



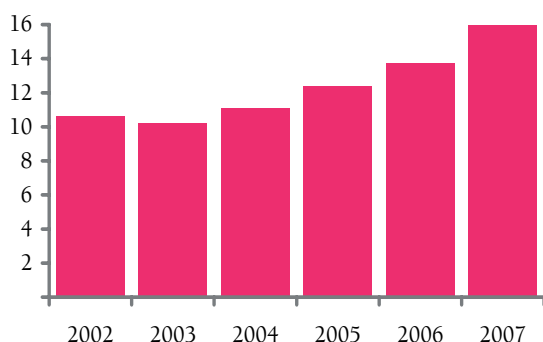
The Swiss and world watchmaking industry in 2007

Swiss watch exports

Introduction

2007 was an excellent year for Swiss watch exports which beat many records. The growth rate remained robust throughout the year and no weakness was reported. All the segments made a positive contribution to the final outcome, especially luxury products. The Swiss watch manufacturers accordingly experienced a fourth consecutive year of high growth.

Total value (in CHF billion)



Swiss watch exports were worth a total of 16.0 billion francs in 2007. This was 2.2 billion francs more than in the previous year, equivalent to 16.2% growth against 2006, the highest growth rate for 18 years.

Exports of finished watches

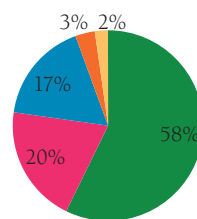
Wristwatches, the beacon product of Swiss horological exports, set the tone of general growth in 2007. Their value was up by 16.2% at a figure of 14.8 billion francs. This value corresponds to the export of 25.9 million timepieces, or 1 million units more than in 2006. The number of units accordingly rose by 4.2% after three stable years. This increase in terms of units clearly illustrates the very strong demand for Swiss products in 2007 and the expansion of production capacities.

Trend of the different materials

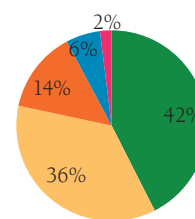
Exports of wristwatches in steel generated the most substantial value at 6.3 billion francs. This was 14.7% more than in 2006. Timepieces in 18 carat gold made still greater gains, up 24.9% on the previous year, representing an increase of nearly one billion francs at a level of 4.8 billion. Bimetal products, generally made of gold and steel, posted more moderate growth (+8.0%). Their value reached 2.0 billion francs. These three materials accounted for nearly 90% of the total value of wristwatches.

Watches by materials

Units



Value



■ Steel
■ Other metals
■ Precious metals
■ Gold-Steel
■ Other materials

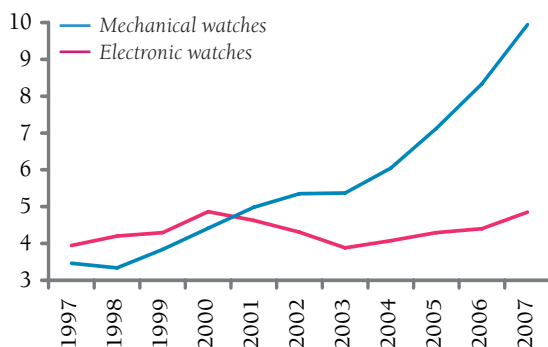
The increase in the number of exported timepieces was accounted for largely by steel, which gained 9.9% at a total of 14.8 million units. Increasingly present, steel was used in the cases of 58% of watches exported by Switzerland in 2007. The category of other metals remained stable at 4.1 million units, while the group of other materials was down 7.0% at 5.2 million exported wristwatches.



Mechanical and electronic watches

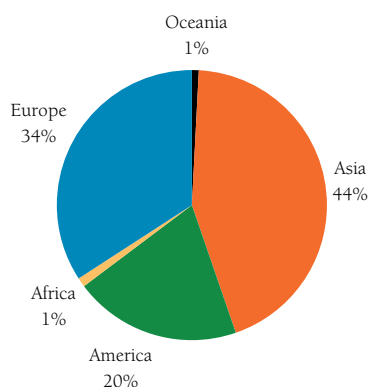
Mechanical watches reported above average growth in 2007. Their value was 19.3% higher, while the number of units exported rose by 12.3%. The volume of electronic timepieces rose more modestly, but nevertheless by a significant amount (+2.7%). On the other hand, their value posted a two-figure rise (+10.3%). The gap between mechanical and electronic watches continued to widen, but to a less significant extent than in previous years.

Watches (in CHF billion)



Main markets

The geographical distribution of the exports shows that Swiss watchmaking is present on the five continents, which all reported a favourable trend in 2007. Asia posted the strongest growth (+18.9%), enabling it to achieve a 44% share of Swiss watch-



making exports. The value reported on the Asian continent was 7.0 billion francs. Europe was equally dynamic with a 17.6% rise on 2006. Representing one-third of total value, sales in Europe were worth 5.5 billion francs in all. As it has been the case in 2006, the American continent proved rather less buoyant, while still reporting robust 9.5% growth, which meant that the 3 billion franc mark was exceeded at 3.2 billion. In terms of market share, America lost one point to Asia and accounted for 20% of the total in 2007. Africa and the Pacific were much smaller markets. The former advanced by 14.0%, while the latter remained stable (+1.0%).

