Tax impact	(2,336)	459
Change in Fair Value reserve less tax impact	7,007	(1,378)
B) Item not recyclable to P&L:		
Change in Actuarial reserve	(2,338)	(6,403)
Tax impact	306	1,418
Change in Actuarial reserve less tax impact	(2,032)	(4,985)
Consolidated comprehensive income for the period	607,690	607,936
Comprehensive income for the period – Non-controlling Interests	10,570	10,110
Comprehensive income for the period – Group	597,120	597,826

Notes to the consolidated results for the year ended January 31, 2015

1. Presentation of PRADA Group

PRADA spa (the "Company"), together with its subsidiaries (jointly the "Group"), is listed on the Hong Kong Stock Exchange (stock code: 1913). It is one of the world leaders in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates, under licensing agreements, in the eyewear and fragrances sectors. Its products are sold in 70 countries worldwide through a network that included 594 Directly Operated Stores (DOS) at January 31, 2015, and a selected network of luxury department stores, independent retailers and franchise stores.

The Company is a joint-stock company, registered and domiciled in Italy. Its registered office is in Via Antonio Fogazzaro 28, Milan, Italy.

2. Basis of preparation

The Consolidated financial statements of the PRADA Group as at January 31, 2015, including the "Consolidated statement of financial position", the "Consolidated income statement", the "Statement of Consolidated comprehensive income", the "Summarized statement of consolidated cash flows ", the "Statement of changes in consolidated shareholders' equity" and the "Notes to the consolidated financial statements" have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union.

At the date of presentation of these Consolidated financial statements, there were no differences between IFRS as endorsed by the European Union and applicable to the PRADA Group and those issued by the IASB.

IFRS also refers to all International Accounting Standards ("IASs") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC").

The contents of this Announcement on the consolidated results for the year ended January 31, 2015, are included in the 2014 Annual Report of PRADA spa.

New standards and amendments issued by the IASB, endorsed by the European Union and applicable to the PRADA Group from February 1, 2014

The following amendments to IFRS have been endorsed by the European Union and are applicable to the PRADA Group effective from February 1, 2014. These changes do not have any significant impact to the Group as of the date of these consolidated financial statements:

- “IFRIC Interpretation 21 Levies”;
- Amendments to “IAS 36 Impairment of Assets”;
- Amendments to “IAS 39 Financial Instruments: Recognition and Measurement”;
- “Investment Entities”, meant as a group of amendments to IFRS 10, IFRS 12 and IAS 27;
- Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12);
- “IFRS 10 Consolidated Financial Statements”;
- “IFRS 11 Joint Arrangements”;
- “IFRS 12 Disclosure of Interests in Other Entities”;
- Amendments to “IAS 28 Investment in Associates and Joint Ventures”;
- Amendments to “IAS 27 Separate Financial Statements”;
- Amendments to “IAS 32 Financial Instruments: Presentation”.

3. Net revenues analysis

Net revenues for the year ended January 31, 2015

(amounts in thousands of Euro)	twelve months ended January 31 2015 (audited)		twelve months ended January 31 2014 (audited)		% change
Net sales by geographical area					
Italy	553,429	15.8%	552,897	15.6%	0.1%
Europe	739,100	21.0%	776,494	21.9%	-4.9%
Americas	492,151	14.0%	487,990	13.8%	0.9%
Asia Pacific	1,252,675	35.7%	1,292,753	36.4%	-3.1%
Japan	367,625	10.5%	340,784	9.6%	7.9%
Middle East	103,475	2.9%	91,114	2.6%	13.6%
Other countries	4,981	0.1%	6,175	0.1%	-19.3%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by brand					
Prada	2,895,437	82.4%	2,943,633	83.0%	-1.6%
Miu Miu	526,770	15.0%	519,142	14.6%	1.5%
Church's	74,041	2.1%	68,609	1.9%	7.9%
Car Shoe	11,935	0.3%	13,427	0.4%	-11.1%
Other	5,253	0.1%	3,396	0.1%	54.7%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by product line					
Clothing	594,756	16.9%	581,594	16.4%	2.3%
Leather goods	2,218,032	63.1%	2,332,518	65.7%	-4.9%
Footwear	644,666	18.3%	594,586	16.8%	8.4%
Other	55,982	1.6%	39,509	1.1%	41.7%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by distribution channel					
DOS	2,980,891	84.8%	2,996,637	84.5%	-0.5%
Independent customers and franchises	532,545	15.2%	551,570	15.5%	-3.4%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales	3,513,436	98.9%	3,548,207	98.9%	-1.0%
Royalties	38,260	1.1%	39,140	1.1%	-2.2%
Total net revenues	3,551,696	100.0%	3,587,347	100.0%	-1.0%

