



GATEMORE

**13D Monitor**

Active-Passive Investor Summit

October 22, 2024



# Introduction to Gatemore

*A leading UK activist and turnaround investor*



- Based in London
- Turnaround-focused activist strategy
- Highly concentrated, “PE-style” investor
- Launched Fund on November 1, 2018

<b>Returns vs. Benchmarks</b>				
(Net Annualized Returns through September 30, 2024) <sup>1</sup>				
	1-year	3-year	5-year	Since inception
<b>Gatemore Special Opportunities Fund</b>	<b>28.9%</b>	<b>6.0%</b>	<b>13.8%</b>	<b>14.2%</b>
FTSE 250	19.1%	0.1%	3.8%	4.6%
Russell 2000	26.8%	1.8%	9.4%	8.3%
HFRI Activist	19.1%	3.3%	7.9%	6.9%



Source: Benchmark Source Data from S&P Capital IQ and Bloomberg. <sup>1</sup> GSOF performance metrics relate to net returns from Class A excluding side pockets since Fund I's inception (1 October 2018).

# Watches of Switzerland Group plc

LSE: WOSG



<b>World's #1</b> Luxury watch retailer	
<b>£1.1 billion</b> Market Cap	<b>£1.2 billion</b> Enterprise Value (IAS17)
<b>£1.7 billion</b> Revenue FY25E	<b>£199 million</b> EBITDA FY25E
<b>223 showrooms</b> UK and US	<b>Leicester, UK</b> HQ



Source: Bloomberg as at October 18, 2024.