Geographical distribution (in CHF million)

Countries	Value 2007	Change in %	Share in %
USA	2,440.9	+6.7%	15.3%
Hong Kong	2,433.3	+25.0%	15.3%
Japan	1,207.4	-4.7%	7.6%
Italy	1,021.1	+13.3%	6.4%
France	982.9	+20.9%	6.2%
Oth. Countr.	7,874.7	+20.7%	49.3%
Total	15,960.2	+16.2%	100.0%

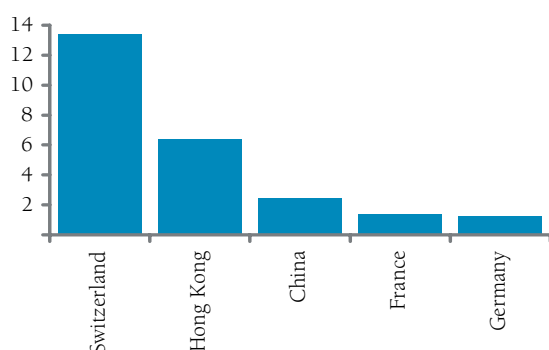
As far as the individual markets are concerned, the United States ended the year 2007 in the lead with satisfactory, although slightly lower, growth. Hong Kong confirmed its excellent health with results very close behind those reported by the United States. At the other extreme, Japan ended in the red after a distinct slowdown throughout the year. The value in Italy exceeded one billion francs, thanks to growth which was close to the world average. France proved highly dynamic, with Germany just slightly behind (+7.9%). Moving up one place against 2006, China ranked ninth after strong growth (+43.0%). Russia proved still more dynamic (+57.4%) and became the twelfth market for Swiss watchmaking exports.



World watch exports

In an international comparison, Switzerland was the principal exporter of horological products in 2007. Thanks to strong growth in local currency terms (excluding exchange effects) by 16.2%, the total value exported by Switzerland reached 13.4 billion dollars. Hong Kong reported a level of exports or re-exports which was fifty per cent lower at 6.4 billion dollars. Growth on 2006 was +6.1%. Watches and other horological products originating from or transiting through Hong Kong went to the United States, China, Switzerland and Japan for the most part. China proved as dynamic as Switzerland in terms of horological exports with growth of +16.0% in local currency terms. However, the value was much weaker at 2.4 billion dollars.

Main exporting countries (in USD billion)
(Direct exports)



Thanks to comparable growth (+15.8%), France became the fourth exporter of horological products in 2007 with a value of 1.3 billion dollars. The main destination of these exports was Switzerland. For the second year in succession, Germany reported a fall (-6.9%), at 1.2 billion dollars. Here too, the first destination was Switzerland.

Wristwatch exports

As the beacon product of the watch industry, wristwatches were exported on a massive scale by China in 2007. In all, 638.3 million left that country, down by 7.7%. Hong Kong experienced a comparable development with a reduction in units by 9.3% to reach a level of 472.9 million timepieces exported. Switzerland was the leader in value terms, and ranked third for the number of units. It exported 25.9 million wristwatches in 2007, equivalent to growth of 4.2%.

Main watch exporting countries
(Direct exports)

Countries	Units in millions	Change in %
China	638.3	-8%
Hong Kong	472.9	-9%
Switzerland	25.9	+4%
Germany	14.1	-1%
USA	6.5	-11%
France	5.8	+12%
Italy	3.4	-1%

While the quantity of wristwatches exported by China fell, their value grew significantly. As a result, the average price was higher, reaching 2 dollars in 2007. Hong Kong slightly increased the average price of its exported timepieces to 9 dollars. With a much greater focus on products in precious metals and mechanical watches, Switzerland reported an average export price of 479 dollars.

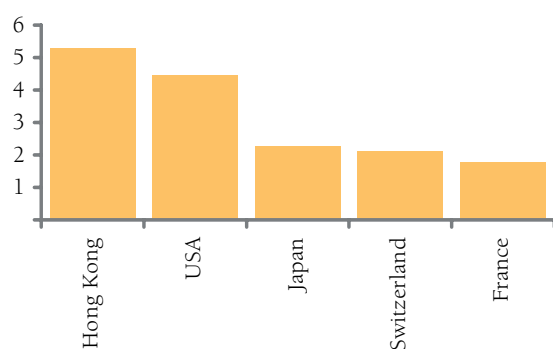
World watch imports

The country which imported the most horological products in 2007 was Hong Kong with a total value of 5.3 billion dollars. This was up substantially on 2006. A high percentage of these products were re-exported. The United States was also a major consumer. The value of their watch imports



reached 4.5 billion dollars, up on the previous year. Japan maintained its 2006 level by importing the equivalent of 2.3 billion dollars. With a substantial increase in imports, Switzerland followed close behind Japan with a value of 2.1 billion dollars. Finally, France increased its consumption of foreign horological products greatly with imports worth almost 20% more at 1.8 billion dollars.

Main importing countries (in USD billion)



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