



LINEAPELLE LEATHER MARKET OVERVIEW

2nd QUARTER 2022

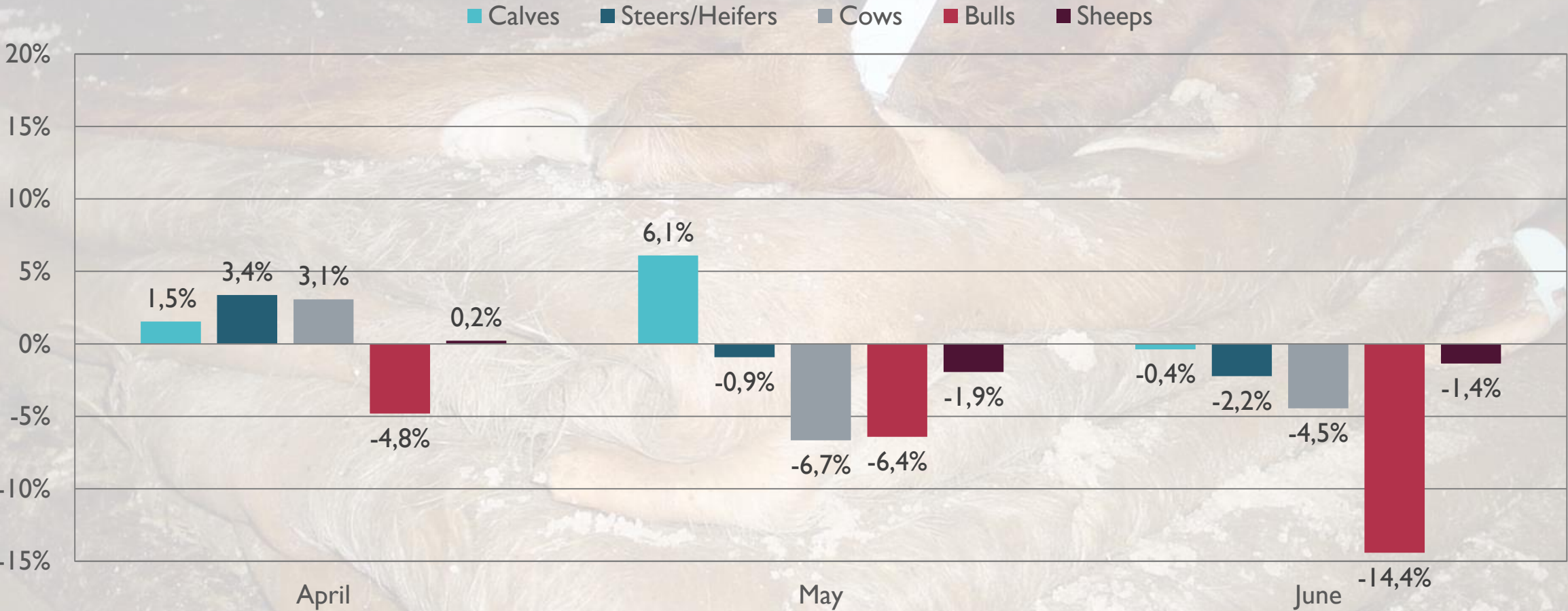
RAW MATERIALS

RAW AND SEMI-PROCESSED HIDES/SKINS – PRICE TRENDS

- A **gradually differentiated** trend for prices of the main raw hides/skins and semi-finished leather during the second quarter of the year
- In the **bovine raw hides** segment , medium to large sizes (**steers, heifers and cows**) showed predominantly growth during the first month, and then progressively embarked on a declining trend - **Calves**, on the other hand, showed increases during the first two months and then stability, while **bull** showed a continuous and increasing decline throughout the period
- The average price index for **wet-blue leather** was down 8% during the quarter, but the differences in trends between origins appears very marked (Brazilians at -17%, while New Zealanders and Australians posted variations of less than one percentage point)
- Between April and June there was also a drop for **sheepskins** quotation index, but very limited (-3% in total), with declines in all major markets of origin

