



BRUNELLO CUCINELLI

Press release

BRUNELLO CUCINELLI: the Board of Directors has examined Preliminary Net Revenues for the first half of 2014.

- Net revenues¹ of 175.8 million, a rise of 11.6% (at current exchange rates compared to 30th June 2013);
- International markets posting a significant increase of 15% and representing 79.4% of Revenues:
 - North America +18.2%,
 - Europe +9.5%,
 - Rest of the World +10.3%,
 - Greater China +43.5% (which however represents just 5.9% of Revenues);
- Italy +0.2% (slight growth and representing 20.6% of Revenues);
- Sustained growth in all sales channels, in both monobrand distribution (retail monobrand channel +22.9%, wholesale monobrand channel +6%) and multibrand distribution (+6.3%).

Brunello Cucinelli, Chairman and CEO, commented as follows:

We are really proud of the way our industry is performing. We have the impression that at global level a clearcut distinction is emerging between products strongly exhibiting quality, exclusivity, manual work and recognizability – clearly expensive products – on the one hand, and other well-made industrially-manufactured products that are made manufactured anywhere else in the world and sold at a convenient price, on the other hand. We therefore keep supporting and investing strongly in our uniqueness and in the recognizability of made in Italy.

Given the time of the year, the orders that have already been placed and the quality of the sales, we can envision another special year with a double-digit growth in terms of both revenues and profitability.

We have basically successfully completed the sales campaign of Men's Spring Summer 2015 and we have enjoyed a great appreciation for our collection with Italian and international buyers; we can say that during our meetings with them - in support of our splendid Italy - we have perceived important signs that point to an economic recovery of our country, but also to a moral, civil, spiritual and political one.

Solomeo, 17th July 2014 – 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 reviewed Group's preliminary consolidated net revenues for the first half of 2014. The Half-year Financial Report with the complete, final figures for the period will be reviewed and approved by the Board of Directors at its meeting scheduled for 27th August 2014.

¹ Net revenues do not include other operating income and are preliminary figures that have not yet been audited.



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The Group posted net revenues of € 175.8 million for the half year ended 30th June 2014, a rise of 11.6% (+12.9% at constant exchange rates), compared to € 157.6 million for the half year ended 30th June 2013.

The trend of sales and the growth of revenues affirm the soundness of the path being taken by the Group and its growth project; confirmation of the sustainability of the business model, the Group's strategy and positioning of the brand within absolute luxury with wholly Italian production.

It is precisely in this segment that long-term growth is sustainable for highly selected group of brands that maintain exclusive distribution, product excellence, craftsmanship and creativity, making these items the cornerstone of the Group's identity and business philosophy.

The presence of our brand in this segment is recognized by the top-end customer, who assigns a special "allure" and the utmost prestige to it, as the exclusivity of the presence and product are an integral part of the Group's DNA and business model.

Keeping an essentially unchanged propensity to travel, these customers confirm and consolidate their ready-to-wear-buying habits, with the most exclusive resorts and grand fashion capitals remaining the privileged goals for their purchases.

These dynamics are drivers of results in all the geographical areas, with purchases being made in our boutiques and in the most important Luxury Department Stores by domestic customers and tourists alike, independent of their nationality, bonded by the search for an **exclusive ready-to-wear** product at the top end of the **Made in Italy** sector.

Revenues by Geographical Area

The results that have been achieved highlight important growth in all the markets with a performance which, in the quarterly results, is characterized by variations in the delivery dates for collections between the end of one quarter and the beginning of the next, making a reading on a half-year basis representative of the dynamics underlying the business.

North American market – growth in revenues of 18.2% (€ 55.4 million compared to € 46.9 million in the first half of 2013), representing 31.5% of the total (29.8% in the first half of 2013).

Turnover posted double-digit growth in all the distribution channels in the first half of the year.

This performance benefited from the increasingly exclusive presence of the brand in the large Luxury Department Stores and from the new prestigious spaces that are being dedicated to it, driven by the decision taken by these department stores to make their offer even more sophisticated and addressed to the top-end customer.

The results of the direct monobrand channel were positive, with growth being achieved with an unchanged perimeter and 2 openings in the past 12 months, taking the monobrand boutique network to 16 stores.

European market – revenues rose by 9.5% (to € 60.0 million, compared to € 54.8 million in the first half of 2013), representing 34.2% of the total (34.8% in the first 6 months of 2013).

Top-end tourists flow remained dynamic and sustained; the results of the sell-out in the multibrand channel were very positive.



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At 30th June 2014 the monobrand boutique network consisted of a total of 22 directly operated stores (18 boutiques at 30th June 2013) and 19 wholesale monobrand boutiques (in line with the number of stores at 30th June 2013).

The direct network is characterized by the opening of 2 boutiques over the past 12 months (Munich in the second half of 2013 and Vienna in April 2014), to which can be added 2 conversions from the wholesale monobrand network (the prestigious resorts of Cannes and Knokke).

Greater China – growth of 43.5% in revenues (to € 10.4 million, compared to € 7.2 million in the first half of 2013), with the proportion of total sales still contained (5.9% in the first half year of 2014 compared to 4.6% in the corresponding period in 2013).

The especially positive performance of sales is being driven by the project started in 2013 to convert boutiques from the wholesale monobrand network to the direct network (4 conversions have been carried out in the past 12 months of which 3 relating to boutiques in Hong Kong), and by the consolidation of sales in the existing network.

