SMCP

sandro · maje · claudie pierlot · de fursac

Full-Year Results 2019

March 25, 2020

Daniel Lalonde, CEO

Philippe Gautier, CFO & Operations Director

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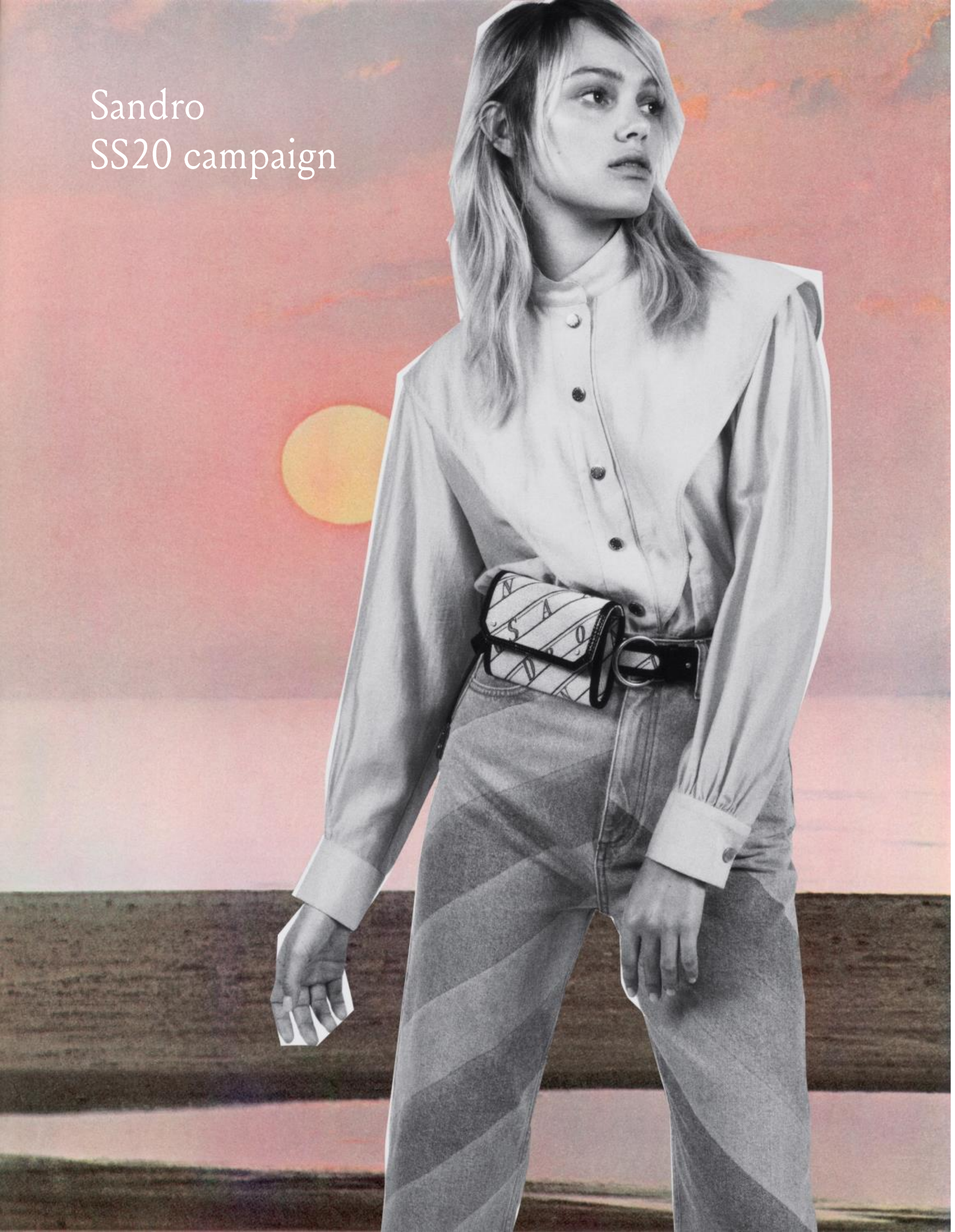


Daniel Lalonde, CEO

FY 2019 results – Key Financial highlights

SALES GROWTH

+11.3% reported

+8.7% ccs.

Sales: €1 131.9m

Adj. EBITDA[1] margin

15.4%

Adj. EBITDA: €174.2m

NET INCOME

€51.6m (+2.8%)

€59.4m (+14.1%) excl. refi. penalties

Operating FCF[2]

€62.4m

NET FIN.DEBT / EBITDA

2.2x

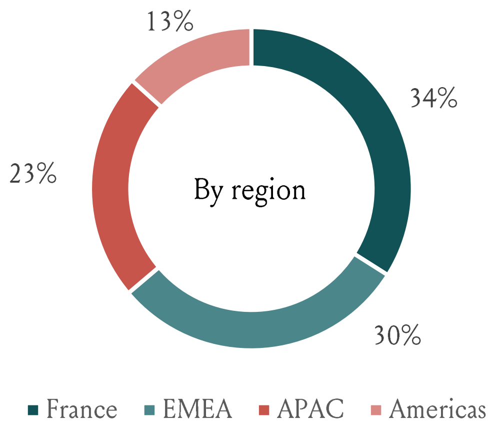
NB: Excluding IFRS 16
ccs: at constant currency
[1] FY 2019 EBITDA before LTIP impact (-€10.0m)
[2] Before tax, one-off cost related to IPO (-€1.9m in 2019) and excluding acquisition of de Fursac