Net revenues for the three months ended January 31, 2015

(amounts in thousands of Euro)	three months ended January 31 2015 (unaudited)		three months ended January 31 2014 (unaudited)		% change
Net sales by geographical area					
Italy	150,612	15.2%	154,334	15.4%	-2.4%
Europe	194,959	19.7%	204,482	20.5%	-4.7%
Americas	155,692	15.7%	152,311	15.2%	2.2%
Asia Pacific	349,820	35.3%	360,775	36.0%	-3.0%
Japan	108,319	10.9%	101,029	10.1%	7.2%
Middle East	29,458	3.0%	26,078	2.6%	13.0%
Other countries	1,416	0.1%	1,992	0.2%	-28.9%
Total	990,276	100.0%	1,001,001	100.0%	-1.1%
Net sales by brand					
Prada	812,533	82.1%	829,223	82.9%	-2.0%
Miu Miu	153,272	15.5%	151,144	15.1%	1.4%
Church's	19,120	1.9%	17,348	1.7%	10.2%
Car Shoe	2,797	0.3%	2,474	0.2%	13.1%
Other	2,554	0.3%	812	0.1%	214.5%
Total	990,276	100.0%	1,001,001	100.0%	-1.1%
Net sales by product line					
Clothing	182,256	18.4%	191,252	19.1%	-4.7%
Leather goods	603,271	60.9%	621,735	62.1%	-3.0%
Footwear	192,687	19.5%	179,228	17.9%	7.5%
Other	12,062	1.2%	8,786	0.9%	37.3%
Total	990,276	100.0%	1,001,001	100.0%	-1.1%
Net sales by distribution channel					
DOS	809,216	81.7%	814,597	81.4%	-0.7%
Independent customers and franchises	181,060	18.3%	186,404	18.6%	-2.9%
Total	990,276	100.0%	1,001,001	100.0%	-1.1%
Net sales	990,276	99.1%	1,001,001	99.0%	-1.1%
Royalties	9,397	0.9%	10,245	1.0%	-8.3%
Total net revenues	999,673	100.0%	1,011,246	100.0%	-1.1%

Number of stores

	as at January 31, 2015		as at January 31, 2014	
	Owned	Franchises	Owned	Franchises
Prada	362	27	330	24
Miu Miu	169	8	150	8
Church's	55	-	52	-
Car Shoe	8	-	8	-
Total	594	35	540	32

	as at January 31, 2015		as at January 31, 2014	
	Owned	Franchises	Owned	Franchises
Italy	51	6	51	6
Europe	167	3	150	6
Americas	110	-	91	-
Asia Pacific	175	22	157	20
Japan	70	-	72	-
Middle East	17	4	16	-
Africa	4	-	3	-
Total	594	35	540	32

4. Operative expenses

(amounts in thousands of Euro)	twelve months ended January 31 2015 (audited)	% on net revenues	twelve months ended January 31 2014 (audited)	% on net revenues
Product design and development costs	132,583	3.7%	129,807	3.6%
Advertising and communication costs	170,562	4.8%	171,966	4.8%
Selling costs	1,340,832	37.8%	1,212,065	33.8%
General and administrative costs	205,051	5.8%	195,574	5.5%
Total	1,849,028	52.1%	1,709,412	47.7%

5. Interest and other financial income/(expenses), net

(amounts in thousands of Euro)	twelve months ended January 31 2015 (audited)	twelve months ended January 31 2014 (audited)
Interests expenses on borrowings	(12,891)	(9,548)
Interest expenses IAS 19	(400)	(12)
Interest income	3,314	3,576
Exchange gains /(losses) – realized	8,854	(9,128)
Exchange gains/(losses) – unrealized	(30,045)	1,448
Other financial income/(expenses)	(3,136)	(3,693)
Total	(34,304)	(17,357)

6. Taxation

(amounts in thousands of Euro)	twelve months ended January 31 2015 (audited)	twelve months ended January 31 2014 (audited)
Current taxation	252,712	320,176
Deferred taxation	(44,428)	(35,085)
Income taxes	208,484	285,091

7. Earnings and dividends per share

Earnings per share

Earnings per share are calculated by dividing the net income attributable to Group's shareholders by the weighted average number of ordinary shares in issue.

	twelve months ended January 31 2015 (audited)	twelve months ended January 31 2014 (audited)
Group net income in Euro	450,730,284	627,784,659
Weighted average number of ordinary shares in issue	2,558,824,000	2,558,824,000
Earnings per share in Euro, calculated on weighted average number of shares	0.176	0.245

Dividends per share

The Board of Directors of PRADA spa has proposed a final dividend of Euro 281,470,640 (or Euro 11 cents per share) for the twelve months ended January 31, 2015.

During the year ended January 31, 2015, the Company distributed dividends of Euro 281,470,640, as approved by the Shareholders' Meeting held on May 22, 2014 to approve the financial statements for the year ended January 31, 2014.

The payment of the dividends and the related Italian withholding tax liability (Euro 11.3 million), arising from the application of the Italian ordinary withholding tax rate to the whole amount of dividends paid to beneficial owners of the Company shares held through the Hong Kong Central Clearing and Settlement System, was completed by January 31, 2015.

8. Inventories, net

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Raw materials	106,843	85,333
Work in progress	40,786	28,424
Finished products	571,115	403,473
Allowance for obsolete and slow moving inventories	(64,199)	(67,327)
Total	654,545	449,903

The increase in inventories is generally due to the 54 more DOS (net) than at January 31, 2014, and to a different replenishment strategy adopted in the last few months of 2014 in order to improve the retail range.

Materials being worked upon by third parties are included in raw materials. Work in progress includes materials at the production stage with PRADA spa, other production companies included in the scope of consolidation and third party sub-contractors.

Movements on the allowance for obsolete and slow moving inventories are analyzed as follows:

(amounts in thousands of Euro)	Raw materials	Finished Products	Total
Balance at January 31, 2014 (audited)	29,780	37,547	67,327
Exchange differences	9	27	36
Increases	9	61	70
Reversals	(3,000)	(234)	(3,234)
Utilization	-	-	-
Balance at January 31, 2015 (audited)	26,798	37,401	64,199

The allowance for obsolete and slow moving inventories has been adjusted to bring the value of inventories into line with their estimated realizable amount.

9. Trade receivables, net

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Trade receivables from third parties	317,147	288,504
Allowance for bad and doubtful debts	(7,784)	(10,432)
Trade receivables from related parties	36,921	30,333
Total	346,284	308,405

The increase in trade receivables from third parties is mainly due to the higher level of receivables from department stores denominated in currencies other than the Euro.

