

# PRADA Group

## **FY-2021 RESULTS PRESENTATION**

**Milan, March 14<sup>th</sup> 2022**

# Agenda

**Patrizio Bertelli – CEO**  
Business Update

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

**Alessandra Cozzani – CFO**  
FY-2021 Financial Review

**Paolo Zannoni – *Executive Chairman***  
Outlook

**Q&A Session**

# Agenda

**Patrizio Bertelli – CEO**  
Business Update

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

Alessandra Cozzani – *CFO*  
FY-2021 Financial Review

Paolo Zannoni – *Executive Chairman*  
Outlook

Q&A Session

# 2021 Strategic Progress (1/2)

## On track



### Prada Group's Distinctive Vision

- Continued to evolve coherently with the market, reinterpreting luxury
- Relevant, sustainable and impactful



### Style, Quality, And Unique Products

- Strong growth across all categories
- Increased product value and broadened price architecture
- Introduced new categories

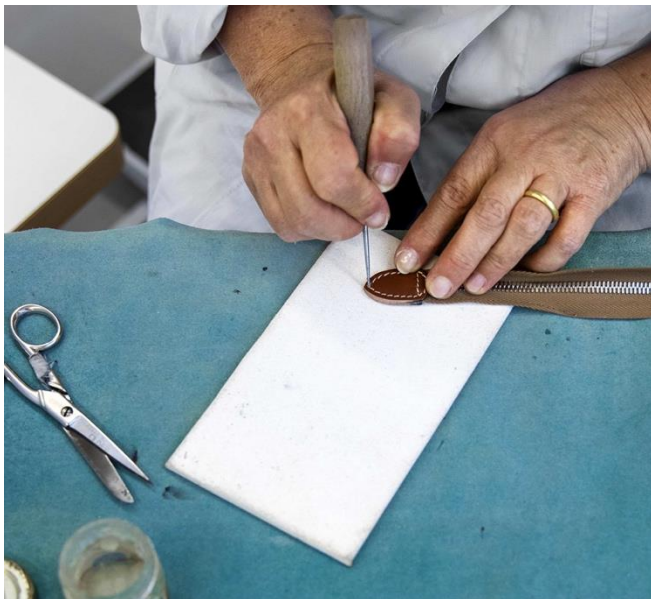


### Focus on Direct Distribution

- Strengthened direct channels and invested in store network
- Special pop-up: 68 Prada and 12 Miu Miu in FY-21
- Outstanding online growth

# 2021 Strategic Progress (2/2)

## On track



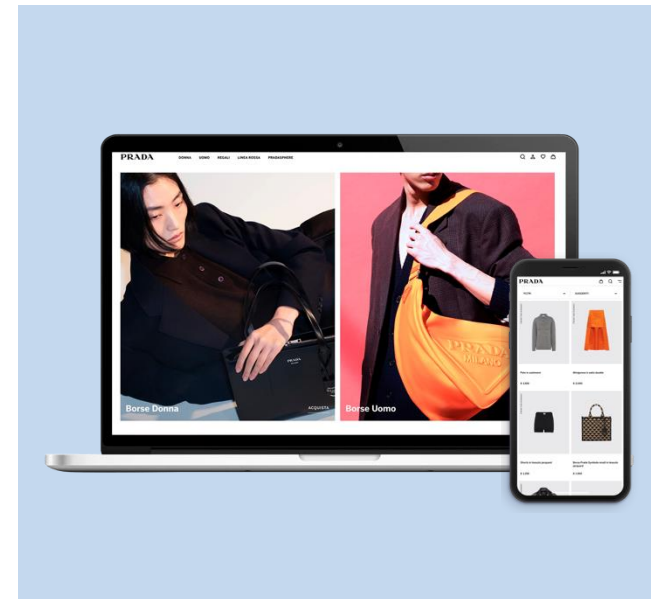
### Industrial Know-How and Vertical Integration

- Increased vertical integration
- Reduced complexity
- Invested in manufacturing sites and capabilities



### Increased Commitment to Sustainability

- Two new Board members with strong sustainability credentials
- Substantial Board-level gender parity
- Scope 1 & 2 emissions reduction on track



### Investment in People and Technology infrastructure

- Continued to invest in human resources and new talents
- Technology and IT transformation programme ongoing



# Results Highlights - Revenues

## Strong growth in 2021

- Retail sales up +15% vs. FY-19, with a marked acceleration in Q4 at +24%
- Relevance with domestic consumers globally
- Remarkable performance in Asia, Americas, Middle East. Europe also above 2019
- Acceleration across all product categories
- Outstanding online growth: FY-21 online sales 5x FY-19 level
- Total revenues up +8% vs. FY-19 notwithstanding voluntary meaningful wholesale rationalisation



# Results Highlights - Profitability & Cash Flow

## Excellent progress in 2021

- Gross margin at 75.7% for FY-21, with H2 at 76.8%
- EBIT margin at 14.5% for FY-21, with H2 at 17.4%
- Strong operating cash flow (€ 751 mln) with further improvement in net working capital driven by supply chain excellence
- Positive net financial position of € 238 mln at year-end

