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BRUNELLO CUCINELLI

FY 19 Results

March 11th, 2020



Brunello Cucinelli

*“We have defined the past year, **2019**, as an **excellent** one because of the growth enjoyed by our company both from a financial point of view, with a sound increase in sales and margins, and in terms of brand positioning.”*

*“We are leading our company with **balanced apprehension** and collective commitment as we try to implement all of the indications provided by the World Health Organization and our Government, fully sharing their strategies and anxiously awaiting reassuring news from the **scientists** around the world. With the very same dedication, we are taking care of the relationship with our Italian external production chain that represents something special for us and for our beloved nation, fully aware that **what is happening** to the economy is something **conjunctural** that will soon be solved and does not resemble the **deeply structural 2008** recession that weighed upon us for years.”*

*“Knowing that the trend in fashion has veered towards a taste more suited to our own, having completed the Spring Summer 2020 deliveries as well as the Fall Winter 2020 order collection with excellent results and with pleasing feedback from buyers and the trade press, **we look towards 2020 with a positive attitude**; we are fully aware that the coming year will call for a very careful reading and we will see it as **separate**, not affecting our 2019-2022 plan and ten year one 2019-2028, in which we expect to double our turnover and achieve healthy, balanced and sustainable profits.”*



Financial Highlights

Net Revenues

€607.8 mln

+9.9% at current exchange rates

+8.6% at constant exchange rates

EBITDA*

€106.1 mln

+11.5%

NET PROFIT*

Excluding
Patent Box Benefits

€49.3mln

+7.1%

Italian market

+1.7%
sales

Europe

+12.9% sales

North America

+9.0% sales

Greater China

+14.6% sales

RoW

+12.4% sales

Retail

+14.6% sales

Wholesale monobrand

+8.0% sales

Wholesale multibrand

+4.1% sales

Capex

€52.6 mln

Net Financial Position*

€30.1 mln

(€14.5 mln as of Dec. '18)

Dividend

BoD proposing €0.35 dividend
equal to 45.3% pay-out ratio
(vs. €0.30 dividend last year,
equal to 40.2% pay-out ratio)

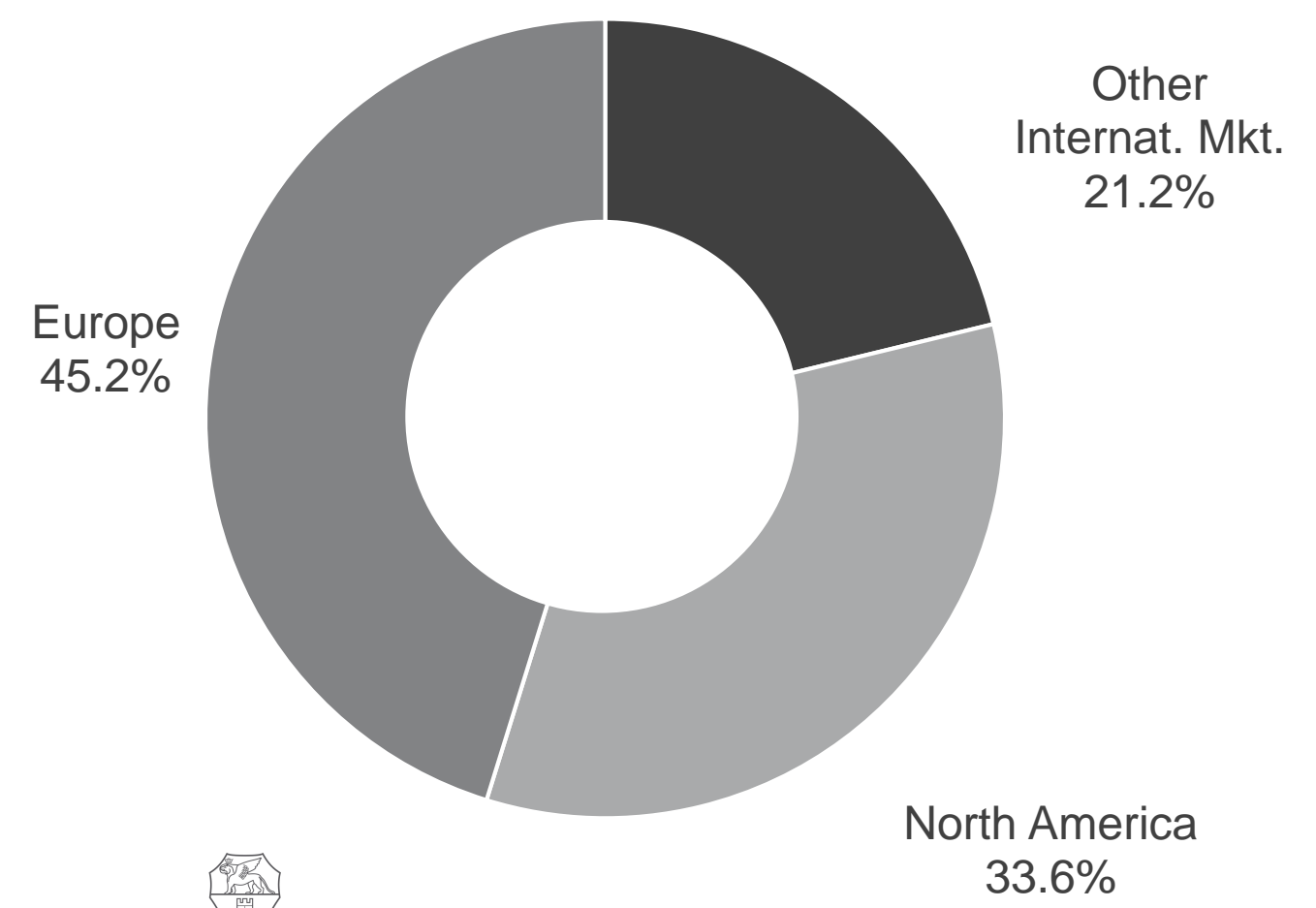
* Considering that 2019 is the first year of implementation of IFRS 16 accounting principle, FY 19 results are commented excluding the impacts of IFRS 16 in order to maintain a homogeneous basis of comparison with FY 2018. FY 19 results including the impact of the new IFR 16 accounting principle have been analysed and compared in the Appendix



