

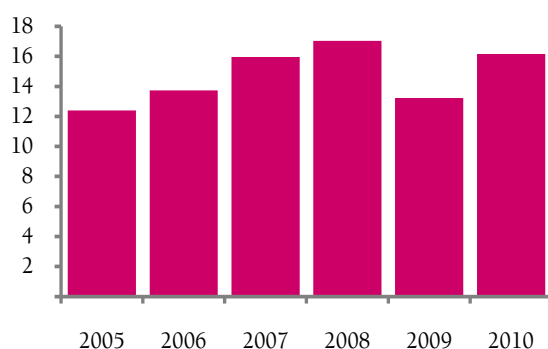


The Swiss and world watchmaking industry in 2010

Swiss watch exports

Swiss watch exports showed strong growth in 2010. After the sharp fall in demand faced by the sector in 2009, results have quickly resumed a positive trend. In the final analysis, the downturn will have lasted around fifteen months. The recovery which began in January 2010 has proved particularly vigorous, enabling Swiss watch manufacturers to surpass the level recorded in 2007, considered at the time to be excellent.

Total value (in CHF billion)



Over twelve months, watch exports reached a value of 16.2 billion francs. This represents growth of 22.1% compared to 2009. The sector therefore exported the equivalent of 2.9 billion francs more than in 2009. The record level of 2008 is likely to be exceeded in the first half of 2011.

Exports of finished watches

Swiss watch manufacturers exported 26.1 million finished watches in 2010. This represents 4.4 million more than in 2009, or an increase of 20.4%. This excellent result is the best since 2002 and perfectly illustrates the solid foundation on which the sector's recovery is based. Swiss timepieces

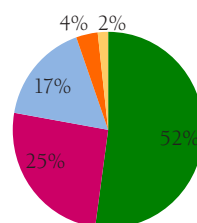
exported in 2010 recorded a value of 15.1 billion francs, an increase of 22.7% compared to 2009.

Trend of the different materials

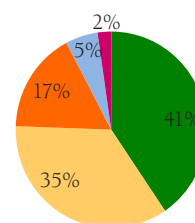
Generating the highest value, steel watches logically had a considerable effect on the sectoral average. Their exports totalled 6.1 billion francs, an increase of 22.5% compared to 2009. Precious metal timepieces, mainly gold, also recorded a high value at 5.3 billion francs, exceeding their previous year's level by 17.6%. The highest growth rate was achieved by bimetallic watches, which showed a 50.7% increase, recording a value of 2.5 billion francs.

Watches by materials

Units



Value



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

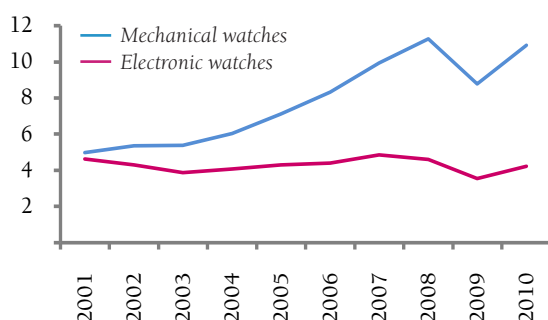
For a number of years, steel has been the material of choice for more than one in two watches exported. This was also the case in 2010, albeit in a slightly lower proportion. Swiss watch manufacturers exported 13.6 million steel watches, an increase of 19.0% compared to 2009. The category of other materials accounted for one in every four watches and registered a total of 6.7 million units, a significant increase of 30.6%. Overshadowed by other materials, the category of other metals recorded an increase of 8.5%, with a total of 4.4 million timepieces.



Mechanical and electronic watches

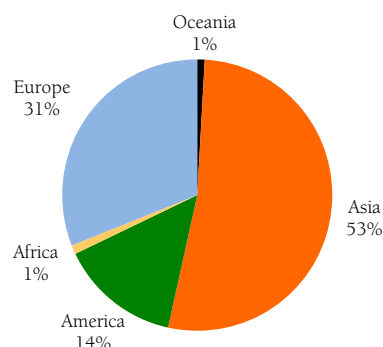
Mechanical watches (+24.3%) saw their value rise more steeply than quartz timepieces (+19.0%). These trends remain consistent nonetheless. In terms of the number of pieces, the difference was more marked. Quartz watches rose by 17.9%, while mechanical products recorded an increase of 32.1%, not surprisingly registering gains in market share. In 2010, they represented 18.9% of the number of timepieces exported and 72.1% by value.

Watches (in CHF billion)



Main markets

In 2010, Asia absorbed more than 50% (52.6% to be precise) of the value of Swiss watch exports, i.e. 8.5 billion francs. It also registered the highest growth, with a rate of increase of +34.6% compared to 2009. In terms of the number of watches, the proportion falls to 38.6%, meaning that on average Asian customers purchased more expensive timepieces. With an average export price of nearly 800 francs, Asia maintained a clear lead over other regions. Europe was the destination for slightly less than a third of Swiss watch exports (31.1%) by value and registered growth of 10.4%. Despite a lower share than Asia in value terms, the Old Continent imported a larger volume of watches: 11.2 million timepieces compared to 10.1 million for Asia, with an average price of 415 francs. Overall, Europe has yet to return to its pre-crisis level. Its total of 5.0 billion francs lies between those recorded in 2006 and 2007. The American continent recorded a higher increase than Europe, but from a lower base. Following a decline of 35.6% in 2009, America re-



sumed an upward trend in 2010 with an increase of +14.5% to 2.3 billion francs. However this improvement brought the region only to 2004 levels. Swiss watches exported to America sold for an average price of 527 francs, down slightly compared to 2009.

