



THE SWISS AND WORLD WATCHMAKING INDUSTRIES IN 2016

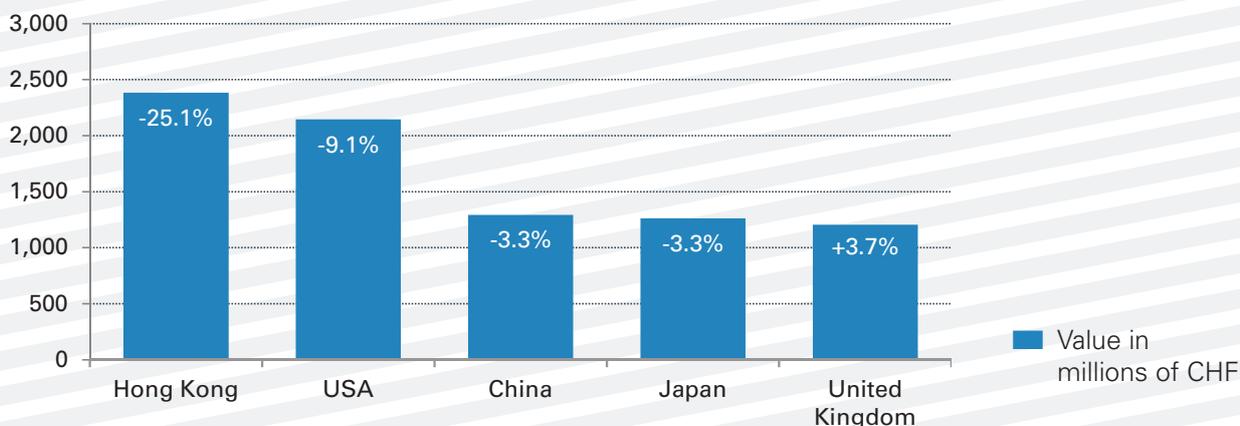
SWISS WATCH INDUSTRY

SWISS WATCH EXPORTS

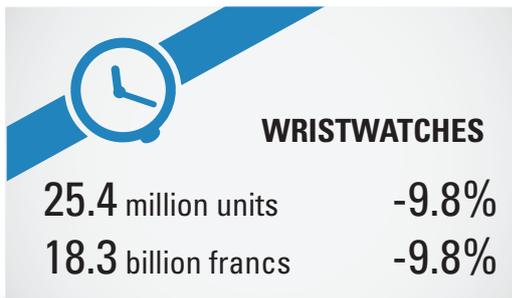


The environment confronting the Swiss watch industry remained difficult throughout the year 2016. Swiss watch industry exports fell for the second year in succession. Their value stood at 19.4 billion francs, 9.9% lower than in 2015. With this result, the industry has returned to its 2011 level and seen an end to the growth of 15% achieved between 2011 and 2014.

