BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the Board of Directors has approved the 2018 consolidated financial statements and the draft statutory accounts

- **Net revenues of €553.0 million, +8.1% at current exchange rates (+10.7% at constant exchange rates) compared to €511.7 million al 31 December 2017;**
- **EBITDA of €95.1 million, a rise of 8.8%;**
- **Normalized net income[1] of €46.0 million, +9.4%;**
- **A significant rise in sales of 8.8% in the international markets and 4.2% in the Italian market;**
- **Europe +8.5%, North America +3.9% ("high single-digit" growth at constant exchange rates), Greater China +28.6%, Rest of the World +10.6%;**
- **Growth in all distribution channels: retail +6.3%, wholesale monobrand +19.4%, wholesale multibrand +9.1%;**
- **Capex of €45.0 million, a further increase compared to the figure of €35.7 million last year, to keep the brand image "extremely high" in both the physical and digital channels;**
- **Net debt of €14.5 million, a slight improvement compared to 2017 thanks to cash generation and positive net working capital management;**
- **The Board of Directors will make a proposal to the Shareholders' Meeting – called for 29 April 2019 – for the distribution of a dividend of €0.30 per share, equal to a payout ratio of 40.2%.**

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

"2018 has been a year that we have defined as "splendid" in terms of both economic performance and image. It's been the year when we have opened the doors of Solomeo, "the Hamlet of the Spirit", to over 500 journalists from all over the world who came to visit us to exchange ideas and share values."

"As for 2019, considering the excellent performance of sales in the first months of the year and the extraordinary results of our order collection for fall/winter, we fell confident in envisaging good growth of around 8% of revenues as well as a healthy profit growth, whereby we keep pursuing our important investments. This year is also the first of our new decade 2019-2028, in which we expect to double our sales and keep working with passion and dedication in harmony with Creation, always believing in our Italy and in the top-notch quality and creativity of the manufacturing heritage that is coveted and sought after by the whole world."

[1] Normalized net income excludes the fiscal benefits arising from the Patent Box scheme of €5.0 million in 2018 and €10.4 million in 2017 (the sum of the benefits for 2015, 2016 and 2017); if the estimated fiscal benefits arising from the Patent Box scheme are included, net income amounts to €51.0 million at 31 December 2018 compared to €52.5 million at 31 December 2017.

Solomeo, 14 March 2019 - 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 – today examined and approved the Group's consolidated financial statements and the draft statutory accounts for the year ended 31 December 2018.

With a double-digit increase, 2018 has confirmed the **sustainability of a healthy and gracious growth project** both from an **economic point of view** and from the standpoint of the **moral dignity** of each individual who, with his own contribution, has made these results possible.

The year was **splendid,** in the attempt to realize the idea of "**humanistic capital"** that is so dear to our hearts, in the hope of having contributed in some way, even small, to improving the economic and moral conditions of mankind as a whole.

We achieved economic growth and a successful performance in the year gone by with full regard for our business values, on which we also continue to plan our future growth to the benefit of the company, the people, the local area in which we live, our shareholders and all of our stakeholders.

That is the reason we continue to imagine a form of "**human sustainability**", something capable of creating profit and generating beauty, and constantly seek to produce without causing harm to humanity.

We could call 2018, our 40th year of activities, one of the finest in the history of the business, enhanced from the standpoint of the quality of life and harmony in the workplace; on 4 September we welcomed over 500 journalists from throughout the world to Solomeo and showed them the way **we live and work in harmony and with full regard for the Created**, imagining ourselves to be the temporary keepers of a small corner of the Earth.

On that occasion we presented Solomeo, which we love to call the "**Hamlet of the Spirit**", in its entirety: places that speak to us of spirituality, as well as work, dignity and respect, taken back to their ancient beauty thanks to the support of the **Brunello and Federica Cucinelli Foundation**.

In addition to carrying out the conservative restoration of the small village and its periphery, the **Brunello and Federica Cucinelli Foundation** has also designed **monuments for eternity**: the "**Theatre**", the secular temple of the arts, the **"Monument"**, dedicated to the dignity of man, and the "**Wine Cellar**", with its due regard for the dignity of the Earth.

