PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE YEAR ENDED JANUARY 31, 2014

- Net revenues were Euro 3,587.3 million, recording an increase of 8.8% compared with the year ended January 31, 2013
- Retail net sales were Euro 2,996.6 million, up by 12.5% compared with the year ended January 31, 2013 (+17.8% at constant exchange rates)
- Retail Same Store Sales Growth was 7% compared with the year ended January 31, 2013
- EBITDA was Euro 1,143.2 million, up by 8.6% compared with the year ended January 31, 2013, and representing a margin of 31.9% on net revenues
- Group’s net income amounted to Euro 627.8 million, up by 0.3% compared to Euro 625.7 million for the year ended January 31, 2013
- Positive net financial position at Euro 295.9 million as at January 31, 2014
- Net operating cash flow for the year ended January 31, 2014, was Euro 769.4 million

Consolidated results for the year ended January 31, 2014

The Board of Directors (the "Board") of PRADA S.p.A. (the "Company" or "PRADA spa") is pleased to announce the audited Consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended January 31, 2014, together with the audited comparative figures for the year ended January 31, 2013. The following financial information was 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, 2014, and January 31, 2013, were audited by Deloitte & Touche spa.

Scope of work of Messrs. Deloitte & Touche spa

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended January 31, 2014, as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte & Touche spa, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte & Touche spa in this respect did not constitute an assurance engagement in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange and consequently no assurance has been expressed by Messrs. Deloitte & Touche spa on the preliminary announcement.

Key financial information

Key information from the Income statement (amounts in thousands of Euro)	twelve months ended Jan 31 2014 (audited)	twelve months ended Jan 31 2013 (audited)	twelve months ended Jan 31 2012 (audited)	% change vs Jan 31 2013
Net revenues	3,587,347	3,297,219	2,555,606	8.8%
EBITDA	1,143,186	1,052,469	759,252	8.6%
EBITDA %	31.9%	31.9%	29.7%	-
EBIT	939,237	889,781	628,935	5.6%
EBIT %	26.2%	27.0%	24.6%	-
Income before tax	922,896	883,616	602,908	4.4%
Net income of the Group	627,785	625,681	431,929	0.3%
Earnings per share (Euro)	0.245	0.245	0.170	0%
Capital expenditure	611,227	351,129	278,856	-
Net operating cash flows	769,437	759,272	479,954	-
Average headcount (persons)	10,816	9,427	8,067	14.7%

Key information from the Statement of financial position (amounts in thousands of Euro)	as at Jan 31 2014 (audited)	as at Jan 31 2013 audited	as at Jan 31 2012 (audited)	change vs Jan 31 2013
Net operating working capital	409,774	317,714	357,648	92,060
Net invested capital	2,405,650	2,017,844	1,817,327	387,806
Net financial position surplus/(deficit)	295,890	312,648	13,640	(16,758)
Group shareholders' equity	2,687,554	2,320,022	1,822,743	367,532

Highlights for the year ended January 31, 2014

In 2013, the PRADA Group pursued with conviction its strategic plan of expansion in the global luxury goods market, achieving one of the highest rates of growth in the segment. The results achieved were all the more satisfying considering the ongoing uncertainty of the economic environment, especially in some parts of Europe, and the related exchange rate volatility. For the fourth consecutive year, significant net revenue growth was recorded.

Commercial growth was driven by the retail network thanks to both the solid contribution of existing stores and the impact of newly opened stores. Retail network expansion led to the opening of 79 net new Directly Operated Stores (DOS) during the year. The total number of DOS hit 500 in August 2013 and reached 540 at January 31, 2014. The Group now covers with its own stores 40 out of the 70 countries where Prada, Miu Miu, Church's and Car Shoe finished products are distributed and these stores generate 84.5% of consolidated net sales. At the same time, leather goods generate around two thirds of consolidated net sales with the remainder coming from clothing and footwear. This is consistent with the strategy of retail growth and the ongoing policy of selective reduction of the independent customer base.

The revenue growth has been accompanied by a communications strategy focused on sustaining and developing brand identity and ranging from unique advertising campaigns to sponsorship of events and initiatives with global visibility as the participation by Luna Rossa in the XXXIV edition of the America's Cup or the cultural and artistic initiatives of the Fondazione Prada.

Finally, in the industrial area, in 2013 management committed to improving further processes in order to optimize the system of procurement for the retail network and maintain high quality gross margins without affecting a tradition of craftsmanship that has now lasted a hundred years.

The Group's net revenue for the twelve months ended January 31, 2014, totaled Euro 3,587.3 million, 8.8% more than in 2012 (+13.3% at constant exchange rates). An improvement in gross margin helped limit the impact of an increase in operating expenses due to retail network expansion and EBITDA remained in line with prior year at 31.9% of net revenue. In absolute terms, EBITDA totaled Euro 1,143.2 million, 8.6% more than the figure of Euro 1,052.5 million achieved in 2012.

The Group's net income totaled Euro 627.8 million, slightly higher than the figure of Euro 625.7 million for the twelve months ended January 31, 2013. In addition to reasons above explained, the Group's net income, as a percentage of net revenue, decreased from 19% to 17.5% because the increase in the direct tax burden.

The capital expenditure incurred during the twelve months ended January 31, 2014, amounted to Euro 611.2 million and was mainly focused on the retail area. Capital expenditure was mainly used to sustain the plan to open new stores and to acquire a prestigious building on Old Bond Street in London which the Group has already partially deployed to open one of the most strategic Prada stores in the world.

Free cash flows for the year enabled the Group to report a positive net financial position of Euro 295.9 million at January 31, 2014, after distributing dividends of Euro 230.3 million to the shareholders of PRADA spa. In terms of duration, the debt structure is more favorable than at January 31, 2013, as it has shifted more towards a longer term profile. During the year, the Group made loan repayments falling due of Euro 162.5 million, issued a five year bond of Euro 130 million and arranged new long-term bank loans of Euro 46.8 million.

Consolidated income statement for the year ended January 31, 2014

(amounts in thousands of Euro)	Note	twelve months ended January 31 2014 (audited)	% on Net revenues	twelve months ended January 31 2013 (audited)	% on Net revenues
Net revenues	3	3,587,347	100.0%	3,297,219	100.0%
Cost of goods sold		(938,698)	-26.2%	(920,678)	-27.9%
Gross margin		2,648,649	73.8%	2,376,541	72.1%
Operating expenses	4	(1,709,412)	-47.7%	(1,486,760)	-45.1%
EBIT		939,237	26.2%	889,781	27.0%
Interest and other financial income/(expenses), net	5	(17,357)	-0.5%	(7,131)	-0.2%
Dividends received from third parties		1,016	-	966	-
Income before taxes		922,896	25.7%	883,616	26.8%
Taxation	6	(285,091)	-7.9%	(250,339)	-7.6%
Net income from continuing operations		637,805	17.8%	633,277	19.2%
Net income for the period		637,805	17.8%	633,277	19.2%
Net income – Non-controlling interests		10,020	0.3%	7,596	0.2%
Net income – Group		627,785	17.5%	625,681	19.0%
Depreciation, amortization and impairment		203,949	5.7%	162,688	4.9%
EBITDA		1,143,186	31.9%	1,052,469	31.9%
Basic and diluted earnings per share (in Euro per share)	7	0.245		0.245	