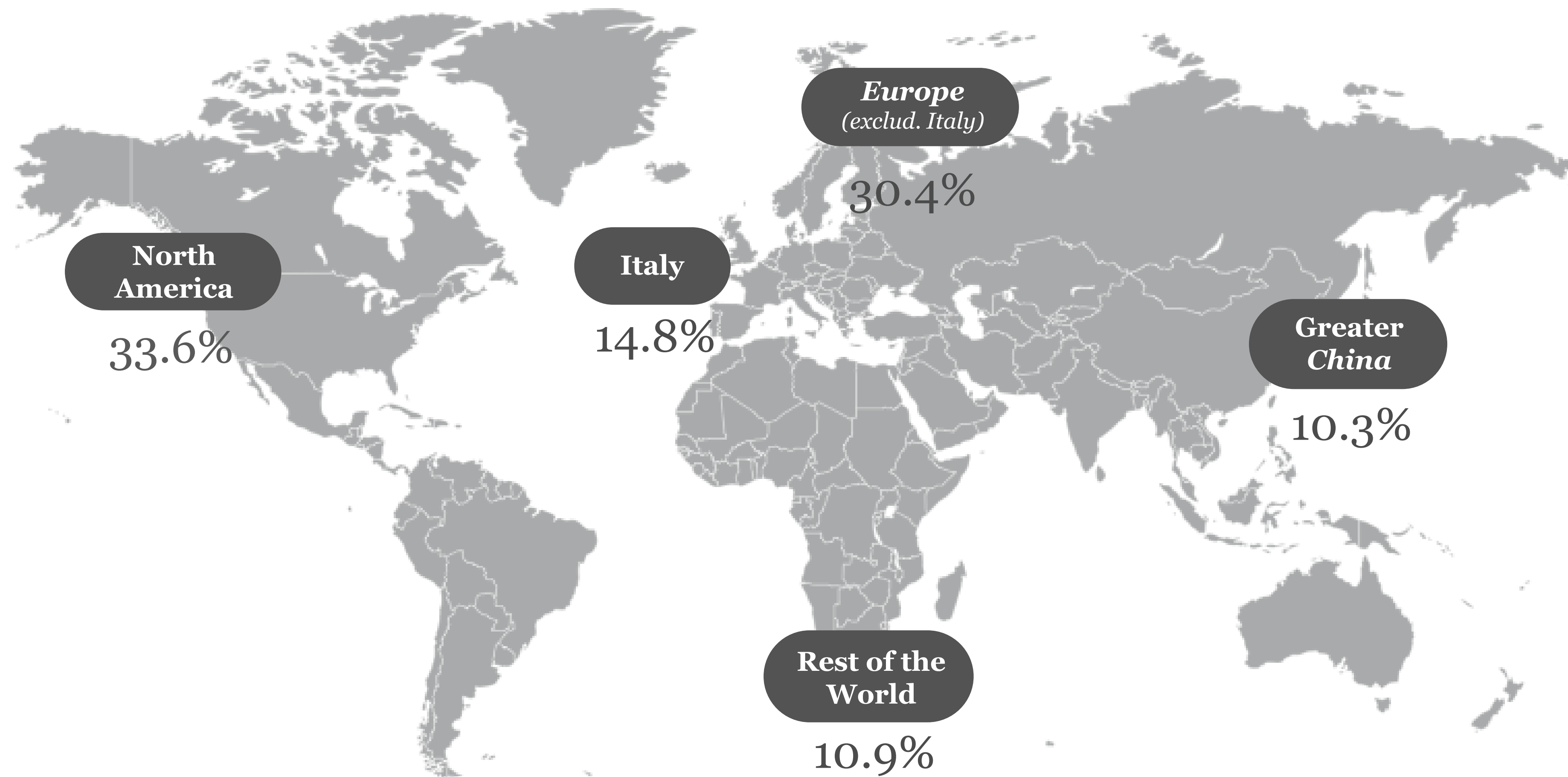


Revenues by Region

€ mln	FY 18	FY 19	YoY % Chg
Net Revenues*	553.0	607.8	+9.9%
			Constant exchange rates +8.6%
Italy	88.2	89.7	+1.7%
Rest of Europe	163.7	184.8	+12.9%
North America	187.2	204.1	+9.0%
Greater China	54.9	62.9	+14.6%
RoW	59.0	66.3	+12.4%



Revenues Breakdown





Revenues Highlights

Italy

growth in local customer demand accompanied a solid increase in international customer purchases thanks to the collection proposed and the important contribution of our flagship store in Montenapoleone-Milan

North America

Fully satisfied with the growth obtained, our relationships with the customers and our presence in the market, with exclusive spaces in the mono-brand and multi-brand channels

Very satisfied with the agreement reached for the upcoming opening of the boutique in the "Meatpacking District" in New York, considered a very chic area, trendy and youthful, fully in line with the style of our products

Greater China

Significant performance, consistent with the long-term growth forecasted

Great market potential, both for the mono-brand and multi-brand channels, targeting these opportunities maintaining brand's prestige

Rest of Europe

All geographical areas report solid results; attention to details and visual merchandising boutiques contribute decisively to further strengthen the brand's allure

Rest of the World

The collection offer shows increases in all geographical areas of reference

Customer's search for the luxury of special garments that fully meets the distinctive features of our brand

