

# Financial Statements of the Holding

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# Financial Statements of the Holding

## Income Statement

	1999 million CHF	1998 million CHF
Investment income <sup>(1)</sup>	197	206
Financial income <sup>(2)</sup>	40	15
Other income <sup>(3)</sup>	6	6
<b>Total income</b>	<b>243</b>	<b>227</b>
Salaries and social benefits <sup>(4)</sup>	-20	-19
Overhead expenses <sup>(5)</sup>	-7	-6
Depreciation <sup>(6)</sup>	-1	-1
Interest expenses <sup>(7)</sup>	-4	-7
Exchange rate differences and other financial expenses <sup>(8)</sup>	-35	-2
<b>Total expenses</b>	<b>-67</b>	<b>-35</b>
<b>Result before taxes</b>	<b>176</b>	<b>192</b>
Taxes <sup>(9)</sup>	-2	-5
<b>Net income</b>	<b>174</b>	<b>187</b>

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## Balance Sheet

Assets	1999 million CHF	%	1998 million CHF	%
<b>Long-term loans and fixed assets</b>				
Fixed assets: <sup>(10)</sup>				
– Land and buildings	8	0.4	8	0.4
– Furniture and equipment	0	0.0	1	0.1
Financial assets:				
– Long-term loans to subsidiaries <sup>(11)</sup>	19	1.0	63	3.4
– Other long-term loans <sup>(11)</sup>	0	0.0	0	0.0
– Capitalized costs convertible bonds <sup>(12)</sup>	68	3.6	0	0.0
– Investments <sup>(13)</sup>	1 484	78.1	1 286	69.0
<b>Total long-term loans and fixed assets</b>	<b>1 579</b>	<b>83.1</b>	<b>1 358</b>	<b>72.9</b>
<b>Current assets</b>				
Realizable assets:				
– Sundry receivables <sup>(14)</sup>	13	0.7	26	1.4
– Accrued income	0	0.0	0	0.0
– Own shares(2nd line for share capital reduction) <sup>(15)</sup>	0	0.0	360	19.2
– Short-term loans to subsidiaries <sup>(16)</sup>	47	2.5	22	1.2
– Securities and precious metals <sup>(17)</sup>	257	13.5	95	5.1
Liquid funds:				
– Cash, postal accounts, banks	3	0.2	3	0.2
<b>Total current assets</b>	<b>320</b>	<b>16.9</b>	<b>506</b>	<b>27.1</b>
<b>Total assets</b>	<b>1 899</b>	<b>100.0</b>	<b>1 864</b>	<b>100.0</b>

# Financial Statements of the Holding

## Balance Sheet

Liabilities and shareholders' equity	1999		1998	
	million CHF	%	million CHF	%
Shareholders' equity:				
– Share capital	312	16.4	329	17.6
– General reserve	67	3.5	67	3.6
– Reserve for treasury shares	325	17.1	855	45.9
– Special reserve	364	19.2	58	3.1
– Profit brought forward	18		12	
– Net income for the year	174		187	
– Available earnings	192	10.1	199	10.7
<b>Total shareholders' equity<sup>(18)</sup></b>	<b>1 260</b>	<b>66.3</b>	<b>1 508</b>	<b>80.9</b>
<b>Provisions<sup>(19)</sup></b>	<b>188</b>	<b>9.9</b>	<b>187</b>	<b>10.0</b>
Long-term liabilities:				
– Convertible bonds <sup>(20)</sup>	400	21.1	0	0.0
<b>Total long-term liabilities</b>	<b>400</b>	<b>21.1</b>	<b>0</b>	<b>0.0</b>
Current liabilities: <sup>(21)</sup>				
– Banks	35	1.8	131	7.1
– Group companies	0	0.0	24	1.3
– Other liabilities	5	0.3	4	0.2
Accrued expenses <sup>(21)</sup>	11	0.6	10	0.5
<b>Total current liabilities</b>	<b>51</b>	<b>2.7</b>	<b>169</b>	<b>9.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>1 899</b>	<b>100.0</b>	<b>1 864</b>	<b>100.0</b>

# Financial Statements of the Holding

## Proposal for Appropriation of Available Earnings

The Board of Directors proposes to the Annual General Meeting the following appropriation of available earnings:

