



**Capital Markets Day**  
**27 February 2018**

**SPEAKERS:**

<b>Remo Ruffini</b>	<b>Chairman and CEO</b>
<b>Roberto Eggs</b>	<b>Chief Marketing and Operating Officer</b>
<b>Luciano Santel</b>	<b>Chief Corporate and Supply Officer</b>
<b>Francesca Bacci</b>	<b>Operations and Supply Chain Director</b>
<b>Paola Durante</b>	<b>Investor Relations and Strategic Planning Director</b>

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## PAOLA DURANTE

Good morning, good morning to all of you and thank you to be here in Moncler this morning. We are happy and honored to have you all here for our 2018 Capital Markets Day. We hope you enjoyed the visit last night at the Genius building, today you will have the chance to hear a little bit more not only about our new project but about the many projects that we have here in Moncler for the future. We have quite a dense agenda, starting from the vision from our Chairman and CEO. Between Roberto and Luciano we will have a ten-minute coffee break. We should finish everything with a Q&A session by 1 p.m., a quick lunch and then we go together in the afternoon, whoever wants to come, to visit our Montenapoleone flagship store and the Spiga enfant store, which is our first enfant store. Before starting, and before leaving the floor to our Chairman and CEO, I would like to introduce a short video that will tell you something about us. Thank you very much.

## VIDEO

## REMO RUFFINI

Good morning, good morning ladies and gentlemen, welcome to Moncler 2018 Capital Markets Day. I'm happy to share with you our strategy to make Moncler walk into the future. Fine tuning for me is a must, the vision is bold and yet simple; function, beauty, quality, research and innovation must perfectly match with energy and uniqueness. Moncler will become an even more exciting and enjoyable experience for our current clients and as well for the new ones. We want to talk to everyone, everywhere and to all generations. We did this in the past and this is what made us successful. We want to continue doing it in the future by using new language and new tools; this is why we have created a concept with the name that will tell you more than many words: "one house, different voices". This is not a claim, this is the essence of our strategy. Our Moncler house has eight windows.

The first one is flexibility: a fast changing word requires a flexible attitude; to be successful and keep the pace with the clients, you need to constantly re-engineer your own business, and you need to do it at the speed of digital. We always change ourselves to find a way to fine tune our engagement with the clients, with no in-betweens, to become a community where closeness and quick interaction play a key role.

Number 2 is evolution: we are not sleeping at the wheel, we are ready to change when everything is going well and we don't wait until the problems come along. We know that if we wish everything to stay successful we need to keep an open mind and constantly evolve. More than ever, we have welcomed change and we have quickly fine tuned our mindset, strategy and communication, while remaining loyal to our DNA. Moncler strategy has evolved, with client attitude and behaviors, we will offer something extraordinary new in a continuous way. But this is very important for us: not only product but engaging experiences, and a direct and fast ongoing dialogue.

Multiplicity. We believe in a borderless horizon; we provide elegance, comfort, quality, functionality, uniqueness and this makes us always contemporary. The idea that there are no more seasons for us is not just a jingle; rules have changed. The concept of seasonality has become meaningless, as clients are looking for continuous emotion and newness. Conventional shopping occasions are gone. Always-on shopping is normal, is the new normal. Travel is becoming an important shopping occasion. Well, we have a really disruptive answer to all of this; editorial projects on a monthly basis able to create expectations and also representing a powerful engaging moment with clients, products that speak to a multiplicity of clients, current and new ones. Traditional, millennials, generation z, as well as those I like to call the "Indi-visuals" who like to express themselves through social and visual media. Stores that are a home away from home, maintaining a strong local flavor and that always offer new tailored, eye-opening experience with a touch of discovery.

Uniqueness. We need to continue amazing and be surprising. And we do that through internal collaborations with my exceptional team members and through open source collaboration with great artists and creative people interpreting Moncler's codes and identity. Uniqueness has always been the milestone of our strategy and we never stop exploring its surrounding spirit; our uniqueness also expresses itself in the way we present our collections. Honestly, forget about traditional runway presentations: we welcome new creative paths and new conceptual spaces, like the one you saw yesterday night at the Genius building.

Creativity is like love, you must let it run free and wild. We have put together under the same roof very different talents and creativity that speak different languages. And again: one house, different voices. The result is a "multi-verse" of distinctive creations where the Moncler DNA is traceable and respected. As you have seen, audacity is not lacking at all.

New codes. Communication and relationship building are the other magic crucial ingredients of our secret sauce. If we don't follow the rules, people will not play the game, if we don't speak their language people will not listen to us. Well, we welcome new codes and use new tools and new touchpoints, and we decide to communicate through different channels at the same time. Contents are engaging and viral, developed to break through the digital world and create a Moncler community.

Number seven is a very important point and something very very new for us: a new kind of community. Our messages will be direct with no in between, in close collaborations with strong business and media partners. It will be a new kind of community under the hashtag #wearepartofgenius. From June, our monthly editorial projects will be circulating through media and digital partners. Our selected retail network, exclusive e-tailers, best specialty stores, influencers, pop-ups, wholesale exclusive distributors as well as retail windows and direct marketing activities.

And finally, between me and you, the real key of success for me is the energy. We are used to give our all because we are fuelled by energy. Energy is what feeds our passion and passion creates loyalty to the brand. Energy is the driving force of our community and clients fill it in everything we do. I want our stores to have the vibrant energy you find in the best specialty stores, driving clients in a discovery journey of the Moncler experience. Moncler is a place where curiosity, emotion, and expectation are always rewarded.

So Moncler's future starts now. Flexible in planning to be able to finetune quickly. Full of energy and acts of creativity and innovation. Tuned into people and their language. Paced at the speed of digital. Always quality and technology oriented. Open to looking for still unexplored territories.

In a nutshell: know-how to make it work, creativity to make it magic, simplicity to make it happen.

As beautiful and simple as that. Thank you very much.

## ROBERTO EGGS

Good morning everybody, thank you for attending this second Capital Markets Day. It's a privilege to have now to translate into actions the vision of our Chairman.

Today for us is what we qualify as a good Moncler day: a good Moncler day is when you have a blue sky, sunny and below zero. So I think it's a good way to start and to share with you what we have been accomplishing with the team; it has been a long journey that lasted 12 months, it has been very very intense for all the different people in the company, in order to translate the vision of Remo, that implies a lot of changes in the way we work. It's a real evolution but he's giving a lot of energy and passion in all of the company. I'm greeting also all the people that are following us live in different markets and have the opportunity to watch online this Capital Markets Day. So a big hello to everybody.

I will start shortly with some of the things you already know, that will help us shaping our vision of the market and the current trends that we see in the luxury industry. Well, first of all, you know that the current trend on the luxury industry is positive, we expect a growth of 4-5% on a yearly basis for the next three years, and the total market is supposed to reach 300 billion Euro by 2020. What we see also as big changes is an uncertain scenario and we believe that what is going to be a winning solution is to be flexible and to be able to react quickly. I think the shape and the size of Moncler, and the energy we have inside, is something that is going to help us to continue to outperform the market.

Second point: the weight of the younger generation is already now a little bit more than one third of the total sales in the luxury market; this is expected to continue to grow in the future and to reach almost half of the total sales in the luxury sector. Here also I think that, with what we have seen with Moncler Genius yesterday evening, we are in a good shape to be able to shape that future. The expectation and the desire of this new generation are different: they are looking more for experience than for product, they see fashion trends and they see this as a mean of self-expression, while they showcase themselves as being part of the community and we see also that impulsive buying is becoming more and more important. So we need to change the way we communicate, we need to be faster, more frequent, dynamic and energetic. And we believe that quality and uniqueness is what is going to make the difference with this new generation.

Other important elements: based on the analysis by Bain, Euromonitor and McKinsey, the current market online for the luxury sector, is, including cosmetics, around 7-9% percent; that would be 7% for the fashion industry, and a little bit higher for the rest, and it's supposed to grow and to reach between 20 and 25% by 2025, which means that online is becoming more and more important, but also that retail will continue to play a key role. So I think we need to be able to manage both (retail and online) and we believe that the companies that are going to be able to deliver superior client experience are the companies that are going to be able to merge the in-store activity with all the data that are coming from the online. So, taking all the customer data inbound, the way they navigate on the web, the way they are active on the social media, and to mix this with data that you have through the internal CRM to develop a superior client experience, we are going to show you what we are currently doing to really take advantage on this job that has been done over the last two years.

Finally, in terms of the way the market is moving, you see that they are very different markets: American and European markets have many locals, Japanese market and the Chinese that are much more buying while travelling. The data you see here also include cosmetics, of course if you talk about just pure fashion the weight of the local market is a little bit higher but it is giving you a flavour of the way this market is moving. And if you look at the same market but with the vision of the different generations, you see that travel is playing an even more important role for the new generations that are travelling much more frequently and buying also when they are abroad. I think being able to be relevant on the local market and at the same time being able to shape and take advantage of this travelling community would be one key of success for the future.

I think a great strategy is great only if the implementation and the execution are correct or are enhancing the strategy. So, before starting to disclose the action plan that stays behind the vision of our Chairman, I would like to come back on some of the elements that we have disclosed during the previous Capital Markets Day that took place in December 2015.

First, we talked a lot about outerwear saying that we wanted to remain at the top edge of the outerwear category while developing complementary categories. In the slide you see the evolution that we had in terms of revenues under different categories. Outerwear represents now a little bit less than 80%, it has been the category that has grown by 28% since 2015, with an average CAGR of 13% from 2015 to 2017. The knitwear category, where we have been investing a lot in terms of technology, savoir faire, culture and implementing pilot lines for the development of the know-how internally, recruiting people with the technical knowledge of this product, has been the fastest growing and best performing category; we have grown on average by 32% year-on-year, we have also increased the visibility of this category instore, you see now that knitwear is much more present and visible in the stores, and its total growth has been of 75% between 2015 and 2017. Shoes was a big focus that we have had, with shoe pilot projects, where we have changed the way we sell, trained our people in the store, we have

developed experts, there is a training path now that is implemented in the most important Moncler stores on the retail side, we have reviewed the location of the storage of these shoes, the way we display them, and the selling ceremony and we have been able to grow by 46% since 2015 with an average CAGR of 21%.

Distribution: always an important item for us, we wanted to be able to deliver a superior experience, one of the aims was also to start the development of flagship stores. In total we have been opening 28 new stores, we also take very much care about the existing network, so 23 relocations and expansions took place in the last two years. Part of the strategy was also the development of wholesale shop-in-the-shops, we opened 25 wholesale shops over the last two years, just looking at last year they were 17, 11 in the last quarter of 2017. We opened 8 flagship stores and we have 8 airport location at the end of 2017; of which 4 were our new openings between 2015 and to 2017. I think one of the question we always get when we are discussing about the expansion and store size, with an average size of the stores which has increased from 120 to 135 sqm, is regarding our ability to maintain the best in class productivity. Basically what we have been doing is not only we have been able to maintain it, but we have even been able to grow it, from 32,000 to 35,000 Euro per sqm. This was achieved thanks to increased UPT, because of our capacity to display new categories, and also to the increase of the average selling price; these two factors together have helped to increase the productivity.

One important focus of the strategy that we disclosed two years ago was to focus on the client. A new client experience, the fact of knowing and getting to know our client much better. In 2014 our capture rate for new clients was 44%, we have been able to increase it to 74%, so basically our database increased from roughly 300,000 new clients to 1.3 million clients and this knowledge about the client has been leveraged, allowing us now to have a daily dialogue with our consumer. We have been training our sales force, our client advisors, we give them a tool that we call MonClient, that is an app; with this tool, they have the ability to follow their clients on a worldwide basis. We are still in the process, we have finished the roll-out but we are still increasing the number of clients followed on average by every client advisor, which is now around 50 clients. We think that there is the potential probably to follow between 100 and 120 clients per year. Just last year we had 105,000 clienteling actions. What we are doing also, we're measuring the level of satisfaction. Of course if you do mystery shopping you'll get some knowledge about the way your store is being managed, but I think the best feedbacks that you can get is the direct feedback from the clients. So we introduced last year a programme that we call "vibe", for getting the vibe from the consumer, so now after every single transaction we get the immediate feedback of the client who wants to answer and the response rate is quite high, we are more than 25% response rate and what is interesting is to see the level of commitment of the client, because not only they are giving us their rate about their experience in the store but there are 30% of the client that are giving us written suggestions on how to improve and enhance the client's experience with Moncler. This is showing a very high level of commitment and involvement of the client with the Moncler brand.

Now we can see some of the figures that are showing that we know our clients better. Of course the gender, which we knew it in advance. We are now able to track also the age of the client, so which generation and how each generation is buying, by capturing the level of expense. We know that 14% of the best clients on top of the pyramid of the Moncler clientele is generating 38% of the revenues and we have attached to every client advisor the number of clients that we call "preferred client" – I said we attach, which is wrong, we don't attach, they choose the client they want to follow. Currently, as the rollout finished in August of last year, we are following 10% of the database. This 10% of the database is generating 20% of the total revenues. The objective that we have for the end of this year is to be able to track the best 20% of the clients and directly interact with them on a daily, weekly, monthly basis probably getting an impact of one third, 35% of the total revenue of Moncler. Some of the retail KPIs that we usually don't disclose because we always give figures that are in the range, but we thought that after two years it was also important to show that the strategy that we have started to put in place two years ago is working. So you see here the level of repurchase rate that we had in 2015, when we just started the retail excellence project, was 22.6% and has been increasing and is now at 25.4%. It has been increasing year after year in a consistent way, I think there is still potential to do better in the future and of course it is one of the targets we are giving to our store managers. Basically this is having an impact on 44% of our client value that are repeated purchasers in our database.

