



LINEAPELLE LEATHER MARKET OVERVIEW

3RD QUARTER 2023

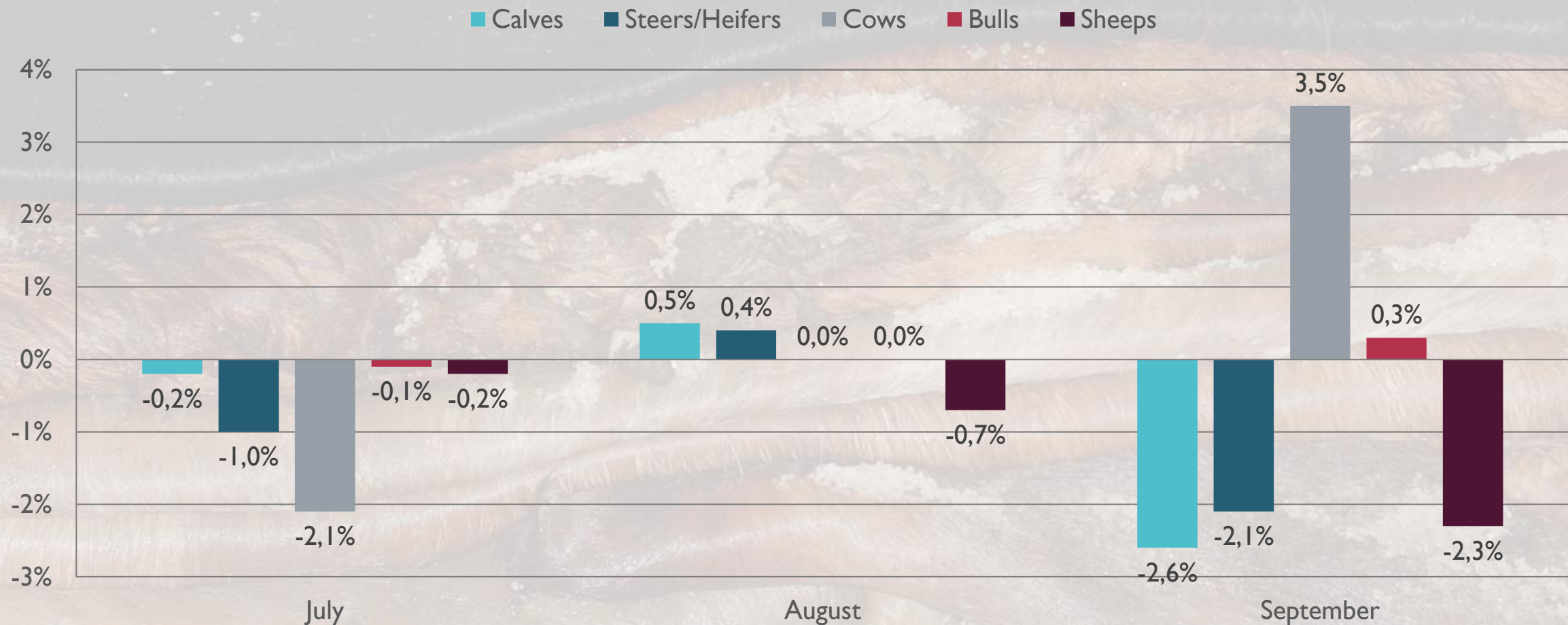
RAW MATERIALS

RAW AND SEMI-PROCESSED HIDES/SKINS - PRICE TRENDS

- The average price indices for raw and semi-finished hides and skins showed **no particularly significant changes** during the third quarter of the year, but the **predominant trend generally** continued to be **negative**
- In the **bovine segment**, **calfskins**, **steers/heifers** and **bull hides** showed mostly stability (less than one single percentage point movements) in the summer months and drops upon return to operations in September, while **cowhides** showed volatility on average, with declines in July and rises at the end of the period
- Compared to spring declines, the price index for **wet-blue bovine** was basically unchanged, although the breakdown of major origins discloses slight increases in South America and declines in Oceanic countries
- Some partial change in trend for average **sheepskins** prices, which entered a slightly negative path during the summer weeks across all major supply markets

