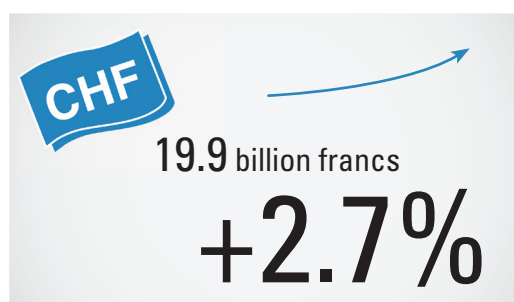




THE SWISS AND WORLD WATCHMAKING INDUSTRIES IN 2017

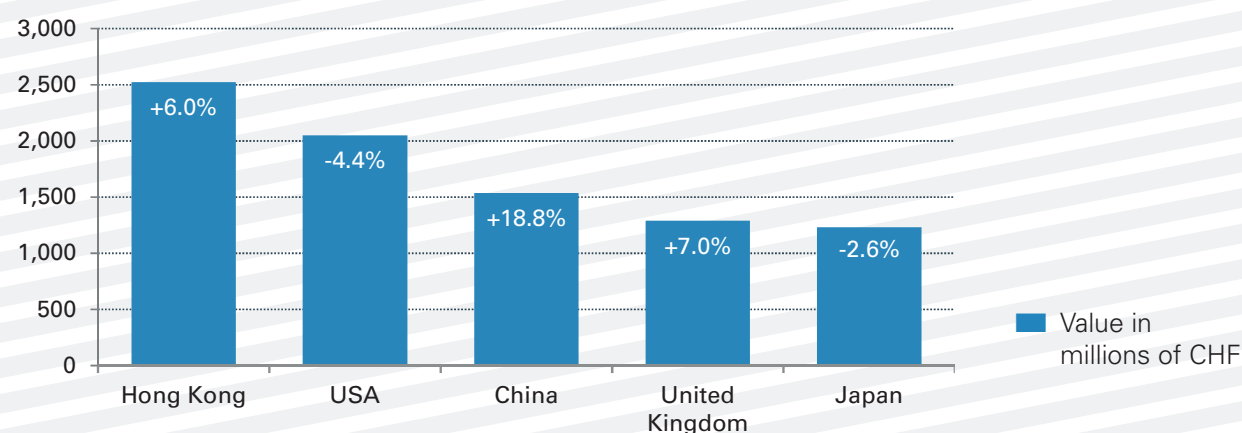
SWISS WATCH INDUSTRY

SWISS WATCH EXPORTS

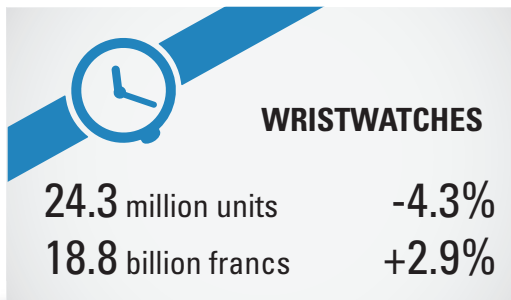


The situation of Swiss watch industry exports improved steadily in the course of 2017. In the end, their value fell just short of the 20 billion francs mark. They posted a result of 19.9 billion, up 2.7% against 2016. The trend stabilized in the first half (+0.3%), while the second saw substantial growth (+4.9%).

