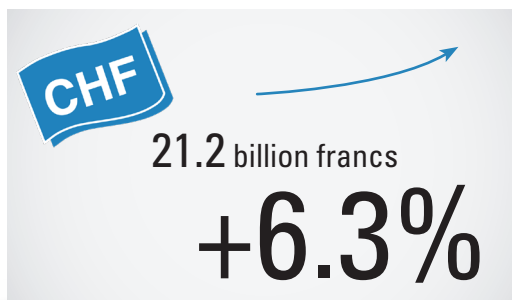




THE SWISS AND WORLD WATCHMAKING INDUSTRIES IN 2018

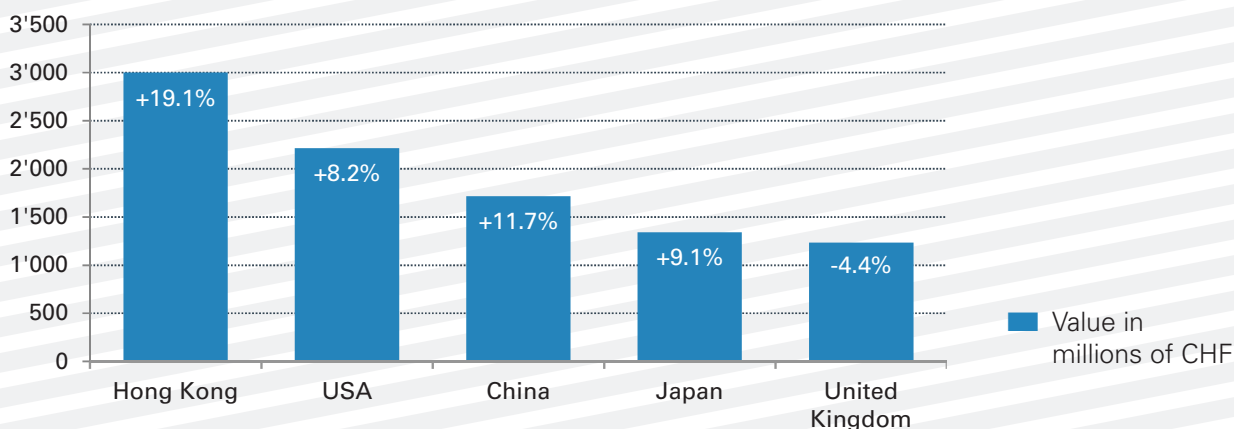
SWISS WATCH INDUSTRY

SWISS WATCH EXPORTS

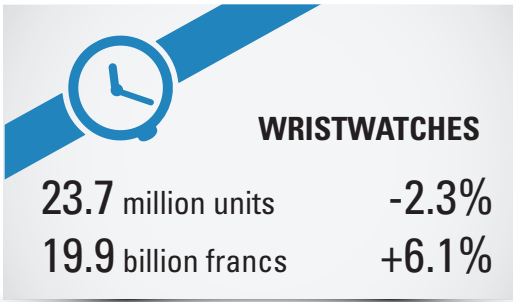


The outturn for watch industry exports in 2018 was in line with forecasts. The steady pace of growth early in the year saw a decline from the summer onwards, due to a less favourable base effect, but remained positive overall. The value of Swiss watch exports over the 12 months was CHF 21.2 billion, an increase of 6.3% over 2017. Growth was particularly strong during the first half of the year (+10.6%), but slowed to +2.3% in the second half.

