SMCP

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2018 First half semester

Press release - Paris, September 4th, 2018

H1 2018: very strong results
Adjusted[1] EBITDA, up +14.8%, with margin reaching 17.0%

- H1 2018 sales up +15.5% at constant currency at €493.3 million (+12.4% reported)
- Strong and consistent like-for-like sales growth at +5.8% in H1 18
- Adjusted[1] EBITDA up +14.8%, at €83.9 million, with margin reaching 17.0%
- Strong increase of Net income at €27.4 million (vs. €1.1 million in H1 2017)
- Continued deleveraging with net debt/adjusted [1] EBITDA[2] ratio down to 1.7x (vs. 1.9x in December 17)
- 2018 guidance confirmed:
    - Sales growth: above +13% at constant currency
    - Adjusted[1] EBITDA margin: around 17%

Commenting on the results, Daniel Lalonde, SMCP's Chief Executive Officer, stated: *"SMCP has again delivered very strong results this semester with a double digit growth across all brands, a strong profitability and further deleveraging. This achievement underlines the effectiveness of our strategy, to generate profitable growth through the dynamic expansion of our core business, the success of our e-commerce approach and new store openings in highly attractive locations. It also attests to the creativity and talent of our teams across the world. This well-executed strategic roadmap will continue to drive our long-term vision for the group. With this very strong performance, we are on track to achieve our 2018 full-year guidance."*

H1 2018 KEY FIGURES	H1 2017	H1 2018	Change as reported
Points of sale	1,267	1,381	+114
Sales (€m)	438.9	493.3	*+12.4%*
Adjusted [1] EBITDA (€m)	73.1	83.9	*+14.8%*
Adjusted [1] EBITDA margin (%)	16.7%	17.0%	*+0.4pt*
Net Income Group Share (€m)	1.1	27.4	-
EPS[3] (€)	0.002	0.374	-
Diluted EPS[4] (€)	0.002	0.347	-
Free Cash Flow after tax excl. IPO-related items[5]	36.5	28.6	-

[1] *For all references to adjusted EBITDA in this document please refer to full definition on pages 3.*
[2] *Last twelve months adjusted EBITDA.*
[3] *Net Income Group Share divided by the average number of ordinary shares in H1 18 reduced by existing treasury shares held by the Group.*
[4] *Average number of common shares in H1 2018, less the treasury shares held by the company, plus the common shares that may be issued in the future. They include the conversion of the Class G preferred shares (5,026,180 shares) and the performance bonus shares (LTIP) which are prorated on the performance criteria reached at June 30, 2018 (30% of the number of shares distributed, i.e. 583,464 shares).*
[5] *One-off IPO-related Items include the cash effect of cost of share-based payments (-€11.2m) and IPO related expenses (-€2.3m)*

H1 2018 CONSOLIDATED RESULTS

Consolidated sales reached €493.3 million, up +15.5% at constant currency driven by an outstanding international growth, with sales up +27.2% at constant currency. Reported sales stood at +12.4%, including a negative currency impact of -3.1%. **Like-for-like sales** growth remained strong over the first semester, reaching +5.8%, a very good performance driven by the dynamism of the brick and mortar store network as well as the exceptional results of the digital strategy, as digital sales reached 14.3% of the Group net sales (+200bps vs. H1 2017).

Adjusted EBITDA increased by +14.8% from €73.1 million to €83.9 million in H1 2018, driven by dynamic sales growth as well as margin expansion. The **Adjusted EBITDA margin** increased from 16.7% to 17.0% demonstrating the Group's ability to deliver profitable growth. This margin expansion is the result of a strong retail margin driven by the growing share of e-commerce and APAC as well as a strict control of SG&A costs while maintaining the pace of investment to support future growth.

Other non-recurring expenses decreased from -€13.0 million in H1 2017 to -€3.8 million in H1 2018. H1 2017 non-recurring expenses mainly included some one-off IPO-related costs (-€9.8 million, out of which -€7.2 million related to free preferred shares charges and -€2.6 million related to IPO fees and others). **Financial result** has improved from -€30.4 million in H1 2017 to -€10.6 million in H1 2018, representing a decrease of €19.8 million driven by the significant deleveraging of the Group. **Income tax** amounted to a net expense of -€17.6 million in H1 2018, representing a tax rate of 39.1%.

The Group Net income rose from €1.1 million in H1 2017 to €27.4 million in H1 2018. Diluted EPS stood at €0.347 in H1 2018, vs. €0.002 in H1 2017.

H1 2018 FREE CASH FLOW AFTER TAX AND NET FINANCIAL DEBT

Free Cash Flow after tax excl. IPO-related items[1] stood at €28.6 million in H1 2018, reflecting a strong level of adjusted EBITDA generation, a sustained capex of -€22.1 million, as well as a change in working capital of -€32.0 million impacted by higher volume purchases related to a strong international demand as well as a low base of comparison on inventories. Free Cash Flow after tax stood at €15.0 million in H1 2018, including -€13.6 million of one-off costs related to the IPO[1] and free preferred shares.

