

Moncler S.p.A

"Nine Months 2018 Interim Management Statement Conference Call"

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MODERATORS: **LUCIANO SANTEL, CHIEF CORPORATE AND SUPPLY OFFICER**
PAOLA DURANTE, INVESTOR RELATIONS AND STRATEGIC
PLANNING DIRECTOR

OPERATOR: Good evening. This is the Chorus Call conference operator. Welcome, and thank you for joining the Moncler Nine Months 2018 Interim Management Statement Conference Call. 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: Hi, thank you. Good afternoon everyone, and thank you for joining Moncler's nine months 2018 Interim Management Statement conference call. As usual for Q1 and Q3 results, the call is hosted by myself and by our Chief Corporate and Supply Officer, Luciano Santel.

Before commenting on our revenues results, I need to remind you that this presentation may contain specific statements that are neither reported financial results nor other historical information. Any forward-looking statements are based upon Moncler's current expectations and assumptions of future events and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied by the statements. In addition, please remember that media have been invited to participate to the call in a listen-only mode and that as usual, I will comment only constant currencies trends if not otherwise stated.

Let's now move to the presentation Page 3, and let me just make two quick comments. Moncler posted another strong set of results. In the first nine months, consolidated revenues were up 23%, 18% in Q3 only with all

regions and both channels showing impressive trends. These results have been largely supported by the great appreciation of Fall/Winter Collections and by the success of the Moncler Genius project that is really boosting brands' momentum worldwide.

Page 4, revenue breakdown by distribution channels, both channels showed strong performances. In particular retail sales rose by an outstanding 30% in nine months or 26% in Q3 driven by excellent organic growth and by the contribution of new space. All regions showed very good results with Asia leading the growth. Wholesale also performed very well driven by Fall/Winter and Genius Collections and also by the e-tailers growth which are growing very nicely and by the development of shop-in-shops.

And finally, last but not least, by a solid sell through across all regions. Wholesale results have been particularly strong in APAC, UK and US. Based on these results and on our current visibility, we now expect 2018 wholesale revenues to grow low double-digit at constant currencies. Let me also comment that our e-commerce posted outstanding double-digit growth in both distribution channels.

Page 5 of the presentation; revenue breakdown by region. In the first nine months of 2018, global expansion continued with international markets growing 26% and accounting for 86% of total revenues. Also our domestic Italian market reported a sound 8% growth.

Let's now move to the following pages for a detailed analysis on our revenues results by region. I start to look at EMEA including Italy, page 6 of the presentation.

In the first nine months, Europe and Italy combined reported a solid 13% growth, driven by local demand and travelers. In EMEA we continue to see excellent performances in UK, France and Middle East. Also Eastern Europe and Germany showed very good results. Italian revenues were largely driven by the retail channel benefiting also from the enlargement of the Montenapoleone store and the opening of a new DOS in Florence, which both occurred in Q4 last year.

Let's now talk about Asia which as you know, includes APAC, Japan and Korea. Asia recorded an outstanding 39% growth in the nine months, over 36% in Q3 only, with Mainland China and Korea as the strongest performers in the quarter, primarily thanks to a sound retail organic growth.

We were also extremely satisfied with the results of Japan and Hong Kong, which continued to grow sound double-digit. Japan developments were driven by a robust double-digit growth in the retail channel and by a solid wholesale performance notwithstanding the ongoing DOS selection. Hong Kong recorded outstanding results in all the stores, which grew double-digit but in particular in our Canton Road flagship, our first store in the network which is really doing very well.

Finally, Americas. Revenues in Americas increased 19%, 10% in Q3 with similar performances in the two main markets, US and Canada. Both distribution channels posted solid growth. Retail continued to grow double-digit also in Q3, both in Canada and US.

Last, Page 9 of the presentation. Let me comment briefly on our stores network. At the end of September, our retail stores reached 214 units. In the quarter we opened five locations including a store in Oslo, Norway, a new market for Moncler. Two stores were opened in October so far,

including a store in Bologna which is actually doing very well. We confirm that we have two upcoming openings in Q4, one of that is our store in Mexico City, about which we are very excited. Therefore in 2018 we should open 17 DOS.