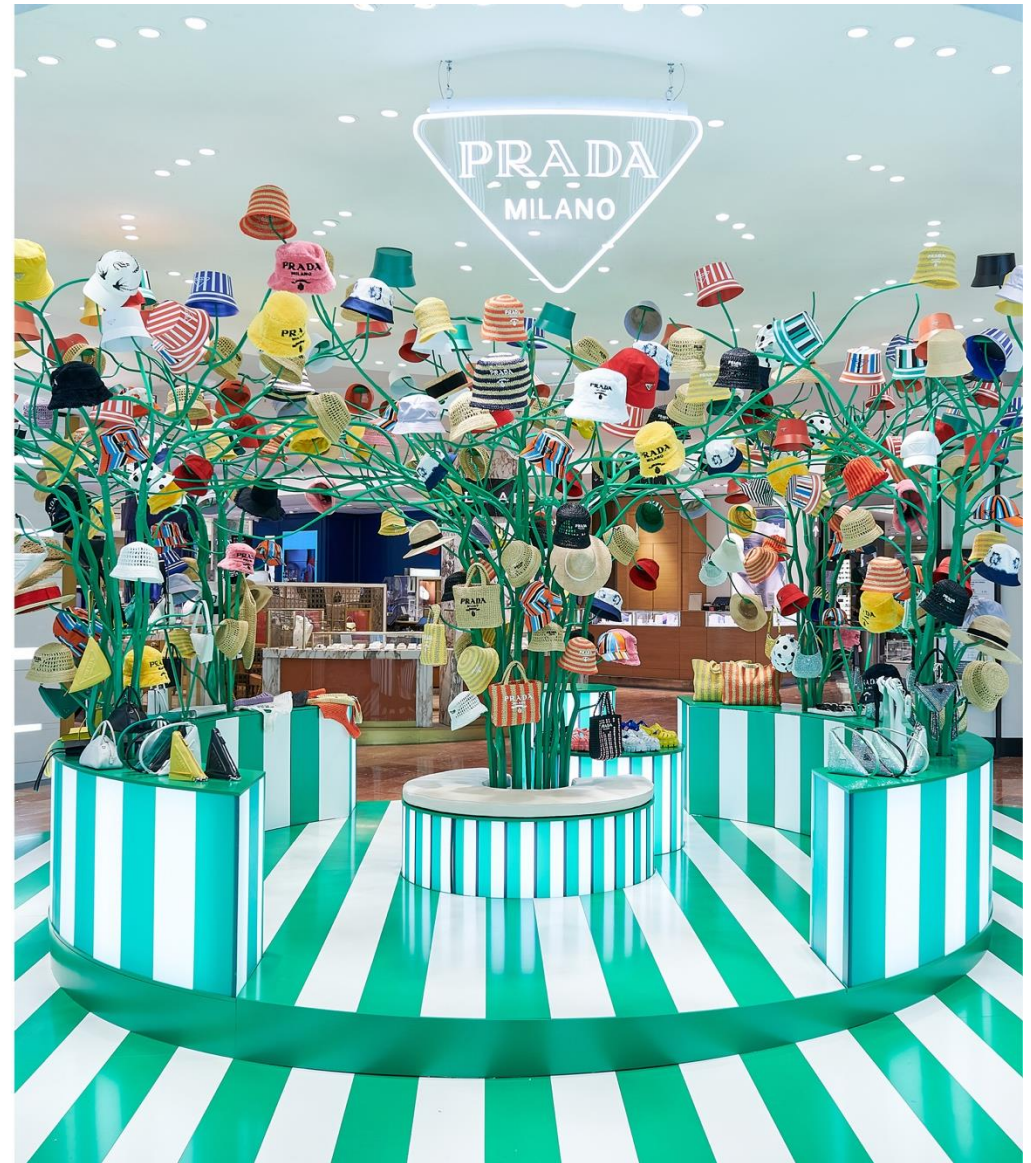




# 2022 Priorities

## Continue long-term strategy for growth

- Constantly adapt to highly complex and fast-evolving environment
- Continue to increase product content, quality and uniqueness
- Reinforce dialogue with younger generations and customer engagement
- Further invest in digital and in our retail network to enhance the customer experience
- Streamline manufacturing processes and shorten supply chain
- Integrate ESG strategy fully within the business





# Agenda

Patrizio Bertelli – *CEO*  
Business Update

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

Alessandra Cozzani – *CFO*  
FY-2021 Financial Review

Paolo Zannoni – *Executive Chairman*  
Outlook

Q&A Session

# Prada: pioneer in marketing and communications

## Highly successful brand moments and campaigns



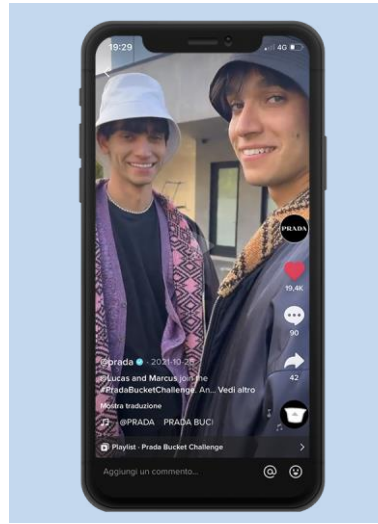
### Innovative fashion show formats. Excellent performance

- Prada FW22 Menswear show  
Mentions: 72k  
+ 42% vs FW21
- Prada FW22 Womenswear show  
Mentions: 63k  
+132% vs FW21



### Successful Prada Men's advertising campaign featuring Tom Holland

- Engagement rate: +181% vs avg 2021



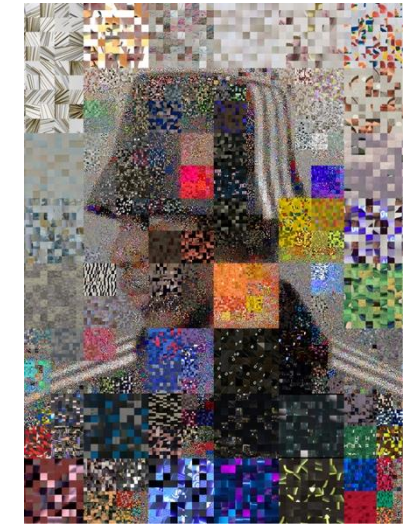
### TikTok Prada Bucket Hat Challenge

- 9.5 bn views
- #2 searched women's product brand in Q4-21  
LYST ranking



### New interpretation of gaming

- Prada Linea Rossa Riders Republic® in partnership with Ubisoft



### First-of-its-kind NFT collaboration

- adidas for Prada re-source

# Miu Miu: high visibility marketing and communications

Coherent with brand DNA



**Miu Miu successful fashion show format**

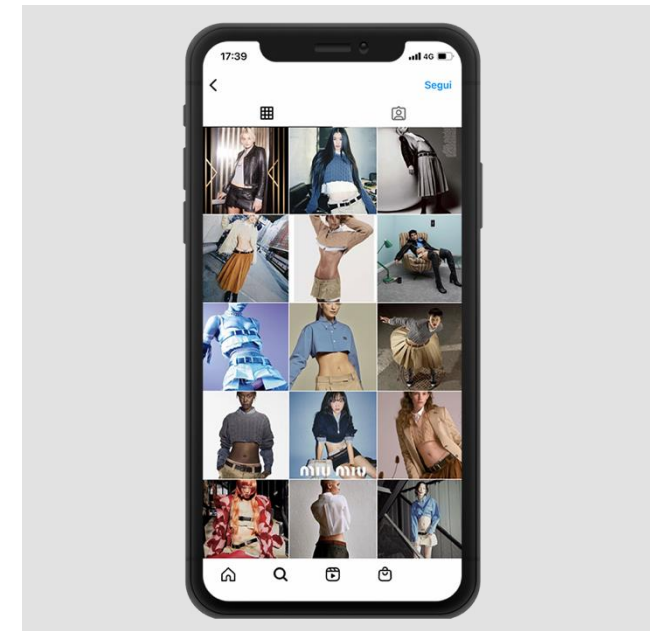
**Partnership with New Balance to further support the Miu Miu exposure**

- Mentions:  
+88% vs SS21



***Basic Instincts*: Miu Miu SS22 advertising campaign featuring Hailey Bieber**

- Engagement rate:  
+8,3% vs avg 2021



**Viral Mini-Skirt:**

- Most in demand item of the collection
- Outstanding visibility in media exposure and celebrities
- Dedicated independent fan pages and social media accounts

# Brand heat and leadership: Prada & Miu Miu FY 2021

## PRADA



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

**+59%**  
visits YOY



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

**+55%**  
2021 vs 2020

**LYST**

Among the  
hottest brands

Top **3**  
Q4 2021 Lyst Index

## MIU MIU



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

**+13%**  
visits YOY



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

**+35%**  
2021 vs 2020

**LYST**

Entering  
the ranking

# **20**  
Q4 2021 Lyst Index

<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 Agenda

Three pillars across Group activities

## DRIVERS OF CHANGE

PRADA Group

### for PLANET

*We commit to shape our operations to reduce our footprint*

- Mitigate our impact on climate change
- Preserve the ecosystems
- Embrace circular thinking

### for PEOPLE

*We commit to an inclusive, creative and fair workplace*

- Champion diversity and promote inclusion
- Foster creativity and knowhow preservation
- Ensure wellbeing and fair workplace

### for CULTURE

*We commit to share our values and to build a sustainable society*

- Contribute to cultural debate
- Further sustainability literacy
- Inspire scientific evolution