Consolidated income statement for the three months ended January 31, 2014

(amounts in thousands of Euro)	Note	three months ended January 31 2014 (unaudited)	% on Net revenues	three months ended January 31 2013 (unaudited)	% on Net revenues
Net revenues	3	1,011,246	100.0%	957,897	100.0%
Cost of goods sold		(271,837)	-26.9%	(265,801)	-27.7%
Gross margin		739,409	73.1%	692,096	72.3%
Operating expenses		(477,986)	-47.3%	(414,779)	-43.3%
EBIT		261,423	25.9%	277,317	29.0%
Interest and other financial income/(expenses), net		(2,933)	-0.3%	(2,837)	-0.3%
Dividends received from third parties		732	0.1%	966	0.1%
Income before taxes		259,222	25.6%	275,446	28.8%
Taxation		(69,957)	-6.9%	(56,234)	-5.9%
Net income from continuing operations		189,265	18.7%	219,212	22.9%
Net income for the period		189,265	18.7%	219,212	22.9%
Net income – Non-controlling interests		2,360	0.2%	2,083	0.2%
Net income – Group		186,906	18.5%	217,129	22.7%
Depreciation, amortization and impairment		60,791	6.0%	47,279	4.9%
EBITDA		322,214	31.9%	324,596	33.9%

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Assets			
Current assets			
Cash and cash equivalents		568,414	571,746
Trade receivables, net	9	308,405	304,525
Inventories, net	8	449,903	343,802
Derivative financial instruments - current		13,984	43,060
Receivables from, and advance payments to, parent company and other related parties - current	10	5,993	19,493
Other current assets	12	114,897	104,823
Total current assets		1,461,596	1,387,449
Non-current assets			
Property, plant and equipment	11	1,230,192	857,299
Intangible assets	11	901,289	878,750
Associated undertakings		21,186	23,024
Deferred tax assets		201,245	176,057
Other non-current assets	13	69,867	61,569
Derivative financial instruments non-current		1,430	1,018
Receivables from, and advance payments to, parent company and other related parties – non current	10	1,487	113
Total non-current assets		2,426,696	1,997,830
Total Assets		3,888,292	3,385,279
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		61,909	175,570
Payables to parent company and other related parties - current	14	4,894	5,599
Trade payables	15	348,534	330,613
Current tax liabilities		132,145	97,148
Derivative financial instruments - current		3,803	912
Obligations under finance leases - current		524	575
Other current liabilities	16	154,666	131,645
Total current liabilities		706,475	742,062
Non-current liabilities			
Long-term financial payables		207,950	78,830
Obligations under finance leases non-current		19	518
Post-employment benefits		63,279	45,538
Provision for risks and charges	17	52,660	46,914
Deferred tax liabilities		42,671	55,636
Other non-current liabilities		98,982	84,905
Derivative financial instruments non-current		1,469	384
Payables to parent company and other related parties - non current	14	13,247	-
Total non-current liabilities		480,277	312,725
Total Liabilities		1,186,752	1,054,787
Share capital		255,882	255,882
Other reserves		1,853,325	1,480,747
Translation reserve		(49,438)	(42,288)
Net profit for the period		627,785	625,681
Total Shareholders' equity – Group		2,687,554	2,320,022
Shareholders' equity – Non-controlling interests		13,986	10,470
Total Liabilities and Shareholders' equity		3,888,292	3,385,279

Net current assets	755,121	645,387
Total assets less current liabilities	3,181,817	2,643,217

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	Share premium reserve	Translation reserve	Cash flow hedge reserve	Actuarial gain (losses) reserve	Available for sale reserve	Other reserves	Net profit	Equity attributable to owners of the Group	Non-controlling interests	Total Equity
Balance at January 31, 2012 (audited)	2,558,824,000	255,882	410,047	(17,239)	(4,173)	(1,192)	(58)	747,548	431,929	1,822,744	8,224	1,830,968
Allocation of 2011 net profit	-	-	-	-	-	-	-	431,929	(431,929)	-	-	-
Dividends	-	-	-	-	-	-	-	(127,941)	-	(127,941)	(5,576)	(133,517)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	1,166	1,166
Comprehensive income for the year (recycled to P&L)	-	-	-	(25,049)	24,321	-	5,544	-	625,681	630,497	6,656	637,153
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	-	(5,278)	-	-	-	(5,278)	-	(5,278)
Balance at January 31, 2013 (audited)	2,558,824,000	255,882	410,047	(42,288)	20,148	(6,470)	5,486	1,051,536	625,681	2,320,022	10,470	2,330,492
Allocation of 2012 net profit	-	-	-	-	-	-	-	625,681	(625,681)	-	-	-
Dividends	-	-	-	-	-	-	-	(230,294)	-	(230,294)	(6,634)	(236,928)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	40	40
Comprehensive income for the year (recycled to P&L)	-	-	-	(7,150)	(16,449)	-	(1,378)	-	627,785	602,808	10,110	612,918
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	-	(4,982)	-	-	-	(4,982)	-	(4,982)
Balance at January 31, 2014 (audited)	2,558,824,000	255,882	410,047	(49,438)	3,699	(11,452)	4,108	1,446,923	627,785	2,687,554	13,986	2,701,540

Under Italian law, the Company is required to allocate a portion of its net profit to non-distributable reserves and to provide additional information on the distribution of earnings for the period.

Summarized statement of consolidated cash flows

(amounts in thousands of Euro)	twelve months ended January 31 2014 (audited)	twelve months ended January 31 2013 (audited)
Net cash flows from operating activities	769,437	759,272
Cash flows generated/(utilized) by investing activities	(548,348)	(331,645)
Cash flows generated/(utilized) by financing activities	(219,797)	(197,965)
Change in cash and cash equivalents, net of bank overdrafts	1,292	229,662

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	twelve months ended January 31 2014 (audited)	twelve months ended January 31 2013 (audited)
Net income for the period – Consolidated	637,805	633,277
A) Items recycled to P&L:		
Change in Translation reserve	(7,057)	(25,989)
Tax impact	-	-
Change in Translation reserve less tax impact	(7,057)	(25,989)
Change in Cash Flow Hedge reserve	(22,755)	33,530
Tax impact	6,306	(9,209)
Change in Cash Flow Hedge reserve less tax impact	(16,449)	24,321
Change in Fair Value reserve	(1,837)	7,391
Tax impact	459	(1,847)
Change in Fair Value reserve less tax impact	(1,378)	5,544
B) Item not recycled to P&L		
Change in Actuarial reserve	(6,403)	(6,369)
Tax impact	1,418	1,091
Change in Actuarial reserve less tax impact	(4,985)	(5,278)
Consolidated comprehensive income for the period	607,936	631,875
Comprehensive income for the period – Non-controlling Interests	10,110	6,656
Comprehensive income for the period – Group	597,826	625,219

Notes to the consolidated results for the twelve months ended January 31, 2014

1. Presentation of PRADA Group

PRADA spa (the "Company"), together with its subsidiaries (jointly the "Group"), is listed on the Hong Kong Stock Exchange (stock 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, fragrances and mobile telephone sectors. Its products are sold in 70 countries worldwide through a network that included 540 Directly Operated Stores (DOS) at January 31, 2014, 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 Consolidated financial statements of the PRADA Group as at January 31, 2014, including the "Consolidated statement of financial position", the "Consolidated income statement", the "Statement of Consolidated comprehensive income", the "Summarized statement of consolidated cash flows ", the "Statement of changes in consolidated shareholders' equity" and the "Notes to the consolidated financial statements" have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union.

