BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the Board of Directors has approved the Interim Report at 30th September 2013.

- **Net revenues of € 251.7 million (+14.3% compared to net revenues at 30th September 2012);**

- **EBITDA of € 45.8 million (+15.0% compared to normalized EBITDA[1] for the first nine months of 2012);**

- **Significant growth in the international markets is confirmed (+20.5%), driven by sales in the USA (+26.4%) and in Europe (+19.2%), accompanied by the increase in Greater China (+16.7%), Rest of the World (+9.3%), and the slight fall in the results on the Italian market (-2.6%);**

- **A significant investment plan, an increase to € 34 million over the € 16.7 million at 30th September 2012, directed towards the extension of the factory at Solomeo and the monobrand store network, with a corresponding increase in depreciation and ammortization (€ 8.3 million at 30th September 2013, compared to € 4.7 million at 30th September 2012);**

- **Net profit of €23.5 million (+10.2% compared to normalized net profit[1] for the first nine months of 2012);**

- **Net debt of €23.6 million (€14.4 million at 30th September 2012) as a consequence of the investment plan, positively affected by healthy working capital management.**

Brunello Cucinelli, the Group's Chairman and CEO, commented:

«*We are really pleased with the performance reported by our company over the first 9 months of the year; results in economic terms are particularly interesting and we therefore envisage a very positive 2013*».

«*The orders collection for Spring Summer 2014 has gone really well. We feel that we are reaping, step by step, the fruit of major investments in the image of a company operating in the so-called absolute segment of world luxury, whilst at the same time respecting craftsmanship, quality and, hopefully, creativity as well as manufacturing the typical products of our cultural heritage entirely in Italy*».

[1] The normalized EBIDA and net profit for the first nine months of last year do not include the non-recurring costs incurred for the listing process.

BRUNELLO CUCINELLI

Solomeo, 12th November 2013 – 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 and approved the Interim Report for the nine months ended 30th September 2013.

The results for the first nine months consolidate the results reported in the first half of the year, consistent with the path of sustainable growth and healthy profitability representing the Group's strategy and long-term approach.

Revenue Performance

Net revenues for the first nine months of 2013 reached € 251,7 million, a rise of 14.3% (+15.9% at constant exchange rates) compared to € 220.2 million for the nine months ended 30th September 2012.

Revenues including other operating income totaled € 253.4 million for the nine months ended 30 September 2013, an increase of 14% over the € 222.2 million posted in the corresponding period of the previous year.

Revenues by Geographical Area

The absolute charm of the exclusivity of top range Italian products, concentrated in the "informal luxury" clothing segment, has driven the Group's sales results up in the prestigious boutiques in the leading fashion capitals, resorts and luxury department stores.

In addition, market dynamics confirm rising demand coming from the more sophisticated consumer, a person characterized by having a developed taste and being increasingly attentive to the issues of sustainability and ethics as far as revenues and profits are concerned.

The reported results highlight two different drivers of growth, namely local consumer demand and the important contribution made by foreign tourists to the turnover achieved in the first nine months of 2013.

<u>North American market</u> – turnover rose by 26.4% (€ 78.5 million compared to the previous € 62.1 million), representing 31.2% of total revenues (28.2% in the first nine months of 2012).

Both the wholesale multibrand distribution channel, characterized by an exclusive presence in prestigious "hard shops" in highly important luxury department stores, and the monobrand network, represented by the boutiques located in the most prestigious luxury streets, posted double-digit growth, thanks to the contribution made by sales in existing spaces and new ones.

Both channels achieved high sell-out results, with sales dynamics increasingly stressing the interest of the high range consumer.
This segment is showing itself to be ever sensitive to the exclusive offer which does not necessarily display the logo but which favors a proposal of sought-after and absolute quality clothing.

Delivery dynamics for the Autumn / Winter collection affected the distribution of sales across the quarters, benefiting the results of the second quarter over the June-September period.

At 30th September 2013 the monobrand network consisted of 16 boutiques, including 4 openings in the past 12 months of which 1 in the exclusive resort of Aspen.

European Market – revenues increased by 19.2% (€ 82.3 million compared to € 69.1 million in the first nine months of 2012), representing 32.7% of the total (31.4% in the nine months ended 30th September 2012).

