Watches of Switzerland Group

Full Year Results FY25

3rd July 2025

Transcript

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Brian Duffy: Good morning and thank you for joining our presentation of the final results of the Watches of Switzerland Group for FY25.

You will be hearing firstly from me, Brian Duffy, CEO of the Group, then David Hurley, President of North America and Deputy Group CEO, then Craig Bolton, President UK and finally, Anders Romberg our Group CFO.

I will have some closing remarks, before opening the lines for the Q&A.

In FY25 we achieved record sales of £1.652bn +8% in constant currency with a stronger H2 achieving growth of 12%.

Our US Division passed an important milestone, achieving sales of over $1bn in the fiscal year.

Adjusted EBIT of £150m was 12% ahead of LY, an improvement in profitability of 30 bps and we ended with a strong balance sheet.

Throughout the year we continued with our strategy of investing for profitable growth through:

- Developing our showrooms with
    - New Rolex points of sale in the US
    - The stunning new Rolex flagship boutique on Old Bond Street
    - Expansion of Patek Philippe in Greenwich, Connecticut
    - And all in all, a total of 15 showroom projects for the Group. And we have an exciting programme of investment projects in FY26/27 that you will see from David and Craig's presentations

We are delighted with the acquisitions of Roberto Coin Inc. and Hodinkee.

Pre-owned, both through the Rolex Certified Pre-Owned programme and other brands has performed very well, exceeding our expectations.

As we have presented previously, we see significant growth potential in the luxury branded jewellery sector, particularly through Roberto Coin and with other luxury brands.

We have relaunched our US website through Shopify; Watches of Switzerland is up and running and performing well and Roberto Coin and Mayors will go live in the coming weeks. We see big opportunity in the online space in the US.

The luxury watch market is unique and characterised by:

- Demand exceeding supply overall
- Long-term price inflation due to high value commodity materials and Swiss Franc denominated production costs
- Strict management of brand image and distribution
- A relentless focus on product quality and innovation

Following many years of low growth and under investment, the US market started to outpace others from 2019 and achieved an impressive CAGR from calendar year 2019 through to 2024 of +14%. This compares to our US CAGR growth of 24.7% from FY20 to FY25. The US is now the clear #1 market globally.

The UK market is the #1 market on a domestic per capita basis and has shown consistent long-term growth over many, many years. The UK market has grown at a CAGR of 5.1% from calendar year 2019 to 2024. We have outperformed the market over this period with a growth of 8.1% from FY20 to FY25.

The chart on the right shows the comparison for the US, UK and global markets in the year to April 2025 compared to 2024, 2023 and 2022. Compared to 2022 the US market in the year to April 2025 has increased an impressive 51% and the UK 20% both outpacing the global market which was impacted by declines in the Asian markets of Hong Kong and China.

Watches and Wonders 2025, where the brands present their new developments and marketing plans, was excellent this year, as are the new products and plans presented by other brands who do not participate in the Fair. We now have a new product family from Rolex, the Land-Dweller, and more new novelties from Patek Philippe. A refocus on icons from the major brands was great to see and a clear response from most brands to the trend in both men's and women's watches of smaller case sizes. The importance of value has clearly been recognised and there are some great marketing plans for the coming year. All very positive.

Rolex Certified Pre-Owned and Certified Pre-Owned of other brands continues to perform well, exceeding our initial expectations.

The chart shows the march of the luxury jewellery market to branded product from unbranded which is the basis of our strategy focus on branded jewellery with, in particular, Roberto Coin and other luxury brands.

Our model is working and is uniquely advantaged:

- We have scale, full in-house functional resources, and the financial resources to support our commitment and growth plans
- We have strong, very long-standing relationships with our brand partners
- We are now diversified, geographically, and in complementary products of luxury watches, luxury jewellery, pre-owned watches, after-sales and servicing and also media
- We are multi-brand, multi-fascia and multi-channel; and
- We are one of the largest and oldest players in our category with extensive retail experience and a focus on client service

As presented earlier, the luxury watch category is strong, resilient and offers long-term consistent growth.

Recent years, impacted by the global pandemic, resulted in a period of unprecedented volatility. The impact of the Covid years was a reduction on production (up to 25%) due to lockdown in Switzerland and an increase in demand as consumers had the disposable income and time and inclination to shop for watches and jewellery.

For the luxury watch category this led to an increased disparity of supply and demand resulting in a dramatic spike in secondary market prices and excessive demand for new product. These excesses were corrected in the 2023/2024 period when demand normalised, although demand was further impacted by high price increases in 2023 which impacted the UK market significantly.

