



LINEAPELLE LEATHER MARKET OVERVIEW

IST QUARTER 2021

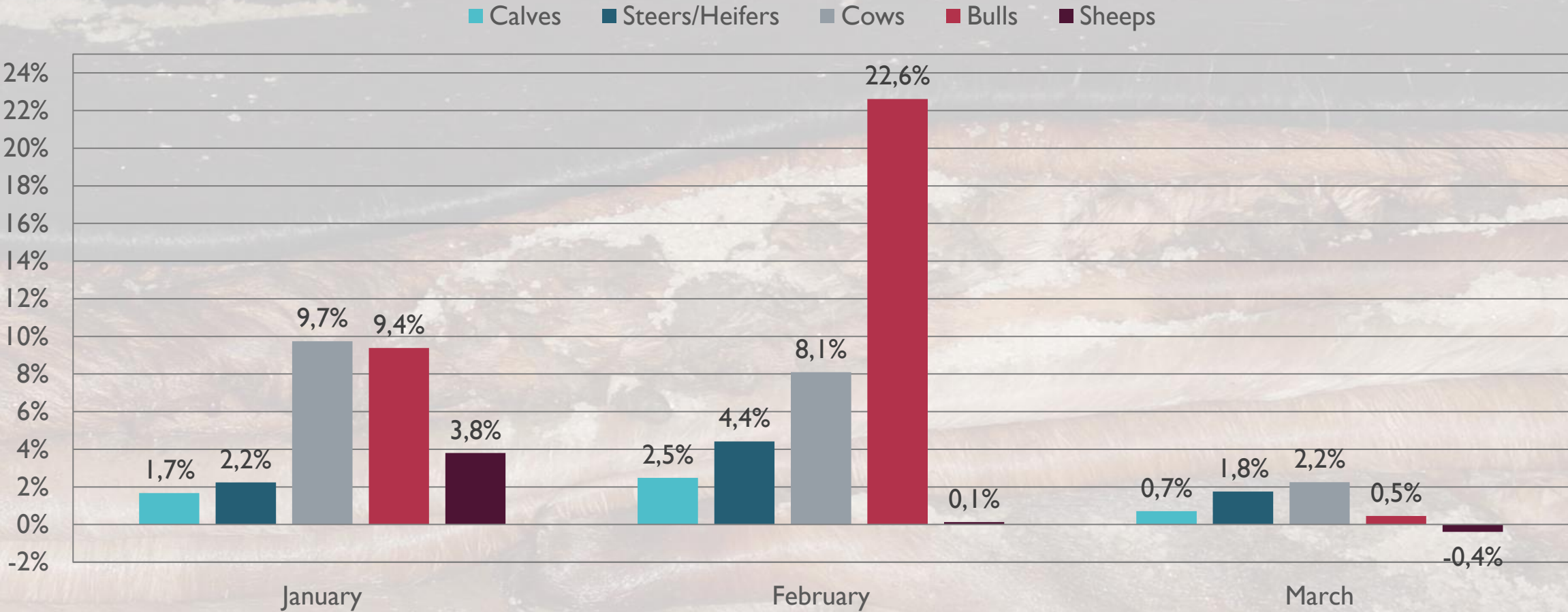
RAW MATERIALS

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

- **Strong and widespread increases** in the prices of raw hides and skins and semi-finished leather - very few exceptions (which, however, do not go beyond mere stability)
- Among the various types of **bovine raw hides**, the rise were more consistent as the reference weights increased - This is confirmed by the fact that **calfskins** showed the most moderate increases (probably also due to the lower volatility recorded during the past year), compared with a sharp rise in **bulls** (whose average prices rose by 35% from January to March alone) - The picture is completed by sharp increases in **steers/heifers** (+9% on average) and **cows** (+21%)
- Even semi-finished leathers did not escape the upward trend, with prices of **bovine wet-blue** increasing by an average of 12% during the quarter (Brazilian and Australian cattle above average, up 15% and 43% respectively).
- The average price indexes for **sheep skins** also rose during the period, at levels similar to those recorded for calves

