



BRUNELLO CUCINELLI

PRESS RELEASE

BRUNELLO CUCINELLI: the Board of Directors examined the results for the first quarter of 2016

- **Net revenues of €121.8 million, +9.1% at current exchange rates compared to 31 March 2015;**
- **Increase in sales in all international markets, up +9.8%, and in the Italian Market with a very significant increase of +6.4%;**
- **North America +9.2%, Europe +9.0%, Greater China +11.1%, Rest of the World +13.0%;**
- **Significant growth in all distribution channels: retail monobrand +11.4%, wholesale monobrand +5.4%, wholesale multibrand +8.1%.**

Brunello Cucinelli, Chairman and CEO, commented as follows:

“The current year is going really well. We are very pleased with both revenues and the image of the brand at global level. We have the impression that the product and also the way in which our Group behaves towards the community are enjoying very positive feedback. As a result, we can be confident and expect healthy double-digit growth in both sales and profit in 2016.”

“A special thought goes to our magnificent country, Italy, which is gradually rediscovering its great civil, human, spiritual and economic dignity.”

Solomeo, 11th May 2016 – 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 revenues for the first quarter of 2016, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. As previously announced, from today's date, Brunello Cucinelli will no longer publish first and third quarter interim reports.

The first quarter results confirm the positive trend recorded at the end of 2015 in terms of growth in revenues and the strong appreciation for the style of the collections, which are increasingly representative of the Italian lifestyle and a reference point for sophisticated and discerning **high-end luxury** consumers.

The pillars upon which our company is built stand stronger than ever: **uncompromising quality** of raw materials, outstanding **craftsmanship** and know-how handed down from generation to generation. Combined with **creativity** and **contemporary collections**, each and every one of these elements are categorically recognised by our partners, customers and the international press.



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Selective expansion in terms of opening new monobrand boutiques worldwide and brand's exclusive positioning in the most prestigious Luxury Department Stores remain the key strategies. Our core characteristics – forming the basis of the company's development - are exclusivity and positioning in the absolute luxury category. These are important factors in attracting top-end customers, whether local or tourists.

Issues relating to **sustainability**, embedded in the company's DNA, are becoming increasingly important for the end customer, in particular ethics and respect for human values in all activities, both towards in-house staff and all individuals contributing to the creation of value for the company.

Sales Performance and Revenues by Geographical Area

The Group posted net revenues of €121.8 million as at 31 March 2016, an increase of +9.1% (+9.3% at constant exchange rates) over the €111.7 million posted at 31 March 2015.

Significant growth in both the **international markets**, recording an overall increase of **+9.8%** (representing 79.6% of net revenues), and in the **Italian market**, posting a **+6.4%** increase in revenues (20.4% of the total turnover); the European market, including Italy, accounted for 51.9% of the total.

The results confirm the strong appeal of the collections, seen throughout the world as a benchmark for high-end "**ready to wear**" and **contemporary Italian lifestyle**. The allure surrounding the brand remains the basis of the performance achieved, in terms of both the sell-outs reported, thanks to the strong appeal of the 2016 Spring/Summer collection, and the highly positive order book for the 2016 Autumn/Winter collection.

Italian market – revenues increased by 6.4%, or €24.9 million, compared to €23.4 million for the quarter ended 31 March 2015, representing 20.4% of net revenues.

The significant growth, which reflects the highly positive atmosphere surrounding the brand, is supported both by local customers – loyal and with extremely refined taste – and by top-end tourists, who consider Italy a lifestyle destination and an exclusive and unique experience.

The sales trend in major cities and resorts has been particularly impressive, both at monobrand boutiques and at the exclusive multibrand spaces where the brand is featured.

The quarter confirms the positive sell-out numbers for the 2016 Spring/Summer collection, which already reported positive sales results in the first weeks of the year, after receiving extremely positive feedback from both multibrand stores and the specialist press.

European market – sales rose by 9.0% to reach €38.4 million compared to €35.2 million in the first quarter of 2015, representing 31.5% of net revenues.

The solid performance is supported by both the increase in sales in existing boutiques, with a growth in the related sell-outs, and the contribution of the selective and exclusive opening of monobrand boutiques; performance of the multibrand channel was positive, with the brand's strong presence in prestigious sales spaces.

Local demand and high-end tourism flows, both in search of artisanal products, representing an offer that is exclusive yet with a contemporary style, are the drivers behind the trend in revenues, with positive results in all of the luxury goods streets, both in Europe's major cities and resorts.



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An interesting performance was reported in all geographical areas in the Mediterranean area, Continental Europe and in all countries of the European market, including Eastern Euro, Russia and the countries of the former Soviet Union.

North American market – revenues increased by 9.2%, at €37.7 million, compared to €34.5 million for the quarter ended 31 March 2015, representing 31.0% of net revenues.

