BRUNELLO CUCINELLI

Press Release Brunello Cucinelli S.p.A.

BRUNELLO CUCINELLI: The Board of Directors has approved the 2012 consolidated financial statements and the 2012 draft separate financial statements.

- **net revenues of € 279.3 million (+15.1%);**
- **normalized net profit[1] of 26.5 million (+26.2%);**
- **normalized EBITDA[1] of 49.1 million (+22.3%);**
- **a significant rise in overseas turnover (+25.5%), which represents 75.4% of total revenues, and a limited reduction in Italy (-8.2%);**
- **very good results in all distribution channels: retail monobrand +42.9%, wholesale monobrand +20.3%, multibrand +5%;**
- **net debt of € 1 million (compared to € 48 million at 31st December 2011);**
- **capital expenditure of € 27.3 million, mainly concentrated on developing the monobrand network (81 stores at the end of 2012), and the starting of the important project to extend the factory and the logistics hub.**

The Board of Directors will propose to the shareholders meeting the distribution of a dividend of € 0.08 per share.

Brunello Cucinelli, Chairman and CEO of the Group, commented as follows:

"2012 has been a ***particularly special*** *year in Brunello Cucinelli Spa's history, a year in which we have made our debut on the Stock Exchange and laid the foundations for a healthy and long-lasting growth in the years to come.*

The 2011-2015 major investment plan is bearing fruits: we have achieved excellent results in terms both of sales and operating profit. But perhaps what most fascinates us is the image enjoyed by our brand worldwide in the so-called absolute luxury world: a beautiful, healthy image of products featuring quality, craftsmanship and, hopefully, creativity and exclusivity of our made in Italy.

The order collection for fall/winter 2013 has come to a very positive end and our collection, this is what matters the most, has been considered modern and contemporary. All this leads us to envisage a very interesting 2013 in terms of revenues, profit and image.

This seems to be a very interesting time for our marvellous Italy, the homeland to many respectable people that work with daily patience, sacrifice and dedication to improve mankind. The seed of economic, moral, civil and human renewal has sprouted".

Solomeo, March 12th 2013 – The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector, listed on 27th April last year on the Borsa Italiana

[1] Normalised EBITDA and normalised net profit exclude the non-recurring costs incurred for the IPO process

Electronic Stock Exchange – today reviewed and approved the consolidated financial statements and draft separate financial statements for the year ended December 31st 2012.

The Group's net revenues for 2012 reached € 279.3 million, an increase of 15.1% (+13.3% at constant exchange rates) over the € 242.6 million earned in 2011.
Revenues, including other operating income, closed at € 281.4 million, a rise of 15.6% over the previous year.

The Board additionally resolved to propose to shareholders the distribution of a dividend of € 0.08 per share. The dividend will be put into payment on May 23rd 2013, with the share going ex-dividend on May 20th 2013.

Revenues by Geographical Area

International markets posted total growth of 25.5%, representing a proportion of 75.4% of total turnover for the year ended December 31st 2012 compared to 69.2% in the previous year.

North American market – sales grew by 28.4% (net revenues of € 88.5 million, compared to € 68.9 million in 2011), representing a proportion of 31.7% of net revenues, thanks to the contribution arriving from the monobrand channel and considerable growth in the multibrand channel.
The monobrand channel benefited from the positive results of the existing network and the new openings which took place in 2012, including those in Chicago and Aspen, thereby reaching a presence of 14 sales points by the end of the year.

The results of the multibrand channel highlight a constant and rising appreciation being shown for the more important luxury department stores, which are increasing their exclusive spaces dedicated to the brand due to its strength, the excellent sell-out results achieved and a collection proposal appreciated as contemporary, focused on prêt-à-porter "informal luxury".

European market – sales increased by 20.4% (€ 89.9 million compared to € 74.7 million in 2011), representing a proportion of 32.2% of net revenues, highlighting a considerable growth in sales in the existing monobrand stores and thanks to a program of openings in the most prestigious luxury streets.

Important results were achieved in Russia and the East European countries (which represented 7% of net revenues), supported by a rise in the number of wholesale monobrand stores and by the results of the multibrand channel, and in particular growth in the former Soviet Union countries. The contribution made by the Russian consumer is taking on further significance with the purchases made in the boutiques of the leading international cities and resorts during trips and journeys abroad.

