PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED APRIL 30, 2015

- Net revenues were Euro 828.2 million, recording an increase of 6.5% compared with the three months ended April 30, 2014 (-5.4% at constant exchange rates)
- Retail net sales were Euro 749.4 million, up by 7.4% compared with the three months ended April 30, 2014 (-5.1% at constant exchange rates)
- EBIT was Euro 90.7 million, representing a margin of 11% on net revenues
- Group's net income amounted to Euro 58.7 million
- Net financial position standing positive at Euro 127.4 million as at April 30, 2015

Consolidated results for the three months ended April 30, 2015

The Board of Directors (the "Board") of PRADA S.p.A. (the "Company", or "PRADA spa") announces the unaudited Consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended April 30, 2015, together with the unaudited comparative figures for the same three months period ended April 30, 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, were audited by Deloitte & Touche S.p.A.

Key financial information

Key information from the Income statement (amounts in thousands of Euro)	three months ended Apr 30 2015 (unaudited)	twelve months ended Jan 31 2015 (audited)	three months ended Apr 30 2014 (unaudited)	% change vs Apr 30 2014
Net revenues	828,188	3,551,696	777,740	6.5%
EBITDA	162,708	954,249	213,947	-23.9%
EBITDA %	19.6%	26.9%	27.5%	-
EBIT	90,715	701,551	156,342	-42.0%
EBIT %	11.0%	19.8%	20.1%	-
Income before tax	90,344	667,702	150,757	-40.1%
Net income of the Group	58,745	450,730	105,331	-44.2%
Earnings per share (Euro)	0.023	0.176	0.041	-43.9%
Capital expenditure	92,576	449,735	116,653	-
Net operating cash flows	26,068	483,597	178,334	-85.4%
Average number of employees	12,209	11,962	11,665	4.7%

Key information from the Statement of financial position (amounts in thousands of Euro)	as at Apr 30 2015 (unaudited)	as at Jan 31 2015 (audited)	as at Apr 30 2014 (unaudited)	change vs Jan 31 2015
Net operating working capital	631,025	563,409	393,159	67,616
Net invested capital	2,973,712	2,829,359	2,443,611	144,353
Net financial position surplus/(deficit)	127,423	188,788	349,050	(61,365)
Group shareholders' equity	3,081,608	3,000,737	2,774,452	80,871

Highlights for the three months ended April 30, 2015

The Prada Group's net revenues for the three months ended April 30, 2015 amounted to Euro 828.2 million, a 6.5% increase compared to the corresponding period in 2014. The strengthening of major currencies against the Euro led to the Group's revenue growth: at constant exchange rates, net revenues actually decreased by 5.4%. The sales growth was achieved entirely in the retail channel while the wholesale channel recorded a decrease, even though said channel was not significant in the quarter just ended compared to the annual volume of business. The Group's main operating expenses i.e. rental costs, labor costs and depreciation and amortization increased in the first three months of 2015 compared to the same period in 2014. Indeed, operating expenses increased both in absolute terms, because of an increase in costs relating to the retail network and the strengthening of major currencies against the Euro, and in percentage terms, because sales increased by less than costs. Consequently, EBIT for the period amounted to Euro 90.7 million (or 11% of net revenues) with a 42% decrease compared to the first three months of 2014, when it was Euro 156.3 million (or 20.1% of net revenues). After net financial expenses and taxation, the Group's net income for the first three months of 2015 stood at Euro 58.7 million.

Net cash flow from operating activities for the period amounted to Euro 26 million. It was employed, together with funds already available, to support capital expenditure which amounted to Euro 92.6 million and concentrated on improving the retail network, mainly for the refurbishment and relocation of existing stores, as well as the industrial and corporate divisions. The net financial position at April 30, 2015 showed a net cash surplus of Euro 127.4 million.

Consolidated income statement for the three months ended April 30, 2015

(amounts in thousands of Euro)	Note	three months ended April 30 2015 (unaudited)	% on Net revenues	three months ended April 30 2014 (unaudited)	% on Net revenues
Net revenues	3	828,188	100.0%	777,740	100.0%
Cost of goods sold		(227,875)	-27.5%	(202,243)	-26.0%
Gross margin		600,313	72.5%	575,497	74.0%
Operating expenses	4	(509,598)	-61.5%	(419,155)	-53.9%
EBIT		90,715	11.0%	156,342	20.1%
Interest and other financial income/(expenses), net	5	(1,933)	-0.2%	(6,040)	-0.8%
Dividends received from third parties		1,562	0.2%	455	0.1%
Income before taxes		90,344	10.9%	150,757	19.4%
Taxation	6	(30,000)	-3.6%	(41,332)	-5.3%
Net income for the period		60,344	7.3%	109,425	14.1%
Net income – Non-controlling interests		1,599	0.2%	4,094	0.5%
Net income – Group		58,745	7.1%	105,331	13.6%
Depreciation, amortization and impairment		71,993	8.7%	57,605	7.4%
EBITDA		162,708	19.6%	213,947	27.5%
Basic and diluted earnings per share (in Euro per share)	7	0.023		0.041	

