Moncler S.p.A.

"Full Year 2014 Financial Results Conference Call"

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MODERATORS: REMO RUFFINI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER
SERGIO BUONGIOVANNI, EXECUTIVE BOARD MEMBER
LUCIANO SANTEL, CHIEF CORPORATE OFFICER
ANDREA TIEGHI, SENIOR DIRECTOR OF RETAIL BUSINESS AND DEVELOPMENT
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 2014 Financial 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 of Moncler. Please go ahead, madam.

PAOLA DURANTE: Thank you. Good afternoon everybody, and thank you for joining our call today on Moncler fiscal year 2014 financial results. First of all, as usual, let me introduce you to the Executive team on today's call, our Chairman and CEO, Mr. Remo Ruffini, Luciano Santel, our Chief Corporate Officer, Andrea Tieghi, Head of Retail and Sergio Buongiovanni, Executive Board Member.

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

I also 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 evening, everyone, and welcome to the Moncler's full year 2014 results conference call. We are here today to present another strong set of results for Moncler, ahead of market expectations. Once more, in fiscal year 2014 Moncler delivered a strong double-digit growth in sales and in profit, and we generated €60 million of net cash, despite the big investment we are making and the dividend paid. But what I believe is even more important is that in Q4 we have seen an acceleration of our sales in all regions, both organically and thanks to the new openings.

In particular, our comparable store sales rose by 8% in 2014, ahead of the 7% reached at the end of September, an outstanding result given the very high sales that we always reach in Q4. And I am also happy to see a still very positive trend in the first month of 2015. But it is not only this number that makes me confident about the future: our brand is stronger in all the regions in which we operate, our unique identity is pure, our customers are more and more loyal. Our network of Monobrand store is increasing without compromise, and our growth potential is very clear.

In 2014, we opened 27 newly directed operated stores to reach a network of 134 in total. And we have secured some 20 location to be opened in 2015, including a new flagship store in Ginza, Tokyo that should be open in Q4 2015. This is an important project not only for the Japanese market, but for our brand globally. We are all very excited about this project and look forward to add additional selected flagship stores in our network. As you know, our target is to have in the medium term, 5 to 7 flagship store globally.

I know that some macro and geo political difficulties remain in this sector, but I believe that Moncler is ready to face them and to deliver also in 2015 another year of growth, consistent with our approach to go fast but with no hurry.

Before handing over to Mr. Santel, let me thank my team and all the people that work in Moncler. With their work, dedication and passion, Moncler has achieved also in 2014 outstanding results not only ahead of market expectation, but also ahead of my own expectations, and I am very proud of their work and of their results.

Let me now hand over to Luciano.

LUCIANO SANTEL: Thank you and good afternoon, everybody and thank you for attending our call today.

We start from Page 5, where we report as usual our key highlights of the fiscal year 2014. Consolidated sales at €694.2 million, up 20% against last year, and 21% at constant currencies. The growth has been driven by the international markets which represent now 81% against 77% of last year, and by the retail channel which represents now 62% of our total sales against the 57% of last year.

Retail channel which reports a pretty good comp store sales growth of 8%. With regard to our operating results, adjusted EBITDA reached €232.9 million with a margin of 33.5%, 50 basis points better than last year. EBIT adjusted at €206.6 million with a margin slightly better than last year at 29.8%.Net income of €130.3 million with a margin of 18.8%, and a net debt better than last year, €111.2 million against €171.1 million with a net cash generation of about €60 million.

Let's go now to Page 6 where we report the breakdown of our sales by market. The 21% growth rate is broken down by market, 42% increase in North America, very strong; 35% increase in Asia, driven by all the three most important markets, Japan, China and Hong Kong; a very good 16%

in Europe and a good flat number in Italy, notwithstanding the selection of our wholesale channel which is in process for many years that you know.

