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Testo del comunicato

Vedi allegato.

BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the Board of Directors has approved the 2019 Half-year Financial Report[1]

- **Net revenues of €291.4 million, +8.1% at current exchange rates (+7.2% at constant exchange rates) compared to €269.5 million at 30 June 2018;**

- **EBITDA of €49.9 million, representing a margin of 17.1%;**

- **Normalized net profit**[2] **of €22.8 million, 7.8% of net revenues;**

- **Sales growth of 9.5% in the international markets and 1.1% in the Italian market;**

- **Europe +9.7%, North America +9.0%, China +15.9%, Rest of the World +5.3%;**

- **Increase in all distribution channels: retail +12.0%, normalized wholesale monobrand +1.7%**[3]**, wholesale multibrand +6.5%;**

- **Capex of €18.8 million and net debt of €46.6 million.**

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

"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."

[1] The effects of the implementation of the new accounting standard IFRS 16, effective from 1 January 2019, are excluded from all the reported data to enable a comparison to be made with previous periods. The effects arising from the application of IFRS 16 are reported in the comparative table at the end of this document. This note extends to the whole of this press release.

[2] Normalized net profit excludes the effect of the tax benefit arising from the "Patent Box" scheme of €2.5 million in the first half of 2019 and €2.0 million at 30 June 2018; including the estimate of the tax benefit for the Patent Box scheme, net profit would have been €25.3 million at 30 June 2019 compared to €25.8 million at 30 June 2018.

[3] 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%).

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Solomeo, 28 August 2019 - 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 and approved the Company's 2019 Half-year Financial Report (subjected to review).

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The figures at 30 June 2019 have been revised to eliminate the effect arising from the application of the new accounting standard IFRS 16, in effect from 1 January 2019, and are reported after that revision, thereby enabling a comparison to be made with previous periods. The effects arising from the application of IFRS 16 are reported in the comparative table at the end of this release.

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The first half-year was very interesting for us, both in terms of the results achieved and in relation to the brand's taste and allure.

Our feeling is that **end customers** are increasingly identifying themselves as "**ambassadors**" of the Brunello Cucinelli taste, and that the **contemporariness of the offer** which we constantly seek in all our collection proposals is contributing to the increase in the **appeal** and **desirability** of our products.

We have the impression that there has been a strengthening of the bond and sense of belonging of the end customer, who is searching for our Lifestyle offer and the values and philosophy which distinguish us and can be fully shared inside Solomeo, the "**Hamlet of the Spirit**", where more and more often we have the pleasure of hosting the brand's customers and "friends".

An important subject, and one that is always very topical, is to share the desire to work in favor of "**human sustainability**" with the end customer in an attempt to live "**in harmony with the Creation"**.

As part of this approach, respect for the moral and economic dignity of the staff who work with us becomes fundamental, as does care for the workspaces and the local territory, seeing ourselves as "*pro tempore custodians of a tiny portion of our beloved Planet Earth*" having the desire to "*leave to our children as a legacy the places where we live and work in a more beautiful state than they were when we received them from our fathers".*

At the end of May we had the honor of receiving a very special group of "**Young Leonardos of the Third Millenium**" as guests in Solomeo, mainly coming from Silicon Valley, the world's cradle of technological innovation, including Jeff Bezos, Marc Benioff (attending via a magnificent open letter addressed to the entire group), Ramin Arani, Ruzwana Bashir, Paolo Bergamo, Dick Costolo, Lee Fixel, Reid Hoffman, Drew Houston, Lynn Jurich, Sarah Leary, Alec Ross, Ned Segal, Rob Speyer, Nirav Tolia and Trevor Traina.

As part of those fine days we spent together we dedicated time to our **spirits, discussing the important issues of life** and attempting to share a vision of the world for the upcoming millennia which can be guided by the grand values of humanity.

In the three days we spent together (at home without mobile-phones) we attempted to discuss humanity's great problems, each one of us running through his life since childhood.

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We tackled the big issue of the responsibility we have towards humanity, the constant search in feeling ourselves custodians who are planning for those who will come after us, envisioning a three-month plan (all listed companies) and a three-year plan, but also a thousand-year plan.

