SMCP

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2018 Full Year Results

Press Release – Paris, March 21st, 2019

2018, another strong year: double digit growth in sales and adj.[1] EBITDA

16.9% of adj. EBITDA margin, in line with guidance

- Double-digit sales growth in 2018 of +13.0% at cc.
- Significant acceleration in digital, reaching 14.7% of sales
- Adj. EBITDA up +11.6% at €171.5 million, reaching 16.9% of sales
- Net income of €50.2 million in 2018 vs. €6.3 million in 2017
- Further deleveraging with a Net financial debt/Adj. EBITDA ratio of 1.6x (vs. 1.9x in Dec. 17)
- 2019 guidance: between +9% and +11% of sales growth at cc. and stable Adj. EBITDA margin

Commenting on the report, Daniel Lalonde, SMCP's Chief Executive Officer, stated: *"In 2018, SMCP delivered another year of profitable growth, in line with its guidance. Market conditions have been challenging, particularly in Q4, but SMCP demonstrated, once again, the strengths of its unique business model and delivered best-in-class performance. Thanks to the great commitment of our talented teams, we also continued to invest in the global desirability of our three brands and continued our worldwide expansion with 134 POS openings. For 2019, we are confident of our ability to deliver our roadmap in a volatile environment. We will notably focus on accelerating our digital journey, strengthening our international platform and driving forward retail excellence to fuel future growth and brand desirability."*

KEY FIGURES	2017	2018	Change as reported
Sales (€m)	912.4	1017.1	*+11.5%*
Adjusted [1] EBITDA (€m)	153.7	171.5	*+11.6%*
Adjusted [1] EBITDA margin (%)	16.8%	16.9%	*+0.1pt*
Net Income Group Share (€m)	6.3	50.2	-
EPS[2] (€)	0.015	0.687	-
Diluted EPS[3] (€)	0.015	0.638	-
Free Cash Flow after tax excl. IPO-related items[4]	47.6	50.4	-

cc.: at constant currency

[1] For all references to Adj. EBITDA and adj. EBIT in this document please refer to full definition on pages 4 and 5

[2] Net Income Group Share divided by the average number of ordinary shares in 2018 reduced by existing treasury shares held by the Group.

[3] Average number of common shares in 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 (5,072,914 shares) and the performance bonus shares (LTIP) which are prorated on the performance criteria reached at Dec. 31, 2018 (24% of the number of shares distributed, i.e. 502 399 shares).

[4] In 2018, one-off IPO-related Items include the cash effect of cost of share-based payments (-€11.3m) and IPO related expenses (-€2.8m)
In 2017, one-off IPO-related items include the cash effect of cost share-based payments (-€9.1m) and IPO related expenses (-€6.2m)

2018 CONSOLIDATED RESULTS

In 2018, **consolidated sales** were €1,017.1 million, up +13.0% at constant currency, in line with the upgraded full-year guidance. The sales growth included a solid **like-for-like sales growth** of +3.7%, despite challenging market conditions in the fourth quarter. Full-year reported sales were up +11.5%, including a negative currency impact of -1.6% reflecting the appreciation of the euro. Over the last twelve months, SMCP **net openings** reached 134 points of sale, including 102 directly operated stores, above the annual target. These openings took place in all the international regions with 59 POS in APAC, 49 in EMEA and 19 in the Americas. The year 2018 also revealed a significant acceleration in digital, as **digital sales** now represent 14.7% of total sales, a penetration that has been consistently growing over the last five years.

Adjusted EBITDA increased by +11.6% from €153.7 million to €171.5 million, resulting in an **adjusted EBITDA margin** of 16.9% showing the Group's ability to deliver profitable growth despite challenging market conditions in France and unseasonal weather conditions. This performance reflects a good resilience of the Gross margin, which remained at a high level (75.9%), a sound control of store costs as well as a very strict discipline on SG&A, down from 20.3% to 18.9% of sales, while maintaining the pace of investments to support future growth.

