BRUNELLO CUCINELLI

Press release

BRUNELLO CUCINELLI: the BoD has approved the Interim Report at 31 March 2014

- **Net revenues € 99.6 million (+12.2% compared to 31 March 2013);**
- **EBITDA €18.3 million (+13.5% compared to 31 March 2013);**
- **International markets (77.0% of net revenues) showing significant growth (+17.6%) in all geographical areas (USA +13.2%, Europe +16.5%, Greater China +25.9%, Rest of the World +27.7%). Italian market (23.0% of net revenues) showing a modest slowdown (-2.7%);**
- **All the distribution channels posted growth, both in monobrand (retail monobrand +24.1% and wholesale monobrand +10.4%) and multibrand distribution (+6.3%);**
- **Net profit € 9.6 million (+8.7% compared to 31 March 2013);**
- **The considerable strategic investment plan continued (€11.7 million in the first quarter 2014, following the over €66 million invested over the two-year period 2012 and 2013), to support the exclusive and selected development of monobrand boutiques and the expansion of the Solomeo plant;**
- **Net financial debt rose from €14.8 million at 31 March 2013 to €28.3 million at 31 March 2014, as a result of the significant investments made and a sound, solid management of commercial working capital.**

Brunello Cucinelli, Chairman and CEO commented as follows:

"2014 really seems a good year to us, a year in which the things we were hoping for are becoming true: a moral, civil, political, economical, human and spiritual revival. Every day we detect some signs in the world that head towards this direction: for our arts, our industries, our splendid country.

The first months of the year have been particularly positive for us, with further growth in terms of both revenues and profitability, thus confirming and improving the special fruits we reaped in the previous years.

Attention to the product and careful distribution: these are the guidelines of our company, the foundations of our daily work. This work is being strongly appreciated by an international clientele that is increasingly excited about the craftsmanship, the quality, the creativity and the exclusivity that Made in Italy is able to offer.

An increasing number of people from different cultures aspire to the absolute luxury segment, especially when it combines taste, elegance, refinement and contemporary character.

Being almost to half year, and having had very positive feedback on our woman and man autumn-winter collections, and having already collected orders for the 2014 autumn-winter season, we would like to reaffirm our optimism for this year. At the same time, we would like to thank our co-workers, investors and customers who support us by giving dignity to our territory, always a source of inspiration for our lives."

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Solomeo, 12 May 2014 – The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the absolute luxury goods sector and listed on the Borsa Italiana Electronic Stock Exchange – today reviewed and approved the Group's Interim Report at 31 March 2014.

The results achieved in the first quarter of 2014 confirm the solid, gracious, sustainable and ethically correct growth plans, in line with the basic principles of the business model and corporate strategy.

Brunello Cucinelli S.p.A.'s recognised and consolidated positioning in the absolute luxury segment, ever characterised by exclusive distribution, excellent quality and craftsmanship of the products proposed, and by its unending creativity, are elements distinguishing the uniqueness of the brand's products and market approach.

The dynamics of the absolute luxury segment clearly and univocally confirm how consumers from the highest category, usually known for their sophisticated and highly developed taste, are not inclined to change their purchasing habits, the influence of changes of a macroeconomic and political nature remaining absolutely marginal.

The company consistently pursues its long term strategy based on sustainability, moral growth and sound profitability, with a special focus on skilled, extraordinarily specialised artisan manufacturing products of excellence.

It can be seen how these issues are increasingly and convincingly adopted by many industries looking to and planning for the long term future, with respect for the individual seen as a key element and the driving force of its sustainability.

Revenues performance

Net revenues at 31 March 2014 was €99.6 million, up by +12.2% (+13.4% at constant exchange rates), compared to €88.8 million at 31 March 2013.

Revenues, including other operating income reached €100.8 million, up by 12.1% (at current exchange rates) compared to the €89.9 million of the previous year.

Revenues by Geographical area

The success of the highest quality offering with sophisticated consumers with a highly developed taste is confirmed by the results achieved in all geographical areas, taking into account that the quarterly results may be affected by delivery timing of the collections between the end of one quarter and the beginning of the next.

The flows of high end tourism contributing to the results achieved in all the main European and world cities as well as resorts were particularly favourable, thanks to the attractiveness of Made in Italy absolute luxury and the consolidated purchasing habits of the targeted consumers.

North-American market - sales up by 13.2% (€25.8 million compared to the previous €22.8 million) accounting for 25.9% of revenues (25.6% in the first quarter of 2013).

