



BRUNELLO CUCINELLI



1H 2013

Results

*August 28<sup>th</sup>, 2013*

# First Half 2013 - Highlights

## Results continue to show sustainable growth in the first semester, consistent with positioning at the top end of absolute luxury segment

- ✓ Net Revenues of €157.6mln (+16.5%)
- ✓ EBITDA (€27.1mln) up 19.7%\*
- ✓ Significant capex plan of €27.0mln (€8.8mln in 1H 12), driving meaningful D&A increase (€5.3 in 1H 13 vs. €3.0 in 1H 12)
- ✓ Net Income (€13.3mln ) up 10.6%\*
- ✓ Net Debt of €32.2mln (€14.2mln as of 30/06/12)

\* Percentage growth compared with 1H '12 EBITDA and Net Income Adjusted, which are not including IPO costs, amounting to €6.2m



*FW 13 – Women's Collection*

- ✓ Significant rise in overseas sales (+23.1%), representing 77% of total sales, driven by the USA and Europe; Italy has held up extremely well (-1.2%), favored also by overseas tourists
- ✓ Attractiveness of the exclusive Made in Italy and "absolute" luxury proposal, featuring quality, craftsmanship, style and design

# Stores Network Highlights

## Stores' Network Evolution: 92 Monobrand Stores (70 Monobrand Stores as of 30/06/12)

- ✓ **54 DOS network** (vs. 30 stores as of 30<sup>th</sup> June '12)  
15 DOS net openings in the last 12 months (including 6 openings in 2013) and 9 conversions from wholesale Monobrand network (2 conversions in 2013).
- ✓ **38 Wholesale Monobrand** (vs. 40 stores as of 30<sup>th</sup> June '12)  
7 net openings (including 5 openings in 2013) and 9 conversions to DOS (of which 6 conversions in Greater China since October 1<sup>st</sup> 2012 - following the start of the Chinese Joint Venture - and 2 London boutiques conversion in 2013)
- ✓ 1 new DOS opening in USA in August and 1 conversion (Macao Wholesale Monobrand store converted into DOS Network since August 1<sup>st</sup>, 2013)



*FW 13 – Men's Collection*

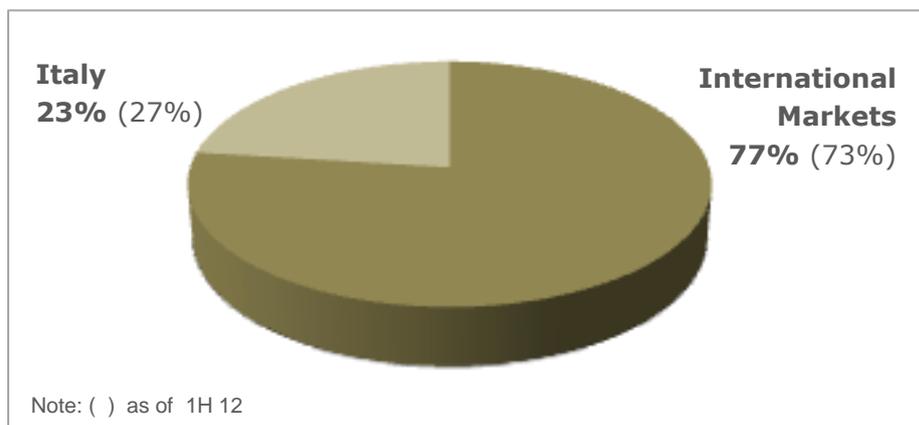
# Revenues by Region

€ mln

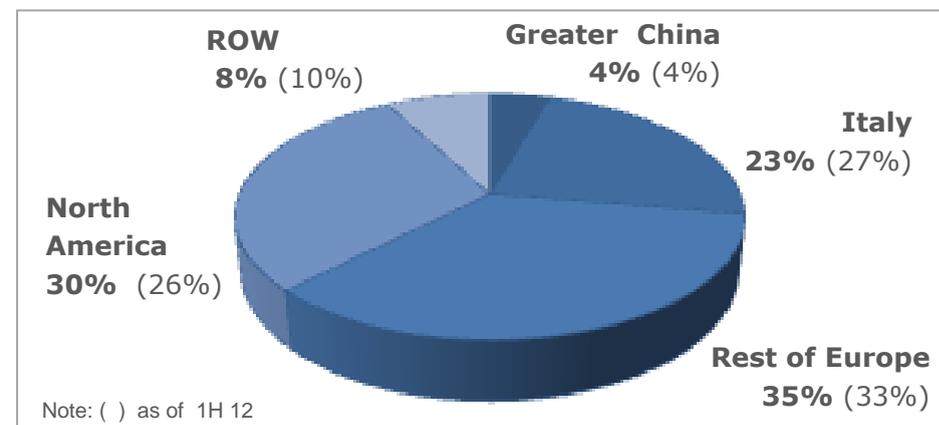
	1H 12	1H 13
<b>Net Revenues</b>	135.2	157.6

	Current exchange rates	Constant exchange rates
<b>1H 13 growth</b>	+16.5%	+17.2%

## International Markets revenues



## Breakdown by countries



- ✓ **International Market's** sales growth (+23,1% YoY), representing 77% of Net Revenues
- ✓ Italy has held up particularly well (-1.2% YoY), favored also by tourists' revenues; main cities and resort locations outperformed the overall market, showing robust performance for monobrand network

# Revenues by Region: International Markets Focus

€ mln

	1H 12	1H 13	YoY % Chg
<b>Italy</b>	36.6	36.2	(1.2%)
<b>International Markets</b>	98.6	121.4	+23.1%
<b>Rest of Europe</b>	44.0	54.8	+24.5%
<b>North America</b>	35.4	46.9	+32.3%
<b>Greater China</b>	6.2	7.2	+16.8%
<b>ROW</b>	12.9	12.4	(3.8%)

## Rest of Europe

Results positively affected by new openings, performance in existing network and collections deliveries timing

