

COMPANY FACT SHEET 2021



AT A GLANCE

The Watches of Switzerland Group is a globally recognised specialist of luxury watches with a complementary luxury jewellery offering, and a rich history of long-standing partnerships with prestigious brands including Rolex, Patek Philippe, Audemars Piguet, Cartier, OMEGA, TAG Heuer, Breitling and Tudor.

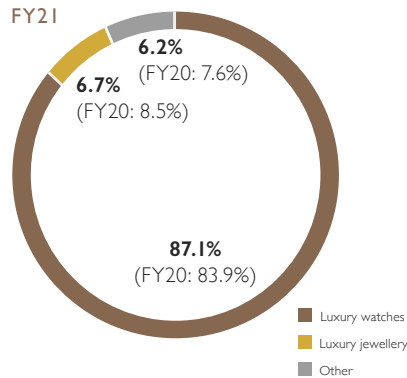
The Group has a market leading position in the UK luxury watch market and has established a significant presence in the US market, where it aims to become a leader.



PURPOSE

To provide the highest level of customer service by well-trained, expert colleagues in luxurious and welcoming store environments and state-of-the-art online sites, and by partnering with the most prestigious luxury watch brands and jewellery brands, all supported by leading-edge technology and bold, impactful marketing.

SALES BY CATEGORY



PROVEN TRACK RECORD AND MARKET LEADING PROPOSITION

- 1 Proven track record of delivering a strong, consistent financial performance with robust sales, sustained profitable growth, elevated returns on capital and strong cash generation
- 2 Long-standing, collaborative partnerships with the most prestigious and recognised luxury watch brands. Approximately 82% of FY21 Group revenue is represented by the top eight brands
- 3 Multi-channel specialist with a leading UK position and a significant and growing position in the US in luxury watches which has high barriers to entry, robust demand, proven value creation and supply-driven dynamics
- 4 Significant presence in the US and scale and national coverage in the UK, with well-invested stores providing an exceptional customer experience through welcoming and expert service and luxurious, open, contemporary, spacious with browsable environments
- 5 Bold, impactful marketing focused on digital communications, Customer Relationship Management (CRM), customer experience and co-operative activity with brand partners
- 6 State-of-the-art SAP-based IT systems supporting all stores and websites in the UK and in the US
- 7 Well placed to continue to build our leading position in the robust UK market and to become a clear leader in the US, an under-invested market for luxury watches

HIGHLIGHTS

REVENUE:

£905.1m

CHANGE VS LY (AT CONSTANT CURRENCY):

+13.3%

ADJUSTED EBIT¹:

£77.6m

CHANGE VS LY:

+38.9%

RETURN ON CAPITAL EMPLOYED:

19.7%

CHANGE VS LY:

+390bps

OPERATING PROFIT:

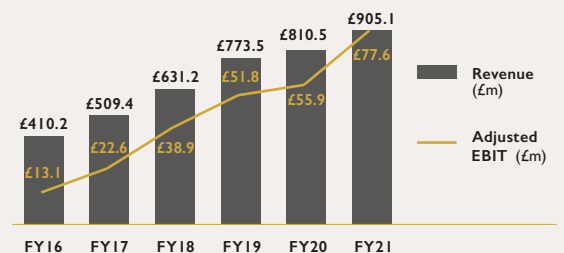
£81.9m

CHANGE VS LY:

+69.5%

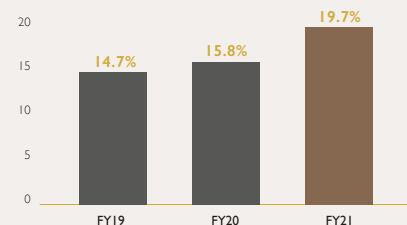
STRONG LONG TERM PROFITABLE GROWTH

Historical Revenue, Adj EBIT Evolution (£million)



ELEVATED RETURN ON CAPITAL EMPLOYED¹

ROCE



WELL-INVESTED STORE NETWORK



148

TOTAL STORES
(EXCLUDING
NON-CORE)
AS AT 2 MAY 2021



67%

REVENUE FROM
THE UK



33%

REVENUE
FROM THE US

¹ Adjusted EBIT is pre-exceptional and non-underlying items.

