



The Watches of Switzerland Group

H1 FY24 Results

December 2023

26 weeks ended 29 October 2023



WATCHES OF SWITZERLAND

Mappin & Webb

GOLDSMITHS

MAYORS

BETTERIDGE
EST 1897

Analog:Shift

MONO-BRAND
BOUTIQUES

Cautionary note regarding forward-looking statements

This presentation 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 presentation and the information incorporated by reference into this presentation 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 presentation 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 presentation, 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's or the Group's operations which are described in the 2022 Annual Report and Accounts in Risk Management and Principal Risks and Uncertainties.

Subject to the requirements of the FCA, the London Stock Exchange, the UK Market Abuse Regulation, the Listing Rules and the Disclosure, Guidance and Transparency Rules (and/or any regulatory requirements) or applicable law, the Company explicitly disclaims any obligation or undertaking publicly to update or revise release the result of any revisions any forward-looking statements in this presentation. No statement in this document is intended as a profit forecast or profit estimate and no statement in this document should be interpreted to mean that the earnings per share of the Company, as altered by the presentation will necessarily match or exceed the historical or published earnings per share of the Company.

CEO Introduction and Overview

H1 Strategic Activity and Pipeline

Financials

Long Range Plan

Summary

Q&A

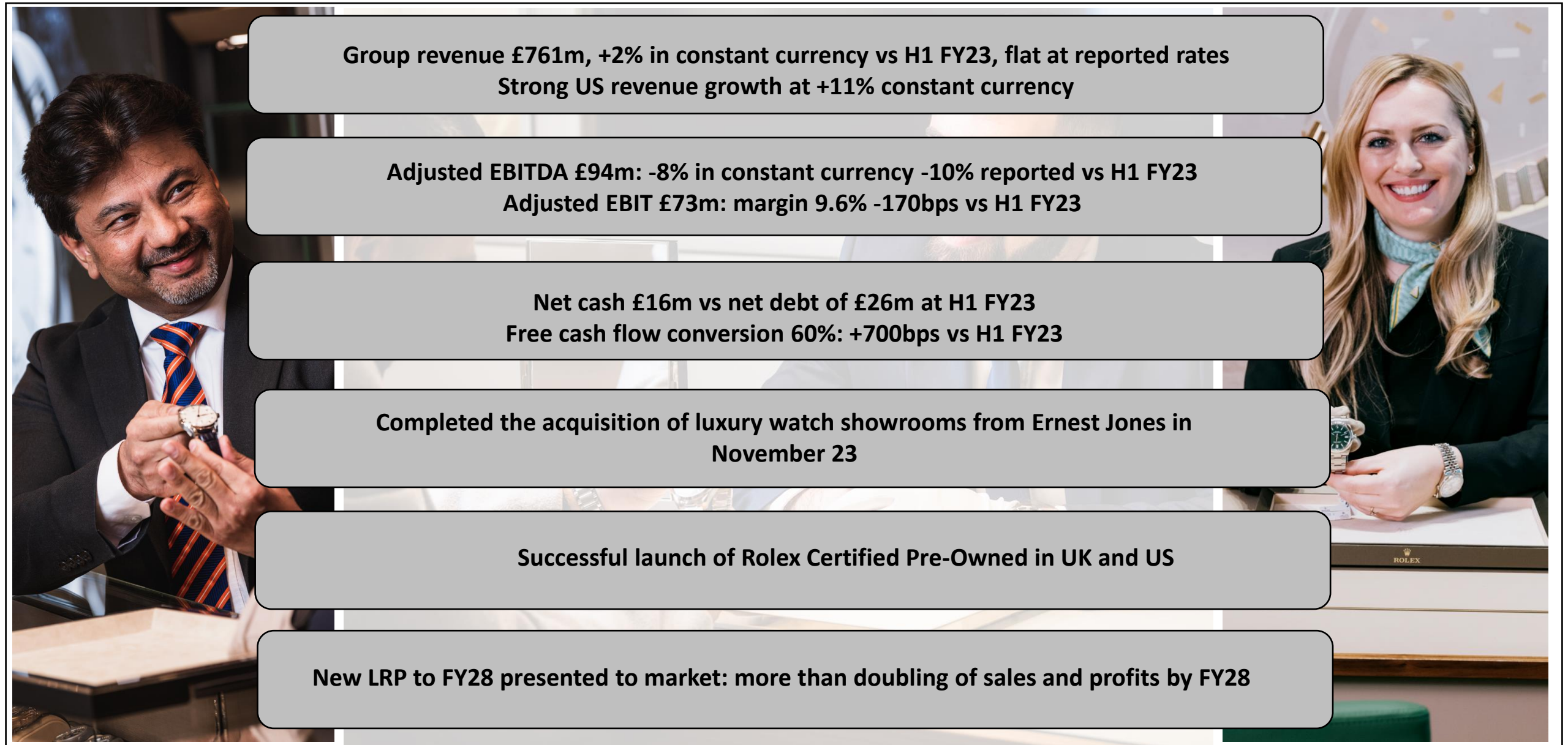


Brian Duffy
Chief Executive Officer



Anders Romberg
Chief Financial Officer

Good first half performance, well set for H2



**Group revenue £761m, +2% in constant currency vs H1 FY23, flat at reported rates
Strong US revenue growth at +11% constant currency**

**Adjusted EBITDA £94m: -8% in constant currency -10% reported vs H1 FY23
Adjusted EBIT £73m: margin 9.6% -170bps vs H1 FY23**

