



PRESS RELEASE: BVSU Industry Report 2022

Despite the energy crisis and supply chain problems, the German jewellery and watch industry is holding its own in 2022.

In its economic report, the Federal Association of the Jewellery and Watch Industry (BVSU) presents the first overall statistical figures for 2022. Imports and exports are still running stably at a high level, the predicted consolidation is sending its first harbingers.

Munich/Pforzheim, February 24, 2023. The year 2022 was a turning point in many respects. In particular, the war in Ukraine has called supposed certainties into question. The effects of the war are also being felt in Germany. Russia has weaponized energy and cut off gas supplies. Energy prices have risen many times over in some cases.

Nevertheless, the companies in the jewellery and watch industry have continued their economic activities even in these difficult waters and have demonstrated considerable flexibility. One can be very satisfied with the business development even after the fourth quarter of the year 2022. However, the consolidation already predicted by the association is already visible in parts in the watch sector. "Overall, we have a very good year 2022 behind us, we can be very satisfied," says Dr. Guido Grohmann, Chief Executive Officer of BVSU. "With a strong result that was not necessarily to be expected as a result of Corona and war, we look forward with confidence to a complex year 2023, which still promises great opportunities for our industry."

The year 2022 in numbers

In mid-February, the German Federal Statistical Office published the preliminary figures it had collected. At approximately €1.691 billion, exports by the German watch industry increased by 9.31% compared with the 2021 figures (€1.547 billion). In the latter figure, it should be noted that all establishments in the industry are included, regardless of size, if they exceed an annual reporting threshold of €500,000. Imports of watches increased by 11.85% from €2.195 billion in 2021 to €2.455 billion in 2022, while imports of watch movements increased by 13.33% from €30 million to €34 million.

Looking at exports and imports in 2022 on a quarterly basis, it can be seen that for the first time, exports of watches in the fourth quarter were no longer able to exceed the figures for 2021 and fell by around 5.2% compared with the 4th quarter of the previous year. Nevertheless, one can still speak of a very high and pleasing level.

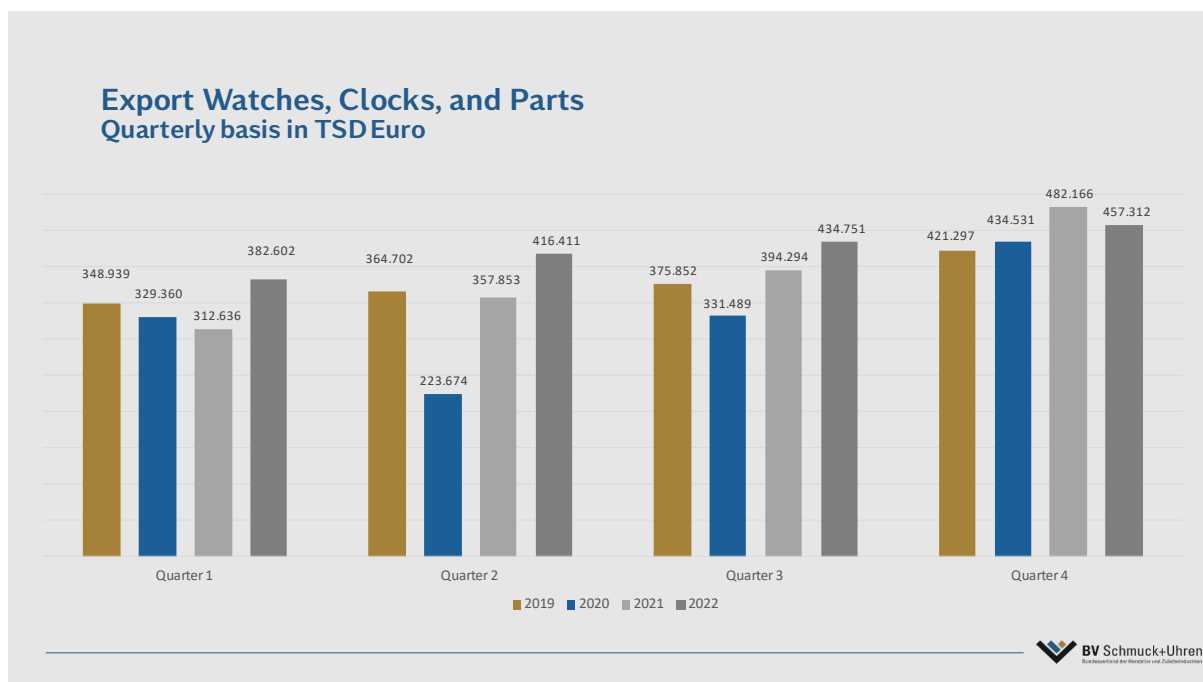


Figure 1: Export Watches on a quarterly basis, years 2019 to 2022 (source: Federal Statistical Office)