RAW MATERIALS

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



RAW MATERIALS

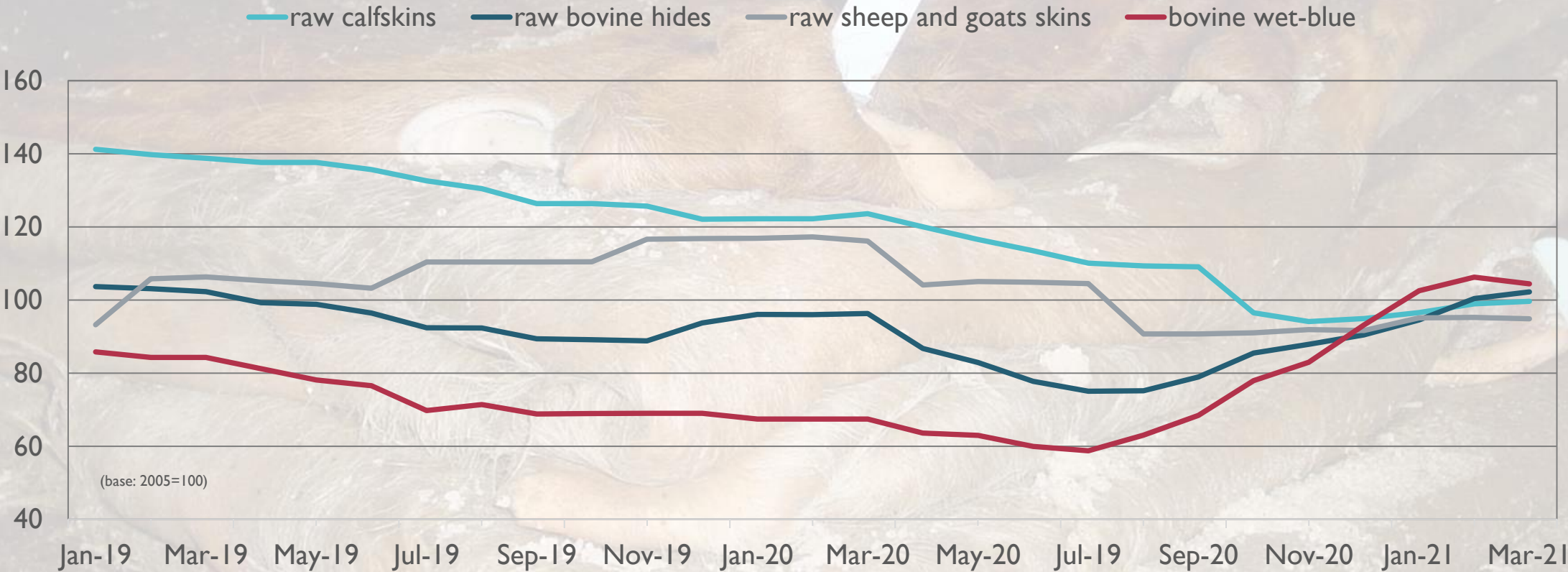
RAW HIDES - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO MARCH 2021)



Calves	+5%	Steers, bull calves, heifers	+9%	Cows	+21%	Bulls	+35%	Sheeps	+4%
Italy	=	Italy (bull calves)	+3%	Italy	+2%	France	+37%	Iran	=
France	=	Germany (heifers)	+12%	France	+31%	Netherlands	+19%	Spain	-1%
Netherlands	+16%	United Kingdom (mixed)	+11%	Netherlands	+22%	Germany	+15%	New Zealand	-6%
Australia	+31%	Spain (bull calves)	+10%	Germany	+17%	New Zealand	+80%		
		United States (mixed)	+12%	Spain	+22%	Denmark	+30%		
		Australia (mixed)	+43%	United States	+43%				
		Sweden (mixed)	+17%	Sweden	+23%				
		New Zealand (bull calves)	+20%	New Zealand	+17%				
		Denmark (mixed)	+17%	Denmark	+18%				

RAW MATERIALS

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



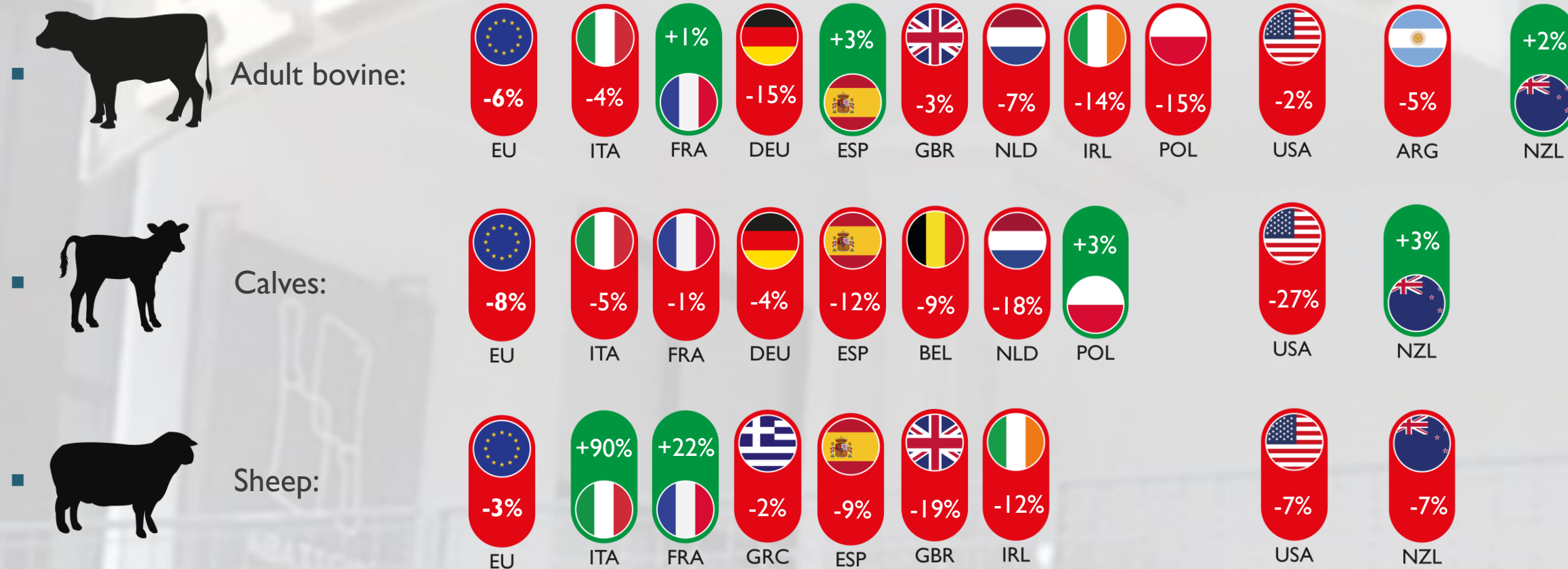
RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