At the date of presentation of these Consolidated financial statements, there were no differences between IFRS as endorsed by the European Union and applicable to the PRADA Group and those issued by the IASB.

IFRS also refers to all International Accounting Standards ("IASs") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC").

The contents of this Announcement on the consolidated results for the year ended January 31, 2014, are included in the 2013 Annual Report of PRADA spa.

New standards and amendments issued by the IASB, endorsed by the European Union and applicable to the PRADA Group from February 1, 2013

The following amendments to IFRS have been endorsed by the European Union and are applicable to the PRADA Group effective from February 1, 2013. These changes do not have any significant impact to the Group as of the date of these Consolidated financial statements:

- Amendments to "IAS 1 Presentation of financial statements";
- Amendments to "IAS 19 Employee benefits";
- "IFRS 13 Fair Value Measurement";
- Amendments to "IAS 12 Income Taxes";
- Amendments to "IFRS 7 Financial Instruments: Disclosures";
- Amendments to "IFRS 1 First-time Adoption of IFRS – Governments Loans";
- Annual improvements to IFRS (2009-2011 Cycle).

On December 29, 2012, the European Union endorsed the "IFRS 10 Consolidated Financial Statements", the "IFRS 11 Joint Arrangements", the "IFRS 12 Disclosure of Interests in Other Entities", the Amendments to "IAS 28 Investment in Associates and Joint Ventures" and the Amendments to "IAS 27 Separate Financial Statements" that, according to IASB, are effective from January 1, 2013, but, because of the timing of the endorsement process in the European Union, are applicable to the PRADA Group effective from February 1, 2014. The early adoption of these new IFRS and amendments would not have had any significant impact on the Consolidated financial statements of the PRADA Group for the twelve months ended January 31, 2014.

3. Net revenues analysis

Net revenues for the year ended January 31, 2014

(amounts in thousands of Euro)	twelve months ended January 31 2014 (audited)		twelve months ended January 31 2013 (audited)		% change
Net sales by geographical area					
Italy	552,897	15.6%	528,302	16.2%	4.7%
Europe	776,494	21.9%	739,634	22.7%	5.0%
Americas	487,990	13.8%	440,035	13.5%	10.9%
Asia Pacific	1,292,753	36.4%	1,160,166	35.6%	11.4%
Japan (including Hawaii)	340,784	9.6%	337,313	10.4%	1.0%
Middle East	91,114	2.6%	44,803	1.4%	103.4%
Other countries	6,175	0.1%	6,175	0.2%	0.0%
Total	3,548,207	100.0%	3,256,428	100.0%	9.0%
Net sales by brand					
Prada	2,943,633	83.0%	2,649,559	81.4%	11.1%
Miu Miu	519,142	14.6%	512,762	15.7%	1.2%
Church's	68,609	1.9%	68,447	2.1%	0.2%
Car Shoe	13,427	0.4%	19,660	0.6%	-31.7%
Other	3,396	0.1%	6,000	0.2%	-43.4%
Total	3,548,207	100.0%	3,256,428	100.0%	9.0%
Net sales by product line					
Clothing	581,594	16.4%	563,322	17.3%	3.2%
Leather goods	2,332,518	65.7%	2,038,043	62.6%	14.4%
Footwear	594,586	16.8%	625,390	19.2%	-4.9%
Other	39,509	1.1%	29,673	0.9%	33.1%
Total	3,548,207	100.0%	3,256,428	100.0%	9.0%
Net sales by distribution channel					
DOS	2,996,637	84.5%	2,664,238	81.8%	12.5%
Independent customers and franchises	551,570	15.5%	592,190	18.2%	-6.9%
Total	3,548,207	100.0%	3,256,428	100.0%	9.0%
Net sales	3,548,207	98.9%	3,256,428	98.8%	9.0%
Royalties	39,140	1.1%	40,791	1.2%	-4.0%
Total net revenues	3,587,347	100.0%	3,297,219	100.0%	8.8%

Net revenues for the three months ended January 31, 2014

(amounts in thousands of Euro)	three months ended January 31 2014 (unaudited)		three months ended January 31 2013 (unaudited)		% change
Net sales by geographical area					
Italy	154,334	15.4%	143,237	15.1%	7.7%
Europe	204,482	20.5%	202,337	21.3%	1.1%
Americas	152,311	15.2%	144,260	15.2%	5.6%
Asia Pacific	360,775	36.0%	345,472	36.5%	4.4%
Japan (including Hawaii)	101,029	10.1%	90,433	9.5%	11.7%
Middle East	26,078	2.6%	20,759	2.2%	25.6%
Other countries	1,992	0.2%	1,927	0.2%	3.4%
Total	1,001,001	100.0%	948,425	100.0%	5.5%
Net sales by brand					
Prada	829,223	82.9%	772,956	81.5%	7.3%
Miu Miu	151,144	15.1%	152,098	16.0%	-0.6%
Church's	17,348	1.7%	18,310	1.9%	-5.3%
Car Shoe	2,474	0.2%	4,525	0.5%	-45.3%
Other	812	0.1%	536	0.1%	51.5%
Total	1,001,001	100.0%	948,425	100.0%	5.5%
Net sales by product line					
Clothing	191,252	19.1%	175,393	18.5%	9.0%
Leather goods	621,735	62.1%	593,826	62.6%	4.7%
Footwear	179,228	17.9%	175,046	18.5%	2.4%
Other	8,786	0.9%	4,160	0.4%	111.2%
Total	1,001,001	100.0%	948,425	100.0%	5.5%
Net sales by distribution channel					
DOS	814,597	81.4%	746,686	78.7%	9.1%
Independent customers and franchises	186,404	18.6%	201,739	21.3%	-7.6%
Total	1,001,001	100.0%	948,425	100.0%	5.5%
Net sales	1,001,001	99.0%	948,425	99.0%	5.5%
Royalties	10,245	1.0%	9,472	1.0%	8.2%
Total net revenues	1,011,246	100.0%	957,897	100.0%	5.6%

Number of stores

	as at January 31, 2014		as at January 31, 2013	
	Owned	Franchises	Owned	Franchises
Prada	330	24	283	19
Miu Miu	150	8	126	6
Church's	52	-	45	-
Car Shoe	8	-	7	-
Total	540	32	461	25

	as at January 31, 2014		as at January 31, 2013	
	Owned	Franchises	Owned	Franchises
Italy	51	6	48	5
Europe	150	6	137	6
Americas	91	-	66	-
Asia Pacific	157	20	130	14
Japan	72	-	66	-
Middle East	16	-	11	-
Africa	3	-	3	-
Total	540	32	461	25

4. Operating expenses

(amounts in thousands of Euro)	twelve months ended January 31 2014 (audited)	% on net revenues	twelve months ended January 31 2013 (audited)	% on net revenues
Product design and development costs	129,807	3.6%	111,370	3.4%
Advertising and communication costs	171,966	4.8%	150,574	4.6%
Selling costs	1,212,065	33.8%	1,040,133	31.5%
General and administrative costs	195,574	5.5%	184,683	5.6%
Total	1,709,412	47.7%	1,486,760	45.1%

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

(amounts in thousands of Euro)	twelve months ended January 31 2014 (audited)	twelve months ended January 31 2013 (audited)
Interests expenses on borrowings	(9,548)	(12,956)
Interest expenses IAS 19	(12)	(144)
Interest income	3,576	4,804
Exchange gains /(losses) – realized	(9,128)	4,314
Exchange gains/(losses) – unrealized	1,448	1,551
Other financial income/(expenses)	(3,693)	(4,700)
Total	(17,357)	(7,131)

6. Taxation

(amounts in thousands of Euro)	twelve months ended January 31 2014 (audited)	twelve months ended January 31 2013 (audited)
Current taxation	320,176	258,613
Deferred taxation	(35,085)	(8,274)
Income taxes	285,091	250,339

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.

	twelve months ended January 31 2014 (audited)	twelve months ended January 31 2013 (audited)
Group net income in Euro	627,784,659	625,681,459
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	0.245	0.245

Dividends per share

The Board of Directors of PRADA spa has proposed a final dividend of Euro 281,470,640 (or Euro 11 cents per share) for the twelve months ended January 31, 2014.

