

PRESS RELEASE  
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## SWATCH GROUP: KEY FIGURES 2007

- Net income exceeds CHF 1 billion for the first time.
- Operating margin improves to 21.9% (2006: 20.2%), operating profit reaches CHF 1 236 million (2006: CHF 973 million), a rise of 27%.
- Proposed dividend increase of 21.4%, per bearer share CHF 4.25 (previous year CHF 3.50), per registered share CHF 0.85 (previous year CHF 0.70).
- Promising start to 2008; prospects remain good for the year as a whole.

Following publication of gross sales figures on 18 January 2008, we now present the consolidated key figures for the Group:

### GROUP KEY FIGURES

CHF million	2007	2006	Change in %		
			in local currency	currency effect	Total
<b>Gross sales</b>	<b>5 941</b>	5 050	+17.3%	+0.3%	+17.6%
<b>Net sales</b>	<b>5 646</b>	4 820			+17.1%
<b>Operating profit</b>	<b>1 236</b>	973			+27.0%
- in % of net sales	<b>21.9%</b>	20.2%			
<b>Net income</b>	<b>1 015</b>	830			+22.3%
- in % of net sales	<b>18.0%</b>	17.2%			
<b>Equity</b>	<b>5 329</b>	4 967			+7.3%
- as % of total assets	<b>71.5%</b>	71.9%			
<b>Average return on equity (ROE)</b>	<b>19.7%</b>	17.3%			

## GROUP OVERVIEW

The Group once again achieved record figures across all areas in the year under review. Sales surpassed the strong showing of the previous year, rising by more than 17%. Gross sales very nearly reached the CHF 6 billion mark. There was a slightly positive currency effect (+0.3%), with the weak dollar and yen being offset by the euro.

The operating margin increased from 20.2% to 21.9% in the year under review, corresponding to an operating profit of CHF 1 236 million or a rise of 27.0%. Net income exceeded the CHF 1 billion mark for the first time. As already announced, inventories of raw materials and semi-finished products rose as a result of production bottlenecks, primarily in connection with components. This also temporarily tied up funds. In addition, there was significant investment in expanding production facilities.

Group equity remains very solid at CHF 5 329 million, which equates to an equity ratio of 71.5% as at 31 December 2007. The return on equity was 19.7% (2006: 17.3%).

## WATCHES & JEWELRY

CHF million	2007	2006	Change in %		
			in local currency	currency effect	Total
<b>Gross sales</b>					
- Third parties	4 710	3 912			
- Group	0	0			
- Total	4 710	3 912	+20.0%	+0.4%	+20.4%
<b>Net sales</b>	4 456	3 723			+19.7%
<b>Operating profit</b>	920	738			+24.7%
- in % of net sales	20.6%	19.8%			

The Swatch Group delivered another strong performance in its core segment «Watches and Jewelry» in the 2007 financial year, posting new record figures once again. This extremely positive trend was already visible as early as spring 2007 with the huge demand and numerous orders received at the BaselWorld watch and jewelry show.

All price segments delivered double-digit sales growth, helping to boost profitability across the board. The Group's geographic positioning and its proprietary presence with mono-brand, tourbillon and multi-brand stores further improved its proximity to consumers and impacted positively on sales. At the same time, it also facilitated the expansion of the jewelry business.

## Distribution of profits

At its meeting of 10 March 2008, the Board of Directors of the Swatch Group agreed to propose a dividend increase of 21.4% to the Annual General Meeting on 21 May 2008. This corresponds to CHF 4.25 per bearer share (2006: CHF 3.50) and CHF 0.85 per registered share (2006: CHF 0.70).

The 2007 share buyback program, worth CHF 400 million, was concluded on 8 November 2007. A new buyback program worth CHF 420 million was launched on 10 December 2007. The Board of Directors will propose to the 2008 Annual General Meeting that the repurchased shares be cancelled.

