



BRUNELLO CUCINELLI

Press release

BRUNELLO CUCINELLI: the Board of Directors has examined the 2013 Preliminary Results

- **Net revenues of € 322.5 million (+15.4% compared to net revenues for the year ended 31st December 2012);**
- **A significant increase on the international markets (+21.4%) supported the growth, driven by sales in the USA (+23.2%) and in Europe (+20%), together with rises in Greater China (+52.5%) and the Rest of the World (+5.7%) and a slight fall in sales on the Italian market (-2.9%) which have reached levels considered to be a new starting point (this market is highly important for assessing the product);**
- **Net debt of € 16 million (€ 1 million at 31st December 2012) to support the significant investment plan for extending the factory at Solomeo and the monobrand boutique network (totaling around € 38 million), benefiting positively from healthy working capital management.**

Brunello Cucinelli: «Orders for Spring/Summer as well as the great appreciation enjoyed by our Fall/Winter Men's collection drive us to envisage a "gracious double-digit growth" of revenues and profit also for 2014».

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

«For our company 2013 has been another "very very special" year».

«The double-digit growth posted by revenues has been very interesting and, judging from the quality of sales, we can foresee as much a significant growth in profit, too».

«However, the greatest result has perhaps been achieved from the image point of view. Being positioned in the "absolute" luxury segment as a ready-to-wear company, we are acknowledged a high level of craftsmanship, quality and creativity, a typical expression of a well-manufactured *Made in Italy* product and featuring "exclusive" distribution in particular. US, European and Japanese buyers have shown a very strong demand for very high-quality womenswear and menswear (a typical product of our Italy). The presentation of the new men's suits collection has stirred great interest, which is evidence of a comeback of suits also among young customers».

«Following years of strong investments, we can now say that the company has laid strong foundations to work comfortably in the years to come solely and uniquely under the "Brunello Cucinelli" brand».

«Considering that orders for Spring Summer 2014 had performed really well and since the Fall/Winter 2014 Men's fashion week in Italy (in Florence first and then Milan) is already over, we can be confident in a "particularly positive" year and envisage a "gracious, double-digit growth" in terms of both revenues and profits».



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Solomeo, 16th January 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 the Group's preliminary consolidated net revenues for 2013 and its net debt at the end of the year. As announced in the financial timetable, the final figures for the year ended 31st December 2013 will be reviewed and approved by the Board of Directors at its meeting scheduled for 10th March.

The Group achieved net revenues of € 322.5 million in the year ended 31st December 2013, a rise of 15.4% compared to revenues of € 279.3 million in 2012; the preliminary figures for the year therefore confirm the soundness of the Group's path to growth in 2013, consistent with its strategy and long-term approach and the sustainability of its results.

The consolidated and acknowledged positioning of the Group in the real luxury sector, which is uniquely identifiable with the absolute luxury segment and which is its DNA, underlies the 2013 results, and the route towards gracious growth undertaken by the business, which has always been its approach to development, is a fundamental factor in maintaining its positioning in the top luxury sector.

The exclusivity of the offering of a genuinely Italian product which is also top of the range satisfies the growing and increasingly exacting demand of an extremely sophisticated consumer, who has a developed taste but at the same time is watchful about issues such as the sustainability of the entrepreneurial model and healthy profitability.

The proposal of top quality craft-based products which are characterized by extraordinary handwork and are the result of the utmost in specialization enhances local demand and increasing sales to tourists who, captivated by the exclusivity of Made in Italy goods, prize the proposal of clothing of an absolute quality that is not necessarily identified in the excessive display of the logo.

Revenues by Geographical Area

North American market – revenues rose by 23.2% (€ 109.1 million compared to € 88.5 million in 2012), representing 33.8% of the total (31.7% in 2012).

The increase in sales was driven by sales made in the existing network, the opening of new floor spaces and the important results achieved by sell-outs.

The Group's exclusive presence in the prestigious hard shops of the leading luxury department stores and in the boutiques located on the most exclusive streets of this area led to double-digit increases in the wholesale multibrand channels and in the monobrand channel.

At 31st December 2013 the monobrand network consisted of 16 boutiques, a figure which includes 2 openings in 2013.

European Market – revenues increased by 20% (€ 107.9 million compared to the previous € 89.9 million), representing 33.5% of the total (32.2% in 2012).

The program of selected openings of monobrand stores continued in 2013 (6 boutiques), with increases in sales in the comparable floor spaces.

The network of directly operated boutiques reached 19 sales points by 31st December 2013, with 2 openings in leading European cities (Barcelona and Munich) and the passage of the 2 prestigious boutiques in London from the wholesale monobrand network to the direct network.



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The wholesale monobrand network reached at 31st of December 2013 21 boutiques, with openings in the Emerging Markets area (including Istanbul, Almaty and Ekaterinburg) and in selected areas of Western Europe (Copenhagen).

