



BRUNELLO CUCINELLI



2013

9 Months Results

*November 12<sup>th</sup>, 2013*

# 9 Months 2013 Results - Highlights

**Sustainable growth and healthy profitability in the first nine months 2013, consistent with sophisticated consumer demand, showing an evolved taste and sensibility**

- ✓ Net Revenues of €251.7mln (+14.3%)
- ✓ EBITDA (€45.8mln) up 15.0%\*
- ✓ Significant capex plan of €34.0mln (€16.7mln in 9M 12), causing D&A increase (€8.3 in 9M 13 vs. €4.7 in 9M 12)
- ✓ Net Income (€23.5mln ) up 10.2%\*
- ✓ Net Debt of €23.6mln (€14.4mln as of 30/09/12)

\* Percentage growth compared with 9M12 EBITDA and Net Income Adjusted, which are not including IPO costs, amounting to €6.2m



*FW 13 – Women's Collection*

- ✓ Overseas sales (+20.5%) representing 77% of total sales, driven by the USA (+26.4%) and Europe (+19.2%)
- ✓ Positive performance in Greater China (+16.7%) and Rest of World (+9.3%)
- ✓ Slight decrease in Italy (-2.6%), highlighting positive results in the country's leading cities and resorts

# Stores Network Highlights

## Stores' Network Evolution: 96 Monobrand Stores (74 Monobrand Stores as of 30/09/12)

- ✓ **58 DOS network** (vs. 32 stores as of 30<sup>th</sup> September '12)  
16 DOS net openings in the last 12 months (including 9 openings in 2013) and 10 conversions from wholesale Monobrand network (3 conversions in 2013)
- ✓ **38 Wholesale Monobrand** (vs. 42 stores as of 30<sup>th</sup> September '12)  
6 net openings (including 6 openings in 2013) and 10 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)
- ✓ 3 Wholesale Monobrand store in Hong Kong converted into DOS Network since October 1<sup>st</sup>, 2013, following the start of joint-venture with local partner, and new wholesale monobrand opening (October '13) in Riyad



*FW 13 – Men's Collection*

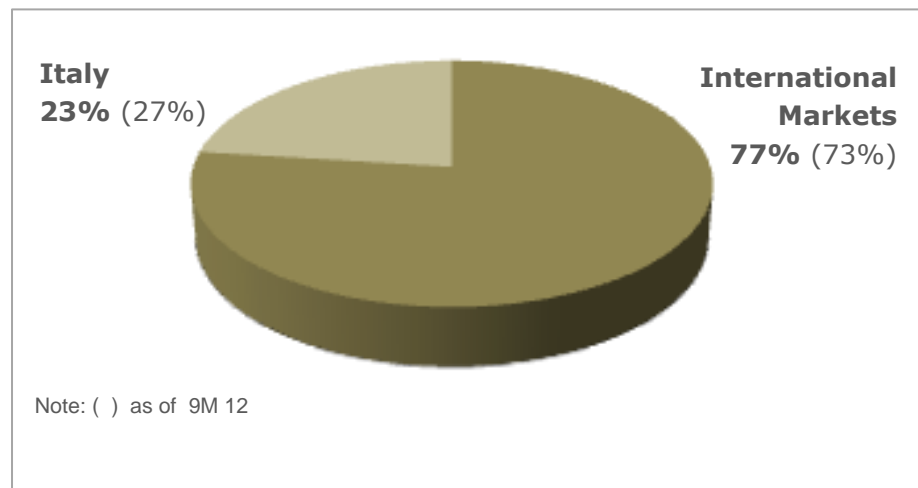
# Revenues by Region

€ mln

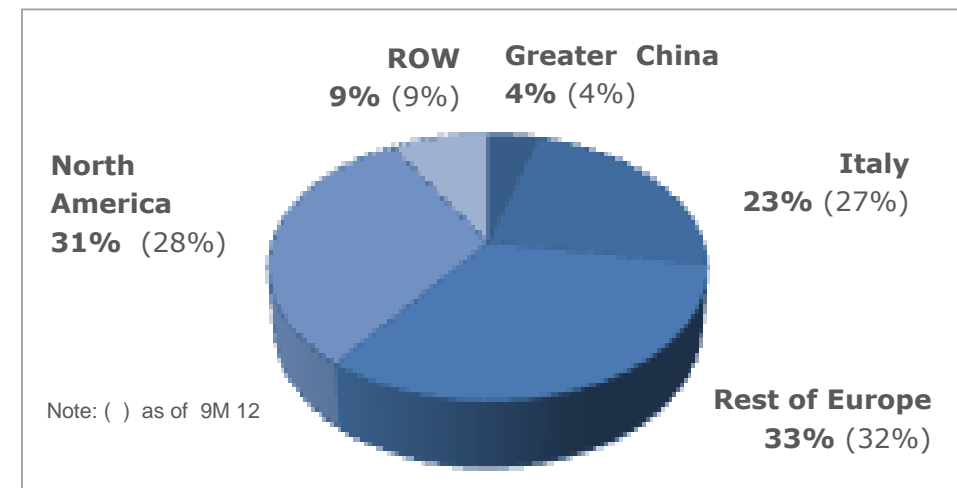
	9M 12	9M 13
<b>Net Revenues</b>	220.2	251.7

	Current exchange rates	Constant exchange rates
<b>9M 13 growth</b>	+14.3%	+15.9%

## International Markets revenues



## Breakdown by countries



- ✓ **International Market's** sales growth (+20.5% YoY), representing 77% of Net Revenues
- ✓ **Italy** posted a slight decrease (-2.6% YoY), supported by tourists' revenues; main cities and resort locations outperformed the overall market, maintaining robust performance for monobrand network

# Revenues by Region: International Markets Focus

€ mln

	9M 12	9M 13	YoY % Chg
<b>Italy</b>	59.6	58.0	(2.6%)
<b>International Markets</b>	160.6	193.5	+20.5%
<b>Rest of Europe</b>	69.1	82.3	+19.2%
<b>North America</b>	62.1	78.5	+26.4%
<b>Greater China</b>	9.6	11.3	+16.7%
<b>ROW</b>	19.7	21.5	+9.3%

## Rest of Europe

Positive performance in existing network and new openings contribution; quarterly results affected by deliveries timing; attractiveness of exclusive Made in Italy "absolute" luxury proposal, driving positive results by "domestic" consumers and tourists

## North America

Double digit growth in all distribution channel, thanks to performance in existing network and contribution made by new selling spaces

Very interesting sell-out results, highlighting sophisticated consumer approach toward high-end and exclusive offering; A/W 13 delivery cycle positively impacted 2<sup>nd</sup> quarter performance vs. 3<sup>rd</sup> quarter

