

7 November 2023



**Watches of Switzerland Group PLC  
Q2 FY24 Trading Update**

for the 13 weeks (Q2 FY24) and 26 weeks (H1 FY24) to 29 October 2023

***Improved trading performance in Q2  
FY24 guidance reiterated***

**Brian Duffy, Chief Executive Officer, said:**

“I am pleased to report an improved Q2 trading performance, notwithstanding the difficult consumer environment. Our proven business model, the strength of our brand partnerships, international scale, bold marketing campaigns and dedication to exceptional client service, continues to drive the business forward.

“We sustained strong momentum in the US where we delivered +11% constant currency sales growth. We are also encouraged by the early response to the Rolex Certified Pre-Owned programme which launched in the UK in September, following the US launch in July, as clients react strongly to the authenticity and guarantee of quality that the Certified Pre-Owned seal represents. The UK performance was delivered despite the impact of several high turnover Goldsmiths and Mappin & Webb showrooms being closed for upgrade and trading from pop-up locations during the quarter. These will reopen pre-Christmas. The UK business exited the quarter strongly, returning to year-on-year growth in October.

“We have been focused on developing our network of luxury showrooms across the UK, US and Europe in the period, including the continued roll-out of the Goldsmiths Luxury showroom format, the Mappin & Webb contemporary concept, the refurbishment of the Rolex boutique in Millenia, Orlando and new mono-brand boutiques.

“I am delighted to announce that, in October 2023, we agreed to acquire 19 luxury watch showrooms, including five mono-brand boutiques from Ernest Jones in the UK. I would like to welcome our new colleagues in the luxury showrooms we have acquired from Ernest Jones. We believe these are great showrooms and highly complementary to our portfolio. During the balance of the fiscal year, we will be working on systems, merchandising, training and marketing in order to have the full beneficial impact from this acquisition in FY25.

“In the second half, our major showroom upgrades in the UK will reopen pre-Christmas along with the reopening of our US Rolex boutique at Millenia, Orlando. That, combined with our sequential sales improvement over the quarter means we reiterate our FY24 guidance. Our business is well planned and our teams full of enthusiasm for the upcoming holiday season. We are also delighted to announce our Long Range Plan update today, which we have published separately, outlining our growth ambitions to FY28.”

**Q2 FY24 Highlights:**

**Group revenue £379 million (Q2 FY23: £374 million), +5% at constant currency, +1% at reported rates**

- Demand for luxury watches remains robust and continues to exceed supply, with consistent additions to and conversions of the client Registration of Interest lists, and average selling prices continuing to increase
- Group Pre-Owned sales growth +88% in constant currency vs prior year (+80% reported)

- US revenue of £165 million, +11% at constant currency, +4% at reported rates vs prior year
  - Sustained growth in core business, reflecting the success of our model and strength of client demand
  - Luxury watch sales strong across brands and price points
  - Watches of Switzerland American Dream, New Jersey, fully complete with Cartier space opened in October 2023
  - Six new mono-brand boutiques opened in the US for Breitling, TAG Heuer and Grand Seiko. Three at Canal Place, New Orleans (opened August 2023) and three at Fashion Place, Utah (opened October 2023)
- UK and Europe revenue of £214 million, in line with prior year
  - Performance continues to be driven by domestic clientele across the UK
  - Several high turnover Goldsmiths and Mappin & Webb showrooms were closed for upgrade during the period and were trading out of pop-ups. These reopen pre-Christmas in the second half of the fiscal year
  - Successful launch of Rolex Certified Pre-Owned in the UK in September 2023. Encouraging early client engagement and trading
  - Agreed purchase of 19 luxury watch showrooms from Ernest Jones, comprising of 14 multi-brand showrooms and five mono-brand boutiques
    - Acquisition will complete in November 2023
    - Multi-brand showrooms re-branded to Goldsmiths or Mappin & Webb
    - During the balance of the fiscal year, we will be working on systems, merchandising, training and marketing in order to have the full beneficial impact from this acquisition in FY25
  - Showroom development programme continues with several projects completed in the period and the benefits of our investment visible in early trading:
    - Further enhancement of our Goldsmiths estate through the extensive expansion and refurbishment of a number of Goldsmiths showrooms, most notably Liverpool, which represents our largest Goldsmiths Luxury showroom to date (reopened in September 2023)
    - Continued development of Mappin & Webb contemporary concept with the refurbishment and expansion of Mappin & Webb Guernsey including major branded spaces for Rolex, OMEGA and Breitling along with a jewellery gallery for Mappin & Webb and branded luxury jewellery
    - Mono-brand boutiques opened for Breitling Newcastle and Bath and a further TAG Heuer mono-brand boutique opened in Bath
    - Further European expansion through the opening of a new Breitling boutique in Gothenburg, Sweden. This takes the total number of European mono-brand boutiques to nine

#### **H1 FY24 Highlights:**

##### **Group revenue £761 million (H1 FY23: £765 million) +2% at constant currency, flat at reported rates**

- Luxury watches revenue of £670m, +3% at constant currency, flat at reported rates, representing 88% of revenue (H1 FY23: 87%)
- Luxury jewellery -15% at constant currency, -17% at reported rates to £47 million. This reflects market trends impacted by overall consumer sentiment and by a repositioning to full price sales in the US
- Continued strong momentum in the US with revenue of £328 million (H1 FY23: £311 million), +11% at constant currency, +5% at reported rates
- UK and Europe performance driven by domestic clientele, with revenue of £433 million (H1 FY23: £454 million), -4% vs H1 FY23
- Group ecommerce sales -4% on last year at reported rates against strong comparatives in the prior year and impacted by the higher proportion of jewellery sales through this channel
- H1 FY24 Adjusted EBIT is expected to be £70 million to £72 million (H1 FY23: £87 million) – limited leverage in H1 FY24 alongside headwinds from Interest Free Credit which annualise in the second half of the year