**Net cash £16m vs net debt of £26m at H1 FY23
Free cash flow conversion 60%: +700bps vs H1 FY23**

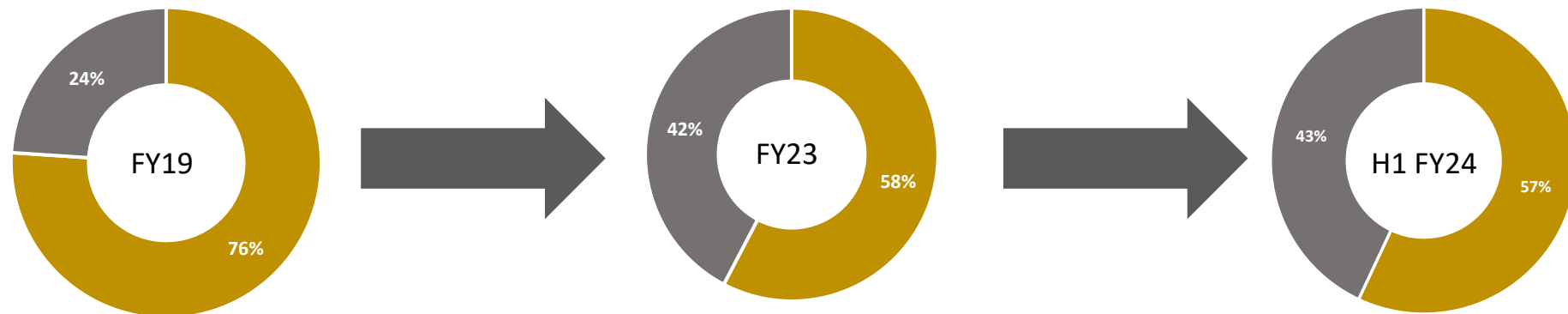
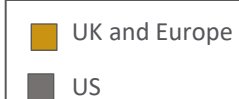
**Completed the acquisition of luxury watch showrooms from Ernest Jones in
November 23**

Successful launch of Rolex Certified Pre-Owned in UK and US

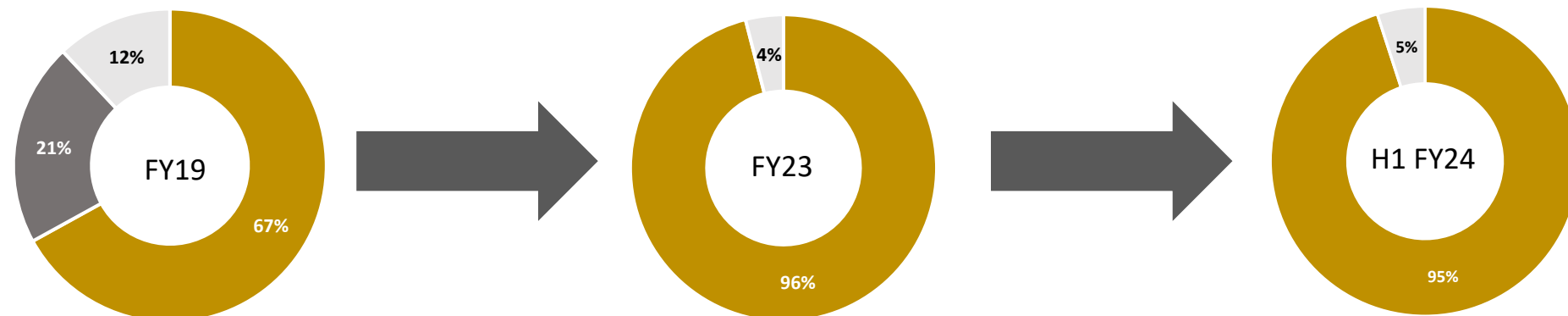
New LRP to FY28 presented to market: more than doubling of sales and profits by FY28

WOSG US sales contribution continues to grow

Revenue mix by market



Revenue mix by customer segment



Acquisition of Ernest Jones luxury showrooms



- Part of Signet Group
- Continued distribution of luxury watches

Completed November 2023:

- Ernest Jones luxury showrooms
- Detailed integration plan in place

Cartier

OMEGA

BREITLING
1884

TUDOR

TAG
Heuer
SWISS AVANT-GARDE SINCE 1860

Significant pre-owned Luxury watch opportunity



WE ARE PROUD TO BE PART OF THE NETWORK OF OFFICIAL ROLEX RETAILERS, AUTHORISED TO SELL ROLEX CERTIFIED PRE-OWNED TIMEPIECES. EACH OF THE WATCHES FROM OUR SELECTION HAS BEEN FULLY CERTIFIED BY ROLEX AND COMES WITH A TWO-YEAR INTERNATIONAL GUARANTEE.

WE CORDIALLY INVITE YOU TO VIEW THE COLLECTION AT YOUR LEISURE.

WWW.GOLDSMITHS.CO.UK/C/ROLEX-CERTIFIED-PRE-OWNED

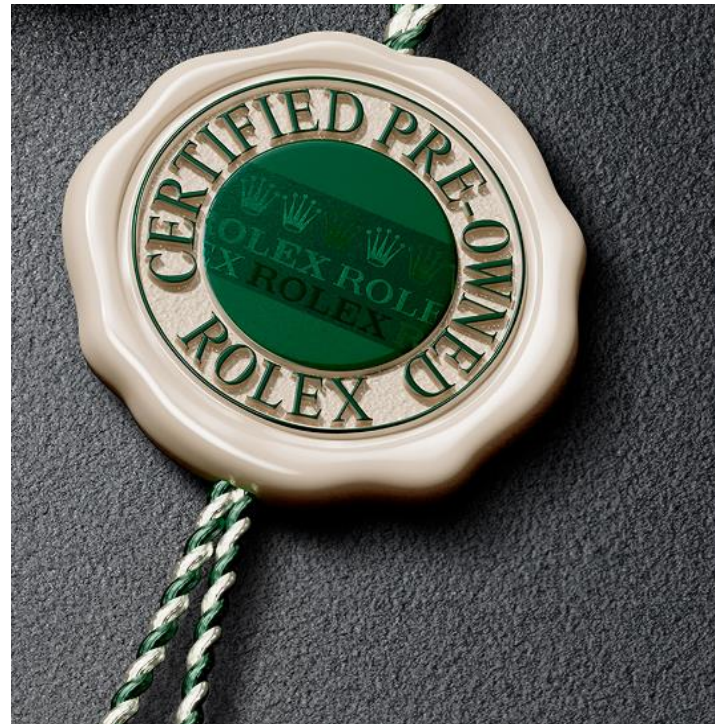


US

July 2023: Launched online and in 7 showrooms, now in 14 showrooms

UK

September 2023: Launched online and in 5 showrooms, now in 10 showrooms



Significant showroom investment

UK and Europe

- Seven new showrooms in the UK (one multi-brand, six mono-brand boutiques)
- Three new showrooms in Europe including first store in Germany
- Six showroom transformations in H1 including our first new concept Mappin & Webb
- Five further showrooms re-opening across November and December

