



BRUNELLO CUCINELLI



9 Months 14 Results

November 11th, 2014

9 Months 2014 Results - Highlights

9M 2014 results confirm the solidity and sustainability of the Company's double digit growth project, both in terms of revenues and profits, consistent with the positioning of the brand at the top end of luxury and with its wholly Italian craft-based production

- ✓ Net Revenues (€277.3mln) +10.2%
- ✓ Net Income (€25.9mln) +10.2%
- ✓ EBITDA (€48.8mln) +6.6%
- ✓ Investment Plan: €31.1mln in the first 9 months of 2014, supporting sustainable long-term growth and brand positioning
- ✓ Net Debt €49.5mln (€23.6mln as of 09/30/13)



AW14 – Women's Collection

- ✓ International Markets (78.8% of net revenues) showing noteworthy growth (+12.9%); the improved trend in Italy is delivering positive results (+1.3%)
- ✓ Retail monobrand +27.6%, Wholesale monobrand -4.4% (up +23.4% excluding 8 conversions to DOS channel from wholesale monobrand), Wholesale multibrand +3.6%
- ✓ Unchanged inclination to travel for Top-end sophisticated customers, confirming and consolidating ready-to-wear buying habits

Note: All results are expressed at current exchange rates

Boutiques Network Highlights

Exclusive Distribution: 104 Monobrand Stores (96 Monobrand Stores as of 09/30/13)

- ✓ **70 DOS network** (vs. 58 stores as of 30th September 2013)
 - 4 net openings over the last 12 months
 - 8 conversions from wholesale Monobrand Network
- ✓ **34 Wholesale Monobrand** (vs. 38 stores as of 30th September 2013)
 - 4 net openings over the last 12 months
 - 8 conversions to DOS

Long term strategy: focus on selected openings strategy

- ✓ The approach to exclusive and selective boutiques openings will continue with 9 locations already secured for the coming 12 months; new monobrand boutiques will be inaugurated in 2015



FW14 – Women's Collection

Japan Business

Japan Business: conversion from wholesale monobrand and multibrand channel to Retail management (since 1st September 2014)

- ✓ Conversions to DOS of 3 Wholesale Monobrand boutiques located in Japan
- ✓ Retail Management of 13 hard-shops dedicated to the brand in Luxury Department Stores, so far under Wholesale Multibrand Channel
- ✓ New joint-venture (Brunello Cucinelli Japan) - established to manage Japanese business - between Brunello Cucinelli (75%) and Itochu (25%), the partner who was previously operating such business



Tokyo Aoyama boutique

- ✓ New structure temporarily affecting Japan sales (included in “Rest of the World”): last 3Q 13 revenues were accounted for as sell-in (to wholesale monobrand and multibrand partners), while in this 3Q – the same deliveries to points of sale will mainly contribute to sales results (sell-out) in coming months
- ✓ Mismatch in timing between operating costs and investment to set up the structure (anticipated in 3Q 14 - i.e. commercial and visual merchandising staff, new show-room, administrative people, new warehouse and inventory), and positive impact on top-line (mainly in the coming months) affecting 3Q 14 profitability

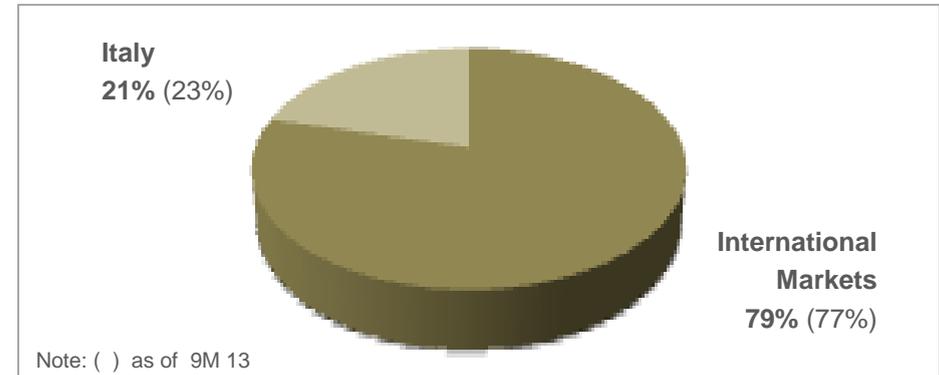
Revenues by Region

€ mln

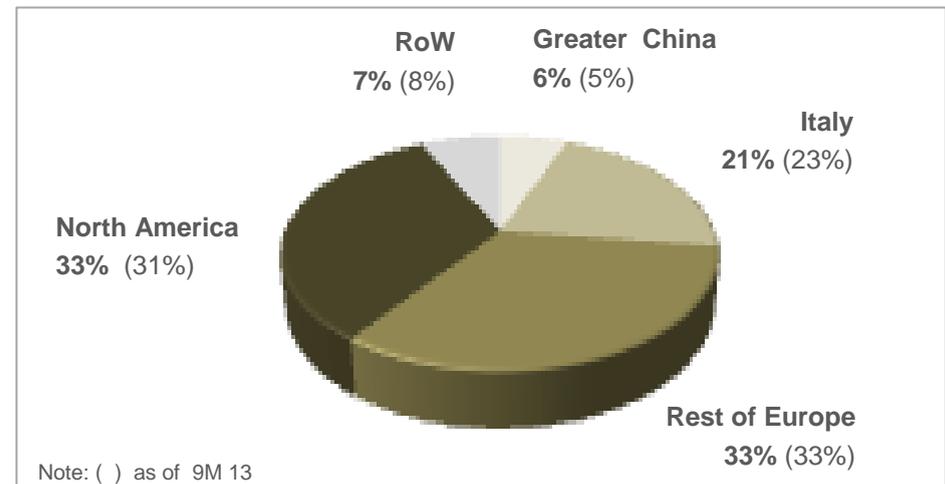
	9M 13	9M 14	YoY % Chg
Net Revenues	251.7	277.3	+10.2%
			<i>Constant exchange rates</i> +10.7%
International Markets	193.7	218.6	+12.9%
North America	78.5	91.1	+16.0%
Rest of Europe	82.3	91.9	+11.6%
Greater China	11.3	15.3	+35.5%
RoW	21.5	20.3	-5.6%*
Italy	58.0	58.8	+1.3%