Trade receivables from related parties includes an amount of Euro 29.3 million (Euro 25.5 million at January 31, 2014) essentially arising from sales of finished products and royalties, as provided by the franchising agreement with Fratelli Prada spa, a retail company owned by the majority shareholders of parent company PRADA Holding spa. Trade receivables from related parties also includes a total of Euro 1.5 million due from Fratelli Prada srl and Progetto Prada Arte srl iand regarding chargebacks for their utilization of premises in Galleria Vittoria Emanuele II which PRADA spa holds under a concession agreement with the Municipality of Milan.

The allowance for doubtful accounts was determined on a specific basis considering all information available at the date the financial statements were prepared. It is revised periodically to bring receivables as close as possible to their fair value.

Movements during the period may be analyzed as follows:

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Opening balance	10,432	11,547
Change in scope of consolidation	17	-
Exchange differences	463	55
Increases	109	830
Utilized	(3,173)	(1,922)
Reversals	(64)	(78)
Closing balance	7,784	10,432

The following table contains a summary, by due date, of total receivables before the allowance for doubtful debts at the reporting date:

(amounts in thousands of Euro)	as at January 31, 2015 (audited)	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables	354,068	283,878	28,279	11,202	10,029	3,840	16,840
Total	354,068	283,878	28,279	11,202	10,029	3,840	16,840

(amounts in thousands of Euro)	as at January 31, 2014 (audited)	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables	318,837	262,213	20,331	9,817	6,446	3,633	16,397
Total	318,837	262,213	20,331	9,817	6,446	3,633	16,397

The following table contains a summary, by due date, of trade receivables less the allowance for doubtful accounts at the reporting date:

(amounts in thousands of Euro)	as at January 31 2015 (audited)	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables less allowance for doubtful accounts	346,284	283,137	28,279	11,202	10,029	3,840	9,797
Total	346,284	283,137	28,279	11,202	10,029	3,840	9,797

(amounts in thousands of Euro)	as at January 31 2014 (audited)	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables less allowance for doubtful accounts	308,405	261,862	20,331	9,817	6,213	3,633	6,549
Total	308,405	261,862	20,331	9,817	6,213	3,633	6,549

10. Receivables from, and advance payments to, parent company and other related parties - current and non-current

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Financial receivables - other related parties	11	2,008
Other receivables - PRADA Holding spa and subsidiaries	5	392
Other receivables and advance payments - other related parties	3,224	3,593
Receivables from, and advance payments to, parent company and other related parties – current	3,240	5,993

The financial receivables from other related companies of Euro 2 million reported at January 31, 2014 were collected during the year from Luna Rossa Challenge 2013 srl.

Other receivables and advance payments due from other related companies, amounting to Euro 3.2 million at January 31, 2015, mainly refer to advance payments made to related party Secva srl in fulfilment of obligations under the consulting agreement signed with PRADA spa.

Receivables from, and advance payments to, parent company and other related parties non-current is detailed as follows:

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Prepaid sponsorship	12,379	-
Deferred rental income – long-term	4,309	1,487
Loans	741	-
Receivables from, and advance payments to, parent company and other related parties – non-current	17,429	1,487

Prepaid sponsorship refers to the amount paid to Luna Rossa Challenge srl – and relating to future reporting periods – for participation of the Luna Rossa Sailing Team in the XXXV Edition of the America's Cup which will be held in Bermuda in 2017.

Deferred rental income – long term has been recorded in relation to Fratelli Prada spa and Progetto Prada Arte srl in application of "IAS 17 Leases" which requires rental income to be recognized on a constant basis.

11. Capital expenditure

Changes in the net book value of Property, plant and equipment in the period ended January 31, 2015, are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangibles	Assets under construction	Total net book value
Balance at January 31, 2014 (audited)	390,677	20,279	487,227	153,428	69,223	109,358	1,230,192
Change in scope of consolidation	-	42	-	19	24	-	85
Additions	78,473	9,189	109,969	47,027	9,733	129,570	383,961
Depreciation	(9,483)	(8,525)	(146,006)	(39,452)	(9,997)	-	(213,463)
Disposals	(672)	(31)	(465)	(546)	(103)	(1,655)	(3,472)
Exchange differences	17,299	74	41,365	13,478	1,180	7,900	81,296
Other movements	1,646	148	23,207	6,367	277	(32,016)	(371)
Impairment	-	-	(1,995)	(1,660)	(64)	(291)	(4,010)
Balance at January 31, 2015 (audited)	477,940	21,176	513,302	178,661	70,273	212,866	1,474,218

Changes in the net book value of Intangible assets in the period ended January 31, 2015, are as follows:

(amounts in thousands of Euro)	Trade-marks	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangible assets	Assets in progress	Total net book value
Balance at January 31, 2014 (audited)	**282,913**	**504,373**	**78,994**	**10,637**	**19,029**	**5,343**	**901,289**
Change in scope of consolidation	-	7,975	22,065	2	1	-	30,043
Additions	494	-	14,677	3,166	177	17,133	35,647
Amortization	(11,097)	(1)	(17,950)	(3,655)	(2,482)	-	(35,185)
Disposals	-	-	-	(7)	-	(1)	(8)
Exchange differences	4,922	867	6,316	57	-	57	12,219
Other movements	-	-	2,390	628	-	(3,678)	(660)
Impairment	-	-	-	-	-	(41)	(41)
Balance at January 31, 2015 (audited)	**277,232**	**513,214**	**106,492**	**10,828**	**16,725**	**18,813**	**943,304**