## Greater China

Domestic consumers sustained results throughout the country, and Chinese tourists contributed to sales in the leading international capitals and resort; selective and controlled approach of monobrand channel network in China (13 direct monobrand stores as of 30/09/13)

## Rest of World

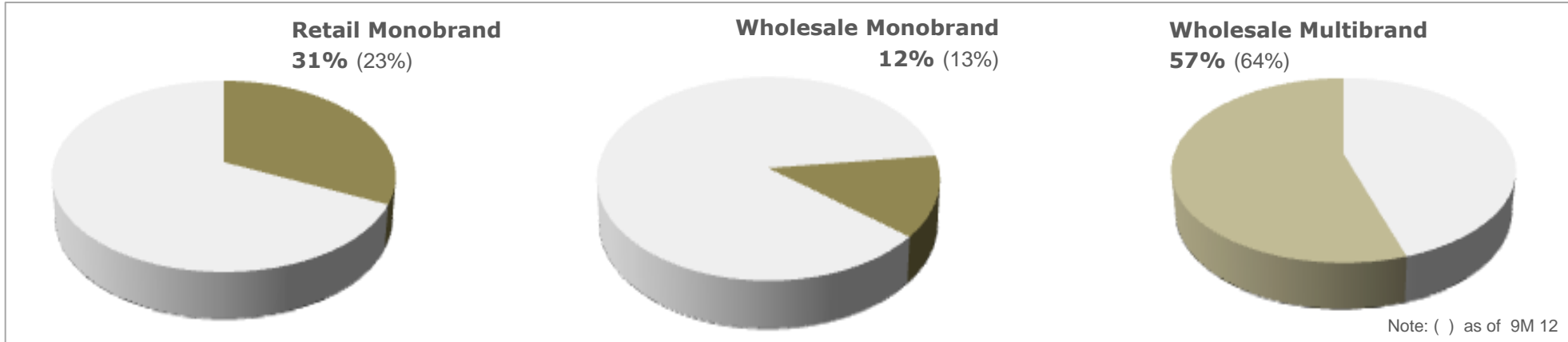
Growth driven by results in existing wholesale monobrand network and positively impacted by 2 new openings in 2013 (Tokyo and Doha)



# Revenues by Distribution Channel

€ mln

## Revenues breakdown by channel



	9M 12	9M 13	% Chg
<b>Retail Monobrand</b>	50.1	79.1	+57.9%
<b>Wholesale Monobrand</b>	29.5	29.3	-0.8%
Adjusted*			
Wholesale Monobrand	22.8	29.3	+28.5%

	9M 12	9M 13	% Chg
<b>Wholesale Multibrand</b>	140.5	143.3	+2.0%

\* Wholesale Monobrand Revenues as of 30/09/2012, excluding sales related 10 stores converted into direct channel in the last 12 months.

# Monobrand Channel – Retail & Wholesale

## Monobrand Channel



### Directly Operated Stores

- ✓ Revenues growth driven by
  - network development
  - +8.2% LFL<sup>1)</sup> growth posted in the first 44 weeks of 2013
- ✓ Network accounting 58 DOS as of Sept. '13 (32 DOS at the end of 9M '12); 16 net openings and 10 conversions from Wholesale Monobrand Network
- ✓ 9 Openings in 2013: Shanghai (January), Barcelona (February), Torino (March), Naples, Beijing and Xian (April / May), Chicago (August), Dallas and Munich (September)

### Wholesale Monobrand

- ✓ Sales performance affected by 10 conversions
- ✓ Stores Network: 38 stores vs. 42 in 9M 12, accounting 6 net openings (Tokyo in March 2013, Hong Kong and Doha in April, Istanbul & Almaty in June, Ekaterinburg in August) and 10 conversions into DOS (of which 6 transfers in China from 1<sup>st</sup> October 2012, 2 conversions in London from 1<sup>st</sup> January 2013 and Macao in August)

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 09/30/2012 **32**

Net Openings + 16

Conversion + 10

as of 09/30/2013 **58**

Net Openings + 0

Conversion + 3

as of 11/12/2013 **61**

## Wholesale Monobrand Network

as of 09/30/2012 **42**

Net Openings + 6

Conversion - 10

as of 09/30/2013 **38**

Net Openings 1

Conversion -3

as of 11/12/2013 **36**

## Monobrand Store Network

as of 09/30/2012 **74**

Net Openings 22

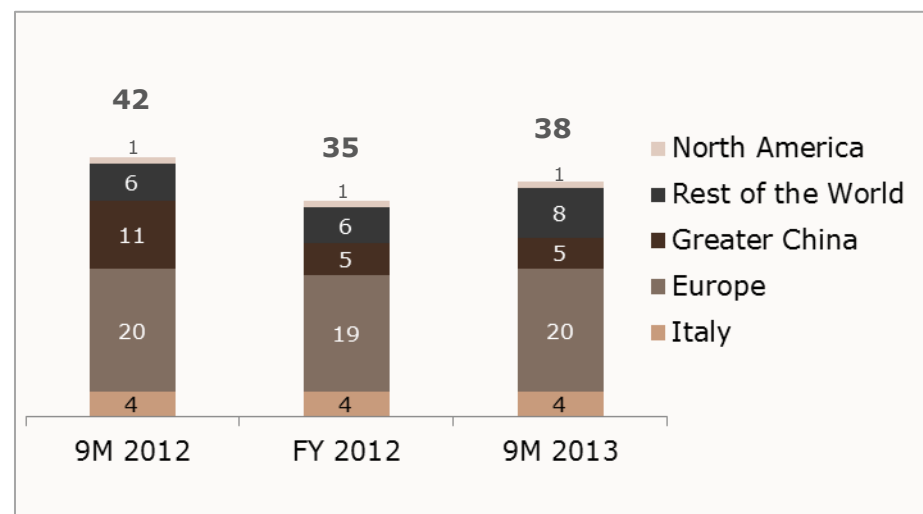
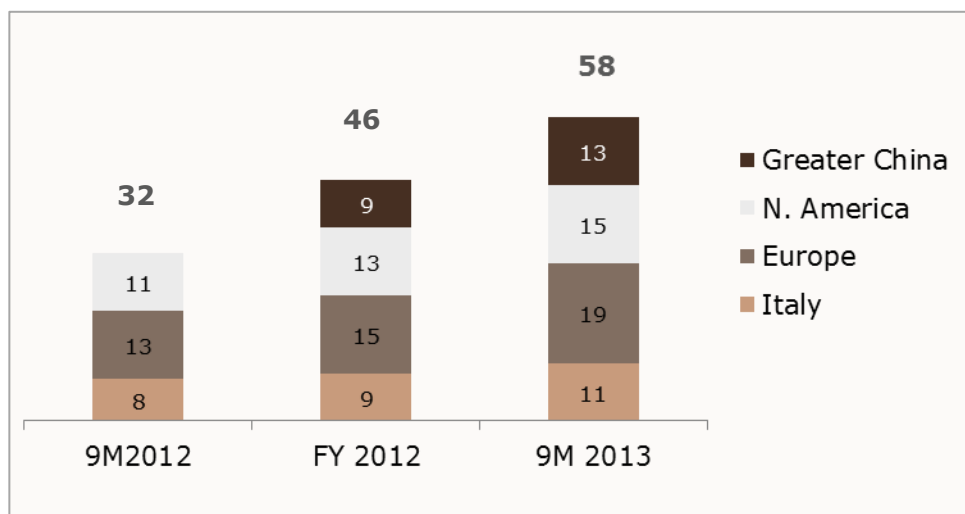
as of 09/30/2013 **96**

