

Brunello Cucinelli S.p.A.

"Full Year 2020 Results Conference Call"

Thursday, March 11, 2021, 18:00 CET

MODERATORS: BRUNELLO CUCINELLI, CHIEF EXECUTIVE OFFICER
MORENO CIARAPICA, CHIEF FINANCIAL OFFICER

OPERATOR: Chorus Call operator speaking. Good evening, welcome to the Presentation of Full Year 2020 Results of the Brunello Cucinelli Group. I'd like to remind you that all participants are in listen-only mode. Following the initial presentation, there will be a Q&A session.

Speakers will be Mr. Brunello Cucinelli, Executive President, Chairman and Creative Director, Moreno Ciarapica, CFO and Pietro Arnaboldi, Head of Investor Relations. In order to receive help from an operator during the conference call, please press "*" followed by "0."

I would now like to give the floor to Brunello Cucinelli. Thank you.

BRUNELLO CUCINELLI: Good evening, my friends. I am pretty, you know, fit today because, you know, data...in Italy that between April and May we will have a 50 million vaccines approximately, so I feel really well. So as usual, you see it is a great pleasure for me to take part in these calls with a vast audience. It is a great way to get in touch with each other and to exchange ideas.

We are all here, you as always is Luca, Riccardo and all the others. I'd like to consider this time as a new and quite concrete starting point that coincides perfectly, you know, with a return of spring and of my beloved swallows, and I can confirm that they will fly back between next Saturday and Sunday.

So as I was saying, I'm pretty excited today, because this pandemic you know started last year in March. We were in lockdown for 6 weeks and then we immediately hired 2 doctors who basically started making tests and for...testing for COVID and this was a very special situation for us. Then we had 6 weeks of lockdown as I said, but then we worked normally.

And then I have to say that today I was very moved, when I heard the words of my esteemed Prime Minister, Draghi, when a few days ago, he urged public and private businesses and activities to support this time of hope with the realization of temporary vaccine hubs and centers, but obviously anti-COVID vaccines. So as the Prime Minister said, he said, let us make decisions with consideration, and let us implement them as fast as possible. So swiftly this morning we decided at the park of Solomeo, the park of beauty that you know here, will be very quickly turned and converted into a vaccine hub, a vaccine center. So this is the plan until August, but I think that we will end before that.

We will start with 500 people a day initially, but we can definitely double our shifts and have up to 1,000 people vaccinated per day and this give us a lot of advantage for the whole region. We could theoretically working at night too, because we have a stadium like lighting system and this would enable us to have 3 shifts with doctors thus reaching 1,500 vaccines per day. So we are extremely confident, with the Johnson & Johnson vaccine approval, and 7...and all the 7 million vaccines from them.

So I am not an expert in the field, but my...I think that in May, June we will have solved most of the issues. It really reminds me back in March big...when the face masks were in high demand and shortage. I remember that already in February we went searching for face masks, for 3 months we ordered over 11 million face masks and only 1 million were delivered. But then in May, masks were available. So I am confident.

So we would like a call to unfold as follows. I will read out to you the highlights of this years, well most of them you are already familiar with...then Moreno, the CFO will go into detail, after that I'd like to make a very few comments on this past year, but instead, I would like to try and draw your full attention to this current year, which we like to call year of

rebalancing. By going into details really delving in, and also I'd like to provide you with a careful and beautiful look at the coming 2022 and the great importance of the 2019-2028 10 year plan. So this is a decision that I have made myself some time ago, which is only focusing on what this year has given us, not what it has deprived us of. So we are looking at new projects here.

So reading out, net revenues for the year 2020 equal to €554 million with a slight decrease of minus 10.5% at current exchange rates and minus 9.9% at constant exchange rates. Then second half of 2020 gradual growth in revenues with an increase of 7.1% at current exchange rates normalized adjusted EBITDA in 2020 amounted to €41 million with a 7.7% margin on sales. Adjusted EBIT of €6.9 million with a margin on revenues of 1.3% incidence.

