



The Watches of Switzerland Group

1H FY22 Results

December 2021

26 weeks ended 31 October 2021



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EST 1910
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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.

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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.

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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



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Strong First Half Performance With Broad-Based and Profitable Growth



Strong growth achieved against both last year and two years ago
Group Revenue £586.2m, +44.6% vs H1 FY21¹ and +40.8% vs H1 FY20¹

US maintains outstanding momentum
Revenue £167.6m, +50.2% vs H1 FY21¹ and +66.7% vs H1 FY20¹

Robust UK performance driven by thriving domestic clientele
Revenue £ 418.6m, +42.3% vs H1 FY21 and +31.8% vs H1 FY20²

Group ecommerce sales +28.7% with stores fully opened

Adjusted EBITDA +58.8%, Adjusted EBIT +62.7%

Progressing on Long Range Plan targets
Five stores acquired in the US



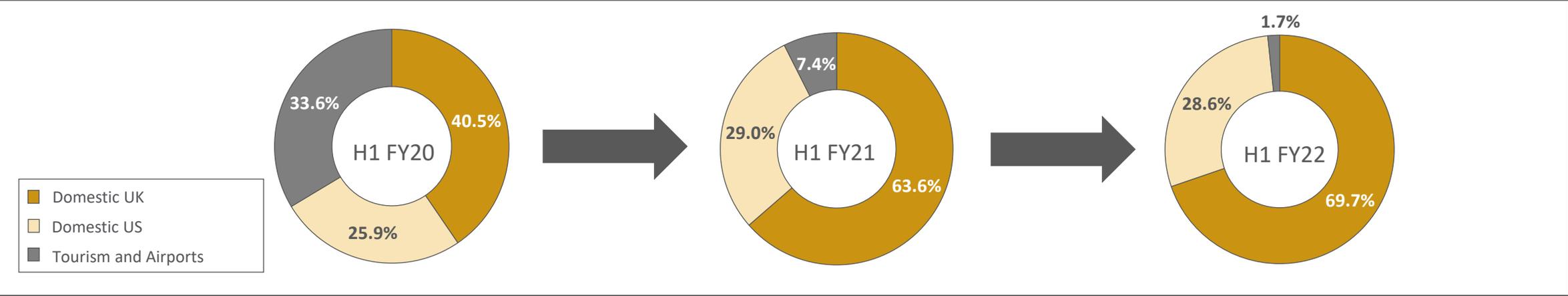
¹ In constant currency ² In H1 FY20 tourists and airports accounted for 33.6% of Group sales (1H FY22: negligible)



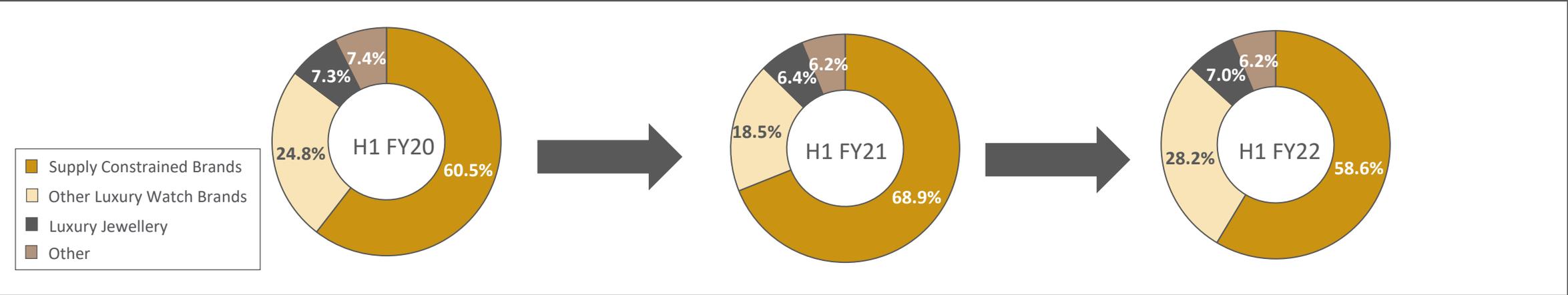
Robust and Flexible Business Model

Group Revenue:	H1 FY20 £428.7 million	H1 FY21 £414.3 million	H1 FY22 £586.2 million
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Adapting to COVID-19 restrictions by strengthening domestic sales



Well diversified product and brand mix



Capital Investment in our Store Network Supporting UK Growth



Investment in UK store base:

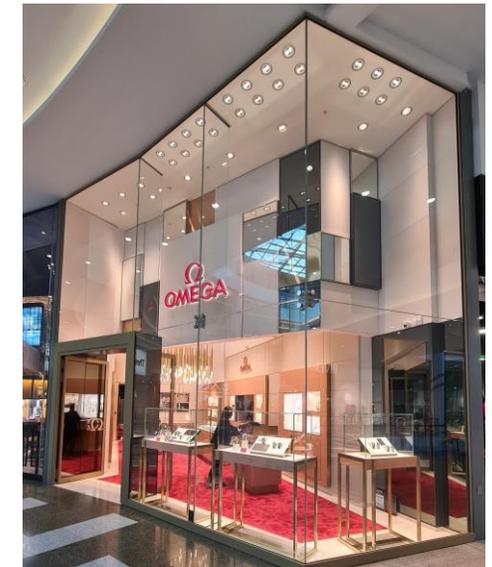
- Network expansion:
 - Opening of a mono-brand boutique in Trafford Centre
 - Opening of one Goldsmiths store and two mono-brand boutiques in Edinburgh St James
 - Opening of three mono-brand boutiques in Plymouth
- Store elevation:
 - Introduction of Goldsmiths Luxury concept in two stores (Canterbury and Reading)
 - Refurbishment of a further five stores in the UK, including two ex-Fraser Hart stores
- Nationwide scale with 130 stores at 31 October 2021:
 - 98 multi-brand stores, 32 mono-brand boutiques

