PRADA
MILANO
DAL 1913

PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2013

- Net revenues were Euro 2,576.1 million, recording an increase of 10.1% compared with the nine months ended October 31, 2012
- Retail net sales were Euro 2,182.0 million, up by 13.8% compared with the nine months ended October 31, 2012 (+18.7% at constant exchange rates)
- Retail Same Store Sales Growth was 7% compared with the nine months ended October 31, 2012
- EBITDA was Euro 821.0 million, up by 12.8% compared with the nine months ended October 31, 2012, and representing a margin of 31.9% on net revenues
- Group's net income amounted to Euro 440.9 million, up by 7.9% compared to Euro 408.6 million for the nine months ended October 31, 2012
- Positive net financial position at Euro 303.5 million as at October 31, 2013
- Net operating cash flow for the nine months ended October 31, 2013, was Euro 612.8 million

Consolidated results for the nine months ended October 31, 2013

The Board of Directors (the "Board") of PRADA S.p.A. (the "Company" or "PRADA spa") is pleased to announce the unaudited Consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months ended October 31, 2013, together with the unaudited comparative figures for the nine months ended October 31, 2012.

Key financial information

Key information from the Income statement (amounts in thousands of Euro)	nine months ended Oct 31 2013 (unaudited)	twelve months ended Jan 31 2013 (audited)	nine months ended Oct 31 2012 (unaudited)	% change vs Oct 31 2012
Net revenues	2,576,101	3,297,219	2,339,322	10.1%
EBITDA	820,971	1,052,469	727,873	12.8%
EBIT	677,813	889,781	612,464	10.7%
Income before tax	663,674	883,616	608,170	9.1%
Net income of the Group	440,879	625,681	408,552	7.9%
Earnings per share	0.172	0.245	0.160	7.5%
Average headcount (persons)	10,566	9,427	9,243	14.3%
Capital expenditure	416,400	351,129	202,987	-
Net operating cash flows	612,789	759,272	535,627	-
EBITDA %	31.9%	31.9%	31.1%	
EBIT %	26.3%	27.0%	26.2%	

Key information from the Statement of financial position (amounts in thousands of Euro)	as at Oct 31 2013 (unaudited)	as at Jan 31 2013 audited	as at Oct 31 2012 (unaudited)	change vs Jan 31 2013
Net operating working capital	368,962	317,714	332,749	51,248
Net invested capital	2,219,010	2,017,844	1,923,534	201,166
Net financial position surplus/(deficit)	303,482	312,648	210,569	(9,166)
Group shareholders' equity	2,506,514	2,320,022	2,121,976	186,492

Highlights for the nine months ended October 31, 2013

In the nine months ended October 31, 2013, the Group's net revenues totaled Euro 2,576.1 million, up by 10.1% compared to Euro 2,339.3 million recorded in the same nine months period of 2012. At constant exchange rates the increase was 14.3%.

In an economic environment of general contraction of the consumer's spending in some regions, the Group continued expanding its retail business through the unveiling of new Directly Operated Stores (DOS), managing to achieve in the channel a 13.8% growth compared to the nine months ended October 31, 2012. At constant exchange rates, the improvement in the retail business was even higher at 18.7%.

The EBITDA for the nine months ended October 31, 2013, totaled Euro 821.0 million, up by 12.8% over Euro 727.9 million posted in the same period of 2012.

The Group's net result totaled Euro 440.9 million and increased 7.9% over Euro 408.6 million posted in the same period of last year. As a percentage on net revenues, and compared with the nine months ended October 31, 2012, the Group's net result slightly diluted from 17.5% to 17.1%, mainly as a consequence of the higher impact of depreciation and amortization charges as well as taxation.

In the period the cash flows generated from operations allowed the Group to widely sustain both the demanding capital expenditure program and the payment of dividends as approved by the Annual General Meeting in May 2013 on the 2012 financial statements. At the end of October 2013 the positive net financial position stood at Euro 303.5 million.

Consolidated income statement for the nine months ended October 31, 2013

(amounts in thousands of Euro)	Note	nine months ended October 31 2013 (unaudited)	% on Net revenues	nine months ended October 31 2012 (unaudited)	% on Net revenues
Net revenues	3	2,576,101	100.0%	2,339,322	100.0%
Cost of goods sold		(666,862)	-25.9%	(654,877)	-28.0%
Gross margin		1,909,239	74.1%	1,684,445	72.0%
Operating expenses	4	(1,231,426)	-47.8%	(1,071,981)	-45.8%
EBIT		677,813	26.3%	612,464	26.2%
Interest and other financial income/(expenses), net	5	(14,423)	-0.5%	(4,294)	-0.2%
Dividends received from third parties	5	284	-	-	-
Income before taxes		663,674	25.8%	608,170	26.0%
Taxation	6	(215,135)	-8.4%	(194,104)	-8.3%
Net income from continuing operations		448,539	17.4%	414,066	17.7%
Net income for the period		448,539	17.4%	414,066	17.7%
Net income – Non-controlling interests		7,660	0.3%	5,514	0.2%
Net income – Group		440,879	17.1%	408,552	17.5%
Depreciation, amortization and impairment		143,158	5.6%	115,409	4.9%
EBITDA		820,971	31.9%	727,873	31.1%
Basic and diluted earnings per share (in Euro per share)	7	0.172		0.160	