Net Openings + 1

as of 11/12/2013 **97**

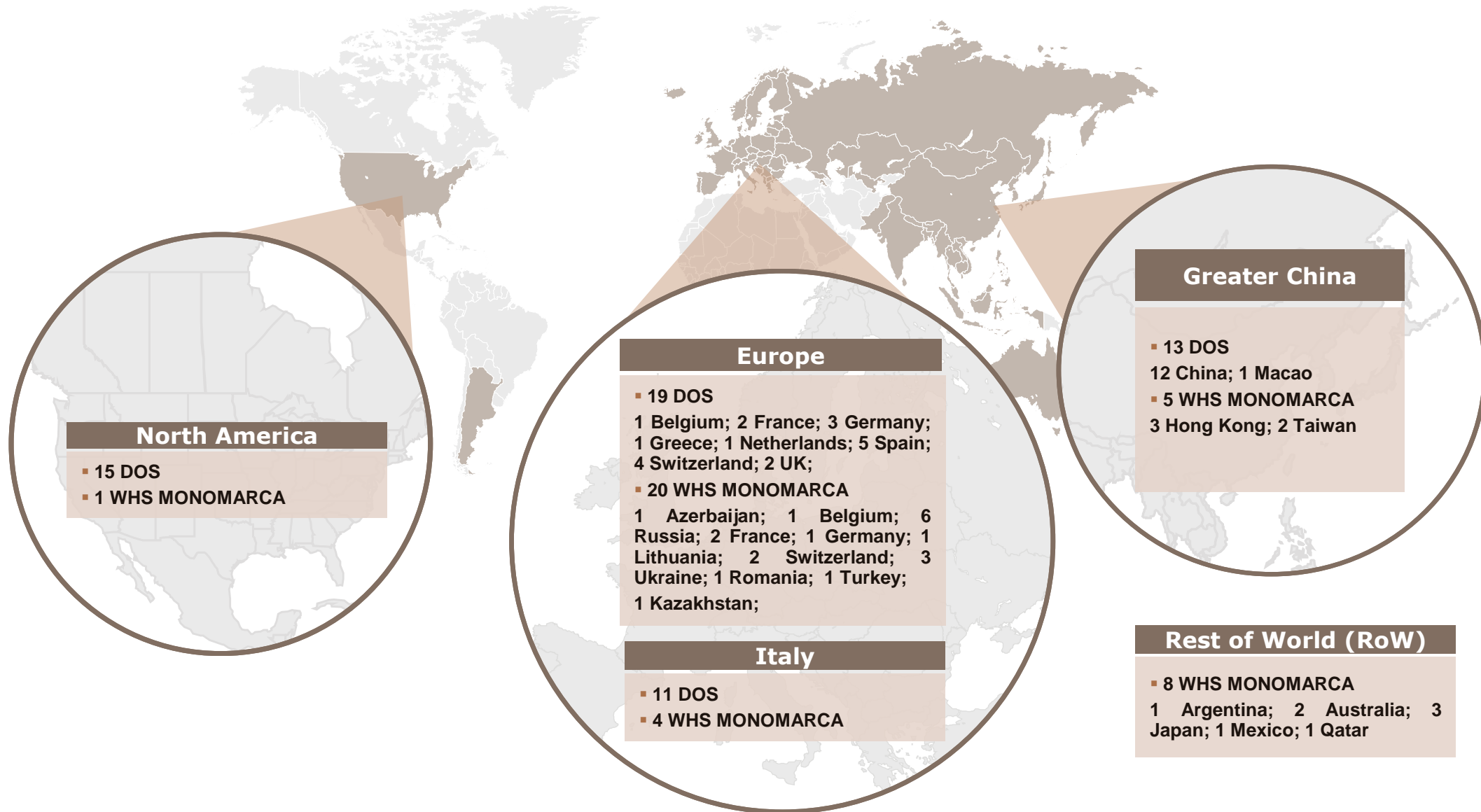
**DOS Network** – from 09/30/12 to 09/30/13

**Wholesale Monobrand Network** – from 09/30/12 to 09/30/13



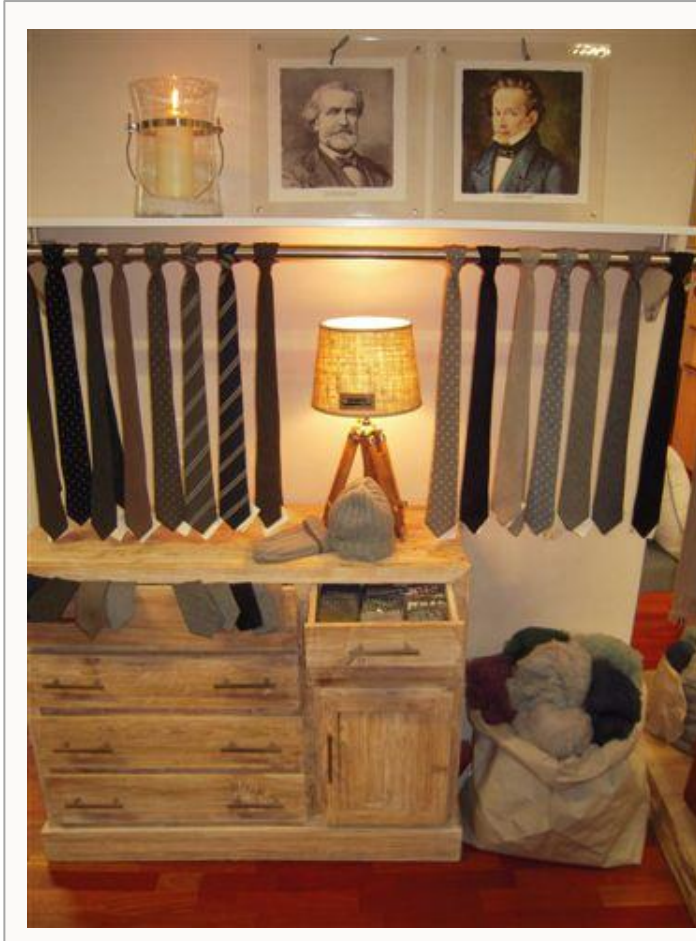


# Stores Network as of 09/30/13



# Multibrand Channel

## Multibrand Channel



Quarterly Results affected by A/W 13 early deliveries, as requested by our multibrand partners, positively impacted 2Q performance as already disclosed