The US market was less impacted by price increases and has remained strong throughout as presented earlier.

Where we are now, we believe that brands have responded to the conditions with more modest pricing and a focus on new commercial product development and impactful marketing.

Secondary market prices have now stabilised overall at above pre-Covid levels with some key brands showing some price increases in recent months.

In our experience the UK market has stabilised, in line with pre-Covid growth trends and the US continues to be strong and outperforming other geographies. We will come onto talk about US tariffs later in the presentation.

If we look at our Group performance over this volatile period, we have delivered a sales CAGR of +13.5%, FY25/FY19 and an Adjusted EBIT CAGR for this period of +19.3%. We have achieved this performance by sticking with our model and optimising our core business and adapting to new opportunities as pre-owned and branded jewellery.

In terms of key messages:

- We have made good financial progress and significant strategic progress
- We have successfully navigated a period of volatility
- The markets we are in remain attractive
- Our unique model positions us well for sustained profitable growth

We are pleased with our financial performance and also with our continued support and engagement with our ESG responsibilities:

- We were proud that, thanks to our colleagues in the UK and US, we were accredited a ‘Great Place to Work’ this year
- We are #7 in the FTSE 250 for female leadership
- We are rated AAA by MSCI on ESG
- And since its’ inception in 2021 we have now committed £8.3m to our Foundation where we support causes in the UK and US focussing on education and alleviating the effects of poverty

I will now hand over to David, the President North America and Deputy CEO.

David Hurley: Thank you, Brian

We are delighted with our continued growth in North America having gone from no-presence to $1bn in sales a little over seven years.

This has been driven by continuous investments in talent, technology (evidenced by our ecommerce launch), investments in our showroom portfolio and acquisitions.

The US now makes up 48% of our Group and we see lots of opportunities for further growth in this fragmented market.

This year we have completed a number of significant showroom projects with key partners, particularly Rolex. These included:

- The relocation of Mayors, Tampa, Florida to a much larger space
- The expansion of our recently acquired Betteridge, Vail showroom
- Relocations of Mayors, Jacksonville and Watches of Switzerland, Plano, Texas where Rolex was introduced into the brand line-up.
- And the conversion of our Mayors, Lenox, Atlanta showroom into a Rolex boutique

In terms of showroom investments, we still see significant opportunity to grow revenue through renovations, expansions, showroom relocations and new agencies.

We have a strong pipeline of projects through FY26 and FY27, which will complete the rightsizing of our existing estate.

We are delighted with our new Patek Philippe salon in Betteridge, Greenwich. We are finalising the plans for the rest of the Betteridge showrooms and begin this major refurbishment during FY26.

Watches of Switzerland, Ross Park, Pittsburgh is an example of a new showroom we have opened that is anchored by Cartier & Omega. Both of these brands are performing strongly across our showroom network and online.

One year in – we are even more excited by the potential of Roberto Coin than we were at the time of the acquisition. Roberto Coin has been performing well, and we are pleased to have retained an in-tact retail distribution network.
Brian and I were in Las Vegas at the JCK/Couture show and it was great to see the fantastic reactions to our product launches from our retail partners.
We are working on a number of significant growth opportunities for this brand in the North American market. These include:

- A focus on brand range development and merchandising, ensuring the retail network has the right range and depth of key collections

- We recently launched a new marketing campaign, with Dakota Johnson as Global Brand Ambassador. This campaign has been received really positively by the press and our retail partners and will elevate the brand's prominence
- We have developed a new in-store design and shop-in-shop concept that we have trialled in our Mayors showrooms. We have seen a significant uplift in sales from this and there is an opportunity to expand this through the wholesale network
- We are also working closely with our department store partners and independent retailers on space expansion opportunities and pursuing mono-brand boutiques
- During FY26 we will also launch a new, upgraded website to boost online sales

I am pleased to share that we are progressing with three mono-brand Roberto Coin boutiques in Hudson Yards, New York; Miami Design District and Caesars, Las Vegas which will be run through a DTC model.

Roberto Coin has had phenomenal success with mono-brand boutiques in Europe and the Middle East, and we are excited about the elevation that these boutiques will bring to the brand in the US.

Hodinkee is going from strength to strength. They have just had their most successful Watches and Wonders, and we are very excited about what we have coming down the line over the next 18 months.

Again, similar to Roberto Coin, we knew how influential, loved and respected Hodinkee was – but we were still very pleased by the support we are seeing from the watch brands and most importantly, the wider watch community.

And finally, we are continuing to develop our ecommerce business – we have recently re-platformed our Watches of Switzerland.com website onto Shopify and there will be a migration of all our other websites onto that platform. Very early performance is proving positive.

