

BRUNELLO CUCINELLI

“FULL YEAR 2013 RESULTS PRESENTATION”

March 10, 2014

MODERATORS: BRUNELLO CUCINELLI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER
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OPERATOR:

Good afternoon ladies and gentlemen, the Chorus Call operator speaking. Welcome to the Presentation of the Full Year 2013 Results of the Brunello Cucinelli Group. I remind you that all participants are in listen-only mode. Following the initial presentation, there will be the opportunity to ask questions by the financial market. Speakers will be Mr. Brunello Cucinelli, CEO and President of the Company, Moreno Ciarapica, CFO and Pietro Arnaboldi, Investor Relations. In order to receive help by an operator during the conference call, press “*” followed by “0.”

And now, I’d like to give the floor to the President and CEO of the Group, Mr. Brunello Cucinelli, and the floor is yours.

BRUNELLO CUCINELLI:

Good evening, ladies and gentlemen. I apologize if I have to cough once in a while, but I had flu. It is a very beautiful day today, really spring has set in. I will not be speaking too fast so that Cara, our esteemed translator can translate in a clear way whatever I will be saying to you.

So it is now the second balance sheet, second yearly results that we present since our IPO in 2012. And I’d like to start and open the meeting by thanking you, you our partners, investors that and we consider as custodians of our Company. So I’d like to thank our analysts and I’d also like to thank you all for all that you’ve been doing for our Company.

So I propose that we do the following. First of all, I would provide you with some data and you know about what we are today, thinking that we are as of 31st of December 2013, then I would give the floor to the CFO, Moreno Ciarapica, who will give you more colors on the results. Then I would resume the floor in order to give you an outline on 2014 and 2015, and our projects and plans, and how we see the years ahead.

So I'd like to start from 2013, the past financial year which for us, for our Company has been a very, very special year, a very important year for us. And now I'd like to list a few highlights, so as to revenues, €322.5 million with an increase of 15.5% at constant exchange rates. As to EBITDA, €58.2 million, an increase of 18.5%, therefore from this viewpoint too, we are basically getting closer to the 18% of revenues EBITDA that has started to become a very interesting figure for us.

As for exports, 79.3% Italy, 20.7%, so...which means that we are very happy with this distribution and breakdown. As to markets, well the US market grew...North America grew by 23.2%, Europe reported a growth by 20% net, then China, the Greater China increased...improved by 52.5%, but obviously as you know, our turnover there amounted to 4.9% of our revenues. So obviously there is quite a remarkable growth, but the turnover by itself in absolute value is not so important.

As to the Rest of The World, the growth there was 5.7% and our very esteemed Italy at a slight decrease with minus 2.9%, but I would like to dwell upon this issue slightly. By saying to you that for us, Italy always plays a very, very important role especially when it comes to the judgment, the feedback on the taste of our collection, because when an Italian clients or customer passes a judgment on the collection as their feedback, it's that the collection is interesting and modern, the value of this feedback is extremely high to us.

When a foreigner, when they come to Italy, it is very important for them to see the product displayed in Milan, Venice, Rome or Capri. So the Italian market for us remains a very, very interesting and important market, although it accounts for 20% of our revenues.

As to CAPEX and investments, we invested quite a sizable amount, €39.4 million for production plant and stores, yes. And as to the...for the production's facilities, we are moving there in two weeks, but anyway I will tell you more about it when I'll be dwelling on 2014.

As to amortization and depreciation, €11.2 million, so which means that the net income is €29.6 million, which is plus 10.9%. As to the debt, end of the year debt, €16.1 million.

Today, during the Board's meeting, we decided for the dividend payout 24.5% of profit, so €0.11 per share. Last year it was €24.2%, but as you know, we would like to keep growing, to keep expanding, envisaging that we do not carry too much debt because you know that well, that I have a fear of debt. We want to keep investing quite massively and significantly for the Company, and also to payout some dividends.

So what about our markets, geography breakdown? North America accounts for 33.8%, so we can say that the percentage is equal to Europe's 33.5%, so North America and Europe basically share the same percentage. Italy accounts for 20.7%, Rest of the World 7.2% and Greater China 4.9%.

As for our sales, our revenues, 53% stem from Multibrand channels and these Multibrand DOS are basically always the same, more or less 700 clients, Multibrand clients representing as I was saying 1,000 DOS. 47% of revenues arises from our Monobrand channels that are broken down as follows. 37% directly operated stores and 10% franchise stores.

I'd like to highlight that we opt for franchise stores in specific, maybe tricky countries, for example the former Eastern Europe countries or in the Middle East, otherwise we tend to open DOS stores.

At the end of this full year 2013, we have 98 Monobrand stores, 61 of which DOS and 37 franchise stores. We as of today, we export to 60 countries and we are very pleased with this and we have 1,004 employees.

