



BRUNELLO CUCINELLI

PRESS RELEASE

BRUNELLO CUCINELLI: the Board of Directors has examined the 2019 preliminary results

- **Net revenues of €607.8 million, +9.9% at current exchange rates (+8.6% at constant exchange rates) compared to €553.0 million at 31 December 2018;**
- **An increase of +11.4% in the international markets and +1.9% in the Italian market;**
- **Europe +12.9%, North America +8.9%, China +14.7%, Rest of the World +12.3%;**
- **Growth in all distribution channels: retail +14.6%, wholesale monobrand +7.7%, wholesale multibrand +4.1%;**
- **Significant Investments supporting the brand within the 2019-2021 Triennial Plan, equal to approximately €53 million in 2019, and Net Debt¹ of around €30 million at 31 December 2019.**

Brunello Cucinelli, Chairman and CEO, commented as follows:

"2019 has been an "excellent" year for our company in terms of both results and overall image of an "Italian" company, a word we are so fond of. Following the good increase in turnover and given the excellent quality of sales, we expect healthy, balanced and sustainable profits.

Given the excellent sell-out of the past autumn-winter, the good orders intake for the spring-summer 20 collection, and the "very favourable" start of the Autumn-Winter 20 collections, we keep working with peace of mind and expect a 2020 of good growth in turnover, profits and image."

¹The impact of implementing the new IFRS 16 accounting standard, in force since 1 January 2019, is excluded from all data reported in order to allow comparability with previous periods. The impacts relating to the application of IFRS 16 will be reported in comparative tables when the final figures for 2019 are approved at the meeting scheduled for 11 March 2020.



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Solomeo, 7 January 2020 - 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 the Group’s preliminary consolidated net sales for 2019 and net debt as of 31 December 2019. The complete and final figures for the year ended 31 December 2019 will be examined and approved by the Board of Directors at its meeting scheduled for 11 March 2020.

We consider **2019** a wonderful year, one of the best in our history, and the first in our **growth project** with the goal of **doubling turnover in 10 years**.

We have the concrete impression that the **feeling around the brand is very very positive**: international press, large luxury department stores, multi-brand clients and final-customers convey their enthusiasm to us sharing the values of our company, values that we try to live daily in **Solomeo**, which we love to call "**Hamlet of the Spirit**".

The company has always been committed to "**working and living in harmony with creation**", seeking "good" relationships with employees, collaborators and stakeholders. For this reason, the places where we live and work – made up of large, tidy spaces illuminated with natural light where everyone can best express their genius – are an essential part of the way we try to do business.

The healthy, balanced and sustainable **profit, combining work and human privacy** and the desire to **repair** and **reuse**, are core values of our company and we believe they are fully shared by all those who, with pride and diligence, contribute to the growth of our business and the surrounding community.

We have also always tried to focus our business by following the high and noble ideal of what we like to call "**Humanistic Capitalism**", thus trying to make profits with **ethic, moral and dignity**.

We have always believed that the company must pursue a **gracious growth**, maintaining the brand's exclusivity while at the same time allowing the **artisanal workshops** that produce the precious garments which represent the soul of our collections, to grow in a harmonious manner.

We believe that the long-term success of a luxury fashion brand can only be achieved through **highly specialized manual skills** that make up our collections.

For this reason, in addition to the efforts we make on behalf of our seamstress (*façonists*) and artisanal workshops, we give great importance to the "**School of Arts and Crafts**" which contributes to the spread of an highly specialized work, where moral and economic dignity must always go hand in hand.

We are also getting this same **very positive feedback** from the **digital world** and on the **web** as well, thanks to our project which we like to call "**Humanist Artisans of the Web**", which offers a tailor-made experience to the customers who are looking for our brand online, sharing the product offering together with the company's history, values and philosophy.

We are honored by the special relationship we seem to have built with our loving friends from Silicon Valley, and it was exciting to host some of these "**Young Leonardo of the Third Millennium**" in Solomeo, including Jeff Bezos, Drew Houston, Reid Hoffman and Marc Benioff, the latter present through a beautiful letter sent to the group.



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In the days we spent together, we devoted time to our souls, talking about the great topics of life, like **our responsibility towards humanity** and the desire to **feel like guardians** who plan for those who will come after us, trying to share a vision of the world for the next millennia.

We introduced many **new initiatives** in 2019 fully consistent with the brand's positioning and values.

In particular, we are very happy with the results we are achieving with the **"Sartoria Solomeo" project**, with which we have sought to respond to the male customers looking for a young and contemporary "sartorial" look that does not sacrifice elegance and extreme refinement.

The year 2019 also saw the birth of the **Kids' collections**, a natural extension of our ready-to-wear offer. The comments received from all our partners and the initial feedback arriving with the orders are very positive, and we believe to have succeeded to transfer the taste that distinguishes the adult collections, kind of Mini-Me, to the kids' offer.

We continue to believe in the great value of **repairing, reusing and passing on** our garments, thanks to the skillful hands of our seamstresses who are able to regenerate and give new life to garments worn out over time.

The very positive contributions of the new initiatives and the great sell-out of collections supported the company's performance throughout the year.

We also welcomed the **current market trend** that seems to be oriented towards a taste that is more suitable to our DNA, an expression of "ready-to-wear" that can be worn during the day and in the evening, in the office but also for weekend leisure time.

