



· S O L O M E I ·
· A D · M C C C X C I ·

BRUNELLO CUCINELLI

FY 16 Results

March 9th, 2017

Highlights

Very positive results achieved in **FY 16** confirming the sustainability of the business model underlying the Company's long-term growth project, which together with the development of human resources falls within the concept of "humanistic capitalism", a pillar of the Group's DNA

Results are supported by company's positioning at the top of the luxury pyramid, based on a constant search for top quality raw materials, Made in Italy offer, products with contents of the very best craftsmanship and ability to capture and listen to the trends of the moment

<p>Net Revenues €456 mln +10.1%</p> <p>(performance at current exchange rates)</p>	<p>EBITDA <i>adjusted*</i> €78.2 mln +13.2%</p>	<p>Net Profit <i>adjusted*</i> €39.1 mln +18.8%</p>	<p>Investment Plan €29.8 mln in FY 16 €150 mln between 2013-2016</p>	<p>Net Financial Position €51 mln (€56.4 mln as of December '15)</p>
<p>Italian market +7.3% sales</p>	<p>International markets +10.7% sales</p>	<p>North America +7.1%</p> <p>Europe +5.8%</p> <p>Greater China +21.8%</p> <p>RoW +39.3%</p>	<p>Retail monobrand +17.1%</p> <p>Wholesale monobrand +2.4%</p> <p>Wholesale multibrand +4.3%</p>	<p>Dividend BoD proposing €0.16 dividend distribution equal to 29.9% pay-out ratio (vs. €0.13 dividend last year, equal to 26.5% pay-out ratio)</p>

* Adjusted figures exclude non recurring costs and account normalized tax rate

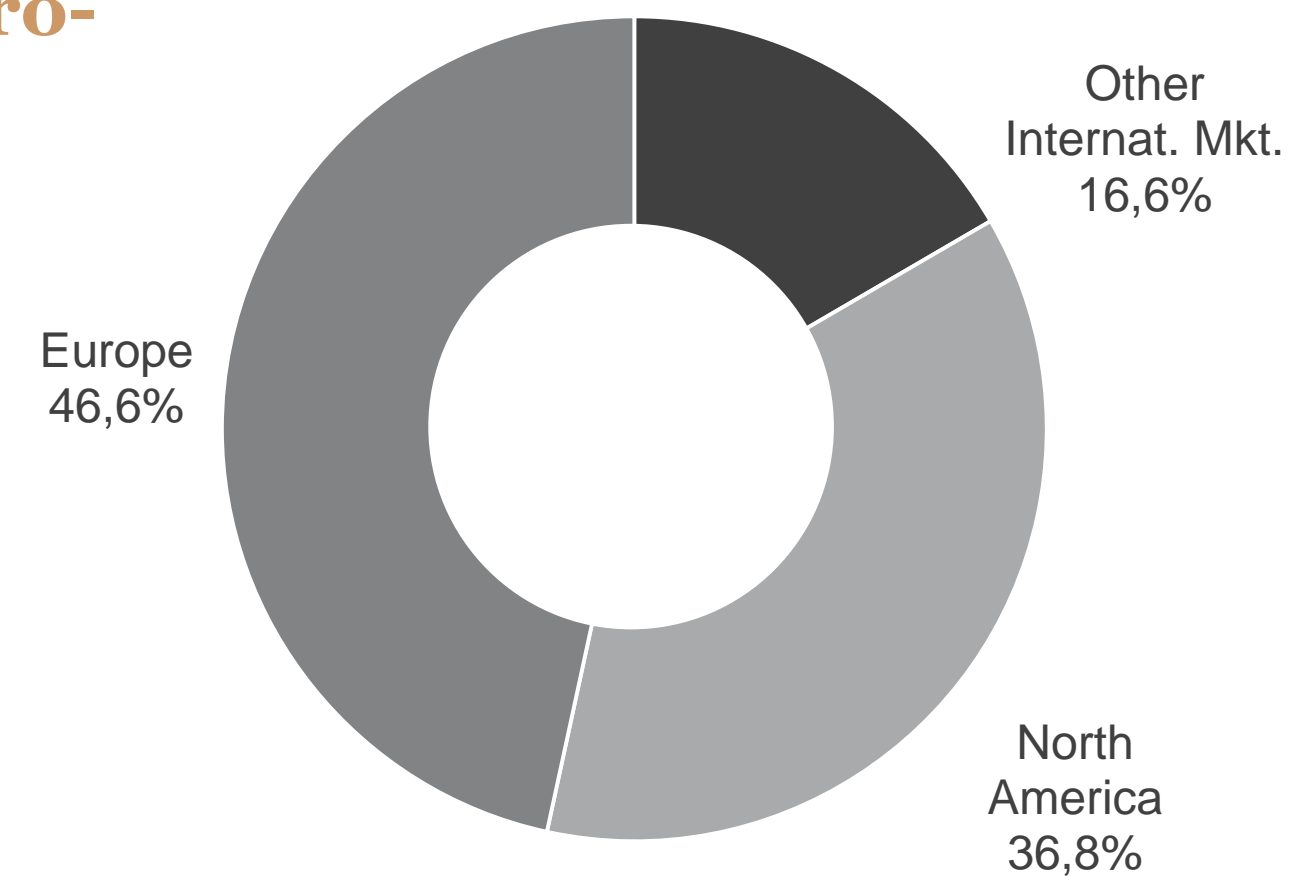




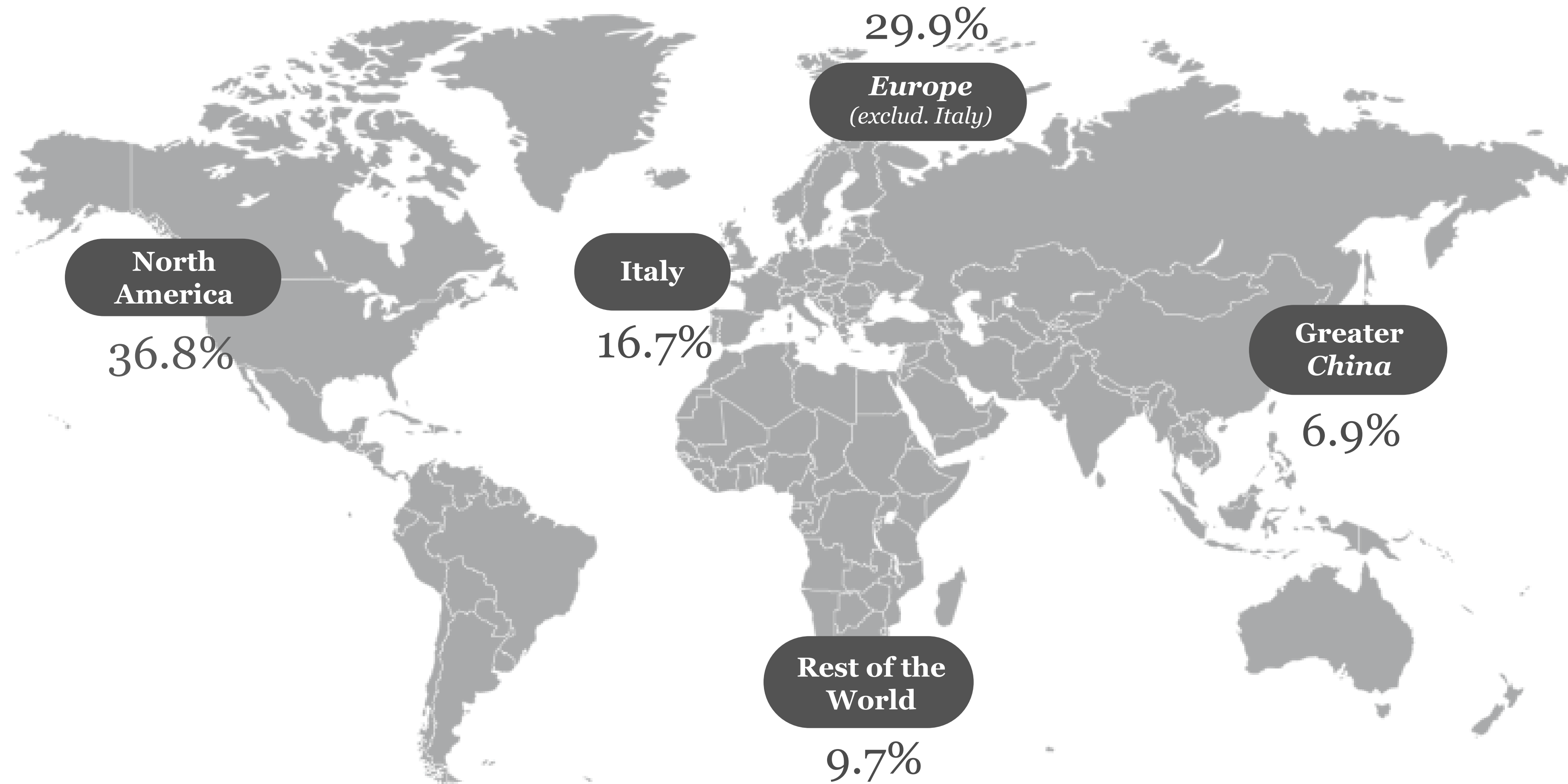
Revenues by Region

€ mln	FY 15	FY 16	YoY % Chg
Net Revenues	414.2	456.0	+10.1%
	Constant exchange rates +10.4%		
Italy	71.0	76.2	+7.3%
Rest of Europe	129.0	136.4	+5.8%
North America	156.6	167.7	+7.1%
Greater China	25.7	31.3	+21.8%
RoW	31.8	44.4	+39.3%