Another important remark that I would like to make is suppliers, and by suppliers, we mean both raw material suppliers and suppliers that supply us with specialized workforce. Every year in December, we hold a great meeting where we invite these 330 approximately manufacturers, third party manufacturers representing 3,200 employees altogether. And while we discuss with them, we discuss future strategies, but what we are very pleased about is that we met in December as I was saying and there the financial situation sounded healthy and sound. Of course, I am talking here about companies that boast a very high level of craftsmanship and quality. These are the only companies we supply from, we source from. And we actually realized that the average age of their employee is an average 42 years and the owners on average are 41, 42 years of age. And as a result, we have quite a rosy future ahead, but on one condition, provided that we are able to protect them, to support them so that they can have a healthy income statement, and that they can work in interesting, pleasing working conditions. So we try and really look after this...these suppliers.

As to collections now, 67% women's wear and 32% men's wear. Men's wear grew by 1 point; it was 32%, so it's really two thirds women's wear and one third men's wear. We have one single brand as we already know, and 85% of this brand is made up by apparel, and the remaining 15% accessories.

Last year accessories accounted for 14 point something percent, but in this case to, it is very important that you see us as apparel manufacturers. And mainly day wear...luxury day wear which is basically the luxury ready to

wear, that went down in history in the 90s in Italy, and there is a lot of demand for this kind of apparel in Italy and we witness this, we experienced this, really recently, since we basically finished the sales of the women's wear collection. So I would like to say that, from the results view points and image view points, this has been quite relevant year.

And I would even...I dare say very, very important in terms of image, because there is really a great appreciation around for this true, made in Italy, and by true, I mean, with a very high degree of craftsmanship, manual work, quality and obviously creativity too, otherwise you cannot be contemporary. But I feel there is really a lot of focus on the topic on the issue of distribution.

And I believe and really...I am particularly keen on this, because I believe that for true, absolute luxury, having a product that is distributed with care in a gracious way, it really makes the difference. And I am confident about this, I heard people saying this, and all the good great Multibrands saying this at all the trade fairs that I attended. So we very firmly believe in absolute luxury.

Honestly speaking, we try to imagine that our industry is still a young one. But you see the average age in our Company, the workforce is 36.2 years, so basically 32...36 years, and management are slightly over 40. So what we tried to do is to work, trying to respect the interest, of investors, of our people of our territory, of our suppliers, and hopefully we hope that we keep working in a gracious way. So we can say that at the end of the day, we have enjoyed a very special 2013, we are very happy with the results.

Now, I would like to maybe give the floor the CFO, Moreno Ciarapica, who will give you a bit more details and colors. And then, I will resume

the floor later on to give you some more indications on 2014 and some hints at 2015 for our growth brand. Thank you for now.

MORENO CIARAPICA: Thank you, Brunello, CFO speaking. And good evening ladies and gentlemen. Brunello has already mentioned the revenues development at length and by the way we had already discussed it on January 16 when we made these figures public. So as far as the first line of the income statement is concerned, I'd like to provide you with just a couple of further information. As for the reported growth in 2013, well it happened in all distribution channels; the retail grew by 50%, thanks to the growth in the existing stores, and also thanks to new openings and also to the six conversions from the franchise stores...franchise channel.

The franchise Wholesale Monobrand channel grew by 20% which homogeneous basis it corresponds to 25% growth, excluding the conversions of the last 24 months. And in this case to...this growth is the balance, between growth in existing stores, and a limited number of openings. So the wholesale grew by 1.2%.

And as far as the Multibrand channels; the growth was achieved, thanks to growth that was able to maintain a constant focus on the exclusivity of distribution. The Multibrand increased by 2.5% without increasing number of stores.

As of today, 10 of March, total number of boutiques is still unchanged the 98, with the only variation being the conversion of the two boutiques in Cannes and Knokke in Belgium, conversions to the directly operated stores that were already factored in the plan. And the strategy that we pursued in 2013, when converting these two stores which will also be continuing in the second half of the year, with the three Monobrand stores in Japan which according to the plan that had already been announced in

this quarter they will be converted to directly operating stores, the three Monobrand boutiques in Japan.

As to the like-for-like, the retail stores is plus 7.3%, the like-for-like performance in 2013, and in the last few...two months we have 6.1%, a result that is basically consistent with our expectations. We have always told you that we would like to have a 5.67% like-for-like this is sustainable like-for-like performance for us.

Once we have discussed this first line of the income statement, I would like to move to the Slide #11 of the presentation. By analyzing the main items of the income statement which as far as 2012 is concerned, in the adjusted column, they exclude the non-recurring item's that is the IPO costs of 2012.

