

The Watches of Switzerland Group

H1 FY21 Results

December 2020

26 weeks ended 25 October 2020



WATCHES OF
SWITZERLAND
SINCE 1924

Mappin & Webb
LONDON

GOLDSMITHS
SINCE 1778

EST 1910
MAYORS
FINE JEWELRY & TIMEPIECES

Agenda

CEO Update

Brian Duffy, Chief Executive Officer

UK Update

Craig Bolton, Executive Director UK

US Update

David Hurley, Executive Vice President US

Financial Review & Outlook

Anders Romberg, Chief Financial Officer

Q&A





The Watches of Switzerland Group

CEO Update

Brian Duffy, CEO



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Our strategies are working and continue

Good overall sales performance delivered given significant headwinds
H1 FY21 Revenue -2.6%, Q2 FY21 +21.5% vs LY (constant currency); we estimate a sales impact of c. £80 million due to pandemic-related disruption

Digital activity, online and marketing step up, CRM and click & collect all positively demonstrated our ambition, adaptability and technical strength

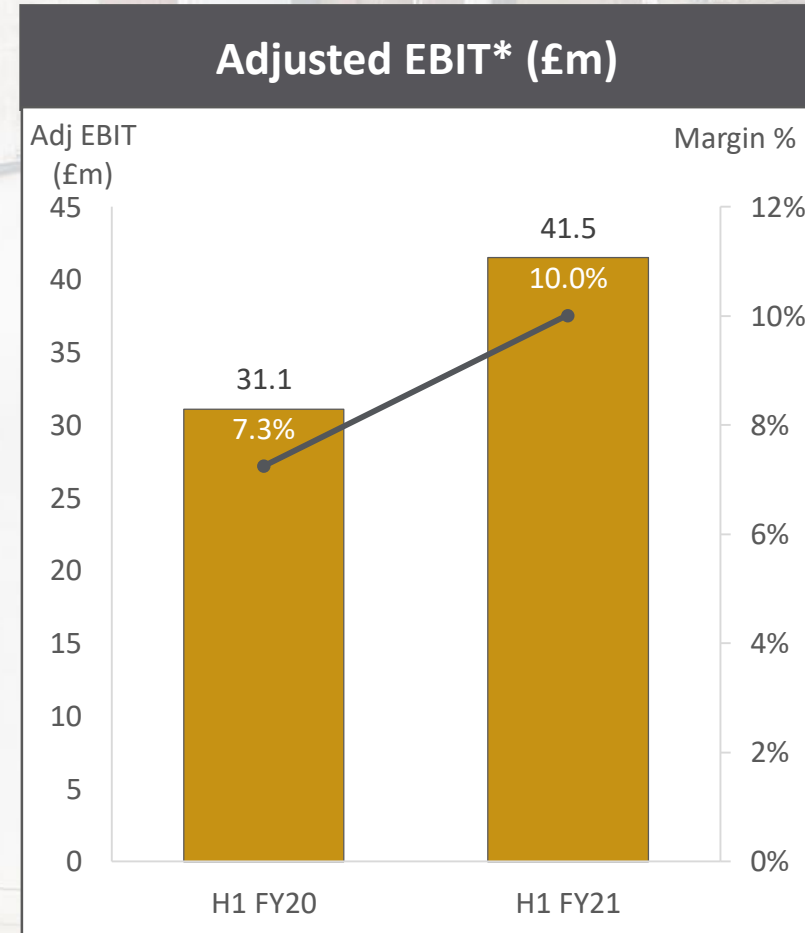
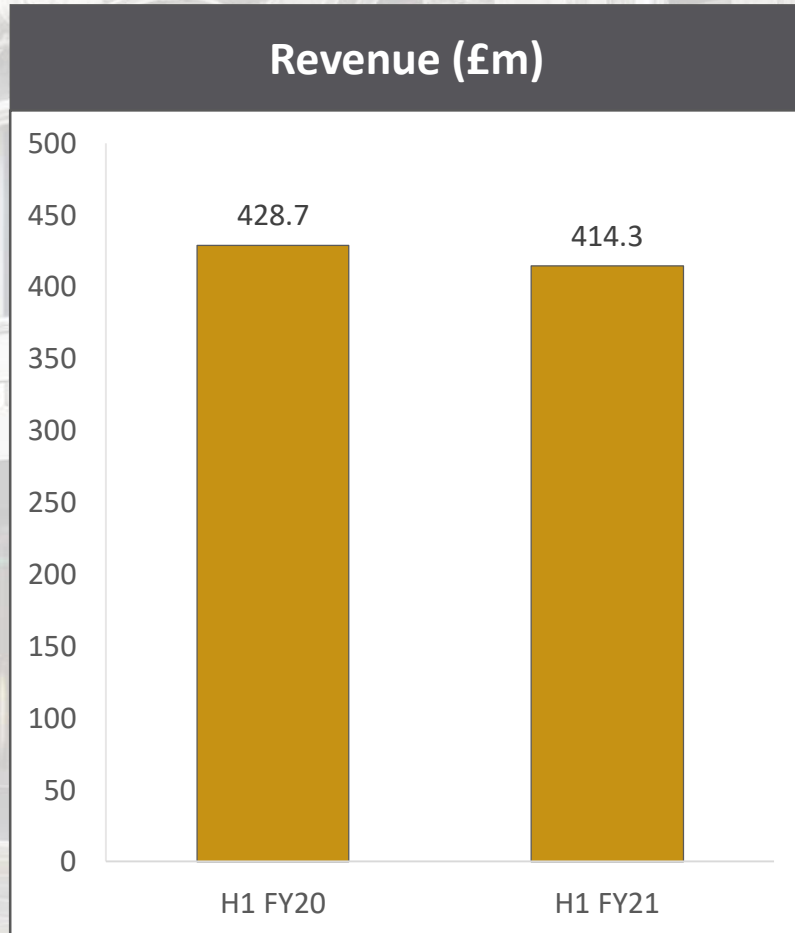
Positive cash management and reduced net debt
Net debt £22.7m (25 Oct 2020) vs £92.0m (27 Oct 2019)

Proud of our teams' positive attitude and commitment, full employment and salary payment maintained during lockdown and disrupted trading

Well positioned for future growth



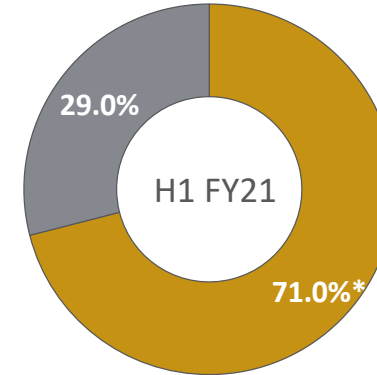
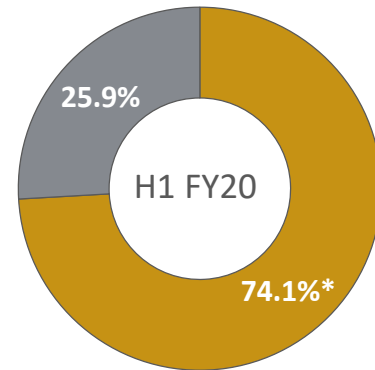
Delivering on Strategic Goals



* Operating profit before exceptional items and IFRS 16 impact

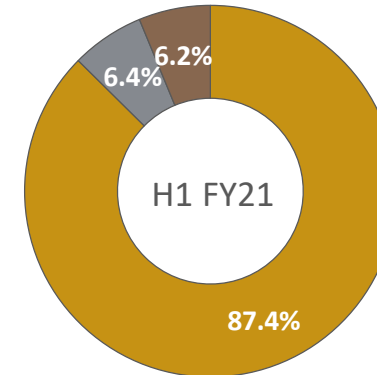
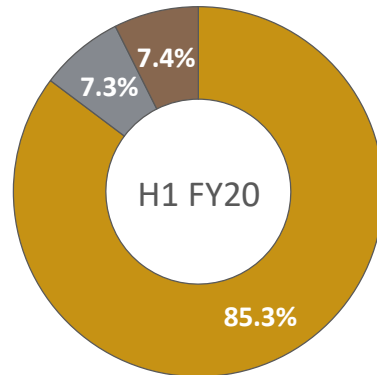
Performance Driven by Luxury Watches, Domestic Clientele

Revenue mix by market

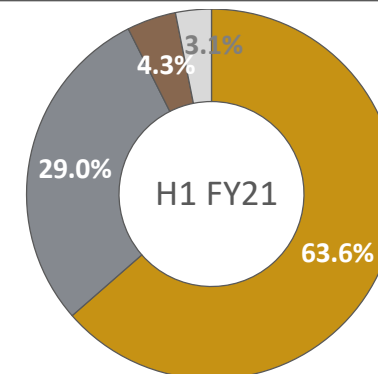
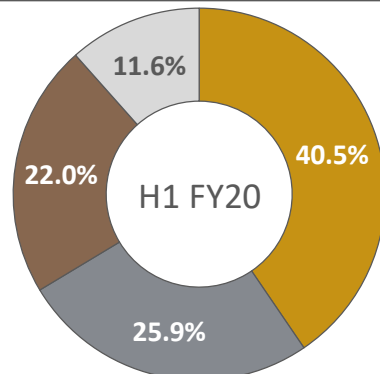


*UK includes ecommerce sales:
H1 FY20 = 4.3% of Group revenue
H1 FY21 = 7.3% of Group revenue

Revenue mix by category



Revenue mix by customer segment



UK: Increased Marketing Spend Driving Digital Awareness and Sales

WATCHES OF SWITZERLAND

Part of The Watches of Switzerland Group

SHOP ONLINE
FOR NEXT DAY DELIVERY

HUBLOT

SHOP ONLINE
FOR NEXT DAY DELIVERY

OMEGA

SHOP ONLINE
FOR NEXT DAY DELIVERY

EXPERTS IN LUXURY WATCHES

BOOK NOW
FOR A PERSONAL
APPOINTMENT

Optimum precision by Vacheron Constantin, the sophisticated Overseas Dual Timed watch is fitted with its calibre 5110 DT automatic movement and 60-hour power reserve.

