

# MONCLER

Sector: Consumers

## OUTPERFORM

Price: Eu51.86 - Target: Eu64.50

### Trimming Our Forecasts to Reflect Less Dynamic Markets

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#### Stock Rating

**Rating:** Unchanged

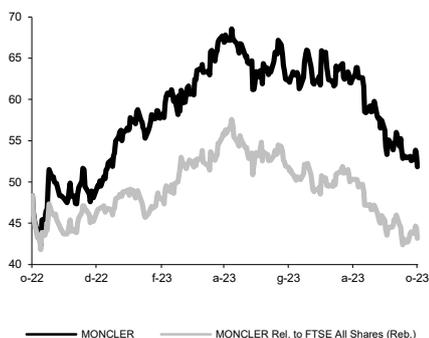
**Target Price (Eu):** from 73.00 to 64.50

	2023E	2024E	2025E
<b>Chg in Adj EPS</b>	-1.7%	-2.6%	-3.0%

#### Next Event: FY23 Results

Results out 28 February 2024

#### MONCLER - 12M Performance



#### Stock Data

**Reuters code:** MONC.MI

**Bloomberg code:** MONC IM

Performance	1M	3M	12M
Absolute	-4.5%	-16.0%	7.1%
Relative	-2.2%	-10.4%	-12.9%
12M (H/L)	68.56/42.26		
3M Average Volume (th):	653.76		

#### Shareholder Data

No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	14,193
Total Mkt Cap (Eu mn):	14,193
Mkt Float - Ord (Eu mn):	10,815
Mkt Float (in %):	76.2%
Main Shareholder:	
Double R S.r.l.	19.9%

#### Balance Sheet Data

Book Value (Eu mn):	3,280
BVPS (Eu):	11.94
P/BV:	4.3
Net Financial Position (Eu mn):	141
Enterprise Value (Eu mn):	13,130

■ **3Q23 revenues up 4.9% YoY, a touch better than expected.** 3Q23 revenues (before the Stone Island contribution) came in at Eu561.2mn, up 6.2% YoY (0.7% better than expected) after a 3% negative ForEx effect. In terms of channels, Moncler retail sales amounted to Eu395.4mn, up 13.9% YoY, while wholesale revenues came to Eu165.8mn, down 8.5% YoY, because of the already-announced conversion of Nordstrom and Saks sales points in the US from wholesale to retail. Finally, the contribution from Stone Island stood at Eu108.5mn, -1.4% YoY, as a combination of a positive retail channel (+12.4%) offset by the streamlining of wholesale (-6.6%).

■ **Management comments.** Europe is the market where the normalisation trend was most evident in the quarter. Local consumption was softer (UK and Germany have been the weakest areas since the end of 2Q23), the direct online channel showed weak numbers and the contribution of tourism annualised the return of American tourists that started in 3Q22, while Chinese tourism grew in the region but at a more gradual pace compared to flows to other Asian destinations. America, net of the store conversion effect, performed fairly well thanks to a less challenging comparison with 3Q22 and dynamic demand. In Asia, Chinese spending remained healthy (+50% vs. the corresponding period in 2021, the same trend as 1H23) also factoring in tourist purchases abroad (especially in Hong Kong and Macau). Revenues in Japan reflected normalising local demand and a growing contribution from inbound tourists (ForEx is a tailwind); Korean purchases remained up double-digit as a national cluster. Starting from the second half of September, there was a general slowdown that has continued into October, partly because of a very tough comparison (celebrations for Moncler's 70<sup>th</sup> Anniversary in Milan, very strong Golden Week in China) and partly because of the unfavourable weather. The coming weeks are key for the business, and group business should benefit from the contribution of new store openings, the easier comp in Mainland China (lockdown in November 2022) and the expected normalisation of seasonal weather conditions.

■ **Change in estimates.** We are trimming our 2023 / 2024 revenue forecasts to include a softer start to the quarter for Moncler and more gradual growth for Stone Island. In terms of the EBIT margin, we broadly confirm our 30% assumption for 2023, consistent with management indications.

■ **OUTPERFORM confirmed; target from Eu73.0 to Eu64.5.** 3Q23 newsflow was quite supportive for the Moncler brand, especially on Chinese consumption and the US, net of the store conversion effect. The outlook on 4Q is consistent with the weakening macro picture and may improve as soon as the weather normalises. Regarding Stone Island, 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 in 2024. Our new target partly reflects the new estimates (Eu-2), with the rest of the shift attributable to the 50bp increase in the risk-free rate.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,046	2,603	2,940	3,275	3,674
EBITDA Adj (Eu mn)	858	1,076	1,212	1,345	1,500
Net Profit Adj (Eu mn)	411	544	635	710	799
EPS New Adj (Eu)	1.503	1.987	2.314	2.587	2.908
EPS Old Adj (Eu)	1.503	1.987	2.354	2.656	2.997
DPS (Eu)	0.600	1.120	0.900	1.008	1.135
EV/EBITDA Adj	17.0	11.4	10.8	9.4	8.2
EV/EBIT Adj	23.1	15.1	14.3	12.4	10.6
P/E Adj	34.5	26.1	22.4	20.0	17.8
Div. Yield	1.2%	2.2%	1.7%	1.9%	2.2%
Net Debt/EBITDA Adj	0.0	0.0	-0.1	-0.3	-0.5