We had long discussions about human sustainability, which we called "living in harmony with the Created". At the end of it all we became quite excited and agreed to meet up once a year for this event which we have called:

Solomeo

Symposium on Soul and Economics

Regarding the performance of the first half-year we are fully satisfied with the sales achieved and the sustainability of the growth that has been a feature of the first six months, and are facing the second half with considerable serenity, expecting to see a 2019 in line with our long-term plan.

We are also extremely pleased with the **sell-outs of the summer collections**, whose result, if looked at over the six-month period, is representative of how the season performed.

In June we presented our new **2020 Spring/Summer Menswear Collection**, starting in Florence with "Pitti Immagine" and ending with the Milan fashion shows, and the feedback *from the order intake, now completed, is very, very positive, with an atmosphere surrounding the brand that is filled with confidence and optimism, thanks to the proposal of a contemporary elegance* which arises from blending styles, fabrics and shapes, and which out of necessity must be supported by the extremely important work carried out in the boutiques as in all moments of contact with the end customer.

Equally positive was the feedback from the **2020 Spring/Summer Womenswear Collection**, currently in mid sales campaign, with dedicated collections on which the buyers of the leading multibrands and Luxury Department Stores have provided enthusiastic comments, calling them fully representative of our DNA, with a fresh and contemporary taste which meets up in full with the search by the end customer for unique, sophisticated and modern outfits.

Orders for the first **Kids'** collection for the upcoming **2020 Spring/Summer** season are also very interesting, an offer which we interpret as the "natural extension of the brand and the broadening of our ready-to-wear offer".

We are approaching this new project enthusiastically, and the comments we have received from all of our partners and the initial feedback from the orders taken are very positive: it seems that we have succeeded in transferring the same taste that distinguishes the adult offer to the kids' proposal, and believe that we have built an excellent team dedicated to kidswear that works in perfect harmony with our business structure.

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Sales Performance

Net revenues for the first half of 2019 totaled €291.4 million, representing a rise of 8.1% at current exchange rates (+7.2% at constant exchange rates) compared to last year's €269.5 million.

Total revenues, which include other operating income, rose by 8.1% to €292.0 million from €270.1 million at 30 June 2018.

Revenues by Geographical Area

Italian market - revenues reached €44.3 million (15.2% of the total), a rise of 1.1% compared to €43.8 million at 30 June 2018.

The Italian market confirmed its **importance in terms of taste**, which is why we believe that "Pitti Immagine" is fundamental for us, enabling us to make contact with customers, suppliers and the press and manage to have a clear view of national and international "sentiment" in terms of business and taste.

European market – an increase of 9.7%, with revenues rising to €92.4 million (31.7% of the total) compared to €84.2 million at 30 June 2018.

Our satisfaction in the sales trend is accompanied by the very positive opinion we attribute to our **boutiques**, in Europe and in all the other main markets.

To keep our spaces modern we continue to assign the utmost strategic importance to Visual Merchandising, and find that the **evolution of the 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, making it possible to carry out a full assessment of our collections and the taste and lifestyle that we want to transmit to our customers.

North American market – an increase of 9.0%, with revenues of €94.1 million (32.3% of the total) compared to €86.3 million at 30 June 2018.

Both the European and the North American markets confirmed the sustainability of our growth project, thanks to the solidity of local demand and top-end tourism in both the monobrand and multibrand channels, with results rising in both.

It seems to us, also from discussions at meetings with the press and sector specialists, that there is an increasingly marked **difference** between the "**absolute luxury**" offer and the "**accessible luxury**" offer, and that this clear distinction is causing Luxury Department Stores to assign increasing space to the most exclusive luxury sector in order to capture the top-end customer.

China – growth of 15.9%, with sales reaching €28.8 million (9.9% of the total) compared to €24.8 million at 30 June 2018.

We are very pleased with the performance achieved in **China** and continue to "direct" our growth path with the aim of **seeking to be in some way "exclusive"**, both in terms of distribution and with respect to the relationship of esteem, trust and sharing we endeavor to create with the Chinese customer.

For this reason, we have developed a 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 and frequently coming to Italy and to “our Solomeo” as a means of assimilating our culture and our values and then transferring these to the end customer.

