

# SMCP

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Press release – Paris, June 25<sup>th</sup>, 2019

## SMCP in exclusive negotiations to acquire De Fursac, a French leader in men's accessible luxury, poised for international expansion

- Contemplated acquisition of 100% of De Fursac
- Accelerating SMCP's strategic roadmap by reinforcing menswear, one of the most attractive markets in ready-to-wear
- Entering a new segment in men's accessible luxury
- Leveraging SMCP's international & digital expertise to accelerate De Fursac's successful growth trajectory
- Positive impact on EPS from 2019 on a full year basis
- 100% debt-financed acquisition, with full financing already in place

SMCP is pleased to announce that it is in exclusive negotiations to acquire De Fursac, a French leader in men's accessible luxury. With this acquisition, SMCP would strengthen its footprint in the fast-growing menswear accessible luxury market, where it is already developing successfully through Sandro men, and would gain access to a new segment. SMCP would leverage its proven international and digital expertise as well as its robust development platform to accelerate De Fursac's strong growth trajectory. The transaction is expected to close before the end of Q3 2019 subject to completion of the information and consultation procedure of the works council, regulatory approval and customary conditions.

**Daniel Lalonde, SMCP's Chief Executive Officer, said:** *"Today's announcement is an exciting new chapter for SMCP. With De Fursac in our Group, we have a unique opportunity to accelerate our strategy, by tapping into a new segment in the fast-growing men's accessible luxury market. De Fursac is an outstanding brand, poised for growth through international expansion, with the support of our expertise. We look forward to working with the talented teams of De Fursac, on our journey to become the global leader of accessible luxury and to continuing to create value for our shareholders."*

**Edmond Cohen, De Fursac's President, said:** *"I am very pleased with this project which is first and foremost the result of entrepreneurs who share the same passion for creation and innovation and who are moving forward with the same enthusiasm and determination. I am convinced that SMCP is the ideal partner to support our ambitions and that our talented teams will integrate perfectly into this new Group."*

The transaction has been unanimously approved by the Board of Directors of SMCP and its founders **Evelyne Chetrite and Judith Milgrom** *"are proud to welcome this beautiful maison and delighted that SMCP is reaching this new milestone with Edmond Cohen and Alix Le Naour (Artistic Director of De Fursac), who are driven by the same passion for creation and entrepreneurship"*.

### **De Fursac, a French leader in men accessible luxury, poised for international expansion**

Founded in 1973 and with a strong Parisian DNA, De Fursac has a unique positioning in the men's accessible luxury market, blending tailoring heritage with style, chic and timelessness. De Fursac benefits from a network of 54 stores in premium locations across 29 cities in France and Switzerland. Known for its expertise in tailoring with an edgy and a timeless style, De Fursac has been successfully expanding an offer of urban-casualwear over the past several years.

In 2018, De Fursac's sales reached €41.4 million with a strong like-for-like sales growth of +5.4% and an EBITDA margin above SMCP's margin. Consistently ranked among the Top 3 brands in all French department stores in men's accessible luxury, De Fursac already benefits from a strong desirability among international customers, especially the Chinese.

### **SMCP to enter a complementary segment of the fast-growing menswear market**

Men's accessible luxury represents a large market of €21 billion and is expected to continue to grow by +4.4%<sup>1</sup> per year over the next five years. Acquiring De Fursac, which is positioned in a different market segment, modern tailoring (blending tailoring and casual codes), will allow SMCP to complement its offer and expand its customer base.

### **SMCP to leverage its international and digital expertise to accelerate De Fursac's growth trajectory**

De Fursac's integration into the SMCP Group will be greatly facilitated by their similar's business model based on: i/a retail pure player's profile and; ii/ a blend of luxury and fast fashion's codes. The prestigious locations of De Fursac's network, its personalised shopping experience, and its fast and agile production cycle and sourcing capabilities, make it a perfect match for SMCP.

SMCP will be able to leverage its strong expertise and in-house resources to accelerate De Fursac's successful growth trajectory. SMCP will significantly accelerate De Fursac's geographical expansion in Europe and Greater China, targeting more than 30% international exposure over the mid-term. The Group also plans to accompany De Fursac on its digital journey, targeting more than 10% sales penetration over the mid-term.

### **An accretive acquisition from 2019**

This acquisition will be accretive on EPS from 2019, on a full year basis. It is 100% debt-financed, with full financing already in place. It should close by the end of Q3 2019 subject to completion of the information and consultation procedure of the works council, regulatory approval and customary conditions.

#### Advisors:

*SMCP has been advised by BNP Paribas (financial advisor) and Clifford Chance (legal advisor).*

*De Fursac has been advised by AyacheSalama (legal advisor).*

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

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The access pin code for the call is 3668626

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<sup>1</sup> Source: CAGR 2018-2022 -Euromonitor, Altagamma, BCG market model

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## ABOUT SMCP

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SMCP is a global leader in ready-to-wear's accessible luxury with three distinct contemporary Parisian fashion brands, *Sandro*, *Maje* and *Claudie Pierlot*. Present in 40 countries with 1,466 points of sale, SMCP generated €1 bn sales in 2018. 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 was founded in 1984 by Madame Claudie Pierlot and acquired by SMCP in 2009. SMCP is listed on the regulated market of Euronext Paris (compartment A, ISIN Code FR0013214145, ticker: SMCP).