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PRADA MILANO
DAL 1913

PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE THREE MONTHS ENDED APRIL 30, 2014

- Net revenues were Euro 777.7 million, recording a decrease of 0.6% compared with the three months ended April 30, 2013
- Retail net sales were Euro 697.8 million, up by 2.8% compared with the three months ended April 30, 2013 (+7.7% at constant exchange rates)
- EBITDA was Euro 213.9 million, representing a margin of 27.5% on net revenues (30.8% in the three months ended April 30, 2013)
- Group's net income amounted to Euro 105.3 million, compared to Euro 138.2 million for the three months ended April 30, 2013
- Positive net financial position at Euro 349.1 million as at April 30, 2014
- Net operating cash flow for the three months ended April 30, 2014, was Euro 178.3 million

Consolidated results for the three months ended April 30, 2014

The Board of Directors (the "Board") of PRADA S.p.A. (the "Company" or "PRADA spa") announces the unaudited Consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended April 30, 2014.

Key financial information

Key information from the Income statement (amounts in thousands of Euro)	three months ended Apr 30 2014 (unaudited)	twelve months ended Jan 31 2014 (audited)	three months ended Apr 30 2013 (unaudited)	% change vs April 30 2013
Net revenues	777,740	3,587,347	782,294	-0.6%
EBITDA	213,947	1,143,186	240,825	-11.2%
EBITDA %	27.5%	31.9%	30.8%	-
EBIT	156,342	939,237	195,719	-20.1%
EBIT %	20.1%	26.2%	25.0%	-
Income before tax	150,757	922,896	189,845	-20.6%
Net income of the Group	105,331	627,785	138,158	-23.8%
Earnings per share (Euro)	0.041	0.245	0.054	-23.8%
Capital expenditure	116,653	611,227	178,252	-
Net operating cash flows	178,334	769,437	244,553	-
Average headcount (persons)	11,665	10,816	10,121	15.3%

Key information from the Statement of financial position (amounts in thousands of Euro)	as at Apr 30 2014 (unaudited)	as at Jan 31 2014 (audited)	as at Apr 30 2013 (unaudited)	change vs Jan 31 2014
Net operating working capital	393,159	409,774	287,265	(16,615)
Net invested capital	2,443,611	2,405,650	2,122,017	37,961
Net financial position surplus/(deficit)	349,050	295,890	360,516	53,160
Group shareholders' equity	2,774,452	2,687,554	2,468,116	86,898

Highlights for the three months ended April 30, 2014

In the three months ended April 30, 2014, the consolidated net revenues amounted to Euro 777.7 million, slightly below Euro 782.3 million posted in the same three months period of 2013. These performances were achieved in a general context of unfavorable exchange rates (at constant exchange rates net revenues grew up 3.8%) and contingent factors such as the expected and significant decline in the wholesale deliveries and tough comparable basis.

The retail channel, leveraging on a network of 551 Directly Operated Stores (DOS) at April 30, 2014, generated the business development of the period and balanced the contraction planned in the wholesale compared to the same three months of 2013.

The profitability achieved at gross margin level was 74%, slightly improving compared to 73.6% reached in the same period of last year.

The EBITDA totaled Euro 213.9 million, down 11.2% compared to Euro 240.8 million recorded in the three months ended April 30, 2013. In terms of profitability, the EBITDA margin decreased from 30.8% to 27.5% due to the higher incidence of the operative expenses.

Likewise, the EBIT for the three months ended April 30, 2014, decreased to Euro 156.3 million, or 20.1% as a percentage of net revenues, from Euro 195.7 million, or 25% as a percentage of net revenues, recorded in the first quarter of 2013.

The Group's net income amounted to Euro 105.3 million compared to Euro 138.2 million generated in the three months ended April 30, 2013.

The capital expenditures for the three months ended April 30, 2014, totaled Euro 116.7 million, mainly aimed to further expand the retail network.

Despite the spending for investments during the three months period, the Group's operations managed to generate a free cash flow that allowed the positive financial position to stand at Euro 349.1 million at April 30, 2014, an increase of Euro 53.2 million from Euro 295.9 million at January 31, 2014.

