

| Prada Group Financial News

BUSINESS

Prada Eyeing Brand Extension With Beauty

● Group chief executive officer Andrea Guerra spoke of the strong momentum of both the Prada and Miu Miu brands as the company reported gains in revenues and profitability in the first half of the year.

BY LUISA ZARGANI

MILAN – Strong brand momentum at Prada and Miu Miu helped parent Prada Group report strong profitability and revenues in the first half, but its management is eyeing further expansion in the long term, including through the addition of new categories and expanding into beauty.

Group chief executive officer Andrea Guerra said during a conference call with analysts on Thursday that the company was “extremely happy” with its license with L’Oréal and that, in addition to fragrances, Prada will “very soon” extend the agreement with “another milestone - beauty,” although he remained mum on details.

Prada’s license with L’Oréal came into effect in January 2021, prior to which it was licensed to Puig. Prada did launch skin care in September 2020 under the previous license.

Guerra also pointed to the importance of retail excellence, and pointed to the addition of jewelry in stores, as well as art de la table and home collections.

The CEO, who joined the company in January, was upbeat throughout the call, touting the group as among the best in class.

In the six months ended June 30, group net profit soared 62 percent to 305 million euros, compared with 188 million euros in the same period last year.

Revenues amounted to 2.23 billion euros, up 17 percent compared with 1.9 billion euros in the first half of 2022. At constant exchange rates, sales rose 20 percent.

Retail sales increased 18 percent to 1.97 billion euros, driven by like-for-like full-price sales.

Wholesale revenues were up 8 percent to 194 million euros.

During the call, Patrizio Bertelli, Prada Group chairman and executive director, attributed the performance to the brands’ “desirability” and “strong identity” as well as to “careful and disciplined execution.”

He said he was “happy with the quality of the growth,” with “a robust” Prada and “significant progression” at Miu Miu. He pointed to increased retail and industrial investments in the year, an acceleration of store renovations, and “greater control.” Bertelli trumpeted the acquisition of a minority stake in the “excellent” cashmere producer Luigi Fedeli e Figlio with the Ermenegildo Zegna Group, as reported. In 2021, Zegna and Prada first joined forces to acquire a majority stake in Filati Biagioli Modesto SpA, which specializes in the production of cashmere and other precious yarns.

The group’s “globally balanced distribution allows us to capture growth despite ever-evolving industry demand dynamics,” Bertelli continued. “We will remain vigilant and nimble, ready to deal with different macroeconomic and demand scenarios that may materialize ahead. Our brands retain vast growth potential; our strategy is clear, and our reinforced organization is well equipped to execute.”

In the first half, operating profit rose 61 percent to 491 million euros compared with 305 million euros last year, a margin of 22 percent on sales.

Gross profit gained 21 percent to 1.79 billion euros, compared with 1.47 billion euros.

The second quarter, said Guerra, “was another positive quarter on top of a solid” first quarter, although he admitted the year was “strange, remaining challenging month to month, and in the second half it could be a little awkward.”

Despite the strong performance, Carole Madjo at Barclays said the results were somewhat mixed as sales came in slightly below expectations, as the second-quarter sales were 1 percent less than consensus. But in her report she noted that the operating profit was on the other hand “much stronger,” an 8 percent beat versus the consensus. The margin of earnings before interest and taxes “reached an impressive 22 percent vs. consensus at 20.1 percent. We also note that the gross margin also improved significantly, reaching 80.3 percent (vs. consensus of 78.6 percent) notably helped by higher average price, positive channel mix and scale.”

Luca Solca at Bernstein said in his report that top-line growth was about 2 percent short of consensus estimates, underscoring the “divergent progression” at Prada and Miu Miu, while “geographic progression matches what we have seen earlier, as LVMH and Richemont reported,” a slowdown in the Americas, while Japan and Asia Pacific lead. Operating profit by contrast is 7.5 percent higher than consensus, marking “a material improvement.”

Asked about the dual listing expected in Milan after Hong Kong in 2011, Guerra said there was no update. Chief financial officer Andrea Bonini explained that “the technical issues” were completed. “We’ve done the work and tested the infrastructure, but this is not a priority although it’s in our agenda. We are now focusing on strategies and the organization of the group.”