Discover Vacheron Constantin in the UK > <https://bit.ly/37NgMpX>
Discover Vacheron Constantin in the US > <https://bit.ly/2Jlm49u>

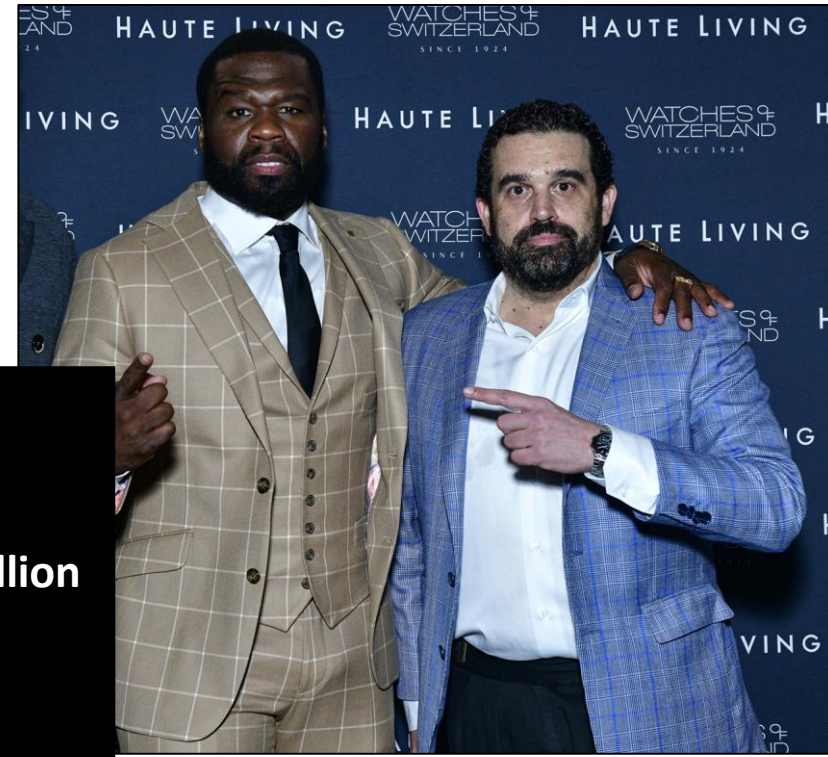
YouTube Google Display Network Instagram Facebook

0:05 / 0:30

FY21 Half Year Digital Reach
(Up to 1 Nov 2020)

Monthly Social Media Reach 41.7 million
Digital Campaign Impressions 1 billion
Total Campaign Clicks 10.7 million

US: Impactful Event and PR Activity Driving Awareness and Sales



FY21 Half Year Digital Reach
(Up to 1 Nov 2020)

Mayors Monthly Social Media Impressions 2.2 million
Digital Campaign Impressions 47 million
PR Impressions 1 billion



No supply disruption from major brand partners anticipated

Continued support for our colleagues with European citizenship


Reduced international business lessens pricing arbitrage resulting from potential exchange rate differential

No potential transactional FX impact as both our UK and US entities purchase predominantly in local currency

Strong UK domestic clientele reduces potential impact from removal of duty free shopping in the UK

Our People





The Watches of Switzerland Group

UK Update

Craig Bolton, Executive Director UK



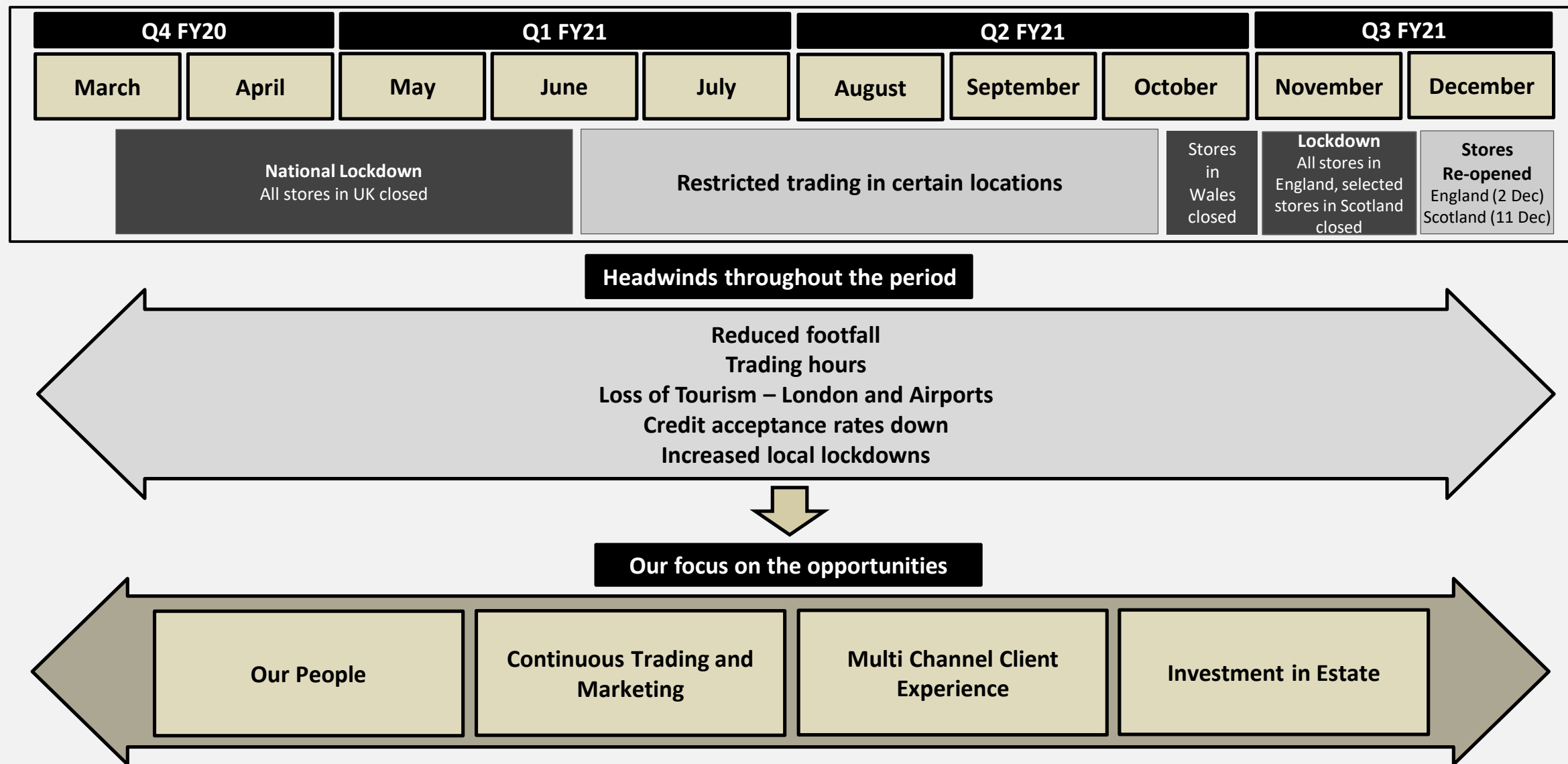
WATCHES OF
SWITZERLAND
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Mappin & Webb
LONDON

