BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the Board of Directors has approved the 2018 Half-year Financial Report

- **Net revenues[1] of €269.5 million, an increase of 9.0% at current exchange rates (+11.9% at constant exchange rates) compared to €247.2 million at 30 June 2017;**
- **EBITDA of €46.2 million, +11.2%;**
- **Normalized net profit[2] of €23.8 million, +19.7%;**
- **Sales increase of 9.9% in the international markets and 4.8% in the Italian market;**
- **Europe +12.0%, North America +2.4% (high single digit growth at constant exchange rates), Greater China +35.3%, Rest of the World +9.7%;**
- **Sales growth in all distribution channels: retail +7.1%, wholesale monobrand +12.4%, wholesale multibrand +10.7%.**
- **Capex of €25.2 million, as part of the three-year 2018-2020 investment plan, of considerable importance for keeping the brand's allure extremely high and supporting its exclusivity.**
- **Net debt of €44.0 million at 30 June 2018, down from €59.4 million at 30 June 2017;**

Brunello Cucinelli, Chairman and CEO, commented as follows:

"It is with great, great satisfaction that we are disclosing our first-half results; significant figures that report constant growth of both revenues and profit. The good performance of Fall/Winter sales allows us to confirm our positive outlook for the second half of the year. Hence, we expect 2018 to close with double-digit growth of both EBITDA and profit."

"The excellent performance of the 2019 Spring/Summer collections, both for menswear – with the sales campaign now finished – and for womenswear - which is now in the midst of the selling season – prompts us to embrace a very positive outlook for 2019, which we expect to grow double-digit."

"This is a major development, that we want to seize fully, in keeping with the founding values of our company: product quality, always with high manual skills, balanced growth – which we envisage as always wisely broken down between Menswear and Womenswear, among sales in Europe, the West and the East, and among different sales channels – and our business philosophy, which is centred around respect, support and love for our land."

[1] Accounting standard IFRS 15 ("Revenue from Contracts with Customers"), which became effective on 1 January 2018, requires a different accounting treatment from the past for certain types of contracts for the sale of goods in multibrand spaces managed using the "concession" formula. The application of this new accounting standard led to an increase in net revenues and operating expenses (rent) by the same amount without any change occurring in absolute net income.

[2] Normalized net profit refers to the result at 30 June 2018 stated before the estimated tax benefit of €2 million arising from the "patent box" scheme; after this estimated benefit net profit at 30 June 2018 amounts to €25.8 million, an increase of 29.9% over 30 June 2017.

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Solomeo, 28 August 2018 - 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 (MTA) – today examined and approved the Company's 2018 Half-year Financial Report, prepared in accordance with IAS/IFRS international accounting standards (and subjected to review).

Very good **results** were achieved in the first half of 2018, matched by an atmosphere of **healthy positivity** and above all of **extreme creativity** within the Company's concrete "**human and sustainable**" growth project.

We believe that one of the key factors behind this growth is the constant research and desire to be "**special**" and "**contemporary**", both in our collection offer and in relations with all of our "Human Resources", artisan laboratories, trading partners and customers.

We consider that being "special" and "contemporary" enables our brand to maintain that **exclusivity** and **allure** that are constantly sought by buyers of the world's leading multibrand stores and Luxury Department Stores, as well as by the highly sophisticated final client.

One of our greatest commitments is to be **charming** and **amiable**, stimulating ourselves daily in the desire for **contemporary** taste, in the yearning for change, in **relationships**, in **communications** and in the **hospitality** to be found in our boutiques, aware that we are all constantly searching for something unique, something special, and all feel the need to be pampered in some way.

Our collection offer strives to propose **products of the utmost quality and craftsmanship** characterized by a "**young**" and "**modern**" **taste**, whose value we always seek to enhance with the painstaking work carried out by our **Visual Merchandising**.

We believe that our visual merchandising team, dynamic and attentive to trends, plays an **extremely important** role in fully interpreting the taste of the collection in all the spaces where the brand can be found, ranging from the monobrand channel and physical multibrand channel to the e-commerce.

