

# Watches of Switzerland

## Investor Presentation

4<sup>th</sup> December 2025

## Transcript



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Brian Duffy:

Good morning, everyone. Thanks for joining us. Our presentation this morning will commence with me, Group CEO, Brian Duffy. I'll be taking you through our first half highlights, talking about our growth initiatives in the first half. I'll then be followed by our CFO Anders Romberg, he'll give you more detail and colour on the numbers. Then me again to give you a bit more background on our growth pillars and where we stand, and then we'll open things up for your questions.

So, top line numbers for the first half year that ended in October, our sales £845 million for the half. We were up 10% in constant currency for the Group, driven by a very strong performance in the US, +20% in USD. UK was decent at +5% when we adjust for the store closures that we had last year. All in all, a good half year in terms of sales.

In terms of profits, Adjusted EBIT came in 6% ahead of last year at £69 million in constant currency. Our leverage is 0.6x, Adjusted EBITDA leverage to debt. Our free cash flow £48 million was 71% better than last year. Our expansionary capex was £37 million following all of our projects - I'll be talking more about in detail as we go through. We completed our £25 million buyback, £14 million actually going through in the first half of this year. Our ROCE, we were up 80bps at 17.3%.

So, our pillars of growth and what's delivered our first half year numbers. Showroom investment, both new projects and refurbishment of our existing network. We spent £37 million in total. We completed eight projects in the half year. We've already done six projects in the start of the second half, obviously getting ahead of the holiday period. We apply disciplined hurdles in terms of payback when we look at all of these investments, and as usual, we have a strong pipeline going forward.

Certified Pre-Owned has been a really strong business for us, strong both in the UK and in the US. Rolex Certified Pre-Owned has become our number two brand in both the UK and the US. Non-Rolux Certified Pre-Owned is also going well and clearly, we are well established in this growing category.

Ecomm, we're delighted with the ecomm results that we've had in the half year up 17% in constant currency. We had good year on year growth in the UK and then very high levels of growth in the US where we're coming from a smaller base and having invested in resources in the US, both a localised team and a conversion to Shopify platform. So very confident about ecommerce and the prospects that we have for growth.

Luxury branded jewellery, clearly our number one focus is Roberto Coin in the US where we had a very strong half year at +16% in wholesale and everything about Roberto we love. There's been a great response to the campaign that we've done with Dakota Johnson. We'll be opening three boutiques November, December and January, and we've launched a new website on Shopify.

Here in the UK, Mappin & Webb luxury jewellery boutique in Manchester, St. Ann's area, we got opened successfully.

In terms of acquisitions our focus clearly in the last year has been on Roberto Coin and Hodinkee in the US. Both going well, both really well positioned for growth and of course we continue with our discussions and opportunities on further acquisitions in the US market.

Client-centric excellence, something that we've always done at the Watches of Switzerland Group. The opening of Rolex Bond Street last March really gave us the opportunity of stepping up our focus on clients. We did extensive training with our team there that allowed us to redefine our Xenia programme and now have Xenia 2.0 and it's working very, very well in Bond Street. We have a net promoter score as you can see of a 94.5%, which is very, very high and we're now taking this programme and applying it through all of our store network. Additionally, we stepped up our events programme both here in the UK and the US really focusing on our top clients and collectors; and more about that later in the presentation.

Now over to Anders.

Anders Romberg: Thank you Brian, and good morning everyone. I'm Anders Romberg, CFO for the Group and I'll now take you through the financials.

Starting with the income statement, this is presented on a pre-IFRS 16 basis and excludes exceptional items. The reconciliation to the statutory numbers are included in the RNS.

Our revenue was up 10% versus last year in constant currency or 8% at reported rates, driven by strong US performance.

Net product margin for the half was 90 basis points down versus last year, reflecting adverse product mix and a reduction in brand margins due to US tariffs.

Our Adjusted EBIT for the half was £69 million or +6% compared to last year at constant currency or +4% in reported. This gave an Adjusted EBIT margin of 8.1%, down 30 basis points on last year due to the net margin rate decline as just mentioned. This was partially offset by leveraging showroom costs and overheads.

The effective tax rate was 27.5% for the half, a reduction to last year driven by lower levels of non-tax-deductible items.

Our Adjusted EPS was 19.6p, an increase of 8%.

Statutory profit before tax of £61 million increased by 50% on last year as prior year statutory profit was impacted by non-cash impairments; with statutory basic EPS improving by 57% or 6.9 pence per share, benefiting from the share buyback programme which completed this year.

Looking at the breakdown of sales in the half, the US was the biggest growth driver. US retail was up 21% in constant currency with robust demand across brands and categories supported by the expansion of our showroom network. In the half, sales were driven by good volume growth as well as some pricing - on average about 4%.

We're pleased with the performance of Roberto Coin wholesale with sales growth of 16% in constant currency. There's been a positive market response to new product and the advertising campaign that we launched at the start of the year.

UK sales grew by 2%, but was impacted by the showroom closures we made around year-end last year. Adjusting for showroom closures, UK grew at 5%, a resilient performance in a challenging market underpinned by the stability of the luxury watch segment and the success of our flagship boutiques.

