

# PRADA Group

A fashion show runway scene with models walking away from the camera. The models are wearing various styles of coats, including a blue denim jacket, a dark navy coat, an orange and white checkered coat, a brown and black plaid coat, a black and white checkered coat, and a light beige coat. The runway is a light brown color, and the background is a white wall with a red and white checkered pattern on the left. A large audience is seated on the right side of the runway, watching the show. The text "H1-2022 Results Presentation" is overlaid in the center of the image.

## H1-2022 Results Presentation

Milan, July 28<sup>th</sup> 2022

# Agenda

**Patrizio Bertelli – CEO**  
Business Update

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

**Andrea Bonini – CFO**  
H1-22 Financial Review

**Paolo Zannoni – Executive Chairman**  
Concluding Remarks

**Q&A Session**

# Highlights

Strong semester underpinned by strategic delivery and brand momentum

**H1-22 Net Revenues  
of €1.9 bln,  
+27% reported  
+22% constant fx**

**H1-22 Retail Sales  
of €1.7 bln,  
+31% reported  
+26% constant fx**

**Gross Margin  
of 77.7%**

**EBIT Adj.  
Margin of 17.4%**

**Significant progress  
against strategy**

**Continued  
investments in  
creativity, industrial  
know-how and  
infrastructure**

**Operational  
improvements driving  
revenue growth and  
profitability**

**Implemented  
new steps to  
achieve ESG targets**

**Currently on accelerated trajectory to achieve strategic KPIs laid out at 2021 Capital Markets Day**

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# H1-22 Strategic Progress (1/2)

## Accelerated delivery of our strategy



### Prada Group's Distinctive Vision

- Unconventional perspectives on luxury
- High demand brands
- Strong dialogues continue to foster group audiences



### Style, Quality, And Unique Products

- All categories up double digit – acceleration in Leather Goods
- Further enriched collections and multiple price points
- Exclusive NFT drops build momentum and excitement



### Focus on Direct Distribution

- Sustained top line growth driven by healthy like-for-like increase
- Ongoing investment in restyling, pop-ups and selective new openings
- Omni-channel approach delivers further enhanced customer journey

# H1-22 Strategic Progress (2/2)

Accelerated delivery of our strategy



## Industrial Know-How and Vertical Integration

- Supply chain optimisation in progress
- Process control and product excellence
- Further investments in vertical integration

## ESG is a Long-Term Value Driver

- Robust contribution of ESG committee
- Focused on setting ambitious key targets to deliver further progress by the end of the year

## Investment in People and Technology infrastructure

- Continued investment in people and tech infrastructure
- Creatively approached Web3



# Financial Highlights

## Strategic progress delivered strong financial results

- Achieved Net Revenues of €1.9 bln (+22% at constant fx)
- Strong performance across direct channels in line with strategy
  - Further retail acceleration (+26% vs. H1-21 and +38% vs. H1-19)
  - Continued strength online
  - Retail contribution ~ 90%
- Strong performance across all product categories and countries excluding China / Russia
- Gross Margin of 77.7%
- Healthy and sustained top line growth delivered material margin expansion:
  - EBIT Adj.<sup>(\*)</sup> to €331 mln, 17.4% Margin, vs. H1-21 Margin of 11.1%
- ~ 60 store renovation projects in H1-22
- Strong balance sheet with Net Cash of €179 mln



<sup>(\*)</sup> EBIT Adjusted excludes Other non-recurring income and expenses (for the six months ended June 30, 2022, €26 mln write-down of non-current assets in Russia)



# Operational priorities for H2-22

Continue long term strategy for growth

- Product
  - Further enriched
  - Strong brand connotation
  - Continued focus on Leather Goods
  - Launch of Jewellery
- Continued investment in direct distribution
  - Further step-up of store renovation plan
  - Selective new openings
  - Omni-channel
- Cost and capital allocation discipline
- Further investment in vertical integration





