



LINEAPELLE LEATHER MARKET OVERVIEW

IST QUARTER 2023

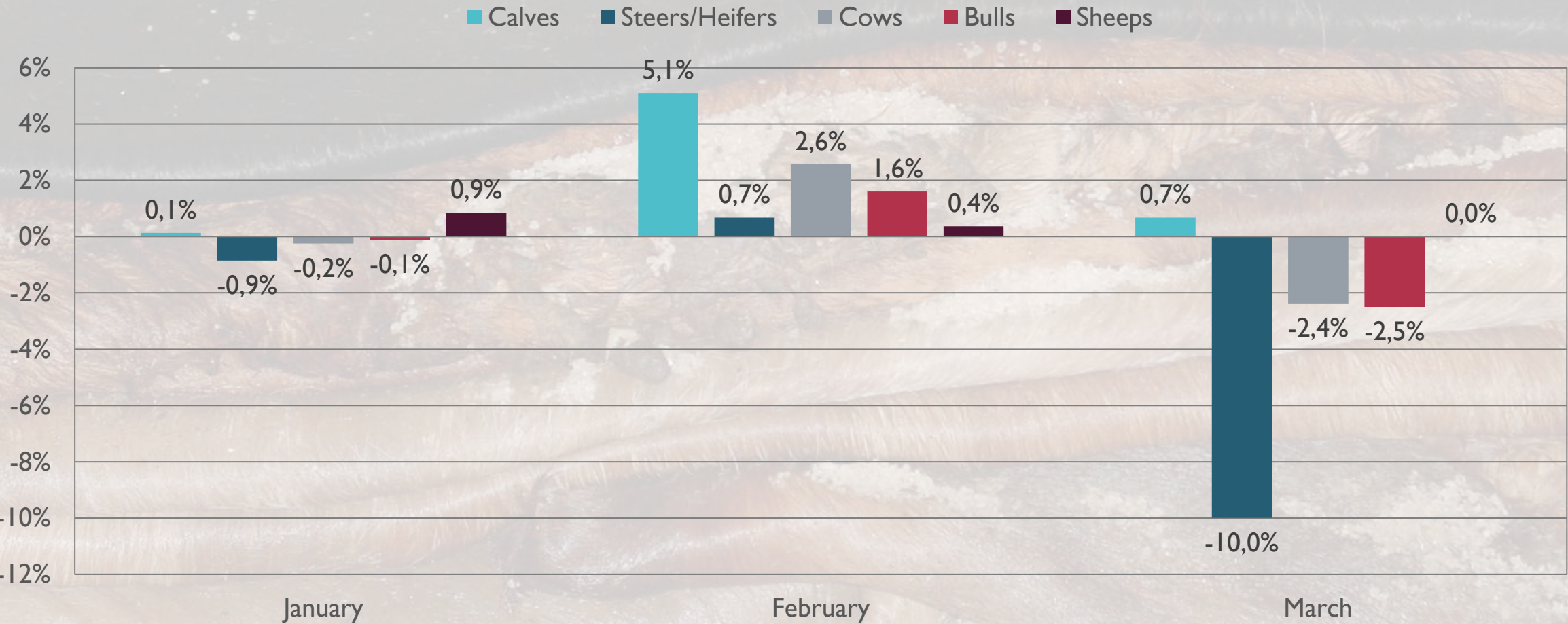
RAW MATERIALS

RAW AND SEMI-PROCESSED HIDES/SKINS – PRICE TRENDS

- In the first quarter of the year, the price indexes of the main raw and semi-finished hides showed a **certain volatility**, albeit with rather limited intensity (apart from some isolated exceptions)
- In the **bovine raw hides** segment, the typology continuing to show the most uninterrupted and convinced increases are **calfskins**, with an average growth of 6% in the period - If the larger sizes (**cows, bulls**), despite some variations, were essentially stable, **steers, heifers** and **bullocks hides** showed a predominantly declining trend
- After the declines of the second half of last year, the average prices of **bovine wet-blue hides** recovered, above all thanks to the increases in Brazilian and New Zealand materials
- Slightly increasing trend for the average prices of **sheepskins** in the first months of 2023, mainly due to the trend of Spanish origins (greater stability in the Middle East and Oceania)

