SOLOMEI
AD MCCCXCI

BRUNELLO CUCINELLI

FY 18 Results

March 14th , 2019

Brunello Cucinelli

“2018 has been a year that we have defined as "splendid" in terms of both economic performance and image. It's been the year when we have opened the doors of Solomeo, “the Hamlet of the Spirit”, to over 500 journalists from all over the world who came to visit us to exchange ideas and share values.”

“As for 2019, considering the excellent performance of sales in the first months of the year and the extraordinary results of our order collection for fall/winter, we fell confident in envisaging good growth of around 8% of revenues as well as a healthy profit growth, whereby we keep pursuing our important investments. This year is also the first of our new decade 2019-2028, in which we expect to double our sales and keep working with passion and dedication in harmony with Creation, always believing in our Italy and in the top-notch quality and creativity of the manufacturing heritage that is coveted and sought after by the whole world.”

press release 14th March 2019

Financial Highlights

Net Revenues
€553.0 mln
+8.1% at current exchange rates
+10.7% at constant exchange rates

EBITDA
€95.1 mln
+8.8%

NET PROFIT
Excluding
Patent Box Benefits
€46.0mln
+9.4%

Italian market
+4.2%
sales

Europe
+8.5% sales

North America
+3.9% sales
(high single digit growth at constant exchange rates)

Greater China
+28.6% sales

RoW
+10.6% sales

Retail
+6.3% sales

Wholesale monobrand
+19.4% sales

Wholesale multibrand
+9.1% sales

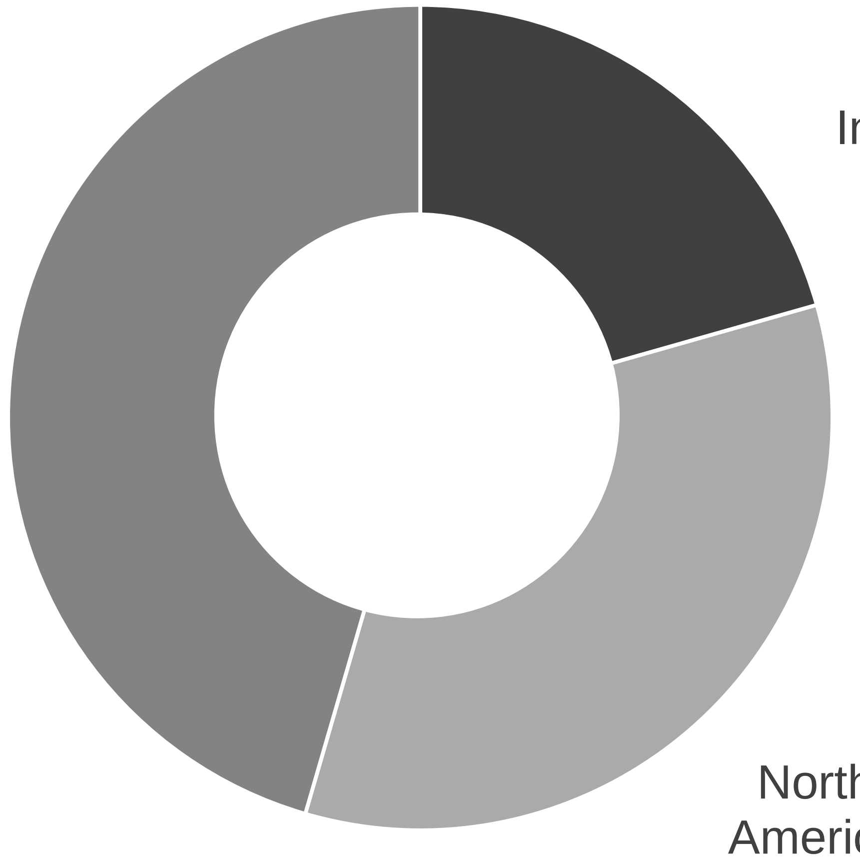
Capex
€45.0 mln

Net Financial Position
€14.5 mln
(€15.7 mln as of Dec. '17)

Dividend
BoD proposing €0.30 dividend equal to 40.2% pay-out ratio (vs. €0.27 dividend last year, equal to 35.9% pay-out ratio)

Revenues by Region

€ mln	FY 17	FY 17 Restated**	FY 18	YoY % Chg
Net Revenues*	503.6	511.7	553.0	**+8.1%**
		Constant exchange rates **+10.7%**		
Italy	84.7	84.7	88.2	+4.2%
Rest of Europe	150.9	150.9	163.7	+8.5%
North America	178.6	180.2	187.2	+3.9% ***
Greater China	42.7	42.7	54.9	+28.6%
RoW	46.7	53.2	59.0	+10.6%

