SMCP

sandro - maje - claudie pierlot - de fursac

2020 second quarter

Press release - Paris, July 29, 2020

Sales strongly impacted by Covid-19, as anticipated
Gradual sales improvement throughout quarter
Mainland China back to growth in June

- Q2 2020 sales down -45.8% as reported; -47.0% on an organic[1] basis
- Mainland China sales continued to gradually improve throughout Q2 2020, returning to sales growth in June
- Strong digital acceleration in all regions (+32.0% of sales growth[2])
- Solid execution, in H1 2020, of the action plan to mitigate the impact of crisis:
  - Capex: meaningful reduction
  - Opex: Variabilization of 50% of total costs
  - Inventories: Reduction of FW20 purchases by more than 30%
- Cash: signature of €140m state guaranteed loan and additional flexibility on 2020-21 financial covenants
- Selective openings: +8 DOS in Q2 2020

Commenting on the report, Daniel Lalonde, SMCP's CEO, stated: *"As anticipated, the Covid-19 pandemic strongly impacted our sales over the quarter, as shutdown measures were implemented in many countries, and as tourism has been absent for several months. Nevertheless, since the beginning of May we have seen a progressive improvement in our sales as our stores gradually reopened. Our performance in mainland China showed good resilience and returned to growth in June. Digital has been part of the Group's key drivers for years and has once again demonstrated its ability to support our sales despite lockdown measures in all of our regions. Regarding costs, we have also made meaningful progress on our action plan to mitigate the impact of the crisis, including reducing our costs and increasing our financial flexibility. Despite the persistent market uncertainties, I remain confident in our ability to get through this unprecedented crisis thanks to the strength of our business model, the attractiveness of our brands and the impressive commitment of our teams".*

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[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*

€m except % *Unaudited figures*	Q2 2019	Q2 2020	Organic sales change	Reported sales change	H1 2019	H1 2020	Organic sales change	Reported sales change
Sales by region								
France	87.5	47.3	*-49.6%*	*-46.0%*	183.5	133.0	*-33.8%*	*-27.5%*
EMEA[1]	79.4	35.8	*-55.1%*	*-54.9%*	158.8	106.6	*-33.5%*	*-32.8%*
Americas	37.0	11.3	*-69.8%*	*-69.4%*	68.7	38.3	*-45.5%*	*-44.3%*
APAC[2]	61.8	49.8	*-19.1%*	*-19.5%*	129.3	94.9	*-26.6%*	*-26.6%*
Sales by Brand								
Sandro	129.9	71.5	*-45.0%*	*-44.9%*	262.4	177.1	*-32.8%*	*-32.5%*
Maje	105.4	53.8	*-49.0%*	*-49.0%*	212.4	139.5	*-34.6%*	*-34.3%*
Other brands[3]	30.4	18.8	*-49.1%*	*-38.1%*	65.6	56.3	*-32.7%*	*-14.2%*
TOTAL	265.7	144.1	*-47.0%*	*-45.8%*	540.3	372.8	*-33.5%*	*-31.0%*

In the second quarter of 2020, consolidated sales reached €144.1 million, down -47.0% on an organic basis. Reported sales were down -45.8%, including a neutral currency impact and De Fursac's contribution of +1.2%. This performance reflects the impact of strict shutdown measures in most countries for a large part of the quarter, and a halt in tourism flows across regions. Over the quarter, while traffic in stores remained weak, the Group recorded solid conversion rates. Furthermore, SMCP partially offset the impact of the crisis through a strong performance in e-commerce[4] (+32.0% of sales growth).

Over the first 6 months, consolidated sales stood at €372.8 million, down -33.5% on an organic basis, including a like-for-like sales performance of -37.6%. Overall, reported sales decreased by -31.0%, including a positive currency impact of +0.3% and a positive contribution of +2.2% from De Fursac.

Over the last twelve months, SMCP net openings[4] amounted to +57 directly operated stores (DOS). This includes +26 net openings in APAC, +27 in EMEA and +18 in Americas. Meanwhile, the Group has pursued the optimization of its network in France (-14 DOS) with 2 relocations (Strasbourg and La Vallée Village) and 1 closure (Poitiers) in Q2 2020. SMCP open 8 DOS[5] in Q2 2020.

Sales breakdown by region and by brand

In France and EMEA, sales were down -49.6% and -55.1% respectively on an organic basis, in line with the Group average, showing a gradual sales improvement throughout the quarter as stores gradually reopened. In Europe, sales trends were relatively contrasted due to various degrees of local shutdowns and levers of exposure to tourism, which remained absent throughout the quarter. Among top performers are Germany, the Netherlands and Switzerland, while Italy, the UK and Spain were the most challenged. In France, performance was relatively resilient compared to Europe, despite some negative calendar effects related to the summer sales which were postponed by 3 weeks to July 15. Meanwhile, the Group generated a strong performance in digital[4] in Europe (+39.7%).