Positive back-log order for A/W 13, valued "contemporary", attracting consumers of the very highest level, distinguished by their evolved taste

# Income Statement

€ mln

## Reported Income Statement

	9M 2012	9M 2013	% Chg
<b>Net Revenues</b>	<b>220,2</b>	<b>251,7</b>	+ 14,3%
Other operating income	2,0	1,7	- 16,0%
<b>Revenues</b>	<b>222,2</b>	<b>253,4</b>	+ 14,0%
<b>First Margin</b>	<b>122,9</b>	<b>145,9</b>	+ 18,8%
%	55,3%	57,6%	+ 230 b.p.
<b>SG&amp;A</b>	<b>-89,3</b>	<b>-100,2</b>	+ 12,2%
%	40,2%	39,5%	- 70 b.p.
<b>EBITDA</b>	<b>33,6</b>	<b>45,8</b>	+ 36,4%
%	15,1%	18,1%	+ 300 b.p.
<b>D&amp;A</b>	<b>-4,7</b>	<b>-8,3</b>	+ 76,6%
%	2,1%	3,3%	+ 120 b.p.
<b>EBIT</b>	<b>28,9</b>	<b>37,5</b>	+ 29,8%
%	13,0%	14,8%	+ 180 b.p.
Income before taxation	27,4	36,0	+ 31,5%
<b>Net Income</b>	<b>17,0</b>	<b>23,5</b>	+ 37,9%
%	7,7%	9,3%	+ 160 b.p.

## Income Statement Adjusted\*

	9M 2012	9M 2013	% Chg
	<b>220,2</b>	<b>251,7</b>	+ 14,3%
	<b>2,0</b>	<b>1,7</b>	- 16,0%
	<b>222,2</b>	<b>253,4</b>	+ 14,0%
	<b>122,9</b>	<b>145,9</b>	+ 18,8%
%	55,3%	57,6%	+ 230 b.p.
	<b>-83,1</b>	<b>-100,2</b>	+ 20,6%
%	37,4%	39,5%	+ 210 b.p.
	<b>39,8</b>	<b>45,8</b>	+ 15,0%
%	17,9%	18,1%	+ 20 b.p.
	<b>-4,7</b>	<b>-8,3</b>	+ 76,6%
%	2,1%	3,3%	+ 120 b.p.
	<b>35,1</b>	<b>37,5</b>	+ 6,7%
%	15,8%	14,8%	- 100 b.p.
	<b>33,6</b>	<b>36,0</b>	+ 7,1%
	<b>21,3</b>	<b>23,5</b>	+ 10,2%
%	9,6%	9,3%	- 30 b.p.

\* 9M '12 EBITDA and Net Income not including IPO costs, amounting to €6.2m

Other Operating Income – 9M 12 includes 1 mln euro resulting from the disposal of one store's rent contract & 9M 13 includes 0.8 mln euro resulting by sale of the trademarks "Solomei", "Solomeo" and the relative coat of arms

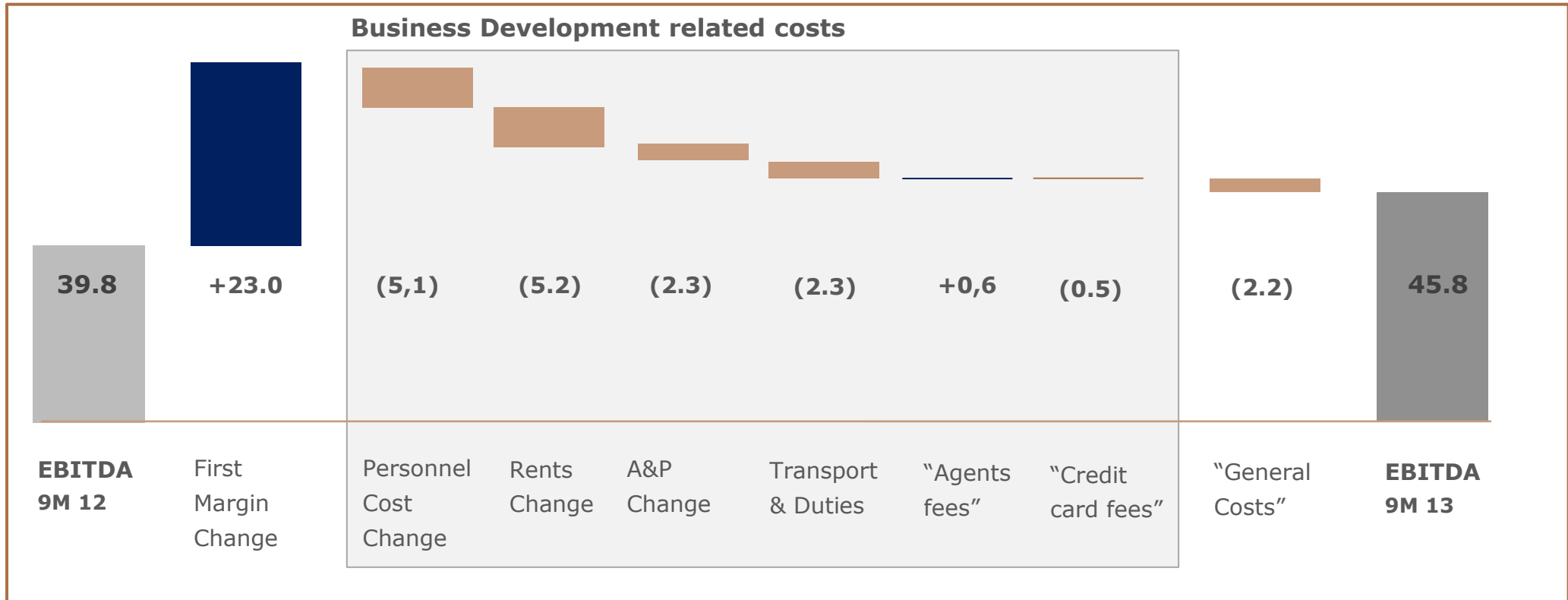
First Margin includes raw material consumptions, third party manufacturing and R&D costs.