US

- One new multi-brand showroom at American Dream
- Eight new mono-brand boutiques
- Relocation of Mayors Dadeland, Florida
- Rolex boutique Millenia, Florida (expansion) opened in November
- One Vanderbilt, New York – Feb 24



Goldsmiths luxury elevation – Liverpool, opened September 23



Rolex mono-brand boutique – Orlando Florida, opened 9th November 23



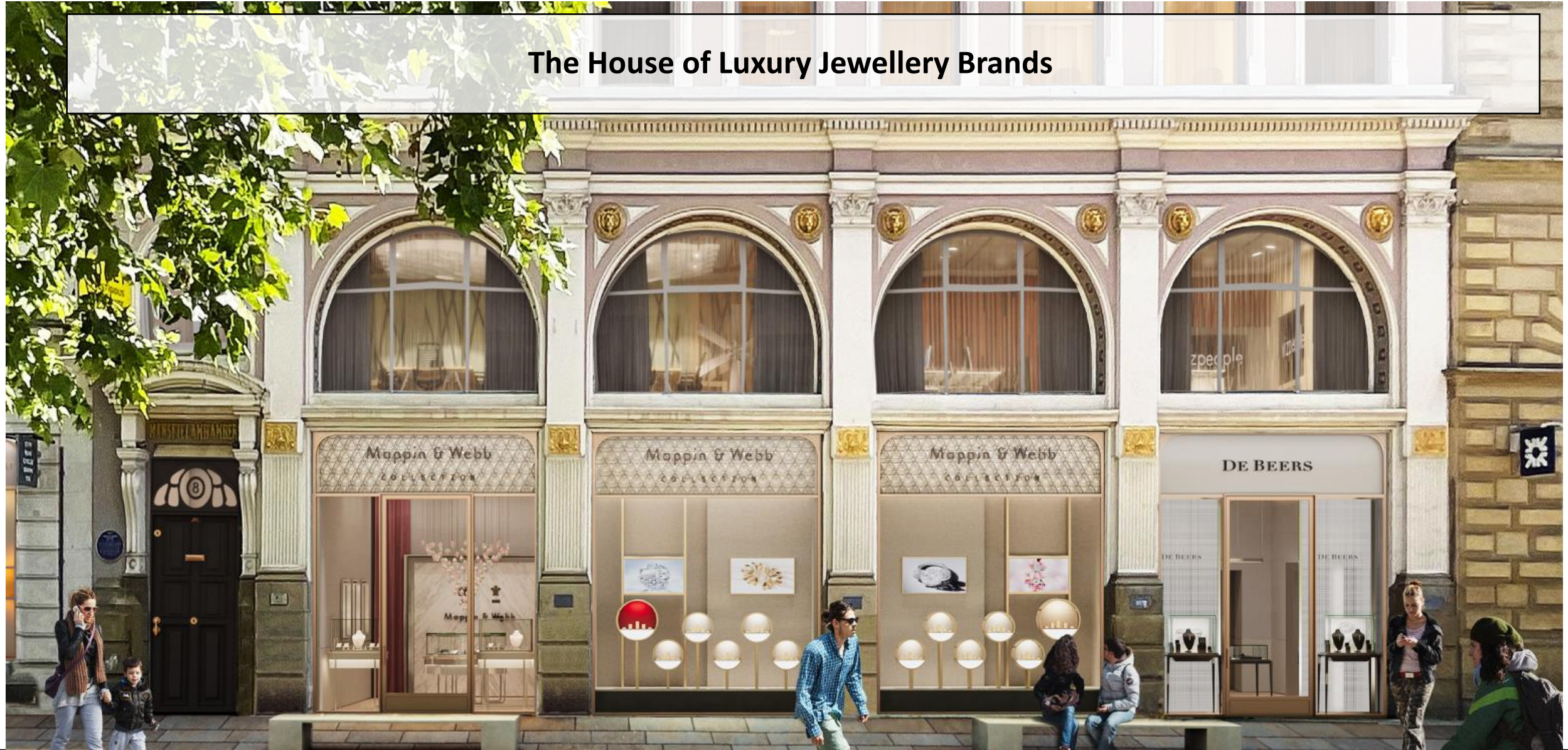
Rolex expansion – Goldsmiths and Mappin & Webb



