



PRADA Group

FY-23  
Results Presentation

Milan, March 7<sup>th</sup> 2024

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# Agenda

## **Patrizio Bertelli** - *Chairman and Executive Director* **Highlights**

Lorenzo Bertelli - *Marketing Director and Head of CSR*  
Key Marketing Initiatives and ESG Update

Andrea Guerra - *Group CEO*  
Business Update

Andrea Bonini - *Group CFO*  
FY-23 Financial Review

Andrea Guerra - *Group CEO*  
Priorities for FY-24 and Closing Remarks

Q&A Session

# Very positive Q4 ends a year of strong progress and results, fully delivering on ambitions

**Strong and high-quality growth, with consistent delivery**

**Very satisfactory, above-market performance at both Prada and Miu Miu**

**Continued profitability improvement coupled with substantial investment behind the brands**

**Acceleration of capex plan for the growth of tomorrow**

**Net Revenues  
€4.7 bln  
+17% constant fx**

**Prada +12%  
Miu Miu +58%  
Retail, constant fx**

**EBIT Margin  
22.5%  
€1,062 mln**

**Capex  
€371 mln <sup>(1)</sup>**

**Solid progress on the strategic, organisational and digital evolution of the Group**

<sup>(1)</sup> Excludes real estate investments

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# Prada

Continued to capitalise on strengthened brand desirability



## Impactful fashion shows and campaigns drive interest

- Continued excellent reception of Prada Menswear and Womenswear fashion shows throughout the year
- Strong talent strategy to support brand visibility worldwide with involvement of personalities such as Benedict Cumberbatch, Hunter Schafer, Jake Gyllenhaal, Emma Watson, Scarlett Johansson, Letitia Wright, Li Xian



## Distinctive brand experiences worldwide: Pradasphere II, Prada Mode, Prada Frames, Prada Caffè

- Over a century of Prada's history and culture on display at Start Museum in Shanghai for the Pradasphere II exhibition
- 9th and 10th iteration of Prada Mode presented with Tokyo Metropolitan Government at the Teien Art Museum and at the cultural venue KOTE in Seoul; 4th iteration of Prada Extends in Bangkok
- 2023 Prada Frames symposium "Materials in Flux" held in prestigious M+ Museum in Hong Kong
- Prada Caffè success: new brand experience in London and Shanghai



## Exclusive collaborations and ground-breaking partnerships continue to excite

- Innovative partnership with Axiom Space on NASA's lunar spacesuits for Artemis III mission, leveraging Prada's decades of technological know-how
- Enhancing Prada Linea Rossa brand positioning in the sport ecosystem: "Adidas Football for Prada" collection and partnerships with Redbull athletes

# Miu Miu

## Continued brand evolution



### Brand resonance keeps rising

- Miu Miu sparks: highly acclaimed fashion shows combined with powerful campaigns featuring its talents' club including Emma Corrin, Sydney Sweeney, Gigi Hadid, Cailee Spaeny, Momo, Lexi Liu
- Excellent reception of the brand iconic event formats such as Miu Miu Club in Malibu and Tokyo and Miu Miu Select appointments in London, NY, Taipei and Nanjing



### Growth fueled by both iconic and viral products

- Introduction of new bags Arcadie and Ivy
- Second successful drop of New Balance X Miu Miu and acclaimed new collab Church's X Miu Miu
- Ready-to-Wear strong reception of all collection drops



### Miu Miu Women's Tales project enhanced

- Reveal of the new Miu Miu Women's Tales Committee at 2023 Venice Film Festival; this group of distinguished film-world thought leaders will drive the evolution of the project
- 25th and 26th episodes unveiled throughout the year with successful events

# ESG Focus 2023



## CLIMATE

**58% reduction of Scope 1 & 2 GHG emissions** (vs 2019 baseline), fully on track to achieve 2026 Science-Based Target thanks to:

- -42% natural gas consumption
- 87% green electricity purchased at global scale
- 18 owned photovoltaic plants
- 71% green company's car fleet

