



LINEAPELLE LEATHER MARKET OVERVIEW

4TH QUARTER 2023

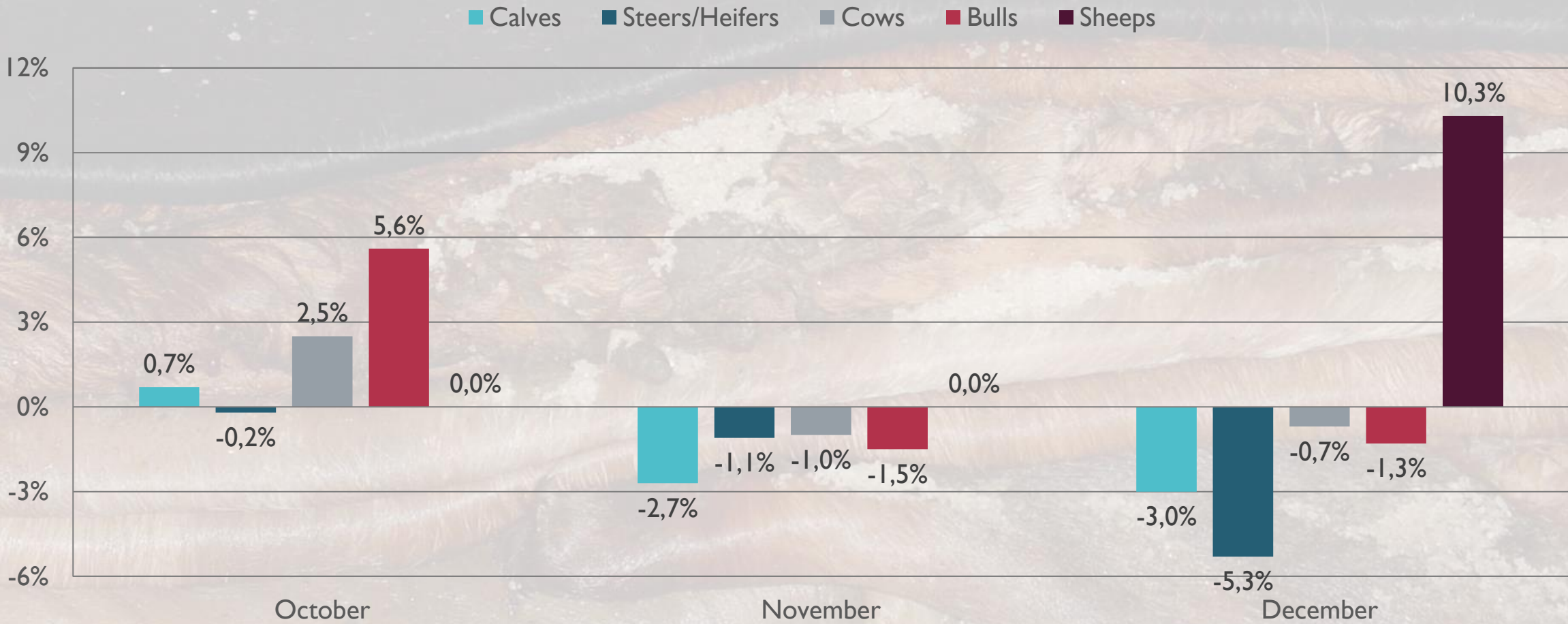
RAW MATERIALS

RAW AND SEMI-PROCESSED HIDES/SKINS - PRICE TRENDS

- Average quotations for raw and semi-finished hides and skins revealed **volatile and differentiated trends** during the last quarter of 2023
- In the **bovine segment**, after an upward trend (mostly for the largest sizes, **cows** and **bulls**) prevailed in October, the following weeks showed negative signs for all types, including **calfskins, steers/heifers** - The latter category marked the largest declines
- The price index for **bovine wet-blue** continued to show very little movement, due to persistent stability in South American markets and minimal (downward) changes in oceanic countries
- Yet another change in trend for average **sheepskins** prices, all of which, after remaining essentially unchanged between October and November, rose suddenly and significantly during the last weeks of the year

