

# BRUNELLO CUCINELLI

## NEUTRAL

Sector: Consumers

Price: Eu109.20 - Target: Eu114.40

## Revenue Growth Remains Strong Despite Sector Uncertainties

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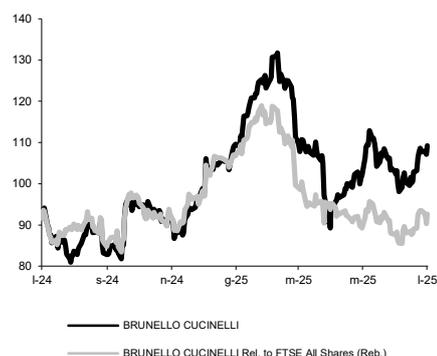
### Stock Rating

|                    |                       |       |       |
|--------------------|-----------------------|-------|-------|
| Rating:            | Unchanged             |       |       |
| Target Price (Eu): | from 107.50 to 114.40 |       |       |
|                    | 2025E                 | 2026E | 2027E |
| Chg in Adj EPS     | 0.0%                  | 0.0%  | 0.0%  |

### Next Event 1H25 results

Results Out: 28 August 2025

### BRUNELLO CUCINELLI - 12M Performance



### Stock Data

|                         |              |           |            |
|-------------------------|--------------|-----------|------------|
| Reuters code:           | BCU.MI       |           |            |
| Bloomberg code:         | BC IM        |           |            |
| <b>Performance</b>      | <b>1M</b>    | <b>3M</b> | <b>12M</b> |
| Absolute                | 6.8%         | 15.3%     | 19.3%      |
| Relative                | 5.9%         | -3.1%     | 1.4%       |
| 12M (H/L)               | 131.70/80.95 |           |            |
| 3M Average Volume (th): | 135.42       |           |            |

### Shareholder Data

|                           |       |
|---------------------------|-------|
| No. of Ord shares (mn):   | 68    |
| Total no. of shares (mn): | 68    |
| Mkt Cap Ord (Eu mn):      | 7,426 |
| Total Mkt Cap (Eu mn):    | 7,426 |
| Mkt Float - Ord (Eu mn):  | 2,655 |
| 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:                           | 12.7  |
| Net Financial Position (Eu mn): | -878  |
| Enterprise Value (Eu mn):       | 7,603 |

- Double-digit revenue growth continued in 2Q25.** Revenues were up 10.0% YoY in 2Q25 to Eu342.6mn (or +11.4% at Constant Exchange Rates), 0.5% better than expected. By channel, growth was well distributed between retail, up 8.8% YoY to Eu224.8mn (c.+11% CER), and wholesale, up 12.2% YoY to Eu117.8mn. As in 1Q25, geographical growth was well balanced: Europe (including Italy) and North America continued to grow at c.10% CER, with Asia performing better. We note that China (up double-digit) accounts for about half of the Asian total, and Japan a further quarter.
- 1H margins expected almost flat YoY, net debt to reflect the extraordinary investment cycle.** We expect the 1H25 EBIT margin to reach 16.5%, down 30bp compared to 1H24 (that benefitted from particularly strong retail growth), implying EBIT of Eu113.2mn, up 8.2% YoY. Our estimates point to an EBIT margin of 16.8% in 2H25. In terms of cash flow, we expect net debt, excluding IFRS16, to peak at Eu180mn at end-June 2025, after cash outs for the extraordinary CapEx cycle and the Eu63.9mn dividend payment. YE25 net debt is expected to remain at a similar level.
- Business update.** The company reiterated its revenue growth guidance of around +10% for the full year a trend set to remain sustainable in 2026. Management confirmed a price increase of c.4% from 1 July in the US market for the Fall/Winter collections to offset the impact of tariffs. As for the ongoing CapEx plan to get production up to speed to match expected 2035 volumes, the company expects to complete works by November 2025, ahead of schedule, with CapEx expected to peak at 10.5% of revenue in 2025 and normalise at 7.0% from 2026. While in 1H25 there was only the expansion of the store in Vienna, in 2H25 3 or 4 openings are planned (Abu Dhabi, Macau, Shanghai and possibly Vancouver) as well as 2 expansions (Paris and Geneva) within the store network.
- Change in estimates.** We are confirming our 2025/26 revenue forecasts, featuring annual growth slightly above 10%. Our estimates are now a touch above consensus (between +0.5% and +1.0%).
- NEUTRAL; target Eu114.4 from Eu107.5.** 2Q25 revenues confirmed the brand's unique positioning and the excellent reliability of management indications. Importantly, market trends should continue to demonstrate the persisting performance gap between demand for authentically exclusive luxury goods, which remains strong, and the rest of the market, which is showing greater volatility. Brunello Cucinelli is among the few winners thanks to a brand positioning that is firmly rooted in ethical and humanistic values, credible and forward-looking relationships with a highly specialised supply chain network and extremely selective distribution (including 400 wholesale doors). While we confirm our NEUTRAL stance on the stock, we are moving our target to Eu114.4 from Eu107.5 having lowered the equity risk premium in our basic assumptions.

| Key Figures & Ratios   | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn)          | 1,139 | 1,279 | 1,408 | 1,552 | 1,710 |
| EBITDA Adj (Eu mn)     | 326   | 365   | 402   | 445   | 492   |
| Net Profit Adj (Eu mn) | 109   | 119   | 134   | 152   | 172   |
| EPS New Adj (Eu)       | 1.598 | 1.757 | 1.975 | 2.234 | 2.535 |
| EPS Old Adj (Eu)       | 1.598 | 1.757 | 1.975 | 2.234 | 2.535 |
| DPS (Eu)               | 0.910 | 0.940 | 0.987 | 1.117 | 1.267 |
| EV/EBITDA Adj          | 16.4  | 17.8  | 18.9  | 17.1  | 15.5  |
| EV/EBIT Adj            | 28.5  | 30.7  | 32.4  | 29.1  | 26.2  |
| P/E Adj                | 68.3  | 62.2  | 55.3  | 48.9  | 43.1  |
| Div. Yield             | 0.8%  | 0.9%  | 0.9%  | 1.0%  | 1.2%  |
| Net Debt/EBITDA Adj    | 1.7   | 2.1   | 2.2   | 2.0   | 1.9   |

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- 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 S&P500 Index, most of those on the MIBEX 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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|              |         |
|--------------|---------|
| BUY:         | 31,85 % |
| OUTPERFORM:  | 37,78 % |
| NEUTRAL:     | 30,37 % |
| UNDERPERFORM | 00,00 % |
| SELL:        | 00,00 % |

As at 30 June 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 in total) is as follows:

|              |         |
|--------------|---------|
| BUY:         | 52,70 % |
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| NEUTRAL:     | 17,57 % |
| UNDERPERFORM | 00,00 % |
| SELL:        | 00,00 % |

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| Emittente | % | Long/Short |
|-----------|---|------------|
|-----------|---|------------|

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