SMCP

sandro · maje · claudie pierlot · de fursac

Press release - Paris, December 6, 2019

Sharp market deterioration in Hong-Kong
SMCP adjusts its 2019 adj. Ebitda margin target and
confirms its full-year sales growth outlook

SMCP today announces an adjustment to its adj. Ebitda margin objective for 2019 mainly due to the sharp market deterioration in Hong Kong triggered by a significant drop in traffic and temporary store closures over the past few weeks. This deterioration is expected to have a strong impact on the Group's Ebitda margin. To a lesser extent, the weaker than expected performance of Claudie Pierlot, which is much less exposed to fast growing international markets, will also affect the Group's margin.

In all other geographies and brands, the Group has been delivering according to plan, including a positive like-for-like sales growth in Q3 19 as well as in Q4 to date, and a continuously strong performance in Mainland China.

As a result, SMCP now expects to deliver an adj. Ebitda margin[1] of between 15.5% and 16.0% in 2019 and reconfirms its full-year sales growth target.

Looking forward, SMCP is closely monitoring the evolution of market trends in Hong Kong and taking all appropriate measures to mitigate the impact such as selectively optimizing its store network. Overall, SMCP remains strongly committed to delivering its strategic roadmap and foresees significant growth potential of its brands both in terms of like-for-like and worldwide expansion.

A conference call to investors and analysts will be held today by Daniel Lalonde, CEO, and Philippe Gautier, CFO and Operations Director, at 9.00 a.m. (Paris time).

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

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.

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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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 40 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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