The results that have been achieved show the solidity of the European market, which in line with the American market displays a sophisticated and attentive profile of the high range consumer, with increases driven by both sales to tourists and local demand.

In particular, sales to local customers indicate purchases repeated over time, due to the offer of modern collections which are in constant evolution, also maintaining the brand's inimitable taste and style.

The timing of the delivery of the collections has the same dynamics as those to be found on the North American market, with a positive effect in 2013 on sales in the second quarter compared to the third.

The increase in turnover was driven by the results of the existing floor spaces and by the program of monobrand openings; the network of directly operated boutiques in leading European cities had arrived at 19 sales points by 30th September 2013, while the network of wholesale monobrand stores had reached 20 by the same date, with openings in the emerging countries area (including Istanbul and Almaty, in June, and Ekaterinburg in August).

Greater China – revenues grew by 16.7% (€ 11.3 million compared to the previous € 9.6 million) representing 4.5% of total turnover (in line with the first nine months of 2012); the important purchases made by Chinese consumers abroad should be added to the sales made in Greater China itself.

The domestic consumer shows the growing interest in craft-based, exclusive products with a Made in Italy charm, factors which are not necessarily identified in the presence of the logo.
Chinese tourists, who have always been attracted by international taste and by top quality proposals (not correlated with the extensive communication of the logo), also contribute to sales in the world's leading capitals and resorts, in both Europe and the North American market.

Consistent with the "sought-after" exclusivity of the distribution, the Group's presence in China at 30th September 2013 consisted of 18 boutiques, of which 13 direct monobrand stores (12 in mainland China and 1 in Macao) and 5 wholesale monobrand boutiques (3 in Hong Kong and 2 in Taiwan). The sales network shows that there were no openings in the period between June and September 2013, with the sole conversion of Macao from the wholesale monobrand sales network to the direct network.

Rest of the World – sales rose by 9.3% (€ 21.5 million compared to the previous € 19.7 million), representing 8.5% of revenues (8.9% in the first nine months of 2012).

There were 8 monobrand boutiques at 30th September 2013, a figure which includes the opening of the new wholesale monobrand stores in Tokyo and Doha in 2013.

Italian Market – revenues of € 58.0 million, compared to € 59.6 million for the first nine months of 2012 (with the proportion of the total falling from 27.1% in the nine months ended 30th September 2012 to 23.1% in the first nine months of 2013).

Sales in the monobrand channel posted sustainable growth in both the direct monobrand stores network and wholesale network, thanks to sales made in the leading cities and resorts, sustained by significant foreign tourist flows.

The network of monobrand boutiques consisted of 15 stores at 30th September 2013, with openings taking place on the luxury streets of Turin (at the end of March) and Naples (at the beginning of April).

Revenues by Distribution Channel

Retail monobrand sales channel – an increase in turnover of 57.9% (€ 79.1 million compared to the previous € 50.1 million), representing 31.5% of total revenues (22.8% in the first nine months of 2012).

Like for Like[2] sales of the direct network posted an increase of 8.2% in the first 44 weeks of 2013 (the period between 1 January and 3 November 2013), consistent with the expectations for sustainable growth for the end of the year, showing positive results in all geographical areas.

Growth in the direct channel has been favored by the selected opening of boutiques over the past 12 months and the conversion of 10 stores from the wholesale monobrand network.

Wholesale monobrand sales channel – revenues, amounting to € 29.3 million, represent 11.6% of total turnover, compared to 13.4% in the first nine months of 2012 (when sales amounted to € 29.5 million), affected by the 10 conversions to the retail monobrand network carried out in the past 12 months.

The result is an increase of 28.5% of turnover (excluding the sales made by the conversions) for the first 9 months of 2012, or € 22.8 million.

Multibrand sales channel – a rise of 2% in turnover (sales of € 143.3 million compared to € 140.5 million in the nine months ended 30th September 2012), representing 56.9% of the total (63.8% in the first nine months of 2012).

The positive result achieved was driven by the sales made in the most prestigious luxury department stores, consolidated at a world level, supported by the multibrand boutiques, in both the consolidated and emerging markets.