All developments basically confirmed the soundness and sustainability of results growth in line with our expectation. 2013 results in a nutshell, they highlight a 210 basis points growth in the First Margin, driven by the evolution of the channel mix and a higher contribution to sales from retail revenues, weight that went from 27.5% up to 35.8%. And then there is the 170 basis points increase of SG&A, these are mainly the increasing costs linked to the business development. In the retail Monobrand channel i.e., rents and personnel costs.

So basically the EBITDA margin moves up by 40 basis points from 17.5% to 17.9%, thereby reaching as Brunello was saying, that level, that 18% of revenues level, that is, we believe it's very, very interesting for an industrial Company...apparel Company, like we are.

We would like also to point out higher depreciation from €7.1 million to €11.2 million, relating to investments for new openings and in existing

stores. We would like to point out the results of the financial management which is in line with last year. And the tax rate at 34.6%, basically in line with 34% reported last year. And we believe that this latest value is consistent with the annual taxation of the next two year...in the next few years.

As for the net results of the periods affected by the important depreciation I just discussed, is therefore increasing by 10.9% against the adjusted figure for 2012, with a negative minority results by 0.9%. These losses on minorities are basically due to the impact of the results of the impact of the partnership in China because of structural costs to develop the business which is the result...which is in the phase of start up with result that will fall in line with the rest of the world in the coming years. Hopefully, anyway this is our plan.

As to Slide #12, we provide details on changes resulting in the EBITDA increasing from €49.1 million to €58.2 million this year. That as we saw it was driven by the improvements in the First Margin by €31.8 million. The grey box basically reports the changes in operating costs including the costs of personnel and rents that we'll analyze more thoroughly in the following slide.

And Slide 13, as I was saying, basically shows how the cost increase is €22.7 million, and the impact of SG&A on the total sales plus 170 basis points is basically prompted by the increase of personnel costs and rents. Personnel costs, plus 60 basis points and impact that goes from 15.1% to 15.7%, well, this rise is due to the increase of staff in Monobrand stores network that are included in these stores employees and office staff, whose total moved up from 392 FTE units in 2012 to at a average 590 in 2013. Cost of rents plus 170 basis points with an impact moving from 4.6 to 6.3 basically increased as a result of the DOS network development. The

increase in the personnel cost and rent cost must be seen as a result of both the nine openings and six conversions to the direct channels that took place in 2013. And also as result of the openings that took place in 2012, 14 openings and nine conversions, whose effects become visible on a yearly basis only in 2013.

Slide 14; give some colors on the other items making up operating costs, whose impact basically is stable from 20.6% to 20.2%. And among these items, we would like to point out investments in advertising and promotions reporting in absolute value an interesting rise, €2.4 million rise in percentage, we maintain the 5.5% level.

And then, we would like to highlight the reduction of agent fees incidence by 90 basis points and this item is also a consequence of the evolution or the channel mix...sales channel mix and it must be...this is in favor of the retail channels.

Let's now move onto the balance sheet, and Slide 15, where we report the changes in working capital. And there is a healthy and positive management of working capital that can be derived from this, whereby it enables the absorption of the natural increase of inventories, which since nine openings took place, and six conversions to the direct channel, well, this item increase is moving from 28.5% to 29.1% because of this.

As a whole, there is an improvement of the strict net working capital from 23.2% to 22.8%. As far as receivables are concerned, the reduction of €4.6 million in absolute value is to do...for over the half €2.6 million that is due to the impact of the six conversions to the direct channels, so which were receivable as of the 31st December 2012 and they moved to the direct channels during 2013. Rest, the remaining parts of these receivable, this reduction was favored by the very changes in the geography mix with

shorter payment terms due to well established practice that is in international markets. As it was the case in the previous years, I would like to say that the loss on receivables is still very, very modest and this year this loss was 0.39% of revenues.

In Slide 16, we highlighted the fact that the ongoing sizeable CAPEX plan continues with significant commercial CAPEX and a buoyant increase in the production plan investments that Brunello mentioned before. Against the net investment of the €39 million, the net financial position, Slide 17, you see the details that NFP amounted to €16.1 million at the end of 2013. Therefore, confirms the seasonality typical of the business in the quarterly analysis that we wanted to show to you.

So this is the end of my contribution. I would like to give the floor back to Brunello, who will give you some more details on the future, good evening.

BRUNELLO CUCINELLI: Here we are back again, Brunello speaking. So I would now like to dwell on 2014 mainly and then some hints at 2015 as to the strategy and also the rest. Obviously, it is March the 10th today, we are very close the quarterly...the end of the quarter. So we imagine that this first quarter once again will perform very, very well.

