

SMCP

sandro - maje - claudie pierlot - de fursac



2019 Full Year sales

Press release - Paris, January 29th, 2020

Robust sales growth in 2019 2019 adj. EBITDA margin guidance confirmed

- 2019 sales growth up +8.7% at ccs.¹ (+11.3% as reported) despite sharp market deterioration in Hong-Kong in Q4 and French social movements
- Stable Like-for-Like sales growth (-0.1%) in 2019 with positive contribution from all regions in Q4 19
- Double-digit international sales growth at ccs. and solid resilience in France (+0.5% at ccs.) in Q4 19
- Dynamic year of openings with +90 net DOS, in line with roadmap
- Confirmation of full-year 2019 guidance on adj. EBITDA margin of between 15.5% and 16%

Commenting on the report, Daniel Lalonde, SMCP's CEO, stated: *"In 2019, thanks to the strength of our brands, teams and business model, we delivered a robust growth despite increasingly tough market conditions particularly in the Parisian region and in Hong Kong. While Sandro and Maje delivered another strong year with double-digit growth, Claudie Pierlot has been transitioning to become a global brand. In 2019, we continued to roll-out our roadmap by strengthening our growth platform in China, further developing accessories, enriching the omni-channel customer experience, and building solid foundations on sustainability. Looking forward, one of our key focuses is to drive like-for-like sales growth through initiatives which will be detailed at our Capital Market Day in April 2, 2020. Finally, we confirm our full-year 2019 guidance on adj. EBITDA margin.*

€m except % Unaudited figures	Q4 2018	Q4 2019	Sales growth at ccs. ¹	Reported change ²	2018	2019	Sales growth at ccs. ¹	Reported change ²
Sales by region								
France	98.3	109.2	+0.5%	+11.1%	374.9	384.6	-0.7%	+2.6%
EMEA ³	82.3	91.4	+9.4%	+11.1%	305.5	337.6	+9.8%	+10.5%
Americas	41.5	45.7	+6.2%	+10.0%	134.2	150.4	+6.7%	+12.0%
APAC ⁴	54.1	70.8	+29.1%	+30.9%	202.5	259.2	+25.8%	+28.0%
Sales by Brand								
Sandro	138.8	155.8	+10.9%	+12.3%	500.6	551.6	+8.7%	+10.2%
Maje	103.3	117.6	+12.5%	+13.8%	391.4	438.2	+10.5%	+12.0%
Other brands ⁵	34.0	43.6	-4.3%	+28.2%	125.2	142.1	+3.0%	+13.5%
TOTAL	276.1	317.0	+9.6%	+14.8%	1,017.1	1,131.9	+8.7%	+11.3%

¹ All references to "ccs." in this press release correspond to sales growth at constant currency & scope

² Including De Fursac sales

³ 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).

⁴ APAC includes the Group's Asia-Pacific operations (mainly Mainland China, Hong Kong, South Korea, Singapore, Thailand and Australia).

⁵ Claudie Pierlot and De Fursac brands

2019 FULL-YEAR SALES

In 2019, consolidated sales reached €1,131.9 million, up +8.7% at constant currency and scope. Reported sales were up +11.3%, including a positive currency impact of +1.3% and De Fursac's contribution of +1.2% since September 2019.

This performance reflected a stable (-0.1%) like-for-like sales growth, with a sequential acceleration in H2 2019 (+0.8%), as well as a continued expansion of the stores network, in line with the Group's roadmap.

Over the last twelve months, SMCP net openings amounted to +90 directly operated stores. This includes +41 net openings in APAC, +45 in EMEA and +14 in the Americas. Meanwhile, in France, where the Group has pursued the optimization of its network with -10 net closings (DOS), SMCP continued to invest in new qualitative locations such as Sandro-Strasbourg or Maje-rue Soufflot in Paris. In Q4 2019, SMCP opened +27 directly operated stores globally.

2019 also showed some progress in digital, as online sales now represent 14.9% of the Group's revenue (+ 20 bps vs. last year). In parallel, Accessories showed a strong increase of +18.4% mainly driven by Maje and Claudie Pierlot.