We believe that the **ability to listen** is a key factor in supporting the sustainability of growth, both with reference to the product and in relations with our partners, customers and all our stakeholders.

We therefore give the utmost attention to the opinions expressed on our collections by the specialist international press and by the buyers of the most prestigious multibrand stores, the Luxury Department Stores and the increasingly important Specialty Stores.

Current sales of the **2018 fall/winter** show a very positive trend, as well as the trend of the **Spring Summer 2019** orders collection, both in terms of the men's offer, whose collection ended in recent weeks, and for the women's collections, with a very good order intake, thanks to collections judged particularly beautiful, young and modern.

Regarding the **2019 spring/summer** men's collection, which made its first appearance in June in Florence and then in Milan, we are highly excited to mention that the Robb Report, the world bible for luxury menswear, described Ralph Lauren and Brunello Cucinelli as the two designers who have redefined men's fashion over the last three decades: Ralph Lauren for "*championing iconic American style*" and Brunello Cucinelli for "*pioneering the 21st century's casual dress code*". We feel deeply honored to have received this recognition and it is compelling for us to be considered a global reference point for the **luxury sporting chic** male taste.

We think that there are considerable opportunities for our brand in the whole of the men's style world; we have always believed in a man who pays attention to detail and looks for quality tailoring, elegance and innovation, with respect to that "*casual chic*" taste that is so dear to us. His goal is to create **a look with contemporary appeal** by way of a proposal which constantly renewed through small niceties can easily be matched with the clothes a customer already has in his wardrobe.

Collections were judged to be **innovative** and in **good taste**, with considerable attention being given to detail and what is more – an aspect we always consider to be of utmost importance – it consists of "**wearable clothes**" that can be put on at any moment of the day, allowing us always to feel at our ease.

We follow the development of the fascinating "**internet world"** with especial attention and believe that our various **openings towards the new technologies** have made it possible to keep the **business modern** over the years.

At the same time we are still aware and convinced that these technologies should never "steal our soul" and the precious time we can dedicate to our personal feelings. Which is why each day we endeavor to find the **right balance between technology and humanism**.

We seek this balance on a daily basis in both the physical and the digital channels, in particular in the relationships with our customers, and try to build a relationship of esteem which finds its basis not so much in the quantity of the data and information we can gather but rather in the quality of this relationship, at the basis of which we place respect for **Human Privacy**, that so much desired privacy.

In May we met in Solomeo with our collaborators who arrived from all over the world, together with the people who work in the spaces dedicated to the brand in the leading Luxury Department Stores.

At this time of dialogue we highlighted the centrality of the extremely important subject of **Human Privacy**, which we would always like to act as a guide in the relationship between our customers and the Industry as we seek in some manner to be "**friendly advisers**".

Another aspect that was discussed was the "**value of waiting**" in the belief that this can add exclusivity and allure when a person thinks of buying a luxury crafted product.

We believe that the increasing attention being placed by the new "**millennials**" on the brand is of great interest, as is also the relationship we are building together.

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We know that the first time they approach the brand and the Company's philosophy is often in the digital world, which is why we place considerable strategic importance on the value of the way in which our **corporate website** and **online boutique** are able to communicate and be places where people can breathe our *lifestyle*, the hamlet of Solomeo and the taste of our collections.

To maintain our **allure** at the highest level we give a **great deal of attention to investments** that allow us to support the brand's exclusivity, in the awareness that in many sectors, but especially in the fashion world, everything passes very quickly, and the digital world makes this need even more pressing.

Making **investments**, in order to keep the brand contemporary and fresh – by enlarging a number of existing boutiques in beautiful locations and limiting new openings to a few stores each year – and revamping our showrooms seasonally so that the collection always looks fresh, young and contemporary, are crucial for our brand image.