## North America

Performance driven by existing network results and new openings (realized in 2H '12); 2<sup>nd</sup> quarter results favored by delivery cycle. Exclusive "hard shop" presence in most important luxury department stores, located in most prestigious areas

## Greater China

Sales affected by 6 wholesale monobrand stores conversion into DOS (deliveries that contributed 2Q-12 revenues will support performance in Q3-13, as sell-out of converted stores). Selective brand presence in the region (12 monobrand stores as of 30/06/13 in Mainland China)

## Rest of World

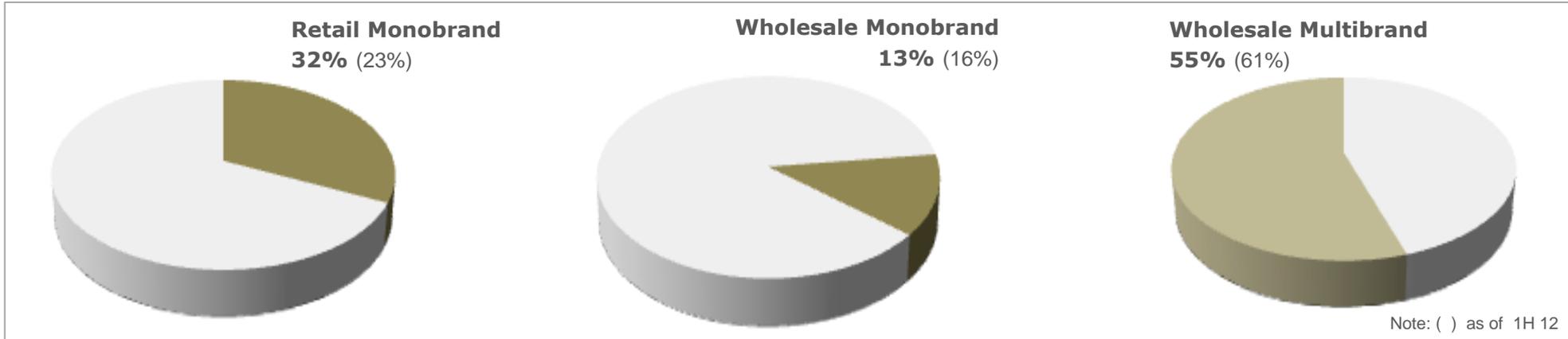
Slight decrease (-0.5€ mln) in total amount of revenues, related to different timing of deliveries between the end of June and beginning of July, with a positive impact on July sales



# Revenues by Distribution Channel

€ mln

## Revenues breakdown by channel



	1H 12	1H 13	% Chg
<b>Retail Monobrand</b>	30.4	50.7	+67.0%
<b>Wholesale Monobrand</b>	21.8	20.6	-5.5%
Adjusted*			
Wholesale Monobrand	16.9	20.6	+21.7%

	1H 12	1H 13	% Chg
<b>Wholesale Multibrand</b>	83.0	86.2	+3.9%

\* Wholesale Monobrand Revenues as of 30/06/2012, excluding sales related 9 stores converted into direct channel in the last 12 months.

# Monobrand Channel – Retail & Wholesale

## Monobrand Channel



### Directly Operated Stores

- ✓ Revenues growth supported by
  - network development
  - 10,6% LFL<sup>1)</sup> growth posted in the first 33 weeks of 2013
- ✓ Network accounting 54 DOS as of June 13 (30 DOS at the end of 1H 12); 15 net openings and 9 conversions from Wholesale Monobrand Network
- ✓ Openings in 2013: Shanghai (January), Barcelona (February), Torino (March), Naples, Beijing and Xian (April / May), Chicago (August)

### Wholesale Monobrand

- ✓ Revenues performance affected by conversions and deliveries between the end of June and beginning of July, positively impacting 3Q results
- ✓ Stores Network: 38 stores vs. 40 in 1H 12, accounting 7 net openings (including Tokyo in March 2013, Hong Kong and Doha in April, Istanbul & Almaty in June) and 9 conversions into DOS

1) Like-for-Like rate is calculated as the worldwide average of sales growth, at constant exchange rates, reported by DOS opened as of January 1st, 2012