Across both markets our ecomm business continued to do really well and grew by 17% in constant currency. The Rolex Certified Pre-Owned programme is doing well and it's now the group's second largest brand in terms of revenue.

The first half Adjusted EBIT came at £69 million or +6% on last year at constant currency. Adjusted EBIT margin was 8.1%, which is 30 basis points down on prior year due to product margin rate decline, partially offset by leverage of fixed costs.

The US, including Roberto Coin wholesale, is the major growth area, and on 48% of group sales, it represents 59% of Adjusted EBIT.

US retail had product margin contraction due to US tariffs, but this was offset by leveraging the fixed cost base.

In the UK, product margin was impacted by adverse product mix with limited leverage on cost base.

Roberto Coin wholesale had an increase in marketing costs due to the production of our new advertising campaign. Product margin remains stable over half.

As shown Roberto Coin wholesale is quite accretive for the group's profitability.

We've delivered strong free cash flow in the period of £48 million, which was up 71% on prior year. Free cash flow conversion was 53% and I'm expecting the free cash flow conversion for the year to come in between 65% and 70%.

Adjusted EBITDA was £91 million, an improvement of 4% year on year; in constant currency it was up 7%.

The working capital outflow of £30 million represents the seasonal build of stock for the holiday season. We expect the working capital build to unwind in the second half in line with seasonal trends.

We continue to invest in the showroom expansion and refurbishment programme, which drives long-term sustainable sales growth. In the first half, our expansionary capex was £37 million, and our full year expectation is between £65 and £70 million.

The final payment for the Roberto Coin Inc. acquisition was also made in the half, and we completed our £25 million share buyback programme.

Our balance sheet shows continuous strength. Inventory increased to £503 million, an increase of 5% versus last year reflecting the higher average unit cost of stock from gold prices and US tariffs. Underlying turns continue to improve. It's important to remember that there is no obsolescence risk in inventory and very low cost of storage. The reduction in payables is driven by timing of supplier payments.

Net debt was £112 million at the end of the half, a reduction of £8 million from the prior year. This gives the net debt to Adjusted EBITDA leverage of 0.6x, excluding leases.

Just a reminder of our capital allocation policy, which we set to optimise capital deployment for the benefit of all stakeholders focusing on long-term growth.

We continue to prioritise growth in our business through investment in our showroom expansion. We expect to spend between £65 and £70 million in this fiscal year, with £37 million spent in the first half.

Secondly, strategic acquisitions, a key pillar of our growth strategy. Acquisitions must deliver return on investment in line with our disciplined financial criteria within an appropriate timeframe.

We'll continue to maintain balance sheet flexibility and to be opportunistic for investment in acquisitions and showroom developments.

Surplus capital above and beyond the requirements for these investments, will be returned to shareholders. We were pleased to complete the £25 million share buyback programme in the period.

The second half of the year has started well. We're trading in line with our expectations and are well placed as we enter the holiday trading period.

Today, we're reiterating our full year guidance of 6% to 10% revenue growth at constant currency, with an Adjusted EBIT margin percentage flat to 100 basis points down on last year. As noted previously, capital expenditure is expected to be between £65 and £70 million.

Our guidance reflects that FY26 is a 53-week year. It includes visibility of supply of key brands, and it reflects confirmed showroom refurbishments, openings and closures, but it excludes uncommitted capital projects and acquisitions.

With that, I'll hand you back to Brian.

Brian Duffy:

Thank you Anders. Just again, headlines of our growth drivers for our business - showroom investment, Certified Pre-Owned, ecomm, luxury branded jewellery, focus on acquisitions, and clearly a focus on our clients.

In terms of showroom investment - looking firstly at the second half of last fiscal year that clearly benefits this full year. The centrepiece of our programme for the last fiscal year was obviously the opening up the flagship Rolex Boutique in Bond Street. It's been a great success. It's exceeding our expectation and the client feedback about it is absolutely fantastic. Four floors of retailing, one of Certified Pre-Owned, we have a service area and then two floors of regular retailing. The team are fantastic. The client feedback really couldn't be any better.

Looking at some of the other projects that we did in Tampa, Florida. We relocated to an enlarged space, and it really is the best space in the mall between LV and Tiffany and a wonderful presentation of Rolex and the other brand partners that we have there.

Our Betteridge store in Colorado in the Ski resort of Vail. We again took the store next door allowing us to expand the presence of everyone there, including Rolex, as you can see, beautiful alpine design.

And the bottom there you can see Rolex in Atlanta, Atlanta, Georgia. This was previously a multi-brand space for us with a very nice Rolex shop-in-shop. We were so successful with Rolex that we agreed to convert the entire space to Rolex Boutique now 3,000 feet. It's fabulous and really doing great. We love the town of Atlanta, and I'll show you later what we did with the brands that we effectively displaced in the multi-brand.

Top right is Jacksonville, Florida. We had come out of Jacksonville because of the location, wasn't ideal. It took us a bit of time to get back in again, but it was worth the wait as you can see from that store top right that we opened in February.