We assign the utmost importance to our “**Celestial Empire**” project, maintaining the highest respect for the millenary tradition and culture of the Chinese people.

Rest of the World – an increase of 5.3%, with sales of €31.8 million (10.9% of the total) compared to €30.2 million at 30 June 2018.

Performance was solid 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 and the **typically Italian way of life**, whose charm contributes the significant love for this country, its culture and its natural and architectural beauties.

Revenues by Distribution Channel

Retail monobrand channel – growth of 12.0%, with sales of €149.9 million (51.5% of the total) compared to €133.9 million at 30 June 2018.

The first half of 2019 confirmed sustainable like-for-like growth, amounting to 3.7%[4], supported by positive sell-outs of the 2019 Spring/Summer collections.

The network consisted of 102 boutiques at 30 June 2019; 3 new boutiques have been opened compared to 30 June 2018 (2 of which in the second quarter of 2019), to which have been added 2 conversions from the wholesale monobrand channel.

Wholesale monobrand channel – sales of €18.2 million, with growth of 1.7% on a comparable basis (book performance of -7.9%[5]), representing 6.2% of the total. The network consisted of 28 boutiques, compared to 29 at 30 June 2018.

Wholesale multibrand channel – an increase of 6.5%, with sales reaching €123.3 million (42.3% of the total) compared to €115.8 million at 30 June 2018.

We believe that over the years we have built relationships with the world’s multibrands which are “special, friendly, of high esteem and of mutual respect”, and are convinced that it is these relationships, together with the customer’s appreciation of the collections, which support the very positive growth performance in this channel.

We have always believed that multibrand is the high “judge” of the collections, the only one who – through the comments received during the campaign and sales phases – can tell you whether the

[4] Like-for-like in 2019 is calculated as the increase in revenues at constant exchange rates in the DOS existing at 1 January 2018.

[5] 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%).

taste of the collections is contemporary, which is why we continue to believe that it is fundamental to balance the retail channel with the wholesale channel.

Analysis of results

EBITDA reached €49.9 million, representing a rise of 7.9% over the figure of €46.2 million at 30 June 2018, with the margin of 17.1% being in line with last year.

The increase in EBITDA is the result of the growth of the business and was positively impacted by the rise of 3.7% in like-for-like sales at 30 June 2019, the positive sell-outs and price-mix.

These dynamics enabled the majority of the operating costs arising from business development to be absorbed, with the retail channel rising as a proportion of the total from 49.7% at 30 June 2018 to 51.5% at 30 June 2019, as well as investments relating to new initiatives, investments in communication, which are strategic for keeping the brand's exclusivity at top levels, lease rentals, affected by the development of the retail network, and the enlargement of certain selling spaces.

Operating costs amounted to €144.5 million (representing 49.5% of sales), rising by 11.1% over the figure of €130.1 million for the corresponding period in 2018 (48.2% of sales).

Payroll costs increased by 14.6% from €47.0 million (17.4% of sales) to €53.8 million (18.4% of sales). The growth is partly related to the staff working in the new directly operated spaces, including 3 boutique openings and 2 conversions in the past 12 months, a number of enlargements of existing boutiques and 5 new directly operated spaces granted under concession in Malls and Luxury Department Stores.

Investments in communication rose by 10.1% from €14.7 million (5.5% of sales) to €16.2 million (5.6% of sales), dedicated to safeguarding the brand, creating increasingly personalized relationships with each customer and developing new initiatives, including the ones on the digital channel.

Purchases of raw materials, payroll costs and costs for services include investments to support new initiatives, in particular the natural extension of the kids' collection offer starting from the next seasons, the bespoke outfit proposal and the continuation of investments and development in the digital world.

Lease expense of €39.8 million increased by 16.6% over €34.2 million at 30 June 2018, rising from 12.7% to 13.6% as a percentage of sales; this increase arises from the development of the retail network and a number of enlargements of selling spaces.

Depreciation and amortization amounted to €13.9 million compared to €11.8 million at 30 June 2018, rising from 4.4% to 4.8% as a percentage of sales, due to the key investments made in the last three years.

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Net financial expense equal to €2.9 million, increasing from €1.2 million in the same period of 2018; this was mainly due to the performance of currency management, the timing of the relative hedging activity and the average net financial position[6].

