



The Watches of Switzerland Group

# FY22 Results

July 2022

52 weeks ended 1 May 2022



WATCHES OF  
SWITZERLAND  
SINCE 1924

Mappin & Webb  
LONDON

GOLDSMITHS  
SINCE 1778

EST 1910  
MAYORS  
FINE JEWELRY & TIMEPIECES

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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 presentation and/or the information incorporated by reference into this presentation.

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# Agenda

## CEO Update

Brian Duffy

Chief Executive Officer

## Financial Review & Outlook

Bill Floyd

Chief Financial Officer

Q&A







The Watches of Switzerland Group

# CEO Update

Brian Duffy, CEO



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# A Year of strong growth



## Strong growth achieved

Group revenue +40% vs FY21<sup>1</sup>

## Continued momentum in the US and UK driven by domestic clientele

US revenue +48% vs FY21<sup>1</sup>

UK revenue +36% vs FY21<sup>1</sup>

**Strong demand for luxury watches: revenue +36% vs FY21<sup>1</sup>**

**Luxury jewellery: revenue +86% vs FY21<sup>1</sup>**

**Adjusted EBIT £130m: +68% vs FY21**

**Adjusted EPS 41.8p: +76% vs FY21**

**ROCE 27.4%: +770bps vs FY21**

**Entry into European market commenced; progressing on Long Range Plan targets**

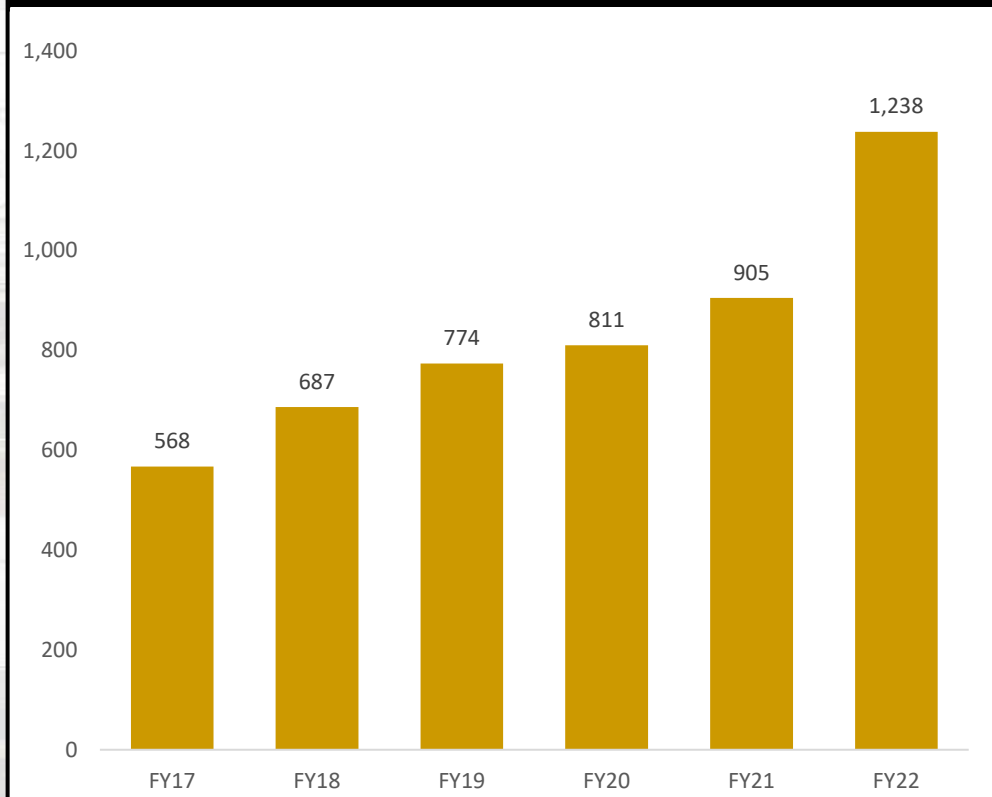
**Momentum continues, waiting lists extending, proven resilient business**

<sup>1</sup>Revenue growth metrics are on a constant currency basis excluding the FY21 53<sup>rd</sup> week  
All metrics shown on a pre-IFRS 16 and pre-exceptional basis



# Delivering record sales and profitability

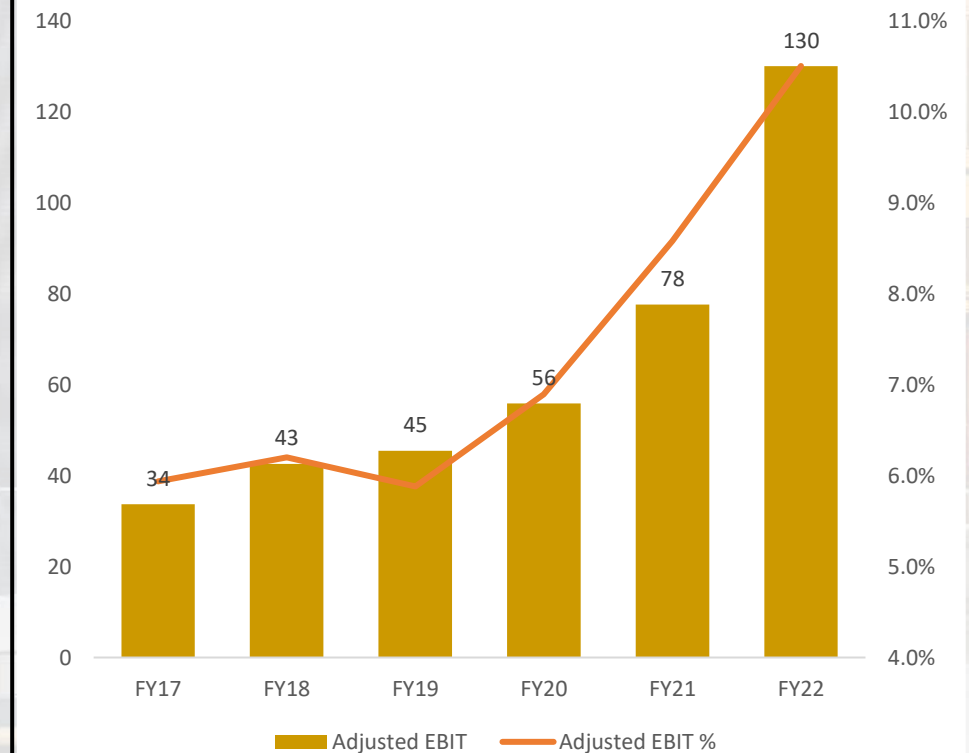
## Revenue (£m)