### WITH PARTNERS

We commit to engage with our partners to strengthen our sustainability path

# Continued ESG focus

## Concrete actions and progress

Governance	Climate Strategy	Materials Innovation	Diversity & Inclusion
<ul style="list-style-type: none"> <li>ESG Board Committee formalized</li> <li>Pamela Culpepper and Anna Maria Rugarli appointed to the Board and already focused on ESG progress</li> </ul>	<ul style="list-style-type: none"> <li>SBTs business ambition for 1.5°C (*)</li> <li>Scope 1 &amp; 2 emissions reduction on track, identification of scope 3 reduction actions</li> <li>Carbon neutral for scope 1 &amp; 2 emissions by mid-2022</li> <li>Leading position in LEED green building certifications</li> </ul>	<ul style="list-style-type: none"> <li>Re-Nylon: achieved full conversion</li> <li>New strategic membership with Textile Exchange</li> <li>Full certification by Leather Working Group by 2023</li> </ul>	<ul style="list-style-type: none"> <li>Substantial gender parity at Board level</li> <li>First luxury fashion Group to join The Valuable 500</li> <li>Progress on DE&amp;I agenda (**)</li> </ul>

(\*) Science based targets initiatives

(\*\*) Diversity, Equity and Inclusion

# Agenda

Patrizio Bertelli – *CEO*  
Business Update

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

**Alessandra Cozzani – CFO**  
FY-2021 Financial Review

Paolo Zannoni – *Executive Chairman*  
Outlook

Q&A Session

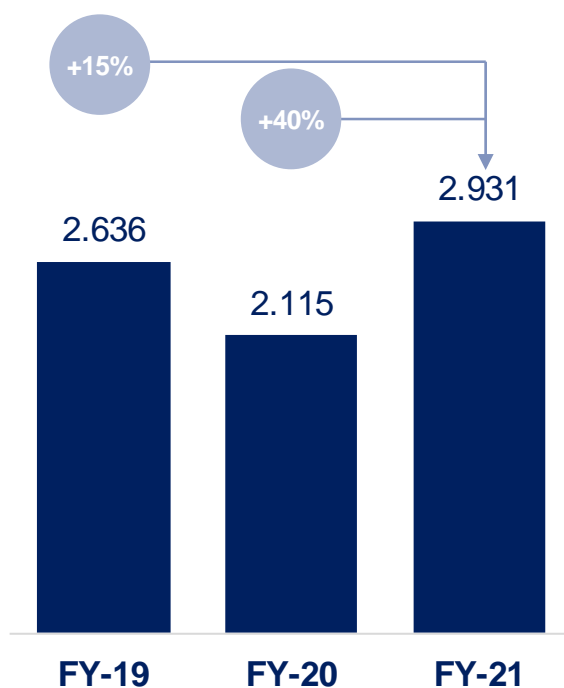
# Key Financials Summary

## Solid growth and continued profitability improvement

### FY Revenues:

€3,366m (+41% vs. 20 / +8% vs. 19) \*

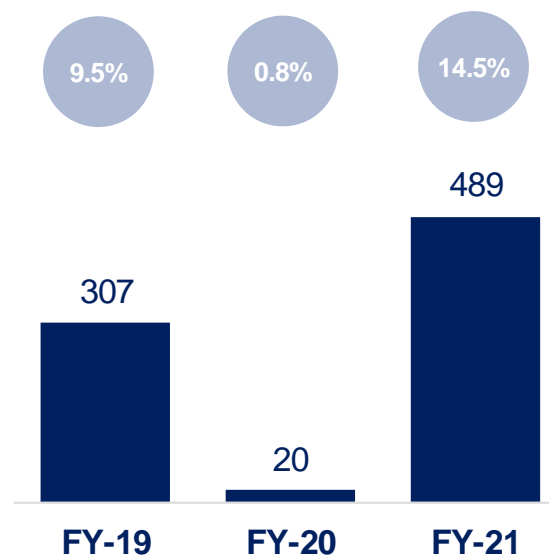
Retail Revenues (€m) and growth (%) \*



### FY EBIT:

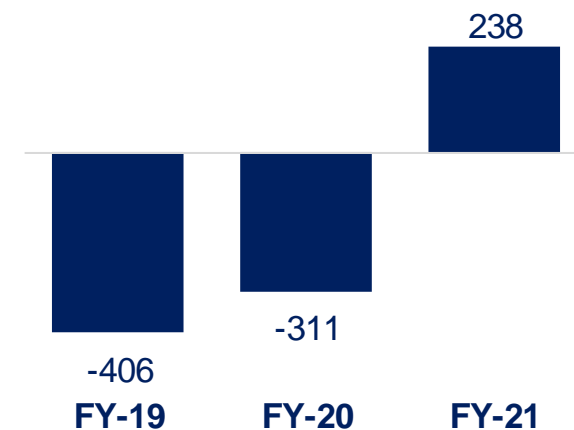
€489m

EBIT (€m) and margin (%)



### FY Operating Cash Flow \*\*: € 751m

Net Financial Position (€m) \*\*\*



(\*) at constant exchange rates (%)

(\*\*) Generated by operating activities

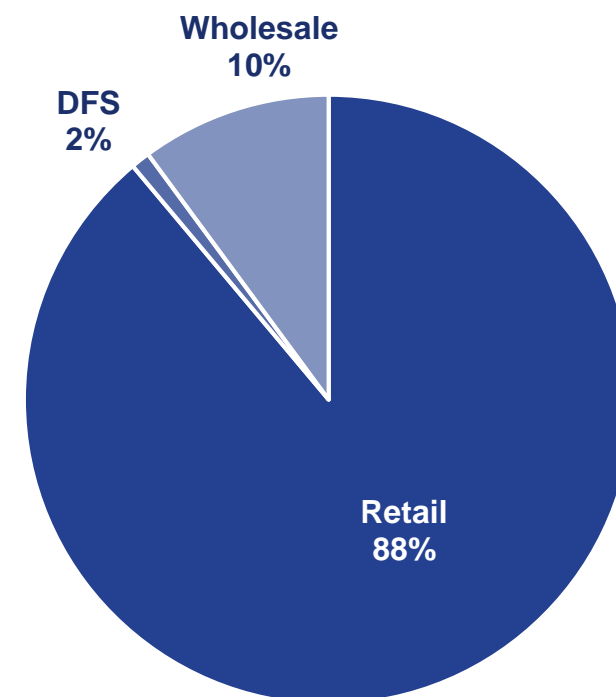
(\*\*\*) (Net debt) / Net Cash position



# Net sales by Channel

Retail sales well above 2019 levels more than offsetting wholesale rationalisation

€ mln / % change same FX	FY 21	FY 21 vs. FY 20	FY 21 vs. FY 19
<b>Retail</b>	2,931	+40%	+15%
<b>Wholesale</b>	386	+41%	-29%
<b>Total</b>	<b>3,317</b>	<b>+40%</b>	<b>+8%</b>