Adjusted EBIT increased by +14.0% from €118.7 million to €135.3 million, resulting in an adjusted EBIT margin of 13.3% compared to 13.0% in 2017, notably reflecting a decrease in D&A expenses from 3.8% to 3.6%.

Other non-recurring income & expenses which included -€41.9 million of one-off IPO-related costs in 2017 decreased from -€46.7 million in 2017 to -€12.5 million in 2018.

Financial results which included -€40.5 million of one-off IPO-related costs in 2017 significantly improved from -€69.9 million to -€19.4 million in 2018. Excluding these one-off IPO-related costs, the strong reduction of €10 million in financial charges was the result of the continued deleveraging of the Group and more favorable funding conditions.

Income tax amounted to -€39.9 million in 2018 of which -€2.9 million was French trade tax (CVAE). Excluding the French trade Tax (CVAE), the Corporate Income Tax (CIT) stood at 41.1 % in 2018. This tax rate notably reflected the non-deductibility of part of the financial and LTIP charges.

The Group net income rose from €6.3 million in 2017 to €50.2 million in 2018. In 2017 SMCP's net result included €38.6 million of one-off IPO-related costs. **Diluted EPS** stood at €0.687 in 2018 compared to €0.015 in 2017.

2018 FREE CASH FLOW AFTER TAX AND NET FINANCIAL DEBT

Free Cash Flow after tax excl. IPO-related costs[5] stood at €50.4 million in 2018 compared to €47.6 million in 2017, driven by a strong increase of the adjusted EBITDA. This performance also includes a sustained capex of -€56.3 million (5.5% of sales), as well as a change in working capital excl. IPO-related costs of -€52.1 million which continued to be impacted by higher purchases linked to a strong international demand. Free Cash Flow after tax stood at €36.3 million in 2018, including -€14.1 million of one-off costs related to the IPO[5].

This cash generation, combined with the increase in adjusted EBITDA, contributed to the continued Group deleveraging. In 2018, SMCP showed another strong reduction of its **Net financial debt/adjusted EBITDA** ratio from 1.9x on December 31, 2017 to 1.6x on December 31, 2018. The Group benefits today from a sound financial

[5] *In 2018, one-off IPO-related Items include the cash effect of cost of share-based payments (-€11.3m) and IPO related expenses (-€2.8m)*
In 2017, one-off IPO-related items include the cash effect of cost share-based payments (-€9.1m) and IPO related expenses (-€6.2m)

structure to support its journey to become a global leader in accessible luxury. **Net financial debt** decreased from €292.0 million on December 31, 2017 to €274.0 million on December 31, 2018.

2019 GUIDANCE

Positioned in one of the fastest-growing segments, SMCP will pursue its strategy, drawing on powerful growth levers and strong fundamentals.

Based on a unique business model, blending the codes of luxury and fast fashion with its retail pure player profile, SMCP is today well positioned to continue to capture all growth opportunities both on the organic side by increasing its core business and expanding accessories, menswear and digital, and through store expansions with still plenty of white space.

In 2019, market conditions are expected to remain volatile with regards to trade policy, geopolitical uncertainties and fluctuations in exchange rates. In this context, SMCP will remain focused on its 2019 key priorities: driving retail excellence, accelerating its digital journey and strengthening its international platform to support growth opportunities. SMCP will continue to ensure a perfect execution of its roadmap, managing its resource allocations to support future growth.

For the year 2019, SMCP is targeting a sales growth of between +9% and +11% at constant currency and a stable adj. EBITDA margin compared to 2018.

ADDITIONAL INFORMATION

The Board of Directors of SMCP held on March 20, 2019, authorized the consolidated financial statements for the 2018 fiscal financial year for issue to the shareholder's meeting. The statutory auditors have performed their audit procedures over the financial statements and, the audit report will be issued following the completion of the procedures required for the filing of the registration document. The financial figures for 2017 included in this press release are extracted from the consolidated financial statements of SMCP for the 12-month period ending on December 31, 2017.

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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.

