



The Watches of Switzerland Group

FY21 Results

July 2021

53 weeks ended 2 May 2021



WATCHES OF
SWITZERLAND
SINCE 1924

Mappin & Webb
LONDON

GOLDSMITHS
SINCE 1778

EST 1910
MAYORS
FINE JEWELRY & TIMEPIECES

Cautionary note regarding forward-looking statements

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

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 presentation, 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.

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's or the Group's operations which are described in the Annual Report and Accounts 2021 in Risk Management and Principal Risks and Uncertainties.

Subject to the requirements of the FCA, the London Stock Exchange, the UK Market Abuse Regulation, the Listing Rules and the Disclosure, Guidance and Transparency Rules (and/or any regulatory requirements) or applicable law, the Company explicitly disclaims any obligation or undertaking publicly to update or revise release the result of any revisions any forward-looking statements in this presentation. No statement in this document is intended as a profit forecast or profit estimate and no statement in this document should be interpreted to mean that the earnings per share of the Company, as altered by the presentation will necessarily match or exceed the historical or published earnings per share of the Company.

Agenda

CEO Update

Brian Duffy

Chief Executive Officer

Financial Review & Outlook

Anders Romberg

Chief Financial Officer

Q&A





The Watches of Switzerland Group

CEO Update

Brian Duffy, CEO



WATCHES OF
SWITZERLAND
SINCE 1924

Mappin & Webb
LONDON

GOLDSMITHS
SINCE 1778

EST 1910
MAYORS
FINE JEWELRY & TIMEPIECES

A Year of Strong Growth



Strong growth achieved despite in challenging markets
Group Revenue +13.3% in constant currency

