



# LINEAPELLE LEATHER MARKET OVERVIEW

2<sup>nd</sup> QUARTER 2021



# RAW MATERIALS

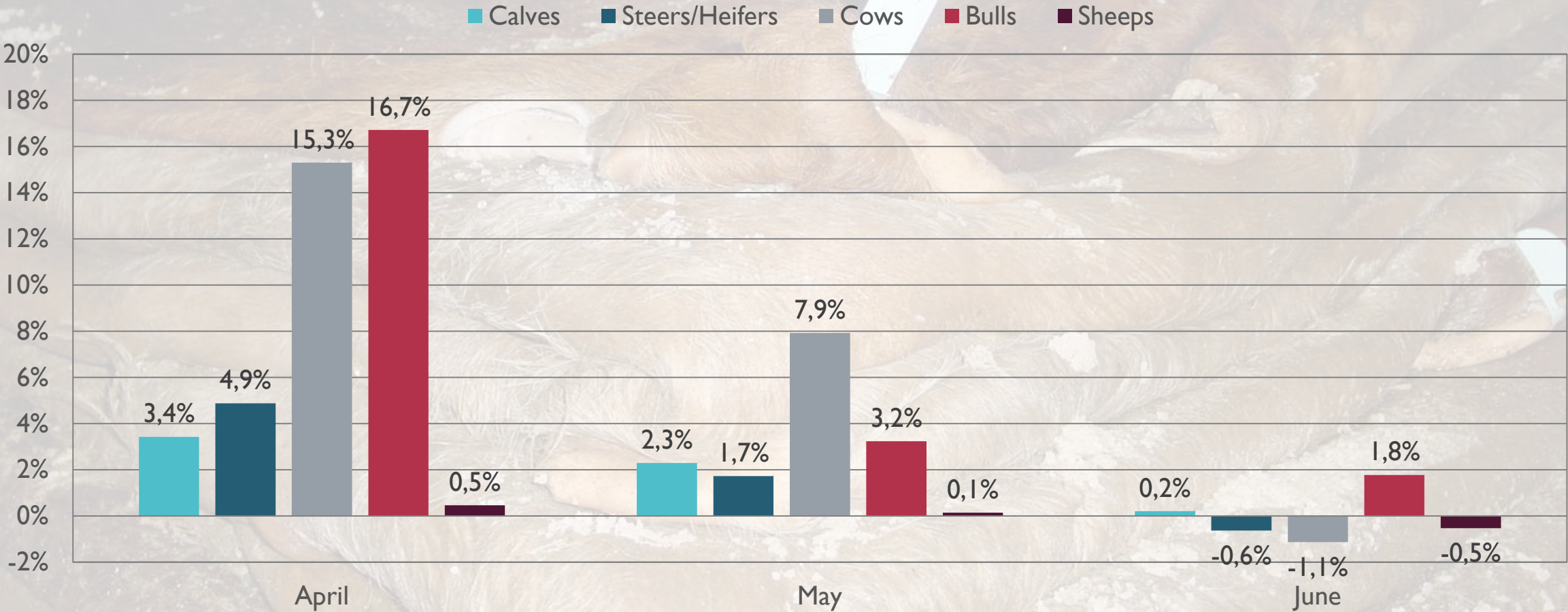
## RAW HIDES AND SKINS AND SEMI-PROCESSED LEATHER – PRICE TRENDS

- Another quarter with **widespread increases** (especially in the first two months) in terms of raw hides/skins and semi-finished leather prices - few exceptions (and no more than a single percentage point in monthly variations)
- In the **bovine raw hides** segment, the increases are confirmed to be more relevant for medium to large weights - **Calves, steers, bullock** and **heifers** recorded the most moderate average increases, while **bull** (+65% from the beginning of the year) and **cow** hides (substantially doubled on some types) are growing at a particularly fast pace
- The prices of **wet-blue leather** also rose by an average of 18% from January to mid-year (with peaks of +43% for the Australians and +25% for the Brazilians)
- The average price indices of **sheepskins** also increased, albeit to a lesser extent than the other types