Guerra underscored that the group’s “profitability further increased while we continued to consolidate our brands’ desirability with higher investments. We are still at the beginning of our strategic journey: We need to act with a long-term perspective, continuing to invest behind our brands, maintaining maximum focus on retail execution and productivity. For the current year, we retain our ambition to deliver solid, sustainable and above-market growth,” considering a more challenging comp base in the third quarter and some COVID-19 restrictions during the final quarter of last year.

At constant exchange rates, in the first half retail sales of the Prada brand grew 18 percent to 1.66 billion euros, with a more moderate but solid pace compared to the 21 percent increase of the first quarter, on a high basis of comparison, with the exception of China.

Miu Miu reported 50 percent growth in retail sales in the semester to 285 million euros, with the second quarter up 57 percent compared with 42 percent in the first quarter, lifted by the higher exposure to China and Asia.

At group level, sales of leather goods were up 12 percent to 925 million euros; ready-to-wear rose 36 percent to 609 million euros, and footwear gained 20

percent to 374 million euros.

Guerra underscored that Prada logged in “another great six months,” highlighting how the brand is a “careful interpreter of cultural and social movements,” and that there are “never shortcuts” with this attitude. He touted the “great reception” of the fall collection over the past 10 days and the brand’s strength with the buy now, wear now offer.

“Miu Miu is really reaching excellent brand momentum, with a sharp image, a readable identity and all products and categories are growing, leather goods are improving, and the growth is balanced globally,” said Guerra. “We are getting the team ready for future milestones and the evolution of Miu Miu.”

Guerra cautioned against comparing Prada, designed by both Miuccia Prada and Raf Simons, with Miu Miu, which is helmed only by the Italian designer, each with their “own life, destiny and growing pattern, and difference in geographic coverage.” Miu Miu, he said, is more exposed to Asia, which led him to point to the additional opportunities for Prada in China in particular.

“After years of rethinking, repositioning and re-engineering Miu Miu” and growing over the past 24 months, he believes there is still a substantial opportunity long-term.

Prada “remains on a sound trajectory and Miu Miu is reporting a remarkably strong performance, thanks to a strengthened identity and increasing visibility,” he said.

At current exchange rates, in the first half retail sales in Asia Pacific gained 21 percent to 716 million euros, thanks to the acceleration in mainland China, Hong Kong and Macao, boosted by the low basis of comparison of 2022, when China was affected by the lockdowns in April and May, lifted from June.

Japan was the best-performing region in the quarter, up 38 percent to 224 million euros, benefiting from the group’s recent investments in the retail network, a strengthened organization, solid domestic demand and increasing tourism flows. Guerra noted that Japan has always been “very strong for Prada historically, running on its own, there is great love for the brand.” He clarified that Prada is “not registering a negative performance in China”; on the contrary, “it is enjoying a fast-growing pattern, and proves there is further opportunity for the brand in the region.”

Group sales in the Middle East grew 15 percent to 92 million euros.

Retail revenues in Europe rose 20 percent to 582 million euros despite the very challenging comparatives, driven by healthy local demand and high levels of tourism.

Retail sales in the Americas amounted to 361 million euros, compared with 360 million euros in the same period last year, although the North American client cluster continued to grow throughout the semester, including in the second quarter, Guerra said, noting an improvement in the U.S. now.

Bonini said capital expenditures totaled 151 million euros in the first half, compared with 97 million euros in the same period last year. Of this amount, 27 million euros were channeled into IT and 22 million euros in industrial investments, while the main chunk was spent on the store network and communication and marketing.

Prada
fall 2023



The group continued to invest in its retail network upgrade with around 70 renovation projects completed to elevate customer experience and increase productivity

Guerra in fact noted that management was “obviously” eyeing operating profit growth, but touted the importance of investments and that he was more focused on “constant and healthy, fantastic revenues growth.”

Asked about owned brand Church’s, Guerra said “we have restarted from scratch and restructured it over the last two years, closing stores and accounts that were not useful and we now have a very clear positioning, with 25 to 30 stores and 140 to 150 wholesale accounts. We have been working really hard and by the end of the year, we will have more promising ideas and performance.”

