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Oggetto : The Board of Directors examines Sales
Results at 31st March 2022

Testo del comunicato

Vedi allegato.



BRUNELLO CUCINELLI

Press release

CASA DI MODA BRUNELLO CUCINELLI: the BoD has examined Net Revenues of the first quarter of 2022.

- Net revenues of €196.9 million, up +19.6% at current exchange rates (+16.7% at constant exchange rates) compared to the first quarter of 2021;
- Very good growth in all geographical areas: Americas +37.7%, Europe +14.5%, Asia +14.5%, Italy +2.8%;
- Particularly interesting increases in sales in both the retail channel, up +36.4%, and the wholesale channel, up +6.1%.
- Completion of the beautiful acquisition of 43% of the prestigious Lanificio Cariaggi Cashmere, which has always been a serious supplier of the highest quality raw materials;
- Acquired 8 hectares of industrial land in the immediate vicinity of our hamlet of Solomeo, which will allow us to plan the growth of our company the next 50 years;
- The performance of the business in this first part of the year allows us to confirm our expectations of a good and balanced growth of around +12% for 2022 and +10% for 2023.

Brunello Cucinelli, Executive Chairman and Creative Director of the Casa di Moda commented:

“This first quarter of 2022 ended with particularly positive results, and we feel that the brand is experiencing a very favourable momentum worldwide. The excellent spring sell-outs and the very important order intake for the men's/women's Fall-Winter 2022 collections lead us to believe that we will deliver our idea of FY sales growth of around 12%.”

“From a human point of view, our faith in the wisdom of men is always strong and alive, hoping that the day of rediscovered peace among all human beings will be reached as soon as possible.”



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Solomeo, 13 April 2022 - The Board of Directors of Brunello Cucinelli S.p.A. - a Casa di Moda operating in the luxury goods sector, listed on the Mercato Telematico Azionario of the Italian Stock Exchange (now Euronext) - today examined the turnover of the first quarter of 2022, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

"I think that something in the world is trying to overwhelm the values of brotherhood and solidarity, but I am convinced that this time of sorrow will not last long, because we will all know how to return to the light, guided by the wise men who govern the world".

This is what Brunello Cucinelli wrote in his "**Letter to my soul**", published on 17 March, and we would like to begin commenting on the results of the first quarter of the year starting from this message of genuine confidence in the future, allowing us, albeit with a heavy heart, to remain completely focused on our work.

We started **2022** with **very interesting results**, which support our confidence and **fully confirm our** expectations of a **good and balanced growth of** around **+12%** at the end of the year.

The **excellent results** of the first quarter of 2022 further extend the very positive growth trend that began in June 2020. All geographical areas contribute positively to the result achieved, with international markets reporting their best first quarter ever.

The weight of the geographical areas remains stable compared to the end of 2021, and very close to our year-end expectations; both retail and wholesale channels are growing, with an almost equal channel mix, which will naturally tend at year-end to around 60% for the retail channel and 40% for the wholesale channel, as last year¹.

The retail channel showed **extremely positive sell-outs** for the Spring Summer 2022 collections, and in the wholesale channel the order **intake** for the **Fall Winter 2022** collections was completed with **very important** results.

The strong appreciation shown by clients and the press for the new winter proposals gives further substance to our forecast for the second half of the year, during which we expect to have particularly interesting merchandise in our stores, in luxury department and specialty stores.

We still believe that the positive result of this quarter continues to be supported by certain structural elements of our proposal, which we comment on below.

Positioning in absolute luxury: we consider the highest segment of the luxury personal goods market to be our only target market, a segment that historically has not shown much volatility and has consistently been supported by a high demand for a contemporary product of the highest quality.

The central role of the domestic customer: the constraints of the pandemic are progressively less significant, with China currently being the only geographic area impacted by pandemic-related restrictions. Despite this, all markets continue to be almost exclusively domestic in nature.

In the past months we had already commented a new normality in Europe, no longer strongly linked to traffic from international customers. This new reality seems to have fully developed at the beginning of the year and is a very interesting indication for the future.

¹ The quarters are characterized by seasonal specifications. The wholesale channel has a peak of revenues in the first and third quarters, with invoices for the Spring/Summer collection concentrated in the months of January-March and for the Autumn/Winter collection in the months of July-September. In the retail channel, sales see a concentration of revenues mainly in the last quarter of each financial year, a period characterized by the sale of products with the highest unit value.



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We believe that the geographic balance of our sales and the distribution network that benefits from the fundamental presence in the wholesale channel have both enabled us to serve the local customer very well in all geographies.