- The overall picture of **adult bovine** slaughtering's in the first quarter of 2021 is down 4% compared to the same period last year - The European Union lost a total of 6% and, among the top producers, only France and Spain showed a positive sign - Declines also in the USA and Argentina, New Zealand is growing
- Negative trend also for total **calves** slaughtering volumes (-10%) - The drop appears to be widespread in all the main countries monitored, with a few exceptions bucking the trend (Poland in the EU, New Zealand in non-EU countries).
- The overall picture of **sheep** slaughtering's in the main available regions is also negative (-5%) - Total European production is down 3% (despite strong increases in Italy and France), with decreases also in the USA and New Zealand

RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) 1st QUARTER 2021 VS 1st QUARTER 2020



RAW MATERIALS

OTHER REFERENCE COMMODITIES – PRICE TRENDS AND PERFORMANCE



OIL

+21%



COTTON

+22%



WOOL

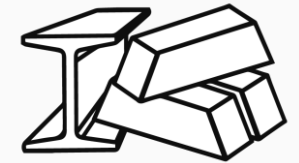
+12%



NATURAL RUBBER

+47%

+3%



METALS

- 1st QUARTER 2021
VS 1st QUARTER 2020

- 1st QUARTER 2021
VS 4th QUARTER 2020

In the first quarter of 2021, wool prices returned to the same level as the previous year.

- Aluminum +24%
- Copper +50%
- Iron +84%
- Nickel +39%
- Zinc +29%
- Aluminum +9%
- Copper +18%
- Iron +26%
- Nickel +10%
- Zinc +4%

TANNING SECTOR TRENDS

- **Still a widely negative quarter** for the average turnover indexes of tanneries, with drops often persistently in double digits - Some important positive exceptions emerge however
- Among **medium-large bovines**, the only exception to the downward trend in the EU is Germany (in comparison with the last period of 2020), while outside Europe the encouraging recovery shown by Brazil and Mexico is worth mentioning
- Widespread losses in sales indices in the **small bovine segment (calves)**, with Italian production slightly less penalized than other European players
- The situation in the **sheep and goat** segment was also negative, with no exceptions

