



# BRUNELLO CUCINELLI

## **PRESS RELEASE**

**BRUNELLO CUCINELLI: the Board of Directors has examined the sales figures at 30 September 2016**

- **Net revenues €348.4 million, +9.7% at current exchange rates compared to 30 September 2015;**
- **Significant increase in sales in both the international markets (+10.3%) and the Italian market (+7.3%);**
- **Sales growth in all international markets: North America +7.2%, Europe +7.1%, Greater China +18.4%, Rest of the World +29.1%;**
- **Rise in sales in all distribution channels: retail monobrand +15.1%, wholesale monobrand +4.2%, wholesale multibrand +5.9%.**

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

*“We are very very happy with the results achieved over the first nine months of the year. Having reached November, we can already say that we expect another particularly positive full year in terms of both revenues and profit.*

*Moreover, we are very satisfied with the Spring Summer 2017 sales campaign; the unanimous excellent feedback received from both the buyers and the press specialising in product style, craftsmanship and quality, together with the more than positive sell out rate of this winter season, prompt us to envisage a very positive 2017 with a healthy growth in terms of revenues and profitability.*

*Balance and soundness must keep representing the future development of our company, with extreme focus both on product quality – as always, the result of a balance between style and contemporary features – and on a very careful choice of distribution channels, aiming for a fair balance between “selected multibrand” and “monobrand” boutiques located in prime and prestigious locations.*

*All this enables us to work serenely and in harmony with the creation.”*



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*Solomeo, 10 November 2016* – The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector, listed on the Borsa Italiana Electronic Stock Exchange (MTA) – today examined the sales figures at 30 September 2016 prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Revenues at 30 September 2016 fully confirm the positive trend seen in the first 6 months of the year, with special attention to maintaining the meticulous balance between growth and the preservation of the exclusivity of the brand, as always a pillar of the Company's business strategy.

**Craftsmanship, the uncompromising quality** of the raw materials and the **contemporary style** of the collections have as always acted as a foundation for the Company, whose collections express a luxury that is unaffected but recognizable in the eyes of an end customer who is highly attentive to sustainability issues and increasingly seeking special items capable of transmitting an emotion and a story.

The brand, located at the top of the luxury pyramid continues to experience a moment of particular appreciation both in dedicated boutiques and the spaces granted to it in leading Luxury Department Stores, making it an “essential presence” for the sophisticated high-end luxury customer.

## **Sales Performance and Revenues by Geographical Area**

Net revenues increased by 9.7% at 30 September 2016 (+10.0% at constant exchange rates) to reach €348.4 million, compared to €317.6 million at 30 September 2015.

Sales increased in all markets and distribution channels, supported by that special “*allure*” which surrounds the brand and is recognizable by the high-end local customer and the more sophisticated tourist flow, both of whom are attracted by a “unique” purchasing experience.

The Company's positioning in the high-end sector with a contemporary clothing offer drives the increase in the sell-outs and the sustainability of the growth trend, with end customers constantly expressing their appreciation of the collection in both the monobrand and multibrand channels and in all markets.

Italian market – The very positive growth seen in the first half of the year continued, with sales increasing by 7.3% in the first 9 months of 2016; revenues amounted to €64.3 million compared to €59.9 million at 30 September 2015, representing 18.4% of net revenues.

Sales rose in both the multibrand and monobrand channels, in the presence of the loyal local customer and steadily growing high-end tourism, especially in the leading cities and resorts.

The search for an exclusive product based on supreme quality and outstanding craftsmanship is accompanied by the constant attention that is dedicated to end customers interested in entering the “*Brunello Cucinelli world*” in its entirety and attempting to make their experience in the monobrand boutiques and dedicated spaces in the highly prestigious multibrand stores of a “unique” nature.

European market – An increase in revenues of 7.1%<sup>1</sup>, with sales reaching €105.2 million compared to €98.2 million at 30 September 2015, representing 30.2% of net revenues.

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<sup>1</sup> The trend in revenues in the last quarter (compared to the previous quarters in 2016) is affected by the entry in the same perimeter of sales of certain key retail monobrand flagship stores opened in Europe and the United States in the first half of 2015.



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The figures for the first 9 months of the year highlight a very positive performance in both the multibrand channel and the monobrand network, unchanged over the past 12 months, thanks to the constant presence of local customers and the solid trend in high-end tourism in the leading European capitals and prestigious resorts.

Revenues increased in all the Company's markets: the Mediterranean area, Continental Europe, Eastern Europe, Russia and the former Soviet countries.

The Company's special relationship with its end customers is completed by a sharing of its business values, the atmosphere experienced in Solomeo and all the aspects that characterize life in a small hamlet, matters which are of considerable interest and have also been the subject of the admiration of the international press and leading world universities which considered it as a model of "*humanistic capitalism*".