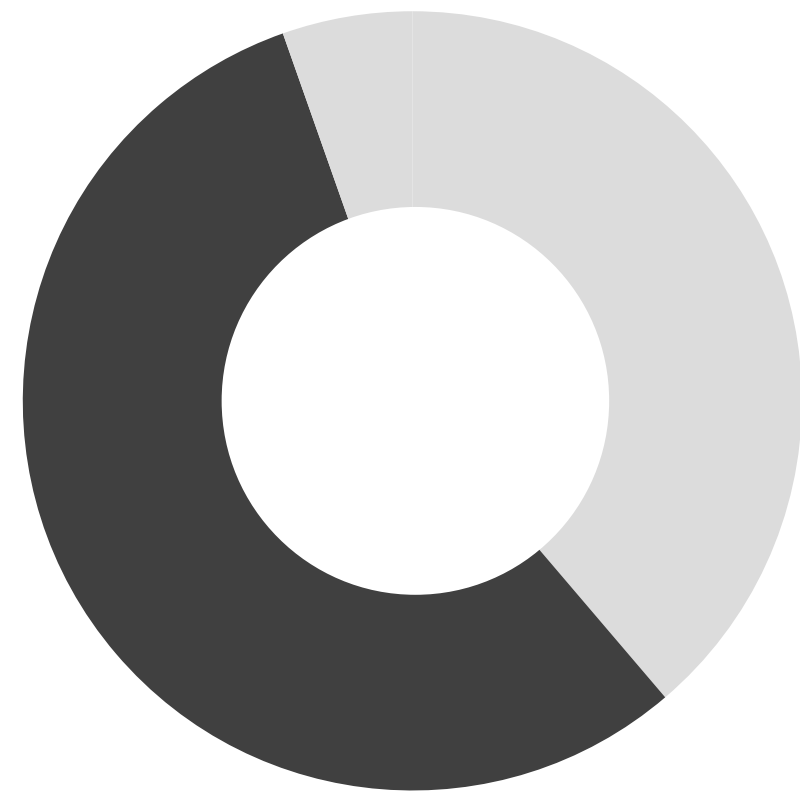


Revenues by Distribution Channel

€ mln

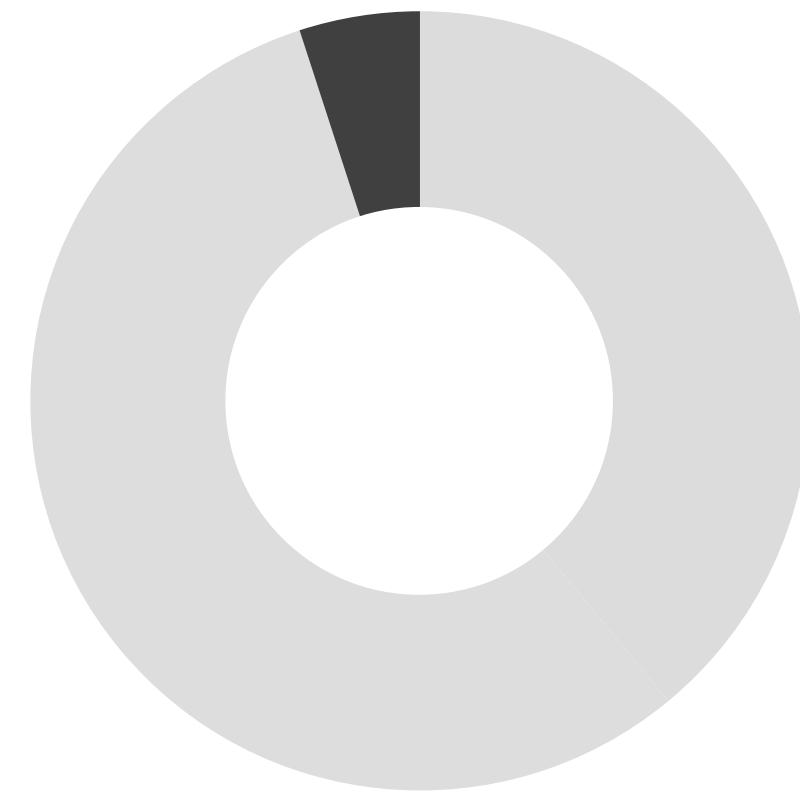
Retail

55.8%
on sales



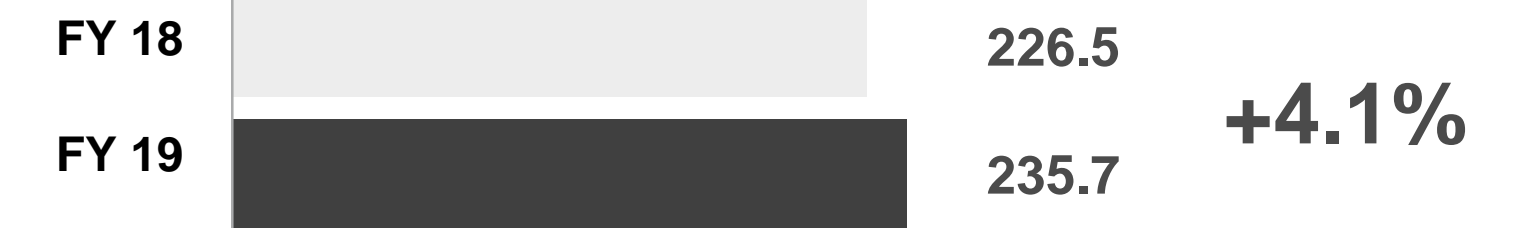
Wholesale Monobrand

5.4%
on sales



Wholesale Multibrand

38.8%
on sales



Retail & Wholesale Monobrand



Wholesale Monobrand

30 boutiques as of December '19
(27 boutiques as of December '18)

*Like-for-Like calculated as the worldwide average of sales growth, at constant exchange rates, reported by DOS opened as of 01/01/2018

Retail

106 boutiques as of FY 19
(100 boutiques as of December '18)

+4.2% LFL*
between 1st January and 31st December 2019



Wholesale Multibrand

The growth in the multibrand channel is supported by the special relationship that binds us to the most important global Luxury Department and Specialty Stores.

Luxury Department and Specialty Stores have increased the space dedicated to our brand to meet the customer demand, while also increasing the traffic of the highest luxury segment.

Excellent sell-out of the **AW 19**
Good orders intake for the **SS20** collection



Income Statement

	FY 2018	FY 2019 ex-IFRS 16	Ch. %
Net Revenues	553,0	607,8	+ 9,9%
Other operating income	1,4	1,0	- 29,6%
Revenues	554,4	608,8	+ 9,8%
First Margin	365,3	417,1	+ 14,2%
%	65,9%	68,5%	+ 260 b.p.
SG&A	-270,2	-311,1	+ 15,2%
%	48,7%	51,1%	+ 240 b.p.
EBITDA	95,1	106,1	+ 11,5%
%	17,2%	17,4%	+ 20 b.p.
D&A	-25,6	-29,2	+ 14,2%
%	4,6%	4,8%	+ 20 b.p.
EBIT	69,5	76,8	+ 10,5%
Income before taxation	65,3	71,4	+ 9,4%
Net Income	51,0	55,0	+ 7,7%
<i>Tax Rate</i>	21,8%	23,0%	

* Tax relief regime for the benefit of companies generating income through the direct and indirect use of intellectual property rights, patents, trademarks, designs and other intangible asset. This was equal to € 5.6 mln as of 12/31/2019 and to € 5.0 mln as of 12/31/2018.

