BRUNELLO CUCINELLI

Press release Brunello Cucinelli S.p.A.

BRUNELLO CUCINELLI: the Board of Directors has approved the 2013 Half Year Financial Report.

- **Net revenues of Euro 157.6 million (+16.5% compared to 1H 2012 Net revenues);**
- **EBITDA of Euro 27.1 million (+19.7% compared with normalized EBITDA[1] in the first half of 2012);**
- **Significant growth in international markets (+23.1%), driven by the USA and Europe, while the Italian market holds up extremely well (-1.2%);**
- **The key investment project continues (Euro 27.0 million in 1H 2013 compared to Euro 8.8 million in 1H 2012), focused on the development of the monobrand network and the extension of the Solomeo factory, with the relative increase in D&A (Euro 5.3 million in 1H 2013 compared to Euro 3.0 million in 1H 2012);**
- **Net profit of Euro 13.3 million (+10.6% compared with normalized Net Profit[1] in the first half of 2012);**
- **Net debt of Euro 32.2 million (Euro 14.2 million at 30th June 2012) as a result of the investment program.**

Brunello Cucinelli, the Group's Chairman and Managing Director, commented as follows:

"We do not want to conceal from you our great satisfaction with our company's performance in this first semester. Results are special and therefore we envisage a very important 2013 with a sustainable double-digit growth in terms of both revenues and profit. Our Spring/Summer 2014 men's and women's collections have been considered very interesting and innovative by the market. Therefore we are looking at 2014 with great positivity.

We have the impression that the brand's allure is strong and respectful. Therefore, a warm thank goes to our esteemed co-workers, clients and shareholders. We try to work every day whilst respecting human dignity, our surroundings, the territory and our Italy".

[1] Normalized EBITDA and Net profit reported in the first half of 2012 do not include the non-recurring costs incurred as part of the listing process.

Solomeo, 28th August 2013* – The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector, listed on the Borsa Italiana Electronic Stock Exchange – today reviewed and approved the 2013 half year financial report.

The results for the first half of 2013 confirm the considerable improvements seen in the previous quarters, supported by the Company's strategy to position itself in the highest range of the absolute luxury sector and characterized by a path of sustainable growth which acts as the Company's DNA.

Revenues

Net revenues for the first half of 2013 reached Euro 157.6 million, a rise of 16.5% (+17.2% at constant exchange rates) compared to Euro 135.2 million for the six months ended 30th June 2012.

Revenues, including other operating income, totaled Euro 158.8 million in the first half of 2013, an increase of 16.2% over the figure of Euro 136.7 million in the corresponding period of the previous year, including a capital gain of Euro 0.8 million[2] (the results of the first half of the previous year included a capital gain of Euro 1.0 million[3]).

The increase in sales in the North American and European markets was of particular significance, as already announced following the meeting of the Board of Directors on18th July.

The North American market posted an increase of 32.3% (turnover of Euro 46.9 million compared to Euro 35.4 million for the first half of 2012), while growth in the European market reached 24.5% (Euro 54.8 million compared to the previous Euro 44.0 million).

Greater China achieved a rise in revenues of 16.8% (Euro 7.2 million compared to the previous Euro 6.2 million) while the Rest of the World posted sales of Euro 12.4 million compared to Euro 12.9 million in the first half of 2012 (a result affected by certain deliveries made over the end of the half year with sales recognized in July).

The domestic market held up extremely well, with revenues amounting to Euro 36.2 million (in line with the turnover of Euro 36.6 million achieved in the first six months of 2012).

The retail monobrand sales channel posted growth of 67% (Euro 50.7 million compared to Euro 30.4 million in the first half of 2012), while the wholesale monobrand channel achieved revenues of Euro 20.6 million in the six months ended 30th June 2013 (+ 21.7% compared to Euro 16.9 million[4] - excluding the conversions to the retail channel - for the first six months of 2012); sales in the wholesale multibrand channel increased by 3.9% (Euro 86.2 million compared to the previous Euro 83.0 million).

Like for Like[5] sales in the direct store network increased by 10,6% in the first 33 weeks of 2013 (the period from 1st January to 20th August 2013).

[2] Gain from the sale of the trademarks “Solomei”, “Solomeo” and relative coat of arms to Fedone S.r.l..

[3] Gain from the assignment of the lease contract for the store in Via Spiga 15, Milan.

[4] Reported revenues for the six months ended 30th June 2012, including the 9 converted boutiques, amounted to Euro 21.8 milion.

[5] Like for Like in 2013 is calculated as the rise in revenues at constant exchange rates for the DOS existing at 1st January 2012.

The monobrand network consisted of 92 boutiques at 30th June 2013 (70 at 30th June 2012), of which 54 DOS (30 at 30th June 2012) and 38 wholesale monobrand (40 at 30th June 2012).