What about the plans? Well, basically the idea is that of not changing anything, we do not want to change anything. We would like to open 5 to 6 stores in 2014 and all the contracts and the agreements have been secured. And 2 or 3 franchise stores, one of which is in Seoul, where we have a very important partner Shintage (Ph). And then we would like this year to be the year when wherever possible in existing stores we maybe try to gain maybe 70-80 extra square meters or maybe in some other locations, we might maybe move our location just slightly, in order to

include in the stores this men's suits. And I'm sure you are familiar with this case. But I would like to give you a few highlights on this. So we envisage that at the end of 2014 revenues should be 51% coming from Multibrand and 49% coming from Monobrand channels. And when I say Monobrand channels, you know that more or less 10% is always franchise stores.

I would now like to talk about, a little bit about collections or maybe rather...maybe just a few numbers and then maybe the second half of my presentation, I will be talking about collections, men's suits first and foremost. So in this year 2014, we envisage CAPEX €35 million, €37 million, €39 million unless there are some special opportunities arising. But if some special opportunities arises, we will of course, inform you if there are some very interesting extraordinary operations like it was last year, the acquisition of d'Avenza and by that I mean the knowhow of the d'Avenza factory.

So in 15 days, in two weeks, we will be moving our production plans to the expanded facilities that is double the size as before. And...so in 2014, we will be ending the investments on the new production facilities. So 28,000 owned square meters and always bear in mind that we have nearly 10,000 square meters of rented square meters. But this idea of having 20% of real estate...rented real estate, we have always aimed at this from the very beginning, from the start of the business because this way, there is always the possibly to take a step backward, if needed. So 2014 is the third year of massive investments where we put together €27 million in 2012, €40 million in 2013 and €35 million, €38 million in 2014. So €105 million investments over the three year period, where we can say that at end of 2014, well, this is the end of the important investment plan, so that in 2015 we will have basically an ordinary business, around €25 million in CAPEX.

As to the product, it's been a beautiful year, 2013 has been a beautiful year and especially 2014 is a very good year for...in terms of products. You know, that for Fall/Winter, we have presented this collection of men's suits. And for us, this opening to the world, the universe of men's suits should provide a lot of appeal in terms of brands and also in the following years some revenues because we think that in men's suits, there is a lot of demand worldwide, there is a demand for a more contemporary look and more modern kinds of suits. So the presentation happens at the Pitti (Ph) trade fair, it went very well and everybody thought that the product was very interesting and pretty fresh and useful. And by that, I mean a product whose target is a 35, 37 old gentlemen, of course, an affluent gentlemen, because, you know, our prices of a suit that a 60 year old like me could also buy and wear if I want to look younger, and a 27 year old gentlemen can also wear. And by the way there is a great come back of suits, because 25, 30 year old now unless they work in a bank or a university, they will not have a suit in their wardrobe. So this is the important breakthrough for 2014 and 2015, this project of men's suit.

As for the women's wear collection that enjoyed quite a sweeping success. Now, we've just come back from the Milan Fashion Week that marks basically the end of the Fall/Winter collections and there we presented a collection, whereby we extended the evening wear for women, we had about 30 dresses, and now we have about 50 garments, in order to compliment the offering. But all in all, I have to say, it's been a special year.

So I'd like to keep repeating how valuable Multibrands are for us. Why is the Multibrand so valuable for us; because when Harrods, Neiman Marcus, Saks, Burgdorf, Barneys or the Japanese Multibrand clients, come to view your collection after viewing 200 different collection and 80

fashion stores, and they pass their judgment, express their feedback on the collection, that feedback is very valuable for us.

So we came home from the collection presentation quite happy with how the product went, because journalists and commentators and trade commentators judged that this product was very contemporary. And you know, what it means to have a contemporary product, how important it is, and I seriously believe that at least in the fashion industry, products must be contemporary. And in order to be contemporary you must be willing to listen, and you must listen to...you see when your shop managers come and they express their judgment on the collection, you have to listen to that, but to a certain extent, because they have not been around viewing collections, whereas the great...the major Multibrands, they know everything in detail.

And this is also true for many Italians; they have a very high sensitivity in this field, because even though they do not make huge turnovers as I was saying before, the feedback from an Italian client is something that we'd value very, very much. So we attach a lot of value to. So we brought home interesting results and a great image of the product itself. So we can say that come June, July in stores we know that we have products that the press and Multibrand customers have judged in a very special way...so in a very positive way.

I'd now like to devote one minute to the great plan that we started last year and it will become more intense so to speak this year, the Schools of Arts and Crafts project. So on the one hand, you have the Schools of Art, so dance, ballet, music, theatre, and they are supported by the foundation Cucinelli, they have been so for quite a while. And we thought of flunking, the School of Arts with the School of Trades and Craft. We started last year, and allow me...although we have always done our

training in-house, usually in the Company in-house we have 60 young apprentices with the professional work agreements of apprenticeship agreement in contract. And we wanted to flunk this in-house training with the School of Crafts, in different subject matters, and I'll try to and I'll list (Ph) them to you now.