Bottom right is our first venture into Texas. Now, we love Texas as a market and as a state. We had bought a store that didn't have Rolex or Cartier and other top brands and we now do in this wonderful execution that we have of our Watches of Switzerland that opened it back in March.

Looking at it the first half of fiscal year 26, we opened this beautiful house in Manchester in King Street. It's spectacular. It's a joint venture with our partners from Audemars Piguet.

We refurbished and expanded in Goldsmiths Kingston.

The next one along is the oldest Rolex retailer in the world in Newcastle at Blakett Street, which we refurbished and expanded the retail space in July 25 and it's spectacular.

The multi-brand in Mayors in Atlanta, which we displaced with the Rolex boutique. We effectively opened a multi-brand directly opposite as you can see here, in August 25.

Also in August, Mappin & Webb Cambridge.

We expanded in September 25 Merry Hill in Birmingham, again we expanded.

The new luxury jewellery boutique in St. Ann's, opened in September as did a relocation of our Goldsmiths in Peterborough.

So, the second half where we've been very busy with the opening in the last week of October in Southdale, Minneapolis. Beautiful store, doing well.

We've reallocated our store in Sarasota, Florida in November.

Back here in the UK, Goldsmiths Oxford we expanded and converted November 25.

Mappin & Webb Birmingham actually opens this week an expansion and a conversion.

Bottom left also opening this week, is the new multi-brand space in Terminal 5 in Heathrow, directly adjacent to where Rolex currently is.

I'd mentioned already the mono-brand stores for Roberto Coin, one opening in November in Hudson Yards, New York. December, in fact this week, in Las Vegas and then Miami will open in January.

Then in my hometown of Glasgow we are doubling the space of the Rolex boutique. Work is underway and that should open hopefully early summer 26.

And then bottom right will be the new Terminal 5 location for Rolex. Work is underway here again in terms of design and planning and our hope is to get this opened also for summer of 26. It clearly is a multiple in terms of size and impact versus where we are today, so that will be spectacular.

Certified Pre-Owned continues to do very, very well for our business. We're now well established in this category. We manage margin well throughout this time in our two years into the program, we are in all of our Rolex stores in the US. We are in 26 showrooms in the UK, and as we continue with our various projects, we will be in all stores in the UK, so a lot more to come from Rolex Certified Pre-Owned.

Ecomm, we feel very good about decisions that we've made. We're up 17% as a Group overall. We have a new website, we're converting all of our websites to Shopify in the US, Watches of Switzerland's up and running on Shopify and Roberto Coin up and running on Shopify and the other facia will happen in the months ahead.

Within pre-owned we can offer a Rolex Certified Pre-Owned as you see here, which clearly is an important destination for our Rolex shoppers. You can also see Cartier here, which is our best-selling brand online, both UK and US. And then in the middle you can see a Hodinkee exclusive that we made available online in the US. We've also added other brands as we've gone and there's a lot more to come from an ecomm business both here in the UK and particularly in the US.

Roberto Coin, we love everything about the brand and you see here some great images of Dakota Johnson, the campaign that we launched in summer and really only kicked in in the fall and holiday season that we're in now, but great response to the campaign both from end clients and from our wholesale customers.

We've been working with the teams in the US about expanding our space in Roberto Coin in-store, both in top department stores and in top independent stores, and that's going very well. Our designers and architects in the US worked with our teams in Italy to come up with a new showroom and shop-in-shop designs, which look great. We've expanded the presence of Roberto Coin in our Mayors stores, which I'll show you shortly. We have the new website and we're also working on opportunities of product merchandising, so a lot of growth initiatives for Roberto Coin.

This is to show you how Roberto Coin was presented on the left-hand side in the Mayors stores. It was great success in Mayors, it was very productive and going very well, but having now moved it to the space, you can see you on the right, that clearly is a huge elevation of the brand.



We've actually increased productivity and we've more than double sales so, this is good clearly for our business overall, but it's also good as examples that we can now take to our wholesale partners and look to introduce shop-in-shops in other stores.

Mono-brand stores that we are in the process of opening, top left is Hudson Yards, New York, which has opened, has been opened for two weeks, all going well. The right-hand side is the Forum Shops at Caesars in Las Vegas, will open this week and bottom left is Miami Design Centre, which will open in January.

This is the website that looks fantastic, very, very user friendly, very easy to navigate, very easy to find your product or to find out information on the brand. Great videos both of Dakota Johnson and great videos from Roberto himself about his inspiration and background and product clearly, and there's been a fantastic response to this new website.

The luxury branded jewellery boutique St. Ann's we opened in September. We had a great event in October as you can see from the image on the left, it's a fantastic location listed building and a great response from our clients.

On the left you can see how the Rolex store looks all ready for Christmas time in Bond Street, looks really spectacular, and it continues to trade very well and ahead of our expectations.

We've been doing wonderful events there. The highlight of which was an event with Roger Federer. He really was a fantastic ambassador of Rolex, really spending time with our clients and a great representative of the brand and our clients were thrilled to be there. You can see the scores that we're getting from our client feedback 94.5% net promoter score and of the clients that respond to our questionnaire, 98% say that we either met or exceeded their expectations. By far the majority say we actually exceeded the expectations.

