

8 February 2024



## **Watches of Switzerland Group PLC Q3 FY24 Trading Update**

for the 13 weeks (Q3 FY24) and 39 weeks (9M FY24) to 28 January 2024

**Guidance reconfirmed from 18 January 2024 Trading Update**

### **Financial Highlights:**

**Q3 FY24 Group revenue £397 million (Q3 FY23: £407 million), -1% at constant currency, -3% at reported rates**  
**9M FY24 Group revenue £1,158 million (9M FY23: £1,172 million), +1% at constant currency, -1% at reported rates**

- As outlined in the 18 January 2024 Trading Update, trading in the run-up to and beyond Christmas was tougher than originally expected, particularly in the UK amidst slower demand for luxury discretionary purchases
- Demand for our key brands, particularly products on the Registration of Interest lists, continues to be strong, with consistent additions and conversions
- Q3 FY24 luxury watches +1% at constant currency to £336 million, representing 85% revenue (Q3 FY23: 84%)
- Q3 FY24 luxury jewellery -16% at constant currency to £34 million, growth in luxury branded jewellery offset by weaker performance in non-branded jewellery
- Group ecommerce revenue -15% on last year at reported rates. Impacted by the mix of products through this channel and performance of the UK market
- Continued positive momentum within pre-owned and now in 14 agencies for Rolex Certified Pre-Owned in the US and 10 in the UK
- Addition/expansion of prestigious luxury jewellery brands within the portfolio

### **Performance by Geography:**

**US revenue of £175 million (Q3 FY23: £169 million), +8% at constant currency, +3% at reported rates vs prior year**

**9M FY24 US revenue £502 million (9M FY23: £480 million), +10% at constant currency, +5% at reported rates**

- US sales remained strong across all regions
- Sustained growth reflecting the success of our model and strength of client demand
- Gaining market share in the fragmented US luxury watch market
- Relocation of Rolex boutique Millenia, Orlando to a larger showroom, opened November 2023
- Partnership with American Express Centurion Club launched

**UK & Europe revenue of £222 million (Q3 FY23: £238 million), -7% vs prior year**

**9M FY24 UK & Europe revenue £656 million (9M FY23: £692 million), -5% vs prior year**

- Challenging macroeconomic conditions in the UK impacted consumer spending in the luxury retail sector, impacting luxury watches and particularly non-branded jewellery where we saw unusually high levels of promotional activity
- Consumers allocating discretionary spend to other categories such as fashion, beauty, hospitality and travel over this period

- We continued to gain share in the luxury watch market due to our differentiated offering
- UK performance continues to be driven by domestic clientele with minimal return of tourist spending due to the lack of VAT free shopping
- Rebranding, colleague training and systems conversions completed for the fifteen showrooms acquired from Ernest Jones on schedule
- Showroom development programme continues with several projects completed in the period:
  - Continued roll-out of Goldsmiths Luxury showroom format, including the expansion of the Birmingham Bullring and Metrocentre Newcastle showrooms, and the relocation of Trafford Centre Manchester showroom, all in December 2023
  - Further roll-out of the Mappin & Webb contemporary format with refurbishments in Glasgow and Bluewater

## Outlook

- Guidance reconfirmed from our 18 January 2024 Trading Update
- Guidance reflects current visibility of supply from key brands and confirmed showroom refurbishments, openings and closures, and excludes uncommitted capital projects and acquisitions
- Trading conditions experienced in Q3 FY24 in the UK and US are expected to continue over the remainder of the fiscal year
- Guidance includes the new Watches of Switzerland multi-brand showroom at One Vanderbilt, New York due to open in March 2024
- We are encouraged by the UK Office for Budget Responsibility's review of VAT free shopping for tourists; we have not included its reintroduction into our guidance
- FY24 guidance (on an organic pre-IFRS 16 basis):
  - Revenue: £1.53 - £1.55 billion, growth of 2-3% at constant currency
  - Adjusted EBIT margin %: 8.7% - 8.9%
  - Total finance costs: c.£6 million
  - Underlying tax rate: c28%
  - Capex: £70 - 80 million
  - Operating cash flow conversion: c.50%