TANNING SECTOR

TURNOVER INDEX TRENDS IN ITALY



1st QUARTER 2021 VS 1st QUARTER 2020



1st QUARTER 2021 VS 4th QUARTER 2020

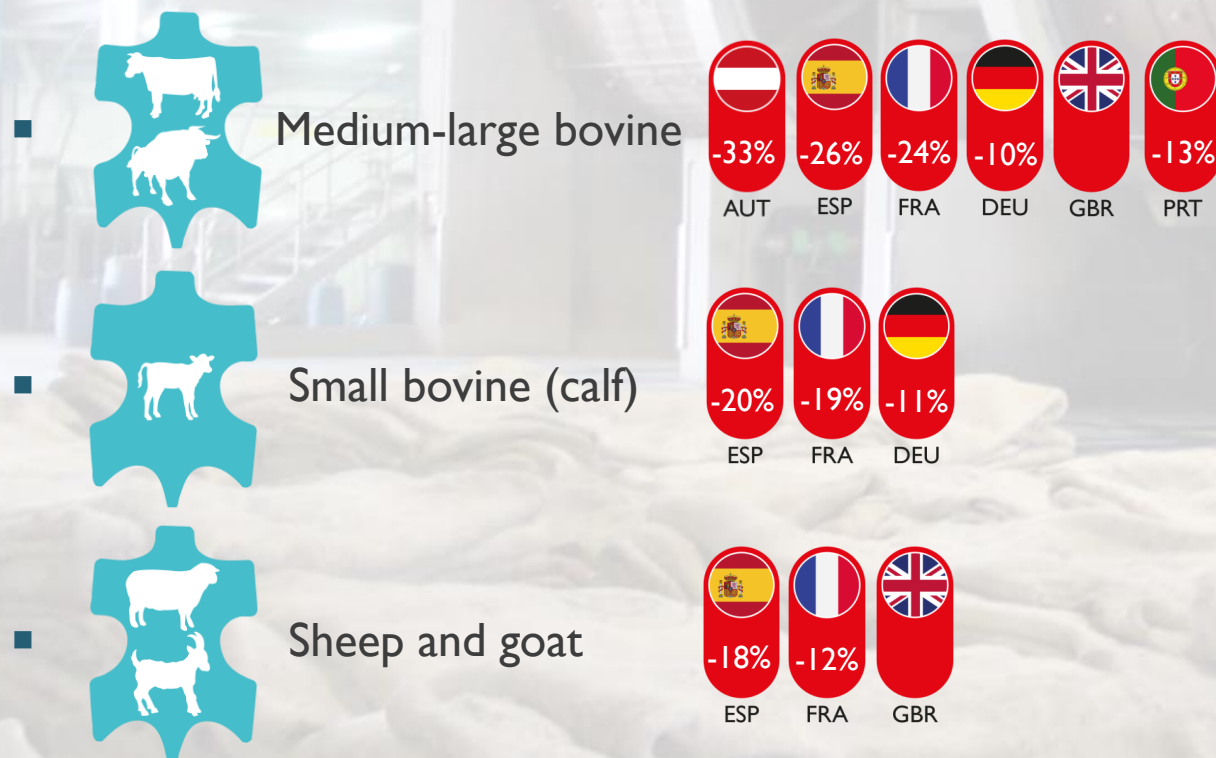


TANNING SECTOR

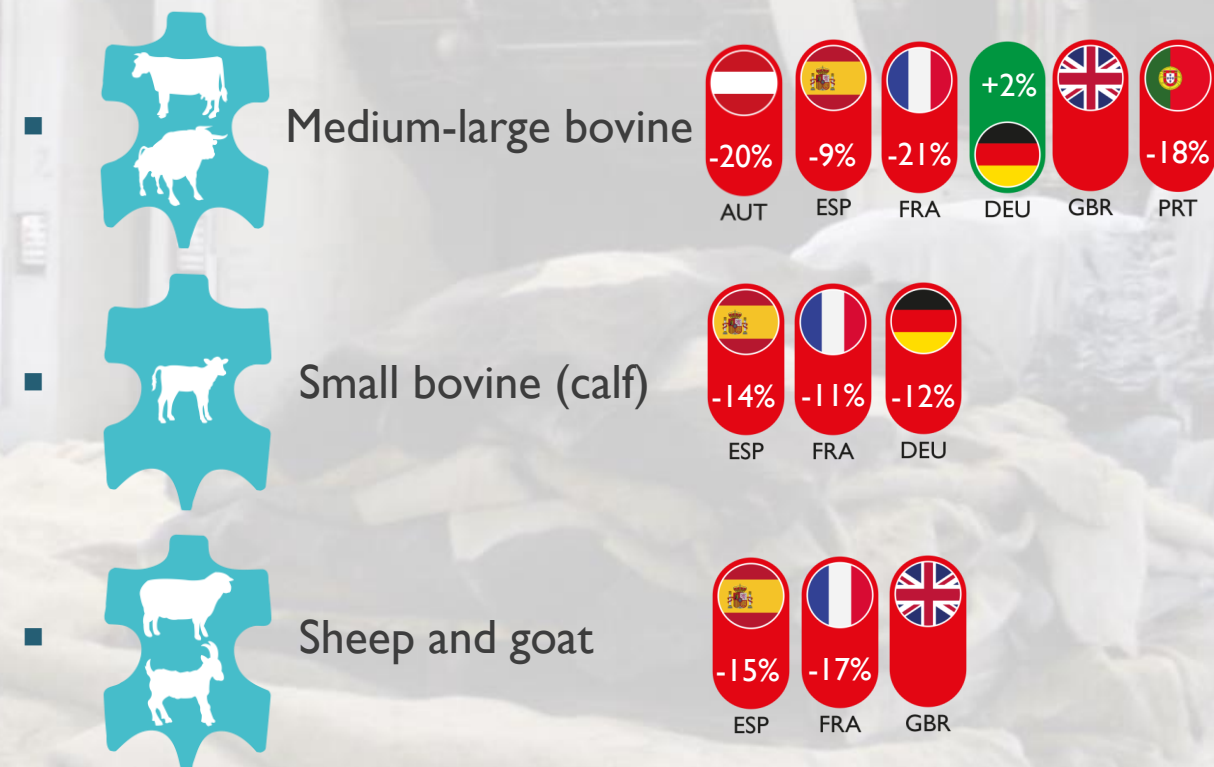
TURNOVER INDEX TRENDS IN EUROPE



1st QUARTER 2021 VS 1st QUARTER 2020



1st QUARTER 2021 VS 4th QUARTER 2020



TANNING SECTOR

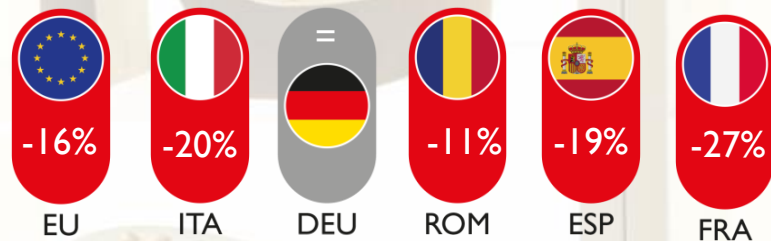
TURNOVER INDEX TRENDS IN THE WORLD1st QUARTER 2021 VS 1st QUARTER 20201st QUARTER 2021 VS 4th QUARTER 2020

ACCESSORIES AND COMPONENTS SECTOR

TURNOVER INDEX TRENDS

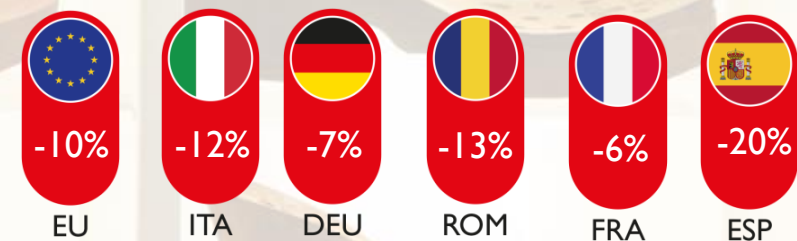
1st QUARTER 2020 VS 1st QUARTER 2019

The sector started the year on a downward note. Heavy losses affected all EU producers. The upswing in small metal parts was slow, with France and Italy suffering. The trend for other accessories was negative, although the losses were easing. Serious difficulties for other footwear components.



1st QUARTER 2020 VS 4th QUARTER 2019