So you will see that with the Genius project I think that now we have a stronger collection. We have been working a lot to enhance our retail network and the quality of our network but also the quality of our wholesale distribution and we know our client better. I think we have set the base for what we call the new challenges of Moncler.

What are these challenges? I think clients are looking now for new values, they are looking for experience, they are more buying on impulse basis instead of repeat purchase, they are more digital and they don't look at one channel specifically but are moving from one channel to another, they are really omnichannel. The answers of Moncler, and this I think is one of our strengths, are: the product development and the creativity for the Genius project; the communication revolution that we have started to implement with our first native project, that is Genius, that has been thought digitally from the very first day; the distribution development, which gives us the potential to grow in terms of network and in terms of size of our stores; and what we call retail excellence 2.0, that is the further step up that we want to put in our retail excellence project.

We think we are at the start of a new phase; we will try to look back on what has been achieved over the past 15 years, since Remo took over Moncler in 2003 and we think we are at the beginning of the third phase. The first phase, if we think about product, was the development of the iconic product, redeveloping the outerwear category. In 2008 we introduced the Gammes and we started to develop new categories: the knitwear, the shoes and the bags, the soft accessories. And for us 2018 is the start of a new era with the launch of Genius. If we talk about distribution we started as a wholesale company, we had 3300 doors at that time, the business was purely wholesale, in 2007 we started the retail development. It was really the moment when we started to expand geographically also Moncler and we think that now we are ready to face this new challenge of the omnicanality, we currently have a pilot and we plan to have a full roll out on Europe in 2018. In terms of clienteling, clearly by the redevelopment of the collection at the beginning we targeted new high-end segments, with the expansion of the geographical presence of Moncler it was the opening of China, the opening of Asia, so clearly new nationalities got to know the brand, that was very much focused on Europe until 2008. And we think that not only new nationalities are the new paradigm but also the new attitudes: how to respond to new expectations from the client in the future. And finally in terms of communication, it was pure traditional media, mainly above-the-line communication at the beginning, we started in 2014 and 2015 with tailored CRM communication, leveraging more and more now the database that we have and this will continue, and I think now we need to add a new pillar which is the digital part and we will see that while currently shifting our spending from traditional media into more and more outdoor communication and digital communication that will represent 70% of our spending by 2020.

Most of you have had the chance to visit Moncler Genius yesterday evening. We wanted to showcase it in the way it has been presented to distributors, to the press, to the media, with a huge success. Moncler has a new way to talk to consumer and uses new codes and it goes beyond the stated rules and opens new paths for Moncler for the future. So let's have a look at what is this collection. 8 different voices that are shaping the universe of Moncler, everyone with his own vision, but combining them gives the new evolved identity of Moncler. The first, #1, is for pure essence for us. You know Pierpaolo Piccioli is the current creative director of Valentino and I think he has developed a collection that is really enhancing the essence of the brand and the purity of the brand with real couture elan; it is the couture part of the Moncler collection in Genius. #2 stays for pop-up trademark; this is coming back to the essence of Moncler at the very start in 1952, when the brand was born, enhancing our bestsellers, our iconic products with pop-up colours and contrasted and large logo. I think a product that is perfect for the online business and that can be leveraged on the social media side. #3 stays for playful flair, Grenoble, with his unique approach of combining technology, technicity and creativity, and fashion elements for the skiwear but also on the after-ski, something that is unique on the market. And this has been also the fastest growing part of our outerwear collection over the past three years. #4 stays for pragmatic femininity, Simone Rocha, the British award-winning designer from UK, is getting inspiration from the Victorian climbers with a multilayer approach, really enhancing the Femininity; this is the most feminine part of our collection for the launch of Genius. #5 Craig Green, another British awarded designer for being one of the most talented one that is on the market, he won the prize in 2014; Craig conceived items and rewrote the dialogue between clothing and body, dress and habitat. He is also the one that has been probably leveraging in the best way all the technology and knowledge and expertise of Moncler, developing new shapes and really looking for functionality as well as protection. #6 is one of our two Japanese

designers, Noir - Kei Ninomiya, one of the designer of Comme-des-Garçons, who has been able to really craft and reinterpret Moncler and define new wearable geometries with a lot of handcrafted work, not only on the outerwear but also working on accessories and shoes. Fragment, #7, for sub-cultural subtleness is called "the king of streetwear", probably it will be the one that is going to generate the largest volume and probably the highest expectations; is going to be also the first launch that we are going to operate on 12 June of this year; it is going to be the only one having two drops: the first one in June and the other one on 2 December. Finally, the last one #8 for going viral is Palm Angels, it is like when you visit a museum and you get out of the museum that you have usually a bookshop; I think it is our interpretation of when you get out of the Genius Building and this is our bookshop, it is reinterpreting the merchandising and translating that into a giftshop; one of the very successful presentations we had last week in Milano.

One of the criteria of success is the perception and the feedbacks that you get from the press; I think Moncler Genius has been one of the most impactful presentations because it was bringing completely new codes and also in the way the digital world and the press have been embracing this change has been very very positive. Other elements, of course, is the selling campaign that we have had last week: we met 350 wholesalers in the location, the same location where we had the show, carefully selected out of the 1500 that we have, and I must say that the feedback we are getting from them was, or is, very encouraging.

If you look at the Genius project, we look at it as the virtuous circle. It started very much as a communication project; as I was saying, it is the first digitally native project we started from not only the product but from the communication: how do we want to express, how do we want to interact with our consumers in the future. I think the time when we had 2 big fashion shows and 2 advertising campaigns is gone; I think the new consumer wants to have monthly, weekly, daily interaction, but you need not only to come with product, you need to come with content. A nice advertising campaign is not enough anymore, I think you need to bring content that is interesting for the client. Of course this has had a tremendous impact in terms of distribution: we have been revisiting completely the way we will sell our Genius campaign, we selected the number of wholesalers that would be able to sell it; also in our network is not all the collection in all the stores, we carefully select, depending on the size and potential of the stores; the type of clientele, which collection will arrive when. It's of course a big challenge in terms of design and production because we have shortened the time of development, we are faster on the markets: a presentation in February with the first drop in June. It's challenging in our industry and we are at the beginning but we are confident that we will be able to deliver it. In terms of merchandising also, bringing new products on a monthly basis in store is going to bring a lot of energy and we want also to increase the desirability of the brand. And finally, this has had an impact on the total supply chain, from the product development to the production and to delivery on time. I think Remo was saying we are going to launch the first project on 12 June and is 12 June, it's not the 13, it's not the 15; we want to have a worldwide launch, in all the stores; Fragment it is the only collection that will be in the whole network, on the very same day, at the same time on the retail, on the best wholesaler and there will be a pre-launch with one of the online e-tailers. I think I could have had a sixth circle in the slide, maybe on the middle, given this project has been involving all the different aspects of the company: so people in the middle, because this has been leading us to work in a different way, interacting much more between the different departments, as we say omnichannel, but also "omni-people" in the company, with the people from merchandising, production, wholesale, retail, creative communication, the digital team, on a weekly basis. Also internally this has been creating a lot of energy and I would like to take the opportunity to thank all the team internally that have been working very hard, but saying that it is not finished. But I think that the first presentation that we have seen is already a reward for the people that have been working to make this company evolve.

If we look at the way we planned to launch the different collections, without going too much into details, you see that the first collection to be presented in June, is Fragment. We wanted to start with the first collection that is going to involve all the stores on the 12 June, all the retail stores will get the first drop of Fragment. We selected one onliner that is going to pre-launch at the same date as the retail and the wholesale, for this collection the onliner is Matches. Then you see that for each single drop there is an icon with a touch, because for each one of them we are going to leverage this launch with one of the wholesale onliner: so with Pierpaolo Piccioli is going to be also Matches, with Noir will be Dover Street Market. I think Genius has also opened new doors for Moncler: we

are currently closing a deal with Dover Street Market, allowing us to have in each single Dover Street Market shop a permanent store for Genius which was not possible before. So clearly this new creativity, this new collection has also opened the door for new distributors, where we couldn't enter or where we couldn't have a permanent presence before. Craig Green is going to be launched in August with the Canadian onliner called Senses. Then 1952, which is our iconic collection, is going to be launched with all the onliner wholesale department stores. Simone Rocha is going to be launched with Net-a-Porter. The objective of each one of these drops is to have the product arriving in store, having the main presentation for three weeks/one month and then retrieving the collection, in order to give space to new collections to arise. Fragment will arrive on 1 June, on the 2 July there will be the presentation of Pierpaolo Piccioli, so little by little the presence of Fragment drop one will fade down, in order to give visibility to Pierpaolo. The same with the Noir collection, which will arrive at the end of July. Then October is going to be the first moment when the Moncler Genius building will be completed, so all the collections will be presented in 15 shop-in-shops (SiS) worldwide, so you will find again Fragment, Pierpaolo Piccioli, Noir, Craig Green and 1952, etc., in 15 shop-in-shops worldwide that will be present between 15 days to one month, plus some exclusive that we have not presented when the first launch was done. To give you some of the stores where this will be done, we have now negotiated and sometimes getting a lot of requests from retailers and onliners to get visibility for this Genius building. We have Printemps with a full takeover, we have Dubai Mall, we have Isetan in Tokyo, IFC Hong Kong, Plaza 66 in Shanghai, Shinsegae Gangnam in Seoul, Macau Galaxy, we are also going to have a shop-in-shop with wholesalers like Tsum in Moscow, Barney's in New York with the windows, Holt Renfrew in Vancouver, Boon The Shop, Maxfield in Los Angeles. Finally we are going to have the last drop, it's going to be Grenoble in November and the second Fragment drop, in case we were afraid not have traffic at the end of year, which is usually the very peak of the season. We will have the launch of the second drop of Fragment for all the people that do not have the opportunity to buy during the first drop. So you see a new way to communicate a lot of energy, a lot of contents and communicated and leveraged through the best wholesaler, department stores, our retail network and the online business.

We talked a lot about Genius, which is the emerged part of the of the iceberg, but below there is the rest of the collection, that is doing the largest part of the sales of Moncler. I will start with the Main collection. The main collection is our milestone, we have a project here for Main that we call "Icons Lab", with the idea of re-interpreting and reinventing the DNA of Moncler and this will include in the course of 2019 and 2020 a project of customisation of the Main collection. The growth that we expect from the Main collection is high single digits growth between 2018 to 2020. Grenoble, as I was mentioning is the DNA of the brand. One collection that is going to be available all year long is the Moncler lab for new innovative materials; we are going to leverage the presence of Grenoble in our retail stores on a permanent basis and here we are confident, looking at what has happened over the last few years and the creativity that has been shown through the Genius part of Grenoble, we expect a good double-digit growth between 2018 to 2020 this collection. A part of the collection we don't get a lot of question when we meet you, maybe because we didn't speak a lot about it in the past, but I think is having a very nice development over the past few years, has been the Enfant collection. We want to reinforce the leadership that we have in the outerwear for the Enfant, we want to expand the retail and the online distribution, we are having currently 12 shop-in-shops worldwide, we opened the first dedicated store in Milano Spiga. And I must say that it is working extremely well here, we expect a high single digit growth between 2018 and 2020.

Within other categories, Knitwear, as I've said before, from 2015 to 2017 has been the fastest growing category over the past few years. We want to further increase the visibility of this category, enhance design and merchandising; here we expect also good double-digit growth between 2018 to 2020. And finally, a category that is relatively new for us, is represented by the soft accessories, it was really "the accessory of the accessories"; it was something that in the past was developed when the full collection was developed, when we had all the outerwear collection developed, there were people starting to think "maybe we should have some gloves and hats". Now what has changed is that over the past years, we have a creative person fully dedicated to develop the category; we have been enhancing the visibility in the store and I think that is potentially the category with the highest growth potential that we have for the next three years.



Footwear and leather goods: we are going to complete the DOS penetration of this category, adding another 27 stores this year in our footwear pilots, which is a new way of selling shoes in our network. Also we expect a double-digit growth in the next few years. And finally, eyewear: you know that we signed two years ago a new partnership with Marcolin, we have reviewed completely the collection of Moncler that we find now much more qualitative. It has been very much welcomed, both by the market because we were not only selling through our stores, but also there is a dedicated distribution for the eyewear we have roughly 2,000 doors; if we want to double in the next few years, I think there is potential to leverage on the price, selling at higher price, because there is a request for higher-priced Moncler sunglasses in the network; and here also we expect a good double-digit growth in the next 3 years.

Uniqueness and human creativity define messages, digital drives them forward.