Consolidated income statement for the three months ended October 31, 2013

(amounts in thousands of Euro)	Note	three months ended October 31 2013 (unaudited)	% on Net revenues	three months ended October 31 2012 (unaudited)	% on Net revenues
Net revenues	3	848,035	100.0%	791,949	100.0%
Cost of goods sold		(206,454)	-24.3%	(214,006)	-27.0%
Gross margin		641,581	75.7%	577,943	73.0%
Operating expenses		(422,106)	-49.8%	(360,362)	-45.5%
EBIT		219,475	25.9%	217,581	27.5%
Interest and other financial income/(expenses), net		770	0.1%	(1,383)	-0.2%
Income before taxes		220,245	26.0%	216,198	27.3%
Taxation		(84,525)	-10.0%	(91,349)	-11.5%
Net income from continuing operations		135,720	16.0%	124,849	15.8%
Net income for the period		135,720	16.0%	124,849	15.8%
Net income – Non-controlling interests		3,080	0.4%	2,707	0.3%
Net income – Group		132,640	15.6%	122,142	15.4%
Depreciation, amortization and impairment		50,443	5.9%	40,919	5.2%
EBITDA		269,918	31.8%	258,500	32.6%

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Assets			
Current assets			
Cash and cash equivalents		590,327	571,746
Trade receivables, net	9	265,508	304,525
Inventories, net	8	460,218	343,802
Derivative financial instruments - current		20,296	43,060
Receivables from, and advance payments to, parent company and other related parties	10	6,849	19,493
Other current assets	12	131,799	104,823
Total current assets		1,474,997	1,387,449
Non-current assets			
Property, plant and equipment	11	1,097,269	857,299
Intangible assets	11	902,917	878,750
Associated undertakings		21,552	23,024
Deferred tax assets		190,174	176,057
Other non-current assets	13	71,738	61,682
Derivative financial instruments non-current		357	1,018
Total non-current assets		2,284,007	1,997,830
Total Assets		3,759,004	3,385,279
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		68,169	175,570
Payables to parent company and other related parties	14	4,899	5,599
Trade payables	15	356,764	330,613
Current tax liabilities		165,722	97,148
Derivative financial instruments - current		712	912
Obligations under finance leases - current		202	575
Other current liabilities	16	157,368	131,645
Total current liabilities		753,836	742,062
Non-current liabilities			
Long-term financial payables		215,401	78,830
Obligations under finance leases non-current		396	518
Post-employment benefits		66,050	45,538
Provision for risks and charges	17	49,939	46,914
Deferred tax liabilities		44,025	55,636
Other non-current liabilities		106,718	84,905
Derivative financial instruments non-current		147	384
Total non-current liabilities		482,676	312,725
Total Liabilities		1,236,512	1,054,787
Share capital		255,882	255,882
Other reserves		1,859,499	1,480,747
Translation reserve		(49,746)	(42,288)
Net profit for the period		440,879	625,681
Total Shareholders' equity – Group		2,506,514	2,320,022
Shareholders' equity – Non-controlling interests		15,978	10,470
Total Liabilities and Shareholders' equity		3,759,004	3,385,279

Net current assets		721,161	645,387
Total assets less current liabilities		3,005,168	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	Cash flow hedge reserve	Actuarial gain (losses) reserve	Available for sale reserve	Other reserves	Translation reserve	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	(4,173)	(1,192)	(58)	747,548	(17,239)	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)	-	-	-	24,321	-	5,544	-	(25,049)	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	20,148	(6,470)	5,486	1,051,536	(42,288)	625,681	2,320,022	10,470	2,330,492
Allocation of 2012 net profit	-	-	-	-	-	-	625,681	-	(625,681)	-	-	-
Dividends	-	-	-	-	-	-	(230,294)	-	-	(230,294)	(1,881)	(232,175)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	40	40
Comprehensive income for the year (recycled to P&L)	-	-	-	(15,212)	-	(1,104)	-	(7,458)	440,879	417,105	7,349	424,454
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	(319)	-	-	-	-	(319)	-	(319)
Balance at October 31, 2013 (unaudited)	2,558,824,000	255,882	410,047	4,936	(6,789)	4,382	1,446,923	(49,746)	440,879	2,506,514	15,978	2,522,492

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)	nine months ended October 31 2013 (unaudited)	nine months ended October 31 2012 (unaudited)
Net cash flows from operating activities	612,789	535,627
Cash flows generated/(utilized) by investing activities	(388,156)	(213,438)
Cash flows generated/(utilized) by financing activities	(208,471)	(168,263)
Change in cash and cash equivalents, net of bank overdrafts	16,162	153,926

