



LINEAPELLE LEATHER MARKET OVERVIEW

3RD QUARTER 2021



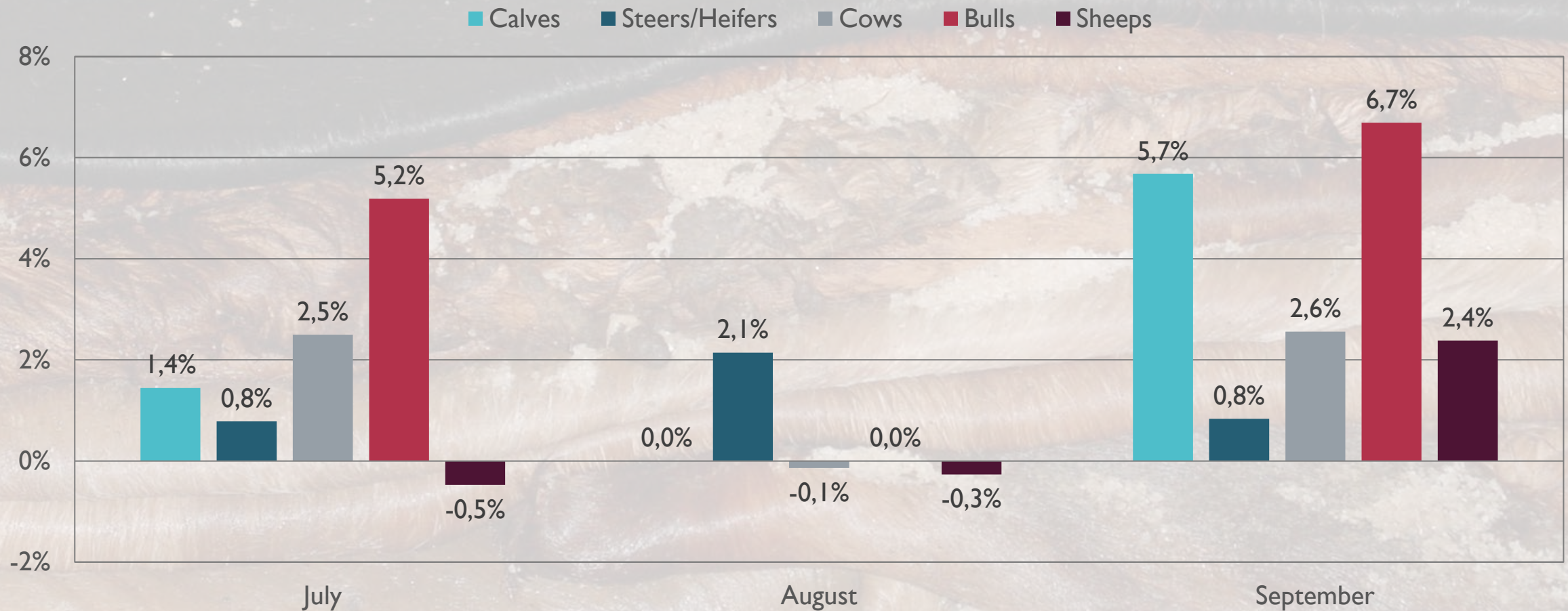
RAW MATERIALS

RAW AND SEMI-PROCESSED HIDES/SKINS– PRICE TRENDS

- The price indices of raw and semi-processed hides/skins continued to show a **predominantly rising trend** even in the third quarter of the year - There were no shortage of exceptions, albeit few and limited
- Among **bovine raw hides**, bulls confirmed substantial increases, with a strong acceleration also recorded for calves – Cows, steers, bullocks and heifers are also growing, but less sustained
- After the sharp increases of the previous months, the average price index of **bovine wet-blue** appeared to be substantially stable during the quarter
- More fluctuating trends in **raw sheepskins**, which, after the summer weakness, returned to growth in September in some of the main places of origin

