



# LINEAPELLE LEATHER MARKET OVERVIEW

4<sup>TH</sup> QUARTER 2020

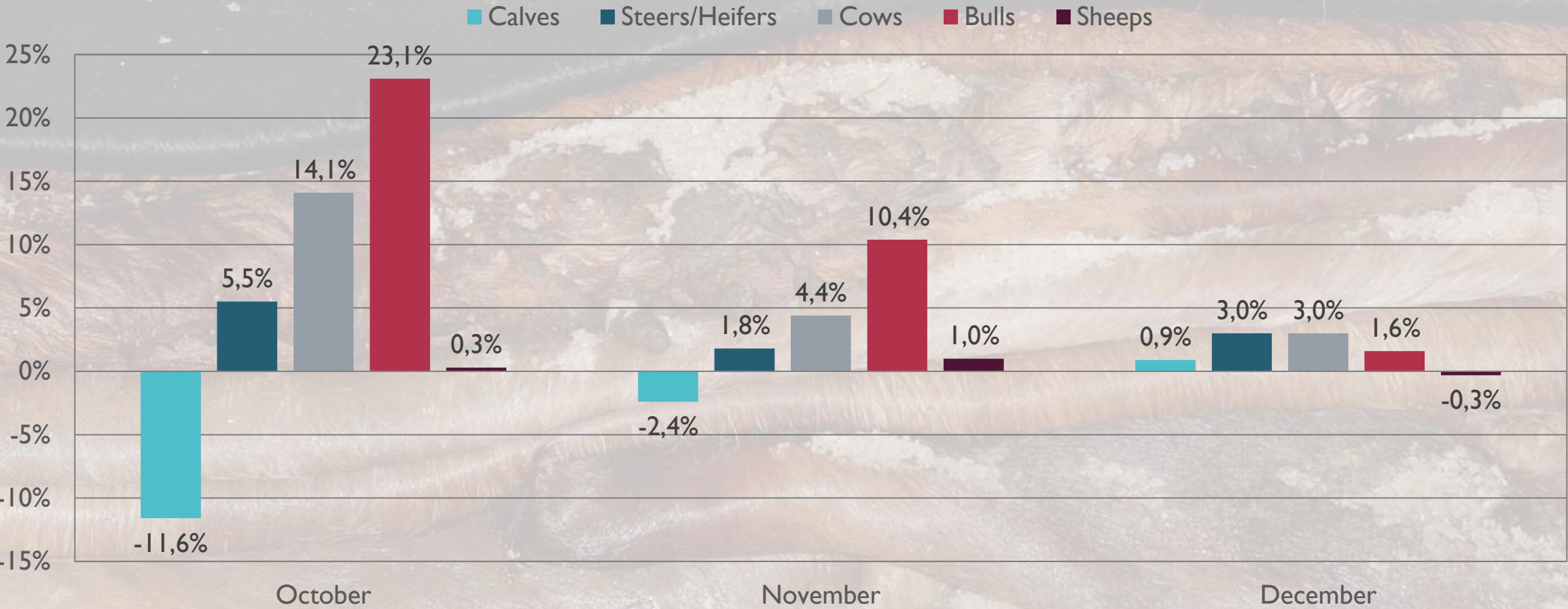
# RAW MATERIALS

## RAW HIDES AND SKINS AND SEMI-PROCESSED LEATHER – PRICE TRENDS

- The **last quarter** of 2020 saw a predominantly **upward trend** in the average tanning raw material price indexes, although with varying intensity in monthly detail (strong in October, weaker in November and December)
- **Calves** are the only type of bovine raw material to show a predominantly negative sign in the period, but they had also declined less than the other typologies in the two most complicated middle quarters of the year
- Continuous, widespread, double-digit rises for medium and large weights, with **bulls** up around a third on September, **cows** up over 20% and **steers/heifers** by an average of 10%
- Weak average trend for **sheep** price index in the quarter (monthly movements not exceeding 1%) but huge differences between the main markets: substantial stability in the Middle East, jump of more than +50% in Spain, declines in Oceania
- Average price index for **wet-blue bovine** rose sharply between October and December (+36%), with a breakdown by origin revealing a surge in Brazilian hides (almost +70% in the period)