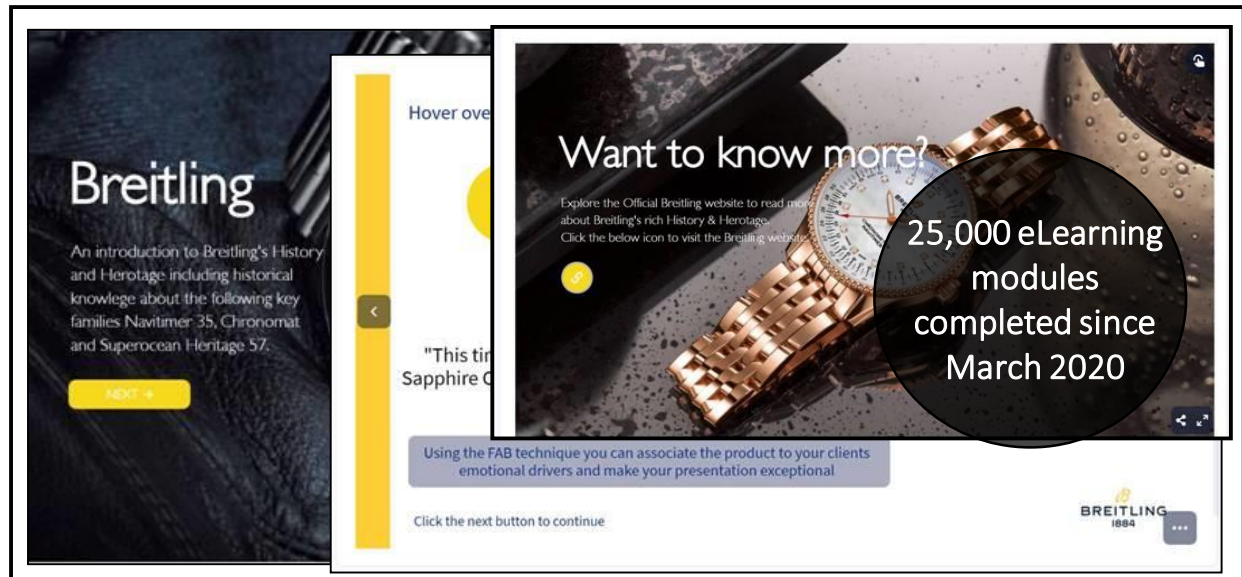
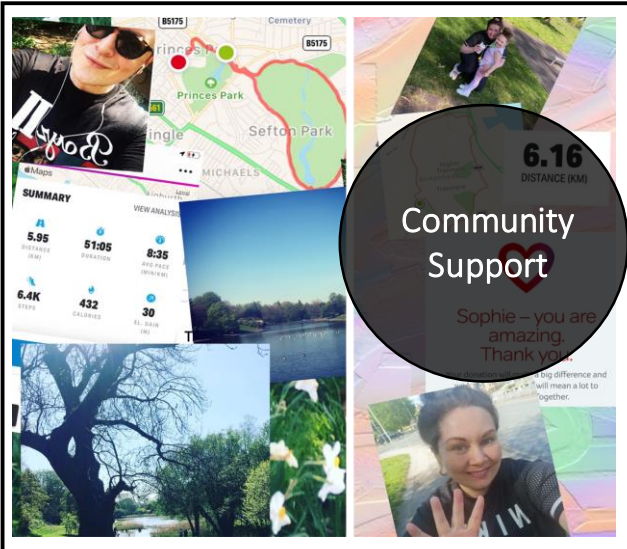
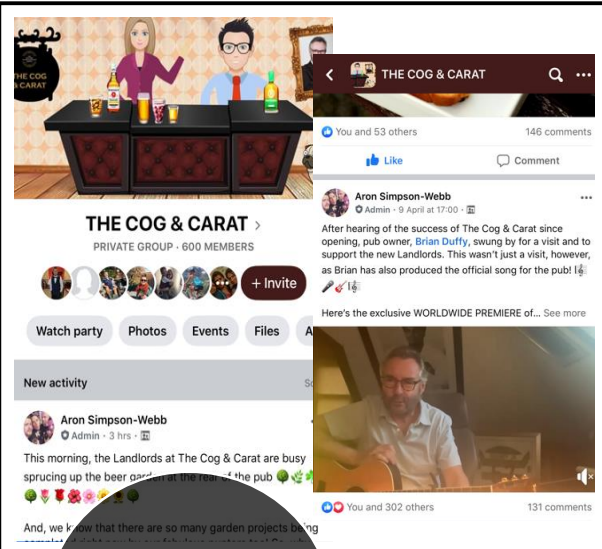
GOLDSMITHS
SINCE 1778

EST 1910
MAYORS
FINE JEWELRY & TIMEPIECES

Timeline Since March 2020 Lockdown



Our People



Ensuring Continuous Trading

Deposit programme and Clientelling

YOUR GUIDE TO PANERAI'S 2020 NOVELTIES

BOLD MOVES
New materials and an exciting partnership with Team Luna Rossa mark 70 years of the Panerai Luminor

OFFICINE PANERAI

Click & Collect in over 70 Stores

Online Focus – New Transactional Brands

PANERAI
Founded in Florence in 1860 as a workshop, shop and school of watch-making, for...

JAEGER-LECOULTRE

VACHERON CONSTANTIN
GENÈVE

ROGER DUBUIS
PIAGET
Grand Seiko

Product Investment – New & Exclusives



Enhanced Marketing Activity

WATCHES OF SWITZERLAND
Part of The Watches of Switzerland Group
SHOP ONLINE FOR NEXT DAY DELIVERY

WATCHES OF SWITZERLAND
SHOP ONLINE TODAY


WE'RE HERE TO HELP
Our stores in England may be closed but you can still shop with us online

WE'RE HERE TO HELP
Our stores in England may be closed but you can still shop with us online

Traditional Media
FT
FINANCIAL TIMES
THE TIMES
The Telegraph
ES


By Personal Appointment

■ BY PERSONAL ■ APPOINTMENT




IN-STORE

Visit us in one of our showrooms for a meeting with a dedicated member of our team.



PHONE

Stay at home and speak to one of our showroom colleagues on the telephone.



VIDEO




Dial in using Zoom for a face-to-face meeting from the comfort of your own home.

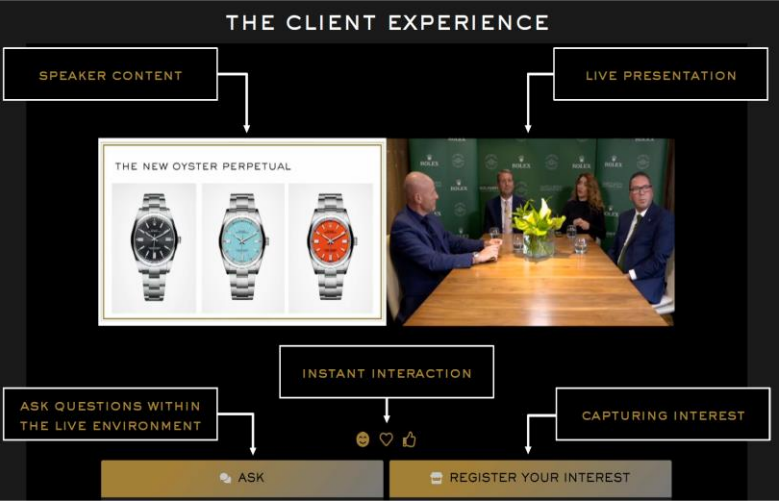


Virtual Client Events

“WHAT AN AMAZING OPPORTUNITY TO SEE THESE BEAUTIFUL PIECES!”

“FIRST OF ALL THANK YOU VERY MUCH FOR TAKING THE TIME AND HOSTING TONIGHT MUCH APPRECIATED AND SUPER HELPFUL.”



Virtual Luxury Boutique



LUXURY WATCHES

VIRTUAL BOUTIQUE

Let our in-house experts guide you through your own personalised shopping experience from the comfort of your own home or office. Our hands-free co-browsing option allows you to sit back and chat with our experts as they do the browsing for you.