Through these two measures the Group is demonstrating that it is strongly committed to actively managing its balance sheet and repaying cash which is not required for operations to its shareholders.

Operating profit increased by an above-average 24.7% to CHF 920 million, corresponding to an operating margin of 20.6% (compared with 19.8% in 2006). The price adjustments implemented in the previous year impacted positively on margins in the period under review, partially compensating for the effects of further increases in the price of precious metals, diamonds and other raw materials. Marketing expenditure was also increased and retail activities further expanded to ensure the Group's continued long-term growth.

From a geographic perspective, all regions delivered positive results, with Asia, Europe and the USA performing particularly well. Sales were somewhat flatter in Japan, however. All Watches and Jewelry segment brands have additional growth potential in all geographic regions.

## PRODUCTION

CHF million	2007	2006	Change in %		
			in local currency	currency effect	Total
<b>Gross sales</b>					
- Third parties	625	562			
- Group	1 059	831			
- Total	1 684	1 393	+20.8%	+0.1%	+20.9%
<b>Net sales</b>	1 624	1 335			+21.6%
<b>Operating profit</b>	235	147			+59.9%
- in % of net sales	14.5%	11.0%			

The high demand for watches and jewelry also helped to substantially boost sales in the production segment. The increase of 21.6% in net sales in 2007 can be attributed to a general increase in demand for watch movements and components across all price categories. The recent drive to expand capacities for watch movements and other components, not only in higher price categories, has thus borne further fruit.

The massive increase in demand for both mechanical movements and «Swiss-made» quartz movements over the past few years has posed tough challenges for production. Even with ongoing investment in expansion and rationalization measures, production of these movements has always been at the limits of capacity. Despite targeted investment and acquisitions of strategically important component

producers, it has not been possible to deliver either internal or external orders in full and in line with customer requirements. In addition to the movement producers ETA and Frédéric Piguet, all component manufacturers were also permanently faced with what in itself was a very positive demand situation. Dress Your Body (DYB), the Group company specializing in the diamond and jewelry sector, also posted above-average growth.

This high capacity utilization led to a renewed strong increase in the segment's profitability in the year under review. In addition to the continued increase in volumes and extremely high capacity utilization, another reason for the sharp rise in the operating margin to 14.5% was a further favorable shift in the product mix towards higher-priced watch movements.

## ELECTRONIC SYSTEMS

CHF million	2007	2006	Change in %		
			in local currency	currency effect	Total
<b>Gross sales</b>					
- Third parties	601	571			
- Group	29	22			
- Total	630	593	+5.9%	+0.3%	+6.2%
<b>Net sales</b>	623	586			+6.3%
<b>Operating profit</b>	99	106			-6.6%
- in % of net sales	15.9%	18.1%			

The Electronic Systems segment had to battle with a rather more volatile business environment last year. The price pressure experienced in the first half of the year was absorbed by volume increases and a higher-priced product mix. Despite generally modest growth across the sector as a whole, the segment recorded net sales of CHF 623 million, up 6.3% on the previous year. The increase can be attributed in part to the performance of the Group companies EM Microelectronic Marin and Renata, while the activities of Swiss Timing in the area of sports timing services provided to third-party organizations also helped boost sales in this segment.

Micro Crystal was once again exposed to severe price pressure in its activities as a supplier of quartz for mobile telephony applications. The situation did ease somewhat in the second half of the year, however, as demonstrated by the marked increase in sales and improved profitability from July onwards. The segment recorded an operating profit of just under CHF 100 million in the year under review, corresponding to an operating margin of 15.9%.

## OUTLOOK FOR 2008

The strong trend seen in 2007 has continued in the first two months of the current year, giving rise to expectations of ongoing substantial sales growth and further profitability increases across all segments.

