

Moncler S.p.A

"Q1 2024 Interim Management Statement Conference Call"

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OPERATOR: Good evening. This is the Chorus Call conference operator. Welcome and thank you for joining the Moncler Group's First Quarter 2024 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. Elena Mariani, Group Strategic Planning and Investor Relations Director. Please go ahead, madam.

ELENA MARIANI: Thank you operator, and thank you all for joining our call today. The Interim Management Statement call is hosted by Luciano Santel, Chief Corporate and Supply Officer and by myself, Director of Strategic Planning and Investor Relations. I will start providing a brief overview of our results and then Luciano and I will be happy to take your questions.

Before starting, 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 Group current expectations and projections about future events. By their nature, forward-looking statements are subject to risks, uncertainties and other factors that could cause results to differ even materially from those expressed in or implied by these statements, many of which are beyond the ability of the Group to control or estimate. Let me also highlight that given the nature of our business, interim results can be influenced by seasonal effects and therefore cannot be taken as a proxy for full year trends or results. Finally, I remind you that the press has been invited to participate to this conference in a listen-only mode.

Now starting from page 3 of the presentation, I am delighted to announce that as a Group we achieved revenues of 818 million euros, up 16% at constant FX, with a particularly strong double-digit contribution from our core DTC channel, both at Moncler and at Stone Island.

Moving to page 4. Let me say that there is no better way to start our brands' section than commenting our unique Moncler Grenoble experience. In February, Moncler unveiled its Grenoble Fall/Winter 2024 collection during an unforgettable 2-day brand experience in St. Moritz which brought people from all around the world into the Grenoble universe, bringing together high style and high performance.

This included, among various events, a ski experience with global athletes such as Shaun White or Perrine Laffont, as well as a very emotional show in the forest attended by several celebrities. I'm sure you probably caught a glimpse of this on social media, but the event had a very strong media impact and has been instrumental in further authenticating this distinctive brand dimension, which is the closest one to the Moncler DNA.

But it wasn't just about St Moritz. Still talking about Grenoble, if you move to page 5, you can see that in Q1 we continued our 'all year around' journey launching our second Spring/Summer Moncler Grenoble collection, on the back of the successful introduction last year, together with a new season of our Trailgrip, with a very powerful and catchy campaign which you can see among the pictures.

Talking about Moncler Genius, we launched a collection in partnership with Roc Nation by Jay-Z, representing Moncler's first ever TV advertising in the US, during an NBA game. The strong narrative around

“Genius is everywhere“ had a strong reach globally, allowing us to connect to new and wider communities.

Finally, when it comes to our Main Collection, I just wanted to flag in particular the strong plan behind the launch of the Men’s Spring Summer 2024 Collection, with a very powerful campaign featuring actor Joaquín Furriel, which has been extremely well received globally.

Moving to page 6, let's talk about Stone Island brand initiatives. First, let me highlight that during a signature event on January 12th, the first day of Milan Men's Fashion Week, Stone unveiled its new brand manifesto, The Compass Inside. You might remember the video we presented during our Fiscal Year 2023 results presentation. This was a very important moment for the brand, given that it marked the opening of our new brand and communication chapter. And just after this event, we launched a new very powerful global advertising campaign, for the first time featuring members of Stone Island's cultural community wearing emblematic pieces from the Spring/Summer 2024 collection. Finally, I just would like to highlight that Stone inaugurated its first ever major US archival exhibition in Los Angeles, coinciding with Frieze L.A., bringing to the US rare and previously un-exhibited pieces from the amazing Stone Island archive.

Talking about numbers, let's move to page 7, where we're going to start with the Moncler brand. We're happy to say that in the first quarter of the year, the brand grew by 20% at constant currencies and looking first at the performance by region, Asia was up 26% in Q1, driven by very strong growth in the Chinese mainland despite, I have to say, a very challenging comparable base and also a further increase in Chinese consumption outside of the mainland. Both Japan and Korea also continued to deliver a very solid performance, with Japan obviously supported by the significant tourist flows into the country. EMEA was up 15%, accelerating

sequentially compared to Q4, and this was supported by a further improvement in tourist purchases, but also by solid consumption among local European customers. Q1 revenues in Americas were up 14%, improving compared to the previous quarter and boosted by a strong performance in the DTC channel, which more than compensated the decline in wholesale.