In the Americas, sales were down -69.8% on an organic basis, showing a greater impact from the crisis as most stores remained closed until the end of June, notably in New York, a key area for the Group. The situation there remains difficult, as the region is still fighting the pandemic. That could result in some potential reclosures of

[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] Including De Fursac

stores, such as in Florida and California. In parallel, e-commerce displayed a strong performance (+21.4%), showing a strong acceleration versus Q1 2020.

In APAC, sales were down -19.1% on an organic basis, showing a sequential improvement throughout the quarter. This performance reflected good resilience in mainland China (-3.4% of organic growth in Q2 2020) and some contrasted trends in the rest of Asia. In mainland China, the Group recorded a gradual improvement throughout the quarter, returning to sales growth in June. These early signs of recovery are encouraging but the performance remained contrasted by region in mainland China. While the South of mainland China benefits, in June, from positive trends in many cities, the North is still facing some risks of local shutdowns. In parallel, mainland China benefitted from a strong performance on e-commerce (+17.2%), driven by successful operations on T-Mall such as the celebration of the brands' anniversaries or the 6/18 event. In the rest of Asia, SMCP recorded contrasted trends including a good resilience in South Korea and Taiwan and tougher markets in Hong-Kong and Singapore.

On an organic basis, Sandro (-45.0%), Maje (-49.0%) and the Other Brands division (-49.1%) recorded a similar drop in sales, almost equally impacted by the Covid-19 epidemic.

UPDATE ON COVID-19 OUTBREAK AND 2020 OUTLOOK

As of end of July, most DOS have reopened (99%), including more recently the UK, the US and Singapore. However, risks of local shutdowns remain present, particularly in the US, Hong-Kong and Beijing. The Group is carefully monitoring the situation.

Over the first part of the year, SMCP has perfectly executed its action plan to mitigate the impact of the crisis, including reducing meaningfully its capital expenditure, variabilizing half of its operating expenses and reducing by more than 30% its FW20 collection purchase to limit inventories at the end of the year. The Group also increased its financial flexibility by signing a state guaranteed loan of €140m and obtaining a suspension of its financial covenants for 2020 and an easing of its financial covenants for 2021.

Given the high level of uncertainty around the duration of the epidemic, SMCP does not disclose any guidance for 2020, both in sales and profitability.

The Group remains confident in its business model and the attractiveness of its brands. The dedication of its teams towards ensuring a strict control of its costs will contribute to mitigating the impact of Covid-19. SMCP's financial structure and level of liquidity put the Group in a solid position to face these exceptional circumstances.

FINANCIAL CALENDAR

- Sept. 4, 2020 - 2020 H1 results

APPENDICES

Breakdown of DOS

Number of DOS	H1-19 *(excl. DF)*	2019 *(incl. DF)*	Q1-20 *(incl. DF)*	H1-20 *(incl. DF)*	Var H1 20 vs. Q1 20 *(incl. DF)*	Var H1 20 vs. FY 19 *(incl. DF)*	Var H1 20 vs. H1 19 *(excl. DF)*
By region							
France	481	528	522	524	*+2*	*-4*	*-14*
EMEA	385	413	413	415	*+2*	*+2*	*+27*
Americas	146	162	164	164	-	*+2*	*+18*
APAC	195	219	217	221	*+4*	*+2*	*+26*
By brand							
Sandro	520	550	554	555	*+1*	*+5*	*+35*
Maje	423	444	443	448	*+5*	*+4*	*+25*
Claudie Pierlot	217	224	222	223	*+1*	*-1*	*+6*
Suite 341	47	44	38	38	-	*-6*	*-9*
De Fursac	na	60	59	60	*+1*	-	*na*
Total DOS	1,207	1,322	1,316	1,324	*+8*	*+2*	*+57*

Breakdown of POS

Number of POS	H1-19 *(excl. DF)*	2019 *(incl. DF)*	Q1-20 *(incl. DF)*	H1-20 *(incl. DF)*	Var H1 20 vs. Q1 20 *(incl. DF)*	Var H1 20 vs. FY 19 *(incl. DF)*	Var H1 20 vs. H1 19 *(excl. DF)*
By region							
France	481	530	522	524	*+2*	*-6*	*-14*
EMEA	504	535	531	534	*+3*	*-1*	*+27*
Americas	181	189	191	193	*+2*	*+4*	*+12*
APAC	352	386	388	399	*+11*	*+13*	*+47*
By brand							
Sandro	672	707	711	716	*+5*	*+9*	*+44*
Maje	557	577	576	587	*+11*	*+10*	*+30*
Claudie Pierlot	242	250	248	249	*+1*	*-1*	*+7*
Suite 341	47	44	38	38	-	*-6*	*-9*
De Fursac	na	62	59	60	*+1*	*-2*	*na*
Total POS	1,518	1,640	1,632	1,650	*+18*	*+10*	*+72*
o/w Partners POS	*311*	*318*	*316*	*326*	*+10*	*+8*	*+15*

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 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

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.

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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 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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A conference call to investors and analysts will be held today by Daniel Lalonde, CEO and 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), 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 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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