

Moncler SpA

“Full Year 2015 Financial Results Presentation”

Thursday, March 3rd, 2016, 18:00 CET

MODERATORS: **REMO RUFFINI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER**
ROBERTO EGGS, CHIEF OPERATING OFFICER
LUCIANO SANTEL, CHIEF CORPORATE OFFICER
ANDREA TIEGHI, SENIOR RETAIL DIRECTOR
SERGIO BUONGIOVANNI, EXECUTIVE BOARD MEMBER
PAOLA DURANTE, IR AND STRATEGIC PLANNING DIRECTOR

OPERATOR: Good afternoon, this is the Chorus Call conference operator. Welcome and thank you for joining the Moncler Full Year 2015 Financial Results Presentation. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing “*” and “0” on their telephone.

At this time, I would like to turn the conference over to Ms. Paola Durante, Investor Relations and Strategic Planning Director of Moncler. Please go ahead, madam

PAOLA DURANTE: Thank you. Good afternoon everybody and thank you for joining our call today for Moncler’s fiscal year 2015 financial results. First of all, let me introduce you to the Executive team on today’s call, our Chairman and CEO Mr. Remo Ruffini, Luciano Santel, our Chief Corporate Officer, Roberto Eggs, our Chief Operating Officer, Andrea Tieghi, Head of Retail and Sergio Buongiovanni, Executive Board Member.

Before starting the presentation, I need to remind you that this presentation may contain certain statements that are neither reported financial results nor other historical information. Any forward-looking statements are based on Moncler’s current expectations and projections about future events. By their nature forward-looking statements are subject to risks and uncertainties and other factors that could cause results to differ materially from those expressed in or implied by these statements, many of which are beyond the ability of Moncler to control or estimate them.

Finally as always, let me remind you that we have invited members of the media to participate in this conference in a listen-only mode.

Let me now handover to our Chairman and CEO, Mr. Remo Ruffini.

REMO RUFFINI: Good evening, everyone and welcome to Moncler Full Year 2015 results conference call. In December, Moncler celebrated its second anniversary since our debut on Milano Stock Exchange. Today, I am very proud to say that we delivered results for 2015 that at that time analysts were expecting in 2016. Today, I can say that not only we achieved our IPO business plan, but we did it one year in advance.

In 2015, Moncler had another year with results better than market expectations. Sales rose by 27% on a reported basis and by 19% at constant currencies reaching €880 million. EBITDA topped €300 million and net profit rose to €168 million. All our markets including our domestic market delivered strong performances. Our international markets now account for 84% of our total sales. I am particularly happy with the performance in China, and the rest of Asia, but also Italy and Europe showed consistent solid growth in 2015. Retail sales were up 33% at constant currency with a healthy 6% comp store sales growth rate.

We had a very good start at our Tokyo Ginza flagship store, which gives me further confidence in our long term flagship project. We have now secured some 15 stores to be open in 2016 including flagship stores in New York, London and Seoul.

Our 2016 collections have all been well received. We recently showed Grenoble Fall/Winter 2016 in New York with an amazing show. Our Fall/Winter 2016 orders backlog is good in all regions. But what makes me even happier above and beyond the good numbers is the enthusiastic feedback we have received on all our collections.

Even though the macroeconomic and geopolitical situation remains uncertain, I am very confident in the many projects Moncler is working on

in all the initiatives my team and I are progressing and the superior strength of our brand which is constantly and steadily growing in all markets. I therefore expect 2016 to be another year of growth.

Let me now handover to Luciano, who will comment our result, then we will be happy to take your questions. Thank you.

LUCIANO SANTEL: Okay, good afternoon, everybody and thank you for attending our call today. Let's start as usual at Page 7 where we report our highlights of fiscal year 2015. Sales €880.4 million, up 27% at current rates and then up 19% at constant rates. International markets keep growing faster than our domestic market and represents now 84% of our total sales.

Retail business rose to €620 million sales, 70% of our total sales and delivered a good 6% comp. EBITDA, €300 million with a margin of 34.1%, EBIT margin of 30%, net income €167.9 million with a margin of 19.1%, and the net debt €49.6 million, down against the €111.2 million reported last year.

Let's go now at Page 8, where we report our sales by market. All the markets report a pretty solid growth rate, North America +27%, Asia +28%, Europe +13% and Italy a very good and encouraging +5%.

