



LINEAPELLE LEATHER MARKET OVERVIEW

4th QUARTER 2021



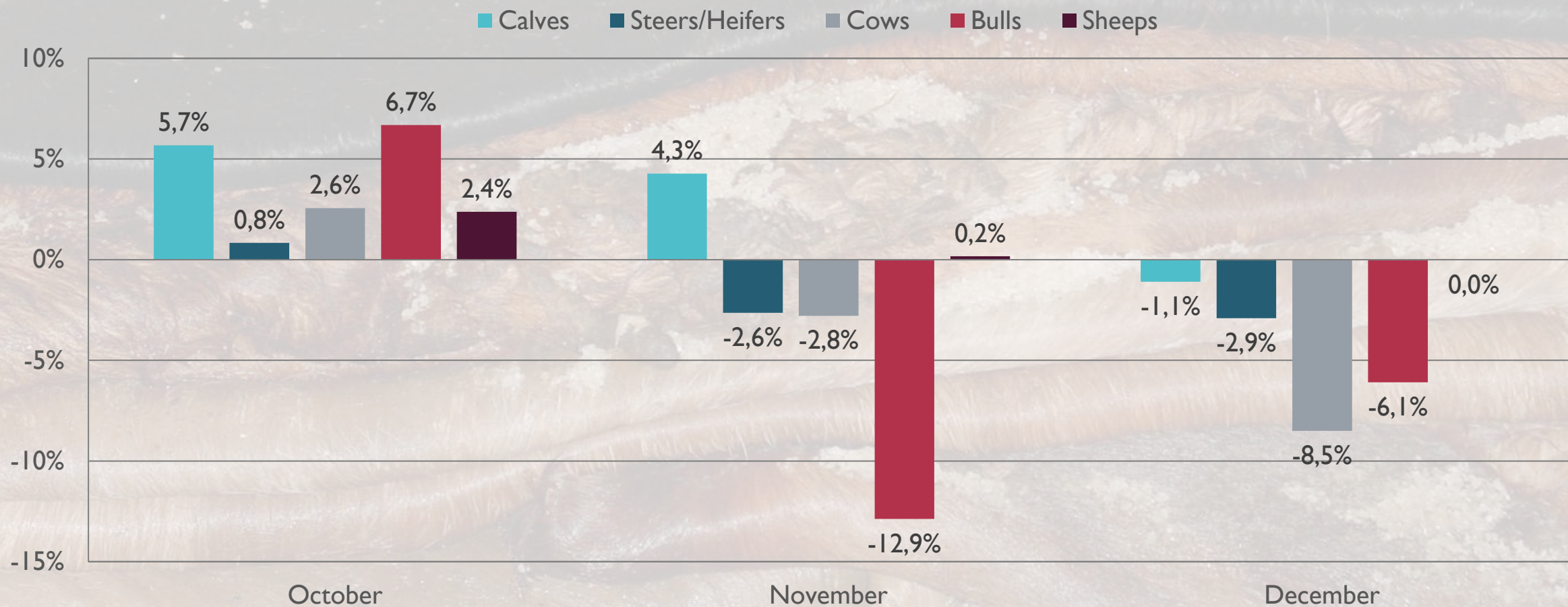
RAW MATERIALS

RAW AND SEMI-PROCESSED HIDES/SKINS - PRICE TRENDS

- The **price indices** of raw and semi-finished hides/skins recorded a **fluctuating trend** during the last quarter of the year - If in October there were still widespread and generalized increases, in the following two months the prevailing trend was downwards (although not for all types and with moderate intensity)
- In **bovine hides**, the negative rebounds in November and December mainly affected large sizes, i.e. **bulls** and **cows** (which had shown the most consistent increases in the previous months), and, with greater moderation, also the medium hides (**steers, heifers, ox**) - Another quarter with overall growth for **calfskins** again
- The prices of **bovine wet-blue** fell by an average of 9% in the three months analyzed, but, in the details of the single Countries of origin, New Zealand is an exception to the prevailing upward trend (+4% in the period)
- Slightly positive trend, overall, for **sheepskins**, mainly due to the price trend of the main European types (the Middle Eastern and Oceanic markets, on the other hand, were essentially stable)