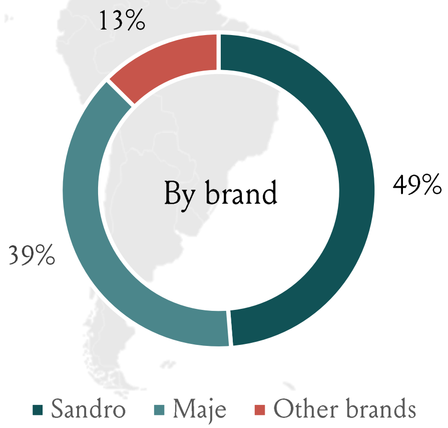
FY 2019 sales dynamics by brand and region

14.2% of international sales growth at ccs.

AMERICAS	FRANCE	EMEA	APAC
+6.7% ccs.	-0.7% ccs.	+9.8% ccs.	+25.8% ccs.

Sales breakdown*





Group Key figures

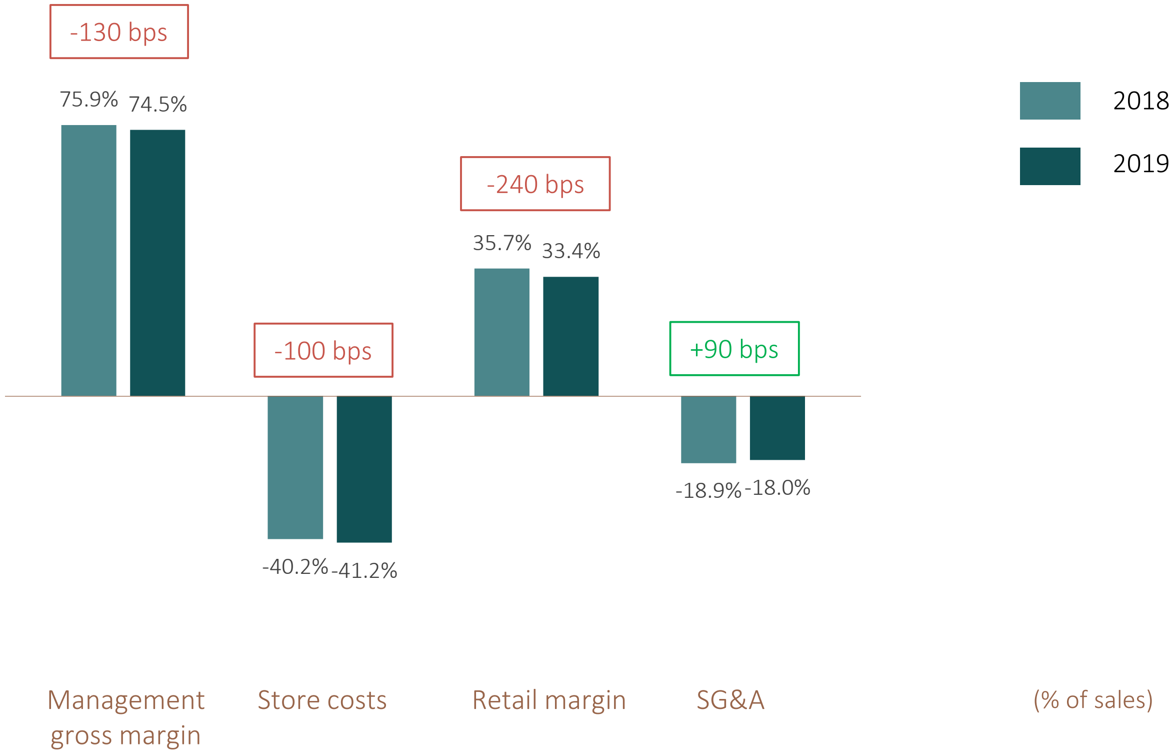
- Reported sales growth: +11.3%
- Sales growth ccs.: +8.7%
- LFL sales growth: -0.1%
- DOS: +90 to 1,262 excl. DF

ccs: at constant currency & scope ; (*) including 4 months of De Fursac

Philippe Gautier,
CFO & Operations director

Adj. EBITDA margin of 15.4% in FY 19

- Adj. EBITDA: €174.2 million (+1.6%)
- Adj. EBITDA margin: 15.4%



- Gross margin was down -130 bps at 74.5% mainly impacted by : negative mix (significant disruptions in Hong-Kong and higher share from off-price sales) and some pricing mark-up adjustments in the US
- Unfavourable store costs absorption (-100 bps) linked to lower sales performance and new store openings in H2 ; Action plan implementation (Q4 19) on costs to mitigate the effects
- Strong efficiency gains in SG&A (-90 bps) ; Thanks to strict control of costs while maintaining the pace of investments to support future growth

NB: Excluding IFRS 16

Net income up 2.8% at €51.6m

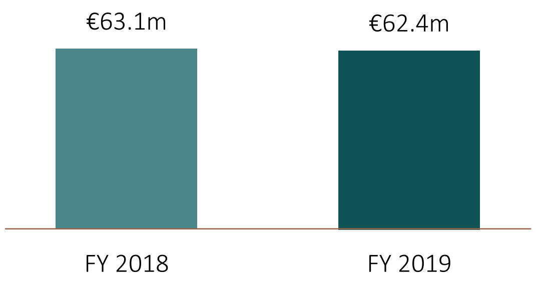
Net income up 14.1% at €59.4m, excl. refinancing penalties & early amortization:

- **D&A ratio** : up by 40 bps driven by additional investments in infrastructure & IT as well as the continued expansion in Asia
- **Non-recurring expenses** increased by €2.2m and include costs related to the transition to fully integrated platform in mainland China, some one-off lease fair value adjustments in Hong-Kong and De Fursac M&A fees
- **Financial costs :** down by €3.3m excl. penalties costs (€12.6m), showing strong reduction in cost of debt from 4.7% in 2018 to 2.7% in 2019
- **CIT rate** : down by -10.3 pts to 33.9%, incl. 3.6% of French trade tax (CVAE), benefitting from the deductibility of LTIP charges, including some positive one-off, following the implementation of shares buyback program

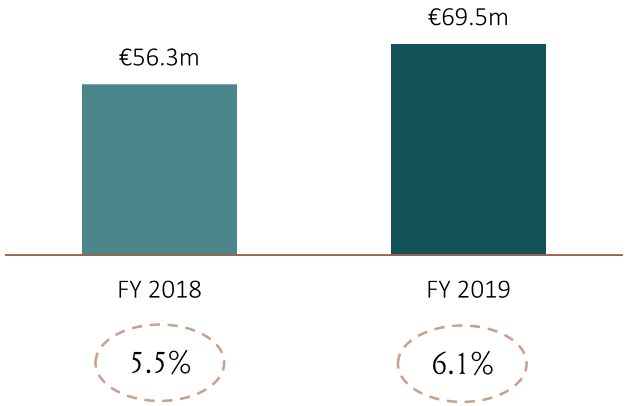
NB: Excluding IFRS 16

Operating Free Cash Flow

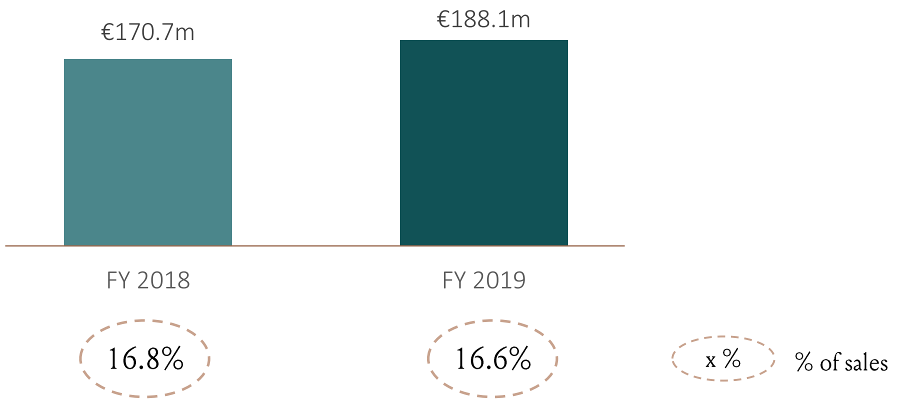
Operating FCF[1]



Capex



Operational Working Capital

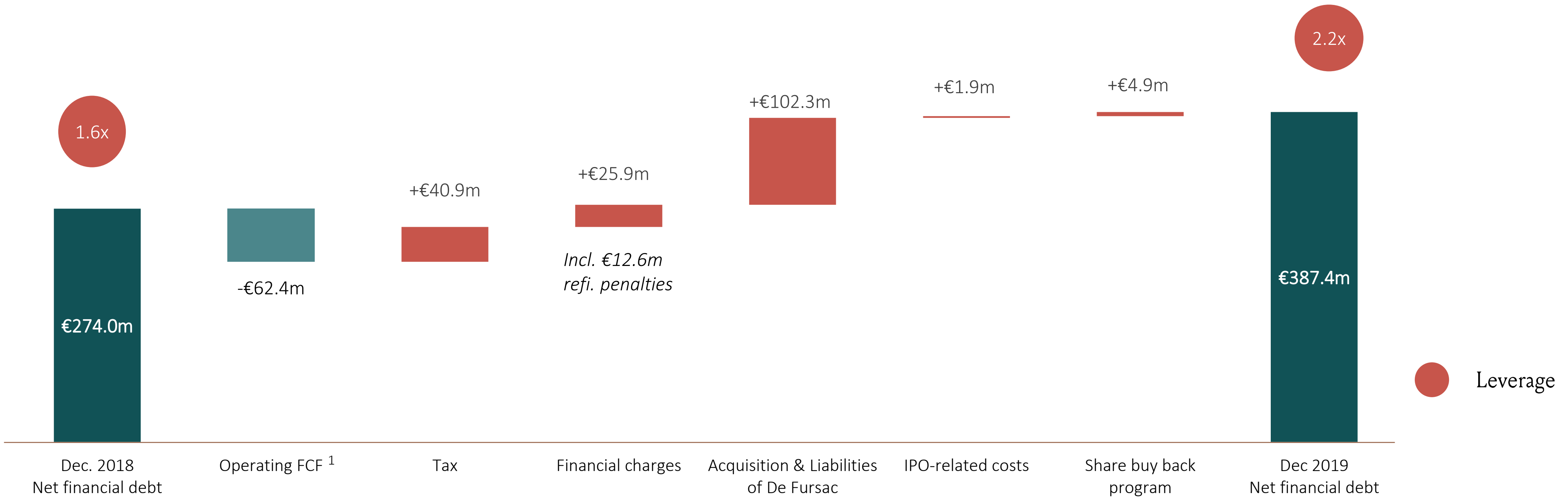


Operating FCF[1] of €62.4m in 2019 :