One Vanderbilt, Madison Avenue, NY, opening February 2024

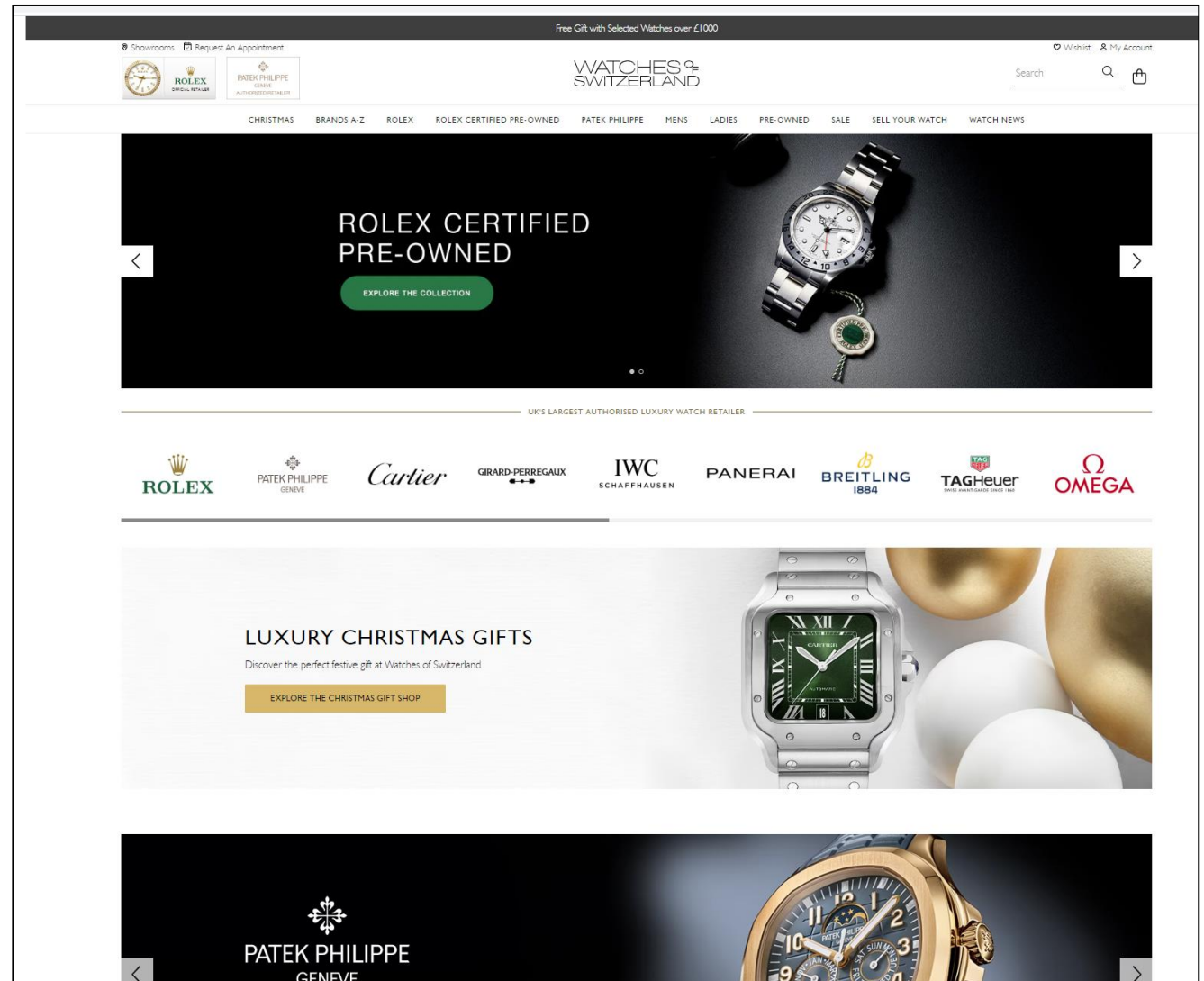


The House of Luxury Jewellery Brands





- Ecommerce -3% for H1 against tough comparatives and impacted by a higher participation of Jewellery
- Continued investment in the client journey
- Growth of Virtual Boutique in UK and US offering clients support and product expertise
- Strong partnership with Google driving insight and understand of key trends



A close-up photograph of a person wearing pink nitrile gloves working on a small, intricate electronic component. The person is using a precision tool, possibly a micro-soldering iron or a fine-tipped probe, to work on the component. The component is mounted on a small metal base. In the background, there is a blue plastic tray containing various small electronic components and tools. The overall scene suggests a high-precision manufacturing or assembly process.

