June 29, 2026 04:00 AM GMT

Prada | Europe

The Miu Miu wild card behind the discount

WHAT'S CHANGED		
Prada SpA (1913.HK)	**From**	**To**
Price Target	HK$51.00	**HK$42.00**

All-time low multiple, all-time high optionality? With the shares trading near trough valuation levels ahead of next month's results, we take a fresh look at a story that remains rich in both upside potential and execution risk.

Key Takeaways

- 2Q26 preview: we model +2% CER growth at both Prada and Miu Miu (vs. VA css +3% and +6%); 1H26 EBIT of €496m a 16.5% margin (vs. VA €536m and 18.2%).

Tempting valuation, binary debate? We take another look at Prada Group, which is trading near trough multiples on consensus numbers (despite Versace losses at ~ €90m). Ultimately, we think the valuation debate starts with Miu Miu, not Versace: for Prada shares to look genuinely cheap, we believe investors will need confidence that Miu Miu can transition from exceptional growth to sustainable growth, while preserving healthy margins (we estimate ~€40m EBIT in 2022 ~HSD% margin vs. ~ €500m in 2025, i.e. ~30% margin). That is a demanding assumption, given revenues have risen 3.9x since 2019 and the brand has generated >100% of Group EBIT growth since 2022, on our estimates. If Miu Miu were to follow the path of other luxury mega-brands that have undergone a normalisation (contraction) phase, such as Dior, Gucci and Saint Laurent (see Exhibit 5), the earnings downside from operating deleverage could be substantial, quickly eroding the apparent valuation discount. Versace is a 2028 story at best, in our view: overall the cheapness has a rationale, the catalyst path is thin into 2027, and our base case still needs a couple of things to go right (our recent channel checks remain positive on both Prada and Miu Miu). However, as it stands, we would not expect the shares to re-rate over the next 12 months without brand momentum reaccelerating meaningfully at Prada or Miu Miu. We therefore remain Equal-wight with a tactical bias to revisit.

With this report, Natasha Bonnet assumes lead coverage of Prada.

Our base case assumes Miu Miu retail sales up +6.8% CER in 2026, +2% in 2027 and +3% in 2028 (vs. +8.1%, +8.7% and +7.1% for VA consensus), as we expect a normalisation (despite our forecasts being significantly below consensus, we think we may still be too conservative, given that Miu Miu's growth in 2026 will likely be driven by space with LFL flat, hence 2027 and even 2028 could see strong negative LFL similarly to peers Dior and Gucci). We model Prada brand retail CER of +3.2% in 2026 and +4% thereafter. We model an 18.9% EBIT margin in 2026, after which we see slow margin expansion to 19.9% in 2030. On our numbers, Prada Group is

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Prada SpA (1913.HK, 1913 HK)

Brands | Italy

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	**HK$42.00**
Shr price, close (Jun 26, 2026)	HK$38.24
52-Week Range	HK$52.00-34.52
Mkt cap, curr (mn)	€10,888
Net debt (12/26e) (mn)*	€313
EV, curr (mn)*	€11,380

* = GAAP or approximated based on GAAP

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
Sales / Revenue (€mn)**	5,718	6,433	6,606	6,841
EBITDA (€mn)**	2,116	2,111	2,171	2,293
EBIT (€mn)**	1,324	1,217	1,253	1,342
EPS (€)**	0.34	0.30	0.30	0.33
Prior EPS (€)**	-	0.32	0.38	0.46
EPS (€)§	0.33	0.31	0.35	0.39
P/E**	14.4	14.4	14.0	12.9
EV/revenue*	2.3	1.7	1.6	1.5
EV/EBITDA**	6.2	5.3	5.0	4.6
EV/EBIT**	9.9	9.2	8.7	7.9
DPS (€)	0.16	0.15	0.15	0.17
Div yld (%)	3.3	3.5	3.6	3.9
FCF yld ratio (%)**	9.2	11.2	13.0	13.6
Net debt (€mn)*	471	313	(16)	(361)
Net debt/EBITDA**	0.2	0.1	NM	NM
RNOA (%)**	16.5	11.5	11.2	11.5
ROE (%)**	19.9	16.3	15.5	15.6

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
* = GAAP or approximated based on GAAP
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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trading at 13x 2030 P/E (normalised year with Versace contribution), which we deem fair given the execution at play.

Prada is set to report its 2Q/1H26 results on Thursday 30th July.

2Q/1H26 expectations: We model +2% retail growth (at constant exchange rates) at Miu Miu in 2Q26 (Q1 +2% had a -2.5pt impact from the conflict in the Middle East, which is likely to be more meaningful in Q2) vs. consensus at+6%, +2% at Prada (consensus+3%) and -7% at Versace (consensus -6%). Our 1H26 EBIT estimate stands at €496m, implying a 16.5% margin, embedding -360bps Versace dilution, -150bps FX headwind, and operating deleverage given <MSD% retail growth.

Risks to the downside: (1) The biggest risk, in our view, is that Miu Miu's sales decline significantly (similar to a Gucci scenario, where sales declined by 42% between 2022 and 2025) and thus have a scissor effect on profitability; **(2)** Prada's momentum could fade (similar to 2014-17), leading to margin compression; and **(3)** Versace's integration could prove more dilutive and take longer to turn around than expected.

Risks to the upside: (1) Prada has talked in the past about a possible Milan dual-listing; if that were to materialise, it could result in a rapid re-rating, as we believe the current HK listing, limited free float (~20%) and low daily trading volumes are key technical factors compressing the multiple; **(2)** Prada and Miu Miu may maintain momentum with >20% EBIT margins, and Versace's turnaround could drive earnings accretion from 2028.