The foundations on which we built the success of the year which has just come to a close, and on which we will continue to plan for the future, are the very same that have always characterized our history.

The essence of our collections remains encapsulated in the proposal of "**special clothing**", which to a certain extent we consider to be **unique**, representative of the **Made in Italy** concept, characterized by **outstanding craftsmanship** and produced exclusively by highly-specialized **artisan workshops**.

We continue to seek the **exclusivity** of the **positioning** of the brand and **distribution** in everyday life, giving the utmost attention to our presence on the markets.

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We believe in **creativity**, in connection with both style and all the other phases of the company's life, believing that every one of us must try to be innovative, in all cases starting out from listening and being ready to accept change.

We try, although we're not sure to what extent we are successful, to propose a **contemporary, modern, young offer** in our Men's and Women's collections.

Fresh selling spaces are an essential, as they act as a sort of house where one can breath the atmosphere of the brand, as are our showrooms which must always be kept up-to-date.

In our relationship with the internet, the "grand gift of the created", we try to present ourselves as **Artisans and Humanists of the web**, approaching it as we have the physical world, aware that everything increases on a mass basis more rapidly there.

Finally, we believe that the **allure** and the **lifestyle** that can be felt around the brand are of increasing importance, interpreted by our customers as a collection offer but also and above all as a style of life to be embraced.

Regarding the trend of the collections, we are very satisfied with the **constantly increasing sales** and **sell-outs** achieved by the **2018 spring/summer** and **2018 fall/winter** collections, results preceded by the highly favorable feedback that arrived from the specialist press and buyers on presentation.

The new **2019 spring/summer** collections were given an enthusiastic welcome, **order collection came to an end with a further increase** and the initial sell-outs are showing themselves to be very, very interesting.

We are highly satisfied by the **atmosphere of exclusivity** that surrounds the brand, which we believe meet the demands of customers increasingly attentive to dressing in a sophisticated manner, where care in every detail can very often make the difference between a "normal" and a "chic" look.

We have the impression that what we are seeing is a **gradual process in the growth of a customer** who wants to feel well-dressed in both the traditional and the so-called new markets, with a considerable increase in the number of people who embrace our collection proposals.

As a result, together with the European and American markets which we have always considered "domestic" due to their cultural and physical proximity, we have decided to try to consider the **Chinese market as also being "*domestic*"**, by dedicating particular attention to this part of the world.

We believe that there are huge opportunities for our brand in this market, a situation we sense on our frequent trips to those lands, and are aware of the sophisticated Chinese customer's constant search for the "Italian lifestyle", "items of outstanding quality" and "real luxury" broken down into all the aspects of everyday life.

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Sales Performance

Net revenues for 2018[2] rose by 8.1% at current exchange rates (10.7% at constant exchange rates) to reach €553.0 million compared to €511.7[3] million last year; revenue from sales and services, including other operating income, amounted to €554.4 million, an increase of 7.9% over the €513.8 million at 31 December 2017.

Revenues by Geographical Area

Italian market – revenues up by 4.2% to reach €88.2 million compared to €84.7 million at 31 December 2017, representing 15.9% of the total.

Italy continues to be very important for the brand's image, the country identifies fashion trends which will then in part represent chic taste throughout the world.

The Italian market achieved a positive performance during the year regarding both local customers and top-end tourism, which includes the Chinese, who despite only representing a limited portion of sales indicate a constant progression.

European market – growth of 8.5%, with sales rising to €163.7 million compared to last year's figure of €150.9 million, representing 29.6% of the total.

Solid growth thanks to the results achieved in all the countries where we have a presence and to the purchases made not only by domestic but also by international customers.

By virtue of its positioning at the top end of the luxury scale and the nature of the Brunello Cucinelli customer, the brand's strength supported a rising performance.

North American market – "*high single-digit*" growth at constant exchange rates, with revenues rising to €187.2 million compared to €180.2 million in 2017, representing an increase of 3.9% at current exchange rates and 33.9% of the total.

Broadly positive results were achieved in the North American market, which we have always approached in the same way as the domestic market, given the profound awareness and allure that the brand has achieved in the area over the years.

The growth in revenues is due to a positive performance in the monobrand and multibrand channels; tourist flows are on the increase, to which should be added a solid rise in local demand.