# RAW MATERIALS

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





# RAW MATERIALS

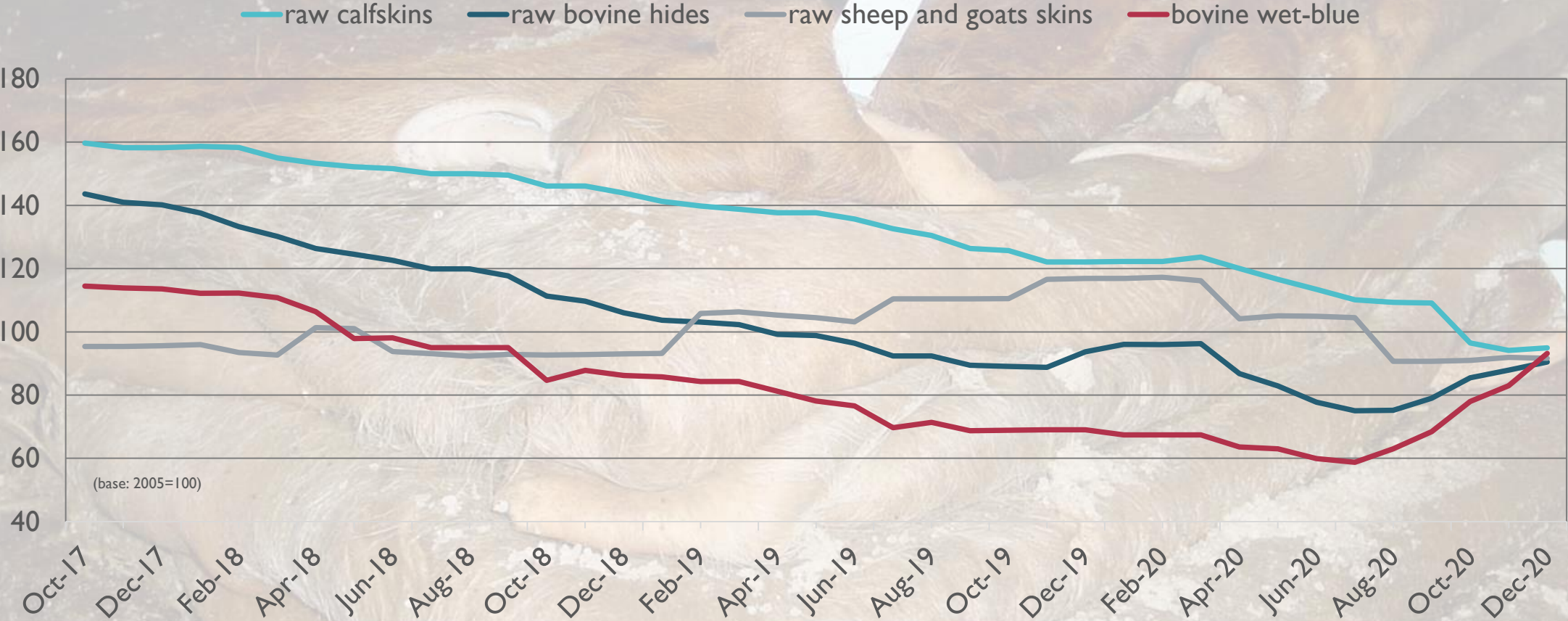
RAW HIDES - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO DECEMBER 2020)



Calves	-22%	Steers, bull calves, heifers	-3%	Cows	-4%	Bulls	-14%	Sheeps	-22%
Italy	-7%	Italy (bull calves)	-3%	Italy	+1%	France	-15%	Iran	-24%
France	-33%	Germany (heifers)	-13%	France	-16%	Netherlands	-14%	Spain	-17%
Netherlands	-15%	United Kingdom (mixed)	+2%	Netherlands	+4%	Germany	-3%	New Zealand	-1%
Australia	+44%	Spain (bull calves)	-8%	Germany	+4%	New Zealand	+33%		
		United States (mixed)	-14%	Spain	+120%	Denmark	-25%		
		Australia (mixed)	+56%	United States	+90%				
		Sweden (mixed)	-1%	Sweden	=				
		New Zealand (bull calves)	+25%	New Zealand	+23%				
		Denmark (mixed)	-19%	Denmark	-25%				

# RAW MATERIALS

RAW HIDES AND SKINS AND SEMI-FINISHED LEATHER - LONG TERM AVERAGE PRICE INDEXES BY ANIMAL TYPE



# RAW MATERIALS

## RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

- The global breakdown of 2020 slaughtering of **adult bovines** closes with a 4% decrease - The European Union decreases by 2% overall despite the stability of France, Italy and Poland and the increase of the Netherlands and Ireland - Among the main non-EU producers monitored, Argentina and New Zealand increase, while the USA, Brazil and Australia decrease
- Total slaughter volumes of **calves** were also negative (-6%) - All the world's major producer Countries recorded losses (USA, Australia and Belgium in double figures), with the sole exception of New Zealand (up)
- **Sheep** slaughtering levels also declined in the main regions available (-8% in 2020) - The EU aggregate declined in line with the overall figure ( only Italy and Ireland were in the positive), while Australia ( significantly) and the USA also declined - Again, New Zealand bucked the positive trend

# RAW MATERIALS

## RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) TOTAL YEAR 2020 VS TOTAL YEAR 2019





# RAW MATERIALS

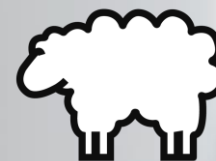
## OTHER REFERENCE COMMODITIES - PRICE TRENDS AND PERFORMANCE



OIL



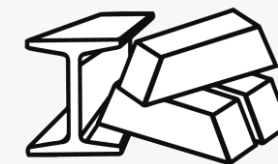
COTTON



WOOL



NATURAL RUBBER



METALS

■ 4<sup>th</sup> QUARTER 2020  
VS 4<sup>th</sup> QUARTER 2019

-34%

=

+42%

■ TOTAL YEAR 2020  
VS TOTAL YEAR 2019

-34%

-10%

-2%

Demand for consumption, affected by Covid-19, hit the wool industry hard and reflected in a dramatic fall in prices. Difficulties in China and Europe have resulted in disrupted flows in domestic and global wool supply chains. Compared to the peak 18 months ago, wool prices have fallen by almost 60% in 2020, but there are signs of recovery in 2021

