



# BRUNELLO CUCINELLI

## PRESS RELEASE

**BRUNELLO CUCINELLI: the Board of Directors has examined Sales results for the first quarter 2020.**

- Net revenues at 156.7 million Euros, -2.3% at current exchange rates (-2.9% at constant exchange rates) compared to 160.4 million Euros as of 31 March 2019;
- North America +9.5%, Europe -2.2%, Italy -13.9%, China -27.2%, Rest of the World +6.6%;
- Performance by Distribution Channels: monobrand retail -7.4%, multibrand wholesale +2.0%; monobrand wholesale +0.5%.

Brunello Cucinelli, Chairman and CEO, commented as follows:

*“The current year was off to a very, very good start from an economic and brand-image point of view, until 29 February, the only exception being China due to the Covid-19 epidemic. Our company reacted to the health emergency immediately by **taking action to protect the health of all its employees, co-workers, suppliers and customers all over the world.** The precautionary measures adopted and the exceptional provisions introduced by the governments of several countries around the world in order to contain the spread of the virus have resulted in the closure of a significant number of boutiques around the world and only affected sales in the last weeks of the **first quarter, thus reducing the overall result in a limited manner.**”*

*“The economic and financial impact of the pandemic is **expected mainly in the second quarter, with sales significantly affected** by the closure of a still significant number of boutiques around the world. Great attention is devoted to the **planning of the two-year period 2021-2022 for which we envisage a buoyant and sizeable recovery of the business,** allowing us to continue to work for our **ten-year plan 2019 - 2028, which should lead us to double our turnover.**”*

*“We believe these to be **strongly temporary** circumstances; for this reason our attention is focused on the **management of the current year and the healthy control of costs, keeping our company structure strong and poised to fully resume business;** we keep up our planning efforts and confirm our **sound strategic investment program for everything related to the distribution and production side of the company, as well as the support of the brand as a whole.**”*



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*Solomeo, 7 May 2020* - 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 the Group's Sales figures for the first quarter of 2020, prepared in accordance with the International Financial Reporting Standards (IFRS) released by the International Accounting Standards Board.

## **Sales Performance**

Net sales in the first quarter 2020 amounted to 156.7 million Euros, with a performance at current exchange rates of -2.3% (-2.9% at constant exchange rates) compared to 160.4 million Euros in the previous year.

## **Revenues by Geographical Area**

**Italian market** - revenues reached 24.4 million Euros (15.6% of the total), -13.9% compared to 28.4 million Euros as of 31 March 2019.

The Italian market reported pleasing results in the first part of the quarter, with very appealing sales results for the Spring/Summer 2020 collections; the second part of the quarter was strongly impacted by the full closure of selling spaces. The order intake for Fall/Winter 2020 has been very positive.

**European market** - sales equal to 51.0 million Euros (32.5% of the total), -2.2% compared to 52.1 million Euros as of 31 March 2019.

Up until the beginning of March, the quarter had shown remarkable growth rises, also benefiting from the fashion trend veering towards an understated taste - more akin to ours. The order collection for Fall - Winter 2020 has been particularly appealing.

The closure of our boutiques in Europe, in the face of the health emergency that has gradually expanded to different geographical areas, took place in the last 2 weeks of March, with a marginal impact on the first quarter results.

**North American market** - revenues of 50.8 million Euros (32.4% of total), with a result of +9.5%, compared to 46.4 million Euros as of 31 March 2019.

The trend featured a sharp improvement until the first third of March, when the monobrand and multibrand spaces closed.

Also in this area we report a significant order collection for the Fall - Winter 2020 campaign.

**China** - turnover equal to 11.2 million Euros (7.2% of the total), -27.2% versus 15.4 million Euros as of 31 March 2019.

Following a very positive start in 2020, with considerable appreciation of the collections that fostered significant growth in the sell-out, the quarterly performance was later impacted by the developments related to the Coronavirus emergency.



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In particular, significant drops were reported since the last week of January and throughout the month of February, due to the timely regulations passed by the Chinese government to curb the expansion of the infection; in the first 10 days of March, following the gradual normalization of the health situation, the reopening of stores, and especially the wish to restart, the first improvements followed, and they were then confirmed in the last days. The order intake for Fall/Winter 2020 has been significant.

**Rest of the World** - sales equal to 19.3 million Euros (12.3% of the total), with a result of +6.6% compared to 18.1 million Euros in the first quarter of 2019.

The performance of the quarter is very good, with the world situation slightly denting only in the last days of March. The Fall - Winter 2020 order collection has turned out to be very positive.

## **Revenues by Distribution Channel**

**Retail monobrand channel** - revenues equal to 65.9 million Euros (42.1% of the total), with a performance of -7.4% compared to 71.2 million Euros as of 31 March 2019.

The reported result reflects a first part of the quarter - until the end of February - with sharply positive results and LFL, combined with increases in sell-outs of the Spring Summer 2020 collections net of the impact of the health emergency in China and Asia. The closure of a considerable number of boutiques had a more significant impact on the second half of the quarter.

As of 31 March 2020 the store network amounted to 107 boutiques (106 boutiques at December 31, 2019); the new New York boutique in the trendy Meatpacking District was opened in the first quarter 2020.

**Wholesale monobrand channel** - sales equal to 11.2 million Euros (7.1% of the total), with a performance of +0.5% versus 11.1 million Euros as of 31 March 2019. The network includes 30 boutiques, unchanged compared to 31 December 2019.