* RoW rise by 41.8% excluding sales impact from business conversion in Japan

International Markets revenues



Breakdown by countries



Highlights by Region

North America

- Growth in all distribution channels, thanks to performance in existing network and contribution from new selling spaces
- 2 new openings in September: San Francisco and Atlanta

Rest of Europe

- Positive performance in existing network
- 2 new openings and 2 conversions from whl. monobrand to DOS in last 12 months
- Sales growth in Russia, thanks to the attractiveness of exclusive Made in Italy “absolute” luxury proposal, and positive SS 15 orders collected

Italy

- Growing flow of tourists to the main cities and resort areas
- Increasing sales in retail channel and wholesale monobrand network

Greater China

- Sales increase (+35.5%) positively affected by 3 boutiques conversions (since 1st October 2013) from whl. Monobrand to DOS
- Asian tourists contributed to sales in the leading international capitals and resort locations
- Selective and controlled approach of monobrand channel network (16 direct monobrand stores as of 30/09/14)

Rest of the World

- Results affected by business conversion in Japan (*see slide 4*)
- Monobrand network includes 11 boutiques (7 monobrand wholesale and 4 retail), with 3 openings since 30th September 2013

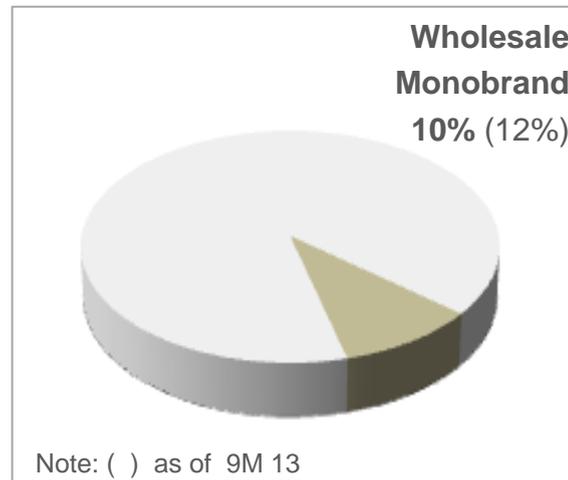
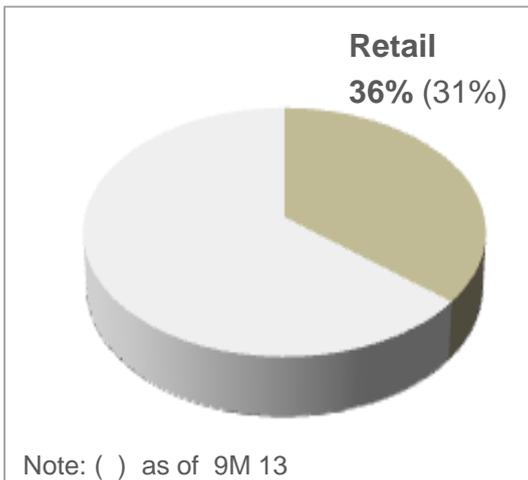


FW14 – Women's Collection

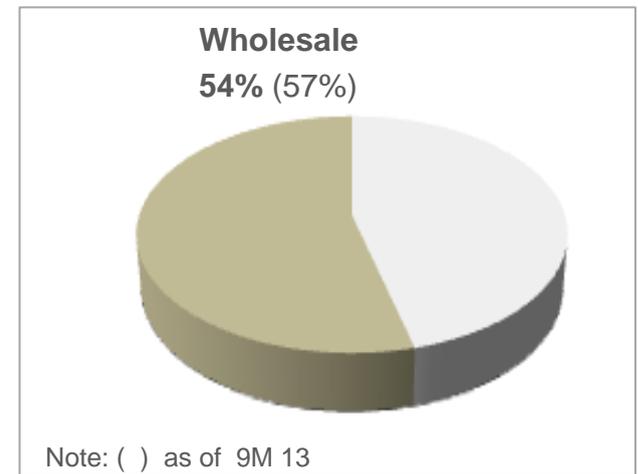
Revenues by Distribution Channel

€ mln

Monobrand



Multibrand



	9M 13	9M 14	% Chg
Retail Monobrand	79.1	101.0	+27.6%
Wholesale Monobrand	29.3	28.0	-4.4%
Adjusted* Wholesale Monobrand	22.0	28.0	+23.4%

	9M 13	9M 14	% Chg
Wholesale Multibrand	143.3	148.4	+3.6%

* Wholesale Monobrand Revenues as of 30/09/2013, excluding sales related 8 boutiques converted into direct channel in the last 12 months,

Monobrand Channel



Monobrand Channel – Top Line growth drivers

Performance driven by:

- Positive **LFL** performance (+5,5%)
- Selected boutique openings (8 boutiques in last 12 months)
- Monobrand network with 104 boutiques as of Sept. 14 (96 boutiques as of Sept. 13)