- Aluminum +3%
- Copper +14%
- Iron +35%
- Nickel -1%
- Zinc +2%
- Aluminum -8%
- Copper -1%
- Iron +7%
- Nickel -5%
- Zinc -15%



# TANNING SECTOR

## TRENDS

While the overall results for **2020** confirm a **negative trend** for all the main tanning Countries (with no exceptions and with widespread double-digit decreases), the details for the **last quarter** of the year show **some seasonal recovery signals** - these trends are seen **above all outside Europe**, with particular emphasis on China, the probable effect of a general pandemic situation that currently appears less serious (and possibly resolving earlier than in other geographical areas) within the borders of the Asian giant

# TANNING SECTOR

## TURNOVER INDEX TRENDS IN ITALY



### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019



### TOTAL YEAR 2020 VS TOTAL YEAR 2019



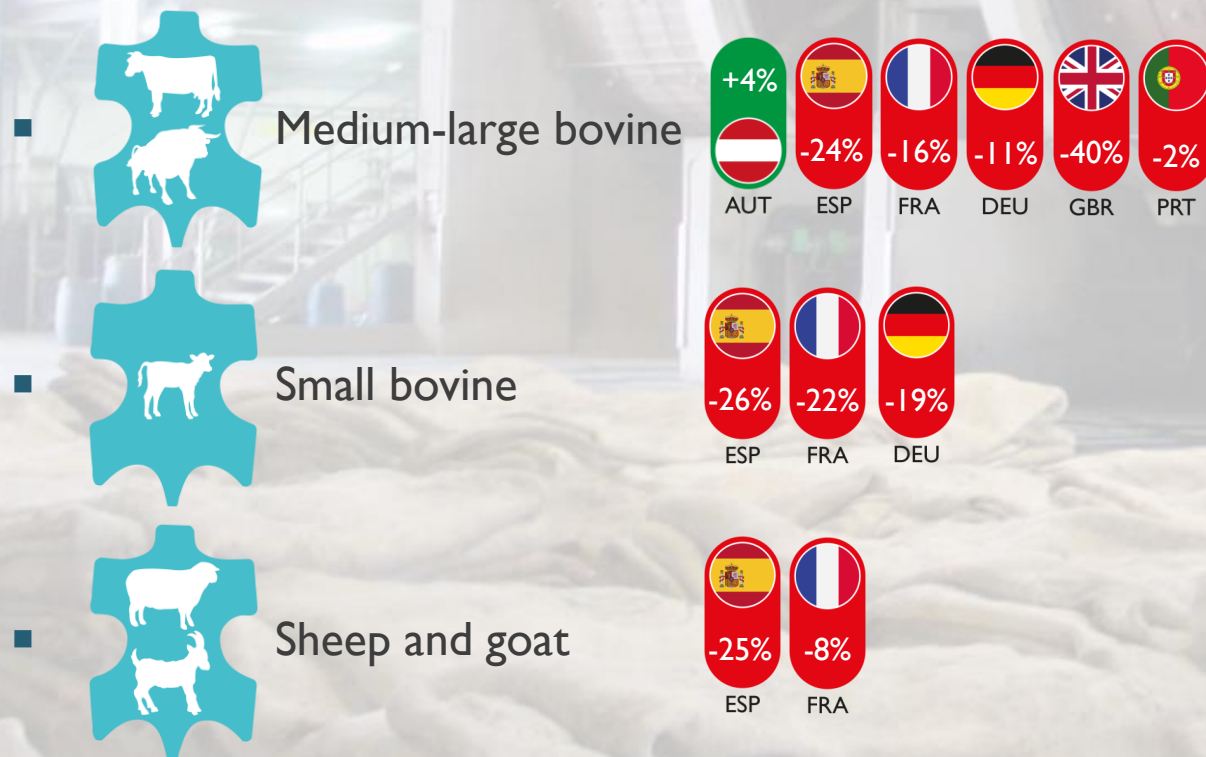


# TANNING SECTOR

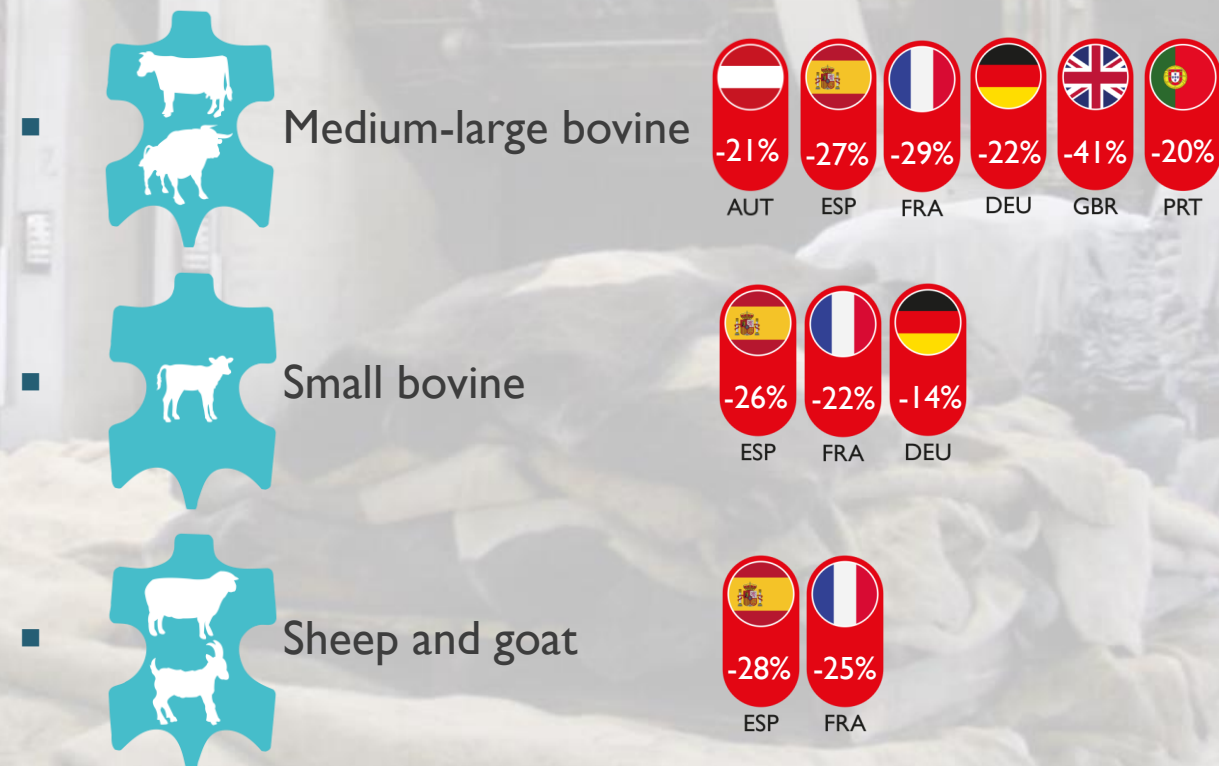
## TURNOVER INDEX TRENDS IN EUROPE



### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019