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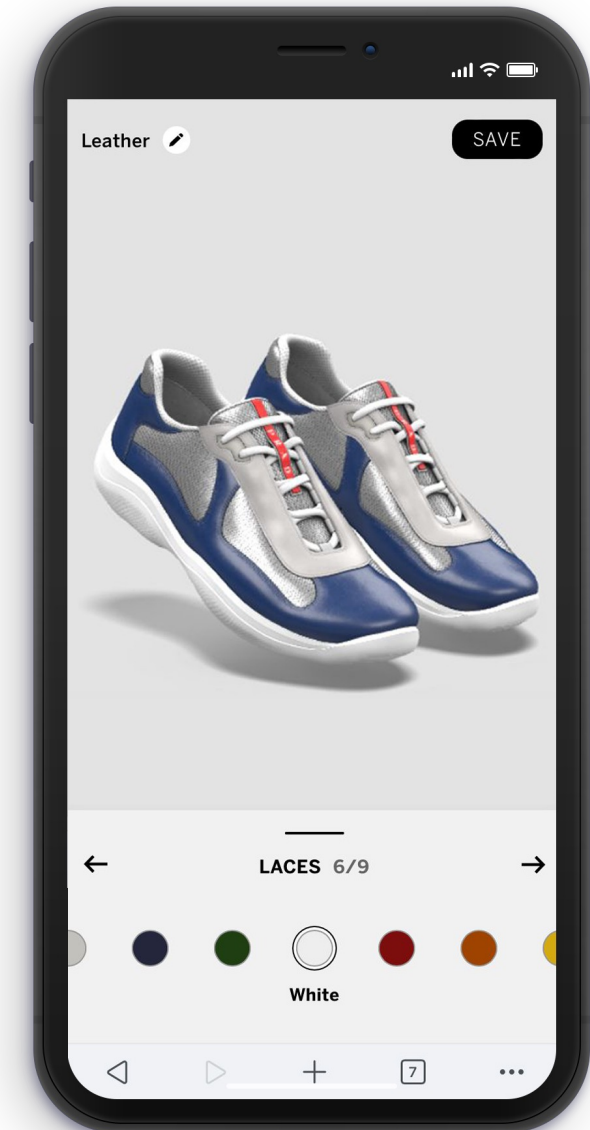
Paolo Zannoni – *Executive Chairman*  
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# Prada Group – tailored approach to brand marketing

Relentless customer focus driving performance

- Investing in ideas: optimising marketing processes and implementing new ideas to challenge them
- Re-inventing the existing: focusing on a clear brand and customer DNA
- Balance between iconic and new formats: the identity of each brand articulates in projects and formats that become part of the brand equity itself
- Empowering the community: creating new engaging dialogues with our audiences, balancing growth across customer age groups - strong traction with GEN Y and GEN Z





# Prada: Strong sustained brand momentum

## Successful balance of new and iconic formats



### Increased interest in collections co-created by Miuccia Prada and Raf Simons

- Prada Men's SS23 Mentions: 3.5 mln (+43k% vs. SS22)
- #1 in terms of Mentions in a panel of competitors between Paris and Milan fashion weeks



### Continued talent relevance in Prada Men's advertising campaign

- FW22 advertising campaign featuring Jeff Goldblum, Damson Idris and Rami Malek



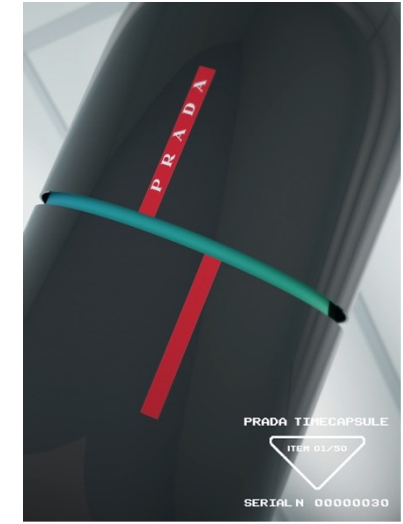
### Key events drive brand visibility

- Prada celebrated Miuccia Prada's collaboration for the design of Baz Luhrmann's *Elvis* movie costumes
- *Elvis* cast attended the Met Gala in Prada



### Crossing new boundaries with Linea Rossa

- Nikolas Plytas wakeboarding 5.6 mln views on IG
- Pierre Vaultier snowboarding 2.9 mln views on IG



### Successful approach to Web3

- Prada Time Capsule NFT:
  - First Drop sold out in a few minutes (June 2022)
  - Second Drop confirms high demand combined with NFTs (July 2022)
- Prada with Meta for the launch of its Avatar store

Source: Sprinklr

# Miu Miu: Enhanced brand awareness and desirability

A clear identity and strong brand resonance



**FW22 Miu Miu fashion show**  
continues to expand the  
brand's territories

- Live streaming +31% vs. FW21

**Artistic Collaboration with  
Nathalie Djurberg and Hans  
Berg** for the set up and a  
jewellery capsule collection

## Upcycled by Miu Miu

- Third episode presented during FW22 fashion show
- 50 unique embellished vintage jackets
- Giving new life to pre-owned and pre-loved clothing

## Miu Wander bag campaign featuring Sydney Sweeney

- A rediscovery of the codes and the identity of Miu Miu, through a new perspective
- 9.2 mln engagement and 401.7 mln reach



# Clear brand heat

Excellent results confirmed

## PRADA



Prada.com  
website traffic<sup>1</sup>

**+34%**  
visits  
H1-22 vs H1-21



Share of Search  
effectiveness<sup>2</sup>

**+26%**  
H1-22 vs H1-21

**LYST**

Among the  
hottest brands

Top **3**

Q2-22 Lyst Index  
from #4 in Q1-22

## miumiu



miumiu.com  
website traffic<sup>1</sup>

**+33%**  
visits  
H1-22 vs H1-21



Share of Search  
effectiveness<sup>2</sup>

**+26%**  
H1-22 vs H1-21

**LYST**

Climbs  
the ranking

# **7**

Q2-22 Lyst index  
from #10 in Q1-22

<sup>1</sup> Source Adobe Analytics

<sup>2</sup> Source Adobe Analytics - Growth of search traffic to website, including natural and paid search (not limited to Google)