# Decades-long partnerships

*With leading luxury brands in the world*



**>100**  
years



**>60**  
years

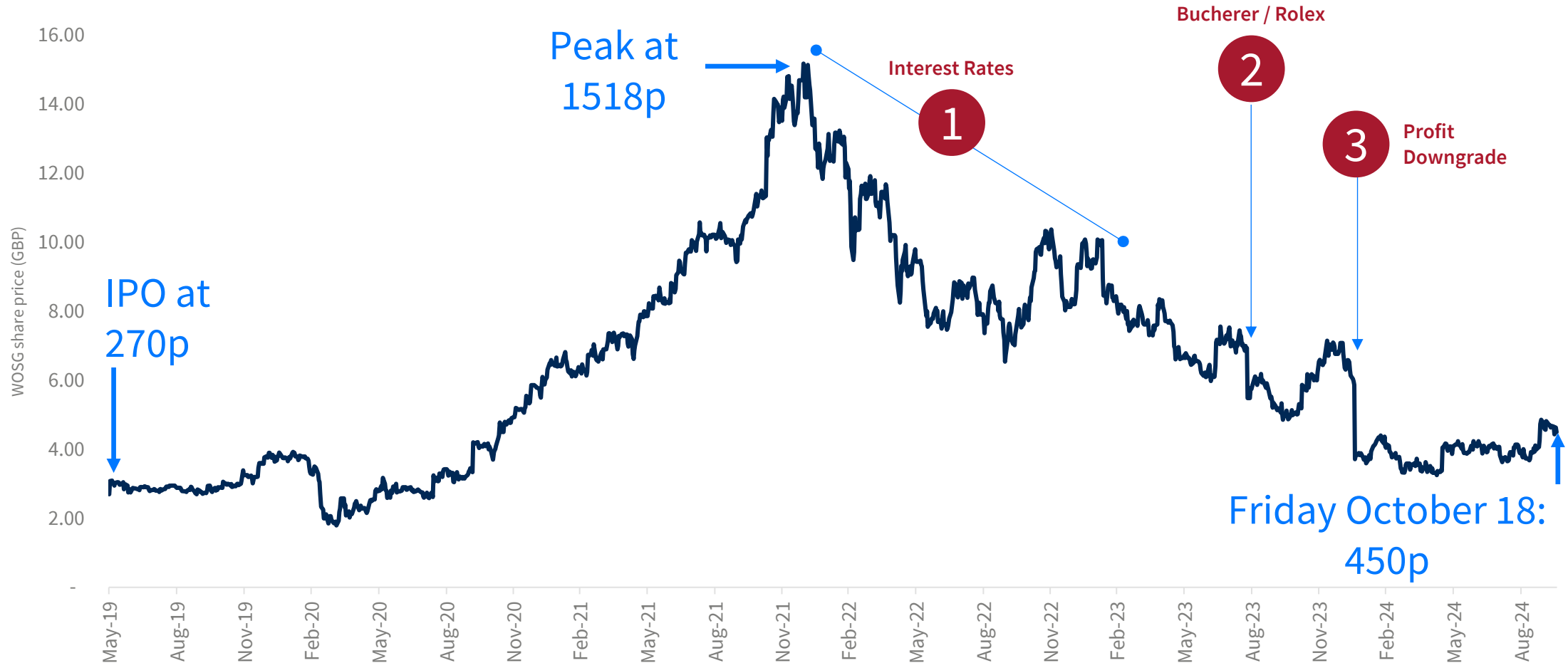


**>50**  
years



# What happened?

WOSG is Down 70% From its 2021 Peak



Source: S&P Capital IQ as at October 18, 2024.

# Putting this in context

*Comparison since IPO*

	May 2019 (IPO) FY19E <sup>1</sup>	Today FY25E <sup>2</sup>	CHANGE
Revenue (£m)	773	1,687	+118%