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Assets			
Current assets			
Cash and cash equivalents		591,217	708,966
Trade receivables, net	9	285,124	346,284
Inventories, net	8	738,995	654,545
Derivative financial instruments - current		6,433	6,287
Receivables from and advance payments to related parties - current	10	20,531	3,240
Other current assets	12	200,358	180,633
Total current assets		1,842,658	1,899,955
Non-current assets			
Property, plant and equipment	11	1,499,211	1,474,218
Intangible assets	11	955,145	943,304
Associated undertakings		28,964	30,529
Deferred tax assets		291,881	280,983
Other non-current assets	13	96,310	91,353
Derivative financial instruments non-current		1,463	1,106
Receivables from and advance payments to related parties – non-current	10	2,000	17,429
Total non-current assets		2,874,974	2,838,922
Total Assets		4,717,632	4,738,877
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		79,965	263,335
Payables to related parties - current	14	3,099	3,083
Trade payables	15	393,094	437,420
Current tax liabilities		128,862	133,914
Derivative financial instruments - current		53,400	56,772
Obligations under finance leases - current		13	21
Other current liabilities	16	231,773	220,480
Total current liabilities		890,206	1,115,025
Non-current liabilities			
Long-term financial payables		382,178	255,203
Post-employment benefits		82,157	85,754
Provision for risks and charges	17	67,251	63,695
Deferred tax liabilities		39,709	41,634
Other non-current liabilities		141,710	128,752
Derivative financial instruments non-current		13,286	17,283
Payables to related parties – non-current	14	-	13,384
Total non-current liabilities		726,291	605,705
Total Liabilities		1,616,497	1,720,730
Share capital		255,882	255,882
Total other reserves		2,615,440	2,163,129
Translation reserve		151,541	130,996
Net profit for the period		58,745	450,730
Total Shareholders' equity – Group		3,081,608	3,000,737
Shareholders' equity – Non-controlling interests		19,527	17,410
Total Liabilities and Shareholders' equity		4,717,632	4,738,877

Net current assets		952,452	784,930
Total assets less current liabilities		3,827,426	3,623,852

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

(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 the period	Equity: Equity attributable to owners of Group	Equity: Non-controlling interests	Equity: Total Equity
Balance at January 31, 2014 (audited)	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)**	**-**	-	**-**
Acquisition of Marchesi Angelo srl	-	**-**	**-**	-	-	-	-	(2,450)	**(2,450)**	**-**	**(2,450)**	106	**(2,344)**
Capital injection in subsidiaries	-	**-**	**-**	-	-	-	-	-	**-**	**-**	**-**	291	**291**
Comprehensive income for the three months (recyclable to P&L)	-	**-**	**(17,195)**	-	(206)	-	1,418	-	**1,212**	**105,331**	**89,348**	3,825	**93,173**
Balance at April 30, 2014 (unaudited)	2,558,824,000	**255,882**	**(66,633)**	**410,047**	**3,493**	**(11,452)**	**5,526**	**2,072,258**	**2,479,872**	**105,331**	**2,774,452**	**18,208**	**2,792,660**
Dividends	-	**-**	**-**	-	-	-	-	(281,471)	**(281,471)**	**-**	**(281,471)**	(9,378)	**(290,849)**
Acquisition of Marchesi Angelo srl	-	**-**	**-**	-	-	-	-	(16)	**(16)**	**-**	**(16)**	1	**(15)**
Capital injection in subsidiaries	-	**-**	**-**	-	-	-	-	-	**-**	**-**	**-**	1,834	**1,834**
Comprehensive income for the nine months (recyclable to P&L)	-	**-**	**197,629**	-	(38,816)	-	5,589	-	**(33,227)**	**345,399**	**509,801**	6,748	**516,549**
Comprehensive income for the nine months (not recyclable to P&L)	-	**-**	**-**	-	-	(2,029)	-	-	**(2,029)**	**-**	**(2,029)**	(3)	**(2,032)**
Balance at January 31, 2015 (audited)	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**
Allocation of 2014 net income	-	**-**	**-**	-	-	-	-	450,730	**450,730**	**(450,730)**	**-**	-	**-**
Capital injection in subsidiaries	-	**-**	**-**	-	-	-	-	-	**-**	**-**	**-**	409	**409**
Transactions with non-controlling interests	-	**-**	**-**	-	-	-	-	(715)	**(715)**	**-**	**(715)**	(39)	**(754)**
Comprehensive income for the three months (recyclable to P&L)	-	**-**	**20,545**	-	3,471	-	(1,175)	-	**2,296**	**58,745**	**81,586**	1,747	**83,333**
Balance at April 30, 2015 (unaudited)	2,558,824,000	**255,882**	**151,541**	410,047	(31,852)	(13,481)	9,940	2,240,786	**2,615,440**	**58,745**	**3,081,608**	**19,527**	**3,101,135**