# Stores Network

## DOS Network

as of 06/30/2012 **30**

Net Openings + 15

Conversion + 9

as of 06/30/2013 **54**

Net Openings + 1

Conversion + 1

as of 08/28/2013 **56**

## Wholesale Monobrand Network

as of 06/30/2012 **40**

Net Openings + 7

Conversion - 9

as of 06/30/2013 **38**

Net Openings 0

Conversion -1

as of 08/28/2013 **37**

## Monobrand Store Network

as of 06/30/2012 **70**

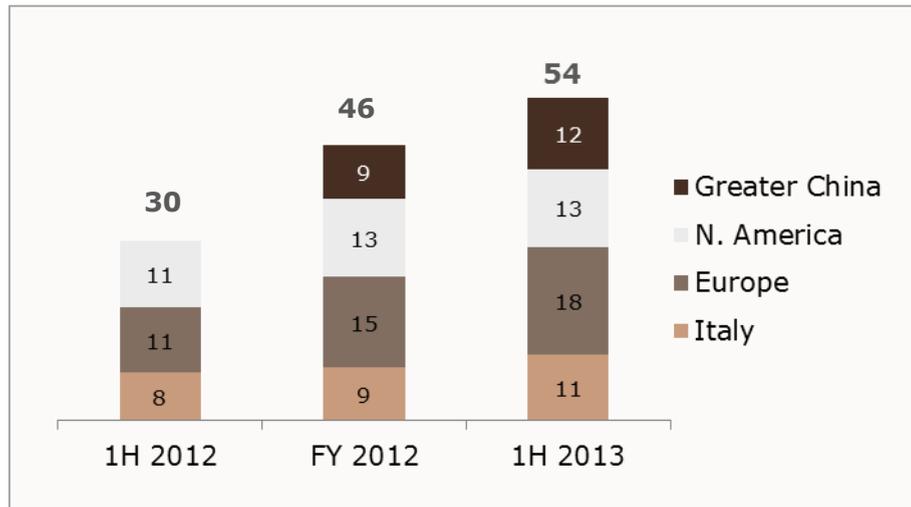
Net Openings 22

as of 06/30/2013 **92**

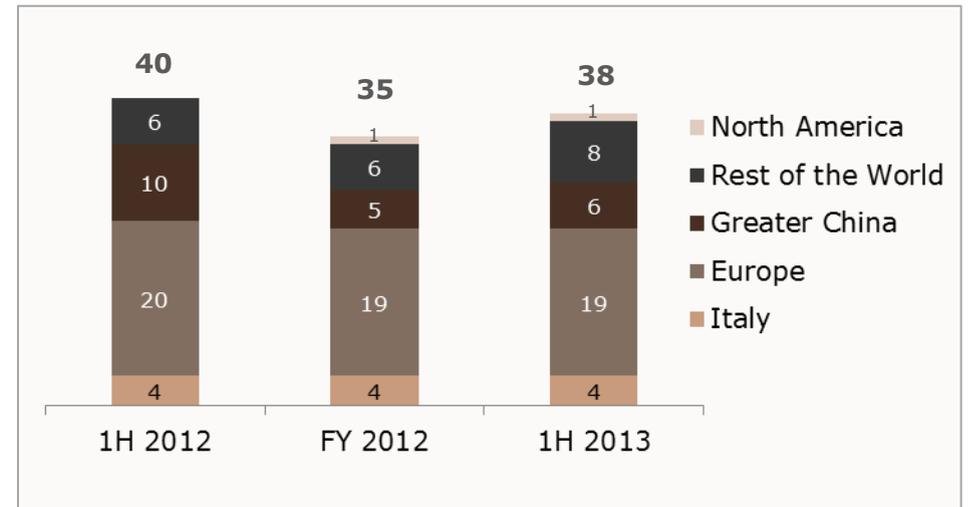
Net Openings + 1

as of 08/28/2013 **93**

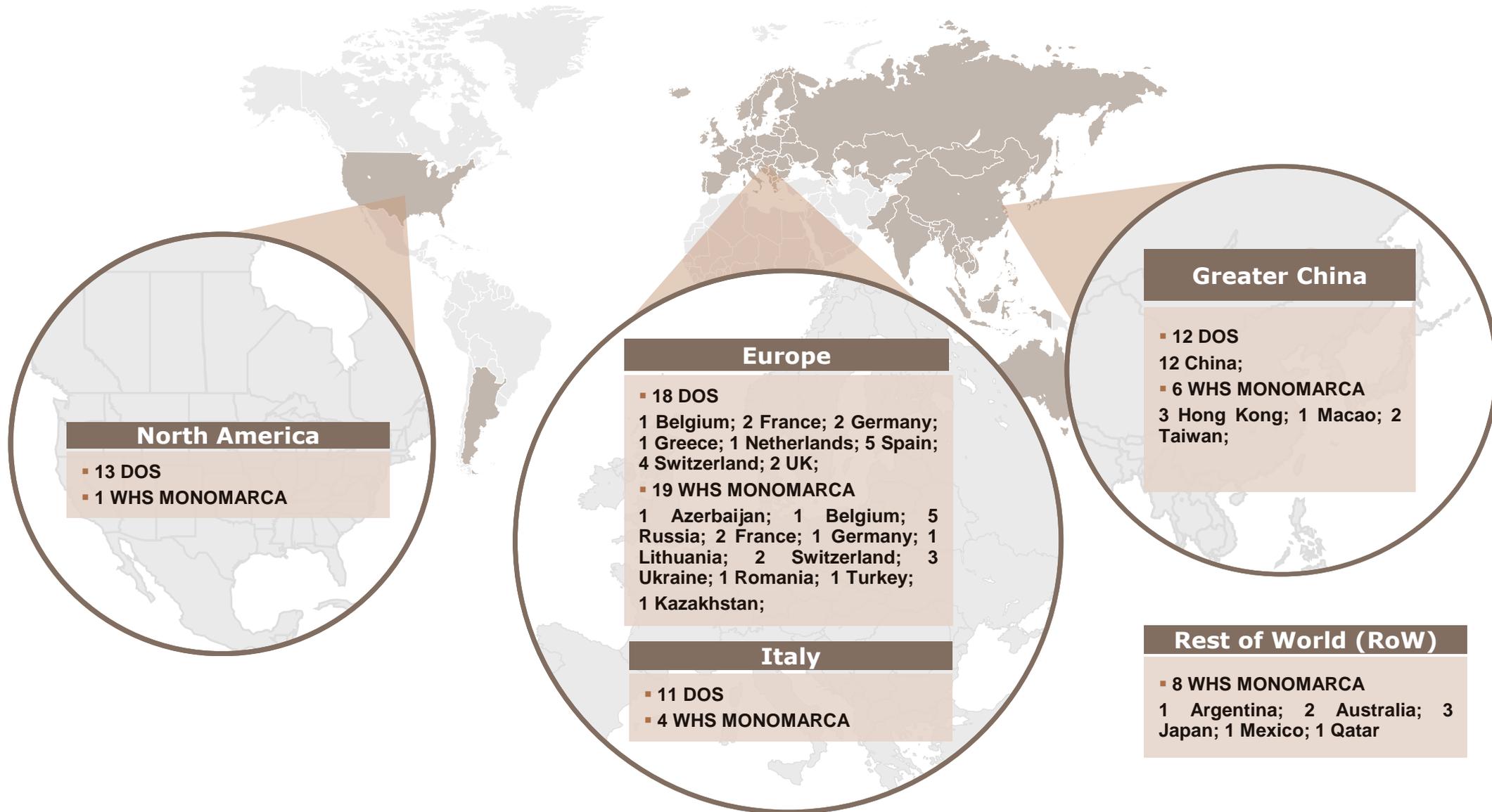
**DOS Network** – from 06/30/12 to 06/30/13