Outstanding US performance; Revenue +38.5% in constant currency

Strong result in the UK despite significant headwinds; Revenue +3.6%

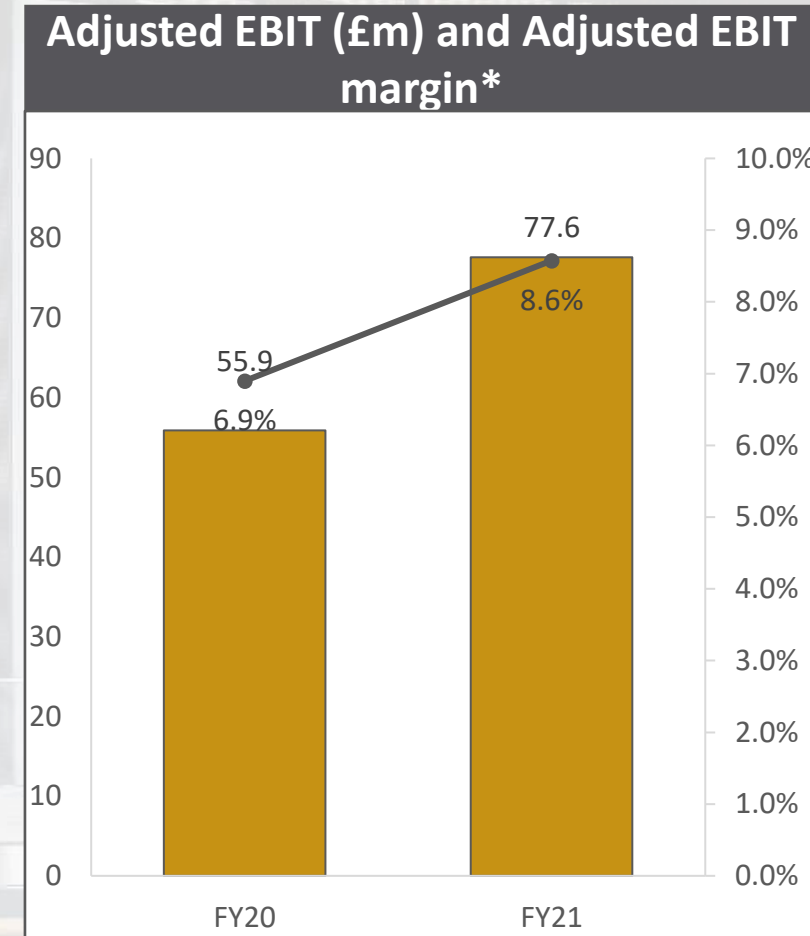
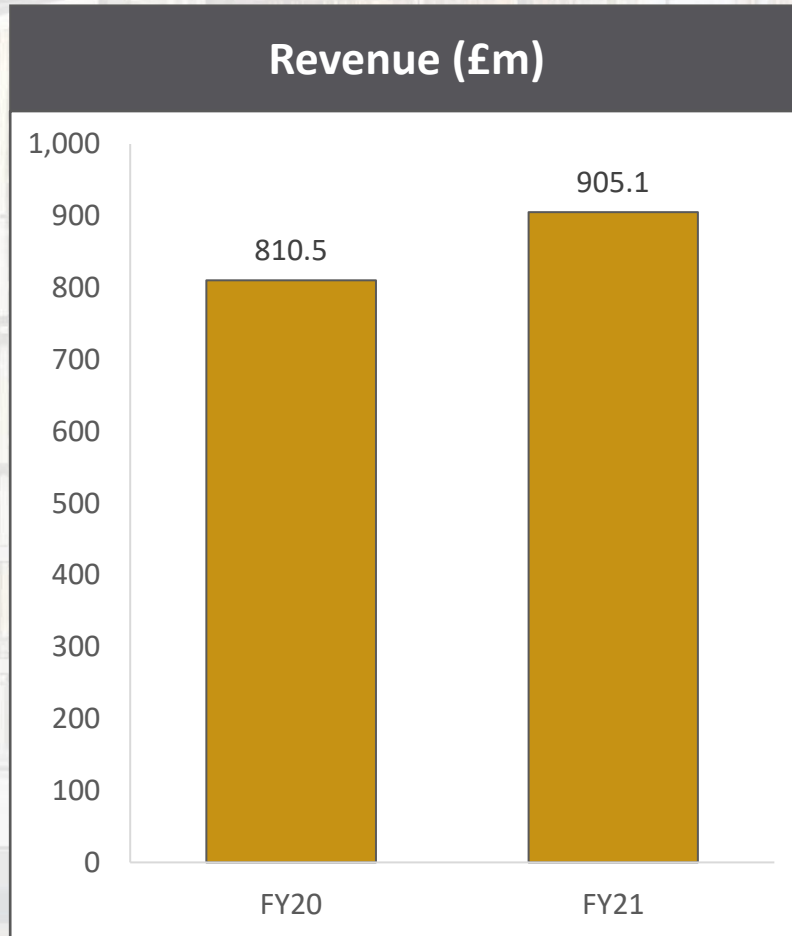
Adjusted EBIT + 38.9%