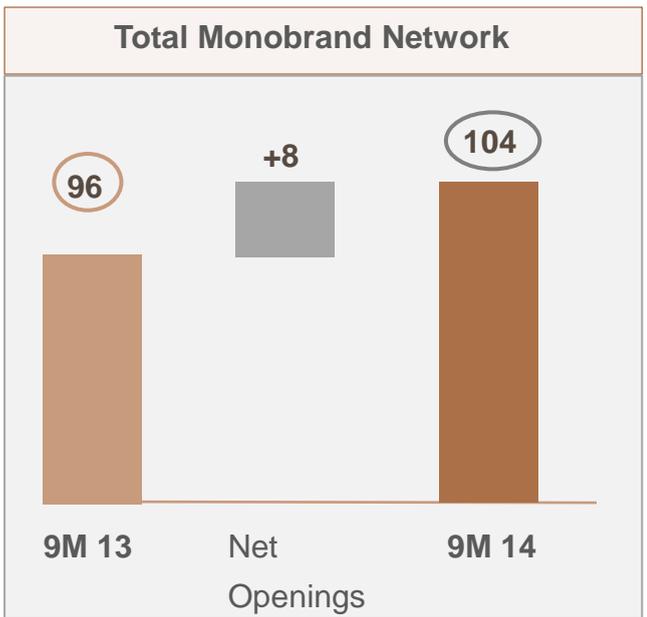
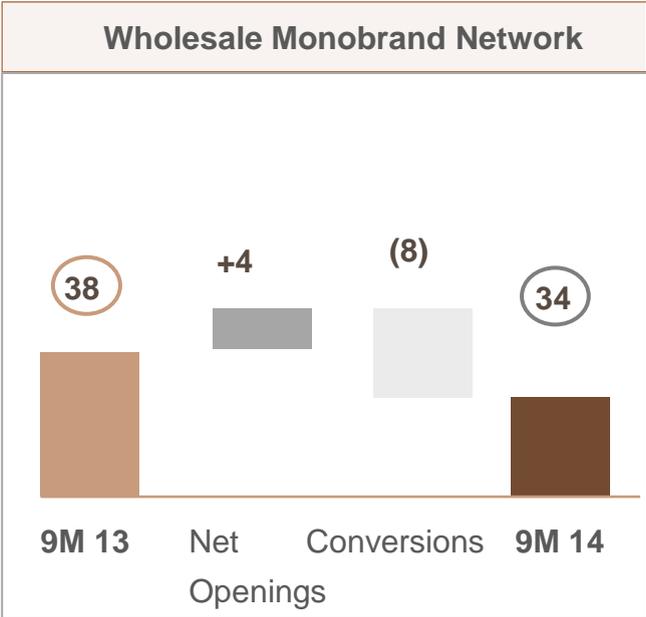
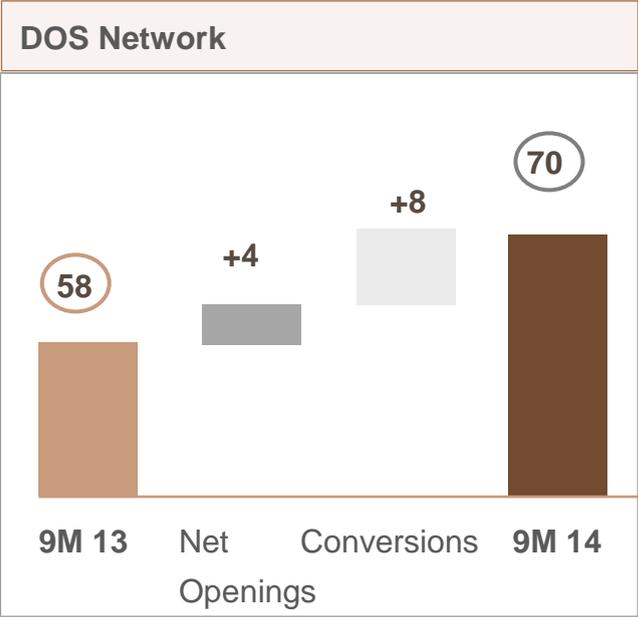


Monobrand Network: 104 boutiques (as of 30/09/2014)

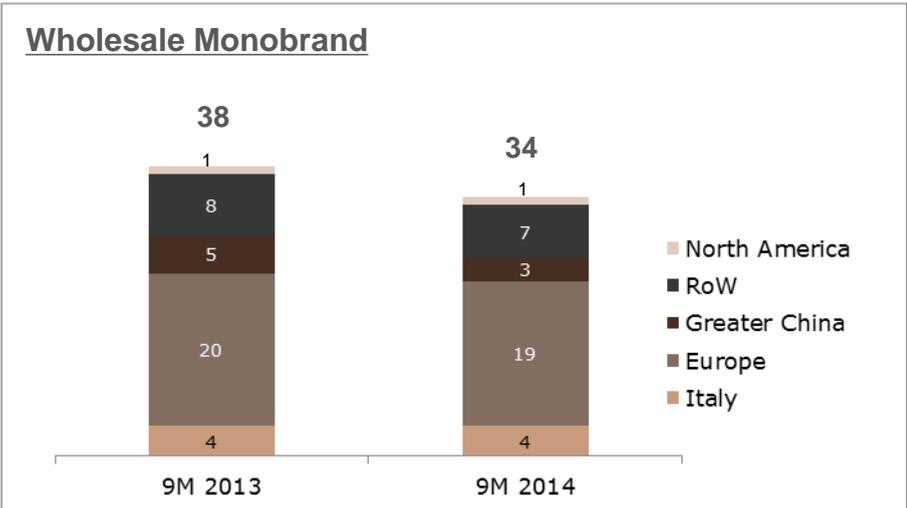
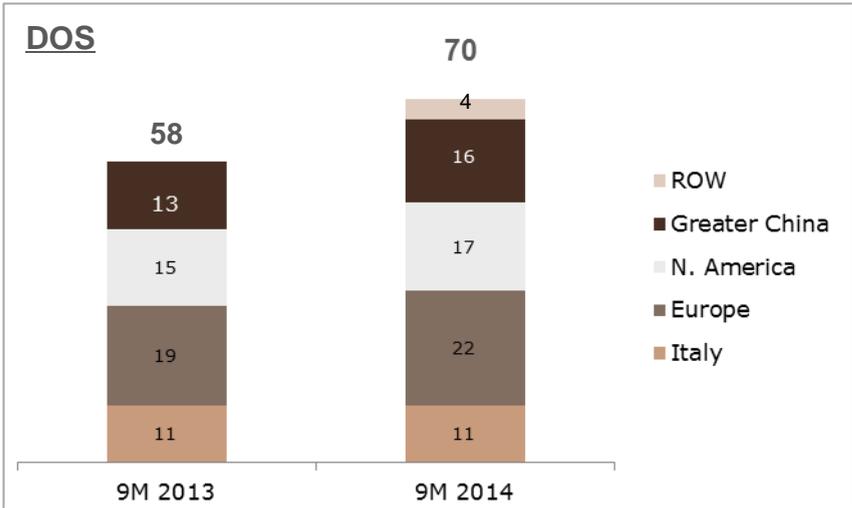
- ✓ DOS Network
70 Boutiques as of Sept. '14 (58 as of Sept. '13);
4 net openings and 8 conversions from wholesale monobrand
- ✓ Wholesale Monobrand
34 Boutiques as of Sept. '14 (38 as of Sept. '13);
4 net openings and 8 conversions into DOS



