



LINEAPELLE LEATHER MARKET OVERVIEW

IST QUARTER 2022

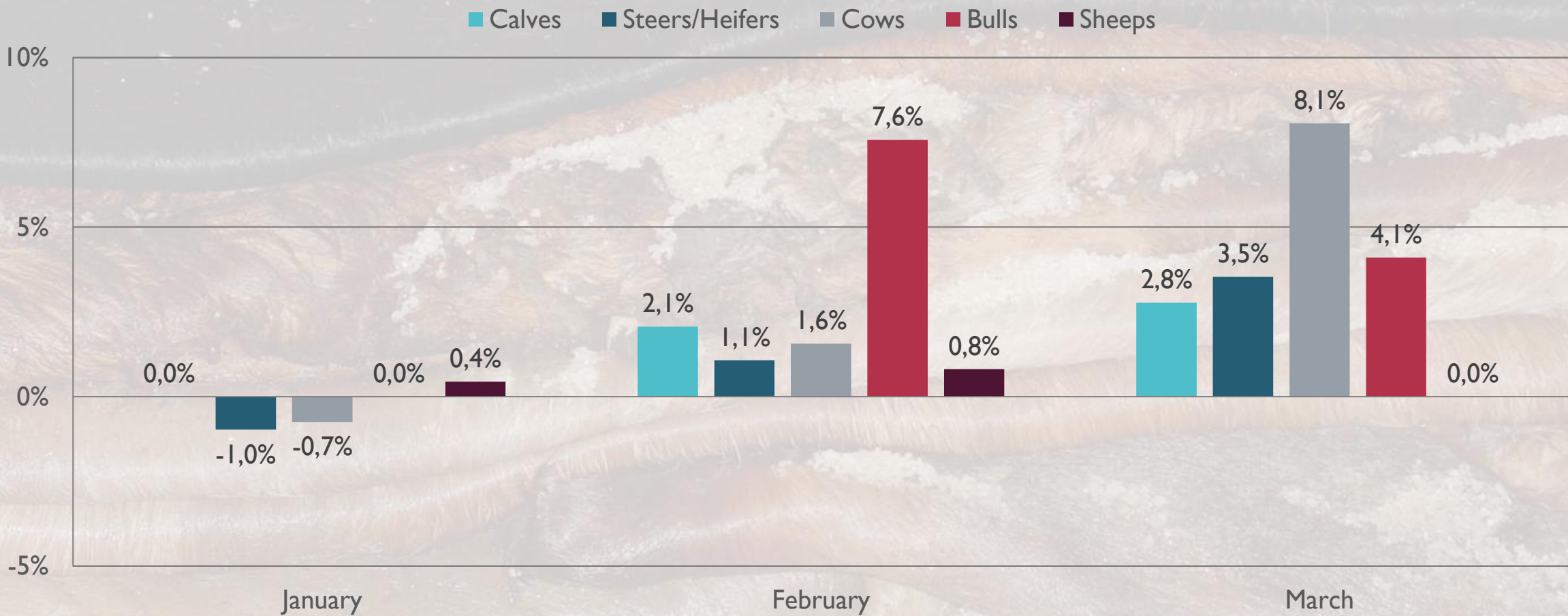
RAW MATERIALS

RAW AND SEMI-PROCESSED HIDES/SKINS - PRICE TRENDS

- In the first quarter of the year, the **trend** of the average price indices of raw and semi-finished hides/skins returned to be **predominantly increasing** - Few movements and substantial stability during the month of January, while in the following weeks there was an increase for almost all the main quotations
- In the **bovine raw hides** segment, the most significant overall growth was shown by **bulls** and **cows**, with the latter showing strong differences in variation among the most important origins - **Steers, heifers** and **calves** also increasing, with quite homogeneous trends
- After the declines at the end of 2021, **wet-blue bovine hides** prices also returned to a positive sign (+1% on average during the quarter) - Among the single markets, Brazilian stability and slight increases in Australia and New Zealand should be noted
- The overall trend in **raw sheepskins** prices is also confirmed as slightly positive - The driving force for growth continues to be the European origins, on the rise in the last six months, against substantially stable prices in the Middle East and moderately rising in Oceania