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	nine months ended October 31 2013 (unaudited)	twelve months ended January 31 2013 (audited)
Net income for the period – Consolidated	448,539	633,277
A) Items recycled to P&L:		
Change in Translation reserve	(7,769)	(25,989)
Tax impact	-	-
Change in Translation reserve less tax impact	(7,769)	(25,989)
Change in Cash Flow Hedge reserve	(20,972)	33,530
Tax impact	5,760	(9,209)
Change in Cash Flow Hedge reserve less tax impact	(15,212)	24,321
Change in Fair Value reserve	(1,472)	7,391
Tax impact	368	(1,847)
Change in Fair Value reserve less tax impact	(1,104)	5,544
B) Item not recycled to P&L		
Change in Actuarial reserve	(386)	(6,369)
Tax impact	67	1,091
Change in Actuarial reserve less tax impact	(319)	(5,278)
Consolidated comprehensive income for the period	424,135	631,875
Comprehensive income for the period – Non-controlling Interests	7,349	6,656
Comprehensive income for the period – Group	416,786	625,219

Notes to the consolidated results for the nine months ended October 31, 2013

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 more than 70 countries worldwide through a network that included 516 Directly Operated Stores (DOS) at October 31, 2013, 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 information for the nine months ended October 31, 2013, included in this Announcement refers to the Group of companies controlled by PRADA spa (the "Company"), holding company of the PRADA Group (the "Group"), and is based on its consolidated results. Such consolidated results for the nine months ended October 31, 2013, were prepared on a consistent basis compared to the Consolidated financial statements of the Group for the twelve months ended January 31, 2013, with the exception of the new and revised IFRS issued by the IASB and endorsed by the European Union that are effective for the PRADA Group starting from the current period's financial information.

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").

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

- 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";
- "IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine";
- Amendments to "IFRS 1 First-time Adoption of IFRS – Governments Loans";
- Annual improvements to IFRSs (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 information of the Prada Group for the nine months ended October 31, 2013.

3. Net revenues analysis

Net revenues for the nine months ended October 31, 2013

(amounts in thousands of Euro)	nine months ended October 31 2013 (unaudited)		nine months ended October 31 2012 (unaudited)		% change
Net sales by geographical area					
Italy	398,563	15.6%	385,065	16.7%	3.5%
Europe	572,012	22.5%	537,297	23.3%	6.5%
Americas	335,679	13.2%	295,775	12.8%	13.5%
Asia Pacific	931,978	36.6%	814,694	35.3%	14.4%
Japan (including Hawaii)	239,755	9.4%	246,880	10.7%	-2.9%
Middle East	65,036	2.5%	24,044	1.0%	170.5%
Other countries	4,183	0.2%	4,248	0.2%	-1.5%
Total	2,547,206	100.0%	2,308,003	100.0%	10.4%
Net sales by brand					
Prada	2,114,410	83.0%	1,876,603	81.3%	12.7%
Miu Miu	367,998	14.5%	360,664	15.6%	2.0%
Church's	51,261	2.0%	50,137	2.2%	2.2%
Car Shoe	10,953	0.4%	15,134	0.7%	-27.6%
Other	2,584	0.1%	5,465	0.2%	-52.7%
Total	2,547,206	100.0%	2,308,003	100.0%	10.4%
Net sales by product line					
Clothing	390,342	15.3%	387,929	16.8%	0.6%
Leather goods	1,710,783	67.2%	1,444,217	62.6%	18.5%
Footwear	415,358	16.3%	450,344	19.5%	-7.8%
Other	30,723	1.2%	25,513	1.1%	20.4%
Total	2,547,206	100.0%	2,308,003	100.0%	10.4%
Net sales by distribution channel					
DOS	2,182,040	85.7%	1,917,552	83.1%	13.8%
Independent customers and franchises	365,166	14.3%	390,451	16.9%	-6.5%
Total	2,547,206	100.0%	2,308,003	100.0%	10.4%
Net sales	2,547,206	98.9%	2,308,003	98.7%	10.4%
Royalties	28,895	1.1%	31,319	1.3%	-7.7%
Total net revenues	2,576,101	100.0%	2,339,322	100.0%	10.1%

Net revenues for the three months ended October 31, 2013

(amounts in thousands of Euro)	three months ended October 31 2013 (unaudited)		three months ended October 31 2012 (unaudited)		% change
Net sales by geographical area					
Italy	130,032	15.5%	125,739	16.1%	3.4%
Europe	197,712	23.5%	188,020	24.0%	5.2%
Americas	104,092	12.4%	91,614	11.7%	13.6%
Asia Pacific	304,414	36.2%	282,223	36.0%	7.9%
Japan (including Hawaii)	80,306	9.6%	82,465	10.5%	-2.6%
Middle East	21,749	2.6%	11,494	1.5%	89.2%
Other countries	1,317	0.2%	1,761	0.2%	-25.2%
Total	839,622	100.0%	783,316	100.0%	7.2%
Net sales by brand					
Prada	704,348	83.9%	643,170	82.1%	9.5%
Miu Miu	112,048	13.3%	114,693	14.6%	-2.3%
Church's	18,588	2.2%	19,127	2.5%	-2.8%
Car Shoe	3,402	0.4%	3,792	0.5%	-10.3%
Other	1,236	0.2%	2,534	0.3%	-51.2%
Total	839,622	100.0%	783,316	100.0%	7.2%
Net sales by product line					
Clothing	141,525	16.9%	139,252	17.8%	1.6%
Leather goods	554,414	66.0%	501,157	64.0%	10.6%
Footwear	132,962	15.8%	135,054	17.2%	-1.5%
Other	10,721	1.3%	7,853	1.0%	36.5%
Total	839,622	100.0%	783,316	100.0%	7.2%
Net sales by distribution channel					
DOS	759,580	90.5%	687,586	87.8%	10.5%
Independent customers and franchises	80,042	9.5%	95,730	12.2%	-16.4%
Total	839,622	100.0%	783,316	100.0%	7.2%
Net sales	839,622	99.0%	783,316	98.9%	7.2%
Royalties	8,414	1.0%	8,633	1.1%	-2.5%
Total net revenues	848,036	100.0%	791,949	100.0%	7.1%

