



BRUNELLO CUCINELLI



FY14 Results

March 10th, 2015

FY 2014 Results - Highlights

Results confirm and support the solidity of the growth, in line with long term and *healthy* growth project, based on exclusive distribution, product excellence, craftsmanship, creativity, Made in Italy and exclusive distribution

Exclusive prêt-à-porter proposal, expression of a sophisticated concept of contemporary lifestyle

Results achieved in accordance with the economic and moral dignity of everyone whoever is involved in the creation of Company's value

- ✓ Net Revenues (€355.9mln) +10.4%*
- ✓ EBITDA (€63.0mln) +8.4%
- ✓ Net Profit (€31.8mln) +7.5%

- ✓ Investment Plan: €39.7mln, supporting sustainable long-term growth and brand positioning
- ✓ Net Debt €42.6mln (€16.1mln as of 12/31/13)

- ✓ BoD proposing €0.12 dividend distribution



SS 15 – Women's Collection

*Performance at current exchange rates

Boutiques Network Highlights

Exclusive Distribution: 105 Monobrand Stores (98 Monobrand Stores as of 12/31/13)

- ✓ **71 DOS network** (vs. 61 boutiques as of Dec. '13)
 - 5 net openings in 2014
 - 5 conversions from wholesale Monobrand Network
- ✓ **34 Wholesale Monobrand** (vs. 37 boutiques as of Dec. '13)
 - 2 net openings over the last 12 months
 - 5 conversions to DOS

Long term strategy: maintaining exclusivity, targeting few and selected locations



SS 15 Collection

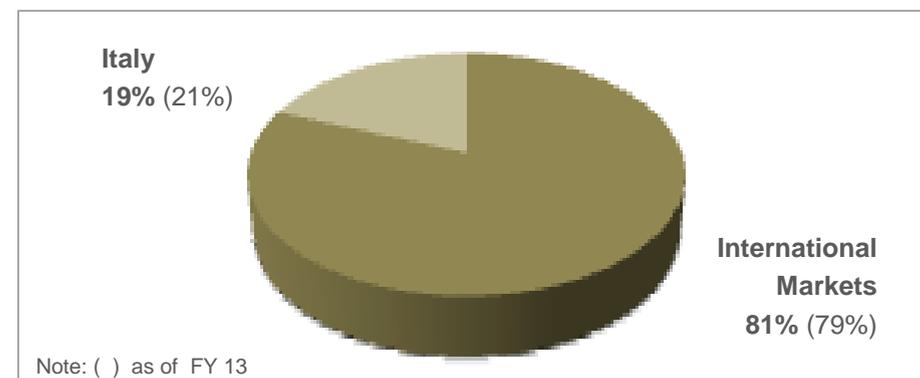
- ✓ Company's long-term planning confirms approach to exclusivity in the market, defined by the 9 secured openings for 2015, of which 2 boutiques already opened at beginning of 2015 (the DOS boutique in Frankfurt and wholesale monobrand boutique in Singapore)

Revenues by Region

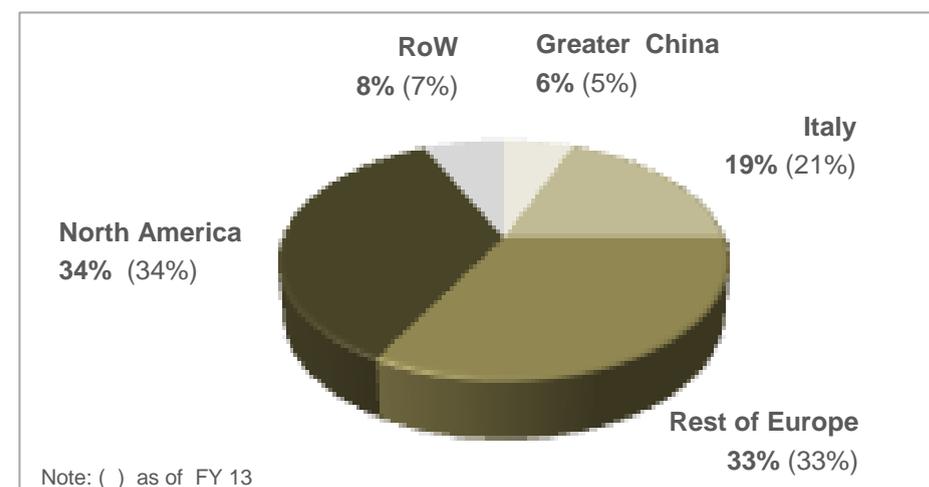
€ mln

	FY 13	FY 14	YoY % Chg
Net Revenues	322.5	355.9	+10.4%
			+10.5%
<i>Constant exchange rates</i>			
International Markets	255.8	287.4	+12.4%
North America	109.1	122.9	+12.7%
Rest of Europe	107.9	116.7	+8.2%
Greater China	15.7	20.9	+32.7%
RoW	23.1	27.0	+16.6%
Italy	66.7	68.5	+2.7%

International Markets revenues



Breakdown by countries



Highlights by Region

North America

- Growth in all distribution channels
- Increasing performance in existing networks and positive contribution from new selling spaces
- Luxury Department Stores further enhancing top end offer, targeting more sophisticated and exclusive client

Greater China

- Top end Asian tourists contributed to sales in domestic area and abroad
- Increasing attention towards exclusivity, no-logo, top crafted offer
- Selective approach of monobrand channel network, with no direct opening in 2014
- Performance favored by 3 Hong Kong boutiques conversion in Oct.13, with full effect in 2014

Italy

- Positive and healthy performance, proving solidity of Italian Market
- Sustainable growth both in direct and whls. monobrand channel
- Relevant flow of tourists to the main cities and resort areas, in both the monobrand and multibrand boutiques

Rest of Europe

- Positive results driven by performance in existing network
- Results supported by the top-end foreign tourists at the leading cities and in the most exclusive resort
- Russia confirms solidity of the business and domestic demand for exclusive luxury, driving sales increase in 2014 in the region.

