

PRADA Group

A photograph of a modern building with a glass facade and a rooftop garden. The building is on the left, with a glass facade reflecting the sky. To the right of the building is a rooftop garden with several tall, thin trees and a reflecting pool in the foreground. The sky is blue with some light clouds.

# H1-24 Results Presentation

Milan, July 30<sup>th</sup> 2024



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# Agenda

## **Andrea Guerra – *Group CEO*** **Highlights and Business Update**

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

Andrea Bonini - *Group CFO*  
H1-24 Financial Review

Andrea Guerra - *Group CEO*  
Closing Remarks

Q&A Session

# Solid H1-24 with Group Retail Sales +18% and EBIT margin of 22.6%

Positive Q2 building on solid start to the year amidst an uncertain environment

High quality Retail Sales growth, with above-market performance at both Prada and Miu Miu

EBIT margin improvement notwithstanding higher investments

Ongoing investments support the evolutionary journey of the Group

Net Revenues  
€2.5 bln  
+17% constant fx

Prada +6%  
Miu Miu +93%  
Retail, constant fx

EBIT Margin  
22.6%  
€575 mln

Capex  
€169 mln

Continuous focus on retail excellence as strong identity, creativity and dynamism foster desirability



# Prada

- **Creative strength, distinctive positioning and disciplined execution** drove **solid performance**
- Continued success of **Prada's unique aesthetic codes supporting cultural relevance and desirability**
- Growth enabled by **well balanced product category mix**
  - **Bold reinterpretation of icons** (e.g. Galleria) coupled with **newness** (e.g. Buckle, Soft Lux) in **Leather Goods**; ongoing focus on **optimal coverage of strategic price points**
  - **Creative dynamism** continued to generate **good traction** in **Ready-to-Wear** and **Footwear**
- Unwavering **focus** on **Retail** execution, **continued progress** with **room for further improvement**
- **Higher communication investments** with events that capture the **multifaceted identity of the brand**, **elevate the client experience** and **foster engagement** with the brand's community



# Miu Miu

- **Strong performance** built on **clear** and **distinctive identity, positioning and communication**
- The brand **contemporary interpretation of beauty** continued to captivate the audience
- **Dynamic creativity** drove **high desirability** across categories
  - Further **strengthening** of the **Leather Goods category**, with successful introduction of new styles (e.g. **Ivy, Beau**) alongside celebrated icons (e.g. **Arcadie, Wander**) and well-received archive reinterpretations (**Aventure**)
  - **Remarkable** appreciation for **RTW**
  - **Viral products** and **trend-setting collaborations** drove **strong performance** in **Footwear**
- **Significant uplift in productivity and profitability metrics**; focus on **longevity and sustainability of performance**
- **Reinvestment** to continue **strengthening the foundations** and **progress towards** the brand's **full potential**



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# Prada

Impactful initiatives amplify the brand values and foster engagement with the audience



## Acclaimed fashion shows and campaigns fuel brand's visibility

- Prada's Menswear and Womenswear fashion shows confirm the brand's creative energy momentum
- New campaign featuring Scarlett Johansson celebrates bold reinterpretation of iconic Galleria
- Emma Watson and Benedict Cumberbatch starred in Re-Nylon Collection campaign



## High-level partnerships push brand's boundaries further

- Continuous partnership between Prada Linea Rossa and top Red Bull athletes, drawing on the brand's expertise in high-performance sportswear
- Launch of new docu-series with National Geographic Creative Works as part of Prada's commitment to education and social responsibility through the SEA BEYOND program in partnership with UNESCO



## Events and activations nurture Pradanness and its global reach

- Prada Mode presented the exclusive #3 edition of The Double Club in Los Angeles, a project curated by Carsten Höller
- Successful #3 iteration of Prada Frames, held during Milan's Salone del Mobile
- Pop-up stores in multiple locations presented an exclusive selection of products in a vibrant and charming atmosphere



# Miu Miu

Excitement continues to rise among the Miu Miu community



## Campaigns and fashion shows keep the brand in the spotlight

- The excellent reception of Fall / Winter 2024 collection reflects the brand's continued momentum
- Launch of new 2024 Leather Goods campaign starring Gigi Hadid, supporting the iconic Arcadie and Wander
- Successful response to the evocative Endless Summer and L'Été campaigns