Geographical distribution (in CHF million)

Countries	Value 2010	Change in %	Share in %
Hong Kong	3,185.5	+46.9%	19.7%
USA	1,674.4	+13.8%	10.4%
France	1,167.0	+20.5%	7.2%
China	1,099.5	+57.0%	6.8%
Italy	923,3	+2.6%	5.7%
O. Countries	8,108.4	+15.5%	50.2%
Total	16,158.1	+22.1%	100.0%

The leading market in absolute terms, Hong Kong (+46.9%) showed a particularly strong upturn and as a result comfortably surpassed its record level of 2008. The United States recorded growth of 13.8%, while France (+20.5%) owed much of its increase to products in transit. China, the fourth placed market for Swiss watch exports, registered the highest rate of growth (+57.0%) and exceeded the one billion franc mark for the first time. At a lower level, Italy (+2.6%) stagnated compared to 2009, while Singapore (+33.4%) recorded an above average rate of increase. After three years of decline, including a downturn of 33.5% in 2009,



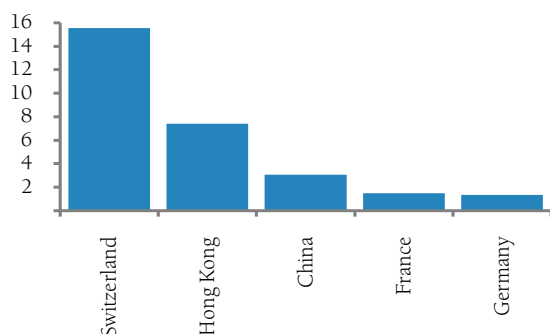
Japan significantly improved its situation throughout 2010, ending the year with an increase of 4.9%. Germany recorded one of the rare downturns (-3.2%).

watch exports totalled 1.5 billion dollars, an increase of 19.0% compared to 2009. Over the same period, Germany showed a contrasting trend with a decline of 14.3%, registering a total value of 1.3 billion dollars.

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)
(Direct exports)



Among the main watch producers, Switzerland maintained its leadership in 2010. It exported the equivalent of 15.5 billion dollars, i.e. growth of 22.1% compared to 2009 in local currency (excluding exchange rate effects). Customs statistics for Hong Kong show watch exports valued at 7.4 billion dollars. This level represents an increase of 31.8% compared to 2009. A large proportion of this value corresponds to re-exports of products originating from other producer countries. In third position, China shipped to market the equivalent of 3.1 billion dollars. This represents an increase of 23.2% compared to the previous year.

Results for France in 2010 were influenced in particular by the transit of Swiss watches. The country's

Exports of finished watches

Exports of wristwatches showed a very uniform trend among the main producers. China shipped 671.2 million units to its different markets in 2010, an increase of 20.0% compared to 2009. On a par with this result, Hong Kong registered an increase of 21.7%, reaching a level of 419.1 million units. Switzerland, the third largest exporter in volume terms, recorded its best level since 2002 with 26.1 million timepieces exported. This represents growth of 20.4% compared to the previous year. The other main producers all recorded an upturn in 2010.

Main watch exporting countries
(Direct exports)

Countries	Units in millions	Change in %
China	671.2	+20%
Hong Kong	419.1	+22%
Switzerland	26.1	+20%
Germany	13.3	+17%
France	6.4	+5%
USA	6.2	+18%

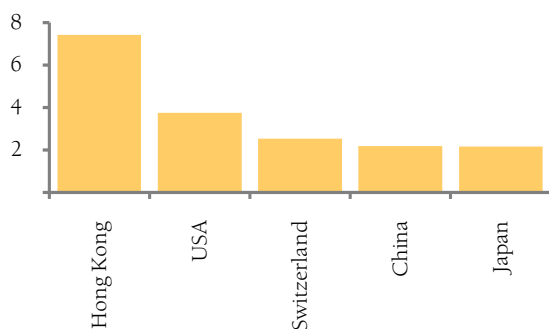
While trends were similar for watch exports, average prices differed greatly according to country. Timepieces exported by China sold for an average price of 2 dollars, identical to the previous year. The average value of products leaving Hong Kong showed a one dollar gain in 2010, rising to 12 dollars. Far removed from these levels, Switzerland recorded an average export price of 558 dollars, relatively stable in comparison with recent years.



World watch imports

In 2010, the main outlet for watchmaking products was again Hong Kong, which absorbed imports worth 7.4 billion dollars. In the United States, watch imports totalled 3.7 billion dollars. Switzerland imported the equivalent of 2.5 billion dollars, mainly in the form of components. China imported 2.2 billion dollars worth of watchmaking products, followed closely by Japan, its rate in decline, with 2.1 billion dollars. Hong Kong and China recorded very high rates of growth in terms of watch imports. The United States and Switzerland also registered two-digit increases, albeit less pronounced than in Asia. Japan meanwhile recorded a result comparable to that of 2009.

Main importing countries (in USD billion)



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