During Q3, we also have relocated our store in New York Soho, and in October we have relocated our Sloane Street store in London, both of them are giving us very good results. For 2019, I can anticipate that we have some 15 DOS secured and, in addition to it, some important relocations.

In terms of wholesale mono-brand shop-in-shops, we have opened 2 shop-in-shops in Q3 2018 and we expect further 8 to be opened in Q4. Next year I can anticipate that we should open something around 15 shop-in-shops.

It's all from me right now, I will now leave the floor to your question, Luciano and I will answer to them. Thank you.

Q&A

OPERATOR: Excuse me; this is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone, to remove yourself from the question queue, please press "*" and "2." Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question comes from Anne-Laure Bismuth with HSBC. Please go ahead.

ANNE-LAURE BISMUTH: Yes, hi good evening. Paola and Luciano, just a quick question. I know that you are not excluding the speed between retail like-for-like performances and the contribution from new space, but would it be possible to offer an indication? Is it fair to assume like-for-like performance in Q3 in the high teens? My second question is about the FX impact which was -3% in Q3. So, can you give us an indication why it was negative, and should we also expect FX impact for Q4? And also, can you give us an update about the Genius project, I know that you have a lot of activities planned for Q4 and you have secured already a number of new capsule collections for next year until May, but do you plan to introduce new collaborations? And when do you plan to announce these collaborations? Thank you very much.

LUCIANO SANTEL: Hi Anne-Laure. This is Luciano. About your first question: like-for-like indication. We don't report any number in Q3 but your calculation is fair: our like-for-like in Q3 was very good.

About FX impact, we reported a negative FX impact in Q3 but much lower than before because now FX are more in line with last year, but you have seen correctly that in some regions, especially in North America, there was a small impact due to the fact that we report the impact, negative or positive, in our sales line and in this case it was negative of our hedging policy. We hedged the US dollar at the time we developed our pricing policy at 1.20, and of course as compared to the current 1.15/1.16, it delivered a couple of million negative difference that was posted in our sales line.

About Genius. Genius is a building with open doors. We started with eight designers. We will announce the occupancy of the new building for the next year in February. Again we can't anticipate anything, but the building has opened doors, with new designers that may come.

ANNE-LAURE BISMUTH: Thank you very much. And about the FX impact, should it still be negative in Q4, even with the hedging policy?

LUCIANO SANTEL: In Q4, yes. We may have a similar impact, but again, I don't want to say something that may be misleading because we don't have any negative impact on our margins, because we developed the pricing policy based on the existing level of currencies' exchange rates. At that level, whatever it is, we hedge the currencies and this is very important because in this way we protect our margins. So, whatever may be the currency in Q4 or next year, it is only a technical accounting posting. It's not correct to talk about negative impact, it's just something that impacted technically the top line but not at all the gross margin. Gross margin is protected by the pricing policy and the hedging policy.

ANNE-LAURE BISMUTH: Okay, very clear. Thank you very much.

OPERATOR: The next question comes from Omar Saad with Evercore ISI. Please go ahead.

OMAR SAAD: Hi, can you talk about the Moncler Genius collections as those have been flowing into the stores and consumers have been having the opportunity to buy them: has the timing of those collections affected the cadence of sales growth in the quarter or in this year, year-to-date? Is there something you should think about smoothing out across the quarters in terms of figuring out what the proper trajectory is for the Brand globally? Thanks.

LUCIANO SANTEL: Yes, Omar. Genius is an extremely important project for our Brand. It is a communication, product and design project. It's not a project that we expect, and expected at the time it was designed, to develop significant business. Overall, the business developed by the Genius project is

expected to represent mid-high single-digit percentage of our total business.