Human Sustainability and Humanistic Capitalism: we believe that the authenticity of our proposal and the breadth of our idea of sustainability in its environmental, economic, cultural and spiritual declination continues to be one of the reasons that strengthens the interest of many customers towards us. Our Casa di Moda is and remains a reality inspired by a harmonious balance between profit and giving back, with respect for every human being and responsible use of every resource.

The central role of Ready to Wear: we perceive that many customers around the world devote great attention to their own image, and globally we recognize a desire to 'dress well'.

The absolute central role of Ready to Wear in our offer allows us to continue to increase the number of end customers we serve. These same customers have told us that it is becoming increasingly difficult to find quality alternatives in the market, especially in certain categories such as knitwear and trousers, which today lack major specialists.

The industrial dimension of our Casa di Moda: our company is a true, typically Italian manufacturing company. The quality of the service offered to our wholesale partners and boutiques in terms of complete and punctual deliveries has enabled us to face this quarter in the best conditions.

Deliveries of the Spring/Summer 2022 collections have been completed and we have already received a number of requests for reorders, which are being processed regularly.

Purchasing of raw materials for the next collections has not been problematic, aided by prompt purchasing plans and the exclusivity of the raw materials we use.

The progress of production of the Autumn Winter 2022 collections continues smoothly, without any delays. Once again this year we are setting prices twice a year, in line with the collection releases.

We are working on the development of the Spring Summer 2023 collections, in line with the usual schedule and in an atmosphere of great creativity.

A true Italian manufacturing company: plans for future development

Our company and Casa di Moda was founded with the idea of trying to **make high quality and handcrafted products**, in terms of materials as well as in their processing and packaging, hoping that they would be destined to last over time and be handed down from generation to generation.

Over the years, the company has grown a lot, acquiring and consolidating respect and appreciation from customers, trying to pay testimony to the world of **Made in Italy, beauty, creative genius, taste and Italian style**.

We believe that all this has been possible thanks to constant attention to the choice of the **most prestigious raw materials**, to the **work of the skillful hands of our human resources** and of all the **artisans and façonists** with whom we collaborate.

Our company has thus evolved into what we imagine the international press, customers and stakeholders recognize as a **typically Italian manufacturing company**. While remaining focused on the day-to-day business of our company, we continue to take a **long-term view that will** allow us to pursue our sustainable growth path.



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In this regard, at the beginning of the year we finalised the purchase of a **large 8-hectare area on the outskirts of Solomeo**, where an industrial complex built in the 1970s operated until about thirty years ago.

Located in the **immediate vicinity of our hamlet** and our company, this area will be completely redeveloped and work has already begun, followed by the building conversion plan that will allow us to gradually build up to about 40 thousand square metres (in addition to related services and outdoor spaces).

Through this project, it will be possible to **dedicate large spaces** to our Casa di Moda, in a location strategically close to the Solomeo factory, accompanying the growth of the company in the years to come, allowing us to **expand**, as needed, **"for the next 50 years"**.

We therefore believe that this project aims, in line with the company's philosophy and our idea of Humanistic Capitalism and Human Sustainability, to **enhance the area** in which we live and work, seeking an important redevelopment of what we call the **"appealing suburbs"**.

It is precisely for this reason that we try, in the name of human sustainability and **love for the earth and its dignity**, to **work only on existing structures**, in this case disused warehouses, without ever building from scratch so as not to occupy any more land; the very places where we work are mainly factories from the 1960s and 1970s, totally restored and adapted to contemporary working life.

Equally important for our future development was the **acquisition**, on 14 March 2022, of **43%** of the prestigious **Lanificio Cariaggi Cashmere**, a historic cashmere supplier based in the medieval Borgo di Cagli. Brunello Cucinelli commented on the transaction as follows:

«It is with a great sense of gratitude that we announce that our company has acquired 43% of Cariaggi Lanificio S.p.A., of Cagli.

I had the opportunity to start my own business in cashmere thanks to the human trust that the Cariaggi and Caprai families placed in me. For this, thank you very much. I have always believed that Cariaggi is perhaps one of the jewels of Italian manufacturing, with products of great quality and craftsmanship; there is no doubt that it should be counted among the first industries in the sector in the world, if not the first, and that it represents something important for our territory and its culture. In this project, I am not hiding my love for our land, as well as the great opportunity that our respective children and grandchildren will have to continue manufacturing products in this wonderful fibre that we call 'golden fleece' for decades to come, thus contributing to improving the living conditions of our people».

This is the first time that our Casa di Moda has decided to participate in the capital of an external company that is part of our production chain, and we see this step as a sign of a lasting link between our Casa di Moda and cashmere. The decision to participate in the capital of Lanificio Cariaggi represents a further step in a journey and a partnership that began more than thirty years ago, with **Lanificio Cariaggi Cashmere**, which has always been a serious **supplier of top quality raw materials** to our company.