At the end of 2012 the monobrand network consisted of 15 directly operated boutiques, with important openings of directly operated stores in Madrid, Porto Banus, Amsterdam, Zurich, Lugano and Berlin; the new wholesale monobrand openings were concentrated in the "emerging areas" of Eastern Europe and the former Soviet Union, including Bucharest and Baku.

Greater China – sales rose by 21% (€ 10.3 million compared to the previous € 8.5 million), representing a proportion of 3.7% of total turnover. The results achieved confirm the expectations of the Group, which in 2012 continued developing its monobrand store network in a "controlled" manner, with the opening of 6 new monobrand boutiques including one in Shanghai and a second sales point in Hong Kong.

Six stores have been converted from the wholesale monobrand channel to the direct network as from October 1st 2012, as a result of the agreement entered into by the Group with Sichuan Lessin Department Stores Ltd..

These conversions have affected the results for the year; deliveries in the second half of 2011 contributed to turnover for the second half of 2011 (sell-in turnover), while due to the conversion of those stores to the direct network, the corresponding deliveries in the second part of 2012 will contribute to a large extent to the result for the first half of 2013 (sell-out turnover of sales in the converted stores).

The attractiveness of the exclusivity proposal and the success with the Chinese consumer having a greater spending capacity (and who is increasingly captivated by Made in Italy "absolute" luxury) is also driving purchases beyond national borders, with positive effects on the western consolidated markets.

At the end of 2012 the monobrand store network consisted of 14 boutiques.

Rest of the World – sales increased by 40.0% (€ 21.9 million compared to €15.6 million in 2011 or 7.8% of net revenues), highlighting considerable growth in both the wholesale monobrand channel and the multibrand channel.

More specifically, worthy of note are the decisively positive results obtained in Japan and Korea, achieved thanks to the brand's visibility in the more important luxury department stores and to its presence in corners and hard shops in the most prestigious display areas.

At the end of 2012 the monobrand store network consisted of 6 boutiques.

Italian market – net revenues of €68.6 million compared to € 74.8 million in 2011, a reduction of 8.2%. Sales trends highlight the constant and positive contribution being made by the flow of foreign tourists, accompanied by a decrease in the multibrand channel in the provinces, as part of the development of distribution changes and consumer habits which favor sales in the medium to large cities and resorts.

New direct stores were opened in 2012 in Florence and in the last few days of the year in Venice; the monobrand store network had therefore reached13 boutiques at December 31st 2012.

Revenues by Distribution Channel

Growth in both the retail monobrand channel and wholesale monobrand channel was driven by new openings and by comparable results in the direct stores.

There was an increase of 42.9% in sales of the retail monobrand channel in the year (net revenues of € 76.9 million compared to € 53.8 million in the previous year), while the wholesale monobrand channel achieved growth of 20.3% (net revenues of € 32.7 million compared to € 27.1 million in 2011).

Like for Like[2] sales of the direct store network increased by 9.3% in 2012; the figure for the first few weeks of 2013 (January 1 to March 3) was 12.8%[3].

[2] Like for like is calculated as revenue growth at constant exchange rates as posted by DOS existing at 1 January 2011.

[3] Like for Like for the first few weeks of 2013 is calculated as revenue growth at constant exchange rates as posted by DOS existing at 1 January 2012.

Net revenues of the multibrand channel rose to € 169.7 million compared to € 161.6 million in 2011, an increase of 5%. The growth in the multibrand channel is supported by the development of the spaces found in the international luxury department stores.

Stores Network

The number of stores in the monobrand network rose from 62 at December 31st 2011 (of which 23 DOS and 39 wholesale monobrand) to 81 at December 31st 2012 (of which 46 DOS and 35 wholesale monobrand), in line with the sales network's development plans. Openings in the world's leading capitals and most exclusive resorts led growth in all the markets.

By the end of 2012 there had been 14 net openings in the direct network and 9 conversions of stores from the wholesale monobrand network (of which 6 conversions in China). The monobrand DOS network consists of 15 stores in Europe and 13 sales points in North America, 9 in Greater China and 9 in Italy.

At the end of 2012 the wholesale monobrand store network consisted of 35 stores (19 stores in Europe, 5 sales points in Greater China, 4 in Italy and 7 stores in the Rest of the World), with 5 net openings and 9 conversions of stores from the wholesale monobrand network to the direct network.
The program to expand the store network, which in 2013 has already seen an opening in Barcelona and that of a second boutique in Shanghai, will continue over the next few months, thanks to the opening of monobrand boutiques in the most exclusive locations.
Agreements have currently already been reached for the opening of 15 new monobrand locations in the next twelve months.