Lorenzo Bertelli, marketing director and head of CSR, said that the group has become a signatory of ZDHC Zero Discharge of Hazardous Chemicals by 2024, it has launched an ambitious water conservation program, and announced a new partnership with IOC-UNESCO for the Sea Beyond project to expand training on ocean preservation. Prada Group is donating 1 percent of Prada Re-Nylon collection revenues.

As of June 30, the group’s net cash position stood at 283 million euros.

Prada, Miu Miu Boost Group Sales, Profitability in H1

Like-for-like full price sales of the brands, growth of all product categories and a rebound of Asia Pacific lifted the performance as Prada revenues rose 18 percent and Miu Miu vaulted 50 percent.

By [LUIZA ZARGANI](#) Plus Icon

JULY 27, 2023, 7:40AM



Prada Men's Spring 2024 [GIOVANNI GIANNONI/WWD](#)

MILAN – Both the [Prada](#) and [Miu Miu](#) brands contributed to a strong performance of parent [Prada](#) Group in the first half of the year.

In the six months ended June 30, group net profit soared 62 percent to 305 million euros, compared with 188 million euros in the same period last year.

Revenues amounted to 2.23 billion euros, up 17 percent compared with 1.9 billion euros in the first half of 2022. At constant exchange rates, sales rose 20 percent.

[Retail](#) sales increased 18 percent to 1.97 billion euros, driven by like-for-like full price sales.

Wholesale revenues were up 8 percent to 194 million euros.

In a statement Thursday, [Patrizio Bertelli](#), Prada Group chairman and executive director, attributed the performance to the brands' desirability and to "disciplined execution," and said that the group's "globally balanced distribution allows us to capture growth despite ever-evolving industry demand dynamics. We are pleased with the quality of Prada's continued growth and with the remarkable performance of [Miu Miu](#). We will remain vigilant and nimble, ready to deal with different macroeconomic and demand scenarios that may materialize ahead. Our brands retain vast growth potential; our strategy is clear, and our reinforced organization is well equipped to execute."

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Gross profit gained 21 percent to 1.79 billion euros, compared with 1.47 billion euros.

The second quarter, said Andrea Guerra, group chief executive officer, "was another positive quarter on top of a solid" first quarter, with Prada "remaining on a sound trajectory and [Miu Miu](#) reporting a remarkably strong performance, thanks to a strengthened identity and increasing visibility."

Guerra underscored that the group's "profitability further increased while we continued to consolidate our brands' desirability with higher investments. We are still at the beginning of our strategic journey: we need to act with a long-term perspective, continuing to invest behind our brands, maintaining maximum focus on [retail](#) execution and productivity. For the current year, we retain our ambition to deliver solid, sustainable and above-market growth," considering a more challenging comp base in the third quarter and some COVID-19 restrictions during the final quarter of last year.

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the first quarter, on a high basis of comparison, with the exception of China.

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At group level, sales of leather goods were up 12 percent; ready-to-wear rose 36 percent, and footwear gained 20 percent.

Capital expenditure amounted to 97 million euros.

The group continued to invest in its retail network upgrade with around 70 renovation projects completed in the semester to elevate customer experience and increase productivity.

At current exchange rates, retail sales in Asia Pacific gained 21 percent to 716 million euros in the first half, thanks to the acceleration in Mainland China, Hong Kong and Macau, boosted by the low basis of comparison of 2022, when China was affected by the lockdowns in April and May, lifted from June.

Retail revenues in Europe rose 20 percent to 582 million euros despite the very challenging comparatives, driven by healthy local demand and high levels of tourism.

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Japan was the best performing region in the semester, up 38 percent to 224 million euros, benefitting from the group's recent investments in the retail network, a strengthened organization, solid domestic demand and increasing tourism flows.

Sales in the Middle East grew 15 percent to 92 million euros.

As of June 30, the group's net cash position stood at 283 million euros.

LUXURY

Soaring Miu Miu Sales Boost Prada Group

Miu Miu's first-half revenues jumped 50 percent year on year as runway relevance translated into sales. The group's flagship Prada brand grew 18 percent.