Breakdown by Macro-Region



Revenues Breakdown by Region





Revenues - Highlights by Region

Italy

Very positive growth boosted by both monobrand and multibrand channels

Performance supported by local customer and top-end tourist flow, driving extremely positive sell-out results

Constant attention given to the clientele, creating “unique” purchasing experience

North America

Positive growth in all channels, with Luxury Department Stores performing very well

Results supported by exclusivity of distribution, long-standing relationships and sharing of the values and the philosophy of the brand; company resources directly involved in the sales spaces in the Luxury Department Stores focusing on trunk-show, training, visual merchandising

Greater China

Significant increase (albeit with a contained starting point) driven by results in Mainland China and positive performance in Hong Kong

Rise supported by performance of the existing boutique network, and the initial gradual growth in prestigious multibrand spaces

Exclusivity of distribution and brand’s allure represent the main driver for sophisticated Chinese clients’

Rest of Europe

Solidity of the demand of local customer and rising flow of top-end tourists, both of whom are looking for a “lifestyle” experience, exclusive product and not excessively distributed

Positive trend in all countries of the European market

Sell-out results confirm the positivity of the brand’s “momentum” and “allure”

Rest of the World

Highly significance rise (even if from a limited starting point) driven by improvement in Japan, as well as Far East and Middle East

Sales trend in Japan supported by local customers and constantly rising flows of top-end, both attracted by daily Ready to Wear offer

Additional floor space granted to the brand in the Luxury Department Stores



Revenues by Distribution Channel

€ mln

Monobrand channel

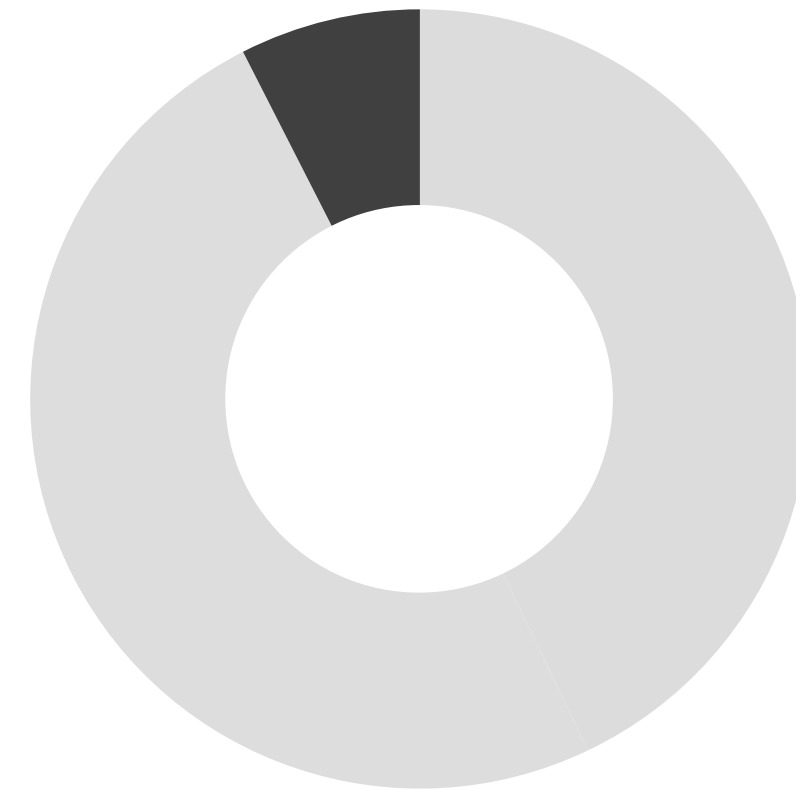
Retail Monobrand

49.6%
on sales
vs. 46.6%
in FY 15



Wholesale Monobrand

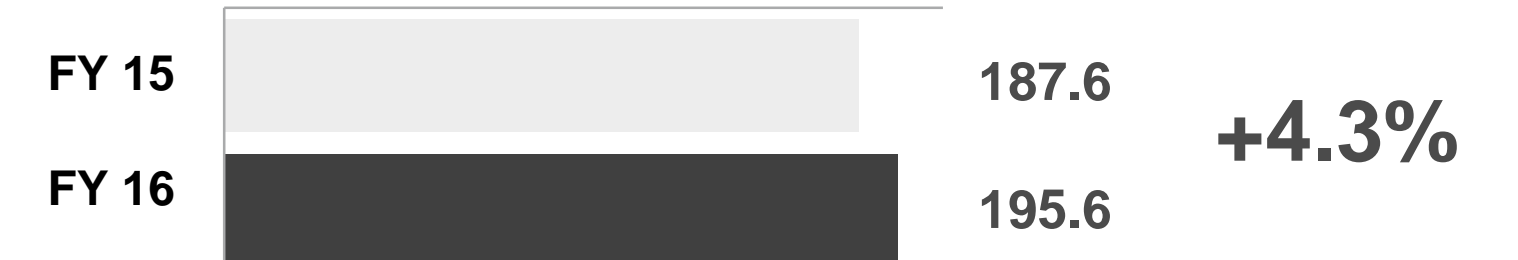
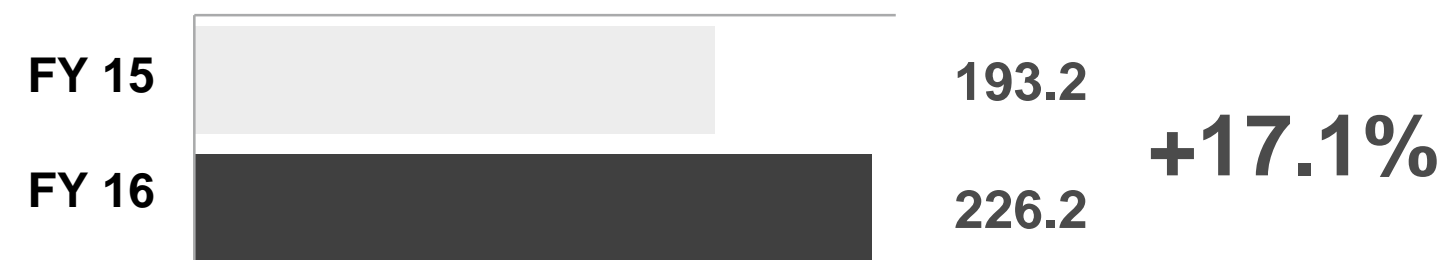
7.5%
on sales
vs. 8.1%
in FY 15



Multibrand channel

Wholesale Multibrand

42.9%
on sales
vs. 45.3%
in FY 15



Monobrand Channel

Retail Monobrand

Retail network with
86 boutiques as of December '16
(81 boutiques as of December '15)

+3.9% LFL* in FY 2016

+3.8% LFL** in the first part of 2017 (period
between 1st January and 26th February)



Wholesale Monobrand

Wholesale Monobrand network with
36 boutiques as of December '16
(36 boutiques as of December '15)

* Like-for-Like calculated as the worldwide average of sales growth, at
constant exchange rates, reported by DOS opened as of 01/01/2015

* Like-for-Like calculated as the worldwide average of sales growth, at
constant exchange rates, reported by DOS opened as of 01/01/2016



Multibrand Channel

Increasing sales both in the most exclusive spaces of Luxury Department Stores and in the distinguished multibrand boutiques

Growth driven by exclusivity of distribution, prestigious spaces dedicated to the brand, contemporary luxury **Ready to Wear** daily collections

Multibrand represents an extremely important element in the Company's distribution strategy, helping the brand to keep the collections contemporary and exclusive

We believe that the potential multibrand growth in Asia - particularly in China - signifies an extremely important element in the Company's distribution strategy, with interesting potential contribution to sales, also due to low starting base

The 2017 Spring/Summer is showing very interesting sell-out figures, which confirm the excellent response to the collection in the feedback received during the presentation by specialized press and multibrand partners

The 2017 Autumn/Winter collections are also receiving very positive feedback by specialized press and multibrand partners, showing very interesting back-log orders





Informal Luxury “prêt-à-porter” collections

*“2016 ended reporting “very very positive” results in terms of both revenues and profitability. It has been yet another key year for the image of our brand, since we have completed our grand project called **“Humanistic Artisans of the Web”** by launching our e-commerce platform. Moreover, our corporate philosophy kept delivering material and consistent results, and I hope it meets the expectations of all those who have decided to join us by investing in our business.”*

“The sales of the Spring Summer 2017 collection are going really well and since we have obtained “excellent results” in our Fall Winter 2017 sales campaign, we can be pretty certain that also the current year should deliver double-digit growth in terms of both revenues and margins.”