RAW MATERIALS

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



RAW MATERIALS

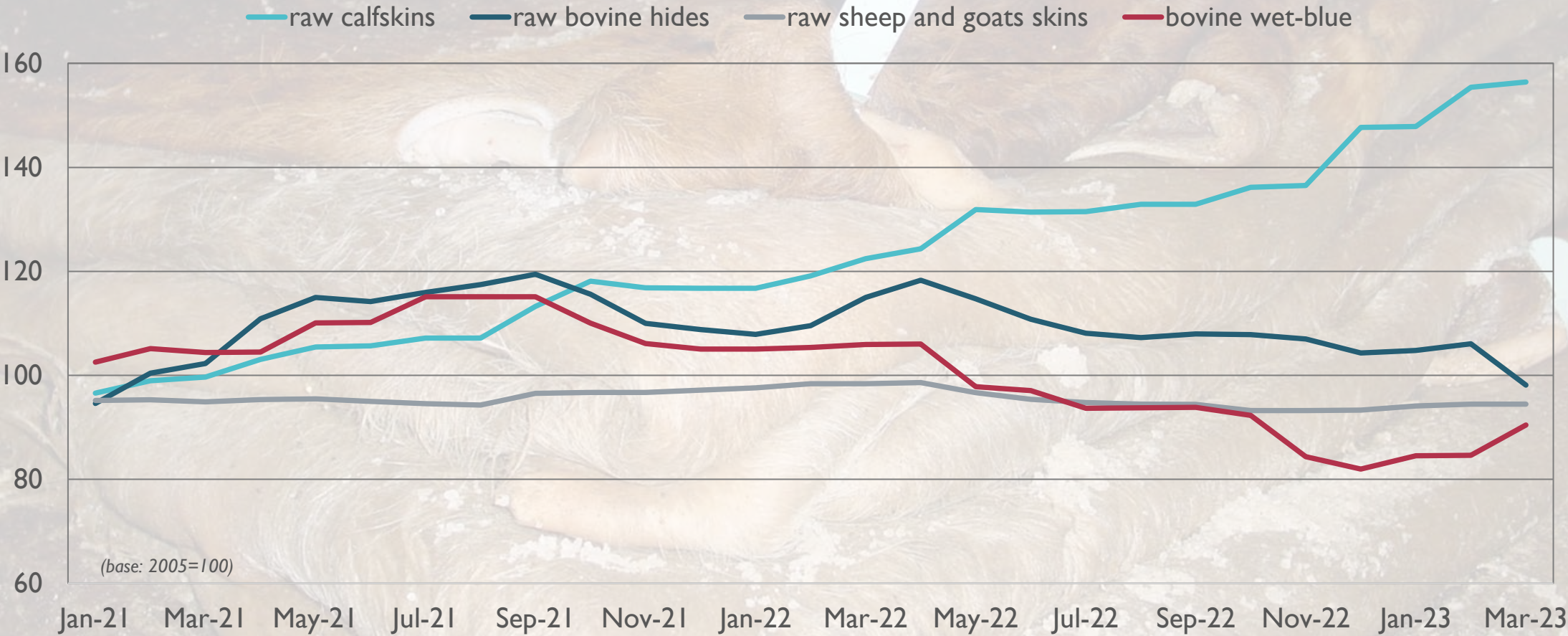
RAW HIDES/SKINS - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO MARCH 2023)



Calves	+6%	Steers, bull calves, heifers	-10%	Cows	=	Bulls	-1%	Sheep	+1%
Italy	=	Italy (bull calves)	-2%	Italy	=	France	-2%	Iran	=
France	+8%	Germany (heifers)	-5%	France	-6%	Netherlands	+10%	Spain	+15%
Netherlands	+7%	United Kingdom (mixed)	-1%	Netherlands	+14%	Germany	+5%	New Zealand	=
Australia	+2%	Spain (bull calves)	+5%	Germany	+5%	New Zealand	+1%		
		United States (mixed)	-8%	Spain	-6%	Denmark	-2%		
		Australia (mixed)	+8%	United States	-3%				
		Sweden (mixed)	+1%	Sweden	+3%				
		New Zealand (bull calves)	=	New Zealand	=				
		Denmark (mixed)	-4%	Denmark	+3%				

RAW MATERIALS

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



RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

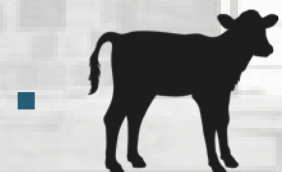
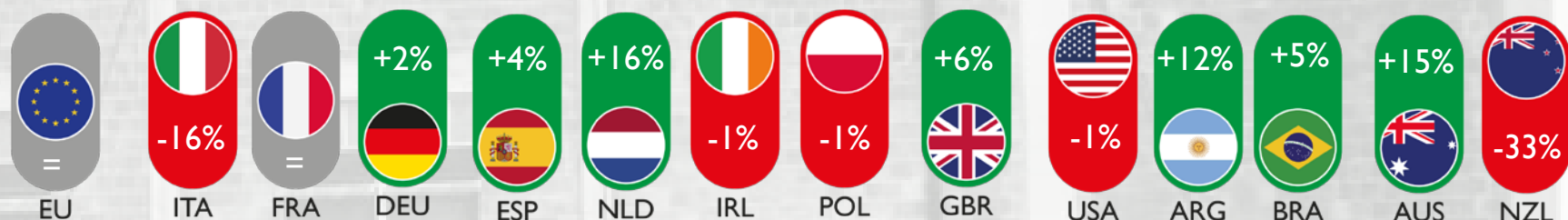
- Total slaughter volume of **adult bovines** starts the new year with a 3% growth in the first quarter - Europe overall shows substantial stability, with increases in Germany, Spain, UK, Netherlands, Belgium and decreases in Italy, Poland and Ireland (France unchanged) - Slight decline in the US, against marked increases in Brazil and Argentina - In Oceania, double-digit growth in Australia and collapse in New Zealand
- No significant changes in the general picture of **calves** slaughter - The picture in Europe is slightly negative, despite the increases in Belgium, the Netherlands, Italy, Ireland and the UK (declining France, Spain and Poland) - Outside Europe, very strong growth in Australia, but decreases in New Zealand and the US
- The overall situation of **sheep** slaughter in the main regions monitored is still positive - European production is still growing, thanks to the British, Irish, Polish, Dutch and German contributions (but losses in Spain, France, Italy and Greece) - Australia and the US are on the rise , New Zealand still (slightly) down

