BRUNELLO CUCINELLI

Press Release Brunello Cucinelli S.p.A.

BRUNELLO CUCINELLI: The Board of Directors approved the Group's consolidated results for the quarter ended March 31, 2013.

- **Net revenues of € 88.8 million (+14.4%);**
- **Normalized EBITDA[1] of € 15.3 million (+18.6%);**
- **Normalized net profit[1] of € 8.2 million (+14.8%), after a large depreciation charge;**
- **Significant growth on international markets (+21.6%);**
- **Modest sales decline in Italy (-1.6%), with an improvement compared to second half 2012 performance;**
- **Net debt at € 14.8 million (€ 57.8 million as of March 31st 2012);**
- **Capital expenditure of € 16.4 million (€ 3.7 million in the first quarter of 2012), mainly related to the development of the retail channel and the enlargement of the factory in Solomeo.**

Brunello Cucinelli, the Group's Chairman and CEO, commented: «*This first quarter highlights a good start to 2013, a robust and serene beginning. The very positive results achieved augur well for the year in terms of corporate and product image; our product is still being strongly identified as featuring top-notch quality, high craftsmanship, creativity and "gracious" distribution*».

«*The major investments we are making and the targets achieved lead us to envisage a full year characterised by a "gracious" double-digit growth*».

«*We are firmly convinced that people working with us are competent, serious and above all respectable. This enables us to live and work serenely*».

«*Exports are growing nicely and this testifies to a great interest in a special, luxury made in Italy. In 2013 we envisage growth also for our magnificent Italy, despite a moderate one*».

[1] The figures for EBITDA and net profit exclude the capital gains recognized in the quarter.

Solomeo, May 9th 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 approved the Group's consolidated results for the quarter ended March 31, 2013.

The Group continued along a path of sustainable growth in the first quarter of 2013, consistent with its positioning in the absolute luxury segment.

Net revenues for the first 3 months of the year reached € 88.8 million, representing a rise of 14.4% (+15.5% at constant exchange rates) compared to € 77.6 million in the first quarter of 2012.

Revenues, including other operating income, rose to € 89.9 million, representing growth of 14.0% over revenues of € 78.8 million in the first quarter of 2012; the figure for the first quarter of 2013 includes a capital gain of € 0.8 million[2] (a capital gain of € 1.0 million in the first quarter of 2012[3]).

Revenues by Geographical Area

The positive growth trend on international markets was consolidated in the first quarter of 2013 with an increase of 21.6% in sales, which reached 73.4% of turnover compared to 69.1% in the first quarter of 2012.

North American market – sales rose by 26.5% (€ 22.8 million compared to € 18.0 million in the first quarter of 2012), representing 25.6% of net revenues (23.2% in the first quarter of 2012).

The significant growth trend posted in 2012 has continued in a constant manner, with both distribution channels, direct monobrand and multibrand, providing a contribution.

The growth in revenues in the multibrand channel continues, with the high sell-out results achieved in 2012 being confirmed in 2013, together with the increase in selected corners and hard shops inside existing locations and in highly prestigious spaces.

European market – sales increased by 18.3% (€ 28.6 million compared to € 24.2 million in the first quarter of 2012), representing 32.2% of net revenues (31.2% in the first quarter of 2012).

The results achieved have been driven by the growth in the retail monobrand channel, with double digit increases in the existing stores and a positive contribution arriving from the new openings that have taken place over the past twelve months (including the new boutique in Barcelona opened in February 2013).

Tourists flows and the related sales have been strong, showing trends of further acceleration in the leading European cities and tourist resorts, thus confirming the attractiveness of the exclusive Made in Italy "absolute" luxury proposal.

Sales have also performed positively in continental Europe and the Mediterranean area.

Russia and the Eastern European countries are reporting double digit increases in revenues, consolidating growth in wholesale monobrand stores and in the multibrand channel, which additionally benefits from the visibility of the brand due to the new openings of monobrand boutiques in highly prestigious locations.

Greater China – sales grew by 69.3% (€ 5.0 million compared to the previous € 2.9 million) representing 5.6% of total turnover (3.8% in the corresponding quarter of the previous year).

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[2] A capital gain on the sale of the trademarks "Solomei", "Solomeo" and the related coat of arms to Fedone S.r.l..

[3] A capital gain on the assignment of the lease agreement for the store in Via Spiga, 15, Milan.

Reported growth was positively affected by the conversion of 6 stores from the wholesale monobrand channel to the direct network on October 1, 2012, in addition to the positive results achieved by the existing monobrand stores.