Well, one thing is, you should know. The subject, matters and disciplines they have to do with apparel, the Brunello Cucinelli SpA, they are supported by the Company, whereas the subject, matter and disciplines that I have not to do with the Company, knowhow, they are supported by the private foundation. So these are all the different kind of disciplines that, there is the main thing, there is agriculture, the main thing and knitwear for the Company. And then we have agriculture supported by the private foundation because we would like this small hamlet Solomeo to become a kind of school.

And I seriously honestly believe that schools are the souls (Ph) of the earth, of the grounds, and I want the foundation to be committed on this front. And since I seriously...I also seriously believe, and I felt that this was a generally perceived idea at Pitti and in the other trade fairs there is a great demand of very special handmade products, special handmade products as we were saying during the Board Meeting. Today, the only hands that can manufacture them are skilled hands' that's why we have always invested massively in this training.

So much so today even more and an important thing to be added now; these schools that basically consist of a five hours attendance a day for nine months, participants average age is 23-24 years. By the way, just a digression, when we came across this idea we thought that maybe just a handful of people would enroll. And I'd like to say that the last school for model making that's not really fashion designer, model making means to

you know cut with the a scissor (Ph) and joining models, out of 15 students that can attend the school, we had 400 applications, and for nine places for brick masonry, we had 100 application.

Of course, the objective of these schools is that really training people, and why is that? Because they are very concrete, down to the point. For example, in the first day brick masons, they prepared the cement, on the second day they start building. So I think that after nine months of school they will have learnt very, very important basics.

So the great importance and value of schools, of quality, of manual skills. And then I repeat it once again, the great value attached to products exclusivity while talking with the other players in Milan and at Pitti, talking to the great CEOs of the major department stores.

Research is always pursuing, high quality, high taste, exclusivity of the product. And this is something that we should never compromise about. And then, besides this there is something special, all the more special, visual merchandising, we together with our very esteemed master (Ph) Ralph Laurent (Ph), we are among the greatest supporters of visual merchandising, but you know if visual merchandising is important for women's wear, well visual merchandising is essential for men's wear, a grey, or a blue navy suit you see a jacket, it really depends on how you match it on the mannequin, on the kinds of pockets, square or shoes that you combine it with. So visual merchandising plays a very important role for us. So drawing the first conclusion, and of course, we will be waiting hopefully many of you will come on 20th and 21st of May for the 'Investor Day' to have an interesting conversation.

I'd like to tell you what our idea is; the idea would be that you reach Solomeo in the mid afternoon 3 PM, and then we take a look at the

company together. We have a discussion in the new production plants, as I said, then we have dinner together and then the morning after we hold a meeting in the theatre a very large meeting in the theatre. So while waiting for the 20 and 21 of May, I thought honestly to invite...honestly I thought at the beginning that, I might invite you and your family, but then we thought that some of you might don't come because there are other coinciding events. But may be, next year, I'd like to invite you all with your families, but of course. The Company would bear the cost for your traveling and the foundation will bear the cost for your family, but it would be an honor for us to have you together with you, your children, your wife, your husband in our village so waiting for 20-21st of May, we would like to say that we do not want to...we do not intend to change anything, we want to maintain research, style, visual merchandising extremely high up on the agenda. We want to equally maintain extremely high, a very selective distribution. Once again, too massively distributed products although it might be beautiful and costly, it could even turn cheap because of its massive distribution.

Then once again, we'd like to say that we believe in absolute luxury, made in Italy, made with the expertise that I tried to outline to you before. And we also honestly have the impression that we have set up an industry somehow, you know. I'd rather prefer the term industry and if you...industry artisan or industry would be the best, the most suitable definition for us. That also has laid the foundation for a gracious growth, a healthy growth in the years ahead. So all this considered for 2014 and also considering the results at Pitti, the Milan presentation, both in terms of numbers and of image, and considering the order intake for Fall/Winter, we have quite a positive feeling about our Company this year.

And I'd also like to convey to you, maybe to the Italian audience about...generally speaking for everybody, that we'd like to convey the

fact that I believe that in the world, there is a civil, moral, political, human and economic renaissance on the way, especially in our splendid Italy. And for me, I am Italian, who because I want to work in our country with our people. So this said, we envisage 2014 where our industry can grow with a double-digit gracious growth, the definition you are familiar with, both in terms of revenues and profits, and a Company that is still working, whilst respecting human dignity and attempt to work without damaging mankind. So for now, I'd like to thank you immensely for your esteem and respect that you have conveyed to us in the last two years, both I thank you analysts, who write quite moving things when you mention the true values where our Company rests...upon which our Company rests and also thank you investors that supports our Company.

