PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS FOR QUARTER ENDED APRIL 30, 2014

A QUARTER OF CONSOLIDATION IN THE GROUP'S GROWTH PROCESS

Milan, June 5, 2014 – The Prada spa Board of Directors today reviewed and approved the consolidated results for the quarter ended April 30, 2014.

Analysis of revenues

Consolidated net revenues amounted to Euro 777.7 million, down by 0.6% (+3.8% at constant exchange rates) on the Euro 782.3 million reported for 1Q13; the decrease was entirely attributable to the wholesale channel.

Wholesale channel

The strategy of rationalization adopted in the wholesale channel will be completed in 2014 and has led to a 24.7% fall in **wholesale** sales (-23.9% at constant exchange rates). This decrease was in line with expectations, regarded all product categories and affected the Miu Miu brand to the greatest extent.

Retail channel by geographical area

In contrast, the **retail channel** has continued to expand and, despite unfavorable foreign exchange trends, the 551 directly operated stores generated sales of Euro 697.8 million, up by 2.8% on the first quarter of 2013; +7.7% at constant exchange rates.

The **Asia Pacific** area recorded a 3.9% increase at constant exchange rates (-1.2% at current exchange rates). The performance of this area was affected by a slowdown in Korea, Hong Kong and Singapore while China, Macau and other Asian markets continue to show healthy rates of growth.

The strong performance in the **Americas** must be highlighted. In spite of bad weather conditions, the retail channel in that area achieved 16.5% growth at constant exchange rates (+9.5% at current exchange rates).

Sales in **Europe** remained broadly in line with 1Q13 with 1.1% increase at constant exchange rates (+0.2% at current exchange rates). Performance was affected mainly by a slump in the tourist footfall because of the further strengthening in Euro and geopolitical problems in Russia.

Japan continues to perform extremely well and constant exchange rate growth stood at +30.5%. Notwithstanding the weakening of the Yen, Euro growth remained in double digits at +17.1% at current exchange rates.

Retail channel by brand

The **Prada** brand achieved 7.8% sales growth at constant exchange rates (+2.8% at current exchange rates) with excellent performances in Japan and in the Americas. We must highlight the excellent results achieved by all categories of Men's products, in line with Group strategy which aims to develop Men's collections in all geographical areas.

The retail performance of the Miu Miu brand was also positive, +7.3% at constant exchange rates (+1.9% at current exchange rates), with growth achieved in all geographical areas (except Italy) and double digit growth in all important markets like Asia Pacific, the Americas, Japan and the Middle East.

Church's also achieved double digit sales growth of +13% at constant exchange rates (+13.5% at current exchange rates) while **Car Shoe** sales decreased.

Retail channel by product category

For some months now, Group strategy has favored more selective growth and a more balanced product portfolio. This has involved giving renewed impulse to innovation in all the collections: apparel, footwear and leather goods.

As a result of these measures, **apparel** and **footwear** have achieved 19.4% and 20.9% growth, respectively, at constant exchange rates (+14.1% and +16.2% at current exchange rates) while sales of **leather goods,** which in the last two years have grown by 64% (from Euro 1.426 million in 2011 to Euro 2.333 million in 2013), are broadly in line with 1Q13, +2.2% at constant exchange rates (-2.6% at current exchange rates).

Profitability

Revenue stability and unfavorable foreign exchange trends have had a temporary impact on profit margins in 1Q14:

EBITDA amounted to Euro 213.9 million, or 27.5% of consolidated net revenues.

EBIT stood at Euro 156.3 million, or 20.1% of consolidated net revenues.

Net profit was Euro 105.3 million, or 13.6% of consolidated net revenues.

Thanks to cash flows generated during the quarter, the **net financial position** improved by Euro 53 million to stand at a positive Euro 349 million, after **capex** for the quarter of Euro 117 million.

Patrizio Bertelli, Chief Executive Officer of Prada Spa, commended: *"When presenting our results for 2013, we stated that our objective for 2014 would be to consolidate the position of the Prada Group at the top of the luxury goods segment with industrial, marketing and retail investments, primarily aimed at reinforcing business know-how, the quality of our products and relations with our customers. We do not believe that the current difficult macroeconomic environment, made all the more complex by unfavorable foreign exchange trends, will impact the plans for corporate growth presented to the market as these plans are geared towards the Group's expansion in the medium/long-term. The trend of solid growth maintained in the retail channel confirms that we have made the right strategic decisions and encourages us to continue along our current path."*

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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 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 551 directly operated stores (DOS) at April 30, 2014 and a select network of luxury department stores, independent retailers and franchise stores.