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[2] Accounting standard IFRS 15 ("Revenue from Contracts with Customers"), which became effective on 1 January 2018, requires a different accounting treatment from the past for certain types of contracts for the sale of goods in multibrand spaces operated under the "concession" formula. The application of this new accounting standard leads to an increase in net revenues and operating expenses (rentals) by the same amount without any change occurring in the absolute amount for EBITDA, operating income or net income for the period/year.

[3] Revenues at 31 December 2017 have been reclassified to enable a homogeneous comparison to be made with those at 31 December 2018, which have been determined by applying accounting standard IFRS 15. Using the same accounting standard for revenues at 31 December 2017, sales increase from €503.6 million to €511.7 million.

Greater China – significant growth of 28.6%, with sales rising to €54.9 million compared to €42.7 million at 31 December 2017, with the proportion of the total still limited at 9.9%.

Mainland China confirmed the positive trend of recent months.

Revenues rose in both the monobrand channel and the multibrand channels, which posted very interesting organic growth following the opening of the new spaces dedicated to the brand over the past few months.

Our current presence, limited and at the same time exclusive, supports the huge growth potential of the Chinese market, which we are endeavoring to take advantage of in a gradual manner and without compromising the prestige of the offer or distribution. We see considerable opportunities for business for us in this market over the next few years and in the long term.

Rest of the World – an increase of 10.6%, with sales reaching €59.0 million compared to last year's figure of €53.2 million, representing 10.7% of the total.

Solid results in the Middle East and Japan, and in all the other geographical areas where we have a presence; local demand and demand from top-end tourists point to "healthy" growth.

Revenues by Distribution Channel

Retail monobrand channel – growth of 6.3%, with revenues of €296.3 million compared to €278.7 million at 31 December 2017, representing 53.6% of the total.

The year confirmed healthy like-for-like growth of 3.5%[4], in line with our plans, with positive sell-outs of the 2018 spring/summer and 2018 fall/winter collections.

The network consisted of 100 boutiques at 31 December 2018, unchanged over 30 September 2018: 2 new boutiques were opened during the year to which were added 4 conversions from the wholesale monobrand channel.

Wholesale monobrand channel – an increase of 19.4%, with revenues reaching €30.2 million compared to last year's figure of €25.3 million, representing 5.4% of the total.

No changes have been made to the network of 27 boutiques since 30 September 2018; there were 4 conversions to the direct channel in 2018, offset by the positive contribution coming from the important opening in the prestigious Dubai Mall.

Wholesale multibrand channel – we have always had great belief in this channel where we posted a significant increase of 9.1%, with sales rising to €226.5 million compared to last year's figure of €207.7 million, representing 41.0% of the total.

The rise in revenues reflects the very positive order intake for both the Men's and Women's collections.

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

The overwhelmingly favorable opinion of the specialist press on the presentation of the collections was confirmed by their performance in the selling spaces, with sell-outs rising significantly; a positive contribution came from the new spaces dedicated to the brand inside Luxury Department Stores and from selected entry into exclusive multibrand stores and Specialty Stores.

Analysis of Results

EBITDA of €95.1 million represents an improvement in margins from 17.0% to 17.2%, and an increase of 8.8% over the figure of €87.5 million for 2017[5].

This increase arises from the growth of the business from like-for-like performance (+3.5% in 2018), very positive sell-outs and the positive effect of price-mix, enabling to offset the increase in operating costs arising from the development of the new initiatives and the investments in communication supporting the brand's exclusivity, in both the physical and digital channels, to be absorbed.

Operating costs amounted to €270.2 million (representing 48.7% of sales), rising by 7.8% over the figure of €250.6 million for 2017 (48.8% of sales).

Payroll costs rose by 10.4% from €89.1 million (17.3% of sales) to €98.3 million (17.7% of sales).

This increase is mainly due to the staff working in the new directly operated boutique, including 2 openings, 4 conversions in 2018, a number of enlargements of existing boutiques and new spaces operated under concession in Malls and Luxury Department Stores.

Investments in communication rose by 12.6% from €28.7 million (5.6% of sales) to €32.3 million (5.8% of sales), supporting the brand's allure and the development of new initiatives, especially everything regarding the digital world.