Stores Network (from 09/30/13 to 09/30/14)

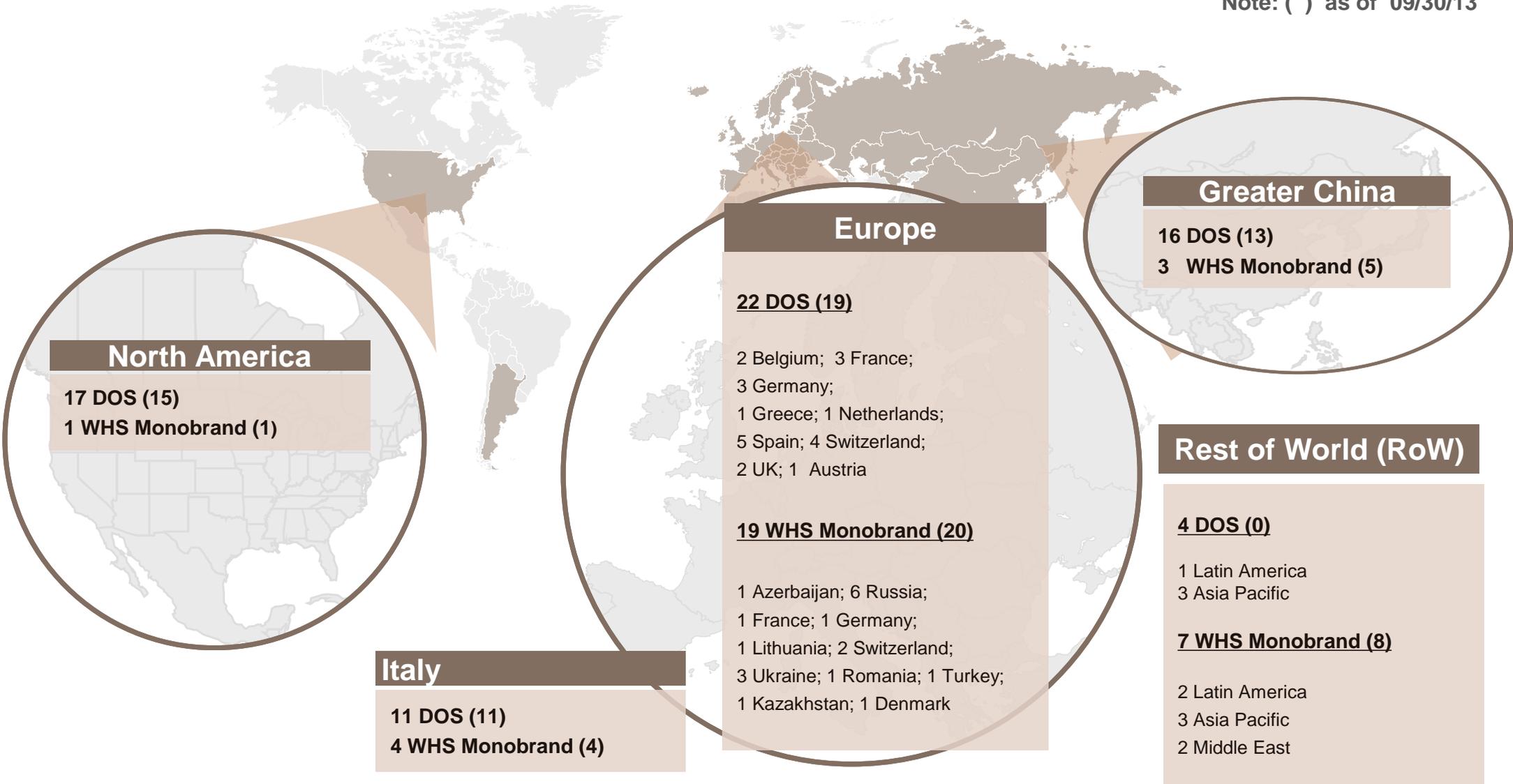


Network by Countries



Stores Network as of 09/30/14

Note: () as of 09/30/13



Multibrand Channel



SS15 Collection

- Positive sell-out results, attracting consumers of the highest level featuring an extremely sophisticated taste
- Favorable order backlog for SS 15, considered “contemporary” and “modern” by partners and clients
- Last 3 months results affected by the conversion to retail of 13 hard shops in Luxury Department Stores in Japan

Income Statement

€ mln

	9M 2013	9M 2014	% Chg
Net Revenues	251.7	277.3	+ 10.2%
Other operating income	1.7	1.4	- 19.0%
Revenues	253.4	278.7	+ 10.0%
First Margin	145.9	167.6	+ 14.9%
%	57.6%	60.1%	+ 250 b.p.
SG&A	-100.2	-118.8	+ 18.6%
%	39.5%	42.6%	+ 310 b.p.
EBITDA	45.8	48.8	+ 6.6%
%	18.1%	17.5%	- 60 b.p.
D&A	-8.3	-9.5	+ 13.9%
%	3.3%	3.4%	+ 10 b.p.
EBIT	37.5	39.4	+ 5.0%
%	14.8%	14.1%	- 70 b.p.
Income before taxation	36.0	37.4	+ 3.7%
Net Income	23.5	25.9	+ 10.2%
%	9.3%	9.3%	-

