

16 May 2024



Watches of Switzerland Group PLC

Q4 FY24 Trading Update

for the 13 weeks (Q4 FY24) and 52 weeks (FY) to 28 April 2024

FY24 performance in line with guidance

FY25 outlook reflects cautious optimism

Reiterating Confidence in Delivering Long Range Plan Financial Targets

Brian Duffy, Chief Executive Officer, said:

“We finished the year strongly, with Q4 sales in line with guidance and ahead of consensus. Particularly pleasing was the performance in the US, with sales up 14% in the period.

“We are confident that our strategy, exceptional client service and strong brand relationships enables us to continue to drive growth and gain market share. We have seen growth in our Registration of Interest lists for sought after products, and exceptionally strong performance of pre-owned, particularly Rolex Certified Pre-Owned. Our acquisition of Roberto Coin Inc. (the exclusive North American distributor of Roberto Coin) dramatically accelerates our luxury branded jewellery strategy, and we see enormous potential in bringing together this iconic brand with our retailing expertise.

“We enter FY25 with cautious optimism. We have a terrific programme of showroom developments on both sides of the Atlantic with the Rolex flagship boutique on Old Bond Street, London; a 3,000 sq. ft Rolex boutique replacing the Mayors multi-brand in Atlanta, Georgia; and our first Rolex showroom in Texas in Plano. We are also looking forward to the Audemars Piguet Town House and the Mappin & Webb luxury jewellery showroom both in Manchester, and the expanded Patek Philippe space in Greenwich, Connecticut.

“The inherent strength of the categories we operate in, coupled with our superior business model and retail expertise continues to set us apart. We remain focused on executing our Long Range Plan and are committed to the targets to more than double sales and Adjusted EBIT by the end of FY28.”

Q4 FY24 Highlights

Group revenue £380 million, +4% vs Q4 FY23 at constant currency, +3% at reported rates

- Q4 FY24 luxury watches revenue +5% at constant currency, +3% at reported rates, with particularly strong performance in the US
- Demand for our key brands, particularly products on the Registration of Interest lists, continues to be strong, with consistent additions and conversions
- Continued market share gains in the luxury watch market in both the UK and US as a result of our differentiated offering
- Rolex Certified Pre-Owned (Rolex CPO) performing ahead of expectations, with further roll-out of doors planned in FY25 as supply conditions in the UK improve
- Total pre-owned and vintage (including Rolex CPO) revenue doubled in Q4 FY24 against prior year
- Q4 FY24 saw a significant improvement in jewellery performance:

- Flat on last year in constant currency, -1% at reported rates with sequential improvement from -16% year on year in Q3 FY24 in constant currency, -18% at reported rates
- Significant outperformance by luxury branded jewellery

Performance by Geography:

US revenue £190 million, +14% on last year at constant currency, +10% at reported rates

- US sales remained strong across all regions
- Sustained growth reflecting the success of our model and strength of client demand
- Showroom development programme continues: Watches of Switzerland One Vanderbilt, New York opened in March 2024
- Secured a new Rolex mono-brand boutique in Lenox, Atlanta; opening in FY25, replacing the existing Mayors multi-brand
- On 8 May 2024, the Group acquired the entire share capital of Roberto Coin Inc., the exclusive distributor of Roberto Coin in the US, Canada, Central America and Caribbean for \$130 million¹. This acquisition represents a significant milestone in the Group's luxury branded jewellery strategy as outlined in the Long Range Plan

UK & Europe revenue £190 million, -4% vs prior year, showing sequential improvement from Q3 FY24

- Continued to gain market share in the luxury watch market due to our differentiated offering despite the challenging macroeconomic conditions
- Sales trends year on year at -4% progressed in Q4 versus Q3 (-7%), supported by an improvement in jewellery sales
- UK performance continues to be driven by domestic clientele with minimal return of tourist spending due to the lack of VAT free shopping
- Rebranding, colleague training and system conversions completed for the showrooms acquired from Ernest Jones. Early trading from these showrooms is in line with our expectations at the time of the acquisition
- Ecommerce revenue² -20% on last year, impacted by the mix of products through this channel and performance of the UK market
- Showroom development programme continues with several projects completed in the period:
 - Major expansion of the Patek Philippe space in Watches of Switzerland, 155 Regent Street, London
 - Opened two mono-brand boutiques for TAG Heuer and TUDOR at Gatwick airport, South Terminal
 - Progress made on important projects, including the Flagship Rolex Boutique on Old Bond Street, London, Audemars Piguet Townhouse, Manchester and Mappin & Webb luxury jewellery boutique, Manchester, all opening in FY25