Financials
Anders Romberg, Chief Financial Officer

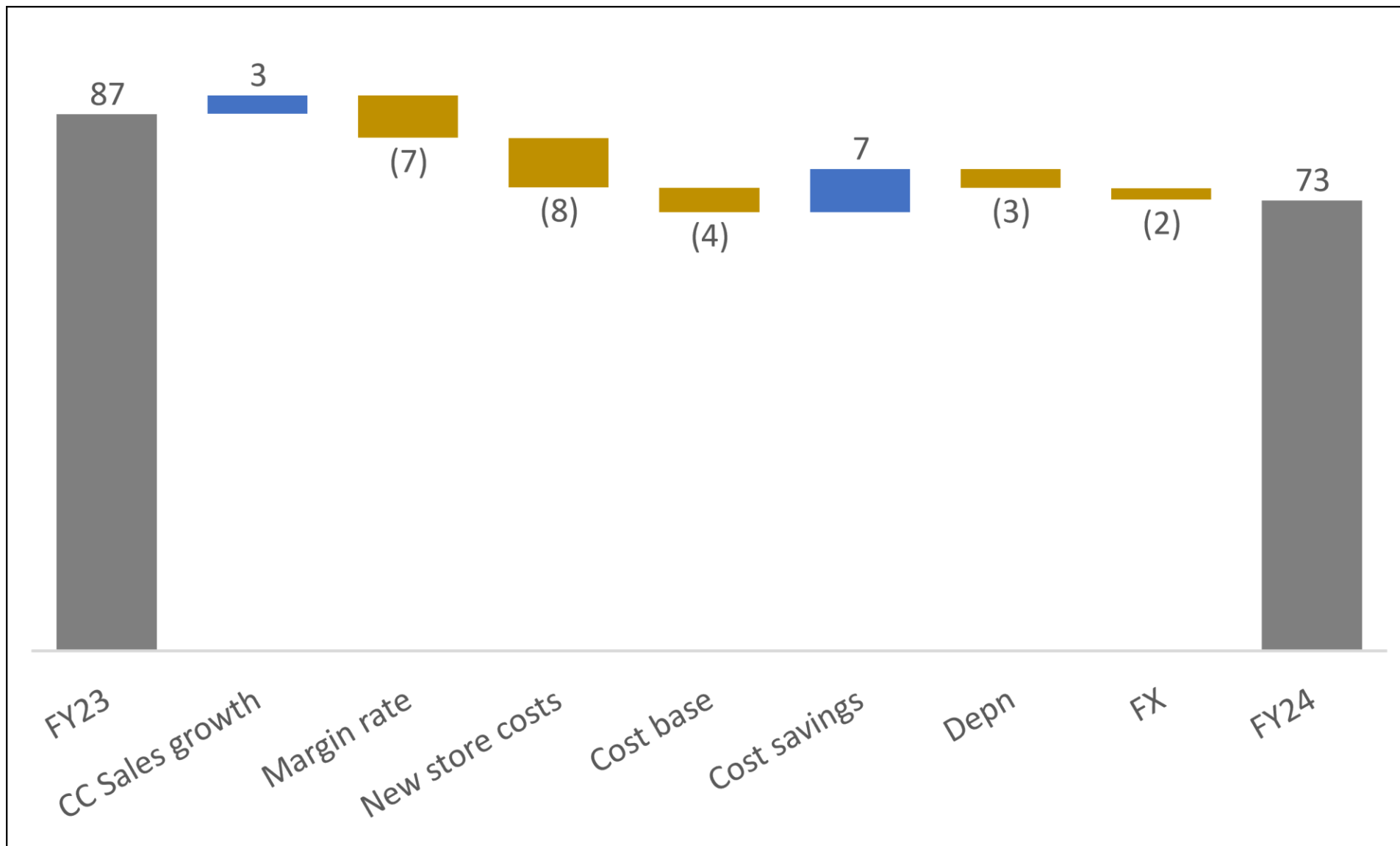
Income statement key highlights

Income Statement (£m)	H1 FY24	H1 FY23	YoY %
Revenue	761	765	-
Net margin	280	288	(3)
<i>Net margin %</i>	<i>36.8%</i>	<i>37.6%</i>	<i>(80bps)</i>
Adjusted EBITDA	94	104	(10)
<i>Adjusted EBITDA %</i>	<i>12.3%</i>	<i>13.6%</i>	<i>(130bps)</i>
Adjusted EBIT	73	87	(15)
<i>Adjusted EBIT %</i>	<i>9.6%</i>	<i>11.3%</i>	<i>(170bps)</i>
Adjusted PBT	72	84	(15)
<i>Effective tax rate</i>	<i>29.0%</i>	<i>21.6%</i>	
Adjusted EPS	21.5p	27.8p	(23)

Income Statement presented pre-IFRS 16 and pre-exceptional items

- **Revenue flat on prior year**, up +2% in constant currency
 - UK and Europe -4% impacted by timing of product intake in Q1
 - US +11% in constant currency
- **Net margin % -80bps** - adverse product mix and impact of interest free credit
- **Adjusted EBIT £73 million, ahead of £70-72m guidance, -15% vs H1 FY23**
- Effective tax rate increase as a result of UK tax rate increase from 19% to 25%
- **Adjusted EPS at 21.5p** – decrease of 6.3p

Product mix and IFC key driver of EBIT reduction



Balance sheet strength

Balance Sheet (£m)	H1 FY24	H1 FY23	%	FY23
Goodwill & intangibles	203	206	(1)	200
PP&E	186	137	36	154
Right-of-use assets	403	353	14	359
Inventory	400	380	5	356
Receivables	22	21	8	20
Payables	(251)	(244)	(3)	(220)
Lease liabilities	(460)	(403)	(14)	(410)
Net cash	16	(26)	-	16
Other	(3)	1		(6)
Net assets	516	425	21	469

- Continued investment with **£48 million of expansionary capex** (H1 FY23: £27 million)
- **Inventory levels +£20 million (+5%)** driven by new showrooms and well stocked for Holiday season
- **Right-of-use assets and lease liabilities** increased due to the additions to the showroom portfolio and lease renewals in the period
- **Payables +£7 million (+3%)** offsetting the increase in inventory levels
- **Net cash £16m versus net debt of (£26m) at H1 FY23**

Strong free cash flow conversion

Cash flow	H1 FY24	H1 FY23	YoY %
Adjusted EBITDA	94	104	
Working capital	(8)	(27)	
Tax	(23)	(20)	
Other	1	3	
Cash generated from operating activities	64	60	7
Maintenance capex	(2)	(3)	
Interest	(6)	(2)	
Other	1	1	
Free cash flow	57	56	-
Free cash flow conversion	60%	53%	700bps
Expansionary capex	(48)	(27)	
Acquisitions	-	(21)	
Purchase of own shares	(7)	(21)	
Financing	(52)	18	
Other	(1)	(2)	
Cash flow	(51)	3	

Free cash flow of £57 million; 60% free cash flow conversion

- Working capital tightly managed
- £48 million of expansionary capex, increase of £21 million
- £7 million purchase of own shares to satisfy future employee incentive schemes
- Financing shows a net £50 million repayment on borrowing facilities, in addition to the cost of refinancing completed in May 2023