**Wholesale multibrand channel** - turnover of 79.7 million Euros (50.8% of the total), with a result of +2.0% compared to 78.1 million Euros as of 31 March 2019.

The result mirrors the strongly positive performance of the Spring 2020 collections, with sell-out for our multibrand collections significantly up until February, excluding China.

In full compliance with the regulations laid down by the Italian government, since the second half of March company activities that could not be managed through "smart working" have been suspended, including deliveries to the wholesale, multibrand and monobrand channels. Since a few weeks these activities have been resumed in order to meet the orders that, in the meantime, have been confirmed by the most important multi-brand companies.

We believe that the above is favoured by the great relationship that we believe we enjoy with our multibrand clients; we would like to highlight the many replies through letters, emails and messages that we received following the sharing of Brunello Cucinelli's thoughts about the time we are experiencing, as it had already been the case during the last economic downturn in 2008; indeed, back then we had sent out a letter to all of our customers and partners reassuring them that we would tackle those circumstances together, side by side, ensuring the support of our company for a hoped-for restart that actually took place and turned out to be staggering and full of benefits.



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## OUTLOOK

**The current year was off to a very, very good start** from an economic and brand-image point of view, until 29 February, the only exception being China due to the Covid-19 epidemic. Our company reacted to the health emergency immediately by placing **at the centre of its action the health protection of all its employees, co-workers, suppliers and customers all over the world.**

The precautionary measures and the exceptional provisions introduced by the governments of several countries around the world in order to contain the spread of the virus have resulted in the closure of a significant number of boutiques around the world and only affected sales in the last weeks of the **first quarter, thus reducing the overall result in a limited manner.**

The economic and financial impact of the pandemic **is expected mainly in the second quarter, with sales significantly affected** by the additional closure of a significant number of boutiques around the world.

**On Thursday 16 April**, the company resumed operations at its Solomeo headquarters with all the staff involved in the collections and prototypes, consisting of about 23% of employees. **Since 4 May**, the entire company has been fully operational, as has the production chain, clearly in compliance with health protocols for the protection of human resources.

Bearing in mind that the trend of the pandemic and the measures taken by governments do not allow for the complete reopening of our boutiques for the time being, it is therefore difficult to assess the trend in 2020, but we remain **very confident about the second half of the year, when we envisage a progressive and marked recovery compared to the first six months.**

We believe these to be **strongly temporary** circumstances; for this reason our attention is focused on the **management of the current year and the healthy control of costs, keeping our company structure strong and poised to fully resume business as soon as it is possible.**

Great attention is also dedicated to the **planning of the two-year period 2021-2022** for which we envisage a buoyant and sizeable recovery of the business, allowing us to continue to work for our **ten-year plan 2019 - 2028**, which should lead us to double our turnover.

Consistent with our planning, **we maintain our sound strategic investment program for everything related to the distribution and production side of the company, as well as the support of the brand as a whole.**

As soon as work was resumed, in addition to compliance with the regulations in place and in order to **guarantee maximum safety and absolute peace of mind to the entire corporate community, their families and all the people visiting our company in Solomeo**, a special project was launched, the result of an agreement between the company and the Department of Medicine of the University of Perugia. Pursuant to this project, **employees have the opportunity to undergo both nasal swabs test and serological sampling in order to detect Covid19 positivity.**

Thanks to **dedicated spaces** where the samples can be taken by **specialist medical personnel** equipped with **advanced instrumentation**, acquired by the Brunello Cucinelli company and the "Brunello Cucinelli" Foundation, every single sample can be **processed in just over half an hour.** We believe that this approach can somehow offer a possible model to resume and manage work activities in maximum safety, thus contributing to the peace of mind of all the human resources who cooperate with us.



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## 2020 Financial Calendar Update

The Company announces that, on 21 May 2020, at the end of the Shareholders' Meeting which will renew the corporate bodies, the first meeting of the new Board of Directors will be held for the conferment of proxies and for the appointment of internal committees.

In addition, the Company informs that on 14 July 2020, when the Preliminary Net Revenues at 30 June 2020 will be released (event already present in the 2020 Financial Calendar published on 7 November 2019), a conference call will also be held with institutional investors and financial analysts, which aims to provide an update on our business.

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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 creating luxury goods.** It was founded in 1978 by the fashion designer and entrepreneur of the same name and is listed on the Borsa Italiana Electronic Stock Exchange. The Company has always been **rooted in the medieval hamlet of Solomeo** and it is considered an authentic expression of the concept of “Humanistic Capitalism” since it can match constant, sound growth with an entrepreneurial philosophy addressing the major issues of **Harmony with the Created** and **Human Sustainability**.

Specialized in cashmere, the **brand** is currently believed to be **one of the most exclusive brands in the chic prêt-à-porter sector**, an expression of everyday lifestyle worldwide. The combination of **modernity** and **craftsmanship**, **elegance** and **creativity**, **passion** and **human values** make Brunello Cucinelli one of the most exclusive and admired **ambassadors of Italian style** in the world. In fact, the brand authentically expresses the values of **tailoring** and **artisanship** that characterize **Made in Italy** production and the territory of the Umbria region in particular, combined with an eye on **innovation** and **contemporary style**.

Through **healthy**, **balanced** and **sustainable growth**, the company's main goal is to gain profits with **ethics**, **morale** and **dignity**, respecting the moral and economic dignity of the over 1,800 directly employed Human Resources and of all the company's collaborators.



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In 2019, the company reported over €600 million revenues, a selected presence in the market, with 136 monobrand boutiques and the most prestigious spaces in the leading multibrand stores worldwide.

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