Mono-brand boutique channel further expanded – Plymouth

Trio of mono-brand boutiques opened in Plymouth, new location for the Group



TAG Heuer, Breitling and OMEGA mono-brand boutiques, Plymouth



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

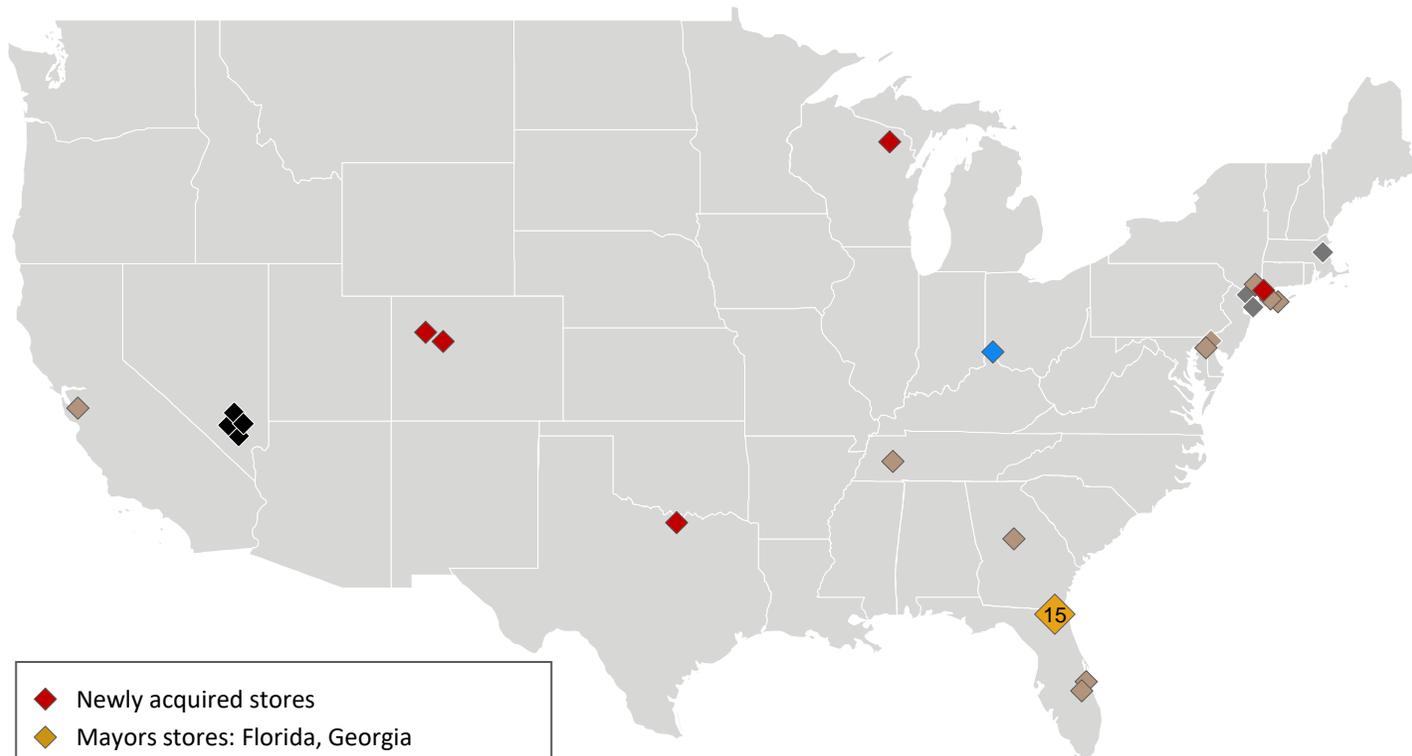


US presence further advanced and elevated

- Mayors Aventura, Phase I refurbishment complete:
 - Opening of enhanced Rolex dedicated space
 - Opening of first Bvlgari mono-brand boutique (post period end)
- Mono-brand boutiques performing well
- Ecommerce gaining momentum
- US expansion strategy further advanced with agreements to purchase five stores in four new states
- US store network totaled 36 stores in twelve states
 - 22 multi-brand stores, 14 mono-brand boutiques
 - Projects delayed by supply chain issues

US strategy advanced with purchase of five stores agreed, bringing total to 36

Group's US store base: 22 multi-brand stores, 14 mono-brand boutiques in 12 states



- ◆ Newly acquired stores
- ◆ Mayors stores: Florida, Georgia
- ◆ WOS New York, Boston, American Dream*
- ◆ Wynn Resort, Las Vegas
- ◆ Mono-brand boutiques
- ◆ WOS Cincinnati*

- Purchase of five stores agreed
 - Minneapolis, Minnesota
 - Plano (Dallas), Texas
 - Vail and Aspen, Colorado
 - Greenwich, Connecticut
- Combined annual revenue of c. \$100.0 million (last twelve months)
- Two stores completed end Q2 FY22, minimal impact to H1 FY22 performance
- Acquisition of remaining three stores completed on 1st December 2021

* American Dream and WOS Cincinnati expected to open during 2022

Watches of Switzerland, Kenwood Towne Centre - Cincinnati, Ohio



Watches of Switzerland, Cincinnati, Ohio



WATCHES

ACCESSORIES

ARCHIVES

VIDEOS

ABOUT

Analog:Shift

SEARCH

CART

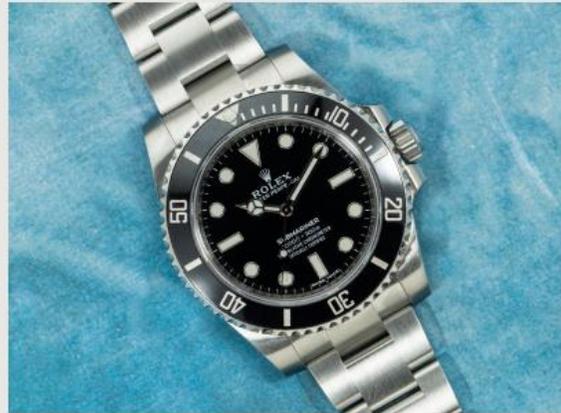
WELCOME TO ANALOG:SHIFT. YOUR PURVEYOR OF VINTAGE AND PRE-OWNED WATCHES. NEW YORK, NY.