So thank you, we now may open the floor for discussion.

Q&A

OPERATOR: Chorus Call operator speaking. We'd now open the floor for questions. Whoever wants to ask a question, press "*" followed by "1" on your keypad, in order to exit the booking list, press "*" plus "2." Please ask your questions using your receiver. Whoever wants to ask a question, press "*" plus "1" now.

The first question is from Flavio Cereda, Merrill Lynch.

FLAVIO CEREDA: Good evening, Brunello. I have a very basic question on the openings envisaged for this year. You've mentioned the 3 conversions in Japan, we knew and you also mentioned Seoul for the Monobrand, but can you give us maybe more colors on knowing that...where basically where these locations will be, where these openings will take place?

BRUNELLO CUCINELLI: Well, thank you Flavio. I can provide you with all the details. We will be opening DOS in Vienna, San Francisco, Atlanta and Sao Paolo, very interesting locations to come in the years to come. Then we double the size of our store in London by a floor, and then we have the upper floor in Chicago. In Los Angeles we identified an interesting location in Rodeo Drive, and then two very important franchise stores, Seoul where we have Shintage (Ph) a partner, a very important partner, an expert in the fashion industry in Taipei. So these are our plans in terms of openings. But I'd like to repeat once again if you want, this is the year where we basically focus on existing stores. For example, we will not be opening any new stores in China, but if we have the possibility to move to...and we have the possibility to move to a wonderful location in Beijing, chick place which is very expensive and the same goes for Shanghai too. So we have two moves, two serious moves to other locations. And why is that? Because in China, we want to have very, few stores, we want our esteemed Chinese people to buy in the West, shop in the West and we want to provide a special service in the Chinese stores. Maybe you buy a suit in Milan, you go back to Shanghai and you have your sale in a Shanghai store that can maybe take you in, if needed. So this is the plan for the store. So this year, pretty limited openings, 5, 6 DOS and 2, 3 franchise stores. And consolidation and great focus wherever possible on the existing stores because we also have now men's suits to be displayed. And you know that very often when you sell men's suits, you need the tailor to go with it, so this is a very important thing.

FLAVIO CEREDA: And in your view in Italy, in your Italian stores in 2013, what is the...what was the percentage of sales by tourists.

BRUNELLO CUCINELLI: That's a great question Flavio, and I am happy that you are interested in our splendid Italy. You see, I am particularly pleased with Italy, because after coming back from Florence, Pitti and then Milan. We

achieved wholesale revenues that were on the increase. But the thing that I liked most, besides that, was the willingness of these clients to be innovative to brush up their shop windows to organize events. So may be, this is the first year, where we mark a very slight, may be even more than a mile difference between the north and the south of Italy, and between the large touristic destinations, and the non-touristic destinations.

But generally speaking, we see for the coming year in Italy a growing revenues, whether it is 2% or 4% is to say, but should have a plus sign that's for sure. Now, what I like the most is the attitude that Italians had when they wrote their orders. And you know, for us, the value of Italian clients full collection is very very high. Another important thing, that I would like to add, Italians like foreigners, they are really selecting their product very carefully. You see...making a selection between ordinary, plain very well distributed products, and may be products that are not so well distributed and more interesting.

Thank you Flavio, thanks very much. I hope, I was clear enough in my answer. Otherwise ask my question again there is no problem, whatsoever and this goes for everybody.

OPERATOR: If you want to ask a question, you can press "*" plus "1" on your keypad; for further questions, press "*" plus "1" on your phone. The next question is by Paola Carboni from Equita.

PAOLA CARBONI: Good evening, ladies and gentlemen. I have a couple of questions, the first one is, on the like-for-like rates, we only have 8 weeks of 2014 to judge from, but may be if you could have some color in the different geographies? And also, if that can...if this can be a reliable trend or if it's may be distorted by the fact that the sales were on. So they must be taking these results with a pinch of salt. So generally speaking, for the whole

year, do you expect something different in the first part of the second half or can there be...maybe a change in speed in the second half of the year?

BRUNELLO CUCINELLI: Thank you for the very interesting question, Brunello replies. First of all, I would like to repeat once again, that for us who deal in the fashion industry is not...it doesn't really work for those who do accessories, because what really matters is the collection in a six month period. So if you ask me, how the Fall/Winter 2013 collection fared, I can tell you that it fared very well. If you take the Winter collection, you see for this year, what is interesting is, basically [indiscernible]. And so maybe this can...August is more interesting...sorry, October is more interesting than August, because according to the taste in the year you might buy to like sweaters or maybe to silk blouses. So the judgment that really matters is the one that is passed at the end of this semester. Because that's where, you can say how the collection went and this is...this happens when you receive your sell through rates from the department stores at the end of the six month period. So let's now talk about the specific two months, I do not think that this...that sales really mattered because basically it went like last year, may be in a parts of America in the New York area, New York, it was really excessively cold, some stores were even closed due to the adverse weather conditions, but to offset this, the West Coast fade really well because the climate is much better there. Well, as far as, our Company is concerned, Paola, I keep repeating that we should mix everyday, we can't possibly live imagining that there was a two-day storm in New York and then that there is you know, a good weather in Los Angeles, that's not the way to work always thinking about the weather. What I say, they haven't had pretty good deliveries for the Summer collection, and having...since they have built their shop windows in time, we are pretty happy of how the semester will be and it is 10th of March already. But for us, you should really consider that this semester is what