RAW MATERIALS

RAW HIDES/SKINS - MONTHLY VARIATION OF AVERAGE PRICE INDICES BY ANIMAL TYPE



RAW MATERIALS

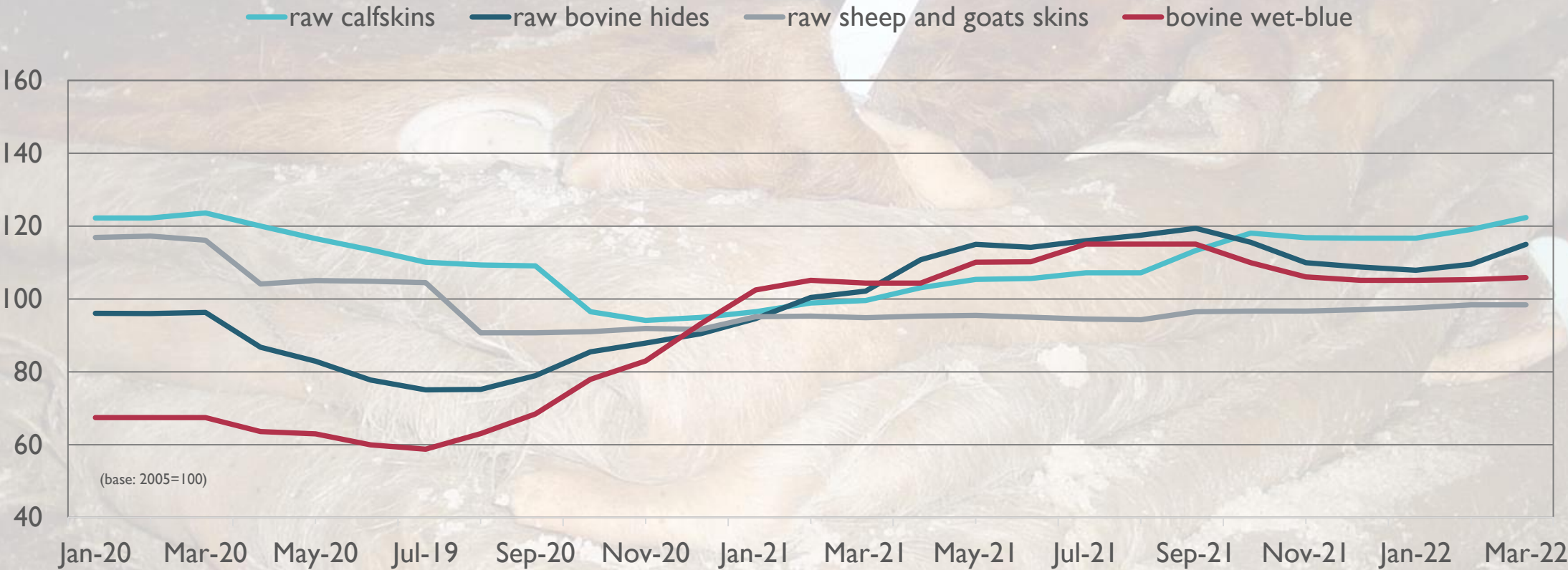
RAW HIDES/SKINS - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO MARCH 2022)



Calves	+5%	Steers, bull calves, heifers	+4%	Cows	+9%	Bulls	+12%	Sheeps	+1%
Italy	+3%	Italy (bull calves)	+3%	Italy	+1%	France	+13%	Iran	=
France	+5%	Germany (heifers)	+19%	France	+11%	Netherlands	+10%	Spain	+11%
Netherlands	+6%	United Kingdom (mixed)	+8%	Netherlands	+16%	Germany	+14%	New Zealand	+3%
Australia	+5%	Spain (bull calves)	-8%	Germany	+13%	New Zealand	=		
		United States (mixed)	+1%	Spain	-12%	Denmark	=		
		Australia (mixed)	=	United States	-4%				
		Sweden (mixed)	+5%	Sweden	+3%				
		New Zealand (bull calves)	+4%	New Zealand	+4%				
		Denmark (mixed)	+8%	Denmark	=				

RAW MATERIALS

RAW AND SEMI-PROCESSED HIDES/SKINS - LONG TERM AVERAGE PRICE INDEXES BY ANIMAL TYPE



RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

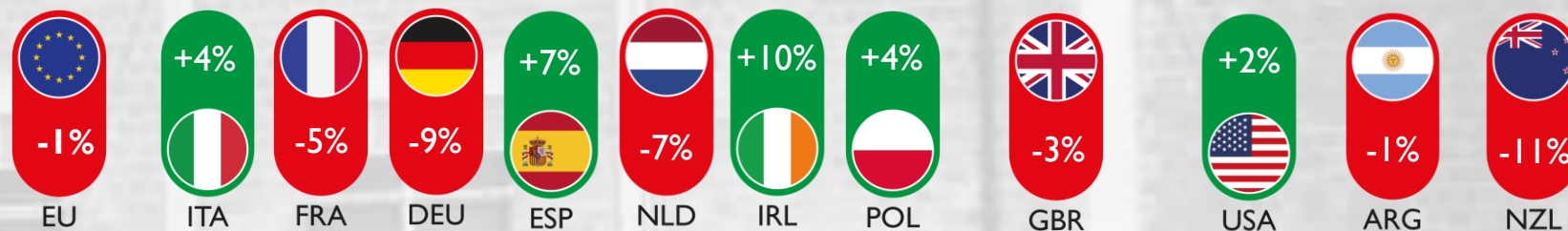
- The total slaughter volumes in the first months of 2022 are substantially unchanged for **adult bovine** compared to the same period of the previous year - Europe falls overall by 1%, with strong differences between the main producing countries (Italy, Spain, Poland and Ireland on the rise, France, Germany, the Netherlands and UK drop) - Increases in the USA, decreases in Argentina and, above all, New Zealand
- Slightly positive trend instead for the overall culling of **calves** (+ 1%) - The increase is mainly due to the rises in the Netherlands, Belgium, Spain and New Zealand, a negative sign for the other main producers
- The overall picture of **sheep** slaughtering in the monitored countries is significantly down (-8%) - The negative trend is due to the decreases in the USA and New Zealand, while European production grows by 3% in total

