



BRUNELLO CUCINELLI

Press release

BRUNELLO CUCINELLI: the Board of Directors has examined the Group's revenues for the first quarter of 2017

- **Net revenues €134.1 million, +10.1% at current exchange rates compared to 31 March 2016;**
- **Revenues increase both in international markets, +11.4%, and in the Italian market, +4.9%;**
- **Revenues growing in all geographical areas: North America +9.8%, Europe +8.8%, Greater China +35.2%, Rest of the World +9.6%;**
- **Sales growth in all distribution channels: retail monobrand +18.6%, *normalized* wholesale monobrand +4.4%¹, wholesale multibrand +10.6%.**

Brunello Cucinelli, Chairman and CEO, commented as follows:

"In the first half of 2017 business has been really "very good", we feel that the image of our brand is "very suitable", as it perfectly identifies with our way of living and working. Our order intake for Fall/Winter has turned out to be excellent with extraordinary feedback on our collection both from the trade press as well as our multibrand and monobrand clients. Considering the overall quality of our sales, we can envisage another "particularly good" year ahead, with double digit growth in terms of both revenues and profitability."

"Our company - 5 years down the road from our listing on the Stock Exchange that we are celebrating in these days indeed - is focusing not only on the product, as usual – and hopefully it will still be contemporary, fresh, high-quality and exclusive in the coming collections, too – but also on new, very high-positioned Web-based initiatives, such as the "Humanistic artisans of the Web" project, which is consistent with our style and our way of opening up to the world."

Solomeo, 10 May 2017 – 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 – today examined revenues for the first quarter of 2017 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Healthy and solid growth continued in the first three months of the year, with results that confirm appreciation for the taste of the collections, the benchmark of a prestigious, elegant and sober **Italian lifestyle** which together with the *excellent quality* of the raw materials, the *craftsmanship* of the products and the search for *exclusivity* define and strengthen the positioning of the brand in the top end of the luxury market.

¹ Performance based on the same perimeter, excluding from the first quarter of 2016 sales coming from the 4 wholesale monobrand boutiques in Moscow and from our online boutique which were converted to direct operations from the first quarter of 2017 (the book result fell by 23.3%).



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The key items distinguishing the collections, such as *creativity, modernity, the search for beauty and good taste* make Brunello Cucinelli a brand universally recognized by partners, customers and the international press as one of the symbols of **Made in Italy** and a reference point for the **prêt-à-porter chic** offer, the expression of **luxury** to be worn especially **during the day**.

The brand's exclusivity is strengthened by the presence of selected monobrand boutiques in the world's most prestigious streets, such as the **boutique in Via Montenapoleone 27** in Milan which was opened at the beginning of the year and represents our biggest "**physical shop**" and an extremely important sales space, considering that Milan is the very heart of Italianness, where the purchasing experience assumes a high level of charm and allure.

This exclusivity is completed with a *presence of strategic importance* in the most *prestigious luxury department stores* where we always imagine and hope that the comparison with other excellences can keep our **brand contemporary** and **modern**.

The same exclusivity strategy is also sought in the approach to the digital world with the launch in January of two distinct **new websites**, the first dedicated to **business philosophy** and the second to the **online boutique**, representative of our world and daily life and characteristic of the places of our Solomeo and the ways in which we work there.

The online exclusivity of the monobrand channel – which we would like to represent the way we live in the physical world in the same manner – together with the investments made in the digital platform and in the excellence of our human resources represent the foundations of the great project launched by Brunello Cucinelli called "**Humanistic Artisans of the Web**" in order to "**protect our brand**" and the very same "digital multibrand partners" with whom the Group collaborates.

Sales Performance

Net revenues at 31 March 2017 rose by 10.1% to reach €134.1 million; there was growth of 9.5% at constant exchange rates; all the distribution channels, monobrand and multibrand, and all the markets, domestic and international, reported increases.

Revenues by Geographical Area

Italian market – significant growth in the Italian market which we believe to be of considerable importance given the brand's image, with the rise in sales of 4.9% representing a further increase compared to the highly significant results already achieved last year; revenues therefore reached €26.1 million (19.4% of the total) compared to €24.9 million at 31 March 2016 (20.4%).

We are of the opinion that there is solid and progressive growth in top-end tourism, to which should be added the demand – important for its taste - for *chic* and *exclusive* products by local customers; we are extremely pleased with the feedback we are receiving from the newly-opened Montenapoleone store in Milan, the relocated boutique previously situated in Via della Spiga, where it seems that customers can breathe **the atmosphere of our territory**.

European market – a significant rise of 8.8% in revenues which reached €41.7 million compared to €38.4 million at 31 March 2016, representing 31.1% of the total (31.5% at 31 March 2016).



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This positive trend in performance was confirmed in all countries in the European market, in both the monobrand and multibrand channel, with revenues being driven by the purchases made by top-end tourists and the requests of “local” customers, as always a target for the brand.

The purchasing dynamics of “**new young customers**” were very interesting, people who have a refined taste and are attracted by the *particularity of the brand*.

North American market – very positive growth of 9.8%, with revenues arriving at €41.4 million compared to €37.7 million at 31 March 2016 and representing 30.9% of the total (31.0% at 31 March 2016).