With our transfer of coverage we have taken a fresh look at our model. Our new estimates put us 5% and 12% below consensus for 2026 and 2027 EPS, respectively. We set a new price target of HK$42, as well as new bear case (HK$28) and bull case (HK$51) scenarios, as we apply a new valuation approach that is a blend of DCF and multiples analysis (before, we used just DCF).

Preview to earnings

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Prada SpA 1913.HK		
Constant currency growth	— In-line	↓ Modest revision lower

*Likely impact to consensus EPS is for the next 12 months
Source: Company data, Morgan Stanley Research

Key Investment Considerations

Why we remain Equal-weight

Our recent channel checks remain positive on Prada and Miu Miu, both of which are outperforming the broader luxury sector with healthy brand momentum, but we remain on the sidelines for three reasons.

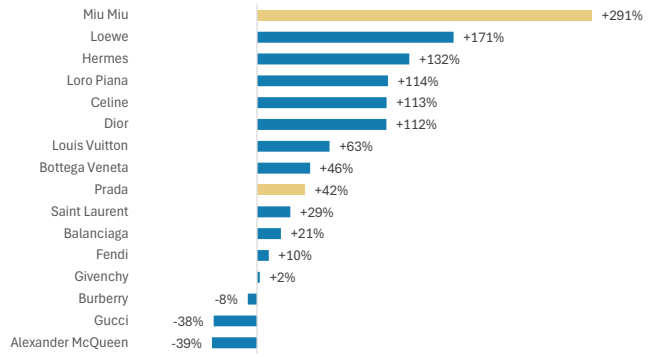
Difficult to believe Miu Miu won't go through a correction. The hype around Miu Miu (as evidenced by sales growth CAGR of +54% over 2022-25, or +25% over 2019-25) keeps us on the sidelines until we see how "normalisation" plays out without margins breaking below ~20%. The Miu Miu brand has now scaled to ~30% of Group revenue (and ~40% of Group profits on our estimates) and is structurally more exposed to a hype unwind than the bulls appreciate, in our view, potentially bringing down Group profitability with it.

Prada brand still needs to prove it can deliver sustainable growth. While performance has held up relatively well, the brand operates a large store base (423 directly operated stores) and its sales densities remain below best-in-class peers and below its IPO levels (€27k/sqm in 2025 vs. €30k/sqm in 2014).

Versace provides optionality, not earnings. The turnaround is likely to be long, costly and execution-intensive, with the first runway show under the new designer only expected in 1Q27. Significant outlet exposure and the work required to reposition the brand mean meaningful earnings accretion is unlikely before 2028, in our view.

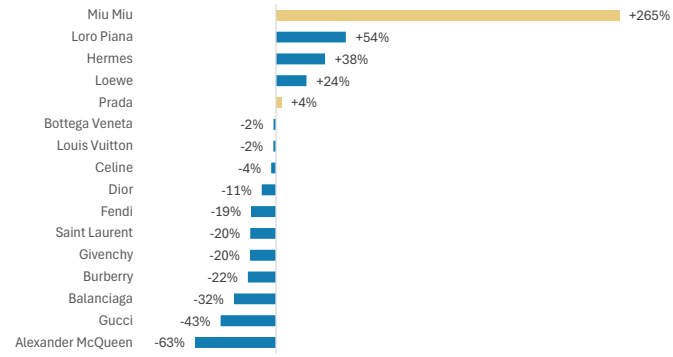
All of this comes as Chanel re-emerges. In an industry growing only modestly, Chanel's revival is likely to come at the expense of peers, particularly among fashion-led consumers. At the same time, the cost of competing in luxury has never been higher, requiring sustained investment simply to maintain relevance.

Exhibit 1: Revenue change since pre-pandemic 2019



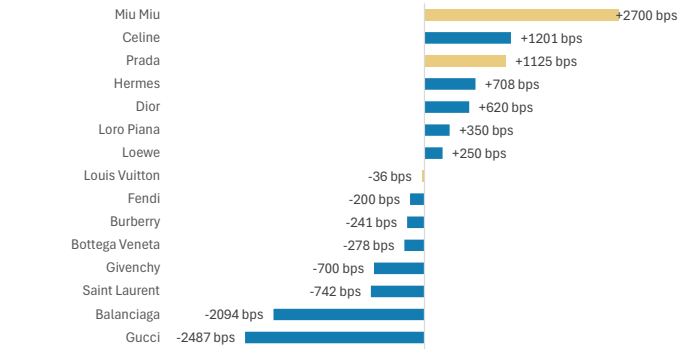
Source: Company data, Morgan Stanley Research estimates.
Note: % change in revenues between 2019 and 2025.

Exhibit 2: Revenue change since post-pandemic peak of 2022



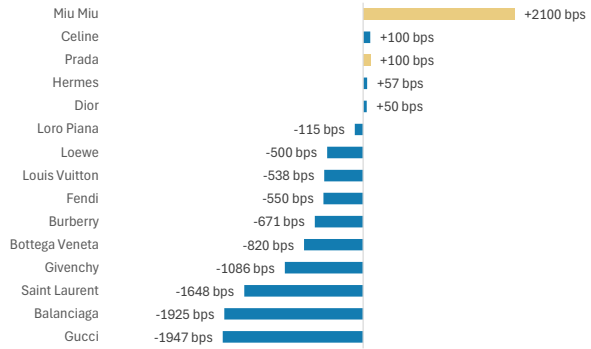
Source: Company data, Morgan Stanley Research estimates.
Note: % change in revenues between 2022 and 2025.

