



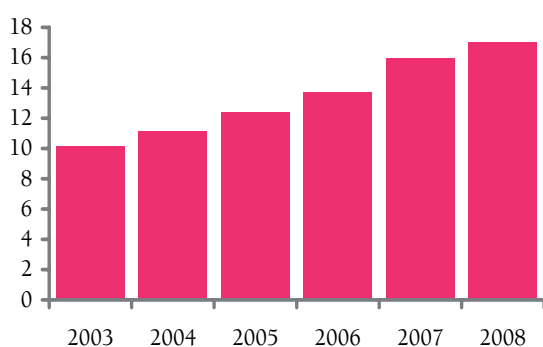
The Swiss and world watchmaking industry in 2008

Swiss watch exports

Introduction

The year 2008 saw a new record for Swiss watch exports. Growth, albeit less marked than in 2007, was buoyed by an excellent start to the year. The rate of increase began to slow gradually from May. The fourth quarter registered a decline after 19 consecutive quarters of growth. Over the year as a whole, good results were attributable mainly to luxury products.

Total value (in CHF billion)



The total value of Swiss watch exports amounted to 17.0 billion francs in 2008. Annual growth was 6.7%, an increase of 1.1 billion francs on the previous year. Swiss watch exports have risen by 67% in five years.

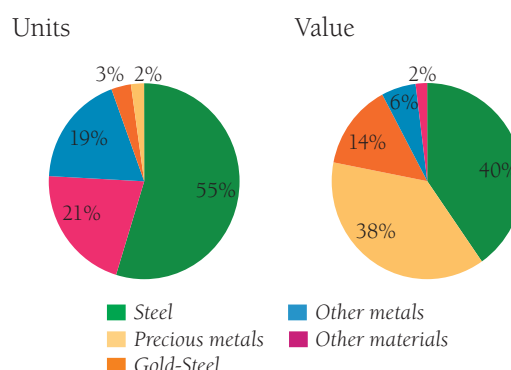
Exports of finished watches

Watch exports consisted by and large of finished watches. The latter saw their value increase by 7.2% to 15.9 billion francs. Switzerland exported 26.1 million timepieces in 2008. This level exceeds the result recorded in 2007 by 210,000 units and corresponds to growth of 0.8%. It is the third year running in which the number of timepieces exported has increased. This progression is attributable both to lower priced products and luxury watches.

Trend of the different materials

Steel wristwatches made up the largest share of Swiss exports in value terms. Totalling 6.4 billion francs, they recorded the lowest rate of growth compared to other materials with +1.9%. Timepieces manufactured from 18-carat gold also generated a high value, at 5.4 billion francs, and contributed significantly to the overall increase with a rate of growth of 11.2%. Bimetallic watches, for the most part manufactured from gold and steel, recorded slightly above average growth of +8.8%. Their value was 2.2 billion francs.

Watches by materials



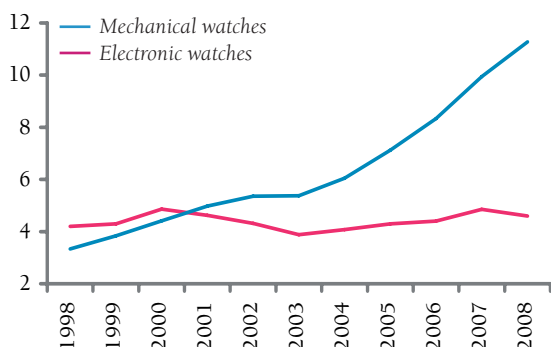
Contrary to 2007, the increase in the number of watches exported was not underpinned by steel products, which fell by 520,000 units to 14.3 million timepieces (-3.5%). Growth was attributable to the category of other materials, which registered an increase of 370,000 for a total of 5.5 million units (+7.1%). The category of other metals, mainly aluminium, rose by a similar level (+7.2%) and attained a level of 4.4 million units.



Mechanical and electronic watches

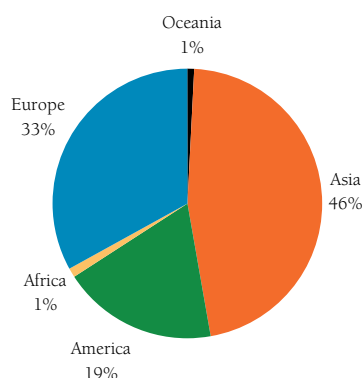
The general growth recorded in 2008 was attributable solely to mechanical timepieces, whose value increased by 13.4%. In parallel, electronic watches saw their performance decline by 5.3%. However the total increase in the number of timepieces exported was distributed evenly between both types of product. Mechanical watches recorded an increase in volume terms of 2.4% while the figure for electronic timepieces was 0.5%. Exports of mechanical watches accounted for 16.5% of the total number of timepieces and generated more than 70% of the total value.

Watches (in CHF billion)



Main markets

Present all over the globe, Swiss watchmaking did not develop uniformly on all continents in 2008. Asia was an undeniable vector of growth. Its increase of 13.7%



corresponded to a total value of 7.4 billion francs. The Asian continent absorbed more than 46% of Swiss watch exports. By comparison Europe consumed almost a third, with the Old World recording a more modest increase (+4.4%) corresponding to a value of 5.2 billion francs. Hit harder than most by the downturn, the American continent ended the year 2008 with a slightly negative result. Its value of 3.0 billion francs represented a decline of 1.9% compared to 2007. America therefore lost some market share, eventually accounting for 19.0% of Swiss export sales. Continuing to represent around 1% of total value, Africa and Oceania respectively showed contrasting results. The former recorded an annual increase of 19.3%, while the latter saw its level decline by 1.6%.

