

MONCLER

NEUTRAL

Sector: Consumers

Price: Eu63.50 - Target: Eu66.50

Downgrade To NEUTRAL, Short-Term Upside More Limited

Andrea Randone +39-02-77115.364

andrea.randone@intermonte.it

Francesco Brilli +39-02-77115.439

francesco.brilli@intermonte.it

Stock Rating

Rating: from OUTPERFORM to NEUTRAL

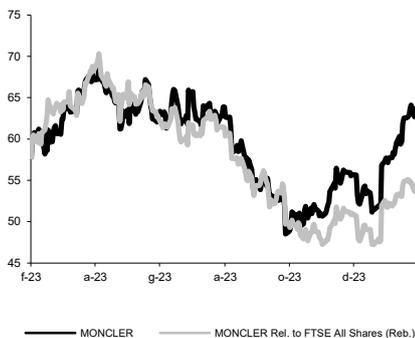
Target Price (Eu): from 63.80 to 66.50

	2024E	2025E	2026E
Chg in Adj EPS	0.8%	0.6%	

Next Event: 1Q24 Revenues

Results out 24 April 2024

MONCLER - 12M Performance



Stock Data

Reuters code: MONC.MI

Bloomberg code: MONC IM

Performance	1M	3M	12M
Absolute	11.7%	25.2%	9.9%
Relative	5.0%	14.3%	-7.0%
12M (H/L)	68.56/48.51		
3M Average Volume (th):	742.45		

Shareholder Data

No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	17,379
Total Mkt Cap (Eu mn):	17,379
Mkt Float - Ord (Eu mn):	13,259
Mkt Float (in %):	76.3%
Main Shareholder:	
Double R S.r.l.	19.8%

Balance Sheet Data

Book Value (Eu mn):	3,651
BVPS (Eu):	13.28
P/BV:	4.8
Net Financial Position (Eu mn):	637
Enterprise Value (Eu mn):	16,042

■ **4Q/2H23 results came in above our forecasts.** 4Q23 Moncler brand revenues came in at Eu1,076.9mn, 4.3% better than expected and up 13.4% YoY or +17% at constant ForEx. 4Q23 revenues from Stone Island were 1.9% above our estimates and reached Eu101.0mn, up 4.1% YoY, with a positive contribution from the DTC channel (+12.7% YoY), benefitting from conversions to DTC, although these penalised the wholesale channel (-8.5%). In terms of margins, the 2H23 gross margin rose almost 70bp, thanks to a better revenue mix (2H23 DTC sales accounted for 81.5% of the total, compared to 77.4% in 2H22). All in all, 2H23 EBIT was 2.2% above our forecasts and amounted to Eu676.0mn with a 36.6% margin on sales. At YE23, the group had net cash, excluding IFRS16, of Eu1,034mn, a touch lower than expected, with the incidence of NWC on revenues at 8.0% as at YE23 compared to 7.4% at YE22. During the year, the company invested Eu174mn of CapEx, a touch lower than expected. A Eu1.15 dividend per share was proposed, corresponding to a payout of about 51%.

■ **Encouraging comments on 2024.** During the call, management provided encouraging comments on the start to the year, indicating positive Moncler brand momentum in all regions. For 2024, the focus at Stone Island will remain on developing the DTC culture, with organic growth at the heart (wholesale revenues are expected down 17%-18% YoY). For Moncler, in 2024, the contribution from additional DTC channel space could be 5-6%, including 1% from US department store conversions (Nordstrom and Saks), but the wholesale channel is expected to show a high single-digit negative contribution (highly selective approach, especially with e-tailers). Pricing (up about 10% in F/W '23/24) is planned up about 5% (a bit more in S/S24, a bit less in F/W '24/25). In 2024, the gross margin should continue to benefit from the channel mix, but the DTC expansion will also entail higher sales costs, so keeping the EBIT margin flattish was indicated as "an ambition". Quizzed on possible use of excess cash, management ruled out any new acquisitions or real estate investment in the short term, appreciating high financial flexibility to seize any future opportunities that may arise; there are no plans for a buyback.

■ **Change in estimates.** In light of stronger-than-expected 4Q23 revenues, we are raising our 2024 and 2025 top line forecasts by 0.9% and 0.5%. In terms of the EBIT margin, we are leaving our 2024/2025 assumptions unchanged at around 30%, in line with consensus. At bottom line, we are raising 2024 and 2025 EPS by 0.8% and 0.6% respectively.

■ **Downgrade to NEUTRAL; target from Eu63.8 to Eu66.5.** We like the company and the unique global positioning of the Moncler brand. Estimate direction should already have reached its low point, and we see more upside than downside risk from current levels going forward. At the same time, after a positive 14% YTD performance, we are lowering our recommendation to NEUTRAL in light of more limited short-term upside and P/E valuation multiples that seem to fairly reflect the fundamental value (+3% vs. LVMH, +5% vs. MONC's 10Y average) in an industry environment that is expected to witness positive but more moderate growth rates. The main risk to our view on the stock relies on the fact that the group is a potential target for corporate action, as Remo Ruffini only controls 16.1% of the voting rights and Moncler would certainly represent a highly desirable and complementary prey.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	2,603	2,984	3,225	3,582	3,944
EBITDA Adj (Eu mn)	1,076	1,226	1,320	1,463	1,613
Net Profit Adj (Eu mn)	544	640	695	775	856
EPS New Adj (Eu)	1.987	2.330	2.529	2.820	3.114
EPS Old Adj (Eu)	1.987	2.306	2.509	2.803	
DPS (Eu)	1.120	1.150	1.231	1.375	1.520
EV/EBITDA Adj	11.4	12.4	12.2	10.7	9.4
EV/EBIT Adj	15.1	16.3	15.9	14.0	12.3
P/E Adj	32.0	27.2	25.1	22.5	20.4
Div. Yield	1.8%	1.8%	1.9%	2.2%	2.4%
Net Debt/EBITDA Adj	0.0	-0.2	-0.5	-0.7	-1.0

DISCLAIMER (for more details go to [DISCLAIMER](#))

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- 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.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 30 September 2023 Intermonte's Research Department covered 114 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	26.02 %
OUTPERFORM:	47.15 %
NEUTRAL:	26.02 %
UNDERPERFORM	00.81 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (48 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte is acting as financial advisor to SAES Getters in relation to the partial voluntary tender offer on ordinary treasury shares.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambientthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DeA Capital, ElEn, Elica, Emak, Esprinet, Expert AI, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, Go Internet, GPI, Greenthesis (formerly Ambientthesis), IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Intred, Luvè, Matica Fintec, Mondadori, Notorious Pictures, Omer, Pharmanutra, Reevo, Relatech, Reply, Revo Insurance, Sababa Security, Saes Getters, Salcef, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STI, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Banca Sistema, Bifire S.P.A., B&C Speakers, Cleanbnb, Crowdfundme, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Doxee, Ediliziacrobatica Spa, Eles, Elica, Emak, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, Intercos, Intred, Lventure Group, Maps, Masi Agricola, Matica Fintec, Neodecortech, Notorious Pictures, Osai Automation System, Racing Force Group, Relatech, Reti, Sciuker Frames, Solid World Group, Spindox Digital Soul, Tamburi, Tesmec, Tinexta, Tps Group, Trendevice, Ulisse Biomed, Wiit.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

© Copyright 2024 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available