Other events that we've done throughout the country with Rolex and you can see they are pretty spectacular. Our clients love to be there, and it really is all part of our client excellence, client-centric focus that we have.

Other events we launched, we launched fairly quietly there the Audemars Piguet in Manchester, with our partners at AP leading up to this event that we had in October. The space is so perfect for a hospitality and events as you can see and really great evening.

An example here of us taking over the Aventura store with Roberto Coin, bringing our top jewellery clients along. It was a hugely successful event and it's our sales teams, our sales colleagues in the US really at their best.

And another event in New York in Soho where we launched the Porsche exclusive product. We did it with Ben Clymer, effectively hosted the evening and

we had none other than Orlando Bloom there who's a great enthusiast both for watches and for Porsche, so and a really great combination, but that was a fantastic event and we really had to control the number of people that were coming. Huge interest and a really great example of us using new partners and the connections with Hodinkee.

So overall, we have strong momentum across the group. It was a standout performance in the US at +20%.

Our model is clearly working on our approach to our clients, our design of stores and our training of our great teams.

Our registration of interest lists continue to grow with a high conversion overall, so no change on that.

Certified Pre-Owned, clearly well established in line with the ambitious expectations that we had presented to the market before.

Ecommerce, very strong US investments that we made are clearly driving a very strong sales performance in the US.

Great progress with Roberto Coin, a lot more to come.

Great progress also with our friends at Hodinkee and we are in the process of developing some important growth initiatives within that you'll hear more about in our fiscal 27.

A great delivery, strong delivery of our catalogue of projects with a lot more in the pipeline.

We're well positioned for the holiday season. We're off to a good start with the five weeks of November now behind us and we'd be happy to reiterate our guidance.

So, we'll now pass over for your questions.

Moderator: Thank you. We have had a number of questions pre-submitted and submitted live. Just as a reminder, if you would like to ask a question, please type them into the Q&A box situated on the right-hand side of your screen. Our first question is: Great numbers, but is the US sales strength sustainable or was this just front loaded pre-holiday demand?

Brian Duffy: So hello, thanks for your question. I'll give a couple of comments and then David could add a bit more flavor. Being directly responsible for our US business, the US market has been strong more or less since we started our venture there. It's increased as the investments go into the market. The market had been deprived of a lot of retail investment, was our observation in deciding to go to the market

and that's been proven to be correct and since then we've been investing, others have been investing in the market. The consumer has really responded very, very positively. This last calendar year in particular, the market's been strong, but there's no doubt that the high income consumer in the US has got a really positive propensity to spend. We think it's sustainable. The stock market strong, there's tax cuts around and the overall economy, again, particularly for the high income earn seems to be very positive, but so it's combination of I think the macroeconomic situation is good. The underdevelopment of the watch market, that's clearly been the case, which is being addressed overall. And then without doubt, we believe we're gaining share in that market with a lot of initiatives, whether it's ecommerce or pre-owned or just building big beautiful stores and giving great client experience. David, what would you add?

David Hurley:

Yeah, I mean look, we're delighted with the first half of the year with the US market being strong. Since we came into the market, we started investing on, I think, so do the other retailers and the brands are really focusing in on the US as a prime market. We are coming up in the short term, we are coming up against tougher comps in the second half, but longer term we still believe that the luxury watch market is underpenetrated. You've got huge high net worth and not only in the New York's, Miami's, Vegas of the world, but also in cities that we've gone into, like Cincinnati, Minneapolis, we're eight years young in the US. We're still maturing our client base. We're still adding significant amounts of new clients to our business and there's just a huge interest in horology in general in the US. I think a lot of that triggered by Hodinkee in the first part of which we now delighted that we acquired Hodinkee over a year ago and we felt like we were the counterpart to that when we came into the US market. We're continuing to refurb and expand our stores and continue to have a pipeline of new projects that we're going to be developing great early success with are replatforming of our ecomm, but we've only done two websites to date, Watches at Switzerland and Roberto coined very, very late in the quarter, and so there's a lot of growth potentially there and we've also seen great success with the client events that we've done. So yeah, a lot done, but a lot more to do to grow the market.

Brian Duffy:

Just the final couple of points, just to add to that, something that we didn't know in advance but discovered with our experience is that the proportion of collectors in the US is actually much higher than it is in the UK. So those, to David's point, those that love watches, really love watches buy across the brands and are very, very serious collectors and very, very knowledgeable. The other advantage I think we have in the US is we are geographically very well positioned. Vegas really came back to life, big time post COVID. It's a great resort and we're very, very well positioned in the best resort within Vegas. Being one Florida has been outgrowing the rest of the US from an economic standpoint. A lot of people have migrated to Florida. It's the biggest proportion of business that we have in the US and of course New York is always New York and continues to do well too. So I think a lot of other aspects just contribute to this positive momentum that there's been there that I think we fully appreciate now and we're optimising our position.

Moderator: Thank you. Our next question is: How do you see the consolidation in the US market and are there any active M&A opportunities that the company is looking at?