	1999 in CHF	1998 in CHF
Net income at December 31	174 192 099	186 920 788
Balance brought forward from previous year	17 929 810	11 875 653
<b>Available earnings</b>	<b>192 121 909</b>	<b>198 796 441</b>
Allocation to special reserve	-110 000 000	-120 000 000
Payment of a 21% dividend in 1998		
– on share capital of CHF 328 600 000.–		
i.e. after deduction of the part due to the Swatch Group subsidiaries:		
– CHF 2.10 per registered share with a par value of CHF 10.–		-24 888 906
– CHF 10.50 per bearer share with a par value of CHF 50.–		-35 977 725
Payment of a 24% dividend in 1999		
– on share capital of CHF 312 132 500.–,*)		
i.e.:		
– CHF 2.40 per registered share with a par value of CHF 10.–	-33 794 400	
– CHF 12.– per bearer share with a par value of CHF 50.–	-41 117 400	
<b>Balance carried forward</b>	<b>7 210 109</b>	<b>17 929 810</b>

\*) NB: The Group intends to forego paying the dividend to the companies of which it is 100% owner.

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### Principles governing the establishment of the consolidated financial statements

The 1999 annual financial statements of The Swatch Group Ltd have been drawn up according to the principles of continued operation, materiality and cut-off of accounting periods. They conform to Swiss law and generally accepted accounting practice, as well as complying with the fourth directive of the European Union.

#### Valuation principles

The annual financial statements have been evaluated on the basis of historical values. Investments in particular are indicated on the balance sheet at their purchase value. The following items are exceptions to this rule:

- negotiable securities, which have been evaluated at closing rates;
- own shares held in abeyance for the Management Stock Option Plan and blocked shares have not been re-evaluated at market prices.

#### Conversion method

All assets and liabilities in foreign currencies have been converted at their various closing rates. Income and expenditure in foreign currencies, as well as foreign currency transactions, have been booked at the corresponding day's rate.

### General information regarding the financial statements

#### Operations not included in the balance sheet

##### a. Contingent liabilities

At the end of 1999 the guarantees issued by The Swatch Group Ltd. amounted to CHF 101 743 600 (CHF 110 667 000 at the end of 1998). This position comprises a guarantee of CHF 98 961 600 in relation to the issue of a convertible bond of CHF 100 000 000 at 2%, 23.10.95–23.10.02 by The Swatch Group Finance (Luxembourg) Ltd., a global guarantee of CHF 1 750 000 established by the Group in favor of the Swiss Customs and Excise, and a guarantee of GBP 400 000 (or CHF 1 032 000 as at 31.12.99) aimed at covering the commitment involved in a lease taken out by one of the companies in the Group.

##### b. Assets pledged

All the company's assets are free from any pledge.

##### c. Derivatives

The Treasury Department of The Swatch Group Ltd. is solely responsible on behalf of the Group for operations carried out on the derivatives market.

Derivatives are evaluated at market value. Transactions uncompleted as at 31.12.99 are aimed at covering the operational risks relating to fluctuations in exchange and market rates. All such transactions should be viewed in relation to currency positions.

#### Gold and currencies

Details of gold and currency transactions still open at the end of the year under review:

Type (in million CHF)	Contract value			Positive repl. value			Negative repl. value		
	Third	Group	Total	Third	Group	Total	Third	Group	Total
Forward contracts	700	96	796	1.2	0.5	1.7	-3.6	-1.6	-5.2
Options	90		90	1.2		1.2	-3.3		-3.3
<b>Total as at 31.12.99</b>	<b>790</b>	<b>96</b>	<b>886</b>	<b>2.4</b>	<b>0.5</b>	<b>2.9</b>	<b>-6.9</b>	<b>-1.6</b>	<b>-8.5</b>
Total as at 31.12.98	276	191	467	0.3	0.9	1.2	-3.8	-0.7	-4.5

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Forward contracts still open at 31.12.99 are based on positions held in gold and in 11 foreign currencies (19 at the end of 1998). These operations have been undertaken by the Treasury Department to cover the risks relating to future operational fluctuations. Contracts drawn up within the Group correspond to agreements between The Swatch Group Ltd. and the various companies within the Group, aimed at covering the risks involved in internal financial transactions. Replacement values have been taken into account in 1999 as regulatory assets and accruals.

The currency options open at 31.12.99 correspond to a reduction in the JPY commitment. This operation is 100% covered by the future financial income for the greater part of the year 2000, denominated in JPY, and known at the end of 1999.