RAW MATERIALS

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



RAW MATERIALS

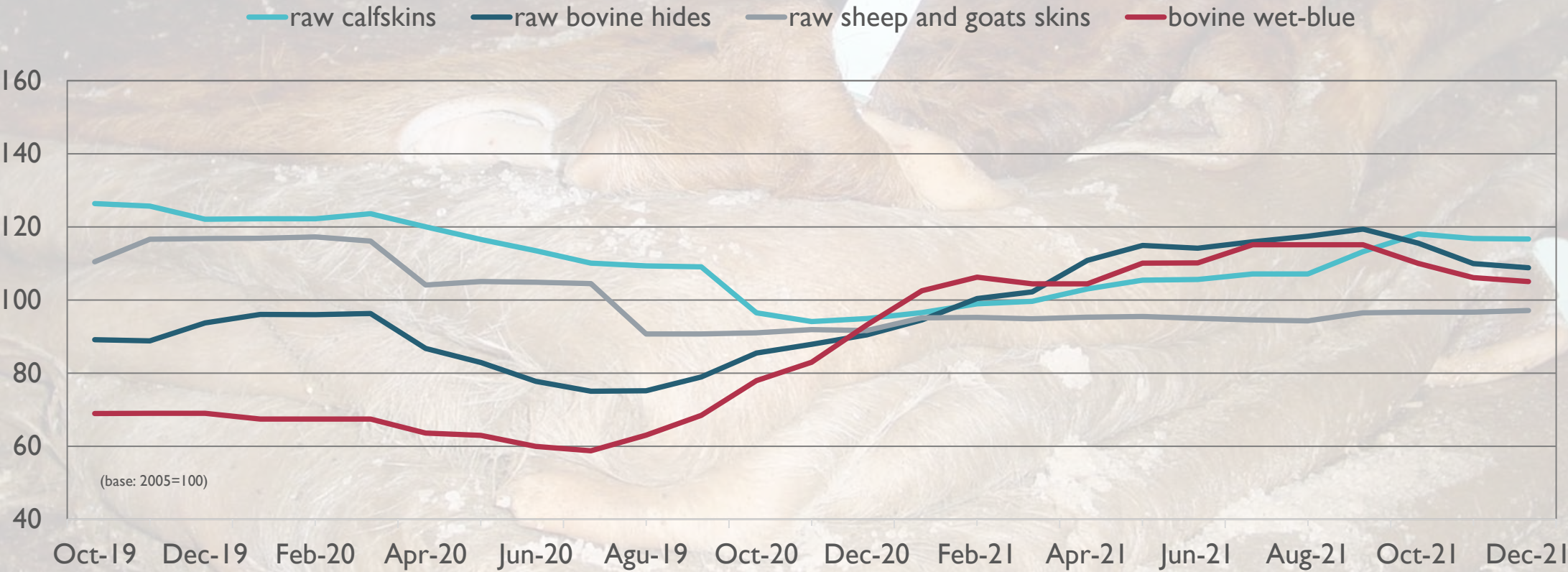
RAW HIDES - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO DECEMBER 2021)



Calves	+23%	Steers, bull calves, heifers	+11%	Cows	+39%	Bulls	+51%	Sheeps	+6%
Italy	+1%	Italy (bull calves)	+8%	Italy	+4%	France	+55%	Iran	+4%
France	+28%	Germany (heifers)	+8%	France	+54%	Netherlands	+21%	Spain	+12%
Netherlands	+30%	United Kingdom (mixed)	+1%	Netherlands	+41%	Germany	+18%	New Zealand	+21%
Australia	+54%	Spain (bull calves)	+31%	Germany	+26%	New Zealand	+80%		
		United States (mixed)	+27%	Spain	+89%	Denmark	+60%		
		Australia (mixed)	+64%	United States	+33%				
		Sweden (mixed)	+32%	Sweden	+41%				
		New Zealand (bull calves)	+30%	New Zealand	+39%				
		Denmark (mixed)	+28%	Denmark	+45%				

RAW MATERIALS

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



RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

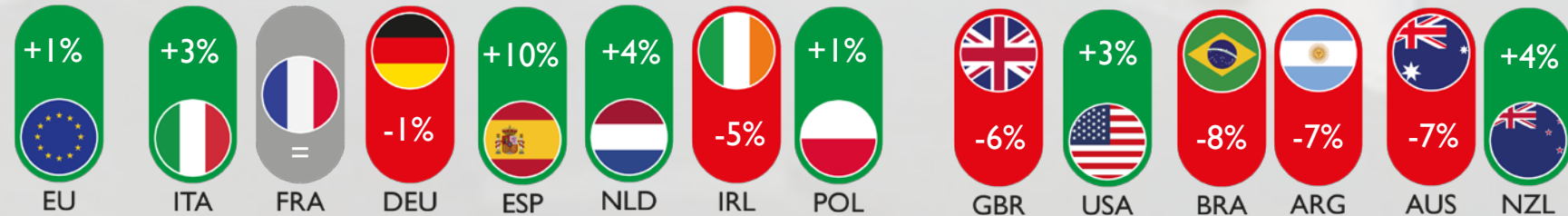
- The slaughtering of **adult bovine** in the aggregate of the Countries monitored marked a y-o-y decline of 3% in 2021 - The data relating to the European Union shows a slight overall increase, with rises in Italy, Spain, Holland, Poland and declines in Germany and Ireland (France stable) - Outside the EU borders, the US and New Zealand grew, while Great Britain, Brazil, Argentina and Australia lost ground
- The same decrease also for the total volumes of **calves** (-3%) - In detail, Italy, Belgium and Poland showed positive changes, with decreases for all the other main producing Countries (with the exception of New Zealand, unvaried)
- Negative, and with the same intensity, also the overall picture of **sheep** slaughter in the main regions analyzed (-3%) - EU production showed no variations overall (Spain and France on the rise, Italy, Ireland and Greece down), Great Britain and New Zealand down, Australia unchanged, the US up slightly