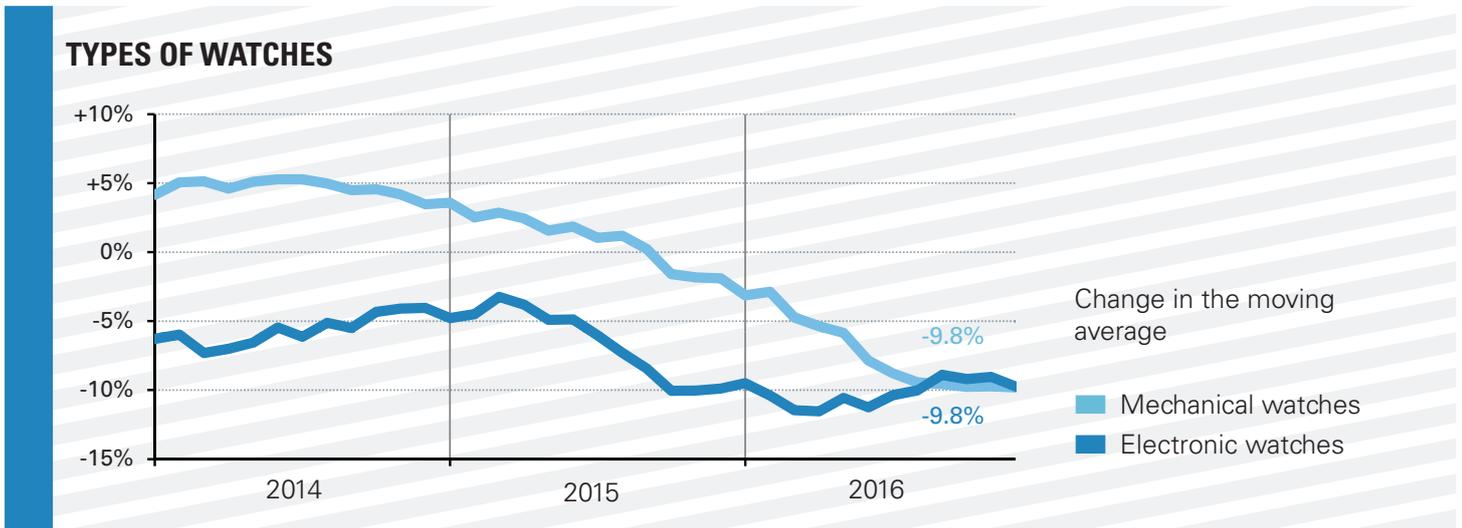
MAIN MARKETS



SWISS EXPORTS OF WATCHES



Swiss watch manufacturers exported wristwatches worth the equivalent of 18.3 billion francs corresponding to the consignment of 25.4 million timepieces (-9.8%). Mechanical and electronic watches were equally affected.



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).

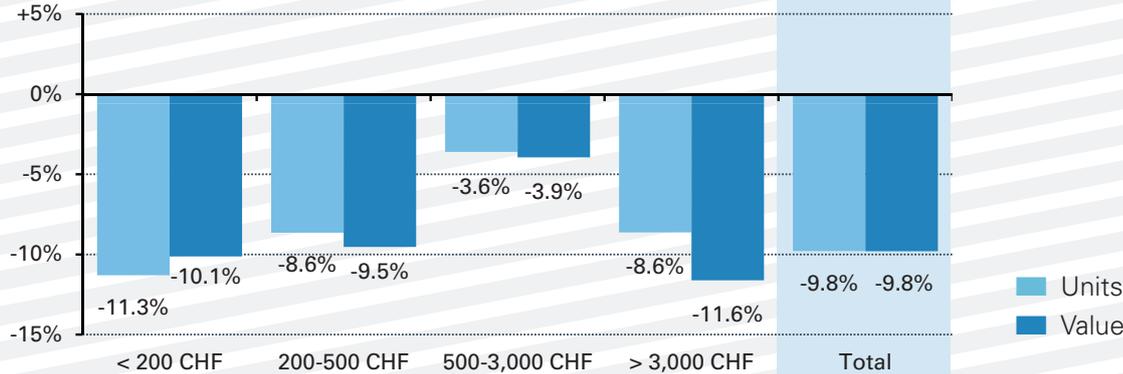
Watches by price range

Representing two-thirds of export sales, watches priced at over 3,000 francs (export price) accounted for some 80% of the annual decline, with -11.6% in value. The 500 to 3,000 francs segment (-3.9%) showed a reduction that was three times less substantial. In units terms, watches costing less than 200 francs set the tone (-11.3%), with 2.1 million fewer timepieces sold than in 2015.

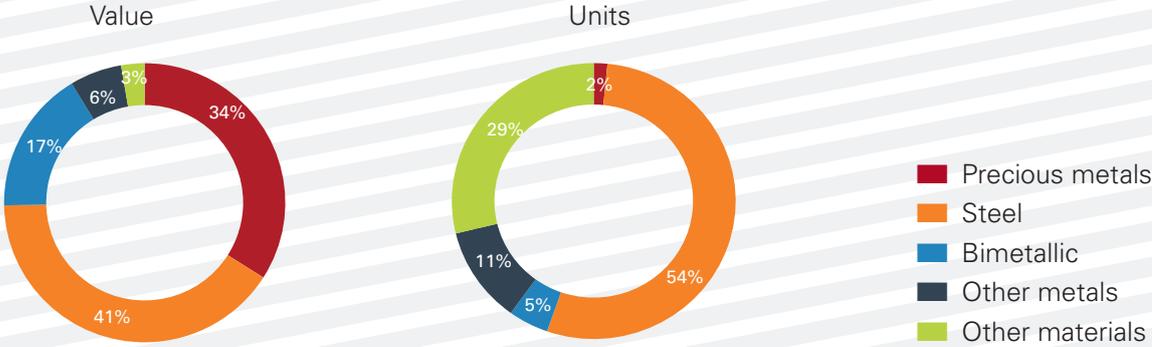
Trend of the different materials

Almost three-quarters of the decline were attributable to watches in precious metal (-18.5%). Steel timepieces were less affected because their value was down by just 3.3%. On the other hand, in terms of units, steel products (-7.8%) contributed to a substantial overall reduction. The *Other materials* (-9.5%) and *Other metals* (-17.2%) categories also penalised the result.

