

Moncler S.p.A

“Nine Months 2017 Interim Management Statement Conference Call”

Tuesday, October 24, 2017, 17:45 CET

**MODERATORS: PAOLA DURANTE, INVESTOR RELATIONS AND STRATEGIC
PLANNING DIRECTOR
LUCIANO SANTEL, CHIEF CORPORATE AND SUPPLY OFFICER**

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the Moncler's Nine Months 2017 Interim Management Statement Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Paola Durante, Investor Relations 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. As you have seen, the call has been slightly anticipated given the busy reporting day. For this reason, we will try to be as short as possible to finish before 6:30 PM CEST.

As usual, for Q1 and Q3, in the call you have myself and our Chief Corporate and Supply Officer, Luciano Santel. Before commenting on our revenues results, 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 and are subject to risks and uncertainties that could cause results to differ even materially from those expressed in or implied by the statements. In addition, let me remind you that we have invited members of the media to participate in this conference in a listen-only mode.

Moving now to Page 3 of the presentation, let me just make two quick comments. We are very happy with Moncler sales results which

continued to grow double-digit also in Q3. All regions and all channels contributed positively to these results.

Going to Page 4, global expansion continued with international markets growing at 19% at constant exchange rates and accounting for 85% of total revenues, driven by an ongoing positive trend in Europe, accelerated solid growth in Asia and a good trend in the Americas. At the same time, we are highly satisfied with our domestic market performance in both channels.

Let's move to Page 5. Both channels, Retail and Wholesale showed strong performances. In particular, Retail sales rose by 20% at constant currencies in Q3 driven by sound comp store sales growth and by newly opened or enlarged relocated stores, some of which are achieving results ahead of our expectations notwithstanding some delays in openings which would be recovered in Q4.

Our online store continues to outperform significantly. Wholesale also performed well, driven by the good results of the Fall/Winter Collections, the expansion of the mono-brand network and the good growth of the e-tailers. Q3 wholesale results have been particularly strong in North America and APAC. Also Europe performed nicely in the quarter driven by Germany, UK and Italy.

Let's now analyze more in detail Moncler performance by each region. On Page 6, we start with the focus on EMEA including Italy. EMEA reported a solid 21% growth in the first nine months and 18% in Q3 supported by strong local demand and good touristic flow. All European markets showed a positive growth. In Q3 we continue to see excellent ongoing performances in the UK and France. Revenues in Italy continued to report a good organic growth in both channels. This market, as

expected, has been affected by the temporary closure of the Montenapoleone store. As you know, this store has just been reopened with a doubled surface.

Talking about Asia, which as you know includes APAC, Japan and Korea. Asia recorded 19% growth in the first nine months in acceleration in Q3 which grew 24%. In Q3, all markets in the region showed double-digit growth. We are very happy with the initial performance of our flagship store in Hong Kong, Canton Road which has been opened in July with a soft opening, but that will have its official opening event on November 16th. We are extremely excited about this event, which we hope you will be able to attend in person.

Revenues in Americas increased 11% in Q3 with both markets, Canada and US, and both channels, retail and wholesale, growing double-digit. In particular, our retail revenues growth has been largely driven by the contribution of the newly opened stores. Wholesale performances benefited also from the opening of new shop-in-shops in particular in Canada.

Let's finally briefly comment on our store network, at Page 9 of the presentation. At the end of September, our Retail stores reached 195 units. In the quarter, we opened four locations. As of today, we have 198 stores, having opened in October the two stores, men and women, at the new La Rinascente in Rome and our second store in Toronto in Bloor Street yesterday.

In the forthcoming weeks, we have some important openings and relocations to be finalized including Moscow GUM, which will be relocated from the store in Stoleshnikov, our first retail store in Stockholm and a first store in Dubai. We confirm that we have some five additional

stores to open in 2017 and, as of today, some 13 stores secured for 2018 with a similar number of relocations and expansions. In addition we are targeting some additional 10 new shop-in-shops in 2017 and at least 15 new shop-in-shops in 2018.

I will now leave the floor to your questions. Operator, can you please open the Q&A session, please?

