BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the Board of Directors approves the 2017 consolidated financial statements and draft statutory accounts

- **Net revenues €503.6 million, +10.4% at current exchange rates compared to 31 December 2016 (+10.9% at constant exchange rate);**

- **EBITDA €87.5 million, +11.8%[1];**

- **Net income €42.1 million, a rise of 13.4% (excluding Patent Box[2] benefits);**

- **Significant increase in revenues in all geographical areas: Italy +11,2%, Europe +10.6%, North America +6.6%, Greater China +36.2%, Rest of the World +5.2%;**

- **Increase in sales in all distribution channels: retail monobrand +19.6%, wholesale monobrand +1.5%[3], wholesale multibrand +6.2%;**

- **Significant reduction in net debt which fell to €15.7 million at 31 December 2017 compared to €51.0 million at the end of the previous year;**

- **Capital expenditure of €35.7 million, mainly of a commercial nature, with considerable emphasis placed on the "protection" of the brand in the "physical" and "digital" channels";**

- **The Board of Directors will make a proposal to the Shareholders' Meeting - convened for the date of 19 April 2018 - for the distribution of a dividend of €0.27 per share, equal to a payout ratio[4] of 35.9%.**

Brunello Cucinelli, Chairman and CEO, commented as follows:

"2017 has ended, reporting once again "particularly pleasing" results and showing a growth path that is consistent, moderate but sound - year in year out. This growth is pursued both in the physical and online world in a balanced manner, and it has resulted in our business crossing the 500 million revenues threshold, an achievement that makes us "very very satisfied"."

"The good performance in our Spring sales, the excellent sales campaign in Fall Winter 2018 - which is now coming to an end - and the very special feedback from the national and international trade press seem to indicate that yet another positive year lies ahead, featuring double digit growth in terms of both revenues and profit."

"Our appealing development projects and the great brand protection effort online are the pillars of our daily work, a work that fascinates us and enables us to enthusiastically pursue and seek a good life."

[1] Compared to normalized 2016 EBITDA, namely excluding the effect of non-recurring costs; there was growth of 14.1% compared to the reported figures;
[2] Including the benefits of the Patent Box (€10.4 million as the sum of the tax benefits relating to 2015, 2016 and 2017, all recognized in 2017), 2017 net income amounted to €52.5 million, representing a rise of +41.4% over the previous year.
[3] Performance based on the same perimeter, excluding from 2016 the sales made by our online boutique and the contribution from the sales made by the 4 wholesale monobrand boutiques in Moscow, converted to direct operations from the first quarter of 2017 (the reported result fell by 26.0%).
[4] Total dividends as a percentage of consolidated net income.

BRUNELLO CUCINELLI

Solomeo, 7 March 2018 - 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 and approved the Group's consolidated financial statements and draft statutory accounts for the year ended 31 December 2017.

The year **2017**, an **especially fine one** for the business, has left an important mark on our history, enabling us to reach and exceed €500 million in sales and allowing us to continue **looking to the future** with unchanged **confidence and serenity** while at the same time fully **respecting** the **economic and moral dignity** of all those "thinking souls" who accompany the Company's life in a harmonious synthesis of **profit and gift**.

We are particularly satisfied with the highly positive atmosphere circulating around the brand, the decisive **appreciation** with which our **collection** proposals are received and the **lifestyle** that we believe we are capable of creating, starting with our values and business identity.

All of this enables us to continue working by following the high ideals that have always represented the pillars of our business: a **balance** between working life and private life, **sustainable growth** and a **"fair"** use of **technology**.

We believe that being able to work in the small medieval hamlet of Solomeo, where nature follows the natural rhythm of the seasons and time, is a gift, and that this substantially contributes to the **creativity of our collections**, allowing us to remain contemporary and credible at the same time, conscious – thanks to the feedback we receive by listening carefully to what the press, our partners and our customers have to say – that the world may see us as "**modern-day artisans of the utmost quality**".

Made in Italy, **manual skills** and **exclusive distribution** continue to represent the cornerstones that we consider have enabled our brand to reach the highest levels of prestige, allure and recognition, becoming a benchmark for the **daytime ready to wear casual chic** offer and – we believe – one of the world's leading players in the top-of-the-range luxury sector.

