As SMCP looks to new horizons, an acquisition could be on the cards

By Anaïs Lerévérend  -  1 February 2019

SMCP executives were looking to spotlight a particularly symbolic milestone with the publication of the company's 2018 sales results on Monday. Indeed, the French luxury group hit 1 billion euros in revenues over the course of the last fiscal year, total sales from its Maje, Sandro and Claudie Pierlot brands having totalled 1.017 billion euros to be exact, compared to 912.14 million in the prior year.

The company announced that it had therefore achieved its objective of 13% growth in constant currencies, with revenue growth of 11.5% taking into account the negative impact of unfavourable exchange rates, and a comparable sales increase of 3.7%. Although these results reflect a deceleration compared to the company's growth in 2017, when it saw comps rise 7.8%, they must be understood in the context of the current market climate, as pointed out by the group's CEO Daniel Lalonde. "Yes, if the end of the year had been stronger, perhaps we could have done even better. But, rather, in the current economic environment, we showed that we're very resilient. You have to put things in context and compare our results with our competitors specialised in accessible luxury and retail, I think we're doing very well," he asserted.

"The right moment" for an acquisition

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SMCP is eager to emphasise this resilience to the investors and analysts who have been scrutinising its results since its IPO at the end of 2017. It also wants to show off its EBITDA margin, which should be rising from 16.5% to 17%, as the group has now announced that it is closing in on this target.

Following four years of accelerated growth during which SMCP's revenues have doubled, could a slow-down now be setting in? This appears to be the major question for stock market analysts at the moment. The French company acquired by Chinese textiles and apparel group Shandong Ruyi in 2016 has thus far managed to resist the negative effects of a challenging international market, maintaining double-figure growth. Ten years after its acquisition of Claudie Pierlot, however, this could well be the moment for the group to look into external growth in order to complete its portfolio.

"Up until now, we've focused on organic growth," explained Lalonde, who joined SMCP in 2015. "But yes, for the first time, I can say that, if a brand corresponded to our company culture and an opportunity presented itself, we could indeed look into it seriously. We're ready. We've invested in our infrastructure, I think it's the right moment, yes," stated the executive.

SMCP's portfolio is currently made up of three brands: Sandro, Maje and Claudie Pierlot. The second of these saw the strongest growth in 2018, posting a sales increase of 15.9% to 391.4 million euros, unlike in 2017 when Sandro led progress at the company. Sandro nonetheless managed an increase of 11.4% in 2018, hitting a symbolic milestone of its own – 500 million euros in revenues. Claudie Pierlot saw a similar growth rate of 11.1%, reporting revenues of 125.2 million euros.

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