Adj. EBIT (£m)	54	160	+194%
Adj. EBIT margin (%)	7.0%	9.5%	+2.5%ppts
EPS (p)	14.4 <sup>3</sup>	41.7	+188%
ND/EBITDA	1.4x	0.5x	(64%)
EV (IAS17) / EBIT	14.1x	7.4x	<b>(48%)</b>
P/E	18.8x	10.9x	<b>(42%)</b>

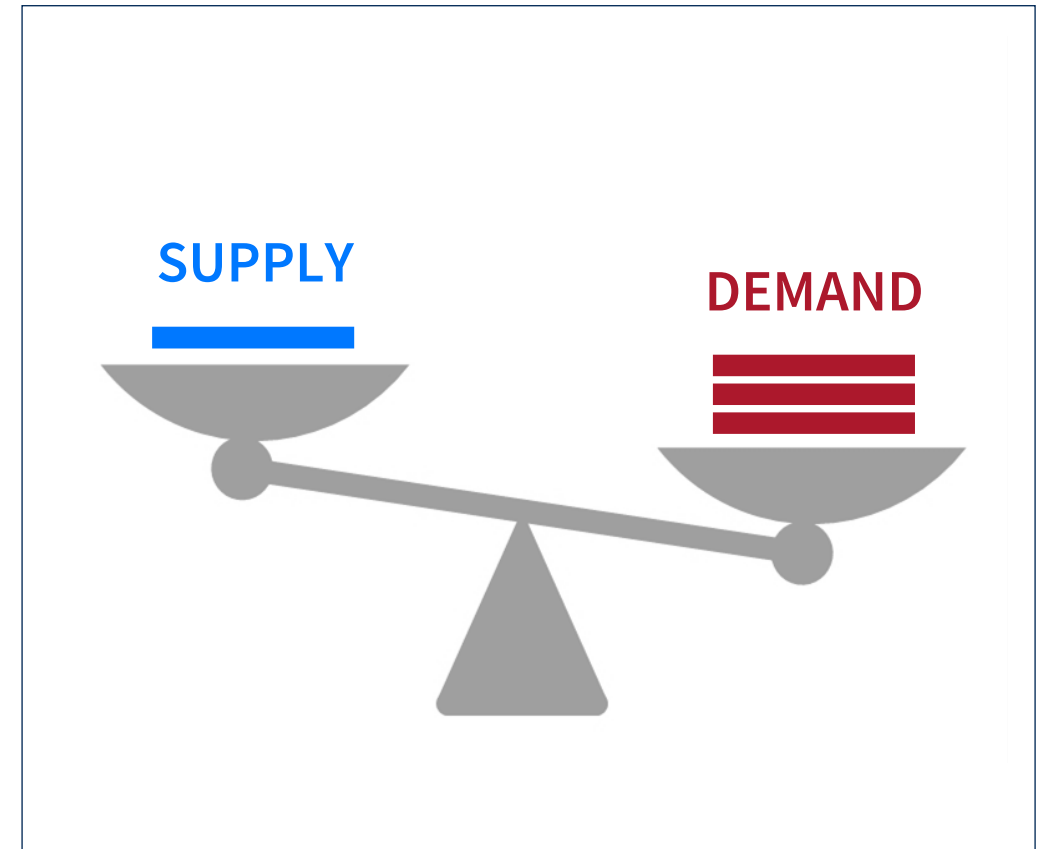


<sup>1</sup> FY19E as at IPO in May 2019. <sup>2</sup> Source: Bloomberg as at October 18, 2024. <sup>3</sup> Note: adjusted EPS for post IPO balance sheet.