CAGR FY17 to FY22

+17%

## Adjusted EBIT (£m) and Adjusted EBIT margin %\*



CAGR FY17 to FY22

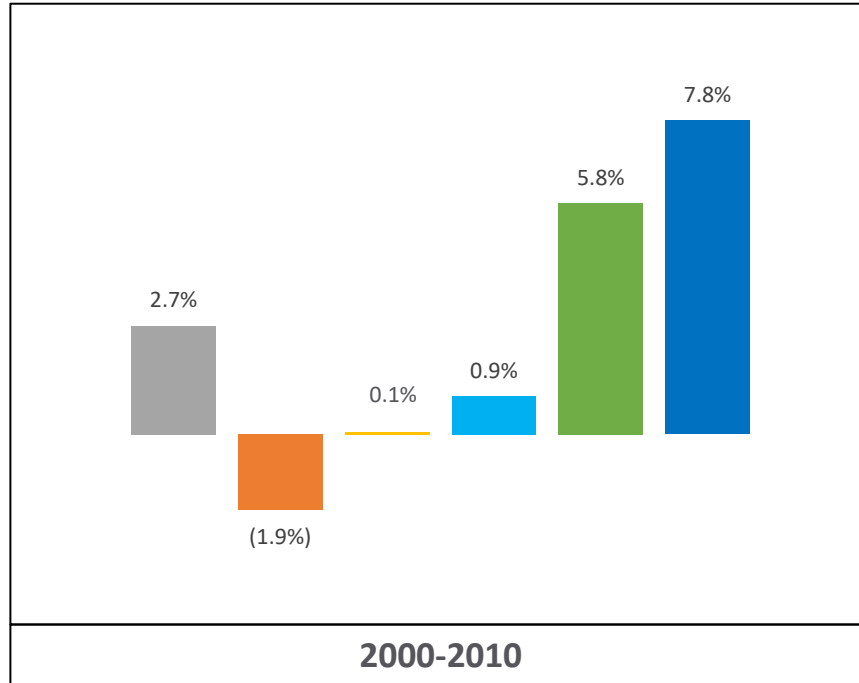
+31%

\* Adjusted EBIT before exceptional items and IFRS 16 impact

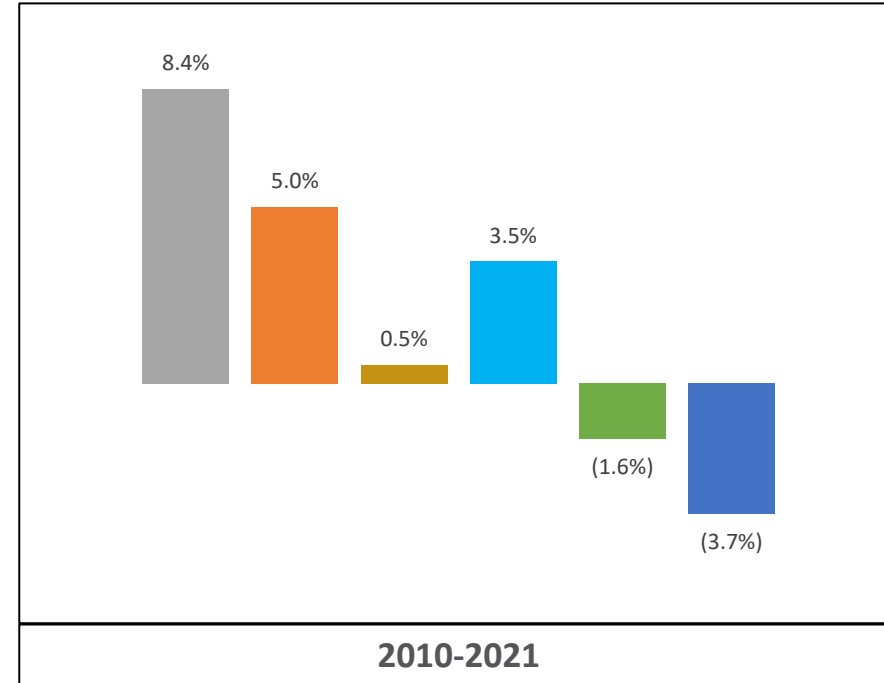


# UK has outperformed all major markets since 2000

## Change in Luxury Watch Retail Sales Per Capita: 2000-2021



**Growth driven by Asian consumers**



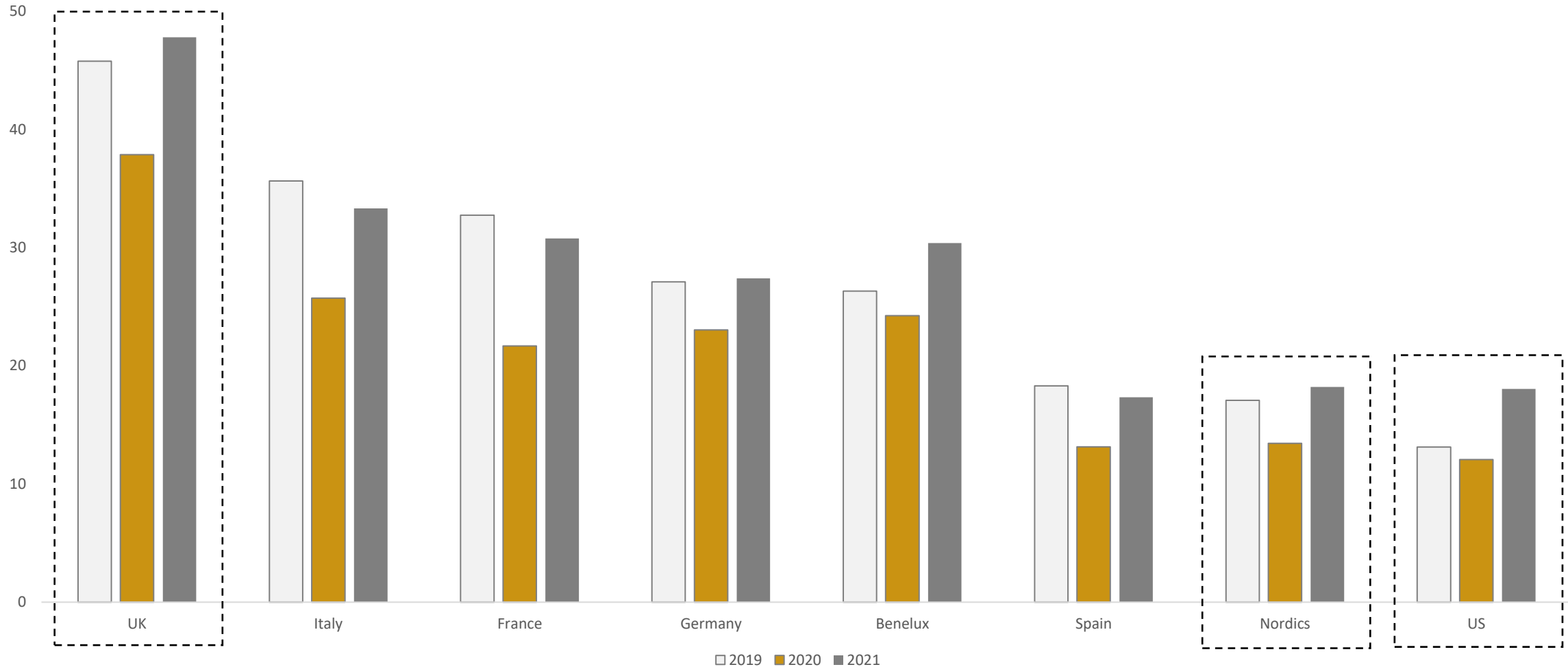
**Growth led by UK and US; our key markets**

