Moncler S.p.A.

"Nine Months 2014 Financial Results"

November 11, 2014

MODERATORS: REMO RUFFINI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER
LUCIANO SANTEL, CHIEF CORPORATE OFFICER
ANDREA TIEGHI, SENIOR DIRECTOR OF RETAIL BUSINESS AND DEVELOPMENT
SERGIO BUONGIOVANNI, EXECUTIVE BOARD MEMBER
PAOLA DURANTE, INVESTOR RELATIONS AND STRATEGIC PLANNING DIRECTOR

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the Moncler Nine Months 2014 Financial Results Conference Call. After the presentation, there will be an opportunity to ask questions.

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

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

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

Let me also highlight that given the nature of our business, interim results can be influenced by seasonal effects and therefore, cannot be taken as a proxy for full year trends or results. Finally, press has been invited to participate in this conference in a listen-only mode.

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

REMO RUFFINI: Good evening, ladies and gentlemen. Welcome to Moncler nine months 2014 result conference call. Despite several headwinds that are impacting the sector, in the first nine months of 2014 Moncler delivered 18% growth in sales at constant currencies and 19% growth in EBITDA. Our strategy remains solid and unchanged. We are building a global brand in the luxury sector with the aim of having a balanced presence in all regions where we operate.

At the end of September, our network includes 163 monobrand stores of which 127 were DOS. We have opened just to mention Toronto, our first store in Canada, Hawaii and in October Chongqing . In October, we opened two additional retail stores and for the next year we have already secured some 15 locations.

Today, I am also very pleased to anticipate that starting from January 1, 2015 the Korean market will be directly controlled by Moncler through a joint venture, 51% for Moncler and 49% for our partner, Shinsegae. With Korea, we have now full control of all markets in which we operate. I strongly believe that Korea is important for the future development of Moncler. Let me also highlight how the important Leica partnership with the Fabien Baron exhibition at Sotheby is another example of how we can marry different worlds into the Moncler future. Heritage, quality, patience, innovation and uniqueness are the essence of Moncler. We continue to work as always to improve all this as we have done in the past.

Let me also comment on the overall trend. The situation is for sure more difficult than even only three months ago. However, I continue to remain fully confident in our brand, in our superior growth opportunities. As challenges are part of our DNA, we are climbing the highest and more difficult mountains; we are used, to face heavy and expected storms, we know our direction, our strength , our target, we are determined to reach the high.

Let me now handover to Mr. Santel, who will go into more details on the results.

LUCIANO SANTEL: Thank you and good evening, everybody. Let's go now to Page 6 of the presentation where we report the most important points of our third quarter and nine months results. We reported €449.3 million of total sales, up 16% at reported currencies and up 18% at constant currencies. 77% of our sales come from the international markets against the 73% last year, and 49% of our total sales come from the retail channel against the 45% of last year. In the retail channel, we report a comparable store sales growth of 7%.

Regarding our operating margin, EBITDA was €136.1 million with a margin on sales of 30.3% against the 29.5% of last year. EBIT, was equal to €117 million and net income rose to €70.5 million; net debt €217.8 million against €171 million in December of last year and €242.3 million at the end of September of last year.

Let's go now to Page 7, where we report the breakdown of our sales by market. All international markets reported a pretty solid growth: North America + 36%, Asia +35%, Europe +14%, Italy almost flat, minus 1% with some timing issue, but we expect this number to be flat by year-end. As you may see, our domestic market represents now 23% of our total business against 27% in the same period of last year.

Let's go now to Page 8, where we report sales by distribution channel, the retail channel is the channel where we reported an higher growth rate, up 28%. However we recorded a still a very solid growth rate in our wholesale channel, up 9%, that we can say is above our expectations, notwithstanding the strategy to select our multibrand customers. growth rate and. About the retail channel, of course, most of the growth has been driven by the new openings, but we report a pretty solid comp store sales growth which is 7% in the first nine months.

We can look now at Page 9, where we report our monobrand stores network. We have opened in first nine months of the year 20 new stores, of which 13 stores have been opened in this quarter, in Q3 only. Most important stores, are Toronto, our first store in Canada; in the United States Hawaii, Paris Saint Germain and Chongqing in China. We expect at least other five stores to be opened in the fourth quarter, and for 2015 we have already secured about 15 stores. So our total chain is now 127 DOS and on the top of that, we have 36 shop-in-shops in department stores.

Let's go now to Page 12, where we report our income statement. Top line, we said €449.3 million, gross margin was 70%, higher than the 69.2% of last year, exclusively driven by the growth in the retail channel. Selling expenses are growing as our retail business is growing, so this is totally expected. G&A expenses: 10.4% against 11%. so a pretty good control of our G&A. A&P 7.4%, substantially in line with the 7.5% of last year. As you know, we still expect for the year end to spend more this year in 2014 than in 2013. .

Net financial results, we reported a foot note just to explain that this number has been impacted in this specific quarter, by the FX gains that have been €3.2 million against a loss of €2.1 million last year. The financial expenses only were €8.4 million this year, against €11.5 million last year. EBITDA on the bottom of the page: €136.1 million, 30.3%, 80 basis points higher than the 29.5% of last year.

Page 13, we report a bridge between the EBITDA of last year and the EBITDA of this year. We can go quickly to Page 14, where we report the important information about CapEx. CapEx at the end of September was €40 million, against the €24.4 million same period of last year, and €34 million we spent in whole 2013. As we said, we planned to spend much more in CapEx this year than last year.

On the top of our original plan, we can say that we will have an additional CapEx in this quarter because we made a decision to buy out the building where we operate our business in Padova. That building has been recently purchased for about €2 million, just to let, you know, we are paying a rent of about €600,000 early. So it was an opportunity we decided to take. Of course, most of our CapEx is associated with the retail expansion. But again, as you know, we are spending this year an important and material amount of money for the new showroom in Milan. And also, last but still very important, we are spending an important amount of money in our IT infrastructure, SAP and not only. We have many projects in our pipeline.

Let's go now to Page 15, where we report our net working capital. Net working capital represents a 19% on sales on the last 12 months sales. Last year same period, it was 15%, just to let you know, the year before was again 19%. This is totally driven by the decision to anticipate the production cycle which has been already explained to the market in the past. And also, last year, you may remember that we incurred some delays in our production.

So the final result is that our working capital is higher because our inventories are higher, in order to be able to deliver our products early to our wholesale customers and to our stores, this increase was expected, and this is good for our business. Just to give you some comments, credit accounts receivables are exactly in line with last year which is good and shows a strict control on our credit. The inventory is, of course, for all the reasons I told you, higher…significantly higher than last year. And the accounts payable, of course, by anticipating the cycle, we started to pay our supplier earlier and therefore payables are lower. The overall 19% again is in line with our plan.

Page 16, net debt, we reported €217.8 million on net debt. Last year, in September it was €242.3 million. The debt is still higher than the debt at the end of December of last year, but this is because of our seasonality cycle. Of course, you know, that in Q4 we developed most of our business through the retail channel, and the result of the retail business is a decrease in our debt. So we still expect, of course, our net-debt to be lower than last year.

Page 17, we report our balance sheet, nothing important to make comment. Page 18, we report our cash flow statement, where we see again some of the information we have discussed about. The increase in our net working capital which is pretty immaterial and also the amount of CAPEX €40 million, which is significantly higher than last year. We also report the dividends that have been €25 million and that we paid in June this year.

PAOLA DURANTE: Okay. So thank you very much to everyone for participating in this call. And we are all available to take your follow-up questions if you have any since tonight. Thank you and see you or speak to you soon. Bye.