Rest of the World

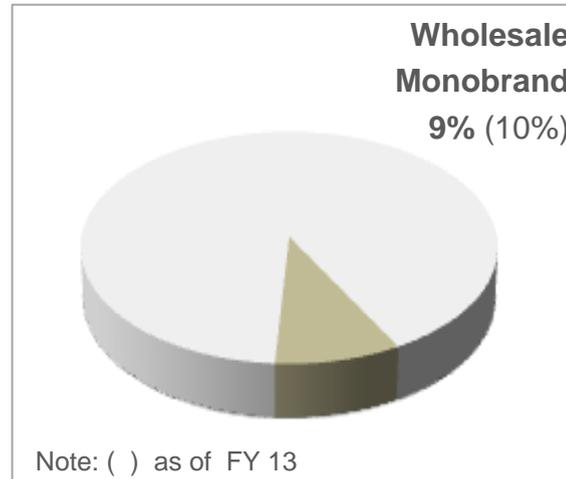
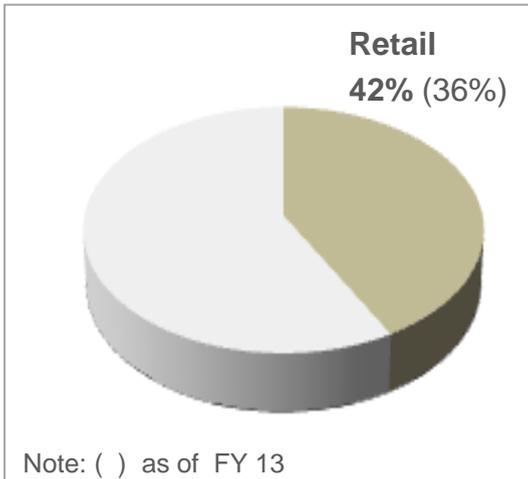
- Business conversion in Japan: from 1st Sept. 2014, 3 whl. monobrand boutiques were converted to direct stores, and 13 hard shops in Luxury Dept. Stores passed from wholesale multibrand to the Retail Channel.
- Monobrand network includes 11 boutiques (7 monobrand wholesale and 4 retail) as of Dec.31st 2014.



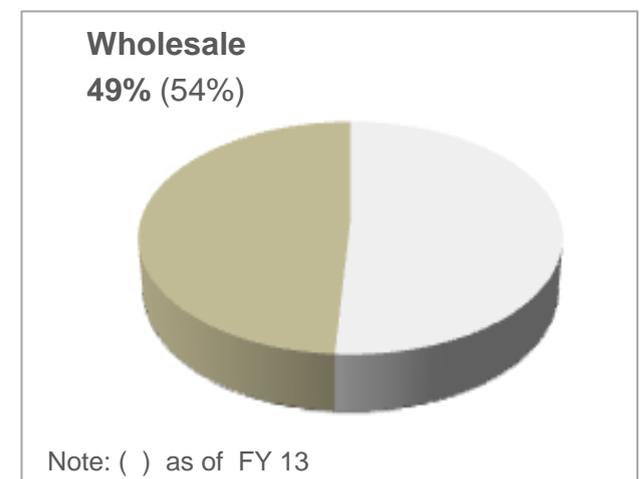
Revenues by Distribution Channel

€ mln

Monobrand



Multibrand



	FY 13	FY 14	% Chg
Retail Monobrand	115.4	148.5	+28.6%
Wholesale Monobrand*	33.1	30.9	-6.7%
*Adjusted Wholesale Monobrand			+14.3%

	FY 13	FY 14	% Chg
Wholesale Multibrand	174.0	176.6	+1.5%



Trend affected by the conversion to the retail channel of 13 dedicated spaces in the Japanese Luxury Department Stores

* Wholesale Monobrand performance excluding the conversions to the direct channel

Monobrand Channel



Monobrand Channel – Top Line growth drivers

Performance driven by:

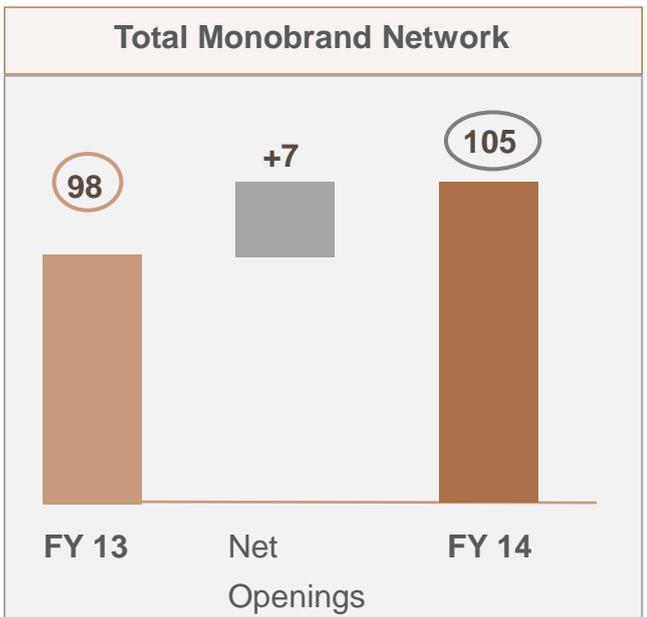
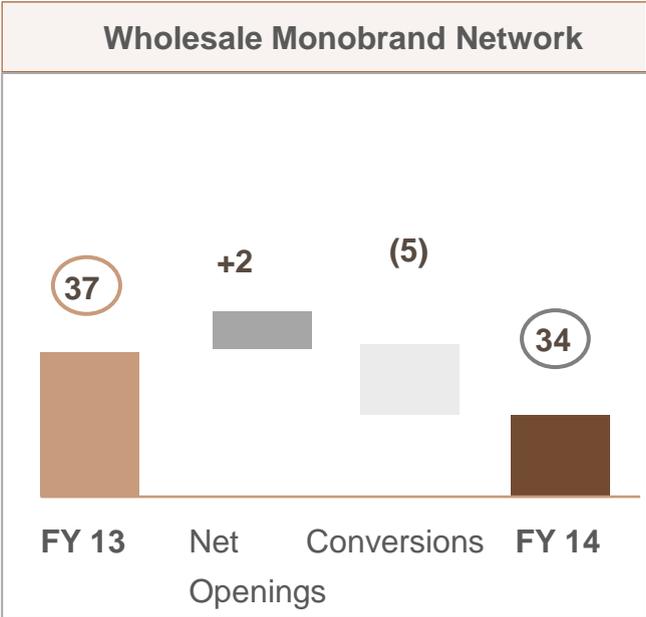
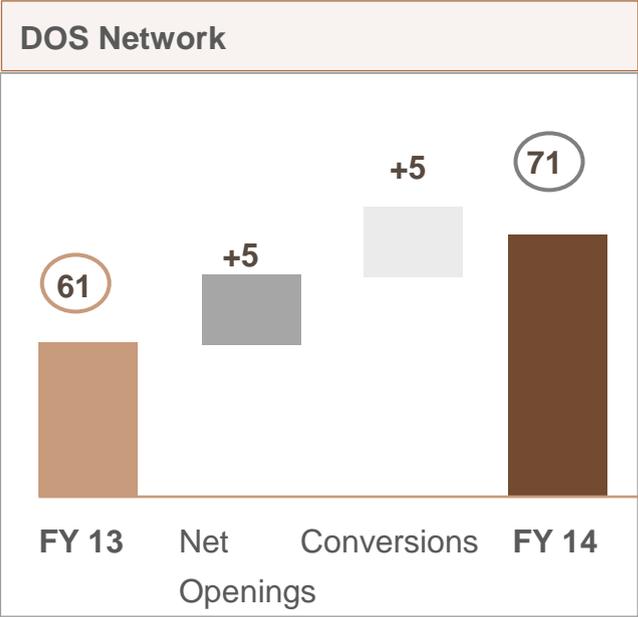
- Positive **LFL** performance (+5.5%)
- Selected boutique openings (7 monobrand boutiques in 2014)
- Monobrand network with 105 boutiques as of Dec. 14 (98 boutiques as of Dec. 13)



