SMCP has bruising Q2, but China and digital were bright spots

By Sandra Halliday - July 29, 2020

Sandro and Maje owner SMCP said on Wednesday that Q2 sales were "strongly impacted by Covid-19, as anticipated" but the company saw a "gradual sales improvement throughout the quarter". And Mainland China was even back to growth in June.

Quarterly sales fell 45.8% on a reported basis and 47% on an organic basis, but that Chinese growth last month came as the country had already seen a gradual improvement throughout the second quarter.

And SMCP also saw a strong digital acceleration in all regions with a 32% rise overall and a 39.7% increase in Europe alone.
The company is clearly expecting it to be a while before things get back to normal though and has reduced its AW20 purchases by more than 30. But it has plenty of cash to see it through with a French state-guaranteed loan of €140m and additional flexibility on its 2020-21 financial covenants.

Looking at its Q2 figures in more detail, total sales were €144.1 million, which divided down in France as a 46% drop on a reported basis to €47.3 million (the country being “relatively resilient compared to Europe, despite some negative calendar effects related to the summer sales”); sales were €35.8 million in EMEA (-54.9%); €11.3 million (-69.4%) in the Americas; and €49.8 million (-19.5%) in Apac.

By brand, Sandro was down 44.9% on a reported basis at €71.5 million and Maje was down 49% at €53.8 million. Meanwhile the ‘other brands’ (Claudie Pierlot and De Fursac) were down 38.1% at €18.8 million.

The company said that over the quarter, while traffic in stores remained historically weak for obvious reasons, the group saw “solid” conversion rates.

CEO Daniel Lalonde said: “The Covid-19 pandemic strongly impacted our sales as shutdown measures were implemented in many countries, and as tourism has been absent for several months. Nevertheless, since the beginning of May we have seen a progressive improvement as our stores gradually reopened. Digital has been part of the group’s key drivers for years and has once again demonstrated its ability to support our sales despite lockdown measures in all of our regions.

“Despite the persistent market uncertainties, I remain confident in our ability to get through this unprecedented crisis thanks to the strength of our business model, the attractiveness of our brands and the impressive commitment of our teams”.

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