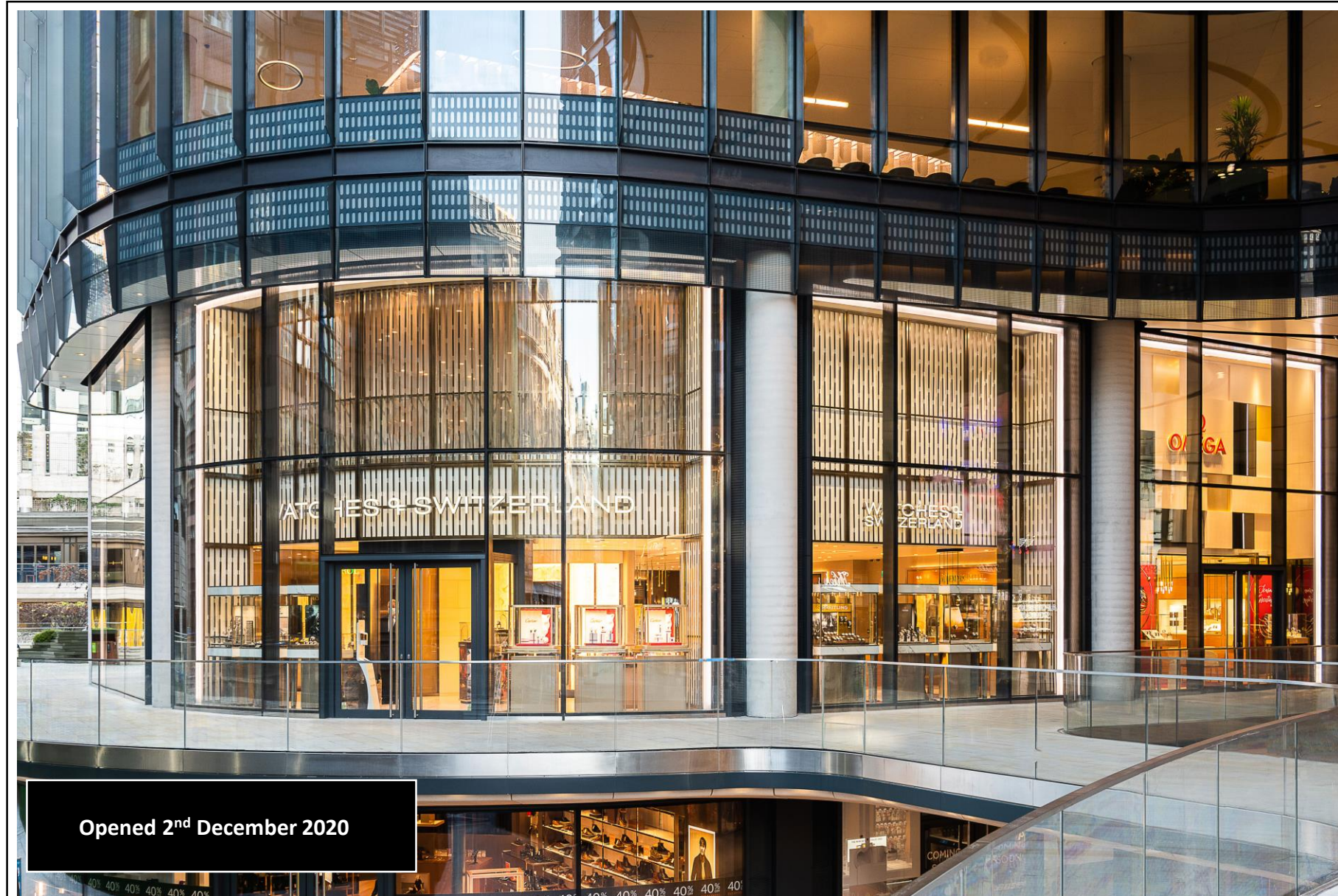
START LIVE CONSULTATION*



Investment: New Stores



Investment: Watches of Switzerland Broadgate



Investment: Watches of Switzerland Knightsbridge



Opened 2nd December 2020



Investment: Bluewater Omega and Breitling Mono-Brand Boutique



Investment: Cardiff Breitling Mono-Brand Boutique



Opening December 2020

Mono-Brand Boutiques

Expansion of mono-brand boutique network



Start of
FY21

17

End of
FY21

26



Fraser Hart Store Development



New Goldsmiths Luxury Concept



New Goldsmiths Luxury Concept



New Goldsmiths Luxury Concept



UK Division Focus on Opportunities

Maximising the opportunities



Our People



Highly Motivated and Energised

Continuous Trading



Achieving Market Share Gains

Multi-Channel Client Experience



Team and Technically Advantaged

Investing in Marketing and the Estate



Accelerated Investment and Expansion



The Watches of Switzerland Group

US Update

David Hurley, Executive Vice President



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SWITZERLAND
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LONDON

GOLD SMITHS
SINCE 1778

EST 1910
MAYORS
FINE JEWELRY & TIMEPIECES

Key Priorities

- Health & Safety of our Colleagues & Clients
- Continue to Elevate the Customer Experience
- Maintaining our Capital Expenditure Programme including Mono-brand Boutique Expansion
- Ecommerce Launch
- Marketing Successes Delivering Brand Elevation and Product Appeal



Customer Experience: Virtual

nicksullivanesc 21m

#borntodare
#TudorWatch
#watchesofswitzerland

TUDOR WATCH PRESENTS
AN UNBOXING WITH

BRIAN DUFFY
THE WATCHES OF SWITZERLAND GROUP CEO

&

NICK SULLIVAN
CREATIVE DIRECTOR OF ESQUIRE

TODAY
9 AM PST | 12 PM EST | 5 PM BST
INSTAGRAM LIVE

Join me at 12 NY time today for my
first ever live watch unboxing of
the newest hottest thing from
@tudorwatch with Brian Duffy
CEO of
@watchesofswitzerland_official



TUDOR BLACK BAY FIFTY-EIGHT

DEEP
IMPACT

Tudor makes a splash with a new
blue version of its iconic
dive watch – the Black Bay
Fifty-Eight 'Navy Blue'

TUDOR

TUDOR BLACK BAY FIFTY-EIGHT

Blue is the new black

The Black Bay is at the heart of Tudor's catalogue, and the brand has given the collection an exciting new dimension with these maritime-inspired models, available with three varieties of strap.

Weekend off
The 70-hour power reserve of the MT5402 calibre means this watch is 'weekend-proof' – you can remove it on Friday, then put it on again on Monday morning without needing to make any adjustment.

TUDOR BLACK BAY FIFTY-EIGHT 'NAVY BLUE'
316L steel 39mm case and bracelet, automatic COSC-certified movement, approximate 70-hour power reserve, unidirectional rotating bezel, water-resistant to 200m.
Product code: 17720SL
£2,760 / \$3,000

mayorswatches 41m

Tune in today at 12PM EST (5PM BST)
for a very special Instagram Live
unveiling on
@watchesofswitzerland_official

with Esquire's Creative Director
@nicksullivanesc

TUDOR

TUDOR and Watches of Switzerland
invite you to join us for an exclusive
shopping experience as we unveil the
newest timepiece release from TUDOR

PRIVATE IN-STORE APPOINTMENTS
JULY 1 & 2 ONLY

Lorcan McCabe
lorcan.mccabe@thewsogroup.com | 646-973-3363
Watches of Switzerland Soho
60 Greene St
New York, NY 10012

WATCHES OF
SWITZERLAND
SINCE 1924

INSTAGRAM LIVE
@watchesofswitzerland_official

WEDNESDAY, JULY 1 | 12 PM EST

Hosted by
BRIAN DUFFY
The Watches of Switzerland
&
NICK SULLIVAN
Creative Director of Esquire

#BORN
TODARE

Tudor Black Bay Launch

Customer Experience: Virtual





WATCHES OF SWITZERLAND



HAUTE TIME

PRESENT

An interactive virtual culinary and timepiece experience centered around Japanese culture.

Join us for a moderated conversation hosted by **Kamal Hotchandani**, CEO of Haute Media Group with **Masaharu Morimoto**, “Iron Chef” live from his kitchen, **David Hurley**, Executive Vice President, The Watches of Switzerland Group and **Brice Le Troadec**, President, Grand Seiko Corporation of America live from “The Nature of Time”, Grand Seiko and Watches of Switzerland’s Soho immersive pop-up as they discuss the history of the brand, exhibition and gorgeous product. Following, “Iron Chef” Masaharu Morimoto will demonstrate the art of how to slice and dice fresh fish with an interactive sushi making demonstration at home.

Wednesday October 14th | 7pm EST



Masaharu Morimoto
“Iron Chef”



Brice Le Troadec
President, Grand Seiko Corporation of America

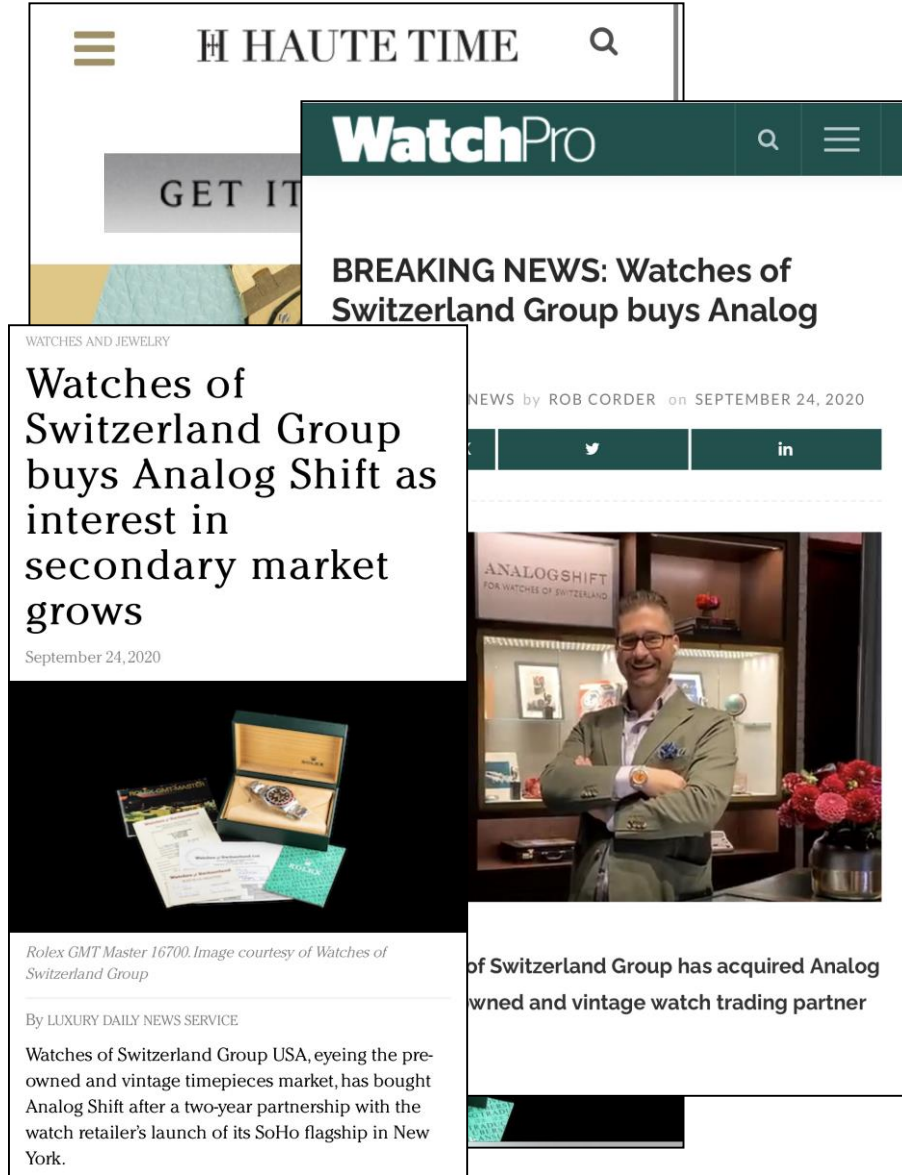
address for delivery of our culinary kit
objects by emailing lauren@hauteliving.com



Chef Morimoto Virtual Dinner

Customer Experience: Virtual

Analog Shift Instagram Event



Customer Experience: Physical


Mayors Café and In-Person Appointments

MAYORS
CAFÉ
SERVICE BY APPOINTMENT



Customer Experience: Physical




PATEK PHILIPPE
GENEVE

WATCHES OF SWITZERLAND

CORDIALLY INVITES YOU TO A PRIVATE SHOWING OF THE
PATEK PHILIPPE 2020 NOVELTIES AND CURRENT COLLECTION

THURSDAY, DECEMBER 3RD – SUNDAY, DECEMBER 6TH

WATCHES OF SWITZERLAND
HUDSON YARDS

KINDLY RSVP TO KELLY YOCH
KELLY.YOCH@THEWOSGROUP.COM
BY FRIDAY, NOVEMBER 20TH

WATCHES OF SWITZERLAND
SINCE 1924



Patek Philippe Event

2020 **GENEVA
WATCH
DAYS**



WATCHES OF
SWITZERLAND
SINCE 1924

INVITES YOU TO OUR

**GENEVA WATCH DAYS 2020
LIMITED EXHIBITION**

TIMEPIECES FRESH FROM GENEVA
DEBUTING FOR THE FIRST TIME IN THE U.S.