Condensed statement of consolidated cash flows

(amounts in thousands of Euro)	three months ended April 30 2015 (unaudited)	three months ended April 30 2014 (unaudited)
Net cash flows from operating activities	26,068	178,334
Cash flows generated/(utilized) by investing activities	(88,870)	(122,483)
Cash flows generated/(utilized) by financing activities	(62,438)	69,123
Change in cash and cash equivalents, net of bank overdrafts	(125,239)	124,974

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	three months ended April 30 2015 (unaudited)	twelve months ended January 31 2015 (audited)	three months ended April 30 2014 (unaudited)
Net income for the period – Consolidated	60,344	459,218	109,425
A) Items recyclable to P&L:			
Change in Translation reserve	20,693	182,519	(17,464)
Tax impact		-	-
Change in Translation reserve less tax impact	20,693	182,519	(17,464)
Change in Cash Flow Hedge reserve	4,534	(52,817)	(124)
Tax impact	(1,063)	13,795	(82)
Change in Cash Flow Hedge reserve less tax impact	3,471	(39,022)	(206)
Change in Fair Value reserve	(1,567)	9,343	1,890
Tax impact	392	(2,336)	(472)
Change in Fair Value reserve less tax impact	(1,175)	7,007	1,418
B) Item not recyclable to P&L:			
Change in Actuarial reserve	-	(2,338)	-
Tax impact	-	306	-
Change in Actuarial reserve less tax impact	-	(2,032)	-
Consolidated comprehensive income for the period	83,333	607,690	93,173
Comprehensive income for the period – Non-controlling Interests	1,747	10,570	3,825
Comprehensive income for the period – Group	81,586	597,120	89,348

Notes to the consolidated results for the three months ended April 30, 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 (HKSE 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 603 Directly Operated Stores (DOS) at April 30, 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 financial information for the three months ended April 30, 2015, included in this Announcement refers to the Group of companies controlled by PRADA spa, holding company of the PRADA Group (the "Group"), and is based on its relevant Consolidated financial statements. Such consolidated results for the three months ended April 30, 2015, were prepared on a consistent basis compared to the Consolidated financial statements of the Group for the twelve months ended January 31, 2015, with the exception of the revised IFRS issued by the International Accounting Standard Board ("IASB") below reported. IFRS also refer to all the International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously named the Standing Interpretations Committee ("SIC").

Amendments issued by the IASB, endorsed by the European Union and applicable to the PRADA Group from February 1, 2015

The following amendments to IFRS have been endorsed by the European Union and are applicable to the PRADA Group effective from February 1, 2015. These changes did not have any significant impact on the figures reported in this Announcement:

- Amendments to "IFRS 3 Business Combinations";
- Amendments to "IFRS 13 Fair Value Measurement";
- Amendments to "IAS 40 Investment Property";
- Amendments to "IAS 19 Employee Benefits";
- Amendments to "IFRS 2 Share-based Payment";
- Amendments to "IFRS 8 Operating Segments";
- Amendments to "IAS 16 Property, Plant and Equipment";
- Amendments to "IAS 24 Related Party Disclosure";
- Amendments to "IAS 38 Intangible Assets";

3. Net revenues analysis

Net revenues for the three months ended April 30, 2015 (unaudited)