WATCHES BY PRICE RANGE



WATCHES BY MATERIALS



Main markets

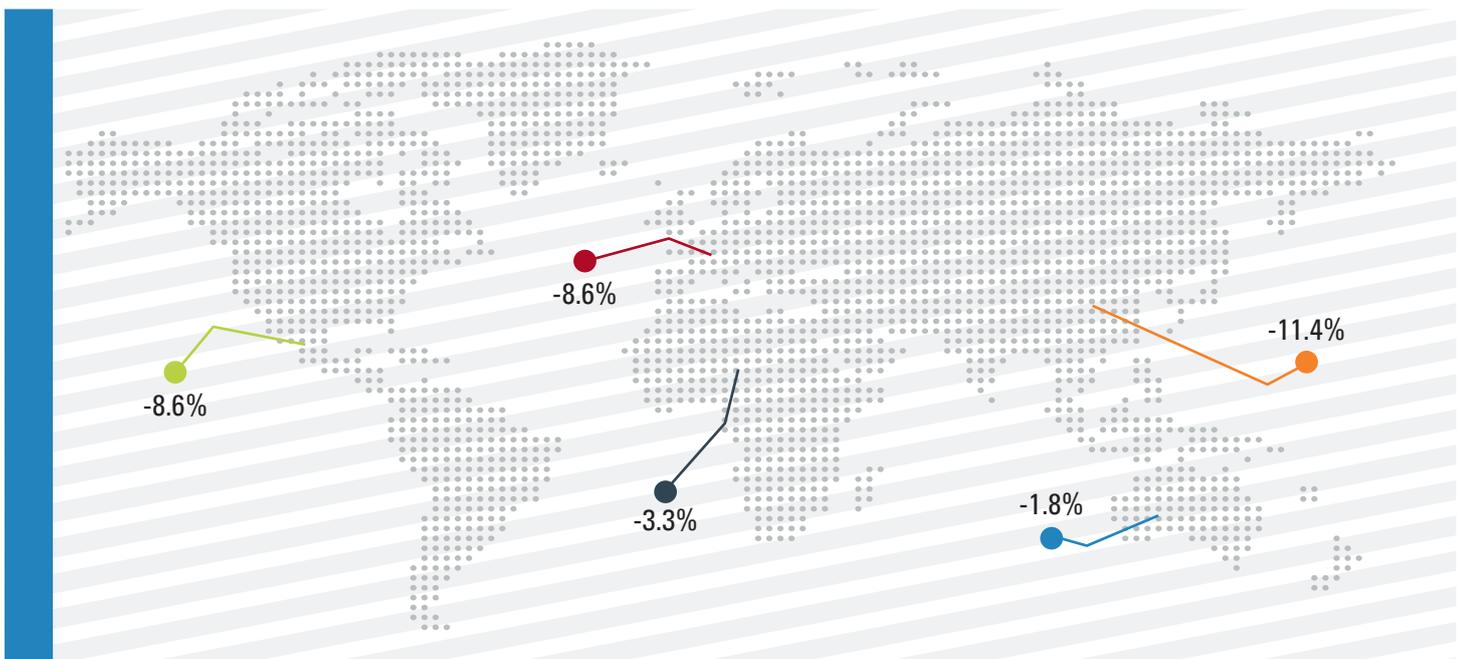
Asia, strongly influenced by the trend in Hong Kong, reported the biggest contraction in 2016 (-11.4%) and accounted for more than half the decline. Europe and America posted identical downturns with -8.6%.

Hong Kong played a very important role in terms of the global result. After two years of heavy decline (-25.1% in 2016), the value of this market has fallen by half in four years. China, on the other hand, recovered strongly thanks to a positive second half (+9.1%). It ended the year at -3.3% against 2015. On its side, the situation in Japan deteriorated after a good first half to finish up at a similar figure of -3.3%. Singapore (-10.4%) was in line with the global average while South Korea (+3.7%) was one of

the few countries to progress. The Middle Eastern markets were affected by declining oil revenues and weakened in the second half of the year.