Source: Company estimates based on Swiss Watch Export Data



# Opportunity to grow in new markets

### Luxury Watch Per Capita Retail Sales (US\$)

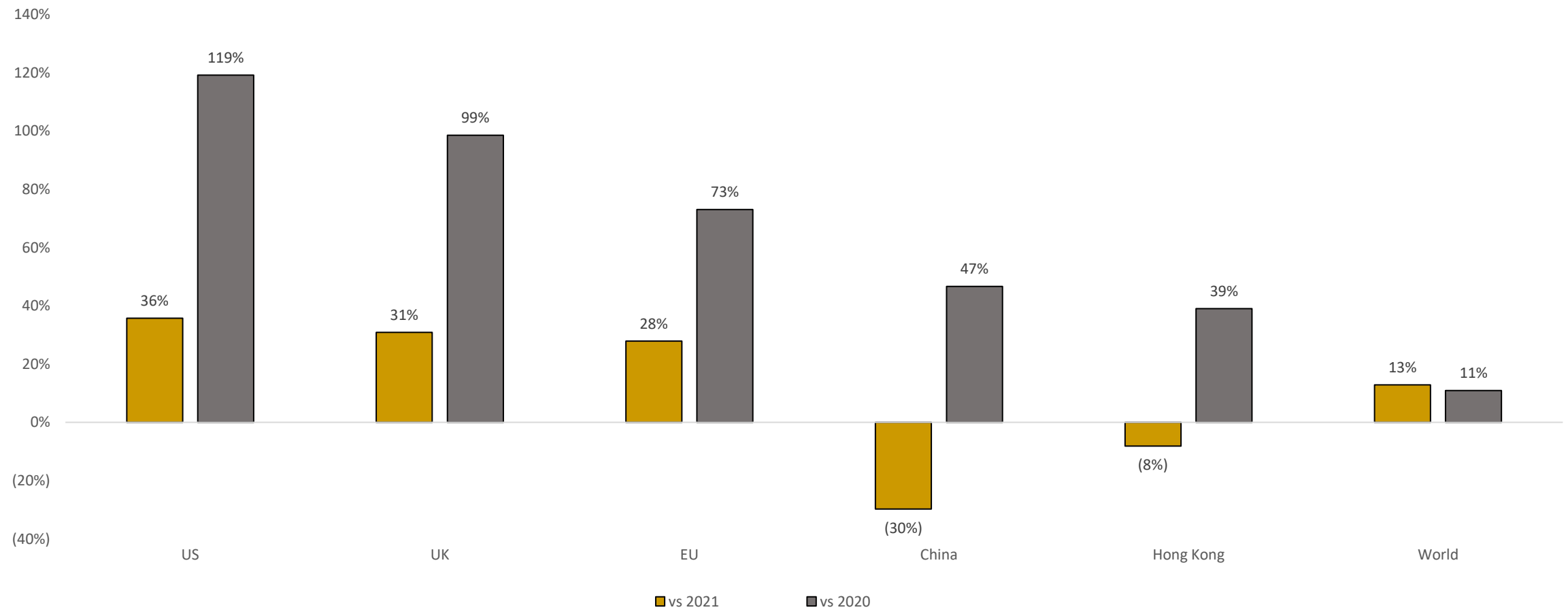


Source: Company estimates

where we operate

# UK, US and European markets continue to lead growth in calendar 2022

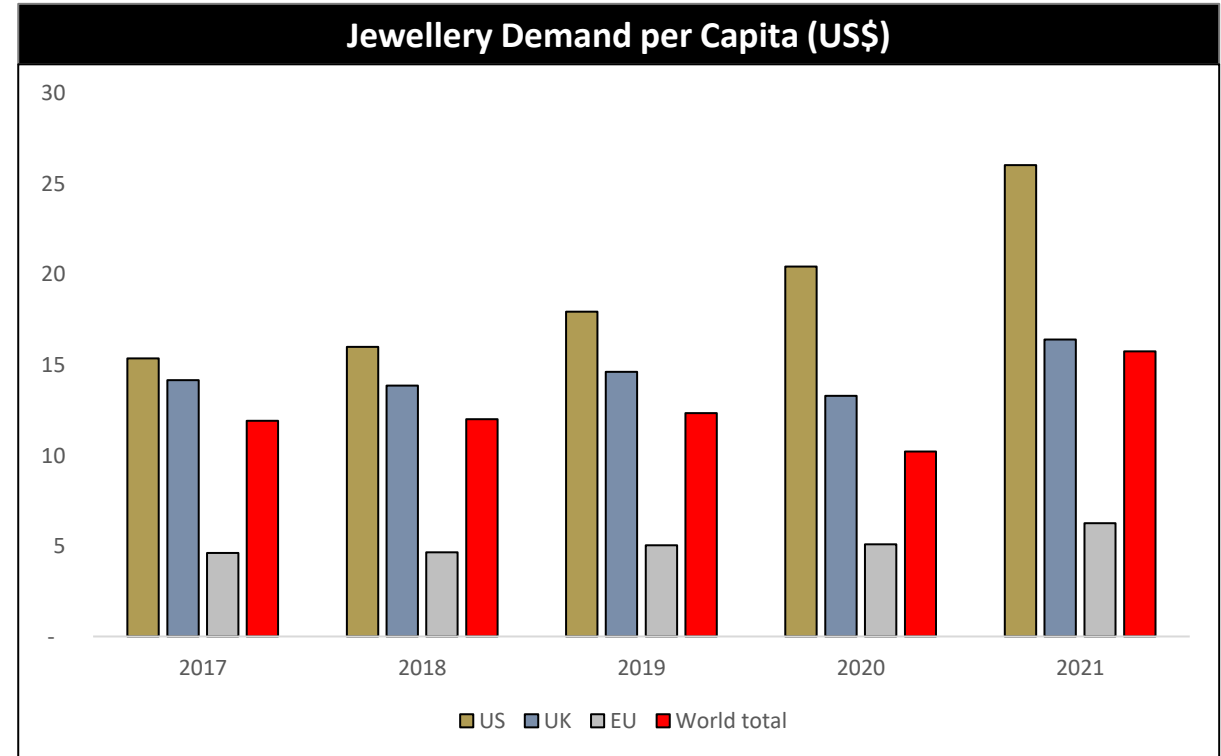
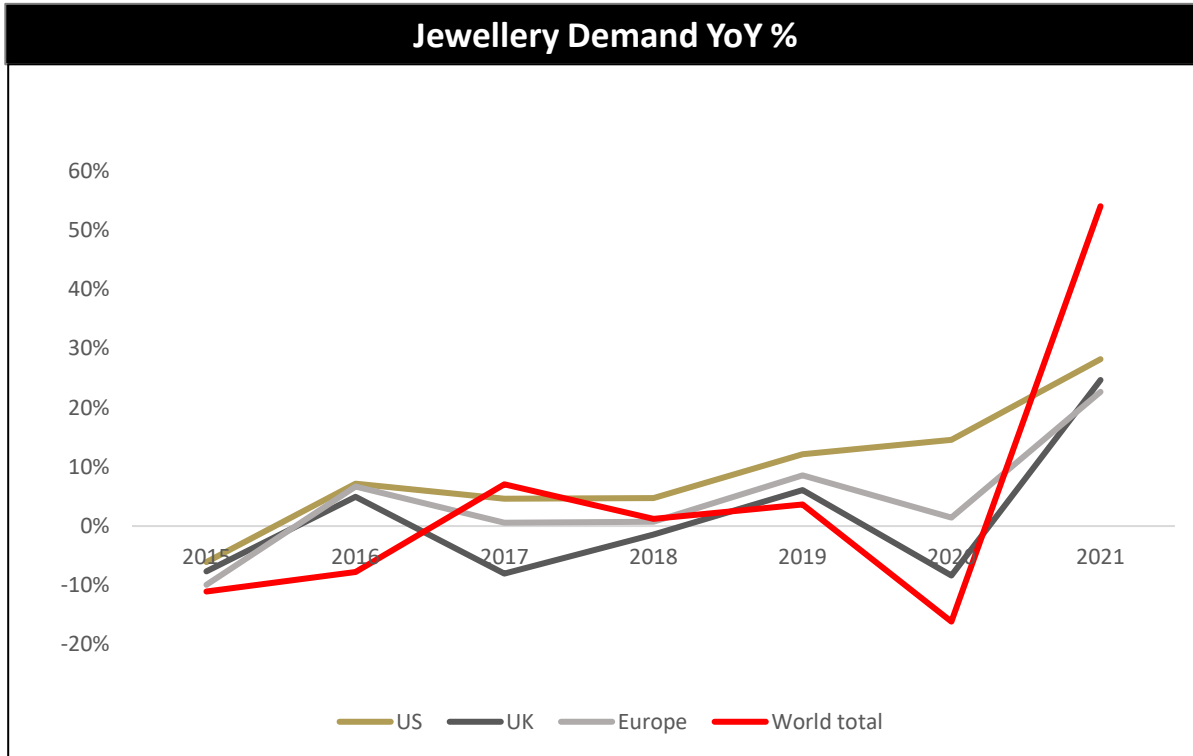
Swiss watch exports growth (all price segments – wristwatches) 2022 YTD through to May



Source: Swiss Watch Federation statistics: YTD May 2022



# Significant opportunity in the growing luxury jewellery market



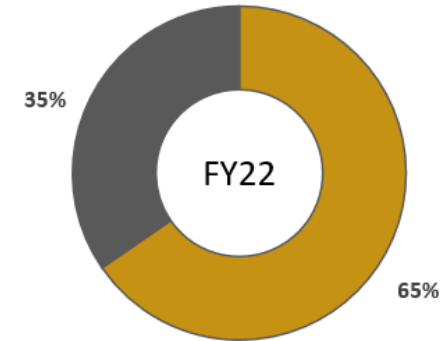
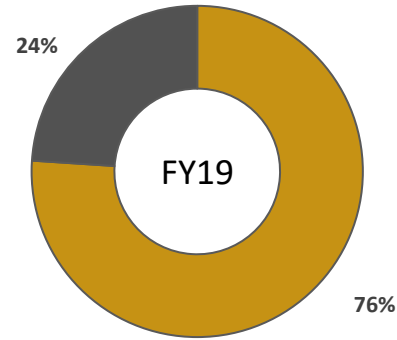
**US CAGR 2015 to 2021 + 11.6%**