Looking at Moncler revenues by channel on page 8. We are delighted to say that in Q1, the DTC channel recorded an extraordinary performance, up 26%, improving sequentially both in the physical and in the digital channel. All regions recorded very good double-digit growth in DTC with both EMEA and Americas improving compared to the previous quarter. Wholesale revenues were down 5%, in line with management expectations, due to the ongoing conversions as well as to the progressive efforts to upgrade the quality of the network. Let me take this chance to reiterate that we expect this channel for Moncler to remain negative through the course of the year, and we still expect to end 2024 with wholesale revenues down approximately high single-digit.

Moving now to Stone Island on page 9. Revenues for the brand were down 5% at constant currencies with a strong double-digit growth registered in the DTC channel, partially compensating for the decline in the wholesale channel, which is still the most important channel for the brand. Looking at trends by region, Asia grew 27%, mainly driven by the very strong performance of Japan. Trends in Korea improved sequentially compared to Q4, although they remained softer than other parts of Asia. The performance of the Chinese mainland, after the internalization of the market, was impacted by the ongoing restructuring of the distribution network, which, as you might remember, was started at the end of December 2023. EMEA revenues were down 12%. The DTC channel saw

a very solid double-digit performance, but this was not enough to offset the decline in the wholesale channel. And finally, the Americas region saw a decline of 25% in the quarter, mainly due to the challenging trends in the wholesale channel, but also to the ongoing efforts in upgrading the quality of this channel.

Looking more specifically at Stone Island trends by channel on page 10. The DTC channel performed particularly well and grew by a very solid 31% in Q1, improving sequentially in all 3 regions with a particularly solid performance in Asia and EMEA. Wholesale revenues instead were down 23% as planned. For Stone, this is the largest quarter in the year for this channel, and it was impacted both by the challenging wholesale market trends, and also by the very strict volume control we continue to adopt in the management of this channel. In fact, as you can see from the pie chart, the share of revenues from the wholesale channel continues to shrink, now representing 56% of the brand's Q1 revenues compared to almost 70% in Q1 last year. As a reminder, we expect Stone revenues in the wholesale channel to continue to decline and to be down approximately high teens in Fiscal Year 2024, a bit more negative in the first part of the year compared to the second part of the year.

Last but not least, let's briefly examine our store network on page 11. At the end of March, Moncler retail stores reached 275 units, while Stone Island stores were 83. Over the course of Q1, Moncler saw 3 net store openings, while Stone saw 2 net store openings. And finally, as usual, on page 12 and 13, we have two wonderful examples of recent store network initiatives. For Moncler, we have highlighted the opening of Nanjing IFC in the Chinese mainland. And for Stone, we have the relocation of Hankyu Men's in Tokyo.

We have reached the end of the presentation, so I will now hand it over to the operator for your questions. I kindly ask you to stick to a maximum of 2 questions per person, to give all participants the opportunity to ask something. Operator, you can now open the Q&A session. Thank you.

Q&A

OPERATOR: Thank you. 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. We'll pause for a moment as participants are joining the queue.

The first question is from Edouard Aubin with Morgan Stanley. Please go ahead.

EDOUARD AUBIN: Yes. Good evening, Elena and Luciano. So 2 questions. Your performance was very broad-based at Moncler, but particularly impressive in Asia. So when we step back, why is the appeal so strong for the brand in markets like China and Korea, and is the growth driven by repeat purchases or recruitment or both? And then question #2, maybe a bit tricky, but if we look at your very strong performance in Q1 at Moncler retail of 26%, the comp base gets easier in the remaining 9 months of the year. So, should we expect the momentum to continue at this type of growth for the remainder of the year? Thank you.

LUCIANO SANTEL: Okay. Thank you, Edouard, for your questions. First question about Asia, in Asia, as we reported, we did very well in the Chinese mainland, but not

only, because something important to highlight is that all the different markets in Asia performed very well, Chinese mainland, but also Hong Kong, Macau, Taiwan and Japan. Japan did very well, needless to say, because this is something common also for other brands. Good business with locals, but very good and, let me say, higher than ever business with Chinese customers coming to visit Japan, and Korea still very solid.

Why is that? I mean, difficult to answer. I can tell you that actually, talking about Chinese mainland specifically, our strategy in the past, not something that we implemented over the past few months or a couple of years, has been since ever, very clear, based on a very clear brand strategy that has been driving all our business decisions, including the distribution strategy. And this is something very important to highlight because as you know very well, in Chinese mainland, we have a significant number of stores, but not many, not in all the cities. And we have carefully looked at some specific locations in some important cities to open, not only visible stores but also to open, over the past couple of years, some important flagship stores. And this has been very important, first, because I mean, with such important stores, we can drive more business, but also because these stores are a very powerful ambassadors of our brand.

