PRADA S.p.A.

Via A. Fogazzaro n. 28, Milan, Italy
Registry of Companies of Milan, Italy: No. 10115350158
(Incorporated under the laws of Italy as a joint-stock company)
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2011

FINANCIAL HIGHLIGHTS

- Group's net revenues were Euro 1,730.4 million recording an increase of 24.9% compared with the nine months period ended October 31, 2010
- Retail net sales were Euro 1,338 million, up by 35.6% compared with the nine months period ended October 31, 2010
- the number of Directly Operated Stores reached 365
- Retail like-for-like growth was 23% compared with the nine months period ended October 31, 2010
- EBITDA was Euro 486.5 million (representing a margin of 28.1% on net revenues)
- Group's net income amounted Euro 273.2 million, an increase of 74.5% compared to Euro 156.5 million for the nine months ended October 31, 2010
- Net Financial Debt at Euro 110.1 million
- Net operating cash flow for the nine months period was Euro 293 million

Consolidated results for the nine months ended October 31, 2011

The Board of Directors (the "Board") of PRADA S.p.A. (the "Company") is pleased to announce the Consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months ended October 31, 2011 together with the comparative figures for the nine months ended 31 October 2010.

Key financial information

Key Income statement information (amounts in thousands of Euro)	October 31 2010 unaudited	January 31, 2011 audited	October 31 2011 unaudited	% change on October 2010
Net revenues	1,385,513	2,046,651	1,730,379	24.9%
Total EBITDA	330,299	535,930	486,507	47.3%
Total EBIT	248,811	418,387	392,317	57.7%
Income before tax	231,101	388,229	374,458	62.0%
Net income of the Group	156,497	250,819	273,165	74.5%
Average headcount (persons)	7,094	7,199	7,880	11.1%
EBITDA %	23.8%	26.2%	28.1%	
EBIT %	18.0%	20.4%	22.7%	

Key Statement of financial position information (amounts in thousands of Euro)	October 31 2010 unaudited	January 31, 2011 audited	October 31 2011 unaudited	% change on January 2011
Non-current assets	1,540,470	1,595,990	1,698,856	6.4%
Net operating working capital	285,481	320,718	376,357	17.3%
Net invested capital	1,563,495	1,585,559	1,754,647	10.7%
Net financial debt (third parties)	428,816	408,604	110,070	-73.1%
Group shareholders’ equity	1,132,048	1,204,350	1,639,144	36.1%
Investments	139,104	206,860	178,100	
Net operating cash flows	232,509	367,712	292,966	

Highlights for the nine months ended October 31, 2011

In the nine months period ended October 31, 2011 PRADA Group recorded net revenues of Euro 1,730.4 million, a 24.9% increase over Euro 1,385.5 million posted in the same period of 2010. The retail network was again the key growth driver. The 39.4% sales increase recorded in the third quarter raised the nine months retail performance to an increase of 35.6%, up by 33.4% recorded in the first six months.

EBITDA of the reported period totaled Euro 486.5 million and improved its incidence on net revenues from 23.8% to 28.1%. The higher profitability was mainly boosted by channel mix, higher production margins and scale effects. Increase in operating expenses, as a consequence of the expansion of the business, partially offset the improvement.

Group’s net income amounted to Euro 273.2 million, an increase of 74.5% compared to Euro 156.5 million posted in the same period of 2010.

On June 24, 2011 the Company’s shares were successfully listed through an IPO on the Hong Kong Stock Exchange. The new shares issued as part of the IPO process enabled the Group to raise new funds amounting to Euro 206.6 million, net of the costs directly attributable to the transaction. Thus, despite a slight reduction due to exchange fluctuations (Euro 7 million) and dividends distributed to Shareholders (Euro 35 million), the Group’s equity strengthened further to stand at Euro 1,639.1 million at October 31, 2011.

The capital injection and the free cash flows enabled the Group to further lower its net financial debt (Euro 110.1 million at October 31, 2011) as well as to finance the capital expenditure program (Euro 187.8 million in the nine months of 2011).

Consolidated Income Statement for the nine months ended October 31, 2011

(amounts in thousands of Euro)	Notes	nine months ended October 31, 2011 unaudited	%	nine months ended October 31, 2010 unaudited	%
Retail		1,338,022	77.3%	986,704	71.2%
Wholesale		368,554	21.3%	376,454	27.2%
Royalties		23,803	1.4%	22,355	1.6%
Net revenues	3	1,730,379	100%	1,385,513	100%
Cost of goods sold		(494,730)	-28.6%	(457,571)	-33.0%
Gross margin		1,235,649	71.4%	927,942	67.0%
Operating expenses	4	(843,332)	-48.7%	(679,131)	-49.0%
EBIT		392,317	22.7%	248,811	18.0%
Interest and other financial expenses, net	5	(17,859)	-1.0%	(17,710)	-1.3%
Income before taxation		374,458	21.6%	231,101	16.7%
Taxation	6	(98,469)	-5.7%	(73,075)	-5.3%
Net income from continuing operations		275,989	15.9%	158,026	11.4%
Net income from continuing operations pertaining to Non-Controlling Interests		2,824	0.2%	1,529	0.1%
Group net income from continuing operations		273,165	15.8%	156,497	11.3%
Total Group net income		273,165	15.8%	156,497	11.3%
Amortization, Depreciation and Impairment		94,190	5.4%	81,488	5.9%
EBITDA		486,507	28.1%	330,299	23.8%
Basic earnings per share (in Euro per share)	7	0.108		0.063	
Diluted earnings per share (in Euro per share)	7	0.108		0.063	