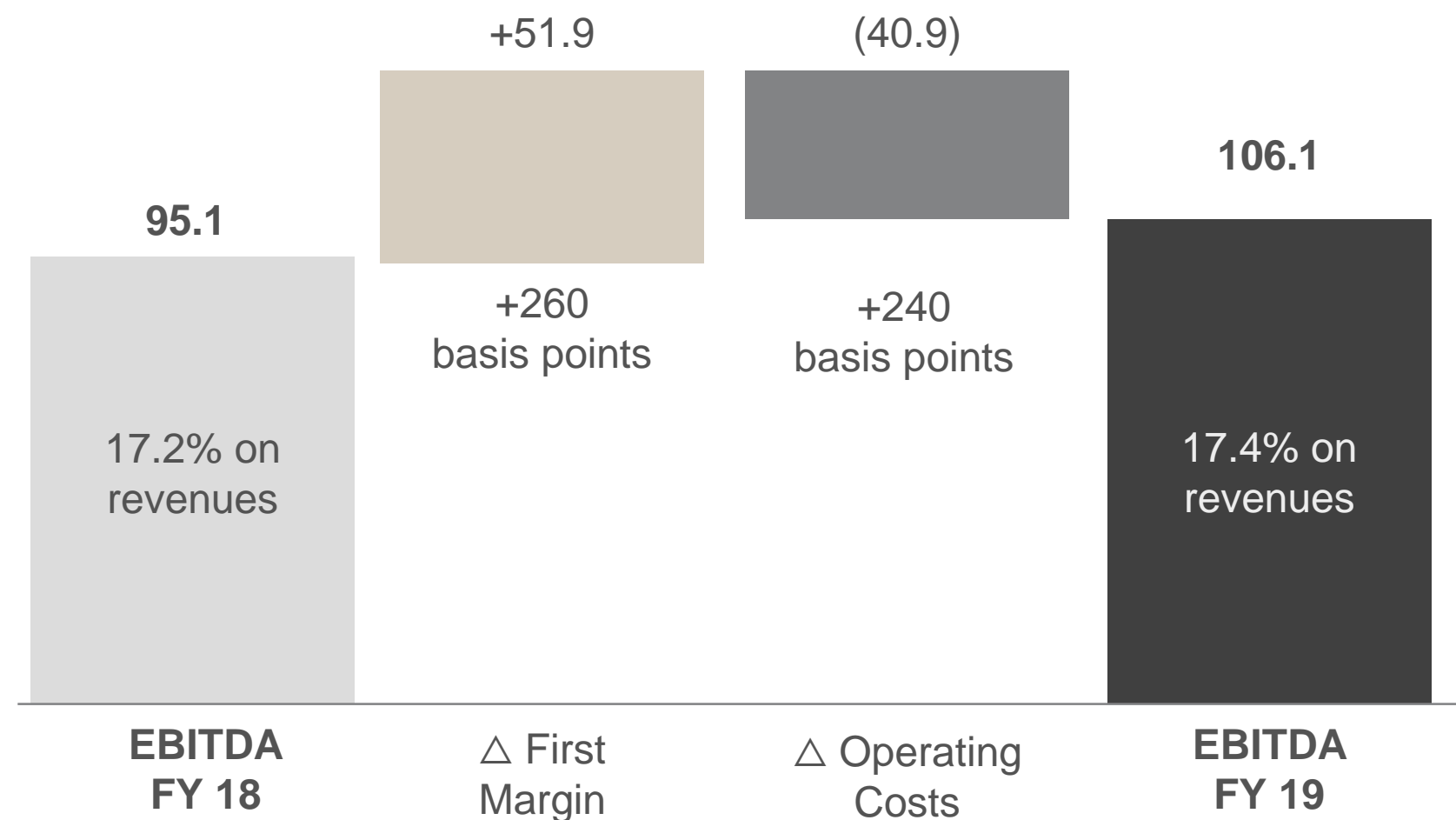
	FY 2018	FY 2019 ex-IFRS 16	Ch. %
Net Income (excl. Patent Box) *	46,0	49,3	+ 7,1%
<i>Tax Rate</i>	29,5%	30,9%	



EBITDA & Key Income Statement Analysis

EBITDA Analysis

€ mln



- The increase in EBITDA is driven by first margin increase, positively impacted by the rise of 4.2% in like-for-like sales at 31 December 2019, the positive sell-outs, price-mix and channel mix evolution (retail sales increase from 53.6% to 55.8% of the total)

Operating Costs

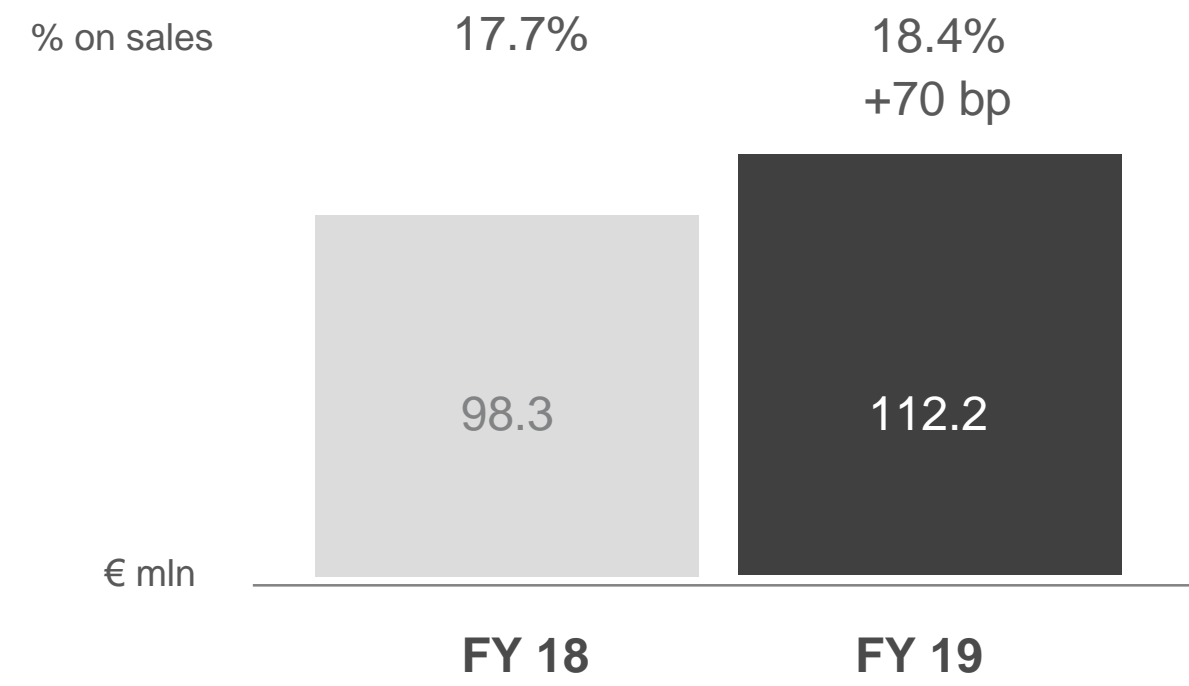
- Operating costs increase due to investments for new initiatives, investments in communication, development of the retail network, lease rentals, enlargement of certain selling spaces
- Personnel costs increased +13.9€ mln, to support business expansion
- Store network development: 6 retail boutiques openings and Direct management of 5 new sales points within Luxury Department Stores
- Investments in communication increase +3.2€ mln, remaining strategic for keeping the brand's exclusivity at top levels
- Cost of rents increased +14.5€ mln due network development and increasing spaces dedicated to the brand in some existing boutiques