Then adjusted net profit of €2.7 million significant investments nothing was changed there, well €51.6 million in line with what had been planned before the pandemic, NFP the typical €93.5 million, and then the AGM has been convened for April the 19th, 2021, and we approved the non-financial consolidated accounts. So this is my comment. We have just ended the year 2020 which will be a topic for discussion for generations to come, and which will stick to our memory as a painful time for the body and soul, but also as a time of great change for the benefit of humanity and creation as a whole.

In terms of revenues, we closed this year with a slight dip of 9.9%. Of course, it is better to say 9.9, which is at constant exchange rates. These days I feel very strongly that in a few months, we will be able to return to a normal quality of life. With this conviction, and thanks to the significant quantity of orders in our order portfolio, from the fall/winter 2021 collections, which have been unanimously found beautiful by both

customers and this trade press worldwide? We are guiding for this year of rebalancing with a significant growth in turnover of between 15% and 20%. And as for 2022, as per our 10 year plan '19-'28 we envisage in 2022 a growth of around 10%.

Now Moreno will give you a bit more details and then [indiscernible].so we will be back...

MORENO CIARAPICA: Good evening and thank you, Brunello. Very briefly I'd like to sum up some issues that featured in the performance of 2020 results. And I am obviously available for any questions you might have.

I'd like to start from Slide 11 of the presentation, income statement, and I would underscore the stability of the first margin level, and the return to a positive margin in the second half after results in June the 30th, 2020 have been strongly, deeply hit by the pandemic with the Spring confinements, the closure of stores across many countries in the world and the absence in international traffic as of December 31st 2020 adjusted EBITDA €31.8 million, EBIT adjusted €6.9 million, and net income adjusted €2.7 million.

We'd like to recall that the adjustment of results factors in the accounting factors of the application of the IFRS 16 principle. The extraordinary provision for the inventory write-down in 2020, following the extraordinary effects of the pandemic and relating to the new Brunello Cucinelli for humanity project. In 2019 fiscal tax benefits €5.6 million for the Patent Box. This benefit ended in 2019.

As for the detail in the reconciliation between the reported values and the adjusted values, we would like to refer you to Slide #12. So before moving to the balance sheet results, I'd like to highlight the following. The first one has to do with EBITDA adjusted second half 16%.

This...these margins benefited significantly from the extraordinary postponement of some fall/winter shipment from the second to the third quarter 2020, with the...with related costs that are usually accounted for in the first half of the year. This deferment had been caused by the fact that production has stopped. And then this had been caught up completely in August. Net of this deferment, the margin in the second half would be around 13%.

The second fact is that the income statement benefits from €10.3 million of savings linked to the contribution of the different world government supporting employment €4.3 million, and the reduction in rents for €6 million. As far as, the leases, I'd like to point out that we positively welcome the proposal of some landlords to reduce leases for the loss on consignment [ph] time especially in Russia and in the U.K., due to the reduction in the guaranteed...minimum guarantee values.

As far as the net working capital analysis, the Slide 15, I'd like to highlight the following, the full recovery of the inventory increase in 30 of June 2020, as commented in the press release a value that was close to the one of 31st December '19, that we believe a healthy sound and structural level for the managing and running of our business. There was an increase in trade receivables linked to 2 factors, the increase in the shipment to wholesale in the fourth quarter 2020, an increase of €27.5 million vis-à-vis fourth quarter 2019. And the second reason is that we led some...we gave some deferment in payment to some wholesale clients based on an extremely cooperative relations and a long-standing relation with them.

Then these deferment were granted following the pandemic, as it had been the case in '01 and '08, when we had managed receivables with flexibility and then in a couple of semesters, the...normality came back. We consider our receivables healthy and healthy. And as a caution, we have

set aside €1.308 million, although we had a very small [indiscernible] losses, that which represents 0.07% of the net revenues of 2020. So trade payables in line with last year, because there were no changes in payment to suppliers and third-party co-workers.