### TOTAL YEAR 2020 VS TOTAL YEAR 2019





# TANNING SECTOR

## TURNOVER INDEX TRENDS IN THE WORLD



4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019

TOTAL YEAR 2020 VS TOTAL YEAR 2019



Bovine



Bovine



Sheep and goat



Sheep and goat

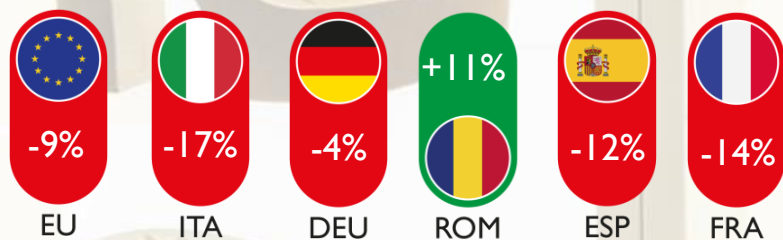


# ACCESSORIES AND COMPONENTS SECTOR

## TURNOVER INDEX TRENDS

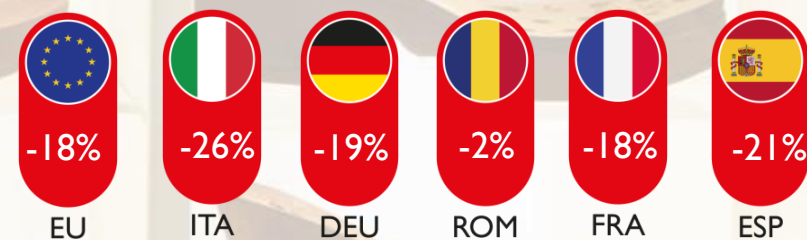
### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019

The sector's trend in the last quarter of 2020 was slightly downward, but still mainly bearish. Significant losses in all segments and for all major EU manufacturers, with a few exceptions. Small metal parts and other footwear accessories suffered the most. Weak signs of recovery for other accessories.



### TOTAL YEAR 2020 VS TOTAL YEAR 2019

The 2020 aggregate presents a dull picture for European accessories and components. The difficulties affect all segments of the industry and all major EU players alike, with a few limited exceptions, which record lower declines than the EU average.



