

BRUNELLO CUCINELLI

OUTPERFORM

Sector: Consumers

Price: Eu85.90 - Target: Eu95.40

FY23 Revenues Very Strong, FY24 Guidance Confirmed

Andrea Randone +39-02-77115.364

andrea.randone@intermonte.it

Francesco Brilli: +39-02-77115.439

francesco.brilli@intermonte.it

Stock Rating

Rating: Unchanged

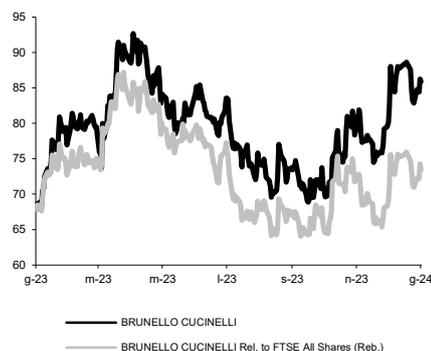
Target Price (Eu): from 90.50 to 95.40

	2023E	2024E	2025E
Chg in Adj EPS	0.2%	0.2%	0.5%

Next Event FY23 results

Results Out: 14 March 2024

BRUNELLO CUCINELLI - 12M Performance



Stock Data

Reuters code: BCU.MI

Bloomberg code: BC IM

Performance	1M	3M	12M
Absolute	7.2%	21.4%	26.6%
Relative	6.5%	14.0%	9.6%
12M (H/L)	92.65/68.30		
3M Average Volume (th):	141.34		

Shareholder Data

No. of Ord shares (mn): 68

Total no. of shares (mn): 68

Mkt Cap Ord (Eu mn): 5,841

Total Mkt Cap (Eu mn): 5,841

Mkt Float - Ord (Eu mn): 2,088

Mkt Float (in %): 35.8%

Main Shareholder:

Fedone S.r.l. 50.1%

Balance Sheet Data

Book Value (Eu mn): 525

BVPS (Eu): 8.10

P/BV: 10.6

Net Financial Position (Eu mn): -654

Enterprise Value (Eu mn): 5,873

■ **FY23 revenues up 23.9% YoY, better than expected.** On 8th January, the group announced preliminary revenues for financial year 2023 of Eu1,139.4mn, up 23.9% YoY or 26.0% at constant FX, above the range indicated by management on 13 December (which pointed to revenues up between +22% and +23%). In the press release, the group also indicates net debt as at end-December, excluding the impact of IFRS 16, at circa Eu7mn, after CAPEX of Eu78mn. Focusing on 4Q23, revenues (Eu321.0mn) rose 15.6% YoY, 4.6% above our forecast. All geographical areas reported positive performances (Italy especially strong). During the quarter direct channel sales grew 21.7% YoY to Eu235.9mn, above expectations and very strong considering the difficult comparison base.

■ **Business update.** Regarding 2024, management confirmed guidance for revenue growth of 10% YoY despite improvements to the FY23 figure. The press release mentions an excellent order book for the S/S 2024 collection and that selling had got off to an excellent start at direct and indirect sales points. 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. 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. Market trends are showing 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.

■ **Change in estimates.** We are lifting our 2024-25 revenue forecast by 1.3%, confirming an annual growth slightly above 10%. Our 2023 EBIT forecast of Eu186.0mn, raised by 1.2%, corresponds to a 16.3% margin, a level that we expect in 2024 can improve by 30bps. Having factored in slightly higher financial charges, we have raised 2024 and 2025 EPS by 0.2% and 0.5%.

■ **OUTPERFORM; target from Eu90.5 to Eu95.4.** Strong 4Q23 revenues, with estimates 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.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	712	920	1,139	1,260	1,395
EBITDA Adj (Eu mn)	193	266	331	372	414
Net Profit Adj (Eu mn)	44	77	115	127	143
EPS New Adj (Eu)	0.653	1.136	1.693	1.867	2.098
EPS Old Adj (Eu)	0.653	1.116	1.690	1.863	2.086
DPS (Eu)	0.420	0.650	0.879	0.933	1.049
EV/EBITDA Adj	16.5	13.6	16.2	15.8	14.2
EV/EBIT Adj	nm	26.9	28.8	28.1	25.3
P/E Adj	nm	75.6	50.7	46.0	41.0
Div. Yield	0.5%	0.8%	1.0%	1.1%	1.2%
Net Debt/EBITDA Adj	3.0	2.1	1.8	1.8	1.7