



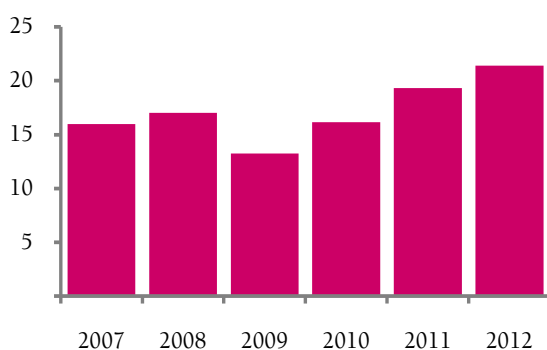
The Swiss and world watchmaking industry in 2012

Swiss watch exports

Against a fluctuating economic background around the world in 2012, Swiss watch exports confirmed their robust health by maintaining a very strong momentum. The total year-end value of exports was 21.4 billion francs, an increase of 10.9% compared to 2011.

Monthly rates of variation remained high for the most part. September (-1.4%) and December (-5.6%) were the only months to record declines. Independently of these sporadic changes, the general trend showed a significant slowdown of the growth.

Total value (in CHF billion)



Over twelve months, growth was virtually halved, falling from +19.4% at the end of 2011 to +10.9% at the end of 2012. Numerous arguments have been advanced to explain this development, of which the standardisation of growth, an unfavourable base effect and a reflection of the sales situation in the Far East are among the most important. At all events, this decline is perceived as a logical consequence and does not warrant concern for the future.

Exports of finished watches

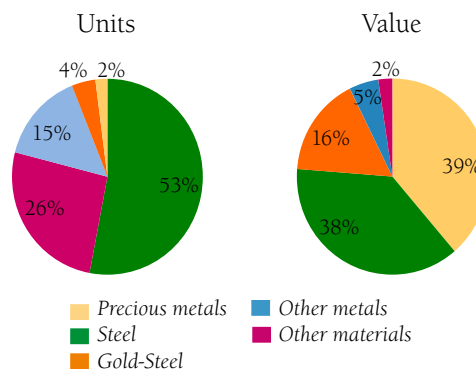
Gold watches accounted for more than 94% of total watch exports by value and rose to a level of 20.2 billion francs, an increase of 11.5% compared to 2011. The corresponding

number of timepieces was very high, at 29.2 million units. This level is below that of 2011 (-2.2%) but well above the average for the last eight years. Strong growth recorded by more expensive products increased the average price of exported timepieces considerably, from 608 francs in 2011 to 693 francs at the end of 2012.

Trend of the different materials

The year 2012 was clearly buoyed by gold watches. Posting a 20.5% increase, they accounted for more than half the sector's growth. Their value for the year was 7.3 billion francs. Steel timepieces, albeit achieving a higher value, progressed at a below-average rate. They nonetheless recorded a comfortable increase of 8.2%, for a final value of 7.6 billion francs. Bimetallic watches – often manufactured from steel and gold – also produced a below-par result, with growth of 5.3%. Their annual value was 3.3 billion francs.

Watches by materials



The main volume materials showed mixed results. Steel remained in pole position, accounting for more than one in two watches exported, and maintained its 2011 level (+0.3%). In total, 15.4 million steel watches left Switzerland. The category of other materials, which includes non-metallic products, fell by 4.5% to 7.6 million timepieces. The category of other metals, including

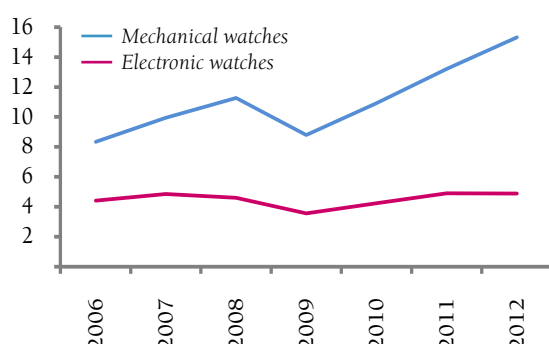


in particular aluminium timepieces, registered a decline of 17.5%. Despite increases in a number of other materials, in the final analysis 640,000 fewer timepieces were exported by Swiss watch manufacturers over the course of the year (-2.2%).

Mechanical and electronic watches

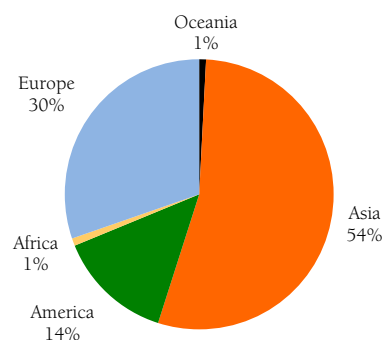
Growth was due solely to mechanical watches in 2012. These posted an increase of 15.9% in value terms compared to 2011, and recorded a 12.0% increase by volume. Electronic timepieces for their part registered a decline in terms of units (-5.8%), while their value remained stable (-0.2%).

Watches (in CHF billion)



Main markets

All export regions showed an upturn in 2012. Thanks to an excellent second half-year, Europe recorded the highest annual growth (+16.3%). The continent represented a value of 6.5 billion francs, absorbing 30% of Swiss watch exports and taking market share from Asia. Growth on the Asian continent was only half as strong (+8.4%), due to a steady slowdown which showed signs of recovery in the second half of the year. Asia recorded a total value of 11.6 billion francs, with a market share of 54%. America was situated very close to the global average with an increase of 9.6% by value, which at 3.0 billion francs represented a market share of 14%. Africa and Oceania each absorbed less than 1% of the total value of Swiss exports. The former posted the highest growth (+22.8%), while the latter registered a more modest rate of variation (+3.3%).