12. Other current assets

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
VAT	56,934	39,250
Income tax and other tax receivables	53,307	14,062
Other assets	11,454	13,470
Prepayments and accrued income	54,642	42,375
Deposits	4,296	5,740
Total	**180,633**	**114,897**

13. Other non-current assets

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Guarantee deposits	70,004	57,158
Deferred rental income	9,056	6,923
Pension fund surplus	2,515	-
Other long-term assets	9,778	5,786
Total	**91,353**	**69,867**

14. Payables to parent company and other related parties - current and non-current

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Other payables - PRADA Holding spa and subsidiaries	-	136
Financial payables - other related parties	2,371	4,130
Other payables - other related parties	712	628
Payables to parent company and other related parties – current	3,083	4,894

Financial payables towards other related parties, totaling Euro 2.4 million at January 31, 2015, include an interest-free loan provided by Al Tayer, the non-controlling shareholder of PRADA Middle East fzco, according to the number of shares held by it in said company. The loan was partially repaid during the year.

The non-current portion of payables to parent company and other related parties is detailed as follows:

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Other payables – other related companies	13,384	13,247
Payables to parent company and other related parties – non-current	13,384	13,247

Other payables to other related companies include the amount due to Fin-Reta srl in relation to the establishment of rights of usufruct (residual period nine years) to a real estate property in Tuscany, Italy and the business party to the rental agreement for said property which the Group is using as part of its retail network expansion. The payable reported at January 31, 2015 represents the present value of future payments due.

15. Trade payables

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Trade payables – third parties	410,977	337,807
Trade payables – related parties	26,443	10,727
Total	437,420	348,534

The increase in trade payables is essentially due to the intensification of manufacturing activity in the last few months of the year in order to sustain a different strategy of retail channel replenishment.

(amounts in thousands of Euro)	as at January 31 2015 (audited)	Current	Overdue				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade payables	437,420	392,284	21,893	10,967	1,936	1,424	8,916
Total	437,420	392,284	21,893	10,967	1,936	1,424	8,916

(amounts in thousands of Euro)	as at January 31 2014 (audited)	Current	Overdue				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade payables	348,534	314,375	17,261	8,524	2,099	1,086	5,189
Total	348,534	314,375	17,261	8,524	2,099	1,086	5,189

16. Other current liabilities

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Payables for capital expenditure	128,346	70,848
Accrued expenses and deferred income	17,354	10,842
Other payables	74,780	72,976
Total	220,480	154,666

17. Provisions for risks and charges

Movements in provisions for risks and charges are summarized as follows:

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Provisions for other charges	Total
Balance at January 31, 2014 (audited)	1,400	22,724	28,536	52,660
Exchange differences	79	10	4,122	4,211
Reclassifications	152	-	(152)	-
Reversals	(210)	(171)	(637)	(1,018)
Uses	(210)	-	(652)	(862)
Increases	665	2,974	5,065	8,704
Balance at January 31, 2015 (audited)	1,876	25,537	36,282	63,695

Provisions represent the Directors’ best estimate of maximum contingent liabilities. In the Directors’ opinion and based on the information available to them as supported by the opinions of independent experts at the reporting date, the total amount provided for risks and charges is reasonable considering the liabilities that might arise.

Management Discussion and Analysis for the three months period ended January 31, 2015

Net revenues

In the three months ended January 31, 2015, Prada Group recorded net revenues of Euro 999.7 million, a slight 1.1% decrease on the net revenues of Euro 1,011.2 million recorded in the corresponding period of financial year 2013.

The overall results were driven by the retail channel which contributed 81.7% of net sales for the period (81.4% in the comparative prior year period) and ended the quarter with net revenues of Euro 809.2 million, 1.1% down on Euro 814.6 million for the corresponding period in prior year. We highlight the different timing of the Chinese New Year which fell in February this year whereas, in prior year, it positively impacted net sales for the three months ended January 31, 2014. In the last three months of the year, the Group opened 17 new DOS and closed three, thus ending the 2014 financial year with a network of 594 directly operated stores.

The wholesale channel recorded net sales of Euro 181.1 million, down by 2.9% on the corresponding period in prior year. The decrease in this channel was affected by the program to convert several independent wholesale accounts into DOS in North America.

Except for Italy which shows a small decrease because of the wholesale effect, the sales trend for the quarter is similar to the annual trend with growth in the Americas, Japan and the Middle East and decreases in Asia Pacific and Europe.

The net sales generated by the Prada brand in the three months ended January 31, 2015 contributed 81.1% of net sales (82.8% in the corresponding period in prior year) and amounted to Euro 812.5 million, a 2% decrease compared to Euro 829.2 million for the same period in 2013. The Miu Miu brand contributed 15.5% with net sales of Euro 153.3 million, a 1.4% increase on the three months ended January 31, 2014. Finally, the Church's brand recorded a 10.2% increase in net sales compared to the three months ended January 31, 2014, accelerating the growth already seen in the previous quarters.

In the final quarter of 2014, the Group achieved net sales of Euro 603.3 million of leather goods, down by 3% on the three months ended January 31, 2014. Meanwhile, the clothing and footwear divisions recorded net sales increases compared to said prior year period.

Operating results

EBITDA for the three months ended January 31, 2015 totaled Euro 213.9 million, or 27.3% of net sales. The dilution of EBITDA margin compared to the three months ended January 31, 2014 was due to lower profitability at gross margin level and to higher operating expenses also as a result of the lower level of sales which led to a higher percentage incidence of operating expenses. For the same reasons, EBIT margin also decreased from 25.9% in the three months ended January 31, 2014, to 20.5%.