## Special projects and impactful collaborations extend the brand's influence and broaden its audience

- The #5 Miu Miu Upcycled collection, focusing on denim, celebrates vintage fashion and encourages circular design practices
- Iconic New Balance 530 running shoe revisited by Miu Miu and new Church's x Miu Miu drop



## Miu Miu's distinctive voice inspires and engages its community worldwide

- Launch of Miu Miu's first Literary Club, "Writing Life", a two-day event reinforcing Miu Miu's commitment to nurturing contemporary cultural debates
- Introduction of itinerant Miu Miu Summer Reads, a series of special initiatives aimed at igniting the conversation about empowerment and inspiring women's literary works



# ESG

## Ongoing focus on key areas



- Ambitious low-impact raw material conversion targets in place and implementation plan on track
- Chemical stewardship, raw material traceability and water data collection were other key areas of focus
  - c. 80% raw material suppliers engaged with ZDHC
  - >70% leather procurement covered by traceability system
  - Launched water risk assessment for key suppliers, with 80% coverage target
- Trained procurement teams and strategic suppliers to pursue key sustainability objectives



- Set the pillars of 3-year DE&I roadmap and signed strategic partnership to drive DE&I agenda
- MBO linked to ESG targets for higher proportion of key executives
- Strengthening of performance management system with sustainability-linked leadership behaviours



- Launch of the third SEA BEYOND educational module
- Successful launch of “Ocean Literacy World Conference”, the first conference dedicated to ocean education in collaboration with UNESCO
- Second cycle of the Forestami Academy, a Prada Group’s project in partnership with Forestami



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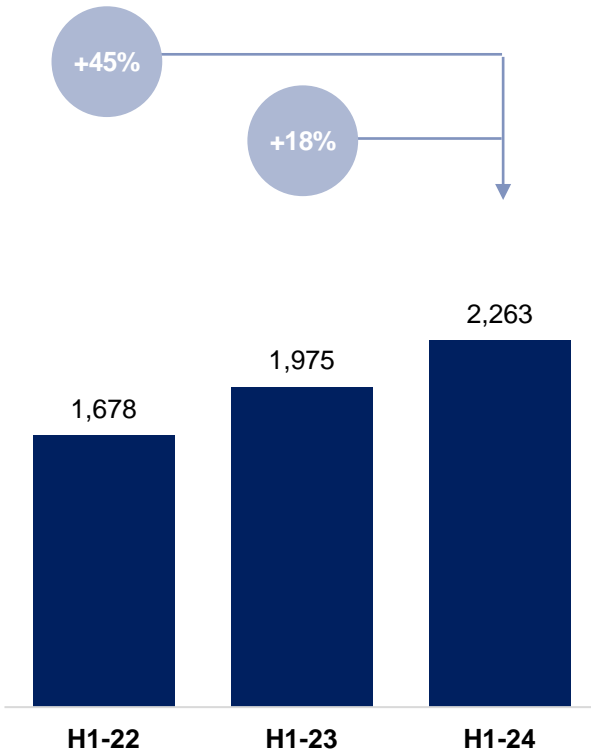
# Key Financials

## Sustained growth; solid profitability

### H1-24 Net Revenues

€2,549 mln (+14% vs. H1-23 / +17% at constant fx)

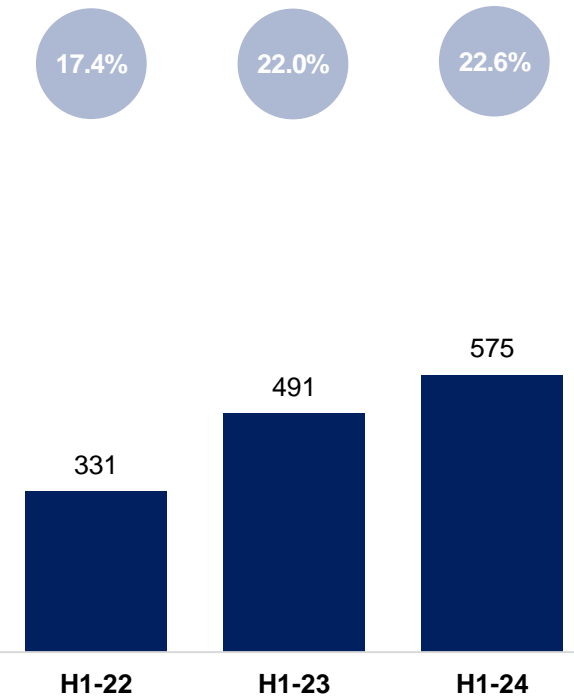
Retail Sales (€ mln) and growth (%) <sup>(1)</sup>