Brian Duffy: So the consolidation has been quite significant. It's been a big part of the transformation of the market. As I said earlier, the market was Underinvested was predominantly represented and still is predominantly represented by small enterprises, family owned businesses and sorry, I lost my train of thought. The question, I'm sorry.

David Hurley: In terms of consolidation and M&A.

Brian Duffy: Oh yes, I'm sorry.

So, and when we arrived in the market, there was almost double the number of doors that were retailing Rolex than there are now. So, there's been a significant consolidation at a time where there's actually been a big increase in business overall, and it's not just Rolex it's across all the brands that we represent, there's been this consolidation of distribution.

In terms of M&A, acquisition has been 37% of our business today was acquired. The rest of it, we've either grown or started new. There remains significant opportunity for M&A and we are, as we've always been since we were arrived in the US, we are in active mode in terms of searching, negotiating, and hopefully at some point delivering on further acquisition in the US. Would you add?

David Hurley: Yeah, no, I think Brian, everything that you said holds true. There's been an elevation of the US market and a consolidation at the same time, which means that the stores that we have are significantly more productive than the stores that were in place in 2018 or 2017 when we entered the market. We've got a proven track record of acquisitions. These acquisitions are generally of family owned businesses, so it's not just like a straight line in terms of, for us to be able to say, well, we're going to be able to do this many acquisitions per year or per quarter, but we're very confident in our ability to be able to continue to acquire in the US over time.

Anders Romberg: And to add to that around 70% of the market in the US is still run by independents and 30% of the market is run by groups like us and others. So, there is a huge opportunity for further consolidation in the market, which we think is inevitable over time.

Moderator: Thank you. Next, we have: You've shown attractive payback periods and ROCE for Roberto Coin boutiques and shop-in-shops versus traditional multi-brand watch showrooms. For your internal capital allocation process, what sort of long-term return range are you targeting on incremental Roberto Coin investments and how does that compare with the hurdle rates you use for other boutique or mono-brand format investments across the group?

Brian Duffy: The Roberto Coin hurdles and paybacks, we wouldn't anticipate being hugely different. The Roberto Coin business is a very profitable one for us. It's very profit accretive. Obviously, we'd be looking at vertical margins with DTC, so the profitability should be higher. We are right sizing the stores, but we'll take the same rigorous approach to capital opportunities as we've done in the rest of our network. We've always shown really good paybacks, average payback on store investment around two and a half.

Anders Romberg: Two and a half to three years.

Brian Duffy: Two and a half to three years. New stores can be a little longer, particularly if they're streetside rather than mall, in the US. So, you might be looking at three to four years in new stores and acquisitions that we just talked about earlier. We look at, we've experienced the payback of around 4.2 years, which I think is exceptionally good on acquisition. So, we'll apply the same kind of rigor. We've never been deprived, we've never had to choose between investment opportunities, but obviously well financed. Our leverage is 0.6x, so we have lots of room in terms of our facilities, so we don't see ourselves as being restricted and having to choose between opportunities that we think are going to offer good payback and growth.

David Hurley: I think on Roberto Coin, we've got many growth pillars in terms of, and again, we're looking to invest across all of them. So yes, we have the mono-brand stores, the first of which we've opened and we've opened up. In the first three, we specifically picked to open up in areas where we already have significant strength in those markets. We want to continue to grow with our wholesale partners, both the department stores where we're performing very strongly and all of the wholesale multi-brand partners across the US and that we believe is going to happen as well. We also have robertocoin.com, which we're seeing positive early signs, but again, we've just re-platformed recently and then our partner.com as well, and we see none of these as being cannibalistic. We still see significant opportunity to grow the brand over the next few years.

Moderator: Thank you. Our next question is also on Roberto Coin: What is your 3-5 year view on Roberto Coin revenue growth and how many showrooms can the brand have five years down the road?

Brian Duffy: We haven't fully determined that yet. We've only owned the business for a year. We've really got to know the business, we've got to know the product, we've got to know the distribution. We are very confident about expanding in retail, but you never get it 100% right first time. So, we will refine, improve and come up with a perfect model in retail. And of course, we'll then look to roll out further, there's great growth in space potential within existing wholesale distribution department stores and high quality independents. We'll be very active on that. We're just very confident. It's a great market. It's the biggest market in the world for luxury branded jewellery. It's performing very well as a market right now and there's no question at all for the quality of the product designed and made by Roberto Coin. This business deserves to be bigger,

deserves to be in much better distribution, and we have plans to do all of that and when we've fully worked it through as a plan, we'll talk to the market at that time about our goals.

Moderator: Thank you, Brian. Next we have: Why do you classify capex spend on refurbishments and relocations as expansionary, rather than maintenance capex, and is there always a significant sales uplift on these types of capex spend?

Anders Romberg: Traditionally, when we spend capital on our existing stores, it's not that we stick with the same space. We typically expand it. We tend to take the unit next door and make it into dedicated Rolex space. So, if you look at our Rolex space in our franchise, it's grown quite significantly over the last decade in all of our formats and particularly in the US where it was underinvested, the stores that we acquired. So, we do not look at it as maintenance capex because it's a full refurb of the facade and so forth. So, it's a lot of structural work that goes into it as well. So that's why it's expansionary capex.