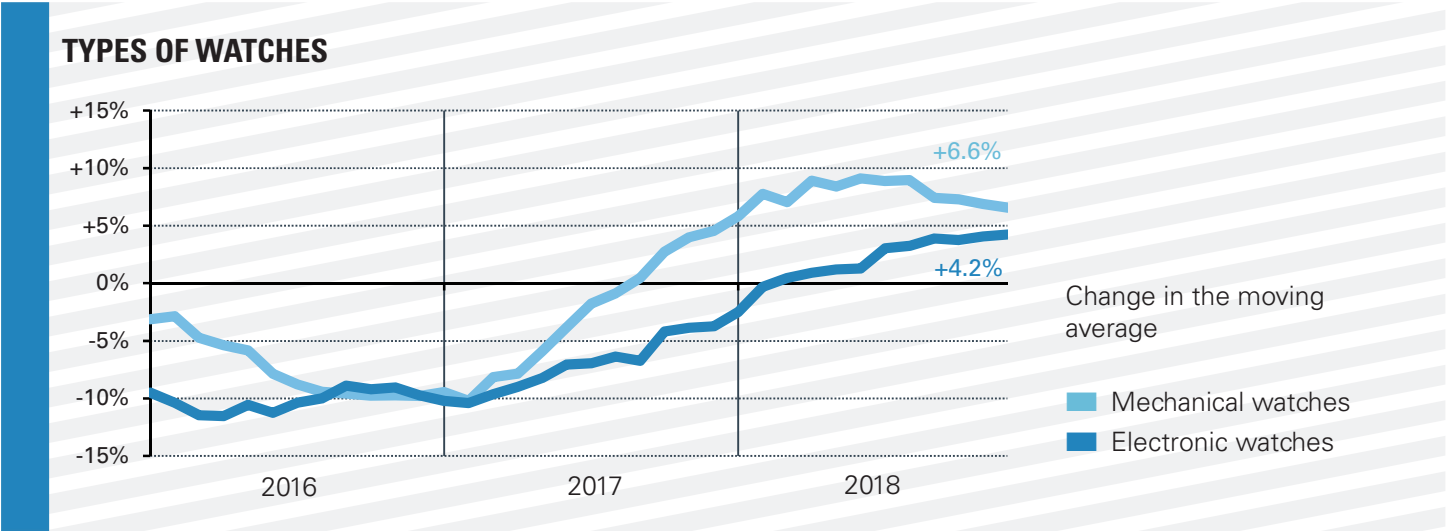
MAIN MARKETS



SWISS EXPORTS OF WATCHES



Wristwatches reached CHF 19.9 billion, an increase of 6.1%. Volumes failed to keep pace, with the sector recording a decline of 2.3%, to 23.7 million items. This was 570,000 fewer timepieces than in 2017. The reduction in volume was due to quartz watches, with the number of items declining by 5.0%, despite an increase in value (+4.2%). Mechanical timepieces, conversely, increased by both value (+6.6%) and volume (+3.9%).



Export prices
 All the values stated in the watch industry statistics and hence in this document are export prices and not the sale price to the final consumer (retail price).

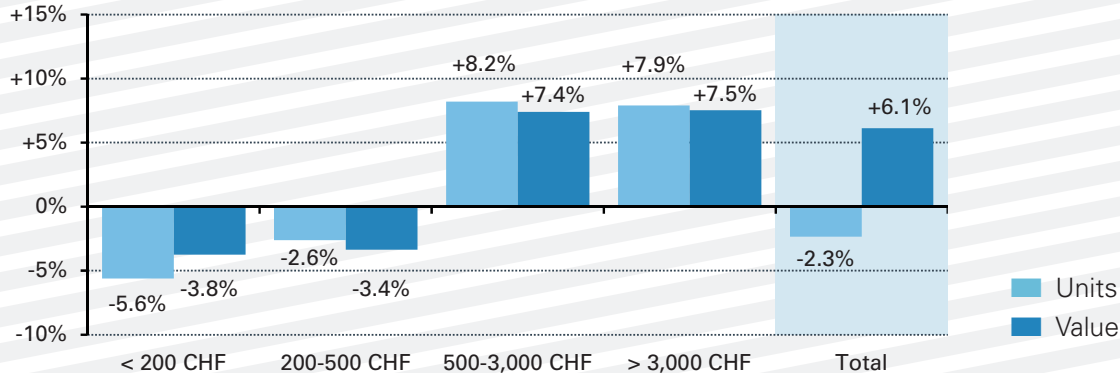
Watches by price range

Watches priced below CHF 500 (export price) fell back, particularly in the number of items exported (-5.0%). Above CHF 500, results were similar and very positive: +7.5% by value and +8.1% by volume.