Within costs for raw materials, payroll costs and costs for services we have made significant investments in important research and development projects to broaden our market proposal (product mix and services offered, coverage of international markets), including digital and the made-to-measure outfit proposal.

Lease expense of €71.1 million increased by 5.7% over €67.2 million in 2017, with growth arising from the development of the retail network and a number of enlargements of selling spaces, and fell from 13.1% to 12.8% as a percentage of sales.

Depreciation and amortization amounted to €25.6 million compared to €22.8 million in 2017, rising from 4.4% to 4.7% as a percentage of sales as the result of capital expenditure.

Net financial expense decreased from €5.3 million in 2017 to €4.3 million, this mainly being due to the performance of currency management[6] and the average net financial position.

Normalized net income, excluding the fiscal benefits of the Patent Box scheme, amounted to €46.0 million, representing a rise of 9.4% over the figure of €42.1 million in 2017, with a tax rate of 29.5% compared to 29.2%.

[5] As stated, the application of the new accounting standard IFRS 15 led to an increase in both net revenues and operating expenses (rentals) by the same amount (€8.1 million at 31 December 2017), and accordingly caused no change in the absolute result for EBITDA, operating income or net income for the year.

[6] Foreign exchange management resulted in a gain, favorably affected by the recognition of the "currency balance" at the end of the year applied to intercompany loans denominated in currencies other than the euro using the euro/currency exchange rate at 31 December 2018.

Including the fiscal benefits arising from the Patent Box scheme, net profit for 2018 becomes €51.0 million[7] with income taxes amounting to €14.2 million (a tax rate of 21.8%) compared to €52.5 million[8] in 2017 and income taxes of €6.9 million (a tax rate of 11.7%).

Balance Sheet

Net working capital, including "Other net assets/liabilities"[9], amounted to €129.5 million at 31 December 2018 compared to €127.0 million at the end of 2017, representing an increase of €2.5 million in absolute terms and a decrease from 24.8% of sales to 23.4%.

Commercial working capital rose by 10.6%, or €14.0 million to €146.6 million from €132.6 million at 31 December 2017.

Inventory amounted to €161.8 million at 31 December 2018 compared to €152.6 million at 31 December 2017, decreasing from 29.8% to 29.3% as a percentage of sales; the increase of €9.1 million in absolute terms is mainly the result of the selected openings of direct boutiques and conversions from the wholesale monobrand to the direct monobrand channel, enlargements, new directly operated spaces in Luxury Department Stores and business growth in all channels, including the digital segment, which affected production levels.

The increase in **trade receivables** from €45.2 million to €61.4 million arises from sound cash management, the relative percentage of wholesale revenues, which rose over the previous year, and the important growth in retail sales in luxury malls and the relative collection terms.

Trade payables rose from €65.3 million to €76.6 million, a "natural" increase linked to the growth of the business, new development initiatives and important investments, including those in communication, which rose faster in the final part of the year.

Capex and Net Financial Position

The desire to keep the Company contemporary finds its support in the key **long-term investment project**, in the conviction that the **"protection of the brand"**, both physical and on the web, calls for a daily effort to maintain its exclusivity through the use of increasingly **modern and cutting-edge production, logistical and IT infrastructure structures**.

Capital expenditure of **€45.0 million** was incurred in **2018**, an increase over the amount of €35.7 million invested in 2017.

Commercial investments amounted to **€30.7 million**, mainly related to enlarging and opening boutiques, including the new Montecarlo boutique in July 2018, as well as extending and renovating showrooms and increasing the sales areas in Luxury Department Stores.

[7] The tax benefits of the Patent Box scheme recognized in 2018 amount to €5.0 million.

[8] The tax benefits of the Patent Box scheme recognized in 2017 amount to €10.4 million, being the sum of the benefits for 2015, 2016 and 2017.

[9] "Other net assets/liabilities" consist of a net liability of €17.2 million at 31 December 2018 compared to €5.6 million at 31 December 2017, with the change essentially arising from the measurement at fair value of derivatives hedging exchange risk.

Investments in production, logistics and digital IT amounting to **€14.3 million** were used for digital development and IT infrastructures (€9.2 million) and the continuous renovation of production equipment and logistic structures (€5.1 million), supporting the business in all its operating activities.