This cash generation, combined with the favourable development of the adjusted EBITDA, contributed to the Group deleveraging, with **leverage ratio** reduced from 1.9x Net debt/adjusted EBITDA[2] in December 31, 2017 down to 1.7x in June 30, 2018. **Net financial debt** decreased from €292.0 million in December 31, 2017, to €286.4 million in June 30, 2018.

2018 GUIDANCE CONFIRMED

SMCP will continue to roll out its long-term strategy, leveraging all its growth levers. This includes like-for-like growth, by growing its core business, accelerating accessories, men and digital as well as store expansion in strategic international markets.

As a retail pure player, supported by a unique execution model blending the codes of luxury and fast fashion, SMCP is well-positioned to capture growth and pursue market share gains.

For the year 2018, SMCP anticipates another year of profitable growth, targeting a sales growth above +13% at constant currency. The Group also foresees a continued expansion of its adjusted EBITDA margin at around 17%.

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[1] *One-off IPO-related Items include the cash effect of cost of share-based payments (-€11.2m) and IPO related expenses (-€2.3m)*

[2] *Last twelve months adjusted EBITDA*

ADDITIONAL INFORMATION

The condensed interim consolidated financial statements for the 2018 First-Half Results were approved by the Board of Directors at its meeting on August 31, 2018. A limited review has been carried out on the condensed interim consolidated financial statements. The Statutory Auditors' report will be issued with unqualified opinion once all procedures required to file the half-year financial report have been completed.

The 2018 half-year financial report is available on SMCP's website (www.smcp.com) by September 5, 2018 at the latest.

FINANCIAL INDICATORS NOT DEFINED IN IFRS

The Group uses certain key financial and non-financial measures to analyse the performance of its business. The principal performance indicators used include the number of its points of sale, like-for-like sales growth, Adjusted EBITDA and Adjusted EBITDA margin.

Number of points of sale

The number of the Group's points of sale comprises total retail points of sale open at the relevant date, which includes (i) directly-operated stores, including free-standing stores, concessions in department stores, affiliate-operated stores, factory outlets and online stores, and (ii) partnered retail points of sale.

Like-for-like sales growth

Like-for-like sales growth corresponds to retail sales from directly operated points of sale on a like-for-like basis in a given period compared with the same period in the previous year, expressed as a percentage change between the two periods. Like-for-like points of sale for a given period include all of the Group's points of sale that were open at the beginning of the previous period and exclude points of sale closed during the period, including points of sale closed for renovation for more than one month, as well as points of sale that changed their activity (for example, Sandro points of sale changing from Sandro Femme to Sandro Homme or to a mixed Sandro Femme and Sandro Homme store).

Like-for-like sales growth percentage is presented at constant exchange rates (sales for year N and year N-1 in foreign currencies are converted at the average N-1 rate, as presented in the annexes to the Group's consolidated financial statements as at December 31 for the year N in question).

Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA is defined by the Group as operating income before depreciation, amortization, provisions and charges related to share-based long-term incentive plans (LTIP). Consequently, Adjusted EBITDA corresponds to EBITDA before charges related to LTIP.

Adjusted EBITDA is not a standardized accounting measure that meets a single generally accepted definition. It must not be considered as a substitute for operating income, net income, cash flow from operating activities, or as a measure of liquidity.

Adjusted EBITDA margin corresponds to adjusted EBITDA divided by net sales.

"Management" Gross margin

"Management" gross margin corresponds to the sales after deducting rebates and cost of sales only. The "accounting" gross margin (as appearing in the accounts) corresponds to the sales after deducting the rebates, the cost of sales and the commissions paid to the department stores and affiliates.

Retail Margin

Retail margin corresponds to the gross margin after taking into account the points of sale's direct expenses such as rent, personnel costs, commissions paid to the department stores and other operating costs.

The table below summarizes the reconciliation of the "management" gross margin and the retail margin[1] with the "accounting" gross margin as included in the Group's financial statements for the following periods:

(€m)	H1 2017	H1 2018
Gross margin (as appearing in the account)	**279.0**	**316.1**
Readjustment of the commissions and other adjustments	-57.2	-60.8
"Management" Gross margin[1]	**336.2**	**376.9**
Direct costs of point of sales	-176.6	-196.6
Retail margin[1]	**159.6**	**180.4**

Free cash-flow after tax

Free cash-flow after tax is defined as adjusted EBITDA after taking into account changes in working capital requirements, non-current items paid, income tax paid and net cash flows from investing activities.

Net financial debt

Net financial debt represents the net debt portion bearing interest. It corresponds to current and non-current financial debt, net of cash and cash equivalents net of current bank overdrafts.