ON VIEW FROM

SEPTEMBER 16 – 19

11 AM TO 7 PM

WATCHES OF SWITZERLAND SOHO
60 GREENE STREET
NEW YORK, NY



Geneva Watch Days

Customer Experience: Physical

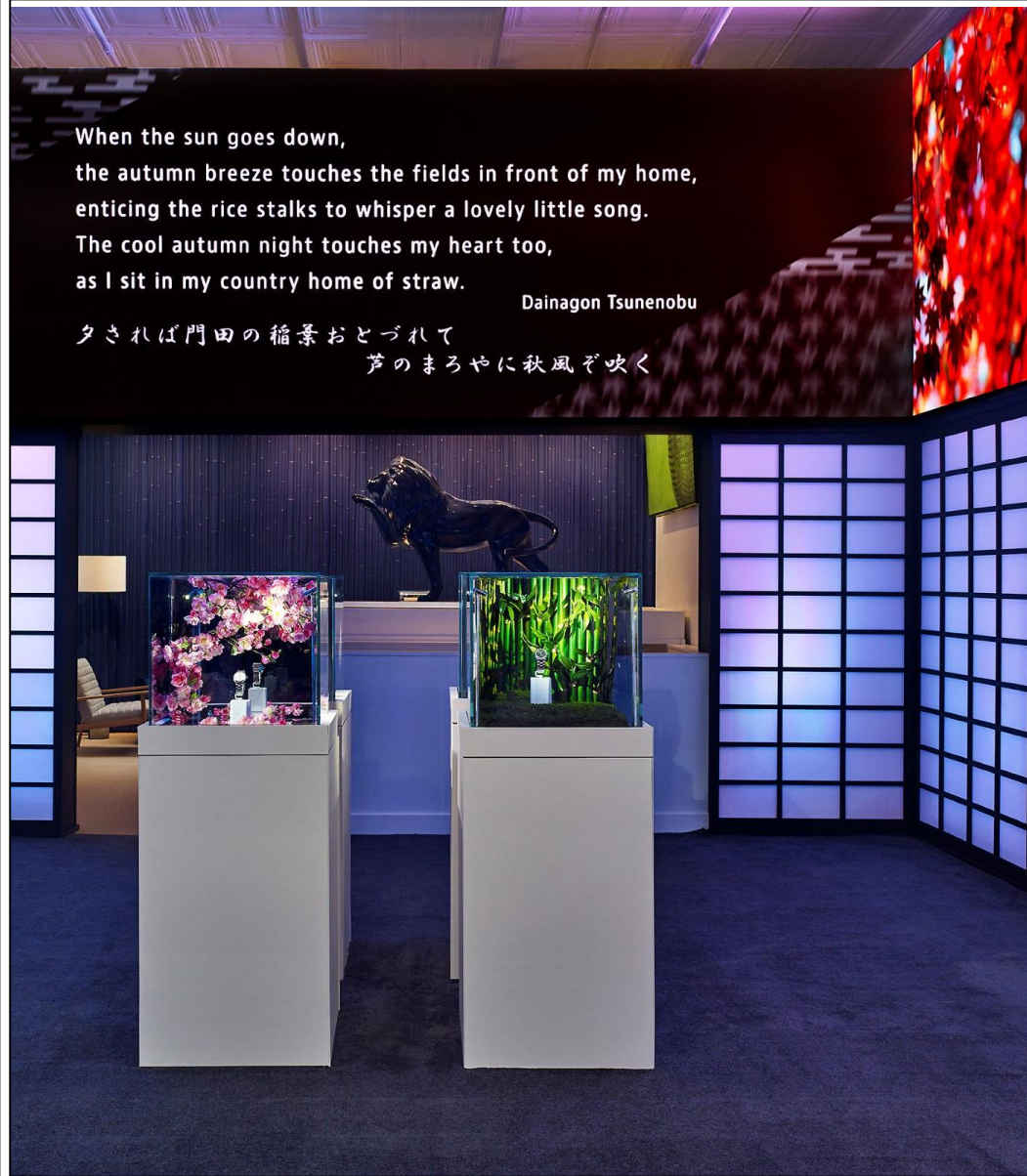
Grand Seiko Nature of Time



When the sun goes down,
the autumn breeze touches the fields in front of my home,
enticing the rice stalks to whisper a lovely little song.
The cool autumn night touches my heart too,
as I sit in my country home of straw.

Dainagon Tsunenobu

夕されば門田の稲葉おとづれて
芦のまろやに秋風ぞ吹く



Mono-Boutique Expansion



Roosevelt Field – Garden City, NY



The Gardens – Palm Beach Gardens, FL

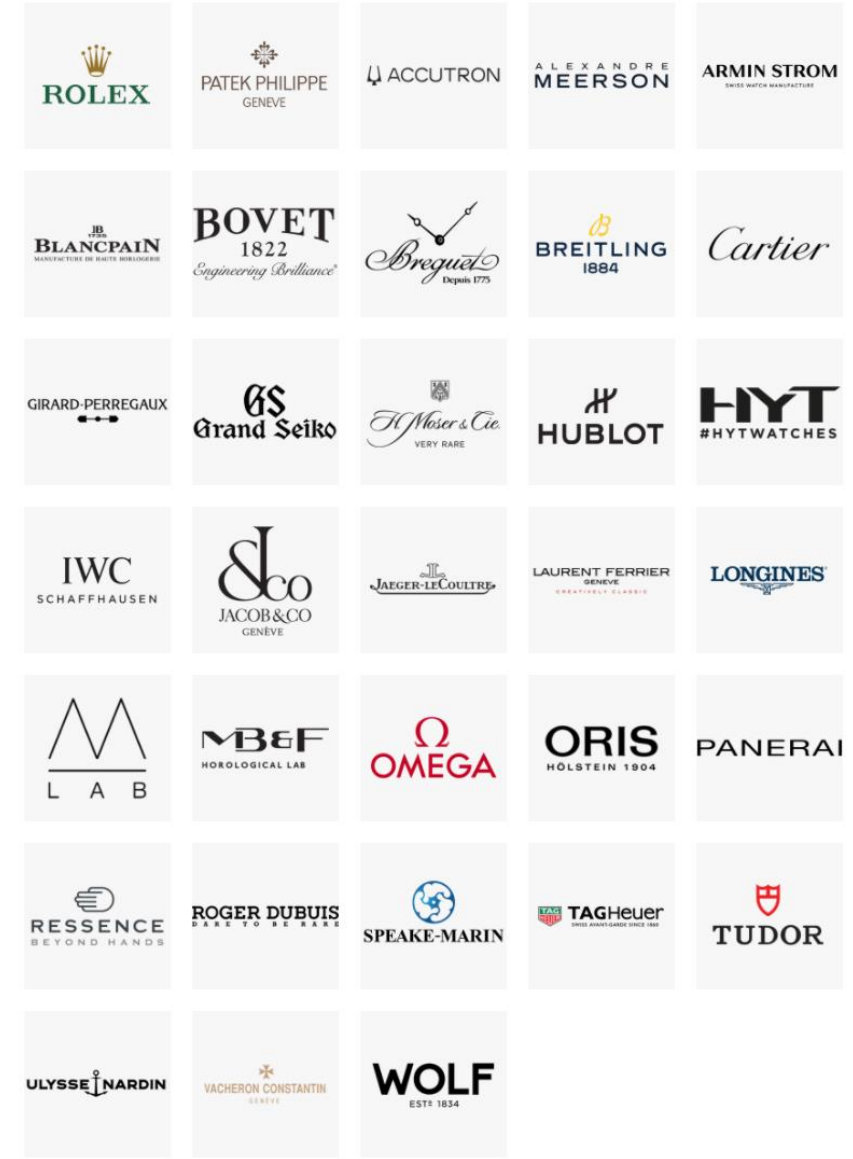
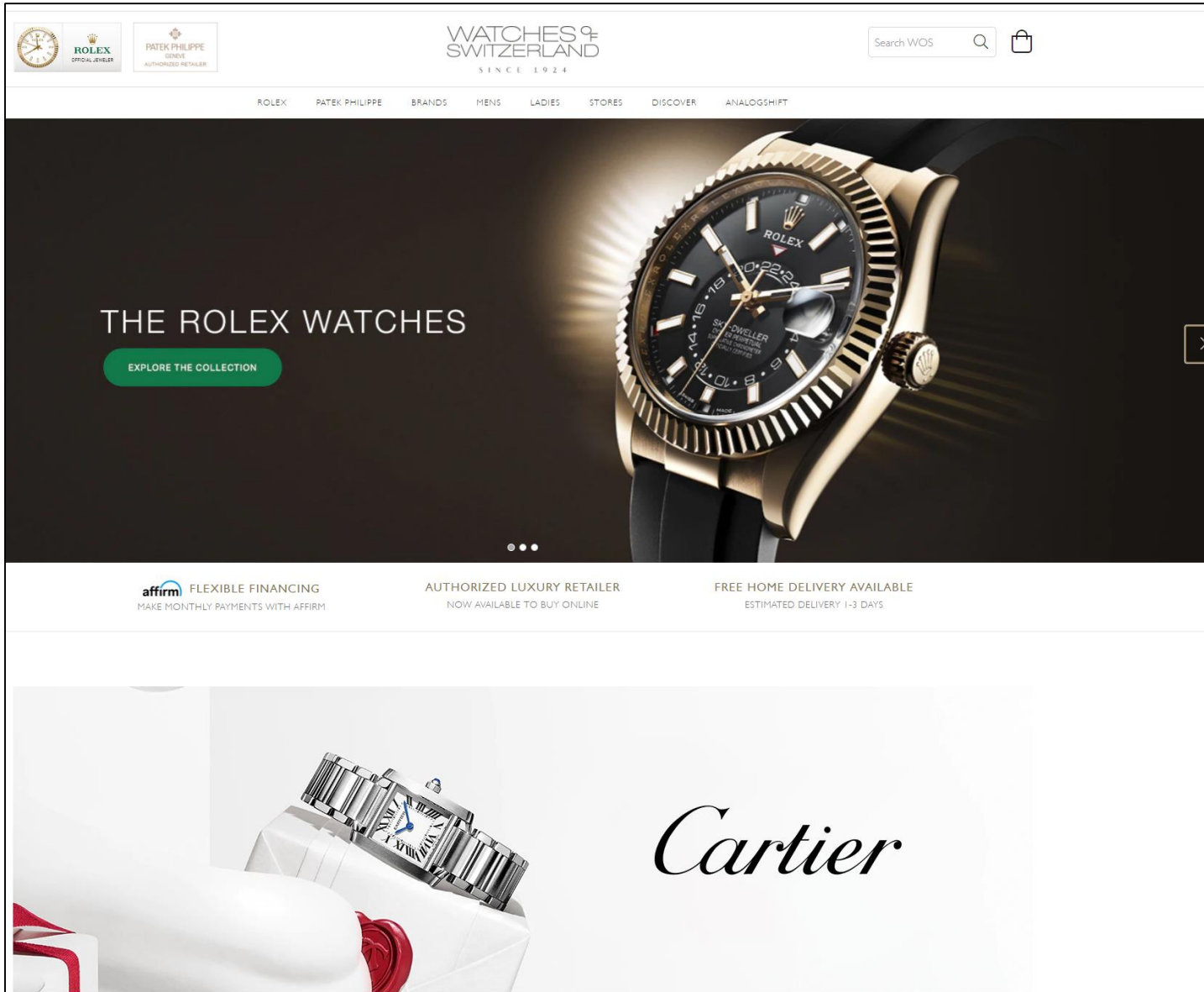