### H1-24 EBIT

€575 mln

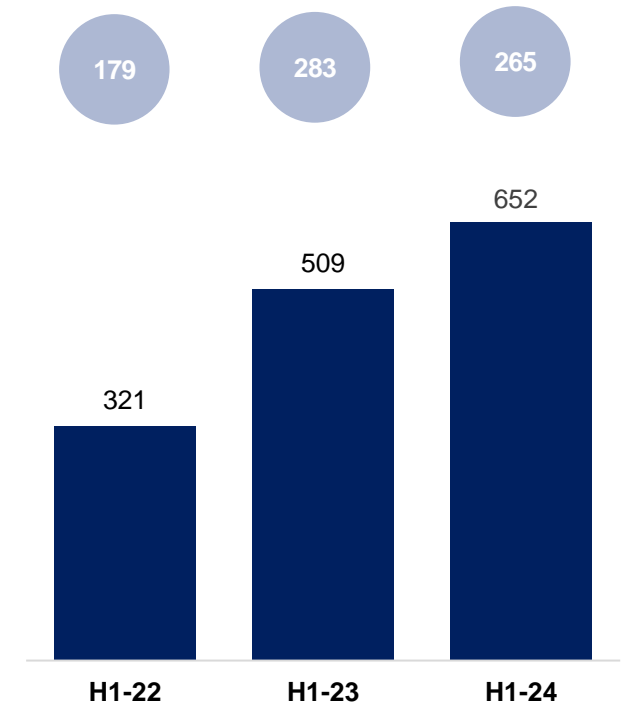
EBIT / EBIT Adj. <sup>(2)</sup> (€ mln) and margin (%)



### H1-24 Cash Flow from Operations

€652 mln

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



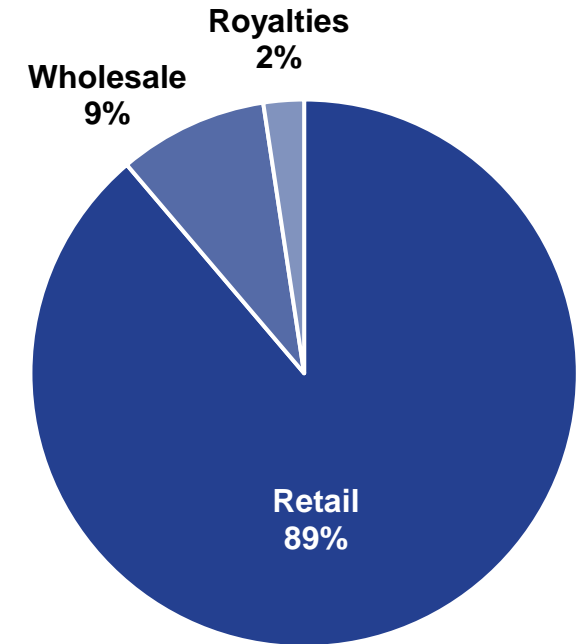
<sup>(1)</sup> At constant fx (%) <sup>(2)</sup> EBIT Adjusted for H1-22 <sup>(3)</sup> Cash flow from operating activities, less repayment of lease liabilities <sup>(4)</sup> (Net debt) / Net cash position



# Net Revenues by Channel

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

€ mln % at constant fx	H1-23	H1-24	H1-24 vs. H1-23	Q2-24 vs. Q2-23
Retail	1,975	2,263	+18%	+18%
Wholesale	210	225	+8%	+14%
Royalties	47	61	+28%	+33%
<b>Total</b>	<b>2,232</b>	<b>2,549</b>	<b>+17%</b>	<b>+18%</b>