- Adj. EBITDA up +1.6%
- Capex up +€13.2m from 5.5% in 2018 to 6.1% of sales in 2019: additional investments mostly related to continued expansion in Asia as well as some one-off in infrastructure & IT
- Slight improvement of op. workcap to 16.6% of sales. Thanks to implementation of new demand planning processes

NB: Excluding IFRS 16 (1) Before tax and one-off cost related to IPO (-€1.9m in 2019) and excluding acquisition of De Fursac

New financial structure in place with lower cost of debt and extended maturity



- Increase of leverage with Net financial debt/Adj. EBITDA ratio at 2.2x (vs. 1.6x in Dec. 18) driven by De Fursac acquisition
- Reduction of average cost of debt from 4.7% in 2018 to 2.7% in 2019 (excl. refinancing penalties)
- New financial structure in place, providing headroom to face short-term headwinds: €465m with debt maturity extension (5 years

NB: Excluding IFRS 16
[1] Before tax and excl. one-off IPO-related costs

IFRS 16 impacts on key financial parameters

P&L	2019 excl. IFRS 16	IFRS 16 impact	2019 incl. IFRS 16
Adjusted EBITDA	174.2	+112.2	286.3
D&A	-45.2	-109.6	-154.8
Adjusted EBIT	129.0	-2.6	131.5
Financial result	-26.2	-13.6	-39.8
Income tax	-26.5	+3.1	-23.4
Net income	51.6	-7.9	43.7

Balance sheet	2019 excl. IFRS 16	IFRS 16 impact	2019 incl. IFRS 16
Trademarks, intangible assets & right-of-use assets	810.3	+473.9	1,284.2
Deferred tax	41.3	+2.6	43.9
Total equity	-1,197.9	+8.1	-1,189.8
Total lease liabilities	0	-504.2	-504.2
Other current liabilities	-91.4	+19.1	-72.3

	2019 excl. IFRS 16	IFRS 16 impact	2019 incl. IFRS 16
Net debt	387.4	+504.3	891.7

Update Covid-19

Update on COVID-19 outbreak

1. Top priority given to employees and stakeholders safety, health and protection
2. Creation of global crisis team since January to manage the situation on daily basis
3. Mitigation plan to reduce costs and postpone non-essential investments
4. Liquidity already secured to weather the storm
5. Sourcing: SS20 collections fully secured ; FW20 collections > 60% secured

Update on COVID-19 outbreak

APAC

*23% of Group sales**

Greater China:

- Almost all physical stores re-open mid-March (vs. 70% of stores closed at peak)
- Traffic down 80/90% in Feb; early signs of improvement since mid-March
- Strong performance of e-commerce throughout crisis in China (c.15% of sales in 2019)

APAC Partners: stores opened in south Korea and Australia; traffic sharply down

EMEA incl. France

*64% of Group sales**

Europe:

- 100% physical stores closed in most countries since mid-March (France, UK, Spain, Italy, Germany…)
- Distribution center open to ensure exports and e-Commerce (c.15% of sales in 2019)

EMEA Partners: stores open in Russia and closed in Middle-East (except Dubai) ; traffic sharply down

AMERICAS

*13% of Group sales**

- 100% physical stores closed (March 18) in North America and Mexico
- Distribution center open to ensure e-commerce operations (c. 25% of sales in 2019)

(*) FY 2019

Update on COVID-19 outbreak

Mitigate 2020 impacts on profitability

1 Select essential capex and postpone others

- Strong reduction of net openings
- Focus on digital projects

2 Reduce operating expenses

- Rent relief in Europe & Asia
- Discretionary spends reduced to essential
- Overheads: measures of adaptation

3 Adjust inventories & collections

- **SS20:** inventories centralization, collection capsules shifted to FW20 & SS21
- **FW20**: production adjustment & higher share of carry over

4 Maintain E-commerce channel

- Digital business fully operational
- All regional distribution centers (warehouses) open

Cash management to ensure sufficient liquidity

1 Existing RCF fully drawn mid-March

2 Significant cash position (> €200m)

Update on COVID-19 outbreak
2020 Outlook

- **Q1 20 sales* expected to be down by slightly more than 20%:**
  - Strong start to the year, especially in APAC
  - February: significant deterioration in Greater China
  - March: spread of the epidemic to the rest of the world ; early sign of improvement in Greater China

- Considering the rapid progression of the outbreak and the uncertainties around its duration, **it is impossible to communicate relevant forecasts for 2020**, both in sales and profitability

- The Group will continue to monitor the situation closely and will **update the market in due course**

(*) on reported basis

2020 - Building on fundamentals while weathering the crisis

- Unique Business model
- Portfolio of strong international brands well-balanced geographically
- Teams fully operational and focused to prepare the recovery

2020 financial agenda

2020 financial agenda

April 29, 2020	o 2020 Q1 sales
July 23, 2020	o 2020 H1 sales
Sept. 4, 2020	o 2020 H1 results
Sept. 30, 2020	o Capital market day