Slide 16, highlights the...our attention to investments, €51.6 million in 2020, in line with the €52.6 million of last year.

NFP Slide 17, €93.5 million impacted by the pandemic on 2020 results, but already strikingly improving vis-à-vis the €136.5 million of 30 of June 2020.

And finally, I'd like to update you on the new funding credits in March €116.5 million with the major banks with the refundment [ph] term of 5 years, and €84 million 18 to 24 months. All these transactions were secured with competitive market rates with a balanced impact on the income statement, without making recourse to the liquidity decree and also the SACE guarantee loans of the state.

This is the end of my intervention. I give the floor to Brunello.

BRUNELLO CUCINELLI: So we can say that in the end, 2020, was a year that we called transitional. And it ended, I have to say, much better than we imagined, especially in the first part of it at the outbreak of the pandemic in March and April. So with a bit of balanced wisdom, we want to try and access to what we cannot change, but try to change what we can change. So in the end, we can say that we only had a really complex quarter. The second one due to the physical closure of almost all the boutiques in the world. And then the remaining 3 quarters were positive, I would say, especially the last 2.

What we are looking at very carefully is the second half of the year, obviously, where we have had almost normal results. And we try not to look at the other results. But from the economic view, of course, we look at them, but we try and start from after the...that year. So the great choices that we made on 12th of March a year ago, after receiving a video greeting from our staff in China, who were working with their face masks on, something important this morning with Luca Riccardo, we had a call with all our Chinese staff. They were in our showroom, about 40 of them without any face masks in just normal conditions standing one beside the other. And we asked them, how do you...what's your life like? Well, it's a normal life. And this really reassures us because we have always considered them that they were 2 months ahead of us, well, hopefully, we can do that too in 2 months time.

So last year, we decided that this pandemic was a cyclical crisis i.e. a temporary one, and not a structural one like 2008. And so, with firmness, humility, creativity, we have made 3 major choices, powerful ones, you see one year down the road, we can you know, we can really tell that there were strong. We did not lay off anyone...we did not lay anyone off guaranteeing last year salary to all employees worldwide. But already today we feel that we are reaping those rewards from our employees in the form of dedication, creativity, responsibility, and also relationship with our customers. And I think that we are already reaping these results. So this is part of our culture.

And then two more things, we received very, very good results of good cooperation. First of all, with our fabric suppliers in terms of creativity and quality of delivery, they have allowed us to realized the physical...make the physical collections in the right timeframe. So they have a really approved variations in some fabrics exclusively for us, and

this has been very important for both the Spring/Summer '21, that went really well, but also for Fall/Winter '21. That also went excellently well.

Then when renewing or signing new leases for the boutiques, we have noticed the full availability of the landlord's. You see they gave, for example, for 2022; they gave us a beautiful shop in a very big city that we had been waiting for 2, 3 years. They did not renew the contract with the brand that was already there due to the latest behavior. You see this...we're talking about the top cities in the world. It is very easy to find a tenant for them, but we were given this privilege because of our behavior. That's what they say.

So this is something I wanted to say, and other private landlords in a very important city. A few days ago he called us and he said I'd like to give you a contribution of €500,000, €600,000, because your store suffered for a month or a month and a half. So these are the first great results that we are reaping.

So we seize the opportunity to tell you that all 2022 locations are secured by a contract. '21 and '22, yes. Yes, they're all secured by contracts, so very important here. Another important choice, all the surplus goods for the [indiscernible] when the direct boutiques were closed were donated to the projects you are familiar with. Brunello Cucinelli for humanity, but you see taking stock of the situation, we have had an invaluable return on our worldwide image, as well as the human pleasure of all of us. And in particular, our co-workers, they were very, very touched by this initiative.

Very important, in you see the inventory is very important for all companies, but especially for apparel companies. There is no merchandise there from the past season and we like this very much, because it means that our boutiques are always full with contemporary goods. So product

and visual very important. All this has led to the results that you know, so better than expected. But I want to add something else I said it to my staff before. It is the first time in our 42 years of business that we have experienced a small dip in turnover, because even in 2008, we did plus 9.9 and in 2009 nearly 10%. But now, we want to really highlight the new topics of the new time and the new business, because this is a new route ahead.