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

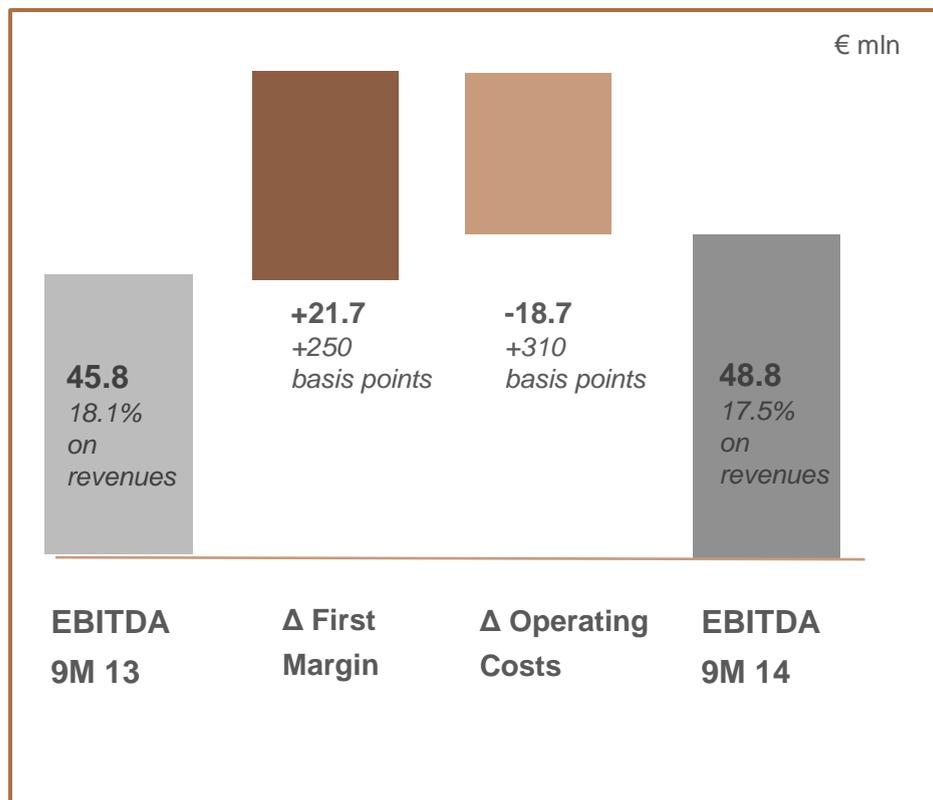


FW14 – Women's Collection

EBITDA & Key Income Statement Analysis

€ mln

EBITDA Analysis



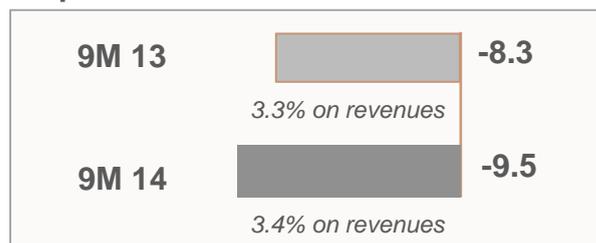
Δ First Margin (+250 basis points) – increase driven by:

- channel mix (Retail sales from 31% to 36% of total)
- allocation of costs relating to men's suits manufacturing, which previously would have been included in outsourced manufacturing - if related to "third parties" – are now accounted, due to the acquisition of D'Avenza's know-how (since the beginning of 2014), within Operating Costs (mainly labour costs), with positive impact on the first margin

Δ Operating Costs (+310 basis points) – increase driven by:

- Network Development Costs (rent and personnel costs relating to Store Employees & Office Staff)
- In-house manufacturing Costs (Manual Workers increase, mainly arising from men's suits tailors, previously included in outsourced manufacturing)
- Costs ensuing from the establishment of Brunello Cucinelli Japan, temporarily affecting profitability (see slide 4)

Depreciation & Amortization



Financial Expenses



Taxes

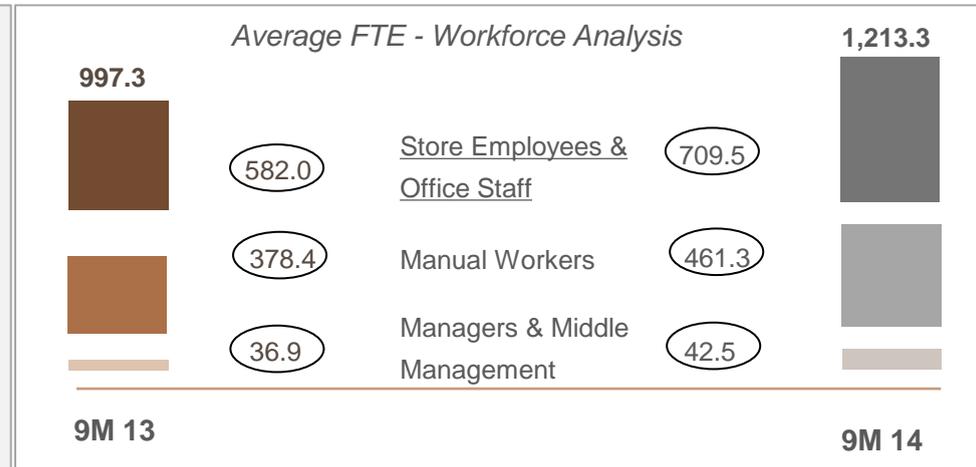
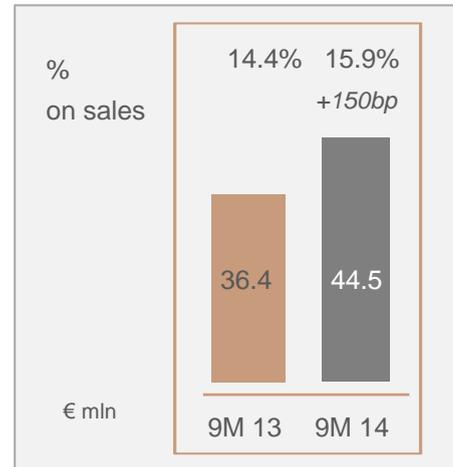