RAW MATERIALS

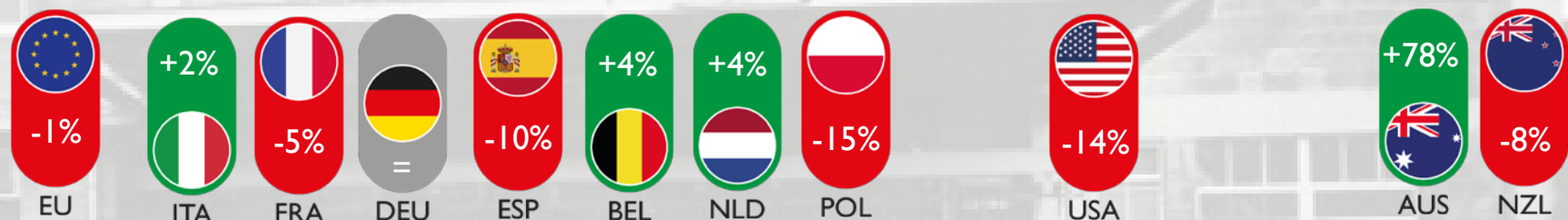
RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) 1st QUARTER 2023 VS 1st QUARTER 2022



Adult bovine:



Calves:



Sheep:



RAW MATERIALS

OTHER REFERENCE COMMODITIES - PRICE TRENDS AND PERFORMANCE



OIL

-18%

-7%



COTTON

-28%

-2%



WOOL

-3%

+14%



NATURAL RUBBER

-22%

+8%



SYNTHETIC RUBBER

-3%

-7%



METALS

- Aluminum -26%
 - Copper -10%
 - Iron -11%
 - Nickel -3%
 - Zinc -16%
-
- Aluminum +3%
 - Copper +11%
 - Iron +27%
 - Nickel +2%
 - Zinc +4%

■ 1st QUARTER 2023
VS 1st QUARTER 2022

■ 1st QUARTER 2023
VS 4th QUARTER 2022

TANNING SECTOR TRENDS

- Overall, **significant performance differences** remain between the main tanning countries in the first quarter of the year both compared to the same period of 2022 and compared to the last quarter
- In the **medium-large bovine leather segment**, Italian and English productions record seasonal losses, Portugal is stable, the others EU are growing, while outside the European borders there are no exceptions to the declining trend - Generalized negative panorama in the short-term trend period, except for Brazil and Mexico (recovering)
- The picture relating to **small bovine (calves) leather** also shows widespread decreases among the main producing countries
- The positive global situation of the **sheep and goat leather segment** is partially interrupted, showing cooling especially in Italy, Spain and Turkey

