

Brunello Cucinelli S.p.A.

“First Quarter 2016 Sales Results”

Wednesday, May 11, 2016, 18:30 (CET)

MODERATORS: BRUNELLO CUCINELLI, CHAIRMAN AND CHIEF EXECUTIVE
OFFICER
MORENO CIARAPICA, CHIEF FINANCIAL OFFICER
PIETRO ARNABOLDI, HEAD OF INVESTOR RELATIONS

BRUNELLO CUCINELLI: Good evening and it is a great pleasure as usual to speak to you. First of all, from the deep of my heart thank you, thank you to our investors, analysts, full thanks to your precious pieces of advice, well they will often enable us to manage our Company with serenity.

And this is a special first quarter results. We wanted to streamline it and we appreciate this idea very much. And as I was saying before, when we went public four years ago, we actually celebrated the four years a few days ago, we can be more streamlined. And honestly, because the true performance of our Company at the end of the day is the, you know, the half year results because it actually shows how...to what extent the collection of the season has been appreciated, Spring/Summer or Fall/Winter.

So undoubtedly though, I still believe in the importance of the conference calls. Personally I enjoy them very much because it is a time when we can comment on everything. Markets moods and so on and so forth, and as the call is very relevant, in front of me, I have as usual, Moreno Ciarapica, CFO, 54 years of age, very interesting, to tell you how old is he, then Dario Pipitone the current CFO, 38, and Riccardo Stefanelli, 35 years of age, Luca Lisandrone, 37 and they are my young CEO...co-CEOs and then Pietro Arnaboldi, 40 years of age. So I really like the idea of having them all gathered here, so that we can convey your message and we can carefully listen to your remarks and your questions.

So first of all, I'd like to tell you the following. So first of all, I'd like to give you some results of the quarter, then visibility on 2016, the role of the co-figures, then visibility on the three year period and then the digital world, that is very important end market, the product also super importance. So I'd like to read out the highlights of the quarter.

Net revenues €121,8 million, plus 9.1% at current exchange rates compared to last year, then revenues increased in all international markets that grew by 9.8% and also the Italian market, a very significant increase, plus 6.4% on the Italian market, North America plus 9.2%, Europe plus 9%, Greater China, plus 11.1%, Rest of the World, plus 13%.

All distribution channels reported important growth. Monobrand retail, plus 11.4%, wholesale, plus 5.4%, multibrand wholesale, plus 08.1%. So this is what I think and my quote that I like to read to you. The current year is going really well. We are very pleased with sales and also with the image enjoyed by the brand at global level. We had the impression that the product enjoys very positive feedback, and very positive figure is also enjoyed by the way our Company behaves with the whole community. As a consequence, as a result, I can say with serenity that we expect for 2016 a healthy double-digit growth in terms of both sales and profit. A special word goes to our country, our magnificent Italy, which is slowly but steadily rediscovering its great social, human, spiritual and economic dignity.

And now 30 seconds, the role of the co-figures. As you know, we have 1,450 employees, average age 38, top managers are on average 41 years of age. Then in our industry, we have a set, we have signed a generation pact which basically states the following that is, after one turns 60, managers can no longer hold the position of CFO, CEO or other management positions but they automatically step down to Senior Counselor, Senior Advisor. We signed this agreement a couple of years ago, but of course, this does not apply to me because I would be out of the picture since I am 62, and so this is the way it works.

Every co-figure has its young co, but it is not taken for granted that the young co will upgrade to the CFO or the CEO figure. Here I have Riccardo and Luca here, two young guys and I hope that they will be sharing the same enterprise culture and they will grow and when the time comes, if they have the right capabilities, then they will be playing this role. So this is...the reason behind this is...was to be surrounded by many young people, I really enjoy this idea because you see the Company, we want to be guardians of our Company because the ownership of the Company is mankind and if some of us you see pass away, then I hope there is always somebody that can replace them and can keep the Company going.

Then Spring/Summer collection sales are going very well, 3.4% like-for-like. And another important result has been achieved by the first...by the trunk shows that we organized at multibrand stores was a Fall/Winter 2016 collections and really enjoying a great success, which means for us that there is a lot of appreciation for the collection that will be on display in stores in June. Thanks to this, we can work in confidence about the future.

Then we are still planning for the next year and, yes. So as to 2016, CAPEX more or less between €33 million €34 million, then net financial position, the same as last year, around €56 million, then EBITDA on the rise, slightly on the rise, more than proportional to sales.

As to the two-year period '17, '18, growth should be around this...below like 10%, gracious 10% because we have a long-term view. EBITDA is slightly more than proportional and then in the next couple of years, in '17, '18, €45 million, that is €25 million a year more or less. And at the end of the three-year period '16-'18, we are expected to end with €30 million, €35 million debt, accounting 4%, 5%, 6% of revenues then.