Proud of our teams' positive 'can do' spirit, commitment and adaptability

Well positioned for future growth



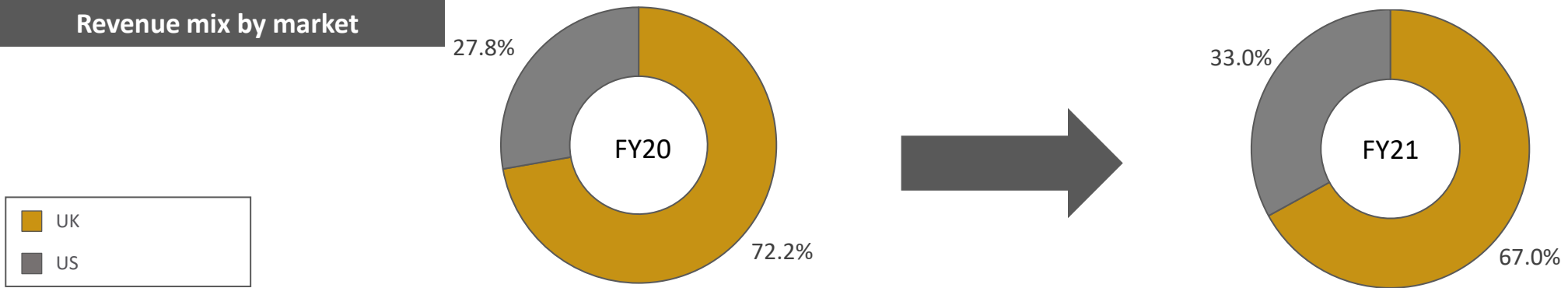
Delivering on Strategic Goals



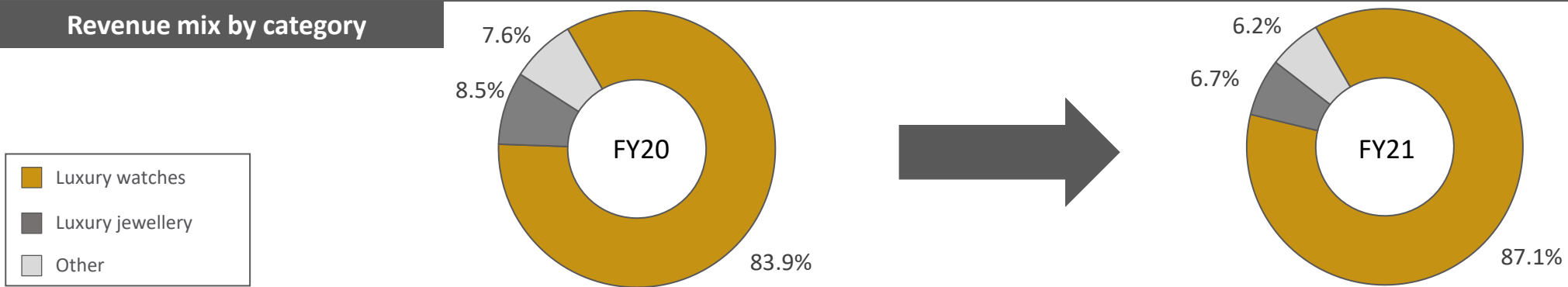
* Operating profit before exceptional items and IFRS 16 impact