If you have a good idea, now you need to express it also digitally and here if we talk about the way we want to change the way we communicate, as I mentioned Genius is the first digitally native project that we have. It has been thought in digital, we talk about digital now internally in the company and we communicate digitally. The rhythm of communication is also changing as I was saying, from two moments per year, to something more on a monthly basis, a weekly basis. The main project for the next three years is Genius that we want to leverage at 360°; it is also a project that we want to continue. There was a project that was initiated through a partnership with Vogue US, called #weallwearMoncler, it has had the highest consumer involvement and social media exposure and we want to continue this, which is really giving to not only celebrities, but also to normal people that are Moncler clients, the possibility to showcase themselves in the digital world. And finally last but not least, is what we call the Moncler moments; we had 105,000 clienteling actions last year, involving and connecting directly through our client advisors with the end consumer. Here we want to integrate in our CRM of these clientele activities also all the data that we are getting from the social media sites and the last chart of my presentation will give you the vision on how we want to go to MonClient 2.0 on how we want to enhance the brand experience in store for our clients. The aim for us is to really shift from this traditional media investment into something that is going to be mainly digital, but also leveraging on the outdoor advertising and reaching at least 70% investments in terms of the media spending by 2020.

In the last Capital Markets Day in 2015, we mentioned the fact that we want our people, our clients to be feeling at home when they are in the Moncler store. And I think this is something important that we are now not only putting words in a claim, but that is something that has been lived by all our teams on the daily basis and in the stores. What we see here is 4 pillars to enhance and have a more connected and integrated network: we want to create a very large Moncler community with our clients and we are going to leverage this on the 4 pillars. The first is an in-store experience, the second is leveraging the Moncler DNA, the third pillar of expansion is the travel retail and the fourth one is the digital world. Really the focus for us would be the strengthening of the organic growth of Moncler and of course the expansion and integration of the channels.

We opened seven flagship stores over the past 3 years: we had one that was working extremely well, which was Paris Faubourg and we open other seven, and more flagship stores are to come; we had the opportunity to open one flagship store in each one of the regions, the last ones in Hong Kong Canton Road and in Moscow that we opened at the end of 2017. What we have noticed is not only that the client experience is elevated to a completely different level, but also that the comp-store-sales-growth (CSSG) of these stores has been performing largely above the regular stores for 2017 and, for the people who have forgotten one of the figures that we mentioned yesterday, we had a 14% comp-store-sales growth rate in 2017. UPT is larger also, we are 6% above the average unit per transaction and this is due to the fact that we are able to showcase and display more categories. The loyalty rate, which was probably the largest surprise that we had, is 19% above the average of the other stores, probably due to the fact that a larger assortment is driving more frequent purchases of the clients attached to the flagship store.

Then, we started a project already in 2015 related to our presence in ski resorts. We have 13 stores now, we think we have the possibility to selectively enlarge the network, with probably 2 or 3 new openings for years to come, and also to enlarge the existing ones. You can see on the left the picture of the store in Gstaad, in the middle the

store of Megeve; these were two stores that were relatively small, Megeve I think it was the smallest store that we had in the network, 30 m<sup>2</sup>, now it's 130. Of course it is difficult to deliver a superior client experience in the 30 m<sup>2</sup> store, so we decided to invest in this store and we are getting now a lot of positive feedback from our clients because we have started the development of specific visual merchandising, specific windows, specific products for the resort and this is the part of the network that has been growing the fastest between 2015 to 2017. We have also, on the yearly basis, events driving customer satisfaction, enhancing the experience of the clients; here you see on the right, one of these events where we introduced a new partnership for ski with a Swiss company called Zai, another one with a company from Bergamo called Kask, so we did some specific development to complete the universe of Moncler, not only with the outerwear but also with helmets, with gloves and with specific very high-end positiond skis.

Airports represent another possibility for us to further leverage the trend, that is a natural trend of the younger generation that is travelling more and more; this is a part of the luxury industry that has been developing, and if you look back 15 years, it grew at twice the pace of the rest of the industry. In 2014 we had four location, we opened four location between 2016 and 2017 and for 2018 we have already secured 7 new locations that you see here and we plan to reach at least 30 locations by 2020, with a dedicated product, dedicated visual merchandising, dedicated windows and also a push for us to further continue to harmonise the pricing that we have around the globe, because these consumers are travelling around the world and there is the need for us to further align and decrease the price gap between the different regions; things that we have been doing, and will continue.

Online: the best performing channel, with the ski resorts, over the last three years, with an yearly average increase of 30% over the past two years. We have a presence in online wholesalers that has been increased but in a qualitative way, always leveraging on events. You see in the slide two events that we have done with two German onlineers: one is StyleBop, the other one is Mytheresa; one event done in Gstaad and the other one done in Berlin. Then, there is a pilot project that has been started in November last year with three stores, where we are piloting our new omni-channel approach: one of these stores is here in Milano, we have Torino and we have Bond Street in London. What we plan is to have fully operational omni-channel ready for mid of this year; this will include the exchange-in-store and to have a full rollout of the omnichannel, by the end of 2018 in all Europe. Europe represents today roughly 60% of the sales that we have online. Our focus for the future is to continue to create this online digital culture. We have a plan for end 2018 - beginning of 2019 to internalise Korea and to develop our own online platform with full omni-channel capabilities; this is to further increase our knowledge about online business. We want to continue to reinforce the partnership with e-tailers for Moncler Genius. We want to have fully operating omni-channel by 2019 in all the regions, not only Europe: we will start with Europe and then 2019 would be the rollout of America and the rest of Asia. We have the strong belief that China needs to have a dedicated approach, so we think that the recipe is working for Europe, is working for America, but we need to have a dedicated and specific approach for China. We have started, with the launch of our Hong Kong flagship store, a partnership with WeChat, with the pop-up store; we are now increasing the visibility of our online pop-up store with the launch of Genius and we are currently working with other projects, currently assessing the possibilities with T-mall to enter the Luxury Pavilion. We are still in the phase of assessment, we haven't decided yet, but we're sure that China needs a specific approach. Our goal is to double our online revenues in the next three years.

Control, selectivity of the network is what will continue to drive our decisions; we believe that the brand has still important levers to drive growth in all channels, through new expansions and organic growth.

If we start from retail, in blue you see the presence of Moncler, and what we plan is to open two new countries on average per year, over the next three years. In the plan we have Mexico, where we are going to open by July this year, we have Spain and Portugal in the pipeline for 2019, we have Oslo that is going to open in June this year, we have the opening of Dubai in March and we have also plans to open in Thailand and South Africa by 2020.

If we talk about wholesale here also we think that there are still growth potentials for Moncler; we started the development of the shop in the shop strategy on what we call the retail-isation of the wholesale. We have been opening 17 SiS in wholesale in 2017, while still cleaning our distribution, we have been closing 100 doors. You have seen the growth rate of wholesale in 2017 has been a double-digit, +10%. With regards to the performance

of the shop in the shops, we are carefully measuring investments we are doing, we usually share investment between us and the department store; we have dedicated sales force, dedicated merchandising, increasing the quality of the merchandising also in the store. The average growth rate that we have had over the last two years for shop-in-shops is 39%. I think this is something that we can still continue, we have for the three years plan in the pipeline the opening of 15 to 17 stores year-on-year, so an additional 50 SiS for Moncler in the next three years. In terms of integration with retail, we have now teams that are in charge of the merchandising for both channels so with the same vision, so we have more integration. The knowledge that we have in the retail side can be leveraged on the wholesale side. See here some of the example of the SiS we have opened: the airport of Doha in January last year; the Enfant SiS in Munich with Oberpollinger, the opening of Ala Moana in Hawaii with Saks, in Marbella another kids store that we opened this year, and finally a pop-up store that we have, with other three shop the shops, in Moscow with Tsum that has been a big success. It was the largest pop-up we have ever been doing, it was at the end of 2016 a 250 m<sup>2</sup> pop-up that we had with them on the ground floor.

Wholesale is also an opportunity to test markets, to open new markets, to see if there is a potential to further develop the retail possibility there; we have in the pipeline some potential openings for the next few years. You see in the slide Manila, Bali, confirmed for the opening in 2018, Kuala Lumpur is also confirmed, Saipan is under assessment, Bogota, Lagos, Lahore, Mumbai. In some of these markets our presence would be probably always only wholesale, some of them if proven to be successful could become potentially a retail store in the future. There is also a strong potential to further develop the presence in selected e-tailers: we foresee there the potential to at least double our sales in the next few years.

Finally talking about retail excellence, I go quickly through 2008 to 2014 to spend more time on what has been achieved over the past few years and will want to go but clearly at the beginning, when we started the initial development of Moncler, the focus was more on store openings and on acquisition of new clients. Not too much about our people, not too much about the process it was really opening-opening-opening, always in a qualitative location, but without a strong retail culture. The knowledge about the client was limited and the communication was very much a corporate communication which was more above-the-line. What we did with the launch of retail excellence 1.0 was to revisit, reshape the client experience in the store, that we have developed with our client advisors in the store, with the regions, with the store managers. The second pillar was the people, so the development of an internal culture: we have multiplied between 2015 and 2017 our training hours by four, we have been increasing the retention of our client advisors and store managers, we have decreased the rate of people leaving the company by half, so all the investment we are doing now are for the future and we believe that if you want to loyalise the end consumer you need to first loyalise your employer and your store managers. And the final part of the retail excellence 1.0 was the focus on the operation where we have aligned the operations worldwide, so there is now one way to operate Moncler. The client has been the focus of the last two years, it will continue to be the focus, as I was mentioning to you, we multiplied our database by four, we are leveraging now, giving the tool to our client advisor, in order to be able to interact, putting the frame, but giving them the freedom to freely communicate with clients. We have seen that the loyalty rate has increased, and we have also developed personnel's communication, we are giving tools to our client advisors, giving them contents to communicate to the end consumer. What we think is the next step for us in terms of retail excellence is the focus on the omni-canality; we still believe that the client advisor needs to be the true brand ambassador of the brand and we are currently testing the KPIs in order to push them, not only to sell to the people there are in store, but in leveraging all the levers of the omni-canality to enhance client experience. We think, and I will come back to this, that linking the world of digital, the way people navigate on the website, the way they interact on the social media, can clearly be leveraged in the right way without being too intrusive, by our client advisors. And finally in terms of communication, we want to leverage much more the digital world and we want to develop CRM enhanced tools, in order to be able to deliver superior and integrated services through our device that is MonClient. This is our vision on what we want to achieve and the opening of the Korea market that we are going to manage directly is going to be the pilot for us to integrate this "one-client" vision of the client worldwide, having on one hand what we have already, the MonClient app: they already see what has been purchased, which items, at what frequency, in which store. We want to integrate all the social listening, the in-store analytics that we have, and also the e-commerce behavior of our clients in one tool, leveraging on Google analytics and CRM, to be able to have marketing automation, and not

only the client advisor pushing information to the client, but to have tools that are going to facilitate and improve through data intelligence the way we will communicate with the consumer. This should be a way to increase further the loyalty that we have, to deliver and also to look at the client at a 360° experience, also having after sales and customer service, and other services that we can provide, improve the way we are doing the omni-channel and finally giving super clienteling experience. So this is the vision that we have, this is the challenge that we have to develop this retail excellence 2.0. Thank you for your attention and we have now ten minutes break, a coffee break before having Luciano coming back on stage. Thank you.

#### LUCIANO SANTEL

Good morning everybody and thank you for coming here today. I'm Luciano Santel and I'm responsible of all corporate divisions, which include finance, information technology, HR, legal, logistics and supply chain. You all know how important the machine is, for the execution. Over the past two years we have invested a lot of money in the organization, in order to make the machine more and more solid, stronger and stronger, in order to be ready for the challenges we face. What to expect from a machine is reliability first, of course, which is very important and essential; reliability is essential, but it in a fast-changing world, reliability is not enough; you must be fast, fast and flexible.

Today we will give you an overview of what we are doing in the organisation, where we are, what we plan to do. We set these five focus areas, five main goals for this year and for the next two years. #1 is supply chain: critical, instrumental, essential to make the dream come true; if you visited last night our Genius building, you know exactly what I mean, and I'm sure you realise and understand the complexity behind the product you saw. Which is not only the complexity to make that product, but also the complexity we face now to make that product on a larger scale, and to be ready to deliver that product at the time we want that product to be in the store. #2 information technology; we have invested a lot over the past few years in the information technology, a critical factor across the board in all the different processes of the company. #3 people; everything is possible with people, everything becomes very very difficult and very very complex if you don't have the right people. So people are essential for everything we want to do and I will show you later what we are trying to do to protect this very important asset. #4 logistics: is the other face of the supply chain, as we said before, we have to make the complexity, we have to make the dream come true, and then we have to deliver the dream everywhere in the world on the same day, at the same time. Obvious but, believe me, not so easy. Last but not least #5: sustainability. Sustainability is becoming more and more important, an intrinsic and essential component not of our business only, but of our life; and also in this area we will show you what we are doing and the most important projects.

We are going to start with the supply chain. Head of the supply chain is Francesca Bacci. Francesca joined the company in December of last year so she has been with the company for just less than three months, but she has already realised where and what the areas of improvements are. She knows our strengths, many, also our weaknesses, a few, and I'm sure she will be able to convert the weaknesses in opportunities. Before joining Moncler, Francesca worked for seven years in Valentino and before Valentino she spent over 10 years (almost 20) in Prada, where practically we can say she grew up professionally and saw two important pillars of the luxury industry. So, Francesca, thank you for being here and please come.

