

SMCP

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2025 Half-Year Results

Tuesday, 29th July 2025

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Operator: Welcome to the SMCP 2025 Half-Year Results Conference call. My name is Alan, and I will be your coordinator for today's event. Please note this call is being recorded and for the duration, your lines will be on listen-only. However, you will have the opportunity to ask questions at the end. This can be done by pressing star one on your telephone keypad. If you require assistance at any time, please press star zero and you'll be connected to an operator.

I will now hand you over to your host, Amélie Dernis, Head of IR, to begin today's conference. Thank you.

Amélie Dernis: Thank you. Good evening, everyone. Thanks for being with us today for the publication of SMCP's Half-Year Results. I'm here with our CEO, Isabelle Guichot, and our CFO, Patricia Huyghues Despointes. You can listen to the publication via the usual conference call, or you can connect to the webcast to have the presentation replayed. As usual, we will go through the presentation and then we'll have the Q&A session.

Before I hand it over to Isabelle and Patricia, I invite you to go through our usual disclaimer on page two. And I think we can start now.

Isabelle Guichot: Thank you, Amélie. Good evening, everyone. Thank you all for joining us today to talk about H1 '25 results. Last time we talked about results for last year's annual figures. We told you how 2024 had been a challenging year, but we also told you mostly about strong actions that we've taken to navigate this tough environment.

First semester '25 is, I think, the demonstration that those actions were the right choices, translating in a significant recovery. While there is still a way to go to reach our targets, the recent months make me think that the path we took is the right one, and I will show you why.

In a nutshell, I think that H1 performance is quite healthy, especially if we compare to the market, and healthy because all KPIs are green. Top line is solid, 3% growth for H1 despite network rationalisation, especially in China and marginally in other geographies.

Profitability is recovering in a very healthy way. It's true that '24 was a low point for sure, and we have the objective to recover as quick as possible. In H1 '25, adjusted EBIT margin in percentage of sales more than doubled, and net profit turns back to positive.

And finally, cash indicators are also excellent, with a record free cash flow generation for first semester, which is traditionally not the best plan in the seasonality of our cash.

Let's move on to page five, where I will focus on key figures about sales performance. You can see that our half-year revenue came at €601 million, an increase of 3% at constant FX versus last year, and 2.8% like-for-like.

Here are the main takeouts of the H1 sales. Sales were supported by growth in all regions except China, still impacted as anticipated by the full-year effect of the network optimisation we initiated in '24. Second quarter sales performance was led by a very robust growth in America. Q2 positive trend is in line with Q1, even slightly better, despite a higher base of comparison than it was in Q1.

We definitely stick to our full price strategy, with once again a three-point decrease of average discount rate in season, despite good comps. This was especially the case for Maje Europe throughout the semester, and in China especially in the second quarter.

Our digital share remains at a satisfactory level, above 20%. And we also have to take into account that the network decreased by 20 POS in the first semester. This is coming from Q1. In Q2, the network was pretty stable.

To be noted that during the semester, we continued to progress in our development through partners with the opening of six new countries, India, and three countries in the Balkans: Croatia, Montenegro, and Serbia; Jordan, and the Philippines in Q2.

Page six, let's go a bit more granular about revenue evolution. Here's the bridge between H1 '24 and H1 '25. It's mostly green, with only one significant red box, which is pretty much anticipated and logical, which is the network optimisation that I mentioned before.

The increase of sales is driven mostly by comparable stores and wholesale development. The like-for-like network is increasing by 2.8% and brings €14 million additional sales, coming mostly from Europe and America. Other network evolution growth comes from a few openings in '24, especially in the US. And reflecting our strategy of agile development with retail partners, wholesale revenues are increasing by €12 million, coming at the same time from like-for-like stores, new addition in countries already open, and new countries.

Network optimisation in China and for Claudie Pierlot accounts for the decrease of €11 million of sales compared to last year. And finally, foreign exchange effect is negative by a small amount of €2 million, representing 0.3 points, but with a very different profile between Q1 and Q2, nearly neutral for the total of the semester.