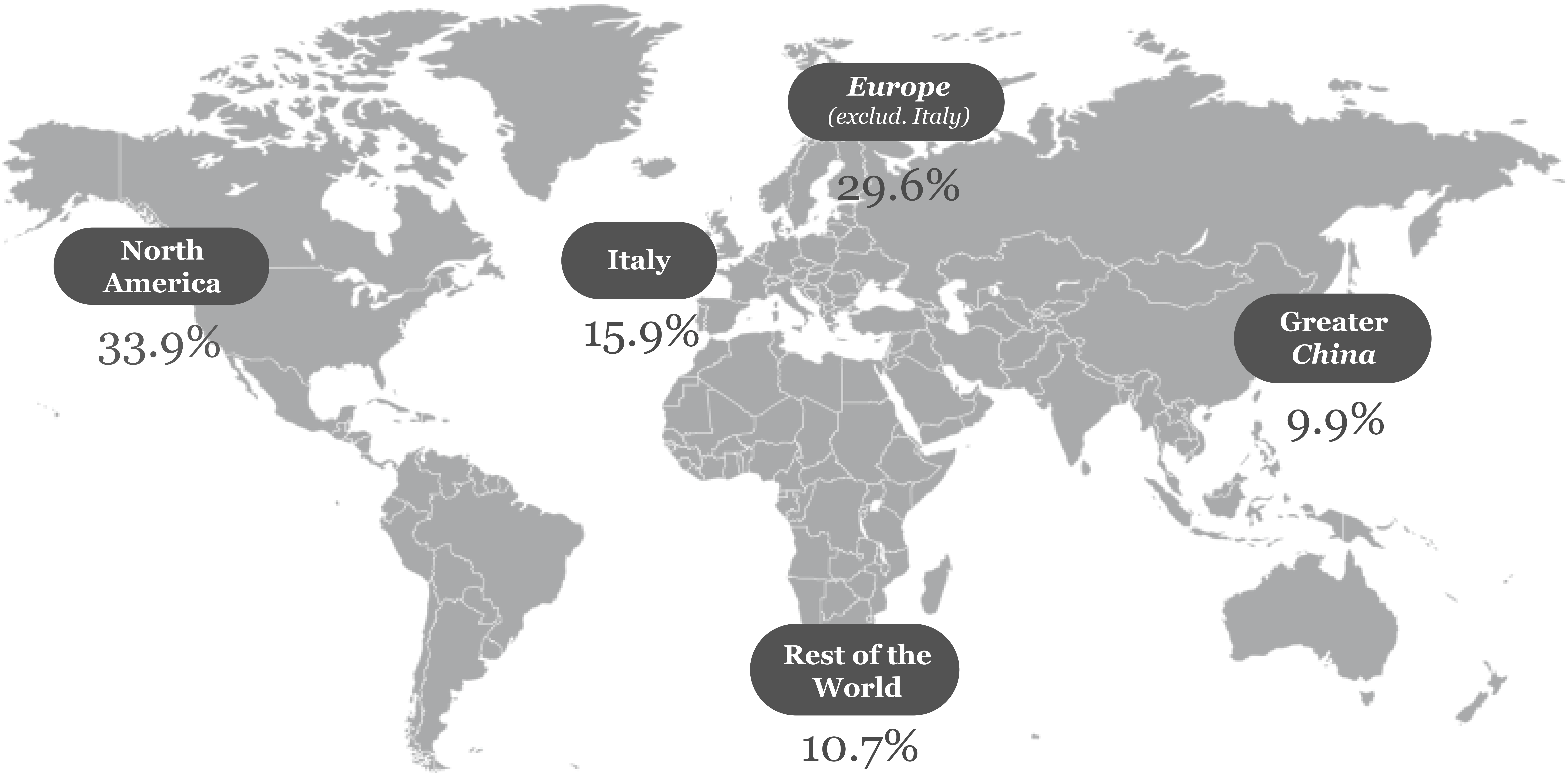


* Since 1st January 2018, the Group introduced methodology to calculate revenues in line with IFRS15

** FY 17 has been restated, in line with IFRS15 methodology, to make an homogeneous comparison with FY 18

*** North America reported high-single digit increase at constant exchange rates

Revenues Breakdown



Revenues Highlights

Italy

Positive performance during the year regarding both local customers and top-end tourism

Chinese clients, who despite only representing a limited portion of sales, indicate a constant progression

Rest of Europe

Solid growth thanks to the results achieved in all the countries supported by domestic and international clients

Brand's strength supported a rising performance

North America

Broadly positive results in the North American market, which we have always approached in the same way as the domestic market, given the profound awareness and allure that the brand has achieved in the area over the years.

The growth in revenues is due to a positive performance in the monobrand and multibrand channels; tourist flows are on the increase, to which should be added a solid rise in local demand

Greater China

Mainland China confirmed the very positive trend of recent months

Revenues rose in both the monobrand channel and the multibrand channels

Current presence, limited and at the same time exclusive, supports the huge growth potential of the Chinese market

Considerable opportunities for business in this market

Rest of the World

Solid results in the Middle East and Japan

Interesting performance in all the other geographical areas where we have a presence

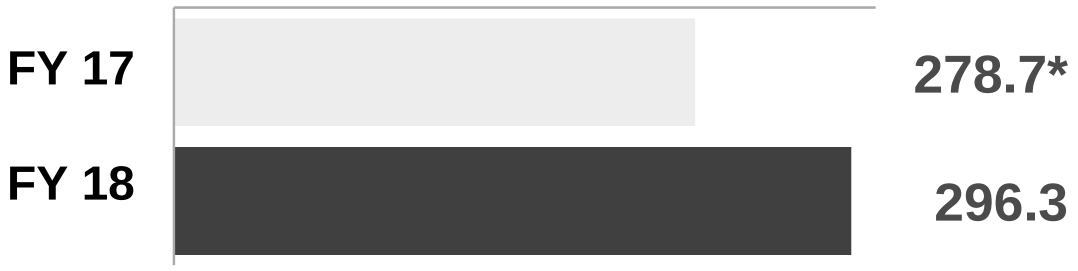
Local demand and demand from top-end tourists point to "healthy" growth

