A Work Project, presented as part of the requirements for the Award of a Master's Degree in International Finance from the NOVA – School of Business and Economics.

PUSH FOR HIGHER PEAKS – MONCLER CONTINUES TO EXPAND GLOBALLY

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A Project carried out on the Master in Finance Program, under the supervision of:

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Abstract

The following equity research is being conducted with the goal of determining the value of Moncler S.p.a. The Discounted Cash Flow (DCF) approach was primarily used for this evaluation, along with a Multiple Assessment and a Market share analysis. The DCF analysis concludes that Moncler is undervalued, with target price of 87.65, which represents a 36.1% upside potential. The higher pricing may be explained by the company's capacity to enhance its market share in various geographical areas while keeping a leading position in the industry in the next years. As a result, the Moncler Equity Approval Recommendation is a BUY recommendation.

We will discover the secrets of Moncler and the luxury fashion industry together.

Keywords: Fashion, Valuation, Forecast, Moncler

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This report is part of the Moncler Equty research report (annexed) and should be read has an integral part of it.

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1 Company overview

1.1 Company presentation

The 16 December 2013 the IPO price was set at Euro 10.20 per share and finished first day of listing at 14,97 Euro.

Moncler SpA is a fashion corporation with headquarters in Italy. The company creates, manufactures, and sells clothes and accessories through the Moncler brand. The company creates clothing for ladies, men, and children. Jackets, shoes, sweaters, trousers, purses, shirts, tops, gloves, caps, and sunglasses are among the items offered by the company, which focuses on sportswear, outerwear, knitwear, and skiwear. The goose down jacket is the company's major product, and it is well-known all over the world. Moncler was founded in Monestier-de-Clermont near Grenoble, France, in 1952, and it is currently headquartered in Milan, Italy. Then, due to a lack of brand consolidation and the viral expansion of luxury brands, the company came dangerously near to bankruptcy. Remo Ruffini, an Italian entrepreneur, purchased the company in 2003, with the title of CEO and Chairman; Ruffini repositioned the brand in the absolute luxury down jacket segment, listing the company in December 2013 on the Milan Stock Exchange. Moncler went public on the Milan Stock Exchange on December 16, 2013, with an initial public offering (IPO) price of €10.20 per share. Moncler's share price finished at €14.97 at the end of the first day of trading, a 47% rise above the IPO price, making the fashion brand the most successful IPO in Europe in 2013. Moncler's repositioning journey began with Ruffini, guiding the company from a technical mono-product offering (i.e., the traditional winter down jacket) to a multi-functions/multi-product offering encompassing outerwear and knitwear, leather, and accessories. This procedure assists the Company in increasing the unit per transaction (UPT) and avoiding an over-reliance on the Autumn/Winter seasons. The growth of the business in recent years has taken place mainly through the development of the retail channel, which in 2020 accounted for 76% of consolidated revenues. Nonetheless, the wholesale channel remains of fundamental strategic importance for the company.

Currently, the company is a luxury fashion company with directly operated shops (DOS) worldwide and a significant presence in the European and Asian markets, with a revenue of €1.4billion in 2020. The CAGR of the business from 2003 to 2021 is 21%, which can be seen as an excellent compounded annual growth rate.

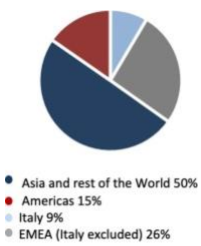

Figure 1: Revenues by Geographic Areas. (2020)

1.2 Geographical positioning

Moncler is present worldwide. The Company's largest macro-area of operation in Asia, in 2020 the 49% of revenues are originated in Asia. It has also had significant growth in the number of retail stores present in Asia, accounting in 2020 for 47% of total stores. EMEA (excluding Italy) is the second-largest revenue contributor in 2020, contributing 26%. The 61 stores are primarily located in Europe, with locations in all the world's most recognised fashion and luxury capitals and account for 27% of all retail stores. Italy accounts for 8,5% of total revenues, decreasing through the Covid pandemic in the last two years. In the Americas, Moncler competes with 104 stores in the most important cities in the US, and future development is conceivable owing to the market's size and significance in the most significant US cities for luxury consumption.

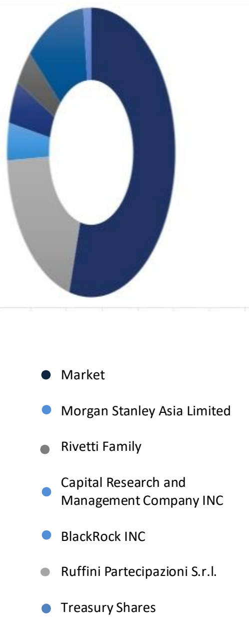

Figure 2: Shareholder Structure

1.3 Shareholder structure

Since December 16th, 2013, the Moncler share (MONC.MI - MONC: MI) has been listed on the Italian Equity (MTA) of Borsa Italiana. Moncler has been a member of the FTSE MIB since March 2014, which is made up of the top 40 stocks on the Milan Stock Exchange. The number of shares on 28 October 2021 was equal to €273.7 million. The number of shares has risen in the last year, increasing from 253 million to 273.7 million, resulting from introducing a new shareholder such as the Rivetti family (owners of Stone Island). This has led to a reduction in the participation of other shareholders.The Rivetti family owns 3,9% of the shares due to the payment method chosen for the acquisition of Stone Island, which included a part of the payment in shares. CEO Remo Ruffini owns now 19.9 % of his company, a 3% reduction from 2020. 54,2% of the claims are considered free float and are in the market. The remaining shares are held by banks and institutions such as Blackrock and Morgan Stanley.

2 Industry overview and competitive positioning

Macroeconomic analysis

Over the wave of Mainland China's recovery, Asia is predicted to see the most expenditure, followed by Europe, North America, South America, Africa, Australia, and Oceania. In recent years, there has been a significant movement in the geographic localisation of fashion luxury clients, with a gradual transfer from Western to Asian countries such as China, Japan, and South Korea and a boost from the steadily growing South American market.

The Covid-19 pandemic has caused a decline in the fashion industry.

Covid-19 is the trigger for a worsening economic catastrophe, on top of a humanitarian disaster impacting billions of people. Like many other industries, the fashion business faces unprecedented difficulties, with sales and profits under pressure. With falling revenues, shifting customer behavior, and disrupted supply chains, the last year will go down in history as one of the most difficult for the fashion industry on record. This covid crisis has prompted many businesses to create and implement an online and omnichannel strategy. Market companies are gradually developing more competitive business models by executing their manufacturing processes to reduce time-to-market, serve consumers' demands as quickly as possible and anticipate their competitors' needs.

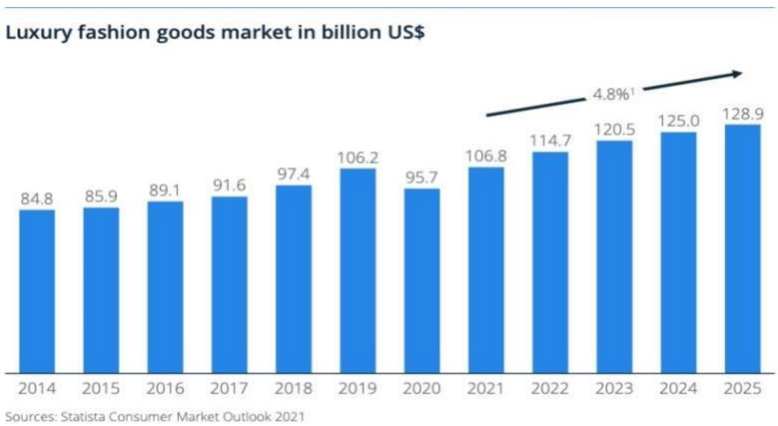

Figure 3: Forecast luxury goods market

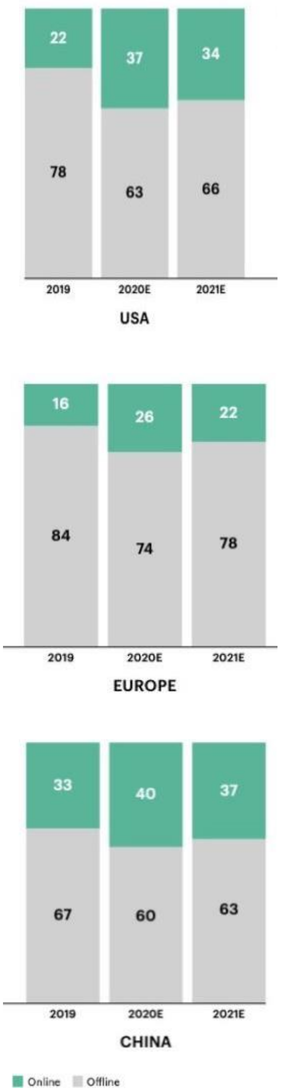

Figure 4: Sales Online vs Offline (2021)

2.1 Industry Analysis

The overall luxury fashion market, which includes both clothing and footwear, is predicted to grow at a CAGR of 4.8%, from US$106.8 billion in 2021 to US$128.9 billion in 2025.The luxury market allows consumers from all over the world to buy their products. Consumers who purchase luxury goods outside their home countries account for 20% to 30% of the industry's income. Asian consumers purchase luxury products outside of their home countries not just to take advantage of reduced pricing in Europe but also because shopping has become a significant factor of the trip experience: purchasing a brand in its native nation provides a sense of authenticity and excitement. With the current travel restrictions, a significant driver of luxury expenditure has come to a standstill. Even once the limitations are lifted, only a modest increase in overseas travel is expected. Digital, the internet channel for consumer purchases, significantly impacts luxury customers' selection of brands and items. A typical luxury consumer's purchasing path is frequently a combination of online and physical channels.

The fashion and luxury goods industries are rapidly changing. Firms have fewer chances for store development as average profitability declines and customers' attitudes about luxury purchases shift.

2.2 Market trends

- **Omnichannel – luxury 4.0 model**

Going through a historical period of complete evolution from many points of view has forced them to change their strategy from multichannel to omnichannel to continue to communicate with the consumer and remain relevant in the market at the same time. In only eight months, ecommerce's share of global fashion sales nearly quadrupled, from 16% to 29%, representing a six-year leap in growth. Digital channels will continue to be the dominant driver of growth in the coming year. According to Bain research, the internet channel will account for 25% of the luxury market's value by 2025. Consumers prefer online platforms over store-based retail businesses. Hence e-commerce, or online retail stores, leads the luxury clothes industry. Many major companies in the luxury clothing industry are concentrating their marketing and sales efforts on their websites as well as those of chosen retail locations or pure luxury e-retailer partners in certain regions. Marketing methods such as influencer marketing are assisting important players in attracting more customers from various socioeconomic backgrounds. Following McKinsey Fashion Scenarios, China will lead the trend, followed by Europe and finally the United States, by around 3%, respectively. Moncler has advanced its digital transformation by establishing a new corporate structure and declaring direct control of its e-commerce, which began with a successful migration in 2020. The company will launch a fully integrated omnichannel e-commerce platform in 2021, which will take an innovative approach towards the client and be technologically advanced. New potential for bridging the gap between physical and digital luxury purchasing emerges by focusing on an omnichannel approach and developing a complete omnichannel offering by shifting attention from traditional to social and digital marketing tactics. We think that Moncler's strategic update will focus on further digital. This initiative could help in answering customers and market trends.

Moncler will launch fully integrated e-commerce platform

This expectation of continuing to expand businesses as predicted by the forecast in the following chapters, as well as investing in digital, will almost definitely have a favourable impact on sales.

Being able to intercept the consumer on touchpoints, both online and offline and through hybrid forms, is the key to winning over the new luxury consumer who expects to receive a specific type of information and interact with the brand.

- **Sustainable luxury**

Consumers' rising awareness and concern for environmental issues has influenced their purchasing habits

The luxury business has been linked to excessive consumption and a general disregard for the environment in the past. The business is increasingly shifting towards ethical and sustainable products and experiences due to the growing influence of Millennials and Generation Z. These current market definers seek out culturally sensitive companies. Brands that are winning with millennials are growing organically at a rapid rate. In addition to this, proving positive changes in sustainability is especially vital in garnering the trust of younger fashion customers, as 43 % actively seek out brands with a strong sustainability profile (Mckinsey the-state-of-fashion-2021). Consumers' growing knowledge and focus on environmental issues has impacted their shopping habits. In fact, according to a 2020 McKinsey survey, "around 66% of the total respondents and 75% of the millennial respondents agreed to consider sustainability before making a luxury purchase." Consumers and, increasingly, investors will reward businesses that treat their employees and the environment with respect, and the resulting closer connections will improve agility and accountability. Moncler is a leader in sustainability; for the third consecutive year, it is ranked number one in the Textiles, Apparel & Luxury Goods sector of the Dow Jones Sustainability (DJSI) World Indexes. The Dow Jones Sustainability Index is one of the most prestigious sustainability indexes, admitting only the best companies that manage their business according to economic, social, and environmental responsibility criteria.

Moncler is ranked number one in the Textiles, Apparel & Luxury Goods sector of the Dow Jones Sustainability (DJSI) World Index

For the reasons explained above, our sales growth expectation is positively affected. The company, succeeding in impacting the environment, also impacts the consumer in terms of the customer's excellent publicity, loyalty, and esteem. While impossible to define statistically, this effect strengthens Moncler's position and reputation in the industry.

2.3 Competitive Landscape

- **Burberry**

Revenue: US$3.2B (2021)
Market Cap: US$8.7B
Number of stores: 415 (2021)
Number of employees: 9,234 (2021)

Burberry is a luxury British fashion brand based in London, England. It now produces and sells ready-to-wear items such as trench coats, leather goods, footwear, fashion accessories, eyeglasses, perfumes, and cosmetics, among other things. Burberry was founded in 1856; since then, the company has expanded into the high fashion industry. The company is a component of the FTSE 100 Index and is listed on the London Stock Exchange. Burberry has shops in 59 different countries.

- **Prada**

Revenue: US$3,9B (2020)
Market Cap: US$15.53B (2021)
Number of stores: 641 (2019)
Number of employees: 13,331 (2020)

Prada SpA is a holding company specialising in the production and marketing of high-end goods. Leather goods, purses, footwear, clothes, accessories, eyewear, and perfumes are among the company's offerings. Miu Miu, Church's, Car Shoe, and Pasticceria Marchesi are among the company's brands. Mario Prada created the firm in 1913, and it is based in Milan, Italy. The Group's distribution network covers 70 countries. It includes 641 Directly Operated Stores, brand e-commerce, a selection of luxury department stores and multi-brand stores. Prada Spa placed 20% of its shares on the Hong Kong stock market on June 24, 2011.

- **Hermès**

Revenue: US$7.6B (2020)
Market Cap:US$166.48B (2021)
Number of stores: 306(2020)
Number of employees: 16,600 (2020)

Hermès International is a luxury goods company that designs, manufactures, and sells high-end personal accessories and clothing. The corporation operates a chain of boutiques under the Hermès name that sells leather, scarves, men's apparel, ties, women's clothing, perfumes, watches, stationery, shoes, hats, gloves, and jewellery. Its most important categories are leather products and saddlery, which account for over half of its income; clothing and accessories for 22% and silk and textiles for 7%.

- **LVMH**

Revenue: US$54.8B (2020)
Market Cap: US$360.7B (2021)
Number of stores: 5003 (2020)
Number of employees: 16300 (2020)

The LVMH (Louis Vuitton Mot-Hennessy) group is a luxury goods manufacturer. Wines and spirits, fashion and leather products, fragrances and cosmetics, watches and jewellery, selective retailing, and other businesses are the company's six key segments. LVMH owns more than 70 brands, including Marc Jacobs, Sephora, Fendi, DKNY, Hermès, and Tiffany & Co., bought in early 2021. With the launch of its website in May 2017, LVMH made its first push into E-commerce, investing in digitalisation.