We see ecommerce in the US as a significant opportunity for growth.

I will now hand you over to Craig, President for the UK

Craig Bolton: Thanks David. I would like to focus on the significant showroom development we have been delivering here in the UK across FY25 and plans for FY26 and beyond. I would like to start with the most significant project completed this year.

I am extremely pleased to announce we completed the development of the new Rolex boutique on Old Bond Street, London, opening on Friday 14th March 2025. This boutique is the single Rolex agency on Bond Street from what was previously four points of sale.

Operating across four floors in circa 7,200 square feet. Including the first dedicated Rolex Certified Pre-Owned floor, as well as three floors dedicated to sales and hospitality, and an aftersales lounge home to six watchmakers and technicians. Let’s take a look at a short video

- Video -

The performance of the Rolex Boutique has exceeded all expectations. We have received over 15,600 visitors in the 13 weeks since opening, including strong international mix. We are experiencing a strong sales mix in both pre booked appointments and walk in clients, and across both new Rolex sales and Rolex Certified Pre-Owned.

Having built an amazing team for our Boutique, we engaged some months ago with Antonia Hock, an international client experience expert to help us with our team training, and delivery of a world class client experience, unique to Rolex Old Bond Street. I am extremely pleased with our results so far in terms of net promoter score and direct client feedback, particularly relating to colleague satisfaction.

We have continued the roll-out of our luxury designs across a number of key locations in FY25, with significant new developments and expansions for Mappin & Webb, Edinburgh, Goldsmiths, Milton Keynes and Cheltenham as well as Watches of Switzerland, Oxford Street.

In November 2024 we expanded and more than doubled the size of our location in Fenchurch Street, London, converting the showroom to a new Watches of Switzerland. Across two floors and nearly 6,000 square feet the showroom incorporates a large Rolex area along with multiple branded spaces for key luxury brands, as well as the first branded Rolex Certified Pre-Owned space.

As we moved into FY26, our first significant project was the completion of our joint venture with Audemars Piguet, their AP House in King Street, Manchester, the only point of sale in the UK for Audemars Piguet outside of London. Across 6,500 square feet, the grade two listed townhouse has been designed with the highest level of client experience in mind, offering dining facilities, VIP space, music lounge, and rooftop eventing space. The client feedback in the early weeks has exceeded our expectations.

Newcastle born and bred, makes me very happy to be completing such a major refurbishment and upgrade to our amazing and beautiful Northern Goldsmiths showroom. The showroom is renowned for being the UK's first ever Rolex retailer back in 1919 and Rolex along with Rolex Certified Pre-Owned will feature heavily in the development, along with our amazing precious jewellery and luxury jewellery brands. This project completes July 2025.

We are making great progress developing a first-of-its-kind Mappin & Webb Luxury Jewellery boutique in St. Anne's Square, Manchester. This grade two listed building in the heart of luxury retailing in the city will be home to the most amazing selection of luxury jewellery brands, curated across 5,500 square feet of branded spaces, with hospitality and bespoke eventing space. It will also include the first De Beers mono-brand boutique outside of London. All of the brands in the showroom will be exclusive to Mappin & Webb in Manchester, giving us a real point of difference for our clients. The showroom is scheduled to open in September 2025.

The remainder of FY26 will see us complete a number a major refurbishments, expansions and relocations, in key regional locations, majority completing in first half of FY26.

This pipeline of amazing projects continues into FY27. We have agreement from Rolex to double the size of our Rolex boutique on Buchannon Street, Glasgow. This hugely successful showroom has traded beyond expectations since opening in 2019 and now requires this expansion to allow us to service an increased number of clients as well as introduce Rolex Certified Pre-Owned in a dedicated space and create a quality after-sales area with in-house watchmakers. This project will commence October 2025.

Many thanks. I will now hand over to Anders, our CFO to discuss the financials.

Anders Romberg: Thank you, Craig.

Before we get into the numbers, I wanted to take a moment to provide an overview of the Group's financial framework for value creation.

We operate in a market with attractive long-term structural growth dynamics, where demand continues to outstrip supply for key brands.

As Brian and David talked to earlier, we have a strong track record of revenue growth, recording a CAGR of 13.5% since IPO, while growing our US business to over $1bn from a standing start in 2017, and we believe our key growth drivers will see this strong momentum continue.

Likewise, our margin progression has been strong at a CAGR of 19.3% since IPO.

Our balance sheet is strong, supported by good cash conversion.

The Group has a disciplined approach to capital allocation, focusing on organic and inorganic growth, with surplus capital returned to shareholders. I will talk in more detail about our capital allocation approach a little later.