Consolidated income statement for the three months ended April 30, 2014

(amounts in thousands of Euro)	Note	three months ended April 30 2014 (unaudited)	% on Net revenues	three months ended April 30 2013 (unaudited)	% on Net revenues
Net revenues	3	777,740	100.0%	782,294	100.0%
Cost of goods sold		(202,243)	-26.0%	(206,436)	-26.4%
Gross margin		575,497	74.0%	575,858	73.6%
Operating expenses	4	(419,155)	-53.9%	(380,139)	-48.6%
EBIT		156,342	20.1%	195,719	25.0%
Interest and other financial income/(expenses), net	5	(6,040)	-0.8%	(6,162)	-0.8%
Dividends received from third parties		455	0.1%	288	-
Income before taxes		150,757	19.4%	189,845	24.3%
Taxation	6	(41,332)	-5.3%	(47,958)	-6.1%
Net income from continuing operations		109,425	14.1%	141,887	18.1%
Net income for the period		109,425	14.1%	141,887	18.1%
Net income – Non-controlling interests		4,094	0.5%	3,729	0.5%
Net income – Group		105,331	13.6%	138,158	17.7%
Depreciation, amortization and impairment		57,605	7.4%	45,106	5.8%
EBITDA		213,947	27.5%	240,825	30.8%
Basic and diluted earnings per share (in Euro per share)	7	0.041		0.054	

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Assets			
Current assets			
Cash and cash equivalents		688,372	568,414
Trade receivables, net	9	236,004	308,405
Inventories, net	8	503,885	449,903
Derivative financial instruments - current		11,064	13,984
Receivables from, and advance payments to, parent company and other related parties - current	10	3,778	5,993
Other current assets	12	138,612	114,897
Total current assets		1,581,715	1,461,596
Non-current assets			
Property, plant and equipment	11	1,234,064	1,230,192
Intangible assets	11	940,142	901,289
Associated undertakings		23,077	21,186
Deferred tax assets		195,968	201,245
Other non-current assets	13	71,008	69,867
Derivative financial instruments non-current		1,141	1,430
Receivables from, and advance payments to, parent company and other related parties – non-current	10	8,368	1,487
Total non-current assets		2,473,768	2,426,696
Total Assets		4,055,483	3,888,292
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		63,539	61,909
Payables to parent company and other related parties - current	14	4,366	4,894
Trade payables	15	346,730	348,534
Current tax liabilities		150,490	132,145
Derivative financial instruments - current		5,000	3,803
Obligations under finance leases - current		481	524
Other current liabilities	16	144,314	154,666
Total current liabilities		714,920	706,475
Non-current liabilities			
Long-term financial payables		271,921	207,950
Obligations under finance leases non-current		13	19
Post-employment benefits		65,219	63,279
Provision for risks and charges	17	51,785	52,660
Deferred tax liabilities		43,273	42,671
Other non-current liabilities		101,323	98,982
Derivative financial instruments non-current		1,088	1,469
Payables to parent company and other related parties – non-current	14	13,281	13,247
Total non-current liabilities		547,903	480,277
Total Liabilities		1,262,823	1,186,752
Share capital		255,882	255,882
Other reserves		2,479,872	1,853,325
Translation reserve		(66,633)	(49,438)
Net profit for the period		105,331	627,785
Total Shareholders' equity – Group		2,774,452	2,687,554
Shareholders' equity – Non-controlling interests		18,208	13,986
Total Liabilities and Shareholders' equity		4,055,483	3,888,292

Net current assets		866,795	755,121
Total assets less current liabilities		3,340,563	3,181,817

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, 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	-	-	-	-	-	-	-	-	-	-	-	-
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the three months (recycled to P&L)	-	-	-	24,763	(11,709)	-	(3,118)	-	138,158	148,094	3,947	152,041
Comprehensive income for the three months (not recycled to P&L)	-	-	-	-	-	-	-	-	-	-	-	-
Balance at April 30, 2013 (unaudited)	2,558,824,000	255,882	410,047	(17,525)	8,439	(6,470)	2,368	1,677,217	138,158	2,468,116	14,417	2,482,533
Dividends	-	-	-	-	-	-	-	(230,294)	-	(230,294)	(6,634)	(236,928)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	40	40
Comprehensive income for the nine months (recycled to P&L)	-	-	-	(31,913)	(4,740)	-	1,740	-	489,627	454,714	6,163	460,877
Comprehensive income for the nine months (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
Allocation of 2013 net profit	-	-	-	-	-	-	-	627,785	(627,785)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of Marchesi Angelo srl	-	-	-	-	-	-	-	(2,450)	-	(2,450)	106	(2,344)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	291	291
Comprehensive income for the year (recycled to P&L)	-	-	-	(17,195)	(206)	-	1,418	-	105,331	89,348	3,825	93,173
Comprehensive income for the year (not recycled to P&L)	-	-	-	-	-	-	-	-	-	-	-	-
Balance at April 30, 2014 (unaudited)	2,558,824,000	255,882	410,047	(66,633)	3,493	(11,452)	5,526	2,072,258	105,331	2,774,452	18,208	2,792,660

Condensed statement of consolidated cash flows

(amounts in thousands of Euro)	three months ended April 30 2014 (unaudited)	three months ended April 30 2013 (unaudited)
Net cash flows from operating activities	178,334	244,553
Cash flows generated/(utilized) by investing activities	(122,483)	(205,793)
Cash flows generated/(utilized) by financing activities	69,123	(10,172)
Change in cash and cash equivalents, net of bank overdrafts	124,974	28,588