Soaring Miu Miu sales help to boost Prada Group. (Indigital)
By

- [TAMISON O'CONNOR](#),
- [ROBERT WILLIAMS](#)

27 July 2023

Prada's sister brand Miu Miu reported a historic first half — with like-for-like retail sales jumping by 50 percent — as the label's renewed runway buzz translated into a soaring revenues. Sales at its flagship Prada brand grew 18 percent, the Milanese fashion group said.

In a call with analysts, Prada's **revamped management team** cited the cultural relevance and clarified positioning of Miu Miu as a key growth driver, as well as

the brand's exposure to Asian markets where sales are rebounding from coronavirus shutdowns last year).

In October 2021, the company unveiled a more legible, social media-friendly brand platform for Miu Miu, focusing on rebellious twists on classic collegiate dress, which has pushed interest in the label to new heights. Miu Miu has since continued to develop those themes, deploying ironically ladylike officewear, ballet flats, luxe tights and retro pedal pushers. A revamped handbag program has invoked the early 2000s It-bag aesthetic but with a timeless touch that helped keep items from feeling overly trendy.

Prada Group's first-half revenues of €2.2 billion rose 20 percent year-on-year, slightly missing analyst estimates. Sales rose sharply among Asian customers, while Europeans "normalised, but remain very solid," chief executive officer Andrea Guerra said.

Like many competitors, Prada Group is facing slowing demand in the key US market, where its retail sales fell 1 percent in the first half. Still, the group said its business with American clients continues to grow overall, with a low-single digit sales increase once sales to US tourists in Europe were taken into account.

Last week, declining sales at Cartier-owner Richemont sent its shares tumbling as much as 10 percent in one day. Earlier this week sector leader LVMH reported similar weakness in the US, citing lower demand from aspirational customers.

Prada Group's strong results — nearly in line with LVMH's 20 percent fashion second-quarter growth — suggest that the company has the necessary momentum to navigate an increasingly uncertain fashion market without the backing of a major conglomerate.

The company recently recast its executive ranks in a bid to bolster governance and ease the transition to its next generation of leaders: While controlling shareholder Miuccia Prada remains co-creative director alongside Raf Simons, she relinquished her co-CEO title upon the arrival of former Luxottica chief Guerra earlier this year. Her husband Patrizio Bertelli also relinquished his CEO title, transitioning to an executive chairman role. Additionally, the group named a new brand-level chief executive at Prada, Gianfranco D'Attis, formerly of Dior.

Editor's Note: This story was updated on July 27, to clarify group revenues reached €2.2 billion in the first half.

LUXURY

Soaring Miu Miu Sales Help Boost Prada Group



Soaring Miu Miu sales help to boost Prada Group. (Indigital)

By

• **TAMISON O'CONNOR**

27 July 2023

A “remarkable performance” at Miu Miu along with strong sales in Asia and Europe helped boost Prada Group revenues in the first half, the company said Thursday.

Like-for-like retail sales at Miu Miu soared 50 percent year on year, supported by the brand’s high exposure in Asia where Chinese spending is rebounding strongly. Sales at flagship brand Prada grew 18 percent year on year.

Group net revenues in the first half reached €2.2 billion, up 20 percent year on year, about 2 percent short of analyst estimates. Operating profit improved markedly: earnings before interest and tax hit €491 million, beating estimates by more than 7 percent.

Prada Group is facing slowing demand in the key US market, where retail sales fell 1 percent in the first half, although the group said its American consumer base continues to grow. Earlier this week, sector leader LVMH reported weakening demand from aspirational customers in the US.