On 5 June 2018 we acquired the **minority interest in the Russian subsidiary**, amounting to **€6.5 million**, that now enables the parent to hold a 100% interest compared to the previous 62%; an operation that impacted the net financial position and whose effects were recognized in an equity reserve in accordance with IFRSs.

The Group had a **net financial position** of **€14.5 million** at the balance sheet date, a slight decrease over the figure of €15.7 million at 31 December 2017.

The favorable debt dynamics were supported by the generation of cash from operating activities and the sound management of commercial working capital, against the important investment project in process, to which was added the payment made for the purchase of the minority interest in the Russian subsidiary and the distribution of dividends of €18.5 million from 2017 profits.

Business Outlook

Our 40th year of activities was **extremely important** for us, having now "completed" the first phase of our long-term growth project, **doubled our sales in the 7 years** following **listing in 2012** and exceeded €550 million in revenues.

In this period we have maintained constant double-digit growth in both margins and earnings, constantly seeking the "**right profit**", the amount that acknowledges the **moral** and **economic** dignity of all the human resources who collaborate with the Company, in the desire and with the wish to realize the idea of "**humanistic capitalism**" that underlies the philosophy of our business.

The strategic decisions taken over these past few years, consistent with the brand's heritage, have further strengthened our positioning at the top of the luxury sector, creating an exclusive lifestyle and preserving a **ready-to-wear contemporary, sophisticated and chic** identity.

Projecting growth over the **next 10 years**, with the will to keep the brand's allure at a maximum and as part of a sustainable growth plan, we would like to **double sales again** and achieve a **healthy profit**, one that is always **respectful of the human being and the created.**

In all these years, from the founding of the business in 1978 and from the first proposal of women's cashmere knitwear, our attention has always been dedicated to safeguarding the brand, with an offer that has progressively extended to the complete female and male ready-to-wear offer to arrive at the creation of a taste and a lifestyle in which customers can identify themselves.

As part of this plan, we continue to invest in initiatives that are consistent with our brand's image and DNA.

We once again invested significant resources in the **development of the digital channel** in 2018, also by creating new logic bases, and introduced a proposal for the **made-to-measure men's suit.** We are very, very satisfied with these projects, in terms of both image and sales, and are also continuing to invest in 2019.

In 2019 we are additionally extending our ready-to-wear offer to the "**Child**", with dedicated collections that will make their debut in the second half of the year, completing the internal structure supporting a project which saw the start of the research and development phase in 2018.

Our **healthy balance sheet** and **net financial position** support this long-term planning, with the serenity and tranquility of being able to continue to invest in the development of our business, imaging that we will continue to invest as a means of always being contemporary and highly modern in our boutiques, our showrooms and in all our technologies, and in the awareness that on the internet everything reaches mass level much more rapidly.

Proposal for the Allocation of Net Income

The Board of Directors will propose the payment of a dividend of €0.30 per share (gross of any amounts to be withheld by law) to shareholders at their next general meeting, to be held on 29 April 2019 in single call, equal to a pay-out of 40.2% of the Group's net income for the year compared to 35.9% for the previous year.

The dividend will be put into payment on 22 May 2019 with the share going ex-dividend on 20 May 2019 (detachment of coupon no. 7). The record date will be 21 May 2019.

Notice of Call for the Shareholders' Meeting

The Board of Directors has resolved to call a shareholders' meeting on 29 April 2019 in single call to approve the financial statements for the year ended 31 December 2018 and to allocate net income for the year.

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 daily papers Il Sole 24 Ore and MF-Milano Finanza.

Corporate Governance Report and Remuneration Report

The Company's Board of Directors has approved the 2018 Report on Corporate Governance and Ownership Structures and the Remuneration Report.

2018 Consolidated Non-Financial Statement

The Board of Directors has also examined and approved the 2018 Consolidated Non-Financial Statement, prepared as a report separate from the financial statements in accordance with the requirements of Legislative Decree no. 254/2016 on the communication of non-financial information.

This statement contains information relating to the company's activity, its performance, its results and the effect produced by such, in connection with environmental matters, social matters, employee-related matters, respect for human rights and combatting corruption. The 2018 Consolidated Non-Financial Statement will be published within the time limits laid down by law.