#### FRANCESCA BACCI

Thank you again Luciano and good morning to all of you, ladies and gentlemen. I'm very happy and honoured to be here today and I'm also excited because today's my first Capital Markets Day. So, I would like to introduce myself again; as Luciano said, I joined this company in December and I have worked all my life at luxury goods companies. And I met many designers, some of them are here. At the beginning of my career, I worked a lot on collections, on product development and design division, and after I managed production and operations and I have already faced many critical issues that are related to fast-growing companies: companies that need to

reshape and re-engineer their supply chain. So I think this is very important and I think this experience was the basis for my deep knowledge of how collections are and should be developed in order to manage and to anticipate all those critical issues that might hinder production deliveries. And now this is truer and very important here at Moncler, where we are facing this milestone evolution, of how our collections are created, how we are presenting and delivering them.

Quality is really the mantra of our group. I like this very much; this has always been and will continue to be our main focus on every process, starting from the choice of very good raw materials, to an accurate industrialization, until production, by very selective suppliers, trained and supported by our people. But this is not enough: here at Moncler we have a department which is called Quality development and Innovation, it does not report to me, nor to Luciano, it reports directly to our Chairman. This department has the mission to help all divisions to continuously look for improvement because this is our DNA and we will never stop to look for new and innovative ways of operating. But we were speaking of Moncler evolution and of course it is important for the supply chain to evolve and to focus on the market. If I had to summarise what I have just been saying, Moncler will continue to deliver the best products with the highest quality standards and innovative design, at a planned time, at a very carefully planned time. Therefore, our main goals for the next few years are: #1 Genius, #2 processes optimisation and #3 enhance our complimentary categories like knitwear, shoes and leather goods and #4 last but not least Moncler Clinique.

Moncler has been very very strategic with this Genius Project and already Roberto spoke a lot about it. I think, I believe that you now have a clear idea of what a great effort it was for the supply chain to manage eight designers and eight collections at the same time; but Genius is also something more, because it goes beyond seasons and it will have monthly drops into the stores and this means that the supply chain must fine-tune. For the supply chain it will be very important the timing and planning of collections and of course when we are planning and briefing our collections we have also to plan very carefully and define very carefully the timing when we are going to deliver them, the time of events, the time for communication, time of windows, time of distribution. You can understand that this will be a very challenging task and of course this strict timing dictates now our master calendar, I mean all production activities. With Genius it will be important to move from a traditional, sequential process of activities to one where activities are carried out at the same time. For example: industrialization of products along with collection development.

Although Moncler is a very powerful machine, and the Genius project proved that, we have also to improve and we have just launched internally a project which is called supply chain excellence. To support these changes and to follow these changes it is important that the supply chain becomes more efficient, more responsive and of course this will allow us to reduce time to market. This project will allow to bring integration between all departments and also among divisions; it will highlight all investments needed by IT department in order to support these changes and also it will promote best practices and assess lead times.

As far as knitwear, shoes and leather goods are concerned, we believe that culture, know-how and innovation are the pillars of the supply chain. For knitwear we have created in Trebaseleghe a very beautiful and amazing site of prototyping and production. Its director is doing a very good job, so I think the path is well traced. For shoes and leather goods we have hired a very experienced technical director, but I think we still have to enhance culture and know how, and of course we will have to invest in new designers and production managers.

Moncler Clinique: now this is the best part, because I love Moncler Clinique. I have been there about a month ago and I must say this is a very amazing facility, it is our facility in Romania, and I'm not exaggerating saying today that this is one of the most beautiful and one of the best facilities that we can find for outerwear and high technical garments. But what is next for Moncler Clinique? Well, we have two main projects. We would like Moncler Clinique to become a technical hub for the whole group, we would like to develop there techniques that will then spread among our core suppliers. At Moncler Clinique we have already a very important R&D department and they are already using 3-D pattern technology, so that's very interesting. I think there is another very important project: we want to build there a training centre for new people that we will hire, people that will have the task of guaranteeing that the quality in our façon will be the same provided by Moncler Clinique.

I now leave you with this beautiful picture and I hope you can share our pride for what has been created because I think it's really unique. I thank you very much and I hope that by now you will appreciate fully both the beauty and the technicalities of our projects. So now I leave the floor back to Luciano and thank you again.

LUCIANO SANTEL

Thank you Francesca. It was very interesting, within very deep and important words you spent, it is difficult to understand the complexity we face. Let's talk now about information technology; it is needless to say how important is information technology, digital and whatever is going to help us in making things well but fast and in an efficient way. What is our mission? It's to develop solutions that must be secure, reliable and integrated. Secure, reliable and integrated: three words that are three stones, very important, these are the driver of our strategy.

In this slide we report only some of the many projects on information technology that we have in our pipeline: we wanted to present to you only the most important projects, strictly associated with our business strategy. We have not included some other projects, about everything we are doing to help Francesca with the supply chain, but also for example one project I want to mention that is not in the slide, which is related to one of the stones it is cyber security, a project that started about six/seven months ago and is still in progress, very important, very complex but very critical for our future. Okay, let's get back to business projects, some of them, three of them actually, are projects we presented the last time we met at the previous Capital Market day. The first project is enterprise business intelligence, some of you may remember that when we met last time we said that we were planning to implement this project; now the project has been not fully, but more or less 70% implemented, it has been implemented under a technology for front-end, which is Micro Strategy, and the technology for the data warehouse, which is a SAP Hana. I mentioned technologies because some of you may be interested in understanding what is behind the words I am spending; so two technologies first in class for front-end and for the back-end, as well. And the rollout would be completed by May 2018. Then we have two projects that are strictly associated with the retail business, front-end and back-end: clienteling. All business information in one device; the device is the iPhone; you know very well, and Roberto already explained to you several times in the past but today too, what MonClient is. MonClient is the application that has been developed in Moncler, with all the business information in that device. That device, of course, is connected with the database which is the CRM, a customers' database, under Microsoft Dynamics, where we report all the business transactions with our customers. Not only about since a year ago business transactions in our physical stores, but, after May or June of last year, we integrated our business transactions with the online transactions that were in the data-warehouse of YNAP. So now in the same database, and visible and accessible by the same device, the MonClient, we can see all the business history of our clients, but not only; we have also introduced other information within the same device, like the possibility to see the availability of the product you may be looking for, so if the product is not on the shelf, so you can see if the product is in the back of house, or if the product is available in other stores nearby. Everything again we do with the device on hand by our client advisors. MonPos is a project that is under pilot and now, it is still within the same device, of the same iPhone that will permit, actually it permits now in the few stores under test, to do the check-out and make the payment. Wallet payment is another piece of the same chain; it is the possibility, still under test but that will be rolled out shortly, to accept the payments from WeChat or AliPay and ApplePay of course. So this is what we are doing technologically in the store. But behind-the-scenes, the machine is still extremely important. You may remember that two years ago we said that we were starting a project to implement a retail planning and a demand planning project. This project has been developed under TXT solutions, which is a technology that was born in Italy but right now, for the one of you who are familiar with technology, it has been taken over by an American company a few months ago. So what is retail planning? Retail planning is everything about how we price our products, how we plan our sales first, and how we plan our collection then, how we plan our assortment we want to put in the store, how we allocate the product and then how we replenish or auto-replenish the product itself, the best sellers of course. Most of this phases of the project have been implemented, the last two, assortment planning and allocation, are under construction now, and then also we are looking at making the auto-replenishment system more powerful. Auto-replenishment started about one year ago; we are very happy on how it works. And so now, because we are even too happy, we believe that we have to think about something even

more powerful. So last but not least, we have a project that two years ago was not in our pipeline: we are talking about online; two years ago we were to sign an agreement with YNAP to extend the contract that is still in force. I think that over the past two years we have developed a solid, stronger, not yet very strong but much stronger than before, cultural in online, from the opportunities that the online offers, and this is something that already Roberto covered a lot, but also from the technological point of view. We are working with YNAP, as you know; YNAP has implemented over the past couple of years a very important and complex project of IT transformation. They migrated their platform to a IBM platform which is, just to let you know, but I'm sure you know, one of the 3-4 most powerful IT platforms for online. Moncler, as a pilot, as first started last year in June with this migration; honestly and transparently with all of you, and with YNAP too, with some problems, but actually this is the price you have to pay if you want to start first. Now we are running under the platform, is much more solid and we are happy because of course the platform is by far more more powerful than the previous one, but also it is opening the door to the omni-channel model. Omni-channel is something that we still haven't implemented but all the classic traditional phases of the omnichannel have been already started and they are under pilot. I want to go through the different transactions: *home delivery* is a traditionally transaction; *click-and-collect in store* is when you place the order online but you want to collect the product in the store because maybe you want to see the product, this is something we are doing in this small number of stores under pilot; *click and reserve* is when you're looking for something you can't find online but you see, because the platform gives you the information, that the product you're looking for is available in a physical store, which may be nearby where you live; and so you reserve the product and then you visit the store and you collect the product. So two faces of the same coin, the first one you pay up-front, the second you pay when you take the product in the store. *Click from store* is very important, something Roberto and I honestly both believe a lot, gives the possibility to generate online orders into the store; again if you visit the store and you can't find something you are looking for or your size is not available, with the help and the assistance of a client advisor, you can place an order online, and you have the order delivered to the store itself or at home. Return the product in store, exchange the product in store, all of these phases are under pilot in a small number of stores, so we expect the rollout in Europe for sure by the end of this year. One pull inventory we have mentioned, that is another important transaction associated with the multi-channel model, has not been evaluated yet, because we gave priority to the phases I mentioned before. Single customer view relates to what I said before and what Roberto said in his presentation, also very self-explanatory. Visual architecture is everything associated with what we are doing together with YNAP, our information technology platform, their IBM platform, very complex, honestly, integration between the two platforms. I was forgetting to tell you that by the way we are planning to spend about 30 million in capex in the next three years.

Another pillar of what we said at the beginning on the focus areas for the time being for the next couple of years is HR: people make things happen, and this is true. By visiting our Moncler Genius building last night I'm sure you understand what I mean; people made that dream come true, made that happen. What is our job? Our job is to make people make things happen. How? By fostering their talent, their motivation, their passion, their energy, which is a word we all like very much.

Talent is within the DNA of some people, but it is in the potential of everyone, so our job is to develop the talent in everyone, in all the people that work with us. We have a project that is starting shortly, in a few weeks, which is MonCampus. MonCampus will be a school or an academy for all of our young talents within the company. It will be a one-year school with teachers coming from outside and, of course, teachers from inside the company, our management team altogether will contribute to this school; very very important, I want to say that in my mind it's the first phase of something that we have to think even bigger. Also something important to say, I am sure that talking with Roberto you're familiar with what our MIT project is, that stands for Managers-In-Training, the possibility we give to our more talented people working in the store and client advisors, to become a manager, so by giving them the opportunity to get trained. We have to develop the talent in our people but also to engage them. A project that we have implemented very recently is called MonVoice, which is not in the bullets, but it's something I want to mention. MonVoice is some kind of a permanent survey we have put in place and by which we get all of the thoughts, all of the feelings, suggestions, the objections as well, of all our people, and this is very important to make them feel an essential component of the organisation. After the survey we have activated this group of people, committed to follow-up the results of this survey. So we have to develop talent, we have to engage people

and then we have to measure their performance and reward them. And here are a couple of comments that I believe are important about the way our performance management system works: it is based on the know-how of our people, knowledge, attitude, capability to develop, to build relations with colleagues, leadership, vision, capability of execution, everything very important but also, and, I highlight mostly, potential. We look at the potential of our people because potential is something that may have no limits. Our reward system, if I think of the reward system we have in our stores, is based of course on financial results, but not only: financial results are important, but to some extent they are the consequence of the way you behave in the store. So our reward system is very much focused on client service, on client experience. This is something very important, and not very frequent. Organisation: everything we said before, we have to be fast, fast, flexible, words that today you probably heard ten or twenty times, but again as I said before, they are stones, they are very important. To be faster we need an agile organization, which means not many people, but the few people very very valuable people.

Logistics. In the slide before we said that the future starts now but Paola corrected me and said “Logistics IS now” Needles to say it is a component, it is a very critical component of all our projects, and specifically of the Genius project that we have talked about today. As we said before, as Roberto stated a couple of times, Genius is not about delivering the product, you saw yesterday, in June, which was the way we were thinking before, with a first delivery in June, and a delivery window between 1 June and 30 June; now we want that product to be in the store, to be in the window, when they open the door of the store on June 12, at 9 o'clock in the morning. So this is a real challenge that starts from everything we said, as Francesca told you before: to be the same day, the same time simultaneously everywhere in the world, from Japan to Hawaii, to Australia, is not easy. And we are ready to do it, but we also know that we have to keep improving and becoming more and more fast, more and more flexible. So we have one important project, regarding our distribution centre in Piacenza. As you know we have distribution centres in the five regions where we do business; the most important is the one in Europe, which is our worldwide distribution centre in Piacenza. In that distribution centre we are now expanding the space, with a second building, where we are putting all the quality controls and the after sale; this is a project that will be implemented in a couple of months and should be ready by May/June. Part of this project after the finalization of the contraction, will be an important project of automation of all the facilities. Automation is extremely important to deliver everything we said before: to be faster and to be on time in our projects.