In line with strategic growth plans, the "controlled" development of a commercial presence on the Chinese market continues, with the opening of a second boutique in Shanghai in January 2013, to which should be added the openings of a third boutique in Hong Kong and a first store in Beijing in April.

<u>Rest of the World</u> – sales rose by 4.1% (€ 8.8 million compared to € 8.5 million in the same period of the previous year), representing 9.9% of total sales (10.9% in the first quarter of 2012).

Growth in the quarter was driven by the good results of the existing wholesale monobrand stores network, with increases in the monobrand boutiques in Japan and in the most important luxury department stores in Korea.

<u>Italian market</u> – a slight fall in revenues has been recorded (down by 1.6%) to € 23.6 million (26.6% of net revenues) compared to € 24.0 million in the first 3 months of 2012 (30.9% of net revenues in the first quarter of 2012); first quarter results reported showed an improvement over the trend seen in the second half of 2012.

Business in the quarter was characterized by the consistent contribution made by foreign tourists to sales in the monobrand channel (rising further in the main cities and resorts) and was supported by orders for the upcoming collections of the monobrand channel.

Revenues by Distribution Channel

The retail monobrand channel posted revenues of € 26.5 million in the quarter, with an increase of 75.7% over the figure of € 15.1 million for the corresponding quarter of the previous year, while wholesale monobrand sales reached € 11.4 million, a rise of 7.5% compared to € 10.6 million in the first three months of 2012.

The results of the monobrand channel were led by the development of the store network and sales results; *Like for Like*[4] sales in the direct store network increased by 11.2% in the first 17 weeks of 2013 (from January 1st to April 28th 2013).

As far as network development is concerned, the total number of boutiques rose from 63 stores at March 31st, 2012 to 85 at March 31st 2013.

The retail monobrand channel (51 stores at March 31st 2013 compared to 25 at March 31st 2012) benefited from 16 new openings, to which should be added 10 conversions of stores in the monobrand network (of which 6 in China from October 1st 2012 and 2 in Britain - the London stores in Burlington Gardens and Sloane Street - from January 1st 2012).

In the first 3 months of 2013 the retail channel has seen openings in the prestigious luxury streets of the cities of Shanghai (January), Barcelona (February) and Turin (March).

The turnover of the wholesale monobrand network was affected by the 10 conversions to the direct network; the reduction in revenues was offset by the 6 net openings made over the past 12 months (the only opening in 2013 was that in Tokyo at the end of March), which took the network to 34 wholesale monobrand boutiques at March 31st 2013 compared to 38 stores at the end of the first quarter of 2012.

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[4] Like for Like in 2013 is calculated as the rise over the revenues posted in the DOSs existing at January 1st 2012 calculated at constant exchange rates.

The new monobrand openings confirm the brand's attractiveness, encouraging a number of consolidated partners in the multibrand network to open new exclusive spaces as the natural development of the previous relationship.

Four new monobrand boutiques were opened in Beijing, Naples, Doha and Hong Kong in April. The selected and controlled network development program will continue over the next 12 months, in line with the Group's strategy, with 12 openings for which agreements have been signed.

In conclusion, the multibrand channel posted revenues of € 50.9 million, representing 57% of net revenues; the slight fall in the first quarter of 2013 (-2.0%) is consistent with the delivery of the Spring/Summer collection (which has reported growth in order collection, with interesting sell-outs taking place).

Analysis of operating results and net profit

Normalized EBITDA[5] amounted to € 15.3 million in the first quarter of 2013, a rise of 18.6% compared to € 12.9 million in the first 3 months of 2012[6], representing 17.1% of revenues (16.5% in the first quarter of 2012).

The sales channel mix and the fact that retail turnover reached 30% of total net revenues compared to 19% in the first quarter of 2012 pushed up margins, absorbing the costs for the development of the sales network.

Including the capital gains reported in the first quarter of 2013 and the first quarter of 2012 respectively, EBITDA reached € 16.1 million (17.9% of revenues), with an increase of 15.9% compared to the € 13.9 million posted in the quarter ended March 31st 2012 (17.6% of revenues).

The expansion of the sales network is reflected in the increase in depreciation, which rose from € 1.4 million in the first quarter of 2012 to € 2.5 million in the present quarter.

Given these changes, normalized net profit (excluding the effects of capital gains) rose by 14.8%, to reach € 8.2 million (€ 7.2 million in the quarter ended March 31st 2012); including the effect of the capital gains, net profit for the period was € 8.8 million (a margin of 9.8%), rising by 11.9% over the net profit of € 7.9 million achieved in the corresponding period in 2012.