Normalized net income, excluding the fiscal benefits of the Patent Box scheme, amounted to €22.8 million compared to €23.8 million at 30 June 2018, with a tax rate of 31.1%[7] (28.5% in the corresponding period in 2018).

If the fiscal benefits arising from the Patent Box scheme are included, net profit at 30 June 2019 would be €25.3 million[8], compared to €25.8 million at 30 June 2018[9]; more specifically, the income tax charge amounted to €7.8 million (a tax rate of 23.5%) at 30 June 2019, compared to €7.5 million (a tax rate of 22.4%) in the corresponding period in 2018.

Balance Sheet

Net working capital, including "Other net assets/liabilities[10]", amounted to €160.3 million at 30 June 2019 (27.9% of the total[11]), compared to €137.9 million (25.8% of the total) at 30 June 2018.

Inventories amounted to €179.8 million at 30 June 2019 (31.3% of the total) compared to €161.5 million at 30 June 2018 (30.2% of the total).

The increase is mainly related to the opening of direct boutiques, extensions, conversions from the wholesale monobrand channel to the direct monobrand channel, and to the new spaces managed directly within the luxury Department Stores, to which is added the impact of the extension of the kids' collections, starting from the Spring / Summer 2020, the bespoke outfit proposal and the digital initiatives.

Trade receivables totaled €79.9 million at 30 June 2019 (13.9% of the total), compared to €64.0 million at 30 June 2018 (12.0% of the total).

Healthy cash management remained unchanged, with the rise in trade receivables mainly being due to the development of the wholesale business and the increase in retail sales in luxury shopping malls and the relative payment terms.

Trade payables amounted to €79.7 million at 30 June 2019 (13.9% of the total), compared to €69.8 million at 30 June 2018 (13.1% of the total).

The organic increase in trade payables arises from the increase in business volume in the first half-year and in particular the new initiatives, as well as key investments, including those in communication.

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[6] The incidence of Net Financial Expense is 1.0%, compared to 0.4% at 30 June 2018, positively impacted by the valuation of put options on minority stakes in subsidiaries. The incidence of Net Financial Expense was equal to 1.1% at December 31, 2017 and 0.8% at December 31, 2018.

[7] The Group earns the majority of its taxable income in Italy and the increase in the tax rate in the first half-year was also affected by the repealing of the complete legislation for the ACE – Economic Growth Aid – scheme, effective from fiscal 2019.

[8] The booked tax benefits of the Patent Box scheme amounted to €2.5 million at 30 June 2019.

[9] The booked tax benefits of the Patent Box scheme amounted to €2.0 million at 30 June 2018.

[10] "Other net assets/liabilities" consist of a net liability of €19.8 million at 30 June 2019, compared to €17.8 million at 30 June 2018, with the change essentially arising from the measurement at fair value of derivatives hedging exchange risk.

[11] The proportion of the total for items forming part of "Working Capital" is calculated on 12 months rolling turnover.

Capex and Net Financial Position

Our commitment is constantly towards the **"protection of the brand's allure"** in all our daily activities, the search for excellence in the raw materials we buy, production with top levels of craftsmanship through the use of artisan workshops based exclusively in Italy, the creation of new collections and the search for spaces where the brand can fully express its DNA and its exclusivity.

A basic assumption in our pursuit of these objectives is to maintain the Company's contemporaneity by way of key long-term investment projects that are able to support our presence on the market, making the most innovative and recent production, logistical and IT infrastructure structures all available at the same time.

Our desire is for all the existing spaces and for the new locations to maintain a constant presence in top level locations, constantly renewing our showrooms and all the spaces dedicated to the brand, in both the monobrand boutique network and the most prestigious Luxury Department Stores.

In the first half of 2019, capital expenditure, the majority of which will be incurred in the second half of the year, amounted to €18.8 million (€25.2 million at 30 June 2018).

Commercial investments totaled €12.9 million, with those in production, logistics and digital IT amounting to €5.9 million, dedicated to digital growth and IT infrastructures and the continuous renovation of production equipment and logistics structures.

The Company's net financial position amounted to €46.6 million, compared to €44.0 million at 30 June 2018, with positive cash generation from operating activities and the healthy management of commercial working capital, against the key investment projects in progress.