Sales Analysis

Net revenues at 30 June 2018 reached €269.5 million, increasing by 9.0% at current exchange rates (+11.9% at constant exchange rates) compared to €247.2[3] million at 30 June 2017. All geographical areas and all distribution channels posted an increase in revenues.

Total revenues, which include other operating income, rose by 8.7% to €270.1 million from €248.4 million at 30 June 2017.

Revenues by Geographical Area

Italian market – revenues up by 4.8% or €43.8 million compared to €41.8 million in the first half of 2017, representing 16.3% of the total.

The result is of particular significance given the importance placed on the domestic market, and we consider it representative of the appreciation for the collection taste.

European market – a rise of 12.0% in sales which reached €84.3 million compared to €75.2 million at 30 June 2017, representing 31.3% of the total.

There were important results in all the countries concerned and in all channels and an increase in both the local and top-end "tourist" customer.

North American market – high single digit growth at constant exchange rates with sales reaching €86.3 million, an increase of 2.4% at current exchange rates compared to €84.3 million at 30 June 2017, representing 32.0% of the total.

[3] Revenues at 30 June 2017 have been reclassified in order to provide a consistent comparison with the figures at 30 June 2018, which have been recognized in accordance with IFRS 15. By applying the same accounting standard to revenues at 30 June 2017 sales rise from €243.3 million to €247.2 million.

Solid sales results in both the retail and multibrand channels with our collections being highly appreciated by final client in both our boutiques and in the large Luxury Department Stores.

Greater China – substantial growth although still with respect to limited amounts; sales, which rose by 35.3%, reached €24.9 million at 30 June 2018 compared to €18.4 million at 30 June 2017 and represented 9.2% of the total.

The increase in sales covered all the markets concerned such as Continental China, Macao, Taiwan and Hong Kong; in terms of new customers there was a rise in the proportion of **millennials** who approach the brand for the first time, attracted by an exclusive offer which is simultaneously modern.

The rise in revenues in the direct boutique network was accompanied by the positive contribution provided by sales in the new spaces dedicated to the brand in the most exclusive multibrand stores that are gradually developing in Continental China.

Rest of the World – sales rose by +9.7%, with revenues reaching €30.2 million compared to €27.6 million at 30 June 2017, representing 11.2% of the total.

Solid results were achieved in all geographical areas due also to the presence of new customers who were an addition to the brand’s traditional customers.

Revenues by Distribution Channel

Retail monobrand channel – an increase in revenues of 7.1% which reached €133.9 million compared to €125.0 million in the first half of last year and represented 49.7% of the total.

The first 6 months of 2018 saw sustainable growth of 3.8%[4] in Like-for-Like as the result of the positive sell-outs of the 2018 spring/summer collection.

Sales of the 2018 fall/winter collections have started very well, especially in the resort localities where tourists are already focusing on their purchases for the next winter season.

The network reached 97 boutiques at 30 June 2018 (94 at 31 December 2017) with just one opening in the first six months of 2018, to which the conversions of the two Singapore boutiques from the wholesale monobrand channel in June should be added.

Wholesale monobrand channel – sales rose by 12.4% to reach €19.8 million at 30 June 2018 compared to €17.6 million in 2017, representing 7.3% of the total.

The opening of the prestigious Dubai Mall in the first quarter of 2018 made a positive contribution; the network consisted of 29 boutiques at 30 June 2018 (30 at 31 December 2017), with 2 wholesale monobrand boutiques in Singapore converting to the direct channel.

[4] Like-for-Like in 2018 is calculated as the increase in revenues at constant exchange rates in the DOS existing at 1 January 2017.

Wholesale multibrand channel – important growth of +10.7% with revenues reaching €115.8 million compared to €104.6 million at 30 June 2017, representing 43.0% of the total.

Growth was supported by sales in the existing spaces, by sales in new spaces assigned to the brand in the Luxury Department Stores where we are already present and by selective entry into new multibrand stores, in particular in Continental China.