## Retail

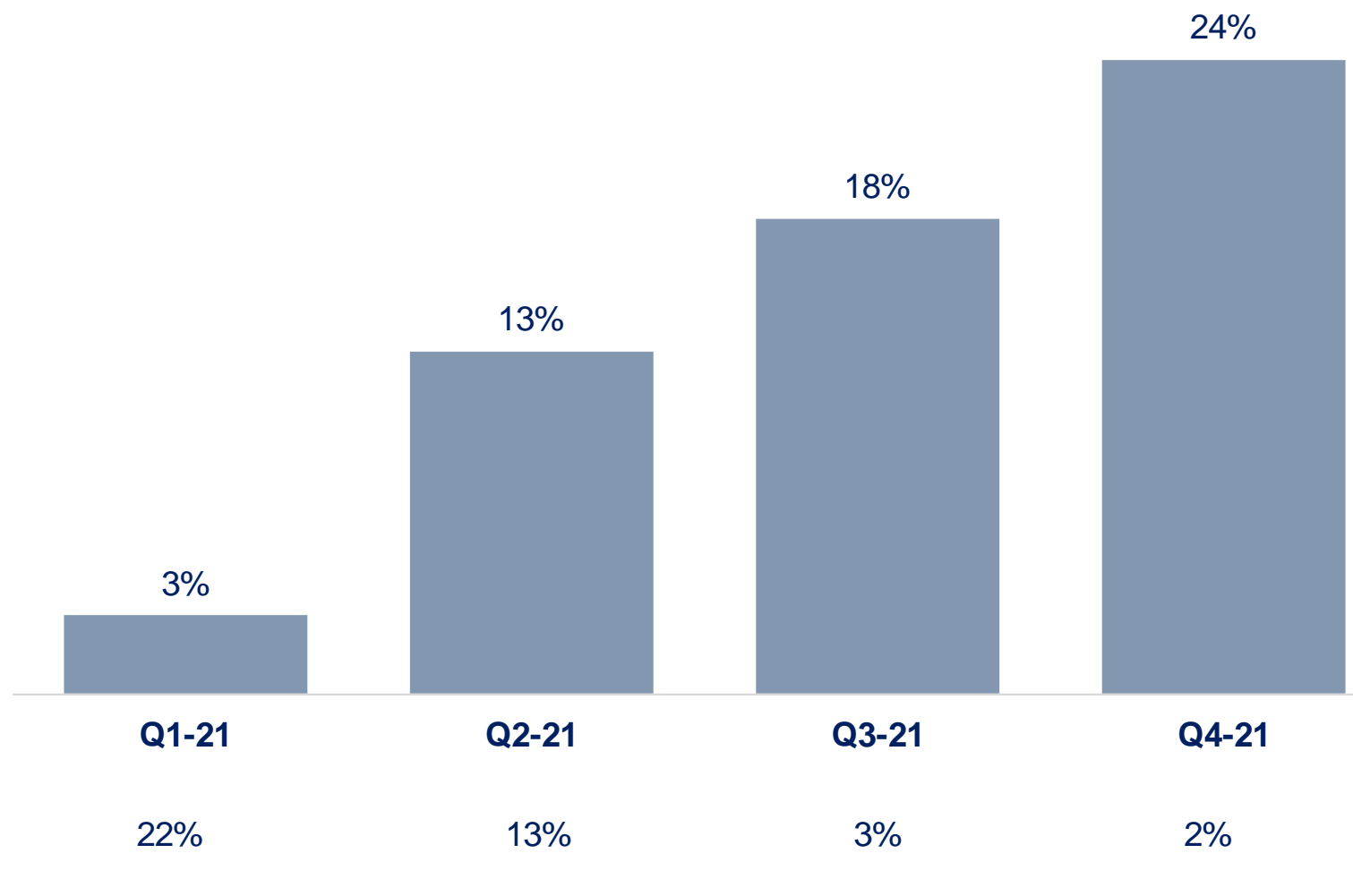
- Excellent performance driven by full price sales
- 10% of stores closed on average during the period (17% in H1 and 3% in H2)
- Outstanding growth in online sales (5x FY-19 and strong double digit vs. FY-20)
- Stable retail network: 635 DOS end of December 2021, +2 net vs. FY-20

## Wholesale

- Selective approach to traditional wholesale and e-tailers

# Retail sales trend

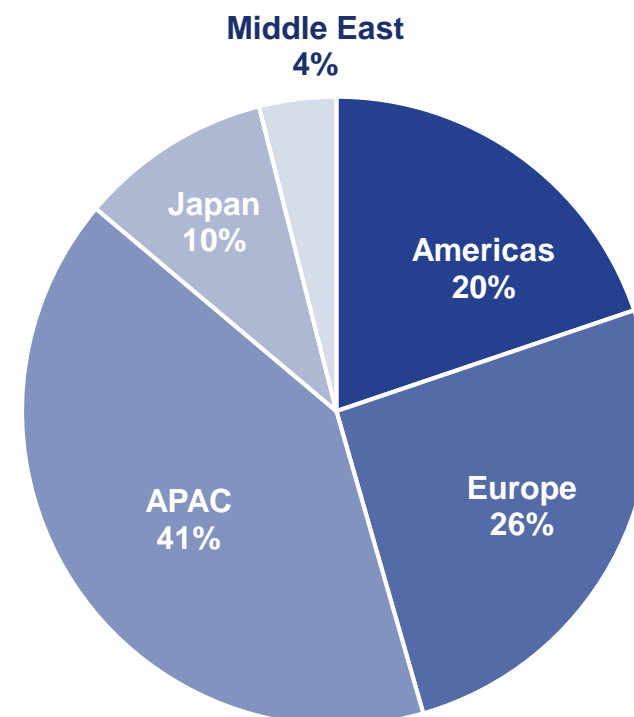
Strong acceleration vs. 2019



# Retail sales by Geography

Outstanding growth in US, Asia and ME, good rebound in EU and JP

€ mln / % change same FX	FY-21	FY 21 vs. FY 20	FY 21 vs. FY 19
Asia Pacific	1,192	+29%	+30%
Europe	749	+35%	-11%
Americas	572	+103%	+69%
Japan	297	+16%	-17%
Middle East	121	+62%	+43%
<b>Total</b>	<b>2,931</b>	<b>+40%</b>	<b>+15%</b>



## Asia Pacific

- Very solid double digit growth on a 2-year stack notwithstanding renewed restrictions in August and December
- Sustained demand in key markets throughout the period vs. 2019: China +56%, Korea +90%, Taiwan +61%

## Europe

- Solid rebound in H2-21 driven by local customers
- Turned positive in Q4-21 above 2019 levels, in spite of renewed COVID-19 restrictions

## Americas

- Sharp increase throughout the year
- Strong progress across all countries: US, Canada and Latin America

