BRUNELLO CUCINELLI

NEUTRAL

Sector: Consumers

Price: Eu107.70 - **Target: Eu122.40**

FY25 Guidance Confirmed in Light of Good Start to the Year

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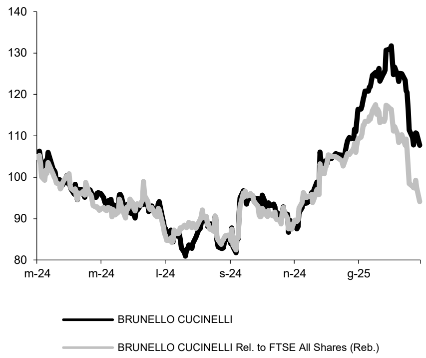
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-2.0%	-1.8%	

Next Event 1Q25 revenues
Results Out: 16 April 2025

BRUNELLO CUCINELLI - 12M Performance



Stock Data			
Reuters code:			BCU.MI
Bloomberg code:			BC IM
Performance	**1M**	**3M**	**12M**
Absolute	-17.8%	4.1%	0.2%
Relative	-19.5%	-9.1%	-14.3%
12M (H/L)			131.70/80.95
3M Average Volume (th):			200.78

Shareholder Data	
No. of Ord shares (mn):	68
Total no. of shares (mn):	68
Mkt Cap Ord (Eu mn):	7,324
Total Mkt Cap (Eu mn):	7,324
Mkt Float - Ord (Eu mn):	2,618
Mkt Float (in %):	35.8%
Main Shareholder:	
Fedone S.r.l.	50.1%

Balance Sheet Data	
Book Value (Eu mn):	563
BVPS (Eu):	8.66
P/BV:	12.4
Net Financial Position (Eu mn):	-847
Enterprise Value (Eu mn):	7,471

- **2H/FY24 operating margins in line with estimates**. On 13 January the group announced preliminary FY24 revenues of Eu1,278.4mn, up 12.2% YoY, or 12.4% at constant ForEx. 2H24 EBIT was Eu107.1mn, up 7.4% YoY, in line with expectations. FY24 profit, net of minorities, was Eu119.5mn, up double-digit YoY, after adjusting for non-recurring income in FY23, slightly below our estimate due to financial charges coming in a touch higher than forecast. The board has proposed a dividend of Eu0.94 per share, a 50% payout. Net debt as at end-December was Eu103.6mn, in line with expectations and management indications.
- **Business update**. For 2025, management confirmed revenues were expected to grow around 10%, partly in light of a very positive start to 1Q25 and excellent order intake for the men's and women's autumn-winter 2025 collections. In the release, BC mentioned a "a very nice sell-out of the 2025 spring/summer collection" and positive feedback and orders for the 2025 womenswear autumn/winter pre-collection. Management has also confirmed the main thrust of development, which foresees a slight increase in prices (+3.5% on FY25, including mix effect), marketing stable at around 7% of revenues, and a sustained level of CapEx (8-9% of revenues) until 2026, the year in which the plan to double production capacity should be completed. Starting from 2027, CapEx should normalise 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 the 2025 EBIT margin up 20bp YoY, in line with reiterated management indications, to reach 16.8%. In terms of cash flow, in 2025 and 2026 we expect generation to remain penalised by a high level of CapEx (adjusted slightly up in the present report), broadly in line with the 2024 percentage of sales (c.9%). We confirm our estimates for Net Working Capital, with inventories expected to remain at about 29% of sales.
- **NEUTRAL; target to Eu122.4 unchanged.** FY results once again confirmed the brand's unique positioning and the excellent reliability of management indications and projects, 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. More precisely, after quite a favourable industry environment in 4Q24, we expect global brand performances to be more varied in 1Q25: Brunello Cucinelli, expected to grow double-digit in 1Q25, should stand 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.

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	497
Net Profit Adj (Eu mn)	109	119	137	155	176
EPS New Adj (Eu)	1.598	1.757	2.010	2.278	2.590
EPS Old Adj (Eu)	1.598	1.797	2.052	2.320	
DPS (Eu)	0.910	0.940	1.005	1.139	1.295
EV/EBITDA Adj	16.4	17.8	18.4	16.7	15.1
EV/EBIT Adj	28.5	30.7	31.5	28.4	25.4
P/E Adj	67.4	61.3	53.6	47.3	41.6
Div. Yield	0.8%	0.9%	0.9%	1.1%	1.2%
Net Debt/EBITDA Adj	1.7	2.1	2.1	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)

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Frequency of research: quarterly.
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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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As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	**%**	**Long/Short**

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