To enrich the splendid **relationship** of production collaboration, there has always been an **equally special relationship between the Cucinelli family and the Cariaggi family**, a common focus on the absolute quality of the raw materials, the best working conditions for all collaborators and, more generally, an interpretation of enterprise that is perfectly consistent with the guiding principles of our idea of human sustainability.



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The **first quarter of 2022 reports net revenues of €196.9 million**, with **very good growth of +19.6%** compared to 2021 (+16.7% at constant exchange rates). Compared to Q1 2019, the year preceding the start of the pandemic, growth is +22.8%, with significant double-digit increases in all international markets.

Revenues by Geographical Area

	Q1 2022	%	Q1 2021	%	YoY Change %
	Eur '000		Eur '000		
Europe	58,255	29.5%	50,888	30.9%	14.5%
Italy	24,207	12.3%	23,552	14.3%	2.8%
Americas	66,873	34.0%	48,580	29.5%	37.7%
Asia	47,601	24.2%	41,586	25.3%	14.5%
Revenues	196,936	100.0%	164,606	100.0%	19.6%
YoY Change at constant exchange rates					16.7%

Europe - revenues of €58.3 million, up +14.5% compared with the first quarter of 2021, and an incidence of 29.5%.

The sales trend in the first three months of 2022 is very interesting, involving all the main individual markets, united by renewed mobility on a regional basis.

Also in the first quarter of this year, the elements that had characterised last year's trend contributed to the results achieved: **domestic connotation** of the business, **end-customer loyalty**, **new customers** embracing our collection proposals, **balance of presence** between **retail and multi-brand channels**.

The positive trend characterised not only the major European luxury capitals, but also the *second tier* cities of central-northern and Mediterranean Europe, with international tensions having an impact limited to the Russian market in the latter part of the quarter.

Italy - sales of €24.2 million, up 2.8% compared to Q1 2021, and an incidence of 12.3%.

Demand remains solid, with results benefiting from the **presence in provincial towns**, thanks to local customers that balance the lack of a recovery in international tourism.

Of particular relevance to this market scenario is the presence in the most important **Specialty Stores**, which thanks to their proximity to the local customer confirm their great value both for the achievement of results and for their contribution to the taste and appeal of the brand.

Americas - revenues of €66.9 million, up +37.7% compared to Q1 2021, accounting for 34.0% of sales.

The US continues a healthy long-term growth process, with the very strong early 2022 result aided by last year's comparative base, where sales weights were proportionately higher in the second half of the year than in the early months.



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As in Europe, there is a good level of domestic mobility in this area, which allows us to report very interesting results in the various States, both in large cities and in *second tier* cities, and even more so in resort locations.

Asia - turnover of €47.6 million, up +14.5% compared to the first 3 months of 2021, accounting for 24.2% of sales.

China is currently the country most affected by the pandemic, but in spite of this we closed another positive quarter that confirms the **solidity of the growth in demand** for clothing in the **highest tier**, as well as the evolution of a customer base that approaches luxury looking for personal fulfillment and differentiation, and never for ostentation.

The **strong growth potential** in the Chinese market allows us to continue to plan for a **balanced, healthy and silent growth that** characterises our approach, with evidence, for the areas subject to pandemic-related lockdowns, of an immediate resurgence of sales as soon as normality returns.

Interesting results were achieved in the other areas that make up the Asian market, including **Japan, South Korea** and the **Middle East**.

Revenues by Distribution Channel

	Q1 2022	%	Q1 2021	%	YoY Change %
	Eur '000		Eur '000		
Retail	100,196	50.9%	73,462	44.6%	36.4%
Wholesale	96,740	49.1%	91,144	55.4%	6.1%
Revenues	196,936	100.0%	164,606	100.0%	19.6%

Retail channel - Revenues of EUR 100.2 million, up +36.4% compared to Q1 2021, with an incidence of 50.9%. In comparison with Q1 2019, the year before the start of the pandemic period, growth was +40.8%.

Like-for-like sales and **sell-outs** of the spring collections show a positive trend, which is accompanied by the contribution of sales of new spaces related to the **development of the network last year**, which included new openings, extensions of existing spaces and conversions to the direct management of spaces within Luxury Department Stores.

The first-quarter growth rate benefited from last year's comparative basis, where the impact of retail sales, as a result of pandemic-related impacts and network development dynamics, weighed more heavily in the second half of the year.

There were **115 boutiques** as of 31 March 2022, compared to 110 boutiques as of 31 March 2021 (114 the number of boutiques as of 31 December 2021); the number of hard shops was 42 compared to 43 hard shops as of 31 March 2021 (43 the number of hard shops as of 31 December 2021).