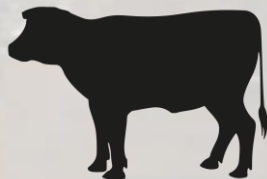
RAW MATERIALS

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



RAW MATERIALS

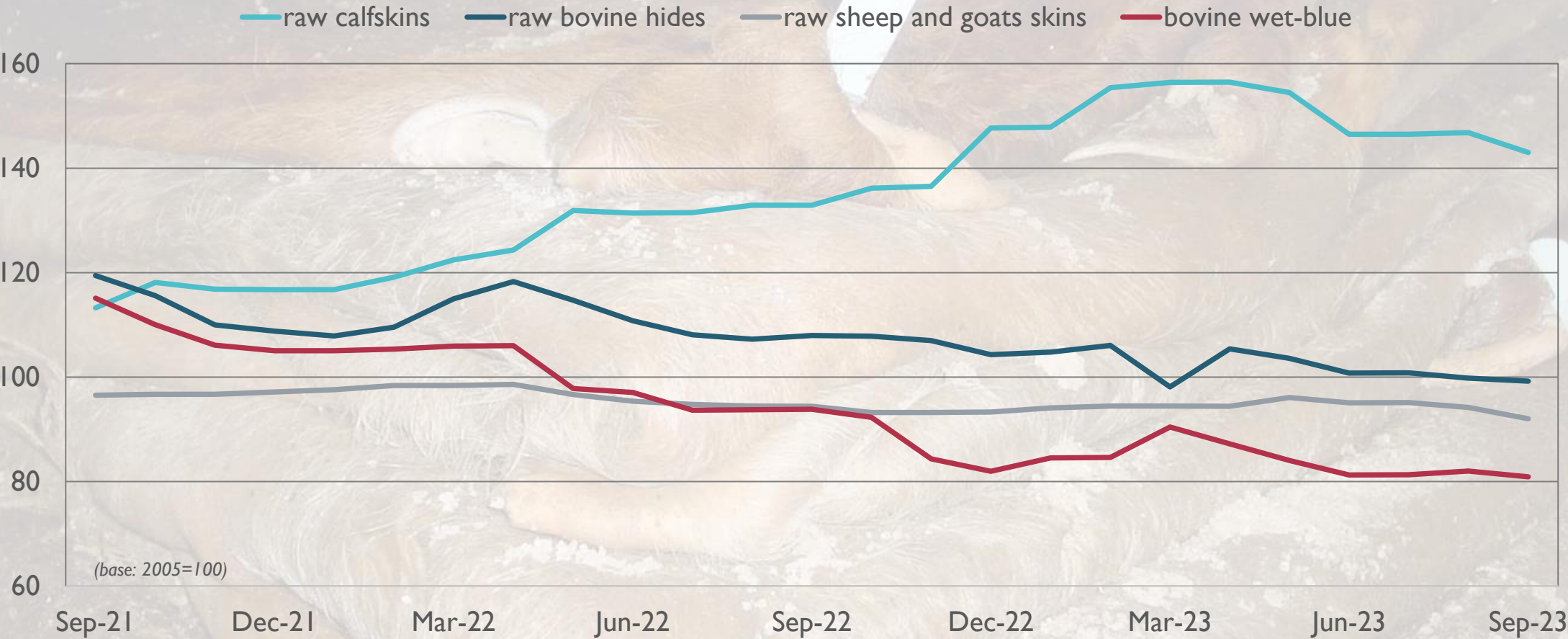
RAW HIDES/SKINS - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO SEPTEMBER 2023)



Calves	-3%	Steers, bull calves, heifers	-5%	Cows	-8%	Bulls	-9%	Sheep	-1%
Italy	+1%	Italy (bull calves)	-1%	Italy	-1%	France	-10%	Iran	=
France	-5%	Germany (heifers)	-3%	France	-11%	Netherlands	-7%	Spain	-12%
Netherlands	-1%	United Kingdom (mixed)	-6%	Netherlands	-7%	Germany	+2%	New Zealand	-4%
Australia	-3%	Spain (bull calves)	-4%	Germany	-12%	New Zealand	+13%		
		United States (mixed)	-3%	Spain	-10%	Denmark	-5%		
		Australia (mixed)	+6%	United States	+6%				
		Sweden (mixed)	=	Sweden	+3%				
		New Zealand (bull calves)	=	New Zealand	-9%				
		Denmark (mixed)	+1%	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)

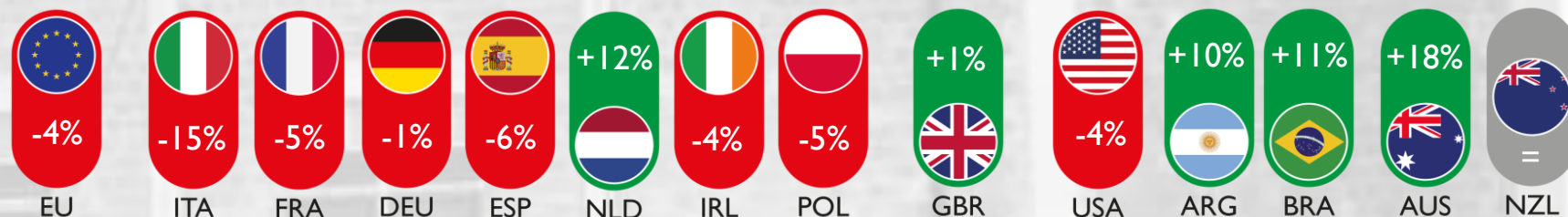
- The third quarter of the year ended with an overall aggregate growth of 3% growth for **adult bovine** slaughtering among the geographic areas analysed - On the European continent, negative momentum was confirmed, with an overall decline of 4%, due to falls in Italy, Spain, France, Ireland, Poland, Germany and Belgium (only the United Kingdom and the Netherlands increased) - Slight losses also in the U.S., compared with renewed double-digit increases in Brazil, Argentina and Australia - Stable New Zealand
- Stable overview for **calves'** slaughter overall - All major producers in Europe declined (-4% overall), except Italy, Poland and Belgium - Double-digit losses in the U.S., while the outlook was positive in Australia and unvaried in New Zealand
- By contrast, the total **sheep** slaughters frame continues to show increases (up 6 % in the first nine months of the year) - Still on the decline in European production, due to negative figures in France, Spain and Greece - While Australia shows double-digit increases, New Zealand is slightly down, and the U.S. rises moderately

