INDUSTRY OVERVIEW

This section contains certain information which is derived in part from various official government publications, industry sources including industry publications, and from surveys or studies conducted by independent third-party sources such as the Altagamma Foundation and Bain & Company. We believe that the sources of such information are appropriate sources for such information, and we have taken reasonable care in compiling, extracting and reproducing such information. We have no reason to believe that such information is false or misleading, or that any material fact has been omitted that would render such information false or misleading. Such information has not been independently verified by us, our affiliates or advisors, the Underwriters, their affiliates or advisors, or any party involved in the Global Offering, and no representation is given as to its accuracy. None of the information in this Industry Overview section is based on or otherwise derived from reports or sources commissioned by us, our affiliates or advisors, the Underwriters, their affiliates or advisers, or any party involved in the Global Offering. Unless otherwise indicated, all historical and forecast statistical information in this Industry Overview section, including trends, sales, market shares and growth levels, is from the Altagamma Worldwide Markets Monitor[1], a report published together by the Altagamma Foundation and Bain & Company. In addition, unless otherwise indicated, all sales data set forth in this Industry Overview section refer to retail sales and growth rates calculated in constant 2010 terms.

OVERVIEW

We are a leading global luxury group. We design, manufacture, promote and sell high-end leather goods, footwear and ready-to-wear. For the purpose of this section, our product categories generally correspond as follows to the industry categories used in the Altagamma Worldwide Markets Monitor reports, together referred to as "Altagamma":

- **Leather Goods, Shoes and Accessories:** including shoes, leather good products (including handbags and wallets, and other leather products) under all four of our brands and eyewear for Prada and Miu Miu brands;

1 Altagamma Worldwide Markets Monitor is a publication prepared by the Altagamma Foundation, together with Bain & Company, that periodically analyzes the global consumption of high-end products. The reports referenced in this Industry Overview section are the "Altagamma Worldwide Markets Monitor Spring 2011 Update" and the "Altagamma 2010 Worldwide Markets Monitor" (October 2010), and certain historical information refer to earlier Altagamma Worldwide Markets Monitor reports published since 2005 unless otherwise noted. The Altagamma Foundation was founded in 1992, and in 1999 set up the Altagamma Worldwide Markets Monitor, an annual research report, whose conclusions are based on an analysis of the financial statements of 200 global high-end brands and of approximately 500 companies that manage the businesses of those brands. The Altagamma Worldwide Markets Monitor is presented during the Altagamma Observatory in October of each year. A semi-annual update of the Altagamma Worldwide Markets Monitor is also presented in April or May of each year. Bain & Company, which was founded in 1973, is a global business consulting firm with 44 offices in 29 countries. Bain & Company has worked with over 4,400 major multinational, private equity and other corporations across every economic sector. Bain & Company Italy is Bain & Company's Italian partner, opened in Milan in 1989 and has developed the worldwide industry database in cooperation with the Altagamma Foundation.

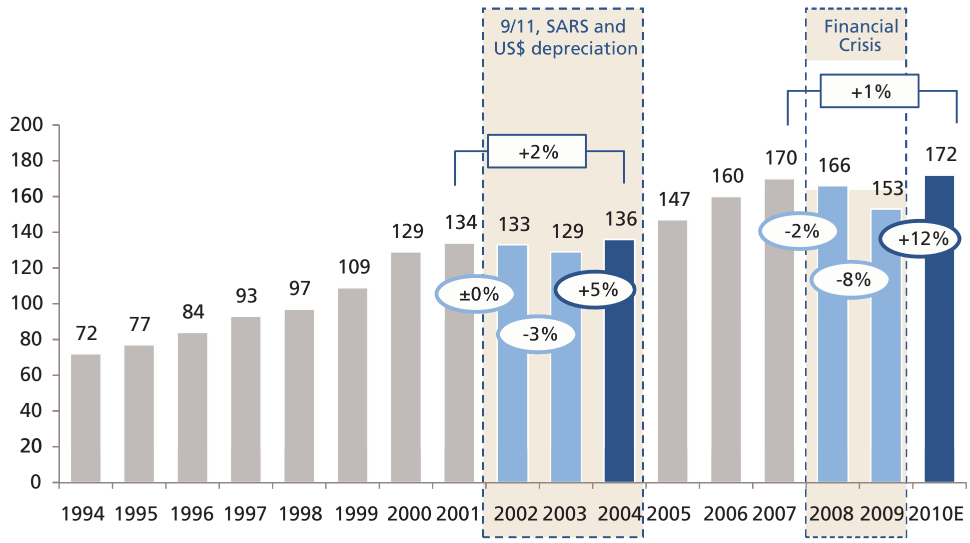
- **Apparel:** including ready-to-wear for both women and men under the Prada brand, womenswear under the Miu Miu brand and menswear under the Church's brand; and

- **Perfume and Cosmetics:** Prada branded fragrance is the only product that the Group has in this product category.

