

MONCLER S.p.A

“Nine Months 2015 Financial Results Conference Call”

Monday, November 9, 2015, 6.00 PM (CET)

MODERATORS: **REMO RUFFINI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER**
LUCIANO SANTEL, CHIEF CORPORATE OFFICER
ROBERTO EGGS, CHIEF OPERATING OFFICER
ANDREA TIEGHI, SENIOR DIRECTOR OF RETAIL BUSINESS &
DEVELOPMENT
SERGIO BUONGOVANNI, EXECUTIVE BOARD MEMBER
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 Nine Months 2015 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 and good afternoon, everybody. Thank you for joining our call today on Moncler first nine months 2015 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, Roberto Eggs, our Chief Operating Officer, Andrea Tieghi, Head of Retail and Mr. Sergio Buongiovanni, Executive Board Member.

Before starting the presentation, I need to remind you that on December 1, Moncler will host its Capital Market Day. So I would ask that any questions regarding Moncler's future strategy and growth development beyond 2015 should be kept for this event and not raised during today's call.

I'd also like 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.

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, as always, we have invited members of the media 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 Moncler's nine months 2015 results conference call. These numbers continue to tell a story of superior growth in sales and earnings. So once more, I have to say that I am very happy with these results.

17% revenue growth at constant currency, 13% comp store sales growth and 31% net income growth are stronger than my own expectations. But what makes me today even happier, above and beyond the number, is that Moncler brand perception is becoming stronger and stronger in all our markets.

I just came back from Tokyo, where we had the opening of our Ginza flagship store, a fantastic two days event with people lining up outside the store all day, wide and global media interest and a very good sales result.

Let me also comment that this winter season has started well in all regions, in particular in Europe, in Italy and, since October, also in Asia. We clearly know that we still have some important weeks ahead of us, but we are today very confident to deliver 2015 results in line with current consensus estimate.

I am also happy with the result of the Spring/Summer 2016 orders campaign, not only because of the growth in our key market and in our core product category, but also looking at the result of some still developing market and to our complementary product categories.

As of today, we have a network of 171 retail stores and two more will be opened before the end of the year. In addition, we have some 12 stores secured for 2016 including the opening of three very important flagship stores in New York, in Madison Avenue, in London in Old Bond Street and in Seoul. These are just some of the many plans we have in the pipeline and despite all the difficulty the market is experiencing, our performance still inspires in me strong confidence in Moncler's future.

As you may know, we are hosting our Capital Markets Day in Milan on December 1st. It will provide a deeper insight into our Company and into some of many projects we are working on for the future. We have important initiatives in place that strengthens both our organization and our network in order to reinforce our positive momentum. Fast but with no hurry, this remains my motto today even more than in the past.

Let me now hand over to Luciano, who will comment our financial results. Then we will be happy to take your question.

LUCIANO SANTEL: Good afternoon, everybody, and thank you for attending our call today. Okay, let's start as usual from Page 7, where we report the key highlights of the quarter of the nine months of 2015. Sales €561.5 million, up 25% at current rates and 17% at constant rates, such growth has been driven by the international markets, which represent now 81% of total sales against 77% last year, and by the retail channel which represents 60% of total sales against 49% last year. Considering that the last quarter of the year

Q4 is mostly driven by the retail business, the 60% is expected to grow, further to grow up to probably over 70%.

Retail business, which delivered still double-digit comp store sales growth of 13%. Operating margins higher than last year, and EBITDA 31.1% against 30.3% last year. Net debt at €152.9 million, €65 million better than one year ago and against the €111.2 million at the end of December 2014.

Okay, let's go now to Page 8, where we report our sales by market. All the markets, the international markets reported a pretty solid growth rate with positive results in Italy to positive 3%.

Let's go now quickly to Page 9, where we report our sales by distribution channel. As we said, most of the sales growth has been driven by the retail channel, which is up 41% at constant rates but the wholesale channel, if we exclude the impact of the conversion of the Korean business which last year was reported under the wholesale business, the wholesale business this year is still up 5%, so a very good result in both the channels.

Let's go now to Page 10, where we report our retail network, which indicates a total number of DOS of 166 stores with 32 new stores as compared to the end of 2014 of which 12 come from the conversion of the Korean business and 20 are new openings of the first nine months. In Q3, we opened 13 stores including Berlin, Brussels in Europe, Macau, Singapore, Boston in the United States and Costa Mesa. Other seven openings are expected for Q4, one of this as anticipated by our Chairman is Tokyo Ginza, which opened in October.

Okay, let's go now to Page 14, where we report the consolidated income statement. We already discussed about our top-line, up 25% at current

rates, gross margin 72.3%, 230 basis points better than last year. Selling expenses 28.9% higher than last year, but important to say, selling expenses include a rental cost of €1.8 million higher than last year associated with stores still to be opened, including of course again that as we said has been opened in October.

G&A 10.1%, better than the 10.4% we reported last year. A&P 7%, substantially in line with last year, last year, they were at 7.4%, but we expect for the year end, a total A&P cost not lower on a percentage basis than last year. No other comments on this stage unless you have questions on some specific items later.

Let's go now to Page 15 where we report our CAPEX, which is an important slide, we have some comments to make. You may see that we spent €39 million at the end of September, substantially in line with last year. But the expectations for the year end are higher than what we said in the past to the financial market.

You may see that under the corporate CAPEX, we spent €9.6 million. This number includes not only the IT investments and some refurbishment in our headquarters. But also an amount of about €3 million associated with the acquisition of the trademark Moncler in Mexico, which was owned by another individual, and an important investment in a production facility, in Romania. ...We purchased this production unit that was before producing almost totally for Moncler.

This investment is strategically important, because it is the first step of a project to integrate a portion of our production and to create a strong industrial platform. Having said that, for the last quarter, as our Chairman said in his preliminary speech, we have signed a contract for the acquisition of a store in London, in Old Bond Street, this is of course, very

important strategically for our retail development. And important to say we will pay about €8 million key money in Q4. So considering all information, I just provided, we expect for the year end a total CAPEX over €60 million against the €50 million we spent last year and the €50 million that in the past we communicated to the market.

Let's go now to Page 16 where we report the net working capital. Net working capital is totally in line with our plan and with last year. You may remember that in June, the percentage was higher than last year. Now, it is substantially in line, 18% against 19% last year, so no particular comments to make on this slide.

Page 17 net debt, as we said before, €152.9 million against €217.8 last year, it is an improvement of €65 million. At the end of the year last year, net debt was €111.2 million with a difference of €42 million.

Page 18, we report our balance sheet and no comments unless you may have questions later.

Page 19, we report cash flow statement, nothing important to highlight and nothing more than you may already know and we may have said in the past. Again, the change in net financial position is an absorption of cash of €41.7 million after, important to remember, distribution of dividends of €30.4 million. So we are done with the presentation. Thank you.

PAOLA DURANTE: Okay. Thank you very much to everybody for participating in this call. Let me just remind you once again that I hope to see you in Milan on December 1st for our Capital Markets Day. Good evening and thank you again.