Performance Driven by Luxury Watches, Domestic Clientele

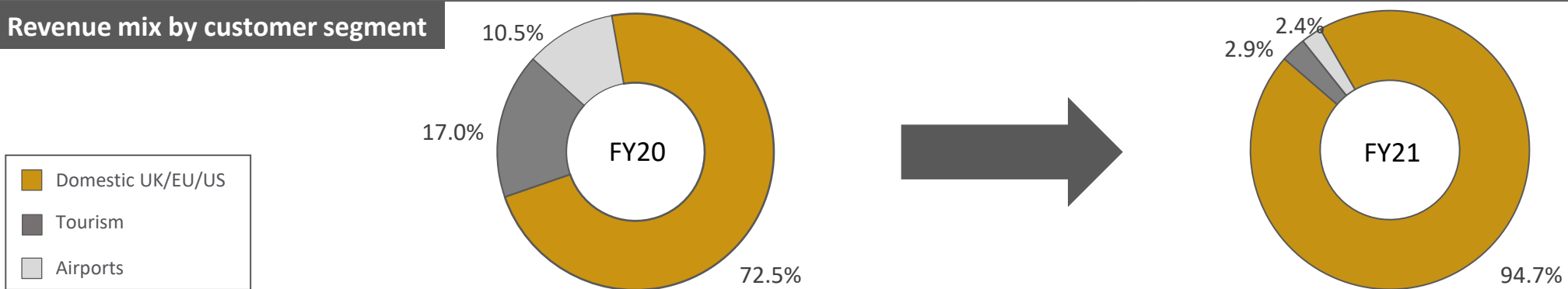
Revenue mix by market



Revenue mix by category



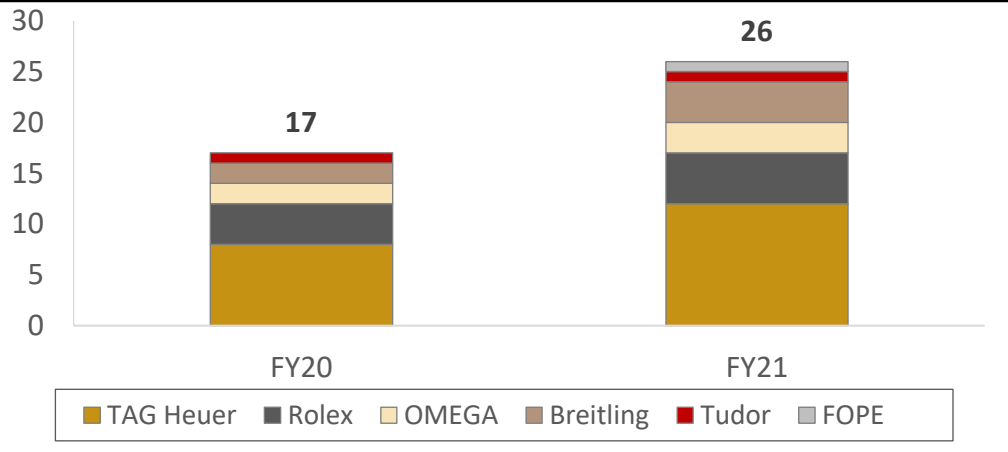
Revenue mix by customer segment



Capital Investment in our Store Network Supporting UK Growth



Enhancing the mono-brand boutique channel in the UK



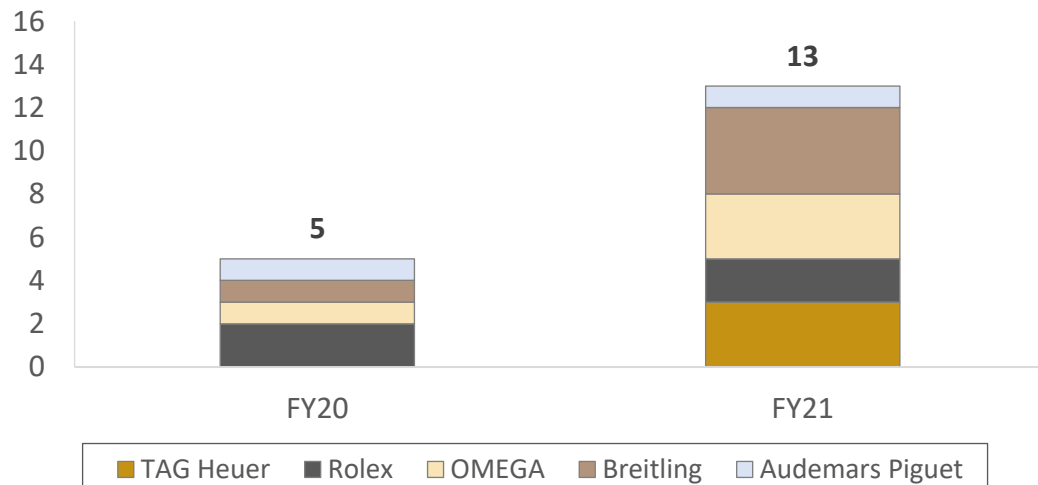
Maintained capital investment programme in the UK despite significant disruption

- Network expansion:
 - New Watches of Switzerland Broadgate store, featuring a dedicated Rolex Room
 - New Rolex mono-brand boutique in Glasgow, first in Scotland
 - Nine new mono-brand boutiques opened, bringing total to 26
- Store elevation:
 - Expanded and refurbished Watches of Switzerland flagship store in Knightsbridge, London, with a new dedicated Rolex Room
 - Rebranding of four Fraser stores, with three refurbished since year-end