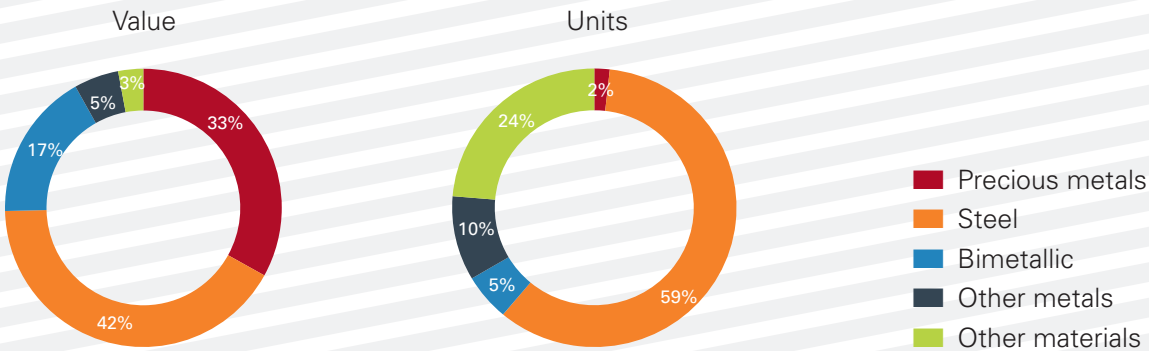
Trend of the different materials

The principal materials – precious metals (+4,4%), steel (+6,1%) and bimetal (+11,5%) – all saw significant increases in value. Steel, used for over half of all watches, also saw an increase in volume (+4.3%). Conversely, the number of items in the *Other materials* category declined by 15.2%, while the *Other metals* group fell by 12.7%.

WATCHES BY PRICE RANGE



WATCHES BY MATERIALS



Main markets

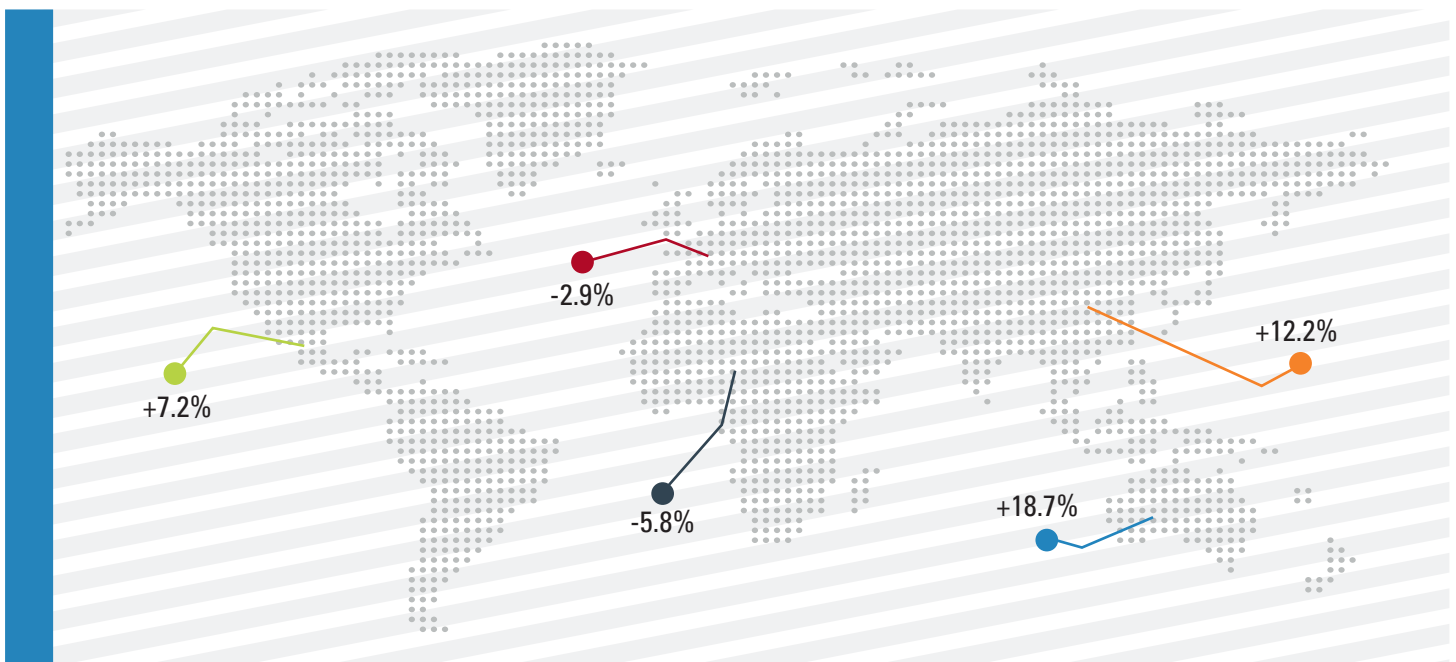
The growth in Swiss watch industry exports was led by the Asian market, while the increase in America was offset by the downturn observed in Europe. Asia represented 53% of the sector's turnover and grew by 12.2%. America (+7.2%), led by the United States, also contributed significantly to overall growth, accounting for 14% of exports of Swiss watches. Europe (-2.9%) remained an important market, with a 31% share, but its situation was less positive in 2018.