Significant Events Occurring after the Reporting Date

On 29 July 2019 the Group purchased 30% of the capital of the subsidiary Brunello Cucinelli USA Retail LLC, through the subsidiary Brunello Cucinelli USA Inc, at a price of US$ 4,500 thousand, paid on signing the agreement. By way of this transaction the Group now holds 100% of the subsidiary.

On 29 July 2019 the parent company purchased 30% of the capital of the subsidiary Brunello Cucinelli Canada Ltd. at a price of US$ 2,200 thousand, paid on signing the agreement. By way of this transaction the parent company now holds 100% of the subsidiary.

Business 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.

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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 press release correspond to the balances on the books of account and the accounting records and entries.

The Analysts' Presentation on the results at 30 June 2019 may be consulted in pdf format in the "Presentations" section of the Company's website at http://investor.brunellocucinelli.com/en.
This document may contain forward-looking statements on future events regarding the Brunello Cucinelli 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 Company advises that the Half-year Financial Report at 30 June 2019, approved by the Board of Directors on 28 August 2019, will be available to the public from 29 August 2019 at the Company's registered office in Viale Parco dell'Industria 5, Solomeo (Perugia) and on the "eMarket Storage" system managed by Spafid Connect S.p.A. (www.emarketstorage.com), and will also be available for consultation in the section "Financials – Financial reports" of the Company's website (investor.brunellocucinelli.com).

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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 €553.0 million in 2018 (+8.1% compared to the previous year), of which 84.1% was achieved overseas, and an EBITDA of €95.1 million, up by 8.8% over the EBITDA of 2017, and currently has around 1,800 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 130 monobrand boutiques (102 direct boutiques and 28 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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IFRS 16 impacts on 1H 2019 Reclassified Consolidated Statement of Financial Position

(Euro/000)	June 30, 2019 including IFRS 16	June 30, 2019 ex-IFRS 16	December 31, 2018 *
Net Working Capital	162,441	160,294	129,457
Non-current Assets	532,081	178,284	172,829
Other Non-current Assets/Liabilities	18,691	1,314	(368)
Net Invested Capital	**713,213**	**339,892**	**301,918**
Net Financial Position	436,383	46,564	14,536
Shareholders' Equity	276,830	293,328	287,382
Total Sources	**713,213**	**339,892**	**301,918**

IFRS 16 impacts on 1H 2019 Reclassified Income Statement

(Euro/000)	June 30, 2019 including IFRS 16	June 30, 2019 ex-IFRS 16	December 31, 2018 *
Net Revenues	291,413	291,413	269,486
Altri ricavi operativi	398	550	584
Costs of raw materials and consumables	(39,575)	(39,575)	(41,679)
Costs for services	(116,464)	(145,978)	(132,940)
Payroll costs	(53,832)	(53,832)	(46,973)
Other operating (expenses)/revenues, net	(3,384)	(3,384)	(2,829)
Costs capitalized	1,022	1,022	1,080
Impairment of assets and other accruals	(352)	(352)	(496)
EBITDA	**79,226**	**49,864**	**46,233**
Depreciation and amortization	(40,084)	(13,938)	(11,793)
Operating Income	**39,142**	**35,926**	**34,440**
Net Financial Income/Expenses	(6,464)	(2,899)	(1,207)
Income before taxation	**32,678**	**33,027**	**33,233**
Income taxes	(7,665)	(10,273)	(9,461)
Net income for the period	**25,013**	**22,754**	**23,772**

IFRS 16 impacts on 1H 2019 Reclassified Consolidated Statement of Cash Flow

(Euro/000)	June 30, 2019 including IFRS 16	June 30, 2019 ex-IFRS 16	December 31, 2018 *
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES (A)	**31,722**	**6,914**	**20,975**
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES (B)	**(18,588)**	**(18,588)**	**(24,775)**
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES (C)	**(12,009)**	**12,799**	**(8,302)**
FLUSSO DI CASSA COMPLESSIVO (D=A+B+C)	**1,125**	**1,125**	**(12,102)**

(*) The Group has applied IFRS 16 from 1 January 2019 using the modified retrospective approach, under which comparative figures are not restated and the cumulative effect of initially applying the new standard is recognized as an adjustment to opening retained earnings at the date of initial application.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019*