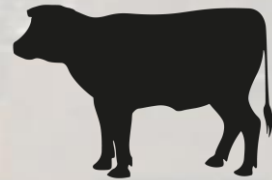
RAW MATERIALS

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



RAW MATERIALS

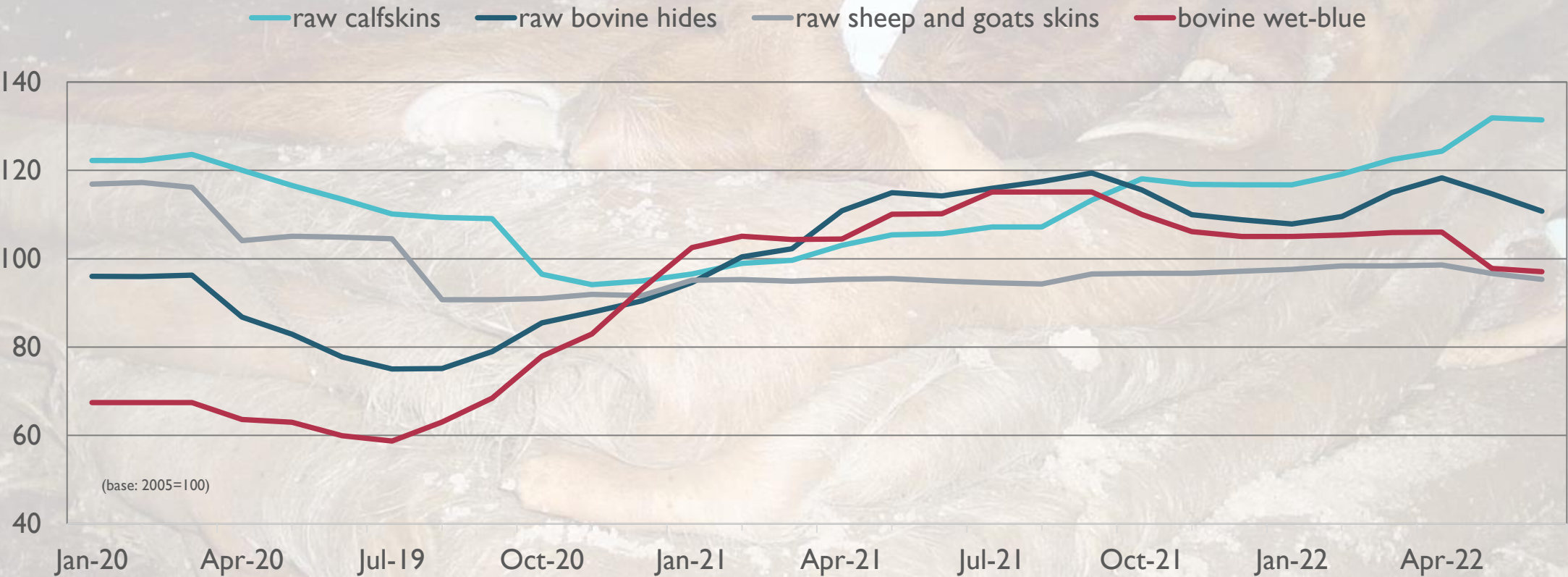
RAW HIDES/SKINS - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO JUNE 2022)



Calves	+13%	Steers, bull calves, heifers	+4%	Cows	=	Bulls	-15%	Sheeps	-2%
Italy	+13%	Italy (bull calves)	+6%	Italy	=	France	-17%	Iran	+3%
France	+13%	Germany (heifers)	+2%	France	-3%	Netherlands	+3%	Spain	+4%
Netherlands	+15%	United Kingdom (mixed)	+7%	Netherlands	+5%	Germany	+4%	New Zealand	+1%
Australia	+7%	Spain (bull calves)	=	Germany	-11%	New Zealand	=		
		United States (mixed)	-16%	Spain	+28%	Denmark	-8%		
		Australia (mixed)	-9%	United States	-18%				
		Sweden (mixed)	-2%	Sweden	=				
		New Zealand (bull calves)	-4%	New Zealand	+3%				
		Denmark (mixed)	+7%	Denmark	-8%				

RAW MATERIALS

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



RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

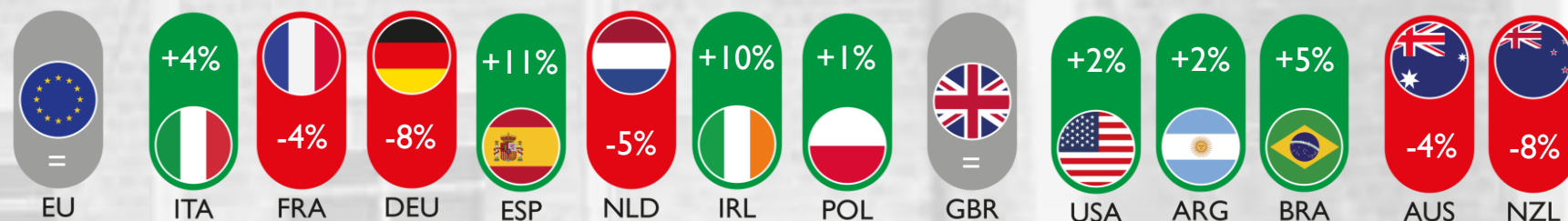
- The trend in slaughtering of **adult bovines** recorded at the beginning of the year shows improvement, and the overall outlook for the first half of 2022 is up 2% compared to the same period of the previous year - The detail for Europe is overall stable, with increases in Italy, Spain, Poland, Ireland and declines in France, Germany and the Netherlands - UK stable - U.S. and South America up, oceanic countries down
- Total volumes of **calves** slaughtering basically unchanged - Slightly positive figure in EU as a whole, but in detail declines in France, Spain and Poland (increases in Italy, Belgium and the Netherlands) - Australia down double digits, increases in New Zealand
- Overall picture of **sheep** slaughtering in major available regions also stable - European production up 3% (despite slight declines in Spain and France), with increases in Australia and the UK and decreases in the US and New Zealand