**UK CAGR 2015 to 2021 + 2.4%**

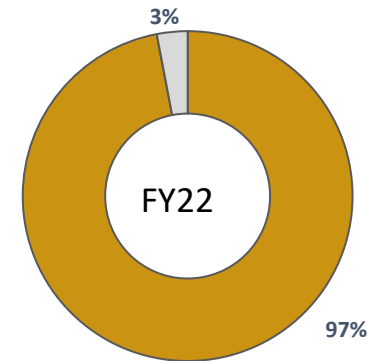
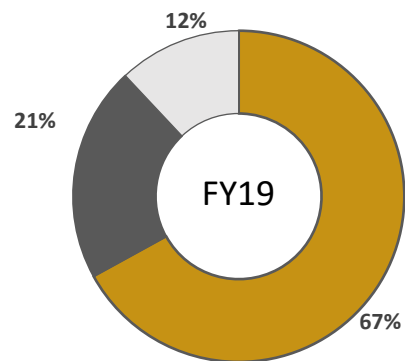
Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council

# WOSG US share of sales growing and performance driven by domestic clientele

## Revenue mix by market



## Revenue mix by customer segment





# Demand continues to outpace supply for luxury watches



Ω  
OMEGA



ROLEX



PATEK PHILIPPE  
GENEVE



AUDEMARS PIGUET  
*Le Brassus*



TAG  
HEUER  
TAGHeuer



BREITLING  
1884



*Cartier*



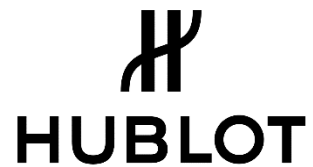
ZENITH



TUDOR



GIRARD-PERREGAUX



HUBLOT



VACHERON CONSTANTIN  
GENÈVE



GS  
Grand Seiko



BOVET  
1822



IWC  
SCHAFFHAUSEN



PANERAI



MB&F



LONGINES



JAEGER-LECOULTRE



H. Moser & Cie.  
VERY RARE



WATCHES  
AND WONDERS  
GENEVA

EXPERIENCE  
WATCHMAKING

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30 MARCH  
- 5 APRIL  
2022







**OMEGA Speedmaster Professional  
Moon Watch**



**TAG Heuer Gulf Monaco**



**Cartier Santos**



**Patek Philippe Calatrava**



**Rolex GMT-Master II**



**Panerai 40mm Luminor Marina**



**Breitling Navitimer**



**IWC Pilot**



**Breitling Superocean**



**Audemars Royal Oak**



**OMEGA Speedmaster 57**



**Breitling Superocean**



**Longines Dolce Vita**



**Rolex Oyster Perpetual**



**TAG Heuer Aquaracer Professional**



**Breitling Navitimer**



**IWC Pilots**



**Cartier Santos**





**Oris New York Harbor Billion Oyster  
Project 01 733 7766**



**Ulysse Nardin Diver X**



**Officine Panerai Luminor Marina  
eSteel**



**Panerai Packaging**



**TAG Heuer Solar**



**Cartier Solar**



**Breitling Packaging**



**Breitling ECONYL Straps**



**HYT Moon Runner SuperNova Blue**



**Armin Strom Orbit First Edition**



**H.Moser Streamliner Centre Seconds**



**Speake-Marin Dual Time Lime**



**Doxa Diving Watch**



**MB&F LM Perpetual EVO Titanium**



**MB&F Sequential EVO Chrono**



**Bovet Miss Audrey Sweet Art**

# Luxury jewellery

**BETTERIDGE**  
EST 1897



**BVLGARI**



**CHANEL**



**MAYORS**



  
**BUCCELLATI**  
MILANO DAL 1919



**MESSIKA**  
PARIS



**Mappin & Webb**



**GUCCI**



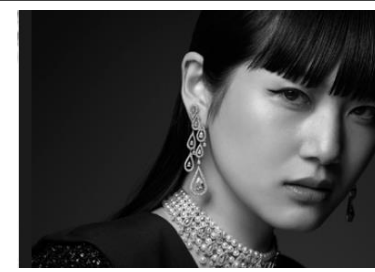
VICENZA  
**FOPE**  
DAL 1929



**GOLDSMITHS**



**MIKIMOTO**

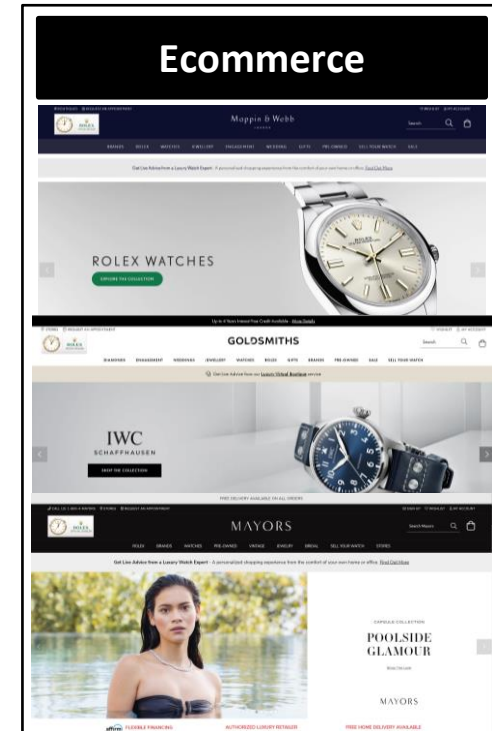
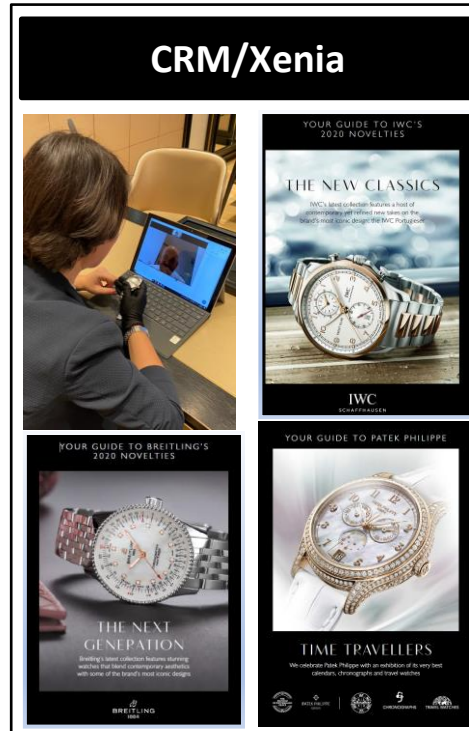
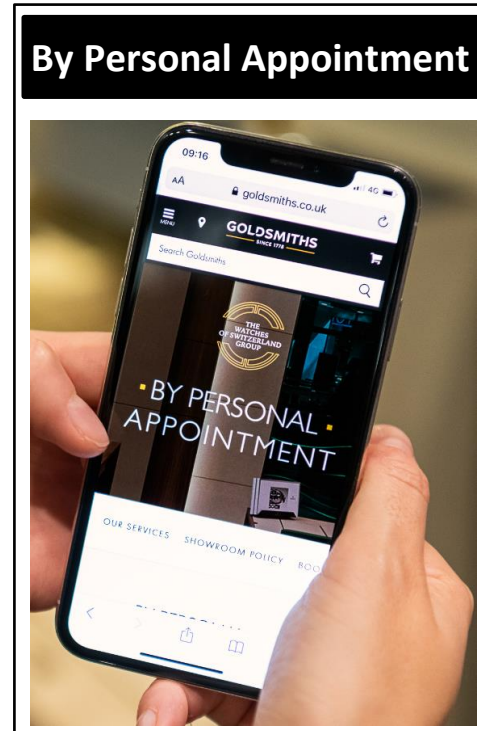
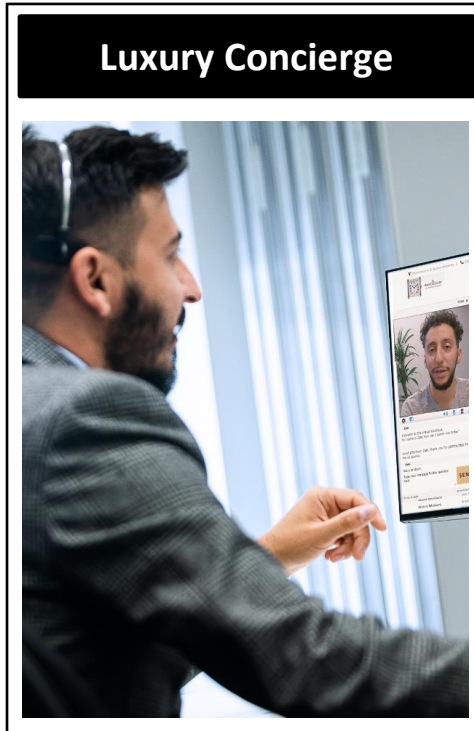