RAW MATERIALS

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



RAW MATERIALS

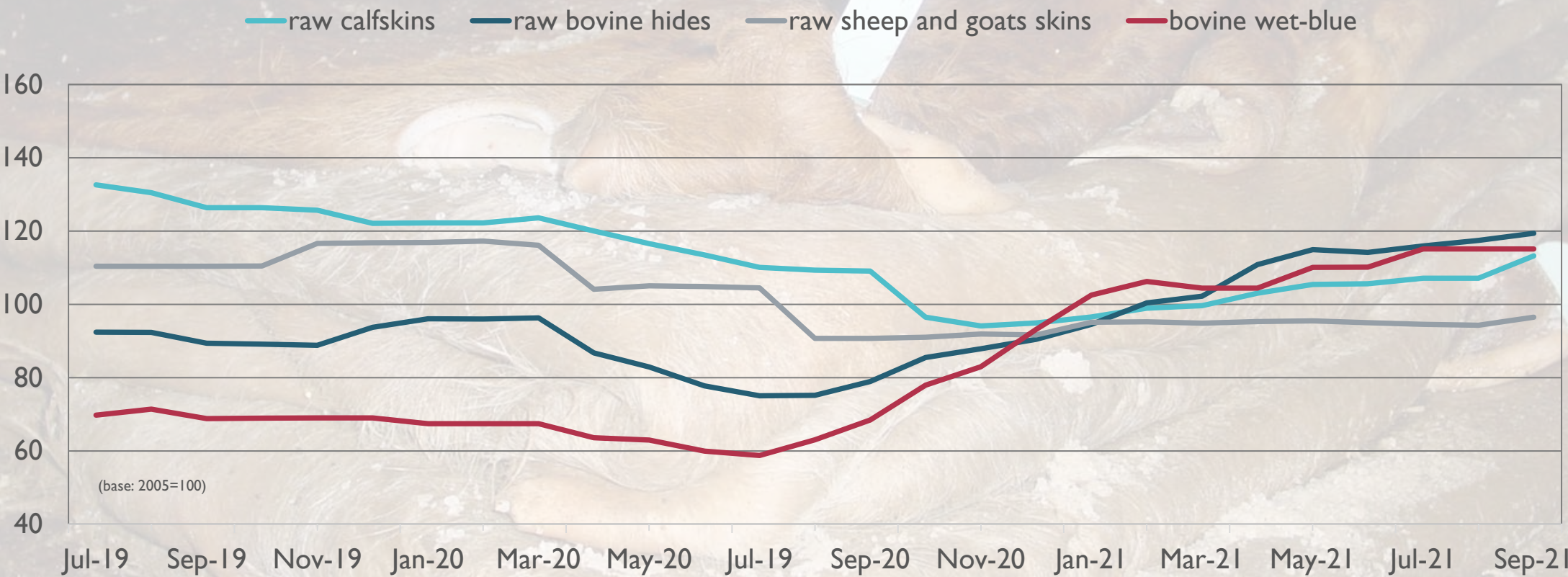
RAW HIDES - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO SEPTEMBER 2021)



Calves	+19%	Steers, bull calves, heifers	+20%	Cows	+57%	Bulls	+85%	Sheeps	+5%
Italy	+2%	Italy (bull calves)	+8%	Italy	+5%	France	+91%	Iran	+4%
France	+16%	Germany (heifers)	+32%	France	+77%	Netherlands	+46%	Spain	+4%
Netherlands	+38%	United Kingdom (mixed)	+18%	Netherlands	+63%	Germany	+46%	New Zealand	+21%
Australia	+54%	Spain (bull calves)	+34%	Germany	+52%	New Zealand	+80%		
		United States (mixed)	+59%	Spain	+87%	Denmark	+67%		
		Australia (mixed)	+64%	United States	+53%				
		Sweden (mixed)	+42%	Sweden	+55%				
		New Zealand (bull calves)	+25%	New Zealand	+33%				
		Denmark (mixed)	+38%	Denmark	+59%				

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)

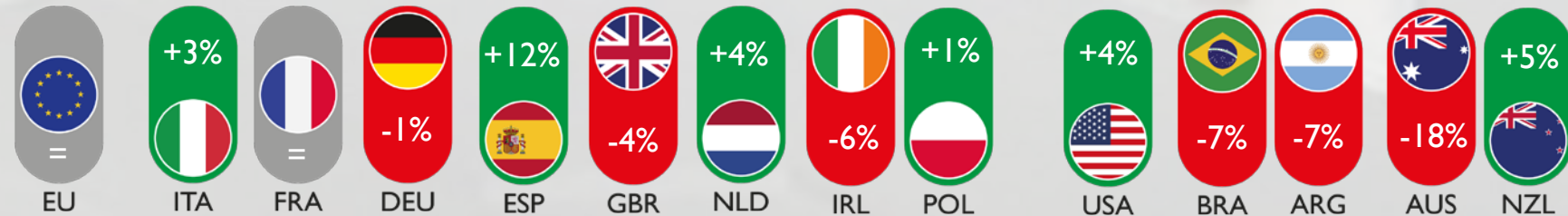
- The overall culls of **adult cattle** showed some trend recovery in the third quarter, but the aggregate figure for the first 9 months of the year continues to show a negative sign (-3% on the 2020 amount) - The details relating to the situation in Europe show stability and, among the top producers, only Germany, Great Britain and Ireland show a negative sign - USA (+ 4%) and New Zealand grow, South Americans and Australia drop (the latter in double digits)
- Total **calves** slaughter volumes are also down (-5%), with all the main producing Countries recording losses - The only exceptions to the negative trend are Poland and Germany (both increasing), and Belgium and New Zealand (stables)
- The overall picture of **sheep** slaughterings in the main monitored regions is also negative (-3%) - European production loses 5% (despite the slightly positive sign of Spain, France and Italy), with Australia slightly up and New Zealand down