North American market – A significant rise of 7.2% in revenues<sup>1</sup>, which reached €122.5 million compared to €114.3 million at 30 September 2015, representing 35.2% of net revenues.

Revenues rose both in monobrand boutiques and Luxury Department Stores, where additional floor area and more attractive sales spaces were dedicated to the brand thanks to the recognition of its exclusivity and *allure* and the absolute luxury prêt-à-porter offer for daily wear, with items of clothing that accompany customers in all the events they experience throughout the day.

The extremely positive results of the multibrand channel are supported by the Company's long-standing relationship with the Luxury Department Stores, which has been constantly nurtured over time and strengthened by the presence of dedicated sales persons who have in-depth knowledge of the brand's history, philosophy and values and are able to transfer this to the end customer in a successful manner.

In conclusion, the sell-out figures were also very positive, thanks to the considerable appreciation of the Fall/Winter collections shown by end customers.

Greater China – Revenues rose by 18.4%, with sales reaching €21.4 million at 30 September 2016 compared to €18.0 million in the first 9 months of 2015, representing a modest 6.1% of net revenues.

We judge as very very positive the trend in revenues in mainland China, with Greater China results supported also by the figures posted in all the other markets, with Hong Kong reporting a sound performance.

There has been an increase in flows of high-end Chinese tourists who make their purchases in the principal European and American cities, as well as in Japan, South Korea and the rest of the world, always more in the quest for luxurious, sophisticated and contemporary garments.

Finally we are very pleased to be able to note the steady growth, albeit with a limited starting point, of prestigious multibrand spaces in China, located inside very attractive locations, that are already showing considerable appreciation of our brand, with dedicated areas capable of transmitting our taste and our values.

Rest of the World – Sales rose by 29.1%, with revenues of €35.1 million achieved compared to €27.1 million in the corresponding period of the previous year, representing 10.1% of net revenues.

This high level growth is driven by a very positive sales performance and the particularly significant increase should also take into consideration the absolute value of the business, currently relatively limited.



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The rise in sales in Japan is very positive, this being due to the two new selected openings of direct monobrand boutiques over the past 12 months, the sales increase in existing spaces and the extended floor space that the Luxury Department Stores are granting the brand in increasingly prestigious positions. The trend in high-end tourists, arriving from both China and other regions, continues to be solid and with balanced growth.

Interesting the contribution provided to the growth by wholesale multibrand channel in the other regions included in "the rest of the World" thanks to sales in the Far East (mainly South Korea) and the Middle East, a market the latter positively affected by the opening of a prestigious monobrand boutique in Dubai in April 2016.

## **Revenues by Distribution Channel**

**Retail monobrand channel** – Sales rose by 15.1%<sup>1</sup> to reach €156.4 million at 30 September 2016 compared to €135.8 million in the first 9 months of 2015, representing 44.9% of net revenues (42.8% at 30 September 2015).

The considerable growth in the first 9 months of the year was driven by an increase in sell-outs, thanks to the end customer's appreciation of the collections, a rise in the revenues earned in existing spaces and the contribution made by the openings of the 5 new boutiques scheduled for 2016 and concentrated in the first 6 months of the year.

The rise of 3.8% in the like-for-like sales (for the period from 1 January - 30 October) is considered to be highly positive and representative of a sound business performance.

The network consisted of 86 boutiques at 30 September 2016, unchanged over 30 June 2016 (78 boutiques at 30 September 2015).

**Wholesale monobrand channel** – Sales of €29.4 million, an increase of 4.2% over the figure of €28.2 million posted at 30 September 2015, representing 8.4% of net revenues (8.9% at 30 September 2015).

The performance of the existing boutiques drove growth in the first 9 months of the year, in the presence of a total network passing from 38 boutiques at 30 September 2015 to the current 36<sup>2</sup>.

Over the past 12 months the number of boutiques in the monobrand channel network has risen from 116 at 30 September 2015 to the present 122, which will remain constant for the rest of 2016.

**Multibrand sales channel** – a rise of 5.9% in sales which reached €162.6 million, representing 46.7% of net revenues, compared to €153.6 million at 30 September 2015 (representing 48.3%).

Given the high value we assign to the multibrand channel and to the Luxury Department Stores, we believe that from a strategic standpoint the growth we are achieving in Asian areas (mainly related in this 2016 to China, Middle East and South Korea) it's very important, with prestigious spaces being dedicated to our brand, and moreover also contributes to the sustainability of long-term growth.

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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 release correspond to the balances on the books of account and the accounting records and entries.*

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<sup>2</sup> The St.Tropez boutique was transferred to the direct channel in March 2016.



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*Please note that the sales figures of 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 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 €414.2 million in 2015 (+16.4% compared to the previous year), of which 82.9% was achieved overseas, and an EBITDA of €69.1 million (up by 11.0% compared to the normalized EBITDA of 2014), and currently has approximately 1,400 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 (86 direct monobrand boutiques and 36 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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