So, I mean, overall, I can confirm what you said. I am sorry I can't give you a better, more precise answer, but I think that this is the result of a strategy and the organization in Chinese mainland in the retail, in the DTC that is very, very strong with their very first priority the customer, the customer experience, the customer satisfaction.

So again, long story short, I think that the brand in the Chinese mainland is very strong. And let me say, not only in the Chinese mainland itself, but with the Chinese customers because business was very strong in the first

quarter, not only in that market, but also in the other markets, still with the Chinese customers.

The second question is actually very tricky and important. Thank you for the question, because it gives me the opportunity to clarify something that is very important. The first quarter results have been very strong, and we are extremely happy about this result. But it will be a big, big mistake to extrapolate these results over the next 3 quarters. I mean, we maintain our view about this fiscal year that is based on the current, very uncertain situation, a scenario that makes us very prudent and very vigilant.

So, the way we plan our DTC business this year, as always, let me say, but this year more than ever, is very prudent. And again, let me say it again even if I am sure you know it very well, we normally plan our DTC business with a comp of mid-single-digit and with the space contribution of mid to high single-digit. And this is the way we have planned our upcoming Fall/Winter season. Of course, we also know that if, for any reason, hopefully, the market demand should be better than what we plan right now, we have developed a quite flexible supply chain, able to react up to more or less 10% to the eventual higher demand coming from the market. And this is what happened last year by the way, in Fall/Winter 2023.

But again, this is our current view. Any more aggressive, optimistic extrapolation is something that we don't endorse right now. Another important point I want to highlight is about Q4 of this year. Q4, of course, is by far the most important quarter for our business. Last year, Q4 was extremely good, specifically November and December were the strongest 2 months of our history for several years, also thanks to weather that was particularly favorable in some regions like China. So, this year, we think

that it is very difficult to replicate those results. And so again, notwithstanding the very good results we are reporting today for the first quarter, our view for this year is still unchanged, very prudent. We are, as a management team, very vigilant on what may happen or may not. Thank you.

EDOUARD AUBIN: Many thanks, Luciano.

OPERATOR: The next question is from Louise Singlehurst with Goldman Sachs. Please go ahead.

LOUISE SINGLEHURST: Hi, good afternoon, Elena and Luciano. Thanks for taking my questions. I just wondered, firstly, on Stone, absolutely fantastic results. And I presume, obviously, we've had the transition, more focus on DTC. But I presume what we're seeing now is the fruits of the rebranding, the relaunch, so i.e., it's upwards and onwards from here, just to make sure that we're not seeing anything else in the path for Stone Island?

And then just on the second question, I wonder if I could just ask about the US, obviously, a very nice performance again in Q1, bit of an acceleration from Q4. Obviously, the wealth indicators and the wealth signals that we see in the US are very constructive to luxury consumption. But do you think now that we are on a forward trajectory for the US consumer and seeing a bit less volatility? I know at the full year, you talked about quite a volatile pattern that was happening to the US consumer week-on-week. Thank you.

LUCIANO SANTEL: Thank you, Louise, for your questions. About Stone Island, I mean the first quarter reflects exactly our view for the year, more or less. What we said on Stone Island for this year is that we expect a flattish top line. Q1

was down 5%, but there was an impact from wholesale in Q1 and the same will be in Q2, so in the first half of the year, higher, deeper than what we expect in the second half of the year.

But having said that, behind this flat or slightly negative number, there is a nice, positive, a strong positive number in DTC and of course, a deep decline, a deep negative number in the wholesale. This is exactly what we expect for this year. Wholesale will be down for sure in the high teens, as Elena said before, hopefully offset by a strong, a good performance, a good increase in the DTC channel.

That, of course, is something that we are strategically planning and trying to execute for the brand. Of course, it will take time, because, again, if at the end of the year it would be as we expect right now, what I just told you, we would be very happy, but still very cautious, this is still a long story to build...I mean, to change and convert the business model from wholesale to DTC, but to convert the business, again, something I said several times, we need to build that kind of retail DTC culture that needs some time. I hope I answered your question about Stone Island.

About the US, yes, you're right. The first quarter was very good also because, something important that Elena highlighted, the wholesale business in the US was negative, for several reasons. I mean, first of all, because the wholesale channel is under pressure everywhere, but in the US even more than in another regions. And also there is the negative impact of the conversions of Nordstrom and Saks we did last year. Something you know very well.

And so, the DTC business actually did well. Having said that, you touched the word volatility. Honestly, I have to tell you that in the US, we still see

the business more volatile than in other regions. And so, results are good, but we are very vigilant in all the regions, but in the US even more, because business has been good in the first quarter, but with ups and downs. Of course, the average was a significant up, but it's not still that stable growth you can expect or you were probably thinking about. So, US, good, but still volatile.