Q&A

OPERATOR: Excuse me. This is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press “*” and “1” on their touchtone telephone, to remove yourself from the question queue, please press “*” and “2.” Please pickup the receiver when asking questions. Anyone who has a question may press “*” and “1” at this time.

The first question is from Elena Mariani with Morgan Stanley. Please go ahead.

ELENA MARIANI: Hi, good evening, Paola. Thanks very much for taking my questions. I am going to start with your performance in retail and the 20% organic growth that you’ve achieved in Q3. If I understood correctly, your space expansion this year is going to be much more skewed towards to the fourth quarter. So perhaps, could you give us an indication on the third quarter, is it broadly in line with what we’ve seen in the first half of the year around 7% or are we really looking at something close to low double-digit in line with what we should expect in the second half? And then my second question is on the early trends you are seeing in October. Obviously it’s going to be a tough quarter for you in term of comps, I remember you mentioned that you would be happy with a positive like-

for-like, are you satisfied so far even if it's just the beginning, and are you seeing meaningful changes in trends starting from perhaps September that, similarly, some of your peers have seen? And last question is on wholesale, you had a bit of an acceleration in Q3, and I remember that you are generally budgeting low to mid single-digit growth, what is driving this strength and what should we expect going forward? Thank you.

LUCIANO SANTEL: Okay, Elena, this is Luciano Santel. I am taking your questions. About your first question, yes, you are right and nothing particularly different about the space growth as compared to the first half and the comments we made in the first half. As you know, Q1 and Q3 we don't report precise numbers about comp and about space growth, but again your assumption is correct and most of our openings will be in Q4 and most of our space growth will happen in Q4.

About current trend, October honestly started very well, so we are confident about the quarter even if, as you pointed out, this quarter is very challenging, the base of comparison is very tough, and honestly November and December last year were particularly strong. So we still have ahead two important months to compare with, but again so far so good, so we are confident.

About wholesale, you are right. We originally planned, and what we normally said about our strategy, is of a growth rate in the low single-digit, but after first quarter, considering the results of our sales campaign for spring and fall, we anticipated that for this year we were looking more at mid single-digit than low single-digit. So September ended up with a good growth rate, honestly in line with our expectations for this year, because this year again we expect a result closer to the mid than definitely to the low single-digit.

ELENA MARIANI: Okay, thank you. Just to be precise, on the space contribution, do you confirm the full year guidance also like low double-digit contribution which is what you had mentioned before, so that implies basically a meaningful reacceleration into the fourth quarter?

LUCIANO SANTEL: Yes, Elena absolutely, our guidance is still for the space growth in the low double-digit for the year-end.

ELENA MARIANI: Thank you and congratulations on your wonderful flagship in Milan.

LUCIANO SANTEL: Thank you.

OPERATOR: The next question is from Anne-Laure Bismuth with HSBC. Please go ahead.

ANNE-LAURE BISMUTH: Yes, hi good evening. Anne-Laure Bismuth from HSBC. I just wanted to come back on the contributions from new space and the like-for-like. I know that you are no longer disclosing the like-for-like on a quarterly basis, but just based on your previous comments, the 7% or broadly similar contribution from new space in Q3, implies a slight deterioration of 13% like-for-like in Q3. So do you have any comment on that? Thank you very much.

LUCIANO SANTEL: Yes, Anne-Laure. About the space growth, again, we do not report numbers. So honestly, I can't make comments. But, some facts speak clearly by themselves. We have not opened important number of stores in first half, and in the third quarter. The majority of our stores will be opened, and in part have been opened in Q4. So of course, the expected low double-digit growth in space will happen at the end of this year. In Q3, it is less than what we expect for the year-end. So again, I can't tell you exactly what the comp was in Q3. But the overall assumption and the

thinking process is correct. Of course, we are happy with our comp for sure.

ANNE-LAURE BISMUTH: Regarding Q4, I know that you will face the toughest base of comparison of the year. But are you seeing that reaching flat to slightly positive like-for-like would be achievable? Thank you very much.