In Q3 we have delivered several collections of our Genius project. After Fragment in June, we delivered Noir in July, then the Craig Green, then 1952 and then Simone Rocha. In early October we delivered Palm Angels and Pierpaolo Piccioli in mid-October. All of these drops have been very successful. They have generated a lot of traffic in our stores. The events have been very successful. You live in New York and you may know that October 4th when we launched our pop-up in Soho, the event was very successful. And what is very important, again, the traffic generated by the events was very helpful for our overall business. So, our sales have been benefiting from these events. But overall the Genius project itself does not represent a material component of our business and this is not what we aim it to be.

PAOLA DURANTE: If I may add. Genius is our new way of working as Mr. Ruffini several times said. So, you will and you should expect monthly launches over the next year. In Q4 we have Moncler Genius Grenoble, which is going to be launched in November and the second drop of Fragment that is going to happen in December.

OMAR SAAD: Okay, thank you. That's helpful. Are you finding that the Genius project is bringing new types of customers to the Brand or is it resonating more with your existing customers?

LUCIANO SANTEL: What is very interesting of this project is that we saw in our stores more and more new customer, of different typologies and different ages. Some drops, especially Fragment and Palm Angels, drove traffic of younger people. This is something that makes us happy. Of course, we saw also the existing customers in our stores, since we developed a very strong

clienteling activity with our existing clients. And as you know all the different drops have a different target customer, and so, the way we have approached our customer has been different depending on the different drop. Noir, rather than Simone Rocha, for very sophisticated ladies. Fragment and Palm Angels for younger people. Craig Green for sophisticated men. 1952 for more traditional lovers of the Brand.

OMAR SAAD: Thank you. Best wishes.

LUCIANO SANTEL: You're welcome.

OPERATOR: The next question comes from Mariana Horn with Berenberg. Please go ahead.

MARIANA HORN: Hi, good afternoon. It's Mariana Horn from Berenberg. I have 2 questions, please. The first one, if you could give us a bit of more color on the trends that you've been seeing in Mainland China. I can see the comments that you made on Golden Week, which was above the performance of last year and that Mainland China was an outperformer in Asia in Q3, but could you give us any particularly interesting trend? Could you comment on that? And the second is on the Americas, which in Q3 appears to have seen a bit of a slowdown. I was wondering if you could comment on the reason for this, if it might have been weather related. What can we expect for Q4? Any other sort of comments around that? Thank you so much.

LUCIANO SANTEL: Chinese demand has been very strong in Q3, totally in line with the first-half of the year, and also in the first couple of weeks of October. The Chinese demand is still very strong, with the Golden Week that has been better than last year. Talking about the Mainland China, the demand has been even stronger than overall. The Chinese demand has been very

strong everywhere, in all the regions, but in Mainland China the local market has been even stronger.

About America and the apparent slowdown. Actually I will not talk about slowdown. In any event, it is not due to weather even if it is important to highlight the fact that weather is not particularly favorable everywhere so far, but, notwithstanding the weather, notwithstanding that winter still has to come, the results are very strong everywhere. About U.S., the third quarter is mostly driven by the wholesale business and in North America wholesale is very important. We reported a very strong wholesale growth in the second quarter, also because we anticipated some deliveries of the current Fall/Winter season in June in order to meet department stores expectations that wanted to receive Fall/Winter products earlier in the season.

What makes us happy and confident is not only the amount of sales we do with department stores, the so-called sell-in, but what is very important is their sell-out, which is very good and better than last year. This is something that makes us very happy and confident about our wholesale business in the U.S. The retail was very good, growing double-digit notwithstanding that winter still has to come.

MARIANA HORN: Thank you so much. Thank you.

OPERATOR: The next question comes from Elena Mariani with Morgan Stanley. Please, go ahead.

