

## **SWATCH GROUP: Key Figures 2019**

- Group net sales of CHF 8 243 million, -1.8% in comparison to the previous year at constant exchange rates, or -2.7% at current rates.
- Operating result of CHF 1 023 million, -11.4% to the previous year. Operating margin amounted to 12.4% versus 13.6% in the previous year.
- Net income of CHF 748 million, -13.7% to the previous year, with a net margin of 9.1% versus 10.2% in the previous year.
- Operating cash flow increased by 30% to CHF 1 224 million.
- Excluding Hong Kong SAR, Group sales increased in the second half of 2019 by 5% at constant exchange rates and the operating result by 6% (in the Watches & Jewelry segment, excluding production, by even more than 20%).
- Growth in all markets except Hong Kong SAR.
- Dividend proposal: CHF 8.00 per bearer share and CHF 1.60 per registered share (unchanged from previous year).
- For 2020, further growth in local currency expected in all regions (except Hong Kong SAR).

## KEY FIGURES 2019

### Group Key Figures

(CHF million)	2019	2018	Change in %		Total
			at constant rates	currency effect	
<b>Net sales</b>	<b>8 243</b>	8 475	-1.8%	-0.9%	<b>-2.7%</b>
<b>Operating result</b>	<b>1 023</b>	1 154			<b>-11.4%</b>
– in % of net sales	12.4%	13.6%			
<b>Net income</b>	<b>748</b>	867			<b>-13.7%</b>
– in % of net sales	9.1%	10.2%			
<b>Equity</b>	<b>11 493</b>	11 274			
– as % of balance sheet total	83.9%	82.5%			
<b>Average return on equity 1)</b>	<b>6.6%</b>	7.7%			

1) Net income in percent of average equity (previous year plus year under review, divided by two).

Unaudited figures

### Strategy

With its 18 brands, the Swatch Group is present in all segments, and is a fully verticalized company, from production to distribution. The Group has an ideal set-up worldwide, with its own retail network including e-commerce and its own customer service. The Group continuously makes long-term investments, not only in research and development of innovative and unique products, but also in the close to 150 production facilities in Switzerland and in worldwide distribution. As a result, the Group occupies an unparalleled position in the Swiss as well as the worldwide watch industry.

## KEY FIGURES 2019

### Highlights of the financial year 2019

#### Development in the segments and countries

The Group performed very well in the financial year 2019, despite political uncertainties and an ongoing negative currency situation. The weakening of the US Dollar and the Euro, as well as other currencies, versus the Swiss Franc in recent months had a negative impact of CHF 76 million or 0.9% on sales.

Performance in the second half of the year – excluding Hong Kong SAR – was positive in all regions. Sales in the Group's own retail stores increased by approximately 2%, despite the negative impact of Hong Kong SAR and a worldwide retail network which was reduced by about 60 stores compared to the previous year.

In Hong Kong SAR, the drop in sales in the second half of 2019 alone was approximately CHF 200 million. The Swatch Group operates more than 90 own retail stores here.

Net sales in the Electronic Systems segment increased by 5.9% to CHF 289 million, with all companies performing positively.

#### Personnel

The workforce decreased slightly compared with the previous year by about 3% to approximately 36 100 persons.

#### Training

The Swatch Group promotes vocational education at all levels. Overall, more than 700 persons in Switzerland and abroad are in training, either as apprentices learning the watchmaker and related technical trades, or as students in the Group's six international customer service watchmaker schools in Miami, Kuala Lumpur, Shanghai, Hong Kong, Pforzheim and Manchester during the course of the year.

#### Operating result and net income

Operating result decreased by -11.4% to CHF 1 023 million compared to previous year. Operating margin was 12.4% (previous year: 13.6%). Net income totaled CHF 748 million (-13.7% compared to previous year) or 9.1% of net sales (previous year: 10.2%).

#### Investments

Across all segments, Swatch Group invested a total of CHF 459 million in non-current operating assets<sup>1)</sup> in 2019. In addition to further investments in optimization and flexibilization of production capacities, investment was also made in the Group's own retail network and customer service.

#### Research and development

In the year under review, 231 patent applications were filed, 9% more than in the previous year.

#### Cash Flow and net financial position

After-tax operating cash flow generated in 2019 was CHF 1 224 million, an increase of 30% over the previous year. Free cash flow<sup>2)</sup> tripled from the previous year and amounted to CHF 880 million. The net financial position<sup>3)</sup> at the end of the year was CHF 1 348 million.

#### Inventories

Inventories decreased by 1% to CHF 6 852 million.

#### Dividend proposal

At the Annual General Meeting on 14 May 2020, the Board of Directors of the Swatch Group will propose an unchanged dividend of CHF 8.00 per bearer share and CHF 1.60 per registered share.

