

Watches of Switzerland Group earnings show U.S. sales grow as U.K. demand cools

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A regional Q1 fiscal results breakout reveals a staggering disparity between markets, with the U.S. taking the lead in growth. Image courtesy of Watches of Switzerland

By LUXURY DAILY NEWS SERVICE

British luxury watch and jewelry retailer Watches of Switzerland Group may be nearing the end of luxury's stellar sales wave, as evidenced by their latest earnings report.

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Out Tuesday, the company's trading report reflected a solid start to the year. Revenue for Q1 FY23, or the 13 weeks to July 31, amounted to 391 million, or \$472 million, up from the same time period last year's 297 million (\$358 million).

"The first quarter continued with strong momentum throughout, and we carry this positive momentum into the second quarter," said Brian Duffy, chief executive officer at [Watches of Switzerland Group](#), in a statement.

"Despite the well-publicized concerns about the macro-environment, demand for our products remains robust with client registration of interest lists continuing to extend."

Success at scale

Watches of Switzerland Group attributes sales to strong market sector conditions from pent-up pandemic demand, a trend that has continued across nearly all luxury categories.

Overall luxury watch sales, which represented 87 percent of Q1 revenue, increased 32 percent from the previous quarter. However, a regional breakout reveals a staggering disparity between markets.



American sales growth from the company's most recent quarter outshone overall figures. Image credit: Layton Thompson

American sales growth from the company's most recent quarter outshone overall figures. At constant currency, U.S. sales increased 76 percent, netting out at 152 million, or \$183 million, as compared to the same time period last year.

Meanwhile, sales hit 239 million (\$288 million) across the U.K. and Europe, up just 8 percent versus last year's corresponding quarter.

The plateau could be due to the region's longer lockdowns. Watches of Switzerland Group has mitigated risk by both destocking and re-opening showrooms following loosened mandates.

The luxury conglomerate, which counts five subsidiaries including Watches of Switzerland in the U.K. and U.S., Mappin & Webb in the U.K. and Goldsmiths in the U.K., and brands like Rolex, OMEGA and Cartier as showroom partners, also added that a strengthened business model which prioritized leading store design, a high-level client experience, bold marketing campaigns and more, helped with growth this quarter.

The group placed its FY23 annual outlook at 1.45 - 1.50 billion (\$1.75 - \$1.81 billion), which lands on the lower end, considering FY22's 36% year-over-year revenue increase, as sales topped out at 1.04 billion from the previous year's 788 million, or \$1.25 billion from \$952 million in dollars.

The fairly conservative estimate is presumably in anticipation of an all-around slowdown as cross-category global recession signs linger ([see story](#)).