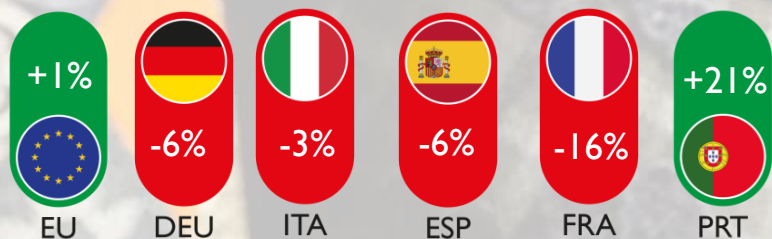


# TEXTILES AND SYNTHETICS SECTOR

## TURNOVER INDEX TRENDS

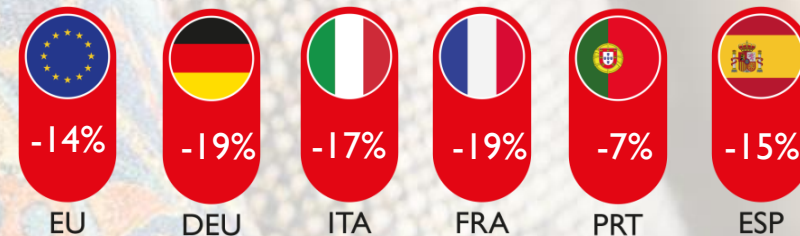
### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019

The textiles and synthetics sector was slightly on the road to recovery in the last quarter 2020. The largest EU manufacturers, excluded France, mitigated their losses. Signs of recovery were widespread for synthetics and, to a lesser extent, for fabric materials. Critical issues persist for regenerated leather fibers.



### TOTAL YEAR 2020 VS TOTAL YEAR 2019

The annual comparison shows marked declines for the sector, with double-digit drops for all EU players compared to 2019. Critical issues particularly affect regenerated leather fibers, with the EU average losing more than 30% in the 2020/2019 comparison. Negative, but with smaller decreases, the other segments.



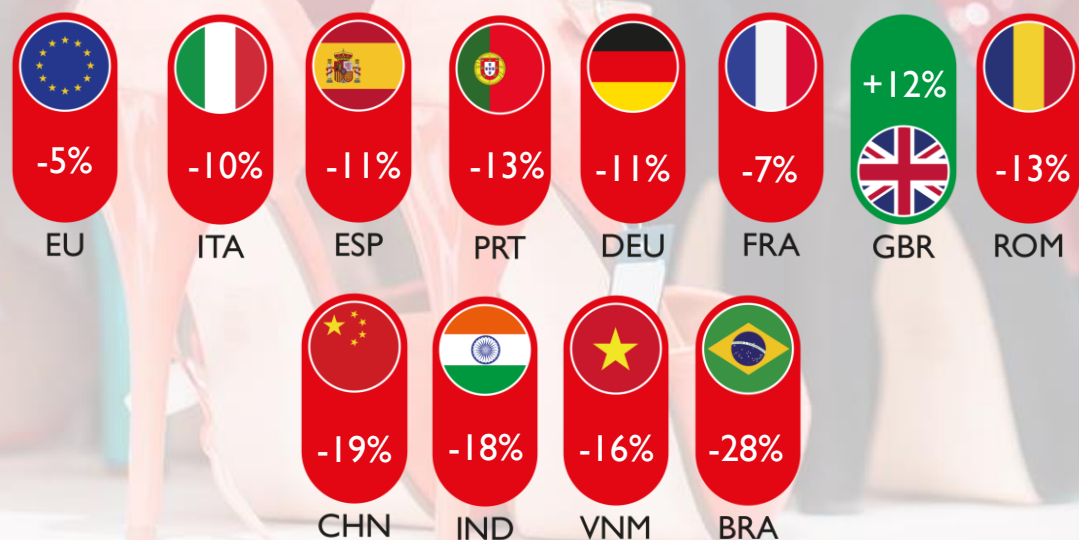


# FOOTWEAR

## TURNOVER INDEX TRENDS

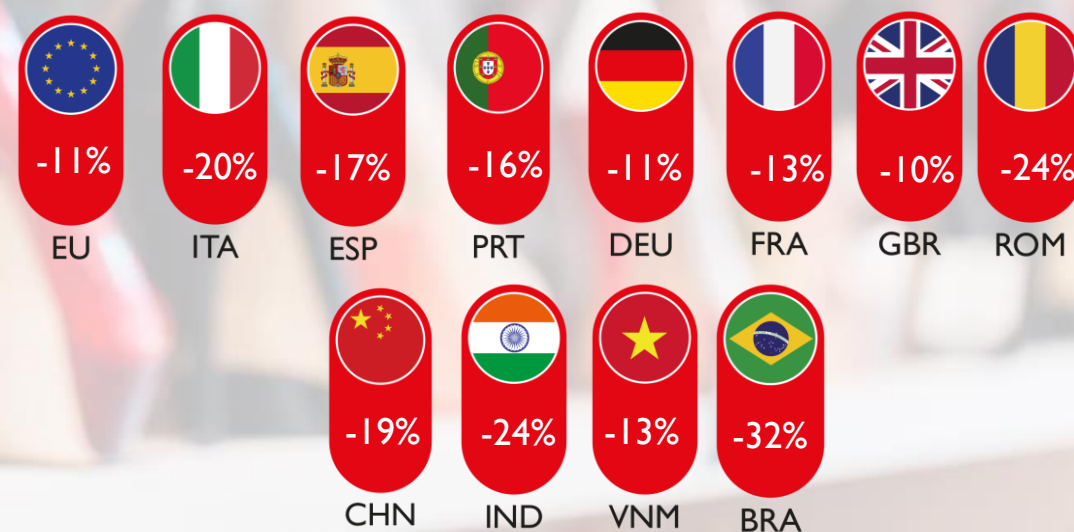
### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019