RAW MATERIALS

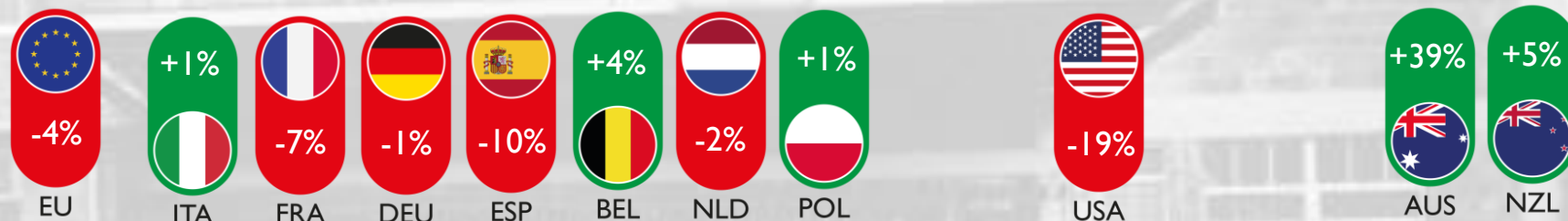
RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022



Adult bovine:



Calves:



Sheep:



RAW MATERIALS

OTHER REFERENCE COMMODITIES – PRICE TRENDS AND PERFORMANCE

■ 3rd QUARTER 2023
VS 3rd QUARTER 2023



OIL

-12%



COTTON

-23%



WOOL

-8%



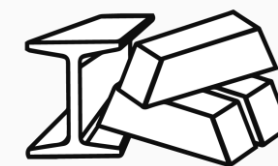
NATURAL RUBBER

-7%



SYNTHETIC RUBBER

-18%



METALS

- Aluminum -8%
- Copper -8%
- Iron +9%
- Nickel -8%
- Zinc -26%

■ FIRST 9 MONTHS 2023
VS FIRST 9 MONTHS 2022

-21%

-31%

-7%

-19%

-9%

- Aluminum -19%
- Copper -5%
- Iron -8%
- Nickel -12%
- Zinc -26%

TANNING SECTOR

TRENDS

- The status of the tanning industry market in the third quarter of the year showed fairly differentiated trends among the main countries of production, with a few showing partial recoveries and others still struggling
- In the **medium to large bovine** segment, in Europe the review quarter was negative on average for Italy, Austria, Germany and Portugal, versus positive signals in France, Spain and the United Kingdom - Outside the EU borders, a slight positive trend seems to prevail, but with the important exceptions of China and Brazil, which are still striving
- No change in trend, on the other hand, across the overall landscape for **small bovine (calves)**, persistently declining in Italy, France and Spain
- **Sheep and goat leather** still extensively weak in the EU, compared with reaffirmed dynamism in some major non-European players

