

PRESS RELEASE

Biel, 10 January 2012

Swatch Group exceeds the 7 billion sales milestone for the first time. December 2011 strongest month in turnover in the history of the Group.

- Gross sales for the Group reach a new record mark of CHF 7 143 million, an increase of +21.7% at constant rates versus 2010.
- Gross sales increase of +26.1% at constant rates in the Watches & Jewelry segment. Double-digit growth rates for almost all brands in this segment.
- Massive negative currency impact of CHF 696 million or -10.8% on sales.
- Markedly higher performance in the Production segment.
- Despite enormous pressure on margins due to the catastrophic currency situation, good results for operating profit and net income expected.
- Positive start in January in all regions and price segments.

Gross Sales Development

(CHF million)	2011	2010 restated ¹⁾	Change in %			2010 as reported
			at constant rates	currency effect	Total	
Gross sales						
Watches & Jewelry	6 312	5 532	+26.1%	-12.0%	+14.1%	5 532
Production	2 015	1 520	+33.0%	-0.4%	+32.6%	1 539
Electronic Systems	336	440	-16.3%	-7.3%	-23.6%	440
Corporate and elimination	-1 520	-1 052				-1 071
Total gross sales	7 143	6 440	+21.7%	-10.8%	+10.9%	6 440

¹⁾ restated following integration of Favre & Perret (Production segment) into Manufacture Breguet (Watches & Jewelry segment)

Commentary on Gross Sales

In 2011, despite a difficult economic environment, the Swatch Group remained on record course. The Group reached the seven billion milestone for the first time, and generated gross sales of CHF 7 143 million, an increase of +21.7% at constant rates in comparison to 2010. The ongoing overvaluation of the Swiss Franc, particularly against the US Dollar and the Euro, had a negative impact of CHF 696 million or -10.8% on Group sales. Despite this extremely negative currency effect, sales in CHF increased by an impressive +10.9% over the previous record year 2010.

The strong Group brands experienced significant growth, not only in Greater China but also in all other regions and all price segments. The Watches & Jewelry segment recorded an increase in sales of +26.1% at constant rates to CHF 6 312 million. Investment in retail activities as well as numerous marketing offensives throughout the world contributed to these gratifying sales figures.

The Production segment was confronted with an enormous increase in demand for all types of components. This strong growth contributed to a marked increase in gross sales of +32.6% to CHF 2 015 million for the segment. Despite further expansion of production capacity, there were and still are major production bottlenecks.

The Electronics Systems segment mainly felt the effects of the overvalued Swiss Franc against the US Dollar and the downtrend in certain key markets. Gross sales reached CHF 336 million, down -16.3% at constant rates versus the previous year.

Despite the strongly negative currency impact during the course of the year and our traditionally defensive policy concerning price increases, Group Management expects good results for operating profit and net income.

2012 will be a major challenge, however, the Swatch Group is confident of again generating qualitative growth in 2012, despite the ever more challenging comparison basis.

The Group's key figures will be published at the latest on 23 February 2012. Publication of the annual report at a media and analysts' conference on 1 March 2012 is planned.

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