Recent History and Today

According to Altagamma, the total sales in the global luxury goods industry were € 172 billion in 2010.[2] The industry has grown rapidly over the past decade, and has also proven itself to be resilient to a number of economic crises, including the after effects of the September 11, 2001 terrorist attacks on the United States, the SARS outbreak in 2003, and the global financial crisis of 2008 and 2009. During 2002, 2003, and 2004, despite the September 11, 2001 terrorist attacks, the SARS outbreak and the depreciation of the US dollar, the global luxury goods market grew by approximately 2%. Similarly, notwithstanding the fact that the world's major economies were severely affected by the global financial crisis, between 2007 and 2010 the market grew by approximately 1%. The following graph sets forth the actual sales of the global luxury goods industry from 1994 to 2010.

Global Luxury Goods Market: Value (€ billion) and Growth (%) for 1994 to 2010E



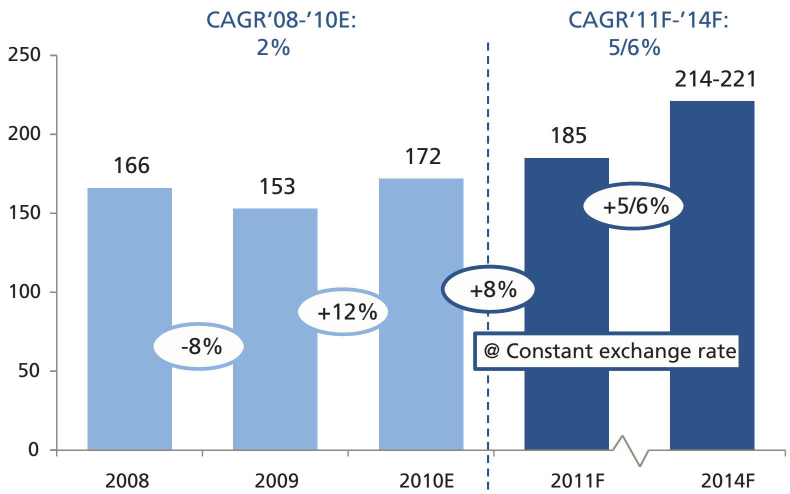
Source: Altagamma Worldwide Markets Monitor

2 The value of the market has been estimated by Altagamma on the basis of adding together the retail value of all the brands included in the segment (230 brands in total). Each individual brand's retail value is determined by adding its retail sales, Altagamma's estimates of the retail value of its wholesale sales and the retail value of its royalties from licenses. An individual company's market share is based on the individual brand's retail value as a percentage of the total market value.

In 2010, the global luxury goods market showed signs of a quick recovery, which was driven by rapid growth in fast-growing luxury markets, which were less impacted by the global financial crisis, resulting in the overall growth of the global luxury market by 12% to € 172 billion in 2010, exceeding pre-crisis sales in 2007 of € 170 billion.

Outlook

Global Luxury Goods Market Forecast: Value (€ billion) and Growth (%) for 2011F to 2014F



Source: Altagamma Worldwide Markets Monitor

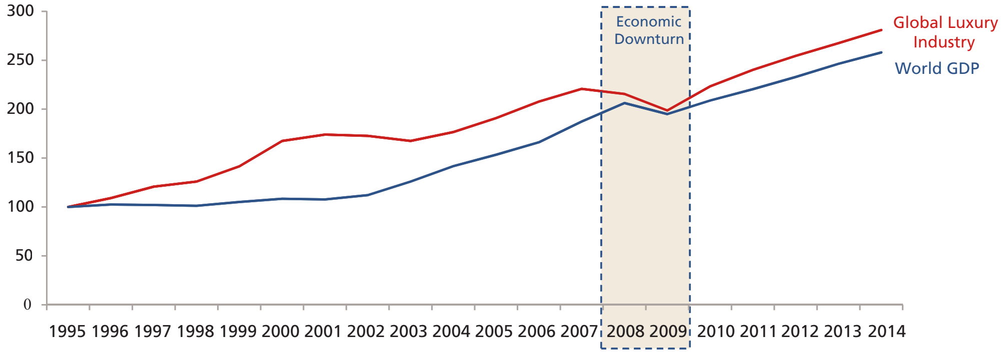
Altagamma forecasts the global luxury goods market to grow to over € 214 billion by the end of 2014, representing a CAGR of 5% to 6% between 2011 and 2014. We believe the growth will be driven by:

The macroeconomic recovery following the global financial crisis of 2008 and 2009

Although the global luxury goods industry is correlated to GDP changes, as shown by the impact of the economic downturn, the luxury goods industry generally performed better than the general economy. The luxury goods market is expected to continue to benefit from the strong rebound in consumer confidence as a result of the macroeconomic recovery following the global financial crisis of 2008 and 2009. The International Monetary Fund forecasts global GDP growth to be at least 4% per annum over the next three years.