Imports of watch products into Germany also increased in the fourth quarter, rising by 2.9% to around € 682.5 million.

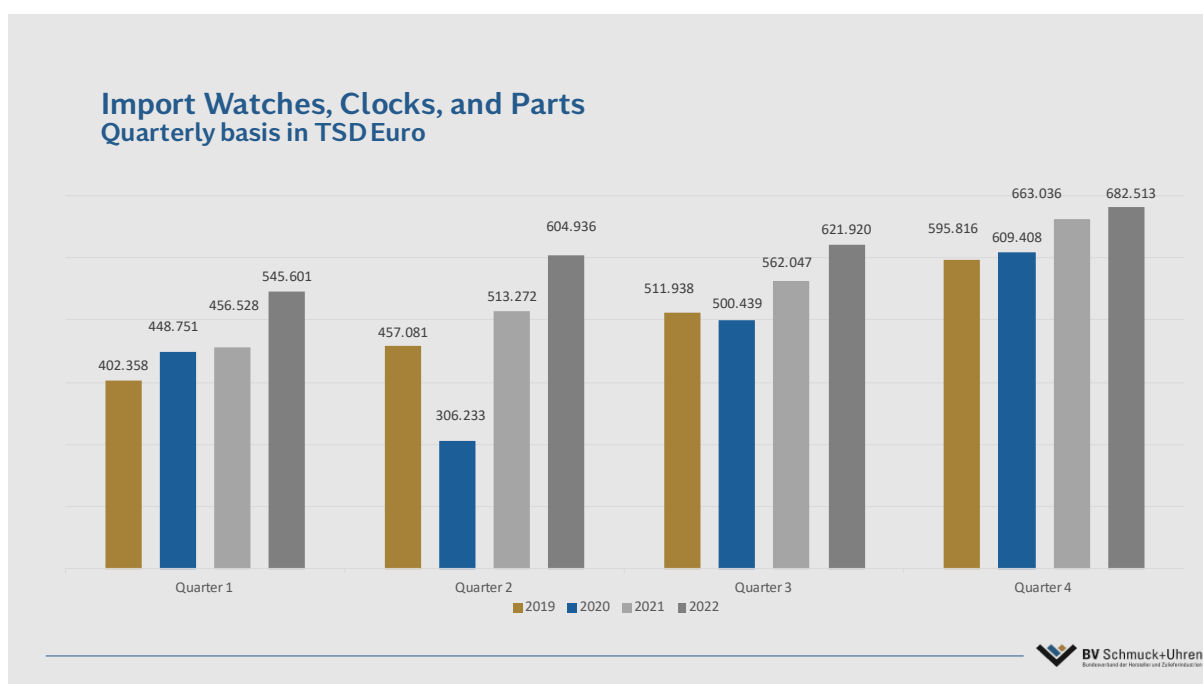


Figure 2: Import Watches on a quarterly basis, years 2019 to 2022 (source: Federal Statistical Office)

An analysis of German watch manufacturers with 50 or more employees reveals a somewhat more sober picture, but one that needs to be classified. Accordingly, the German watch manufacturers with more than 50 employees, which decreased from 12 to 10 in 2022, achieved sales of approximately € 294

million, a decrease of 11.79% compared to the 12 companies in 2021 (€ 333 million). Likewise, the number of counted employees fell from 2,101 in the previously 12 counted companies to 1,896 in the now 10 companies. These figures are of course not meaningful in relation to the industry as a whole due to the small data base at this point in time. The figures for all companies with 20 or more employees expected in June will paint a much more accurate picture here.