We Continue to Invest For Growth in the US, Where our Model Works



Establishing the mono-brand boutique network in the US



Investments and initiatives exceeding expectations

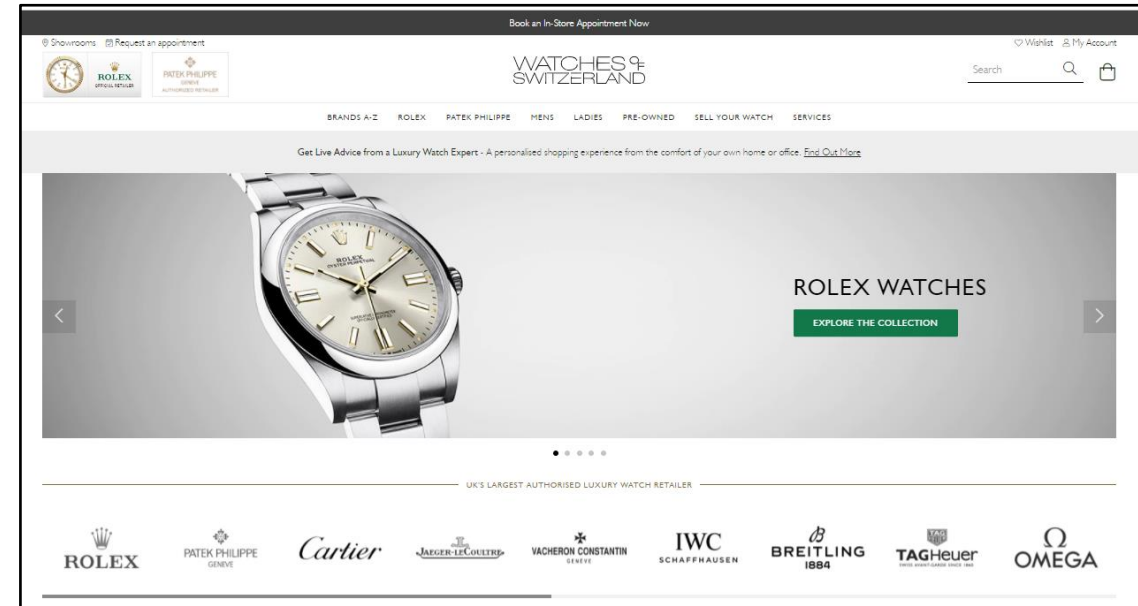
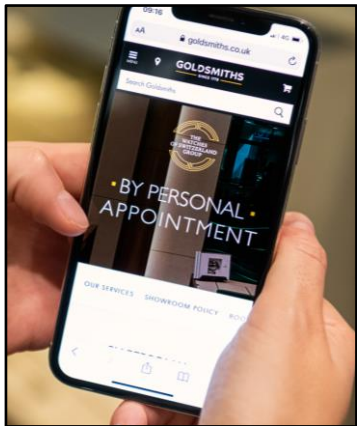
- Mono-brand boutique programme established
 - Eight new mono-brand boutiques opened, bringing total to 13
- Successful launch of ecommerce
- Store elevation:
 - Four Mayors stores have been converted to the new store design concept, generating a strong uplift in sales
- Acquisition of Analog Shift

Driving Growth through Well-Invested Technology Platform and Enhanced Digital Activity



Use of technology, enhanced digital activity and data to enhance and personalise the customer experience

- Online
- Virtual Luxury Watch and Jewellery Boutique
- CRM
- “By Personal Appointment”
- Virtual new product introductions, partnered with brands



UK: Digital Marketing Driving Awareness



WATCHES OF SWITZERLAND
Part of The Watches of Switzerland Group

SHOP ONLINE
FOR NEXT DAY DELIVERY

HUBLOT

SHOP ONLINE
FOR NEXT DAY DELIVERY



FY21 Digital Reach
Monthly reach on social 46M
Total campaign impressions 3.2BN
Total campaign clicks 37m

IN-STORE OR
ENJOY FREE
DAY DELIVERY

OF SWITZERLAND

Mappin & Webb
LONDON

BOOK NOW
FOR A PERSONAL
APPOINTMENT

MAPPINANDWEBB.COM

Ω
OMEGA

SHOP ONLINE
FOR NEXT DAY DELIVERY



Watches of Switzerland Official
Published by Aurum Holdings · 7h · 2d

Optimum precision by Vacheron Constantin, the sophisticated Overseas Dual Timed watch is fitted with its calibre 5110 DT automatic movement and 60-hour power reserve.

Discover Vacheron Constantin in the UK > <https://bit.ly/37NqMpX>
Discover Vacheron Constantin in the US > <https://bit.ly/2Jim49u>



US: Impactful Event and PR Activity Driving Awareness and Sales



FY21 Digital Reach
Monthly impressions on social 2.5M
Digital Campaign Impressions 373M
PR impressions 5.1BN



Our People





FOUNDATION

Helping our communities





The Watches of Switzerland Group

Financial Results & Outlook

Anders Romberg, CFO



WATCHES OF
SWITZERLAND
SINCE 1924

Mappin & Webb
LONDON

GOLDSMITHS
SINCE 1778

EST 1910
MAYORS
FINE JEWELRY & TIMEPIECES

Record Sales and Profitability

Profit & Loss (£m, pre-IFRS 16 and exceptionals)	FY21*	FY20	Yoy %
Group revenue	905.1	810.5	11.7%
Net margin	332.3	304.7	9.1%
Margin %	36.7%	37.6%	(88)bps
Store costs	(166.6)	(178.2)	6.5%
4-wall EBITDA	165.7	126.5	31.0%
Margin %	18.3%	15.6%	270bps
Overheads	(55.8)	(44.6)	(25.3)%
Opening and closing costs	(4.5)	(3.8)	(18.8)%
Adjusted EBITDA	105.4	78.1	34.9%
Margin %	11.6%	9.6%	200bps
Adjusted EBIT	77.6	55.9	38.9%
Margin %	8.6%	6.9%	167bps
Net finance costs	(5.5)	(6.5)	14.6%
Adjusted profit before tax	72.1	49.4	46.0%
Adjusted EPS (p)	23.8	16.6	43.4%