Appendix

Quarterly net sales by region and by brand

In €m	Q1-18	Q1-19	%	% at ccs.	Q2-18	Q2-19	%	% at ccs.	Q3-18	Q3-19	%	% at ccs.	Q4-18	Q4-19	%	% at ccs.	FY-18	FY-19	%	% at ccs.
France	99.8	96.0	-3.9%	-3.9%	87.1	87.5	+0.5%	+0.5%	89.6	91.8	+2.5%	+0.6%	98.3	109.2	+11.1%	+0.5%	374.9	384.6	+2.6%	-0.7%
EMEA	71.9	79.4	+10.4%	+9.9%	73.5	79.4	+8.0%	+7.5%	77.8	87.5	+12.4%	+12.2%	82.3	91.4	+11.1%	+9.4%	305.5	337.6	+10.5%	+9.8%
Americas	29.3	31.7	+8.4%	+1.0%	31.0	37.0	+19.3%	+13.3%	32.5	36.0	+11.0%	+6.3%	41.5	45.7	+10.0%	+6.2%	134.2	150.4	+12.0%	+6.7%
APAC	51.0	67.5	+32.3%	+28.4%	49.6	61.8	+24.6%	+23.4%	47.8	59.2	+23.8%	+21.5%	54.1	70.8	+30.9%	+29.1%	202.4	259.2	+28.0%	+25.8%
Total	**252.0**	**274.6**	**+9.0%**	**+7.2%**	**241.3**	**265.7**	**+10.1%**	**+8.9%**	**247.7**	**274.5**	**+10.8%**	**+9.0%**	**276.1**	**317.0**	**+14.8%**	**+9.6%**	**1 017.1**	**1 131.9**	**+11.3%**	**+8.7%**
Sandro	124.7	132.5	+6.2%	+4.3%	118.1	129.9	+10.0%	+8.6%	118.9	133.4	+12.2%	+11.0%	138.8	155.8	+12.3%	+10.9%	500.6	551.6	+10.2%	+8.7%
Maje	95.6	106.9	+11.9%	+9.8%	94.1	105.4	+12.0%	+10.7%	98.4	108.3	+10.0%	+8.8%	103.3	117.6	+13.8%	+12.5%	391.4	438.2	+12.0%	+10.5%
Other brands	31.7	35.2	+10.9%	+10.5%	29.0	30.4	+4.9%	+4.5%	30.4	32.9	+8.0%	+2.1%	34.0	43.6	+28.2%	-4.3%	125.2	142.1	+13.5%	+3.0%
Total	**252.0**	**274.6**	**+9.0%**	**+7.2%**	**241.3**	**265.7**	**+10.1%**	**+8.9%**	**247.7**	**274.5**	**+10.8%**	**+9.0%**	**276.1**	**317.0**	**+14.8%**	**+9.6%**	**1 017.1**	**1 131.9**	**+11.3%**	**+8.7%**

%: sales growth as reported (i.e. including De Fursac)

% ccs: sales growth at constant currency & Scope (i.e. excluding De Fursac)

Other brands: Claudie Pierlot and De Fursac

Breakdown of POS

Directly operated stores

Number of DOS	2018	Q1-19	H1-19	9M-19	2019	Var. FY 19 vs 9M 19	Var. FY 19 vs FY 18
By region							
France	482	476	481	475	472	*-3*	*-10*
EMEA	364	372	385	395	409	*+14*	*+45*
Americas	148	144	146	156	162	*+6*	*+14*
APAC	178	188	195	209	219	*+10*	*+41*
By brand							
Sandro	503	505	520	536	550	*+14*	*+47*
Maje	409	414	423	435	444	*+9*	*+35*
Claudie Pierlot	213	214	217	220	224	*+4*	*+11*
Suite 341	47	47	47	44	44	-	*-3*
Total DOS	**1 172**	**1 180**	**1 207**	**1 235**	**1 262**	***+27***	***+90***

Total points of sale

Number of POS	2018	Q1-19	H1-19	9M-19	2019	Var. FY 19 vs 9M 19	Var. FY 19 vs FY 18
By region							
France	482	476	481	475	472	*-3*	*-10*
EMEA	480	491	504	516	531	*+15*	*+51*
Americas	174	176	181	182	189	*+7*	*+15*
APAC	330	342	352	374	386	*+12*	*+56*
Total POS	**1 466**	**1 485**	**1 518**	**1 547**	**1 578**	*+31*	*+112*
By brand							
Sandro	646	653	672	690	707	*+17*	*+61*
Maje	538	549	557	567	577	*+10*	*+39*
Claudie Pierlot	235	236	242	246	250	*+4*	*+15*
Suite 341	47	47	47	44	44	-	*-3*
Total POS	**1 466**	**1 485**	**1 518**	**1 547**	**1 578**	***+31***	***+112***
o/w Partners POS	***294***	***305***	***311***	***312***	***316***	***+4***	***+22***

De Fursac POS stood at 62 in Q4 19, including 60 DOS, bringing the total to 1,640 POS for SMCP o/w 1,322 DOS

