



# BRUNELLO CUCINELLI

## Press Release

**BRUNELLO CUCINELLI: the Board of Directors has examined Preliminary Net Revenues for the first half of 2019**

- **Net revenues of €291.4 million, +8.1% at current exchange rates (+7.2% at constant exchange rates) compared to €269.5 million at 30 June 2018;**
- **Sales growth of 9.5% in the international markets and 1.1% in the Italian market;**
- **Europe +9.6%, North America +9.0%, Greater China +15.9%, Rest of the World +5.5%;**
- **Increases in all distribution channels: retail +12.0%, normalized wholesale monobrand +1.5%<sup>1</sup>, wholesale multibrand +6.5%.**

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

*"We are fully satisfied with our company's performance in the first half of the year, in terms of both numbers and image; we like to support labour that fosters harmony with Creation. The sales of our Spring summer collections were especially good, and the start to the 2019 Fall Winter season was also very very positive. All this augurs well for another year of delightful growth.*

*Honestly speaking, we cannot but express our full satisfaction with the clearly positive drive that has marked the start of the order intake for the Spring Summer 2020 Men and Kids collections that were presented last month.*

*This healthy and pleasant work environment makes us look forward to the forthcoming presentation of the Spring Summer 2020 Women collection. Moreover, we serenely envisage a next year full of pleasant and profitable results."*

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<sup>1</sup> Omogeneous performance excluding the contribution made by the sales of the wholesale monobrand boutiques in Singapore (2 boutiques), St. Petersburg and Copenhagen which were converted to direct operations in 2018 (the book result reports a fall of 8.1%).



## BRUNELLO CUCINELLI

*Solomeo, 11 July 2019* – 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 2019. The board will examine and approve the Half-year Financial Report containing complete and final figures for the period at its meeting scheduled for 28 August 2019.

The first half-year was very interesting for us, both in terms of the results achieved and in relation to the brand's taste and allure.

Our feeling is that **end customers** are increasingly identifying themselves as “**ambassadors**” of the Brunello Cucinelli taste, and that the **contemporariness of the offer** which we constantly seek in all our collection proposals is contributing to increasing the **appeal** and **desirability** of our products.

We have the impression that there has been a strengthening of the bond and sense of belonging of the end customer, who is searching for our Lifestyle offer and the values and philosophy which distinguish us and can be fully shared inside Solomeo, the “**Hamlet of the Spirit**”, where more and more often we have the pleasure of hosting the brand's customers and “friends”.

An important subject, and one that is always very topical, is to share the desire to work in favor of “**human sustainability**” with the end customer in the attempt to live “**in harmony with the Creation**”.

As part of this approach respect for the moral and economic dignity of the staff who work with us becomes fundamental, as does care for the workspaces and the local territory, seeing ourselves as “*pro tempore custodians of a tiny portion of our beloved Planet Earth*” having the desire to “*leave as a legacy to our children the places where we live and work more beautiful than they were when we received them from our fathers*”.

At the end of May we had the honor of receiving as guests in Solomeo a very special group of “**Young Leonardos of the Third Millenium**” mainly coming from Silicon Valley, the world's cradle of technological innovation, including Jeff Bezos, Marc Benioff (attending via a magnificent open letter addressed to the entire group), Ramin Arani, Ruzwana Bashir, Paolo Bergamo, Dick Costolo, Lee Fixel, Reid Hoffman, Drew Houston, Lynn Jurich, Sarah Leary, Alec Ross, Ned Segal, Rob Speyer, Nirav Tolia, Trevor Traina.

As part of those fine days we spent together we dedicated time to our **spirits, discussing the important issues of life** and attempting to share a vision of the world for the upcoming millennia which can be guided by the grand values of humanity.

In the three days we spent together (at home without mobile-phones) we attempted to discuss humanity's great problems, each one of us running through his life since childhood.