During the year ended January 31, 2014, the Company distributed dividends of Euro 230,294,160, as approved by the Shareholders' Meeting held on May

23, 2013, to approve the financial statements for the year ended January 31, 2013. The payment of the dividends and the related Italian withholding tax payable (Euro 9.2 million), arising from the application of the Italian ordinary withholding tax rate to the whole amount of dividends paid to beneficial owners of the Company shares held through the Hong Kong Central Clearing and Settlement System, was completed by January 31, 2014.

During the previous year ended, the Company distributed dividends of Euro 127,941,200, as approved by the Annual General Meeting held on May 22, 2012, to approve the financial statements for the year ended January 31, 2012.

8. Inventories, net

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Raw materials	85,333	79,559
Work in progress	28,424	24,620
Finished products	403,473	314,244
Allowance for obsolete and slow moving inventories	(67,327)	(74,621)
Total	449,903	343,802

The increase in finished products is due to the greater value of retail stock as a result of the number of stores opened during 2013 and the higher unit value of the Spring/Summer 2014 collection in inventory at the reporting date.

Materials being worked upon by third parties are included in raw materials. Work in progress includes materials at the production stage with PRADA spa, subsidiaries Artisans Shoes srl and Church & Co ltd and third party sub-contractors.

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, 2013 (audited)	29,754	44,867	74,621
Exchange differences	2	14	16
Increases	24	83	107
Reversals	-	(7,000)	(7,000)
Decrease for use	-	(417)	(417)
Balance at January 31, 2013 (audited)	29,780	37,547	67,327

The allowance for obsolete and slow moving inventories has been adjusted to bring the value of inventories into line with their realizable amount.

9. Trade receivables, net

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Trade receivables from third parties	288,504	286,390
Allowance for bad and doubtful debts	(10,432)	(11,547)
Trade receivables from related parties	30,333	29,682
Total	**308,405**	**304,525**

Trade receivables from third parties did not vary significantly compared to January 31, 2013, as the value of shipments to independent retail customers for Spring/Summer collections remained almost unchanged between 2012 and 2013.

Trade receivables from related parties includes an amount of Euro 25.5 million (Euro 28.4 million at January 31, 2013) essentially arising from sales of finished products and royalties, as provided by the franchising agreement with Fratelli Prada spa, a retail company owned by the majority shareholders of parent company PRADA Holding bv. Trade receivables from related parties also includes a total of Euro 2.2 million due from Fratelli Prada spa and Progetto Prada Arte srl in respect of their utilization of premises in Galleria Vittoria Emanuele II which PRADA spa holds under a concession agreement with the Municipality of Milan.

The allowance for doubtful debts was determined on a specific basis considering all information available at the date the financial statements were prepared. It is revised periodically to bring receivables as close as possible to the fair value.

Movements during the period may be analyzed as follows:

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Opening balance	**11,547**	**11,681**
Exchange differences	55	(67)
Increases	830	805
Uses	(1,922)	(754)
Reversals	(78)	(118)
Closing balance	**10,432**	**11,547**

The following table contains a summary, by due date, of total receivables before the allowance for doubtful debts at the reporting date:

(amounts in thousands of Euro)	as at January 31, 2014 (audited)	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables	318,837	262,213	20,331	9,817	6,446	3,633	16,397
Total	318,837	262,213	20,331	9,817	6,446	3,633	16,397

(amounts in thousands of Euro)	as at January 31, 2013 (audited)	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables	316,072	263,079	27,328	7,708	5,852	1,607	10,498
Total	316,072	263,079	27,328	7,708	5,852	1,607	10,498

The following table contains a summary, by due date, of trade receivables less the allowance for doubtful accounts at the reporting date:

(amounts in thousands of Euro)	as at January 31 2014 (audited)	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables less allowance for doubtful accounts	308,405	261,862	20,331	9,817	6,213	3,633	6,549
Total	308,405	261,862	20,331	9,817	6,213	3,633	6,549

(amounts in thousands of Euro)	as at January 31 2013 (audited)	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade receivables less allowance for doubtful accounts	304,525	262,799	27,141	7,708	5,804	634	439
Total	304,525	262,799	27,141	7,708	5,804	634	439

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

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Financial receivables - other related parties	2,008	1,413
Other receivables - PRADA Holding bv	356	249
Other receivables - other companies controlled by PRADA Holding bv	36	3
Other receivables - other related parties	2,159	2,652
Advance payments - other related parties	1,434	15,176
Receivables from, and advance payments to, parent company and other related parties - current	5,993	19,493

The financial receivables from other related parties reported at January 31, 2013, were collected during the year and were due from PAC srl (in liquidation). The new receivables reported at January 31, 2014, are due from Luna Rossa Challenge 2013 srl and regard a loan made during the year which is repayable not later than July 30, 2014. At January 31, 2013, advance payments to other related companies included Euro 12.3 million paid to Luna Rossa Challenge NZ ltd and Luna Rossa Challenge srl in accordance with the contracts signed with subsidiary PRADA sa for sponsorship of the Luna Rossa yacht in relation to its participation on the XXXIV edition of the America's Cup. The competition was held in San Francisco in 2013 and the full amount of the advance was released to the income statement for the year. Advances to other related companies at January 31, 2014, amount to Euro 1.4 million (Euro 2.9 million at January 31, 2013) and mainly regard advances paid to Progetto Prada Arte srl for cultural initiatives to be held during the following year.

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Deferred rental income – long term	1,487	-
Other	-	113
Receivables from, and advance payments to, parent company and other related parties – non current	1,487	113

Deferred rental income – long term - has been recorded in relation to Fratelli Prada spa and Progetto Prada Arte srl in application of "IAS 17 Leases" which requires rental income to be recognized on a constant basis.