Working on **Scope 3 GHG emissions** reduction to meet 2029 Science-Based Target:

- defined targets to transition key raw materials to lower impact solutions (cotton and synthetic fibers)
- first LCA on iconic materials (Re-Nylon) and products
- >75% recycled paper for packaging
- invested in SAF certificates to contribute to aviation industry decarbonisation

## PRESERVE THE ECOSYSTEM

- >75% of leather and textile suppliers involved in ZDHC program
- defined new targets on leather and viscose in terms of certifications

## CIRCULAR THINKING

- 100% recycled gold for Eternal Gold jewelry second collection
- 100% textile waste recycled

# ESG Focus 2023



for PEOPLE

## GENDER EQUALITY

- 63% women in total workforce
- >50% women across all functions and geographies
- 44% women in top and senior management

## PRADA GROUP INDUSTRIAL ACADEMY

- 143 young people trained and around 80% hired in Group's production area

## WORLDWIDE TRAINING

- Design team involved in eco-design and sustainability training activities
- New CPO appointed in September 2023



for CULTURE

## SEA BEYOND EDUCATIONAL PROGRAM

- Significant increase in funding to support SEA BEYOND with a dedicated portion of the proceeds from the Prada Re-Nylon Collection. Additional resources have allowed SEA BEYOND to expand its scope beyond education and explore two new ocean-related areas of focus: support to scientific research and humanitarian projects

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# Prada

- **A very important and successful year:** strengthened **brand desirability**, **reinforced** and **evolved organisation** and **solid execution**
- Continued affirmation of Prada's **creative codes** and **cultural relevance** in the industry, with **remarkable market response** to all **shows** and **collections**
- Another year of **double-digit, above-market growth**; very **consistent delivery** of **like-for-like** performance **over 12 consecutive quarters**
- **Well-balanced product category mix** driving **growth** and **resilience**
  - **Icons** and **newness** in **Leather Goods**; better coverage of **strategic price points**
  - **Clean** and **clear identity**, **exceptional dynamism** in **RTW**
- **Solid progress** on **retail execution metrics** with **still significant room for improvement**
- **Uncompromised focus** on **quality** and **long-term sustainability** of **growth**
  - **Acceleration of investments** for the **growth of tomorrow**



# Miu Miu

- **Remarkable results** built on **foundations** laid in the past few years across **brand, product, distribution** and **organisation**
- **Excellent brand momentum globally**, with **growing awareness** and **desirability**
- **Trend-setting creative vision** and **powerful identity** translating into **strong commercial response** across **all categories**
  - **Multiple successful launches** in **Leather Goods**, ongoing focus to **re-establish strong brand recognition** in **bags**
  - **Strong** performance of **RTW** collections, continuous unveiling of «viral» products
  - Committed to build **solid core** in **Footwear**
- **Like-for-like performance** translated into significant **uplift** in **productivity** and **brand profitability**
- **Vast opportunity** ahead continuing on the path of **retail execution** and **considered footprint expansion**



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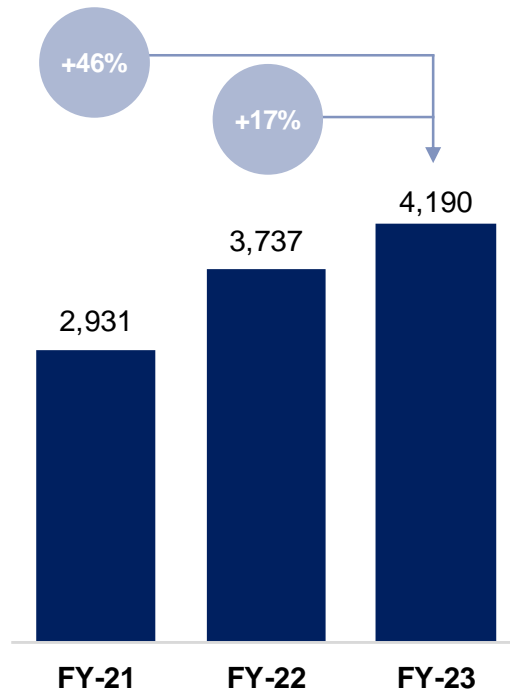
# Key Financials

