

BRUNELLO CUCINELLI

NEUTRAL

Sector: Consumers

Price: Eu97.36 - Target: Eu107.50

FY25 Guidance Confirmed Following Positive Start to the Year

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Stock Rating

Rating: Unchanged

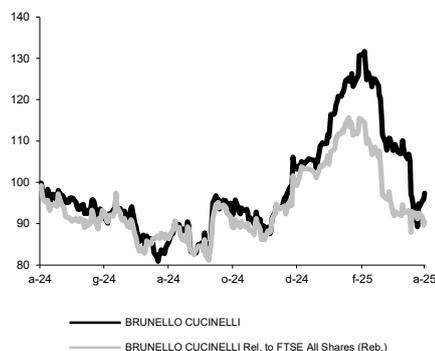
Target Price (Eu): from 122.40 to 107.50

	2025E	2026E	2027E
Chg in Adj EPS	0.1%	0.0%	-0.2%

Next Event 1H25 revenues

Results Out: 10 July 2025

BRUNELLO CUCINELLI - 12M Performance



Stock Data

Reuters code: BCU.MI

Bloomberg code: BC IM

Performance	1M	3M	12M
Absolute	-12.0%	-14.1%	-1.2%
Relative	-5.4%	-14.8%	-8.8%
12M (H/L)	131.70/80.95		
3M Average Volume (th):	215.26		

Shareholder Data

No. of Ord shares (mn): 68

Total no. of shares (mn): 68

Mkt Cap Ord (Eu mn): 6,620

Total Mkt Cap (Eu mn): 6,620

Mkt Float - Ord (Eu mn): 2,367

Mkt Float (in %): 35.8%

Main Shareholder:

Fedone S.r.l. 50.1%

Balance Sheet Data

Book Value (Eu mn): 563

BVPS (Eu): 8.67

P/BV: 11.2

Net Financial Position (Eu mn): -860

Enterprise Value (Eu mn): 6,780

■ **1Q25 revenues rose 10.5% YoY to Eu341.5mn, a touch better than expected.** The wholesale channel's quarterly revenues (up 8.2% YoY in 1Q25 to Eu130.4mn, in line with expectations) reflected the warm appreciation of the 2025 spring/summer collections. Retail revenues were up 11.9% YoY to Eu211.0mn, +0.2% vs. our estimates (130 at the end of March 2025 compared to 125 at the end of March 2024). All geographical areas reported healthy growth rates, consistent with our forecasts: Italy and Rest of Europe were up 11.0% and 9.6% YoY, benefitting from the appreciation of both local customers and tourists, North America – 37% of total quarterly sales – was up 10.3% YoY, despite a very tough comparison, and finally Asia was up 11.3% YoY (Asia represents % of total sales; China accounts for about half of this amount, Japan about one quarter).

■ **Business update.** On 2025, management confirmed guidance for 10% YoY revenue growth, a target that should remain highly visible, especially considering that qualitative comments on current trading have remained very positive and given the orders collected for the autumn/winter collections. The company is confident of being able to offset tariffs in the US with a modest price increase (+3-4% in the event of 10% tariffs). Production flexibility was highlighted as an important factor to mitigate risk. In general, 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 2025 the plan remains to invest in 4 openings and 3 expansions of the store network. Speaking about the ongoing project to increase the production facility in Solomeo, management said that works are proceeding very well, and that the previous indication for 2025/2026 CapEx at about 9%/8% of sales is now more likely to be 10.0%-10.5% in 2025 and 7.5%-7.0% in 2026. From 2027, CapEx was confirmed normalising at about 7% of sales.

■ **Change in estimates.** We are confirming our 2025/26 revenue forecasts, featuring annual growth slightly above 10%. At the same time, we forecast a 20bp YoY increase in the EBIT margin in 2025 to 16.8%, in line with management indications. In terms of cash flow, in 2025 we expect generation to remain penalised by a high level of CapEx (nudged upwards in this report). We confirm our estimates for net working capital, with inventories expected to remain at about 29% of sales.

■ **NEUTRAL; target from Eu122.4 to Eu107.5.** 1Q25 revenues confirmed the brand's unique positioning and the excellent reliability of management indications, even in the presence of high industry volatility. 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 stands out as one of the few winners. Even though we confirm our NEUTRAL stance on the stock, after the recent correction the company's valuation is becoming more attractive and the strong top line visibility should offer solid protection. Our new target price reflects Intermonte's decision to raise the equity risk premium in our DCF models from 5.5% to 6.0%.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,139	1,279	1,415	1,560	1,719
EBITDA Adj (Eu mn)	326	365	405	448	496
Net Profit Adj (Eu mn)	109	119	137	155	176
EPS New Adj (Eu)	1.598	1.757	2.012	2.277	2.585
EPS Old Adj (Eu)	1.598	1.757	2.010	2.278	2.590
DPS (Eu)	0.910	0.940	1.006	1.138	1.293
EV/EBITDA Adj	16.4	17.8	16.7	15.2	13.7
EV/EBIT Adj	28.5	30.7	28.5	25.7	23.0
P/E Adj	60.9	55.4	48.4	42.8	37.7
Div. Yield	0.9%	1.0%	1.0%	1.2%	1.3%
Net Debt/EBITDA Adj	1.7	2.1	2.1	2.0	1.8

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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 of 5.5% 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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