At 30th June 2014 the Group's distribution presence in Greater China consisted of 19 boutiques (18 boutiques at 30th June 2013), of which 16 direct monobrand stores and 3 wholesale monobrand stores.

The flow of top-end sophisticated Chinese tourists continued to be sustained in all of the world's resorts and capitals, attracted by the exclusivity of a ready-to-wear offer having the most that quality can provide and by the prestige of buying in the most exclusive destinations.

Rest of the World – sales rose by 10.3% (to € 13.7 million, compared to € 12.4 million in the first half of 2013), representing 7.8% of the total (7.9% in the first half of 2013).

At 30th June 2014 monobrand stores consisted of 11 boutiques (8 stores at 30th June 2013), including the 2 recent openings in Seoul (in the wholesale monobrand channel) and San Paolo, Brazil (in the retail monobrand channel).

The new boutique in San Paolo is not only an important reference point for the domestic customer and a starting presence for future growth in the Brazilian market, it is above all a prestigious showcase for purchases of ready-to-wear made by the Brazilian tourist in the most important international fashion capitals and resorts.

Italian Market – a slight growth in revenues recorded in the first half of 2014 (+0.2%) which rose to € 36.3 million compared to € 36.2 million in the first half of 2013 (representing 20.6% of the total compared to 23.0% in the first half of 2013).

There was a pick-up in the trend of sales in the Italian market in the first half of 2014, bolstered by the results of the monobrand boutiques and orders in the multibrand channel.

The large flow of foreign tourists remained at an interesting level, driving up sales in all the distribution channels of the leading Italian cities and resorts with positive sell-out results.

The significant presence of the brand on the Italian market acts as a reference point and showcase for the consumer of global luxury, keeping a strategic importance at an international level for its prestige, allure and modern taste.

The network of monobrand boutiques at 30th June 2014 was unchanged compared to 30th June 2013, consisting of 15 stores (of which 11 retail monobrand and 4 wholesale monobrand).



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Revenues by Distribution Channel

All the distribution channels increased their revenues, thanks to the results achieved in existing boutiques and locations, new selected openings and a presence in the most prestigious spaces in Luxury Department Stores.

The retail monobrand channel increased its sales by +22.9%, achieving revenues of € 62.4 million for the first half year 2014 (35.5% of total turnover), compared to € 50.8 million in the first half of 2013 (representing 32.2%).

Selected development of the network continued, with 5 openings of boutiques and 6 conversions from the wholesale monobrand network to the direct channel taking place over the past 12 months.

The wholesale monobrand sales channel grew by 6.0%, with turnover reaching € 21.8 million (12.4% of revenues for the first half of 2014) compared to € 20.6 million in the first half of 2013 (13.1% of turnover for the period).

The results were affected by the 6 conversions to the retail monobrand network, whose missing contribution to the turnover of the wholesale monobrand channel was outweighed by the 5 new openings and the organic growth of the existing stores.

The multibrand sales channel increased its turnover by 6.3%, reaching € 91.6 million of revenues in the first half of 2014 (representing 52.1% of the total), compared to € 86.2 million in the first half of 2013 (54.7% of the total).

The results were driven by the increase in orders coming from the leading Luxury Department Stores, thanks to the positive sell-out results and the increased spaces dedicated to the brand, with a wish to satisfy the increasing demand for exclusive ready-to-wear of the top quality quality and modern taste.

The monobrand channel network

At 30th June 2014 the monobrand network consisted of 102 boutiques (65 direct monobrand and 37 wholesale monobrand), compared to 92 stores at 30th June 2013 (98 at 31st December 2013).

The openings made over the past 12 months confirm the selectivity and exclusivity of the Group's distribution, with its presence being consolidated in the leading streets of the most important cities and resorts through targeted openings in the locations that are becoming the latest destinations popular with the absolute luxury customer.

Retail monobrand network – over the past 12 months directly operated stores (which numbered 65 at 30th June 2014 compared to 54 at 30th June 2013) benefited from 5 net openings and 6 conversions from the wholesale monobrand network, as announced previously.

Wholesale monobrand network – the change in the number of wholesale monobrand boutiques (37 at 30th June 2014 compared to 38 at 30th June 2013) arises from 5 new openings and 6 transfers to the direct monobrand channel.



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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 release correspond to the balances on the books of account and the accounting records and entries.

Brunello Cucinelli S.p.A. is an Italian maison operating in the absolute luxury goods sector which specializes in cashmere and has increasingly become one of the most exclusive brands in the international informal luxury **prêt-à-porter** sector.

Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted a net turnover of € 322.5 million in 2013 (+15.5% compared to the previous year), of which 79.3% was achieved overseas, and an EBITDA of € 58.2 million (up by 18.5% over normalized EBITDA for 2012), and currently has over 1,000 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 the 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 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, in the outskirts of Perugia. Today the brand is distributed internationally in 60 countries through 102 monobrand boutiques in leading capitals and cities worldwide and in the most exclusive resorts, with a significant footprint in approximately 700 selected multibrand stores, including leading luxury department stores.

Contacts: **Media**

Vittoria Mezzanotte
Brunello Cucinelli S.p.A.
Tel. +39 02/34.93.34.78

Ferdinando de Bellis
Barabino & Partners
Tel. +39 02/72.02.35.35

Investor Relations

Pietro Arnaboldi
Brunello Cucinelli S.p.A.
Tel. +39 075/69.70.079

Corporate web-site: www.brunellocucinelli.com