MONCLER

OUTPERFORM

Sector: Consumers

Price: Eu67.30 - **Target: Eu75.00**

Estimates Up, Positive View Confirmed

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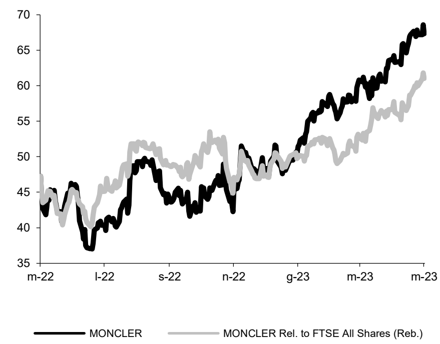
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 66.00 to 75.00
	2023E	**2024E**	**2025E**
Chg in Adj EPS	2.2%	1.3%	2.6%

Next Event 1H23 Results
Results out 26 July 2023

MONCLER - 12M Performance



Stock Data			
Reuters code:			MONC.MI
Bloomberg code:			MONC IM
Performance	**1M**	**3M**	**12M**
Absolute	5.8%	14.5%	42.4%
Relative	7.2%	15.9%	32.1%
12M (H/L)			68.56/37.02
3M Average Volume (th):			686.61

Shareholder Data	
No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	18,419
Total Mkt Cap (Eu mn):	18,419
Mkt Float - Ord (Eu mn):	14,035
Mkt Float (in %):	76.2%
Main Shareholder:	
Double R S.r.l.	19.9%

Balance Sheet Data	
Book Value (Eu mn):	3,306
BVPS (Eu):	12.04
P/BV:	5.6
Net Financial Position (Eu mn):	163
Enterprise Value (Eu mn):	17,349

- **A stronger-than-expected start to the year.** 1Q23 revenues (before the Stone Island contribution) came in at Eu604.9mn, up 27.8% YoY after a negligible ForEx impact, 8.9% better than expected. **The positive surprise was entirely driven by Moncler retail revenues, up 33% YoY to Eu501.5mn**, thanks to like-for-like growth of about 30%, 20% from higher volumes and 10% from higher prices. All the regions performed ahead of expectations. For Stone Island, revenues amounted to Eu121.6mn, up 4.4% YoY but 2.7% lower than expected, taking **total group revenues to Eu726.4mn, up 23.2% YoY, 6.8% better than expected**. In July 2022, Stone Island converted 16 stores in Japan and 1 in London from wholesale to direct to consumer; for this reason, and the weak US performance, wholesale turnover showed a contraction (-6.5%) while retail grew strongly (+38%).
- **Management confirmed a supportive 2023 outlook.** The excellent start to the year confirmed the very strong Moncler brand momentum in all regions. EMEA has also been performing strongly in April thanks to local customers and tourists. Importantly, after the end of Covid restrictions, Chinese consumers keep on showing excellent trends and a strong passion for the brand. Chinese tourists are back in Macau, Hong Kong, and Hainan, suggesting they will gradually return to travel in Europe in the coming quarters. The American consumer cluster continued to grow in the retail channel in April, while wholesale revenues are declining, mainly due to a very selective distribution policy. Moncler announced that Nordstrom wholesale corners will be converted into retail points of sale, with a hybrid approach (Moncler is controlling inventories, while sale assistants are hired by the department store). Partly due to this conversion, Moncler's FY23 wholesale revenues were indicated "flattish". As for Stone Island, a new CEO, Robert Triefus, has been appointed, while the strategic focus is confirmed on developing the DTC culture and gradually strengthening brand equity. FY23 Stone Island sales were indicated "up high single-digit" with growth coming entirely from the retail channel. Group EBIT margin guidance "to touch the 30% level" was confirmed, stressing the importance of continuing to invest in both brands.
- **Change in estimates.** In light of the strong 1Q23 revenue and management indications, we are raising our 2023 revenue forecast by 2.1% thanks to a stronger-than-expected retail contribution from the Moncler brand (now expected up 23.5% YoY from 16.6%) partially offset by lowering brand wholesale revenues and assuming more modest top line growth for Stone Island. Our new estimates see Moncler retail revenues up 21.0% YoY in the remainder of the year, or 16.3% YoY excluding the positive expected contribution from retail conversion at US stores. On the other hand, we are leaving EBIT margin forecasts unchanged, consistent with management indications.
- **OUTPERFORM confirmed; target from Eu66.0 to Eu75.0.** Messages from 1Q23 revenues were very supportive. We confirm our positive view as we believe Moncler has great potential to benefit from recovering consumption among Chinese customers. Also in light of the recent industry re-rating, we are raising the long-term growth assumption from 3.5% to 4.0% in our DCF model, lifting our target price to Eu75. We also note that, in our view, Moncler is in a position to consider new M&A options.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,046	2,603	3,048	3,420	3,848
EBITDA Adj (Eu mn)	858	1,076	1,246	1,401	1,579
Net Profit Adj (Eu mn)	411	544	661	746	843
EPS New Adj (Eu)	1.503	1.987	2.408	2.717	3.069
EPS Old Adj (Eu)	1.503	1.987	2.357	2.683	2.991
DPS (Eu)	0.600	1.120	0.939	1.061	1.201
EV/EBITDA Adj	17.0	11.4	13.9	12.1	10.4
EV/EBIT Adj	23.1	15.1	18.1	15.7	13.5
P/E Adj	44.8	33.9	27.9	24.8	21.9
Div. Yield	0.9%	1.7%	1.4%	1.6%	1.8%
Net Debt/EBITDA Adj	0.0	0.0	-0.1	-0.3	-0.5