Finally, we offer our shareholders long-term, compounding returns.

Onto the numbers.

FY25 was a year of stabilisation and a return to growth in the UK, while momentum in our US business continued to be strong. Sales came in at £1.652bn or plus 8] at constant currency on FY24. Sales growth was driven by the US market, with growth of 16% in constant currency, despite the impact of the Q1 stock build.

Our Adjusted EBIT of £150m versus £135m in FY24, up 12% in constant currency, with Adjusted EBIT margin of 9.1%, up 30 basis points versus the prior year.

Our free cash flow was £98m and return on capital employed was 19.0%.

If we split the year into two halves, you can see the improving sales trend, with the UK returning to growth and the US business up 19% in the second half versus 11% in the first half.

Turning to the income statement in more detail, as mentioned, Group revenue at plus 8% in constant currency and plus 7% in reported rates. Net margin percentage declined by 30 basis points due to product mix, partly offset by savings on Interest Free Credit.

Our Adjusted EBIT margin grew by 30 basis points to 9.1%, and Adjusted EBIT for FY25 came in at £150m, up 12% in constant currency. Adjusted EPS came in at 41.6 pence, or up 9% on prior year.

Our balance sheet is strong. In the year we spent £107m on the acquisitions of Roberto Coin Inc. and the Hodinkee business, both of which are progressing well.

Continued capital investment in our estate to elevate the network and drive future growth remains a key component of our strategy.

Inventory levels were up 14%, reflecting inventory on acquisitions of £54m.

Underlying inventory levels and turns remained healthy. As a reminder – inventory is a very low risk asset in our category.

We closed the year with a net debt position of £96m, reflecting acquisition spend. Our net debt to EBITDA leverage came out at 0.6x.

We continue to be highly cash generative. Our free cash flow for the year was £98m, with a cash flow conversion of 51%. This was impacted by one-off changes to supplier payment terms, which, if excluded, would have given a conversion of 71%.

In March we announced the launch of a £25m share buyback programme, which completed in early FY26. £11m was spent in fiscal year 2025.

As mentioned earlier, we have a disciplined approach to capital allocation. Our focus is on showroom investments, strategic acquisitions, and, in the event of surplus capital, returns to shareholders. Showroom investments remain a key priority, offering attractive returns, and our ongoing elevation programme is progressing well as evidenced earlier by David and Craig.

We have a disciplined approach to strategic acquisitions, with a strong focus on returns. This remains one of our key pillars for growth, particularly in the US.

And, where we have surplus capital above and beyond the requirements of business investments, we will return to shareholders, as evidenced by the recent share buyback programme.

Across the piece, we look to optimise capital deployment for the benefit of all of our stakeholders, focus on long-term sustainable growth and maintain financial and operational flexibility, allowing us to react tactically to opportunities.

The current macroeconomic environment is volatile making it more uncertain. Our Guidance for the 53 weeks of FY26 is based on:

- Current US tariff rate of 10% maintained beyond the 90 day pause
- Currently announced margin changes from brand partners in response to the 10% tariffs. As it stands today, the 10% tariff on imported goods from Switzerland has led some of our brand partners putting through [mid] single digit price increases in the US, alongside reducing their authorised distribution network's margin percentage. Our view is that some brands are looking to share the tariff pain with retailers, rather than passing the full cost onto the end consumer.
- Visibility of supply of key brands for calendar year 2025
- Guidance reflects confirmed showroom projects but excludes any uncommitted capital projects or acquisitions

We are guiding to:

- Revenue growth in constant currency of 6-10%
- Adjusted EBIT margin % flat to -100 bps down on prior year, reflecting margin changes from key brand partners
- Capital expenditure of £65-£75m

The outcome of US tariff developments remains uncertain. We are in regular dialogue with our brand partners, but it is too early to comment on the potential sector impact of further changes.

We will provide a further update as to the potential impact on FY26 guidance once the situation becomes clearer.

With that, I will now hand over to Brian for final remarks.

Brian Duffy: To summarise, the Group has performed well during the year with significant strategic progress.

We have continued to invest in our showroom estate and have a strong pipeline of projects through FY26 and FY27 with key partners.

The performance of Certified Pre-Owned has been encouraging and we have major growth opportunities for ecommerce in the US and luxury branded jewellery.

The integrations of Roberto Coin and Hodinkee have gone well, and we have initiated a number of significant growth initiatives.

Importantly, we have continued to support The Watches of Switzerland Group Foundation, which provides essential support to local and national charities focused on poverty, social mobility and hardship.