# RAW MATERIALS

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



# RAW MATERIALS

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

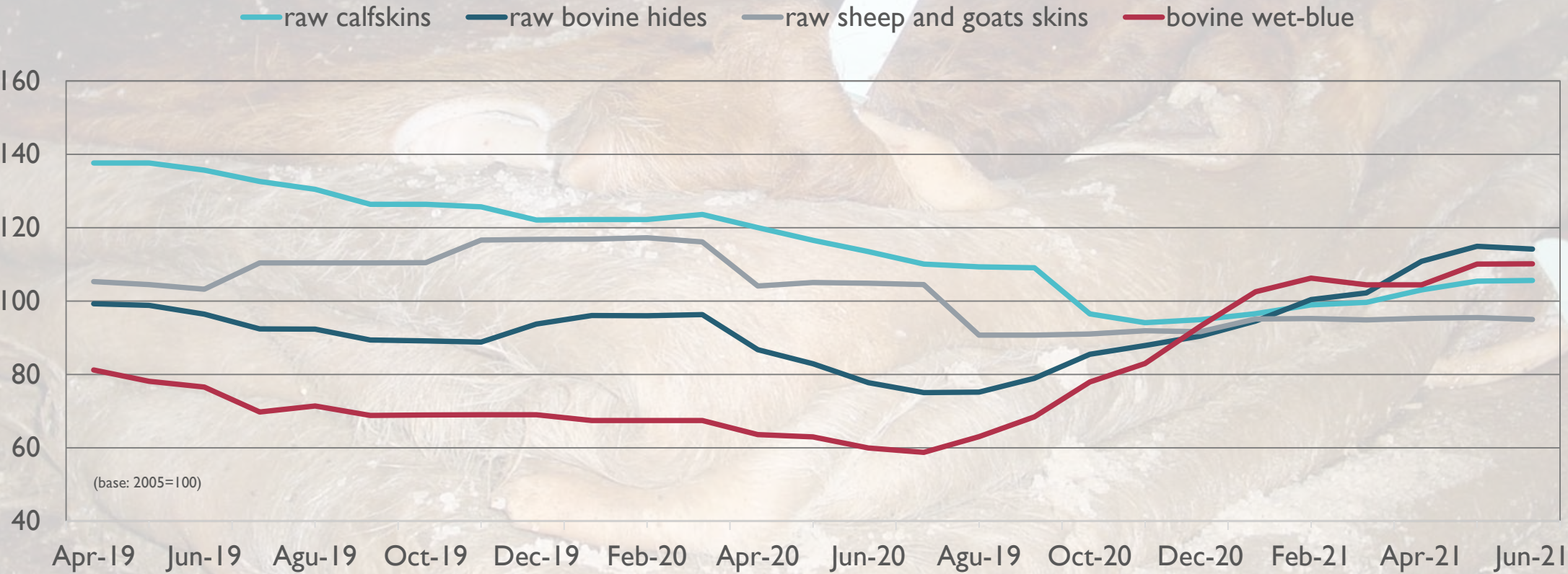


Calves	+11%	Steers, bull calves, heifers	+15%	Cows	+49%	Bulls	+65%	Sheeps	+4%
Italy	+1%	Italy (bull calves)	+6%	Italy	+4%	France	+69%	Iran	+4%
France	+7%	Germany (heifers)	+33%	France	+71%	Netherlands	+40%	Spain	-7%
Netherlands	+28%	United Kingdom (mixed)	+15%	Netherlands	+41%	Germany	+36%	New Zealand	+11%
Australia	+31%	Spain (bull calves)	+19%	Germany	+48%	New Zealand	+80%		
		United States (mixed)	+55%	Spain	+91%	Denmark	+50%		
		Australia (mixed)	+43%	United States	+100%				
		Sweden (mixed)	+33%	Sweden	+41%				
		New Zealand (bull calves)	+20%	New Zealand	+17%				
		Denmark (mixed)	+26%	Denmark	+47%				



# RAW MATERIALS

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



# RAW MATERIALS

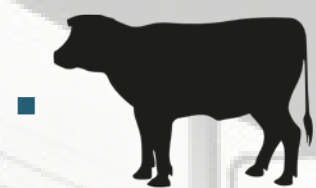
## RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

- The negative trend of slaughtering of **adult bovines** recorded at the beginning of the year has slightly intensified and the overall panorama of the first half of 2021 is down by 6% compared to the same period of 2020 - The detail on Europe is instead in contrast (+1%, trend in sharp growth) and, among the top producers, only Great Britain and Ireland show a negative sign - US (+6%) and New Zealand are also on the rise, South Americans and Australia are down (the latter double-digit)
- Total culling volumes of **calves** are down (-4%), but with an improving trend in recent months - Declines in the order of one percentage point in France, Holland, Italy and Germany, strong increases in Poland - Australia in double-digit decline (like the US), positive sign in New Zealand
- The overall picture of **sheep** slaughtering in the main available regions is also down (-5%) - European production loses 5% (despite slight increases in Spain, France and Italy), with decreases also in the US and in the Oceanic Countries

