



BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the B.o.D. has examined the Preliminary Net Revenues from operations in the first half of 2016

- **Net revenues of € 219.8 million, +9.7% at current exchange rates compared to 30 June 2015;**
- **Important growth in all the International Markets, of +10.4%, and a significant increase in sales in the Italian Market, up by +6.9%;**
- **North America +9.7%, Europe +8.3%, Greater China +15%, Rest of the World +17.1%;**
- **Increase in revenues in all distribution channels: retail monobrand +17.4%, wholesale monobrand +1.2%, wholesale multibrand +4.8%.**

Brunello Cucinelli, Chairman and CEO, commented:

«The first half of 2016 has ended reporting very very positive results representing the constant, sound and balanced growth we are so fond of. We feel there is a very strong demand for high quality, very exclusive products in all markets, manufactured in our splendid Italy.»

*«The order collection for the **men's** spring summer 2017 season is going very well. In particular, our taste and the way we combine **colours** and **fit** have been very appreciated. This will infuse serenity in us as we know that we have embarked on the right path.»*

«We were very pleased to see that our growth forecasts were confirmed for Italy as well. We therefore envisage a very positive future also for 2017 and at the same time we would like to confirm our growth project for the current year.»

Solomeo, 14 July 2016 - 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 (MTA) – examined today the preliminary consolidated net revenues from sales in the first half of 2016. It should be noted that the Interim Financial Report, with the complete and definitive figures for the period, will be examined and approved by the Board of Directors at the meeting planned for 25 August 2016.



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Performance of sales and Revenue by Geographical Area

Net revenues at 30 June 2016 reached € 219.8 million, up by 9.7% (+10.3% at constant exchange rates) compared to € 200.3 million in the first half of 2015.

The sales performance confirms the positive “momentum” of the brand on all markets in which it operates and shows the solidity of the company's growth, thanks to the continual flow of both local customers and top-end tourists – attracted by a “unique” purchasing experience in the most exclusive locations and sales spaces in the world.

The recognized positioning of the brand, the very positive results of the orders collected for Spring/Summer 2017 collections, as well as the initial sales of the Autumn/Winter 2016 collection confirm the sustainability of the company's growth objectives, within the very-high-luxury sector.

Italian Market – The turnover up by 6.9% confirms the very positive sales trend on the domestic market; in the first half of 2016 revenues were € 39.5 million, compared to € 36.9 million in the first half of 2015, equating to 18% of total revenues.

The growth is led by the performance in the major cities and tourist resorts, destinations for top-end tourism, aiming for a lifestyle experience that completes the “intrinsic” value of the product.

The allure of the brand is further strengthened by the behaviour of the final customers, who are characterised not only by their “sophisticated” taste, but also by their interest in the business philosophy which has always aimed at protecting “*human dignity*” of the production processes throughout the chain.

European Market – Turnover up by 8.3%, at € 68.4 million compared to € 63.2 million in the first half of 2015, representing 31.1% of total revenues.

The results of the first 6 months of the year are supported by the positive sales trend, thanks to the solidity of demand from top-end customers, looking for “special”, “unique” and “artisanal” products.

The sustainability of demand involves both the flow of exclusive tourists, and local customers, who both look for a “lifestyle” experience.

Particularly interesting are the sales results in the most important luxury streets, in the most exclusive tourist resorts and in the top-end Luxury Department Stores, in keeping with the type of collection offered and the brand customers.

All geographical areas confirm the positive growth trend, starting from the Mediterranean area, passing through Continental Europe and considering finally all the other countries of the European market, including Eastern Europe, Russia and the former USSR countries.

North American Market – Turnover growth of 9.7%, reaching 76.4 million, compared to 69.7 million at 30 June 2015, accounting for 34.8% of turnover.

The trend in revenues is positive both in the monobrand channel, as well as in the multibrand channel, where Luxury Department Stores are reporting for our brand significant growth trends, devoting increasingly prestigious exclusive spaces, where final customers can breathe the atmosphere, taste and lifestyle of the company and the hamlet of Solomeo.

