SMCP beats the €1bn sales benchmark again as recovery is on track

By Sandra Halliday - 10 March 2022

Premium fashion giant SMCP has faced numerous challenges in the past year with the pandemic and the long-running saga that resulted in its former majority shareholder being ousted. But the company itself and its brands have continued to progress.

Late on Wednesday it said sales once again exceeded €1 billion in its latest financial year and sales in Q4 were "at par" with pre-pandemic levels as they gradually improved throughout the year.

Compared to Q4 2020, sales were up 22.1% on an organic basis.
Meanwhile, sales for 2021 as a whole rose 18.7% to €1.038 billion (all percentages on an organic basis) compared to the previous year, although they were down 9.7% compared to 2019 as the pandemic continued to make an impact.

The sales momentum last year was driven by Asia-Pacific with mainland China faring strongly compared to 2019 with a healthy 15.2% rise. Meanwhile the Americas got back to pre-pandemic levels, thanks to the US outperforming with a 5.5% two-year increase.

The e-commerce performance was also “very strong” and the company cited a digital penetration of 23%.

Additionally, it hailed the continued execution of its full-price strategy. This fed through into higher profits and the company reported strong growth in adjusted EBIT to €95.3 million, against just €7 million in 2020. Net income was up sharply as well at €23.6 million after a more-than-€102 million loss a year earlier.

The company is also upbeat about the current year, despite the geopolitical issues at present, and said it expects double-digit sales growth against 2021 and sales to rise in mid-single-digits against 2019. Adjusted EBIT will at least be in line with 2021.

REGIONS AND BRANDS

Looking more closely at the regional performance for the year, SMCP said that in France, sales were “gradually catching up [to] 2019 levels over the first nine months, finally exceeding them in the fourth quarter”. Compared to 2020, sales were up 9.6%, driven by like-for-like growth of 11.7%.

It said the performance “is all the more remarkable” given that it included a 5pt decrease in its discount rate over the year and the completion of its network optimisation plan (−46 POS at the end of 2021 vs 2020). Down 16.3% on an organic basis vs 2019, France’s performance was “supported by local demand” and “remains solid particularly given the severe restrictions in the first half of the year”.

In EMEA, group sales were up by 19.6% vs 2020, driven by strong like-for-like growth in physical stores (+28%). Again, the company reined-in discounts but the region was still down 16.6% on an organic basis vs 2019 despite the store closures in the first half of the year, and the loss of tourism-related sales.

In APAC, sales rose 14.5% against 2020 and 5.5% against 2019, driven both by physical and digital sales. As mentioned, China was strong, despite further local Covid resurgences and major weather events in key cities, particularly in the second half of the year.

In the Americas, sales rose 57.2% against 2020 and were just about back at pre-pandemic levels too (actually down just 0.6% against 2019) with, as mentioned, the US beating 2019’s figures.

Meanwhile, as far as individual brands were concerned, the company saw 2021 sales of €497.6 million for Sandro, which was up 19.8% on an organic basis. In Q4, the brand’s sales rose 24.8% to €154.1 million.

Sales at Maje rose 20.7% to €407.3 million for the year and 17% to €117.9 million for the quarter. The firm’s other brands (Claudie Pierlot and Fursac) were up 9.4% at €133.7 million for the year and 27.7% at €41.5 million for the fourth quarter.

CEO Isabelle Guichot said: “Throughout the year, our performance has continued to improve despite numerous constraints related to Covid-19 resurgences around the world (resulting in both store closures and a strong impact on mobility and traffic), enabling us to be back at par with our pre-pandemic activity levels.

"Despite uncertain market conditions, we have been able to significantly improve our profitability and generate a record level of free cash flow. The Group is now perfectly positioned to pursue its strategic roadmap, and I am confident in our ability to achieve our objectives by 2025."