**Wholesale Monobrand Network** – from 06/30/12 to 06/30/13



# Stores Network as of 30/06/13



# Multibrand Channel

## Multibrand Channel



- ✓ Results positively impacted (particularly in North America and Europe) by A/W 13 early deliveries, as requested by our multibrand partners
- ✓ A/W 13 showing positive trend in orders collected; very interesting feedback from partners, considering our proposal "contemporary"

# Income Statement

€ mln

## Reported Income Statement

	1H 2012	1H 2013	% Chg
<b>Net Revenues</b>	<b>135,2</b>	<b>157,6</b>	+ 16,5%
Other operating income	1,5	1,3	- 17,3%
<b>Revenues</b>	<b>136,7</b>	<b>158,8</b>	+ 16,2%
<b>First Margin</b>	<b>74,7</b>	<b>92,4</b>	+ 23,7%
%	54,6%	58,2%	+ 360 b.p.
<b>SG&amp;A</b>	<b>-58,3</b>	<b>-65,2</b>	+ 12,0%
%	42,6%	41,1%	- 150 b.p.
<b>EBITDA</b>	<b>16,4</b>	<b>27,1</b>	+ 65,2%
%	12,0%	17,1%	+ 510 b.p.
<b>D&amp;A</b>	<b>-3,0</b>	<b>-5,3</b>	+ 79,7%
%	2,2%	3,4%	+ 120 b.p.
<b>EBIT</b>	<b>13,5</b>	<b>21,8</b>	+ 62,1%
%	9,8%	13,7%	+ 390 b.p.
Income before taxation	12,7	20,8	+ 64,2%
<b>Net Income</b>	<b>7,7</b>	<b>13,3</b>	+ 72,0%
%	5,6%	8,4%	+ 280 b.p.

## Income Statement Adjusted\*

	1H 2012	1H 2013	% Chg
<b>Net Revenues</b>	<b>135,2</b>	<b>157,6</b>	+ 16,5%
Other operating income	1,5	1,3	- 17,3%
<b>Revenues</b>	<b>136,7</b>	<b>158,8</b>	+ 16,2%
<b>First Margin</b>	<b>74,7</b>	<b>92,4</b>	+ 23,7%
%	54,6%	58,2%	+ 360 b.p.
<b>SG&amp;A</b>	<b>-52,0</b>	<b>-65,2</b>	+ 25,4%
%	38,0%	41,1%	+ 310 b.p.
<b>EBITDA</b>	<b>22,7</b>	<b>27,1</b>	+ 19,7%
%	16,6%	17,1%	+ 50 b.p.
<b>D&amp;A</b>	<b>-3,0</b>	<b>-5,3</b>	+ 79,7%
%	2,2%	3,4%	+ 120 b.p.
<b>EBIT</b>	<b>19,7</b>	<b>21,8</b>	+ 10,7%
%	14,4%	13,7%	- 70 b.p.
Income before taxation	18,9	20,8	+ 10,1%
<b>Net Income</b>	<b>12,0</b>	<b>13,3</b>	+ 10,6%
%	8,8%	8,4%	- 40 b.p.

\* 1H '12 EBITDA and Net Income not including IPO costs, amounting to €6.2m

Other Operating Income - 1H 12 includes 1 mln euro resulting from the disposal of one store's rent contract & 1H 13 includes 0.8 mln euro resulting by sale of the trademarks "Solomei", "Solomeo" and the relative coat of arms

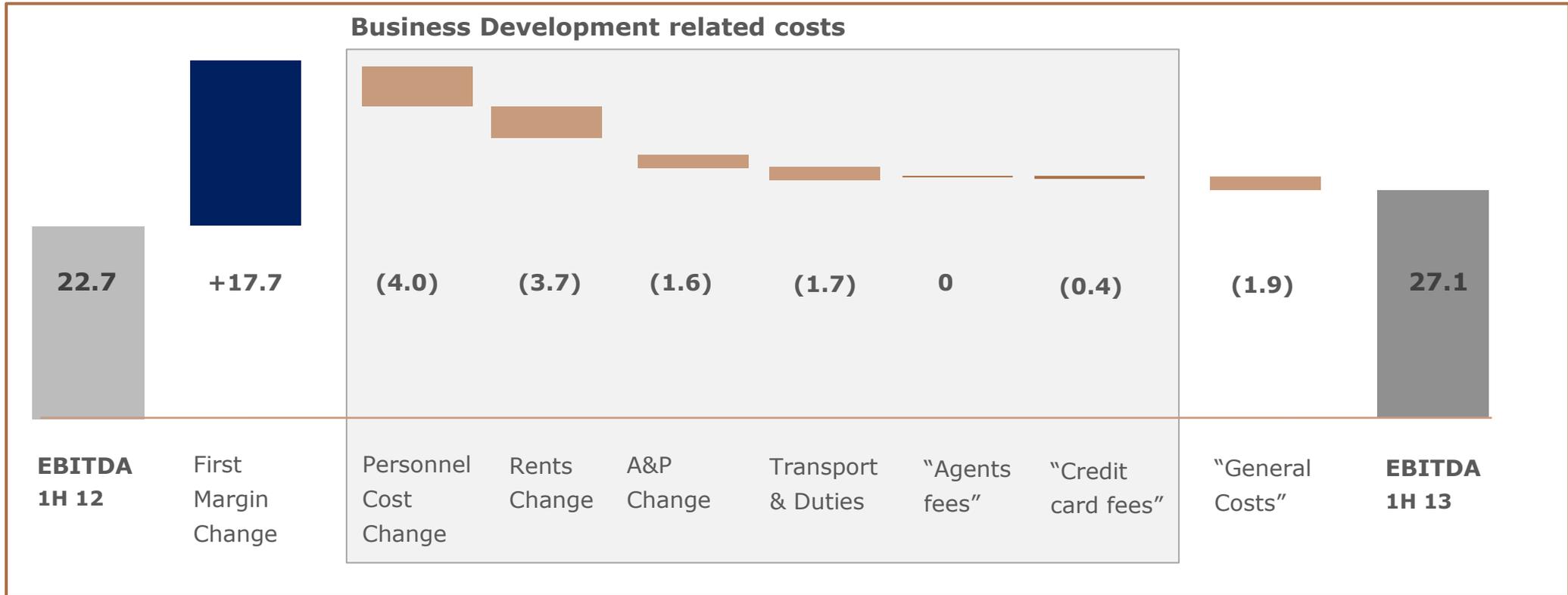
First Margin includes raw material consumptions, third party manufacturing and R&D costs.

