



BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the Board of Directors has examined the 2015 preliminary results

- **Net revenues €414.0 million, +16.3% at current exchange rates compared to 31 December 2014;**
- **Sales increased by 19.4% in the international markets and by 3.7% in the Italian market;**
- **Very positive sales trend in all international markets: North America +27.5%, Europe +10.4%, Greater China +23.4%, Rest of the World +18.2%;**
- **Positive sales trend in all distribution channels: retail monobrand +30.0%, wholesale monobrand +8.1%, wholesale multibrand +6.3%;**
- **Net debt of approximately €56 million at 31 December 2015, consistent with the seasonality of the business and the investments made over the past 12 months (approximately €40 million) on completion of the major 2013-2015 three-year plan worth €120 million.**

Brunello Cucinelli, Chairman and CEO, commented as follows:

«2015 has come to an end reporting “excellent” results in terms of revenues growth and, considering the quality of our sales, we are prone to believe that the same will also feature in profits. The image enjoyed by the brand worldwide is also excellent; the Winter 2015 sell-out rate has been very positive and the Spring-Summer 2016 collection sales are off to a really good start.»

«We still perceive a powerful demand for very high-end apparel, expressing the Italian way of “dressing well” and made with the intention of embodying the great values upon which we have built our business. In the light of these considerations, we envisage a “very positive” 2016 with double-digit growth.»

«The Italian menswear fashion week starts tomorrow and we consider it the most important prime trade fair in the world. We will attend it with renewed spirit and enthusiasm thanks to the young people working with us, an inexhaustible source of new ideas and inspiration. Moreover, we are once again proud to represent an appreciated, beloved and sought-after country - as Italy is today, we are firmly convinced of it - to an audience comprising industry experts, clients, buyers and journalists from all over the world.»



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Solomeo, 11 January 2016 – 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 (MTA) – today examined and approved the Company's preliminary net revenues for 2015 and its net debt at 31 December 2015. The final figures for the year ended 31 December 2015 will be examined and approved by the Board of Directors at its meeting scheduled for 10 March 2016.

Trends in sales confirm and support “*gracious*” and “*sustainable*” long-term growth, the Company's declared objective, thanks to the solidity of the business model and the *allure* and *modernity* of a brand positioned at the top end of the luxury segment.

Strong as ever the Company's cornerstones and foundations: the absolute *quality* of the raw materials, the excellence of the *craftwork* and *manual skills*, an *exclusive prêt-à-porter* proposal and a *contemporary lifestyle*, the symbol of a genuine *Made in Italy* creation.

The Company's results are fostered and supported by a close-knit sharing of values between the founder, collaborators and stakeholders: values speaking of “dignity, tolerance and humanity” which complement each other and make the business strategy sustainable.

Collaborators at all levels therefore feel themselves to be the “*custodian, guardian and defender*” of the Company's ideals, aware that they are handing these down to the “*new generations*”; at the same time these matters also become key for the end customer, who is especially concerned about ethical issues and the craft-based process used to produce goods.

Sales Performance and Revenues by Geographical Area

The Group posted net revenues of €414.0 million in the year ended 31 December 2015, an increase of 16.3% over the figure of €355.9 million posted at 31 December 2014 representing sales growth of 9.5% at constant exchange rates.

The exclusivity and excellence of the offer, which has always characterized the collections, leads and supports the results with significant sales increases being achieved in the world's leading capitals and resorts which benefited from tourist flows but also from purchases made by local customers.

The international markets represented 82.9% of total net revenues, rising by 19.4%, growth that was accompanied by the very interesting and positive results obtained on the Italian market (17.1% of net revenues) where sales increased by 3.7%.

In 2015 the European market, including Italy, accounted for 48.2% of the total.

North American market – revenues rose by 27.5% (€156.6 million compared to €122.9 million in 2014), representing 37.8% of the total (34.5% at 31 December 2014).

The increase in sales, which posted an excellent performance in all the distribution channels, monobrand and multibrand, was driven by the growing demands of the local customer and sophisticated tourist, and positively affected by the exchange rate trend.

Turnover growth in the retail monobrand channel was supported by the sell-out at existing boutiques, which reported rising like-for-like results, and by the contribution arriving from the selected openings in 2015.



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The performance of the multibrand channel was led by the increase in sales achieved in the exclusive and prestigious spaces in the most important Luxury Department Stores, increasingly geared towards satisfying the needs of top-end customers seeking “*unique and exclusive*” products.

There were 22 boutiques in the monobrand network at 31 December 2015 (18 at 31 December 2014).

European market – revenues rose by 10.4% (€128.8 million compared to €116.7 million at 31 December 2014), representing 31.1% of sales¹ (32.8% at 31 December 2014).

The year that has just closed was characterized by several effects, including rising tourist flows, from which the leading European capitals and major resorts benefited, the consistency of local demand and an increasing demand for exclusive craftwork products.

Solid results achieved in all the countries of the European market, including those in Eastern Europe, Russia and the former USSR countries.

Sell-outs at existing boutiques confirmed the positive figures; an increase in the like-for-like performance of existing boutiques together with the contribution made by the new and exclusive openings of direct monobrand stores helped achieve the 2015 results.

Sales in the multibrand channel rose, with the brand being present in boutiques and prestigious, selected sales spaces.

The direct network consisted of 27 boutiques at 31 December 2015 (22 at 31 December 2014), while the wholesale monobrand network consisted of 18 boutiques (19 at 31 December 2014).

Greater China – sales of €25.7 million in the year ended 31 December 2015 (representing 6.2% of total revenues), a rise of 23.4% over sales of € 20.9 million in 2014 (5.9% of revenues).