The Gardens – Palm Beach Gardens, FL



King of Prussia – King of Prussia, PA

Ecommerce Launch



Marketing: 50 Cent's Dinner Soho



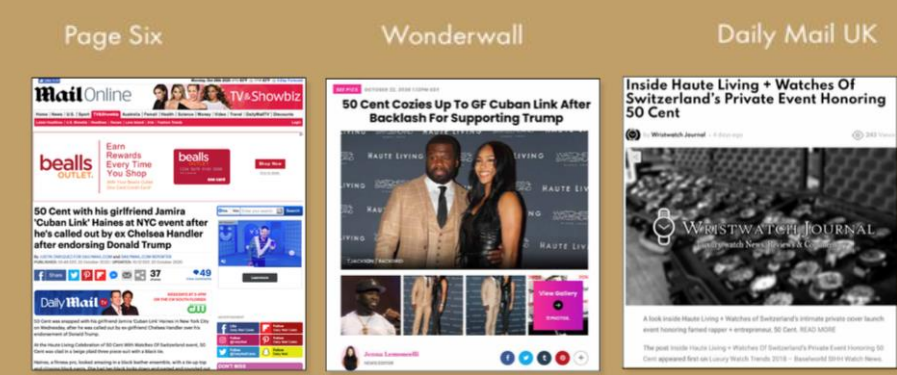
Inside Haute Living + Watches Of Switzerland's Private Event Honoring 50 Cent

by Wristwatch Journal • 4 days ago 243 Views



A look inside Haute Living + Watches of Switzerland's intimate private cover launch event honoring famed rapper + entrepreneur, 50 Cent. [READ MORE](#)

The post Inside Haute Living + Watches Of Switzerland's Private Event Honoring 50 Cent appeared first on [Luxury Watch Trends 2018 - Baselworld SIHH Watch News](#).



@50cent
26.2M IG FOLLOWERS
4 posts

Marketing: Contemporary Artist, Olivia Steele Installation



Marketing: New Multibranded Campaign Mayors Jewellery Début

PRESENTED BY
WWD Studios

Bangle bracelets
and a layered look is
trending in jewelry.

MAYORAL DEBUT

Heritage jewelry company Mayors takes a modern approach to shopping for baubles and bling.

In a sparkling, saturated market, acquiring your next favorite accessory can create a paradox of choice, be it lasting after gem-laden jewelry or a diamond-encrusted timepiece.

That's why Mayors sees an opportunity to strategically position itself as a one-stop-shop, from personal to purchase and caters its selection to meet the desires and expectations of the modern consumer.

Mayors, an e-commerce and brick-and-mortar jewelry and timepiece retail brand that was acquired by The Watches of Switzerland Group in 2017, has recently evolved almost every aspect of its business. Self-described as a "destination" lifestyle jewelry and watch retailer, the brand takes an inclusive approach to luxury, as its customer can be categorized as high-end or aspirational, which aligns with the mission of its parent company.

For a heritage brand just over 110-years old, catering to a modern consumer means staying on top of what women want now—and according to Mayors, that's some semblance of mixing jewelry and layering to reflect individual style—with an emphasis on quality and enduring craftsmanship.

David Hurley, executive vice president of The Watches of Switzerland Group, told WWD, "Earlier on, Mayors differentiated itself with its outstanding service and exceptional product offering and it continued that for generations—we've just celebrated 110 years. Over the years, Mayors expanded and is now the premier jewelry and watch resource in Florida and Georgia. We not only offer a wide array of leading timepiece and jewelry brands, including Rolex, Omega, Bulgari, Mikimoto, Gucci and Messika, among others, but we also offer bespoke services to its discerning clients."

Hurley added, "Now being part of The Watches of Switzerland Group, Mayors is

in the midst of a wave of expansion and modernization. New store designs and renovations are coming across the Mayors portfolio and boutiques are expanding in key markets like Aventura. In Atlanta, the Mayors team also oversees both a Rolex and an Audemars Piguet boutique."

Mayors' key differentiator is how it caters to the modern jewelry and watch consumer. Hurley told WWD that the brand has a "solid understanding" of how today's consumers are shopping—and living. "When it comes to jewelry, she wants to express her individuality. That could mean a statement piece that defines her look, or jewelry wardrobe essentials that she never takes off."

As far as growing trends, Hurley added

that distinctive, personal style has risen above lasting after typical designer pieces. "Increasingly she's layering in different pieces to create her own distinctive look. We recognize that at Mayors, and so you'll see the store merchandised to accommodate that. It's also a big part of our new campaign and you'll see that reflected on our social channels. The idea is to assist in providing 'shop the look' opportunities across the board."

Integration for Inspiration

The "Shop the look" functionality will soon be a new feature on Mayors.com, allowing customers to seamlessly shop the looks worn by models throughout its campaigns, which speaks to Mayors' aim

to reflect their client's predilection for mixing and styling jewelry from a variety of brands. The company's new image campaign, which is set to debut in January, was shot by creative director and photographer Jay Gullion, styled by David Thiebele and features models Juana Burgos and Gizelle Oliveira.

Set in a dreamy modernist hilltop home overlooking Topanga Canyon and the Pacific Ocean, the campaign strives to be both aspirational and attainable, offering a view through the "Mayors lens" as it relates to women, style, wardrobe, and investment.