We have a uniquely advantaged model, with attractive strategic opportunities. We are well placed to continue to deliver profitable growth.

Operator: Thank you. We'll now begin a question-and-answer session. Our first question is from Adrien Duverger from Goldman Sachs. Please go ahead.

Adrien Duverger: Hey, good morning. Thank you very much for taking my questions. So, the first one would be on the US market please could you comment on what surprised you the most regarding the performance in the US over the last six months, and could you also comment on the exit rate and what you've been seeing in the last couple of months? The second question would be with regards to the inventory. So, given the numbers we've seen for Swiss watch exports coming into the US in April, could you please comment on where you see inventory in the US and more broadly, how do you feel about the outlook for inventory allocation across the brands? Is it in line with your expectations looking ahead for FY26? Thank you very much.

Brian Duffy: Okay, thanks. Thanks for your question. I wouldn't say that there's too much surprising about the US market. I think our original thesis that there was a great love of Swiss watches and that demand was being not fully potentialised because of under investment in retail. I think that's clearly being proven to be correct. Passing $1 billion last year was, I think, a real exceptional milestone for the group there. It's across the US, performances have been good as I get appreciation and love for the luxury watches. There's a fantastic market in the US for luxury branded jewellery, which has also been very strong, and there's wealth, there's an attitude in America that people continue to enjoy life and indulge in responding to what we're offering of great client service and great environments and obviously representing the best brands in the market. So honestly nothing that we would really characterise as surprising.

We've got to keep working hard at it. Of course we do. We keep investing, we keep training with our people, we keep elevating client experience, and the consumer is responding very well. We did finish the year strongly. We've got really important initiatives that are going be impacting in the year ahead, including the launch of e-comm or the revised e-comm launch, which is off to a great start. Very, very positive about Roberto Coin and the potential that's there. And you heard from David the important steps that were taken with modern brand stores with e-comm and obviously this fantastic reaction we've had to this great Dakota Johnson campaign, we're very positive about that. Pre-owned was much more established market in the US and we've clearly managed to take a strong position in that, and we've got great momentum, Rolex CPO, and another pre-owned. So, we are very happy with the progress and happy that we understand that market and how to respond to it. Inventory, Anders?

Anders Romberg: As for the inventory, obviously April was inflated because what the brands did, they accelerated intake to the market in expectation of tariffs. So, it is not something that sits in the distribution network, it is more held by the brands themselves. So, if you look at the US market from an inventory point of view, it's very healthy. The growth in the market over the LTM period is 15.5%. So, I think it's more relevant to look at it over an extended period of time than taking an isolated month. It is also important to recall that it's not, these import numbers have nothing to do with what the inventory levels in the distribution network itself is. So, there is no excess inventory in the market.

Adrien Duverger: That's very clear. Thank you. And if I can just have a follow up on growth in the US, could you please comment on the growth in the US exc. Roberto Coin?

Brian Duffy: There's not a number that we've given out so we can't get specific on that, but as I mentioned, we have a number of growth initiatives, we've been over where we are on supply obviously from key brands and that's played into our expectation. We have growth plans on Roberto Coin, but we also have important thoughts around e-comm, around important projects. Those that we completed towards the end of the second half of the last fiscal year and others that we have planned going into this year. The uncertainty in the market remains tariffs of course, which we've made really clear. We'll have hopefully clarification on that in the coming days, really hopefully next week. But we have a number of growth initiatives, Roberto Coin is an important one but we have other important ones as well.

Adrien Duverger: Thank you very much.

Operator: And our next question is from Jon Cox from Kepler Cheuvreux, please go ahead.

Jon Cox: Yeah, good morning, guys. Sorry Brian. Your answer there on the US I couldn't really catch it at the start. I think there's a problem with the microphones there. So, you exited or more recent trading in the US is improving? Is that what you said? And I'd like to ask the same question about the UK, just trying to get a feel for the overall market. Is it the same as it was a couple of months ago or things are improving or deteriorating you think on an underlying basis? Second question, just in terms of the shop closures you announced in the UK, just wondering what are your efforts there? Is it obviously to improve profitability? Just wondering in terms of the negative impact on revenue, I guess those stores are pretty low, low, low single digit million contributors at best in terms of revenue. Thank you.

Brian Duffy: Can you hear me okay now?

Jon Cox: Yeah, it's not great. It's like you're talking into a tunnel or something.

Brian Duffy: Okay, we've moved the mic a bit closer.

Jon Cox: Better. Yeah, that's much better. Yeah.