About sustainability; we said before, last but not least, important and essential in everything we do, not only here in the company but also when we go home. And this is something that our Chairman said: “We believe it is important not only to achieve our goals, but also how we reach them”. It is important not only to make a high quality product, but also how we make that product, from the materials we use for that product, in the factories where we make that product. The most important material we use is down, as you know. I think you remember, you already know what the down traceability protocol is, DIST, which was implemented two years ago. From last year, even though the project has been up and running for two years now, we introduced also a specific label, which is the label DIST in all our garments, in order to let our customers know that the product they buy has inside down, that is traced and certified. Factories: we keep raising the bar of ethical requirements, we perform audits all the time, all year long, in all the factories we work with it; and this is not just an instrument of investigation but it is instrumental to increase their awareness on social and ethical aspects. We have developed a pretty strong culture inside the company and now our sustainability department is dedicated to take this culture outside, in the factories we work with. #proudtobeMoncler is mostly about what we said before, giving a voice to our people, trying to understand and listening to what their needs are; this is something we are very active. Finally the community: we try to support the community as much as we can, we try to support the scientific research and also local communities initiatives. Also just to let you know, we are working on a project which is promoted by the United Nations, aimed to support some of the sustainability and development goals that they have set; they have set 17 goals, for the next 15 years, and we are were getting focus on some of them, we started from 7 and we are now implementing 10. And this is something that of course we believe, once again, is extremely important. Thank you. We will start now our financial presentation, thank you.



## ROBERTO EGGS

Brief overview about the results that you have received yesterday evening. I am especially happy to comment these results and the strong double digits growth that we had we have +17%. I will comment the results at constant exchange rates. We have been growing at +17% and we are especially happy because as you know the big part of our sales are happening in Q4 and Q4 has been completely in line in terms of growth at +17%, as the growth that we had on a yearly basis. A solid growth of the Italian market, both from the wholesale and the retail side; as you know, the most important store that we have in Italy is the one that some of you are going to see in the afternoon in Montenapoleone; that store has been closed for 4 months because of construction, but we closed the year on a positive base also for Montenapoleone, because of the results of the reopening of the extended flagship have been really really good. If we look at the results of Europe that now represents the 30% of the total sales is +19%, supported by double digits growth, not only in France that has been the best performing market, but also in Germany or Switzerland and Eastern Europe especially with the opening of the new store in Moscow Gum, that has been driving growth in December this year. If we look at the results of Asia, which for us is 3 regions (APAC, Korea and Japan), we have registered a double digit growth in all of these markets, including China and including Hong Kong where there was also very strong impact of the opening of our Canton Road store. Asia +20%. Finally Americas, mainly US and Canada, growing double digits at +14% and both supported by wholesale business and retail business, with a slight acceleration in Q4 for the American market at +15%.

In the next chart here you will see the split of revenues between wholesale and retail. The balance between the two channels is now at 25% for wholesale and 75% for retail, as expected. Wholesale grew +10% at constant exchange rates, which is a very strong result that we have been achieving, supporting the strong growth we have had with the online wholesalers and the shop-in-shops. Remember what I showed on my previous presentation, regarding the +39% growth rate that we had in the SiS in the last two years, thanks to a strong opening path during the last part of the year, which has helped us to grow double-digit in wholesale. +19% in retail, which has been supported by the strong growth in some of the complementary categories, in line with the results of the past two years, with tricot and cut & sewn growing at 37%, soft accessories also at 37% and shoes growing at 26% so in line with the growth of the last 2 years. The very good COMP growth at +14% has been basically the outcome of the result that we have had in unit per transaction, that grew at more than 4%, order per transaction that grew at more than 5%, and then increased loyalty rate in our stores, with an increase of conversion rate of people that are entering the stores.

Regarding the development of the retail and the wholesale network, we reached, at the end of 2017, 201 retail stores with the strong openings that took place in the last quarter of the year. If we look at the way we have been opening stores in 2017, it's a little bit unbalanced: usually we try to have openings that are a little bit more spread throughout the year, usually targeting to open with the Fall/Winter season in June or July. For technical reasons, like for the opening of Dubai, we were ready in November but the opening has been switched, also we had a lots of openings towards the last part of the year, which will of course have a positive effect for the full year 2018. We have opened Moscow Gum, which was a relocation in December, we opened two stores in La Rinascente Roma, we opened a store in Chongqing IFS, we opened Firenze and Stockholm which is a new market for us and the second store in Toronto. Regarding the openings of the wholesale, we had 17 openings of shop in shops and monobrand stores in 2017, 11 took place in Q4. Amongst them, the most important ones are: 2 airports (Paris Charles de Gaulles, Taipei) that are managed through wholesale and Bangkok, we opened 2 shop in shops with Breuninger in Stuttgart in Germany and Bloomingdales Infant in Dubai. 3 openings with DFS, some of them are new countries for us: Auckland, the first store we have in Macau with Four Seasons, Guam. And finally two SiS in North America, with Holt Renfrew. So globally the number of wholesale shops that we have at the end of 2017 is 59. We believe that we will be able to have a similar amount of shop in shops monobrand store in 2018 and currently we have secured 15 DOS openings for 2018.

## LUCIANO SANTEL

Thank you, Roberto. This is a pretty dense chart as usual but the numbers are nice, so I am sure you will enjoy them and it's nice also for myself to comment them. Top line has already been presented in depth by Roberto, +15% at current rate but +17% at constant exchange rates, and the bottom line with a growth rate of 27%. Let me jump for a second to the bottom line, because the growth of Net Income is almost double than the growth of the top line; of course the 249.7 millions have been achieved with the help of a tax benefit. As you probably remember, we signed at mid December an agreement with the tax authority in Italy to obtain the Patent Box benefits, which, together with the a penalty we were required to pay for an old investigation by the tax authority, provided a net benefit of about 20 millions and this is what makes the tax rate so low as compared to last year. Let's go back now to business metrics. Gross margin 76.9% against 75.7% last year; of course, as usual, gross margin grows because our retail business grows faster than the wholesale business, we have seen one minute ago that wholesale in 2017 grew very very nicely, very very strongly, first time in the last years with a double-digit growth. The growth of the retail, which delivers much higher gross margin as you know, is not the only explanation to the gross margin improvement: all the machine, for retail and wholesale, has worked very very efficiently, inventory management has been very efficient and we will see that in a second when we will see the Net Working Capital. An efficient inventory management means, as a retail metric, a very high sell through; sell through in Spring/Summer of last year and in this Fall/Winter which is ending now but not yet, because as Roberto said we are below 0°C today, is very very high and is probably the highest since ever. So this is another important explanation that I wanted to highlight, because this is something very healthy for our business. Another point is that, within the retail, our regular stores are performing very very well, better than outlets, which have less discounted products than the year before. All these components put together delivered this amazing gross margin. Amazing also because if you look at selling expenses, they grow from 30% to 30.6%, but just half of the increase of gross margin. G&A are substantially in line with last year, from 9 to 9.1%, and they totally reflect our strategy that has been explained several times: to make the organisation stronger and to hire the right talented people we need to implement all the projects you know. A&P is in line with last year, even higher on a percentage basis than last year and as an indication for the coming years we believe that we still be in the region of 6.7% but even something that can go higher up to 7%, as we said the other time two years ago when we met. Stock based compensation is the no-cash cost associated with our stock option plans that are expiring, and the new performance shares plans that are more important in 2017, because of the new performance share plan that was approved in mid 2016. Net financial results are negative, affected by FX. At the end the Net income I commented before. And last but not least, and still very important our EBITDA which was 34.5%. As you all know, EBITDA is still a very important metric, but probably next year it will not be so important as it is and it was in the past; this because, as you know, there is a new accounting principle, that will start in 2019 and that will change the way we report our leases. We will not report any longer our rent costs, but we will report them as a financial debt our liability coming from all the leases we have signed, which is over 400-405 millions and, as an asset, the right to utilise these leases. That asset will be amortised, so we will have a huge EBITDA, because in our books we have about 180 millions rent, so the EBITDA will be higher of 180 millions, but the other face of the coins is that we will have much higher D&A below EBITDA. So, having said that, we believe that, from now on, EBIT will be the metric that all of us, as management team, but also in the market, should look at more.

This is the slide about capex. Very simple. Probably more money than what we have planned originally, because the store in Milan Montenapoleone and the one in Canton Road are, for the ones who visited the stores and you are going to visit Montenapoleone this afternoon, really amazing. We spent more than what we planned, but we are happy. We spent 72 millions, but still 6% on our sales, like last year. And again the majority, as you see, was spent for the retail network and the growing number for the wholesale shop in shops, which is an important project that Roberto told you about; then an important portion of this Capex, about 11 millions, is what we call corporate, that is mostly information technology and all the project we discussed about before. For next years, I want to give you some indication that Capex will not be lower, because we still have to invest a lot in our business, retail and wholesale, and we believe that with all the projects we have to implement information technology the total number will definitely not be lower than this.

Net Working Capital at 8% is the result of an amazing job that this company has developed, honestly we planned 9% but ended up with 8%; the difference is about 20 millions accounts payable that were not paid at the end of the year because associated to stores that have been opened very late in the year, most of them in December, like Stockholm and Florence . This 20 millions is something that you should take out, considering that 9% in any event is a very very good number and it comes from a very strict and strong control of inventory for everything I said before: the sell through was very very high and at the end the amount of inventory this year was practically exactly the same than the year before, with business growing at 17%. Also, a good control of our credit, which is growing naturally because of the growth of the wholesale business and of our concessions business, which is reported under retail, but we collect the money from department stores the month after.

Net financial position is very nice and we are very happy with the 305 millions net cash, and as you see the real cash is 394 millions. We report as a financial debt, not a real financial debt, not a debt with the banks, but the financial debt with our partners in the joint ventures: so the 67 plus 20, which is close to 85-86 millions is mostly a long term debt with our JV partners in Japan and Korea. Talking about Japan, I want to remind you that right now, in a few weeks, we will take over 9% of Moncler Japan: we now own 51% based on the contract we signed last year as you may remember, now we are allowed to buy 9% to go up to 60%. Having said that, cash is very good and there is an important thing that I want to highlight: the board has decided yesterday to propose to the shareholders meeting a significant increase of our dividend to pay out from 0.18 euro to 0.28 euros, which is almost a 60% increase, equal about to 71 millions.

On Balance Sheet honestly I don't have any comments, unless you have questions later.

Cash Flow Statement is some kind of summary of everything we said: very strong cash generation, driven by EBITDA and driven by the fact that Net Working Capital injected cash, instead of absorbing cash. Change in other assets/liabilities is deeply negative: this is a technical point, because the patent box benefit, I was talking about, is not cash-in 2017 but will be cash-in 2018 at the time we will pay the first tax payment. Having said that, no other comments, unless you have questions, but a very strong cash generation and very strong free cash flow.

PAOLA DURANTE

We now can open to the question and answers session. I already see hands.

MELANIE FLOQUET

Good morning Melanie Flouquet, JP Morgan. I have 4 questions please. The first one: if I can come back to space growth: space growth appears to have decelerated in Q4 quite meaningfully; well, I don't know if the calculations are right but on our calculations around 3% to 5%, so clearly part of this was due to delayed openings. So this will re-accelerate into full year 2018, I suppose. Could you first confirm that we will be on double-digits space growth in full year 2018? Then, moving forward in your presentation, you said that you are opening 10 stores on average vs 15 in 2018, so I suspect there is a deceleration in 2019 and 2020 in the store openings. You also referred to outerwear being up at high single digit which also suggests a deceleration in space growth, so I was wondering whether you could confirm in 2019 and 2020 if you are factoring in a deceleration in space growth, and a refocus maybe on like for like, given the sharp acceleration you are having in like for like, notably driven by online. So my first question is on space growth and it has multiple things in it, sorry. My second question is on shop in shops vs concessions: why do you choose shop in shop vs concessions? I was curious. The third question is on inventories: they are flat year on year; this is an issue for H1 like for like, are you running out of stock for the first half of this year? My last question is on omnichannel; if I understand well you are working hard on soft omnichannel business in 2018, but behind the scene now we are also working on inventories being plugged in and directly. How long will it take to have perhaps a hard omni-channel? Thank you.

LUCIANO SANTEL

I answer the first question but I mean you already gave the right answer, and so I just confirm that the reason why our space growth has been lower than what we said several times is because we ran late in the opening of several stores. Some have been opened late in December, one for example that was in our pipeline in 2017 was Dubai, which will open shortly in 2018. Everything should be all set in 2018.