Revenues by Distribution Channel

€ mln

Retail

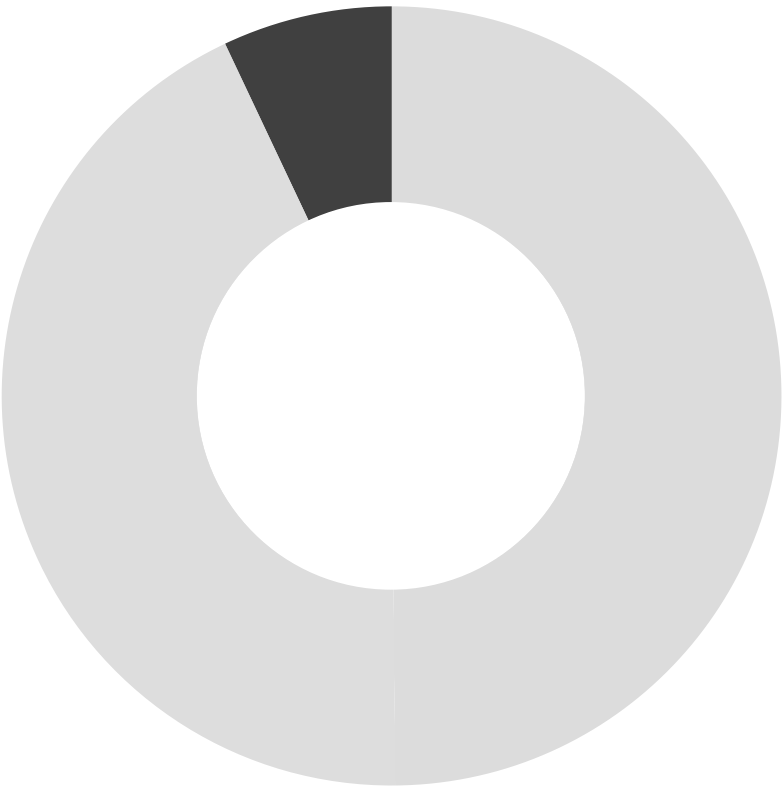
53.6%
on sales

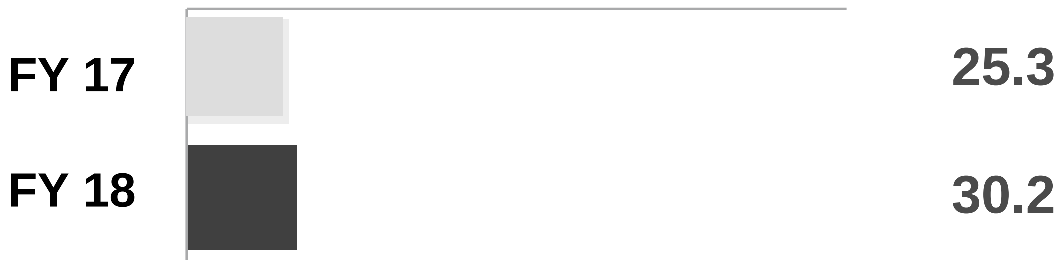


+6.3%

Wholesale Monobrand

5.4%
on sales

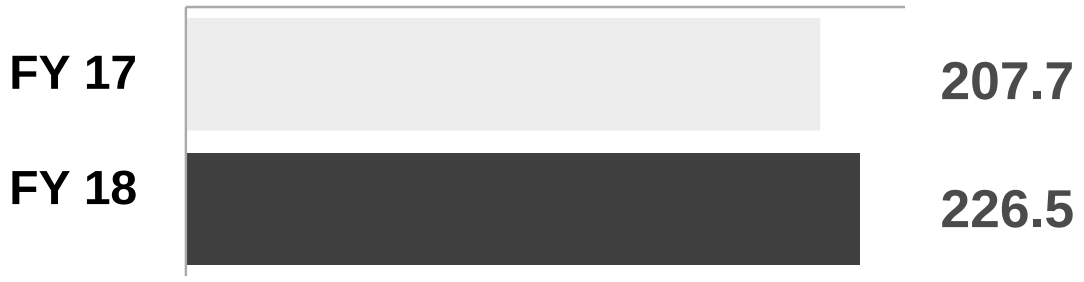




+19.4%

Wholesale Multibrand

41.0%
on sales



+9.1%

* FY 17 revenues reported last year (270.6€ mln) have been restated, applying the same methodology, to make an homogenous comparison with FY 18

Retail & Wholesale Monobrand

Wholesale Monobrand

27 boutiques as of December '18
(30 boutiques as of December '17)

Four wholesale monobrand boutiques converted to the direct channel and 1 new opening

Retail

100 boutiques as of FY 18
(94 boutiques as of December '17)

Selected openings, including 2 new boutique and 4 conversions from wholesale monobrand channel

+3.5% LFL*
between 1st January and 31st December 2018

*Like-for-Like calculated as the worldwide average of sales growth, at constant exchange rates, reported by DOS opened as of 01/01/2017

Wholesale Multibrand

Selected entry into exclusive multibrand stores and Specialty Stores

Positive contribution came from the new spaces dedicated to the brand inside Luxury Department Stores

The overwhelmingly favorable opinion of the specialist press on the presentation of the collections **SS 19** has been confirmed by their performance in the selling spaces, with **positive sell-outs** figures

Very interesting orders intake for both the **FW 19** Men's and Women's collections, already completed for men and close to the end for women

Income Statement

€ mln	FY 2017 Restated *	FY 2018	Ch. %
Net Revenues	**511,7**	**553,0**	*+ 8,1%*
Other operating income	2,1	1,4	*- 31,5%*
Revenues	**513,8**	**554,4**	*+ 7,9%*
First Margin	**338,1**	**365,3**	*+ 8,0%*
%	*65,8%*	*65,9%*	*+ 10 b.p.*
SG&A	-250,6	-270,2	*+ 7,8%*
%	*48,8%*	*48,7%*	*- 10 b.p.*
EBITDA	**87,5**	**95,1**	*+ 8,8%*
%	*17,0%*	*17,2%*	*+ 20 b.p.*
D&A	**-22,8**	**-25,6**	*+ 12,5%*
%	*4,4%*	*4,7%*	*+ 30 b.p.*
EBIT	**64,7**	**69,5**	*+ 7,4%*
Income before taxation	**59,4**	**65,3**	*+ 9,9%*
Net Income	**52,5**	**51,0**	*- 2,7%*
Tax Rate	*11,7%*	*21,8%*	

* Income Statement at 31 December 2017 have been reclassified in order to provide a consistent comparison with the figures at 31 December 2018, which have been recognized in accordance with IFRS 15

The application of the new accounting standard IFRS 15 to FY 2017 led to an increase in net revenues and operating expenses (rent) by the same amount (€8.1 million)

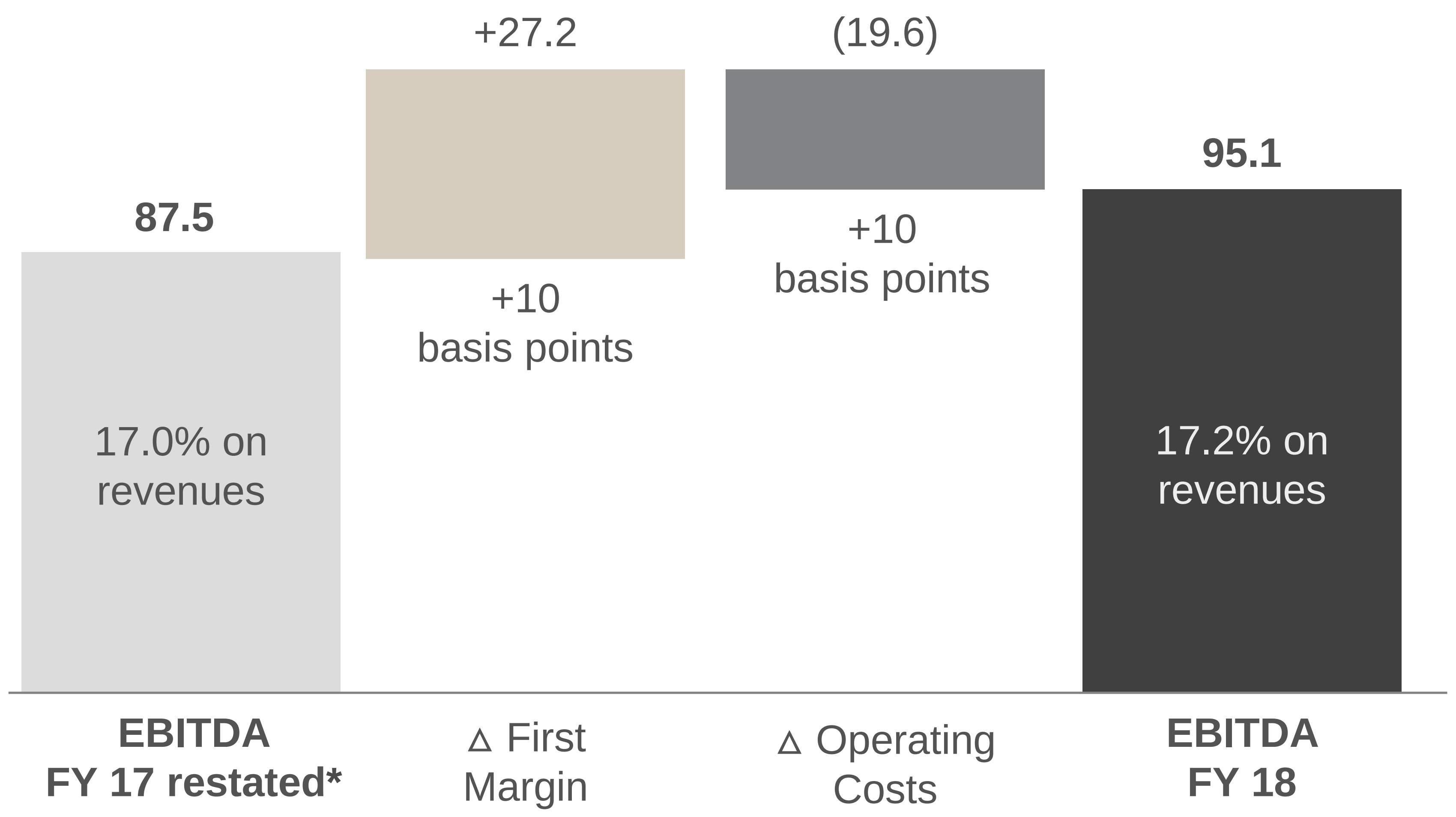
As a result no change occurred in the absolute amounts for EBITDA, operating profit and net profit for FY 17