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	three months ended April 30 2014 (unaudited)	twelve months ended January 31 2014 (audited)
Net income for the period – Consolidated	109,425	637,805
A) Items recycled to P&L:		
Change in Translation reserve	(17,464)	(7,057)
Tax impact	-	-
Change in Translation reserve less tax impact	(17,464)	(7,057)
Change in Cash Flow Hedge reserve	(124)	(22,755)
Tax impact	(82)	6,306
Change in Cash Flow Hedge reserve less tax impact	(206)	(16,449)
Change in Fair Value reserve	1,890	(1,837)
Tax impact	(472)	459
Change in Fair Value reserve less tax impact	1,418	(1,378)
B) Item not recycled to P&L		
Change in Actuarial reserve	-	(6,403)
Tax impact	-	1,418
Change in Actuarial reserve less tax impact	-	(4,985)
Consolidated comprehensive income for the period	93,173	607,936
Comprehensive income for the period – Non-controlling Interests	3,825	10,110
Comprehensive income for the period – Group	89,348	597,826

Notes to the consolidated results for the three months ended April 30, 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 and fragrances 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 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 three months ended April 30, 2014, 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 three months ended April 30, 2014, were prepared on a consistent basis compared to the Consolidated financial statements of the Group for the twelve months ended January 31, 2014, 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. Such new and revised IFRS did not have a significant impact on the consolidated results.

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, 2014

The following amendments to IFRS have been endorsed by the European Union and are applicable to the PRADA Group effective from February 1, 2014. These changes do not have any significant impact to the Group as of the date of these Consolidated financial statements:

- Amendments to "IAS 39 Financial Instruments: Recognition and Measurement";
- Amendments to "IAS 36 Impairment of Assets";

- "Investment Entities", meant as a group of amendments to IFRS 10, IFRS 12 and IAS 27;
- "Transition Guidance", meant as a group of amendments to IFRS 10, IFRS 11 and IFRS 12);
- "IFRS 10 Consolidated Financial Statements";
- "IFRS 11 Joint Arrangements";
- "IFRS 12 Disclosure of Interests in Other Entities";
- Amendments to "IAS 28 Investment in Associates and Joint Ventures";
- Amendments to "IAS 27 Separate Financial Statements".

3. Net revenues analysis

Net revenues for the three months ended April 30, 2014

(amounts in thousands of Euro)	three months ended April 30 2014 (unaudited)		three months ended April 30 2013 (unaudited)		% change
Net sales by geographical area					
Italy	96,953	12.6%	101,363	13.1%	-4.4%
Europe	151,761	19.8%	158,325	20.5%	-4.1%
Americas	93,471	12.2%	94,155	12.2%	-0.7%
Asia Pacific	307,368	40.0%	315,564	40.8%	-2.6%
Japan	92,388	12.0%	79,032	10.2%	16.9%
Middle East	25,617	3.3%	22,831	3.0%	12.2%
Other countries	893	0.1%	1,301	0.2%	-31.4%
Total	768,451	100.0%	772,571	100.0%	-0.5%
Net sales by brand					
Prada	640,920	83.4%	638,838	82.6%	0.3%
Miu Miu	107,186	13.9%	112,659	14.6%	-4.9%
Church's	17,191	2.2%	16,763	2.2%	2.6%
Car Shoe	2,664	0.4%	3,733	0.5%	-28.6%
Other	490	0.1%	578	0.1%	-15.2%
Total	768,451	100.0%	772,571	100.0%	-0.5%
Net sales by product line					
Clothing	118,686	15.4%	108,045	14.0%	9.8%
Leather goods	517,147	67.3%	538,691	69.7%	-4.0%
Footwear	120,163	15.7%	118,220	15.3%	1.6%
Other	12,455	1.6%	7,615	1.0%	63.6%
Total	768,451	100.0%	772,571	100.0%	-0.5%
Net sales by distribution channel					
DOS	697,811	90.8%	678,709	87.9%	2.8%
Independent customers and franchises	70,640	9.2%	93,862	12.1%	-24.7%
Total	768,451	100.0%	772,571	100.0%	-0.5%
Net sales	768,451	98.8%	772,571	98.8%	-0.5%
Royalties	9,289	1.2%	9,723	1.2%	-4.5%
Total net revenues	777,740	100.0%	782,294	100.0%	-0.6%

Number of stores

	as at April 30 2014		as at January 31 2014		as at April 30 2013	
	DOS	franchises	DOS	franchises	DOS	franchises
Prada	335	24	330	24	284	22
Miu Miu	155	8	150	8	126	7
Church's	53	-	52	-	45	-
Car Shoe	8	-	8	-	7	-
Total	551	32	540	32	462	29

	as at April 30 2014		as at January 31 2014		as at April 30 2013	
	DOS	franchises	DOS	franchises	DOS	franchises
Italy	51	6	51	6	48	5
Europe	154	6	150	6	136	6
Americas	97	-	91	-	62	-
Asia Pacific	158	20	157	20	131	18
Japan	72	-	72	-	71	-
Middle East	16	-	16	-	11	-
Africa	3	-	3	-	3	-
Total	551	32	540	32	462	29

