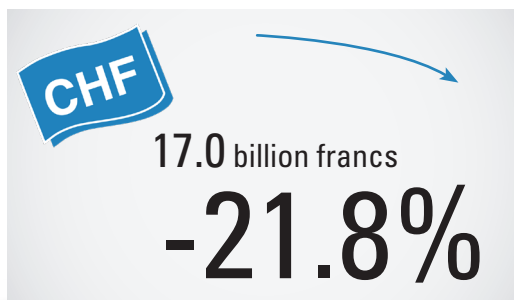




THE SWISS AND WORLD WATCHMAKING INDUSTRIES IN 2020

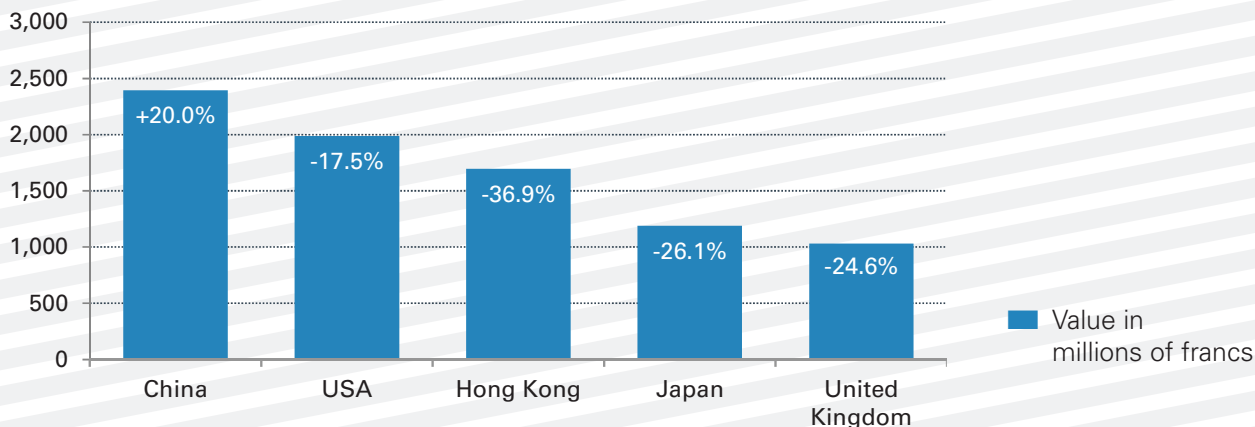
SWISS WATCH INDUSTRY

SWISS WATCH EXPORTS

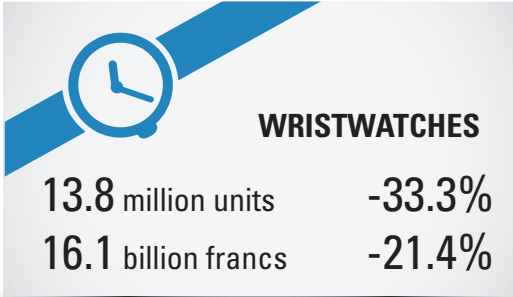


2020 was an unprecedented year, resulting in a sharp decline in activity for the luxury goods sector as a whole, and for the watch industry in particular. The value of Swiss watch exports in this exceptional situation fell to 17 billion francs compared with 21.7 billion a year earlier, a decline of 21.8%. This is comparable to the fall recorded in 2009 (-22.3%) during the financial crisis, which reduced the value of exports to their 2008 level. Following a historically poor second quarter (-61.6% compared with April-June 2019), the trend gradually recovered, resulting in just a 4.3% decline in the fourth quarter, in spite of the still highly unfavourable circumstances.