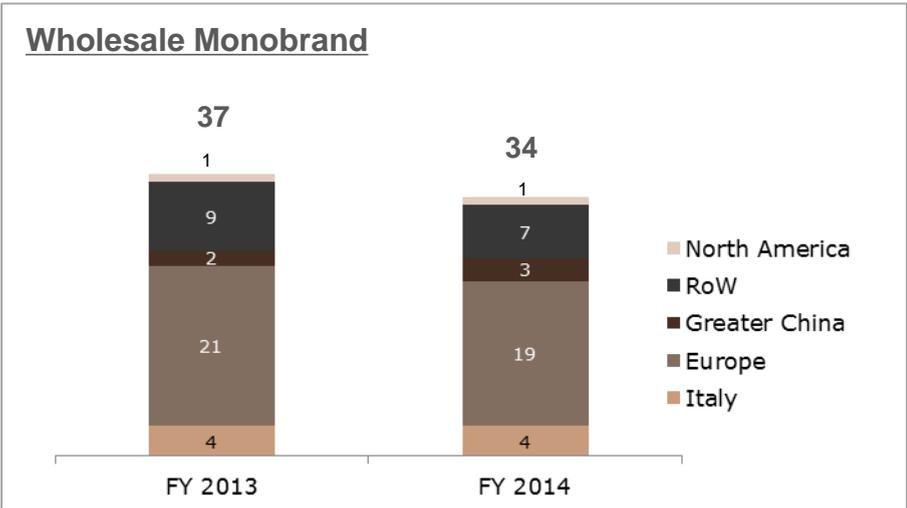
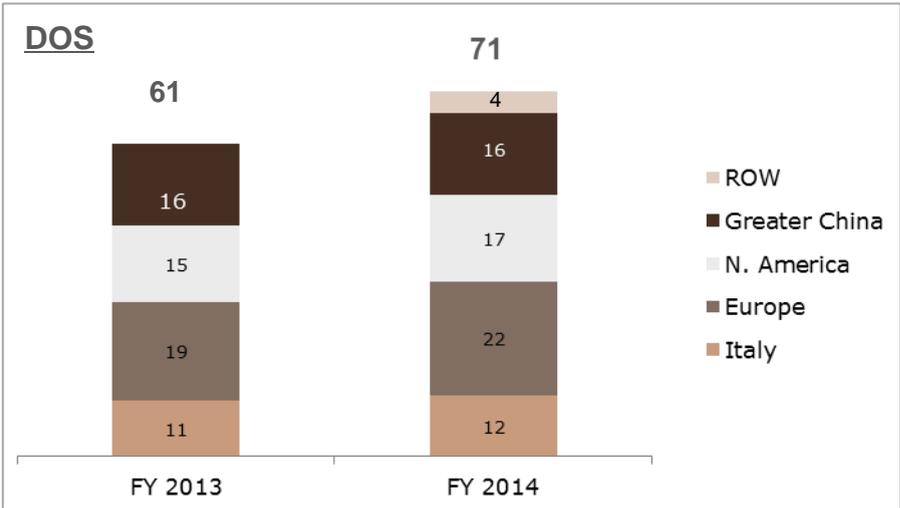
Monobrand Network: 105 boutiques (as of 12/31/2014)

- ✓ DOS Network
71 Boutiques as of Dec. '14 (61 as of Dec. '13);
5 net openings and 5 conversions from wholesale monobrand
- ✓ Wholesale Monobrand
34 Boutiques as of Dec. '14 (37 as of Dec. '13);
2 net openings and 5 conversions into DOS

Stores Network (from 12/31/13 to 12/31/14)