RAW MATERIALS

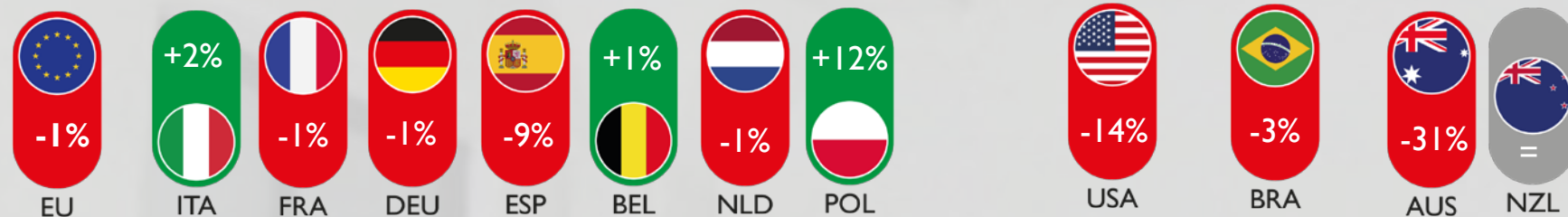
RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) TOTAL YEAR 2021 VS TOTAL YEAR 2020



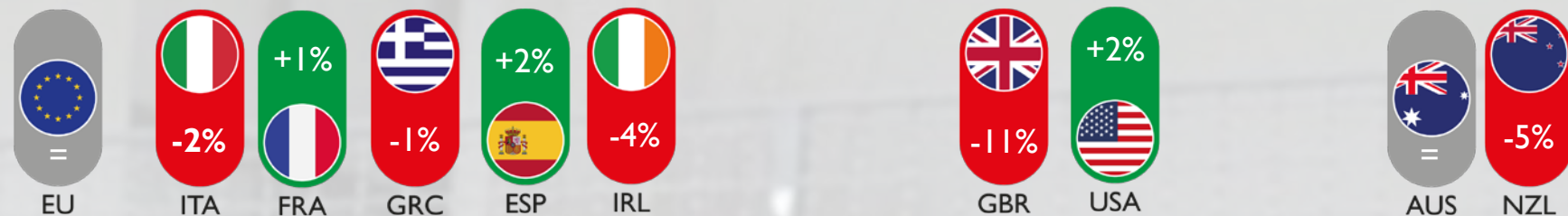
Adult bovine:



Calves:



Sheep:



RAW MATERIALS

OTHER REFERENCE COMMODITIES - PRICE TRENDS AND PERFORMANCE



OIL

+97%

+70%



COTTON

+60%

+40%



WOOL

+38%

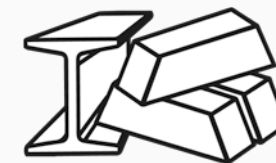
After returning to pre-pandemic levels in summer, wool prices ended 2021 in line with long-term average prices, driven mainly by the Chinese market demand.



NATURAL RUBBER

-15%

+25%



METALS

- Aluminum +49%
- Copper +41%
- Iron -10%
- Nickel +27%
- Zinc +30%
- Aluminum +46%
- Copper +54%
- Iron +58%
- Nickel +36%
- Zinc +34%

■ 4th QUARTER 2021
VS 4th QUARTER 2020

■ TOTAL YEAR 2021
VS TOTAL YEAR 2020

TANNING SECTOR

TRENDS

- The variations between the 2021 results and those relating to the previous year were strongly affected by the measures put in place at the beginning of the pandemic at a global level and therefore mainly recorded **considerable increases** - The comparison with the 2019 data instead shows how the world tanning sector has not yet recovered fully the pre-pandemic production and sales levels
- Against this background, annual sales in the **bovine and calf leather** segment showed widespread double-digit growths, while the quarterly detail recording some slowdown in Europe
- The situation relating to the **sheep and goat leather segment** is more varied, especially with some difficulties among the main extra-EU producers