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METHODOLOGY NOTE

Unless otherwise indicated, amounts are expressed in millions of euros and rounded to the nearest million. In general, figures presented in this press release are rounded to the nearest full unit. As a result, the sum of rounded amounts may show non-material differences with the total as reported. Note that ratios and differences are calculated based on underlying amounts and not on the basis of rounded amounts.

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[1] *From management accounts*

DISCLAIMER: FORWARD-LOOKING STATEMENTS

Certain information contained in this document may include projections and forecasts. These projections and forecasts are based on SMCP management's current views and assumptions. Such statements are not guarantees of future performance of the Group. Actual results or performances may differ materially from those in such projections and forecasts as a result of numerous factors, risks and uncertainties.

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For more information regarding these factors, risks and uncertainties, please refer to the information contained in the documents filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) as part of the regulated information disclosure requirements and available on SMCP's website (www.smcp.com).

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FINANCIAL CALENDAR

- October 30th, 2018 : Q3 sales

A conference call to investors and analysts will be held by Philippe Gautier, CFO and Operations Director, from 9.00 a.m. (Paris time).

Related slides will also be available on the website (www.smcp.com), in the Finance section.

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INCOME STATEMENT (€m)	H1 2017	H1 2018
Net sales	**438.9**	**493.3**
Adjusted EBITDA	**73.1**	**83.9**
D&A	-17.8	-17.5
% of sales	**-4.0%**	**-3.6%**
LTIP	-	-7.0
Current operating income	**55.3**	**59.4**
Other non-recurring income and expenses	-13.0	-3.8
Operating profit	**42.3**	**55.5**
Financial Result	-30.4	-10.6
Profit before tax	**11.9**	**44.9**
Income tax expense	-10.7	-17.6
% of Profit before tax	-90.4%	-39.1%
Net income (Group share)	**1.1**	**27.4**

CASH FLOW STATEMENT (€m)	H1 2017	H1 2018
Adjusted EBITDA	73.1	83.9
LTIP Social security charges	-	-1.4
Subtotal	73.1	82.5
Changes in working capital	-10.5	-45.6
Income tax expense	-7.0	0.2
Net cash flow from Operating activities	**55.6**	**37.1**
Capital expenditure	-21.2	-22.1
Others	-	-
Net cash flow from Investing activities	**-21.2**	**-22.1**
Net interests paid	-15.4	-9.0
Other financial income and expenses	-1.5	0.5
Capital increases/decreases	-	-
Purchase and proceeds from disposal of treasury shares	-	-
Issuance and repayment of borrowings	-37.0	-19.9
Exchange rate and change accounting principles	-0.8	0.2
Net cash flow from financing activities	**-54.6**	**-28.2**
Change in net cash	**-20.2**	**-13.2**

BALANCE SHEET - ASSETS (€m)	As of Dec. 31, 2017	As of Jun. 30, 2018
Goodwill	630.1	630.1
Intangible assets	728.8	729.2
Property, plant and equipment	67.8	66.3
Non-current financial assets	16.1	18.4
Other non-current assets	1.0	0.9
Deferred tax assets	56.2	20.0
Non-current assets	**1,499.9**	**1,464.8**
Inventories and work in progress	179.4	201.1
Accounts receivables	52.7	43.9
Other receivables	49.7	39.6
Other current financial assets	-	-
Cash and cash equivalents	40.4	38.6
Current assets	**322.2**	**323.1**
Total Assets	**1,822.2**	**1,787.9**

BALANCE SHEET - EQUITY & LIABILITIES (€m)	As of Dec. 31, 2017	As of Jun. 30, 2018
Total Equity	**1,082.9**	**1,114.1**
Bond loans	192.3	173.6
Non-current loan	-	-
Other non-current liabilities	0.0	0.1
Provisions and other non-current liabilities	0.3	0.3
Deferred revenue	0.1	0.1
Net employee defined benefit liabilities	3.2	3.6
Other liabilities	0.0	0.0
Deferred tax liabilities	183.7	153.9
Non-current liabilities	**379.7**	**331.6**
Interest-bearing loans and borrowings	2.4	1.9
Trade and other payables	102.9	94.3
Bank overdrafts and short-term financial liability	137.7	149.2
Short-term provisions	2.8	5.1
Other liabilities	113.9	91.8
Current liabilities	**359.6**	**342.3**
Total Liabilities	**1,822.2**	**1,787.9**

ABOUT SMCP

SMCP is a global player in the apparel and accessories market with three distinct contemporary Parisian fashion brands, *Sandro, Maje* and *Claudie Pierlot*. End of 2017 SMCP brands are present in more than 1,300 points of sales in 39 countries. Evelyne Chetrite and Judith Milgrom founded Sandro and Maje in Paris, in 1984 and 1998 respectively and continue to provide creative direction for the brands. Claudie Pierlot was founded in 1984 by Madame Claudie Pierlot, and acquired by SMCP in 2009. SMCP is listed on the regulated market of Euronext Paris (compartment A, ISIN Code FR0013214145, ticker: SMCP).

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