



BRUNELLO CUCINELLI

Press release

BRUNELLO CUCINELLI: the Board of Directors has examined sales results for the first 9 months of 2018.

- **Net revenues¹ of €422.1 million, +8.3% at current exchange rates (+10.9% at constant exchange rates) compared to €389.9 million at 30 September 2017;**
- **Sales growth in all markets: Italy +5.5%, Europe +9.7%, North America +3.3% (high single digit growth at constant exchange rates), Greater China +29.2%, Rest of the World +9.5%;**
- **Increase in all distribution channels: retail +6.8%, wholesale monobrand +11.2%, wholesale multibrand +9.5%.**

Brunello Cucinelli, Chairman and CEO, has commented as follows:

“2018 is drawing to a close and - to our immense pleasure – further growth was confirmed in terms of both double-digit revenues and profitability, but also and above all in terms of brand positioning and credibility.”

“The truly very very positive performance of our winter collections and the appreciation displayed for the next summer ones also in terms of order collection lead us to envisage further double-digit increase in 2019.”

“We have just come back from several trips around the world and we are now back with renewed, great confidence in our country. Abroad there is still strong admiration for our culture, our handcrafted products, and our ability to find the best and beautiful side in all things.”

“Maintaining the quality of products that the world expects from us will be increasingly important. This will be the future for our company: preserving the harmony of places and people we are renown for, maintaining the creativity, craftsmanship and exclusivity acknowledged to us by experts and customers, designing fresh, modern and contemporary collections of very high standing, representing the true essence of luxury.”

¹ Accounting standard IFRS 15 (“Revenue from Contracts with Customers”), which became effective on 1 January 2018, requires a different accounting treatment from the past for certain types of contracts for the sale of goods in multibrand spaces managed using the “concession” formula.

The application of this new accounting standard led to an increase in net revenues and operating expenses (rent) by the same amount without any change occurring in the absolute amount for EBITDA, operating income or net income for the period.



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Solomeo, 6 November 2018 - The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector and listed on the Borsa Italiana Electronic Stock Exchange (MTA) – today examined the Group’s sales figures for the first nine months of 2018, prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

CULTURAL STRATEGIC PREMISE

The results achieved in the first nine months of 2018 support our conviction that the **growth path** we have taken will be able to continue to develop in a **sustainable** and **respectful** manner, thanks also to the “**spirit of the places**” in which we live and work, which contributes by determining our direction by means of a clear and precise guide of long-term growth.

We believe that one of the main challenges facing us for the future is to keep this spirit of “**custody**” forever intact, endeavoring to experience it on a daily basis in every business activity and in everyday life in the **Hamlet of Solomeo**.

On 4 September the Hamlet of Solomeo welcomed over 500 journalists from throughout the world, who were presented with the global project for the **recovering of the Hamlet and its periphery**, a project being cared for by the **Brunello and Federica Cucinelli Foundation**, whose primary objective has always been the dignity and beauty of the places in which we live and work to donate it to those who will come after us.

By means of this precious restoration project we have tried to make the Hamlet of **Solomeo** a kind of “**Hamlet of the Spirit**”, where you can live and work in harmony with the Creation. After the restoration work of the small town and its periphery, we built monuments designed for the eternity: **the Theatre**, the secular temple of art, **the Monument**, dedicated to the dignity of man and **the Wine Cellar**, monument of the dignity of the Earth. As **Xenophanes** said: “**All things are from the earth**”.

The results we have achieved confirm the possibility for us to continue to grow with due regard for the economic and moral dignity, as we have always strived to do.

Highly important and prestigious articles in the press go into further detail of our philosophy, as well as the importance of living and working in “**pleasant**” **places**, and we believe that the invitation to share this experience of ours at relevant conferences and events testifies not only to significant value that they encapsulate but also to the willingness and possibility to put capitalism into effect in a polite manner, keeping in first place the moral and economic dignity of the human being.