RAW MATERIALS

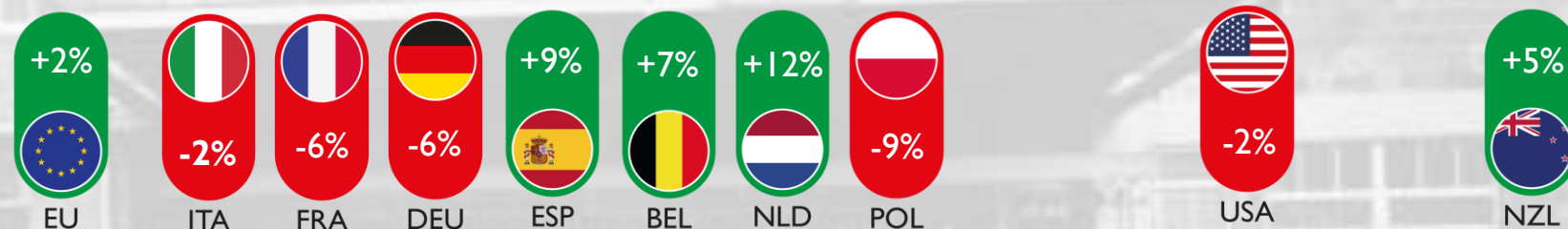
RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) 1st QUARTER 2022 VS 1st QUARTER 2021



Adult bovine:



Calves:



Sheep:



RAW MATERIALS

OTHER REFERENCE COMMODITIES - PRICE TRENDS AND PERFORMANCE



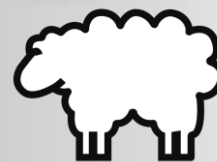
OIL

+63%



COTTON

+51%



WOOL

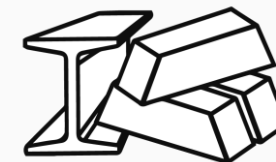
+13%



NATURAL RUBBER

-12%

+8%



METALS

■ 1st QUARTER 2022
VS 1st QUARTER 2021

■ 1st QUARTER 2022
VS 4th QUARTER 2021

Wool prices held up well in the first part of 2022, despite the growing uncertainty linked to the conflict in Ukraine and the covid containment measures recently adopted in some areas of China. The long-term comparison confirms a growth in prices. The short-term outlook is also positive.

- Aluminum +55%
- Copper +18%
- Iron -15%
- Nickel +52%
- Zinc +36%
- Aluminum +18%
- Copper +3%
- Iron +27%
- Nickel +35%
- Zinc +11%

TANNING SECTOR

TRENDS

- The **positive sign** largely prevails in the changes of the sales indices of the main tanning countries compared to the first quarter of 2021 (very few exceptions), confirming a persistent dynamic underway towards the complete recovery of pre-Covid19 levels - The picture of trend comparison with the closing data of the past year is much more differentiated
- There are many double-digit growths in the panorama relating to the seasonal results of the tanning of **large bovine and calf leather**, with difficulties only in Austria and Argentina - Slowdowns, especially in Italy and in non-EU regions, in the trends as compared to the last quarter of 2021
- Similar picture as outlined above also for the **sheep and goat leather** segment