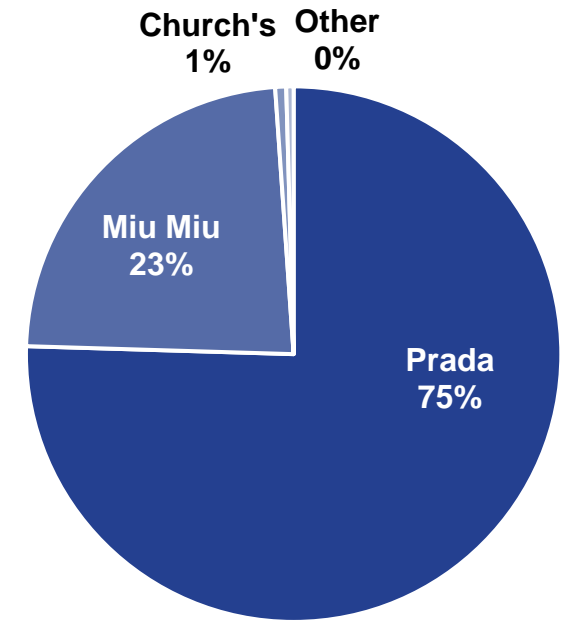


- Solid **Retail** performance driven by like-for-like, full price volumes
- Growth in **Wholesale** driven by duty-free channel; continued control of independents
- Sustained **Royalty** growth supported by both eyewear and fragrances
- Negative **FX impact** of 330 bps on performance at current exchange rates

# Retail Sales by Brand

Continued above-market growth at both Prada and Miu Miu

€ mln % at constant fx	H1-23	H1-24	H1-24 vs. H1-23	Q2-24 vs. Q2-23
Prada	1,668	1,708	+6%	+5%
Miu Miu	285	530	+93%	+95%
Church's	13	15	+15%	+10%
Other <sup>(1)</sup>	9	10	+12%	+11%
<b>Total</b>	<b>1,975</b>	<b>2,263</b>	<b>+18%</b>	<b>+18%</b>



- Solid growth at **Prada**, driven by like-for-like, full price sales
  - Challenging comps in APAC
  - Growth across all categories and genders
- Remarkable organic growth trajectory at **Miu Miu**
  - Strength across all categories and regions
- Good performance through the semester at **Church's**

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

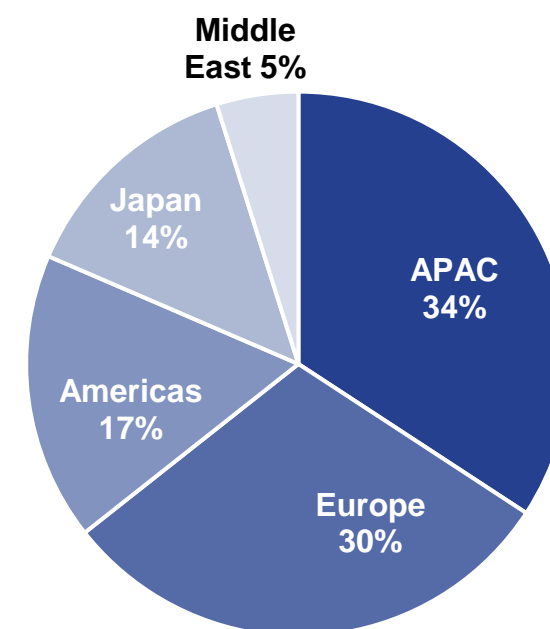


# Retail Sales by Geography

Double-digit growth across regions, further slight improvement in Americas

€ mln % at constant fx	H1-23	H1-24	H1-24 vs. H1-23
Asia Pacific	716	774	+12%
Europe	582	682	+18%
Americas	361	387	+7%
Japan	224	309	+55%
Middle East	92	110	+20%
<b>Total</b>	<b>1,975</b>	<b>2,263</b>	<b>+18%</b>

Q2-24 vs. Q2-23
+8%
+19%
+9%
+65%
+25%
<b>+18%</b>



- **Asia Pacific** progressed well over the period, albeit moderated in Q2 on a tougher comparison base and increasing spending outside the area
- Continued and stable double-digit growth in **Europe**, supported by both domestic and tourist spending
- Positive performance in **Americas** with Q2 showing a further slight sequential improvement
- **Japan** best performing region, further accelerating in Q2, supported by solid local demand and strong tourism flow
- Solid performance in **Middle East** across the period with Q2 showing acceleration