In particular, within the global luxury goods industry, power brands have proven themselves to be more resilient than other brands during both the global financial crisis of 2008 and 2009 and in the recovery. Power brands are luxury brands that have (i) a global presence; (ii) an extensive retail network; and (iii) a high relevance in the leather goods, shoes and accessories product category. According to Altagamma, power brands, including us, have average annual sales of € 1.8 billion at retail value.

Global GDP to Global Luxury Goods Industry



Source: Altagamma Worldwide Markets Monitor, International Monetary Fund (GDP in US$)

Strong demand from the emerging middle class in fast-growing countries

Growth in consumption in fast-growing markets is driving the global growth in demand for luxury goods. Even during the global financial crisis, the average disposable income of consumers in fast-growing markets continued to grow. Many of the consumers within these fast-growing markets are new consumers of luxury goods, and are willing to pay not only for luxury goods, but also for a luxury experience. Luxury brands seek to attract these new customers by educating them about their brands' heritage and culture.

A global trend towards urbanization

With approximately half of the world's population already living in urban areas, the United Nations Department of Economics and Social Affairs estimates that the urban population in more developed regions is expected to grow by 9% between 2010 and 2025, compared to the urban population in less developed regions, which is expected to grow by 38% during the same period. The growth of urban populations is expected to result in an increase in the demand for luxury goods.

Growing population of high-net-worth individuals ("HNWIs")

The luxury goods market is expected to benefit from an increase in HNWIs, with the number of HNWIs in 2010 having returned to pre-global financial crisis levels. Although the majority of HNWIs still live in developed countries, the number of HNWIs in fast-growing markets, such as the BRIC countries and the Middle East, has grown rapidly in recent years, with China having grown the fastest among these fast growing markets. An increase in the number of HNWIs is expected to boost the overall demand for luxury goods.

Growing relevance of tourist spending on luxury goods

As a result of rising income in many areas of the world, especially in Asia, tourism and international travel have increased. The World Tourism Organization estimated that annual international tourist arrivals were up by around 7%, or 58 million, in 2010 to 935 million, following a 4% decline in 2009. Among the top single outbound tourism markets in terms of expenditure abroad, fast-growing markets continued to drive growth. For instance, in 2010, expenditure of tourists from China grew by 17%, Russia by 26%, Saudi Arabia by 28% and Brazil by 52%. In general, tourists tend to spend a significant amount of their tourist expenditure on shopping, specifically on luxury goods. This is due, in part, to the following factors: (i) luxury goods may be less expensive abroad than at home for a large portion of tourists, mainly those from Asia, Japan and the Americas, due to possible import duties and consumption taxes and/or VAT in their home countries; and (ii) flagship stores of major luxury brands are often tourist attractions that draw tourists and drive consumption.

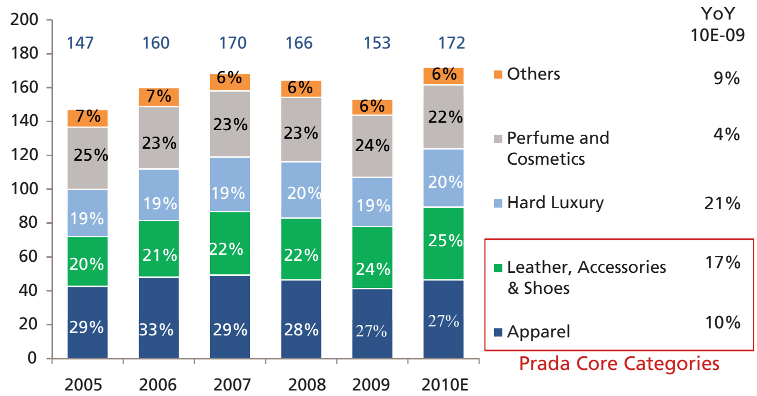
Demographic trend

Certain demographic groups tend to be comprised of a high proportion of actual and potential luxury consumers with growing purchasing power. These key demographic groups tend to have a higher disposable income and higher spending capacity, especially for luxury goods, either for personal use or through gifting. These key segments include (i) those over the age of 50; (ii) working women (generally between the age of 30 and 49); and (iii) DINKs ("double income no kids").

