



# BRUNELLO CUCINELLI

## Press Release

### **BRUNELLO CUCINELLI: the Board of Directors has examined Preliminary Net Revenues for the first half of 2015**

- **Net revenues<sup>1</sup> of € 200.3 million, +13.9% (at current exchange rates compared to 30th June 2014);**
- **Revenue increases in all geographical areas: international markets in expansion by 17.1% and the Italian market growing by 1.8%;**
- **Revenue increases in all the international markets: North America +25.8%, Europe +5.3%, Greater China +14.5%, Rest of the World +36.0%;**
- **Sales rise in all distribution channels: retail monobrand +36.0%, wholesale monobrand +0.6% (+4.2% excluding conversions to the direct channel), wholesale multibrand +2.2%.**

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

*«The first half of this year has ended with “excellent” results. Wherever we had the chance to present our collections, they were always met with appreciation for the quality, craftsmanship, contemporary character and exclusivity (a paramount factor) of the product. Considering the quality of sales and the excellent start of our winter collections in the stores, we envisage a “beautiful” 2015».*

*«Following great appreciation of our Men’s Spring/Summer 2016 collection by observers and the international press, it is now performing in an excellent manner in terms of order collection. On the back of these results, we envisage good prospects for 2016».*

*«Generally speaking, we have the impression that a true “awakening” is taking place, from the ethical, civil, cultural, moral, spiritual and economic point of view (especially in our Italy). And this good momentum enables us to look at the future with joy and great positivity for “mankind”».*

**Solomeo, 16th July 2015** – The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector listed on the Borsa Italiana Electronic Stock Exchange – today examined the Company’s preliminary consolidated net revenues for the first half of 2015. The Half-year Financial Report with the complete, final figures for the period will be reviewed and approved by the Board of Directors at its meeting scheduled for 26th August 2015.

The sales trend in the first half of the year confirms the highly positive atmosphere surrounding the brand, identified as the expression of absolute luxury, which is founded on exclusivity, uniqueness, supreme quality, craftsmanship and a **Made in Italy** product, all within a **prêt-à-porter** proposal and a sophisticated concept of **contemporary lifestyle**.

The decisions taken by local customers and top-end tourists confirm the tendency to purchase unique and exclusive products, with the macro-economic, political and monetary dynamics that have characterized the past few months having a completely marginal effect.

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<sup>1</sup> Net revenues do not include other operating income and are preliminary figures that have not yet been audited.



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We are experiencing a further rise in the quest for products of the utmost quality, a blend of creativity and Italian artisan handwork, coming from the “*sophisticated*” luxury customer, whose basic principle remains the search for exclusivity of both the product offer and the “selected” presence in the most prestigious streets and locations.

The brand’s contemporary lifestyle proposal satisfies these needs, which are themselves a bedrock and an integral part of the Group’s DNA, thereby supporting the results achieved and sustaining expected growth.

### **Sales trend and Revenues by Geographical Area**

The Group posted net revenues of € 200.3 million for the six months ended 30th June 2015, an increase of 13.9% (+9.3% at constant exchange rates), compared to € 175.8 million for the six months ended 30th June 2014.

This sales trend not only confirms the solidity of the Group’s growth path but also provides further testimony to the solidity of the growth trend of purchases on all the international markets, with local customers and top-end tourist flows being less susceptible to market volatility and macro-economic changes.

The results of the individual quarters are effected by the dynamics of the delivery of collections between the end of a quarter and the beginning of the next one, therefore making a reading on a half-yearly basis representative of the changes underlying the business.

North American market – a rise of 25.8% in revenues (€ 69.7 million compared to € 55.4 million in the six months ended 30th June 2014, representing 34.8% of the total).

Sales increased in both the direct channel, characterized by its presence in the most prestigious locations, and the wholesale multibrand channel, with its presence in the most important Luxury Department Stores.

Growth in the direct channel was significant, with the increase in sales in existing boutiques driven by key sell-outs, as was the positive contribution made by the 5 openings which have taken place over the past 12 months (including San Francisco in September 2014 and New York Soho in March 2015).

With a rising demand for exclusive prêt-à-porter items Luxury Department Stores have increased their offer for top-end customers, allocating to the “Brunello Cucinelli” brand certain of their most prestigious selling spaces.

There were 21 boutiques in the monobrand network at 30th June 2015 (16 at 30th June 2014).

European market – revenues increased by 5.3% (€ 63.2 million compared to € 60.0 million in the first half of 2014, representing 31.6% of the total).

Sales on the European market confirmed the solidity of demand coming from both local customers and international tourists. Top-end tourist flows remained essentially constant, as always less susceptible to the volatility arising from macro-economic and currency dynamics.

This performance found its support in the behavior of customers who are accustomed to purchasing exclusive products at all the world’s leading locations.



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Sales posted increased results in existing spaces, with purchasing habits as always favoring the main cities and the most prestigious resorts, accompanied by the positive contribution made by the 5 selected openings of the first six months of 2015, including the direct boutiques in Montecarlo and at *Rue François 1er*, Paris.

The results of sales in Russia were solid, as in previous quarters, as was the number of orders made for the recent collections.

Tourist flows of top-end Asian consumers towards the most exclusive locations were positive, experiencing further growth over the previous quarters.

The direct monobrand network consisted of 26 boutiques at 30th June 2015 (22 at 30th June 2014), while the number of boutiques in the wholesale monobrand network reached 20 (19 at 30th June 2014).