The sharp weakening of foreign currencies, in particular the US dollar, the yen, and to a certain extent the euro, against the Swiss franc, coupled with the marked increases in gold, diamond and raw materials prices, create new challenges for the Group in 2008. However, there is still considerable growth potential, not least in expansion markets, which must be exploited through the attractive range of brands offered by the Group and through a targeted distribution policy. At the same time, a wide range of measures to reduce costs will be systematically identified and implemented.

A particular highlight of 2008 will be the Summer Olympic Games, which traditionally take place every four years. The highly visible presence of Omega as timekeeping and data handling partner, which will perform this role for the 23rd time in the history of the Olympic Games, will further promote awareness of the brand worldwide.

The Board of Directors and Executive Group Management Board of the Swatch Group expect to see further sales growth in the current year, with the associated increase in profitability. Despite a negative currency impact, this strong growth is already in evidence in the months of January and February 2008.

### Next data releases

<b>30.04.2008</b>	Press conference and meeting with analysts, Geneva
<b>21.05.2008</b>	Annual General Meeting, Biel
<b>21.08.2008</b>	Interim report for first-half 2008 and meeting with analysts

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## CONTACTS

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## CONSOLIDATED INCOME STATEMENT (CONDENSED)

	2007		2006	
	CHF million	%	CHF million	%
<b>Gross sales</b>	<b>5 941</b>	<b>105.2</b>	5 050	104.8
Sales reductions	-295	-5.2	-230	-4.8
<b>Net sales</b>	<b>5 646</b>	<b>100.0</b>	4 820	100.0
Other operating income	91	1.6	123	2.6
Changes in inventories	398	7.1	155	3.2
Operating expenses	-4 695	-83.2	-3 930	-81.6
Depreciation, amortization and impairment charges	-204	-3.6	-195	-4.0
<b>Operating profit</b>	<b>1 236</b>	<b>21.9</b>	973	20.2
Net financial result	37	0.6	84	1.7
<b>Result before taxes</b>	<b>1 273</b>	<b>22.5</b>	1 057	21.9
Income taxes	-258	-4.5	-227	-4.7
<b>Net income</b>	<b>1 015</b>	<b>18.0</b>	830	17.2
Attributable to equity holders of The Swatch Group Ltd.	1 011		827	
Attributable to minority interests	4		3	

Unaudited figures.

## CONSOLIDATED BALANCE SHEET (CONDENSED)

	31.12.2007		31.12.2006	
	CHF million	%	CHF million	%
<b>Assets</b>				
Non-current assets	1 968	26.4	1 751	25.4
- Inventories	2 273	30.5	1 877	27.2
- Trade receivables	875	11.8	750	10.9
- Other current assets	2 331	31.3	2 526	36.5
Current assets	5 479	73.6	5 153	74.6
<b>Total assets</b>	<b>7 447</b>	<b>100.0</b>	6 904	100.0
<b>Equity and liabilities</b>				
Equity	5 329	71.5	4 967	71.9
- Non-current liabilities	929	12.5	961	13.9
- Current liabilities	1 189	16.0	976	14.2
Total liabilities	2 118	28.5	1 937	28.1
<b>Total equity and liabilities</b>	<b>7 447</b>	<b>100.0</b>	6 904	100.0

Unaudited figures.

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

	31.12.2007	31.12.2006
	CHF million	CHF million
<b>Operating activities</b>		
Net income	1 015	830
Depreciation and impairment charge	204	195
Changes in provisions, taxes and interest	2	63
Changes in net working capital and other items	-346	-204
<b>Cash flow from operating activities</b>	<b>875</b>	<b>884</b>
<b>Investing activities</b>		
Purchase / sale of marketable securities	-167	-138
Investments in other assets	-403	-290
Proceeds from sale of other assets	7	7
Acquisitions of subsidiaries	-8	-41
<b>Cash flow from investing activities</b>	<b>-571</b>	<b>-462</b>
<b>Financing activities</b>		
Dividends paid	-196	-142
Sale / purchase of treasury shares	-460	-292
Change in non-current borrowings	-1	88
Change in current borrowings	-35	-247
Buyback of minority interests	0	-25
<b>Cash flow from financing activities</b>	<b>-692</b>	<b>-618</b>
<b>Net impact of foreign exchange rate differences on cash</b>	<b>6</b>	<b>-1</b>
<b>Change in cash and cash equivalents</b>	<b>-382</b>	<b>-197</b>
<b>Change in cash and cash equivalents</b>		
- at beginning of year	1 666	1 863
- at 31 December	1 284 -382	1 666 -197

Unaudited figures.