LUCIANO SANTEL: As I said before October started very well, so far so good. I have to be honest with you, November and December as well are much more challenging. And so yes, I think that they are achievable, honestly not easy, not at all, I would say challenging but achievable, but again it's very difficult to predict now because again the real battle is still to happen in November and December.

ANNE-LAURE BISMUTH: Thank you very much.

OPERATOR: The next question is from Piral Dadhania with RBC Capital Market. Please go ahead.

PIRAL DADHANIA: Yes, hi, good evening. Would you be able to just give us some indications of whether the warm weather trends had any impact on your third quarter like-for-like? And whether there was any change in footfall relative to the first half? That's my first question. And then secondly, would you have any visibility on how the Spring/Summer Wholesale order collections have gone for 2018? And then finally, just in terms of e-commerce, I think you said that trends were strong, both in your own website and also e-tailers. Are you able to give us an indication of the relative growth rates of both of those channels? Thank you.

PAOLA DURANTE: Yes, Piral, I'll take the question on weather, which is one of my favorite. No impact, in Q3 there is only September that can make some differences.

And to tell you the truth, no, nothing really related to weather. Actually, we are very happy with the Q3 performances. So if any, we had very good results. And to tell you the truth, we will see Q4, but we are confident, as Luciano said today. October is doing well. We are happy. But November, and December, despite any weather, are going to have a challenging base of comparison, as we all knew. The second question, I'll leave it to Luciano.

LUCIANO SANTEL: Weather is important but, we have to live with that. And one week or one month may be better than the other, but at the end what we look at is the brand strategy and the brand health. To answer to your question, the order campaign of Spring/Summer has been good. We are very happy with the Spring/Summer order campaign. We are happy about volumes but we are happy also because we have seen our customers appreciate the collection, the product, and so everything makes us confident about 2018.

About online, we have our own online business and is growing well, faster than the retail brick-and-mortar business. So we are happy with our online business even if we totally know and understand that the potential is still higher...much, much higher than what we are able to deliver now. And we are also happy with the online business developed by our wholesale customers. The volumes are growing and honestly our job is more to control the amount of the products we sell to them and they sell to their consumers, than the other way round.

So you know that our strategy, distribution strategy and even more on online is very selective, very conservative. We want to preserve, to protect first the brand and of course, we are happy so we developed volumes, but volumes come after the brand.

PIRAL DADHANIA: Right, thank you.

OPERATOR: The next question is from Melanie Flouquet with JP Morgan. Please go ahead.

MELANIE FLOUQUET: Yes, good evening. I have two questions, if I may. The first one if I understood well you mentioned 15 openings for full year '18. I was wondering whether you could indicate to us what sort of space growth contribution this would mean. Maybe between 9 or 10 would be a good idea? The second question is regarding Mr. Ruffini's statement in the release, he is talking about big changes that are breaking well established molds and using new tools and codes. I was wondering, whether you could share a little bit more on what molds have been broken in your own industry and what are new tools and codes you are actually working on? Thank you.

PAOLA DURANTE: Yes, hi, Melanie. I will just take the first one and then I will leave Luciano to comment on the second one. I mentioned that, as of today, we have 13 stores secured and a similar number of relocations and expansions. So we can confirm, also in 2018, a low double digit growth in terms of selling surface.

MELANIE FLOUQUET: Thank you.

LUCIANO SANTEL: Okay. And Melanie, about the new projects, the new tools, the new process Ruffini is talking, we are looking on new important projects. Honestly, I would say that the brand has been working on new projects since ever, so nothing particularly new, but new exciting projects coming up. And about new tools, new codes, of course, we are thinking more and more of a new way to communicate our brand, together with the product, to communicate our brand to younger generations that are using more and more the online, so digital is something that we have in mind when we

think about new projects but it is not only about digital. It is about the brand itself, it is about the product, the collection and the way we want to communicate, a little bit different from the past, but still within the spirit and identity of the brand.

MELANIE FLOUQUET: And the molds that have been broken in your view, what are those? that's a big statement!