Sustained and high-quality growth, continued profitability improvement

## FY-23 Net Revenues

€4,726 mln (+13% vs. FY-22 / +17% at constant fx)

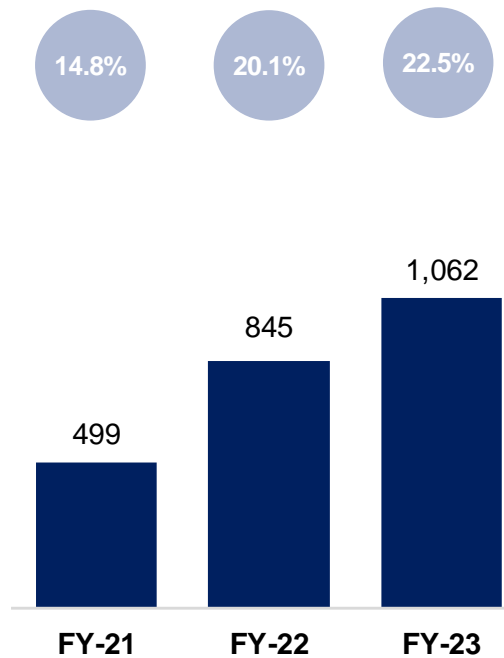
Retail Sales (€ mln) and growth (%) <sup>(1)</sup>



## FY-23 EBIT

€1,062 mln

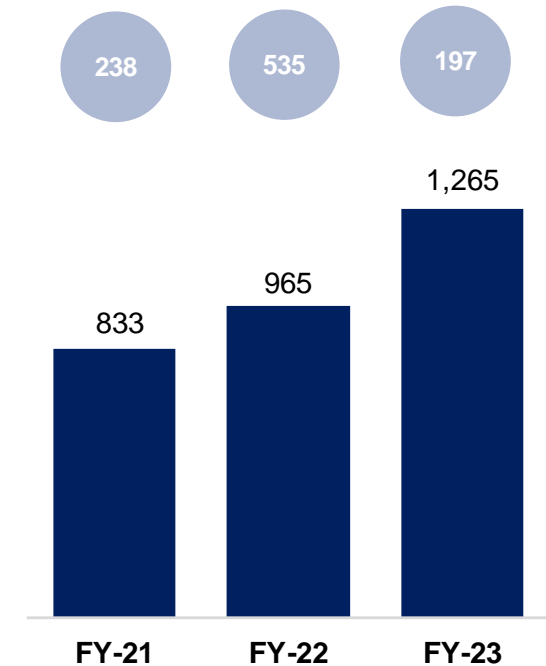
EBIT / EBIT Adj. <sup>(2)</sup> (€ mln) and margin (%)



## FY-23 Cash Flow from Operations

€1,265 mln

Cash Flow from Operations <sup>(3)</sup> and Net Financial Position (€ mln) <sup>(4)</sup>

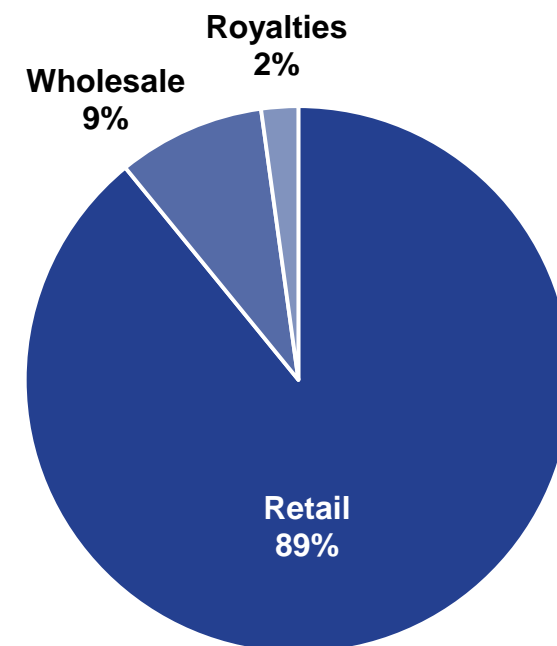


<sup>(1)</sup> At constant fx (%) <sup>(2)</sup> EBIT Adjusted for FY-21 and FY-22 <sup>(3)</sup> Cash flow from operating activities, less repayment of lease liabilities <sup>(4)</sup> (Net debt) / Net cash position