4. Operative expenses

(amounts in thousands of Euro)	three months ended April 30 2014 (unaudited)	% on net revenues	three months ended April 30 2013 (unaudited)	% on net revenues
Product design and development costs	28,539	3.7%	28,135	3.6%
Advertising and communication costs	41,212	5.3%	38,767	5.0%
Selling costs	302,078	38.8%	269,001	34.4%
General and administrative costs	47,326	6.1%	44,236	5.7%
Total	419,155	53.9%	380,139	48.6%

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

(amounts in thousands of Euro)	three months ended April 30 2014 (unaudited)	three months ended April 30 2013 (unaudited)
Interests expenses on borrowings	(2,658)	(1,379)
Interest expenses IAS 19/IAS 39	(137)	(317)
Interest income	878	1,103
Exchange gains /(losses) – realized	1,756	(843)
Exchange gains/(losses) – unrealized	(5,213)	(3,725)
Other financial income/(expenses)	(666)	(1,001)
Total	(6,040)	(6,162)

6. Taxation

(amounts in thousands of Euro)	three months ended April 30 2014 (unaudited)	three months ended April 30 2013 (unaudited)
Current taxation	39,046	45,727
Deferred taxation	2,286	2,231
Income taxes	41,332	47,958

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.

	three months ended April 30 2014 (unaudited)	three months ended April 30 2013 (unaudited)
Group net income in Euro	105,331,365	138,157,640
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	0.041	0.054

Dividends per share

During the period ended April 30, 2014, PRADA spa did not distribute any dividend, but at the meeting of the Board of Directors of the Company held on April 2, 2014, it was recommended for the financial statements ended January 31, 2014, a final dividend of Euro 281,470,640 (or 11 Euro/cents per share) and the Annual General Meeting held on May 22, 2014, approved such dividend distribution. The payment will take place on June 20, 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.

8. Inventories, net

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Raw materials	111,794	85,333
Work in progress	34,924	28,424
Finished products	421,491	403,473
Allowance for obsolete and slow moving inventories	(64,324)	(67,327)
Total	503,885	449,903

The rise in the level of finished products at period end followed the ongoing expansion of the retail channel while the increase in raw materials and work in progress, typical of this part of the year, was accentuated by the decision to better serve the retail channel.

9. Trade receivables, net

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Trade receivables from third parties	217,624	288,504
Allowance for bad and doubtful debts	(10,169)	(10,432)
Trade receivables from related parties	28,549	30,333
Total	236,004	308,405

The reduction in trade receivables, typical of this part of the year, was related to the collection of the wholesale deliveries.

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

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Financial receivables - other related parties	11	2,008
Other receivables - PRADA Holding bv and other companies controlled by PRADA Holding bv	398	392
Other receivables - other related parties	1,979	2,159
Advance payments - other related parties	1,390	1,434
Receivables from, and advance payments to, parent company and other related parties - current	3,778	5,993

The financial receivables from other related parties reported at January 31, 2014, were collected during the period.

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Deferred rental income – long term	8,368	1,487
Receivables from, and advance payments to, parent company and other related parties – non-current	8,368	1,487

Deferred rental income – long term - was recognized for an amount of Euro 2.2 million 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, and for Euro 6.2 million in relation to Luna Rossa Challenge 2013 srl for the sponsorship of the Luna Rossa sailing team for the participation in the XXXV edition of the America's Cup, as in compliance with the agreement signed by PRADA spa on February 27, 2014.

11. Capital expenditure

Changes in the net book value of Property, plant and equipment in the period ended April 30, 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, 2014 (audited)	390,677	20,279	487,227	153,428	69,223	109,358	1,230,192
Change in scope of consolidation	-	42	-	19	24	-	85
Additions	1,444	1,494	17,139	6,532	1,405	41,031	69,045
Depreciation	(2,096)	(2,058)	(33,590)	(8,759)	(2,314)	-	(48,817)
Disposals	(19)	(12)	-	(60)	(32)	(2)	(125)
Exchange differences	(1,281)	(2)	(11,683)	(1,913)	(197)	(880)	(15,956)
Other movements	35	72	9,565	1,823	41	(11,615)	(79)
Impairment	-	-	(78)	(128)	(3)	(72)	(281)
Balance at April 30, 2014 (unaudited)	388,760	19,815	468,580	150,942	68,147	137,820	1,234,064