RAW MATERIALS

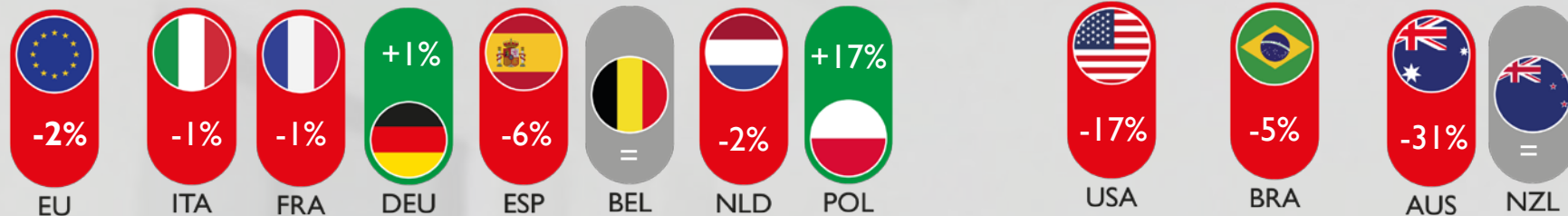
RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020



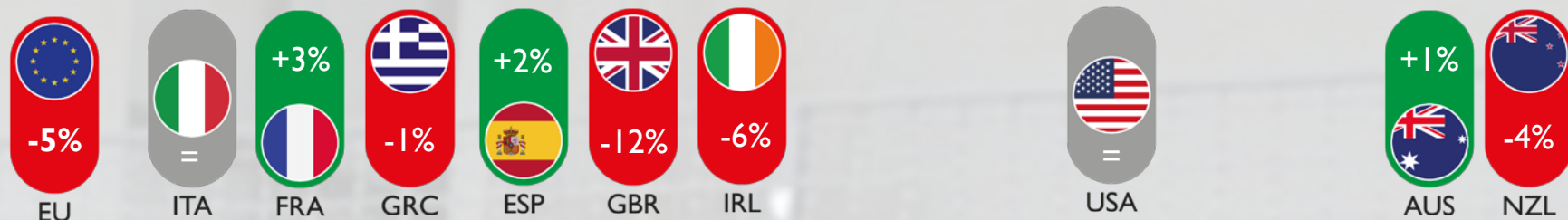
Adult bovine:



Calves:



Sheep:



RAW MATERIALS

OTHER REFERENCE COMMODITIES – PRICE TRENDS AND PERFORMANCE



OIL

+70%



COTTON

+45%



WOOL

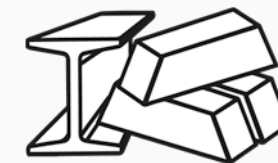
+35%



NATURAL RUBBER

+10%

+38%



METALS

- Aluminum +55%
- Copper +44%
- Iron +42%
- Nickel +34%
- Zinc +28%
- Aluminum +46%
- Copper +57%
- Iron +77%
- Nickel +38%
- Zinc +34%

■ 3rd QUARTER 2021
VS 3rd QUARTER 2020

■ FIRST 9 MONTHS 2021
VS FIRST 9 MONTHS 2020

The wool market reflects some uncertainty in the cumulative 2021. In fact, after a slowdown in the summer period, sales did not rebound with momentum, but instead caution prevailed. Experts believe that the critical issues do not concern the demand for wool, but rather external factors linked to Covid-19 and logistic difficulties that interfere with the market.

TANNING SECTOR

TRENDS

- The comparisons between the data for the current year and the 2020 continue to be heavily affected by the limitations on tanning production that occurred following the anti-pandemic measures of the past year
- Against this premise, double-digit sales growth variations prevail in the **bovine sector** (but with some important exceptions for medium-large sizes in Europe in the quarterly comparison)
- The situation relating to the **sheep and goat segment** is more differentiated, as it is experiencing some difficulties both among the main European and non-EU producers.