Most Asian markets grew, more or less strongly. Hong Kong (+19.1%) was a star performer, with very strong growth throughout the year. China ended the year on slightly lower growth (+11.7%), with a gradual slowdown from January onwards. Japan (+9.1%) picked up significantly, following the reductions in recent years, and peaked in the

summer. Singapore (+0.7%) and Taiwan (+0.8%) were stable, while South Korea (+25.7%) recovered strongly.

The United States (+8.2%) returned to growth after three years' decline, with the pace of growth accelerating throughout 2018.

Last year's declining markets were all in Europe. The downturn in the United Kingdom (-4.4%) has changed very little since the spring. The Southern European markets – Italy (-14.3%) and Spain (-11.4%) – were particularly badly affected. By contrast, Germany (+4.3%) experienced steady growth. France (+9.1%) benefited from a strong first six months, clearly buoyed by a significant increase in re-exports, while the second six months were practically flat.



WORLD WATCH INDUSTRY

World watch exports

The figures quoted here illustrate watch exports and imports by the main countries concerned. They do not represent data for world watch production. While this may be estimated at around 1.2 billion timepieces, the export and import figures are in fact higher because a product may be re-exported and therefore stated twice. However, this data does clearly reflect the forces involved and highlights the global trends of the branch.

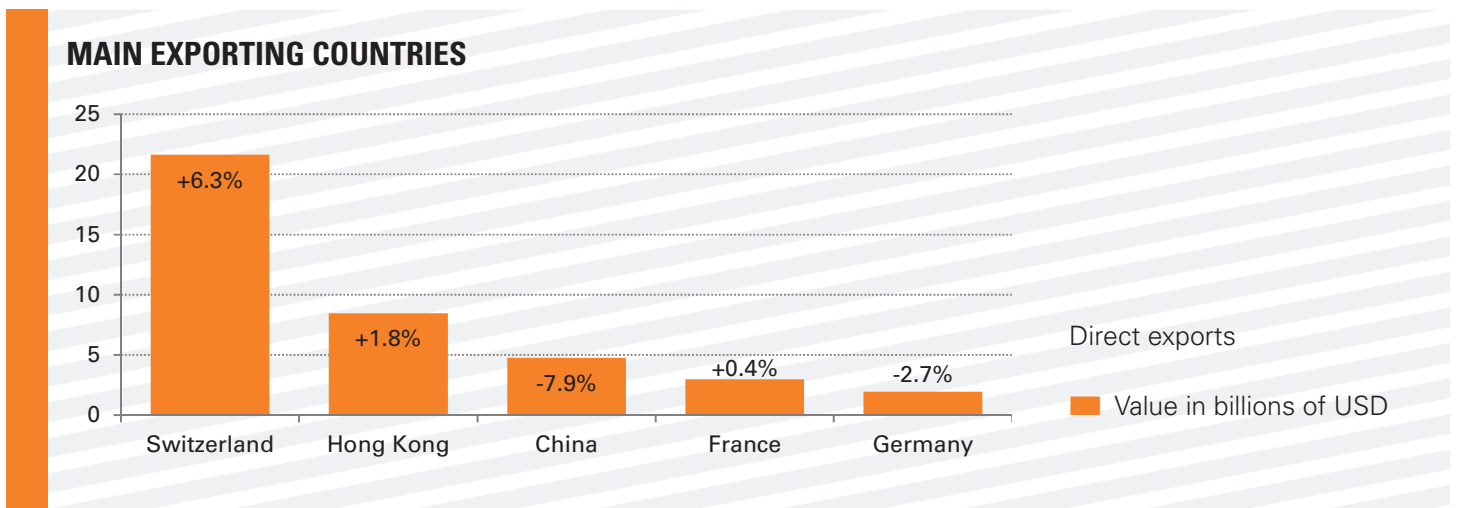
Trends in the main watch industry exporting countries and regions varied widely in 2018.