** Tax relief regime for the benefit of companies generating income through the direct and indirect use of intellectual property rights, patents, trademarks, designs and other intangible asset

	FY 2017	FY 2018	Ch. %
Net Income (excl. Patent Box) **	**42,1**	**46,0**	*+ 9,4%*
Tax Rate	*29,2%*	*29,5%*	

EBITDA & Key Income Statement Analysis

EBITDA Analysis



* Absolute value not affected by IFRS 15, remaining €95.1mln, with profitability moving down from 17.3% to 17.0%

First Margin

- ➢ Business development, LFL increase and very good sell-out positively affected First Margin
- ➢ Channel mix evolution impacted % on sales, with wholesale multibrand revenues increasing from 40.6% to 41.0% of the total

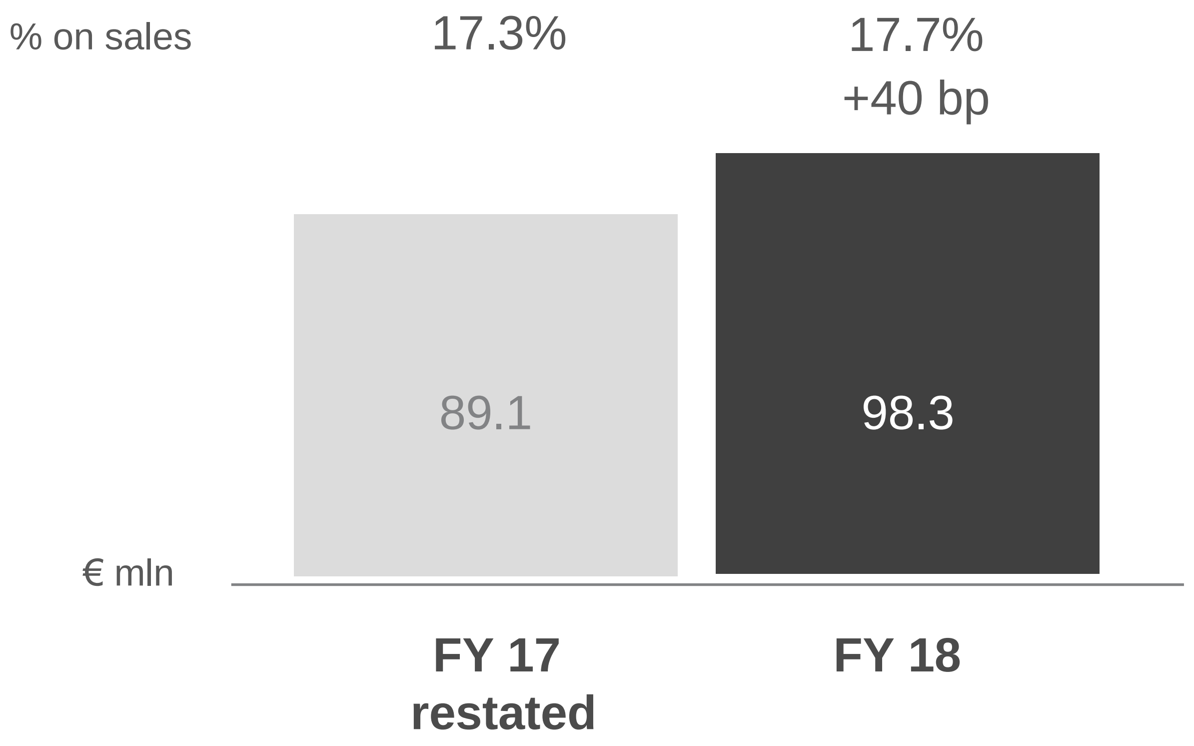
Operating Costs

- ➢ Personnel costs increased +9.3€ mln
  - 2 retail boutiques opening
  - 4 conversions from wholesale monobrand to retail channel
  - Direct management of few new sales points within Luxury Department Stores
  - Strengthening of the central structures especially in the high growth markets and to some internalization processes (sales, research and development activities)
- ➢ Investments in communication up +3.6€ mln from 28.7€ mln (5.6% on sales) to 32.3€ mln (5.8% on sales), to support and protect brand allure and all new initiatives
- ➢ Important cost included in raw materials, personnel costs, operating costs related Research & Development supporting our offering extensions (product mix, market, services), including Digital and Made to Measure Project
- ➢ Cost of rents increased +3.8€ mln, driven by retail network development as well as some enlargements of existing boutiques