MAIN MARKETS

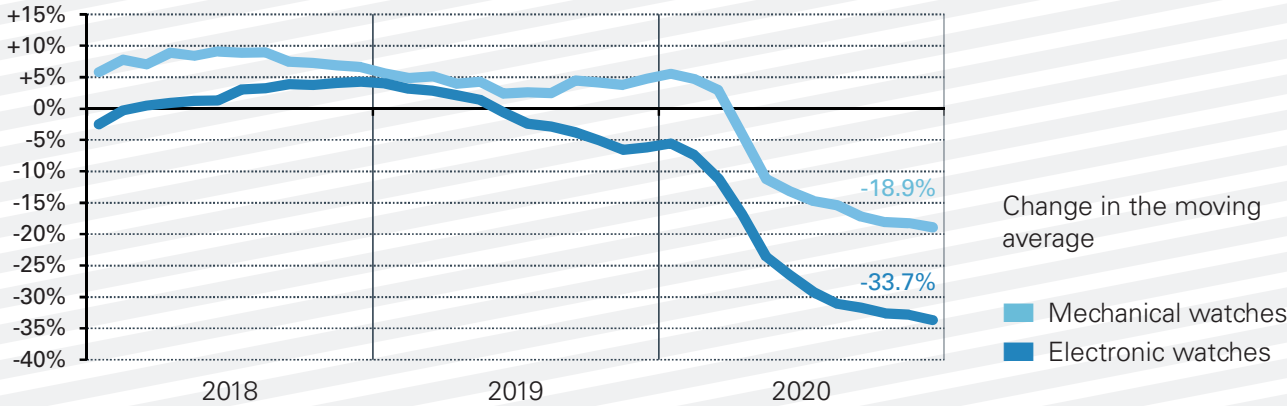


SWISS EXPORTS OF WATCHES



Exports of wristwatches were valued at 16.1 billion francs, a reduction of 21.4% compared with 2019. At the same time, the number of items exported fell by a third. Switzerland therefore shipped 13.8 millions watches abroad, 6.9 million fewer (-33.3%) than the previous year.

TYPES OF WATCHES



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).

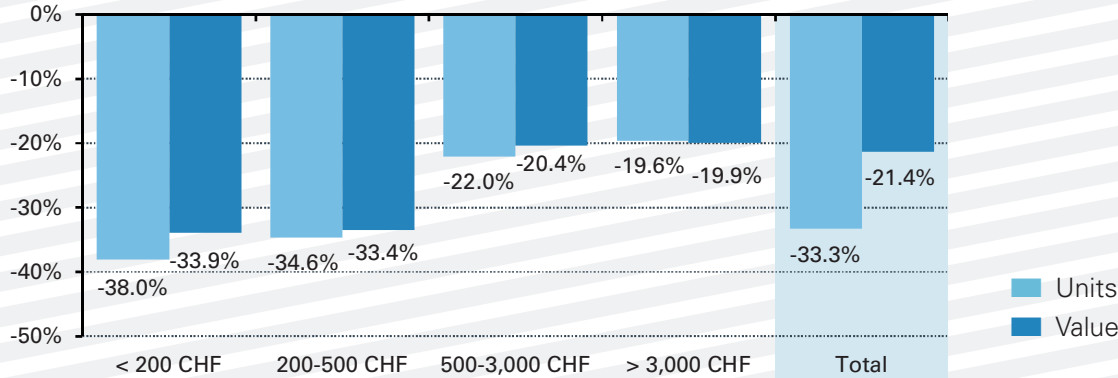
Watches by price range

Declines were seen in all price segments, by both value and number of items. Watches priced at less than 500 francs (export price) saw the sharpest declines, further accentuating the negative trend that has been seen for several years.

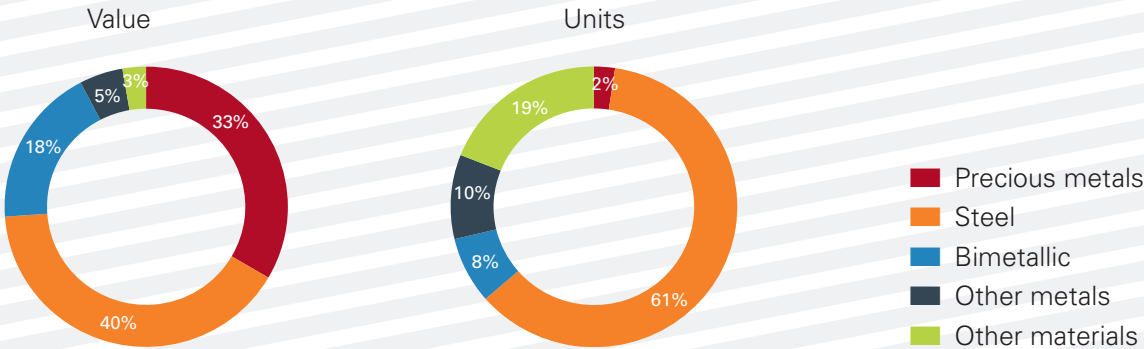
Trend of the different materials

Steel watches, which represent over 60% of total volumes, set the tone in 2020. The value of exports of these watches declined by 20.2%, while the number of items fell by 31.8%. The decline was even more marked in the *Other materials* category, where volumes were cut by 43.3%.