## Japan

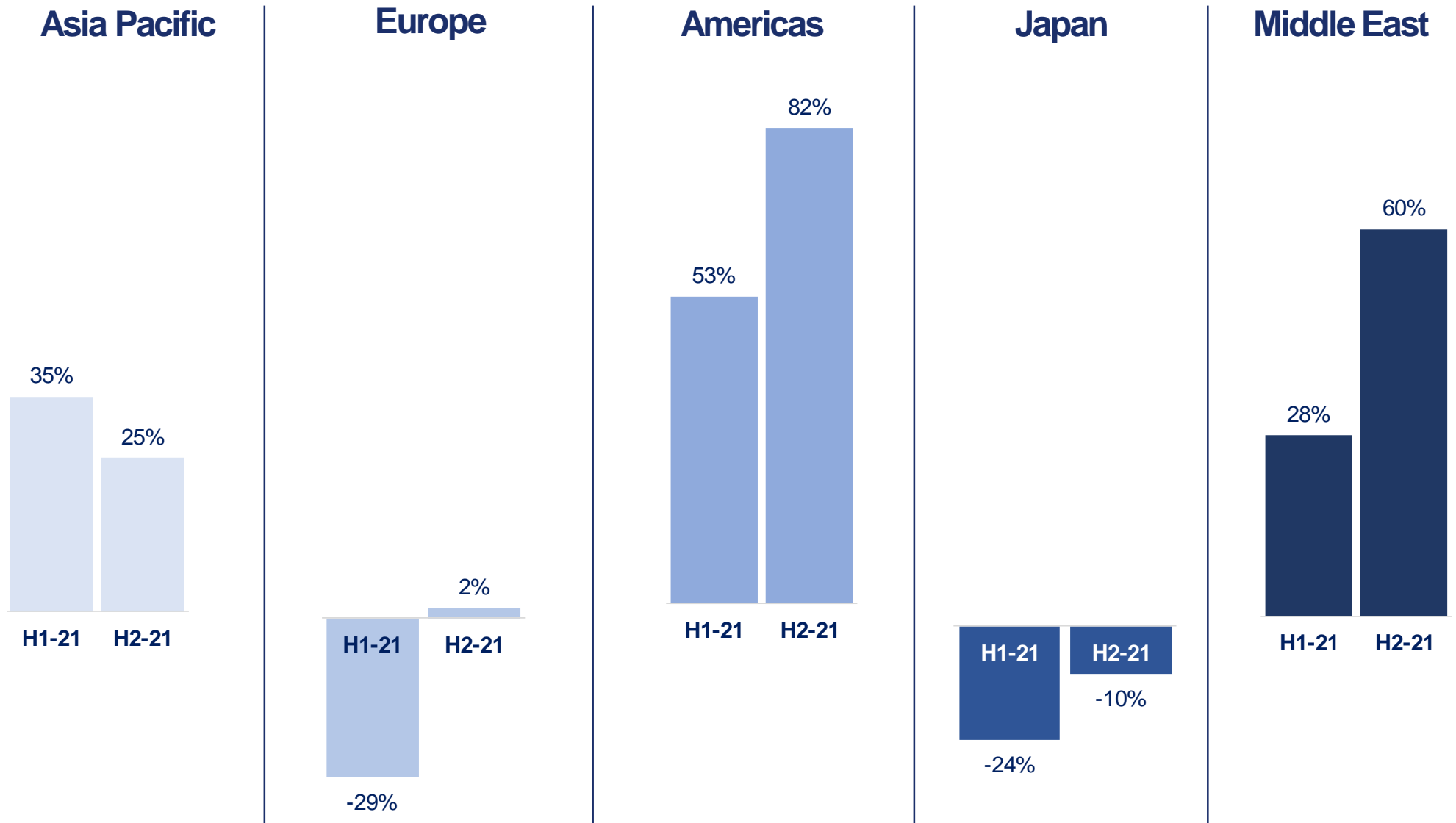
- Covid-19 restrictions highly impacting sales in the first 9 months
- Gradual recovery, returning to 2019 sales levels in Q4-21

## Middle East

- Strong growth driven by locals and some resumption in tourism

# Retail sales organic growth vs. 2019 by Geography

Outstanding growth in US, Asia and ME, good rebound in EU and JP

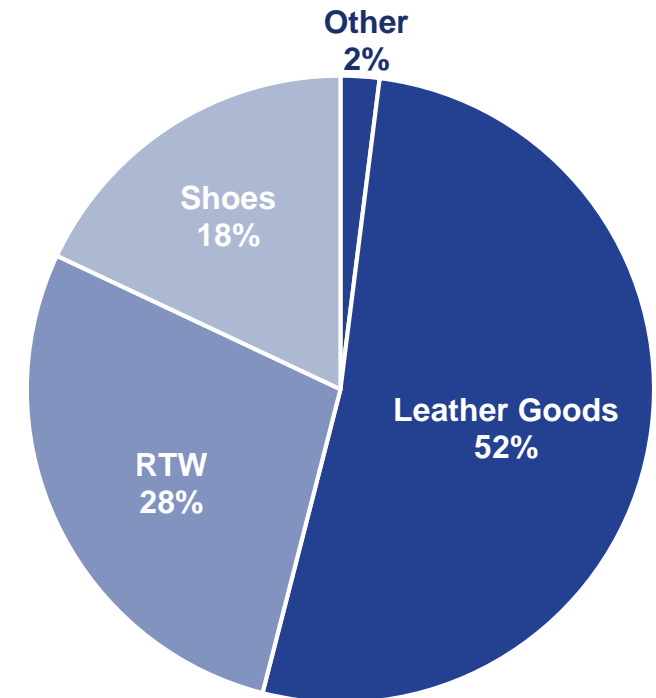




# Retail sales by Product

Acceleration across all categories – all growing double digit in H2-21 vs. 2019

€ mln / % change same FX	FY 21	FY 21 vs. FY 20	FY 21 vs. FY 19
Leather Goods	1,530	+31%	+7%
Ready to Wear	826	+53%	+36%
Footwear	521	+49%	+16%
Other	54	+70%	-5%
<b>Total</b>	<b>2,931</b>	<b>+40%</b>	<b>+15%</b>



## Leather Goods

- High demand from iconic and new bags lines
- Outstanding growth from accessories
- Well balanced growth across multiple price points and materials

## Ready to Wear

- Superior performance testifying design leadership
- Success of Prada and Miu Miu collections
- Progress in high-performance fashion sportswear: Linea Rossa, Adidas/Prada Re-nylon

## Footwear

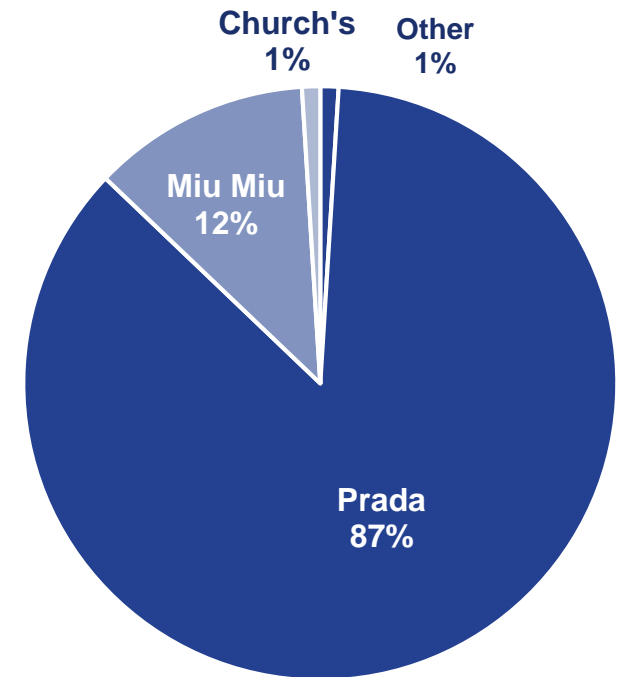
- Lifestyle and new collections drove a sharp acceleration in H2-21

# Retail sales by Brand

Outstanding performance of the Prada brand, Miu Miu turnaround on track

€ mln / % change same FX	FY 21	FY 21 vs. FY 20	FY 21 vs. FY 19
Prada	2,537	+44%	+21%
Miu Miu	347	+20%	-7%
Church's	30	+11%	-41%
Other (*)	17	+67%	-9%
<b>Total</b>	<b>2,931</b>	<b>+40%</b>	<b>+15%</b>

(\*) includes Marchesi and Car Shoe



## Prada

- Robust growth on a 2-year basis, accelerating QoQ
- Double digit growth across all categories relative to 2019 in both semesters