really matters for us, because it's a very seasonal business, so as much difference between a silk blouse and a fur.

Another important topic for menswear Paola; well, this should be the year of coats of outerwear. You know, it's been now many years, that we've had no comeback from coats, we've had many down jacket, whereas this year will be the year of the coat. So I cannot possibly envisage at the end of August and September we will sell coats very easily, you must wait for the climate to change because men tend to buy the coats when the season is in, not before that. So always with a pinch of salt, you should always focus on semester results.

MORENO CIARAPICA: And the CFO adds that, in terms of geography we can...with satisfaction say that we have a plus sign on all geographies. Obviously, with different shades when one geography and the other part plus sign on all geographies.

BRUNELLO CUCINELLI: And Brunello is back, and talking about the...with the Multibrand clients in touristic locations, Venice, Rome, Capri and so on and so forth, they report that there is a great mood around.

PAOLA CARBONI: And what about the weight of the two halves, some elements whereby the second half could be stronger or weaker than the first half?

BRUNELLO CUCINELLI: Well, I would say we are always 48.5%, 51.5%, 49%, 51%, you see there is not much difference, and this is the proportion. The Winter collection is slightly higher because maybe you can sell a heavy...you can sell a fur or a Cashmere that cost more than a black silk blouse.

PAOLA CARBONI: Well, as a matter of fact, I meant was the speed based upon the orders or the climates, I meant the speed more than the relative way?

MORENO CIARAPICA: Well, Paola, I keep repeating the same thing, Brunello says, last year a friend of mine during a meeting said, this year Christmas happens on a Wednesday. And you see, but for us this is not an interesting remark. We work bearing in mind that the semester counts, the year matters. Otherwise, on a daily basis if a storm sets-in or the sun, you see we ruin our day. And we don't want to do that, the climate is obviously important, so much so that the like for like we have 5%, 6% or 7%, that's what we factor in, whatever comes, comes. Now, by climate, I meant the mood of the clients. Well, when you talk to the Americans, Brunello remarks that they are always smiling and happy. I'm going to the West Coast next week, and they invite you all the time, they want to organize events, there is a great mood there, there is a great mood in Northern Europe. And maybe the country that is struggling a big is Italy. But where, nevertheless, I still perceive a different mood than in the past. And you see Paola, I'm Italian, I know this. And I'm very pleased with the results. Thank you.

OPERATOR: Next question is by Simone Kelling (Ph), 2M Group (Ph).

ANALYST: Good evening, Brunello, good evening ladies and gentlemen. I wanted to understand that you see your country is a too speed country in terms of revenues. So there is a retail side that has a gracious growth like you call it. And then in Multibrand wholesale channel, which is much more gracious in terms of growth. Of course, the retail channel is impacted by the new openings, the new footage...square footage that you are acquiring. Can you make me understand what the difference is in more mature stores, what kind of growth do you envisage in your DOS, of course DOS that are fully operational, not the ones you just opened, compared to the Multibrand growth, wholesale Multibrand growth? So that you decide to

slow down in square footage, in order to understand what we can achieve from one channel or the other at fully operational stage.

BRUNELLO CUCINELLI: Well, I do not think there are any mature channels you see and I can assure...ensure that to you Simone (Ph), speaking with the multibrands, if your product is not contemporary, you go out of the department, so there is no mature channel. The channels can be slightly more mature, the total turnover...in terms of total turnover, but if your collection is not contemporary, you lose 30%, 40% and you exit that store, you are kicked out of that store. So the value of the collection is something very, very special. What I keep repeating to my staff, we should not just take into account numbers. We should go around and listen to what Multibrand say because that's where the secret lies. And this season too major department stores have excluded very important brands or massively reduced specific brands only based upon the products and their collection. So this is as far as Multibrands are concerned.

