SMCP refines debt, reduces cost to give it greater flexibility

By Sandra Halliday - 10 May 2019

French fashion giant SMCP said Friday that it has successfully refinanced its existing debt and significantly reduced the cost of that debt.

The company is focused on optimising its capital structure and deleveraging, and said that the cost of its debt is now down by around 200 basis points to 2.6%, with a maturity of five years.

And while that may seem like just a dry, financial transaction, it’s actually of vital importance because we’ve seen many examples in recent times of how much a heavy debt load can hamper and seriously undermine some major brands and retailers.

Easing its debt load will give the owner of the Sandro, Maje and Claudie Pierlot brands greater flexibility to pounce on future growth opportunities and finance its ambitious expansion plans.

The capital restructuring will, on May 21, see it repaying €180 million of outstanding senior debt obligations four years early. It also plans to repay the entire amount (€110 million) drawn so far on its revolving credit facility of €250 million dating from October 2017, and to cancel this facility. And it has a new non-secured credit facility of €465 million.

The announcement comes just a couple of weeks after the company reported Q1 sales rising reasonably well in a tough market with a 7.2% currency-neutral rise as it enjoyed “another resilient quarter, despite a challenging environment in France.”

By Sandra Halliday

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