LOUISE SINGLEHURST: Many thanks.

LUCIANO SANTEL: Thank you.

OPERATOR: The next question is from Anne-Laure Bismuth with HSBC. Please, go ahead.

ANNE-LAURE BISMUTH: Yes, hi. Good evening Luciano and Elena. I will stick to the 2 questions. So, the first one is on current trading. Could you give us a bit of color on current trading and some granularity by region, please?

And the second question is on Stone Island and more broadly on M&A. So, we have heard that you could do another acquisition. Is it fair to assume that this won't happen until Stone Island is right on track? Thank you very much.

LUCIANO SANTEL: Okay, Anne-Laure. Thank you for your questions. Let me start from the second question, because it's very easy. No, we are not looking, not even thinking of any potential acquisition, not now. I mean, maybe in the future, who knows, but definitely not now. Also, because we are all, as a management team, including Mr. Ruffini, very busy all day long with the two brands, Moncler and Stone Island, because both of them have a great,

great potential. But in order to take advantage of this potential, we need to take care of it and to work very hard.

So, the first question, current trend. I mean, current trend, of course, talking about the first quarter, let me say again that results were good. Let me give you some more color. January, very good. March, very good, February, extremely good, because, on the back of the Chinese New Year, business was extremely good everywhere. Of course, in the Chinese mainland, but not only, because something important to highlight for this quarter was that Chinese customers traveled around the world. Of course, around the Chinese mainland, but also in Japan more than ever. We said before the contribution of Chinese customers in Japan was very good. And, not more than ever, but much more than last year, they traveled to Europe. And the contribution of the Chinese cluster in Europe was still a little bit behind what it was in 2019, but not so far, and getting closer.

So, again, thanks to Chinese customers, but not only, thanks also to the other nationalities, thanks to local customers, the business was very good, and in February, particularly good. Current trend, of course, for what is worth, because we are talking about 3 weeks only of business in the least important month of the year for our business, that is April, also with some incomparability due to the Easter date that this year was in March, last year was in April. But in any event, April is good, is positive, but on a much more normalized trend, much more normalized trend. So, good, positive, but not strong as much as the results we reported for the first quarter. Again, something that we keep observing, positive, but is strictly related to 3 weeks of business, so not necessarily particularly meaningful.

ANNE-LAURE BISMUTH: Thank you.

OPERATOR: The next question is from Chiara Battistini with JP Morgan. Please go ahead.

CHIARA BATTISTINI: Hello. Okay. Thank you very much for taking my questions. Good evening. First question, on your performance within the Moncler brand by category, within the 26%. I was wondering if you could share some color on how to think about the different categories within the Moncler brand and also in outerwear, the sort of carryovers versus newness performance?

And the second question, I was wondering about the return on events like the one you held in St. Moritz, I was wondering if you could share some snippets on how to translate these events into financials, for example, the store traffic you've seen after the events or conversion or e-commerce. Any idea on how to convert these events into results? Thank you very much.

LUCIANO SANTEL: Okay. Thank you, Chiara. About your first question, product category, I mean, all different categories performed very well, quite well. Something important to highlight, because the first quarter is at the intersection between the end of Fall/Winter and the beginning of Spring/Summer season, is that weather may have helped our results to some extent. I mean, you know that we don't like to talk about weather because it's totally meaningless in the long term. But in some specific weeks may helped the business or may not. January and February were quite cold and this helped not only the end of the Fall/Winter season, but, in particular, the outerwear category, that, of course, contributed to some extent also to the average selling price. So, outerwear in the first quarter performed very well, but again for this specific reason. Looking at the collection overall, I can tell you that the appreciation for the new Spring/Summer collection was and still is very good, which makes us very happy about the future. And, of course, the appreciation for the end of the Fall/Winter season was very good. I mean, overall, outerwear is still our leading category. But

needless to say, not just in the first quarter, but overall knitwear is growing faster than outerwear and also other categories that are still smaller are growing faster. Our product strategy is still what you know very well: to increase the width of our collection and to invest more and more in the other categories. But, in the first quarter, outerwear performed very well.

About the return, the financial return is something quite difficult to evaluate even more in the short term. This kind of investments, like the event we held in St. Moritz, the event was literally extraordinary, also for the impact, the media impact of that event. Of course, the media impact is constantly measured through all the different metrics, that are reach, engagement, the media pages, etc. And so, without giving you specific numbers, the impact was very good. Of course, this is very important not only for the first quarter, but for the future of this brand because you know that Grenoble is one of the 3 pillars, and the second pillar of our strategy by importance. And we all, as a management team, honestly strongly believe in the potential of Grenoble, because it totally represents the heritage of Moncler.