Consolidated Income Statement for the three months ended October 31, 2011

(amounts in thousands of Euro)	three months ended October 31, 2011 unaudited	%	three months ended October 31, 2010 unaudited	%
Retail	502,650	84.3%	360,526	80.3%
Wholesale	86,523	14.5%	82,231	18.3%
Royalties	6,924	1.2%	6,262	1.4%
Net revenues	596,097	100%	449,019	100%
Cost of goods sold	(165,632)	-27.8%	(134,897)	-30.0%
Gross margin	430,465	72.2%	314,122	70.0%
Operating expenses	(291,527)	-48.9%	(237,535)	-52.9%
EBIT	138,938	23.3%	76,587	17.1%
Interest and other financial expenses, net	(6,258)	-1.0%	1,902	0.4%
Income before taxation	132,680	22.3%	78,489	17.5%
Taxation	(37,892)	-6.4%	(24,386)	-5.4%
Net income from continuing operations	94,788	15.9%	54,103	12.0%
Net income from continuing operations pertaining to Non-Controlling Interests	1,155	0.2%	649	0.1%
Group net income from continuing operations	93,633	15.7%	53,454	11.9%
Total Group net income	93,633	15.7%	53,454	11.9%
Amortization, Depreciation and Impairment	32,564	5.5%	28,492	6.3%
EBITDA	171,502	28.8%	105,079	23.4%

Consolidated Statement of Financial Position

(amounts in thousands of Euro)	Notes	October 31, 2011 unaudited	January 31, 2011 audited
Assets			
Current assets			
Cash and cash equivalents		280,981	96,572
Trade receivables, net	9	233,331	274,175
Inventories	8	385,038	280,409
Derivative financial instruments - current		4,867	7,379
Receivables from parent company and related parties	10	5,880	36,317
Other current assets	12	102,363	70,225
Assets held for sale		-	4,948
Total current assets		1,012,460	770,025
Non-current assets			
Property, plant and equipment	11	622,224	536,717
Intangible assets	11	865,209	869,119
Associated undertakings		1,753	1,753
Deferred tax assets	18	158,367	141,378
Other non-current assets	13	50,344	44,883
Derivative financial instruments - non current		959	2,140
Total non-current assets		1,698,856	1,595,990
Total Assets		2,711,316	2,366,015
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		168,428	194,240
Payables to parent company and related parties	14	367	1,107
Other shareholders' loans		573	581
Trade payables	15	242,012	233,866
Current tax liabilities		111,139	107,592
Derivative financial instruments - current		3,062	5,279
Obligations under finance leases - current		2,391	5,019
Other current liabilities	16	110,523	111,482
Total current liabilities		638,495	659,166
Non-current liabilities			
Long-term debt		218,955	303,408
Obligations under finance leases - non current		1,277	2,509
Long term employee benefits		35,741	34,833
Provisions for risks and charges	17	55,790	52,725
Deferred tax liabilities	18	48,674	52,711
Other non-current liabilities		66,885	50,207
Derivative financial instruments - non current		85	318
Total non-current liabilities		427,407	496,711
Total Liabilities		1,065,902	1,155,877
Shareholders' equity			
Share capital		255,882	250,000
Other reserves		1,157,067	743,543
Translation reserve		(46,970)	(40,012)
Net profit for the period		273,165	250,819
Total Shareholders' Equity – Group		1,639,144	1,204,350
Shareholders' Equity – Non Controlling Interests		6,270	5,788
Total Liabilities and Shareholders' Equity		2,711,316	2,366,015
Net current assets		373,965	110,859
Total assets less current liabilities		2,072,821	1,706,849

Statement of changes in the Group's Equity
(amounts in thousands of Euro, except for number of shares)

(amounts in thousands of Euro)	Number of shares	Share Capital	Share premium reserve	Transla-tion reserve	Other reserves	Cash Flow Hedge	Actu-arial Reserve	Net profit	Group's Equity
Balance at January 31, 2010	250,000,000	250,000	209,298	(45,671)	541,436	(2,893)	(4,430)	100,163	1,047,903
Allocation of 2009 Net profit	-	-	-	-	100,163	-	-	(100,163)	-
Other movements	-	-	-	-	(4)	-	-	-	(4)
Dividends	-	-	-	-	(111,000)	-	-	-	(111,000)
Transactions with Non-Controlling Interests	-	-	-	-	1,134	-	-	-	1,134
Comprehensive Net income for the period	-	-	-	5,659	-	6,357	3,482	250,819	266,317
Balance at January 31, 2011	250,000,000	250,000	209,298	(40,012)	531,729	3,464	(948)	250,819	1,204,350
Allocation of 2010 Net profit	-	-	-	-	250,819	-	-	(250,819)	-
Conversion of the shares par value from Eur 1.0 to Eur 0.1	2,500,000,000	-	-	-	-	-	-	-	-
Issue of new shares	58,824,000	5,882	200,749	-	-	-	-	-	206,631
Dividends	-	-	-	-	(35,000)	-	-	-	(35,000)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-
Comprehensive Net income for the period	-	-	-	(6,958)		(2,614)	(430)	273,165	263,163
Balance at October 31, 2011	2,558,824,000	255,882	410,047	(46,970)	747,548	850	(1,378)	273,165	1,639,144

Under Italian law, the Company has to allocate a portion of its annual net profits to a non-distributable reserve and provide further information on the distribution of profits.