RAW MATERIALS

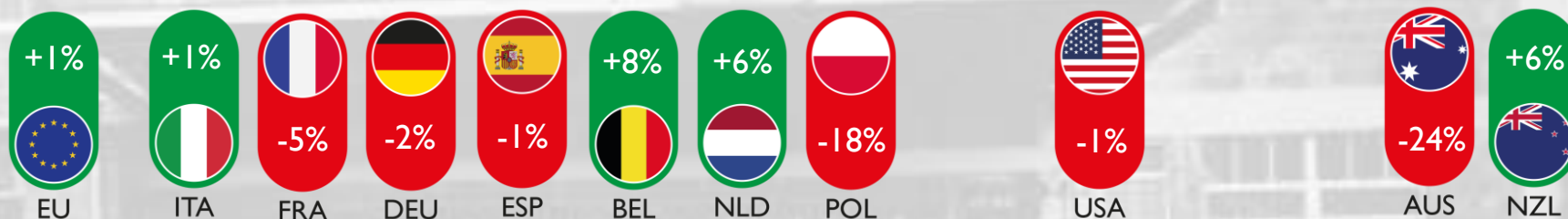
RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) 1ST HALF 2022 VS 1ST HALF 2021



Adult bovine:



Calves:



Sheep:



RAW MATERIALS

OTHER REFERENCE COMMODITIES – PRICE TRENDS AND PERFORMANCE



OIL

+64%



COTTON

+72%



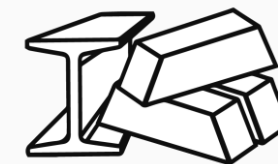
WOOL

-2%



NATURAL RUBBER

-6%



METALS

- Aluminum +20%
- Copper -2%
- Iron -31%
- Nickel +67%
- Zinc +34%

+64%

+62%

+1%

-9%

- Aluminum +36%
- Copper +7%
- Iron -24%
- Nickel +59%
- Zinc +35%

■ 2nd QUARTER 2022
VS 2nd QUARTER 2021

■ 1st HALF 2022
VS 1st HALF 2021

TANNING SECTOR TRENDS

- **Broadly positive quarter** for average turnover indices for tanneries, with often double-digit growth - Some important negative exceptions emerge, however, and within Europe June began to mark important slowdowns due to very high energy prices
- Among **medium to large bovine**, the only exceptions to the bullish trend in the EU is Austria, while outside Europe the major Latin American tanning countries are suffering
- Widespread growth in sales indices also in the **small bovine (calves)**
- Also significantly positive is the position of the **sheep and goat leather** segment, which is growing without exception among the most important players globally