You know what we did, first of all. So on January, the 01st, we have drafted a sort of new prospectus, like we did in 2012, for the stock exchange listing. Well, I have to say that still, today, we are very, very happy with...satisfied with the fact that we went public and fascinated by the idea of doing business, and sharing thoughts and strategies with the world community...with your world community. And I'd like to thank you for that. And you know, why? Because, I think, that there is no doubt that if we had not gone public, our idea of humanistic capitalism and living in harmony with creation would have, you know, remained something nice about private and less fascinating as this message for humanity.

So...we, at the end of 2020, we stopped, interrupted our 9th, 5-year plan for probably start of the business 2018-2022. And we started again from scratch with a tense 50-year plan '21-'25 with this company, that's...this company as I will say, and we asked ourselves who are we? And the new prospectus, this shows who we are today. We hope and believe that we are contemporary in terms of products. We have a sound equity, somewhat special in the way we relate to humanity. We keep supporting a healthy graceful and balanced growth. And then we'd like to add that we considered the Made in Italy as a great responsibility for us Italians obviously, and the same also applies to you in your other countries. So now, all the numbers for the near-future.

So we envision a 2021 with revenue growth between 15% to 20% compared to 2020 and between 3% and 7% compared to 2019, and EBITDA around 13% and 14%. 2022, we would like to have a turnover of around 9% to 10% growth with a rebalancing of EBITDA of around 17%. As to the 10-year plan 2019-2028, we would not want to change anything with the doubling of turnover occurring in 2028 around €1.1 billion. So we can say, since we're all here together, that our plan will only have experienced a significant slowdown in 2020 and then regained its balance.

But since I am not very, very young, I also like to share this with you, you young people, investors and analysts. I have to tell you the truth, in my business history for more than 40 years now, I don't know why I don't have a logical explanation for that, but every 6 to 7 years, there is a major problem happening at world level that slows down the economy momentarily and then business starts again. I remember for the less young among you 1987, Black Friday was October the 26th, maybe, then 1996, then Twin Towers 2001, also very special, very human tragedy 2008, banking crisis 2013, and then the pandemic this last year.

So every 6 to 7 years, we should expect something to happen. And we have to always plan with this idea in mind, trying to keep enough stocks and educate our young managers to this culture. Maybe that's also the perhaps for young managers that is the first time they feel Luca, Riccardo, you're very young, and maybe not...so it could be a great lesson.

Now, let's go back to the day-to-day management of 2021. Turnover, and EBITDA we already commented on that, we will invest between €45 million and €50 million in sales and production, i.e. between 7%, 8% of turnover, this is the level you are familiar with. Investments in

communication remain as always between 5.56% this year was 5.9%, but just because revenues decreased, otherwise it would have been 5.4%. Then NFP will improve and we will...would like to return to go back to our usual dividend policy of around 50% of profit, because we never got there, it was the year of the pandemic.

So in the press release, we don't want to be too lengthy, but you will find an extensive description of our company's strategies in the press release. But we really wanted to reiterate them on the occasion of this new start of the world. This is the company today. Throughout the year, we would like to provide you with figures compared with both 2020 and 2019, because for us, the starting point is 2019. Then current quarter very interesting, we are almost at the end of this first quarter of 2021. The year of rebalancing and we can say that it is proceeding pretty well all things considered.

There is an urge to return to the physicality of things and people across all markets nearly. And what I think is very strong is the planning for the second half of the year. You also agree, Luca and Riccardo. So we are very, very happy with this. There is no doubt that the brand is enjoying an extraordinary momentum from many viewpoints. You see, we don't want to sound arrogant, but since we are starting from scratch. We imagined that the brand is experiencing a very good moment from many viewpoints starting with the style. We are returning to a beautiful way of dressing, chic, refined and for us there is a strong value in exclusivity.