This performance confirms the considerable growth trend in the “*fine luxury offer*” of “*Italian prêt-à-porter*” to be worn especially during the day, with extremely positive results in the multibrand channel where the prestigious multibrands continue their search for **special products** of the utmost quality, craftsmanship and handwork, but above all something **not over-distributed**. Visual merchandising, which must always be of a special nature, is of extreme importance together with the presence of sales people who are “pleasant and friendly” in their ways, never inopportune or harrasing.

Excellent results were also recorded by our monobrand boutiques, thanks to our presence in what we believe are very fine stores; new customers are also to be found in the North American market thanks to proposed collections which in our view appear to be constantly evolving, “*integrating*” perfectly with the clothes already to be found in one’s wardrobe.

Greater China – a significant increase, with sales rising by 35.2% to reach €10.4 million compared to €7.7 million last year and a share of the total remaining “limited” to 7.8% of revenues (6.3% at 31 March 2016).

The growth trend, starting from a contained base, is led by the performance of continental China which was driven by the results of the network of exclusive direct boutiques, unchanged over the past 24 months, and the rise in prestigious spaces reserved and dedicated to the brand in the **most exclusive multibrand stores**, which are gradually developing and growing.

To be highlighted is the growing search – by the top quality Chinese clients – of that exclusive, refined and sought-after offer which we believe is fully captured by the taste of the brand, contributing to the quarter’s sales and determining the premises for the sustainability over time of the demand for luxury *prêt-à-porter*.

Rest of the World – a significant increase in growth amounting to 9.6%, with revenues reaching €14.5 million compared to €13.2 million last year (representing an unchanged 10.8% of the total).

A highly positive performance was achieved in Japan, the Far East and the Middle East regarding both local customers and tourists, with the presence of the brand gradually acquiring a **loyal local base of customers** *with a sophisticated taste* whom we also believe possibly share our “**work culture**”.

Revenues by Distribution Channel

Retail monobrand channel– an increase of 18.6% in revenues to reach €57.9 million at 31 March 2017 (representing 43.2% of the total) compared to €48.8 million at 31 March 2016 (representing 40.1%).



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Fine, sustainable like-for-like growth continued in the first 17 weeks of the year (between 1 January and 30 April 2017) with an increase of 3.9%², thanks to the positive sell-outs of the spring-summer 2017 collection which will be coming to an end in the next few weeks.

There were no new openings in the first quarter of the year, with the network consisting of 90 direct boutiques at 31 March 2017 compared to 86 at 31 December 2016, with the four stores in Moscow³ being converted from the wholesale monobrand channel to the retail monobrand channel as from 1 March 2017.

On 13 March 2017 an agreement was signed for the passage to direct operations of 5 shop-in-shops in the Holt Renfrew luxury department stores in Canada, previously run using the wholesale formula, whose contribution to the retail monobrand channel was recognized in the final part of the first quarter.

Wholesale monobrand channel – sales of €10.3 million at 31 March 2017 (representing 7.7% of the total), with performance based on the same perimeter rising by 4.4% (reported performance - 23.3%⁴).

The dynamics of the wholesale monobrand channel were affected by the two key strategic decisions implemented in the first quarter of the new year, with the first being to transfer the 4 Moscow boutiques from third party management to direct operations, 3 of which are located in the most prestigious of the city's malls.

The second key decision was to transfer our **online boutique** from third party management to direct operations; we are very satisfied with this extremely good sales results, even though starting from limited volumes, and in particular due to the taste and image that we appear to have succeeded in transferring by transmitting all we endeavor to transmit in physical life on the internet.

There were 32 boutiques in the wholesale monobrand network at 31 March 2017 (36 at 31 December 2016), unchanged over the first 3 months of 2017, excluding the 4 conversions of boutiques to the retail monobrand channel.

Wholesale multibrand channel – we are especially satisfied with the growth trend posted by the wholesale multibrand channel, in which we have great belief. There was an increase of 10.6% in sales which reached €65.9 million at 31 March 2017 (representing 49.2% of the total), compared to €59.6 million at 31 March 2016 (48.9% of the total).

Thanks to a **fine spring/summer 2017 collection** sales continue to post extremely positive results in terms of growth.

² Like-for-like in 2017 is calculated as the increase in revenues at constant exchange rates in the DOS existing at 1 January 2016.

³ As in previous conversions from the wholesale monobrand channel to the direct channel, in the first year of operations the positive contribution of the recognition of sales at retail value is partially impacted by the lower sell-in revenues, which only become sell-out revenues in the subsequent period.

⁴ Reported performance, obtained by including the revenues from the converted boutiques and the online boutique in revenues for the first quarter of 2016, posted a fall of 23.3% (revenues for the first quarter of 2017 amounted to €10.3 million compared to €13.4 million in the first quarter of 2016).



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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 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.

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 informal luxury **prêt-à-porter** sector, the expression of everyday luxury. Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted net revenues of €456 million in 2016 (+10.1% compared to the previous year), of which 83.3% was achieved overseas, and a normalized EBITDA of €78.2 million (up by 13.2% compared to the previous year), and currently has approximately 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 122 monobrand boutiques (90 direct monobrand boutiques and 32 monobrand wholesalers) in leading capitals and cities worldwide and in the most exclusive resorts, with a significant presence in approximately 650 selected multibrand stores, including leading luxury department stores.

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