# Net Revenues by Channel

Consistent delivery of high-quality like-for-like Retail growth

€ mln % at constant fx	FY-22	FY-23	FY-23 vs. FY-22	Q4-23 vs. Q4-22
Retail	3,737	4,190	+17%	+17%
Wholesale	388	433	+13%	+32%
Royalties	76	104	+36%	-6%
<b>Total</b>	<b>4,201</b>	<b>4,726</b>	<b>+17%</b>	<b>+18%</b>

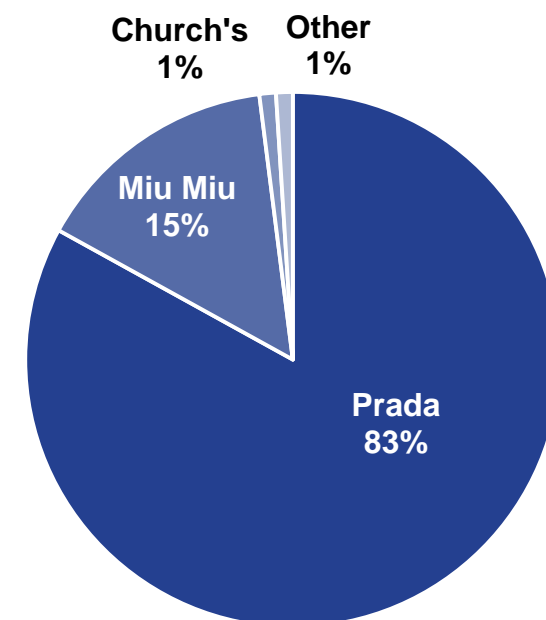


- **Retail**
  - Growth of +17% in FY-23 driven by full price like-for-like sales
  - Positive contribution from both average price and full price volumes throughout the year
  - Strong performance in Q4 (+17%)
- **Wholesale**
  - Continued selective approach resulting in flat performance with independent customers
  - Strong rebound in duty-free channel
- Strong **Royalty** growth supported by both eyewear and fragrances
- Negative **FX impact** of 465 bps on performance at current exchange rates

# Retail Sales by Brand

Above-market growth at both Prada and Miu Miu

€ mln % at constant fx	FY-22	FY-23	FY-23 vs. FY-22	Q4-23 vs. Q4-22
Prada	3,252	3,488	+12%	+10%
Miu Miu	432	649	+58%	+82%
Church's	33	29	-13%	+3%
Other <sup>(1)</sup>	20	24	+19%	+20%
<b>Total</b>	<b>3,737</b>	<b>4,190</b>	<b>+17%</b>	<b>+17%</b>