As far as our **relationship with the internet** is concerned, we have introduced the same philosophy into the digital world that always has marked our life in the physical world, approaching the web and the direct management of our online boutique in a manner that is **consistent with our values and our creed**.

Sales Performance

Net revenues at 31 December 2017 rose by 10.4% to €503.6 million compared to €456.0 million in the previous year (a rise of 10.9% at constant exchange rates); total revenues including other operating income increased by 10.6% from €457.0 million in 2016 to €505.7 million at 31 December 2017.

Significant growth was achieved in all geographical areas and all distribution channels; a detailed analysis of sales follows, as reported on the approval of preliminary net revenues on 8 January 2018.

BRUNELLO CUCINELLI

Online Sales

The year just ended has been of extreme interest and especial beauty for the results achieved by the Company and above all for the outstanding levels of **allure, lifestyle** and **credibility** that the brand has reached, thanks to the day-to-day work performed in **protecting** its **exclusivity** and **selected presence** in the **physical and digital worlds**.

A year has passed since the opening of our online boutique and the launch of our new corporate website and we are particularly pleased with the results we have achieved and even more so with the image we hope we have succeeded in transmitting, the places where we live and our respect for others, dignity and the beauty of our land.

We have always believed that the world of the web is fascinating – in part still to be discovered – and our desire is continuously directed at how to *"**humanize**"* our relationship with the internet *"**in order to stop it taking over our minds**"*.

We were therefore extremely pleased to receive an invitation to discuss "**Technology and Humanism**" at the highly important 2017 Dreamforce Conference held in San Francisco in November before the people we believe to be the leading innovation geniuses of the new millennium.

Among the protagonists at the conference were Brunello Cucinelli and Marc Benioff, the founder and CEO of Salesforce, who exchanged ideas about how to grasp the positive aspects of the great technological revolution that has just begun, experiencing the change by ensuring due regard for "**gracious technology**".

We continue to work on these aspects one day after another, always aware that **protection of the brand** is both a need and a wish; for us this also means giving due attention to the value of expectation, meaning the pleasure of waiting for what you want.

The numerous beautiful "thank you" letters we receive from end customers are confirmation that our project "**Humanist Artisans of the Web**" is moving in the right direction: all of this results in a **gracious approach** with the customer as we propose ourselves as "**friendly advisors**" who "**never push**" a purchase, for example by way of an email reminding customers that their basket has still to be filled.

As in the physical world, in the internet world we believe we have been able to create an **excellent relationship with the most important online luxury multibrand stores** such as Mr. Porter, Net-à-Porter and Mytheresa, whose exclusivity we consider to be comparable to the best department stores in the physical world.

Finally we like to believe that anyone buying a Brunello Cucinelli garment always does so in that **spirit of safekeeping** in which we have great belief and sees it as an inheritance to be left to future generations: a garment to be handed down, mindful of a healthy utilization of things.

Italian Market – a very handsome rise of 11.2% in revenues which reached €84.7 million (16.8% of the total) compared to last year's €76.2 million.

We are especially pleased with this rise in sales as we consider Italy to be a market of high strategic value, an extremely important showcase for the brand's image and a "thermometer" of the appreciation of the collections, with end customers always attentive to trends, good taste and the wearability of our garments.

In fact we believe that the **wearability of the clothes** is a fundamental factor, in particular for the offer of collections of items of clothing to be worn throughout the whole day: a "**luxury that speaks in whispers**" to connoisseurs of the brand – some of whom have experienced a visit to the hamlet of Solomeo and have touched the way we live and work with their own hands – and to new customers who are approaching the brand for the first time.

The opening of the **Montenapoleone boutique** in Milan had a very positive effect. We consider the store that was inaugurated in January 2017 to be an expansion of the previous space in Via della Spiga. A year has passed and we are very satisfied with the sales performance and the considerable contribution made to the brand's image as we seek to transmit the dignity and beauty of our land and the atmosphere of the places in which we live.

European Market - growth of 10.6%, with revenues reaching €150.9 million compared to €136.4 million last year, representing 30.0% of the total.

A uniform increase in revenues across all areas and in all channels, supported by **top-end tourists** and above all **local customers**, noting the enthusiasm, extreme care and attention with which they experience the purchase of our brand.