TANNING SECTOR

TURNOVER INDEX TRENDS IN ITALY



1st QUARTER 2023 VS 1st QUARTER 2022



1st QUARTER 2023 VS 4th QUARTER 2022

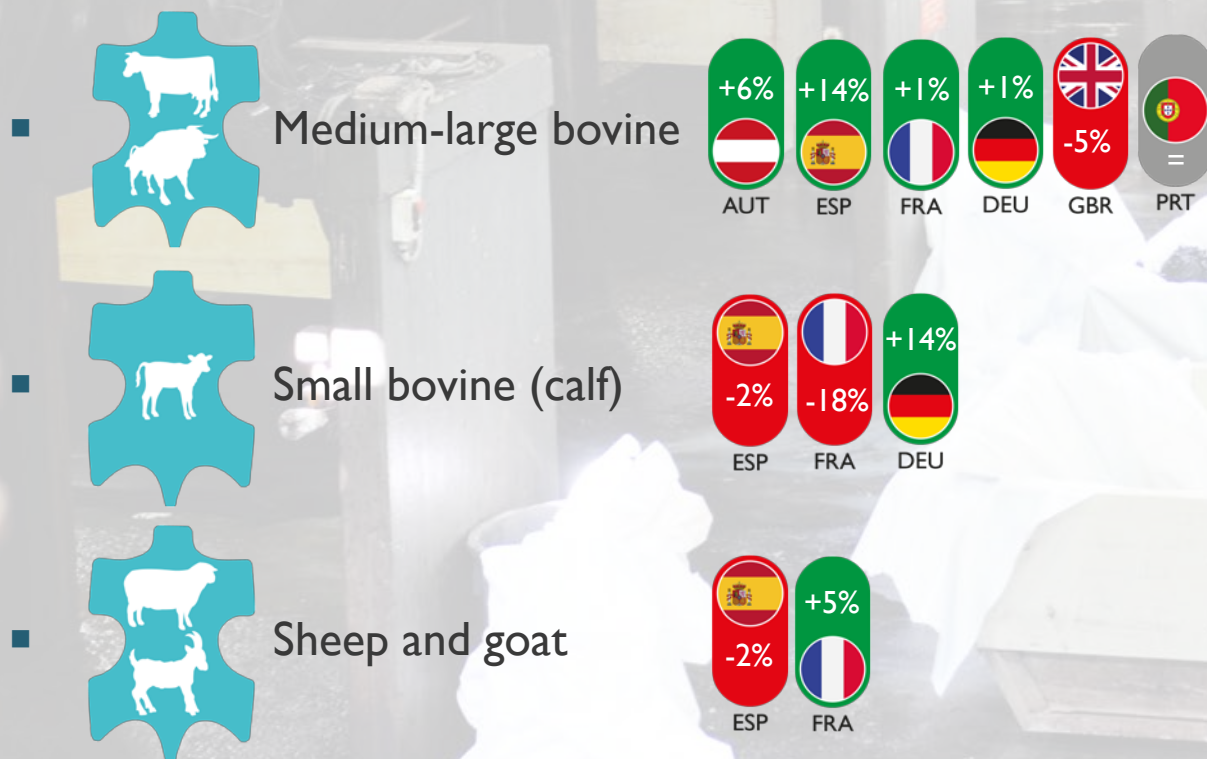


TANNING SECTOR

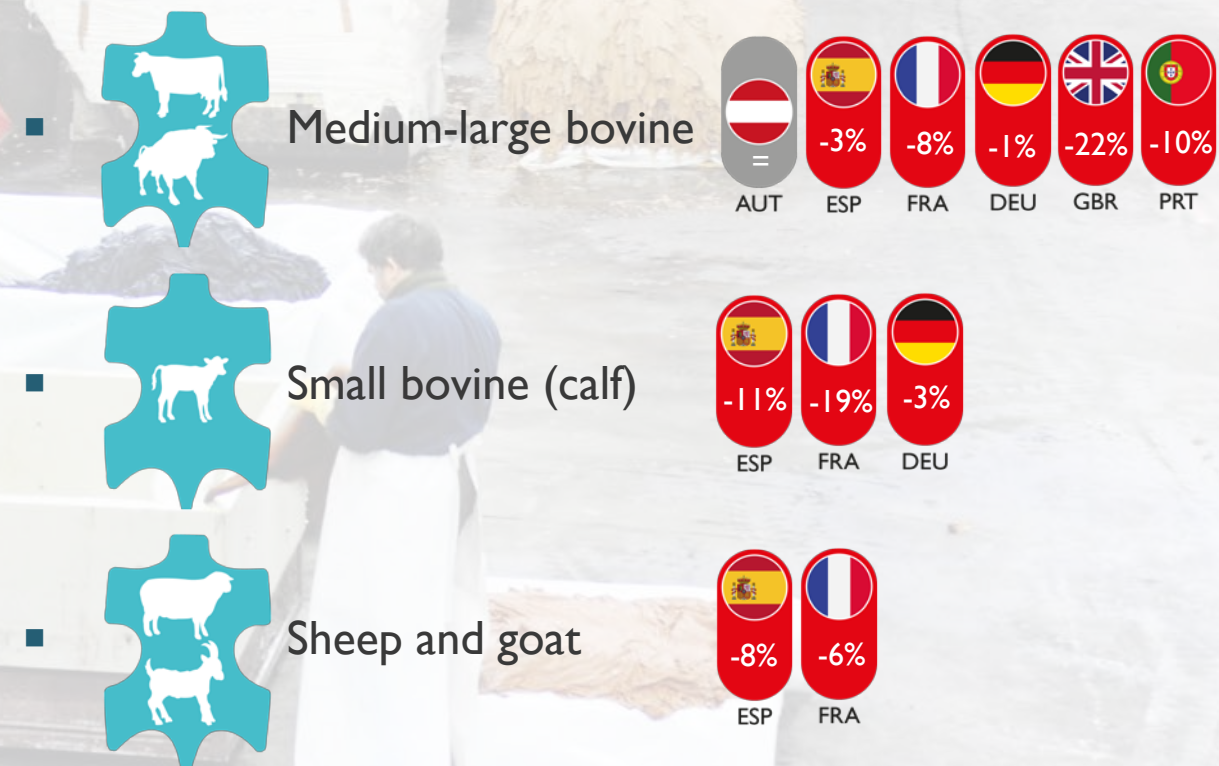
EXPORT INDEX TRENDS IN EUROPE



1st QUARTER 2023 VS 1st QUARTER 2022



1st QUARTER 2023 VS 4th QUARTER 2022



TANNING SECTOR

EXPORT INDEX TRENDS IN THE WORLD



1st QUARTER 2023 VS 1st QUARTER 2022



1st QUARTER 2023 VS 4th QUARTER 2022

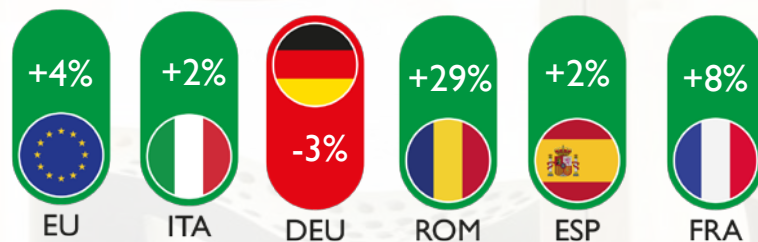


ACCESSORIES AND COMPONENTS SECTOR

EXPORT INDEX TRENDS

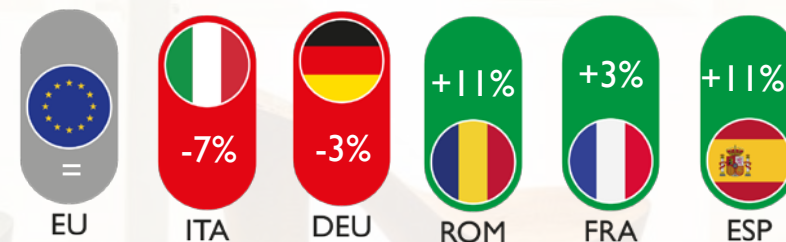
1st QUARTER 2023 VS 1st QUARTER 2022

The positive trend in the industry continued in the first quarter of 2023 although at a slower pace than in previous quarters - German manufacturers, down by 3 %, still stand out - Particularly good dynamics in small metal parts, which are on the rise everywhere except in Germany - More sluggish are the footwear accessories - Good performance of other accessories.



1st QUARTER 2023 VS 4th QUARTER 2022