Income statement

€m	FY-18	FY-19 excl. IFRS 16	FY-19 incl. IFRS 16	*IFRS 16 impacts*
Sales	**1017.1**	**1131.9**	**1131.9**	**-**
Purchases and changes in inventories[1]	-367.8	-418.6	-418.6	-
Gross Margin[2]	649.3	713.2	713.2	-
Other operating income and expenses	-265.5	-301.9	-189.7	*+112.2*
Personnel costs	-212.3	-237.2	-237.2	-
Adjusted[3] EBITDA	**171.5**	**174.2**	**286.4**	***+112.2***
Depreciation and amortization expense	-36.1	-45.2	-154.8	*-109.6*
Adjusted[3] EBIT	**135.3**	**129.0**	**131.5**	***+2.6***
Allocation of LTIP	-13.4	-10.0	-10.0	-
EBIT	**122.0**	**119.0**	**121.5**	***+2.6***
Other non-recurring income and expenses	-12.5	-14.6	-14.6	*+0.0*
Operating profit	**109.5**	**104.4**	**106.9**	***+2.6***
Cost of net financial debt	-18.0	-24.3	-37.9	*-13.6*
Financial income and other financial expenses	-1.4	-1.9	-1.9	*+0.0*
Financial Result	**-19.4**	**-26.2**	**-39.8**	***-13.6***
Profit before tax	**90.1**	**78.1**	**67.1**	***-11.0***
Income tax	-39.9	-26.5	-23.4	*+3.1*
% of profit before tax	-44.3%	-33.9%	-34.9%	*-0.0*
Net income	**50.2**	**51.6**	**43.7**	***-8.0***
Group share	50.2	51.6	43.7	*-8.0*
Share of non-controlling interests	0	0	0	-
EPS	**0.687**	**0.704**	**0.595**	***-0.1***
Average number of shares (before dilution)	73.09	73.4	73.4	-
EPS diluted	**0.638**	**0.655**	**0.554**	***-0.1***
Average number of shares (after dilution)	78.67	78.8	78.8	-

[1] Including commissions

[2] Gross margin corresponds to sales after deduction of cost of sales and commissions paid to the department stores and affiliates. The company uses and monitors as an operational KPI the gross margin before commissions and refers to it in this document rather than the gross margin after commission

[3] Before LTIP impact

Balance sheet – assets (1/2)

€m	As of Dec. 31, 2018	As of Dec 31, 2019 excl. IFRS 16	As of Dec 31, 2019 incl. IFRS 16	*IFRS 16 impacts*
Goodwill	630.1	683.2	683.2	-
Trademarks	600.0	663.0	663.0	-
Other intangible assets	136.1	147.3	26.8	*-120.5*
Right of use	-	-	594.4	*+594.4*
Property, plant and equipment	76.0	93.9	93.9	-
Non-current financial assets	20.0	22.1	22.1	-
Deferred tax assets	33.4	41.3	43.9	*+2.6*
Non-current assets	1 495.5	1 650.8	2 127.2	*+476.5*
Inventories and work in progress	221.4	247.9	247.9	-
Trade receivables	51.4	58.4	58.4	-
Other receivables	35.3	54.9	54.9	-
Income Tax receivable	3.9	8.5	8.5	-
Cash and cash equivalents	46.5	52.3	52.3	-
Current assets	358.5	422.1	422.1	-
Total Assets	1 854.0	2 072.9	2 549.3	*+476.5*

Balance sheet – equity and liabilities (2/2)

€m	As of Dec. 31, 2018	As of Dec 31, 2019 excl. IFRS 16	As of Dec 31, 2019 incl. IFRS 16	*IFRS 16 impacts*
Share capital	81.9	82.2	82.2	-
Share premium	951.5	951.2	951.2	-
Reserves and retained earnings	63.5	134.6	126.5	*-8.1*
Total comprehensive income	46.8	36.4	36.4	-
Treasury shares	-1.6	-6.5	-6.5	-
Total Equity - Group share	**1 142.2**	**1 197.9**	**1 189.8**	***-8.1***
Total Equity	**1 142.2**	**1 197.9**	**1 189.8**	***-8.1***
Bond	174.2	-	-	-
Non-current lease liabilities	-	-	402.5	*+402.5*
Non-current financial debt	-	436.5	436.5	-
Other financial liabilities	0.2	0.2	0.2	-
Provisions and other non-current liabilities	0.2	3.8	3.8	-
Deferred revenue	-0.1	-	-	-
Net employee defined benefit liabilities	3.3	3.9	3.9	-
Deferred tax liabilities	166.5	183.5	183.0	*-0.6*
Non-current liabilities	**344.5**	**628.0**	**1 029.9**	***+401.9***
Trade and other payables	115.5	144.0	144.0	-
Current lease liabilities	-	-0.0	101.8	*+101.8*
Bank overdrafts and short-term financial borrowings and debt	146.1	3.0	3.0	-
Short-term provisions	3.2	0.7	0.7	-
Income tax payable	14.9	7.8	7.8	-
Other current liabilities	87.7	91.4	72.3	*-19.1*
Current liabilities	**367.4**	**247.0**	**329.6**	***+82.6***
Total Liabilities	**1 854.0**	**2 072.9**	**2 549.3**	***+476.5***

Net financial debt (excl. IFRS 16)

	As of Dec. 31, 2018	As of Dec. 31, 2019
Bond & interest-bearing loans and borrowings	-176.4	-0
Non current financial debt & other financial liabilities	-0.2	-436.8
Bank overdrafts and short-term financial liability	-143.9	-3.0
Cash and cash equivalents	46.5	52.3
Net financial debt	**-274.0**	**-387.4**
LTM adjusted EBITDA	*171.5*	*174.2*
Net financial debt / adjusted EBITDA	**1.6x**	**2.2x**