Balance sheet

Net working capital amounted to € 70.2 million at March 31st 2013, representing an increase of € 12.3 million over the balance of € 57.9 million at March 31st 2012. This rise is the result of the growth of the business and the natural increase in inventories in the light of the key program for the development of the DOS network.

At March 31st 2013 net working capital amounted to 25.8% of sales for the previous 12 months, remaining essentially in line with the figure of 24.7% at March 31, 2012.

Significant capital expenditure was made in the first 3 months of 2013, with the total reaching € 16.4 million compared to € 3.7 million in the same period in 2012.

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5 Excluding the capital gain of € 0.8 million on the sale of the trademarks "Solomei", "Solomeo" and the related coat of arms to Fedone S.r.l..

6 Excluding the capital gain of € 1.0 million on the assignment of the lease agreement for the store in Via Spiga, 15, Milan.

This increase was driven by investments (€ 12.3 million) made for the key boutique openings planned for the whole of 2013 and by the significant project for extending the factory and the logistics hub (total capital expenditure of € 4.1 million, including various maintenance, relating to production and logistics).

Net debt reached € 14.8 million compared to € 57.8 million at the end of the first quarter of 2012, benefiting from the cash generated by the admission to trading and public offering of the Company's shares.

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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.

The Interim Report, which has been prepared pursuant to article 154-ter, paragraph 5 of Legislative Decree no. 58 of 1998, has not been audited.

The Interim Report at March 31st 2013, which was approved by the Board of Directors today, is filed at the Company's registered office and is available to the public in the Financial Reports section of the Company's website (http://investor.brunellocucinelli.com).

The Analysts' Presentation of the results at March 31st 2013 in pdf format may be found in the "Presentations" section of the Company's website at http://investor.brunellocucinelli.com/ita/presentazioni/.

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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 € 279.3 million in 2012 (+15.1% compared to the previous year), of which around 75.4% was earned overseas, and a normalized EBITDA of € 49.1 million (up by 22.3% compared to the previous year), and has over 800 employees.

The Group operates in more than 50 countries worldwide through a network of more than 80 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 and Shanghai) 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.

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The financial statements are attached.

BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT MARCH 31ST 2013

	March 31, 2013	*related parties*	December 31, 2012	*related parties*	March 31, 2012	*related parties*
Non-current assets						
Intangible assets	25.996		16.548		11.562	
Property, plant and equipment	46.482	6.471	41.931	6.094	30.212	4.435
Other non-current financial assets	3.299	41	3.162	41	2.241	
Deferred tax asset	6.606		7.489		3.157	
Total non-current assets	**82.383**		**69.130**		**47.172**	
Current assets						
Inventories	76.773		80.089		61.800	
Trade receivables	58.298	22	47.826	8	58.541	30
Tax receivables	1.246		987		1.835	
Other receivables and other current assets	10.121		10.384		9.507	
Cash and cash equivalents	38.545		40.045		6.493	
Derivative financial instruments	524		1.610		0	
Total current assets	**185.507**		**180.941**		**138.176**	
Assets held for sale	0		0		0	
Total assets	**267.890**		**250.071**		**185.348**	

	March 31, 2013	*related parties*	December 31, 2012	*related parties*	March 31, 2012	*related parties*
Shareholders' equity						
Shareholders' equity attributable to parent company shareholders						
Share capital	13.600		13.600		12.000	
Share-premium Reserve	57.915		57.915		-	
Reserves	45.340		23.824		22.750	
Net income for the period	8.776		22.484		7.946	
Total shareholders' equity attributable to owners of the parent	**125.631**		**117.823**		**42.696**	
Shareholders' equity attributable to non-controlling interests						
Capital and reserves attributable to non-controlling interests	4.286		2.035		1.729	
Net income for the period attributable to non-controlling interests	29		(241)		(75)	
Total shareholders' equity attributable to non-controlling interests	**4.315**		**1.794**		**1.654**	
Total shareholders' equity	**129.946**		**119.617**		**44.350**	
Non-current liabilities						
Employees termination indemnities	2.980		2.954		2.766	
Provisions for risks and charges	950		950		890	
Non-current payables towards banks	11.537		11.559		16.732	
Non-current financial debt	1.716		219		25	
Other non-current liabilities	1.283		1.216		803	
Deferred Tax liabilities	2.598		806		523	
Non-current derivative financial instruments	292		423		-	
Total non-current liabilities	**21.356**		**18.127**		**21.739**	
Current liabilities						
Trade payables	54.264	1.012	62.718	286	47.559	987
Current payables towards banks	39.335		28.423		46.989	
Current financial liabilities	149		15		-	
Income tax payables	6.295		2.761		11.387	
Current derivative financial instruments	1.189		271		713	
Other current liabilities	15.356		18.139		12.611	
Total current liabilities	**116.588**		**112.327**		**119.259**	
Total liabilities	**137.944**		**130.454**		**140.998**	
Total equity and liabilities	**267.890**		**250.071**		**185.348**	

