BRUNELLO CUCINELLI

1H 19 Results

August 28th , 2019

Brunello Cucinelli

We are fully satisfied with our first half results, in terms of both financial performance and the brand's image and buoyancy; we like to be identified as a made in Italy ready-to-wear luxury brand. Since it is the end of August, we can very serenely and confidently envisage a particularly positive 2019 with revenues increasing in line with our long-term expectations: 8% annual growth resulting in double sales over the next 10 years - along with a more than proportional increase of EBITDA, with healthy and rising profits.

The feedback following the order intake for the new Spring Summer 2020 men's collection as well as the first kidswear collection has been very very positive; the latter is a great project we have put a lot of trust and energy in. The order intake for the Spring Summer 2020 women's collection has been just as good, and it is drawing to a close. The current taste of the market, a very important element, is becoming very similar to ours.

We keep claiming the importance of investments to support the brand; the above strengthens our well-founded optimist for 2020 too, when we expect further growth in revenues and profit in line with our long-term guidance.

press release 28th August 2019

Financial Highlights*

Net Revenues
€291.4 mln
+8.1% at current exchange rates
+7.2% at constant exchange rates

EBITDA
€49.9 mln
17.1% on sales

NET PROFIT **
€22.8mln
7.8% on sales
** excluding Patent Box Benefits

Italian market
+1.1% sales

Europe
+9.7% sales

China +15.9% sales

North America
+9.0% sales

RoW
+5.3% sales

Retail
+12.0% sales

Wholesale monobrand
+1.7% sales***

Wholesale multibrand
+6.5% sales

Capex
€18.8 mln

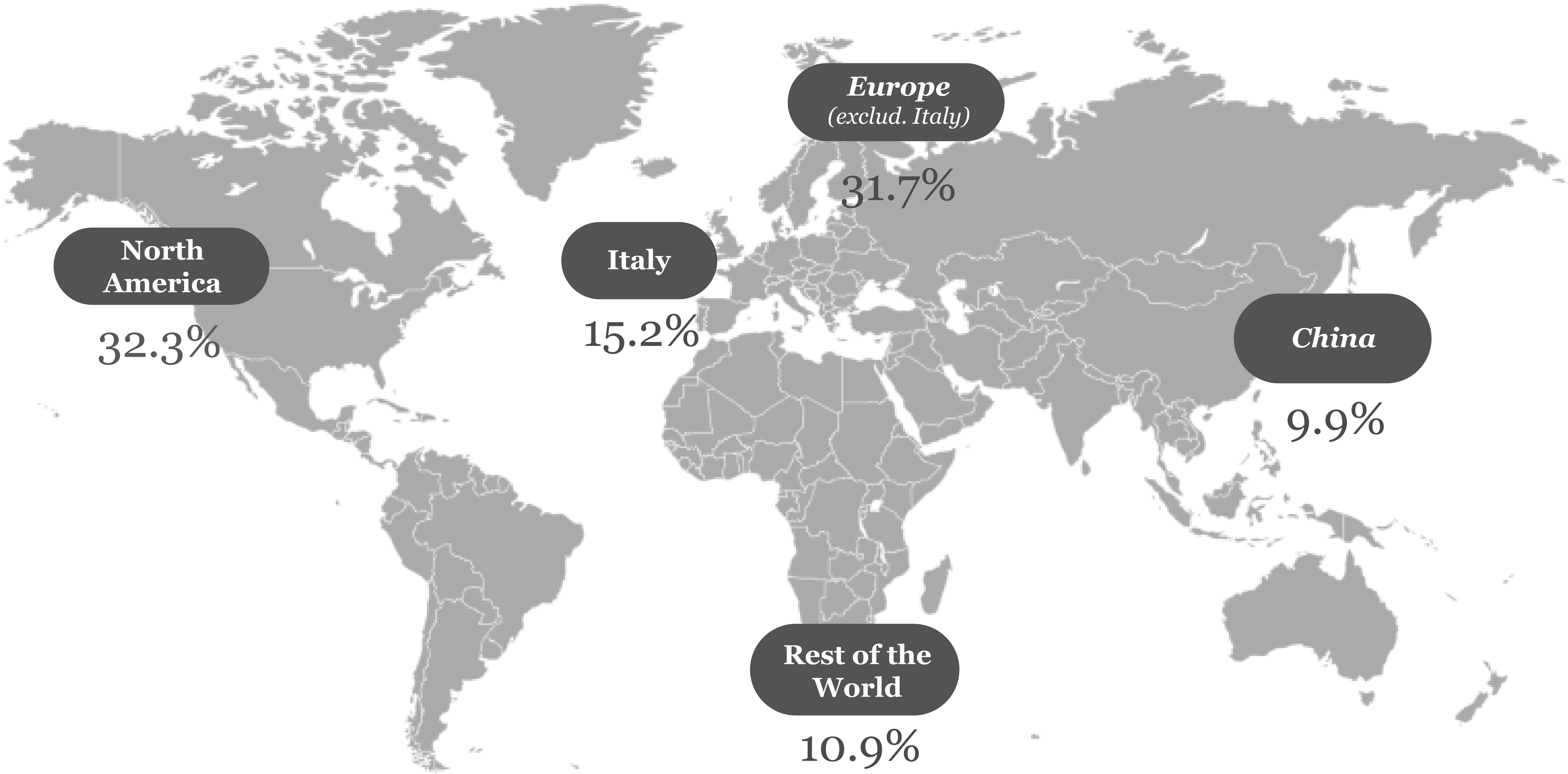
Net Financial Position
€46.6 mln
(€44.0 mln as of June '18)

* Considering that 2019 is the first year of implementation of IFRS 16 accounting principle, 1H 19 results are commented excluding the impacts of IFRS 16 in order to maintain a homogeneous basis of comparison with the corresponding period in 2018. First half results including the impact of the new IFR 16 accounting principle have been analysed and compared in the Appendix
*** Homogeneous performance excluding the contribution made by the sales of the 4 wholesale monobrand boutiques (the 2 boutiques in Singapore and those in St. Petersburg and Copenhagen) which were converted to direct operations in 2018 (the book result reports a fall of 7.9%).