TANNING SECTOR

TURNOVER INDEX TRENDS IN ITALY



3rd QUARTER 2021 VS 3rd QUARTER 2020



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

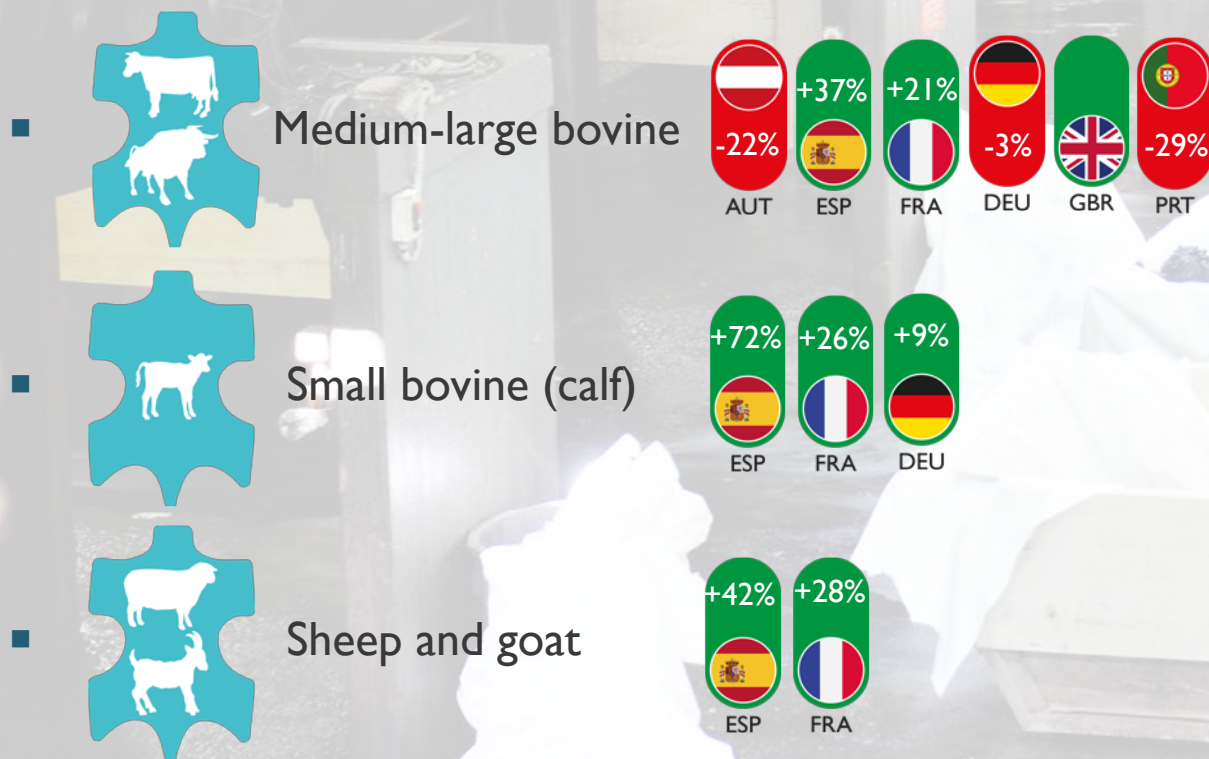


TANNING SECTOR

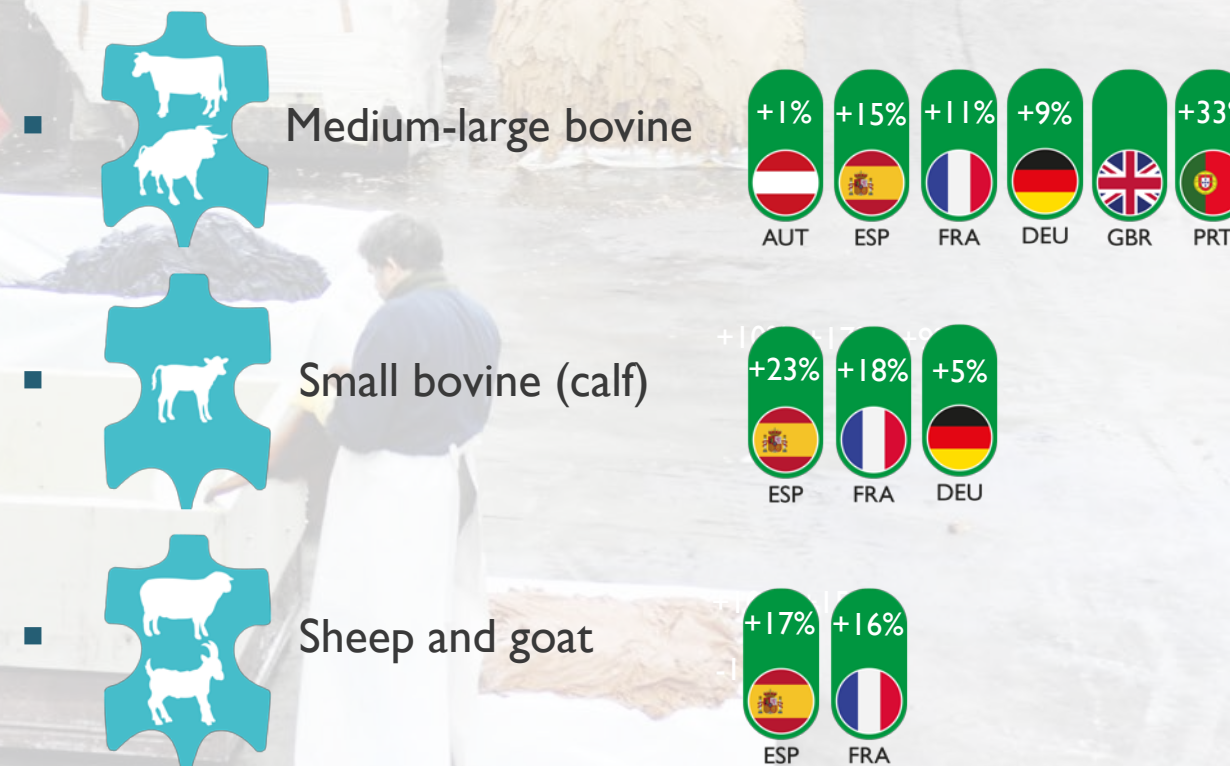
TURNOVER INDEX TRENDS IN EUROPE



3rd QUARTER 2021 VS 3rd QUARTER 2020



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020



TANNING SECTOR

TURNOVER INDEX TRENDS IN THE WORLD



3rd QUARTER 2021 VS 3rd QUARTER 2020



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

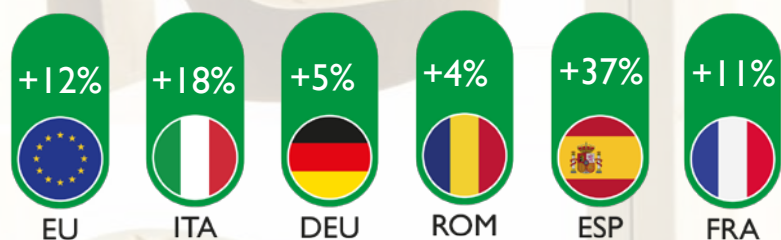


ACCESSORIES AND COMPONENTS SECTOR

TURNOVER INDEX TRENDS

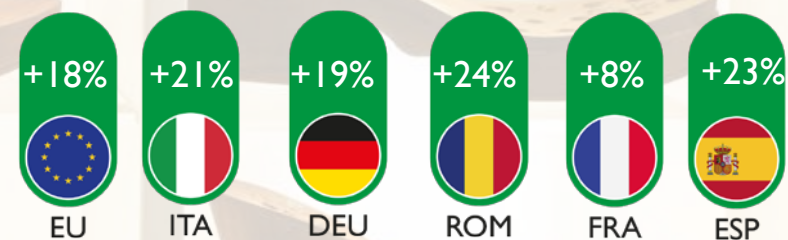
3rd QUARTER 2021 VS 3rd QUARTER 2020

Seasonal comparisons provide a dynamic picture of the sector, with widespread increases: the EU average is up by 12%. The breakdown by segment, however, shows some critical aspects, although not significant. Small metal parts and other accessories performed well, while footwear components showed more limited increases.