FY24 Highlights

Group revenue £1,538 million, +2% at constant currency on prior year, flat at reported rates

- US revenue £692 million, +11% at constant currency, +6% at reported rates
- UK & Europe revenue £846 million, -5%, impacted by macroeconomic conditions in the UK
- Luxury watches revenue +3% in constant currency, +1% reported, with demand continuing to outstrip supply for key brands
- Luxury jewellery revenue -13% in constant currency, -14% reported, with Q4 FY24 the best performing period. Luxury branded jewellery continues to significantly outperform in jewellery
- Addition of prestigious luxury jewellery brands within the portfolio, including the introduction of Pomellato, FRED, Pasquale Bruni and Faberge
- Adjusted EBIT³ expected to be between £133 million and £136 million (FY23: £165 million)
- Operating cash conversion expected to be c.66% with net cash of £1 million as at 28 April 2024 (30 April 2023: net cash £16 million), after accounting for £44 million acquisition in the year (the acquisition of Roberto Coin Inc. for \$130 million completed post period end)

Long Range Plan (LRP) Update

- We remain confident in the LRP targets to more than double sales and Adjusted EBIT by the end of FY28

- The initial performance of Rolex CPO has been ahead of our expectations, and we expect Rolex CPO to outperform the targets previously outlined in the LRP
- Given the recent acquisition, we see further growth opportunities for Roberto Coin Inc. ahead of what was previously assumed within the LRP
- We have the strongest ever pipeline of committed Rolex and other key brand projects through to FY28
- Strong focus on cost control to generate leverage over fixed costs will drive profitability improvements
- In line with our disciplined approach to capital allocation and given the pipeline of high returning opportunities in the UK and US, the Group intends to reallocate investment from the European market into these higher returning regions over the period of the LRP. We are in negotiations with our brand partners for the transfer of our existing European mono-brand boutiques. The additional growth from Rolex CPO and Roberto Coin Inc. is expected to offset the reduction from European sales within the life of the LRP

Outlook for FY25

- Following the more challenging trading conditions of FY24, we are cautiously optimistic about trading in FY25. The industry as a whole is being more conservative on production given the current volatility in the market, which we believe is a responsible approach to the long-term stability of the luxury watch market
- FY25 guidance reflects current visibility of supply from key brands and confirmed showroom refurbishments, openings and closures, and excludes uncommitted capital projects and acquisitions
- FY25 guidance includes the annualisation of the Ernest Jones acquisition, and Roberto Coin Inc. from 9 May 2024

The Group provides the following FY25 guidance on an organic pre-IFRS 16 basis, assuming a £/\$1.26 exchange rate:

- Revenue: £1.67 - £1.73 billion, growth of 9% - 12% at constant currency
- Adjusted EBIT margin %: +0.2% to +0.6% expansion from FY24
- Total finance costs: c.£13 million, reflecting additional financing for Roberto Coin Inc. acquisition
- Underlying tax rate: 28% - 30%
- Capex: £60 - £70 million
- Operating cash conversion: c.70%

The equivalent guidance on an IFRS 16 basis is:

- Adjusted EBIT margin %: +0.2% to +0.6% expansion from FY24
- Total finance costs: £37 - £41 million
- The Group is exposed to movements in the £/\$ exchange rate when translating the results of its US operations into Sterling. The actual average exchange rate for FY24 was \$1.26. FY25 guidance assumes a £/\$1.26 exchange rate, with a five cent move resulting in an adjustment of c.£30 million to full year Group revenue and c.£4 million on full year Adjusted EBIT, on a pre-IFRS 16 basis
- The Group has an exciting pipeline of new showroom projects planned in FY25:
 - European flagship Rolex boutique on Old Bond Street, London
 - New Audemars Piguet Townhouse, operated as a joint venture, Manchester
 - New Mappin & Webb luxury jewellery boutique, Manchester
 - New Mappin & Webb, Edinburgh
 - New Watches of Switzerland Ross Park, Pittsburgh
 - Relocation and addition of Rolex to Watches of Switzerland Legacy West, Plano, Texas
 - Relocation/expansion of Mayors Tampa, Mayors St Johns and Mayors Sarasota, Florida
 - Expansions of Betteridge Greenwich, including enhanced Patek Philippe space and Betteridge Vail, Colorado
 - Conversion of Mayors multi-brand Lenox, Atlanta into a Rolex mono-brand boutique
- The Group plans to announce FY24 results on 27 June 2024