BUSINESS MODEL

INPUTS

BRAND PARTNERSHIPS

BRAND PARTNERSHIPS

We collaborate with our long-standing brand partners to identify distribution opportunities and partner on demand forecasting, as well as on the areas of product launches, store projects, online, clienteling, marketing and learning and development for our colleagues.

COLLEAGUES

CUSTOMERS

MULTI-CHANNEL

Our multi-channel model spans a well-invested store network, with flagships, regional stores, travel retail and mono-brand boutiques complemented by a leading ecommerce platform.

STORES

TECHNOLOGY AND DIGITAL CAPABILITIES

CUSTOMER EXPERIENCE

Our store colleagues are equipped with the expertise and knowledge to provide an exceptional customer experience through extensive learning and development. Customer satisfaction is monitored to help drive repeat business and conversion rates.

People: We are a people business with over 2,000 dedicated colleagues working in our stores, head offices and distribution centres in the UK and the US.

STORE ENVIRONMENT

Our well-invested stores are luxurious, open, welcoming, contemporary, spacious, non-intimidating and browsable. The design concept is regularly assessed in order to ensure we continue to appeal to a broad customer demographic and drive high levels of productivity across our estate.

MARKETING

Bold, impactful marketing focused on digital communications, CRM, client experiences and co-operative activity with brand partners.

OPERATIONAL EXCELLENCE

Technology: Our leading-edge IT systems are based on a single SAP platform powering store points of sale, CRM, reporting solutions, live inventory availability and operations.

Merchandising: Dynamic inventory management optimises stock availability, enhances store productivity and in the UK, allows for nationwide coverage, giving us a key competitive advantage.

Retail operations: We aim to continually drive productivity and profitability, with a high level of accountability and performance management

SCALE

High barriers to entry created through national coverage in the UK with a portfolio of 118 core stores and a growing and significant presence in the US with 30 stores (as at 2 May 2021).

Fully resourced: Experts in our category through investments focused on learning and development and technical capability.

FINANCIAL DISCIPLINE

Financial performance: We run all our stores to be profitable, leveraging store and central overheads through topline growth with strict investment criteria on projects.

Cash generation: The strong, consistent generation of cash is fuelled by strict working capital management, with sufficient liquidity to fund growth and to provide for potential acquisition opportunities. We take a disciplined and data-led approach to capital allocation, aiming to deliver long term sustainable earnings growth whilst retaining financial capability to invest in our business and to execute our strategic priorities. Proposals for major investment projects are analysed and discussed by senior executives and presented to the Board, prior to decisions being reached.

RESPONSE TO COVID-19

In response to the significant COVID-19 related disruptions to our stores, we introduced several permanent enhancements such as the "By Personal Appointment" booking system, remote payment options, virtual boutiques as well as further advancing and expanding our CRM and clienteling techniques and our online platform.

VALUE CREATED

£905.1m

REVENUE

19.7%

RETURN ON CAPITAL EMPLOYED

£77.6m

ADJUSTED EBIT



2,000+

NUMBER OF COLLEAGUES

148

STORES (EXCLUDING NON-CORE STORES)

£169.8m

CASH GENERATED FROM OPERATIONS



How we are prepared for climate change

We believe our business model is resilient to climate change.