(Euro/000)	June 30, 2019	*related parties*	December 31, 2018	*related parties*	June 30, 2018	*related parties*
Non-current assets						
Goodwill	7,045		7,045		7,045	
Right of use	371,878	5,888	-		-	
Intangible assets	11,120		31,538		30,784	
Property, plant and equipment	131,161	16,399	125,652	16,804	121,757	16,717
Investment property	1,783		919		-	
Non-current financial assets for leases	834		-		-	
Other non-current financial assets	8,260	32	7,675	32	7,089	32
Deferred tax asset	24,632		16,777		17,898	
Total non-current assets	**556,713**		**189,606**		**184,573**	
Current assets						
Inventories	179,848		161,764		161,499	
Trade receivables	79,948	6	61,444	46	64,007	11
Tax receivables	620		828		1,799	
Other receivables and other current assets	18,640		16,076		13,429	
Current financial assets for leases	304		-		-	
Other current financial assets	9,045		9,013		81	
Cash and cash equivalents	58,075		56,606		51,268	
Current derivative financial instruments	40		418		364	
Total current assets	**346,520**		**306,149**		**292,447**	
Total assets	**903,233**		**495,755**		**477,020**	

(Euro/000)	June 30, 2019	*related parties*	December 31, 2018	*related parties*	June 30, 2018	*related parties*
Shareholders' equity						
Shareholders' equity attributable to parent company shareholders						
Share capital	13,600		13,600		13,600	
Share-premium Reserve	57,915		57,915		57,915	
Reserves	180,193		162,466		161,783	
Net income for the period	25,304		50,692		26,082	
Total shareholders' equity attributable to owners of the parent	**277,012**		**284,673**		**259,380**	
Shareholders' equity attributable to non-controlling interests						
Capital and reserves attributable to non-controlling interests	109		2,359		2,376	
Net income for the period attributable to non-controlling interests	(291)		350		(302)	
Total shareholders' equity attributable to non-controlling interests	**(182)**		**2,709**		**2,074**	
Total shareholders' equity	**276,830**		**287,382**		**261,454**	
Non-current liabilities						
Employees termination indemnities	3,178		3,048		3,187	
Provisions for risks and charges	885		920		846	
Non-current payables towards banks	38,968		25,934		35,806	
Financial liabilities for non-current leases	337,957	5,756	-		-	
Other non-current liabilities	135		11,921		11,518	
Deferred Tax liabilities	1,743		1,256		1,466	
Non-current derivative financial instruments liabilities	318		92		34	
Total non-current liabilities	**383,184**		**43,171**		**52,857**	
Current liabilities						
Trade payables	79,725	546	76,585	818	69,752	357
Current payables towards banks	73,673		51,081		53,252	
Financial liabilities for current leases	52,166	507	-		-	
Current financial liabilities	481		2,842		6,066	
Income tax payables	11,038		2,781		5,261	
Current derivative financial instruments	4,929		5,401		4,484	
Other current liabilities	21,207	104	26,512	1,074	23,894	79
Total current liabilities	**243,219**		**165,202**		**162,709**	
Total liabilities	**626,403**		**208,373**		**215,566**	
Total equity and liabilities	**903,233**		**495,755**		**477,020**	