Exhibit 3: Adjusted EBIT margin change since pre-pandemic



Source: Company data, Morgan Stanley Research estimates.
Note: Change in adjusted EBIT margin between 2019 and 2025.

Exhibit 4: Adjusted EBIT margin change since post-pandemic peak



Source: Company data, Morgan Stanley Research estimates.
Note: Change in adjusted EBIT margin between 2022 and 2025.

Prada brand: healthy, but not without questions

So far, the Prada brand appears to be holding up relatively well. Our channel checks remain constructive, with industry experts continuing to regard the brand as one of the healthier names in luxury, even if growth is no longer particularly exciting.

Importantly, Prada does not appear to be suffering from the type of post-boom correction affecting several peers. Brand sales declined by only -1.3% at constant exchange rates (CER) in 2025 (including -1% CER at retail), implying negative LFL growth. Given pricing was likely up by +LSD%, volumes were probably down by +MSD%. While not ideal, this remains relatively benign in the context of the broader luxury slowdown. Indeed, Prada's +6% sales CAGR between 2019 and 2025 places it squarely in the middle of the peer group, a position that may ultimately prove advantageous, suggesting the brand did not overextend during the upcycle and therefore faces less risk of a severe correction. However, it is worth recalling that Prada recorded a -2% revenue CAGR between 2014 and 2019, a period that highlighted the brand's vulnerability when momentum faded post the strong growth following its IPO (+26%, +25%, and +16% CER growth in 2011-13).

Where we remain more cautious is on profitability. Historically, Prada brand EBIT margins have been considerably more volatile than those of best-in-class luxury peers. Its EBIT margin was around 30% during the strong 2011-13 period (EBITDA margin disclosed at ~34%), before falling to just above 10% by 2019 as sales weakened and the company continued to expand its store network (DOS increased from roughly 330 in 2013 to 410 in 2019). While profitability has recovered materially since then, we estimate Prada brand EBIT margins were around 21% in 2025, down from a peak of roughly 24% in 2023, a pattern broadly consistent with what many luxury peers have experienced as operating leverage has reversed. Store productivity also remains below historical highs, with estimated sales densities of approximately €27k/sqm in 2025 versus €30k/sqm in 2014. Today the Prada brand has 423 DOS (directly operated stores) and 16 franchise stores, which is high considering its €3.8bn of sales – by contrast, Vuitton has ~400 stores and €21bn sales, and Hermès ~300 and €16bn sales.

Ultimately, the investment debate increasingly comes down to whether Prada can re-establish sustainable positive LFL growth while maintaining current profitability levels. The brand appears fundamentally healthy (although the bears may point to a weak start of year in 2026), competitively relevant, and less exposed to the excesses that have plagued parts of the sector. However, with volumes still under pressure and productivity below historical peaks, we believe the market needs confidence that sales can return to positive territory without sacrificing margins.

The Miu Miu wild card

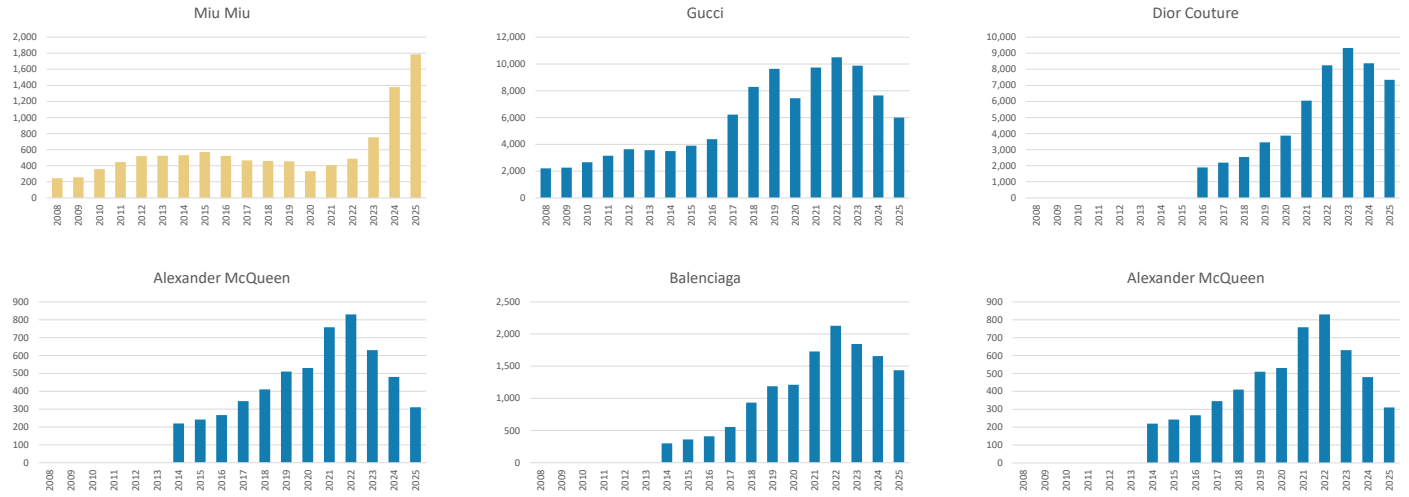
Our recent channel checks remain constructive on Miu Miu's desirability, and contacts continue to view the brand as one of luxury's strongest performers. Some of those we spoke to, however, suggested that Miu Miu's rapid store rollout might be cannibalising part of its wholesale business, while others highlighted Chanel as an increasingly credible competitor for the same fashion-driven, younger luxury consumer, particularly in shoes and accessories.