Revenues by Region

€ mln	1H 18	1H 19	YoY % Chg
Net Revenues	269.5	291.4	**+8.1%**
	Constant exchange rates **+7.2%**		
Italy	43.8	44.3	+1.1%
Rest of Europe	84.2	92.4	+9.7%
North America	86.3	94.1	+9.0%
China	24.8	28.8	+15.9%
RoW	30.2	31.8	+5.3%

Revenues Breakdown



Revenues Highlights

Italy

The Italian market confirmed its importance in terms of taste, providing a better vision of national and international "sentiment" in terms of business and taste

Rest of Europe

To keep spaces modern we assign the utmost strategic importance to Visual Merchandising

Floor area of our boutiques must be of the order of 400-450 square meters for our flagship stores and 250-300 square meters for those in the major luxury cities

North America

Consistency of local demand and top-end tourism in both the monobrand and multibrand channels

Increasingly marked difference between the "absolute luxury" offer and the "accessible luxury" offer, and that the clear distinction is causing Luxury Department Stores to assign increasing room to the most exclusive luxury sector to capture the top-end customer

China

Targeting growth potential maintaining our presence "exclusive", both in terms of distribution and with respect to the relationship with Chinese customer.

Highly structured local team in which almost all the collaborators are of Chinese extraction, helping us daily to understand the culture of this great country

Rest of the World

Solid performance in all the Group's markets, including South Korea and Japan, with the perception that the international customer is increasingly attracted by Made in Italy items

Clients looking for the typically Italian way of life, whose charm contributes the significant love for this country and its culture

Revenues by Distribution Channel

€ mln

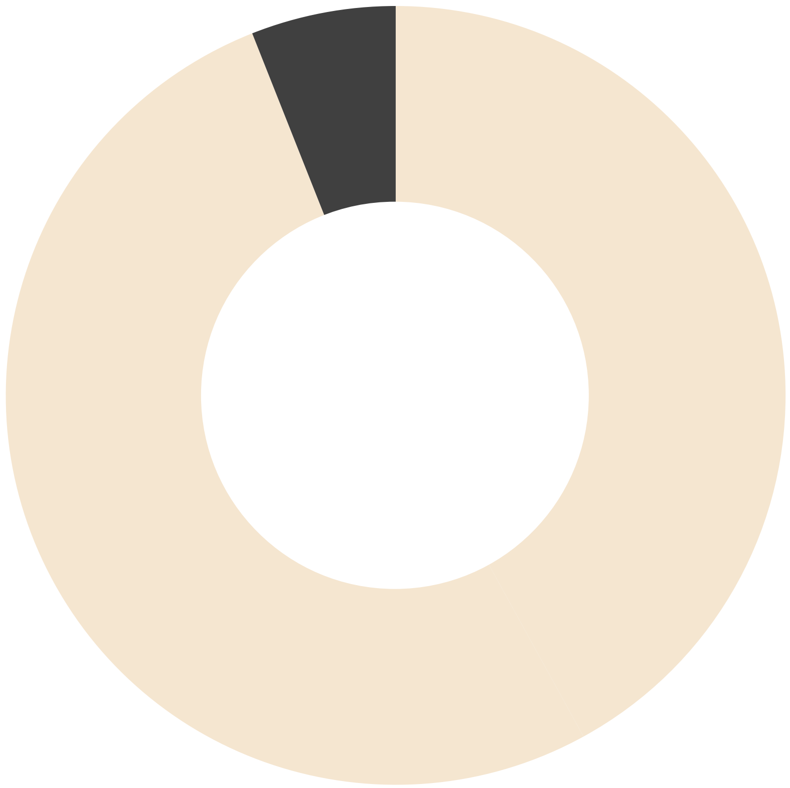
Retail Monobrand

51.5%
on sales

	1H 18	1H 19	YoY % Chg
Retail Monobrand	133.9	149.9	+12.0%

Wholesale Monobrand

6.2%
on sales



	1H 18	1H 19	YoY % Chg
Wholesale Monobrand	19.8	18.2	-7.9%

Adjusted*			
Wholesale Monobrand	17.9	18.2	+1.7%

Wholesale Multibrand

42.3%
on sales

	1H 18	1H 19	YoY % Chg
Wholesale Multibrand	115.8	123.3	+6.5%

* Wholesale Monobrand Revenues as of 30/06/2018, excluding sales related 4 physical boutiques converted into direct channel in FY 2018

Retail & Wholesale Monobrand

Retail

102 boutiques as of June ‘19

(97 boutiques as of June ‘18);

3 new boutique and 2 conversions from wholesale monobrand channel

+3.7% LFL*

between 1st January and 30th June 2019

*Like-for-Like calculated as the worldwide average of sales growth, at constant exchange rates, reported by DOS opened as of 01/01/2018

Wholesale Monobrand

28 boutiques as of June ’19

(29 boutiques as of June ‘18)

2 wholesale monobrand boutiques converted to the direct channel and 1 new openings

Wholesale Multibrand

Special relationships with the world's multibrands, of high esteem and of mutual respect", supporting the very positive growth performance in this channel, together with the customer's appreciation of the collections

We consider multibrand the high "judge" of the collections, the only one who can tell you whether the taste of the collections is contemporary

2019 fall/winter sell-out very interesting, confirming the highly positive feedback and positive orders' collection trend

2020 spring/summer orders showing very positive trend, both for men's and new kid's collection, already completed, as well as for women's collections, started very well