The results of sales in both the monobrand and multibrand channels were interesting. Here we can see boutiques with beautiful, well looked after display windows having a "fine atmosphere" that invite you to come in and buy. As always we believe that firmly underlying the possibility of remaining competitive in all sales channels are the **exclusivity of distribution**, the **modernity of the product** and the **freshness of visual merchandising**.

We see the top-level luxury customer in the constant search for **unique and special items** that are capable of soberly and elegantly representing **typical Italian lifestyle and taste**; thanks to the significant range and depth of the collections our customers can obtain access to a **luxury sporting-chic proposal** with the possibility of making a choice of clothes that depends on the climate, the taste and the trends of the city in which they find themselves.

Particular attention is always given to the relationship as "**prompter**" which our staff should have with the end customer; we would like this relationship to be of an extremely gracious nature, attentive to each person's specific needs.

North American Market – a noteworthy increase of 6.6%, with sales reaching €178.7 million (35.5% of the total) compared to €167.7 million last year.

The sales trend was solid in all distribution channels, both monobrand and multibrand, with the value of the garments to be found in the boutiques always enhanced by the detailed work carried out by our "**visual merchandising**" teams who follow the retail and wholesale sales spaces with the same care.

The sales performance in the multibrand channel was supported by the "**special relationship**" we believe we have with the Luxury Department Stores which are always on the hunt for exclusive clothes with limited distribution, those capable of providing a **luxury prêt-à-porter** offer, especially **daytime** wear, that represents elegance, refinement and sophistication.

The attention we dedicate to the selection of "**human resources**" is fundamental, meaning the staff who handle the relationship with the end customer, envisaging them as elegant, chic and capable of advising and inspiring whoever enters the store and of putting them at their ease: friendly advisors who help customers to find the right garment with the right fitting, also recommending how it can be matched with the clothes they already have in their wardrobe and creating a friendly, pleasant relationship of mutual appreciation.

Of equal importance are the activities relating to the "**trunk shows**", sales moments when customers have the opportunity of getting to know the collections both as a whole and in detail; an occasion for creating a mutual relationship of complete trust, thereby completing the purchasing experience.

Greater China – a significant increase of 36.2%, albeit from starting figures that are still limited; revenues rose from €31.4 million to €42.7 million (8.5% of the total).

We have an extremely strong desire to protect the brand's exclusivity and allure in Greater China and in fact we believe that a **limited distribution** can ensure its appeal, protecting it and maintaining the exclusivity sought after by our end customers; the brand's presence is therefore restricted to 18 direct boutiques in the whole of Greater China, with only one opening taking place during the year.

The sales made in the multibrand channel in Greater China provided a positive contribution through our presence in exclusive multibrand boutiques: spaces with an extremely beautiful image and the presence of the most important brands in global luxury, capable of attracting a local clientele geared towards the search for top quality items.

We have the feeling that Chinese customers really enjoy shopping in these beautiful multibrand stores, positioned in highly prestigious locations, since when leaving the store and walking down the passageways they can show off their "large bags" and the fascinating purchases they have just made.

We believe, therefore, that our presence in both the multibrand and monobrand channels in China represents a **potential** for growth that is interesting in the medium to long term but must always be grasped with balance, in the "right" way and with the proper timing.

Rest of the World – growth of 5.2%, with sales reaching €46.7 million (9.2% of the total) compared to €44.4 million at 31 December 2016.

Solid results in all geographical areas, supported by an increase in the **demand from local customers** who are attracted by a brand that we believe to be one of the symbols of the Made in Italy sector, rich in craftsmanship, tradition and manual skill and representative of an exclusive lifestyle.

We attribute significant value to the **exclusivity** of our presence in all the markets in which we operate and we are therefore especially **satisfied with the brand's image**, with sales spaces that give the impression of being extremely well cared for, **visual merchandising** that we consider to be of great interest and the presence of staff whom we would always like to be courteous and capable of explaining the collection and transmitting our values, our philosophy and our way of being.

Revenues by Distribution Channel

Retail channel – revenues of €270.6 million (53.7% of the total), an increase of 19.6% compared to €226.2 million last year.