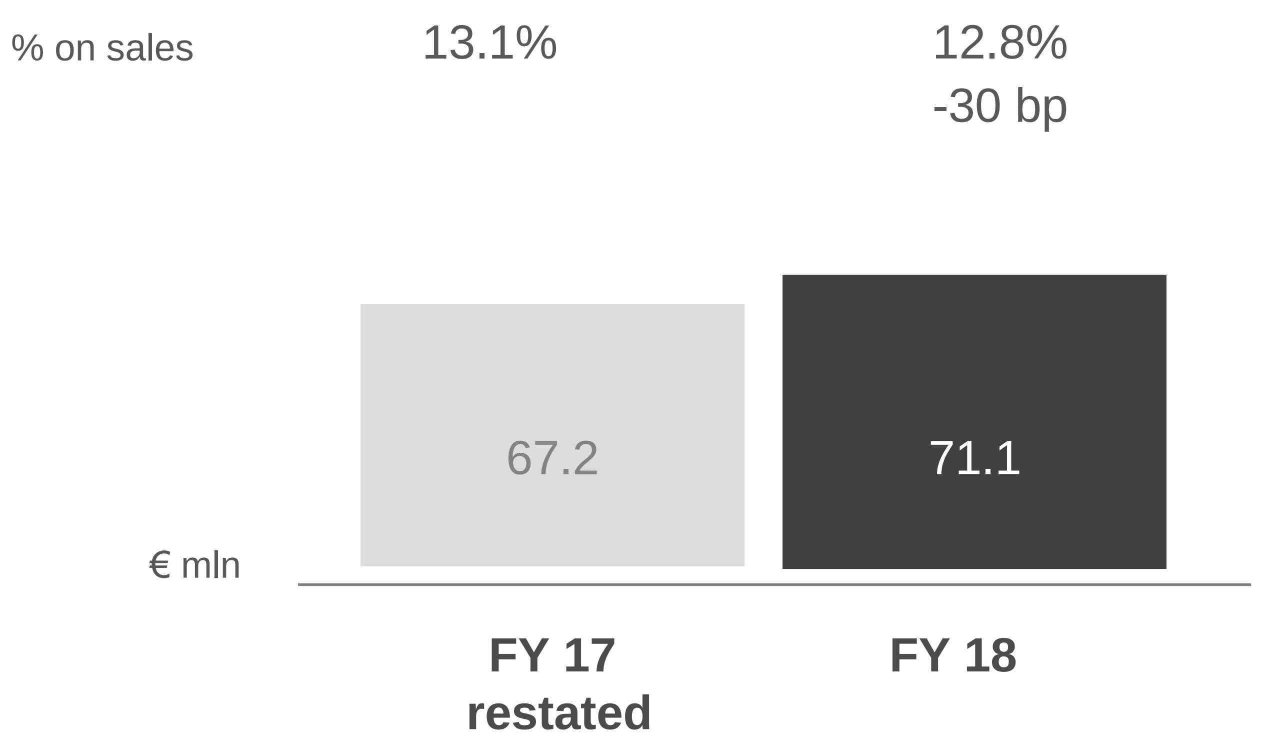
Operating Costs

€ mln

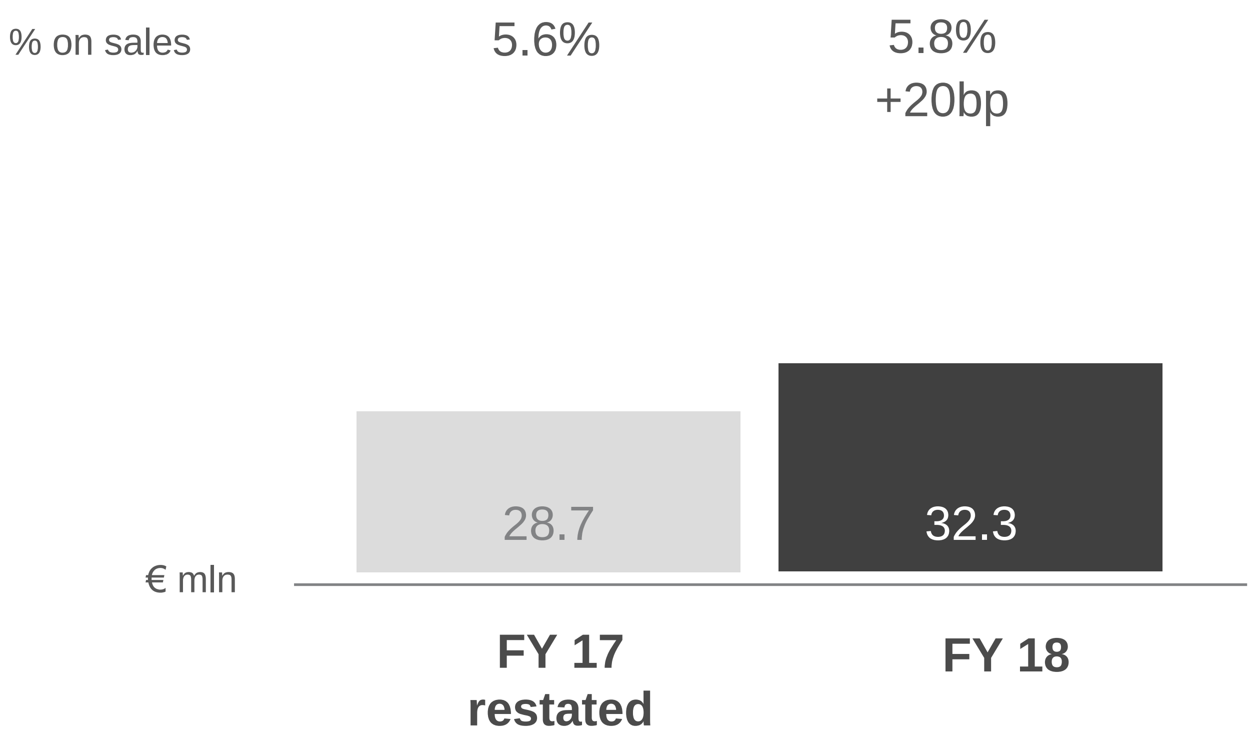
Personnel cost



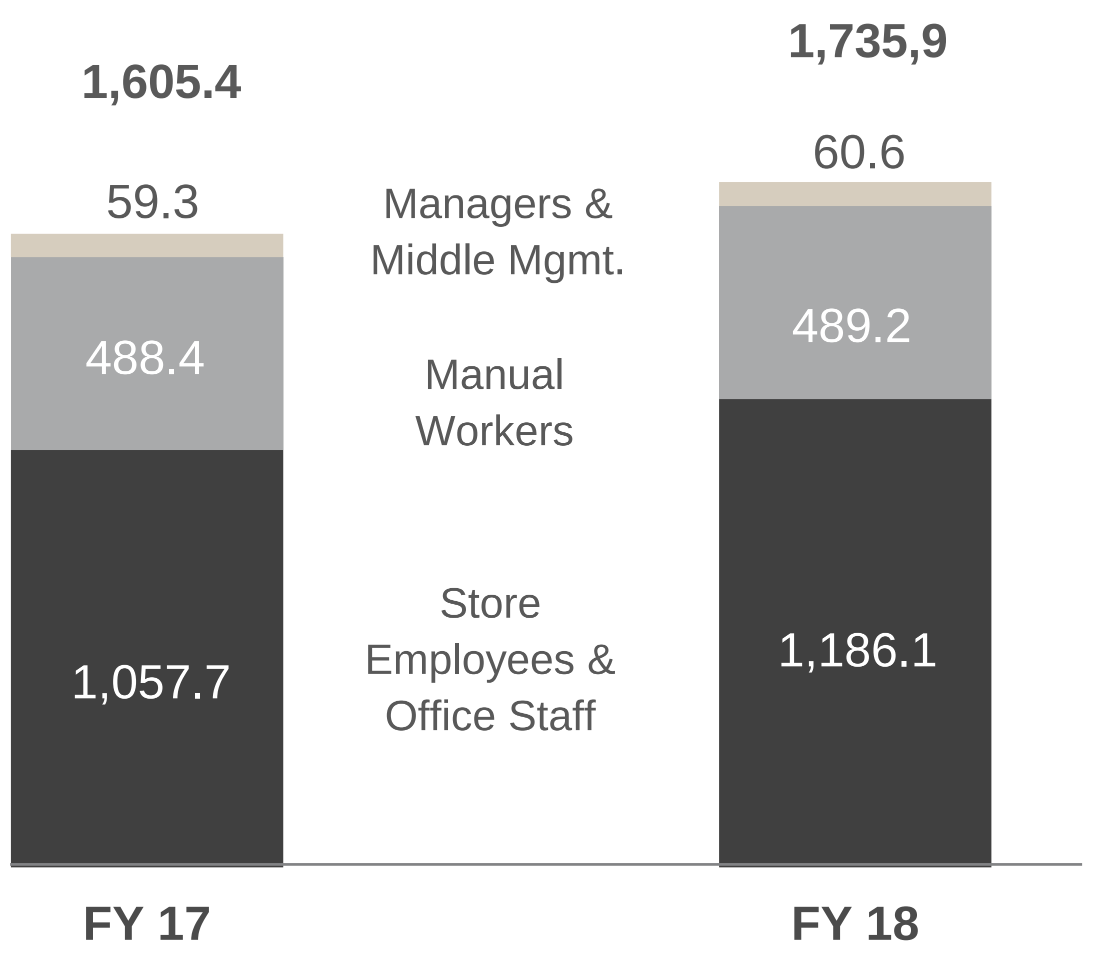
Rent cost



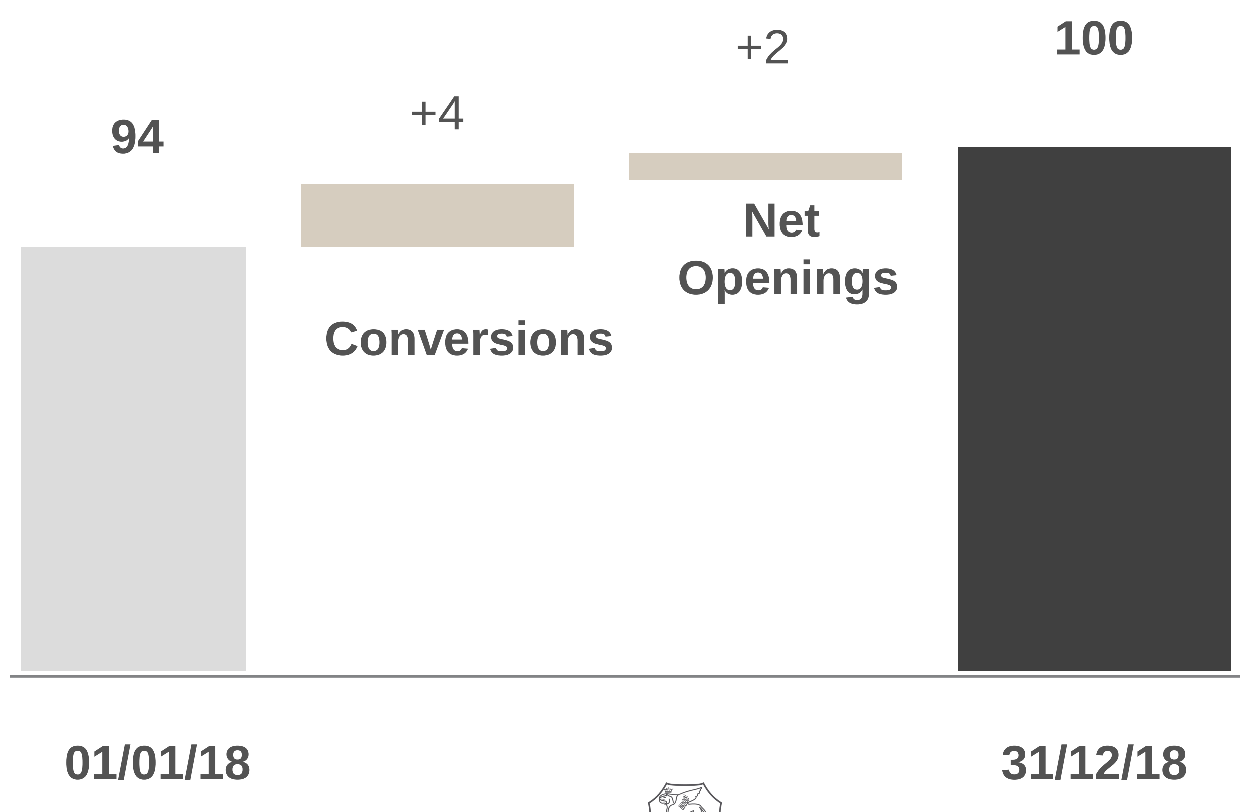
Investments in Communication



Average FTE - Workforce Analysis



DOS Network from 01/01/18 to 31/12/18



Net Working Capital

€ mln

	FY 2017	FY 2018	delta	FY 17
Trade Receivables	45.2	61.4	16.3	45.2
Inventories	152.6	161.8	9.1	152.6
Trade Payables	-65.3	-76.6	-11.3	-65.3
Strict Net Working Capital	**132.6**	**146.6**	14.0	**132.6**
Incidence on Net Revenues	*25.9%*	*26.5%*		*25.9%*
Other Credits/(Debts)	-5.6	-17.2	-11.6	-5.6
Net Working Capital	**127.0**	**129.5**	2.5	**127.0**
Incidence on Net Revenues	*24.8%*	*23.4%*		*24.8%*

- Healthy Trade Receivables management, whit an increase mainly arising from:
  - the rise in the proportion of wholesale multibrand revenues
  - retail sales rise in Luxury Mall and Department Stores, with specific collections days term
  - extension to the former Soviet Union's multibrand partners the same payment conditions we use in established markets

- Inventory incidence on Net Revenues decreased from 29.8% to 29.3%, with absolute value up +9.1€ mln due to exclusive new openings, some conversions to monobrand retail, some existing boutiques' enlargements, new spaces managed in the Luxury Department Stores and business growth in all channels, including Digital activities, affecting the company production level

- Trade Payables growth +11.3€ mln due business developments, new initiatives and significant communication costs, accelerating in the latter part of the year