TANNING SECTOR

TURNOVER INDEX TRENDS IN ITALY



2nd QUARTER 2022 VS 2nd QUARTER 2021



1st HALF 2022 VS 1ST HALF 2021

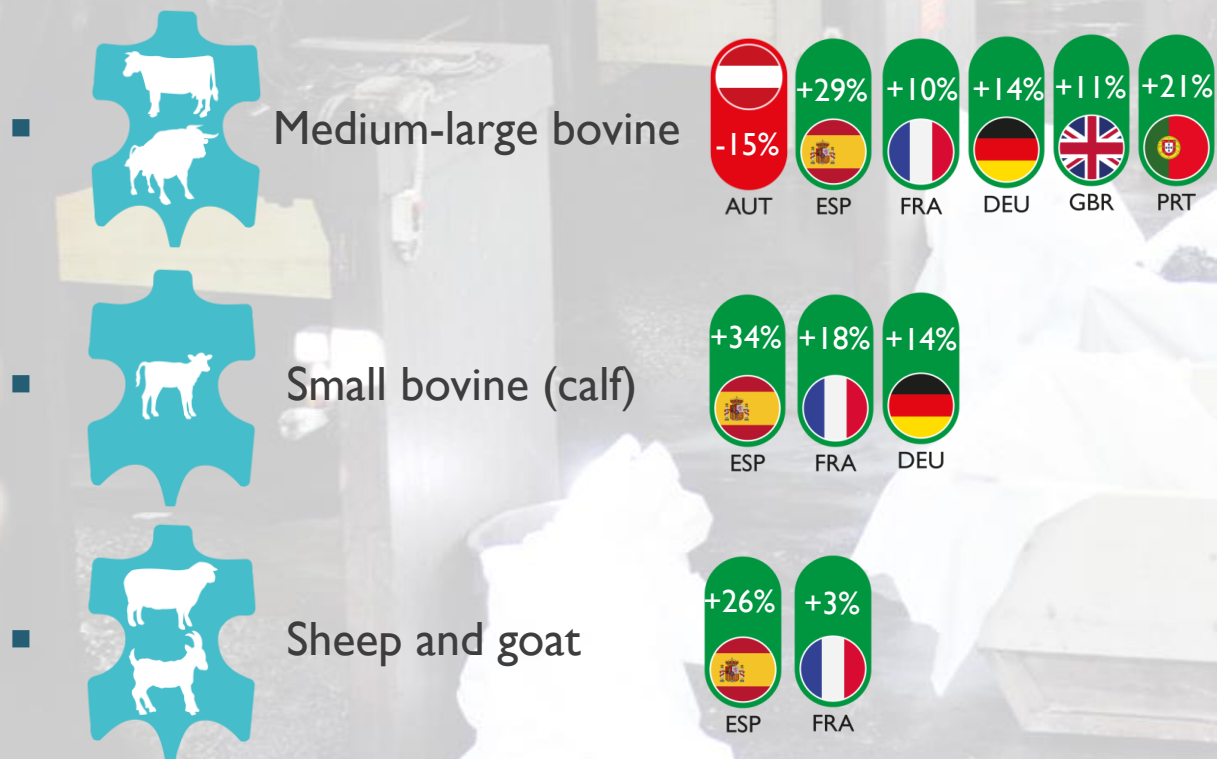


TANNING SECTOR

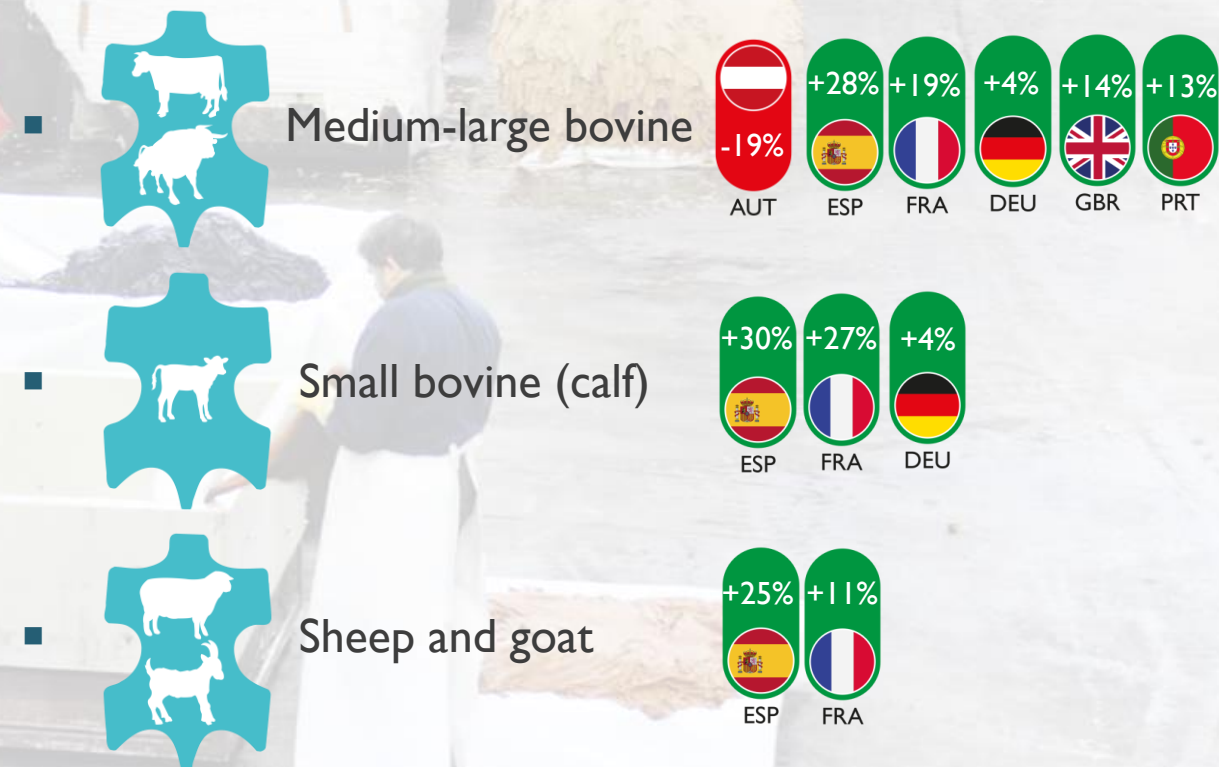
EXPORT INDEX TRENDS IN EUROPE



2nd QUARTER 2022 VS 2nd QUARTER 2021



1st HALF 2022 VS 1ST HALF 2021

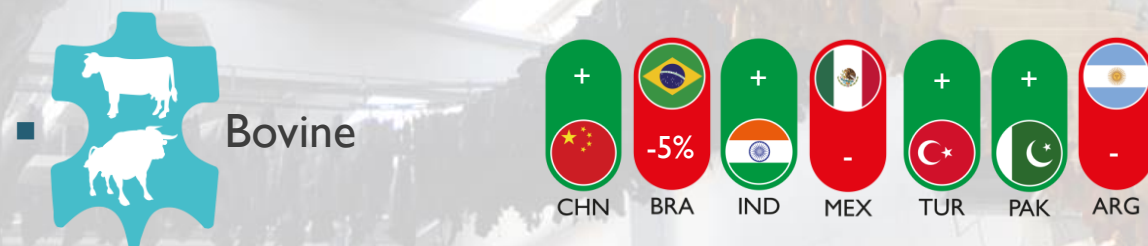


TANNING SECTOR

EXPORT INDEX TRENDS IN THE WORLD



2nd QUARTER 2022 VS 2nd QUARTER 2021



1st HALF 2022 VS 1ST HALF 2021

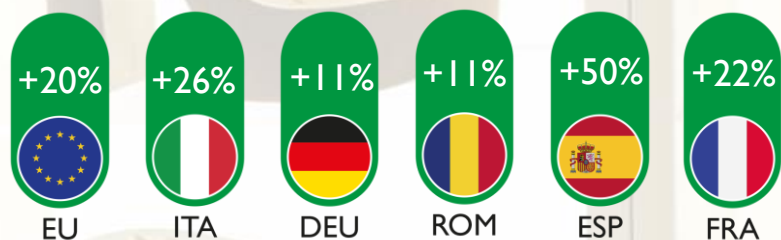


ACCESSORIES AND COMPONENTS SECTOR

TURNOVER INDEX TRENDS

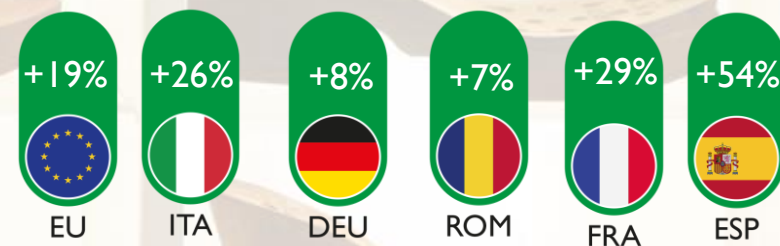
2nd QUARTER 2022 VS 2nd QUARTER 2021

The rebound in accessories and components also continues in the second quarter of the year, with double-digit rises for all European manufacturers in the long-term comparison and significant and widespread increases in all segments of the industry.