* 53 weeks

- FY impacted by significant disruption in the UK and US:
 - estimated revenue loss c. £100 million in the UK
- **Net margin –90 basis points**, primarily reflecting product mix
- **Adjusted EBITDA +34.9% to £105.4 million**, achieving margin of 11.6% (FY20: 9.6%)
- **Adjusted EBIT +38.9% to £77.6 million** (FY20: £55.9 million)
- Furlough received during the year has been fully repaid

Balance Sheet Strength

Balance Sheet (£m, pre-IFRS 16)	2 May 2021	26 Apr 2020	Yoy %
Non-current assets			
Goodwill & Intangible assets	150.6	155.0	(2.8)%
PPE	93.4	99.8	(6.4)%
Other	11.0	9.9	11.5%
Current assets			
Inventories	226.4	243.4	(7.0)%
Trade and other receivables	17.1	15.1	13.2%
Cash and cash equivalents	76.1	72.9	4.4%
Current tax asset	1.9	-	n/a
Current liabilities			
Trade and other payables	(153.5)	(144.1)	6.5%
Borrowings	-	(82.7)	n/a
Other	(3.1)	(3.0)	3.3%
Non-current liabilities			
Trade and other payables	(24.9)	(21.7)	14.7%
Borrowings	(117.9)	(117.1)	0.7%
Other	(9.7)	(10.1)	(2.9)%
Net assets	267.4	217.4	23.0%

- Continued investment with **£23.1 million of expansionary capex** (FY20: £20.7 million)
- **Inventory levels -£17.0 million (-7.0%)** vs last year
- **Trade and other receivables £2.0 million higher vs FY20**
- **Trade and other payables £12.6 million higher vs FY20** due to timing of lockdown
- **Net debt of £43.9 million** as at 2 May 2021 (FY20: £129.7 million)
- CLBILS facility of £45.0 million repaid and cancelled

Excellent Free Cash Flow and Conversion

Cash Flow (£m, pre-IFRS 16)	FY21	FY20	Yoy %
Adjusted EBITDA	105.4	78.1	34.9%
Share-based payments	0.8	-	
Working capital	13.9	(7.3)	
Pension contributions, tax paid	(10.3)	(8.2)	
Government grants received	5.4	1.3	
Cash generated from operations	115.2	63.9	80.3%
Maintenance capex	(1.0)	(1.5)	
Interest	(4.5)	(11.6)	
Free cash flow	109.7	50.8	115.9%
Free cash flow conversion	104.1%	65.6%	
Expansionary capex & acquisition	(22.6)	(58.3)	
Exceptional items	(0.2)	(5.0)	
Net proceeds from IPO	-	147.8	
Financing activities	(82.1)	(98.3)	
Cash flow	4.8	37.0	(87.0)%