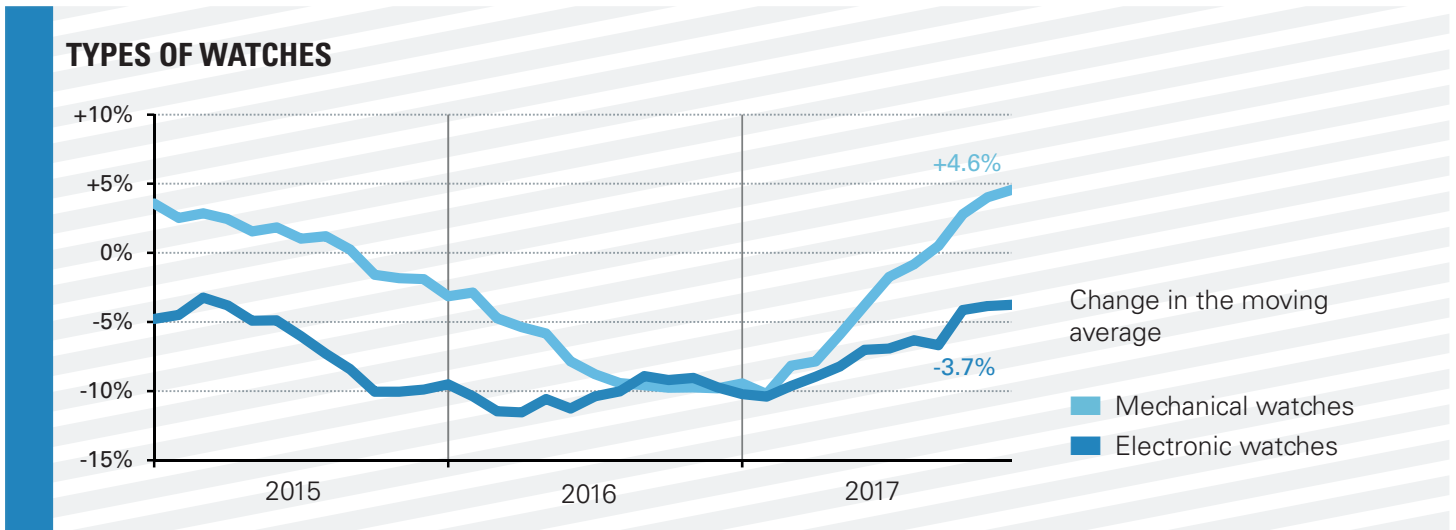
MAIN MARKETS



SWISS EXPORTS OF WATCHES



The value of wristwatch exports reached 18.8 billion francs, equivalent to 2.9% growth on 2016. For its part, the number of pieces continued to fall: 1.1 million fewer timepieces were exported (-4.3%) with a total of 24.3 million pieces. This was the lowest figure since the 2009 crisis. The decline in volumes was influenced by quartz watches which posted a fall of 7.4%. On the other hand, mechanical timepieces grew in terms of both value (+4.6%) and number of pieces (+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).

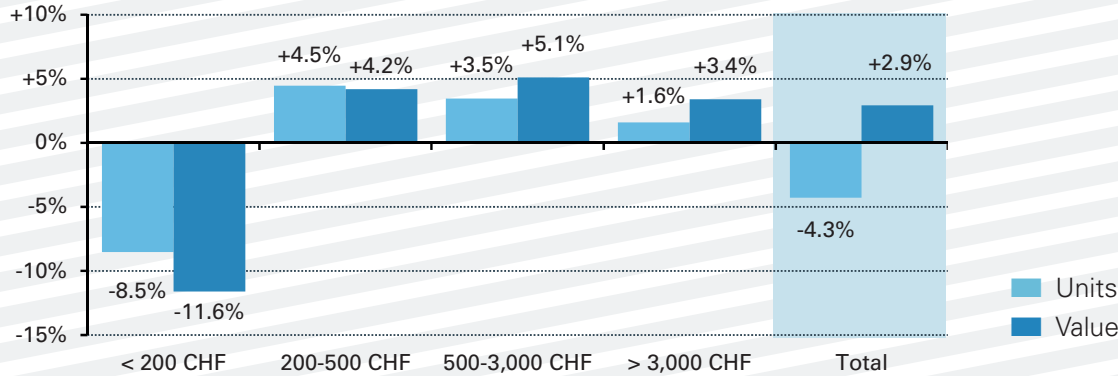
Watches by price range

Among the main price segments, watches priced at less than 200 francs (export price) declined by 8.5% in volume and 11.6% in value, while the other ranges achieved growth of between 3% and 5% in value terms.

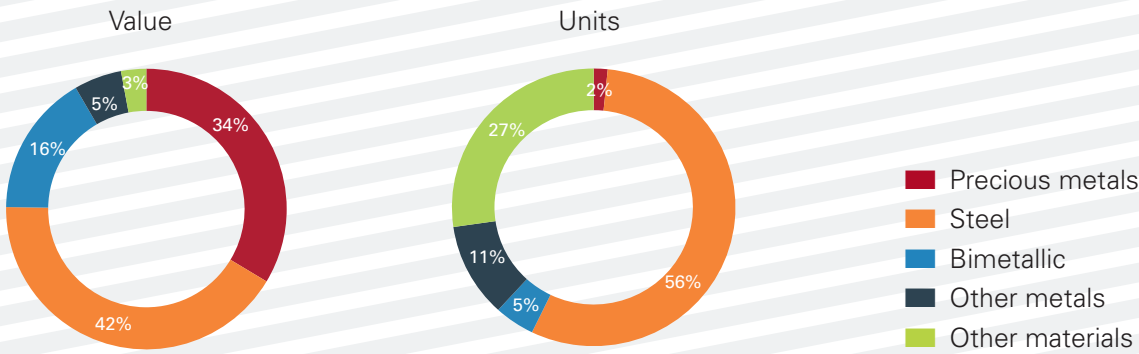
Trend of the different materials

Value growth was supported primarily by products in steel (+5.2%); that material was used for more than one in two exported watches. Precious metal (+1.8%) and bi-metal (+1.4%) timepieces reported more modest growth. The decline in volumes was influenced mainly by the *Other materials* (-9.4%) and *Other metals* (-6.9%) categories.