Greater China – sales rose by 52.5% (€ 15.7 million compared to the previous € 10.3 million) representing 4.9% of total revenues (3.7% in 2012).

The increase in sales, which rose by over 50%, was mainly driven by the conversion of stores in the wholesale monobrand network to the direct network (4 conversions in 2013, to which should be added the 6 conversions carried out in October 2012), by the positive effect of the 4 net openings in the year and by sales made in the existing network.

At 31st December 2013 the distribution network in Greater China consisted of 18 boutiques, of which 16 were direct monobrand stores and 2 wholesale monobrand boutiques.

The domestic consumer, representative of the evolution towards a top quality offering, does not only contribute to the sales made in Mainland China but also supports the results achieved in the leading capitals of the world and resorts, in Europe and on the North American market, which are benefiting from an increase in top level tourism.

Rest of the World – sales rose by 5.7% (€ 23.1 million compared to the previous € 21.9 million), representing 7.2% of revenues (7.8% in 2012).

There were 9 monobrand boutiques at the end of 2013, a figure which includes the openings in Tokyo and Doha in the first half of the year, to which should be added the opening in Riyadh in October.

Italian Market – sales of € 66.7 million, compared to € 68.7 million in 2012 (being 20.7% of the total compared to 24.6% in 2012).

Sales to foreign tourists drove up the performance in the retail and wholesale monobrand networks, with positive growth being achieved in the wholesale multibrand channel in the leading Italian cities and exclusive resorts.

The network of monobrand boutiques consisted of 15 stores at 31st December 2013; the 2 openings of the year took place in the first half of 2013 and regarded stores located on the luxury streets of Turin and Naples.

Revenues by Distribution Channel

Retail monobrand sales channel - revenues rose by 50% (€ 115.4 million compared to the previous € 76.9 million), representing 35.8% of total revenues (27.5% in 2012).

Existing floor spaces made a positive contribution to sales; the considerable growth achieved additionally benefited from the selected opening of 9 boutiques in the year and the 6 conversions of stores in the wholesale monobrand network to the direct channel.

Wholesale monobrand sales channel – revenues of € 33.1 million represented 10.3% of the total, with an increase of 1.2% over 2012 (sales of € 32.7 million, representing 11.7% of the total); these results were affected by 6 conversions to the retail monobrand network.

Excluding the 14 conversions which have taken place over the past 24 months there would have been an increase of 25% over turnover for the year ended 31st December 2012.



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Multibrand sales channel – an increase of 2.5% in sales (revenues of € 173.9 million in the year ended 31st December 2013 compared to € 169.7 million in 2012), representing 53.9% of the total (60.8% in 2012).

The results of the multibrand channel confirm the extreme attractiveness of the most prestigious luxury department stores in the leading cities and resorts of consolidated markets and emerging markets, as well as the importance of the multibrand boutiques situated there.

Monobrand channel network

At 31st December 2013 the monobrand channel consisted of 98 boutiques, compared to 81 at 31st December 2012, of which 61 direct monobrand and 37 wholesale monobrand.

Retail monobrand network – The direct distribution network (61 boutiques at 31st December 2013 compared to 46 stores at the end of 2012) benefited from 9 net openings during 2013, to which should be added the 6 conversions of boutiques from the wholesale monobrand network.

The number of openings is confirmation of the absolute exclusivity strategy which, in the Group's approach, gives prominence to absolute luxury, with a presence on the prestigious streets of the world's leading cities and resorts.

Over the year the conversion of stores from the wholesale monobrand network involved the 2 exclusive boutiques in London (Burlington Gardens and Sloane Street, from 1st January 2013) and those in Greater China (3 conversions in Hong Kong, effective October 2013, and 1 in Macao, effective 1st August 2013). The decision to convert the boutiques in Hong Kong and Macao is consistent with the Group's wish to have direct control in the Asian area following the conversion of the wholesale monobrand boutiques of mainland China in October 2012.

Wholesale monobrand network – the wholesale monobrand presence (37 boutiques at 31st December 2013 compared to 35 at the end of 2012) was characterized by 8 openings and 6 passages to the direct monobrand channel during the year.

Net Financial Position

Net debt is expected to close at € 16 million, a decrease over the peak of € 32.2 million at 30th June 2013 and over the € 23.6 million at 30th September 2013, thanks to the positive management of working capital aided by the business's cyclicity.

The increase, compared to the net financial position of € 1 million at 31st December 2012 is due to the Group's significant investment plan of around € 38 million involving the opening of monobrand boutiques, the development of hard shops in the multibrand network and the key project to extend the Solomeo factory.

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.



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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 around 1,000 employees.

The Group operates in more than 55 countries worldwide through a network of 98 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 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, 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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