The trend in like-for-like sales was very positive, as was the contribution to growth of both the development of the boutique network, which included selected openings and the conversion of certain selling spaces from third party management to direct operations, and the passage to direct operations in Holt Renfrew's Luxury Department Stores in Canada[5], where the spaces were previously managed under the wholesale multibrand formula.

In 2017 **like-for-like** performance rose by **4.4%**[6] with a very satisfying trend taking place during the whole year and very interesting sell-out figures for the **2017 fall/winter** collections.

At 31 December 2017 the network consisted of 94 direct boutiques, with 4 openings in 2017 and the conversion of the 4 boutiques in Moscow from the wholesale monobrand channel.

The positive trend has been maintained in the first part of 2018, with a like-for-like increase of **4.0%**[7] between 1 January and 25 February 2018, thanks to the warm appreciation for and sell-outs of the **2018 spring/summer** collection whose offer continues to keep the fundamental features of prestige, modernity and top level craftsmanship.

Wholesale monobrand channel – sales of €25.3 million (5.0% of the total), representing a rise of 1.5%, excluding the passage from third party management to direct operations of our online boutique and the 4 boutiques in Moscow (reported performance fell by 26.0%[8]).

The brand's presence in the wholesale monobrand channel consists of **30 boutiques in prestigious locations**; as in the direct channel the **sales spaces are looked after with extreme care**, creating the possibility for collections to provide full representation of our taste and meet customer demand, thanks also to **local partners** who are fully aware of the dynamics of the market in which our sales spaces are to be found.

Wholesale multibrand channel – significant growth of 6.2%, with revenues rising to €207.7 million (41.3% of the total) compared to €195.6 million at 31 December 2016.

The very positive results for 2017 are accompanied by equally important figures for the orders received for the **2018 spring/summer** collections which support the sustainability of growth and contribute to giving visibility to the upwards trend expected to occur in the first half of the new year.

Orders received for the **2018 fall/winter** collection are very positive both in terms of the men's collections, already completed, and the women's collections, which are close to completion.

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[5] The passage relates to the conversion to direct operations of 5 shop-in-shops inside Holt Renfrew's Luxury Department Stores in Canada, previously run on the basis of the wholesale formula, which took place following the signing of an agreement on 13 March 2017.

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

[7] Like-for-like in 2018 is calculated as the increase in revenues at constant exchange rates in the DOS existing at 1 January 2017.

[8] Reported performance, obtained by including the revenues from the converted boutiques and the online boutique (passing to direct operations from January 2017) in the figure for 2017, declined by 26.0% (revenues for 2017 amounted to €25.3 million compared to €34.2 million in 2016).

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The solidity of the results in all the markets in which we operate, including in the geographical areas where the performance of the sector has been affected by macroeconomic and sectorial dynamics, is supported not only by a collection proposal that is exclusive and with limited distribution but also by the **special relationship** which we believe we are capable of creating with the **most prestigious multibrands** and the most important Luxury Department Stores.

Analysis of Results

EBITDA of €87.5 million represents a rise of 11.8% over the normalized figure of €78.2 million for 2016[9], with a pleasing improvement in margin from 17.1% to 17.3%.

This increase arises from the growth of the business and is supported by the positive like-for-like performance (+4.4% in the twelve months of 2017), the evolution of the channel mix, with retail channel revenues rising from 49.6% of the total in 2016 to 53.7% in 2017, and the very interesting sell-outs.

Operating costs are growing in line with sales, reaching €242.5 million compared to €218.9 million of previous year, with an unchanged incidence of 47.9%.

Operating costs include payroll costs of €89.1 million, an increase of 11.6% over the normalized figure of €79.8 million at 31 December 2016; at 17.6%, effectively constant as a percentage of total sales at 31 December 2017.

The increase in payroll costs is mainly due to the entry into the 2017 consolidation scope of the staff working at the new directly managed spaces (4 conversions and 4 boutiques opening) and the 5 shop-in-shops in Holt Renfrew's Luxury Department Stores in Canada, previously run using a wholesale formula.

Rental expense of €59.1 million (11.7%) increased by 7.4% compared to €55.0 million (12.0%) for 2016, with growth arising from the development of the retail network and from the enlargement of certain sales spaces.

Investments in communication rose from €24.7 million to €28.7 million and from 5.4% to 5.7% as a percentage of sales.