WATCHES BY PRICE RANGE



WATCHES BY MATERIALS



Main markets

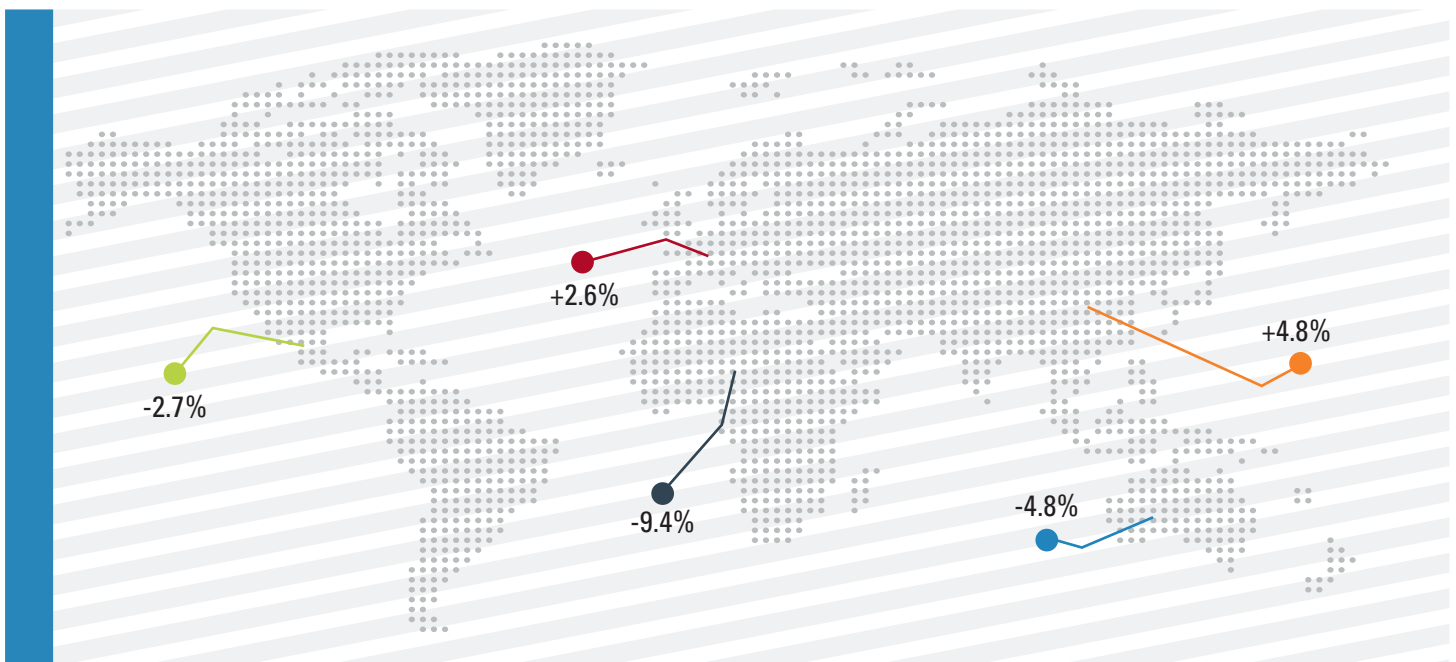
Asia (+4.8%), which generated one-half of all export sales, was the growth driver in 2017 thanks to a very good second half. Europe (+2.6%) saw more modest growth and slowed slightly, but remained an important player in the recovery. The United States failed to follow that same trend and depressed the figure for the whole American continent (-2.7%).

Most of the Far Eastern markets reported growth in 2017, while the Middle East was confronted with a more difficult situation. Recovering since the spring, Hong Kong (+6.0%) ended the year with strong growth. China (+18.8%) had been the first to recover and posted the strongest advance of all these countries. Despite a very good fourth quarter, Japan (-2.6%) ended on a moderate

downturn. Singapore (+8.5%) and South Korea (+5.6%) maintained a pleasing trajectory, while in the Middle East, United Arab Emirates (-3.5%) and Saudi Arabia (-6.4%) were still negative, even though their underlining trend picked up slightly.