“Such results are the outcome of our ongoing efforts to combine profit-making and the concept of giving back, the great existential issue of mankind. We achieve that through offering top-notch quality, made in Italy goods, striving for exclusivity and at the same time nurturing the lifetime dream of ensuring moral and economic dignity to all the workers in our industry.”

Brunello Cucinelli – press release 9th March 2017





Income Statement

€ mln

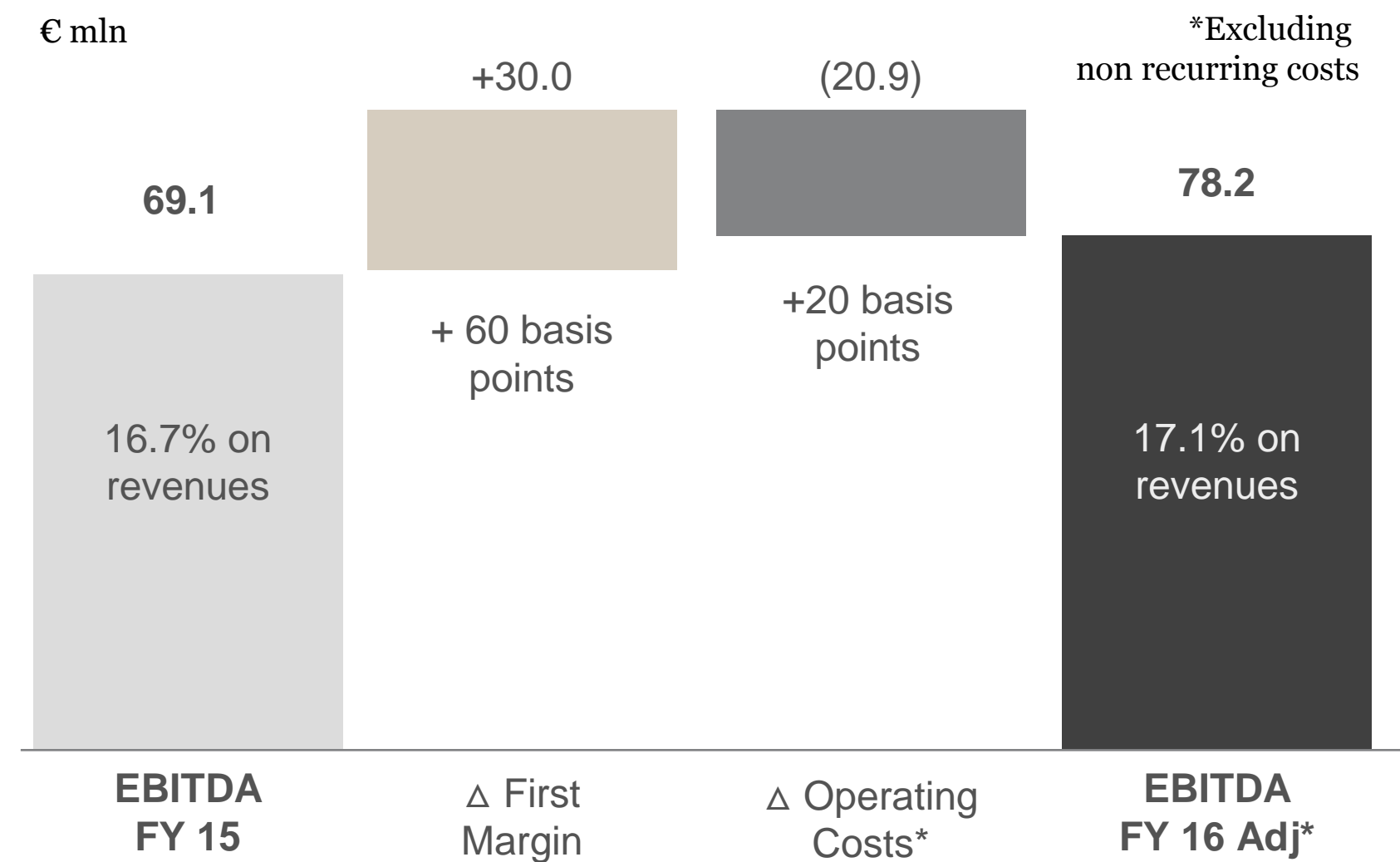
	FY 2015	FY 2016 Adj.*	Ch. %
Net Revenues	414.2	456.0	10.1%
Other operating income	0.8	1.1	34.6%
Revenues	414.9	457.0	10.1%
First Margin	267.1	297.1	11.3%
%	64.4%	65.0%	+ 60 b.p.
SG&A	-197.9	-218.9	10.6%
%	47.7%	47.9%	+ 20 b.p.
EBITDA	69.1	78.2	13.2%
%	16.7%	17.1%	+ 40 b.p.
D&A	-18.1	-20.0	10.5%
%	4.4%	4.4%	-
EBIT	51.0	58.2	14.1%
%	12.3%	12.7%	+ 40 b.p.
Income before taxation	46.1	54.9	19.0%
Net Income	32.9	39.1	18.8%
%	7.9%	8.6%	+ 70 b.p.
Tax Rate	28.6%	28.7%	

* excluding non recurring costs and accounting normalized tax rate; more details on slide n. 18



EBITDA & Key Income Statement Analysis

EBITDA Adjusted* Analysis



First Margin

First Margin improved by 60 basis points, (from 64.4% to 65.0%) driven by:

- development of the business
- increase in sell-outs
- growth within the same perimeter
- selected DOS openings (from 81 to 86 boutiques)

All these trend supported channel mix evolution, with retail sales reaching 49.6% compared to the 46.6% previous year

Operating Costs*

Normalized operating costs went up from € 197.9 million (47.7%) to € 218.9 million (47.9%), in line with the development of the business

Increase driven by cost of rents (from 10.5% to 12.0%,) correlated to:

- opening of new boutiques in the most exclusive locations
- expansion of important sales spaces
- prestigious repositioning

Personnel costs* increase (+6.8%) related network development, reducing incidence from 18% to 17.5%

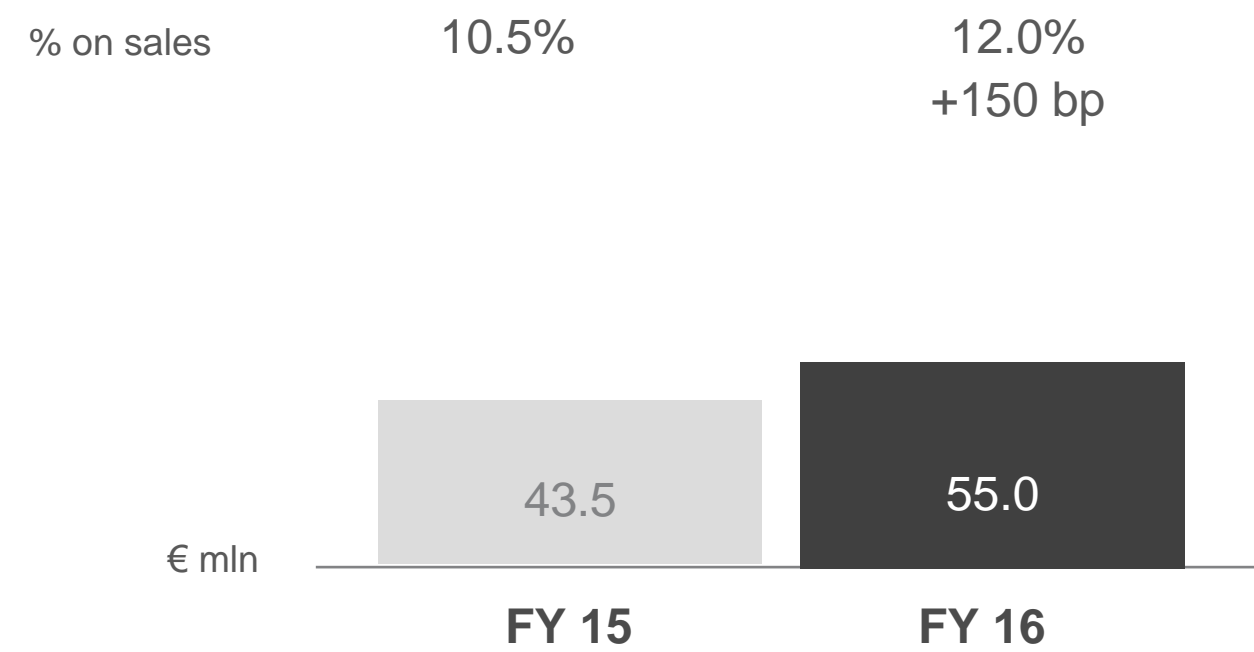
Other Operating costs reduce incidence (-80 bp) from 19.2% to 18.4%