FY24 guidance reiterated

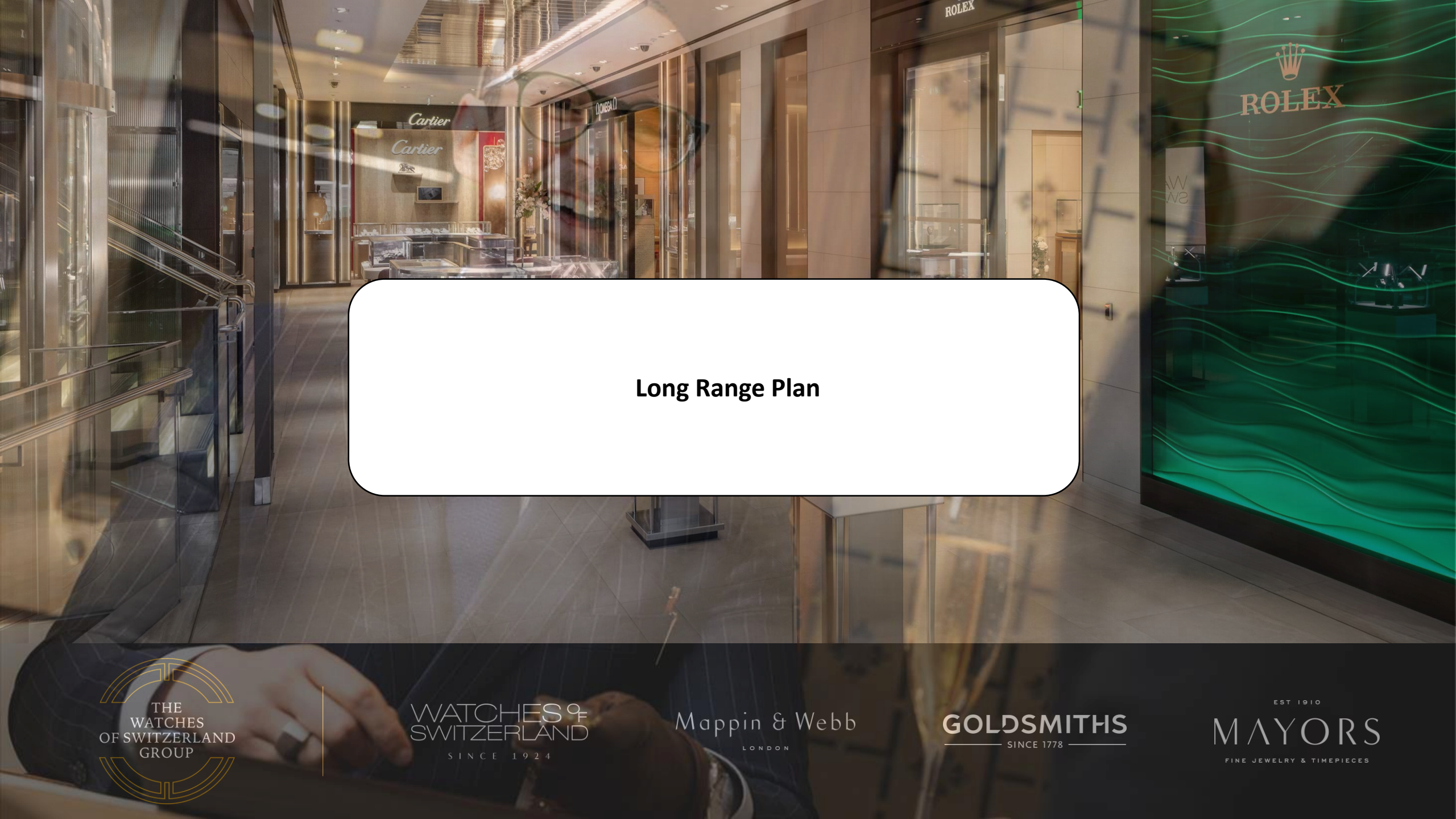
FY24 guidance (pre-IFRS 16)	
Revenue	£1.65 - £1.70 billion
Revenue growth at constant currency	8-11%
Adjusted EBITDA margin	In line with FY23
Total finance costs	c£5m
Underlying tax rate	27% - 28%
Capex	£70 - £80 million
Operating cash conversion	c70% weighted towards H2 in line with seasonal pattern

FY24 guidance reflects:

- Visibility of supply of key brands, announced pricing, and confirmed showroom refurbishments, openings and closures
- No uncommitted acquisitions

The equivalent guidance on an IFRS 16 basis is:

- Adjusted EBIT margin % In line with FY23
- Finance costs £26 - £30 million



Long Range Plan



THE
WATCHES
OF SWITZERLAND
GROUP

WATCHES OF
SWITZERLAND
SINCE 1924

Mappin & Webb
LONDON

GOLDSMITHS
SINCE 1778

EST 1910
MAYORS
FINE JEWELRY & TIMEPIECES

Showroom investment

Showroom investment in existing portfolio

Pre-Owned

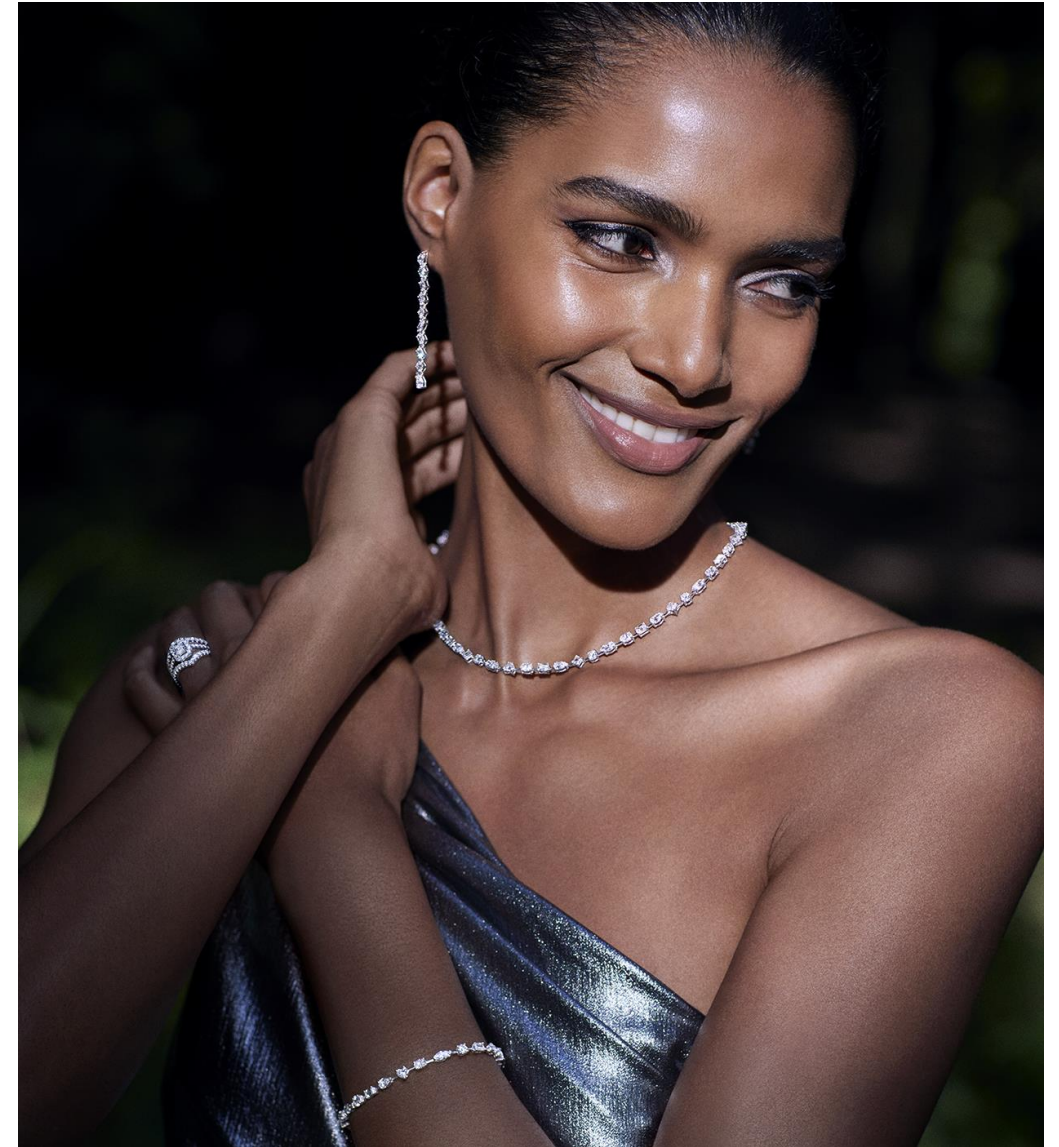
Luxury branded jewellery

Ecommerce

Ernest Jones showroom acquisition

Acquisitions US / Europe

New projects UK / US / Europe



Showroom investment



Watches of Switzerland Group Pre-Owned

Rolex Certified Pre-Owned



UK

US

Analog:Shift / Certified Pre-Owned



UK

US

A major focus on the underdeveloped luxury branded jewellery market



Free Gift with Selected Watches over £1,000

Showrooms Request An Appointment

Watches of Switzerland
WATCHES OF SWITZERLAND

Wishlist My Account

Search

CHRISTMAS BRANDS A-Z ROLEX ROLEX CERTIFIED PRE-OWNED PATEK PHILIPPE MENS LADIES PRE-OWNED SALE SELL YOUR WATCH WATCH NEWS

