

PRESS RELEASE

**THE GROUP APPROVES ITS 2011 ANNUAL REPORT
ANOTHER YEAR OF DOUBLE DIGIT GROWTH**

Consolidated net revenues of Euro 2,555.6 million, +24.9%

EBITDA of Euro 759.3 million, +41.7%

EBIT of Euro 628.9 million, +50.3%

Net income of Euro 431.9 million, +72.2%

A return to a positive net financial position of Euro 15.8 million

Further retail network expansion with 75 new DOS opened during the year

388 DOS at January 31, 2012

March 29, 2012 - The Prada Spa Board of Directors met today at the company premises in Terranuova Bracciolini and approved the separate financial statements of Prada Spa and the consolidated financial statements for the year ended January 31, 2012.

In 2011, the PRADA Group successfully pursued its strategy of growth on the global luxury goods market. For the second consecutive year, by combining an ongoing search for stylistic quality and innovation, the international expansion of its retail network and constant attention to efficiency, the Group achieved one of the highest growth in the sector and a further, significant improvement in profitability.

Consolidated net revenues totaled Euro 2,555.6 million, a 24.9% increase (+26.4% at constant exchange rates) on the Euro 2,046.7 million reported in 2010.

EBITDA amounted to Euro 759.3 million, a 41.7% increase on 2010, and represented 29.7% of net revenues.

EBIT amounted to Euro 628.9 million, a 50.3% increase on prior year, and represented 24.6% of net revenues.

Net income increased by 72.2% from Euro 250.8 million in 2010 to Euro 431.9 million this year and represented 16.9% of consolidated net revenues.

Cash flows from the share capital increase from the IPO and, above all, the high level of operating cash flow enabled the Group to finance its capital investment during the year and achieve a **positive net financial position** of Euro 15.8 million at January 31, 2012.

Earnings per share rose from Euro 0.10 to Euro 0.17 per share.

The Board proposes payment of a dividend of Euro 0.05 per share. This proposal will be subject for approval to the Annual General Meeting to be convened on May 22, 2012 in Hong Kong.

Analysis of Revenues

Distribution Channels

In line with Group strategy, sales growth has been driven by the retail channel where a 37.6% increase on 2010 (+39.2% at constant exchange rates) was achieved thanks to newly opened DOS and like for like growth.

Like-for-like growth of 23% was recorded in 2011, in excess of +20% for the second consecutive year.

The retail channel now contributes 77.9% of the Group's net revenues, a significant increase on the 70.8% contributed in prior year.

Coherently with the selective strategy now followed by the Group for some years, the wholesale channel contracted by 5.2% while contributing 22.1% of consolidated net revenues.

Markets

All regions performed well with an increasingly important role played by the Asia Pacific market which was once again the leading market, both in absolute terms and for growth: it generated net revenues of Euro 873 million (+42.2% compared to 2010 and +45.1% at constant exchange rates) while its contribution towards consolidated net revenues rose from 30.4% to 34.6%. Net sales in the Asia Pacific area were almost entirely generated by the retail network which included 115 DOS at January 31, 2012. 8 of the 18 new DOS opened by the Group in the Asia Pacific area are located in China.

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The other markets also enjoyed strong rates of growth: Europe +16.8%, the United States +20.2% (+26.1% at constant exchange rates) and Japan which confirmed itself a solid market with 16.2% growth (+ 11.9% at constant exchange rates).

Brands and products

Growth was driven mainly by Prada and Miu Miu which both enjoyed growth of around 25%.

All product categories contributed towards the Group's net revenue growth. Leather goods (+40.7%) now account for more than 56% of consolidated sales while clothing and footwear (+6% and +11.3%, respectively) confirm the Group's ability to lead the way in all soft luxury goods categories.

Strategy

During the year, the Group continued to expand its network of Directly Operated Stores (DOS), increasing its presence both in high growth markets for the luxury goods industry and in more mature markets not yet fully covered by the retail network.

The Group opened 75 new DOS in 2011 and refurbished and extended existing stores. The new stores were opened across 17 different countries, including Russia and the United Arab Emirates where the Group did not have a direct presence. At January 31, 2012, the retail network included a total of 388 DOS.

Prada's remains committed to art in its various forms of expression, as a means of interacting with society as a whole, and this is reflected in the identity of the Group brands. The agreement with the *Conseil Economique, Social et Environnemental*, allowing the *Palais d'Iéna* in Paris to host Miu Miu fashion shows, is in keeping with this spirit as was the "24 hour Museum" event held there with Francesco Vezzoli.

The Group has also confirmed its strong relationship with *Fondazione Prada* which inaugurated *Ca' Corner della Regina*, an historic building on the Grand Canal in Venice, as its new exhibition venue in 2011.

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On a different note but very important in terms of communications and increasing brand awareness, the Group will once again support “*Luna Rossa*” in its challenge for the 34th edition of the America’s Cup to be held in San Francisco, California in 2013.

Patrizio Bertelli, Chief Executive Officer of Prada Spa, is extremely satisfied with the results achieved and commented “*Our Group enjoyed its best ever year, an important phase that saw the successful listing of Prada Spa shares on the Hong Kong Stock Exchange. In recent years, we have focused on our brands and on developing the retail network, pursuing a strategy that has enabled us to cope well during difficult times for the market while also making the most of the best opportunities available at times of growth. What has been achieved so far with drive and commitment will form the basis for further growth in future. We will aim to consolidate the Group’s position as a leading luxury goods business on all international markets and will continue to draw on innovation, quality and respect for tradition.*”

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PRADA Group

The PRADA Group - HKSE Code: 1913 - is amongst the world's leaders in the luxury market, and it operates through its Prada, Miu Miu, Church’s and Car Shoe brands in the production and marketing of high-quality bags, leather goods, footwear, ready-to-wear, and accessories. The Group is also active, through licensing agreements, in eyewear, fragrances and mobile phones. Its products are sold in 70 countries worldwide through 388 directly operated stores (DOSs) as of January 31st, 2012, and a select network of luxury department stores, multi-brand stores and franchisees.