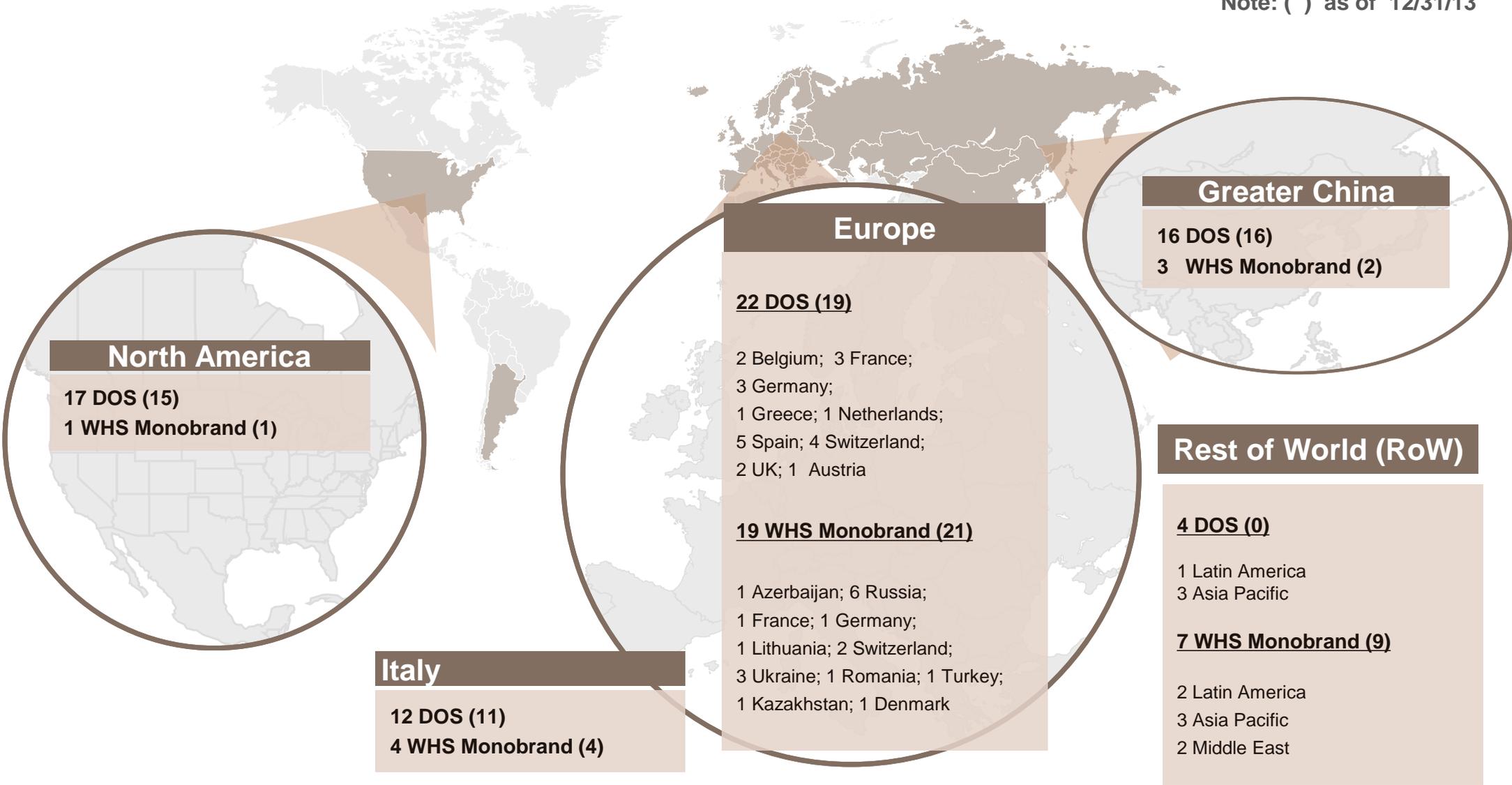


Network by Countries



Stores Network as of 12/31/14

Note: () as of 12/31/13



Multibrand Channel



SS15 Collection

- Positive sell-out results, attracting consumers of the highest level, supported by presence in the most exclusive spaces of Luxury Department Stores and in the prestigious multibrand boutiques, located on the luxury street of leading cities and resort
- Luxury Dpt Stores progressively increasing their request for the most luxurious items

Income Statement

€ mln

	FY 2013	FY 2014	% Chg
Net Revenues	322.5	355.9	+ 10.4%
Other operating income	2.1	1.5	- 29.5%
Revenues	324.6	357.4	+ 10.1%
First Margin	194.3	224.7	+ 15.6%
%	59.9%	62.9%	+ 300 b.p.
SG&A	-136.2	-161.7	+ 18.7%
%	41.9%	45.2%	+ 330 b.p.
EBITDA	58.2	63.0	+ 8.4%
%	17.9%	17.6%	- 30 b.p.
D&A	-11.2	-13.7	+ 22.2%
%	3.5%	3.8%	+ 30 b.p.
EBIT	47.0	49.3	+ 5.1%
%	14.5%	13.8%	- 70 b.p.
Income before taxation	45.2	46.4	+ 2.7%
Net Income	29.6	31.8	+ 7.5%
%	9.1%	8.9%	- 20 b.p.