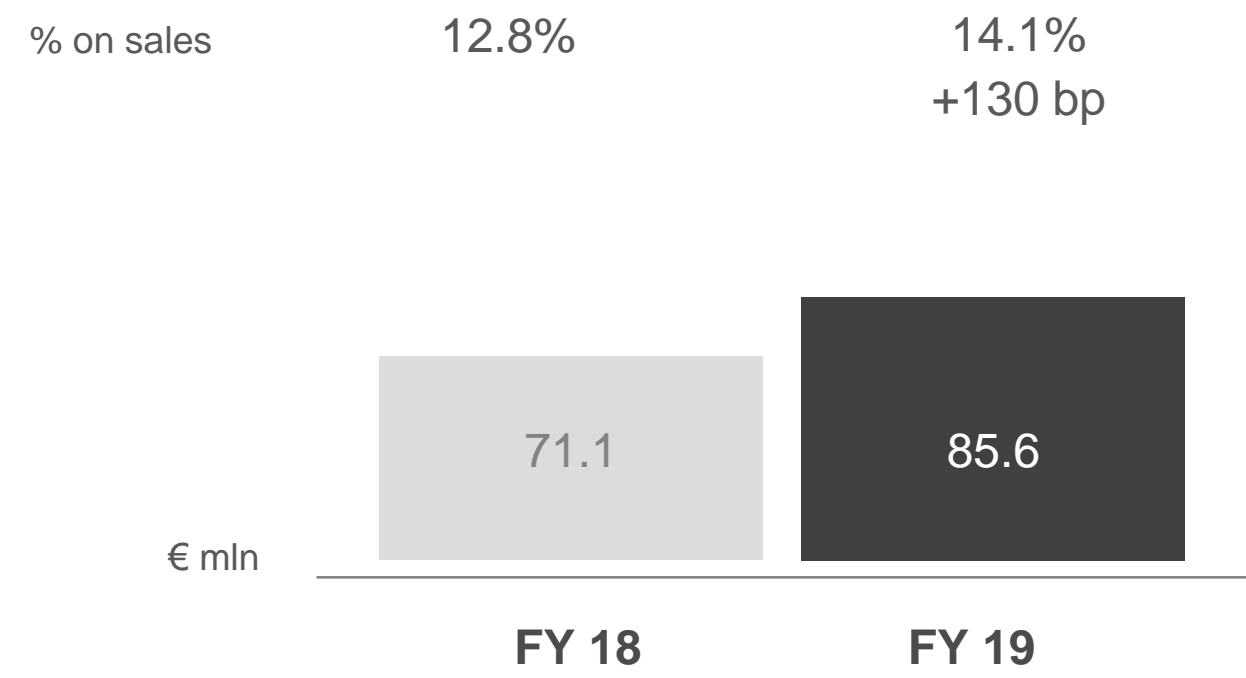
Operating Costs

€ mln

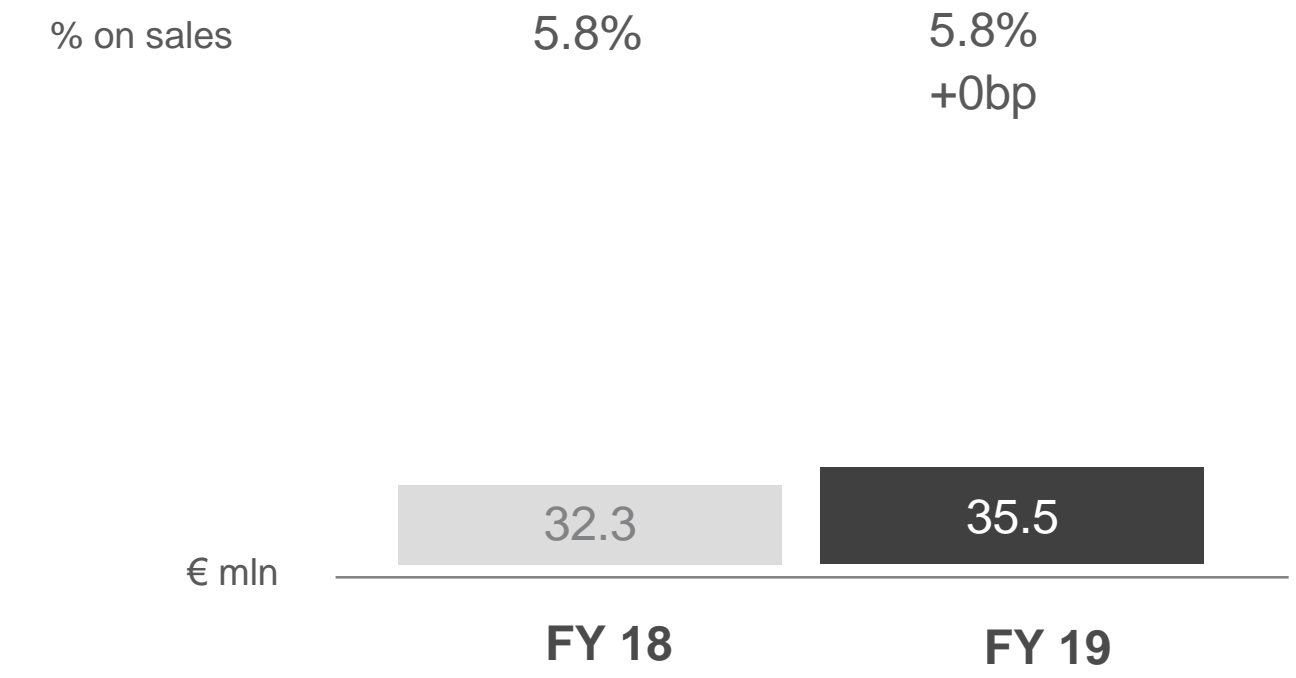
Personnel cost



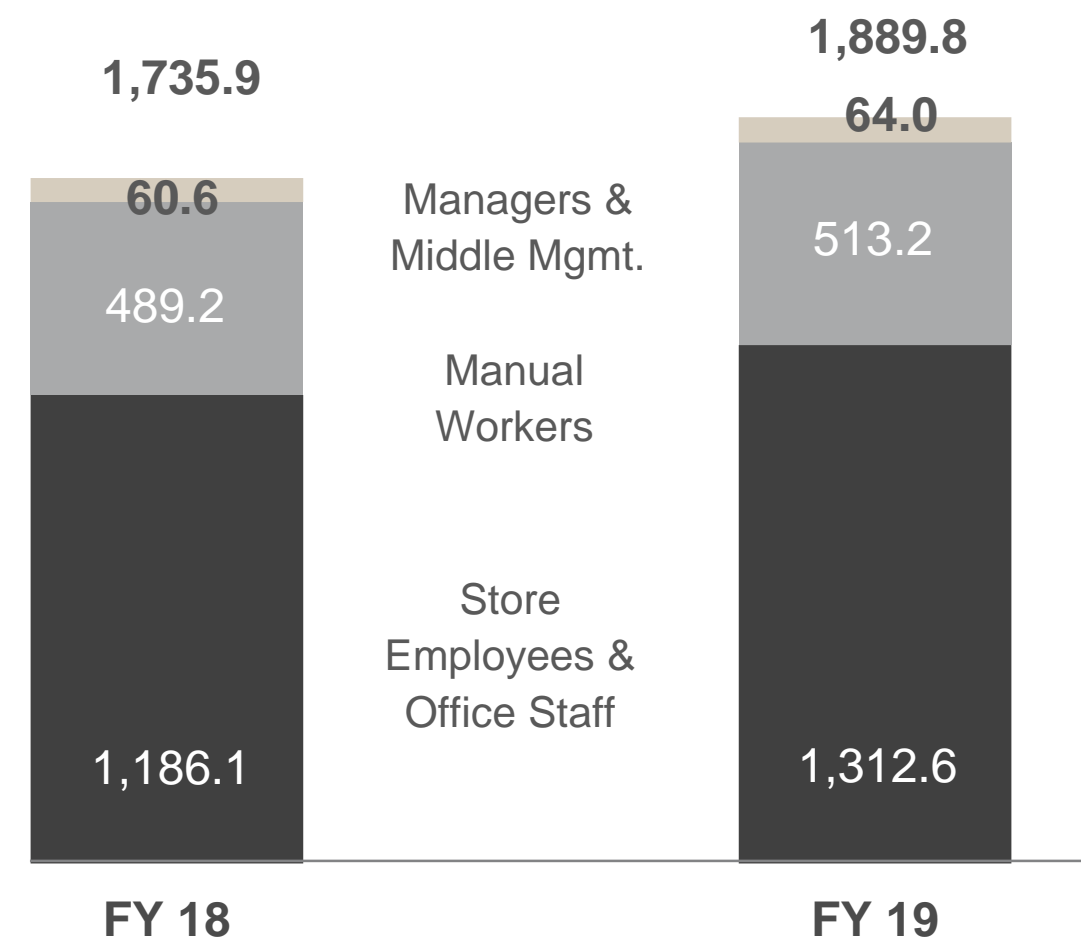
Rent cost



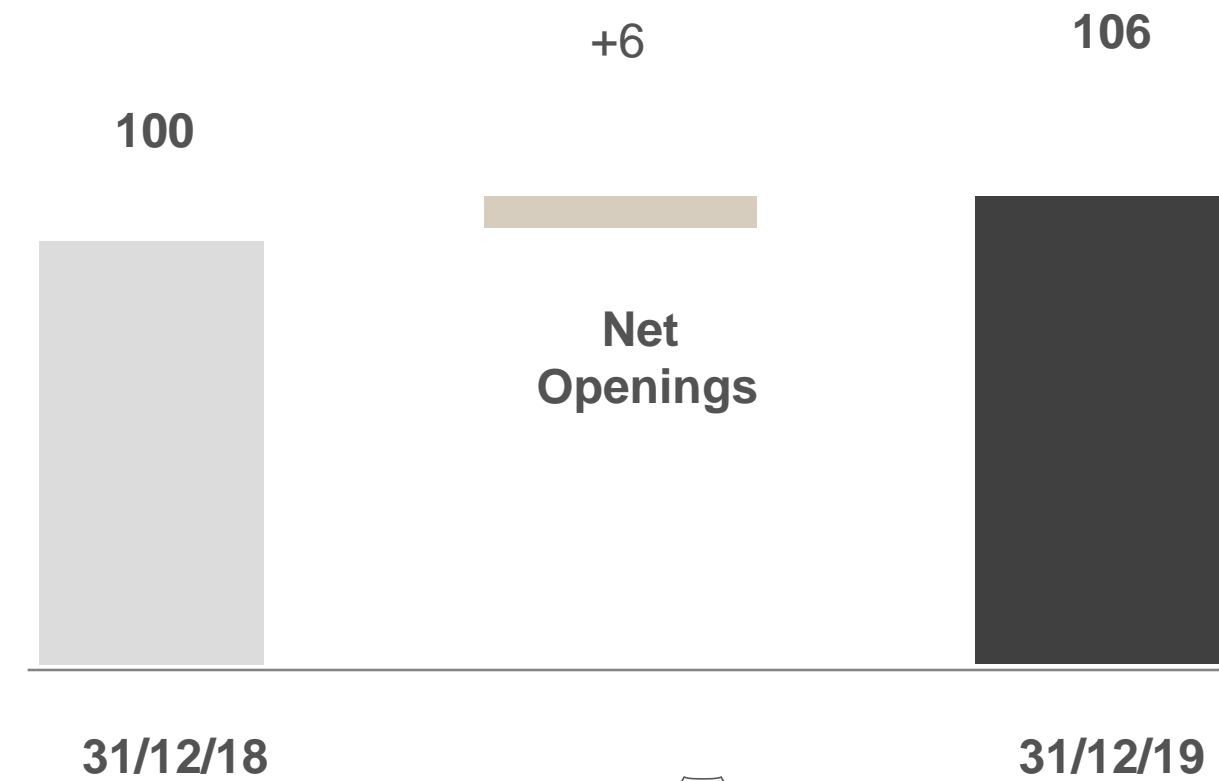
Investments in Communication



Average FTE - Workforce Analysis



DOS Network from 31/12/18 to 31/12/19



Net Working Capital

€ mln

	FY 2018	FY 2019 ex-IFRS 16	delta
Trade Receivables	61,4	58,6	-2,8
Inventories	161,8	204,9	43,1
Trade Payables	-76,6	-89,5	-12,9
Strict Net Working Capital	146,6	174,0	27,4
<i>Incidence on 12 months rolling Net Revenues</i>	26,5%	28,6%	
Other Credits/(Debts)	-17,2	-21,5	-4,3
Net Working Capital	129,5	152,525	23,1
<i>Incidence on 12 months rolling Net Revenues</i>	23,4%	25,1%	