Number of stores

	as at October 31 2013		as at January 31 2013		as at October 31 2012	
	DOS	franchises	DOS	franchises	DOS	franchises
Prada	312	23	283	19	270	19
Miu Miu	146	7	126	6	108	6
Church's	50	-	45	-	44	-
Car Shoe	8	-	7	-	6	-
Total	516	30	461	25	428	25

	as at October 31 2013		as at January 31 2013		as at October 31 2012	
	DOS	franchises	DOS	franchises	DOS	franchises
Italy	50	6	48	5	48	5
Europe	139	6	137	6	129	6
Americas	84	-	66	-	51	-
Asia Pacific	154	18	130	14	120	14
Japan (includ. Hawaii)	70	-	66	-	71	-
Middle East	16	-	11	-	6	-
Africa	3	-	3	-	3	-
Total	516	30	461	25	428	25

4. Operating expenses

(amounts in thousands of Euro)	nine months ended October 31 2013 (unaudited)	% on net revenues	nine months ended October 31 2012 (unaudited)	% on net revenues
Product design and development costs	94,077	3.6%	78,725	3.4%
Advertising and communication costs	135,878	5.3%	110,352	4.7%
Selling costs	859,247	33.4%	748,108	32.0%
General and administrative costs	142,224	5.5%	134,796	5.7%
Total	1,231,426	47.8%	1,071,981	45.8%

5. Interest and other financial expenses, net

(amounts in thousands of Euro)	nine months ended October 31 2013 (unaudited)	nine months ended October 31 2012 (unaudited)
Interests expenses on borrowings	(6,833)	(9,408)
Interest income	2,732	3,553
Exchange gains /(losses) – realized	(8,022)	5,737
Exchange gains/(losses) – unrealized	558	(659)
Other financial income/(expenses)	(2,858)	(3,517)
Dividends received from third parties	284	-
Total	(14,139)	(4,294)

6. Taxation

(amounts in thousands of Euro)	nine months ended October 31 2013 (unaudited)	nine months ended October 31 2012 (unaudited)
Current taxation	238,541	205,300
Deferred taxation	(23,406)	(11,196)
Income taxes	215,135	194,104

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.

	nine months ended October 31 2013 (unaudited)	nine months ended October 31 2012 (unaudited)
Group's net income in Euro	440,879,330	408,552,227
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	0.172	0.160

Dividends per share

During the nine months ended October 31, 2013, the Company distributed dividends for Euro 230,294,160, as approved by the Annual General Meeting held on May 23, 2013, to approve the financial statements for the year ended January 31, 2013. The payment was arranged on June 2013, net of the Italian withholding tax payable (Euro 9.2 million), as arising from the application to the whole amount of dividends payable to beneficial owners of the Company shares held through the Hong Kong Central Clearing and Settlement System of the Italian ordinary withholding tax rate for dividends paid to non-Italian residents.

During the period ended January 31, 2013, 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. The payment of the dividends and the related Italian withholding tax payable, 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, 2013.

8. Inventories, net

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Raw materials	103,157	79,559
Work in progress	36,090	24,620
Finished products	395,490	314,244
Allowance for obsolete and slow moving inventories	(74,519)	(74,621)
Total	460,218	343,802

The increase in inventory was essentially attributable to the number of stores opened since the beginning of the year, to the more expensive fall/winter collection stocked at October 31, 2013, as well as to the larger quantities of raw material purchased to support the growth of the retail business.

9. Trade receivables, net

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Trade receivables from third parties	240,236	286,390
Allowance for bad and doubtful debts	(11,857)	(11,547)
Trade receivables from related parties	37,129	29,682
Total	265,508	304,525

The Net Trade receivable, compared with January 2013, decreased thanks to the collection of the wholesale deliveries, typical of this part of the year.

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

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Financial receivables from other related parties	1,415	1,413
Other receivables from PRADA Holding bv	342	249
Other receivables from companies controlled by PRADA Holding bv	19	3
Other receivables from other related parties	2,866	2,652
Advance payments to other related parties	2,207	15,176
Total	6,849	19,493

The decrease in Advance payments to other related parties referred for Euro 12.3 million to the release through income statement of the advance payments made at January 31, 2013, to Luna Rossa Challenge NZ ltd and Luna Rossa Challenge srl following the completion of the XXXIV edition America's Cup competition during the current period. At October 31, 2013, the caption included advance payments of Euro 2.1 million made to Progetto Prada Arte srl and Stichting Fondazione Prada for cultural initiatives to be undertaken after the reporting period.

