SMCP sees mixed Q1 as Covid recovery varies globally

By Sandra Halliday  -  April 27, 2021

SMCP issued a first-quarter sales update on Tuesday and it showed that while some markets are bouncing back rapidly, others remain difficult as lockdowns continue.

Overall, the owner of Sandro, Maje, Claudie Pierlot and De Fursac saw consolidated sales down to 2.1% to €223.9 million in the first quarter, or a fall of 0.6% on organic basis. While that drop doesn't look very big, it has to be borne in mind that the comparison period a year ago also included many weeks of lockdowns in multiple markets.

And at present, 45% of its directly operated store network remains temporarily closed worldwide.
That said Asia-Pacific continues to perform very well with mainland China a standout performer. And the Americas unit is showing "early signs of rebound". While it’s still tough in Europe, the company said its European teams are "fully mobilised to prepare for the post-lockdown period and to emerge stronger from this crisis". The gradual reopening on the continent gives it good reason to be "cautiously optimistic" about the second half, although it recognises that there’s a high level of uncertainty so it didn’t give any sales guidance for the period.

Q1 NUMBERS

Looking at Q1, the company said digital was up 38.9%, boosted by several new initiatives from its strategic project One Journey, including the finalisation of the ‘Ship from Store’ rollout in France.

By brand on an organic basis, sales dropped 0.1% at Sandro, rose 6.1% at Maje and fell 17% at Claudie Pierlot and De Fursac combined.

Regionally in the first three months of the year, it saw a strong performance in APAC with a 64.6% sales increase that was driven by a 92.6% increase in mainland China. As mentioned, lockdowns a year ago would have flattered that figure somewhat, but compared to Q1 2019, the Chinese number was still up 26%. The increase was mostly driven by physical shops rather than digital. But it wasn’t all about China and a strong performance was also recorded in markets such as Taiwan, Macau SAR, and South Korea.

In France, sales were down 8.3% on an organic basis. From January 2021, they were impacted by restrictive measures, low traffic and continued low tourism levels. In March, the country faced new lockdowns in key regions, including Paris. Despite those restrictions, these results “reflect a sequential improvement from February and a favourable comparable basis from mid-March vs 2020”. And French digital sales saw impressive growth of 55.5%.

Sandro
In EMEA, sales were down 32.5% on an organic basis, with the region still hurt by a continued sharp drop in tourism, longer store closures and lockdowns in key countries from January. This included a total lockdown in the UK and Ireland and long-lasting closures in Germany, the Netherlands, Portugal, and Switzerland. Again, digital partially came to the rescue with growth of 30.5%.

As mentioned, the Americas were stronger than Europe and sales there were stable with growth of 0.4% on organic basis. However restrictive store measures, particularly in Canada, still weighed on the figures. The performance gradually improved from February, aided by a rebound in consumer spending in the US as the vaccine rollout there proceeded quickly. The company saw a continual rise in traffic to physical shops from January, but e-commerce will still strong in the region with a 62.8% increase.

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