TANNING SECTOR

TURNOVER INDEX TRENDS IN ITALY



1st QUARTER 2022 VS 1st QUARTER 2021



1st QUARTER 2022 VS 4th QUARTER 2021

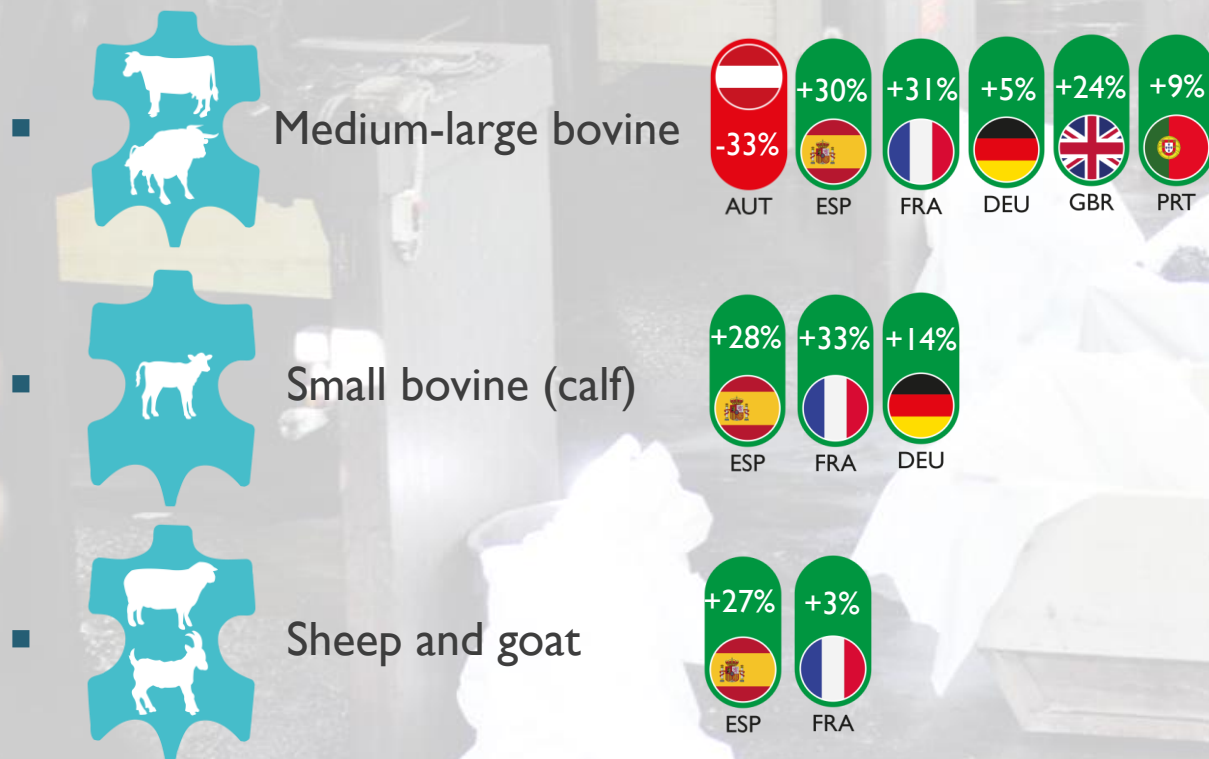


TANNING SECTOR

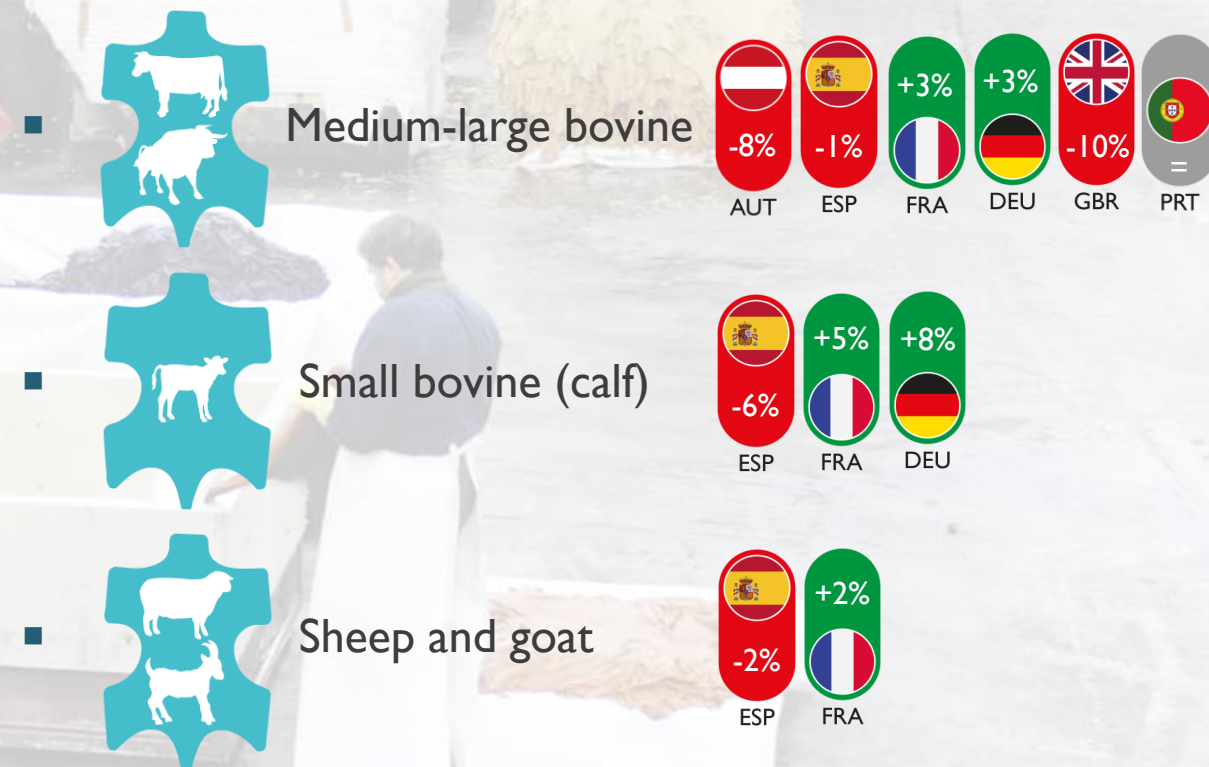
EXPORT INDEX TRENDS IN EUROPE



1st QUARTER 2022 VS 1st QUARTER 2021



1st QUARTER 2022 VS 4th QUARTER 2021

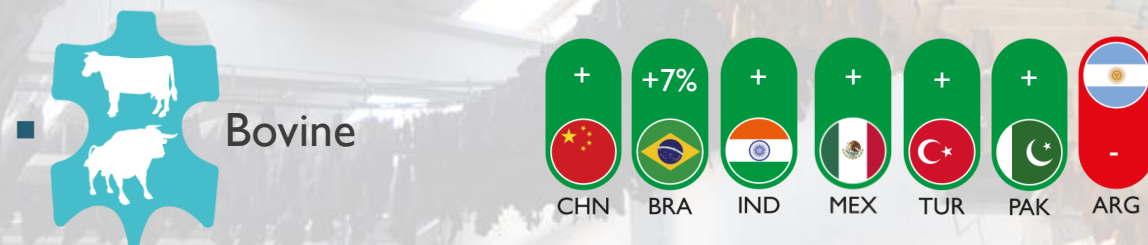


TANNING SECTOR

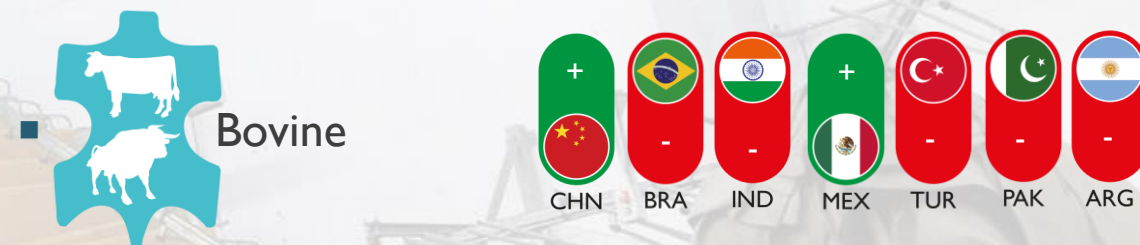
EXPORT INDEX TRENDS IN THE WORLD



1st QUARTER 2022 VS 1st QUARTER 2021



1st QUARTER 2022 VS 4th QUARTER 2021

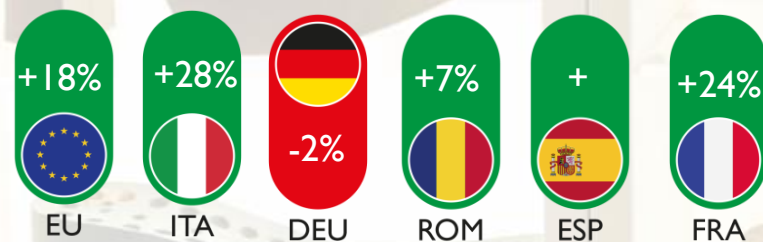


ACCESSORIES AND COMPONENTS SECTOR

EXPORT INDEX TRENDS

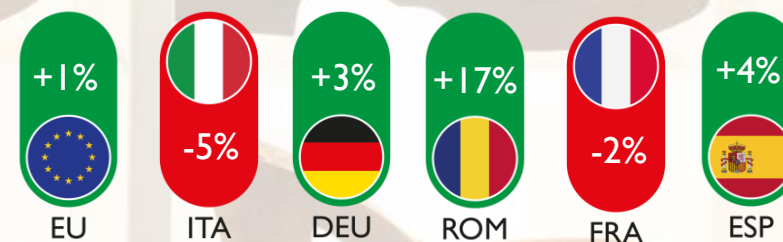
1st QUARTER 2022 VS 1st QUARTER 2021

The opening of 2022 saw a decisive recovery for the sector, which recorded widespread double-digit increases for the major EU countries, with the sole exception of Germany. The expansionary trend involves all segments and all major European producers, excluded Germans, who reported a downturn in both other accessories and other footwear accessories.



1st QUARTER 2022 VS 4th QUARTER 2021