WATCHES BY PRICE RANGE



WATCHES BY MATERIALS



Main markets

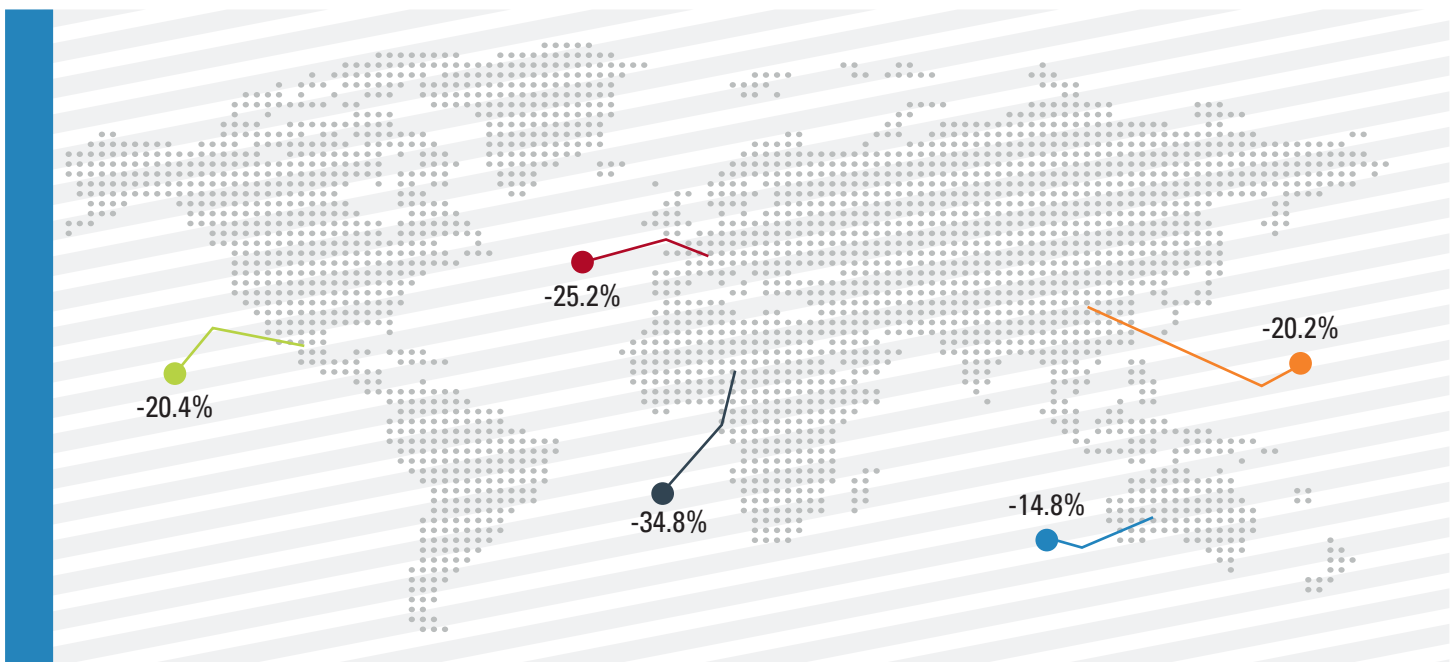
All the main regions were severely impacted by the decline in 2020. Asia accounted for 54% of Swiss watch exports by value and fell by 20.2% compared with 2019. Europe (-25.2%) was even more heavily affected and saw its market share decline to 29%. America, with a 15% share, recorded a 20.4% fall.

China proved an exception in 2020 and became the leading direct destination for Swiss watch exports. Less affected by the health crisis and with a very marked recovery in domestic purchases during the second half of the year, it was the only market to show growth (+20.0% compared with 2019). All the other main markets saw a very sharp

decline. In Asia, Hong Kong posted one of the most negative performances across the board, pushing it down to third place in the ranking of Swiss watch exports, after 12 years in first place. Among other Asian markets, Taiwan (-9.9%) held up better.