Group's quarterly results are impacted by seasonal effects, typical of our industry, and therefore cannot be projected as full year trend.

# Analysis of Key Income Statement results

€ mln

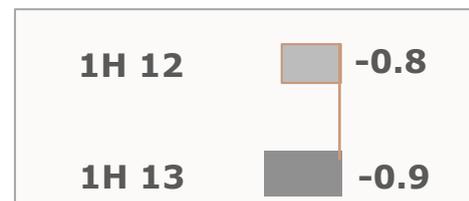
## EBITDA Analysis



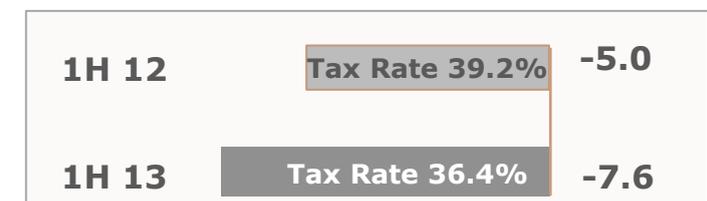
## Depreciation & Amortization



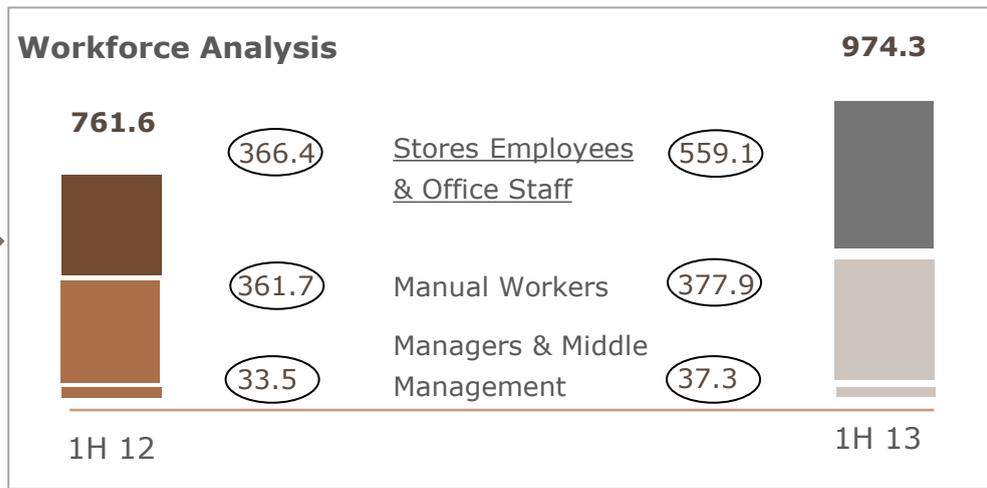
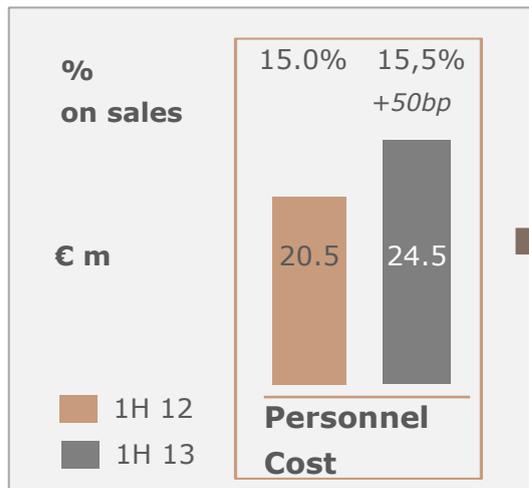
## Financial Expenses