1st HALF 2022 VS 1st HALF 2021

Partial 2022 confirms European growth in the sector: +19% on average, driven by Italian, French and Spanish producers rising in double digits. Germans, and Romanians also perform strongly. Positive dynamics of smaller Eastern European manufacturers as well.

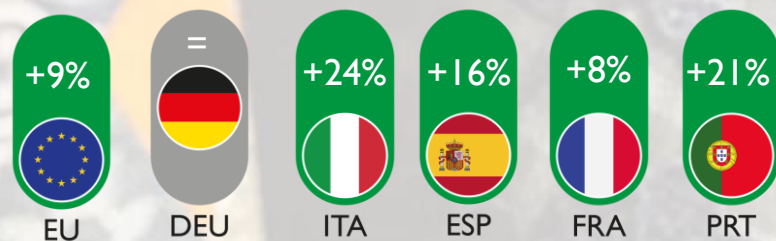


TEXTILES AND SYNTHETICS SECTOR

TURNOVER INDEX TRENDS

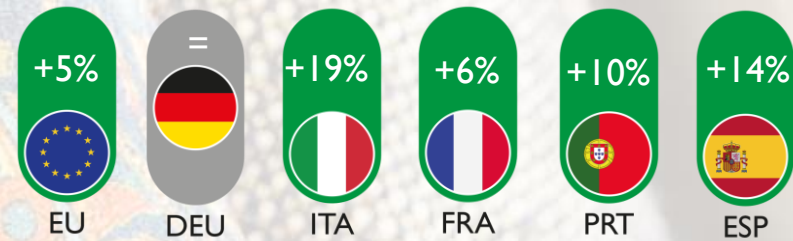
2nd QUARTER 2022 VS 2nd QUARTER 2021

The second quarter of the current year marks an acceleration of the industry's sales growth. Widespread increases for all EU producers with the exception of the Germans, stable on the corresponding 2021.



1st HALF 2022 VS 1st HALF 2021

Short-term comparison confirms the vigorous trend in the sector. All major European manufacturers show widespread increases with the exception of Germany, which is in negative stability.