➤ Inventory increase (incidence from 31.3% as of 30/06/2019 to 33.7% at the end of the year) is mainly related to production increase following orders collected, opening of direct boutiques, enlargements, new spaces managed directly within the luxury Department Stores, extension of the kids' collections, the bespoke outfit proposal and the digital initiatives

➤ Healthy trade receivables management, with the trend in second part of the year positively affected by wholesale dynamic

➤ Trade payables growth related production increase, mainly in 2nd part of 2019 to support the very positive orders collections

➤ Other Credits/(Debts)* trend mainly due to the measurement at fair value of outstanding hedging derivatives

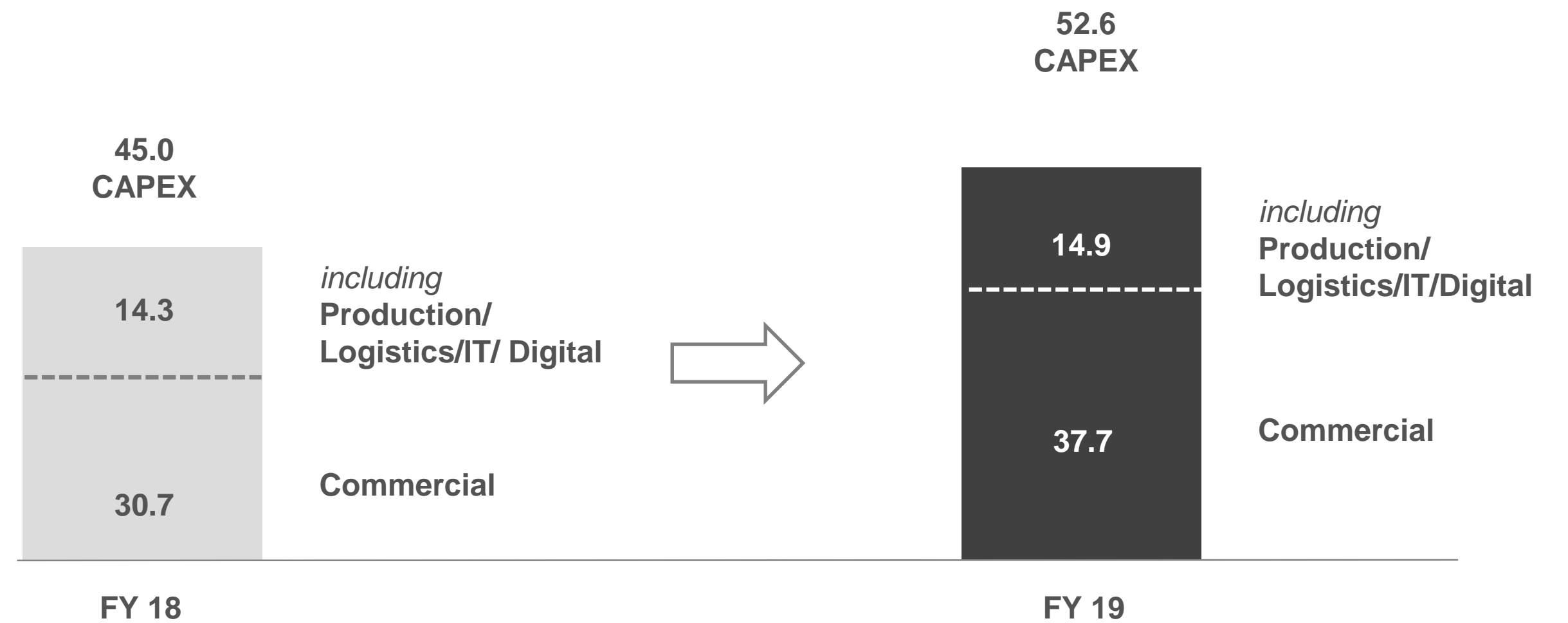
* Trend related to the fair value of the currency forwards derivatives, underwritten as per the Company standard practice at the time price lists are defined and with the only purpose to hedge the non-euro commercial fx exposure





Investments

€ mln



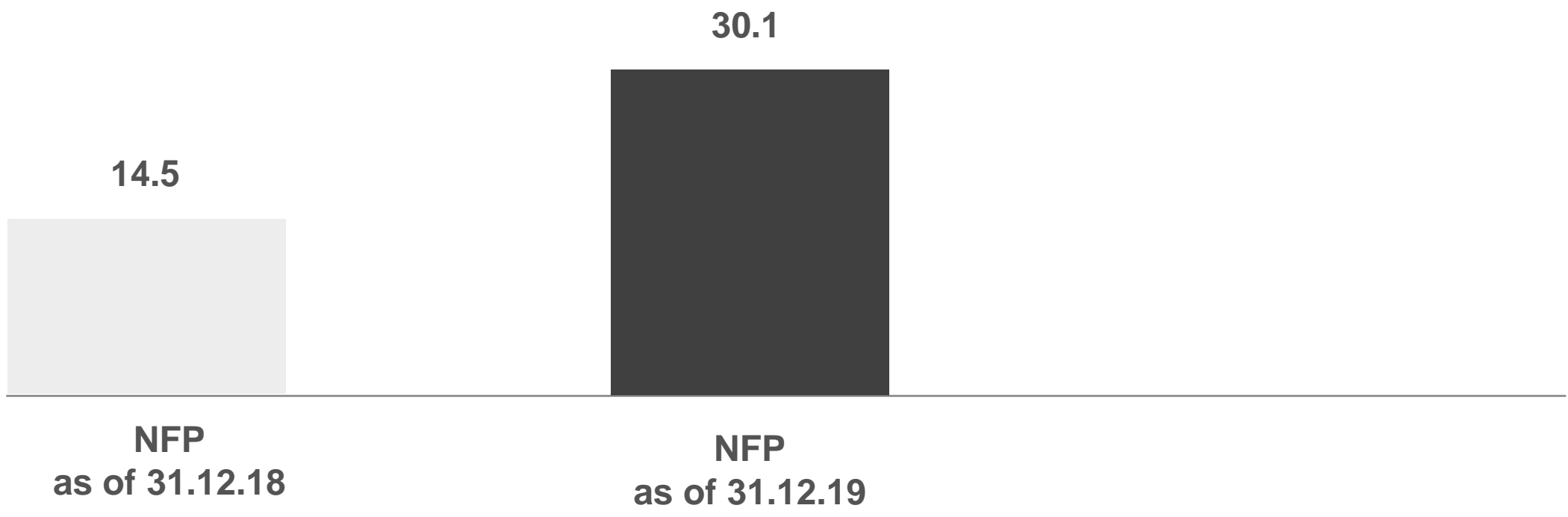
- High level of investment strategic for keeping the company on the cutting edge over the long term
- Relative percentage of sales has increased structurally over the years due to the growing importance of the brand's image and the resources needed to keep the company modern
- Commercial investments support selected openings, some increases in prestigious boutiques and the renewal and expansion of our showrooms
- Other investments, to support the development of IT infrastructure, the digital presence and continuous renewal of production facilities and logistics infrastructure