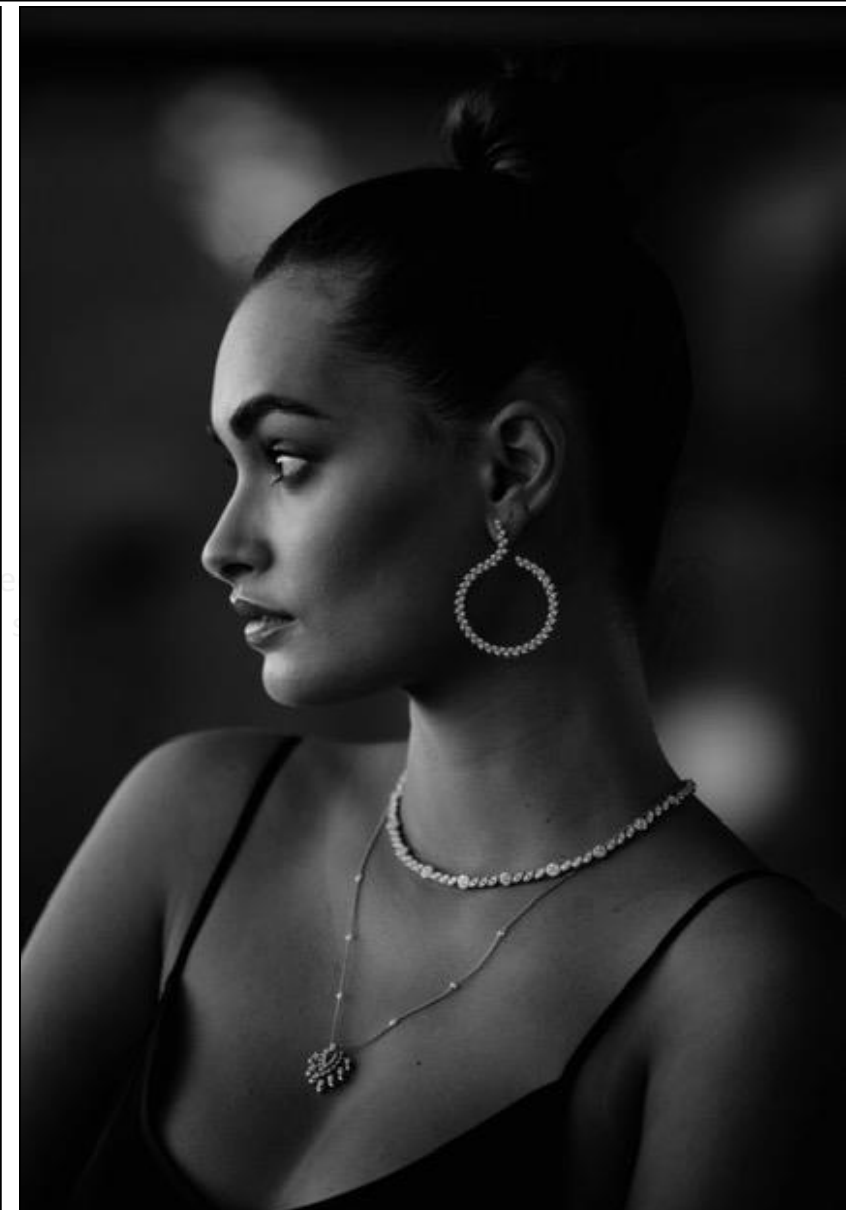
Katie Reed, vice president of marketing at Mayors' parent company, The Watches of Switzerland Group, noted that "there is a strong duality to modern women, and we wanted the new campaign for Mayors to embody that complexity. We've had the fortunate opportunity to align best in class creatives who understand and can translate the Mayors universe through compelling visual storytelling."

“

When it comes to jewelry, she wants to express her individuality.”

David Hurley
Executive vice president
of The Watches of
Switzerland Group.

A pair of bold
hoop earrings
complete the look.



Marketing: Celebrity Dressing for Mayors Jewellery – American Music Awards



Swipe up to shop the @roberto_coin
Marquesa Collection,
available only at Mayors.

Fragmented Market

Momentum in the Marketplace

Initiatives to Drive Future Growth Through:



Refurbishments

**New Projects / White
Space**

Ecommerce

Acquisitions

The Watches of Switzerland Group

Financial Results & Outlook

Anders Romberg, CFO



WATCHES OF
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(£m)	H1 FY21	H1 FY20	Yoy %
Group revenue	414.3	428.7	(3.4)%
Net margin	150.5	160.6	(6.3)%
Margin %	36.3%	37.5%	(120)bps
Store costs	(72.1)	(93.1)	22.6%
4-wall EBITDA	78.4	67.5	16.2%
Margin %	18.9%	15.7%	320bps
Overheads	(24.3)	(23.8)	(2.3)%
Opening and closing costs	(1.9)	(2.5)	22.2%
Adjusted EBITDA	52.2	41.2	26.5%
Margin %	12.6%	9.6%	300bps
Adjusted EBIT	41.5	31.1	33.1%
Margin %	10.0%	7.3%	270bps
Finance costs	(3.2)	(4.6)	31.7%
Adjusted profit before tax	38.3	26.5	44.5%
Adjusted EPS (p)	12.6	9.3	35.5%

- **Adjusted EBITDA +26.5%** to £52.2 million, achieving **margin of 12.6%** (H1 FY20: 9.6%)
- **Adjusted EBIT +33.1%** to £41.5 million (H1 FY20: £31.1 million)
- **Net margin -120 basis points**, primarily reflecting **product mix**
- H1 impacted by significant disruption in the UK and US:
 - **estimated revenue loss c. £80 million**
- **Illustrative* EBITDA margin 11.1%** after accounting for sales and profit impact from COVID-19

* For H1 FY21, we estimate the Group lost sales of approximately £80.0 million which translated to approximately £16.0 million in lost Adjusted EBITDA. During the period, the Group received a total of £13.3 million in government support including UK furlough, US Paycheck Protection Program and benefit from the UK business rates holiday.

Balance Sheet (pre-IFRS 16)

(£m)	25 Oct 2020	27 Oct 2019	Yoy %
Non-current assets			
Goodwill & Intangible assets	151.9	127.0	19.6%
PPE	97.9	105.3	(7.0)%
Other	9.0	13.6	(33.8)%
Current assets			
Inventories	221.9	220.7	0.5%
Trade and other receivables	17.6	22.8	(22.8)%
Cash and cash equivalents	119.8	51.4	133.1%
Current liabilities			
Trade and other payables	(197.6)	(163.1)	21.2%
Borrowings	-	(23.4)	n/m
Other	(2.7)	(2.8)	(3.6)%
Non-current liabilities			
Trade and other payables	(22.1)	(20.7)	6.8%
Borrowings	(139.7)	(116.8)	19.6%
Other	(12.0)	(6.2)	93.5%
Net assets	244.0	207.8	17.4%

- **Continued investment** with £9.1 million of expansionary capex (H1 FY20: £12.5 million)
- **Controlled inventory levels**, +£1.2 million (0.5%) vs last year
- **Trade and other receivables £5.2 million lower than H1 FY20:**
 - Switched from in-house credit offer to third parties
- **Trade and other payables +£35.9 million vs last year** due to stock intake and increased customer deposits
- **Net debt of £22.7 million** as at 25 October 2020 (H1 FY20: £92.0 million)

(£m)	H1 FY21	H1 FY20	Yoy %
Adjusted EBITDA	52.2	41.2	26.5%
Share-based payments	1.6	0.1	n/m
Working capital	69.9	18.4	280.9%
Cash generated from operations	123.7	59.7	107.3%
Pension contributions, tax paid	(4.6)	(6.3)	26.3%
Interest	(2.6)	(8.9)	70.9%
Maintenance capex	(0.4)	(0.4)	0.0%
Free cashflow	116.1	44.1	163.0%
Expansionary capex & acquisition	(8.7)	(15.3)	(43.8)%
Financing activities*	(59.7)	(11.7)	(411.5)%
Cashflow	47.7	17.1	178.3%

* H1 FY21: £59.7 million non-term loan borrowings paid back in the period; H1 FY20: £11.7m reduction in debt net of IPO proceeds

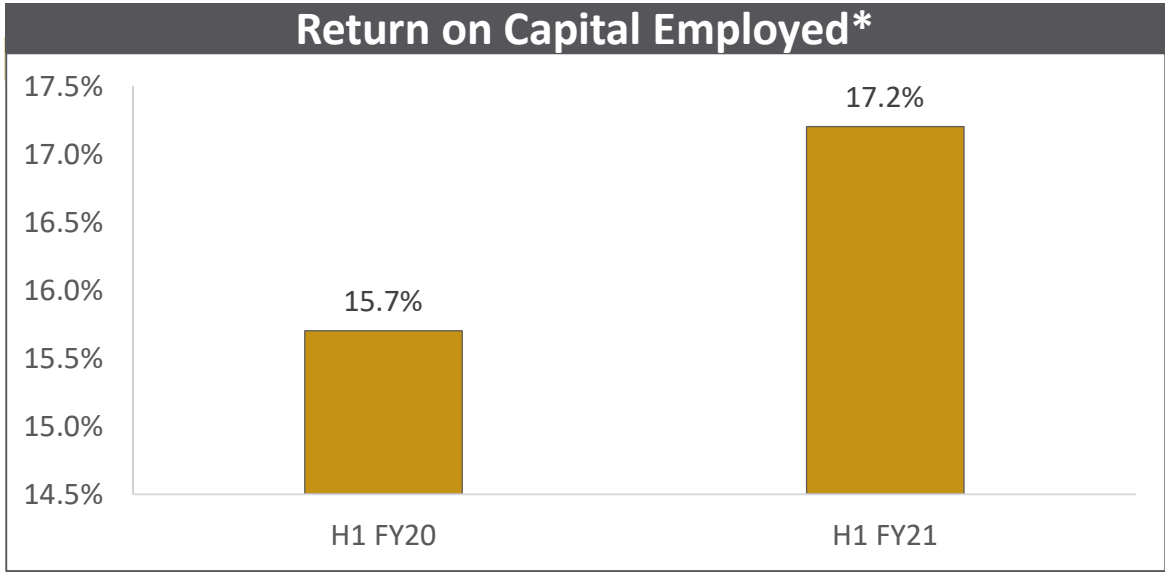
Free cash flow +£72.0 million (+163.0%) to £116.1 million

- **Further improvement in working capital**
- **Free cash flow conversion of 222.6%** (H1 FY20: 107.1%)
- **Expansionary capex of £8.6 million** (H1 FY20: £15.3 million) due to the timing of capital projects:
 - Six stores opened
 - Two stores expanded
 - One store refurbished