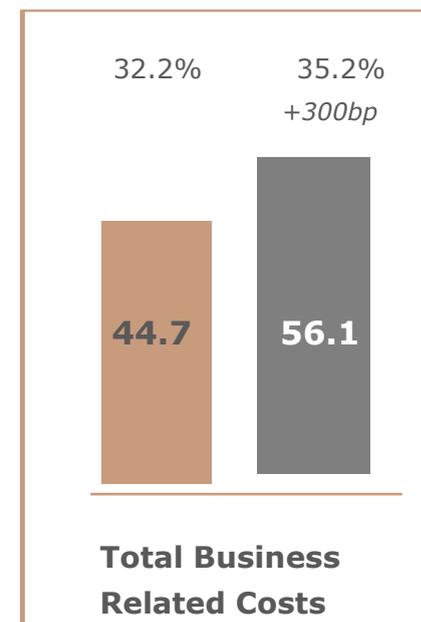
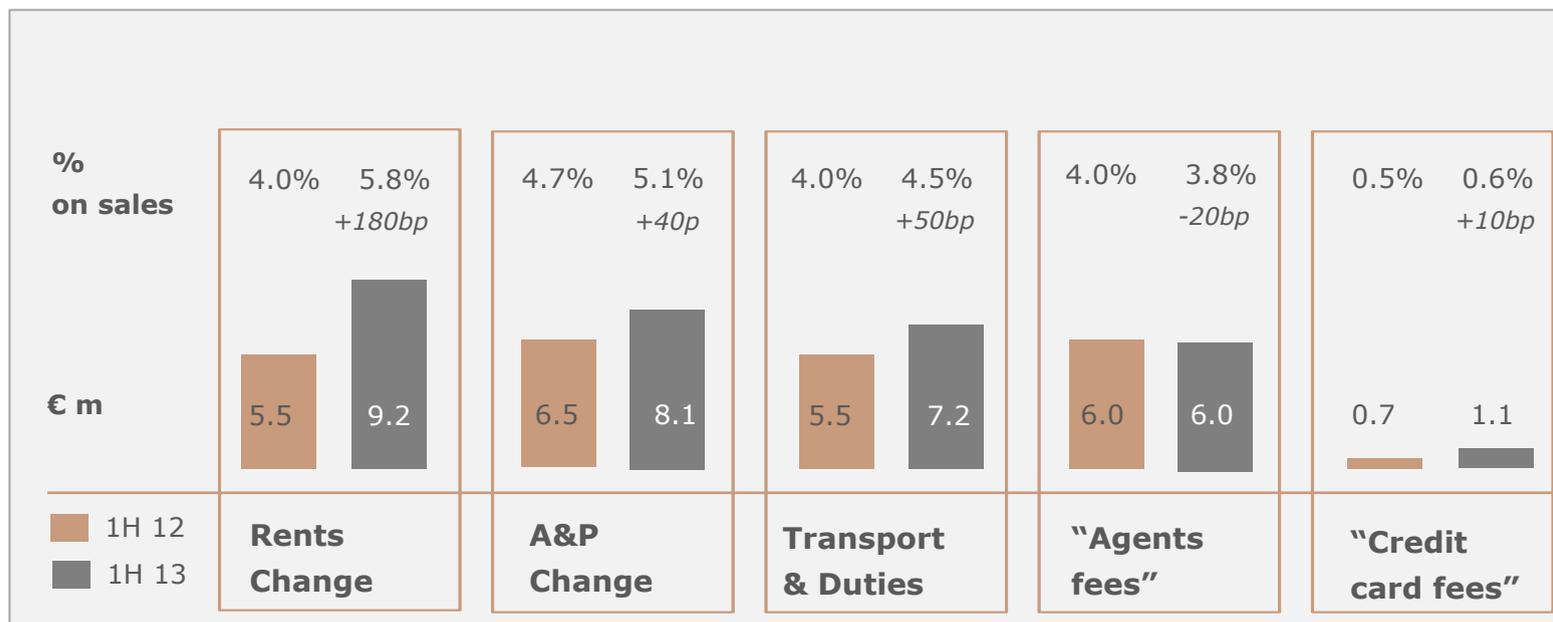
## Taxes



# 'Business Development related costs' analysis



SG&A increase (+310 bp) related to costs for the development of the sales network, reaching € 56.1 m in 1H 13 (35.2% on sales), compared to € 44.7 m in 1H 12 (32.2%), showing an increase of +300 bp.



# Balance Sheet

€ mln

	06.30.2012	06.30.2013	delta	12.31.2012
<b>Net Working Capital</b>	<b>66.3</b>	<b>76.5</b>	10.1	<b>57.3</b>
Intangible Fixed Assets	13.1	27.7	14.6	16.5
Property, equipment and machinery	32.2	51.1	18.9	41.9
Financial Fixed Assets	2.7	3.9	1.1	3.2
Other Not Current	2.0	1.9	-0.1	1.6
<b>Net Capital Employed</b>	<b>116.5</b>	<b>161.2</b>	44.7	<b>120.5</b>
<i>funded by</i>				
<b>Net Financial Position</b>	<b>14.2</b>	<b>32.2</b>	18.0	<b>0.9</b>
<b>Total Shareholders' Equity</b>	<b>102.3</b>	<b>129.0</b>	26.7	<b>119.6</b>



(1) Group's quarterly results are impacted by seasonal effects, typical of our industry, and therefore cannot be projected as full year trend

# Net Working Capital

€ mln

	06.30.2012	06.30.2013	delta	12.31.2012
<b>Net Working Capital</b>	<b>66.3</b>	<b>76.5</b>	10.1	<b>57.3</b>
Trade Receivables	61.3	60.1	-1.2	47.8
Inventories	77.0	90.1	13.1	80.1
Trade Payables	-56.0	-60.8	-4.8	-62.7
Other Credits/(Debts)	-16.0	-13.0	3.0	-7.9