 **ROBERTO COIN**





# Continued investment in digital and technology to further enhance customer experience



- 45% of UK in-store sales through “By Personal Appointment”
- UK Luxury Watch and Jewellery Virtual Boutique expanded to 31 colleagues, achieving 50 times conversion<sup>1</sup>
- US Luxury Watch and Jewellery Virtual Boutique launched
- CRM enhancements and driver of Xenia client experience

<sup>1</sup>Against all WOSG UK websites in FY22



# UK: Digital marketing driving awareness



WATCHES OF SWITZERLAND  
Part of the Watches of Switzerland Group



FREE NEXT DAY DELIVERY

SHOP NOW

Mappin & Webb  
Part of the Watches of Switzerland Group

EXCLUSIVE  
WATCHES OF SWITZERLAND  
Part of the Watches of Switzerland Group



**Digital Reach FY22**  
3 May 2021 – 1 May 2022

**Monthly reach on social 57.2m (+24% YoY)**

**Total campaign impressions 5.71bn (+79% YoY)**  
(including search and shopping)

**Total campaign clicks 46.6m (+26% YoY)**



HUBLOT

WATCHES OF SWITZERLAND GROUP

**GOLDSMITHS**

15sec GS Best Seller\_1920x1080

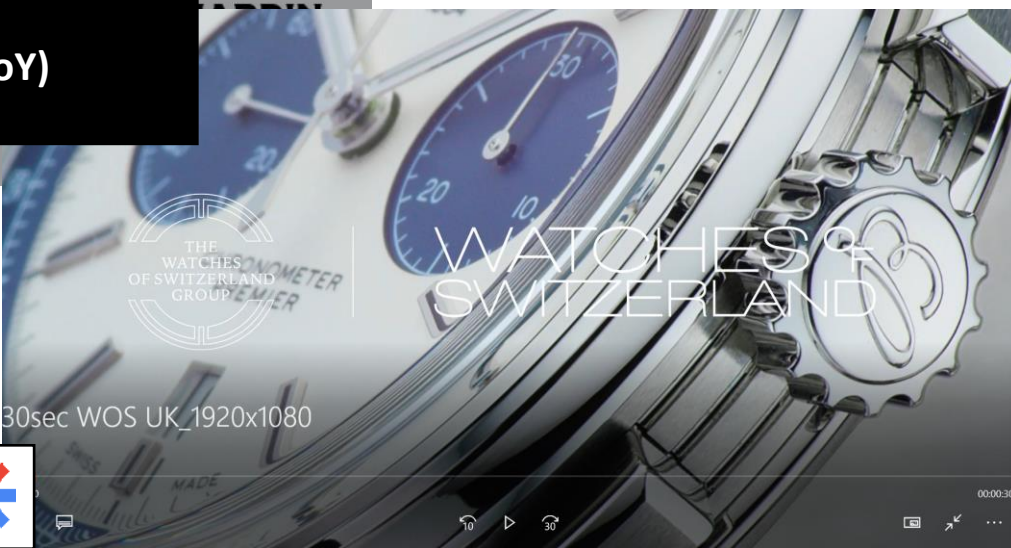


THE WATCHES OF SWITZERLAND GROUP

WOMETER

WATCHES OF SWITZERLAND

30sec WOS UK\_1920x1080





# US: Impactful event and PR activity driving awareness

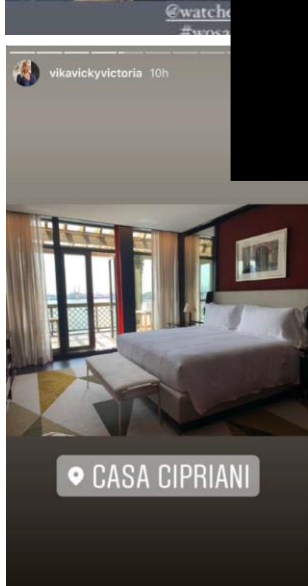


**Digital Reach FY22**  
 3 May 2021 – 1 May 2022

**Monthly impressions on social 8.2m (+228% YoY)**

**Digital Campaign Impressions 1bn (+170% YoY)**  
 (including search and shopping)

**PR impressions 10bn (+89.6% YoY)**



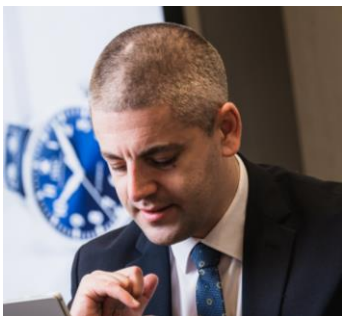
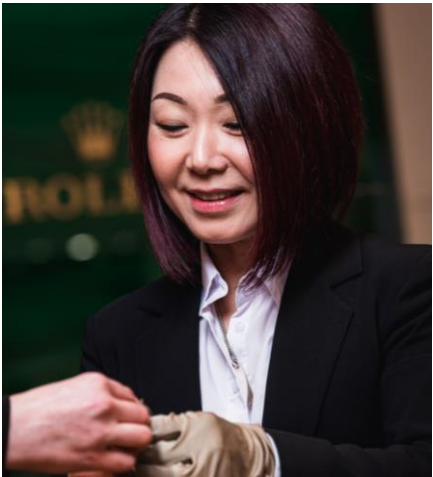


# Xenia client experience programme in partnership with Ritz Carlton





# Our people





Overall engagement score

**86%**

**94%**

Agreed or strongly agreed  
“I feel positive about the future success of the company”

**90%**

Agreed or strongly agreed  
“I am proud to work for this company”







AN INVITATION TO  
SHARE IN OUR FUTURE

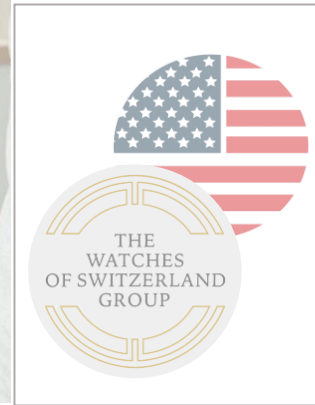

UK Free Share Award January 2022

*Our Gift to You*



AN INVITATION TO  
SHARE IN OUR FUTURE

UK Save As You Earn Plan January 2022





WE EARN TRUST  
& CONFIDENCE



WE PROTECT  
OUR PLANET



WE TREAT EVERYONE  
WITH RESPECT

**OUR PURPOSE**

To WOW our clients while caring for our colleagues, our communities and our planet



WE ADVOCATE  
FOR OUR INDUSTRY



WE CARE FOR  
OUR COMMUNITIES



WE DO THE RIGHT  
THING, ALWAYS

## Developing our sustainability and social impact strategy:

- Established ESG Board Committee and Head of ESG appointed
- Recent memberships:
  - FTSE4Good Index
  - Business in the Community (BITC)
  - Fair Tax Mark Accredited
- Committed to Net Zero emissions by 2050
- Supporting a more circular economy through investing in aftersales service and pre-owned
- #11 in the FTSE 250 'Women on Boards Review'