Changes in the net book value of Intangible assets in the period ended April 30, 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, 2014 (audited)	282,913	504,373	78,994	10,637	19,029	5,343	901,289
Change in scope of consolidation	-	7,975	21,774	2	1	-	29,752
Additions	39	-	435	202	90	17,005	17,771
Amortization	(2,738)	-	(4,109)	(937)	(686)	-	(8,470)
Disposals	-	-	-	(4)	-	-	(4)
Exchange differences	(112)	(19)	63	7	-	11	(50)
Other movements	-	-	2,472	186	-	(2,804)	(146)
Impairment	-	-	-	-	-	-	-
Balance at April 30, 2014 (unaudited)	280,102	512,329	99,629	10,093	18,434	19,555	940,142

12. Other current assets

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
VAT	40,951	39,250
Income tax and other tax receivables	14,877	14,062
Other assets	20,048	13,470
Prepayments and accrued income	56,762	42,375
Deposits	5,974	5,740
Total	138,612	114,897

13. Other non-current assets

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Guarantee deposits	54,730	57,158
Deferred rental income	6,420	6,923
Other receivables	9,858	5,786
Total	71,008	69,867

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

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Other payables - PRADA Holding bv and other companies controlled by PRADA Holding bv	115	136
Financial payables - other related parties	3,379	4,130
Other payables - other related parties	872	628
Payables to parent company and other related parties – current	**4,366**	**4,894**

Financial payables towards other related parties, totaling Euro 3.4 million at April 30, 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 period.

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 April 30 2014 (unaudited)	as at January 31 2014 (audited)
Other payables – other related companies	13,281	13,247
Payables to parent company and other related parties – non-current	**13,281**	**13,247**

15. Trade payables

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Trade payables – third parties	334,187	337,807
Trade payables – related parties	12,543	10,727
Total	**346,730**	**348,534**

16. Other current liabilities

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Payables for capital expenditure	58,585	70,848
Accrued expenses and deferred income	11,619	10,842
Other payables	74,110	72,976
Total	**144,314**	**154,666**

17. Provisions for charges

Movements in provisions for risks and charges are summarized as follows:

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Provisions for other charges	Total
Balance at January 31, 2014 (audited)	**1,400**	**22,724**	**28,536**	**52,660**
Exchange differences	**(10)**	**11**	**(767)**	**(766)**
Reclassifications	**145**	**-**	**(145)**	**-**
Reversals	**(210)**	**(20)**	**(34)**	**(264)**
Uses	**-**	**-**	**(300)**	**(300)**
Increases	**-**	**140**	**315**	**455**
Balance at April 30, 2014 (unaudited)	**1,325**	**22,855**	**27,605**	**51,785**

During the three months ended April 30, 2014, there were neither significant development regarding the outstanding litigations at January 31, 2014, nor new controversy occurred during the period so as to considerably adjust the estimates made to account for Provisions for charges at January 31, 2014.

Management Discussion and Analysis for the three months ended April 30, 2014

Net revenues

During the three months ended April 30, 2014, the consolidated net revenues recorded by the Group amounted to Euro 777.7 million, almost unchanged compared to Euro 782.3 million posted in the same period of 2013. Net of the negative effect of the foreign currencies fluctuation on the results of this first quarter of 2014, the Group's achieved a 3.8% business expansion at constant exchange rates.

Distribution channels

In the three months ended April 30, 2014, the retail channel contribution to the Group's total net sales climbed up to 90.8% from 87.9% posted in the same three months period of last year. Retail sales totaled Euro 697.8 million, up by 2.8% compared to Euro 678.7 million recorded in the same period of 2013. The total increase at constant exchange rates was a sound 7.7%. As at April 30, 2014, the network of DOS counted a total of 551 stores including 11 new shops added in the period (13 openings and 2 closures).

Contributing for the remaining 9.2%, the wholesale channel generated net sales totaling Euro 70.6 million, down by 24.7% compared to Euro 93.9 million posted in the same period of 2013 and essentially because of the final effect of the planned actions to further select the wholesale accounts. The decrease involved all product categories and significantly impacted the brand Miu Miu.

Markets

In terms of geography, in the first three months ended April 30, 2014, the Group's net sales increased double-digit in Japan and in the Middle East, while they were almost flat in the Americas and suffered in Europe, Italy and, to a lesser extent, in Asia Pacific. At constant exchange rates, except for Europe and Italy, all areas achieved positive trends.

In the three months ended April 30, 2014, the Asia Pacific market delivered net sales of Euro 307.4 million, down by 2.6% compared to Euro 315.6 million. The performance turned into an increase of 2.1% at constant exchange rates thanks to the support of the retail channel with its 158 DOS at the reporting date. In this first quarter of 2014, the retail business advanced 3.9% at constant exchange rates compared to the same period of 2013 (-1.2% as reported). The trend was affected by the slowdown of South Korea, Hong Kong and Singapore while China, Macau and all the other Asian markets continued to maintain solid growth rates. The Greater China posted net sales for Euro 200 million, almost flat as reported but, again, 3.9% more compared to the same period of 2013 at constant exchange rates.