This increase is mainly due to an acceleration in digital investments which contribute to the strengthening and protection of the brand's image, as in the physical world.

Depreciation and amortization, arising from commercial, digital, production and logistical investments, amounted to €22.8 million, a rise of 13.5% over the amount of €20.0 million charged in 2016.

Net financial expense rose from €3.2 million in 2016 to €5.3 million; this increase is due to fluctuations in exchange rates[10], with the average net financial position and the related interest expense being significantly reduced.

[9] Normalized EBITDA for 2016 excludes the effect of the non-recurring costs, as mainly €1,293 thousand arising from the leaving agreement entered into with the co-sales manager. These non-recurring costs are classified as payroll costs in the income statement, accordingly forming part of operating costs. The rise in EBITDA in 2017 over the reported figure for 2016 (€76.7 million with a margin of 16.8%) amounts to 14.1%.

[10] This increase is mainly due to the recognition in the financial statements of foreign exchange hedges and in particular the recognition of unrealized exchange losses arising from intercompany loans in foreign currency, temporary by nature and therefore measured at the year end exchange rate.

Patent Box – The tax charge for the year, excluding the benefits of the Patent Box[11], amounted to €17.3 million (equivalent to a tax rate of 29.2%), compared to a charge of €16.3 million in 2016.

Net income for 2017, excluding the benefits of the Patent Box, therefore amounts to €42.1 million, representing a rise of 13.4% compared to net income of €37.1 million in 2016.

Including the fiscal benefits arising from the Patent Box in taxation, the tax rate falls to 11.7%, with 2017 net income rising to €52.5 million, an increase of 41.4% over the previous year.

Balance Sheet

Commercial working capital fell from €129.3 million at 31 December 2016 to €127.0 million at 31 December 2017, representing a considerable decrease as a percentage of sales (from 28.4% to 25.2%).

Inventory management was particularly efficient, with the year-end balance decreasing from €154.8 million in 2016 to €152.6 million in 2017.

Inventories fell as a percentage of sales from 33.9% to 30.3% thanks to very positive sell-out figures and limited numbers of new DOS openings.

Trade receivables fell to €45.2 million at 31 December 2017 from €47.2 million at 31 December 2016 thanks to the healthy and positive approach to credit management and to the passages from third party management to direct management of our online boutique and the 4 boutiques in Moscow and the 5 shop-in-shops in Holt Renfrew's Luxury Department Stores in Canada, previously run using the wholesale formula.

Trade payables increased slightly by 3.0%, amounting to €65.3 million at 31 December 2017 compared to €63.4 million at 31 December 2016.

"Other net assets/liabilities" amounted to €5.6 million fell as a net liability with respect to the figure of €9.4 million at 31 December 2016, the change mainly being due to the measurement at fair value of outstanding hedging derivatives.

Net Financial Position and Capex

There was a significant reduction in the **net financial position** which fell from €51.0 million at the end of 2016 to €15.7 million at 31 December 2017 despite making significant investments of €35.7 million and paying dividends of €10.9 million arising from the distribution of 2016 profits, representing a pay-out of 29.9%.

The excellent result achieved in reducing the debt arises from operational cash flow generation and from the fall in commercial working capital between 31 December 2017 and 2016.

The **investments** made in 2017 have as their basis the Company's desire to safeguard the **exclusivity** and **protection** of the brand in both the **physical** and **online channels**, as it has always done and will continue to do.

[11] On the basis of the agreement signed with the tax authorities defining the method and criteria for calculating the economic contribution to the production of business income by intangible assets for the purpose of the "patent box" scheme, the tax benefit for 2017 has been quantified in the order of €4.0 million; the total benefit of €10.4 million recognized in 2017 arising from this scheme is made up of the sum of the fiscal benefits relating to 2015, 2016 and 2017.
The benefits relating to 2018 and 2019 will be calculated when preparing the statutory accounts for those years.

Commercial investments of €26.5 million are geared towards maintaining the brand's prestige, with selected openings of boutiques, an enlargement of some existing boutiques, the renovation of existing spaces, a number of conversions and an enlargement of the floor space in the most prestigious Luxury Department Stores.

Investments in production, logistics and IT/digital, amounting to €9.2 million, are based on our desire to develop a technology that is always on the cutting edge, supporting technological platforms in managing the physical boutiques and the online boutique as well as information systems, software applications and logistic structures for managing the associated activities.