- **Kering**

Revenue: US$16.1B (2020)
Market Cap: US$89.7B (2021)
Number of stores: 143 (2020)
Number of employees: 36646 (2020)

Alexander McQueen, Balenciaga, Bottega Veneta, Boucheron, Brioni, Gucci, and Yves Saint Laurent are among the brands owned by Kering. It is the world's second-largest luxury goods firm. Gucci is the company's flagship brand, accounting for 57% of revenue. This worldwide luxury goods conglomerate was founded in 1963 and was primarily involved in the wood trade before entering the luxury sector in 1999 to purchase a 42 percent stake in Gucci. Luxury, sports & leisure, and eyewear are the three business segments of Kering. In May 2018, the business spun out 70% of Puma to its shareholders to focus entirely on premium brands.

- **Salvatore Ferragamo**

Revenue: US$916M (2020)
Market Cap: US$3.670B (2021)
Number of stores: 395 (2020)
Number of employees: 3885(2020)

Salvatore Ferragamo S.p.A. is an Italian luxury product firm headquartered in Florence, Italy. It is the Ferragamo Group's parent firm. It specialises in men's and women's shoes, leather products, Swiss-made timepieces, and ready-to-wear. The company sells eyewear and watches under license. Nonetheless, shoes remain at the heart of the Ferragamo empire. Ferragamo's sales are made through a global network of retailers, including most of the world's major department stores. The company's network of nearly 450 retail Ferragamo stores, approximately half of which are directly owned by Ferragamo

- **Tod's**

Revenue: US$637M(2020)
Market Cap: US$1.690B (2021)
Number of stores: 244 (2020)
Number of employees: 3100(2020)

TOD'S S.p.A. is a holding company. The company designs, manufacture, and sells footwear, leather goods, accessories, and clothes. Tod's, Hogan, and Fay are the company's luxury brands, as well as the licensed brand Roger Vivier. It manufactures shoes and leather goods in-house, with certain work being outsourced to specialised workshops. Customers can purchase the company's items through a network of specialist outlets. More than half of the company's overall revenue comes from Europe, with Italy accounting for most sales. China and the Americas are two more critical markets.

3 Value drivers and Forecasts

The acquisition of Stone Island was made to create value and strengthen to the Moncler Group

We adopt a comprehensive bottom-up strategy to determine Moncler's most critical revenue drivers in order to produce a credible revenue estimate. The three value drivers we consider important to analyse are the total number of stores, average revenue per store, and the Stone

Island acquisition. Today, Moncler is pursuing a strategy of integrated development of its distribution channels, both physical and digital, an omnichannel strategy. Therefore, the strategy is to expand their network of stores further, increase their online presence, and quickly adapt to fashion industry innovations. The company accelerated its digital transformation in 2020 by defining a new corporate organisation and announcing the direct management of its e-commerce.

Store expansion will be progressive and based on strong organic growth

Store expansion will be progressive and based on strong organic growth. Moncler will develop most stores in countries with the highest increase in luxury goods purchases. Asia and the Americas are at the top of this list. Based on Moncler's culture, openings will be strategic in the most renowned luxury streets and malls. Moncler appears to be aware of all the changes affecting the luxury business, particularly digitalisation and omnichannel platforms. We believe the firm is well-positioned to keep up with its competition and will not lose out on any significant areas of innovation. We see potential growth in the planned geographical expansion and digital investments.

Revenue per store will remain stable at numbers close to pre-pandemic, even as new stores open in the geographic area; this stabilisation of revenue per store as new stores open will lead to revenue growth. Our latest driver, the acquisition of a company with high potentials, such as Stone Island, was made to create value and strengthen the Moncler S.p.A. group.

3.1 Store Growth

Figure 5: Sales by Geographic Areas - Retail

Figure 4: Revenues by Geographic Areas - Wholesale

Moncler is present in all major markets, both via the retail channel and the online store, as well as through the wholesale channel (multi-brand doors, shop-in-shops in luxury department stores, airport sites, and online premium multi-brand retailers). The strategy focuses on gaining control of the distribution channel, including retail, wholesale, and digital, where it works as a direct company.

In 2020, the Company opened 10 directly operated stores (DOS) in the world's most prestigious luxury streets and malls, including the Group's largest flagship in Paris (France) on the Champs Elysées, a famous luxury street in the city's centre. With these ten new openings, Moncler mono-brand stores worldwide reach 219. In addition to these retail stores, the network consists of 63 wholesale outlets (shop-in-shops, SiS).The objective is to develop the brand worldwide through retail and factory houses to access countries with high and increasing GDP/capita. As a result, the firm has been using DTC to expand its presence in important areas such as EMEA, Asia-Pacific, and the Americas. The new store openings, between wholesale and retail, in these 10 years of forecast are 267 stores, therefore, to have 88% more stores than in 2020. The average annual growth rate of store openings is 7.32 % during the predicted period. The forecast has been divided into two periods, the first ending in 2025 and possessing a more significant growth with an average growth rate of 9.8%. A second period is ending in 2030 with an average of 4.8%. These two different levels of growth are based on the two distinct periods in the forecast, with the first phase of solid development and important investments in the opening of stores and a second phase in which Moncler enters in a more fading stage to reach a steady terminal growth.

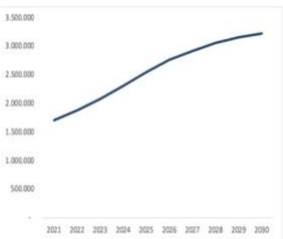

Figure7: Forecast growth in revenues

In 2030, total global revenues will be €3.2 billion

Following this forecast, we arrive at total revenues worldwide of €3.2 billion by 2030, a positive figure and much higher than the €1.6 billion in 2019 or the €1.4 billion in 2020.The opening of new stores in various countries has increased sales per country, and therefore the total revenues, by practically 100%. This prediction shows how Moncler's growth is still in progress. We have divided the analysis of the stores in retail-wholesale and for a geographical area.

- **Italy**

Moncler, considered one of the largest and most historical companies of Italian luxury, and headquartered in Milan, intends to continue to develop its brand at home. Considering that Italy accounts with retail stores for 8.6% of Moncler's revenues and in 2019 with open tourism, the percentage was 11%, the company's idea is to regain these numbers. In the next five years, Moncler would like to continue to grow these numbers by opening one store per year in various strategic locations in Italy, taking advantage of the return of tourism and clothing purchases in the founding countries of the brand. From 2025 to 2030, the growth will be slower. The openings will be more deferred with the opening of only one store, taking advantage of opportunities and strategic positions that the market will offer. During the first forecast period, turnover increased by 58%, from €92 million to €146 million, with a year-on-year growth rate of 3.5%. In the second part of the forecast, revenues do not grow very significantly, given that only one store is open. The total revenues in Italy in 2030 are around €157 million.

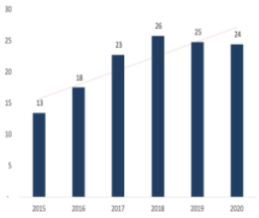

Figure 5: Historical number of stores - Italy

Our forecast predicts that revenues in Italy will rise over the next ten years from €92 to €157 million, performing significantly better, with a growth rate of 70%. The new store additions will not only be in retail, but also in wholesale, where new points of sale will be opened in the next five years, with eight stores by the end of 2025. In 2020, wholesale sales, as well as retail sales were down, due to the pandemic, not only for Moncler but for the whole industry. Italian wholesale accounted for 8% of total sales in 2020 and 11% in 2019; these data show how Covid has caused sales to fall in Italy and how the figures of the pre-Covid years can be reached again in the next few years. Although one store was closed in 2020, the company's idea is to continue to grow in presence in the territory, opening three stores in the next five years. These stores will lead to an increase in sales, reaching €54 million in 2025, a growth of 81% from 2020 sales. By 2030, we expect ten wholesale stores to open in Italy, with two new openings in the second half of the forecast. In the final year of the forecast, wholesale revenues in Italy are expected to reach €62 million, with €8 million more sales than in 2025. Adding together retail and wholesale, we reach €220 million in sales, €100 million more than in 2020 and 80% growth.

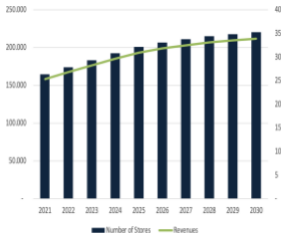

Figure 6: Forecast growth in revenues and stores - Italy

- **EMEA**

EMEA (excluding Italy) is the second-largest source of revenue. In Europe, there are 61 DOS, which cover all the most well-known fashion and luxury cities. They contribute approximately 27% of total retail shops and 26,35% of total retail sales. Despite the present market constraints, the management's long-term plan involves opening an estimated 22 new stores until 2025, giving the corporation a total of 83 stores at the end of 2025. Reaching €457 million sales in 2025, well above the €287 million in 2020. This leads to 59% growth in 5 years, a remarkable growth due to the 22 new stores. In the second phase of the forecast, there will be 21 more openings, bringing sales to €572 million, more than twice the 2020 level, a 99% growth over ten years. Continuity in store openings is essential for brand image and staying in touch with customers. Speaking instead of wholesale, the revenues from shops in shops in Europe are approximately 26% of the worldwide revenue from total wholesale sales. Openings will keep increasing at the rate established in previous years with eight new stores in the next ten years.The number of new stores will be more significant in the first five years, with seven openings, bringing the number of wholesale stores in Europe to 25. As a consequence of these openings, sales in Europe will also increase, with revenues in 2025 equal to €147 million. The second phase of the forecast has a lower rate of store openings, with only one new store. Wholesale sales will rise to €158 million with these eight additional locations, representing a 49% increase over 2020 revenues.

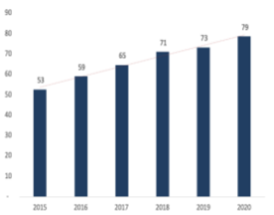

Figure 7: Historical number of stores - EMEA

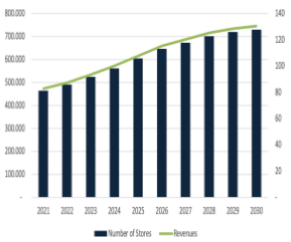

Figure 8: Forecast growth in revenues and stores - EMEA

- **Americas**

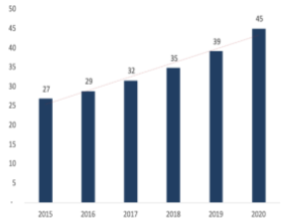

Figure 10: Historical number of stores - Americas

In 2020, the Americas area contributed 15,32% of Moncler's retail revenues and 16,22% in 2019. The company has 35 retail stores in the most major luxury-consumption locations in the United States, but we feel that additional development is potential given the market's size and significance.

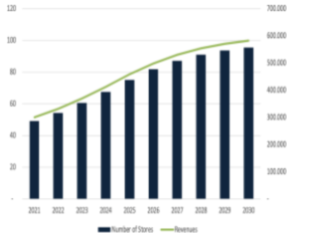

Figure 9:Forecast growth in revenues and stores - Americas

Based on previous shop openings and market potential, we estimate four retail store openings annually until 2030, leaving the firm with a total of 78 stores in this region. The expansion of retail stores will be a steady natural increase with higher store growth over the next 5/6 years and a slight decrease in the last two forecasted years. Sales in 2030 will reach €465 million, growth over the forecast period of 179%. Sales tripled from 2020 to 2030, thanks to 43 new store openings. The first forecast period has a 113% growth in sales, from €166 million to €356 millionin revenues. The number of stores also increased from 35 to 59 in that period. Multibrand storesin this region are ten and account for 15,3% of wholesale revenues. In the long-term, the company plans to add more Shop in Shop stores to their network. The strategy of the next ten years is to expand with eight new openings to reach many other cities and increase the population of the brand in the area. Six additional outlets will open in the next five years, bringing sales up from €53 million to €102 million. The openings will continue but at a slower pace, having already increased the number of stores available. There will be two new wholesale stores reaching 18 stores. These 18 outlets generate €117 million in sales, more than double revenues in 2020. Moncler's revenues in Europe will amount to €730 million euros by 2030, remaining the company's second most profitable geographical location. The predicted period saw a significant increase in sales, from €389 million to €730 million, a 92% increase. When you combine retail and wholesale income, you get a total of €582 million in sales, which is more than double the 2020 sales of €220 million. We can confirm our hypothesis that America is where newprojects may be developed, and investors can invest in various businesses.

- **Asia and the Rest of the world**

Figure 11: Historical number of stores - Asia

Asia is the biggest macro-area in which the Company operates. It is the primary revenue source for retail and wholesale, accounting for 49,5% of the total revenue. In terms of growth, it had a strong performance in the last years, and we expect this trend to continue in the years ahead. Starting from the retail stores, growth will be strong throughout the area, with approximately nine new retail stores per year until 2030. In the next ten years, revenues will increase by 102%, from €542 million to €1,097 million. The expansion will accelerate in the first phase of the projection, with 62 new stores and a 61 % sales increase. There will be fewer openings in the second half of the estimate, with 41 new stores.

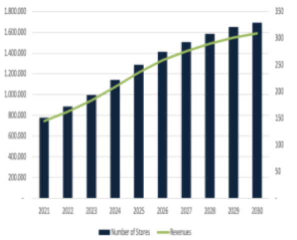

Figure 12: Forecast growth in revenues and stores - Asia

This kind of strategy is also adopted for wholesale, where the growth over the next ten years will be seven new stores every year for the duration of our forecast. Over the next ten years, revenue will increase from €175 million to €596 million, with a more than 200% growth rate. As previously stated, in the first five years of the projection, the businesses will outperform the second half of the forecast, with 40 new openings and a 130 % increase in revenue, going from €174 million to €410 million. Applying this aggressive approach to store openings will lead to a significant increase in the company's revenues. For this reason, higher investments in this area are the natural consequence of the high percentage of sales.

4. Annex

MONCLER S.P.A.

FASHION

STUDENTS: SALVATORE CALOIERO, LORENZO MAZZEI

COMPANY REPORT

17 DECEMBER 2021

MASTER IN FINANCE

MONCLER: New Concept of Luxury

From the mountain to the world

- Our recommendation is to **BUY** Moncler S.p.a., based on our **target price** of € **87.65**, which represents a 36.1% upside potential (expected dividend of € **0.41**) over the current share price of €**64.70.**
- We expect Moncler will continue to expand as a result of its global expansion strategy, which includes new store openings and the transition from multichannel to omnichannel.
- Throughout 2003 and 2020, sales increased at a CAGR of around 23 %, exceeding the industry, for the fiscal year 2025, we estimated total revenues to reach €2.553 billion
- The recent acquisition of Stone Island by MONC increases its mid-term growth potential. We expect that Stone Island will be able to more than double sales by 2025 by benefiting of worldwide expansion.

Recommendation:	**BUY**
Price Target FY22:	**87.65€**
Price (as of 16-Dec-21)	**64.70 €**

Bloomberg: FIE

52-week range (€)	38.80 – 68.58
Market Cap (€)	17,026B
Outstanding Shares (m)	273,300

Source:

MONC.MI vs FTSE MIB

Source: Yahoo Finance

(Values in € millions)	2020	2021E	2022F
Revenues	1,440	1,544	1,697
EBITDA	601	817	900
Net Profit	300	334	370
ROE	0.21x	0.24x	0.23x

Source: Annual Report, Investor Analyst

Company description

Moncler was founded in 1952 in Monestier-de-Clemont, France, and began producing sportswear for the mountains. In 2003, after a period of severe economic crisis, it was bought by Italian entrepreneur (and current CEO) Remo Ruffini, who brought it back to the forefront by re-branding it.

NOVA SCHOOL OF BUSINESS & ECONOMICS

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1. Company overview

1.1 Company presentation

The 16 December 2013 the IPO price was set at Euro 10.20 per share and finished first day of listing at 14,97 Euro.