# Profitability

EBIT margin improvement notwithstanding higher investments

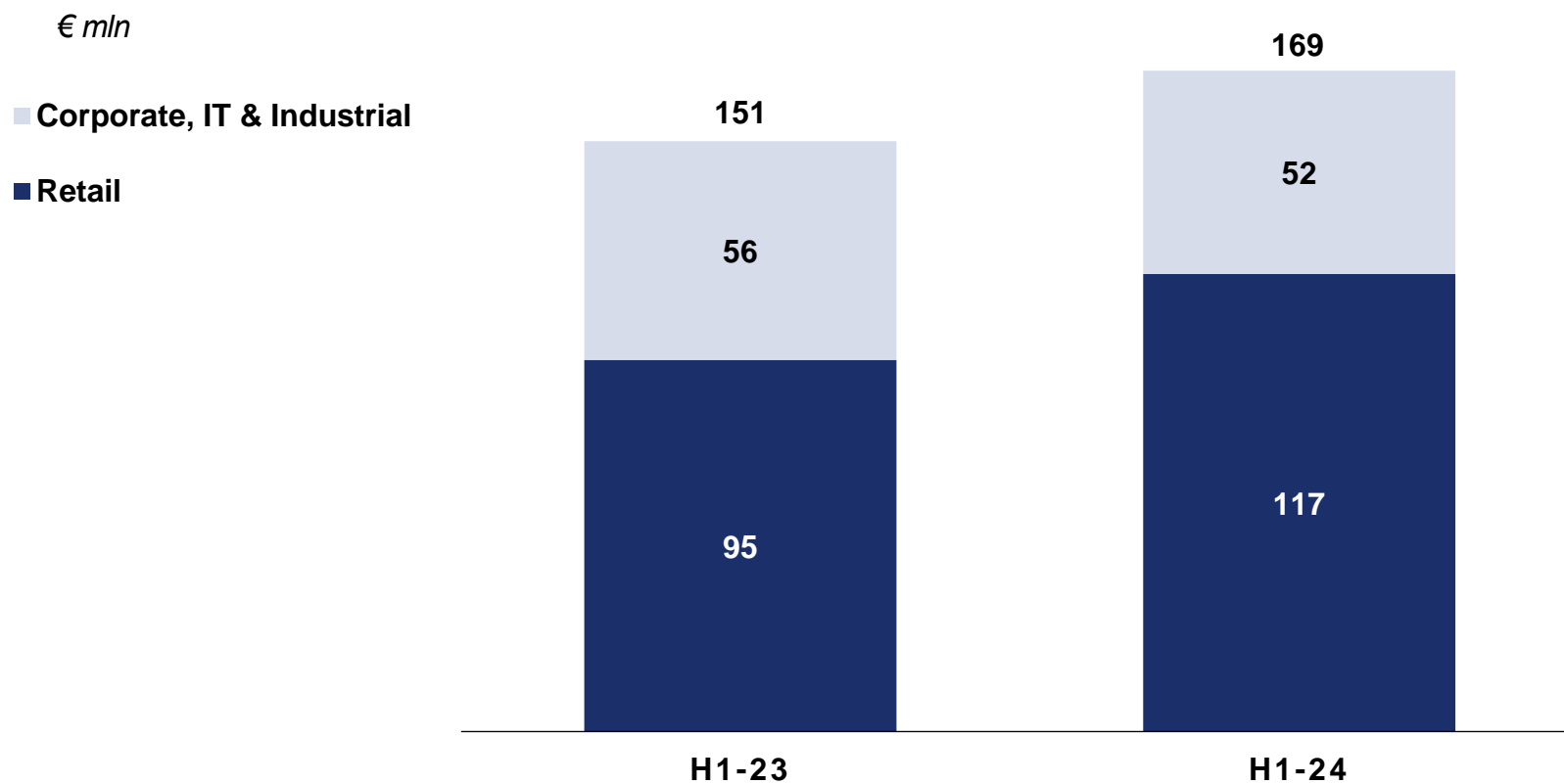
€ mln

	H1-23	% on Net Revenues	H1-24	% on Net Revenues	H1-24 vs. H1-23
<b>Gross Margin</b>	<b>1,793</b>	<b>80.3%</b>	<b>2,034</b>	<b>79.8%</b>	<b>+13%</b>
Selling	895	40.1%	978	38.4%	+9%
Advertising and Comm.	187	8.4%	219	8.6%	+17%
Product Design and Dev.	72	3.2%	82	3.2%	+13%
G&A	148	6.6%	179	7.0%	+22%
<b>Total Operating Costs</b>	<b>1,302</b>	<b>58.3%</b>	<b>1,459</b>	<b>57.2%</b>	<b>+12%</b>
<b>EBIT</b>	<b>491</b>	<b>22.0%</b>	<b>575</b>	<b>22.6%</b>	<b>+17%</b>
<b>Net Income</b>	<b>305</b>	<b>13.7%</b>	<b>383</b>	<b>15.0%</b>	<b>+26%</b>