Net Financial Position

€ mln



➤ Considering the significant investments currently under way, the net financial position is equal to €30.1 million (€14.5 million at 31 December 2018) thanks to the positive cash flow generated by operating activities, as well as the sound management of the commercial working capital





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FY 19

Annex

Detailed Income Statement

€ mln

	FY 2018	FY 2019 ex-IFRS 16	FY 2019 IFRS 16
Net Revenues	553,0	607,8	607,8
Other operating income	1,4	1,0	0,8
Revenues	554,4	608,8	608,6
Consumption Costs	(88,1)	(72,3)	(72,3)
Raw Material Cost	(95,4)	(112,4)	(112,4)
Inventories Change	7,3	40,1	40,1
Outsourced Manufacturing	(101,1)	(119,4)	(119,4)
First Margin	365,3	417,1	416,9
Services Costs (excl. Out. Manuf.)	(167,2)	(192,5)	(128,7)
Personnel costs	(98,3)	(112,2)	(112,2)
Other operating costs	(5,9)	(7,5)	(7,5)
Increase in tangible assets	2,5	2,4	2,4
Bad Debt and other provisions	(1,1)	(1,3)	(1,3)
EBITDA	95,1	106,1	169,6
D&A	(25,6)	(29,2)	(86,3)
EBIT	69,5	76,8	83,4
Financial expenses	(26,3)	(30,9)	(41,4)
Financial income	22,1	25,5	27,2
EBT	65,3	71,4	69,2
Income taxes	(14,2)	(16,4)	(16,1)
<i>Tax rate</i>	<i>21,8%</i>	<i>23,0%</i>	<i>23,3%</i>
Net Income	51,0	55,0	53,1
Minority Interest	0,4	0,7	0,5
Group Net Profit	50,7	54,3	52,6



Detailed Balance Sheet & Cash Flow Statement

€ mln

	FY 2018	FY 2019 ex-IFRS 16	FY 2019 IFRS 16
Trade receivables	61,4	58,6	58,6
Inventories	161,8	204,9	204,9
Trade payables (-)	(76,6)	(89,5)	(89,5)
Other current assets/(liabilities)	(17,2)	(21,5)	(18,9)
Net Working Capital	129,5	152,5	155,1
Goodwill	7,0	7,0	7,0
Intangible assets	31,5	35,2	445,1
Tangible assets	126,6	145,7	145,5
Financial assets	7,7	8,8	9,4
Total Assets	172,8	196,7	607,1
Other assets/(liabilities)	(0,4)	(1,4)	18,4
Net Invested Capital	301,9	347,8	780,6
Cash & Cash equivalents (-)	(65,6)	(78,1)	(78,1)
Short term Debt	54,2	77,5	139,8
Long term Debt	25,9	30,6	419,4
Net Financial Position	14,5	30,1	481,2
Shareholders Capital	13,6	13,6	13,6
Share-premium Reserve	57,9	57,9	57,9
Reserves	162,5	189,8	173,6
Group Net Profit	50,7	54,3	52,6
Group Equity	284,7	315,6	297,6
Minority shareholders	2,7	2,1	1,7
Total Equity	287,4	317,7	299,3
Total Funds	301,9	347,8	780,6

	FY 2018	FY 2019 ex-IFRS 16	FY 2019 IFRS 16
Net Income	51,0	55,0	53,1
D&A	25,6	29,2	86,3
Ch. In NWC and other	(6,5)	(22,1)	(24,2)
Cash flow from operations	70,1	62,1	115,1
Tangible and intangible investments	(43,8)	(52,0)	(52,0)
Other (investments)/divestments	(9,6)	(0,0)	(0,0)
Cash flow from investments	(53,4)	(52,0)	(52,0)
Dividends	(18,5)	(20,5)	(20,5)
Share capital and reserves increase	(6,7)	(6,1)	(6,1)
Net change in financial debt	1,5	27,9	(25,1)
Total Cash Flow	(7,0)	11,5	11,5



Investor Relations

Significant Shareholdings*

Trust Brunello Cucinelli (Fedone s.r.l.)	51.0%
FMR LLC (Fidelity)	10.0%
Invesco LTD	4.2%
Other	34.8%

* As of the date of this document based on Consob major shareholdings disclosures

Investor Relations & Corporate Planning Director

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Board of Directors

Brunello Cucinelli	Chairman and C.E.O.
Moreno Ciarapica	Director and C.F.O.
Riccardo Stefanelli	Director and Co-C.E.O.
Luca Lisandroni	Director and Co-C.E.O.
Camilla Cucinelli	Director
Giovanna Manfredi	Director
Carolina Cucinelli	Director
Andrea Pontremoli	Lead Independent Director
Candice Koo	Independent Director
Matteo Marzotto	Independent Director
Massimo Bergami	Independent Director





TRAMANDARE

TRAMANDARE

"Nulla si perde, nulla si crea"
_ Lavoisier



RIPARARE

RIPARARE

"Io non creo, tramando"
_ Confucio



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This presentation may contain forward looking statements which reflect Management's current views and estimates.

The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements.

Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

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.

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.