Moncler SpA is a fashion corporation with headquarters in Italy. The company creates, manufactures, and sells clothes and accessories through the Moncler brand. The company creates clothing for ladies, men, and children. Jackets, shoes, sweaters, trousers, purses, shirts, tops, gloves, caps, and sunglasses are among the items offered by the company, which focuses on sportswear, outerwear, knitwear, and skiwear. The goose down jacket is the company's major product, and it is well-known all over the world. Moncler was founded in Monestier-de-Clermont near Grenoble, France, in 1952, and it is currently headquartered in Milan, Italy. Then, due to a lack of brand consolidation and the viral expansion of luxury brands, the company came dangerously near to bankruptcy. Remo Ruffini, an Italian entrepreneur, purchased the company in 2003, with the title of CEO and Chairman; Ruffini repositioned the brand in the absolute luxury down jacket segment, listing the company in December 2013 on the Milan Stock Exchange. Moncler went public on the Milan Stock Exchange on December 16, 2013, with an initial public offering (IPO) price of €10.20 per share. Moncler's share price finished at €14.97 at the end of the first day of trading, a 47% rise above the IPO price, making the fashion brand the most successful IPO in Europe in 2013. Moncler's repositioning journey began with Ruffini, guiding the company from a technical mono-product offering (i.e., the traditional winter down jacket) to a multi-functions/multi-product offering encompassing outerwear and knitwear, leather, and accessories. This procedure assists the Company in increasing the unit per transaction (UPT) and avoiding an over-reliance on the Autumn/Winter seasons. The growth of the business in recent years has taken place mainly through the development of the retail channel, which in 2020 accounted for 76% of consolidated revenues. Nonetheless, the wholesale channel remains of fundamental strategic importance for the company.

Currently, the company is a luxury fashion company with directly operated shops (DOS) worldwide and a significant presence in the European and Asian markets, with a revenue of €1.4billion in 2020. The CAGR of the business from 2003 to 2021 is 21%, which can be seen as an excellent compounded annual growth rate.

1.2 Geographical positioning

Figure 1: Revenues by Geographic Areas. (2020)

Moncler is present worldwide. The Company's largest macro-area of operation in Asia, in 2020 the 49% of revenues are originated in Asia. It has also had significant growth in the number of retail stores present in Asia, accounting in 2020 for 47% of total stores. EMEA (excluding Italy) is the second-largest revenue contributor in 2020, contributing 26%. The 61 stores are primarily located in Europe, with locations in all the world's most recognised fashion and luxury capitals and account for 27% of all retail stores. Italy accounts for 8,5% of total revenues, decreasing through the Covid pandemic in the last two years. In the Americas, Moncler competes with 104 stores in the most important cities in the US, and future development is conceivable owing to the market's size and significance in the most significant US cities for luxury consumption.

1.3 Shareholder structure

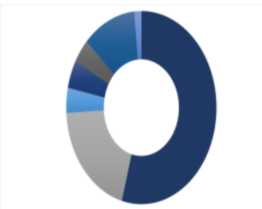

Figure 2: Shareholder Structure

Since December 16th, 2013, the Moncler share (MONC.MI - MONC: MI) has been listed on the Italian Equity (MTA) of Borsa Italiana. Moncler has been a member of the FTSE MIB since March 2014, which is made up of the top 40 stocks on the Milan Stock Exchange. The number of shares on 28 October 2021 was equal to €273.7 million. The number of shares has risen in the last year, increasing from 253 million to 273.7 million, resulting from introducing a new shareholder such as the Rivetti family (owners of Stone Island). This has led to a reduction in the participation of other shareholders.The Rivetti family owns 3,9% of the shares due to the payment method chosen for the acquisition of Stone Island, which included a part of the payment in shares. CEO Remo Ruffini owns now 19.9 % of his company, a 3% reduction from 2020. 54,2% of the claims are considered free float and are in the market. The remaining shares are held by banks and institutions such as Blackrock and Morgan Stanley.

2. Industry overview and competitive positioning

2.1 Macroeconomic analysis

Over the wave of Mainland China's recovery, Asia is predicted to see the most expenditure, followed by Europe, North America, South America, Africa, Australia, and Oceania. In recent years, there has been a significant movement in the geographic localisation of fashion luxury clients, with a gradual transfer from Western to Asian countries such as China, Japan, and South Korea and a boost from the steadily growing South American market.

The Covid-19 pandemic has caused a decline in the fashion industry.

Covid-19 is the trigger for a worsening economic catastrophe, on top of a humanitarian disaster impacting billions of people. Like many other industries, the fashion business faces unprecedented difficulties, with sales and profits under pressure. With falling revenues, shifting customer behavior, and disrupted supply chains, the last year will go down in history as one of the most difficult for the fashion industry on record. This covid crisis has prompted many businesses to create and implement an online and omnichannel strategy. Market companies are gradually developing more competitive business models by executing their manufacturing processes to reduce time-to-market, serve consumers' demands as quickly as possible and anticipate their competitors' needs.

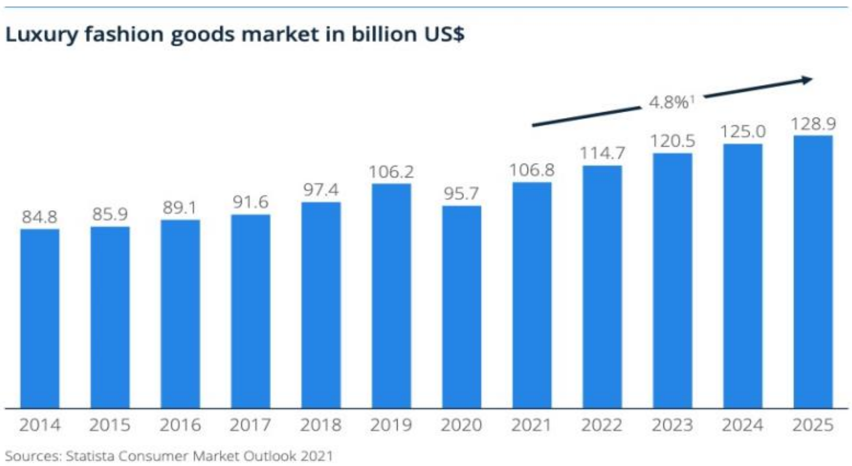

Figure 3: Forecast luxury goods market

2.2 Industry Analysis

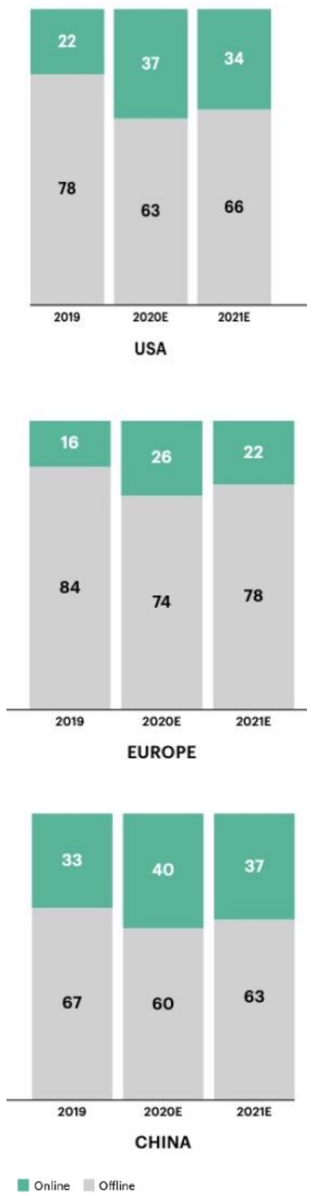

Figure 4: Sales Online vs Offline (2021)

The overall luxury fashion market, which includes both clothing and footwear, is predicted to grow at a CAGR of 4.8%, from US$106.8 billion in 2021 to US$128.9 billion in 2025.The luxury market allows consumers from all over the world to buy their products. Consumers who purchase luxury goods outside their home countries account for 20% to 30% of the industry's income. Asian consumers purchase luxury products outside of their home countries not just to take advantage of reduced pricing in Europe but also because shopping has become a significant factor of the trip experience: purchasing a brand in its native nation provides a sense of authenticity and excitement. With the current travel restrictions, a significant driver of luxury expenditure has come to a standstill. Even once the limitations are lifted, only a modest increase in overseas travel is expected. Digital, the internet channel for consumer purchases, significantly impacts luxury customers' selection of brands and items. A typical luxury consumer's purchasing path is frequently a combination of online and physical channels.

The fashion and luxury goods industries are rapidly changing. Firms have fewer chances for store development as average profitability declines and customers' attitudes about luxury purchases shift.

2.3 Market trends

- **Omnichannel – luxury 4.0 model**

Going through a historical period of complete evolution from many points of view has forced them to change their strategy from multichannel to omnichannel to continue to communicate with the consumer and remain relevant in the market at the same time. In only eight months, e-commerce's share of global fashion sales early quadrupled, from 16% to 29%, representing a six-year leap in growth. Digital channels will continue to be the dominant driver of growth in the coming year. According to Bain research, the internet channel will account for 25% of the luxury market's value by 2025. Consumers prefer online platforms over store-based retail businesses. Hence e-commerce, or online retail stores, leads the luxury clothes industry. Many major companies in the luxury clothing industry are concentrating their marketing and sales efforts on their websites as well as those of chosen retail locations or pure luxury e-retailer partners in certain regions. Marketing methods such as influencer marketing are assisting important players in attracting more customers from various socioeconomic backgrounds. Following McKinsey Fashion Scenarios, China will lead the trend, followed by Europe and finally the United States, by around 3%, respectively. Moncler has advanced its digital transformation by establishing a new corporate structure and declaring direct control of its e-commerce, which began with a successful migration in 2020. The company will launch a fully integrated omnichannel e-commerce platform in 2021, which will take an innovative approach towards the client and be technologically advanced. New potential for bridging the gap between physical and digital luxury purchasing emerges by focusing on an omnichannel approach and developing a complete omnichannel offering by shifting attention from traditional to social and digital marketing tactics. We think that Moncler's strategic update will focus on further digital. This initiative could help in answering customers and market trends.

Moncler will launch fully integrated e-commerce platform

This expectation of continuing to expand businesses as predicted by the forecast in the following chapters, as well as investing in digital, will almost definitely have a favourable impact on sales. Being able to intercept the consumer on touchpoints, both online and offline and through hybrid forms, is the key to winning over the new luxury consumer who expects to receive a specific type of information and interact with the brand.

- **Sustainable luxury**

The luxury business has been linked to excessive consumption and a general disregard for the environment in the past. The business is increasingly shifting towards ethical and sustainable products and experiences due to the growing

Consumers' rising awareness and concern for environmental issues has influenced their purchasing habits

influence of Millennials and Generation Z. These current market definers seek out culturally sensitive companies. Brands that are winning with millennials are growing organically at a rapid rate. In addition to this, proving positive changes in sustainability is especially vital in garnering the trust of younger fashion customers, as 43 % actively seek out brands with a strong sustainability profile (Mckinsey the-state-of-fashion-2021). Consumers' growing knowledge and focus on environmental issues has impacted their shopping habits. In fact, according to a 2020 McKinsey survey, "around 66% of the total respondents and 75% of the millennial respondents agreed to consider sustainability before making a luxury purchase." Consumers and, increasingly, investors will reward businesses that treat their employees and the environment with respect, and the resulting closer connections will improve agility and accountability. Moncler is a leader in sustainability; for the third consecutive year, it is ranked number one in the Textiles, Apparel & Luxury Goods sector of the Dow Jones Sustainability (DJSI) World Indexes. The Dow Jones Sustainability Index is one of the most prestigious sustainability indexes, admitting only the best companies that manage their business according to economic, social, and environmental responsibility criteria.

Moncler is ranked number one in the Textiles, Apparel & Luxury Goods sector of the Dow Jones Sustainability (DJSI) World Index

For the reasons explained above, our sales growth expectation is positively affected. The company, succeeding in impacting the environment, also impacts the consumer in terms of the customer's excellent publicity, loyalty, and esteem. While impossible to define statistically, this effect strengthens Moncler's position and reputation in the industry.

2.5 Competitive Landscape

- **Burberry**

BURBERRY
LONDON

Revenue: US$3.2B (2021)
Market Cap: US$8.7B
Number of stores: 415 (2021)
Number of employees: 9,234 (2021)

Burberry is a luxury British fashion brand based in London, England. It now produces and sells ready-to-wear items such as trench coats, leather goods, footwear, fashion accessories, eyeglasses, perfumes, and cosmetics, among other things. Burberry was founded in 1856; since then, the company has expanded into the high fashion industry. The company is a component of the FTSE 100 Index and is listed on the London Stock Exchange. Burberry has shops in 59 different countries.

- **Prada**

Revenue: **US$3,9B (2020)**
Market Cap: US$15.53B (2021)
Number of stores: 641 (2019)
Number of employees: **13,331 (2020)**

Prada SpA is a holding company specialising in the production and marketing of high-end goods. Leather goods, purses, footwear, clothes, accessories, eyewear, and perfumes are among the company's offerings. Miu Miu, Church's, Car Shoe, and Pasticceria Marchesi are among the company's brands. Mario Prada created the firm in 1913, and it is based in Milan, Italy. The Group's distribution network covers 70 countries. It includes 641 Directly Operated Stores, brand e-commerce, a selection of luxury department stores and multi-brand stores. Prada Spa placed 20% of its shares on the Hong Kong stock market on June 24, 2011.

- **Hermès**

Revenue: **US$7.6B (2020)**
Market Cap:US$166.48B (2021)
Number of stores: 306(2020)
Number of employees: **16,600 (2020)**

Hermès International is a luxury goods company that designs, manufactures, and sells high-end personal accessories and clothing. The corporation operates a chain of boutiques under the Hermès name that sells leather, scarves, men's apparel, ties, women's clothing, perfumes, watches, stationery, shoes, hats, gloves, and jewellery. Its most important categories are leather products and saddlery, which account for over half of its income; clothing and accessories for 22% and silk and textiles for 7%.

- **LVMH**

Revenue: **US$54.8B (2020)**
Market Cap: US$360.7B (2021)
Number of stores: 5003 (2020)
Number of employees: **16300 (2020)**

The LVMH (Louis Vuitton Mot-Hennessy) group is a luxury goods manufacturer. Wines and spirits, fashion and leather products, fragrances and cosmetics, watches and jewellery, selective retailing, and other businesses are the company's six key segments. LVMH owns more than 70 brands, including Marc Jacobs, Sephora, Fendi, DKNY, Hermès, and Tiffany & Co., bought in early 2021. With the launch of its website in May 2017, LVMH made its first push into E-commerce, investing in digitalisation.

- **Kering**

Alexander McQueen, Balenciaga, Bottega Veneta, Boucheron, Brioni, Gucci, and

Revenue: **US$16.1B (2020)**
Market Cap: US$89.7B (2021)
Number of stores: 143 (2020)
Number of employees: **36646 (2020)**

Yves Saint Laurent are among the brands owned by Kering. It is the world's second-largest luxury goods firm. Gucci is the company's flagship brand, accounting for 57% of revenue. This worldwide luxury goods conglomerate was founded in 1963 and was primarily involved in the wood trade before entering the luxury sector in 1999 to purchase a 42 percent stake in Gucci. Luxury, sports & leisure, and eyewear are the three business segments of Kering. In May 2018, the business spun out 70% of Puma to its shareholders to focus entirely on premium brands.