So to conclude, we envisage a healthy growth and a good cash generation, this for '16, '17, '18, so a pretty good visibility for 2016 and also pretty good for '17 and '18.

Now, a couple of seconds on our digital projects that I am sure you are familiar with, it is going very, very well, we are drawing towards the end. And as you know, we will start early next year. We devote a lot of time to this project, but we are pretty confident that we can...because this is the dream, that we can actually shift to the web, the physical world we have here in Solomeo or in global showrooms and worldwide boutiques.

We have the impression that an increasing number of people want to know, they want to share, and they want to gather information before making their purchase.

And now I'd like to talk about another fascinating issue; that is the market and then the products. The underlying topic here is the following. I hope I do not repeat what I said in the last call which is...which was pretty recent. So I would like to say once again that in my view the future will be marked by two main parts. On the one-hand, industrially made products that are very well widely distributed with a decreasing price, with an excellent supply and a large supply. And then on the other hand, the second part special exclusive expensive recognizable products entailing a lot of craftsmanship, so in my view, these are the two paths, two ways ahead. Of course, we are trying to opt for the made in Italy path.

Another interesting statement I'd like to make...because the reason why this season was so important. Especially in the United States, but also elsewhere, but especially in the US market, when in February, March, multibrand stores would come to the showroom to make their purchases

and place their orders; they will have very specific requests. They wanted new special products, beautiful products, wearable products, no evergreen and this is the first time that they said it, because very often they would want evergreen, they are chic, not too widely distributed because you know, it is easy to say but not to do.

But you see basically products that might represent somehow of understated not shouted luxury, and I have to say that we were very pleased with these comments. It is also true that there is a lot of research. And I think in all, many industries, there is really a desire for something special, that is unique, that is gracious, is sustainable.

Products whereby price does not play an issue, the only thing is the products must be contemporary, young and product...and produced you know, especially for you. I am not saying custom-made, but nearly custom-made. So on one hand you need to have a contemporary brand and also a contemporary product. This is a top theme that we had to deal with, but not just today, it's always been true, but today it's even more strongly felt.

In stores the idea is that you feel, you perceive a CEO that's surrounded by serious staff, that you are in a pleasant environment, a welcoming environment. You should be able to create a loving atmosphere, a pleasant atmosphere. So the bottom line is the visual merchandises is very important and sales staff is very important. You see visual merchandise, I think it's very key for men's wear and as far as the sales agent or assistant are concerned, especially for menswear there should be a source of inspiration for potential consumers, contemporary young people and because they have to sell you know, a chic and sporty product, but they must be fresh and contemporary also when they are selling suits, formal wear. So idea is that we are heading to well, I have this feeling and I have

shared this with all my staff today in the Company, where are we heading for, we are heading for a place that is, you know, where people, where there a lot of people all wanting to go to special places.

I was talking to my wife yesterday and I asked my wife, where are we going to the beach, and so...and she...and they said well, she said, why don't we go to Spain? We tried to make some calls, but at the same time, it was all fully booked. So nice destinations and beautiful destinations are very sought after, but this is true especially for Italy and made in Italy. And as we are Italian, just think of the great opportunity we have and by that also made in France, for specific products, so made in UK or made in Switzerland, if I'm talking about watches.

So I say made in Italy for a specific products and clothing, in particular. And I was very pleased to take part in a meeting last month, a meeting organized [indiscernible] by the New York Times and the topic there was sustainability. And I have to say that what I have tried to contribute there was the experience of our human sustainability.

Now it's been a few days, sorry, in a few days another meeting will take place in San Francisco on the very same level and I'm a guest speaker there and the topic is the same, sustainability, which means that at this moment in time, this is very important, sustainability is very important and in Versailles they said that 92% of people who purchase luxury would like luxury manufacturers to do much more in order to support sustainability, 50% of luxury consumers gather information before they make their purchase. So I really have the impression that something strong is taking place.

And to conclude, I would like to convey to you how serene we are in our work. We enjoy a very good mood around the brands; we had already told

you that the Winter collection had already enjoyed great appreciation. [Indiscernible] immediately afterwards the woman's wear and hopefully their taste is the same and shared by both, but I'd like to close by quoting a statement that I have written myself about luxury, that I have read, sorry, about luxury. Very often journalists ask me what is luxury. So at the end of the day, I strongly believe that luxury, true luxury were that has always been used in decades promotes the arts and sciences, it develops human attitudes, it refines morality, and this is a very important factor, it guides human nature to the highest degree of beauty, of our esteemed beauty.

So I would like to thank you all from the bottom of my heart and you know, that here everybody is around the table, is sitting on the table, we are available for you. And thank you very much for the esteem that you always displayed to us. Thank you.