The short-term comparison reveals a picture that is still significantly negative for the European average. The downward trend affects all segments with either more (footwear components and other accessories) or less intensity (small metal parts).

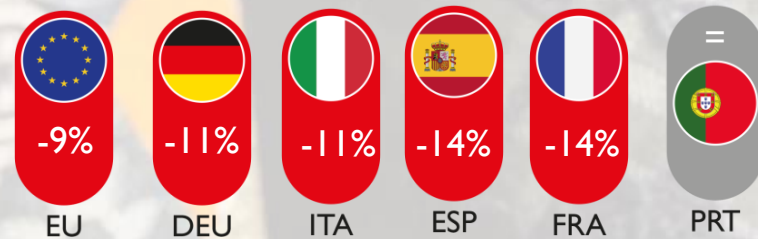


TEXTILES AND SYNTHETICS SECTOR

TURNOVER INDEX TRENDS

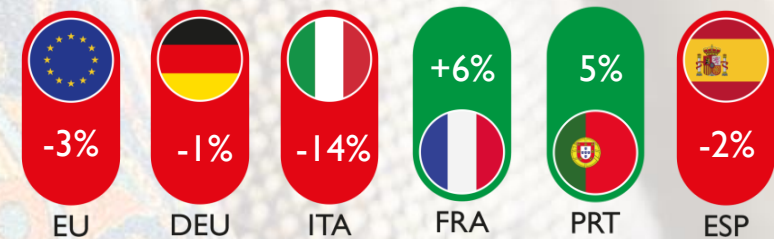
1st QUARTER 2020 VS 1st QUARTER 2019

First quarter 2021 marked in red for textiles and synthetics. Serious difficulties remain for regenerated leather fibres at European level. Widespread double-digit declines for EU manufacturers of fabric materials. Slight easing of declines for synthetics.



1st QUARTER 2020 VS 4th QUARTER 2019

EU manufacturers rebounded, limiting the sector's loss to 3% benefiting from growth in France and Portugal. Fabric materials and synthetics reacted, although they did not complete their return to a positive performance. Regenerated leather fibres still very poorly performing.