Moving on to page seven now, you will find the performance by region. Patricia will get back into more detail later in the presentation, but a few highlights. By region, Europe gains one point versus last year and now represents the same share as France. America gains 2 points and reaches 16%, the highest share ever for SMCP. By brand, no big variances compared to 2024 split. And by channel, Q2 confirms Q1 trend and wholesale increases by two points versus last year, in line with our strategy.

On page eight, you will find some key figures on P&L and cash, additional details and bridges will be also given by Patricia later on. I will just highlight the following messages. Gross margin ratio remains at a high level, above 74%, in line with last year. The impact of wholesale activity on gross margin is compensated by the strong retail margin, supported by the strict full price strategy.

Adjusted EBIT improves strongly from sales increase and cost optimisation action plan. This results in net income back to positive territory at €11 million. And a strong free cash flow generation of €33 million, the highest level ever in H1, leading to continued deleveraging with a net debt reduction of €32 million in the semester and €87 million over the last 12 months.

So, this was for the big picture in terms of figures. Before Patricia, let's move on to page nine. Before Patricia goes more into details of the figures, as usual, I will present to you our main initiative and achievement of the semester.

I will start with Claudie Pierlot, with an achievement we're really proud of, which is the B Corp certification for the brand. As I mentioned in April, we are very proud that the Claudie Pierlot team for achieving this certification with an outstanding score of 96.7 points, well above the required 80. On Claudie Pierlot, we are now to join a community of conscious and committed companies. The score is based on five key pillars: environment, employees, communities,

governance and customers. This certification is not an end by itself, but a long-term commitment to continuous improvement.

Key initiatives now in terms of brand desirability over the last quarter, Spring-Summer '25, Sandro pays tribute to the Franco-American artist Louise Bourgeois, a key figure of the 20th century art scene. Evelyne Chétrite draws inspiration from Bourgeois' iconic spirals and spider webs to create an exclusive capsule of fluid, natural material pieces. To bring this capsule to life, Sandro will launch pop-ups everywhere in the world, from Dubai Mall, Shanghai, Galeries Lafayette, creating dynamic spaces that celebrate both art and craftsmanship. And we have some illustrations of key windows that were implemented over the world.

For the summer, at Maje on page 11, Maje is more committed than ever to craftsmanship, partnered with the iconic Côte d'Azur and Saint-Tropez shoemaker K.Jacques. Together, they have designed two exclusive pairs of sandals made in Saint-Tropez to accompany women with a distinctive French elegance. The collaboration came to life both through content shot on the Côte d'Azur and in K.Jacques's Saint-Tropez workshop, as well as through a pop-up at Le Bon Marché and customer events on the Riviera.

Page 12, some illustrations of very limited keyword strategy, which is visible on the slide. Sandro made numerous elegant appearances during events, among which the Cannes Festival or Roland-Garros with influential opinion leaders and celebrities, boosting brand visibility. You have, for instance, Eva Longoria there, Shia LaBeouf, or Virginie Ledoyen.

Then Maje, shown on the red carpet with looks worn by Diane Kruger in a black tulle dress from the Fall Winter Collection and Iris Law in a custom-made outfit at the Carlton during the festival. Meanwhile, Bella Hadid was spotted in London wearing Maje double-bottle slingback heels for the launch of her new fragrance, Orebella.

And then Fursac is regularly featured by key opinion leaders, who appreciate its mix of timeless tailoring and modern style. You have here Julien de Saint Jean or Renan Pacheco. These organic mentions help strengthen the brand visibility and appeal among a wider, fashion-aware audience.

On page 13, moving to the commercial strategy, in line with our target of reinforcing our network with partners, we opened some stores in – very interesting stores in new countries. In Philippines for our two brands, Sandro and Maje, in GreenBelt, Makati. And also, Jordan, that I mentioned earlier, Sandro and Maje. Maje opened this quarter, and Sandro will follow in the coming months in the Taj Mall in Amman. With these two new countries, we are strongly reacting our extension strategy with retail partners.