Personnel & Rent Costs

Personnel Cost

Increase (+150 basis points) related to:

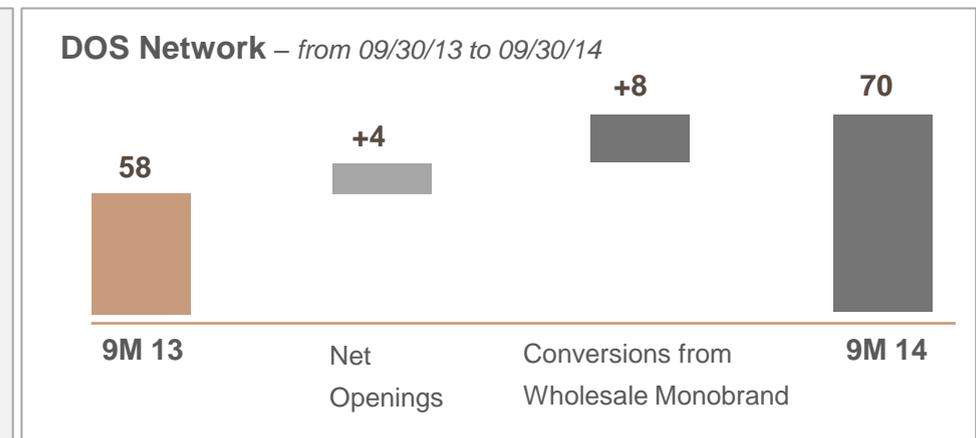
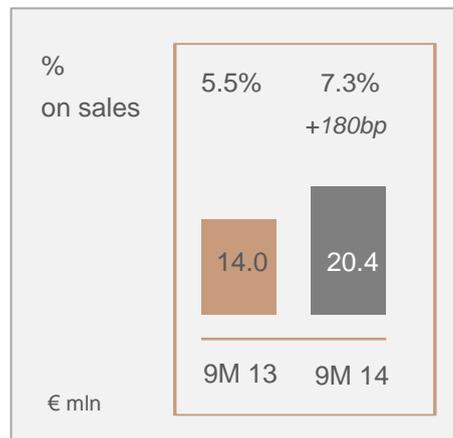
- Network Development Costs & BC Japan establishment (+127.5 FTE in Store Employees & Office Staff)
- Manual Workers (+82.9 FTE, impacted by more than 60 tailors related D'Avenza know-how, acquired by beginning of 2014)



Rent Cost

Increase (+180 basis points) linked to:

- selected and prestigious boutiques development
- Renewal of expiring lease contracts



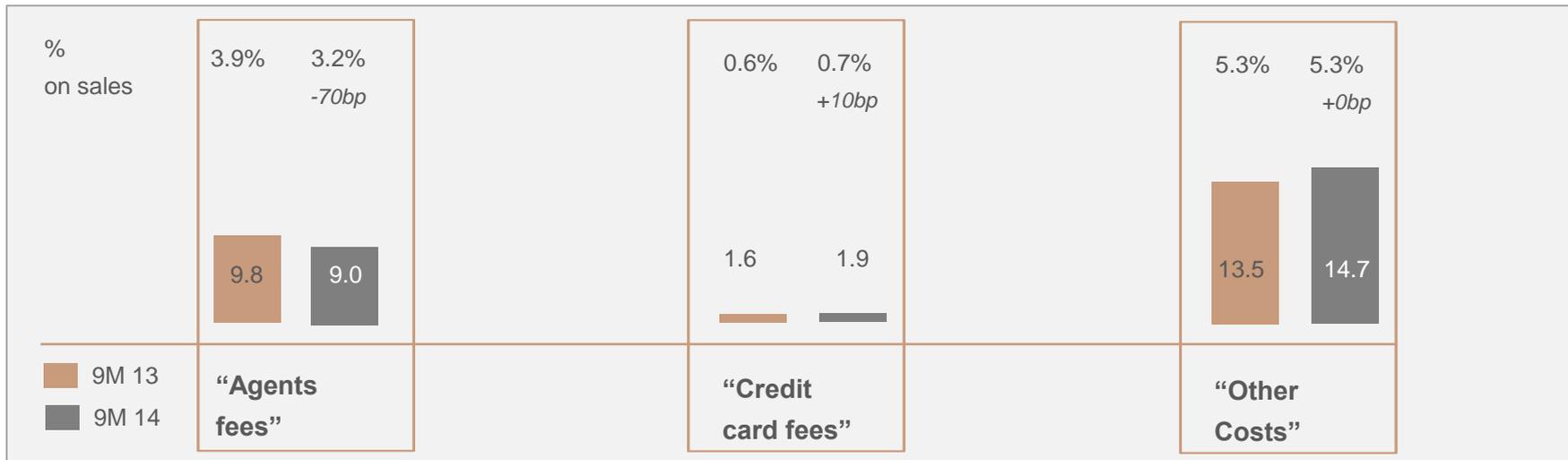
Other Operating Costs

€ mln



Other Operating Costs:

- decreasing % on sales
(-20 basis points)



Net Working Capital

€ mln

	9M 13	9M 14	delta	FY 13
Net Working Capital	76.2	102.4	26.3	71.1
- Trade Receivables	63.0	66.6	3.6	43.4
- Inventories	77.2	102.9	25.7	94.5
- Trade Payables	-49.0	-49.5	-0.4	-62.6
- Other Credits/(Debts)	-15.1	-17.7	-2.6	-4.1

Inventories

Structural increase in inventories (+25.7€ mln), as a result of:

- Development of Retail Network
- Impact from Japanese spaces conversions to Retail Channel since 1st September 2014
- Men's suits offering increase