ROBERTO EGGS

Maybe to add some additional information, we didn't mention 10 openings per year, we have still secured 15 openings in 2018 both in retail but also in terms of shop in shops is what we are targeting, plus another 15 renovations and expansions. Because we always look, when we need to renovate a store, if there is potential to deploy our ideal format which is 200sqm store, I think you can count on low double-digit growth in terms of space increase for 2018. The corollary of being late with some of the openings, is that we are early in the openings of 2018; so some of the delays we have had are helping us and we are planning now to have 4 openings in Q1, which we didn't have last year. Dubai will open on the 5th of March, we opened the Incheon airport in early January, so I think we are going to have a more balanced year in 2018 concerning space growth. Regarding your question on the choice between shop in shops and concessions, I think is the market that is deciding if it is a concession or if it is a shop in shop. Clearly in Europe, the department stores have been open in the last 5 years to convert their business from wholesale into retail; one of the last conversion has been done in February this year, with the shop-in-shop we had at Harrods, which was wholesale and we converted it into retail. I think we have almost now completed the transformation. The one left over is with KaDeWe, that is planned for 2019, when they are going to re-do the floor. Basically department stores in Europe will be all in concessions in a couple of years. Regarding US, their business model is still to have the brands that are mainly ready-to-wear in shop in shops. We are going to start now the first conversion from wholesale to retail with Bloomingdale in San Francisco; this is a store that is going to open in July, we are going to close the shop in shop we have in the upper floor and we are going to open a retail store concession on the ground floor, opposite to Louis Vuitton. We have also agreements with department stores in Canada: with Holt Renfrew to have already embedded in the contract of the shop in shop the possibility for us after two years, if we want, to convert at a predefined condition the shop in shop into concession. So Canada is going to move forward. I think US is still the part of the world where this is going to be more difficult. I hope that this opening with Bloomingdale in San Francisco will set the path for some changes. Other openings through shop in shops are the ones in the airports. As you are probably aware of, it is not that the brands are imposing to manage its retail operation, but is the airport deciding; so it's either you embrace and you decide because of the potential, of the quality of the clientele, of the quality of the footfall to be present and then it's wholesale, or the airport allows you to be in retail. When possible, we prefer to be retail. So in Italy the airports are in retail, but for example we opened in Paris Charles De Gaulle and is a wholesale, we have opened in Qatar that is also an wholesale. Each time it is possible to be retail, we are a retail; when it is not possible, we go under wholesale. There is one thing I would like to mention that is important: I make distinction between airports and shop in shops in the department stores. I think that if you are in Saks or if you are in another department in US and we have a 15-20 sqm shop in shop, most of the people are aware that this shop in shop has been managed by the department store; this is a rule in US, nobody surprised. I think that for airports locations, you shouldn't see any difference if it is retail or wholesale, you need to have exactly the same level of service; not only we are investing in terms of capex, which is usual shared investment with the airport operator, but we invest in uniforms, we invest in training, and in most of the cases the store manager that is running the airport operation under wholesale is a Moncler employee, because we want that the quality of service is exactly the same.

LUCIANO SANTEL

Regarding inventory, Melanie, believe me that our inventory level is good and I am not going to tell you again how happy we are when we run out of stock and how happy is our Chairman when we run out of stock, but seriously

our inventory level is good. Just to tell you something I have not been asked, retail business in the first 2 months of the year is not suffering at all and is doing pretty well with our inventory level. Also you know that right now, with the change of the weather, we will start shortly with the new season, that was only in part in the number that we reported at the end of the year. So inventory has no problem at all. About omnichannel, this is a more complex matter and I am not sure Melanie that what we are doing is correct to be called soft, and what we decided not to do yet is hard. Hard probably because the integration of system is definitely more complex, but the reason why we decided to start with the transactions, as I told you before, is because we looked first at our client experience, so we wanted to give priority to the service to our clients. The transaction that is still on the side it is the so called "one pool inventory", which is a very powerful way to make your online business very very efficient. And this means two things: minimising the stock level and maximising the sales level. With regards to minimising the stock level, I think that it is not our priority. Maximising sales level it is an understandable and legitimate priority. But honestly, again, right now our priority is to offer our clients the full range of opportunities, online and off line, and again this is something we are still in pilot. So I will let you know probably in 6 or 7 months from now, how the progress is evolving, but this is our priority; the "one pool inventory" is something that we will think about later.

ELENA MARIANI

Elena Mariani from Morgan Stanley. I have got three questions, as well. The first one is again on like for like; you mentioned in the past that you have always budgeted for mid single digit like for like and clearly you were positively surprised by the results you have achieved; how should we think about this going forward, given that clearly the retail excellence program 2.0 is going to imply further improvement in your retail keeping eyes? and how should we think about pricing in the context of like for like? I mean, your brand momentum is fantastic so can you see room for price increasing or for anything that is going to increase the price mix? Second question, going back to online and digital, clearly this is a big focus for you and I was very curious to understand a little bit better how dependent you are from YNAP and whether in the long term you could see a scenario where you fully internalize your operation, to capture 100% of the economics. Third question is for Mr. Ruffini: I think Genius is a huge revolution in the way you were doing business and talking to some of your managers yesterday I understood that you thought about this a long time ago, a few years ago, which I think is impressive given that this is exactly where the market is going now. So I was curious to understand where you find your inspiration first of all? where did you find it a few years ago, and thinking about the future so now Moncler has achieved almost 1.2 billion sales, how large do you think the brand could be in the future without impacting its DNA, its scarcity and exclusivity? Thank you.

LUCIANO SANTEL

With like for like, I have to confirm what you said. I confirm honestly Elena that the way we planned our retail business, which is not what we planned for the business, is related to the fact that we buy products to support a mid-single digit growth. If the reality is better, hopefully as it was evidently last year, of course we end up, as I said before, with a higher sell through, with the risk that Melanie said to run out of inventory. Notwithstanding the sell-through was very high, there was not this risk. Looking at the future, I think that notwithstanding all the projects, I would let Roberto to reiterate or to say something more, I still believe that planning the business to mid-single digit level is safe. So my opinion, and I think all of us agree, is that we will continue to plan with a mid-single digit growth.

ROBERTO EGGS

Maybe I add something. I think it's a prudent approach, that has proven to be successful, even when we are growing faster than that: the consequence is that you basically improve your sell-through and your productivity and your profitability at the end. And in case it will turn the other way around, it's also a safer way to plan. So I think this year all the conditions: weather conditions, climate, everything has helped us to achieve and over

perform. We are probably one of the only brands that is still selling so much Fall/Winter in the middle of February. Honestly nobody has the crystal ball to be able to predict it. I think that also with a more agile supply chain, we will be able in the future to be more responsive to the demand of the market, and probably the additional flexibility will allow us in the future to be even more reactive. Regarding the pricing, I think we are currently in the right positioning all over the market; we are working in the pricing architecture to harmonise our price even more. If you remember well, in 2015 there was a price gap in Asia, in Japan twice the price of Italy. That has now been reduced to less than 60%. I think we will use the leverage of price increases to further reduce this gap, while maintaining the level of marginality that we have. Of course, with the retail excellence, there is still a focus and we foresee potential to further develop the unit per transaction (UPT) and the sales per transaction, always having in mind that we serve the client but, when possible, trying to uplift the pricing and also increasing, with the level of UPT, the average basket. So here is a potential to further improve the price mix, but no big price increase, because we want to stay attractive for the young generation and we don't want to make the mistake of increasing too much and to be cut from what is going to be the growth engine future of the luxury industry.

#### LUCIANO SANTEL

About our current relation with YNAP honestly we don't feel a bound or stuck with this relation. We totally agreed with their choice to implement this new technology; as I said before, there are four technologies at the top, and IBM is one of these. On the other side, first of all I have also to say that, respect to a few years ago, now many activities have already been insourced. So we are talking about information technology infrastructure and logistics, because customer service is still under their responsibility but is in progress to be insourced internally, in house. All the activities associated with the relation with the market will be in house. About the technology, we are looking at the technology world; again, there are other technologies we are exploring, IBM, SAP, Oracle, Salesforce, these are the technologies, not so many but they are all very very strong. As Roberto said, we are insourcing the online business in Korea, at the end of this year or early 2019, and this will be some kind of test to understand how to run the business by ourselves. This is something we do totally transparently with YNAP; they are even helping us, because Korea is out of the scope of the contact. This is something that is very important to develop culture, to understand how this world works. And then we will see, honestly when the contract will expire we will see what to do.

#### ROBERTO EGGS

If I may add something, when we had a discussion with them a couple of years ago and we renegotiated the contract, we left the door open to internalise part of the services they are providing and we thought and we are still convinced that it is the right choice, that the first thing that we needed to internalize is the client management. So not only we have merged the database during the second half of 2017 and now have full visibility on how the clients are buying also online, but we have merged this database and we are now also progressively going to internalise the client service. We started with the Italian market, to be followed by European market because it is where we are going to start the omni-channel, and then progressively to internalise also the other platforms. So for the clientele management and the way we are managing the website, what is visible, we have already an internal studio since two years. The look-and-feel is managed by us. Basically, they have the power machine on the back to make it run, but all the important elements that are aimed at the communication with the end consumer are managed directly by us.

#### REMO RUFFINI

To talk about the strategy, I think we have to go back a little bit at the beginning of our history. In 2005 when I bought the company, as you know, the company had a strong sport attitude, and soon I realised that we had to move from this channel of distribution into a more luxury environment, and soon I decided to work with other

designers. We were one of the first companies in this industry to make collaborations, and I think only maybe Puma with Jil Sander was at the moment; we did the collaboration with Junya Watanabe, there was the guy from Comme des Garçons Group, then we worked with Nicolas Ghesquière and many many others, until 2008-2009. At that moment I become afraid, because we had a lot of success, especially for the young generation and the MacroLogo was at the moment very fashion in our collection. We decided to change strategy, because I think that to last in this industry we have to have, as i said before, a lot of energy, but a lot of energy for different generations. I moved basically to the fashion shows, there was not really in our DNA at that moment, but my feeling was really linked to reaching another crowd, using another voice around the world. I did this strategy until yesterday, but one year and a half ago, to answer your question, I felt that the world was really changing and thanks to the digital an old strategy cannot last, you really have to talk to customers, to clients every day, every hours, every week, and thinking and thinking we built up the strategy we showed you yesterday. We don't want to call it delivery, but we want to work in a project, editorial projects starting from June, that is including collection, including delivery but is not only this. It is really something to again talking to client, giving energy to the market, increase traffic in our stores and demonstrate to the world that you know, our strategy is on the market, especially for our kind of brand. The future is... I don't know. We just start this strategy. I think, I trust we can develop this in the right way, and I feel is the right solution on this, for our crowd at least. Let's see, I think we have many things to do. For sure, I will never betray scarcity and DNA of the brand, the values that for me are very important. We will try to do our best.

#### LUCA SOLCA

Luca Solca from BNP Paribas. At the risk of stating the obvious, I was very impressed by your Genius project. Newness is key in driving organic growth and pushing out brand to realisation. I think you're doubling up and coming with an innovation strategy that is probably second to none in the industry. Having said that, how do you anticipate the operational implications of this newness? Do you anticipate that you will have a higher number of SKUs and as a consequence of that could the very high full-price sell through that you are experiencing today, be marginally reduced? and is not at all an issue as the on top of the on top of the challenges that you are referring to of coordinating deliveries more accurately to the store? Then, looking at your P&L, another line that I thought was even too good is the achieved gross margin. I can only imagine what the initial gross margin, if you buy it full price, could be; but I would risk to say that it's probably above 90%. How do you see that and how do you think about that, versus perceived consumer value, considering the increased competition you have in your space? A point on M&A: Moncler is doing so well, that I've been hearing from a number of corners that there are fantasies about Moncler becoming an aggregator and building a conglomerate. I don't believe those, but I just want to hear what you say about that. And last but not least, one of your peers has secured direct control or will be securing direct control of YNAP. How do you feel about others using the data and the transaction data that you produce with YNAP online? Thank so much.

#### LUCIANO SANTEL

About your first question, Luca, the answer is no. Of course, behind complexity there is other complexity, and your concern is understandable, but honestly the way we plan our collections, is that we look very closely and strictly at the number of SKUs we want to develop. And so all together, even before starting the project, we have a very strict briefing document, on which we put a piece of paper exactly for each category and for each line including Genius, how many SKUs we want to develop. Also, something important to say again, that Roberto already said, Genius is a style and communication project, but we don't aim to develop enormous volumes with Genius. About your second question, gross margin is not exactly 90%, what we normally say is that the retail business delivers 80% gross margin, and, given it includes outlets, regular stores of course is higher than 80% but not as much as what you said. I can tell you that is closer to 84-85%, which is still a respectable gross margin.

## ROBERTO EGGS

Just one element, given you talked about perceived value, Luca. I think perceived value is a mix of different elements. You have the visibility on the margins and of course it's creating a bias on the way you look at the at the different products. But I think the end consumer is much more looking at the perceived value in different terms: the level of creativity, the level of desirability of the product, the level of quality of the product, how is made, how is manufactured, is it a sustainable product? I think these are criteria that are more and more relevant for the end consumers and of course the margin it's a nice consequence of all the work that has been done. As we have seen, Genius is really a project that is focusing on the creativity and creating desirability of the brand. As mentioned by Luciano, when we did the briefing with the merchandising team regarding the collection, we had exactly that in mind: developing the creativity, not having too much depth in what we are selling. We would like ideally to be sold out with each one of the collections; let's see if by the desire we're going to create the buzz around the brand, we are going to be able to achieve that. But I wouldn't be too scared. I think we have been planning on Genius with the same cautious approach that we have when we plan for the Main collection.