11. Capital expenditure

Changes in the net book value of Property, plant and equipment in the period ended October 31, 2013, 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
Change in scope of consolidation	-	-	5	103	-	-	108
Additions	110,274	7,313	119,784	44,355	28,482	66,090	376,298
Depreciation	(5,796)	(5,803)	(79,904)	(23,058)	(5,641)	-	(120,202)
Disposals	(5)	(35)	(80)	(402)	(57)	(50)	(629)
Exchange differences	(48)	7	(9,366)	(1,675)	(160)	(2,066)	(13,308)
Other movements	7,362	48	32,002	8,414	5,615	(54,116)	(675)
Impairment	-	-	(1,015)	(584)	(4)	(19)	(1,622)
Balance at Oct 31, 2013 (unaudited)	323,367	18,978	434,469	137,463	67,648	115,344	1,097,269

Changes in the net book value of Intangible assets in the period ended October 31, 2013, 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
Change in scope of consolidation	-	-	4,892	-	-	-	4,892
Additions	244	-	14,293	1,248	19,128	5,189	40,102
Amortization	(8,265)	-	(9,244)	(2,535)	(1,168)	-	(21,212)
Disposals	-	-	-	-	-	-	-
Exchange differences	424	71	(254)	(24)	-	(106)	111
Other movements	-	-	3,617	1,735	759	(5,715)	396
Impairment	-	-	-	(76)	-	(46)	(122)
Balance at Oct 31, 2013 (unaudited)	283,508	504,058	79,067	8,336	20,396	7,552	902,917

12. Other current assets

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
VAT	32,603	25,072
Income tax and other tax receivables	13,779	20,540
Other assets	24,347	16,731
Prepayments and accrued income	55,061	41,266
Deposits	5,044	1,214
Financial assets held for trading	965	-
Total	131,799	104,823

13. Other non-current assets

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Guarantee deposits	56,779	50,898
Deferred rental income	5,127	2,410
Other receivables	9,832	8,374
Total	71,738	61,682

14. Payables to parent company and other related parties

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Financial payables to other related parties	4,092	5,018
Other payables to PRADA Holding bv	126	120
Other payables to other companies controlled by PRADA Holding bv	-	3
Other payables to other related parties	681	458
Total	4,899	5,599

15. Trade payables

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Trade payables – third parties	340,973	323,894
Trade payables – related parties	15,791	6,719
Total	356,764	330,613

16. Other current liabilities

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Payables for capital expenditure	70,974	57,969
Accrued expenses and deferred income	10,301	9,810
Other payables	76,093	63,866
Total	157,368	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	(4)	(402)	(625)	(1,031)
Reversals	(16)	(2)	(60)	(78)
Uses	(72)	(361)	(556)	(989)
Increases	33	694	4,396	5,123
Balance at October 31, 2013 (unaudited)	1,716	27,396	20,827	49,939

During the nine months ended October 31, 2013, there were neither significant development regarding the outstanding litigations at January 31, 2013, nor new controversy occurred during the period so as to considerably adjust the estimates made to account for Provisions for risks and charges at January 31, 2013.

Management Discussion and Analysis for the three months period ended October 31, 2013

Net revenues

In the three months ended October 31, 2013, the Group's net revenues amounted to Euro 848.0 million, advancing 7.1% compared to Euro 792.0 million posted in the three months ended October 31, 2012. At constant exchange rates the increase was 13.2%.

The net sales were almost entirely contributed by the retail channel that, covering 90.5% of the net sales of the three months ended October 31, 2013, increased by 10.5% compared to the same period of last year. At constant exchange rates the progress was even more solid standing at 17.2%.

At constant exchange rates, all regions expanded their business compared to the same three months period of 2012. Precisely, Americas and Japan accelerated the growth trends achieved during the year, while Europe and Asia Pacific slightly decelerated their pace of growth following a general market trend. Italy confirmed the results posted during the first six months and the Middle East continued delivering impressive paces of growth.

Again, Prada and the Leather goods category were the driving forces for the net revenues expansion even if their growth rates decelerated compared to the results posted in the first six months of 2013.

During the three months ended October 31, 2013, a net of 25 new stores (30 openings and 5 closures) were opened by the Group.

Operating results

The Gross margin for the three months ended October 31, 2013, climbed up to 75.7% as a percentage on net revenues compared to 73% related to the same quarter of last year. The improvement was recorded following a higher exposure on retail and leather goods. In addition, the margin benefitted from actions taken in the pricing policy.

In the three months ended October 31, 2013, the EBITDA totaled Euro 269.9 million that, compared to Euro 258.5 million achieved in the same period of 2012, delivered an increase of 4.4%. Interim operating results may be variable quarter on quarter and were impacted in these three months by the sharp reduction of the wholesale business (-16.4%), the higher impact of the sponsorship spending as well as the retail expansion program.

