MONCLER S.p.A

"FULL YEAR 2013 PRELIMINARY RESULTS CONFERENCE CALL"

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SERGIO BUONGIOVANNI, EXECUTIVE BOARD MEMBER
LUCIANO SANTEL, CHIEF CORPORATE OFFICER
MONICA SOTTANA, GENERAL MANAGER
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PAOLA DURANTE, INVESTOR RELATIONS AND STRATEGIC PLANNING DIRECTOR

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the Moncler Full Year 2013 Preliminary Results Conference Call. After the presentation, there will be an opportunity to ask questions.

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

PAOLA DURANTE: Good afternoon everybody, and thank you for joining our call today. First of all, let me introduce you to the Executive team on today's call. All top management are present, which includes our Chairman and CEO, Remo Ruffini, Monica Sottana our General Manager, Luciano Santel, our Chief Corporate Officer, Andrea Tieghi, Head of Retail and Sergio Buongiovanni, Executive Board Member.

After a short introduction, from Mr. Ruffini, Mr. Santel will run through the numbers, and then we are all available to take your questions. But 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. 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 actual future 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. Any reference to past performance or trend or activities of the Moncler Group shall not be taken as a representation or indication that such performance, trends or activities will continue in the future.

Let me also highlight that in this presentation, we are commenting on Moncler's carve-out results, for fiscal year 2013. As you might know, carve-out data contain only Moncler Division results, thus with the exclusion of the results relating to the Other Brands divisions, which we sold on November 8, 2013.

The carve-out financial statements were drawn up for full year 2011 and 2012 and reported in the IPO Prospectus. The draft financial statements for the year ended December 31, of 2013 including the results of the Other Brands division, will be examined by the Board of Directors in its meeting scheduled for March 28, 2014.

Finally, we would like to remind you that press has been invited to participate in this conference in a listen-only mode.

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

REMO RUFFINI: Good afternoon. Welcome to Moncler 2013 results conference call, the first one since we were listed. Today, we will comment another important year for Moncler, for me and I believe for all my people.

Not only 2013 has been my tenth anniversary with Moncler, but we also achieved two important goals. First, very important, Moncler is now a public company and I am really proud of it. Second, also this year, we achieved double-digit growth both in term of sales and profitability. But what makes me even prouder is that we achieved all these with no compromise. Our stores are today almost with no winter jacket left. Our wholesalers had a very good sell through. Our new collection, the Spring-Summer had been well received by the retailers.

Ten years ago, I started this journey with a clear strategy in mind. I wanted Moncler to become a global brand with no filter between us and the market. Our 2013 results follow this clear and simple path. Our brand is strong and growing in all international markets. Moncler domestic sales here in Italy, are today only 23% of our total sales. We have a network of 135 monobrand stores, 107 DOS and 28 wholesale shop-in-shops. Our retail sales are 57% of our total.

During the IPO Roadshow, I said to all the investor that we work for the long-term. We have a unique heritage; I want to stay tuned to it. We will follow a careful product expansion, starting from knitwear and shoes. I believe these two product categories are very close to the Moncler DNA. We need to produce special products maintaining our approach as specialists and in the same time, we need to create culture. We want a selective and controlled retail expansion. We have important markets to enter and reinforce starting from Russia, where we will open a first store in Moscow in the second quarter of 2014, and also America, where this year we are planning some very important new openings. Italy and Western Europe are today suffering a bit more, but we are lucky because we have already a good regional diversification.

We will continue to grow our retail network in line with the past year. We have already secured 20 stores worldwide. We want a sustainable growth with no compromises. We have to protect our current sales strategy. This means that we need to work for a reasonable and sustainable target. I already stated, ladies and gentlemen we want to be fast but with no hurry. Now, Mr. Santel will give you all details and comment the numbers. Thank you very much.

LUCIANO SANTEL: Okay thank you and good afternoon everybody and thank you for attending our call. Let’s start from Page 4, where we report the most important highlights of the fiscal year 2013. We reported sales for €580.6 million, up 19% against last year, but 25% against last year at the constant exchange rates.

Most of the sales have been developed in the international markets, which represent now 77% of the total against the 74% of last year, and most of our sales have been developed through the retail channel which represents 57%, last year was 51%. Retail channel which reported a pretty solid like-for-like growth, up 14%. EBITDA €191.7 million with a 33% margin in line with the same margin last year, EBIT €172.5 million, net income €96.3 million and net debt €178.2 million against €229.1 million of last year, with an important reduction totally driven by a pretty strong cash flow generation.