# Why we like the business

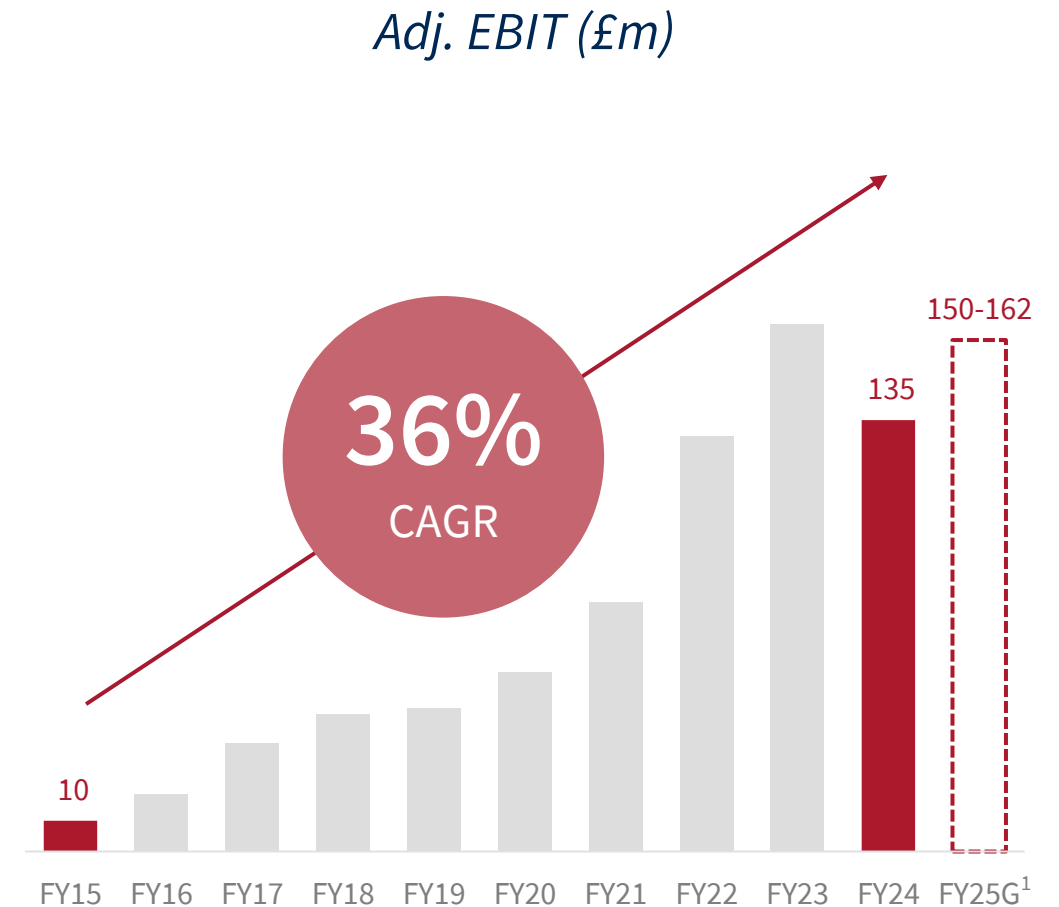
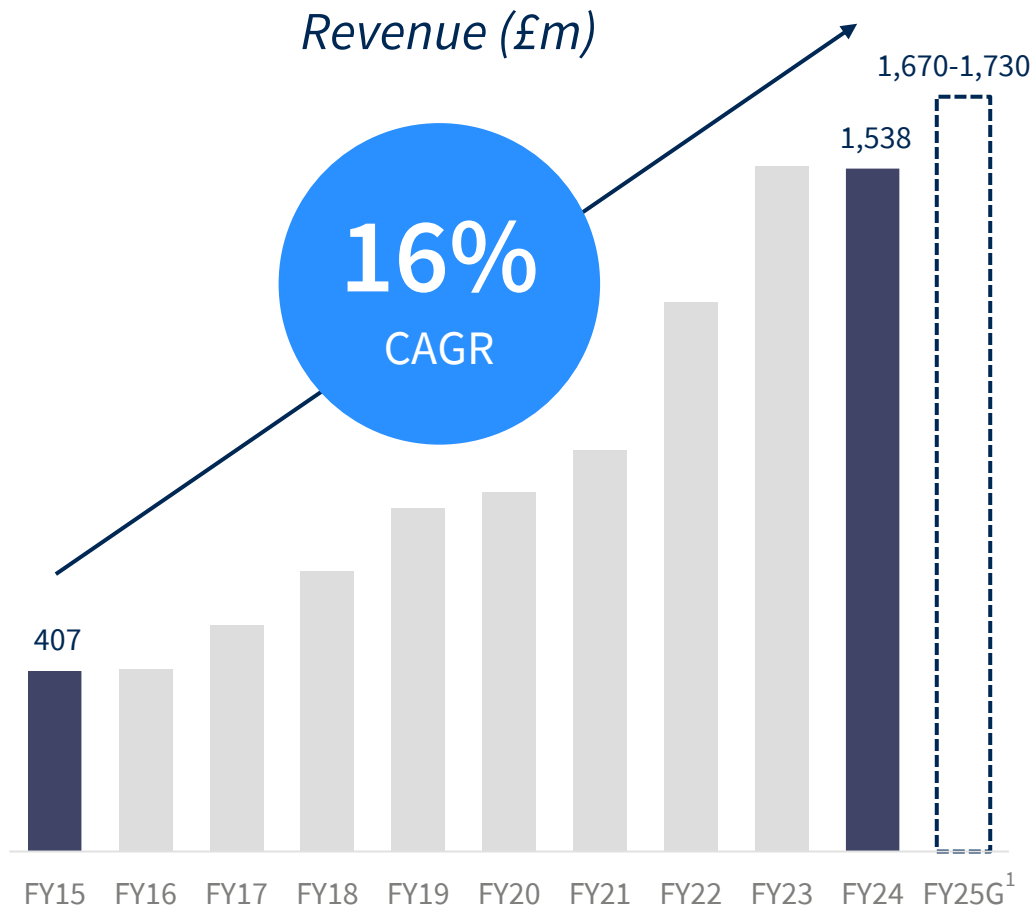
## *(1) Compelling industry dynamics and business model*