(amounts in thousands of Euro)	three months ended April 30 2015 (unaudited)		three months ended April 30 2014 (unaudited)		% change
Net sales by geographical area					
Italy	103,088	12.6%	96,953	12.6%	6.3%
Europe	163,715	20.1%	151,761	19.8%	7.9%
Americas	111,062	13.6%	93,471	12.2%	18.8%
Asia Pacific	309,065	37.8%	307,368	40.0%	0.6%
Japan	98,773	12.1%	92,388	12.0%	6.9%
Middle East	29,997	3.7%	25,617	3.3%	17.1%
Other countries	1,066	0.1%	893	0.1%	19.4%
Total	816,766	100.0%	768,451	100.0%	6.3%
Net sales by brand					
Prada	662,300	81.1%	640,920	83.4%	3.3%
Miu Miu	131,718	16.1%	107,186	13.9%	22.9%
Church's	19,250	2.4%	17,191	2.2%	12.0%
Car Shoe	2,328	0.3%	2,664	0.4%	-12.6%
Other	1,170	0.1%	490	0.1%	138.8%
Total	816,766	100.0%	768,451	100.0%	6.3%
Net sales by product line					
Clothing	127,304	15.6%	118,686	15.4%	7.3%
Leather goods	516,740	63.3%	517,147	67.3%	-0.1%
Footwear	156,836	19.2%	120,163	15.7%	30.5%
Other	15,886	1.9%	12,455	1.6%	27.5%
Total	816,766	100.0%	768,451	100.0%	6.3%
Net sales by distribution channel					
DOS	749,359	91.7%	697,811	90.8%	7.4%
Independent customers and franchises	67,407	8.3%	70,640	9.2%	-4.6%
Total	816,766	100.0%	768,451	100.0%	6.3%
Net sales	816,766	98.6%	768,451	98.8%	6.3%
Royalties	11,422	1.4%	9,289	1.2%	23.0%
Total net revenues	828,188	100.0%	777,740	100.0%	6.5%

Number of stores

	as at April 30 2015		as at January 31 2015		as at April 30 2014	
	DOS	franchises	DOS	franchises	DOS	franchises
Prada	368	25	362	27	335	24
Miu Miu	173	9	169	8	155	8
Church's	54	-	55	-	53	-
Car Shoe	8	-	8	-	8	-
Total	603	34	594	35	551	32

	as at April 30 2015		as at January 31 2015		as at April 30 2014	
	DOS	franchises	DOS	franchises	DOS	franchises
Italy	52	5	51	6	51	6
Europe	167	-	167	3	154	6
Americas	111	-	110	-	97	-
Asia Pacific	181	25	175	22	158	20
Japan	70	-	70	-	72	-
Middle East	17	4	17	4	16	-
Africa	5	-	4	-	3	-
Total	603	34	594	35	551	32

4. Operational expenses

(amounts in thousands of Euro)	three months ended April 30 2015 (unaudited)	% on net revenues	three months ended April 30 2014 (unaudited)	% on net revenues
Product design and development costs	29,719	3.6%	28,539	3.7%
Advertising and communication costs	54,610	6.6%	41,212	5.3%
Selling costs	369,504	44.6%	302,078	38.8%
General and administrative costs	55,765	6.7%	47,326	6.1%
Total	509,598	61.5%	419,155	53.9%

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

(amounts in thousands of Euro)	three months ended April 30 2015 (unaudited)	three months ended April 30 2014 (unaudited)
Interests expenses on borrowings	(3,474)	(2,658)
Interest expenses others	(44)	(137)
Interest income	750	878
Exchange gains /(losses) – realized	(101)	1,756
Exchange gains/(losses) – unrealized	1,748	(5,213)
Other financial income/(expenses)	(812)	(666)
Total	(1,933)	(6,040)

6. Taxation

(amounts in thousands of Euro)	three months ended April 30 2015 (unaudited)	three months ended April 30 2014 (unaudited)
Current taxation	42,077	39,046
Deferred taxation	(12,077)	2,286
Income taxes	30,000	41,332

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.

	three months ended April 30 2015 (unaudited)	three months ended April 30 2014 (unaudited)
Group net income in Euro	58,745,001	105,331,365
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	0.023	0.041

Dividend per share

During the period ended April 30, 2015, PRADA spa did not distribute any dividends. However, the Board of Directors' Meeting held on March 27, 2015 to approve the financial statements for the year ended January 31, 2015 recommended a final dividend of Euro 281,470,640 (or Euro 0.11 per share). The annual Shareholders' Meeting held on May 26, 2015 approved said dividend distribution and payment will be made on or about June 15, 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.

8. Inventories, net

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Raw materials	135,513	106,843
Work in progress	35,153	40,786
Finished products	632,459	571,115
Allowance for obsolete and slow moving inventories	(64,130)	(64,199)
Total	738,995	654,545

The increase in raw materials inventory reflects the natural procurement cycle typical of the first few months of the fiscal year. Meanwhile, the increase in inventory of finished products is due to the fact that sales were lower than forecast and to the strengthening of major currencies against the Euro with an effect on the retail stocks of the Group' subsidiaries.

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, 2015 (audited)	26,798	37,401	64,199
Exchange differences	3	4	7
Utilization	-	(76)	(76)
Balance at April 30, 2015 (unaudited)	26,801	37,330	64,130

9. Trade receivables, net

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Trade receivables from third parties	256,624	317,147
Allowance for bad and doubtful debts	(7,764)	(7,784)
Trade receivables from related parties	36,264	36,921
Total	285,124	346,284

The reduction in trade receivables from third parties is mainly due to collection of receivables for shipments to independent retail customers towards the end of the 2014 fiscal year.