Documentation

The 2018 Annual Financial Report (together with the Report of the Board of Statutory Auditors and the Report of the External Auditors), the 2018 Report on Corporate Governance and Ownership Structures, the Remuneration Report, the 2018 Consolidated Non-Financial Statement 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).

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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 presentation to analysts of the 2018 results in pdf format can be consulted on the website http://investor.brunellocucinelli.com/ita/presentazioni/. The figures stated in this press release refer to the 2018 consolidated financial statements.

This document (and in particular the section "Business Outlook") 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 2018 consolidated financial statements and draft statutory accounts are currently subject to audit procedures which have not yet been completed at today's date. The auditors perform procedures on the board of directors' report on operations and the corporate governance report. The 2018 Consolidated Non-Financial Statement is in turn subject to a limited assurance engagement by the auditors in accordance with article 3, paragraph 10 of Legislative Decree no. 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 chic **prêt-à-porter** sector, the expression of everyday luxury. Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted net revenues of €553.0 million in 2018 (+8.1% compared to the previous year), of which 84.1% was achieved overseas, and an EBITDA of €95.1 million, up by 8.8% over the normalized EBITDA of 2017, and currently has about 1,800 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 127 monobrand boutiques (100 direct boutiques and 27 monobrand wholesalers) in leading capitals and cities worldwide and in the most exclusive resorts, with a selected presence in approximately 650 selected multibrand stores, including leading luxury department stores.

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Corporate website: www.brunellocucinelli.com

The financial statements are attached

BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

(Euro/000)	December 31, 2018	*related parties*	December 31, 2017	*related parties*
Non-current assets				
Goodwill	7,045		7,045	
Intangible assets	31,538		23,950	
Property, plant and equipment	125,652	16,804	115,676	15,384
Investment property	919		-	
Other non-current financial assets	7,675	32	6,298	32
Deferred tax asset	16,777		15,693	
Total non-current assets	**189,606**		**168,662**	
Current assets				
Inventories	161,764		152,647	
Trade receivables	61,444	46	45,178	45
Tax receivables	828		2,777	
Other receivables and other current assets	16,076		12,923	
Other current financial assets	9,013		28	
Cash and cash equivalents	56,606		62,953	
Current derivative financial instruments	418		4,856	
Total current assets	**306,149**		**281,362**	
Total assets	**495,755**		**450,024**	

(Euro/000)	December 31, 2018	*related parties*	December 31, 2017	*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	162,466		136,369	
Net income for the period	50,692		51,117	
Total shareholders' equity attributable to owners of the parent	**284,673**		**259,001**	
Shareholders' equity attributable to non-controlling interests				
Capital and reserves attributable to non-controlling interests	2,359		2,822	
Net income for the period attributable to non-controlling interests	350		1,368	
Total shareholders' equity attributable to non-controlling interests	**2,709**		**4,190**	
Total shareholders' equity	**287,382**		**263,191**	
Non-current liabilities				
Employees termination indemnities	3,048		3,184	
Provisions for risks and charges	920		891	
Non-current payables towards banks	25,934		37,339	
Other non-current liabilities	11,921		10,571	
Deferred Tax liabilities	1,256		2,115	
Non-current derivative financial instruments liabilities	92		10	
Total non-current liabilities	**43,171**		**54,110**	
Current liabilities				
Trade payables	76,585	818	65,261	412
Current payables towards banks	51,081		37,685	
Current financial liabilities	2,842		3,297	
Income tax payables	2,781		1,434	
Current derivative financial instruments	5,401		379	
Other current liabilities	26,512	1,074	24,667	36
Total current liabilities	**165,202**		**132,723**	
Total liabilities	**208,373**		**186,833**	
Total equity and liabilities	**495,752**		**450,024**	