### Other financial tools

These involve an 'over-the-counter' option on registered shares in The Swatch Group Ltd., contracted to guarantee that the necessary securities are immediately available at any time in order to facilitate the integral conversion of the convertible bond issued in 1999. The contract value amounts to CHF 400 million. The premium paid has been capitalized and is being amortized over the life of the option.

### Liabilities to employee pension and benefit institutions

There were no liabilities to employee pension and benefit institutions in the end-of-year financial statements for 1999 or 1998.

## Notes on the income statement

The overall result for The Swatch Group Ltd. fell by CHF 13 million (-7.0%) in comparison with the previous year, mainly due to lower revenue from dividends (drop of CHF 10 million) from Swiss and foreign subsidiaries. This trend can be explained by the adaptation of financial structures of subsidiaries in line with the funding objectives laid down in the Group's financial policy.

### 1. Investment income

(in million CHF)	1999	1998
Dividends	164	174
Other income	33	32
<b>Total</b>	<b>197</b>	<b>206</b>

This item includes dividends from companies within the Group, as well as other income.

### 2. Financial income

(in million CHF)	1999	1998
Interest revenue	3	6
Income from securities	37	9
<b>Total</b>	<b>40</b>	<b>15</b>

The drop in revenue from interest is due to a fall in interest rates on money markets. In contrast, there was an important increase in income from portfolio securities in the company.

### 3. Other income

This includes mainly re invoicing of operating expenses linked to services provided for companies within the Group, income linked to managing AVS agencies and income from real estate, as well as various other re invoiced charges.

### 4. Salaries and social benefits

This item rose by CHF 1.1 million in 1999, representing an increase of 5.9% over the figure for the previous year. This rise is principally due to an increase in staff numbers, namely to 101 at 31.12.99 (115 including auxiliary staff) versus 99 at 31.12.98 (+6), which was necessary in order to provide new services for companies within the Group, as well as an increase in various fees.

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<b>5. Overheads</b>	The change in overheads, namely an increase of CHF 0.7 million over 1998, is mainly accounted for by additional costs resulting from consulting services provided by third parties in connection with future projects and specific analyses. This item includes notably administrative and management costs, which together amounted to CHF 4.5 million.
<b>6. Depreciation</b>	This item includes only depreciation on fixed assets.
<b>7. Interest expenses</b>	Overall interest paid fell by CHF 2.8 million in comparison with 1998. This improvement resulted from the reorganization of the internal financing of the Group and the acquisition of low-interest funds from outside the Group through the convertible bond (CHF 400 million at 0.5%). Differences in rates are now indicated separately (see point 8).
<b>8. Exchange rate differences and other financial expenses</b>	In contrast, exchange rate losses on foreign currencies resulting from operations aimed at covering this risk on behalf of companies within the Group rose considerably to a level of CHF 27 million, of which CHF 23 million is connected to fluctuations in the Japanese yen, as opposed to CHF 2 million for the previous year. At 31.12.99 this item also included an expense item of CHF 8 million corresponding to the 1999 amortization of charges relating to the convertible bond, calculated on its total life.
<b>9. Taxes</b>	A reduction in shareholders' equity during the year under review, an improvement in the balance sheet and the release of a surplus reserve of CHF 0.7 million led to a decrease in tax charges of CHF 2.5 million in comparison with the previous year.