1) Investments in property plant and equipment, in intangible assets, and in other non-current assets, according to the statement of cash flows

2) Cash flow from operating activities minus cash flow from investing activities

3) Cash and cash equivalents and marketable securities and derivative financial instruments minus current and non-current financial debts and derivative financial instruments

## KEY FIGURES 2019

### Outlook for 2020

Group management expects healthy growth in 2020 in all markets in local currency, with the exception of Hong Kong SAR. The currency situation will remain challenging. A special highlight for the Group will be the Olympic Summer Games in Tokyo, where Omega can uniquely showcase itself in one of the largest luxury markets in the world.

### Tentative next publications / events:

<b>19.03.2020</b>	Publication of the annual report 2019 Press conference
<b>14.05.2020</b>	Annual General Meeting, Grenchen
<b>31.07.2020</b>	Publication of 2020 half-year results

Original: German  
Translations: English, French and Italian

## CONTACTS

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## KEY FIGURES 2019

### Consolidated Income Statement

	2019		2018	
	CHF million	%	CHF million	%
<b>Net sales</b>	<b>8 243</b>	<b>100.0</b>	8 475	100.0
Other operating income	134	1.6	180	2.1
Changes in inventories	-16	-0.2	632	7.5
Material purchases	-1 600	-19.4	-2 226	-26.3
Personnel expense	-2 578	-31.3	-2 563	-30.3
Depreciation and impairment on property, plant and equipment	-437	-5.3	-451	-5.3
Amortization and impairment on intangible assets	-43	-0.5	-43	-0.5
Other operating expenses	-2 680	-32.5	-2 850	-33.6
<b>Operating result</b>	<b>1 023</b>	<b>12.4</b>	1 154	13.6
Other financial income and expense	-3	-0.0	-19	-0.2
Interest expense	-8	-0.1	-5	0.0
Share of result from associates and joint ventures	-9	-0.1	2	0.0
<b>Ordinary result</b>	<b>1 003</b>	<b>12.2</b>	1 132	13.4
Non-operating result	1	0.0	1	0.0
<b>Profit before income taxes</b>	<b>1 004</b>	<b>12.2</b>	1 133	13.4
Income taxes	-256	-3.1	-266	-3.2
<b>Net income</b>	<b>748</b>	<b>9.1</b>	867	10.2
<i>Attributable to shareholders of The Swatch Group Ltd</i>	<i>730</i>		<i>845</i>	
<i>Attributable to non-controlling interests</i>	<i>18</i>		<i>22</i>	
<b>Earnings per share in CHF</b>				
<b>Registered shares</b>				
Basic earnings per share	2.84		3.23	
Diluted earnings per share	2.83		3.23	
<b>Bearer shares</b>				
Basic earnings per share	14.18		16.14	
Diluted earnings per share	14.17		16.13	

Unaudited figures

## KEY FIGURES 2019

## Consolidated Balance Sheet

Assets	31.12.2019		31.12.2018	
	CHF million	%	CHF million	%
<b>Current assets</b>				
Cash and cash equivalents	1 239	9.0	944	6.9
Marketable securities and derivative financial instruments	230	1.7	296	2.2
Trade receivables	838	6.1	893	6.5
Other current assets	132	1.0	159	1.2
Inventories	6 852	50.1	6 917	50.6
Prepayments and accrued income	264	1.9	249	1.8
<b>Total current assets</b>	<b>9 555</b>	<b>69.8</b>	<b>9 458</b>	<b>69.2</b>
<b>Non-current assets</b>				
Property, plant and equipment	3 189	23.3	3 245	23.8
Intangible assets	150	1.1	146	1.1
Investments in associates and joint ventures	45	0.3	59	0.4
Other non-current assets	325	2.4	336	2.5
Deferred tax assets	428	3.1	417	3.0
<b>Total non-current assets</b>	<b>4 137</b>	<b>30.2</b>	<b>4 203</b>	<b>30.8</b>
<b>Total assets</b>	<b>13 692</b>	<b>100.0</b>	<b>13 661</b>	<b>100.0</b>

Unaudited figures

## KEY FIGURES 2019

### Consolidated Balance Sheet

Equity and liabilities	31.12.2019		31.12.2018	
	CHF million	%	CHF million	%
<b>Current liabilities</b>				
Financial debts and derivative financial instruments	101	0.7	203	1.5
Trade payables	313	2.3	393	2.9
Other liabilities	185	1.4	222	1.6
Provisions	84	0.6	94	0.7
Accrued expenses	678	5.0	637	4.6
<b>Total current liabilities</b>	<b>1 361</b>	<b>10.0</b>	1 549	11.3
<b>Non-current liabilities</b>				
Financial debts	20	0.1	22	0.2
Deferred tax liabilities	546	4.0	558	4.1
Retirement benefit obligations	46	0.3	43	0.3
Provisions	57	0.4	53	0.4
Accrued expenses	169	1.3	162	1.2
<b>Total non-current liabilities</b>	<b>838</b>	<b>6.1</b>	838	6.2
<b>Total liabilities</b>	<b>2 199</b>	<b>16.1</b>	2 387	17.5
<b>Equity</b>				
Share capital	118		125	
Capital reserves	-948		-961	
Treasury shares	-195		-1 251	
Goodwill recognized	-1 372		-1 372	
Translation differences	-285		-210	
Retained earnings	14 087		14 854	
<b>Equity of The Swatch Group Ltd shareholders</b>	<b>11 405</b>	<b>83.3</b>	11 185	81.9
Non-controlling interests	88	0.6	89	0.6
<b>Total equity</b>	<b>11 493</b>	<b>83.9</b>	11 274	82.5
<b>Total equity and liabilities</b>	<b>13 692</b>	<b>100.0</b>	13 661	100.0