The "exclusive" and "selected" development program, with the opening of monobrand stores in the most prestigious areas, will continue for the next twelve months, with agreements already finalized for the opening of a further 12 new boutiques.

Analysis of operating income and net profit

EBITDA amounted to Euro 27.1 million in the first half of 2013 (17.1% of revenues), representing an increase of 19.7% over the normalized EBITDA[1] of Euro 22.7 million earned in the first six months of 2012 (16.6% of revenues).
The improvement of 50 basis points in the reported margin is due to the changes in the sales channel mix and the retail turnover as a proportion of revenues; this rose from 22.5% in the first six months of 2012 to 32.2% in the first half of 2013 due to the growth of the business.

The growth and the positive results achieved enabled the costs incurred for the development of the sales network and for the opening of exclusive spaces in the most prestigious luxury streets to be absorbed; these changes drove up operating costs, including rentals (5.8% as a proportion of revenues in the first six months of 2013 compared to 4.0% in the corresponding period of the previous year), payroll costs (15.5% in the first six months of 2013 compared to 15.0% in the corresponding period of the previous year) and costs for duties and transport (4.5% in the first half of 2013 compared to 4.0% in the six months ended 30th June 2012).

Capital expenditure incurred for expanding the directly operated stores network led to an increase of Euro 5.3 million in depreciation and amortization for the first six months of 2013 (3.4% of revenues) compared to Euro 3.0 million in the six months ended 30th June 2012 (2.2%).

Net profit for the first half of 2013 amounted to Euro 13.3 million, posting an increase of 10.6% compared to the normalized Net Profit[1] of Euro 12.0 million in the corresponding period of the previous year.

Including the non-recurring costs for the listing process (Euro 6.2 million) in the results for the first half of 2012, EBITDA for the first six months of 2013 rose by 65.2%, while net profit increased by 72.0%.

Balance sheet

Net working capital amounted to Euro 76.5 million at 30th June 2013, representing an increase of Euro 10.2 million over the figure of Euro 66.3 million at 30th June 2012.
As noted in previous quarters, this rise is mostly connected with the growth of the business and the development of the retail network, causing a natural increase in inventories which rose from Euro 77 million at 30th June 2012 to Euro 90.1 million at 30th June 2013.

Worthy management enabled working capital at 30th June 2013 to remain at 25.4% of turnover for the last 12 months, in line with the figure at 30th June 2012.

Capital expenditure of Euro 27.0 million in the first six months of 2013 posted a considerable increase over the expenditure of Euro 8.8 million realized in the six months ended 30th June 2012, consistent with the strategy for developing the store network (Euro 18.6 million of commercial investments at 30th June 2013 compared to Euro 6.5 million at 30th June 2012) and with the significant project to extend the factory and the logistics hub (Euro 8.4 million of investments as a whole relating to production and logistics, compared to Euro 2.3 million at 30th June 2012).

Net debt therefore amounted to Euro 32.2 million at 30th June 2013, compared to Euro 14.2 million at 30th June 2012, an increase due to the above-mentioned rise in capital expenditure and the growth of the business, as well as to the seasonal and cyclical effects which as usual lead to a peak in net debt in the period between June 30th and September 30th.

The project to merge Brunello Cucinelli Capri S.r.l. and Brunello Cucinelli Marittima S.r.l. into Brunello Cucinelli S.p.A. is approved

On 28th August 2013 the Board of Directors of Brunello Cucinelli S.p.A. also approved the project to merge Brunello Cucinelli Capri S.r.l. and Brunello Cucinelli Marittima S.r.l. into the Company; these two companies operate in the local retail sector (in Campania and Emilia-Romagna respectively). On 23rd August the Company made acquisitions to arrive at 100% of the quota capital of the companies to be merged, which it already held directly or indirectly, with the exception of 49% of Brunello Cucinelli Marittima S.r.l., which was purchased at a price of Euro 82,000.

The decision to merge the companies is driven by the need to simplify the Group's corporate structure in Italy and thus optimize resource management. Following the implementation of the merger (which is planned to be completed by the end of the current year) the monobrand boutiques of the two companies being merged (Naples, Capri, Bologna and Milano Marittima) will be run by the merging Company.

The merger is in effect a business combination under common control and the only accounting effect this produces on the consolidated financial statements is the elimination of the allocation to minorities of their portion of the net equity of Brunello Cucinelli Marittima S.r.l., as the Company acquired the minority interest in that company from third parties as stated earlier.

The merger will be submitted for the approval of the Company's Board of Directors as required by article 2505 of the Italian civil code and article 15.2 of the corporate bylaws.

The real effects of the merger will become effective on the registration of the last entries of the merger deed with the companies' registrar or on any other subsequent date which may be established in the merger deed; the transactions of the merged companies will be recorded in the financial statements of the merging company for accounting and fiscal purposes with effect from the first day of the year in progress at the date of the last of the entries pursuant to article 2504 of the Italian civil code.