And you see usually there are cycles, 5-year cycles for one trend and the other. So refined, but as I said for us exclusivity plays a role, because I believe that it is the true distinctive feature of luxury. These products, you could almost leave them as a legacy. In menswear too, we feel that we sort of represent great directional trend for world fashion. And we are

pleased with that. But, you know, the fashion business for men really...loved fashion is not a high percentage. So the fact that we are really good guide is really good for us for the times to come, although we must be very, very careful in all the different details. You see, I read something by Confucius [ph] a few days ago, saying that even if do something small, has to do it with care.

And for menswear this is even more true, because a blazer, if it is slightly longer or shorter, it makes a difference in the outfit. And, of course, this has to do with the large quantity of press that we enjoyed this year. So this consideration comes from the amount of worldwide articles that we have had this past year. There is no doubt that many wholesale customers are making great selection of brands. We saw it in the orders for the fall winter. And this selection happens, both in terms of taste, desirability, behavior, and most important concrete all round sustainability.

And now a couple of minutes on Casa Cucinelli. About 6 months ago, we opened a space called Casa Cucinelli in Solomeo, Milan, Paris, London, and New York. It is a space set up as a sort of home, personal office, showroom where there is a kitchen too, where we welcome friends' clients, journalists, any kinds of events. Also, confidential meetings and people that want to order made to measure suits, for example, this place has been very, very important for the virtual events, virtual events with a greater human value, which have encouraged each other in September, October, November.

You see in this year, we have clearly replaced the physical events with the virtual ones, but I believe that in the future, they could be mixed together; we can have a virtual event Casa Cucinelli, Solomeo, and then, in physical one from the store. Then, when the 2 fashion weeks...2 men's fashion weeks happened, first [indiscernible] in January and then Milano Donna in

February, we presented the collections physically with the models to the world. We were here, or was tested negative for COVID. And then for from sort of a live for all the same days, i.e. 7 with models almost alive and it was really...did make the difference. So thanks immensely to technology for that.

And as I was saying, between October and February, at the end of the day, I personally took part in about 250 events. Sometimes up to 8 hours a day. And, on the one hand, very interesting and wonderful. Because, on average, we would have 5 to 8 people who join the journalists and we would talk about budget, fashion, life, fears, hope.

But on the other hand, as I was saying, you see I was very tired in the evening, and when I went back there...home, I was tired. And it reminded me in fact of the great road show of the stock market listing. When you analysts and investors, too, because you work on companies 8 hours a day, 9 hours a day, 6, 7 hours of meetings. And you can't even remember what you said in the previous one. But it is...we have definitely strengthened the relation with the company. And I saw a lot of people with tears in their eyes. And I attach a lot of value to this...what we did. We talked about planning for the next 5, 20 years.

Now, a couple of words on products. Because we started from 2021, I believe that product is a real driving force behind the company, and I will never tire of repeating this. So, new young CEOs, you started in 2020, but product is something serious. Because now, I devote 90% of my time to products, but truth must be told, products must be contemporary. Otherwise, the company has no way of existing. And to have a contemporary product, you must have a staff with lots of young people. And the average age for us is 37, 40 years. You must have the courage to listen; this is something difficult because when you're told that a garment

is not appreciated, you think that they're wrong. You have to be able to look at mankind without arrogance, and also you have to change quickly what you understand is not appreciated and this is really important. And we're now back to the swift...swiftness that Mr. Draghi mentioned, we have to act swiftly.

E-commerce and communication, you are familiar with that. E-commerce is very interesting, and must be very detailed; it has been...you see for e-commerce it has been very, very important. But the websites are...the image of the company is everything. We always have to strike the right balance between online time and physicality. We should not exaggerate with the online. Otherwise you lose out of things. So the brand must always express confidentiality, exclusivity, charm and also dream, and mystery. And about this mystery, I wanted to read out something that I read the other day, Einstein. You see, Einstein was definitely a genius. And he said that the best and deepest emotion that we can feel is a sense of mystery. Think about it. And he says, "There lies the seed of every art and of every science." So every art and science starts from mystery.