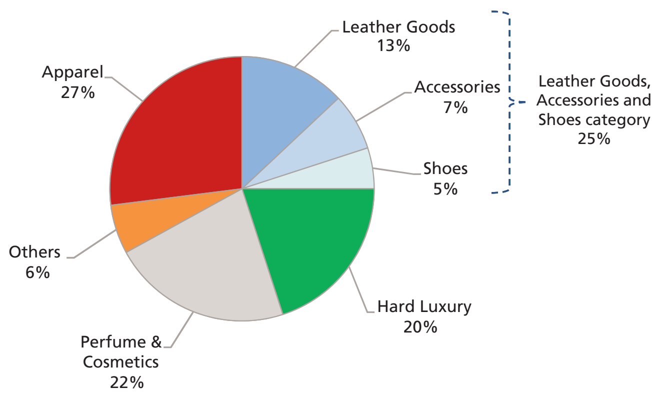
Product Categories — Recent History and Today

According to Altagamma, the global luxury goods industry can be broken down into product categories as shown below. While all categories demonstrated similar growth patterns between 2005 and 2010, leather goods and shoes have proven to be the most resilient as the only products to experience positive growth during the global financial crisis, while leather goods, with growth of 20%, recorded the fastest overall year-on-year growth within the soft luxury goods market in 2010.

Global Luxury Goods Market Categories: Value (€ billion) and Split (%) for 2005 to 2010E



Global Luxury Goods Market Categories: Split (%) for 2010



Source: Altagamma Worldwide Markets Monitor

Apparel

This category includes women's and men's ready-to-wear and childrenswear. It represented 27% of the total luxury goods market in 2010 and was worth an estimated € 46 billion. Apparel showed a strong positive rebound, with growth of 10% in 2010. The outperformance of menswear in terms of revenue growth, which was driven by the introduction of complementary lines, was mainly due to casualization.

Leather goods, shoes and accessories

In 2010, this category represented 25% of the total luxury goods market and was worth an estimated € 43 billion. This category grew by a CAGR of 8% between 2005 and 2010, making it the fastest growing luxury goods category over this period.

Leather goods represented 13% of the total luxury goods market in 2010 and was worth an estimated € 23 billion. Leather goods was the fastest growing sub-category between 2009 and 2010 with 20% growth, while also being the only sub-category with a positive growth of 2% between 2008 and 2009. The outperformance was driven by, among other things, the re-launch and updating of iconic handbags by a number of brands, which have become increasingly important as a form of social identification and differentiation for women and reflect the general trend towards accessorization. Many small niche brands have also experienced growth, and men are showing a similar spending pattern as women in this category.

Shoes represented 5% of the total luxury goods market in 2010 and was worth an estimated € 9 billion. The shoes sub-category grew at a 6% CAGR from 2008 to 2010, which was driven by an overall increase in demand for women's shoes, as well as for men's casual shoes, a trend referred to by Altagamma as *"sneakerization."*

Accessories, which includes all non-leather goods such as eyewear, represented about 7% of the total luxury goods market in 2010. The accessories sub-category was less impacted than other product categories during the global financial crisis. The recovery in 2010 was mainly driven by new brands entering the segment and enlarging their presence in this segment to meet growing interest from consumers for these products.

Perfume and cosmetics

This category, which includes fragrances and cosmetics (both skincare and make-up), represented 22% of the total luxury goods market in 2010 and was worth an estimated € 38 billion. The perfumes and cosmetics category grew at a 0.5% CAGR from 2005 to 2010.

Hard luxury

Hard luxury, which includes jewelry and watches, represented 20% of the total luxury goods market in 2010. Hard luxury was worth an estimated € 34 billion in 2010 and grew by a CAGR of 5% between 2005 and 2010. Because of its high dependence on the wholesale channel and sales to men, this category is typically more cyclical than other categories. This product category has benefited from the growth in the number of HNWIs, in particular in fast-growing markets.

Others

This category includes, among other products, home accessories, and represented 6% of the total luxury goods market in 2010 and was worth an estimated € 10 billion.

Product Categories — Growth

Altagamma forecasts that the global luxury goods industry will grow by a CAGR of 5% to 6% from 2011 to 2014, with the leather goods, shoes and apparel categories playing a key role in the market growth. Overall, the growth of soft luxury goods is expected to exceed the growth of hard luxury goods. Growth in each product category will principally be a result of the following drivers:

Leather goods, shoes and accessories

The growth of this category, which will be the strongest among all categories, will be driven by a high degree of product recognition by increasingly sophisticated consumers.

Apparel

The apparel category will grow in line with the overall luxury goods market due to the renewed interest in formal wear.

Perfume and cosmetics

This category is expected to grow at a similar rate to pre-crisis levels, mainly driven by sales of fragrances.