Greater China – revenues rose by 14.5% to reach € 11.9 million in the six months ended 30th June 2015, compared to € 10.4 million in the first half of 2014, maintaining a limited proportion of 5.9% of total.

In line with changes seen in the first quarter, the first half of 2015 saw an effective “normalization” in the growth trend, with the increase in revenues being driven by the performance of the existing network whose number has remained unchanged over the past 12 months.

Revenue performance sees growth taking place in both Mainland China and the other areas of Greater China, including Hong Kong, where the Group’s exclusive presence and the purchases made by the most sophisticated top-end customers support and lead that growth.

Taking Greater China as a whole there were 19 monobrand boutiques in the total network at 30th June 2015, unchanged over 30th June 2014.

Rest of the World – sales increased by 36.0%, or € 18.7 million (representing 9.3% of the total), in the six months ended 30th June 2015, compared to € 13.7 million in the first half of 2014.

Sales dynamics were affected by the conversion of the business in Japan to directly operated stores from 1st September 2014<sup>2</sup>, which explains the acceleration in growth performance over the past 3 months.

More specifically, the first half of 2014 was mainly characterized by deliveries of the Spring-Summer collection to wholesale monobrand and multibrand customers (sell-in revenues), while the same deliveries contributed to the sell-out revenues of the converted spaces in the first half of this year.

There were 12 monobrand boutiques at 30th June 2015 (11 at 30th June 2014), with the only opening over the past 12 months taking place in Singapore (in January 2015).

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<sup>2</sup> With effect from 1st September 2014 the 3 wholesale monobrand boutiques in Japan have been converted to directly operated stores and the 13 hard shops in the most important Luxury Department Stores have passed from wholesale multibrand to the retail channel.



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Italian market – there was confirmation of the importance and significance of the growth trend on the Italian market with sales rising by 1.8% to reach € 36.9 million, representing 18.4% of total revenues, compared to € 36.3 million in the first half of 2014.

The Italian market has confirmed the positive growth of the past few months, thanks in particular to the performance achieved by the monobrand and multibrand boutiques in the country's leading cities and resorts.

Solid top-end tourist flows in our boutiques and luxury multibrand stores, and together with purchases made by local customers supported the results achieved.

Tourist flows of top-end Asian consumers towards the most exclusive locations were positive, experiencing further growth over the previous quarters.

There were 13 boutiques in the direct monobrand network at 30th June 2015 (11 at 30th June 2014), while the wholesale monobrand network channel remained unchanged at that date with 4 boutiques.

### **Revenues by Distribution Channel**

Retail monobrand channel - sales increased by 36.0%, or € 84.8 million, compared to € 62.4 million in the first half of 2014, to reach 42.3% of the total (35.5% in the six months ended 30th June 2014).

The results achieved were supported by both the contribution coming from same store sales, whose increase was in line with that of previous periods, confirming the sustainability of healthy LFL growth, and the openings taking place over the past 12 months.

The network of direct monobrand consisted of 79 boutiques at 30th June 2015 (65 at 30th June 2014), after 11 net openings and the 3 conversions in Japan from the wholesale monobrand channel.

In conclusion, a positive contribution to sales arrived from the transfer of the 13 hard shops in Japan to directly operated stores, with effect from 1st September 2014.

Wholesale monobrand channel – revenues of € 22.0 million (11.0% of the total), representing a rise of 0.6% over the figure of € 21.8 million posted for the six months ended 30th June 2014 (12.4% of total revenues). This result was affected by the conversions to the direct channel; excluding these, sales in the wholesale monobrand channel increased by 4.2%.

The monobrand boutique network consisted of 36 boutiques at 30th June 2015 (37 at 30th June 2014), after 3 conversions to the direct channel (3 boutiques in Japan) and 2 openings taking place over the past 12 months.

Multibrand sales channel – an increase in sales of 2.2%, with revenues reaching € 93.6 million (46.7% of the total), compared to € 91.6 million in the six months ended 30th June 2014 (representing 52.1% of the total).

As stated, this result was affected by the conversion of the 13 dedicated spaces in the Japanese Luxury Department Stores from the multibrand channel to the retail channel with effect from 1st September 2014.



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## The Monobrand Channel Network

At 30th June 2015 the monobrand network consisted of 115 boutiques (102 at 30th June 2014, 105 at 31st December 2014), with 13 net openings taking place over the past 12 months; 3 boutiques have been converted from the wholesale monobrand channel to the direct channel since 30th June 2014.

There were 79 direct monobrand boutiques at 30th June 2015 (65 at 30th June 2014 and 71 at 31st December 2014), with 11 net openings and 3 conversions from the wholesale monobrand network taking place over the past 12 months.

The wholesale monobrand network consisted of 36 boutiques at 30th June 2015 (37 at 30th June 2014 and 34 at 31st December 2014), with 2 openings and 3 transfers taking place over the past 12 months.

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*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.*

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**Brunello Cucinelli S.p.A.** is an Italian maison operating in the absolute luxury goods sector which specializes in cashmere and is now one of the most exclusive brands in the international informal luxury **prêt-à-porter** sector, the expression of *everyday luxury*.

Brunello Cucinelli, founded in 1978 by the eponymous stylist and entrepreneur, posted a net turnover of € 355.9 million in 2014 (+10.4% compared to the previous year), of which 80.8% was achieved overseas, and an EBITDA of € 63.0 million (up by 8.4% over 2013), and currently has over 1,200 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 115 monobrand boutiques in leading capitals and cities worldwide and in the most exclusive resorts, with a significant presence in approximately 650 selected multibrand stores, including leading luxury department stores.

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