11. Capital expenditure

Changes in the net book value of Property, plant and equipment in the period ended January 31, 2014, are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangible	Assets under construction	Total net book value
Balance at January 31, 2013 (audited)	211,580	17,448	373,043	110,310	39,413	105,505	857,299
Additions	175,197	10,710	215,784	70,427	32,179	55,499	559,796
Depreciation	(7,931)	(7,926)	(112,932)	(31,900)	(8,064)	-	(168,753)
Disposals	(5)	(35)	(83)	(558)	(82)	(130)	(893)
Exchange differences	4,474	34	(13,118)	(1,884)	(240)	(1,759)	(12,493)
Other movements	7,362	48	26,797	8,425	6,077	(49,113)	(404)
Impairment	-	-	(2,264)	(1,392)	(60)	(644)	(4,360)
Balance at January 31, 2014 (audited)	390,677	20,279	487,227	153,428	69,223	109,358	1,230,192

Changes in the net book value of Intangible assets in the period ended January 31, 2014, 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, 2013 (audited)	291,105	503,987	65,763	7,988	1,677	8,230	878,750
Additions	616	-	21,816	3,927	20,129	4,943	51,431
Amortization	(11,060)	-	(12,614)	(3,505)	(2,925)	-	(30,104)
Disposals	-	-	(89)	-	-	(14)	(103)
Exchange differences	2,270	386	(173)	(43)	-	(113)	2,327
Other movements	(18)	-	4,290	2,650	185	(7,386)	(279)
Impairment	-	-	1	(380)	(37)	(317)	(733)
Balance at January 31, 2014 (audited)	282,913	504,373	78,994	10,637	19,029	5,343	901,289

12. Other current assets

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
VAT	39,250	25,072
Income tax and other tax receivables	14,062	20,540
Other assets	13,470	16,731
Prepayments and accrued income	42,375	41,266
Deposits	5,740	1,214
Total	114,897	104,823

13. Other non-current assets

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Guarantee deposits	57,158	50,785
Deferred rental income	6,923	2,410
Other receivables	5,786	8,374
Total	69,867	61,569

14. Payables to parent company and other related parties - current and non current

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Other payables - PRADA Holding bv and other companies controlled by PRADA Holding bv	136	123
Financial payables - other related parties	4,130	5,018
Other payables - other related parties	628	458
Payables to parent company and other related parties – current	4,894	5,599

Financial payables towards other related parties, totaling Euro 4.1 million at January 31, 2014, include an interest-free loan contributed by Al Tayer, the non-controlling shareholder of PRADA Middle East fzco, according to its share in the said company. The loan was partially repaid during the year.

The non current portion of payables to parent company and other related parties may be detailed as follows:

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Other payables – other related companies	13,247	-
Payables to parent company and other related parties – non current	13.247	-

Other payables to other related companies includes the amount due to Fin-Reta srl in relation to the establishment of a ten year right of usufruct to a real estate property in Tuscany, Italy, and to a business party to the rental agreement for said property which the Group is using as part of its retail network expansion. The payable reported at January 31, 2014, represents the present value of future payments due after January 31, 2015.

15. Trade payables

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Trade payables – third parties	337,807	323,894
Trade payables – related parties	10,727	6,719
Total	348,534	330,613

The increase in Trade payables is due to the growth of the business in general.

The following table summarizes trade payables by maturity date.

(amounts in thousands of Euro)	as at January 31 2014 (audited)	Current	Overdue				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade payables	348,534	314,375	17,261	8,524	2,099	1,086	5,189
Total	348,534	314,375	17,261	8,524	2,099	1,086	5,189

(amounts in thousands of Euro)	as at January 31 2013 (audited)	Current	Overdue				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 < 120	≥ 120
Trade payables	330,613	301,940	14,991	3,859	3,119	1,180	5,524
Total	330,613	301,940	14,991	3,859	3,119	1,180	5,524

16. Other current liabilities

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Payables for capital expenditure	70,848	57,969
Accrued expenses and deferred income	10,842	9,810
Other payables	72,976	63,866
Total	154,666	131,645

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	Other provisions	Total
Balance at January 31, 2013 (audited)	1,775	27,467	17,672	46,914
Exchange differences	(1)	(580)	(873)	(1,454)
Reclassifications	-	(3,642)	11	(3,631)
Reversals	(373)	(386)	(74)	(833)
Uses	(39)	(365)	(544)	(948)
Increases	38	230	12,344	12,612
Balance at January 31, 2014 (audited)	1,400	22,724	28,536	52,660

Provisions represent the Directors' best estimate of maximum contingent liabilities. In the Directors' opinion and based on the information available to them as supported by the opinions of independent experts at the reporting date, the total amount provided for risks and charges is reasonable considering the contingent liabilities that might arise.

Management Discussion and Analysis for the three months period ended January 31, 2014

Net revenues

In the three months ended January 31, 2014, the consolidated net revenues amounted to Euro 1,011.2 million, advancing 5.6% compared to Euro 957.9 million recorded in the three months ended January 31, 2013.

The expansion was delivered by the retail channel that, contributing 81.4% to the total net sales of the three months period ending January 31, 2014, posted an increase of 9.1% over the results achieved in the same period of last year. On a Same Store Sales Growth (SSSG) basis, the increase was 6%.

During the last quarter of 2013 a net of 24 new stores (27 openings and 3 closures) was opened, including the first store in Kazakhstan for the Group.

In the three months ended January 31, 2014, all geographical areas recorded positive growth rates with Japan and Middle East delivering double-digit increases.

In terms of brands, Prada contributed 82.8% to consolidated net sales and, with Euro 829.2 million, delivered an increase of 7.3% compared to Euro 773 million posted in the same quarter of 2012.

All product categories delivered positive rates of growth in the three months ended January 31, 2014. Recording total sales for Euro 621.7 million, the contribution of the leather goods division slightly declined to 62.1% from 62.6% achieved in the three months ended January 31, 2013.

Operating results

In the three months ended January 31, 2014, the Gross margin totaled Euro 739.4 million, up by 6.8% compared to Euro 692.1 million posted in the same period of last year. As a percentage of net revenues, the profitability increased up to 73.1% from 72.3%. The higher incidence of the retail channel contributed to raise the margin.

The EBITDA amounted to Euro 322.2 million and recorded a decrease of 0.7% over Euro 324.6 million achieved in the three months ended January 31, 2013. The profitability declined from 33.9% to 31.9%. The decrease was significantly affected by the higher incidence of the operative expenses which included higher costs strictly related to the retail expansion and a one-off charge recognized as a consequence of the decision not to go ahead with the planned opening of a large new Prada store in Ginza, Tokyo. Termination of the lease agreement was agreed subject to payment of an all-inclusive penalty of Japanese Yen 1.7 billion (Euro 13.1 million) which was recorded under operating costs for the period.

The Group's net result amounted to Euro 186.9 million, down 13.9% compared to Euro 217.1 million recorded in the three months ended January 31, 2013, due to a higher tax burden. The same quarter of last year reported a lower taxation because of some fiscal benefits and positive adjustments to tax assessments recognized at year end.

Management Discussion and Analysis for the year ended January 31, 2014

Net revenues

In the twelve months ended January 31, 2014, the consolidated net revenues of the Group totaled Euro 3,587.3 million and recorded an increase of 8.8% over Euro 3,297.2 million posted in the same period of last year.

Distribution channels

The retail channel delivered net sales of Euro 2,996.6 million for the twelve months ended January 31, 2014, an increase of 12.5% compared to Euro 2,664.2 million in 2012 (+17.8% at constant exchange rates).

On a Same Store Sales Growth (SSSG) basis, retail sales increased by 7%, performing steady throughout 2013 and benefiting from the geographical distribution of stores all over the world. Sales growth was further boosted by the strategy of retail expansion resulting in the opening of 79 net new stores during the year (93 openings and 14 closures). At January 31, 2014, the network included a total of 540 DOS. The results achieved meant that the contribution of the retail channel to the Group's consolidated net sales increased from 81.8% in the twelve months ended January 31, 2013, to 84.5%.

The wholesale channel contributed the remaining 15.5%, generating net sales of Euro 551.6 million and recording a 6.9% decrease (-5.8% at constant exchange rates) on the Euro 592.2 million reported in the twelve months ended January 31, 2013. The decrease due to rationalization of the independent customer base, the conversion of retail corners in North America into DOS and the ongoing stagnation of the European market – Italy included – was partially offset by the development of franchising contracts in the Far East and Italy where, in July 2013, related company Fratelli Prada spa launched a prestigious retail project in Galleria Vittorio Emanuele II in Milan.

