

Moncler

Price EUR15.66

Two new strategic investors to support Moncler's LT development

Fair Value EUR17,5 (+12%)

BUY

| | |
|----------------------------|-------------|
| Bloomberg | MONC IM |
| Reuters | MONC.MI |
| 12-month High / Low (EUR) | 18.9 / 12.2 |
| Market Cap (EURm) | 3,918 |
| Ev (BG Estimates) (EURm) | 3,876 |
| Avg. 6m daily volume (000) | 1 081 |
| 3y EPS CAGR | 10.2% |

| | 1 M | 3 M | 6 M | 31/12/15 |
|----------------|-------|-------|-------|----------|
| Absolute perf. | 10.7% | 11.4% | 18.8% | 21.2% |
| Pers & H/H Gds | 5.6% | 1.9% | 6.0% | 2.2% |
| DJ Stoxx 600 | 7.2% | -2.7% | 1.4% | -7.2% |

| YEnd Dec. (EURm) | 2015 | 2016e | 2017e | 2018e |
|------------------|-------|-------|-------|-------|
| Sales | 880.4 | 986.0 | 1,090 | 1,191 |
| % change | | 12.0% | 10.6% | 9.2% |
| EBITDA | 300 | 331 | 363 | 399 |
| EBIT | 252.7 | 279.1 | 309.0 | 340.3 |
| % change | | 10.5% | 10.7% | 10.1% |
| Net income | 163.8 | 182.2 | 203.9 | 225.9 |
| % change | | 11.3% | 11.9% | 10.8% |

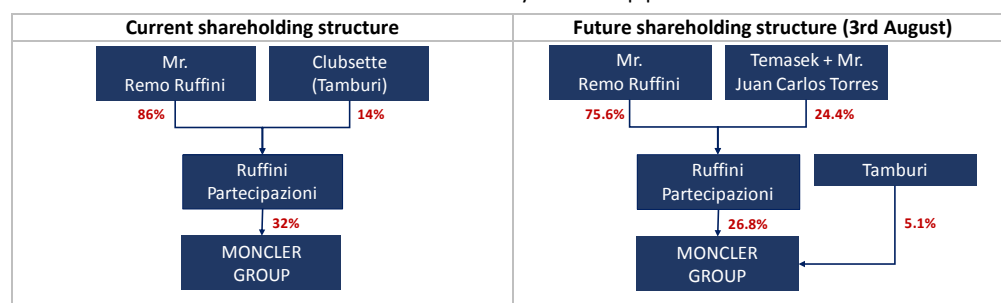
| | 2015 | 2016e | 2017e | 2018e |
|------------------|------|-------|-------|-------|
| Operating margin | 28.7 | 28.3 | 28.3 | 28.6 |
| Net margin | 18.6 | 18.5 | 18.7 | 19.0 |
| ROE | 30.0 | 27.2 | 25.3 | 23.7 |
| ROCE | 40.9 | 42.5 | 44.7 | 47.6 |
| Gearing | 9.1 | -6.2 | -18.5 | -28.5 |

| (EUR) | 2015 | 2016e | 2017e | 2018e |
|-----------------|-------|-------|-------|-------|
| EPS | 0.69 | 0.75 | 0.83 | 0.92 |
| % change | - | 9.5% | 10.5% | 10.6% |
| P/E | 22.9x | 20.9x | 18.9x | 17.1x |
| FCF yield (%) | 3.3% | 3.9% | 4.5% | 5.1% |
| Dividends (EUR) | 0.14 | 0.17 | 0.20 | 0.23 |
| Div yield (%) | 0.9% | 1.1% | 1.3% | 1.4% |
| EV/Sales | 4.5x | 3.9x | 3.5x | 3.1x |
| EV/EBITDA | 13.2x | 11.7x | 10.4x | 9.1x |
| EV/EBIT | 15.7x | 13.9x | 12.2x | 10.7x |

Yesterday morning Ruffini Partecipazioni ("RP"), the holding company belonging to Remo Ruffini that in turn owns 86% of Moncler, announced it had entered into an agreement with two investors 1/ Singapore's sovereign fund Temasek and 2/ Dufry Chairman Juan Carlos Torres, who are acquiring 24.4% of RP. While Mr Ruffini's stake in RP is set to decrease to 75.6%, he will still play a key role within the group that should benefit from the respective expertise of Temasek and Mr Juan Carlos Torres to support the development of Moncler. Buy recommendation and FV of EUR17.5 confirmed.

ANALYSIS

- **What is the current shareholding structure?** Ownership of the RP holding company (31.9% stake in Moncler) encompasses two shareholders: (i) **Remo Ruffini** who has a majority stake of 86% and (ii) **Clubsette** an investment vehicle controlled by an Italian independent investment bank **Tamburi**, which acquired 14% of RP in August 2013, before the IPO of the Italian brand in December 2013. Note that Tamburi has numerous participations in Italian companies (e.g.: Ferrari, Amplifon, Furla, etc.) and also in Hugo Boss (~1% stake).
- **Future ownership structure of RP and Moncler.** The Investment Agreement is effective on 3rd August. First of all, **Tamburi** will exit from RP and instead receive a 5.1% direct equity holding in Moncler. In a separate statement, Tamburi announced its shares would be distributed in September among the various shareholders in Clubsette that will be liquidated. RP will own 26.8% of Moncler vs. 32% currently. Simultaneously, **Temasek** and **Juan Carlos Torres** will acquire a combined 24.4% equity stake in RP, while the equity stake of **Remo Ruffini** is to be reduced to 75.6% vs. 86%. The two new shareholders will commit to a three-year lock-up period in RP but in certain circumstances, they will have the right to terminate this partnership before the deadline. Meanwhile Remo Ruffini is to commit to a two-year lock-up period.



Source: Ruffini Partecipazioni

- **What is the rationale behind these changes?** Moncler welcomes two new strategic investors with a LT investment horizon, which are also bringing interesting expertise for the future development of Moncler: 1/ **Temasek has a deep knowledge of the Asian region** that already accounts for 38% of sales and is a key growth driver for the group (+30% FX-n in H1), but still harbours promising growth opportunities; 2/ **Mr Juan Carlos Torres**: the Executive Chairman of the leading travel retail group **Dufry will naturally** help Moncler to increase its exposure to this fast-growing channel (five stores at the end of H1, only ~2% of sales vs. ~6% of the luxury industry).

VALUATION

- We firmly believe that Remo Ruffini will remain committed to Moncler over the LT, all the more so since the two new investors have certainly ensured that he continues to play a key role within the Italian Group! In our view, higher-than-expected opex inflation caused by a negative timing effect of EUR3m and (unjustified) concerns about these changes in shareholding structure might have triggered some profit-taking moves after the 24% rally in the share price. However, we reiterate our Buy recommendation and our FV of EUR17.5.

NEXT CATALYSTS

- Moncler is due to release its Q3 2016 sales on 8th November 2016. [Click here to download](#)



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| | |
|---------|---|
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