Miu Miu delivered "only" +2.4% CER retail growth in 1Q26, and management guided to +DD% growth for 2026 (we model +7.1%), noting that 1H26 should only be up by a +SD% (we estimate +2% in Q2 and hence +2% in 1H26) due to significantly tougher comparisons. Importantly, the brand's growth is now increasingly supported by distribution expansion: Miu Miu opened 15 stores in 2025, bringing its directly operated network to 162 stores, and plans to open a further ~13 in 2026. We estimate spacing contributed more than 10% to growth in 2025, when retail sales increased +35% CER, and should again contribute around 10% in 2026. As a result, management's growth guidance implicitly points to only flattish/+LSD% LFL growth, a sharp contrast to the exceptional productivity gains seen in recent years.

This matters because **Miu Miu has become central to the Prada Group investment case.** On our estimates, the brand has contributed more than 100% of group EBIT growth since 2022. We believe Miu Miu was only marginally profitable in 2022 (we assume ~€40m), but generated close to €500m of EBIT in 2025, implying a margin of approximately 30% and accounting for roughly 40% of group EBIT in 2025, versus only around 10% in 2022. Such a dramatic increase in both earnings contribution and profitability leaves little room for disappointment, in our view; the market therefore needs confidence not only that demand can remain resilient without a meaningful mean reversion in sales growth, but also that profitability can remain at decent levels.

We remain sceptical on the "normalisation" the brand will face, and believe there is more downside risk than upside risk. Our base case assumes brand sales growth of only 2% in 2027 and 3% in 2028 while our bear case assumes revenues contract -20% in 2027, -15% in 2028 and -9% in 2030.

Exhibit 5: Miu Miu in contrast to other luxury brands that are going through a period of normalisation



Source: Company data, Morgan Stanley Research estimates

Exhibit 6: Miu Miu – Key financials

Miu Miu	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	**108**	**126**	**153**	**220**	**239**	**252**	**353**	**441**	**513**	**519**	**527**	**564**	**515**	**459**	**453**	**450**	**330**	**401**	**489**	**753**	**1,378**	**1,787**	**1,879**	**1,929**	**1,987**	**2,068**	**2,172**
% Reported		*+16.9%*	*+22.0%*	*+43.4%*	*+8.8%*	*+5.4%*	*+39.9%*	*+24.9%*	*+16.3%*	*+1.2%*	*+1.5%*	*+7.1%*	*-8.7%*	*-10.9%*	*-1.3%*	*-0.7%*	*-26.9%*	*+21.8%*	*+21.9%*	*+54.1%*	*+82.9%*	*+29.7%*	*+5.2%*	*+2.7%*	*+3.0%*	*+4.1%*	*+5.0%*
% CER							*+31.5%*	*+26.1%*	*+10.7%*	*+6.5%*	*+1.7%*	*-0.4%*	*-8.3%*	*-9.1%*	*+2.0%*							*+34.3%*	*+7.1%*	*+2.0%*	*+3.0%*	*+4.1%*	*+5.0%*
Retail - Miu Miu																395	296	347	432	649	1,228	1,595	1,669	1,714	1,765	1,836	1,927
% Reported																			*+24.5%*	*+50.3%*	*+89.2%*	*+29.8%*	*+4.7%*	*+2.7%*	*+3.0%*	*+4.0%*	*+5.0%*
% CER														***-9.0%***	***+2.0%***	***-2.0%***	***-22.0%***	***+20.0%***	***+20.3%***	***+58.2%***	***+93.2%***	***+34.8%***	***+6.8%***	***+2.0%***	***+3.0%***	***+4.0%***	***+5.0%***
DOS	27	26	24	27	36	51	71	94	126	150	169	173	172	167	166	160	152	146	145	141	147	162	175				
% growth		*-3.7%*	*-7.7%*	*+12.5%*	*+33.3%*	*+41.7%*	*+39.2%*	*+32.4%*	*+34.0%*	*+19.0%*	*+12.7%*	*+2.4%*	*-0.6%*	*-2.9%*	*-0.6%*	*-3.6%*	*-5.0%*	*-3.9%*	*-0.7%*	*-2.8%*	*+4.3%*	*+10.2%*	*+8.0%*				
Wholesale & Royalties																		54	57	104	150	192	210	215	222	233	244
% Reported																			+5.1%	+82.5%	+43.7%	+28.3%	+9.2%	+2.5%	+3.0%	+5.0%	+5.0%
% CER																							+9.8%	+2.0%	+3.0%	+5.0%	+5.0%
EBITDA					**30**	**42**	**77**	**98**	**100**	**89**	**35**	**12**															
% margin					12.6%	16.6%	21.9%	22.2%	19.6%	17.2%	6.7%	2.1%															
EBIT - MSe																			**39**	**151**	**413**	**536**					
% margin																			8%	20%	30%	30%					

Source: Company data, Morgan Stanley Research estimates (2026 onwards)

Versace: a long-dated turnaround with limited near-term visibility

We continue to believe that Versace's turnaround will be complex, costly and lengthy as we had discussed in Thoughts on the Versace acquisition April 2025.