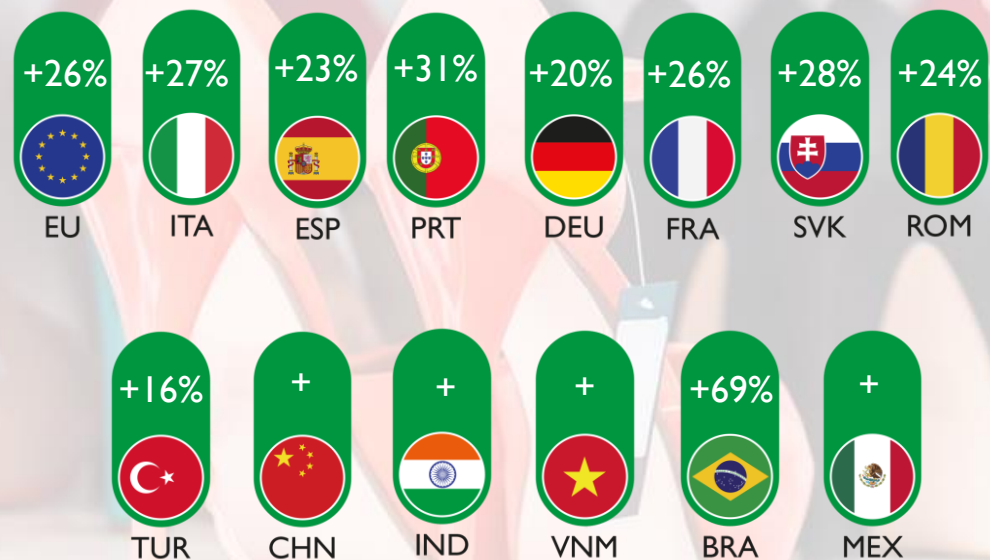


FOOTWEAR

TURNOVER INDEX TRENDS

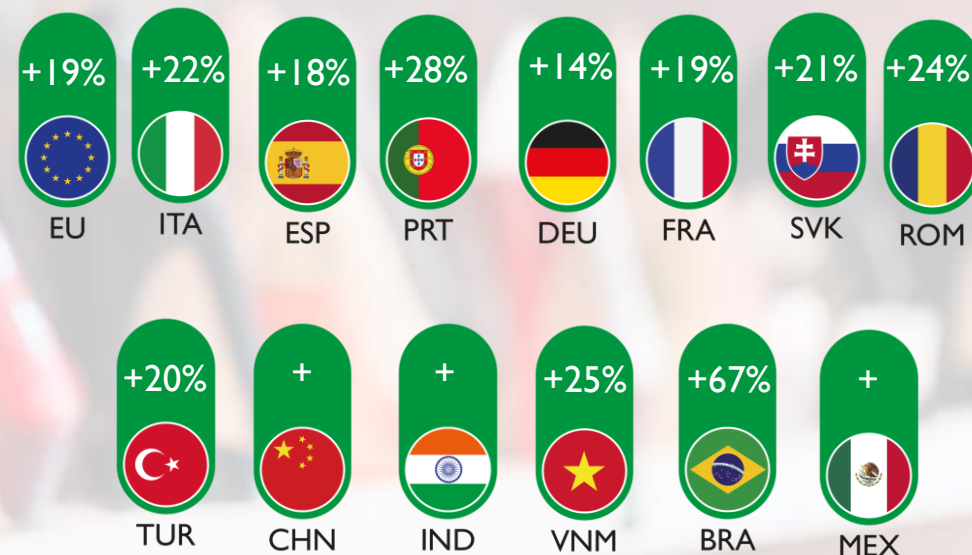
2nd QUARTER 2022 VS 2nd QUARTER 2021

The performance of the world's major footwear manufacturers was uniform, with widespread positive results for both Europeans and non-EU countries.



1st HALF 2022 VS 1st HALF 2021

The partial aggregate shows convincingly positive signs for all major footwear manufacturers both within and outside EU borders.

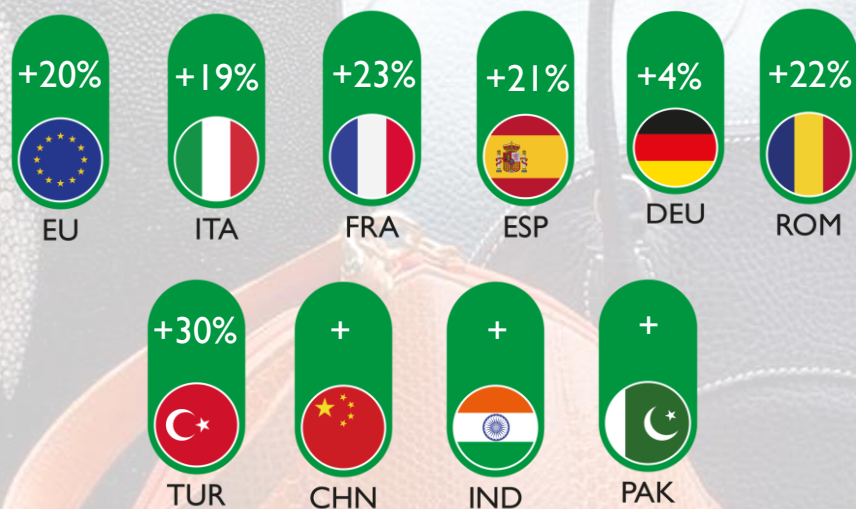


LEATHER GOODS

TURNOVER INDEX TRENDS

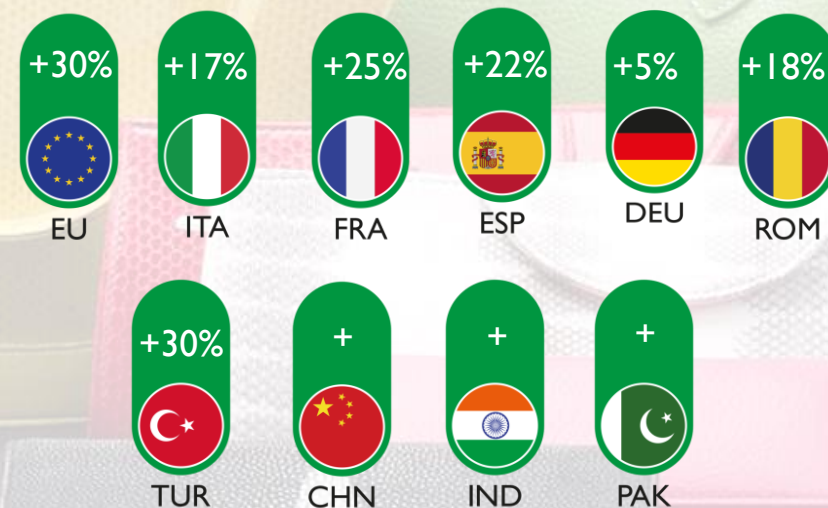
2nd QUARTER 2022 VS 2nd QUARTER 2021

EU and non-EU leather goods manufacturers confirm widespread double-digit increases also in the second quarter of 2022. More limited increases only for Germans.