Management Discussion and Analysis for the year ended January 31, 2015

Sales channels

Retail sales for the twelve months ended January 31, 2015 totaled Euro 2,980.9 million, slightly down compared to Euro 2,996.6 million for the previous year. At constant exchange rates, retail sales were almost unchanged on prior year. A total of 64 new DOS were opened during the year, as driven by the program to convert some independent retailers in North America and Switzerland into DOS, while ten DOS were closed. At January 31, 2015, the total number of DOS had increased to 594. On an SSSG basis (same number of stores and constant exchange rates), the retail network performed less well than in prior year, especially in relation to the Asian market and leather goods.

The wholesale channel generated net sales of Euro 532.5 million, a decrease of 3.4% compared to 2013 (-4.7% at constant exchange rates). This decrease is in line with Group strategy which has, for some years, prioritized the development of the retail channel, and essentially relates to the European and American markets. Nonetheless, it is worth noting the growth achieved in the wholesale channel in Asia, especially thanks to the strong performance of DFS which are operated under selected franchising agreements.

Markets

In the twelve months ended January 31, 2015, the Asia Pacific market – which contributed 35.7% of total net sales making it the Group's largest market – recorded a 3.1% decrease (-4.5% at constant exchange rates), generating net sales of Euro 1,252.7 million against Euro 1,292.8 million in 2013. Results in the region were hit by the negative performances recorded in Hong Kong and Macau. The Greater China area still benefited from growth on the Chinese domestic market and ended the year with net sales of Euro 774.1 million, a decrease of 6.3% (-7.3% at constant exchange rates). In the twelve month period, there were 18 new store openings in Asia Pacific, net of three closures. In terms of distribution channel, the retail channel recorded a 5.5% decrease (-6.5% at constant exchange rates) while, as already stated, the wholesale channel enjoyed double digit growth, especially thanks to tourist flows in South Korea.

In Europe, net sales totaled Euro 739.1 million, a 4.9% decrease (same decrease at constant exchange rates) compared to the previous year. Thanks to new store openings during the year (17 net of one closure), the retail channel limited its net sales decrease compared to prior year to -1.3% (-1.1% at constant exchange rates). Wholesale results, already hit by general weakness on the domestic market, were further limited by the aforementioned strategy of rationalization of independent retailers.

In the twelve months ended January 31, 2015, the Italian market generated total net sales of Euro 553.4 million, broadly in line with the Euro 552.9 million recorded in 2013. There was no significant difference in the respective performances of the two distribution channels with the retail channel recorded a slight decrease and the wholesale channel slight growth.

The American market generated net sales of Euro 492.2 million, slightly up on the Euro 488 million recorded in 2013: +0.9% at actual exchange rates and +0.3% at constant exchange rates. A total of 19 DOS were opened during the year (net of two closures) and the retail channel recorded an overall increase in net sales (+7.7% at actual exchange rates and +7.2% at constant exchange rates). Meanwhile, the wholesale channel recorded a double digit drop in net sales (also because of the aforementioned program to convert wholesale customers into DOS).

In the twelve months ended January 31, 2015, Japan recorded significant growth with net sales of Euro 367.6 million, a 7.9% increase on prior year (+13.4% at constant exchange rates). The DOS network was rationalized with the closure of three Prada stores and the opening of a Miu Miu store.

The Middle East market generated net sales totaling Euro 103.5 million, an increase of 13.6% (+12.2% at constant exchange rates) compared to Euro 91.1 million the previous year. The excellent performances of footwear in general and the Miu Miu brand must be highlighted.

Products

The footwear division has recorded net sales of Euro 644.7 million, an 8.4% increase compared to prior year (+8.1% at constant exchange rates). Footwear sales increased to 18.3% of consolidated net sales from 16.8% in 2013. With the sole exception of the North American market where footwear sales fell slightly compared to prior year, growth was recorded in all geographical areas, solely thanks to the retail channel (+19.1% at actual exchange rates and at constant exchange rates).

Clothing contributed 16.9% of consolidated net sales in 2014 with total net sales of Euro 594.8 million, a 2.3% increase on the Euro 581.6 million reported for 2013 (+2.7% at constant exchange rates). The growth was driven by the retail channel which recorded a 4.4% increase (+4.9% at constant exchange rates). As for footwear, clothing sales fell in the wholesale channel compared to 2013.

Leather goods contributed net sales of Euro 2,218 million with a 4.9% decrease compared to Euro 2,332.5 million in 2013 (-5% at constant exchange rates). The decrease recorded by this division affected all markets (except Japan) and hit the retail channel results of the Prada and Miu Miu brands.

Brands

The Prada brand generated net sales of Euro 2,895.4 million, slightly down on 2013 when its sales totaled Euro 2,943.6 million. The decrease of 1.6% (-1.7% at constant exchange rates) was broadly the same in both the retail and wholesale channels. From a geographical perspective, the results achieved by each brand in the various regions were consistent with the performance of the Group as a whole, albeit with some variances in Italy, where Prada achieved 4.5% net sales growth (Group +0.1%), and in the Middle East, where

Prada grew by 5.4% (Group +13.6%). Meanwhile, sales performance by brand in terms of product line were exactly in line with Group performance.

The Miu Miu brand generated net sales of Euro 526.8 million, a 1.5% increase compared to Euro 519.1 million in 2013 (+1.7% at constant exchange rates). All of the growth was achieved in the retail channel which recorded a 4% net sales increase (+4.4% at constant exchange rates). In contrast, the wholesale channel recorded a double digit drop in net sales, at both actual exchange rates and constant exchange rates. Except on the Italian market where there was a significant fall in net sales compared to 2013 and, to a lesser extent, in Europe, the Miu Miu brand enjoyed double digit growth on all other markets. As for the Prada brand, the Miu Miu sales trend in terms of product line was wholly in line with the Group trend.