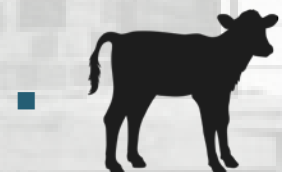
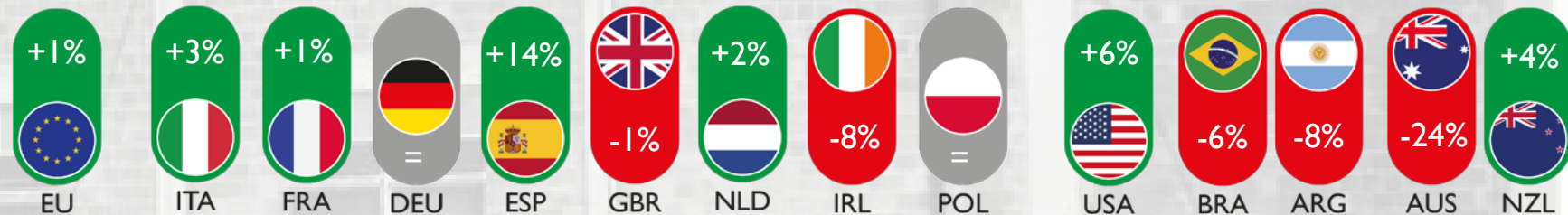


# RAW MATERIALS

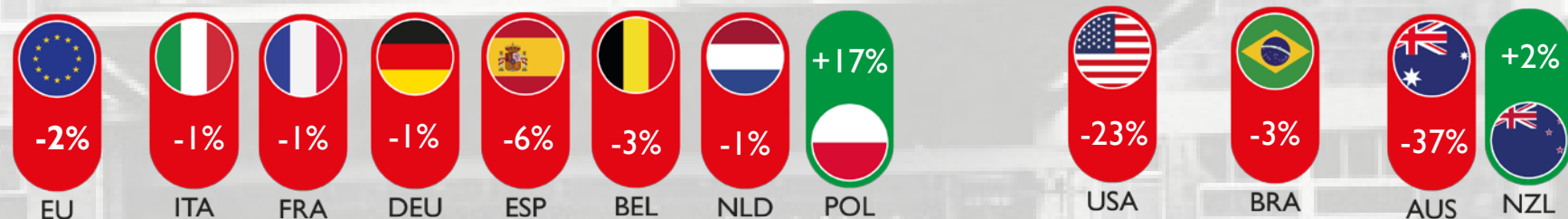
## RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) 1<sup>ST</sup> HALF 2021 VS 1<sup>ST</sup> HALF 2020



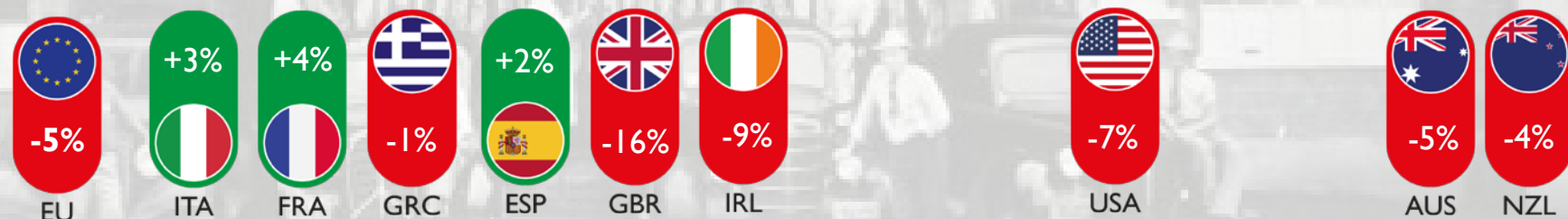
Adult bovine:



Calves:



Sheep:



# RAW MATERIALS

## OTHER REFERENCE COMMODITIES - PRICE TRENDS AND PERFORMANCE



OIL

121%



COTTON

+40%



WOOL

+30%



NATURAL RUBBER

+61%

+53%



METALS

- Aluminum +60%
- Copper +81%
- Iron +114%
- Nickel +42%
- Zinc +48%
- Aluminum +41%
- Copper +66%
- Iron +99%
- Nickel +40%
- Zinc +38%

■ 2<sup>nd</sup> QUARTER 2021  
VS 2<sup>nd</sup> QUARTER 2020

■ 1<sup>st</sup> HALF 2021  
VS 1<sup>st</sup> HALF 2020

Despite the volatility shown by some typologies in the last few weeks, the 2021 interim results show significant and growing increases in wool prices: rises that promise to be profitable also in the months to come, thanks to the lively Chinese demand



# TANNING SECTOR TRENDS

The comparisons, both on a quarterly and half-yearly basis, between the 2021 data and the previous year's figures are heavily affected by the partial (or total, for some Countries) interruption of the production and sale of leathers that occurred (with non-uniform timing) during the first global pandemic wave from Covid-19 in spring 2020. These comparisons, regarding uneven values between the two years, obviously show positive variations in almost all cases, often very intense. Despite these increases, there are many producing Countries (including Italy) that have not yet fully recovered the pre-pandemic production and turnover levels.