Wholesale channel - sales of €96.7 million, up +6.1% compared to Q1 2021 (+8.4% compared to Q1 2019) with an incidence of 49.1%.

The results of this first part of the year highlight the **structural growth of the channel**, with the **positive**



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contribution of the Spring Summer 2022 collections, with very positive sell-out results confirming the feedback we had gathered when presenting the collections.

We are very pleased with the **growth** reported in the wholesale channel, which is **solid and sustainable**, also taking into account the conversions to direct management of shop spaces within luxury department stores concentrated at the end of Q1 2021.

Outlook

Business and sales trends in this first part of 2022 allow us to **fully confirm the expectations** communicated last March; we can therefore confidently expect revenue **growth of around +12%** in 2022.

The confidence with which we look at **2022**, that leads us to imagine a **very important year** for our company, is encouraged by the excellent **sell-out for the Spring Summer 2022 collections** currently being sold, and by the important **order intake for the Fall Winter 2022 collections**, which ended at the end of March with very very positive feedback.

The **positioning in the absolute luxury segment**, the **balanced presence in the geographical markets and sales channels**, as well as the **appreciation for our brand**, which we feel is experiencing a very positive moment worldwide, further support our growth expectations.

Our estimate for 2022 clearly takes into account the current conflict between Russia and Ukraine. We have assumed that the Russian market will account for around 4% of total sales in 2022, a significant reduction compared to the results for 2021 and 2020, years that we considered extraordinary due to the pandemic². We have imagined that the weight of this market could return in 2022 to incidence values very similar to those historically reported before the pandemic³.

The result for the first quarter of this year, taking into account the seasonality of deliveries and the effects of sanctions, is consistent with the year-end forecast. The current conflict has no impact on our fully Italian supply and production chains.

Together with the very interesting revenue growth estimated for **2022**, we expect the **rebalancing of margins to our pre-pandemic levels of normality**, with a significant improvement of the **net financial debt**, with **important investments in line** with the multi-year plan, plus the investment for the acquisition of the 43% share in the prestigious **Lanificio Cariaggi Cashmere**.

We are also very happy to have carried out the **acquisition of the 8 hectare of land** in the immediate vicinity of our hamlet of Solomeo, which will allow us to plan the growth of our company for the next 50 years with confidence.

It is with equal confidence that we can finally confirm our estimate of a **balanced growth for 2023** in the region of **+10%**, continuing on the path of healthy and sustainable growth that leads us to imagine doubling the turnover initially forecast in the period from 2019-2028 as early as 2026.

² In those years, the Russian market had benefited from very important transfers of merchandise from our European flagship in Milan, London, Paris and Munich subjected to restrictive measures, and from the availability of timely restocking. This unforeseen provisioning combined with the fact that Russian customers bought almost exclusively at home has fueled the local market, provisionally bringing it to around 9% of turnover at the end of 2021.

³ In the five-year period 2015-2019, the average incidence of the value of exports to Russia was in the range of 4-5%.



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The manager responsible for preparing the company's financial reports, Moreno Ciarapica, declares, pursuant to and for the purposes of Article 154-bis, paragraph 2, of Legislative Decree No. 58 of 1998, that the information contained in this press release corresponds to the documented results, books and accounting records. Please note that the turnover figures in this press release have not been audited.

The document may contain forward-looking statements regarding future events and the operating, economic and financial results of Brunello Cucinelli S.p.A. Group. By their very nature, these forecasts contain a component of risk and uncertainty, as they depend on the occurrence of future events and developments.

Brunello Cucinelli S.p.A. is an Italian Casa di Moda that produces luxury goods. It was founded in 1978 by the fashion designer and entrepreneur of the same name and is listed on the Italian Electronic Stock Exchange. The Company has always been **rooted in the medieval hamlet of Solomeo** and it is considered an authentic expression of the concept of "Humanistic Capitalism" since it can match constant, sound growth with an entrepreneurial philosophy addressing the major issues of **Harmony with Creation** and **Human Sustainability**.

Specialised in cashmere, the **brand** is currently believed to be **one of the most exclusive brands in the chic prêt-à-porter sector**, an expression of everyday lifestyle worldwide. The combination of **modernity** and **craftsmanship, elegance** and **creativity**, and **passion** and **human values** make Brunello Cucinelli one of the world's most exclusive and admired **ambassadors of Italian style**. In fact, the brand authentically expresses the values of **tailoring** and **craftsmanship** typical of products **Made in Italy** and the territory of the Umbria region in particular, combined with a focus on **innovation** and **contemporary style**.

Through **healthy, balanced** and **sustainable growth**, the company's main goal is to earn profits with **ethics, morality** and **dignity**, respecting the moral and economic dignity of the over 2,100 directly employed Human Resources and all those who work with them.

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