Business Outlook

2017 ended with very positive results, but above all we would like to highlight the very favorable moment for the brand: sustainable growth, craftsmanship, manual skill, creativity and exclusivity continue to be the fundamental pillars of our industry.

The sell-outs for the 2018 spring/summer collection are providing us with **especially positive** results; following the comments arriving from buyers, who had already called the offer "modern and of good taste" during the "sales campaign", end customers – the authentic "judges" – have also shown their appreciation for the collection.

The Fall Winter 2018 sales campaign is ending with very important results and with appreciation from both customers and highly specialized journalists. All this makes us imagine a year still very beautiful and allows us to work in all serenity, essential condition to be **very creative**.

It is with pleasure that we welcome the significant interest being shown by some of the world's leading universities and think-tanks to become acquainted with the "humanistic" way in which Brunello Cucinelli and the business he has created think and to examine this in further detail; we believe that this interest and the sharing of the values that underlie the "humanistic company" are held in common by our end customer, making **growth prospects solid and sustainable also for 2018**.

Representative of the way in which we have always done business and will continue to do so was the decision taken by the prestigious Kiel Institute for the World Economy to award the **Global Economy Prize** to Brunello Cucinelli "for perfectly embodying the tradition of the Honourable Merchant". Equally representative was the invitation given to him to discuss "gracious technology" at the Dreamforce Conference held in San Francisco in November 2017 in front of a vast audience of people who believe themselves to be "humanity's great innovators and geniuses".

In **2018** and the following years we will continue to run our business with the same values, pursuing **healthy objectives for growth, revenues and profits** and attempting to be the "guardians of the Created" and to attend to a small part of the world.

The attention we always give to **foreign exchange risk hedging** will additionally enable us to maintain the healthy margin levels, which represent our objective, also in the presence of the volatility in exchange rates that we are seeing.

We continue our commitment to maintaining **high levels of capital expenditure** to protect the prestige of our brand and its exclusiveness in both the physical and digital channels.

We are perfectly aware that our positioning at the top end of the luxury sector calls for a precise willingness to maintain increasingly modern selling spaces and showrooms, locations in the most important luxury streets, visual merchandising at the highest level and also an exclusive presence in the digital world, keeping our offer based on excellent quality and craftsmanship, supported by increasing up-to-date production equipment and the use of highly specialized artisanal laboratories that grow with the business.

As we did in 2017, in **2018** we will continue with our virtuous process of **cash generation**, capable of **absorbing the significant capital investments** we expect to make and the additional **increase in dividends** and in pay-out, with the wish to share our profits with all of our shareholders, who have always believed in this Humanistic Business project.

Consistent with these targets we expect to have a close-to-zero net financial position at the end of 2018, with a further improving next year.

Dividend Proposal

The Board of Directors will propose the payment of a dividend of €0.27 per share (gross of any amounts to be withheld by law) to shareholders at their next general meeting, to be held on 19 April 2018 in first call, equal to a pay-out of 35.9% of the Group's net income for the year, compared to 29.9% for the previous year.

The dividend will be put into payment on 23 May 2018 with the share going ex-dividend on 21 May 2018 (detachment of coupon no. 6). The record date will be 22 May 2018.

Notice of Call for the Shareholders' Meeting

The Board of Directors has resolved to call a shareholders' meeting on 19 April 2018 in first call (and if necessary on 26 April 2018 in second call) to approve the financial statements for the year ended 31 December 2017, to allocate net income for the year and to approve the first section of the Remuneration Report.

The notice calling the shareholders' meeting will be published within the time limits laid down by law on the website (http://investor.brunellocucinelli.com) and an excerpt will also be published in the papers Il Sole 24 Ore and MF-Milano Finanza.

Report on Corporate Governance, Remuneration Report and Consolidated Non-Financial Disclosure

The Company's Board of Directors has also approved the Report on Corporate Governance and Ownership Structures for the 2017 financial year, the Remuneration Report and the Consolidated Non-Financial Disclosure prepared for the first time pursuant to the new Legislative Decree 254/2016.

