

Sector View

Luxury Goods

Swiss watches exports declined by 3.8% in December and -3.3% on FY 2015

	1 M	3 M	6 M	31/12/15
Pers & H/H Gds	-2.1%	-8.0%	-7.9%	-4.8%
DJ Stoxx 600	-5.2%	-8.6%	-15.5%	-7.5%
*Stoxx Sector Indices				

Companies covered

CHRISTIAN DIOR	BUY	EUR177
HERMES Intl	BUY	EUR360
HUGO BOSS	NEUTRAL	EUR103
KERING	BUY	EUR180
LVMH	BUY	EUR182
PRADA	NEUTRAL	HKD41
RICHEMONT	BUY	CHF90
SALVATORE FERRAGAMO	BUY	EUR26.5
THE SWATCH GROUP	NEUTRAL	CHF440
TOD'S GROUP	NEUTRAL	EUR84

Swiss Watches exports finally reached CHF21.5bn in 2015, down by 3.3% versus 2014, implying a 3.8% decline in December (CHF1.73bn) alone after -5.6% in November. Exports to Greater China (21% of total exports) were down 18% on FY including -14% in December. During this last month, high end segment declined 3.7%

ANALYSIS

- In 2015, total Swiss Watches exports declined by 3.3% to CHF21.5bn of which -3.8% in December alone following -5.6% in November and -12% in October. By segment, we highlight that in December, the high end segment (export prices above CHF3,000) declined by 3.7% after -6.9% in November, while the segment between CHF500 and CHF3,000 remained almost stable versus -2.9% in November. The worst performance was from the entry price segment (CHF200 to CHF500) with a 14% decline.
- By geographical area, it is worth noting the unsurprising clear negative performance in Hong Kong in 2015 with a 23% export decline (-21% in December), while in Mainland China the situation was also quite tough albeit to a lower extent and with a slight rebound in recent months (-4.7% of which +5.4% in December after +17% in November). On the other hand, exports to the US were almost stable (-0.8%) of which -5.5% in December (-5% in November). In Europe, most countries enjoyed export increases last year as in France (+9.4%), Italy (+6.4%), Germany (+0.7%) and UK (+19%). Lastly, exports to Japan declined slightly in 2015 (-2%) after a very strong 2014 (+16%).

NEXT CATALYSTS

- January 2016 Swiss watch exports to be reported on February 18th.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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