We received a prestigious invitation to take part in the “**Athens Democracy Forum**”, an important conference organized by the New York Times, where in front of an international audience we discussed the values of the human being, and in particular the “**value of the business linked to the territory in which it operates**”.

Equally prestigious was the invitation to participate at the “**Dreamforce Conference**”, the large convention organized each year in San Francisco by “Salesforce” (the world leader in CRM and cloud-based computing), where in front of a public of 8,000 people Brunello Cucinelli spoke of “**Technology and Human Privacy**” and of how the internet, which we believe to be a gift of the Creation, can co-exist with our need for privacy, calling on the “**great geniuses and new Leonardo of the Silicon Valley**” to have a vision of custodians of the Creation, and hence to think up and implement projects for humanity for the next 2,000 years”.



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WOMEN PRODUCT

The highly positive atmosphere surrounding the brand is highlighted by the rise in sales of the **2018 fall/winter collections** that are achieving very interesting sell-out, and by the orders collection for the **2019 spring/summer collections** which has been completed over the past few weeks.

Of considerable importance was the feedback received from the buyers on the presentation of the 2019 spring/summer collections during the women's fashion week in Milan.

These comments provided confirmation that our offer is representative of a “**contemporary**” and “**modern**” taste through the proposal of **crafted offering** which in one way or another we like to consider as being “**unique**” and “**special**”.

Following the **very very positive** completion of the **summer order collection process**, the international specialist press confirmed its significant interest in our proposal, at the same time taking an extremely affirmative view, finding **collections contemporary** in line with the trends in world fashion while at the same time keeping the **luxury sporting chic** identity that distinguishes our articles.

MEN PRODUCT

Revenues of men's fall/winter collections and the 2019 spring/summer order intake were similarly positive.

Also as far as **men's offering** is concerned, we had the pleasant impression that the **collection** was seen as being **young, refined** and **representative** of Italian taste and Made in Italy products, also and above all thanks to the details and particulars that characterize it.

It is our belief that these aspects are of especial importance for the suit, in the awareness that while casual wear by its nature makes you look younger, the suit needs a fresh cut, contemporary fabrics, special visual merchandising and sales people who know how to direct you, as always acting as friendly advisors.

The “**Solomeo Tailor**” project is also attracting great interest. We started to develop it in the 25 most important and significant boutiques in the world, with the idea of producing **made-to-measure men's suits** where the tailor – young and receptive to the trends of the moment – can recommend the fabric, the fit and the right cut that make the **suit** itself **young and contemporary**.

Sales Analysis

Net revenues at 30 September 2018 reached €422.1 million, increasing by 8.3% at current exchange rates (+10.9% at constant exchange rates) compared to €389.9² million at 30 September 2017. All geographical areas and all distribution channels posted an increase in revenues.

² Revenues at 30 June 2017 have been reclassified in order to provide a consistent comparison with the figures at 30 June 2018, which have been recognized in accordance with IFRS 15. By applying the same accounting standard to revenues at 30 June 2017, sales rise from €243.3 million to €247.2 million.



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Revenues by Geographical Area

Italian market – revenues up by 5.5% to reach €74.4 million compared to €70.6 million at 30 September 2017, representing 17.6% of the total.

The Italian market, very important for the brand image, in particular within the **prêt-à-porter** offering, highlights a positive trend of the revenues, linked to the purchases by local customers and top-end tourism, which is constantly increasing with a significant presence in the leading luxury streets and the main resort localities.

European market – an increase of 9.7% in sales which rose to €127.4 million compared to €116.1 million at 30 September 2017, representing 30.2% of the total.

The solidity of the growth was sustained by the results achieved in all relevant countries, which indicate the constant presence of “traditional” customers, to whom are then added new customers, characterized by their sophisticated taste and the search for “unique” and “special” crafted articles.