With 6.3% growth in local currency (excluding foreign exchange effects) compared with 2017, Switzerland posted very strong performance, remaining in first place. Swiss exports were worth USD 21.6 billion.

After falling back in 2017, Hong Kong saw its watch industry exports or re-exports rise by 1.8% in local currency in 2018, to reach USD 8.5 billion. Its main export destinations remained China, the United States and Switzerland, ahead of Macao, which reported strong growth, Japan and Germany.

China recorded a significant fall for the second year in a row. Its watch industry exports stood at USD 4.8 billion, 7.9% down in local currency. Nearly half this total transited through Hong Kong, significantly less than before. The remainder went mainly to the United States, Japan, Switzerland and Germany.

French watch industry exports or re-exports remained stable (+0.4% in local currency) in 2018, at USD 3.0 billion. Germany reported a less favourable trend, down 2.7% to USD 2.0 billion.



Values and variations

Results of watch industry exports and imports at global level are expressed here in dollars to facilitate comparison between the main players. On the other hand, the variation rates are calculated using data stated in local currencies in order to eliminate foreign exchange effects.

World wristwatch exports

China saw a reduction in volumes in 2018. It exported 656.3 million watches, 4.6% fewer than in 2017. The average price of these products was USD 3, compared with USD 4 in the previous year. Precious metal timepieces continued to grow very strongly, while other materials recorded a downturn.

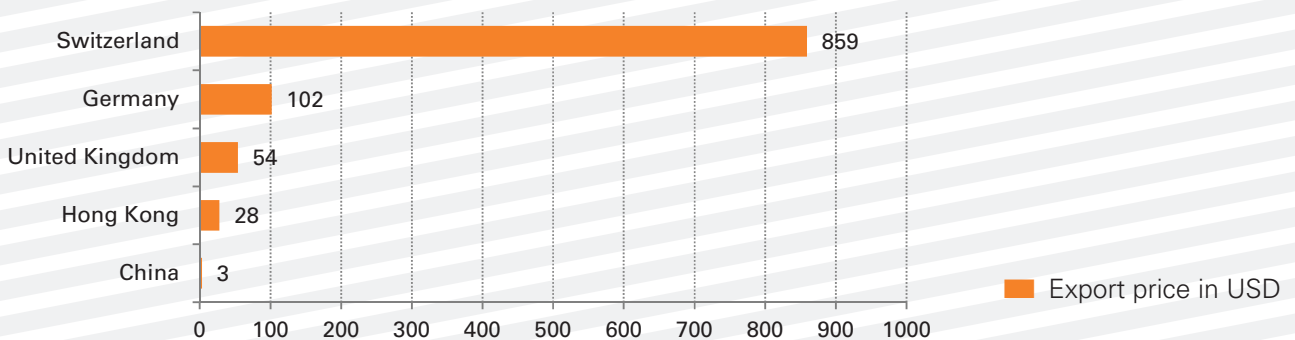
Fewer and fewer watches are transiting through Hong Kong and 2018 was no exception. The region shipped or re-shipped 204.7 million pieces, down by 10.2%. The average price increased by USD 2 compared with 2017, to USD 28.