# ESG is a long term value driver

Concrete actions and progress

Governance	Climate Strategy	Materials Innovation	People
<ul style="list-style-type: none"><li>• Sustainability Committee fully running</li><li>• Operational Committee established to speed up ESG integration</li><li>• Approved short-term action plan to improve ESG performances</li></ul>	<ul style="list-style-type: none"><li>• Implemented set of initiatives to meet reduction target for Scope 1 &amp; 2 GHG emissions (*), while carbon neutral for Scope 1 &amp; 2</li><li>• Identified long-term initiatives to meet reduction target for Scope 3 GHG emissions</li></ul> <p>(*) Green house gases</p>	<ul style="list-style-type: none"><li>• New strategic partnership with Leather Working Group (LWG)</li><li>• Started internal project for the traceability of leather procurement</li></ul>	<ul style="list-style-type: none"><li>• Sea Beyond educational program (VR experience on global scale + Lisbon event)</li><li>• Launch of internal survey on DE&amp;I (**)</li><li>• Company-wide sustainability training</li></ul> <p>(**) Diversity, Equity and Inclusion</p>

## Next focus

- Biodiversity and water resources management



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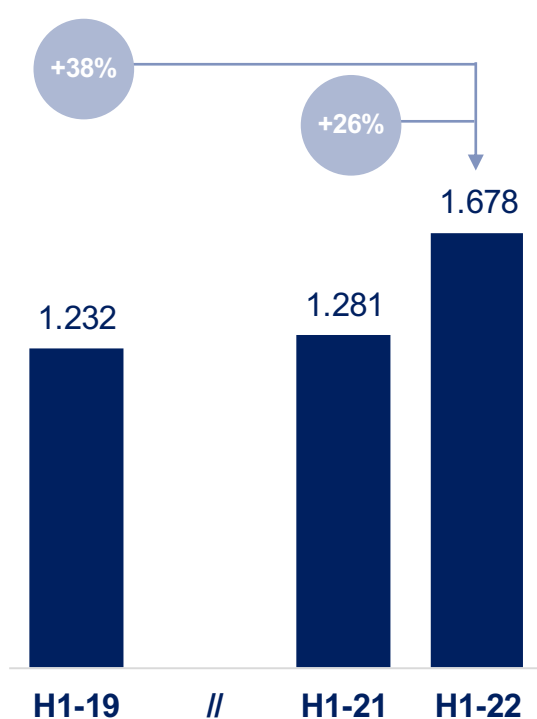
# Key Financials Summary

## Strong growth and profitability acceleration

### H1-22 Net Revenues

€1,901 mln (+22% vs. 21 / +22% vs. 19) \*

Retail Sales (€ mln) and growth (%) \*

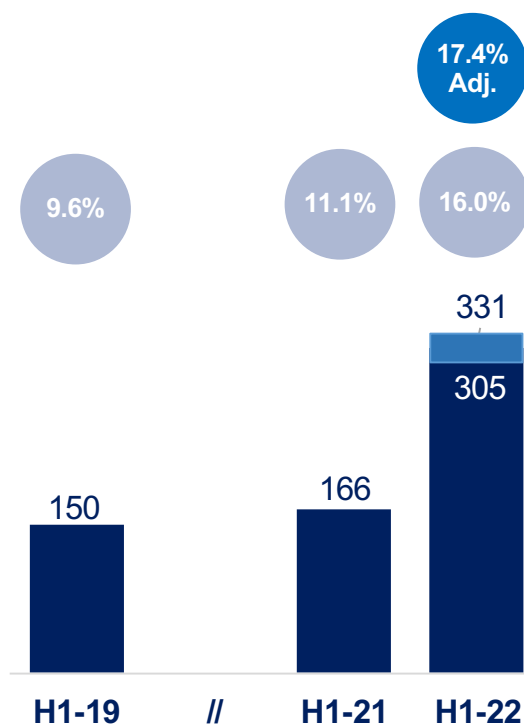


(\*) at constant fx (%)

### H1-22 EBIT Adj.

€331 mln \*

EBIT / EBIT Adj. (€ mln) and margin (%)

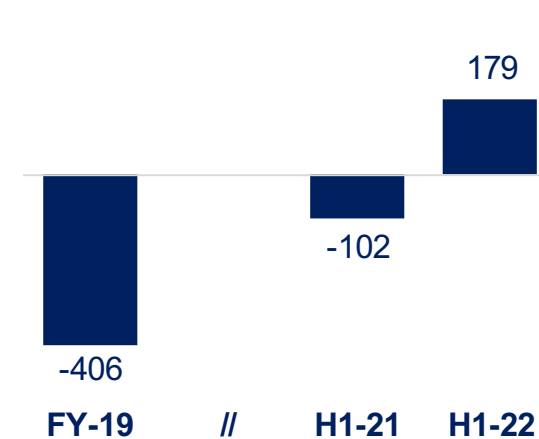


(\*) EBIT Adjusted excludes Other non-recurring income and expenses

### H1-22 Net Operating Cash Flow \*

€158 mln

Net Financial Position (€ mln) \*\*



(\*) Net cash flow from operating activities, less repayment of lease liabilities