Let's flip to Page 5, where we see the sales by region. Again as we said before, 25% growth rate at constant currencies, with a pretty strong growth rate in the North America, up 44%, 34% increase in Asia, most driven by the very good performance of Japan, 28% in Europe and a single-digit increase, still a good single-digit increase, in Italy, plus 2%.

Page 6, a breakdown of our sales by distribution channel. The retail channel reported growth of 41% at constant currencies, mostly driven by the 24 new openings of the year, and as we said before, the like-for-like of 14%. A single-digit, but high single-digit growth rate in the wholesale channel, up 7% notwithstanding the reduction in the number of the wholesale doors.

Let's go to Page 7, where we see the monobrand stores network. At the end of the year, we reported 107 retail stores, but with the inclusion of 28 monobrand stores, most of them, 27 of them, are shop-in-shop in the most important department stores, the total number of monobrand stores is 135.

As we said, we opened in 2013 24 new stores and the 9 of them has been opened during the last quarter, and the most important ones are Istanbul Zorlu, Hamburg, Sao Paulo and Tianjin. And we also have a pretty good number, 20 stores secured for 2014.

We see in the following page, some pictures about Lee Gardens which is the third store in Hong Kong that was opened in September, Istanbul that as we said was opened in October.

And then at Page 10, we see the consolidated income statement; a preliminary comment: on the right hand of the slide you can see the reported fiscal year 2013 income statement, which includes some non-recurring items that has been excluded by the adjusted income statement which is on the left hand of the slide. Non-recurring items related to the IPO costs equal to €9.6 million net of €3.5 million capital gain on the Paris store's disposal. The other number that is different is the line of taxes, because we reported about €2 million tax impact on the non-recurring items.

Back on the left hand of the slide, where we got the adjusted numbers, a brief comment on the top-line. As we said before, we see 19% growth rate, against 34% last year. But please remember that at constant exchange rate this year, the growth rate would have been at 25% and last year net of the exchange rate impact, at that time was favorable, net of some extraordinary conversions from wholesale and retail stores specifically in Hong Kong the growth rate would have been 26%. So we compare actually 25% this year against 26% last year.

Gross margin is growing as a result of the channel mix, of course, we are increasing the retail channel against last year. Selling expenses, the other face of the coin, are growing as much as the retail business.

G&A as substantially in line with last year, with some saving of 10% against the 10.5%. We have been spending more in advertising and promotion. And then again, we got net income €96.3 million and EBITDA of €191.7 million.

Page 11, you will see the presentation of our EBITDA from €161 million to €192 million this year, of course, the difference…the increase has been driven by the increase in sales and the corresponding increase in gross margin. On the other side of course, we have spent more as we said in the selling costs some additional expenses and in G&A and additional budget in advertise and promotion.

Page 12, we see in this slide, our CAPEX, that where in 2013 €34 million, last year they were €26 million, but you may remember that in 2011 they were almost €30 million. We reported over the past couple of years an average of € 30million so we are in line with our historical data. Most of the €34 million has been spent for the retail expansion, the 24 stores that have been opened during the year. €3 million for the wholesale, mostly associated with new shop-in-shops, and the €4 million under the corporate line are mostly related to the information and technology infrastructure.

Page 13, net working capital, which is slightly higher on a percentage basis then last year, last year it was 7%, this year it is 8%, but still I would say a healthy number with a slight increase in the receivables, but less than we ourselves expected, because of a pretty strong control on our receivables. A natural organic increase in inventory due the increase of our retail business.

Page 14 net debt; as we said before, €178 million against €229 million, with cash flow generation of €51 million. And an important comment to make, the €178 million reflects the carve-out numbers because it does not include about €8.6 million cash that has been collected before the year-end for the Sportswear division that we sold in November. In order to be consistent with the preparation of the carve-out numbers, we have not included €8.6 million, but the real net debt we have in our balance sheet at the end of 2013 is €171 million.

Okay, Page 15**,** we got the reclassified balance sheet**,** nothing particularly important to say**.**

And finally at Page 16; which is a cash flow statement and with the cash flow generation €50.9 million with a free cash flow of €58.4 million, and an increase in net working capital of €10.4 million and a pretty good increase in the other current and non-current assets/ liabilities, mostly due to an increase in our tax assets in part cash and in part deferred tax asset. Again overall, the debt is down, against the €229 million last year, down to €178 million.

PAOLA DURANTE: Okay, perfect. Thank you very much to all of you for participating in this call. Just a quick reminders of the following events; 2013 financial results, including the impact of the sale of the sportswear division, will be released on March 28 with no conference call scheduled for that day. First quarter 2014 results will be released on May 15 and the conference call will take place at 6:00 PM. Do not hesitate to contact us for any follow-up question. And I wish you a very pleasant evening. Bye.