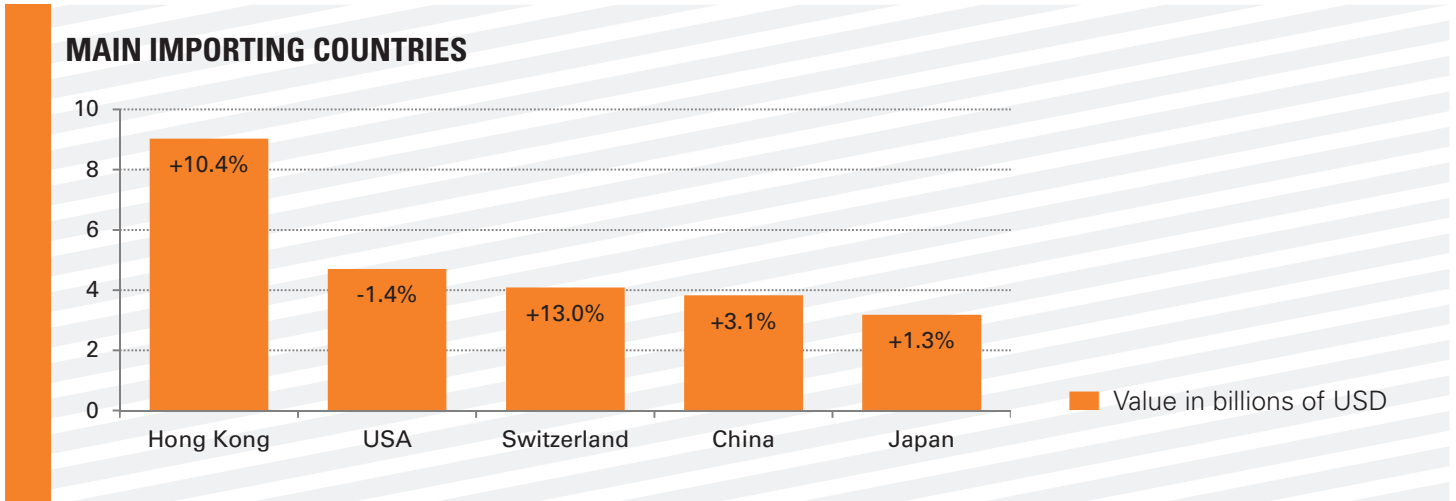
In third place, Switzerland exported 23.7 million watches (-2.3%), its lowest level since 2009. The average price of these products rose to USD 859 because of the fall recorded in the entry-level segment.

MAIN WRISTWATCH EXPORTING COUNTRIES

	Millions of units	Variation
China	656.3	-4.6%
Hong Kong	204.7	-10.2%
Switzerland	23.7	-2.3%
United Kingdom	17.3	+232.2%
Germany	15.9	-1.4%

AVERAGE PRICE OF EXPORTED WATCHES





World watch industry imports

Hong Kong played its role as a hub for several producer countries, with very substantial watch imports. At USD 9.0 billion, they advanced by 10.4% (excluding foreign exchange effects) in 2018. As export growth was lower, this result mainly reflects the strength of the local market.

In second place, watch industry imports by the United States levelled off slightly (-1.4%), at USD 4.7 billion. Nearly two thirds of this value originated in Switzerland, followed by Japan and China.

Switzerland grew strongly to overtake China in terms of watch industry imports. It saw a 13.0% increase in local currency, with a total value of USD 4.1 billion.

Chinese watch imports, supported by market growth, rose by 3.1% in local currency to reach USD 3.8 billion. Japan also posted a positive if more modest trend, at +1.3%.