- **Salvatore Ferragamo**

Revenue: **US$916M (2020)**
Market Cap: US$3.670B (2021)
Number of stores: 395 (2020)
Number of employees: **3885(2020)**

Salvatore Ferragamo S.p.A. is an Italian luxury product firm headquartered in Florence, Italy. It is the Ferragamo Group's parent firm. It specialises in men's and women's shoes, leather products, Swiss-made timepieces, and ready-to-wear. The company sells eyewear and watches under license. Nonetheless, shoes remain at the heart of the Ferragamo empire. Ferragamo's sales are made through a global network of retailers, including most of the world's major department stores. The company's network of nearly 450 retail Ferragamo stores, approximately half of which are directly owned by Ferragamo

- **Tod's**

Revenue: **US$637M(2020)**
Market Cap: US$1.690B (2021)
Number of stores: 244 (2020)
Number of employees: **3100(2020)**

TOD'S S.p.A. is a holding company. The company designs, manufacture, and sells footwear, leather goods, accessories, and clothes. Tod's, Hogan, and Fay are the company's luxury brands, as well as the licensed brand Roger Vivier. It manufactures shoes and leather goods in-house, with certain work being outsourced to specialised workshops. Customers can purchase the company's items through a network of specialist outlets. More than half of the company's overall revenue comes from Europe, with Italy accounting for most sales. China and the Americas are two more critical markets.

3. Value drivers and Forecasts

We adopt a comprehensive bottom-up strategy to determine Moncler's most critical revenue drivers in order to produce a credible revenue estimate. The three

The acquisition of Stone Island was made to create value and strengthen to the Moncler Group

value drivers we consider important to analyse are the total number of stores, average revenue per store, and the Stone Island acquisition. Today, Moncler is pursuing a strategy of integrated development of its distribution channels, both physical and digital, an omnichannel strategy. Therefore, the strategy is to expand their network of stores further, increase their online presence, and quickly adapt to fashion industry innovations. The company accelerated its digital transformation in 2020 by defining a new corporate organisation and announcing the direct management of its e-commerce.

Store expansion will be progressive and based on strong organic growth

Store expansion will be progressive and based on strong organic growth. Moncler will develop most stores in countries with the highest increase in luxury goods purchases. Asia and the Americas are at the top of this list. Based on Moncler's culture, openings will be strategic in the most renowned luxury streets and malls. Moncler appears to be aware of all the changes affecting the luxury business, particularly digitalisation and omnichannel platforms. We believe the firm is well-positioned to keep up with its competition and will not lose out on any significant areas of innovation. We see potential growth in the planned geographical expansion and digital investments.

Revenue per store will remain stable at numbers close to pre-pandemic, even as new stores open in the geographic area; this stabilisation of revenue per store as new stores open will lead to revenue growth. Our latest driver, the acquisition of a company with high potentials, such as Stone Island, was made to create value and strengthen the Moncler S.p.A. group.

3.1 Store Growth

Moncler is present in all major markets, both via the retail channel and the online store, as well as through the wholesale channel (multi-brand doors, shop-in-shops in luxury department stores, airport sites, and online premium multi-brand retailers). The strategy focuses on gaining control of the distribution channel, including retail, wholesale, and digital, where it works as a direct company.

Net Revenues (by geographic)	2015	2016	2017	2018	2019	2020
(in €'000)	Historical					
Italy	96.428	105.179	111.650	128.394	142.848	92.539
% of revenues	15,56%	13,76%	12,51%	11,82%	11,36%	8,49%
EMEA (excluded Italy)	188.966	222.825	263.421	311.865	357.939	287.075
% of revenues	30,49%	29,16%	29,52%	28,70%	28,48%	26,35%
Asia and Rest of the World	234.741	307.432	370.405	471.387	552.313	542.975
% of revenues	37,88%	40,23%	41,51%	43,39%	43,94%	49,84%
America	99.546	128.737	146.907	174.806	203.817	166.907
% of revenues	16,06%	16,85%	16,46%	16,09%	16,22%	15,32%
Total revenues	619.680	764.173	892.383	1.086.452	1.256.918	1.089.496

Figure 5: Sales by Geographic Areas - Retail

In 2020, the Company opened 10 directly operated stores (DOS) in the world's most prestigious luxury streets and malls, including the Group's largest flagship

Net Revenues (by geographic)	2015	2016	2017	2018	2019	2020
(in €'000)	Historical					
Italy	40.569	38.007	37.699	39.426	42.140	29.806
% of revenues	15,56%	13,76%	12,51%	11,82%	11,36%	8,49%
EMEA (excluded Italy)	79.502	80.519	88.946	95.766	105.591	92.463
% of revenues	30,49%	29,16%	29,52%	28,70%	28,48%	26,35%
Asia and Rest of the World	98.760	111.092	125.071	144.751	162.931	174.885
% of revenues	37,88%	40,23%	41,51%	43,39%	43,94%	49,84%
America	41.881	46.520	49.605	53.679	60.125	53.759
% of revenues	16,06%	16,85%	16,46%	16,09%	16,22%	15,32%
Total revenues	260.713	276.138	301.321	333.622	370.787	350.913

Figure 5: Revenues by Geographic Areas - Wholesale

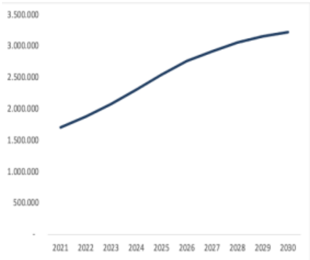

Figure 6: Forecast growth in revenues

In 2030, total global revenues will be €3.2 billion

in Paris (France) on the Champs Elysées, a famous luxury street in the city's centre. With these ten new openings, Moncler mono-brand stores worldwide reach 219. In addition to these retail stores, the network consists of 63 wholesale outlets (shop-in-shops, SiS).The objective is to develop the brand worldwide through retail and factory houses to access countries with high and increasing GDP/capita. As a result, the firm has been using DTC to expand its presence in important areas such as EMEA, Asia-Pacific, and the Americas. The new store openings, between wholesale and retail, in these 10 years of forecast are 267 stores, therefore, to have 88% more stores than in 2020. The average annual growth rate of store openings is 7.32 % during the predicted period. The forecast has been divided into two periods, the first ending in 2025 and possessing a more significant growth with an average growth rate of 9.8%. A second period is ending in 2030 with an average of 4.8%. These two different levels of growth are based on the two distinct periods in the forecast, with the first phase of solid development and important investments in the opening of stores and a second phase in which Moncler enters in a more fading stage to reach a steady terminal growth.

Following this forecast, we arrive at total revenues worldwide of €3.2 billion by 2030, a positive figure and much higher than the €1.6 billion in 2019 or the €1.4 billion in 2020.The opening of new stores in various countries has increased sales per country, and therefore the total revenues, by practically 100%. This prediction shows how Moncler's growth is still in progress. We have divided the analysis of the stores in retail-wholesale and for a geographical area.

- **Italy**

Moncler, considered one of the largest and most historical companies of Italian luxury, and headquartered in Milan, intends to continue to develop its brand at home. Considering that Italy accounts with retail stores for 8.6% of Moncler's revenues and in 2019 with open tourism, the percentage was 11%, the company's idea is to regain these numbers. In the next five years, Moncler would like to continue to grow these numbers by opening one store per year in various strategic locations in Italy, taking advantage of the return of tourism and clothing purchases in the founding countries of the brand. From 2025 to 2030,

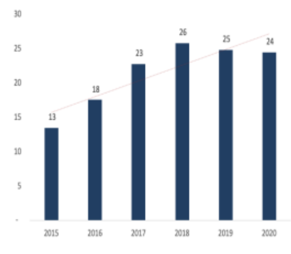

Figure 7: Historical number of stores - Italy

the growth will be slower. The openings will be more deferred with the opening of only one store, taking advantage of opportunities and strategic positions that the market will offer. During the first forecast period, turnover increased by 58%, from €92 million to €146 million, with a year-on-year growth rate of 3.5%. In the second part of the forecast, revenues do not grow very significantly, given that only one store is open. The total revenues in Italy in 2030 are around €157 million.

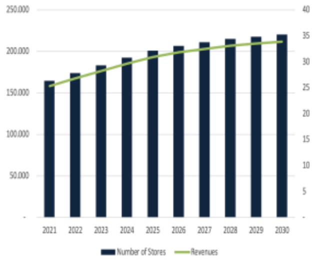

Figure 8: Forecast growth in revenues and stores - Italy

Our forecast predicts that revenues in Italy will rise over the next ten years from €92 to €157 million, performing significantly better, with a growth rate of 70%. The new store additions will not only be in retail, but also in wholesale, where new points of sale will be opened in the next five years, with eight stores by the end of 2025. In 2020, wholesale sales, as well as retail sales were down, due to the pandemic, not only for Moncler but for the whole industry. Italian wholesale accounted for 8% of total sales in 2020 and 11% in 2019; these data show how Covid has caused sales to fall in Italy and how the figures of the pre-Covid years can be reached again in the next few years. Although one store was closed in 2020, the company's idea is to continue to grow in presence in the territory, opening three stores in the next five years. These stores will lead to an increase in sales, reaching €54 million in 2025, a growth of 81% from 2020 sales. By 2030, we expect ten wholesale stores to open in Italy, with two new openings in the second half of the forecast. In the final year of the forecast, wholesale revenues in Italy are expected to reach €62 million, with €8 million more sales than in 2025. Adding together retail and wholesale, we reach €220 million in sales, €100 million more than in 2020 and 80% growth.

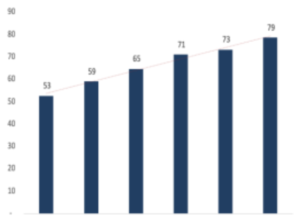

Figure 9: Historical number of stores - EMEA

- **EMEA**

EMEA (excluding Italy) is the second-largest source of revenue. In Europe, there are 61 DOS, which cover all the most well-known fashion and luxury cities. They contribute approximately 27% of total retail shops and 26,35% of total retail sales. Despite the present market constraints, the management's long-term plan involves opening an estimated 22 new stores until 2025, giving the corporation a total of 83 stores at the end of 2025. Reaching €457 million sales in 2025, well above the €287 million in 2020. This leads to 59% growth in 5 years, a remarkable growth due to the 22 new stores. In the second phase of the forecast, there will be 21 more openings, bringing sales to €572 million, more than twice the 2020 level, a 99% growth over ten years. Continuity in store openings is essential for brand image and staying in touch with customers. Speaking instead of wholesale, the revenues from shops in shops in Europe are approximately 26% of the worldwide revenue from total wholesale sales. Openings will keep increasing at the rate established in previous years with eight new stores in the next ten years.The number of new stores will be more significant in the first five years, with seven openings, bringing the number of wholesale stores in Europe to 25. As a consequence of these openings, sales in Europe will also increase, with revenues in 2025 equal to €147 million. The second phase of the forecast has a lower rate of store openings, with only one new store. Wholesale sales will rise to €158 million with these eight additional locations, representing a 49% increase over 2020 revenues.

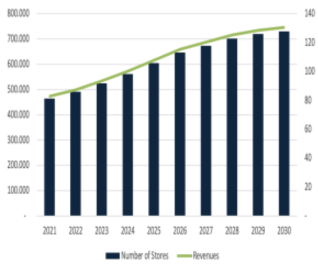

Figure 10: Forecast growth in revenues and stores - EMEA

- **Americas**

In 2020, the Americas area contributed 15,32% of Moncler's retail revenues and 16,22% in 2019. The company has 35 retail stores in the most major luxury-consumption locations in the United States, but we feel that additional development is potential given the market's size and significance.

Figure 11: Historical number of stores - Americas

Based on previous shop openings and market potential, we estimate four retail store openings annually until 2030, leaving the firm with a total of 78 stores in this region. The expansion of retail stores will be a steady natural increase with higher store growth over the next 5/6 years and a slight decrease in the last two forecasted years. Sales in 2030 will reach €465 million, growth over the forecast period of 179%. Sales tripled from 2020 to 2030, thanks to 43 new store openings. The first forecast period has a 113% growth in sales, from €166 million to €356 million in revenues. The number of stores also increased from 35 to 59 in that period. Multibrand stores in this region are ten and account for 15,3% of wholesale revenues. In the long-term, the company plans to add more Shop in Shop stores to their network. The strategy of the next ten years is to expand with eight new

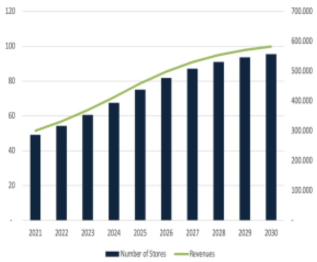

Figure 12:Forecast growth in revenues and stores - Americas

openings to reach many other cities and increase the population of the brand in the area. Six additional outlets will open in the next five years, bringing sales up from €53 million to €102 million. The openings will continue but at a slower pace, having already increased the number of stores available. There will be two new wholesale stores reaching 18 stores. These 18 outlets generate €117 million in sales, more than double revenues in 2020. Moncler's revenues in Europe will amount to €730 million euros by 2030, remaining the company's second most profitable geographical location. The predicted period saw a significant increase in sales, from €389 million to €730 million, a 92% increase. When you combine retail and wholesale income, you get a total of €582 million in sales, which is more than double the 2020 sales of €220 million. We can confirm our hypothesis that America is where new projects may be developed, and investors can invest in various businesses.

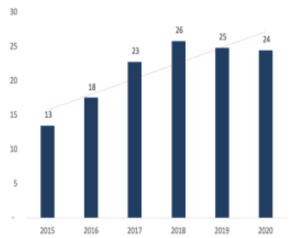

Figure 13: Historical number of stores - Asia

- **Asia and the Rest of the world**

Asia is the biggest macro-area in which the Company operates. It is the primary revenue source for retail and wholesale, accounting for 49,5% of the total revenue. In terms of growth, it had a strong performance in the last years, and we expect this trend to continue in the years ahead. Starting from the retail stores, growth will be strong throughout the area, with approximately nine new retail stores per year until 2030. In the next ten years, revenues will increase by 102%, from €542 million to €1,097 million. The expansion will accelerate in the first phase of the projection, with 62 new stores and a 61 % sales increase. There will be fewer openings in the second half of the estimate, with 41 new stores.

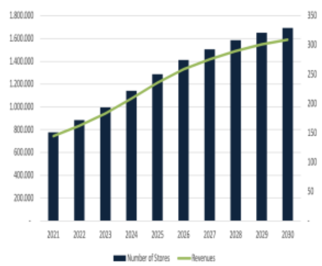

Figure 14: Forecast growth in revenues and stores - Asia

This kind of strategy is also adopted for wholesale, where the growth over the next ten years will be seven new stores every year for the duration of our forecast. Over the next ten years, revenue will increase from €175 million to €596 million, with a more than 200% growth rate. As previously stated, in the first five years of the projection, the businesses will outperform the second half of the forecast, with 40 new openings and a 130 % increase in revenue, going from €174 million to €410 million. Applying this aggressive approach to store openings will lead to a significant increase in the company's revenues. For this reason, higher investments in this area are the natural consequence of the high percentage of sales.