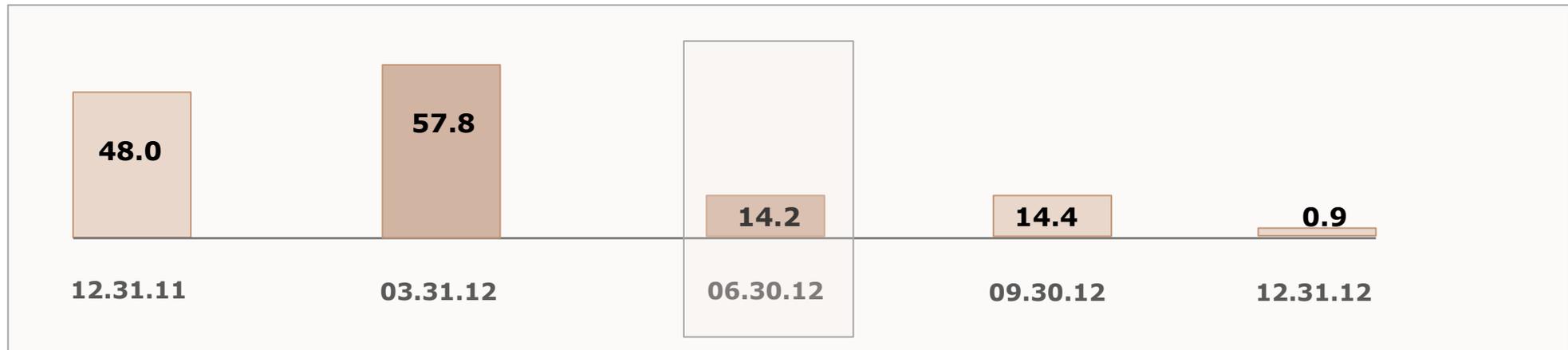


# Net Financial Position Analysis

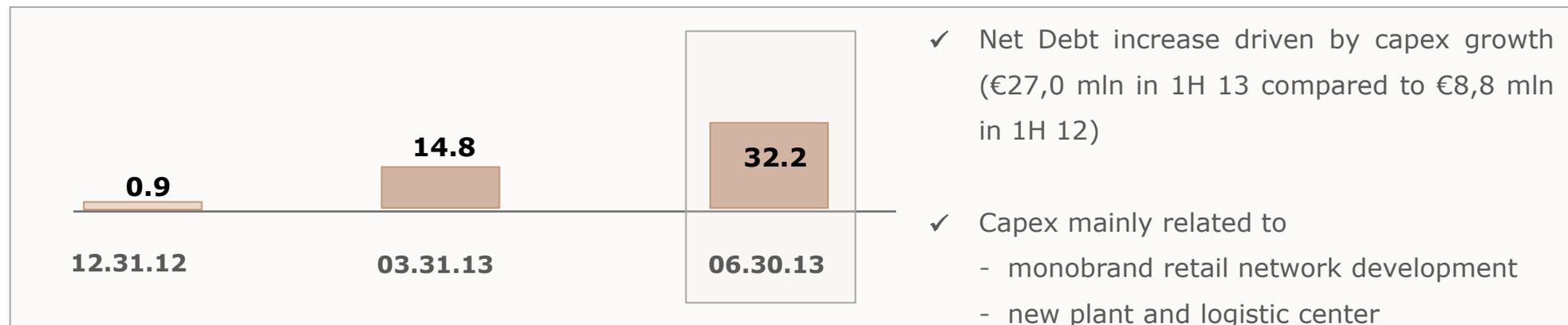
€ mln

## Net Debt Evolution

### 2012



### 2013

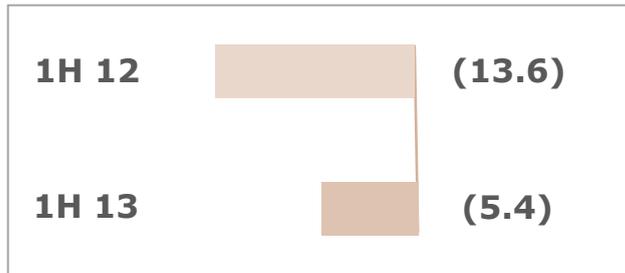


# Cash Flow and Investments

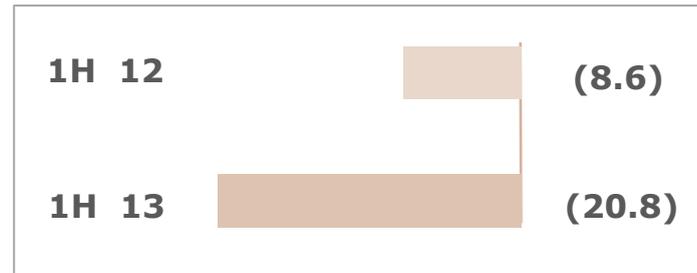
€ mln

## Cash Flow Analysis

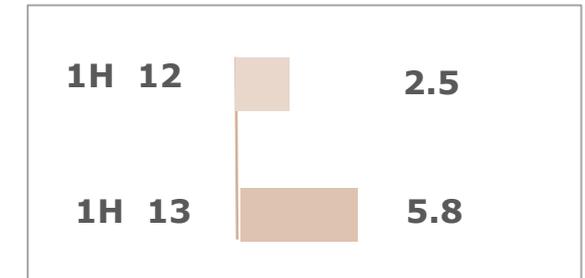
### Operating Cash Flow



### Investing Cash Flow

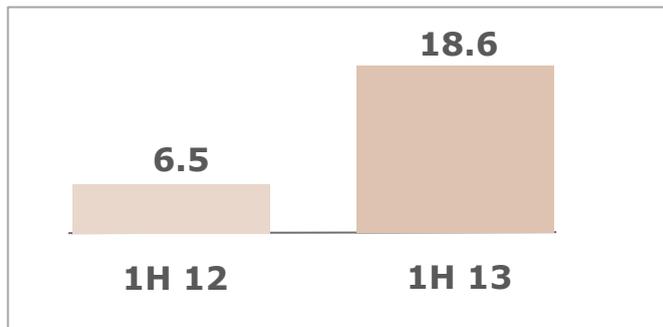


### Dividends paid

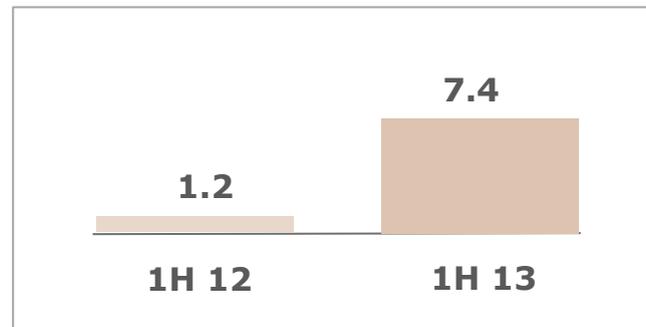


## Capex Breakdown Drivers

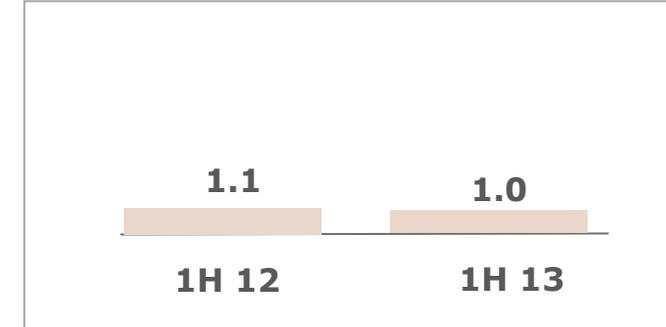
### Commercial



### Headquarter & Logistics



### Others/ Maintenance





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Annex

# Detailed Income Statement

€ mln	1H 2012	1H 2013
Net Revenues	135,2	157,6
Other operating income	1,5	1,3
<b>Revenues</b>	<b>136,7</b>	<b>158,8</b>
Consumption Costs	(20,8)	(27,9)
<i>Raw Material Cost</i>	(32,6)	(36,7)
<i>Inventories Change</i>	11,8	8,8
Outsourced Manufacturing	(41,3)	(38,6)
<b>First Margin</b>	<b>74,7</b>	<b>92,4</b>
Services Costs (excl. Out. Manuf.)	(36,6)	(39,2)
Personnel costs	(20,5)	(24,6)
Other operating costs	(0,9)	(0,9)
Increase in tangible assets	0,1	0,3
Bad Debt and other provisions	(0,4)	(0,9)
<b>EBITDA</b>	<b>16,4</b>	<b>27,1</b>
D&A	(3,0)	(5,3)
<b>EBIT</b>	<b>13,5</b>	<b>21,8</b>
Financial expenses	(2,0)	(3,4)
Financial income	1,2	2,5
<b>EBT</b>	<b>12,7</b>	<b>20,8</b>
Income taxes	(5,0)	(7,6)
<i>Tax rate</i>	<i>39,2%</i>	<i>36,4%</i>
<b>Net Income</b>	<b>7,7</b>	<b>13,3</b>
Minority Interest	(0,2)	(0,8)
Group Net Profit	7,9	14,0

Following the retrospective application of the amendment to IAS 19, both 30 June 2012 and 31 December 2012 results have been restated.

# Detailed Balance Sheet

€ mln	1H 2012	1H 2013
Trade receivables	61,3	60,1
Inventories	77,0	90,1
Trade payables (-)	(56,0)	(60,8)
Other current assets/(liabilities)	(16,0)	(13,0)
<b>Net Working Capital</b>	<b>66,3</b>	<b>76,5</b>
Intangible assets	13,1	27,7
Tangible assets	32,2	51,1
Financial assets	2,7	3,9
<b>Total Assets</b>	<b>48,1</b>	<b>82,8</b>
Other assets/(liabilities)	2,0	1,9
<b>Net Invested Capital</b>	<b>116,5</b>	<b>161,2</b>