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

European average rising sharply also in the first 9 months of 2021 for the accessories and components sector. However, some difficulties persist, mainly affecting Bulgarian and Slovakian manufacturers.

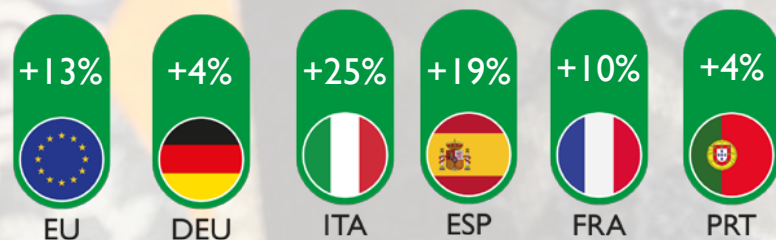


TEXTILES AND SYNTHETICS SECTOR

TURNOVER INDEX TRENDS

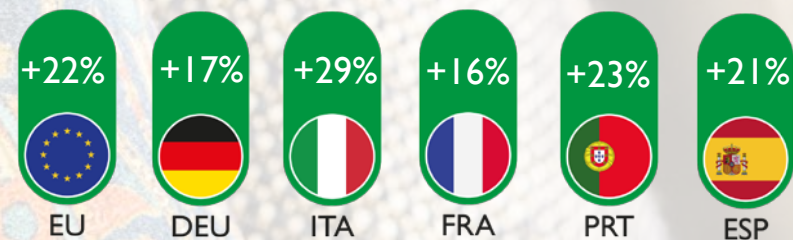
3rd QUARTER 2021 VS 3rd QUARTER 2020

Upward trend for European textiles and synthetics in the long-term comparison with the third quarter 2020. Average upward results in all sectors and for all major EU manufacturers but with some, though rare, downward exceptions.



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

Overall increases for the sector, with higher results for all major EU manufacturers in all segments. Some mismatches only by East European manufacturers in the short-term comparison.