Aware of the excellent sell-out of the past Fall/Winter, of the meaningful orders intake of the Spring/Summer 20 collection, and of the "very favorable" start of the Fall/Winter 20 collections, we expect a 2020 of good growth of sales, profits and brand image.

Sales Performance

Net revenues for 2019 are equal to €607.8 million, registering an increase of +9.9% at current exchange rates (+8.6% at constant exchange rates) compared to €553.0 million at 31 December 2018.

Italian market - growth of +1.9% with revenues at €89.9 million (14.8% of the total) compared to €88.2 million last year.

The 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, a city that we consider to be one of the European fashion capitals together with London and Paris.

European market – increase of +12.9%, to reach a turnover of €184.9 million (30.4% of the total) compared to €163.7 million in 2018.



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All geographical areas report solid results thanks to the presence of the brand in successful boutiques, which are very important for us. Indeed, we believe that by paying attention to details and visual merchandising boutiques contribute decisively to further strengthen the brand's allure.

North American market - an increase of +8.9% with sales of €203.8 million (33.5% of the total) compared to €187.2 million at 31 December 2018.

We are fully satisfied with the growth obtained, our relationships with the customers – both final and multibrand – and our presence in the market, with exclusive spaces in the mono-brand and multi-brand channels.

We are 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.

China - growth of +14.7%, with sales reaching €63.0 million (10.4% of the total) compared to €54.9 million last year.

We consider the performance in China to be significant, consistent with the long-term growth forecasted in our "**Celestial Empire**" project.

This market undoubtedly has a great potential, both for the mono-brand and multi-brand channels, and we would like to gradually seize these opportunities, maintaining brand's prestige and allure.

Rest of the World – increase of +12.3%, with sales rising to €66.2 million (10.9% of the total) compared to €59.0 million at 31 December 2018.

The collection offer shows increases in all geographical areas of reference, and increasingly evident and marked becomes the customer's search for the luxury of special garments that fully meets the distinctive features of our brand.

Revenues by Distribution Channel

Retail monobrand channel – increase of +14.6% with revenues at €339.5 million (55.9% of the total) compared to €296.3 million in 2018.

We consider the +4.2% **like-for-like growth** reported in 2019 to be **very positive**, also thanks to a current market taste that is particularly similar to ours.

As at 30 September 2019 the network consisted of 106 boutiques compared to 100 as at 31 December 2018, with 3 more openings in the last quarter of 2019.

Wholesale monobrand channel – growth of +7.7%, with revenues of €32.5 million (accounting for 5.4%) compared to €30.2 million last year.

The network has 30 boutiques compared to 27 as at 31 December 2018.

Wholesale multibrand channel – increase of +4.1%, with revenues at €235.7 million (38.8% of the total) compared to €226.5 million in 2018.



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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, which have increased the space dedicated to our brand to meet the customer demand, while also increasing the traffic of the highest luxury segment.

Capex and net financial position

The **significant investments supporting the brand** are equal to approximately €53 million at 31 December 2019 (€45.0 million at 31 December 2018) within the 2019-2021 Triennial Plan.

The **commercial investments** support selected openings and some increases in prestigious boutiques, contributing to the growth of sales areas in Luxury Department Stores and the renewal and expansion of our showrooms.

Among the other **investments**, we would like to point out those destined to **production, logistics and digital IT**, to support the development of IT infrastructure, the digital presence and continuous renewal of production facilities and logistics infrastructure.

We believe that a high level of **investment** is strategic for keeping **the company on the cutting edge over the long term**, aware that the 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.

The **net financial position** is equal to **approximately €30 million** (€14.5 million at 31 December 2018) thanks to the positive cash flow generated by operating activities, the sound management of the commercial working capital, and the significant investments currently under way.

Moreno Ciarapica, the manager in charge of preparing the corporate accounting documents, pursuant to and in accordance with article 154-bis, paragraph 2 of Legislative Decree no. 58 of 1998, declares that the disclosures included in this press release correspond to the balances on the books of account and the accounting records and entries. The sales figures included in this release have not been audited. This document may contain forward-looking statements on future events regarding the Brunello Cucinelli S.p.A. Group and its operating, economic and financial results. By their nature these statements contain an element of risk and uncertainty, as they depend on the occurrence of future events and developments.

Brunello Cucinelli S.p.A. is an Italian maison operating in the absolute luxury goods sector. Specialized in cashmere, today it is one of the most exclusive brands in the international chic **prêt-à-porter** sector, an expression of *everyday luxury*. Brunello Cucinelli, founded in 1978 by the stylist and entrepreneur of the same name, posted net revenues of €553.0 million in 2018 (+8.1% compared to the previous year), of which 84.1% overseas, and an EBITDA of €95.1 million, up by 8.8% over the normalized EBITDA of 2017, and currently has over 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 artisanal skill.



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The attention and care taken in manufacturing the product are expressed through the use of the highest quality raw materials, tailoring and **craftsmanship** carried out exclusively **in Italy**, combined with *savoir faire* and **creativity**. All this makes the Solomeo-based company one of the world's most exclusive ambassadors of the Italian lifestyle.

The company's 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 136 monobrand boutiques (106 direct boutiques and 30 monobrand wholesalers) in leading capitals and cities worldwide and in the most exclusive resorts, with a selected presence in approximately 600 selected multibrand stores, including leading luxury department stores.

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