TANNING SECTOR TURNOVER INDEX TRENDS IN ITALY



4th QUARTER 2021 VS 4th QUARTER 2020



TOTAL YEAR 2021 VS TOTAL YEAR 2020

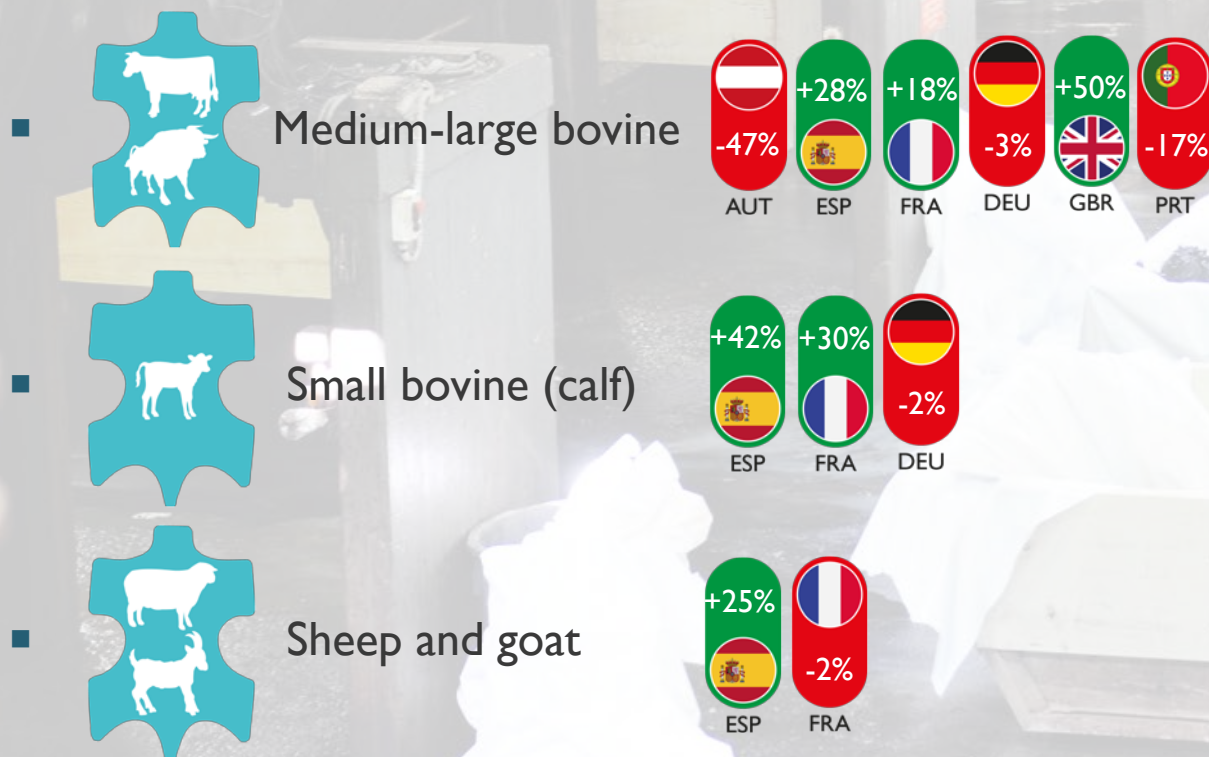


TANNING SECTOR

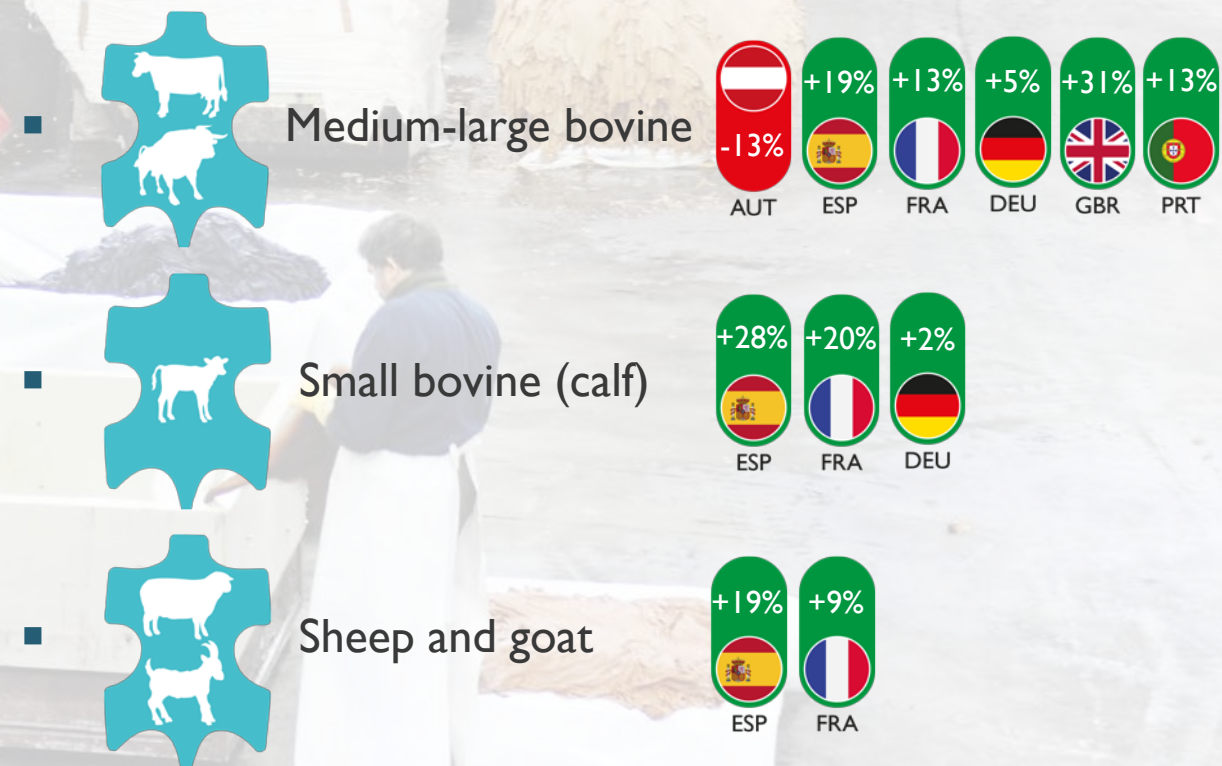
TURNOVER INDEX TRENDS IN EUROPE



4th QUARTER 2021 VS 4th QUARTER 2020



TOTAL YEAR 2021 VS TOTAL YEAR 2020



TANNING SECTOR

TURNOVER INDEX TRENDS IN THE WORLD



4th QUARTER 2021 VS 4th QUARTER 2020



TOTAL YEAR 2021 VS TOTAL YEAR 2020

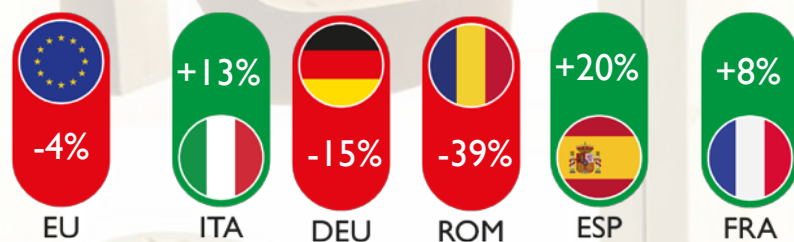


ACCESSORIES AND COMPONENTS SECTOR

TURNOVER INDEX TRENDS

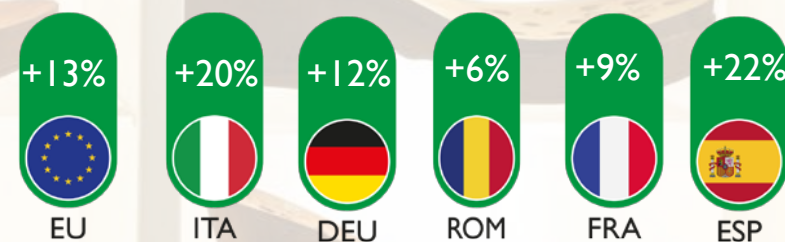
4th QUARTER 2021 VS 4th QUARTER 2020

The long-term comparison shows a slowdown of the industry in the last quarter 2021. The difficulties of German manufacturers are weighing heavily, with widespread losses in the segments. Uncertainty prevails for small metal parts and other accessories; other footwear accessories performed well instead.



TOTAL YEAR 2021 VS TOTAL YEAR 2020