Markets

In the twelve months ended January 31, 2014, net sales grew in all geographical areas with even higher paces of growth at constant exchange rates.

The Asia Pacific market reported net sales of Euro 1,292.8 million, an increase of 11.4% (+14.4% at constant exchange rates) compared to the Euro 1,160.2 million posted in 2012. The increase in net sales in this area was achieved thanks to the performance of existing stores, the 27 net new openings (31 openings and 4 closures) and the important new duty free franchise contracts in Korea, Taiwan and Singapore. Net sales in the Greater China area totaled Euro 826 million, 12.3% more than in 2012.

Net sales on the European market totaled Euro 776.5 million, a 5% increase compared to the Euro 739.6 million reported in 2012 (+7% at constant exchange rates). This performance was achieved thanks to double-digit growth in the retail channel in relation to both existing stores and the 13 new openings, net, during the year (14 openings and 1 closure). The continuing selective policy applied to independent customers, also considering the credit policy of the Group and tough market conditions, especially in smaller cities, have led to a significant downturn in the wholesale channel.

The Italian market generated net sales of Euro 552.9 million in the twelve months ended January 31, 2014, 4.7% more than the Euro 528.3 million reported for 2012. The growth was essentially driven by the retail channel as the wholesale channel, similar to the already highlighted European trends, remained almost unchanged compared to 2012.

The American market, meant as North, Centre and South America, recorded net sales of Euro 488 million, a 10.9% increase compared to the Euro 440 million reported for the twelve months ended January 31, 2013 (+15.3% at constant exchange rates). It is worth noting that, at the reporting date, there was an important ongoing strategic program to convert a number of points of sale in the best department stores from wholesale to direct operation. During the period, 21 retail corners were converted in the United States and Canada (16 Prada and 5 Miu Miu corners).

The Japanese market recorded the highest rates of organic growth with a 23.6% increase at constant exchange rates. However, the extreme weakness of the Japanese Yen hit the Euro equivalent figure and net sales totaled Euro 340.8 million, 1% more than the Euro 337.3 million recorded in the twelve months ended January 31, 2013. The strategy of repositioning the product mix implemented since the start of the year was highly successful and led to constant, double-digit sales growth throughout 2013 on an SSSG basis.

At January 31, 2014, the Middle East area included a total of 16 DOS (11 at January 31, 2013). It achieved net sales of Euro 91.1 million, almost double the Euro 44.8 million reported for 2012, and is now an important area of business for the Group.

Products

In the twelve months ended January 31, 2014, net sales of leather goods totaled Euro 2,332.5 million and increased by 14.4% compared to Euro 2,038 million in the previous year (+19.6% at constant exchange rates). This product category increased from 62.6% of consolidated net sales in 2012 to 65.7% in 2013.

Clothing generated net sales of Euro 581.6 million, 3.2% more than the Euro 563.3 million recorded in 2012 (+7.2% at constant exchange rates). Compared to prior year, growth was achieved in the retail channel while the wholesale channel decreased. Miu Miu achieved a double-digit growth (at constant exchange rates), a sign of the brand's strong identity. The total contribution by clothing to consolidated net sales decreased from 17.3% to 16.4%.

Footwear generated net sales of Euro 594.6 million, a 4.9% decrease compared to 2012 (-1.8% at constant exchange rates). This segment has suffered more than others from the contraction of the wholesale channel though, like the clothing segment, it has enjoyed strong growth from the Miu Miu brand.

Brands

In 2013, the Prada brand contributed net sales of Euro 2,943.6 million or 83% of consolidated net sales, recording 11.1% growth compared to the Euro 2,649.6 million reported for the twelve months ended January 31, 2013 (+15.6% at constant exchange rates). Sales growth was driven by both SSSG and new openings and was strong in all geographical areas, except for Italy where sales only recorded a single-digit increase.

The net sales of the Miu Miu brand totaled Euro 519.1 million, a moderate 1.2% increase on the Euro 512.8 million reported for the previous year (+6.5% at constant exchange rates). The increase was achieved thanks to the retail channel which, essentially thanks to new openings during the year, grew by 3.9% compared to the previous year (+10.1% at constant exchange rates).

In 2013, the Church’s brand recorded net sales of Euro 68.6 million, remaining almost in line with the results achieved in 2012 (+3.2% at constant exchange rates). In Europe, where the brand realized 59.5% of its net sales, performance was still affected by generally disappointing domestic consumption levels due to the ongoing negative economic situation. Specific retail and wholesale dynamics did not differ greatly from the overall growth figures of the brand.

The Car Shoe brand generated net sales of Euro 13.4 million. The decrease compared to 2012 when sales totaled Euro 19.7 million was influenced by the prevailing dependence from the European wholesale. A new store was opened in Italy in 2013.

Royalties

In the twelve months ended January 31, 2014, licensing agreements generated royalties income of Euro 39.1 million, 4% less than the Euro 40.8 million recorded in 2012. In the previous year, the launch of the Prada phone LG 3.0 cellphone generated royalties of Euro 5.4 million, essentially concentrated in the first half of the year. Excluding this component, licensed products, essentially eyewear and cosmetics, generated a 9.3% increase in royalties compared to the twelve months ended January 31, 2013.

Operating results

Gross margin – net revenue less cost of goods sold – was Euro 2,648.6 million for the twelve months ended January 31, 2014, up by 11.4% compared to the Euro 2,376.5 million reported for 2012. As a percentage of net sales, gross margin improved from 72.1% in 2012 to 73.8%, thanks to a better contribution – almost evenly distributed – from the usual drivers: product, distribution and market.

EBITDA for the year totaled Euro 1,143.2 million, 8.6% more than the Euro 1,052.5 million reported for 2012. EBITDA for 2013 represented 31.9% of net revenues, in line with the 2012 results. The improvement achieved at gross margin level was absorbed by the greater burden of operating expenses, especially labor costs and lease costs in relation to retail network expansion and greater investment on promotional and communications activities. The operating expenses for the year were affected by an extraordinary expense that is the decision not to go ahead with the planned opening of a large new Prada store in Ginza, Tokyo, as it was no longer considered compatible with proper positioning on the market. Termination of the lease agreement was agreed subject to payment of an all-inclusive penalty of Japanese Yen 1.7 billion (Euro 13.1 million) which was recorded under operating costs for the period. Without this penalty, EBITDA for the year would have totaled Euro 1,156.3 million or 32.2% of net revenues.

EBIT for the year totaled Euro 939.2 million, increasing by 5.6% compared to 2012 and representing 26.2% of net revenues. EBIT as well was affected by the above mentioned extraordinary expense: without such penalty it would have been equal to Euro 952.3 million, or 26.5% on net revenues. Writedowns adjustments for the year totaled Euro 5.1 million (Euro 7.8 million in 2012) and, as in prior year, were recognized solely in relation to projects no longer considered strategic. In both years, impairment test results did not identify any impairment of value.

The Group's net income totaled Euro 627.8 million, slightly more in absolute terms than the net income of Euro 625.7 million achieved in 2012. As a percentage of net revenues, net income decreased from 19% to 17.5%. The reduction in profitability below EBIT level was generated by the heavier tax burden because of tax charges of Euro 22 million relating to prior tax years and a general geographical mix of taxable incomes and, to a lesser extent, to the impact of foreign exchange differences.