David Hurley: I think there's a perfect example. It was one of the ones that was in the presentation, which was in Atlanta in Lenox where we moved from let's say a B location to an A+ location originally where we took over 3,000 sq. ft for Mayors multi-brand anchored by Rolex. I think that paid back in less than a year, and now since then we've taken that space and just expanded it, turned it into a Rolex boutique. Right next to that we've got a Tudor mono-brand right next to that, a Breitling mono-brand. And as Brian said in the presentation just recently, we opened up a Mayor's multi-brand opposite it.

Moderator: Thank you. Our next question is: Expansionary capex for the past three to four years have been £70 million, which is quite high as compared to the historic level of £25 to £30 million. As the company is close to refurbishing most of its stores in the UK and the US, what level of capex should we expect going forward? This will have implication for free cash flow and return on invested capital, which are down significantly in the past couple of years.

Anders Romberg: So, our expectation is to finish off our expansionary programme within our existing network towards the backend of next fiscal year. So, the need for expansionary capex in the existing network is, as a percentage of sales, going to start to come down as we move beyond that, that's our expectation. And the absolute for that segment of our portfolio is going to come down somewhat. So, we do expect the free cash flow conversion, last year was impacted by the way over the change of terms, so this year we are projecting our free cash flow to come back up to the 65-70% that we normally tend to generate. So yeah.

Moderator: Thank you, Anders. Next we have: UK economy is slowing, and additional taxation is forcing high earning, high net worth individuals to migrate to other tax-friendly countries. How does the company look at this situation as 50% of the business comes from UK?

Brian Duffy: Yeah, the UK economic situation is not particularly positive. We'd regard it as stable and that's the way that we've described our business in the market that we're operating in. Second half of last year, the UK business was up 6%. First half of this year we're up 5%. So, I think it has been pretty stable overall. We honestly haven't recorded in any significant way a loss of business because of people migrating to Dubai or Italy or Switzerland or whatever it may be. We would say very much to the government that those areas in which they really could help, that would be in their interest such as bringing back tax-free shopping. We're the only country in Europe that doesn't provide tax-free shopping and that's probably not probably that in recent history been a much bigger deal to us than losing any of our clients. Honestly, I can't think of a high-end client that I'm aware of that's actually migrated from the country, but we all know the stats to some degree that's happened non-doms and others.

Anders Romberg: Also, it's worthwhile to point out that the largest portion of our business in the UK is actually not centered around London where you tend to have the high-net-worth individuals, but it's actually in the regions of the country. So, our exposure to that audience you talked about is not as profound as you would find in a lot of other luxury segments.

Moderator: Thank you. Following on from that, we have: From an understanding point, is it possible for anyone to buy a Rolex watch if they are not a resident of the country where the AD is located? There was a risk that if US remains Swiss tariffs at 39%, then most US nationals would move around the world and buy Rolexes at much lower prices.

Brian Duffy: Yeah, I think that risk did exist and over the years has existed when you've had changes in exchange rate and so on. All of the brands try and minimise the arbitrage that exists. So, you don't have that happening, and so we don't expect that. We don't expect that to change overall. On the specific question of can someone come here and buy a Rolex, honestly not easily, or other brands that we have on waiting lists. We would look to get to know the customer or something about the customer and buying a special product and they would never get it immediately available and therefore that typically wouldn't apply to visitors. So, it's not a meaningful part of our business at all at this point.

Moderator: Thank you, Brian. And what's happening with your inventory levels? Have they normalised after the supply constraints of recent years?

Anders Romberg: Our inventory levels are healthy, so we closed out inventory up 5% year on year and obviously the cost per unit within our stock has gone up as gold prices has gone up as well as the US tariffs. So, per unit cost has actually gone up a bit. And so our underlying turn in stock is actually up and doing better than what we saw last year. So, inventory is good actually.

Moderator: Thank you Anders. Our next question is: How are the waiting lists looking these days? Still long or have they eased a bit?

Brian Duffy: Long. Honestly, very little change and we've always had, we call them registration of interest lists. We've always had them for the majority of our key brand products, slightly less in the UK than it was in the height of 2022. The COVID impacted markets that were then, but you're still looking at clients having to be very patient to get the watch of their dreams.

Moderator: And are younger buyers still coming through strongly or is demand mainly from existing clients?

Brian Duffy: Well, one great thing about the US and David could comment on it again, is it's the appeal of beautiful luxury Swiss watches in the US, in particular to a younger group of consumers. There's a great interest in horology, there's a great response to a lot of activity that happens in digital. So, you definitely have a younger audience and of course we've only been in the US seven years. Our business has gone from zero to a billion during that time. So, a great deal of our clients, therefore, are new. It's not the case like we are in the UK where we've been here forever. So, we have a lot of new clients and David and his team really focus on ensuring that we have a very healthy recruitment of new clients.