The extremely important role we have always assigned to the multibrand stores makes this fact even more significant, fostered as it is by the relationship we have succeeded in creating over the years with all of the most important Luxury Department Stores and by the attention we constantly give to the spaces dedicated to our brand, with the direct care of our visual marketing team and the training of sales staff.

Analysis of results

EBITDA of €46.2 million represents a rise of 11.2% over the corresponding figure of €41.6 million at 30 June 2017[5], with an improvement in margin from 16.7% to 17.1%.

This increase is due to the growth of the business, supported by positive like-for-like performance (+3.8% at 30 June 2018), by very good sell-outs, and affected by the dynamics of the channel mix, with wholesale multibrand revenues increasing from 42.3% to 43.0% as a proportion of total revenues.

Operating costs totaled €130.1 million (48.2%), representing an increase of 7.5% over the €121.0 million incurred in the first half of the previous year (48.7%).

More specifically, payroll costs rose from €43.4 million (17.5%) to €47.0 million (17.4%), up 8.3% due to an increase in the number of staff in the new directly operated spaces (4 boutique openings and 2 conversions in the past 12 months) and a partial increase in the number of staff working at the headquarters to support the important development projects currently in progress such as the “Digital Project”.

Rental cost of €34.2 million (12.7%) increased by €1.5 million compared to €32.7 million in the first half of 2017 (13.2%), with growth arising from the development of the retail network and from the enlargement of certain sales spaces.

Investments in communication, as always of the utmost importance for strengthening and protecting the brand image in both the physical and web world, rose by €2.2 million from €12.5 million (5.0%) to €14.7 million (5.5%), mainly due to the increase of digital communication activities.

Given the investments made, Depreciation and Amortization rose by €1.2 million to reach €11.8 million compared to €10.6 million in the first half of the previous year, representing a substantially unchanged percentage of 4.4% of total revenues.

Net financial expense decreased from €3.0 million at 30 June 2017 to €1.2 million; this fall[6], mainly arising from the positive effect of currency management, was supported by a reduction in financial expense due to a lower average net financial position.

[5] As stated earlier the application of the new accounting standard IFRS 15 led to an increase in net revenues and operating expenses (rent) by the same amount (€3.9 million at 30 June 2017). As a result no change occurred in the absolute amounts for EBITDA, operating profit or net profit for the period.

Normalized net profit at 30 June 2018 amounted to €23.8 million before the estimated tax benefit from the "patent box" scheme, representing an increase of 19.7% compared to the 19.9 million[7] reported at 30 June 2017, with a tax rate of 28.5% compared to 29.1% for the first half of the previous year.

Including the benefit of the "patent box" scheme the tax charge amounts to €7.5 million (equivalent to a tax rate of 22.4%), leading to a net profit of €25.8 million, representing an increase of 29.9% over the first half of the previous year.

Balance Sheet

Commercial working capital decreased by €3.7 million from €141.6 million at 30 June 2017 to €137.9 million at 30 June 2018.

Inventories rose from €158.6 million at 30 June 2017 to €161.5 million at 30 June 2018 as the result of the selective openings of new direct boutiques, of some conversions to the direct channel, of the enlargements and new spaces managed directly within the luxury department stores, well balanced by the positive effect arising from the sell-outs impact.

As part of healthy cash management **trade receivables** closed at €64.0 million compared to €54.4 million at 30 June 2017, an increase essentially arising from the rise in the proportion of sales made in the wholesale channel in the second quarter of this year.

Trade payables rose to €69.8 million compared to €61.9 million at 30 June 2017, mainly as the result of an increase (mainly in the second quarter) in the purchase of raw materials and costs incurred for highly specialized outsourced work and for investments in communications, natural consequence of the business growth.

"Other net assets/liabilities" rose as a net liability to €17.8 million compared to €9.5 million at 30 June 2017, with the change essentially arising from the measurement at fair value of the derivatives used for hedging foreign exchange risk.

