

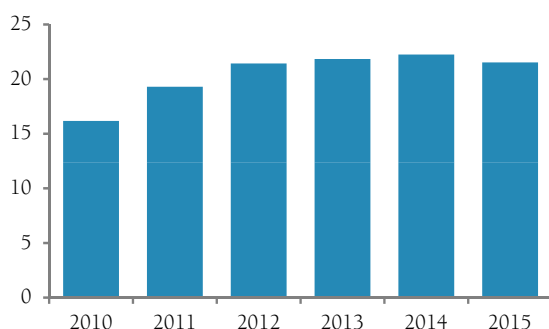


# The Swiss and world watchmaking industry in 2015

## Swiss watch exports

The Swiss watchmaking industry had to contend with a more complex and challenging environment in 2015. It reported its first downturn since 2009. The value of watch industry exports stood at 21.5 billion francs, 3.3% lower than in 2014. Following two consecutive years of consolidation, the annual result was therefore almost back at its 2012 level. The adverse trend of the Hong Kong market had a severe impact on the overall progress of business.

Total value (in CHF billion)



Watchmaking exports deteriorated continuously during 2015, falling from +3.2% in the first quarter to -7.3% in the fourth quarter. Most of the factors affecting the branch became particularly apparent in the second half of the year with figures well below the 2014 level (-6.8%), while the first six months of the year had still been slightly positive (+0.5%).

## Exports of finished watches

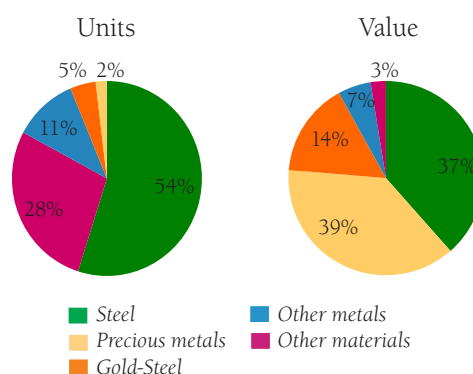
The watch segment generated a value of 20.2 billion francs, accounting for just under 95% of total exports. These were 3.6% down on 2014. In terms of the number of pieces, the decline was more

modest at -1.6%. With 28.1 million timepieces exported, volumes reverted to their 2013 level. In all, 460,000 fewer watches left Switzerland in 2015.

## Trend of the different materials

Steel timepieces experienced a steeper than average decline with their value 4.9% lower than in 2014. They accounted for half the overall fall in export sales. Gold watches showed much the same profile, with 4.8% lower numbers. Bimetal timepieces were less affected but still did not manage to avoid a negative result (-2.6%). In terms of the number of pieces, steel products contracted significantly (-5.7%), while still accounting for one out of two exported watches. Half of this fall was offset by growth of the category of other materials (+11.1%), particularly other metals (+11.1%).

Watches by materials

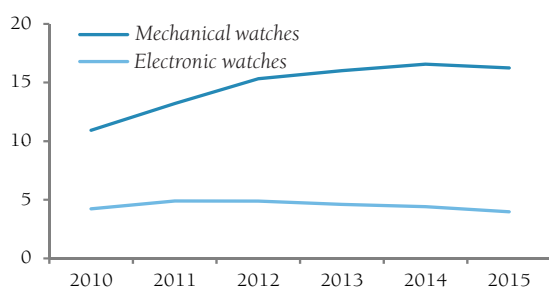




### Mechanical and electronic watches

Mechanical watches generated 80% of export sales. Their value fell by 2.0%. Quartz timepieces reported a weaker result with a 9.9% fall.

Watches (in CHF billion)

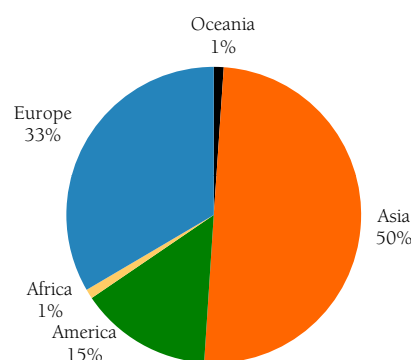


### Main markets

In 2015, Asia was the number one market for Swiss watchmakers, accounting for exactly one-half of exports in value terms. Sales here were substantially lower (-9,1%). Europe, which was responsible for one-third of sales, posted a robust 6.1% rise against 2014. Growth on the American continent halted in September to end the year in negative territory (-1.9%).

Hong Kong was the crucial player in the decline of Swiss watch industry exports. Its status of number one market and the steep deterioration recorded in 2015 changed the course of the average trend on all other markets. Globally, our exports were down by 735 million francs, but they lost 946 million in Hong Kong alone (-22.9% out of a total of 3.2 billion francs). The former British colony thus returned to its 2010 level. The local market experienced a far-reaching readjustment linked to exchange rates and consumer habits in particular.

China, on the other hand, reported a less severe although still substantial fall. The value of Swiss watch industry exports fell by 4.7% here. The situation recovered towards the end of the year, following a depression in the summer. However, the recovery was not enough for a return to growth, with the market lower for the third year in a row.



2015 got off to a bad start in Japan because of a very unfavourable base effect but it went on to improve as the year progressed. On average, the Japanese market ended 1.9% lower.

Singapore's market profile has remained practically flat in recent years. In 2015, watchmaking exports were almost unchanged (+1.0%).