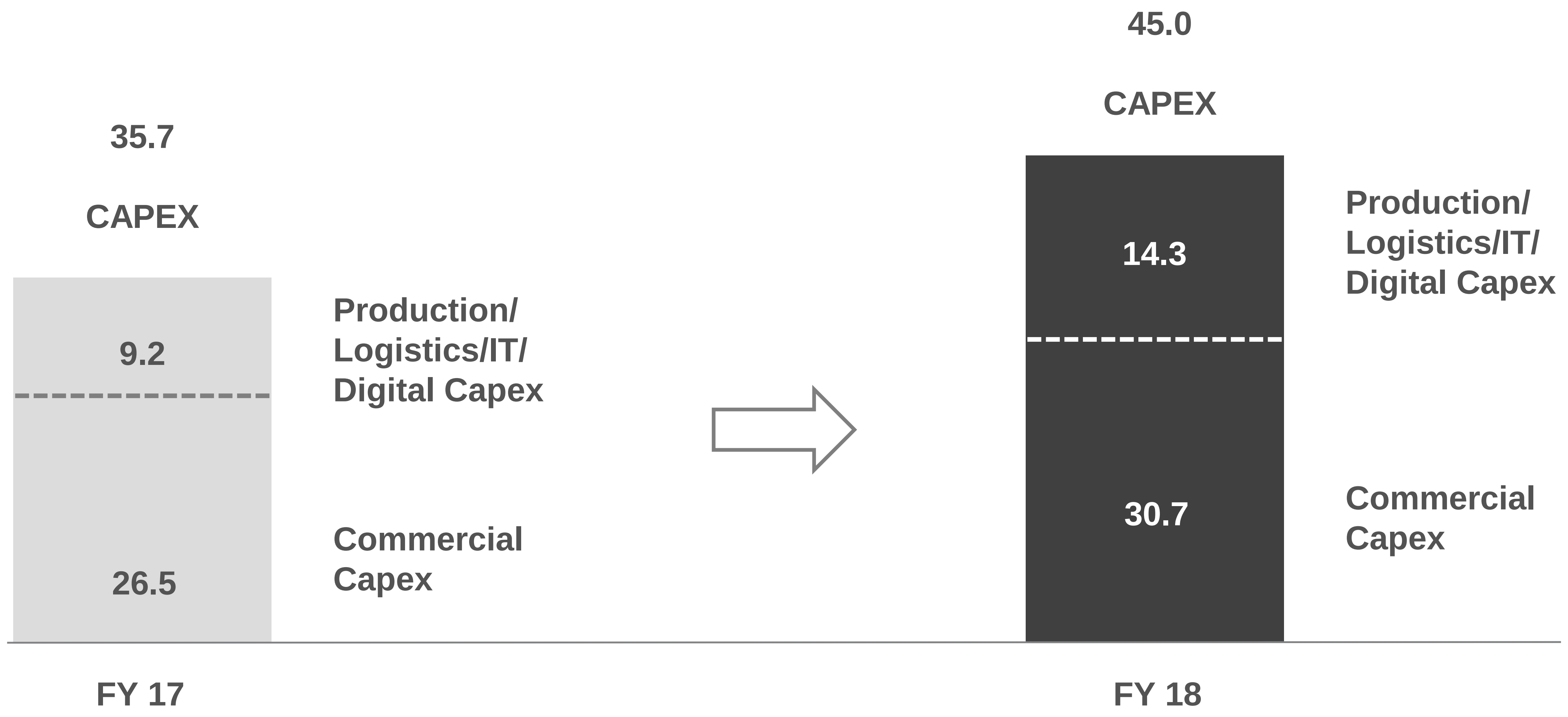
- Other Credits/(Debts)* from -5.6€ mln to -17.2€ mln mainly due to the measurement at fair value of outstanding hedging derivatives

* 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

Investments

€ mln

Keeping the brand image "extremely high" in both the physical and digital channels



Commercial Capex of 30.7€ mln

- Exclusive openings, the enlargement of prestigious boutiques, an increase in selling spaces in Luxury Department Stores and the extension and renovation of showrooms, which we try to keep constantly up-to-date

Production/Logistics/IT/ Digital Capex of 14.3€ mln

- €9.2 million for digital and IT infrastructure, adopting advanced information systems to manage all the technological platforms
- €5.1 million was invested in constant renovation of product facilities which allowed us to make all activities managed with very renewed and state-of-the-art logistics facilities, affecting company production

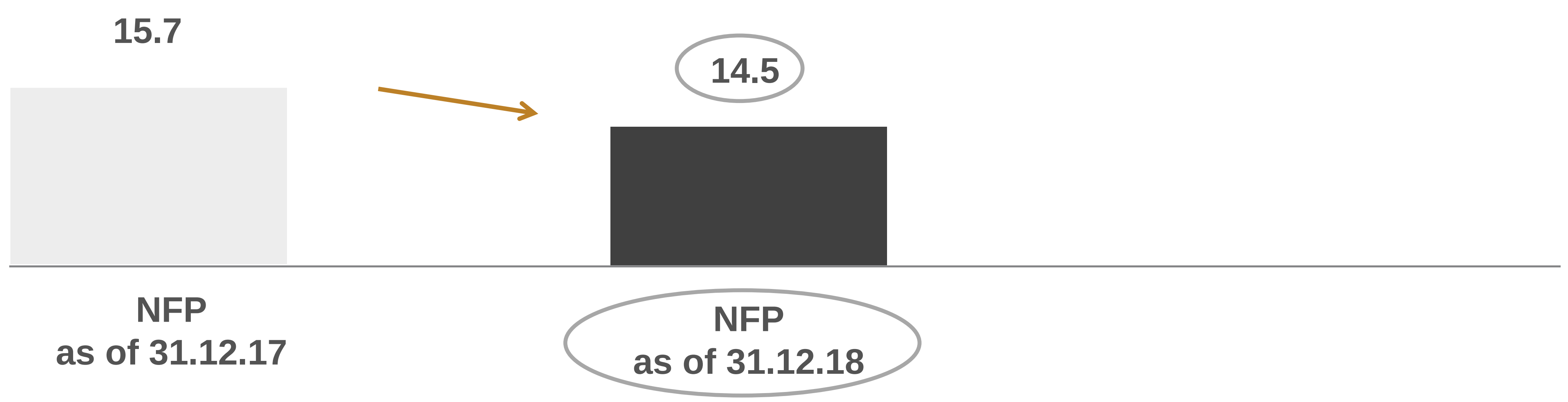
Minority stake investments of 6.5€ mln

- Purchase of residual minority interest* in the Russian subsidiary which now enables the parent company to wholly own the company (compared to the previous 62%)

* Related effects have been recognized in equity reserves in accordance with IFRSs.

Net Financial Position

€ mln



- Healthy balance sheet and net financial position supported our important investment project
- Net debt of €14.5million, slight decreasing compared with €15.7 million previous year
- Positive cash flow generation and NWC management trend, balancing investments in the period
- Dividends payment of €18.4 million
- Minority stake investments of 6.5€ mln to purchase the residual minority interest in the Russian subsidiary

Outlook

Our 40th year of activities was extremely important for us, having now "completed" the first phase of our long-term growth project, doubled our sales in the 7 years following listing in 2012 and exceeded €550 million in revenues.

