

# SMCP

sandro · maje · claudie pierlot · de fursac



2019 Third quarter

Press release - Paris, October 29<sup>th</sup>, 2019

## Strong Q3 performance driven by Europe and APAC Full-year guidance confirmed

- Consolidated sales up +10.8% on a reported basis to €274.5m, including one month of De Fursac
- Sales growth up +9.0% at constant currency & scope, against high base of comparison (+14.0% at ccs.<sup>1</sup>)
- Sales growth acceleration throughout the quarter driven by positive start to FW19 collections
- Double-digit international sales growth, mainly driven by APAC and EMEA; strong resilience in France
- Positive like-for-like sales growth in Q3 19 driven by all international markets
- 28 DOS openings in Q3 19 and further progress on French network optimization plan
- De Fursac integration well on track; solid progress towards store openings roadmap for 2020
- Full-Year guidance confirmed

**Commenting on the report, Daniel Lalonde, SMCP's CEO, stated:** "In Q3 2019, we delivered a strong performance, particularly in APAC and EMEA, driven by a positive start from our Fall/Winter 2019 collections. In France, despite a sluggish market, our performance improved over the quarter and SMCP kept on gaining market share. Globally, we observed strong underlying trends and recorded a positive like-for-like sales growth fuelled by the successful implementation of our key priorities over 2019 and the global desirability of our brands. We are confident that this good momentum will continue in the next quarter and enables us to confirm our full-year guidance."

€m except % Unaudited figures	Q3 2018	Q3 2019	Sales growth at ccs. <sup>1</sup>	Reported change <sup>2</sup>	9M 2018	9M 2019	Sales growth at ccs. <sup>1</sup>	Reported change <sup>2</sup>
<b>Sales by region</b>								
France	89.6	91.8	+0.6%	+2.5%	276.6	275.4	-1.1%	-0.4%
EMEA <sup>3</sup>	77.8	87.5	+12.2%	+12.4%	223.3	246.3	+9.9%	+10.3%
Americas	32.5	36.0	+6.3%	+11.0%	92.7	104.8	+6.9%	+13.0%
APAC <sup>4</sup>	47.8	59.2	+21.5%	+23.8%	148.4	188.5	+24.5%	+27.0%
<b>Sales by Brand</b>								
Sandro	118.9	133.4	+11.0%	+12.2%	361.8	395.8	+7.9%	+9.4%
Maje	98.4	108.3	+8.8%	+10.0%	288.1	320.6	+9.8%	+11.3%
Other brands <sup>5</sup>	30.4	32.9	+2.1%	+8.0%	91.1	98.5	+5.8%	+8.0%
<b>TOTAL</b>	<b>247.7</b>	<b>274.5</b>	<b>+9.0%</b>	<b>+10.8%</b>	<b>741.0</b>	<b>814.9</b>	<b>+8.4%</b>	<b>+10.0%</b>

<sup>1</sup> All references to "ccs." in this press release correspond to sales growth at constant currency & scope

<sup>2</sup> Including one month of De Fursac sales

<sup>3</sup> EMEA covers the Group's activities in European countries excluding France (mainly the United Kingdom, Spain, Germany, Switzerland, Italy and Russia) as well as the Middle East (including the United Arab Emirates).

<sup>4</sup> APAC includes the Group's Asia-Pacific operations (mainly Mainland China, Hong Kong, South Korea, Singapore, Thailand and Australia).

<sup>5</sup> Claudie Pierlot and De Fursac brands

## 2019 THIRD QUARTER SALES

In the third quarter of 2019, consolidated sales reached €274.5 million, up +9.0% at constant currency and scope. Reported sales stood at +10.8%, including a positive currency impact of +1.1% and the contribution from De Fursac over a period of one month (+0.7%). This performance reflected a positive like-for-like sales growth driven by all international markets while the Group continued to expand its store network, in line with its roadmap.

Over the last twelve months, SMCP net openings amounted to +107 directly operated stores. This includes +51 net openings in APAC, +47 in EMEA and +16 in the Americas. Meanwhile, in France, where the Group has pursued the optimization of its network with -7 targeted net closings (DOS), SMCP continued to invest in new qualitative locations. Overall in Q3 2019, SMCP opened +28 directly operated stores.

### Sales breakdown by region

**In France**, sales were up +2.5% on a reported basis (including De Fursac) and up +0.6% at ccs. despite a challenging market. This performance showed a gradual growth's acceleration throughout the quarter which bodes well for Q4 2019. Following the impact of the heatwave on traffic in July, like-for-like sales growth renewed with a good momentum from August onwards. Meanwhile, SMCP pursued its network optimization plan with -6 net closings over the quarter and qualitative investments in key locations including Claudie Pierlot Champs Elysées.

**In EMEA**, sales growth stood at +12.2% at ccs., showing a sharp sequential acceleration versus Q2 19. This growth's acceleration was observed in all countries and was largely driven by the like-for-like growth. While July was impacted by the heatwave, like-for-like sales growth renewed with a strong momentum from August onwards thanks to a positive start to the Fall-Winter 2019 collections.

**In the Americas**, the Group generated a good performance of +6.3% sales growth at ccs. considering the exceptionally high basis of comparison (+41.8% at ccs. in Q3 2018). This performance reflected a solid underlying trend with a sequential like-for-like sales growth improvement versus H1 2019. It was also impacted by a lower contribution from new stores due to delays in the opening of the Sandro Flagship on Prince Street (New York), an important store, already ranked as the number one store in Americas.