All major European markets improved on their 2011 results and in many cases the increases were very marked. France was rather the exception, with growth limited to 1.3%. Germany recorded the highest increase (+33.1%), distributed over most price segments. Italy saw its value increase by 16.0%, thanks to premium-priced watches. In the United Kingdom (+22.4%) and Spain (+17.4%), it was also the most expensive watches that boosted results.

Geographical distribution (in CHF million)

Countries	Value 2012	Change in %	Share in %
Hong Kong	4,370.7	+6.8%	20.4%
USA	2,186.9	+10.1%	10.2%
China	1,647.6	+0.6%	7.7%
France	1,317.2	+1.3%	6.2%
Germany	1,198.6	+33.1%	5.6%
O. Countries	10,696.9	+13.9%	49.9%
Total	21,418.0	+10.9%	100.0%

In Asia, the largest markets recorded the weakest growth, if not modest declines. Hong Kong, the leading market worldwide, saw its value increase by 6.8%. Following very impressive growth, China saw its momentum begin to falter in the summer and ended the year with a result comparable to that of 2011 (+0.6%). Singapore recorded a slight downturn (-1.9%), while Japan (+19.7%) remained at a high level throughout the year. In the Middle East, the United Arab Emirates (+25.2%) and Saudi Arabia (+15.4%)

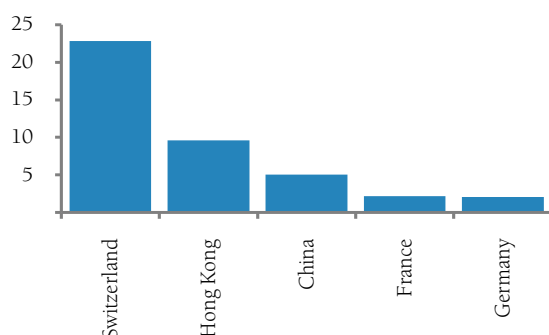


made significant contributions to global growth. The United States saw a steady decline in growth and ended the year with a result of +10.2%, on a par with the average. It is taking much longer than elsewhere for this market to re-establish itself, with 2008 levels yet to be surpassed.

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.

Main exporting countries (in USD billion)



Switzerland was a key player globally in 2012. In one year, it exported watchmaking products worth 22.8 billion dollars. This result corresponds to growth of 10.9% in local currency (excluding exchange rate effects). Exports or re-exports from Hong Kong also posted a comfortable increase of +8.1% in local currency, ending the year on a total value of 10 billion dollars. The main destinations were the United States, Switzerland, China and Japan. Among the main world players, China exported the equivalent of 5.1 billion dollars. It recorded particularly strong growth in 2012, with an increase of +34.5% in local currency. Chinese watch exports followed the same

trend as Hong Kong, the United States and Japan. France registered strong growth in its watch exports, lifting it into fourth place. The total value was 2.2 billion dollars, an increase of 21.0% compared to 2011. Germany recorded a significant but more modest upturn. With a rate of variation of +8.9%, the country's export value was 2.1 billion dollars.

Exports of finished watches

China exported slightly fewer watches than in 2011 (-2.9%). With 662.5 million timepieces however, it remains by far the world's leading exporter in volume terms.

Main watch exporting countries
(Direct exports)

Countries	Units in millions	Change in %
China	662.5	-2.9%
Hong Kong	354.4	-12.0%
Switzerland	29.2	-2.2%
Germany	16.3	+9.2%
USA	8.6	+15.3%
France	6.4	-12.9%

Hong Kong recorded a far steeper decline. Its watch exports fell by 12.0%, to 354.4 million units. Switzerland occupied third place, exporting 29.2 million timepieces in 2012. Here the trend was the same as that in China, with a downturn of 2.2%.

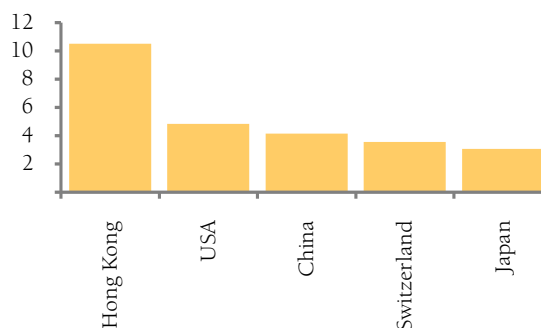
The average price of watches exported by China was 3 dollars (export price), i.e. one dollar more than in 2011. Timepieces exported by Hong Kong saw their average price continue to climb, rising from 15 to 19 dollars in one year. Switzerland stood out with a markedly higher value which amounted to 739 dollars in 2012, i.e. 52 dollars more than one year previously.



World watch imports

Hong Kong continued to function as a revolving door by re-exporting a large part of its watch imports. The latter totalled 10.5 billion dollars (+7.7% in local currency), making the city state the world's number one importer. The United States remained stable compared to 2011: here, supplies from abroad totalled 4.8 billion dollars (-0.1%). China markedly increased its watch imports (+24.6%) to a level of 4.2 billion dollars. Switzerland supported growth in its production capacity by buying more supplies from abroad. It imported goods worth 3.6 billion dollars (+10.8%). In fifth position, Japan recorded a strong upturn (+23.1%), to 3.0 billion dollars.

Main importing countries (in USD billion)



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