The merger benefits from the exclusion from the need to apply the procedure for related party transactions adopted by the Company with respect to transactions with subsidiaries. Moreover, the need to publish an information document is also excluded, given that the transaction regards the merger between a listed issuer and its wholly owned subsidiaries.

The Company will make the merger project and additional documentation required by article 70, paragraphs 1 and 7a) of the Issuers' Regulations adopted by Consob through Resolution no. 11971 of 14th May 1999, available to the public within the terms and by the means required by the law and applicable regulations.

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Additional information may be found in the half year financial report and in the "Documents" section of the Company's website www.brunellocucinelli.it.

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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.

Pursuant to article 154-ter, paragraph 2 of Legislative Decree no. 58 of 1998, the Half Year Financial Report at 30th June 2013, approved by the Board of Directors as of today's date, is lodged at the Company's registered office and available to the public in the section "Financial Reports" of the Company's website.

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

Brunello Cucinelli, founded in 1978 by the stylist and entrepreneur of the same name, posted a net turnover of Euro279.3 million in 2012 (+15.1% compared to the previous year), of which around 75.4% was achieved overseas, and a normalized EBITDA of Euro49.1 million (up by 22.3% compared to the previous year), and has over 900 employees.

The Group operates in more than 50 countries worldwide through a network of more than 90 monobrand stores and boutiques located in the world's leading capitals and cities (Milan, Venice, Paris, London, Madrid, Barcelona, Berlin, New York, Los Angeles, Miami, Chicago, Mexico City, Moscow, Tokyo, Hong Kong, Shanghai and Beijing) and in the most exclusive resorts (such as Capri, St. Tropez, Porto Cervo, Cannes, Cortina, St. Moritz, Sylt, East Hampton and Aspen), and has a significant presence in around 1,000 selected multibrand outlets, including the top luxury department stores.

The success of Brunello Cucinelli S.p.A. is rooted in a "Made in Italy" culture consisting of high-quality, craft-based, exclusive, contemporary products, with business since the company's foundation being conducted in the mediaeval hamlet of Solomeo, lying on the outskirts of Perugia.

Contacts:

Media

Vittoria Mezzanotte	Ferdinando de Bellis
Brunello Cucinelli S.p.A.	Barabino & Partners
Tel. +39 02/34.93.34.78	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

The financial statements are attached

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30TH 2013 [6]

	June 30, 2013	*related parties*	December 31, 2012 revised	*related parties*	June 30, 2012 revised	*related parties*
Non-current assets						
Intangible assets	27.715		16.548		13.094	
Property, plant and equipment	51.142	6.908	41.931	6.094	32.230	5.386
Other non-current financial assets	3.895	41	3.162	41	2.749	41
Deferred tax asset	9.557		7.489		7.151	
Total non-current assets	**92.309**		**69.130**		**55.224**	
Current assets						
Inventories	90.144		80.089		77.019	
Trade receivables	60.144	24	47.826	8	61.327	25
Tax receivables	1.342		987		895	
Other receivables and other current assets	8.212		10.384		4.260	
Cash and cash equivalents	33.101		40.045		33.531	
Derivative financial instruments	838		1.610		33	
Total current assets	**193.781**		**180.941**		**177.065**	
Assets held for sale	0		0		0	
Total assets	**286.090**		**250.071**		**232.289**	

	June 30, 2013	*related parties*	December 31, 2012 revised	*related parties*	June 30, 2012 revised	*related parties*
Shareholders' equity						
Shareholders' equity attributable to parent company shareholders						
Share capital	13.600		13.600		13.600	
Share-premium Reserve	57.915		57.915		57.039	
Reserves	40.309		23.678		22.169	
Net income for the period	14.047		22.630		7.938	
Total shareholders' equity attributable to owners of the parent	**125.871**		**117.823**		**100.746**	
Shareholders' equity attributable to non-controlling interests						
Capital and reserves attributable to non-controlling interests	3.918		2.035		1.778	
Net income for the period attributable to non-controlling interests	(784)		(241)		(225)	
Total shareholders' equity attributable to non-controlling interests	**3.134**		**1.794**		**1.553**	
Total shareholders' equity	**129.005**		**119.617**		**102.299**	
Non-current liabilities						
Employees termination indemnities	2.977		2.954		2.850	
Provisions for risks and charges	944		950		794	
Non-current payables towards banks	9.805		11.559		14.203	
Non-current financial debt	1.717		219		25	
Other non-current liabilities	1.371		1.216		979	
Deferred Tax liabilities	2.316		806		482	
Non-current derivative financial instruments	276		423		0	
Total non-current liabilities	**19.406**		**18.127**		**19.333**	
Current liabilities						
Trade payables	60.841	518	62.718	286	56.020	760
Current payables towards banks	53.245		28.423		32.808	
Current financial liabilities	13		15		23	
Income tax payables	3.765		2.761		4.409	
Current derivative financial instruments	280		271		2.467	
Other current liabilities	19.535		18.139		14.930	
Total current liabilities	**137.679**		**112.327**		**110.657**	
Total liabilities	**157.085**		**130.454**		**129.990**	
Total equity and liabilities	**286.090**		**250.071**		**232.289**	