The short-term comparison shows a softening of growth for the European average, which stood at approximately 1%. Negative impacts were felt by Italian and French producers, especially in other accessories and other footwear accessories. On the other hand, small metal parts performed well.

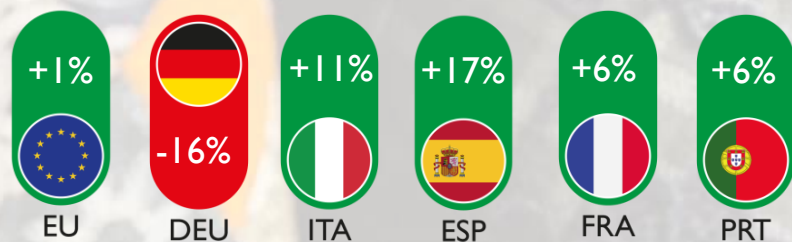


TEXTILES AND SYNTHETICS SECTOR

EXPORT INDEX TRENDS

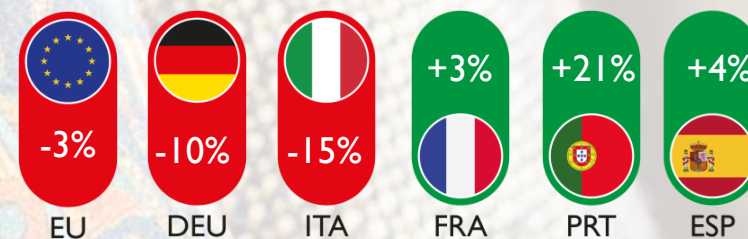
1st QUARTER 2022 VS 1st QUARTER 2021

The first three months of the year saw a slight increase in the sector (+1% the EU average). There are some concerns for synthetic, which show a contraction at EU level, connected with the difficulties of the Germans. On the other hand, the performance of regenerated leather fibers and synthetic fabric materials was good.



1st QUARTER 2022 VS 4th QUARTER 2021

The sector's short-term performance slowed down, with a 3% drop at EU level, severely affected by the collapse of Italian and German manufacturers, which fell by double digits. Heavy declines for synthetic and regenerated leather fibers. The synthetic fabric materials segment looks resilient.