The mitigation of losses that emerged during the summer quarter is progressing. In detail, losses appeared to have been reduced in France, Italy and Spain. The United Kingdom bucked the trend, showing an increase, while the declines in Asia and Brazil were confirmed.



### TOTAL YEAR 2020 VS TOTAL YEAR 2019

In the year-on-year comparison, the outlook remains decidedly negative, despite a mitigation of declines due to the economic trend. Double-digit losses were confirmed for all sectors.

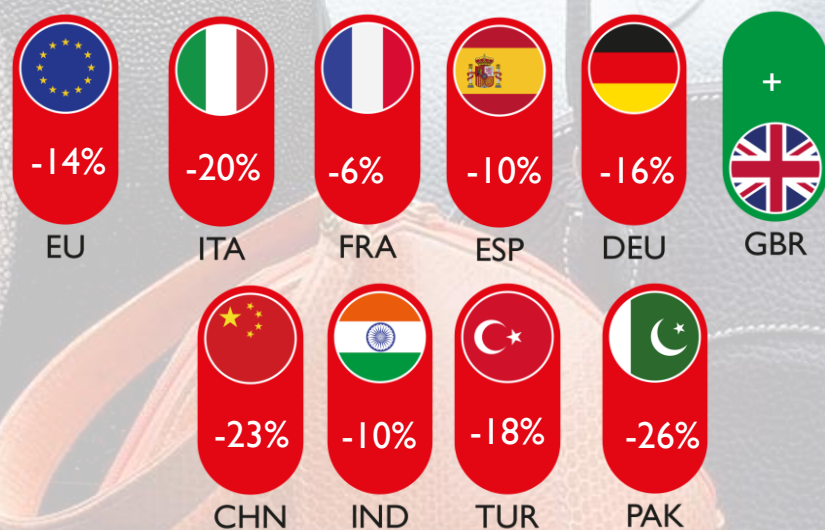


# LEATHER GOODS

## TURNOVER INDEX TRENDS

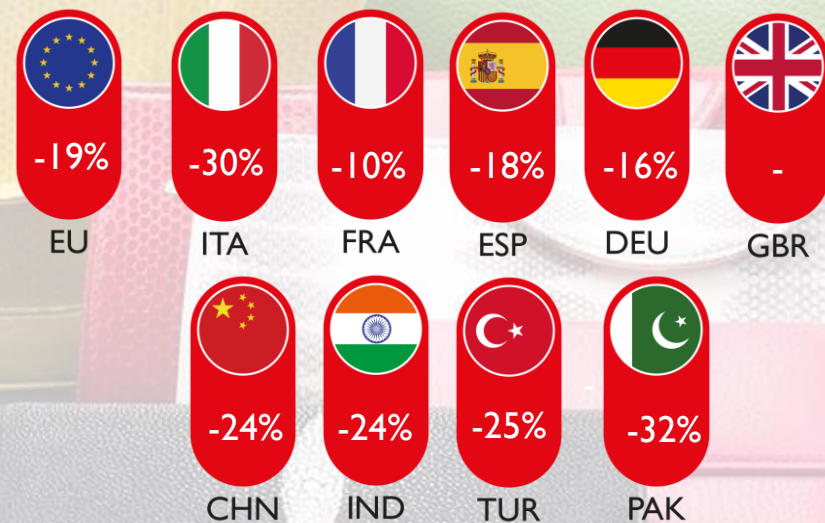
### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019

Leather goods also experienced a recovery, especially in France and the United Kingdom, while the rest of Europe continued to suffer significant average losses and Asia was particularly penalized.



### TOTAL YEAR 2020 VS TOTAL YEAR 2019

Tendential recovery for the sector, which nevertheless proved to be more distressed than footwear. The year closed with negative results, with widespread losses of up to 30%.



