Intermonte

Milan, 27 July 2023

Italian Equity Research – 1H23 Results

MONCLER

OUTPERFORM

Sector: Consumers

Price: Eu61.74 - **Target: Eu75.00**

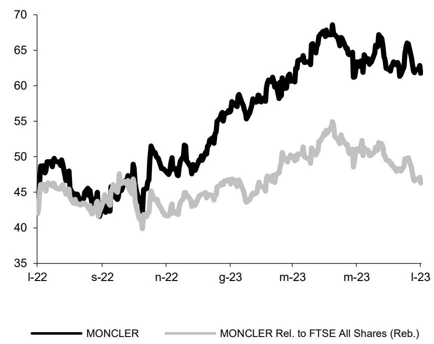
Moncler Brand Continues Its Strong Momentum

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):			Unchanged
	2023E	**2024E**	**2025E**
Chg in Adj EPS	-0.9%	0.4%	0.5%

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	-0.9%	-7.7%	46.9%
Relative	-6.7%	-13.6%	13.5%
12M (H/L)			68.56/41.61
3M Average Volume (th):			688.85

Shareholder Data	
No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	16,897
Total Mkt Cap (Eu mn):	16,897
Mkt Float - Ord (Eu mn):	12,875
Mkt Float (in %):	76.2%
Main Shareholder:	
Double R S.r.l.	19.9%

Balance Sheet Data	
Book Value (Eu mn):	3,300
BVPS (Eu):	12.01
P/BV:	5.1
Net Financial Position (Eu mn):	152
Enterprise Value (Eu mn):	15,832

- **Healthy revenue growth for the Moncler brand.** 2Q23 revenues (before the contribution of Stone Island) came in at Eu330.2mn, up 31.6% YoY and 3.1% better than expected. 2Q22 revenues from Stone Island were Eu80.0mn, up 3.0% YoY, in line with our estimates. All in all, quarterly group revenues came in at Eu410.2mn, +24.5% YoY.
- **Very strong margin improvement before a spike in marketing cost**. In 1H23, the gross margin improved by 110bps to 74.9% thanks to a favourable channel mix. On the other hand, the 1H23 EBIT margin dropped to 19.2% from 19.6% in 1H22 because of a doubling of marketing costs, as expected.
- **Supportive management indications**: 1) in terms of current trading, in China the comparison is normalizing vs. 2Q23 (lockdowns were in April and May 2022), but with a strong rebound of Chinese tourism, mainly towards Hong Kong and Macau but also Japan. In Europe, the Chinese are gradually coming back but they are already the first nationality. The Chinese cluster is up 50% compared to 1H21, accelerating in 2Q23 vs. 1Q23. Japan is performing well; Korea is normalizing but still up double digit. Koreans are travelling and in Europe are almost as important as the Americans. Local consumption in Europe is up double digit even though normalizing. Now, at group level, local consumption is about 2/3 and tourists 1/3. 2) In the US they are changing the wholesale business model in order to raise the perception of the Moncler brand thanks to better control of distribution. The hybrid model already agreed with Nordstrom will also be implemented with Saks (Neimann is remaining a wholesaler). This change will have a negative impact on 2H23 sales but positive implications in the longer term. 3) As for Stone Island, the new CEO's mission is to change the corporate culture from wholesale to DTC and also to turn the company from a logo approach to a brand approach. Management is also working to insource the Stone Island online business by June 2024. 4) In terms of the EBIT margin, the target is to reach 30% but not exceed this level, as they want to keep on investing in the brands and the people. 5) The price increase for the Spring Summer 2024 will be about 5% for the Moncler brand, lower than in the last two seasons. They are not witnessing negative reactions from customers. Prices will remain broadly stable for Stone Island.
- **Change in estimates**. We are trimming our 2023 wholesale revenue forecast by 5% to account for the conversion of Saks, an effect we are rebalancing in 2024 assuming higher retail revenues. In terms of the EBIT margin, we confirm our 30.1% assumption for 2023, consistent with management indications.
- **OUTPERFORM confirmed; target Eu75.0 unchanged.** 2Q23 newsflow has been supportive for the Moncler brand, especially on Chinese consumption and on tourism. The strong increase in store productivity is a key factor. Regarding Stone Island, revenues reflect the ongoing restructuring but the strategy to be implemented by recently appointed CEO Robert Triefus seems to be heading in the right direction. Overall, we expect consensus forecasts to be confirmed.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,046	2,603	3,020	3,434	3,867
EBITDA Adj (Eu mn)	858	1,076	1,234	1,407	1,586
Net Profit Adj (Eu mn)	411	544	655	749	847
EPS New Adj (Eu)	1.503	1.987	2.386	2.729	3.084
EPS Old Adj (Eu)	1.503	1.987	2.408	2.717	3.069
DPS (Eu)	0.600	1.120	0.930	1.066	1.207
EV/EBITDA Adj	17.0	11.4	12.8	10.9	9.4
EV/EBIT Adj	23.1	15.1	16.7	14.2	12.2
P/E Adj	41.1	31.1	25.9	22.6	20.0
Div. Yield	1.0%	1.8%	1.5%	1.7%	2.0%
Net Debt/EBITDA Adj	0.0	0.0	-0.1	-0.3	-0.5