And now, one more minute and then we are finished. Summary of the 10-Year Plan. So we believe in our brand, in a single brand, no acquisitions of other brands in sight, we said it from the very beginning, a great support for the production chain, and this value chain, very important for us this year. You should consider that none of them was laid-off and we have even stronger relationship to them. The average age is around 42 years. So we think that in the coming 5, 10 years, they will give us energy and strength, because they do impact creativity. And one thing is fundamental here, the schools in Solomeo, young students who are willing to learn and work. In the years and decades to come, I would like to say that we can expand our product range, eyewear, perfumes, jewellery, but I would like to tell you that we should lose our identity. Around the 90s, I was

fascinated by the noble expression of [indiscernible]. When someone asked him, why he didn't do something else in his business, he said [foreign language], it's another trade. So in the coming decades, we must always look after our identity.

So to conclude, my friends one year down the road, we are a bit more relieved compared to last year. We are very, very confident about the time to come. And I speak from the bottom of my heart. We must be very careful, but we have the vaccine, and it will all finish in a little time. We are fascinated by this new time, and we look at the future with serenity. Personally, I feel moved by the gratitude that we have received from mankind.

So thank you to my employees. Thank you to my investors and analysts. We spent a more...particular year, but we are going towards a new time. So thank you. Thank you from the bottom of my heart, and perhaps we have steered the boat to a slightly safer shore. So thank you again. Thank you for this special year and for the communication this year that you accepted us to organize nice calls with you. This year, we are going back to normal, but whatever you need, just give us a call, and we will organize virtual road shows maybe in the coming 2 months. But I hope that around November, I would like to go to New York, to London to meet you. We would like to meet in Solomeo, to meet, have dinner, shake hands. So not an 'Investor Day', but a great meeting with us, with you to smile about the new time. Thank you. You can ask your questions even tomorrow if you want.

Q&A

OPERATOR: Chorus Call operator here. We will now start the Q&A session. Whoever wants to ask a question, please press "*" followed by "1." To exit the

booking list, press "*" followed by "2." Please ask your questions using your microphone. Whoever wants to ask a question, please press "*" followed by "1" now.

First question from Andrea Randone, Intermonte.

ANDREA RANDONE: Good evening, Brunello. Let us smile. So you have already touched upon many topics. My question is, the guidance for 2021 is more optimistic than before, so vis-à-vis last time, what are...what made you change your view? So what was the reason?

BRUNELLO CUCINELLI: Yes, what you say is very interesting. So you...we have come out. You see the summer collections were really good, and I am going back to Einstein who said that whenever in tough times the genius really embraces creativity. But the winter collections are particularly beautiful, and we were told those by the press, and also by the wholesale customers. So these collections, the great results of our orders, and knowing that since June the 1st...from June the 1st, you have great goods in your stores, this has definitely increased our idea, that it could be even better than what we thought a few months ago. Sellouts were particularly great in terms of taste. And also Andrea, we are going towards this taste whereby for menswear, we are becoming the reference point for menswear. I am not talking about the fashion oriented one obviously. This is the reason why we raised our expectations, but we are very confident.

ANDREA RANDONE: Many follow-up question...2 smaller follow-up questions. The first one is, on inventory. Moreno mentioned this €208 million. He mentioned the trade receivables and that's clear. But maybe if you can say, talk more about the inventory, and how you think you can normalize the level. And the last point on China, it's a question already asked in the past. So what do you expect?

BRUNELLO CUCINELLI: So, I would like to start with China. So, as far as, China is concerned, we have broken down the world in 3 parts, 32% U.S., 46% Europe, 11%-12% Italy, and then 23% in the East. So it is growing really well. Of course, we don't want to lose our identity. I have always been fascinated by what Angelica Cheung, Editor and Chief of Vogue, some time ago. In China, she once said your brand is very, very coveted and sought after by chic people and celebrities. You know, we do not sponsor anyone. So in 2, 3, 4 years, I wouldn't mind to be 30% in the U.S. and 40% in Europe. So, nothing changes, but you see we have great opportunities ahead. We should not...we need to focus on taste. This is the only thing that I always worry about, taste.