Statement of Consolidated Comprehensive Income

(amounts in thousands of Euro)	nine months ended October 31, 2011 unaudited	nine months ended October 31, 2010 unaudited
Consolidated Net income for the period	275,989	158,026
Cumulative Translation adjustment	(6,794)	3,828
Tax impact	-	-
Cumulative Translation adjustment, net of tax impact	(6,794)	3,828
Change in Cash Flow Hedge Reserve	(3,505)	5,924
Tax impact	891	(2,169)
Change in Cash Flow Hedge Reserve, net of tax impact	(2,614)	3,755
Change in Actuarial Reserve	(613)	(1,301)
Tax impact	173	252
Change in Actuarial Reserve, net of tax impact	(440)	(1,049)
Comprehensive Consolidated Net income for the period	266,141	164,560
Comprehensive Non-Controlling Interests Net income for the period	2,978	1,547
Comprehensive Group Net income for the period	263,163	163,013

Net Invested Capital

The following table contains the Statement of Financial Position adjusted in order to provide a better picture of the Net Invested Capital.

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Non current assets	1,698,856	1,595,990
Current assets excluding financial assets	730,069	634,462
Current liabilities excluding financial liabilities	467,103	459,047
Net working capital	262,966	175,415
Assets held for sale	-	4,948
Long-term liabilities, including deferred taxation	115,644	103,236
Post employment benefits	35,741	34,833
Provisions for risks	55,790	52,725
Net invested capital	1,754,647	1,585,559
Shareholders' equity – Group	1,639,144	1,204,350
Shareholders' equity – Non Controlling Interests	6,270	5,788
Total consolidated shareholders' equity	1,645,414	1,210,138
Long term financial payables	220,232	305,917
Short term financial payables, net of cash and cash equivalents	(110,999)	69,504
Net financial payables	109,233	375,421
Shareholders' equity and net financial payables	1,754,647	1,585,559

Net Financial Debt

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Long term debt	218,955	303,408
Obligations under finance leases	1,277	2,509
Long term financial payables	220,232	305,917
Short term financial payables and bank overdrafts	168,428	194,240
Payables to parent company and related parties	-	281
Receivables from parent company and related parties	(1,410)	(34,044)
Obligations under finance leases	2,391	5,019
Payables to other shareholders	573	581
Cash and cash equivalents	(280,981)	(96,572)
Short term financial payables, net of cash and cash equivalents	(110,999)	69,504
Net Financial Debt	109,233	375,421
Net Financial Debt, excluding receivables/payables with parent company, related parties and other shareholders (NFP used to calculate covenants)	110,070	408,604
NFP/EBITDA ratio	0.16	0.76
EBITDA/ net financial charges ratio	27.24	17.77

Summarized Statement of Consolidated Cash Flows

(amounts in thousands of Euro)	nine months ended October 31, 2011 unaudited	nine months ended October 31, 2010 unaudited
Net cash flows from operating activities	292,966	232,509
Cash flows generated/(utilized) by investing activities	(187,836)	(138,097)
Cash flows generated/(utilized) by financing activities	96,266	(44,791)
Change in cash and cash equivalents, net of bank overdrafts	201,396	49,983

Notes to the consolidated results for the nine months ended October 31, 2011

1. Presentation of PRADA Group

PRADA Group is a world leader in the design, production and distribution of luxury handbags, leather goods, footwear, apparel, accessories, eyewear and fragrances. Through its directly-operated–stores network (DOS) and a select number of wholesalers, the Group operates on all major international markets.
The Company is a joint-stock company, incorporated and domiciled in Italy. Its registered office is in via Fogazzaro 28, Milan, Italy.

2. Basis of preparation

The Notes to the consolidated results for the nine months ended October 31, 2011 refer to the Group of companies controlled by PRADA spa (the "Company"), holding company of the PRADA Group (the "Group") and it is based on the consolidated results of the Group at October 31, 2011. The following financial information, including comparative figures, was prepared on a consistent basis with respect to the Consolidated Financial Statements of the PRADA Group at July 31, 2011 which, in turns, were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") as adopted by the European Union.

The IFRS adopted by the European Union are similar, as applicable to the PRADA Group, to those issued by the IASB.
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").

The Group has prepared the Consolidated Statement of Financial Position classifying separately current and non-current assets and liabilities.
The Consolidated Income Statement is presented by destination.
The Consolidated Financial Statements have been prepared on a going concern basis and are presented in Euro, which is the functional currency of the Company.

3. Net revenues analysis

Three months ended October 31, 2011

(amounts in thousands of Euro)	three months ended October 31, 2011 unaudited		three months ended October 31, 2010 unaudited		% change
Net sales by geographical area					
Italy	104,776	17.8%	82,294	18.6%	27.3%
Europe	121,925	20.7%	91,753	20.7%	32.9%
North America	85,790	14.6%	69,334	15.7%	23.7%
Asia Pacific	211,743	35.9%	146,155	33.0%	44.9%
Japan	61,728	10.5%	51,550	11.6%	19.7%
Other countries	3,211	0.5%	1,671	0.4%	92.2%
Total	589,173	100.0%	442,757	100.0%	33.1%
Net sales by brand					
Prada	467,715	79.4%	343,983	77.7%	36.0%
Miu Miu	98,474	16.7%	77,922	17.6%	26.4%
Church's	16,599	2.8%	15,348	3.5%	8.2%
Car shoe	4,296	0.7%	3,908	0.9%	9.9%
Other	2,090	0.4%	1,596	0.4%	31.0%
Total	589,173	100.0%	442,757	100.0%	33.1%
Net sales by product line					
Clothing	125,350	21.3%	113,451	25.6%	10.5%
Leather goods	341,319	57.9%	224,433	50.7%	52.1%
Footwear	116,327	19.7%	100,759	22.8%	15.5%
Other	6,177	1.1%	4,114	0.9%	50.1%
Total	589,173	100.0%	442,757	100.0%	33.1%
Net sales by distribution channel					
DOS (including outlet stores)	502,650	85.3%	360,526	81.4%	39.4%
Independent customers, franchises and related parties	86,523	14.7%	82,231	18.6%	5.2%
Total	589,173	100.0%	442,757	100.0%	33.1%
Net sales	589,173	98.8%	442,757	98.6%	33.1%
Royalties	6,924	1.2%	6,262	1.4%	10.6%
Total net revenues	596,097	100.0%	449,019	100.0%	32.8%

