



BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the Board of Directors has examined the 2014 Preliminary Results

- **Net revenues of € 355.8 million, +10.3% (current exchange rates) compared to 31st December 2013;**
- **International markets in expansion by 12.3%: North America +12.7%, Europe +8.2%, Greater China +32.7%, Rest of the World +15.9%;**
- **Growth of 2.8% on the Italian market;**
- **Growth in all distribution channels: retail monobrand channel +28.6%, wholesale monobrand channel posted -6.7% (+14.3% excluding the conversions to the direct channel), wholesale multibrand channel +1.4%;**
- **Net debt at around € 43 million at 31st December 2014; capex of approximately € 40 million made in 2014 as part of the Company's long-term investment plan, structural to the positioning of the brand and long-term sustainability.**

Brunello Cucinelli, Chairman and CEO, commented as follows:

«The year that has just gone by has been a pleasing one for our company, a year in which our intentions and our expectations have been confirmed as to both constant growth on international markets and a return to rising figures in Italy as well. These results originated from the positioning of our product, which is already widely recognized as belonging to the absolute luxury segment: an artisanal, modern product displaying exclusive style and quality».

«Having already collected all orders for the Spring/Summer collection 2015 and given the final sell-out rates for Winter 2014, we are convinced that this year 2015 might be just as special; we forecast double-digit growth in terms of both revenues and margins, but a gracious growth, as usual. Moreover, Pitti Immagine – which indeed opens its doors tomorrow – will be a very important opportunity to showcase our proposal for a fresh yet elegant prêt-à-porter that keeps featuring high, top-notch “Made in Italy” quality».

«We are as confident and positive also when we look beyond, towards the years to come. We are firmly convinced that a business model that combines ongoing care for product quality and respect for the people and the community enabling us to manufacture such products is key to keep growing soundly in the long term, too ».

«Our tree branches out to the world, but our roots keep growing deeply into our soil, a source of nourishment and inspiration; and all this happens in the interest of all our stakeholders, shareholders and co-workers».

«Since it is the beginning of the year, I would like to make a great wish to all mankind, hoping that it can rediscover one of the greatest values of man: “dignity”, because we keep thinking that the soul can be the source of “great thoughts”».



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Solomeo, 12th January 2015 – The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector listed on the Borsa Italiana Electronic Stock Exchange – today examined the Company's Consolidated preliminary net revenues for 2014 and net debt.

The final figures for the year ended 2014 will be examined and approved by the Board of Directors at its meeting scheduled for 10th March.

Revenue performance confirms and supports the solidity of growth, highlighting the consistency of the Company's strategy which has always been based on long-term sustainable growth.

The foundations for achieving and planning sustainable growth remain firmly tied to the distinctive elements that identify and position the brand at the top of the luxury sector: the absolute quality of raw materials, excellence in craftsmanship and manual skills, an exclusive prêt-à-porter proposal and a contemporary lifestyle, the symbol of genuine *Made in Italy* production.

The exclusivity and excellence of the Company's offer continues hand-in-hand with the conservation of the values to be found in the Company's DNA: the dignity of profit and a special relationship with the local area in a balanced growth and constant development project.

These motifs also represent a valuable item for the end customer, who is increasingly sensitive to questions of ethics and sustainability and interested in understanding the full details of the production process for each individual item.

Revenues

The Company posted net revenues¹ of € 355.8 million for the year ended 31st December 2014, a rise of 10.3% (+10.5% at constant exchange rates) over the figure of € 322.5 million for 2013.

The proposal of absolute quality manufactured items has always been a feature of the collection offer, with a sustainable rise in sales being achieved during the year which was particularly significant in the world's leading capitals and main resorts.

Revenues were supported by top-end tourist flow and local customers, both characterized by consolidated habits and purchasing decisions which were not significantly affected by the geopolitical problems which were a feature of 2014.

International markets, which account for 80.7% of total net revenues, rose by 12.3%; the Italian market also posted an interesting and significant increase in revenues, 2.8%, indicating healthy and sustainable results.

Revenues by Geographical Area

North American market – growth in sales of 12.7% (€ 122.9 million compared to € 109.1 million in 2013), with revenues representing 34.5% of the total (33.8% in the year ended 31st December 2013).

¹ Performance in the quarterly results is characterized by variations in the delivery dates for collections between the end of one quarter and the beginning of the next, making a reading on a progressive basis important for obtaining an understanding of the dynamics underlying the business.