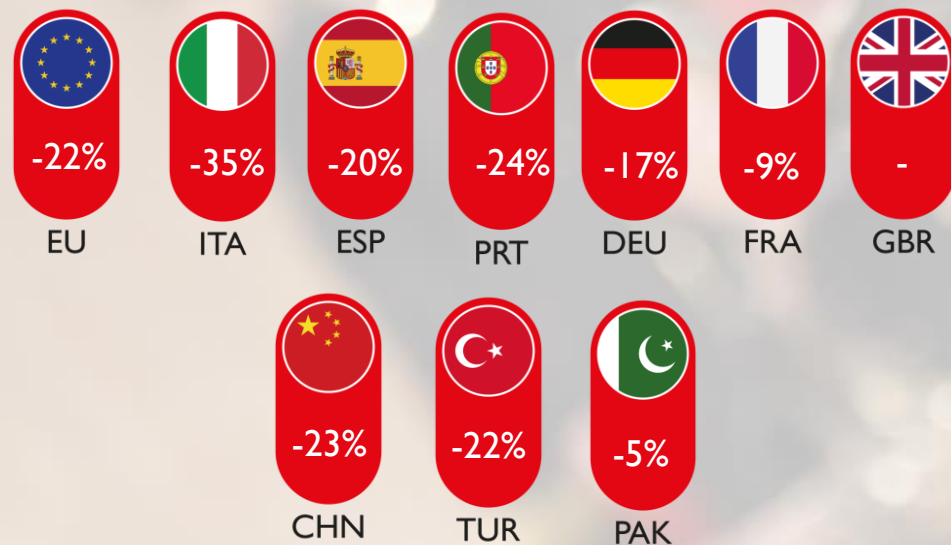


# LEATHER CLOTHING

## TURNOVER INDEX TRENDS

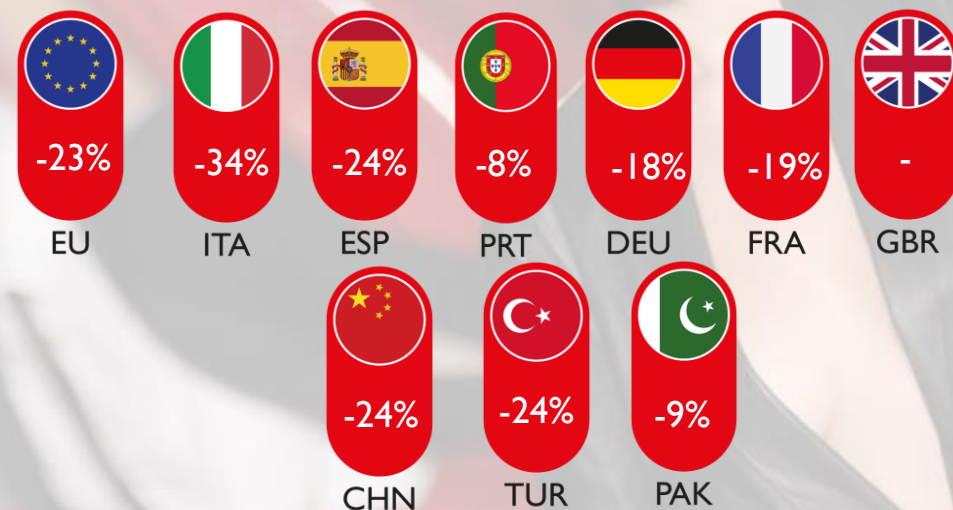
### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019

The segment appears to be the most penalized within the fashion sector, with double-digit falls emerging also in the short-term dynamics in the main markets.



### TOTAL YEAR 2020 VS TOTAL YEAR 2019

The year's results are decidedly negative, with average revenues falling by more than 20% in both Europe and Asia.