Documentation

The 2017 Annual Financial Report (together with the Report of the Board of Statutory Auditors and the Report of the External Auditors), the 2017 Report on Corporate Governance and Ownership Structures, the Remuneration Report, the Consolidated Non-Financial Disclosure prepared pursuant to the Legislative Decree 254/2016 and the illustrative reports prepared by the directors on the matters on the agenda (also approved at today's meeting of the Board of Directors) will be made available to the public within the time limits and by the means laid down by current law at the Company's registered office in Corciano, Solomeo (PG), Italy, on the "eMarket Storage" system (www.emarketstorage.com) and in the specific sections of the Company's website (http://investor.brunellocucinelli.com under "governance/shareholders' meetings").

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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 figures shown in this press release refer to the 2017 consolidated financial statements.

This document (and particularly the "Business Outlook" section) contains forward-looking statements on future events regarding the Brunello Cucinelli 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.

The 2017 consolidated financial statements and draft statutory accounts are currently subject to a legal audit which has not yet been completed at today's date. The management report and the report on corporate governance are being audited by the auditing company. The Consolidated Non-Financial Disclosure is in turn subject to verification by the auditing company for the purposes of attesting conformity pursuant to art. 3, co. 10, Legislative Decree 254/2016.

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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 €503.6 million in 2017 (+10.4% compared to the previous year), of which 83.2% was achieved overseas, and a normalized EBITDA of €87.5 million, up by 11.8% compared to normalized 2016 EBITDA, and currently has over 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 124 monobrand boutiques (94 direct boutiques and 30 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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BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2017

(Euro/000)	December 31, 2017	*related parties*	December 31, 2016	*related parties*
Non-current assets				
Goodwill	7,045		-	
Intangible assets	23,950		28,823	
Property, plant and equipment	115,676	15,384	111,348	16,100
Other non-current financial assets	6,298	32	5,740	32
Deferred tax asset	15,693		15,709	
Total non-current assets	**168,662**		**161,620**	
Current assets				
Inventories	152,647		154,814	
Trade receivables	45,178	45	47,231	24
Tax receivables	2,777		1,986	
Other receivables and other current assets	12,923		14,693	
Other current financial assets	28		1,980	
Cash and cash equivalents	62,953		46,428	
Current derivative financial instruments	4,856		932	
Total current assets	**281,362**		**268,064**	
Assets held for sale	-		210	
Total assets	**450,024**		**429,894**	

(Euro/000)	December 31, 2017	*related parties*	December 31, 2016	*related parties*
Shareholders' equity				
Shareholders' equity attributable to parent company shareholders				
Share capital	13,600		13,600	
Share-premium Reserve	57,915		57,915	
Reserves	136,369		111,031	
Net income for the period	51,117		36,397	
Total shareholders' equity attributable to owners of the parent	**259,001**		**218,943**	
Shareholders' equity attributable to non-controlling interests				
Capital and reserves attributable to non-controlling interests	2,822		6,217	
Net income for the period attributable to non-controlling interests	1,368		722	
Total shareholders' equity attributable to non-controlling interests	**4,190**		**6,939**	
Total shareholders' equity	**263,191**		**225,882**	
Non-current liabilities				
Employees termination indemnities	3,184		3,065	
Provisions for risks and charges	891		659	
Non-current payables towards banks	37,339		37,567	
Non-current financial debt	-		1,921	
Other non-current liabilities	10,571		8,017	
Deferred Tax liabilities	2,115		2,519	
Non-current derivative financial instruments	10		252	
Total non-current liabilities	**54,110**		**54,000**	
Current liabilities				
Trade payables	65,261	412	63,356	291
Current payables towards banks	37,685		58,452	
Current financial liabilities	3,297		772	
Income tax payables	1,434		1,104	
Current derivative financial instruments	379		4,258	
Other current liabilities	24,667	36	22,070	45
Total current liabilities	**132,723**		**150,012**	
Total liabilities	**186,833**		**204,012**	
Total equity and liabilities	**450,024**		**429,894**	

BRUNELLO CUCINELLI

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

(Euro/000)