TANNING SECTOR

TURNOVER INDEX TRENDS IN ITALY



3rd QUARTER 2023 VS 3rd QUARTER 2022



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

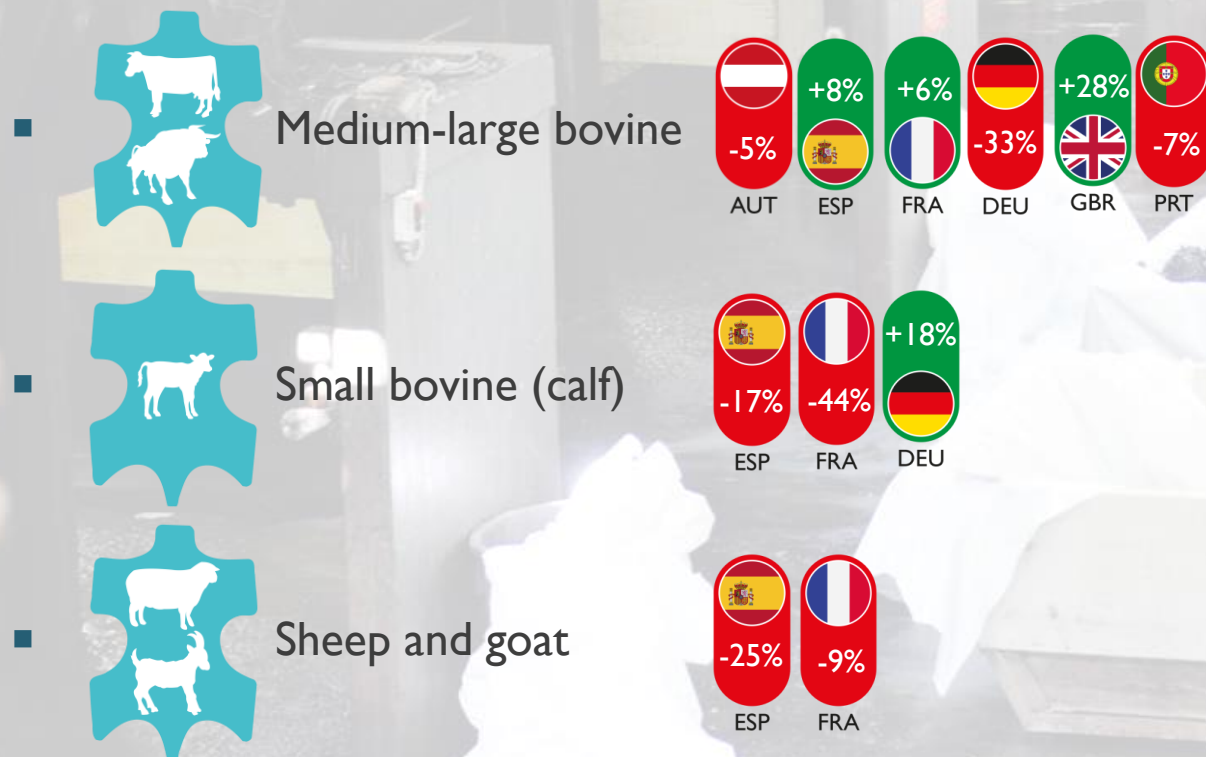


TANNING SECTOR

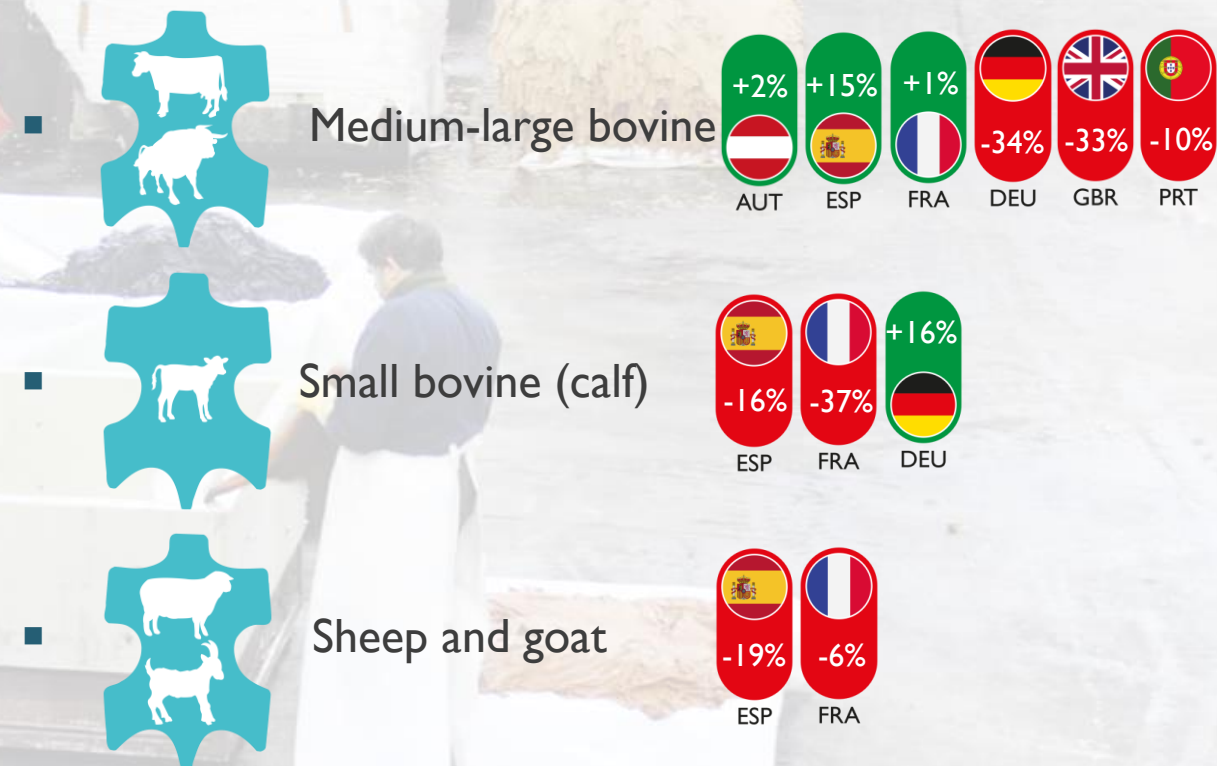
EXPORT INDEX TRENDS IN EUROPE



3rd QUARTER 2023 VS 3rd QUARTER 2022



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022



TANNING SECTOR

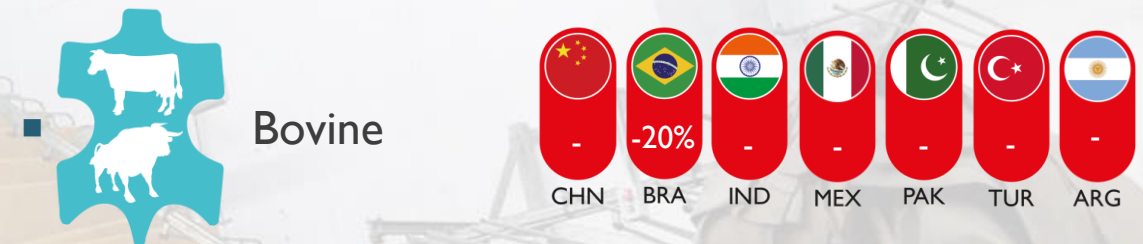
EXPORT INDEX TRENDS IN THE WORLD



3rd QUARTER 2023 VS 3rd QUARTER 2022



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

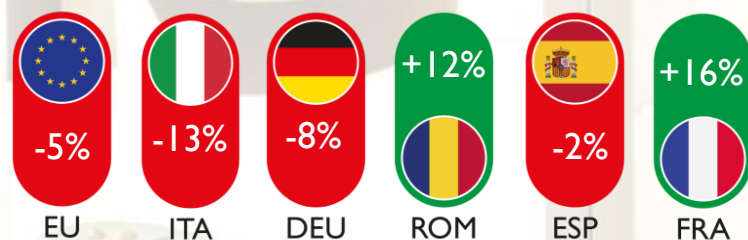


ACCESSORIES AND COMPONENTS SECTOR

EXPORT INDEX TRENDS

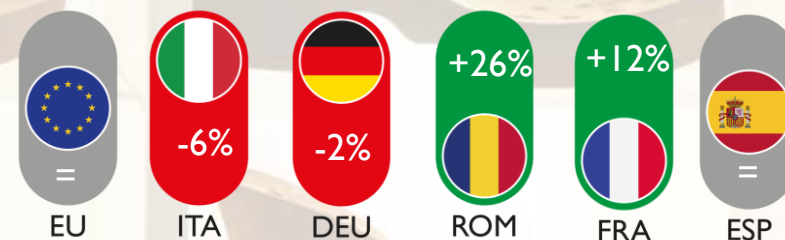
3rd QUARTER 2023 VS 3rd QUARTER 2022

Rather heavy pace for the accessories and components sector also in the third quarter 2023. Significant declines for all divisions: other footwear accessories plunged, down in double digits, major drop for other accessories. Small metal parts losses are more moderate.



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