EBITDA by Brand

twelve months ended January 31, 2014 (amounts in thousands of Euro) (audited)	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	3,548,207	2,943,633	519,142	68,609	13,427	3,396
Royalties	39,140	37,127	1,997	16	-	-
Net revenues	3,587,347	2,980,760	521,139	68,625	13,427	3,396
EBITDA	1,143,186	1,054,126	89,322	4,368	(4,795)	165
EBITDA %	31.9%	35.4%	17.1%	6.4%	-	-

twelve months ended January 31, 2013 (amounts in thousands of Euro) (audited)	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	3,256,428	2,649,559	512,762	68,447	19,660	6,000
Royalties	40,791	39,453	1,248	90	-	-
Net revenues	3,297,219	2,689,012	514,010	68,537	19,660	6,000
EBITDA	1,052,469	948,729	100,270	7,099	(2,707)	(922)
EBITDA %	31.9%	35.3%	19.5%	10.4%	-	-
Change in Net revenues	290,128	291,748	7,129	88	(6,233)	(2,604)
Change in Net revenues in percentage	8.8%	10.8%	1.4%	0.1%	-31.7%	-43.4%
Change in EBITDA	90,717	105,397	(10,948)	(2,731)	(2,088)	1,087
Change in EBITDA in percentage	8.6%	11.1%	-10.9%	-38.5%	-77.1%	-

The PRADA brand generated EBITDA of Euro 1,054.1 million (35.4% of net revenues) for the twelve months ended January 31, 2014, 11.1% more than the Euro 948.7 million recorded in 2012 (35.3% of net revenues). Excluding the aforementioned penalty for termination of the property lease in Ginza, Tokyo, the brand's EBITDA margin would have been 35.8%, confirming a positive operating trend. The additional expenses resulting from retail network expansion only partially absorbed the additional profits created through sales growth. Sales growth was achieved thanks to the 59 net new stores opened in 2013, the full year contribution of DOS opened in 2012 and, above all, the SSSG performance which was the main driver of sales growth for the year. In line with Group strategy, the retail expansion was accompanied by increased communications activity to strengthen the global brand image.

Miu Miu generated EBITDA of Euro 89.3 million, 10.9% less than the Euro 100.3 million reported for 2012. Meanwhile, EBITDA margin decreased from 19.5% to 17.1% essentially because of the increase in operating expenses triggered by rapid expansion of the DOS network (up from 71 at January 31, 2011, a few months before the listing, to 150 at January 31, 2014, with a net of 24 new openings in the last year alone). Another factor was investment in DOS restyling and in communications, also in order to strengthen international brand awareness. Beyond the short-term impact, the Group Management believes that these measures are necessary with a view to achieving long-term sustainable growth for the brand.

Church's recorded EBITDA of Euro 4.4 million, 38.5% down on the Euro 7.1 million reported in 2012. The lower profitability is partly due to a less impressive performance by several traditional markets and partly to the greater burden of selling costs, again as a result of retail network expansion in new countries. During the year, Church's opened 7 new DOS including its first ever stores in China, Japan, Sweden and the Netherlands.

The Car Shoe brand reported negative EBITDA of Euro 4.8 million, a deterioration on prior year because of the decline in wholesale sales.

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 January 31 2014 (audited)	as at January 31 2013 (audited)
Non-current assets (excluding deferred tax assets)	2,225,451	1,821,773
Trade receivables, net	308,405	304,525
Inventories, net	449,903	343,802
Trade payables	(348,534)	(330,613)
Net operating working capital	409,774	317,714
Other current assets (excluding financial position items)	132,866	165,962
Other current liabilities (excluding financial position items)	(291,378)	(230,285)
Other current assets/(liabilities), net	(158,512)	(64,323)
Provisions for risks	(52,660)	(46,914)
Post-employment benefits	(63,279)	(45,538)
Other long-term liabilities	(113,698)	(85,289)
Deferred taxation, net	158,574	120,421
Other non-current assets/(liabilities), net	(71,063)	(57,320)
Net invested capital	2,405,650	2,017,844
Shareholders' equity – Group	(2,687,554)	(2,320,022)
Shareholders' equity – Non Controlling Interests	(13,986)	(10,470)
Total consolidated Shareholders' equity	(2,701,540)	(2,330,492)
Long term financial payables	(207,969)	(79,348)
Short term financial , net surplus/(deficit)	503,858	391,996
Net financial position surplus/(deficit)	295,890	312,648
Shareholders' equity and Net financial position	(2,405,650)	(2,017,844)

At January 31, 2014, Net invested capital stood at Euro 2,405.7 million, Euro 387.8 million more than the Euro 2,017.8 million reported at January 31, 2013. The increase mainly regarded non-current assets, especially investments.

Indeed, during 2013, capital expenditure totaled Euro 611.2 million, including Euro 521.5 million in the retail area and comprising the purchase cost of prestigious retail premises in London and St Petersburg for some Euro 182 million. Intangible assets at January 31, 2014, include assets with an indefinite useful life i.e. goodwill totaling Euro 504.4 million. As required by "IAS 36 Impairment of assets", these assets were subjected to an impairment test at the reporting date. The value in use of the goodwill, essentially determined using methods based on discounted future cash flows, did not reveal any impairment of value. The results of the impairment tests were further supported by sensitivity tests.

Net operating working capital increased by Euro 92.1 million from Euro 317.7 million at January 31, 2013, to Euro 409.8 million at January 31, 2014. The increase is due to the higher value of retail inventories mainly because of the number of stores opened during the 2013.

Total other current liabilities, net, increased from Euro 64.3 million at January 31, 2013, to Euro 158.5 million mainly because of the higher tax burden and a reduction in the reporting date fair value of derivative instruments used to hedge the exchange risk (forward contracts and options).

Other non-current liabilities, net, totaled Euro 71.1 million and increased by Euro 13.7 million compared to January 31, 2013, as a result of higher liabilities for long-term employee benefits and deferred lease income, net of an increase in deferred tax assets mainly because of higher temporary differences between the tax value and consolidated reported value of the stock of finished products.

Group shareholders' equity rose from Euro 2,320 million at January 31, 2013, to Euro 2,687.6 million at January 31, 2014. The increase generated by the Group's net income for the twelve months ended January 31, 2013, Euro 627.8 million, was partially offset by the dividends of Euro 230.3 million distributed to the PRADA spa shareholders (as approved by the Annual General Meeting on May 22, 2013, on the financial statements for the year ended January 31, 2013) and negative changes totaling Euro 30 million in the translation reserve and other IFRS reserves.

Net financial position surplus/(deficit)

(amounts in thousands of Euro)	as at January 31 2014 (audited)	as at January 31 2013 (audited)
Long-term debt	(207,950)	(78,830)
Obligations under finance leases	(19)	(518)
Long-term financial payables	**(207,969)**	**(79,348)**
Bank overdraft and short term loans	(61,909)	(175,570)
Payables to related parties	(4,130)	(5,018)
Receivables from related parties	2,008	1,413
Obligations under finance leases	(524)	(575)
Cash and cash equivalents	568,414	571,746
Short-term net financial surplus/(deficit)	**503,859**	**391,996**
Net financial position surplus/(deficit)	**295,890**	**312,648**

Cash flows from operating activities totaled Euro 769.4 million for the twelve months ended January 31, 2014 (Euro 759.3 million in 2012) after cash absorbed by investing activities of Euro 548.3 million (Euro 331.6 million in 2012). After the distribution of dividends of Euro 230.3 million (Euro 127.9 million in 2012), this enabled the Group to achieve a positive net financial position of Euro 295.9 million. At January 31, 2013, the net financial position was slightly higher and stood at Euro 312.6 million.