Let’s go now to Page 7, where we report sales by distribution channel, again as we said at the beginning, the growth has been driven mostly by the retail channel which is up 31% due to the 27 net openings of the year, but also again by the 8% comp store sales growth. Very good 7% growth in the wholesale channel which is above our plan and our expectations.

We go now to Page 8, where we report our Monobrand stores network, the number of DOS at the end of year was 134 against 107 at the end of 2013, with 27 net openings in the year,7 of these stores have been opened in Q4 including Seattle, Las Vegas, Prague and other stores.

We have opened in the first two months of 2015, 4 stores and 12 stores have been acquired following the takeover of the business in Korea.

Let’s go now to Page 11, where we report our income statement, top-line again €694.2 million, 20% up, gross margin 72.3%, 100 basis points higher than last year. Selling expenses, the other face of the coin, at 26.4%, 100 basis points higher than last year because of course, gross margin is higher because of the distribution channel mix. We have increased our retail sales; on the other side we have increased the expenses needed to operate the stores.

G&A expenses at 9.5%, 50 basis points lower and better than last year, and advertising 6.6%, in line with our expectations, 40 basis points more than what we spent last year.

Non-recurring items, as you may remember, in 2014 are related to a non-cash costs associated to the stock option plan; while last year, the €6.1 million, were related to the IPO costs.

Net financial results much better than last year, €6.1 million against the €21.2 million, but in this number we report also exchange FX gains that had been €5.8 million this year and last year we reported FX losses of €2.6 million. So the financial expenses net of the FX impact is €11.9 million this year against €18.6 million last year.

Tax rate, better than last year mostly due to markets mix Net income rose to€130.3 million while EBITDA reached €232.9 million.

Page 12, we report a bridge of our EBITDA between fiscal year 2013 and fiscal year 2014, nothing important to make comments, it's pretty self-explanatory.

Now let's go to Page 13, where we report our CapEx that as expected are higher than last year. We report €50.2 million against €34.3 million. Of course, as you know, most of this budget has been allocated to our retail network, but an important and growing part of the budget has been allocated also to our organization, and specifically to our information technology infrastructure.

Let's go now to Page 14, where we report net working capital, which is higher than last year,we reported a 14% ratio on sales which net of the FX impact is 13%. The main item of the working capital is inventory as you know, the inventory is higher than last year and mostly because of the anticipation of the production cycle. An important portion of this inventory, in fact,is related to the current Spring/Summer 2015 season and also some anticipation of the Fall/Winter 2015 season.

Also you may remember that last year the Fall/Winter… we ran short of product at the end of the year. So that number was particularly low. This year we have a much healthier inventory level. And this is also an explanation of the difference. Credit is totally under control we are very happy about our capability to take and control credit.

Okay and let’s go now to the debt, net financial position on Page 15. Again, as we said before, net debt is €60 million better than last year and we ended up with €111.2 million net debt against €171.1 million last year.

Page 16, we report our balance sheet, but nothing important to comment. Page 17, we report the cash flow statement. Of course, the generation of €59.9 million comes first from our EBITDA which has been very good, much better than last year. And we have an important increase in net working capital. We have the €50 million CAPEX we discussed about a minute ago. We have a positive impact on our current assets/liabilities; this is mostly a tax effect due to two different items. And you know, we got the benefit of the tax deduction of the capital loss of the sale of the Other Brand division which happened last year, as you remember, and this worth about €15 million, €16 million. And the other portion relates to a tax debit associated with the taxes we posted in our income statement which are €65 million against €50 million last year.

Net financial results, as we said, much better than last year in part due to the favorable exchange rates. We paid the dividends, €25 million to the market and today our net debt is €111.2 million with a €59.9 million net cash generation.

PAOLA DURANTE: Perfect. So thank you very much to everyone for participating in this call. Let me just give you a quick reminder of upcoming Investors events for our Group. Moncler AGM will take place on April 23rd, while our first quarter 2015 financial results will be released on May 12 after market close. And the conference call will take place the same day. Quiet period will start on April 27. Thank you very much. Bye. Good evening.