# TANNING SECTOR

## TURNOVER INDEX TRENDS IN ITALY



### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020



### 1<sup>st</sup> HALF 2021 VS 1<sup>ST</sup> HALF 2020





# TANNING SECTOR

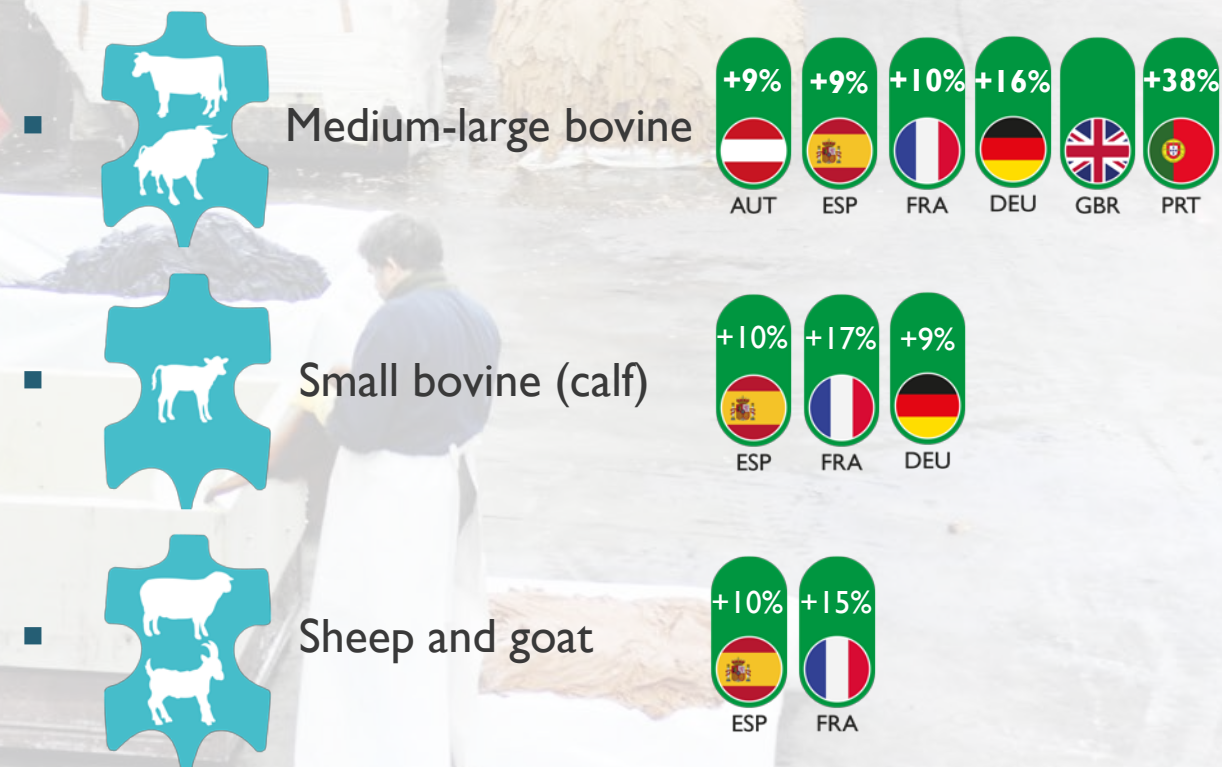
## TURNOVER INDEX TRENDS IN EUROPE



### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020



### 1<sup>st</sup> HALF 2021 VS 1<sup>ST</sup> HALF 2020



# TANNING SECTOR

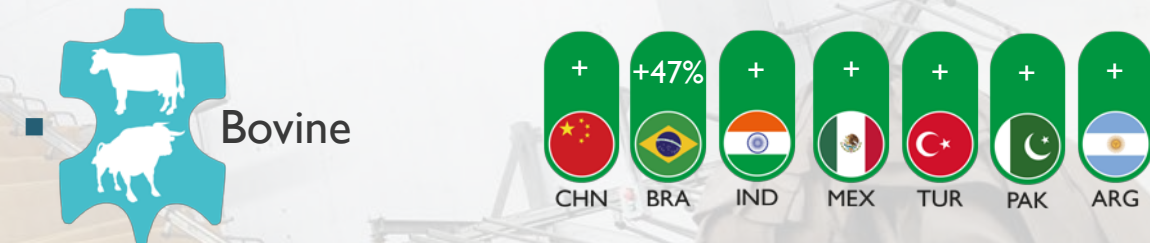
## TURNOVER INDEX TRENDS IN THE WORLD



2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020



1<sup>st</sup> HALF 2021 VS 1<sup>ST</sup> HALF 2020



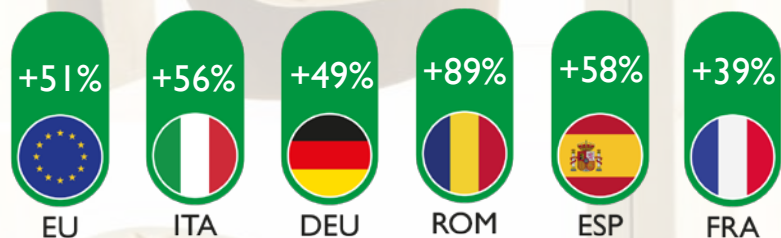


# ACCESSORIES AND COMPONENTS SECTOR

## TURNOVER INDEX TRENDS

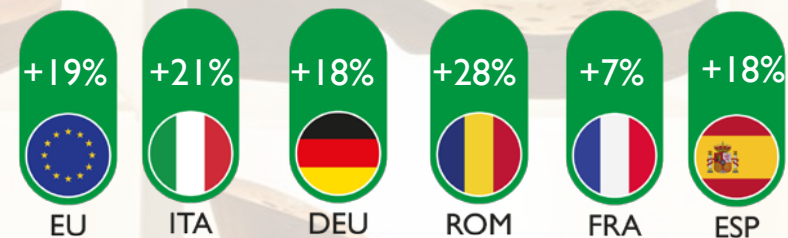
### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020

Due to the low levels of activity imposed by the lockdown in spring 2020, the sector shows marked increases for all European manufacturers when comparing the second quarter of 2021 with the same period last year. Increases are seen across all industries without exception.