Nine months ended October, 31 2011

(amounts in thousands of Euro)	nine months ended October 31 2011 unaudited		nine months ended October 31 2010 unaudited		% change
Net sales by geographical area					
Italy	318,221	18.6%	266,595	19.6%	19.4%
Europe	372,589	21.8%	303,548	22.3%	22.7%
North America	257,643	15.1%	216,951	15.9%	18.8%
Asia Pacific	579,737	34.0%	417,858	30.7%	38.7%
Japan	168,921	9.9%	150,657	11.1%	12.1%
Other countries	9,465	0.6%	7,549	0.5%	25.4%
Total	1,706,576	100.0%	1,363,158	100.0%	25.2%
Net sales by brand					
Prada	1,346,098	78.9%	1,068,317	78.4%	26.0%
Miu Miu	297,345	17.4%	237,142	17.4%	25.4%
Church's	43,602	2.6%	38,788	2.8%	12.4%
Car shoe	14,007	0.8%	13,719	1.0%	2.1%
Other	5,524	0.3%	5,192	0.4%	6.4%
Total	1,706,576	100.0%	1,363,158	100.0%	25.2%
Net sales by product line					
Clothing	337,721	19.8%	327,457	24.0%	3.1%
Leather goods	957,907	56.1%	680,074	49.9%	40.9%
Footwear	391,376	22.9%	343,414	25.2%	14.0%
Other	19,572	1.2%	12,213	0.9%	60.3%
Total	1,706,576	100.0%	1,363,158	100.0%	25.2%
Net sales by distribution channel					
DOS (including outlet stores)	1,338,022	78.4%	986,704	72.4%	35.6%
Independent customers, franchises and related parties	368,554	21.6%	376,454	27.6%	-2.1%
Total	1,706,576	100.0%	1,363,158	100.0%	25.2%
Net sales	1,706,576	98.6%	1,363,158	98.4%	25.2%
Royalties	23,803	1.4%	22,355	1.6%	6.5%
Total net revenues	1,730,379	100.0%	1,385,513	100.0%	24.9%

Number of stores

	October 31 2011		January 31 2011		October 31 2010	
	DOS	franchises	DOS	franchises	DOS	franchises
Prada	230	19	207	27	200	29
Miu Miu	89	5	71	6	69	7
Church's	41	-	36	-	36	-
Car Shoe	5	-	5	-	5	-
Total	365	24	319	33	310	36

	October 31 2011		January 31 2011		October 31 2010	
	DOS	franchises	DOS	franchises	DOS	franchises
Italy	42	5	37	5	38	5
Europe	107	6	88	13	83	13
North America	40	-	39	-	35	-
Far East	110	13	99	13	97	16
Japan	64	-	56	-	57	-
Middle East	2	-	-	2	-	2
Total	365	24	319	33	310	36

A list of stores opened and closed during the period is provided below.

Prada	Opened	27 DOS opened from February 1 to October 31, 2011
		Leccio (Italy)
		Marcianise (Italy)
		Forte dei Marmi Men (Italy)
		Corte Ingles, Madrid (Spain)
		Berlin (Germany)
		Parndorf (Austria)
		Avenue Montaigne Men, Paris (France)
		Le Bon Marché Bags & Accessories, Paris (France)
		Tsum Bags & Accessories, Moscow (Russia)
		Tsum Women Ready-to-Wear, Moscow (Russia)
		Tsum Men Ready-to-Wear, Moscow (Russia)
		Barvika, Moscow (Russia)
		Umeda Diamaru, Osaka (Japan)
		Ikebukuru Seibu Bags & Accessories, Tokyo (Japan)
		Matsuzakaya, Nagoya (Japan)
		Sanda (Japan)
		Yurakucho Hankyu Men Leather Goods, Tokyo (Japan)
		Yurakucho Hankyu Men Ready-to-Wear & Shoes, Tokyo
		Shinsagae Centum, Incheon (South Korea)
		Hyundai, Ulsan (South Korea)
		Galleria, Daejeon (South Korea)
		Wuqing (China)
		Fortune, Wenzhou (China)
		Charter, Harbin (China)
		Taikoo Hui, Guangzhou (China)
		Westfield, Sydney (Australia)
		Burjuman Saks Fifth Avenue, Dubai (U.A.E.)
Miu Miu	Opened	19 DOS opened from February 1 to October 31, 2011
		Capri (Italy)
		Corte Ingles, Madrid (Spain)
		Barcelona (Spain)
		Harrods Ready-to-Wear, London (United Kingdom)
		Harrods Bags & Accessories, London (United Kingdom)
		Stoleshnikov, Moscow (Russia)
		Tsum Bags & Accessories, Moscow (Russia)
		Short Hills (United States)
		Umeda Diamaru, Osaka (Japan)
		Nagoya (Japan)
		Okinawa (Japan)
		Takashimaya, Nagoya (Japan)
		Ikebukuro Seibu, Tokyo (Japan)
		Apku Hyundai Main, Seoul (South Korea)
		Gyeonggi Shinsagae, Youngin (South Korea)
		Sogo (Hong Kong)
		Taikoo Hui, Guangzhou (China)
		Westfield, Sydney (Australia)
		Burjuman Saks Fifth Avenue, Dubai (U.A.E.)
Church's	Opened	5 DOS opened from February 1 to October 31, 2011
		Marcianise (Italy)
		Printemps, Paris (France)
		Printemps Parly, Paris (France)
		Roermond (The Netherlands)
		New Bond St. Women, London (United Kingdom)
Prada	Closed	4 DOS closed from February 1 to October 31, 2011
		Renhe, Chengdu (China)
		Martin Place, Sydney (Australia)
		Ikebukuro Tobu, Tokyo (Japan)
		Mitsukoshi, Nagoya (Japan)
Miu Miu	Closed	1 DOS closed from February 1 to October 31, 2011
		Mitsukoshi, Nagoya (Japan)