Brian Duffy: Okay, so sorry you didn't hear me or you misheard, I didn't say anything of improving. We did have a good second half, both UK and US as we've reported, our only comment on current trading is it's aligned with our expectation, nothing to report on it. Good momentum mechanic, good momentum out of last year and that continues so far in this year. We have a lot of growth initiatives in the US. I presume you heard me say all of that around jewellery, Certified Pre-Owned, e-comm and a lot of great projects that we completed last year impacting in this year, and then other new projects that we have planned that David reported. So, all good and we've described the UK market as having stabilised following a period of really unprecedented volatility, really impacted the post-COVID period and then impacted by resulting high inflationary prices impacting at a time when the UK consumer sentiment was pretty negative.

So, the market overall, and we within that market, had a tougher period second half, 23 through to 24. We see that it's largely over, the market and the consumer behaving in a way that we recognise and our brand partners in particular responding, as they typically do, to the market conditions. Really great product development, modest price increases and great marketing to support the new products that are going on. So, 'stabilise' is how we see the UK market and that's how we've projected it going forward. The closures that we did were, as you described, there's very little loss of sales, actually the agencies in those stores that we want to maintain we have maintained, and we've moved into other stores in the local geographies. So overall it is a cost saving for the year that we'll have from the store closures and no real significant impact on sales.

Jon Cox: Okay. I want to just follow up in terms of your non-supply constrained brands. Just wondering how the environment is for those or anyone's maybe doing particularly well, maybe others for whatever reason, not doing particularly well, just in terms of your guidance, what are your thoughts about will there be a decline? Is that what you are forecasting for those non-supply constrained brands or are you assuming flat sort of development? Any sort of detail you can provide would be great, because everybody knows how great the Rolex and all of the store expansions are. It's a great story. It's just people are obviously a bit concerned more about the non-supply constrained stuff. Thank you.

Brian Duffy: Jon as you know, we have a really great portfolio of brand partnerships. The period that I referred to, the volatile periods, really impacted the price segment for £3,000 to £7,000 around the brands that are in that segment. Collectively, those brands as it's been very typical of the industry, it's pragmatic, it's responsive. The response in terms of new product development and marketing, and pricing, I think has been very, very good that we've worked with the brands. There's more product, new product impact again during the COVID years. New products were subdued a bit because it was obviously such initially huge demand going on and production was optimised during that time. But Watch and Wonders this year and the other brands that are presenting new products, we were very, very pleased by, we've already had deliveries of new products and the reaction to the market has been good. So, we're not calling out anything specifically with regards to those brands and we'd regard today's market as very much more recognisable in terms of consumer behaviour and brand momentum.

Jon Cox: Great, thank you.

Brian Duffy: Sure.

Operator: And our next question is from Alison Lygo from Deutsche Numis. Please go ahead.

Alison Lygo: Morning. Thank you for taking my questions. Three if I might please, the first one was just on how you talked about the brands and their reaction to the import tariffs and taking a bit of a price and also some of the contraction on the margin. I'm just wondering if that's impacting how you are thinking about the ranging across your network in terms of those different brands, where maybe you are being required to take a bit more pain or maybe actually you feel like some brands are taking more price than perhaps their brand is in the position to support coming back to your earlier point in terms of more rational pricing. So just wondering if that's impacting anything there in terms of how you are thinking about the range that you're putting to consumers. And then the second one was just around supply payment terms. So, you were clear that there was a one-off change there in terms of a working capital impact, is that at all connected to what's happening in the US and those kind of supply brands or is it just a totally different kind of supplier base and completely unconnected? And then I'll come back on Roberto Coin if that's okay?

Brian Duffy: Okay, Alison, thanks. The changes that have happened will not impact in the ranging overall, we have great brand partnerships, we manage things long-term with the brands and there isn't anything within differentiated behaviour of the brands if you like, that would cause us to reconsider any of that. So, there'll be no impact on a ranging from the tariff implications.

Anders Romberg: In terms of the payment terms, it is a one-off correction by some of our network that they reduce terms in both the UK as well as in the US, we view it as a one-off and it's probably linked to working capital from their side, pushing it on to the distribution network. It should normalise. So, our cash conversion should come back to the 70% or so in the coming year

Alison Lygo: Grand super helpful. Thank you.

Anders Romberg: It's not connected to the tariffs by the way.

Alison Lygo: Okay, got it. Thank you. And then just on Roberto Coin and maybe some of your expectations and plans for growth there in the year ahead. Just wondering how we should be thinking about the incremental impact from those modern brand boutiques both in terms of the revenue and how maybe the operating economic shift and maybe how we should be thinking about the margins of that bit of the business progressing. Thank you.