1st HALF 2022 VS 1st HALF 2021

Brilliant also in the yearly cumulative the dynamics of European producers, which have been growing strongly. Germany performed well, despite a slower pace. Good performance also for non-European partners.

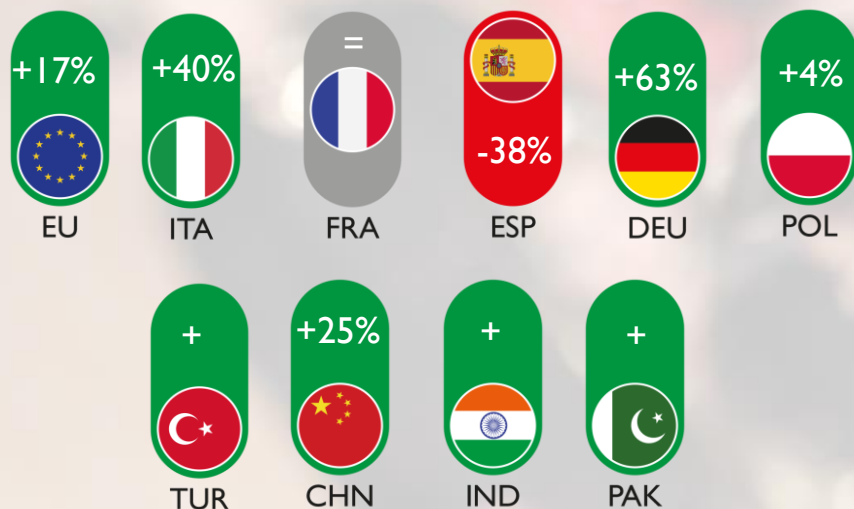


LEATHER CLOTHING

TURNOVER INDEX TRENDS

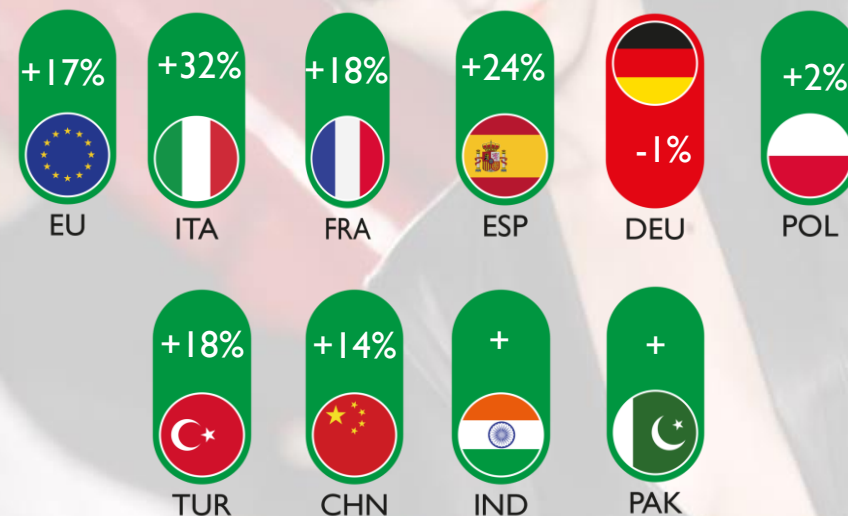
2nd QUARTER 2022 VS 2nd QUARTER 2021

Overall encouraging performance for the segment. Significant EU average growth, despite the French stall and the Spanish plunge. Significant rises for non-EU apparel makers as well.



1st HALF 2022 VS 1st HALF 2021

Partial 2022 confirms the positive dynamics of the sector, despite some uncertainty for German packers. Turkey and China are also doing quite well. Indian and Pakistani producers in an uptrend too.