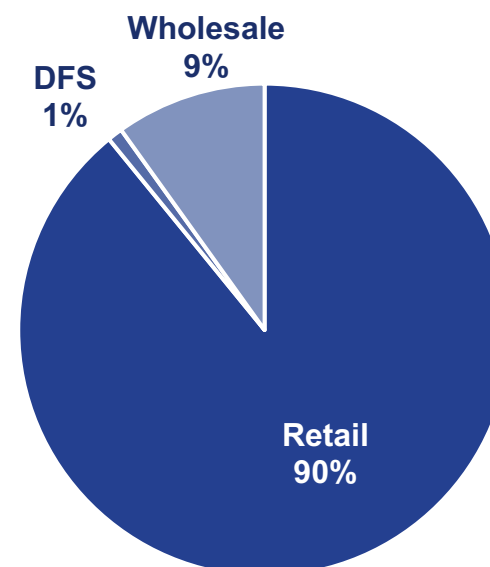
(\*\*) (Net debt) / Net Cash position

# Net sales by Channel

Outstanding retail performance – highly controlled wholesale

€ mln % at constant fx	H1-22	H1-22 vs. H1-21
<b>Retail</b>	1,678	+26%
<b>Wholesale</b>	194	-3%
<b>Total</b>	<b>1,872</b>	<b>+22%</b>

H1-22 vs. H1-19
+38%
-39%
<b>+22%</b>



## Retail

- Strong retail performance driven by healthy like-for-like increase
- Q1 and Q2 saw a sequential acceleration on a 3-year stack basis
- Online sales up robust double-digit yoy throughout the period

## Wholesale

- Selective approach to traditional wholesale and e-tailers

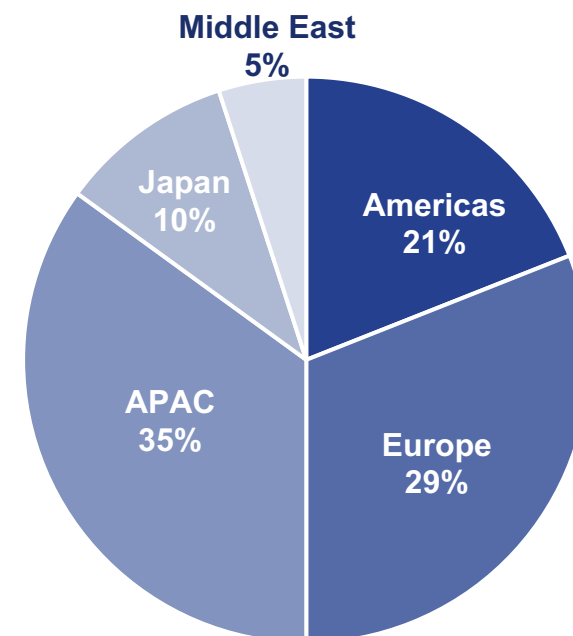


# Retail sales by Geography

## Strong growth despite Mainland China lockdowns

€ mln % at constant fx	H1-22	H1-22 vs. H1-21
Asia Pacific	590	-7%
Europe	486	+89%
Americas	360	+41%
Japan	161	+28%
Middle East	80	+24%
<b>Total</b>	<b>1,678</b>	<b>+26%</b>

H1-22 vs. H1-19
+26%
+34%
+116%
-3%
+59%
<b>+38%</b>



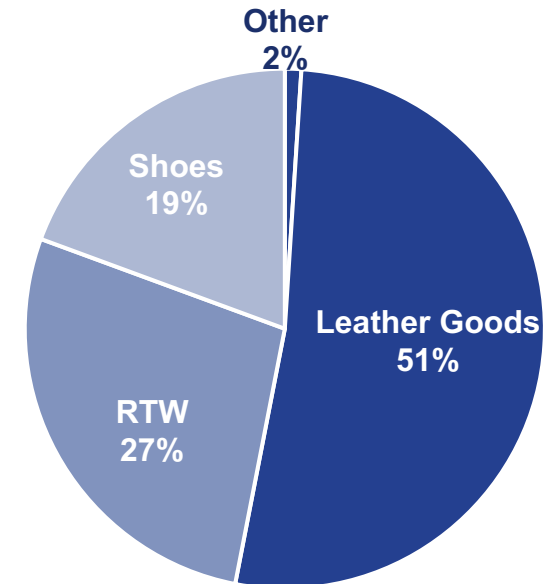
- **Asia Pacific** impacted by lockdowns in Mainland China from mid-March; remarkable strength in other regions
  - ~ 30% of the Chinese retail network impacted in Q2-22; improvement in June
  - Strong performance in Korea and South East Asia throughout the semester
- Outstanding performance in **Europe**, notwithstanding tough comparisons to Q2-21 and Russia impact
  - Sharp growth across the region driven by domestic sales and tourist flows in Q2-22
- Strong growth in the **Americas** across US, Canada and Latin America
  - Triple digit growth on a 3-year stack
- Accelerating trend yoy in **Japan** in Q2-22; robust performance in the **Middle East**