Page 14 now, we have reinforced our presence in Thailand, in Phuket, and in Egypt, for example at Almaza City Centre in Cairo.

I will now leave it to Patricia to give more details on H1 figures. Thank you.

Patricia Huyghues Despointes: Thank you, Isabelle. Good evening, everyone. So, let's start with the sales on slide 16.

France revenue stands at €207 million for the first semester, progressing 2.3% versus last year. Like-for-like network rose, both in brick-and-mortar and in digital, reflecting a good dynamism across all channels. The trend of decrease of discount rate has continued, especially for Maje and Claudie Pierlot.

Q2 sales amount to €105 million, stable compared to Q2 '24, which was a relatively high basis of comparison, with a +6.5% versus prior year. The network decreased by 16 net units during H1, of which seven in Q2, notably due to the network optimisation at Claudie Pierlot.

In EMEA, H1 sales at €204 million, progress 6% organic, driven by like-for-like growth in retail, which is positive in nearly all markets, and very homogeneous in Q1 and Q2, and by wholesale performance, which is dynamic, but with some timing effects between Q1 and Q2 on deliveries to partners. The network grew by 19 net openings during the semester, of which 14 in Q2, coming mainly from the openings of new countries through partners as Isabelle just explained.

On page 17 now, in America, sales at €94 million in H1 grew by 12% organic versus last year, and by 22% in the second quarter, driven both by price increases in the US, and also, and mainly, by higher volumes. All three markets of the region grew in retail, with positive like-for-like in both the US and Canada, and in our partner activities with a particularly robust growth in Mexico. And all this despite the network down by 25 net closures over the semester, including five in Q2, mostly from the closure of Hudson Bay Corners in Canada, which should be replaced by a new partnership soon.

So, a very strong Q2 in America indeed. Now, let's be clear, we are, of course, very happy about this performance, but it's wise to anticipate that it will be difficult to replicate in Q3 with a relatively high comp.

Finally, in Asia, sales stood at €97 million in H1, -8% organic. Just like in Q1, the decline in sales is linked to the full-year effect in '25 of the network optimisations that we performed in '24. Especially in China, you may remember that we had closed 65 stores. However, like-for-like sales are stabilising in brick-and-mortar in the first half of the year, despite a very strict approach on discounts, especially in the second quarter.

In the rest of the region, several markets have shown good resilience: Singapore, Vietnam, Malaysia, Thailand, and new markets such as India, Indonesia and Philippines have an encouraging start. No significant evolution of the network this year.

On page 18, let's have a look at the bridge of adjusted EBIT between H1 '24 and H1 '25. If you look at the full P&L in the appendix, you will see that all major P&L lines contribute to the positive evolution of EBIT, including gross margin, store costs, SG&A and D&A. If you analyse where it comes from, you can see from the graph that we benefit from the following factors: positive volume effect, bringing additional gross margin in retail in the US for example, and also thanks to our development through partners.

In the middle, the impact of cost optimisation plans which start to bear fruit from network rationalisation, production process optimisation, and also renegotiation of indirect purchases. And finally, some one-off impacts from 2024 in connection with store network optimisation do not happen anymore in 2025.

What's particularly important to highlight in this slide is that the entire incremental revenue, plus €16 million between H1 '24 and H1 '25 and even more, translates into EBIT which increases by more than €23 million. As far as adjusted EBIT margin in percentage of sales is concerned, at 7.1% of revenue, the increase enables us to more than offset the fall of profitability that had taken place in H1 '24 and it also underpins our target of getting back to a circa 10% adjusted EBIT margin in H2 '26.

On page 19, you can see the evolution of the net result versus '24. Apart from adjusted EBIT explained in the previous slide, the main change is on non-recurring expenses with much lower effects from impairments this year. Maybe less significant but encouraging, we have also a positive trend in financial expenses mostly explained by the reduction of our debt. Income tax obviously gets back to an expense from a positive pre-tax income and in the end, we are back to positive net results of €11 million.