- Gross Margin 79.8%, stable excluding FX impact
- OPEX +12% reported, +14% constant fx, mainly driven by variable component, higher marketing and IT spend
- EBIT of €575 mln (+17% vs. H1-23) and Net Income of €383 mln (+26% vs. H1-23)

# Capex

## Progress on strategic investment plan



- Continued upgrade of the retail further elevating the in-store experience of clients; 593 DOS as of June, 30<sup>th</sup>
- Progress on digitalisation and vertical integration with further reinforcement of manufacturing capabilities

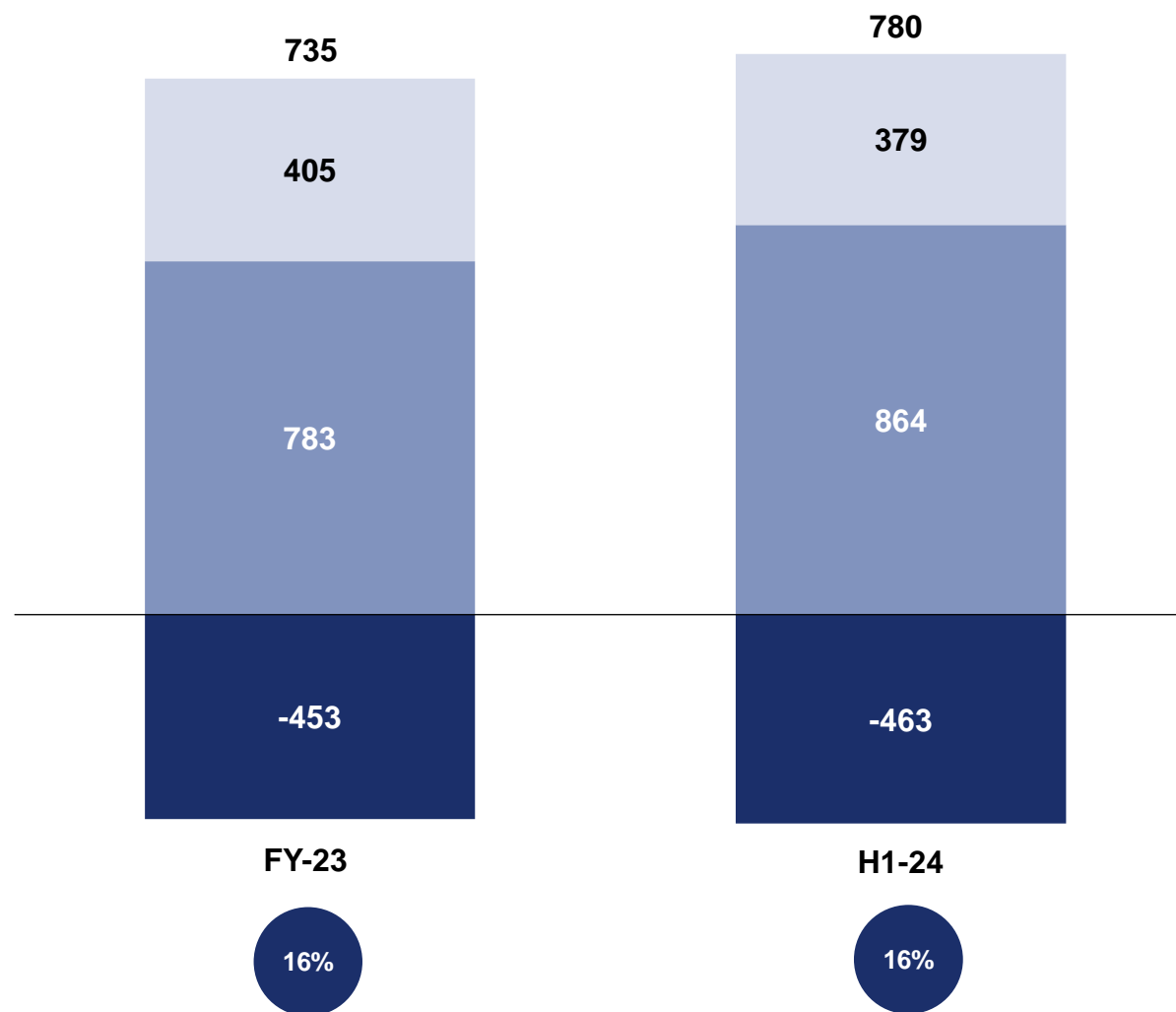


# Net Operating Working Capital

## Stable over Net Sales

€ mln

- Trade Receivables
- Inventory
- Trade Payables



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

# Net Financial Position

## Solid Balance Sheet with Net Cash of €265 mln

€ mln

<b>Opening Net Financial Position Surplus / (Deficit) - 31/12/2023</b>	<b>197</b>
Consolidated Profit / (Loss) before taxation	537
Depreciation and Amortisation	137
Net Working Capital	-54
Tax paid	-33
Capital Expenditures and Investments	-184
Dividends	-331
Other	-3
<b>Closing Net Financial Position Surplus / (Deficit) - 30/06/2024</b>	<b>265</b>