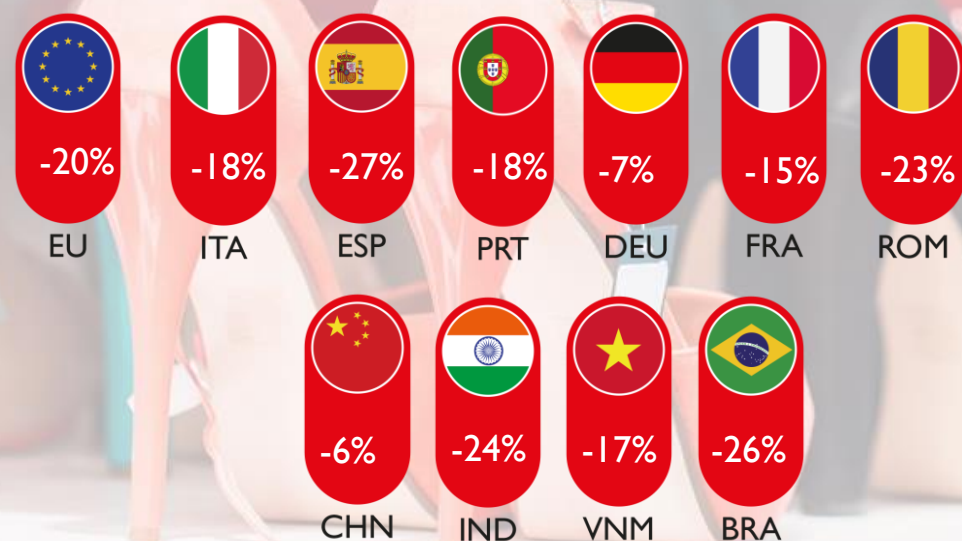


FOOTWEAR

TURNOVER INDEX TRENDS

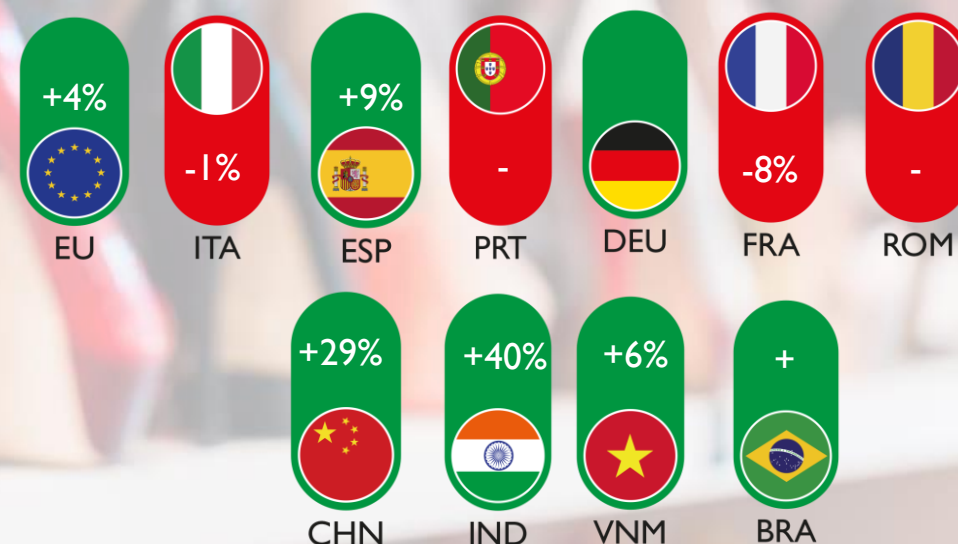
1st QUARTER 2021 VS 1st QUARTER 2020

European footwear manufacturers are still deeply in the red, showing widespread double-digit losses, with the exception of Germany. Outside the EU, Chinese losses have eased, but India, Brazil and Vietnam are still in decline.



1st QUARTER 2021 VS 4th QUARTER 2020

In the short-term comparison, some brightening is beginning to be seen. Overall, the European balance is positive, thanks to Spain and Germany. Recovery widespread in non-EU markets.



LEATHER GOODS

TURNOVER INDEX TRENDS

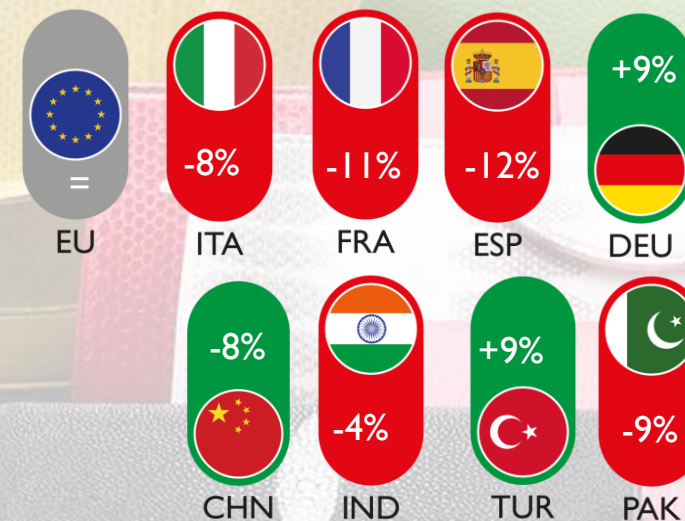
1st QUARTER 2021 VS 1st QUARTER 2020

The European leather goods sector seems to be less penalized than footwear, with lesser losses at an overall level and some slight rises in France and more marked increases in Germany. Still a downward trend in the no-EU countries.