There was a positive tourist trend, both as concerns Asian tourists, with an increased presence of Chinese customers, and those arriving from other parts of the world.

North American market – the growth trend continues, with high single digit growth at constant exchange rates and sales rising to €135.7 million at 30 September 2018 compared to Euro 131.3 million at 30 September 2017, an increase of 3.3% at current exchange rates, representing 32.2% of the total.

The allure of the brand, the contemporaneity of the offer, the attention to Visual Merchandising in all the sales spaces and the search for the sharing of the company pillars supported the positive results achieved in both the monobrand and multibrand channels, all of which characterized by special and consolidated relationships with the leading Luxury Department Stores.

Greater China – substantial growth of 29.2%, albeit considering a limited base for comparison; sales reached €38.1 million compared to €29.5 million at 30 September 2017 and represented 9.0% of the total.

The trend in the increase in sales continues thanks to the potential of the market and the offering of a collection, which representative of Made in Italy craftsmanship meets up with the search for “special” articles by the sophisticated Chinese customer in purchases made both at home and abroad, with a focus that seems to be increasing for the “non-logo” offering.

Brunello Cucinelli’s presence remains exclusive in the knowledge of being able to grasp the huge potential offered by the Chinese market in the long term and in a gradual manner, maintaining the brand’s prestige.

Results were positive in all the relevant countries, Mainland China, and in all the distribution channels, with extremely interesting sell-outs and a selective increase in spaces, contributing further to feeding the brand’s allure and meeting the demand of customers who already know “Brunello Cucinelli” and new customers, in particular the “millennials”.



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Rest of the World – sales rose by +9.5%, with revenues reaching €46.6 million compared to €42.6 million for the first nine months of 2017, representing 11.0% of the total.

Solid sales results were achieved in all geographical areas and the various distribution channels, with significant appreciation of our collections both in relation to domestic demand and top-end tourism.

Revenues by Distribution Channel

Retail monobrand channel – an increase in sales of 6.8% which reached €206.1 million compared to €193.0 million at 30 September 2017 and represented 48.8% of the total.

The sales trend confirms the sustainability of like-for-like growth, which benefits from the sell-outs of the 2018 fall/winter collection.

The network consisted of 100 boutiques at 30 September 2018 (94 at 31 December 2017) with two openings in the first nine months of 2018, to which should be added the four conversions to the wholesale monobrand channel concerning the two Singapore boutiques in June and the St. Petersburg and Copenhagen boutiques in July.

Wholesale monobrand channel – sales rose by 11.2% to reach €24.2 million compared to €21.8 million in 2017, representing 5.8% of the total.

The network consisted of 27 boutiques at 30 June 2018 (30 at 31 December 2017), with four conversions to the direct channel and the opening of the prestigious Dubai Mall in the first quarter of 2018.

Wholesale multibrand channel – especially important growth of 9.5% with revenues reaching €191.8 million compared to €175.1 million last year, representing 45.4% of the total.

The trend in significant increases is supported by the sell-outs in the existing spaces, by new spaces assigned to the brand in the Luxury Department Stores, thanks to the solidity of the results and the special relationship created over the years, and by selective entry into new multibrand stores, including those in Continental China.

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. The sales figures included in this release have not been audited.

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



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Brunello Cucinelli S.p.A. is an Italian maison operating in the absolute luxury goods sector; specializing in cashmere it is now one of the most exclusive brands in the international chic **prêt-à-porter** sector, the expression of everyday luxury. Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted net revenues of €503.6 million in 2017 (+10.4% compared to the previous year), of which 83.2% was achieved overseas, and an EBITDA of €87.5 million, up by 11.8% over the normalized EBITDA of 2016, and currently has over 1,600 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 127 monobrand boutiques (100 direct boutiques and 27 monobrand wholesalers) in leading capitals and cities worldwide and in the most exclusive resorts, with a selected presence in approximately 650 selected multibrand stores, including leading luxury department stores.

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