(M) 34 MM CIRCA 1950 REF. 1140

A. Lange & Söhne

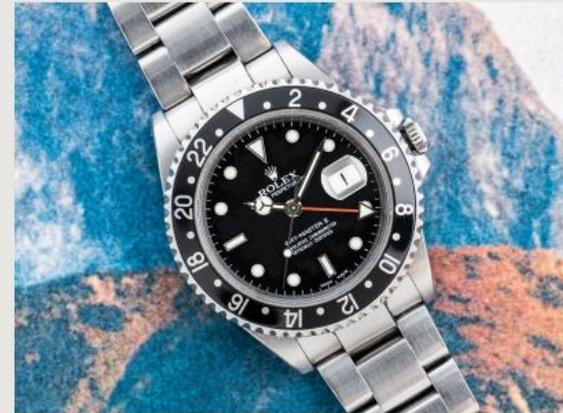
\$2,000



(A) 40 MM CIRCA 2018 REF. 1520

Rolex Submariner

\$2,000



(A) 39 MM CIRCA 2001 REF. 16710

Rolex GMT-Master II

Sold

Rolex Boutique, Wynn Resort, Las Vegas



Watches of Switzerland, Minneapolis, Minnesota

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S I N C E 1 9 2 4



Watches of Switzerland, Minneapolis, Minnesota



Watches of Switzerland, Minneapolis, Minnesota

Watches of Switzerland, Plano (Dallas), Texas



Watches of Switzerland, Plano (Dallas), Texas



Watches of Switzerland, Plano (Dallas), Texas

Aspen and Vail, Colorado



Vail, Colorado



Aspen, Colorado

Greenwich, Connecticut



Greenwich, Connecticut

Further Store Investment Planned – American Dream



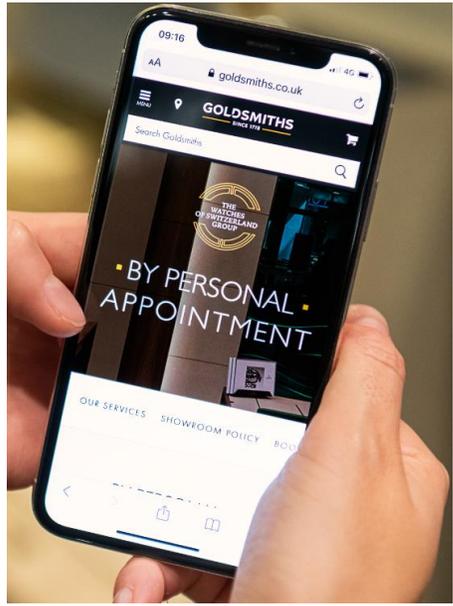
Watches of Switzerland, American Dream, New Jersey

Exciting New Development in Battersea, London

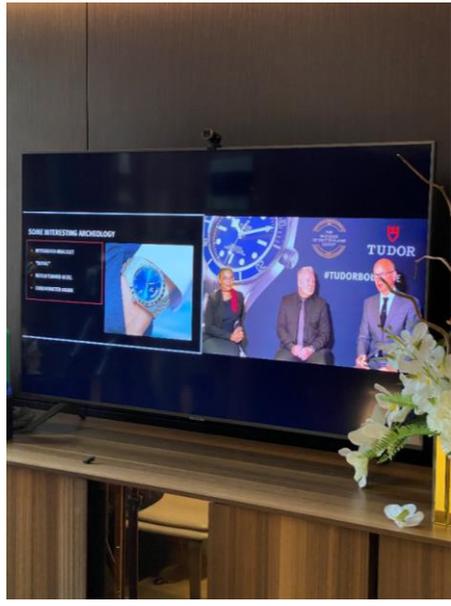


Continued investment in digital and technology to further enhance customer experience

By Personal Appointment



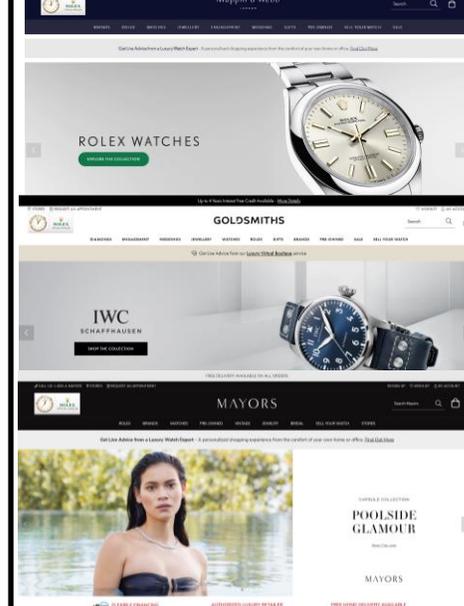
Virtual Client Events



Luxury Concierge



Ecommerce



CRM/Remote Selling



- **Group ecommerce sales +28.7% on last year**, despite stores having been fully opened in H1 FY22
- Customer experience further elevated through initiatives introduced during COVID-19
 - 40.0% of UK sales through “By Personal Appointment”
 - UK Luxury Watch and Jewellery Virtual boutique expanded
 - Ecommerce, CRM, clienteling and digital marketing initiatives enhanced

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 First Half FY22
Monthly reach on social 40.1M
Total campaign impressions 2.9BN
(includes Search & Shopping)
Total campaign clicks 25M