### 1<sup>st</sup> HALF 2021 VS 1<sup>st</sup> HALF 2020

In 2021 the increases in EU manufacturers in the sector were consolidated, all on the rise in the comparison with the corresponding 2020 figure. A few critical issues are limited to Eastern European manufacturers (in particular Bulgarian).

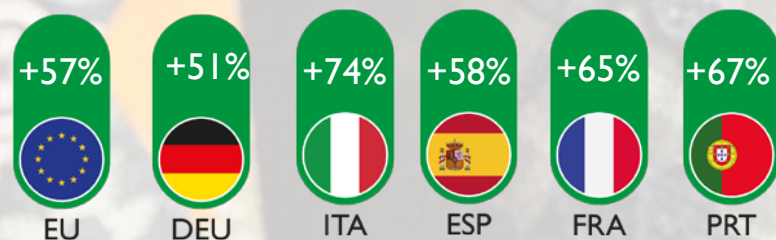


# TEXTILES AND SYNTHETICS SECTOR

## TURNOVER INDEX TRENDS

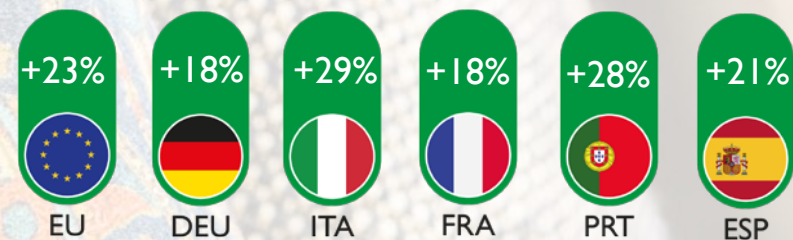
### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020

Turnover rebounds also for European textiles and synthetic manufacturers. The increases concern all sectors and all major EU producers with very few exceptions of minor importance.



### 1<sup>st</sup> HALF 2021 VS 1<sup>st</sup> HALF 2020

The first six months of the current year confirm the upward trend, which is affecting all EU producers and all sectors of the industry equally.



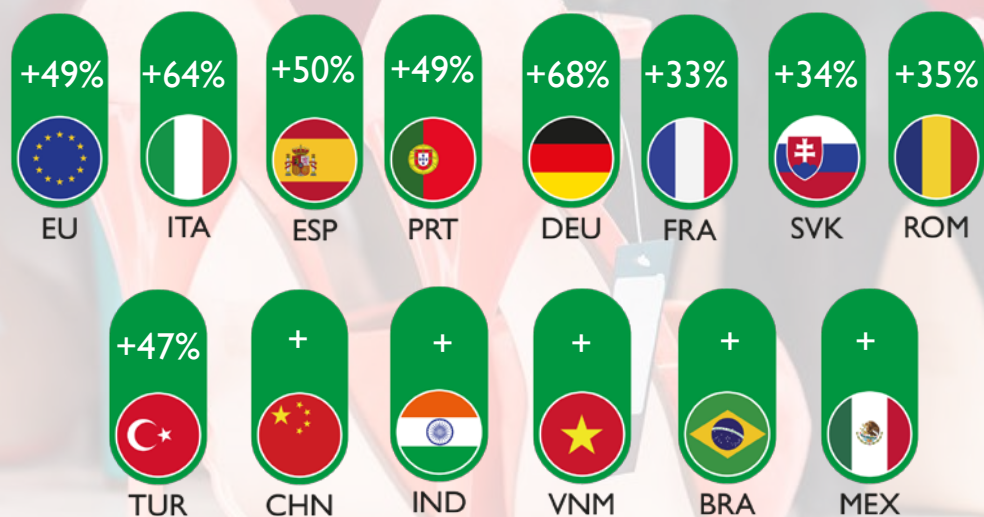


# FOOTWEAR

## TURNOVER INDEX TRENDS

### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020

The comparison with sharply unfavorable activity levels in the second quarter of 2020 emphasizes the rebound of all footwear manufacturers inside and outside the EU.