The European market recorded net sales of Euro 151.8 million, 4.1% down compared to the results achieved in the three months ended April 30, 2013 (-3% at constant exchange rates), showing resilience in the retail channel:

+1.3% at constant exchange rates and -0.1% as reported. In fact, the area was mainly penalized by the decline in the touristic flows resulting from the further strengthening of the Euro currency and by some known geo-political problems affecting Europe. From the beginning of the financial period the Group's opened 4 new shops in Europe among which the first Prada flagship store in Geneva, the starting point for the planned retail business development in Switzerland.

In the three months ended April 30, 2014, the Italian market was the most impacted by the wholesale channel reduction. Net sales generated amounted to Euro 97 million, 4.4% down compared to previous period. The retail channel advanced by 0.6% compared to the three months ended April 30, 2013.

The Americas, meant as North, Centre and South America, delivered net sales of Euro 93.5 million, almost unchanged compared to Euro 94.2 million achieved in the previous period. At constant exchange rates the area delivered a business expansion equal to 5.5%. The retail channel recorded growths both as reported (9.5%) and at constant exchange rates (16.5%), despite the adverse effect of weather conditions in the first part of the year. During the period, 6 new retail corners in prestigious department stores were converted between United States and Canada.

In this first quarter of 2014, the Japanese market scored the best performance delivering double-digit paces of growth both as reported (+16.9%) and at constant exchange rates (+30.2%). Net sales amounted to Euro 92.4 million. The expansion in the area was totally achieved through the retail network that recorded a 17.1% growth as reported and a 30.5% advance at constant exchange rates.

The Middle East area recorded net sales of Euro 25.6 million, up by 12.2% compared to the same period of previous year (+17.3% at constant exchange rates). With its 16 stores, the retail business drove the expansion in the area.

Products

In the three months ended April 30, 2014, the leather goods division generated net sales for Euro 517.1 million and posted a slowdown of 4% compared to the results achieved in the three months ended April 30, 2013. At constant exchange rates, the results were almost flat. The performances resulted from notable paces of growth in the Americas and Japan balanced by contractions in the Asia Pacific, Europe and Italy. The net sales generated by the leather goods in the retail channel were basically in line with the results achieved in the same period of 2013 (-2.6% as reported and +2.2% at constant exchange rates).

For some months the Group's strategy has been favoring a more balanced growth of the portfolio products, with a renewed impulse to the footwear and clothing divisions whose stylistic content, based on quality and innovation, best conveys the image of the brands.

In this first quarter of 2014, especially thanks to the powerful spring/summer Prada collection, the ready-to-wear division posted net sales for Euro 118.7

million, up by 9.8% compared to Euro 108 million achieved in the three months ended April 30, 2013 (+14.8% at constant exchange rates). Finally, in the retail channel, ready-to-wear advanced 14.1% as reported and 19.4% at constant exchange rates compared to the three months ended April 30, 2013.

Footwear delivered net sales of Euro 120.2 million slightly in expansion (+1.6%) over Euro 118.2 million posted in the three months ended April 30, 2013. The increase at constant exchange rates was 5.2%. Asia Pacific, Japan and Middle East showed double-digit positive trends, even stronger at constant exchange rates, while Americas, Europe and Italy contracted. In the retail channel, in this first quarter of 2014, the footwear division scored an increase of 16.2% as reported and of 20.9% at constant exchange rates compared to the same three months period of last year.

Brands

In the three months ended April 30, 2014, the Prada brand contributed 83.4% to the Group's consolidated net sales generating Euro 640.9 million, almost flat compared to Euro 638.8 million posted in the same period of 2013, but growing 4.8% at constant exchange rates. Likewise the Group, the performance of the brand was driven by the retail channel and characterized by similar trends in the product and geographical dynamics. In the retail channel the Prada brand advanced 2.8% as reported (+7.8% at constant exchange rates) compared to the three months ended April 30, 2013. It is worth highlighting the good results achieved in the men's division for all product categories, consistently with the Group's strategy aimed to develop the men collections in all the geographical regions.

The Miu Miu brand totaled net sales of Euro 107.2 million, contracting 4.9% over the results achieved in the three months ended April 30, 2013, especially because of the planned reductions in the wholesale deliveries. At constant exchange rates, the net sales were flat compared to the same period of 2013. Same as Prada, Miu Miu managed to achieve positive trends in the footwear and ready-to-wear divisions while recording contraction in the leather goods. Miu Miu grew in the retail channel with a double-digit pace of growth in important markets such as Asia Pacific, Americas, Japan and the Middle East. Through its DOS the brand advanced 1.9% (+7.3% at constant exchange rates) over the results posted in the same period of 2013.