The annual trend in the industry is impressive, with all the major EU producers showing significant increases. Growth is spread across all segments, with metal small parts in particular recording the most considerable increases overall (+16% on the EU average).

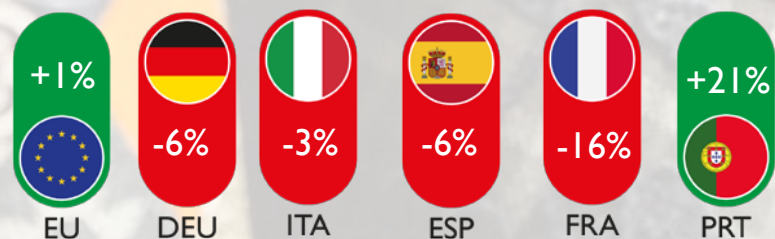


TEXTILES AND SYNTHETICS SECTOR

TURNOVER INDEX TRENDS

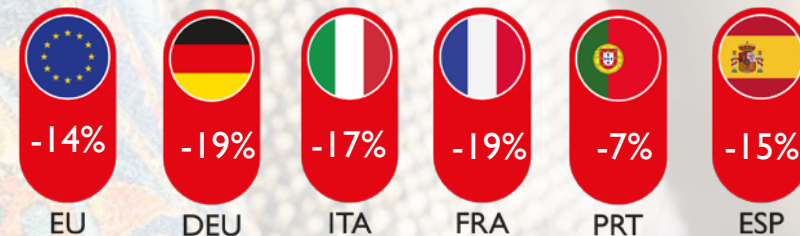
4th QUARTER 2021 VS 4th QUARTER 2020

The year-end slowed down the bullish dynamics of the sector, which showed widespread and generalized declines in comparison with the year 2020. The difficulties mainly concerned the synthetic fabric materials. On the contrary, regenerated leather fibers held up well.



TOTAL YEAR 2021 VS TOTAL YEAR 2020

The 2021/2020 comparison reflects the strong rebound in textiles and synthetics as a whole, with double-digit increases for all major European manufacturers. All segments of the industry are expanding, despite some issues experienced by European manufacturers.