Let's go now at Page 9 where we report sales by distribution channel. Retail business growth rate has been very strong, 33% with a very good 6% comp. The wholesale business reported minus 5, but net of the Korean business conversion which happened in 2015, the growth rate would have been 5% at the reported rates and flat at the constant rates.

Let's go now at Page 10 where we report our retail network and we report at the end of the year 173 DOS with 39 new stores as compared to last year of

which 12 stores are coming from the conversion of the Korean business and 27 stores are new openings of the year.

In Q4 of 2015, we have opened the 7 stores including our flagship in Tokyo Ginza, the store in Shanghai Pudong, Vancouver and our second store in Las Vegas.

For 2016, we have secured a number of about 15 stores including flagship stores in New York Madison and London Bond Street.

Let's go now at Page 12 where we report our income statement, top-line as we said €880.4 million, up 27% against last year. Gross margin 74.4%, more than 200 basis points better than last year, due to the channel mix, given the increase of our retail business and of course to currencies. Selling expenses, the other face of the coin, 28.8% against 26.4% last year, again totally due to the expenses associated with the operations of our stores.

G&A keep growing, but less than our top-line; representing 9% this year against the 9.5% last year. Advertising and promotion, totally in line with last year, 6.6% and totally in line with our plan.

EBIT 30%, as we said before, non-recurring items include as you know the non-cash costs associated with our stock option plans and other expenses associated with the Other Brands division sale. Net financial results much lower than last year with a contribution of some FX gains. Tax rate 33.1% is slightly better than the 33.4% of last year.

At the end, the net income as we said, €167.9 million, 19.1% margin and up 29% against last year and EBITDA €300 million, 34.1% margin, up again 29% against last year.

Page 13, we report CAPEX. CAPEX this year, in 2015, had been materially higher than the year before as expected, as we said after our Q3 results. The main reason is that we made a decision to open an important flagship store in London, which would be opened in 2016, but the contract has been finalized and signed in 2015 and we paid a material amount of key money.

Of course, most of our CAPEX has been allocated to our retail network but an increasing amount has been spent in our corporate line, which includes other investments. One very important from a strategic point of view is the investment we made in Q3 at the end of August in a smaller manufacturing facility in Romania which is the first step of a strategy we are implementing to integrate our supply chain and to bring in-house some of the production.

Important investments have been made also in our organization specifically in information technology in some important projects including SAP and a brand new POS system worldwide which is Cegid.

We'll go now at Page 14 where we report net working capital. Honestly nothing to say and net working capital are totally in order and in line with our plans, slightly better than last year, 13% against 14%.

Let's go now quickly at Page 15 where we report net debt which as we said was at the end of December €49.6 million, down against the €111.2 million of last year, with a net cash generation of over €61 million, close to €62 million.

The Board of Directors is to propose at the next shareholders meeting a distribution of dividend of €0.14 per share for a total of €35 million dividend against the €30 million dividend that we have distributed last year.

Page 16, balance sheet, nothing particularly important to make comment. Page 17, cash flow statement, nothing particularly new or important. A couple of comments on the line change in other current/non-current assets liabilities, which is €16.6 million negative against €25 million positive last year. The number of this year is normal, the number of last year was extraordinary because we incurred in 2014 in a very important tax benefit associated with the sale of the Other Brands division. Just to let you know the year before, fiscal year 2013, this number was a negative for €17 million, so nothing strange in 2015. What was unusual is the number we reported in 2014.

Another number pretty material to make a comment is the change in equity which is negative for €26.5 million and it includes the put and call option for our joint-venture in Korea, which has been posted for the first time in 2015, and the adjustment in the value of the put and call option for our joint-venture in Japan because fortunately for Moncler, but fortunately for our partner too, the business is doing very well. So we have adjusted the potential debt with our partner in Japan. So at the end, as we said before, the net cash generation has been €61.6 million.

Okay, so we are done with the presentation. Thank you very much.

PAOLA DURANTE: Okay. Thank you much to everyone for participating in this call. Let me just give you a quick reminder over the upcoming releases and events for Moncler. Annual Shareholders' Meeting will take place on April 20. Our Q1 2016 financial results would be released on May 10 after market close as always. And the conference call will take place on the same day. Our quiet period will begin on April 26. Thank you very much and call us if you have any follow-up. Bye-bye.