FTSE4Good



The Prince's  
Responsible  
Business Network

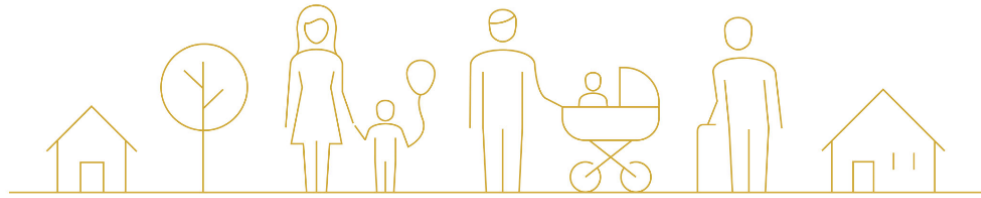






## FOUNDATION

Helping our communities



### The Watches of Switzerland Group Foundation: Board of Directors



**Brian Duffy**  
Chair



**David Gandy**  
Trustee  
Board Member



**John Hannah**  
Trustee  
Board Member



**Terence Parris**  
Trustee  
Board Member



**Mary Portas**  
Trustee  
Board Member



**Ruth Benford**  
Trustee  
Board Member



**Johnathan Joseph**  
Trustee  
Board Member  
"DJ Spooky"

### Foundation Ambassadors



**Martin Johnson**



**Ally McCoist**



**Nacho Figueras**



**Alan Brazil**

**£4.5 million donated to date to  
The Watches of Switzerland Group Foundation.  
Over £1.5 million allocated so far.**



Partnering with 11 Foodbanks across the UK to help relieve food poverty



A unique partnership with Fuel Bank Foundation



Foodbanks supported by colleague volunteering programmes



Supporting young people's education through the Prince's Trust



Supporting the homeless through Crisis



Supporting Young Adults at The Prince & Princess of Wales Hospice, Glasgow

# Capital investment in our showroom network supporting US growth

Mayors, Boca Raton



Rolex mono-brand boutique, the Wynn Resort, Las Vegas



- **Growing geographical presence with 23 multi-brand showrooms and 17 mono-brand boutiques at 1 May 2022**
- **Acquisition of five showrooms completed**
  - Minneapolis, Minnesota
  - Plano (Dallas), Texas
  - Vail and Aspen, Colorado
  - Greenwich, Connecticut
- **New Watches of Switzerland showroom in Cincinnati, Ohio**
- **Refurbished Wynn Rolex boutique, Las Vegas**
- **Refurbished 3 Mayors showrooms in Florida**
- **Expansion of mono-brand footprint**
  - Grand Seiko, New York
  - Breitling Short Hills, New Jersey
  - Tudor Mall of Millenia, Florida
  - BVLGARI Aventura, Florida



# Capital investment in our showroom network supporting UK growth

Goldsmiths, Reading



Mappin & Webb, Chester



- **Nationwide scale with 131 showrooms at 1 May 2022**
  - 93 multi-brand showrooms and 38 mono-brand boutiques
- **Goldsmith Luxury elevation**
  - Introduced Goldsmiths Luxury concept to 7 showrooms
  - New Goldsmith showroom in Edinburgh St James
- **Mappin & Webb**
  - Relocation of Mappin & Web Chester
- **Mono-brand expansion**
  - 12 mono-brand openings



# Watches of Switzerland, Kenwood Towne, Cincinnati, Ohio





# Rolex mono-brand boutique, the Wynn Resort, Las Vegas



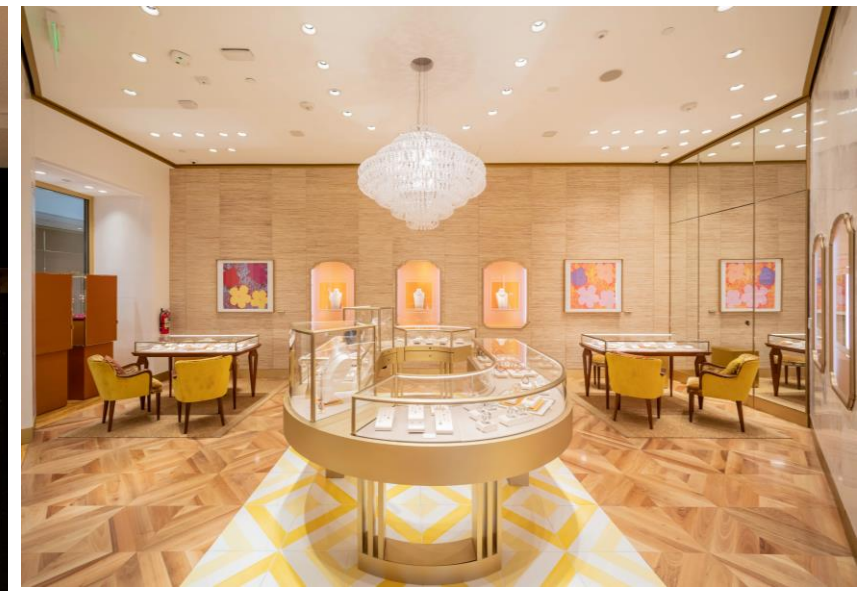


# Mayors, Aventura, Miami, Florida





# BVLGARI mono-brand boutique, Aventura, Miami, Florida





# Mayors & TUDOR mono-brand boutique, Mall of Millenia, Orlando, Florida





# Mayors, Boca Raton, Florida





# Betteridge Aspen & Vail, Colorado and Greenwich, Connecticut



## Greenwich Extension

- Additional 2,500 sq ft secured on ground floor



## Aspen Extension

- Additional 450 sq ft secured
- Total 1,245 sq ft



# Watches of Switzerland, American Dream, New Jersey



Opening November 2022



# Goldsmiths Elevation: 7 showrooms now complete with another 7 planned for FY23



**Goldsmiths Leicester**  
Refurbishment & expansion



December 2021



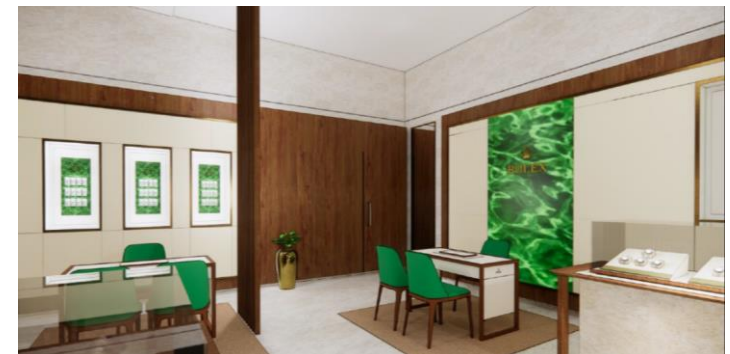
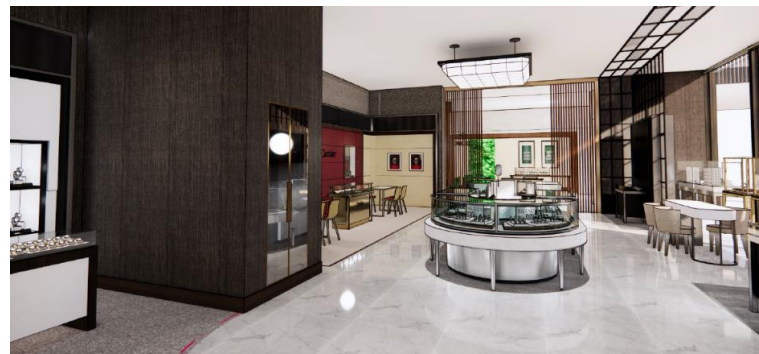
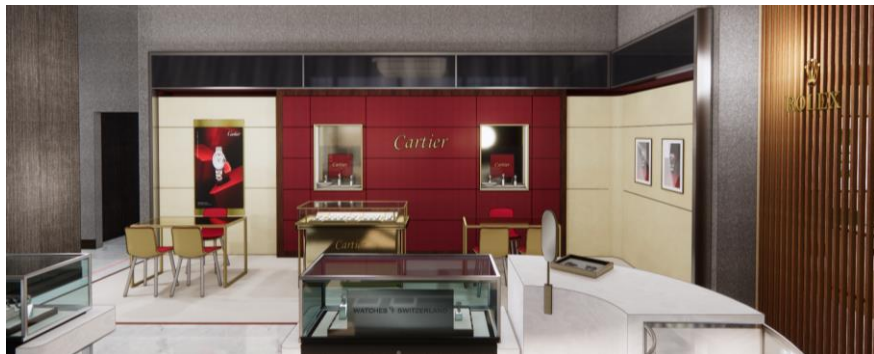


