



Watches of Switzerland Group PLC
Q4 FY22 Trading
for the 13 weeks (Q4) and 52 weeks (FY) to 1 May 2022

Stellar end to FY22 with strong momentum into FY23
Revenue growth of 48%¹ in Q4, 40%¹ for the full year with improved profitability

Watches of Switzerland Group PLC (“the Group”) today provides the following unaudited update relating to the 13 and 52 weeks ending 1 May 2022.

Brian Duffy, Chief Executive Officer, said:

“We are pleased to report a strong quarter of 48%¹ growth to finish what was an outstanding year for the Group. We have delivered another record year of revenue and profitability as we continue to progress our Long Range Plan. Our teams have again excelled and done great work.”

“We delivered an outstanding performance in both the US and UK, supported by broad-based sales growth across our portfolio of world leading partner brands and driven by domestic clientele. We were also delighted to announce our forthcoming entry into the European market, which will provide our Group with further growth opportunities and geographic diversification.”

“The luxury watch and jewellery markets are dynamic and our Group investment-led model continues to gain positive momentum. Consumer desire for “Super High Demand” brands (Rolex, Patek Philippe and Audemars Piguet) continues to exceed supply and other luxury watch brands are enjoying exceptionally strong demand and sales. Luxury jewellery demand is also very positive.”

“Looking ahead, our FY23 guidance reflects our confidence in our markets and business model. We enter FY23 with visibility of product supply for Super High Demand brands for the remainder of the 2022 calendar year and an exciting programme of new products and marketing from other brands. We have a strong pipeline of showroom projects, and we expect an ongoing recovery in footfall and airport traffic. Our focus will be on continuing to capitalise on the momentum we have built to deliver value for all our stakeholders.”

Q4 FY22 Highlights

- **Group revenue £304 million (Q4 FY21: £218 million as reported for 14 weeks), up 48%¹ on prior year**
- **US revenue £136 million (FY21: £92 million for 14 weeks), up 50%¹ vs Q4 FY21**
 - Opening of our flagship Watches of Switzerland in Kenwood Towne Center, Cincinnati, Ohio
- **UK revenue £168 million (FY21: £126 million as reported for 14 weeks), up 47%¹ vs Q4 FY21**
 - Opening of three mono-brand boutiques - Breitling Bullring, TAG Solihull and OMEGA Meadowhall
 - Relocation of Mappin & Webb Chester

¹ Revenue growth metrics are on a constant currency basis excluding the FY21 53rd week

FY22 Highlights

- **Group revenue up 40%¹ to £1,238 million (FY21: £905 million for 53 weeks)**
- US revenue up 48%¹ to £428 million
- UK revenue up 36%¹ to £810 million
- FY22 luxury watch sales up 36%¹ on last year. Demand for luxury watches continues to be very strong in both the UK and the US, consistently exceeding supply
- Sales of Super High Demand watches increased modestly on strong prior year sales, and restricted supply
- Growth in other luxury watches more than double prior year
- FY22 luxury jewellery sales up 86%¹ on last year reflecting a strong market, continued improvement in ranging, incremental growth from the Betteridge acquisition and the opening of our first BVLGARI mono-brand boutique
- Group ecommerce sales for FY22 were up 5%¹ on last year when showrooms were closed for approximately 26 weeks during COVID-19 lockdown (up 128% vs FY20)
- Sales continued to be driven by a domestic clientele, making up 97% of Group revenue (FY21: 95%)
- Xenia, the Group's elevated customer service project launched in all showrooms
- FY22 Adjusted pre-IFRS 16 EBITDA² expected to be between £160 million and £164 million (FY21: £105 million), implied margin between 12.9% and 13.2% (FY21: 11.6%)
- FY22 Adjusted pre-IFRS 16 EBIT³ expected to be between £128 million and £132 million (FY21: £78 million), giving year on year growth of +64% to +69%
- Net debt⁴ of £14 million as at 1 May 2022 (2 May 2021: £44 million)
- £4.5 million paid to The Watches of Switzerland Foundation of which £1.5 million was accrued in FY21. This will support communities where we work and live in relation to foodbanks, homelessness support and the promotion of young people enabling them to fulfil their potential
- In Q3 FY22, the Group granted a free gift of 50 shares to all colleagues and launched employee share save schemes in the UK and US to further reward and incentivise colleagues