Analysis of Operating Results and Net Profit

Normalized EBITDA[1] closed at € 49.1 million, or 17.5% of revenues from sales and services, representing an increase of 22.3% compared to the € 40.2 million earned in 2011 (16.5%).

The increase in margin (+100 basis points) was possible thanks to the changes in the sales channel mix, with the retail channel rising as a proportion of total net revenues from 22.2% in 2011 to 27.5%.

Non-recurring costs of € 6.2 million were incurred as part of the listing process. Excluding these, EBITDA for 2012 amounted to € 42.9 million (or 15.2% of revenues from sales and services), a rise of 6.7% over the result of € 40.2 million in 2011.

Capital expenditure made for the development of directly operated stores led to an increase in depreciation and amortization, which rose from € 5.2 million in 2011 to € 7.1 million in 2012, with an acceleration in the last quarter due to the timing of implementation.
Normalized net profit[1] for the year closed at € 26.5 million (a margin of 9.4%), representing an increase of 26.2% over the € 21 million of the previous year.
Net profit for the year, which includes the effect of the non-recurring costs incurred as part of the listing process, reached € 22.2 million compared to € 21 million in 2011.

Balance Sheet

Net working capital amounted to € 57.3 million at the end of 2012, representing an increase of € 11 million over the end of the previous year. This rise is mostly connected with the increase of € 15 million in inventories which reached a relative proportion of 28.7% of total turnover (26.7% the previous year), consistent with the growth strategy of the DOS network.

Net debt of € 1 million shows a considerable improvement over the figure of € 48 million at the end of 2011, due amongst other things to the cash generated by the admission to trading and public offering of the Company's shares.

Total capital expenditure of € 27.3 million was made in 2012 (€ 18.0 million in 2011), to a large extent linked to the development of the store network (€ 19.4 million).
Among the other investments were those made in connection with production and logistics which totaled € 4.7 million and mainly relate to the start of an important project to extend the factory and the logistics hub, which began in the final part of 2012 and will be completed in 2014.
Regarding the timing of the start of the project, the majority of the investments made in 2012 were paid for at the start of 2013 (in accordance with ordinary accounting methods).

Significant Subsequent Events

- Merger between Cucinelli Holding Co., LLC and its subsidiaries
The merger between Cucinelli Holding Co., LLC and its wholly-owned subsidiaries became effective on January 1st 2013; the subsidiaries managed the Group's monobrand stores in the United States. As all the merged companies were wholly owned by their parent, the operation does not have any accounting effect on the Group's consolidated financial statements.

- Brunello Cucinelli (England) Ltd.
On January 25th 2013 Brunello Cucinelli Europe S.r.l. acquired 70% of the capital of Mer&Cashmere (England) Ltd. (which was then renamed Brunello Cucinelli (England) Ltd.) from the Rambaud family at a price of £ 3,500,000, fully paid at the same date. This operation was financed wholly by shareholders' funds. The purchased company runs two monobrand stores in London at 3-5 Burlington Gardens and at 159 Sloane Street. At the same time as signing the agreement for the purchase and sale of 70% of the company's capital, the parties entered a put and call option agreement relating to the remaining interest of 30% held by Charles Rambaud. Amongst other cases, the agreement provides for the possibility of exercising the put and call options on the fifth or tenth anniversary of the agreement.

- Sale of the trademarks "Solomei", "Solomeo" and the relative coat of arms
On February 13th 2013, the Company sold the trademarks for the "Solomei", "Solomeo" signs and the "coat of arms" to Fedone S.r.l.. The sale was made at a price of € 830,000. Being a related party transaction of lesser importance, the sale was approved by the Board of Directors following the issue of a favorable opinion by the Control and Risks Committee. At the same time as making the acquisition, Fedone S.r.l. granted the Company a license for the exclusive use (in relation to the categories of the Group's products) of the sold brands with an annual amount payable of € 64,000.

Dividend Proposal

The Board resolved also to propose to the shareholders meeting, which has been called for April 18th 2013, in first call (and, if necessary, for April 24th 2013 in second call) at Corciano, Solomeo (PG), to distribute a dividend of € 0.08[4] per share, equal to a pay-out of approximately 24% of the Group's Net income.
It is planned to put the dividend into payment on May 23rd 2013, with the share going ex-dividend on May 20th 2013.