The sector remains sluggish in cumulative 2023: the EU average maintains negative stability levels over the corresponding 2022. Still difficulties for Italians and Germans. The cross-section by segments shows small metal parts holding up well. Other accessories stable. Critical situation for other footwear accessories.



TEXTILES AND SYNTHETICS SECTOR

EXPORT INDEX TRENDS

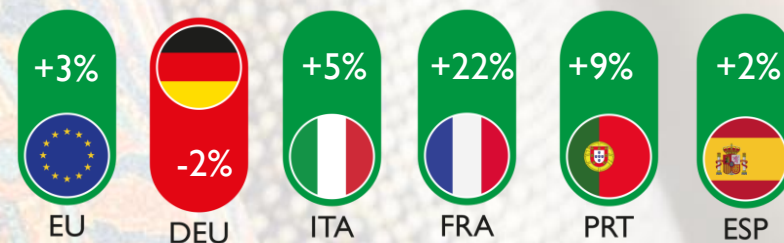
3rd QUARTER 2023 VS 3rd QUARTER 2022

The sustained growth of the French in the third quarter is not enough to support the EU average performance of the sector (-5%). The difficulties of the Germans and the weakness of the Italians weigh heavily. All segments of the industry are performing poorly, especially regenerated leather fibers, down in double digits at European level.



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

The first nine months of the year report a decent performance for the textile and synthetics sector, where, nevertheless, the German stunt, down by 2%, is weighing heavily. Synthetics were good, declines are moderate for synthetic fabric materials, and more pronounced for regenerated leather fibers, down by two digits.