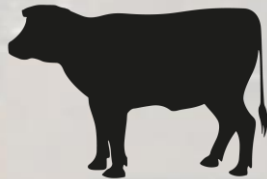
RAW MATERIALS

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



RAW MATERIALS

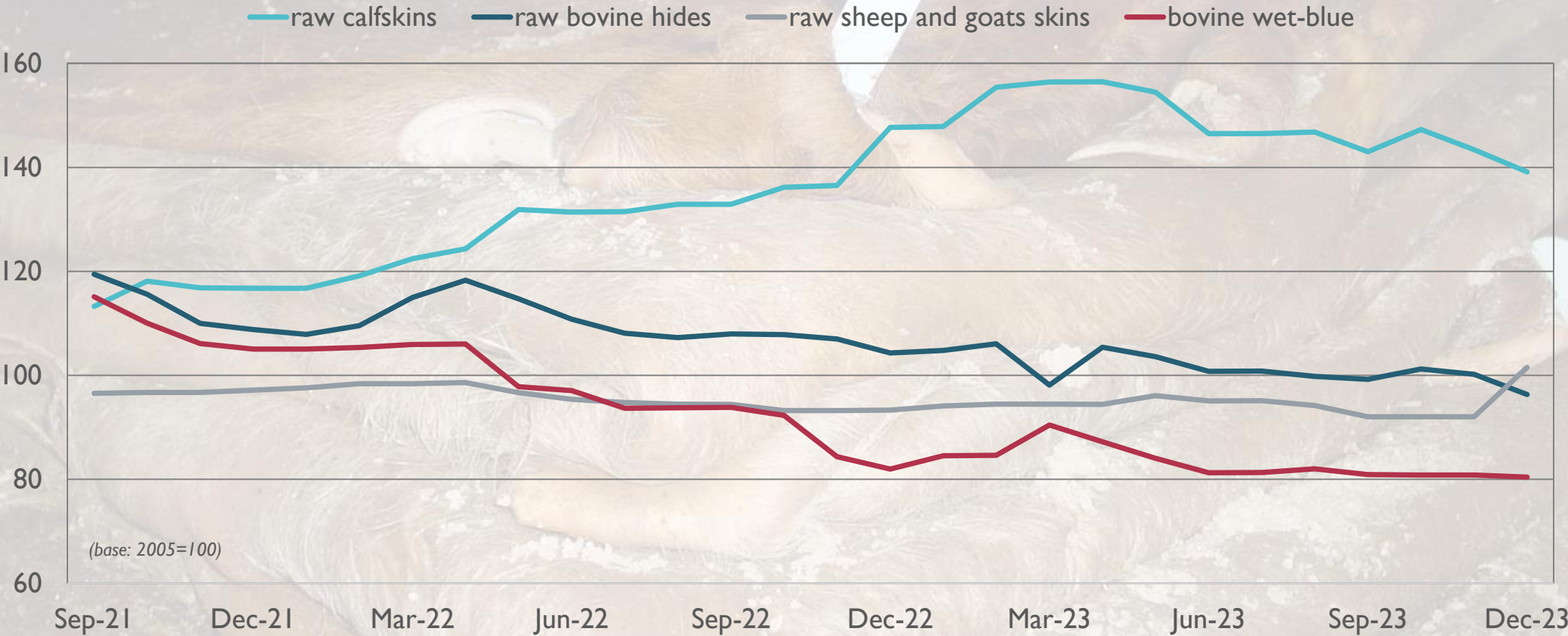
RAW HIDES/SKINS - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO DECEMBER 2023)



Calves	-6%	Steers, bull calves, heifers	-9%	Cows	-7%	Bulls	-7%	Sheep	+9%
Italy	-2%	Italy (bull calves)	-3%	Italy	-1%	France	-6%	Iran	+12%
France	-10%	Germany (heifers)	-12%	France	-8%	Netherlands	-7%	Spain	-11%
Netherlands	+1%	United Kingdom (mixed)	-7%	Netherlands	=	Germany	-14%	New Zealand	-5%
Australia	-3%	Spain (bull calves)	-16%	Germany	-16%	New Zealand	+28%		
		United States (mixed)	-4%	Spain	-31%	Denmark	-14%		
		Australia (mixed)	+3%	United States	+20%				
		Sweden (mixed)	-6%	Sweden	+3%				
		New Zealand (bull calves)	=	New Zealand	-4%				
		Denmark (mixed)	-3%	Denmark	+3%				

RAW MATERIALS

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



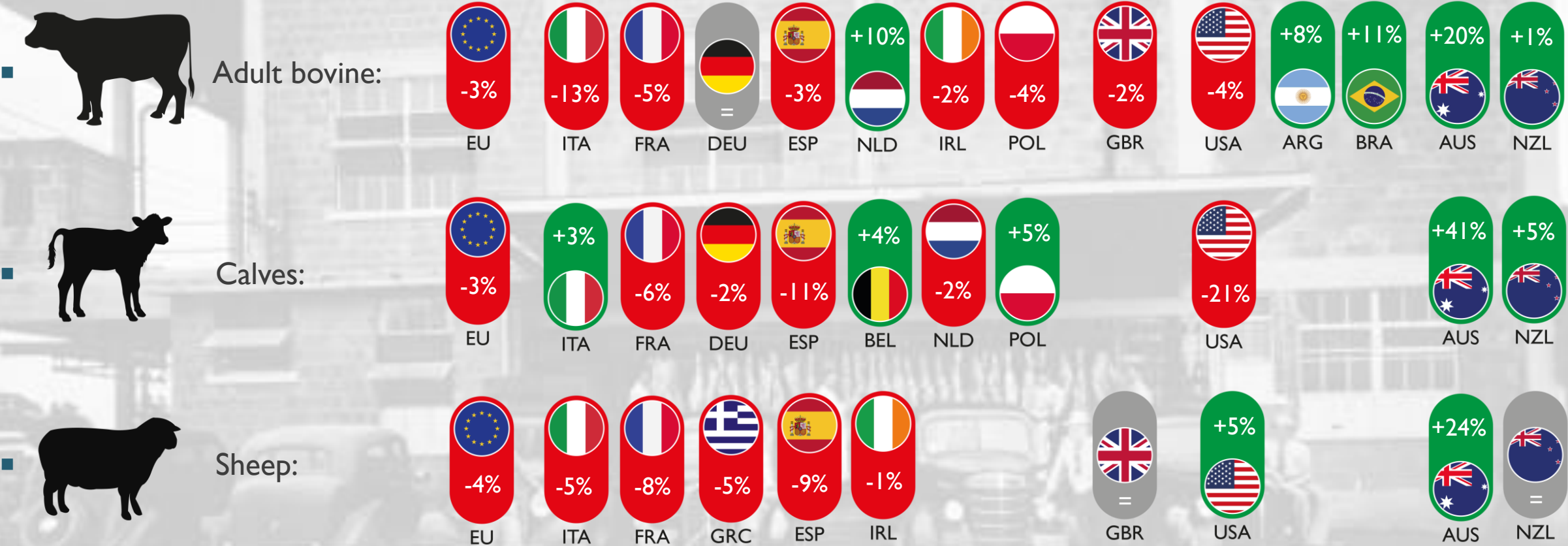
RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