# Retail sales by Product

Strong performance across all categories

€ mln % at constant fx	H1-22	H1-22 vs. H1-21
Leather Goods	856	+18%
Ready to Wear	461	+32%
Footwear	320	+39%
Other	41	+86%
<b>Total</b>	<b>1,678</b>	<b>+26%</b>

H1-22 vs. H1-19
+24%
+65%
+46%
+45%
<b>+38%</b>



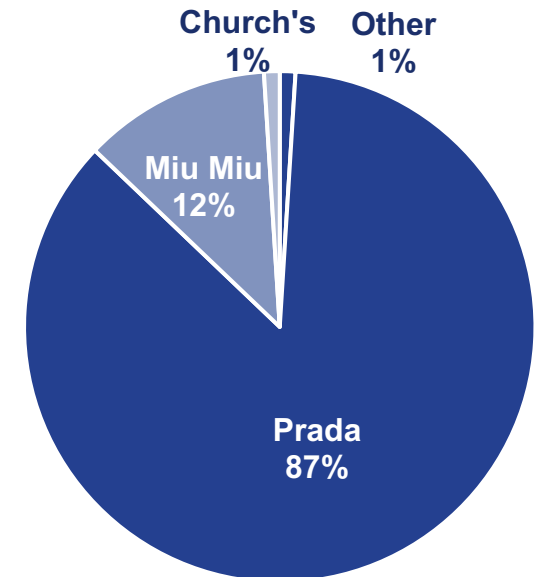
- **Leather Goods**
  - Acceleration driven by new and iconic lines
  - Balanced growth across bags, accessories and gender
  - Richer collections across multiple price points
- **RTW**
  - Continued strength with clear design leadership
  - Highly appreciated new collections across Prada and Miu Miu
- **Footwear**
  - Sharp growth driven by lifestyle and new collections

# Retail sales by Brand

## Outperformance of Prada - Continued improvement at Miu Miu

€ mln % at constant fx	H1-22	H1-22 vs. H1-21
Prada	1,457	+28%
Miu Miu	196	+14%
Church's	14	+29%
Other (*)	10	+87%
<b>Total</b>	<b>1,678</b>	<b>+26%</b>

