



## **Watches of Switzerland Group PLC COVID-19 Update**

Watches of Switzerland Group PLC (“the Group”) today provides the following business update in light of the ongoing and rapidly evolving situation regarding COVID-19.

### **Current trading and FY20 guidance**

For the 7 weeks to 17 March 2020, Group revenue increased ahead of expectations, up 16.8% relative to the prior year and Like-for-Like (LfL) sales increased 12.0% relative to the prior year. As a result of the COVID-19 outbreak, during this period, the Group’s travel and tourism business were adversely impacted by reduced footfall. This impacted the Group’s trading in stores located within the airports, in London, and in Las Vegas. However, the Group was able to offset the impact through higher sales to domestic customers both in the UK and the US.

However, in light of the accelerated containment measures relating to the COVID-19 outbreak adopted by governments, the Group’s store portfolio has been closed in the US as of 19 March 2020 and will be closed in the UK as of 23 March 2020. As a result, the Group currently expects total revenue for the year to 26 April 2020 to be in the range of £809 million to £812 million.

Given the current environment, the Group has taken steps to eliminate discretionary expenditure, reduce working capital and where possible, delay capital projects. Government measures announced of business rates suspension, employee cost support and tax payment deferrals, are expected to have a positive impact on cash planning. The Group has taken steps to ensure the continuity of the ecommerce proposition, with online operations expected to be continued as normal.

### **Outlook**

The Group has a strong balance sheet (1.2x adjusted net debt/EBITDA as at 15 March 2020) and significant financial headroom and liquidity. These facilities and the actions implemented would enable the Group to manage through a prolonged period of store closures.

The Group operates with a high level of variable and semi variable cost. Government measures on rates and employee costs are expected to further reduce the proportion of fixed costs.

### **Brian Duffy, Chief Executive Officer said:**

“Our priority is the health and wellbeing of our colleagues and customers during these unprecedented times. We are taking the necessary steps to mitigate and minimise the impact of this crisis on our business.

We are anticipating a continuation of the store closures into our new financial year which begins on 27 April 2020. We remain confident in the strong fundamentals that underpin the luxury watch category including its great value preservation. Demand remains strong and we anticipate that this will be the case when the market returns to more normal conditions.

Longer term, we are well positioned to deliver on our plans to leverage our leading position in the UK and become a leader in the US luxury watch market.

I would like to extend my respect and gratitude to our teams in the UK and in the US who, as ever, have been resilient, resourceful and positive throughout this period.”

### **Contacts**

#### **The Watches of Switzerland Group**

Anders Romberg, CFO

+44 (0) 116 2817 401

Allegra Perry, Investor Relations

+44 (0) 20 7317 4600

[investor.relations@thewosgroup.com](mailto:investor.relations@thewosgroup.com)

#### **Headland**

Lucy Legh / Rob Walker

+44 (0) 20 3805 4822

[wos@headlandconsultancy.com](mailto:wos@headlandconsultancy.com)

### **About the Watches of Switzerland Group**

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

The Watches of Switzerland Group has 127 core showrooms across the UK and US (which includes 22 dedicated mono-brand stores in these two markets in partnership with Rolex, TAG Heuer, Omega and Breitling) and has a leading presence in Heathrow Airport with representation in Terminals 2, 3, 4 and 5 as well as five transactional websites.

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

Mappin & Webb holds Royal warrants as goldsmiths, silversmiths and jeweller to Her Majesty The Queen and silversmiths to His Royal Highness The Prince of Wales. The Mappin & Webb master jeweller has been Crown Jeweller, custodian of the Crown Jewels of Her Majesty The Queen since 2012.

<https://www.thewosgroupplc.com>

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