In the twelve months ended January 31, 2015, the Church's brand contributed consolidated net sales of Euro 74 million, up by 7.9% from Euro 68.6 million the previous year (+4.9% at constant exchange rates). The sales growth was driven by the DOS which, alone, achieved a 14.8% increase (+12% at constant exchange rates). Meanwhile, the wholesale channel recorded a 3.4% decrease in net sales (-6.8% at constant exchange rates).

The Car Shoe was hit especially hard by the slump in the wholesale channel. It generated net sales of Euro 11.9 million, a decrease of 11.1% compared to prior year.

Royalties

In the twelve months ended January 31, 2015, licensing agreements generated royalties income of Euro 38.3 million, 2.2% less than the Euro 39.1 million recorded in 2013. The decrease related entirely to revenues under some minor licensing agreements that were terminated during the year. Eyewear royalties performed very well with a 6.3% increase compared to 2013.

Operating results

Gross margin – net revenue less cost of goods sold – was Euro 2,550.6 million for the twelve months ended January 31, 2015, or 71.8% of net sales. The decrease in gross margin percentage from 73.8% in 2013 was essentially due to the different product mix and to unfavorable foreign exchange trends.

EBITDA for the year totaled Euro 954.2 million (26.9% of net revenues), down compared to Euro 1,143.2 million in 2013 (31.9% of net revenues). Meanwhile, EBIT for the year also decreased to Euro 701.6 million or 19.8% of net revenues. The decrease was due to the aforementioned reduction in gross margin as well as to the higher incidence of operating expenses because of ongoing investment in the retail network and initiatives aimed at strengthening brand identity and the link with the clientele, above all the "Pradasphere" event in London and Hong Kong.

Net financial expenses for the year amounted to Euro 33.8 million. The increase compared to the Euro 16.3 million recorded in 2013 was due to higher net interest expenses because of higher average bank borrowing and to higher foreign exchange losses. The effective tax rate was 31.2%, in line with the rate of 30.9% recorded in 2013.

The financial year 2014 has ended with net income attributable to the Group of Euro 450.7 million, or 12.7% of net revenues.

EBITDA by Brand

twelve months ended January 31, 2015 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	3,513,4	2,895,4	526,7	74,0	11,935	5,253
Royalties	38,260	34,868	3,378	14	-	-
Net revenues	3,551,6	2,930,3	530,1	74,0	11,935	5,253
EBITDA	954,24	922,64	35,13	4,60	(7,295)	(835)
EBITDA %	26.9%	31.5%	6.6%	6.2%	-	-

twelve months ended January 31, 2014 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	3,548,207	2,943,633	519,142	68,609	13,427	3,396
Royalties	39,140	37,127	1,997	16	-	-
Net revenues	3,587,347	2,980,760	521,139	68,625	13,427	3,396
EBITDA	1,143,186	1,054,126	89,322	4,368	(4,795)	165
EBITDA %	31.9%	35.4%	17.1%	6.4%	-	-

The PRADA brand generated EBITDA of Euro 922.6 million for the twelve months ended January 31, 2015, 31.5% of net revenues and down by 12.5% compared to the figure of Euro 1,054.1 million reported in 2013. Gross margin was affected by a less favorable sales mix in terms of products sold and by the generally negative forex effect during the year. At the level of operating expenses, major investment in DOS network expansion eroded profitability while revenue growth slowed down. In line with the long-term vision for brand positioning, important communications initiatives were confirmed (e.g. the Pradasphere – an exclusive exhibition which explored the Prada Universe at the exceptional locations of Harrods Knightsbridge in London and Central Ferry Pier 4 in Hong Kong) and the costs partially offset by measures aimed at containing other expenses.

The Miu Miu brand generated EBITDA of Euro 35.1 million for the twelve months ended January 31, 2015, 6.6% of net revenues and down by 60.7% compared to the figure of Euro 89.3 million reported for 2013. For Miu Miu, a fall in gross profit, essentially for the same reasons stated above for Prada, and the operating expenses generated by retail network development hit operating profits for the year, also considering moderate sales growth and the relative size of the brand. In 2014, management continued to work on the development of a strong brand identity, opening 19 DOS (net of one closure), mainly in Asia Pacific, and undertaking communications initiatives (advertising campaigns, special projects and events) considered strategic for the positioning of the brand.

The Church's brand ended 2014 with EBITDA of Euro 4.6 million, a 5.4% increase on the figure of Euro 4.4 million reported for 2013. The commercial development of the brand, driven by SSSG and new openings, generated higher net revenues than in prior year but also led to an increase in costs so the brand was unable to benefit from operating leverage in 2014. Advertising and communications expenses also increased significantly in 2014 in order to strengthen the identity of the English brand.

The Car Shoe brand ended 2014 with negative EBITDA of Euro 7.3 million, a further deterioration on prior year. Retail growth in 2014 did not make up for the downturn in the wholesale segment.

Net invested capital

The following table contains the Statement of financial position reclassified in order to provide a better picture of the composition of the Net invested capital.