Other indicators

€m	FY-18[1]	FY-19[1] excl. IFRS 16
Management Gross margin[2]	**771.7**	**843.5**
% of sales	*75.9%*	*74.5%*
Direct costs of point of sales	(408.5)	(465.9)
% of sales	*-40.2%*	*-41.2%*
Retail margin	**363.3**	**377.6**
% of sales	*35.7%*	*33.4%*
SG&A	(191.8)	(203.5)
% of sales	*-18.9%*	*-18.0%*
Adjusted[3] EBITDA	**171.5**	**174.2**
% of sales	*16.9%*	*15.4%*

[1] Based on management accounts
[2] As followed in the management accounts, gross margin corresponds to sales after deduction of cost of sales and before deduction of commissions paid to the department stores and affiliates
[3] Before LTIP impact

Adj. EBITDA by brand

€m	FY-18	FY-19 excl. IFRS 16
Adjusted[1] EBITDA	**171.5**	**174.2**
Sandro	86.3	86.4
Maje	70.8	75.3
Other brands	14.4	12.5
Adjusted[1] EBITDA margin	***16.9%***	***15.4%***
Sandro	*17.2%*	*15.7%*
Maje	*18.1%*	*17.2%*
Other brands	*11.5%*	*8.8%*

[1] Before LTIP impact

Cash-flow statement

€m	FY-18	FY-19 incl. IFRS 16	FY-19 excl. IFRS 16	IFRS 16 impacts
Adjusted EBITDA[1]	171.5	286.4	174.2	*+112.2*
Changes in working capital	-47.5	-31.7	-31.7	-
Non-recurring expenses	-18.7	-12.4	-12.4	-
Income tax expense	-12.7	-40.9	-40.9	*-0.0*
Net cash flow from Operating activities	**92.6**	**201.3**	**89.2**	***+112.2***
Capital expenditure	-56.3	-69.5	-69.5	*+0.0*
Acquisition	-	-95.0	-95.0	*+0.0*
Net cash flow from Investing activities	**-56.3**	**-164.5**	**-164.5**	***+0.0***
Net interests paid	-16.0	-17.8	-17.8	-
Other financial income and expenses	-0.5	-2.4	-2.5	*+0.0*
Share buy back program	-	-4.9	-4.9	-
Issuance and repayment of borrowings	-14.8	107.5	107.5	-
Rent payment (IFRS 16)	-	-112.2	-	*-112.2*
Exchange rate and change accounting principles	0.2	0.8	0.8	*-0.0*
Net cash flow from financing activities	**-31.1**	**-29.0**	**83.2**	***-112.2***
Change in net cash	**5.2**	**7.8**	**7.8**	***+0.0***
Net cash at beginning of period	36.3	41.5	41.5	-
Net cash / (net debt) at end of period	41.5	49.3	49.3	-
Change in net financial debt	**-18.0**	**113.5**	**113.5**	***-0.0***
Net financial debt at beginning of period	292.0	274.0	274.0	-
Net financial debt at end of period	274.0	387.4	387.4	*-0.0*

[1] Before LTIP impact

Operating Free cash-flow

€m	FY-18	FY-19 excl. IFRS 16
Adjusted EBITDA[1]	171.5	174.2
Change in working capital	-47.5	-31.7
Non-recurring expenses	-18.7	-12.4
Capital expenditure	-56.3	-69.5
Income tax	-12.7	-40.9
Operating Free cash-flow after tax (a)	**36.3**	**19.7**
Cost of share-based payments (b)	-11.3	-
Non-operating expenses incurred during the period (c)	-2.8	-1.9
Operating Free cash-flow after tax and excl. one-off IPO-related items (a)-(b)-(c)	**50.4**	**21.5**
Income tax	-12.7	-40.9
Operating Free cash-flow before tax and excl. one-off IPO-related items	**63.1**	**62.4**

