

9 February 2023



Watches of Switzerland Group PLC

Q3 FY23 Trading

for the 13 weeks (Q3 FY23) and 39 weeks (9M FY23) to 29 January 2023

Strong Q3 FY23 trading with reported revenue +17%

Full Year Guidance reiterated

Brian Duffy, Chief Executive Officer, said:

“I am pleased with our strong Q3 performance which is testament to our continued investment in leading showroom design, the strength of our brand partnerships, our scale, our dedication to omnichannel excellence, and our exceptional client service. I would like to thank all my colleagues for their ongoing dedication and hard work especially during the Holiday period. Demand remains strong and continues to exceed supply, with client registration lists growing. We exited the quarter with good momentum and are pleased to reiterate our full year guidance.

“Our expansion into Europe continued with the opening of our fifth mono-brand boutique, with OMEGA in Stockholm in the third quarter. Early trading remains positive, and we are excited to open our first mono-brand boutique in Dublin with TAG Heuer later this month.

“Looking ahead, we remain confident that our strategy will further enhance our leadership position as we continue to deliver on our Long Range Plan objectives.”

Financial Highlights:

Q3 FY23 Group revenue £407 million (Q3 FY22: £348 million), +17% at reported rates, +12% at constant currency

9M FY23 Group revenue £1,172 million (9M FY22: £934 million) +25% at reported rates, +19% at constant currency

- Performance in the quarter was driven by luxury watches, where demand continues to exceed supply
- Q3 FY23 luxury watches +22% at reported rates to £340 million, representing 84% of revenue (Q3 FY22: 80%) with growth driven by an increase in average selling price and volume
- Q3 FY23 luxury jewellery (2%) at reported rates to £41 million, reflecting our continued focus on full price sales with average selling price increasing in the quarter
- Group ecommerce revenue +5% on last year at reported rates with continued investment in our omnichannel strategy through improved product ranging, increasing availability for next day delivery and expanding our virtual boutique team offering expert client services
- Pre-owned continues to trade well delivering strong revenue growth in both the UK and the US
- Q3 FY23 inventory levels reduced in line with planned seasonality with free cash conversion for the full year expected to be c.70%

Q3 FY23 Performance by Geography:

US revenue £169 million (Q3 FY22: £125 million), +36% at reported rates, +22% at constant currency

- Revenue growth excluding acquisitions +17% at constant currency, with the five showrooms acquired in FY22 annualising during Q3
- Strong underlying growth reflecting ongoing success of our model and the strength of client demand

UK & Europe revenue £238 million (Q3 FY22: £223 million), +7% vs Q3 FY22

- UK performance continues to be driven by domestic clientele with limited return of tourist spending
- UK showroom development programme continues with several projects completed in the quarter:

- Reopened our newly refurbished and expanded Watches of Switzerland multi-brand showroom at Canary Wharf, London
- Rollout continued of the Goldsmiths Luxury format with the refurbishment of our showroom in Brent Cross, London and the relocation and expansion of our showrooms in Cribbs Causeway, Bristol and Solihull
- In Glasgow we opened our first UK mono-brand boutique with Longines
- We continue our expansion into Europe, opening our fifth mono-brand boutique, with OMEGA in Stockholm and will open our first mono-brand boutique in Dublin with TAG Heuer this month. Early trading remains in line with expectations

Outlook

- We believe the strength of the luxury watch and jewellery categories, the unique supply/demand dynamics of luxury watches and client registration lists, our portfolio of leading brand partnerships, and the success and agility of our model will continue to support long term sustainable sales growth. We remain confident in our Long Range Plan objectives
- FY23 guidance reflects current visibility of supply of key brands, announced pricing, and confirmed showroom refurbishments, openings, and closures and excludes uncommitted capital projects and acquisitions
- Guidance is on an organic, pre-IFRS 16 basis with Q4 projected using a £/\$ 1.24 exchange rate:
 - Revenue: £1.50 - £1.55 billion
 - Adjusted EBITDA %: flat to +0.5%
 - Depreciation: £33 - £35 million
 - Adjusted EBIT: £163 - £175 million
 - Total finance costs: c£5.5 million
 - Underlying tax rate: 21.5% – 22.0%
 - Capex: £70 - £80 million including new offices in the UK
 - Year end net cash: £35 - £45 million, with free cash conversion expected to be c.70%

The equivalent guidance on an IFRS 16 basis is:

- Adjusted EBIT: £178 - £190 million
- Depreciation: £81 - £85 million
- Total finance costs: £21 - £24 million
- Committed capital projects for Q4 FY23:
 - New Watches of Switzerland flagship showroom in the American Dream complex, New Jersey opening April 2023
 - Three mono-brand boutiques opening in the UK and Europe
 - Continued roll out of Goldsmiths Luxury with two showroom refurbishments planned
 - One further showroom to be refurbished in the Mayors network in Dadeland, Florida
- Other announced showroom openings:
 - Third Watches of Switzerland showroom in Manhattan at One Vanderbilt anchored by OMEGA and Cartier
 - New Flagship Rolex Boutique on Bond Street with around 7,000 sq ft of selling space

Q3 FY23 Revenue performance by geography

	Q3 FY23	Q3 FY22	Q3 FY23 vs Q3 FY22		Q3 FY23 vs Q3 FY20	
	13 weeks to 29 Jan 2023	13 weeks to 30 Jan 2022	Reported YoY %	Constant currency YoY %	Reported YoY %	Constant currency YoY %
(£million)						
UK & Europe	238	223	+7%	+7%	+30%	+30%
US	169	125	+36%	+22%	+127%	+110%
Group Revenue	407	348	+17%	+12%	+58%	+53%

9M FY23 Revenue performance by geography

	9M FY23	9M FY22	9M FY23 vs 9M FY22		9M FY23 vs 9M FY20	
	39 weeks to 29 Jan 2023	39 weeks to 30 Jan 2022	Reported YoY %	Constant currency YoY %	Reported YoY %	Constant currency YoY %
(£million)						
UK & Europe	692	642	+8%	+8%	+38%	+38%
US	480	292	+64%	+44%	+159%	+143%
Group Revenue	1,172	934	+25%	+19%	+71%	+67%

Q3 FY23 and 9M FY23 Revenue performance by category (reported)

	Q3			9M		
	13 weeks to 29 Jan 2023	13 weeks to 30 Jan 2022	YoY %	39 weeks to 29 Jan 2023	39 weeks to 30 Jan 2022	YoY %
(£million)						
Luxury watches	340	280	+22%	1,007	789	+28%
Luxury jewellery	41	42	(2%)	97	82	+18%
Other	26	26	(3%)	68	63	+7%
Group Revenue	407	348	+17%	1,172	934	+25%

The financial information contained herein is unaudited.
Ecommerce revenue are sales which are transacted online.
Growth rates are calculated on unrounded numbers.

Conference call

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

Dial-in (UK): 020 3936 2999

Dial-in (all other locations): +44 20 3936 2999

Participant access code: 470372

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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 29 January 2023, the Watches of Switzerland Group had 192 showrooms across the UK, US and Europe including 77 dedicated mono-brand boutiques in partnership with Rolex, OMEGA, TAG Heuer, Breitling, TUDOR, Audemars Piguet, Grand Seiko, 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 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 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 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.

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 which are described in the 2022 Annual Report and Accounts in Risk Management and Principal Risks and Uncertainties.