**In APAC**, the Group recorded another very strong quarter with +21.5% of sales growth at ccs. against a high basis of comparison (+31.0% at ccs. in Q3 2018) and despite the events in Hong-Kong. In Mainland China, the Group recorded a performance above its expectations (over +30% of sales growth at ccs.), fuelled by both Brick & Mortar and Digital. This performance was driven by a high single-digit like-for-like sales growth, the continued stores network expansion and solid progress in digital. Over the quarter, the Group launched its WeChat mini e-shop program which will contribute to diversifying SMCP's digital sales channels further.

### Sales breakdown by brand

In Q3 2019, **Sandro** performed strongly at +11.0% at ccs. driven by a positive start to its Fall-Winter 2019 collections while **Maje** continued to generate a dynamic performance at +8.8% at ccs. considering its higher base of comparison (+20.6% at ccs. in Q3 2018). Finally, **Claudie Pierlot** reported a sales growth of +2.1% at ccs. still impacted by a weak performance from its dress category (Spring-Summer 2019 collection) and its lower exposure to fast-growing international markets.

Overall, SMCP displayed solid progress in accessories with sales up at double-digit, mostly driven by **Maje** and **Claudie Pierlot** which continued to capitalize on leather goods and shoes. Digital sales penetration also increased, notably driven by mainland China.

Over the last twelve months, **Sandro** recorded +50 DOS net openings, including Prince Street in New York, MixC in Shijiazhuang (China) and the relocation of a dual gender store in Toulouse (France). **Maje** pursued its

development with +45 DOS net openings, including key stores in Milan Corso Como (Italy), MixC in Shijiazhuang (China) and Fashion Valley in San Diego (USA). Finally, **Claudie Pierlot** recorded +15 DOS net openings including Champs Elysées (France) and increased its international footprint notably with +12 DOS in APAC.

<b>2019 GUIDANCE CONFIRMED</b>
--------------------------------

SMCP confirms its 2019 Full-Year guidance. The Group is targeting a sales growth of between +9% and +11% at constant currency and a stable adj. EBITDA<sup>1</sup> margin compared to 2018. This guidance does not take into account the acquisition of De Fursac which was finalized on September 5, 2019.

---

<sup>1</sup> This guidance is disclosed without taking into account the impact of the application of IFRS 16, effective as of the fiscal year 2019.

APPENDICES

Breakdown of DOS

Number of DOS	9M-18	2018	H1-19	9M-19	Var. vs. H1 19	Var. vs. FY 18	Var. vs. Q3 19
<b><u>By region</u></b>							
France	482	482	481	475	-6	-7	-7
EMEA	348	364	385	395	+10	+31	+47
Americas	140	148	146	156	+10	+8	+16
APAC	158	178	195	209	+14	+31	+51
<b><u>By brand</u></b>							
Sandro	486	503	520	536	+16	+33	+50
Maje	390	409	423	435	+12	+26	+45
Claudie Pierlot	205	213	217	220	+3	+7	+15
Suite 341	47	47	47	44	-3	-3	-3
<b>Total DOS</b>	<b>1,128</b>	<b>1,172</b>	<b>1,207</b>	<b>1,235</b>	<b>+28</b>	<b>+63</b>	<b>+107</b>

Breakdown of POS

Number of POS	9M-18	2018	H1-19	9M-19	Var. vs. H1 19	Var. vs. FY 18	Var. vs. Q3 19
<b><u>By region</u></b>							
France	482	482	481	475	-6	-7	-7
EMEA	461	480	504	516	+12	+36	+55
Americas	162	174	181	182	+1	+8	+20
APAC	308	330	352	374	+22	+44	+66
<b><u>By brand</u></b>							
Sandro	624	646	672	690	+18	+44	+66
Maje	515	538	557	567	+10	+29	+52
Claudie Pierlot	227	235	242	246	+4	+11	+19
Suite 341	47	47	47	44	-3	-3	-3
<b>Total POS</b>	<b>1 413</b>	<b>1 466</b>	<b>1 518</b>	<b>1 547</b>	<b>+29</b>	<b>+81</b>	<b>+134</b>
<b><i>o/w Partners POS</i></b>	<b>285</b>	<b>294</b>	<b>311</b>	<b>312</b>	<b>+1</b>	<b>+18</b>	<b>+27</b>

NB: De Fursac POS stood at 59 in Q3 19, including 57 DOS, bringing the total to 1,606 POS for SMCP o/w 1,292 DOS

## 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.

\*\*\*

## 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.

\*\*\*

## 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.

This document has not been independently verified. SMCP makes no representation or undertaking as to the accuracy or completeness of such information. None of the SMCP or any of its affiliates representatives shall bear any liability (in negligence or otherwise) for any loss arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

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](http://www.smcp.com)).

\*\*\*

A conference call to investors and analysts will be held today 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](http://www.smcp.com)), in the Finance section.

## ABOUT SMCP

---

SMCP is a global leader in the accessible luxury market with four unique Parisian brands: Sandro, Maje, Claudie Pierlot and De Fursac. Present in 40 countries, SMCP is a fast-growing company which reached the milestone of €1bn in sales in 2018. The Group comprises a network of over 1,500 stores globally plus a strong digital presence in all its key markets. 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 and De Fursac were respectively acquired by SMCP in 2009 and 2019. SMCP is listed on the Euronext Paris regulated market (compartment A, ISIN Code FR0013214145, ticker: SMCP).

## CONTACTS

---

### INVESTORS/PRESS

SMCP

Célia d'Everlange

+33 (0) 1 55 80 51 00

[celia.deverlange@smcp.com](mailto:celia.deverlange@smcp.com)

### PRESS

BRUNSWICK

Hugues Boëton  
Tristan Roquet Montegon

+33 (0) 1 53 96 83 83

[smcp@brunswickgroup.com](mailto:smcp@brunswickgroup.com)