HUBLOT
WATCHES OF SWITZERLAND GROUP
15sec GS Best Seller_1920x1080

GOLDSMITHS

THE WATCHES OF SWITZERLAND GROUP
30sec WOS UK_1920x1080

WATCHES OF SWITZERLAND

YouTube Google Display Network Instagram Facebook

US: Impactful Event and PR Activity Driving Awareness and Sales

Robb Report
 STYLE / WATCH COLLECTOR JULY 1, 2021
Watches of Switzerland's Hamptons Pop-Up Shop Is an Airstream Trailer Filled With Vintage Rolexes
 Can you feel your wallet already burning a hole in your pocket?
 By PAIGE REDDINGER

Heading out East to cool off this summer? Watches of Switzerland is making a splash in the Hamptons with a new pop-up boutique encapsulated in a traveling Airstream trailer. The concept was unveiled last weekend at Montauk's party outpost, The Surf Lodge. On Saturday it will make its way down the road to Gurney's Star Island in the same town. It will reside there through August 31st, but is slated to make appearances at various events throughout the Hamptons during that time.

yahoo!news
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adriennefaurote 10m
 WEEKEND HIGHLIGHTS (feel like @taylorstoddard posting late)

adriennefaurote 7h

Digital Reach First Half FY22
Monthly impressions on social 6M
Digital Campaign Impressions 400M
 (includes Search & Shopping)
PR impressions 2.4BN

CASA CIPRIANI

Miss!

Drinks at @casaciprianinyc



EXCLUSIVE

WATCHES OF SWITZERLAND
 Part of the Watches of Switzerland Group

Grand Seiko Toge Exclusive

SHOP THE EXCLUSIVE

EXCLUSIVE

MAYORS
 Part of the Watches of Switzerland Group

Ulysse Nardin Executive X Limited Edition

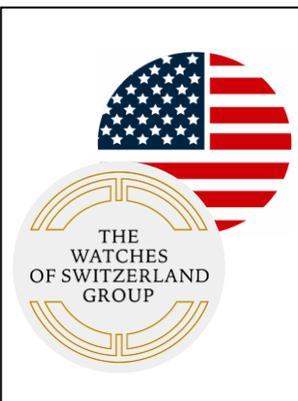
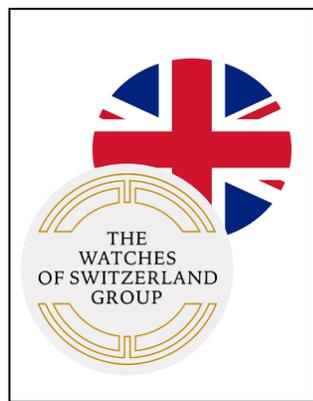
SHOP THE EXCLUSIVE

WATCHES OF SWITZERLAND
 Part of the Watches of Switzerland Group

One of the largest selections of fine timepieces in the US

SHOP NOW

Our People



Developing our sustainability and social impact strategy:

- Committee of the Board ensuring ESG priorities are governed at the highest level of our business
- Recent memberships:
 - FTSE4Good Index
 - Business in the Community (BITC)
- Delivering on our pledge for British Retail Consortium's Climate Action Roadmap, with a commitment to achieve Net Zero in the UK by 2040
- Supporting a more circular economy



FTSE4Good



BUSINESS
IN THE
COMMUNITY

The Prince's
Responsible
Business Network



BRC
CLIMATE
ACTION ROADMAP



The Watches of Switzerland Group Foundation Launched



FOUNDATION

Helping our communities



£3.0M pledged to the Watches of Switzerland Group Foundation across FY21 and FY22:

- Support a number of causes, with an emphasis on helping poor and vulnerable people out of poverty
- Pledged over £1.0 million to key charity partners:
 - Foodbanks
 - The Prince's Trust
 - The Prince & Princess of Wales Hospice, Glasgow
 - Crisis (homeless charity)
- Appointment of a Board of Directors and Ambassadors across sectors including fashion, sport and commerce

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



Ruth Benford
Trustee
Board Member

Foundation Ambassadors



Martin Johnson



Nacho Figueras



Alan Brazil



Jonathon "DJ Spoony" Joseph



The Watches of Switzerland Group

Financial Results & Outlook

Anders Romberg, CFO



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Record Sales and Profitability

Profit & Loss (£m, pre-IFRS 16 and exceptionals)	H1 FY22	H1 FY21	Yoy %
Group revenue	586.2	414.3	41.5%
Net margin	220.5	150.5	46.5%
Margin %	37.6%	36.3%	
Store costs	(100.2)	(72.1)	(39.0)%
4-wall EBITDA	120.3	78.4	53.5%
Margin %	20.5%	18.9%	
Overheads	(33.1)	(24.3)	(36.5)%
Opening and closing costs	(4.4)	(1.9)	(120.6)%
Adjusted EBITDA	82.8	52.2	58.8%
Margin %	14.1%	12.6%	
Adjusted EBIT	67.5	41.5	62.7%
Margin %	11.5%	10.0%	
Net finance costs	(1.8)	(3.2)	44.5%
Adjusted profit before tax	65.7	38.3	71.6%
Adjusted EPS (p)	21.8	12.6	73.0%

