

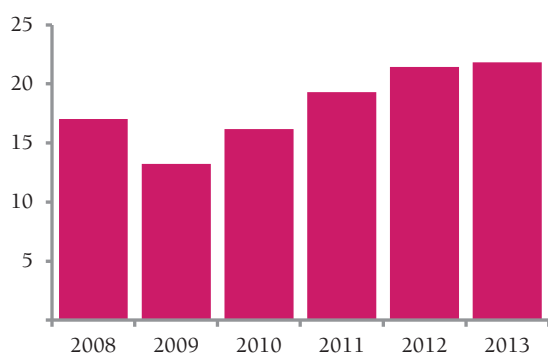


The Swiss and world watchmaking industry in 2013

Swiss watch exports

For the year 2013 as a whole, the result is in line with forecasts. Growth slowed quickly during the first half-year, recording a variation of +0.7% compared to January-June 2012. Watch exports improved in the second half of the year with an increase of 3.0%. Over twelve months, their value amounted to 21.8 billion francs. This sum exceeds by more than 400 million francs the performance achieved in 2012, corresponding to an increase of 1.9%.

Total value (in CHF billion)



While the rate of growth is no longer on a par with previous years, it has nonetheless consolidated recent gains in the sector at a very high level. With this quite marked correction, it has entered a phase of normalisation which is expected to bring it into line with the long-term trend, and this is likely to be the case in 2014. The slowdown in growth relative to the sharp increases registered since 2010 is the result in particular of a very high base of comparison. Furthermore, a better showing would be hard to envisage given the decline in exports to markets as large as Hong Kong and China. Indeed the latter clearly supported growth in previous years and were instrumental in shaping its outcome in 2013.

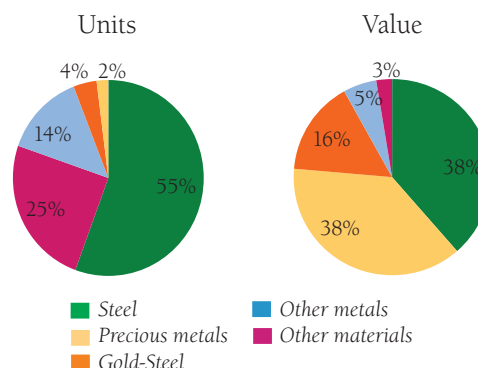
Exports of finished watches

Watches accounted for nearly 95% of the total value of exports in 2013. They recorded growth of 2.0%, to 20.6 billion francs. In volume terms, Switzerland exported 28.1 million timepieces. This represents a downturn of slightly more than a million units (-3.6%) compared to 2012. Despite the second consecutive annual decline, the level remains well above the average for the past ten years. As a consequence of these developments, the average price of exported watches continued to rise. In 2013, it was 733 francs, an increase of 5.9% compared to 2012. It has doubled in 12 years.

Trend of the different materials

Throughout the year, steel watches (+4.9%) were the main source of growth in value terms. Platinum timepieces (+20.5%) also made a significant contribution. By contrast, gold and bimetallic watches (-1.6% and -3.3% respectively) saw their value fall. Half of materials registered a decline in the number of timepieces. Principal among these, the categories of other metals (-11.3%) and other materials (-8.4%) weighed heavily in the scales. Their decline was such that the rise in steel watches (+1.0%) failed to make a significant impact.

Watches by materials

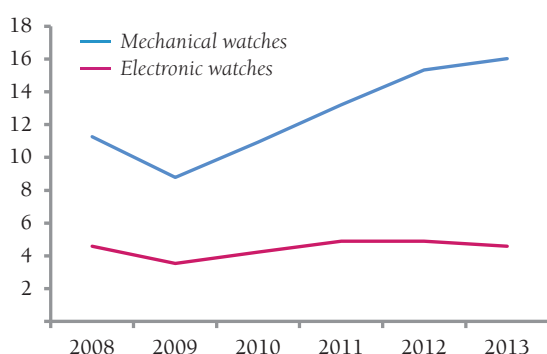




Mechanical and electronic watches

As in 2012, mechanical watches recorded an upturn, while quartz products lost ground. The former increased not only in value terms (+4.5%), but also, and in no small measure, by volume (+8.2%) registering 560,000 units more at the end of 2013 than in 2012. Electronic watches accounted for less than a quarter of export sales, but nearly three-quarters of total volumes. They fell 5.8% and 7.3% in value and volume terms respectively.

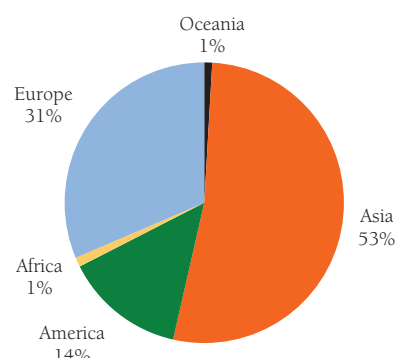
Watches (in CHF billion)



Main markets

In 2013, Europe exerted a positive effect on results, thanks to an increase of 5.7%. It absorbed 31.4% of Swiss watch exports by value, before seeing a large part of these products cross its borders in the form of tourist purchases or re-exports. Asia accounted for more than half of watch exports by value (52.7%), despite a very slight downturn (-0.9%). The American continent recorded a moderate and steady slowdown in growth, before stabilising close to its final result (+2.4%).