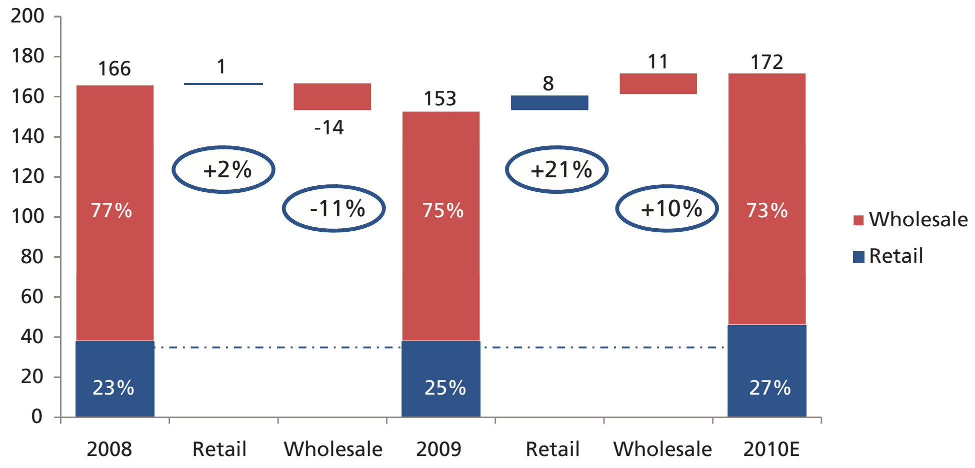
Hard luxury

Growth in the hard luxury category is driven by sales in fast-growing markets, as watches are among the first luxury items purchased by consumers in these markets.

Distribution Channels

Historically, luxury goods have been sold mainly in stand-alone stores, boutiques and department stores, as well as in duty-free stores in hotels and airports. In recent years, consumers have also been able to buy luxury goods through the internet. The chart below sets forth certain information relating to the distribution channel of the global luxury market.

Global Luxury Goods Market Distribution Channel (Retail vs. Wholesale): Value (€ billion) and Split (%) for 2008 to 2010E



Source: Altagamma Worldwide Markets Monitor

Retail Channel

A strong DOS network is important for the success of a luxury brand as it allows brand owners to exert greater control over the "luxury" retail experience of consumers. For this reason, luxury brands have increased the percentage of their sales through DOS, with growth in the retail channel of 21% in 2010 as compared to 2009. Today the retail channel accounts for sales amounting to 27% of the total global luxury goods market. However, this split is affected by the fact that hard luxury companies, particularly watch brands, tend to rely on the wholesale channel for most of their distribution. Within the retail channel, retail sales of outlet stores accounted for about 5% of the global luxury goods market in 2010. Outlets are increasingly valued as an entertainment experience, attracting both wealthier new consumers and tourists. On-line sales of luxury goods represented about 2% of the total global luxury goods market in 2010.

Wholesale Channel

The wholesale channel typically includes department stores and independent high-end multi-brand stores, and accounted for approximately 73% of the total global luxury market in 2010. This channel suffered significantly during the global financial crisis, as a result of heavy discounting in connection with inventory de-stocking, especially in department stores of mature markets (such as the US and Europe). This has led several brands to try to reduce their dependence on the wholesale channel. In 2010, luxury goods industry sales through the wholesale channel rebounded, with a growth of 10% compared to 2009.

Travel Retail Stores or Duty-Free Stores

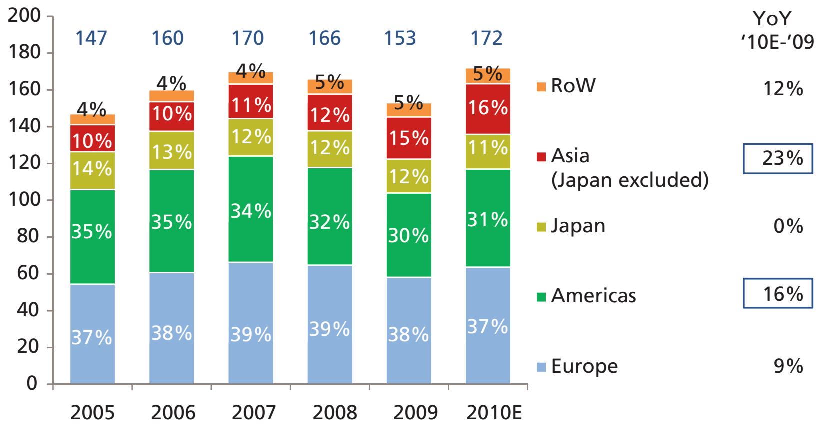
Travel retail stores, or duty-free stores, are mostly located at airport terminals and in hotels. The majority of luxury goods companies' travel retail stores are wholesale, although some companies do directly manage their own duty-free stores. Luxury goods sold at travel retail stores accounted for around € 16 billion, or 9%, of the global luxury goods market in 2010. Within the travel retail channel, luxury goods sales accounted for more than 50% of the overall travel retail channel in 2010. Luxury travel retail was more resilient during recent global financial crisis due to the growth in tourist travel from Asia, and in particular from China. Europe remains the largest travel retail market, followed by Asia, and both have benefited from the increase in Asian tourists in recent times.