While management has highlighted the brand's strong awareness, heritage and "Top 5 global" recognition, and has framed the opportunity over a 24-48 month horizon, there remains very limited visibility on the specific actions required to unlock its potential. In particular, the Group has yet to disclose how aggressively it intends to rationalise the store base (220 DOS at Dec-25), or reduce outlet exposure, both of which we believe are critical to any successful repositioning. On our estimates, Versace sales decline by -10% in 2026 and -8% in 2027, reflecting what we expect to be a deliberate "shrink-to-grow" strategy. The brand undoubtedly benefits from strong global awareness and distinctive brand codes, but it enters the Prada Group with some structural challenges, including low store productivity, significant outlet exposure and a diluted brand positioning. Historically, over 30% of sales were estimated to stem from outlets, with 60 of 234 stores operating in the outlet channel as of late 2024, one of the highest ratios among luxury peers. Management has already indicated a desire to move towards a distribution mix closer to Prada and Miu Miu (89%/8%/3% retail/wholesale/licensing vs. Versace's 73%/14%/13%), implying a greater emphasis on full-price retail and a likely reduction in off-price exposure.

While we see significant long-term upside if Prada can elevate brand and product desirability, leverage its industrial platform and get margins closer to Prada or Miu Miu (Versace under Capri had achieve HSD% margin), **investors are essentially being asked to underwrite a multi-year turnaround at a time when the luxury backdrop remains challenging and with little clarity so far on the precise roadmap management intends to follow.**

Refreshing estimates and valuation

With our change of coverage, and ahead of Prada Group reporting 2Q/1H26 results on July 30th, we take a fresh look at our estimates.

2Q/1H26 expectations – We model +2% CER retail growth at Miu Miu in 2Q26 (Q1's +2% had a -2.5pt impact from the conflict in the Middle East, which is likely to be more meaningful in Q2), +2% at Prada and -7% at Versace. Our 1H26 EBIT estimate stands at €496m, implying a 16.5% margin, embedding -360bps Versace dilution, -150bps FX headwind, and operating deleverage given <MSD% retail growth.

2026 – We model Miu Miu retail growth at +6.8% CER in 2026, Prada at +3.2% and Versace at -10%, as shown in Exhibit 7 . We model €6.4bn Group revenues in 2026 and €1.2bn EBIT (implying an 18.9% margin vs. VA consensus at 19.5%). The tables below show our estimate changes and how we compare to consensus.

Exhibit 7: Prada Group – Key revenue considerations

Prada Group					Morgan Stanley estimates					Visible Alpha css					Variance MSe vs. VA css				
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
Revenue	**4,201**	**4,726**	**5,432**	**5,718**	**6,433**	**6,596**	**6,831**	**7,101**	**7,399**	**6,418**	**6,782**	**7,193**	**7,484**	**7,582**	**0.2%**	**-2.7%**	**-5.0%**	**-5.1%**	**-2.4%**
% reported	+24.8%	+12.5%	+14.9%	+5.3%	+12.5%	+2.5%	+3.6%	+3.9%	+4.2%	+12.2%	+6.1%	+6.0%	+5.6%	+4.6%	+27 bps	-352 bps	-246 bps	-161 bps	-39 bps
% Const. FX growth	**+21.3%**	**+17.2%**	**+17.0%**	**+9.1%**	**+14.5%**	**+1.9%**	**+3.6%**	**+3.9%**	**+4.2%**	**+8.2%**	**+5.0%**	**+5.1%**	**+4.7%**	**+4.6%**	+637 bps	-306 bps	-154 bps	-77 bps	-39 bps
Retail	**3,737**	**4,190**	**4,849**	**5,102**	**5,644**	**5,804**	**6,014**	**6,250**	**6,513**	**5,745**	**6,029**	**6,342**	**6,450**	**6,726**	**-1.8%**	**-3.7%**	**-5.2%**	**-3.1%**	**-3.2%**
% reported	+27.5%	+12.1%	+15.7%	+5.2%	+10.6%	+2.8%	+3.6%	+3.9%	+4.2%	+11.1%	+5.5%	+5.9%	+5.0%	+4.7%	-43 bps	-272 bps	-228 bps	-109 bps	-44 bps
% Const. FX growth	**+23.8%**	**+17.2%**	**+18.0%**	**+9.3%**	**+12.8%**	**+2.2%**	**+3.6%**	**+3.9%**	**+4.2%**	**+9.7%**	**+5.1%**	**+5.4%**	**+5.0%**	**+4.7%**	+308 bps	-292 bps	-176 bps	-109 bps	-44 bps
Prada - Retail sales	**3,252**	**3,488**	**3,563**	**3,393**	**3,432**	**3,589**	**3,733**	**3,882**	**4,037**	**3,406**	**3,529**	**3,704**	**3,867**	**4,130**	**0.8%**	**1.7%**	**0.8%**	**0.4%**	**-2.3%**
% reported	+28.2%	+7.3%	+2.2%	-4.8%	+1.2%	+4.6%	+4.0%	+4.0%	+4.0%	+0.2%	+3.6%	+4.8%	+5.0%	+5.2%	+99 bps	+96 bps	-78 bps	-99 bps	-117 bps
% Const. FX growth	**+24.5%**	**+12.1%**	**+4.2%**	**-1.0%**	**+3.2%**	**+4.0%**	**+4.0%**	**+4.0%**	**+4.0%**	**+2.2%**	**+3.8%**	**+4.8%**	**+5.0%**	**+5.2%**	+91 bps	+18 bps	-78 bps	-99 bps	-117 bps
Miu Miu - Retail sales	**432**	**649**	**1,228**	**1,595**	**1,669**	**1,714**	**1,765**	**1,836**	**1,927**	**1,718**	**1,875**	**1,974**	**2,091**	**2,134**	**-2.9%**	**-8.6%**	**-10.6%**	**-12.2%**	**-9.7%**
% reported	+24.5%	+50.3%	+89.2%	+29.8%	+4.7%	+2.7%	+3.0%	+4.0%	+5.0%	+8.3%	+9.0%	+7.1%	+6.3%	+5.1%	-364 bps	-634 bps	-411 bps	-233 bps	-6 bps
% Const. FX growth	**+20.3%**	**+58.2%**	**+93.2%**	**+34.8%**	**+6.8%**	**+2.0%**	**+3.0%**	**+4.0%**	**+5.0%**	**+8.1%**	**+8.7%**	**+7.1%**	**+6.3%**	**+5.1%**	-129 bps	-665 bps	-411 bps	-233 bps	-6 bps
Versace - Retail sales				**51**	**476**	**431**	**444**	**457**	**471**	**523**	**536**	**533**	**498**	**541**	**-9.1%**	**-19.6%**	**-16.7%**	**-8.2%**	**-13.0%**
% reported						-9.4%	+3.0%	+3.0%	+3.0%		+2.1%	+4.0%	+5.0%	+6.7%		-1151 bps	-100 bps	-200 bps	-367 bps
% Const. FX growth					**-9.8%**	**-10.0%**	**+3.0%**	**+3.0%**	**+3.0%**	**-5.6%**	**+3.0%**	**+4.4%**	**+5.0%**	**+6.7%**	-425 bps	-1300 bps	-140 bps	-200 bps	-367 bps
Wholesale	**388**	**433**	**461**	**471**	**558**	**560**	**578**	**602**	**626**	**533**	**549**	**568**	**618**	**628**	**4.7%**	**2.1%**	**1.7%**	**-2.6%**	**-0.3%**
% reported	+0.5%	+11.8%	+6.4%	+2.1%	+18.5%	+0.5%	+3.1%	+4.1%	+4.1%	+10.3%	+2.5%	+2.8%	+3.5%	+3.3%	+826 bps	-205 bps	+34 bps	+56 bps	+78 bps
% Const. FX growth	**-2.0%**	**+13.0%**	**+7.1%**	**+4.3%**	**+19.5%**	**-0.0%**	**+3.1%**	**+4.1%**	**+4.1%**	+6.9%	+3.5%	+3.6%	+3.6%	+3.3%		-355 bps	-51 bps	+56 bps	+78 bps
Royalties	**76**	**104**	**122**	**145**	**231**	**232**	**240**	**249**	**260**	**196**	**215**	**229**	**242**	**228**	**17.8%**	**7.9%**	**4.5%**	**3.3%**	**14.0%**