The monobrand channel network

At 30th September 2013 the monobrand network had arrived at a total of 96 boutiques (74 stores at the same date in 2012), of which 58 direct monobrand and 38 wholesale monobrand.

Retail monobrand network - This channel (58 boutiques at 30th September 2013 compared to 32 stores at 30th September 2012) has benefited from 16 net openings over the past 12 months and 10 store conversions to the wholesale monobrand network, consistent with the “exclusive” growth approach to the Group’s presence on the luxury streets of leading cities.

There were 9 openings of direct monobrand boutiques in 2013, including those in Shanghai (January), Barcelona (February), Turin (March), Naples (April), Beijing (May) and Dallas and Munich (September).

The 10 conversions of stores from the wholesale monobrand network over the past 12 months mainly involved the network of stores in China (6 conversions from 1st October 2012), the 2 prestigious London boutiques (Burlington Gardens and Sloane Street from 1st January 2013) and the Macao boutique (from 1st August 2013).

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

Wholesale monobrand network – this network (38 boutiques at 30th September 2013 compared to 42 stores at 30th September 2012) is characterized by 6 net openings and 10 conversions to the direct monobrand channel over the past 12 months.

The 6 openings in the first nine months of 2013 took place in Tokyo (March), Hong Kong and Doha (April), Istanbul and Almaty (June) and Ekaterinburg (August); a boutique in Riyad was then opened in October.

The joint venture with a local partner in Hong Kong was finalized and became operational in October 2013, as the result of which 3 wholesale monobrand stores were converted to direct stores.

The “exclusive” and “selective” approach will continue over the next 12 months, with the opening of new monobrand boutiques; agreements have already been signed for 10 of these.

Analysis of operating results and net profit

EBITDA reached € 45.8 million (18.1% of revenues), representing an increase of 15.0% over the € 39.8 million for normalized EBITDA[1] earned in the first nine months of 2012 (17.9% of revenues).

EBITDA for the nine months ended 30th September 2013 achieved growth of 36.4% over the figure of € 33.6 million for the same period of the previous year (15.1% of revenues) if the non-recurring costs for the listing process are included in the 2012 results (€ 6.2 million).

The development of the business, the changes in the sales channel mix and the growth in the direct channel are the causes of the variations in the earnings posted for the first nine months of 2013.

In particular, the positive results of the existing stores and the new openings enabled the operating costs directly connected with the growth of the retail monobrand channel to be absorbed, characterized by the opening of prestigious boutiques and exclusive spaces and the expansion of the business.

The increase in operating costs (which rose from 37.4% as a proportion of revenues in the first nine months of 2012 to 39.5% for the period ended 30th September 2013) was therefore driven by increases in rental costs (5.5% in the first nine months of 2013 compared to 4.0% in the corresponding period of 2012), payroll costs (14.4% in the nine months ended 30th September 2013 compared to 14.1% in the corresponding period of the previous year) and costs for duties and transport (4.2% in the first nine months of 2013 compared to 3.7% in the nine months ended 30th September 2012).
Among the other items are marketing and advertising expenses, which remain above 5% of revenues (5.6% in the first nine months of 2013 compared to 5.4% in the nine months ended 30th September 2012).

Capital expenditure incurred for directly operated and monobrand stores led to an increase in depreciation and amortization, which reached € 8.3 million in the first nine months of 2013 (3.3% of revenues) compared to € 4.7 million in the nine months ended 30th September 2012 (2.1%).

Net profit reached € 23.5 million for the first nine months of 2013, representing a rise of 10.2% over the normalized[1] figure of € 21.3 million for last year; net profit increased by 37.9% if the non-recurring costs incurred for the listing process are included in the results for the first nine months of 2012.

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Balance sheet

Net working capital of € 76.2 million at 30th September 2013 (€ 73.6 million at 30th September 2012) decreased as a proportion of turnover for the previous 12 months (24.5% at 30th September 2013 compared to 27.1% at 30th September 2012) due to positive inventory management which absorbed the natural increase (€ 77.2 million at 30th September 2013 compared to € 64.8 million at 30th September 2012) arising from the growth of the retail network and the business.

