



BRUNELLO CUCINELLI

PRESS RELEASE

BRUNELLO CUCINELLI: the Board of Directors has examined Preliminary Net Revenues for the first half of 2018

- **Net revenues¹ of €269,5 million, an increase of 9.0% at current exchange rates (+11.9% at constant exchange rates) compared to €247.2 million at 30 June 2017;**
- **Sales growth of 9.8% in the international markets and 4.9% in the Italian market;**
- **Increased revenues in all geographical areas: Italy +4.9%, Europe +12.0%, North America +2.5% (high single digit growth at constant exchange rates), Greater China +35.2%, Rest of the World +9.7%;**
- **Increase in sales in all distribution channels: retail +7,1%, wholesale monobrand +12.4%, wholesale multibrand +10.7%.**

Brunello Cucinelli, Chairman and CEO, has commented as follows:

“We cannot but express great satisfaction with our 1H revenues results; moreover, considering the quality of sales, we can envisage yet another year in which further gracious growth – consistent and double-digit – will be achieved.

The menswear order collection for Spring Summer 2019 is delivering very interesting numbers, thus confirming that there is a great chance in menswear for the Italian luxury sporty chic style that identifies us.

Therefore, judging from the lovable mood surrounding our company, we can start envisioning a very interesting 2019 with good, sought-after growth as in the previous years.”

¹ Accounting standard IFRS 15 (“Revenue from Contracts with Customers”), which became effective on 1 January 2018, requires a different accounting treatment from the past for certain types of contracts for the sale of goods in multibrand spaces managed using the “concession” formula.

The application of this new accounting standard led to an increase in net revenues and operating expenses (rent) by the same amount without any change occurring in absolute net income.



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Solomeo, 12 July 2018 - The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector and listed on the Borsa Italiana Electronic Stock Exchange (MTA) – today examined preliminary consolidated net sales figures for the first half of 2018. The Half-year Financial Report containing complete and final figures for the six months ended 30 June 2018 will be examined and approved by the Board of Directors at its meeting scheduled for 28 August 2018.

Very good **results** were achieved in the first half of 2018, matched by an atmosphere of **healthy positivity** and above all **extreme creativity** within the Company's concrete "**human and sustainable**" growth project.

We believe that one of the key factors behind this growth is constant research and the desire to be "**special**" and "**contemporary**", both in our collection offer and in relations with all of our "Human Resources", artisan workshops, trading partners and customers.

We consider that being "special" and "contemporary" enables our brand to maintain that **exclusivity** and **allure** that are constantly sought by buyers of the world's leading multibrand stores and Luxury Department Stores, as well as by the highly sophisticated end customer.

One of our greatest commitments is to be **charming** and **amiable**, stimulating ourselves daily in the desire for **contemporary** taste, in the yearning for change, in **relationships**, in **communications** and in the **hospitality** to be found in our boutiques, aware that we are all constantly searching for something **unique**, something **special**, and all feel the need **to be pampered** in some way.

Our collection offer strives to propose **products of the utmost quality and craftsmanship** characterized by a "**young**" and "**modern**" taste, whose value we always seek to enhance with the painstaking work carried out by our **Visual Merchandising**.

We believe that our visual merchandising team, dynamic and attentive to trends, plays an **extremely important** role in fully interpreting the taste of the collection in all the spaces where the brand can be found, ranging from the monobrand channel and physical multibrand channel, to the digital world.

We believe that the **ability to listen** is a key factor in supporting the sustainability of growth, both with reference to the product and in relations with our partners, customers and all stakeholders.

We therefore give the utmost attention to the feedback expressed on our collections by the specialist international press and by the buyers of the most prestigious multibrand stores, the Luxury Department Stores and the always important Specialty Stores.

The initial signs coming from sales of the **2018 fall/winter** collections appear to be extremely good.

There is also an excellent atmosphere surrounding the **2019 spring/summer** men's collection presented in June, first in Florence, and then in Milan. It gives us considerable pleasure to be considered a global reference point for the **luxury sporting chic** male taste.



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We are excited to announce that last June, on the special occasion of the presentation of our men's collection, the American Magazine *Robb Report*, a bible of luxury menswear, described Ralph Lauren and Brunello Cucinelli as the two fashion designers who have redefined man's fashion over the last three decades: one championing iconic American style and the other pioneering the 21st century's casual dress code. We feel deeply honored to have received this recognition.