- 2023 closed with an overall growth of 3% for **adult bovine** slaughtering in the geographic areas analysed - On the European continent, the overall picture is downward, with an overall decrease of 3% and all the main countries showing negative signs (the only exceptions being Germany, stable, and the Netherlands, up sharply) - The U.S. also declines, while Brazil, Argentina and Australia increase in double digits - Positive signs also in New Zealand
- General picture confirmed stable for **calves** - In Europe (-4% overall) drops in France, the Netherlands. Spain and Germany, as opposed to rises in Italy, Poland and Belgium - Double-digit decline for the U.S., while Australia and New Zealand grow
- **Sheep** slaughter aggregate in monitored regions closes the year on the rise (+6%) - Again, overall European production goes down and that of the main producing member countries as well - Slight growth in the U.S., New Zealand stable and Australia significantly up

RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) TOTAL YEAR 2023 VS TOTAL YEAR 2022



RAW MATERIALS

OTHER REFERENCE COMMODITIES - PRICE TRENDS AND PERFORMANCE



OIL

-4%

-18%



COTTON

-7%

-28%



WOOL

+4%

-4%



NATURAL RUBBER

+12%

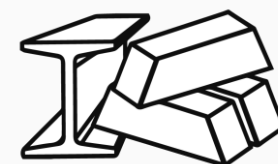
-15%



SYNTHETIC RUBBER

-11%

-9%



METALS

- Aluminum -5%
- Copper +3%
- Iron +35%
- Nickel -26%
- Zinc -15%

- Aluminum -17%
- Copper -4%
- Iron -3%
- Nickel -14%
- Zinc -24%

■ 4th QUARTER 2023
VS 4th QUARTER 2022

■ TOTAL YEAR 2023
VS TOTAL YEAR 2022

TANNING SECTOR

TRENDS

- Although in a largely depressed environment overall, 2023 closed in a differentiated manner for the main international players in the tanning industry
- In the **medium-large bovine**, Spain and France are the only countries showing positive signs in both the annual and quarterly surveys - Interesting to point out also how Italy and Mexico recorded growths in quarterly exports (compared with the same period of the previous year) and Brazil less intense declines than in the recent past - For the three of them, the annual figure, as for all other EU and non-EU producers, is still negative
- Similar signs in **small bovine (calves)**, with quarterly positive change in Italy - Results on the 2023 total, however, are widely negative across Europe
- For **sheep and goat leather**, the picture in Europe is identical to that shown in the calf segment, while, outside the EU, China shows widespread rises and, despite slowdowns in the last quarter, Turkey and Pakistan file positively for the year - Declines in India