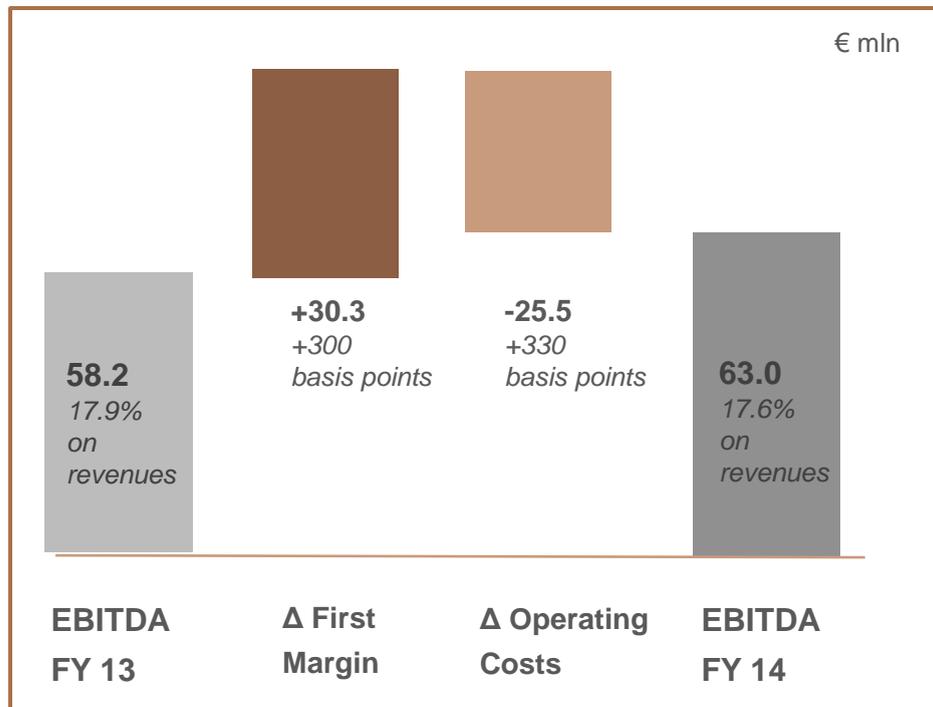


SS15 – Women's Collection

EBITDA & Key Income Statement Analysis

€ mln

EBITDA Analysis



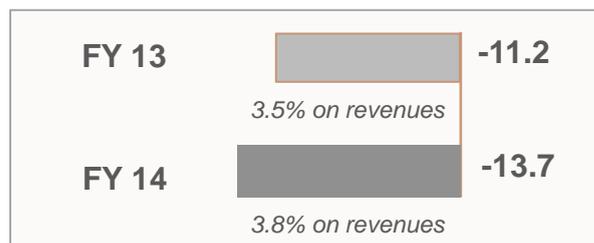
Δ First Margin (+300 basis points, from 59.9% to 62.9%)

- channel mix (Retail sales from 35.8% to 41.7% of total)
- allocation of costs relating to men's suits manufacturing, shifted from outsourced manufacturing to Operating Costs (mainly labour costs), with positive impact on the first margin, affecting negatively operating cost

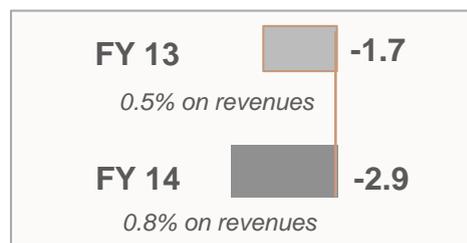
Δ Operating Costs (+330 basis points, from 4.9% to 45.2%)

- network Development Costs (rents and personnel costs relating to Store Employees & Office Staff)
- costs shifted from outsourced manufacturing
- costs ensuing from the establishment of Brunello Cucinelli Japan

Depreciation & Amortization



Financial Expenses



Taxes



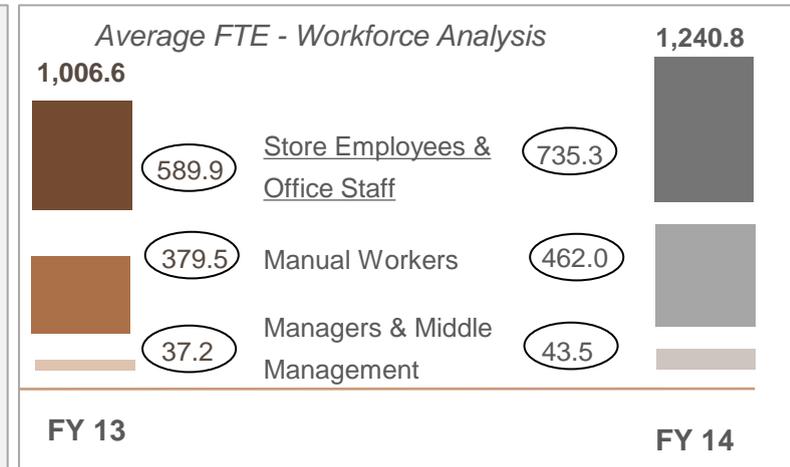
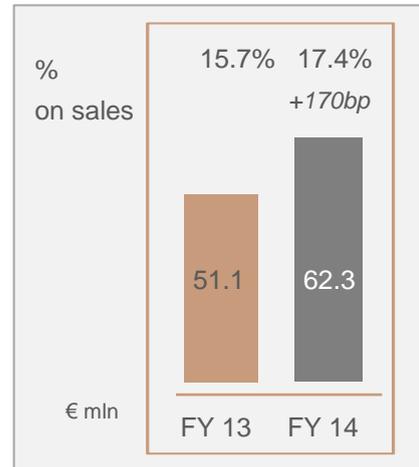
Personnel & Rent Costs

Personnel Cost

+150 basis points

Network Development Costs & BC Japan establishment: new boutiques openings, conversions of some boutiques and hard shop, already mentioned (+145.4 FTE in Store Employees & Office Staff)

Manual Workers (+82.5 FTE, impacted by more than 60 tailors related D'Avenza know-how, acquired by beginning of 2014)



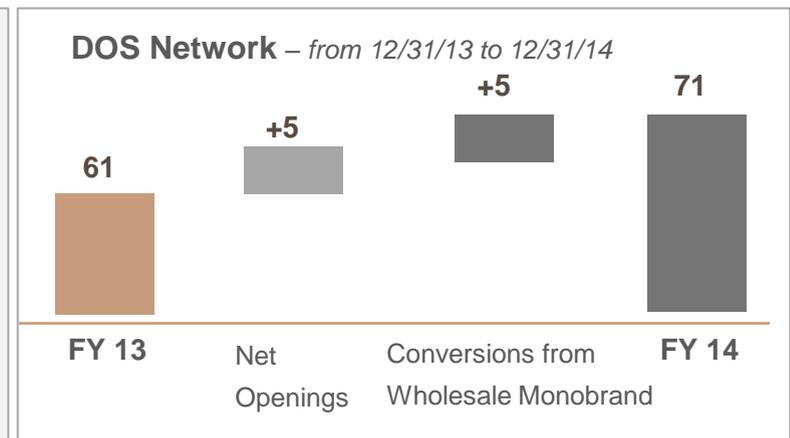
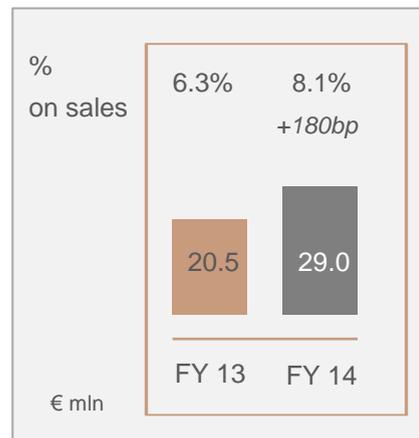
Rent Cost