**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

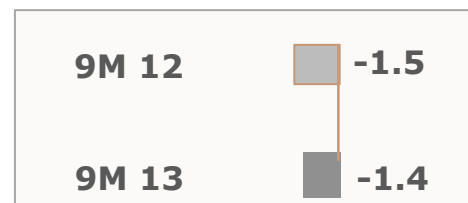
## EBITDA Analysis



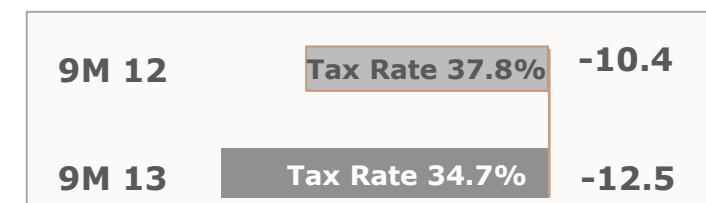
## Depreciation & Amortization



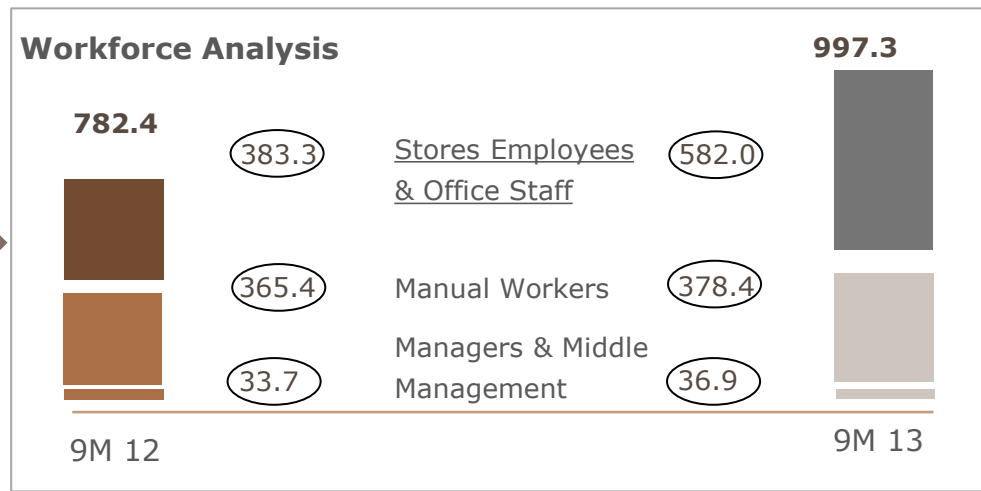
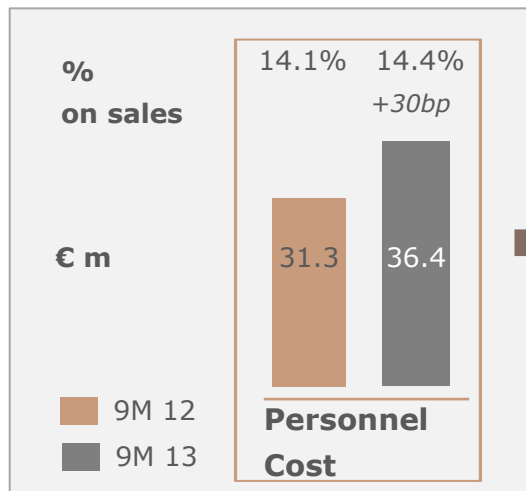
## Financial Expenses



## Taxes

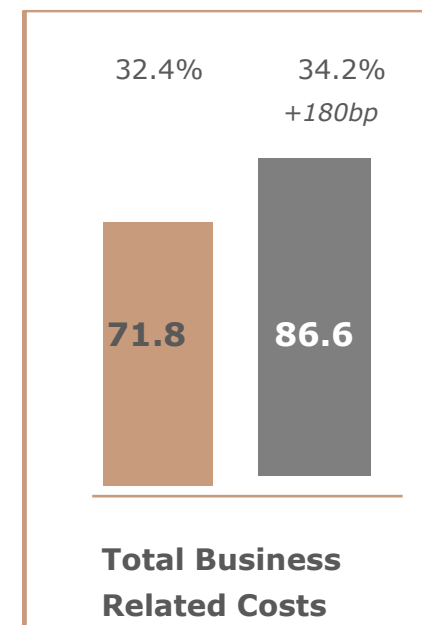
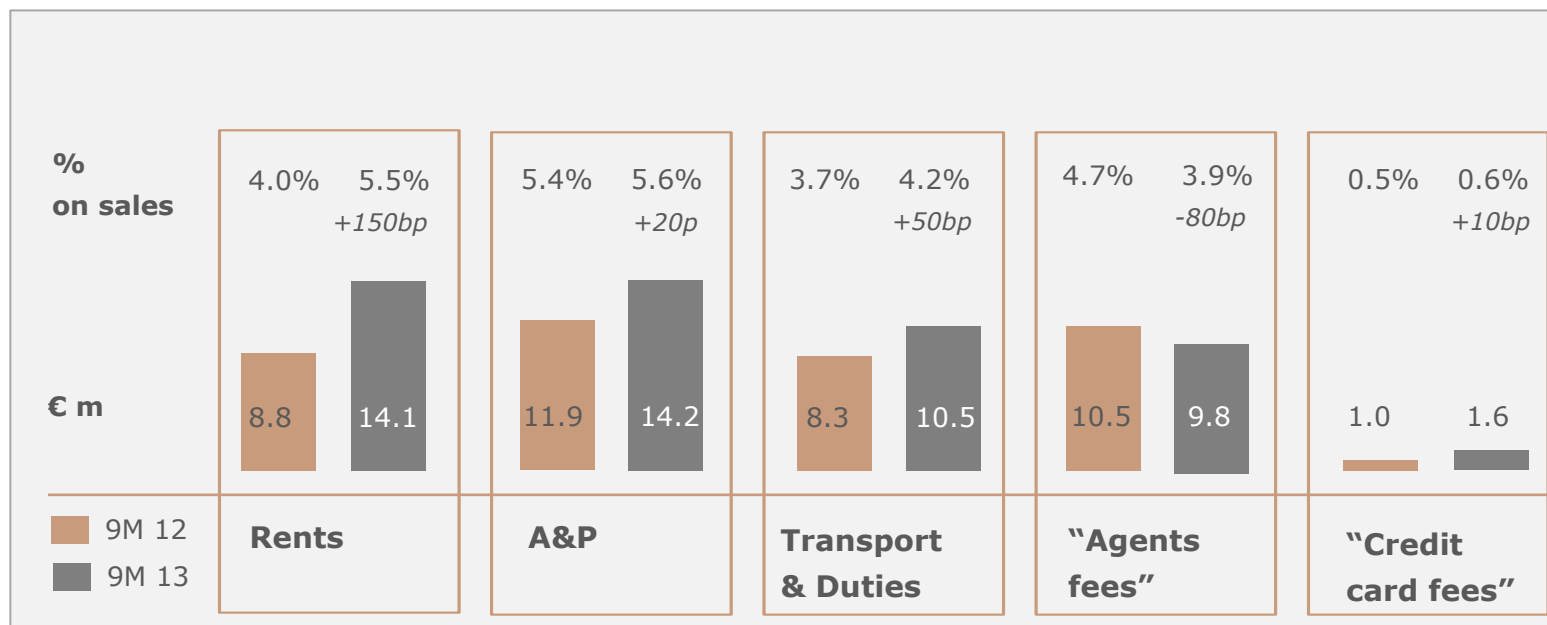


# 'Business Development related costs' analysis



SG&A increase (+210 bp, from 37.4% to 39.5%) related to costs for the development of the sales network.

