



BRUNELLO CUCINELLI

PRESS RELEASE

BRUNELLO CUCINELLI: the Board of Directors has examined the Preliminary Net Revenues for the first quarter 2020. The Board of Directors has resolved to call off the Shareholders' Meeting of 23 April 2020 and reconvene the same Shareholders' Meeting for 21 May 2020. The Board of Directors has resolved to withdraw the proposal concerning the dividend distribution.

- 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 -27.1%, Rest of the World +6.6%;
- Performance by Distribution Channels: monobrand retail -7.2%, multibrand wholesale +1.8%; monobrand wholesale +0.4%;
- Dividend distribution proposal withdrawn. The Chairman and CEO Brunello Cucinelli stated: *"In the last quarter of the year we will reconsider the dividend distribution on 2019 profits, in the event of a rebalancing of the global economic context and with positive business prospects for 2021"*.

Brunello Cucinelli, Chairman and CEO, commented as follows:

*"The current year got off to a very, very good start from an economic point of view, and remained so until 29 February, with the exception of China; therefore, today we are commenting on the figures for the first quarter, where we achieved a turnover substantially in line with 2019. We think that today's circumstances are strongly **temporary**, therefore very different from 2008, a tough year burdened by a **structural** downturn and a lack of vision for the future."*

"Our company structure has been planned for delivering balanced growth in the three-year period 2020-21-22. For the time being we are dividing our work into two important parts: the first part focuses on the careful management of the current year. We may have to wait another two or three months to get an overview of the whole year, but at the same time the Fall/Winter 2020 wholesale order backlog is very significant, and in this regard the strong reliability of our partners - and hopefully ours, too - reassures us a lot. The second part is devoted to the paramount planning of the coming two years 2021-22, which we view in a very favourable manner for the future of mankind, and where we expect to resume a balanced and sustainable growth trend for our company and the whole world. The priority lies in safeguarding the brand image, its creativity, its craftsmanship and all the skills of the team."

*"We greatly appreciate what governments around the world are doing to protect the human race, and we share and we share our government's intention to support the needy first, and then business. We feel overwhelmed with esteem and gratitude for all those who, even in these tough times, have continued to believe that only the soul is the source of great thoughts. A big **thank you** to all of you"*



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Solomeo, 09 april 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 preliminary consolidated net sales figures for the first quarter of 2020. The final figures for the first quarter 2020 will be reviewed and approved by the Board of Directors at its meeting scheduled for 07 May.

A Letter for the New Time¹

In this letter I do not intend to dwell on the current situation, on how it affects the whole world, or on how important it is to comply with the instructions of those who have the responsibility to protect our health and our lives. You already know all this too well, it is an obligation to us and to mankind. Too many things we have learned in such a short time; too many things we thought indispensable have turned out to be superfluous, too many feelings we thought dormant re-emerged like new springs. In this letter, instead, I want to tell you what is taking shape in our hearts, inside us, beyond the suffering: I want to focus on those changes that slowly but surely, from day to day - perhaps without us even realizing it yet - are almost reshaping our human structure, showing us just how beautiful the world can be, that very same world that we took for granted until yesterday.

Until a few days ago, the time that flows from one daily action to the next was driven by the frantic urgency of an ongoing haste and frenzy without a conscious reason; today time has changed its pace like in a melody where every musical beat falls where the score of Creation wants it to be, and generates a music of memories and future that we won't easily forget. How many times, in yesterday's life, our words stole the space of feelings, forgetting that the first truly universal word is the example of a life led with moderation!

How many times, wrapped up in a life that we believed to be the best possible, somewhere, perhaps even in our dreams, we wondered if our behaviour was not completely respectful of Creation, and for a moment we thought that maybe we were acting against nature?

Surely it has happened to each of us, maybe this memory is not very flattering. Today we are enwrapped in our pain. But how would we be if we could see what life will be like soon, tomorrow, when all this is over? We would certainly be more at peace, if not even joyful, just like in that magnificent universal work, "The Betrothed", when Renzo, just out of the leper hospital, rejoiced in his new life, and Manzoni writes about him: "But much would his enjoyment have been increased, could he have surmised what would be seen a few days after. This water carried off, washed away, so to speak, the contagion, [...] At the end of a week, shops were opened, people returned to their houses, quarantine was hardly spoken of, and there remained of the pestilence but a few scattered traces".

The rising of a new time has already begun from the shadows of a painful night; this new time, my esteemed friends, I see it brimming with fabulous opportunities, a bearer of new lifeblood, a creator of ideas revolving around a renewed desire for life. I know that there will be economic growth; I know that enthusiasm will make our hearts soar. But at the end of this all we will be different; we too, like time, will be somehow new. Something has been transformed and it will make us see things and life in a different, beautiful, enchanted light. That very same bread, which we took for granted yesterday, will now be a new surprise, a warning to remind us of those who do not have any bread, and should have it. In every man we will recognize another man: our brother.

¹ Below is an excerpt of the "Letter to Investors" by Brunello Cucinelli, Chairman and Chief Executive Officer, published on April 1, 2020 as part of the "2019 Consolidated Financial Statements".



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Something has changed, and it will reveal us that family is the bud of society. And so water, the fields of wheat, the orchards, and the animals that feed us, will take on a new look, they will be full of a meaning that is their natural, fair, balanced one, they will become almost sacred. This value is that of the rhythm of Creation, which beats in our hearts.