Income Statement

€ mln

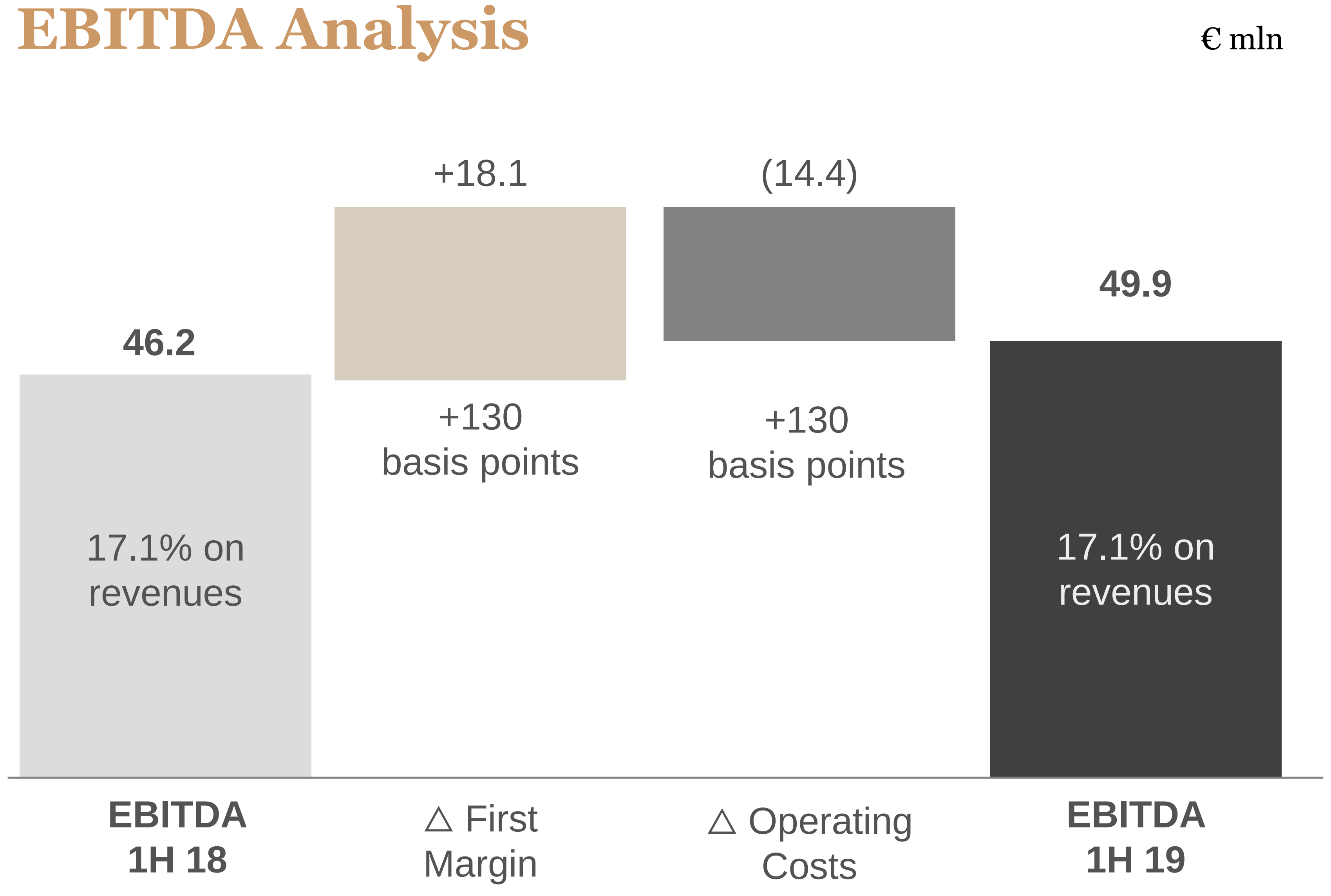
	1H 2018	1H 2019 ex-IFRS 16	Ch. %
Net Revenues	**269,5**	**291,4**	+ 8,1%
Other operating income	0,6	0,6	- 5,8%
Revenues	**270,1**	**292,0**	+ 8,1%
First Margin	**176,3**	**194,4**	+ 10,2%
%	*65,3%*	*66,6%*	+ 130 b.p.
SG&A	-130,1	-144,5	+ 11,1%
%	*48,2%*	*49,5%*	+ 130 b.p.
EBITDA	**46,2**	**49,9**	+ 7,9%
%	*17,1%*	*17,1%*	+ 0 b.p.
D&A	**-11,8**	**-13,9**	+ 18,2%
%	*4,4%*	*4,8%*	+ 40 b.p.
EBIT	**34,4**	**35,9**	+ 4,3%
Income before taxation	**33,2**	**33,0**	- 0,6%
Net Income	**25,8**	**25,3**	- 2,0%
Tax Rate	*22,4%*	*23,5%*	

* 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. This was equal to € 2.5 mln as of 06/30/2019 and to € 2.0 mln as of 06/30/2018. The tax relief for the full year 2018 has been equal to € 5.0 mln.

	1H 2018	1H 2019 ex-IFRS 16	Ch. %
Net Income (excl. Patent Box) *	**23,8**	**22,8**	- 4,3%
Tax Rate	*28,5%*	*31,1%*	

EBITDA & Key Income Statement Analysis

EBITDA Analysis



First Margin

- Business development, LFL increase and very good sell-out positively affected First Margin
- First Margin incidence on sales positively impacted by channel mix evolution, with retail sales increasing from 49.7% to 51.5% of the total