Business Development Costs reached € 86.6 m in 9M 13 (34.2% on sales), compared to € 71.8 m in 9M 12 (32.4%), showing an increase of +180 bp.



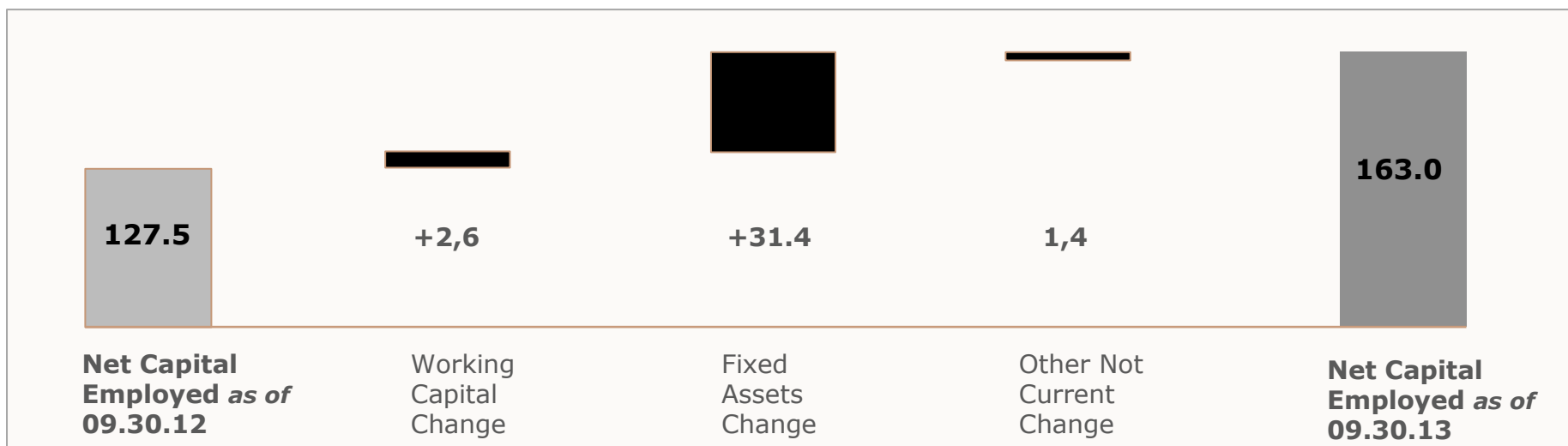
# Balance Sheet

€ mln

	09.30.2012	09.30.2013	delta	12.31.2012
<b>Net Working Capital</b>	<b>73,6</b>	<b>76,2</b>	2,6	<b>57,3</b>
Intangible Fixed Assets	16,0	26,9	10,9	16,5
Property, equipment and machinery	34,9	55,6	20,7	41,9
Financial Fixed Assets	2,9	2,8	-0,1	3,2
Other Not Current	0,2	1,6	1,4	1,6
<b>Net Capital Employed</b>	<b>127,5</b>	<b>163,0</b>	35,4	<b>120,5</b>

*funded by*

<b>Net Financial Position</b>	<b>14,4</b>	<b>23,6</b>	9,2	<b>0,9</b>
<b>Total Shareholders' Equity</b>	<b>113,1</b>	<b>139,4</b>	26,3	<b>119,6</b>



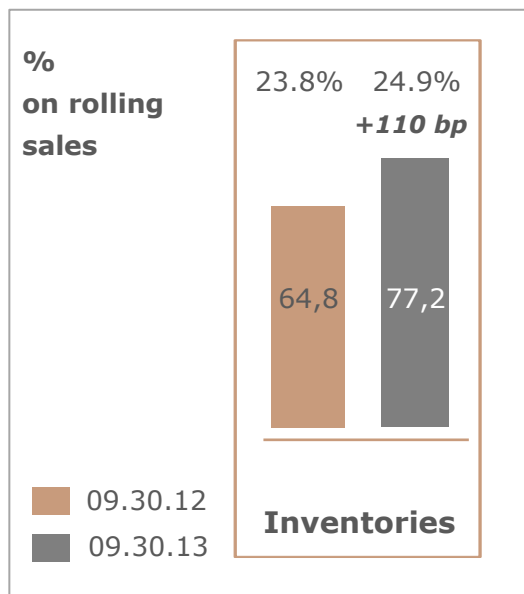
(1) Group's quarterly results are impacted by seasonal effects, typical of our industry, and therefore cannot be projected as full year trend

# Net Working Capital

€ mln

	09.30.2012	09.30.2013	delta	12.31.2012
<b>Net Working Capital</b>	<b>73,6</b>	<b>76,2</b>	2,6	<b>57,3</b>
Trade Receivables	67,8	63,0	-4,8	47,8
Inventories	64,8	77,2	12,5	80,1
Trade Payables	-41,9	-49,0	-7,1	-62,7
Other Credits/(Debts)	-17,1	-15,1	2,0	-7,9

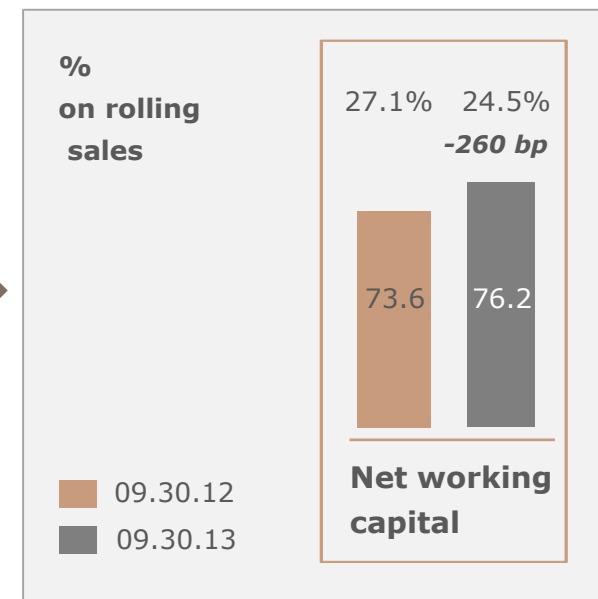
## Inventories



✓ Natural increase in inventories, connected with the growth of the business and development of the Retail Network

