



Watches of Switzerland Group PLC Q2 FY21 Trading Update

Q2 performance to date stronger than expected ***Full year guidance on sales and profitability revised upwards***

Watches of Switzerland Group PLC (“the Group”) today provides the following update relating to the 13 weeks ending 25 October 2020 (Q2 FY21).

Q2 FY21 Trading Update Highlights

- Revenue for the first 10 weeks of Q2 has been stronger than expected at £202.7 million, +20.2% in constant currency and +18.3% in reported terms, relative to the prior year
 - UK performance continues to be driven by strong domestic sales offsetting lower tourist and airport business; tourist and airport sales accounted for 9.2% of Group sales in Q2 to date (Q2 FY20: 32.5% of Group sales). Regional stores continued to outperform London stores where footfall remains weak
 - Q2 sales to date of £145.1 million, +12.6% versus the prior year; within the UK, ecommerce sales +49.9%
 - US momentum has further accelerated with an exceptionally strong and broad-based performance in the quarter to date
 - Q2 sales to date of £57.7 million, +43.4% in constant currency versus the prior year, +35.2% on a reported basis
- Luxury watches have continued to outperform while luxury jewellery has performed well with growth in both the UK and the US markets
- New product launches have also been stronger than anticipated with a positive influence on sales
- Continued encouraging customer response and resultant sales conversion through CRM and clientelling activities and appointment management
- New Rolex Room opened within the Watches of Switzerland Knightsbridge showroom on 18 September 2020 as part of the store’s planned expansion
- Opening of a Tudor Boutique in White City London, the first in Europe, on 25 September 2020
- Acquisition of Analog Shift, US retailer of vintage and pre-owned watches to further advance the Group’s strong and growing position in the US, on 1 September 2020
- Continued positive performance from the recently acquired four Fraser Hart stores

Outlook

- The Group revises upwards the guidance for FY21 (pre-IFRS 16 adjustments, based on a 53-week period):
 - Revenue: £880.0 million to £910.0 million (previous guidance £840.0 million to £860.0 million)
 - EBITDA and Adjusted EBITDA¹ margin %: +1.0% to 1.5% vs last year (previous guidance flat vs last year)
 - Net debt: £80.0 million to £100.0 million (previous guidance £90.0 million to £110.0 million)
 - All previous guidance remains unchanged:
 - Depreciation, amortisation, impairment and profit/loss on disposal of fixed assets: £21.0 million to £23.0 million
 - Total finance costs: £5.3 million to £5.8 million
 - Underlying tax rate: 21.0% to 22.5%

¹ Adjusted EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation and IFRS 16 impact.

- Capex: £28.0 million to £30.0 million
- The Group is scheduled to report half year results on 17 December 2020

Brian Duffy, Chief Executive Officer, said:

“We are very pleased with the strong Q2 performance we are delivering in what continue to be unprecedented market conditions. Our teams have done a fantastic job, responding positively and enthusiastically to these conditions, turning challenges into opportunities, while prioritising the health and safety of colleagues and clients.

Trading momentum has further improved in Q2. Stronger than anticipated UK domestic sales are offsetting lower tourist and airport traffic, whilst regional stores are continuing to outperform London stores. Furthermore, the strong momentum we have established in the US has further accelerated. All US regions are contributing to this positive trend.

Our guidance for the balance of the fiscal year assumes that the positive trend experienced in Q2 will be moderated by the impact of pandemic related retail disruption in the UK and the US and uncertainty in the US economy, impacting mainly in Q3. We do not assume any improvement in recent trends regarding the travel or tourist sectors.

Looking ahead, we will continue to focus on our strategy by investing in high quality growth through selective capital projects and targeted marketing activity.”

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

Headland

Lucy Legh / Rob Walker +44 (0) 20 3805 4822
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; Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK) and Mayors (US), with complementary jewellery offering.

The Watches of Switzerland Group has 135 core stores 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>

Disclaimer

This trading statement does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Watches of Switzerland Group PLC shares or other securities nor should it form the basis of or be relied on in connection with any contract or commitment whatsoever. It does not constitute a recommendation

regarding any securities. Past performance, including the price at which the Company's securities have been bought or sold in the past, is no guide to future performance and persons needing advice should consult an independent financial adviser.

Certain statements in this trading statement constitute forward-looking statements. Any statement in this document that is not a statement of historical fact including, without limitation, those regarding the Company's future plans and expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this statement. As a result you are cautioned not to place reliance on such forward-looking statements. Nothing in this statement should be construed as a profit forecast.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.