### Notes on the consolidated balance sheet

<b>10. Fixed assets</b>	<p><b>Property insurance</b></p> <p>At the end of 1999 fixed assets were insured against fire to the value of CHF 29 159 000, as at the end of the previous year.</p>
<b>11. Long-term loans</b>	Long-term loans have been granted essentially to subsidiaries within the Group, most of them being taken over by The Swatch Group Finance (Luxembourg) Ltd., which explains the reduction of CHF 44 million over the previous year for this item.
<b>12. Capitalized costs resulting from the convertible bond</b>	The total costs resulting from the convertible bond amounted to CHF 76 million and are made up of bank and issuing charges of CHF 11 million and a premium of CHF 65 million paid upon completion of an 'over-the-counter' operation concerning registered shares in The Swatch Group Ltd., aimed at ensuring that the necessary securities would be immediately available at any time for the integral conversion of the bond. These costs will be written off over the life of the bond (until 29.03.06) using the straight-line method. The amortisation for 1999 amounts to CHF 8 million.
<b>13. Investments</b>	<p>A full list of the 99 consolidated legal entities on The Swatch Group companies is given on pages 98 to 99 of the current report. Holdings constituted 78.1% of the total balance sheet at 31.12.99, compared with 69.0% at the end of the previous year. In absolute figures, the value of holdings rose by CHF 198 million to a total of CHF 1484 million at the end of 1999. This amount corresponds to consolidated holdings. The increase in the capital of The Swatch Group Finance (Luxembourg) Ltd., of which CHF 179 million was released by The Swatch Group Ltd., constitutes the most important factor in the development of this balance sheet item. The remaining variance can be explained by the following movements:</p> <ul style="list-style-type: none"> <li>– increase in the capital of Diantus Watch Ltd., Mendrisio;</li> <li>– acquisition of Favre et Perret, a watch-case manufacturer in La Chaux-de-Fonds, and Voltax in Vaduz, which owns, among others, the Léon Hatot brand.</li> </ul>
<b>14. Sundry receivables</b>	This item chiefly includes recoverable withholding tax amounting to CHF 10.1 million (CHF 16.2 million in 1998) plus other receivables.

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**15. Own shares (2nd line with a view to reducing share capital)** All the own shares repurchased by The Swatch Group Ltd. as at 31.12.98 in order to reduce the share capital have been cancelled in line with the decision taken by the General Meeting of Shareholders on June 23, 1999. The operation had a positive effect on both income from shareholders' equity and profit per share. No shares were bought during 1999 on this special (2nd) line which was opened at the Swiss Stock Exchange with a view to reducing the share capital and through which only The Swatch Group Ltd. may buy shares.

**16. Short-term loans to subsidiaries** A portion of the funding of companies within the Group is taken care of by The Swatch Group Ltd. The total amount of loans granted to these companies rose by CHF 25 million over the figure for the previous year.

**17. Securities and precious metals** At the end of the year this item included gold to the value of CHF 18 million intended for the manufacturing requirements of the Group subsidiaries, unchanged from 31.12.98. The value of the shares portfolios amounted to CHF 235 million as compared with CHF 72 million at the end of 1998. The securities position also includes own registered shares amounting to CHF 4.1 million, of which the larger part is intended for the special Management Stock Option Plan.

**18. Shareholders' equity** The changes in consolidated equity were as follows:

(in million CHF)	Share capital	General reserve	Res. for treas. shares	Special reserve	Profit reserve	Total equity
Balance at 1.1.99	329	67	855	58	199	1 508
Reduction in capital	-17		-344			-361
Allocated in 1999				120	-120	0
Dividend paid out					-61	-61
Adjustment reserve for own shares			-186	186		0
Profit for the year					174	174
<b>Balance at 31.12.99</b>	<b>312</b>	<b>67</b>	<b>325</b>	<b>364</b>	<b>192</b>	<b>1 260</b>

In comparison with the previous year there was an overall drop in equity of CHF 248 million to CHF 1260 million or 66.3% of the balance sheet as at 31.12.99.

**a. Share capital** At the end of the year under review the subscribed share capital comprised 14 081 000 registered shares with a par value of CHF 10.- each and 3 426 450 bearer shares with a par value of CHF 50.- each. The reduction in share capital in 1999 in compliance with the decision taken by the Annual General Meeting of shareholders held on June 23, 1999 amounted to CHF 16 467 500. It was achieved by cancelling 809 000 registered shares and 167 550 bearer shares, acquired as part of the buy-back program decided by the Board of Directors in 1998 and carried out through a special trading line (2nd line) opened for this specific purpose at the Swiss Stock Exchange for bearer and registered shares.

**b. Principal shareholders as at 31.12.99** As at 31.12.99 the rights of participation held directly or indirectly by the members of the Board of Directors and the Management amounted to 38.5% of the total votes. The group of shareholders known as the 'Hayek Pool' held 37.6% of the total votes through shares linked to the Pool contract and free shares. Mr. N. G. Hayek and his companies both inside and outside the Pool held 30.2% of the votes. The group of Mrs. Esther Grether controlled 7.4% of the total votes.