- Broad-based and margin-enhancing growth in the US and the UK
 - Group revenue +44.6% vs H1 FY21, +40.8% vs H1 FY20 (both at constant currency)
- **Net margin +130 basis points**, primarily reflecting favourable product mix
- **Adjusted EBITDA +58.8% to £82.8 million**, achieving margin of 14.1% (1H FY21: 12.6%)
 - Store costs % sales improved by 30 basis points in spite of 1H FY21 impacted by government support
- **Adjusted EBIT +62.7% to £67.5 million** (1H FY21: £41.5 million)

Balance Sheet Strength

Balance Sheet (£m, pre-IFRS 16)	31 Oct 2021	25 Oct 2020	Yoy %
Non-current assets			
Goodwill & Intangible assets	155.9	151.9	2.6%
PPE	100.6	97.9	2.7%
Other	8.6	9.0	(3.3)%
Current assets			
Inventories	240.8	221.9	8.5%
Trade and other receivables	19.4	17.6	10.0%
Cash and cash equivalents	150.0	119.8	25.2%
Current liabilities			
Trade and other payables	(193.6)	(197.6)	2.0%
Other	(3.8)	(2.7)	(39.5)%
Non-current liabilities			
Trade and other payables	(25.9)	(22.1)	(17.0)%
Borrowings	(118.3)	(139.7)	15.4%
Other	(9.5)	(12.0)	20.1%
Net assets	324.2	244.0	32.9%

- **Inventories +8.5%** vs last year
 - Well poised for Holiday season
- **Cash & cash equivalents £150.0 million, with total headroom of £235.8 million**
- **Net cash of £30.0 million** as at 31 October 2021 (25 October 2020: net debt of £(22.7)million)