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

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Financial receivables - other related parties	11	11
Other receivables - PRADA Holding spa and subsidiaries	-	5
Other receivables and advance payments - other related parties	20,520	3,224
Receivables from, and advance payments to, related parties - current	20,531	3,240

Receivables from, and advance payments to, related parties non-current are detailed as follows:

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Prepaid sponsorship	-	12,379
Deferred rental income – long-term	1,259	4,309
Loans	741	741
Receivables from, and advance payments to, related parties – non-current	2,000	17,429

11. Capital expenditure

Changes in the net book value of Property, plant and equipment in the period ended April 30, 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, 2015 (audited)	477,940	21,176	513,302	178,661	70,273	212,866	1,474,218
Additions	4,008	1,008	18,149	2,832	642	46,139	72,778
Depreciation	(2,614)	(2,249)	(42,668)	(11,645)	(2,638)	-	(61,814)
Disposals	-	-	(2,274)	(41)	(3)	(6)	(2,324)
Exchange differences	9,174	28	5,155	1,024	81	1,448	16,910
Other movements	4,542	-	43,557	6,318	136	(54,560)	(7)
Impairment	-	(24)	(492)	(18)	(16)	-	(550)
Balance at April 30, 2015 (unaudited)	493,050	19,939	534,729	177,131	68,475	205,887	1,499,211

Changes in the net book value of Intangible assets in the period ended April 30, 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, 2015 (audited)	277,232	513,214	106,492	10,828	16,725	18,813	943,304
Additions	47	-	225	627	-	18,899	19,798
Amortization	(2,913)	-	(5,235)	(978)	(503)	-	(9,629)
Disposals	-	-	-	-	-	-	-
Exchange differences	1,911	341	(354)	(18)	-	(8)	1,872
Other movements	-	-	14,894	1,182	-	(16,276)	(200)
Impairment	-	-	-	-	-	-	-
Balance at April 30, 2015 (unaudited)	276,277	513,555	116,022	11,641	16,222	21,428	955,145

12. Other current assets

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
VAT	75,403	56,934
Income tax and other tax receivables	38,737	53,307
Other assets	16,840	11,454
Prepayments and accrued income	66,160	54,642
Deposits	3,218	4,296
Total	200,358	180,633

13. Other non-current assets

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Guarantee deposits	70,920	70,004
Deferred rental income	11,698	9,056
Pension fund surplus	2,599	2,515
Other long-term assets	11,093	9,778
Total	96,310	91,353

14. Payables to related parties - current and non-current

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Financial payables - other related parties	2,390	2,371
Other payables - other related parties	709	712
Payables to related parties – current	3,099	3,083

The non-current portion of payables to related parties is detailed as follows:

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Other payables – other related parties	-	13,384
Payables to related parties – non-current	-	13,384

As a result of transactions with Non-controlling shareholders of a Group's subsidiary during the three months ended April 30, 2015, Fin-reta srl is no longer a related party but a third party. Consequently, the payables in question are now reported under "Other non-current liabilities".

15. Trade payables

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Trade payables – third parties	370,901	410,977
Trade payables – related parties	22,193	26,443
Total	393,094	437,420

16. Other current liabilities

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Payables for capital expenditure	128,140	128,346
Accrued expenses and deferred income	18,262	17,354
Other payables	85,371	74,780
Total	231,773	220,480

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, 2015 (audited)	1,876	25,537	36,282	63,695
Exchange differences	4	-	412	416
Other	-	-	-	-
Reversals	-	-	(49)	(49)
Uses	-	-	(106)	(106)
Increases	51	151	3,093	3,295
Balance at April 30, 2015 (unaudited)	1,931	25,688	39,632	67,251

During the three months ended April 30, 2015, there were no significant developments regarding litigation ongoing as of January 31, 2015. Moreover, no new contingencies requiring significant adjustment to the provisions for risks and charges reported at January 31, 2015 have emerged.

Management Discussion and Analysis for the three months ended April 30, 2015

Distribution channels

Retail sales for the three months ended April 30, 2015 totaled Euro 749.4 million with a 7.4% increase at current exchange rates but a 5.1% decrease at constant exchange rates. Performance varied greatly from one geographical area to another with growth achieved in Europe at both current and constant exchange rates while the other areas benefited almost exclusively from favorable exchange rate trends. The Group's overall performance in terms of Same Store Sales Growth for the period was negative. In the first three months of 2015, the number of Directly Operated Stores rose from 594 at January 31, 2015 to 603 at April 30, 2015 (11 openings and 2 closures).