Cash & Cash equivalents (-)	(33,5)	(33,1)
Short term Debt	33,5	53,5
Long term Debt	14,2	11,8
<b>Net Financial Position</b>	<b>14,2</b>	<b>32,2</b>
Shareholders Capital	13,6	13,6
Share-premium Reserve	57,0	57,9
Reserves	22,2	40,3
Group Net Profit	7,9	14,0
<b>Group Equity</b>	<b>100,7</b>	<b>125,9</b>
Minority shareholders	1,6	3,1
<b>Total Equity</b>	<b>102,3</b>	<b>129,0</b>
<b>Total Funds</b>	<b>116,5</b>	<b>161,2</b>

Following the retrospective application of the amendment to IAS 19, both 30 June 2012 and 31 December 2012 results have been restated.

# Detailed Cash Flow Statement

<i>€ mln</i>	<b>1H 2012</b>	<b>1H 2013</b>
Net Income	7.7	13.3
D&A	3.0	5.6
Ch. In NWC and other	(24.2)	(24.3)
<b>Cash flow from operations</b>	<b>(13.6)</b>	<b>(5.4)</b>
Tangible and intangible investments	(8.0)	(18.0)
Other (investments)/divestments	(0.7)	(2.8)
<b>Cash flow from investments</b>	<b>(8.6)</b>	<b>(20.8)</b>
Dividends	(2.5)	(5.8)
Equity Increase	58.6	2.4
Net change in financial debt	(9.2)	22.6
<b>Total Cash Flow</b>	<b>24.8</b>	<b>(7.0)</b>

Following the retrospective application of the amendment to IAS 19, both 30 June 2012 and 31 December 2012 results have been restated.

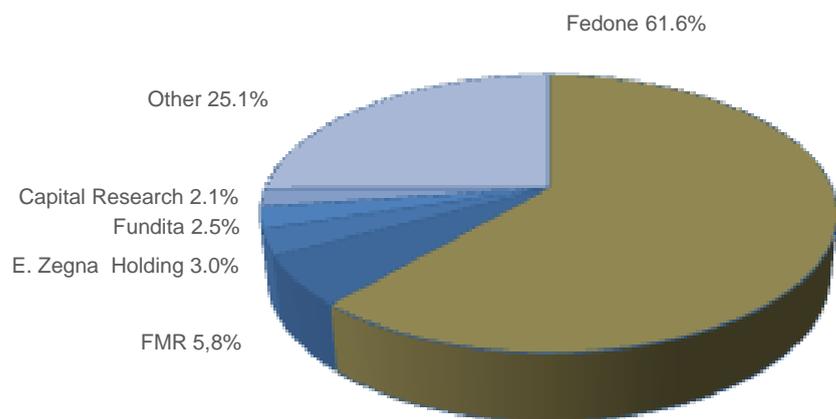
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

Figures as absolute values and in percentages are calculated using precise financial data. Some of the differences found in this presentation are due to rounding of the values expressed in millions of Euro.

# Investor Relations

## Shareholdings

Fedone s.r.l.	61.6%
Ermenegildo Zegna Holding s.p.a.	3.0%
Fundita s.r.l.	2.5%
FMR LLC	5.8%
Capital Research & Mgmt. Company	2.1%
Other	25.1%



Total n° of shares: 68,000,0000

## Board of Directors

<b>Brunello Cucinelli</b>	Chairman and C.E.O
<b>Moreno Ciarapica</b>	Director and C.F.O.
<b>Giovanna Manfredi</b>	Director
<b>Riccardo Stefanelli</b>	Director
<b>Giuseppe Labianca</b>	Director
<b>Candice Koo</b>	Independent Director
<b>Andrea Pontremoli</b>	Lead Independent Director
<b>Matteo Marzotto</b>	Independent Director
<b>“Father“ Cassian Folsom</b>	Independent Director

## Investor Relations

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