2019 FOURTH QUARTER SALES

In the fourth quarter of 2019, consolidated sales reached €317.0 million, up +9.6% at constant currency and scope, showing a solid resilience in a challenging environment marked by strikes in France and a sharp market deterioration in Hong-Kong. Reported sales were up +14.8%, including a positive currency impact of +1.2% and De Fursac's contribution of +3.9%. This performance notably reflected a sequential improvement in like-for-like sales growth compared to Q3 2019, with positive contribution from all regions, including France.

Sales breakdown by region

In France, sales were up +0.5% at ccs. in a continuously challenging environment. Following a solid performance in October and November, December was impacted by the social movements that weighed on traffic in stores. Meanwhile, SMCP pursued its network optimization plan with -3 net closings over the quarter combined with qualitative investments in key locations including Sandro-Strasbourg and Maje-rue Soufflot (Paris).

In EMEA, sales growth stood at +9.4% at ccs., driven by key countries such as Spain, Germany and Italy. In parallel, the UK, first contributor in the region, showed a flat performance in a tough and volatile market, impacted by Brexit related uncertainties.

In the Americas, the Group registered a good performance of +6.2% sales growth at ccs. considering the high basis of comparison (+25.7% at ccs. in Q4 2018). This performance has been achieved through a double-digit retail sales growth (representing 93% of total business in sales) while partner's sales decreased due to the adjustment of the channel distribution (closure of 9 corners in Q3 19).

In APAC, the Group recorded another very strong quarter with +29.1% of sales growth at ccs. despite the continued deterioration of the market in Hong-Kong. This very strong performance reflected an outstanding performance in mainland China which has been amplified by some additional off-price operations, on past season inventories. Excluding off-price sales, mainland China recorded c.30% of sales growth at ccs.

Sales breakdown by brand

Sandro (+10.9% at ccs.) and **Maje** (+12.5% at ccs.) registered a double-digit sales growth in Q4 2019, driven by strong FW19 collections. **Maje** performance reflected strong results of its collection in Europe and APAC as well as a successful gifting strategy for the end of the year. **Sandro** showed a strong sales' performance in the US and an acceleration of Sandro men in Europe.

Meanwhile, **Claudie Pierlot** (-4.3% at ccs.) has been impacted by its transition to become a global brand. Claudie Pierlot has launched a consumer study and is continuing to work on the gradual evolution of the brand's marketing and products mix through further adjustments of its collection, store concept and marketing plan.

Over the last twelve months, **Sandro** recorded +47 DOS net openings, including a dual gender store at The Grove in Los Angeles, the relocation of a dual gender store in Strasbourg (France) and a store in Mix C Hefei in Q4 2019. **Maje** pursued its development with +35 DOS net openings, including key stores at Fashion Valley in San Diego, One ITC in Shanghai and the store relocation rue Soufflot, in Paris, in Q4 2019. Finally, **Claudie Pierlot** recorded +11 DOS net openings and increased its international footprint notably with +7 DOS in APAC.

GUIDANCE CONFIRMED

For 2019, SMCP confirms its adjusted EBITDA¹ margin guidance of between 15.5% and 16.0%.

FINANCIAL CALENDAR

- March 25, 2020 - FY 2019 results
- April 2, 2020 - Capital market day
- April 23, 2020 - 2020 Q1 sales
- July 23, 2020 - 2020 H1 sales
- Sept. 4, 2020 - 2020 H1 results

¹ This guidance is disclosed without taking into account the impact of the application of IFRS 16, effective as of the fiscal year 2019.

APPENDICES

Breakdown of DOS

Number of DOS	2018	Q1-19	H1-19	T3-19	2019	Var. vs. T3 19	Var. vs. FY 18
<u>By region</u>							
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
<u>By brand</u>							
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

Breakdown of POS

Number of POS	2018	Q1-19	H1-19	T3-19	2019	Var. vs. T3 19	Var. vs. FY 18
<u>By region</u>							
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
<u>By brand</u>							
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
<i>o/w Partners POS</i>	294	305	311	312	316	+4	+22

NB: 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

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 at December 31 for the year N in question).

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.

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 include 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 4 "Risk factors" of the Company's registration document (document de référence) filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) on 26 April 2019 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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