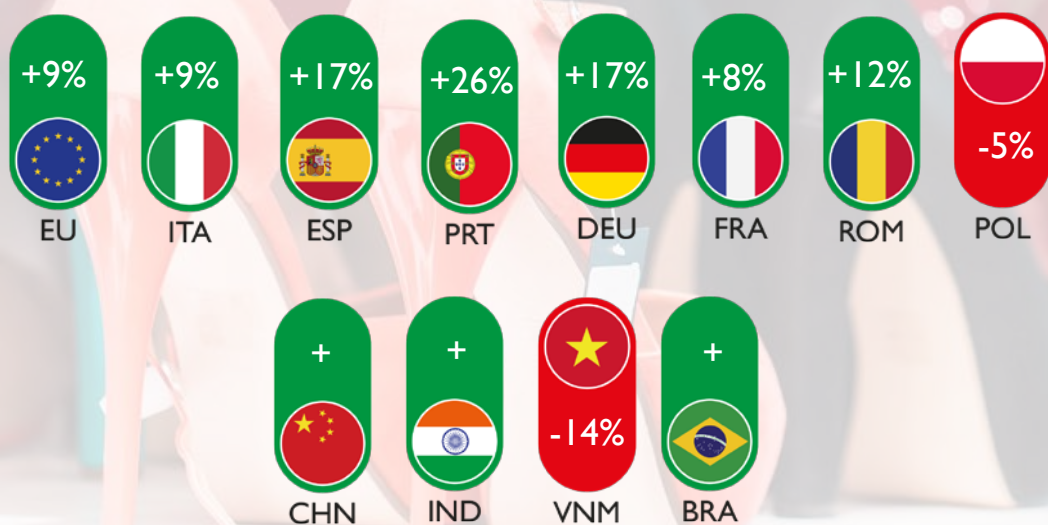


FOOTWEAR

TURNOVER INDEX TRENDS

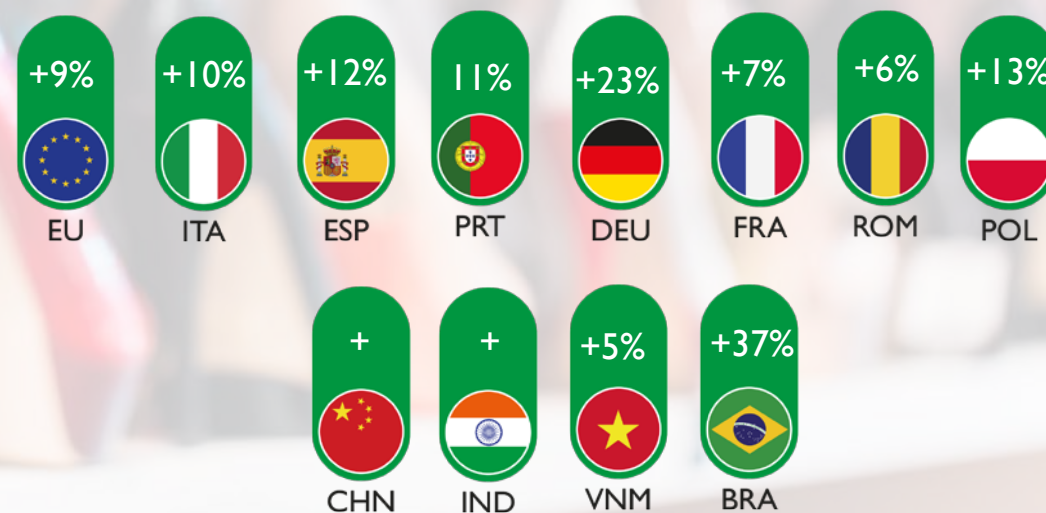
4th QUARTER 2021 VS 4th QUARTER 2020

The last quarter of 2021 marks the recovery of Italian footwear manufacturers, which pushes up the EU average, bringing it back into an upward trend. Against this trend, Poland is in decline. Good dynamics outside the EU as well, with the exception of Vietnam, in decrease.



TOTAL YEAR 2021 VS TOTAL YEAR 2020

The annual comparison is definitely rewarding for the sector, with all European producers and the major non-EU players in a positive range, in line with the upward trend already seen in previous months.

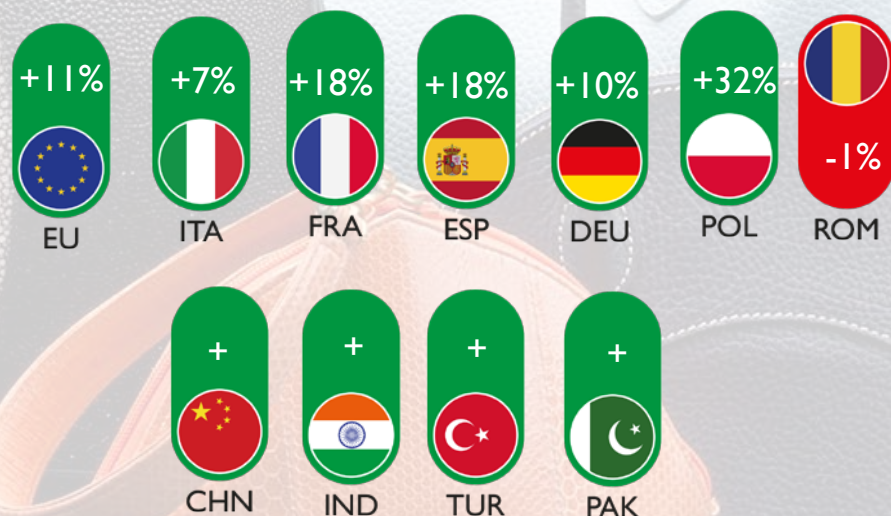


LEATHER GOODS

TURNOVER INDEX TRENDS

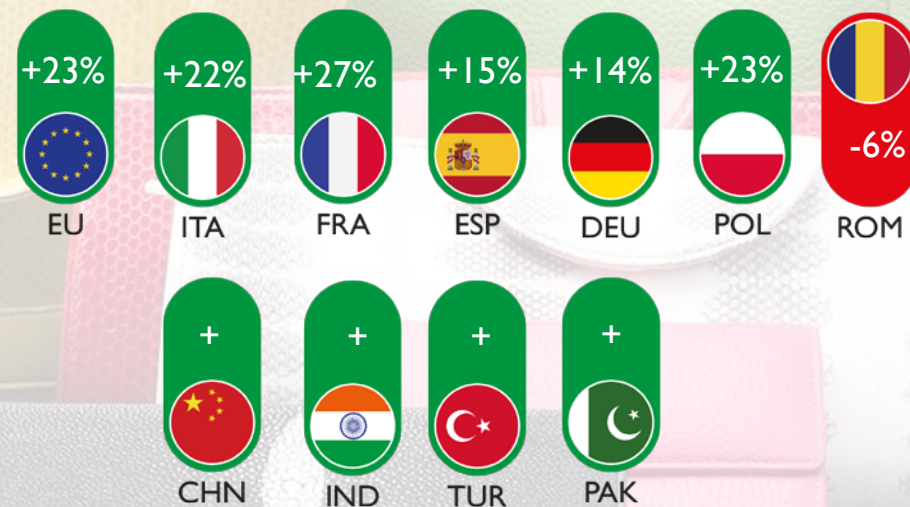
4th QUARTER 2021 VS 4th QUARTER 2020

With more or less significant intensity all EU manufacturers, Romanian excluded, confirm in the last quarter 2021 the increases observed in the previous quarters. Non-EU partners performed equally well.