The investment plan continued, with capital expenditure of € 34 million euro made in the first nine months of 2013 (€ 16.7 million at 30th September 2012) directed towards support for the opening of monobrand boutiques (included in the € 20.9 million of commercial investments at 30th September 2013 compared to €12.0 million at 30th September 2012) and the significant project for extending the factory and the logistics hub (included in the € 11.5 million of total investments relating to production and logistics, compared to € 2.6 million at 30th September 2012).

Following the peak of € 32.2 million reached at 30th June 2013, net debt down to €23.6 million at 30th September 2013; comparing the figure with that for the net financial position at 30th September 2012 (€ 14.4 million), the increase is driven by the significant investment plan currently being put into practice.

The improvement in the net financial position at 30th September 2013 over that at 30 June 2013 is influenced by the positive management of net working capital, which reached € 76.2 million at 30th September 2013 (in line with the figure of € 76.5 million at 30 June 2013); on the other hand last year net working capital increased from € 66.3 million at 30 June 2012 to € 73.6 million at 30th September 2012.

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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 30th September 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 30th September 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 75.4% was achieved overseas, and a normalized EBITDA of € 49.1 million (up by 22.3% compared to the previous year), and currently has circa 1,000 employees.

The Group operates in more than 50 countries worldwide through a network of 97 monobrand stores and boutiques located in the world's leading capitals and cities (Milan, Venice, Paris, London, Madrid, Barcelona, Berlin and Munich, 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 doors, 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, contemporary, exclusive products, with business since the company's foundation being conducted in the medieval hamlet of Solomeo, lying on the outskirts of Perugia.

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The financial statements are attached

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT SEPTEMBER 30TH 2013 [3]

	September 30, 2013	*related parties*	December 31, 2012 revised	*related parties*	September 30, 2012 revised	*related parties*
Non-current assets						
Intangible assets	26.850		16.548		15.993	
Property, plant and equipment	55.556	7.717	41.931	6.094	34.896	5.746
Other non-current financial assets	2.803	41	3.162	41	2.890	41
Deferred tax asset	9.448		7.489		6.452	
Total non-current assets	**94.657**		**69.130**		**60.231**	
Current assets						
Inventories	77.246		80.089		64.786	
Trade receivables	63.027	61	47.826	8	67.831	
Tax receivables	1.212		987		1.853	
Other receivables and other current assets	8.797		10.384		4.627	
Cash and cash equivalents	38.027		40.045		35.879	
Derivative financial instruments	1.443		1.610		864	
Total current assets	**189.752**		**180.941**		**175.840**	
Total assets	**284.409**		**250.071**		**236.071**	

	September 30, 2013	*related parties*	December 31, 2012 revised	*related parties*	September 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	40.442		23.678		23.314	
Net income for the period	24.404		22.630		17.216	
Total shareholders' equity attributable to owners of the parent	**136.361**		**117.823**		**111.169**	
Shareholders' equity attributable to non-controlling interests						
Capital and reserves attributable to non-controlling interests	3.929		2.035		2.041	
Net income for the period attributable to non-controlling interests	(897)		(241)		(173)	
Total shareholders' equity attributable to non-controlling interests	**3.032**		**1.794**		**1.868**	
Total shareholders' equity	**139.393**		**119.617**		**113.037**	
Non-current liabilities						
Employees termination indemnities	2.951		2.954		2.964	
Provisions for risks and charges	944		950		794	
Non-current payables towards banks	11.313		11.559		13.655	
Non-current financial debt	3.637		219		217	
Other non-current liabilities	1.482		1.216		1.152	
Deferred Tax liabilities	2.481		806		1.436	
Non-current derivative financial instruments	254		423		0	
Total non-current liabilities	**23.062**		**18.127**		**20.218**	
Current liabilities						
Trade payables	49.036	857	62.718	286	41.936	933
Current payables towards banks	45.987		28.423		35.510	
Current financial liabilities	133		15		163	
Income tax payables	8.059		2.761		8.075	
Current derivative financial instruments	402		271		1.074	
Other current liabilities	18.337		18.139		16.058	
Total current liabilities	**121.954**		**112.327**		**102.816**	
Total liabilities	**145.016**		**130.454**		**123.034**	
Total equity and liabilities	**284.409**		**250.071**		**236.071**	

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

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CONSOLIDATED INCOME STATEMENT AT SEPTEMBER 30TH 2013 [4]