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The growth in revenues was due to the sales achieved by all the distribution channels, monobrand and multibrand.

The retail monobrand channel benefited from an increase in the sell-out in the existing boutiques and the contribution made by selected openings during 2014 (Atlanta and San Francisco, which opened in September).

The increase in sales in the multibrand channel was driven by the performance of the exclusive and prestigious spaces in the most important Luxury Department Stores, which are highly geared towards satisfying the needs of sophisticated top-end customers seeking “exclusive and unique” products.

There were 18 boutiques in the monobrand network at 31st December 2014 (16 at 31st December 2013).

European market – revenues rose by 8.2% (to € 116.7 million compared to € 107.9 million in the year ended 31st December 2013), representing 32.8% of total sales (33.5% in 2013).

The increase in turnover was supported by the increase in sales in existing spaces, in both the monobrand channel and the multibrand spaces where the brand is located.

The rise in revenues is an indication of the important contribution made by top-end tourism, in particular in the sell-outs in leading cities and resorts, with a considerable and resilient flow seen in all 12 months of the year.

Performance in Russia was particularly encouraging, where the demand for “exclusive” luxury goods remains solid, supporting both the increase in the sales of the brand in 2014 and the orders collected for the 2015 summer-spring collection, this too positive.

At 31st December 2014 the direct monobrand network consisted of a total of 22 boutiques (19 at 31st December 2013), with only 1 opening, in Vienna, and 2 conversions from the wholesale monobrand channel (in the resorts of Cannes and Knokke), while there were 19 boutiques in the wholesale monobrand channel network (21 at the end of 2013).

Greater China – sales of € 20.9 million in the year ended 31st December 2014 (a limited 5.9% of total revenues), a rise of 32.7% over sales of € 15.7 million in 2013 (4.9% of the total).

The increase in turnover was favored by the conversion of 3 boutiques from the wholesale monobrand network to the direct network which was carried out at the beginning of October 2013. This conversion only made a partial contribution to the result in 2013, with the full effect being felt in 2014.

The approach taken by the Asian customer is becoming increasingly evident, attracted by the offer of top quality products, contemporaneity and content based on craftsmanship and manual skill.

The exclusivity of distribution is a distinctive feature, with a growing preference, being given in particular by the top-end customer, for the no-logo offer, with purchases on the domestic market and in the world's leading luxury capitals seeking a prestigious buying experience.



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The number of boutiques and sales spaces remained essentially unchanged in 2014, with 16 direct monobrand boutiques at the end of 2014 (in line with the figure at 31st December 2013) and 3 wholesale monobrand boutiques (2 at 31st December 2013).

Rest of the World – revenues rose by 15.9% reaching € 26.8 million for the year ended 31st December 2014 (€ 23.1 million in 2013), representing 7.5% of the total (7.2% in 2013).

During the year, with effect from 1st September 2014, the 3 wholesale monobrand boutiques in Japan were converted to direct stores, and the 13 hard shops located in the most important Luxury Department Stores passed from wholesale multibrand to the retail channel.

At 31st December 2014, the monobrand stores consisted of 11 boutiques (9 at 31st December 2013), with 2 openings taking place in the past 12 months (in San Paolo/Brazil and Seoul/South Korea).

The direct monobrand channel consists of 4 boutiques (the 3 boutiques in Japan, of which 2 in Tokyo and 1 in Kobe, and the new opening in San Paolo), while the wholesale monobrand channel consisted of 7 boutiques at 31st December 2014 (9 at the end of 2013).

Italian market – significant growth of 2.8%, with sales reaching € 68.5 million (19.3% of net revenues) compared to € 66.7 million in 2013 (20.7% of net revenues).

There was a positive performance in the leading cities and resorts, in both the monobrand and multibrand boutiques, which benefited from the flow of top-end international visitors to Italy.

The direct monobrand network consisted of 12 boutiques at 31st December 2014 (11 at 31st December 2013), with the only opening being that in Bari in November, while the wholesale monobrand channel network remained unchanged with 4 boutiques.

Revenues by distribution channel

Results were very interesting in all the distribution channels in 2014, thanks to sales in existing spaces and the contribution made by selected new spaces.

The retail monobrand channel and the relative comparable sales also confirmed the positive trend of the previous months in the latter part of the year; the wholesale monobrand and multibrand channels had results consistent with the changes arising from the conversion of a number of sales points to the direct channel.