- Wait list on >50% revenue
- Geographic “monopolies”
- Pricing controlled by brands
- Ongoing customer flow
- Capital investments underwritten by backlog
- Exposure only to UK and US markets



# Why we like the business

## (2) A strong track record of growth



Source: S&P Capital IQ, Watches of Switzerland Group plc. <sup>1</sup> Company provided guidance.



# Why we like the business

*(3) Long-standing, well-aligned team which has delivered results*



**Ian Carter**

Chairman  
2020 – current

0.1% ownership, £1m



**Brian Duffy**

CEO  
2014 – current

3.2% ownership, £45m  
(6th largest shareholder)



**Anders Romberg**

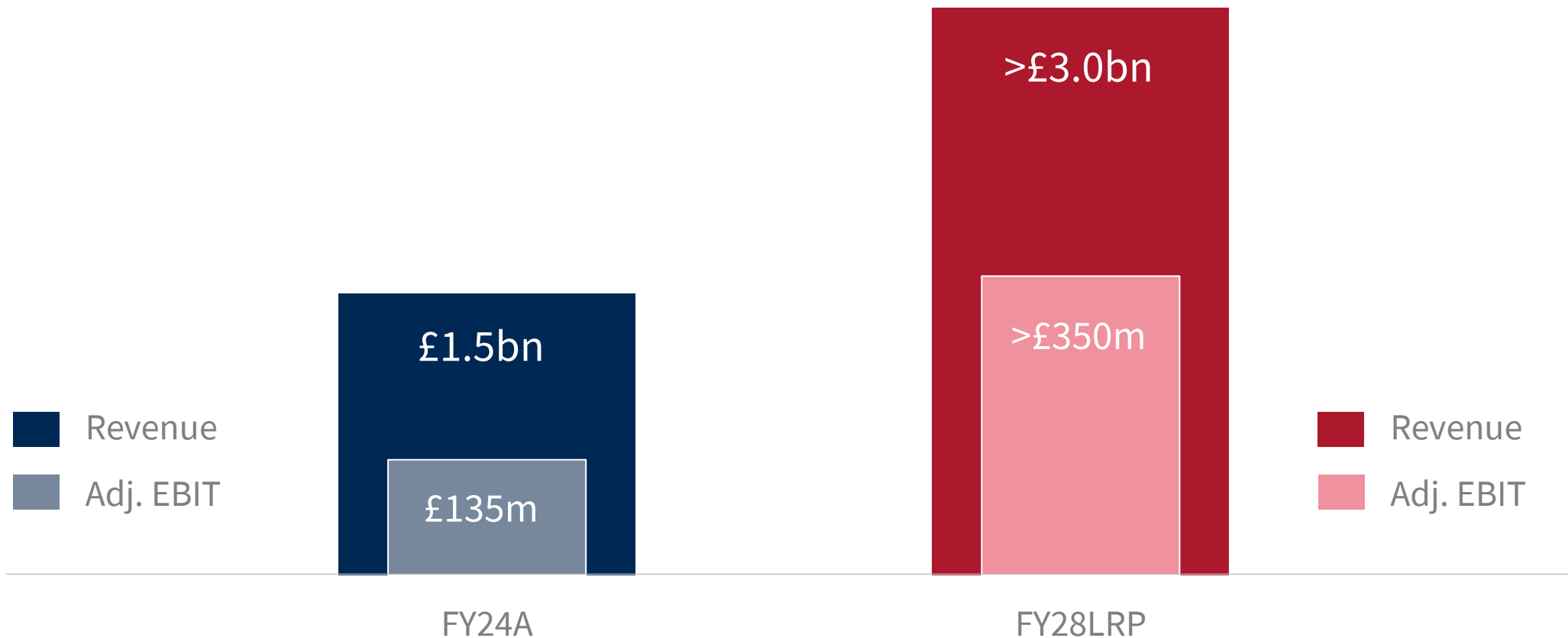
CFO  
2014 – 2022, 2023 – current

0.5% ownership, £7m



# Why we like the business

(4) Long-Range Plan (LRP) to double the business by FY28



# Why we like the business

(5) Operating in a highly fragmented market, ripe for consolidation

#1 Luxury Watch Retailer

223 showrooms: UK / US



Next Largest Player

c.100 showrooms: Europe / US

# BUCHERER

ACQUIRED / 2024

Regional Players



WEMPE

JARED®  
The Galleria Of Jewelry

BEAVERBROOKS



Ben Bridge

THE HOUR GLASS



KENNEDY  
OFFICIAL RETAILER

أحمد صديقي أولاده  
AHMED SEDDIQI & SONS



# Why we like the business

(6) Growth plans focused on massive and underpenetrated US market

*Per capita luxury consumption (indexed)*

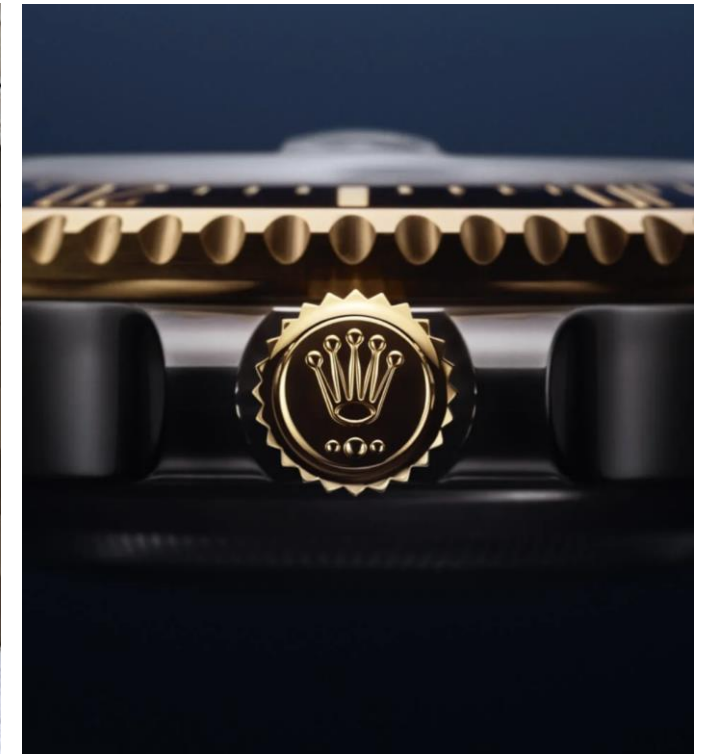
■ UK per capita (indexed to 100)

■ US



# Why we like the business

*(7) Best way to get exposure to the world's top luxury watch brand*



# So what's the holdup?

*(A) Overhang from Rolex acquisition of Bucherer in 2023*

... Mr Bucherer has no family succession and his wishes are to form a legacy foundation with the proceeds of this transaction.