STRATEGIC PRIORITIES



Grow revenue, profit and Return on Capital Employed



Enhance strong brand partnerships



Deliver exceptional customer service



Drive customer awareness and brand image



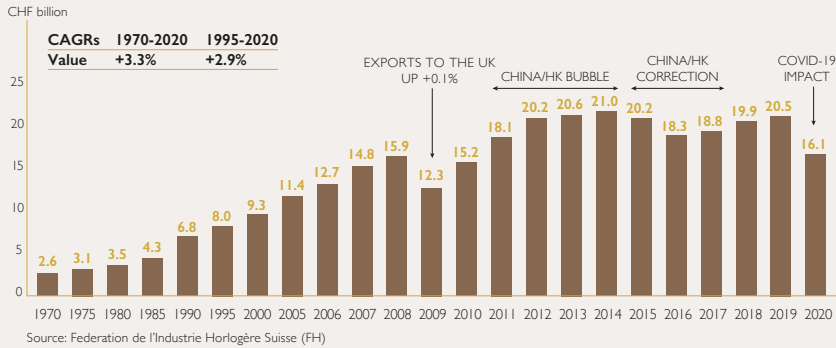
Leverage best in class operations



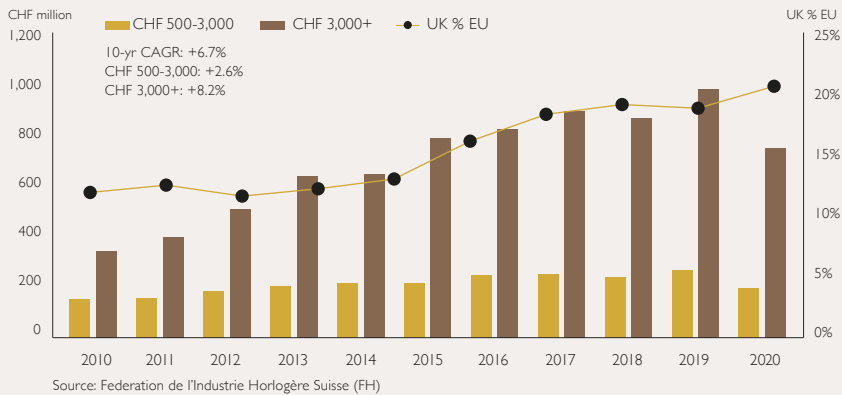
Expand multi-channel leadership

LUXURY WATCHES IS A CATEGORY UNDERPINNED BY STRONG FUNDAMENTALS

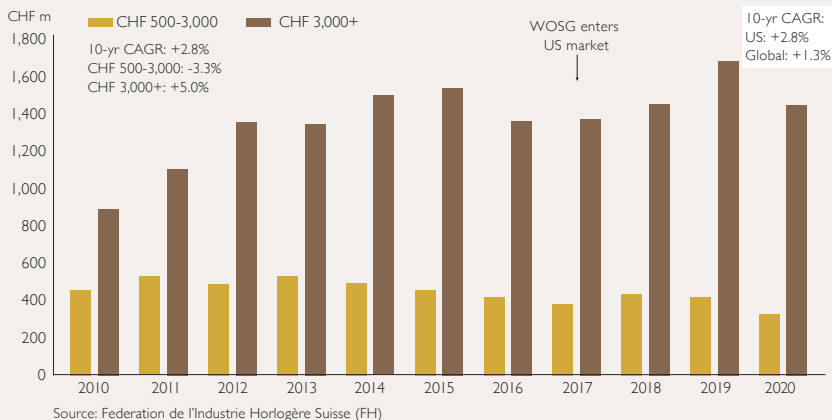
RESILIENT LONG TERM GROWTH IN SWISS WATCH EXPORTS



VALUE OF LUXURY¹ SWISS WATCH EXPORTS TO THE UK



VALUE OF LUXURY¹ SWISS WATCH EXPORTS TO THE US



MANAGEMENT TEAM



IAN CARTER
CHAIR



BRIAN DUFFY
CHIEF EXECUTIVE OFFICER



ANDERS ROMBERG
CHIEF FINANCIAL OFFICER



CRAIG BOLTON
EXECUTIVE DIRECTOR, UK



DAVID HURLEY
EXECUTIVE VICE PRESIDENT, USA

FURTHER INFORMATION

If you would like any information on the Watches of Switzerland Group's performance or recent financial results, please contact our Investor Relations team on:
Investor.relations@thewosgroup.com

¹ Luxury watches defined as wholesale price CHF 500+