And not only the event was very strong, very impactful, but the collection we presented during the event was really beautiful and this is not just my own opinion, but everyone said that the collection we presented was something literally better and different than any other collection we presented in the past.

OPERATOR: The next question is from Thomas Chauvet with Citi. Please go ahead.

THOMAS CHAUVET: Good evening, Luciano, and Elena. Thank you. 2 questions, please. The first one on the Moncler brand, Q2 used to be just 10% of sales historically, given seasonality. It's trending towards 15% of your full year

sales as part of your all-year-round product strategy, as you discussed. Can you comment on how you're approaching this particular Q2-24 from a product standpoint, communication, events?

And then related to that, Luciano, coming back to your April comment of more normalized retail growth, consensus Q2 retail is about plus 15% for the Moncler brand. Is that a good estimate for April?

Secondly, on Stone Island, strong retail growth, plus 31%. Could you provide an indication of how much space contribution was in the quarter? I think the network was up about 20% year-on-year. I guess that includes some conversions? And then within like-for-like, I am sure you are measuring that particularly for this brand. What were the components, you know, volume, pricing, mix, and I guess it's probably still a lot of volume growth? Thank you.

LUCIANO SANTEL: Yes, Thomas. And starting from your last question, of course, we can't provide all this kind of detailed information about Stone Island, but what I can tell you is that the 31% incorporates space for sure, because we converted some shop-in-shops in department stores like La Rinascente, in Milan and Rome, like Bijenkorf in Amsterdam, from wholesale to retail. And also organic growth was quite important. I mean, let me say a good mix between comp and space. Volume / price, I mean, it's totally meaningless, honestly, for one quarter, for one quarter only.

The other question, which was your first question, about Spring/Summer and the second quarter. Spring/Summer is doing well. Let me say that last year, as you know, we reported very, very strong results. And so, this was good last year, but the bad of this year is that we face, we compare with very, very tough, difficult numbers of last year. But current trend is good,

as I said before. Whether or not we can reach consensus is something I don't know, but for the second quarter specifically our view is much much more normalized from a results point of view than the first quarter for several different reasons. One reason is that the second quarter is still quite small from a DTC point of view, and the wholesale channel, that historically in the second quarter made an important contribution to the growth of the business, this year will be down for the reasons we said before. So second quarter specifically, I don't know, but we do not expect a strong growth rate. Firstly, because of comparison with last year that is particularly strong. And second, for what I said about wholesale.

Something important to highlight about the Spring/Summer collection is that we keep investing in products, in the category, but we invest more than ever in communication. And something I would like to remind everyone is that last week, during the design week, we held an event that was very, very successful. We took over the Central train station of Milan. And this is something that, again, was particularly impactful and was purposely held in that week, not only because it's a very high traffic week in Milan, not only in Italy, but also because it's a season, the spring/summer season, that is different from the past, and is becoming more and more important for Moncler.

OPERATOR: The next question is from Charles-Louis Scotti with Kepler. Please go ahead.

CHARLES-LOUIS SCOTTI: Yes. Good evening. Thank you for taking my questions. I have 2. The first one is: would you mind sharing with us the breakdown of the Moncler 26% constant FX DTC growth between space, volume and price/mix. And more specifically if you could tell us what was the comparable store sales DTC growth for Moncler in the Americas, because

I'm quite impressed by the performance there, and I just want to check if there is a disproportionate impact of space in the region compared to the Group's average.

And then my second question relates to pricing. You have been particularly active between February and May last year, so in this context, is it fair to assume that the pricing impact will remain quite relevant in Q2 again and then will vanish during the remainder of the year? And year-to-date it seems that you have raised prices by 3-4%, are you satisfied with the current price levels and price gaps that narrowed to I guess around 33-35% I think or should we expect further price actions during the rest of the year? Thank you.

LUCIANO SANTEL: Thank you, Charles-Louis. On your first question, of course we're not providing all these detailed numbers, but just to give you some color about the 26% cFX. Comp/space, let me say that comp was the highest contributor of that number, this for sure. How much price, how much volumes? I can tell you that, back to what I said before about the collection, the cold weather, I can tell you that price, but more specifically price/mix was higher than volumes in the first quarter of the year differently from what we normally plan in the long term, in the 12-month period business, you know that we normally expect volumes a little bit higher than price, but in the first quarter price/mix, and not the price itself, was higher.