Headlines

- Bloomberg:** *PRADA 1H NET INCOME EU305M, EST. EU293.3M (*headline only*)
- Bloomberg:** PRADA 1H RETAIL SALES AT CONSTANT FX +21% (*headline only*)
- Bloomberg:** PRADA 1H NET REV. EU2.23B, EST. EU2.27B (*headline only*)
- Bloomberg:** Prada 1H Net Rev EUR2.23B (*headline only*)
- Bloomberg:** Prada 1H Retail Sales EUR1.97B (*headline only*)
- Bloomberg:** Prada 1H Adj EBIT EUR491.42M (*headline only*)
- Bloomberg:** Prada 1H Net Pft EUR305.17M (*headline only*)
- Bloomberg:** Prada 1H Adj EBIT Margin 22% (*headline only*)
- Bloomberg:** Prada Aims to Deliver Solid, Sustainable and Above-Market Growth in 2023 (*headline only*)
- Bloomberg:** Prada 1H Net Revenue Misses Estimates
- Bloomberg:** Prada Earnings Jump, Helped by Luxury Demand in Asia, Europe

Full Articles

Bloomberg

Prada 1H Net Revenue Misses Estimates

Antonio Vanuzzo

26 July 2023

Prada reported net revenue for the first half-year that missed the average analyst estimate.
FIRST HALF RESULTS

- Net revenue EU2.23 billion, +17% y/y, estimate EU2.27 billion (Bloomberg Consensus)
- Net income EU305 million, +62% y/y, estimate EU293.3 million
- Wholesale sales EU210 million, +8.2% y/y
- Retail sales EU1.98 billion, +18% y/y
 - Asia Pacific retail sales EU716 million, +21% y/y
 - Europe retail sales EU582 million, +20% y/y
 - Americas retail sales EU361 million, +0.3% y/y
 - Japan retail sales EU224 million, +39% y/y

- Middle East retail sales EU92 million, +15% y/y
- Retail sales at constant FX +21%
- Royalties EU47 million, +65% y/y, estimate EU37.6 million
- Adjusted Ebit EU491 million, +48% y/y
- Ebit EU491 million, +61% y/y

COMMENTARY AND CONTEXT

- Retail Sales +21% y/y, driven by like-for-like full price sales. Prada +18% y/y and Miu Miu +50% y/y

NOTE

- For Bloomberg Consensus estimates used in this story see: 1913 HK Equity MODL

Bloomberg

Prada Earnings Jump, Helped by Luxury Demand in Asia, Europe

Thomas Mulier

26 July 2023

Prada SpA reported stronger earnings as the Italian fashion group benefited from shoppers in Europe and Asia splurging on Prada loafers and Miu Miu bags.

Operating profit rose 49% to €491 million (\$547 million) in the first half on an adjusted basis, Hong Kong-listed Prada said Thursday. Analysts expected €457 million.

Prada and Miu Miu's latest designs have proved popular with fashionistas around the world. The fashion group has reorganized its management with Miuccia Prada, granddaughter of the label's founder, and Patrizio Bertelli stepping down as co-chief executive officers and Andrea Guerra taking on the leadership role.

Sales rose 20% at constant exchange rates to €2.2 billion, just below estimates. Revenue gained in every region except the Americas, where retail sales dropped 1%. Menswear and womenswear are both performing well at Prada, the company said. During the second quarter, Prada unveiled a line of luxury football cleats with Adidas AG.

The company said Miu Miu's Wander and Arcadie purses have had strong sales.

Reuters News

Asia, Europe provide impetus for Prada in first half

27 Jul 2023 14:00:39

Adds details

MILAN, July 27 (Reuters) - Italy's Prada 1913.HK posted 20% growth at constant exchange rate in first half sales, just below consensus, but profitability jumped by more than expected.

Revenues at the luxury group, listed in Hong Kong, totalled 2.232 billion euros (\$2.49 billion), boosted by Asia and Europe and despite lower retail sales in the Americas. Strong momentum at its smaller Miu Miu also helped to support sales growth.

Analysts expected 2.275 billion euros, according to a consensus gathered by Reuters.

Adjusted earnings before interest and taxes (EBIT) jumped to 491 million euros from 305 million euros in the first six months of last year and compared to analysts' estimate of around 460 million euros. EBIT margin rose to 22%.

"For the current year, we retain our ambition to deliver solid, sustainable and above-market growth, considering a more challenging basis of comparison in the third quarter and a fourth quarter 2022 that was again impacted by new Covid restrictions in Asia", Chief Executive Officer Andrea Guerra said in a statement.