1st QUARTER 2021 VS 4th QUARTER 2020

The result for the first quarter was stable in the short-term comparison, with Germany standing out among the positive producers. Outside Europe, China and Turkey recovered, while India and Pakistan continued to fall slightly.

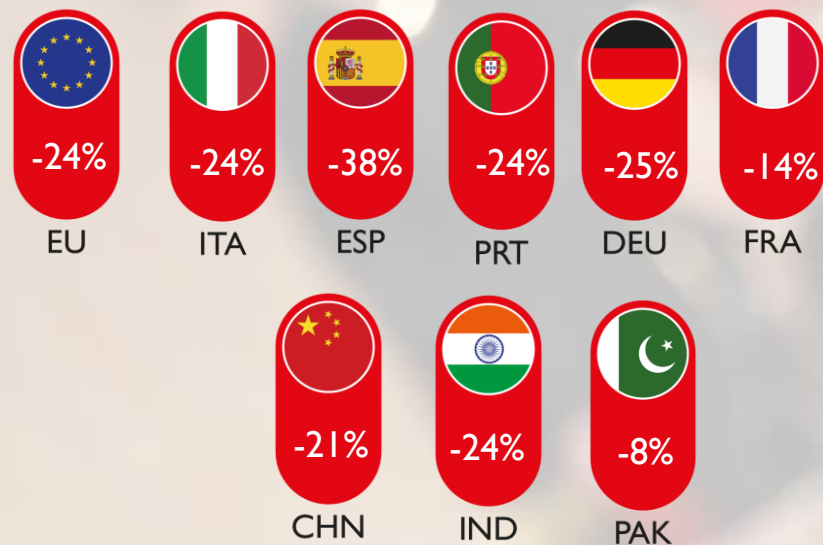


LEATHER CLOTHING

TURNOVER INDEX TRENDS

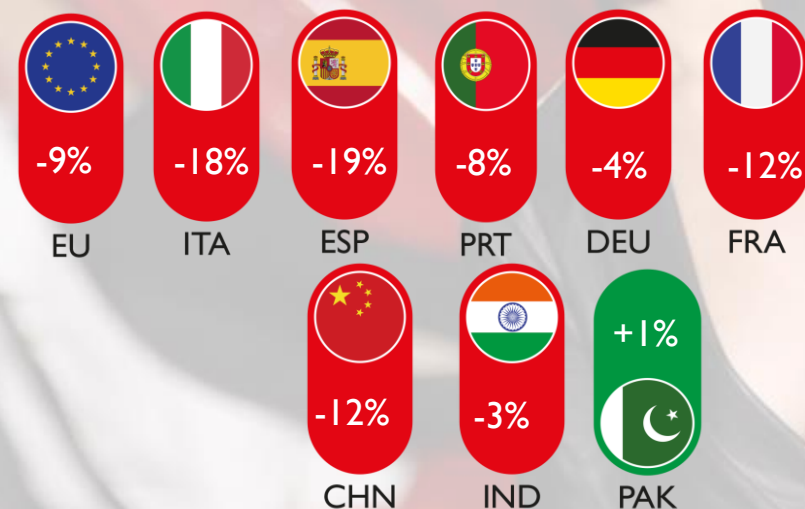
1st QUARTER 2021 VS 1st QUARTER 2020

The segment continues to be severely penalized within the fashion industry, with double-digit declines both in Europe and beyond.



1st QUARTER 2021 VS 4th QUARTER 2020

In short-term comparison, the scenario does not improve much, although it does show a mitigation of losses. Similar dynamics also outside Europe, where only Pakistan does not show negative results.

