

10 August 2023



Watches of Switzerland Group PLC
Q1 FY24 Trading Update
for the 13 weeks to 30 July 2023

FY24 guidance reiterated reflecting a strong year of growth
Q1 Performance in line with expectations

Brian Duffy, Chief Executive Officer, said:

“We have delivered a Q1 performance in line with our guidance and expectations, with ongoing strong progress in the US, where we delivered 10% constant currency sales growth, and a performance in the UK and Europe that reflected the unwind of the product intake timing we benefited from in Q4 FY23.

“Q1 saw us make good ongoing progress against our strategic growth priorities, including the opening of our new multi-brand showroom in American Dream, New Jersey, continued refurbishment and enhancement of our Goldsmiths Luxury, Mappin & Webb and Mayors portfolio along with further mono-brand expansions, all of which are trading in line with our expectations since opening. We also successfully launched the Rolex Certified Pre-Owned programme in the US in July 2023. Early performance has been encouraging as clients react positively to the authenticity and guarantee of quality that the Certified Pre-Owned seal represents. We are excited about this opportunity and are on track to launch our UK Rolex Certified Pre-Owned programme in September 2023.

“Looking ahead, we expect to return to more normalised growth rates in the balance of the financial year. Our full year guidance for another year of strong growth remains unchanged, underpinned by our supply visibility, client Registration of Interest lists and strong pipeline of showroom openings, refurbishment and investment, as luxury watch demand continues to outstrip supply. We look forward to presenting our Long Range Plan update in the Autumn, which will outline our growth ambitions to FY28.”

- **Group revenue £382 million (Q1 FY23: £391 million), -1% at constant currency, -2% at reported rates**
 - Demand for luxury watches remains robust and continues to exceed supply, with consistent additions to client Registration of Interest lists and average selling prices continuing to increase
 - Revenue in line with guidance, Q1 revenue primarily reflected unwinding of benefit of product intake in the UK in Q4 FY23 and strong prior year comparatives, underpinned by a strong performance in the US (+10% at constant currency)
 - Luxury watch sales -2% to £336 million, representing 88% of revenue (Q1 FY23: 87%)
 - Luxury jewellery sales -15% vs the prior year. This reflects market trends impacted by overall consumer sentiment and by a repositioning to full price sales in the US
 - Ecommerce sales -2% at reported rates against strong comparatives in the prior year and impacted by the higher proportion of jewellery sales through this channel
 - Successful launch of US Rolex Certified Pre-Owned in mid-July. Encouraging early client engagement and trading. On track to commence UK Rolex Certified Pre-Owned in September 2023

- **Strong growth in US with revenue of £163 million, +10% vs Q1 FY23 at constant currency, +7% at reported rates**
 - Sustained growth driven by higher volumes, reflecting success of our model and the strength of client demand
 - Watches of Switzerland multi-brand showroom in American Dream, New Jersey opened in May and performing in line with expectations
 - Refurbishment and expansion of Mayors Dadeland, Florida opened in May
 - Opening of two mono-brand boutiques in Topanga with TAG Heuer and Grand Seiko in May
- **UK and Europe revenue of £219 million, -8% vs Q1 FY23, impacted by product intake timing, which benefited Q4 FY23**
 - Performance continues to be driven by resilient domestic clientele with strength across the UK
 - Ongoing improvement in airport business as traffic recovers, with all airport showrooms open ahead of the summer holiday travel period
 - Showroom development programme continues with several projects completed in the period and the benefits of our investment visible in early trading:
 - Launched our first new contemporary showroom concept for Mappin & Webb in York in June
 - Opened a new Goldsmiths Luxury showroom in Bromley alongside a TAG Heuer boutique in July
 - Opened two mono-brand boutiques, Breitling and TAG Heuer, in Cabot Circus, Bristol and one Breitling mono-brand boutique in York in June
 - Opened our first mono-brand boutique in Berlin, Germany and another mono-brand boutique in the Mall of Scandinavia, Stockholm, both in partnership with TAG Heuer in July
 - Accredited as a Living Wage Employer in the UK

Outlook

- FY24 guidance remains unchanged, with a return to more normalised growth in the balance of the financial year where we will maintain performance against softer comparatives. Our guidance does not reflect any expectation of an improvement in consumer confidence in the remainder of the financial year. Guidance reflects current visibility of supply from key brands and confirmed showroom refurbishments, openings and closures, and excludes uncommitted capital projects and acquisitions
- FY24 guidance (on an organic pre-IFRS 16 basis):
 - Revenue: £1.65 - £1.70 billion, growth of 8–11% at constant currency
 - Adjusted EBIT margin %: In line with FY23
 - Total finance costs: c.£3 million
 - Underlying tax rate: 27% – 28% reflecting the increase in UK corporation tax
 - Capex: £70 - 80 million
 - Operating cash conversion: c.70% weighted towards H2 in line with the seasonal pattern