Corporate Governance

The Board of Directors has approved the Report on Corporate Governance and Ownership Structure for 2012 and the Remuneration Report. During its meeting the Board of Directors also verified that some members of the board hold the independence requirements pursuant to the Corporate Governance Code and Legislative Decree no. 58/1998. As the result of that verification, it is confirmed that the following directors are considered independent: Matteo Marzotto, Andrea Pontremoli, Candice Koo and Padre Cassian Folsom.

Calling of the Ordinary and Extraordinary Shareholders' Meeting

The Board of Directors has called a general shareholders' meeting for April 18th 2013 in first call and, if necessary, for April 24th 2013 in second call, in ordinary session to approve the financial statements for the year ended December 31st 2012 and the allocation of profit for the year, to appoint the director co-opted pursuant to paragraph 1 of article 2386 of the Italian civil code and to approve the first section of the Remuneration Report, and in extraordinary session to amend article 14 (Procedure for Appointing the Board of Directors) and article 21 (Procedure for Appointing the Board of Statutory Auditors) of the Company's bylaws, required to implement legislation regarding equal access to the administration and control bodies of listed companies.
The notice of call for the shareholders' meeting will be published on the website www.brunellocucinelli.it. with an extract being published in the daily papers Il Sole 24 Ore and MF-Milano Finanza.

Availability of Documents

The 2012 Annual Report, together with the Report of the Board of Statutory Auditors and the Report of the External Auditors, as well as the Report on Corporate Governance and Ownership Structure for 2012 and the Remuneration Report and the illustrative reports of the directors on matters on the agenda, will be made available to the public at the Company's registered office at Corciano, Solomeo (PG) and at Borsa Italiana within the terms and by the means provided by current legislation. These documents will also be available for consultation on 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.

[4] Gross of withholding tax, if due

BRUNELLO CUCINELLI

The Analysts' Presentation of the results for the year ended December 31st 2012 in pdf format may be found in the section "Presentations" of the Company's website at the address http://investor.brunellocucinelli.com/ita/presentazioni/.

The consolidated financial statements and the draft separate financial statements for the year ended December 31, 2012 are currently being audited, and at the present date that audit has not yet been completed.

This document may contain forward-looking statements relating to the future events and business and financial performance of the Brunello Cucinelli SpA Group. By their nature such forward-looking statements have an element of risk and uncertainty, as they depend on the occurrence of future events and developments. A variety of factors could cause the actual results to differ from those stated, also to a significant extent.

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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 achieved overseas, and a normalized EBITDA of €49.1 million (up by 22.3% compared to the previous year), and has more than 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 follow as an attachment

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31ST 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	December 31, 2012	*related parties*	December 31, 2011	*related parties*
Non-current assets				
Intangible assets	16.548		11.807	
Property, plant and equipment	41.931	6.094	28.568	4.024
Other non-current financial assets	3.162	41	1.783	41
Deferred tax asset	7.489		3.701	
Total non-current assets	**69.130**		**45.859**	
Current assets				
Inventories	80.089		64.708	
Trade receivables	47.826	8	48.832	12
Tax receivables	987		1.652	
Other receivables and other current assets	10.384		12.592	
Cash and cash equivalents	40.045		8.683	
Derivative financial instruments	1.610		0	
Total current assets	**180.941**		**136.467**	
Assets held for sale	-		3.053	
Total assets	**250.071**		**185.379**	

	December 31, 2012	*related parties*	December 31, 2011	*related parties*
Shareholders' equity				
Shareholders' equity attributable to parent company shareholders				
Share capital	13.600		12.000	
Share-premium Reserve	57.915		-	
Reserves	23.824		4.026	
Net income for the period	22.484		20.268	
Total shareholders' equity attributable to owners of the parent	**117.823**		**36.294**	
Shareholders' equity attributable to non-controlling interests				
Capital and reserves attributable to non-controlling interests	2.035		933	
Net income for the period attributable to non-controlling interests	(241)		757	
Total shareholders' equity attributable to non-controlling interests	**1.794**		**1.690**	
Total shareholders' equity	**119.617**		**37.984**	
Non-current liabilities				
Employees termination indemnities	2.954		2.695	
Provisions for risks and charges	950		893	
Non-current payables towards banks	11.559		17.611	
Non-current financial debt	219		-	
Other non-current liabilities	1.216		723	
Deferred Tax liabilities	806		692	
Non-current derivative financial instruments	423			
Total non-current liabilities	**18.127**		**22.614**	
Current liabilities				
Trade payables	62.718	286	56.129	733
Current payables towards banks	28.423		38.539	
Current financial liabilities	15		-	
Income tax payables	2.761		6.821	
Current derivative financial instruments	271		2.913	
Other current liabilities	18.139		20.379	
Total current liabilities	**112.327**		**124.781**	
Total liabilities	**130.454**		**147.395**	
Total equity and liabilities	**250.071**		**185.379**	