H1-22 vs. H1-19
+46%
+5%
-39%
+27%
<b>+38%</b>



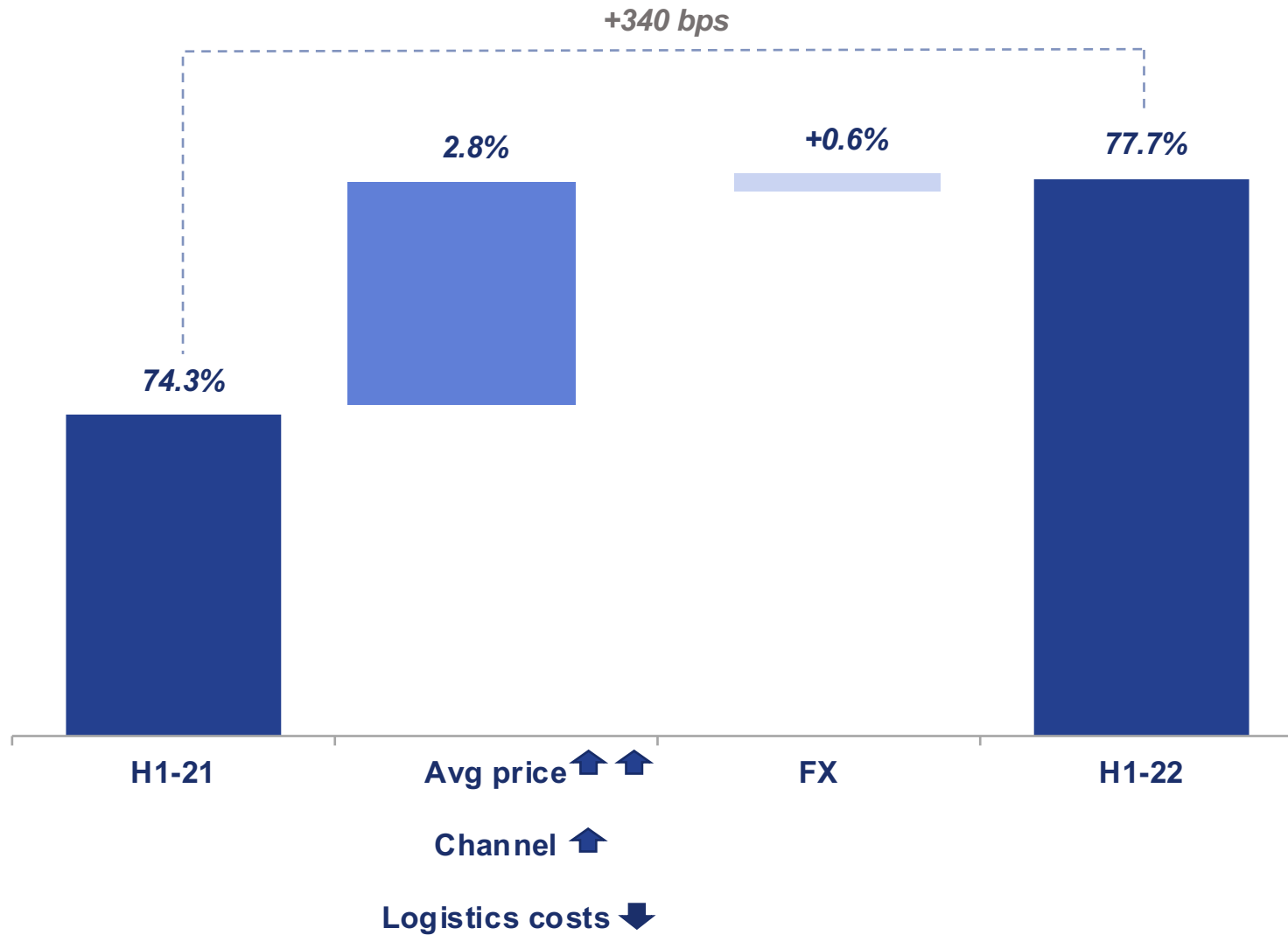
(\*) includes Marchesi and Car Shoe

- **Prada**
  - Outstanding performance across all product categories
  - Solid range comprising new products and iconic carryover
  - Balanced growth across customer gender and age groups
- **Miu Miu**
  - Turned positive on a 3-year stack
  - Growing visibility thanks to impactful communication strategy and acclaimed SS fashion show
  - Very successful introductions of new products delivers positive performance across all categories yoy
- **Church's**
  - Encouraging trend despite ongoing headwinds in category