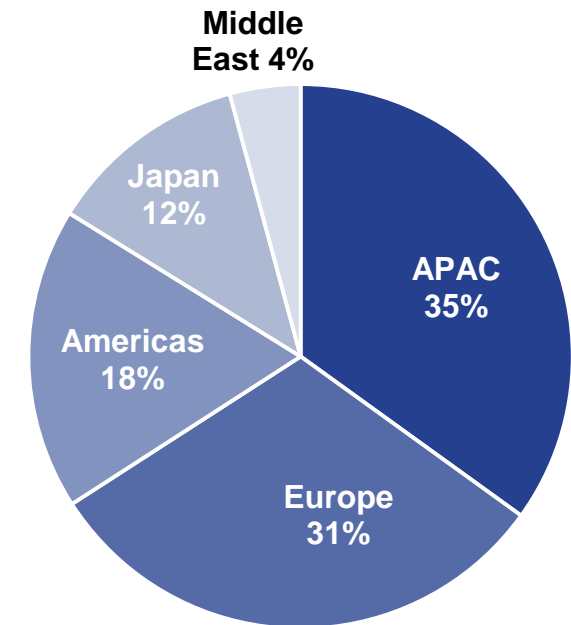
- High-quality growth at **Prada**, driven by full price like-for-like sales
  - Solid growth across categories, genders and age groups
  - Acceleration in Q4 vs. Q3 across all categories
- Excellent organic performance at **Miu Miu**
  - Broad-based growth across all categories and regions
  - Strong trend continued in Q4, further benefitting from acceleration in China
- Good progression through the year at **Church's** with positive like-for-like performance (negative impact from store network reduction)

<sup>(1)</sup> Includes Marchesi and Car Shoe

# Retail Sales by Geography

Double-digit growth across all regions with Americas flat

€ mln % at constant fx	FY-22	FY-23	FY-23 vs. FY-22	Q4-23 vs. Q4-22
Asia Pacific	1,232	1,446	+24%	+32%
Europe	1,187	1,312	+14%	+7%
Americas	782	767	0%	+4%
Japan	369	484	+44%	+38%
Middle East	167	180	+10%	+8%
<b>Total</b>	<b>3,737</b>	<b>4,190</b>	<b>+17%</b>	<b>+17%</b>



- Strong growth in **Asia Pacific**, against a volatile basis of comparison during the year
  - Re-acceleration in Q4 particularly in Mainland China, HK and Macau, helped by easier comps with solid underlying trends
- Double-digit growth in **Europe** supported by both domestic and tourist spending
  - Significant growth in H1, and Q1 in particular, with more normalised but solid performance thereafter
- **Americas** end the year flat, with a sequential improvement in Q4, supported by some repatriation of spending
- **Japan** reported outstanding growth in FY-23, largely driven by local clients and increasingly by tourists
- Solid performance in **Middle East**, including in Q4, notwithstanding intensified geopolitical headwinds