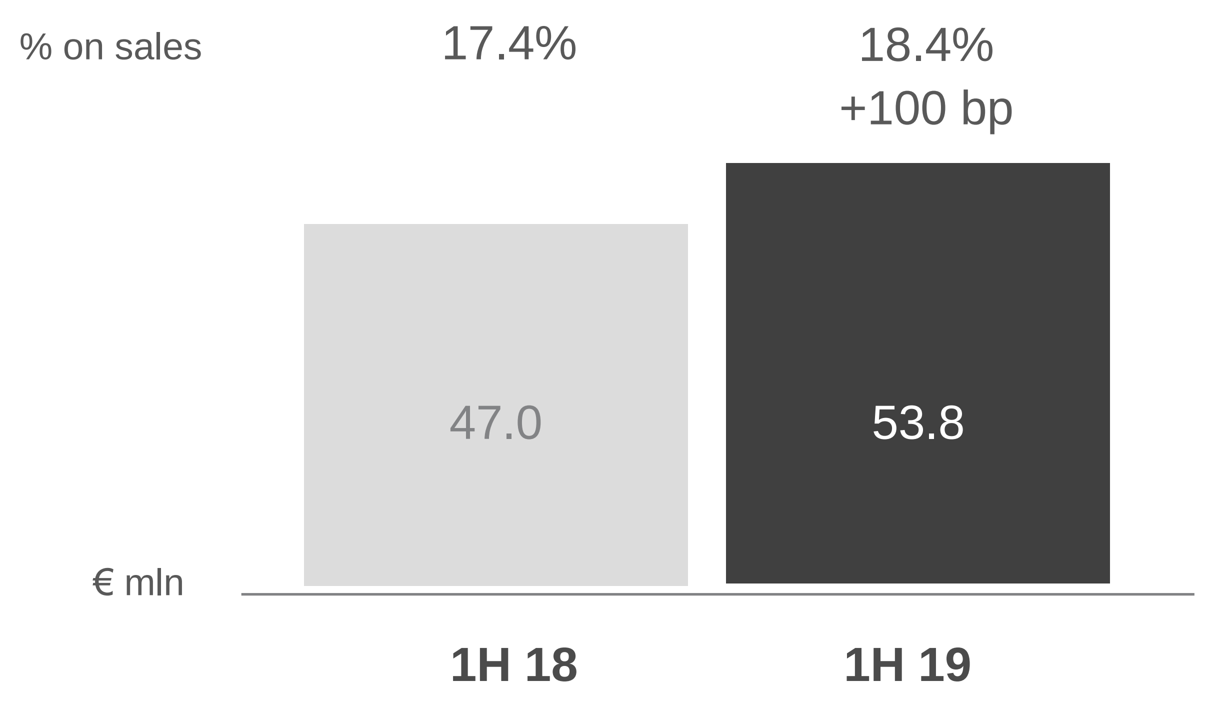
Operating Costs

- Operating Costs increase related business and network development, higher incidence of retail sales on total, investments to support communication activities and new initiatives, including kids collections, made to measure project, digital projects
- Personnel costs increased +6.8€ mln
  - Store network development: 3 retail boutiques opening and 2 conversions from wholesale monobrand to retail channel
  - Direct management of 5 new sales points within Luxury Department Stores
- Investments in communication increase +1.5€ mln to protect brand allure and supporting all new initiatives
- Cost of rents increased +5.6€ mln, affected by retail network development and some existing boutiques' enlargements