GEOGRAPHICAL REGIONS

Geographical Regions — Recent History and Today

The following chart sets forth the global luxury goods industry sales split into the major geographic regions from 2005 to 2010.

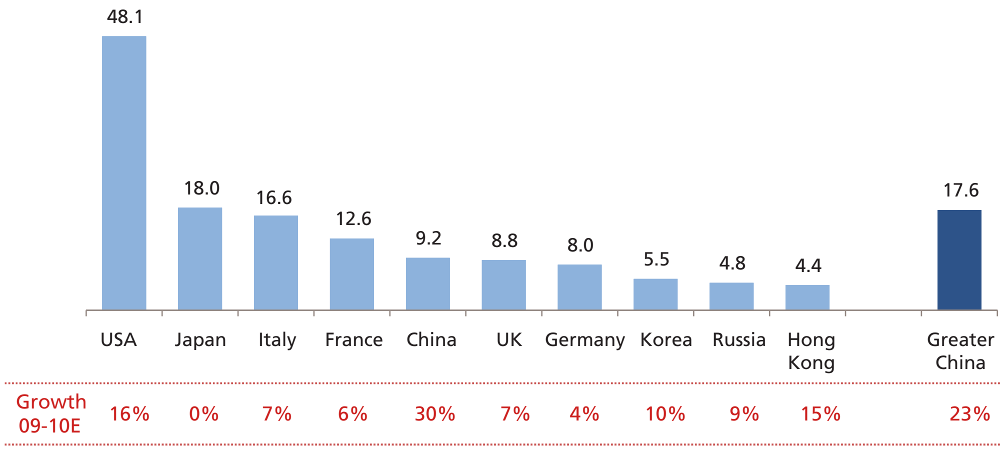
Global Luxury Goods Market By Geographic Region: Value (€ billion) and Split (%) for 2005 to 2010E



Source: Altagamma Worldwide Markets Monitor

The following chart sets forth the ten largest countries in terms of global luxury goods industry sales in 2010E.

Ten Largest Countries for Luxury Goods: Value (€ billion) for 2010E



Note: Greater China includes China, Hong Kong, Macau and Taiwan
Source: Altagamma Worldwide Markets Monitor

Europe

Europe represented 37% of the global luxury goods industry, with € 64 billion in sales in 2010. Between 2005 and 2010, luxury sales in Europe grew by a CAGR of 3%. Although luxury sales in Europe declined by 9% in 2009 over 2008, sales grew by 9% in 2010 over 2009. The rebound of luxury sales in Western European economies, combined with a growing demand for luxury goods in Eastern Europe, fuelled the growth in 2010. The increased luxury spend in 2010 was also driven by the weak Euro relative to the US dollar, Chinese renminbi and Japanese yen, which encouraged tourist flows especially from Asia.

Americas

The Americas represented 31% of the global luxury goods industry, with € 53 billion in sales in 2010. Between 2005 and 2010, luxury sales in the Americas grew by a CAGR of 1%. In 2010, driven by the strong performance from US department stores, luxury sales in the Americas returned to 2008 levels of € 53 billion, following a decline of 14% between 2009 and 2008. The US is the largest country for luxury goods, comprising about 90% of sales in the Americas region. In Latin America, Brazil is the largest country with sales of € 1.8 billion in 2010.

Japan

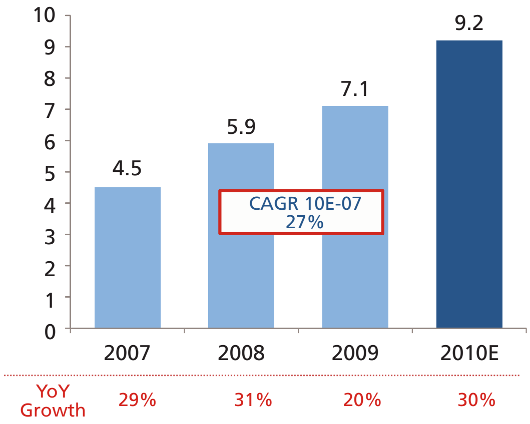
Japan represented 11% of the luxury goods industry with € 19 billion in sales in 2010. Japan is the second largest country in terms of luxury goods consumption, after the US. Due to Japan's economic conditions and the global financial crisis, Japan's luxury goods market has seen a sales decline from € 20 billion in 2007 to € 19 billion in 2010, resulting in a decrease in Japan's share of the global luxury goods market.