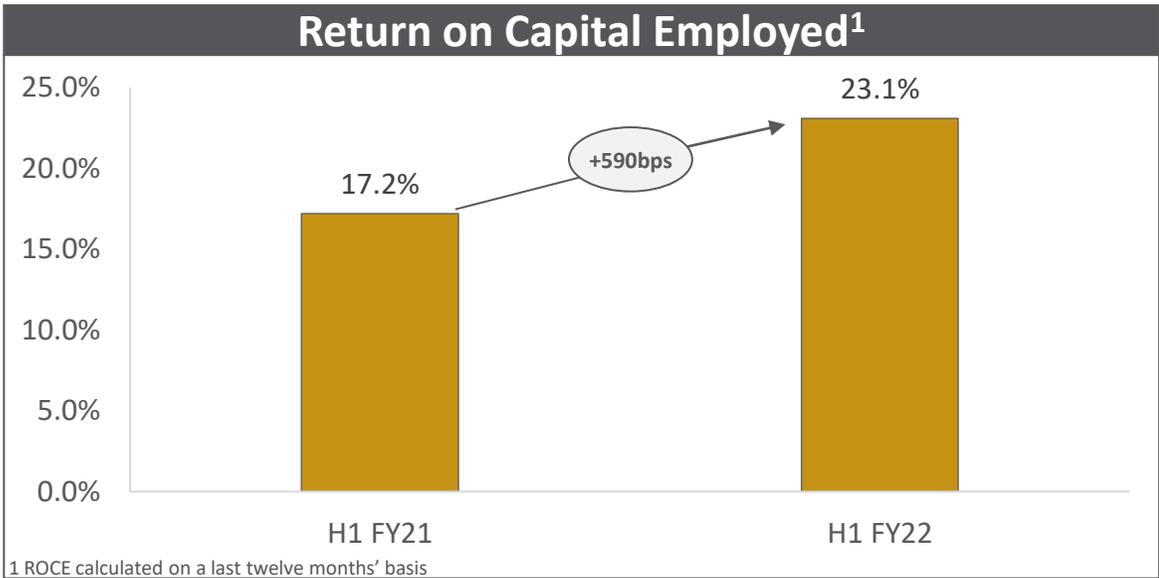
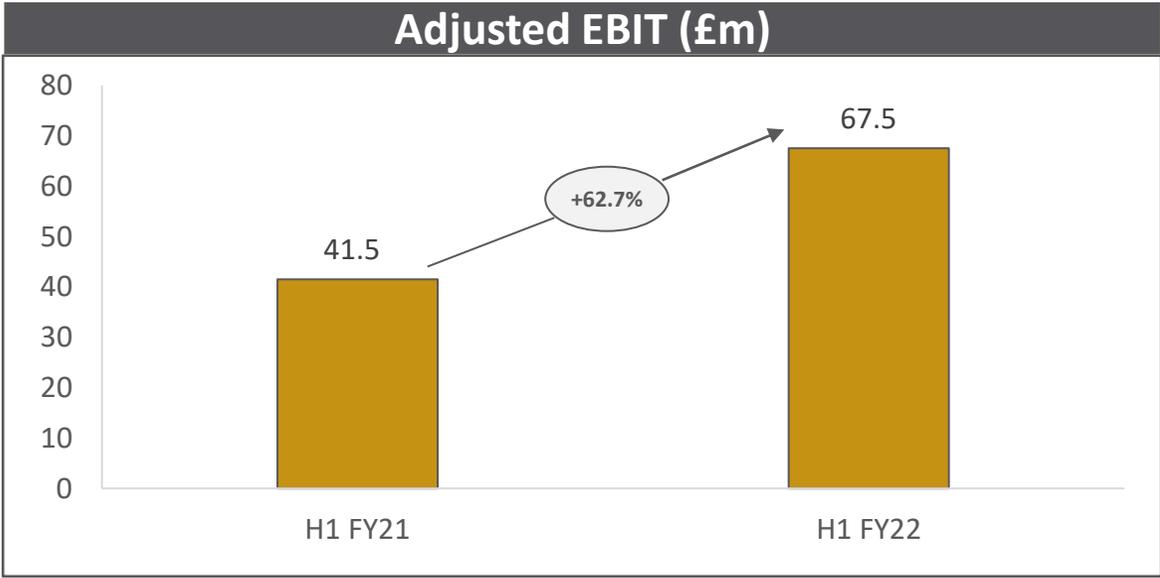
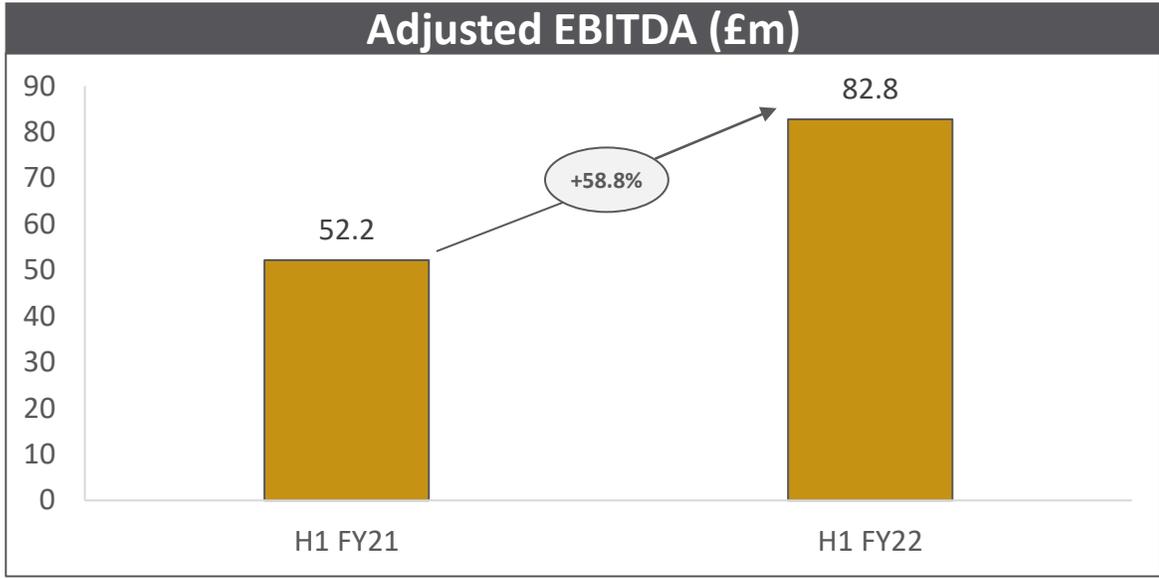
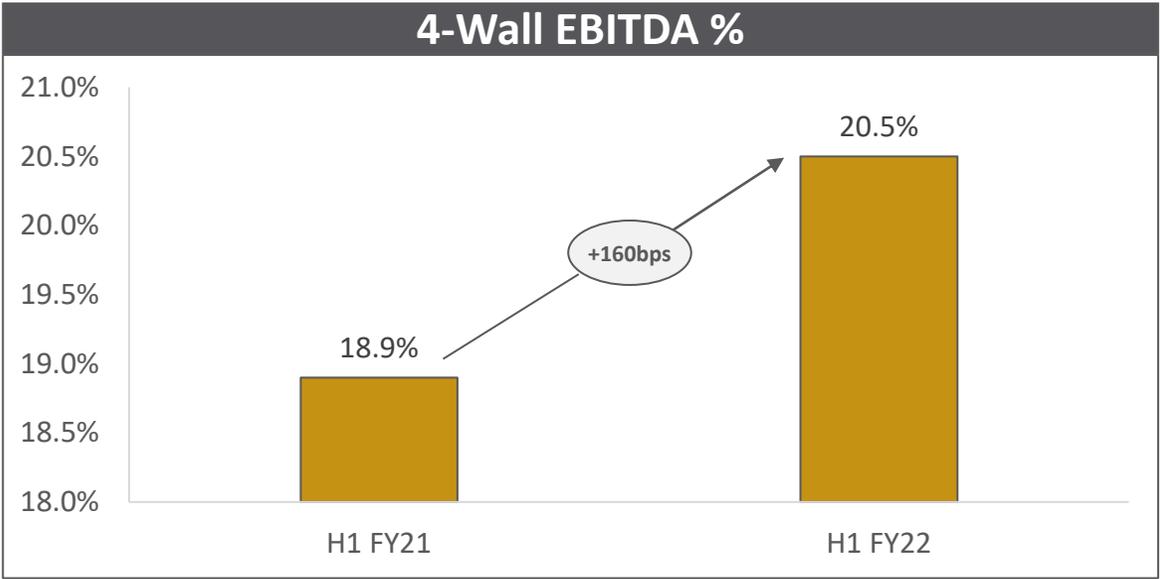
Excellent Free Cash Flow and Conversion

