

Resilient 2020 first-half results

Operating margin: 7.5%

€m (audited accounts)	H1 2019	H1 2020	20/19
Net sales	238.4	139.3	-41%
Gross margin	152.3	83.0	-45%
% of sales	63.9%	59.6%	
Operating profit	39.0	10.4	-73%
% of sales	16.4%	7.5%	
Net income	27.2	8.9	-67%
% of sales	11.4%	6.4%	

€m (audited accounts)	06/30/19	06/30/20	20/19
Shareholders' equity	438.3	473.6	+8%
Cash net of borrowings	137.4	157.1	+14%

Income statement highlights

The rise in inventories caused by the global pandemic, management of returns linked to the transfer of the Kate Spade license and special pricing conditions negotiated with certain customers, adversely affected the gross margin in the first half, which decreased four points between 2019 and 2020.

However, thanks to its flexible business model and the strategic plan redefined in April, the company was able to adjust its expenses, notably for marketing and advertising campaigns that were moved forward to the 2020 second half and 2021.

As a result, and in spite of the decrease in sales by more than 40%, operating profit still exceeded €10 million, representing an operating margin of 7.5%.

Philippe Benacin, Chairman and CEO commented: *"The measures we adopted in early spring have enabled us to navigate the current crisis as effectively as possible and achieve satisfactory results for the first half in light of the situation. Certain indicators, notably an improvement in order intake, would seem to suggest a gradual recovery in business. Barring a reversal in trends, for the 2020 full year we are expecting revenue of close to €300 million."*

Paris, September 08, 2020

Benefiting from the positive impact of effectively managed foreign exchange transactions and a lower average tax rate, the net margin for the first half amounted to 6.4%.

Balance sheet highlights

Working capital was impacted by the drop in sales in the second quarter and the corresponding increase in inventory. Despite this, the cancellation of the 2019 dividend and the care devoted to managing accounts receivable helped maintain cash at a relatively high level. As a result, cash net of borrowings amounted to €157 million at June 30, 2020.

Shareholders' equity of €474 million representing 83% of total assets thus attests to the company's financial solidity.

Bonus share issues

In order to thank its shareholders for their loyalty and express its confidence in the future, the company has decided to improve the criteria for its 21st bonus share issue announced in April 2020. In accordance with the usual conditions applied over the last few years, the company will grant **one** new share for **ten** shares held in October 2020.

Philippe Santi, Executive Vice President and CFO, added: *"It is clear that the results of the first half were largely impacted by the global economic situation. At the same time, they also highlight the strength of our operating model and our capacity to maintain a good level of profitability even within a degraded environment."*

Upcoming event

Publication of 2020 third-quarter sales October 28, 2020 (before the opening of the Paris stock market)

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