In Europe, only the United Kingdom (+3.7%), benefiting from the weaker pound sterling, stood out as an exception in the context of a clearly negative trend. Italy and Germany remained close to the global average. France (-19.6%) was particularly hard hit by the decline of tourism and a general sentiment of insecurity. Exports of watches to Spain (-9.9%) did not benefit from the influx of tourists.

The trend in the United States (-9.1%) did not stand out in 2016 and remained in line with the global average.



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 industry.

The principal exporting countries of horological products, which include both watches and components, experienced varying fortunes in 2016. Switzerland retained its first place by value with the equivalent of 19.1 billion dollars. That result was 9.9% lower in local currency terms (excluding exchange rate effects) than in 2015.

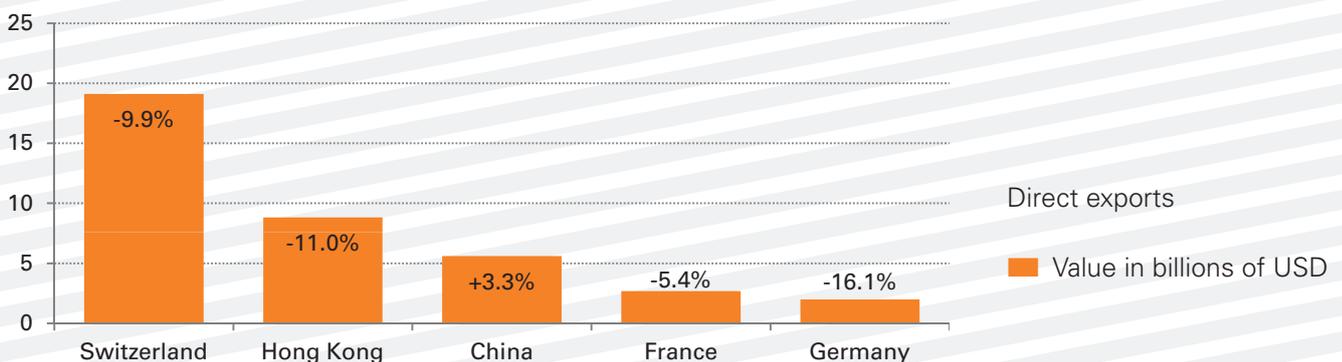
Hong Kong was confronted with the same challenging situation for its watch industry exports and

re-exports. Their value was 11.0% lower in the local currency at 8.8 billion dollars. Exported products went to China, Switzerland and the United States with practically identical market shares. Japan, Macao and Germany were other major destinations.

Chinese watch industry exports continued to grow for the second year in succession. They were 3.3% higher in the local currency with a value equivalent to 5.6 billion dollars. Nearly half of all these exports transited through Hong Kong. The rest was sent directly to the United States, Japan and the European markets.

Among the other exporting countries, France saw a 5.4% fall in local currency terms at 2.7 billion dollars. Germany suffered the biggest decline (-16.1%) with a value of 2.0 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

In units terms, China remained by far the largest exporter in 2016. It exported 652.0 million wristwatches, 4.5% fewer than in 2015. Their average price remained stable at 4 dollars. Precious metal watches reported substantial growth while other timepieces were on the decline with a severe impact on the overall result.

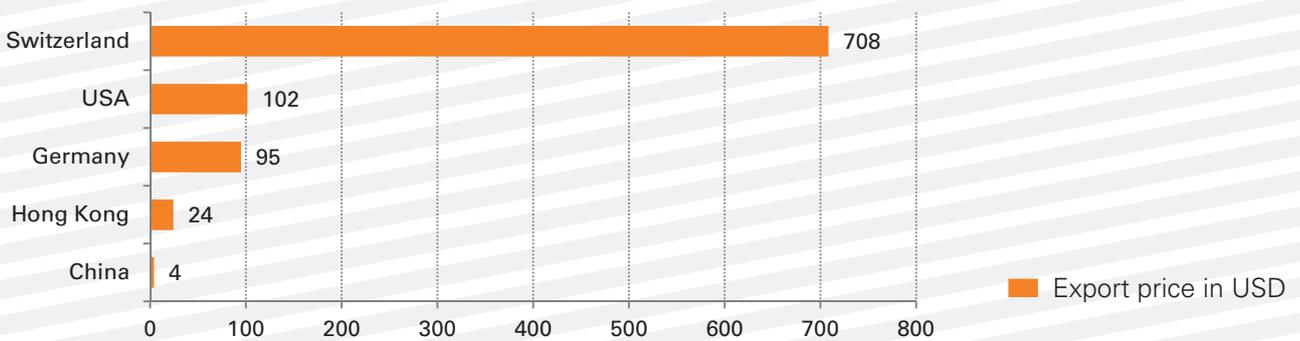
Hong Kong suffered a substantial further fall of its watch exports. In all, 241.1 million timepieces left the Special Administrative Region last year, i.e. 12.9% fewer than in 2015. As their value followed a comparable trend the average price was held at 24 dollars.