## Outlook

- FY24 guidance for sales and profit remains unchanged, based on our sequential trading improvement and the large showroom refurbishments reopening pre-Christmas. Our guidance does not reflect any expectation of an improvement in consumer confidence in the remainder of the financial year. Guidance reflects current visibility of supply from key brands and confirmed showroom refurbishments, openings and closures, and excludes uncommitted capital projects and acquisitions
- The Group has an exciting schedule of new showroom projects for the remainder of FY24:
  - Relocation of Rolex boutique Millenia, Orlando to a showroom three times the previous size, opens November 2023
  - Continued refurbishment and expansion of the showroom network including:
    - Continued roll-out of Goldsmiths Luxury showroom format, including the expansion of the Birmingham Bullring, and Metrocentre Newcastle showrooms, and relocation of Trafford Centre Manchester showroom, all in Winter 2023
    - Further roll-out of the Mappin & Webb contemporary format with refurbishments in Glasgow and Bluewater in Winter 2023 and a new Mappin & Webb showroom in Edinburgh
  - Watches of Switzerland multi-brand showroom at One Vanderbilt, New York due to open early 2024
  - Expansion of the mono-brand portfolio with four boutiques planned across the UK, US and Europe
- FY24 guidance (on an organic pre-IFRS 16 basis):
  - Revenue: £1.65 - £1.70 billion, growth of 8–11% at constant currency
  - Adjusted EBIT margin %: In line with FY23
  - Total finance costs: c.£5 million (increase reflects the impact of the acquisition)
  - Underlying tax rate: 27% – 28% reflecting the increase in UK corporation tax
  - Capex: £70 - 80 million
  - Operating cash conversion: c.70% weighted towards H2 in line with the seasonal pattern

The equivalent guidance on an IFRS 16 basis is:

- Adjusted EBIT margin %: In line with FY23
- Total finance costs: £26 - £30 million (increase reflects the impact of the acquisition)
- 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 FY23 was 1.20

### Q2 FY24 Revenue Performance by Geography

	Q2 FY24	Q2 FY23	Q2 FY24 vs Q2 FY23	
(£m)	13 weeks to 29 Oct 2023	13 weeks to 30 Oct 2022	Reported YoY %	Constant currency YoY %
UK and Europe	214	215	0%	0%
US	165	159	+4%	+11%
<b>Group Revenue</b>	<b>379</b>	<b>374</b>	<b>+1%</b>	<b>+5%</b>

### H1 FY24 Revenue Performance by Geography

	H1 FY24	H1 FY23	H1 FY24 vs H1 FY23	
(£m)	26 weeks to 29 Oct 2023	26 weeks to 30 Oct 2022	Reported YoY %	Constant currency YoY %
UK and Europe	433	454	-4%	-4%
US	328	311	+5%	+11%
<b>Group Revenue</b>	<b>761</b>	<b>765</b>	<b>0%</b>	<b>+2%</b>

## Q2 FY24 Revenue Performance by Category

(£m)	Q2			
	13 weeks to 29 Oct 2023	13 weeks to 30 Oct 2022	Reported YoY %	Constant currency YoY %
Luxury watches	333	325	+3%	+6%
Luxury jewellery	24	29	-18%	-16%
Services/other	22	20	+8%	+9%
<b>Group Revenue</b>	<b>379</b>	<b>374</b>	<b>+1%</b>	<b>+5%</b>

## H1 FY24 Revenue Performance by Category

(£m)	H1			
	26 weeks to 29 Oct 2023	26 weeks to 30 Oct 2022	Reported YoY %	Constant currency YoY %
Luxury watches	670	667	0%	+3%
Luxury jewellery	47	56	-17%	-15%
Services/other	44	42	+6%	+7%
<b>Group Revenue</b>	<b>761</b>	<b>765</b>	<b>0%</b>	<b>+2%</b>

The financial information contained herein is unaudited.

Adjusted EBIT is EBIT before exceptional items shown on a pre-IFRS 16 basis.

Ecommerce revenue are sales which are transacted online.

Certain financial data within this announcement has been rounded. 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 join the call, please use the following details:

Dial-in: +44 20 4587 0498

Conference access code: 398336

### Contacts

#### The Watches of Switzerland Group

Anders Romberg, CFO

+44 (0) 207 317 4600

Caroline Browne, Group Finance Director

+44 (0) 1162 817 420

[investor.relations@thewosgroup.com](mailto:investor.relations@thewosgroup.com)

#### Headland

Lucy Legh / Rob Walker / Joanna Clark

+44 (0) 20 3805 4822

[wos@headlandconsultancy.com](mailto:wos@headlandconsultancy.com)

### 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 October 2023, the Watches of Switzerland Group had 211 showrooms across the UK, US and Europe including 97 dedicated mono-brand boutiques in partnership with Rolex, OMEGA, TAG Heuer, Breitling, TUDOR, Audemars Piguet, Longines, 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](http://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.