- This is not a strategic move into retail by Rolex. This is the best-judged reaction to the succession challenges of Bucherer SA.
- There will be no operational involvement by Rolex in the Bucherer business.
- Rolex will appoint non-executive Board members.
- There will be no change in the Rolex processes of product allocation or distribution developments as a consequence of this acquisition.

**All of the above is reviewed and confirmed by the highest level of Rolex management at Rolex HQ in Geneva and locally in the UK and US.**



— WOSG RNS



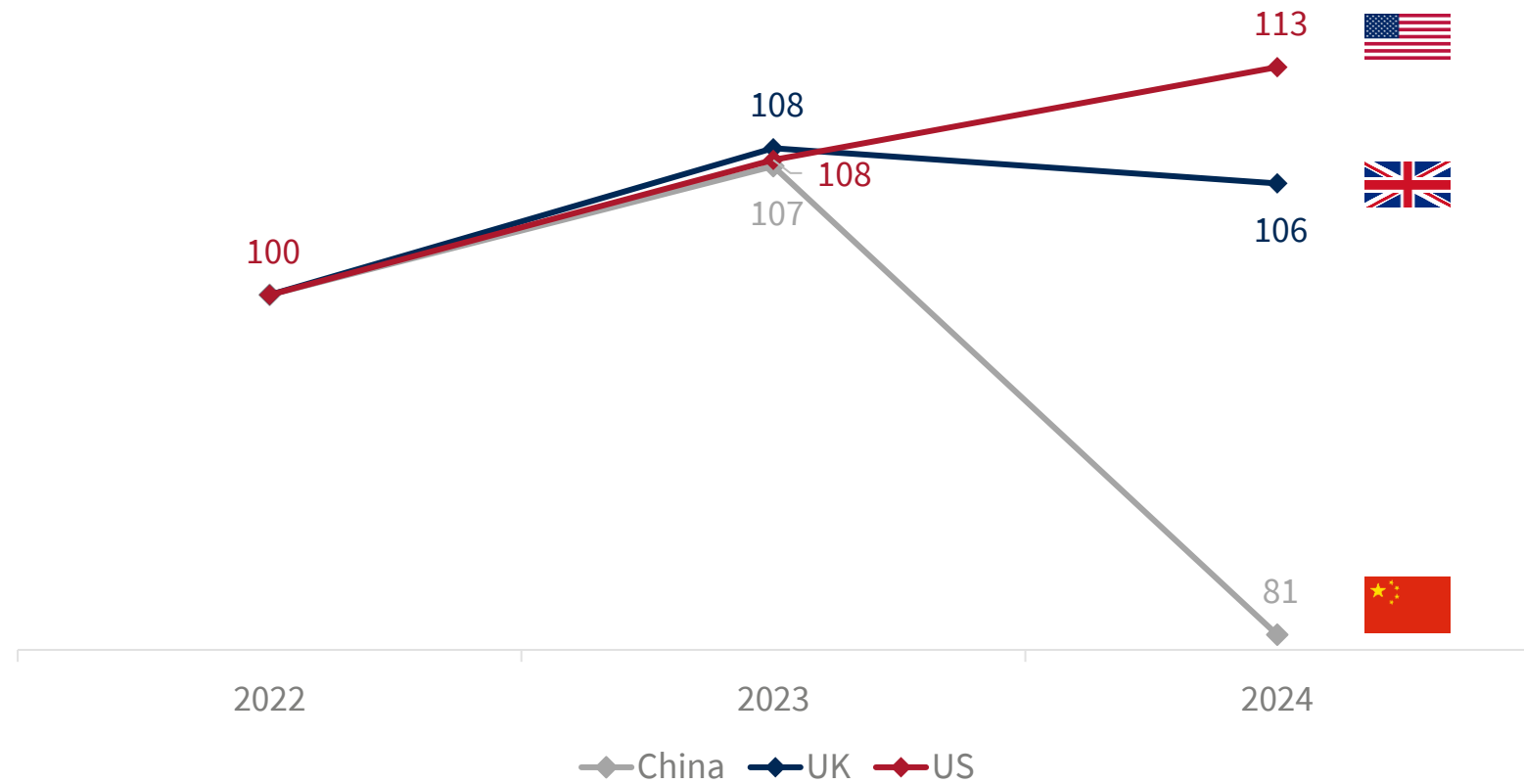
Source: *Watches of Switzerland Group plc RNS*.