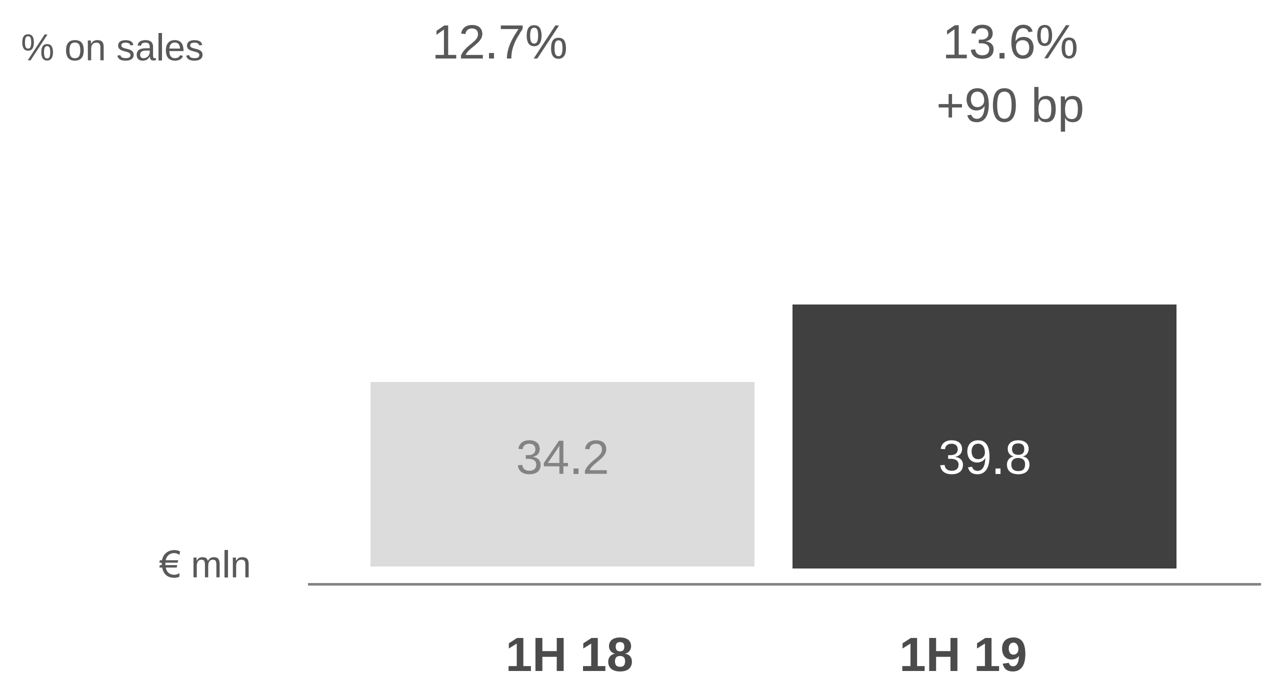
Operating Costs

€ mln

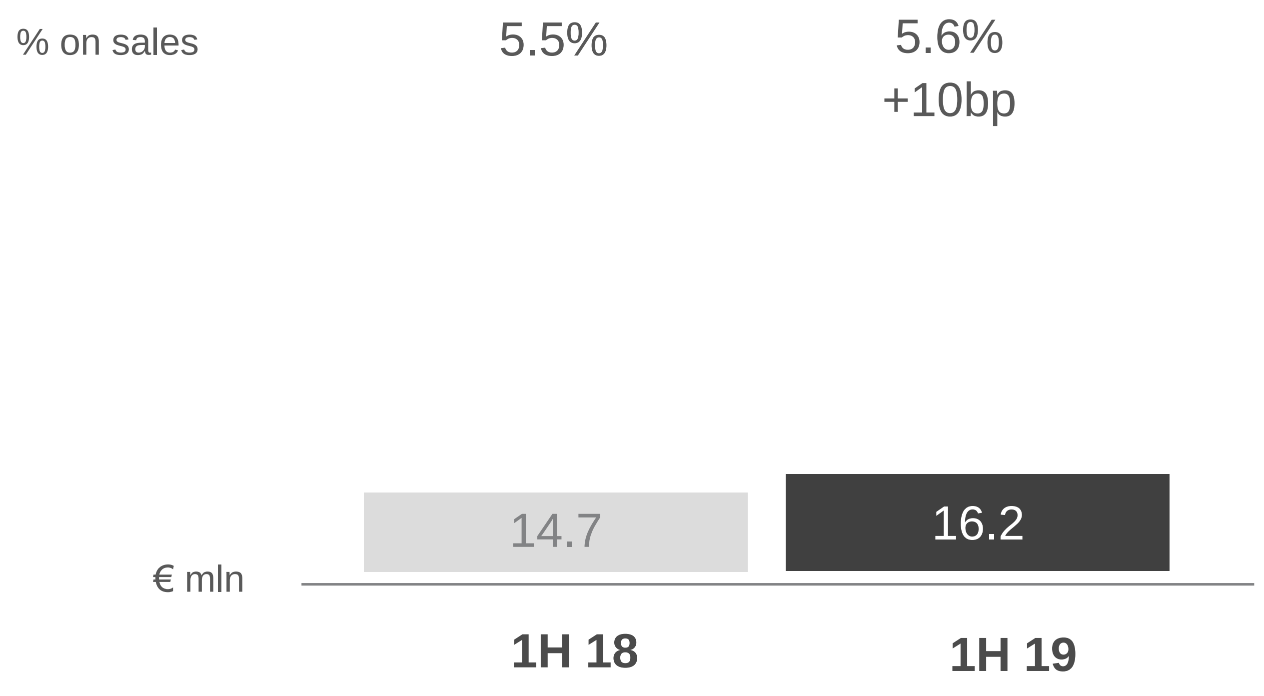
Personnel cost



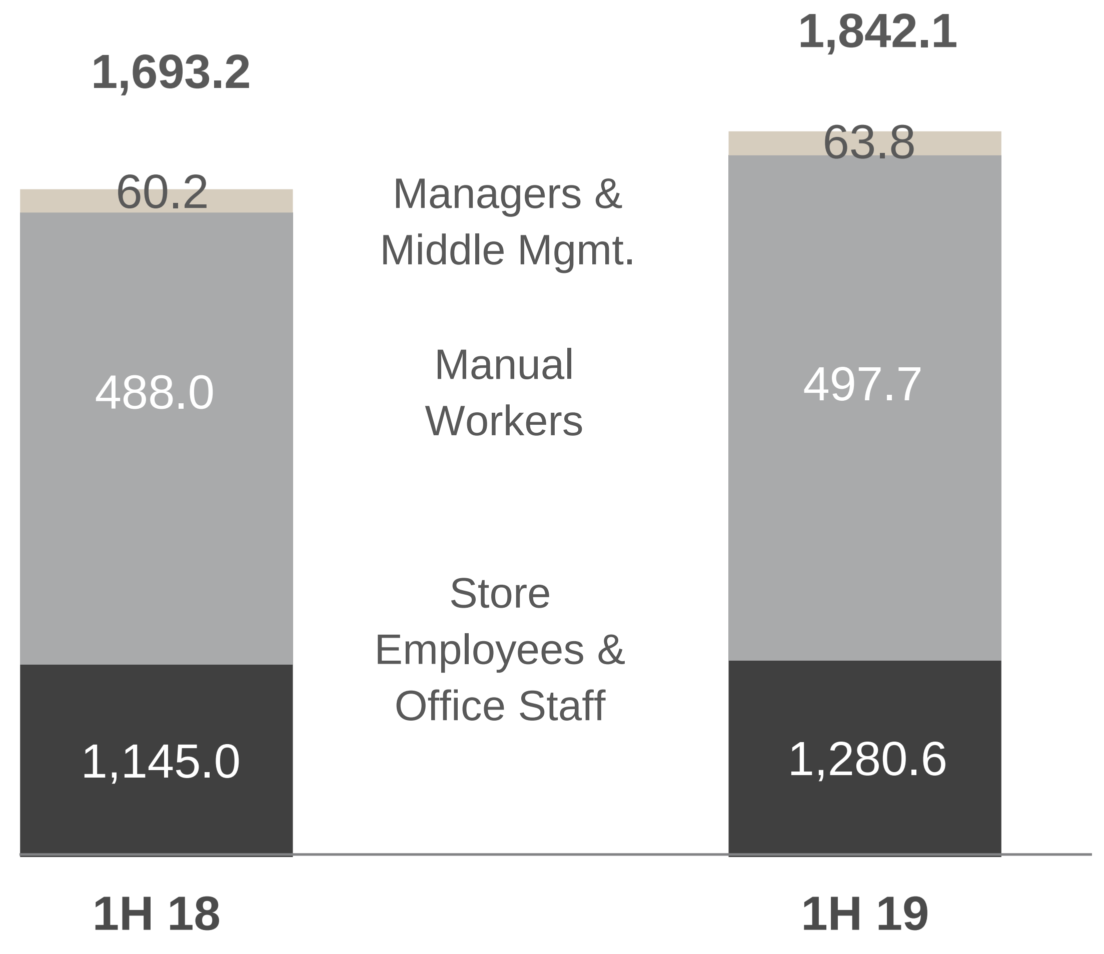
Rent cost



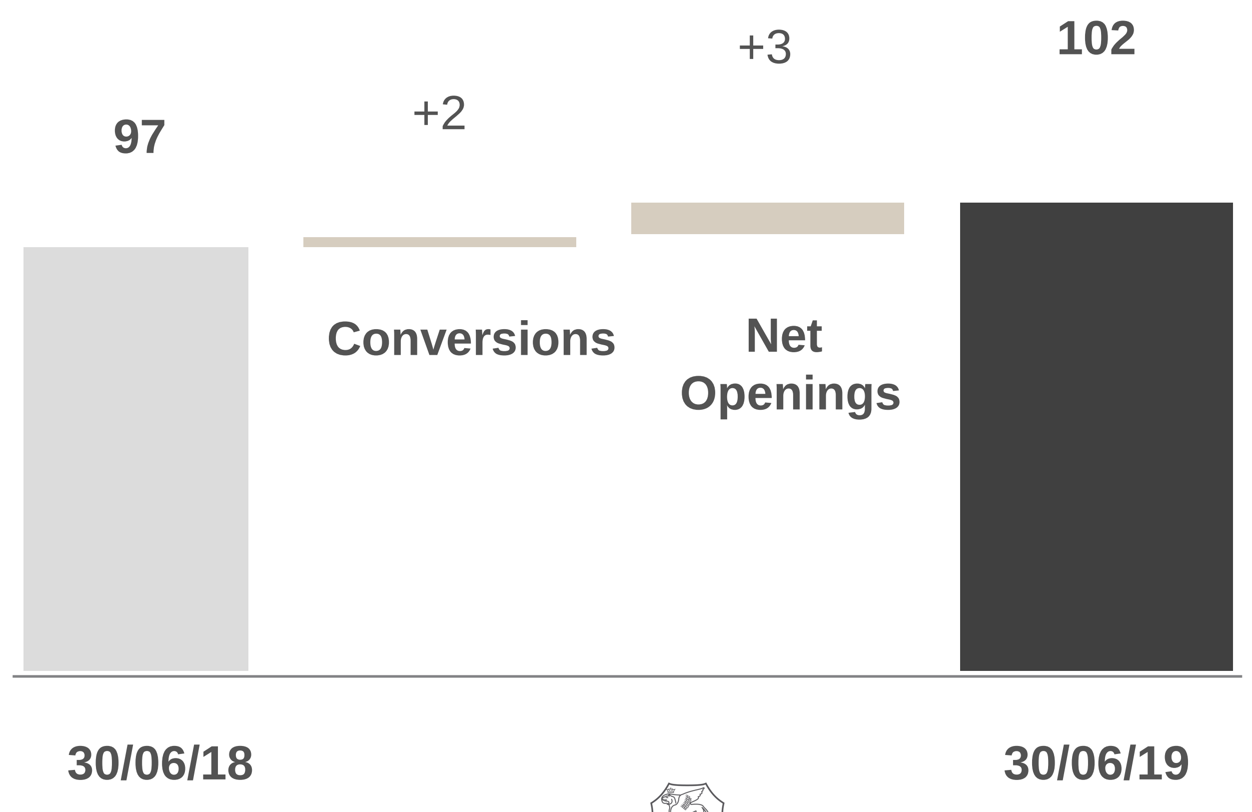
Investments in Communication



Average FTE - Workforce Analysis



DOS Network from 30/06/18 to 30/06/19



Net Working Capital

€ mln

	1H 2018	1H 2019 ex-IFRS 16	*delta*	FY 18
Trade Receivables	64,0	79,9	15,9	61,4
Inventories	161,5	179,8	18,3	161,8
Trade Payables	-69,8	-79,7	-10,0	-76,6
Strict Net Working Capital	**155,8**	**180,1**	24,3	**146,6**
Incidence on 12 months rolling Net Revenues	*29,2%*	*31,3%*		*26,5%*
Other Credits/(Debts)	-17,8	-19,8	-2,0	-17,2
Net Working Capital	**137,9**	**160,3**	22,4	**129,5**
Incidence on 12 months rolling Net Revenues	*25,8%*	*27,9%*		*23,4%*

- Inventory increase (incidence from 30.2% to 31.3%) related new openings, some conversions to monobrand retail and boutiques' enlargements, new spaces managed in the Luxury Department Stores and production to support new initiatives, including kids collections, Made to Measure and Digital Projects

- Healthy Trade Receivables management, with related growth (incidence from 12.0% to 13.9%) driven by wholesale business development and increasing sales retail in Luxury Mall and Department Stores, with specific collections days term