The equivalent guidance on an IFRS 16 basis:

- Adjusted EBIT margin %: 9.7% - 9.9%
- Total finance costs: £26 - £30 million
- 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

## Q3 FY24 Revenue performance by geography

|                      | Q3 FY24                    | Q3 FY23                    | Q3 FY24 vs Q3 FY23 |                            |
|----------------------|----------------------------|----------------------------|--------------------|----------------------------|
|                      | 13 weeks to<br>28 Jan 2024 | 13 weeks to<br>29 Jan 2023 | Reported<br>YoY %  | Constant currency<br>YoY % |
| <b>(£million)</b>    |                            |                            |                    |                            |
| UK & Europe          | 222                        | 238                        | -7%                | -7%                        |
| US                   | 175                        | 169                        | 3%                 | 8%                         |
| <b>Group Revenue</b> | <b>397</b>                 | <b>407</b>                 | <b>-3%</b>         | <b>-1%</b>                 |

## 9M FY24 Revenue performance by geography

|                      | 9M FY24                    | 9M FY23                    | 9M FY24 vs 9M FY23 |                            |
|----------------------|----------------------------|----------------------------|--------------------|----------------------------|
| (£million)           | 39 weeks to<br>28 Jan 2024 | 39 weeks to<br>29 Jan 2023 | Reported<br>YoY %  | Constant currency<br>YoY % |
| UK & Europe          | 656                        | 692                        | -5%                | -5%                        |
| US                   | 502                        | 480                        | 5%                 | 10%                        |
| <b>Group Revenue</b> | <b>1,158</b>               | <b>1,172</b>               | <b>-1%</b>         | <b>1%</b>                  |

## Q3 FY24 Revenue performance by category

|                      | Q3 FY24                    | Q3 FY23                    | Q3 FY24 v Q3 FY23 |                           |
|----------------------|----------------------------|----------------------------|-------------------|---------------------------|
| (£million)           | 13 weeks to<br>28 Jan 2024 | 13 weeks to<br>29 Jan 2023 | Reported<br>YoY % | Constant currency<br>YoY% |
| Luxury watches       | 336                        | 340                        | -1%               | 1%                        |
| Luxury jewellery     | 34                         | 41                         | -18%              | -16%                      |
| Services/other       | 27                         | 26                         | 4%                | 5%                        |
| <b>Group Revenue</b> | <b>397</b>                 | <b>407</b>                 | <b>-3%</b>        | <b>-1%</b>                |

## 9M FY24 Revenue performance by category

|                      | 9M FY24                    | 9M FY23                    | 9M FY24 v 9M FY23 |                           |
|----------------------|----------------------------|----------------------------|-------------------|---------------------------|
| (£million)           | 39 weeks to<br>28 Jan 2024 | 39 weeks to<br>29 Jan 2023 | Reported<br>YoY % | Constant currency<br>YoY% |
| Luxury watches       | 1,006                      | 1,007                      | 0%                | 2%                        |
| Luxury jewellery     | 81                         | 97                         | -17%              | -15%                      |
| Services/other       | 71                         | 68                         | 5%                | 6%                        |
| <b>Group Revenue</b> | <b>1,158</b>               | <b>1,172</b>               | <b>-1%</b>        | <b>1%</b>                 |

The financial information contained herein is unaudited.

Ecommerce revenue are sales which are transacted online.

Certain financial data within this announcement has been rounded. Growth rates are calculated on unrounded numbers.

### Contacts

#### The Watches of Switzerland Group

Anders Romberg, CFO

+44 (0) 207 317 4600

Caroline Browne, Group Finance Director

+44 (0) 1162 817 420

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

### Headland

Lucy Legh / Rob Walker / Joanna Clark

+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 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 28 January 2024, the Watches of Switzerland Group had 222 showrooms across the UK, US and Europe including 98 dedicated mono-brand boutiques in partnership with Rolex, OMEGA, TAG Heuer, Breitling, TUDOR, Audemars Piguet, Longines, 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](http://www.thewosgroupplc.com)

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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, losses 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 announcement.

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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.