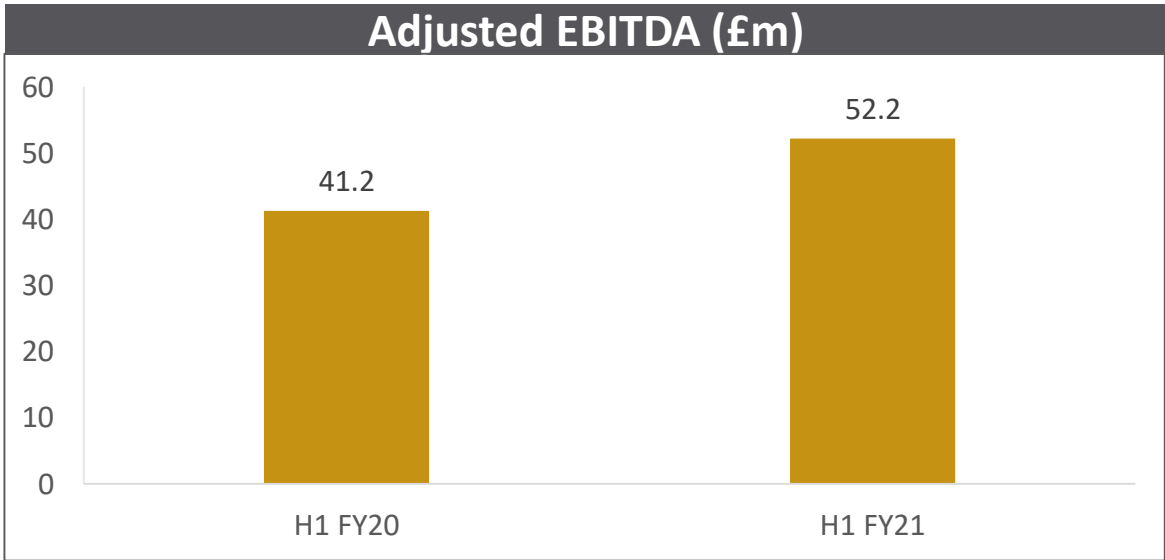
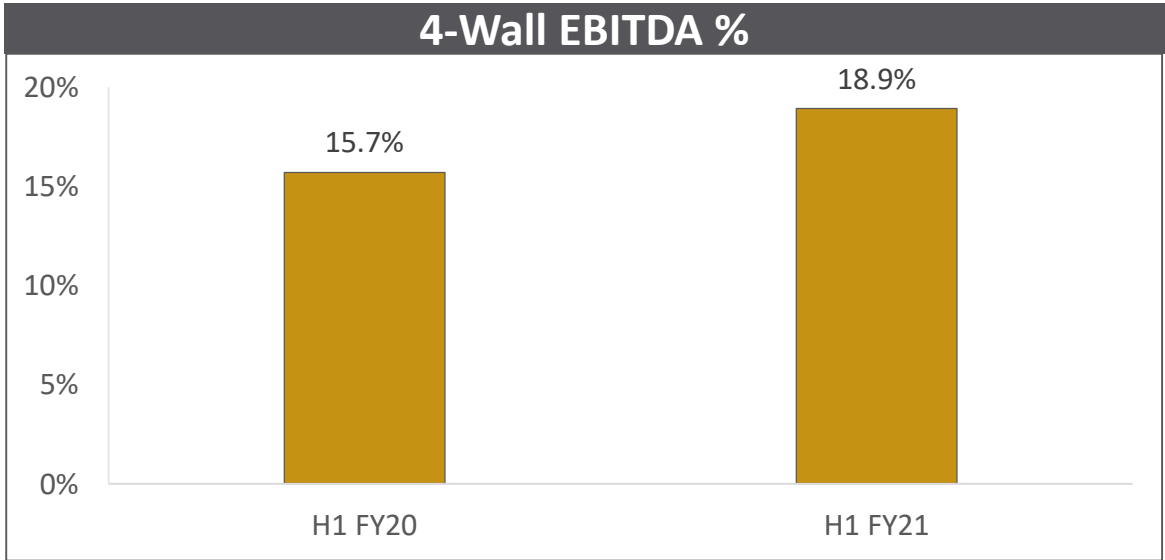
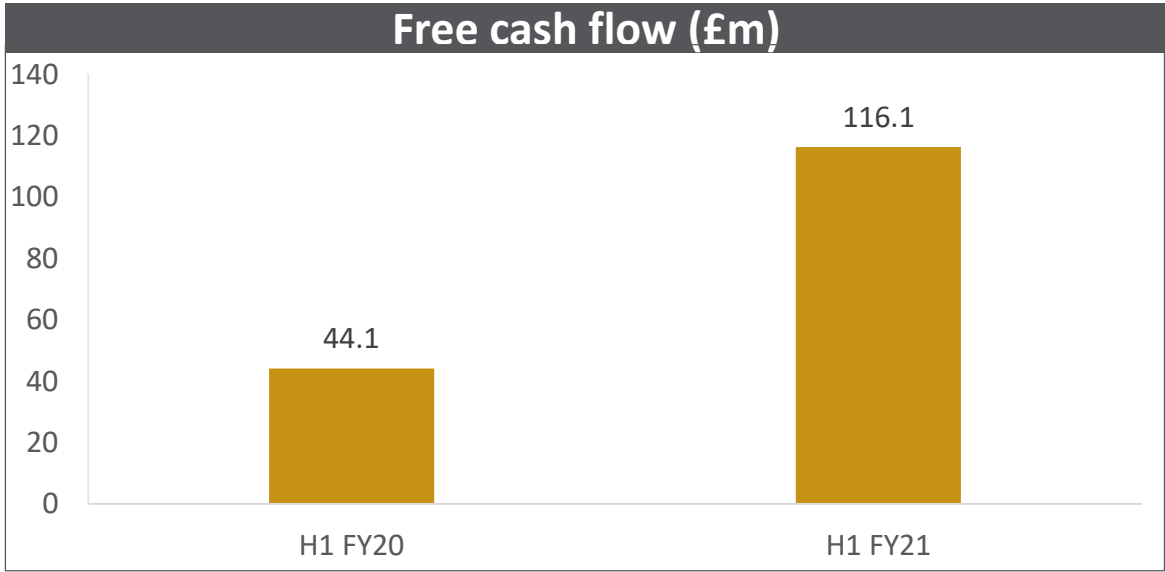
Facility	Expiring	Amount
UK Term Loan – UK LIBOR +2.25%	June 2024	£120.0m
UK Revolving Credit Facility – UK LIBOR +2.0%	June 2024	£50.0m
US Asset Backed Facility – US LIBOR +1.25% to +1.75%	April 2023	\$60.0m
UK “CLBILS” – UK LIBOR +0.6% to +2.6%	Nov 2021	£45.0m



- **Net debt £22.7 million** at 25 October 2020
 - Reduction of £107.0 million vs 26 April 2020; £116.1 million free cash flow offset by expansionary capex
 - **Favourable working capital position** (c. £40 million) will unwind during H2 FY21
- Further **strengthened liquidity position** with new financing arrangements
- At 25 October 2020, the Group had a total of **£261.1m of available committed facilities**
- **EBITDA leverage further improved to 0.25x** (H1 FY20: 1.1x)



* ROCE calculated on a LTM basis through 25 October 2020



Positive Start to Q3 FY21

Sales variance vs LY (constant currency)	Q3 FY21 to date ¹
UK	7.7%
US	22.7%
Group Revenue	11.9% ²
Ecommerce ³	102.4%

- **Q3 FY21 has had a positive, stronger than anticipated start** despite being impacts from national lockdowns in the UK
- Group revenue for 7 weeks to 13 Dec 2020 +11.9% in constant currency, +11.2% in reported
- UK stores traded for **44% of potential trading hours**
- **Higher conversion more than offsetting lower traffic** across both the UK and the US
- **UK sales +7.7%:**
 - Optimisation with ecommerce, CRM, clientelling, digital channels, new click & collect service
 - Watches of Switzerland Broadgate opened
 - Watches of Switzerland Knightsbridge refurbished, expanded
- **US sales +22.7% in constant currency:**
 - Continued strong momentum across Mayors in Florida and Georgia and in Watches of Switzerland in New York
 - Five mono-brand boutiques opened in the US (TAG Heuer, Breitling, OMEGA)
 - Moderated trends in Las Vegas reflecting lower domestic tourism

¹ First 7 weeks of the Q3 period ending 24 January 2021; includes 4 weeks of national lockdown in the UK during which all stores were closed in England

² Group revenue growth: constant currency sales +11.9%, Reported +11.2%

³ included in UK sales

FY21 Guidance (pre-IFRS 16, 53 week basis)

FY21 guidance	
Total Revenue	£900.0 to £925.0 million
EBITDA margin & Adjusted EBITDA margin	+1.5% to +2.0% vs last year
Depreciation, amortisation, impairment and loss on disposal of fixed assets	£26.4 to £28.4 million
Total finance costs	£5.3 to £5.8 million
Underlying tax rate	20.0% to 21.5%
Capital expenditure	£28.0 to £30.0 million
Net debt	£60.0 to £80.0 million

FY21 guidance assumes:

- **Strong luxury watch market** in the UK and US and a **consistent level of supply**
- **Continued weak footfall** in stores; traffic to remain challenging
- **Potential for further disruption in Jan, Feb 2021**
- Continued **buoyant domestic demand** in both markets
- **Limited airport traffic and foreign tourism** in the UK and limited domestic tourism in the US
- **Change in policy in the useful lives of store assets**, which will result in an increase to depreciation of £5.4m
- Group intends to repay furlough support received by the UK government during FY21 subject to no further significant disruptions

