Hong Kong and Claudie Pierlot woes mean guidance downgrade for SMCP

By Sandra Halliday - December 6, 2019

France-based premium retail specialist SMCP may be one of fashion’s regular over-performers, but on Friday it issued a guidance downgrade on the back of the “sharp market deterioration in Hong Kong”.

The owner of the Sandro, Maje, Claudie Pierlot and De Fursac brands said it has seen 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”.

And it added that “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”.

That’s bad news for a company that has shown itself to be one of the most successful names in premium-priced fashion globally.

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But while there are geographical issues and one brand-specific problem, the company still appears to be firing on all cylinders elsewhere. It said that “in all other geographies and brands, the group has been delivering according to plan, including a positive like-for-like sales growth in Q3, as well as in Q4 to date, and a continuously strong performance in Mainland China”.

So what does this all mean for its future results? The company now expects to deliver an adjusted Ebitda margin of between 15.5% and 16% in 2019 and is reconfirming its full-year sales growth target. In the first half, that margin had been 16.1%.

SMCP said it’s also “closely monitoring the evolution of market trends in Hong Kong and taking all appropriate measures to mitigate the impact such as selectively optimising its store network”. And it added that overall, it “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”.

It didn’t say what action it’s taking to boost the performance of the Claudie Pierlot label, however.

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