In Europe, France (-37.9%) and Italy (-33.3%) suffered particularly badly, while the United Kingdom (-24.6%) and Germany (-21.4%) were closer to the global average.

The United States (-17.5%), which absorbs 80% of watch exports to the continent, saw a slightly less marked decline than the world as a whole, given a stronger recovery in the third quarter.



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.

None of the world's players was spared by the Covid-19 crisis, with all the main producing or exporting regions suffering a sharp decline in 2020.

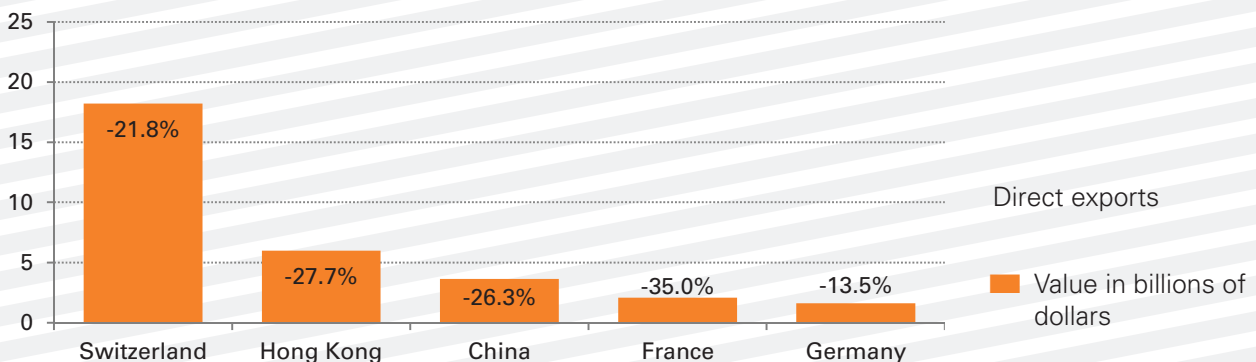
Switzerland continued to account for the highest value of export sales, at 18.2 billion US dollars. This represented a decline of 21.8% in local currency (excluding the impact of exchange rates) compared with 2019.

Watch exports or re-exports from Hong Kong fell more steeply (-27.7% in local currency) to a total value of 6.0 billion dollars. The majority of watch products were re-exported, mainly to China, the United States, Switzerland, Japan and Macau.

China saw its watch exports decrease by a quarter (-26.3% in local currency), to 3.6 billion dollars. While half this trade passed through Hong Kong in 2018, the figure fell to 36% in 2020. The remainder was shipped directly to the United States, Japan, Switzerland, Vietnam and Germany.

France recorded a particularly marked decline in 2020. Its watch exports or re-exports fell by 35.0% in local currency, to 2.1 billion dollars. Germany was less severely impacted, with a fall of 13.5% in local currency, to 1.6 billion dollars.

MAIN EXPORTING COUNTRIES AND TERRITORIES



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

Following a slight recovery the previous year, China saw its export volumes collapse by almost half in 2020. It shipped 361.1 million watches abroad, or 44.0% less than in 2019. The average price of these products was 5 dollars (export price).

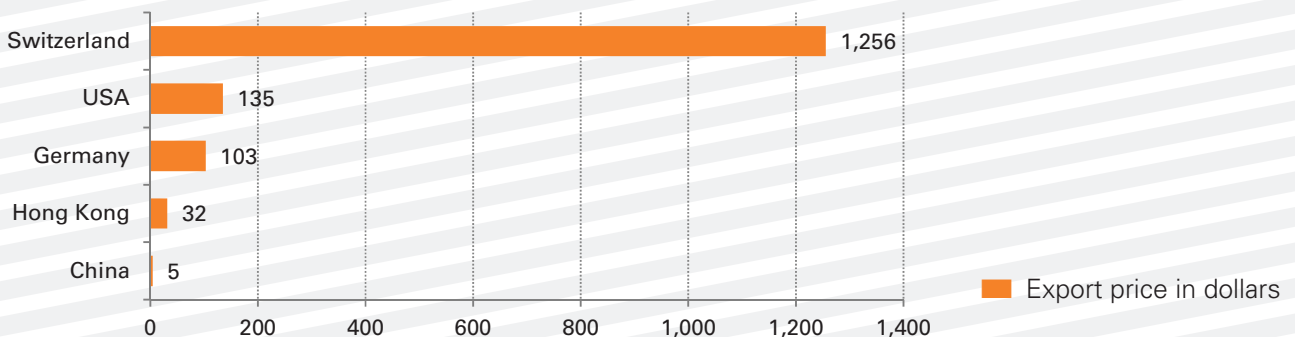
Hong Kong also saw a sharp decline in volume. The number of watches that passed through the special administrative region fell by 30.0%, to 138.3 million items. The average price was 32 dollars.