The short-term comparison suggests a moderate slowdown in the sector, with the EU average moving into negative stability - Major uncertainties affect footwear accessories and, on a lesser scale, other accessories - Metal small parts performed well despite declines for Italians and Germans

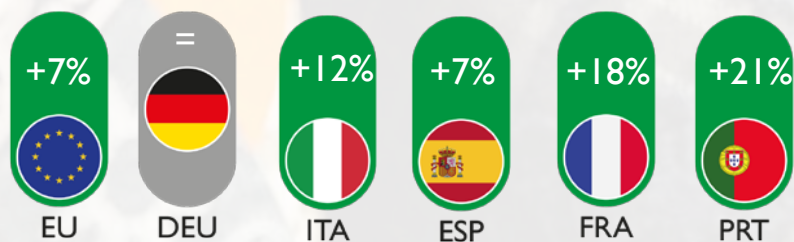


TEXTILES AND SYNTHETICS SECTOR

EXPORT INDEX TRENDS

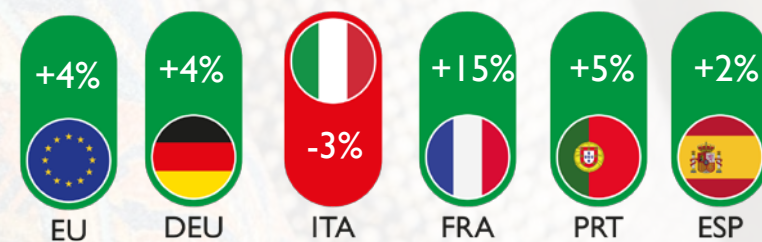
1st QUARTER 2023 VS 1st QUARTER 2022

Positive landscape for the textiles and synthetics sector in the long-term comparison with widespread rises for all major EU manufacturers - The synthetic sector leads the bullish trend thanks to Italians, Germans and Portuguese - Slightly underwhelming performance of synthetic fabric materials - Moderate growth for regenerated leather fibers



1st QUARTER 2023 VS 4th QUARTER 2022

Excluding the drooling of Italian producers, the industry is moving upward in the short-term comparison - Rather poor results for Italian producers in all segments of the industry - The cross-section by segments shows some uncertainty for the regenerated leather fibers while synthetic and synthetic fabric materials are confirmed to be bullish over the period.

