Milan, 02 October 2025

Italian Equity Research – Change in View

BRUNELLO CUCINELLI

OUTPERFORM

Sector: Consumers

Price: Eu91.04 - **Target: Eu105.00**

Strong 3Q Revenues, Russian Sales Just 1%, Change in View

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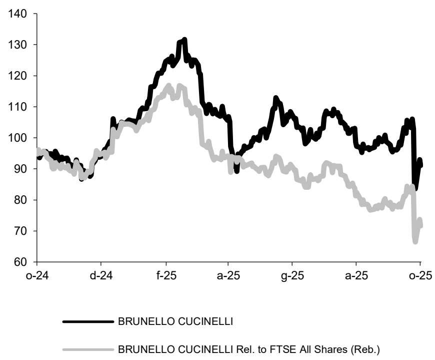
Stock Rating			
Rating:	from NEUTRAL to OUTPERFORM		
Target Price (Eu):	from 113.00 to 105.00		
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.1%	-0.1%	-0.2%

Next Event Prel. FY25 Revenues
Results Out: January 2026

BRUNELLO CUCINELLI - 12M Performance



Stock Data			
Reuters code:			BCU.MI
Bloomberg code:			BC IM
Performance	**1M**	**3M**	**12M**
Absolute	-7.1%	-14.4%	-4.0%
Relative	-8.6%	-23.1%	-31.1%
12M (H/L)			131.70/83.60
3M Average Volume (th):			369.56

Shareholder Data	
No. of Ord shares (mn):	68
Total no. of shares (mn):	68
Mkt Cap Ord (Eu mn):	6,191
Total Mkt Cap (Eu mn):	6,191
Mkt Float - Ord (Eu mn):	2,213
Mkt Float (in %):	35.8%
Main Shareholder:	
Fedone S.r.l.	50.1%

Balance Sheet Data	
Book Value (Eu mn):	560
BVPS (Eu):	8.63
P/BV:	10.5
Net Financial Position (Eu mn):	-889
Enterprise Value (Eu mn):	6,379

- **3Q25 revenues up 12.0% YoY, 1% better than expected**. The fashion house was again able to post double-digit revenue growth in 3Q25 (+12.0% YoY at current exchange rates, +12.4% YoY at constant exchange rates, vs. +11.6% exp.), thanks to both i) a Eu208.9mn contribution from the retail channel, +13.9% YoY, marking an acceleration from +8.8% in 2Q25 due to a less significant ForEx effect, a slightly easier comparison and the opening of 2 new boutiques; and ii) a Eu126.6mn contribution from the wholesale channel, +9.0% YoY, in this case featuring a QoQ slowdown, as 2Q25 benefited from some shipments to multi-brand customers being brought forward.
- **Business update**. The company reiterated its revenue growth guidance of around +10% for the full year, a trend set to remain sustainable in 2026. As for the ongoing CapEx plan to get production up to speed to match expected 2035 volumes, the company expects CapEx to peak at 10.5% of revenue in 2025 and normalise at 7% from 2026. With regard to the recent criticism from Morpheus, the company reiterated (1) that the ratio of inventories to sales has remained stable since its listing (or has even improved considering the increasing contribution of the direct to consumer business), (2) the important role played by carefully-selected multi-brand partners, that are able to preserve brand exclusivity while also managing end-of-season promotions in a balanced manner. In the last week, since the release of the Morpheus report, the revenue trend has remained unchanged.
- **The company provided greater detail on its Russian operations**. Revenues generated in Russia, whose relative share was 9.3% in 2021, have declined steadily since the beginning of the conflict, coming to approximately Eu30.6mn in 2024 (of which Eu15.0mn retail business and Eu15.6mn wholesale), corresponding to 2.4% of total revenues. 9M25 revenues from Russia came to Eu14.8mn, or 1.4% of the total, down 41% YoY. The company added that, after a review of the export documentation for shipments destined for Russia and also taking into account the outcome of inspections carried out by the Italian customs authority, no violations of EU restrictions have been found with regard to the products shipped.
- **Upgrade to OUTPERFORM; target from Eu113.0 to Eu105.0.** I have followed the stock for many years and have had the opportunity to get to know Brunello Cucinelli, his family and the company's management team personally. As an analyst, I find their achievements in steering the brand's development and establishing and maintaining its positioning in the most exclusive market segment, all while remaining faithful to a concept of sustainability based on an ability to create close, trusting relationships with clients, employees, artisanal suppliers and local communities, to be truly exceptional. I maintain this view today. The doubts raised by Morpheus on the company's operations in Russia, in our view the only original point of any relevance raised in the report, represent a risk that could continue to create volatility on the stock in the coming weeks, but the details provided in the company's response seem convincing, as underlined by the fact that revenues from Russia have fallen continuously and now represent less than 1% of the total. Despite cutting our target price from Eu113 to Eu105 to factor in the sector de-rating, we are raising our recommendation to OUTPERFORM.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,139	1,279	1,408	1,552	1,709
EBITDA Adj (Eu mn)	326	365	403	444	492
Net Profit Adj (Eu mn)	109	119	134	152	172
EPS New Adj (Eu)	1.598	1.757	1.976	2.231	2.530
EPS Old Adj (Eu)	1.598	1.757	1.975	2.234	2.535
DPS (Eu)	0.910	0.940	0.988	1.116	1.265
EV/EBITDA Adj	16.4	17.8	15.8	14.4	13.0
EV/EBIT Adj	28.5	30.7	27.1	24.4	22.0
P/E Adj	57.0	51.8	46.1	40.8	36.0
Div. Yield	1.0%	1.0%	1.1%	1.2%	1.4%
Net Debt/EBITDA Adj	1.7	2.1	2.2	2.0	1.9

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	38.64%
NEUTRAL:	31.06%
UNDERPERFORM:	00.00%
SELL:	00.00%

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OUTPERFORM:	32.47%
NEUTRAL:	18.18%
UNDERPERFORM:	00.00%
SELL:	00.00%

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