TANNING SECTOR

TURNOVER INDEX TRENDS IN ITALY



4th QUARTER 2023 VS 4th QUARTER 2022



TOTAL YEAR 2023 VS TOTAL YEAR 2022

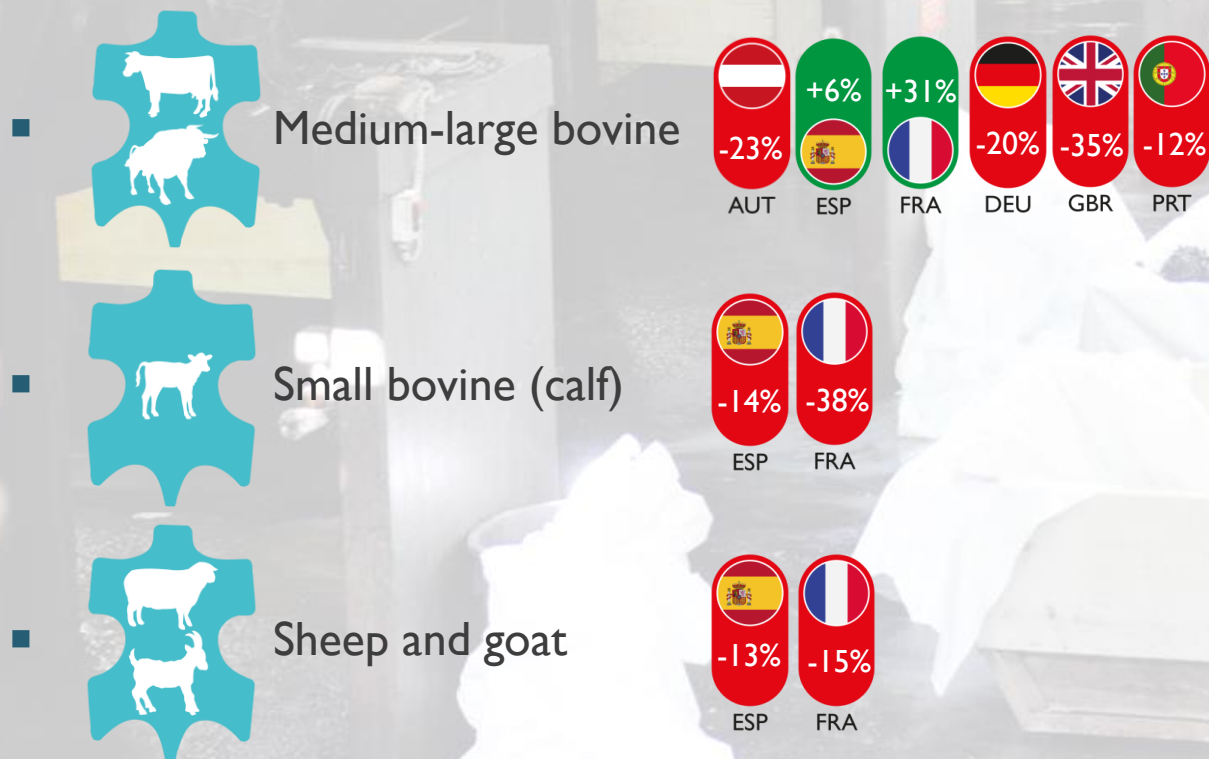


TANNING SECTOR

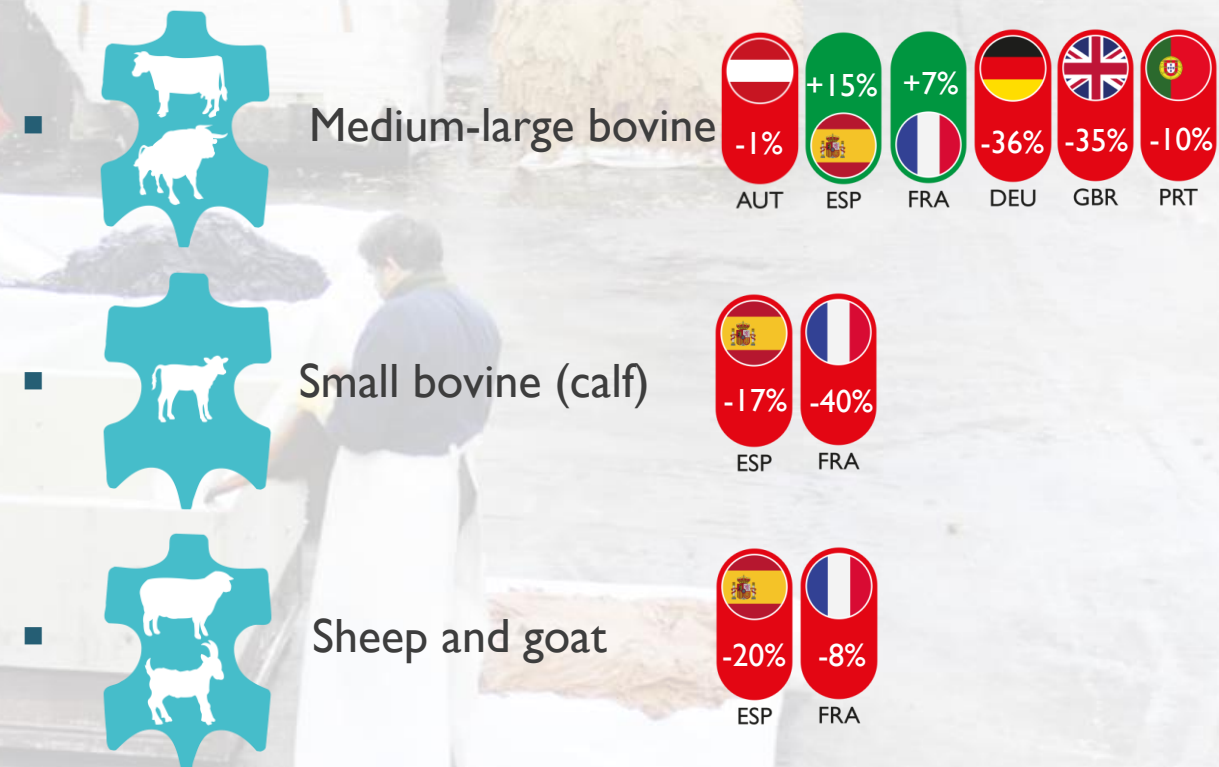
EXPORT INDEX TRENDS IN EUROPE



4th QUARTER 2023 VS 4th QUARTER 2022



TOTAL YEAR 2023 VS TOTAL YEAR 2022



TANNING SECTOR

EXPORT INDEX TRENDS IN THE WORLD



4th QUARTER 2023 VS 4th QUARTER 2022

TOTAL YEAR 2023 VS TOTAL YEAR 2022

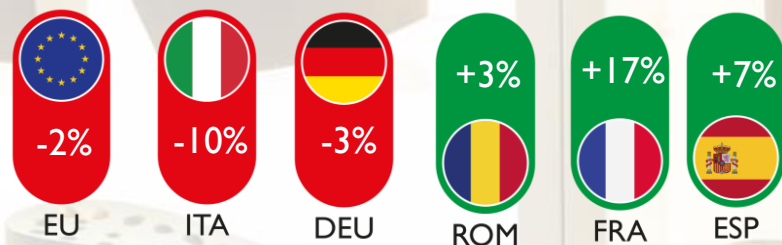


ACCESSORIES AND COMPONENTS SECTOR

EXPORT INDEX TRENDS

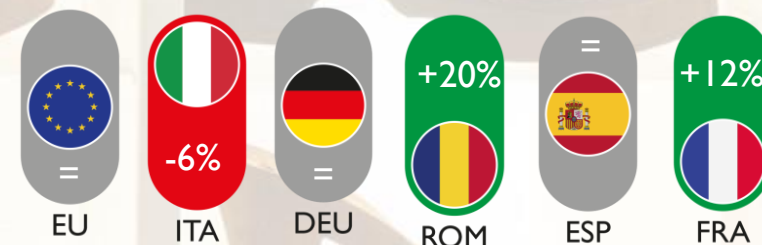
4th QUARTER 2023 VS 4th QUARTER 2022

Sluggish industry performance in long-term comparison, with EU on average down by 2%. Italian and German declines weigh heavily. The cross-section by compartment shows the fragility of other footwear accessories, declining by double digits on average. Weak are other accessories. Small metal parts are in robust condition.



TOTAL YEAR 2023 VS TOTAL YEAR 2022