	2021	2022	%
Ausfuhr Uhren insgesamt in Mio. Euro	1.547	1.691	+ 9,31 %
Einfuhr Uhren insgesamt in Mio. Euro	2.195	2.455	+ 11,85 %
Einfuhr Werke insgesamt in Mio. Euro	30	34	+ 13,33 %
Umsatz Uhren In Mio. Euro; Betriebe ab 50 Mitarbeiter	333	294	- 11,79 %
Anzahl der Betriebe Betriebe ab 50 Mitarbeiter	12	10	- 16,7 %
Anzahl der Beschäftigten Betriebe ab 50 Mitarbeiter	2.101	1.896	- 9,76 %

Table 1: Watch industry figures, comparing 2021 to 2022 (source: Federal Statistical Office)

The number of producers of jewellery, goldware and silversmithing with more than 50 employees, which remained constant at 22 companies, recorded sales of approximately €565 million in 2022, an increase of 16.95% compared to the same period last year (€483 million). The number of employees within the 22 companies increased by 5.36% from 2,723 in 2021 to 2,869 in 2022.

Exports by the industry as a whole rose by 23.0% year-on-year from around €2.443 billion to €3.005 billion. Here, too, the reporting limit of €500,000 applies, irrespective of individual company size. Because of the reporting limit, the sales figures given here cannot reflect total exports. Imports of jewelry products increased by 18.8% from €1.96 billion in 2021 to €2.329 billion in 2022.

	2021	2022	%
Ausfuhr Schmuck, Gold- und Silberschmiedewaren insgesamt in Mio. Euro	2.443	3.005	+ 23,0 %
Einfuhr Schmuck, Gold- und Silberschmiedewaren insgesamt in Mio. Euro	1.960	2.329	+ 18,8 %
Umsatz Schmuck, Gold- und Silberschmiedewaren In Mio. Euro; Betriebe ab 50 Mitarbeiter	483	565	+ 16,95 %
Anzahl der Betriebe Betriebe ab 50 Mitarbeiter	22	22	+/- 0,0 %
Anzahl der Beschäftigten Betriebe ab 50 Mitarbeiter	2.723	2.869	+ 5,36 %

Table 2: Jewellery industry figures, comparing 2021 to 2022 (source: Federal Statistical Office)

In the case of jewellery, too, a look at exports and imports in the individual quarters reveals a positive result. Both exports and imports increased significantly in each quarter compared with the already good figures for 2021.