Capex and Net Financial Position

The **investments** made in the first half of the year form part of the multi-year investment plan, of primary importance for keeping the brand's allure at a peak by preserving and looking after the **exclusivity** and **protection** of its positioning in both the **physical** and **online channels**.

Commercial investments of €18.1 million relate to selective openings, to the enlargement and renovation of showrooms, always contemporary, to an increase in selling spaces in Luxury Department Stores and to the enlargement of prestigious boutiques positioned in the most representative streets of the luxury capitals, such as the new and larger boutique in Montecarlo

[6] The decrease is mainly related to the accounting of hedging activity on foreign currencies, in presence of exchange rate gains that offset previous losses on unrealized exchange rates, related to intercompany loans in foreign currencies which by their nature are temporary, being subject to valuation based on the end of period exchange rate.

[7] In 2017 the benefits of the "patent box" scheme were recognized at 31 December and no benefit was recognized in net profit at 30 June 2017.

which was opened in July and has become one of the most significant flagships for the Company given the absolute importance of the brand's allure.

Investments in production, logistics and IT/Digital amounting to €7.1 million support our strategic decision to adopt technology that is always on the cutting edge, so that we can manage all the technological platforms through which the management systems of the physical boutiques and the online boutiques operate with the utmost efficiency and effectiveness, adopting advanced information systems and suitable logistic structures for managing the relative activities.

We would finally like to mention the amount of €6.5 million[8] spent in acquiring a minority interest in the Russian subsidiary - 5 June 2018 - which now enables the parent company to wholly own the company (compared to the previous 62%).

The **net financial position** decreased to €44.0 million compared to €59.4 million at 30 June 2017.

The decrease was driven by cash generation from operating activities accompanied by healthy commercial working capital management, partially offset by a significant level of capital expenditure, €25.2 million, to which should be added €6.5 million for the purchase of a minority stake in the Russian subsidiary and the distribution of dividends totaling €18.5 million paid out of 2017 earnings.

Please note that the Net Financial Position exceeds the usual peak between June and September, due to the seasonality of sales, then falling in the last part of the year.

Subsequent events

"Brunello Cucinelli Denmark ApS" was established on 2 July 2018, a subsidiary wholly owned by the Group and set up to directly operate the boutique in Copenhagen, previously managed by a local partner under a wholesale monobrand commercial agreement.

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[8] The effects of the purchase of the minority stake in the subsidiary OOO Brunello Cucinelli RUS by the Parent Company Brunello Cucinelli S.p.A. have been accounted for under equity reserves, in accordance with IFRS accounting standards .

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 Analysts' Presentation on the results at 30 June 2018 may be consulted in pdf format in the "Presentations" section of the Company's website at http://investor.brunellocucinelli.com/ita/presentazioni/.

This document may contain forward-looking statements on future events regarding the Brunello Cucinelli S.p.A. Group and its operating, economic and financial results. By their nature these statements contain an element of risk and uncertainty, as they depend on the occurrence of future events and developments.

The Company advises that the Half-year Financial Report at 30 June 2018, approved by the Board of Directors on 28 August 2018, will be available to the public from 29 August 2018 at the Company's registered office in Viale Parco dell'Industria 5, Solomeo (Perugia) and on the "eMarket Storage" system managed by Spafid Connect S.p.A. (www.emarketstorage.com), and will also be available for consultation in the section "Financials – Financial reports" of the Company's website (investor.brunellocucinelli.com).

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Brunello Cucinelli S.p.A. is an Italian maison operating in the absolute luxury goods sector; specializing in cashmere it is now one of the most exclusive brands in the international chic **prêt-à-porter** sector, the expression of everyday luxury. Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted net revenues of €503.6 million in 2017 (+10.4% compared to the previous year), of which 83.2% was achieved overseas, and an EBITDA of €87.5 million, up by 11.8% over the normalized EBITDA of 2016, and currently has over 1,600 employees. Brunello Cucinelli's success is rooted in the history and legacy of great craftsmanship as well as in modern design: a quality strategy founded on a combination of innovation and artisan skill.