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### c. Reserve for treasury shares

Taking into account own share portfolios held by The Swatch Group Finance (Luxembourg) Ltd., shares held directly or indirectly by The Swatch Group Ltd. developed as follows in 1999:

Shares held by:	Registered shares		Bearer shares		Total in CHF
	Quantity*)	Value	Quantity	Value	
<b>The Swatch Group Ltd.</b>					
Balance at 1.1.99	1 283 586	193 196 388	167 550	172 404 523	365 600 911
Acquired in 1999	159	39 311	-	-	39 311
Capital reduction 2nd line	-809 000	-187 926 268	-167 550	-172 404 523	-360 330 791
Sold in 1999	-18 460	-641 645	-	-	-641 645
Value adjustment		-550 295		-	-550 295
<b>Balance at 31.12.99</b>	<b>456 285</b>	<b>4 117 491</b>	<b>0</b>	<b>0</b>	<b>4 117 491</b>
<b>The Swatch Group Finance Ltd.</b>					
Balance at 1.1.99	2 173 162	439 848 172	60 800	49 930 305	489 778 477
Acquired in 1999	325 242	77 817 922	260	242 299	78 060 221
Sold in 1999	-959 943	-196 731 215	-61 060	-50 172 604	-246 903 819
<b>Balance at 31.12.99</b>	<b>1 538 461</b>	<b>320 934 879</b>	<b>0</b>	<b>0</b>	<b>320 934 879</b>
<b>Total balance at 31.12.99</b>	<b>1 994 746</b>	<b>325 052 370</b>	<b>0</b>	<b>0</b>	<b>325 052 370</b>

\*) of which 454 814 registered shares reserved for the special Management Stock Option Plan at the end of 1999 (473 115 at the end of 1998).

At the end of 1999 The Swatch Group Ltd. no longer held any free shares. The value adjustment mentioned above results mainly from transactions relating to special fund shares. No adjustment at all has been made to the blocked shares. At the end of 1999, The Swatch Group Finance (Luxembourg) Ltd. held only shares reserved for the integral conversion of the convertible bond.

In line with the figures indicated above, the reserve for own shares was adjusted on the balance sheet for the Holding company and amounted to CHF 325 million at 31.12.99, so that it covers the own shares included in the balance sheet assets of the companies within the Group at the end of the year (The Swatch Group Ltd., CHF 4 million and The Swatch Group Finance (Luxembourg) Ltd., CHF 321 million).

The total value of own shares held by The Swatch Group Ltd. on its own books and through its subsidiaries as at 31.12.99 corresponds to 6.4% of the par value of its share capital. Consequently, this does not contravene the restriction concerning the acquisition of own shares by the company as laid down in article 659, para. 1 of the Swiss Law of Obligations.

The table showing the consolidated movement of shares in The Swatch Group held by the Group is given under paragraph 19 of the notes on the consolidated accounts.

### d. Available earnings

According to a decision taken by the Annual General Meeting of shareholders on June 23, 1999, a dividend of 21% on the share capital was taken out of the available earnings from the balance sheet as at 31.12.98. The dividend finally paid out to shareholders in 1999 totalled CHF 24 888 906 for registered shares and CHF 35 977 725 for bearer shares. As proposed in connection with the appropriation of available earnings approved by the Annual General Meeting of shareholders mentioned above, the part of the dividend owing on own shares held by the Swatch Group, namely CHF 8 139 369, was not paid out. This amount remains an integral part of shareholders' equity as at 31.12.99.

### 19. Provisions

With a total amount of CHF 188 million, the provisions were virtually the same as the previous year (CHF 187 million).

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### **20. Convertible bond**

On March 29, 1999 the company issued a convertible bond (security no. 495 599) on the Swiss Stock Exchange in the value of CHF 400 million at an annual rate of 0.5%. Annual interest is due on March 29, starting in the year 2000. It is a 7-year bond and will therefore mature on March 29, 2006. The conversion price is CHF 260 per registered share with a par value of CHF 10. The issuer may redeem the bond before maturity under the following conditions:

- at any time, at par, if 95% of the bonds have been converted, or
- at any time, at par, if the closing rate for registered shares exceeds 150% of the valid conversion price for a period of 20 consecutive days (soft-call).

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### **21. Current liabilities and accrued expenses**

The total amount of bank debts was significantly reduced (by CHF 96 million) following the issue of a convertible bond. The increase in other receivables and accrued liabilities over the figure for 1998 (+ CHF 2 million) is due notably to a drop in the replacement value of derivative instruments.