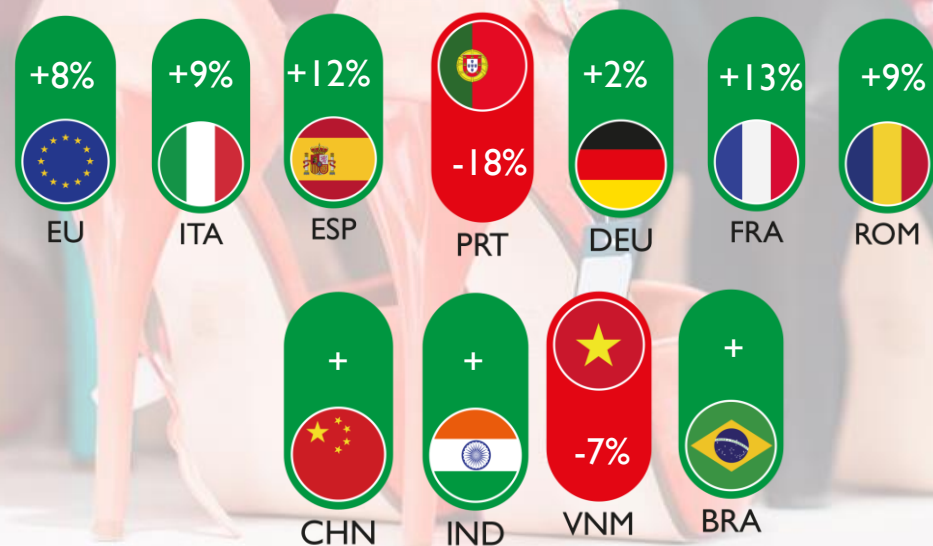


FOOTWEAR

EXPORT INDEX TRENDS

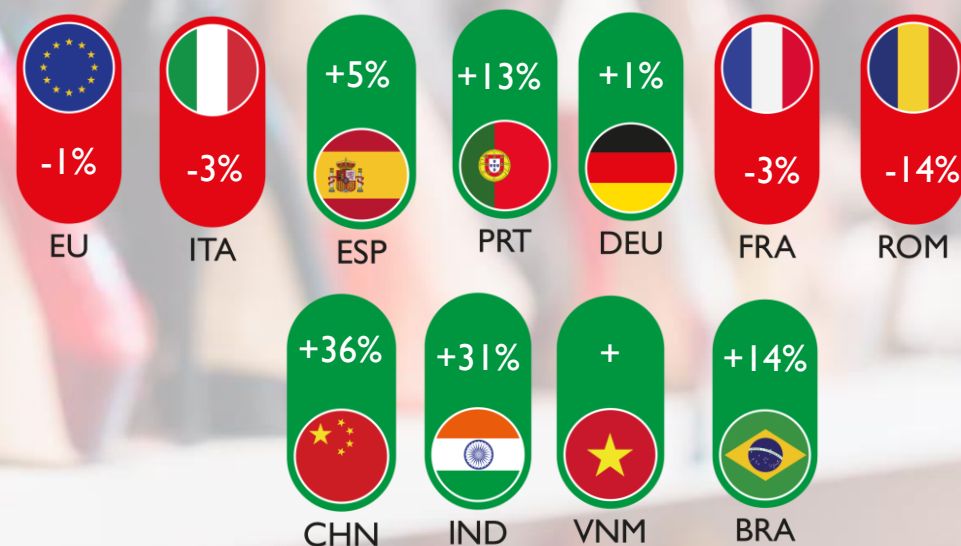
1st QUARTER 2022 VS 1st QUARTER 2021

The European footwear manufacturers' performance was very positive in a long-term comparison, with widespread and general increases except for Portugal. Positive results also for China, India and Brazil, some trouble for Vietnam, in decline.



1st QUARTER 2022 VS 4th QUARTER 2021

European footwear slowed the pace, weighed heavily by a number of downturns by Italian, French and East European manufacturers. Asian competitors confirmed their very positive performance. Double-digit increases also for Brazilians.

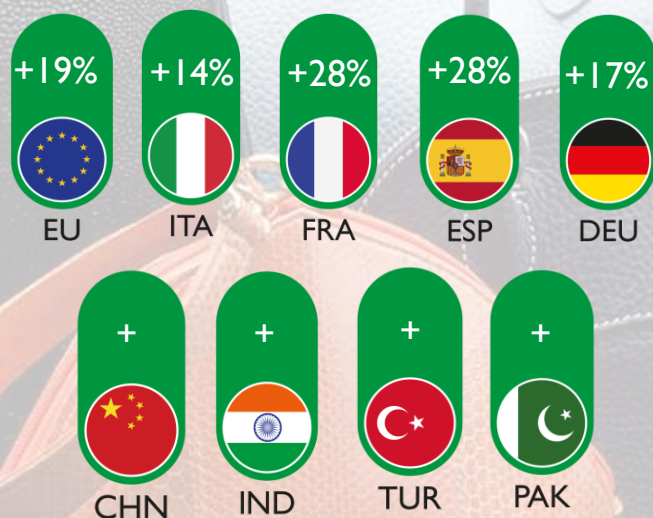


LEATHER GOODS

EXPORT INDEX TRENDS

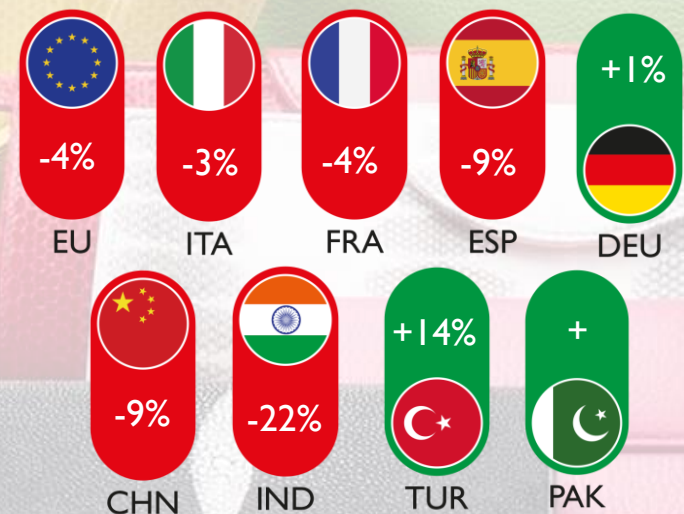
1st QUARTER 2022 VS 1st QUARTER 2021

European leather goods shine in the long-term comparison, where the EU average shows double-digit increases for all the major EU producers. Sales by non-European partners are also on the rise.