On page 20, you will see our usual KPIs about balance sheet and cash. We are very happy with the free cash flow generation in H1 at €33 million, more than €40 million above last year, supported by better operational performance, efficient cost management and continued control of CAPEX and inventories. Inventories continue to decrease by 13% compared to the same period last year.

Logically on page 21, it's the mirror of the previous page and free cash flow generation enables us to decrease net debt by comparable amounts versus end of '24 from €237 million to €206 million. This deleveraging is also quite spectacular compared to the same period last year with net debt down by €87 million versus H1 '24 and debt-to-EBITDA ratio down from slightly above 3x to 1.9x in 12 months.

During the semester, we have also regained maturity in our financing, thanks to an extension of our main facility which is the term loan plus the revolving credit facility. Our contract enabled us to ask our lenders a one-year extension, each bank being free to accept. A vast majority accepted, and a significant portion of this facility is now extended to 2027.

Isabelle Guichot: Thank you, Patricia. Now, a few words of conclusion.

As you've seen, we've delivered a strong sales performance in H1. This growth particularly on a like-for-like basis has played a key role in improving our cost absorption, strengthening our operating leverage and supporting the resilience of our business model. I'm also glad to say that our strategic action plans are starting to bear fruits. Thanks to disciplined execution and clear priorities, we've seen a tangible improvement in our EBIT margin putting us firmly on track to achieve our H2 '26 guidance.

In terms of cash generation, the performance has been equally solid. Free cash flow generation was strong, enabling us to take further steps in optimising our financial structure. As a result, we've seen a notable reduction in net debt and a clear improvement in our leverage ratio, which reinforces our financial flexibility moving ahead.

Looking forward, we remain fully focused on executing our action plan, both on top-line growth and cost management, and I take also the opportunity to thank the whole team at SMCP, all our managers, our ComExes, our management committees, and all the teams in all the stores in the world for their incredible dedication and fighting spirit for the brand they work for.

In H2, we'll also gradually fight against stronger comps, but while the external environment remains uncertain and challenging, our objective is clear: to confirm in the second half the positive momentum demonstrated by our brand in the first half of the year.

And now before I pre-empt the question that I know will obviously come on the plate, a few words about our legal proceedings. As you remember, the Singapore High Court decided on 4th July to order Dynamic DTG to return to European TopSoho, ETS, the 15.5% stake of SMCP which had been transferred in 2021. DTG had to comply with this order within one week

following notification performed on 8th July. We understand that DTG did not comply with this order in the required time frame, and that GLAS has therefore initiated forced transfer procedures. We'll obviously keep the market informed about the next updates. Thank you.

Amélie Dernis: Thank you, Isabelle. Operator, we can take the questions now.

Questions and Answers

Operator: Thank you. If you'd like to ask a question or make a contribution on today's call, please press star one on your telephone keypad. To withdraw your question, please press star two. You will be advised when to ask your questions.

We will take our first question from Marie-Line Fort, Bernstein. Your line is open. Please go ahead.

Isabelle Guichot: Hello, Marie-Line.

Marie-Line Fort (Bernstein): Bonjour. Congratulations on this very good set of results.

Isabelle Guichot: Thank you.

Marie-Line Fort: Of course, I've got some questions about US, America. I'm just wondering if there is extra profit in H1 due to the fact that you passed on price increase without having immediately the impact of tariffs? So just try to measure what could be a balance on the second half. And also, do you think that the price increase you passed during the second quarter would be enough to mitigate the increase in tariffs on the second half? That's my first set of questions about US.

The second part of the question is about trading, current trading. I remember that last year, Q3 was under pressure, particularly in France, due to the Olympic Games. Just wondering if you see some sign of improving? And also, in China, we are hearing that there is some recovery there. Are you perceiving some signs of improvement also? Thank you.

Isabelle Guichot: First on the US, I would say that part of the very good performance in H1, in Q2, is linked to the increase of prices. But it's not explaining the whole – it's explaining – it's mostly volumes. And on top of it, the price increase was another positive factor. But it's mainly volumes.

And then on your question about the way we model – in our modelling of the price increases, we took the assumption of 20%, as we thought could be the tariffs applied to European merchandise. So, somehow, we're pretty much within the range of our modelling, so we don't forecast any other additional step of increase to be done if the situation remains what it is today.