The taxation of the three months ended October 31, 2013, was affected by the recognition of a Euro 22 million charge regarding a new rejection by the Italian Tax Authorities of the PRADA spa's request not to apply the Italian Controlled Foreign Companies rules ("CFC") to its Dutch sub-holding company PRADA Far East bv. In fact, on October 24, 2013, the Italian Tax Authority denied the request filed by PRADA spa on June 26, 2013, not to apply the

Italian CFC rules to its Dutch sub-holding company PRADA Far East bv with reference to the 2012 tax year.

As reported in the 2012 Annual Report and Announcements, the Italian Tax Authorities already denied in October 2012 the requests of PRADA spa not to apply the Italian CFC rules with reference to the 2010 and 2011 tax years. Accordingly, the income statement for the three months ended October 31, 2012, included some Euro 42 million as a result of the payment made at that time and relating to such deny.

In spite of the above mentioned circumstances, PRADA spa, persuaded of its position, decided in 2012 to appeal in order to make opposition against the reply of the Tax Authorities and, further, to obtain the refund of the amount already paid, equal to Euro 42 million for the years 2010 and 2011. PRADA spa is preparing the appeal in order to make opposition also for the tax year 2012 and to obtain the refund of the amount already paid, equal to Euro 22 million.

As a consequence of the above, the effective tax rate for the three months ended October 31, 2013, was equal to 38.4%, but decreased anyway compared to the same quarter last year essentially because of the different weight of the two above mentioned extraordinary charges in the two quarters under comparison.

The net result of the Group for the three months ended October 31, 2013, amounted to Euro 132.6 million, up by 8.6% compared to Euro 122.1 million posted in the three months ended October 31, 2012. As a result of all above, the Group's net result as a percentage on net revenues slightly improved from 15.4% for the three months ended October 31, 2012, to 15.6%.

Management Discussion and Analysis for the nine months ended October 31, 2013

Net revenues

In the nine months ended October 31, 2013, the consolidated net revenues of the Group totaled Euro 2,576.1 million and recorded an increase of 10.1% over Euro 2,339.3 million posted in the same period of last year.

Distribution channels

The net sales generated by the retail channel amounted to Euro 2,182.0 million for the nine months ended October 31, 2013, and, contributing 85.7% to consolidated net sales, showed a progress of 13.8% compared to Euro 1,917.6 million achieved in the same period of last year. The increase at constant exchange rates was 18.7% while, at Same Store Sales Growth (SSSG) basis, the business expansion was 7%, reporting a pretty stable trend along the nine months despite the still uncertain general economic environment. During the nine months ended October 31, 2013, the Group increased the number of DOS with a net of 55 new shops (66 openings and 11 closures).

Contributing for the remaining 14.3% of total net sales, the wholesale channel contracted 6.5% compared to the same period of 2012. This was the result of the persisting strategy aimed to improve the quality of this channel through the confirmation of the best independent accounts only and through the conversion program of corners into DOS in US and Canada. Anyway, it is to be noted that four key duty free franchisee shops opened in the period which helped to partially compensate the shrinkage.

Markets

In terms of geographical areas, the nine months ended October 31, 2013, reported positive growth at constant exchange rates in all regions compared to the same period of last year.

More in details, the Asia Pacific market posted net sales of Euro 932.0 million, showing an increase of 14.4% over Euro 814.7 million achieved in the nine months ended October 31, 2012 (+16.7% at constant exchange rates). In the region, the retail channel contributed almost totally to the business expansion counting on a total of 154 DOS at October 31, 2013, out of which a net of 24 were opened from the beginning of the period (26 openings and 2 closures). The Greater China posted net sales of Euro 592.6 million and recorded a growth of 14.8% compared to Euro 516.1 million reported in the nine months ended October 31, 2012.

In the nine months ended October 31, 2013, the European market delivered net sales totaling Euro 572.0 million over Euro 537.3 million achieved in the same period of 2012. The growth was 6.5% as reported and 8.6% at constant exchange rates. The retail chain operating in the region counted on a total of 139 DOS at the end of the period and managed to deliver a solid double-digit grow all along the current period. On the contrary, but confirming the trend already recorded in previous quarters, the wholesale channel suffered.

The Italian market recorded net sales of Euro 398.6 million, up by 3.5% over Euro 385.1 million achieved in the nine months ended October 31, 2012. Especially in secondary cities, the domestic market suffered the current economic situation that negatively affected the results of the wholesale channel.

In the nine months ended October 31, 2013, the American market scored net sales amounting to Euro 335.7 million and posted a 13.5% growth compared to Euro 295.8 million recorded in the same period of last year (+17.5% at constant exchange rates). In the region the performances of the retail channel grounded on a solid SSSG rate and were further strengthened by the contribution of the recent strategic conversion program that helped raising the number of DOS from 61 at the beginning of the 2013 financial year to 84 (26 openings and 3 closures).

The Japanese market (including Hawaii) generated net sales of Euro 239.8 million posting a 2.9% slowdown mainly due to the progressive weakening of the Japanese Yen. In fact, at constant exchange rates, the area posted a growth of 18.6% compared to the nine months ended October 31, 2012. In the period it is worth highlighting the unveiling of the impressive store in Shinsaibashi in Osaka occurred last July 2013.

The Middle East market, which was counting on its 16 DOS, continued delivering impressive paces of growth and recorded net sales of Euro 65.0

million compared to Euro 24.0 million achieved in the same period of 2012.