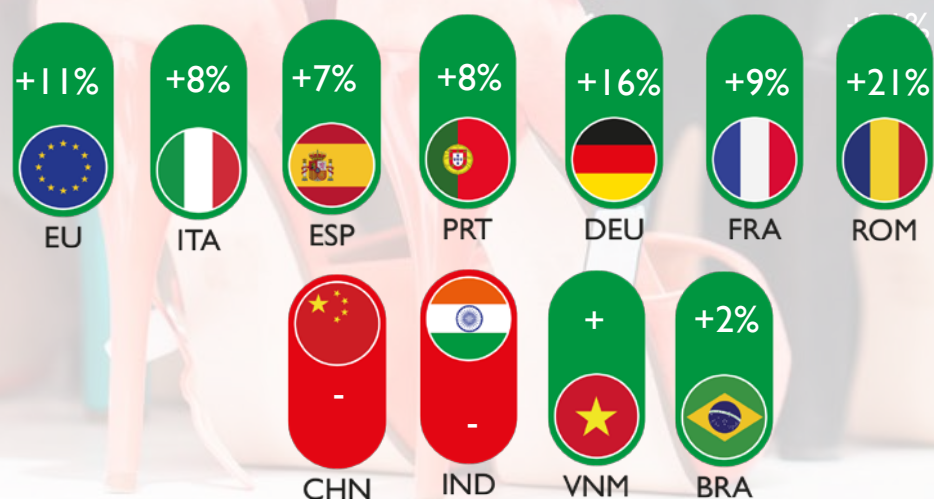


FOOTWEAR

EXPORT INDEX TRENDS

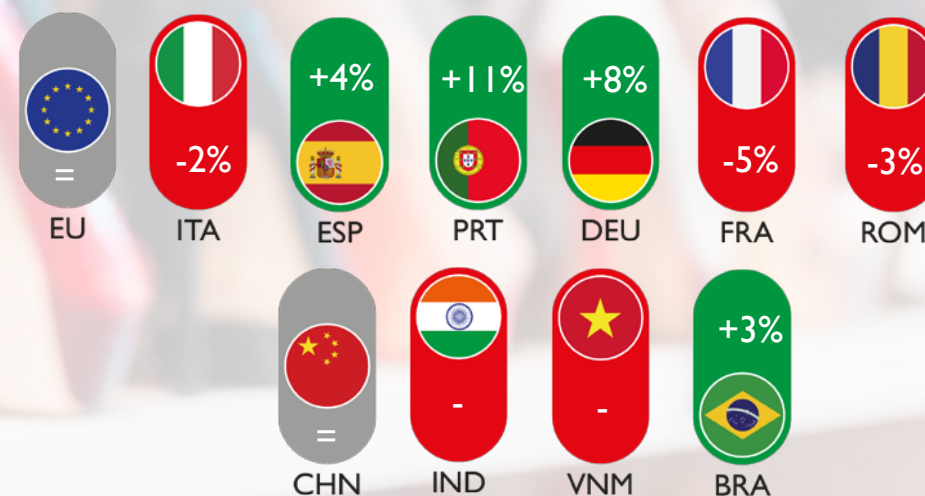
1st QUARTER 2023 VS 1st QUARTER 2022

Widespread rises for all EU footwear manufacturers in the long-term comparison where the average soars by 11% - Uncertainty prevails across EU borders, however, where giants China and India are trudging along - Discreet resilience for Vietnamese and Brazilians



1st QUARTER 2023 VS 4th QUARTER 2022

Upbeat start to the year for the sector as compared to the end of last year - The setback for Italian, French and Romanian footwear manufacturers dampens EU (now stable) - Asians stalled or down, while Brazilians are up by 3%

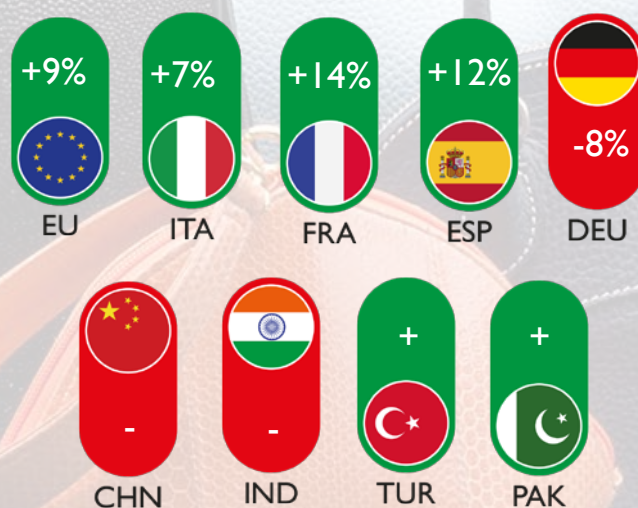


LEATHER GOODS

EXPORT INDEX TRENDS

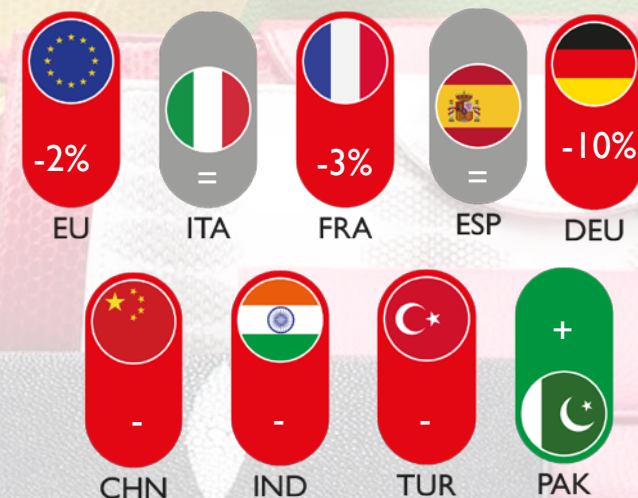
1st QUARTER 2023 VS 1st QUARTER 2022

The first quarter of the year confirms the growth of EU leather goods in long-term comparison despite the collapse of the Germans - Uncertainty, however, for non-European players, where China and India are in decline - Turkey and Pakistan are doing well



