

MONCLER

NEUTRAL

Sector: Consumers

Price: Eu49.17 - Target: Eu55.80

Trying to Factor in a Deteriorating Scenario in Asia

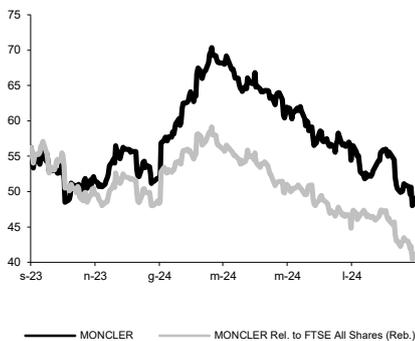
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 62.50 to 55.80		
	2024E	2025E	2026E
Chg in Adj EPS	-4.5%	-4.6%	-4.2%

Next Event 3Q24 Revenues
 Results Out 29 October 2024

MONCLER - 12M Performance



Stock Data

Reuters code:	MONC.MI		
Bloomberg code:	MONC IM		
Performance	1M	3M	12M
Absolute	-12.0%	-15.6%	-14.5%
Relative	-12.5%	-15.4%	-32.7%
12M (H/L)	70.34/48.00		
3M Average Volume (th):	750.18		

Shareholder Data

No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	13,457
Total Mkt Cap (Eu mn):	13,457
Mkt Float - Ord (Eu mn):	10,962
Mkt Float (in %):	81.5%
Main Shareholder:	
Ruffini Partecipazioni Holding	15.8%

Balance Sheet Data

Book Value (Eu mn):	3,615
BVPS (Eu):	13.15
P/BV:	3.7
Net Financial Position (Eu mn):	589
Enterprise Value (Eu mn):	12,152

3Q24 revenues expected down 4.2% YoY to Eu641.5mn. We expect 3Q24 revenues (before the Stone Island contribution) to come to Eu537.8mn, down 4.2% YoY after a 2.4% negative ForEx effect. In terms of channels, Moncler's retail sales should come in at Eu391.9mn, -0.9% YoY (or up 2.0% YoY at cFX), while wholesale revenues are seen at Eu145.9mn, down 12.0% YoY. Finally, we expect the contribution from Stone Island to come to Eu103.7mn, -4.4% YoY, a combination of a positive retail channel (+23.6%) offset by the streamlining of wholesale (-17.4%). We expect Stone Island to benefit from a more resilient QoQ performance, as the brand's sales have greater exposure to local consumers, with a lower exposure to Chinese customers.

Focus on deteriorating Moncler DTC revenues. 3Q24 should show a general industry slowdown in Asia, despite an easier comparison base. Growth for Moncler's DTC channel should remain at a positive 2% at constant ForEx, but this marks a significant deterioration from 2Q24. In Asia, we expect weak store traffic, as recently commented by many luxury players; Asia represents about 50% of Moncler's sales, with Mainland China, Japan and Korea contributing about 23%, 13% and 11% respectively. America should remain as volatile as in 2Q24, without any clear deterioration. On the other hand, Europe is expected to be more positive thanks to resilient local demand and a slightly increasing contribution from tourists (gradual YoY recovery of Chinese tourists, despite softer than initially expected).

Change in estimates. In light of our 3Q24 estimates and bearing in mind the tough 4Q comparison, we are reducing our 2024 / 2025 revenue forecasts to factor in lower Moncler revenues, especially DTC, while we are leaving our assumptions for Stone Island unchanged. In our new forecasts, Moncler revenues should remain flat YoY in 4Q24, with DTC growth of just 1%. The estimate revision reflects weaker industry momentum and is not the result of a deteriorating positioning for the Moncler brand. We therefore expect management to continue to invest in marketing and new store openings. In terms of the EBIT margin, we are lowering our 2024 estimate by 50bp to 29.3%, and applying a mere 20bp revision on 2025. All in all, the 2024/2025 EPS revision is -4.6%/-4.8%.

NEUTRAL confirmed; target from Eu62.5 to Eu55.8. The weakness in Asia expected to emerge in the quarterly figures of all luxury companies is a worrying sign as we enter the core Winter season. The stock is trading at rather attractive multiples compared to historical levels (c.20% discount to historical P/E), but market trends are likely to remain uncertain, with the comparison remaining very tough in 1Q25 and consensus forecasts expected to trend downwards. Recent attempts of Chinese authorities to revive economic growth seem able to only provide a short-term relief. We confirm our NEUTRAL recommendation on the stock, updating our target to reflect the new estimates. We remind that one week ago the Rivetti family completed its exit from the shareholder base, reducing the overhang risk on the stock.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	2,603	2,984	3,068	3,328	3,640
EBITDA Adj (Eu mn)	1,076	1,226	1,234	1,345	1,478
Net Profit Adj (Eu mn)	544	640	654	717	789
EPS New Adj (Eu)	1.987	2.330	2.379	2.610	2.873
EPS Old Adj (Eu)	1.987	2.330	2.490	2.736	3.000
DPS (Eu)	1.120	1.150	1.161	1.264	1.393
EV/EBITDA Adj	11.4	12.4	9.9	8.8	7.7
EV/EBIT Adj	15.1	16.3	13.0	11.5	10.1
P/E Adj	24.7	21.1	20.7	18.8	17.1
Div. Yield	2.3%	2.3%	2.4%	2.6%	2.8%
Net Debt/EBITDA Adj	0.0	-0.2	-0.5	-0.7	-1.0

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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)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

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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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OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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