	December 31, 2017	*related parties*	December 31, 2016	*related parties*
Net revenues	503,571	11	455,971	14
Other operating income	2,113	36	1,058	40
Revenues	**505,684**		**457,029**	
Costs of raw materials and consumables	(82,901)	(15)	(72,888)	(13)
Costs for services	(240,328)	(2,903)	(219,884)	(2,969)
Payroll costs	(89,061)	(535)	(81,358)	(446)
of which non-recurring	-		*(1,523)*	
Other operating (expenses)/revenues, net	(5,053)		(5,302)	
Costs capitalized	1,873		1,325	
Depreciation and amortization	(22,755)		(20,047)	
Impairment of assets and other accruals	(2,738)		(2,230)	
Total operating costs	**(440,963)**		**(400,384)**	
Operating Income	**64,721**		**56,645**	
Financial expenses	(23,504)		(18,044)	
Financial income	18,197		14,799	
Income before taxation	**59,414**		**53,400**	
Income taxes	(6,929)		(16,281)	
Net income for the period	**52,485**		**37,119**	
Net income for the period attributable to owners of the parent	51,117		36,397	
Net income for the period attributable to non-controlling interests	1,368		722	
Base earnings per share	0.75172		0.53525	
Diluted earnings per share	0.75172		0.53525	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/000)	December 31	
	2017	**2016**
Net profit (loss) for the year (A)	**52,485**	**37,119**
Other items of comprehensive income:		
Other items of comprehensive income that will later be reclassified on the income statement:	**(2,223)**	**1,575**
Cash flow hedge	4,236	1,300
Income taxes	(1,017)	(401)
Effect of changes in cash flow hedge reserve	**3,219**	**899**
Translation differences on foreign financial statements	(4,040)	676
Profit / (Losses) on net investment in a foreign operation	(1,845)	-
Tax effect	443	-
Other items of comprehensive income that will not later be reclassified on the income statement:	**(58)**	**(52)**
Remeasurement of defined benefit plans (IAS 19)	(78)	(68)
Tax effect	20	16
Total other comprehensive income net of tax effect (B)	**(2,281)**	**1,523**
Total comprehensive income net of tax (A) + (B)	**50,204**	**38,642**
Attributable to:		
Shareholders of parent company	49,212	38,067
Non-controlling interests	992	575

BRUNELLO CUCINELLI

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

CONSOLIDATED STATEMENTS OF CASH FLOWS	December 31, 2017	December 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	52,485	37,119
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Depreciation and amortization	22,755	20,047
Provisions for employees termination indemnities	124	69
Provisions for risks and charges / inventory obsolescence / doubtful accounts	2,780	2,363
Change in other non-current liabilities	3,629	271
(Gain)/Loss on disposal of Fixed assets	163	124
Termination indemnities payments	(79)	(105)
Payments of Provisions for risks and charges	(330)	-
Net change in deferred tax assets and liabilities	(1,058)	(255)
Change in fair value of financial instruments	(3,809)	1,251
Changes in operating assets and liabilities:		
Change in trade receivables	882	(1,410)
Change in inventories	(2,998)	(8,903)
Change in trade payables	9,040	(6,916)
Change in other current assets and liabilities	2,157	884
Net cash provided by/(used in) operating activities	**85,741**	**44,539**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(23,743)	(25,393)
Additions to intangible assets	(3,728)	(4,220)
Additions/(disposals) of financial assets	(752)	(165)
Disinvestments in financial assets held for trading	1,964	(1,964)
Acquisition of business from Brunello Cucinelli Russ OOO, net of cash acquired	(8,334)	-
Proceeds from disposal of property, plant and equipment	393	360
Assets held for sale	-	765
Net cash provided by/(used in) investing activities	**(34,200)**	**(30,617)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	39,013	-
Repayment of medium/long-term loans	(20,773)	(15,524)
Issue/(Repayment) of short-term loans	(25,512)	1,860
Net change in short-term financial debt	(9,597)	7,203
Net change in long-term financial debt	(2,326)	68
Dividends paid	(11,048)	(8,889)
Share capital and reserves increase	(2,936)	(731)
Net cash provided by/(used in) financing activities	**(33,179)**	**(16,013)**
TOTAL CASH FLOW FOR THE PERIOD	**18,362**	**(2,091)**
Effect of exchange rate changes on cash and cash equivalents	**(1,837)**	**444**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**46,428**	**48,075**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**62,953**	**46,428**
Additional information:		
Interest paid	**2,003**	**2,174**
Income tax paid	**8,106**	**17,511**