Rather sluggish close of the year for accessories and components, where the EU average ends on the same level as last year's corresponding period. A look at the divisions still rewards small metal parts, however slightly slowing. Decreases for other accessories. Double-digit losses, on the other hand, for other footwear accessories.

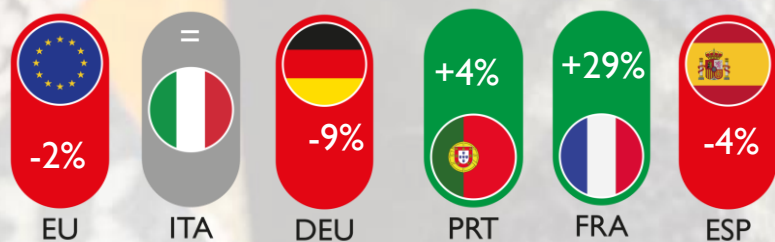


TEXTILES AND SYNTHETICS SECTOR

EXPORT INDEX TRENDS INDEX TRENDS

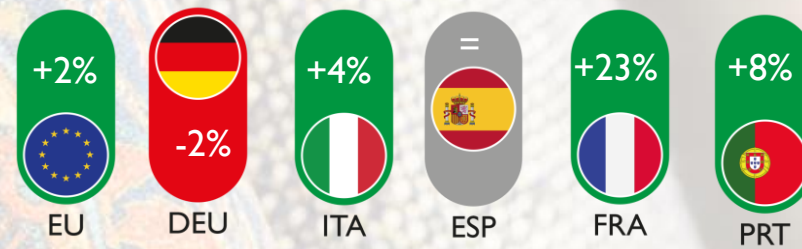
4th QUARTER 2023 VS 4th QUARTER 2022

Slowing industry trend on the final 2023. The difficulties of the Germans are compounded by a slowdown among the Italians, levelling off on last year's equivalent. Regenerated leather fibers suffers, dropping by double digits on average. Rather poor trend in synthetic fabric materials as well. Synthetics performed well.



TOTAL YEAR 2023 VS TOTAL YEAR 2022

Despite the uncertainties in the last quarter, the sector closes 2023 on a positive note: +2% is the EU average. Germans still suffer, while Spanish slow down. Overall good performance of synthetics, rather disappointing instead synthetic fabric materials and regenerated leather fibers.