1st QUARTER 2023 VS 4th QUARTER 2022

Slows to a standstill average European leather goods growth in short-term comparison, down by 2 % - Stalling Italy and Spain, trudging French, retreating Germans - Widespread declines outside Europe as well, with the sole exception of Pakistan

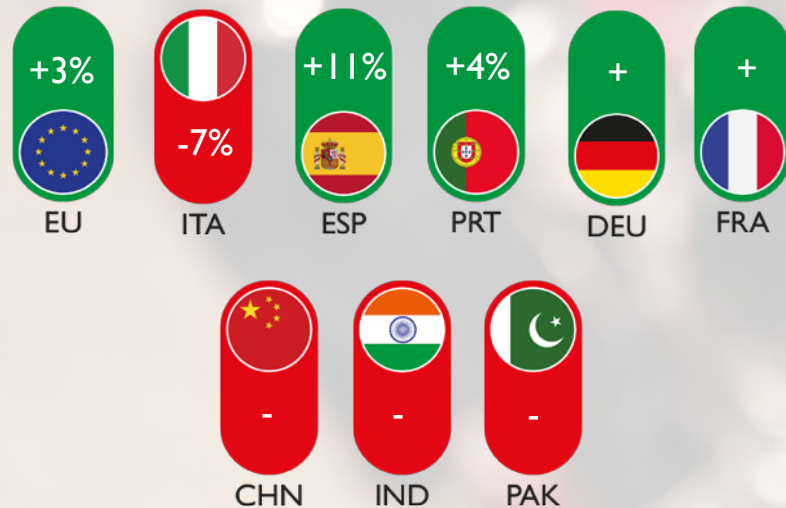


LEATHER GARMENTS

EXPORT INDEX TRENDS

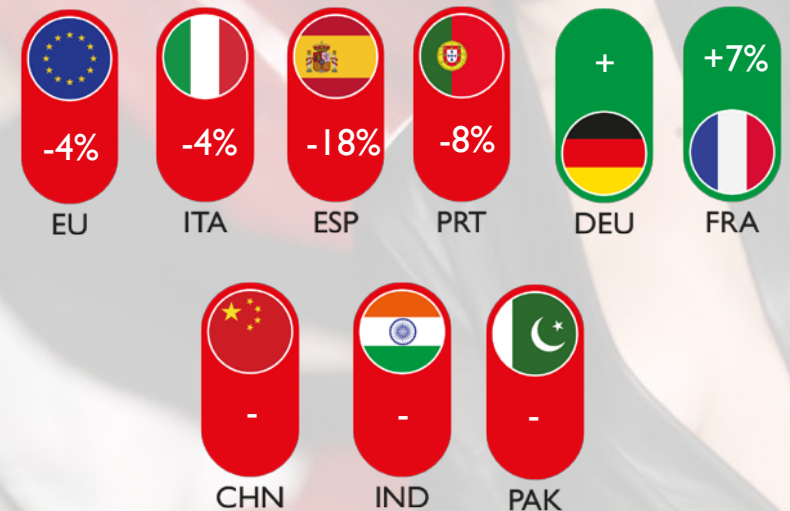
1st QUARTER 2023 VS 1st QUARTER 2022

Backlog of Italian packers does not compromise EU performance, up by an average of 3 % - Strongly negative trend for Asia: China sinks, India and Pakistan retreat



1st QUARTER 2023 VS 4th QUARTER 2022

Short-term comparison shows difficulties for the sector, overall down by 4 % on the last quarter 2022 - Heavy declines for major non-EU producers, all down by double digits