Products

In the nine months ended October 31, 2013, the Leather goods product category contributed 67.2% to consolidated net sales. The business generated was Euro 1,710.8 million, advancing 18.5% over Euro 1,444.2 million posted in the same period of last year. At constant exchange rates, the performance of this merchandise category was 23.2%, scoring double-digit growths in all regions and in both channels.

The Footwear category delivered net sales of Euro 415.4 million, contracting 7.8% compared to Euro 450.3 million posted in the nine months ended October 31, 2012 (-4.9% at constant exchange rates). The shrinkage was due to the strategy of rationalization applied to the wholesale business even if the growth achieved in the retail channel relieved the negative results.

Thanks to retail, the third quarter of the 2013 helped to slightly improve the Ready-to-wear performances for the nine months ended October 31, 2013, compared to the same period of last year. Net sales were Euro 390.3 million and recorded an increase of 0.6% over Euro 387.9 million posted in the nine months ended October 31, 2012 (+4.3% at constant exchange rates).

Brands

In the nine months ended October 31, 2013, the Prada brand delivered net sales amounting to Euro 2,114.4 million, reporting an increase of 12.7% over Euro 1,876.6 million posted in the same period of 2012 (+16.8% at constant exchange rates). As a result of its growth, the contribution of the brand to the consolidated net sales climbed from 81.3% in the nine months ended October 31, 2012, to 83%. Confirming the trend of the first six months of the year, the Prada brand, except for Italy, recorded solid double-digit performances everywhere at constant exchange rates.

The Miu Miu brand generated net sales of Euro 368.0 million, up by 2% compared to Euro 360.7 million posted in the nine months ended October 31, 2012. At constant exchange rates the increase raised up to 7.1%. From a product point of view, the brand advanced in all categories at constant exchange rates while, from a geographical perspective, Americas, Asia Pacific, Italy and Middle East showed positive trends.

The performances of the Church's brand were driven by the wholesale channel and the European market. In the nine months ended October 31, 2013, net sales totaled Euro 51.3 million and recorded an increase of 2.2% (+5.6% at constant exchange rates) over the results achieved in the same period of 2012.

Car Shoes net sales amounted to Euro 11.0 million, down by 27.6% over the same period of last year. This was due also because of timing differences in wholesale deliveries occurred last year.

Royalties

The business of the licensed products contributed net revenues of Euro 28.9

million compared to Euro 31.3 million posted in the nine months ended October 31, 2012. The comparative results contained some Euro 5 million related to the launch of the PRADA Phone by LG 3.0 in partnership with LG Electronics that finished contributing royalties by the end of last financial year. Normalized of this effect, the royalties income of the nine months ended October 31, 2013, increased thanks to the eyewear and fragrances licenses.

Operating results

The consolidated Gross margin for the nine months ended October 31, 2013, amounted to Euro 1,909.2 million and recorded an increase of 13.3% compared to Euro 1,684.4 million posted in the same period of 2012. In terms of profitability, the Gross margin raised to 74.1% from 72% mainly thanks to a more favorable mix of sales in terms of channel, geographical area and product category and, to a lesser extent, the first results of actions taken in the pricing policy.

As a consequence of the above, the EBITDA margin raised from 31.1% to 31.9%, despite a higher incidence of the operating expenses especially in the advertising and selling area. The consolidated EBITDA totaled Euro 821.0 million, up by 12.8% compared to Euro 727.9 million scored in the same period of 2012.

In the nine months ended October 31, 2013, the EBIT amounted to Euro 677.8 million advancing 10.7% over Euro 612.5 million recorded in the same period of 2012. As a percentage on consolidated net revenues, the EBIT margin remained almost unchanged compared to previous period, standing at 26.3% this reporting period.

The effective tax rate for the nine months ended October 31, 2013, meant as taxation on result before taxation, was equal to 32.4%, reporting a small increase compared to 31.9% posted in same period of last year. Both periods under comparison were affected by extraordinary charges regarding the rejection by the Italian Tax Authorities, in 2013 and 2012 respectively, of the PRADA spa’s request not to apply the Italian Controlled Foreign Companies rules (“CFC”) to its Dutch sub-holding company PRADA Far East bv.

The Group’s net result for the nine months ended October 31, 2013, totaled Euro 440.9 million and posted an increase of 7.9% over Euro 408.6 million recorded in the nine months ended October 31, 2012. In terms of profitability, the net result suffered a further dilution due to the negative impact of the exchange rates fluctuations on the financial charges of the period.