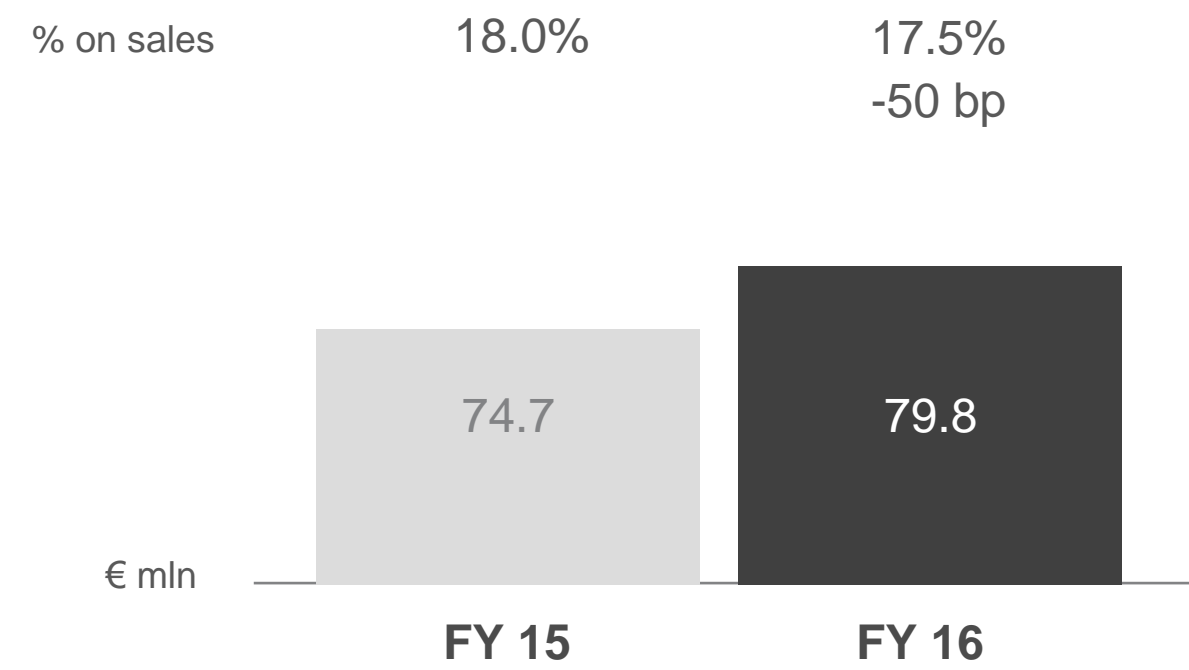
Operating Costs

€ mln

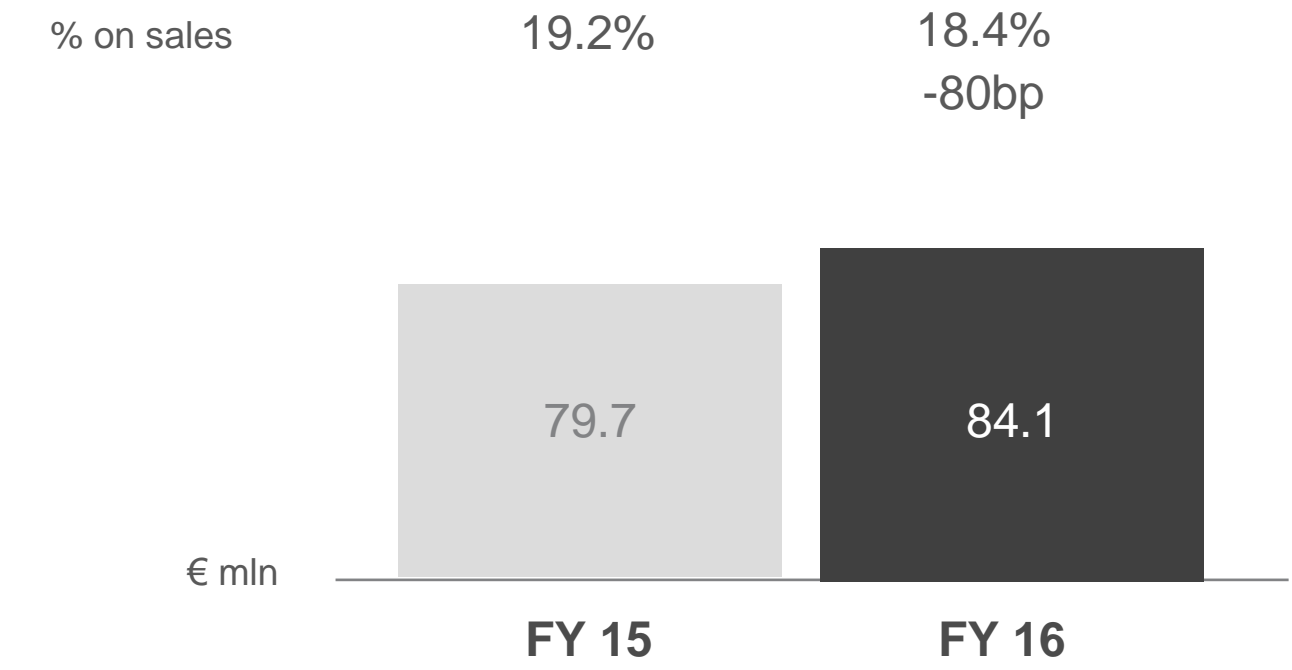
Rent cost



Personnel cost*

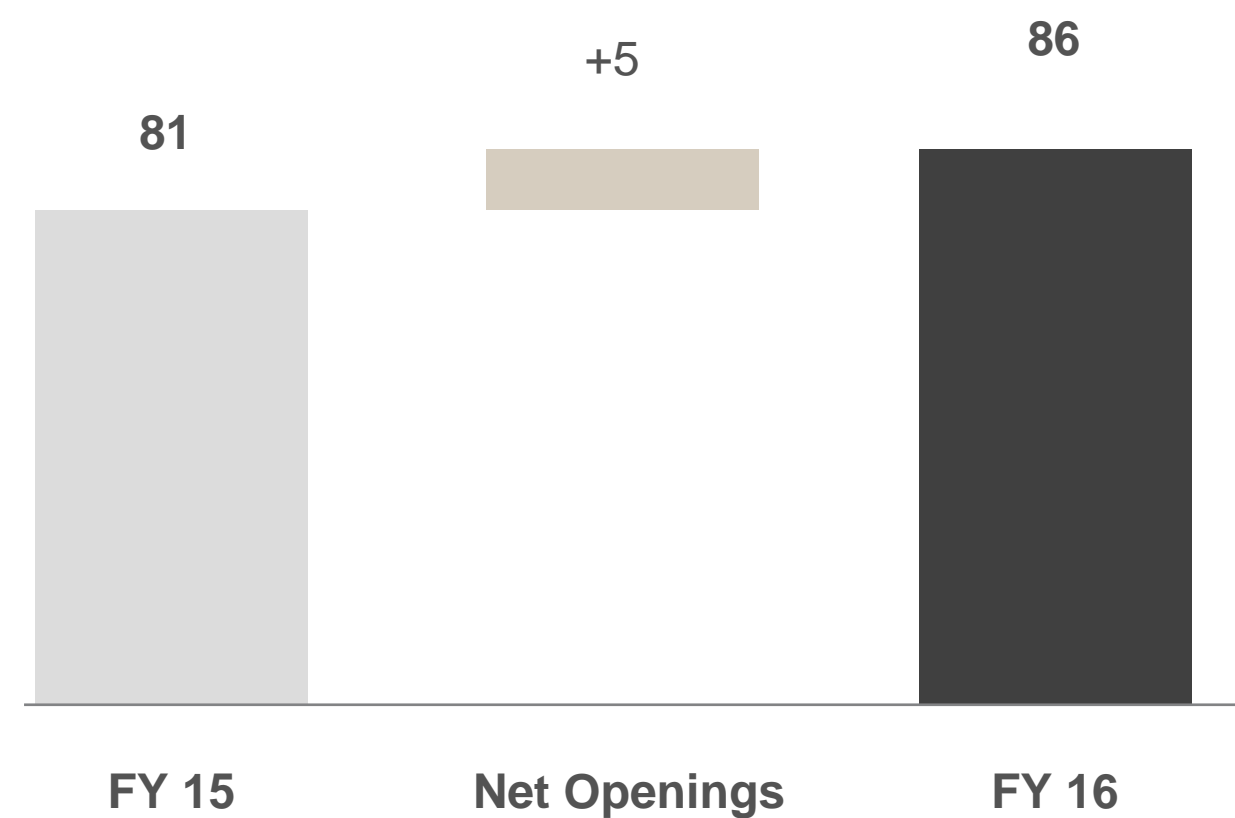


Other Operating Costs

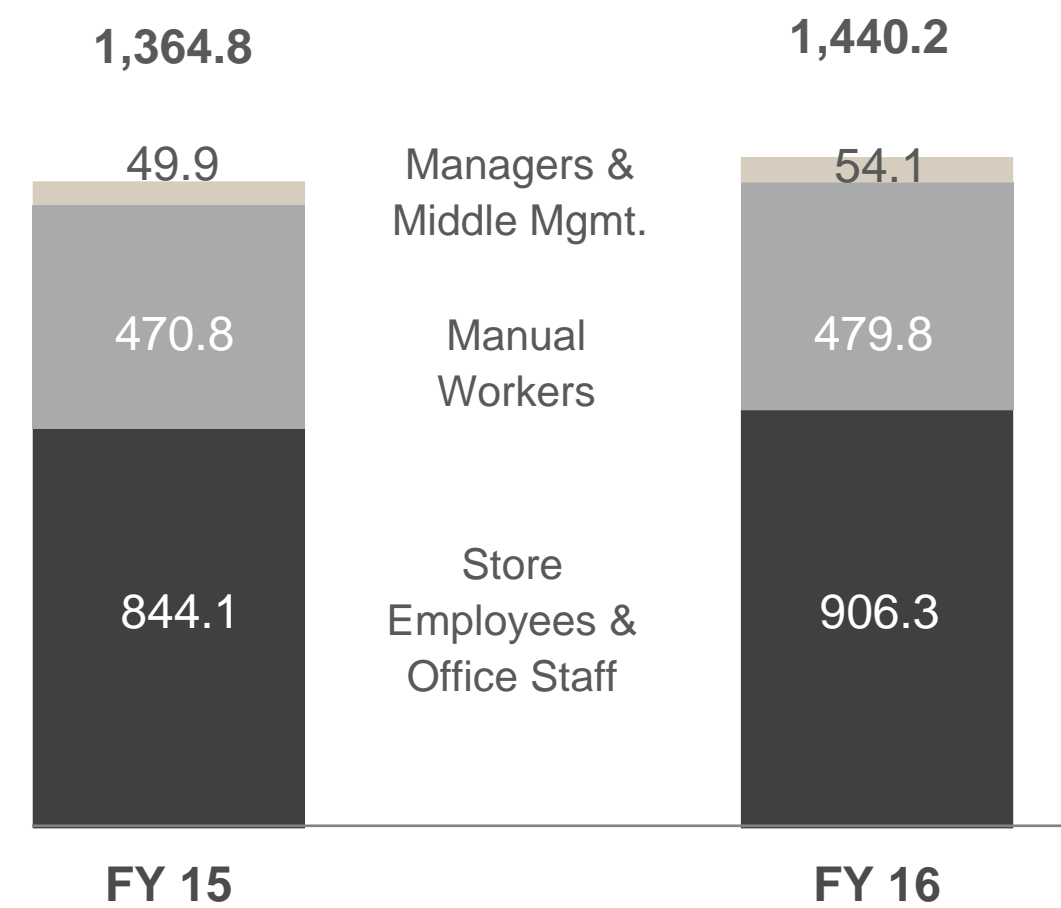


* Excluding non recurring costs

DOS Network from 01/01/15 to 31/12/16



Average FTE - Workforce Analysis



Other operating costs decreased from 19.2% to 18.4%

Investments in communication increased from 23.3€ mln (5.6% on revenues) to 24.7€ mln (5.4% on revenues)

Digital Investments represents very important tools to strengthen brand communication

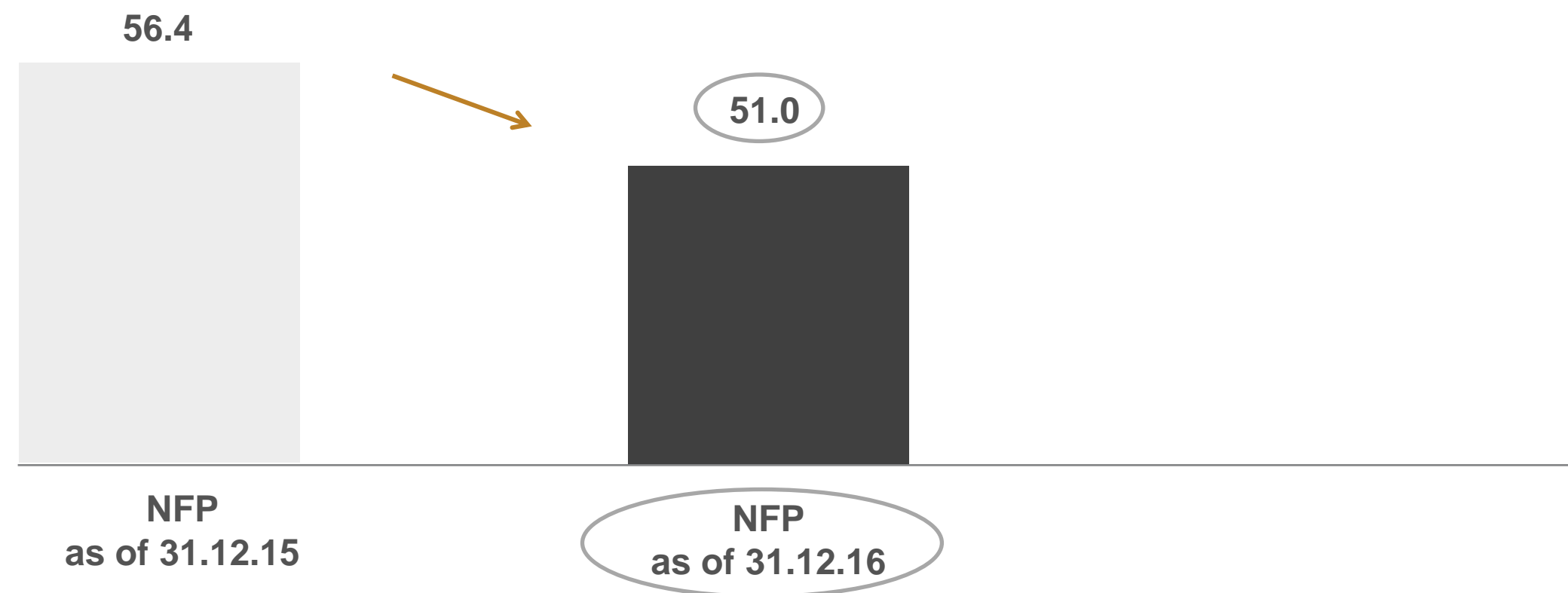




Net Financial Position

€ mln

Net Financial Position Decreasing in 2016



Net debt of €51 million at 31 December 2016, a decrease from €56.4 million at 31 December 2015, in spite of NWC increase and €29.8 million invested in FY 16

Capex in FY 16 completed the project started in 2013 (€150.5 million invested over a four-year period) in order to consolidate:

- Company's medium-long term growth bases
- Prestige of the brand
- Exclusivity of the positioning of the business in both the “traditional” and “online” channels



Net Working Capital

	FY 2015	FY 2016	delta
Trade Receivables	45.6	47.2	1.6
Inventories	144.0	154.8	10.9
Trade Payables	-68.8	-63.4	5.5
Strict Net Working Capital	120.8	138.7	17.9
<i>Incidence on Net Revenues</i>	29.2%	30.4%	
Other Credits/(Debts)	-8.4	-9.4	-1.0
Net Working Capital	112.3	129.3	16.9
<i>Incidence on Net Revenues</i>	27.1%	28.4%	

Net Working Capital Trend

- Increase related to business development and “Other Credits/(Debts)” trend
- Strict Net Working Capital - excluding “Other Credits/(Debts)” increased from €120.8 million to €138.7 million
- Net Working Capital, including “Other Credits/(Debts)” - increased from €112.3 million to €129.3 million

Trade Receivables

Fair and positive trade receivable management; uses of the allowance for bad debts and receivable write-offs for 2016 represent 0.20% of net revenues (0.19% in 2015).