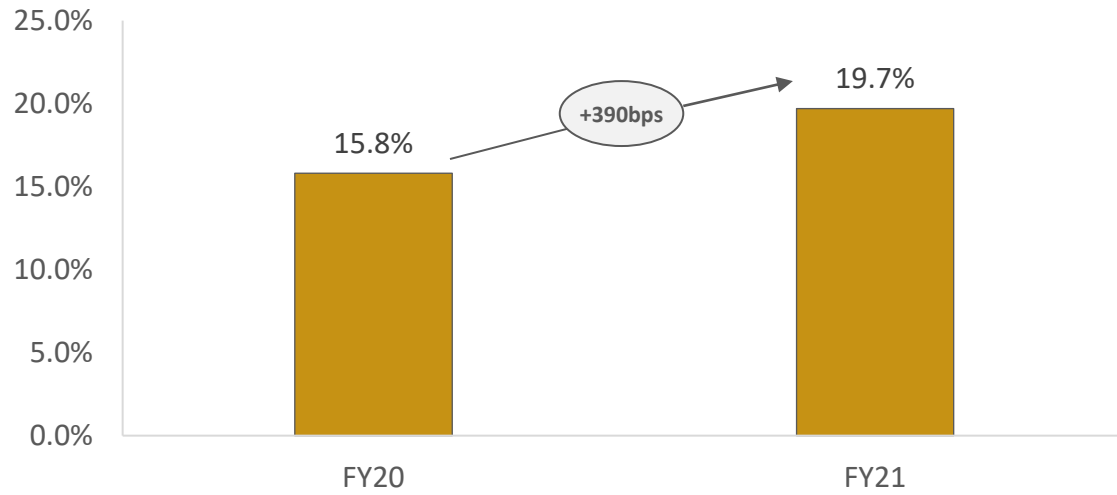
Free cash flow +£58.9 million (+115.9%) to £109.7 million

- **Further improvement in working capital**
- **Free cash flow conversion of 104.1%** (FY20: 65.6%)
- **Expansionary capex cash paid of £21.2 million** (FY20: £27.2 million):
 - 18 stores opened
 - 4 stores expanded
 - 4 stores refurbished

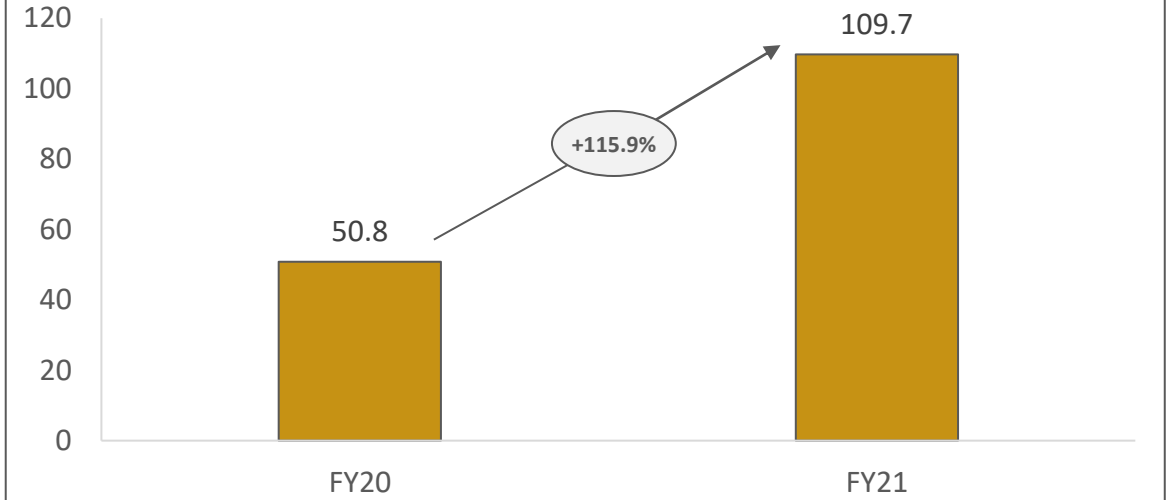
Facility	Expiring	Amount
UK Term Loan – UK LIBOR +1.75%	June 2024	£120.0m
UK Revolving Credit Facility – UK LIBOR +1.50%	June 2024	£50.0m
US Asset Backed Facility – US LIBOR +1.25% to +1.75%	April 2023	\$60.0m

- **Net debt £43.9 million** at 2 May 2021
 - Reduction of £85.8 million vs 26 April 2020; £109.7 million free cash flow offset by expansionary capex
- At 2 May 2021, the Group had a total of **£197.5 million of available committed facilities**
- **EBITDA (pre-IFRS 16) leverage further improved to 0.4x** (FY20: 1.7x)

