

BRUNELLO CUCINELLI

OUTPERFORM

Sector: Consumers

Price: Eu82.35 - Target: Eu90.50

Guidance Raised Further in Year-End Update

Andrea Randone +39-02-77115.364

andrea.randone@intermonte.it

Francesco Brilli +39-02-77115.439

francesco.brilli@intermonte.it

Stock Rating

Rating: Unchanged

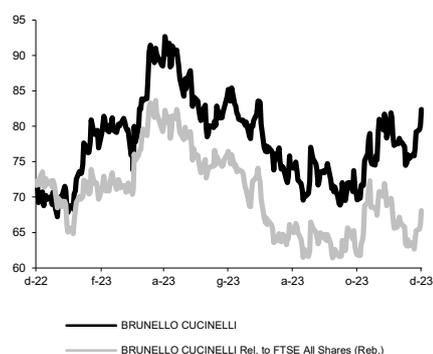
Target Price (Eu): from 86.00 to 90.50

	2023E	2024E	2025E
Chg in Adj EPS	2.2%	2.9%	3.6%

Next Event FY23 revenues

Results Out: 8 January 2024

BRUNELLO CUCINELLI - 12M Performance



Stock Data

Reuters code: BCU.MI

Bloomberg code: BC IM

Performance	1M	3M	12M
Absolute	2.7%	11.5%	14.9%
Relative	-1.9%	5.5%	-6.0%
12M (H/L)	92.65/67.20		
3M Average Volume (th):	101.24		

Shareholder Data

No. of Ord shares (mn):	68
Total no. of shares (mn):	68
Mkt Cap Ord (Eu mn):	5,600
Total Mkt Cap (Eu mn):	5,600
Mkt Float - Ord (Eu mn):	2,002
Mkt Float (in %):	35.8%
Main Shareholder:	
Fedone S.r.l.	50.1%

Balance Sheet Data

Book Value (Eu mn):	458
BVPS (Eu):	6.99
P/BV:	11.8
Net Financial Position (Eu mn):	-579
Enterprise Value (Eu mn):	5,586

■ **FY guidance raised for fourth time since January.** In light of the excellent brand momentum, management indicated that it expects FY23 revenue growth of between 22% and 23% (vs. previous guidance of +20-22%) with an EBIT margin of above 16% (prev. 16%). For 2024, in light of an excellent wholesale order intake for the 2024 S/S collection as well as the 2024 A/W collection (campaign still open), management confirmed 10% growth, which it also projected for 2025, and the 50% dividend distribution policy.

■ **Business update.** The group continues to benefit from its positioning in absolute luxury clothing, thanks to an exclusive, highly chic and recognisable product made with great craftsmanship. The boutiques, designed to welcome customers according to the Casa Cucinelli model, have helped strengthen the brand further. For 2024 the plan is to invest in 3/4/5 openings or expansions of the store network, a new factory for men's tailored suits will be built in Penne in Abruzzo and the EBIT margin should close with a slight YoY improvement. During the call management explained that, perhaps due to the growing importance of communication on social media, international markets are synchronising; there is a persisting performance gap between absolute luxury, which remains very strong, and the rest of the market, which is showing greater volatility. In all markets, customers demand an exclusive and refined product, designed to last and possibly be mended. The update on the achievement of environmental objectives was positive; on the one hand management illustrated the projects carried out so far in Solomeo, in the rest of Umbria and around the world (mainly financed by the family's foundation) and on the other it trailed a soon-to-be-published analysis of the social return on these investments.

■ **Change in estimates.** We are lifting our 2023 revenue forecast by 1% to the middle of management's guidance range. Our estimates assume 10.5% YoY revenue growth in 4Q23 or +15.1% at constant exchange rates; 4Q22 top line growth was particularly strong in both channels. Our 2023 EBIT forecast of Eu183.7mn, raised by 1.9%, corresponds to a 16.3% margin, consistent with management indications.

■ **OUTPERFORM; target from Eu86.0 to Eu90.5.** Strong indications on 4Q23 revenues, with FY targets revised upwards once again. The group's 400k customers seem enthusiastic about the brand, and numbers are destined to grow. The current market environment remains favourable thanks to the brand's niche positioning in the absolute luxury market. Its success is well rooted in a series of distinct features: taste (contemporary apparel with no logo), territory (Solomeo and the Umbria region) and especially values (human sustainability, dignity for artisan workforce). Moreover, its limited penetration in China (around 13% of total revenues, half the level of peers), leaves notable scope for future growth. Our new target reflects our new estimates and the rollover of our valuation model. Just over 10 years after its listing on the Italian Stock Exchange, on 18 December 2023 the BC IM stock will enter the FTSE MIB index, another landmark that marks the great success of the equity story.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	712	920	1,125	1,244	1,377
EBITDA Adj (Eu mn)	193	266	329	368	410
Net Profit Adj (Eu mn)	44	76	115	127	142
EPS New Adj (Eu)	0.653	1.116	1.690	1.863	2.086
EPS Old Adj (Eu)	0.653	1.116	1.653	1.810	2.013
DPS (Eu)	0.420	0.650	0.877	0.931	1.043
EV/EBITDA Adj	16.5	13.6	17.0	15.2	13.6
EV/EBIT Adj	nm	26.9	30.4	27.2	24.4
P/E Adj	nm	73.8	48.7	44.2	39.5
Div. Yield	0.5%	0.8%	1.1%	1.1%	1.3%
Net Debt/EBITDA Adj	3.0	2.1	1.8	1.6	1.5