About the pricing policy specifically, you know that the price increase we are planning for this year is around mid-single digit, a little bit higher in the first half of the year than in the second half of the year and much lower than the last year. So inflation itself on our product this year will be much, much more moderate.

About the price gap, for the first time and not now but in the upcoming Fall/Winter season our price gap with China will be slightly below 1.40 which is good because as you know we are working to decrease this price gap. I mean we have been working since many years ago together with Roberto on the price gap to reduce it and to achieve one day in the future, but hopefully soon, probably in a couple of years, our target that is 1.30, so for the first time it will be slightly below 1.40. Normally this price gap for China is the same also with the other 2 important markets in Asia that are Korea and Japan, but this year specifically prices in Japan, due to the deterioration of the local currency, are lower about 5% compared to China. So Japan right now, and then for Fall/Winter, is more convenient compared to China.

ELENA MARIANI: On your first question, there is no abnormal space contribution in the first quarter, you know we don't report it separately, but I just wanted to reassure you that there is nothing really standing out compared to the yearly indication of something in the region of 5-6%. And then in terms of price/mix and volume it was about 2/3 price/mix and 1/3 volumes.

OPERATOR: The next question is from Piral Dadhania with RBC. Please go ahead.

PIRAL DADHANIA: Hey. Thank you. Good evening, Elena, Luciano. So my first question is just on revenue performance in Q1 by product line, obviously there's a lot of positivity around the Grenoble launch at the end of last year. Could you just help us understand whether between your Main Collection, Genius and Grenoble there was and either any of those which outperformed the other. And what your expectations are for Grenoble for the rest of the year. Can you see that increasing as a percentage of the mix which I think is around high-single-digit currently?

And then my second question is just on the APAC region again, obviously very strong growth as others have alluded to. Perhaps you could provide a few more details in terms of the growth rates which you called very strong in the Chinese mainland. Are you able to quantify that for us? And maybe also give us some indication of maybe what the Japan growth rate was? And also, if you could, what percentage of revenues are being generated by Chinese nationals onshore versus offshore? Thank you.

LUCIANO SANTEL: Okay, Piral. Thank you. About your first question, product wise I mean the categories, outerwear was stronger in Q1, not much different from Q4, but in any event, thanks also to the positive weather, we sold outerwear very well. Grenoble performed very well, but not much much better compared to the rest of the collection. Of course, Grenoble is, again, something we strategically strongly believe in, because there are great opportunities and we are very happy to see the business keep growing. Of course, it will take time. Grenoble contribution is already quite strong, high-single digit. So again, Grenoble collection, that of course was not what we presented during the event, performed very well. Again, something that we'll never see overnight, a big, big difference, a big result. But in an event, we're very happy with the performance of Grenoble.

ELENA MARIANI: And then your second question was about some more color around Asia Pacific. So APAC growth in Q1, China, Chinese clustered Japan. And then in particular, you asked about Chinese cluster, how much was local versus tourists, right? Sorry, just to make sure we didn't miss anything.

PIRAL DADHANIA: It was, I'd appreciate sorry. Just a bit more color on APAC to the extent that you can give it would be great. Thank you.

LUCIANO SANTEL: Okay, about the Chinese cluster, it performed very well in China, but also in APAC, and in Japan. And this is something everyone highlighted, and we highlight because there was something not unusual, but much stronger than then in the past was the inflow in Japan of Chinese customers. So Japan performed very well, thanks to a single-digit increase of the Japanese cluster, but also thanks to an important contribution of Chinese customers. Korea still performed very well. Korea, as you know, has been very solid since 2019, including the Covid period, when it was the only country that kept growing, and it is still doing quite well. So this is the color I can give you about Asia.

Again, Chinese cluster still very good, but all the different nationalities are very good. Japan, of course, local customers in Japan, are still good. But of course, in Japan behind the situation of the local currency, there is also the reaction of some brands including Moncler to increase prices in order to protect margins. And this is having some impact on the local consumption. But nevertheless, the Japanese cluster is still positive.

ELENA MARIANI: And Piral, all the countries you've mentioned, Chinese mainland, Japan, Korea, they all grew double-digits. So there wasn't one specific country that massively outperformed others. So Chinese mainland was up double-digit, the Chinese cluster was up of a very good double-digit, about 70% of spending for the Chinese cluster was local versus about 30% outside of Chinese mainland. And about the cluster, it's actually still around 1/3 of total retail sales because other clusters grew quite nicely as well in Q1.

OPERATOR: The next question is from Chris Gao with CLSA. Please go ahead.