# Mappin & Webb Chester





# New development in Battersea, London





# New development in Battersea, first UK Breitling Café and 3 other mono-brand boutiques





# Breitling mono-brand boutique, Stockholm with other showrooms announced in progress





# Analog:Shift - product assortment





# Analog:Shift – new marketing campaign







The Watches of Switzerland Group

# Financial Results & Outlook

Bill Floydd, CFO



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SINCE 1924

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MAYORS  
FINE JEWELRY & TIMEPIECES

# Record sales and profitability

Income Statement (£million)	FY22	FY21*	YoY %
Revenue	1,238	905	37%
Net margin	471	332	42%
Net margin %	38.0%	36.7%	130bps
Adjusted EBITDA	162	105	54%
Adjusted EBITDA %	13.1%	11.6%	150bps
Adjusted EBIT	130	78	68%
Adjusted EBIT %	10.5%	8.6%	190bps
Adjusted PBT	127	72	75%
Effective tax rate	20.8%	20.8%	-
Adjusted EPS	41.8p	23.8p	76%

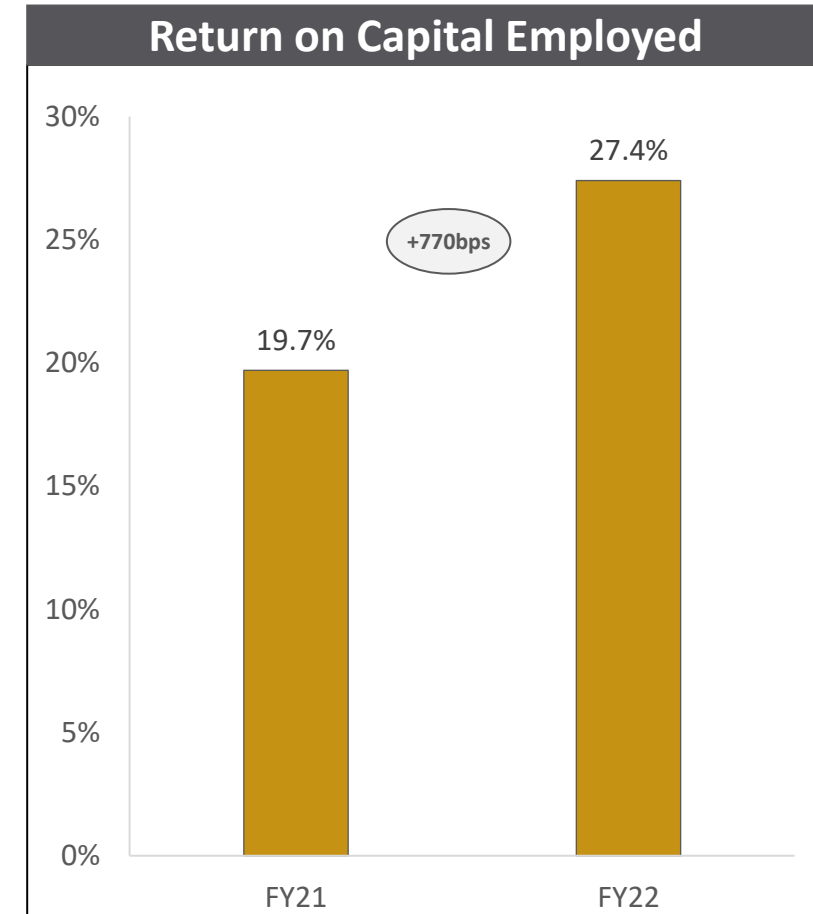
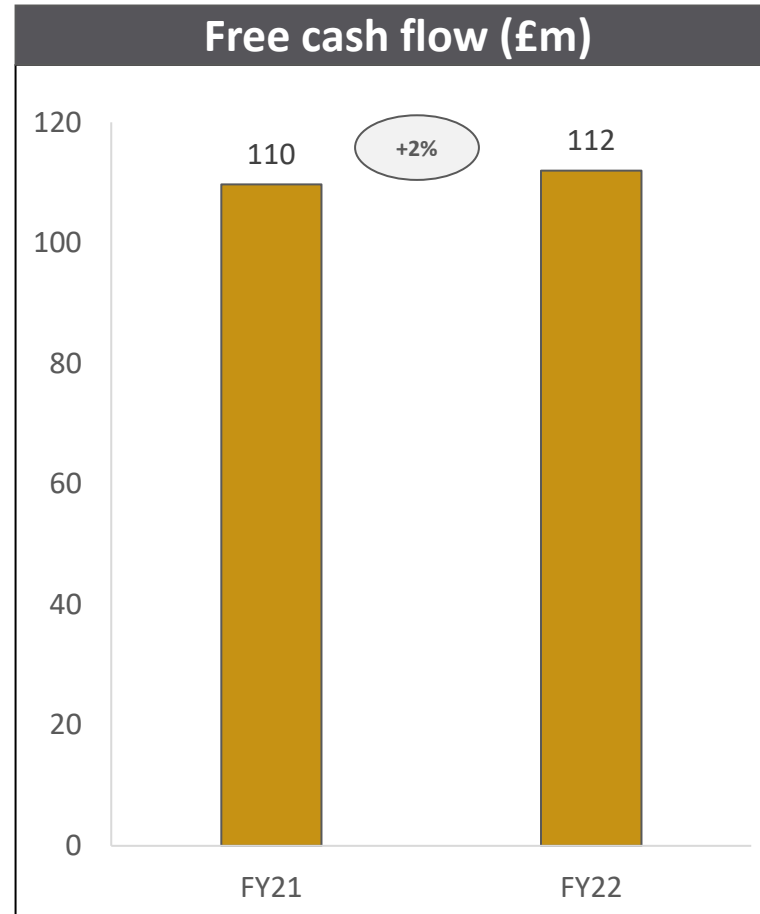
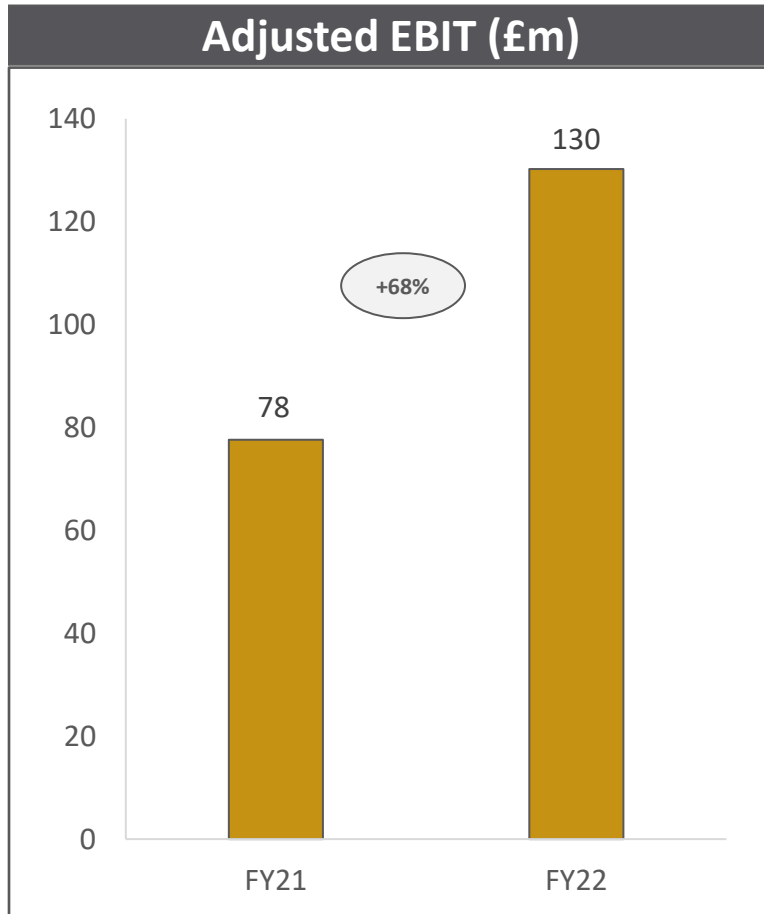
\*FY21 was a 53 week period