# So what's the holdup?

(B) Investor confidence following earnings miss

Calendar year to  
September Swiss  
watch exports  
(indexed to 2022 =  
100)

Swiss watch exports by country



# So what's the holdup?

(C) UK equity markets trade at a steep discount



Forward P/E Multiples for UK vs. US



## Bloomberg

London's Once-Vibrant Stock Market Is in a Rut

## Forbes

Investment News: Investors Flock To US Equity Funds As UK Falls Out Of Favour





# Past engagement

September 2024

“...a substantial share buyback program...”

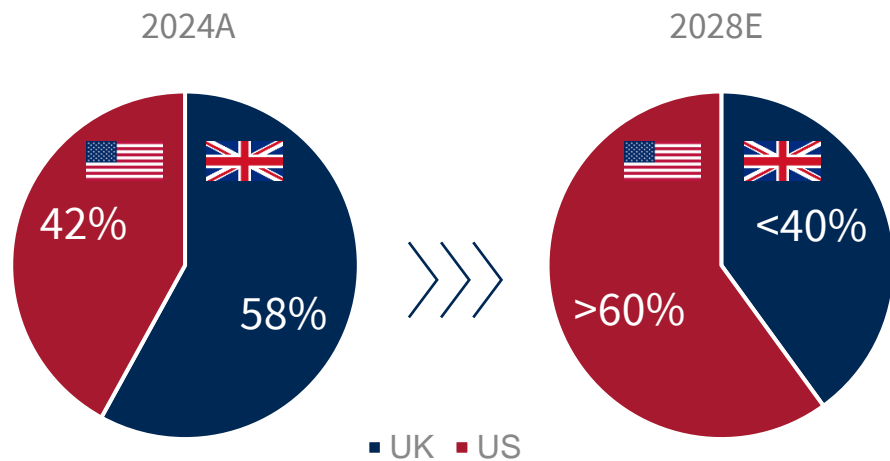


# Maximizing shareholder value

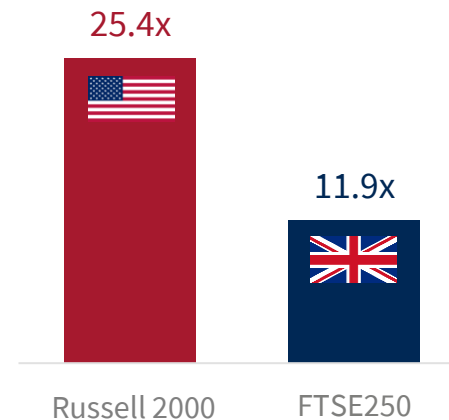
*Opportunity for WOSG to move its listing to the US*