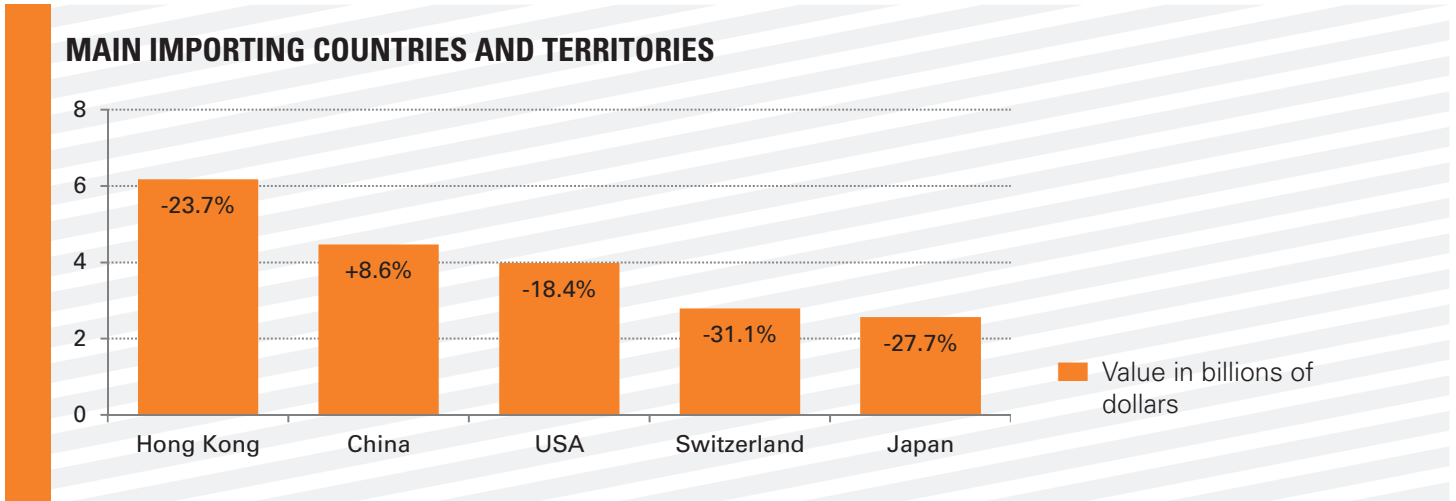
Switzerland exported 13.8 million watches (-33.3%). The average price climbed to 1,256 dollars compared with 998 the previous year, reflecting a more significant decline at the entry-level end of the market.

MAIN WRISTWATCH EXPORTING COUNTRIES AND TERRITORIES

	Millions of units	Variation
China	361.1	-44.0%
Hong Kong	138.3	-30.0%
Switzerland	13.8	-33.3%
Germany	13.1	-23.0%
USA	8.2	-27.0%

AVERAGE PRICE OF EXPORTED WATCHES





World watch industry imports

Imports from Hong Kong fell sharply in 2020, reflecting the marked decline in watch products passing through the region. Imports were valued at 6.2 billion dollars, a decline of 23.7% (excluding the impact of exchange rates) compared with 2019.

Domestic sales of goods that had previously been purchased abroad accounted for the steady growth (+8.6% in local currency) in imports of Chinese watches, to 4.5 billion dollars.

The United States lost ground and fell back to third place for watch imports, which were valued at 4.0 billion dollars (-18.4%).

Switzerland suffered one of the sharpest declines in activity on watch imports (-31.1% excluding the impact of exchange rates), to 2.8 billion dollars.

The Japanese market also contracted sharply in 2020, with a 27.7% decline in imports to a total of 2.6 billion dollars.