- Strong Cash Flow from Operations <sup>(1)</sup> of €652 mln (€ 509 mln in H1-23)

<sup>(1)</sup> Cash flow from operating activities, less repayment of lease liabilities

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# Closing Remarks

Reiterating our ambition to deliver solid, sustainable and above-market growth

**Solid performance** in the first half of 2024, delivered against the backdrop of **more complex industry** and **geopolitical dynamics**

**Clear priorities** and **execution plan**:

- **Foster desirability** leveraging creativity and dynamism while remaining true to the identity of our brands
- **Prioritise marketing** and **retail** initiatives with sharp communication; **discipline on other costs**
- Continue on the path of **retail excellence**, with unwavering focus on **client dialogue** and **retail KPIs**
- Progress on **strategic investment plan** in retail, industrial capacity and know-how, digital evolution
- **Develop internal** and **attract external talent**

While being vigilant, we are confident in our strategy and remain committed to our ambition **to deliver solid, sustainable and above-market growth**



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## **Q&A Session**

# APPENDIX



# Condensed P&L

€m	H1-22		H1-23		H1-24	
<b>Net revenues</b>	<b>1,901</b>	<b>100%</b>	<b>2,232</b>	<b>100%</b>	<b>2,549</b>	<b>100%</b>
COGS	-423	-22.3%	-439	-19.7%	-515	-20.2%
<b>Gross profit</b>	<b>1,477</b>	<b>77.7%</b>	<b>1,793</b>	<b>80.3%</b>	<b>2,034</b>	<b>79.8%</b>
Selling	-796	-41.8%	-895	-40.1%	-978	-38.4%
Advertising & Promotion	-155	-8.2%	-187	-8.4%	-219	-8.6%
Design and Product Development	-69	-3.6%	-72	-3.2%	-82	-3.2%
G&A	-127	-6.7%	-148	-6.6%	-179	-7.0%
<b>Operating expenses</b>	<b>-1,147</b>	<b>-60.3%</b>	<b>-1,302</b>	<b>-58.3%</b>	<b>-1,459</b>	<b>-57.2%</b>
<b>EBIT Adj.</b>	<b>331</b>	<b>17.4%</b>	<b>491</b>	<b>22.0%</b>	<b>575</b>	<b>22.6%</b>
Non-recurring items	-26	-1.4%	0	0.0%	0	0.0%
<b>EBIT</b>	<b>305</b>	<b>16.0%</b>	<b>491</b>	<b>22.0%</b>	<b>575</b>	<b>22.6%</b>
Total Financial expenses	-27	-1.4%	-46	-2.1%	-38	-1.5%
<b>EBT</b>	<b>277</b>	<b>14.6%</b>	<b>445</b>	<b>19.9%</b>	<b>537</b>	<b>21.1%</b>
Income Taxes	-88	-4.6%	-138	-6.2%	-151	-5.9%
Minority Income	1	0.1%	1	0.1%	2	0.1%
<b>Group net income / (Loss)</b>	<b>188</b>	<b>9.9%</b>	<b>305</b>	<b>13.7%</b>	<b>383</b>	<b>15.0%</b>

# Condensed Balance Sheet

€ mln	31 Dec 2023	30 June 2024
Right of use	2,025	2,072
Non current assets (excl deferred tax assets)	3,007	3,057
Net operating working capital	735	780
Other current assets / (liabilities), net	-146	-262
Other non current assets / (liabilities), net	171	179
<b>Net invested capital</b>	<b>5,791</b>	<b>5,825</b>
Consolidated shareholders' equity	3,877	3,937
Net financial position (surplus) / deficit	-197	-265
Long term lease liability	1,700	1,738
Short term lease liability	411	416
<b>Total</b>	<b>5,791</b>	<b>5,825</b>