1st QUARTER 2022 VS 4th QUARTER 2021

The comparison with the last quarter of last year shows a slowdown in the European trend, which is down by 3% on average, held back by the downturns in Italy, France and Spain. Chinese and Indian manufacturers are also experiencing difficulties.

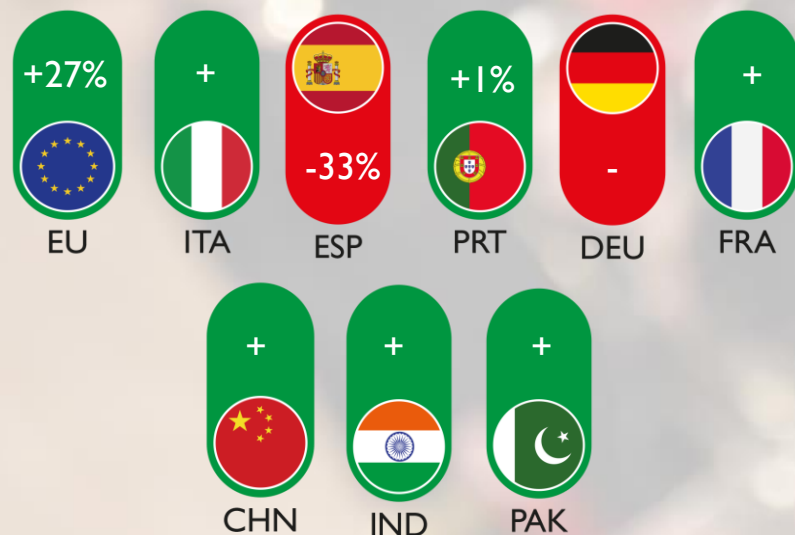


LEATHER CLOTHING

EXPORT INDEX TRENDS

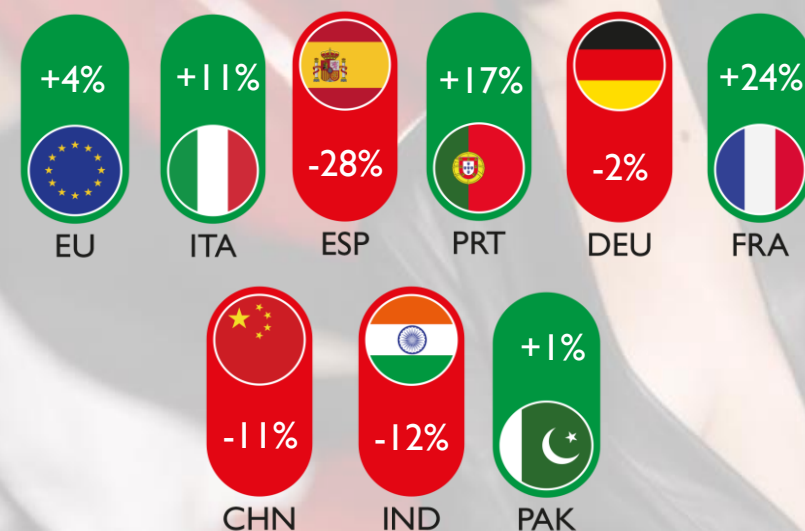
1st QUARTER 2022 VS 1st QUARTER 2021

On the average, the sector's performance was positive at EU level, thanks to increases by Italian and French garment manufacturers. Widespread increases also outside Europe.



1st QUARTER 2022 VS 4th QUARTER 2021

The short-term comparison also reveals growth in the sector at EU level, although more contained. Declines, on the contrary, for non-European manufacturers except those from Pakistan.

