Milan, 29 March 2023

Italian Equity Research – 1Q23 Preview

MONCLER

OUTPERFORM

Sector: Consumers

Price: Eu60.56 - **Target: Eu66.00**

We Expect a Strong Quarter Ahead

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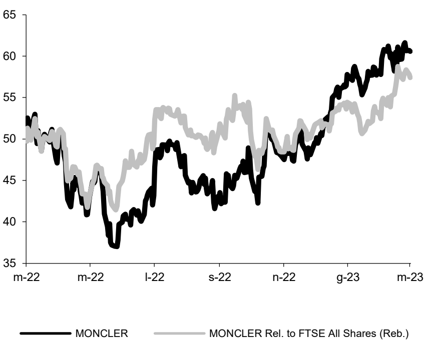
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2023E	**2024E**	**2025E**
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event 1Q23 Revenues
Results out 4 May 2023

MONCLER - 12M Performance



Stock Data			
Reuters code:			MONC.MI
Bloomberg code:			MONC IM
Performance	**1M**	**3M**	**12M**
Absolute	4.8%	22.4%	21.7%
Relative	9.1%	12.0%	16.2%
12M (H/L)			61.62/37.02
3M Average Volume (th):			679.81

Shareholder Data	
No. of Ord shares (mn):	274
Total no. of shares (mn):	275
Mkt Cap Ord (Eu mn):	16,574
Total Mkt Cap (Eu mn):	16,574
Mkt Float - Ord (Eu mn):	12,629
Mkt Float (in %):	76.2%
Main Shareholder:	
Double R S.r.l.	19.9%

Balance Sheet Data	
Book Value (Eu mn):	3,292
BVPS (Eu):	11.99
P/BV:	5.1
Net Financial Position (Eu mn):	151
Enterprise Value (Eu mn):	15,510

- **A very convincing start to the year.** We expect 1Q23 revenues (before the Stone Island contribution) at Eu555.3mn, up 17.3% YoY or +18.0% at constant ForEx. Geographically, APAC revenues should have been Eu283.3mn (51% of total quarterly sales), up 21.9% YoY. We expect Mainland China (ca. 20% of quarterly revenues) to have generated excellent numbers, with a step-up in March (easier comparison); partly thanks to a rise in Chinese tourist flows, Hong Kong, Macau and Singapore (5% of quarterly business) should have turned in a convincing performance. Japan (14% of turnover) should have continued a very positive trend, and South Korea (about 10% of sales) should have enjoyed positive growth despite a very tough comparison base. The Americas, expected up 4.8% YoY, should have seen more moderate growth rates, while EMEA should have grown 16.5% YoY to Eu195.0mn, a figure that should reflect strong local demand coupled to the positive contribution from US tourists. For Stone Island, we expect revenues at Eu124.9mn, up 7.3% YoY, taking **total group revenues to Eu680.3mn, up 15.3% YoY**. In July 2022, Stone Island converted 16 stores in Japan and 1 in London from wholesale to direct to consumer; for this reason, we expect wholesale turnover to show a small contraction (-2%) while retail to grow strongly (+36%).
- **We expect management to confirm supportive 2023 outlook.** We expect the start to the year to confirm the very strong brand momentum in all regions. EMEA is performing strongly thanks to local customers and tourists. Importantly, after the end of Covid restrictions, Chinese consumers are showing excellent trends. Chinese tourists are back in Macau, Hong Kong, and Hainan, suggesting they might gradually return to travel in Europe in the coming quarters. Korea and Japan are expected to remain strong. The American consumer cluster is still growing but recent financial turmoil is likely to put a question mark over the coming months, considering that the comparison remains tough. For 2023, we expect management to confirm that the focus at Stone Island will be on developing the DTC culture and gradually strengthening brand equity.
- **Higher visibility on our estimates.** In light of the strong 1Q23 revenue expected, we remain confident on our above-consensus forecasts that foresee 2023-2024 revenue growth at 14.6% and 13.2% YoY respectively, and EBIT margins of 30.0% and 30.2%. Our estimates are 2.0% and 3.8% above consensus on revenues and a touch more conservative on margins, by about 30bp (in absolute terms, our expected 2023 and 2024 EBIT is 1.6% and 2.9% above consensus).
- **OUTPERFORM confirmed; target to Eu66.0 unchanged.** We expect messages from 1Q23 revenues to be very supportive, especially regarding Asian customers. We confirm our positive view on the brand, which we see as having great potential to benefit from the recovery of Chinese customers. Moreover, in our view, Moncler is in a position to consider new M&A options. Possible targets should match the “beyond luxury” paradigm underlying the SI acquisition: a distinctive brand asset, a contemporary positioning (especially with Gen Z customers), and outstanding product quality and distribution.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,046	2,603	2,984	3,378	3,747
EBITDA Adj (Eu mn)	858	1,076	1,220	1,384	1,539
Net Profit Adj (Eu mn)	411	544	647	737	821
EPS New Adj (Eu)	1.503	1.987	2.357	2.683	2.991
EPS Old Adj (Eu)	1.503	1.987	2.357	2.683	2.991
DPS (Eu)	0.600	1.120	0.918	1.047	1.169
EV/EBITDA Adj	17.0	11.4	12.7	10.9	9.5
EV/EBIT Adj	23.1	15.1	16.6	14.2	12.3
P/E Adj	40.3	30.5	25.7	22.6	20.2
Div. Yield	1.0%	1.8%	1.5%	1.7%	1.9%
Net Debt/EBITDA Adj	0.0	0.0	-0.1	-0.3	-0.5