Income Statement presented pre-IFRS 16 and pre-exceptional items

- Prior year impacted by significant COVID-19 disruption particularly in the UK
- **Revenue +37% on prior year**, up 40% in constant currency and excluding the FY21 53<sup>rd</sup> week
- **Net margin +130bps** reflecting favourable product mix
- **Adjusted EBITDA +54% to £162 million**, achieving margin of 13.1% (+150bps), leverage achieved across all cost lines
- **Adjusted EBIT +68% to £130 million**
- **Adjusted EPS at 41.8p** – increase of 18p
- The impact of IFRS 16 and exceptional items on Profit After Tax is not material



# Financial KPIs



# Balance sheet strength

Balance Sheet (£million)	FY22	FY21	YoY %
Goodwill & intangibles	178	151	18%
PP&E	113	94	20%
Right-of-use assets	294	254	16%
Inventory	307	226	36%
Receivables	22	10	114%
Payables	(201)	(152)	(33)%
Lease liabilities	(341)	(301)	(13)%
Net debt	(14)	(44)	68%
Other	3	12	(66)%
<b>Net assets</b>	<b>361</b>	<b>250</b>	

- Continued investment with **£41 million of expansionary capex** (FY21: £21 million)
- **Inventory levels +£81 million (+36%)** – reflects growing business and increased number of showrooms and acquisitions
- **Right-of-use assets and lease liabilities** increased due to the expansion of the showroom portfolio
- **Payables +£49 million (+33%)** largely due to increase in stock levels
- **Net debt reduced by £30 million to £14 million** - driven by strong free cash flow in the year



# Excellent free cash flow

Cash flow (£million)	FY22	FY21	YoY %
<b>Adjusted EBITDA</b>	<b>162</b>	<b>105</b>	<b>54%</b>
Working capital	(30)	14	(314)%
Tax	(16)	(10)	(63)%
Other	2	6	
<b>Cash generated from operating activities</b>	<b>118</b>	<b>115</b>	<b>2%</b>
Maintenance capex	(3)	(1)	
Interest	(3)	(4)	
<b>Free cash flow</b>	<b>112</b>	<b>110</b>	<b>2%</b>
<b>Free cash flow conversion</b>	<b>69%</b>	<b>104%</b>	<b>(350bps)</b>
Expansionary capex	(41)	(21)	(93)%
Acquisitions	(44)	(1)	
Other / foreign exchange	3	(2)	
<b>Reduction in net debt</b>	<b>30</b>	<b>86</b>	<b>(65)%</b>

## Free cash flow of £112m; 69% free cash flow conversion

- Adjusted EBITDA increased by 54%
- Working capital outflow supporting growth
- £41 million of expansionary capex
- £44 million spent on the acquisition of 5 showrooms

# Balance sheet strength

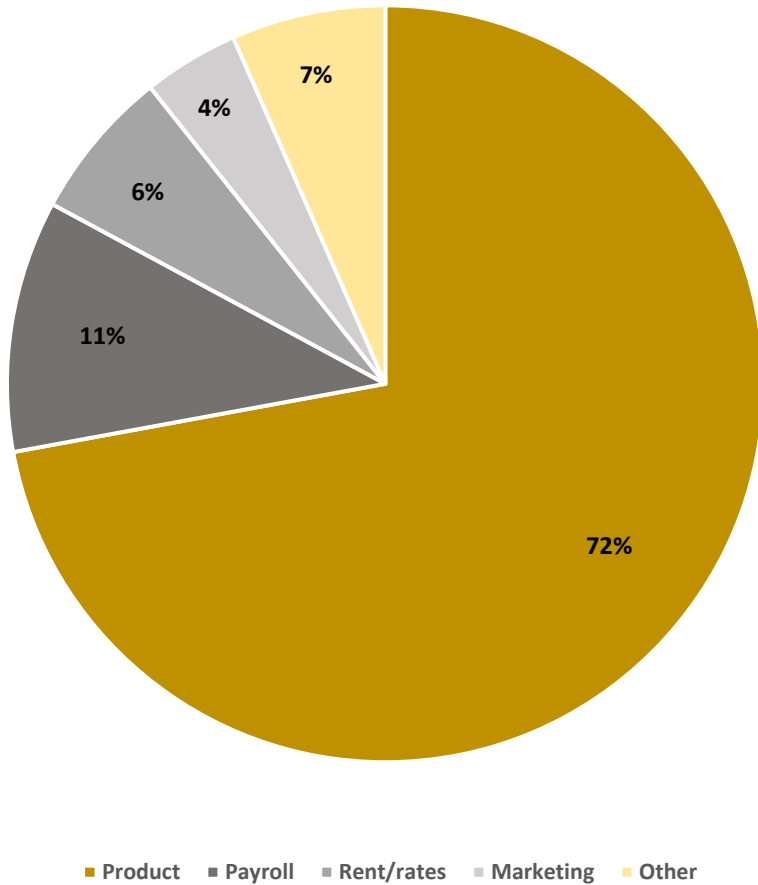
Facility	Expiring	Amount
UK Term Loan – UK SONIA +1.75% to +2.80%	June 2024	£120.0m
UK Revolving Credit Facility – UK SONIA +1.50% to +2.55%	June 2024	£50.0m
US Asset Backed Facility – US LIBOR +1.25% to +1.75%	April 2023	\$60.0m

- **Net debt reduced by £30 million to £14 million after £85m of investment**
- At 1 May 2022, the Group had a total of **£218 million of available committed facilities**
- £120 million of those facilities drawn down
- **Liquidity headroom of £190 million** (unrestricted cash plus undrawn available facilities)



# Well insulated from inflation

## Breakdown of cost base FY22



Costs excluding pre-opening and closing costs

- Product is the largest component of cost base. Gross margins are fixed – if wholesale price increases, RRP increases at the same rate
- Payroll 11% of cost base, approximately a quarter of which is performance related
- Rent and other property costs largely fixed, few turnover rents, utility costs are immaterial

# FY23 guidance (pre-IFRS 16)

FY23 guidance	
Revenue	£1.45-£1.50bn
Adjusted EBITDA margin	flat to +0.5%
Depreciation, amortisation, impairment and loss on disposal of fixed assets	£33 - £35m
Total finance costs	c£4.5m
Adjusted EBIT	£157 - £169m
Underlying tax rate	21.5% - 22.0%
Capital expenditure Includes the development of a new corporate HQ in Leicester	£70 - £80m
Net cash	£35 - £45m

## FY23 guidance assumes:

- **Visibility of supply of key brands** with no disruption to supply anticipated
- **No further national lockdowns** in any of the Group's markets
- **Ongoing recovery in footfall and airport traffic** anticipated
- Continued **domestic demand** in the UK and US
- Reflects **confirmed showroom openings** and closures
- **Organic basis**, no acquisitions

The equivalent guidance on an IFRS 16 basis is:

- EBIT                    £172 - £184 million
- Depreciation        £79 - £83 million
- Finance costs        £18 - £21 million





The Watches of Switzerland Group

# Long Range Plan



WATCHES OF  
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SINCE 1924

Mappin & Webb  
LONDON

GOLDSMITHS  
SINCE 1778

EST 1910  
MAYORS  
FINE JEWELRY & TIMEPIECES





The Watches of Switzerland Group

# Conclusions

Brian Duffy, CEO



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**Record performance in sales, profitability and ROCE in FY22**

**Demand maintaining strong momentum into FY23**

**Watches of Switzerland Group model enhanced and gaining market share**

**Positive progress in all aspects of ESG**

**Ahead of schedule on our Long Range Plan and confident in our goals**