Inventory

Increase driven by business development; incidence decreased from 34.8% to 33.9%

Trade Payables

Payables decrease related mainly to a different approach to the management of VAT exemption for suppliers, and to lower payables arising from investing activities

Other Debts

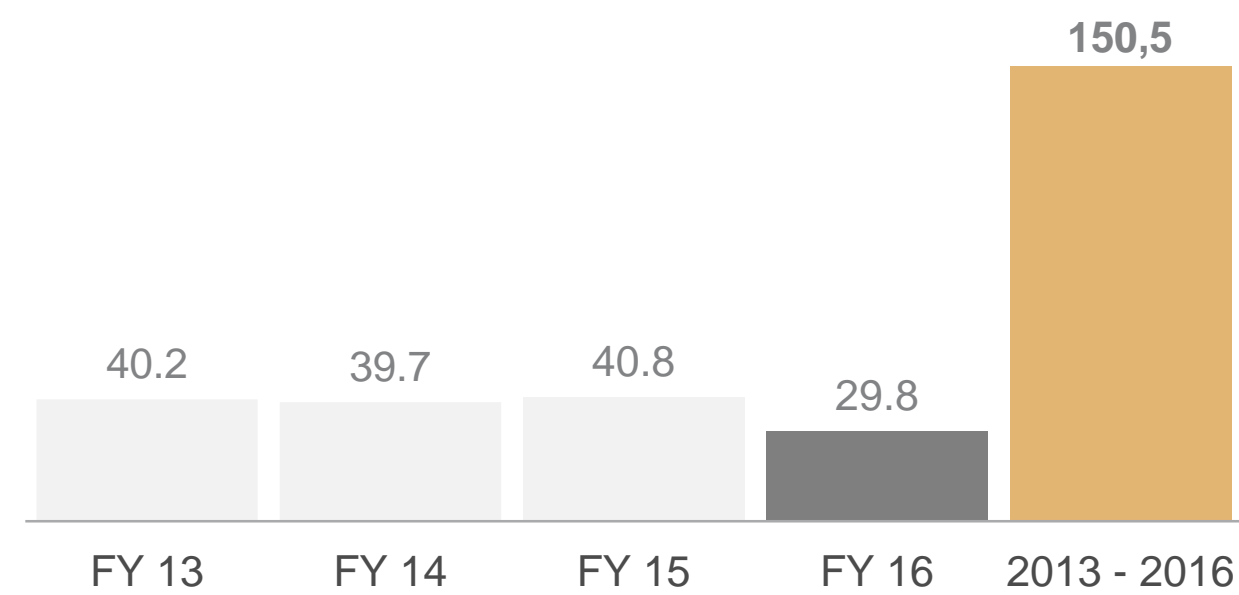
Trend related to the fair value of the currency forwards derivatives*

* underwritten as per the Company standard practice at the time price lists are defined and with the only purpose to hedge the non-euro commercial fx exposure



Capex

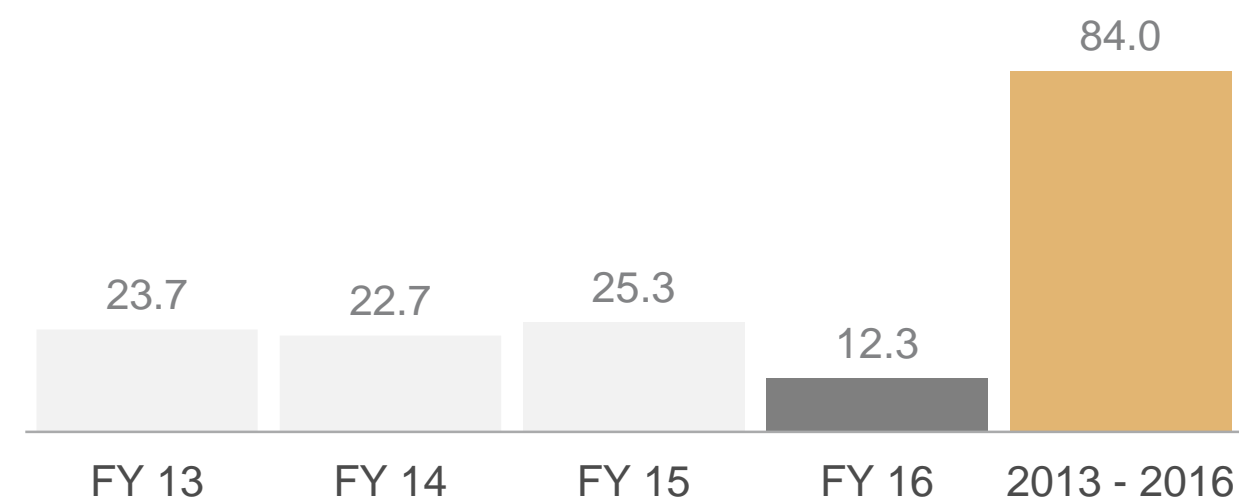
2013–2016 Capex Plan



Investments of €29.8 million in 2016, completing the project started in 2013 (€150.5 million invested over a four-year period, equal to 10% cumulated sales) and consolidating:

- Company’s medium-long term growth bases
- Prestige of the brand
- Exclusivity of the positioning in both the “traditional” and “online” channels

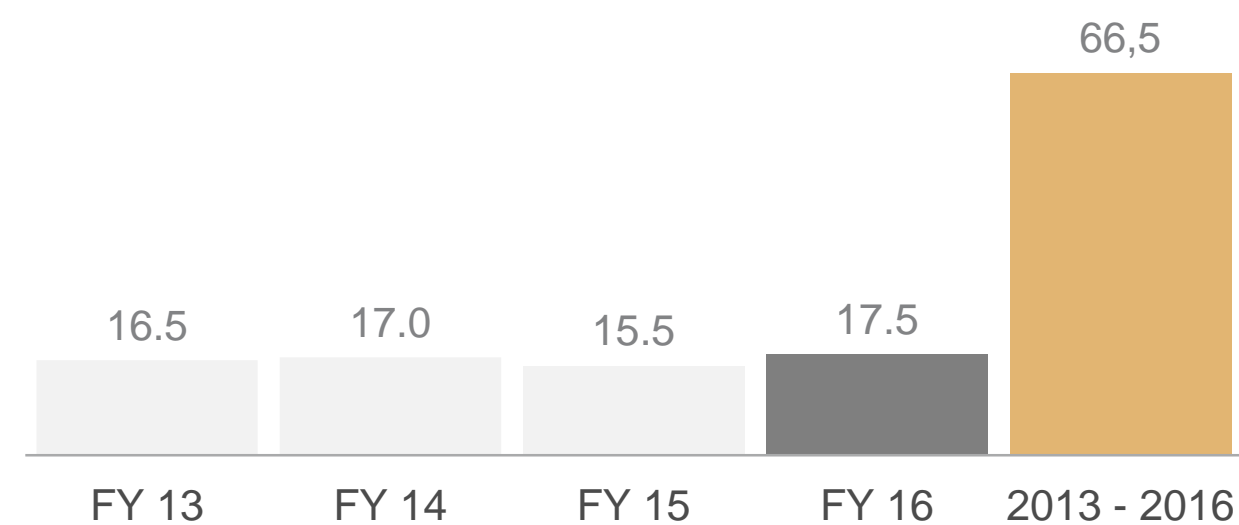
2013–2016 Commercial Investments



Investments of €12.3 million in 2016 (€83.6million invested over a four-year period) and supporting:

- Opening of exclusive boutiques and selected relocations
- Enlargement of sales floor spaces in existing stores
- Increase of spaces in the Luxury Department Stores
- Extension and renovation of important showrooms

2013-2016 Production/ Logistics/IT/ Digital Investments



Capex of €17.5 million in 2016 (€66.5 million in the four-year period) supporting:

- Continuing development of the technological platform and management of the Group’s presence in the digital world (**the Great Digital Project**)
- Digital Project allowed the launch of two new sites; **philosophy** site and **boutique** site (**e-commerce**)
- Infrastructure development finally completed in FY 2016, part of the very important project related “**enlarging the Solomeo manufacturing site**”, including spaces dedicated to digital activities