# Profitability

Continued profitability improvement coupled with substantial investments

€ mln

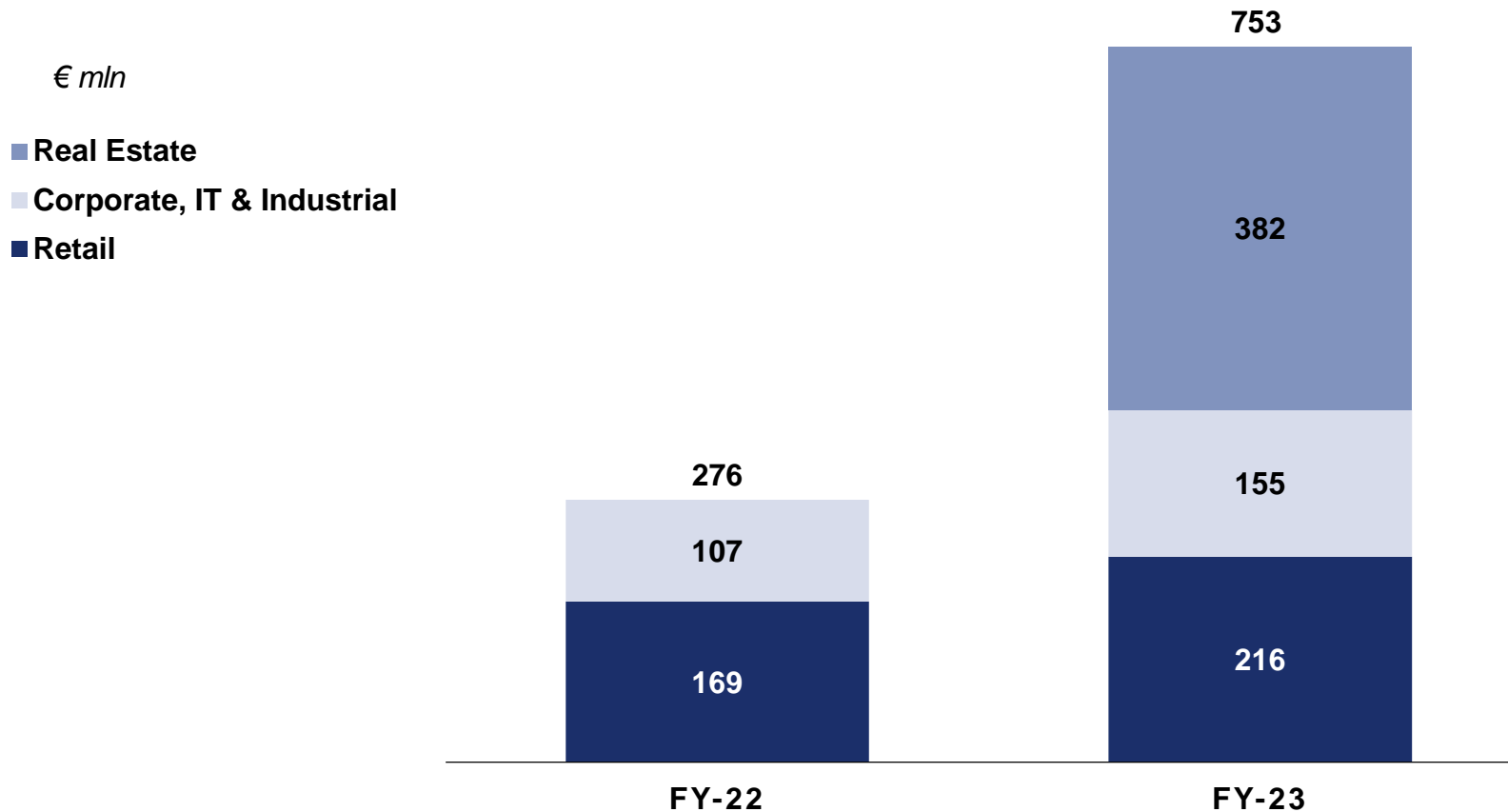
	FY-22	% on Net Revenues	FY-23	% on Net Revenues	FY-23 vs. FY-22
<b>Gross Margin</b>	<b>3,312</b>	<b>78.8%</b>	<b>3,802</b>	<b>80.4%</b>	<b>+15%</b>
Selling	1,704	40.6%	1,873	39.6%	+10%
Advertising and Comm.	359	8.5%	420	8.9%	+17%
Product Design and Dev.	137	3.3%	151	3.2%	+10%
G&A	266	6.3%	297	6.3%	+12%
<b>Total Operating Costs <sup>(1)</sup></b>	<b>2,467</b>	<b>58.7%</b>	<b>2,740</b>	<b>58.0%</b>	<b>+11%</b>
<b>EBIT</b>	<b>845</b>	<b>20.1%</b>	<b>1,062</b>	<b>22.5%</b>	<b>+26%</b>
<b>Net Income</b>	<b>465</b>	<b>11.1%</b>	<b>671</b>	<b>14.2%</b>	<b>+44%</b>

- Gross Margin 80.4%, +160 basis points yoy, sustained by average price, channel mix and scale
- OPEX +11% reported, +15% constant fx mainly driven by marketing spend, variable component and labour cost
- EBIT of €1,062 mln (+26% vs. FY-22) and Net Income of €671 mln (+44% vs. FY-22)

<sup>(1)</sup> Excludes other non-recurring income and expenses for FY-22

# Capex

Accelerated investments including strategic real estate



- ~130 renovation and relocation projects, accounting for ~80% of Retail capex
- 6 net closures vs. FY-22 (26 openings and 32 closures); 606 DOS end of FY-23
- €48 mln Industrial Capex and €75 mln IT Capex
- Real Estate Capex includes €366 mln investment in 724 5<sup>th</sup> Avenue, NY <sup>(1)</sup>