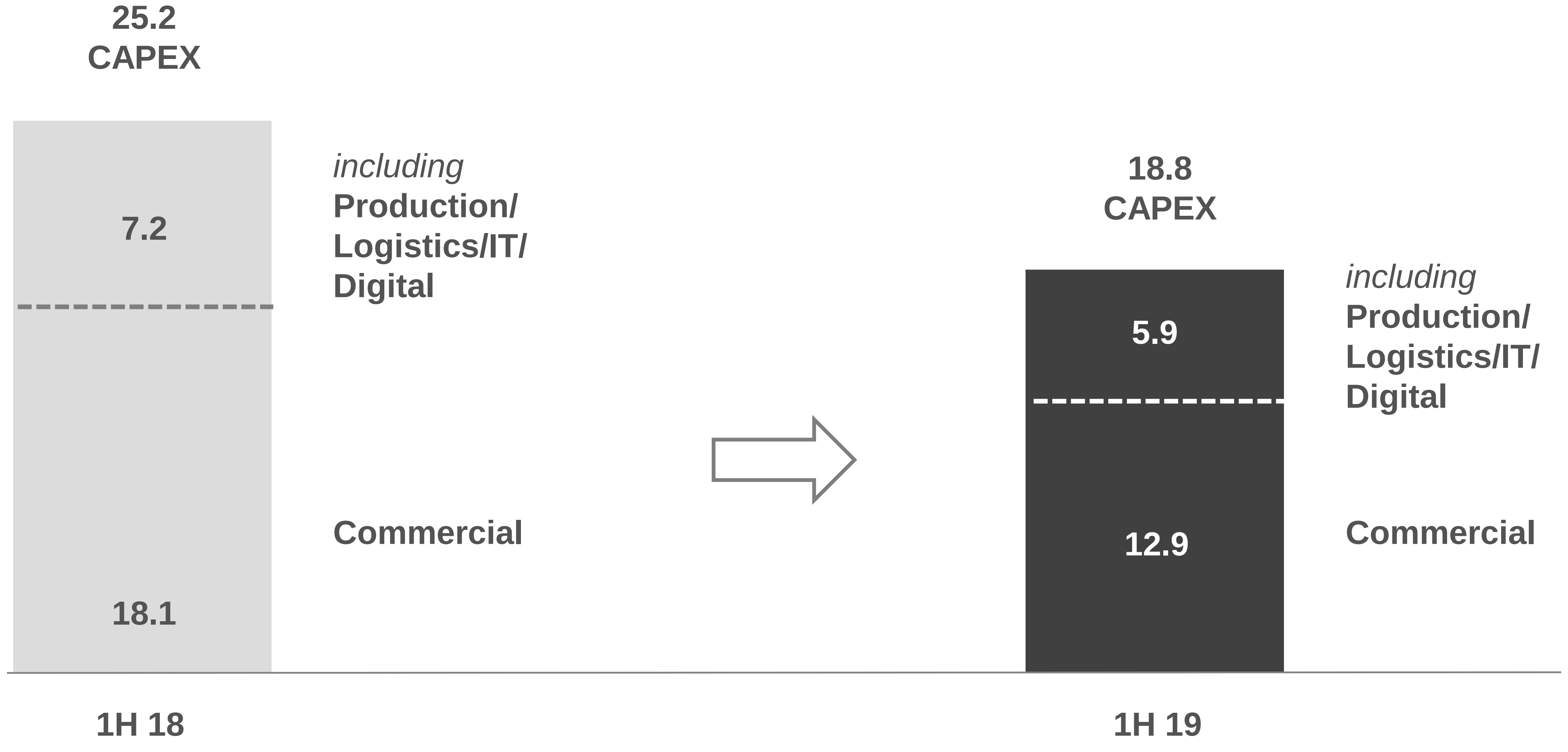
- Trade Payables rise (incidence from 13.1% to 13.9%) due to business developments, new initiatives and significant communication costs

- Other Credits/(Debts)* trend 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

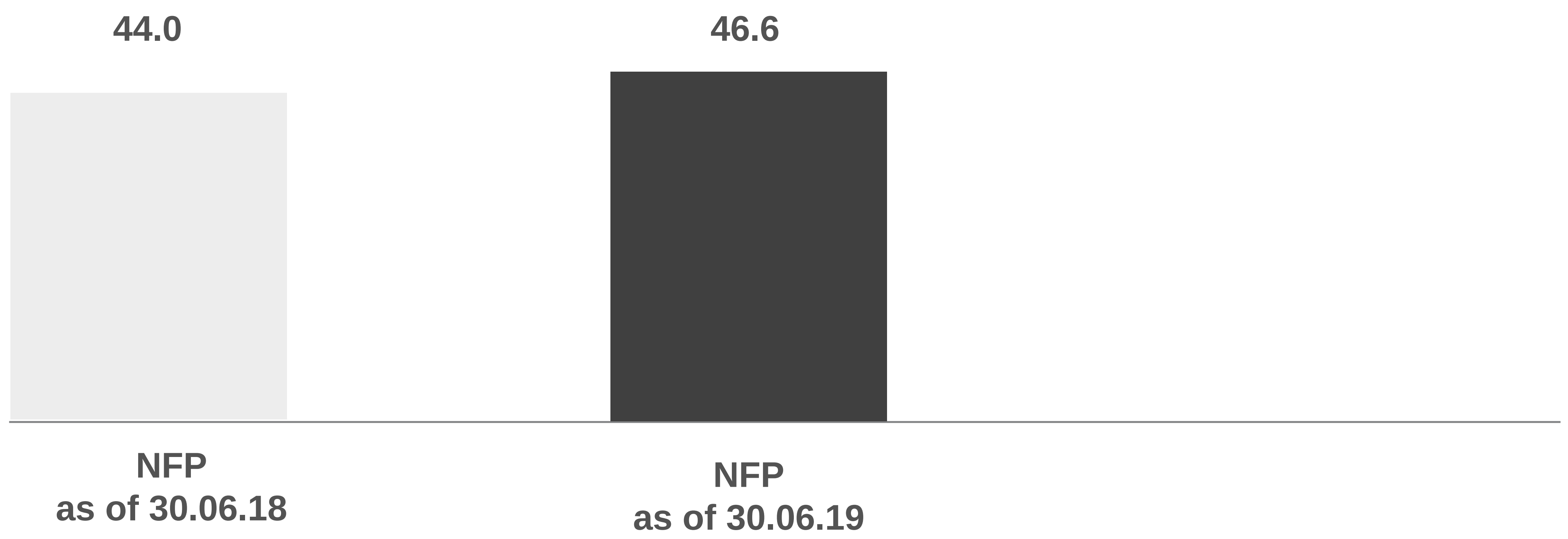
€ mln



- Keeping the brand image "extremely high" in both the physical and digital channels
- Desire to keep the Company contemporary finds its support in the key long-term investment project
- "Protection of the brand", both physical and on the web, calls for a daily effort to maintain its exclusivity through the use of increasingly modern and cutting-edge production, logistical and IT infrastructure structures
- FY 19 capex plan weighted more in 2H 19

Net Financial Position

€ mln



- Net debt of €46.6 million at 30 June 2019, in line with €44.0 million at 30 June 2018, thanks operating cash flow generation balancing NWC management trend and investments in the period
- NFP confirming its seasonality, with the peak reached between June and September, than falling by year end

Outlook

We are fully satisfied with our first half results, in terms of both financial performance and the brand's image and buoyancy.