✓ **Worthy management enabled working capital at 09.30.13 to reduce at 24.5% of turnover for the last 12 months, compared with 27,1% previous year**

## Net Working Capital

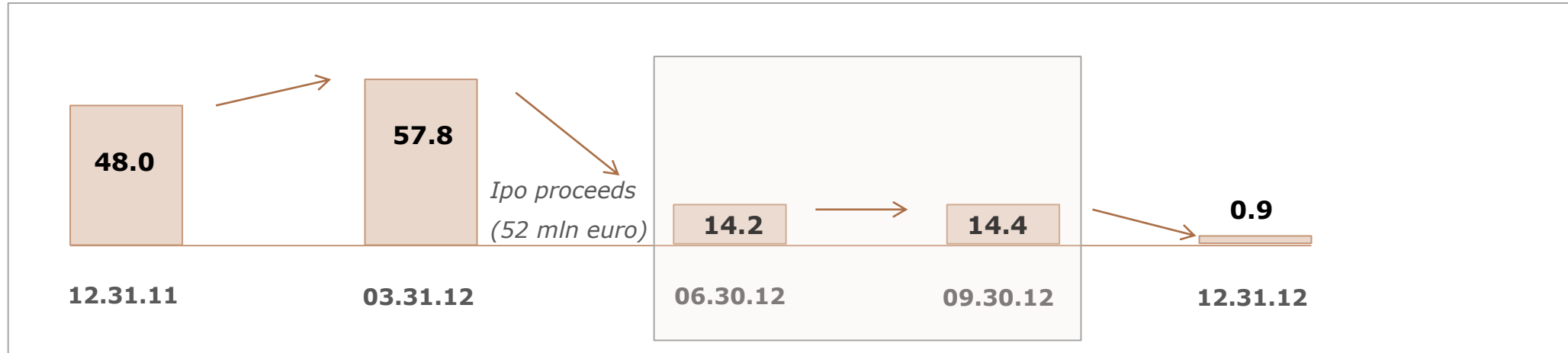


# Net Financial Position Analysis

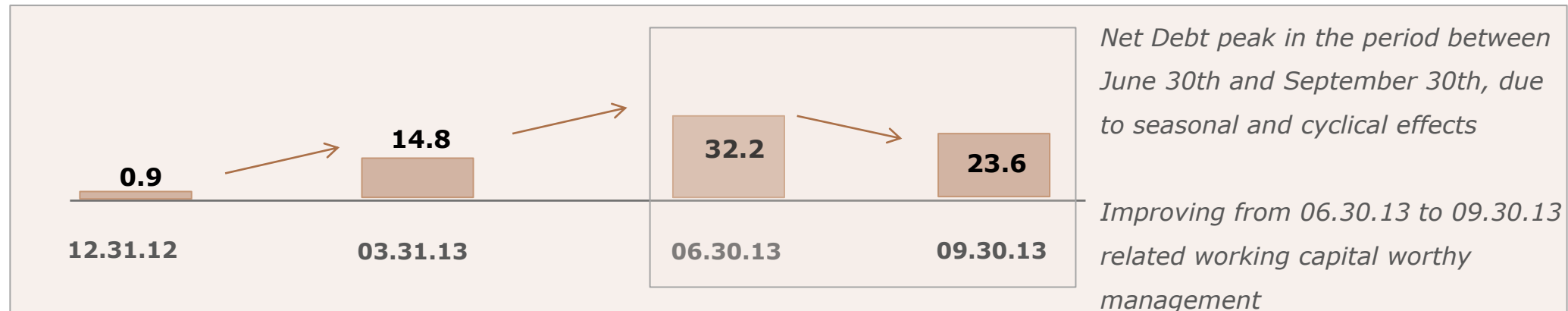
€ mln

## Net Debt Evolution

### 2012



### 2013



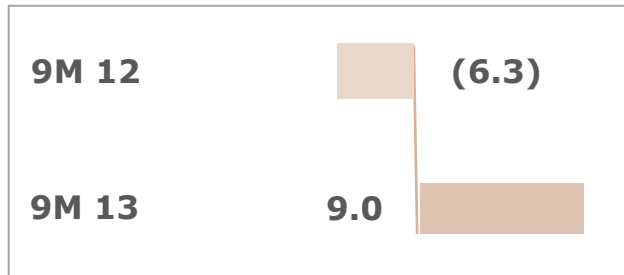


# Cash Flow and Investments

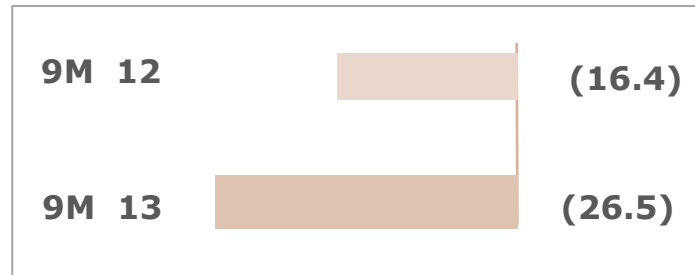
€ mln

## Cash Flow Analysis

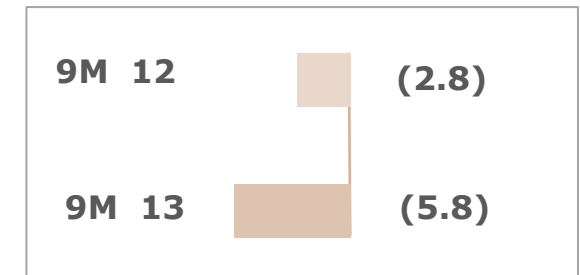
### Operating Cash Flow



### Investing Cash Flow

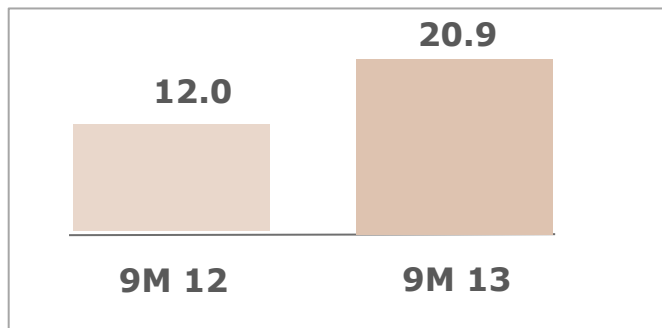


### Dividends paid

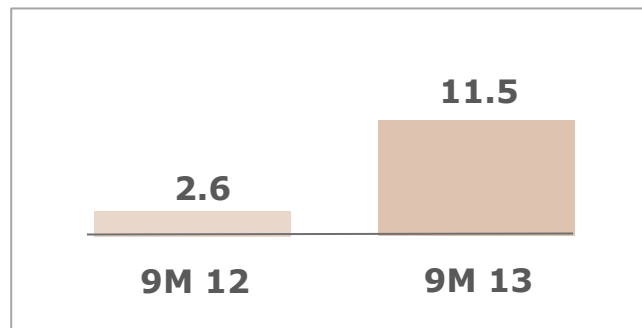


## Capex Breakdown Drivers

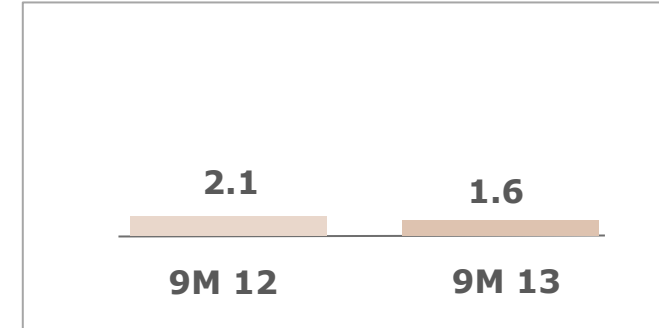
### Commercial



### Headquarter & Logistics



### Others/ Maintenance





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Annex

# Detailed Income Statement

€ mln	9M 2012	9M 2013
Net Revenues	220,2	251,7
Other operating income	2,0	1,7
<b>Revenues</b>	<b>222,2</b>	<b>253,4</b>
Consumption Costs	(44,1)	(52,7)
<i>Raw Material Cost</i>	(44,2)	(49,2)
<i>Inventories Change</i>	0,1	(3,5)
Outsourced Manufacturing	(55,2)	(54,8)
<b>First Margin</b>	<b>122,9</b>	<b>145,9</b>
Services Costs (excl. Out. Manuf.)	(56,3)	(61,2)
Personnel costs	(31,3)	(36,4)
Other operating costs	(1,2)	(1,7)
Increase in tangible assets	0,2	0,4
Bad Debt and other provisions	(0,7)	(1,3)
<b>EBITDA</b>	<b>33,6</b>	<b>45,8</b>
D&A	(4,7)	(8,3)
<b>EBIT</b>	<b>28,9</b>	<b>37,5</b>
Financial expenses	(2,7)	(5,3)
Financial income	1,2	3,9
<b>EBT</b>	<b>27,4</b>	<b>36,0</b>
Income taxes	(10,4)	(12,5)
<i>Tax rate</i>	37,8%	34,7%
<b>Net Income</b>	<b>17,0</b>	<b>23,5</b>
Minority Interest	(0,2)	(0,9)
Group Net Profit	17,2	24,4

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

# Detailed Balance Sheet

€ mln	9M 2012	9M 2013