LUCIANO SANTEL: When you introduce and you want to develop new tools or new codes, you have to break something that is or we consider it is old. And so, this is the meaning of this sentence.

MELANIE FLOUQUET: Okay. Thank you very much.

LUCIANO SANTEL: You're welcome.

OPERATOR: The next question is from Janet Kloppenburg with JJK Research. Please go ahead.

JANET KLOPPENBURG: Good evening, everyone. Thanks. Congrats on a nice quarter. Just a couple of quick questions, I heard you say that the ecom business was quite strong. Just like to know, how much broader your distribution is, how many more platforms are you on year-over-year in the third quarter, and how that looks for the fourth quarter? And also, I was wondering, if you could comment on the progress you are making with your new product categories including your accessories, your footwear and your knitwear and also some of the broader fabrications being used in the outerwear, including you know, the wool and shearling mixed in with the nylon jackets. And just lastly, on next year's expansion, I was wondering if there will be any store opening strategy, would they be larger than they

have been historically and that's again a major expansion planned? Thank you.

PAOLA DURANTE: Janet, sorry. Your first question was on Ecommerce on new platform?

JANET KLOPPENBURG: On the e-tailers that you are working with, probably like you say, your distribution is significantly broader this year over last, which you know, could offer you a great opportunity for the strong momentum in the channel over the holiday season?

LUCIANO SANTEL: Yes, hi Janet. This is Luciano. About e-tailers, their distribution is growing, and it is growing pretty fast but not as much as our customers would like to, because again in the quarter we tend to control the volumes and what we put online in their sites. The customers we are working with are the most important e-tailers and the most high-end, I'm talking about Net-A-Porter, Mr Porter, Mytheresa and ...

PAOLA DURANTE: Stylebop.

LUCIANO SANTEL: Stylebop. Yes, thank you, Paola. And so these are the sites we are working with, and these are the sites we wanted to work with because again as I said before brand first, and then volumes will come.

JANET KLOPPENBURG: Okay.

LUCIANO SANTEL: Okay, so I hope, I answered your question, the first question. Second question was about new other categories. They are doing well. Spring as you may remember when we made the comments at the end of June, reported very strong numbers in the other categories, the growth rate was high double-digit and higher than in the outerwear. For the first part of this Fall season they are still growing faster and faster than outerwear. So we

are very happy. We are confident because we see more and more consumers asking for these categories, appreciating these categories. And so, what we want is to get as much credibility as we have developed for outerwear, also in these categories. Of course, I am talking about, as first, knitwear within its two subcategories, which are tricot and cut & sewn. But I'm talking also about shoes, which are a bit behind knitwear. But step-by-step, season-after-season we see these categories growing very nicely. What was the third question?

PAOLA DURANTE: The third question was on new projects for 2018, in terms of retail if I understood well. So if this was the question, yes we have a couple of new markets, in which we are entering next year: Mexico and we will open also our first store in Oslo, that I think we already mentioned during the last call. And then, we have some important relocations we are finalizing.

JANET KLOPPENBURG: And on the average store size would it be similar to the latest trend or could the stores be moving larger?

PAOLA DURANTE: But in terms of average store, you know that we talk about store average size for a normal store of around 200 square meter, for flagships they are higher. We are not expecting many more flagships, but we are still reinforcing this network. So the indications that we gave in the past of a high single-digit average growth in terms of store size, it's something I would still consider.

JANET KLOPPENBURG: Okay. Thanks so much.

LUCIANO SANTEL: You're welcome.

OPERATOR: The next question is from Paola Carboni with Equita. Please go ahead.

PAOLA CARBONI: Yes, hi. Good afternoon everybody. I have a few questions. The first one is if you can comment about same-store sales growth which I understand you don't deliver. But just to give us an idea of the ranking and the performances by the different geographies? And in particular, possibly a comment on the Chinese cluster? Second question is about wholesale, if you can share with us a kind of trend, how much of this growth is being driven by new space also in wholesale, in particular from the opening of shop-in-shops? And with reference to both channels, in the presentation you said that the US market was basically driven at retail level just by new openings. So if you can comment about the environment that you are seeing there. And last question, if possible, an update on your projects for 2018, specifically about travel retail and new flagships? Thank you.