## Miu Miu

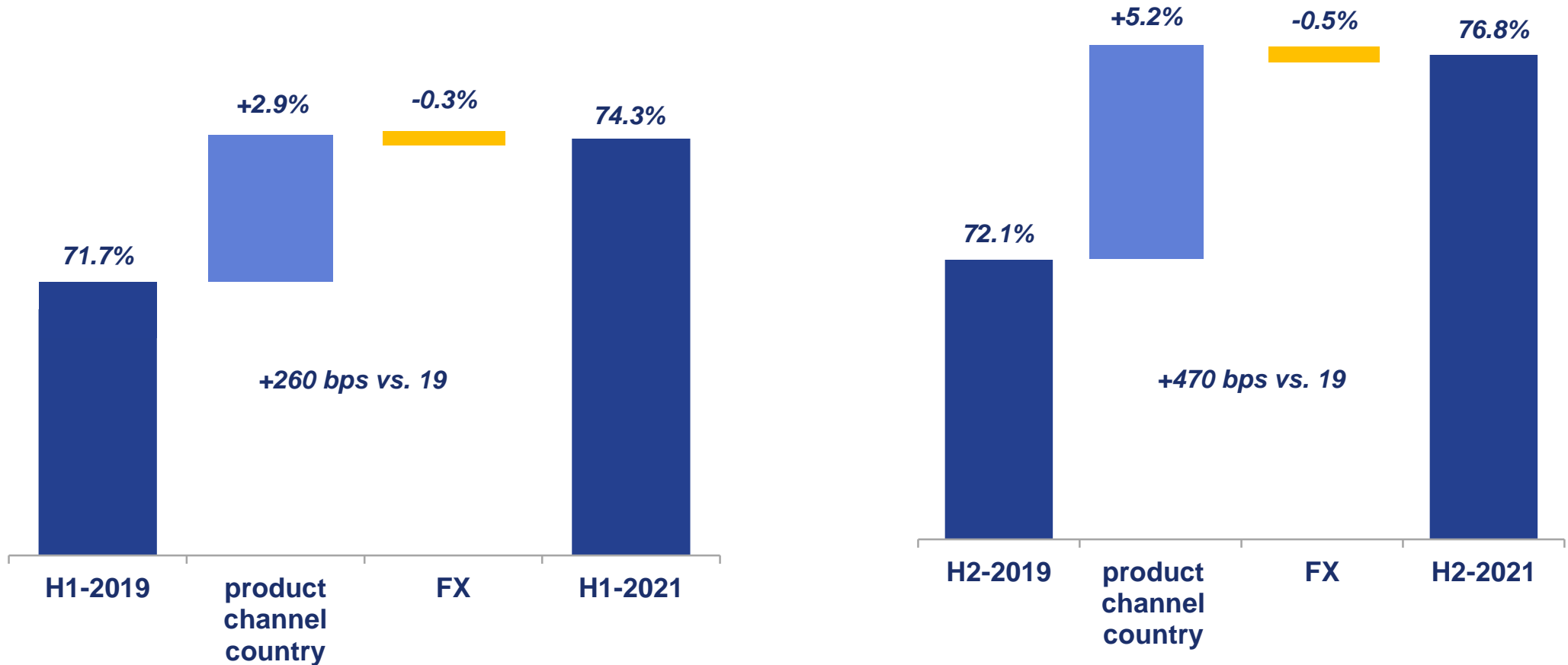
- Sequential improvement across the year vs. 2019
- Outstanding performance in RTW, strong double-digit growth vs. 2019
- Success of denim collections / *Upcycled by Miu Miu* collaboration with Levi's

## Church's

- Heavily impacted by the unfavourable geographic exposure (~80% sales generated in EU)

# Gross margin development

Margins at record high

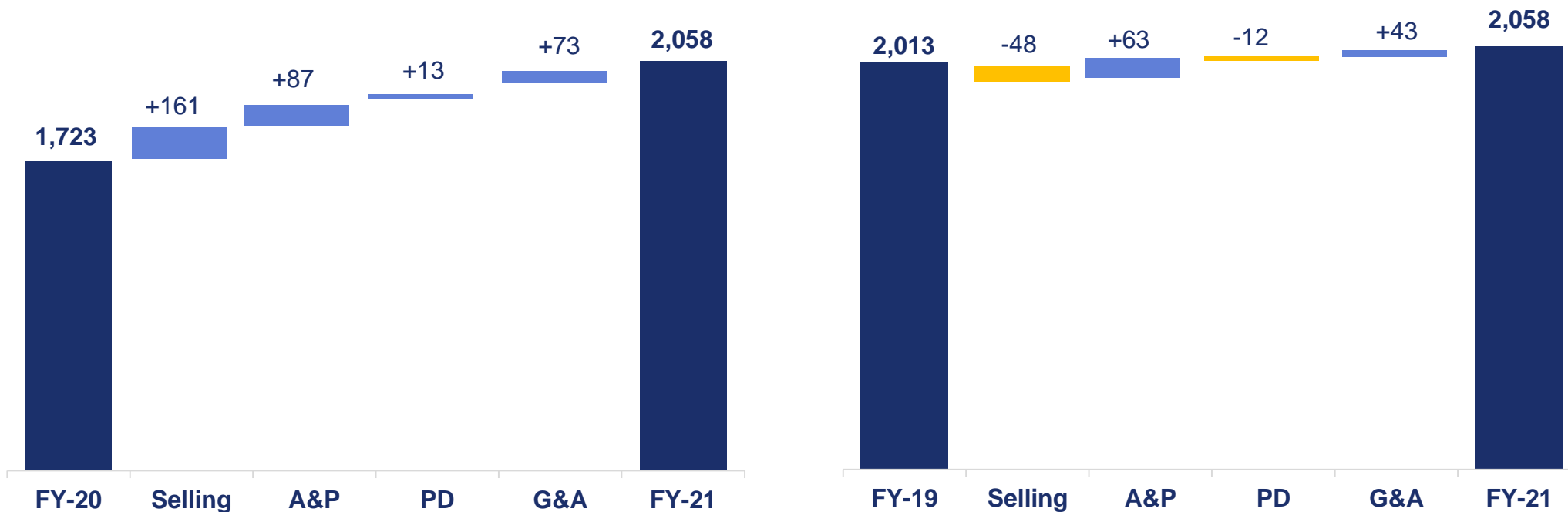


- Gross margin increased to ~ 77% in H2
- Driven by richer product mix, channel / country mix and scale