In the first quarter of 2014, the Church's brand net sales amounted to Euro 17.2 million, up by 2.6% compared to Euro 16.8 million posted in the same period of 2013. Due to the significant exposure to the UK market, and given the strengthening of the GB Pound in respect of the Euro currency, the Church's brand reduced to 1.4% its growth at constant exchange rates. In the retail channel the brand delivered double-digit paces of growth, both as reported and at constant exchange rates, +13.5% and +13% respectively, while a slowdown was recorded in the wholesale business.

Royalties

In the three months ended April 30, 2014, the royalties generated by the licensing agreements totaled Euro 9.3 million, 4.5% down compared to Euro

9.7 million posted in the three months ended April 30, 2013. The reduction was substantially generated by lower royalty income from the fragrances and cosmetics business.

Operating results

In the three months ended April 30, 2014, especially thanks to a stronger contribution of the retail channel, the gross margin totaled Euro 575.5 million and reached a profitability of 74% as a percentage of net revenues (73.6% in the three months ended April 30, 2013).

The EBITDA for the three months ended April 30, 2014, totaled Euro 213.9 million, down by Euro 26.9 million, or 11.2%, compared to Euro 240.8 million achieved in the same period of 2013. As a percentage of net revenues, the EBITDA margin decreased from 30.8% to 27.5%. The dilution in the profitability was substantially attributable to the selling expenses that increased their incidence on net revenues from 34.4% in the three months ended April 30, 2013, to 38.8%, following a rise in labor cost and rent expenses related to the retail business.

At the same time, due to a higher impact of amortization and depreciation strictly related to the retail network, the EBIT for the three months ended April 30, 2014, totaled Euro 156.3 million, compared to the Euro 195.7 million posted in the same period of last year. As a percentage of net revenues, the EBIT margin was 20.1% compared to 25% achieved in the three months ended April 30, 2013.

The tax burden for the period decreased in absolute terms from Euro 48 million in the three months ended April 30, 2013, to Euro 41.3 million. As a percentage of result before taxation, the effective tax rate was 27.4%, higher than the 25.3% recorded in the same period of last year. A different geographical mix in the composition of the consolidated taxable income (net) gave rise to the higher tax rate.

In the three months ended April 30, 2014, the Group’s net income amounted to Euro 105.3 million, or 13.6% of net revenues, down from Euro 138.2 million recorded in the same period of 2013.

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 April 30 2014 (unaudited)	as at January 31 2014 (audited)
Non-current assets (excluding deferred tax assets)	2,277,800	2,225,451
Trade receivables, net	236,004	308,405
Inventories, net	503,885	449,903
Trade payables	(346,730)	(348,534)
Net operating working capital	393,159	409,774
Other current assets (excluding financial position items)	153,442	132,866
Other current liabilities (excluding financial position items)	(300,790)	(291,378)
Other current assets/(liabilities), net	(147,348)	(158,512)
Provisions for risks	(51,785)	(52,660)
Post-employment benefits	(65,219)	(63,279)
Other long-term liabilities	(115,691)	(113,698)
Deferred taxation, net	152,695	158,574
Other non-current assets/(liabilities), net	(80,000)	(71,063)
Net invested capital	2,443,611	2,405,650
Shareholders' equity – Group	(2,774,452)	(2,687,554)
Shareholders' equity – Non Controlling Interests	(18,208)	(13,986)
Total consolidated Shareholders' equity	(2,792,660)	(2,701,540)
Long term financial payables	(271,934)	(207,969)
Short term financial , net surplus/(deficit)	620,984	503,858
Net financial position surplus/(deficit)	349,050	295,890
Shareholders' equity and Net financial position	(2,443,611)	(2,405,650)

At April 30, 2014, Net invested capital stood at Euro 2,443.6 million, Euro 38.0 million more than the Euro 2,405.7 million reported at January 31, 2014.

The increase mainly regarded non-current assets as a result of the capital expenditure for the three months period amounting to Euro 116.7 million and focused on the strategy to expand the retail network with a spending for the area totaling Euro 93.6 million. The remainder Euro 23.1 million was absorbed for Euro 7.7 million in the acquisition of the new business Marchesi Angelo srl, the historic Milanese pastry shop, and for Euro 15.4 million in the investments in the industrial and corporate areas.

The net operating working capital decreased by Euro 16.6 million from Euro 409.8 million at January 31, 2014, to Euro 393.2 million at April 30, 2014. The lowering, typical of this part of the year and driven by the collection of the wholesale receivables, was mitigated by the increase in the inventories following the ongoing expansion of the retail channel and the increase in the raw materials.

The change in other current assets/(liabilities), net, was driven by the increase in prepayments, typical of this part of the year, for activities incurred for conception and realization of collections that will generate revenues after the reporting period. The higher assets were partially compensated by increases in tax liabilities.

Other non-current liabilities, net, totaled Euro 80 million and increased by Euro 8.9 million compared to January 31, 2014, essentially as a result of lower deferred tax assets on temporary differences between the tax value and consolidated reported value of the stock of finished products.