### 1<sup>st</sup> HALF 2021 VS 1<sup>st</sup> HALF 2020

Positive six-month dynamics for all EU manufacturing, which recorded significant and widespread increases. Upturns also for Asian, Brazilian and Mexican manufacturers.



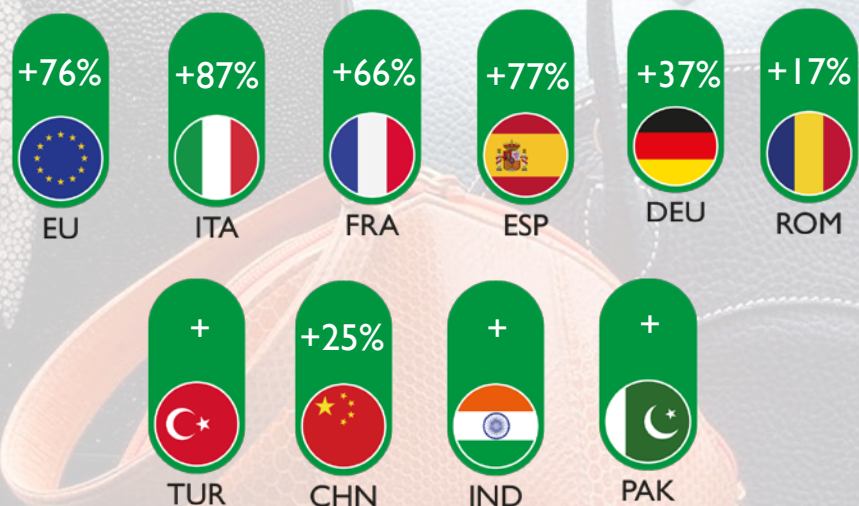


# LEATHER GOODS

## TURNOVER INDEX TRENDS

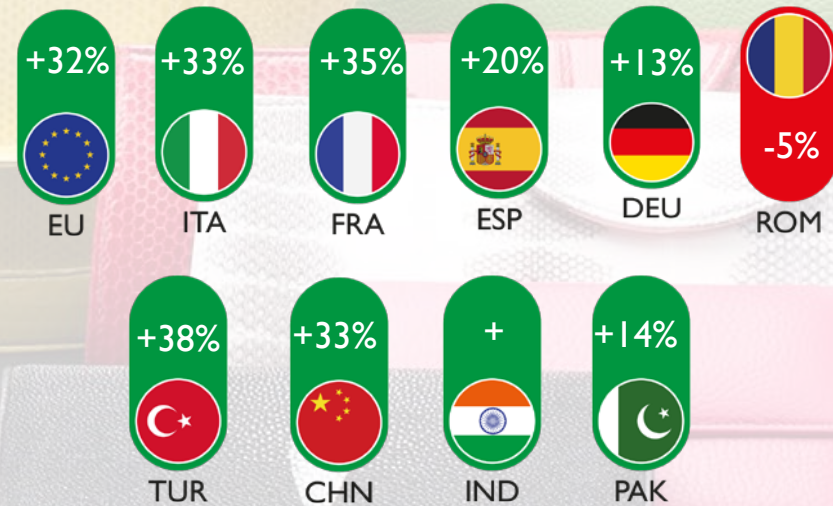
### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020

Both EU and non-EU manufacturing industries accelerated in the long-term comparison, with particularly high increases due to the restrictions imposed on business activities to tackle the Covid-19 emergency in the second quarter of last year.



### 1<sup>st</sup> HALF 2021 VS 1<sup>st</sup> HALF 2020

The half-year comparison partially mitigates the high turnover growth rates of global suppliers, in particular the EU ones. Although the comparison with the cumulated 2020 remains largely positive, Romania, in decline, stands out.