And honestly speaking, I have to say that generally speaking, we should...we often talk about marketing and strategies but we also need to focus on the modernity of products, because then your product is not contemporary. Yes, as far as inventory is concerned Andrea, our inventory situation is 31 December 2019, we had 204 million then, before the pandemic. And with the extraordinary provision of €31 million set aside in 2020, we closed the year with €208 million with the consolidation of the new kids line, the Sartoria Solomeo project and some openings and extension of our retail network as we described in the price release. The increase of €4 million from 1920 we believe is absolutely natural.

And as we said before Andrea, we think that at the end of 2020 it will be fully rebalanced. No, this is the levels as we believe the 31, December 2020 this is our level to work with a matter of direct stores, yes, it can be 31 a year, 32...it depends. Of course, with the revenues returning to ordinary levels, the incidence as a percentage goes back to ordinary levels too. Thank you.

OPERATOR: Next question from Paola Carboni, Equita SIM.

PAOLA CARBONI: So, first of all, you mentioned the opportunity to expand your proposition to other categories being always very careful not to lose the identity. So, I was wondering, any explicit decision on this, on new possible categories that could be shared. And then, I have another question, on expectations for 2021, more optimism. I was wondering if you can give us a few more comments on the current quarter, very supportive, but if you can tell us what you are seeing compared to 2019, yes, 2019 and then considering your expectations plus 15%, 20%, how can this be guided or driven by the two channels wholesale and retail.

And one very last question, on as to the contracts that you mentioned for stores you said that you secured for '21-'22, yes, everything, how many openings then?

BRUNELLO CUCINELLI: So, contracts, so stores for '21, they are all secured and also '22. As you know, we usually open 1, 2 stores a year and then we expand to extend 2 to 3. This is a general strategy. Then you know when you are waiting for a good location, you could be there for 3 years. So, that's why we told you that we have secured not just '21 but also '22. So, as far as product is concerned, it is as if we were presented a company from scratch, we have many possibilities. Of course, we are scouting, we have eyewear, the fragrances and jewelries. But, it must happen gradually, without losing the identity. That's what we meant when we mentioned the expansion of the brand.

Then, we expect a healthy first quarter, slightly better than estimated. And we have revised our estimates for the year slightly upwards, because we think that the orders we received on the wholesale are important, but it is not just a value of the order, it is the weight that you give to the collection.

So, you go to the market with an appreciated collection. So, if you have a contemporary product, you know that, and you see this has been the idea of expanding our growth project because the 15%, 20% we never did that. But, we have to you know, catch up maybe. Last year we had stores closed. So, I don't know whether I was clear.

Yes, the difference between retail and wholesale, we are performing well in both channels and I meant something else for you Paola and also for Flavio because recently I read something on wholesale that was wonderful and then have always shared what you wrote referring to a research. I can't remember, maybe it was Bain [ph] research and what Flavio Cereda wrote on wholesale. I say that I always...I am always very fond of the powerful wholesales in terms of taste, because when the collection has been seen by 100 wholesalers and they say it's good, so you know that you have contemporary goods, and you feel in a good mood also to start the new collection when you restart knowing that the latest collection was very much appreciated, of course you have another kind of mood. This is the truth, if the collection was so and so, then you start wondering what can we do, that's why we are slightly more optimistic. Thank you.

OPERATOR: To ask a question you can press "*" followed by "1" on your phone.

BRUNELLO CUCINELLI: So, if there are no further questions, thank you very much. Maybe I was slightly longer tonight, but for us it really meant to give you a new idea of the company restarting in every single detail. So, that's the idea we wanted to share with you, the love with which we go to work and a special thanks to our workers because really we are very grateful to them. Thank you. Thank you very much. Thank you from everyone.