

SMCP

sandro - maje - claudie pierlot - de fursac



2020 third quarter

Press release - Paris, October 26, 2020

2020 Q3 sales

Sequential improvement driven by Mainland China

- Q3 sales down -9.5% as reported; -10.6% on an organic¹ basis
- Mainland China sales back to double-digit like-for-like sales growth in Q3 (+29.6% on an organic basis)
- Strong performance in e-commerce, driven by all regions (+27.6% of digital sales growth²)
- Selective expansion: +6 net openings of DOS in Q3 2020, o/w 4 net closures in France

Commenting on the report, Daniel Lalonde, SMCP's CEO, stated: *"Our third quarter performance is very encouraging. I am particularly satisfied with our figures in Mainland China, which is undoubtedly a key driver of our future growth. However, as visibility remains limited due to the intensification of the Covid-19 pandemic worldwide, we remain cautious about the coming quarters. Nevertheless, I remain confident in the strength of our fundamentals and our ability to get through this crisis. I look forward to presenting to you our new strategy tomorrow which will enable us to meet future challenges and take advantage of the trends we observe around the world."*

¹ All references in this document to the organic sales performance refer to the performance of the Group at constant currency and scope, i.e. excluding the acquisition of De Fursac

² Excluding De Fursac

<i>€m except % Unaudited figures</i>	Q3 2019	Q3 2020	Organic sales change	Reported sales change	9M 2019	9M 2020	Organic sales change	Reported sales change
Sales by region								
France	91.8	89.5	-8.3%	-2.6%	275.4	222.5	-25.4%	-19.2%
EMEA ¹	87.5	69.8	-20.6%	-20.1%	246.3	176.5	-28.9%	-28.3%
Americas	36.0	23.4	-32.2%	-35.1%	104.8	61.6	-41.0%	-41.2%
APAC ²	59.2	65.7	13.8%	10.9%	188.5	160.6	-13.8%	-14.8%
Sales by Brand								
Sandro	133.4	116.2	-11.8%	-12.9%	395.8	293.3	-25.7%	-25.9%
Maje	108.3	98.8	-7.7%	-8.8%	320.6	238.3	-25.5%	-25.7%
Other brands ³	32.9	33.4	-15.4%	1.5%	98.5	89.6	-27.1%	-8.9%
TOTAL	274.5	248.4	-10.6%	-9.5%	814.9	621.2	-25.8%	-23.8%

In the third quarter of 2020, consolidated sales reached €248.4 million, down -10.6% on an organic basis. Reported sales were down -9.5%, including a negative currency impact of -1.0% (mostly in Americas and APAC) while De Fursac's contributed positively at +2.0%. This performance showed a sequential sales improvement compared to Q2 2020. Over the quarter, while traffic in stores remained weak due to the persistent absence of tourism, the Group recorded solid conversion rates. Furthermore, SMCP partially offset the impact of the crisis through a strong performance in e-commerce⁴ (+27.6% of sales growth).

Over the last twelve months, SMCP net openings amounted to +38 directly operated stores (of which +6 net openings in Q3 2020). This includes +20 net openings in APAC, +17 in EMEA and +11 in Americas. Meanwhile, the Group has pursued the optimization of its network in France (-10 DOS).

Sales breakdown by region and by brand

In France, sales were down -8.3% on an organic basis, showing a strong sales improvement versus Q2 2020. Over the quarter, the solid resilience of domestic customers (particularly outside Paris) partially offset the persistent impact of the crisis on tourism. In August, the Group recorded a good performance supported by positive calendar effects related to the summer sales which were postponed by three weeks compared to 2019. In the meantime, e-commerce continued to show a strong double-digit sales growth⁴. Over the quarter, the Group pursued its optimization plan with -4 net additional closures.

In Europe, sales were down -20.6% on an organic basis. Nevertheless, the Group's performance improved versus Q2 2020 even though it continued to show relatively contrasted trends. While Germany, Northern Europe and Russia, showed good resilience, Italy, the UK and Spain remained the most impacted markets. In parallel, the Group recorded a strong double-digit sales growth in e-commerce⁴. Over the quarter, SMCP recorded -1 net closure due to -5 closures in Switzerland linked to the footprint's reduction of a department store.