# Gross margin development

Significant improvement driven by multiple factors



# Operating costs

OPEX decline as a % of Net Revenues by ~ 3 p.p.

€ mln

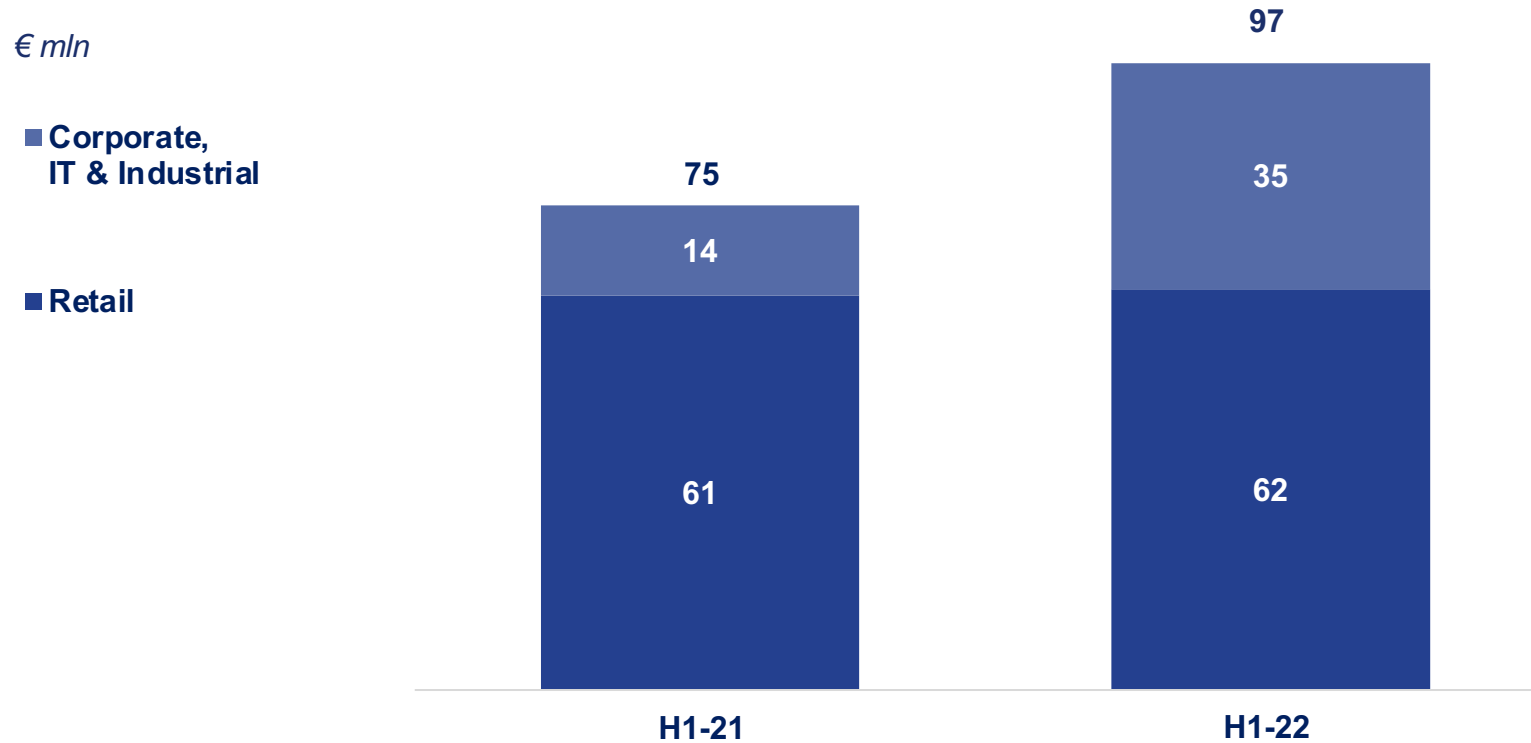
Operating costs <sup>(*)</sup>	H1-21	% on Net Revenues	H1-22	% on Net Revenues	H1-22 vs. H1-21
Selling	651	43.4%	796	41.8%	+22%
Advertising & Promotion	127	8.5%	155	8.2%	+22%
Design and Product Development	64	4.2%	69	3.6%	+8%
G&A	107	7.1%	127	6.7%	+19%
<b>Total</b>	<b>949</b>	<b>63.2%</b>	<b>1,147</b>	<b>60.3%</b>	<b>+21%</b>
<b>EBIT Adj.</b>	<b>166</b>	<b>11.1%</b>	<b>331</b>	<b>17.4%</b>	<b>+99%</b>