We tackled the big issue of the responsibility we have towards humanity, the constant search in feeling ourselves custodians who are planning for those who will come after us, envisioning a three-month plan (all listed companies), a three-year plan and also a thousand-year plan.

We had long discussions about human sustainability, which we called “living in harmony with the Created”. At the end of it all we became quite excited and agreed to meet up once a year for this event which we have called:



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## **Solomeo**

### ***Symposium on Soul and Economics***

Regarding the performance of the first half-year we are fully satisfied with the sales achieved and the sustainability of the growth that has been a feature of the first six months, and are facing the second half with considerable serenity, expecting to see a 2019 in line with our long-term plan.

We are also extremely pleased with the **sell-outs of the summer collections**, whose result, if looked at over the six-month period, is representative of the how the season performed.

Trends in the collections were especially positive in all the Group's markets and distribution channels, testifying to customer interest in our "**casual chic**" proposal and to the identification of our brand with this kind of taste.

In June we presented our new **2020 Spring Summer Menswear Collection**, starting in Florence with "Pitti Imagine" and ending with the Milan fashion shows. We think that the Florence-Milan combination fully represents the world of male fashion, giving life to a sort of great outdoors show, and believe we can say that *"thanks to their charm, Italian style and elegance are like noble standard bearers spreading our culture throughout the world"*.

We sensed significant confidence and optimism around the brand, shared by the press and international buyers, and the current very positive order collection is full confirmation of these feelings.

In the menswear collections we believe that it is increasingly important to propose **contemporary elegance**, which arises from blending styles, fabrics and shapes, and which out of necessity must be supported by the extremely important work performed in the boutiques, as in all moments of contact with the end customer.

We consider that **men have the wish to "feel young, learning to mix different clothes"** and it becomes extremely important to direct their relative choices through *"friendly young sales people"* who can **"listen to the customer, give advice and suggest matching combinations"**.

We are aware of the importance that each of us attributes to the choice of an outfit which accompanies all the moments of the day: while before there were only a few moments when "you had to look good", and others when "you could relax", now it is becoming increasingly important to **constantly care for your look**, and each of us is aware of the possibility of "finding one's indelible image at any time on the digital platforms and social media".

With considerable confidence we have begun to take orders for the first **Kids collection** for the upcoming **2020 Spring Summer** season, which we interpret as the "natural extension of the brand and broadening of our ready-to-wear offer".

We are approaching this new project enthusiastically, and the comments we have received from all of our partners and the initial feedback from the orders taken are very positive: it seems that we have succeeded in transferring the same taste that distinguishes the adult offer to the children's proposal, and believe that we have built an excellent team dedicated to childrenswear that works in perfect harmony with our business structure.



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## Sales Performance

Net revenues for the first half of 2019 totaled €291.4 million, representing a rise of 8.1% at current exchange rates (+7.2% at constant exchange rates) compared to last year's €269.5 million.

## Revenues by Geographical Area

**Italian market** - revenues reached €44.3 million (15.2% of the total), a rise of 1.1% compared to €43.8 million at 30 June 2018.

The Italian market confirmed its **importance in terms of taste**, and for this reason we believe that "Pitti Immagine" is fundamental for us, allowing us to come into contact with customers, suppliers and the press and enabling us to gain a clear vision of national and international "sentiment" in terms of business and taste.

**European market** – an increase of 9.6%, with revenues rising to €92.4 million (31.7% of the total) compared to €84.2 million at 30 June 2018.

Our satisfaction in the sales trend is accompanied by the very positive opinion we attribute to our **boutiques**, in Europe and in all the other Group markets.

To keep our spaces modern we continue to assign the utmost strategic importance to Visual Merchandising, and find that the **evolution of the floor area of our boutiques** must be of the order of 400-450 square meters for our flagship stores and 250-300 square meters for those in the major luxury cities, making it possible to carry out a full assessment of our collections and the taste and lifestyle that we want to transmit to our customers.

**North American market** – an increase of 9.0%, with revenues of €94.1 million (32.3% of the total) compared to €86.3 million at 30 June 2018.

