MONCLER

OUTPERFORM

Sector: Consumers

Price: Eu57.90 - **Target: Eu73.00**

Normalization of Growth Expected in 3Q

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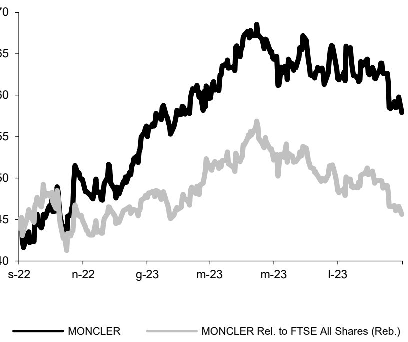
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 75.00 to 73.00
	2023E	2024E	2025E
Chg in Adj EPS	-1.3%	-2.7%	-2.8%

Next Event: 9M23 Revenues
Results out 26 October 2023

MONCLER - 12M Performance



Stock Data			
Reuters code:			MONC.MI
Bloomberg code:			MONC IM
Performance	**1M**	**3M**	**12M**
Absolute	-7.3%	-13.8%	33.5%
Relative	-9.8%	-15.4%	6.5%
12M (H/L)			68.56/41.61
3M Average Volume (th):			591.94

Shareholder Data	
No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	15,846
Total Mkt Cap (Eu mn):	15,846
Mkt Float - Ord (Eu mn):	12,074
Mkt Float (in %):	76.2%
Main Shareholder:	
Double R S.r.l.	19.9%

Balance Sheet Data	
Book Value (Eu mn):	3,291
BVPS (Eu):	11.98
P/BV:	4.8
Net Financial Position (Eu mn):	151
Enterprise Value (Eu mn):	14,779

- **3Q23 revenues expected up 4.5% YoY to Eu668.5mn.** We expect 3Q23 revenues (before the Stone Island contribution) at Eu557.5mn, up 5.5% YoY after a 3.0% negative ForEx effect. In terms of channels, Moncler retail sales should come in at Eu402.0mn, up 15.8% YoY, while wholesale revenues are seen at Eu155.5mn, down 14.1% YoY, because of the already announced conversion of Nordstrom and Saks sales points in the US from wholesale to retail. Finally, we expect the contribution from Stone Island at Eu111mn, +0.9% YoY, as a combination of a positive retail channel (+15%) offset by the rationalization of wholesale (-4.5%).
- **What we expect from 3Q23 DTC sales.** 3Q will confirm a general industry slowdown. Growth for the Moncler DTC channel should have remained positive, but softer than in 1H23. This trend must be read in light of a more challenging YoY comparison (but the 2Y comparison is also slowing down from ca.+80% to ca.+45%) and in light of a very good first part of the year (helped in 2Q23 by the launch of products - such as the summer Grenoble collection - which did not exist in the past). Europe is the market where this normalization trend should be most evident. Local consumption is expected softer (UK and Germany were the weakest areas at the end of 2Q23) but, more significantly, the contribution of tourism should have annualized the return of American tourists that started in 3Q22, while Chinese tourism should have grown in the region but at a more gradual pace compared to flows in other Asian destinations. America should have performed nicely thanks to a less challenging comparison with 3Q22 and to good demand dynamism. In Asia, we expect some softening in demand in Mainland China from the mid-range Chinese consumer, which is important for Moncler. However, Chinese spending should have remained healthy considering tourist purchases as well (especially evident in Hong Kong and Macau, as we have already mentioned). Revenues in Japan are expected to reflect normalizing local demand and a growing contribution from inbound tourists (ForEx is a tailwind); Koreans should still be up double-digit as a national cluster.
- **Change in estimates**. We are trimming our 2023 / 2024 revenue forecasts to take account of a more negative ForEx effect and more gradual growth for Stone Island. In terms of the EBIT margin, we confirm our 30% assumption for 2023, consistent with management indications.
- **OUTPERFORM confirmed; target Eu73.0 from Eu75.0.** 3Q23 newsflow should be quite supportive for the Moncler brand, especially on Chinese consumption and on the US, net of the store conversion effect. The outlook on 4Q, also considering the weaking macro picture, should be in line with our new estimates. We note that the 4Q comparison on China is relatively easier because last year the country suffered a lockdown from mid-October to November (but sales were strong in the remaining weeks). Regarding Stone Island, trimmed revenues reflect the ongoing restructuring but we expect some supportive updates in the coming months on implementation of the strategy by recently appointed CEO Robert Triefus. The main risk to our recommendation remains a greater-than-expected industry slowdown that might trigger a derating for the industry and for a stock that generates 75% of annual EBIT in 2H.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,046	2,603	2,981	3,349	3,772
EBITDA Adj (Eu mn)	858	1,076	1,231	1,379	1,544
Net Profit Adj (Eu mn)	411	544	646	729	823
EPS New Adj (Eu)	1.503	1.987	2.354	2.656	2.997
EPS Old Adj (Eu)	1.503	1.987	2.386	2.729	3.084
DPS (Eu)	0.600	1.120	0.917	1.036	1.172
EV/EBITDA Adj	17.0	11.4	12.0	10.4	9.0
EV/EBIT Adj	23.1	15.1	15.8	13.6	11.7
P/E Adj	38.5	29.1	24.6	21.8	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