3.2 Revenue per store

From our analysis, you can see that revenue is strongly driven by the geographic development of the stores. For this reason, we decided to analyse how much revenue per store is for each area to understand the development of revenue over the years. This analysis aims to understand where spending is highest and invest more in that area through new store openings and renovations. We can see how the introduction of new stores leads to an increase in total revenues over the years. The growth in stores worldwide has resulted in a slight decrease in revenue per store. If the revenue increases, but also the number of stores, the revenue per store remains stable at specific figures. However, we expect the continued organic growth of stores and the industry itself to bring revenue per store back close to pre-pandemic figures and for these figures to stabilise over time. We have assumed specific revenue per store for each geographic area based on our historical data. Revenue per store will be stable throughout the forecast. The variable that changes is new store openings showing us that Moncler has reached a certain level of maturity where even if the number of stores increases, the revenue per store does not decrease. The data shows that Italy has the highest average spending, at €6.5 million. The other areas have a lower average spend, relatively homogeneous between them, with the Americas as the second area where expenditure is higher. Spending on tourism and luxury in Italy is a tradition, and for this reason, the level of spending is higher, especially for tourism and purchases abroad. From 2015 to 2020, Moncler opened eight new retail stores in Italy, increasing from 11 stores to 19 and three new wholesales, increasing the wholesale stores in the home country to five. In 2015 the total revenue per store in Italy was €10.178 million, but in 2019, the last pre-pandemic year, it dropped to €7.454 million, and in 2020, due to covid, it even dropped to €5 million. According to our forecasts, with the reopening of tourism in Italy and the approach to the end of the economic crisis, sales will increase and return close to pre-pandemic levels;

Revenues/Stores	2015	2016	2017	2018	2019	2020
	Historical					
Italy						
Revenues	96.428	105.179	111.650	128.394	142.848	92.530
Stores	11	14	18	20	19	19
Revenues/stores	8.766	7.513	6.203	6.420	7.518	4.870
% of growth YoY		-14,30%	-17,44%	3,50%	17,11%	-35,22%
EMEA						
Revenues	188.966	222.825	263.421	311.885	357.939	287.075
Stores	43	47	51	55	56	61
Revenues/stores	4.395	4.741	5.165	5.670	6.392	4.706
% of growth YoY		7,88%	8,95%	9,78%	12,72%	-26,37%
AMERICAS						
Revenues	99.546	128.737	146.907	174.806	203.817	166.907
Stores	22	23	25	27	30	35
Revenues/stores	4.525	5.597	5.876	6.474	6.794	4.769
% of growth YoY		23,70%	4,99%	10,18%	4,94%	-29,81%
ASIA AND REST OF THE WORLD						
Revenues	234.741	307.432	370.405	471.387	552.313	542.975
Stores	76	82	87	91	104	104
Revenues/stores	3.089	3.749	4.258	5.180	5.311	5.221
% of growth YoY		21,38%	13,56%	21,67%	2,52%	-1,69%
Worldwide						
Revenues	619.680	764.173	892.383	1.086.452	1.256.917	1.089.496
Stores	153	166	181	193	209	219
Average Revenues per Store	5.194	5.400	5.375	5.936	6.504	4.892
% of growth YoY		38,67%	18,05%	45,12%	37,30%	-83,09%

Figure 15: Revenues per store - Retail

Revenues/Stores	2015	2016	2017	2018	2019	2020
	Historical					
Italy						
Revenues	40.589	38.007	37.699	39.426	42.140	29.806
Stores	2	4	5	6	6	5
Revenues/stores	16.488	10.780	7.898	6.794	7.343	5.453
% of growth YoY		-34,92%	-26,40%	-13,97%	6,62%	-24,71%
EMEA						
Revenues	79.502	80.519	88.946	95.768	105.591	92.463
Stores	10	12	14	16	17	18
Revenues/stores	8.266	6.771	6.577	6.001	6.158	5.269
% of growth YoY		-18,08%	-2,87%	-8,75%	2,61%	-14,43%
AMERICAS						
Revenues	41.881	46.520	49.605	53.679	60.125	53.759
Stores	5	6	7	8	9	10
Revenues/stores	8.511	7.994	7.482	6.852	6.545	5.339
% of growth YoY		-6,07%	-6,41%	-8,42%	-4,48%	-18,42%
ASIA AND REST OF THE WORLD						
Revenues	98.760	111.092	125.071	144.751	162.931	174.885
Stores	17	21	23	28	32	30
Revenues/stores	5.809	5.355	5.421	5.482	5.116	5.846
% of growth YoY		-7,83%	1,16%	1,13%	-6,68%	14,26%
Worldwide						
Revenues	260.713	276.138	301.321	333.622	370.787	350.913
Stores	34	42	48	56	64	63
Average Revenues per Store	9.768	7.712	6.844	6.282	6.265	5.477
% of growth YoY		-66,90%	-34,44%	-30,02%	-1,94%	-43,30%

Figure 16: Revenues per store - Wholesale

we assume a value of around €6.5 million per store, for both retail and wholesale, which will remain stable over time.

In contrast to Italy, EMEA has already experienced growth in revenue per store since 2015, even with a significant increase in stores. Revenue per store in retail has increased from €4.395 million in 2015 to €6.392 million in 2019. Considering the various future openings of new retail stores in Europe, let's assume that revenue per store will remain around €5.5 million and wholesale stores will be about €6 million.

The Americas has experienced growth in average spending per store in recent years, rising from €4.525 million to €6.794 million in 2019. Showing how even though the number of stores is increasing, the revenue per store is not decreasing, and only the total revenue is increasing. In our forecast, the Americas will have a revenue per store of about €6.10 million, with six mil in retail and €6.5 million in wholesale.

Asia and the Rest of the World is the geographical area with the most stores, both retail and wholesale, which explains why the revenue per store is lower than other regions. Revenue per store in this region has increased over the years and has not been stopped by Covid 19. In 2015, revenue per store was €3.586 million and was up to €5.360 million in 2020, a 50% growth in revenue per store over five years. After such extensive growth, we have assumed that continued store openings will stabilise the growth in revenue per store at around €5.4 million for the forecast period. Revenue per store is relatively even across geographies between €6.5 million and €5.3 million. This stability that we have predicted in the revenue per store influences positively our evaluation because it shows us that with the growth of the stores, the revenue will increase without decreasing because of the bigger stores.

STONE ISLAND

3.4 Acquisition

Moncler, in order to continue to grow and have a shared vision and the same strive for innovation of Stone Island, has decided to acquire it. Moncler S.p.A. and

Sportswear Company S.p.A., which owns the Stone Island brand, will join Moncler to establish a new vision of luxury together. The company will share its knowledge and experience with Stone Island to help the firm realise its huge growth potential, particularly in the American and Asian markets and in the DTC channel and share the brand's sustainability philosophy.

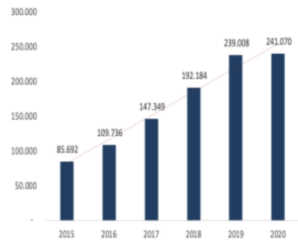

Figure 17: Historical Revenues - Stone Island

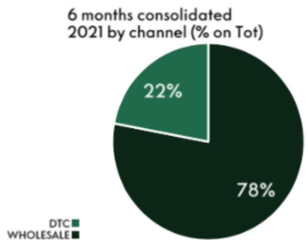

Figure 17: Revenues split of first 6 months 2021- BY CHANNEL

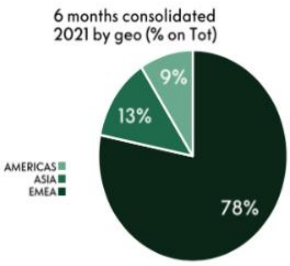

Figure 18: Revenues split of first 6 months 2021 - BY GEO

The clothing brand Stone Island was born in 1982 in Modena, Italy. From day one, the key to Stone Island's success is a relentless pursuit of excellence in design and a stubborn readiness to experiment. This product-oriented view ensured the brand an exclusive position in the external environment, outside the models pursued by fashion. Stone Island reported revenues of €240 million in the fiscal year 2020 (November 2019-October 2020), up 1% from €237 million in the fiscal year 2019. Considering the challenging global context, this is an outstanding result. Furthermore, the increase in Stone Island sales over the last five years has been significant, with a 180 % growth. Stone Island will produce 28% of sales in the home market in 2020, 52% in the rest of Europe, and 20% in the Rest of the world. Moreover, that wholesale accounted for 78% of revenues, while the web channel and a network of 24 directly run stores accounted for the remaining 22%. According to the deal, Moncler will purchase the shares for a total of €1,150 million, based on 100% of the company's valuation. The acquisition will be a combination between cash and 10.7 million newly issued Moncler shares valued, based on the agreements reached, at €37.51 per share. Moncler is able to provide Stone Island with all the knowledge it needs to highlight its growth potential, especially in the American and Asian markets and in the DTC (Direct to Consumer) channel, which is still unexplored for the company. Stone Island should gain from Moncler's global presence since the European market contributed almost 80% of revenues in the previous fiscal year. It will also benefit from Moncler’s retail expertise, as wholesale accounts for 78% of its revenue and the brand only has 24 direct stores worldwide. The purchaser generates 77% of its income through its network of 218 locations, whereas Stone Island relies on wholesale partners for three-quarters of its sales.

Although the deal was closed in late 2020, the consolidation date was the first of

April 2021. However, since the beginning of 2021, the company has benefited from Moncler's reputation and the takeover news. It has already eclipsed 2019 sales in the first three quarters of 2021, demonstrating this acquisition's potential. With €244,5 million in sales, the rise in sales is roughly 20/25%, which is a great result in the first year of partnership. Despite the fact that the takeover is still in its early stages and most of the strategies have yet to be implemented, the takeover has already resulted in a significant increase in sales.

The deal is particularly advantageous because it allows Stone Island to join Moncler in the process of geographical expansion and strengthening of direct distribution and the digital channel while leveraging a brand with a distinctive and robust position. Stone Island's goals in terms of geographical expansion are to enter the Asian market, where Moncler has the most sales, and the American market, where the growth potential is very high. In addition to expanding into new geographies, the aim is to speed up this expansion and reduce by half the time that Stone Island had set itself before the acquisition, and through Moncler's channels, this growth can be achieved. The sharing of know-how between the two companies is essential to achieve the objectives set and make the most of this acquisition. In addition, Moncler's value rose by 6.5% after the acquisition. The market agrees with our view that this acquisition is a great opportunity for Moncler to grow as a company and as a luxury conglomerate; in addition, it gives Stone Island the possibility to speed up its expansion in countries where the purchaser is already established. Although the two companies will remain distinct in terms of market and brand, another benefit of this transaction will be lower costs through operational synergies, lower raw material costs through economies of scale and sharing of raw material suppliers. These benefits will lead, in our opinion, to a 7% reduction in costs over the years and will increase Stone Island's profit margin.

Figure 19: Forecast Revenues (2021-2030)

Moncler's value rose by 6,5% after the acquisition

Cost synergies: reduction of 7% in cost of material

For all the reasons stated above, we opt for a 20% yearly increase in sales for the first projection period. We expect that Stone Island should be more than double revenues by 2025, from €241 million in 2020 to approximately 600 million. Growth will be slightly lower in the second projected timeframe, with 17% in 2026 and 2027 and 15% in the following three years. Stone Island's sales will hit €1.25

billion at the end of this forecast. Revenues are expected to grow by 418 % over the next ten years, continuing the company's recent trend.

4. Investment Risks

These risks might have a negative impact on the Group's operational performance, financial situation and strategy development.

- **Covid-19 Pandemic**

COVID-19 is Moncler's primary threat.

The COVID-19 pandemic, as well as the immense uncertainty that comes with it, is Moncler's most significant risk factor. Business numbers are also highly dependent on these developments, as the future spread of the virus, as well as the limits issued by governments, will have a significant impact on world economic development in the following years.

- **Economic conditions**

The economic development, wealth, and stability of demand-generating markets impact luxury sales. Future consumer-related crises may undermine the company's revenues and, as a result, profitability. Moncler's globalisation strategy decreases the company's dependence on a single geographic region, reducing the danger of this type of risk.

- **Risks related to cost availability of high-quality raw materials**

Moncler employs a multi-sourcing approach of diversifying suppliers and buying plans

Moncler's products require high-quality raw materials, which are priced and available based on a range of circumstances that are mainly outside the Group's control and impossible to forecast. For this reason, Moncler employs a multi-sourcing approach of diversifying suppliers and buying plans with a medium-term time horizon to reduce the risks associated with the probable unavailability of raw materials in the period required for manufacturing.

- **Exchange rate risks**

Because of its internationalisation, Moncler is vulnerable to currency changes. It is susceptible to the risk associated with variations in exchange rates when using currencies other than the Euro, which is equivalent to the transaction amount that is not covered by a matching transaction in the same currency. The Group has established a plan to gradually hedge the risks associated with exchange rate swings, restricting its activities to "transactional risk." It has adopted a strict policy on currency risk, with a minimum coverage ceiling of 75% per currency.

5. Financial Analysis:

5.1 Operating performance and Margin Overview:

Sales increased at a CAGR of around 23% from 2003 to 2020

Total sales are expected to reach €2.553 billion in the fiscal year 2025

Moncler's performance is growing steadily from an economic perspective, and the recorded figures are a realistic representation of this. The operating result for the year is increasing annually, and the increase is mainly linked to the relentless growth of overall turnover, connected to the distribution and sales processes carried out through the Retail and Wholesale channels. Moncler's equity, financial, and earnings balance is consistently above market expectations and industry results, which highlights that the strategy adopted and developed by the CEO is effective. Sales increased at a CAGR of around 23% from 2003 to 2020. Since 2015 there has always been a significant and stable increase in sales, starting at €800 mil reaching €1.6 billion in 2019, with a slight decrease in 2020 due to the pandemic. Moncler saw a significant increase in the number of sales around the globe in the past years. The most recent year before the pandemic was the year with the highest revenues, with €1.6 billion dollars in sales, nearly double the sales of 2015. This steady growth over the last several years confirms the brand's potential and demonstrates Moncler's intention to continue expanding. Sales had decreased in the year of the pandemic, with sales of €1.44 billion, numbers that, however, cannot be used as a benchmark due to the global economic crisis that has hit all industries in the last 12 months. We expect Moncler will be able to maintain its sales growth by using international development as a value driver. Total sales are expected to reach €2.553 billion in the fiscal year 2025, rising to €3.228 billion in the fiscal year 2030, with a slower growth in the second projection period.

EBITDA margin has increased steadily over the past five years, from 34% to 41% in 2020. This growth can also be seen in future forecasts with expansion up to 48.9%, which shows us that the company's profitability is high and increases over the years. Compared to other luxury apparel industry retailers, Moncler has the highest EBITDA margin, although the operating gross margin is lower than average, with a gross margin of over 75%

We predict a slight decrease in profit margin to about 22% in the long run, compared to 24.39 % and 25% in 2018. This is based on the significant store growth plan and the consequent rise in tangible assets. This decrease is still above the current profit margins average, with the second-highest profit margin behind Hermes. Management believes that the funds now available, along with those generated by current activities, will allow the Group to realise its objectives and satisfy the obligations deriving from investment development and loan

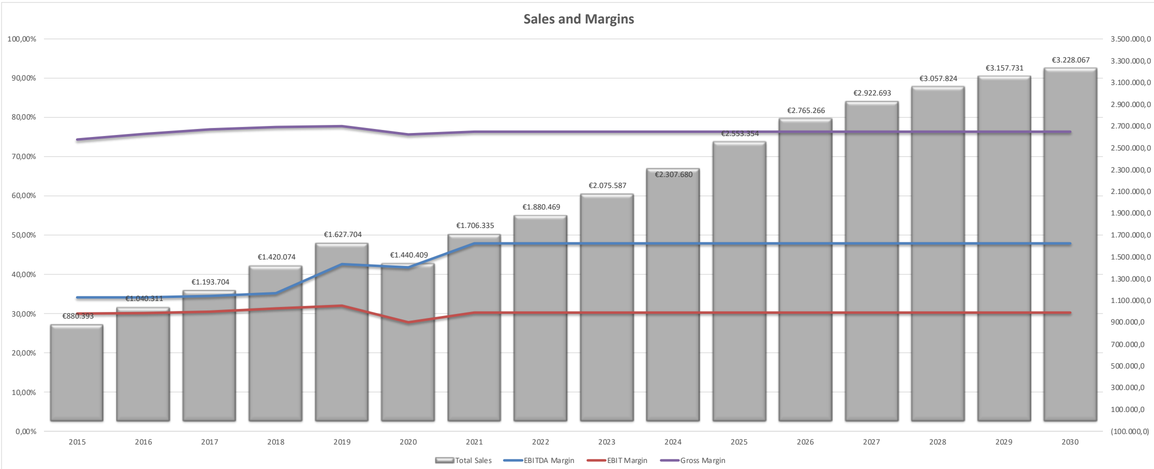

Figure 20: Total Sales and Margins

The Group's treasury operations are centralised to retain flexibility in obtaining financial resources and access to credit lines. Moncler's current ratio, while declining in recent years, has always been able to meet its existing debt and other payables, never dropping below 1.4. Furthermore, we anticipate that, as revenues and profits grow, Moncler will be able to maximise this ratio, with a stable growth over the next ten years, reaching 1.7 in 2030. Also, other liquidity indicators, such as the quick ratio and cash ratio, show that the company is healthy and able to pay its debts.