## REMO RUFFINI

Talking about M&A, first of all I don't know which other company could be part of this group. I read this as well on the newspaper a few weeks ago. It is honestly not in our plans today and I feel we have a lot of things to do. I think Moncler has strong potential to have this new face to the market, talk with every generations. I want to be concentrated for the future. Having said that, I don't see any opportunity, maybe there will be something interesting and that's it. We will see.

## JOHN GUY

Thanks it's John Guy from MainFirst. I have three questions please. With regards to price mix uplift, Roberto, you mention that you weren't going to raise prices but there were opportunities, also too much on the prices, but that is certainly price mix the emphasis. When you think about the increased product diversification that Moncler Genius brings to the table, I think reducing outerwear probably driving up the Grenoble elements over the course of the next few years, on average where do you think the price makes it can go, with talking at the midteens uplift over the course of the next three years? And in addition, historically when you've done collaborations, you've also driven a higher price mix as well through your collaboration, so maybe there's some support there. My second question is, when you're working with these designers, what are the financial terms, are you telling you can give us an around how you pay the designers, what's the incentives, is it a royalty-based program, maybe you could provide us with some more information along those lines. And when we think about the the very good uplift in sales per square meter, and you push more into travel retail, would €45,000 per square meter be too high by 2020?

## ROBERTO EGGS

On the price mix, it is true that when we usually plan for collaboration the price mix is slightly higher than the Main collection. This being said, the Fragment collection is going to be the one with the largest volume and we will try to stay attractive for the new generation, so I don't foresee a big uplift compared to what we had with Gamme Bleu and Gamme Rouge, but clearly creating much more excitement. Where I do foresee a price lift is in the new product categories that we have started to develop three-four years ago in a more intense way: the soft accessories, the knitwear, the tricot, the shoes. When you develop the culture, when you develop the legitimacy in that category, you have the pricing power that is much higher and as we are still really in the infancy of the development of those categories I think there is strong potential there to grow in terms of price mix. Regarding the development of travel retail and your dream figure, not ours, on the sales productivity, I think we, as we usually say, would do everything to protect the current level of productivity per square metre. We have been proving in



the past that, by doing the right things, there was a potential uplift on this, honestly to tell you where we're going to land it's a little bit too early. What we see is that for stores with the average square metre that we're targeting this 200 m<sup>2</sup> and also with travel retail, the level of productivity is slightly higher. This will also be a consequence on how the market is going to move. I still think that with retail excellence, we are halfway to scratch the surface in terms of potential elevation of UPT and sales per transaction and I think that the omni-channel, that we are going now to embrace with the team on the floor, there is another potential uplift in the market. Luciano mentioned the click-from-store, strongly believe in it, because this is for me the way to make out of every single small store that we have, and I remind you that having an average of 135 m<sup>2</sup> per store, we still have half of our stores below 100 m<sup>2</sup>. I think that we can give the possibility to the stores that have by essence limited amount of outerwear and limited assortment, the capability to enlarge and become a small flagship store. If this is properly executed, and it will take some time for it, I foresee potential for another growth.

LUCIANO SANTEL

Your question about designers and how we pay them. Normally we pay them based on the fixed amount, in some cases there is a variable component, but I would say that the majority is fixed, if we talk about the big designers behind Genius. But remember that Genius is not a project or a tool to develop high volumes, so quality is by far more important than quantity.

PIRAL DADHANIA

Thanks, hi Piral Dadhanian from RBC. Three questions please. On internal production, I think that you now produce 20% of your volumes internally, based on a slide you showed earlier, could you give us an update as to whether the production efficiencies are in line with your external suppliers, so you are now producing similar level of cost and where that internal percentage could reach in the future? Is the potential to continue to increase that and to reduce your reliance on external suppliers over time? Secondly, on Moncler Genius, does moving to specific date drops, such as 12 June, reduce your flexibility to respond to weather trends in the short term, like we are seeing now for example, and move those collection drops by a week or two here or there, is that significant in the future? And finally, on your shop in shop opening guidance, I think you've moved from 10 openings per year to 15 per year now, how do you manage the markdown risk with department stores, particularly in the us to ensure that you try and push as much product full price, are there terms in the contract to minimise markdown?

LUCIANO SANTEL

About your first question, actually it's better to clarify. We aim to produce up to 20%, we are not producing now 20%, we are in the region of 15% but the percentage keeps growing, so we may achieve 20% probably next year. Honestly, this is a goal we set, we gave to ourselves, not to go over 20%; it may be higher than 20%, but we still believe that it is important for many reasons, including flexibility, to have also a network of the high-end high-quality factories to work with, also because each factory may have a different specialization on different and specific products, and so pretending to do everything on yourself would not be correct honestly. The strategy is to produce up to 20% maybe 25%, but again, not much more than that. About efficiency and productivity... let's start from quality first, because the project was a "quality project" at first, and I think that, as Francesca said before, Moncler Clinique is now the best factory for outerwear in Europe, maybe in the world, I don't know, but it is a very high-end factory, with very high quality of the product they make. About productivity, it is getting better, we have other partners that are delivering better efficiency. I can't tell you that we don't care because we do care, but is something that will come, step by step.

## ROBERTO EGGS

To answer to your question on Genius. I think the flexibility you were referring to, for example the fact of being able still now to sell Fall/Winter because of the weather condition, these will remain. That has nothing to do with the Genius project, and I think the Main collection will remain, we are going to continue like we are currently doing, when there is the change of season to manage the change of season store by store, door by door. I think the Genius project and the date of drop have another objective: the objective is to create desire, to create expectation, to be able to leverage at CRM level, to be digitally able to leverage on the online and create expectation and desire for the new collection to arrive. I think this is another way to create content, to create the buzz, to leverage. When you know exactly when the collection is about to arrive in the store, if the timeframe is 2-3 weeks, what is the reason for you to go and to be the first to be able to buy it? I think it has two different purposes, we are not less flexible in the way we put a different collection and especially in the change of season; we are just creating more desire and communicating it in a different way with the end consumer, regarding the most visible and attractive part of the collection. Regarding the shop in the shop, I think the point regarding the markdowns in wholesale it is not different if you have a shop in the shop or if you don't have a shop in the shop. I think is just the opposite, I think by creating more bounds and stronger collaborations with the department store by co-investing in building the SiS, having more quality in the buying, because of course what is related to the SiS, which is bringing everything under one roof with the Moncler branding, is that we have much more interaction with the department store, we have sale advisors that are dedicated to the area and so on, it is just the opposite. Usually what we have seen in the past years, after years of testing in terms of shop in the shop, is that we improved the sell-through, we have more quality, we are not only selling permanent products but much more novelties. So this is much more reflecting and qualitative compared to being present in the multibrand area, where the sales is less reported, where we have people that don't have the technical knowledge, the product knowledge, that don't know the story about the brand. The risk there of having a low level of sales is higher, and level of sell-through lower means higher risk in terms of markdowns. So I think the shop in the shop project took some time to develop, because it needed to be convincing and so on, but is really changing the paradigm of collaboration that we have with department store especially in US and that is helping the brand to grow in an environment in US, that is currently not doing so well. We're probably one of the best top two/three, if not number one most of the time, performing brands that they have in the ready-to-wear department.

## FRED SPEIRS

Fred Speirs from UBS. Two questions: I think there were given some very good details from you Roberto on how loyalty has been improving across a number of metrics in the business and, obviously, a high repurchase rate has been into Spring/Summer, which perhaps you haven't discussed as much. We're quite a way away from seeing what Moncler Genius might mean for Spring/Summer next year, what could perhaps come in. I am just very interested to get your updated thoughts on how much you hope Spring/Summer could be contributing within this business by 2020 and perhaps how you see the balance between energising existing customers versus attracting new customers, we're moving into a phase where loyalising customer base is becoming a much more important driver for the like-for-like. The second question was around Korea, and since the joint venture with Shinsegae a couple of years back had the focus on elevating from quite a low iconic positioning to a more developed positioning, more in line with the rest of the world, how is the journey on that going, how close are we to see Moncler expand outside that sole and in developing the Korean business to a more aligned global view? Thank you.

## ROBERTO EGGS

I will start maybe, Fred, with the loyalty and the weight of Spring/Summer. First, on the loyalty, I think we need to work on both elements, both on the recruitment, making the brand attractive, one of the objective of Genius is not only to serve our existing client. You have seen how differently the collection is reaching all: on some part of the Genius collection you see more feminine parts, on others is more streetwear, something is more for younger

people, we have also products for more mature generations. I think the objective is really first to please our existing customer, but most importantly to be a driver also of new consumers and attracting consumers into Moncler. Then all the activities that we are currently developing in terms of clienteling and so on, for the global vision of the one client data, also getting input from the existing information you have, in the way they are browsing the digital world and so on, is going to further enhance the client experience. I don't want this experience to become intrusive, but I think they are now levers to deliver more qualitative client experience with more information that we had in the past. I think things need to be balanced; if it's 60% recruitment and 40% loyalty or the other way around, I don't think it's really important, as long as we continue to improve on our retail KPIs and retention rate, than if it's going to be 60 or 70 I don't think is the most important thing. Regarding the weight of the Spring/Summer I think you need always to think that, as Remo was mentioning, people are going in the direction of new seasons and the fact also of bringing the men and women collection together, the fact of de-seasonalise it and having a monthly drop, means the concept of season is something that is becoming less relevant. We have also been the first one to develop an offer with the Longue Saison, a down jacket for the summer; this is something that is working extremely well. I don't think really in terms of Spring/Summer or Fall/Winter but more proposing items to the end consumer that are relevant whatever the timing of the year is. Genius is something that is going to help us on this and also the development of the new categories. In Korea, business it was integrated the couple of years ago has been developing really well, is still a market that is mainly for us a local market, we don't have a lot of travel retail. We recently opened two stores, of which one in January, in Incheon airport and one of Duty Free Store that opened in early 2017. The three stores are doing extremely well, I foresee a potential for development on the travel retail side and under duty-free business, because I think for most of the luxury brand in Korea, 40% of the business is a duty-free business. For us, it is less than 10%, so there is a potential growth. And also it's a market where we have started to develop the enfant business and shop in the shops, and is one of the most responsive market that we have. Also I see that this market has been growing completely in line with the growth rate that we have seen in the Asia region, so a growth rate that was above 20% in the 2017.

#### MARIO ORTELLI

Mario Orтели of Bernstein. I make three questions. The first one is about CRM: you build up a strong infrastructure with many data about your customers; can you please tell us if the perception among customer of the Moncler brand of attributes are the same or you have got quite a different perception about Moncler among customer segment, and if there is any specific customer segment in which you are not satisfied of the current perception and you want to address them. The second one is about the use of cash, your company is only cash generative in the future how you want to reward your shareholders: more dividends returns? extraordinary dividend? buybacks? The last one, Mr. Ruffini, is about the future. You were always a visionary, let's talk about fashion in 10 years so what excites you the most: the opportunity of do co-design with a customer? 3-d printing? a collaborative work with digital creators? Could you try to share with us what makes you really really excited? Thank you

#### ROBERTO EGGS

Mario, thank you for the easy question on the CRM. Of course we have started to segment clients. First we have started to gather data that we honestly didn't have, we had mainly purchasing behaviour data: what people were buying, not so much about their behaviour and I think this is something that we are still enriching and clearly the merge of the database with YNAP will help us to even better understand the needs of our consumers. Now we have segmented our database on criterias of spending, but also on behaviours, on product categories they are buying and clearly there is something quite obvious: it is that the more loyal clients that we have, the ones with the higher spending power, are the ones that are buying across categories and not only buying outerwear. In general, with regards to the segment you are less happy, they are the ones that are stopping to buy; but it is not only for Moncler, it is for all databases. So clearly there is a focus for us on the ones we call sleepers: these are the clients that are not been buying Moncler for the last six months, and there is a specific action plan that has been deployed in all markets, in all stores, to awake all sleeping consumers. After six months you're not really sleeping, you are

on the verge of becoming sleeper, so we try to reactivate them through contents, in-store activation, sending them information and so on, and I must say that, if I look at the improvement of the loyalty rate, that is working. As mentioned, we finished the rollout of the MonClient app in the different stores worldwide, just in August last year. So we have some of them, which are doing that since more than one year, some others that are doing from less than six months. We need time to have the full-fledged effect of this, but I think improvement we have had in the loyalty rate is showing that there is potential. We are currently managing and directly influencing 10% of the database, we want grow to 20% at the end of 2018, having an impact on 40% of the business. If successful and with the help of automated CRM data analytics, I think we can in the future 2019/2020 have an impact on the rest of the database. We do it step by step.

LUCIANO SANTEL

About the cash, I hope you appreciated that we increased our payout from 0.18 to 0.28 euro, almost +60%. This is what we believe we will be doing in the future to reward our investors. About buybacks, our plan is to implement the buyback plans only to the extent that we need shares to deliver to our employees, to our managers, so not like a speculative instrument to give back cash to the market. We will drive dividends, depending on the important projects we still have, and the cash generation that hopefully should still be very healthy, like it was in 2017.