	September 30, 2013	*related parties*	September 30, 2012 revised	*related parties*
Net revenues	251.685	56	220.165	46
Other operating income	1.701	925	2.024	13
Revenues	**253.386**		**222.189**	
Costs of raw materials and consumables	(52.679)	(48)	(44.095)	(28)
Costs for services	(115.947)	(1.169)	(111.538)	(1.219)
Non-recurrent costs	-		*(6.241)*	
Payroll costs	(36.432)	(142)	(31.285)	(116)
Other operating (expenses)/revenues, net	(1.743)	(1)	(1.205)	(3)
Costs capitalized	432		167	
Depreciation and amortization	(8.297)		(4.699)	
Impairment of assets and other accruals	(1.251)		(671)	
Total operating costs	**(215.917)**		**(193.326)**	
Operating Income	**37.469**		**28.863**	
Financial expenses	(5.340)		(2.719)	
Financial income	3.897		1.249	
Income before taxation	**36.026**		**27.393**	
Income taxes	(12.519)		(10.350)	
Net income for the period	**23.507**		**17.043**	
Net income for the period attributable to owners of the parent	24.404		17.216	
Net income for the period attributable to non-controlling interests	(897)		(173)	
Base earnings per share	0,35888		0,26662	
Diluted earnings per share	0,35888		0,26662	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	September, 30	
	2013	**2012 revised**
Net income for the period	**23.507**	**17.043**
Effects with possible future impact on the income statement	(479)	1.487
Profit/(Loss) from fair value adjustments related to hedging instruments	(352)	2.241
Tax Effect	97	(616)
Effect of variation in reserve of cash flow hedges	(255)	1.625
Exchange differences on translation of foreign operations	(224)	(138)
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	**(448)**	**1.412**
Total net comprehensive income, net of taxation	**23.059**	**18.455**
Attributable to:		
Owners of the parent	24.000	18.679
Non-controlling interests	(941)	(224)

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

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CONSOLIDATED STATEMENT OF CASH FLOWS AT SEPTEMBER 30TH 2013 [5]

CONSOLIDATED STATEMENTS OF CASH FLOWS	September 30, 2013	September 30, 2012 revised
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	23.507	17.043
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Depreciation and amortization	8.297	4.699
Provisions for employees termination indemnities	111	210
Provisions for risks and charges / inventory obsolescence / doubtful accounts	1.287	781
Change in other non-current liabilities	290	396
(Gain)/Loss on disposal of Fixed assets	(885)	(1.093)
Termination indemnities payments	(72)	(37)
Payments of Provisions for risks and charges		(3)
Net change in deferred tax assets and liabilities	(1.644)	(2.584)
Change in fair value of financial instruments	(225)	(462)
Changes in operating assets and liabilities:		
Change in trade receivables	(16.355)	(19.671)
Change in inventories	3.522	(104)
Change in trade payables	(14.685)	(14.247)
Change in other current assets and liabilities	5.853	8.724
Net cash provided by/(used in) operating activities	**9.001**	**(6.348)**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(18.641)	(9.813)
Additions to intangible assets	(6.220)	(5.732)
Additions/(disposals) of financial assets	378	(1.109)
Acquisition of Brunello Cucinelli (England) Ltd net of cash acquired	(3.197)	
Acquisition of minorities Brunello Cucinelli Marittima S.r.l.	(82)	
Proceeds from disposal of property, plant and equipment	1.216	274
Net cash provided by/(used in) investing activities	**(26.546)**	**(16.380)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	3.600	217
Repayment of medium/long-term loans	(4.326)	(4.565)
Net change in short-term financial debt	16.217	(2.269)
Net change in long-term financial debt	3.418	
Share capital and reserves increase	2.562	59.357
Dividends paid	(5.794)	(2.817)
Net cash provided by/(used in) financing activities	**15.677**	**49.923**
TOTAL CASH FLOW FOR THE PERIOD	**(1.868)**	**27.195**
Effect of exchange rate changes on cash and cash equivalents	**(150)**	**1**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**40.045**	**8.683**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**38.027**	**35.879**
Additional information:		
Interest paid	**1.207**	**1.518**
Income tax paid	**9.701**	**11.843**

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