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2018

(Euro/000)	December 31, 2018	*related parties*	December 31, 2017 (Restated IFRS 15)	*related parties*
Net revenues	552,996	16	511,710	11
Other operating income	1,448	75	2,113	36
Revenues	**554,444**		**513,823**	
Costs of raw materials and consumables	(88,056)	(50)	(82,901)	(15)
Costs for services	(268,328)	(2,937)	(248,467)	(2,903)
Payroll costs	(98,329)	(887)	(89,061)	(535)
Other operating (expenses)/revenues, net	(5,916)		(5,053)	
Costs capitalized	2,470		1,873	
Depreciation and amortization	(25,605)		(22,755)	
Impairment of assets and other accruals	(1,142)		(2,738)	
Total operating costs	**(484,906)**		**(449,102)**	
Operating Income	**69,538**		**64,721**	
Financial expenses	(26,330)		(23,504)	
Financial income	22,074		18,197	
Income before taxation	**65,282**		**59,414**	
Income taxes	(14,240)		(6,929)	
Net income for the period	**51,042**		**52,485**	
Net income for the period attributable to owners of the parent	50,692		51,117	
Net income for the period attributable to non-controlling interests	350		1,368	
Base earnings per share	0.74547		0.75172	
Diluted earnings per share	0.74547		0.75172	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/000)	December 31 2018	December 31 2017
Net profit (loss) for the year (A)	**51,042**	**52,485**
Other items of comprehensive income:		
Other items of comprehensive income that will later be reclassified on the income statement:	**(1,653)**	**(2,223)**
Cash flow hedge	(3,266)	4,236
Income taxes	784	(1,017)
Effect of changes in cash flow hedge reserve	**(2,482)**	**3,219**
Translation differences on foreign financial statements	349	(4,040)
Profit / (Losses) on net investment in a foreign operation	632	(1,845)
Tax effect	(152)	443
Other items of comprehensive income that will not later be reclassified on the income statement:	**(35)**	**(58)**
Remeasurement of defined benefit plans (IAS 19)	(46)	(78)
Tax effect	11	20
Total other comprehensive income net of tax effect (B)	**(1,688)**	**(2,281)**
Total comprehensive income net of tax (A) + (B)	**49,354**	**50,204**
Attributable to:		
Shareholders of parent company	48,821	49,213
Non-controlling interests	533	991

BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2018

(Euro/000)

CONSOLIDATED STATEMENTS OF CASH FLOWS	December 31, 2018	December 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	51,042	52,485
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Depreciation and amortization	25,605	22,755
Provisions for employees termination indemnities	97	124
Provisions for risks and charges / inventory obsolescence / doubtful accounts	1,179	2,780
Change in other non-current liabilities	911	3,629
(Gain)/Loss on disposal of Fixed assets	52	163
Termination indemnities payments	(283)	(79)
Payments of Provisions for risks and charges	-	(330)
Net change in deferred tax assets and liabilities	(1,248)	(1,058)
Change in fair value of financial instruments	6,277	(3,809)
Changes in operating assets and liabilities:		
Change in trade receivables	(16,614)	882
Change in inventories	(7,284)	(2,998)
Change in trade payables	7,836	9,040
Change in other current assets and liabilities	2,532	2,157
Net cash provided by/(used in) operating activities	**70,102**	**85,741**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(27,327)	(23,743)
Additions to intangible assets	(15,781)	(3,728)
Additions/(disposals) of financial assets	(1,190)	(752)
Additions to investment property	(678)	-
Investement/Disinvestments in financial assets held for trading	(8,996)	1,964
Acquisition of business from Brunello Cucinelli Russ OOO, net of cash acquired	-	(8,334)
Proceeds from disposal of property, plant and equipment	563	393
Assets held for sale	-	-
Net cash provided by/(used in) investing activities	**(53,409)**	**(34,200)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	15,045	39,013
Repayment of medium/long-term loans	(36,244)	(20,773)
Issue/(Repayment) of short-term loans	-	(25,512)
Net change in short-term financial debt	22,650	(9,597)
Net change in long-term financial debt	-	(2,326)
Dividends paid	(18,471)	(11,048)
Share capital and reserves increase	(6,662)	(2,936)
Net cash provided by/(used in) financing activities	**(23,682)**	**(33,179)**
TOTAL CASH FLOW FOR THE PERIOD	**(6,989)**	**18,362**
Effect of exchange rate changes on cash and cash equivalents	**642**	**(1,837)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**62,953**	**46,428**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**56,606**	**62,953**
Additional information:		
Interest paid	1,424	2,003
Income tax paid	10,784	8,106