Humanist Artisans of the Web

music streaming



car sharing



mobile phone



www.it

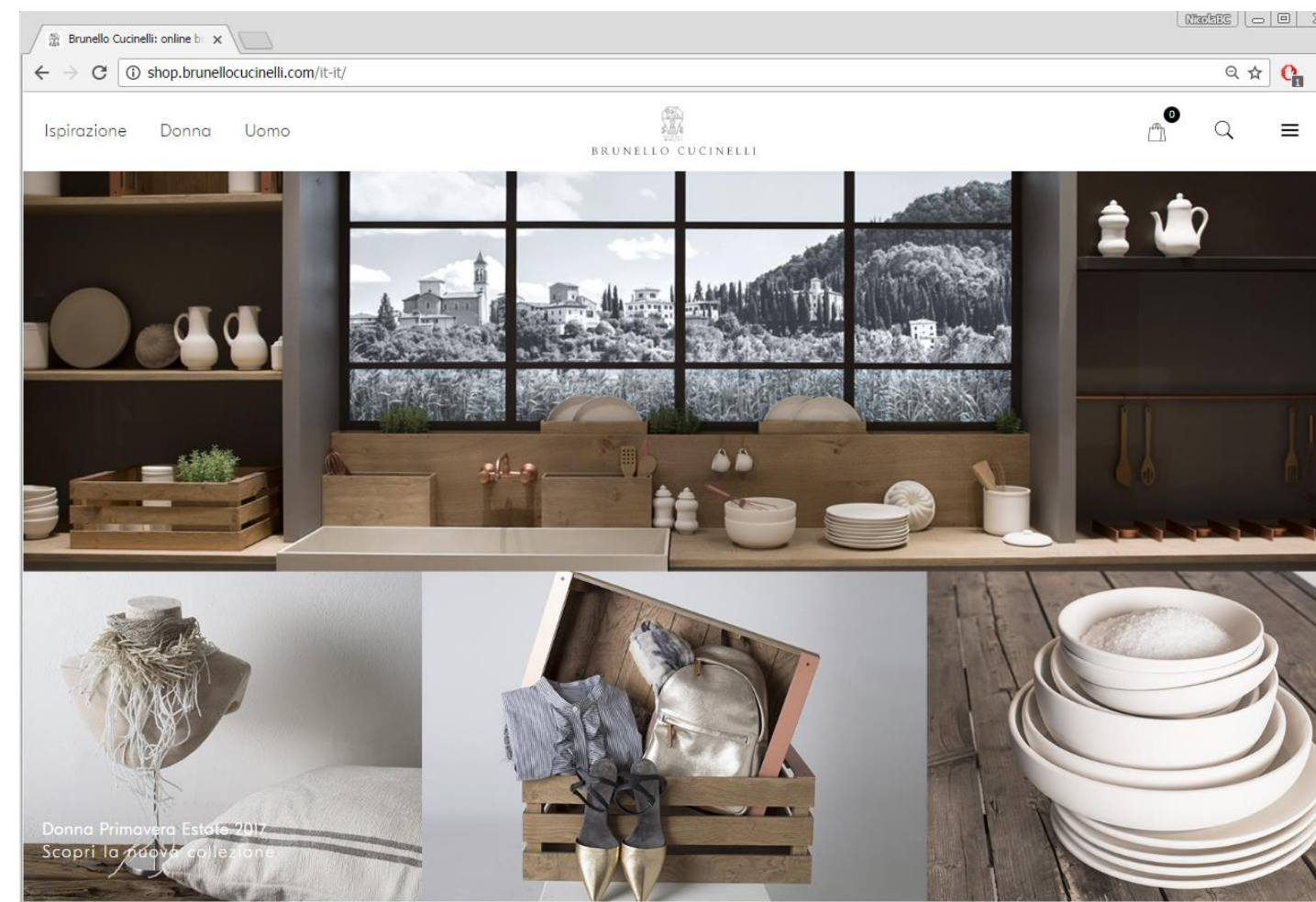
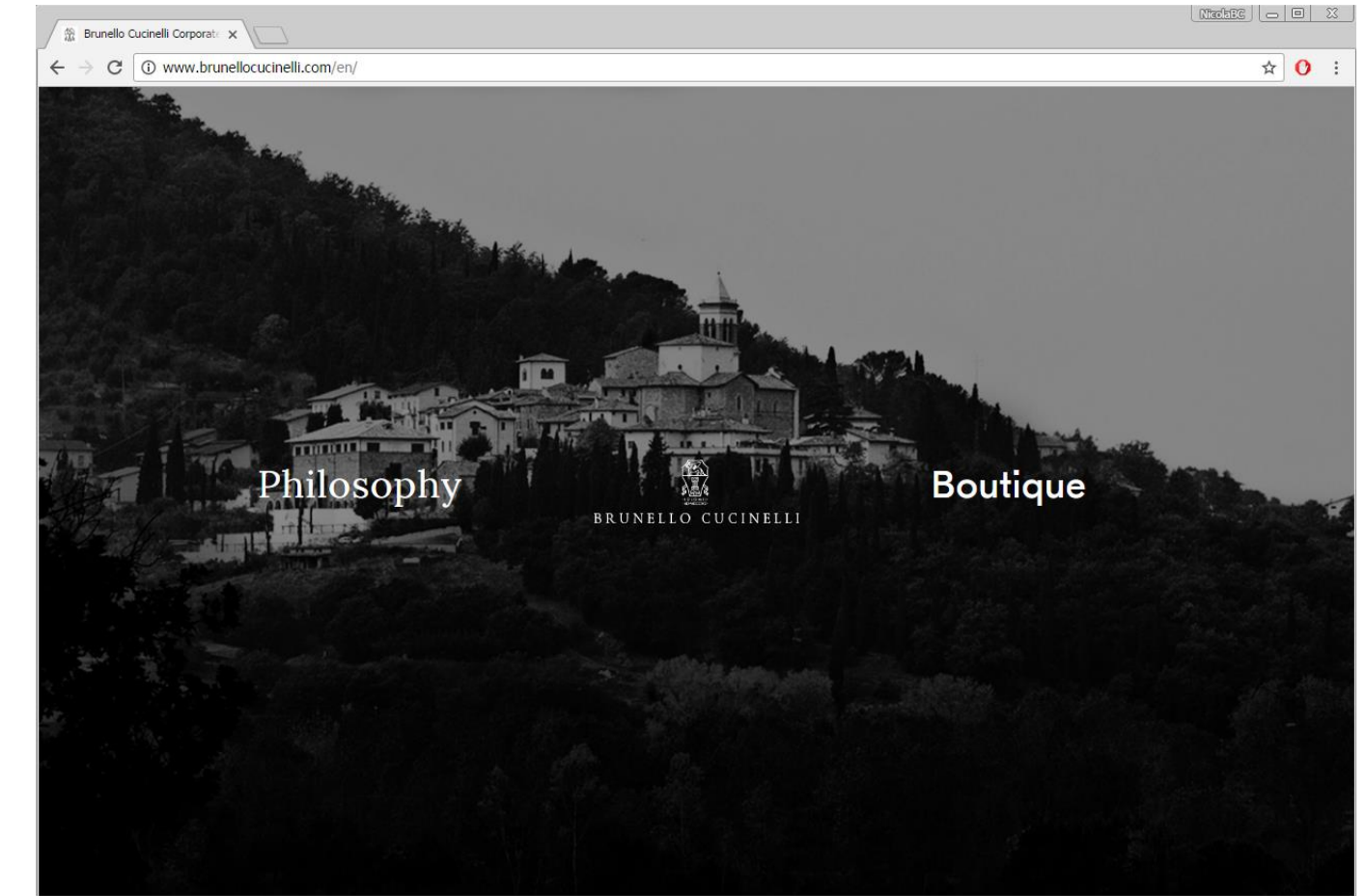


selfie

Launch, at the end of January 2017, of two new sites: the **philosophy** site and **boutique** site (e-commerce websites)

This is a fundamental step of the **Great Digital Project** and boosted the brand's presence on the web: this presence is now fully organized and managed directly from the headquarters in Solomeo

The new corporate and e-commerce websites have been designed to highlight the philosophy underlying the business, to tell the story of the enterprise and spread its ideals



Both new sites are based on ideals of the Solomeo business: humanistic capitalism, moral and economic dignity of work, quality, manual skills and the strong ties with the local community