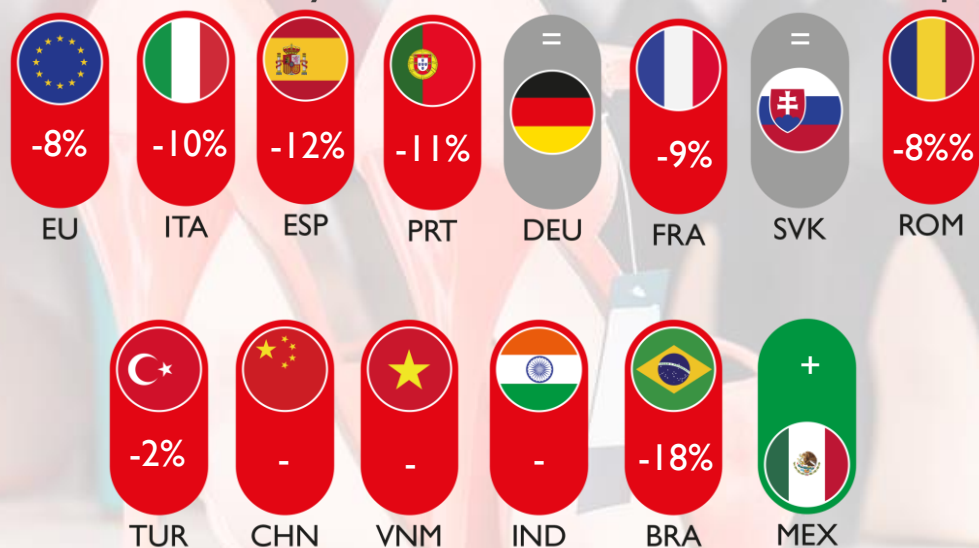


FOOTWEAR

EXPORT INDEX TRENDS

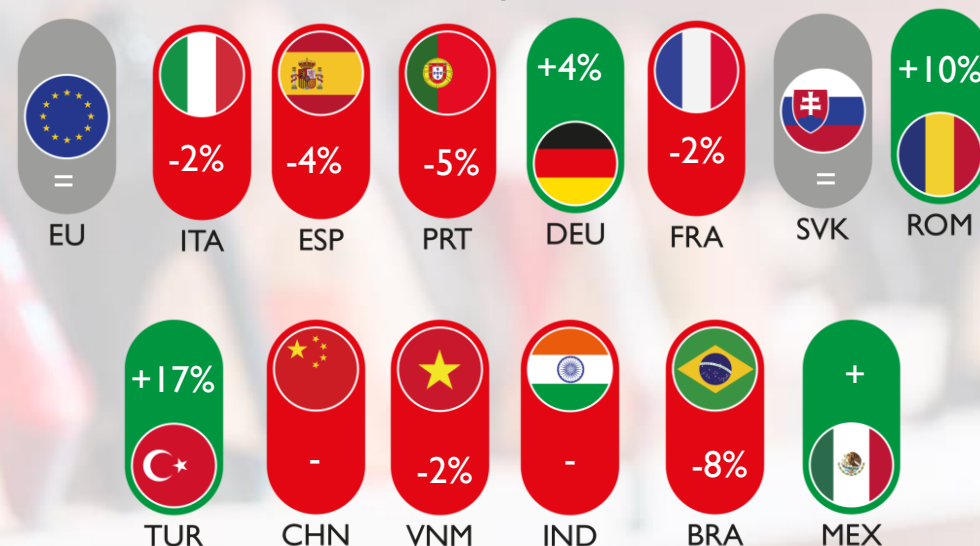
3rd QUARTER 2023 VS 3rd QUARTER 2022

Adverse trend observed in previous quarters get worse in the third quarter 2023. Widespread double-digit declines in major EU footwear manufacturers. Negative scenario also beyond EU borders with rare exceptions.



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

EU manufacturers suffer in cumulative 2023: negative stability over the corresponding 2022. Widespread declines for Italians, Iberians, and French. Sluggish dynamics outside the EU except for Turks and Mexicans.

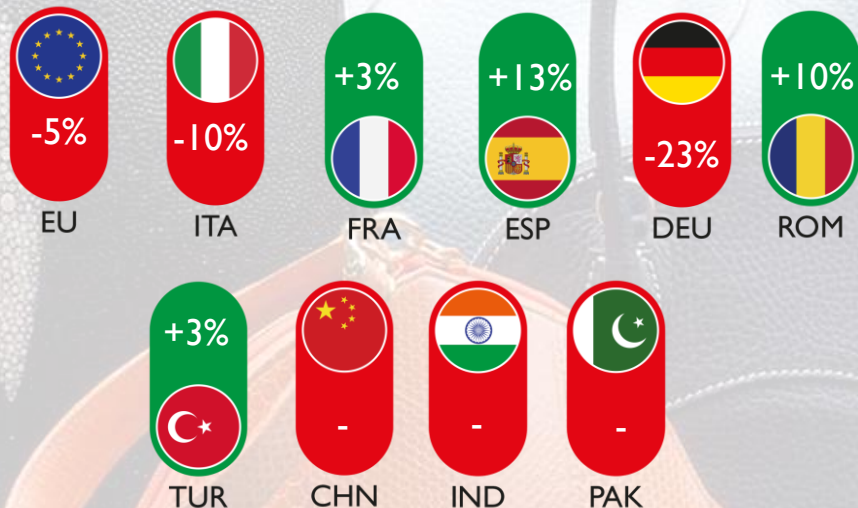


LEATHER GOODS

EXPORT INDEX TRENDS

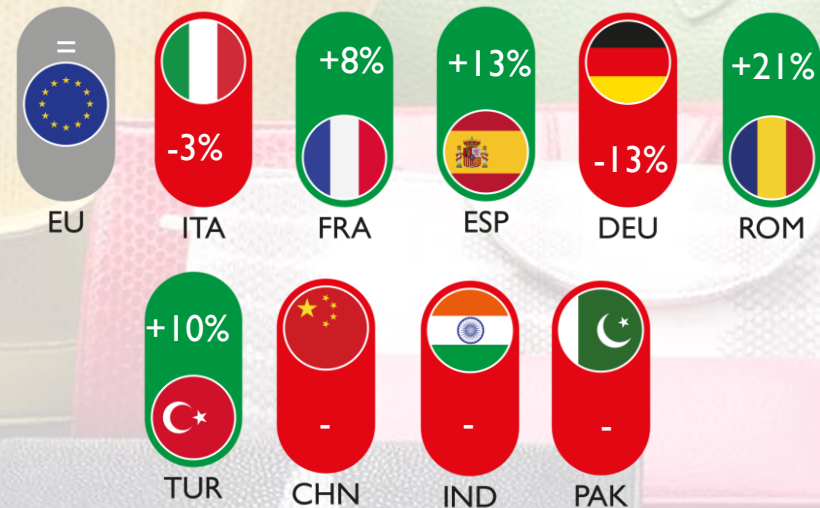
3rd QUARTER 2023 VS 3rd QUARTER 2022

EU leather goods shows signs of weakening in Q3 2023 as well, where the dynamics of Italians and Germans worsen (down in double digits) and the French slow down. Asian manufacturers are also hurting with the sole exception of Turkey.