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.

Company business has always been conducted in the medieval hamlet of Solomeo, on the outskirts of Perugia. Today the brand is distributed internationally in over 60 countries through 126 monobrand boutiques (97 direct boutiques and 29 monobrand wholesalers) in leading capitals and cities worldwide and in the most exclusive resorts, with a selective presence in approximately 650 selected multibrand stores, including leading luxury department stores.

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The financial statements are attached

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro/000)	June 30, 2018	*related parties*	December 31, 2017	*related parties*	June 30, 2017	*related parties*
Non-current assets						
Goodwill	7,045		7,045		7,045	
Intangible assets	30,784		23,950		26,540	
Property, plant and equipment	121,757	16,717	115,676	15,384	113,229	15,903
Other non-current financial assets	7,089	32	6,298	32	7,142	32
Deferred tax asset	17,898		15,693		17,653	
Total non-current assets	**184,573**		**168,662**		**171,609**	
Current assets						
Inventories	161,499		152,647		158,556	
Trade receivables	64,007	11	45,178	45	54,396	4
Tax receivables	1,799		2,777		1,176	
Other receivables and other current assets	13,429		12,923		13,691	
Other current financial assets	81		28		1,990	
Cash and cash equivalents	51,268		62,953		50,005	
Current derivative financial instruments	364		4,856		5,767	
Total current assets	**292,447**		**281,362**		**285,581**	
Total assets	**477,020**		**450,024**		**457,190**	

(Euro/000)	June 30, 2018	*related parties*	December 31, 2017	*related parties*	June 30, 2017	*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		57,915	
Reserves	161,783		136,369		138,316	
Net income for the period	26,082		51,117		19,580	
Total shareholders' equity attributable to owners of the parent	**259,380**		**259,001**		**229,411**	
Shareholders' equity attributable to non-controlling interests						
Capital and reserves attributable to non-controlling interests	2,376		2,822		7,636	
Net income for the period attributable to non-controlling interests	(302)		1,368		272	
Total shareholders' equity attributable to non-controlling interests	**2,074**		**4,190**		**7,908**	
Total shareholders' equity	**261,454**		**263,191**		**237,319**	
Non-current liabilities						
Employees termination indemnities	3,187		3,184		3,080	
Provisions for risks and charges	846		891		804	
Non-current payables towards banks	35,806		37,339		55,063	
Non-current financial debt	-		-		1,718	
Other non-current liabilities	11,518		10,571		9,445	
Deferred Tax liabilities	1,466		2,115		3,079	
Non-current derivative financial instruments	34		10		72	
Total non-current liabilities	**52,857**		**54,110**		**73,261**	
Current liabilities						
Trade payables	69,752	357	65,261	412	61,932	216
Current payables towards banks	53,252		37,685		53,489	
Current financial liabilities	6,066		3,297		698	
Income tax payables	5,261		1,434		4,388	
Current derivative financial instruments	4,484		379		417	
Other current liabilities	23,894	79	24,667	36	25,686	48
Total current liabilities	**162,709**		**132,723**		**146,610**	
Total liabilities	**215,566**		**186,833**		**219,871**	
Total equity and liabilities	**477,020**		**450,024**		**457,190**	

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CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2018

CONSOLIDATED INCOME STATEMENTS

(Euro/000)