Q4 FY24 Revenue performance by geography

	Q4 FY24	Q4 FY23	Q4 FY24 vs Q4 FY23	
	13 weeks to 28 April 2024	13 weeks to 30 April 2023	Reported YoY %	Constant currency YoY %
(£ million)				
UK & Europe	190	198	-4%	-4%
US	190	173	+10%	+14%
Group Revenue	380	371	+3%	+4%

FY24 Revenue performance by geography

	FY24	FY23	FY24 vs FY23	
	52 weeks to 28 April 2024	52 weeks to 30 April 2023	Reported YoY %	Constant currency YoY %
(£ million)				
UK & Europe	846	890	-5%	-5%
US	692	653	+6%	+11%
Group Revenue	1,538	1,543	-%	+2%

Q4 FY24 revenue performance by category

	Q4 FY24	Q4 FY23	Q4 FY24 v Q4 FY23	
	13 weeks to 28 April 2024	13 weeks to 30 April 2023	Reported YoY %	Constant currency YoY%
(£million)				
Luxury watches	338	329	+3%	+5%
Luxury jewellery	22	22	-1%	-%
Services/other	20	20	-%	+1%
Group Revenue	380	371	+3%	+4%

FY24 revenue performance by category

	FY24	FY23	FY24 v FY23	
	52 weeks to 28 April 2024	52 weeks to 30 April 2023	Reported YoY %	Constant currency YoY%
(£million)				
Luxury watches	1,345	1,336	+1%	+3%
Luxury jewellery	102	119	-14%	-13%
Services/other	91	88	+4%	+5%
Group Revenue	1,538	1,543	-%	+2%

Notes

The financial information contained herein is unaudited
Growth rates are calculated on unrounded numbers

^[1] \$10 million is deferred and contingent on the future profitability of the business, subject to working capital adjustments

^[2] Ecommerce revenue are sales which are transacted online

^[3] Adjusted EBIT is defined as operating profit before exceptional items and IFRS 16 impact

Conference call

A conference call for analysts and investors will be held at 9.00am (UK time) today. To access the conference call, please use the following details:

Dial-in (UK): +44 20 3936 2999
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About the Watches of Switzerland Group

The Watches of Switzerland Group is the UK's largest luxury watch retailer, operating in the UK, US and Europe comprising five prestigious brands; Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK), Mayors (US) and Betteridge (US), with a complementary jewellery offering. .

As at 28 April 2024, the Watches of Switzerland Group had 223 showrooms across the UK, US and Europe including 99 dedicated mono-brand boutiques in partnership with Rolex, OMEGA, TAG Heuer, Breitling, TUDOR, Audemars Piguet, Grand Seiko, Hublot, BVLGARI and FOPE and has a leading presence in Heathrow Airport with representation in Terminals 2, 3, 4 and 5 as well as seven retail websites.

The Watches of Switzerland Group is proud to be the UK's largest retailer for Rolex, OMEGA, Cartier, TAG Heuer and Breitling watches.

www.thewosgroupplc.com

Disclaimer

This announcement has been prepared by Watches of Switzerland Group PLC (the 'Company'). It includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this announcement and the information incorporated by reference into this announcement and may include statements regarding the intentions, beliefs or current expectations of the Company Directors or the Group concerning, amongst other things: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies, the expansion and growth of the Group's business operations; and (iii) the effects of government regulation and industry changes on the business of the Company or the Group.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement and/or the information incorporated by reference into this announcement.

Any forward-looking statements made by or on behalf of the Company or the Group speak only as of the date

they are made and are based upon the knowledge and information available to the Directors on the date of this announcement, and are subject to risks relating to future events, other risks, uncertainties and assumptions relating to the Company's operations and growth strategy, and a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Undue reliance should not be placed on any forward-looking statements and, except as required by law or regulation, the Company undertakes no obligation to update these forward-looking statements. No statement in this announcement should be construed as a profit forecast or profit estimate.

Before making any investment decision in relation to the Company you should specifically consider the factors identified in this document, in addition to the risk factors that may affect the Company or the Group's operations as detailed above.