Adjusted EBIT and adjusted EBIT margin

Adjusted EBIT is defined by the Group as earning before interests and taxes and charges related to share-based long-term incentive plans (LTIP). Consequently, Adjusted EBIT corresponds to EBIT before charges related to LTIP.

Adjusted EBIT margin corresponds to Adjusted EBIT 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 management 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 with the accounting gross margin as included in the Group's financial statements for the following periods:

(€m)	2017	2018
Gross margin (as appearing in the account)	**585.1**	**649.3**
Readjustment of the commissions and other adjustments	116.2	122.4
Management Gross margin	**703.6**	**771.7**
Direct costs of point of sales	-364.7	-408.5
Retail margin	**338.9**	**363.3**

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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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

- April 29th, 2019: Q1 sales

The presentation to analysts and investors, held by Daniel Lalonde, CEO and Philippe Gautier, CFO and Operations Director will be broadcast live today from 9.00 a.m. (Paris time) on SMCP's website (www.smcp.com).
Related slides will also be available on the website, in the Finance section.

INCOME STATEMENT (€m)	2017	2018
Sales	**912.4**	**1,017.1**
Adjusted EBITDA	**153.7**	**171.5**
D&A	-35.0	-36.1
% of sales	*-3.8%*	*-3.6%*
Allocation of LTIP	-1.9	-13.4
Current operating income	**116.8**	**122.0**
Other non-recurring income and expenses	-46.7	-12.5
Operating profit	**70.1**	**109.5**
Financial result	-69.9	-19.4
Profit before tax	**0.2**	**90.1**
Income tax	6.1	-39.9
Net income	**6.3**	**50.2**

CASH FLOW STATEMENT (€m)	2017	2018
Adjusted EBITDA	153.7	171.5
Changes in working capital	-59.3	-66.2
Income tax expense	-13.1	-12.7
Net cash flow from operating activities	**81.2**	**92.6**
Capital expenditure	-49.0	-56.3
Others	0.0	-
Net cash flow from investing activities	**-48.9**	**-56.3**
Net interests paid	-37.3	-16.0
Other financial income and expenses	-1.0	-0.5
Capital increases/decreases	127.0	-
Purchase and proceeds from disposal of treasury shares	-0.7	-
Issuance and repayment of borrowings	-138.3	-14.8
Exchange rate and change accounting principles	-1.7	0.2
Net cash flow from financing activities	**-52.1**	**-31.1**
Change in net cash	**-19.8**	**5.2**

BALANCE SHEET - ASSETS (€m)	As of Dec. 31, 2017	As of Dec. 31, 2018
Goodwill	630.1	630.1
Intangible assets	728.8	736.1
Property, plant and equipment	67.8	76.0
Non-current financial assets	16.1	19.5
Other non-current assets	1.0	0.5
Deferred tax assets	56.2	33.4
Non-current assets	**1,499.9**	**1,495.5**
Inventories and work in progress	179.4	221.4
Accounts receivables	52.7	51.4
Other receivables	49.7	39.2
Cash and cash equivalents	40.4	46.5
Current assets	**322.2**	**358.5**
Total Assets	**1,822.2**	**1,854.0**

BALANCE SHEET - EQUITY & LIABILITIES (€m)	As of Dec. 31, 2017	As of Dec. 31, 2018
Total Equity	**1,082.9**	**1,142.2**
Bond loans	192.3	174.2
Other non-current liabilities	0.4	0.4
Net employee defined benefit liabilities	3.2	3.3
Deferred tax liabilities	183.7	166.5
Non-current liabilities	**379.7**	**344.5**
Interest-bearing loans and borrowings	2.4	2.1
Trade and other payables	102.9	115.5
Bank overdrafts and short-term financial liability	137.7	143.9
Short-term borrowings	2.8	3.2
Other liabilities	113.9	102.6
Current liabilities	**359.6**	**367.4**
Total Liabilities	**1,822.2**	**1,854.0**

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*. Present in 40 countries with 1,466 points of sale, SMCP generated €1 bn sales in 2018. 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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