Brian Duffy: It's going to be an important year for Roberto Coin. We've just spent the last year getting to know Roberto and his family, his management in Vicenza in Italy, and also Peter Webster and the team in the US, and getting to understand the market they operate and meeting a lot of the customers myself and David Hurley in Las Vegas for the couture JCK show and met many of the customers. We met quite a few last year, but we met a great deal more this year. It's a great, great brand, fabulous product. It's in a great market with really the best market in the world for luxury branded jewellery and for jewellery overall as the US market, a great portfolio of customers and distribution. Now they've added to that some significant investment obviously behind the Dakota Johnson campaign. And it's a brand that clearly is ripe for elevated distribution and consumer presentation and ripe for mono-brand development.

Our plans are to do mono-brands directly in some cases where we are in a strong position within those markets. And also, we plan to do it with good, branded partners that are stronger regionally through a franchise model. We're also upgrading the presentation in our wholesale distribution, both with our strong independent partners and the department stores. And we're doing e-comm. The three stores that David announced are all in markets that we're already strong in, one in Vegas, one in New York in Hudson Yards. And the one in Miami Design district that was there already we're just expanding the space and upgrading the presentation. So, the financials obviously are attractive from a margin standpoint because effectively we'll get combined wholesale and retail margin. And yeah, very, very excited and confident about the prospects for the brand.

Alison Lygo: Grand. Thank you very much.

Operator: Thank you. And our next question is from Kate Calvert from Investec. Please go ahead.

Kate Calvert: Morning everyone. Just coming back on Alison's question on Roberto Coin and trying to pin you down a bit more. Should we think about Roberto Coin as being a low single digit growth business or a mid-single digit growth business? What sort of range of growth do you think we should be assuming for that business? And also just from the accounting, when you start putting mono-brand stores in, will that go into the wholesale line or does that go under the US other bit line as far as sales are concerned? And then my second question is just going back to the acquisition of the Ernest Jones package of stores which you acquired a couple of years ago in the UK. Could you just update us on the sort of returns and where you are with that package of stores and the performance, they achieved last year? Thanks so much.

Brian Duffy: We're not going to give you specific help on the growth plans that we have for Roberto next year. We did well with Roberto Coin last year. We were anticipating perhaps some reaction from the wholesale distribution, a lot of whom we compete with obviously in the watch world. But the reaction to that distribution has actually been good. So, we start with a strong base, good momentum and obviously stores are incremental. Online is incremental, expanded space and our wholesale partners, department stores and otherwise we hope would be incremental. So, we've got a lot to go at, but we've formulated plans. I think we've gone about it in a good way. As I said earlier, getting to know the people, the product, the market, the customers well before initiating the growth plans that we have for this year. So, we'll probably be more communicative as the year goes on, but we're not going to give you any further direction on the assumed growth for Roberto at this point. On the technical accounting...

Anders Romberg: In terms of what we're going to record the sales for the mono-brands A) I mean it remains a very substantial part of the business going through wholesale, obviously. That will go in under our US normal sales as part of the US business and not separate it into the wholesale segment. In terms of the Ernest Jones sort of returns as such. Obviously when we acquired the business it was predominantly inventory purchase. So, we bought £32 million of inventory for total consideration of £47 I think it was. So, the value of the asset that we acquired was nominal and what we essentially got was the right to the agencies that was the big win in that acquisition. So, the returns overall have been really helpful and good. We haven't disclosed any specifics on it, so I'm not going to go into that level of detail.

Brian Duffy: And it's allowed us, Kate, to rationalise distribution and presentation in a number of the regional markets around the country. So, it's been a positive step for us, and I think honestly a positive step for the market overall.

Kate Calvert: Just follow up with one other question. You're sounding quite positive on the innovation that's coming through for peak. Do you think the balance or mix between the entry and higher end sort of watch price points is back to normal, and the innovation is sort of back to pre-COVID levels?

Brian Duffy: I think yes, the impact of new products, maybe even a wee bit better because there was a bit of catch up to do. I think new products didn't get the same sort of featuring during this volatile COVID influence period. So, it's just, you'll see the products, we announce them, you'll see them, you see them from the brand, you’ll see them from us, and it's a great combination of new product excitement supported with great marketing. So, it's positive for sure, and we are obviously working with the brands very closely on product launches and cooperative activity, whether it's advertising or events or online activity and so on. So, all good and good for the market and as I've said a few times, very much more recognisable versus this period that we've come through.

Kate Calvert: Thanks very much.

Brian Duffy: Thanks Kate.

Operator: Thank you. And as a reminder to ask a question over the phone, please signal by pressing star one. You may also submit to your questions over the webcast. Now my next question is from Melania Grippo from BNP Paribas Exane. Please go ahead.