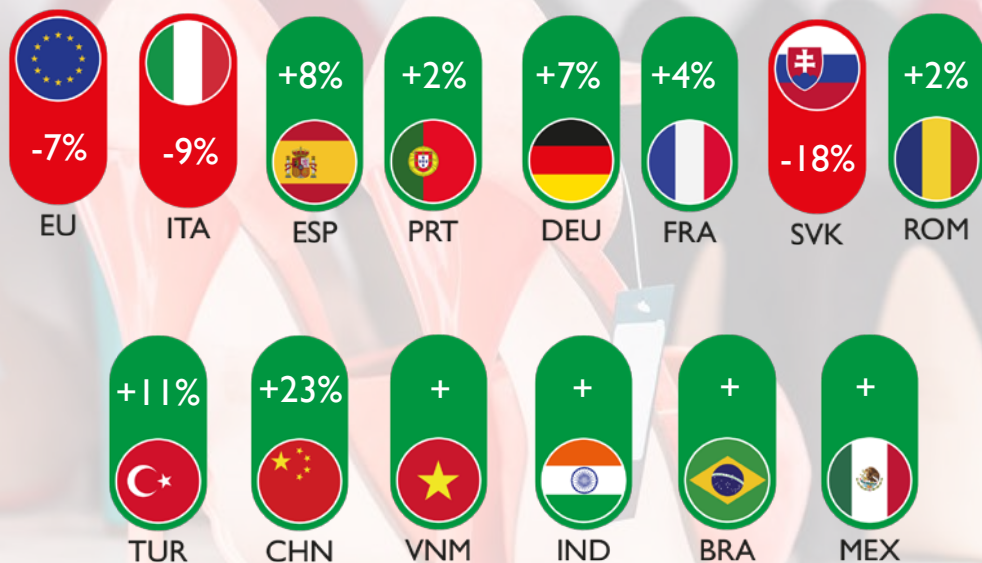


FOOTWEAR

TURNOVER INDEX TRENDS

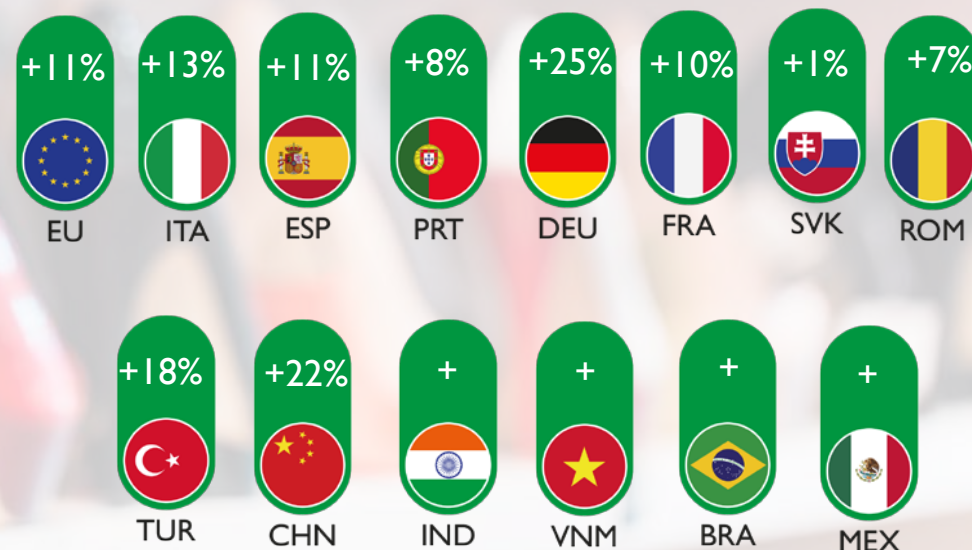
3rd QUARTER 2021 VS 3rd QUARTER 2020

The third quarter of 2021 shows some signs of deceleration for EU manufacturers, particularly Italians. Widespread increases for non-European partners.



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

2021 cumulative results show an increase for all footwear manufacturers, both EU and non-EU, with overall double-digit growth.

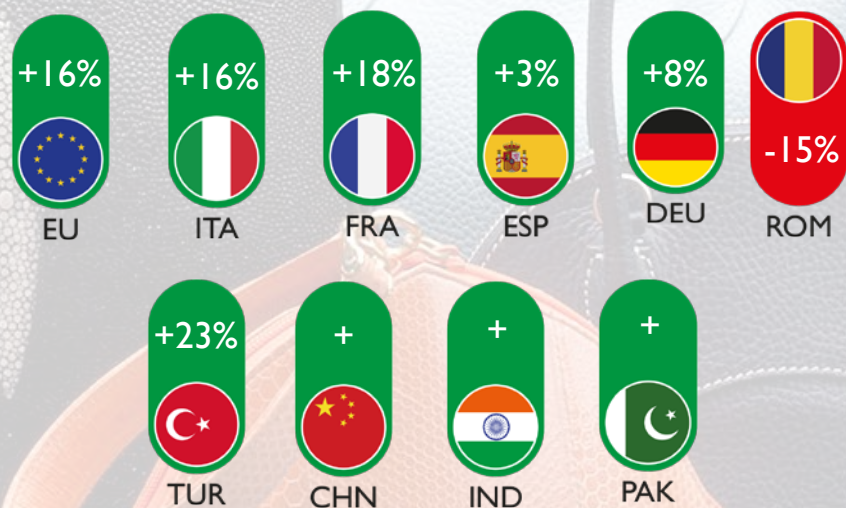


LEATHER GOODS

TURNOVER INDEX TRENDS

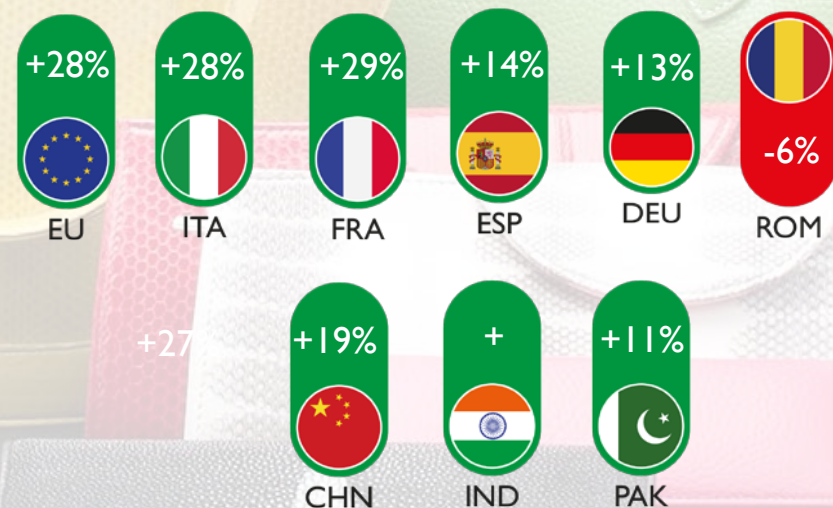
3rd QUARTER 2021 VS 3rd QUARTER 2020

Upward trend confirmed for all major EU and non-EU manufacturers in the third quarter of the year compared to the same period 2020. Romanian manufacturers stand out, falling by double digits.



