New stores boost SMCP’s Q3, France starts recovery, APAC and EMEA are strong

By Sandra Halliday - October 29, 2019

SMCP is continuing its successful run with the French premium fashion group on Tuesday reporting higher Q3 sales and maintaining its full-year sales guidance.

The company, which owns the Sandro, Maje, Claudie Pierlot, and (since last month) De Fursac brands, said it saw a strong quarter as its consolidated sales rose 10.8% to €274.5m, including one month of De Fursac. The rise was impressive on a constant currency/comparable (CCY) basis too, with an increase of 9%.

And the company really seems to have momentum behind its brands, saying that its “sales growth acceleration throughout the quarter” was driven by a “positive start to [its] FW19 collections.”

There was plenty of good news when the report got down to details, with its double-digit international sales growth, mainly driven by APAC and EMEA and “strong resilience in France.” Meanwhile, positive like-for-like sales growth was driven by all its international markets and the company said its womenswear brands continued to capitalise on leathergoods and shoes, while digital sales penetration also increased, notably driven by mainland China.

And it looks set fair for a rosy future as it continues its store opening drive with 28 directly operated stores (DOS) opening in Q3 to give it a physical presence in plenty of new markets. It also made “further progress” on its French network optimisation plan.

Importantly too, the company, which is majority-owned by Chinese retail group Shandong Ruyi, said the De Fursac integration is “well on track” with “solid progress towards [its] store openings roadmap for 2020.”
That allowed the firm to confirm its full-year guidance for sales growth of between 9% and 11% CCY with a “stable” adjusted EBITDA margin compared to 2018, excluding the acquisition of De Fursac.

CEO Daniel Lalonde was understandably upbeat and as well as hailing the progress in APAC and EMEA, said that in France, “despite a sluggish market, our performance improved over the quarter and SMCP kept on gaining market share”. And he’s “confident that this good momentum will continue in the next quarter”.

**THE NUMBERS**

Looking closer at the sales performance, within that 10.8% increase, EMEA rose 12.4% (or 12.2% CCY) to €87.5 million and APAC was up a powerful 23.8% (or 21.5% CCY) to €59.2 million. The Americas was up 11% (or 6.3% CCY) at €36 million. And France rose 2.5% to €91.8 million with a month of De Fursac included, or 0.6% on a directly comparable basis — a small increase but a rise nonetheless.

The company seems confident that France is fighting back after a difficult period and it said the Q3 performance in which growth speeded up, “bodes well for Q4”. Growth picked up after the temporary blip caused by July’s heatwave “with a good momentum from August onwards”.

And the firm’s brands showed rises across the board too. Sales at its largest, Sandro, rose 12.2% to €133.4 million; Maje was up 10% to €108.3 million; and the ‘other brands’ (which now include De Fursac as well as Claudie Pierlot) rose 8% with that one-month De Fursac performance added in, or 2.1% without it. The sales here were €32.9 million.

Why is Claudie Pierlot lagging the rest of the company? It continued to be impacted by a weak performance from its dress category in SS19 and its lower exposure to fast-growing international markets. But the brand remains in growth mode, (albeit slower than its stablemates) and in current market conditions, that’s a win for the company.

Much of SMCP’s growth is being propelled by its ambitious store opening programme and as we saw earlier, that ambition certainly wasn’t scaled back in Q3. In fact, over the past 12 months, the company has opened 107 directly operated locations, 51 of them in APAC, 47 in EMEA, and 16 in the Americas. But it has also closed stores in France while continuing to invest in new, high-quality, locations such as Claudie Pierlot on the Champs Elysées.

By Sandra Halliday

Copyright © 2020 FashionNetwork.com All rights reserved.