CHRIS GAO: Good evening, Luciano and Elena. This is Chris Gao. Thanks for taking my questions. I have 2. So the first question is related to the Olympics

impact on the timing of your new product introduction and promotion. So we know that this year Paris Olympics will happen in late-July to early-August. I am just wondering if it will impact your FW collection introduction. Do you consider to introduce it earlier than normal years or do you plan to do some core customer CRM events, possibly earlier maybe in late-June? So just wondering about if there's any seasonality impact timing shift in terms of a CRM event as well as new products?

So the second question is related to Grenoble. Luciano just mentioned about a very strong growth momentum of Grenoble. And as I also covered China sports goods, we definitely note a very explicit trend that Chinese clusters strongly uphold the functionality, technical apparel, carbon plate running shoes are selling very well. So we wonder for Grenoble as a strongly functional product collection. Do you see Chinese growth is even higher than overall collection? And what's your detailed plan in terms of your Grenoble stores launch maybe in China onshore? Thank you very much.

LUCIANO SANTEL: Okay, Chris. Thank you for your questions. About the Olympics, honestly, we don't see any impact coming from Olympics and we're not taking specific actions for the upcoming Olympics in Paris. So nothing honestly, I can add, I can tell you about Olympics.

Talking about Grenoble, of course, Grenoble is doing very well, again, it is growing double-digit. But I mean, all our business has been growing double-digit in the first quarter. Honestly, we see strong results coming from Grenoble in China, not much stronger than in other regions. But for sure we believe that the potential in China for exactly what you said before, is very, very high. Something that will grow step-by-step. We see a potential for Grenoble growing very, very strong in China for the next few

years. I don't know if I answered your question, but if you have some follow-up let me know.

CHRIS GAO: Yes. Just for the first question, just had some follow-up. Actually, my question is related to if the Olympics timing will impact any of your, you know, FW collection introduction on shelves or will it have any impact on your CRM events timing? Yes, this is my question.

LUCIANO SANTEL: No impact on our deliveries honestly, and no specific change in our CRM activity, that of course is still very intense, but not more, nothing different from what we do normally.

OPERATOR: The next question is from Rogerio Fujimori with Stifel. Please go ahead.

ROGERIO FUJIMORI: Good evening, Luciano and Elena. I have 2 questions. The first, I was hoping if you could help us to think about the phasing of marketing investments this year, given that you had the Grenoble event in February and you have the Genius event planned for the second half?

And my second question is about China, could you remind us about your store opening plans in China this year? Thank you.

LUCIANO SANTEL: Hi, Rogerio. Thank you for your questions. About your first question on marketing phasing, an important question because this year will be different from last year. You may remember that last year, in the first half of the year, there was an important impact, much higher on a percentage basis than the second half, of our marketing activity. And this was due to the event we held in London for Genius. This year, we expect a much more balanced marketing budget between the two different periods, first half and second half. This is because of course in the first half of the year,

we are activating many, many initiatives not only the event in St. Moritz we talked about but also an event last week in Milan and also a very constant advertising campaign and communication. So our voice is constantly, constantly on the market. But also because, as you said before, we have important investments planned for the second half of the year. When, where and what is something that we have not disclosed yet, but details will come soon.

And store openings in China, overall worldwide, we have as you know about 15 new openings, and for this year in China we are talking about 6.

OPERATOR: The next question is from James Grzanic with Jefferies. Please go ahead.

JAMES GRZINIC: Good evening. My question has been asked. For the sake of making most of my time, can you perhaps, talking about clusters again, on the European side of things, if we split out from the 15% growth you reported in Q1. Can you tell us what locals would have grown by in Q1, please?

LUCIANO SANTEL: So, the growth of European locals only?

JAMES GRZINIC: Yes, please, correct.

LUCIANO SANTEL: Of course, we don't report this kind of precise number. But I am happy to give you some color, not much more than what I said before. Europe was very good in the first quarter, and it was very good because business with local customers is still very strong, very good, but also more than last year the business with other customers coming to visit Europe and specifically Chinese customers was very good. And this was much better than last year. Of course, together with the business we did with Americans, with Koreans, I mean these three American, Korean and Chinese customers are

the three most important nationalities in Europe. So, the new factor I want to highlight is that the Chinese cluster contribution in Europe in first quarter of this year was good and much higher than last year. But overall also the business we did in Europe with local customers was very good.

OPERATOR: The next question is from Antoine Belge with BNP Paribas. Please go ahead.