As far as Monobrands are concerned, we consider a healthy like-for-like, that ranges between...that ranges between and 5% and 7% a year. Because I think that as far as our Company is concerned, it is not fair to envisage a 12%, 15% like-for-like rates a year. What should happen in order to achieve a 15% like-for-like rate of growth a year, so we would like to start from completely different figures, so we would like to have 5%, 6%, 7% like-for-like rates, healthy rates, it can be 5%, 7% when you fare particularly well, when your collection was particularly successful in August and September. Maybe the same year they liked the Winter collection less, so it depends. But the value of the Multibrand channels always remains very high. We seem not to grow too much in percentage terms, but where we...where did we open our Monobrand stores in Hamburg. First, you had three stores, once you open your Monobrands, you have one great Multibrands and then your Monobrands. So if I were

to report to you the Multibrand like-for-like, it is slightly higher. But this is just a natural consequence.

If you open in Geneva, you have your great Monobrand and then your great Multibrands, but you can't possibly have two Multibrands there. But this is my recommendation for everybody always. We should always rely massively on Multibrands because they really are the experts of the fashion industry, they know their trade. And then the last important thing, if we have a store in Geneva, since we do not deal in accessories that much, so we do not have the same back in Geneva and Shanghai. When we have to write the orders for Monobrand stores in Geneva, we take a very careful look at what the [indiscernible] the Multibrand, because they know their customers better, because they know the sizes better, they know the markets better in a way because you see we can't possibly wake up in the morning and you know, have become suddenly overnight expert retailers. This is not us. We are artisans and the culture of the Multibrand retail, who is the best [indiscernible] of the Hamburg market Mr. Brown (Ph) and when Mr. Brown has made the...you try and follow suit, in terms of size and the rest.

So shall we buy more small sizes or large sizes, but you see Simone (Ph), I've always been so to speak in love with Multibrands. So in 2014, we will probably achieve a 50% ratio between Multibrand and Monobrand. This is a very important achievement for us. So at the end of this year, we will have roughly a 100 Monobrand stores...beautiful stores in beautiful locations, because you see opening 2, 3, 4 stores in the very same city, of course, it's very easy to make a profit there. But I want this Company to survive, a decade or may be 5 or 10 decades. Thank you for your question anyway. We'll meet soon I hope.

Before you think up of some more questions, I'd like to say to you, that we keep doing the same road shows as last year. I myself and Moreno Ciarapica always travel with Fabio Gnocchi who is our Commercial Director, and I always travel with Riccardo. And so, we are available for any questions. We do want to come and see you in person, because honestly speaking, I have to say that I would have never imagined to have special advisors like the one that you have been, like you have been, you investors and analysts. You have asked us questions that made us improve and grow and no other consultancy...no other consultancy Company would have told us these things that really make us learn, despite the fact that we would have paid them because these things, they make us stronger, less vulnerable. And of course, this is a particularly happy time for us as well. But we have time for you.

OPERATOR: Once again, for any further question press "*" followed by "1" on your keypad

Next question is from Andrea Randone, Intermonte.

ANDREA RANDONE: Thank you. Good evening, Brunello. You have partly already answered my questions. But my question is, the following; you extensively spoke about the fact of remaining exclusive and your strategy on Monobrand. As far as the Multibrand distribution is concerned, shall we gather that we are...that you are happy with the current results or some further adjustments is called for?

BRUNELLO CUCINELLI: No, I can't say Andrea that we are happy. We are very, very happy. We have some selling space at Harrods that are beautiful, now we are expanding there too, then some new selling spaces at Neiman's and Saks, you know, there is a new CMO at Saks this 47 year old lady, who used to work for Harrods previously. We are very, very happy with the

Multibrands, but not happy, we are more than happy. And what I like the most, honestly speaking, is that, in the Former Soviet Union, there are now more or less 50 stores from Uzbekistan to Kazakhstan. And you can't really imagine how beautiful they are in terms of taste, Multibrands with 3,000, 2,000 square meters, displaying the products in a very fascinating way. Honestly speaking, I am pretty sure, that this will happen in China too. We only have three very high quality stores of this kind there. But if we had a chance to stop time, I would stop everything at 50% Monobrand, and 50% Multibrand. But you see once you come home from the trade fair and you spoke to 500 Multibrands, and they all told you that your collection is very special, you go home in a different mood, because, you know, them well, that for that season, your...you will have very special products in your store. What my store manager, tell me, well I am pleased with it, obviously, but you see they have not been around doing collections. Thank you for your question, Andrea.

OPERATOR: Ladies and gentlemen this is the end of questions.

BRUNELLO CUCINELLI: So if this is the end of questions, I'd like to thank you all immensely for all that you did for us, and please keep investing in our Company and hopefully we will provide you with everything you need, with everything and whilst respecting staff, suppliers whether they are raw material suppliers or a third party manufacturers. Thank you once again, from the deep of my heart. To you analysts, we are available anyway call us. The collection went very well, yes the day we started working on the Spring/Summer collection 2015, so we are pretty charged, and to imagine a great Spring/Summer 2015. Thank you and good afternoon.