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Non-current assets (excluding deferred tax assets)	2,557,198	2,225,451
Trade receivables, net	346,284	308,405
Inventories, net	654,545	449,903
Trade payables	(437,420)	(348,534)
Net operating working capital	563,409	409,774
Other current assets (excluding financial position items)	190,149	132,866
Other current liabilities (excluding financial position items)	(411,878)	(291,378)
Other current assets/(liabilities), net	(221,729)	(158,512)
Provisions for risks	(63,695)	(52,660)
Post-employment benefits	(85,754)	(63,279)
Other long-term liabilities	(159,419)	(113,698)
Deferred taxation, net	239,349	158,574
Other non-current assets/(liabilities), net	(69,519)	(71,063)
Net invested capital	2,829,359	2,405,650
Shareholders' equity – Group	(3,000,737)	(2,687,554)
Shareholders' equity – Non Controlling Interests	(17,410)	(13,986)
Total consolidated Shareholders' equity	(3,018,147)	(2,701,540)
Long term financial payables	(254,462)	(207,969)
Short term financial , net surplus/(deficit)	443,250	503,858
Net financial position surplus/(deficit)	188,788	295,890
Shareholders' equity and Net financial position	(2,829,359)	(2,405,650)
Debt to Equity ratio	n.a.	n.a.

At January 31, 2015, Net invested capital stood at Euro 2,829.4 million, Euro 423.7 million more than reported at January 31, 2014.

At January 31, 2015, non-current assets, excluding deferred tax assets, amounted to Euro 2,557.2 million, an increase of Euro 331.7 million compared to January 31, 2014. This increase was mainly due to capex of Euro 449.7 million for the year and to the restatement of property, plant and equipment and intangible assets expressed in currencies other than the Euro, increasing their value by around Euro 94 million. Total capex included Euro 260.9 million to expand and renew the retail network, Euro 58.9 million to strengthen production facilities and Euro 129.9 million relating to the corporate area, Euro 61.5 million of which related to the aforementioned purchase of the real estate property in Milan. Intangible assets at January 31, 2015 include assets with an indefinite useful life i.e. goodwill totaling Euro 513.2 million. As required by "IAS 36 Impairment of Assets", these assets were subjected to an impairment test at the reporting date. The value in use of the CGUs to which the goodwill have been allocated, essentially determined using methods based on discounted future cash flows, did not reveal any impairment. The results of the impairment tests were further supported by sensitivity tests.

Net operating working capital increased by Euro 153.6 million compared to January 31, 2014 to stand at Euro 563.4 million. The increase is due to the net increase of 54 DOS compared to prior year as well as to a different replenishment strategy adopted in the last few months of 2014 in order to improve the retail range. At the reporting date, raw materials and finished products are recorded at estimated realizable amount which is net of inventory provisions of Euro 64.2 million.

Total other current liabilities, net, increased from Euro 158.5 million at January 31, 2014 to Euro 221.7 million mainly because of the larger negative reporting date fair value of derivative instruments used to hedge the exchange risk and because of higher capex payables which, at January 31, 2015, also included Euro 55 million outstanding in relation to the purchase of the corporate headquarter offices.

Other non-current liabilities, net, totaled Euro 69.5 million and remained almost unchanged compared to January 31, 2014. The increase in non-monetary liabilities for deferred lease income and long-term employee benefits was offset by an increase in deferred tax assets mainly because of higher temporary differences between the tax value and consolidated reported value of finished products.

Group shareholders' equity amounted to Euro 3,000.7 million at January 31, 2015. During the year, dividends of Euro 281.5 million were distributed to the PRADA spa shareholders (as approved by the Annual General Meeting on May 22, 2014 on the financial statements for the year ended January 31, 2014). The weakening of the Euro towards the end of the reporting period led to the restatement of shareholders' equity expressed in currencies other than the Euro thus generating an increase in the translation reserve of Euro 180.4 million.

Net financial position surplus/(deficit)

(amounts in thousands of Euro)	as at January 31 2015 (audited)	as at January 31 2014 (audited)
Long-term debt	(255,203)	(207,950)
Obligations under finance leases – non-current	-	(19)
Long-term financial receivables due from related parties	741	-
Long-term financial payables	**(254,462)**	**(207,969)**
Bank overdraft and short-term loans	(263,335)	(61,909)
Payables to related parties	(2,371)	(4,130)
Receivables from related parties	11	2,008
Obligations under finance leases	(21)	(524)
Cash and cash equivalents	708,966	568,414
Short-term net financial surplus/(deficit)	**443,250**	**503,859**
Net financial position surplus/(deficit)	**188,788**	**295,890**
Net financial surplus/(deficit), excluding receivables/(payables) with related parties	**190,407**	**298,012**
NFP/EBITDA ratio	**n.a.**	**n.a.**

At January 31, 2015, the Group's net financial position showed a cash surplus of Euro 188.8 million. Operating cash flows for the twelve months then ended amounted to Euro 483.6 million and were entirely employed, together with part of the existing cash, to finance capital expenditure and to pay dividends to the shareholders of PRADA spa (Euro 281.5 million) and to the non-controlling shareholders of the subsidiaries (Euro 9.4 million). It must be also noted that, during the year, in order to increase its financial flexibility while taking advantage of favorable conditions available on the credit market, the Group arranged a new revolving credit facility of Euro 315 million with a syndicate of banks and Euro 150 million of the facility was utilized at the reporting date.

Significant acquisitions of subsidiaries

Marchesi Angelo srl

On March 14, 2014, the Group acquired 80% of Marchesi Angelo srl, owner of the historic Milanese patisserie founded in 1824. The acquisition was intended to increase the value of the "Pasticceria Marchesi" brand, synonymous with quality in the Italian culinary industry, bringing it together with Prada and Miu Miu, leading brands in the luxury goods market, as part of the development of the Group all around the world. The net cash-out for the acquisition was Euro 7.7 million i.e. the net difference between the consideration paid of Euro 8.4 million and the cash surplus of Euro 0.7 million included in the equity acquired.

