France’s SMCP said on Tuesday that since its last update to the market on January 29, the outbreak of Covid-19 in China is “having a material negative effect on Chinese consumption”. It added that its sales and profitability there “are significantly impacted”. China is a key market for the group that owns the Sandro, Maje and Claudie Pierlot brands.

Aside from the impact on its stores, the company has consequently decided to postpone its capital market day that had been scheduled for April 2. It will now happen on September 30.

It’s not only what’s happening within China that’s affecting the firm as it’s seeing issues “to a lesser extent in the other regions, due to a decrease in Chinese tourists”.

The company said it had been generating a strong performance during the first three weeks of January in mainland China, but “a meaningful part of the group’s stores has been temporarily closed in mainland China and in Macau since then. A situation which is changing daily. In parallel, the remaining stores are operating with limited opening hours”.

Sandro
CEO Daniel Lalonde thanked the firm’s local workers and said the company has a global team in place to monitor the situation on a daily basis, “with the key priority of ensuring the safety, health and protection of our employees and our customers. While we cannot predict the duration of the crisis, we have been taking appropriate measures to mitigate the impact on our business. Beyond this, I remain fully confident in our strategy, the strength of our brands and their potential in China.”

We should hear more about how the China situation is affecting SMCP when it delivers its full-year results on March 25.