4. Operating Expenses

(amounts in thousands of Euro)	nine months ended October 31, 2011 unaudited	% of net revenues	nine months ended October 31, 2010 unaudited	% of net revenues
Product design and development costs	72,946	4.2%	70,693	5.1%
Advertising and communications costs	90,544	5.2%	61,886	4.5%
Selling costs	556,592	32.2%	447,772	32.3%
General and administrative costs	123,250	7.1%	98,780	7.1%
Total	843,332	48.7%	679,131	49.0%

5. Interest and other financial expenses, net

(amounts in thousands of Euro)	nine months ended October 31, 2011 unaudited	nine months ended October 31, 2010 unaudited
Interests expenses on borrowings	(13,078)	(12,232)
Interest income	1,394	1,089
Exchange gains / (losses) - realized	(2,628)	(6,352)
Exchange gains/ (losses) – unrealized	(603)	1,697
Other financial income / (expenses)	(2,944)	(2,570)
Revaluations and write-down of investments	-	658
Total	(17,859)	(17,710)

6. Taxation

(amounts in thousands of Euro)	nine months ended October 31, 2011 unaudited	nine months ended October 31, 2010 unaudited
Current taxation	117,305	82,470
Deferred taxation	(18,836)	(9,395)
Total	98,469	73,075

7. Earnings and dividends per share

Basic earnings per share are calculated by dividing the net profit attributable to equity owners of PRADA spa by the weighted average number of ordinary shares in issue during the period.

	nine months ended October 31, 2011 unaudited	nine months ended October 31, 2010 unaudited
Group's net result in Euro	273,164,791	156,496,791
Weighted average number of ordinary outstanding shares	2,528,011,429	2,500,000,000
Basic earnings per share (in Euro per share)	0.108	0.063
Diluted earnings per share (in Euro per share)	0.108	0.063

On May 26, 2011, the Shareholders of PRADA spa resolved to change the par value of the Company shares from Euro 1 to Euro 0.1 each. In accordance with IAS 33, the new number of shares - some 2,500,000,000 - has been adjusted retrospectively for the purposes of the calculation of earnings per share.

During the nine months ended October 31, 2011 the Company distributed dividends for Euro 35 million, or Euro 0.14 per share, as approved by the Shareholders' meeting held on March 28, 2011 in respect of the Financial Statements ended January 31, 2011. These dividends were offset against receivables due from controlling Shareholder PRADA Holding bv for an amount of Euro 32.5 million with the remaining amount being paid.

During the year ended January 31, 2011 the Shareholders' meeting held on April 28, 2010 approved a distribution of Euro 0.32 per share, representing a total dividend of Euro 80 million. This dividend was paid on July 27, 2010 for an amount of Euro 27.9 million and, on the same date, an amount of Euro 52.1 million was offset against the receivable due from our controlling Shareholder. Furthermore, the Shareholders' meeting held on January 27, 2011 approved a distribution of Euro 0.124 per share, representing a total dividend of Euro 31 million which was paid in full on the same date.

8. Inventories

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Raw materials	79,336	63,672
Work in progress	23,330	17,186
Finished products	348,790	263,341
Allowance for obsolete and slow moving inventories	(66,418)	(63,790)
Total	385,038	280,409

The increase in inventories of finished products was consistent with the higher volume of production necessary to supply the expanded DOS network.

9. Trade receivables, net

Trade receivables are detailed as follows:

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Trade receivables – third parties	224,728	266,376
Trade receivables – associated companies	-	1,924
Trade receivables – related parties	18,781	16,412
Allowance for bad and doubtful debts	(10,178)	(10,537)
Total	233,331	274,175

Net trade receivables decreased at October 31, 2011 mainly because of the collection of the wholesale deliveries and a low seasonality of the wholesale business in the third quarter of the year.