Trade receivables	67,8	63,0
Inventories	64,8	77,2
Trade payables (-)	(41,9)	(49,0)
Other current assets/(liabilities)	(17,1)	(15,1)
<b>Net Working Capital</b>	<b>73,6</b>	<b>76,2</b>
Intangible assets	16,0	26,9
Tangible assets	34,9	55,6
Financial assets	2,9	2,8
<b>Total Assets</b>	<b>53,8</b>	<b>85,2</b>
Other assets/(liabilities)	0,2	1,6
<b>Net Invested Capital</b>	<b>127,5</b>	<b>163,0</b>
Cash & Cash equivalents (-)	(35,9)	(38,0)
Short term Debt	36,4	46,4
Long term Debt	13,9	15,2
<b>Net Financial Position</b>	<b>14,4</b>	<b>23,6</b>
Shareholders Capital	13,6	13,6
Share-premium Reserve	57,0	57,9
Reserves	23,4	40,4
Group Net Profit	17,2	24,4
<b>Group Equity</b>	<b>111,2</b>	<b>136,4</b>
Minority shareholders	1,9	3,0
<b>Total Equity</b>	<b>113,1</b>	<b>139,4</b>
<b>Total Funds</b>	<b>127,5</b>	<b>163,0</b>

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

# Detailed Cash Flow Statement

<i>€ mln</i>	<b>9M 2012</b>	<b>9M 2013</b>
Net Income	17,0	23,5
D&A	4,7	8,3
Ch. In NWC and other	(28,1)	(22,8)
<b>Cash flow from operations</b>	<b>(6,3)</b>	<b>9,0</b>
Tangible and intangible investments	(15,5)	(24,9)
Other (investments)/divestments	(0,8)	(1,6)
<b>Cash flow from investments</b>	<b>(16,4)</b>	<b>(26,5)</b>
Dividends	(2,8)	(5,8)
Equity Increase	59,4	2,6
Net change in financial debt	(6,6)	18,9
<b>Total Cash Flow</b>	<b>27,2</b>	<b>(1,8)</b>

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

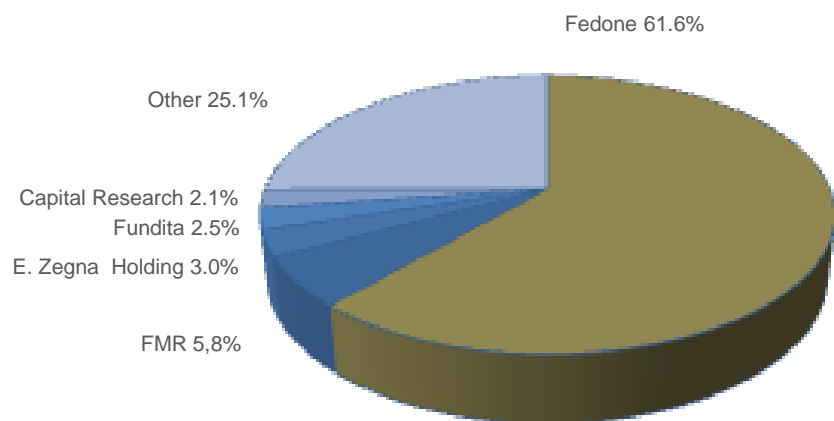
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks 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: 68,000,000

## 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

**Pietro Arnaboldi**

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**Brunello Cucinelli S.p.A.**

Via dell'Industria, 5

Solomeo (PG)

Italia

*I nostri padri ci hanno detto*