# Operating costs

Effective cost management, increasing investments in A&P

€ mln



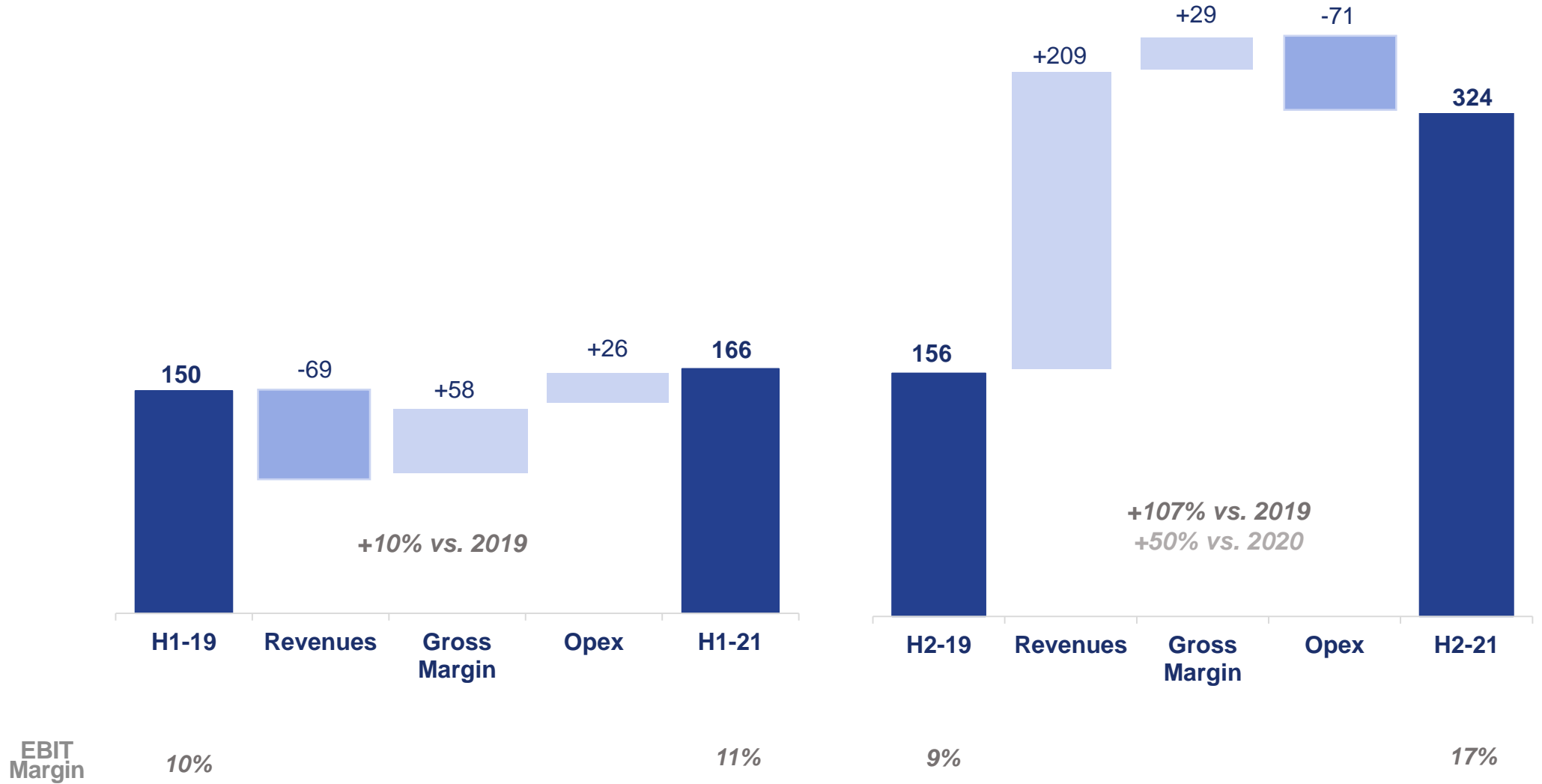
- Total opex increased by:
  - +19% vs. 2020 (+20% at constant fx)
  - +2% vs. 2019 (+4% at constant fx)