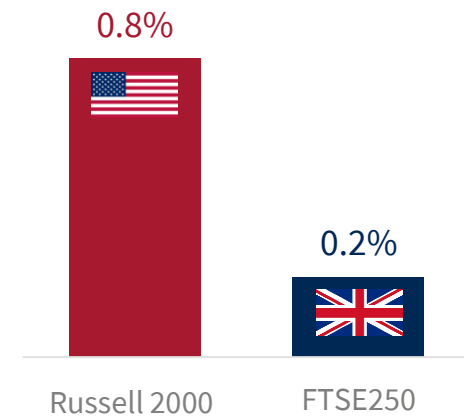
WOSG Revenue %



P/E



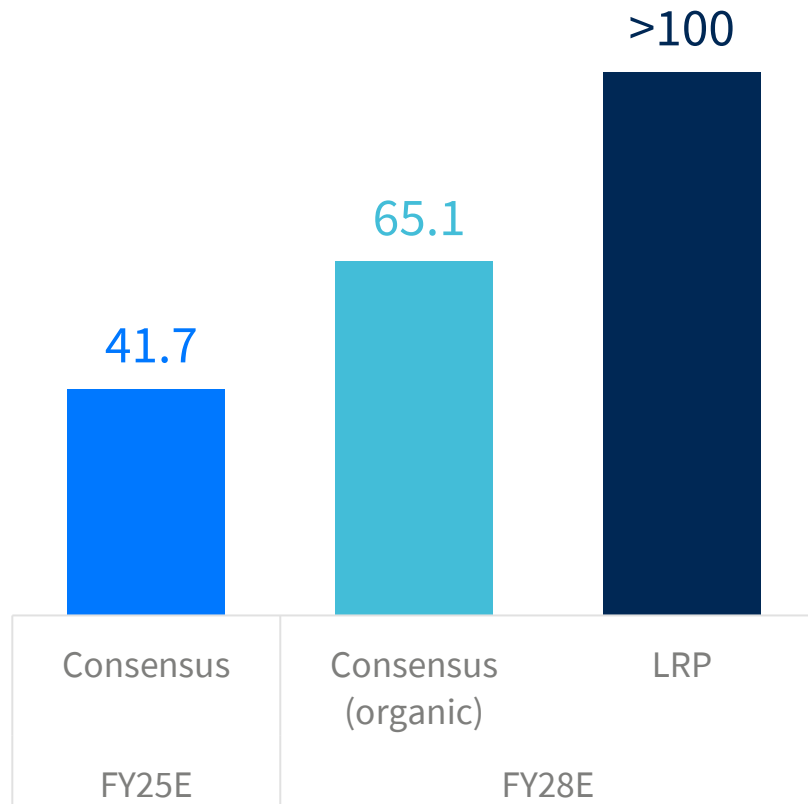
Liquidity



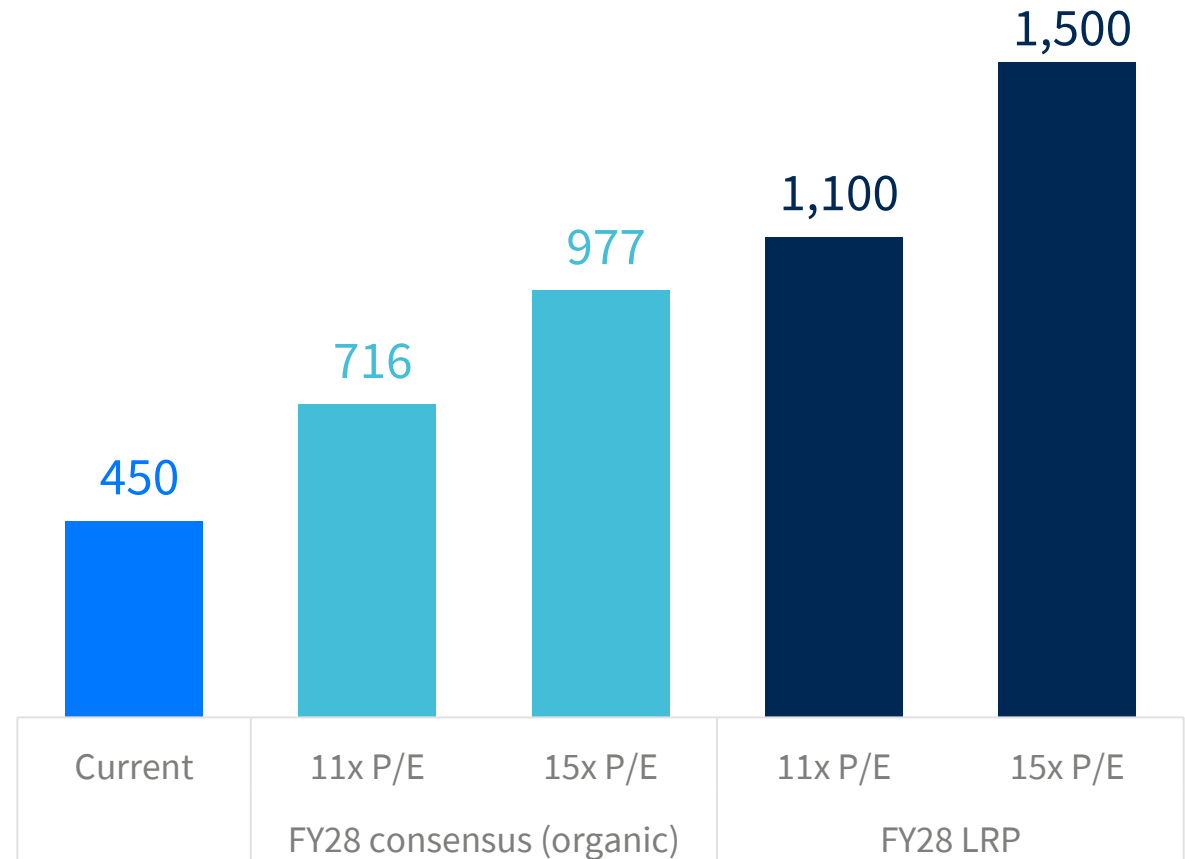
# Target prices

50 – 230% upside over next 2 – 3 years

EPS (pence)



Share Price Upside (pence)





**Thank You**

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