Development of Retail Network

- Network increase from 58 to 70 boutiques, including 4 net openings and 8 conversions (of which 3 boutiques in Japan)

Japan Business Conversion

- 13 hard-shops in Luxury Department Stores in Japan, in addition to 3 above-mentioned boutiques

Men's Suits Offering

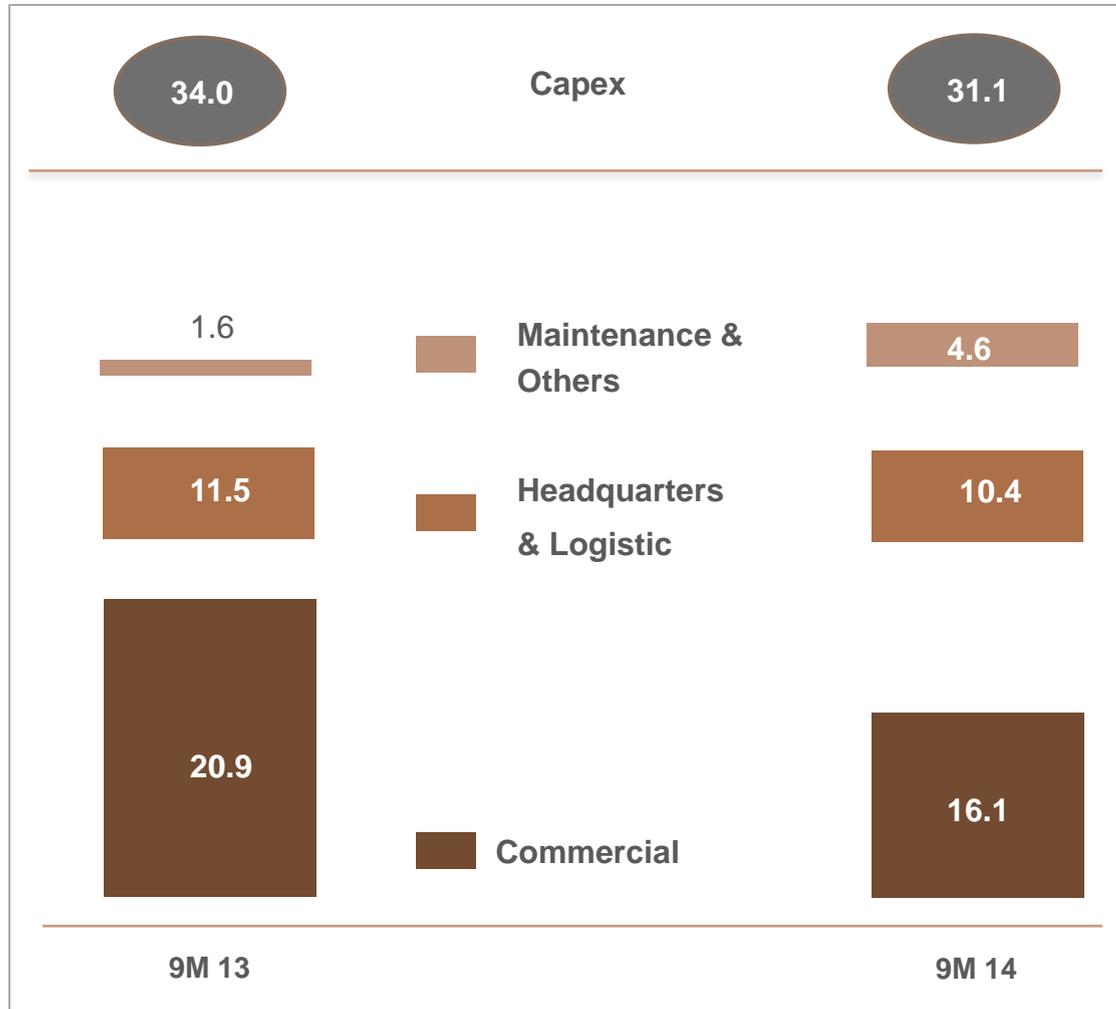
- Offering increase, from ~15 models last year to more than ~60 models each season



Capex Analysis

€ mln

Capex Breakdown Analysis & Trend



✓ Commercial Capex

- Monobrand Network: selected development of boutiques and exclusive presence
- Expanding selling surface in the most important Luxury Department Stores
- International show-rooms (including new show-room in Japan) and others commercial capex

✓ Headquarters & Logistic

- Expansion of the factory in Solomeo, to be completed by year end

✓ IT Platform

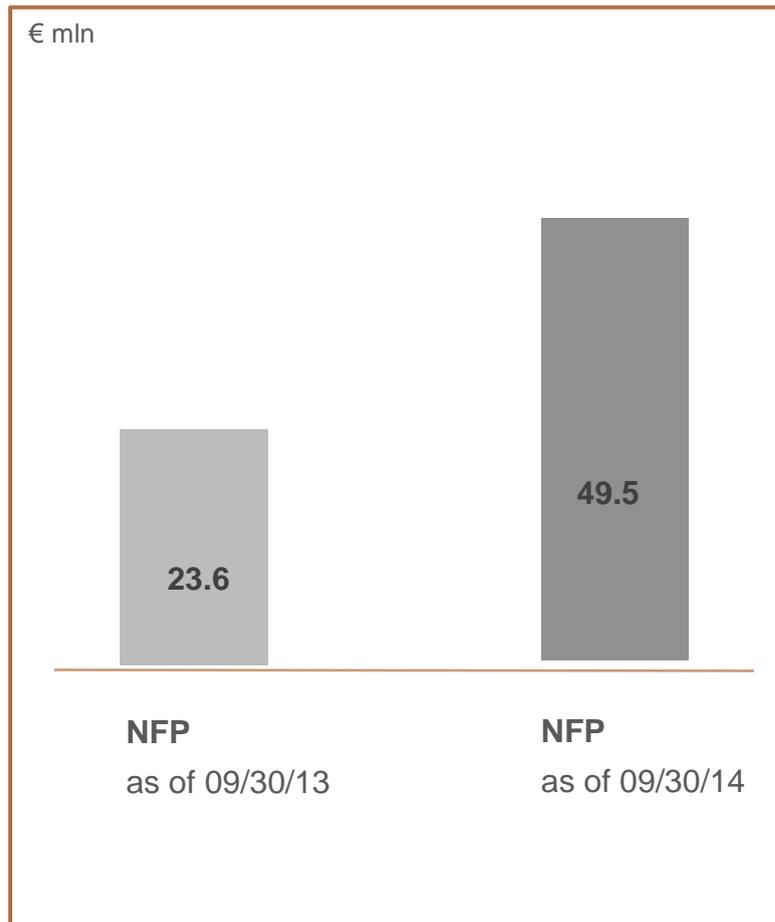
- 2.3€ mln, included in "Maintenance & Others", part of a long-term investment project to consolidate IT Infrastructure Platform and exclusive digital presence for the brand