Asia Pacific

Asia Pacific is the fastest growing geographical segment, with a CAGR of 13% between 2005 and 2010. The region represented 16% of the global luxury goods industry in 2010, with € 28 billion in sales. The main driver of growth in the Asia Pacific region has been, and continues to be, the overall increase in demand for luxury goods in China, which grew by 30% in 2010. Even during the global financial crisis, the luxury goods market in China continued to grow by 31% in 2008 and by 20% in 2009.

Within Asia Pacific, China is the most important country for the luxury goods industry in terms of sales. Domestic sales of luxury goods in China have grown by a CAGR of 27% since 2007, and sales reached € 9 billion in 2010, representing 33% of the total Asia Pacific and 5% of the total global luxury goods sales. According to the National Bureau of Statistics in China, China's GDP grew at a CAGR of 16% between 2004 and 2009. This rapid growth in GDP is partly driven by a continuing move to urbanization, resulting in the per capita urban consumer spending growth reaching a CAGR of 11% in the five-year period between 2004 and 2009. This has resulted in enhanced buying power and consumption expenditure of consumers in China, which is expected to further fuel the expansion of the Chinese luxury goods market. According to Altagamma, the luxury goods market in China is heavily concentrated with the top five players accounting for 50% of total sales.

Chinese Luxury Goods Market Trend: Value (€ billion) for 2007 to 2010E



Source: Altagamma Worldwide Markets Monitor

Rest of the World

The rest of the world represented 5% of the luxury goods industry, with € 9 billion in sales in 2010. The rest of the world mainly comprises the Middle East and Northern Africa markets. The Middle East contributed to over 40% of the total luxury sales in the rest of the world region, with € 4.1 billion in sales in 2010.

Other Fast-Growing Markets — Recent History and Today

According to Altagamma, in addition to China, the Middle East, Russia, Brazil and India are key to the growth of the global luxury goods industry. Consumers of these fast-growing markets continue to evolve and become more sophisticated. The following table sets forth a summary of the key fast-growing markets.

Summary of the Other Fast-Growing Markets

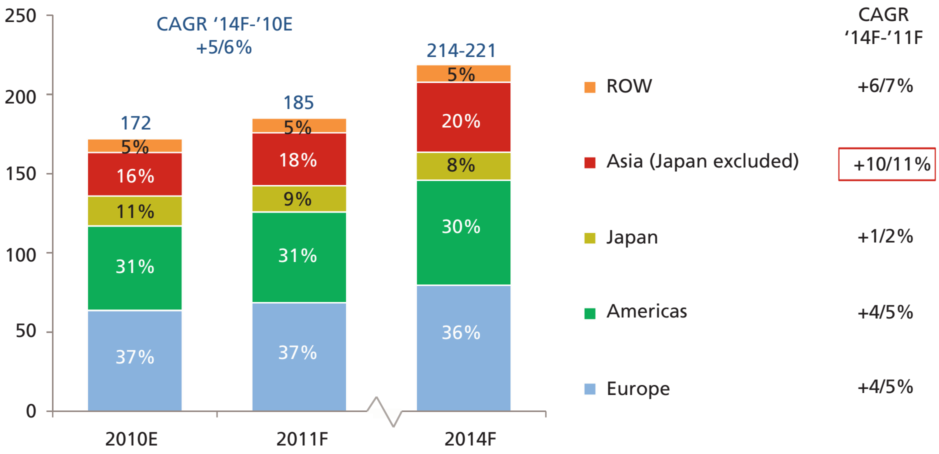
	Middle East	Russia	Brazil	India
Estimated 2010 revenues of relevant luxury goods market	€ 4.1 billion	€ 4.8 billion	€ 1.8 billion	€ 0.8 billion
Proportion of estimated 2010 revenues of global luxury goods market	2%	3%	1%	0.5%
Growth (%) in 2008-2009	-4%	-5%	+20%	+1%
Growth (%) in 2009-2010E	+5% to 8%	+7% to 10%	+15% to 20%	+4% to 5%
Relevant region (for regional comparison)	Rest of the World	Europe	Americas	Asia Pacific
% of respective geographic region	46%	8%	3%	3%
Key cities in the market	Dubai, Abu Dhabi, Kuwait City, Doha	Moscow, St. Petersburg	São Paulo	Mumbai, Delhi

Source: Altagamma Worldwide Markets Monitor

Geographical Regions — Outlook

The following chart shows the global luxury goods industry sales split into the major geographic regions for 2010 and forecast growth for each of these regions in 2011 and 2014.