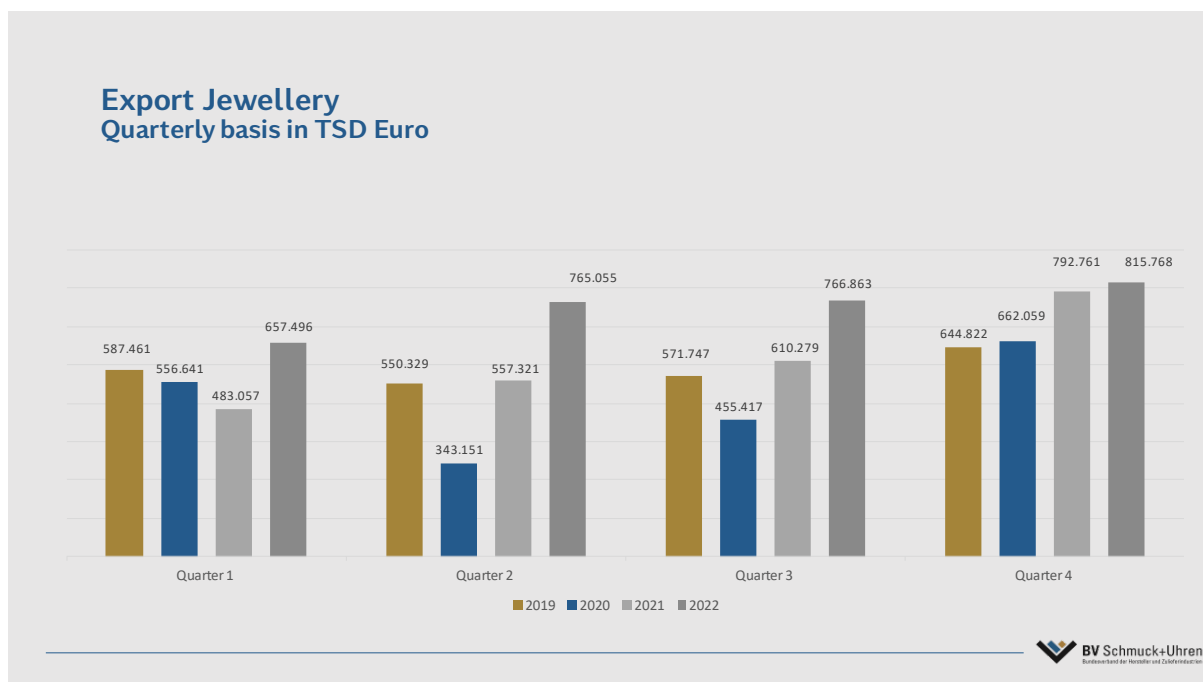


Figure 3: Export Jewellery on a quarterly basis, years 2019 to 2022 (source: Federal Statistical Office)

Jewellery exports, for example, also increased in the fourth quarter by about 2.9% to approximately €815.8 million compared to an already very good fourth quarter in 2021.

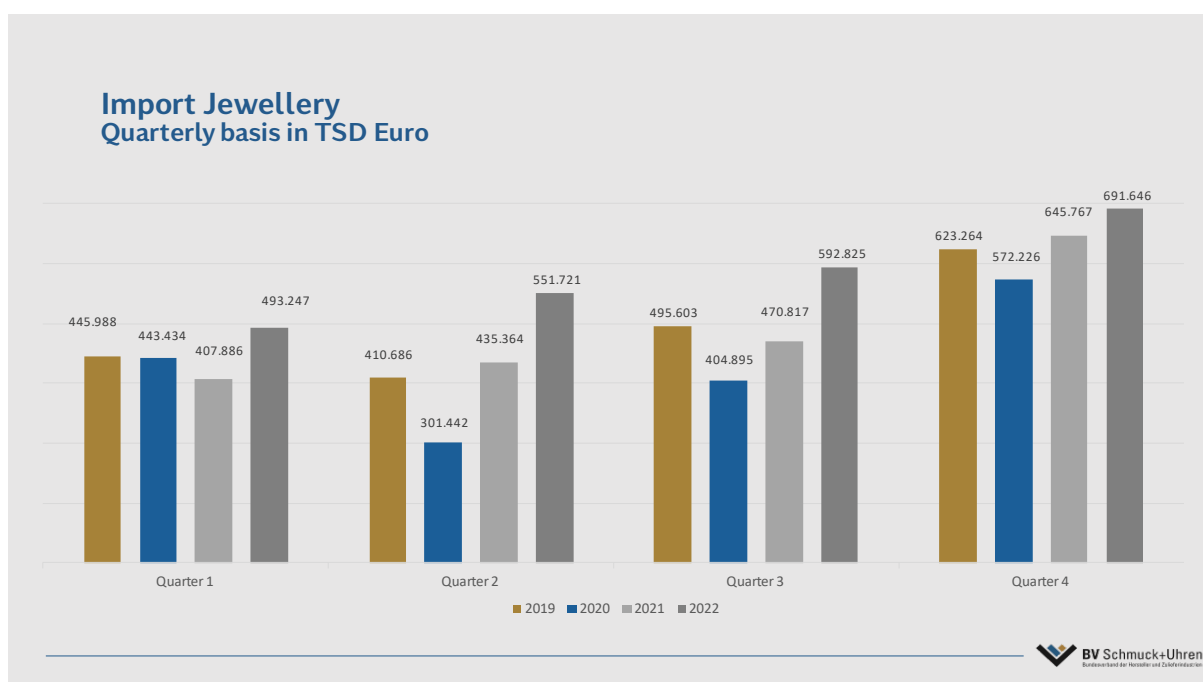


Figure 4: Import Jewellery on a quarterly basis, years 2019 to 2022 (source: Federal Statistical Office)

And imports of jewellery products also rose by a further 7.1% year-on-year to € 691.6 million in the most important quarter of the year due to the Christmas business.