10. Receivables from parent companies and related parties

Receivables from parent companies and related companies are detailed below:

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Financial receivables – PRADA Holding bv	-	32,558
Financial receivables – other companies controlled by PRADA Holding bv	-	77
Financial receivables – other related parties	1,410	1,409
Other receivables – PRADA Holding bv	653	767
Other receivables – other related parties	3,790	1,329
Other receivables – other companies controlled by PRADA Holding bv	27	172
Other receivables – associated companies	-	5
Total	5,880	36,317

11. Capital expenditure

Changes in the net book value of “Property, plant and equipment” in the period ended October 31, 2011 are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other equipment	Assets in progress	Total net book value
Balance at January 31, 2011 audited	145,602	15,042	220,112	72,109	24,695	59,157	536,717
Additions	39,037	4,670	45,393	8,702	14,597	46,944	159,343
Depreciation	(3,720)	(4,903)	(44,945)	(13,528)	(4,220)	-	(71,316)
Disposals	-	(3)	(5)	(135)	(59)	(15)	(217)
Exchange differences	(801)	(11)	(701)	(207)	(10)	1,149	(581)
Other movements	284	-	14,354	4,235	2,657	(21,098)	432
Impairment and write off	-	-	(708)	(258)	(1)	(1,187)	(2,154)
Balance at October 31, 2011 unaudited	180,402	14,795	233,500	70,918	37,659	84,950	622,224

Changes in the net book value of “Intangible assets” in the period ended October 31, 2011 are as follows:

(amounts in thousands of Euro)	Trade-marks	Good-will	Store Lease Acquis.	Soft-ware	Develop-ment costs	Assets in progress	Total net book value
Balance at January 31, 2011 audited	312,460	503,946	36,087	6,385	7,869	2,372	869,119
Additions	129	-	13,828	1,647	1,257	1,896	18,757
Amortization	(8,247)	-	(6,221)	(2,177)	(4,062)	-	(20,707)
Disposals	-	-	-	(1)	(1)	-	(2)
Exchange differences	(807)	(123)	(69)	-	(2)	2	(999)
Other movements	-	-	217	873	-	(2,034)	(944)
Impairment and write off	-	-	-	(1)	-	(14)	(15)
Balance at October 31, 2011 unaudited	303,535	503,823	43,842	6,726	5,061	2,222	865,209

12. Other current assets

Other current assets are detailed as follows:

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
VAT	28,999	19,249
Income tax and other tax receivables	9,427	9,794
Other current assets	20,260	7,783
Prepayments and accrued income	41,948	31,842
Deposits	1,729	1,557
Total	102,363	70,225

13. Other non-current assets

Other non-current assets are detailed as follows:

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Guarantee deposits	43,229	37,945
Deferred rental income	2,074	1,981
Other receivables	5,041	4,957
Total	50,344	44,883

14. Payables to parent companies and related parties

Payables to parent companies and related parties are detailed as follows:

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Financial payables – PRADA Holding bv	-	40
Financial payables – other companies controlled by PRADA Holding bv	-	241
Other payables – PRADA Holding bv	23	30
Other payables – other related parties	340	786
Other payables – other companies controlled by PRADA Holding bv	4	10
Total	367	1,107

15. Trade payables

Trade payables are detailed as follows:

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Trade payables – third parties	236,049	232,143
Trade payables – related parties	5,963	1,701
Trade payables – associated companies	-	22
Total	242,012	233,866

16. Other current liabilities

Other current liabilities are detailed as follows:

(amounts in thousands of Euro)	October 31, 2011 unaudited	January 31, 2011 audited
Payables for capital expenditure	21,544	41,134
Accrued expenses and deferred income	23,247	23,423
Other payables	65,732	46,925
Total	110,523	111,482

17. Provisions for risks and charges

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

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other provisions	Total
Opening balance	846	40,091	11,788	52,725
Exchange differences	-	381	(149)	232
Reversals	(47)	(1,233)	(55)	(1,335)
Utilized	-	(192)	(892)	(1,084)
Increases	263	3,081	1,908	5,252
Closing balance	1,062	42,128	12,600	55,790

Provisions for risks and charges represent the Directors' best estimate of maximum contingent liabilities. In the Directors' opinion, and based on the information available to them, the total amount provided for risks and charges was reasonable considering the contingent liabilities that might arise.

18. Deferred tax assets and liabilities

Deferred tax assets and liabilities are detailed by nature as follows:

(amounts in thousands of Euro)	October 31, 2011 unaudited		January 31, 2011 audited	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Inventories	72,578	-	62,284	-
Receivables and other assets	573	1,500	415	1,515
Depreciation/Useful life of non current assets	50,748	13,834	53,869	6,273
Deferred taxes due to acquisitions	-	29,253	-	39,548
Provision for risks / accrued expenses	16,069	267	10,790	267
Non deductible / taxable charges / income	10,122	658	5,893	1,134
Tax loss carry-forwards	3,143	-	3,129	-
Derivative financial instruments	-	354	303	1,455
Long term employee benefits	4,593	1,851	4,533	1,943
Other	541	957	162	576
Total	158,367	48,674	141,378	52,711

Management Discussion and Analysis for the three months ended October 31, 2011

Net revenues

Consolidated net revenues for the third quarter ended October 31, 2011 amounted to Euro 596.1 million, a 32.8% increase over the same quarter of 2010. On an overall basis, this third quarter further strengthened the already excellent growth recorded up to July 2011.

The retail network showed an outstanding performance with a 39.4% growth, showing an even better trend compared to first and second quarter of 2011.The wholesale channel, notwithstanding lower deliveries typical of this time of the year, showing an increase of 5.2% in respect of the 4.1% decline of the first half 2011.

From a geographical point of view, all markets recorded double digit pace of growth. It is worth mentioning the remarkable 44.9% increase in the Asia Pacific and the encouraging 19.7% in Japan.

Leather goods, recording a brilliant performance with an increase of 52.1% compared to the third quarter of 2010, remained as the leading segment contributing 57.9% of Group's net sales.