The wholesale channel generated net sales of Euro 67.4 million, down by 4.6% at current exchange rates and by 12.8% at constant exchange rates compared to the corresponding period in prior year. The fall in sales mainly related to the Asia Pacific area where shipments to franchise customers in South Korea were exceptionally high in the first quarter of 2014.

Markets

In Europe, net sales amounted to Euro 163.7 million, an increase of 7.9% at current exchange rates and 5.4% at constant exchange rates. Sales growth in Europe was driven by the retail channel – thanks to existing stores (positive SSSG) and new openings (net increase of 13 DOS since May 1, 2014 but no new openings in the first three months of 2015) – and benefited from an increase in tourist flows. Net sales in the wholesale channel were down compared to the corresponding period in prior year – even at current exchange rates – also because of the Group's highly selective policy in relation to independent retailers; in any case, the wholesale channel accounted for a small percentage of total net sales for the period.

The Italian market generated net sales of Euro 103.1 million. Essentially thanks to increased tourist flows, it reversed the previous negative trend and recorded a 6.3% increase compared to the first quarter of 2014. The growth was achieved largely thanks to the existing DOS network because the only new opening in the last twelve months was the Prada Store in Galleria Vittorio Emanuele II, Milan (it became a directly operated store from April 1, 2015 after a period when it was operated under a franchise agreement by a related party). Sales to independent retailers decreased significantly as they were affected by weak local demand, especially in smaller cities.

In the three months ended April 30, 2015, the Asia Pacific market generated net sales of Euro 309.1 million, a 0.6% increase at current exchange rates but down by 17.2% at constant exchange rates. The decrease in local consumption and tourist flows, especially in Hong Kong and Macao, prolonged a period of stagnation that has now been underway for several months. The Greater China area (Hong Kong, Macao and China) contributed net sales of Euro 199.3 million, a decrease of 0.4% at current exchange rates and 19.2% at constant exchange rates.

Net sales on the American market, amounting to Euro 111.1 million for the three months ended April 30, 2015 (Euro 93.5 million in the corresponding period in 2014), have benefited from exchange rate trends, recording 18.8% growth at current exchange rates compared to the first quarter of 2014 but a 3.1% decrease at constant exchange rates. An increase in sales to independent customers on the American market partially compensated for the decrease in the volumes of retail sales.

Net sales on the Japanese market for the first quarter of 2015 were higher than for the corresponding period of 2014, totaling Euro 98.8 million compared to Euro 92.4 million. The 6.9% increase at current exchange rates becomes a 2.1% decrease at constant exchange rates. However, this performance must be considered positive in light of the fact that the first quarter of 2014 benefited from the impact of customers making purchases ahead of a VAT increase that came into force from April 2014. In the month of April 2015 the Japanese market started again to grow.

The Middle East market generated net sales of Euro 30 million, a 17.1% increase at current exchange rates but a 4.7% decrease at constant exchange rates; it was affected, in particular, by a decrease in tourist flows. As was the case for the 2014 fiscal year as a whole, sales growth in this market in the first three months of 2015 was driven by the footwear division.

Products

Leather goods recorded net sales of Euro 516.7 million. At current exchange rates, this was in line with the figure of Euro 517.1 million reported for the three months ended April 30, 2014 but, at constant exchange rates, it represents an 11.4% decrease. The largest decreases were recorded in the Americas and in Asia Pacific. However, it is worth noting that Europe and Italy increased. From a brand perspective, Miu Miu achieved sales growth, also at constant exchange rates. Net sales of leather goods decreased from 67.3% of Group net sales in the first three months of 2014 to 63.3% in the three months ended April 30, 2015.

Clothing recorded net sales of Euro 127.3 million, a 7.3% increase compared to the corresponding period of 2014. At constant exchange rates, net sales were down by 4.9% but it is worth noting that Japan recorded strong organic growth rates. Net sales of apparel increased from 15.4% of Group net sales in the first three months of 2014 to 15.6% in the three months ended April 30, 2015.

The footwear division recorded net sales of Euro 156.8 million, a 30.5% increase compared to the first three months of 2014. At constant exchange rates, net sales also grew by a total of 15.6% with increases recorded in all regions. Net sales of footwear increased from 15.7% of Group net sales in the first three months of 2014 to 19.2% in the three months ended April 30, 2015.

Brands

The Prada brand generated net sales of Euro 662.3 million, a 3.3% increase compared to the first quarter of 2014 but down by 8.5% at constant exchange rates. The decrease essentially regarded the Leather goods division which recorded sales growth only in Europe.