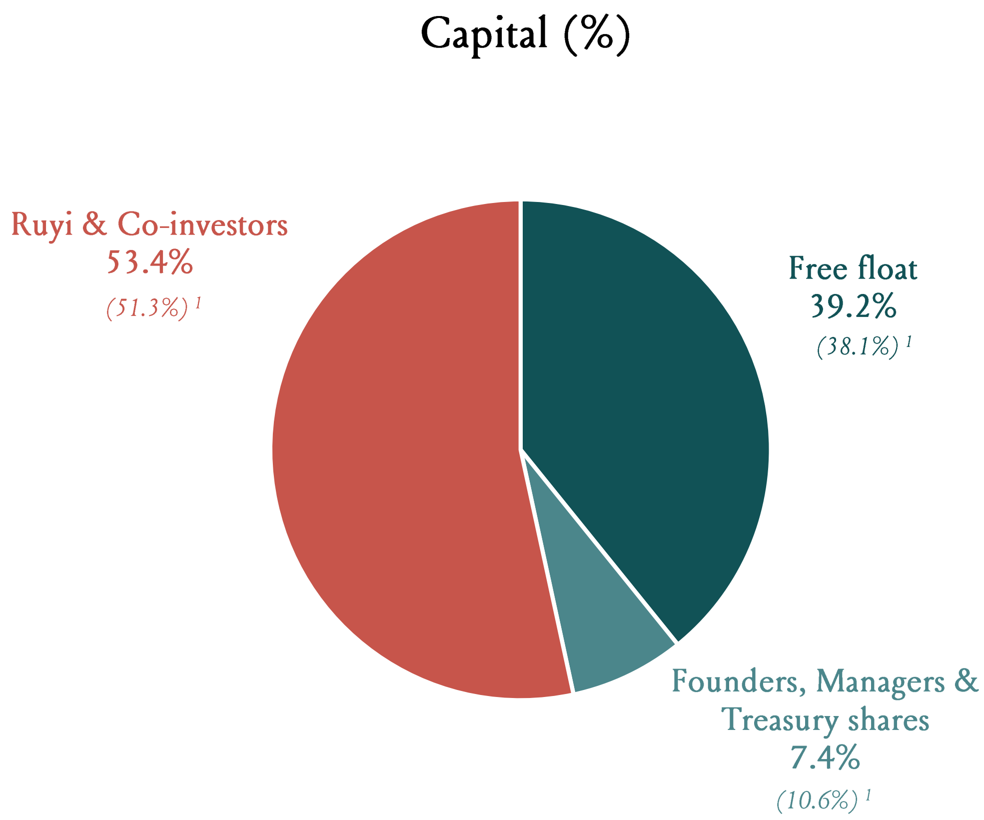
[1] Before LTIP impact

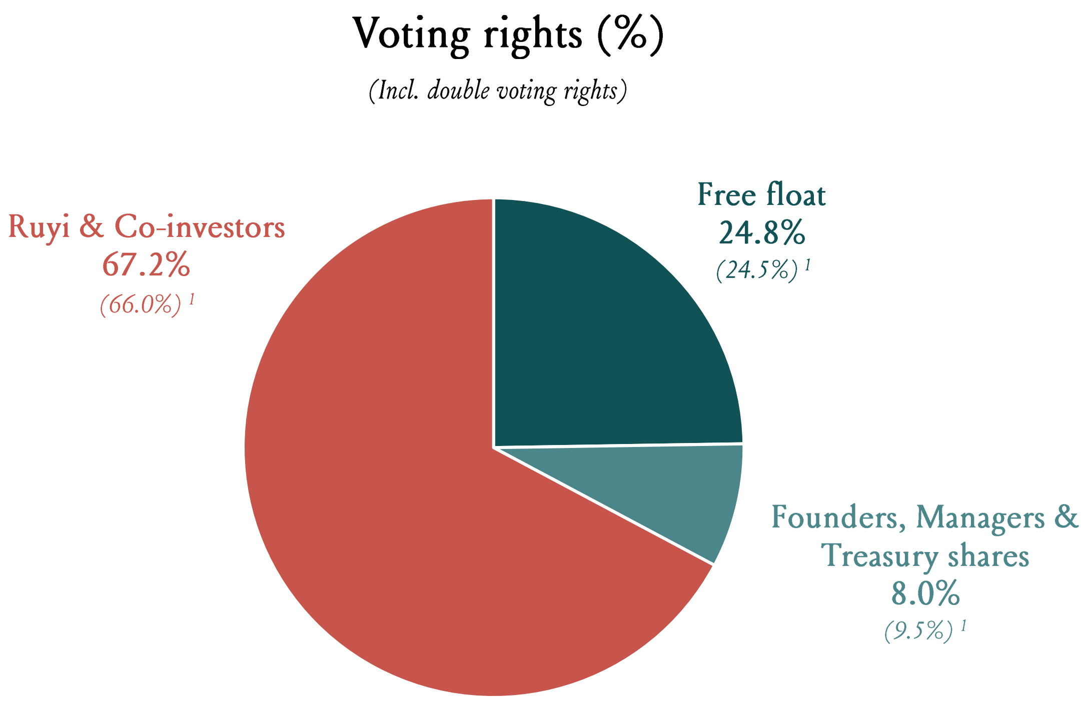
Working capital

€m	FY-18	FY-19	Var. vs FY-18
Inventories	221.4	247.9	26.5
Trade receivables	51.4	58.4	7.0
Trade and other payables	-102.1	-118.3	-16.2
Operational working capital[1]	**170.7**	**188.1**	**17.4**
As a % of LTM sales	*16.8%*	*16.6%*	*-0.2pts*
Other assets & liabilities	-51.8	-17.4	34.5
Working capital[1]	**118.9**	**170.8**	**51.9**

[1] Excluding fixed asset suppliers and income tax

Shareholding structure and voting rights as of January 15th 2020





As of January 15th, 2020 the share capital of the Company is composed of 75,170,290 shares (including 1,052,530 Free Preferred Shares)

Assuming conversion of all the Free Preferred Shares into ordinary shares, the share capital of the Company would be composed of up to 78,246,929 shares

[1] Post conversion of all the Free Preferred Shares and excluding LTIP

Definitions of non-IFRS financial measures

- “Sales” consists of total sales (retail and wholesale sales) net of rebates, discounts, VAT and other sales taxes, but before the deduction of concession fees paid to department stores and commissions paid to affiliates.
- “Sales growth at constant currency” corresponds to total sales in a given period compared with the same period in the previous year, expressed as a percentage change between the two periods, and presented at constant exchange rates (sales for period N and period N-1 in foreign currencies are converted at the average year N-1 rate).
- “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” 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 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.
- “Gross margin” as reported in the financial statements corresponds to the net sales after deduction of cost of sales and commissions paid to the department stores and affiliates. The company uses and monitors as an operational KPI the “management” gross margin before commissions and refers to it in its management presentations rather than the gross margin after commission.
- “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.
- “Selling, general and administrative expenses” are those incurred at the corporate level/central costs and not allocated to a point of sale or partner. These elements are added to the retail margin to obtain EBITDA.