# Financial Statements of the Holding

Report of the statutory auditors  
to the general meeting of  
**The Swatch Group Ltd.**  
Neuchâtel

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes / pages 101 to 110) of The Swatch Group Ltd. for the year ended 31 December 1999.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with the law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

P. Sütterlin

A. Stotz

Basel, 16 March 2000

# Financial Statements of the Holding

## The Swatch Group Securities

Share Capital	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	1999 weighted
Number of registered shares of CHF 100.–	2 980 000	2 994 000	2 994 000								
Number of registered shares of CHF 20.–	100 000	30 000	30 000								
Number of bearer participation certificates of CHF 100.–	312 630	312 630	312 630								
Number of registered shares of CHF 10.–				15 030 000	15 030 000	15 030 000	15 030 000	15 030 000	14 890 000	14 081 000	14 485 500
Number of bearer shares of CHF 50.–				3 619 260	3 619 260	3 619 260	3 619 260	3 619 260	3 594 000	3 426 450	3 510 225
Total securities	3 392 630	3 336 630	3 336 630	18 649 260	18 649 260	18 649 260	18 649 260	18 649 260	18 484 000	17 507 450	17 995 725

### Key data per registered share (nom CHF 10.–) in CHF

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	1999
Consolidated net income	5.80	7.60	12.50	13.30	9.50	8.25	8.50	10.00	10.86	14.13	13.77
Consolidated cash-flow	8.48	11.02	16.21	16.94	13.64	13.01	14.10	15.70	16.92	20.66	20.13
Consolidated shareholders' equity	31.70	38.10	47.50	58.30	65.35	70.90	77.05	84.65	90.67	91.60	89.24
Dividend	1.20	1.40	1.80	2.00	1.70	1.70	1.80	2.00	2.10	2.40 *	2.40 *

### Key data per bearer share (nom CHF 50.–) in CHF

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	1999
Consolidated net income	28.80	38.00	62.30	66.50	47.50	41.25	42.50	50.10	54.32	72.19	70.57
Consolidated cash-flow	43.71	56.78	83.53	87.26	70.31	67.04	72.64	80.89	87.02	105.58	103.22
Consolidated shareholders' equity	158.50	190.50	237.50	291.50	326.75	354.50	385.25	423.25	453.34	468.01	457.51
Dividend	6.00	7.00	9.00	10.00	8.50	8.50	9.00	10.00	10.50	12.00 *	12.00 *
Stock price of registered shares (adjusted)											
Highest	73	67	160	265	227	175	201	227	274	371	
Lowest	38	42	69	146	133	124	149	168	168	180	
End of year	48	67	160	227	144	151	191	197	206	371	
Stock price of bearer shares (adjusted)											
Highest	356	311	755	1275	1054	830	896	987	1325	1838	
Lowest	215	212	315	715	595	550	682	689	645	726	
End of year	232	311	755	1040	651	690	825	806	850	1834	
Market capitalization (in million CHF)											
End of year	1597	2187	5272	7176	4520	4767	5857	5878	6112	11508	

### Key ratios (year-end)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	
Average return on equity	In %	19.7	21.8	29.1	25.1	15.4	12.1	11.5	12.4	12.4	15.1
Dividend yield registered shares	In %	2.5	2.1	1.1	0.9	1.2	1.1	0.9	1.0	1.0	0.6 *
Dividend yield bearer shares	In %	2.6	2.3	1.2	1	1.3	1.2	1.1	1.2	1.2	0.7 *
Price /earnings ratio – registered shares		8	9	13	17	15	18	22	19	18.9	26.3
Price /earnings ratio – bearer shares		8	8	12	16	14	17	19	16	15.7	25.4

### Securities

	Securities no.	Reuters Code
The Swatch Group registered shares	80 044	UHRZn.S
The Swatch Group bearer shares	80 045	UHRZ.s
2% CHF 93.36 million Convertible Bond The Swatch Group Finance (Luxembourg) Ltd., 1995–23.10.2002	412 260	CH412260=S
0.5% CHF 400 million Convertible Bond The Swatch Group Ltd., 1999–29.03.2006	495 599	CH495599=S

The Securities are listed on the Swiss Stock Exchange.

\* Proposal of the Board of Directors.

The Board of Directors of The Swatch Group has fixed following restrictions for share ownership: maximum 5% per shareholder in line with the company's articles of incorporation dated June 1999.

# Financial Statements of the Holding

## The Swatch Group Securities

Development of the Swatch Group registered shares and UBS index  
(indexed weekly from 1.1.1990 to 12.31.1999 – adjusted)