Recognition of the prestige of absolute luxury products and relative sustainability in the long term has motivated the most important Luxury Department Stores to make over larger spaces in the most prestigious locations to the highest category brands, characterised by continual evolution and creativity of taste.

Such dynamics are also the basis of the results achieved in the multibrand channel by our proposed collection, with significant growth and positive sales sell-outs.

The monobrand channel also showed solid growth rates, with 2 new openings over the last 12 months (at 31 March 2014 there are now a total of 16 boutiques in total) and positive results for the same perimeter.

European Market - revenues rose by 16.5% (€33.4 million compared to €28.6 million in the first quarter of 2013), representing 33.5% of the total (32.2% at 31 March 2013).

Over the last 12 months, the programme for opening selected monobrand boutiques continued, which together with the increase in sales for the same perimeter and sell-out results, drove the increase in turnover.

All the relevant areas posted growth, both in Western Europe, Russia and Eastern Europe thanks to the presence of the brand in the most prestigious locations where the flows of tourists and relative sales maintained a positive growth trend.

The network of DOS included 21 boutiques as of 31 March 2014, with a strategic opening in the important location of Munich in the second half of 2013 and the move over of 2 prestigious boutiques from the wholesale monobrand network to the direct distribution network in the resorts of Cannes and Knokke, in the first months of 2014.

The network of wholesale monobrand stores included 19 boutiques at the end of the first quarter 2014, with openings concentrated in emerging countries.

Greater China - sales up by 25.9% (€6.3 million compared to the previous €5.0 million) accounting for 6.3% of revenues (5.6% in the first quarter of 2013).

The increase in sales was driven by 4 conversions (3 boutiques in Hong Kong and 1 in Macao) of stores from the wholesale monobrand network to the direct distribution network over the last 12 months and by the positive sales results of the existing network of stores.
2 new boutiques were opened in the months of April and May last year.

Distribution in Greater China, at 31 March 2014, included 18 boutiques, of which 16 monobrand stores and 2 wholesale monobrand boutiques .

Rest of the World - turnover up by 27.7% (€11.3 million compared to the previous €8.8 million) accounting for 11.3% of revenues (9.9% in the first quarter of 2013).

The number of monobrand stores, at 31 March 2014, totalled 9 boutiques, of which 2 new openings over the last 12 months.

Italian Market - sales at €23.0 million compared to the €23.6 million for the first quarter of 2013 (amounting to 23.0% of the total compared to 26.6% at 31 March 2103) with a slight decrease of €0.6 million.

The significant flow of foreign tourists guided the performance of the retail and wholesale monobrand boutiques, both in the leading Italian cities and most exclusive resorts.

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At 31 March 2014, the network of monobrand boutiques included 15 stores (11 retail monobrand and 4 wholesale monobrand boutiques) with just one opening in Naples over the last 12 months (April 2013).

The exclusive prestige and extremely high quality of the Italian market has proved crucial, not only inside the monobrand boutiques but also significantly in the multibrand stores has proved crucial for its allure, prestige of the brand and modern taste, a benchmark for sophisticated consumers who consider Italy as a main shop window for absolute luxury brands.

Revenues by Distribution Channel

All the distribution channels posted growth, sustained by the results achieved by existing boutiques and locations, new openings and the Group's presence in the most prestigious spaces of Luxury Department Stores.

The monobrand retail distribution channel grew by +24.1%, reaching a turnover of €32.9 million (33.1% of revenues of the first quarter 2014) compared to €26.5 million in the first quarter of 2013 (accounting for 29.9% of the turnover for the period).

The 6 selected openings of boutiques over the last 12 months (all taking place in 2013), combined with the 6 conversions from the wholesale monobrand network to the direct distribution channel have helped to increase turnover, with the positive contribution of the existing boutiques.

Like for Like[1] sales of the direct distribution network posted an increase of 5.5% in the first 18 weeks of 2014 (the period from 1 January to 4 May 2014).

The wholesale monobrand distribution channel grew by +10.4%, with sales of €12.6 million at 31 March 2014 (12.6% of revenues) compared to €11.4 million in the first quarter of 2013, (accounting for 12.8%).

The results shown are affected by the 6 conversions to the retail monobrand network occurring in the period from 31 March 2013 to 31 March 2014, with the positive contribution of the 7 new boutiques opened and the increase in personnel.

The multibrand distribution channel showed an increase in sales of 6.3%, reaching €54.1 million at 31 March 2014 (54.3% of revenues) compared to €50.9 million in the first quarter of 2013, (accounting for 57.3%).

The presence in the most important Luxury Department Stores and prestigious multibrand boutiques, and in the most elegant shopping streets in established and emerging markets has driven the results achieved, confirming the perception of prestige and exclusivity of the brand by consumers of the highest category.