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

Short-term comparisons get tough for EU leather goods, which looks stable over the 2022 comparison. Italian and German difficulties are once again weighing heavily. Weak performance of non-European partners except Turkish, on the rise.

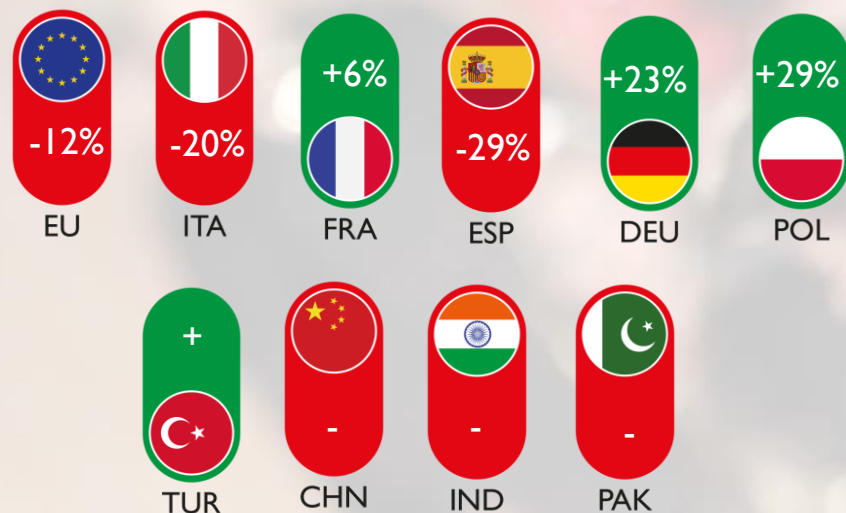


LEATHER CLOTHING

EXPORT INDEX TRENDS

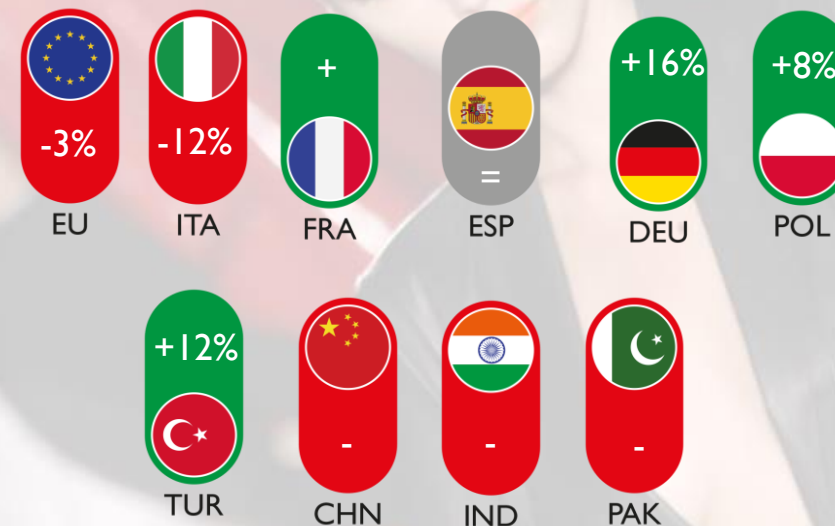
3rd QUARTER 2023 VS 3rd QUARTER 2022

Seasonal comparison betrays the sector's difficulties, down by double digits at EU level and weighed down by heavy declines from Italians and Spaniards. The non-EU overview is not very encouraging except for the Turkish.



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

Italian leather garment makers' difficulties muddy the whole EU sector's dynamic, which drops 3% in the cumulative partial 2023. Beyond EU borders, Turkey does well, while other Asian manufacturers struggle.