BRUNELLO CUCINELLI

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31ST 2012

CONSOLIDATED INCOME STATEMENTS

	December 31, 2012	*related parties*	December 31, 2011	*related parties*
Net revenues	279.321	50	242.635	51
Other operating income	2.030	21	813	64
Revenues	**281.351**		**243.448**	
Costs of raw materials and consumables	(44.461)	(55)	(47.061)	(27)
Costs for services	(148.956)	(1.606)	(116.034)	(881)
Non-recurrent costs	*(6.241)*		*0*	
Payroll costs	(42.621)	(173)	(37.710)	(172)
Other operating (expenses)/revenues, net	(1.579)	(8)	(1.374)	(1)
Costs capitalized	295		229	
Depreciation and amortization	(7.125)		(5.253)	
Impairment of assets and other accruals	(1.160)		(1.338)	
Total operating costs	**(245.607)**		**(208.541)**	
Operating Income	**35.744**		**34.907**	
Financial expenses	(3.942)		(3.985)	
Financial income	1.958		1.428	16
Income before taxation	**33.760**		**32.350**	
Income taxes	(11.517)		(11.325)	
Net income for the period	**22.243**		**21.025**	
Net income for the period attributable to owners of the parent	22.484		20.268	
Net income for the period attributable to non-controlling interests	(241)		757	
Base earnings per share	0,34360		0,33780	
Diluted earnings per share	0,34360		0,33780	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Esercizio chiuso al 31 dicembre	
	2012	**2011**
Net income for the period	**22.243**	**21.025**
Other components of comprehensive income:		
Profit/(Loss) from fair value adjustments related to hedging instruments	3.014	(2.033)
Tax Effect	(829)	557
Effect of variation in reserve of cash flow hedges	**2.185**	**(1.476)**
Exchange differences on translation of foreign operations	(239)	403
Total other profit/(loss), net of taxation	**1.946**	**(1.073)**
Total net comprehensive income, net of taxation	**24.189**	**19.952**
Attributable to:		
Owners of the parent	24.487	19.113
Non-controlling interests	(298)	839

BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31ST 2012

CONSOLIDATED STATEMENTS OF CASH FLOWS	December 31, 2012	December 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	22.243	21.025
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Depreciation and amortization	7.125	5.253
Provisions for employees termination indemnities	348	191
Provisions for risks and charges / inventory obsolescence / doubtful accounts	1.185	1.344
Change in other non-current liabilities	475	206
(Gain)/Loss on disposal of Fixed assets	(1.062)	107
Termination indemnities payments	(88)	(173)
Payments of Provisions for risks and charges	(12)	(98)
Net change in deferred tax assets and liabilities	(4.520)	(1.235)
Change in fair value of financial instruments	(813)	922
Changes in operating assets and liabilities:		
Change in trade receivables	(186)	(816)
Change in inventories	(15.701)	(15.965)
Change in trade payables	7.089	10.536
Change in other current assets and liabilities	922	(955)
Net cash provided by/(used in) operating activities	**17.005**	**20.342**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(18.634)	(10.032)
Additions to intangible assets	(7.154)	(7.578)
Additions/(disposals) of financial assets	(1.491)	(455)
Acquisition of Max Vannucci S.r.l. net of cash acquired		(308)
Acquisition of minority interest share of Cucinelli Holding LLC		(491)
Cash settlement from real estate demerger		(146)
Proceeds from disposal of property, plant and equipment	295	4.512
Net cash provided by/(used in) investing activities	**(26.984)**	**(14.498)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	217	-
Repayment of medium/long-term loans	(6.985)	(7.471)
Net change in short-term financial debt	(9.147)	8.328
Dividends paid	(2.817)	(5.066)
Share capital and reserves increase	60.233	-
Net cash provided by/(used in) financing activities	**41.501**	**(4.209)**
TOTAL CASH FLOW FOR THE PERIOD	**31.522**	**1.635**
Effect of exchange rate changes on cash and cash equivalents	**(160)**	**88**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**8.683**	**6.960**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**40.045**	**8.683**
Additional information:		
Interest paid	**1.998**	**2.039**
Income tax paid	**18.414**	**9.482**