Source: Company data, Morgan Stanley Research estimates, Visible Alpha consensus as of 26 June 2026

Exhibit 8: Prada – Key Financials

Prada Group					Morgan Stanley estimates					Visible Alpha css					Variance MSe vs. VA css				
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
Revenue	**4,201**	**4,726**	**5,432**	**5,718**	**6,433**	**6,606**	**6,841**	**7,111**	**7,409**	**6,418**	**6,782**	**7,193**	**7,484**	**7,582**	**0.2%**	**-2.6%**	**-4.9%**	**-5.0%**	**-2.3%**
% reported	+24.8%	+12.5%	+14.9%	+5.3%	+12.5%	+2.7%	+3.6%	+3.9%	+4.2%	+12.2%	+6.1%	+6.0%	+5.6%	+4.6%	+27 bps	-337 bps	-246 bps	-162 bps	-40 bps
% Const. FX growth	**+21.3%**	**+17.2%**	**+17.0%**	**+9.1%**	**+14.5%**	**+2.1%**	**+3.6%**	**+3.9%**	**+4.2%**	**+8.2%**	**+5.0%**	**+5.1%**	**+4.7%**	**+4.6%**	+637 bps	-292 bps	-154 bps	-77 bps	-40 bps
Gross Profit	**3,312**	**3,802**	**4,337**	**4,592**	**5,050**	**5,219**	**5,404**	**5,617**	**5,853**	**5,071**	**5,373**	**5,717**	**5,983**	**6,076**	**-0.4%**	**-2.9%**	**-5.5%**	**-6.1%**	**-3.7%**
% margin	78.8%	80.4%	79.8%	80.3%	78.5%	79.0%	79.0%	79.0%	79.0%	79.0%	79.2%	79.5%	79.9%	80.1%	-51 bps	-22 bps	-48 bps	-93 bps	-114 bps
yoy change in bps		+159 bps	-59 bps	+47 bps	-182 bps	+50 bps	+0 bps	-0 bps	+0 bps	-130 bps	+20 bps	+26 bps	+45 bps	+21 bps					
Adj. EBIT	**845**	**1,062**	**1,280**	**1,324**	**1,217**	**1,253**	**1,342**	**1,398**	**1,472**	**1,258**	**1,369**	**1,515**	**1,615**	**1,588**	**-3.2%**	**-8.5%**	**-11.4%**	**-13.4%**	**-7.3%**
% margin	**20.1%**	**22.5%**	**23.6%**	**23.2%**	**18.9%**	**19.0%**	**19.6%**	**19.7%**	**19.9%**	**19.5%**	**20.1%**	**21.0%**	**21.5%**	**20.9%**	**-60 bps**	**-118 bps**	**#######**	**#######**	**#######**
yoy change in bps		+234 bps	+109 bps	-41 bps	-423 bps	+5 bps	+65 bps	+5 bps	+20 bps	-363 bps	+63 bps	+89 bps	+47 bps	-56 bps					
Adj. Net Income	535	672	839	877	756	780	847	889	938	797	883	987	1,055	1,000	-5.2%	-11.7%	-14.2%	-15.7%	-6.2%
Adj. Diluted EPS	**0.21**	**0.26**	**0.33**	**0.34**	**0.30**	**0.30**	**0.33**	**0.35**	**0.37**	**0.31**	**0.35**	**0.39**	**0.42**	**0.38**	**-4.7%**	**-12.5%**	**-15.4%**	**-17.5%**	**-4.4%**
% growth		+25.6%	+25.0%	+4.5%	-13.8%	+3.1%	+8.6%	+5.0%	+5.5%	-9.5%	+12.3%	+12.4%	+7.6%	-8.8%					