REMO RUFFINI

To talk about the future, our jingle last week was “the future starts now”, and is not easy to say what’s going to happen in the future. 3D would be something very interesting and is already on the table, I think it would be very strong, especially for shoes. I don't know for our product if we can work on this technology, but we already worked on that, really on this to understand how to go on. I don't think we can make 3D products in the stores, I think we can use 3D in the factory to do better quality, better technology and better production. You asked me about the different energy from different designers, this is in our pipeline. We started already this strategy maybe too early, more or less 7/8 years ago, we asked Pharrell Williams, that was a singer who was not very popular at that moment, to design our eyewear collection, to design a small jacket collection, and marketing-wise was very very successful. I think that for the Genius building, the doors are open and I feel that attracting different people, not coming from our industry, but from music, from art, could be a very interesting approach. We start working already.

OMAR SAAD

Thank you, it's Omar Saad from Evercore ISI. I have two questions. The first one is about the category, the luxury outerwear category, from lack of a better term. It experienced explosive growth over the last 10 years, in a lot of ways led by Moncler. How do you think about the evolution of the category? do you see that kind of strong growth globally ahead? and from a competitive standpoint, given the profitability in the growth and the visibility of the category, around the industry, are you seeing new entrants and new competitors emerge? That's my first question. Second question: I wanted to ask you about marketing, in the digital era, essentially; digital is been a very prominent theme throughout the last couple days, something the company is very focused on, but maybe you could talk about your view on the cost of marketing and advertising and building a brand in the digital era, the efficacy of digital technologies from marketing social media, in the returns on investment, and how attractive it is to build your brand using a lot of these new platforms and media. Thank you

REMO RUFFINI

Talking about competitors, your first question, I don't feel too many competitors on the market. Everybody say that the parka guys who came from Canada are our major competitor. I fell they are a good company but I don't think

they compete with us, they are very functional; good design, they are premium of North Face, this is my feeling. Since the beginning when the other brands start to be on the market. Honestly I feel our competitors are all good brands, they have a good outerwear, but honestly none specific brand I feel competes with us. We have for sure to be careful, I think that the last shows had a lot of good outerwear, starting from Prada, Prada sport, Luna Rossa. We have to be careful, but we feel that with a new strategy, with new ideas, new technology, that we have really a strong power in outerwear.

#### ROBERTO EGGS

Regarding your question on digital, I think the paradigm is changing, in the sense that if five years ago most of the media spend was on the media buying and less in the creativity, I think now we see really a shift. Now you need to come and invest more on the content side, because for the time being even if it is increasing rapidly the cost of the media buying on digital, it is still lower than traditional media. I think the shift needs to happen because you have less and less people, especially new generations, on traditional magazines. They think mobile, they look mobile, they don't go on prints anymore. I think outdoor advertising is still something that is relevant, because it's a message that is very visible and it's a mix of the two and is the direction to go. Regarding your question on the influencer, what we have been noticed, but we don't have yet a real matrix of return on investment, is that you need to find a good mix between influencer that have a lot of followers that are there for the reach, and then having a set of what we call microinfluencer, which are people that have between 20 to 30,000 followers that are the ones that are generating much more purchasing behaviour. What we have been measuring so far is that the difference in influencing the purchasing behaviour between micro-influencer and an influencer is 1 to 7; usually they are in terms of advocacy, they are much more relevant talking to a smaller community than the big ones, but of course if you have 2-10 million followers your reach is so big that you regenerate also. We need to find the influencer that is not going to all brands but has a focus, you can really interact with and link, and that is a fan of the brand that you can become credible. If I look at influencer that are one day with us, another other day with our neighbour Fendi, and so on, in my view this is becoming less relevant for end consumer. It's the mix between the two that is the current future. It may change as this world is changing so fast, it may change in a couple of years' time, but currently I think this is the right strategy to go.

#### PAOLA CARBONI

Hi, good morning. It's Paola Carboni from Equita SIM. Three quick questions; the first one is on the supply chain. Actually apparently we came here all a bit worried about this new Genius project and you seem instead quite, I wouldn't say relaxed but confident, let's say, because you planned everything in advance, because of not so huge volumes involved. I would change the focus to your usual work for the supply chain and how are you improving in particular on the side of auto-replenishment and, if any, with the idea of producing the seasonal items in season. So if you can share with us where are you on these two directions, on these two paths. We understand that the possibility to exceed the mid-single digit same-store-sales growth comes from the auto-replenishment opportunity, so I just wanted to understand whether the surprise we have seen is also because you made big progress in this respect, or this is also the simple buffer you have usually with the auto-replenishment option. And then on the shoe category, you seem having hired a new technical director, I'd like to know a bit more on what you are doing on the supply side, on the prototyping side for this category because one of your aims was to replicate what you did with knitwear. And last very quantitative and quick question: on capex, we understood the minimum, but not the maximum level. Thanks.

#### LUCIANO SANTEL

About your first question, Paola, believe me, we are not relaxed, but we are confident, you are correct. We are confident because we believe to know exactly how to fix our complexity, and also I think that Francesca, as I said

before, has been in the company for a few weeks, but, believe me, she has already understood very well how we should work differently and what she said is the key: we have to anticipate the problems, better and more than what we used to do in the past, so it's easy to say, much more difficult to do, but I think that we will make it. About the auto-replenishment, it is, for the time being, something that does not involve all the production, it involves a small percent of production, which is still about 8%, and includes what we call permanent products, which are not seasonal products. So we keep producing a permanent product all the year long, based on the market demand. This work has not been implemented yet on seasonal products, because first we have the priority to make the changes I told you before. With regards to shoes, we want to do what we did years ago in knitwear; knitwear a few years ago, not many, was honestly not at the level of our brand image. At that time we realised that we had to bring in house culture, so we invested in a small production unit, but even more important, we hired a director of the knitwear department. This person has developed other technical people and at the end, in two-three years we have developed a pretty good culture in knitwear and more importantly we have developed a good credibility with our customers. So the know-how, the deep knowledge of the product, of the materials, of the yarns, in this case make the difference. In shoes, I think that we are doing exactly the same we did for knitwear, and many years ago for outerwear. And so, the first step has been to hire this person, who is very very expert, a person technically expert in the shoe technicalities. Together with this person, and together with Francesca, we will create a team of technical people and at the end we want to develop culture, also because the shoes have specific requirements, that are more critical than outerwear or knitwear, because if the size of the fitting is not correct you can't wear the shoe. Shoe is a difficult animal, but we are confident, really confident that by doing this step-by-step, we will build the culture we need to get then the credibility. In terms of capex, for sure not less than 70 million, I think that you should still think about a 6% on sales, even if right now we are totally transparent with you, and the capex we have in our pipeline are a little bit lower, but based on our experience, I'm sure that if we get opportunities along the road, we will get it, and so for the time being I would suggest you to take 6%.

#### ANNE-LAURE BISMUTH

Anne-Laure Bismuth from HSBC. Is it possible to know how many stores you have in China, out of the 15 store plan, do you plan to opening in mainland China? And my second question is about the tax rate, what we should expect for full year 2018, is it possible to have a rough guidance about the tax rate for this year? Thank you.

#### ROBERTO EGGS

Very simple answer, we have currently 29 stores in China, we have planned to open in April three stores in XIAN, one for woman, one man and one enfant. I think you can count probably on 1 to 2 openings per year on the next three years. We don't want to reach the level of some other luxury brands that have 50/60 stores, but I think we have potential for some additional stores. We are also working on the refurbishment and enlargement of some of our stores. One of our dream is to have also one flagship store in China. We are currently looking at this, it's in the three-year plan, we hope to be able to secure the right location for it.

#### LUCIANO SANTEL

About the tax rate, for 2018 and 2019 it will be slightly higher than 2017. I can tell you around 27%, because we will still have the benefit of the patent box, but not as much as in 2017, because we got also the two years before. It is important to say that in 2020 this benefit will expire, so in 2020 we will get back to the 31% which was our old guidance before patent box.

## FLAVIO CEREDA

Thank you. It's almost lunchtime, so I'll keep it quick. Flavio Cereda from Jefferies. 2 questions. Compared to say 3/4 years ago, are you still having to chase the issue of fakes on the market, which of course goes hand-in-hand with you being successful, but potentially could be an issue with the whole genius project coming up? And the other thing is: I do asked to brands this recently, if you keep an eye on the second-hand markets, so the pre-worn market? I just had a quick look at the two main platforms and I'm finding almost 18,000 SKUs for Moncler. This is something which you can't control, but are you getting involved with something that you're monitoring? something that you plan to collaborate in any way? Because of course the issue is in the years' time it might be 50,000 units you'll find, thank you.

## LUCIANO SANTEL

About fakes, they are a big issue, a big problem. You know that recently Gucci and Diesel have tried to fight with the ironic way the fake industry, because unfortunately this is the case: fake is an industry. I don't think that the Genius honestly is going to worsen the situation, also because you have seen that that kind of product is very complex and very particular, but the brand itself is very hot, more and more, so fake is a never-ending battle. We have a department, as you probably know, that is spending all the time, all the day long to close online sites; as you close one, another one comes up. We have agreements also with the all most important online players, from Amazon to Alibaba, together with the European Union, to fight counterfeiting. But again, it is a problem.

## ROBERTO EGGS

Regarding your second question, Flavio, you were referring to platforms like Farfetch, right? No? Other second-hand platforms? Honestly, this is something that we are not currently monitoring. We know that there is a second-hand market, but this is relatively small. We are much more investigating on the reselling platforms, like Farfetch and collaborating with them, in order to ensure that the current geoprising is managed and we are also working very hard with our wholesale partners to develop highest level of sell-through as possible, in order to avoid markdowns on product, that are being resold by current wholesaler. I think it is a new phenomenon that has been arising, that has not been pointed out by our consumers as a concern and to tell you the truth for the time being I don't really see what concrete actions you could take on the secondary hand market, that is something that has no rules and regulations. We will have probably to have a closer look in the future. Of course, the more qualitative your product is, the longer its lifetime, the more risk you have, than a very fashionable product that is going out of date after one season.

## PAOLA DURANTE

Ok, the very last one, very very short question please.

## ASHLEY WALLACE

Thank you. I'll make it very very short. Ashley Wallace from Bank of America. Three questions from me: so just on Genius, obviously the collaboration and frequency of drops is going to have a very positive impact on traffic and brand desirability, but can you maybe give us some colours on the economics of Genius, so maybe the volume of the eight collections, as a percentage of the group, or as percentage of space contribution? Secondly, online, you put up a chart that says that online penetration in the luxury market is not even 10%, can you maybe give us some colour of where Moncler sits, relatively to that and also how online profitability sits to the rest of the group? And then lastly, a house keeping question on the leases, you have 180 million of rent charge reported, do you think

that will fall out and what is the corresponding uplifting D&A, and you have previously spoken about EBITDA margin being broadly stable, now that you are going to talk to EBIT margin, can you maybe give a bit of colour about EBIT margin development in the medium term? Hopefully they are quite quick.

ROBERTO EGGS

Maybe the first one on Genius. As you rightly mention, Genius is a new approach to consumer, a new way to communicate, more than a project making a big volume maker and turnover maker from the beginning. I think we want the opposite: to play on the scarcity of the collection, driving the traffic to the stores. This being said, we have been positively surprised by the demand that this has been generating both from our team that has been buying the collection in January and there was a lot of enthusiasm from all the Regions, most especially from the Japanese one, that were probably the most scared, because they were, with the Italian market, the biggest fan of Gamme Bleu, when we did the announcement without knowing what will come next. The fact that we have two Japanese designers, especially with Fragment, has been completely reassuring them, so they have been positively surprised by the internal demand of our buyers. We have been meeting now 350 wholesalers over the past five days in the Genius premises, making appointments, and there also the demand has been bigger than what we had initially planned. Instead of giving you brackets on how much is represented on the total sale, I would maybe make the comparison with what was the weight of Gamme Bleu and Gamme Rouge, it is going to be for the 1st season slightly higher than what we had for Gammes. I think the potential is probably much bigger but as I mentioned we don't want to. It is not a project to push sales, it is a project to increase desirability of the brand and to be able to communicate and interact with the client on the weekly basis, this is the first objective. The second question was on the online, as I mentioned at the beginning, the 9% penetration of the online for the luxury sector is including cosmetics; if you look at it and you guys are probably more informed than I am on the penetration for the fashion industry, I think is more on 7% and we are currently around 7.5% so we are in line with the performance of the market, knowing that probably we started a little bit later than the other players and with a very strong growth especially under wholesale side, that was initiated and started in 2015 so we see tremendous potential on this segment and with the omnichannel I think these will further accelerate.

LUCIANO SANTEL

Yes, about the question on leases, I made it simple before, because the technicality behind this accounting principle is much more complex, but we do not expect a material impact at EBIT level because we expect the 180 million euros rents to move from the line "rents" to the line D&A. It will be probably a little bit less, because there is an actualisation impact, that will move a portion of this cost below EBIT in the financials, but I don't think it will be material. Talking about the metrics, EBITDA will not be any longer, neither for us nor for everyone, significant and meaningful, so that's why I think that all the market and all the companies will look more at EBIT. EBIT margin was at 28.6% last year, in line with the year before, which is honestly a very high operating income. For the future we don't give any indication, but of course everything which is included in our strategy is expected to deliver strong results in our operating margins, but believe me that the number is already a very valuable number.

PAOLA DURANTE

Okay. I thank you very much.