Few markets registered a decline in 2013, however they greatly influenced the overall result on account of their size. The leading market for direct exports, Hong Kong, reflected this trend. Here the level fell to its lowest point in the summer, before ending the year 5.6% down on 2012. China, the second largest Asian market and third at a world level, recorded one of the steepest declines, with -12.5%. The last significant negative influence was that of France, ranked sixth worldwide. Its yearly



value recorded a decline of 9.6%, spread over most price segments. Its result plummeted in volume terms by 25.4%, equivalent to half the global downturn. France has apparently seen a reduction in purchases by tourists, particularly from China.

Among the many positive variations, the United States (+2.4%) remained close to the world average. After a slowdown in the first half-year, growth remained stable in the second half of the year.

Geographical distribution (in CHF million)

| Countries | Value 2013 | Change in % | Share in % |
|--------------|------------|-------------|------------|
| Hong Kong | 4,125.0 | -5.6% | 18.9% |
| USA | 2,239.9 | +2.4% | 10.3% |
| China | 1,446.5 | -12.5% | 6.6% |
| Germany | 1,306.4 | +9.0% | 6.0% |
| Italy | 1,229.0 | +4.6% | 5.6% |
| O. Countries | 11,487.8 | +16.0% | 50.6% |
| Total | 21,834.7 | +1.9% | 100.0% |

Aside from France, European markets helped brighten the picture for the Swiss watch industry. Germany recorded an upswing of 9.0%, Italy 4.6% and the United Kingdom 18.2%. Other smaller markets also registered increases, sometimes well above the norm.

In Asia, Japan (+5.7%), Singapore (+1.0%) and South Korea (+11.4%) exceeded their 2012 levels. The Middle East followed the same pat-

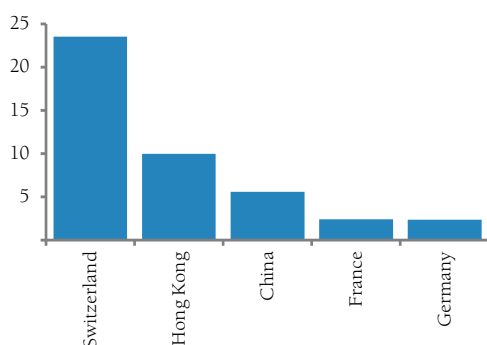


tern, with gains registered by the United Arab Emirates (+9.2%) and Saudi Arabia (+6.6%).

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 remained the leading exporting country in the clock and watchmaking sector in 2013. It exported the equivalent of 23.6 billion dollars around the world. Compared to 2012, this corresponds to an increase of 1.9% in local currency (excluding exchange rate effects). In second position, Hong Kong exported or re-exported clock and watchmaking products to the value of 10.0 billion dollars, an increase of 3.7% in local currency. The main destinations were the United States, Switzerland and China, in roughly equal proportions. The next countries of note were Macao and Japan. China was also a major player in terms of watch industry exports. Growth of 7.9% in local currency resulted in a value of 5.6 billion dollars. Chinese watch exports were shipped mainly to Hong Kong, the United States and Japan.

France saw its watch exports rise to 2.4 billion dol-

lars, comprising mainly re-exports to other European markets. This result exceeded the value recorded in 2012 by 7.2%. In fifth position, Germany exported the equivalent of 2.4 billion dollars, an increase of 10.8%.

Exports of finished watches

In volume terms, China ranked in first position. In total, 634.4 million timepieces left the country in 2013. This represents a downturn of 4.2% compared to the previous year. As might be expected, Hong Kong too saw its volumes decline, to 331.5 million units (-6.5%). Switzerland was no exception to this downward trend, recording a decline of 3.6%. Nevertheless the level remained above the average for the last ten years, with 28.1 million watches.

Main watch exporting countries (Direct exports)

| Countries | Units in millions | Change in % |
|-------------|-------------------|-------------|
| China | 634.4 | -4.2% |
| Hong Kong | 331.5 | -6.5% |
| Switzerland | 28.1 | -3.6% |
| Germany | 18.8 | +13.8% |
| USA | 9.2 | +7.3% |
| France | 6.9 | +7.9% |

As in 2012, the average price of watches exported by China was 3 dollars (export price). Timepieces from Hong Kong saw their average price increase from 19 to 21 dollars in 2013. Switzerland stood out by a much higher average value, which rose to 791 dollars from 739 in 2012.

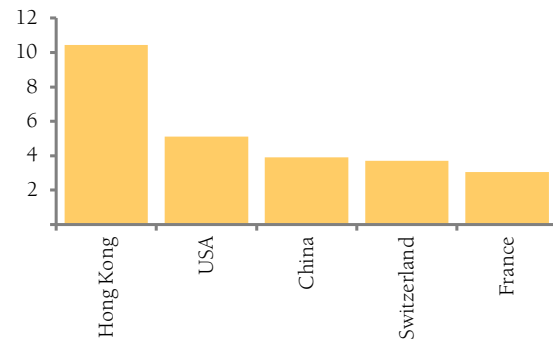
World watch imports

Hong Kong absorbed the largest part of global trade, which it then partially re-exported to other markets. Its watch imports totalled 10.4 billion dollars, virtually identical to the level in 2012 (-0.5% in local currency). The United States imported watch industry products to the value of 5.2 billion dollars. These imports represented a year-on-year increase of 6.0%.



Confirming the slowdown on the Chinese market, that country's watch imports fell by 7.9% to a level of 3.9 billion dollars. Switzerland imported watches and components to the value of 3.7 billion dollars. These supplies from abroad followed the same trend as exports, i.e. an increase of 2.1%. France was ranked fifth, with a value of 3.1 billion dollars (+3.6%).

Main importing countries (in USD billion)



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