Source: Company data, Morgan Stanley Research estimates, Visible Alpha consensus as of 26 June 2026

Exhibit 9: New vs. old estimates

MS est. Current	2026e	2027e	2028e
Net Sales	6,433	6,606	6,841
% CER growth	+14.5%	+2.1%	+3.6%
EBIT	1,217	1,253	1,342
margin %	18.9%	19.0%	19.6%
PBT	1,073	1,107	1,201
Net Profit	756	780	847
EPS	0.30	0.30	0.33

Current vs. Previous	2026e	2027e	2028e
Net Sales	-0.5%	-7.1%	-12.4%
% CER growth	-152bps	-785bps	-638bps
EBIT	-4.7%	-16.4%	-25.1%
margin %	-82bps	-210bps	-334bps
PBT	-4.0%	-17.2%	-26.0%
Net Profit	-6.8%	-19.3%	-27.7%
EPS	-6.8%	-19.3%	-27.7%

MS est. Previous	2026e	2027e	2028e
Net Sales	6,467	7,114	7,809
% CER growth	+16.0%	+9.9%	+9.9%
EBIT	1,276	1,499	1,793
margin %	19.7%	21.1%	23.0%
PBT	1,118	1,336	1,624
Net Profit	812	966	1,171
EPS	0.32	0.38	0.46

Source: Morgan Stanley Research estimates. Note: Prior estimates as of 22 April 2026.

Valuation – shifting to a blended approach

We apply a new, blended valuation methodology of DCF and P/E multiples analysis (versus using solely DCF previously). This gives us a new price target of HK$42 (vs. HK$51 previously).

- Our DCF valuation is HK$41. We assume a WACC of 9.8% and a terminal growth rate of 2.5%.
- Our P/E derived valuation is HK$43. We apply a ~30% discount to the average P/E multiple of soft luxury peers (LVMH, Kering, Moncler and Burberry – now at 24.8x), which we believe is warranted, given the historically cyclical nature of the Prada and Miu Miu brands, the execution risk around Miu Miu and Versace, and given technical factors such as the stock's HK listing, low liquidity and free float (20%).

We also refresh our risk/reward framework, setting a new bear case of HK$28 (HK$25 before) and bull case of HK$51 (HK$68 before).

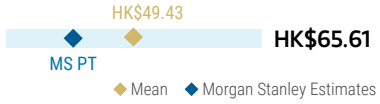
Risk Reward – Prada SpA (1913.HK)

Execution in focus

PRICE TARGET HK$42.00

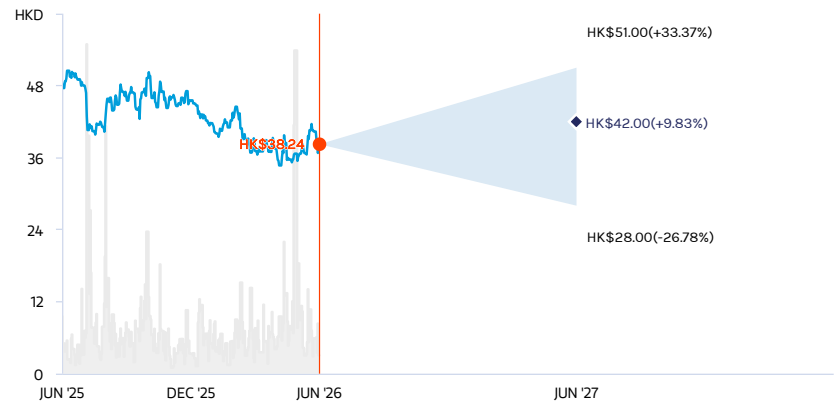
Our price target is based on a blended methodology of DCF valuation and multiples analysis. In our DCF, we assume a WACC of 9.8% and a terminal growth rate of 2.5%. For our P/E analysis, we apply a ~30% discount to the average multiple of soft luxury peers, to reflect the cyclical nature of the Prada and Miu Miu brands.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



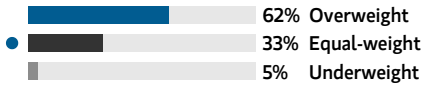
Key: Historical Stock Performance Current Stock Price Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- We are cautious on Miu Miu's brand momentum: it remains strong, but after the excessive growth of 2022-25 we would not be surprised to see sales contract and brand-level profitability, and thus also Group level, come under pressure.
- We expect Versace's turnaround to be long and complex.
- Our channel checks remain positive on Prada and Miu Miu, both of which are outperforming the broader luxury sector with healthy brand momentum, which could last longer.
- Prada has talked about a possible Milan dual-listing; if that were to materialise, it could lead to a rapid re-rating (the current HK listing, limited free float and low daily trading volumes are technical factors compressing the multiple).

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Self-help: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE HK$51.00

Winning execution

In our bull case, we see a Miu Miu growth CAGR of +6% over 2026-30, above the industry and Prada at +5%, while Versace also grows strongly over 2028-30. With higher growth, we see Miu Miu maintaining margins just below 30% and Prada around 21%, while Versace turns profitable in 2028 and posts a low-double-digit margin in 2030.