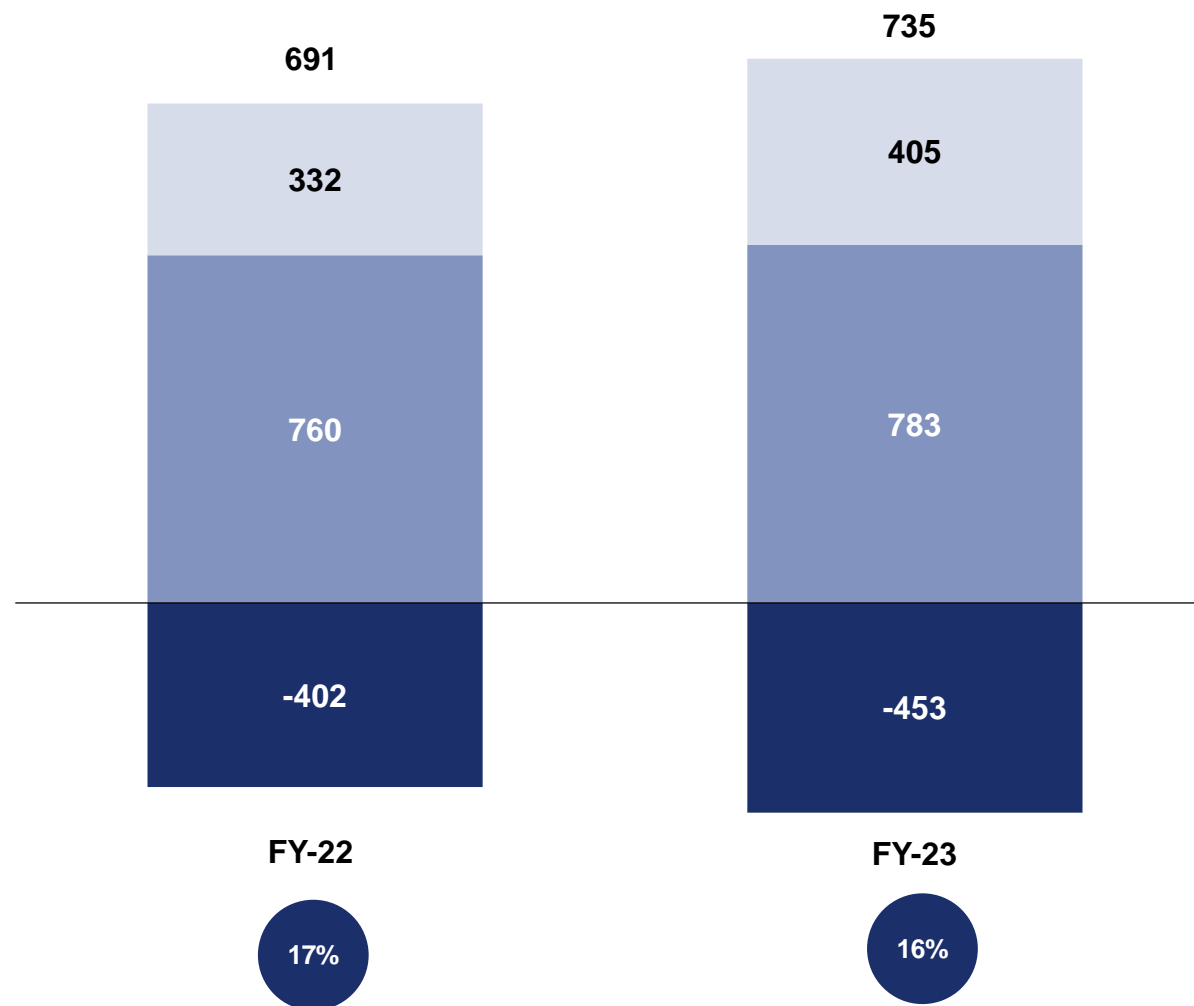
<sup>(1)</sup> Net of lease termination

# Net Operating Working Capital

## Further improvement over Net Sales

€ mln

- Trade Receivables
- Inventory
- Trade Payables



<sup>(1)</sup> Net Revenues excluding Royalties

# Net Financial Position

€ mln

<b>Opening Net Financial Position Surplus / (Deficit) - 31/12/2022</b>	<b>535</b>
Consolidated Profit / (Loss) before taxation	971
Depreciation and Amortisation	241
Net Working Capital	-90
Tax paid	-487
Capital Expenditures and Investments	-759
Dividends	-281
Other	67
<b>Closing Net Financial Position Surplus / (Deficit) - 31/12/2023</b>	<b>197</b>

- For FY-23 the Board of Directors propose a dividend per share of €0.137, equal to total dividend of €351 mln<sup>(1)</sup> (~ 52% pay-out ratio)

<sup>(1)</sup> Considering 2,558,824,000 shares outstanding at 31 December 2023

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# Priorities for FY-24 and Closing Remarks

## Ambition to deliver solid, sustainable and above-market growth

**Very positive performance in FY-23, delivering on our ambitions** and marking a **further significant evolution** for Prada Group

FY-24 **priority** remains fostering the **desirability of our brands** and continuing on the path towards **retail excellence**

- Ambition to further step up **marketing and retail investments**, remaining vigilant and reactive to the environment
- Continue to leverage the **strong identity, unique creativity** and **dynamism** of our brands, with new and existing clients
- Unwavering focus on **retail KPIs**, continuing to improve retail execution of all our brands
- Continue on the path of brand **verticalisation**, empowering their **organisations**