BRUNELLO CUCINELLI

CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED MARCH 31ST 2013

	March 31, 2013	*related parties*	March 31, 2012	*related parties*
Net revenues	88.835	13	77.636	
Other operating income	1.046	836	1.182	8
Revenues	**89.881**	**849**	**78.818**	**8**
Costs of raw materials and consumables	(22.655)	(25)	(17.924)	(1)
Costs for services	(38.215)	(398)	(36.191)	(396)
Payroll costs	(12.570)	(47)	(10.254)	(38)
Other operating (expenses)/revenues, net	(271)		(457)	
Costs capitalized	190		117	
Depreciation and amortization	(2.519)		(1.418)	
Impairment of assets and other accruals	(274)		(233)	
Total operating costs	**(76.314)**	**(470)**	**(66.360)**	**(435)**
Operating Income	**13.567**	**379**	**12.458**	**(427)**
Financial expenses	(1.908)		(678)	
Financial income	1.428		162	
Income before taxation	**13.087**	**379**	**11.942**	**(427)**
Income taxes	(4.282)		(4.071)	
Net income for the period	**8.805**	**379**	**7.871**	**(427)**
Net income for the period attributable to owners of the parent	8.776		7.946	
Net income for the period attributable to non-controlling interests	29		(75)	
Base earnings per share	0,12906		0,13240	
Diluted earnings per share	0,12906		0,13240	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	March, 31	
	2013	**2012**
Net income for the period	**8.805**	**7.871**
Other components of comprehensive income:		
Profit/(Loss) from fair value adjustments related to hedging instruments	(1.735)	1.633
Tax Effect	477	(449)
Effect of variation in reserve of cash flow hedges	**(1.258)**	**1.184**
Exchange differences on translation of foreign operations	354	(222)
Total other profit/(loss), net of taxation	**(904)**	**962**
Total net comprehensive income, net of taxation	**7.901**	**8.833**
Attributable to:		
Owners of the parent	7.782	8.952
Non-controlling interests	119	(119)

BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED MARCH 31ST 2013

	March 31, 2013	March 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	8.805	7.871
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Depreciation and amortization	2.519	1.418
Provisions for employees termination indemnities	31	76
Provisions for risks and charges / inventory obsolescence / doubtful accounts	230	233
Change in other non-current liabilities	34	94
(Gain)/Loss on disposal of Fixed assets	(830)	(990)
Termination indemnities payments	(5)	(5)
Payments of Provisions for risks and charges	-	-
Net change in deferred tax assets and liabilities	993	(76)
Change in fair value of financial instruments	138	(568)
Changes in operating assets and liabilities:		
Change in trade receivables	(10.531)	(10.218)
Change in inventories	4.872	2.650
Change in trade payables	(10.772)	(8.098)
Change in other current assets and liabilities	(311)	3.984
Net cash provided by/(used in) operating activities	**(4.827)**	**(3.629)**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5.200)	(2.925)
Additions to intangible assets	(2.160)	(190)
Additions/(disposals) of financial assets	(25)	(554)
Acquisition of Brunello Cucinelli England Ltd, net of cash acquired	(4.718)	-
Proceeds from disposal of property, plant and equipment	894	34
Net cash provided by/(used in) investing activities	**(11.209)**	**(3.635)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	-	25
Repayment of medium/long-term loans	(939)	(1.077)
Net change in short-term financial debt	11.474	8.710
Net change in long-term financial debt	1.497	-
Dividends paid	-	(2.500)
Share capital and reserves increase	2.402	-
Net cash provided by/(used in) financing activities	**14.434**	**5.158**
TOTAL CASH FLOW FOR THE PERIOD	**(1.602)**	**(2.106)**
Effect of exchange rate changes on cash and cash equivalents	**102**	**(84)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**40.045**	**8.683**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**38.545**	**6.493**
Additional information:		
Interest paid	**318**	**556**
Income tax paid	**450**	**308**