The Miu Miu brand generated net sales of Euro 131.7 million with increases of 22.9% at current exchange rates and 8.8% at constant exchange rates. In absolute terms, the growth was driven by the retail channel with leather goods and footwear both performing well. All geographical areas recorded sales growth at constant exchange rates, except for Japan which showed a small decrease for the reasons outlined above.

In the three months ended April 30, 2015, the Church's brand generated net sales of Euro 19.3 million, with 12% growth at current exchange rates and 3% growth at constant exchange rates compared to the first quarter of 2014. Double digit growth was achieved in Europe, the brand's primary market.

Car Shoe brand sales were particularly affected by the decline in the wholesale channel. However, the brand achieved sales growth in the retail channel, also at constant exchange rates.

Royalties

In the three months ended April 30, 2015, licensing agreements generated royalties of Euro 11.4 million, a 23% increase compared to Euro 9.3 million for the first three months of 2014. The growth of this business was driven by new Prada and Miu Miu eyewear lines.

Operating results

Gross margin for the three months ended April 30, 2015 amounted to Euro 600.3 million, a 4.3% increase compared to the corresponding period in 2014. As a percentage of net revenues, Gross margin decreased from 74% to 72.5% mainly because of a less favorable geographical and product mix than in the first quarter of 2014.

Operating expenses increased from Euro 419.2 million to Euro 509.6 million, rising from 53.9% of net revenues to 61.5%, partly because of the negative exchange rate effect. In terms of specific operating expense items, retail network expansion led to increases in depreciation and amortization, rent and sales personnel costs i.e. the main component items of selling costs which increased from Euro 302.1 million to Euro 369.5 million. Advertising and communications expenses went from Euro 41.2 million to Euro 54.6 million, increasing from 5.3% of net revenues to 6.6%, essentially as a result of higher expenditure on events and sponsorships concentrated in the first few months of the year; the impact of these factors will reduce as the year progresses, also because of cost containment policies focused on media spending and events. Product design and development costs amounted to Euro 29.7 million for the three months ended April 30, 2015, almost unchanged compared to Euro 28.5 million for the corresponding period in 2014. General and administrative costs increased from Euro 47.3 million to Euro 55.8 million in the first three months of 2015. The higher level of expenditure is partly explained by a number of one-off expenses incurred in the first three months of 2015 in order to carry out the reorganization of business processes and structures planned during the previous year. Another factor is the presence of non-recurring income in the three months ended April 30, 2014.

The increase in operating costs during the period led to lower EBITDA (down from Euro 213.9 million in the first three months of 2014 to Euro 162.7 million) and EBIT (down from Euro 156.3 million in the first three months of 2014 to Euro 90.7 million). Costs increased by more than sales, as a consequence the EBITDA margin also decreased (from 27.5% to 19.6%) as did EBIT margin (from 20.1% to 11%).

Net financial expenses for the first three months of 2015 amounted to Euro 0.4 million (Euro 5.6 million in the first three months of 2014) and benefited from the restatement at current exchange rates of cash assets denominated in currencies other than the Euro. This income statement caption also includes borrowing costs which increased because average bank borrowing was higher than in the first three months of 2014. The effective tax rate for the period was 33.2%, higher than the 27.4% rate recorded in the first three months of 2014, essentially because of a less favorable geographical distribution of income.

The Group's net income for the first three months of 2015 was Euro 58.7 million.

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 April 30 2015 (unaudited)	as at January 31 2015 (audited)
Non-current assets (excluding deferred tax assets)	2,582,351	2,557,198
Trade receivables, net	285,124	346,284
Inventories, net	738,995	654,545
Trade payables	(393,094)	(437,420)
Net operating working capital	631,025	563,409
Other current assets (excluding financial position items)	227,312	190,149
Other current liabilities (excluding financial position items)	(414,744)	(411,878)
Other current assets/(liabilities), net	(187,432)	(221,729)
Provisions for risks	(67,251)	(63,695)
Post-employment benefits	(82,157)	(85,754)
Other long-term liabilities	(154,996)	(159,419)
Deferred taxation, net	252,172	239,349
Other non-current assets/(liabilities), net	(52,232)	(69,519)
Net invested capital	2,973,712	2,829,359
Shareholders' equity – Group	(3,081,608)	(3,000,737)
Shareholders' equity – Non Controlling Interests	(19,527)	(17,410)
Total consolidated Shareholders' equity	(3,101,135)	(3,018,147)
Long term financial payables	(381,437)	(254,462)
Short term financial , net surplus/(deficit)	508,860	443,250
Net financial position surplus/(deficit)	127,423	188,788
Shareholders' equity and Net of positive financial position	(2,973,712)	(2,829,359)
Debt to Equity ratio	n.a.	n.a.