Melania Grippo: Good morning, everyone. This is Melania Grippo from BNP Paribas Exane. I have two questions. First question is on your CPO business, you mentioned that the Certified Pre-Owned is growing very strongly with Rolex, becoming the number two watch brand. I was wondering if there is any significance, any difference in the UK versus the US? If you plan to add further locations for Rolex and the other CPO stores, and what do you believe is the number that you can achieve there? And my second question is on the online, if you can please remind us what it represents? Thank you.

Brian Duffy: So, CPO, the pre-owned market was always and remains much more developed in the US and that's been reflected in our relative development of that category as well. Remind you that we did acquire expertise in the category when we acquired Analog:Shift, and it's around the team in Analog:Shift that we've really developed Rolex CPO and other pre-owned. So, with a great expertise in a very good market in the US, and great momentum. The UK, having said all of that has also and proportionately has done, from where they came, I think even better. And again, we've set up all of the logistics for procurement and handling logistics between us and Rolex back to the market. We've brought in again some expertise in the category and it has been a great business development for us. In terms of changes and momentum and other positive impacts we are implementing from Rolex directly, window and in-store furniture. We're investing more in supporting the business online. And there are a number of things that I think just driving the momentum ahead and what is clear, a very significant category for us overall. Online...

Anders Romberg: In terms of online, first as a reminder, half of our business is not transactional online because Rolex and Patek doesn't allow us to do that. So that's just to put things into context. So, our online business is around 6% or so of our business overall and growing. And we have high expectations in the US as Brian alluded to earlier. So, we're in the early stage there. We still need to integrate the Hodinkee traffic into our network, which we're working on. So that will happen throughout the next quarter or so. We really look forward to that.

Melania Grippo: Thank you.

Operator: Thank you. And as there are no further questions over the phone I'll hand over for any webcast questions. Over to you Danielle.

Moderator: Thanks, Serghei. We do just have time for some questions from David Hughes from Shore Capital. Firstly, for the growth expectations for FY26, how much do you expect in the US versus the UK? Secondly, do you have a number in mind for the number of doors in the US? And thirdly, what are the moving parts in your guidance between the -100 basis points and the flat EBIT margin?

Brian Duffy: Yeah, I mean, we'll apologise to David if he is listening, but we haven't given, we never do give the split by regional market overall. So, we just give our overall guidance for our group for FY26. We have fewer doors obviously in the US but they're bigger, they're highly productive. There's scope for expansion in the US with new developments that are going on with unreserved markets and potential from acquisition. So, I think if you look at our track record of how we've grown, we would hope to continue to still have those same levers of growth, which would include door expansion. But we've never been public on saying this is the overall objective. And quite honestly, it's kind of hard to determine in any event, the opportunities are there, but we've got to got to do the deals, we've got to get the support of our brand partners and we've got to execute and we carry on doing all of that, and we will expand those in the US but we've never given out a specific number.

Anders Romberg: In terms of the margin question. Obviously if you hit the upper end of our revenue guidance, you get the operating leverage as a result. So that would obviously bring you closer to a flat. At the lower end, you would experience less leverage and therefore you would have more deterioration on your margin.

Moderator: Thank you. And with that I'd like to hand back to you, Brian for closing remarks.

Brian Duffy: Okay, thanks. Thanks Danielle. Thanks everybody for joining and your questions. We're feeling good and upbeat, two months into this new fiscal year. As we've described, the market conditions that we are in, we feel good about the US market strong, the UK market stabilised. It's all notwithstanding whatever might happen in tariffs, which I think we've made very, very clear. Our model clearly is working it’s an advantage overall. It allows us to outperform the market as we've consistently done now, over well over a decade and we continue to do that. Exciting growth plans ahead, we've got great projects, we've got the projects that we completed and last fiscal year, for example, Bond Street and the Lenox in the US, the Patek salon in Connecticut and so on. Some great projects we completed last year, fully impacting on this year. A number of great projects that we have in the pipeline that we presented to you for this year.

CPO, we've talked a good bit about, great momentum behind it, we love the business. We continue to expand e-comm in the US we think is a really exciting opportunity that we will develop over the next few years. Roberto Coin is a great brand, and we think there's really great potential behind it and we've outlined all of the plans that we have there. And beyond Roberto Coin, other potential planned growth in jewellery, including the opening of our store in Manchester, which will happen in September. So, we feel good and upbeat about the year ahead. And thank you for joining us again. Thanks for your support and a huge thank you to our team for having navigated through this period that we've had and for everything that they're doing to keep our clients very happy now. Thank you.