## SEGMENT INFORMATION

CHF million	2007			2006		
	Third	Group	Total	Third	Group	Total
<b>Gross sales</b>						
Watches & Jewelry	4 710		4 710	3 912		3 912
Production	625	1 059	1 684	562	831	1 393
Electronic Systems	601	29	630	571	22	593
Corporate and elimination	5	-1 088	-1 083	5	-853	-848
<b>Total</b>	<b>5 941</b>	<b>0</b>	<b>5 941</b>	<b>5 050</b>	<b>0</b>	<b>5 050</b>
<b>Net sales</b>						
Watches & Jewelry	4 456		4 456	3 723		3 723
Production	591	1 033	1 624	527	808	1 335
Electronic Systems	594	29	623	564	22	586
Corporate and elimination	5	-1 062	-1 057	6	-830	-824
<b>Total</b>	<b>5 646</b>	<b>0</b>	<b>5 646</b>	<b>4 820</b>	<b>0</b>	<b>4 820</b>
<b>Operating profit</b>		<b>% of sales</b>	<b>% of total</b>		<b>% of sales</b>	<b>% of total</b>
Watches & Jewelry	920	20.6%	74.4%	738	19.8%	75.8%
Production	235	14.5%	19.0%	147	11.0%	15.1%
Electronic Systems	99	15.9%	8.0%	106	18.1%	10.9%
Corporate and elimination	-18		-1.4%	-18		-1.8%
<b>Total</b>	<b>1 236</b>	<b>21.9%</b>	<b>100.0%</b>	<b>973</b>	<b>20.2%</b>	<b>100.0%</b>

Unaudited figures.



## STATISTICAL INFORMATION

	2007		2006	
	Basic	Diluted	Basic	Diluted
<b>Average number of registered shares outstanding</b>	<b>115 882 234</b>	<b>124 474 721</b>	118 110 673	126 730 101
<b>Average number of bearer shares outstanding</b>	<b>31 485 875</b>	<b>31 485 875</b>	31 981 500	31 981 500
<b>Key data per registered share (nom. CHF 0.45) in CHF</b>				
Consolidated net income	3.70	3.64	2.97	2.93
Cash flow from operating activities	3.20	3.10	3.18	3.08
Consolidated equity	19.43	18.84	17.83	17.30
Dividend	0.85 <sup>1)</sup>	0.85 <sup>1)</sup>	0.70	0.70
Price / earnings ratio	18.1	18.4	18.3	18.6
<b>Key data per bearer share (nom. CHF 2.25) in CHF</b>				
Consolidated net income	18.49	18.18	14.87	14.66
Cash flow from operating activities	16.01	15.52	15.89	15.41
Consolidated equity	97.14	94.18	89.17	86.49
Dividend	4.25 <sup>1)</sup>	4.25 <sup>1)</sup>	3.50	3.50
Price / earnings ratio	18.5	18.8	18.1	18.4
<b>Share capital in CHF</b>	<b>128 880 000</b>	<b>128 880 000</b>	132 007 500	132 007 500

Unaudited figures.

<sup>1)</sup> Board of Directors' proposal.

	2007		2006	
	Basic	Diluted	Basic	Diluted
<b>For statistical purposes only</b>				
Number of shares expressed in bearer shares	54 662 322	56 380 819	55 603 635	57 327 520