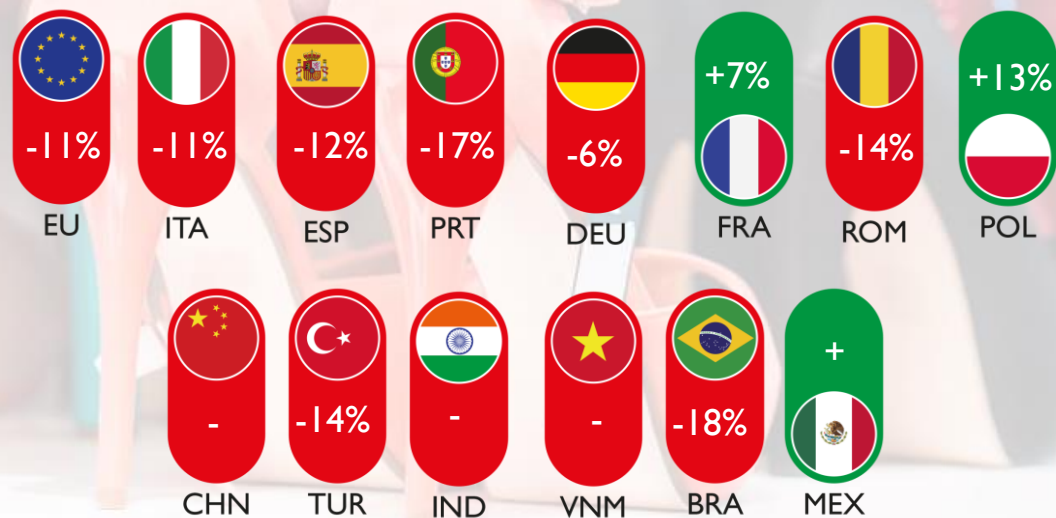


FOOTWEAR

EXPORT INDEX TRENDS

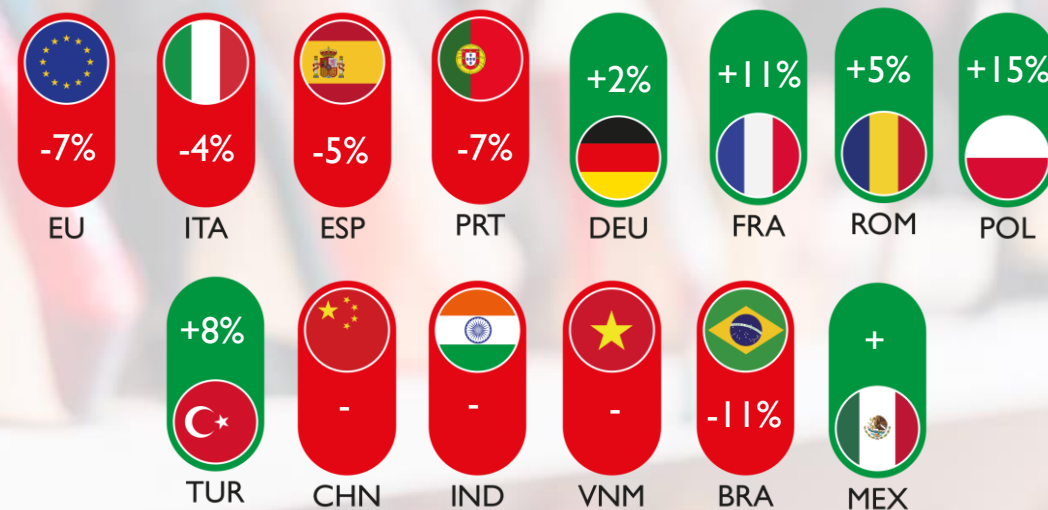
4th QUARTER 2023 VS 4th QUARTER 2022

The last quarter of the year sees a worsening of the already negative trend embarked by the sector since the second half of last year. EU trend in sharp decline with few exceptions. Specular the outlook beyond EU borders.



TOTAL YEAR 2023 VS TOTAL YEAR 2022

Mixed performance of EU footwear in 2023, where negative sign prevails. The difficulties of Italians and Iberians weigh heavily. Outside EU borders, the scenario remains gloomy: widespread declines with rare exceptions.

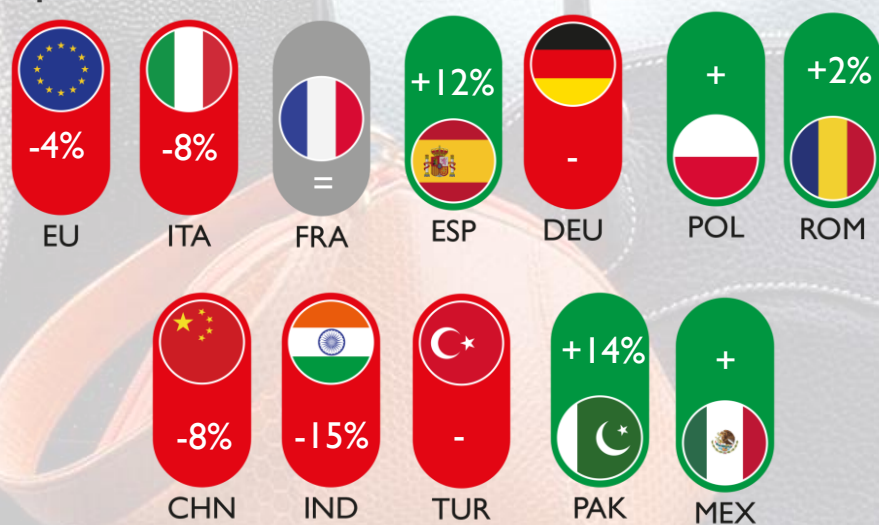


LEATHER GOODS

EXPORT INDEX TRENDS

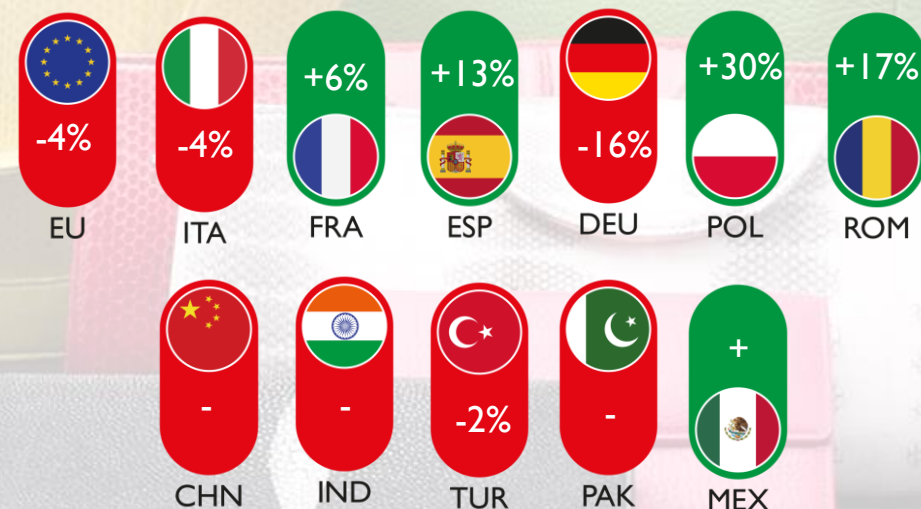
4th QUARTER 2023 VS 4th QUARTER 2022

Even in the last quarter of the year, the downward trend in leather goods shows no sign of reversing: -4% the EU average over the corresponding 2022. Generally negative performance outside Europe as well, except for Pakistan and Mexico.