The monobrand channel network

The monobrand network, at 31 March 2014 includes 98 boutiques, compared to 85 at 31 March 2013, of which 63 direct monobrand and 35 wholesale monobrand.

[1] Like for Like for 2014 is calculated as the increase in revenue at constant exchange rates in the DOS existing at 1/1/2013.

The retail monobrand network - The boutiques directly managed (63 stores as at 31 March 2014 compared to 51 at 31 March 2013) have benefited over the last 12 months from the 6 new stores opened and 6 conversions from the wholesale to the retail monobrand network referred to above.

Wholesale monobrand network - wholesale monobrand presence (35 boutiques at 31 March 2014 compared to 34 in the first quarter of 2013), was characterised by 7 new openings and 6 conversions to DOS.

The restricted number of openings confirms the Group's approach to distribution, based on an established presence in the most prestigious streets of leading cities and resorts; with the recent opening in May of the Vienna boutique (retail monobrand) and Seoul (wholesale monobrand), the network of stores maintains its carefully chosen, exclusive presence and reaching 100 boutiques worldwide.

Analysis of operating results and net profit

EBITDA reached €18.3 million (18.1% of revenues), representing an increase of 13.5% over the figure of €16.1 million as of 31 March 2013 (17.9% of revenues).

Such EBITDA margin was driven by the dynamics of business development and by changes in the distribution channel mix, motivating the increased percentage weight over net revenues of sales through the direct distribution channel (33.1% in the first quarter of 2014 compared to 29.9% at 31 March 2013), resulting from selected new openings and the positive performance of existing stores.

The costs connected with the opening of boutiques and the expansion of the business caused an increase of the growth-related costs especially rental and payroll costs and the relative weight thereof on sales (this increase was more than proportionally absorbed by the sound results of the existing network, new boutiques and spaces).

Operating costs as a percentage of turnover rose from 37.1% in the first quarter of 2013 to 38.2% at 31 March 2014, due to the increase in rental costs (increasing from 5% in the first quarter of 2013 to 6.1% at 31 March 2014) and payroll costs (amounting in the first quarter of 2014 to 15% compared to 14% as at 31 March 2013).

Management of other operating costs was positive with a reduction of the relative weight from 18.1% to 17.1% of revenues, while the investments made in marketing and advertising, continuing to amount to over 5% (5.7% at 31 March 2014, compared to 5.6% at the end of the first quarter 2013).

With the current programme for the selective and excusive development of the network of monobrand boutiques, depreciation for the period amounted to €3.1 million (incidence of 3%) compared to €2.5 million at 31 March 2013 (incidence of 2.8%).

Net profit reached €9.6 million at 31 March 2014, representing an increase of 8.7% over the €8.8 million at the end of the first quarter 2013, with a substantially unchanged incidence on revenues (9.5% at 31 March 2014 compared to 9.8% at the end of the first quarter 2013).

Balance sheet

Net working capital at 31 March 2014 amounted to €89.4 million (€70.2 million at 31 March 2013); the incidence on rolling net revenues of operating working capital (which increased from 27.8% at 31 March 2013 to 28.4% at 31 March 2014) showed a very limited increase thanks to the positive and sound management of trade receivables and trade payables, which absorbed the increase in inventory.

Inventories rose by €14.8 million (from €76.8 million at 31 March 2013, representing 26.4% of rolling net revenues, to €91.5 million at 31 March 2014, 27.5% of revenues); this is strictly related to the development of the business and of the retail network (6 boutiques opened and 6 conversions from the wholesale monobrand to the direct distribution network).

Investments at 31 March 2014, relating mainly to the consolidation strategy and selective development of the commercial network, as well as to the expansion of production and logistics, amounted to €11.7 million (16.3 million €at 31 March 2013).

Commercial investments at 31 March 2014 were €6.5 million (12.3 million €at 31 March 2013) while those relative to production and logistics, including investments relative to the enlargement of the Solomeo industrial plant, amounted to €5.2 million (€4.1 million at 31 March 2013).

Since last April the company has partially begun to use the new additional premises, with complete use forecast over the next months.

Net financial debt at 31 March 2014 amounted to €28.3 million (€14.8 million at 31 March 2013) with an increase compared to the net financial position at 31 December 2013 (€16.1 million) related to the seasonal nature of business (the net financial position at 31 December 2012 was in fact €0.9 million, rising to €14.8 million at the end of the first quarter last year).