And then on the current trading, for the time being, it's a bit too early to say. It's true that we will have comps, especially in France, where the comps are of the Olympic Games. I would say that, for the time being, there is no big difference, for the time being, versus H1 on the whole. So, we're monitoring the situation, and we're pretty much where we want it to be.

And then, last question on China. China, what are we seeing? You know, there is a combined effect. Maybe I need to elaborate a bit more on that. You know that we changed our

management in China at the beginning of the quarter, on 1st April. And so, that new manager now comes after the optimisation and the contraction of the network, so it's more into a rebound phase. So, it's been working a lot on the like-for-like, but with a very strong point of view that we absolutely are backing up on reducing the level of discount to really trigger the brand desirability and keeping the brand very aspirational in China. And it's a key move. So, it means that we've cut a lot of promotional activities, sacrificing somehow some top line, but we see that that is paying off, and we see weeks after weeks, like-for-like in brick-and-mortar coming back to a positive level, so we're happy.

Digital is still a work-in-progress, but digital, as you know, is extremely driven by promotion in China. The whole model is about those big events, the 6-18 and so on, 11-11, 12-12 and others. So, I think it's something that is challenged by everyone today because it's mobilising, it's freezing a lot of inventory amount, and it's not very productive, very high cancellation rate. So, now the strategy is really moving, most of the brands are moving to something that is more elevated, more curated, more personalised by the brand. And so, the strategy in digital is changing, and I would say that it will be further down the road during H2 that we think we come back to better levels in digital.

Overall, it's a work-in-progress, but we are absolutely confident to be heading in the right direction in China, and we're extremely happy to have been among the pioneers to start reducing the network as early as last spring in 2024.

Marie-Line Fort: Thank you. Thank you very much.

Patricia Huyghues Despointes: We have received a question on the written channel, so I will read it. It's about EMEA. And the fact that this region keeps performing quite well, so can you please elaborate on your strategy and the reason why this area –

Isabelle Guichot: I think the work that has been done by Sandor and Maje on really elevating their brands, their working on the curation of their expression, on the alignment at 360 of all the signals on the collection, is paying off. It's also true that we're seeing kind of a – I mean, we cannot be pleased about it, but it's a fact, a little weakness of our competition landscape, and I would say that we're gaining market share in Europe in these days, and we see good traction in Spain, in Portugal, in Benelux, in Germany, in the UK, in the countries where we operate with partners, the Middle East, Turkey is flying, Eastern Europe, good growth. And so I would say that except maybe for, you know, we have to find one or two countries that are still a bit of a headache, I would say that the Nordics are a bit of a headache and Switzerland, but I would say that for the rest, we're really happy with the European performance.

Patricia Huyghues Despointes: And we have another question we received on the chat, which is about wholesale. You accelerated your openings with retail partners. What is the next step, and what is the potential for this activity; is this your new growth driver?

Isabelle Guichot: Just to start with, it remains, you know, we are by essence a retail pure player. I mean, there is no discussion about it. Wholesale activity remains marginal, and the way we operate wholesale, it's a very curated wholesale activity. It's almost a partner of retail, if we call it.

It's slightly above 10% of our sales, so it's not a revolution in our business model, but we definitely think that it's an untapped potential for us in a lot of geographies where we cannot

operate ourselves and partners would do a better job than – would do themselves a better job with our help, definitely. This allows us to operate in markets that are difficult to access or too complicated to operate directly.

It's a good way to continue to foster the pioneer approach, which has always been a pillar in the philosophy of development of this Group with a limited investment. And we're really happy about the success of the partners we've chosen. We usually choose the most active and the most prominent partners in the country we operate, and still we have a good pipe of opening on H2 and for next year, so that's an interesting business model for us that we keep on nurturing.

Amélie Dernis: Thank you, Isabelle. Thank you, everyone, and we wish you a good evening. Bye-bye.

Operator: Thank you for joining today's call. You may now disconnect.

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