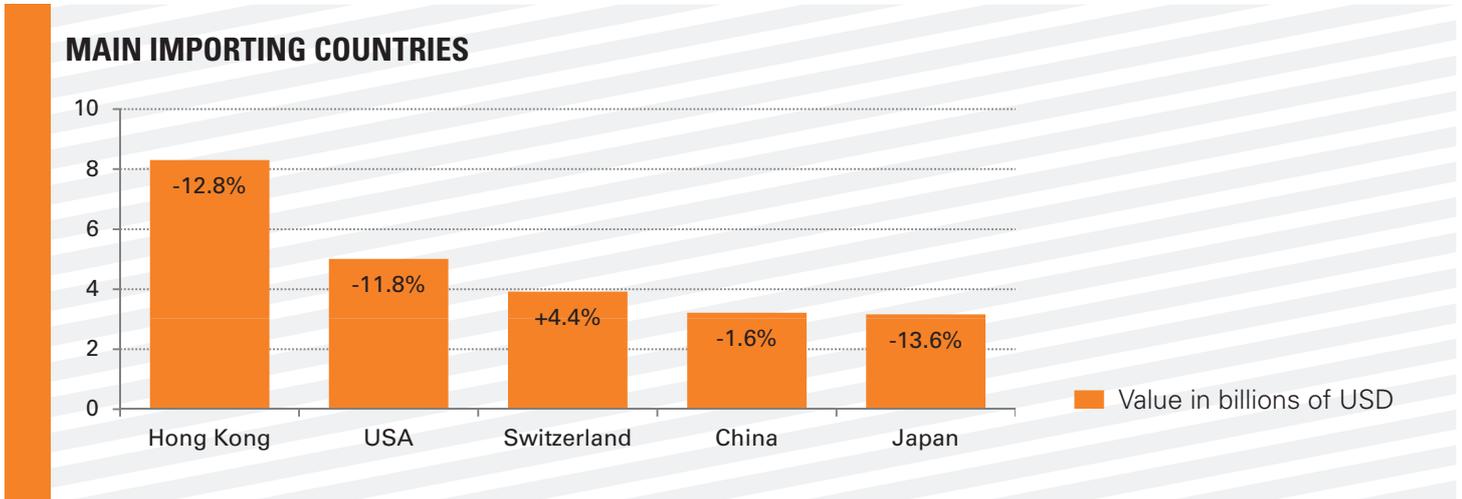
As usual, Switzerland ranked third with 25.4 million watches exported. This result was 9.8% lower than in 2015. The average export price also fell from 748 to 708 dollars.

MAIN WRISTWATCH EXPORTING COUNTRIES

	Millions of units	Variation
China	652.0	-4.5%
Hong Kong	241.0	-12.9%
Switzerland	25.4	-9.8%
Germany	17.5	-20.5%
USA	10.4	+9.2%

AVERAGE PRICE OF EXPORTED WATCHES





World watch industry imports

Watch industry imports declined on all the main markets in 2016. Activity in Hong Kong was substantially lower with a fall of 12.8% (excluding foreign exchange effects). Its imports, three-quarters of which consisted of watches, stood at 8.3 billion dollars. This trend explains the decline in exports of goods in transit.

The United States suffered a comparable reduction of imports (-11.8 % at 5.0 billion dollars), reflecting the challenging situation experienced by this market in terms of sales in 2016.

Switzerland reduced its procurement from other countries significantly with a 4.4% decline in the total value of its watch imports. It took a substantial share of the global traffic with 3.9 billion dollars.

Among the main markets China reported the most moderate downturn (-1.6% in local currency), while Japan saw a big reduction of its watch imports (-13.6%).