SMCP on road to recovery as Q3 sales rise, despite regional variations

By Sandra Halliday - October 27, 2021

French premium fashion group SMCP has had to deal with plenty of background ‘noise’ in recent periods as issues around its parent company Shandong Ruyi persist. But it’s remained laser-focused on driving sales back to more normal levels post-pandemic and seems to have generally succeeded in Q3.

It continues to face challenges in certain markets, but it said on Wednesday that in the three months to September, sales rose year-on-year (YoY) and were almost level with those in the same period of 2019 (2YoY). In fact, they were up 9.4% reported and 8.4% organic YoY at €271.7 million and were down only 1% reported and 3.2% organic 2YoY. That’s impressive given that retail still isn’t operating quite normally in many markets.

The company also said it saw a strong trend versus 2019 in the important Mainland China market with a 15.8% organic sales rise, “despite some Covid resurgence locally impacting mobility and store traffic”.

And the Americas turned positive versus 2019 while the US specifically is still outperforming (it was up 15.2% 2YoY on an organic basis) “thanks to a very high demand”.

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France and EMEA have suffered as tourist flows have stayed low but both are "progressively catching up to the 2019 level, supported by strong local consumption".

And also key, the firm is making "steady and solid progress on the full-price strategy" with the discount rate down by -5.5 pts.

The owner of the Sandro, Maje, Claudie Pierlot and Fursac brands remains confident in its ability to reach €1 billion in sales for 2021 as a whole.

That confidence has been helped by the first weeks of October continuing "to show a positive dynamic across all our markets", it said. "The group observes a good trend in Europe, thanks to positive consumer trends, together with solid US performance. In Mainland China, where October sales remain strong, SMCP teams are now focusing on China’s 11/11 and 12/12 key sales events".

Looking more closely at the regional performance, the company said that Q3 sales in France were down 1.2% YoY on a reported and organic basis at €88.4 million. EMEA was up 16.4% reported and 15.5% organic at €81.3 million. The Americas rose 61.5% reported and 62.9% organic at €37.8 million. But despite the Chinese strength, APAC was down 2.2% reported and 5.7% organic at €64.2 million.

All of the company’s brands were in positive territory with Sandro up 13.1% reported and 12% organic at €131.5 million YoY. Maje was up 7.8% reported and 6.7% organic at €106.5 million and its other brands category was up 1.2% reported and 0.7% organic at €33.8 million.
New CEO Isabelle Guichot called it “a solid performance” and said the firm is “particularly pleased with our sales trend in the US”. She highlighted that sales in France and EMEA are “approaching their pre-crisis level, despite reduced tourism”.

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