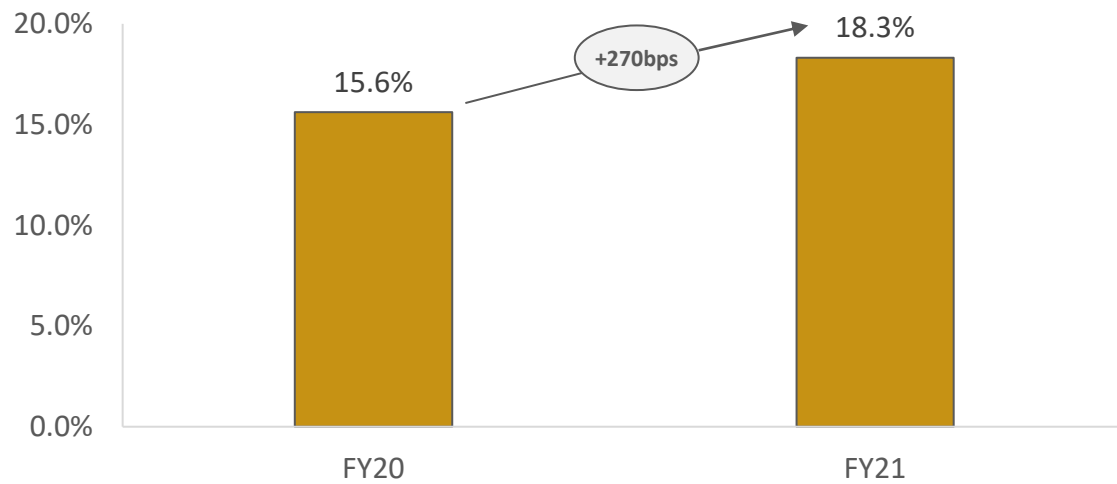
Return on Capital Employed



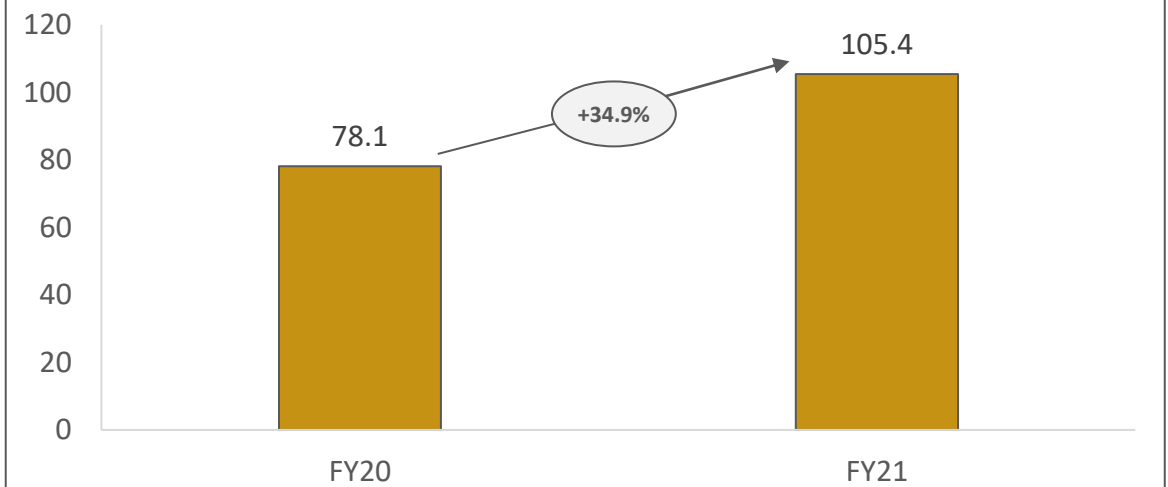
Free cash flow (£m)



4-Wall EBITDA %



Adjusted EBITDA (£m)



FY22 Guidance (pre-IFRS 16, 52 week basis)

FY22 guidance	
Total Revenue	£1.05 to £1.10 billion
EBITDA margin & Adjusted EBITDA margin	Flat to +0.5% vs last year
Depreciation, amortisation, impairment and loss on disposal of fixed assets	£30.0 to £32.0 million
Total finance costs	£4.0 to £4.5 million
Underlying tax rate	21.0% to 22.5%
Capital expenditure	£40.0 to £45.0 million
Net debt	£20.0 to £30.0 million

FY22 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
- **Gradual recovery in footfall** anticipated
- Continued **buoyant domestic demand** in the UK and US
- **Airport traffic and foreign tourism** in the UK not expected to return to pre-pandemic levels this year
- Additional £1.5 million contribution to the Watches of Switzerland Group Foundation