In the Americas, sales were down -32.2% on an organic basis. Despite a net sequential improvement throughout the quarter and compared to Q2 2020, North America remained the most affected region by the health crisis as SMCP is mainly positioned in the area of New York, Florida and California which have been the most impacted. Meanwhile, e-commerce displayed a double-digit sales growth⁵.

¹ 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).

² APAC includes the Group's Asia-Pacific operations (mainly Mainland China, Hong Kong, South Korea, Singapore, Thailand and Australia).

³ Claudie Pierlot and De Fursac brands

⁴ Excluding De Fursac

⁵ With new accounting method on returns

In APAC, sales were up +13.8% on an organic basis, showing a consistent improvement throughout the quarter. This performance was mainly driven by **mainland China** (+29.6% of organic growth including a double-digit like-for-like sales growth) fuelled by both Brick & Mortar and Digital. E-commerce generated a strong double-digit sales growth in Q3 2020, driven by successful operations on T-Mall. **In the rest of Asia**, SMCP recorded contrasted trends with strong growth in South Korea and Taiwan while in Hong-Kong, Macau, and Singapore, market conditions improved but remained challenging.

A webcast to investors and analysts will be held tomorrow by SMCP from 9.00 am to approx. 12:30 pm (Paris time). The management will provide an update on SMCP's strategy and next steps as well as a quick overview on Q3 2020.

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

FINANCIAL CALENDAR

- Oct 27, 2020 – Strategic update

APPENDICES

Breakdown of DOS

Number of DOS	Q3-19 <i>(incl. DF)</i>	2019 <i>(incl. DF)</i>	H1-20 <i>(incl. DF)</i>	Q3-20 <i>(incl. DF)</i>	Var Q3 20 vs. Q2 20 <i>(incl. DF)</i>	Var Q3 20 vs. FY 19 <i>(incl. DF)</i>	Var Q3 20 vs. Q3 19 <i>(incl. DF)</i>
<u>By region</u>							
France	530	528	524	520	-4	-8	-10
EMEA	397	413	415	414	-1	+1	+17
Americas	156	162	164	167	+3	+5	+11
APAC	209	219	221	229	+8	+10	+20
<u>By brand</u>							
Sandro	536	550	555	559	+4	+9	+23
Maje	435	444	448	451	+3	+7	+16
Claudie Pierlot	220	224	223	219	-4	-5	-1
Suite 341	44	44	38	38	-	-6	-6
De Fursac	57	60	60	63	+3	+3	+6
Total DOS	1 292	1 322	1 324	1 330	+6	+8	+38

Breakdown of POS

Number of POS	Q3-19 <i>(incl. DF)</i>	2019 <i>(incl. DF)</i>	H1-20 <i>(incl. DF)</i>	Q3-20 <i>(incl. DF)</i>	Var Q3 20 vs. Q2 20 <i>(incl. DF)</i>	Var Q3 20 vs. FY 19 <i>(incl. DF)</i>	Var Q3 20 vs. Q3 19 <i>(incl. DF)</i>
<u>By region</u>							
France	532	530	524	520	-4	-10	-12
EMEA	518	535	534	531	-3	-4	+13
Americas	182	189	193	187	-6	-2	+5
APAC	374	386	399	406	+7	+20	+32
<u>By brand</u>							
Sandro	690	707	716	714	-2	+7	+24
Maje	567	577	587	584	-3	+7	+17
Claudie Pierlot	246	250	249	245	-4	-5	-1
Suite 341	44	44	38	38	-	-6	-6
De Fursac	59	62	60	63	+3	+1	+4
Total POS	1 606	1 640	1 650	1 644	-6	+4	+38
<i>o/w Partners POS</i>	314	318	326	314	-12	-4	-

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 EBIT and Adjusted EBIT 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 of December 31 for the year N in question).

Organic sales growth

Organic sales growth 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) excluding scope effects, i.e. excluding the acquisition of De Fursac

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 includes projections and forecasts. These projections and forecasts are based on SMCP management's current views and assumptions. Such forward-looking 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. These risks and uncertainties include those discussed or identified under Chapter 3 "Risk factors" of the Company's Universal Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) on 30 April 2020 and available on SMCP's website (www.smcp.com).

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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 41 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).

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