Sell-outs in the existing boutique network increased, with important growth in like-for-like performance in the direct channel, and very positive results achieved in the sales of the new 2016 spring-summer collection.

The revenues trend shows a significant appreciation by wealthy and refined Asian customers for our offering of products featuring high quality, craftsmanship, manual work and above all exclusivity, in a word, that Made in Italy that keeps charming them.

There were 19 monobrand boutiques in the network at 31 December 2015 (unchanged from 31 December 2014).

Rest of the World – turnover grew by 18.2%, or €31.9 million, in the year ended 31 December 2015 (€27.0 million at 31 December 2014), representing 7.7% of the total (7.6% in 2014).

Growth was supported by the good performance of sales in existing boutiques, the new openings and the conversion of the business in Japan to directly operated on 1 September 2014², which had a positive impact on growth, especially in the first half of the year, with the trend gradually normalizing in the second half.

There were 14 monobrand boutiques at 31 December 2015 (11 at 31 December 2014).

¹ Excluding Italy.

² On 1 September 2014 the 3 wholesale monobrand boutiques in Japan were converted to directly operated stores and the 13 sales points in the most important Luxury Department Stores passed from wholesale multibrand to the retail channel.



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Italian market – Significant growth of 3.7%, with turnover reaching €71.0 million (17.1% of net revenues), compared to €68.5 million in the year ended 31 December 2014 (19.2% of the total).

Performance was consistent in the leading cities and resorts, in both monobrand and multibrand boutiques, thanks in particular to the constant flow of top-end international tourists attracted by prestigious goods, their beauty and the excellence of Italy as a whole.

Like-for-like growth in existing boutiques was positive. This benefited not only from tourist flows but also from the consistency of local customer demand; figures were very interesting for the initial sell-out of the 2016 spring-summer collection, and this earned very favorable opinions from the multibrand stores and the specialist press.

There were 17 boutiques in the monobrand network at 31 December 2015, of which 11 directly operated and 6 wholesale monobrand (16 boutiques in the monobrand network at 31 December 2014, of which 12 directly operated and 4 wholesale monobrand).

Revenues by Distribution Channel

Significant results were achieved in all distribution channels in 2015 thanks to sales realized in existing spaces and the contribution made by new selected spaces.

Retail monobrand channel – turnover rose by 30.0% (€193.0 million compared to €148.5 million in 2014), representing 46.6% of the total (41.7% at 31 December 2014).

The highly positive sales trend in the direct channel continued thanks to the results achieved by the existing network and the contribution made by new openings.

Like-for-like posted a significant increase of 5.4%, with very interesting results for the 2015 autumn-winter collection and the start of the 2016 spring-summer collection, which has already received very appreciative comments from the specialized press and the multibrand stores.

The results achieved are representative of the Company's exclusive positioning at the top-end of the luxury sector, benefiting from the demand increase of most sophisticated customers.

The direct monobrand network consisted of 81 boutiques at 31 December 2015 (71 at 31 December 2014), with 12 openings and the conversion of 2 boutiques in second-tier localities in the domestic market from the direct monobrand channel to the wholesale monobrand channel in September 2015.

Wholesale monobrand channel – revenue performance was positive at €33.4 million (8.1% of the total for the year ended 31 December 2015), an increase of 8.1% over 31 December 2014 (8.7% of the total).

The results were mainly driven by the performance of existing boutiques, with the two net openings having a positive impact; the network consisted of 36 boutiques at 31 December 2015 (34 at 31 December 2014).



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Wholesale multibrand channel – an increase of 6.3% in sales which reached €187.6 million in 2015 (45.3% of the total) compared to €176.6 million in 2014 (49.6% of the total).

Very positive growth in the last part of the year with increases favored by an important exchange rate effect and the homogeneity of the perimeter for comparison, given that the trend for the first 9 months of the year was affected by the conversion of the 13 dedicated locations in the Luxury Department Stores in Japan to directly operated on 1 September 2014.

Orders for the 2016 spring-summer collection have been very positive, with trends in “resort” deliveries strengthening growth in the fourth quarter of 2015.

The Monobrand Channel Network

The monobrand network consisted of 117 boutiques at 31 December 2015, representing an increase of 12 over the 105 stores at 31 December 2014, all of which new openings.

There were 81 direct monobrand boutiques at 31 December 2015 (71 at 31 December 2014) and 36 boutiques in the wholesale monobrand network (34 at 31 December 2014).

Net Financial Position and Capex

The Company's net financial position was approximately €56 million at 31 December 2015 (€42.6 million at 31 December 2014), an increase related to the investment pattern and seasonality of the business, with the yearly peak in the net financial position reached between June and September (the net position at 30 September 2015 was €83.7 million).

The great investment project cycle initiated in 2013 came to a close in 2015, with a total of approximately €120 million being invested over the past 3 years, of which approximately €40 million in 2015.

The investments made have contributed to laying the foundations for the Company's medium-long term growth, creating a solid base for the sustainability of the business model and a further strengthening of the brand's prestige and the exclusivity of its positioning in both the “*traditional*” and “*online*” channels.

In the three-year period that has just come to a close commercial investments have supported openings of exclusive boutiques, an increase in a number of the floor spaces in existing stores, new spaces in the Luxury Department Stores and the expansion and renovation of several important showrooms.

The important project for the extension of the production site at Solomeo was also completed in 2012-2015, while a project is currently being developed for strengthening the Company's technical platform and presence in the digital world, with investments that will continue into 2016 as part of the “*Great Internet Project*”.



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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.

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. The preliminary results for 2015 included in this press release, prepared in accordance with the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB), have not been audited. The final results could differ from the preliminary results as the result of events and circumstances that are currently not predictable.

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 net revenues 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 1,300 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 117 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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