ELENA MARIANI: Hi, good evening, everybody. I just wanted to go back briefly to the current trading question and in particular I would like to understand how we should think about particular like-for-like development in the upcoming Fall/Winter season given that there is a very tough comp days

ahead. Last year winter was very cold and very long. This year, at least in Southern Europe, it is still summertime. So how can we match your very positive current trading comment with these elements which I think we should consider when looking at the rest of the year? The second question is about the quarter and in particular, the retail performance. Is the price versus volume mix of your like-for-like still the same, so mostly driven by volume and then a little bit driven by price? And then the third question is about margins. I've been following you for a while and every year you keep giving cautions messages on margins which keep going up. So, at the moment, I think consensus is expecting for the full-year another acceleration. How should we think about this for the rest of the year and then H2? Thank you.

LUCIANO SANTEL: Your first question Elena is about like-for-like. The first couple of weeks of October are doing very well. In Q4 we have a very tough base of comparison, because last year our like-for-like was very strong. It is important to highlight the fact that in Q4 our sales density is already very high. Of course, we are very happy with the current trend, but we are also totally conscious that the base of comparison is aggressive. Even if I look at the consensus, I think that the implicit like-for-like in the consensus is reasonable and doable.

About the growth in Q3 volume price. Most of the growth comes from volumes which have been generated in our retail business by an increase in traffic, but also by an increase in conversion rate and in the units per transaction. So, all the key performance indicators of our retail business have been doing very well.

Margins for the year-end, looking at consensus, are not easy as usual, but considering the very strong results of the first nine months of the year and the very good current business trend in October, we are very positive.

ELENA MARIANI: Perfect. Thank you. Just one quick follow-up. You are saying that in Q3, basically a 100% of your like-for-like has been driven by volumes. You didn't have any pricing component or you didn't take any price action? Is that correct?

LUCIANO SANTEL: Actually, not 100%, the vast of majority, let's say, more than two-third.

ELENA MARIANI: Okay. Thank you.

OPERATOR: The next question comes from Melanie Flouquet with JP Morgan. Please go ahead.

MELANIE FLOUQUET: Good evening. Thank you for taking my questions. I just wanted to clarify what you meant by "...the Golden week delivered even better results than last year". Did you mean it's up year-on-year or did you mean it grows faster than what you saw during the Golden Week last year? Just to confirm what this actually means. My second question is about Genius. My impression, based on your earlier comment, was that Genius was going to be bigger than Gamme Rouge and Bleu in prior year, and therefore closer to 10% to 12% of sales. You are mentioning mid single-digit to high single-digit. So, I just wanted to confirm this was right. Is it much smaller than what I had anticipated anyway? And also, maybe Q2 and Q3 being quite small quarters, which is the percentage on sales of Genius in these two quarters? Thank you very much.

LUCIANO SANTEL: About your first question, Golden Week. "...Golden week was better than last year." means that sales generated during that week in Mainland China and in the other countries with Chinese customers where double-digit higher than last year. This is the meaning of what we meant.

About Genius. Compared with Gamme Rouge and Glam Bleu, Genius' volumes are expected to be bigger than Gamme Rouge and Gamme Bleu, even if our expectations for this year, and I think also for next year, even though we don't know yet, are that the project will represent not more than high single-digit. This is something that is important to highlight. Of course this project is doing very well in the e-commerce, in our online website and also with the e-tailers and so, an important portion of this business can be generated by this channel. But again, overall, Genius is not a project intended to develop important volumes.

About your question "How much may Genius impact Q2 next year? I think that it is difficult to anticipate, but anyway, strategically looking at the impact of Genius in June for example, with the very first drop Fragment, it was very successful, not only for the volumes, but for the traffic that the collection generated in our stores, that helped the retail business in a month that historically was not particularly strong. And so, honestly what we expect is that in Q2 of next year Genius will generate additional traffic and consequently volumes, not just with the Genius collections themselves, but with the overall collection.

MELANIE FLOUQUET: Can I just clarify, how big was Gamme Rouge and Bleu together than? Because I was under impression that was already a high single-digit.

LUCIANO SANTEL: No, it was less; it was about mid single-digit.

MELANIE FLOUQUET: Okay. Thank you very much.

LUCIANO SANTEL: You're welcome.