We are mindful of persisting **geopolitical and macro-economic uncertainty** and of the **high comparison base**

As with 2023, while quarterly growth trajectory may not be linear through the year, we retain our firm **ambition to deliver solid, sustainable and above-market growth**



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# APPENDIX

# Condensed P&L

€ mln	FY-22		FY-23	
<b>Net revenues</b>	<b>4,201</b>	<b>100%</b>	<b>4,726</b>	<b>100%</b>
COGS	-889	-21.2%	-925	-19.6%
<b>Gross profit</b>	<b>3,312</b>	<b>78.8%</b>	<b>3,802</b>	<b>80.4%</b>
Selling	-1,704	-40.6%	-1,873	-39.6%
Advertising and communication	-359	-8.5%	-420	-8.9%
Product design and development	-137	-3.3%	-151	-3.2%
G&A	-266	-6.3%	-297	-6.3%
<b>Operating expenses</b>	<b>-2,467</b>	<b>-58.7%</b>	<b>-2,740</b>	<b>-58.0%</b>
<b>EBIT Adj.</b>	<b>845</b>	<b>20.1%</b>	<b>1,062</b>	<b>22.5%</b>
Non-recurring items	-69	-1.6%		
<b>EBIT</b>	<b>776</b>	<b>18.5%</b>	<b>1,062</b>	<b>22.5%</b>
Total financial expenses	-65	-1.5%	-90	-1.9%
<b>EBT</b>	<b>711</b>	<b>16.9%</b>	<b>971</b>	<b>20.6%</b>
Income taxes	-242	-5.8%	-298	-6.3%
Minority income	4	0.1%	2	0.1%
<b>Group net income / (Loss)</b>	<b>465</b>	<b>11.1%</b>	<b>671</b>	<b>14.2%</b>

# Condensed Balance Sheet

€ mln	31 Dec 2022	31 Dec 2023
Right of use	2,011	2,025
Non current assets (excl deferred tax assets)	2,517	3,007
Net operating working capital	691	735
Other current assets / (liabilities), net	-293	-146
Other non current assets / (liabilities), net	148	171
<b>Net invested capital</b>	<b>5,074</b>	<b>5,791</b>
Consolidated shareholders' equity	3,501	3,877
Net financial position (surplus) / deficit	-535	-197
Long term lease liability	1,715	1,700
Short term lease liability	392	411
<b>Total</b>	<b>5,074</b>	<b>5,791</b>