Ethics Committee

The Company has created a new business dimension: a form of capitalism in which man is central to business and work is seen as an expression of human value; profit itself becoming a means of achieving the higher goal of the real good, to improve the life of the person working , to valorise and recover the beauties of the world.
That's why an Ethics Committee has been set up to ensure the observance and relevance of the principles contained in the company's Code of Ethics and to assess all the ethical aspects involved in the performance of business.
This Committee, composed of Brunello Cucinelli, Father Cassian Folsom and Camilla Cucinelli sets out to ensure that human values take first place in the life of the company so that its profit-making pursues sustainable development both within the company, by safeguarding the wellbeing of the people working in and with the company, and outside, trying not to damage humanity but on the contrary practically improving the conditions of life.

Lead independent director

In today's session the Board also confirmed Mr. Andrea Pontremoli as its *lead independent director.*

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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.

This Interim Management Report, prepared pursuant to art.154-ter sub-paragraph 5 of the Legislative Decree no. 58 of 1998 is not subject to audit.

The Interim Management Report at 31 March 2014, approved by the Board of Directors today, has been filed at the Company's registered office and may be consulted by the public in the "Financial Statements & Reports" section of the company website (http://investor.brunellocucinelli.com).

The Analysts' Presentation of the results at 31 March 2014 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 €322.5 million in 2013 (+15.5% compared to the previous year), of which 79.3% was achieved overseas, and an EBITDA of €58.2 million (up by 18.5% over normalized EBITDA for 2012), and currently has over 1,000 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 the 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 **artisan quality** of production, performed exclusively in Italy, combined with *savoir faire* and **creativity**, to make the Solomeo-based company one of the most exclusive testimonials of the Italian lifestyle in the world.
Company business has always been conducted in the medieval hamlet of Solomeo, on the outskirts of Perugia. Today the brand is distributed internationally in 60 Countries through 100 monobrand boutiques in leading capitals and cities worldwide and in the most exclusive resorts, with a significant presence in approximately 700 selected multibrand stores, including leading luxury department stores.

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The financial statements are attached

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CONSOLIDATED BALANCE SHEET AS OF 31ST MARCH 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	March 31, 2014	*related parties*	December 31, 2013	*related parties*	March 31, 2013	*related parties*
Non-current assets						
Intangible assets	30.269		26.552		25.996	
Property, plant and equipment	63.427	8.912	59.180	8.252	46.482	6.471
Other non-current financial assets	3.992	41	3.426	41	3.299	41
Deferred tax asset	9.316		10.082		6.606	
Total non-current assets	**107.004**		**99.240**		**82.383**	
Current assets						
Inventories	91.527		94.464		76.773	
Trade receivables	59.793	13	43.361	99	58.298	22
Tax receivables	2.158		1.094		1.246	
Other receivables and other current assets	13.352	1.790	14.186		10.121	
Cash and cash equivalents	42.512		38.676		38.545	
Derivative financial instruments	789		1.658		524	
Total current assets	**210.131**		**193.439**		**185.507**	
Total assets	**317.135**		**292.679**		**267.890**	

	March 31, 2014	*related parties*	December 31, 2013	*related parties*	March 31, 2013	*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	69.909		40.063		45.340	
Net income for the period	9.732		30.476		8.776	
Total shareholders' equity attributable to owners of the parent	**151.156**		**142.054**		**125.631**	
Shareholders' equity attributable to non-controlling interests						
Capital and reserves attributable to non-controlling interests	6.824		4.061		4.286	
Net income for the period attributable to non-controlling interests	(161)		(901)		29	
Total shareholders' equity attributable to non-controlling interests	**6.663**		**3.160**		**4.315**	
Total shareholders' equity	**157.819**		**145.214**		**129.946**	
Non-current liabilities						
Employees termination indemnities	3.180		2.854		2.980	
Provisions for risks and charges	831		831		950	
Non-current payables towards banks	18.173		18.281		11.537	
Non-current financial debt	3.493		3.477		1.716	
Other non-current liabilities	2.162		2.006		1.283	
Deferred Tax liabilities	4.085		3.308		2.598	
Non-current derivative financial instruments	249		230		292	
Total non-current liabilities	**32.173**		**30.987**		**21.356**	
Current liabilities						
Trade payables	56.569	1.119	62.607	753	54.264	1.012
Current payables towards banks	48.522		29.639		39.335	
Current financial liabilities	178		2.955		149	
Income tax payables	5.351		1.562		6.295	
Current derivative financial instruments	317		311		1.189	
Other current liabilities	16.206		19.404		15.356	
Total current liabilities	**127.143**		**116.478**		**116.588**	
Total liabilities	**159.316**		**147.465**		**137.944**	
Total equity and liabilities	**317.135**		**292.679**		**267.890**	