TOTAL YEAR 2021 VS TOTAL YEAR 2020

The year-on-year comparison shows a very positive outlook for all producers at both European and non-EU level, with homogeneous and widespread increases. Romania is still struggling in the annual comparison.

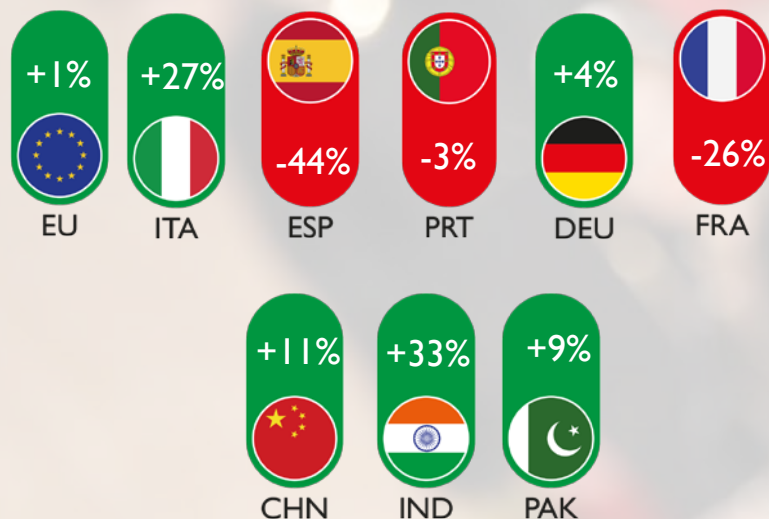


LEATHER CLOTHING

TURNOVER INDEX TRENDS

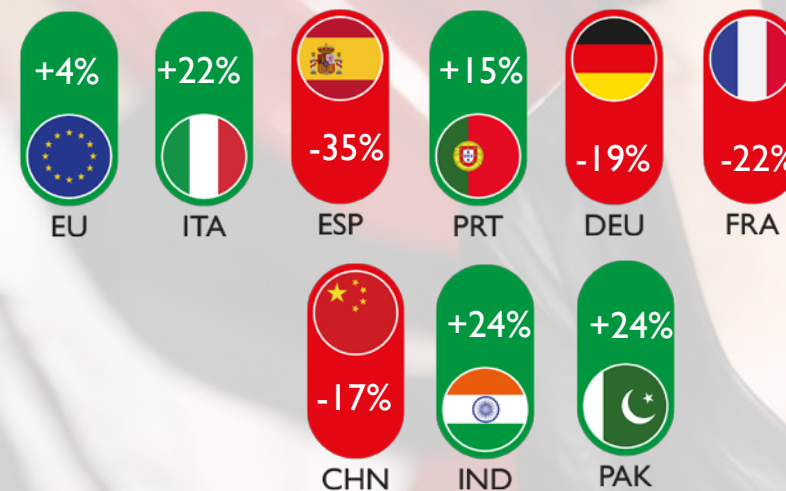
4th QUARTER 2021 VS 4th QUARTER 2020

Despite the acceleration of Italian manufacturers at the end of the year, the difficulties of the French and Spanish reduced the growth margins of the EU sector, which settled at +1%. Widespread increases for non-EU countries.



TOTAL YEAR 2021 VS TOTAL YEAR 2020

The sector closes the 2021 balance with a positive sign, despite with very mixed results at European level. Beyond the EU borders some difficulties concern China.

