Sandro owner SMCP's Q1 turnover lifted by thriving China, U.S. fashion sales

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Demand from Chinese and U.S. consumers helped boost first quarter revenue at fashion group SMCP, as the owner of French labels Sandro and Maje expanded online sales and opened more stores.

SMCP, which listed its shares last year and is majority-owned by China’s Shandong Ruyi, on Thursday posted a 12 percent rise in first quarter revenue to 252 million euros ($306.7 million). At constant exchange rates, the increase was 15.8%.
“We are very happy and proud of this first quarter. Growth was notably very strong on international markets, which now account for more than 60% of revenue,” said the group’s General Manager Daniel Lalonde.

SMCP sales for the first three months of 2018 were slightly higher than the Bloomberg forecast, which set them at €249 million, though below that of Factset, which estimated €304 million.

In the Americas, growth was up 29.5% (€29.3 million), while the group still continues to grow by leaps and bounds in Asia, where revenue increased by 54.1% at constant exchange rates, reaching €51 million. In the Europe (except France) Middle East and Russia region, growth was 13.3% (€71.9 million). Altogether, outside the French domestic market, the group’s revenue rose 27.9% at constant exchange rates.

In France, the group "significantly increased [its] market share, with a 0.7% rise in sales within a declining market, affected by unfavourable weather conditions and a decrease in tourist expenditure," said Daniel Lalonde.

In the first quarter, the group’s three labels, Maje, Sandro and Claudie Pierlot, all posted double-figure performances. Specifically, Sandro’s menswear and womenswear consolidated net sales grew 11.7% to €124.7 million, Maje’s grew by 11.8% to €95.6 million, and Claudie Pierlot’s by 13.1% to €31.7 million.

In the last twelve months, the group opened a total of 93 new stores. "In the coming years, we count to open on average between 80 and 90 directly operated stores per year," said Lalonde.

On Thursday, the group confirmed its guidance for the current fiscal year, which will be “another year of profitable growth,” with a sales increase “between 11% and 13% at constant exchange rates.”

SMCP also forecast a "sustained growth in adjusted EBITDA margin, which is set to reach approximately 17%.”

SMCP closed the 2017 financial year with a net income of €6.3 million, compared to €53 million a year earlier, owing to the "extraordinary" expenditure caused by its stock market listing and to "France’s new tax laws."

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