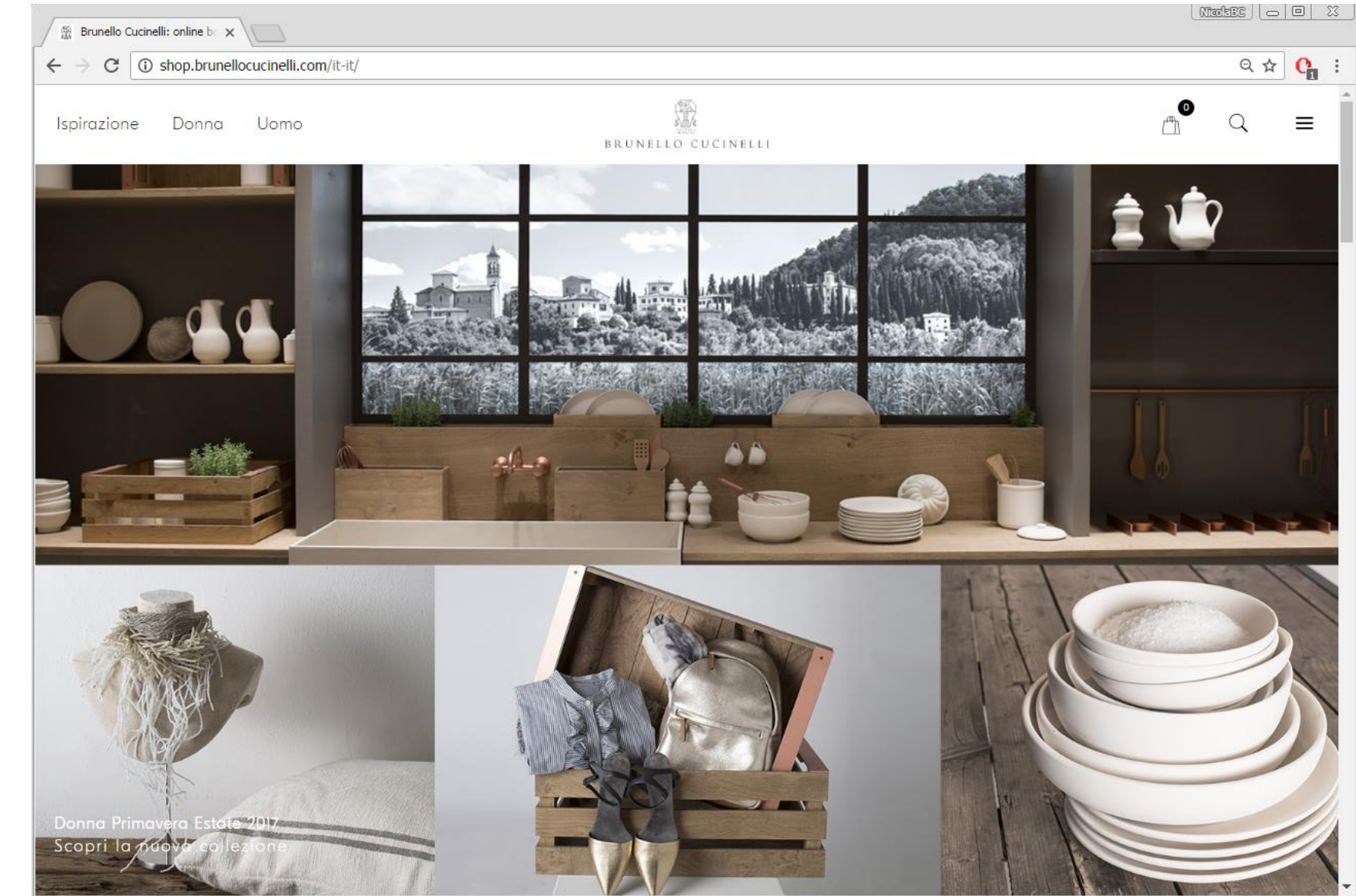
In this framework, the new websites are inspired by **Humanist artisans of the web** approach

This approach guarantees the **protection of the brand**, as we target in physical world

The new boutique on-line represents the **global boutique** of Solomeo



A window on Montenapoleone showing the world of Solomeo



Opening, at the end of January 2017, of the new Brunello Cucinelli flagship in Montenapoleone – Milan (relocation of previous boutique in Via della Spiga – Milan)

The Montenapoleone flagship represents our **biggest physical boutique**

“It is a place that makes you feel at home and rediscover the value of a gentle, placid time, devoted to deeply enjoying the values of tradition, artisanal quality and creativity of the spirit in a serene, homey and comfortable ambience”





· S O L O M E I ·
· A D · M C C C X C I ·

BRUNELLO CUCINELLI

FY 16

Annex

Income Statement Reported Vs. Adjusted

€ mln

	FY 2015	FY 2016	Ch. %	FY 2015	FY 2016 Adj.*	Ch. %
Net Revenues	414.2	456.0	10.1%	414.2	456.0	10.1%
Other operating income	0.8	1.1	34.6%	0.8	1.1	34.6%
Revenues	414.9	457.0	10.1%	414.9	457.0	10.1%
First Margin	267.1	297.1	11.3%	267.1	297.1	11.3%
%	64.4%	65.0%	+ 60 b.p.	64.4%	65.0%*	+ 60 b.p.
SG&A	-197.9	-220.4	11.4%	-197.9	-218.9	10.6%
%	47.7%	48.2%	+ 50 b.p.	47.7%	47.9%	+ 20 b.p.
EBITDA	69.1	76.7	10.9%	69.1	78.2	13.2%
%	16.7%	16.8%	+ 10 b.p.	16.7%	17.1%	+ 40 b.p.
D&A	-18.1	-20.0	10.5%	-18.1	-20.0	10.5%
%	4.4%	4.4%	-	4.4%	4.4%	-
EBIT	51.0	56.6	11.1%	51.0	58.2	14.1%
%	12.3%	12.4%	+ 10 b.p.	12.3%	12.7%	+ 40 b.p.
Income before taxation	46.1	53.4	15.7%	46.1	54.9	19.0%
Net Income	32.9	37.1	12.7%	32.9	39.1	18.8%
%	7.9%	8.1%	+ 20 b.p.	7.9%	8.6%**	+ 70 b.p.
Tax Rate	28.6%	30.5%		28.6%	28.7%	

Adjusted figures due to non-recurring costs and normalized tax rate

* SG&A adjusted does not include one-off costs mainly related to the termination of employment payment of former co-Chief Commercial Officer

** Tax Rate adjusted does not include one-off costs related tax and accounts a normalized IRES tax rate (the IRES tax rate cut from 27.5% to 24.0% affecting deferred tax assets in FY 16)



Detailed Income Statement Reported

€ mln

	FY 2015	FY 2016
Net Revenues	414.2	456.0
Other operating income	0.8	1.1
Revenues	414.9	457.0
Consumption Costs	(65.5)	(72.9)
Raw Material Cost	(79.6)	(81.8)
Inventories Change	14.1	8.9
Outsourced Manufacturing	(82.3)	(87.0)
First Margin	267.1	297.1
Services Costs (excl. Out. Manuf.)	(117.7)	(132.9)
Personnel costs	(74.7)	(81.4)
Other operating costs	(4.8)	(5.3)
Increase in tangible assets	0.8	1.3
Bad Debt and other provisions	(1.6)	(2.2)
EBITDA	69.1	76.7
D&A	(18.1)	(20.0)
EBIT	51.0	56.6
Financial expenses	(29.9)	(18.0)
Financial income	25.1	14.8
EBT	46.1	53.4
Income taxes	(13.2)	(16.3)
<i>Tax rate</i>	<i>28.6%</i>	<i>30.5%</i>
Net Income	32.9	37.1
Minority Interest	(0.4)	0.7
Group Net Profit	33.3	36.4



Detailed Balance Sheet & Cash Flow Statement

€ mln

	FY 2015	FY 2016
Trade receivables	45.6	47.2
Inventories	144.0	154.8
Trade payables (-)	(68.8)	(63.4)
Other current assets/(liabilities)	(8.4)	(9.4)
Net Working Capital	112.3	129.3
Intangible assets	31.5	28.8
Tangible assets	101.0	111.3
Financial assets	5.4	5.7
Total Assets	138.0	145.9
Other assets/(liabilities)	2.9	1.7
Net Invested Capital	253.2	276.8
Cash & Cash equivalents (-)	(48.2)	(48.4)
Short term Debt	49.6	59.6
Long term Debt	55.0	39.7
Net Financial Position	56.4	51.0
Shareholders Capital	13.6	13.6
Share-premium Reserve	57.9	57.9
Reserves	85.4	111.0
Group Net Profit	33.3	36.4
Group Equity	190.2	218.9
Minority shareholders	6.5	6.9
Total Equity	196.8	225.9
Total Funds	253.2	276.8

	FY 2015	FY 2016
Net Income	32.9	37.1
D&A	18.1	20.0
Ch. In NWC and other	(15.2)	(12.6)
Cash flow from operations	35.9	44.5
Tangible and intangible investments	(40.1)	(29.6)
Other (investments)/divestments	(0.4)	(1.0)
Cash flow from investments	(40.6)	(30.6)
Dividends	(8.4)	(8.9)
Share capital and reserves increase	0.4	(0.7)
Net change in financial debt	6.1	(6.4)
Total Cash Flow	(6.6)	(2.1)

Decrease in "Trade Payables" related different approach to the declarations of intent which gives rise to VAT exemption for suppliers gives rise to a lower amount receivable from Tax Authorities and a corresponding decrease in trade payables. The lower amount in payables arising from investing activities is due to higher capital expenditure related to works performed on buildings near the closing of the previous year.

The change in "Other net liabilities" is due to the reporting at fair value of derivatives underwritten with the only purpose of hedging the exchange risk on commercial transactions in foreign currency. These derivatives are accounted following the "cash flow hedge" rules, which provide for the fair value to be booked as an asset or liability item on the Balance Sheet (Asset or Liabilities for current financial instruments), with a corresponding balancing reserve in Shareholders'equity to reflect the effective component of the change in fair value of derivatives, which will be reversed through revenues in the income statement at the point when the transaction being hedged is recognised for accounting purposes.



Investor Relations

Significant Shareholdings*

Trust Brunello Cucinelli (Fedone s.r.l.)	57.0%
FMR LLC (Fidelity)	9.9%
Oppenheimer Funds	5.0%
Other	28.1%

* As of the date of this document

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Board of Directors

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





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This presentation may contain 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

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.