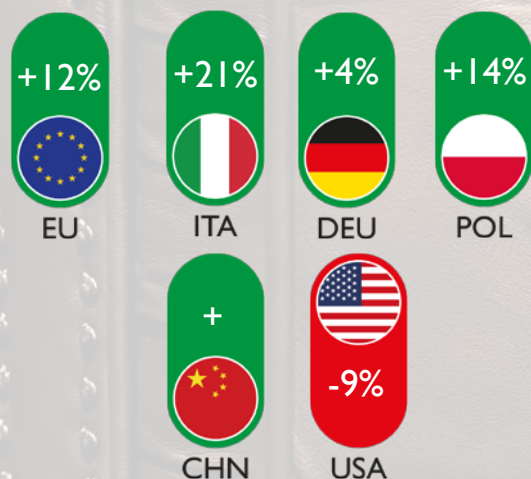


UPHOLSTERED FURNITURE

TURNOVER INDEX TRENDS

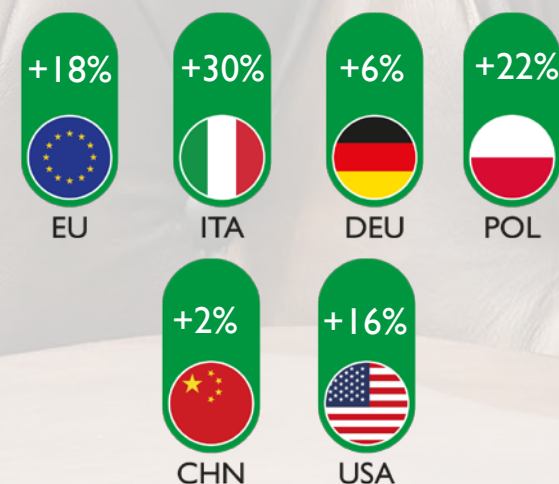
4th QUARTER 2021 VS 4th QUARTER 2020

In the last part of the year, the expansive dynamics of upholstered furniture continued, with significant increases in all major EU manufacturers, especially in Italians and Polish. Chinese players also performed well, while some uncertainty was experienced by the Americans, who reported a decline.



TOTAL YEAR 2021 VS TOTAL YEAR 2020

Very positive closure of 2021 for the sector, with turnover showing strong growth for all European producers, especially Italian and Polish, which recorded double-digit increases also in the annual comparison. The yearly performance of the USA is good. Moderate rises in China.

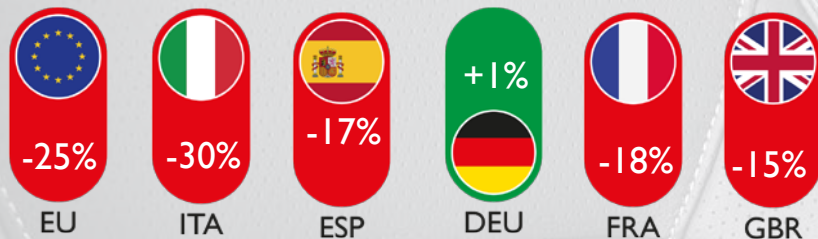


AUTOMOTIVE

TURNOVER INDEX TRENDS

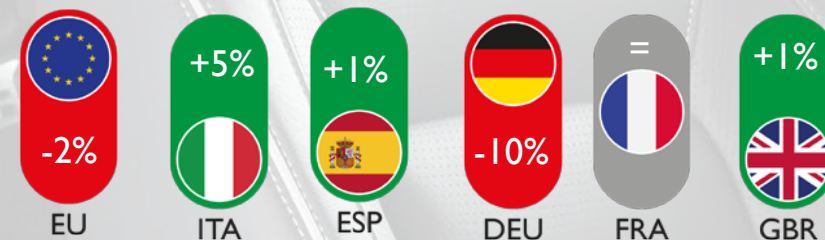
4th QUARTER 2021 VS 4th QUARTER 2020

New car registrations in the EU collapsed in the last quarter of 2021, with only Germany recording a limited increase of 1% compared to 2020. Supply issues and rising raw material prices, a worrying logistics crisis and soaring energy costs have a major influence on the downward trend.



TOTAL YEAR 2021 VS TOTAL YEAR 2020

In 2021, new car sales in the EU decreased by 2 %. The decline was the result of semiconductor shortages that negatively affected car production throughout the year, especially in the second half of 2021.



Modest increases in registrations in North America and China (both +3%).

LUXURY

2021 RESULTS

Against the backdrop of a gradual recovery from the health crisis, European luxury fashion brands are closing 2021 with strong average results. A cautious attitude prevails for the months ahead.

- **LVMH** – the French giant closes 2021 with sales up by 36% over 2020 (+14% compared to 2019), with the fashion and leather goods segment leading the way with a 47% increase (+42% over 2019). A strong increase was recorded in sales in the fourth quarter of 2021 compared to the previous three quarters. Outstanding performance for Louis Vuitton, notable growth for Christian Dior. Strong performance by Celine, Fendi and Marc Jacobs.
- **KERING** – 2021 revenues up by 35% for Kering group (+13% on 2019). Sustained growth for Gucci (+31%), which speeds up in the last quarter of the year. Record performance for Yves Saint Laurent (+46% in the annual comparison, +47% in the last quarter of 2021 alone). Bottega Veneta performed well: +32%. Revenues from other houses also improved (+44% on 2020), thanks in particular to the excellent performance of Balenciaga and Alexander McQueen.
- **HERMÈS** – extraordinary growth for the French maison: +42% 2021 revenues in the annual comparison (+33% on 2019) driven by the Asian and American markets. Outstanding sales of leather goods and saddlery: +29% in 2020, +23% in 2019 even if after the strong acceleration of the first nine months of last year, fourth quarter sales reflected, as expected, some production capacity constraints.
- **TOD'S** – the group's sales get back to levels close to pre-Covid: +39% on 2020 (-3% on 2019) thanks to sales increase of Tod's and Roger Vivier (+45% and +44% respectively). Rebound also for Hogan (+25%) and Fay (+28%). Leather goods and accessories division is soaring at +66% compared to 2020 while footwear is advancing at +36%
- **FERRAGAMO** – consolidated revenues up 31% (constant rates) over the 2020 corresponding period, led by increases in the fourth quarter of 2021 thanks to the contribution of the North American market. Rise across all product categories, where shoes and leather goods account for 43% and 44% of total annual revenue, respectively.

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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