- OPEX increase (+21% reported, +17% at constant fx) mainly driven by variable component, decrease in COVID contributions, higher discretionary A&P spend, higher labour costs and normalisation of business activities post pandemic
- EBIT Adj. up by 99%, a 630 basis points yoy improvement to 17.4%

(\*) Excludes Other non-recurring income and expenses

# Capex

## Continued investments in Retail, IT and Industrial

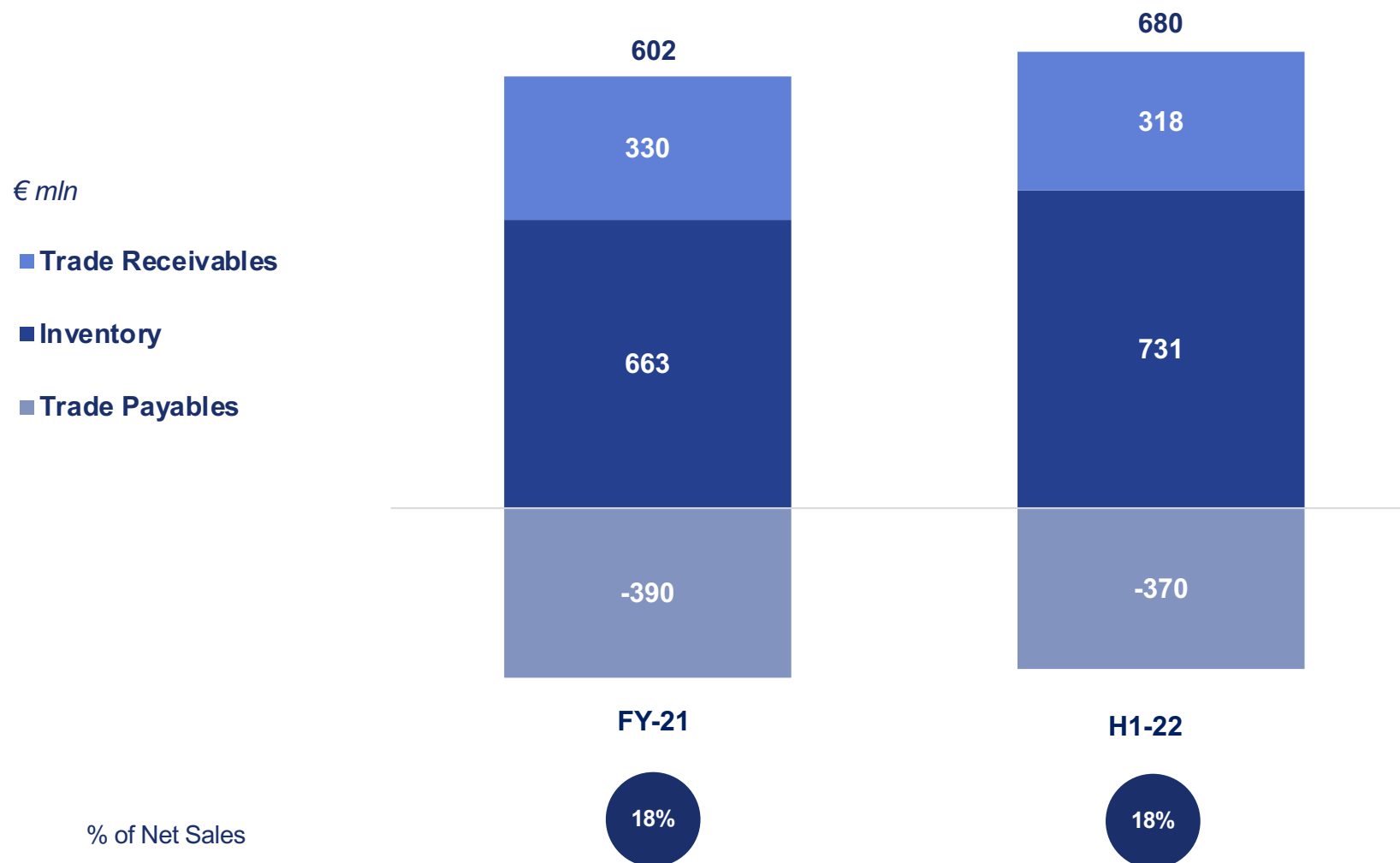


- ~ 60 renovation and relocation projects
- 8 net closures (7 openings and 15 closures) / 627 DOS end of June 2022
- €18 mln industrial Capex and €12 mln IT Capex



# Net Operating Working Capital

Remains flat as a % of sales



# Net Financial Position

Strong balance sheet with Net Cash of €179 mln

€ mln

<b>Opening Net financial position surplus / (deficit) - 31/12/2021</b>	<b>238</b>
Consolidated Net Result	189
Net Working Capital	-71
Depreciation and Amortization	+131
Capital expenditures and Investments	-93
Dividends	-170
Other	-44
<b>Closing Net financial position surplus / (deficit) - 30/06/2022</b>	<b>179</b>

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# Concluding remarks

## Confident on ability to achieve medium-term targets despite macro uncertainty

- Decisive action taken to evolve the business continues to deliver financial and operational strength
- Despite highly uncertain global macro environment, current trading remains strong
- H1-22 results accelerated the Group's trajectory towards the mid-term targets
- Several external factors could influence our performance and we are vigilant, ready to react
- Focus on balancing margin improvement and investment in: people, retail network, technological and manufacturing infrastructure, omni-channel capabilities and sustainability





PRADA Group

**Q&A SESSION**

# PRADA Group

## APPENDIX

# Condensed P&L

€m	H1-19		H1-21		H1 22	
<b>Net Revenues</b>	<b>1,570</b>	<b>100%</b>	<b>1,501</b>	<b>100%</b>	<b>1,901</b>	<b>100%</b>
COGS	-444	-28.3%	-386	-25.7%	-423	-22.3%
<b>Gross Profit</b>	<b>1,126</b>	<b>71.7%</b>	<b>1,115</b>	<b>74.3%</b>	<b>1,477</b>	<b>77.7%</b>
Selling	-707	-45.0%	-651	-43.4%	-796	-41.8%
Advertising & Promotion	-101	-6.5%	-127	-8.5%	-155	-8.2%
Design and Product Development	-65	-4.1%	-64	-4.2%	-69	-3.6%
G&A	-102	-6.5%	-107	-7.1%	-127	-6.7%
<b>Operating expenses</b>	<b>-975</b>	<b>-62.1%</b>	<b>-949</b>	<b>-63.2%</b>	<b>-1,147</b>	<b>-60.3%</b>
<b>EBIT Adj.</b>	<b>150</b>	<b>9.6%</b>	<b>166</b>	<b>11.1%</b>	<b>331</b>	<b>17.4%</b>
Non-recurring items	0	0.0%	0	0.0%	-26	-1.4%
<b>EBIT</b>	<b>150</b>	<b>9.6%</b>	<b>166</b>	<b>11.1%</b>	<b>305</b>	<b>16.0%</b>
Total Financial expenses	-30	-1.9%	-28	-1.8%	-27	-1.4%
<b>EBT</b>	<b>120</b>	<b>7.7%</b>	<b>138</b>	<b>9.2%</b>	<b>277</b>	<b>14.6%</b>
Income Taxes	34	2.2%	-41	-2.8%	-88	-4.6%
Minority Income	0	0.0%	0	0.0%	1	0.1%
<b>Group Net income / (Loss)</b>	<b>155</b>	<b>9.9%</b>	<b>97</b>	<b>6.4%</b>	<b>188</b>	<b>9.9%</b>
Total D&A	-340	-21.7%	-312	-20.8%	-352	18.5%

# Condensed Balance Sheet

€m	31 Dec 2021	30 June 2022
Right of use	1,956	1,976
Non current assets (excl deferred tax assets)	2,490	2,500
Net operating working capital	602	680
Other current assets / (liabilities), net	-163	-155
Other non current assets / (liabilities), net	51	123
<b>Net invested capital</b>	<b>4,936</b>	<b>5,123</b>
Consolidated shareholders' equity	3,129	3,243
Net financial position (surplus) / deficit	-238	-179
Long term lease liability	1,627	1,650
Short term lease liability	418	410
<b>Total</b>	<b>4,936</b>	<b>5,123</b>
Net operating cash flow	751	158
Net working Capital / Sales	18%	18%
Capex	217	97
Debt / Equity	negative	negative