# EBIT bridge

## Sharp profitability improvement in H2

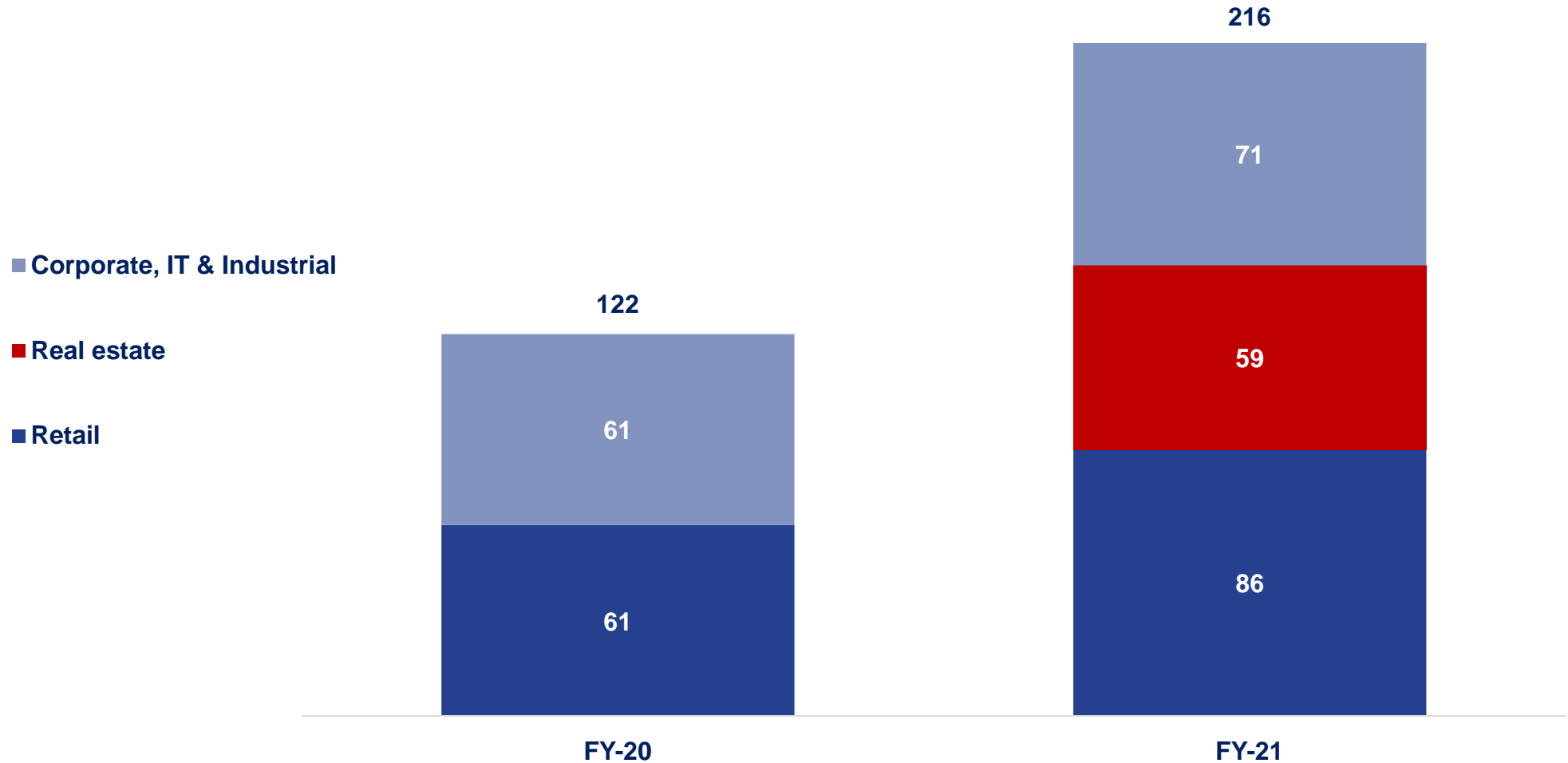
€ mln



# Capex

Invest in our retail network, supply chain and IT backbone

€ mln

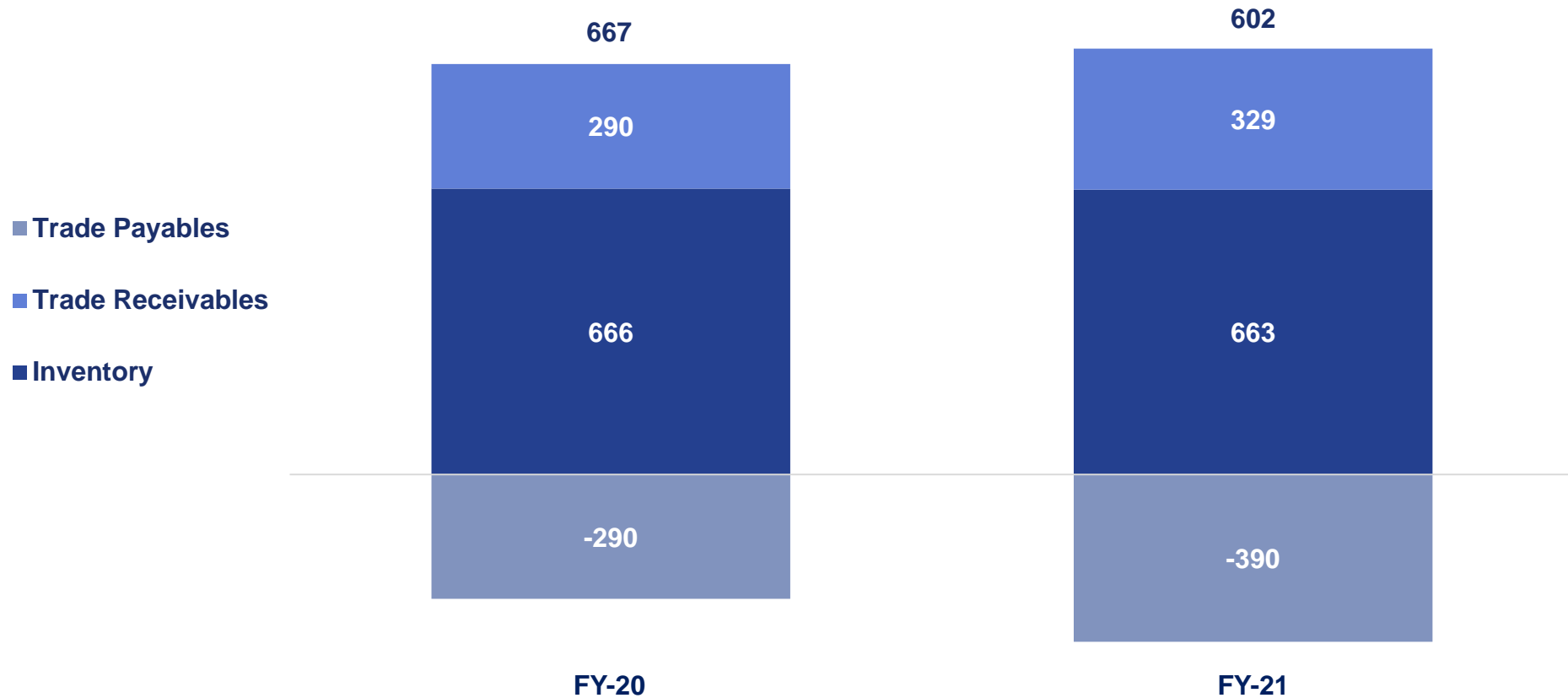


- 2 net openings
- ~ 120 renovation and relocation projects

# Net Operating Working Capital

## Supply chain excellence

€ mln



- Significant improvement in NWC, closing the year at 18% on sales, well below 2019 level
- Trade payables up due to increasing production activities

# Net Financial Position

€ mln

<b>Opening Net financial position surplus / (deficit) - 31/12/2020</b>	<b>(311)</b>
Consolidated Net Result	295
Net Working Capital	72
Depreciation and Amortization / other non monetary items	388
Investments	-219
Dividends	-91
Other	104
<b>Closing Net financial position surplus / (deficit) - 31/12/2021</b>	<b>238</b>

# Agenda

Patrizio Bertelli – *CEO*  
Business Update

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

Alessandra Cozzani – *CFO*  
FY-2021 Financial Review

**Paolo Zannoni** – *Executive Chairman*  
Outlook

Q&A Session

# Outlook

## Deliver long-term strategy for growth

2021 was a turning point for Prada

Decisive actions to evolve the business delivered strong growth and increased profitability

Robust start to 2022, long-term strategy well on track

On course to meet our medium-term targets

The Group will continuously monitor, react and adapt to increasingly complex business environment





# PRADA Group

**Q&A session**

# PRADA Group

## APPENDIX

# Condensed P&L

€m	FY 2019		FY 2020		FY 2021	
<b>Net Revenues</b>	<b>3,226</b>	<b>100%</b>	<b>2,423</b>	<b>100%</b>	<b>3,366</b>	<b>100%</b>
COGS	-906	-28.1%	-679	-28,0%	818	-24,3%
<b>Gross Margin</b>	<b>2,320</b>	<b>71.9%</b>	<b>1,743</b>	<b>72.0%</b>	<b>2,547</b>	<b>75.7%</b>
Selling	-1,470	-45.6%	-1,260	-52.0%	1,421	-42.2%
Advertising & Promotion	-231	-7.2%	-207	-8.5%	294	-8.7%
Design and Product Development	-127	-3.9%	-102	-4.2%	115	-3.4%
G&A	-184	-5.7%	-154	-6.4%	227	-6.7%
<b>Operating expenses</b>	<b>-2,013</b>	<b>-62.4%</b>	<b>-1,723</b>	<b>-71.1%</b>	<b>-2,058</b>	<b>-61.1%</b>
<b>EBIT</b>	<b>307</b>	<b>9.5%</b>	<b>20</b>	<b>0.8%</b>	<b>489</b>	<b>14.5%</b>
Total Financial expenses	-72	-2.2%	-72	-3.0%	-68	-2.0%
<b>EBT</b>	<b>235</b>	<b>7.3%</b>	<b>-52</b>	<b>-2.1%</b>	<b>422</b>	<b>12.5%</b>
Income Taxes	23	0.7%	-3	-0.1%	-127	-3.8%
Minority Income	2	0,1%	0	0.0%	1	0.0%
<b>Group Net income / (Loss)</b>	<b>256</b>	<b>7.9%</b>	<b>-54</b>	<b>-2.2%</b>	<b>294</b>	<b>8.8%</b>
Total D&A	-690	-21.4%	-669	-27.6%	-631	-18.7%
<b>EBITDA</b>	<b>997</b>	<b>30.9%</b>	<b>689</b>	<b>28.4%</b>	<b>1,120</b>	<b>33.3%</b>

# Condensed Balance Sheet

€m	31 Dec 2019	31 Dec 2020	31 Dec 2021
Right of use	2,363	2,054	1,956
Non current assets (excl deferred tax assets)	2,671	2,507	2,490
Net operating working capital	703	667	602
Other current assets / (liabilities), net	-6	25	-163
Other non current assets / (liabilities), net	79	42	51
<b>Net invested capital</b>	<b>5,809</b>	<b>5,296</b>	<b>4,936</b>
Consolidated shareholders' equity	2,989	2,852	3,129
Net financial position (surplus) / deficit	406	311	-238
Long term lease liability	2,006	1,730	1,627
Short term lease liability	410	404	418
<b>Total</b>	<b>5,809</b>	<b>5,296</b>	<b>4,936</b>
Operating cash flow	362	262	751
Net working Capital / Sales	22%	28%	18%
Capex	302	122	216
Debt / Equity	14%	11%	negative