+180 basis points

Selected and prestigious boutiques development (new openings, some boutiques relocations and increasing selling surface in some existing DOS)

New show-room (Tokyo and Shanghai) and NY show-room renewal and relocation

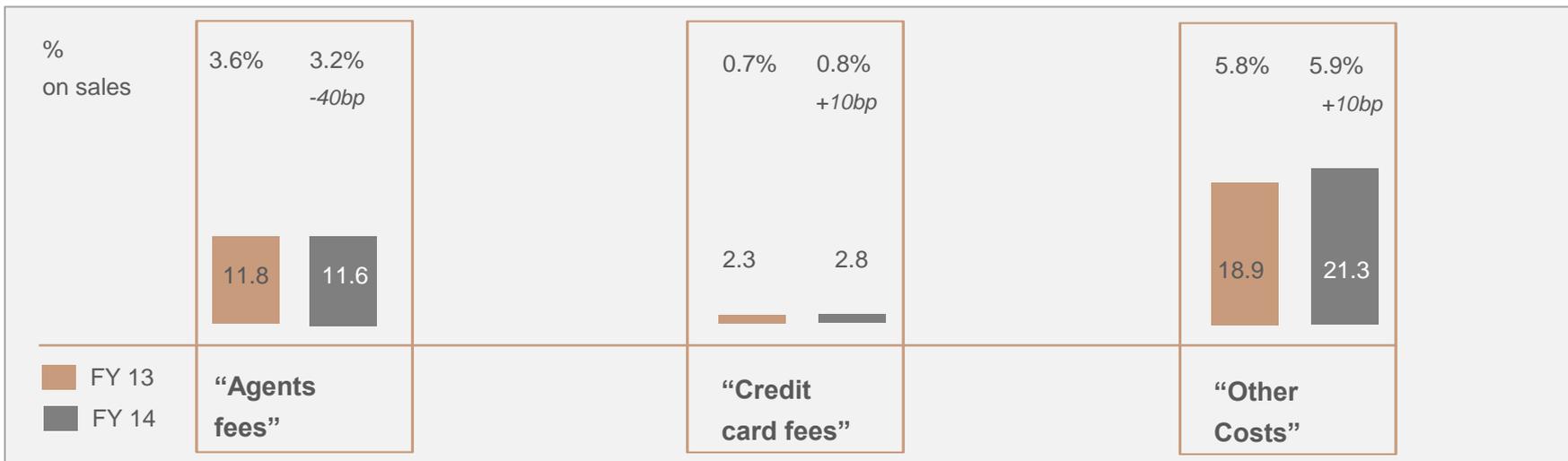
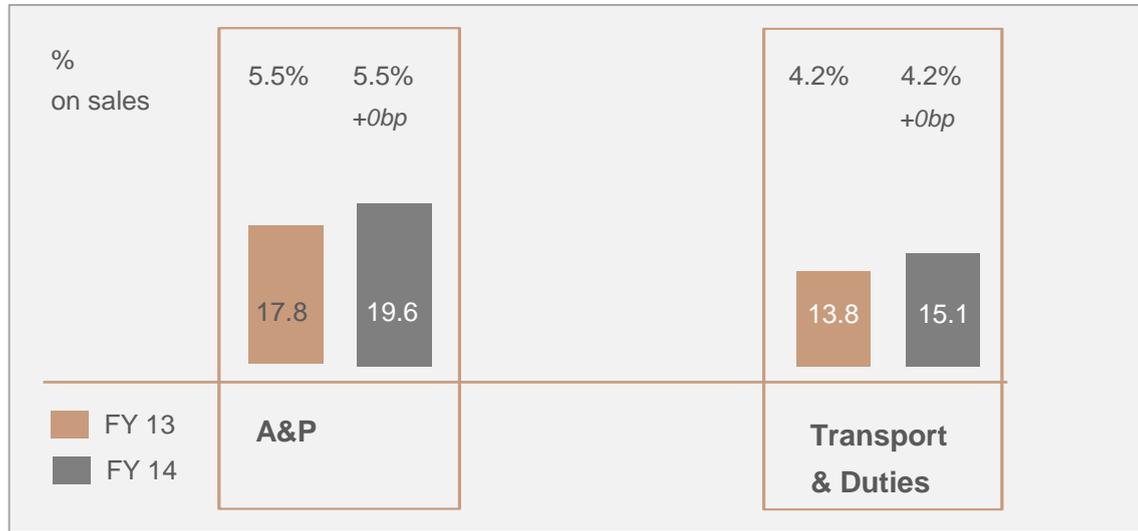
Renewal of expiring lease contracts



Other Operating Costs

€ mln

Other Operating Costs: decreasing % on sales (-20 basis points, from 19.9% to 19.7%)



Net Working Capital

€ mln

	FY 13	FY 14	delta
Net Working Capital	71.1	97.5	26.4
- Trade Receivables	43.4	45.1	1.7
- Inventories	94.5	125.1	30.7
- Trade Payables	-62.6	-62.2	0.4
- Other Credits/(Debts)	-4.1	-10.5	-6.3

Inventories

Structural increase in inventories (+30.6 mln), due to:

- **Development of Retail Network**
- **Japan Business Conversion**
- **Men's suits offering increase**

Development of Retail Network

DOS Network increase, **from 61 to 71 boutiques**, including

- 5 net openings
- 5 conversions
(of which 3 boutiques in Japan)

Japan Business Conversion

Conversion from wholesale monobrand and multibrand channel to **Retail management** (since 1st September 2014):

13 hard-shops in Luxury Department Stores in Japan, in addition to 3 above-mentioned boutiques *(since 1st September 2014)*