Both the European and North American markets confirmed the sustainability of our growth project, thanks to the consistency of local demand and top-end tourism in both the monobrand and multibrand channels, with results rising in both.

It seems to us, also from discussions at meetings with the press and sector specialists, that there is an increasingly marked **difference** between the "**absolute luxury**" offer and the "**accessible luxury**" offer, and that the clear distinction is causing Luxury Department Stores to assign increasing room to the most exclusive luxury sector to capture the top-end customer.

**Greater China** – growth of 15.9%, with sales reaching €28.8 million (9.9% of the total) compared to €24.8 million at 30 June 2018.

We are very pleased with the performance achieved in **China** and continue to "manage our growth path with the aim of **seeking to be in some way "exclusive"**, both in terms of distribution and with respect to the relationship of esteem, trust and sharing we endeavor to create with the Chinese customer.

For this reason we have developed a highly structured local team in which almost all the collaborators are of Chinese extraction, helping us daily to understand the culture of this great country and frequently coming to Italy and to "our Solomeo" as a means of assimilating our culture and our values and then transferring these to the end customer.



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We assign the utmost importance to our “**Celestial Empire**” project, maintaining the highest respect for the millenary tradition and culture of the Chinese people.

**Rest of the World** – an increase of 5.5%, with sales of €31.9 million (10.9% of the total) compared to €30.2 million at 30 June 2018.

Performance was solid in all the Group’s markets, including South Korea and Japan, with the perception that the international customer is increasingly attracted by **Made in Italy** items and the **typically Italian way of life**, whose charm contributes the significant love for this country, its culture and its natural and architectural beauties.

### **Revenues by Distribution Channel**

**Retail monobrand channel** – growth of 12.0%, with sales of €150.0 million (51.5% of the total) compared to €133.9 million at 30 June 2018.

The first half of 2019 confirmed sustainable like-for-like growth, amounting to 3.7%<sup>2</sup>, supported by positive sell-outs of the 2019 Spring/Summer collections.

The network consisted of 102 boutiques at 30 June 2019; 3 new boutiques have been opened compared to 30 June 2018 (2 of which in the second quarter of 2019), to which have been added 2 conversions from the wholesale monobrand channel.

**Wholesale monobrand channel** – sales of €18.2 million, with growth of 1.5% on a comparable basis (book performance of -8.1%<sup>3</sup>), representing 6.2% of the total.

The network consisted of 28 boutiques (29 boutiques as of 30 June 2018).

**Wholesale multibrand channel** – an increase of 6.5%, with sales reaching €123.3 million (42.3% of the total) compared to €115.8 million at 30 June 2018.

We believe that over the years we have built relationships with the world’s multibrands which are “special, friendly, of high esteem and of mutual respect”, and are convinced that it is these relationships, together with the customer’s appreciation of the collections, which support the very positive growth performance in this channel.

We have always believed that multibrand is the high “judge” of the collections, the only one who – through the comments received during the campaign and sales phases – can tell you whether the taste of the collections is contemporary, which is why we continue to believe that it is fundamental to balance the retail channel with the wholesale channel.

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<sup>2</sup> Like-for-like in 2019 is calculated as the increase in revenues at constant exchange rates in the DOS existing at 1 January 2018.

<sup>3</sup> Omogeneous performance excluding the contribution made by the sales of the wholesale monobrand boutiques in Singapore (2 boutiques), St. Petersburg and Copenhagen which were converted to direct operations in 2018 (the book result reports a fall of 8.1%).



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*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 press release correspond to the balances on the books of account and the accounting records and entries. The sales 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 553.5 million in 2018 (+8.1% compared to the previous year), of which 83.2% was achieved overseas, and an EBITDA of 95.1 million, up by 8.8% over the normalized EBITDA of 2017, and currently has over 1,700 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 130 monobrand boutiques (102 direct boutiques and 28 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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