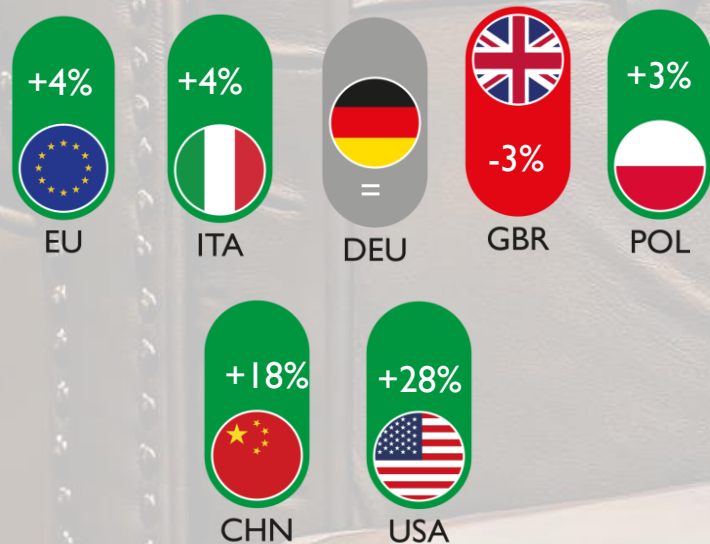


# UPHOLSTERED FURNITURE

## TURNOVER INDEX TRENDS

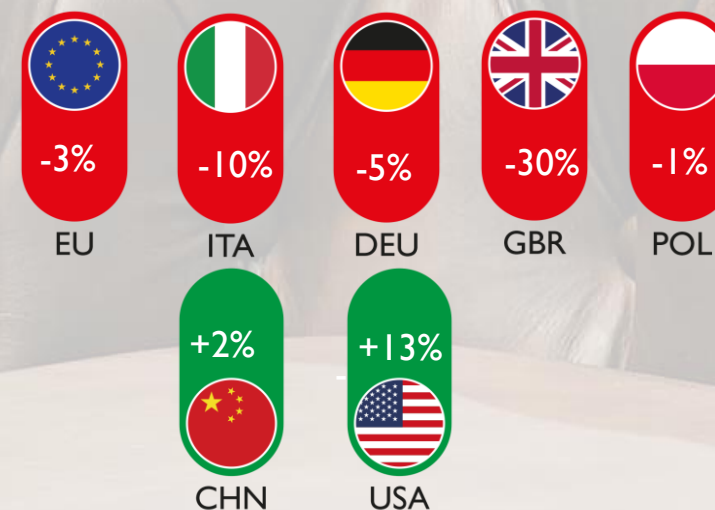
### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019

Positive signals for the upholstered furniture segment, which in the final quarter of the year began to show a plus sign in some key markets in Europe, China and the USA.



### TOTAL YEAR 2020 VS TOTAL YEAR 2019

The year's performance shows results that are still in negative territory in Europe, but with a significant reduction in losses, especially for some manufacturers, proving that this sector is more resilient to the crisis. China and the USA, on the other hand, closed the year on a positive note, with an increase in orders.

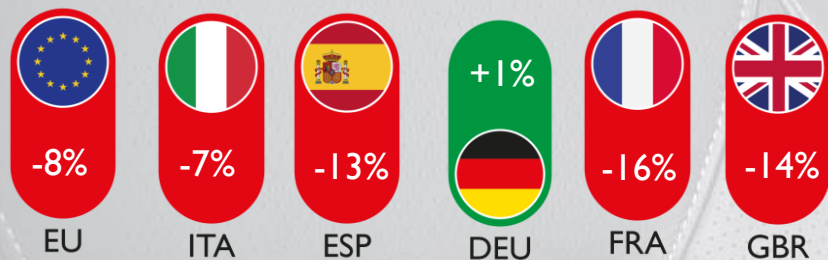


# AUTOMOTIVE

## TURNOVER INDEX TRENDS

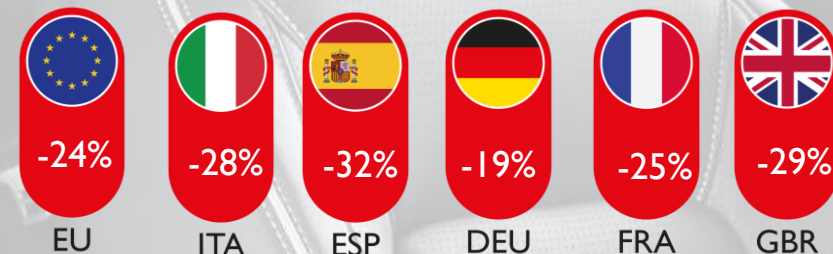
### 4<sup>th</sup> QUARTER 2020 VS 4<sup>th</sup> QUARTER 2019

The fourth quarter of the year revealed a widespread recovery in terms of trends, with Germany once again recording an increase in new car registrations among the leading markets. On the Italian side, car registrations fell by 7%.



### TOTAL YEAR 2020 VS TOTAL YEAR 2019

The yearly results are very negative, with main markets losing between 20 and 30% in terms of new car registrations.



In terms of production, the figures are similarly gloomy, with the EU recording the worst declines (-30%), followed by North America, falling by around 20%, and China, which instead limited the losses to -9%.

# LUXURY

## 2020 RESULTS

Covid-19 impact on the performance of luxury fashion brands softened at the year-end. Widely positive results for the third and fourth quarters of 2020, despite some critical situations. Strong expectations for a positive rebound in 2021.

- **LVMH** – the French giant closed the year with sales down by 16% despite a recovery in the last quarter of last year. Relatively limited losses in the fashion and leather goods segment (-3% organic turnover in 2020). Louis Vuitton and Christian Dior showed excellent resilience, posting double-digit organic sales growth in each of the last two quarters of 2020. Fendi and Celine performed well.
- **KERING** – negative year-end for the group: -16% consolidated turnover compared to 2019. Double-digit declines for Gucci (-21.5%) and Yves Saint Laurent (-14%). The group's minor brands were also down, although they recovered in the fourth quarter thanks to strong increases in the leather goods division. Bottega Veneta bucked the trend, with overall sales up by 5% and double-digit growth in the last quarter of 2020.
- **HERMÈS** – sales were reduced by 7% in 2020, but with a sharp recovery speeding up in the fourth quarter: +16% sales, driven mainly by the bullish trend in the Asian market. Strong demand for leather goods and saddlery (+18% in the fourth quarter of 2020) despite a year-end downturn (-5%).
- **FERRAGAMO** – 2020 turnover: -33.4% at constant rates compared to 2019. All divisions down (shoes -35% at constant rates; leather goods -28%). The fourth quarter of 2020 shows some signs of recovery in retail and online sales, especially in China and Taiwan.



# 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

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