Since some of the above figures refer exclusively to companies with 50 or more employees, the semi-annual internal survey of member companies is also of important significance for BVSU in assessing the economic situation, since around 60 % of member companies have fewer than 20 employees. This shows, among other things, that around 20 % of the smaller member companies report a drop in sales of more than 10 % compared to the previous year, and just as many report a drop in sales of between 5-10 %. For about 35%, sales were the same as the previous year, and another 22% had a sales increase of 10% or more. As reasons for the fluctuations, 43% cite the loss or gain of important markets, 33% cite high precious metal prices, and 24% cite other reasons such as the pandemic in general and problems shipping merchandise as factors. When it comes to sales expectations for 2023, 56% of small businesses expect the figures to remain the same, while 44% anticipate a less favourable sales trend in 2023.

The analysis is somewhat different for companies with more than 20 employees. Here, 15% of the companies report a sales increase of more than 10% for 2022, around 23% report a sales increase of 5-10%, for 27% it remained the same, around 13% report a sales decrease of 5-10%, for 18% of the companies this was in the range of more than 10%. As far as sales expectations in 2023 are concerned, 25% of the larger companies expect a more favourable development, 50% expect the trend to remain the same and 35% expect it to be less favourable.

The fact that the overall market in Germany has also developed positively, irrespective of the divisions into company sizes of the domestic industry, is shown by the figures of the German Jewelers' Trade Association (BVJ), which were published today as part of Inhorgenta. According to these figures, the overall market for jewellery and watches in Germany developed strongly in 2022. Sales increased by 21.2% to € 5.3 billion in 2022, so the sales volume is at a significantly higher level than before the Corona pandemic in 2019 (+11%).

Trade fairs: Driving force of the jewellery and watch industry

Since Corona brought the trade show business to a complete standstill from the beginning of March 2020 and it still had to contend with one or two stumbling blocks in 2022, the industry is hoping that the trade show business, which is so important for the industry, will return to the times before 2020. The preferences of BVSU members are European in this respect. According to the survey, the most popular trade show among association members is Vicenzaoro in January, followed by Inhorgenta Munich. An extremely positive observation is that Italian and other European exhibitors are also becoming more and more interested in the leading German trade show in Munich, which can easily be seen in the increased number of exhibitors in Jewellery Hall B1 and the French and Swiss joint stands in Watch Hall A1. This trend must be exploited and expanded.

The year 2023: The opportunities in our industry must be seized

The assessment of the outlook for 2023 is cautious in view of current developments. On the one hand, there are signs of a final easing of the situation with regard to the Corona pandemic, so that in all probability everyday normality will be possible. This should result in a further noticeable revival of both public and private life, which should be conducive to further economic development. On the other hand, there is a significant uncertainty factor with the war in Ukraine. The economic consequences cannot be estimated. The fear of further price increases for the energy sources gas and oil has been anything but banished. In addition, the supply and material bottlenecks that have already been noticeable since 2021 may expand as a result of the war. Sanctions on Russian companies active in the precious metals and gemstones sectors are having an additional impact on our industry in the form of price caprices and supply bottlenecks. In addition, the shortage of skilled workers in particular could also slow down

economic development in 2023. In addition, a further significant increase in the general price level is to be expected, which will have an impact on consumption.

In view of the risks discernible at the time of writing, a consolidation of the market, which has been strong to date, appears anything but impossible. BVSU President Uwe Staib is nevertheless optimistic: "Even though entrepreneurs in our sector are required to continuously monitor and reassess the global economic situation, it is nevertheless clear that there are great opportunities in industry and trade in 2023. These must be identified and exploited."

German Association of Jewellery, Watches, Clocks & Supplying Industries (BVSU)

February 2023

The German Association of Jewellery, Watches, Clocks & Supplying Industries (BVSU) was founded in Pforzheim in 1947. As a lobby group for over 170 predominantly medium-sized member companies, BVSU represents the interests of its members at a national, European and international level. BVSU is a member of the Federation of German Industries (BDI). It is responsible for coordinating the federal associations of the German jewellery and silverware industry. In this capacity it is also integrated in global efforts of the World Jewellery Confederation, CIBJO. BVSU represents the interests of the German watch and clock industry at a European level as a member of the European watchmaking associations EUROTemptus and CPHE. BV Schmuck and Uhren is a member of the Responsible Jewellery Council (RJC).