In Europe, the United Kingdom (+7.0%) saw growth slacken steeply in the second half, but was still the main source of growth over the year as a whole. The other main markets remained stable or fell slightly.

Finally, news from the United States (-4.4%) was less good; here, sales were down for the third year in a row. Despite favourable economic conditions, this market is proving slow to recover its taste for luxury products, at least through the traditional sales channels.



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.

Performance of the main horological product exporting countries varied in 2017 with contrasting trends.

With exports worth 20.2 billion dollars, Switzerland retained its leading position. This result was equivalent to an increase of 2.7% in local currency terms (excluding exchange rate effects) over 2016.

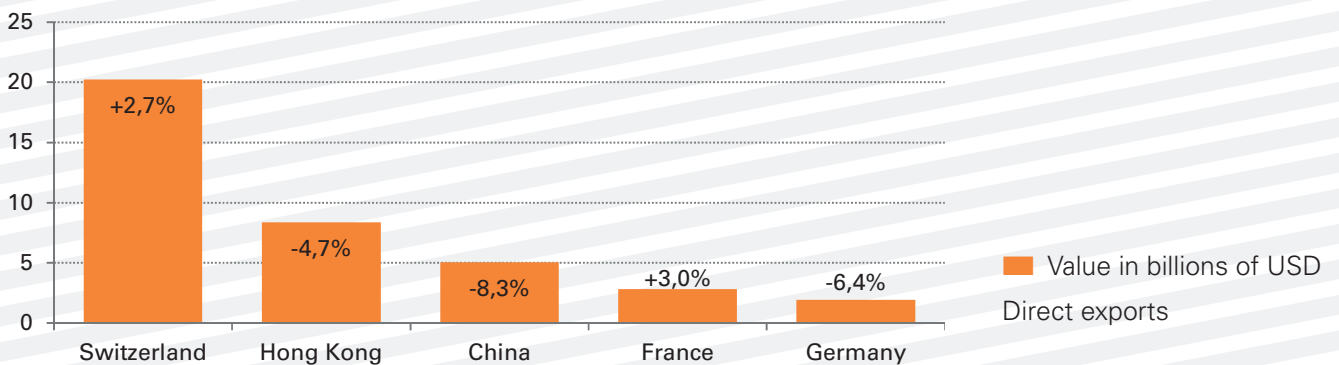
Hong Kong did not experience the same recovery of its watch industry exports or re-exports.

At 8.4 billion dollars, their value declined by 4.7% in local currency terms. China, the United States and Switzerland were the principal destinations, followed by Japan, Macao and Germany.

After rising for two years, the value of Chinese watch industry exports fell by 8.3% in local currency terms to 5.0 billion dollars. One-half of this total transited through Hong Kong. The remainder was consigned to the United States, Japan and the European markets, foremost among them Germany, Switzerland and the United Kingdom.

To complete the picture, the situation of France recovered (+3.0% in local currency terms to 2.8 billion dollars), while Germany reported a continuing fall (-6.4% to 1.9 billion dollars).

MAIN EXPORTING COUNTRIES



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

As the leading watch exporting country by number of pieces, China saw its volumes grow by 5.6% in 2017. It dispatched 668.3 million timepieces across the world at an average price of 4 dollars, unchanged from the 2016 figure. The number of watches in precious metals was multiplied by more than ten against 2016 to reach just over five million pieces.

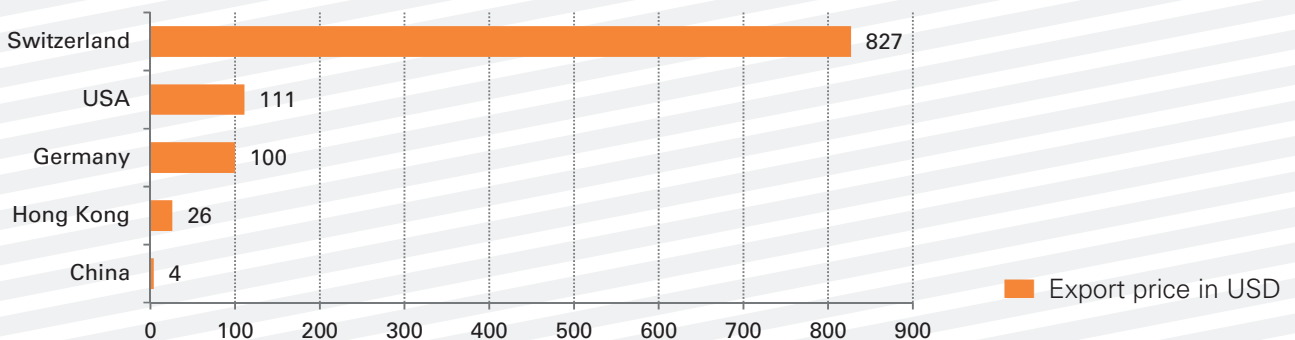
Watches exported or re-exported from Hong Kong fell for the seventh year in a row. At 227.9 million pieces they recorded a decline of 5.4%. The average price of these products stood at 26 dollars, against 24 in 2016.