OPERATOR: The next question comes from Janet Kloppenburg from JJK Research. Please go ahead.

JANET KLOPPENBURG: Hi Luciano, hi Paola. I just had a couple more questions. First, could you talk about the mix of the business, meaning the outerwear business, as opposed to the knitwear, footwear, and accessory businesses? And also, I just wanted to understand how you're thinking about the Chinese trending time as we go forward with very challenging comparisons. Should we think that the sequential growth rate should unfold? Thank you.

LUCIANO SANTEL: Hi, Janet, thank you for your questions about the other categories. We keep investing in the other categories, we keep investing in knitwear first, because it is doing very well, getting better and better, and growing faster than outerwear thanks to what we have done in the past, that is the decision to invest in the technology and in the technicality of this category.

Shoes are doing better and better, even if we started a couple of years later, after the decision to invest in knitwear. We started to do last year exactly what we did two or three years before in knitwear. We hired new technical people and new technical directors. So now we are developing knowhow inside the Company. This is very important to develop high quality products, to become the owners of the knowhow of this category and to get the credibility on that specific category with our customers. So, overall, these categories are doing well, and we are encouraged by the results of these two categories.

About your second question. Going forward we don't know. What I can tell you, based on our current visibility and our current sales, as of today, the Chinese demand is still very, very good. So honestly, we are very happy with our Chinese customers in their local market and in all the other different markets where they shop.

Everything about the duties, the restrictions or even the strict rules on import of goods are things that I can't comment. I think that probably the start of this specific event has been to some extent overestimated. Anyway, based on our current visibility we don't see any sign of slowdown.

JANET KLOPPENBURG: Great. And thanks. Thank you and congrats on a great Q3.

LUCIANO SANTEL: You're welcome.

OPERATOR: The next question comes from Piral Dadhanian with RBC Capital Markets. Please go ahead.

PIRAL DADHANIAN: Hi, good evening Luciano, Paola. Thank you for taking my questions. I have two questions on China, please. Firstly, could you just give us some update on your Tmall shop-in-shop, which I believe was originally planned to be a pop-up? How is that performing from the sales and traffic perspective? How much contribution did that have in the third quarter? Is that planned to be more permanent now based on what you have seen so far? And then secondly, just following up on that. Obviously you cut prices in China in the second quarter. Has that had any impact on demand in the Mainland market? Thank you.

LUCIANO SANTEL: About your first question, about Tmall. It is a very important project and testing the validity of this project is a very important. Honestly, based on the results, we are very happy. We are very happy even if I can't tell you that the impact of Tmall on our volumes is material. But again, the results are very good and we are happy so far, even if Tmall just started a few weeks ago.

The prices reduction driven by the custom duty reduction has been honestly very helpful and healthy to furtherly adjust our price gap with China. It is not just a matter of impact on Chinese demand, but it's more a matter of "Brand integrity" because in the past our price gap with China was very high. Now, it is still pretty high. Probably, we still have room for further adjustment, but it is now much more reasonable also thanks to this price reduction.

PIRAL DADHANIA: Great thanks. Could you maybe just confirm what percentage of sales is made up of Chinese nationals?

LUCIANO SANTEL: Our percentage in 2017 was one third. Of course, considering that this year, as the Chinese cluster is growing faster, it may be a little bit higher. Please note that I clearly refer to the retail business.

PIRAL DADHANIA: Okay, brilliant. Thank you.

OPERATOR: Then next question comes from Francesca Di Pasquantonio with Deutsche Bank. Please go ahead.

FRANCESCA DI PASQUANTONIO: Yes, hi good evening. I have one remaining question please. Based on what you said about China and how the Mainland Chinese trends are developing, can I assume that Daigou is not a big issue for you?

LUCIANO SANTEL: I don't think that Daigou is particularly relevant for our business. It is important to remember that we have set very strict rules in our stores in order to limit the number of products that any customer can buy. Moreover, the Chinese demand was very strong everywhere but even stronger in Mainland China and in the local market, so honestly, I don't think that Daigou have any material impact on our business.

