

PRADA S.p.A.
IT'S A WINNER, TO BE SURE

Prada S.p.A., (Code: 1913, Main Board, The Stock Exchange of Hongkong Ltd), a prestigious fashion and luxury goods manufacturer and international retailer, which is the owner of Miu Miu, a leading, high-fashion producer of ladies' clothing, and Church's, a producer of men's shoes, among others, appears on paper as a winner in terms of its Bottom Lines for the track-record period, ended January 31, 2011.

And it looks as though it could be a winner for some years to come.

However, it is noted that the flotation of this Italian fashion house in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is going to benefit, especially, the Selling Shareholders to the tune of about \$HK15,111,700,000 with the Company, obtaining about \$HK2,438,900,000, on the assumption that the Offer Price Per Share is \$HK42.25, being the midway point of the proposed Offer Price Range Per Share of \$HK36.50 and \$HK48.00.

At Page 232 of the Global Offering Prospectus, dated June 13, 2011, it is stated:

'We estimate that our Selling Shareholders will receive net proceeds of approximately HK\$15,111.7 million (assuming an Offer Price of HK\$42.25 per Share, being the mid-point of the estimated Offer Price range) after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. We will not receive any of the net proceeds of the Global Offering from the sale of Shares by the Selling Shareholders.'

The Selling Shareholders are: Prada Holding B.V., the holding company of Prada S.p.A.; and, Intesa Sanpaolo S.p.A.

The beneficial owners of the above-mentioned companies are Ms Miuccia Bianchi Prada and Mr Patrizio Bertelli, also known as Mr and Mrs Patrizio Bertelli due to the fact that they are husband and wife.

The Global Offering is in respect of 423,276,000, €0.10 Shares, of which 58,824,000 are New Shares and 364,452,000 are those shares, being sold by Mr and Mrs Patrizio Bertelli via Prada Holding B.V. and Intesa Sanpaolo S.p.A.

The reason for this flotation, one is told at Page 231 of the Global Offering Prospectus, is to fund the following, based on the Offer Price Per Share, being \$HK42.25:

The expansion of **Directly-Operated Stores (DOS)** and to renovate or relocate existing

DOS over the next 18 months or so	\$HK1,829.20 million
Repayment of bank loans	\$HK365.80 million
Provide more funding for the Working Capital Account	<u>\$HK243.90 million</u>
TOTAL:	<u>\$HK2,438,900,000</u>

The History of Prada

Prada's history is like so many other well-known, Italian brand names, having now been taken for granted by the consuming public, from Ferrari motor cars, started by Mr Enzo Ferrari, to the Gucci Family, which made coloured-suede loafers the rage in the 1970s in the United States, to the Ducati Family of Adriano, Marcello and Bruno Ducati who, in 1926, founded 'Societa Scientifica Radio Brevetti Ducati' in Bologna, Italy, in order to produce vacuum tubes, condensers and other radio components, becoming successful enough by 1935 to construct a new factory in the Borgo Panigale area of the city, to Nazareno Fonticoli, the master tailor of Rome, Italy, who, in about 1945, was the Founder of Brioni fashion house, formerly producing only men's clothing, the distinctive marque, being named for the Croatian island group, the Brijuni Islands.

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