Group shareholders' equity rose from Euro 2,687.6 million at January 31, 2014, to Euro 2,774.5 million at April 30, 2014. The increase generated by the Group's net income for the three months period, totaling Euro 105.3 million, was partially offset by negative changes in the translation reserve following the weakening of the net assets of the subsidiaries denominated in currencies other than Euro.

Net financial position surplus/(deficit)

(amounts in thousands of Euro)	as at April 30 2014 (unaudited)	as at January 31 2014 (audited)
Long-term debt	(271,921)	(207,950)
Obligations under finance leases	(13)	(19)
Long-term financial payables	(271,934)	(207,969)
Bank overdraft and short term loans	(63,539)	(61,909)
Payables to related parties	(3,379)	(4,130)
Receivables from related parties	11	2,008
Obligations under finance leases	(481)	(524)
Cash and cash equivalents	688,372	568,414
Short-term net financial surplus/(deficit)	620,984	503,859
Net financial position surplus/(deficit)	349,050	295,890

Cash flows from operating activities totaled Euro 178.3 million for the three months ended April 30, 2014, and were partially absorbed by investing activities of Euro 122.5 million. As a result, the positive net financial position at April 30, 2014, was higher and stood at Euro 349.1 million.

During the three months ended April 30, 2014, a new loan facility agreement of GB Pound 60 million was signed by Kenon Limited with Unicredit Bank AG, London Branch. The loan under the facility is secured by a mortgage on the prestigious building in Old Bond street, London, operated by the Group with one of the most important Prada stores in Europe; it has to be repaid in quarterly equal instalments starting from April 2015. The loan is subject to compliance of a covenant; the termination date of the facility agreement is January 31, 2029.

Acquisitions, disinvestments and incorporation of subsidiaries

PRADA Zurich ag (formerly Burgerhaus Zurich ag)

On February 5, 2014, the Group acquired from third parties 100% of the quota capital of Burgerhaus Zurich ag. The acquisition enabled the Group to take over a lease agreement for a prestigious commercial property in Zurich, Switzerland.

Marchesi Angelo srl

On March 14, 2014, the Group acquired the 80% of the Marchesi Angelo srl, owner of the historic Milanese pastry shop founded in 1824. The acquisition was 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. At the date of preparation of this Announcement, the measurement of the fair value of the consideration was not completed, so the purchase accounting is provisional. The net cash-out for the acquisition amounted to Euro 7.7 million and resulted as the net of the consideration paid, Euro 8.4 million, and the cash surplus included in the net asset acquired, Euro 0.7 million. The purchase commitments for minority interests resulting from the agreements were recognized in the Group’s equity reserves for an amount equal to Euro 2.5 million.

(amounts in Euro thousand)	fair value of net assets acquired
Cash surplus	707
Tangible fixed assets	88
Other current assets/(liabilities)	(53)
Other non current assets/(liabilities)	(210)
Net assets acquired	532
Non-controlling interests (measured at net assets acquired)	(106)
Consideration paid	8,400
Goodwill	7,974

Events after the reporting date

On May 22, 2014, the Annual General Meeting approved the Separate and Consolidated financial statements of PRADA spa for the year ended January 31, 2014, as proposed by the Board of Directors on April 2, 2014. On such financial statements the Annual General Meeting approved the payment of a dividend of Euro 281,470,640 (or Euro 11 cents per share) with payment date on June 20, 2014.

Outlook

For the following months the management will be focused on the improvement of the shop performances both with strict control on costs and actions to sustain sales. The management is closely monitoring the development of the markets, as far as geographies and products are concerned, in order to update, if appropriate, the guidance on the 2014 results.

Corporate governance practices

Audit Committee

The Audit Committee, which comprises three independent non-executive directors, on June 5, 2014, has reviewed the unaudited consolidated results of the Company and its subsidiaries for the three months ended April 30, 2014.

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 April 30, 2014.

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 April 30, 2014.

Publication of Announcement on Consolidated results for the three months ended April 30, 2014

This announcement on the consolidated results for the three months ended April 30, 2014, is published on the Company's website at www.pradagroup.com and on the Hong Kong Stock Exchanges' website at www.hkexnews.hk.

Executive Role of a Director

Reference is made to the Announcement of the Company dated May 22, 2014, "Poll results of the Shareholders' General Meeting held May 22, 2014, and distribution of final dividend", in which inter alia the Company has informed its shareholders that Ms. Alessandra COZZANI has been elected as a Director of the Company for a term expiring on the date of the shareholders' general meeting called to approve the financial statements for the year ending January 31, 2015.

According to Italian law and the Company's by-laws, in the meeting of the Board held on the same date of this Announcement - the Board has confirmed the executive role of Ms. Alessandra COZZANI as the Executive Director of the Company.

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

Milan (Italy), June 5, 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.