BRUNELLO CUCINELLI

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2019*

CONSOLIDATED INCOME STATEMENTS

(Euro/000)	June 30, 2019	*related parties*	June 30, 2018	*related parties*
Net revenues	291,413	3	269,486	9
Other operating income	398	23	584	22
Revenues	**291,811**		**270,070**	
Costs of raw materials and consumables	(39,575)	-	(41,679)	(44)
Costs for services	(116,464)	(1,463)	(132,940)	(1,466)
Payroll costs	(53,832)	(799)	(46,973)	(374)
Other operating (expenses)/revenues, net	(3,384)		(2,829)	
Costs capitalized	1,022		1,080	
Depreciation and amortization	(40,084)		(11,793)	
Impairment of assets and other accruals	(352)		(496)	
Total operating costs	**(252,669)**		**(235,630)**	
Operating Income	**39,142**		**34,440**	
Financial expenses	(23,380)		(17,102)	
Financial income	16,916		15,895	
Income before taxation	**32,678**		**33,233**	
Income taxes	(7,665)		(7,453)	
Net income for the period	**25,013**		**25,780**	
Net income for the period attributable to owners of the parent	25,304		26,082	
Net income for the period attributable to non-controlling interests	(291)		(302)	
Base earnings per share	0.37212		0.38356	
Diluted earnings per share	0.37212		0.38356	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/000)	June 30	
	2019	**2018**
Net profit (loss) for the year (A)	**25,013**	**25,780**
Other items of comprehensive income:		
Other items of comprehensive income that will later be reclassified on the income statement:	**1,159**	**(2,498)**
Cash flow hedge	222	(4,215)
Income taxes	(53)	1,011
Effect of changes in cash flow hedge reserve	**169**	**(3,204)**
Translation differences on foreign financial statements	925	415
Profit / (Losses) on net investment in a foreign operation	86	383
Tax effect	(21)	(92)
Other items of comprehensive income that will not later be reclassified on the income statement:	**(89)**	**(40)**
Remeasurement of defined benefit plans (IAS 19)	(117)	(52)
Tax effect	28	12
Total other comprehensive income net of tax effect (B)	**1,070**	**(2,538)**
Total comprehensive income net of tax (A) + (B)	**26,083**	**23,242**
Attributable to:		
Shareholders of parent company	26,354	23,405
Non-controlling interests	(271)	(163)

BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF CASH FLOWS AT 30 JUNE 2019*

(Euro/000)

CONSOLIDATED STATEMENTS OF CASH FLOWS	June 30, 2019	June 30, 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	25,013	25,780
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Income tax	7,665	7,453
Depreciation and amortization	40,084	11,793
Provisions for employees termination indemnities	46	43
Provisions for risks and charges / inventory obsolescence / doubtful accounts	373	520
Change in other non-current liabilities	(11,919)	672
(Gain)/Loss on disposal of Fixed assets	62	(15)
Interest expense	771	512
Interest on lease liabilities	5,045	-
Interest income	(71)	(50)
Interest on lease activities	(11)	-
Termination indemnities payments	(35)	(94)
Payments of Provisions for risks and charges	-	-
Net change in deferred tax assets and liabilities	(2,057)	(1,892)
Change in fair value of financial instruments	354	4,406
Changes in operating assets and liabilities:		
Change in trade receivables	(18,549)	(18,797)
Change in inventories	(16,614)	(7,361)
Change in trade payables	1,901	2,094
Interest expense paid	(673)	(697)
Interest on the lease liabilities paid	(5,045)	-
Interest income cashed	71	50
Interest on lease activities cashed	11	-
Income tax paid	(677)	(4,442)
Change in other current assets and liabilities	5,977	1,000
Net cash provided by/(used in) operating activities	**31,722**	**20,975**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(15,524)	(14,006)
Additions to intangible assets	(2,224)	(10,502)
Additions/(disposals) of financial assets	(195)	(657)
Additions to investment property	(864)	-
Investement/Disinvestments in financial assets held for trading	(7)	-
Proceeds from disposal of property, plant and equipment	226	390
Assets held for sale	-	-
Net cash provided by/(used in) investing activities	**(18,588)**	**(24,775)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	26,950	14,987
Repayment of medium/long-term loans	(15,558)	(12,838)
Net change in short-term financial debt	21,841	14,498
Net change in long-term financial debt	-	-
Repayment of lease liabilities	(24,949)	-
Receipts of financial assets for leasing	141	-
Dividends paid	(20,483)	(18,471)
Share capital and reserves increase	49	(6,478)
Net cash provided by/(used in) financing activities	**(12,009)**	**(8,302)**
TOTAL CASH FLOW FOR THE PERIOD	**1,125**	**(12,102)**
Effect of exchange rate changes on cash and cash equivalents	**344**	**417**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**56,606**	**62,953**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**58,075**	**51,268**

(*) The Group has applied IFRS 16 from 1 January 2019 using the modified retrospective approach, under which comparative figures are not restated and the cumulative effect of initially applying the new standard is recognized as an adjustment to opening retained earnings at the date of initial application.

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