FRANCESCA DI PASQUANTONIO: Thank you.

OPERATOR: The next question comes from Paola Carboni with Equita SIM. Please go ahead.

PAOLA CARBONI: Good afternoon, everybody. I have a few questions left. First of all, can you give us a rough idea of how much of your Chinese consumer base is represented by Millennials, if possible? Secondly, can you confirm your indication of an expected about 10% space contribution for the whole year 2018? And finally, regarding the Genius contribution for 2019; I understand your point that you don't want this collections to account for a too big percentage of your revenues, but would you suggest us to think about 2019 as a year when Genius can give a further contribution to grow or, on the contrary, once the novelty factor disappears, would you expect some normalization in the contribution of this collections? Thank you very much.

LUCIANO SANTEL: About your first question on the contribution of Millennials. Overall, they represent about 40%. This is based on our retail customer data base. In China, we don't have an exact number, but for sure it represents more than the average. Then the second question was about space contribution. We still plan space contribution to represent about low double-digit 10%, more or less, and no change on this.

About Genius' normalization in 2019, that's difficult to say on one side. This will totally depend on our capability to develop something that is not normal and on this we have proven to be pretty successful. So I will not talk about normalization. I would say that next year the Genius project will be for all the yearlong, starting in the spring season, not only for the

second season like this year, so I think that it will be even more impactful than this year.

PAOLA CARBONI: Very last question, if I may. As far as the new categories are concerned, they used already to outperform outerwear. Would you say that this gap has expanded even further most recently thanks to Genius or possibly also thanks to the warmer weather? Thanks.

LUCIANO SANTEL: Yes, I think so Paola. Outerwear is still the leading category because it represents our DNA, but the other categories, especially knitwear and cut and sewn have been particularly important in these collections and also achieved very good results. Cut and sewn, but also shoes, and backpacks are categories that normally don't lead to great volumes, but with the Genius project, these categories have been more important than what they usually are in our overall business.

PAOLA CARBONI: Okay. Thank you very much.

LUCIANO SANTEL: You're welcome.

OPERATOR: The next question comes from Flavio Cereda with Jefferies. Please go ahead.

FLAVIO CEREDA: Hi, good evening. Three quick questions, please. First one on wholesale. I was looking at your wholesale number and I understand the shift in North America, but given the Genius drops and the performance of the online multibrands, I am wondering whether you are still closing down accounts there. Are you still rationalizing that channel? Secondly, you touched on the price gap. In China there was a dropping compared to before. Can you be a little more specific perhaps and tell us, based on your price architecture today, what is your best estimate of the price gap

between Mainland China and Italy and Hong Kong and Italy, please? And lastly, just a quick reminder, what percentage of your volumes are now sourced internally in terms of manufacturing in your plant? Thank you.

LUCIANO SANTEL: Hi, Flavio, our wholesale business overall is growing very nicely. We expect the wholesale business to grow low double-digit, so to achieve the 10% or whatever it would be, notwithstanding the ongoing reduction in the selection of our existing customer portfolio. It is important to remember that in Italy, we used to have 1,500 customers many years ago, now we are below 400-350 and we keep selecting our customers.

So, notwithstanding this ongoing selection, we keep growing thanks to the amount of revenues generated from the existing customers and the average volumes that are higher than before and because we are developing very nicely with strong double-digit growth the two sub-channels as well. Talking about the first wholesale's sub-channel, we have many shop-in-shops, and we are planning to open others. These are operated by our department store partners rather than airports, but their way of running the business is still under our strict and close control. The other wholesale's sub-channel refers to the so-called E-tailers, such as MatchesFashion, Net-a-Porter, MR PORTER, SSense, MyTheresa and all the other players in the market, which are growing, strong double-digit.