Cash Flow (£m, pre-IFRS 16)	H1 FY22	H1 FY21	YoY %
Adjusted EBITDA	82.8	52.2	58.6%
Share-based payments	0.1	1.6	(93.8)%
Working capital	24.8	69.9	(64.5)%
Pension contributions, tax paid	(3.3)	(4.6)	28.3%
Cash generated from operations	104.4	119.1	(12.3)%
Maintenance capex	(0.8)	(0.4)	(100.0)%
Interest	(1.3)	(2.6)	50.0%
Free cash flow	102.3	116.1	(11.9)%
Free cash flow conversion	123.6%	222.6%	
Expansionary capex	(19.9)	(8.6)	(131.4)%
Acquisitions	(9.0)	(0.1)	
Exceptional costs	(0.3)	-	(100.0)%
Financing activities	-	(59.7)	100.0%
Cash flow	73.1	47.7	53.2%

Free cash flow £102.3 million

- 1H FY21 working capital impacted by the timing of inventory payments due to store closures during the first UK lockdown
- **Free cash flow conversion of 123.6%** (1H FY21: 222.6%)
- **Expansionary capex cash paid of £19.9 million** (1H FY21: £8.6 million):
 - 8 stores opened
 - 3 stores expanded
 - 5 stores refurbished
- **Acquisitions of £9.0 million**
 - 2 stores acquired in the period
 - 3 stores acquired after the close of the period

* H1 FY21: £59.7 million non-term loan borrowings paid back in the period



¹ ROCE calculated on a last twelve months' basis

FY22 guidance is based on no disruption to supply, 52 weeks, pre-IFRS 16

- Revenue: £1.15bn to £1.20bn
- EBITDA and Adjusted EBITDA margin %: +1.0% to +1.5% vs last year
- Depreciation, amortisation, impairment and profit/loss on disposal of fixed assets: £30.0m to £32.0m
- Total finance costs: £4.0m to £4.5m
- Underlying tax rate: 21.0% to 22.5%
- Capex: £45.0m to £50.0m
- Net debt: £10.0m to £20.0m
- Average USD/GBP FY rate \$1.40





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Conclusions

Brian Duffy, CEO



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Record breaking first half sales and profit

Q3 trading to date supports our FY22 guidance

Commitment to achieve Net Zero by 2040

The Watches of Switzerland Group Foundation formally launched

Progressing on Long Range Plan targets