We have received **excellent feedback** on this collection from both the specialist press and the main European, American and Asian buyers, and for us this represents a subsequent step in maintaining our objectives of gracious and sustainable long-term growth.

The collection was judged to be **innovative** and in **good taste**, with considerable attention being given to detail and what is more – an aspect we always consider to be of utmost importance – it consists of **“wearable clothes”** that can be put on at any moment of the day, allowing us always to feel at our ease.

We think that there are considerable opportunities for our brand in the whole of the men's style world; we have always believed in a man who pays attention to detail, looks for quality tailoring, elegance and innovation, with respect to that *“casual chic”* taste that is so dear to us. His goal is to create a **look with contemporary appeal** by way of a proposal which constantly renewed through small niceties, that can be easily matched with the clothes a customer already has in his wardrobe.

We follow the development of the fascinating **“internet world”** with especial attention and believe that our various **openings towards the new technologies** have made it possible to keep the **business modern** over the years.

At the same time we are still aware and convinced that these technologies should never “steal our soul” and the precious time we can dedicate to our personal feelings. Which is why each day we endeavor to find the **right balance between technology and humanism**.

We seek this balance on a daily basis in both the physical and the digital channels, in particular in the relationships with our customers, and try to build a relationship of esteem which finds its basis not so much in the quantity of the data and information we can gather but rather in the quality of this relationship, at the basis of which we place respect for **Human Privacy**, that so much desired privacy.

In May we met in Solomeo with boutique collaborators who arrived from all over the world, together with the people who work in the spaces dedicated to the brand in the leading Luxury Department Stores.

At this time of dialogue we highlighted the centrality of the extremely important subject of **Human Privacy**, which we would always like to act as a guide in the relationship between our customers and the Industry as we seek in some manner to be **“friendly advisers”**.

Another aspect that was discussed was the **“value of waiting”** in the belief that this can add exclusivity and allure when a person thinks of buying a luxury crafted product.



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We believe that the increasing attention being placed by the new “**millennials**” on the brand is of great interest, as is also the relationship we are building together.

We know that the first time they approach the brand and the Company's philosophy is often in the digital world, which is why we place considerable strategic importance on the value of the way in which our **corporate website** and **online boutique** are able to communicate and be places where people can breathe our *lifestyle*, the hamlet of Solomeo and the taste of our collections.

To maintain our **allure** at the highest level we give a **great deal of attention to investments** that allow us to support the brand's exclusivity, in the awareness that in many sectors, but especially in the fashion world, everything passes very quickly, and the digital world makes this need even more pressing.

Making **investments**, in order to keep the brand always contemporary and fresh - through the expansion of some existing boutiques in beautiful locations and the limitation of new openings to few stores a year - as well as revamping our showrooms seasonally, so as to display the collection in an equally fresh, young and contemporary manner, are both crucial for our brand image.

Sales Analysis

Net revenues at 30 June 2018 reached €269.5 million, increasing by 9.0% at current exchange rates (+11.9% at constant exchange rates) compared to €247.2² million at 30 June 2017. All geographical areas and all distribution channels posted an increase in revenues.

Revenues by Geographical Area

Italian market – revenues up by 4.9% or €43.8 million compared to €41.8 million in the first half of 2017, representing 16.3% of the total.

The result is of particular significance given the importance placed on the domestic market, and we consider it representative of the appreciation for the taste of the collection.

European market – a rise of 12.0% in sales which reached €84.2 million compared to €75.2 million at 30 June 2017, representing 31.3% of the total.

There were important results in all the countries concerned and in all channels; increase in both the local and top-end “tourist” customer.

² Revenues at 30 June 2017 have been reclassified in order to provide a consistent comparison with the figures at 30 June 2018, which have been recognized in accordance with IFRS 15. By applying the same accounting standard to revenues at 30 June 2017 sales rise from €243.3 million to €247.2 million.



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North American market – high single digit growth at constant exchange rates with sales reaching €86.3 million, an increase of 2.5% at current exchange rates compared to €84.3 million at 30 June 2017, representing 32.0% of the total.

Solid sales results in both the retail and multibrand channels with our collections being highly appreciated by end customers in the direct boutiques and in the large Luxury Department Stores.

Greater China – substantial growth although still with respect to limited amounts; sales, which rose by 35.2%, reached €24.8 million at 30 June 2018 compared to €18.4 million at 30 June 2017 and represented 9.2% of the total.