Operating results

The EBITDA of the three months ended October 31, 2011 amounted to Euro 171.5 million, up by 63.2% compared to the same quarter of 2010. Its incidence on net revenues increased from 23.4% to 28.8%. The growth, both marginal and absolute, was achieved mainly as a result of the higher contribution of the retail channel (from 81.4% to 85.3%), the improvements achieved in unit margins and scale effects.
The Group's net result amounted to Euro 94.8 million, an increase of 75.2% compared to Euro 54.1 million gained in the third quarter of 2010. The relevant incidence on net revenues increased from 11.9% to 15.7% thanks to higher operating profitability and a lower tax rate.

Management Discussion and Analysis for the nine months ended October 31, 2011

Net revenues

Consolidated net revenues for the nine months ended October 31, 2011 amounted to Euro 1,730.4 million, recording an excellent 24.9% increase compared to the same period of 2010. At constant exchange rates, the increase would have been equal to 27.5%.

Distribution channels

Retail net sales totaled Euro 1,338 million, up by 35.6% (38.6% at constant exchange rates) compared to Euro 986.7 million posted in the nine months ended October 31, 2010. The remarkable growth delivered by the channel came as a result of the like-for-like growth, which was equal to 23%, the full contribution of the 54 shops opened in 2010 full year and the contribution of a net of new 46 shops opened in the last nine months (51 opened and 5 closed). In the nine months period ended October 31, 2011 the retail expansion strategy has been realized through the extension of the Group's presence in countries with a high growth rate in the luxury industry as well as in areas where the Group's brands are still under represented.
For the nine months ended October 31, 2011, the 365 stores operated by the Group contributed 78.4% of its net sales (72.4% in the same period of 2010).

The wholesale business, consistently with the Group's distribution strategy, remained stable compared with the same period of last year (-0.3% at constant exchange rates) and, reaching Euro 368.6 million, accounted for 21.6% of Group's net sales.

Markets

The exceptional momentum of the Asia Pacific markets consolidated further in the third quarter raising the increase over the nine months ended October 31, 2010 to 38.7% (43.5% at constant exchange rates). The like-for-like performance drove the growth with 34% increase while the contribution of the DOS network expansion made the rest (a net of 11 new locations were inaugurated in 2011 up to October). Out of these excellent trends it is worth mentioning the Greater China market, whose pace of growth reached 40% on a like-for-like basis, 42.2% on reported rates and 50.4% at constant exchange rates.

In Europe, net sales increased by 22.7% (23.5% at constant exchange rates) to stand at Euro 372.6 million in 2011 from Euro 303.5 million in the nine months ended October 31, 2010. The sales improvement, driven by the retail channel with its 17% like-for-like growth and the contribution of the DOS opened (19 in 2011 and 15 in 2010 full year), was partially offset by a drop in the wholesale channel (down by 7.6% compared to the nine months ended October 31, 2010). It has to be noted that, as part of a major DOS expansion in Russia, a number of 5 independent stores (4 Prada, 1 Miu Miu) were inaugurated in Moscow in the last months of the period under examination.

The Italian market posted net sales of Euro 318.2 million for the nine months ended October 31, 2011, posting a 19.4% increase over the same period of 2010. The overall growth was driven by the retail channel thanks to the contribution of the 29% like-for-like growth and to the new DOS opened (5 in 2011 and 6 in 2010 full year). The net sales trend of this market was partially offset by a slight decline of the wholesale business (decrease of 5.9% compared to the nine months period ended October 31, 2010).

The North American market recorded an 18.8% increase compared to the nine months ended October 31, 2010 (27.1% at constant exchange rates). The growth was achieved thanks to the performances of both the retail and the wholesale channels. DOS sales, driven by a like-for-like growth of 15% and DOS opened (1 in 2011 and 13 in 2010 full year), increased by 22.6%. Thanks to deliveries to the US department stores and to the general recovery of the consumer market, the wholesale channel performed well with a 12.1% increase compared to October 31, 2010.

After being hit by the dramatic events in March 2011, the Japanese market remained solid for the Group's brands as net sales increased by 12.1% (9.4% at constant exchange rates). There have been 8 net new stores opened in 2011, 3 in 2010 full year and like-for-like growth was flat.

After a rationalization of the distribution network in the Middle East operated in the 2010, and the opening on August 29, 2011 of the first Prada and Miu Miu independent DOS in the department store Saks Fifth Avenue in Dubai, the net sales of this area increased by 25.4% to stand at Euro 9.5 million up to October 31, 2011.

Products

The out-performance of leather goods, which grew by 40.9% (43.9% at constant exchange rates) in the nine months ended October 31, 2011, was mainly driven by the change in the geographical and channel mix. With the best pace of growth in terms of net sales by products, the leather goods raised their contribution to Group's net sales from 49.9% at October 31, 2010 to 56.1% at October 31, 2011. Ready-to-Wear, thanks to the contribution of the third quarter, turned into a positive trend of growth with a 3.1% increase over the nine months ended October 31, 2010.

Brands

The Prada brand accounts for 78.9% of Group's net sales (78.4% in the same period of 2010) and its sales performance was broadly in line with the comments made above which apply to the entire Group.

The Miu Miu brand, with the highest incidence of the retail and leather goods sales, delivered the best pace of growth in terms of net sales in Europe (27.7% at reported rates, 28.9% at constant exchange rates) and in America (25.2% at reported rates, 34.3% at constant exchange rates).

The Church's brand confirmed its double-digit rate of growth with a 12.4% increase compared to the nine months ended October 31, 2010 (13.8% at constant exchange rates).

Car Shoe net sales showed a slight recovery resulting in an overall 2.1% increase.