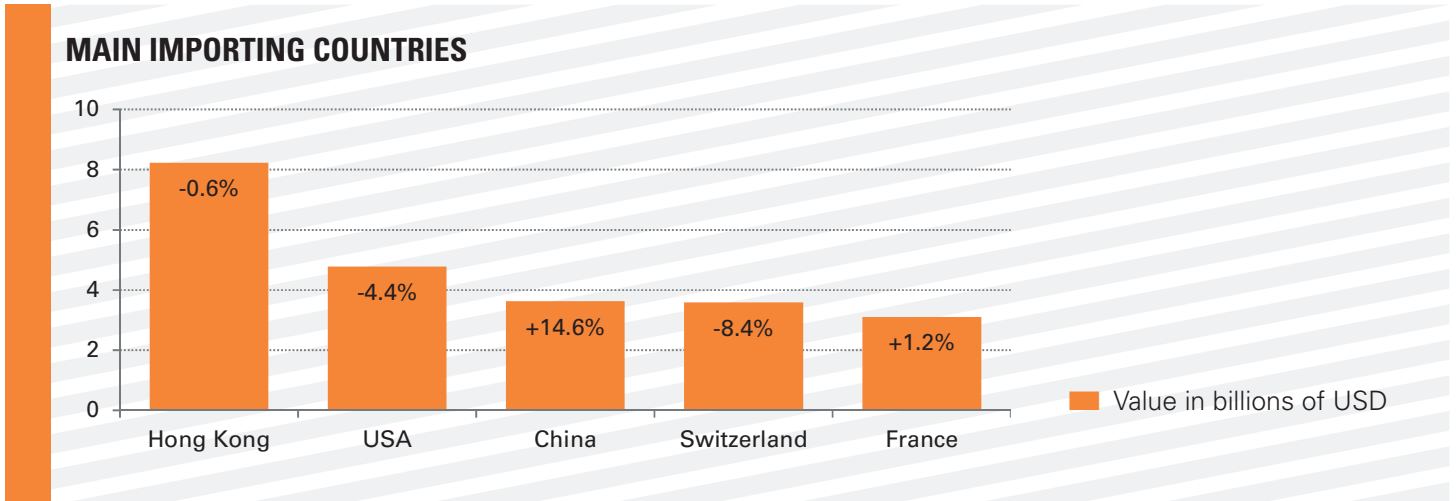
Switzerland remained in third place. It exported 24.3 million watches in 2017, i.e. 2.3% less than in the previous year. Their average price rose from 708 to 827 dollars, reflecting the more lacklustre results of the bottom of the range segment.

MAIN WRISTWATCH EXPORTING COUNTRIES

	Millions of units	Variation
China	688.3	+5.6%
Hong Kong	227.9	-5.4%
Switzerland	24.3	-4.3%
Germany	15.8	-12.9%
USA	11.1	+5.8%

AVERAGE PRICE OF EXPORTED WATCHES





World watch industry imports

Used as a hub by many manufacturing countries, Hong Kong maintained its first place for watch industry imports. At 8.2 billion dollars, the result proved very close to the figure achieved in 2016 (-0.6%, excluding exchange rate effects). Compared to the fall in exports, it clearly illustrates the recovery of the local market.

Over half of all watch industry imports to the United States originated from Switzerland. Japan and China were other major suppliers. The value of imports fell by 4.4% against 2016 to 4.8 billion dollars.

With the strong recovery of its market, China saw a steep rise in imports. The Middle Empire imported the equivalent of 3.6 billion dollars in 2017, amounting to an increase of 14.6% in local currency terms.

Switzerland, which made fewer purchases abroad largely because of the stronger position of the “Swiss made” designation, reported a fall of 8.4% (excluding exchange rate effects) while France posted a small increase of 1.2%.