Your second question about price gap. Price gap with China is between 40% and 50%, let's say about 45% on average. Next year, there will be a further reduction taking the gap closer to 30-40%. You know that other brands have lower price gap, but we wanted to do reduce it step by step. However, compared to the past, honestly, I think that now it is much more reasonable.

About the supply chain and sourcing. In 2018 we have developed about 15% of our total needs in our own factory in Romania, aiming at reaching the target of 20% set at the beginning of this project. The factory is doing very well, the efficiency is getting better and better, and the opportunity to develop more volumes is pretty good. So, I think that the next year the percent of in-sourcing will be closer to 20%.

FLAVIO CEREDA: Great. Thank you very much. Thank you.

OPERATOR: As a reminder, if you wish for question please press "*" and "1" on your telephone. The next question is a follow-up from Melanie Flouquet with JP Morgan. Please go ahead.

MELANIE FLOUQUET: Good evening, I have a follow up question. You mentioned that the consensus' like-for-like in Q4 was reasonable. Could you share with us what did you mean with "reasonable" implicit like-for-like in consensus in Q4? Thank you.

LUCIANO SANTEL: The implicit like-for-like in consensus, based on our own calculation, is around 7%. It's not easy considering the very tough base of comparison, since last year in Q4 we did very well. And also something that sometimes we forget is our extremely, extremely high sales density in Q4. So, it's not easy, but we believe it is something doable.

MELANIE FLOUQUET: And then, you confirmed that your space growth contribution from new stores will be around 10% this year, but in our space growth calculation we include outlet's performance which is a balancing figure, am I right? Did you still think that this space growth, which I subtract from the like-for-like that you just mentioned, will be around double-digit in the full year, so are we talking of the same thing?

LUCIANO SANTEL: I meant low double-digit. We are talking about 10% to 11%. This is what based on our visibility should be the space growth for this year, as we said in the past and we confirm it now.

MELANIE FLOUQUET: So, this is space growth comes from new stores and outlet as well, am I right?

LUCIANO SANTEL: It is the average of all the new space.

MELANIE FLOUQUET: So it means that in Q4 we will have a big bounce of the space growth, because, if we are not mistaken in the 9 months it was around 7%, right?

LUCIANO SANTEL: Yes, a little bit, the space growth in Q3 was not far from that the number we said, the double-digit.

MELANIE FLOUQUET: We have 9%, but that means because H1 was lower, that means that in the 9 months is around 7%, isn't it? So Q4 needs to bounce quite a bit?

LUCIANO SANTEL: I don't understand where the 7% comes from, but in any event, for the year end we still expect circa 10% or whatever it will be, but not far from 10% of space growth.

MELANIE FLOUQUET: The 7% comes from the fact that H1 was at 6%. So Q3 benefit was close to 10%, you end up with 9 months on 7% space growth contribution.

LUCIANO SANTEL: As you may remember, in H1 actually it was higher than that, but this is technicality.

MELANIE FLOUQUET: No, this is what I wanted to check as the cyclical precisely, it's question of definition. So, I just wanted to make sure that when you are talking

about double digit, you are talking about the same number, the one that we, as analyst, model.

LUCIANO SANTEL: Let's say that is yours and mine, because this technicality difference may be impacting in the short-term, but in the fiscal year does not have any material impact. Again, you may remember that this difference comes from the fact that we re-located and extended many stores in 2017 that were not comparable in 2018, but they contributed to the space growth, so that's why there was this difference, but in the 12 months the difference will be totally meaningless and also there is the impact of outlet.

MELANIE FLOUQUET: Thank you very much.

LUCIANO SANTEL: You are welcome.

OPERATOR: Gentlemen, there are no more questions registered at this time.

PAOLA DURANTE: Okay, perfect. So, if there are no more questions, it's time to close the call. We thank you all for participating. Let me remind you that today we have also published our financial calendar for fiscal year '19 on our website monclergroup.com. The full year results will be on February 28, after market close as usual and our quiet period will start on January 29. For any follow-up questions, feel free to contact us any time. I will speak to you very soon. Ciao. Bye-bye. Good night.