ROIC will stabilize at around 18%

While managing its capital effectively, the business has more than enough cash to meet its liabilities. In a year as challenging as 2020, operating profitability is particularly high, expressed by a Return on invested capital ("ROIC") of 19,48%, which is a very positive result in a year as challenging as 2020. When we examine the company's ROIC, we discover relatively high but progressively falling numbers over the previous five years due to the growth in tangible assets and rents resulting from Moncler's expansion strategy. We expect a further reduction in the coming years, with ROIC stabilising at around 18%, a figure that can still be considered high. This high ROIC displays that even with this rise in tangible assets, Moncler shows concrete commitment to create economic value and obtaining competitive advantage.

5.2 Capital Structure:

Management intends to reduce its debt over time by creating a debt reduction plan that will take it from 44 % to 18% in 10 years. The debt-to-equity ratio of Moncler is unstable when looking at its financial structure. In the past, the D/E ratio based on book values ranged from 9% to 44%. This is due to the various investments made over the years.

Moncler paid a gross dividend of €0,45 per share in April 2021

Moncler decided not to pay out dividends in 2020 to increase liquidity and the company's flexibility to respond to the covid-related pandemic. However, on April 22nd, 2021, the Ordinary Shareholder Meeting approved the Financial Statements for 2020 and the distribution of a gross dividend of €0.45 per share. The dividend payout ratio is consequently 30%, a percentage in line with that of a company that focuses on growth in the next year and which did not pay a dividend last year. According to our estimates, a dividend of €0.41 will be paid in 2022. This payout is smaller than in 2021 because the company's capacity to pay dividends has been reduced by projected investments.

5.3 Capex:

Considering the historical data of Moncler, it is evident that the Capital Expenditure has risen and fallen over the years, never achieving stability.

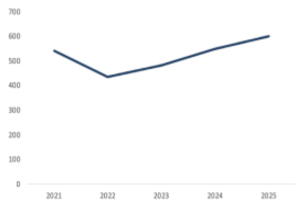

Figure 21: CapEx Evolution

Moncler's capital expenditures were between 5% and 6% of sales, with a modest upward trend, until 2019, where it increased a lot. Capex increased significantly in 2019 due to a significant investment in property, plant, and equipment, reaching 49.8% of revenues. In 2020, Capex returned to lower levels, peaking at 13%, indicating that there has been very little stability as a consequence of the increased investments. When it comes to tangible assets, intangible assets, and lease obligations, there has been a definite upward trend in overall quantities over the previous years. Moncler's liquid finances cover almost all of the capital expenses. The operations resulting from the company's expansion ambitions are the significant drivers of Moncler's capital expenditures. Opening of new shops, the investment in digitalisation as part of the development of the omnichannel platform, and the acquisition of Stone Island are the most significant costs in Capex.

Since we have an analysis based on the investment, continuing on the footprint given in recent years by the management, we expect this trend to continue in accordance with the expansion plan and estimate capital expenditures to rise more until the conclusion of the first projection period. Our prediction is for capital expenditures to gradually reach a sustainable Capex level throughout the second forecast period and in the long run.

5.4 Working Capital:

The Group's ability to optimise its working capital management is a critical factor in generating value. Moncler's cash conversion cycle (CCC) in 2020 was 35 days, which was a low number of days and better than the industry average. CCC is a measure of how quickly a corporation can convert inventories and other short-term assets into cash flows. The cash conversion cycle has significantly decreased over time, from 71 days in 2015 to -2 days in 2019, with an increase to 35 days due to the pandemic in 2020. According to our projections, it will be lower in succeeding years than in the pandemic year and will decline from 35 to 2 in years due to the gradual increase in days of the Average Payable Period.

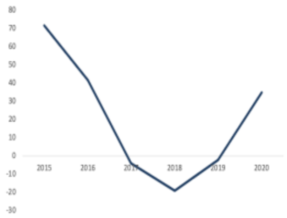

Figure 22: Cash Conversion Cycle

Figure 22: Cash Conversation Cycle

We needed to calculate the Average Collection Period (ACP), Average Holding Period (AHP), and Average Payable Period (APP) in order to forecast the future Cash Conversion Cycle. Over the past few years, the average holding period has been unstable, rising and falling several times; consequently, for our forecast, we calculated an average holding period using the last five years. This mean is 202 and is still above the peer group average, but from our perspective, a very reasonable assumption. With the same approach as we used for the estimate of the average payment period, we utilised the average of the last five years to estimate the average collection period.

The result is an average collection period of 39 days. Moncler is effective in collecting money from its clients, demonstrating efficient cash flow management, as well as reducing payment risk. For the calculation of the average payable period, we instead used the average of the last few years, but each year we added two more days of payables period. As a result, the average payment period has increased by two days throughout the years, rising from 220 to 238. This is because we expect that Moncler will increase its market share and increase its negotiating power with its suppliers and expand its payable period. A more efficient cash conversion cycle is the result of improving working capital management.

6. Valuation:

6.1 Discounted Cash Flow Model:

Discount Rates Summary	
Risk Free rate	0,69%
Market Risk Premium	5,00%
Statutory tax rate	24%
Growth Rate	2,42%
Cost of Equity	6,03%
Cost of Debt	3,35%
β unlevered	1,05
β levered	1,07
β debt	0,53
E/EV	96,17%
D/EV	3,83%
WACC	5,89%

As the most valid approach to carry out a bottom-up strategy such as the one we have undertaken, the discounted cash flow model is the best way to evaluate the growth resulting from an increase in the number of stores present globally. It involves discounting the expected free cash flows at the WACC rate. The DCF model gives us the ability to perform an analysis that starts with an assumption of sales growth over the years and allows us to analyse all the lines and try to predict future trends.

We have taken ten years as the reference period for our forecasting plan (the final year 2030). We have divided this period into two-time frames: Forecasted period 1 (2021-2025) and Forecasted period 2 (2026-2030). This subdivision has allowed us to develop two different trends: the first period with more significant growth, also due to the easing of the global pandemic, and a second period with a more contained period of growth until it reaches a level of stabilisation. We also do not anticipate any disruptive changes in the company's capital structure in the coming years.

6.1.1. WACC:

A key element of the DCF model is the calculation of the WACC, as it will be used in the final stages to discount the company's free cash flow. The Weighted Average Cost of Capital (WACC) is given by the weighted average of the costs of the various sources of funding used by the company, namely equity (E) and debt (D). To do this, we have carried out analyses of the elements that make up this rate: cost of equity and cost of debt.

The result that emerges is a WACC of 5.89%, which is very close to the cost of equity, given the low incidence of debt in the company.

6.1.2. Cost of equity:

Figure 23: Cash Flows vs Terminal Value

To calculate the cost of equity, we decided to use the well-known CAPM, which is easy to apply and generally gives plausible results. Regarding the risk-free rate, we considered the Italian 10-year BTP. This security is a classic government bond with annual coupons, maturing in 2031. It has a yield of 0.69%.

For the market risk premium, we used the paper published by KPMG Advisory called "Equity Market Risk Premium - Research Summary", which was also updated considering the effects of Covid-19. This report gives us an MRP of 5% at the date of 30 September 2021, a revised downward performance compared to the previous quarter, with an MRP of 6.30%. In order to calculate the regression, we proceeded to use monthly data related to the changes in the Moncler Spa stock (MONC:MI) and the MSCI Europe Index over the last five years. In particular, this index was chosen because it collects the performance of large and mid-cap equities across 15 developed countries in Europe and is, therefore, a well-diversified index. In contrast, using local indices, such as the FTSE MIB for a stock listed on the Italian market, could lead to problems of imbalance towards a particular sector that affects the entire local market.

The result of this regression gives us a market beta of 0.87 with a standard error of 0.21. Considering the reference market and the low result of the regression, we proceeded to make a further analysis considering the trading comparables, from which we have an average result of 1.07 and a median result of 1.11. This last analysis led us to the conclusion that the reference beta to be taken into consideration for the calculation of the cost of equity is 1.07. Not only because it is the average result given by the betas of the comparables, but also because the regression carried out initially gives us a high standard error, in line with the result we considered for the analysis. Using all these data, we have a cost of equity of 6.03%.

6.1.3. Cost of debt:

For the calculation of the second key measure of the WACC, we have taken several routes. Moncler has no credit rating to refer to as it has no outstanding debt. The only debt on its balance sheet (both long term debt and short term debt) is the debt the company needs for trade, loans and mortgages.

A second approach was to look at comparable companies to compare credit ratings. Even this type of analysis did not yield significant results since most of the comparables do not have a credit rating to refer to, being very similar in terms of volume of activity if not smaller than Moncler. The only comparable with a credit rating is LVMH, but using its credit rating would have resulted in a distorted figure that does not reflect reality, given that the French company's business is much more varied and has much larger volumes, in addition to the fact that the figure of a single comparable is not in itself a reliable analysis. Finally, the method used within our model is to use the average cost of debt given by the industry. To find this data, we referred to the databases made available by Prof. Aswath Damodaran of the Stern University in New York. In particular, we considered the report "Cost of Capital by Industry Sector", with specific attention to the apparel industry, in which the professor himself includes Moncler. Through this method, we have considered a cost of debt of 3.35%.

6.2 Sensitivity:

Considering all the values assumed so far in our valuation model, proceeding with sensitivity analysis is the best way to understand how our results may vary as our assumed inputs change. We're conducting numerous sensitivity analyses to gain a sense of how changes in inputs can affect our valuation's conclusion. To do this, we started by performing a sensitivity analysis on the data that most impact our final Moncler price: Wacc and Terminal Growth. For the WACC, we considered the beta, which is fundamental in the CAPM for the calculation of the cost of equity. We utilise the top and lower boundaries of our beta regression analysis to get a respectable range of beta values, 0.45 and 1.28, respectively. For the cost of debt, we took as the lower value the yield on the 10-year Italian government bond (risk-free rate), which corresponds to 0.69%, and as the maximum value the cost of debt taken into account for the analysis, 3.35%. In the table below are the different results that WACC can take, based on the different betas or cost of debt used. What is most noticeable from these tables is the fact that as the beta changes, the WACC changes a lot. With a lower beta such as 0.45, the WACC would drop to 2.94%, a result almost 3% lower than our current WACC. In addition, another figure that stands out is that when the cost of debt changes, the change in WACC is minimal.

	Cost of debt									
	0,69%	0,99%	1,28%	1,58%	1,87%	2,17%	2,46%	2,76%	3,05%	3,35%
WACC	5,81%	5,82%	5,83%	5,84%	5,85%	5,86%	5,87%	5,88%	5,88%	5,89%

	Beta levered									
	0,45	0,55	0,64	0,73	0,82	0,91	1,01	1,10	1,19	1,28
Cost of Equity	2,96%	3,42%	3,88%	4,34%	4,80%	5,26%	5,72%	6,18%	6,64%	7,10%
WACC	2,94%	3,38%	3,83%	4,27%	4,71%	5,15%	5,60%	6,04%	6,48%	6,92%

On the other hand, we considered the Ronic and the Reinvestment rate for the terminal growth, which is the result of the forecast analysis of Moncler S.p.A.'s financial statements. For the calculation of price sensitivity, we took the values of WACC and terminal growth that seemed to us to be most in line with the current

Metrics	
Median Value	90,32
Lower Quartile	77,20
Upper Quartile	109,44

market and the financial characteristics of the company, considering a range from 4.71% to 6.92% for WACC and from 2.33% to 2.58% for terminal growth.

This last analysis results in a median price of €90.32, which is slightly above our price given by the DCF Model. Therefore, our hypothesis is also confirmed by the sensitivity analysis.

Price - detailed		4,71%	5,15%	5,60%	6,04%	6,48%	6,92%
	2,33%	123,14	105,52	92,63	82,77	74,97	68,65
	2,38%	125,53	107,23	93,90	83,76	75,77	69,29
	2,43%	128,03	108,99	95,22	84,78	76,58	69,96
	2,48%	130,63	110,82	96,57	85,82	77,41	70,63
	2,53%	133,35	112,71	97,97	86,90	78,26	71,33
	2,58%	136,20	114,68	99,41	88,00	79,13	72,04

6.3 Multiple Valuation:

To examine Moncler in a different light, we use multiple valuation, allowing us to compare the data from our analysis with those of the company's major competitors. The multiples method relies on the market to determine values that are difficult to predict, assuming that "market price" is the best approximation of a firm's value. We have focused on well-known companies in the upper-middle and upper segments of the fashion industry to ensure significant financial and operational similarities. In the specifics of the analysis, we look at the two most relevant multiples: EV/EBIT and P/E. While the first gives us a very internal focus and is linked to the company's fundamentals, the second metric analyses whether a firm can provide a reasonable return on investment and is a significant benchmark for measuring market share value and whether it is overvalued. So, they can provide two different outlooks of the same object of analysis.

Taking the P/E ratio into account, however, we have a multiple of the industry of 30,90x, lower than Moncler P/E ratio, which is 45x. A high multiple suggests that investors expect the firm to grow faster than the overall market economy. Extrapolating the price from the P/E multiple, the result is €139,83, which is significantly higher than the current price and our projection. The price being very high is not entirely reliable, but this suggests that the company has been undervalued and that our optimistic projections are on the right path.

Regarding EV/EBIT, our analysis shows an average multiple of the industry of 34,70x, leading to an average price of €208,52, which is more than €100 higher than the price resulting from our DCF model. Considering the outcome and the difference in prices, we are just interested in the positive trend that this statistic reveals, rather than the value that results from the computation. Doing a more complete analysis by looking at the price-earnings ratio (P/E), enterprise value to sales ratio (EV/S), EBIT ratio (EV/EBIT), and EBITDA ratio (EV/EBITDA), the price differences that come out using the different multiples are significant. Calculating the median of each of these metrics, a median price of € 94.19 comes out, a price very close to our result obtained using the DCF method.

When carrying out the multiple valuation, it should be noted that the method is flawed, as it does not take into account expected growth, future growth or possible results. The relative valuation does not provide a solid conclusion due to the significant outliers in terms of size, multiple business strategies, and an extremely large discrepancy in multiples.

6.4 Market Share:

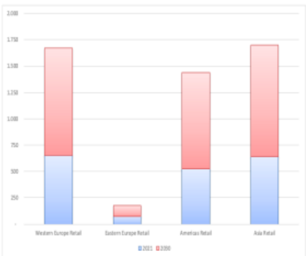

Figure 24: Moncler's Market share 2021 vs 2030

A further analysis we have decided to carry out to confirm what our DCF model shows is an analysis of the whole industry and Moncler's market share. As a reference platform, we used Euromonitor, which gives us the possibility to look in more detail at the industries in the market. Our reference industry is Luxury Goods, but since it is a very large market that includes several niche sectors, we focused on a sub-industry ad hoc for Moncler's business: Designer Apparel and Footwear. The data from the analysis point to strong market growth. In detail, total gross sales are expected to change from around €90 billion in 2021 to about €147 billion in 2030. These figures lead to a growth of almost 60% over the decade.

To analyse this trend, it is helpful to look at the CAGRs that have been divided by geographical area: a) CAGR Western Europe: 4.80%, b) CAGR Eastern Europe: 5.10%, c) CAGR Americas: 6.55% d) CAGR Asia: 5.60%.