Dear friends, I am convinced that the new time will be a fascinating opportunity for us to restore the relationship between humanism and technology, between consumption and the economy, between the spirit and harmony, between profit and giving back. I have always imagined our life as the relationship between us and our destiny, which - like the ring of a planet, or in the shape of an enormous wheel - turns slowly but steadily, carrying some good and some pain on its every spoke, and always, always, the spoke of our cherished opportunities.

So I would like to say that this is an opportunity that does not concern an individual man only, but every single man in the world. Our eyes, our hearts, our muscles, our tiniest most sensitive nerve must be tightened and quivering, ready to grasp the universal gift that our destiny has prepared for us: we will be different, because it will no longer be possible to abuse Creation, because never before has the word "growth" been linked to moderation and not to excess, because never again will we turn our heads from what we do not like. The new time is this opportunity: to redress our relationship with Creation according to its rules, the rules of simple use and not waste or consumption, respect for human dignity, fair work, and everything in the world that is worthy of being called "human".

I have no doubt about this new time, a time that will speak to us with a silent and piercing language, a time as new as we will be. One day, thinking back to this lazy, idle time, for a while we will perceive it with a sort of revulsion, but then unexpectedly, maybe on a spring day like today, in the early morning, when the last night stars go out in the sky, when the painful memories overwhelm us, we will be surprised to feel almost a sense of fondness, an unconceivable warmth towards today's times, and we will then realize that with time we end up loving even our sorrows, because they taught us our new life. This is how we like to lead our life, this is how we will try to continue to lead our enterprise.



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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, then the monobrand and multibrand spaces closed.

Also in this market 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), -27.1% 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.

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.



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Revenues by Distribution Channel

Retail monobrand channel - revenues equal to 66.0 million Euros (42.1% of the total), with a performance of -7.2% 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 +0.4% 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 79.5 million Euros (50.7% of the total), with a result of +1.8% 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 temporarily suspended, including deliveries to the wholesale, multibrand and monobrand channels. These activities will resume as soon as the relevant regulations make it possible, in order to meet the orders that have been confirmed by the most important multi-brand companies in these same days.

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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Information following the health emergency arising from COVID-19 (CORONAVIRUS)

Our company has reacted immediately to this emergency, which we have defined as "temporary", by focusing its action on protecting the health of all of its employees, collaborators, suppliers and customers all over the world.

Realistically speaking, the depth and scope of this emergency will make it impossible to fully deliver the economic objectives we had set ourselves for 2020, with a much greater impact in the second quarter than in the first three months of the year. However, we believe that even in the current situation our company has held on to all the characteristics and exclusive positioning that have allowed us to achieve positive results in the recent years and which will be essential features to build up on for the future success we expect to achieve as early as from 2021 with good growth and a return to normal.

The characteristics that prompt us to look at the future with grounded confidence include:

- the flexibility of our manufacturing structure, which is fully Italian (75% located in Umbria) and made up of 364 high quality artisanal laboratories employing about 5 thousand people;
- a strong partnership with all our main suppliers, strengthened over the years thanks to our "gracious growth";
- the importance of the wholesale channel (about 45% of sales in 2019);
- the low level of debt;
- a sound trust-based relationship with our customers hinged around the protection of their human privacy.

We believe that our company has maintained the same deftness and responsiveness in adapting to a rapidly changing macroeconomic context as in 2008, when the criticalities seemed to us very different and much deeper than those of today. The above therefore allows us to maintain our strategy and vision unchanged for ten year plan 2019-2028.

Ordinary and Extraordinary Shareholders' Meeting of 23 April 2020 called off; new call for 21 May 2020 - Dividend distribution proposal withdrawn

At today's meeting, the Board of Directors of the Company, in view of the health emergency arising from Covid-19 and considering the evolving regulatory framework, resolved to:

- call off the Ordinary and Extraordinary Shareholders' Meeting already convened for 23 April 2020, in a single call, as per the notice of call published in full on the Company's website on 13 March 2020 and, as an extract, on "Il Sole 24 Ore" and "MF-Milano Finanza" on the same date (as subsequently supplemented on 7 April 2020);
- reconvene the same Ordinary and Extraordinary Shareholders' Meeting, in a single call, on 21 May 2020 at 10:00 a.m. at the Teatro Cucinelli, Via Giovine Italia N. 2, Solomeo - Corciano (PG), the agenda remaining unchanged;
- withdraw the proposal to distribute the dividend from profits for 2019 (approved at first and shared with the market on 11 March). Therefore, at today's meeting, the Board of Directors resolved to allocate the Company's 2019 net income of Euro 57,216,429 to revenue reserve.



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In the last quarter of the year, the Board of Directors will reconsider the distribution of a dividend on 2019 profits in the event of a rebalancing of the global economic environment and with positive business prospects for 2021.

The new notice of call of the Ordinary and Extraordinary Shareholders' Meeting of the Company will be published within the terms and procedures required by law. The Company will update the documentation made available to the public so far. In particular, taking into account the above, the explanatory reports relating to points 2), 4) and 5) of the ordinary session of the agenda will be updated.

The calendar of corporate events shall be read with the indication that the Shareholders' Meeting shall be held on a single call on 21 May 2020.

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.

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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