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 October 31 2013 (unaudited)	as at January 31 2013 (audited)
Non-current assets (excluding deferred tax assets)	2,093,833	1,821,773
Trade receivables, net	265,508	304,525
Inventories, net	460,218	343,802
Trade payables	(356,764)	(330,613)
Net operating working capital	368,962	317,714
Other current assets (excluding financial position items)	157,528	165,962
Other current liabilities (excluding financial position items)	(324,608)	(230,285)
Other current assets/(liabilities), net	(167,080)	(64,323)
Provisions for risks	(49,939)	(46,914)
Post-employment benefits	(66,050)	(45,538)
Other long-term liabilities	(106,865)	(85,289)
Deferred taxation, net	146,149	120,421
Other non-current assets/(liabilities), net	(76,705)	(57,320)
Net invested capital	2,219,010	2,017,844
Shareholders' equity – Group	(2,506,514)	(2,320,022)
Shareholders' equity – Non Controlling Interests	(15,978)	(10,470)
Total consolidated Shareholders' equity	(2,522,492)	(2,330,492)
Long term financial payables	(215,797)	(79,348)
Short term financial , net surplus/(deficit)	519,279	391,996
Net financial position surplus/(deficit)	303,482	312,648
Shareholders' equity and Net financial position	(2,219,010)	(2,017,844)

At October 31, 2013, the Net invested capital totaled Euro 2,219.0 million compared to Euro 2,017.8 million at January 31, 2013. The higher value essentially resulted from the increase of the Non-current assets, driven by the capital expenditure of the period, the growth of the Net operating working capital, following a raise in the level of inventories as explained under Note 8, and more current liabilities.

The Group's net equity rose from Euro 2,320 million to Euro 2,506.5 million at October 31, 2013. The increase generated by the Group's net income for the nine months ended October 31, 2013, amounting to Euro 440.9 million, was partially offset by Euro 230.3 million of dividends distributed to the PRADA spa shareholders (as approved on May 23, 2013, by the Annual general Meeting on the financial statements for the year ended January 31, 2013) and by Euro 1.9 million of dividends paid to Non-controlling interests. Other charges resulting from translation differences and charges in the fair value of equity reserves accounted for the rest and netting the increase.

Net financial position surplus/(deficit)

(amounts in thousands of Euro)	as at October 31 2013 (unaudited)	as at January 31 2013 (audited)
Long-term debt	(215,401)	(78,830)
Obligations under finance leases	(396)	(518)
Long-term financial payables	(215,797)	(79,348)
Bank overdraft and short term loans	(68,169)	(175,570)
Payables to related parties	(4,092)	(5,018)
Receivables from related parties	1,415	1,413
Obligations under finance leases	(202)	(575)
Cash and cash equivalents	590,327	571,746
Short-term net financial surplus/(deficit)	519,279	391,996
Net financial position surplus/(deficit)	303,482	312,648

The free cash flow for the nine months ended October 31, 2013, amounted to Euro 224.6 million and resulted from the generation of cash from operations for Euro 612.8 million and the utilization of funds for investing activities for Euro 388.2 million. The surplus funds achieved allowed to pay a total of dividends to Controlling and Non-controlling shareholders for Euro 232.2 million and to maintain at the end of October a positive net financial position of Euro 303.5 million.

In terms of maturity of the bank debt, it is worth highlighting that the long-term side increased essentially because of a couple of new arrangements in PRADA spa and PRADA Japan co ltd. On August 1, 2013, PRADA spa settled a Euro 130 million Notes listed on the Irish Stock Exchange and issued with a price of 99.641 per cent. The Notes is due in 2018 and pays annual interest at the rate of 2.75%. On March 29, 2013, PRADA Japan co ltd entered into a syndicate loan agreement with a pool of Japanese banks for a total amount of Japanese Yen 6 billion, drawn at October 31, 2013, for some Japanese Yen 5.6 billion, or Euro 43.4 million.

On the short-term side, the decrease of Euro 107.4 million in Bank overdraft and short-term loans was essentially attributable to the repayment of the Pool loan borrowed by PRADA spa, for a total amount equal to Euro 100 million, and to that of PRADA Japan co ltd, for an amount equal to some Euro 21 million. The decrease was also affected by some new minor arrangement then partially offset by the reclassification of the current portion of some long-term loans.

Analysis of capital expenditure

The capital expenditure in Property, plant and equipment and Intangible assets for the nine months ended October 31, 2013, was allocated to the strengthening of the retail channel for Euro 355 million, to the production and logistics activities for Euro 20 million and to the corporate area for Euro

41 million. In particular, the retail network development included the purchase of a prestigious real estate in 17-18 Old Bond Street, London, already operating under a lease agreement (Prada women shop).

Events after the reporting date

On December 11, 2013, the Group finalized the agreement with third parties for the purchase of a further prestigious real estate in London, namely 16 Old Bond street, already occupied under a rental agreement (Prada men shop).

Outlook

In the current volatile environment, the Group will seek to strengthen its leading position in the luxury space, mainly through its retail operations.

Unfavorable exchange rates and softening consumption patterns in some regions could weight on results and thus will require increasing attention by the management in order to insure profitability and continue the retail expansion.

Corporate Governance Practices

Audit Committee

The Audit Committee, which comprises three independent non-executive directors, on December 20, 2013, has reviewed the unaudited consolidated results of the Company and its subsidiaries for the nine months ended October 31, 2013.

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 October 31, 2013.

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 October 31, 2013.

Publication of Announcement on consolidated results for the nine months ended October 31, 2013

This announcement on the consolidated results for the nine months ended October 31, 2013 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.

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

Milan (Italy), December 20, 2013

As at the date of this announcement, the Company's executive directors are Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Carlo MAZZI, 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.