Men's Suits Offering

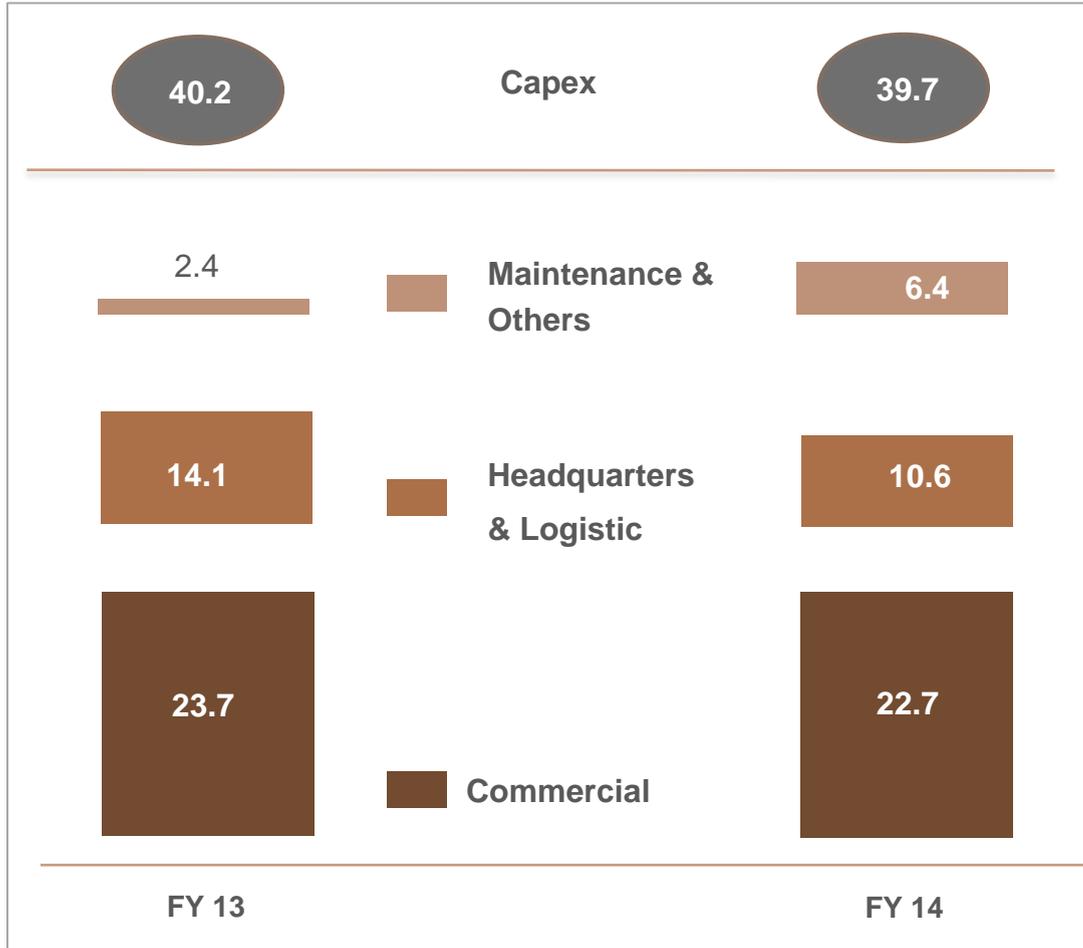
Offering increase, from **~15 models** last year to **more than 60 models** each season



Capex Analysis

€ mln

2014 represents the third year of a multi-year investment plan, with investments structural to long-term growth and the positioning of the brand at the top of luxury sector



Commercial Capex

- Monobrand Network: selected development, including new openings, conversion from whl. monobrand to retail, and increase selling surface in some boutiques
- Luxury Department Stores: expanding selling surface in the most important Luxury Depart. Stores worldwide
- International show-rooms (including new show-room in Japan) and others commercial capex

Headquarters & Logistic

- Important project related to the extension of the industrial building in Solomeo, completed in 2014

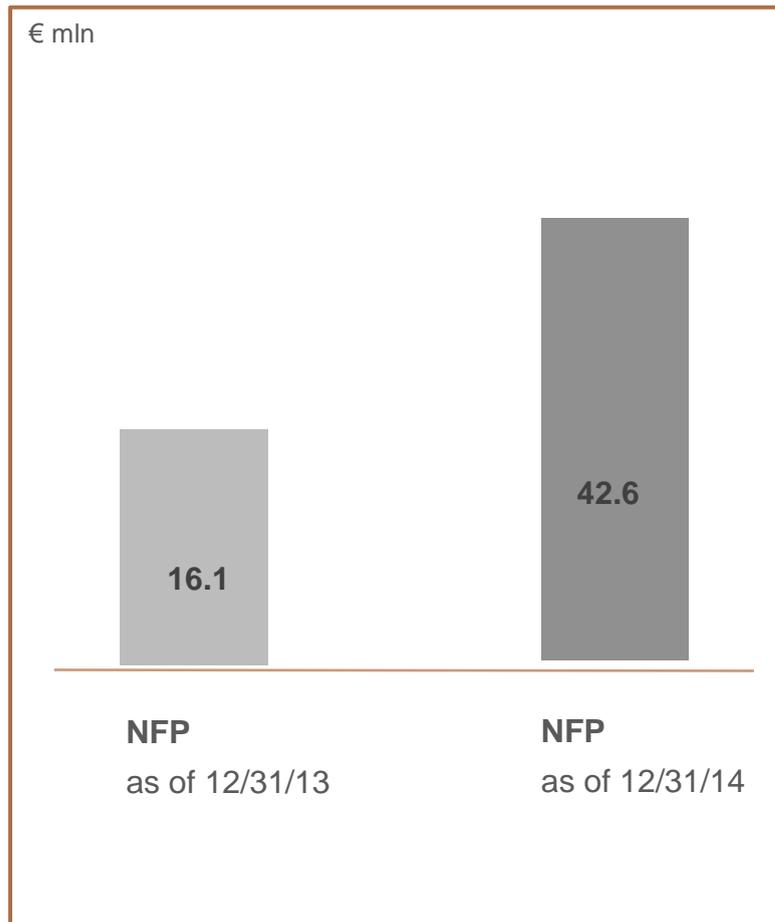
Maintenance & Others

- Major part related IT Platform, part of a long-term project to strengthen and develop IT Infrastructure Platform and support exclusive digital presence for the brand

Analysis of Net Financial Position

€ mln

Net Financial Position Evolution



Net Financial Position increase from 16.1€ mln to 42.6€ mln, driven by above-mentioned trend and dynamics:

NWC Increase

Structural increase in inventories, relating

- *Development of Retail Network*
- *Japan Business Conversion*
- *Men's suits offering increase*