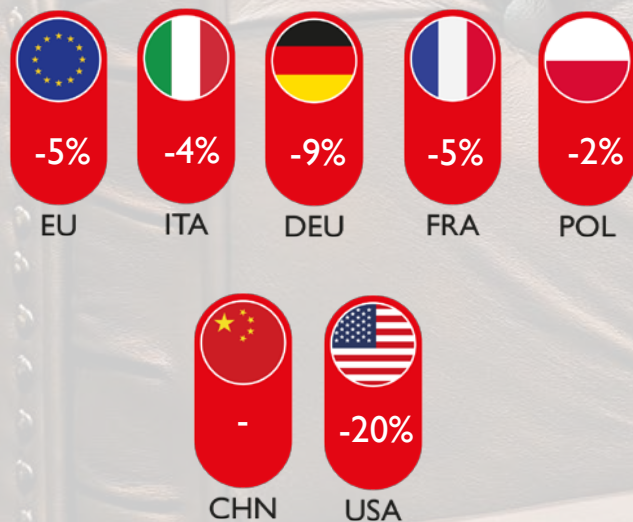


UPHOLSTERED FURNITURE

EXPORT INDEX TRENDS

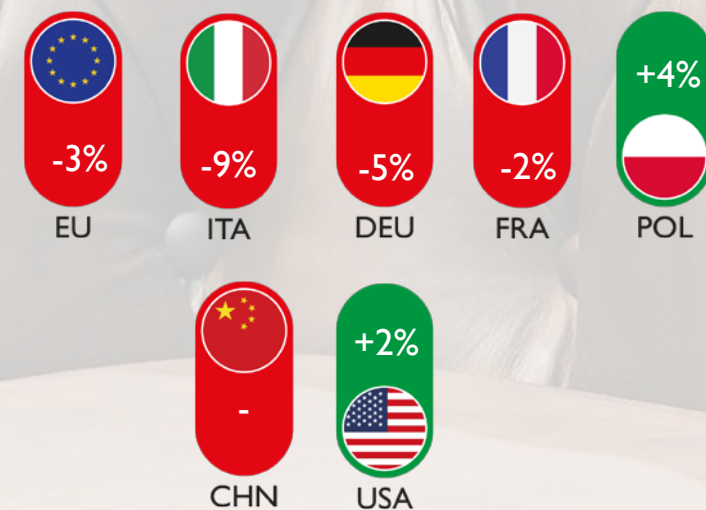
1st QUARTER 2023 VS 1st QUARTER 2022

Slowdown in EU upholstery in long-term comparison, showing all major EU producers report more or less marked declines - Difficult scenario even beyond European borders where China slows down, and the US collapses



1st QUARTER 2023 VS 4th QUARTER 2022

No dampening of the sector's slowdown as compared to last quarter 2022, where the EU average narrows its losses only thanks to the resilience of Poles - Chinese manufacturers go down, while US climbs back up

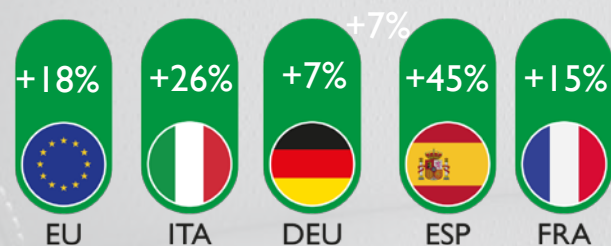


AUTOMOTIVE

TURNOVER INDEX TRENDS

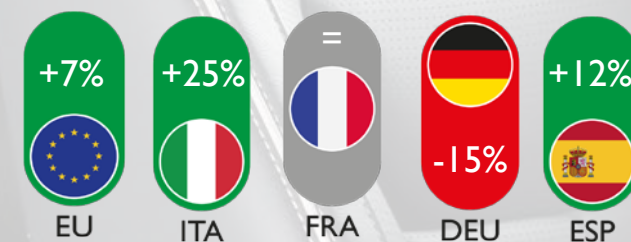
1st QUARTER 2023 VS 1st QUARTER 2022

The European car market is regaining impetus, which after numerous months of decline shows overall registrations in the first quarter up by 18% on the corresponding figure for the previous year - In detail, Italy and Spain are on the run, while the French and Germans show a more moderate growth trend



1st QUARTER 2023 VS 4th QUARTER 2022

Positive trend for the European average, despite the slowdown of Germany and the stalemate of France (the leap in Italian and English registrations stands out, +20%) - Production data are also encouraging, with double-digit growth in the major EU countries - Chinese registrations down (-7%) and US up (+8%)



LUXURY

1st QUARTER 2023 RESULTS

Partial 2023 shows discordant results among major EU luxury fashion brands, where brilliant performance is matched by stable revenues or moderate revenue losses. The environment appears variable and suggests caution.

- **LVMH** - Very good start to the year (+17% overall). The fashion and leather goods sector drives the group's divisions: +18% in the period. Excellent start to the year for Louis Vuitton, positive dynamics for Christian Dior, solid growth for Celine. Remarkable first quarter for Loro Piana, Marc Jacobs and Berluti.
- **KERING** - Seasonal growth limited to 1% for the group's consolidated turnover. Limited increases for Gucci (+1%), stable Bottega Veneta. Good growth for YSL (+8%) but reductions for smaller brands (-9% overall).
- **HERMÈS** - Brilliant growth in sales: +22% at constant rates. Excellent growth in leather goods and saddlery (+19%), driven by sustained demand in all geographical areas.
- **PRADA** - Total net revenues up 22%, with the footwear division up 20% and leather goods up 14%. Accelerating dynamics for the sales of Prada (+21%), doubled by those of Miu Miu (+42%). Out of tune for Church's (-21%).
- **TOD'S** - Excellent results for the group, with revenue growth of 23%. Well Tod's (+25%), Roger Vivier (+31%) and Hogan (+10%). Leather goods and footwear divisions at +38% and +19% respectively.
- **FERRAGAMO** - Seasonal drop of 6.5% for the revenues of the Florentine brand. Leather goods slow down (-15%), footwear segment limits the damage (-2%). The collapse in demand from Asians and Americans weighs heavily.

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 Lineapelle Economic Department

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