



# M&A DEAL OVERVIEW

## MONCLER TO BUY STONE ISLAND FOR €1.15 BILLION



<b>ACQUIRER</b>	Moncler SpA (MONC: MIL)	
<b>ACQUIRER DETAILS</b>	<ul style="list-style-type: none"> <li>• An Italian fashion and apparel company that designs, produces and distributes its products internationally with expertise in the luxury sporting and mountaineering subsector</li> <li>• Moncler is one of the most famous designers of luxury puffer jackets with 122 stores in 66 countries globally</li> <li>• Founded in 1952, headquarters in Padua, Italy</li> <li>• Employees – 4030</li> </ul>	
<b>ACQUIRER FINANCIAL INFORMATION</b>	<ul style="list-style-type: none"> <li>• Market Cap: €12.26 billion</li> <li>• EV: €12.29 billion</li> <li>• LTM Revenue: €1.46 billion</li> <li>• Forward P/E Ratio: 38.17</li> </ul>	<ul style="list-style-type: none"> <li>• LTM EBITDA: €418.46 million</li> <li>• LTM EV/ Revenue: 8.41</li> <li>• LTM EV/ EBITDA: 29.26</li> </ul>
<b>TARGET</b>	Stone Island	
<b>TARGET DETAILS</b>	<ul style="list-style-type: none"> <li>• A high-end Italian fashion and apparel brand that specialises in designing, producing and selling streetwear and sporting garments</li> <li>• Founded in 1982, headquarters in Ravarino, Italy</li> <li>• Employees – 97</li> </ul>	
<b>TARGET FINANCIAL INFORMATION</b>	<ul style="list-style-type: none"> <li>• Market Cap: N/A</li> <li>• EV: N/A</li> <li>• LTM Revenue: €240 million (est.)</li> </ul>	<ul style="list-style-type: none"> <li>• LTM EBITDA: €69.3 million (est.)</li> <li>• LTM EV/ Revenue: N/A</li> <li>• LTM EV/ EBITDA: N/A</li> </ul>
<b>DEAL POINTS</b>	<ul style="list-style-type: none"> <li>• Deal announced – 07/12/2020</li> <li>• Deal expected to close – first half of 2021</li> <li>• Deal Price – €1.15 billion</li> <li>• In a cash-and-share deal, Moncler will buy 70% of the company owning Stone Island from CEO, Carlo Rivetti in cash and the remaining 30% from Temasek, the Singaporean state-backed investor. The Rivetti family will also receive 10.7 million Moncler shares at €37.51 per share</li> <li>• Acquirer Advisor – Citigroup Inc.</li> <li>• Target Advisor – Rothschild &amp; Co</li> </ul>	
<b>RATIONALE</b>	<ul style="list-style-type: none"> <li>• Moncler has experienced a year of high demand-deficiency caused by the coronavirus pandemic. The pandemic exposed the luxury fashion industry's heavy dependency on Chinese tourists for driving profits. Recognising this dependency, Moncler aims to tap into new high-growth consumer bases such as younger urbanites. Stone Island's high-end streetwear is particularly popular within this market and can allow them to diversify their clientele</li> <li>• Moncler's purchase of Stone Island could also be seen as the initial stages of establishing an Italian luxury fashion hub in Europe. This could allow them to capture broader market share from competitors and dominant players like French luxury conglomerates LVMH and Kering</li> <li>• Stone Island has a strong presence domestically (in Italy) and in Europe but has not yet made an impact in the ever-expanding Chinese market and the USA. Moncler has a foothold in these high-growth markets, allowing them to pitch the Stone Island brand to consumers in these regions. This is important as Chinese consumers are forecasted to make up half of global luxury goods purchases by 2025. Moncler aims to reach 200 million consumers in this market</li> <li>• Stone Island has appeared to battle a lot of Covid-19's negative impacts and has seen strong revenue growth recently (estimated sales of almost €240 million in 2020) whilst global luxury goods sales are expected to fall by 23% on average. These impressive figures indicate high growth potential and strong revenue-based synergies for Moncler</li> <li>• Moncler could also increase revenue by utilising Stone Island's high-profile collaborations with VF's recently acquired Supreme and endorsements from music icons like Drake</li> </ul>	