	June 30, 2018	*related parties*	June 30, 2017 (Restated IFRS 15)	*related parties*
Net revenues	269,486	9	247,238	7
Other operating income	584	22	1,176	15
Revenues	**270,070**		**248,414**	
Costs of raw materials and consumables	(41,679)	(44)	(37,919)	(4)
Costs for services	(132,940)	(1,466)	(121,791)	(1,408)
Payroll costs	(46,973)	(374)	(43,392)	(251)
Other operating (expenses)/revenues, net	(2,829)		(2,557)	
Costs capitalized	1,080		697	
Depreciation and amortization	(11,793)		(10,567)	
Impairment of assets and other accruals	(496)		(1,860)	
Total operating costs	**(235,630)**		**(217,389)**	
Operating Income	**34,440**		**31,025**	
Financial expenses	(17,102)		(13,115)	
Financial income	15,895		10,079	
Income before taxation	**33,233**		**27,989**	
Income taxes	(7,453)		(8,137)	
Net income for the period	**25,780**		**19,852**	
Net income for the period attributable to owners of the parent	26,082		19,580	
Net income for the period attributable to non-controlling interests	(302)		272	
Base earnings per share	0.38356		0.28794	
Diluted earnings per share	0.38356		0.28794	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/000)	June 30	
	2018	**2017**
Net profit (loss) for the year (A)	**25,780**	**19,852**
Other items of comprehensive income:		
Other items of comprehensive income that will later be reclassified on the income statement:	**(2,498)**	**1,419**
Cash flow hedge	(4,215)	6,354
Income taxes	1,011	(1,525)
Effect of changes in cash flow hedge reserve	**(3,204)**	**4,829**
Translation differences on foreign financial statements	415	(2,523)
Profit / (Losses) on net investment in a foreign operation	383	(1,166)
Tax effect	(92)	279
Other items of comprehensive income that will not later be reclassified on the income statement:	**(40)**	**(18)**
Remeasurement of defined benefit plans (IAS 19)	(52)	(18)
Tax effect	12	-
Total other comprehensive income net of tax effect (B)	**(2,538)**	**1,401**
Total comprehensive income net of tax (A) + (B)	**23,242**	**21,253**
Attributable to:		
Shareholders of parent company	23,405	21,347
Non-controlling interests	(163)	(94)

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CONSOLIDATED STATEMENT OF CASH FLOWS AT 30 JUNE 2018

CONSOLIDATED STATEMENTS OF CASH FLOWS *(Euro/000)*	June 30, 2018	June 30, 2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	25,780	19,852
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Depreciation and amortization	11,793	10,567
Provisions for employees termination indemnities	43	32
Provisions for risks and charges / inventory obsolescence / doubtful accounts	520	1,858
Change in other non-current liabilities	672	2,100
(Gain)/Loss on disposal of Fixed assets	(15)	138
Termination indemnities payments	(94)	(44)
Payments of Provisions for risks and charges	-	(295)
Net change in deferred tax assets and liabilities	(1,892)	(2,970)
Change in fair value of financial instruments	4,406	(2,502)
Changes in operating assets and liabilities:		
Change in trade receivables	(18,797)	(5,970)
Change in inventories	(7,361)	(7,218)
Change in trade payables	2,094	3,394
Change in other current assets and liabilities	3,826	7,577
Net cash provided by/(used in) operating activities	**20,975**	**26,519**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(14,006)	(12,106)
Additions to intangible assets	(10,502)	(1,404)
Additions/(disposals) of financial assets	(657)	(1,253)
Acquisition of business from Brunello Cucinelli Russ OOO, net of cash acquired	-	(8,334)
Proceeds from disposal of property, plant and equipment	390	348
Net cash provided by/(used in) investing activities	**(24,775)**	**(22,749)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	14,987	35,000
Repayment of medium/long-term loans	(12,838)	(9,504)
Issue/(Repayment) of short-term loans	-	(26,591)
Net change in short-term financial debt	14,498	13,945
Net change in long-term financial debt	-	(632)
Dividends paid	(18,471)	(10,905)
Share capital and reserves increase	(6,478)	-
Net cash provided by/(used in) financing activities	**(8,302)**	**1,313**
TOTAL CASH FLOW FOR THE PERIOD	**(12,102)**	**5,083**
Effect of exchange rate changes on cash and cash equivalents	**417**	**(1,506)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**62,953**	**46,428**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**51,268**	**50,005**
Additional information:		
Interest paid	697	1,069
Income tax paid	4,442	6,756