In this period we have maintained constant double-digit growth in both margins and earnings, constantly seeking the "right profit", the amount that acknowledges the moral and economic dignity of all the human resources who collaborate with the Company, in the desire and with the wish to realize the idea of "humanistic capitalism" that underlies the philosophy of our business.

The strategic decisions taken over these past few years, consistent with the brand's heritage, have further strengthened our positioning at the top of the luxury sector, creating an exclusive lifestyle and preserving a ready-to-wear contemporary, sophisticated and chic identity.

Projecting growth over the next 10 years, with the wish to keep the brand's allure at a maximum and as part of a sustainable growth plan, we would like to double sales again and achieve a healthy profit, one that is always respectful of the human being and the created.

In all these years, from the founding of the business in 1978 and from the first proposal of women's cashmere knitwear, our attention has always been dedicated to safeguarding the brand, with an offer that has progressively extended to the complete female and male ready-to-wear offer to arrive at the creation of a taste and a lifestyle in which customers can identify themselves.

As part of this plan, we continue to invest in initiatives that are consistent with our brand's image and DNA.
We once again invested significant resources in the development of the digital channel in 2018, also by creating new logic bases, and introduced a proposal for the bespoke men's suit. We are very, very satisfied with these projects, in terms of both image and sales, and are also continuing to invest in 2019.

In 2019 we are additionally extending our ready-to-wear offer to the "Child", with dedicated collections that will make their debut in the second half of the year, completing the internal structure supporting a project which saw the start of the research and development phase in 2018.

Our healthy balance sheet and net financial position support this long-term planning, with the serenity and tranquility of being able to continue to invest in the development of our business, imaging that we will continue to invest as a means of always being contemporary and highly modern in our boutiques, our showrooms and in all our technologies, and in the awareness that on the internet everything reaches mass level much more rapidly.

press release 14th March 2019

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FY 18

Annex

Detailed Income Statement

€ mln

	FY 2017 Restated *	FY 2018
Net Revenues	511,7	553,0
Other operating income	2,1	1,4
Revenues	**513,8**	**554,4**
Consumption Costs	(82,9)	(88,1)
Raw Material Cost	(87,2)	(95,4)
Inventories Change	4,3	7,3
Outsourced Manufacturing	(92,8)	(101,1)
First Margin	**338,1**	**365,3**
Services Costs (excl. Out. Manuf.)	(155,7)	(167,2)
Personnel costs	(89,1)	(98,3)
Other operating costs	(5,1)	(5,9)
Increase in tangible assets	1,9	2,5
Bad Debt and other provisions	(2,7)	(1,1)
EBITDA	**87,5**	**95,1**
D&A	(22,8)	(25,6)
EBIT	**64,7**	**69,5**
Financial expenses	(23,5)	(26,3)
Financial income	18,2	22,1
EBT	**59,4**	**65,3**
Income taxes	(6,9)	(14,2)
Tax rate	*11,7%*	*21,8%*
Net Income	**52,5**	**51,0**
Minority Interest	**1,4**	**0,4**
Group Net Profit	51,1	50,7

* Income Statement at 31 December 2017 have been reclassified in order to provide a consistent comparison with the figures at 31 December 2018, which have been recognized in accordance with IFRS 15

Detailed Balance Sheet & Cash Flow Statement

€ mln

	FY 2017	FY 2018
Trade receivables	45,2	61,4
Inventories	152,6	161,8
Trade payables (-)	(65,3)	(76,6)
Other current assets/(liabilities)	(5,6)	(17,2)
Net Working Capital	**127,0**	**129,5**
Goodwill	7,0	7,0
Intangible assets	24,0	31,5
Tangible assets	115,7	126,6
Financial assets	6,3	7,7
Total Assets	**153,0**	**172,8**
Other assets/(liabilities)	(1,1)	(0,4)
Net Invested Capital	**278,9**	**301,9**
Cash & Cash equivalents (-)	(63,0)	(65,6)
Short term Debt	41,3	54,2
Long term Debt	37,3	25,9
Net Financial Position	**15,7**	**14,5**
Shareholders Capital	13,6	13,6
Share-premium Reserve	57,9	57,9
Reserves	136,4	162,5
Group Net Profit	51,1	50,7
Group Equity	**259,0**	**284,7**
Minority shareholders	4,2	2,7
Total Equity	**263,2**	**287,4**
Total Funds	**278,9**	**301,9**

	FY 2017	FY 2018
Net Income	52,5	51,0
D&A	22,8	25,6
Ch. In NWC and other	10,5	(6,5)
Cash flow from operations	**85,7**	**70,1**
Tangible and intangible investments	(27,5)	(43,8)
Other (investments)/divestments	(6,7)	(9,6)
Cash flow from investments	**(34,2)**	**(53,4)**
Dividends	(11,0)	(18,5)
Share capital and reserves increase	(2,9)	(6,7)
Net change in financial debt	(19,2)	1,5
Total Cash Flow	**18,4**	**(7,0)**

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.

FY 2017 restated (IFRS 15)

€ mln

	FY 2017	FY 2017 restated
Net Revenues	**503,6**	**511,7**
Other operating income	2,1	2,1
Revenues	**505,7**	**513,8**
COGS	-175,7	-175,7
First Margin	**330,0**	**338,1**
%	*65,2%*	*65,8%*
SG&A	-242,5	-250,6
%	*48,0%*	*48,8%*
EBITDA	**87,5**	**87,5**
%	*17,3%*	*17,0%*
D&A	**-22,8**	**-22,8**
%	*4,5%*	*4,4%*
EBIT	**64,7**	**64,7**
Income before taxation	**59,4**	**59,4**
Net Income	**52,5**	**52,5**
Tax Rate	*11,7%*	*11,7%*

Net Revenues adjusted, applying IFRS15, move up from €503.6 mln to 511.7€ mln, increasing €8.1 mln

SG&A adjusted, applying IFRS15, move up from €242.5 mln to 250.6€ mln, increasing the same amount (€8.1 mln)

EBITDA (absolute value) not affected by IFRS 15, remaining €87.5 mln

EBITDA Profitability moves down from 17.3% to 17.0%.

	FY 2017	FY 2017 restated
Net Income (FY 2017 excl. Patent Box)	**42,1**	**42,1**
Tax Rate	*29,2%*	*29,2%*

Investor Relations

Significant Shareholdings*

Trust Brunello Cucinelli (Fedone s.r.l.)	51.0%
FMR LLC (Fidelity)	10.0%
Oppenheimer Funds	4.9%
Other	34.1%

** As of the date of this document based on Consob major shareholdings disclosures*

Investor Relations & Corporate Planning Director

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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
Carolina Cucinelli	Director
Andrea Pontremoli	Lead Independent Director
Candice Koo	Independent Director
Matteo Marzotto	Independent Director
Massimo Bergami	Independent Director

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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.