Outlook

- Our FY23 guidance excludes uncommitted capital projects and acquisitions
- The Group enters FY23 with strong momentum and anticipates that disruption from the pandemic is now largely behind us with ongoing recovery in footfall and airport traffic
- Our FY23 guidance reflects current visibility of supply of key brands and confirmed showroom refurbishments, openings and closures
- The Group provides the following FY23 guidance on an organic pre-IFRS 16 basis:
 - Revenue: £1.45 - £1.50 billion
 - Adjusted EBITDA %: flat to +0.5%
 - Depreciation: £33 - £35 million
 - EBIT: £157 - £169 million
 - Total finance costs: c£4.5 million
 - Underlying tax rate: 21.5% – 22.0%
 - Capex: £70 - £80 million including the development a new corporate HQ in Leicester
 - Year-end net cash: £35 - £45 million

² Unaudited adjusted pre-IFRS 16 EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation before exceptional items

³ Unaudited adjusted pre-IFRS 16 EBIT is Earnings Before Interest and Tax before exceptional items

⁴ Net debt is total borrowings (excluding IFRS 16 lease liabilities) before adjusting for capitalised transaction costs less cash and cash equivalents

The equivalent guidance on an IFRS 16 basis is:

- EBIT: £172 - £184 million
 - Depreciation: £79 - £83 million
 - Total finance costs: £18 - £21 million
- The Group has an exciting pipeline of showroom projects planned in FY23:
 - Opening of new Watches of Switzerland flagship showroom in American Dream, New Jersey
 - New Watches of Switzerland showroom in Battersea, London alongside four mono-brand boutiques
 - Continued roll out of Goldsmiths Luxury showroom format
 - Relocation of two showrooms in the Mayors network in Florida
 - Expansion of the mono-brand portfolio in the UK and US
 - Entry into the European market through the opening of six mono-brand boutiques in Sweden, Denmark and the Republic of Ireland
 - The Group plans to announce FY22 results on 7 July 2022

Q4 FY22 Revenue performance by geography

(£m)	Q4 FY22	Q4 FY21	Q4 FY22 vs Q4 FY21			Q4 FY22vs Q4 FY20	
	13 weeks to 1 May 2022	14 weeks to 2 May 2021	Reported YoY %	Constant currency YoY %	Constant currency excluding FY21 53 rd week YoY %	2-year reported YoY %	2-year constant currency YoY %
UK	168	126	33%	33%	47%	98%	98%
US	136	92	48%	41%	50%	246%	255%
Group Revenue	304	218	39%	36%	48%	145%	148%

FY22 Revenue performance by geography

(£m)	FY22	FY21	FY22 vs FY21			FY22 vs FY20	
	52 weeks to 1 May 2021	53 weeks to 2 May 2021	Reported YoY %	Constant currency YoY %	Constant currency excluding FY21 53 rd week YoY %	2-year reported YoY %	2-year constant currency YoY %
UK	810	606	34%	34%	36%	38%	38%
US	428	299	44%	46%	48%	90%	102%
Group Revenue	1,238	905	37%	38%	40%	53%	56%

Q4 FY22 and FY22 revenue performance by category

(£m)	Q4				FY			
	13 weeks to 1 May 2021	14 weeks to 2 May 2021	YoY %	Constant currency excluding FY21 53 rd week YoY %	52 weeks to 1 May 2022	53 weeks to 2 May 2021	YoY %	Constant currency excluding FY21 53 rd week YoY %
Luxury watches	258	195	32%	40%	1,047	788	33%	36%
Luxury jewellery	27	12	124%	165%	109	61	79%	86%
Other	19	11	68%	81%	82	56	47%	50%
Group Revenue	304	218	39%	48%	1,238	905	37%	40%

Conference call

A conference call for analysts and investors will be held at 8.00am (UK time) today. To join the call, please use the following details:

Dial-in: +44 20 3936 2999

Conference access code: 353323

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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 both the UK and US, 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 1 May 2022, the Watches of Switzerland Group has 171 showrooms across the UK and US including 55 dedicated mono-brand boutiques in partnership with Rolex, TAG Heuer, Breitling, OMEGA, 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, 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>

Cautionary note regarding forward-looking statements

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 which are described in the Annual Report and Accounts 2021 in Risk Management and Principal Risks and Uncertainties.