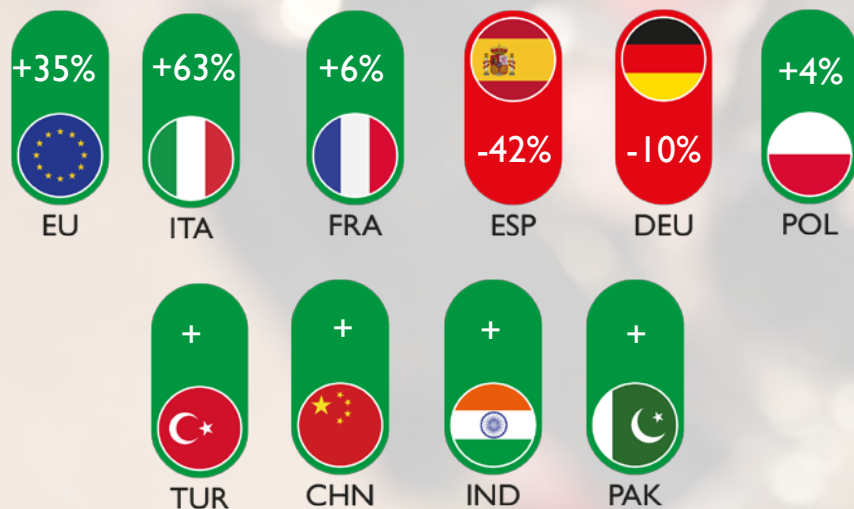


# LEATHER CLOTHING

## TURNOVER INDEX TRENDS

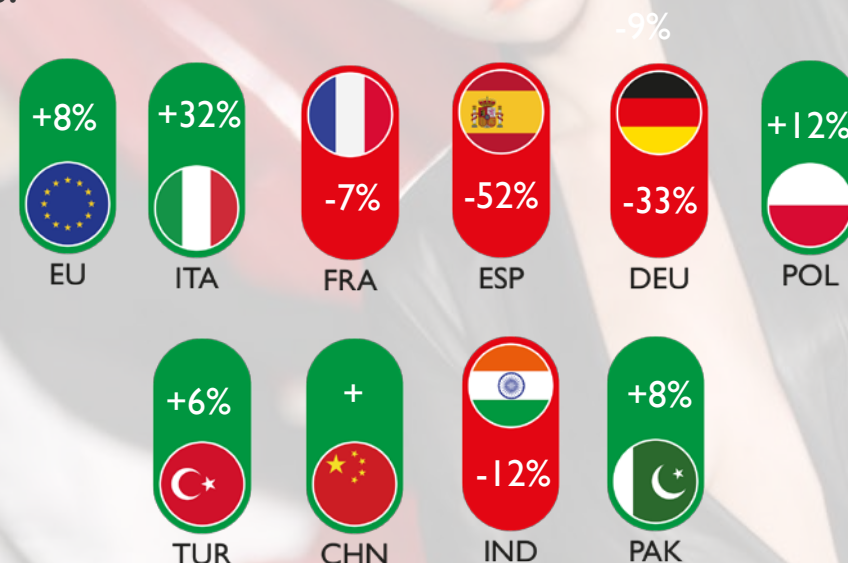
### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020

Lights and shadows alternate in the quarterly results of the sector in the comparison with 2020. Favorable increases for the major EU producers with the exception of the Spanish and Germans. General increases for non-EU manufacturers.



### 1<sup>st</sup> HALF 2021 VS 1<sup>st</sup> HALF 2020

The six-month trend paints a picture shrouded in uncertainty for EU manufacturers, where growth in Italy and Poland contrasts with losses in France, Spain and Germany. Widespread increases for Asians, except for Indians.

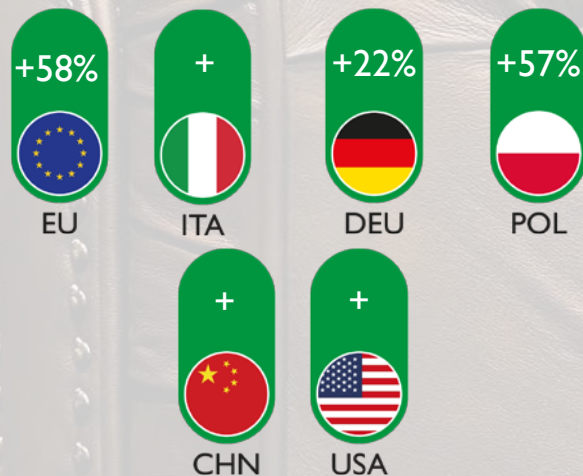


# UPHOLSTERED FURNITURE

## TURNOVER INDEX TRENDS

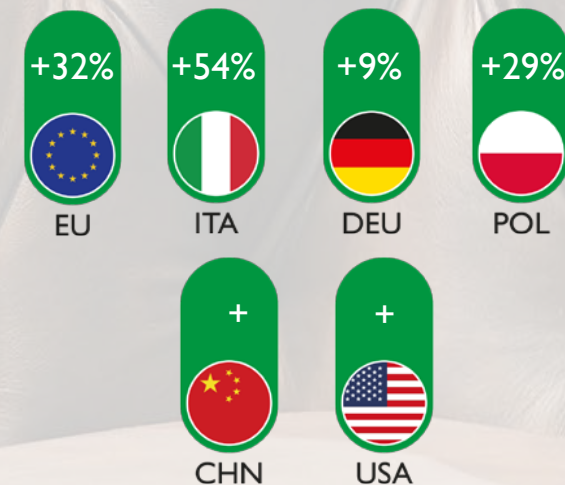
### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020

The growth in the sector continued in the second quarter of 2021, following the excellent results achieved by the Italians and Poles. The picture beyond the EU borders is also encouraging.