All distribution channels are in expansion thanks to the solid results in existing boutiques, the new exclusive direct boutiques (including the recent openings in Palm Beach and Houston) and due to the contribution of the sales at the most important Luxury Department Stores offering the brand. Performance in Luxury Department Stores confirms the important growth trend, both in relation to the specific trends in the top-end luxury segment, with customers on a tireless search for exclusive products featuring high craftsmanship and quality, and thanks to the services, trust and ongoing collaboration which has always been the basis of our relationship with Luxury Department Stores.

An important part of this strong partnership is the continuous interaction between the visual merchandising and sales team and the staff of the luxury multibrands, through the organisation of special events, trunk shows and select initiatives developed jointly, always maintaining an "exclusive" and "discreet" approach with regard to the end customer, while also ensuring a "unique" and "exclusive" buying experience.

Greater China – sales increased by 11.1%, or €7.7 million, compared to €6.9 million for the quarter ended 31 March 2015, representing 6.3% of net revenues.

The increase in sales is related to the performance of existing boutiques, considering there were no openings over the past 12 months.

Tourist flows of the most exclusive Asian customers, constantly directed towards the top luxury locations, remain in line with the trend seen in previous quarters, with a well-balanced pricing policy as always in the various geographical areas.

Further, a very important sign is the appreciation of Asian customers for the European and American way of dressing, which is based on the Italian style.

The exclusive nature and allure of the brand is further strengthened by highly selected articles and interviews published in specialised journals and national newspapers, associated with targeted events involving the press specialised in the high-end segment and end customers, increasingly on the lookout for garments featuring top-notch quality and craftsmanship delivering unmistakable Italian style.

Rest of the World – sales grew 13.0%, or €13.2 million, compared to the €11.7 million reported at 31 March 2015, representing 10.8% of total.

This growth was supported by the solid sales performance at existing boutiques and the new openings, on an homogenous basis, since the conversion of the business in Japan to direct management on 1st September 2014, with the transfer of 3 boutiques and 13 sales points in the most important Luxury Department Stores to the retail monobrand channel.

The results are positive in all reference areas thanks to the increased sales in the existing spaces and also due to the contribution of two new and exclusive direct boutiques, plus the opening of a new sales point in the Luxury Department Stores segment.



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Revenues by Distribution Channel

Retail monobrand channel – revenues increased by 11.4% to reach €48.8 million compared to €43.8 million in the first quarter of 2015, representing 40.1% of total (39.2% as at 31 March 2015).

The positive performance of the quarter confirms the trends contributing to growth in the retail channel: an increase in sales at existing spaces, positive contribution of new openings, growth in sell-outs, exclusive presence in the main luxury product streets and major resorts.

Like-for-like¹ sales consolidated the growth trend, with an increase of +3.4%.

The direct store network consists of 84 boutiques (75 boutiques as at 31 March 2015). 10 boutiques were opened and one net² conversion from the monobrand channel to the wholesale channel.

Wholesale monobrand channel - sales grew +5.4%, with revenues of €13.4 million, compared to €12.7 million as at 31 March 2015, representing 11.0% of the total (11.4% as at 31 March 2016).

This performance is supported by the results in the existing boutiques, in a network of boutiques which remains substantially stable and consisted of 36 boutiques as at 31 March 2016, in consideration of just one opening over the past 12 months.

Multibrand sales channel – revenues rose by 8.1%, with sales reaching €59.6 million (representing 48.9% of the total) compared to €55.1 million in the quarter ended 31 March 2015 (49.4% of the total as at 31 March 2015).

Very interesting both the sell-out numbers for the 2016 Spring/Summer collection and the order book for the 2016 Autumn/Winter collection, already met with high approval by all specialized press and the multibrand stores.

The Monobrand Channel Network

The monobrand network consisted of 120 boutiques as at 31 March 2016, with 10 net openings over the past 12 months (vs. 110 boutiques as at 31 March 2015).

There are 84 direct monobrand boutiques (vs. 75 boutiques as at 31 March 2015), while the wholesale monobrand network consists of 36 boutiques (vs. 35 boutiques as at 31 March 2015).

¹ Like for Like in 2016 represents the increase in revenues at constant exchange rates achieved by the DOS existing at 1st January 2015.

² For the conversion of the direct channel to the wholesale monobrand of two boutiques, in "Second Tier" locations in the domestic market taking place in September 2015, and the conversion of the wholesale monobrand to the direct channel of the boutique in Saint Tropez, in March 2016.



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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.

This document may contain forward-looking statements on future events regarding the Brunello Cucinelli Group and its operating, economic and financial results. By their nature these forecasts contain an element of risk and uncertainty, as they depend on the occurrence of future events and developments.

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, the expression of everyday luxury.

Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted net revenues of € 414.2 million in 2015 (+16.4% compared to the previous year), of which 82.9% was achieved overseas, and an EBITDA of €69.1 million (up +11.0% over normalized EBITDA for 2014), and currently has approximately 1,400 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 120 monobrand boutiques (84 direct monobrand boutiques and 36 wholesale 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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