Royalties

The licensed products business contributed net revenues of Euro 23.8 million (Euro 22.4 million in the nine months ended October 31, 2010), including royalties of Euro 18.3 million on sales of eyewear (Euro 18.4 million in the same period of 2010), Euro 3.6 million on sales of perfume (Euro 2.7 million in the same period of 2010) and Euro 0.8 million from a new license with Hyundai, the Korean automaker, for the launch of a special limited edition luxury version of their Genesis car. Overall, royalties income increase by 6.5% compared to the same period of 2010.

Operating results

Operating profitability recorded by the Group surged 47.3% compared to the same period of 2010. EBITDA of the period ended October 31, 2011 amounted to Euro 486.5 million, rising from 23.8% on net revenues to 28.1%. The improvement has been achieved mainly as a result of the action taken to improve gross margin as a percentage of net revenues and it rose from 67% in the nine months ended October 31, 2010 to 71.4%. The higher incidence of retail channel sales, the increase in unit margins and a more favorable ratio of full price sales to sales at promotional prices led to the strong improvement notwithstanding the negative impact of currencies.

Operating expenses increased in absolute terms from Euro 679.1 million in the period ended October 31, 2010 to Euro 843.3 million in the period ended October 31, 2011 slightly reducing their incidence on net revenues from 49% to 48.7%. At constant exchange rates, operating expenses would have increased by 26% rather than by 24.2%. The expansion of the retail network and the business in general contributed to the higher level of selling, general and administrative expenses, while the increased spending for media boosted the advertising and communication costs, mainly in the third quarter and in line with the strategy announced for this year. Product design and development costs, being mainly fixed, reduced their incidence on net revenues from 5.1% to 4.2%.

The EBIT, despite the huge investments in tangible assets incurred in previous years and current period, improved even more than the EBITDA raising its profitability in terms of incidence on net revenues from 18% to 22.7% (EBITDA from 23.8% to 28.1%). The increase over the nine months ended October 31, 2010 was 57.7%.

Interest expenses on borrowings slightly increased compared to 2010 up to October. The benefit of lower average bank borrowing was approximately offset by the rising in the cost of funding as the bank debt profile became more long term. The funds raised with the IPO allowed the Group to account for more interest income as a result of temporary low risk short-term bank deposits.

Despite the higher level of income generated, the tax charge decreased from 31.6% in the period ended October 31, 2010 to 26.3%, essentially because of the change in the geographical mix of taxable income, as a result of the change in the geographical mix of sales with slightly more favorable tax rates, and provisions made in 2010 for ongoing tax disputes.

The Group's net income was Euro 273.2 million, or 15.8% of net revenues, a 74.5% increase compared to net income of Euro 156.5 million reported at October 31, 2010.

Net Invested Capital

Net invested capital at October 31, 2011 increased as a consequence of the investments and a higher level of the net operating working capital.
Group Shareholder's equity strengthened further compared to January 31, 2011 mainly because of the capital injection resulting from the IPO (Euro 206.6 million) and the net income for the nine months period (Euro 273.2 million), as partially offset by dividends distributed (Euro 35 million) and the negative impact of exchange rate fluctuation on net assets not denominated in Euro (Euro 7 million).

Analysis of net operating working capital

The increase in the net operating working capital compared to January 31, 2011 was mainly affected by the higher level of stock in line with the expansion of the retail network and sales.

Net Financial Debt

At October 31, 2011, the Group's Net Financial Debt amounted to Euro 110.1 million, with a Euro 298.5 million reduction compared to January 31, 2011.
As shown in the Summarized Statement of Consolidated Cash Flows, the capital injection resulting from the IPO (Euro 205.2 million included in the line "Cash flows generated by financing activities") and net cash flows from operating activities (Euro 293 million) enabled the Group to fund its capital expenditure for the period (Euro 187.8 million), to pay dividends (Euro 6.4 million), to reduce its bank borrowing by Euro 103.9 million and to increase its cash and cash equivalent by Euro 201.4 million at October 31, 2011.
Dividends distributed to Shareholders totaling Euro 35 million were settled as follows: Euro 32.5 million offset against receivables from parent company PRADA Holding bv and Euro 2.5 million paid in cash.

Analysis of capital expenditure

Taken together, Property, plant and equipment and Intangible assets showed a net increase of Euro 81.6 million. Investments incurred during the period amounted to Euro 178.1 million and were distributed as follows: Euro 111.0 million in the retail area, Euro 47.1 million in the industrial and logistics area and Euro 20.0 million in the corporate area. Depreciation charges for the period totaled Euro 92 million and write-downs amounted to Euro 2.2 million.

Outlook

The strong results achieved also in this quarter confirm the Group's ability to sustain high-growth rates while improving operating margins.
The Group remains confident in the luxury market potential, especially in fast-growing countries, and will continue to pursue its long-term growth strategy focused on the expansion of its DOS network, leveraging the strength of its brands and the high quality of its products.
Nevertheless, given the present level of uncertainty on global markets, the management will continue to monitor local and global trends in order to promptly react as in the past.

Corporate Governance Practices

Audit Committee

The Audit Committee, which comprises three independent non-executive directors, on November 29, 2011 has reviewed the unaudited consolidated results of the Company and its subsidiaries for the nine months ended October 31, 2011.

Compliance with the Code on Corporate Governance Practices of the Listing Rules

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the three months ended October 31, 2011.

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, 2011.

Publication of Announcement on consolidated results for the nine months ended October 31, 2011

This announcement on the consolidated results for the nine months ended October 31, 2011 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), November 29, 2011

As at the date of this announcement, the Company's executive directors are Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Carlo MAZZI and Mr. Donatello GALLI; the Company's non-executive directors are Mr. Marco SALOMONI and 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.