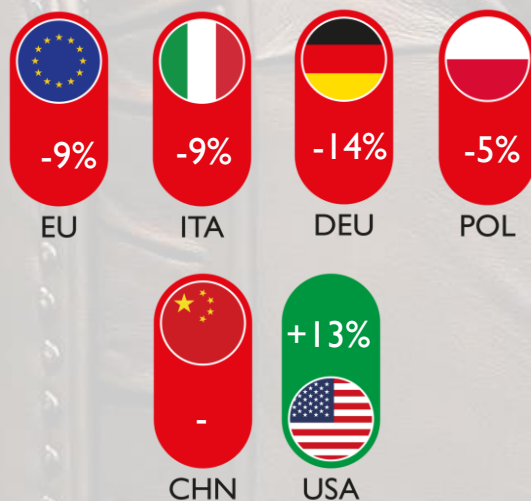


UPHOLSTERED FURNITURE

EXPORT INDEX TRENDS

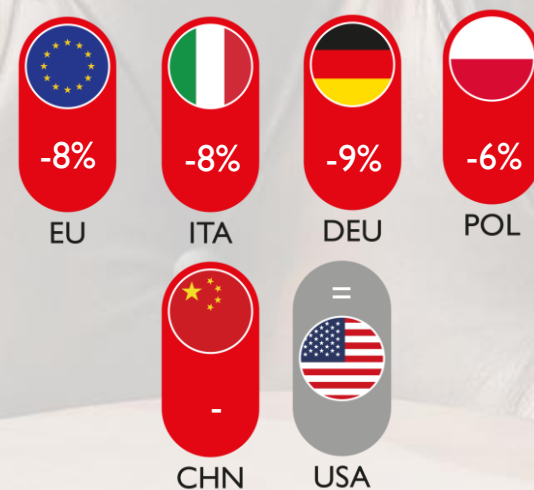
3rd QUARTER 2023 VS 3rd QUARTER 2022

In the third quarter 2023, the sector seems to mend the losses observed in the previous quarter slightly. However, declines remain widespread and general across the EU. Beyond EU borders China suffers while the United States rebounds.



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

Very negative long-term 2023 comparison with last year's equivalent, showing considerable declines for all major EU furniture producers. Chinese dynamics remain negative, while the US catches up to bring positive stability.

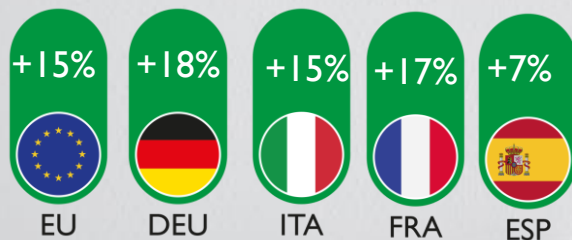


AUTOMOTIVE

EXPORT INDEX TRENDS

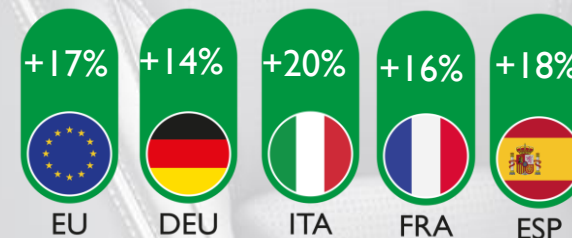
3rd QUARTER 2023 VS 3rd QUARTER 2022

- It now appears that the difficulties associated with the car component crises experienced in previous quarters have been overcome in the third quarter of 2023. Double-digit growth, in fact, was achieved in new car registrations in all major EU markets in the third quarter of this year compared to the 2022 comparison.



FIRST 9 MONTHS 2023 VS FIRST 9 MONTHS 2022

- Strong growth in EU registrations of new cars in the first nine months of the year. Italy is also seeing growth in automotive industrial production (+8% in cumulative 2023 compared to the same period 2022*).



- Beyond EU borders, US registrations are growing (+13%). China (+7%) and India (+21%)* are also on the rise.
- +20% UK registrations in cumulative 2023.

* first 10 months 2023 data

LUXURY

2023 FIRST 9 MONTHS RESULTS

Uncertain macroeconomic conditions test the resilience of major luxury fashion brands, which experience weakening demand for high-end goods with mixed results. Challenging outlook in the short to medium term as well.

- **LVMH** - Organic sales of the French luxury giant grew by 14% in the first nine months of this year. The fashion and leather goods division does better, up by 16% over the corresponding 2022. Brilliant performance for Louis Vuitton, Dior's growth also notable. Loewe, Loro Piana, Fendi, Rimowa, Marc Jacobs and Berluti did well.
- **KERING** - Setback for Kering, which marks a decline of 9% in the third quarter 2023 (constant rates) over the corresponding 2022. All the group's brands are down, with more or less intense losses: Gucci (-7% in the quarter), Saint Laurent (-12%), Bottega Veneta (-7%). The group's other brands were also doing badly, down by 15%.
- **HERMÈS** - Further double-digit growth continues for the French maison in the first nine months of this year: +17% in revenues (constant rates). All geographical areas show solid performance, with growth of more than 20%. Leather goods and saddlery, in particular, benefit from very sustained demand and high desirability for the products: +19% sales.
- **TOD'S** - It also does well in the first nine months 2023 Tod's Group: +16.5% revenue (constant rates). Tod's (+14.5%) and Hogan (+12.5%) performed well. Outstanding Roger Vivier and Fay (both +22%). Significant rises for leather goods and accessories, +23%, good footwear (+14%). Excellent dynamics in China (+29%) while the Americas landslide (-0.1%).
- **FERRAGAMO** - Florentine brand facing difficulties: -9% revenues in partial 2023 cumulative. Bad sales in all major markets except the Middle East (+3%).
- **PRADA** - Net revenues up by 17% for the Milan-based house (at constant exchange rates). Stable on corresponding 2022 performance for leather goods (+1%) 10% increases instead for footwear. Prada (+5%) did well; Miu Miu (+48%) was outstanding. Church's (-15%) did poorly. Good dynamics on all major markets except the Americas (-1% sales in the first nine months 2023).

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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