TOTAL YEAR 2023 VS TOTAL YEAR 2022

The yearly comparison emphasizes the chilling of the sector, where the EU average touches -4 % over last year's figure, despite France and Spain's growth. Predominantly negative is also the extra-EU scenario.

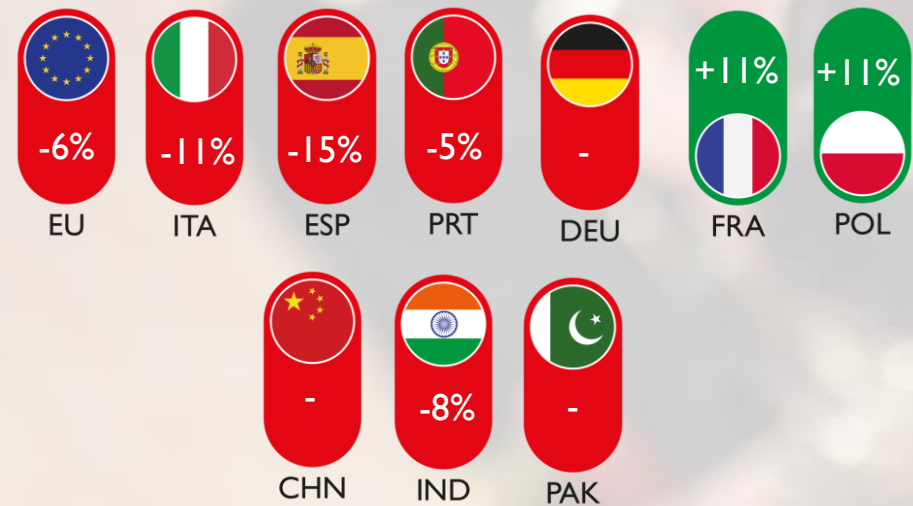


LEATHER CLOTHING

EXPORT INDEX TRENDS

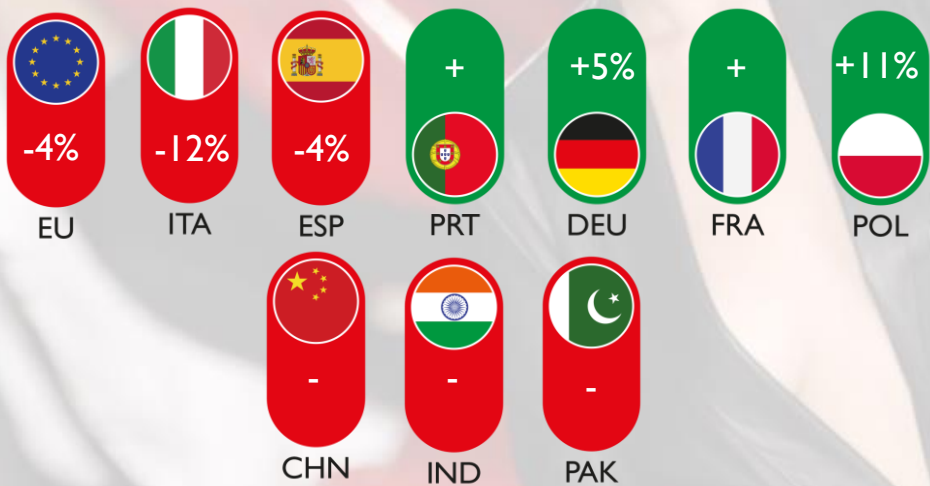
4th QUARTER 2023 VS 4th QUARTER 2022

Seasonal comparisons betray strong signs of uncertainty for major European manufacturers, all declining except for the French. Widespread negative performance also for Chinese, Indian and Pakistani producers, all down over the quarter.



TOTAL YEAR 2023 VS TOTAL YEAR 2022

European apparel manufacturers' 2023 remains difficult, as they end the year with widespread declines and an overall EU average down by 4% on 2022. Major international industry players are also suffering.