Analysis of Net Financial Position

€ mln

Net Financial Position Evolution



Net Financial Position increase driven by above-mentioned trends and dynamics, in particular:

Net Working Capital

Net Working Capital increase, due to structural inventory growth relating to

- development of Retail Network
- Japanese spaces conversions
- Men's suits offering increase

Investment Project

On-going capex project, supporting

- opening of monobrand boutiques and selective commercial presence in the market
- Project to expand the factory, to be completed by year end
- IT Platform development





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Annex

Detailed Income Statement

<i>€ mln</i>	9M 2013	9M 2014
Net Revenues	251.7	277.3
Other operating income	1.7	1.4
Revenues	253.4	278.7
Consumption Costs	(52.7)	(51.5)
<i>Raw Material Cost</i>	(49.2)	(56.4)
<i>Inventories Change</i>	(3.5)	4.8
Outsourced Manufacturing	(54.8)	(59.6)
First Margin	145.9	167.6
Services Costs (excl. Out. Manuf.)	(61.2)	(71.9)
Personnel costs	(36.4)	(44.4)
Other operating costs	(1.7)	(2.2)
Increase in tangible assets	0.4	0.7
Bad Debt and other provisions	(1.3)	(1.1)
EBITDA	45.8	48.8
D&A	(8.3)	(9.5)
EBIT	37.5	39.4
Financial expenses	(5.3)	(5.6)
Financial income	3.9	3.6
EBT	36.0	37.4
Income taxes	(12.5)	(11.5)
<i>Tax rate</i>	<i>34.7%</i>	<i>30.7%</i>
Net Income	23.5	25.9
Minority Interest	(0.9)	(1.0)
Group Net Profit	24.4	26.9

Detailed Balance Sheet & Cash Flow Statement

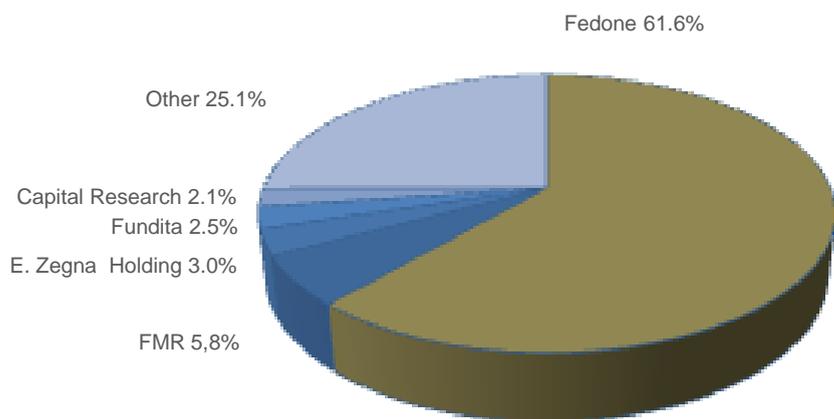
<i>€ mln</i>	9M 2013	9M 2014
Trade receivables	63.0	66.6
Inventories	77.2	102.9
Trade payables (-)	(49.0)	(49.5)
Other current assets/(liabilities)	(15.1)	(17.7)
Net Working Capital	76.2	102.4
Intangible assets	26.9	29.6
Tangible assets	55.6	76.4
Financial assets	2.8	4.8
Total Assets	85.2	110.8
Other assets/(liabilities)	1.6	2.2
Net Invested Capital	163.0	215.5
Cash & Cash equivalents (-)	(38.0)	(32.1)
Short term Debt	46.4	42.5
Long term Debt	15.2	39.1
Net Financial Position	23.6	49.5
Shareholders Capital	13.6	13.6
Share-premium Reserve	57.9	57.9
Reserves	40.4	61.6
Group Net Profit	24.4	26.9
Group Equity	136.4	160.1
Minority shareholders	3.0	5.9
Total Equity	139.4	166.0
Total Funds	163.0	215.5

<i>€ mln</i>	9M 2013	9M 2014
Net Income	23.5	25.9
D&A	8.3	9.5
Ch. In NWC and other	(22.8)	(37.9)
Cash flow from operations	9.0	(2.5)
Tangible and intangible investments	(24.9)	(25.7)
Other (investments)/divestments	(1.6)	(0.1)
Cash flow from investments	(26.5)	(25.7)
Dividends	(5.8)	(8.0)
Share capital and reserves increase	2.6	3.5
Net change in financial debt	18.9	25.3
Total Cash Flow	(1.8)	(7.4)

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

Brunello Cucinelli	Chairman and C.E.O
Moreno Ciarapica	Director and C.F.O.
Giovanna Manfredi	Director
Riccardo Stefanelli	Director
Camilla Cucinelli	Director
Giuseppe Labianca	Director
Candice Koo	Independent Director
Andrea Pontremoli	Lead Independent Director
Matteo Marzotto	Independent Director

Head of Investor Relations

Pietro Arnaboldi

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Italia

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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.



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All things come from the Earth

XENOPHANES



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