Since it is the end of August, we can very serenely and confidently envisage a ***particularly positive 2019 with revenues increasing in line with our long-term expectations****:* ***8% annual growth*** *resulting in double sales over the next 10 years.*

Given the very interesting business performance ***for 2019*** *we are expecting a* ***more than proportional increase of EBITDA****, with healthy and* ***rising profits****.*

More specifically, given that depreciation, amortization and financial expense as a proportion of estimated year-end revenues will be essentially in line with the corresponding total at 31 December 2018, we envisage that the expected rise in EBITDA margin will fully absorb the slight increase in the 2019 tax rate over that of 2018, with this remaining in line with the figure at 30 June 2019.

The feedback following the order intake for the new ***Spring/Summer 2020 men's collection*** *as well as the first* ***kidswear collection*** *has been* ***very very positive****;* ***also excellent*** *the order intake for the* ***Spring/Summer Women's collection****, nearing completion.*

We continue to believe in the ***importance of investments*** *to support the brand; these considerations reinforce our motivated* ***optimism also for 2020****, during which we expect, in line with our long-term project, a* ***further growth in turnover and profits****.*

The planning is supported by the ***sound financial position and net financial position****, thanks to the cash generation that allows to continue investing for the development of our company,* ***increasing the dividends*** *that will be distributed.*

press release 28th August 2019

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BRUNELLO CUCINELLI

1H 19

Annex

Detailed Income Statement

€ mln

	1H 2018	1H 2019 ex-IFRS 16	1H 2019 IFRS 16
Net Revenues	269,5	291,4	291,4
Other operating income	0,6	0,6	0,4
Revenues	**270,1**	**292,0**	**291,8**
Consumption Costs	(41,7)	(39,6)	(39,6)
Raw Material Cost	(49,1)	(56,0)	(56,0)
Inventories Change	7,4	16,5	16,5
Outsourced Manufacturing	(52,1)	(58,0)	(58,0)
First Margin	**176,3**	**194,4**	**194,2**
Services Costs (excl. Out. Manuf.)	(80,9)	(87,9)	(58,4)
Personnel costs	(47,0)	(53,8)	(53,8)
Other operating costs	(2,8)	(3,4)	(3,4)
Increase in tangible assets	1,1	1,0	1,0
Bad Debt and other provisions	(0,5)	(0,4)	(0,4)
EBITDA	**46,2**	**49,9**	**79,2**
D&A	(11,8)	(13,9)	(40,1)
EBIT	**34,4**	**35,9**	**39,1**
Financial expenses	(17,1)	(18,3)	(23,4)
Financial income	15,9	15,4	16,9
EBT	**33,2**	**33,0**	**32,7**
Income taxes	(7,5)	(7,8)	(7,7)
Tax rate	*22,4%*	*23,5%*	*23,5%*
Net Income	**25,8**	**25,3**	**25,0**
Minority Interest	**(0,3)**	**(0,1)**	**(0,3)**
Group Net Profit	26,1	25,3	25,3

Detailed Balance Sheet & Cash Flow Statement

€ mln

	1H 2018	1H 2019 ex-IFRS 16	1H 2019 IFRS 16
Trade receivables	64,0	79,9	79,9
Inventories	161,5	179,8	179,8
Trade payables (-)	(69,8)	(79,7)	(79,7)
Other current assets/(liabilities)	(17,8)	(19,8)	(17,6)
Net Working Capital	**137,9**	**160,3**	**162,4**
Goodwill	7,0	7,0	7,0
Intangible assets	30,8	30,0	383,0
Tangible assets	121,8	132,9	132,9
Financial assets	7,1	8,3	9,1
Total Assets	**166,7**	**178,3**	**532,1**
Other assets/(liabilities)	0,9	1,3	18,7
Net Invested Capital	**305,5**	**339,9**	**713,2**
Cash & Cash equivalents (-)	(51,3)	(67,1)	(67,1)
Short term Debt	59,5	74,4	126,3
Long term Debt	35,8	39,3	377,2
Net Financial Position	**44,0**	**46,6**	**436,4**
Shareholders Capital	13,6	13,6	13,6
Share-premium Reserve	57,9	57,9	57,9
Reserves	161,8	193,8	180,2
Group Net Profit	26,1	25,3	25,3
Group Equity	**259,4**	**290,7**	**277,0**
Minority shareholders	2,1	2,6	(0,2)
Total Equity	**261,5**	**293,3**	**276,8**
Total Funds	**305,5**	**339,9**	**713,2**

	1H 2018	1H 2019 ex-IFRS 16	1H 2019 IFRS 16
Net Income	25,8	25,3	25,0
D&A	11,8	13,9	40,1
Ch. In NWC and other	(16,6)	(32,3)	(33,4)
Cash flow from operations	**21,0**	**6,9**	**31,7**
Tangible and intangible investments	(24,5)	(18,6)	(18,6)
Other (investments)/divestments	(0,3)	0,0	0,0
Cash flow from investments	**(24,8)**	**(18,6)**	**(18,6)**
Dividends	(18,5)	(20,5)	(20,5)
Share capital and reserves increase	(6,5)	0,0	0,0
Net change in financial debt	16,6	33,2	8,4
Total Cash Flow	**(12,1)**	**1,1**	**1,1**

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 SRL)	51.0%
FMR LLC (Fidelity)	10.0%
Invesco LTD	4.2%
Other	34.8%

** 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.