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

The growth of the sector continues compared to the corresponding 2020. Double-digit increases for all EU producers except Romania, which is struggling also in the short-term comparison. Non-EU partners performed well.

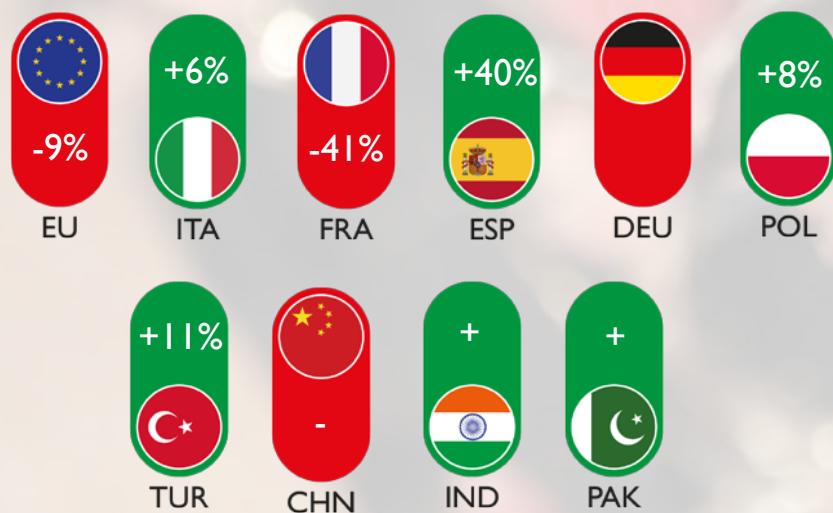


LEATHER CLOTHING

TURNOVER INDEX TRENDS

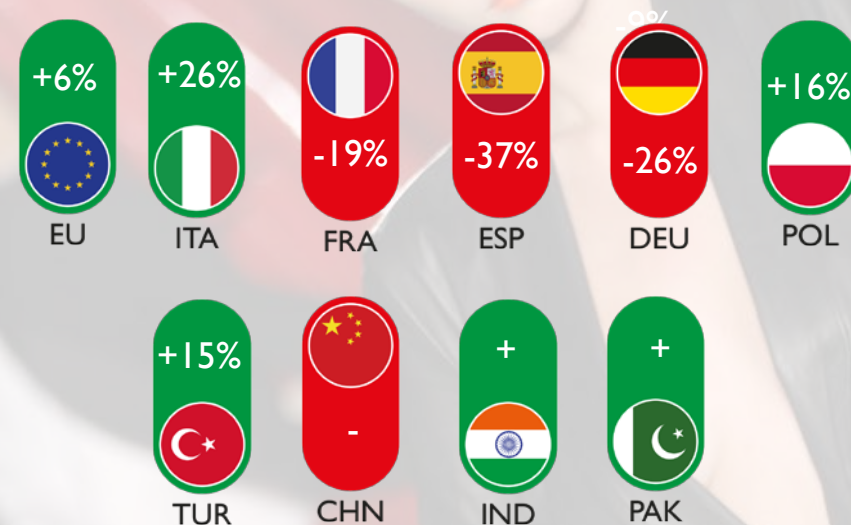
3rd QUARTER 2021 VS 3rd QUARTER 2020

European leather apparel manufacturers experience some difficulty in the long-term comparison, where the EU average suffers from German and French declines. Positive picture for foreign competitors, except China.



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

The dynamism of Italian and Polish manufacturers supports the EU average in the 2021 cumulative period. However, the declines of the French and Germans are a cause for concern. The international picture generally looks good, excluded China.