The results were positive both in relation to local customers, and with reference to high-profile tourist flows; the common characteristic of the way in which the company interacts with all customers always remains the “exclusive” and “discrete” approach, appreciated by top-end customers as a sign of respect, essential for the creation of a lasting relationship.



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Greater China - Revenues up by 15%, to € 13.7 million at 30 June 2016 compared to € 11.9 million in the first half of 2015, representing a relatively small proportion of turnover at 6.2%.

The increase in sales is led by the positive results of the existing boutique network, unchanged in the last 12 months.

This solid performance characterises both the trend of “Mainland China” and Hong Kong; the performance is supported by the presence of local customers, who are gradually evolving towards a sophisticated and contemporary “*luxury ready to wear*” taste, the soul of the collection proposed by the “Brunello Cucinelli” brand, in addition to the flow of top-end tourism at the most exclusive locations.

Rest of the World – Turnovers up by 17.1%, to € 21.8 million (9.9% of total) at 30 June 2016, compared to € 18.7 million in the first half of 2015.

The growth of revenues is driven both by very limited and selected openings of boutiques, and by the positive sales trend in existing spaces.

Interesting results achieved in monobrand boutiques, as well as in the multibrand and the spaces in hard shops of the most important Luxury Department Stores where the brand is present.

Revenues by Distribution Channel

Retail Monobrand Channel – Turnover up by 17.4 %, to € 99.6 million compared to € 84.8 million in the first half of 2015, representing 45.3% of total turnover.

The considerable growth in the period is supported by the 5 openings in 2016 (with a growth trend therefore accelerated in the last months), increase in sales sell-outs, thanks to collection proposals greeted very favourable by final customers, and growth in existing sales spaces.

The increase in sales in the same perimeter is in line compared to the growth's trend reported in the early months of the year, in keeping with healthy and sustainable LFL growth.

Wholesale Monobrand Channel – Sales up by 1.2%, with revenues of € 22.2 million, compared to € 22.0 million at 30 June 2015, representing 10.1% of the total.

The growth is attributable to the performance of the existing boutiques, in the presence of a unchanged boutique network; sales trend in the second quarter has been affected by the conversion of the boutique in St. Tropez to the direct channel, starting from March 2016.

Multibrand Sales Channel – Turnover up by 4.8%¹, with revenues at € 98.1 million, compared to € 93.6 million at 30 June 2015, representing 44.6% of the total.

The sell-out figures of the Spring/Summer 2016 collection were very positive, as were the initial sales of the Autumn/Winter 2016 collection, much appreciated by final customers, which confirms the favourable judgement already expressed by the specialised press and by the multibrand on the fashion weeks in the last January and February.

¹ The growth of the wholesale channel must be analysed on a gradual, and therefore six-monthly, basis as in fact the quarters are impacted by the delivery trends.



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The Monobrand Channel Network

At 30 June 2016, the monobrand network reached 122 boutiques (115 boutiques at 30 June 2015).

There were 86 direct monobrand boutiques (79 boutiques at 30 June 2015) while the wholesale monobrand network remains the same and equal to 36 boutiques.

The manager in charge of preparing the corporate accounting documents, Moreno Ciarapica, declares under the terms and for the purposes of Article 154-bis, paragraph 2 of Italian 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 is now one of the most exclusive brands in the international informal luxury **prêt-à-porter** sector, the expression of everyday luxury.

Brunello Cucinelli, founded in 1978 by the stylist and entrepreneur of the same name, recorded net revenues in 2015 of € 414.2 million (+16.4% compared to the previous year), of which 82.9% turnover abroad, and an EBITDA of € 69.1 million (up by +11.0% compared to the normalised EBITDA of 2014), currently with approximately 1,400 employees. Brunello Cucinelli's success is rooted in history and in the heritage of great crafts and in the contemporary nature of design: a strategy of value founded on the combination of innovation and craftsmanship.

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.

The company has always been based in the mediaeval hamlet of Solomeo, just outside Perugia. Today the brand is distributed at the international level in more than 60 countries through 122 monobrand boutiques (86 direct monobrand boutiques and 36 monobrand wholesalers) in the most important capitals and cities around the World and in the most exclusive tourist resorts, with a selected presence in approximately 650 multibrand stores, including the main luxury department stores.

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