### 1<sup>st</sup> HALF 2021 VS 1<sup>st</sup> HALF 2020

Sales in overall terms are up for the sector also in the six-month comparison, with all the main international players recording significant increases.



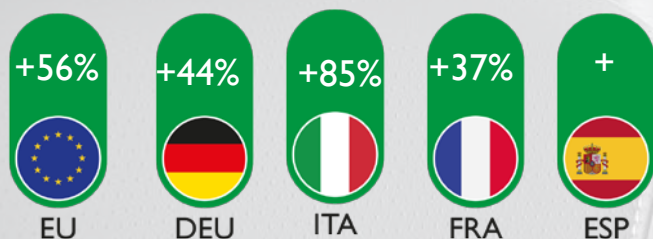


# AUTOMOTIVE

## TURNOVER INDEX TRENDS

### 2<sup>nd</sup> QUARTER 2021 VS 2<sup>nd</sup> QUARTER 2020

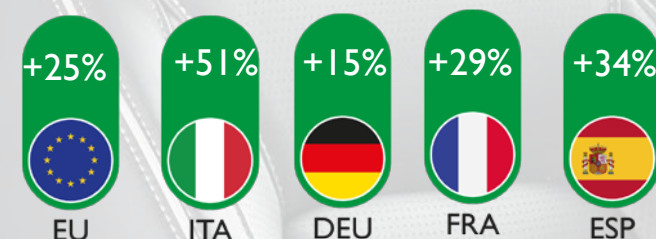
- Strong increases for new car registrations on the European continent in the comparison of between the second quarter of 2021 and the previous year's equivalent.



- The results reflect particularly significant growth even in light of the reduction in sales activity related to the lockdown imposed in the second quarter of 2020 to address the ongoing pandemic emergency.

### 1<sup>st</sup> HALF 2021 VS 1<sup>st</sup> HALF 2020

- Very positive half-year comparison for the sector, which, however, still fails to make up for the strong losses recorded in 2020. In fact, the comparison with the first half of 2019 remains negative.



- All the main non-EU markets grew in the 2021 half-year: USA (+29% of new car registrations in the 2021 cumulative period) and China (+27% despite a slowdown in June).
- +39% UK new car registrations in the period

# LUXURY

## RESULTS 1<sup>st</sup> HALF 2021

The recovery of European luxury fashion brands accelerates in the first half of 2021, whose results encourage a cautiously optimistic attitude also in the months to come despite the uncertainty that is shaping the post-Covid-19 scenario.

- **LVMH** – +53% organic sales growth compared to the first half of this year on the corresponding 2020 (+11% the comparison with the first 6 months of 2019). Record increases in the fashion and leather goods division: +81% over the corresponding 2020, +38 compared to 2019. Remarkable results from Louis Vuitton, Dior, Fendi, Loewe and Celine. Marc Jacobs performed well.
- **KERING** – consolidated revenues up by 54% in the first half of 2021. Gucci on pre-pandemic growth levels, with sales up by 50%. Increases for Yves Saint Laurent (+58%) and Bottega Veneta (+45%) and the other brands of the group (+65% revenues at constant rates). Exceptional performances by Balenciaga and Alexander McQueen. Brioni recovered.
- **HERMÈS** – exceptional +70% in revenues at constant rates (+33% in 2019 comparison). All markets confirm the upward trend. Strong demand pushes up the results of leather goods and saddlery (+63% sales in the semester).
- **TOD'S** – +58% (at constant rates) the growth of revenues of group in the first half of 2021. Tod's (+54%), Roger Vivier (+88%), Hogan (+37%) and Fay (+35%) recovered. Both footwear (+57%) and leather goods (+70.5%) posted increases.
- **FERRAGAMO** – up by 46% the revenues (at constant rates) of the Florentine brand in the first half of 2021. All product categories are expanding, with increases in turnover of 43% and 45% for footwear and leather goods respectively.
- **PRADA** – Excellent results for the Milan-based brand: +66% revenue in the first 6 months of 2021 (constant exchange rates). Outstanding performance for Prada (+64% compared to 2020). Satisfaction for Miu Miu (+43%). Uncertainty for Church's (-1%).



# 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 Servizio Economico Lineapelle

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