ANTOINE BELGE: Yes, hi, good evening. Actually I have only one question. It's actually a follow-up on one question regarding store openings. As you mentioned out of 15, there should be 6 in China. Is it possible to have little bit of a breakdown of the 9 others? And also taking into account your enlargement plans, what sort of increase in the average selling surface, average surface of stores, are you planning? I think last year it was a low single-digit if I am not wrong. Thank you.

LUCIANO SANTEL: The new openings Antoine, the 15 new openings are pretty equally distributed over the different regions, China as we said 6 new openings, but in all different markets, we have some openings.

Talking about expansion projects, of course there are some projects. Most of them are associated with the relocation of some stores. I can give you some examples, we are relocating in America the store of Atlanta, the store in Hawaii - Kalakaua and there is also an important project in China, our Nanjing Deji store that is one of the most powerful stores we have not only in China, but worldwide for sales density and we are expanding that store to take advantage of the high traffic and the high business. And many many others, but these are the most important.

ELENA MARIANI: Perhaps Antoine, the only thing to say is that when it comes to openings, they are concentrated mostly in Asia and in Americas partially, so broadly equally split, whilst for EMEA there is a much more significant activity when it comes to relocation and expansion. So, maybe that's the only thing that is important to flag.

ANTOINE BELGE: Thank you. And maybe on the average increase of the size of stores this year, would it be most different from last year, that low single-digit number?

LUCIANO SANTEL: It will be more or less in line. I can tell you that maybe a little bit less, I don't have the numbers, but even if I had I could not disclose this number, not for the quarter, Antoine, but in any event, last year, we had some very important expansion projects, just to mention a couple, Plaza 66 in China in Shanghai, Zurich store, Wien store, and so for this year we don't have such an important number of expansions. I would say that the most important is what I mentioned before which is Nanjing that again is a very important store, and we will double the space.

But also, the new stores we are opening are not at the average size, our new openings are higher than the average, clearly depending on where we open, because in department stores, when we open a concession store in a department store or a travel/retail store, because we have some project in travel/retail, normally have a lower size than the average. But again, nothing particularly significant, not this year and not as much as last year when some projects were particularly important in terms of size.

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

PAOLA CARBONI: Hi, good afternoon everybody. Thank you for taking my questions. I have 2. The first one is about the normalization you have mentioned for Moncler in April. I was wondering if you can provide us some more color in terms of nationality. So, which nationality has slowed down the most compared to the trend of Q1? And also if you can comment specifically about volume. Is it fair to assume that volumes are still positive in any case in the last few weeks?

And the second question is instead about Stone Island, particular following up on your comment on the like-for-like trend or a kind of like-for-like performance you have mentioned in the mid-teens range. Can you comment on that by regions so just to understand which region is performing better, driving the DTC performance of Stone Island excluding space, let's say? Thank you.

LUCIANO SANTEL: Yes, Paola. About normalization, again we are talking about 3 weeks' business, so not particularly meaningful. Honestly, there are no regions that are performing particularly well or particularly bad. A region, but I mean not only the region, also a cluster that is of particular attention for everyone is China, and I can tell you that the performance is still good, still positive, but overall again good performance, but not strong as the results we reported for the first quarter. So, honestly I don't know what other color I can add, but that this is the explanation I can give you.

About Stone Island, I mean an important question because it is something I didn't say even if it was in the speech of Elena. There is a market for Stone Island that is definitely outperforming, that is Japan. And so, in Japan, we are doing particularly well and it is totally organic growth. Of course in the future, we are thinking of a potential expansion, but right

now our strategy is to keep building the business organically, and I can tell you that Japan was and still is very good.

Other regions, just to give you some more color, still good, but less. Europe still good. Korea good, positive, but obviously still struggling. China, it is still premature, but something important to remind you is that we internalized the distribution of China from 1st January of this year, but the first action we took, as you know, was to close half of the stores because locations were not something we were particularly excited about. And so, right now we have really to build a new chapter around the brand, the distribution. And so, China is something I hope to have more elements to talk about maybe one year from now. But again, long story short, a market that is definitely outperforming is Japan, in particular with local customers, because the business of Stone Island is not particularly affected by the inflow of Chinese customers.

ELENA MARIANI: Okay. So, thank you very much to everyone for participating in this call. I think we are done with the Q&A session. For any follow-up questions, do not hesitate to contact myself or the rest of the IR team. We are here tonight, so just drop me an e-mail in case you need to get other questions answered. And as a reminder our H1 2024 Financial Results will be released on July 24th after market close, and our quite period will start on June 25th. Thank you again and have a great evening everybody.

OPERATOR: Ladies and gentlemen, thank you for joining. The conference is now over. You may disconnect your telephones.