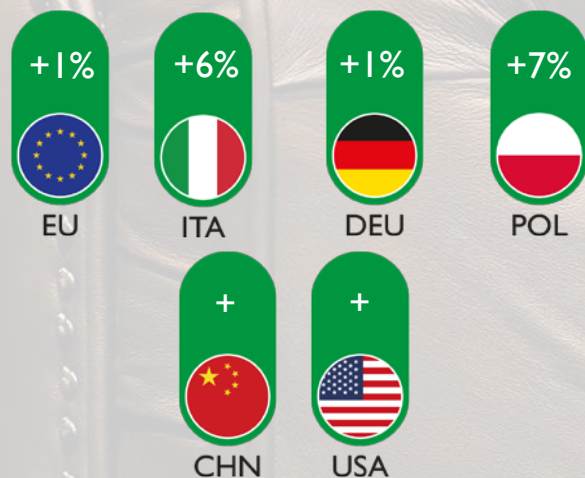


UPHOLSTERED FURNITURE

TURNOVER INDEX TRENDS

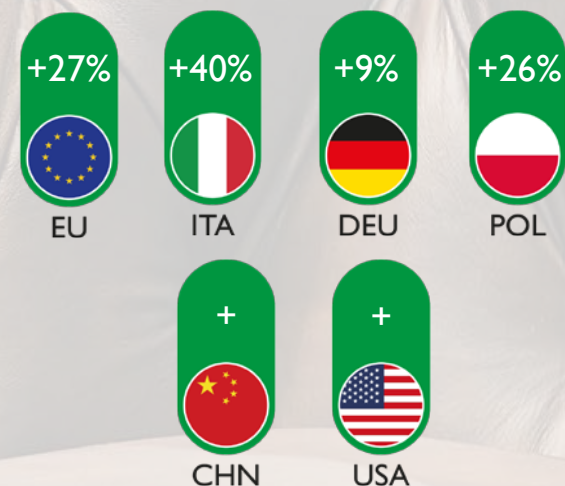
3rd QUARTER 2021 VS 3rd QUARTER 2020

Positive results for the sector, which is confirmed to be on the upturn even in the third quarter of 2021. Positive results especially for Italians and Polish. Good results also for non-EU suppliers.



FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

Increases for the sector also in the short-term comparison, where Italy and Poland confirm the expansionary trend and push up the EU average. Chinese and US manufacturing are on the rise too.

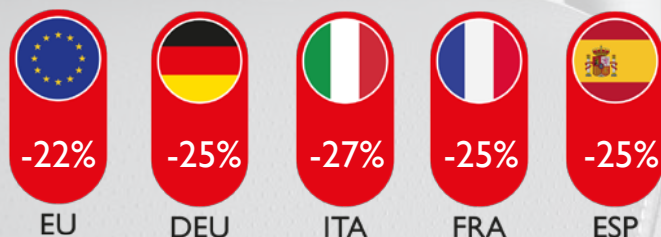


AUTOMOTIVE

TURNOVER INDEX TRENDS

3rd QUARTER 2021 VS 3rd QUARTER 2020

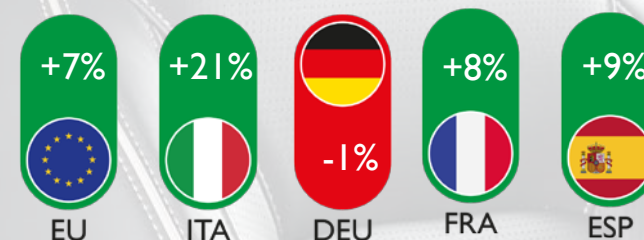
- Setback for European new car registrations in the long-term comparison, where double-digit declines affected all major EU markets.



- In addition to the seasonal element typical of the summer months, this drop in sales was largely caused by the lack of vehicle supply caused by the ongoing semiconductor shortage.

FIRST 9 MONTHS 2021 VS FIRST 9 MONTHS 2020

- The picture improves in cumulative 2021, where the comparison with the corresponding 2020 shows widespread growth in EU new car registrations.



- The main non-EU markets reported growth: USA (registrations up by 13% in the first nine months of 2021) and China (up by 11% despite a slowdown in September).
- Increases for UK registrations: +6% in the period

LUXURY

9 MONTHS 2021 RESULTS

In the context of a gradual exit from the health crisis, major luxury fashion brands continue to experience double-digit revenue growth when compared to the 2020 equivalent. Persistent global economic, geopolitical and monetary uncertainties suggest caution in the medium to long term.

- **LVMH** – +40% organic revenue growth in the first 9 months 2021 over the equivalent 2020 (+11% comparison with 2019). Double-digit increases for the fashion and leather goods division: +57% on 2020, +38 on 2019. Remarkable performance for Louis Vuitton and Dior. Strong growth for Celine. Good performance for Fendi, Loewe and Marc Jacobs.
- **KERING** – +37% rise in cumulative 2021 over the previous year (+9% growth over 2019). Still double-digit increases for Gucci (+31%), Yves Saint Laurent (+45%) and Bottega Veneta (+30%). Excellent dynamics also for the other houses of the group (+48%) very well Balenciaga and Alexander McQueen. Brioni returned to pre-Covid growth levels.
- **HERMÈS** – outstanding growth in the third quarter 2021, which pushes up revenues in the first 9 months of the current year: +54% (+35% on 2020). Europe recovers while America and Asia accelerate. The turnover of the leather goods and saddlery division marks +46% and +27% respectively in the comparison with 2020 and 2019.
- **TOD'S** – consolidated turnover up by 39% (constant rates) in 2021 cumulated over 2020, while the comparison with 2019 remains negative (-7%). Increases for Tod's (+42%), Hogan (+22%), Fay (+24.5%) and Roger Vivier (+53%). Double-digit growth for both shoes (+36%) and leather goods (+62%), once again thanks to sales in mainland China.
- **FERRAGAMO** – revenues up by 35% in the first 9 months of 2021 mainly thanks to sales in Asia Pacific. Increases for all main product categories: revenues up 43% and 44% for footwear and leather goods, respectively.
- **PRADA** – net revenues up by 52% for Prada in the first 9 months 2021 over the same period 2020 (+4% the comparison with 2019). Increases also for Miu Miu: +32% over 2020, but with negative figures with respect to 2019 despite the good performance in Asia and Middle East.

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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