ROLEX CERTIFIED PRE-OWNED

EXPLORE THE COLLECTION

UK'S LARGEST AUTHORISED LUXURY WATCH RETAILER

ROLEX PATEK PHILIPPE GENEVE Cartier GIRARD-PERREGAUX IWC SCHAFFHAUSEN PANERAI BREITLING 1884 TAG Heuer OMEGA

LUXURY CHRISTMAS GIFTS

Discover the perfect festive gift at Watches of Switzerland

EXPLORE THE CHRISTMAS GIFT SHOP

PATEK PHILIPPE GENEVE

Acquisitions and new projects

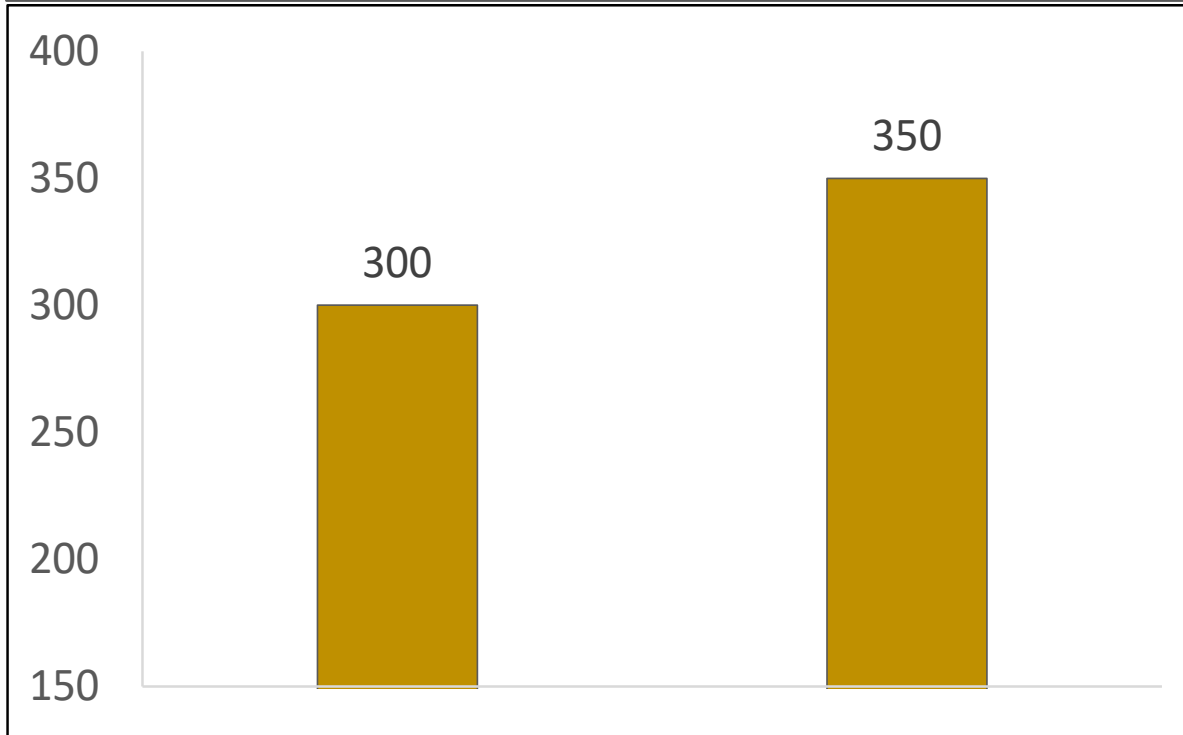


Market	WOS CAGR FY20-23	WOSG growth FY23-28
UK	15%	8-10%
US	40%	20-25%
Europe		4-6% group sales

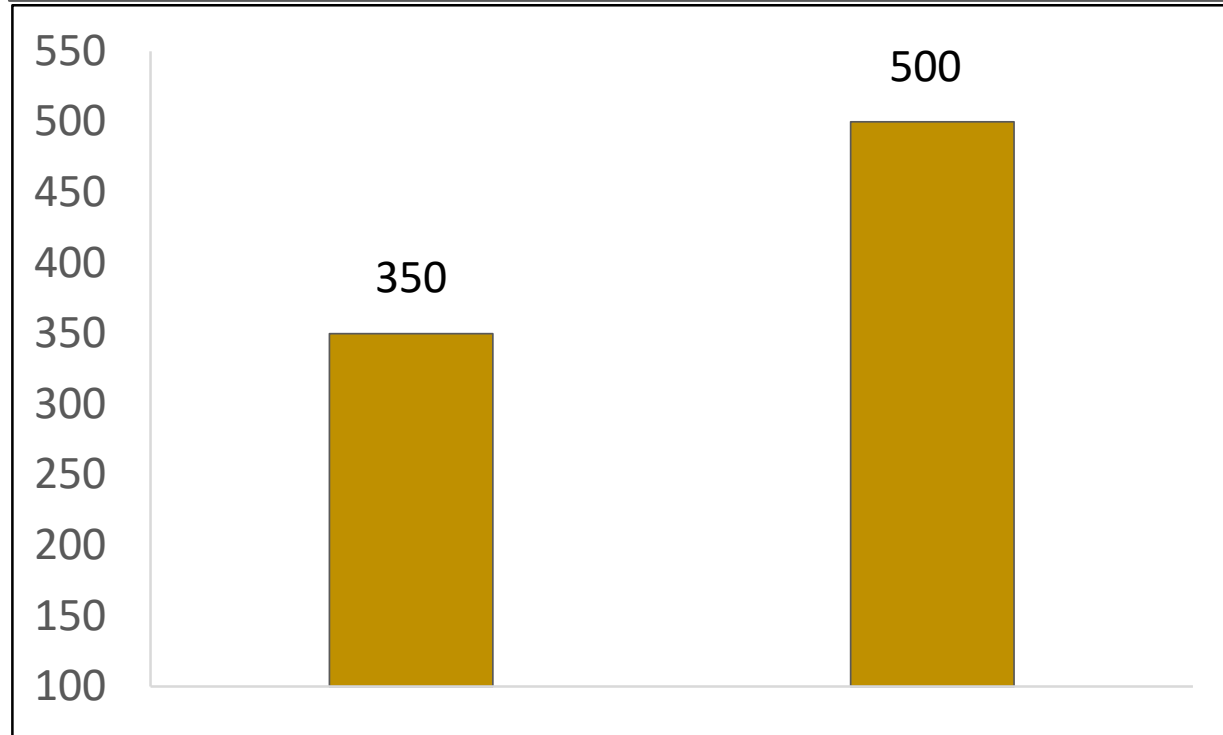
- UK CAGR of 8-10% consisting of market growth and benefits from capital investment, pre-owned, investment in branded Jewellery, Ernest Jones showroom acquisition, mono-brand productivity and ecommerce growth
- US growth of 20-25% inclusive of acquisitions, new projects, pre-owned, luxury jewellery and ecommerce investment, benefits from investment program and mono-brand productivity
- Europe to be 4-6% sales by FY28 benefitting from acquisitions, existing showroom productivity, ecommerce launch and Watches of Switzerland launch

Investment to Support Growth Plans

Indicative Range of Cumulative Capex Spend FY24 to FY28 (£m)



Indicative Range of Acquisition and New Project Spend FY24 to FY28 (£m)



The sales plan growth matrix

	Showroom investment	Ecomm	CPO	Luxury branded jewellery	Ernest Jones acquisition	Acquisitions / new projects
	US	US	US	US	UK	US
	UK	UK	UK	UK		Europe
	Europe					
Capital investment	£300 - £350m					£350 - £500m
Historic payback achieved	2-3 years					4-4.5 years

Sales CAGRs
 US +20/25%
 UK +8/10%
 Europe 4/6%*
 (* group sales)

+50-150 bps profitability

65-70% free cash flow conversion

Indicative only

A man with a beard and glasses, wearing a blue pinstriped suit, is smiling broadly. He is seated at a table with a glass of champagne. The background shows a blurred indoor setting with decorative wall panels and another person's shoulder.

Closing Comments

WOS proven model continues to drive sales growth and market share gains

We continue with our investment led growth strategies UK/US/Europe with a strong pipeline of projects

Completed acquisition of Ernest Jones luxury showrooms

Successful launch of Rolex Certified Pre-Owned

Full year expectations unchanged

Confidence in our Long Range plan objectives

A man with a beard and glasses, wearing a blue pinstriped suit, is smiling broadly. He is seated at a table with a glass of champagne. The background shows a blurred indoor setting with a patterned wall and another person's shoulder.

Q&A