Unaudited figures

## KEY FIGURES 2019

## Consolidated Statement of Cash Flows

(CHF million)	2019	2018
<b>Operating activities</b>		
Net income	748	867
Share of result from associated companies and joint ventures	9	-2
Income tax	256	266
Depreciation on non-current assets	482	481
Impairment on non-current assets	-1	13
Changes in provisions and retirement benefit obligations	-2	-10
Gains/losses on sale of non-current assets	-9	-5
Other non-cash items	2	29
Changes in net current assets:		
- Trade receivables	42	147
- Inventories	21	-633
- Other current assets, prepayments and accrued income	16	27
- Trade payables	-91	57
- Other liabilities and accrued expenses	-7	-11
Dividends received from associated companies and joint ventures	4	0
Income tax paid	-246	-283
<b>Cash flow from operating activities</b>	<b>1 224</b>	<b>943</b>
<b>Investing activities</b>		
Investments in property, plant and equipment	-399	-437
Proceeds from sale of property, plant and equipment	26	5
Investments in intangible assets	-47	-44
Proceeds from sale of intangible assets	0	5
Investments in other non-current assets	-13	-222
Proceeds from sale of other non-current assets	11	14
Purchase of marketable securities	-60	-77
Sale of marketable securities	138	105
<b>Cash flow from investing activities</b>	<b>-344</b>	<b>-651</b>
<b>Financing activities</b>		
Dividends paid to shareholders	-413	-394
Dividends paid to non-controlling interests	-17	-19
Repurchase of treasury shares	-34	-389
Sale of treasury shares	1	1
Change in non-current financial debts	2	0
Change in current financial debts	-153	144
Repurchase of non-controlling interests	-1	-2
<b>Cash flow from financing activities</b>	<b>-615</b>	<b>-659</b>
<b>Net impact of foreign exchange rate differences on cash</b>	<b>-19</b>	<b>-22</b>
<b>Change in cash and cash equivalents</b>	<b>246</b>	<b>-389</b>
<b>Change in cash and cash equivalents</b>		
- Balance at beginning of year	902	1 291
- Balance at end of year	<b>1 148</b>	<b>902</b>

Unaudited figures



## KEY FIGURES 2019

### Segment information

2019 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
- Third parties	7 965	273	5		8 243
- Group	1	16	5	-22	0
<b>Net sales</b>	<b>7 966</b>	<b>289</b>	<b>10</b>	<b>-22</b>	<b>8 243</b>
<b>Operating result</b>	<b>1 145</b>	<b>7</b>	<b>-129</b>	<b>0</b>	<b>1 023</b>
- In % of net sales	14.4%	2.4%			12.4%
2018 (CHF million)	Watches & Jewelry	Electronic Systems	Corporate	Elimination	Total
- Third parties	8 213	257	5		8 475
- Group	1	16	5	-22	0
Net sales	8 214	273	10	-22	8 475
Operating result	1 258	14	-118	0	1 154
- In % of net sales	15.3%	5.1%			13.6%

Unaudited figures

### Statistical Information

	2019 Basic	2018 Basic
<b>Average number of registered shares outstanding</b>	<b>113 428 394</b>	115 449 571
<b>Average number of bearer shares outstanding</b>	<b>28 814 317</b>	29 268 442
<b>Key data per registered share (nom. CHF 0.45) in CHF</b>		
Consolidated net income attributable to shareholders	2.84	3.23
Cash flow from operating activities 1)	4.75	3.60
Consolidated equity 1)	44.63	43.07
Dividend 2)	1.60	1.60
Price/earnings ratio 3)	18.0	17.6
<b>Key data per bearer share (nom. CHF 2.25) in CHF</b>		
Consolidated net income attributable to shareholders	14.18	16.14
Cash flow from operating activities 1)	23.76	18.01
Consolidated equity 1)	223.17	215.33
Dividend 2)	8.00	8.00
Price/earnings ratio 3)	19.0	17.8
<b>Share capital in CHF</b>	<b>117 719 775</b>	125 210 250

1) Calculation based on average share capital per share category or average number of shares outstanding

2) For the year under review: proposal by the Board of Directors

3) Year-end share price divided by net income attributable to shareholders

Unaudited figures