Dow Jones

Prada 1H Sales Surge Globally, Except in Americas

Mauro Orru

26 July 2023

Prada on Thursday posted a jump in profit and sales for the first half of the year, with all regions showing double-digit growth, except the Americas.

The Italian luxury-fashion house said net revenue had climbed to 2.23 billion euros (\$2.47 billion) from EUR1.90 billion in last year's first half.

Retail sales contributed EUR1.97 billion to the total. Sales were strongest in Japan, the Asia Pacific, and Europe.

Net profit increased to EUR305.17 million from EUR188.26 million, while adjusted earnings before interest and taxes rose to EUR491.42 million from EUR330.80 million, generating a 22% margin.

Prada said it would aim for solid, sustainable and above-market growth this year.

Reuters

Asia, Europe power Prada's sales, offset Americas slowdown

Elisa Anzolin

27 July 2023

MILAN (Reuters) - Italian fashion group Prada posted 20% growth in first half sales on Thursday as a strong performance in Asia and Europe helped to offset a slowdown in its Americas region.

The group reported double figure growth from all product categories, with ready-to-wear the strongest part, ahead of footwear and leather goods. Strong momentum at its smaller Miu Miu also helped to support sales growth.

Revenues at the luxury group, listed in Hong Kong, totalled 2.23 billion euros (\$2.49 billion). Analysts expected 2.28 billion euros, according to a consensus gathered by Reuters.

Adjusted earnings before interest and taxes (EBIT) jumped to 491 million euros from 305 million euros in the first six months of last year and compared to analysts' estimate of around 460 million euros. The EBIT margin rose to 22%.

"For the current year, we retain our ambition to deliver solid, sustainable and above-market growth, considering a more challenging basis of comparison in the third quarter and a fourth quarter 2022 that was again impacted by new Covid restrictions in Asia", Chief Executive Officer Andrea Guerra said in a statement.

Industry heavyweight LVMH this week reported only an in-line increase in sales, seen as a sign that the overall sector could be facing more moderate growth. LVMH suffered a small quarterly sales dip in the United States, where inflation and economic turbulence have dented demand for high-end goods.

CLOSER TO HOME?

In the conference call with analysts, Prada's Guerra said the group had no update on a possible dual listing in Milan.

Prada's Chief Financial Officer (CFO) Andrea Bonini added that from a technical feasibility standpoint the group was ready to list in its home country

The listing "is in our agenda but we said from day one that it is not a priority for us at the moment" he said.

The managers said that the priority for the second half of the year would be accelerating investments behind the brands and on the stores.

"We are well equipped for another successful semester", Guerra said. (1 = 0.8972 euros)

AFP

Recovering China sales boost profits at Prada

27 July 2023

Luxury Italian group Prada said Thursday sales and profits rose strongly in the first half of this year thanks to continued recovery of sales in China and strong European demand.

Net profits soared 62 percent from the same period last year to 305 million euros (\$335 million), while revenue rose 17 percent to 2.23 billion euros, driven by strong retail sales, according to a press release.

Retail sales of clothing and footwear rose by 36 percent and 20 percent, respectively, with leather goods up 12 percent, at constant exchange rates.

Prada Group Chief Executive Andrea Guerra said the first quarter of 2023 had been "solid" followed by "another positive quarter" to June.

"For the current year, we retain our ambition to deliver solid, sustainable and above-market growth," he added in the statement.

The Prada brand remains "on a sound trajectory" while sister label Miu Miu had "a remarkably strong performance, thanks to a strengthened identity and increasing visibility", Guerra said.

Miu Miu, which is aimed at younger clients, saw retail sales jump by 50 percent at constant exchange rates, compared to 18 percent at Prada.

In the Asia-Pacific market, Prada's largest, retail sales rose 21 percent to 716 million euros.

The main driver of the growth came from mainland China, Hong Kong and Macau, after the lifting of Covid restrictions in China, the group said.

Prada also highlighted sales in Japan, up 38 percent, thanks to the group's investments in distribution.

Sales in Europe rose 20 percent to 582 million euros, driven by "healthy local demand and high levels of tourism", the press release said.

In the Americas, retail sales remained stable at 361 million euros.