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# The Prada-Versace deal is on. What happens next?

The green light from the European Commission clears the way for Prada's takeover of Versace. We lay out the priorities for when the transaction closes.

By Maliha Shoaib

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The Prada-Versace deal is on. On Tuesday, the European Commission approved Prada's acquisition of Versace, stating that it would not raise competition concerns. The deal is set to close by the end of this year.

In April, Prada Group announced its plans to buy Versace from its previous owner, Capri Holdings, for €1.25 billion. Versace had been put up for sale by Capri, which also owns Michael Kors and Jimmy Choo, after the US Federal Trade Commission blocked its merger with Coach owner Tapestry. The Italian brand is in need of a turnaround: in fiscal 2025, Versace's revenues declined 15 per cent to $193 million, Capri reported. In contrast, Prada Group has outperformed the market despite a slowdown (sales were up 9 per cent to €2.74 billion in the first half of 2025).

The approval of the deal comes shortly after the debut of Versace creative director Dario Vitale, who joined from Prada sister brand Miu Miu earlier this year and succeeded Donatella Versace as the first non-family member to lead the brand's design vision. Donatella's departure closed a 45-year chapter in which she and her late brother built the label into one of fashion's most recognisable names.

The acquisition strengthens Prada Group's — and Italy's — standing in the luxury market, dominated by French conglomerates LVMH and Kering. The success of the deal will hinge on how effectively Prada can integrate Versace into the fold and reignite its growth. Analysts say Prada must balance Versace's flamboyant DNA with the discipline of its own operations, all while reassuring investors that the deal will contribute to long-term growth. "I do expect early pressures on [Prada Group's] margins, given that, currently, Versace is unprofitable, it needs reinvestment and revenue needs to pick up," says Jelena Sokolova, senior equity analyst at Morningstar, adding that this will likely take time to achieve.



## What next?

Now that the European Commission has cleared the deal, there are some additional steps Prada will need to take, including finalising its financing agreements, completing closing conditions such as contractual and legal consents, and formally transferring ownership. Only then can Versace begin its integration into the group for the turnaround to officially start.

"The priority is really to allow the brand to shine more," says Neil Saunders, managing director of Globaldata's retail division. Saunders notes that, under Capri, Versace experimented with pricing and expanded its reach into more mainstream channels, a strategy some argue diluted its luxury positioning. Capri is also tasked with stabilising Michael Kors, its biggest brand.

Prada's management approach will likely differ from that of Capri, which was operationally driven: it emphasised expansion, particularly in the US and often through wholesale; applied a similar playbook across its portfolio with a focus on shared efficiencies; and invested less than European luxury houses tend to in brand-building and design-led positioning. "Prada is far more focused on fashion, and so will likely focus a lot more on the brand itself and how it can grow its presence in the market," says Saunders. Versace's margins could be much stronger if it leverages its pricing power, he notes. "Under Capri, there was always an underlying emphasis on trying to drive volumes by pushing into the more mainstream part of the market, which is not really what Versace is about. I don't think Prada will take this approach."

Part of Prada Group's strength throughout the luxury slowdown has been its ability to maintain fashion appeal, particularly at Miu Miu, and resonating with entry-level customers without sacrificing its luxury positioning.

The main priority is for Versace to gain relevance as a brand, says Bernstein luxury goods analyst Luca Solca. "This is primarily the task of Dario Vitale and his team," he says. That's underway: Vitale's Spring/Summer 2026 collection referenced '80s Versace, with wearable high-rise trousers, blazers and knits in bright colours. It was an effective — albeit divisive — first step in modernising Versace and outlining who its customer is today. *Vogue Runway* and *Vogue Business* global director Nicole Phelps wrote in her review: "The clothes seemed to be skewed squarely at Vitale's own millennial brethren, with their taste for vintage and penchant for layering. Plus, anybody else older or younger and firm of body — that part is important."

As Vitale shakes up the design, Versace will need to follow through with strong merchandising and marketing to accompany it. "For a rather fashion-driven brand like Versace, the focus will be on bringing the collections gradually to store, while managing the existing ranges and supporting these collections with marketing spending, which may need to be increased," says Sokolova. She points to opportunities to develop more consistent core offerings and potentially Versace's leather goods — a competitive but critical luxury category.

Beyond that, experts point out a need to clean up Versace's distribution — "refocusing on full-price retail, reducing wholesale and off-price", says Solca. He also notes a "need to invest [in], update and upgrade the Versace retail network". Saunders points to untapped international potential in key regions like the Middle East and Asia — "although with Asia, an assessment needs to be made as to how well the brand fits in with consumer tastes in the region." There's also white space in the US, especially in the accessories category, adds Saunders.

Long term, Prada's challenge is to refine Versace's position in the luxury market. "The bottom line here is that Versace is a big name, but it is still a relatively small business that should be bigger," says Saunders. "Prada needs to work to ensure Versace reaches its potential."

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