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CONSOLIDATED INCOME STATEMENT AS OF 31ST MARCH 2014

CONSOLIDATED INCOME STATEMENTS

	March 31, 2014	*related parties*	March 31, 2013	*related parties*
Net revenues	99.643	3	88.835	13
Other operating income	1.155	762	1.046	836
Revenues	**100.798**		**89.881**	
Costs of raw materials and consumables	(23.231)	(26)	(22.655)	(25)
Costs for services	(43.676)	(429)	(38.215)	(398)
Payroll costs	(15.083)	(61)	(12.570)	(47)
Other operating (expenses)/revenues, net	(557)	(2)	(271)	
Costs capitalized	254		190	
Depreciation and amortization	(3.074)		(2.519)	
Impairment of assets and other accruals	(250)		(274)	
Total operating costs	**(85.617)**		**(76.314)**	
Operating Income	**15.181**		**13.567**	
Financial expenses	(1.794)		(1.908)	
Financial income	1.069		1.428	
Income before taxation	**14.456**		**13.087**	
Income taxes	(4.885)		(4.282)	
Net income for the period	**9.571**		**8.805**	
Net income for the period attributable to owners of the parent	9.732		8.776	
Net income for the period attributable to non-controlling interests	(161)		29	
Basic earnings per share	0,14312		0,12906	
Diluted earnings per share	0,14312		0,12906	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	March 31,	
	2014	2013
Net income for the period	**9.571**	**8.805**
Other comprehensive income:		
Effects with possible future impact on the income statement	**(470)**	**(904)**
Cash Flow Hedge	(479)	(1.735)
Tax Effect	132	477
Total Profit/(Loss) from fair value adjustments related to hedging instruments	**(347)**	**(1.258)**
Exchange differences on translation of foreign operations	(123)	354
Effects that do not have future impact on the income statement	-	-
Profit / (loss) from effects of employee benefit remesurement	-	-
Tax Effect	-	-
Total other profit/(loss), net of taxation	**(470)**	**(904)**
Total net comprehensive income, net of taxation	**9.101**	**7.901**
Attributable to:		
Owners of the parent	9.333	7.782
Non-controlling interests	(232)	119

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CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31ST MARCH 2014

CONSOLIDATED STATEMENTS OF CASH FLOWS	March 31, 2014	March 31, 2013
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	9.571	8.805
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Depreciation and amortization	3.074	2.519
Provisions for employees termination indemnities	23	31
Provisions for risks and charges / inventory obsolescence / doubtful accounts	250	230
Change in other non-current liabilities	156	34
(Gain)/Loss on disposal of Fixed assets	(726)	(830)
Termination indemnities payments	(21)	(5)
Payments of Provisions for risks and charges	-	-
Net change in deferred tax assets and liabilities	1.124	993
Change in fair value of financial instruments	416	138
Changes in operating assets and liabilities:		
Change in trade receivables	(16.660)	(10.531)
Change in inventories	3.746	4.872
Change in trade payables	(7.518)	(10.772)
Change in other current assets and liabilities	(605)	(311)
Net cash provided by/(used in) operating activities	**(7.170)**	**(4.827)**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(6.594)	(5.200)
Additions to intangible assets	(1.622)	(2.160)
Additions/(disposals) of financial assets	(525)	(25)
Acquisition of Brunello Cucinelli (England) Ltd , net of cash acquired	-	(4.718)
Acquisition of SAS White Flannel, net of cash acquired	(549)	-
Acquisition of Pearl Flannel S.p.r.l., net of cash acquired	(443)	-
Acquisition of d'Avenza Fashion S.p.A., net of cash acquired	(84)	-
Proceeds from disposal of property, plant and equipment	2.034	894
Net cash provided by/(used in) investing activities	**(7.783)**	**(11.209)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	10.000	-
Repayment of medium/long-term loans	(528)	(939)
Net change in short-term financial debt	6.002	11.474
Net change in long-term financial debt	-	1.497
Dividends paid	-	-
Share capital and reserves increase	3.335	2.402
Net cash provided by/(used in) financing activities	**18.809**	**14.434**
TOTAL CASH FLOW FOR THE PERIOD	**3.856**	**(1.602)**
Effect of exchange rate changes on cash and cash equivalents	**(20)**	**102**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**38.676**	**40.045**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**42.512**	**38.545**
Additional information:		
Interest paid	**310**	**318**
Income tax paid	**1.141**	**450**