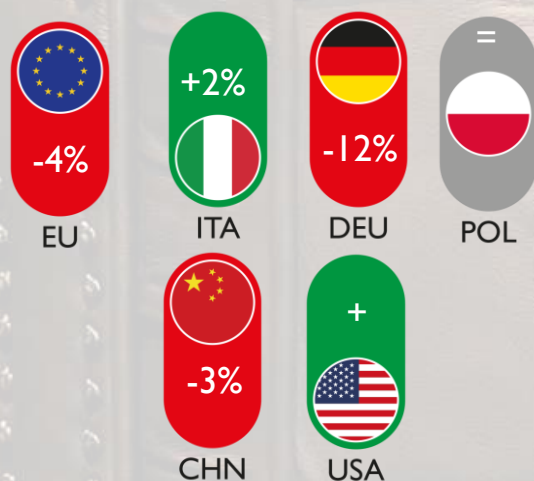


UPHOLSTERED FURNITURE

EXPORT INDEX TRENDS

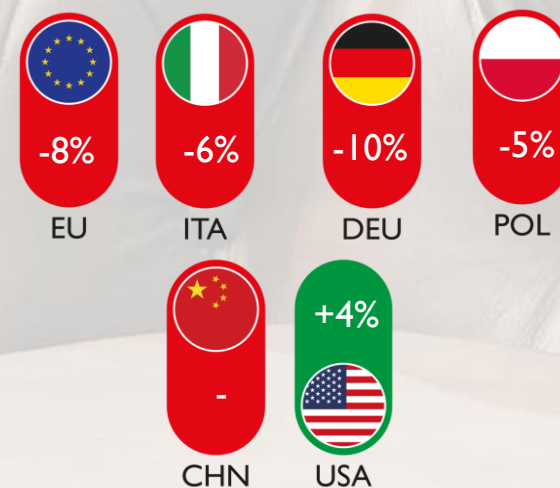
4th QUARTER 2023 VS 4th QUARTER 2022

The intensity of the downturn in upholstered furniture in the seasonal comparison is mitigated thanks to the recovery of Italian manufacturers, which temper European losses. Still down China. U.S. leap, up by double digits in the comparison with the last quarter of 2022.



TOTAL YEAR 2023 VS TOTAL YEAR 2022

After a record-breaking 2021 and a cooling 2022, 2023 confirms the difficult moment for upholstered furniture both at the European level (-8% the EU average) and abroad with the significant exception of the U.S., which made a decisive recovery after last year's stop.

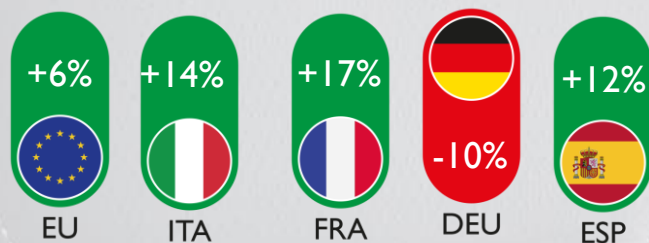


AUTOMOTIVE

EXPORT INDEX TRENDS

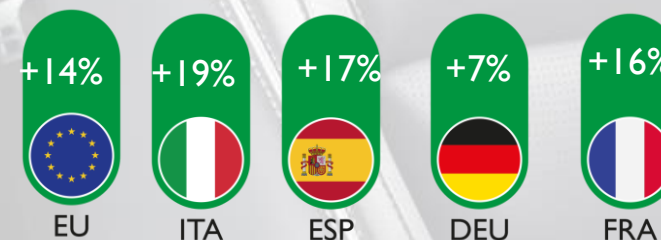
4th QUARTER 2023 VS 4th QUARTER 2022

The year-end trend in EU automotive remains positive, up by 6% over last year's final quarter. Double-digit growths affect all major markets, with the worrying exception of Germany, whose new car registrations slumped by 10% in the fourth quarter 2023.



TOTAL YEAR 2023 VS TOTAL YEAR 2022

EU new car registrations begin to grow again despite the restraint observed in December after 16 months of consecutive upturns. Double-digit increases are noted in most major markets apart from Germany, with a modest +7% year-on-year, influenced by December's very weak performance.



Beyond EU borders, car registrations are on the rise in the UK (+18%), the US (+12%), China (+7%) and India (+21%).

LUXURY

2023 RESULTS

Both lights and shadows mark the close of the year for luxury fashion, with mixed results among major European brands. The slowdown in the second half of the year, intensified during the last quarter of 2023, mostly matters. Caution prevails in the near-term outlook, where the macroeconomic and geopolitical scenario remains quite critical.

- **LVMH** - Organic sales up by 13% in 2023 for French luxury giant, despite negative currency impact in the second half of the year. Double-digit increases in Europe, Japan and the rest of Asia. Remarkable performance of Fashion & Leather Goods division (+14%), particularly Louis Vuitton, Christian Dior, Celine, Fendi, Loro Piana, Loewe and Marc Jacobs, gaining market share with record levels of sales and profits.
- **KERING** - Kering group struggles in 2023, which ends the year with sales down by 2%. Declines for Gucci and Bottega Veneta (both -2%), while YSL's rally comes to a standstill (-1%). Kering's minor brands perform badly, collapsing in the last quarter 2023 bringing the annual result to -8%.
- **HERMÈS** - Relentless growth for French maison in the year just concluded: +16% in revenues (constant rates). Widespread upturns across all markets, with homogeneous growth around 20% in all major destinations. The leather goods and saddlery area, where demand remained very strong, posted a 17% increase.
- **TOD'S** - Brilliant performance of in FY 2023: +14% growth in consolidated sales at constant rates. Excellent performance by Tod's (+13%) and Roger Vivier (+19%). Good Hogan (+10%). Bullish trend driven by leather goods (+20%), excellent dynamics also for footwear (+12%).
- **FERRAGAMO** - the Florence-based group suffers: -8% revenues (constant rates). Sales fall in all destination markets with most pronounced losses in the Americas and Asia Pacific. Leather goods declines by 11%, somewhat more contained declines for footwear, down by 7%.

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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