The increase in sales covered all the markets concerned such as Continental China, Macao, Taiwan and Hong Kong; in terms of new customers there was a rise in the proportion of **millennials** who approach the brand for the first time, attracted by an exclusive offer which is simultaneously modern.

The rise in revenues in the direct boutique network was accompanied by the positive contribution provided by sales in the new spaces dedicated to the brand in the most exclusive multibrand stores that are gradually developing in Continental China.

Rest of the World – sales rose by +9.7%, with revenues reaching €30.2 million compared to €27.6 million at 30 June 2017, representing 11.2% of the total.

Solid results were achieved in all geographical areas due also to the presence of new customers who were an addition to the brand's traditional customers.

Revenues by Distribution Channel

Retail monobrand channel – an increase in revenues of 7.1% which reached €133.9 million compared to €125.0 million in the first half of last year and represented 49.7% of the total.

The first 6 months of 2018 saw sustainable growth of 3.8%³ in Like-for-Like as the result of the positive sell-outs of the 2018 spring/summer collection.

Sales of the 2018 fall/winter collections have begun very well, especially in the resort localities where tourists are already focusing on their purchases for the next winter season.

The network consisted of 97 boutiques at 30 June 2018 (94 at 31 December 2017) with just one opening in the first six months of 2018, to which the conversions of the two Singapore boutiques from the wholesale monobrand channel in June should be added.

Wholesale monobrand channel – sales rose by 12.4% to reach €19.8 million at 30 June 2018 compared to €17.6 million in 2017, representing 7.3% of the total.

³ Like-for-Like in 2018 is calculated as the increase in revenues at constant exchange rates in the DOS existing at 1 January 2017.



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The opening of the prestigious Dubai Mall in the first quarter of 2018 made a positive contribution; the network consisted of 29 boutiques at 30 June 2018 (30 at 31 December 2017), with two wholesale monobrand boutiques in Singapore converting to the direct channel.

Wholesale multibrand channel – important growth of +10.7% with revenues reaching €115.8 million compared to €104.6 million at 30 June 2017, representing 43.0% of the total.

Growth was supported by sales in the existing spaces, by sales in new spaces assigned to the brand in the Luxury Department Stores where we are already present and by selected entry into new multibrand stores, in particular in Continental China.

The extremely important role we have always assigned to the multibrand stores makes this fact even more significant, fostered as it is by the relationship we have succeeded in creating over the years with all of the most important Luxury Department Stores and by the attention we constantly give to the spaces dedicated to our brand, with the direct care of our visual marketing team and the training of sales personnel.

The manager in charge of preparing the corporate accounting documents, Moreno Ciarapica, declares pursuant to and to the effects of article 154-bis, paragraph 2 of Legislative Decree no. 58 of 1998 that the disclosures included in this release correspond to the balances on the books of account and the accounting records and entries.

The preliminary revenue figures included in this release have not been audited.

This document may contain forward-looking statements on future events regarding the Brunello Cucinelli S.p.A. Group and its operating, economic and financial results. By their nature these statements contain an element of risk and uncertainty, as they depend on the occurrence of future events and developments.



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Brunello Cucinelli S.p.A. is an Italian maison operating in the absolute luxury goods sector; specializing in cashmere it is now one of the most exclusive brands in the international chic **prêt-à-porter** sector, the expression of everyday luxury. Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted net revenues of €503.6 million in 2017 (+10.4% compared to the previous year), of which 83.2% was achieved overseas, and an EBITDA of €87.5 million, up by 11.8% over the normalized EBITDA of 2016, and currently has over 1,600 employees. Brunello Cucinelli's success is rooted in the history and legacy of great craftsmanship as well as in modern design: a quality strategy founded on a combination of innovation and artisan skill.

The attention and care taken in manufacturing the product are expressed through the use of the highest quality raw materials, tailoring and **craftsmanship** of exclusively **Made in Italy** production, combined with *savoir faire* and **creativity**; all of this makes the Solomeo-based company one of the most exclusive testimonials of Italian **lifestyle** worldwide.

Company business has always been conducted in the medieval hamlet of Solomeo, on the outskirts of Perugia. Today the brand is distributed internationally in over 60 countries through 126 monobrand boutiques (97 direct boutiques and 29 monobrand wholesalers) in leading capitals and cities worldwide and in the most exclusive resorts, with a selected presence in approximately 650 selected multibrand stores, including leading luxury department stores.

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