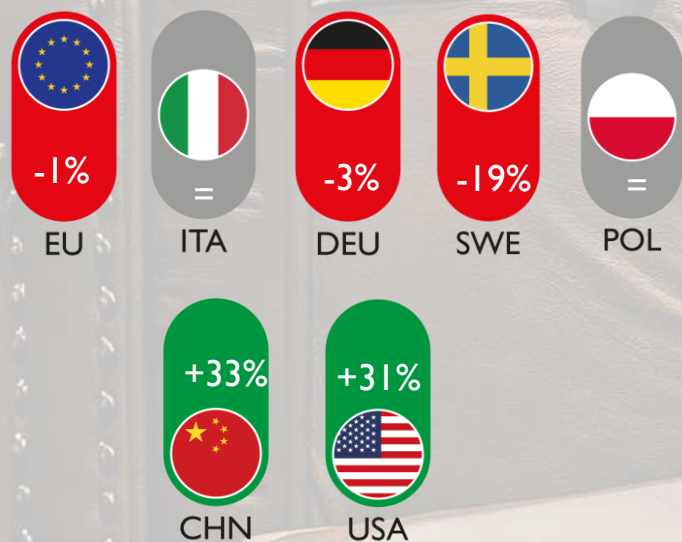


UPHOLSTERED FURNITURE

TURNOVER INDEX TRENDS

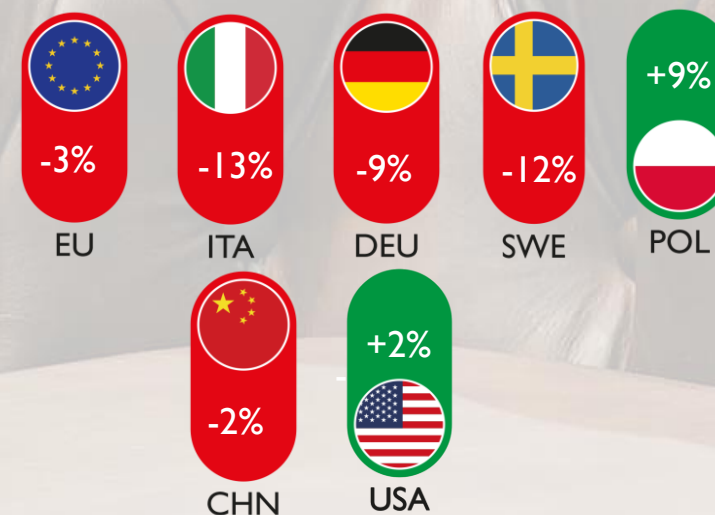
1st QUARTER 2021 VS 1st QUARTER 2020

Despite sluggish results, the segment performed better than the first quarter of last year, with only a slight overall loss: Italy and Poland were stable, while Germany saw a moderate decline. Good results for China and US orders.



1st QUARTER 2021 VS 4th QUARTER 2020

Compared to the last quarter of the past year, results are slightly worse, with the exception of Poland. Moderate decline for China. US orders are also on the rise in the short term.

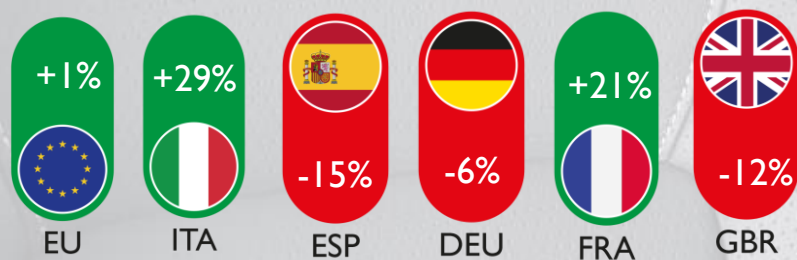


AUTOMOTIVE

TURNOVER INDEX TRENDS

1st QUARTER 2021 VS 1st QUARTER 2020

The first quarter of the current year shows a marginal recovery for the European automobile sector. In the details of the individual countries, the results look uneven. The apparently brilliant result of the Italian automotive industry is striking, but only as a result of the comparison with a dramatic first quarter in 2020. Among the remaining main markets, only France looks positive. Sharp rises in North America and China.



1st QUARTER 2021 VS 4th QUARTER 2020

The short-term upturn in European new car registrations partly compensates the losses incurred in 2020 compared to the previous year.

Widespread upturns outside Europe as well, particularly in Asia.

LUXURY

1st QUARTER 2021 RESULTS

The performance of all major EU luxury fashion brands returned above pre-pandemic levels. Cautious but overall optimistic prospects for growth in the medium term despite an economic environment that remains challenging.

- **LVMH** – The French colossus started 2021 with a 30% rebound in organic sales in the first three months of this year. Indeed, the quarter marks a return to growth after quarters of declines during 2020 (+8% organic sales growth compared to Q1 2019.) The most significant growth came from the fashion and leather goods segment: +52% organic sales growth. Excellent Dior and Louis Vuitton. Celine, Loewe and Marc Jacobs also did well.
- **KERING** – Clear recovery: +26% consolidated turnover compared to the same period in 2020. Gucci and Yves Saint Laurent once again returned to growth levels above 20% (+25% and +23%). Bottega Veneta accelerated, with sales up by 25% in the period. The performance of the Group's minor brands was very positive (+33% with exceptional performances by Balenciaga and Alexander McQueen).
- **HERMÈS** - Robust sales growth in the first quarter: +44% on 2020 and +33% on 2019, thanks to the extraordinary dynamics in Asia and Japan and the recovery of the US. Excellent results for the leather goods and saddlery division (+34%).
- **TOD'S** – Sharp recovery thanks to the momentum retrieved on the Chinese market: +19% in 2020, while the 2019 comparison remains negative (-16%). On the rise: Tod's (+8%), Roger Viver (+63%) and Hogan (+12%). The footwear (+22%) and leather goods (+11.5%) divisions did well.
- **FERRAGAMO** – Revenues up for the Florentine group: +13% in the quarter thanks to the solid growth of sales in Asia Pacific, especially China. Footwear and leather goods recovered (respectively +12% and +20 over the same period last year).

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

By Servizio Economico Lineapelle

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