From these rates, it is possible to understand that the growth is mainly driven by Asia and western Europe, which will have 34.28% and 32.81% respectively in world sales in 2031. Another fact to emerge from the analysis is that none of the geographic areas considered has a higher growth rate than the others. Growth is homogeneous and organic in all regions of the world. Moving on to the market share side, we have obtained from the database the historical series of market shares of the company under analysis and of its competitors in order to understand the general market situation better. From the analysis with the comparables, it is easy to see that every year the large groups manage to attract more market share than smaller companies (an example is a difference in market share between LVMH, which is constantly growing, and Salvatore Ferragamo, which has remained at the same level for three years). Moncler is one of the companies that every year manage to attract more and more customers and therefore increase its market share, with an average annual market share growth of around 14.58% (2018-2020 period).

Figure 25: Moncler's Market Share 1 hypothesis

To forecast the future evolution of Moncler's market share, and consequently its sales, we have made two types of forecasts:

1) The first, more simplistic, without considering any kind of growth in the company's market share. In this case, sales are solely driven by market growth. As a result of this type of analysis, we have a constant market share of about 2.1% of the entire design apparel and footwear market, which consequently leads to total gross sales of about €3.10 billion euros.

2) The second type of analysis was carried out, trying to hypothesise a growth in Moncler's market share if it grows at the same rate as the market. We calculated a weighted CAGR, considering each CAGR and weighted with the relative market share that each geographical area has on the total. As a result, we have a weighted CAGR of 5.57%. Considering this result as annual growth in Moncler's market share, it goes from having a market share of 2.22% in 2021 to a market share of 3.61% in 2030, implying total sales of approximately

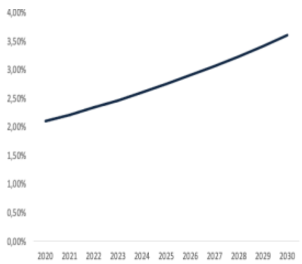

Figure 26: Moncler's Market Share 2 hypothesis - Growth

€5.332 billion euros.

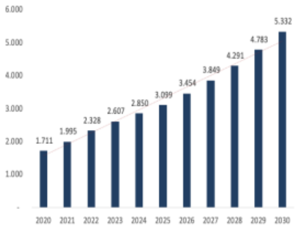

Figure 18: Moncler's Market Share hypothesis 2

This is a top-down approach analysis, unlike the DCF model, which gave us the possibility to analyse data related to macroelements (such as the industry) and allows us to triangulate data, i.e., gross sales. What emerged from this analysis are certainly relatively coarse results that do not reflect our DCF model, but they certainly support the results of the main model, as the common thesis of the results of the two models is still the growth of the company's sales.

7. Recommendation

Recommendation: BUY

According to our forecast, MONC will be worth €87.65 on December 31, 2022. We used the DCF method to determine the fair value of MONC shares since we believe it is the most appropriate, as confirmed by a market share analysis and a multiple valuation. We believe the company is well-positioned to preserve and perhaps strengthen its position in the market. Furthermore, the solid financial structure and significant cash generation will contribute to long-term value creation.

As the 2020 crisis shown, Moncler has maintained economic stability even during the crisis, demonstrating strong margins and cash levels that ensure the company's future. Furthermore, given the transformation of the luxury industry in terms of digitalisation, omnichannel, and sustainability, Moncler's simultaneous evolution in this direction will drive revenue growth. As seen by our analysis, we believe the market as a whole may be underestimating Moncler's potential profitability. We strongly feel Moncler is well-prepared for the majority of the possible future risks that may occur in the coming years.

As a result, our ultimate recommendation as of January 3, 2022, is to buy MONC stock.

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Reformulated Forecast Income Statement	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(in €'000)			Historical						Forecast Period 1					Forecast Period 2		
Total consolidate sales	**880.393,0**	**1.040.311,0**	**1.193.704,0**	**1.420.074,0**	**1.627.704,0**	**1.440.409,0**	**1.706.335,2**	**1.880.468,5**	**2.075.587,3**	**2.307.679,7**	**2.553.354,1**	**2.765.266,1**	**2.922.693,2**	**3.057.824,2**	**3.157.731,4**	**3.228.066,6**
Retail																
Total Sales Italy	96.428	105.179	111.650	128.394	142.848	92.539	124.735	130.972	136.865	142.340	146.610	149.543	151.786	154.062	156.065	157.938
Total Sales EMEA	188.966	222.825	263.421	311.865	357.939	287.075	352.275	369.889	395.781	423.486	457.364	493.954	518.651	544.584	560.921	572.140
Total Sales Americas	99.546	128.737	146.907	174.806	203.817	166.907	231.000	254.100	284.592	318.743	356.992	392.691	422.143	443.250	456.548	465.679
Total Sales Asia and Rest of the World	234.741	307.432	370.405	471.387	552.313	542.975	570.123	636.636	700.300	784.336	878.456	961.909	1.019.624	1.060.409	1.081.617	1.097.841
Total sales retail worldwide	**619.680**	**764.173**	**892.383**	**1.086.452**	**1.256.917**	**1.089.496**	**1.278.133**	**1.391.597**	**1.517.538**	**1.668.904**	**1.839.423**	**1.998.097**	**2.112.204**	**2.202.305**	**2.255.151**	**2.293.598**
Wholesale																
Total Sales Italy	40.569	38.007	37.699	39.426	42.140	29.806	39.791	42.974	46.412	50.125	54.135	57.112	59.397	61.179	61.790	62.408
Total Sales EMEA	79.502	80.519	88.946	95.766	105.591	92.463	112.658	120.544	128.982	138.011	147.671	152.840	155.133	156.684	158.251	158.251
Total Sales Americas	41.881	46.520	49.605	53.679	60.125	53.759	69.372	77.697	85.466	94.013	102.004	106.084	108.736	111.455	114.241	117.097
Total Sales Asia and Rest of the World	98.760	111.092	125.071	144.751	162.931	174.885	206.381	247.658	297.189	356.627	410.121	451.133	487.224	526.202	568.298	596.713
Total sales wholesale worldwide	**260.713**	**276.138**	**301.321**	**333.622**	**370.787**	**350.913**	**428.202**	**488.872**	**558.049**	**638.775**	**713.931**	**767.169**	**810.489**	**855.519**	**902.580**	**934.469**
Cost of sales	(225.495)	(252.303)	(276.186)	(320.232)	(362.424)	(350.775)	(404.320)	(445.581)	(491.815)	(546.810)	(605.023)	(655.236)	(692.539)	(724.558)	(748.231)	(764.898)
in % of sales	25,61%	24,25%	23,14%	22,55%	22,27%	24,35%	23,70%	23,70%	23,70%	23,70%	23,70%	23,70%	23,70%	23,70%	23,70%	23,70%
Gross Margin	***654.898***	***788.008***	***917.518***	***1.099.842***	***1.265.280***	***1.089.634***	***1.302.015***	***1.434.887***	***1.583.772***	***1.760.870***	***1.948.331***	***2.110.030***	***2.230.155***	***2.333.266***	***2.409.500***	***2.463.169***
Gross Margin %	74,39%	75,75%	76,86%	77,45%	77,73%	75,65%	76,30%	76,30%	76,30%	76,30%	76,30%	76,30%	76,30%	76,30%	76,30%	76,30%
Sales expenses	(253.448)	(312.353)	(365.103)	(428.864)	(483.259)	(457.483)	(514.884)	(567.429)	(626.305)	(696.339)	(770.471)	(834.415)	(881.918)	(922.694)	(952.841)	(974.064)
	28,79%	*30,02%*	*30,59%*	*30,20%*	*29,69%*	*31,76%*	30,17%	30,17%	30,17%	30,17%	30,17%	30,17%	30,17%	30,17%	30,17%	30,17%
General and Administrative Expenses	(79.535)	(94.093)	(108.660)	(127.794)	(147.670)	(148.544)	(158.797)	(175.002)	(193.160)	(214.760)	(237.623)	(257.344)	(271.994)	(284.570)	(293.868)	(300.413)
	9,03%	*9,04%*	*9,10%*	*9,00%*	*9,07%*	*10,31%*	9,31%	9,31%	9,31%	9,31%	9,31%	9,31%	9,31%	9,31%	9,31%	9,31%
Marketing expenses	(57.847)	(68.143)	(79.393)	(99.482)	(113.152)	(83.786)	(112.464)	(123.941)	(136.801)	(152.098)	(168.290)	(182.257)	(192.633)	(201.540)	(208.124)	(212.760)
	6,57%	6,55%	6,65%	7,01%	6,95%	5,82%	6,59%	6,59%	6,59%	6,59%	6,59%	6,59%	6,59%	6,59%	6,59%	6,59%
Operating Result Before Taxes	**264.068**	**313.419**	**364.362**	**443.702**	**521.199**	**399.821**	**515.871**	**568.516**	**627.506**	**697.674**	**771.947**	**836.014**	**883.609**	**924.462**	**954.667**	**975.931**
Taxes	(86.204,3)	(101.646,2)	(92.807,1)	(87.260,4)	(124.145,3)	(58.185,5)	(138.287,3)	(152.399,7)	(168.212,8)	(187.022,4)	(206.932,7)	(224.106,7)	(236.865,2)	(247.816,7)	(255.913,5)	(261.613,7)
Operating Result	**177.864**	**211.773**	**271.555**	**356.442**	**397.054**	**341.636**	**377.584**	**416.116**	**459.293**	**510.651**	**565.015**	**611.907**	**646.743**	**676.646**	**698.753**	**714.317**
Non-operating																
Non reccurring income/(expenses)	(11.389)	(15.738)	(23.485)	(29.604)	(29.400)	(31.000)	(34.127)	(37.609)	(41.512)	(46.154)	(51.067)	(55.305)	(58.454)	(61.156)	(63.155)	(64.561)
in % of Sales	1,29%	1,51%	1,97%	2,08%	1,81%	2,15%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%
Non-operating Result before Taxes	**(11.389)**	**(15.738)**	**(23.485)**	**(29.604)**	**(29.400)**	**(31.000)**	**(34.127)**	**(37.609)**	**(41.512)**	**(46.154)**	**(51.067)**	**(55.305)**	**(58.454)**	**(61.156)**	**(63.155)**	**(64.561)**
Taxes	2.733	3.777	5.636	7.105	7.056	7.440	8.190	9.026	9.963	11.077	12.256	13.273	14.029	14.678	15.157	15495
Non-operating Result	**(8.656)**	**(11.961)**	**(17.849)**	**(22.499)**	**(22.344)**	**(23.560)**	**(25.936)**	**(28.583)**	**(31.549)**	**(35.077)**	**(38.811)**	**(42.032)**	**(44.425)**	**(46.479)**	**(47.998)**	**(49.067)**
Financial																
Interest Income Non Operating	4.267	492	558	718	1.238	759	2.156	2.376	2.622	2.915	3.226	3.494	3.692	3.863	3.989	4.078
in % of Sales	0,48%	0,05%	0,05%	0,05%	0,08%	0,05%	0,13%	0,13%	0,13%	0,13%	0,13%	0,13%	0,13%	0,13%	0,13%	0,13%
Interest Expense Non Operating	(5.975)	(5.084)	(5.740)	(2.628)	(22.310)	(24.061)	(24.684)	(24.724)	(24.769)	(24.822)	(24.878)	(24.927)	(24.963)	(24.993)	(25.016)	(25.032)
in % of Debt	2,92%	3,33%	5,45%	2,34%	3,02%	3,37%	3,41%	3,41%	3,41%	3,41%	3,41%	3,41%	3,41%	3,41%	3,41%	3,41%
Financial Result before Taxes	(1.708)	(4.592)	(5.182)	(1.910)	(21.072)	(23.302)	(22.529)	(22.348)	(22.147)	(21.906)	(21.652)	(21.433)	(21.270)	(21.130)	(21.027)	(20.954)
Taxes	410	1.102	1.244	458	5.057	5.592	5.407	5.364	5.315	5.258	5.197	5.144	5.105	5.071	5.046	5.029
Income attributable to minority interests	(47)	(279)	(80)	(96)	(10)	(15)	(175)	(207)	(241)	(280)	(319)	(351)	(364)	(388)	(405)	(417)
in % of Equity	0,01%	0,04%	0,01%	0,01%	0,00%	0,00%	0,01%	0,01%	0,01%	0,01%	0,01%	0,01%	0,01%	0,01%	0,01%	0,01%
Financial Result	(1.345)	(3.769)	(4.018)	(1.548)	(16.025)	(17.725)	(17.297)	(17.192)	(17.073)	(16.928)	(16.775)	(16.640)	(16.530)	(16.447)	(16.385)	(16.342)
Total comprehensive income	167.863	196.043	249.688	332.395	358.685	300.351	334.350	370.342	410.671	458.646	509.429	553.236	585.789	613.720	634.371	648.909
Auxiliary Calculation EBIT	250.971	293.089	335.695	412.188	470.727	345.519	459.216	508.558	563.847	629.614	699.228	759.276	803.885	842.176	870.485	890.416

Tax Breakdown	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
			Historical						Forecast Period 1					Forecast Period 2		
Statutory tax rate	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%	24,00%
Effective tax rate (Operating activities)	32,64%	32,43%	25,47%	19,67%	23,82%	14,55%	26,8%	26,8%	26,8%	26,8%	26,8%	26,8%	26,8%	26,8%	26,8%	26,8%
Operating result before taxes	264.068	313.419	364.362	443.702	521.199	399.821	515.871	568.516	627.506	697.674	771.947	836.014	883.609	924.462	954.667	975.931
Reported taxes	(83.061)	(96.767)	(85.927)	(79.697)	(112.032)	(45.153)	(124.690)	(138.010)	(152.935)	(170.688)	(189.480)	(205.690)	(217.731)	(228.068)	(235.710)	(241.090)
Taxes on operating activities	(86.204)	(101.646)	(92.807)	(87.260)	(124.145)	(58.185)	(138.287)	(152.400)	(168.213)	(187.022)	(206.933)	(224.107)	(236.865)	(247.817)	(255.913)	(261.614)
Taxes on non-operating activities	2.733	3.777	5.636	7.105	7.056	7.440	8.190	9.026	9.963	11.077	12.256	13.273	14.029	14.678	15.157	15.495
Tax shield	410	1.102	1.244	458	5.057	5.592	5.407	5.364	5.315	5.258	5.197	5.144	5.105	5.071	5.046	5.029