David Hurley: Yeah, I think the luxury watch category and jewellery as well I think has benefited so much from social media, from Instagram influencers, you see time pieces go viral on influencers wrists or there was an example of Rihanna wearing a Jacob & Co watch as a necklace. Everybody knows what watch Taylor Swift was wearing when she announced her engagement. So, all of that has an effect and that's helped to boost it. I also think that there's so much stuff that's redundant these days in terms of your phones and every couple of years you've got to replace it because almost an in-built redundancy with the battery, et cetera, people are interested in things that last a lifetime. People are interested in craftsmanship and we're seeing younger and younger demographics coming into our stores and I think the acquisition of Hodinkee over time will help us as well because when there are new releases of product, and when you talk about Watch and Wonders and the major trade fairs, Hodinkee is where everybody goes first of all to take a look at these time pieces.

Moderator: Thank you. And what is your highest margin segment?

Anders Romberg: Well, we obviously have our segment reporting in the accounts this time, so you can see that Roberto Coin Inc. is by far the most profitable segment in our business with an EBIT margin north of 20%, in spite of having invested quite a lot into marketing activity in the first half.

Moderator: And what's your plan to accelerate growth in the UK?

Brian Duffy: But to keep doing the great job that we are doing. Honestly, we've grown significantly in the UK. The only period of disruption that was significant and the market was in 2023, the post COVID period during which consumers had different priorities and also coincided with some fairly aggressive price inflation



that really discouraged the UK consumer. That part, the market has always been positive. It's the biggest market per capita in the world is the UK. We have somewhere around a 50% market share, so we're delighted to be here and we've always performed a little ahead of the market growth. We think the market has normalised and we have a lot of initiatives for growth around our stores, around the pre-owned category. Our ecomm business is back growing again where we want to grow our agility position in the UK. So, we're confident about growth in the market.

Moderator: Thank you Brian. And following on from that, what about the UK budget? What effect will that have on you as a business and your customer's appetite to spend on big ticket items?

Brian Duffy: I mean not positive and I think the timing of the budget was particularly inconvenient. The fact that it was delayed until the end of November. In fairness, we haven't seen a negative impact following the budget, but we're trading pretty well now that we're well into the Christmas season. So, we've got November behind us and we're trading well overall. But it's been a series, obviously of tough news for the UK consumer in terms of tax rises and concerns that are out there. So, it is not a positive consumer climate overall, but I don't think it's deteriorating, might even contend that post budget it was moderately better. At least everybody knows what's happened and maybe their worst fears weren't realised, but again into next year confident and positive and optimistic.

Moderator: To add onto that as well, we have a question which says: Are you seeing any slowdown in luxury watch demand given the broader consumer environment?

Anders Romberg: No, we haven't really seen that. So, the reality is that during 2022 and 2023, there was some aggressive pricing taking place in the UK marketplace, which alienated the aspirational consumer, particularly in some of the regional areas. The brands are gradually correcting that and coming in with new product ranges at more attainable price points. So actually, some of these brands that were in pretty radical volume decline when we look at 2024, 2023 and they've started to come back actually. So, we are very optimistic actually about what the brands are doing here.

Moderator: Thank you, Anders. Our next question is: What's been the biggest surprise in customer behavior this year?

Brian Duffy: Honestly, I think we regard the market as stable and very much more predictable and therefore, honestly, not that surprising. Inevitably we have, as Anders says, great activity going on with new products and we love to see the positive response when these new products come to the market. But I'm trying to think of anything that, the demise of Liverpool FC has been a surprise overall, but I'm trying to think of anything within our market or consumer behavior that we would..

Anders Romberg: I can't really point to anything specific in the UK. What we have seen is actually research on online. Online has done really well for us this year and that's a positive spring, I would say. Our Rolex Certified Pre-Owned is doing phenomenally well, both in the UK as well as in the US and so there seems to be relatively low price resistance to be honest, because these products are quite pricey, as we all know, and on average they're about 30% above what a new Rolex would cost. So, there is a strong demand in the market still. We can sort of tell that from what's going on.

Brian Duffy: One thing that was different from what we have predicted as the real growth and success of Rolex Certified Pre-Owned has been predominantly in-store and we actually thought it would be a bigger proportion of online similar to what it is in the US market. So that was a surprise. I mean it's not a major surprise in the whole mix of everything that we do, but it's a new consumer group and are shopping predominantly in store.

Moderator: Thank you. And what is your thinking on dividend strategy?

Anders Romberg: Well, we want to have our flexibility as we've expressed in our capital allocation policy. So, we'd like to maintain. Our primary objective is growth and we still see the US market as a huge opportunity for further consolidation and growth, either through acquisitions or new stores and projects. So clearly our priority will remain in that space. So, locking ourself into an ongoing dividend programme at this point in time we don't think would be the right way to return to the shareholders. In case we can't find good ways to return to shareholders through growth, then we will opt to do a further buyback, short term. Long term, yes, we might want to consider a dividend policy.

Moderator: Are you considering more share at buybacks?

Anders Romberg: Right now - the priority will be to finish off our refurbishment programme, and our focus is on further acquisitions.