As far as liquidity concerns, the composition of bank borrowings at January 31, 2014, was more favorable than at January 31, 2013, because of a shift towards longer term borrowings: indeed, long-term financial payables have increased from Euro 78.8 million at January 31, 2013, to Euro 208 million, while short-term financial payables have decreased from Euro 175.6 million to Euro 61.9 million. In 2013, PRADA spa issued a five year bond listed on the Irish Stock Exchange with a nominal amount of Euro 130 million. During 2013, the Group also repaid the Euro 100 million installment due on a syndicated loan by PRADA spa while debt due for repayment by PRADA Japan co ltd was refinanced with a new line of credit totaling Japanese Yen 9 billion, used part in part to finance the investment plan in Japan; at January 31, 2014, the outstanding amount on this line of credit was Japanese Yen 8.8 billion. At January 31, 2014, the Group had a short-term net financial surplus of Euro 503.9 million (Euro 392 million at January 31, 2013), as well as other available lines of credit of Euro 454.3 million (Euro 473.1 million at January 31, 2013).

Events after the reporting date

On February 27, 2014, PRADA spa signed with Luna Rossa Challenge srl, a related company in terms of IAS 24, a sponsorship agreement for the participation of the Luna Rossa sailing team in the XXXV edition of the America's Cup. The contract, effective from February 27, 2014, until October 31, 2017, provides for total sponsorship payments of Euro 50 million, payable in variable monthly installments depending on the needs of the sailing team. In return, the Group will have the right to be the main sponsor of team Luna Rossa as well as to promote the Prada brand in association with the Luna Rossa trademark, for advertising purposes, during the contract and throughout the duration of the contract.

On February 27, 2014, PRADA spa signed a sponsorship agreement with Progetto Prada Arte srl (PPA), a related company in terms of IAS 24. The agreement regards the organization and promotion of cultural and artistic activities, including the “Art of Sound” exhibition by Germano Celant, and the renovation of the Ca’ Corner della Regina building. The contract provides for a maximum contribution of Euro 7.94 million, payable by January 31, 2015. The Company will be entitled to use images of the sponsored events, as agreed with PPA.

On March 14, 2014, the Company acquired the 80% of the Angelo Marchesi srl, owner of the historic Milanese pastry shop founded in 1824. The acquisition is aimed at enhancing the “Pasticceria Marchesi” brand, a synonym to quality in the Italian food industry, joining it with Prada and Miu Miu brands, leaders in the luxury goods market, within the Group’s development worldwide.

Outlook

In 2013, the Group continued its program of development centered on growth and, once again, achieved encouraging growth figures. However, the macroeconomic environment, especially in Europe, remains difficult and the recovery is struggling to take hold also because of the ongoing strength of the Euro which does not help exports. The Group will balance its attempts to achieve growth and development with careful management of its operations in order to ensure that the results achieved to date are built upon in future.

Corporate governance practices

The Company is committed to maintaining a high standard of corporate governance practices and fulfilling its commitment to effective corporate governance. The corporate governance model adopted by the Company consists of a set of rules and standards with the aim at establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders and to enhance shareholder value. The corporate governance model adopted by the Company is in compliance with the applicable regulations in Italy, as well as the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Full details on the Company's corporate governance practices are set out in the Company's 2013 Annual Report.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules where at least one member possesses appropriate professional qualifications in accounting or related financial management expertise to discharge the responsibility of the Audit Committee. The membership of the Audit Committee consists of three Independent Non-Executive Directors, namely, Mr. Gian Franco Oliviero Mattei (Chairman), Mr. Giancarlo Forestieri and Mr. Sing Cheong Liu. The primary duties of the Audit Committee are to assist the Board of Directors (the "Board") in providing an independent view of the effectiveness of the Company's financial reporting process and internal control and risk management systems, to oversee the external audit process and the internal audit process and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board.

The Audit Committee held a meeting on April 1, 2014, to review the annual results for the year ended January 31, 2014, before recommending it to the Board for approval.

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and is satisfied that such practices have complied with the code provisions set out in the Code, during the year ended January 31, 2014 (the "Reviewed Period").

Directors' securities transactions

The Company has adopted written procedures governing Directors' securities transactions on terms no less exacting than the standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Specific written acknowledgments have been obtained from each Director to confirm compliance with the Model Code throughout the Reviewed Period. There was no incident of non-compliance during the

Reviewed Period.

The Company has also adopted written procedures governing securities transactions carried out by the relevant employees who are likely to possess inside information in relation to the Company and its securities. The terms of these procedures are no less exacting than the standard set out in the Model Code.

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 Reviewed Period.

Shareholders' general meeting

The Shareholders' general meeting of the Company will be held on Thursday, May 22, 2014.

Notice of the Shareholders' general meeting will be published on the Company's website at *www.pradagroup.com* and on the Hong Kong Exchanges and Clearing Limited's website at *www.hkexnews.hk* in due course.

Final dividend

The Board recommends, for the twelve month period ended January 31, 2014, a final dividend of Euro 281,470,640 (or 11 Euro/cents per share).The payments shall be made:

(i) in Euro to the shareholders recorded in the section of the Company's shareholders kept by the Company at its registered office in Milan (Italy), and

(ii) in Hong Kong dollars to the shareholders recorded in the section of the Company's shareholders register kept in Hong Kong. The relevant exchange rate will be the opening buying T/T rate of Hong Kong dollars to Euros as announced by the Hong Kong Association of Banks (*www.hkab.org.hk*) on the day of approval of the final dividend by the shareholders.

Subject to the shareholders' approving the recommended final dividend, such dividend will be payable on or about Friday, June 20, 2014.

Closure of register of shareholders

The shareholders recorded on the Company's shareholders register on Thursday, May 22, 2014, opening of business, will be allowed to attend and vote at the Shareholders' general meeting of the Company. In order to qualify for attending and voting at the Shareholders' general meeting of the Company, all transfers accompanied by the relevant share certificate(s) must be lodged with:

(i) the Company's Hong Kong share registrar, Computershare Hong

Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company's Hong Kong share registrar itself, or

(ii) with the Company's registered office in Milan (Italy), Via Antonio Fogazzaro, 28, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company itself,

in any case, not later than 4:30 p.m. (Hong Kong time) on Monday, May 19, 2014. The Company's shareholders register will be closed from Tuesday, May 20, 2014, to Thursday, May 22, 2014, both days inclusive, during which no share transfer can be registered.

The final dividend will be paid to shareholders recorded on the Company's shareholders register on Friday, May 30, 2014. In order to qualify for the payment of the final dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with:

(i) the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company's Hong Kong share registrar itself, or

(ii) the Company's registered office in Milan (Italy), Via Antonio Fogazzaro, 28, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company itself,

in any case, not later than 4:30 p.m. (Hong Kong time) on Wednesday, May 28, 2014. The Company's shareholders register of the Company will be closed from Thursday, May 29, 2014, to Friday, May 30, 2014, both days inclusive, during which no share transfer can be registered.

Publication of Annual Results Announcement and Annual Report

This Annual Results Announcement is published on the Company's website at www.pradagroup.com and on the Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk. The Company's 2013 Annual Report will be published on the same websites and dispatched to shareholders in due course.

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

Milan (Italy), April 2, 2014

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.