BRUNELLO CUCINELLI

OUTPERFORM

Sector: Consumers

Price: Eu72.84 - **Target: Eu110.00**

Double-Digit Sales Trajectory To Continue in 1Q26

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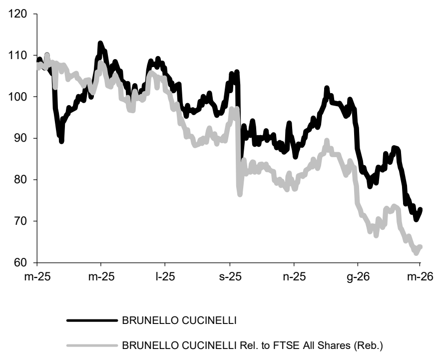
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2026E	**2027E**	**2028E**
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event 1Q26 Revenues
Results Out 9 April 2026

BRUNELLO CUCINELLI - 12M Performance



Stock Data			
Reuters code:			BCU.MI
Bloomberg code:			BC IM
Performance	**1M**	**3M**	**12M**
Absolute	-14.3%	-26.6%	-32.4%
Relative	-11.6%	-27.4%	-46.6%
12M (H/L)			112.90/70.34
3M Average Volume (th):			406.96

Shareholder Data	
No. of Ord shares (mn):	68
Total no. of shares (mn):	68
Mkt Cap Ord (Eu mn):	4,953
Total Mkt Cap (Eu mn):	4,953
Mkt Float - Ord (Eu mn):	2,474
Mkt Float (in %):	50.0%
Main Shareholder:	
Trust Brunello Cucinelli	50.1%

Balance Sheet Data	
Book Value (Eu mn):	624
BVPS (Eu):	9.53
P/BV:	7.6
Net Financial Position (Eu mn):	-1,013
Enterprise Value (Eu mn):	5,154

OUTPERFORM; target Eu110.0 unchanged. In a challenging year for the luxury market, Brunello Cucinelli should be able to maintain a double-digit growth rate at CER in 1Q26. We expect management to provide reassuring comments on ongoing business with Saks in the US, while the Middle East crisis should only represent a risk to a relatively small part of the business. More broadly, brand positioning in the most exclusive market segment seems strong in all regions, with meaningful untapped potential in China and very limited exposure to business with tourists, which is likely to remain more volatile. Given this backdrop, the current valuation discount vs. Hermes does not seem justified.

- **Double-digit revenue growth expected at CER in 1Q26, ForEx -6%**. 1Q26 revenues, which the group will announce on 9 April, should show a continuation of the brand's positive momentum. According to our estimates, quarterly turnover should come to Eu355.5mn, up 10.2% YoY before a -6.1% ForEx impact (i.e. +4.1% YoY on a reported basis). In more detail, retail revenues are expected up 14.6% YoY at CER to Eu225.5mn, a very healthy growth rate in line with 4Q25 performance. Retail performance should continue to show double-digit growth in all regions, with America to remain the strongest and Asia up at a mid-teens rate. On the other hand, wholesale revenues are expected up 3.3% YoY at CER to Eu130.0mn, with positive trends in the business with Saks in the US, in a context where multibrand customers are adopting a more selective approach in the digital channel.
- **Considerations on the Middle East crisis**. Based on our estimates, the impact of the war in the Middle East on the group's figures should be limited, especially if the conflict is resolved in the near future. According to our assumptions, revenues in the Middle East account for less than 5% of the total, with a 60:40 split between DTC and Wholesale. In the DTC channel, we believe approximately half of revenues are attributable to non-resident customers, who are likely to make purchases in other markets, while we can expect a negative impact on the remaining business with local customers, although boutiques have remained open. Regarding the wholesale business, we assume management has taken a more cautious approach to deliveries. Overall, if we were to assume that the crisis lasts until the end of the year, the negative impact, in our simulation, should remain below 2% of revenues; however, we expect (and hope) that stability can be restored more quickly.
- **Change in estimates.** We are leaving our 2026/27 revenue forecasts unchanged, assuming a -2% ForEx effect on 2026 because we expect a much lighter impact over the remainder of the year (below -1%). At the same time, our forecast for a 10bp YoY EBIT margin increase in 2026 should gain visibility thanks to the expected strong pace of the DTC channel. Overall, we expect management to confirm full-year guidance, thanks to trends remaining solid in the more exclusive segment of the market in which the brand operates, while risks entailed by the Middle East crisis should have a limited downward impact, that would be negligible if the situation is solved in the next few months.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	1,279	1,408	1,536	1,691	1,858
EBITDA Adj (Eu mn)	365	416	457	504	555
Net Profit Adj (Eu mn)	119	135	149	168	188
EPS New Adj (Eu)	1.757	1.986	2.188	2.476	2.770
EPS Old Adj (Eu)	1.757	1.986	2.188	2.476	2.770
DPS (Eu)	0.940	1.040	1.050	1.080	1.108
EV/EBITDA Adj	17.8	17.3	11.3	10.2	9.3
EV/EBIT Adj	30.7	30.5	19.9	18.0	16.3
P/E Adj	41.5	36.7	33.3	29.4	26.3
Div. Yield	1.3%	1.4%	1.4%	1.5%	1.5%
Net Debt/EBITDA Adj	2.1	2.4	2.2	2.1	1.9

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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)

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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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BUY:	32.06%
OUTPERFORM:	38.17%
NEUTRAL:	29.77%
UNDERPERFORM:	00.00%
SELL:	00.00%

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OUTPERFORM:	27.27%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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