PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2015

Milan, December 15, 2015 – The Prada spa Board of Directors today examined and approved the Consolidated Report for the nine months ended October 31, 2015.

Consolidated net revenues for the period amounted to Euro 2,582.5 million. This represents a 1.2% increase at current exchange rates on the corresponding period in 2014, entirely thanks to directly operated store sales, while wholesale revenues have decreased as a result of the Group's decision to keep on reducing its presence in that channel.

In detail, **wholesale** channel sales for the period ended October 31, 2015 totaled Euro 295.5 million, down by 15.9% at current exchange rates. In contrast, the Group's **retail network** revenues were up by 3.8% and amounted to Euro 2,253.5 million.

The licensing business (eyewear and fragrances) performed very well. Royalties for the nine months ended October 31, 2015 totaled Euro 33.5 million, a 16.2% increase also thanks to the launch of the first Miu Miu fragrance.

Retail channel by geographical area and by brand

The **European market** has grown in the nine-month period at both current exchange rates (+8.6%) and constant exchange rates (+7.6%). It was boosted by the weakening of the Euro which triggered a notable flow of Asian and American tourists. The Italian market continued to stand out among the various European countries and recorded growth rates well above the average for the area.

The **Japanese market** has again performed extremely well with growth at both current exchange rates (+10.4%) and constant exchange rates (+4.6%), driven by the rising number of Chinese tourists.

Meanwhile, the **Asia Pacific** market continued to show the issues highlighted in the previous quarters and has recorded a 4.9% decrease at current exchange rates. This is due to reductions in both local consumption and tourist flows within the region, with Hong Kong and Macau particularly affected.

On the **American market** sales increased at current exchange rate by 8.5%, but showed a negative underlying trend (-7.6% at constant exchange rates). The significant strengthening of the

US Dollar over the period had an adverse impact on tourism, mainly from China and South America, but, at the same time, it encouraged a shift in American consumer spending towards Europe.

Moving on to the retail channel by brand, **Prada** recorded a 2.1% increase which was entirely attributable to the exchange rate effect. Meanwhile, **Miu Miu** has grown with revenues up at both current exchange rates (+11.8%) and constant exchange rates (+1.9%). **Church's** has also achieved sales growth (+17.6%), a positive trend also on a like-for-like base.

Margins for the period were affected by the lack of organic growth accompanied by an increase in selling costs due to retail network expansion. Other cost items have remained broadly stable as a result of the thorough and ongoing review of business processes in all areas, aimed at increasing efficiency.

EBITDA for the first nine months of the year amounted to Euro 595.4 million or 23.1% of consolidated net revenues and **EBIT** totaled Euro 373.9 million or 14.5% of consolidated net revenues.

Net Profit was Euro 235.1 million or 9.1% of consolidated net revenues.

Patrizio Bertelli, Chief Executive Officer of Prada Spa, commented: " *Over the last few months, we have seen a general worsening of the macroeconomic environment: in particular, continuing volatility on financial markets and rising fears on the social and political landscape have made consumers less willing to spend and decreased tourist flows in some countries. Against this background and also in light of the far-reaching changes underway in the luxury goods segment, we are further stepping up all our commercial and product-related initiatives to strengthen relations with our increasingly sophisticated and demanding customer base. At the same time, we have implemented further cost containment measures following a review of all business processes.*
Stylistic continuity, one of the Group's core strengths, together with a flexible organization capable of adapting to market changes, will be key features of our strategy in the near future. This will allow us to react to evolution in demand through design and creative decisions always in line with the tradition and positioning of our brands. With this in mind, we are reviewing the Group's organization in order to streamline processes and further strengthen it with new key personnel. In the medium-term, we remain optimistic about the outlook for the segment and confident that the undoubted stylistic

leadership of our brands and our positioning - with global coverage already secured by our extensive retail network - will be key factors in facing up successfully to future challenges".

For further information, please contact:

Prada Press Office
Tel. +39 02.541921
e-mail: ufficio.stampa@prada.com

PRADA Group
The PRADA Group –HKSE Code: 1913 – 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 production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. Moreover, during 2014, Prada acquired 80% of Marchesi srl, owner of the historic Milanese patisserie founded in 1824. The Group also operates, under licensing agreements, in the eyewear and fragrance sectors. Its products are sold in 70 countries worldwide through a network that included 612 directly operated stores (DOS) at October 31, 2015 and a select network of luxury department stores, independent retailers and franchise stores.