Investment Project

On-going capex project, supporting

- opening of monobrand boutiques and selective commercial presence in the market
- Project to expand the factory, to be completed by year end
- IT Platform development





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Annex

Detailed Income Statement

<i>€ mln</i>	FY 2013	FY 2014
Net Revenues	322.5	355.9
Other operating income	2.1	1.5
Revenues	324.6	357.4
Consumption Costs	(54.5)	(51.3)
<i>Raw Material Cost</i>	(68.7)	(77.4)
<i>Inventories Change</i>	14.2	26.1
Outsourced Manufacturing	(75.7)	(81.4)
First Margin	194.3	224.7
Services Costs (excl. Out. Manuf.)	(80.9)	(94.7)
Personnel costs	(51.1)	(62.3)
Other operating costs	(2.9)	(3.4)
Increase in tangible assets	0.5	1.0
Bad Debt and other provisions	(1.8)	(2.3)
EBITDA	58.2	63.0
D&A	(11.2)	(13.7)
EBIT	47.0	49.3
Financial expenses	(5.8)	(10.6)
Financial income	4.1	7.7
EBT	45.2	46.4
Income taxes	(15.6)	(14.6)
<i>Tax rate</i>	<i>34.6%</i>	<i>31.5%</i>
Net Income	29.6	31.8
Minority Interest	(0.9)	(1.3)
Group Net Profit	30.5	33.1

Detailed Balance Sheet & Cash Flow Statement

<i>€ mln</i>	FY 2013	FY 2014
Trade receivables	43.4	45.1
Inventories	94.5	125.1
Trade payables (-)	(62.6)	(62.2)
Other current assets/(liabilities)	(4.1)	(10.5)
Net Working Capital	71.1	97.5
Intangible assets	26.6	29.6
Tangible assets	59.2	80.2
Financial assets	3.4	4.8
Total Assets	89.2	114.6
Other assets/(liabilities)	1.1	0.9
Net Invested Capital	161.3	213.0
Cash & Cash equivalents (-)	(38.7)	(53.7)
Short term Debt	32.8	50.7
Long term Debt	22.0	45.6
Net Financial Position	16.1	42.6
Shareholders Capital	13.6	13.6
Share-premium Reserve	57.9	57.9
Reserves	40.1	60.2
Group Net Profit	30.5	33.1
Group Equity	142.1	164.8
Minority shareholders	3.2	5.6
Total Equity	145.2	170.3
Total Funds	161.3	213.0

<i>€ mln</i>	FY 2013	FY 2014
Net Income	29.6	31.8
D&A	11.2	13.7
Ch. In NWC and other	(17.2)	(31.5)
Cash flow from operations	23.6	14.0
Tangible and intangible investments	(31.5)	(34.0)
Other (investments)/divestments	(2.2)	0.0
Cash flow from investments	(33.7)	(33.9)
Dividends	(5.8)	(8.0)
Share capital and reserves increase	2.7	3.5
Net change in financial debt	12.2	37.7
Total Cash Flow	(0.9)	13.3

Japan Business

Japan Business: conversion from wholesale monobrand and multibrand channel to Retail management (since 1st September 2014)

- ✓ Conversions to DOS of 3 Wholesale Monobrand boutiques located in Japan
- ✓ Retail Management of 13 hard-shops dedicated to the brand in Luxury Department Stores, so far under Wholesale Multibrand Channel
- ✓ New joint-venture (Brunello Cucinelli Japan) - established to manage Japanese business - between Brunello Cucinelli (75%) and Itochu (25%), the partner who was previously operating such business



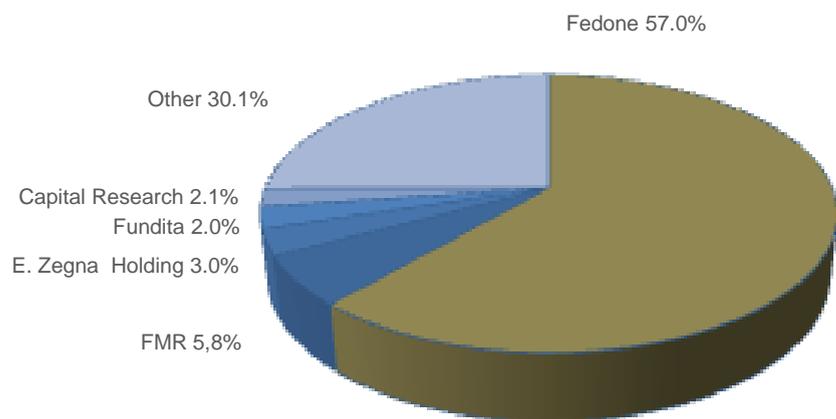
Tokyo Aoyama boutique

- ✓ New structure temporarily affecting Japan sales (included in “Rest of the World”): last 3Q 13 revenues were accounted for as sell-in (to wholesale monobrand and multibrand partners), while in this 3Q – the same deliveries to points of sale will mainly contribute to sales results (sell-out) in coming months
- ✓ Mismatch in timing between operating costs and investment to set up the structure (anticipated in 3Q 14 - i.e. commercial and visual merchandising staff, new show-room, administrative people, new warehouse and inventory), and positive impact on top-line (mainly in the coming months) affecting 3Q 14 profitability

Investor Relations

Shareholdings

Fedone s.r.l.	57.0%
Ermenegildo Zegna Holding s.p.a.	3.0%
Fundita s.r.l.	2.0%
FMR LLC	5.8%
Capital Research & Mgmt. Company	2.1%
Other	30.1%



Total n° of shares: 68,000,000

Board of Directors

Brunello Cucinelli	Chairman and C.E.O
Moreno Ciarapica	Director and C.F.O.
Giovanna Manfredi	Director
Riccardo Stefanelli	Director
Camilla Cucinelli	Director
Giuseppe Labianca	Director
Candice Koo	Independent Director
Andrea Pontremoli	Lead Independent Director
Matteo Marzotto	Independent Director

Head of Investor Relations

Pietro Arnaboldi

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Italia

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Figures as absolute values and in percentages are calculated using precise financial data. Some of the differences found in this presentation are due to rounding of the values expressed in millions of Euro.



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All things come from the Earth

XENOPHANES



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