[6] Following the retrospective application of the amendment to IAS 19, 30 June 2012 results have been restated

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CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED JUNE 30TH 2013 [6]

	June 30, 2013	*related parties*	June 30, 2012 revised	*related parties*
Net revenues	157.574	14	135.203	
Other operating income	1.254	864	1.516	9
Revenues	**158.828**		**136.719**	
Costs of raw materials and consumables	(27.887)	(31)	(20.787)	(4)
Costs for services	(77.749)	(779)	(77.822)	(833)
Non-recurrent costs	-		*(6.241)*	
Payroll costs	(24.577)	(94)	(20.526)	(77)
Other operating (expenses)/revenues, net	(873)		(887)	(14)
Costs capitalized	289		92	
Depreciation and amortization	(5.325)		(2.963)	
Impairment of assets and other accruals	(902)		(371)	
Total operating costs	**(137.024)**		**(123.264)**	
Operating Income	**21.804**		**13.455**	
Financial expenses	(3.441)		(1.973)	
Financial income	2.482		1.212	
Income before taxation	**20.845**		**12.694**	
Income taxes	(7.582)		(4.981)	
Net income for the period	**13.263**		**7.713**	
Net income for the period attributable to owners of the parent	14.047		7.938	
Net income for the period attributable to non-controlling interests	(784)		(225)	
Base earnings per share	0,20657		0,12634	
Diluted earnings per share	0,20657		0,12634	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	June, 30	
	2013	**2012 revised**
Net income for the period	**13.263**	**7.713**
Effects with possible future impact on the income statement	(563)	519
Profit/(Loss) from fair value adjustments related to hedging instruments	(941)	468
Tax Effect	259	(128)
Effect of variation in reserve of cash flow hedges	(682)	340
Exchange differences on translation of foreign operations	119	179
Effects that do not have future impact on the income statement	31	(75)
Gains/(losses) on remeasurement of defined benefit plans	42	(103)
Tax Effect	(11)	28
Total other profit/(loss), net of taxation	**(532)**	**444**
Total net comprehensive income, net of taxation	**12.731**	**8.157**
Attributable to:		
Owners of the parent	13.478	8.352
Non-controlling interests	(747)	(195)

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED JUNE 30TH 2013 [6]

CONSOLIDATED STATEMENTS OF CASH FLOWS	June 30, 2013	June 30, 2012 revised
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	13.263	7.713
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Depreciation and amortization	5.602	2.963
Provisions for employees termination indemnities	73	73
Provisions for risks and charges / inventory obsolescence / doubtful accounts	660	481
Change in other non-current liabilities	148	105
(Gain)/Loss on disposal of Fixed assets	(830)	(1.116)
Termination indemnities payments	(8)	(21)
Payments of Provisions for risks and charges		
Net change in deferred tax assets and liabilities	(1.735)	(3.762)
Change in fair value of financial instruments	(307)	(11)
Changes in operating assets and liabilities:		
Change in trade receivables	(12.894)	(12.809)
Change in inventories	(8.775)	(11.849)
Change in trade payables	(3.794)	(775)
Change in other current assets and liabilities	3.204	5.454
Net cash provided by/(used in) operating activities	**(5.393)**	**(13.554)**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(12.061)	(5.720)
Additions to intangible assets	(5.978)	(2.234)
Additions/(disposals) of financial assets	(707)	(843)
Acquisition of Brunello Cucinelli (England) Ltd net of cash acquired	(3.197)	
Proceeds from disposal of property, plant and equipment	1.134	183
Net cash provided by/(used in) investing activities	**(20.809)**	**(8.614)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	1.600	25
Repayment of medium/long-term loans	(3.648)	(3.472)
Net change in short-term financial debt	23.101	(5.708)
Net change in long-term financial debt	1.498	
Share capital and reserves increase	2.424	58.639
Dividends paid	(5.755)	(2.529)
Net cash provided by/(used in) financing activities	**19.220**	**46.955**
TOTAL CASH FLOW FOR THE PERIOD	**(6.982)**	**24.787**
Effect of exchange rate changes on cash and cash equivalents	**38**	**61**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**40.045**	**8.683**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**33.101**	**33.531**
Additional information:		
Interest paid	**797**	**1.178**
Income tax paid	**9.143**	**10.361**