(amounts in Euro thousand)	fair value of net assets acquired
Cash surplus	707
Tangible fixed assets	88
Other current assets/(liabilities)	(53)
Other non-current assets/(liabilities)	(210)
Net assets acquired	532
Non-controlling interests (measured in proportion to net assets acquired)	(107)
Consideration paid	8,400
Goodwill	7,975

Events after the reporting date

Nothing to report.

Outlook

In the first few months of 2015, the financial markets have reacted positively to monetary policy stimulus, raising expectations of growth for the real economy. However, there is still uncertainty on the international luxury goods market because of local issues on certain markets and the ongoing volatility of currencies. In this context, the Group is working to contain costs in the short-term and on broader measures that will increase the overall efficiency of the business in terms of both the supply chain and store productivity.

Corporate governance practices

The Company is committed to maintaining a high standard of corporate governance practices as part of its commitment to effective corporate governance. The corporate governance model adopted by the Company consists of a set of rules and standards aimed toward establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders and to enhance shareholder value. The corporate governance model adopted by the Company is in compliance with the applicable regulations in Italy, as well as the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Full details on the Company's corporate governance practices are set out in the Company's 2014 Annual Report.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules where at least one member possesses appropriate professional qualifications in accounting or possesses related financial management expertise to discharge the responsibility of the Audit Committee. The membership of the Audit Committee consists of three Independent Non-Executive Directors, namely, Mr. Gian Franco Oliviero Mattei (Chairman), Mr. Giancarlo Forestieri and Mr. Sing Cheong Liu.

During the year ended January 31, 2015 (the "Reviewed Period"), the Audit Committee held six meetings (with an attendance rate of 100%) mainly to review with senior management, the Group's internal and external auditor and the board of statutory auditors, the significant internal and external audit findings and financial matters as required under the Committee's terms of reference. The Audit Committee's review covers the audit plans and findings of internal and external auditors, internal controls, risk assessment, annual review of the continuing connected transaction of the Group, tax update and financial reporting matters (including the annual, interim and quarterly results before recommending to the Board for approval).The Audit Committee held a meeting on March 26, 2015, to review the annual results for the year ended January 31, 2015.

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and is satisfied that such practices have complied with the code provisions set out in the Code, for the entire Reviewed Period.

Directors' securities transactions

The Company has adopted written procedures governing Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Specific written acknowledgments have been obtained from each Director to confirm his/her compliance with required standard set out in the Model Code and the Company's relevant procedures regarding directors' security transactions for the duration of the Reviewed Period. There were no incidents of non-compliance during the Reviewed Period.

The Company has also adopted written procedures governing securities transactions carried out by the relevant employees who are likely to possess inside information in relation to the Company and its securities. The terms of these procedures are no less exacting than the standard set out in the Model Code.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reviewed Period.

Shareholders' general meeting

The Shareholders' general meeting of the Company will be held on Tuesday, May 26, 2015 (the "AGM").

Notice of the AGM will be published on the Company's website at *www.pradagroup.com* and on the Hong Kong Exchanges and Clearing Limited's website at *www.hkexnews.hk* and dispatched to the shareholders of the Company in due course.

Final dividend

The Board recommends, for the twelve month period ended January 31, 2015, a final dividend of Euro 281,470,640 (or Euro 11 cents per share).The payments shall be made:

(i) in Euro to the shareholders recorded in the section of the Company's shareholders register kept by the Company at its registered office in Milan (Italy), and

(ii) in Hong Kong dollars to the shareholders recorded in the section of the Company's shareholders register kept in Hong Kong. The relevant exchange rate will be the opening buying T/T rate of Hong Kong dollars to Euro as announced by the Hong Kong Association of Banks (*www.hkab.org.hk*) on the day of approval of the final dividend by the shareholders.

Subject to the shareholders' approval of the payment of the final dividend, such dividend will be payable on or about Monday, June 15, 2015.

Book Closure and Record Dates

For determining shareholders' right to attend and vote at the AGM:

Latest time to lodge transfer documents with the Company's Hong Kong Share Registrar or the Company in Milan *(Note 1)*	May 20, 2015 4:30 pm (HK time)
Book Closure *(Note 2)*	From May 21 to 26, 2015 (both days inclusive)
Record Date	May 26, 2015

For determining shareholders' entitlement to the payment of the proposed final dividend:

Latest time to lodge transfer documents with the Company's Hong Kong Share Registrar or the Company in Milan *(Note 1)*	June 1, 2015 4:30 pm (HK time)
Book Closure *(Note 2)*	From June 2 to 3, 2015
Record Date	June 3, 2015
Expected dispatch date of dividend warrants	June 15, 2015

Notes:

1. *All transfers accompanied by the relevant share certificate(s) must be lodged with:*
   - *(i) the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited whose address is at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company's Hong Kong share registrar itself; or*
   - *(ii) the Company's registered office at Via Antonio Fogazzaro no. 28, Milan 20135, Italy, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company itself.*
2. *No transfer of shares will be registered on the book closure date.*

Publication of Annual Results Announcement and Annual Report

This Annual Results Announcement is published on the Company's website at www.pradagroup.com and on the Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk. The Company's 2014 Annual Report will be published on the same websites and dispatched to shareholders of the Company in due course.

By Order of the Board
PRADA S.p.A.
Mr. Carlo Mazzi
Chairperson

Milan (Italy), March 27, 2015

As at the date of this announcement, the Company's executive directors are Mr. Carlo MAZZI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Donatello GALLI and Ms. Alessandra COZZANI; the Company's non-executive director is Mr. Gaetano MICCICHÈ and the Company's independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI and Mr. Sing Cheong LIU.