BASE CASE HK$42.00

Steady path

We expect Group revenue to grow at +3.5% CAGR over 2026-30, embedding a ~4% CAGR at Prada and Miu Miu and -1% at Versace. We expect Miu Miu margins to normalise around 25% and Prada around 20%, while Versace breaks even in 2027 and reaches a high-single-digit margin in 2030.

BEAR CASE HK$28.00

Miu Miu sales and profitability mean-revert

Our bear case assumes Miu Miu goes through a correction (in between Dior and Gucci), with sales declining at an 11% CAGR over 2026-30 and margins returning to low double digits. In this scenario, Prada sees limited growth of ~+2% over the same period and Versace's turnaround takes much longer to implement, with the brand only turning slightly profitable in 2030.

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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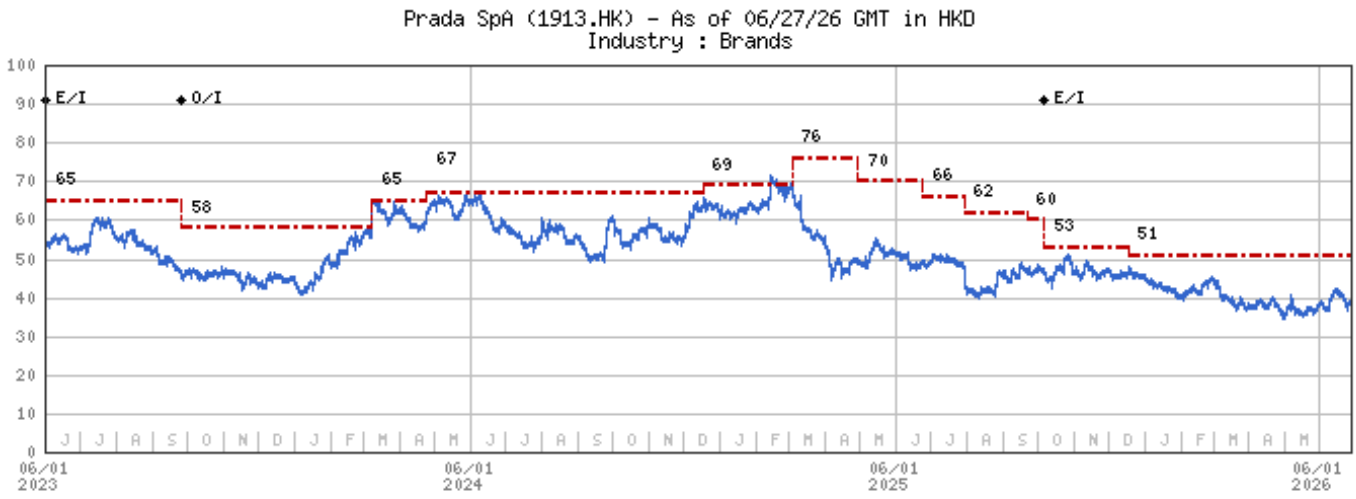
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 6/1/21 : E/I; 1/18/22 : O/I; 9/23/22 : E/I; 9/26/23 : O/I; 10/6/25 : E/I

Price Target History: 2/15/21 : 53; 7/29/21 : 58; 11/19/21 : 63; 9/23/22 : 44; 1/17/23 : 49; 4/20/23 : 54; 4/25/23 : 64; 5/11/23 : 65; 9/26/23 : 58; 3/7/24 : 65; 4/24/24 : 67; 12/17/24 : 69; 3/4/25 : 76; 4/30/25 : 70; 6/24/25 : 66; 7/30/25 : 62; 9/22/25 : 60; 10/6/25 : 53; 12/18/25 : 51

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -·- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ▬
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: Brands

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/26/2026)
Edouard Aubin		
Adidas (ADSGn.DE)	O (04/15/2024)	€181.70
Birkenstock Holding plc (BIRK.N)	E (11/06/2023)	US$44.42
Ferrari NV (RACE.N)	O (06/15/2026)	US$368.34
Ferrari NV (RACE.MI)	O (06/15/2026)	€322.15
Hermes International S.C.A. (HRMS.PA)	E (10/06/2025)	€1,626.00
Kering (PRTP.PA)	E (04/10/2026)	€267.05
LVMH Moet Hennessy Louis Vuitton SA (LVMH.PA)	E (01/19/2026)	€495.75
Prada SpA (1913.HK)	E (10/06/2025)	HK$38.24
Richemont SA (CFR.S)	O (02/05/2025)	SFr 186.80
Grace Smalley, CFA		
Burberry (BRBY.L)	O (05/18/2026)	1,109p
EssilorLuxottica SA (ESLX.PA)	O (07/05/2023)	€168.65
Hugo Boss AG (BOSSn.DE)	E (07/09/2024)	€37.78
Luxexperience BV (LUXE.N)	E (09/15/2023)	US$7.50
Pandora A/S (PNDORA.CO)	E (01/16/2023)	DKr 743.20
PUMA SE (PUMG.DE)	++	€26.80
Natasha Bonnet		
Avolta AG (AVOL.S)	E (04/24/2026)	SFr 53.75
Brunello Cucinelli (BCU.MI)	O (01/27/2026)	€81.92
Ermenegildo Zegna (ZGN.N)	E (02/12/2026)	US$13.15
Moncler SpA (MONC.MI)	E (06/22/2026)	€51.32
Salvatore Ferragamo Spa (SFER.MI)	U (02/12/2026)	€10.81

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* Historical prices are not split adjusted.

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