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Milan, 01 March 2023

Italian Equity Research – FY22 results

MONCLER

OUTPERFORM

Sector: Consumers

Price: Eu57.80 - **Target: Eu66.00**

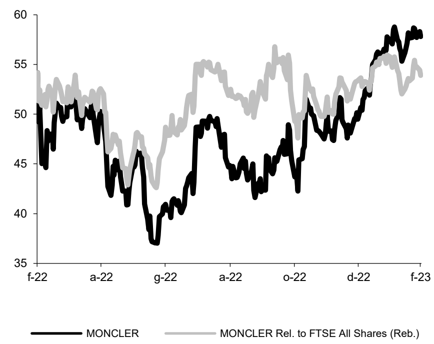
Strong 4Q22 Numbers and Encouraging Comments on 1Q23

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 64.00 to 66.00
	2023E	**2024E**	**2025E**
Chg in Adj EPS	4.1%	3.5%	

Next Event 1Q23 Revenues
Results out 4 May 2023

MONCLER - 12M Performance



Stock Data			
Reuters code:			MONC.MI
Bloomberg code:			MONC IM
Performance	**1M**	**3M**	**12M**
Absolute	1.0%	17.8%	6.7%
Relative	-2.3%	6.2%	-0.6%
12M (H/L)			58.76/37.02
3M Average Volume (th):			644.27

Shareholder Data	
No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	15,819
Total Mkt Cap (Eu mn):	15,819
Mkt Float - Ord (Eu mn):	12,053
Mkt Float (in %):	76.2%
Main Shareholder:	
Double R S.r.l.	19.9%

Balance Sheet Data	
Book Value (Eu mn):	3,292
BVPS (Eu):	11.99
P/BV:	4.8
Net Financial Position (Eu mn):	151
Enterprise Value (Eu mn):	14,752

- **4Q/2H22 results above our forecasts.** 4Q22 revenues (before the contribution of Stone Island) came in at Eu949.3mn, 6.9% better than expected and up 18.2% YoY or +50% on 4Q19. Notably, this figure was boosted by a positive 2% ForEx effect. 4Q22 revenues from Stone Island were 7.9% above our estimates and reached Eu97.0mn, up 47.9% YoY, with a strong contribution from the DTC channel (+95% YoY), benefitting from conversions to DTC, although these penalised the wholesale channel (still +9%). In terms of margins, the 2H22 gross margin rose 60bp, partly thanks to a better revenue mix (2H22 DTC sales accounted for 77.4% of the total, compared to 74.3% in 2H21). All in all, 2H22 EBIT was 7.8% above our forecasts and amounted to Eu594.4mn with a 35.3% margin on sales. At YE22, the group had net cash, excluding IFRS16, of Eu818.2mn, a touch better than expected, thanks to good control of NWC (the incidence on revenues was 7.4% as at YE22 compared to 7.0% at YE21). During the year, CapEx for Eu167mn were made, including the investments for the expansion of the production site at Bacau in Romania. A Eu1.12 dividend per share was proposed, corresponding to a payout of about 50%.
- **Encouraging comments on 2023.** During the call, management provided encouraging comments on the start to the year, indicating very strong brand momentum in all the regions. EMEA is performing better than expected thanks to both local customers and tourists; the American consumer cluster is growing double-digit; and the Korean business remained strong. Importantly, after the end of Covid restrictions, Chinese consumers showed very positive numbers. Chinese tourists are back in Macau, Hong Kong, and Hainan, suggesting they might gradually return to travel in Europe in the coming quarters. In terms of pricing, a 10% increase was confirmed, reiterating that it has been well accepted by customers so far. These price adjustments, applied not to grow but just to protect margins, will also rebalance geographical price gaps. For 2023, the focus on Stone Island will be on developing the DTC culture, targeting just 5 new openings during the year. The launch of Stone Island in the Chinese market is planned for the beginning of 2024. For Moncler, new openings should be in line with 2022 at about 15, with some important relocations. Footwear should benefit from the launch of new products.
- **Change to estimates.** In light of stronger-than-expected 4Q22 revenues, we are raising our 2023 and 2024 top-line forecasts by 2.2% and 2.3%. In detail: we assume stronger growth for Moncler brand turnover, while trimming our estimates for Stone Island, narrowing our gap to consensus. Our new 2023 group revenue forecasts should remain about 2.5% above consensus. In terms of the EBIT margin, we are leaving our 2023/2024 assumptions broadly unchanged at around 30%, in line with consensus. At bottom line, we are raising 2023 and 2024 EPS by 4.1% and 3.5% respectively.
- **OUTPERFORM confirmed; target to Eu66.0 from Eu64.0.** FY22 results were better than expected and indications on Jan-Feb trends have been very supportive, especially with regard to Chinese customers. The change in our target price mainly reflects the new estimates. Looking forward to 1Q23, earnings direction should remain supportive. Moreover, in our view, Moncler is in a position to consider new M&A options; possible targets should meet the “beyond luxury” paradigm explained by the SI acquisition: distinctive brand asset, a contemporary positioning (especially with Gen Z customers), outstanding product quality and distribution.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,046	2,603	2,984	3,378	3,747
EBITDA Adj (Eu mn)	858	1,076	1,220	1,384	1,539
Net Profit Adj (Eu mn)	411	544	647	737	821
EPS New Adj (Eu)	1.503	1.987	2.357	2.683	2.991
EPS Old Adj (Eu)	1.503	1.937	2.264	2.591	
DPS (Eu)	0.600	1.120	0.918	1.047	1.169
EV/EBITDA Adj	17.0	11.4	12.1	10.3	9.0
EV/EBIT Adj	23.1	15.1	15.8	13.4	11.7
P/E Adj	38.5	29.1	24.5	21.5	19.3
Div. Yield	1.0%	1.9%	1.6%	1.8%	2.0%
Net Debt/EBITDA Adj	0.0	0.0	-0.1	-0.3	-0.5

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