SMCP shrugs off French woes, sales top €1bn for first time on global growth

By Sandra Halliday - 28 January 2019

SMCP has continued its run of impressive results with the owner of the Sandro, Maje and Claudie Pierlot brands saying that it saw strong double-digit sales growth last year with its turnover rising above €1 billion for the first time.

That's doubly impressive given the weak conditions in many of its markets last year with a very hot summer affecting sales of many rival brands and the yellow vest protests causing specific problems late in the year in its domestic French market.

But SMCP has appeared to largely shrug off any such challenges and said that sales growth was 13% constant currency, with like-for-like sales up 3.7%. And it saw a “significant acceleration” in digital last year with this channel now representing 14.7% of its total.

Q4 – when those aforementioned yellow vest protests were really hurting France's Christmas shopping season – remained strong with constant currency sales up 8.1% and reported sales up 7.9% to €276.1 million “despite unprecedented market headwinds.”
Overall during the year, the company opened 134 new store locations with a net 102 of them being directly operated stores, which was above the annual target.

CEO Daniel Lalonde called the performance “remarkable” and said that in the space of four years, the group has doubled its sales. He added that the "performance throughout the year, and more particularly over the last quarter, demonstrates that SMCP is built on strong foundations and further illustrates the resilience of our business model in the midst of unprecedented market headwinds.”

THE NUMBERS

Looking at the figures in more detail, in 2018, consolidated sales were €1.017 billion, up 13% as mentioned, with biggest brand Sandro rising 9.7%, Maje 14.2% and smallest brand Claudie Pierlot 10.7%.

Meanwhile Q4 consolidated sales reached €276.1 million, up 8.1% constant currency, as we said. Sandro’s growth was ‘only’ 5.9%, although compared to many of its market peers, this was a good figure. Maje rose 10.8% and Claudie Pierlot 7.8%.

Growth, during both the full year and the fourth quarter was strongest in the Americas and Asia Pacific. European growth remained strong but France clearly had its challenges as sales in both periods dropped by a small percentage.

In Q4, constant currency sales rose 25.7% in the Americas, which was above expectations. It reflected “a solid execution of the digital strategy in the US with a penetration rate now standing firmly above 25% of sales, [plus] the positive results of the renovation plan launched at the end of 2016 in all stores at Bloomingdale’s and the favourable start of the recent openings.”

In Apac, constant currency sales rose 18.2%, “on top of a high base of comparison. This performance was notably driven by mainland China which generated over 20% of sales growth.”

In EMEA, sales rose only 7.2% “as the exceptionally warm temperatures delayed the transition towards the Fall/Winter collections across most territories. Consequently, sales growth showed a sequential improvement throughout the quarter.”

But France was down 1.9%, “affected by the yellow vests which led to store closures and lower in-store traffic from mid-November onwards. This was partially offset by stronger results in e-commerce.

Sales for the full year were up 36% (constant currency) in Apac, 30.4% in the Americas, and 12% in EMEA but dipped 0.5% in France.

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