Geographical distribution (in CHF million)

Countries	Value 2008	Change in %	Share in %
Hong Kong	2,697.2	+10.9%	15.8%
USA	2,368.3	-3.0%	13.9%
Japan	1,153.0	-4.5%	6.8%
France	1,131.0	+15.1%	6.6%
Italy	1,045.2	+2.5%	6.2%
O. Countries	8,634.8	+9.7%	50.7%
Total	17,029.5	+6.7%	100.0%

Detailed analysis shows that Hong Kong became the leading market for Swiss watch exports in 2008. Its value rose by 10.9%. Registering a decline of 3.0%, the United States occupied second place. Continuing its negative trend, Japan halted its decline at 4.5%. The main European markets performed well. In pole position, France recorded growth of 15.1%. Italy ended the year sluggishly, finally registering an increase of 2.5%. Germany recorded an above average performance of +10.2%. Among other markets, China rose two places, moving into seventh position thanks to an increase of 43.1%. In the Middle East, the United Arab Emirates and Saudi Arabia also proved very lucrative destinations for Swiss watch manufacturers.

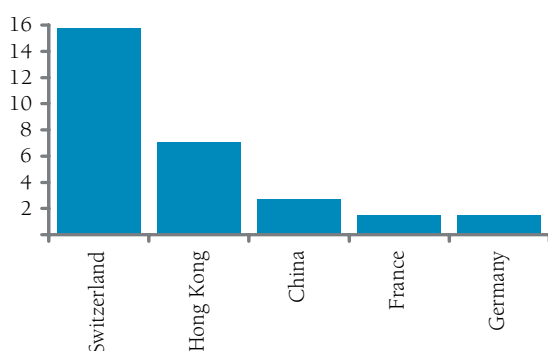


World watch exports

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.

Among the main watch producers, Switzerland achieved the highest value of exports in 2008. Total sales were 15.8 billion dollars, corresponding to a rate of growth of 6.7% in local currency (excluding exchange rate effects). Hong Kong recorded a higher rate of growth of 10.5%, for a total export value of 7.1 billion dollars. An important nerve centre for watch products, Hong Kong saw the largest share of its exports go to the United States, China, Switzerland and Japan. China saw its growth slow to a level of 3.1% at the end of 2008. The value of its watch exports amounted to 2.7 billion dollars, the main destinations being Hong Kong, the United States and Japan.

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



France came close to China in terms of growth in 2008. The value of its exports rose by 3.7% to 1.5 billion dollars, with Switzerland being the main destination for exported products. Following two years of decline, Germany recorded an increase of 6.7% in 2008, for a total value of 1.5 billion dollars.

Exports of finished watches

In terms of the number of wristwatches exported, China was clearly the frontrunner in the 2008 rankings. The Middle Kingdom shipped 550.2 million timepieces abroad, down by 13.8% compared to 2007. Hong Kong also recorded an important decline of 10.0% and exported 425.8 million watches. Switzerland occupied third position, exporting 26.1 million units, an increase of 0.8%. Most other watch producers saw their volumes fall.

Main watch exporting countries
(Direct exports)

Countries	Units in millions	Change in %
China	550.3	-14%
Hong Kong	425.8	-10%
Switzerland	26.1	+1%
Germany	12.9	-8%
USA	6.4	-2%
France	5.8	0%

The average price of wristwatches exported by China was 2 dollars (export price), unchanged with respect to 2007. Hong Kong saw the average price of its exported timepieces increase in 2008 to 11 dollars. Switzerland was on another level altogether with the watches it exported displaying an average price tag of 563 dollars. This value reflects the characteristics of Swiss products, more oriented towards precious metals and mechanical movements.

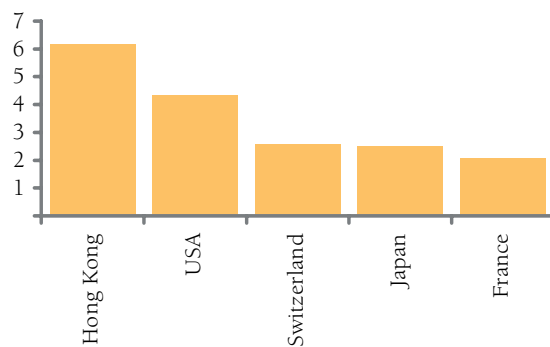
World watch imports

The Hong Kong market imported most watch products in 2008, many of which were subsequently re-exported. The value of its imports was 6.2 billion dollars, a sharp increase compared to 2007. The United States slightly reduced its watch imports, which totalled 4.3 billion dollars. Aligned with its growth, Switzerland saw



its imports increase, ending the year with a total value of 2.6 billion dollars. Japan, recording the same rate as Switzerland but ranked lower due to exchange rate fluctuations, imported products valued at 2.5 billion dollars. France also registered a comparable increase, finally importing 2.1 billion dollars worth of watch products.

Main importing countries (in USD billion)



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