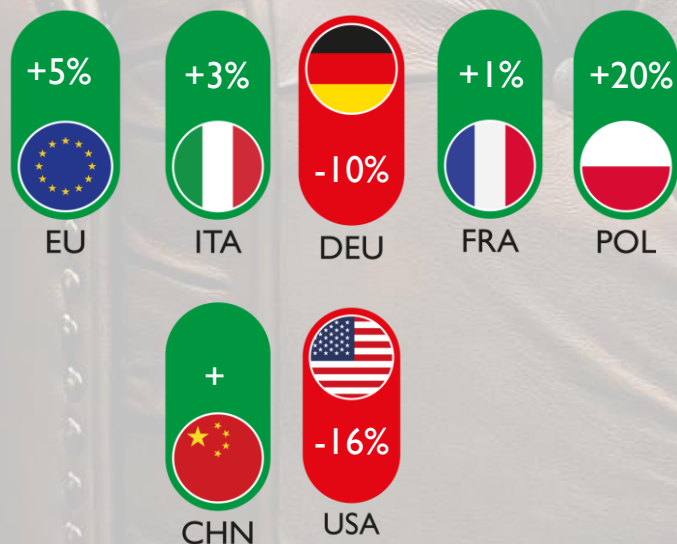


UPHOLSTERED FURNITURE

EXPORT INDEX TRENDS

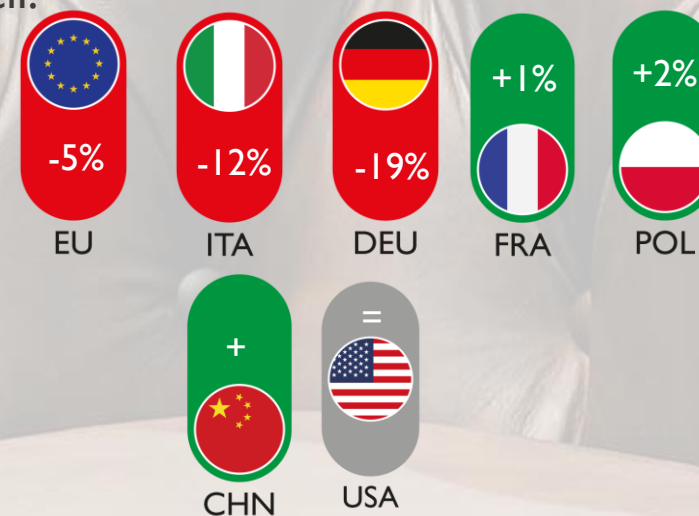
1st QUARTER 2022 VS 1st QUARTER 2021

Encouraging results for European upholstered furniture, despite Germany, which shows signs of a slackening. Outside the EU, orders from the USA are slowing down, while China is picking up.



1st QUARTER 2022 VS 4th QUARTER 2021

The modest increases in Poland and France do not support the European dynamic, which loses 5% in the short-term comparison. Considerable declines for Italians and Germans. The USA was stable, while China performed well.



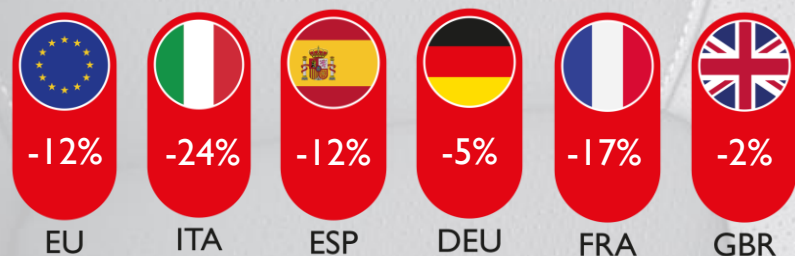
AUTOMOTIVE

TURNOVER INDEX TRENDS

1st QUARTER 2022 VS 1st QUARTER 2021

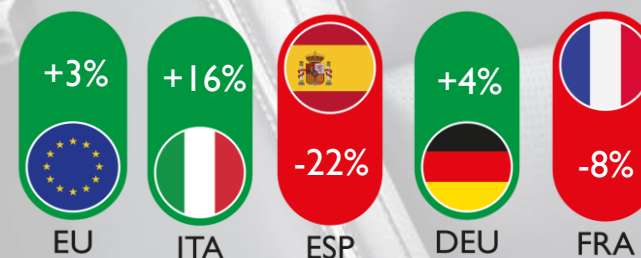
A very bad first quarter of 2022 for the European automotive industry, which in March this year, recorded its ninth straight month of declining sales, with significant drops of varying degrees in all the main EU countries. The worst result was recorded in Italy: registrations fell by 24% during the period.

The outlook outside Europe is also critical, with the only exception of China (+9%). Sales were down in India (-6%) and the USA (-16%).



1st QUARTER 2021 VS 4th QUARTER 2020

The short-term comparison appears less critical, but ongoing disruptions along the supply chain of raw materials and components, exacerbated by the ongoing Russia-Ukraine conflict, have a negative impact on production and affect vehicle sales.



LUXURY

1st QUARTER 2022 RESULTS

The first quarter of 2022 opens with signs of growth for the major European luxury fashion brands. However, the health context is still fragile, and the tensions caused by the Russian-Ukrainian conflict invite caution in both the short and the medium-term forecasts.

- **LVMH** - Good start of the year for the French luxury colossus: +23% organic growth in the first quarter of 2022. Double-digit growth in all the group's divisions (except for wines and spirits), mainly thanks to the good trend in the USA and Europe. Excellent performance by the fashion and leather goods division: +30% turnover on the corresponding 2021. Remarkable performances by Louis Vuitton and Christian Dior. Solid growth for Fendi. Very strong rise for Celine thanks to the remarkable success of its ready-to-wear and leather goods lines created by Hedi Slimane. Solid growth led by shoes for Loro Piana. Excellent first quarter also for Loewe and Marc Jacobs.
- **KERING** - Sustained growth in the first quarter of 2022: +21% consolidated sales compared to the same period last year, thanks to a very strong sales momentum in Western Europe, North America and Japan. Gucci (+13%) and Bottega Veneta (+16%) performed well. Outstanding growth for YSL: +37%. Very positive results also for the minor brands of the group (+35% in total), with remarkable performances by Balenciaga, Alexander McQueen and Brioni.
- **HERMÈS** - Strong sales momentum for the French maison in the first quarter of 2022: +27% revenues over the same period in 2021. Notable growth in the leather goods and saddlery division in the period (+16%) supported above all by sustained demand in America, in particular the USA, and Europe, where as well as France, sales in the UK, Germany, Italy and Spain also stand out.
- **FERRAGAMO** - Revenues up by 21%. Good dynamics in all main markets except Asia, down slightly. Significant increases for all major product categories.

NOTES

- Lineapelle processes and estimates data provided by statistical institutions, government bodies, international organisations, trade associations, retailers and other public/private sources
- Country acronyms refer to the official ISO alpha 3 classification
- Commodity prices. Historic price series are calculated on the basis of average price quotations in dollars (USD)
- Raw hides and skins/semi-processed leather prices. Historic original price series are collected by agents and publications in the industry and indexed using the base line 2005=100, maintaining the exchange currency used for purchases on the export market

By Servizio Economico Lineapelle

© Lineapelle - Any form of unauthorised reproduction or copying of this document, even in part, is prohibited