At April 30, 2015, Net invested capital stood at Euro 2,973.7 million, Euro 144.4 million more than reported at January 31, 2015.

At April 30, 2015, non-current assets, excluding deferred tax assets, amounted to Euro 2,582.4 million, slightly more than the total of Euro 2,557.2 million reported at January 31, 2015. Capital expenditure for the period of Euro 92.6 million was partially offset by depreciation and amortization. Total investments on intangible assets and property, plant and equipment included Euro 63 million in the retail area, mainly for the refurbishment and relocation of existing stores; it also included Euro 29.6 million in the industrial and corporate areas.

At April 30, 2015, net operating working capital totaled Euro 631 million compared to Euro 563.4 million at January 31, 2015. The increase is essentially due to higher levels of raw materials inventory – typical of procurement during this period of the year – and finished goods inventory – mainly because sales volumes for the first three months of the year were below forecast.

Total other current liabilities, net, have decreased from Euro 221.7 million at January 31, 2015 to Euro 187.4 million at April 30, 2015, essentially because of advances paid during the three month period.

Total other non-current liabilities, net, amounts to Euro 52.2 million, slightly lower than at January 31, 2015 when it totaled Euro 69.5 million. The decrease is mainly due to higher temporary differences between the tax value and consolidated reporting value of finished goods inventory.

At April 30, 2015, Group shareholders' equity amounts to Euro 3,081.6 million. The increase compared to January 31, 2015 is due to a positive change in the translation reserve due to an increase in shareholders' equity expressed in currencies other than the Euro and because of net income for the period. In accordance with IAS/IFRS, the dividend liability of Euro 281.5 million (or Euro 0.11 per share), arising on May 26, 2015 following approval by the Shareholders' Meeting of PRADA spa, has not been recorded in the Consolidated Statement of Financial Position at April 30, 2015.

Net financial position surplus/(deficit)

(amounts in thousands of Euro)	as at April 30 2015 (unaudited)	as at January 31 2015 (audited)
Long-term debt	(382,178)	(255,203)
Long-term financial receivables due from related parties	741	741
Long-term financial payables	**(381,437)**	**(254,462)**
Bank overdraft and short-term loans	(79,965)	(263,335)
Payables to related parties	(2,390)	(2,371)
Receivables from related parties	11	11
Obligations under finance leases	(13)	(21)
Cash and cash equivalents	591,217	708,966
Short-term net financial surplus/(deficit)	**508,860**	**443,250**
Net financial position surplus/(deficit)	**127,423**	**188,788**

At April 30, 2015, the Group's net financial position showed a cash surplus of Euro 127.4 million. Operating cash flows for the three months then ended amounted to Euro 26 million and, together with existing cash, were used to finance capital expenditure. It is worth highlighting that, during the period, in order to give itself more financial flexibility, the Group took advantage of the favorable conditions on the credit market and arranged new medium/long-term Euro and Japanese Yen loans for a total amount of approximately Euro 140 million.

Events after the reporting period

On May 26, 2015, the Shareholders' Meeting of PRADA spa approved the separate financial statements for the twelve months ended January 31, 2015, allocating part of net income for the period to payment of a dividends of Euro 0.11 per share, a total of Euro 281,470,640.

Outlook

In the first few months of 2015, Asia Pacific markets, especially Hong Kong and Macao, have not shown any clear signs of recovery compared to the final months of 2014. This ongoing situation continues to significantly affect the Group's operating results. Also in light of the general economic situation which remains somewhat uncertain, management is assessing what measures should be taken to counter the negative effects on margins of the lack of retail sales growth. At the same time, the Group continues the rationalization program of the operational processes started in the previous months and aimed at increasing the overall efficiency in relation to both the supply chain and retail stores. After a lengthy period of growth which saw the Group more than double in size over a few years, management is now implementing an extensive plan to overhaul the entire value chain. This plan aims to start again a growth trend as well as to rationalise operational processes to increase efficiency, so as to achieve a return at the levels of profitability enjoyed until the recent past.

Corporate governance practices

Audit Committee

The Audit Committee, which comprises three independent non-executive directors, on June 12, 2015, has reviewed the unaudited consolidated results of the Company and its subsidiaries for the three months ended April 30, 2015.

Compliance with the Corporate Governance Code of the Listing Rules

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the three months ended April 30, 2015.

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 three months ended April 30, 2015.

Publication of Announcement on Consolidated results for the three months ended April 30, 2015

This announcement on the consolidated results for the three months ended April 30, 2015, is published on the Company's website at www.pradagroup.com and on the Hong Kong Stock Exchanges' website at www.hkexnews.hk.

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

Milan (Italy), June 12, 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.