Forecast Free Cash Flow Map	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(in €'000)			Historical						Forecast Period 1					Forecast Period 2		
Operating																
EBIT	264.068	313.419	364.362	443.702	521.199	399.821	515.871	568.516	627.506	697.674	771.947	836.014	883.609	924.462	954.667	975.931
Notional taxes	(63.376)	(75.221)	(87.447)	(106.488)	(125.088)	(95.957)	(123.809)	(136.444)	(150.601)	(167.442)	(185.267)	(200.643)	(212.066)	(221.871)	(229.120)	(234.223)
Adjusted taxes	(22.828)	(26.426)	(5.360)	19.228	942	37.772	(14.478)	(15.956)	(17.611)	(19.581)	(21.665)	(23.463)	(24.799)	(25.946)	(26.793)	(27.390)
Noplat	177.864	211.773	271.555	356.442	397.054	341.636	377.584	416.116	459.293	510.651	565.015	611.907	646.743	676.646	698.753	714.317
Depreciation	35.959	41.635	47.273	56.499	171.123	200.976	266.773	293.997	324.502	360.788	399.198	432.328	456.941	478.068	493.687	504.684
in % of PP&E	35,17%	33,60%	34,22%	31,93%	21,22%	25,03%	26,06%	26,06%	26,06%	26,06%	26,06%	26,06%	26,06%	26,06%	26,06%	26,06%
Gross Free Cash Flow	**213.823**	**253.408**	**318.828**	**412.941**	**568.177**	**542.612**	**644.356**	**710.114**	**783.795**	**871.439**	**964.212**	**1.044.236**	**1.103.684**	**1.154.713**	**1.192.441**	**1.219.001**
- Capital Expenditures		(62.194)	(65.280)	(93.475)	(811.263)	(200.341)	(541.892)	(435.254)	(483.011)	(549.445)	(599.382)	(606.044)	(587.376)	(590.968)	(578.523)	(565.888)
- Change in NWC		(16.571)	(7.579)	10.565	3.533	(20.210)	(32.686)	(22.175)	(24.635)	(29.211)	(30.458)	(25.266)	(17.438)	(14.080)	(9.115)	(5.021)
+ Change in other non-current operating liabilities		2.854	(1.860)	1.717	(922)	(61.564)	77.458	9.687	10.854	12.911	13.667	11.789	8.758	7.517	5.558	3.913
- Change in other non-current operating assets		- 8.712	- 4.309	- 12.907	- 37.236	- 21.698	- 32.145	- 19.546	- 21.902	- 26.052	- 27.576	- 23.787	- 17.671	- 15.168	- 11.214	- 7.895
Operating Free Cash Flow	**213.823**	**168.785**	**239.800**	**318.840**	**- 277.712**	**238.799**	**115.092**	**242.826**	**265.102**	**279.643**	**320.464**	**400.927**	**489.957**	**542.015**	**599.146**	**644.109**
Non-operating																
Non-operating Result before Taxes	(11.389)	(15.738)	(23.485)	(29.604)	(29.400)	(31.000)	(34.127)	(37.609)	(41.512)	(46.154)	(51.067)	(55.305)	(58.454)	(61.156)	(63.155)	(64.561)
Taxes on non-operating activities	2.733	3.777	5.636	7.105	7.056	7.440	8.190	9.026	9.963	11.077	12.256	13.273	14.029	14.678	15.157	15.495
Non-operating Result	**(8.656)**	**(11.961)**	**(17.849)**	**(22.499)**	**(22.344)**	**(23.560)**	**(25.936)**	**(28.583)**	**(31.549)**	**(35.077)**	**(38.811)**	**(42.032)**	**(44.425)**	**(46.479)**	**(47.998)**	**(49.067)**
- Change in non-current non-operating assets		(2.015)	627	(5.887)	(506)	(3.066)	(2.849)	(3.092)	(3.354)	(3.640)	(3.949)	(4.285)	(4.649)	(5.044)	(5.473)	(5.938)
+ Change in non-current non-operating liabilities		12.013	(6.757)	6.196	(12.436)	2.165	10.558	2.413	2.704	3.217	3.405	2.937	2.182	1.873	1.385	975
- Change in current non-operating assets		4.610	(6.793)	6.774	(10.484)	999	(5.624)	(2.726)	(3.054)	(3.633)	(3.846)	(3.317)	(2.464)	(2.115)	(1.564)	(1.101)
+ Change in current non-operating liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating Free Cash Flow		**2.647**	**(30.772)**	**(15.416)**	**(45.770)**	**(23.462)**	**(23.852)**	**(31.987)**	**(35.253)**	**(39.133)**	**(43.201)**	**(46.697)**	**(49.356)**	**(51.765)**	**(53.649)**	**(55.131)**
Unlevered Free Cash Flow		**171.432**	**209.028**	**303.424**	**(323.482)**	**215.337**	**91.240**	**210.839**	**229.849**	**240.510**	**277.263**	**354.231**	**440.601**	**490.250**	**545.497**	**588.979**
Tax shield	410	1.102	1.244	458	5.057	5.592	5.407	5.364	5.315	5.258	5.197	5.144	5.105	5.071	5.046	5.029
Levered Free Cash Flow		**172.534**	**210.272**	**303.883**	**(318.425)**	**220.929**	**96.647**	**216.202**	**235.164**	**245.768**	**282.459**	**359.374**	**445.706**	**495.321**	**550.543**	**594.008**
Financial																
Financial Result before Taxes	(1.708)	(4.592)	(5.182)	(1.910)	(21.072)	(23.302)	(22.529)	(22.348)	(22.147)	(21.906)	(21.652)	(21.433)	(21.270)	(21.130)	(21.027)	(20.954)
Income attributable to minority interests	(47)	(279)	(80)	(96)	(10)	(15)	(175)	(207)	(241)	(280)	(319)	(351)	(364)	(388)	(405)	(417)
- Change in excess cash		(70.798)	(127.746)	(118.183)	(181.647)	(192.519)	330.592	(101.785)	(108.668)	(105.198)	(101.553)	(63.429)	39.374	(67.926)	(47.491)	(27.613)
+ Change in Total Equity		(39.279)	(29.728)	(187.050)	(121.193)	20.418	(404.535)	(91.862)	(104.108)	(118.384)	(158.935)	(274.162)	(463.446)	(405.877)	(481.620)	(545.024)
+ Change in financial liabilities		(57.586)	(47.536)	3.356	642.346	(25.511)	-	-	-	-	-	-	-	-	-	-
Financing Free Cash Flow		**(171.432)**	**(209.028)**	**(303.424)**	**323.482**	**(215.337)**	**(91.240)**	**(210.839)**	**(229.849)**	**(240.510)**	**(277.263)**	**(354.231)**	**(440.601)**	**(490.250)**	**(545.497)**	**(588.979)**
CHECK		*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*	*TRUE*

Reformulated Forecast Balance Sheet	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(in €'000)	Historical						Forecast Period 1					Forecast Period 2				
Operating																
Assets																
Brands and other intangible assets (net)	268.014	266.882	270.687	268.820	279.390	282.308	336.614	373.390	414.828	464.229	517.009	563.577	599.556	631.377	656.268	675.272
in % of sales	30,44%	25,65%	22,68%	18,93%	17,16%	19,60%	19,73%	19,86%	19,99%	20,12%	20,25%	20,38%	20,51%	20,65%	20,78%	20,92%
Goodwill	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582	155.582
Constant Value																
Property,plant and equipment (net)	102.234	123.925	138.127	176.970	806.540	802.987	1.023.801	1.128.281	1.245.352	1.384.608	1.532.012	1.659.160	1.753.616	1.834.695	1.894.639	1.936.840
in % of sales	11,61%	11,91%	11,57%	12,46%	49,55%	55,75%	60,00%	60,00%	60,00%	60,00%	60,00%	60,00%	60,00%	60,00%	60,00%	60,00%
Deffered tax assets	65.970	74.682	78.991	91.898	129.134	150.832	182.977	202.523	224.425	250.476	278.053	301.840	319.510	334.679	345.893	353.788
in % of taxes	79%	77%	92%	115%	115%	334%	147%	147%	147%	147%	147%	147%	147%	147%	147%	147%
Total non-current operating assets	591.800	621.071	643.387	693.270	1.370.646	1.391.709	1.698.973	1.859.776	2.040.187	2.254.895	2.482.656	2.680.159	2.828.264	2.956.332	3.052.382	3.121.482
Inventory	134.063	135.849	136.159	173.149	208.868	202.770	223.793	246.631	272.222	302.662	334.883	362.676	383.324	401.047	414.150	423.375
in DIO	217	197	180	197	210	211	202	202	202	202	202	202	202	202	202	202
Trade account receivables	89.782	104.864	120.708	155.047	167.919	174.144	181.197	199.689	220.408	245.054	271.143	293.646	310.363	324.713	335.322	342.791
in DSO	37	37	37	40	38	44	39	39	39	39	39	39	39	39	39	39
Cash and cash equivalents	132.059	156.047	179.056	213.011	244.156	216.061	255.950	282.070	311.338	346.152	383.003	414.790	438.404	458.674	473.660	484.210
in % of Sales	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Tax assets	4.155	5.560	38.417	11.550	1.582	5.089	15.609	17.202	18.987	21.110	23.357	25.295	26.736	27.972	28.886	29.529
in % of Sales	0,47%	0,53%	3,22%	0,81%	0,10%	0,35%	0,91%	0,91%	0,91%	0,91%	0,91%	0,91%	0,91%	0,91%	0,91%	0,91%
Total current operating assets	360.059	402.320	474.340	552.757	622.525	598.064	676.549	745.592	822.955	914.978	1.012.386	1.096.408	1.158.826	1.212.405	1.252.017	1.279.905
Total operating assets	951.859	1.023.391	1.117.727	1.246.027	1.993.171	1.989.773	2.375.523	2.605.368	2.863.142	3.169.873	3.495.042	3.776.566	3.987.091	4.168.737	4.304.400	4.401.387
Liabilities																
Deferred tax liabilities	68.753	70.953	68.699	70.106	68.710	6.396	83.025	91.894	101.832	113.652	126.165	136.958	144.976	151.859	156.947	160.530
in % of taxes	82,77%	73,32%	79,95%	87,97%	61,33%	14,17%	66,58%	66,58%	66,58%	66,58%	66,58%	66,58%	66,58%	66,58%	66,58%	66,58%
Pension funds and agents leaving indemnitie	4.604	5.258	5.652	5.962	6.436	7.186	8.016	8.834	9.750	10.840	11.995	12.990	13.730	14.364	14.834	15.164
in % of Sales Expenses	1,82%	1,68%	1,55%	1,39%	1,33%	1,57%	1,56%	1,56%	1,56%	1,56%	1,56%	1,56%	1,56%	1,56%	1,56%	1,56%
Total non-current operating liabilities	73.357	76.211	74.351	76.068	75.146	13.582	91.040	100.727	111.582	124.493	138.160	149.948	158.706	166.223	171.781	175.694
Trade account payables	112.969	132.586	167.212	224.989	248.621	211.903	244.249	271.617	302.495	339.316	378.754	413.779	441.130	465.496	484.805	499.795
in DPO	183	192	221	256	250	220	220	222	224	226	228	230	232	234	236	238
Tax liabilities	36.613	24.577	36.687	53.358	98.450	93.622	102.375	112.822	124.529	138.453	153.193	165.907	175.352	183.460	189.454	193.674
in % of Sales	4,16%	2,36%	3,07%	3,76%	6,05%	6,50%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%
Other current liabilities	32.210	50.319	68.024	82.558	87.134	84.010	88.710	97.763	107.907	119.973	132.746	143.763	151.947	158.973	164.167	167.823
in % of Sales	3,66%	4,84%	5,70%	5,81%	5,35%	5,83%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%
Total current operating liabilities	181.792	207.482	271.923	360.905	434.205	389.535	435.334	482.202	534.931	597.743	664.693	723.449	768.430	807.928	838.425	861.292
Total operating liabilities	255.149	283.693	346.274	436.973	509.351	403.117	526.375	582.929	646.512	722.236	802.853	873.397	927.136	974.152	1.010.206	1.036.985
Operating Invested Capital	696.710	739.698	771.453	809.054	1.483.820	1.586.656	1.849.148	2.022.439	2.216.630	2.447.638	2.692.189	2.903.169	3.059.955	3.194.586	3.294.193	3.364.401
Non-operating																
Assets																
Other non-current assets	22.676	24.691	24.064	29.951	30.457	33.523	36.372	39.464	42.819	46.458	50.407	54.692	59.340	64.384	69.857	75.795
		8,89%	-2,54%	24,46%	1,69%	10,07%	8,50%	8,50%	8,50%	8,50%	8,50%	8,50%	8,50%	8,50%	8,50%	8,50%
Total non-current non-operating assets	22.676	24.691	24.064	29.951	30.457	33.523	36.372	39.464	42.819	46.458	50.407	54.692	59.340	64.384	69.857	75.795
Other current assets	20.985	13.356	19.284	16.135	23.758	21.086	26.710	29.435	32.490	36.123	39.968	43.285	45.750	47.865	49.429	50.530
in % of Sales expenses	8,28%	4,28%	5,28%	3,76%	4,92%	4,61%	5,19%	5,19%	5,19%	5,19%	5,19%	5,19%	5,19%	5,19%	5,19%	5,19%
Financial current assets	-	3.019	3.884	259	3.120	4.793	4.793	4.793	4.793	4.793	4.793	4.793	4.793	4.793	4.793	4.793
Total current non-operating assets	20.985	16.375	23.168	16.394	26.878	25.879	31.503	34.228	37.283	40.916	44.761	48.078	50.543	52.658	54.222	55.323
Total non-operating assets	43.661	41.066	47.232	46.345	57.335	59.402	67.875	73.693	80.101	87.374	95.168	102.770	109.883	117.042	124.079	131.118
Liabilities																
Provision non-current	5.688	11.880	4.946	7.477	10.703	12.949	12.187	13.431	14.825	16.482	18.237	19.751	20.875	21.840	22.554	23.056
in % of Sales	0,65%	1,14%	0,41%	0,53%	0,66%	0,90%	0,71%	0,71%	0,71%	0,71%	0,71%	0,71%	0,71%	0,71%	0,71%	0,71%
Other non-current liabilities	6.222	12.043	12.220	15.885	223	142	11.462	12.631	13.942	15.501	17.151	18.574	19.632	20.540	21.211	21.683
in % of Sales	0,71%	1,16%	1,02%	1,12%	0,01%	0,01%	0,67%	0,67%	0,67%	0,67%	0,67%	0,67%	0,67%	0,67%	0,67%	0,67%
Total non-current non-operating liabilities	11.910	23.923	17.166	23.362	10.926	13.091	23.649	26.062	28.766	31.983	35.388	38.325	40.507	42.380	43.764	44.739
Total current non-operating liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating liabilities	11.910	23.923	17.166	23.362	10.926	13.091	23.649	26.062	28.766	31.983	35.388	38.325	40.507	42.380	43.764	44.739
Non-Operating Invested Capital	31.751	17.143	30.066	22.983	46.409	46.311	44.226	47.630	51.335	55.391	59.780	64.445	69.376	74.663	80.315	86.379
Total Invested Capital	728.461	756.841	801.519	832.037	1.530.229	1.632.967	1.893.375	2.070.069	2.267.964	2.503.028	2.751.969	2.967.614	3.129.331	3.269.248	3.374.508	3.450.780
Financial																
Equity	546.158	703.452	923.423	1.068.807	1.306.288	1.627.048	1.556.863	1.835.343	2.141.906	2.482.169	2.832.663	3.111.737	3.234.080	3.441.923	3.594.674	3.698.559
Non-controlling interests	649	119	108	69	80	89	89	89	89	89	89	89	89	89	89	89
Constant Value																
Long-term borrowings	127.016	75.835	67.874	80.783	611.997	562.844	562.844	562.844	562.844	562.844	562.844	562.844	562.844	562.844	562.844	562.844
in % of Sales																
Short term borrowings	71.182	64.777	25.202	15.649	126.781	150.423	150.423	150.423	150.423	150.423	150.423	150.423	150.423	150.423	150.423	150.423
Constant Value																
Cash Excess	16.544	87.342	215.088	333.271	514.917	707.437	376.845	478.630	587.298	692.496	794.050	857.479	818.105	886.031	933.522	961.135
in % of Sales	1,88%	8,40%	18,02%	23,47%	31,63%	49,11%	22,09%	25,45%	28,30%	30,01%	31,10%	31,01%	27,99%	28,98%	29,56%	29,77%
Total funds	728.461	756.841	801.519	832.037	1.530.229	1.632.967	1.893.375	2.070.069	2.267.964	2.503.028	2.751.969	2.967.614	3.129.331	3.269.248	3.374.508	3.450.780
CHECK	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

Forecast EBITDA Reconciliation	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
(in €'000)	Historical						Forecast Period 1					Forecast Period 2				
EBIT	252.679	297.681	340.877	414.098	491.799	368.821	515.871	568.516	627.506	697.674	771.947	836.014	883.609	924.462	954.667	975.931
Stock-based compensation	11.389	15.738	23.485	29.604	29.386	31.026	34.127	37.609	41.512	46.154	51.067	55.305	58.454	61.156	63.155	64.561
D&A	35.959	41.635	47.273	56.499	171.123	200.976	266.773	293.997	324.502	360.788	399.198	432.328	456.941	478.068	493.687	504.684
EBITDA	300.027	355.054	411.635	500.201	692.308	600.823	816.770	900.123	993.520	1.104.615	1.222.212	1.323.648	1.399.004	1.463.687	1.511.509	1.545.176

Disclosures and Disclaimers

Report Recommendations

Buy	Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period.
Hold	Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period.
Sell	Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period.

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