The equivalent guidance on an IFRS 16 basis is:

- Adjusted EBIT margin %: In line with FY23
- Total finance costs: £23 - £27 million
- The Group has an exciting schedule of new showroom projects for the remainder of FY24:
 - Expansion of the mono-brand portfolio with 20 boutiques planned across the UK, US and Europe
 - Continued refurbishment and expansion of the showroom network including:
 - Continued roll-out of Goldsmiths Luxury showroom format, including the expansion of the Birmingham Bullring, Liverpool and Metrocentre Newcastle showrooms, and relocation of Trafford Centre Manchester showroom, all in Winter 2023
 - Further roll-out of the Mappin & Webb contemporary format in Guernsey in August, and Glasgow and Bluewater in Winter 2023
 - Launch of Rolex Certified Pre-Owned in the UK in September
 - Expansion of Rolex Boutique in Millenia (Orlando), Florida in Autumn 2023
 - Watches of Switzerland multi-brand showroom at One Vanderbilt, New York due to open early 2024

- In FY25:
 - Old Bond Street Rolex flagship boutique due to open Summer 2024
 - AP House in Manchester, via a Joint Venture partnership with Audemars Piguet, due to open Autumn 2024
 - Expanding Rolex boutique in Glasgow due to open Autumn 2024
 - Relocating and expanding Watches of Switzerland multi-brand showroom in Plano (Dallas), Texas with a new Rolex agency
- The Group is exposed to movements in the £/\$ exchange rate when translating the results of its US operations into Sterling. The actual average exchange rate for FY23 was 1.20

Q1 FY24 Revenue Performance by Geography

(£m)	Q1 FY24	Q1 FY23	Q1 FY24 vs Q1 FY23	
	13 weeks to 30 July 2023	13 weeks to 31 July 2022	YoY %	Constant currency YoY %
UK and Europe	219	239	-8%	n/a
US	163	152	+7%	+10%
Group Revenue	382	391	-2%	-1%

Q1 FY24 Revenue Performance by Category

(£m)	Q1 FY24	Q1 FY23	Q1 FY24 vs Q1 FY23
	13 weeks to 30 July 2023	13 weeks to 31 July 2022	YoY %
Luxury watches	336	342	-2%
Luxury jewellery	23	27	-15%
Other/services	23	22	+4%
Group Revenue	382	391	-2%

The financial information contained herein is unaudited.
Ecommerce revenue are sales which are transacted online.
Growth rates are calculated on unrounded numbers.

Conference call

A conference call for analysts and investors will be held at 9.00am (UK time) today. To join the call, please use the following details:

Dial-in: +44 20 4587 0498
Conference access code: 264094

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About the Watches of Switzerland Group

The Watches of Switzerland Group is the UK's largest luxury watch retailer, operating in the UK, US and Europe comprising five prestigious brands; Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK), Mayors (US) and Betteridge (US), with a complementary jewellery offering.

As at 30 July 2023, the Watches of Switzerland Group had 202 showrooms across the UK, US and Europe including 87 dedicated mono-brand boutiques in partnership with Rolex, OMEGA, TAG Heuer, Breitling, TUDOR, Audemars Piguet, Grand Seiko, BVLGARI and FOPE and has a leading presence in Heathrow Airport with representation in Terminals 2, 3, 4 and 5 as well as seven retail websites.

The Watches of Switzerland Group is proud to be the UK's largest retailer for Rolex, OMEGA, Cartier, TAG Heuer and Breitling watches.

www.thewosgroupplc.com

Disclaimer

This announcement has been prepared by Watches of Switzerland Group PLC (the 'Company'). It includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this announcement and the information incorporated by reference into this announcement and may include statements regarding the intentions, beliefs or current expectations of the Company Directors or the Group concerning, amongst other things: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy and future prospects; (ii) business and management strategies, the expansion and growth of the Group's business operations; and (iii) the effects of government regulation and industry changes on the business of the Company or the Group.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement and/or the information incorporated by reference into this presentation.

Any forward-looking statements made by or on behalf of the Company or the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this announcement, and are subject to risks relating to future events, other risks, uncertainties and assumptions relating to the Company's operations and growth strategy, and a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Undue reliance should not be placed on any forward-looking statements.

Before making any investment decision in relation to the Company you should specifically consider the factors identified in this document, in addition to the risk factors that may affect the Company or the Group's operations as detailed above.