Moderator: Thank you. Given the US businesses north of 50%, is the company thinking of shifting its primary stock market listing to US to lift the valuation?

Brian Duffy: It's still slightly south of 50% at this point. We're getting there quickly. It's north of 50% on profitability, but not yet in sales, but it's inevitable with a great job that David and his team are doing. We've been provoked to look at the US market listing. It's just not something that we would consider doing. We're very happy in the UK. We have a lot of loyal shareholders that are here that we've got to know that will supported us since we IPO'd back in 2019. So, it's not something that's likely or at all on the cards.

Moderator: Thank you. How should we expect the number of showrooms to change over the next few years? Should we expect more closures in the UK and expansion in the US?

Brian Duffy: I think yes to that, we're consistently looking at our store performance and markets change and brands change and we always apply a strict criteria of profitability. It's very unlikely that we'd ever have the number of closures again, in any one fiscal period as we had at the beginning of this year, that was really coming out of this volatile period that we've been through of COVID and post COVID. So, we will always look at, and whenever we do close stores, by the way, we do everything possible to minimise the and cost of liability. We redeploy the stock. We inevitably run down to the end of the lease so there's no lease exposure. The capital will generally be written down and then we do everything we can to redeploy our experienced, trained staff, but there's lots of opportunity for us to grow in the US and proportionately, yes, the US is where we're more likely to add stores and grow.

Moderator: Thank you. Our next question is: What would be your approach to valuing Watches of Switzerland Group? And in your view, is the company undervalued and is the market missing something or is the market overpricing certain risks?

Anders Romberg: I think we've been faced with an interesting journey since our IPO. We've only been public since 2019, as you know, we had less than a year and we had COVID and then post COVID, so it's been a bit of a rollercoaster in the marketplace, but if you look at it over that period, the growth into our domestic clientele over that period has actually been 13.5% percent in total. But if you just look at the domestic consumption, it's 20%. So, we performed really well throughout the long period of time. So, I personally don't think that we are getting enough credit for that from a valuation point of view, the reality is that we've acquired an asset in terms of Roberto Coin, which is very accretive for our profitability, a business which we have good growth plans for. I don't think that's reflected either. And I think there is a misconception amongst some investors regarding the impact of the Bucherer acquisition made by Rolex, which was done for various reasons, but it was succession and continuity of the business that were the reasons that was reemphasised by Jean Frederic Dufour in Dubai just last week I think it was. So yeah, we've had a few blows.

Brian Duffy: The consensus of our advisors is that we are undervalued by any traditional mechanism that's there, but all we can keep doing is delivering on our plans and expectations and hopefully beating the expectations that are out there and just keeping more clients happy with the great products and I'm sure in time things will take care of themselves.

Moderator: Thank you. That brings us to our final question for today. If there's anything we didn't have the chance to address, please feel free to email the team and they'll be happy to follow up after the session.

So, how realistic is it to achieve the long range plan that you set in 2023 to double sales to £3 billion by FY 2028?

Brian Duffy: The long range plan that we presented was based on a number of growth initiatives that we presented to the market. Every one of those growth

initiatives we're either achieving or ahead of, whether it's ecomm or luxury jewellery or Certified Pre-Owned or pre-owned business in total or even acquisition. So, we're very happy about the strategy that we presented then and the fact that we're delivering, but inevitably, the world changed pretty quickly after we had presented that plan. And therefore, from a timing standpoint, we are unlikely you would say, to deliver against the exact timing of what we talked about, but the plan is very intact. We believe that all the growth initiatives, we'll be updating the market at some point in the next calendar year as to how we see the future going forward. But we have a really sound strategy. We've delivered on good growth and we believe that throughout this time we've outperformed the market and very happy about where we're headed.

David Hurley: Personally, I would just say that yeah, I've never been as excited as the number of opportunities that we have at the moment, and we've just got to make sure we cadence them out and execute them. Brian already said that 37% of our growth in the US came from acquisitions and then about over another 30% from what we've done with those acquisitions. We've yet to fully mature everything that we've taken on and with Roberto Coin and Hodinkee, were just at the very early stages and I think again, one year on from acquiring both of those businesses, we're far more excited about the opportunity than even we were a year ago. So, there's a huge amount for us to go after. We just need to make sure we execute it.

Moderator: Thank you. As that was our final question, I'll now hand back to the management team for any closing remarks.

Brian Duffy: Certainly to say thank you for joining us, it was a really great list of questions. People obviously have taken the time to get to know our business and pose very good questions for us to respond to. As David said, we certainly feel very confident about the future, feel very well positioned, feel very well resourced as well. And particularly in the US we really built up our infrastructure and positioned ourselves well for growth. We have some great opportunities like Roberto Coin, like Hodinkee, like further acquisition activity, like what we're doing on pre-owned like ecomm UK, US. So, we have a lot to go at and feel very good about our future, and I appreciate you joining us.

Moderator: Thank you to the management team for joining us today. That concludes the Watches of Switzerland Investor Presentation. Please take a moment to complete a short survey following this event. The recording of this presentation will be made available on Engage Investor. I hope you enjoyed today's webinar.