In the Middle East, the profile of the main markets differed: values in the United Arab Emirates were 6.7% lower, while Saudi Arabia gained 11.2%.

The MERS epidemic left its mark on South Korea (+0.2%), which ended the year practically unchanged.

The main European markets all grew against 2014. Italy (+6.4%) continued to perform very strongly while Germany (+0.7%) was back in the black despite a pronounced drop at the end of the period.

Geographical distribution (in CHF million)

Countries	Value 2015	Change in %	Share in %
Hong Kong	3,176.2	-22.9%	14.8%
USA	2,358.5	-0.8%	11.0%
China	1,336.2	-4.7%	6.2%
Italy	1,315.2	+6.4%	6.1%
Japan	1,305.4	-1.9%	6.1%
Oth. Countr.	12,030.8	+2.0%	55.9%
Total	21,522.3	-3.3%	100.0%



France (+9.4%) experienced a particularly dynamic summer before a downturn in November and December linked to the aftermath of the terrorist attacks which certainly had a contagious effect on Germany and to some extent also on Italy.

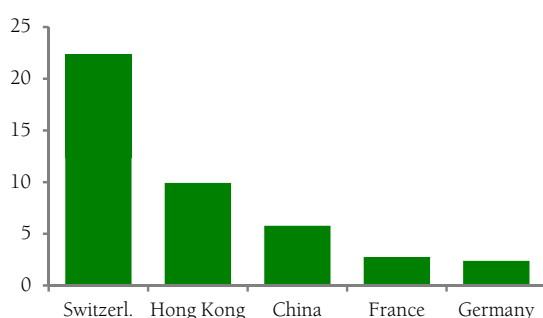
The United Kingdom stood out from the other European markets with a 19.1% increase, showing strong progress month after month.

Following regular gains in growth until the month of August, the United States suffered a distinct setback from September onwards to end the year in an almost stable situation (-0.8%).

## 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)



Still the world leader for watch industry exports in value terms, Switzerland shipped products worth the equivalent of 22.4 billion dollars to some 200 markets in 2015. This figure was 3.3% down in local currency terms (excluding exchange rate

effects) by comparison with 2014. Hong Kong came next with exports or re-exports valued at 9.9 billion dollars. That was a 4.6% reduction in local currency terms. Exported products went primarily to Switzerland, China and the United States, which together took one-half of the goods flows. Japan and Macao also accounted for a significant share. Chinese exports bounced back strongly after their decline in 2014. They reached 5.8 billion dollars, 10.0% higher in local currency terms. The main destinations remained unchanged: Hong Kong, the United States and Japan.

France also ranked highly among the main exporting countries in 2015. It accounted for a value of 2.9 billion dollars, representing very strong growth (+16.5% in local currency terms). It was followed very closely by Germany, which reported 2.4 billion dollars, i.e. +13.9% excluding exchange rate effects.

## Exports of finished watches

China strengthened its position as the leading watch manufacturer in volume terms last year; it exported 682.8 million timepieces, 2.1% more than in 2014. Hong Kong experienced a sharp contraction of its exports or re-exports. The number of pieces leaving the former British colony fell by 12.2% to stand at 276.7 million units. These two variations in opposite directions for the second year in a row might suggest that Chinese producers are making less use of Hong Kong as a hub than was the case in the past. Ranking in third place, Switzerland reported a slightly negative trend in 2015. Its watch exports stood at 28.1 million pieces (-1.6%).

Main watch exporting countries  
(Direct exports)

Countries	Units in millions	Change in %
China	682.8	+2.1%
Hong Kong	276.7	-12.2%
Switzerland	28.1	-1.6%
Germany	21.9	+4.4%
USA	9.5	-2.0%
France	7.3	+6.1%



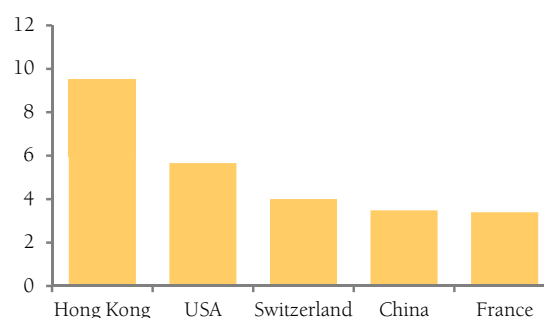
The average price of watches exported by China remained stable at 4 dollars (export price) in 2015. Hong Kong reported an increase with an average value up from 23 to 24 dollars in one year for the timepieces shipped across its frontiers. Swiss watches remained well above these figures. Their average price stood at 748 dollars, against 803 in 2014.

### World watch imports

Hong Kong also saw a steep fall in watch industry imports in 2015, which goes some way towards explaining the downturn in its exports or re-exports. At 9.5 billion dollars, the level was 12.7% lower (excluding exchange rate effects). The United States continued to take a major share of world exports, amounting to 5.7 billion dollars, 4.8% higher than in 2014. Switzerland saw its procurement from other countries rise by 2.7% with a value of 4.0 billion dollars. China imported almost as much as in 2014, with 3.5 billion dollars (-0.8%). The strong-

est growth was reported by France (+24.2%), where watch industry imports stood at 3.4 billion dollars. This significant increase is in phase with the trend of French exports and probably points to a higher quantity of watches in transit.

Main importing countries (in USD billion)



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