Retail monobrand channel – an increase in sales of 28.6% (€ 148.5 million compared to €115.4 million in 2013), representing 41.7% of net revenues (35.8% for the year ended 31st December 2013).

The positive performance of the channel continued, due to the results obtained in the existing network and the contribution made by the 5 openings and 5 conversions of boutiques from the wholesale monobrand network to the direct channel, where the network extended to 71 stores at the end of the year (61 boutiques at 31st December 2013).

Wholesale monobrand channel – revenues posted a positive performance, reaching € 30.9 million (8.7% of total) in 2014.



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Excluding the conversions to the direct channel, there was an increase of 14.3% over revenues for the year ended 31st December 2013 (€ 33.1 million, representing 10.3% of the total); including the conversions there was a fall of 6.7% for accounting purposes.

The wholesale monobrand boutique network (34 boutiques at the end of 2014 compared to 37 at 31st December 2013) saw 2 openings and 5 conversions to the direct channel in 2014.

Wholesale multibrand channel – an increase in sales of 1.4%, with sales reaching € 176.4 million in the year (49.6% of the total) compared to € 174.0 million in 2013 (53.9% of the total).

The result was affected by the conversion of 13 dedicated spaces in the Japanese Luxury Department Stores to the retail channel on 1st September 2014; this operation, which began to have its effect on the performance of the multibrand channel during the first nine months of 2014, had its biggest influence on the latter part of the year, involving all the deliveries for the 2014 fall-winter collection.

The Monobrand Channel network

There were 105 boutiques in the monobrand network at 31st December 2014, including 7 openings, compared to the 98 boutiques at 31st December 2013; direct monobrand boutiques are 71 (61 at 31st December 2013) and wholesale monobrand boutiques are 34 (37 at 31st December 2013).

There were 5 selected openings of boutiques in the direct distribution network in 2014, consistent with the Company's business strategy and its exclusivity of distribution, to which should be added 5 conversions of boutiques from the wholesale monobrand network.

There were 2 openings in the monobrand distribution network, Taipei and Seoul, against the 5 conversions already mentioned.

Net financial position and Investment Plan

The Company had a net financial position at about € 43 million at 31st December 2014 (€ 16.1 million at 31st December 2013).

2014 represents the third year of a multi-year investment plan (approximately € 40 million invested during the year). The plan is focused on investments of a commercial nature, those in production and logistics and those in technological infrastructure, consistent with the dynamics analyzed in the first nine months of the year, with investments being structural to long-term growth and the positioning of the brand at the top of the absolute luxury sector.

The important project related to the extension of the industrial building in Solomeo was completed in 2014, while investments continued in new boutiques, in the enlargement of a number of sales floor spaces in these stores and in certain spaces in the most prestigious Luxury Department Stores.

The Company began a project to strengthen and develop its technological platform in 2014. This plan, which will continue for the next three years, also includes investments to support the digital presence of the brand, consistent with its positioning of exclusivity and prestige.



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The manager in charge of preparing the corporate accounting documents, Moreno Ciarapica, declares pursuant to and to the effects of article 154-bis, paragraph 2 of Legislative Decree no. 58 of 1998 that the disclosures included in this release correspond to the balances on the books of account and the accounting records and entries.

Brunello Cucinelli S.p.A. is an Italian maison operating in the absolute luxury goods sector which specializes in cashmere and is now one of the most exclusive brands in the international informal luxury **prêt-à-porter** sector.

Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted a net turnover (preliminary) of € 355.8 million in 2014 (+10.3% compared to the previous year), of which 80.7% was achieved overseas, and currently has approximately 1,200 employees. Brunello Cucinelli's success is rooted in the history and legacy of great craftsmanship as well as in modern design: a quality strategy founded on a combination of innovation and artisan skill.

The attention and care taken in manufacturing the product are expressed through the use of the highest quality raw materials, tailoring and **craftsmanship** of exclusively Made in Italy production, combined with *savoir faire* and **creativity**; all of this makes the Solomeo-based company one of the most exclusive testimonials of Italian **lifestyle** worldwide.

Company business has always been conducted in the medieval hamlet of Solomeo, on the outskirts of Perugia. Today the brand is distributed internationally in over 60 countries through 105 monobrand boutiques in leading capitals and cities worldwide and in the most exclusive resorts, with a significant presence in approximately 650 selected multibrand stores, including leading luxury department stores.

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