Global Luxury Goods Market by Geographic Region: Value (€ billion) and Split (%) for 2010E to 2014F



Source: Altagamma Worldwide Markets Monitor

Europe

Europe's luxury goods market is forecast to grow by a CAGR of 4% to 5% between 2011 and 2014. The main driver will be increased luxury goods spending by Eastern Europeans, allowing Europe to consolidate its growth as a mature market.

Americas

The luxury goods market in the Americas is forecast to grow by a CAGR of 4% to 5% between 2011 and 2014. This growth is expected to be fuelled by a return of consumer confidence, encouraged by better than expected macroeconomic results in 2010, combined with the US generally being under-penetrated with respect to luxury goods relative to other markets, such as Japan and Europe. Brazil is currently the largest luxury goods market in Latin America, and currently makes up 3% of the Americas luxury goods market. Growth of luxury goods sales in the Americas is expected to be driven by perimeter growth outside of large, metropolitan cities, into smaller 2nd and 3rd tier cities.

Japan

The forecast for luxury sales in Japan is forecast to grow by a CAGR of 1% to 2% between 2011 and 2014. The drivers taken into account include Japan's ageing population in combination with a change in attitude among young consumers towards luxury goods, as well as a recovery from the earthquake of March 2011.

Asia Pacific

Asia Pacific will continue to be the fastest growing geographical region, with Altagamma forecasting a CAGR of 10% to 11% between 2011 and 2014. The main driver of growth in the Asia Pacific has been, and will continue to be, the overall growth in the customer base, most prominently through increased sales to mainland Chinese consumers of luxury goods.

Altagamma forecasts that China will be the fastest growing market in Asia Pacific (with an increase in sales of 15% to 20% between 2011 and 2014) and will become the third largest luxury goods market globally in the next five years. China's growth will be fueled by strong economic growth (with the International Monetary Fund expecting GDP to grow at a CAGR of 9.5% between 2010 and 2015), growth in the urban population and increased spending by HNWIs. In anticipation of these growth factors, China has become the strategic focus of many global luxury goods companies. Luxury brands are aggressively opening new stores in China, expanding into tier 2 cities and improving their service level. They aim to build brand loyalty with existing customers, as well as to capture new customers from the emerging middle class of Chinese consumers looking to buy luxury goods as a means to improve their quality of life.

Rest of the World

The rest of the world is forecast to grow at a CAGR of 6% to 7% between 2011 and 2014, mainly driven by the growing demand for luxury goods.

Other Fast Growing Markets — Outlook

According to Altagamma, between 2011 and 2014, China is forecast to have the highest CAGR growth among the fast-growing markets with a projected CAGR of 15% to 20%. Between 2010 and 2013, Brazil has a projected CAGR of 10% to 15%, the Middle East with a projected CAGR of 10% to 12%, and Russia and India both with a projected CAGR of 5% to 10%. The steady growth of income in these fast growing markets is expected to play a significant role in the growth of the global luxury goods industry.

COMPETITION

Competitive Landscape

The luxury goods market is highly fragmented and is characterized by the presence of a few large global players, including the power brands, and a large number of smaller players. These types of players compete in different segments both in terms of product category and geographic location.

Barriers to entry in the luxury goods market are high and are mainly related to the time and capital investment required to build and develop a luxury brand into the status of a power brand. A luxury brand's history, heritage, craftsmanship, quality and icons combined with creativity, innovation, brand recognition and distribution network are all key elements of success. In order to preserve brand integrity, it is critical to balance potential expansion opportunities with efforts to maintain the uniqueness, prestige, and identity of the brand.

Lack of an established distribution network presents another barrier to entry for potential players as there is intense competition for prime locations for directly operated stores, as well as access to wholesale distribution outlets. Established luxury brands are able to secure prime locations which allow them to maintain their exclusivity and preserve their prestige and identity. Particularly in China, the power brands are significantly better positioned than smaller players in their ability to obtain the best locations. Both brand positioning and continuous and timely refurbishment of a brand's retail network are strategically important means to convey the desired brand image to consumers.

Competitive Positioning

The Company operates within the luxury goods market alongside some of the most prestigious global brands, which the Directors believe include mainly Armani, Chanel, Christian Dior, Hermes, Louis Vuitton, Gucci, Bottega Veneta and YSL. The Company's brands are among the most highly recognized global luxury brands, particularly the Prada and Miu Miu brands, which have strong appeal and worldwide recognition. Each of the Group's brands has its own distinct identity, which stems from its history and heritage, innovation, craftsmanship and quality, and globally recognized icon status.