LUCIANO SANTEL: Okay. About comp as you said, of course, we don't report any comp, but what I can tell you is that Europe was very, very good and Asia was very good too. All the different countries, I would put Japan first, but again Mainland China, Hong Kong, Korea, all of these markets performed very well. As a part of Europe, very well in Italy too. And then America, still fairly good, but honestly not as much as the other markets.

PAOLA DURANTE: About the Chinese cluster, Paola, I can confirm that the Chinese cluster is growing double-digit.

LUCIANO SANTEL: And about wholesale, concerning the growth driven by space, we say that our strategy, in the past, was to be very selective with our distribution, now we are still very, very selective. But we started more than before to open shop-in-shops with department stores. So, we have an important program in progress for this year, for next year. Honestly, I can't tell you exactly how much is space, how much is organic, what I can tell you is that in some countries like Italy for example, where we did not used to open shop-in-shops even if actually we recently opened one in Rome in

Gente, but this is the only example, the majority of our wholesale distribution in Italy is multi-branded stores. Notwithstanding, we keep selecting and cutting the number of doors and we are growing in the Wholesale business in Italy.

So, it is both, it is organic. But, you are right, it is, to some extent, also new openings or transformations of the existing presence in department stores, under what I call, the shelves business into shop-in-shops.

About the US, I answered in part to your question saying that comp is weaker or less strong than in the other regions. So, of course, needless to say in the US, the retail is not particularly healthy now. So we look at this market with a lot of attention also because our wholesale business is growing with the department stores. The department stores on one side are doing very well with our brand. But, on the other side are not doing particularly well overall. So, we have to look at their overall performance, it's not only the performances with our brand. So we monitor very closely the credit aspect of the business. But in terms of strategy, we monitor the future business we can do with them. So far so good, but again the retail business overall in the United States is not now particularly strong.

PAOLA DURANTE: The last question was on travel retail for 2018. We are working on some projects; we will update you when we will release the full year results. There is one in a new market, Thailand, at the airport that we should enter next year and a few others.

PAOLA CARBONI: And also, for flagship store as well, I don't know maybe it's too early to mention specific location. But, are there other projects also for flagship stores in 2018?

PAOLA DURANTE: Yes, we are working on them.

PAOLA CARBONI: Okay. Thank you.

PAOLA DURANTE: Thank you.

OPERATOR: As a reminder, if you wish to register for a question, please press “*” and “1” on your telephone. The next question is from Flavio Cereda with Jefferies. Please go ahead.

FLAVIO CEREDA: Hi, good afternoon. Just have a quick question please, you correctly highlighted that Q3 was affected by the temporary closure. How temporary was that closure. Can you remind us what the impact was in Q3?

LUCIANO SANTEL: Flavio, hi, this is Luciano, you are talking about the closure in Montenapoleone. Montenapoleone was closed end of June.

PAOLA DURANTE: At beginning of June.

LUCIANO SANTEL: Beginning of June. So, it has been closed for more than three months, I would say four months because we opened last Thursday October 19th. So, that store has affected the overall business in Italy of course because for us it is, more than before, a very important store.

PAOLA DURANTE: Excluding the Montenapoleone effect, Italy had a similar trend, if you look at H1, the trend has been similar.

FLAVIO CEREDA: Great, super numbers. Thank you.

LUCIANO SANTEL: Welcome.

OPERATOR: Once again, if you wish to ask a question please press “*” and “1” on your telephone. Gentlemen, there are no more questions registered at this time.

PAOLA DURANTE: Okay. If there are no more questions, we are very happy. Therefore, we can leave the right time for the forthcoming conference call that we know, it's at 6:30. In any case, Anna Rita and myself are available for any follow-up question that you might have. Just to remind you that we have published on our website the financial calendar for 2018 and you can see all the dates for next year.. Full year results will be published on February 26, as usual, after the closing of business. Our quiet period will start on January 27. I thank you very much and don't hesitate to call if you need any follow-up question. Thank you.