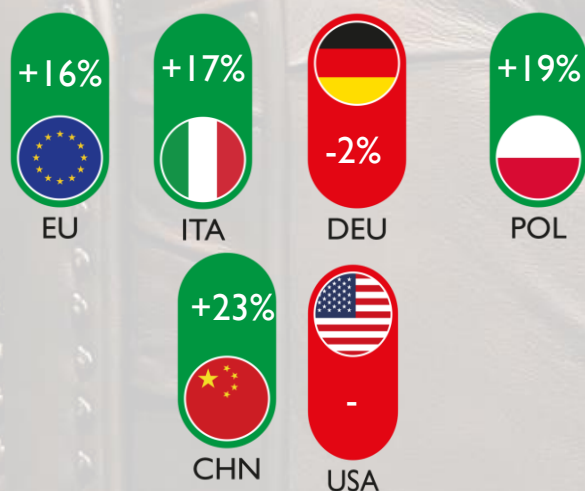


UPHOLSTERED FURNITURE

TURNOVER INDEX TRENDS

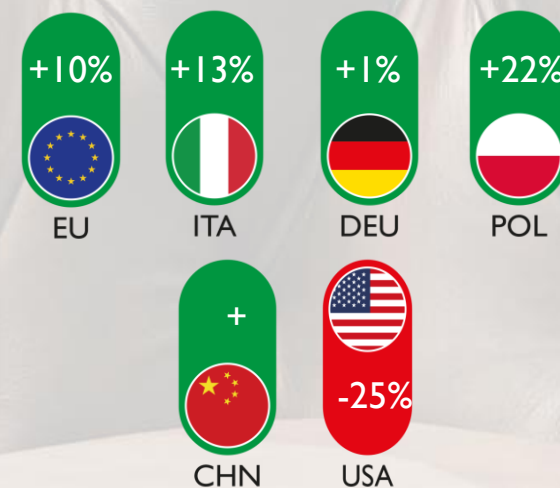
2nd QUARTER 2022 VS 2nd QUARTER 2021

EU average up sharply in long-term comparison, driven by performance of Italy and Poland. Some concern for Germany, which is declining. Rise for Chinese, some uncertainty instead affecting Americans.



1st HALF 2022 VS 1st HALF 2021

Very positive sector dynamics in partial 2022 for EU manufacturers. Among international players, Chinese manufacturers are confirmed to be dynamic, while the U.S. is also struggling in the six-month period.

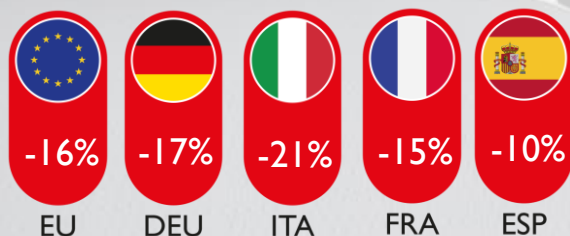


AUTOMOTIVE

TURNOVER INDEX TRENDS

2nd QUARTER 2022 VS 2nd QUARTER 2021

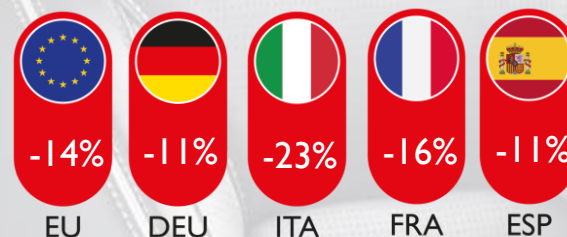
- The European automotive scenario in the long-term comparison appears critical, with new car registrations in sharp decline for all major EU countries.



- The downward trend in the EU, shows no sign of stopping as supply chain problems continue to limit vehicle production. Particularly heavy in this scenario is the difficulty in sourcing microchips and other components.

1st HALF 2022 VS 1st HALF 2021

- Short-term comparisons show no improvement in the sectorial picture, with double-digit declines for all major European markets.



- Beyond EU borders, U.S. car registrations drop by 18%. Argentina (+3%), India (+10%), and China (+3%) are the only markets growing since early 2022.
- -12% UK registrations in the first 6 months 2022.

LUXURY

2022 1st HALF RESULTS

The more favorable dynamic that emerged in the second half of 2020, and was confirmed in 2021, has continued in the partial 2022. Although these trends remain conditioned by health developments, the luxury market has witnessed a recovery driven by consumer appetite for premium goods and a recovery in tourist flows, particularly in Europe.

- **LVMH** - the French colossus' organic sales grow by 21% in the half-year 2022 compared to the corresponding 2021. Fashion and leather goods division up by 24% showing the best result compared to all LVMH assets. Excellent first half of the year for Louis Vuitton and Dior. Solid performance for Fendi. Strong growth for Celine. Very good performance for Loro Piana and Marc Jacobs.
- **KERING** - revenues up by 16% in the first six months of the year. Gucci slows down, but still grows 8%. Yves Saint Laurent remains very dynamic: +34%, while Bottega Veneta posts a 13% rise. An overall +29% instead for the group's other brands. Very strong growth for Balenciaga and Alexander McQueen. Positive rebound by Brioni.
- **HERMÈS** - revenues up 23% at constant rates for the French luxury house. Strong growth recorded in all major international markets with Asia holding up well despite critical issues observed in China in the first six months 2022. Demand drives sales of leather goods and saddlery: +12% in the six-month comparison with 2021.
- **TOD'S** - +14% revenues in the first 6 months 2022 (constant rates). Tod's +21% rebound, followed by Hogan (+16%) and Fay (+17%). Stable Roger Vivier (+1%). Among the product categories, leather goods jumped 40%, footwear also did well (+10%). Dynamic European (+36%) and American (+38%) customers, critical for Chinese (-19%).
- **FERRAGAMO** - sales up 17% for the Florentine brand compared to the first half of 2021. Good performance in all major markets except Asia (-8%) due to the continuing effects of the pandemic, particularly in China.
- **PRADA** - Net revenues up 22% for the Milanese fashion house (constant exchange rates). The leather goods (+18%) and footwear (+39%) divisions shone. Excellent performance by Prada (+28%) and Church's (+29%). Miu Miu (+14%) did well. Among the most dynamic customers, Americans and Middle Easterners stand out.

NOTES

- Lineapelle processes and estimates data provided by statistical institutions, government bodies, international organizations, 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

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